

April 1, 2016

W. Franklin Evans, Ph.D.
Interim President
South Carolina State University
300 College Street NE
Orangeburg, South Carolina 29117

Re: Proviso 19.4 of the FY 2015-16 Appropriations Act

Dear President Evans:

Proviso 19.4 of the FY 2015-16 Appropriations Act directs the S. C. Department of Administration, Executive Budget Office (hereinafter EBO) to make quarterly distribution payments to South Carolina State University (hereinafter SCSU). In order to make these payments, the EBO must certify that (1) for the initial scheduled quarterly installment, the Board of Trustees of the University, based on reasonable enrollment and other realistic budgetary assumptions, has adopted a balanced budget, whereby operating expenditures do not exceed operating revenue and that the university is not projected by the EBO, based upon a cash flow analysis, to fall out of balance for the quarter; and (2) for each remaining quarterly installment, the EBO certifies that the university's budget for the fiscal year that the loan is made remains in balance based on a cash flow analysis at the time of the installment payment and that the university is not projected, by the EBO, based on a cash flow analysis, to fall out of balance during the quarter. If SCSU does not meet the provisions above and the EBO cannot provide the necessary certifications, installment payments scheduled but not yet made must be suspended until the EBO certifies that the university has taken the necessary corrective action to meet the provisions of the proviso.

With assistance from Elliott Davis and upon information provided yesterday in a meeting with SCSU officials, the EBO has determined, based upon the actual cash flow data for the period ended March 31, 2016, that the university has maintained a balanced budget for the third quarter. As a result, EBO is able to certify the requirements of the proviso and is requesting that the State Treasurer and Comptroller General release the third quarter's disbursement totaling one million dollars to SCSU.

Dr. Evans
April 1, 2016
Page Two (2)

At this point, the EBO is not able to certify the necessary requirements to release the fourth quarter distribution. We request that the university provide the information listed below to assist us in our analysis of the final quarter's cash forecast for the university.

- As discussed during yesterday's meeting of SCSU officials, Department of Administration staff, and Elliott Davis representatives, SCSU will provide a written response summarizing scholarships and the university's change in policy in awarding scholarships.
- For grants and contracts, SCSU will provide a list by sponsored program of forecasted receipts for March through June of 2016.
- SCSU will provide a roll forward of restricted cash for fiscal year 2016, including the beginning and ending restricted cash balances per the forecast along with the actual and forecasted restricted cash receipts and disbursements. Please make sure to include a detailed explanation of the overall net decrease in restricted cash, if in fact that is still the estimate after any necessary adjustments are made to the forecast document.
- Provide an explanation for the net receipt of \$1.1 million when comparing net receipts/payments of funds held for others. In previous years, the amounts have netted close to zero.
- Provide a revised forecast document with changes highlighted and detailed explanations for those changes attached.

We will continue to analyze the university's cash flow position as we receive the information requested above. Upon receipt of the information requested, we will make a decision concerning the release of the last quarterly installment payment. Please make sure to provide answers in writing to the requests above. As always, we appreciate the University's effort and dedication in providing the necessary information. If you should have any questions, please call me or Brenda Hart, Director of the Executive Budget Office.

Sincerely,



Marcia S. Adams

CC: The Honorable Nikki R. Haley, Governor
Chairman Charles S. Way, Jr., S. C. State University Board of Trustees