

**State Fiscal
Accountability
Authority**

**Ways and Means
Constitutional
Subcommittee**

**FY 2019-20
Budget Hearing**

January 29, 2019

List of Key Officials

SFAA Organizational Chart

**SFAA Overview, Mission and
Budget Request Summary**

**FY 2017-18 Accountability
Report Summary**

**Priority Budget Request
Summary**

Official Budget Request

Proviso Request Summary

SFAA and Related Provisos

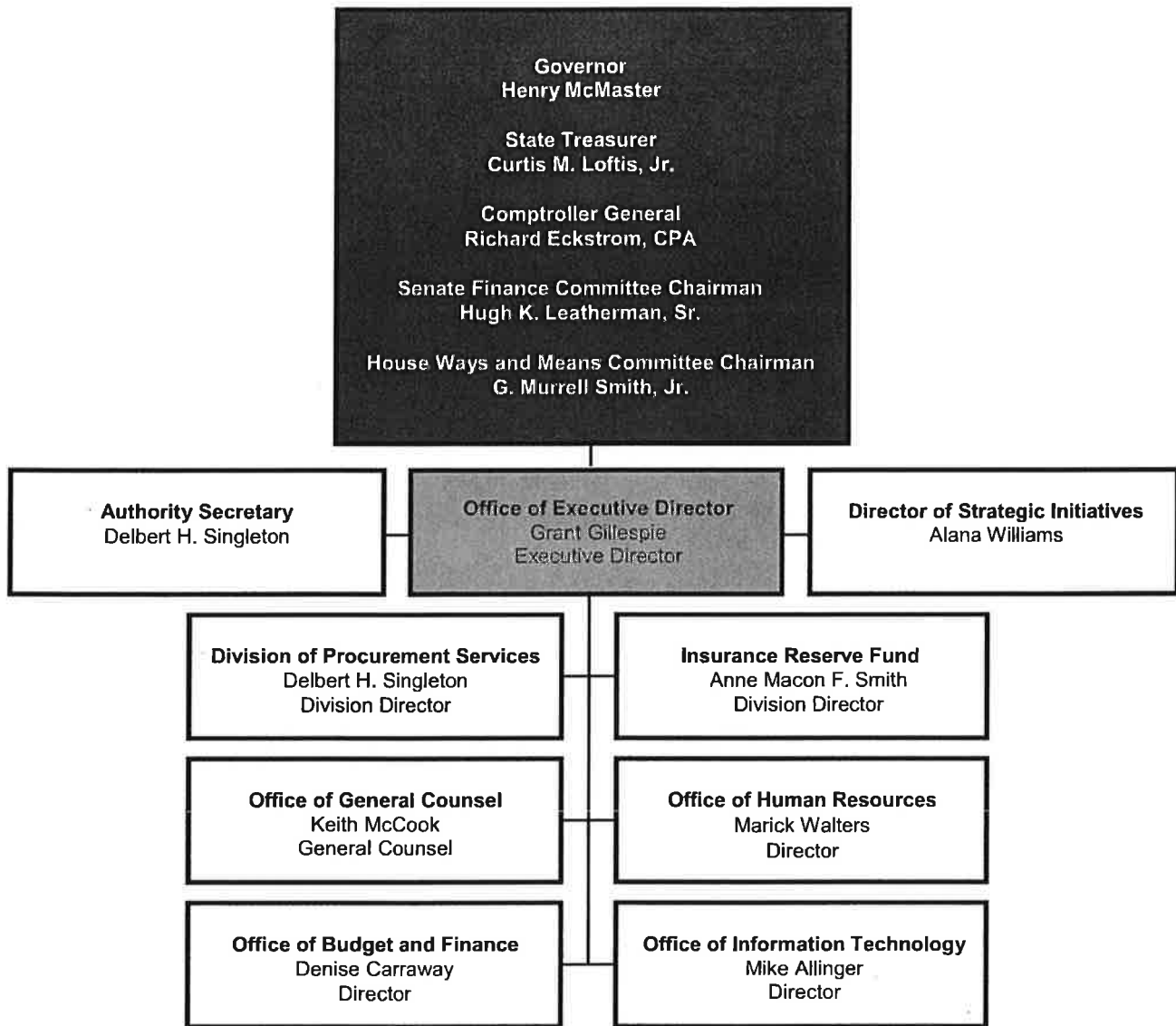
Carry Forward

FTE Breakdown

State Fiscal Accountability Authority
Legislative, Executive, and Local Government Budget Hearing
FY2019-20 Budget Request
Key Officials

| <u>Name</u> | <u>Position Title</u> | <u>Email</u> | <u>Phone</u> |
|--------------------|------------------------------|------------------------------------------------------------------------------|---------------------|
| Grant Gillespie | Executive Director | ggillespie@sfaa.sc.gov | 734-9414 |
| Denise Carraway | Office of Budget and Finance | denise.carraway@sfaa.sc.gov | 737-3019 |
| Anne Macon Smith | Insurance Reserve Fund | aflynn@irf.sc.gov | 737-0022 |

STATE FISCAL ACCOUNTABILITY AUTHORITY



November 2018

HENRY MCMASTER, CHAIR
GOVERNOR

CURTIS M. LOFTIS, JR.
STATE TREASURER

RICHARD ECKSTROM, CPA
COMPTROLLER GENERAL



BUDGET & FINANCE
DENISE M. CARRAWAY, CPA
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HUGH K. LEATHERMAN, SR.
CHAIRMAN, SENATE FINANCE COMMITTEE

G. MURRELL SMITH, JR.
CHAIRMAN, HOUSE WAYS AND MEANS COMMITTEE

GRANT GILLESPIE
EXECUTIVE DIRECTOR

January 2, 2019

Agency Overview:

- The State Fiscal Accountability Authority (SFAA or the Agency) is governed by a five-member board (the Authority), consisting of: The Governor, the Treasurer, the Comptroller General, the Chairman of the Senate Finance Committee, and the Chairman of the House Ways and Means Committee, all of whom serve ex-officio.
- SFAA is in its fourth year of operations and is comprised of three major divisions: Insurance Services (Insurance Reserve Fund and Second Injury Fund-Sunset); Division of Procurement Services (DPS) and Administration.
- The administrative and operational functions of SFAA are led by Executive Director Grant Gillespie, who was appointed by the Authority on December 15, 2015.
- SFAA provides administrative support to the Authority and the Agency Head Salary Commission and financial support to the Department of Administration's IT Planning services (Proviso 104.8).
- At its inception as a new agency, SFAA identified values that would be critical to its operations and should become part of its organizational culture. The Core Values listed below support the Vision, shape the culture, and reflect the actions of SFAA.
 - Ethical—Honesty, Fairness, Integrity, Respect, and Loyalty
 - Accountability—Leadership, Responsibility, and Transparency
 - Professionalism—Committed and well-trained Workforce
 - Quality Customer Service—Exceptional and Responsive
 - Innovation—Adaptable and Proactive

Mission:

The mission and purpose of the State Fiscal Accountability Authority is to provide fiscal oversight for the State of South Carolina and to meet the needs of the public sector by delivering quality, cost-effective insurance, procurement and engineering services.

Budget Request Summary:

- An increase in Other Funds authorization in Employee Benefits-Employer Contributions for anticipated increases in employer contribution costs. This line item will not require FTEs.
- An increase in Other Funds authorization for Bond Services and Transfers to enable the agency to carry out bond transfers separate from the normal operations of the agency. This budget item will not require FTEs.

| | | | |
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Fiscal Year 2017-18 Accountability Report

SUBMISSION FORM

| | |
|-----------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| AGENCY MISSION | The mission and purpose of the State Fiscal Accountability Authority is to provide fiscal oversight for the State of South Carolina and to meet the needs of the public sector by delivering quality, cost-effective insurance, procurement, and engineering services. |
|-----------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

| | |
|----------------------|------------------------------------------------------------------------------------------------------------------------------------|
| AGENCY VISION | To be known as an Agency that is responsive, provides exceptional customer service, and delivers products at an outstanding value. |
|----------------------|------------------------------------------------------------------------------------------------------------------------------------|

Please select yes or no if the agency has any major or minor (internal or external) recommendations that would allow the agency to operate more effectively and efficiently.


| | | |
|---------------------------------------|--------------------------|-------------------------------------|
| | Yes | No |
| RESTRUCTURING RECOMMENDATIONS: | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

Please identify your agency's preferred contacts for this year's accountability report.

| | <i><u>Name</u></i> | <i><u>Phone</u></i> | <i><u>Email</u></i> |
|---------------------------|--------------------|---------------------|------------------------|
| PRIMARY CONTACT: | Grant Gillespie | 803-734-9414 | ggillespie@sfaa.sc.gov |
| SECONDARY CONTACT: | Alana Williams | 803-737-1116 | awilliams@ogc.sc.gov |

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I have reviewed and approved the enclosed FY 2017-18 Accountability Report, which is complete and accurate to the extent of my knowledge.

| | |
|---------------------------------------------|-------------------------------------------------------------------------------------------------------|
| AGENCY DIRECTOR (SIGN AND DATE): |  9/21/2018 |
| (TYPE/PRINT NAME): | Grant Gillespie |

| | |
|----------------------------------------------|--|
| BOARD/CMSN CHAIR (SIGN AND DATE): | |
| (TYPE/PRINT NAME): | |

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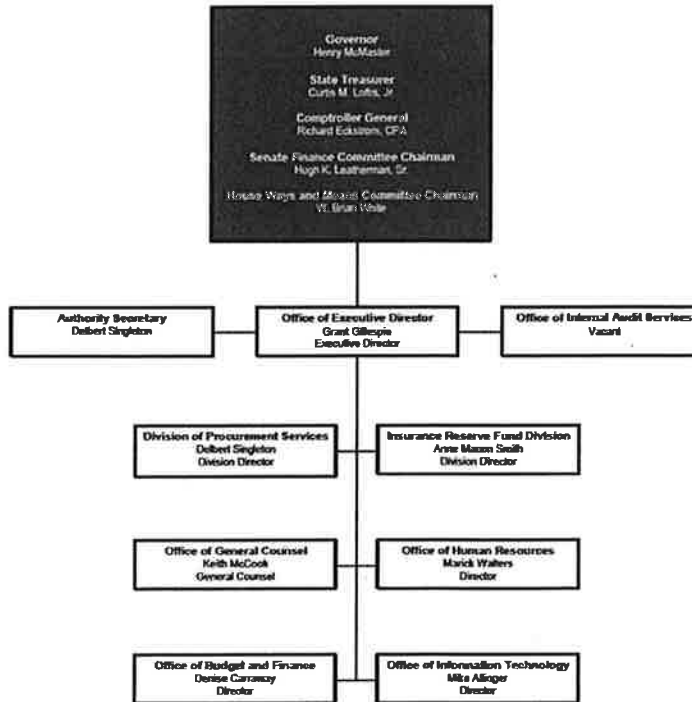
AGENCY'S DISCUSSION AND ANALYSIS

With a vision of being responsive, providing exceptional customer service, and delivering products at an outstanding value to the public sector, the State Fiscal Accountability Authority (“SFAA” or “the Agency”) completed its third year of operations having successfully managed to improve service to its customers, reduce risks and increase security controls, and implement innovative strategic goals. In FY 2017-18, the Agency focused on leveraging its strengths of being proactive and innovative. As a result, the Agency restructured procurement operations, secured and renewed best rate reinsurance despite significant reimbursements in recent years due to two hurricanes and the 2015 Flood, provided comprehensive training and support to staff and continued to develop its operational infrastructure. Additional accomplishments reflected in this Report further demonstrate the hard work and commitment to excellence of SFAA’s staff and leadership.

Established by the Restructuring Act of 2014, Act 121, SFAA is comprised of the Insurance Reserve Fund Division (IRF) and the Division of Procurement Services (DPS). The Agency is governed by a five-member Authority consisting of: the Governor, the Treasurer, the Comptroller General, the Chairman of the Senate Finance Committee, and the Chairman of the House Ways and Means Committee, all of whom serve ex-officio. Administrative and operational functions of the Agency are led by Executive Director Grant Gillespie, who was appointed by the Authority on December 15, 2015.

Organization Chart

STATE FISCAL ACCOUNTABILITY AUTHORITY



| | | | |
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Core Values and Culture

At its inception as a new agency, SFAA identified values that would be critical to its operations and should become part of its organizational culture. The Core Values listed below support the Vision, shape the culture, and reflect the actions of SFAA.

- Ethical—Honesty, Fairness, Integrity, Respect, and Loyalty
- Accountability—Leadership, Responsibility, and Transparency
- Professionalism—Committed and well-trained Workforce
- Quality Customer Service—Exceptional and Responsive
- Innovation—Adaptable and Proactive

The Agency has worked to create a positive work environment for its employees, encouraging innovative ideas and productive teamwork. The dedicated staff is responsive and committed to serving the needs of our customers.

Major Achievements During Fiscal Year 2017-18

Division of Procurement Services (DPS)

The Division of Procurement Services includes five operational sections: Office of the State Engineer (OSE), Information Technology Management Office (ITMO), State Procurement Office (SPO), Audit and Certification, and Business Operations and Strategic Planning. Some accomplishments achieved by these offices in FY 2017-18 include the following:

1. State Procurement Office (SPO) and Information Technology Management Office (ITMO)

A. Adjusted internal operations to better serve customer needs

- Restructured office into 2 teams — Statewide Contracting Team and Agency Sourcing Team. The Statewide Contracting Team has one team dedicated to goods/services contracts and one team dedicated to information technology contracts. The Agency Sourcing Team has two teams that are dedicated to a specific set of agencies with similar missions, goals, and needs.
- Revised Procurement Manual to include Strategic Sourcing practices and principles.

B. Contract Management and Assistance

- In FY 2017-18, the contract results provided by these two offices of DPS are as follows:

| Total Contracts Awarded | | State Term Contracts | | Agency Contracts | |
|-------------------------|----------------|----------------------|----------------|------------------|----------------|
| 805 | \$1.55 Billion | 425 | \$0.79 Billion | 380 | \$0.76 Billion |

- The State realized contractual savings due to strategies designed to reduce the budgetary impacts for state agencies and local governments allowing for greater return on investment. The State realized the following savings through cost avoidance strategies and negotiated savings:

| Categories | Totals |
|------------------------|----------------|
| Cost Avoidance Savings | \$14.7 million |
| Negotiated Savings | \$6.2 million |

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| Total Savings | \$20.9 million¹ |
|----------------------|-----------------------------------|

- In addition to the savings listed above, DPS also provided reverse auction services to agencies to drive down pricing in certain commodities which resulted in annual savings of \$1.6 million.
- Implemented initiative to meet quarterly with state agency procurement managers to discuss procurement needs, upcoming contracts and to provide training. Also met with procurement managers from higher education institutions to discuss their needs and upcoming contracts.

2. Office of State Engineer (OSE)

OSE's primary role is to assist state agencies in acquiring construction services in the manner best suited to the agency's needs. OSE is responsible to assure that all such acquisitions comply with state law. The State Engineer, as the Building Official and Deputy State Fire Marshal for construction of state buildings and facilities, is responsible for enforcement of all applicable building and fire codes. In addition, OSE serves as the administrator of the State-level Floodplain Management Program for State lands.

In Fiscal Year 2017-18, OSE provided the following services:

| Services Provided | Totals |
|----------------------------------------------------|--------|
| Architectural/Engineering Approved Contract Awards | 300 |
| Construction Contracts and Contract Change Orders | 458 |
| Permanent Improvement Projects for Agencies | 169 |
| Building Permits | 82 |
| Certificates of Occupancy | 80 |
| Flood Permits | 24 |

- OSE updated and revised the Manual for Planning and Execution of State Permanent Improvements, Part II and provided 6 six-hour training classes to state and local agencies, Architects/Engineers and contractors on the revised Manual.
- OSE is continuing to work with SFAA IT to develop and implement a new database for state construction, key aspects of which went live by the end of the fiscal year.
- In conjunction with SFAA IT, re-wrote the 2003 Microsoft Access Application/Database (ANDI) used by OSE into an enterprise browser based application with current technology and a new SQL database for state construction. This current technology improved the overall usability, performance, security, and data integrity.

¹ Savings reported in FY 2016-17 included a SVP Procurement that resulted in \$76,240,000 negotiated savings. The savings realized for this one time procurement was a rare outlier and not expected each year. Without this single request for procurement, total cost avoidance and negotiated savings in FY 2016-17 would have been approximately \$15 million.

3. Audit and Certification

Audit and Certification is responsible for conducting periodic audits of each agency's procurement operations to determine compliance with the South Carolina Procurement Code and regulations.

A. Audit status:

- Conducted audits and published reports of nine agencies in FY 2017-18. Completed audits of an additional 10 agencies with reports drafted, but not yet published.

B. Statutorily required reports:

- Compiled six statewide quarterly reports based upon information received from all state governmental bodies for the following procurement types: Sole Source; Emergency; Trade-in Sale; Unauthorized; Ten Percent Rule; and Applied Preferences.
- Annual reports were prepared of sole source, emergency, and unauthorized procurements and presented the State Fiscal Accountability Authority.

4. Unveiled new platform for South Carolina Business Opportunities

Developed and implement digital version of South Carolina Business Opportunities (SCBO) that went live in March 2018. The new version aligns with stakeholder needs, is easier to navigate, increases efficiencies, and provides greater security. Analytical comparison of April 2017-June 2017 to the same period in 2018 reflects an increase of 64,604 page views attributable to new features and ease of use.

5. Continued development of eCatalog Procurement Solution Project

- Identified areas in the existing processes and systems which need to be evaluated/updated prior to implementation of eCatalog and developed a timeline for implementation.
- Began partnership engagement with SCEIS team and recommended several areas for improvement of the vendor registration system.

6. Provided emergency support for Hurricane Irma

- OSE personnel staffed the Emergency Support Function – Public Works & Engineering in the State Emergency Operations Center during and after Hurricane Irma for 24 hours per day for 6 days.
- Five SPO and ITMO employees provided approximately 61.25 hours of support to the Emergency Management Division Support.

7. Increased training and professional development opportunities

- Hired new Training and Development Director and modified training curriculum to increase course variety, including more courses offered by the National Institute of Governmental Purchasing, and to reduce training waiting times.
- Successfully developed and hosted a State Procurement Director's Conference.
- Conducted 12 days of training related to the Information Technology Procurement and Certification Program.
- Strategic Sourcing Curriculum development:
 - Completed six Strategic Sourcing training sessions in July for internal staff;

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- Established a plan for Train the Trainer sessions to develop Strategic Sourcing training for external customers.

8. Assisted the Department of Administration’s Small and Minority Business Contracting and Certification office (SMBCC) for the 2018 Annual Trade Fair

DPS collaborated with SMBCC to plan, market, and successfully execute a forum for small, minority and women-owned businesses. DPS developed and conducted surveys for both Small and Minority Business concerns and public procurement managers attending the event.

Insurance Reserve Fund Division (IRF):

The Insurance Reserve Fund (IRF) is a self-insurance mechanism operated by the State of South Carolina providing insurance to governmental entities at the lowest possible cost. The mission of the IRF is to provide property and liability insurance products that meet the needs of its governmental customers in a financially secure and responsible manner. The Insurance Reserve Fund currently insures over \$40 billion in property values for State and local government entities. The following highlights only a few of the major accomplishments of this branch of SFAA in FY 2017-18:

1. Effectively allocated resources to handle Catastrophic (CAT) Claims

- Hurricane Irma Claims: For the third consecutive year, the State experienced a declared catastrophe with Hurricane Irma in September 2017. Hurricane Irma (estimated loss of \$5.1 million) involved 79 separate claims with multiple segment damage on several losses. Prior planning and successful implementation of the IRF CAT plan supported the proper allocation of resources in handling the claims resulting from Hurricane Irma.
- Hurricane Matthew Claims: As of June 30, 2018, only one loss remains unsettled and the remaining files are open due to expense reconciliation with the CAT adjusting firm. The final reinsurance reimbursement is pending the final loss payment.

2. Renewed property reinsurance

Despite the marketplace increasing rates and reducing CAT cover from some markets, the IRF successfully renewed its property reinsurance buying capacity for a 100-year storm, maintaining its existing Self Insured Retention. This is especially significant given the IRF has sought substantial reimbursements from the reinsurance markets in recent years due to catastrophic losses.

3. Successfully solicited and issued contracts for essential coverage and services

- Procured broker services to introduce coverage for Unmanned Aerial Vehicles (drones) for State and non-State IRF insureds, assess and advise the State on aviation insurance needs, and provide aviation insurance to state agencies which own and operate aircraft.
- Successfully procured services of third party administrators to provide School Bus Claims Handling services for losses incurred from the operation of the State’s school bus fleet.
- Solicited and procured Property and Casualty Claims Adjusters to conduct liability and damage investigations for third party injury claims and to inspect and estimate first party property damage claims. This was the first IRF solicitation incorporating additional data security measures in compliance with SCDIS-200.

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4. Received positive examination of operations

In December 2017, the South Carolina Department of Insurance completed a Statutory Examination of the IRF and reported the Fund is administered in accordance with sound insurance practices and in the best interest of the State of South Carolina. The examination reported no findings and made no recommendations.

5. Ensured financial stability of the Fund

The IRF addressed the need to maintain actuarially adequate rates to provide long term financial stability of the Fund by implementing the second statewide rate increase for multiple lines of insurance since 2006. The IRF provided customer outreach to outline alternative options designed to minimize the impact of the increase on customer’s budgets.

6. Implemented new automated payment system

In conjunction with SFAA IT, the IRF Business Office successfully implemented the SCEIS/MAPPER Interface, providing automatic posting of IRF Claims Loss and Expense payments through SCEIS, into the IRF statistical database and creating claims letters to accompany mailed checks. This new system increased efficiencies and improved work processes.

7. Continued efficient management of the Second Injury Fund

The IRF administered the fifth of five planned assessments collecting 99.74% of the \$60,000,000 assessment in FY 18.

8. Hosted training events to enhance the State’s Risk Management Practices

- Annual Law Enforcement Seminar to educate IRF Defense Counsel on issues related to defense of law enforcement claims.
- Risk Management Seminars in four locations across the State on the topic of “Insurance and You” — how policy holders can use insurance to meet the needs of an agency, while protecting the agency’s budget.
- Seminar for IRF Ocean Marine policyholders addressing Maritime law, the importance of protection and indemnity (P&I), and how P&I differs from Tort Liability Policy.

Agency-Wide

1. Management of activity related to the five-member Authority

A. Authority Meeting and Agenda Process

The Authority held seven meetings during Fiscal Year 2017-18. Staff held agenda review meetings with internal and external staff and others, as needed, to develop the meeting agenda and address any matters prior to each meeting.

B. Coordination with Authority Members

The Agency responded promptly to our members’ offices about pending and potential agenda items, such as procurement audits, major leases, composite bank accounts, and management and assignment of bond counsel.

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2. Assistance to Agency Head Salary Commission

SFAA continued to provide staffing support and administrative functions for the Agency Head Salary Commission which primarily administers the agency head performance process.

3. Strengthened operations through process improvements, cost-saving measures, and compliance with applicable laws**A. Implementation of Information Security and Privacy, required by Provisos 93.21 and 117.113:**

- The SFAA InfoSec and Privacy Policy Implementation Team met bi-weekly to develop Agency policy and procedures to protect information privacy and improve electronic security. The Team made substantial progress during the year regarding procedure finalization, publication, and gap remediation. As of June 2018, approximately 85% of the procedures were completed or are in process.

B. Information Technology improvements and cost-savings realization

SFAA IT improved security and promoted efficiencies by completing a number of projects, including:

- Introducing and installing Virtual Desktop Infrastructure (VDI) for added security of third party vendor access to IRF systems. With VDI, the risk of virus and malware exposure to IRF Servers has been greatly reduced because SFAA IT and DTO manage, monitor and support the virtual desktop infrastructure.
- SFAA IT was able to enhance the business operations and improve efficiencies with an “in-house” team on previously mentioned projects such as ANDI and the new SCBO website — saving money by not having to contract with a third party.

C. Launched new Agency website

In December 2017, the Agency launched a new website. The new website appearance has been updated along with maintaining content to inform the public of the latest Agency information regarding Authority Meetings schedules, agendas, and minutes, as well as provide a mechanism for reporting real time information to our customers.

D. Improved physical security and access controls

- SFAA installed a Card Security Physical Access System that provides secure card access for employees to enter assigned work areas, requires guests to request access to enter any SFAA work area and maintains a daily log of all non-employees entering SFAA work areas.
- SFAA HR developed and implemented the Agency’s Fire Emergency and Simulated Fire Drill Evacuation Guidelines to establish procedures for safe evacuation during a fire emergency.

E. Data Classification

SFAA began a Data Classification process to classify information assets in order to develop further policies and procedures as necessary to prevent unauthorized use or disclosure of sensitive information. The Department of Administration’s Enterprise Privacy Office conducted training for the Agency and hosted a kickoff meeting for SFAA staff.

4. Implemented Strategic Planning Initiatives**A. Strategic Planning Retreat**

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The SFAA Management Team held a strategic planning retreat in April 2018. The theme of the session was, "Teamwork," and included the development and discussion of a SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis of the Agency, which Management uses for evaluating progress, measuring the impact of new operational measures and exploring new initiatives.

- B. Conducted bi-weekly Management meetings
The Senior Management team met on a bi-weekly basis to determine progress toward Agency goals and objectives.
- C. Implement external communication plan
Started Agency communication initiative to let our customers know who we are and services we provide. Specifically, Director Gillespie was a keynote presenter at the November 2017 State Agency Leadership Meeting to inform attendees more about the new Agency.
- D. Capturing and Leveraging Business Processes
SFAA Management participated in Business Process Workshops that emphasized identifying and mapping Business Processes, aligning processes with the Agency mission, good governance, compliance and risks, controls, results and efficiencies.

Risk Assessment and Mitigation Strategies

- A. Provide cost-effective property and liability insurance (Strategic Plan Goal No. 2)
 - Potential Most Negative Impact — if this goal is not accomplished
There is an ongoing financial threat to the Fund, due to catastrophic weather events, the increasing cost of claims settlements and litigation costs, rising property reinsurance costs, and declining investment income. This threat has been somewhat mitigated by the recent approval and implementation of rate changes, but also creates an additional challenge in the phasing in of the rates over a multi-year time span, which slows the positive impact of the increased income.
 - Outside Help to Mitigate Impact:
Request assistance from private insurance carriers; however, the cost may be prohibitive.
- B. Provide innovative, cost effective and proactive acquisition services (Strategic Plan Goal No. 5)
 - Potential Most Negative Impact — if this goal is not accomplished
Without a coordinated program dedicated to lowering costs by leveraging the State’s collective buying power, the State should expect to pay more for goods and services. In addition, there would be increased risk of poor performance and contract claims due to lack of statewide training and supported efforts and decreased transparency and accountability across the State’s acquisition system.
 - Outside Help to Mitigate Impact
Request assistance from professional consulting firms, procurement trade groups and interstate linkages.
- C. Options for General Assembly to Help Resolve Prior to Crisis:
 - Continued support for improvements and performance demonstrated by these programs of SFAA.

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**Fiscal Year 2019-20
Agency Budget Plan**

FORM A - BUDGET PLAN SUMMARY

| | | |
|---------------------------------------------|-------------------------------------------------|-----------------------------------------|
| OPERATING REQUESTS (FORM B1) | For FY 2019-20, my agency is (mark "X"): | |
| | <input type="checkbox"/> | Requesting General Fund Appropriations. |
| | <input checked="" type="checkbox"/> | Requesting Federal/Other Authorization. |
| | <input type="checkbox"/> | Not requesting any changes. |

| | | |
|-------------------------------------------------|-------------------------------------------------|-------------------------------------------------------|
| NON-RECURRING REQUESTS (FORM B2) | For FY 2019-20, my agency is (mark "X"): | |
| | <input type="checkbox"/> | Requesting Non-Recurring Appropriations. |
| | <input type="checkbox"/> | Requesting Non-Recurring Federal/Other Authorization. |
| | <input checked="" type="checkbox"/> | Not requesting any changes. |

| | | |
|------------------------------------------|-------------------------------------------------|------------------------------------------|
| CAPITAL REQUESTS (FORM C) | For FY 2019-20, my agency is (mark "X"): | |
| | <input type="checkbox"/> | Requesting funding for Capital Projects. |
| | <input checked="" type="checkbox"/> | Not requesting any changes. |

| | | |
|------------------------------|-------------------------------------------------|---------------------------------------------------------------------------|
| PROVISOS (FORM D) | For FY 2019-20, my agency is (mark "X"): | |
| | <input type="checkbox"/> | Requesting a new proviso and/or substantive changes to existing provisos. |
| | <input checked="" type="checkbox"/> | Only requesting technical proviso changes (such as date references). |
| | <input type="checkbox"/> | Not requesting any proviso changes. |

Please identify your agency's preferred contacts for this year's budget process.

| | <u>Name</u> | <u>Phone</u> | <u>Email</u> |
|---------------------------|-------------------------------------------------------------|--------------|-----------------------------|
| PRIMARY CONTACT: | Denise M. Carraway, Director, Office of Budget & Finance | 803-737-3019 | Denise.Carraway@sfaa.sc.gov |
| SECONDARY CONTACT: | Grant Gillespie, Executive Director | 803-737-4381 | Grant.Gillespie@sfaa.sc.gov |

I have reviewed and approved the enclosed FY 2019-20 Agency Budget Plan, which is complete and accurate to the extent of my knowledge.

| | <u>Agency Director</u> | <u>Board or Commission Chair</u> |
|-------------------------|------------------------|----------------------------------|
| SIGN/DATE: | | |
| TYPE/PRINT NAME: | Grant Gillespie | |

This form must be signed by the agency head – not a delegate.

| | | | |
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FORM B1 – RECURRING OPERATING REQUEST

| | |
|------------------------|---|
| AGENCY PRIORITY | 1 |
|------------------------|---|

Provide the Agency Priority Ranking from the Executive Summary.

| | |
|--------------|------------------------------------------|
| TITLE | Employee Benefits-Employer Contributions |
|--------------|------------------------------------------|

Provide a brief, descriptive title for this request.

| | |
|---------------|--------------------------------------------------------------------------------------|
| AMOUNT | General: Federal: Other: 219,840 Total: 219,840 |
|---------------|--------------------------------------------------------------------------------------|

What is the net change in requested appropriations for FY 2019-20? This amount should correspond to the total for all funding sources on the Executive Summary.

| | |
|----------------------|---|
| NEW POSITIONS | 0 |
|----------------------|---|

Please provide the total number of new positions needed for this request.

| | | |
|--------------------------------------------|--------------------------------------------------------------|---------------------------------------------------------------------------|
| FACTORS ASSOCIATED WITH THE REQUEST | Mark "X" for all that apply: | |
| | <input checked="" type="checkbox"/> | Change in cost of providing current services to existing program audience |
| | <input type="checkbox"/> | Change in case load/enrollment under existing program guidelines |
| | <input type="checkbox"/> | Non-mandated change in eligibility/enrollment for existing program |
| | <input type="checkbox"/> | Non-mandated program change in service levels or areas |
| | <input type="checkbox"/> | Proposed establishment of a new program or initiative |
| | <input type="checkbox"/> | Loss of federal or other external financial support for existing program |
| | <input type="checkbox"/> | Exhaustion of fund balances previously used to support program |
| | <input type="checkbox"/> | IT Technology/Security related |
| | <input type="checkbox"/> | Consulted DTO during development |
| <input type="checkbox"/> | Related to a Non-Recurring request – If so, Priority # _____ | |

| | | |
|--------------------------------------------------|----------------------------------------------------------------------------------|------------------------------------------------|
| STATEWIDE ENTERPRISE STRATEGIC OBJECTIVES | Mark "X" for primary applicable Statewide Enterprise Strategic Objective: | |
| | <input type="checkbox"/> | Education, Training, and Human Development |
| | <input type="checkbox"/> | Healthy and Safe Families |
| | <input type="checkbox"/> | Maintaining Safety, Integrity, and Security |
| | <input type="checkbox"/> | Public Infrastructure and Economic Development |
| <input checked="" type="checkbox"/> | Government and Citizens | |

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| ACCOUNTABILITY OF FUNDS | |
|--------------------------------|--|

What specific strategy, as outlined in the FY 2018-19 Strategic Planning and Performance Measurement template of agency's accountability report, does this funding request support? How would this request advance that strategy? How would the use of these funds be evaluated?

| | |
|----------------------------|--|
| RECIPIENTS OF FUNDS | |
|----------------------------|--|

What individuals or entities would receive these funds (contractors, vendors, grantees, individual beneficiaries, etc.)? How would these funds be allocated – using an existing formula, through a competitive process, based upon predetermined eligibility criteria?

| | |
|---------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| JUSTIFICATION OF REQUEST | <p>The agency anticipates increases in the employer contribution rates for retirement, health insurance and estimates increases in the Workers Comp and Unemployment Comp Insurance based on the Employer Contributions Rate Table published by the Executive Budget Office.</p> |
|---------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

Please thoroughly explain the request to include the justification for funds, potential offsets, matching funds, and method of calculation. Please include any explanation of impact if funds are not received. If new positions have been requested, explain why existing vacancies are not sufficient.

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| AGENCY NAME: | State Fiscal Accountability Authority | | |
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FORM B1 – RECURRING OPERATING REQUEST

| | |
|------------------------|----------|
| AGENCY PRIORITY | 2 |
|------------------------|----------|

Provide the Agency Priority Ranking from the Executive Summary.

| | |
|--------------|------------------------------------|
| TITLE | Bond Services and Transfers |
|--------------|------------------------------------|

Provide a brief, descriptive title for this request.

| | |
|---------------|----------------------------------------------------------------------------------|
| AMOUNT | General: Federal: Other: 4,475 Total: 4,475 |
|---------------|----------------------------------------------------------------------------------|

What is the net change in requested appropriations for FY 2019-20? This amount should correspond to the total for all funding sources on the Executive Summary.

| | |
|----------------------|----------|
| NEW POSITIONS | 0 |
|----------------------|----------|

Please provide the total number of new positions needed for this request.

| | | |
|--------------------------------------------|--------------------------------------------------------|---------------------------------------------------------------------------|
| FACTORS ASSOCIATED WITH THE REQUEST | Mark "X" for all that apply: | |
| | <input checked="" type="checkbox"/> | Change in cost of providing current services to existing program audience |
| | <input type="checkbox"/> | Change in case load/enrollment under existing program guidelines |
| | <input type="checkbox"/> | Non-mandated change in eligibility/enrollment for existing program |
| | <input type="checkbox"/> | Non-mandated program change in service levels or areas |
| | <input type="checkbox"/> | Proposed establishment of a new program or initiative |
| | <input type="checkbox"/> | Loss of federal or other external financial support for existing program |
| | <input type="checkbox"/> | Exhaustion of fund balances previously used to support program |
| | <input type="checkbox"/> | IT Technology/Security related |
| <input type="checkbox"/> | Consulted DTO during development | |
| <input type="checkbox"/> | Related to a Non-Recurring request – If so, Priority # | |

| | | |
|--------------------------------------------------|----------------------------------------------------------------------------------|------------------------------------------------|
| STATEWIDE ENTERPRISE STRATEGIC OBJECTIVES | Mark "X" for primary applicable Statewide Enterprise Strategic Objective: | |
| | <input type="checkbox"/> | Education, Training, and Human Development |
| | <input type="checkbox"/> | Healthy and Safe Families |
| | <input type="checkbox"/> | Maintaining Safety, Integrity, and Security |
| | <input type="checkbox"/> | Public Infrastructure and Economic Development |
| <input checked="" type="checkbox"/> | Government and Citizens | |

| | | | |
|---------------------|---------------------------------------|-----------------|-----|
| AGENCY NAME: | State Fiscal Accountability Authority | | |
| AGENCY CODE: | E550 | SECTION: | 104 |

| | |
|--------------------------------|--|
| ACCOUNTABILITY OF FUNDS | |
|--------------------------------|--|

What specific strategy, as outlined in the FY 2018-19 Strategic Planning and Performance Measurement template of agency's accountability report, does this funding request support? How would this request advance that strategy? How would the use of these funds be evaluated?

| | |
|----------------------------|----------------------------------------------------|
| RECIPIENTS OF FUNDS | Office of the State Treasurer-Debt Services |
|----------------------------|----------------------------------------------------|

What individuals or entities would receive these funds (contractors, vendors, grantees, individual beneficiaries, etc.)? How would these funds be allocated – using an existing formula, through a competitive process, based upon predetermined eligibility criteria?

| | |
|---------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| JUSTIFICATION OF REQUEST | <p>An increase in authorization is requested to enable the State Fiscal Accountability Authority to carry out bond transfers provided in the bond payment schedule related to "The Authority" separate from the normal operating authority of the agency programs. This increase should provide sufficient authorization to carry out the transfers annually.</p> <p>This line item will not require FTEs.</p> |
|---------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

Please thoroughly explain the request to include the justification for funds, potential offsets, matching funds, and method of calculation. Please include any explanation of impact if funds are not received. If new positions have been requested, explain why existing vacancies are not sufficient.

| | | | |
|---------------------|---------------------------------------|-----------------|-----|
| AGENCY NAME: | State Fiscal Accountability Authority | | |
| AGENCY CODE: | E550 | SECTION: | 104 |

FORM D – PROVISO REVISION REQUEST

| | |
|---------------|--------------|
| NUMBER | 104.4 (FY19) |
|---------------|--------------|

Cite the proviso according to the renumbered list for FY 2019-20 (or mark "NEW").

| | |
|--------------|-------------------------------------------------------------|
| TITLE | SFAA: Insurance Coverage for Aging Entity Authorized |
|--------------|-------------------------------------------------------------|

Provide the title from the FY 2018-19 Appropriations Act or suggest a short title for any new request.

| | |
|-----------------------|----------------------------------------------------------|
| BUDGET PROGRAM | III. INSURANCE SERVICES A. INSURANCE RESERVE FUND |
|-----------------------|----------------------------------------------------------|

Identify the associated budget program(s) by name and budget section.

| | |
|-------------------------------|--|
| RELATED BUDGET REQUEST | |
|-------------------------------|--|

Is this request associated with a budget request you have submitted for FY 2019-20? If so, cite it here.

| | |
|-------------------------|-------|
| REQUESTED ACTION | Amend |
|-------------------------|-------|

Choose from: Add, Delete, Amend, or Codify.

| | |
|--------------------------------|--|
| OTHER AGENCIES AFFECTED | |
|--------------------------------|--|

Which other agencies would be affected by the recommended action? How?

| | |
|----------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| SUMMARY & EXPLANATION | <p>The existing proviso authorizes the SFAA-Insurance Reserve Fund to “offer insurance coverage to an aging entity and its employees serving clients countywide which previously obtained its tort liability coverage through the board.”</p> <p>The requested action is to change the fiscal year language to enable the proviso to carryforward each year without filing an additional form to update the applicable year.</p> |
|----------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

Summarize the existing proviso. If requesting a new proviso, describe the current state of affairs without it. Explain the need for your requested action. For deletion requests due to recent codification, please identify SC Code section where language now appears.

| | | | |
|---------------------|---------------------------------------|-----------------|-----|
| AGENCY NAME: | State Fiscal Accountability Authority | | |
| AGENCY CODE: | E550 | SECTION: | 104 |

| | |
|----------------------|--|
| FISCAL IMPACT | |
|----------------------|--|

Provide estimates of any fiscal impacts associated with this proviso, whether for state, federal, or other funds. Explain the method of calculation.

| | |
|-------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| PROPOSED PROVISIO TEXT | <p>The State Fiscal Accountability Authority, through the Insurance Reserve Fund, for Fiscal Year 2018-19 <u>the current fiscal year</u>, is also authorized to offer insurance coverage to an aging entity and its employees serving clients countywide which previously obtained its tort liability insurance coverage through the board. The Insurance Reserve Fund and the State of South Carolina shall not be liable to any person or entity, including an insured, for any insufficiencies of coverage provided hereunder.</p> |
|-------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

Paste FY 2018-19 text above, then bold and underline insertions and strikethrough deletions. For new proviso requests, enter requested text above.

| | | | |
|---------------------|---------------------------------------|-----------------|-----|
| AGENCY NAME: | State Fiscal Accountability Authority | | |
| AGENCY CODE: | E550 | SECTION: | 104 |

**FORM E – AGENCY COST SAVINGS AND GENERAL FUND REDUCTION
CONTINGENCY PLAN**

| | |
|--------------|-----------------------------------------------------------------|
| TITLE | Agency Cost Savings and General Fund Reduction Contingency Plan |
|--------------|-----------------------------------------------------------------|

| | |
|---------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| AMOUNT | -\$49,490 <i>What is the General Fund 3% reduction amount (minimum based on the FY 2018-19 recurring appropriations)? This amount should correspond to the reduction spreadsheet prepared by EBO.</i> |
|---------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

| | |
|----------------------------------|-----|
| ASSOCIATED FTE REDUCTIONS | 1.0 |
|----------------------------------|-----|

How many FTEs would be reduced in association with this General Fund reduction?

| | |
|--------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| PROGRAM/ACTIVITY IMPACT | The General Funds appropriated to the State Fiscal Accountability Authority provide the Personal Service and Employer Contributions financial support for the Division of Procurement Services, Office of Audit and Certification. |
|--------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

What programs or activities are supported by the General Funds identified?

| | | | |
|---------------------|---------------------------------------|-----------------|-----|
| AGENCY NAME: | State Fiscal Accountability Authority | | |
| AGENCY CODE: | E550 | SECTION: | 104 |

SUMMARY

A 3% reduction in the General Fund Appropriations is expected to have a minimal service delivery impact to the Division of Procurement Services of the State Fiscal Accountability Authority.

Please provide a detailed summary of service delivery impact caused by a reduction in General Fund Appropriations and provide the method of calculation for anticipated reductions. Agencies should prioritize reduction in expenditures that have the least significant impact on service delivery.

AGENCY COST SAVINGS PLANS

What measures does the agency plan to implement to reduce its costs and operating expenses by more than \$50,000? Provide a summary of the measures taken and the estimated amount of savings. How does the agency plan to repurpose the savings?

Fiscal Year 2019-20 Budget Request Executive Summary

Agency Code: E550
 Agency Name: State Fiscal Accountability Authority
 Section: 104

| Priority | Request Type | Request Title | BUDGET REQUESTS | | | FUNDING | | | FTE'S | | | |
|------------------------------|----------------|--------------------------------------------|-----------------|---------|-----------|------------|---------|-------|---------|-----------|------------|-------|
| | | | State | Federal | Earmarked | Restricted | Total | State | Federal | Earmarked | Restricted | Total |
| 1 | B1 - Recurring | Employee Benefits - Employer Contributions | | | 177,676 | 42,164 | 219,840 | | | | | 0.00 |
| 2 | B1 - Recurring | Bond Services and Transfers | | | 4,475 | | 4,475 | | | | | 0.00 |
| 3 | | | | | | | 0 | | | | | 0.00 |
| 4 | | | | | | | 0 | | | | | 0.00 |
| 5 | | | | | | | 0 | | | | | 0.00 |
| 6 | | | | | | | 0 | | | | | 0.00 |
| 7 | | | | | | | 0 | | | | | 0.00 |
| 8 | | | | | | | 0 | | | | | 0.00 |
| 9 | | | | | | | 0 | | | | | 0.00 |
| 10 | | | | | | | 0 | | | | | 0.00 |
| 11 | | | | | | | 0 | | | | | 0.00 |
| 12 | | | | | | | 0 | | | | | 0.00 |
| 13 | | | | | | | 0 | | | | | 0.00 |
| 14 | | | | | | | 0 | | | | | 0.00 |
| 15 | | | | | | | 0 | | | | | 0.00 |
| 16 | | | | | | | 0 | | | | | 0.00 |
| 17 | | | | | | | 0 | | | | | 0.00 |
| 18 | | | | | | | 0 | | | | | 0.00 |
| 19 | | | | | | | 0 | | | | | 0.00 |
| 20 | | | | | | | 0 | | | | | 0.00 |
| 21 | | | | | | | 0 | | | | | 0.00 |
| 22 | | | | | | | 0 | | | | | 0.00 |
| 23 | | | | | | | 0 | | | | | 0.00 |
| 24 | | | | | | | 0 | | | | | 0.00 |
| 25 | | | | | | | 0 | | | | | 0.00 |
| 26 | | | | | | | 0 | | | | | 0.00 |
| 27 | | | | | | | 0 | | | | | 0.00 |
| 28 | | | | | | | 0 | | | | | 0.00 |
| 29 | | | | | | | 0 | | | | | 0.00 |
| 30 | | | | | | | 0 | | | | | 0.00 |
| TOTAL BUDGET REQUESTS | | | 0 | 0 | 182,151 | 42,164 | 224,315 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |

Constitutional Subcommittee Proviso Request Summary FY 2019/20

| Proviso # in FY 18-19 Act | Renumbered FY 19-20 Proviso # | Proviso Title | Short Summary | Agency Recommended Action (keep, change, delete, add) |
|---------------------------|-------------------------------|--------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------|
| 104.1 | 104.1 | SFAA: Procurement of Art Objects | Directs that any purchase of art objects such as paintings, antiques, sculptures, or similar objects above \$1,000 be reviewed and approved by the Arts Commission. Exempts the State Museum, the Confederate Relic Room, and Hunley Commission from the proviso. | Keep |
| 104.2 | 104.2 | SFAA: Lawsuit Funding | Directs the SFAA's Executive Director to pay from the IRF the defense costs of the State to litigate the Abbeville school funding and the prisoner mental health care litigation upon notification and certification of the expenses from the House and Senate. | Keep |
| 104.3 | 104.3 | SFAA: Public Procurement Unit | Authorizes private, non-profit corporations that provide free medical care to participate as a local public procurement unit in the Minnesota Multi State Contracting Alliance for Pharmacy (MMCAP) cooperative purchase. | Keep |
| 104.4 | 104.4 | SFAA: Insurance Coverage for Aging Entities Authorized | Authorizes the IRF to offer insurance coverage to an aging entity and its employees serving clients countywide which previously obtained its tort liability insurance coverage from the IRF. | Amend |

Constitutional Subcommittee Proviso Request Summary FY 2019/20

| Proviso # in FY 18-19 Act | Renumbered FY 19-20 Proviso # | Proviso Title | Short Summary | Agency Recommended Action (keep, change, delete, add) |
|---------------------------|-------------------------------|---------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------|
| 104.5 | 104.5 | SFAA: IRF Report | Directs the SFAA to prepare a report on the prior fiscal year utilization of the IRF. Report shall include for each transaction the amount, recipient of the funds, date of the transfer or payment, and the action or reason that necessitated the transfer. Report should be submitted to the President Pro Temp, Speaker of House, SFC Chair and WMC Chair. | Keep |
| 104.6 | 104.6 | SFAA: Second Injury Fund Closure Plan | Authorizes the SFAA to take all necessary actions to implement and administer the closure plan for the Second Injury Fund. Directs applicable funds be transferred to the SFAA and used for administrative costs and closing transactions of the SIF. | Keep |
| 104.7 | 104.7 | SFAA: IT Planning Transfer | Directs the SFAA to transfer \$400,000 from revenue generated from the contract administration fees on IT contracts to the DOA to support the state's IT planning program. | Keep |
| 104.8 | 104.8 | SFAA: Attorneys | Directs that the IRF shall continue to approve attorneys-at-law retained to defend those it insures. | Keep |
| 104.9 | 104.9 | Compensation - Agency Head Salary | Requires salaries of agency heads or technical college presidents be approved by the Agency Head Salary Commission prior to any offers if the salary is greater than the minimum of the salary range for the position. | Keep |

Constitutional Subcommittee Proviso Request Summary FY 2019/20

| Proviso # in FY 18-19 Act | Renumbered FY 19-20 Proviso # | Proviso Title | Short Summary | Agency Recommended Action (keep, change, delete, add) |
|---------------------------|-------------------------------|---------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------|
| 104.10 | 104.10 | SFAA: Continuation of Authority | Authorizes SFAA to carry forward funds from the current fiscal year. | Keep |
| 35.8 | 35.8 | DMH: Lease Payments to SFAA for SVP Program | Directs that funds appropriated for the lease payments to SFAA for the SVP program are exempt from across-the-board base reductions | Keep |
| 59.9 | 59.9 | AG: Public Official Attorney Fees | Requires the IRF to pay up to \$50,000 of opposing attorney's fees and court costs when the Attorney General defends a public official. | |
| 117.21 | 117.21 | GP: Organizations Receiving State Appropriations Report | Requires each organization that receives funds from the appropriations act to report by November 1st, to the agency from which the funds were received, of how the funds will be used. When requested by SFAA, the State Auditor will review/audit organizations. | Keep |
| 117.43 | 117.42 | GP: Sole Source Procurements | Directs the SFAA to evaluate and determine whether the written determinations, explanations, and basis for sole source procurements (§11-35-1560) and emergency procurements (§11-35-1570) are legitimate and valid reasons for awarding non-competitive contracts. | Keep |

Constitutional Subcommittee Proviso Request Summary FY 2019/20

| Proviso # in FY 18-19 Act | Renumbered FY 19-20 Proviso # | Proviso Title | Short Summary | Agency Recommended Action (keep, change, delete, add) |
|------------------------------|-------------------------------------|--------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------|
| 117.56 | 117.55 | GP: FEMA Flexibility | Authorizes any appropriation designated as state share for federally declared disaster and unallocated funds from established state accounts may be used for the purpose of state share for federally declared disasters. Further, authorizes the 5-member SFAA to borrow from any internal accounts to maximize the federal match. | Keep |
| 117.83 | 117.82 | GP: Bank Account Transparency and Accountability | Requires agencies that have composite reservoir bank accounts to prepare a report of all transactions of the account to be submitted to SFAA by Oct. 1st. | Keep |
| 117.87 | 117.86 | GP: Civil Conspiracy Defense Costs | Directs the Court to make a final determination of whether or not a government employee was acting within the scope of their official duty when being sued for civil conspiracy based in part upon a personnel or employment action prior to going to trial. If within scope, then employee is immune from suit and the agency may expend funds to defend the claim. | Keep |
| 117.88 | 117.87 | GP: Recovery Audits | Directs the SFAA to contract with one or more firms to conduct recovery audits of payments made by all State agencies to vendors for goods and services to detect, document and recover overpayments and erroneous payments to vendors. | Keep |

Constitutional Subcommittee Proviso Request Summary FY 2019/20

| Proviso # in FY 18-19 Act | Renumbered FY 19-20 Proviso # | Proviso Title | Short Summary | Agency Recommended Action (keep, change, delete, add) |
|--------------------------------------|----------------------------------------------|--------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------|
| 117.114 | 117.112 | GP: Employee Compensation | Authorizes the Executive Director of SFAA to use excess appropriations designated for employer contributions for other statewide purposes. | Keep |
| 117.123 | 117.120 | GP: State Engineer | Directs that the State Engineer is an office located within SFAA. | Keep |
| 117.148 | 117.137 | GP: Mobile Device Protection Plan | Directs the State Fiscal Accountability Authority, once policies have been developed by Admin., to establish a statewide contract for protecting state owned mobile devices and ensure the contract is awarded competitively according to the procurement code. | Keep |

STATE FISCAL ACCOUNTABILITY AUTHORITY

PART IB PROVISOS

SECTION 104 - E550

104.1. (SFAA: Procurement of Art Objects) Before any governmental body, with the exception of the South Carolina Museum Commission, the Confederate Relic Room and Military Museum Commission, and the South Carolina Hunley Commission as defined under the South Carolina Consolidated Procurement Code, procures any art objects such as paintings, antiques, sculptures, or similar objects above \$1,000, the head of the Purchasing Agency shall prepare a written determination specifying the need for such objects and benefits to the State. The South Carolina Arts Commission shall review such determination for approval prior to any acquisition.

Action Requested: Keep

104.2. (SFAA: Lawsuit Funding) The Executive Director shall pay from the Insurance Reserve Fund the defense costs of the State, which are incurred in the current fiscal year, in the Abbeville school funding litigation and the prisoner mental health care litigation. The appropriate official from the House of Representatives and the Senate must certify to the Executive Director on a monthly basis the costs incurred in defense of this litigation. Upon receipt of the certification, the Executive Director shall pay the provider of these services the amount certified.

Action Requested: Keep

104.3. (SFAA: Public Procurement Unit) For purposes of participation in the Minnesota Multi State Contracting Alliance for Pharmacy (MMCAP), a private, nonprofit corporation that provides only free medical care may be allowed to participate as a local public procurement unit in the MMCAP cooperative purchase. The participation of nonprofit corporations in the program is contingent upon approval of the Minnesota Multi-State Contracting Alliance for Pharmacy. Participating nonprofit corporations must comply with all applicable federal laws or regulations for participation in the MMCAP cooperative purchase. The state shall not be liable for any action or inaction of such a nonprofit corporation.

Action Requested: Keep

104.4. (SFAA: Insurance Coverage for Aging Entity Authorized) The State Fiscal Accountability Authority, through the Insurance Reserve Fund, for Fiscal Year 2018-19, is also authorized to offer insurance coverage to an aging entity and its employees serving clients countywide which previously obtained its tort liability insurance coverage through the board. The Insurance Reserve Fund and the State of South Carolina shall not be liable to any person or entity, including an insured, for any insufficiencies of coverage provided hereunder.

Action Requested: Amend

104.5. (SFAA: IRF Report) The State Fiscal Accountability Authority shall prepare a report on prior fiscal year utilization of the Insurance Reserve Fund to include for each transaction the amount, the recipient of the funds, the date of the transfer or payment, and the action or reason that necessitated the transfer. The report shall be submitted to the President Pro Tempore of the Senate, the Chairman

of the Senate Finance Committee, the Speaker of the House of Representatives, and the Chairman of the House Ways and Means Committee by October fifteenth, of the current fiscal year.

Action Requested: Keep

104.6. (SFAA: Second Injury Fund Closure Plan) The State Fiscal Accountability Authority is authorized and empowered to take all necessary actions to administer the closure plan for the Second Injury Fund, as adopted pursuant to Section 42-7-320(A) of the 1976 Code, as amended, and to use the separate and distinct trust and administrative accounts established for this purpose.

Action Requested: Keep

104.7. (SFAA: IT Planning Transfer) The State Fiscal Accountability Authority shall transfer \$400,000 from revenue generated from contract administration fees on information technology contracts to the Department of Administration to support the state's information technology planning program.

Action Requested: Keep

104.8. (SFAA: Attorneys) For the current fiscal year, during the transition of the Insurance Reserve Fund from the Budget and Control Board to the State Fiscal Accountability Authority, the Insurance Reserve Fund shall continue to approve the attorneys-at-law retained to defend those it insures. In addition, the authority of the former Budget and Control Board under Section 1-7-170(A) is devolved upon the State Fiscal Accountability Authority.

Action Requested: Keep

104.9. (SFAA: Compensation - Agency Head Salary) In the event of an agency head or technical college president vacancy, the governing board of the agency or the Governor, or the appointing authority of a technical college president, must have the prior favorable recommendation of the Agency Head Salary Commission to set, discuss, offer, or pay a salary for the agency head or technical college president at a rate that exceeds the minimum of the range established by the Agency Head Salary Commission. No agency head or technical college president shall be paid a salary higher than that recommended by the commission. Boards and commissions, or the Governor if he is the appointing authority, of newly created agencies or technical colleges shall not offer or pay a salary to a prospective agency head until a salary range has been established and the salary approved by the Agency Head Salary Commission. The funding of the salaries of any agency head or technical college president should come from resources within the agency. The State Fiscal Accountability Authority shall contract every four years for a study of agency head and technical college president compensation. The cost of the study must be shared by the participating agencies. The staff of the State Fiscal Accountability Authority shall serve as the support staff to the Agency Head Salary Commission. Limited only by the maximum of the respective salary range, the General Assembly authorizes the respective appointing authority for an agency head or technical college president to provide salary increases for an agency head or technical college president not to exceed that recommended by the Agency Head Salary Commission. No agency head or technical college president shall be paid less than the minimum of the pay range nor receive an increase that would have the effect of raising the salary above the maximum of the pay range.

Action Requested: Keep

104.10. (SFAA: Continuation of Authority) The respective divisions of the State Fiscal Accountability Authority are authorized to provide to and receive from other governmental entities, including other divisions and state and local agencies and departments, goods and services, as will in its opinion promote efficient and economical operations. The divisions may charge and pay the entities for the goods and services, the revenue from which shall be deposited in the state treasury in a special account and expended only for the costs of providing the goods and services, and such funds may be retained and expended for the same purposes.

Action Requested: Keep

OTHER RELATED PROVISOS

35.8. (DMH: Lease Payments to SFAA for SVP Program) In the current fiscal year, funds appropriated and authorized to the Department of Mental Health for Lease Payments to the State Fiscal Accountability Authority for the Sexually Violent Predator Program are exempt from any across-the-board base reductions.

Action Requested: Keep

59.9. (AG: Public Official Attorney Fees) The Executive Director of the State Fiscal Accountability Authority shall pay from the Insurance Reserve Fund, up to \$50,000 of opposing attorney's fees and court costs as ordered by the court in those cases in which the Attorney General defends one or more public officers in their official capacities.

The Attorney General must certify to the Executive Director the amount the court has ordered the Attorney General to pay for opposing attorney's fees and court costs and upon receipt of the certification, the Executive Director shall pay up to \$50,000 of the amount certified to the appropriate individual or entity. The Attorney General must report any court ordered payment of attorney's fees and court costs that exceed \$50,000 to the President Pro Tempore of the Senate, the Speaker of the House of Representatives, the Chairman of the Senate Finance Committee, and the Chairman of the House Ways and Means Committee for consideration by the General Assembly.

Action Requested: N/A

117.21. (GP: Organizations Receiving State Appropriations Report) Each organization receiving a contribution in this act shall render to the state agency making the contribution by November first of the fiscal year in which funds are received, an accounting of how the state funds will be spent, a copy of the adopted budget for the current year, and also a copy of the organization's most recent operating financial statement. The funds appropriated in this act for contributions shall not be expended until the required financial statements are filed with the appropriate state agency. No funds in this act shall be disbursed to organizations or purposes which practice discrimination against persons by virtue of race, creed, color or national origin. The State Auditor shall review and audit, if necessary, the financial structure and activities of each organization receiving contributions in this act and make a report to the General Assembly of such review and/or audit, when requested to do so by the State Fiscal Accountability Authority.

Action Requested: Keep

117.42. (GP: Sole Source Procurements) The State Fiscal Accountability Authority shall evaluate and determine whether the written determinations, explanations, and basis for sole source procurements, pursuant to South Carolina Code Section 11-35-1560, and emergency procurements, pursuant to South Carolina Code Section 11-35-1570, are legitimate and valid reasons for awarding noncompetitive contracts.

Action Requested: Keep

117.55. (GP: FEMA Flexibility) Any appropriation designated as the state share for a federally declared disaster may be carried forward and used for the same purpose by the Emergency Management Division of the Adjutant General's Office in the event of additional federally declared disasters. Unallocated funds from established state accounts may be used as the state share in any federally declared disaster. These funds may also be used during a Governor's state of emergency to augment existing state appropriations of the South Carolina Emergency Management Division (SCEMD). When these funds are used during a Governor's state of emergency, the allocation of those funds following the event will be determined by the Governor based on the recommendation of the Adjutant General and the Director of the South Carolina Emergency Management Division.

In the event there is a federally declared disaster and state match funds are unavailable, the State Fiscal Accountability Authority may borrow from any internal account or accounts necessary to maximize federal matching funds through the Emergency Management Division. Any such borrowing must be reported to the General Assembly within five days. Funds borrowed from accounts shall be replenished by the General Assembly as soon as practicable.

Action Requested: Keep

117.82. (GP: Bank Account Transparency and Accountability) Each state agency, except state institutions of higher learning, which has composite reservoir bank accounts or any other accounts containing public funds which are not included in the Comptroller General's South Carolina Enterprise Information System shall prepare a report for each account disclosing every transaction of the account in the prior fiscal year. The report shall be submitted to the State Fiscal Accountability Authority by October first of each fiscal year. The report shall include the name(s) and title(s) of each person authorized to sign checks or make withdrawals from each account, the name and title of each person responsible for reconciling each account, the beginning and year-end balance of funds in each account, and data related to both deposits and expenditures of each account. The report shall include, but not be limited to, the date, amount, and source of each deposit transaction and the date, name of the payee, the transaction amount, and a description of the goods or services purchased for each expenditure transaction. To facilitate review, the State Fiscal Accountability Authority shall prescribe a common format for the report which agencies must use. In order to promote accountability and transparency, a link to the report shall be posted on the Comptroller General's website as well as the agency's homepage.

When the State Auditor conducts or contracts for an audit of a state agency, accounts of the agency subject to this proviso must be included as part of the review.

If an agency determines that the release of the information required in this provision would be detrimental to the state or the agency, the agency may petition the State Fiscal Accountability Authority to grant the agency an exemption from the reporting requirements for the detrimental portion. The meeting to determine whether an exemption should be granted shall be closed. However, the exemption may only be granted upon a majority vote of the State Fiscal Accountability Authority in a public meeting.

Action Requested: Keep

117.86. (GP: Civil Conspiracy Defense Costs) For the current fiscal year, for any claim that has not reached a judgment, if a state or local government employee or former state or local government employee ("government employee") is personally sued for civil conspiracy based in part upon a personnel or employment action or decision regarding an employee, the court must, prior to trial, make a final determination whether the action or decision giving rise to the suit was made by the government employee within the scope of their official duty. If the court finds that the government employee was acting outside the scope of the employee's official duties, the government shall not thereafter expend any funds to pay or defend the claim. If the court finds the government employee was acting within the scope of their official duties, the employee is immune from suit, liability, and damages with respect to the civil conspiracy claim. The government may only expend funds to defend the claim if the determination is that the employee was acting within the scope of their official duties. Nothing in this proviso prevents an insurance provider from defending and paying, respectively, any claims that the provider has contractually agreed to defend and pay.

Action Requested: Keep

117.87. (GP: Recovery Audits) The State Fiscal Accountability Authority shall contract with one or more firms to conduct recovery audits of payments made by all state agencies to vendors for goods and services. The audits must be designed to detect, document, and recover overpayments and erroneous payments to the vendors and to recommend improved financial and operational practices and procedures. A state agency shall pay, from recovered monies received, the recovery audit firm responsible for obtaining for the agency a reimbursement or payment from a vendor a negotiated fee not to exceed twenty percent of the funds recovered by that firm.

Unless otherwise restricted by law, funds recovered, less the cost of recovery, shall be remitted to a special fund subject to appropriation by the General Assembly. Agencies may recover costs that are documented to be directly related to implementation of this provision.

Recovery audits apply only to payments made more than one hundred eighty days prior to the date the audit is initiated and shall cover at least three complete fiscal years.

All information provided under a contract must be treated as confidential by the recovery audit firm. A violation of this provision shall result in the forfeiture by the firm of all compensation under the contract and to the same sanctions and penalties that would apply to that disclosure.

Each state agency shall participate in this recovery audit program and shall cooperate and provide the recovery audit firm with all information necessary for the audit in a timely manner. All vendors that provide goods or services to a state agency shall cooperate with the recovery audit firm in its audit.

A state agency shall expend or return to the federal government any federal money that is recovered through a recovery audit conducted under this provision. Payments to the recovery audit firm from the federal share of recovered funds shall be solely from the federal portion as allowed by the federal agency.

In addition to performing the recovery audits, the recovery audit firm may conduct an analysis of contracts and pricing structures, as determined and directed by the Executive Director of the State Fiscal Accountability Authority or her or his designee, to identify and recommend future cost-savings and improved state agency financial operations going forward. A state agency shall pay the recovery audit firm responsible for obtaining the agency actual cost-savings a fee as authorized by the contract with the recovery audit firm.

The recovery audit firm shall provide reports to the State Fiscal Accountability Authority detailing its findings, the causes for the overpayments and erroneous payments, future cost-savings opportunities and its recommendations for strengthening state operations and/or state contracts to prevent improper payments in the future.

For purposes of this proviso, the term "vendor" or "vendors" includes, but is not limited to, sellers, suppliers, service providers, other providers, contractors and third party administrators; the term

"overpayments and erroneous payments" includes, but is not limited to, overpayments, duplicate payments, erroneous payments, and rebates, discounts and credits not received; and the term "state agency" or "state agencies" includes all state agencies, boards, commissions, institutions and institutions of higher education.

The State Fiscal Accountability Authority shall provide copies, including electronic form copies, of final reports received from a firm under contract to: the Governor; the Chairman of the Senate Finance Committee; the Chairman of the House Ways and Means Committee; and the state auditor's office. Not later than January first of each year, the board shall issue a report to the General Assembly summarizing the contents of all reports received under this provision during the prior fiscal year.

Action Requested: Keep

117.112. (GP: Employee Compensation) The amounts appropriated to F300-Statewide Employee Benefits for Employee Pay Increases must be allocated by the Department of Administration, Executive Budget Office to the various state agencies to provide for employee pay increases in accordance with the following plan:

(1) With respect to classified and non-judge judicial classified employees, effective on the first pay date that occurs on or after July first of the current fiscal year, the compensation of all classified employees shall be increased by zero percent.

(2) With respect to unclassified and non-judge judicial unclassified employees or unclassified executive compensation system employees not elsewhere covered in this act, effective on the first pay date that occurs on or after July first of the current fiscal year the compensation of all unclassified employees shall be increased by zero percent. Any employee subject to the provisions of this paragraph shall not be eligible for compensation increases provided in paragraphs 1, 3, 4, 5, or 6.

(3) Effective on the first pay date that occurs on or after July first of the current fiscal year, agency heads not covered by the Agency Head Salary Commission, shall receive an annualized base pay increase of zero percent.

(4) With respect to local health care providers compensation increases shall be zero percent effective on the first pay date that occurs on or after July first of the current fiscal year. With respect to Area Agencies on Aging funded by the Lieutenant Governor's Office on Aging, compensation shall be increased by zero percent effective on the first pay date that occurs on or after July first of the current fiscal year. With respect to local councils on aging or local providers of services funded by the Lieutenant Governor's Office on Aging through Area Agencies on Aging, no pay increases will be allowed. School Bus Driver salary and fringe funding to school districts shall be increased by zero percent.

(5) Effective on the first pay date that occurs on or after July first of the current fiscal year, the Chief Justice and other judicial officers shall receive an annualized base pay increase of zero percent.

(6) Effective on the first pay date that occurs on or after July first of the current fiscal year, county auditors and county treasurers shall receive an annualized base pay increase of zero percent.

(7) For Fiscal Year 2016-17, the Executive Budget Office is directed to review Executive Branch agencies to determine whether their budgets warrant an other fund authorization increase due to the zero percent compensation increase for all full-time employees. If so warranted, the Executive Budget Office shall work with the Office of the Comptroller General to increase such authorization for the affected agencies.

The Department of Administration shall allocate associated compensation increases for retirement employer contributions based on the retirement rate of the retirement system in which individual employees participate.

The Executive Director of the State Fiscal Accountability Authority is authorized to use excess appropriations for the current fiscal year designated for statewide employer contributions for other

statewide purposes. At the discretion of the Executive Director of the State Fiscal Accountability Authority, such action may be considered a permanent transfer into the receiving agency's base budget.

Funds appropriated in Part IA, F300, Section 106, Statewide Employee Benefits may be carried forward from the prior fiscal year into the current fiscal year.

Action Requested: Keep

117.120. (GP: State Engineer) The State Engineer is an office located within the State Fiscal Accountability Authority, all references to the contrary notwithstanding.

Action Requested: Keep

117.137. (GP: Mobile Device Protection Plan) With funds appropriated and authorized in the current fiscal year, the Department of Administration in the current fiscal year, shall implement updated policies for protecting mobile devices including, but not limited to, cellular phones, tablets and laptops. The department must also consider the potential consolidation of existing protection plans as established by other state agencies, to ensure an effective and efficient statewide approach to a protection plan that covers all state owned devices.

(A) The following factors shall be considered by the department as it reviews options for providing this protection, and to the extent possible, the following components must be included in the updated plan:

- (1) Protective cases and screens for all devices;
- (2) Multi-year insurance coverage for both the device and the protective case;
- (3) Zero deductible if possible to ensure cost savings to the department;
- (4) Multiple claims per device should be allowable;
- (5) Replacement policy if devices cannot be repaired; and
- (6) Local pickup and delivery service for efficient repair and replacement where possible.

(B) Upon development of these policies and to follow the new mobile device purchasing policy for state agencies, the State Fiscal Accountability Authority must establish a statewide contract for protecting all state owned, mobile devices that can be included in one combined contract.

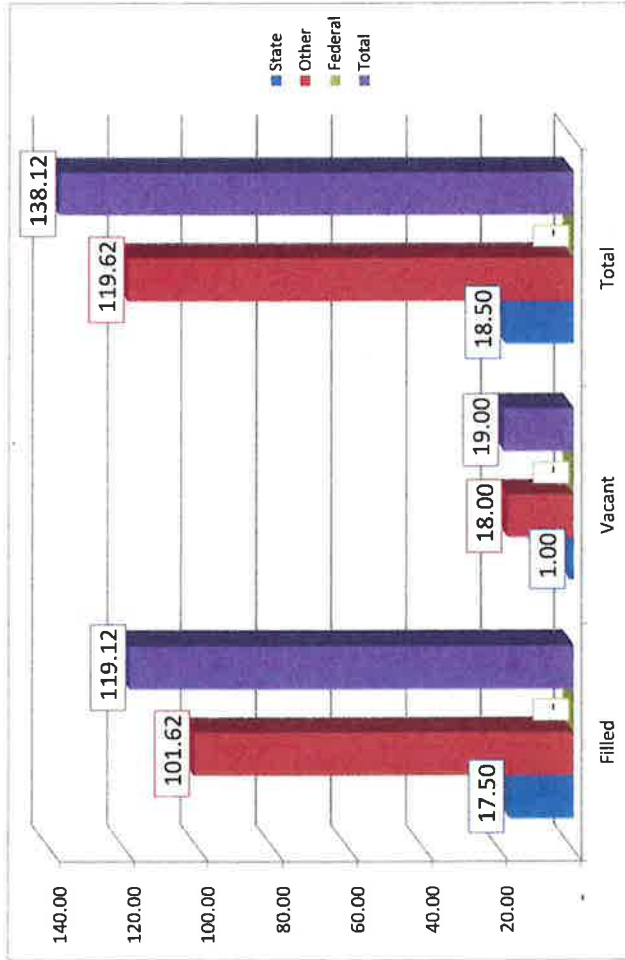
(C) The State Fiscal Accountability Authority must ensure that any contract developed for this purpose is awarded utilizing a competitive approach in accordance with the South Carolina Procurement Code.

Action Requested: Keep

| STATE FISCAL ACCOUNTABILITY AUTHORITY | | |
|--------------------------------------------------------------------|------|----------------------|
| SUMMARY OF CARRY FORWARD AND CURRENT CASH BALANCES | | |
| FISCAL YEAR 2018 CARRYFORWARD TO 2019 | | |
| Office / Description | Fund | Balance 6/30/2018 |
| Insurance Trust Funds | | |
| <i>Insurance Reserve Fund</i> | | |
| * IRF Trust Fund | 4161 | 462,678,391 |
| * Insurance Reserve Fund Administration | 4144 | 24,032 |
| * Sale of Assets | 3958 | 20,746 |
| <i>Second Injury Fund</i> | | |
| * SIF Trust Fund | 4260 | 269,818,831 |
| * SIF Administration | 4799 | 28,181 |
| * Sale of Assets | 3958 | 75 |
| Subtotal | | 732,570,256 |
| Funds Held as Agent for Other Governmental Units or Persons | | |
| Ordinary Sinking Fund | 4154 | |
| Subtotal | | - |
| Business Operations Financed by User Charges | | |
| <i>Procurement Services Division</i> | | |
| General Fund | 1001 | 14,822 |
| Special Operating | 3417 | 7,830,994 |
| Sale of Assets | 3958 | 605 |
| Subtotal | | 7,846,421 |
| <i>SFAA-Administration</i> | | |
| Special Operating | 3417 | 116,620 |
| Subtotal | | 116,620 |
| Grand Total | | 740,533,297 |
| * Indicates those funds that are subject to Federal repayment. | | |

State Fiscal Accountability Authority

FY 2018-19 Authorized FTEs



| | State | Other | Federal | Total |
|--------|-------|--------|---------|--------|
| Filled | 17.50 | 101.62 | - | 119.12 |
| Vacant | 1.00 | 18.00 | - | 19.00 |
| Total | 18.50 | 119.62 | - | 138.12 |