



STATE OF NORTH CAROLINA
OFFICE OF STATE BUDGET AND MANAGEMENT



Employment First State for Individuals with Disabilities

ROY COOPER
GOVERNOR

KRISTIN WALKER
STATE BUDGET DIRECTOR

September 29, 2023

TO: Department Heads, Chief Financial Officers, General Counsels, and Human Resource Directors

FROM: Kristin Walker, State Budget Director *Kristin Walker*
Barbara Gibson, State Human Resources Director *Barbara F. Gibson*

SUBJECT: Potential Federal Government Shutdown

If Congress does not enact a comprehensive budget or continuing resolution by the end of the day on Saturday, September 30, the US Office of Management and Budget (OMB) will issue federal government shutdown guidance, likely on the next business day, Monday, October 2. Federal shutdowns historically last no longer than 35 days, but we are in unprecedented times. It is critical that all agencies thoroughly review federal grant awards and commitments supported by federal funds and mitigate service and operational disruptions.

Each state agency manages their respective federally funded programs and employees in the event of a federal government shutdown. Agency heads should consult with their general counsels, chief financial officers, human resources directors, and other critical managers to manage and fully comply with all federal and state guidance. Based on your responses to OSBM's survey, we expect most agencies to be able to cover expenses in the near term. Please contact OSBM if this is not the case.

During the federal shutdown, state agencies should take every measure to avoid furloughs and reduced schedules:

1. Use available agency funding sources, including remaining federal funds, lapsed salary, and/or cash balance, to avoid furloughing or reducing the schedule of state employees. At the end of the shutdown, 31 U.S.C. 1341(c)(2) requires furloughed federal employees to receive full back pay. Although we can make no guarantees about what Congress will do, federally-funded state employees are historically treated the same.
2. If your agency is uncertain if you will need to furlough employees or reduce their work schedules, please discuss with your OSBM Budget Development Assistant State Budget Officer ([Darryl Childers](#) or [Lanier McRee](#)).

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Contact OSBM and OSHR ([Nancy Astrike](#)) before implementing any furloughs or work schedule reductions due to the federal shutdown, and alert us if you receive a “stop work order” or federal guidance that grants or other activities will not be reimbursed.

3. To the extent that a furlough or work schedule reduction must take place, please consult OSHR’s Frequently Asked Questions documents for questions about the effects on employee benefits. The FAQ for Human Resources professionals is available on the OSHR SharePoint site for agency Employee Relations staff. The FAQ for employees is available on OSHR website at <https://oshr.nc.gov/2023-federal-shutdown-faqs/open>

In addition to the above actions, all agencies are expected to:

- Monitor the federal budget(s) and OMB guidance affecting your agency;
- Follow federal agency-specific guidance; each agency may handle the shutdown differently (See Federal Agency Contingency Plans [here](#));
- Freeze hiring for totally or partially federally funded positions that are not related to delivering direct patient health care, safety, or the protection of property;
- Communicate shutdown impacts to local government agencies and non-governmental organizations;
- Communicate any updates or new information related to your assessment of shutdown impacts to OSBM; and
- Enter requested information on any furloughs or reduced work schedules due to the federal shutdown into the tracking form, as described in answer B.2 of the OSHR FAQ for HR professionals.

If the federal shutdown occurs, OSHR and OSBM will host [“office hours” on Monday, October 2](#), at 1:30 PM-2:30 PM, to answer questions.

We will continue to monitor OMB guidance and the enactment of a continuing resolution or budget and will issue further guidance as necessary. We appreciate your continued professionalism and partnership as we navigate these uncertain times.