

# **LSC Greenbook**

**Analysis of the Enacted Budget**

## **Joint Committee on Agency Rule Review**

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Budget Spreadsheet By Line Item	

# Joint Committee on Agency Rule Review

- GRF-funded entity
- Appropriations sufficient to maintain operations
- New business rule review process in the works

## OVERVIEW

### Duties and Responsibilities

Created in 1977, the Joint Committee on Agency Rule Review (JCARR) is responsible for the oversight of proposed new, amended, and rescinded rules from certain state agencies, boards, and commissions. Those rule-making agencies are required to fully review and submit to JCARR each of their rules at least once every five years. As part of that five-year rule review process, state agencies are required to review each of their rules and determine whether to continue them without change, amend them, or rescind them.

JCARR is a ten-member joint legislative committee. The Speaker of the House of Representatives and the President of the Senate each appoint five members from their respective chambers to serve on the joint committee, with not more than three being from the same political party. In odd-numbered years, the chairperson is a House member of the joint committee appointed by the Speaker of the House; in even-numbered years, the chairperson is a Senate member of the joint committee appointed by the President of the Senate. JCARR has a staff of five full-time employees (FTEs), including an executive director, an assistant director, two rule analysts, and an administrative assistant.

### Appropriation Summary

JCARR's FY 2011 expenditures are compared with the appropriations for FYs 2012 and 2013 in Table 1 below. Most notable are three items. First, the FY 2012 total appropriation of \$435,168 is \$166,274, or 61.8%, higher than the FY 2011 total expenditure of \$268,894. Second, all of JCARR's operating expenses are paid for with money appropriated from the General Revenue Fund (GRF).

**Table 1. JCARR Appropriations by Fund Group, FY 2012-FY 2013**

Fund Group	FY 2011*	FY 2012	% change, FY 2011-FY 2012	FY 2013	% change, FY 2012-FY 2013
General Revenue	\$268,894	\$435,168	61.8%	\$435,168	0.0%
<b>TOTAL</b>	<b>\$268,894</b>	<b>\$435,168</b>	<b>61.8%</b>	<b>\$435,168</b>	<b>0.0%</b>

\*FY 2011 figures represent actual expenditures.

## **New Business Rule Review Process**

Recently enacted S.B. 2 of the 129th General Assembly established a new process, effective January 1, 2012, that requires state agencies, boards, and commissions to evaluate proposed administrative rules and determine whether those rules have an adverse impact on businesses. If a rule has an adverse impact, the state agency, board, or commission is required to attempt to reduce or eliminate that impact and demonstrate that the regulatory intent of the rule justifies its adverse impact.

### **First applicability**

The budget amends the new business rule review process to provide that it does not apply to proposed rules that are pending on January 1, 2012, and first applies to proposed rules, the original versions of which are filed on or after January 1, 2012. This amendment may effectively save certain state agencies, boards, and commissions, including JCARR, time and effort that may have otherwise been expended on analyzing and reviewing those rules.

### **Application under Cyclical Review of Rules Act**

The budget also clarifies how existing rules being reviewed under the Cyclical Review of Rules Act are to be reviewed in light of the new business rule review process. This clarification may minimally increase the costs for certain state agencies, boards, and commissions to review existing rules for their adverse impact on businesses.

## **ANALYSIS OF ENACTED BUDGET**

JCARR's operations are funded by a single line item that draws its appropriation from the GRF. Table 2 below shows the funding level for this line item in each of FYs 2012 and 2013. It is followed by a description of how those appropriated amounts will be allocated.

<b>Table 2. Appropriations for the Joint Committee on Agency Rule Review</b>				
<b>Fund</b>	<b>ALI and Name</b>		<b>FY 2012</b>	<b>FY 2013</b>
<b>General Revenue Fund</b>				
GRF	029321	Operating Expenses	\$435,168	\$435,168

### **Operating Expenses (GRF line item 029321)**

Through GRF line item 029321, Operating Expenses, JCARR pays for all of its operating expenses, over 90% of which are typically payroll costs (wages, salaries, fringe benefits, and other personnel charges). The line item's appropriation of \$435,168 for each year of the FY 2012-FY 2013 biennium represents an annual increase of 61.8% from actual FY 2011 expenditures totaling \$268,894. The increase in both fiscal years includes the amounts necessary to fill the equivalent of 3.5 full-time staff positions that were vacant for portions of FY 2011 and maintain existing service levels. Once those vacant positions are filled, JCARR will be back to its full complement of 5 FTEs.

Related temporary law provisions:

- Authorize the Executive Director of the Joint Committee to certify to the Director of Budget and Management the amount of the unexpended, unencumbered balance of GRF appropriation item 029321, Operating Expenses, at the end of one fiscal year to be reappropriated for the next fiscal year, and reappropriates the certified amount.
- Require that legislative members of the Joint Committee be paid at the per diem rate of \$150, and their necessary traveling expenses, for the days the member is engaged in committee duties and there is not a voting session in the member's house of the General Assembly.
- Require the Chief Administrative Officer of the House of Representatives and the Clerk of the Senate to determine, by mutual agreement, which of them will act as fiscal agent for the Joint Committee.

# FY 2012 - FY 2013 Final Appropriation Amounts

# All Fund Groups

Line Item Detail by Agency			FY 2010	FY 2011	Appropriations FY 2012	FY 2011 to FY 2012 % Change	Appropriations FY 2013	FY 2012 to FY 2013 % Change
<b>Report For Main Operating Appropriations Bill</b>			<b>Version: Enacted</b>					
<b>JCR Joint Committee on Agency Rule Review</b>								
GRF	029321	Operating Expenses	\$ 356,172	\$ 268,894	\$ 435,168	61.84%	\$ 435,168	0.00%
<b>General Revenue Fund Total</b>			<b>\$ 356,172</b>	<b>\$ 268,894</b>	<b>\$ 435,168</b>	<b>61.84%</b>	<b>\$ 435,168</b>	<b>0.00%</b>
<b>Joint Committee on Agency Rule Review Total</b>			<b>\$ 356,172</b>	<b>\$ 268,894</b>	<b>\$ 435,168</b>	<b>61.84%</b>	<b>\$ 435,168</b>	<b>0.00%</b>