

Fiscal Highlights

Budget Policy Changes Enacted in 2015 G.S. - Steven M. Allred

During the 2015 General Session, the Legislature passed several bills that had an impact on budgetary policy. Many of these changes were based on recommendations from our office as we studied the State's funds and operations. This article highlights eight bills that passed and made budget policy changes. Bills are listed in alphabetical and numerical order.

H.B. 256, *Revenue Reviews for Certain Funds*: requires the Division of Finance to prepare an annual report that recommends closure of contribution dependent accounts that have not raised at least \$30,000 in at least one of the last three fiscal years. The report must be presented to the Executive Appropriations Committee (EAC) at the end of each calendar year.

H.B. 312, *Reporting and Expenditure of Public Funds Amendments*: requires written agreements with recipients of pass-through funds appropriated by the Legislature, wherein the recipients must provide annual reports to GOMB on use of the funds. Also changes the deadline for GOMB to submit detailed budget reports to LFA from November 15 to 30 days before start of session (from November 15 to around December 25).

H.B. 333, *Budget Reserve Account Amendments*: changes caps for automatic deposits from year end surpluses. The General Fund Budget Reserve Account cap increases from 8 percent to 9 percent of appropriations; the Education Fund Budget Reserve Account cap increases from 9 percent to 11 percent of appropriations. The increased caps recognize increasing volatility in the state's revenue collections.

H.B. 341, *Constitutional Debt*: prioritizes General Fund appropriations for debt service above any other General Fund appropriation. Requires the Division of Finance to publish the current constitutional debt limit, and requires the Governor's proposed budget to include changes to debt service.

H.B. 349, *SITLA Budget Amendments*: allows SITLA to move money between line items if they receive approval from their board and the EAC. The EAC may recommend approval, disapproval, or a special session to review the matter.

H.B. 368, *Executive Office Compensation*: requires the salaries of the Governor, Lt. Governor, Attorney General, State Auditor, and State Treasurer be set annually in an appropriations act beginning January 1, 2017.

H.B. 409, *Amendments to the Procurement Code*: removes an exemption to provisions of the procurement code for "any action taken by a majority of both houses of the Legislature."

S.B. 47, *Temporary Assistance for Needy Families*: Removes a Temporary Assistance for Needy Families (TANF) request from exemption from federal funds review by the Legislature if the request is one-time in nature and greater than \$1 million over the amount most recently approved by the Legislature. Like other federal funds, such requests must go to Legislature during a general session or to the EAC during an interim.

Although not highlighted above, several other bills passed that address the use of mathematical formulas in code, close outdated funds, and clarify certain budgetary procedures. No doubt we'll have

a new list of things to work on for next session. We appreciate the opportunity to make improvements to the budget process.