

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017**

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**SENATE BILL 78
House Committee Substitute Favorable 6/29/17**

Short Title: Cost to Comply/Fed Ed Funds/PED Study. (Public)

Sponsors:

Referred to:

February 15, 2017

1 A BILL TO BE ENTITLED
2 AN ACT TO STUDY THE FINANCIAL COSTS TO THE STATE AND LOCAL SCHOOL
3 ADMINISTRATIVE UNITS OF COMPLIANCE WITH FEDERAL MANDATES
4 RELATED TO THE RECEIPT OF FEDERAL EDUCATION FUNDING AND TO
5 ESTABLISH THE JOINT LEGISLATIVE STUDY COMMISSION ON EFFICIENCY
6 AND COST-SAVINGS IN STATE GOVERNMENT.

7 The General Assembly of North Carolina enacts:

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9 **PART I. STUDY FINANCIAL COSTS OF FEDERAL MANDATES**

10 **SECTION 1.(a)** By no later than January 15, 2018, the Department of Public
11 Instruction shall study, report, and provide any supporting data to the Fiscal Research Division
12 and the Program Evaluation Division of the General Assembly on the cost of compliance with
13 federal education funding mandates to local school administrative units.

14 **SECTION 1.(b)** The Joint Legislative Program Evaluation Oversight Committee
15 shall consider including in the 2017-2018 Work Plan for the Program Evaluation Division an
16 evaluation of the cost of compliance with federal education funding mandates for K-12
17 education and, if included in the Work Plan, report its findings and recommendations to the
18 General Assembly at a date to be determined by the Committee.

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20 **PART II. JOINT LEGISLATIVE STUDY COMMISSION ON EFFICIENCY AND
21 COST-SAVINGS IN STATE GOVERNMENT**

22 **SECTION 2.(a)** There is established the Joint Legislative Study Commission on
23 Efficiency and Cost-Savings in State Government (Commission).

24 **SECTION 2.(b)** The Commission shall be composed of 10 members appointed as
25 follows:

- 26 (1) Five senators appointed by the President Pro Tempore of the Senate.
27 (2) Five representatives appointed by the Speaker of the House of
28 Representatives.

29 Vacancies on the Commission shall be filled by the appointing authority. The
30 President Pro Tempore of the Senate and the Speaker of the House of Representatives shall
31 each designate a cochair. A quorum of the Commission shall be a majority of its members.

32 The Commission may meet at any time upon call of the chairs. The Commission
33 may meet in the Legislative Building or the Legislative Office Building. The Commission may
34 contract for professional, clerical, or consultant services as provided by G.S. 120-32.02.

35 The Commission, while in the discharge of its official duties, may exercise all
36 powers provided for under G.S. 120-19 and G.S. 120-19.1 through G.S. 120-19.4, including the



1 power to request all officers, agents, agencies, and departments of the State to provide any
2 information, data, or documents within their possession, ascertainable from their records, or
3 otherwise available to them, and the power to subpoena witnesses and documents.

4 The Legislative Services Commission, through the Legislative Services Officer,
5 shall assign other professional staff to assist the Commission in its work. The House of
6 Representatives' and Senate's Directors of Legislative Assistants shall assign clerical staff to the
7 Commission, and the expenses relating to the clerical employees shall be borne by the
8 Commission. Members of the Commission shall receive subsistence and travel expenses at the
9 rates set forth in G.S. 120-3.1.

10 **SECTION 2.(c)** The Commission shall use a zero-based budgeting review process
11 to study whether there are obsolete programs, cost-reduction opportunities in State government,
12 and any cases where existing funds can be redirected to meet new and changing demands for
13 public services. The Commission shall start the review process with the Department of the
14 Secretary of State. The Commission may require any agency under review to submit written
15 information in a form specified by the Commission by a specified time. The Commission may
16 accept or reject any or part of any information submitted and require revision or resubmission.
17 The Commission may require information as follows:

- 18 (1) Identification of decision units. – The agency shall identify decision units
19 representing any group of services with a common set of objectives or
20 comprising an agency program or administrative support unit.
- 21 (2) Impact of discontinuing each decision unit. – The agency shall provide a
22 quantitative estimate of any adverse impacts that could reasonably be
23 expected should the State discontinue a decision unit, together with a full
24 description of the methods by which the adverse impact is estimated.
- 25 (3) Division of decision units into decision packages. – The agency shall divide
26 each decision unit into the following four discrete decision packages:
 - 27 a. Minimum. – A quantitative estimate of any adverse impacts that
28 could reasonably be expected and an itemized account of
29 expenditures that would be required to maintain the activity at the
30 minimum level of service required by any statutory authorization and
31 below which would effectively eliminate all services, together with a
32 concise statement of the resulting quantity and quality of services.
33 This service level shall be below the level described by
34 sub-subdivision b. of this subdivision.
 - 35 b. Reduced. – A quantitative estimate of any adverse impacts that could
36 reasonably be expected and an itemized account of expenditures that
37 would be required if funding were reduced by the percentage or
38 amount specified by the Commission below the current level as
39 defined by sub-subdivision c. of this subdivision and a concise
40 statement of the resulting quantity and quality of services.
 - 41 c. Current. – A quantitative description of benefits from and an
42 itemized account of expenditures that would be required to maintain
43 the activity at the current level of service, together with a full
44 description of the methods by which the current level is determined
45 and a concise statement of the resulting quantity and quality of
46 services.
 - 47 d. Enhanced. – A quantitative estimate of benefits that could reasonably
48 be expected and an itemized account of expenditures that would be
49 required to increase the current level of service, together with a full
50 description of the methods by which the enhanced level is estimated

1 and a concise statement of the resulting quantity and quality of
2 services.

3 (4) Service delivery alternatives. – For each decision package, a description of
4 alternative methods for delivering services, which may include, but not be
5 limited to, shedding one or more services and relying upon the free market
6 for delivery, delegation to another level of government, using Requests for
7 Information or competitive selection to outsource to private for-profit or
8 nonprofit organizations, in whole or in part, including franchising, assisting
9 or providing incubator arrangements for current State employees to form
10 non-State organizations to compete for outsourcing opportunities, or through
11 methods used by other states or nations.

12 (5) Ranking. – As instructed by the Commission, a ranking of all decision
13 packages compared with each other without ties.

14 **SECTION 2.(d)** The Commission shall make an interim report to the 2018 Regular
15 Session of the 2017 General Assembly and shall make a final report to the 2019 General
16 Assembly. The report shall include any proposed legislation. The Commission shall terminate
17 upon filing its final report or upon the convening of the 2019 General Assembly, whichever is
18 earlier.

19 **SECTION 2.(e)** This act is effective when it becomes law.