

# Legislation

## **S.L. 1993-321**

Requested by: Senators Plexico, Martin of Guilford, Codington, Representatives Mercer, Crawford, Wainwright, Ellis, Gray, Hensley, Jeffus, Kennedy, Nichols, Wilkins, Nesbitt, Diamont

### **BUDGET PRACTICES STUDY COMMISSION**

Sec. 22. (a) There is created the Budget Practices Study Commission, an independent commission to study the effectiveness of the Executive Budget Act, Article 1 of Chapter 143 of the General Statutes. The Commission shall consist of 14 members. The Speaker of the House of Representatives shall appoint seven members, six who shall be members of the House of Representatives and one who shall be familiar with and have experience in government fiscal management. The President Pro Tempore of the Senate shall appoint seven members, six who shall be members of the Senate and one who shall be familiar with and have experience in government fiscal management. Initial appointments shall be made within 30 days following the 1993 General Assembly's adjournment for a period of more than 10 days.

The President Pro Tempore of the Senate and the Speaker of the House of Representatives shall each appoint a cochair of the Commission from their appointees. The cochairs shall call the first meeting and preside at alternate meetings.

(b) The Budget Practices Study Commission shall examine the current content, interpretation, and application of the Executive Budget Act, and shall address in particular the following topics:

- (1) Similarities and differences between the Executive Budget Act and analogous statutes in other states, including the advantages of various approaches to budget preparation, presentation, appropriation, and execution.
- (2) The effect of current statutory provisions, appropriations techniques, and administrative practices upon:
  - a. The ability of the General Assembly to anticipate, evaluate, and meet the financial needs of State government.
  - b. The availability of data needed by the General Assembly for informed fiscal decision-making; particularly the availability of output, impact, or performance data.
  - c. The General Assembly's ability to exercise its authority under Section 7 of Article V of the North Carolina Constitution; namely, its authority to control withdrawals from the State treasury and to determine the purposes for which State funds may be expended.
  - d. The Governor's authority under Section 5 of Article III of the North Carolina Constitution; namely, the authority to prepare and

recommend a budget and the obligation to administer the budget as enacted by the General Assembly.

e. The balance between fiscal control and management flexibility in the administration of agency budgets.

f. The ability of State agencies to plan their fiscal conduct and to perform their statutorily assigned functions efficiently in accordance with modern business practices.

(3) Provisions of the budget system regarding management of various fund types, including special revenue funds, federal funds, proprietary funds, university funds, and fiduciary funds; and various types of departmental receipts.

(4) The appropriate role of legislative oversight mechanisms, including the Joint Legislative Commission on Governmental Operations.

(5) Such matters as may, in the judgment of the Commission, affect the capacity of the General Assembly or the Governor to devise, adopt, and implement a sound program of fiscal management on behalf of the people of North Carolina.

(c) The Budget Practices Study Commission shall also have the following additional powers and duties with specific reference to the performance budget review process:

(1) To review and evaluate the development and implementation of the performance budgeting system authorized by the General Assembly.

(2) To examine the presentation of information in the performance budgeting system to assure the quality and validity of the information.

(3) To work in cooperation with the Governor and other State agencies as additional program areas are converted into the performance budgeting system.

(4) To propose strategies for the General Assembly to manage and make decisions based on the performance budgeting system.

(d) Subject to the approval of the Legislative Services Commission, the professional and clerical staff of the Legislative Services Office shall be available to the Budget Practices Study Commission. Upon request of the Commission, all State departments and agencies shall furnish to the Commission any information in their possession or available to them. The Commission may acquire by contract or purchase such other expertise or information as may be necessary to complete its report.

(e) Members of the Commission who are also members of the General Assembly shall be paid subsistence and travel expenses at the rate set forth in G.S. 120-3.1. Members of the Commission who are officials or employees of the State shall receive travel allowances at the rate set forth in G.S. 138-6. All other members of the Commission shall be paid per diem and allowances at the rates set forth in G.S. 138-5.

(f) The Budget Practices Study Commission shall report its findings and recommendations to the 1993 General Assembly, 1994 Regular Session.

(g) Of the funds appropriated from the General Fund to the General Assembly, the sum of forty thousand dollars (\$40,000) for the 1993-94 fiscal year shall be allocated for this study.

## **S.L. 2001-491**

**SECTION 2.1.** The Legislative Research Commission may study the topics listed below. When applicable, the bill or resolution that originally proposed the issue or study and the name of the sponsor is listed. Unless otherwise specified, the listed bill or resolution refers to the measure introduced in the 2001 Regular Session of the 2001 General Assembly. The Commission may consider the original bill or resolution in determining the nature, scope, and aspects of the study. The following groupings are for reference only:

(13) Other:

c. Zero-based budgeting (H.B. 479 – Gulley of Mecklenburg)

## **S.L. 2005-276**

### **ZERO-BASED BUDGET REVIEW**

**SECTION 6.34.(a)** The General Assembly finds that the traditional method of budgeting focuses only on expansion adjustments to the previous year's expenditures. This method of budgeting may no longer be sufficient to manage the competing demands of North Carolina's complex budget, its rapidly expanding education and health care expenditures, and the need to foster economic development. To meet the State's growing needs, it is necessary to examine new approaches to budgeting and management.

**SECTION 6.34.(b)** The Legislative Services Commission is hereby authorized to undertake no more than two zero-based budget reviews prior to the convening of the 2007 General Assembly. The President Pro Tempore of the Senate and the Speaker of the House of Representatives shall select the two departments for review.

**SECTION 6.34.(c)** In conducting a zero-based budget review, the Commission may consider the following:

- (1) The activities that comprise the department's budget, and a justification for the existence of each activity by reference to the constitution, federal and State statutes, case law, administrative rules, and departmental practices.
- (2) For each activity within the department, a quantitative estimate of any adverse impacts that could reasonably be expected should the activity be discontinued, together with a full description of the methods by which the expected adverse impacts were measured.
- (3) For each activity within the department, the account of expenditures that would be required to maintain the activity at the minimum level of service required by law.
- (4) For each activity within the department, an itemized account of expenditures required to maintain the activity at current levels of service, together with a concise statement of the quantity and quality of services being provided.

- (5) A ranking of all activities of the department that shows the relative contribution of each activity to the overall goals and purposes of the agency at current service levels.
- (6) Other issues the Commission deems appropriate for the budget review.

## **S.L. 2007-323**

### **CONTINUATION REVIEW OF CERTAIN FUNDS, PROGRAMS, AND DIVISIONS**

**SECTION 6.21.(a)** No later than February 1, 2008, the Administrative Office of the Courts shall provide a written report to the Appropriations Committees of the Senate and House of Representatives on the following funds, programs, or divisions:

- (1) Association of Clerks of Superior Court.
- (2) The Conference of District Attorneys.

The report shall include all of the information listed in subsection (g) of this section.

**SECTION 6.21.(b)** No later than February 1, 2008, the Department of Correction shall provide a written report to the Appropriations Committees of the Senate and House of Representatives on the Criminal Justice Partnership Program. The report shall include all of the information listed in subsection (g) of this section.

**SECTION 6.21.(c)** No later than February 1, 2008, the Department of Juvenile Justice and Delinquency Prevention shall provide a written report to the Appropriations Committees of the Senate and House of Representatives on the Juvenile Crime Prevention Councils. The report shall include all of the information listed in subsection (g) of this section.

**SECTION 6.21.(d)** No later than February 1, 2008, the Department of Environment and Natural Resources shall provide a written report to the Appropriations Committees of the Senate and House of Representatives on the Environmental Stewardship Initiative. The report shall include all of the information listed in subsection (g) of this section.

**SECTION 6.21.(e)** No later than February 1, 2008, the Board of Governors of The University of North Carolina shall provide a written report to the Appropriations Committees of the Senate and House of Representatives on the Center for Nursing. The report shall include all of the information listed in subsection (g) of this section.

**SECTION 6.21.(f)** No later than February 1, 2008, the Department of Health and Human Services shall provide a written report to the Appropriations Committees of the Senate and House of Representatives on the following funds, programs, or divisions:

- (1) Office of Policy and Planning.
- (2) Dental Supplies/Division of Public Health.

The report shall include all of the information listed in subsection (g) of this section.

**SECTION 6.21.(g)** The reports required in this section shall include the following information for each program:

- (1) A description of the program, including information on services provided, the recipients of the services, and the resource requirements.
- (2) Meaningful measures of program performance and whether the program is meeting these measures.
- (3) The rationale for continuing, reducing, or eliminating funding.
- (4) The consequences of discontinuing program funding.
- (5) Recommendations for improving services.
- (6) Recommendations for reducing costs.

- (7) The identification of policy issues that should be brought to the attention of the General Assembly.

**SECTION 6.21.(h)** The Appropriations Committees of the Senate and House of Representatives may review the funds, programs, and divisions listed in this section and shall determine whether to continue, reduce, or eliminate funding for the funds, programs, and divisions, subject to the continuation review program. The Fiscal Research Division may issue instructions to the State departments and agencies affected by this section regarding the expected content and format of the reports required by this section.

## **S.L. 2008-107**

### **CONTINUATION REVIEW OF CERTAIN FUNDS, PROGRAMS, AND DIVISIONS**

**SECTION 6.7.(a)** It is the intent of the General Assembly to establish a process to periodically and systematically review the funds, agencies, divisions, and programs financed by State government. This process shall be known as the Continuation Review Program. The Continuation Review Program is intended to assist the General Assembly in determining whether to continue, reduce, or eliminate funding for the State's funds, agencies, divisions, and programs subject to continuation review.

**SECTION 6.7.(b)** The Appropriations Committees of the House of Representatives and the Senate may review the funds, programs, and divisions listed in this section and shall determine whether to continue, reduce, or eliminate funding for the funds, programs, and divisions, subject to the continuation review program. The Fiscal Research Division may issue instructions to the State departments and agencies subject to continuation review regarding the expected content and format of the reports required by this section. No later than December 1, 2008, the following agencies shall report to the Fiscal Research Division:

- (1) Tarheel Challenge Academy – Department of Crime Control and Public Safety.
- (2) Spot Safety Program – Department of Transportation.
- (3) Safety Inspection Program – Department of Commerce.
- (4) Military Business Center – Community College System.
- (5) Purchase of Medical Care Services Program – Department of Health and Human Services.
- (6) Parking Office – Department of Administration.
- (7) Forest Development Fund – Department of Environment and Natural Resources.

**SECTION 6.7.(c)** The continuation review reports required in this section shall include the following information:

- (1) A description of the fund, agency, division, or program mission, goals, and objectives.
- (2) The statutory objectives for the fund, agency, division, or program and the problem or need addressed.
- (3) The extent to which the fund, agency, division, or program's objectives have been achieved.
- (4) The fund, agency, division, or program's functions or programs performed without specific statutory authority.
- (5) The performance measures for each fund, agency, division, or program and the process by which the performance measures determine efficiency and effectiveness.

- (6) Recommendations for statutory, budgetary, or administrative changes needed to improve efficiency and effectiveness of services delivered to the public.
- (7) The consequences of discontinuing funding.
- (8) Recommendations for improving services or reducing costs or duplication.
- (9) The identification of policy issues that should be brought to the attention of the General Assembly.
- (10) Other information necessary to fully support the General Assembly's Continuation Review Program along with any information included in instructions from the Fiscal Research Division.

**SECTION 6.7.(d)** State departments and agencies identified in subsection (b) of this section shall submit a final report to the General Assembly by March 1, 2009.

## **S.L. 2009-451**

### **CONTINUATION REVIEW OF CERTAIN FUNDS, PROGRAMS, AND DIVISIONS**

**SECTION 6.6E.(a)** It is the intent of the General Assembly to establish a process to periodically and systematically review the funds, agencies, divisions, and programs financed by State government. This process shall be known as the Continuation Review Program. The Continuation Review Program is intended to assist the General Assembly in determining whether to continue, reduce, or eliminate funding for the State's funds, agencies, divisions, and programs subject to continuation review.

**SECTION 6.6E.(b)** The Appropriations Committees of the House of Representatives and the Senate may review the funds, programs, and divisions listed in this section and shall determine whether to continue, reduce, or eliminate funding for the funds, programs, and divisions, subject to the Continuation Review Program. The Fiscal Research Division may issue instructions to the State departments and agencies subject to continuation review regarding the expected content and format of the reports required by this section. No later than December 1, 2009, the following agencies shall report to the Fiscal Research Division:

- (1) Sentencing Services Program of the Office of Indigent Defense Services – Judicial Department.
- (2) Driver's Education Program – Department of Transportation.
- (3) Prisoner's Education Program – Community College System.
- (4) Parking Office – Department of Administration.
- (5) Young Offenders Forest Conservation Program (BRIDGE) – Department of Environment and Natural Resources.

**SECTION 6.6E.(c)** The continuation review reports required in this section shall include the following information:

- (1) A description of the fund, agency, division, or program mission, goals, and objectives.
- (2) The statutory objectives for the fund, agency, division, or program and the problem or need addressed.
- (3) The extent to which the fund, agency, division, or program's objectives have been achieved.
- (4) The fund, agency, division, or program's functions or programs performed without specific statutory authority.
- (5) The performance measures for each fund, agency, division, or program and the process by which the performance measures determine efficiency and effectiveness.
- (6) Recommendations for statutory, budgetary, or administrative changes needed to improve efficiency and effectiveness of services delivered to the public.

- (7) The consequences of discontinuing funding.
- (8) Recommendations for improving services or reducing costs or duplication.
- (9) The identification of policy issues that should be brought to the attention of the General Assembly.
- (10) Other information necessary to fully support the General Assembly's Continuation Review Program along with any information included in instructions from the Fiscal Research Division.

**SECTION 6.6E.(d)** State departments and agencies identified in subsection (b) of this section shall submit a final report to the General Assembly by March 1, 2010.

## **S.L. 2011-145**

### **JUSTIFICATION/OPERATIONAL REVIEWS**

**SECTION 6.6.(a)** It is the intent of the General Assembly to subject the operations of State government and the operations of nongovernmental entities receiving State funds to periodic Justification Reviews. The Reviews shall be conducted by the Fiscal Research Division and shall specifically address the following questions:

- (1) Is the program or service fulfilling the letter and/or intent of its legislative mandate?
- (2) Is that mandate still justified, either in its original form or some modified form?
- (3) Does the program follow identified best practices to address its mandate?
- (4) Is the program duplicative of other services provided by the public or private sectors?
- (5) Is the program effective?
- (6) Is the program efficient?
- (7) Are there any other obstacles that might limit the program's ability to accomplish its mission?

**SECTION 6.6.(b)** For the fiscal year 2011-2012, the following programs or services shall be the subject of review:

- (1) Lumberton Southeastern Agricultural Center and Farmer's Market – Department of Agriculture and Consumer Services.
- (2) DENR Regional Offices – Department of Environment and Natural Resources.
- (3) DHHS postsecondary education programs.
- (4) Environmental Rating Scales Contract.

**SECTION 6.6.(c)** By May 1, 2012, the Fiscal Research Division shall report its findings and recommendations to the Appropriations Committee of the House of Representatives and the Appropriations/Base Budget Committee of the Senate. The report shall:

- (1) Provide a description of each program.
- (2) Identify major policy issues that the General Assembly should address.
- (3) Explore means to achieve program objectives more efficiently.
- (4) Characterize the likely results of alternative funding levels and/or opportunities to save taxpayer dollars.
- (5) Identify performance measures that have been established by the agency and the usefulness of those performance measures, as well as the agency's progress toward meeting their established measures.

### **CONTINUATION REVIEW OF CERTAIN FUNDS/PROGRAMS/DIVISIONS**

**SECTION 6.7.(a)** It is the intent of the General Assembly to periodically and systematically review the funds, agencies, divisions, and programs financed by State government. This process is known as the Continuation Review Program. The Continuation

Review Program is intended to assist the General Assembly in determining whether to continue, reduce, or eliminate funding for the State's funds, agencies, divisions, and programs subject to continuation review.

**SECTION 6.7.(b)** The Appropriations Committee of the House of Representatives and the Appropriations/Base Budget Committee of the Senate may review the funds, programs, and divisions listed in this section and shall determine whether to continue, reduce, or eliminate funding for the funds, programs, and divisions, subject to the Continuation Review Program. The Fiscal Research Division may issue instructions to the State departments and agencies subject to continuation review regarding the expected content and format of the reports required by this section. No later than December 1, 2011, the following agencies shall report to the Fiscal Research Division:

- (1) Justice and Public Safety. – Family Court.
- (2) Education. – Center for Public Television as provided by Section 9.1 of this act.
- (3) Natural and Economic Resources. –
  - a. Commerce/Office of Science and Technology.
  - b. Wildlife Resources Commission/Conservation Education.
- (4) Health and Human Services. – Division of Information Resource Management.
- (5) General Government. – General Assembly Facility Services.
- (6) Transportation. – Division of Motor Vehicles Drivers License Program.

**SECTION 6.7.(c)** The continuation review reports required in this section shall include the following information:

- (1) A description of the fund, agency, division, or program mission, goals, and objectives.
- (2) The statutory objectives for the fund, agency, division, or program and the problem or need addressed.
- (3) The extent to which the fund, agency, division, or program objectives have been achieved.
- (4) The fund's, agency's, division's, or program's functions or programs performed without specific statutory authority.
- (5) The performance measures for each fund, agency, division, or program and the process by which the performance measures determine efficiency and effectiveness.
- (6) Recommendations for statutory, budgetary, or administrative changes needed to improve efficiency and effectiveness of services delivered to the public.
- (7) The consequences of discontinuing funding.
- (8) Recommendations for improving services or reducing costs or duplication.
- (9) The identification of policy issues that should be brought to the attention of the General Assembly.
- (10) Other information necessary to fully support the General Assembly's Continuation Review Program along with any information included in instructions from the Fiscal Research Division.

**SECTION 6.7.(d)** State departments and agencies identified in subsection (b) of this section shall submit a final report to the General Assembly by March 1, 2012.