

**RESOLUTION OF THE BOARD OF GOVERNORS  
OF THE UNIVERSITY OF NORTH CAROLINA  
AUTHORIZING THE PRESIDENT TO IMPLEMENT  
EMERGENCY MEASURES AFFECTING UNIVERSITY PERSONNEL**

WHEREAS, in recognition of the serious economic crisis affecting the State of North Carolina, its citizens and businesses, Governor Beverly Perdue issued Executive Order No. 11, (attached hereto as Attachment 1 and hereafter referred to as "Executive Order Implementing Mandatory Payout"); and

WHEREAS, the Executive Order Implementing Mandatory Payout provides for the Board of Governors of the University of North Carolina, along with the State Board of Education and the State Board of Community Colleges, and all agencies within the Executive Branch of State Government to cooperate with the Office of State Budget and Management ("OSBM") in the implementation of the Executive Order; and

WHEREAS, the Executive Order Implementing Mandatory Payout applies, among others, to all persons employed by the University of North Carolina and its constituent institutions whose salaries are paid in whole or in part from moneys appropriated by the 2008 Appropriations Act; and

WHEREAS, pursuant to the Executive Order Implementing Mandatory Payout, the Office of State Personnel is developing guidelines to be used by agencies and institutions in the implementation of the Order as it affects employees who are covered by the State Personnel Act, and that the University of North Carolina must establish guidelines applicable to employees who are exempt from the State Personnel Act; and

WHEREAS, in order to implement the Executive Order Implementing Mandatory Payout in the 2008-2009 fiscal year as required, complex payroll and accounting measures must be taken immediately; and

WHEREAS, the General Assembly is considering legislation that would authorize the Board of Governors to implement emergency furlough programs in order to address the serious economic conditions now facing the State.

NOW, THEREFORE, in consideration of the matters described above, and pursuant to N. C. Gen. Stat. § 116-11(13), and notwithstanding the Code or any other Board of Governors Policy, the Board of Governors resolves:

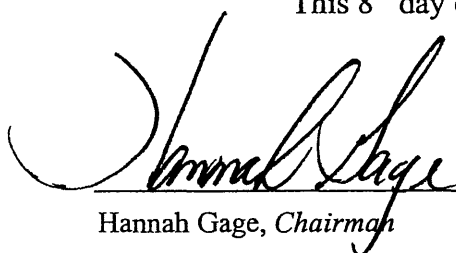
1. To delegate authority to the President of the University of North Carolina to implement the Executive Order Implementing Mandatory Payout, as the same may be modified or clarified by further orders of the Governor, or through the OSBM or other executive agency, or as a result of the adoption of related legislation by the North Carolina General Assembly.

2. If legislation is adopted authorizing the implementation of furlough programs in FY 2009-2011 for state employees, to delegate authority to the President to establish guidelines and regulations in order to implement emergency furlough programs applicable to employees of the University of North Carolina or any of its constituent institutions.

3. The President will report actions taken under the authority of this delegation to the appropriate Committee of the Board of Governors, either in writing before the next regular meeting of the Board of Governors, or at the next regular meeting of the Board of Governors.

4. This delegation will remain in effect unless and until the Board of Governors rescinds it in whole or in part.

This 8<sup>th</sup> day of May, 2009.



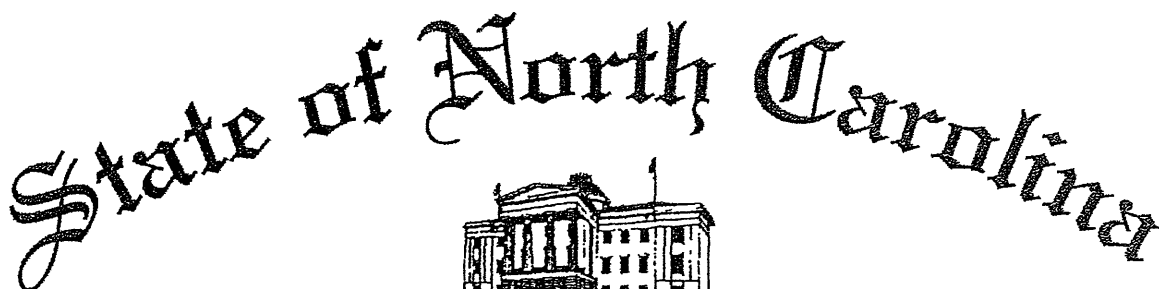
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Hannah Gage, *Chairman*



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Bart Corgnati, *Secretary of the University*



BEVERLY EAVES PERDUE  
GOVERNOR

**AMENDED AND REISSUED  
EXECUTIVE ORDER NO. 11**

**ESTABLISHING AND IMPLEMENTING A FLEXIBLE FURLOUGH PLAN  
FOR THE 2008-09 FISCAL YEAR**

**WHEREAS**, North Carolina's citizens and businesses are suffering from the effects of a significant national financial crisis; and

**WHEREAS**, this crisis has resulted in a large reduction in the revenues projected to be available to fund the State's Budget for the 2008-09 fiscal year; and

**WHEREAS**, in anticipation of the need to take actions to ensure that budget shortfalls would not cause expenditures to exceed revenues for the 2008-09 fiscal year, I adopted an Executive Order on my third day in office directing the Office of State Budget and Management (OSBM) to take various actions to ensure that the budget is balanced for this fiscal year; and

**WHEREAS**, the Department of Revenue has now calculated the revenues that will be available to the State for the remainder of this fiscal year from the taxes paid by citizens and businesses through April 15, 2009, and the Department of Revenue and OSBM have now determined that expenditures for the 2008-09 fiscal year will exceed revenues unless additional actions are taken; and

**WHEREAS**, it is my duty under the Constitution to ensure that the State's budget for the 2008-09 fiscal year is balanced; and

**WHEREAS**, the Constitution grants me the power to fulfill this duty by effecting necessary economies in state expenditures; and

**WHEREAS**, I must exercise this power in a manner that carefully balances the rights of citizens and businesses to government services and the interests of the State employees who provide those services; and

**WHEREAS**, I have determined that one of the actions I must take to balance the State's budget for this fiscal year is to implement a flexible furlough plan for all State employees; and

**WHEREAS**, language has been added to Section 1(b) of this Executive Order to clarify that the intent of Section 1(b) is to provide employees with 10 hours of flexible furlough leave.


**NOW, THEREFORE**, pursuant to the powers conferred on me by Article III, Section 5(3) of the North Carolina Constitution, this Executive Order is hereby amended and reissued, and **IT IS HEREBY ORDERED**:

1. The Office of State Budget and Management (OSBM) shall immediately implement a Flexible Furlough Plan. Except as provided in Section 2 of this Executive Order, this Plan will apply to all persons employed in the Executive, Judicial, and Legislative Branches of State Government and all employees of the public schools, community colleges, and universities whose salaries are paid in whole or in part from moneys appropriated by the 2008 Appropriations Act. Under this plan,
  - (a) the part of the annualized base salaries of all covered employees paid from moneys appropriated by the 2008 Appropriations Act will be reduced by .5 percent ( $\frac{1}{2}\%$ ) over the remainder of this fiscal year; and
  - (b) in return, all full-time employees whose salaries are reduced pursuant to subsection (a) shall receive 10 hours of flexible furlough leave to be taken at times to be designated by their employing agency between June 1 and December 31, 2009, and all employees employed less than full-time whose salaries are reduced pursuant to subsection (a) shall receive flexible furlough leave for a pro-rated number of hours.
2. This Plan does not apply to those State officers whose salaries are protected from reduction by Article III, Section 9 and Article IV, Section 21 of the Constitution, but I urge those officers to participate in this plan voluntarily. Further, I hereby direct OSBM to reduce my annual salary by .5 percent prior to the end of the fiscal year.
3. The State Board of Education, the State Board of Community Colleges, the Board of Governors of the University of North Carolina, and all agencies within the Executive Branch of State Government shall cooperate with OSBM in the implementation of the salary reduction part of this plan.
4. The Office of State Personnel will, as soon as practicable, develop guidelines to be used by agencies and institutions within the Executive Branch in designating the times employees will be furloughed. Likewise, the State Board of Education will adopt rules to be applied by local boards of education in designating the times public school employees will be furloughed; the State Board of Community Colleges will adopt rules to be applied by boards of trustees of community colleges in designating the times community college employees will be furloughed; and the Board of Governors of the University of North Carolina will adopt rules to be applied in designating the times EPA university employees will be furloughed. The guiding principle in adopting and implementing these rules will be avoidance of interruptions in services to citizens and businesses. I respectfully request that the Legislative and Judicial Branches of State Government also adopt rules designating the times their employees will be furloughed.

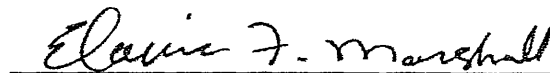
5. Finally, I urge the General Assembly immediately to enact legislation holding employees harmless for this salary reduction in the calculation of their retirement benefits, vacation, and sick leave, and in determining their eligibility for health insurance.

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 twenty-eighth day of April 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.



  
Beverly Eaves Perdue  
Governor

ATTEST:

  
Elaine F. Marshall *by and through*  
Secretary of State *Rodney Mackay*  
*Chief Deputy Secretary*