

Governor Orders Furloughs, Employee Pay Cut Of 0.5%

From the April 30, 2009 Edition of NCASA's Legislative Link

Gov. Beverly Perdue announced more steps Tuesday, including furloughs of state employees and school personnel, to address a state budget gap that she now expects to exceed \$3 billion in the current fiscal year. The widening budget shortfall has implications beyond the current fiscal year, compounding the state's financial problems for the next two years and creating more pressure for budget cutting and tax hikes into those years.

Perdue issued an Executive Order calling for all state employees and school personnel to be furloughed 10 hours, meaning their annual pay will be cut 0.5 percent, to save the state \$65 million through June 30.

For an employee making \$50,000, the salary reduction would total \$250. The amount will be chopped from May and June paychecks, except for teachers, whose full reduction in pay will come from their May paycheck. The 10 hours of time off is to occur between June 1 and Dec. 31. More guidance on how school districts are to implement the furloughs and the corresponding pay cut is expected to be issued by the Department of Public Instruction soon, and the North Carolina Association of School Administrators (NCASA) will share that information with our members when it becomes available.

Perdue said her action to order furloughs was a tough, but necessary decision.

"I believe everybody who works for the State of North Carolina understands that they need to make sacrifices too," Perdue said. That apparently includes the Governor and legislators. The Constitution won't allow Perdue to reduce the salaries of state elected officials and judges. But she asked that they voluntarily take a pay cut and instructed the Office of State Budget and Management to reduce her salary by the same amount. Senate leader Marc Basnight said legislators would do the same.

Basnight, D-Dare, and other Democratic legislative leaders weren't critical of Perdue's efforts to address the current budget shortfall, even though it will mean less money to balance next year's budget. Basnight and House Speaker Joe Hackney, D-Orange, said Perdue did the best she could under difficult circumstances. "It is a tough time for her and for all of us," Hackney said.

In addition to the combined furlough and pay cut plan, the Governor said she would use roughly \$400 million in additional federal stimulus money this fiscal year and would likely take at least \$300 million from the state's Rainy Day reserves. The Governor's press release announcing her latest emergency budget actions, the Executive Order outlining specifics of the furlough and pay cut and other information are available at: <http://www.ncasa.net/displaycommon.cfm?an=1&subarticlenbr=236>.