



STATE OF NORTH CAROLINA
OFFICE OF STATE BUDGET AND MANAGEMENT

ROY COOPER
GOVERNOR

CHARLES PERUSSE
STATE BUDGET DIRECTOR

June 27, 2019

MEMORANDUM

TO: Department Heads and Chief Fiscal Officers
All State Departments, Institutions, and Agencies

FROM: Charles Perusse *Charles Perusse*
State Budget Director

SUBJECT: Continuing Budget Authority for FY 2019-20

If an Appropriations Act has not been enacted before July 1, 2019, the State will operate under G.S. 143C-5-4, which authorizes and appropriates funds to continue operations at a level not to exceed the level of recurring expenditures from the prior fiscal year.

Specifically, G.S. 143C-5-4 authorizes and directs the following:

1. State departments, institutions and agencies may expend funds at the level at which operations were authorized on a **recurring** basis for the 2018-19 fiscal year. The statute does not allow for increases included in the recommended base budget (statutory appropriations, lease increases, position and program annualizations, receipt adjustments, etc.);
2. Vacant positions subject to be eliminated in either the House, Senate, or Proposed Conference Committee Substitute versions of the Appropriations Act (H.B. 966) shall not be filled after June 30, 2019;
3. State Departments, Institutions, and Agencies may accept and expend grants, subject to Office of State Budget and Management (OSBM) approval, up to \$2.5 million that do not require a State match and are not for a capital project subject to a report to the Joint Legislative Commission on Governmental Operations within 30 days of receipt. Grants over \$2.5 million may be expended with OSBM approval and after a consultation with the Joint Legislative Commission on Governmental Operations. No grant may be accepted that would obligate the State to future programs or expenditures beyond the grant term;
4. State employees, including those exempt from the classification and compensation rules established by the State Human Resources Commission, shall not receive salary increases, including automatic step increases, annual, performance, merit, bonuses, or other increments until authorized by the General Assembly. This includes state employees subject to G.S. 7A-102(c), 7A-171.1, or 20-187.3 and public school employees paid on the teacher salary schedule or school-based administrator salary schedule;

5. The salary-related contributions for retirement and other payroll-related benefits shall continue at the recurring levels effective on June 30, 2019:

	TSERS	LEOs	ORPs	CJRS	LRS
Retirement	11.98%	11.98%	6.84%	33.26%	21.74%
Disability	0.14%	0.14%	0.14%	0.00%	0.00%
Death	0.16%	0.16%	0.00%	0.00%	0.00%
Retiree Health	6.27%	6.27%	6.27%	6.27%	6.27%
NC 401(k)	0.00%	5.00%	0.00%	0.00%	0.00%
	18.55%	23.55%	13.25%	39.53%	28.01%

6. The State Health Plan contributions shall remain the same as effective on June 30, 2019:

Medicare-eligible employees and retirees:	\$4,743
Non-Medicare-eligible employees and retirees:	\$6,104

First Quarter Allotments

The basis for calculating the FY 2019-20 first quarter allotment shall be the 2018-19 Authorized Budget from the recommended Base Budget Document (Worksheet I) with all non-recurring items removed. Your OSBM Budget Execution Analyst will provide each department, institution, and agency with this information to assist you in calculating the first quarter allotment request.

FY 2019-21 Budget

Until the Appropriations Act is enacted and certified by OSBM, no budget should be reflected on the BD 701 reports in NCAS. 2019 capital budget codes will be established only for the purpose of authorizing new capital projects funded with non-General Fund money for which authority to expend funds exists outside of the Appropriations Act.

Please contact your OSBM Budget Execution Analyst if you have any questions.