

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2001

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HOUSE BILL 1131

Short Title: Federal Funds.

(Public)

Sponsors: Representatives Davis; Capps, Carpenter, Decker, Gulley, Harrington, Hilton, Johnson, Justus, Mitchell, Morris, Rayfield, Setzer, Sexton, Shubert, Starnes, Walend, and C. Wilson.

Referred to: Appropriations.

April 12, 2001

A BILL TO BE ENTITLED

1
2 AN ACT TO CREATE THE FEDERAL FUNDS OVERSIGHT COMMITTEE TO
3 IMPLEMENT A 1998 BUDGET PROVISION CONCERNING OVERSIGHT OF
4 FEDERAL GRANTS.

5 The General Assembly of North Carolina enacts:

6 **SECTION 1.** G.S. 143-16.1 reads as rewritten:

7 "**§ 143-16.1. Federal funds.**

8 (a) All federal funds shall be expended and reported in accordance with
9 provisions of the Executive Budget Act, except as otherwise provided by law. Proposed
10 budgets recommended to the General Assembly by the Governor and Advisory Budget
11 Commission shall include information concerning the federal expenditures in State
12 agencies, departments and institutions in the same manner as State funds. Each
13 budgetary category shall show the total received and anticipated State and federal
14 expenditures, along with a description of the purpose for which the federal funds will be
15 spent at the program level. All expenditures for the prior fiscal year and all expenditures
16 anticipated in the proposed budget shall be reported by objects of expenditure by
17 purpose and shall be identified by each federal grant. For the purpose of this section,
18 "federal funds" are any financial assistance made to a State agency by the United States
19 government, whether a loan, grant, subsidy, augmentation, reimbursement, or any other
20 form. The Director of the Budget may adopt rules and regulations establishing uniform
21 planning, budgeting and fiscal procedures, not inconsistent with federal law, that ensure
22 that all federal funds shall be expended in a standardized manner. The function of the
23 Advisory Budget Commission under this section applies only if the Director of the
24 Budget consults with the Commission in preparation of the budget.

25 (b) The Secretary of each State agency that receives and administers federal
26 Block Grant funds shall prepare and submit the agency's Block Grant plans to the Fiscal

1 Research Division of the General Assembly not later than February 20 of each
2 odd-numbered calendar year and not later than April 20 of each even-numbered
3 calendar year. The agency shall submit a separate Block Grant plan for each Block
4 Grant received and administered by the agency, and each plan shall include, but not be
5 limited to, the following:

- 6 (1) A delineation of the proposed dollar amount allocations by activity and
7 by category, including dollar amounts to be used for administrative
8 costs; and
- 9 (2) A comparison of the proposed funding with two prior years' program
10 budgets.

11 The Director of the Budget shall review for accuracy, consistency, and uniformity each
12 State agency's Block Grant plans prior to submission of the plans to the General
13 Assembly."

14 (c) No federal grant concerning the subject areas of social services, health, or
15 elementary or secondary education may be accepted or expended without the approval
16 of the General Assembly, except those relating to:

- 17 (1) Unanticipated disasters such as floods, hurricanes, or tornadoes; or
- 18 (2) Research grants within The University of North Carolina or the North
19 Carolina System of Community Colleges.

20 (d) There is created the Federal Funds Oversight Committee within the
21 Legislative Branch. The Committee shall consist of nine members, three members of the
22 House of Representatives appointed by the Speaker of the House of Representatives and
23 one appointed by the Minority Leader, three Senators appointed by the President Pro
24 Tempore of the Senate and one appointed by the Minority Leader, and one person
25 appointed by the Governor. Members shall serve terms expiring 15 days after convening
26 of the next regular session of the General Assembly after appointment.

27 The President Pro Tempore of the Senate and the Speaker of the House of
28 Representatives shall each designate a cochair of the Committee. The Committee shall
29 meet at least once a quarter and may meet at other times upon the joint call of the
30 cochairs.

31 A quorum of the Committee is five members. While in the discharge of its official
32 duties, the Committee has the powers of a joint committee under G.S. 120-19 and G.S.
33 120-19.1 through G.S. 120-19.4.

34 Members of the Committee receive subsistence and travel expenses as provided by
35 law. The Committee may contract for consultants or hire employees in accordance with
36 G.S. 120-32.02. The Legislative Services Commission, through the Legislative Services
37 Officer, shall assign professional staff to assist the Committee in its work. Upon the
38 direction of the Legislative Services Commission, the Supervisors of Clerks of the
39 Senate and of the House of Representatives shall assign clerical staff to the Committee.

40 (e) No federal grant may be applied for, accepted, or expended by the State of
41 North Carolina unless a report of the proposal is transmitted to the Federal Funds
42 Oversight Committee prior to application being made. This subsection applies whether
43 or not legislative approval is required under subsection (c) of this section. This section

1 does not apply to any grants made to a city, county, or other unit of local government
2 other than a school administrative unit.

3 (f) If the General Assembly is not in session, and the Governor determines that
4 prompt action is required for acceptance or expenditure of any federal grant for which
5 legislative approval is required under subsection (c) of this section, the Governor may
6 call an extra session of the General Assembly as allowed by the North Carolina
7 Constitution.

8 (g) The purpose of this section is to ensure that the General Assembly carries out
9 its constitutional duty of approving all expenditures made by the State, so as to ensure
10 accountability. Oversight by the representatives of the people of the cost of government
11 is an essential component of any democratic system. The current absence of legislative
12 accountability in the expenditure of federal funds is an unacceptable state of affairs in
13 light of the State constitutional requirement that no expenditures be made from the
14 public treasury but in consequence of appropriations made by the General Assembly."

15 **SECTION 2.** This act is effective when it becomes law.