

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017**

**SENATE BILL 78
RATIFIED BILL**

AN ACT TO STUDY THE FINANCIAL COSTS TO THE STATE AND LOCAL SCHOOL ADMINISTRATIVE UNITS OF COMPLIANCE WITH FEDERAL MANDATES RELATED TO THE RECEIPT OF FEDERAL EDUCATION FUNDING AND TO ESTABLISH THE JOINT LEGISLATIVE STUDY COMMISSION ON EFFICIENCY AND COST-SAVINGS IN STATE GOVERNMENT.

The General Assembly of North Carolina enacts:

PART I. STUDY FINANCIAL COSTS OF FEDERAL MANDATES

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

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

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

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

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

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

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

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

The Commission, while in the discharge of its official duties, may exercise all powers provided for under G.S. 120-19 and G.S. 120-19.1 through G.S. 120-19.4, including the power to request all officers, agents, agencies, and departments of the State to provide any information, data, or documents within their possession, ascertainable from their records, or otherwise available to them, and the power to subpoena witnesses and documents.

The Legislative Services Commission, through the Legislative Services Officer, shall assign other professional staff to assist the Commission in its work. The House of Representatives' and Senate's Directors of Legislative Assistants shall assign clerical staff to the



Commission, and the expenses relating to the clerical employees shall be borne by the Commission. Members of the Commission shall receive subsistence and travel expenses at the rates set forth in G.S. 120-3.1.

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

- (1) Identification of decision units. – The Department shall identify decision units representing any group of services with a common set of objectives or comprising a Departmental program or administrative support unit.
- (2) Impact of discontinuing each decision unit. – The Department shall provide a quantitative estimate of any adverse impacts that could reasonably be expected should the State discontinue a decision unit, together with a full description of the methods by which the adverse impact is estimated.
- (3) Division of decision units into decision packages. – The Department shall divide each decision unit into the following four discrete decision packages:
 - a. Minimum. – A quantitative estimate of any adverse impacts that could reasonably be expected and an itemized account of expenditures that would be required to maintain the activity at the minimum level of service required by any statutory authorization and below which would effectively eliminate all services, together with a concise statement of the resulting quantity and quality of services. This service level shall be below the level described by sub-subdivision b. of this subdivision.
 - b. Reduced. – A quantitative estimate of any adverse impacts that could reasonably be expected and an itemized account of expenditures that would be required if funding were reduced by the percentage or amount specified by the Commission below the current level as defined by sub-subdivision c. of this subdivision and a concise statement of the resulting quantity and quality of services.
 - c. Current. – A quantitative description of benefits from and an itemized account of expenditures that would be required to maintain the activity at the current level of service, together with a full description of the methods by which the current level is determined and a concise statement of the resulting quantity and quality of services.
 - d. Enhanced. – A quantitative estimate of benefits that could reasonably be expected and an itemized account of expenditures that would be required to increase the current level of service, together with a full description of the methods by which the enhanced level is estimated and a concise statement of the resulting quantity and quality of services.
- (4) Service delivery alternatives. – For each decision package, a description of alternative methods for delivering services, which may include, but not be limited to, shedding one or more services and relying upon the free market for delivery, delegation to another level of government, using Requests for Information or competitive selection to outsource to private for-profit or nonprofit organizations, in whole or in part, including franchising, assisting

or providing incubator arrangements for current State employees to form non-State organizations to compete for outsourcing opportunities, or through methods used by other states or nations.

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

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

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

In the General Assembly read three times and ratified this the 30th day of June, 2017.

s/ Philip E. Berger
President Pro Tempore of the Senate

s/ Tim Moore
Speaker of the House of Representatives

Roy Cooper
Governor

Approved _____m. this _____ day of _____, 2017