

Fiscal Highlights

Budget Policy Changes Enacted in 2016 G.S. - Steven M. Allred

During the 2016 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 ten bills and one appropriation that made budget policy changes. Bills are grouped by theme.

Medicaid Accountable Care Organizations (ACOs)

- **H.J.R. 7, *Joint Rules Resolution on Medicaid Funding Report***: Requires the Executive Appropriations Committee to hear a report each December on Medicaid ACOs, including base budgets, program needs, medical inflation, and cost of mandated Medicaid program changes.
- **S.B. 154, *Medicaid Accountable Care Organizations***: Requires the Medicaid base budget to include the cost of mandated Medicaid program changes.

Internal Service Funds (ISFs)

- **H.B. 351, *Attorney General Fiscal Amendments***: Allows the AG to operate as an ISF for legal services that the office provides to state agencies and establishes a rate committee.
- **S.B. 37, *Human Resource Management Rate Committee***: Modifies the DHRM rate committee for expanded services to be provided by the ISF.
- **S.B. 52, *Rate Committee Modifications***: Changes the ISF rate committees to include seven (rather than three) agencies, only one of which may be GOMB, Finance, DTS, or DAS.

Budgeting Procedures

- **S.J.R. 8, *Joint Rules Resolution on Performance Notes***: Requires a performance note to be printed for every piece of legislation.
- **H.B. 320, *Federal Funds Procedures Act Amendments***: Requires agencies to submit a copy of the grant approval letter before they may expend the federal grant; puts USBE on similar approval process as the executive and judicial branches; clarifies that exemption for "pass-through federal funds" doesn't apply to federal funds passed through from USBE to a local education agency.
- **Request for Appropriation, Business Cycle Management**: Enhances long-term approaches to budgeting by appropriating \$120,000 to GOMB for an FTE to analyze revenue trends volatility, and budget stress testing; and \$15,000 to LFA for purchase of consulting services and economic scenarios for stress testing.
- **H.B. 310, *Tax Credit Review Amendments***: Required the Revenue and Taxation Interim Committee and LFA to review certain tax credits during the 2016 Interim.
- **S.B. 17, *Revenue and Taxation Amendments***: Clarifies the formula for calculating the oil and gas severance tax.
- **S.B. 212, *Wildland Fire Suppression Fund***: Amends year-end General Fund surplus deposit requirements, requiring up to \$4 million of any surplus to be deposited in the Wildland Fire Suppression Fund, thus shifting potential future deposits from other accounts and transfers.