

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1991

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SENATE BILL 1104*

Short Title: Budget Clarifications.

(Public)

Sponsors: Senators Basnight and Daniel.

Referred to: State Personnel and State Government.

June 2, 1992

A BILL TO BE ENTITLED

AN ACT TO CLARIFY THE PROVISIONS OF THE EXECUTIVE BUDGET ACT
AND THE STATE BUDGET FOR THE 1991-93 FISCAL BIENNIUM.

The General Assembly of North Carolina enacts:

Section 1. The General Assembly finds that it is necessary to clarify the provisions of the State budget for the 1991-93 fiscal biennium and the Executive Budget Act. Sections 1 through 6 of this act are intended to provide this clarification and are not intended to make substantive changes in the law.

Sec. 2. G.S. 143-16.3 reads as rewritten:

"§ 143-16.3. No expenditures for purposes for which the General Assembly has considered but not enacted an appropriation.

Notwithstanding any other provision of law, no funds from any source, except for gifts, grants, and funds allocated from the Contingency and Emergency Fund by the Council of State, may be expended for any ~~purpose~~ ~~purpose~~, ~~position~~, or other expenditure for which the General Assembly has considered but not enacted an appropriation of funds for the current fiscal period. For the purpose of this section, the General Assembly has considered a ~~purpose~~ ~~purpose~~, ~~position~~, or other expenditure when that purpose is included in a bill or petition or when any committee of the Senate or the House of Representatives deliberates on that purpose."

Sec. 3. G.S. 143-23 reads as rewritten:

"§ 143-23. All maintenance funds for itemized purposes; transfers between objects ~~and or line items.~~

(a) All appropriations now or hereafter made for the maintenance of the various departments, institutions and other spending agencies of the State, are for the (i)

1 purposes ~~or programs and/or~~ and (ii) objects or line items enumerated in the itemized
2 requirements of such departments, institutions and other spending agencies submitted to
3 the General Assembly by the Director of the Budget and the Advisory Budget
4 Commission, ~~and/or~~ as amended by the General Assembly. The function of the Advisory
5 Budget Commission under this subsection applies only if the Director of the Budget
6 consults with the Commission in preparation of the budget.

7 (a1) No transfers may be made between objects or line items in the budget of any
8 department, institution, or other spending agency; however, with the approval of the
9 Director of the Budget, a department, institution, or other spending agency may spend
10 more than was appropriated for ~~a~~ an object or line item if the overexpenditure is:

- 11 (1) In a purpose or program for which funds were appropriated for that
12 fiscal period and the total amount spent for the purpose or program is
13 no more than was appropriated for the purpose or program for the
14 fiscal period;
- 15 (2) Required to continue a purpose or program because of unforeseen
16 events, so long as the scope of the purpose or program is not increased;
- 17 (3) Required by a court, Industrial Commission, or administrative hearing
18 officer's order or award or to match unanticipated federal funds;
- 19 (4) Required to respond to an unanticipated disaster such as a fire,
20 hurricane, or tornado; or
- 21 (5) Required to call out the National Guard.

22 The Director of the Budget shall report on a quarterly basis to the Joint Legislative
23 Commission on Governmental Operations and to the Fiscal Research Division of the
24 Legislative Services Office the reason if the amount expended for a purpose or program
25 is more than the amount appropriated for it from all sources.

26 Funds appropriated for salaries and wages are also subject to the limitation that they
27 may only be used for (i) salaries and wages or for premium pay, overtime pay,
28 longevity, unemployment compensation, workers' compensation, temporary wages,
29 contracted personal services, moving expenses, payment of accumulated annual leave,
30 certain awards to employees, tort claims, and employer's social security, retirement, and
31 hospitalization ~~payments; provided, however, funds appropriated for salaries and wages may~~
32 ~~also be used for payments; or (ii) purposes~~ uses for which over expenditures are permitted
33 by subdivisions (3), (4), and (5) of this subsection but the Director of the Budget shall
34 include such use and the reason for it in his quarterly report to the Joint Legislative
35 Commission on Governmental Operations and to the Fiscal Research Division of the
36 Legislative Services Office. ~~Lapsed Office.~~

37 Lapsed salary funds that become available from vacant positions are also subject to
38 the limitation that they may not be used for new permanent employee positions or to
39 raise the salary of existing employees.

40 As used in this subsection, "program" ~~means a group of expenditure and receipt line~~
41 ~~items for support of a specific budgeted activity outlined in the certified budget for each~~
42 ~~department, agency, or institution, as designated by the four digit fund (purpose)~~
43 ~~number in the Budget Preparation System.~~

1 The requirements in this section that the Director of the Budget report to the Joint
2 Legislative Commission on Governmental Operations shall not apply to expenditures of
3 receipts by entities that are wholly receipt supported, except for entities supported by
4 the Wildlife Resources Fund.

5 (b) Repealed by Session Laws 1985, c. 290, s. 8, effective July 1, 1985.

6 (c) Transfers or changes as between objects ~~and~~ or line items in the budget of the
7 Senate may be made by the President Pro Tempore of the Senate;

8 (d) Transfers or changes as between objects ~~and~~ or line items in the budget of the
9 House of Representatives may be made by the Speaker of the House of Representatives;

10 (e) Transfers or changes as between objects ~~and~~ or line items in the budget of the
11 General Assembly other than of the Senate and House of Representatives may be made
12 jointly by the President Pro Tempore of the Senate and the Speaker of the House of
13 Representatives.

14 (f) As used in this section:

15 (1) 'Object or line item' means a budgeted expenditure or receipt in the
16 budget enacted by the General Assembly that is designated by (i) a
17 thirteen-digit code in the 1000-object code series or (ii) an eleven-digit
18 code in all other object code series, in accordance with the Budget
19 Code Structure and the State Accounting System Uniform Chart of
20 Accounts set out in the Administrative Policies and Procedures Manual
21 of the Office of the State Controller.

22 (2) 'Purpose or program' means a group of objects or line items for
23 support of a specific activity outlined in the budget adopted by the
24 General Assembly that is designated by a nine-digit fund code in
25 accordance with the Budget Code Structure and the State Accounting
26 System Uniform Chart of Accounts set out in the Administrative
27 Policies and Procedures Manual of the Office of the State Controller."

28 Sec. 4. Section 351 of Chapter 689 of the 1991 Session Laws reads as
29 rewritten:

30 "Sec. 351. (a) The Joint Appropriations Committee House/Senate Base and
31 Expansion Budget Report and the Joint Appropriations Committee House/Senate Base
32 and Expansion Budget Conference Report dated July 11, 1991, which were distributed
33 in the House and Senate and used to explain this act, shall indicate action by the General
34 Assembly on this act and shall therefore be used to construe this act, as provided in G.S.
35 143-15 of the Executive Budget Act, and for these purposes shall be considered a part of
36 this act.

37 (b) The budget enacted by the General Assembly for the maintenance of the
38 various departments, institutions, and other spending agencies of the State for the 1991-
39 93 fiscal biennium is a line item budget, in accordance with the Budget Code Structure
40 and the State Accounting System Uniform Chart of Accounts set out in the
41 Administrative Policies and Procedures Manual of the Office of the State Controller.
42 This budget includes the appropriations made from all sources including the General
43 Fund, Highway Fund, special funds, cash balances, federal receipts, and departmental
44 receipts.

1 The General Assembly amended the itemized budget requests submitted to the
2 General Assembly by the Director of the Budget and the Advisory Budget Commission,
3 in accordance with the steps that follow and the line item detail in the budget enacted by
4 the General Assembly may be derived accordingly:

5 (1) Negative reserves set out in the submitted budget were deleted and the
6 totals were increased accordingly.

7 (2) The base budget was adjusted in accordance with the base budget cuts
8 and additions that were set out in the Joint Appropriations Committee
9 House/Senate Base and Expansion Budget Report and the Joint
10 Appropriations Committee House/Senate Base and Expansion Budget
11 Conference Report dated July 11, 1991.

12 (3) The expansion budget items were added in accordance with the Joint
13 Appropriations Committee House/Senate Base and Expansion Budget
14 Report and the Joint Appropriations Committee House/Senate Base
15 and Expansion Budget Conference Report dated July 11, 1991, and the
16 accompanying correction sheets. Some of those expansion budget
17 items were in the budget submitted to the General Assembly by the
18 Director of the Budget and the Advisory Budget Commission.

19 Expansion budget items that were funded from new receipts are
20 included in the budget enacted by the General Assembly with program
21 level detail.

22 (4) Transfers of funds supporting programs were made in accordance with
23 the Joint Appropriations Committee House/Senate Base and Expansion
24 Budget Report and the Joint Appropriations Committee House/Senate
25 Base and Expansion Budget Conference Report dated July 11, 1991,
26 and the accompanying correction sheets.

27 The budget enacted by the General Assembly shall also be interpreted in accordance
28 with the special provisions in this act and in accordance with other appropriate
29 legislation.

30 In the event that there is a conflict between the line item budget certified by the
31 Director of the Budget and the budget enacted by the General Assembly, the budget
32 enacted by the General Assembly shall prevail."

33 Sec. 5. G.S. 58-6-25(d) reads as rewritten:

34 "(d) Use of Proceeds. The Department of Insurance Fund is created in the State
35 treasury. The proceeds of the charge levied in this section and all fees collected under
36 Articles 69 through 71 of this Chapter and under Articles 9 and 9C of Chapter 143 of
37 the General Statutes shall be credited to the Fund. The Fund shall be placed in an
38 interest-bearing account and any interest or other income derived from the Fund shall be
39 credited to the Fund. Moneys in the Fund may be spent only pursuant to appropriation
40 by the General Assembly. ~~Assembly and in accordance with the line item budget enacted~~
41 by the General Assembly. The Fund is subject to the provisions of the Executive
42 Budget Act, except that no unexpended surplus of the Fund shall revert to the General
43 Fund. All money credited to the Fund shall be used only to pay the expenses of the
44 Commissioner and the Department that are incurred in regulating the insurance industry

1 and other industries in this State and the general administrative expenses of the State
2 incident thereto."

3 Sec. 6. Of the funds appropriated to the Department of Public Education for
4 the 1991-93 fiscal biennium, the funds for the operation and maintenance of the
5 Department of Public Instruction, for State aid to nonstate agencies, and for the
6 operation of the State Board of Education are as follows:

7 **DEPARTMENT OF PUBLIC EDUCATION**
8 **TOTAL REQUIREMENTS**

9
10 **1991-92**

11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29
	FUND	Department of Public Instruction Units	Aid to Local School Administrative	State Board of Education														
	1000	2,276,885	—	118,900														
	1100	11,594,516	—	—														
	1200	2,542,623	—	—														
	1300	4,370,254	—	—														
	1400	12,551,101	—	16,146														
	1500	2,927,256	—	—														
	1600	11,386,980	—	17,668														
	1700	—	—	—														
	1800	—	3,199,427,158	—														
	1900	491,734	—	—														
	TOTAL	48,141,349	3,199,427,158	152,714														

30 **1992-93**

31	32	33	34	35	36	37	38	39	40	41	42	43	44
	FUND	Department of Public Instruction Units	Aid to Local School Administrative	State Board of Education									
	1000	2,271,969	—	93,900									
	1100	11,578,464	—	—									
	1200	2,543,364	—	—									
	1300	4,326,584	—	—									
	1400	12,826,595	—	16,146									
	1500	2,923,299	—	—									
	1600	11,281,018	—	17,668									
	1700	—	—	—									
	1800	—	3,267,053,247	—									

1	1900	491,734	—	—
2				
3	TOTAL	48,243,027	3,267,053,247	
4		127,714.		

5 Sec. 7. Effective July 1, 1992, G.S. 143-23, as rewritten by Section 3 of this
6 act, reads as rewritten:

7 **"§ 143-23. All maintenance funds for itemized purposes; transfers between objects**
8 **or line items.**

9 (a) All appropriations now or hereafter made for the maintenance of the various
10 departments, institutions and other spending agencies of the State, are for the (i)
11 purposes or programs and (ii) objects or line items enumerated in the itemized
12 requirements of such departments, institutions and other spending agencies submitted to
13 the General Assembly by the Director of the Budget and the Advisory Budget
14 Commission, as amended by the General Assembly. The function of the Advisory
15 Budget Commission under this subsection applies only if the Director of the Budget
16 consults with the Commission in preparation of the budget.

17 (a1) No transfers may be made between objects or line items in the budget of any
18 department, institution, or other spending agency; however, with the approval of the
19 Director of the Budget, a department, institution, or other spending agency may spend
20 more than was appropriated for an object or line item if the overexpenditure is:

- 21 (1) In a purpose or program for which funds were appropriated for that
22 fiscal period and the total amount spent for the purpose or program is
23 no more than was appropriated for the purpose or program for the
24 fiscal period;
- 25 (2) Required to continue a purpose or program because of unforeseen
26 events, so long as the scope of the purpose or program is not increased;
- 27 (3) Required by a court, Industrial Commission, or administrative hearing
28 officer's order or award or to match unanticipated federal funds;
- 29 (4) Required to respond to an unanticipated disaster such as a fire,
30 hurricane, or tornado; or
- 31 (5) Required to call out the National Guard.

32 The Director of the Budget shall report on a quarterly basis to the Joint Legislative
33 Commission on Governmental Operations and to the Fiscal Research Division of the
34 Legislative Services Office the reason if the amount expended for a purpose or program
35 is more than the amount appropriated for it from all sources. If the overexpenditure was
36 authorized under subdivision (2) of this subsection, the Director of the Budget shall
37 identify in the report the unforeseen event that required the overexpenditure.

38 Funds appropriated for salaries and wages are also subject to the limitation that they
39 may only be used for (i) salaries and wages or for premium pay, overtime pay,
40 longevity, unemployment compensation, workers' compensation, temporary wages,
41 contracted personal services, moving expenses, payment of accumulated annual leave,
42 certain awards to employees, tort claims, and employer's social security, retirement, and
43 hospitalization payments; or (ii) uses for which over expenditures are permitted by
44 subdivisions (3), (4), and (5) of this subsection but the Director of the Budget shall

1 include such use and the reason for it in his quarterly report to the Joint Legislative
2 Commission on Governmental Operations and to the Fiscal Research Division of the
3 Legislative Services Office.

4 Lapsed salary funds that become available from vacant positions are also subject to
5 the limitation that they may not be used for new permanent employee positions or to
6 raise the salary of existing employees.

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10 the Wildlife Resources Fund.

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13 Senate may be made by the President Pro Tempore of the Senate;

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15 House of Representatives may be made by the Speaker of the House of Representatives;

16 (e) Transfers or changes as between objects or line items in the budget of the
17 General Assembly other than of the Senate and House of Representatives may be made
18 jointly by the President Pro Tempore of the Senate and the Speaker of the House of
19 Representatives.

20 (f) As used in this section:

21 (1) 'Object or line item' means a budgeted expenditure or receipt in the
22 budget enacted by the General Assembly that is designated by (i) a
23 thirteen-digit code in the 1000-object code series or (ii) an eleven-digit
24 code in all other object code series, in accordance with the Budget
25 Code Structure and the State Accounting System Uniform Chart of
26 Accounts set out in the Administrative Policies and Procedures Manual
27 of the Office of the State Controller.

28 (2) 'Purpose or program' means a group of objects or line items for
29 support of a specific activity outlined in the budget adopted by the
30 General Assembly that is designated by a nine-digit fund code in
31 accordance with the Budget Code Structure and the State Accounting
32 System Uniform Chart of Accounts set out in the Administrative
33 Policies and Procedures Manual of the Office of the State Controller."

34 Sec. 8. The Director of the Budget shall report on a quarterly basis to the
35 Joint Legislative Commission on Governmental Operations and to the Fiscal Research
36 Division of the Legislative Services Office on:

37 (1) All employee positions that were abolished that resulted or will result
38 in the generation of salary reserves;

39 (2) All promotions, reclassifications, and salary range revisions, of greater
40 than ten percent (10%), that will be funded with salary reserves; and

41 (3) All new positions created that will be funded with salary reserves.

42 This section does not apply to actions taken regarding employees of The University of
43 North Carolina.

- 1 Sec. 9. Sections 1 through 6 of this act are effective upon ratification.
2 Sections 7 and 8 of this act become effective July 1, 1992.