

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2009

H

D

HOUSE DRH30027-LB-75 (03/14)

Short Title: Zero-Based Budgeting.

(Public)

Sponsors: Representative Blust.

Referred to:

1 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.

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

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

33 **SECTION 3.** Each odd year beginning in 2011, the General Assembly shall
34 prepare its budget for the fiscal year which begins on July 1 of that year by starting at zero each



1 agency or program which has been reviewed by the Director that year under this act and subject
2 the same agency program to a thorough legislative review using the same criteria set forth in
3 Section 2(b) of this act.

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