

5. Who Puts the Budget Together and How?

ROADMAP OF THE STATE'S BUDGET PROCESS

1

1 BUDGET PREPARATION

- **January:** Governor's Office of State Budget and Management (OSBM) issues instructions to state departments setting forth procedures used to prepare the two-year budget to take effect 18 months later.
- **August–October:** Departments submit requests to the OSBM and the governor.
- **February:** Governor delivers budget message to a joint legislative session and releases a recommended, detailed, balanced budget to legislature and general public.

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2 GOVERNOR'S RECOMMENDED BUDGET

- NC constitution requires governor to submit a recommended budget for a 2-year period.
- Governor's recommended budget is used as a point of departure. General Assembly responds to governor's recommended budget by making increases, decreases, reallocations, and other amendments.

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3 APPROPRIATIONS BILLS

- NC constitution requires General Assembly to pass a balanced budget for a "fiscal period." Constitution does not require two-year budget—it only speaks of a "fiscal period" which can be one year, two years, or other period.

7a

4 APPROPRIATIONS SUBCOMMITTEES

- Both Senate and House have an appropriations (spending) committee.
- Appropriations committees in House and Senate are further divided into subcommittees to review budget proposals of various departments, divisions, or areas of state government.
- Subcommittee include: education, health and human services, justice and public safety, general government, natural and economic resources, and transportation. (House has an information technology subcommittee.)

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4a FINANCE COMMITTEES AND FINANCE BILLS

- These are the "money-raising" committees of both House and Senate.
- Finance committees debate, then pass bills that raise money needed to balance "outgo" with "income."
- Once finance bills are passed by committee they may be rolled into the appropriations bill so that the House and Senate may vote on a completely balanced package in one bill.

4a

5 FULL APPROPRIATIONS COMMITTEE ACTIONS

- Subcommittee chairs report budget actions and special provisions, including money-raising provisions of subcommittees that may require finance committee action.
- Main appropriations chairs report salaries and benefits recommendations for all state employees and teachers and capital spending (for "brick and mortar" repairs, renovations, or construction of state buildings).
- Amendments and debate.
- Adopt committee substitute for governor's recommended budget incorporating legislative changes.

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8 HOUSE AND SENATE VOTE ON CONFERENCE REPORT

- Conference committee report cannot be amended—must be voted “up” or “down” in each house.
- Vote on conference report.

7a HOUSE AND SENATE APPOINT CONFEREES

- Conferees may consider *differences* between the two bills, or formulate special conference committee rules.
- Conferees negotiate differences.
- Develop conference report based on agreements.

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7 SENT TO OTHER CHAMBER (i.e., if begun by House, it moves on to Senate or vice versa)

- Receiving chamber goes through same process and steps as in 3, 4, 4a, and 5 and sends a bill back to originating chamber.
- Concurrence by originating chamber voted on. (If “Yes”, go to 10; if “No”, go to 7a.)

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6 HOUSE OR SENATE FLOOR

- Main appropriations chairs and subcommittee chairs explain bill.
- Debate and amendments.
- Vote on second and third readings.

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9 CONFERENCE REPORT ADOPTED

- *Note:* If not adopted, new conferees may be appointed and the conference committee process and negotiation of the differences is repeated.

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10 BUDGET BILL ENROLLED, RATIFIED AND SENT TO THE GOVERNOR TO BE SIGNED INTO LAW

- If governor signs the budget bill, the budget is formally enacted. Gubernatorial veto of bill is “all or nothing.” Governor’s veto can be overridden by a 3/5 vote of those present and voting in both House and Senate. If veto is overridden, budget is formally enacted. If governor’s veto is sustained, process begins again at Step 4.