**A** **BILL**

TO AMEND SECTION 1‑11‑495, AS AMENDED, CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO MONITORING REVENUES AND EXPENDITURES TO DETERMINE YEAR‑END DEFICITS AND THE PROCEDURES TO RECOGNIZE AND APPROVE AN AGENCY’S DEFICIT, SO AS TO PROVIDE THAT THE BUDGET AND CONTROL BOARD ONLY MAY RECOGNIZE AND APPROVE A PARTICULAR AGENCY’S DEFICIT IN AN AMOUNT NOT EXCEEDING TWO PERCENT OF THE AGENCY’S TOTAL FUNDS EXPENDITURE AUTHORIZATION AS REFLECTED IN THE ANNUAL GENERAL APPROPRIATIONS ACT, AND TO PROVIDE FOR AN ADDITIONAL PROCEDURE BY WHICH THE GENERAL ASSEMBLY MAY RECOGNIZE AND APPROVE AN AGENCY’S DEFICIT ABOVE THIS LIMIT.

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

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

“Section 1‑11‑495. (A) The State Budget and Control Board is directed to survey the progress of the collection of revenue and the expenditure of funds by all agencies, departments, and institutions. If the board determines that a year‑end aggregate deficit may occur by virtue of a projected shortfall in anticipated revenues, it shall utilize those funds as may be available and required to be used to avoid a year‑end deficit and after that take action as necessary to restrict the rate of expenditure of all agencies, departments, and institutions consistent with the provisions of this section. No agencies, departments, institutions, activity, program, item, special appropriation, or allocation for which the General Assembly has provided funding in any part of this section may be discontinued, deleted, or deferred by the board. A reduction of rate of expenditure by the board, under authority of this section, must be applied as uniformly as may be practicable, except that no reduction must be applied to funds encumbered by a written contract with the agency, department, or institution not connected with state government. This reduction is subject to any bill or resolution enacted by the General Assembly.

(B) 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 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, and only may recognize and approve a particular agency’s deficit in an amount not exceeding two percent of the agency’s total funds expenditure authorization as reflected in the annual general appropriations act. For deficit amounts above this limit, the provisions of subsection (D) apply.

(C) Upon receipt of the notification from the board, the General Assembly may authorize supplemental appropriations from any surplus revenues that existed at the close of the previous fiscal year. If the General Assembly fails to take action, 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. If the board 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 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.

(D)(1) Upon notification from the State Budget and Control Board to the General Assembly that an agency will run a deficit in excess of two percent of its total funds expenditure authorization and requesting that the agency’s entire deficit be recognized, the General Assembly, by joint resolution, may make a finding that the cause of, or likelihood of, this deficit was unavoidable due to factors which are outside the control of the state agency, department, or institution, and recognize the deficit. Any legislation to recognize the deficit must be in a separate joint resolution enacted for the sole purpose of recognizing the deficit of a particular state agency, department, or institution. The deficit only may be recognized by an affirmative vote of each branch of the General Assembly. The legislation to recognize the deficit must be in the full amount of the deficit.

(2) If the General Assembly recognizes the deficit, then 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 General Reserve Fund and the Capital Reserve Fund, as required by the Constitution of this State.

(3) Once the deficit has been recognized by the General Assembly, the state agency, department, or institution shall limit travel and conference attendance to that which is deemed essential by the director of the agency, department, or institution. In addition, the General Assembly, when recognizing the deficit may direct that any pay increases and purchases of equipment and vehicles must be approved by the State Budget and Control Board.”

SECTION 2. This act takes effect upon approval by the Governor.

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