**A** **BILL**

TO AMEND SECTION 1‑11‑495, CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO ACROSS‑THE‑BOARD BUDGET REDUCTIONS BY THE STATE BUDGET AND CONTROL BOARD AND THE MONITORING OF REVENUES AND EXPENSES TO AVOID YEAR‑END DEFICITS, SO AS TO PROVIDE THAT BEGINNING JULY 1, 2010 THE STATE BUDGET AND CONTROL BOARD IS NOT AUTHORIZED TO MAKE ACROSS‑THE‑BOARD BUDGET REDUCTIONS, TO PROVIDE THAT ANY PROVISO IN A GENERAL APPROPRIATIONS ACT TO THE CONTRARY REQUIRES A TWO‑THIRDS VOTE OF THE MEMBERSHIP OF BOTH HOUSES, AND TO REVISE THE PROCEDURES FOR MONITORING AND AVOIDING YEAR‑END BUDGET DEFICITS; AND TO AMEND SECTION 1‑11‑497, RELATING TO STATE AGENCY ACTIONS IF ACROSS‑THE‑BOARD REDUCTIONS ARE ORDERED, SO AS TO DELETE REFERENCES TO THE STATE BUDGET AND CONTROL BOARD.

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

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

“Section 1‑11‑495. (A) ~~The State Budget and Control Board is directed to survey the progress of the collection of revenue and the expenditure of funds by all agencies, departments, and institutions. If the board determines that a year‑end aggregate deficit may occur by virtue of a projected shortfall in anticipated revenues, it shall utilize those funds as may be available and required to be used to avoid a year‑end deficit and after that take action as necessary to restrict the rate of expenditure of all agencies, departments, and institutions consistent with the provisions of this section. No agencies, departments, institutions, activity, program, item, special appropriation, or allocation for which the General Assembly has provided funding in any part of this section may be discontinued, deleted, or deferred by the board. A reduction of rate of expenditure by the board, under authority of this section, must be applied as uniformly as may be practicable, except that no reduction must be applied to funds encumbered by a written contract with the agency, department, or institution not connected with state government. This reduction must not be ordered by the board while the General Assembly is in session without first reporting such necessity to the General Assembly and the General Assembly takes no action to prevent the reduction within five statewide session days of formal written notification.~~

(1) Beginning on July 1, 2010, the State Budget and Control Board is not authorized to make across‑the‑board reductions in state agency general fund appropriations whether or not the General Assembly is in session, and any reductions in state agency general fund or other appropriations after this date must be enacted into law by the General Assembly while in regular, extended, or special session.

(2) Any proviso in a general appropriations act permitting the State Budget and Control Board to make across the board reductions in state agency general fund appropriations contrary to the provisions of item (1) above must receive a two‑thirds vote of the membership of the House of Representatives and the Senate.

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

(C) Upon receipt of the notification from the ~~board~~ Chairman of the House Ways and Means Committee and the Senate Finance Committee, the General Assembly may authorize supplemental appropriations from any surplus revenues that existed at the close of the previous fiscal year. If the General Assembly fails to take action, then the finding of the ~~board~~ Chairman of the House Ways and Means Committee and the Senate Finance Committee shall stand, and the actual deficit at the close of the fiscal year must be reduced as necessary from surplus revenues or surplus funds available at the close of the fiscal year in which the deficit occurs and from funds available in the Capital Reserve Fund and General Reserve Fund, as required by the Constitution of this State. If the ~~board~~ Chairman of the House Ways and Means Committee and the Senate Finance Committee finds that the cause of or likelihood of a deficit is the result of the agency, department, or institution management, then the state officials responsible for management of the agency, department, or institution involved must be held liable for it and the ~~board~~ Chairman of the House Ways and Means Committee and the Senate Finance Committee shall notify the Agency Head Salary Commission of this finding. In the case of a finding that a projected deficit is the result of the management of the agency, department, or institution, the ~~board~~ Chairman of the House Ways and Means Committee and the Senate Finance Committee shall take steps immediately to curtail agency, department, or institution expenditures so as to bring expenditures in line with authorized appropriations and avoid a year‑end operating deficit.”

SECTION 2. Section 1‑11‑497 of the 1976 Code is amended to read:

“Section 1‑11‑497. If ~~the State Budget and Control Board or~~ the General Assembly mandates an across‑the‑board reduction, state agencies are encouraged to reduce general operating expenses including, but not limited to, travel, training, procurement, hiring of temporary and contractual employees before reductions are made to programs, special line items, or local provider services critical to an agency’s mission.”

SECTION 3. This act takes effect on July 1, 2010.

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