



**STATE OF NORTH CAROLINA
OFFICE OF THE GOVERNOR
20301 MAIL SERVICE CENTER • RALEIGH, NC 27699-0301**

April 28, 2009
Contact: Chrissy Pearson
Cell: (919) 215-4669
Office: (919) 733-0767

GOV. PERDUE TAKES ADDITIONAL STEPS TO ENSURE BALANCED BUDGET

RALEIGH — Gov. Bev Perdue is taking additional steps to ensure the state's budget is balanced on June 30, 2009. The move comes in response to an analysis by the Office of State Budget Management that indicates the budget shortfall for fiscal year 2008-09 will likely exceed \$3 billion.

Gov. Perdue this morning signed Executive Order 11 which implements a flexible furlough program for all state employees. This furlough equates to \$65 million this year. In addition, she has identified funds to close the remaining budget gap for the fiscal year, which include capturing more special funds, tapping the state's Savings Reserve Account, and utilizing federal recovery dollars. These measures total more than \$1 billion.

All teachers' and state employees' compensation will be reduced by an annualized amount equivalent to 0.5 percent for the remainder of the fiscal year. Each employee will receive 10 hours of flexible time off in exchange. The governor has asked the General Assembly to pass legislation holding longevity pay, unused leave, service credit and health and retirement benefits harmless.

"North Carolina continues to experience the effects of a national economic crisis, which force me to make difficult decisions in order to maintain a balanced budget through June," said Gov. Perdue. "I will do what I must in order to ensure that North Carolina can pay our bills and provide the essential services required by our citizens."

###