**A** **BILL**

TO AMEND SECTION 1‑11‑497 OF THE CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO ACROSS‑THE‑BOARD REDUCTION IN EXPENDITURES, SO AS TO PROVIDE THAT UNLESS OTHERWISE PROHIBITED BY LAW, ANY ACROSS‑THE‑BOARD REDUCTION MUST BE APPLIED TO ALL APPROPRIATED FUNDS INCLUDING STATE FUNDS, FEDERAL FUNDS, AND “OTHER FUNDS”; TO AMEND SECTION 2‑7‑75, RELATING TO APPROPRIATING OF FUNDS, SO AS TO PROVIDE THAT UNLESS OTHERWISE PROHIBITED BY LAW, IF THE GENERAL ASSEMBLY MANDATES ANY ACROSS‑THE‑BOARD PERCENTAGE REDUCTION OF ANY APPROPRIATED FUNDS, THE REDUCTION APPLIES IN THE SAME PERCENTAGE TO “OTHER FUNDS”; TO AMEND SECTION 2‑65‑40, RELATING TO, OVERSIGHT AND EXPENDITURE OF “OTHER FUNDS”, SO AS TO PROVIDE THAT THAT UNLESS OTHERWISE PROHIBITED BY LAW, IF THE GENERAL ASSEMBLY MANDATES ANY ACROSS‑THE‑BOARD PERCENTAGE REDUCTION OF ANY APPROPRIATED FUNDS, THE REDUCTION APPLIES IN THE SAME PERCENTAGE TO “OTHER FUNDS”; AND TO AMEND SECTION 11‑11‑160, RELATING TO TRANSFERS OF APPROPRIATIONS AND REDUCTION OF AUTHORIZED SPENDING, SO AS TO PROVIDE THAT THAT UNLESS OTHERWISE PROHIBITED BY LAW, IF THE GENERAL ASSEMBLY MANDATES ANY ACROSS‑THE‑BOARD PERCENTAGE REDUCTION OF ANY APPROPRIATED FUNDS, THE REDUCTION APPLIES IN THE SAME PERCENTAGE TO “OTHER FUNDS”.

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

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

“Section 1‑11‑497. (A) 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.

(B) Unless otherwise prohibited by law, if the General Assembly mandates an across‑the‑board reduction of appropriated funds, the across‑the‑board reduction must be applied to all appropriated funds including state funds, federal funds, and ‘other funds’. Any unexpended funds subject to the reduction must be deposited in the State General Fund and appropriated as provided by the General Assembly.”

SECTION 2. Section 2‑7‑75 of the 1976 Code is amended to read:

“Section 2‑7‑75. (A) All state funds appropriated shall be used and all federal and ‘other funds’ may be used for the operation of state agencies and institutions for the fiscal year for which they are appropriated or made available for use. All agencies and institutions are directed to expend state appropriated funds in strict accordance with the line item appropriations as authorized by the annual appropriations act except for such transfers of funds as may be approved by the Budget and Control Board under its authority as set forth in the appropriations act or other provisions of law. When practicable, all agencies and institutions having federal or ‘other funds’ available for the financing of their operation shall expend such funds in accordance with the line item appropriations. The authorization to spend federal and ‘other funds’ shall be reduced to the extent that receipts from these sources do not meet the estimates as reflected in each section of the appropriation act. The Budget and Control Board shall give consideration to the intent of the General Assembly expressed in this section when exercising its responsibility for reviewing grant requests as set forth in the annual appropriations act.

(B) Unless otherwise prohibited by law, if the General Assembly mandates any across‑the‑board percentage reduction of any appropriated funds, the reduction applies in the same percentage to ‘other funds’. Any unexpended funds subject to the reduction must be deposited in the State General Fund and appropriated as provided by the General Assembly.”

SECTION 3. Section 2‑65‑40 of the 1976 Code is amended to read:

“Section 2‑65‑40. (A) A state agency may spend ‘other’ funds above the amount in the appropriations act and increases in anticipated federal programs if the expenditure of the funds receives the authorization of the board.

(B) Authorizations under this section are subject to the following standards, as applicable:

(1) the proposed use of the funds do not result in a fund of surplus money which may be used by the agency to expand programs without legislative approval;

(2) if the funds are earmarked for specific use in the appropriations act, or by federal law or regulation, any additional funds must be used for the same purpose;

(3) if the increase results from a fee or charge for service, the agency has the legal authority to impose the fee, and has secured any approvals required by applicable law or regulations;

(4) the proposed use of funds assists the state agency to achieve objectives or goals in keeping with the recognized powers and functions of the state agency;

(5) if the funds are generated from a new revenue source:

(a) the proposed use of funds covers only a minimum amount of administrative costs necessary to support the revenue collection, and any excess must be remitted to the general fund of the State;

(b) it is determined that the requesting state agency is the appropriate entity to carry out the proposed activities and no duplication of services is created by the authorization;

(6) if the increase in federal funds requires a corresponding increase in state matching funds, the state match is available from existing resources.

(C) The board shall provide the House Ways and Means Committee and the Senate Finance Committee with periodic reports which describe actions taken under the provisions of this section.

(D) Unless otherwise prohibited by law, if the General Assembly mandates any across‑the‑board percentage reduction of any appropriated funds, the reduction applies in the same percentage to ‘other funds’. Any unexpended funds subject to the reduction must be deposited in the State General Fund and appropriated as provided by the General Assembly.”

SECTION 4. Section 11‑11‑160 of the 1976 Code is amended to read:

“Section 11‑11‑160. (A) The General Assembly shall appropriate all state funds and authorize or appropriate, or both, the use of all federal and “other funds” for the operations of state agencies and institutions for the current fiscal year. Transfers of these appropriations or authorizations may be approved by the State Budget and Control Board under its authority or by the agency as provided in the annual general appropriations act. An agency which requests or transfers personal service funds must indicate on the transfer document whether or not a reduction in force is involved. To the extent practicable, all agencies and institutions having federal or ‘other funds’ available for the financing of their operation shall expend these funds in accordance with the provisions of the annual general appropriations act. The authorization to spend federal and ‘other funds’ must be decreased to the extent that receipts from these sources do not meet the estimates as reflected in each section of the annual general appropriations act and any increase must be authorized through the review process as provided in Chapter 65 of Title 2.

(B) Unless otherwise prohibited by law, if the General Assembly mandates any across‑the‑board percentage reduction of any appropriated funds, the reduction applies in the same percentage to ‘other funds’. Any unexpended funds subject to the reduction must be deposited in the State General Fund and appropriated as provided by the General Assembly.”

SECTION 5. This act takes effect upon approval by the Governor.

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