GENERAL ASSEMBLY OF NORTH CAROLINA SESSION 2009

Η

1

17

18

19

20

21

22

23

24

25

26 27

28

29

HOUSE BILL 45

Short Title: Zero-Based Budgeting.

Sponsors: Representatives Blust, Holloway (Primary Sponsors); Allred, Blackwood, Current, Dockham, Dollar, Hilton, Hurley, Justice, Justus, Killian, Langdon, Lewis, McGee, Moore, Neumann, Samuelson, Setzer, Stam, Starnes, and Steen.

Referred to: Rules, Calendar, and Operations of the House.

February 4, 2009

A BILL TO BE ENTITLED

2 AN ACT TO PROVIDE FOR ZERO-BASED BUDGETING.

3 The General Assembly of North Carolina enacts:

4 **SECTION 1.** The General Assembly finds that the traditional method of budgeting 5 may no longer be sufficient to manage the competing demands of North Carolina's complex 6 budget, its rapidly expanding education and health care expenditures, and the need to foster 7 economic development. To meet the State's growing needs, it is necessary to examine new 8 approaches to budgeting and management.

9 **SECTION 2.(a)** The Director of the Budget shall subject every program in State 10 government to zero-based budget review no less often than once every six years.

SECTION 2.(b) Beginning in 2011, and in each odd year thereafter, the Governor shall submit a zero-based budget for agencies with a cumulative total of expenditures of approximately thirty-three percent (33%) of the General Fund budget. To accommodate zero-based budget review, the Director of the Budget shall require agencies to prepare and submit a zero-based budget plan in addition to any other information that may be required by statute, rule, or directive. At a minimum, the plan shall contain the following information:

- A description of those discrete activities that comprise the agency, and a justification for the existence of each activity by reference to statute or other legal authority.
 - (2) For each activity, a quantitative estimate of any adverse impacts that could reasonably be expected should the activity be discontinued, together with a full description of the methods by which the adverse impact is estimated.
 - (3) For each activity, an itemized account of expenditures that would be required to maintain the activity at the minimum level of service required by the statutory authority, together with a concise statement of the quantity and quality of services required at that minimum level.
 - (4) For each activity, an itemized account of expenditures required to maintain the activity at current levels of service, together with a concise statement of the quantity and quality of services being provided.
- 30(5)A ranking of all activities that shows the relative contribution of each31activity to the overall goals and purposes of the agency at current service32levels.



1

(Public)

General Assembly of North Carolina

1 **SECTION 3.** Each odd year beginning in 2011, the General Assembly shall 2 prepare its budget for the fiscal year which begins on July 1 of that year by starting at zero each 3 agency or program which has been reviewed by the Director that year under this act and subject 4 the same agency program to a thorough legislative review using the same criteria set forth in 5 Section 2(b) of this act.

6 **SECTION 4.** This act is effective when it becomes law.