NORTH CAROLINA CENTER FOR
PUBLIC POLICY RESEARCH INC.

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CENTER FOR PUBLIC POLICY RESEARCH CRITICIZES LEGISLATIVE AND EXECUTIVE BUDGET PRACTICES

The N.C. Center for Public Policy Research says the N.C. General Assembly should stop amending state laws through its budget bill. The Center also criticized an executive branch tactic of hiding expansions of existing state programs in what is called a "continuation budget." The Center's criticisms were published as part of a just-released report on The 1983-85 North Carolina Budget: Finding the Missing Pieces in the Fiscal Jigsaw Puzzle. The report relates the budget issues raised at a symposium held a year ago today to actions taken on those issues by the 1983 General Assembly.

The Center's report highlights the fact that legislators have increasingly inserted what are called "special provisions" into budget bills as a tool for accomplishing non-budgetary aims. The Center found that the two 1983 budget bills include 57 special provisions which have nothing to do with the budget -- but which amend other state statutes. These special provisions do everything from creating a Board of State Contract Appeals, an N.C. Farmworkers Council, and a new retirement system for legislators to amending a bingo reform law and prohibiting the UNC Board of Governors from restructuring the School of Public Health Nursing.

"The problem with these special provisions is not that they are necessarily bad laws, but that they are passed without any debate because they are hidden away in a 190-page budget bill," says Ran Coble, the Center's executive director and editor of the report. "And, because these provisions are in the budget bills, few legislators are willing to challenge the legislative leadership for fear of losing funds earmarked for their local projects."

Ronald Aycock, the executive director of the N.C. Association of County Commissioners, was also critical of special provisions at the Center's symposium a year ago. He cited examples of foreign trade zones and property tax exemptions for stored tobacco as items that were hidden in recent budget bills. Using such special provisions "is a departure from the practice in the past in this state," said Aycock, "when the appropriations bill was a bill which either appropriated funds or directed the use of state funds."

The Center found that the use of special provisions has gradually increased in the last five years. The 1978 budget bill contained 21 such policy provisions. The October 1981 short "budget session" included even more such provisions, including some the N.C. Supreme Court said were unconstitutional in a 1982 advisory opinion to the legislature. The invalidated provisions dealt with the amount of control the executive or legislative branches were to have over federal block grant funds. The number of special provisions jumped to 57 in the 1983 session.

Special provisions allow budget committee chairpersons to accomplish something in the budget bill they could not do through the normal legislative process, says the Center. Coble points to the 1983 repeal of the state's Administrative Procedure Act (effective July 1, 1985) as a prime example. An attempt to pass a separate bill to repeal the APA had failed once in the Senate when Rep. William Watkins (D-Granville) included a similar special provision in a budget bill making appropriations for various local projects. "To his credit," says Coble, "Rep. Watkins called this special provision to the attention of his colleagues on the House floor. But what representative was going to challenge the provision when almost every Democrat had $50,000 earmarked for his or her district in the same bill and when Rep. Watkins is Chairman of the House Appropriations Committee on the Expansion Budget?"

In the budget report released today, the Center recommends that non-budget items which amend provisions in the General Statutes not be included in apropriations bills. Such a prohibition could be enacted as an amendment to the Budget Act or as part of the House and Senate rules.

Executive Budget Practice Also Criticized

In the same report, which discusses a variety of future budget issues facing the state, the Center criticizes the executive branch practice of hiding new program items in its proposed biennial budget to continue current programs. At its symposium a year ago, the Center released a list of 22 items it said were new programs, expansions of existing programs, or payment increases. The expansion items totaled over $159 million in FY 1983-84 and almost $292 million in FY 1984-85. Examples of such items were new staff positions in the Department of Revenue, a rest home rate increase, and funds for adding a writing component to the state competency test.

In a defense included as an appendix to the report, the Office of State Budget and Management says the Executive Budget Act does not require the governor to distinguish which increases in a budget are expansion items. The Center's report recommends that the General Assembly amend the Act to require the executive branch to identify all new programs; expansions of existing programs; increases in caseload, clients, students, or population served; and any inflationary increases different from what is otherwise uniform in the budget.

Coble and Aycock were two of seven speakers who made presentations at the February 14, 1983, symposium focusing on assumptions and priorities in the 1983-85 state budget. Other speakers included Dr. Jack Brizius, an advisor to governors in Arkansas, Massachusetts, Minnesota, and New Hampshire; Dr. S. Kenneth Howard, the executive director of the U.S. Advisory Commission on Intergovernmental Relations and former state budget officer in North Carolina and Wisconsin; Leigh Wilson, the executive director of the N.C. League of Municipalities; David Crotts, a fiscal analyst with the legislature's Fiscal Research Division; and Dr. Al Stuart, a professor at UNC-Charlotte.

The N.C. Center for Public Policy Research is a private, nonprofit, nonpartisan organization formed in 1977 to study state government programs and practices. It is funded by memberships, corporate contributions, and grants from the Z. Smith Reynolds and Mary Reynolds Babcock foundations. The 1983-85 North Carolina Budget: Finding the Missing Pieces in the Fiscal Jigsaw Puzzle is available for $15.00 from the Center at P. O. Box 430, Raleigh, N.C. 27602.

For more information, call Beth Briggs at (919) 832-2839.

For an index to issues raised in the report, see page 19 of the report (copy attached).

INDEX TO ISSUES RAISED AT THE SYMPOSIUM