~~Indicates Matter Stricken~~

Indicates New Matter

COMMITTEE REPORT

March 31, 2011

**S. 312**

Introduced by Senators Davis, McConnell, Peeler, Bright, Massey, Shoopman, S. Martin, Ryberg, Verdin and Rose

S. Printed 3/31/11--S.

Read the first time January 11, 2011.

**THE COMMITTEE ON FINANCE**

To whom was referred a Bill (S. 312) to amend Section 2‑65‑15, Code of Laws of South Carolina, 1976, relating to definitions for purposes of the South Carolina Federal and Other Funds Oversight Act, etc., respectfully

**REPORT:**

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

Amend the bill, as and if amended, page 2, by striking line 42 and inserting:

/ the federal funds are to be expended. The submission must also include information on all federal funds available to the agency or for which the agency is eligible to request or draw upon that have not been requested or drawn upon due to insufficient matching funds being available or any other reason and also must include the potential costs, conditions, and restrictions of the federal program providing or offering the funds. The information must be /

Amend the bill further, as and if amended, by inserting an appropriately numbered new SECTION to read:

/ SECTION \_\_\_\_. Section 2-65-100(3) of the 1976 Code is amended to read:

“(3) research grants and contracts and ~~student aid grants~~ federal financial aid, including work study, except as otherwise provided in this chapter;” /

Renumber sections to conform.

Amend title to conform.

HUGH K. LEATHERMAN, SR. for Committee.

**STATEMENT OF ESTIMATED FISCAL IMPACT**

ESTIMATED FISCAL IMPACT ON GENERAL FUND EXPENDITURES:

A Cost to the General Fund (See Below)

ESTIMATED FISCAL IMPACT ON FEDERAL & OTHER FUND EXPENDITURES:

$0 (No additional expenditures or savings are expected)

**EXPLANATION OF IMPACT:**

The Governor's Office indicates it would need $137,600 in recurring state general funds for implementation. This includes $129,600 for salary and fringe benefits for 2.00 FTE positions and $8,000 in operating expenses.

*Approved By:*

Harry Bell

Office of State Budget

**A** **BILL**

TO AMEND SECTION 2‑65‑15, CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO DEFINITIONS FOR PURPOSES OF THE SOUTH CAROLINA FEDERAL AND OTHER FUNDS OVERSIGHT ACT, SO AS TO REVISE THE DEFINITION OF “MATCHING FUNDS” TO INCLUDE BOTH GENERAL FUND MONIES AND OTHER FUND MONIES TO BE USED TO MEET FEDERAL MATCH REQUIREMENTS; TO AMEND SECTION 2‑65‑20, RELATING TO THE APPROPRIATION OF ANTICIPATED FEDERAL FUNDS AND OTHER FUNDS BY THE GENERAL ASSEMBLY IN APPROPRIATIONS ACTS, SO AS TO REQUIRE STATE AGENCIES RECEIVING FEDERAL FUNDS TO PROVIDE IN BUDGET SUBMISSIONS FOR THE PROPOSED BUDGET DETAILS OF CONDITIONS IMPOSED ON THE STATE APPLICABLE TO FEDERAL FUNDS INCLUDED IN THE AGENCY’S BUDGET SUBMISSION, REQUIRE THE RECOMMENDED BUDGET SPECIFICALLY TO ACCEPT IN DETAIL THOSE CONDITIONS WHEN FEDERAL FUNDS ARE INCLUDED IN THE PROPOSED BUDGET, AND TO CONFORM THE SECTION TO REFLECT THE PROVISION OF LAW ASSIGNING TO THE GOVERNOR THE DUTY OF PRODUCING A PROPOSED BUDGET TO THE GENERAL ASSEMBLY; AND TO AMEND SECTION 2‑65‑30, RELATING TO EXPENDITURE BY A STATE AGENCY OF UNANTICIPATED FEDERAL FUNDS AND PRIVATE GRANT FUNDS NOT APPROPRIATED IN APPROPRIATIONS ACTS, SO AS TO REQUIRE THE AGENCY’S SUBMISSION OF AN EXPENDITURE PROPOSAL FOR THE ANTICIPATED FUNDS TO THE STATE BUDGET AND CONTROL BOARD TO INCLUDE THE CONDITIONS IMPOSED ON THE STATE’S RECEIPT AND EXPENDITURE OF THE FEDERAL FUNDS AND, IN AUTHORIZING THE RECEIPT AND EXPENDITURE, THE BOARD’S ACCEPTANCE OF THE CONDITIONS.

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

SECTION 1. Section 2‑65‑15(7) of the 1976 Code is amended to read:

“(7) ‘Matching funds’ means a specific amount of general fund or other funds monies identified by a state agency, and required by the federal government, as a cash contribution for a federal program.”

SECTION 2. Section 2‑65‑20 of the 1976 Code is amended to read:

“Section 2‑65‑20. The General Assembly shall appropriate all anticipated federal and other funds for the operations of state agencies in the appropriations act and must include any conditions on the expenditure of these funds as part of the appropriations act, consistent with federal laws and regulations. Increases in project amounts as appropriated in the act must be authorized in accordance with procedures set forth in Section 2‑65‑40, consistent with policies as provided in the appropriations act and other applicable laws and regulations.

(1) All agencies shall provide to the ~~board~~ Governor, as part of their budget submissions, detailed statements of the sources of all federal and other funds contained in their budgets.

(2) All state agencies shall submit programmatic and financial information for ~~each federal project~~ all federal funds the agencies seek to expend in the fiscal year to the ~~board~~ Governor in a manner prescribed by the ~~board~~ Governor. The submission must provide a separate listing of all conditions imposed on this State if the funds are accepted and expended, including, but not limited to, matching requirements; maintenance of effort requirements for the activity for which the funds are to be expended; limits on program changes, including eligibility requirements, either by agency action or legislative enactment; and any other requirements that limit the authority of this State, by legislative enactment or administrative process to revise, extend, or eliminate the activity in aid of which the federal funds are to be expended. The information must be submitted in a timely manner so as to permit review of the projects as part of the budget process.

(3) The ~~board~~ Governor shall provide to the Ways and Means Committee and the Senate Finance Committee at appropriate times during the budget review process ~~its~~ his recommendations ~~on all federal projects~~ with respect to federal funds proposed for inclusion in the agency’s budget request. A favorable recommendation must include the Governor’s specific request for the inclusion of the federal funds and the details of the conditions imposed by the inclusion and appropriation of the federal funds.

(4) The appropriation of federal funds must be decreased to the extent that receipts from these sources do not meet the estimates reflected in each section of the appropriations act.

(5) With the exception of funds defined as ‘exempt’ in Section 2‑65‑100, no agency may receive or spend federal or other funds that are not authorized in the appropriations act, but unanticipated federal or other funds may be received and spent upon authorization pursuant to Section 2‑65‑30 or 2‑65‑40, as applicable.”

SECTION 3. Section 2‑65‑30(A) of the 1976 Code is amended to read:

“(A) A state agency may receive and spend unanticipated federal funds, and funds from private foundations or industries, which are not included in the appropriations act, but state agencies must submit expenditure proposals to the board and receive authorization from the board before expenditure of funds. No authorization may be made without first securing and considering the board’s recommendation on each expenditure proposal. The request must include the conditions imposed on the State’s receipt and expenditure of the federal funds as those conditions are described pursuant to Section 2‑65‑20(2), and the board’s authorization to receive and expend the federal funds must specifically accept those conditions. Any such authorization is subject to all of the following standards:

(1) The unanticipated nature of the ~~project~~ receipt of the federal funds precluded ~~it from~~ the consideration and approval of the federal funds as part of the state appropriations process as described in Section 2‑65‑20.

(2) The ~~project assists~~ federal funds will assist the applicant state agency to achieve objectives or goals in keeping with the recognized powers and functions of the state agency.

(3) The applicant state agency is the appropriate entity to conduct project activities and no duplication of services is created by the authorization.

(4) State matching funds, if required, are available within the existing resources of the applicant state agency.”

SECTION 4. This act takes effect upon approval by the Governor and first applies for agency proposed budget submissions for fiscal year 2012‑2013 and for all agency requests to the State Budget and Control Board to spend unanticipated federal funds submitted after the effective date of this act.

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