HOUSE AMENDMENTS AMENDED

May 31, 2016

**S. 1166**

Introduced by Senators Leatherman, Setzler, Allen, J. Matthews, Jackson, M.B. Matthews, Malloy, Lourie, Williams, Sheheen, Nicholson, Johnson, Scott, Sabb, Hutto and Kimpson

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Read the first time March 10, 2016.

**A** **JOINT RESOLUTION**

TO PROVIDE FOR ANNUAL INSTALLMENT PAYMENTS BY SOUTH CAROLINA STATE UNIVERSITY ON OUTSTANDING LOANS MADE TO THE UNIVERSITY BY THE STATE OF SOUTH CAROLINA AND LIABILITIES INCURRED PURSUANT TO SECTION 2‑65‑70, TO PROVIDE FOR WHEN THE INSTALLMENT PAYMENTS ARE DUE, TO PROVIDE FOR THE AMOUNT OF THE INSTALLMENT PAYMENTS, TO PROVIDE FOR A PROCESS THROUGH WHICH THE DEBT INCURRED MAY BE RELIEVED, AND TO EXTEND FLEXIBILITY RELATED TO FURLOUGHS AS PROVIDED IN ACT 120 OF 2015.

Amend Title To Conform

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

PART I

Debt Restructuring

SECTION 1. (A) Pursuant to Proviso 19.2 Part IB, of Act 286 of 2014, South Carolina State University was approved for a loan to be disbursed through a series of scheduled installments. Any funds not disbursed to the university pursuant to the schedule shall be disbursed to the university.

(B)(1) The State Auditor shall review and audit, if necessary, the financial structure and activities of South Carolina State University to ensure sufficient financial and internal controls are in place to protect the financial integrity of the university. A report of findings and recommendations shall be submitted to the Chairman of the Senate Finance Committee, the Chairman of the House Ways and Means Committee, and the Executive Budget Office, by December 30, 2016.

(2) In order to assist the State Auditor, provide for the adequate training of university financial staff, and provide for technical assistance to the university board and State Fiscal Accountability Authority, the Executive Director of the State Fiscal Accountability Authority shall engage a third‑party accounting consultant to assist the university and the authority in evaluating and promoting the financial integrity of the university. The university shall reimburse the authority for the actual expenses of the consultant, not to exceed $150,000 in Fiscal Year 2016-2017.

(C) No later than July 31, 2016, the Executive Director of the State Fiscal Accountability Authority shall enter into a loan repayment agreement with the university for the $12,000,000 loan referenced in subsection (A). The terms of the agreement shall, at a minimum, include a provision that the loan funds disbursed to South Carolina State University pursuant to Proviso 19.2, Part IB, of Act 286 of 2014, including any associated interest, shall be forgiven at a rate of $8,000,000 per year beginning in Fiscal Year 2016‑17, $2,000,000 in Fiscal Year 2017-18, and $2,000,000 in Fiscal Year 2018-19 provided that the university has met the following benchmarks:

(1) For Fiscal Year 2016‑17 the university must have attained accreditation status from the Southern Association of Colleges and Schools (SACS); and

(2) For each subsequent fiscal year until the loan is fully forgiven the university must:

(a) maintain such accreditation status;

(b) attain an increase in net financial position as demonstrated by the university’s published audited financial statements beginning with Fiscal Year 2016‑17 after such adjustments for pension and other liabilities as recommended by the accounting consultant and SACS, until such time as the university has achieved and can maintain a balanced budget and positive net financial position; and

(c) achieve a one percent growth in full‑time student enrollment above the prior academic year enrollment.

(D)(1) South Carolina State University must provide a report on a quarterly basis to the House Ways and Means Higher Education and Technical Schools Subcommittee and the Senate Finance Committee that includes, but is not limited to, the status of their fiscal affairs and enrollment growth. The format and contents of this report shall be developed in consultation with and approved by the Commission on Higher Education, which shall cooperatively develop with South Carolina State University reasonable metrics, benchmarks, and the process for measuring such metrics to be included in the quarterly report.

(2) The Commission on Higher Education, by November first of each year, shall certify to the Chairman of the Senate Finance Committee, the Chairman of the House Ways and Means Committee, and the Executive Budget Office that the university has met and maintained the required benchmarks each fiscal year.

SECTION 2. No later than July 31, 2016, the Executive Director of the State Fiscal Accountability Authority shall enter into a repayment schedule with South Carolina State University to retire the debt incurred by the university pursuant to the April 30, 2014, loan from the Budget and Control Board, succeeded in interest by the State Fiscal Accountability Authority. The repayment terms shall establish installment payments at the rate of $355,036 annually.

SECTION 3. The university board is authorized to reprogram appropriations contained in H. 5001, R \_\_, Act \_\_ of 2016, the Fiscal Year 2016-17 Appropriations Act, if the reprogrammed appropriations are directly related to attaining accredidation status from the Southern Association of Colleges and Schools (SACS), including, but not limited to, improving the university’s “Unrestricted Net Assets Exclusive of Plant and Plant Related Debt” (UNAEP). The university board may not reprogram funds pursuant to this SECTION for any other purpose. As soon as practicable after making a determination that funds must be reprogrammed, the university board must notify the Chairman of the Senate Finance Committee, the Chairman of the House Ways and Means Committee, the Executive Budget Office, and the State Fiscal Accountability Authority that appropriations will be reprogrammed, the specific purposes for the reprogramming, and the specific appropriations that will be reprogrammed.

PART II

Furlough Authority Extension

SECTION 4. (A) Notwithstanding any other provision of law, beginning in Fiscal Year 2016‑2017 and ending Fiscal Year 2021‑2022, the agency head of South Carolina State University may institute a mandatory employee furlough program of not more than twenty working days in each fiscal year. The program must meet the requirements provided in subsection (B).

(B) The furlough must be inclusive of all employees of the university or within a designated department or program regardless of source of funds, place of work, or tenure status, and must include employees in classified positions and unclassified positions in the designated area. A furlough program also may be implemented by pay band for classified employees and by pay rate for unclassified employees. Law enforcement employees, employees who provide direct patient or client care, and front‑line employees who deliver direct customer services may be exempted from a mandatory furlough. If the furlough includes the entire university, the furlough must include the agency head. Scheduling of furlough days, or portions of days, shall be at the discretion of the university, but under no circumstances shall the university close completely. If an employee participates in a voluntary furlough program from Fiscal Year 2016‑2017 through Fiscal Year 2021‑2022, the furlough days taken voluntarily must count toward the furlough days required by the mandatory furlough authorized in this section. During this furlough, affected employees shall be entitled to participate in the same state benefits as otherwise available to them except for receiving their salaries. As to those benefits which require employer and employee contributions, including, but not limited to, contributions to the South Carolina Retirement System or the optional retirement program, the university will be responsible for making both employer and employee contributions during the time of the furlough if coverage would otherwise be interrupted; and as to those benefits which require only employee contributions, the employee remains solely responsible for making those contributions. Placement of an employee on furlough under this provision does not constitute a grievance or appeal under the State Employee Grievance Procedure Act. The university may allocate the employee’s reduction in pay over the balance of the fiscal year for payroll purposes regardless of the pay period within which the furlough occurs. The university is encouraged to consult the State Division of Human Resources of the Budget and Control Board in the development of the furlough plan to ensure that the plan meets the requirements of this section. The university shall report information regarding furloughs to the State Division of Human Resources as requested.

SECTION 5. This joint resolution takes effect July 2, 2016.

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