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SENATE BILL DRS15333-MDa-112 (11/02)

Short Title: Budget Stability and Continuity Act of 2016. (Public)

Sponsors: Senators Brown, Harrington, and B. Jackson (Primary Sponsors).

Referred to:

A BILL TO BE ENTITLED

AN ACT TO FACILITATE BUDGET STABILITY AND CONTINUITY IN THE EVENT THAT A FISCAL YEAR BEGINS FOR WHICH NO CURRENT OPERATIONS APPROPRIATIONS ACT HAS BECOME LAW.

The General Assembly of North Carolina enacts:

**SECTION 1.** G.S. 143C-5-4 reads as rewritten:

**"§ 143C-5-4. Enactment ~~deadline~~~~deadline~~; procedures to be followed when the Current Operations Appropriations Act does not become law prior to the end of certain fiscal years.**

(a) Enactment Deadline. – The General Assembly shall enact the Current Operations Appropriations Act by June 15 of odd-numbered years and by June 30 of even-numbered years in which a Current Operations Appropriations Act is enacted.

(b) If Appropriations Act Does Not Become Law Prior to End of Certain Fiscal Years. – If a fiscal year begins for which no current operations appropriations act providing for current operations of State government during that fiscal year has become law, then the following procedures shall be followed and the following limitations shall apply:

(1) Authority. – Unless otherwise provided by law, the Director of the Budget may continue to allocate funds from all funds for expenditure by State departments, institutions, and agencies at a level not to exceed the level of recurring expenditures from those funds for the prior fiscal year. If the Director of the Budget finds that projected revenues for the fiscal year will not support expenditures at the level of recurring expenditures for the prior fiscal year, the Director of the Budget shall allot funds at a lower level. In making these allocations, the Director of the Budget shall ensure the prompt payment of the principal and interest on bonds and notes of the State according to their terms. Except as otherwise provided by this section, the limitations and directions on the expenditure of funds for the prior fiscal biennium shall remain in effect.

(2) Appropriation of Funds Necessary to Implement. – There is appropriated from the appropriate State funds, cash balances, federal receipts, and departmental receipts sums sufficient to implement the authority described in this subsection for the applicable fiscal year.

(3) Relation to Current Operations Appropriations Act. – The appropriations and the authorizations to allocate and spend funds which are set out in this subsection shall remain in effect until the Current Operations Appropriations Act for the applicable biennium becomes law, at which time that act shall become effective and shall govern appropriations and expenditures. When the



- 1 Current Operations Appropriations Act for that biennium becomes law, the  
2 Director of the Budget shall adjust allotments to give effect to that act from July  
3 1 of the fiscal year.
- 4 (4) Vacant Positions. – If both houses of the General Assembly have passed their  
5 respective versions of the Current Operations Appropriations Act on the third  
6 reading and ordered them sent to the other chamber, then vacant positions  
7 subject to proposed budget reductions in either or both versions of the bill shall  
8 not be filled.
- 9 (5) State Employee Salaries. – The salary schedules and specific salaries  
10 established for the prior fiscal year and in effect on June 30 of the prior fiscal  
11 year for offices and positions shall remain in effect until the Current Operations  
12 and Capital Improvements Appropriations Act for the current fiscal year  
13 becomes law. State employees subject to G.S. 7A-102(c), 7A-171.1, or  
14 20-187.3 shall not move up on salary schedules or receive automatic increases,  
15 including automatic step increases, until authorized by the General Assembly.  
16 State employees, including those exempt from the classification and  
17 compensation rules established by the State Human Resources Commission,  
18 shall not receive any automatic step increases, annual, performance, merit,  
19 bonuses, or other increments until authorized by the General Assembly.
- 20 (6) School Employee Salaries. – Public school employees paid on the teacher  
21 salary schedule or the school-based administrator salary schedule shall not  
22 move up on salary schedules or receive automatic step increases until  
23 authorized by the General Assembly.
- 24 (7) State's Employer Contribution Rate. – The State's employer contribution rates  
25 budgeted for retirement and related benefits for the current fiscal year shall  
26 remain the same as they are on June 30 of the prior fiscal year. These rates are  
27 effective until the Current Operations Appropriations Act for the current fiscal  
28 year becomes law and are subject to revision in that act. If that act modifies  
29 those rates, the Director of the Budget shall further modify the rates set in that  
30 act for the remainder of the fiscal year so as to compensate for the different  
31 amount contributed between July 1 and the date the Current Operations  
32 Appropriations Act becomes law so that the effective rates for the entire year  
33 reflect the rates set in the Current Operations Appropriations Act.
- 34 (8) Statutory Transfers to Reserves. – Notwithstanding G.S. 143C-4-2 and  
35 G.S. 143C-4-3, funds shall not be reserved to the Savings Reserve Account or  
36 the Repairs and Renovations Reserve Account and the State Controller shall not  
37 transfer funds from the unreserved credit balance to the those accounts on June  
38 30 of the prior fiscal year.
- 39 (9) Federal Block Grant Funds and Other Grant Funds. – Notwithstanding  
40 G.S. 143C-6-4, State agencies may, with approval of the Director of the  
41 Budget, spend funds received from grants awarded during the current fiscal  
42 year, including federal block grants, that are for less than two million five  
43 hundred thousand dollars (\$2,500,000), do not require State matching funds,  
44 and will not be used for a capital project. State agencies shall report to the Joint  
45 Legislative Commission on Governmental Operations within 30 days of receipt  
46 of such funds. State agencies may spend all other funds from grants awarded  
47 during the current fiscal year, including federal block grants, only with approval  
48 of the Director of the Budget and after consultation with the Joint Legislative  
49 Commission on Governmental Operations. The Office of State Budget and  
50 Management shall work with the recipient State agencies to budget grant  
51 awards according to the annual program needs and within the parameters of the

1                    respective granting entities. Depending on the nature of the award, additional  
2                    State personnel may be employed on a time-limited basis. Funds received from  
3                    such grants are hereby appropriated and shall be incorporated into the  
4                    authorized budget of the recipient State agency. Notwithstanding the provisions  
5                    of this subdivision, no State agency may accept a grant if acceptance of the  
6                    grant would obligate the State to make future expenditures relating to the  
7                    program receiving the grant or would otherwise result in a financial obligation  
8                    as a consequence of accepting the grant funds."

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