



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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Bill Number: S. 1166
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Subject: SC State University
Requestor: Senate Finance
RFA Analyst(s): Walling and Kokolis
Impact Date: March 24, 2016

Estimate of Fiscal Impact

| | FY 2016-17 | FY 2017-18 |
|----------------------------------|-------------------|-------------------|
| State Expenditure | | |
| General Fund | See Below | See Below |
| Other and Federal | See Below | See Below |
| Full-Time Equivalent Position(s) | 0.00 | 0.00 |
| State Revenue | | |
| General Fund | \$0 | \$0 |
| Other and Federal | See Below | See Below |
| Local Expenditure | \$0 | \$0 |
| Local Revenue | \$0 | \$0 |

Fiscal Impact Summary

This bill reduces South Carolina State University’s Other Fund expenditures by \$1,000,000 annually in years the university operates without an operating budget deficit. Simultaneously, this bill reduces revenue to the State by \$1,000,000 annually beginning in FY 2017-18 in years the university operates without an operating budget deficit. Additionally, this bill would reduce General Fund expenditures by \$1,362,290 and Other Fund expenditures by \$937,710 each year beginning FY 2016-17 and ending FY 2021-22 if South Carolina State University institutes a twenty day mandatory employee furlough program.

Explanation of Fiscal Impact

State Expenditure

This bill relieves \$1,000,000 of South Carolina State University’s (SCSU) outstanding debt for each year the university operates without an operating budget deficit. In years in which loan principal is forgiven, the preceding year’s installment payment shall be proportionately reduced. The new payment amount will be calculated by the Executive Budget Office and provided to SCSU on or before July 30th each year. Additionally, this bill allows the institution to implement a mandatory employee furlough of up to twenty days in each fiscal year. The furlough option is available beginning with FY 2016-17 and ending with FY 2021-22.

South Carolina State University. The university indicates the debt forgiveness will reduce its Other Fund expenditures on outstanding debt payments to the State by \$1,000,000 per year for a maximum forgiveness of \$16,905,833 of SCSU’s debt issued by the State, if all approved loans are disbursed to the university.

Furthermore, the university indicates this bill will result in a savings of \$115,000 per day of a mandatory employee furlough. These savings would decrease General Fund expenditures by \$69,000 and Other Fund expenditures by \$46,000 for each day a furlough is instituted. The furlough will allow the university to reduce General Fund and Other Fund expenditures by a maximum of \$1,362,290 and \$937,710 per year, respectively, for a total of \$2,300,000 if the furlough is implemented for the maximum twenty days.

The Department of Administration. The Department of Administration indicates this bill will have no expenditure impact on the General Fund, Federal Funds, or Other Funds.

State Revenue

This bill will reduce revenue to the State by \$1,000,000 each year that SCSU operates without an operating budget deficit. If SCSU debt forgiveness is applied to all years of debt repayment, State revenue will be reduced by a total of \$16,905,833 due to the reduced loan repayments. This bill will not impact General Fund or Federal Funds revenue.

Local Expenditure

N/A

Local Revenue

N/A



Frank A. Rainwater, Executive Director