



SENATE BILL 534: 2015 Continuing Budget Authority

2015-2016 General Assembly

Committee: House Appropriations

Date: June 29, 2015

Prepared by: Committee Staff

Analysis of: Proposed House PCS S534-CSLR-32

SUMMARY: *The Proposed House Committee Substitute for Senate Bill 534 provides continuing budget authority for State governmental operations and expenditures through August 14, 2015.*

SECTION 1. BUDGET CONTINUATION

Section 1(a) authorizes the Director of the Budget to continue to allocate funds for recurring expenditures for operations of State departments, institutions, and agencies at a level not to exceed the level at which operations were authorized on a recurring basis in S.L. 2014-100, as amended. Section 1 also authorizes the allocation of funds for current operating expenditures funded in the FY 2014-2015 budget on a nonrecurring basis if the expenditure is not a State capital project or a grant for a capital project and is funded at the same level in House Bill 97, 5th edition, and House Bill 97, 7th edition. Section 1(a) instructs the Director of the Budget to implement budget reductions set out in House Bill 97, 5th edition, and House Bill 97, 7th edition, that are not in controversy. The section prohibits the Director of the Budget from implementing any transfers set out in either or both editions of House Bill 97.

Section 1(b) addresses the appropriation of sufficient State funds, cash balances, federal receipts, and departmental receipts for fiscal year 2015-2016 necessary to carry out the section.

Section 1(c) requires agencies to refrain from filling any vacant positions eliminated in either the House or Senate versions of the budget.

Section 1(d) requires agencies to move forward with procedures to eliminate any positions "reduced-in-force" in both the House and Senate versions of the budget. This includes notifying employees in eliminated positions.

Section 1(e) specifies that grant awards may not be made from funds subject to proposed budget reductions in House Bill 97, 5th edition, or House Bill 97, 7th edition, or both.

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Section 1(f) maintains the limitations and directives for the 2014-2015 fiscal year as contained in S.L. 2013-360 and S.L. 2014-100, unless they are affected by this act.

Section 1(g) clarifies that funds that would otherwise revert that were appropriated on a nonrecurring basis in prior fiscal years remain available for expenditure in 2015-2016.

SECTION 2.

EMPLOYEE SALARIES

Sections 2(a) through (c) freeze all State employee salaries at the FY 2014-2015 level. No step or automatic increases, bonuses, performance, merit or other incremental increases are allowed.

Section 2(d) freezes salaries for all public school employees at FY 2014-15 salary levels except for educators paid on steps zero to four of the statewide teacher salary schedule. Educator who were held harmless in FY 2014-15 and received a monthly bonus in that year will continue to receive that bonus. Similarly, school-based administrators who received a bonus in FY 2014-15 will not be paid less than their FY 2014-15 salary plus bonus. No steps increase or performance, merit, or other increase in salary is provided for other local public school employees.

SECTION 3.

SALARY-RELATED CONTRIBUTIONS

This section keeps retirement, health plan, and other employee benefit program contributions at the levels in place for FY 2014-2015. A similar provision has been included in previous CRs. After a budget is passed, the contributions will be trued up to equal the amount needed for the whole year based on the provisions of that budget.

SECTION 4.

FUNDS SHALL NOT REVERT

Section 4 provides that if the provisions of either House Bill 97, 5th edition, or House Bill 97, 7th edition, or both, direct that funds shall not revert, the funds shall not revert on June 30, 2015. Unless the funds are encumbered on or before June 30, 2015, the funds shall not be expended after June 30, 2015, except as provided by a law enacted after June 30, 2015.

SECTION 5.

STATE CONTROLLER SHALL NOT TRANSFER FUNDS ON 6/30/2015

Section 5 provides that, notwithstanding G.S. 143-15.2 and G.S. 143-15.3A, for the 2004-2005 fiscal year only, funds shall not be reserved to the Repairs and Renovations Reserve Account, and the State Controller shall not transfer funds from the unreserved credit balance to the Repairs and Renovations Reserve Account on June 30, 2015. In addition, notwithstanding G.S. 143-15.2 and G.S. 143-15.3, for the 2014-2015 fiscal year only, funds shall not be reserved to the Savings Reserve Account, and the State Controller shall not transfer funds from the unreserved credit balance to the Savings Reserve Account on June 30, 2015.

SECTION 6.
BLOCK GRANTS

Section 6 provides for the continued appropriation and allocation of federal block grant funds at the levels provided in Section 12J.1 of S.L. 2014-100, Section 15.14 of S.L. 2013-360, and as otherwise provided by law.

SECTION 7.
PUBLIC SCHOOLS

Section 7.(a) appropriates \$100,236,542 to fully fund changes in average daily membership in public schools for FY 2015-16. Additionally, this subsection mirrors existing law with regards to allowable fund sources for driver education courses and the ability of school districts to move funds between allotment categories.

Section 7.(b) authorizes the nine cooperative innovative high school (CIHS) applicants approved by the State Board of Education in December 2014 and March 2015 to begin operating as CIHSs in the 2015-16 school year without an additional appropriation.

SECTION 8.
MEDICAID STATE PLAN AND WAIVERS

Section 8 directs the Department of Health and Human Services to prepare the Medicaid State Plan Amendments and waivers that are necessary for the Medicaid reduction and expansion items in both the House Bill 97, 5th edition, and House Bill 97, 7th edition, so that the State Plan Amendments and waivers can be submitted for federal approval as soon as possible after the final budget becomes law.

SECTION 9.
EFFECTIVE DATE

Section 9 makes the act effective July 1, 2015, with the act expiring on August 14, 2015, at 11:59 P.M.

