

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2009**

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**SENATE BILL 311  
Appropriations/Base Budget Committee Substitute Adopted 6/23/09**

Short Title: Continuing Budget Authority. (Public)

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Sponsors:

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Referred to:

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February 26, 2009

1 A BILL TO BE ENTITLED  
2 AN ACT AUTHORIZING THE DIRECTOR OF THE BUDGET TO CONTINUE  
3 EXPENDITURES FOR THE OPERATION OF GOVERNMENT AT A PERCENTAGE  
4 OF THE LEVEL IN EFFECT ON JUNE 30, 2009.

5 The General Assembly of North Carolina enacts:

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7 **BUDGET CONTINUATION**

8 **SECTION 1.** The Director of the Budget may continue to allocate funds for  
9 expenditure for current operations by State departments, institutions, and agencies at a level not  
10 to exceed eighty-five percent (85%) of the level at which those operations were authorized in  
11 S.L. 2008-107, as amended.

12 Vacant positions subject to proposed budget reductions in Senate Bill 202, 3rd  
13 edition, Senate Bill 202, 6th edition, or both, shall not be filled after June 30, 2009.

14 State agencies shall not make grant awards with funds that are subject to proposed  
15 budget reductions in Senate Bill 202, 3rd edition, Senate Bill 202, 6th edition, or both.

16 To the extent necessary to implement this authorization, there is appropriated from  
17 the appropriate State funds and cash balances, federal receipts, and departmental receipts for  
18 the 2009-2010 fiscal year, funds necessary to carry out this section.

19 This appropriation and this authorization to allocate and spend funds shall remain in  
20 effect until ratification of the Current Operations and Capital Improvements Appropriations Act  
21 of 2009, at which time that act shall become effective and shall govern appropriations and  
22 expenditures. When the Current Operations and Capital Improvements Appropriations Act of  
23 2009 becomes law, the Director of the Budget shall adjust allocations to give effect to that act  
24 from July 1, 2009.

25 Except as otherwise provided by this act, the limitations and directions for the  
26 2008-2009 fiscal year in S.L. 2007-323, as amended, and in S.L. 2008-107, as amended, that  
27 applied to appropriations to particular agencies or for particular purposes apply to the funds  
28 appropriated and authorized for expenditure under this section.

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30 **NO AUTOMATIC STEP INCREASES**

31 **SECTION 2.** State employees subject to G.S. 7A-102(c), 7A-171.1, or 20-187.3  
32 shall not move up on salary schedules or receive automatic increases, including automatic step  
33 increases, until authorized by the General Assembly.

34 Public school employees paid on the teacher salary schedule or the school-based  
35 administrator salary schedule shall not move up on salary schedules or receive automatic step  
36 increases until authorized by the General Assembly.

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**SALARY-RELATED CONTRIBUTIONS/EMPLOYER**

**SECTION 3.(a)** The State's employer contribution rates budgeted for retirement and related benefits for the 2009-2010 fiscal year shall remain the same as they are on June 30, 2009.

**SECTION 3.(b)** The State's employer contribution rates established by this section are effective until the Current Operations and Capital Improvements Appropriations Act of 2009 becomes law and are subject to revision in that act. If the Current Operations and Capital Improvements Appropriations Act of 2009 modifies these rates, the Director of the Budget shall further modify the rates set in that act for the remainder of the 2009-2010 fiscal year so as to compensate for the different amount contributed between July 1, 2009, and the date the Current Operations and Capital Improvements Appropriations Act of 2009 becomes law so that the effective rates for the entire year reflect the rates set in the Current Operations and Capital Improvements Appropriations Act of 2009.

**FUNDS SHALL NOT REVERT**

**SECTION 4.(a)** If the provisions of Senate Bill 202, 3rd edition, Senate Bill 202, 6th edition, or both, direct that funds shall not revert, the funds shall not revert on June 30, 2009. Unless these funds are encumbered on or before June 30, 2009, these funds shall not be expended after June 30, 2009, except as provided by a law enacted after June 30, 2009.

**SECTION 4.(b)** This section becomes effective June 30, 2009.

**STATE CONTROLLER SHALL NOT TRANSFER FUNDS ON JUNE 30**

**SECTION 5.(a)** Notwithstanding G.S. 143-15.3A, for the 2008-2009 fiscal year only, funds shall not be reserved to the Repairs and Renovations Reserve Account, and the State Controller shall not transfer funds from the unreserved credit balance to the Repairs and Renovations Reserve Account on June 30, 2009.

**SECTION 5.(b)** Notwithstanding G.S. 143-15.2 and G.S. 143-15.3, for the 2008-2009 fiscal year only, funds shall not be reserved to the Savings Reserve Account, and the State Controller shall not transfer funds from the unreserved credit balance to the Savings Reserve Account on June 30, 2009.

**SECTION 5.(c)** This section becomes effective June 30, 2009.

**APPROPRIATION OF ARRA FUNDS**

**SECTION 6.(a)** Appropriation Funds. – Funds received under the American Recovery and Reinvestment Act of 2009, P.L. 111-5 (ARRA), are hereby appropriated in the amounts provided in the notification of award from the federal government or any entity acting on behalf of the federal government to administer federal ARRA funds. The Office of State Budget and Management and affected State agencies shall report the notification of award to the Joint Legislative Commission on Governmental Operations.

**SECTION 6.(b)** Limitation of Use of Funds. – State agencies shall not allocate or otherwise obligate any ARRA funds appropriated in this act (i) for a purpose or program not authorized by the General Assembly for the 2007-2009 fiscal biennium, or (ii) to expand the scope of a purpose or program authorized by the General Assembly for the 2007-2009 fiscal biennium, unless the federal government has issued rules or formal guidance stipulating that a state's lack of allocation or obligation would jeopardize the receipt of ARRA funds.

**SECTION 6.(c)** Guidance. – The Office of State Budget and Management shall work with the recipient State agencies to budget federal receipts awarded according to the annual program needs and within the parameters of the respective granting entities and to incorporate federal funds into the certified budgets of the recipient State agency. State agencies shall not use federal ARRA funds for recurring purposes unless provided for in this section.

1 However, depending on the nature of the award, additional State personnel may be employed  
2 on a temporary or time-limited basis.

3 **SECTION 6.(d)** The State Office of Economic Investment and Recovery may use  
4 up to one million dollars (\$1,000,000) during fiscal year 2009-2010 for operating expenses.

5 **SECTION 6.(e)** Effective Date. – This section is effective when it becomes law.  
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7 **APPROPRIATION FROM THE SAVINGS RESERVE ACCOUNT FOR 2008-2009**

8 **SECTION 7.(a)** The General Assembly hereby authorizes the Director of the  
9 Budget to use funds that were credited to the Savings Reserve Account on or before June 30,  
10 2009, to the extent necessary to balance the State budget for the 2008-2009 fiscal year, and  
11 funds are hereby appropriated from the Savings Reserve Account for this purpose.

12 **SECTION 7.(b)** This section is effective when it becomes law.  
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14 **EFFECTIVE DATE**

15 **SECTION 8.** Except as otherwise provided, this act becomes effective July 1,  
16 2009, and expires when the Current Operations and Capital Improvements Appropriations Act  
17 of 2009 becomes law.