

## **EXECUTIVE ORDER NUMBER NO. 6**

### **BUDGET ADMINISTRATION DUE TO NATIONAL ECONOMIC SLOWDOWN**

**WHEREAS**, the impact of the national economic downturn, credit crunch and volatility in the financial markets has been extreme; and,

**WHEREAS**, Article III, Sec. 5(3) of the North Carolina Constitution provides that the State may not operate at a deficit during the fiscal period covered by a budget. Under the Constitution, a "deficit" is incurred when total expenditures for the fiscal period of the budget exceed the total of receipts during the period, plus the surplus remaining in the State Treasury at the beginning of the period. The fiscal period for the current budget began July 1, 2008; and,

**WHEREAS**, to insure that the State does not incur a deficit for the fiscal year covered by a budget, Article III, Sec. 5(3) of the Constitution requires the Governor to continually survey the collection of revenue. If, as a result of the Governor's surveys, the Governor determines that actual receipts for the fiscal period, when added to the surplus remaining in the Treasury at the beginning of the fiscal period, will not be sufficient to pay budgeted expenditures, the Governor, after first making adequate provisions for the prompt payment of the principal and interest on the State's outstanding bonds and notes, must effect the necessary economies in State expenditures to keep the deficit from occurring; and,

**WHEREAS**, continually surveying the collection of the State's revenues pursuant to Article III, Sec. 5 (3) of the Constitution is a function of the Office of State Budget and Management (OSBM) and reports of these surveys are provided to the Governor; and,

**WHEREAS**, OSBM has provided the Governor with detailed briefings on the growing fiscal period deficit and, along with the Office of the Governor, has also advised members of the General Assembly of the situation, including the President Pro-Tempore of the Senate and the Speaker of the House of Representatives; and,

**WHEREAS**, in September and October 2008 the Governor reduced state agency expenditures for the remainder of the fiscal year; and,

**WHEREAS**, now OSBM estimates, based on December 2008 collections and a revised economic forecast, that the deficit for fiscal year 2008-09 will not be covered by the reduction in expenditure measures adopted in September and October 2008; and,

**WHEREAS**, based on these estimates, the budget enacted by the General Assembly for fiscal year 2008-09 cannot be administered as enacted without the State incurring a deficit; and,

**WHEREAS**, the Governor finds as a fact that actual receipts for the current fiscal year will not meet the expenditures anticipated and budgeted by the 2008 General Assembly and that unless further economies in State expenditures are made the State's General Fund expenditures will exceed General Fund receipts for the current fiscal year.

**NOW THEREFORE**, by the authority vested in me as Governor by Article III, Sec. 5(3) of the Constitution of North Carolina to insure that a deficit is not incurred in the administration of the budget for fiscal year 2009, **IT IS ORDERED:**

Section 1. OSBM, under the Governor's direction, will continue to reduce, as necessary, State expenditures from Funds appropriated to operate State departments and institutions, and continue monthly allotment expenditure and review measures.

Section 2. OSBM, under the Governor's direction, will halt, as necessary, expenditures for capital improvement projects for which State funds have been appropriated but not placed under State contract and, as necessary, transfer any unused capital improvement funds to the General Fund.

Section 3. OSBM, under the Governor's direction, will transfer, as necessary, non-General Fund and non-Highway Fund receipts into the General Fund to support appropriation expenditures in order to avoid a deficit in the General Fund.

Section 4. OSBM, under the Governor's direction, may borrow, as necessary, receipts from non-General Fund State receipts and non-Highway Fund State receipts for support of General Fund appropriation expenditures.

Section 5. OSBM, under the Governor's direction, may, as necessary, order the delay or cancellation of purchase orders in State General Fund-supported departments and institutions.

Section 6. The Office of the State Controller, as advised by the State Budget Officer, is directed to monitor disbursements as presented on requisitions for CASH.

This Executive Order rescinds Governor Michael F. Easley's Executive Order No. 22, issued on June 27, 2002, and shall be effective immediately and shall remain in effect until rescinded.

**IN WITNESS WHEREOF**, I have hereunto signed my name and affixed the Great Seal of the State of North Carolina at the Capitol in the City of Raleigh, this thirteenth day of January in the year of our Lord two thousand and nine, and of the Independence of the United States of America the two hundred and thirty-third.

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Beverly Eaves Perdue  
Governor

**ATTEST:**

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Elaine F. Marshall  
Secretary of State