

Chancellors:

In order to ensure a balanced state budget on June 30, 2009, Governor Perdue this morning signed an executive order mandating unpaid furloughs for all state employees. Under the plan announced by the Office of State Budget and Management (OSBM), all teachers and state employees will have their compensation reduced (on an annualized basis) by 0.5% over the remainder of the fiscal year. In return, full-time employees are to be credited with 10 hours of flexible time off that can be used between June 1, 2009, and December 31, 2009. Part-time employees will receive time off on a prorated basis.

Please note that the furlough mandate appears to apply to all state employees (full- or part-time, temporary and contractual), regardless of funding source. While base salaries will be adjusted to reflect this unpaid time off, employee benefits funded by the state (health, retirement, etc.) will not be reduced. The Governor has pledged to work with the General Assembly to pass legislation that would hold these benefits harmless.

Governor Perdue took this emergency step in response to an expanding 2008-09 budget shortfall that OSBM analysts now predict may exceed \$3 billion. The Office of State Personnel is expected to post additional program information on its website later this week and to distribute a formal policy and guidelines to all state human resources directors by May 25. Separate furlough legislation remains under consideration in the legislature.

Attached is the furlough announcement issued by OSBM, as well as a copy of the Governor's executive order.

cc: Members of the Board of Governors
General Administration Council

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