

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

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HOUSE BILL 235

Short Title: Federal Funds Oversight Committee.

(Public)

Sponsors: Representatives Davis, Hill; Baker, Barbee, Brown, Brubaker, Buchanan, Cansler, Capps, Culp, Daughtry, Eddins, Gardner, Gulley, Howard, Justus, Kiser, McCombs, Mitchell, Morris, Rayfield, Sexton, Starnes, Tallent, G. Wilson, Womble, and Wood.

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

March 4, 1999

A BILL TO BE ENTITLED

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

5 The General Assembly of North Carolina enacts:

6 Section 1. G.S. 143-16.1, as amended by Section 7.2 of S.L. 1998-212, reads
7 as rewritten:

8 "**§ 143-16.1. Federal funds.**

9 (a) All federal funds shall be expended and reported in accordance with provisions
10 of the Executive Budget Act, except as otherwise provided by law. Proposed budgets
11 recommended to the General Assembly by the Governor and Advisory Budget
12 Commission shall include information concerning the federal expenditures in State
13 agencies, departments and institutions in the same manner as State funds. Each
14 budgetary category shall show the total received and anticipated State and federal
15 expenditures, along with a description of the purpose for which the federal funds will be
16 spent at the program level. All expenditures for the prior fiscal year and all expenditures
17 anticipated in the proposed budget shall be reported by objects of expenditure by purpose

1 and shall be identified by each federal grant. For the purpose of this section, 'federal
2 funds' are any financial assistance made to a State agency by the United States
3 government, whether a loan, grant, subsidy, augmentation, reimbursement, or any other
4 form. The Director of the Budget may adopt rules and regulations establishing uniform
5 planning, budgeting and fiscal procedures, not inconsistent with federal law, that ensure
6 that all federal funds shall be expended in a standardized manner. The function of the
7 Advisory Budget Commission under this section applies only if the Director of the
8 Budget consults with the Commission in preparation of the budget.

9 (b) The Secretary of each State agency that receives and administers federal Block
10 Grant funds shall prepare and submit the agency's Block Grant plans to the Fiscal
11 Research Division of the General Assembly not later than April 20 of each fiscal year.
12 The agency shall submit a separate Block Grant plan for each Block Grant received and
13 administered by the agency, and each plan shall include, but not be limited to, the
14 following:

- 15 (1) A delineation of the proposed dollar amount allocations by activity and
16 by category, including dollar amounts to be used for administrative
17 costs; and
- 18 (2) A comparison of the proposed funding with two prior years' program
19 budgets.

20 The Director of the Budget shall review for accuracy, consistency, and uniformity
21 each State agency's Block Grant plans prior to submission of the plans to the General
22 Assembly.

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

- 26 (1) Unanticipated disasters such as floods, hurricanes, or tornadoes; or
- 27 (2) Research grants within The University of North Carolina or community
28 college systems.

29 (d) There is created the Federal Funds Oversight Committee within the Legislative
30 Branch. The Committee shall consist of nine members, three members of the House of
31 Representatives appointed by the Speaker of the House of Representatives and one
32 appointed by the Minority Leader, three Senators appointed by the President Pro
33 Tempore of the Senate and one appointed by the Minority Leader, and one person
34 appointed by the Governor. Members shall serve terms expiring 15 days after convening
35 of the next regular session of the General Assembly after appointment.

36 The President Pro Tempore of the Senate and the Speaker of the House of
37 Representatives shall each designate a cochair of the Committee. The Committee shall
38 meet at least once a quarter and may meet at other times upon the joint call of the
39 cochairs.

40 A quorum of the Committee is five members. While in the discharge of its official
41 duties, the Committee has the powers of a joint committee under G.S. 120-19 and G.S.
42 120-19.1 through G.S. 120-19.4.

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

7 (e) No federal grant may be applied for, accepted, or expended by the State of
8 North Carolina unless a report of the proposal is transmitted to the Federal Funds
9 Oversight Committee prior to application being made. This subsection applies whether
10 or not legislative approval is required under subsection (c) of this section. This section
11 does not apply to any grants made to a city, county, or other unit of local government
12 other than a school administrative unit.

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

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

24 Section 2. This act is effective when it becomes law.