

Supreme Court
State of North Carolina
Raleigh

MEMBER OF
CHIEF JUSTICE SARAH PARKER

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MEMORANDUM

TO: All Elected Judges

FROM: Sarah Parker
Chief Justice

DATE: 28 April 2009

SUBJECT: Governor's Flexible Furlough Plan

The Office of State Budget and Management has determined that a revenue short fall of approximately \$1 billion exists in the budget for the remainder of this fiscal year, ending June 30, 2009. This morning Governor Perdue called to inform me of the crisis and to request the support of the Judicial Branch. I willingly pledged our cooperation.

To address this revenue crisis, the Governor has by Executive Order reduced the salaries of all teachers and state employees, except judges and members of the Council of State, by an amount equal to .5% of the employee's annual base salary. This amount will be deducted from May and June paychecks. The details of this reduction and of the furlough are still being determined, and Judge John Smith, Director of the NCAOC, will be communicating with everyone as these details are clarified.

As Chief Justice, I feel strongly that we as judges, elected by the people, should take an affirmative leadership role in assisting our state through this budget crisis. Although judges' salaries are Constitutionally protected, for us not to sacrifice in the same measure as other judicial employees are being mandated to do would be unacceptable. Accordingly, both Judge Smith and I will be participating in the salary reduction, and I am calling on all judges to participate voluntarily in the Governor's salary reduction/furlough plan.

Knowing your strong commitment to the people of North Carolina, I am confident that you will join with me in fulfilling this duty to the public. I extend to you my sincerest appreciation for your cooperation and for all that you do to advance the administration of justice in our great State.



NORTH CAROLINA
ADMINISTRATIVE OFFICE
of the COURTS

Office of the Director
Judge John W. Smith
DIRECTOR

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April 28, 2009

MEMORANDUM

TO: Judicial Officials and Judicial Department Employees
FROM: John W. Smith, Director
SUBJECT: Furloughs

The Chief Justice has conferred with Governor Perdue and has agreed to support and cooperate with furloughs to teachers and state employees equal to 0.5% of their annual salary. The reduction will be taken from May and June paychecks – or at least that is our information today.

Although we are not in a position to provide definitive details, from information we have been given from the Office of State Budget and Management, our general impression is that furloughs will be implemented as follows:

- We think reductions will be applied to the annual base salary and will not impact longevity pay, payouts for unused leave, service credit, or health and retirement benefits. The Governor will work with the General Assembly to pass legislation that hold these benefits harmless.
- Full-time employees will be credited with 10 hours flexible time off and non full-time employees will receive a prorated portion of flexible time off.
- Employees may use their flexible time off beginning June 1, 2009, and all time off must be taken by December 31, 2009. Scheduling leave will be subject to approval by the hiring authority.
- Flexibility time off cannot be cashed out when an employee leaves state service.
- Employees will have a half percentage (0.5%) reduction to their annual base salary taken over the remainder of the fiscal year. While all details are not yet clear, we believe that no deductions will come in April paychecks but will be split equally between the May and June paychecks.
- We are unsure as to how BEACON will process this reduction. We will be discussing these details with the Office of State Budget tomorrow.
- All employees are affected by the furlough, including full-time, part-time, temporary and contractual funded from the general fund, technology fund, worthless check fund, federal grants, county grants, receipts or any other special funds that flow through the NCAOC.

Additional details will be provided by the Office of State Budget and Management later this week. We are meeting with the Office of State Personnel tomorrow, and we will update you as this information becomes available.

The Chief Justice and I are both participating in the furlough program, and I call upon all of my former judicial colleagues to demonstrate leadership during this crisis and voluntarily participate in this program, which is mandatory for all employees other than judges. I will provide further information and details later this week as to the procedures for implementing this program which is supported by the Chief Justice.