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COMMITTEE REPORT

February 14, 2018

**S. 934**

Introduced by Senators Talley and Setzler

S. Printed 2/14/18--S. [SEC 2/15/18 2:18 PM]

Read the first time January 25, 2018.

**THE COMMITTEE ON FINANCE**

To whom was referred a Bill (S. 934) to amend Section 59-123-60(a)(3) of the 1976 Code, relating to the powers of the Board of Trustees of the Medical University of South, etc., respectfully

**REPORT:**

That they have duly and carefully considered the same and recommend that the same do pass with amendment:

Amend the bill, as and if amended, by deleting all after the enacting words and inserting:

/ SECTION 1. Section 59‑123‑60(A)(3) of the 1976 Code is amended to read:

“(3) to make contracts and to have, to hold, to purchase, and to lease real estate and personal property for corporate purposes; and to sell and dispose of personal property and any buildings that are considered by it as surplus property or no longer needed and any buildings that it may need to do away with for the purpose of making room for other construction. These powers must be exercised in a manner consistent with the provisions of Chapter 35 of Title 11, unless procuring information technology, including associated licenses, subscriptions, and implementation services, in association with the Medical University Hospital Authority. Such procurement is exempt if made in association with the authority. For purposes of this item, information technology does not include telecommunications and telecommunications equipment and services, which are subject to the provisions of Section 1‑11‑430, and to applicable provisions of the consolidated procurement code. It is the intent of the General Assembly to review the provisions of this item and to determine the merit of the partial information technology procurement exemption granted after the exemption has been in effect for five years. The Medical University of South Carolina, Medical University Hospital Authority, State Fiscal Accountability Authority, and Department of Administration each shall submit an analysis of the efficiencies, merits, and demerits of the partial procurement exemption granted in this item no later than October 31, 2022. After July 1, 2022, and before October 31, 2022, the State Fiscal Accountability Authority is authorized to review, for purposes of preparing an analysis pursuant to this subsection only, and the Medical University Hospital Authority is required to provide upon request of the State Fiscal Accountability Authority, any shared service agreements and contracts jointly procured pursuant to the exemption. The partial exemption shall sunset on June 30, 2023, unless the General Assembly enacts legislation to remove the sunset date.”

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

Renumber sections to conform.

Amend title to conform.

HUGH K. LEATHERMAN, SR. for Committee.

**STATEMENT OF ESTIMATED FISCAL IMPACT**

**Explanation of Fiscal Impact**

**Amended by the Senate Finance Sales and Income Tax Subcommittee on February 7, 2018**

**State Expenditure**

This bill will allow MUSC and MUHA to engage in joint procurement activities related to information technology, which would be exempt from the South Carolina Consolidated Procurement Code. Proviso 23.4 of the FY 2017-18 annual appropriations act directed MUSC, MUHA and the Procurement Services division of SFAA to work together to study and make recommendations regarding the opportunity, if any, to create efficiencies, cost savings, or economies of scale by combining similar operations and procurements of MUSC and MUHA. It also sets parameters for a five year study of the efficiencies, merits, and demerits of this partial exemption by MUSC, MUHA, SFAA, and the department, due October 31, 2023.

**Medical University of South Carolina.** MUSC reports that, as a result of these its efforts under Proviso 23.4 of the FY 2017-18 annual appropriations act, several departments have been strategically consolidated. These efforts have been hampered due to the disparate systems used by both institutions, such as the travel system. MUSC estimates that it could achieve savings of 20 percent or more from the joint procurement of an automated travel system. However, the agency is unable to extrapolate these savings agency wide without further pursuing the procurement process for each impacted system. As to the required study, the data will be collected over time and the study will be performed in the normal course of agency business. As a result, there is no impact to the general fund, other funds, or federal funds of MUSC or MUHA.

**Medical University Hospital Authority.** The amended bill requires a long term study of the impacts of the procurement exemption. Tracking these impacts will require minimal additional expenses, which can be managed within the agency’s existing appropriations and authorizations.

**State Fiscal Accountability Authority.** The amended bill requires a long term study of the impacts of the procurement exemption. Tracking these impacts will require minimal additional expenses, which can be managed within the agency’s existing appropriations and authorizations.

**Department of Administration.** The amended bill requires a long term study of the impacts of the procurement exemption. Tracking these impacts will require minimal additional expenses, which can be managed within the agency’s existing appropriations and authorizations.

**Explanation of Fiscal Impact**

**Introduced on January 25, 2018**

**State Expenditure**

This bill will allow MUSC and MUHA to engage in joint procurement activities related to information technology, which would be exempt from the South Carolina Consolidated Procurement Code. Proviso 23.4 of the FY 2017-18 Appropriations Act directed MUSC, MUHA and the Procurement Services division of the State Fiscal Accountability Authority to work together to study and make recommendations regarding the opportunity, if any, to create efficiencies, cost savings, or economies of scale by combining similar operations and procurements of MUSC and MUHA. The agency reports that, as a result of these efforts, several departments have been strategically consolidated. These efforts have been hampered due to the disparate systems used by both institutions, such as the travel system. MUSC estimates that it could achieve savings of 20 percent or more from the joint procurement of an automated travel system. However, the agency is unable to extrapolate these savings agency wide without further pursuing the procurement process for each impacted system. As a result, there is no impact to the general funds, other funds, or federal funds of MUSC or MUHA.

Frank A. Rainwater, Executive Director

Revenue and Fiscal Affairs Office

**A** **BILL**

TO AMEND SECTION 59-123-60(A)(3) OF THE 1976 CODE, RELATING TO THE POWERS OF THE BOARD OF TRUSTEES OF THE MEDICAL UNIVERSITY OF SOUTH CAROLINA, TO PROVIDE AN EXEMPTION FOR INFORMATION TECHNOLOGY PROCURED IN ASSOCIATION WITH THE MEDICAL UNIVERSITY HOSPITAL AUTHORITY.

Whereas, Proviso 23.4 of the General Appropriations Act of 2017 required the Medical University of South Carolina (MUSC), the Medical University Hospital Authority (MUHA), and Procurement Services of the State Fiscal Accountability Authority to work together to study and make recommendations regarding the opportunity to create efficiencies, cost savings, or economies of scale by combining some or all similar operations or procurements of MUSC and MUHA; and

Whereas, MUSC functions as the parent organization for MUHA, which, by law, provides the services necessary for the training and education of health care professionals. As major organizational entities, MUSC and MUHA are independent and serve under the oversight of the same board of trustees and president; and

Whereas, in 2000, MUHA was exempted from the human resources regulations and the procurement code, subject to state approval of a competitive bid construction policy. The procurement code exemption enabled MUHA to participate in group purchasing Organizations and to be on an equal playing field in the competitive academic sciences center industry; and

Whereas, MUSC and MUHA, through their strategic plan, “Imagine 2020”, have identified opportunities to streamline operations and save taxpayer dollars; and

Whereas, MUSC and MUHA have identified services and procurements that are common to both organizations; and

Whereas, since MUSC is a healthcare organization, it is critical that it remain flexible so that money is saved and opportunities are maximized. Now, therefore,

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

SECTION 1. Section 59-123-60(A)(3) of the 1976 Code is amended to read:

“(3) to make contracts and to have, to hold, to purchase, and to lease real estate and personal property for corporate purposes; and to sell and dispose of personal property and any buildings that are considered by it as surplus property or no longer needed and any buildings that it may need to do away with for the purpose of making room for other construction. These powers must be exercised in a manner consistent with the provisions of Chapter 35 of Title 11, unless procuring information technology in association with the Medical University Hospital Authority. Such procurement is exempt if made by the authority.”

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

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