**South Carolina General Assembly**

119th Session, 2011-2012

**S. 370**

**STATUS INFORMATION**

General Bill

Sponsors: Senators Sheheen and Rose

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Companion/Similar bill(s): 368

Introduced in the Senate on January 18, 2011

Currently residing in the Senate Committee on **Finance**

Summary: State agencies running a deficit

**HISTORY OF LEGISLATIVE ACTIONS**

Date Body Action Description with journal page number

1/18/2011 Senate Introduced and read first time ([Senate Journal‑page 2](file:///h:\sj%20archive\2011\01-18-11.docx))

1/18/2011 Senate Referred to Committee on **Finance** ([Senate Journal‑page 2](file:///h:\sj%20archive\2011\01-18-11.docx))

**VERSIONS OF THIS BILL**

[1/18/2011](file:///p:\pprever\2011-12\370_20110118.docx)

**A** **BILL**

TO AMEND SECTION 1‑11‑495(B) OF THE 1976 CODE, AS AMENDED, RELATING TO MONITORING APPROPRIATIONS AND EXPENDITURES TO DETERMINE YEAR‑END DEFICITS, TO PROHIBIT AGENCIES, DEPARTMENTS, AND INSTITUTIONS OF THIS STATE FROM RUNNING A DEFICIT FOR THE FISCAL YEAR AND TO REQUIRE AGENCIES, DEPARTMENTS, AND INSTITUTIONS OF THIS STATE TO EXPEND APPROPRIATIONS IN A MANNER THAT WILL NOT PREDICT OR PROJECT A DEFICIT; AND TO AMEND SECTION 1‑11‑495(C), TO REQUIRE AN AGENCY THAT PREDICTS OR PROJECTS A DEFICIT MUST REQUEST A SUPPLEMENTAL APPROPRIATION FROM THE GENERAL ASSEMBLY, TO PROVIDE FOR THE CONTENTS OF THE REQUEST, TO PROVIDE THAT THE GENERAL ASSEMBLY DOES NOT HAVE TO ACT ON THE REQUEST, TO PROVIDE FOR CONSEQUENCES IF THE GENERAL ASSEMBLY DOES NOT ACT ON THE REQUEST, AND TO PROVIDE THAT THE GENERAL ASSEMBLY MAY HOLD THE MANAGEMENT OF AN AGENCY, DEPARTMENT, OR INSTITUTION RESPONSIBLE FOR DEFICITS ARISING AS A RESULT OF MISMANAGEMENT.

Be it enacted by the General Assembly of the State of South Carolina:

SECTION 1. Section 1‑11‑495(B) of the 1976 Code, as last amended by Act 152 of 2010, is further amended to read:

“(B) Agencies, departments, and institutions of the State are prohibited from incurring a general fund deficit for any fiscal year. As far as practicable, all agencies, departments, and institutions of the State are directed to budget and allocate appropriations as a quarterly allocation, so as to provide for operation on uniform standards throughout the fiscal year. ~~and in order to avoid an~~ Agencies, departments, and institutions of the State are prohibited from expending authorized appropriations at a rate which predicts or projects a general fund ~~operating~~ deficit for the fiscal year. It is recognized that academic year calendars of state institutions affect the uniformity of the receipt and distribution of funds during the year. The Comptroller General or the Office of State Budget shall make reports to the board as they consider advisable on an agency, department, or institution that is expending authorized appropriations at a rate which predicts or projects a general fund deficit for the agency, department, or institution. The board is directed to require the agency, department, or institution to file a quarterly allocations plan and is further authorized to restrict the rate of expenditures of the agency, department, or institution if the board determines that a deficit may occur. It is the responsibility of the agency, department, or institution to develop a plan, in consultation with the board, which eliminates ~~or reduces~~ a deficit. ~~If the board makes a finding that the cause of, or likelihood of, a deficit is unavoidable due to factors which are outside the control of the agency, department, or institution, then the board may determine that the recognition of the agency, department, or institution is appropriate and shall notify the General Assembly of this action or the presiding officer of the House and Senate if the General Assembly is not in session. The board only may recognize a deficit by a vote of at least four members of the board.~~”

SECTION 2. Section 1‑11‑495(C) of the 1976 Code is amended to read:

“(C) Any agency, department, or institution that is projected to run a deficit and cannot develop or implement a plan to eliminate the deficit pursuant to subsection (B) must provide the General Assembly with written notice of the projected deficit and formally request a supplemental appropriation. The request for supplemental appropriations must contain a thorough programmatic analysis of the agency, department, or institution’s expenditures, an explanation of the circumstances resulting in the projected deficit, an explanation concerning why the agency, department, or institution cannot comply with the provisions of subsection (B) concerning a plan to eliminate the projected deficit, the amount of supplemental funding requested along with a detailed justification for the request, and any other information requested by the Chairman of the Senate Finance Committee or the Chairman of the House of Representatives Ways and Means Committee. ~~Upon receipt of the notification from the board, the~~ The General Assembly may authorize supplemental appropriations to eliminate a general fund deficit projected to be incurred by agencies, departments, and institutions of this State from ~~any~~ ~~surplus~~ revenues ~~that existed at the close of the previous fiscal year~~ available at the time of the supplemental appropriation. If the General Assembly ~~fails to~~ does not take action on the supplemental request, ~~then the finding of the board shall stand, and the actual deficit at the close of the fiscal year must be reduced as necessary from surplus revenues or surplus funds available at the close of the fiscal year in which the deficit occurs and from funds available in the Capital Reserve Fund and General Reserve Fund, as required by the Constitution of this State~~ the agency, department, or institution has no other recourse than to develop and implement a plan to eliminate the deficit pursuant to subsection (B). If the ~~board~~ General Assembly finds that the cause of or likelihood of a deficit is the result of the agency, department, or institution management, then the state officials responsible for management of the agency, department, or institution involved must be held liable for it and the board shall notify the Agency Head Salary Commission of this finding. In the case of a finding that a projected deficit is the result of the management of the agency, department, or institution, the ~~board~~ General Assembly shall take steps immediately to curtail agency, department, or institution expenditures so as to bring expenditures in line with authorized appropriations and avoid a year‑end operating deficit.”

SECTION 3. This act takes effect upon approval by the Governor.

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