

# CIVITAS INSTITUTE

# LEGISLATIVE POLICY BRIEFING

## 2007 General Assembly

## Senate Budget Introduces Continuation Review

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The Senate has taken a new approach to funding for select line items, nonprofits, and other non-state entities. All told, 32 organizations and state divisions have been put on notice that they will need to justify their effectiveness before receiving more funds from the state. A total of \$74 million has been moved from recurring funding, which continues largely unnoticed from year to year, to one-time, nonrecurring funding. Each item listed in the “Money Report” notes that funding in the second year of the biennium is dependant on a “continuation review.”

What is a continuation review? The Senate budget (HB 1473 version 7, section 6.21) requires reports from each entity by early next year, detailing the following:

- (1) A description of the program, including information on services provided, recipients of the services, and resource requirements.
- (2) Meaningful measures of program performance that demonstrate that the program is meeting these measures.
- (3) A rationale for continuing, reducing, or eliminating funding.
- (4) Consequences of discontinuing program funding.
- (5) Recommendations for improving services.
- (6) Recommendations for reducing costs.
- (7) The identification of policy issues that should be brought to the attention of the General Assembly.

Based on these reviews, the appropriations committees can choose to restore some or all funding for these programs for FY2008-09.

What does this mean for future budgets? Along with the short-term benefits that will come from reviewing specific programs in this year’s budget, the Senate’s introduction of a continuation review process has significant long-term consequences. One important result is the listing of the full amount received by each of these programs in the Money Report. Why is this important? Most of the money that the state spends each year is not reviewed or discussed in any detail. The state’s budget is driven by the continuation budget, which is put together by the governor’s office and reviewed by General Assembly staff. The continuation budget provides line item detail on the amount of money it will take to continue all of the previous year’s operations for another two years. While this budget is available online and discussed in broad outline in legislative committees, it does not receive a great deal of scrutiny by the public or the media.

What the public and the media primarily see are the adjustments to the continuation budget, i.e., the Money Report. The Money Report contains an itemized account of changes – both the expansion and reduction of existing programs and the creation of new programs – to the continuation budget proposed by the governor and each chamber of the General Assembly. By choosing what programs to expand or reduce, the governor and the General Assembly are thus able to focus the budget debate on specific issues. Once a new program is passed into law, however, its funding virtually goes on autopilot via the continuation budget. In this year’s proposed House budget, for example, \$200,000 in nonrecurring funds are allocated for the Judicial Indigent Defense Sentencing Services program. A \$200,000 increase doesn’t sound like much, but it fails to mention that the program already enjoys \$2.6 million in recurring funding. If the House had not chosen to increase the Sentencing Services budget, the program would not have been mentioned in the Money Report at all. Similarly, Juvenile Justice programs, such as Support Our Students and the Governor’s One-on-One program, are not mentioned in the House Money Report; yet the state spends more than \$7 million a year to support these two initiatives.

Even when program increases raise questions, their magnitude cannot be fully understood without some context. The House proposed budget, for example, includes a recurring increase of \$5 million in funding for the N.C. Community Development Initiative. This amount, which would be automatically built into future budgets, would more than triple the

Initiative's current \$2.3 million appropriation. Yet it is impossible to determine from the Money Report how much of an increase the \$5 million represents.

In contrast to the House budget, the Senate has chosen to begin to open up the budget to more public debate regarding programs that would otherwise continue from year to year with little scrutiny. While many of these programs may survive their continuation reviews, the state and its citizens can only benefit from the increased accountability afforded by the review process.

### Items Requiring a Continuation Review in the Senate Budget

Agency	Program/Non-Governmental Entity	Budget*	Other Notes
<b>Health &amp; Human Services</b>			
Health & Human Services	Office of Policy & Planning	\$414,536	Includes 5 positions
Health & Human Services	Senior Games Program	\$175,000	
Health & Human Services	Dental Health Services: drugs & pharmaceutical supplies line item	\$125,000	(Partial amount)
Health & Human Services	Child Developmental Service Agencies	\$4,000,000	
<b>SUBTOTAL HHS</b>		<b>\$4,714,536</b>	
<b>Natural &amp; Economic Resources</b>			
Environ. & Natural Res.	Environmental Stewardship Initiative	\$276,624	
Commerce-State Aid	Regional Economic Development Commissions	\$6,242,842	(Amount includes a 10% reduction)
Commerce-State Aid	Councils of Government	\$790,551	
Commerce-State Aid	Land Loss Prevention	\$450,280	
Commerce-State Aid	NC Association of CDCs	\$359,360	
Commerce-State Aid	NC Community Development Initiative	\$2,296,802	
Commerce-State Aid	NC Institute of Minority Econ. Dev.	\$1,347,602	
Commerce-State Aid	NC Minority Support Center	\$539,041	
Commerce-State Aid	e-NC Authority	\$500,000	
<b>SUBTOTAL NER</b>		<b>\$12,803,102</b>	
<b>Justice &amp; Public Safety</b>			
Judicial	District Attorney Conference	\$182,366	Includes 2 positions
Judicial	Dispute/Mediation Centers	\$1,703,124	
Judicial	Clerks Conference	\$121,402	Includes 2 positions
Judicial-Indigent Defense	Sentencing Services	\$2,576,431	Includes 11.5 positions
Justice	NC Legal Education Assistance Foundation	\$500,000	
Juvenile Justice	JCPC County Allocations	\$22,652,860	
Juvenile Justice	Boys & Girls Clubs	\$400,000	
Juvenile Justice	Project Challenge	\$160,000	
Juvenile Justice	Juvenile Assessment Center	\$165,434	
Juvenile Justice	Governor's One-on-One Program	\$1,645,465	
Juvenile Justice	Support our Students Program	\$5,911,297	Includes 4 positions
Correction	Alcohol and Chemical Dependency Private Treatment Programs	\$5,292,116	
Correction	Women at Risk	\$350,000	
Correction	Summit House	\$1,231,293	
Correction	Harriet's House	\$275,000	
Correction	Criminal Justice Partnership Program	\$8,865,634	
Crime Control & Public Safety	Butner Public Safety	\$3,334,633	Includes 49 positions
Crime Control & Public Safety	Tarheel Challenge	\$1,100,000	
Crime Control & Public Safety	NC Victims Assistance Network	\$150,000	
<b>SUBTOTAL JPS</b>		<b>\$56,617,055</b>	
<b>TOTAL</b>		<b>\$74,134,693</b>	

**Note:** Many of the above entities, particularly those receiving funds through the Department of Commerce, would also receive increases in the House and Senate proposed budgets. The amounts listed in the table represent only the continuation funding approved in the previous year.



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