

Department of Administration**Vacant FTEs**

Part II

Section 2.B.

(Pg. 2)

Delete Section 2.B., which arbitrarily calls for the deletion of 147 FTEs by the Budget and Control Board prior to most provisions of the bill becoming operative on July 1, 2013. The law already provides for an annual review process through which positions are deleted. Furthermore, there could be significant changes to the number of vacant positions at BCB during the intervening year; committing to this specific figure carries risk.

Capitol Complex Maintenance and Support - Mandatory Line Item

§1-1-10(A)(1)(d)

Part III

Section 4.A.

(Pg. 3)

Delete language requiring that the Department of Administration include a line item for Capitol Complex maintenance and support in its budget request. Permanent law should not dictate specific line items that must appear in future fiscal years, especially since the legislature retains its discretion to structure its appropriations bill however it chooses. Note also that this provision is only operative "In the fiscal year succeeding implementation of this act..." Why impose such a mandate and only have it apply once?

Office of State Budget

§1-1-10(A)(2)

Part III

Section 4.A.

(Pg. 3)

The source of this precise language is unclear. For instance, the phrase "portions of the Office of State Budget" does not appear in the final House or Senate draft (checked with Ctrl+F). We understand that the Conference Committee has essentially adopted the House's "Revenue and Fiscal Affairs" model and read this language as being consistent with that in spirit - we're just not sure how this specific provision is operating.

Statewide Strategic Technology Plan

§1-1-10(C)(1)

Part III

Section 4.A.

(Pg. 4)

The House bill did not require that this document be produced.

Approval of Statewide Policies

§1-1-10(H)

Part III

Section 4.A.

(Pg. 5)

The Senate included ambiguous language requiring the Department of Administration to post decisions "to approve statewide policies, procedures, regulations, or other specific actions" on its website within 60 days of the request for that approval. Nobody has been able to explain what this would apply to, how this would work, or if there would be an extension available if the Department could not render a decision in that timeframe due to circumstances beyond its control. The House had no corresponding language; we support the House's view.

Transfers to SC Rural Infrastructure Authority

§1-1-20(H)

Part III

Section 4.B.

(Pg. 6)

The report transfers the SC Infrastructure Facilities Authority and the SC Water Quality Revolving Fund Authority to the SC Rural Infrastructure Authority (Senate) instead of to the State Contracts and Accountability Authority (House). We prefer the House alternative.

Department of Administration

Governing Authority	§1-30-10	Part IV	Section 6.A.	(Pg. 7-9)
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The draft report includes the Senate's "governing authority" language, which imposes a number of cumbersome reporting requirements on state agencies and refers to "four-year" Legislative Oversight reviews (which appears to be inconsistent with the conference committee's apparent preference for seven-year reviews, based on conversations with staff). Several of the changes made by the Senate in this section are helpful technical cleanups, but the expanded reporting requirements add more paperwork that is unlikely to add value. This language may also be inconsistent with the report's amendments to §1-1-22 (House), which we support.

Legislative Oversight	§2-2-5, et seq.	Part IV	Section 6.D.	(Pg. 10-14)
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The draft report uses the House's 2015 effective date (which we support) and alternates between a 7-year cycle (House) and a 4-year cycle (Senate). We support a 7-year cycle on the grounds that a 4-year review would be prohibitively expensive. In §2-2-40, the House required a 2/3 vote to initiate a full oversight review outside of the adopted schedule, which we support. The Senate bill and the report do not require that supermajority.

Additional Approvals for Real Estate Transactions	§1-11-56(A)(7), et seq.	Part V	Section 7.C.	(Pg. 15)
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The draft report requires SCAA approval for leases committing more than \$200k/year or \$1M/5 years, and establishes a variety of other approval thresholds for real estate transactions (House). These do not appear in the Senate version, which we support.

SCEIS Implementation and Operation - Mandatory Line Item	§11-53-20	Part V	Section 7.X.	(Pg. 32)
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Delete language requiring that the Department of Administration include a line item for SCEIS implementation and operation in its budget request. Permanent law should not dictate specific line items that must appear in future fiscal years, especially since the legislature retains its discretion to structure its appropriations bill however it chooses.

Revenue and Fiscal Affairs Office	§11-9-1110, et seq.	Part VI	Section 9	(Pg. 47)
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We support the Senate model - or a fully-independent BEA with the remaining portions of the Office of State Budget at SCAA - to the Revenue and Fiscal Affairs Office approach.

SC Rural Infrastructure Authority	§11-50-50, et seq.	Part VI	Section 24.C.-F.	(Pg. 56-57)
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The Senate bill changed the composition of the board of the SC Rural Infrastructure Authority by placing restrictions on the Governor's appointing authority (while leaving all legislative appointments unencumbered). The Senate also forced the Department of Administration to administratively support SCRIA (including its new director) and directed the Department of Revenue to transfer millions to SCRIA. The House had no corresponding provisions for Section 24, subsections C through F of the conference report; we support the House's position.

Department of Administration

Retirement and Employee Insurance - Governance

Part VII

We prefer the composition of the SCAA that appears in the conference report to the original 7-member House draft. This box is here largely as a placeholder, since the SCAA/PEBA issue still has not been resolved.

Bond Review Authority

§1-11-30

Part VII

Section 27.A.

(Pg. 60)

The structure of the Bond Review Authority is identical to the SCAA, but the language appears to leave open the possibility that the same House and/or Senate member who serves on one may not serve on the other. Without free conference, there are likely few options to modify this language. Is the goal for this authority and the SCAA to be distinct entities, or are we just doing what we can with the existing language?

Conduit Bonds

§1-11-30(B)(2)

Part VII

Section 27.A.

(Pg. 60)

Replacing the first sentence of §1-11-30(B)(2) with the Senate's language instead of the House's would address the "conduit bonds issue" and allow political subdivisions to complete their debt issuances - which do not put the state's credit rating at risk - with less paperwork and delay.

Procurement Felony

§1-11-30(B)(2)

Part VII

Section 34

(Pg. 110-111)

The new procurement felony appeared in the Senate bill, but not the House's. We consider this language to be duplicative of existing law and overly broad with respect to its potential application. A strict reading of this language could make some relatively harmless conduct a felony.

Joint Strategic Technology Committee

§2-9-10

Part VIII

Section 35

(Pg. 111-112)

The House bill did not create this new committee or the associated advisory committee. The JSTC itself is unlikely to add much value. Furthermore, given all the various changes that this bill would set in motion, there is a compelling argument to be made that IT governance should not be formalized so rigidly now, but should instead be revisited in the intermediate-term. In its current form, this language largely just creates more government.

Code Commissioner's Report

Part X

Section 37(C)

(Pg. 113)

Section 5(C) on pages 6-7 and Section 37(C) on page 113 appear to provide identical instructions to the Code Commissioner.

Insurance Reserve Fund - Reforms

The report does not include the reforms to the Insurance Reserve Fund that appeared in the Senate bill in §1-11-140(B). For instance, the Senate bill required that the IRF take applications from qualified attorneys at least biennially. This language does not appear in the conference report.