

AGENCY NAME:	Attorney General's Office		
AGENCY CODE:	E20	SECTION:	59



Fiscal Year 2017-18 Agency Budget Plan

FORM A – SUMMARY

**RECURRING FUNDS
(FORM B
DECISION PACKAGES)**

My agency is submitting the following recurring decision packages listed in <u>priority order</u> (Form B):	
	9962 9965
For FY 2017-18, my agency is (mark "X"):	
<input type="checkbox"/>	Requesting a net increase in recurring General Fund appropriations.
<input checked="" type="checkbox"/>	Not requesting a net increase in recurring General Fund Appropriations.

**CAPITAL &
NON-RECURRING
FUNDS
(FORM C
DECISION PACKAGES)**

My agency is submitting the following one-time decision packages listed in <u>priority order</u> (Form C):	
For FY 2017-18, my agency is (mark "X"):	
<input type="checkbox"/>	Requesting capital and/or non-recurring funds.
<input checked="" type="checkbox"/>	Not requesting capital and/or non-recurring funds.

**PROVISOS
(FORM D)**

For FY 2017-18, my agency is (mark "X"):	
<input checked="" type="checkbox"/>	Requesting a new proviso and/or substantive changes to existing provisos.
<input type="checkbox"/>	Only requesting technical proviso changes (such as date references).
<input type="checkbox"/>	Not requesting any proviso changes.

Please identify your agency's preferred contacts for this year's budget process.

	<u>Name</u>	<u>Phone</u>	<u>Email</u>
PRIMARY CONTACT:	Adam Piper	803-734-3778	apiper@scag.gov
SECONDARY CONTACT:	Kimberly Buckley	803-734-3771	kbuckley@scag.gov

I have reviewed and approved the enclosed FY 2017-18 Agency Budget Plan, which is complete and accurate to the extent of my knowledge.

	<u>Agency Director</u>	<u>Board or Commission Chair</u>
SIGN/DATE:	<i>Alan Wilson</i>	9-30-16
TYPE/PRINT NAME:	Alan Wilson, Attorney General	 <small>OFF 09 2016</small>

This form must be signed by the department head – not a delegate.

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FORM B – PROGRAM REVISION REQUEST

DECISION PACKAGE	9962
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Provide the decision package number issued by the PBF system ("Governor's Request").

TITLE	State Funds Allocations FY16-17 (Pay Plan 3.25% , SCRS & PORS .50% Rate Increase, Health and Dental Insurance Increase)
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Provide a brief, descriptive title for this request.

AMOUNT	279,623
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What is the net change in requested appropriations for FY 2017-18? This amount should correspond to the decision package's total in PBF across all funding sources.

ENABLING AUTHORITY	Section 1, Chapter 7 State of South Carolina Code of Law
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What specific state or federal statutory, regulatory, and/or administrative authority established this program? Is this decision package prompted by the establishment of or a revision to that authority? Please avoid citing general provisions of law where possible, and instead cite to the most specific legal authority supporting the request.

FACTORS ASSOCIATED WITH THE REQUEST	Mark "X" for all that apply:
	<input checked="" type="checkbox"/> (Base Adjustment) Allocation of statewide employee benefits.
	<input type="checkbox"/> (Base Adjustment) Realignment within existing programs and lines.
	<input type="checkbox"/> (Base Adjustment) Restructuring of agency programs – <i>requires pre-approval.</i>
	<input type="checkbox"/> IT Technology/Security related
	<input type="checkbox"/> Consulted DTO during development
	<input type="checkbox"/> Related to a Non-Recurring request – If so, Decision Package # _____
	<input type="checkbox"/> Change in cost of providing current services to existing program audience.
	<input type="checkbox"/> Change in case load / enrollment under existing program guidelines.
	<input type="checkbox"/> Non-mandated change in eligibility / enrollment for existing program.
	<input type="checkbox"/> Non-mandated program change in service levels or areas.
	<input type="checkbox"/> Proposed establishment of a new program or initiative.
<input type="checkbox"/> Loss of federal or other external financial support for existing program.	
<input type="checkbox"/> Exhaustion of fund balances previously used to support program.	

RECIPIENTS OF FUNDS	The Office of the Attorney General is requesting a base adjustment due to the state funds allocation increase in pay plan at 3.25%, retirement rate Increase at .50% and health and dental insurance employer contributions increase for FY16-17.
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What individuals or entities would receive these funds (contractors, vendors, grantees, individual beneficiaries, etc.)? How would these funds be allocated – using an existing formula, through a competitive process, based upon predetermined eligibility criteria?

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ACCOUNTABILITY OF FUNDS	All objectives will be supported by this request.
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What specific agency objective, as outlined in the agency's accountability report, does this funding request support? How would this request advance that objective?

POTENTIAL OFFSETS	n/a
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For decision packages that request non-mandatory funding increases to programs or initiatives, please identify a potential offset within an existing lower priority or ineffective program(s).

MATCHING FUNDS	100% State Funds
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Would these funds be matched by federal, institutional, philanthropic, or other resources? If so, identify the source, amount, and terms of the match requirement.

FUNDING ALTERNATIVES	The Office of the Attorney General currently does not have the sustainable source of funds to support these increases in state pay plan and employee benefits.
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What other possible funding sources were considered? Could this request be met in whole or in part with the use of other resources, including fund balances? If so, please comment on the sustainability of such an approach.

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SUMMARY	<p>The office of Attorney General will have an increase in state payroll and employer contribution cost due to the FY16-17 allocations. The agency requests a recurring base increase to offset the budget impact.</p>
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Using as much detail as necessary to make an informed decision regarding this request, provide a summary of the rationale for the decision package. Why has it been requested? How specifically would the requested funds be used? If the request is related to information security or information technology, explain its relationship to the agency's security or technology plan.

METHOD OF CALCULATION	<p>The office calculated cost based on the agency's current state payroll and state employer contribution rate table for FY 17-18.</p>
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How was the amount of the request calculated? List the per unit or per FTE costs of implementation. What factors could cause deviations between the request and the amount that could ultimately be required in order to perform the underlying work?

FUTURE IMPACT	<p>No other obligations will be required.</p>
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Will the state incur any maintenance-of-effort or other obligations by adopting this decision package? What impact will there be on future capital and/or operating budgets if this request is or is not honored? Has a source of any such funds been identified and/or obtained by your agency?

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PRIORITIZATION	The SCAG would defer action until FY 17-18.
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If no or insufficient new funds are available in order to meet this need, how would the agency prefer to proceed? By using fund balances, generating new revenue, cutting other programs, or deferring action on this request in FY 2017-18? Please be specific.

INTENDED IMPACT	This base allocation increase would offset the additional payroll and employer contribution cost to the agency.
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What impact is this decision package intended to have on service delivery and program outcomes, and over what period of time?

PROGRAM EVALUATION	The SCAG has a case management system that tracks the efficiencies of programs in the agency.
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How would the use of these funds be evaluated? What specific outcome or performance measures would be used to assess the effectiveness of this program?

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FORM B – PROGRAM REVISION REQUEST

DECISION PACKAGE	9965
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Provide the decision package number issued by the PBF system ("Governor's Request").

TITLE	Current FTE Transfer from Other Funds to State Funds
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Provide a brief, descriptive title for this request.

AMOUNT	1,239,053
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What is the net change in requested appropriations for FY 2017-18? This amount should correspond to the decision package's total in PBF across all funding sources.

ENABLING AUTHORITY	Section 1, Chapter 7 State of South Carolina Code of Law
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What specific state or federal statutory, regulatory, and/or administrative authority established this program? Is this decision package prompted by the establishment of or a revision to that authority? Please avoid citing general provisions of law where possible, and instead cite to the most specific legal authority supporting the request.

FACTORS ASSOCIATED WITH THE REQUEST	Mark "X" for all that apply:
	<input type="checkbox"/> (Base Adjustment) Allocation of statewide employee benefits.
	<input type="checkbox"/> (Base Adjustment) Realignment within existing programs and lines.
	<input type="checkbox"/> (Base Adjustment) Restructuring of agency programs – <i>requires pre-approval.</i>
	<input type="checkbox"/> IT Technology/Security related
	<input type="checkbox"/> Consulted DTO during development
	<input type="checkbox"/> Related to a Non-Recurring request – If so, Decision Package # _____
	<input type="checkbox"/> Change in cost of providing current services to existing program audience.
	<input type="checkbox"/> Change in case load / enrollment under existing program guidelines.
	<input type="checkbox"/> Non-mandated change in eligibility / enrollment for existing program.
	<input type="checkbox"/> Non-mandated program change in service levels or areas.
	<input type="checkbox"/> Proposed establishment of a new program or initiative.
<input type="checkbox"/> Loss of federal or other external financial support for existing program.	
<input checked="" type="checkbox"/> Exhaustion of fund balances previously used to support program.	

RECIPIENTS OF FUNDS	The Office of the Attorney General is requesting for a FY16-17 authorized interim transfer of 33 current FTE's from other funds to state funds be made permanent for FY17-18. The agency is requesting \$1,239,053 be transferred from general fund current operating allocation to classified positions and employee benefits to support this transfer.
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What individuals or entities would receive these funds (contractors, vendors, grantees,

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individual beneficiaries, etc.)? How would these funds be allocated – using an existing formula, through a competitive process, based upon predetermined eligibility criteria?

ACCOUNTABILITY OF FUNDS	All objectives will be supported by this request. This request would continue to allow the funds allocated in FY16-17 budget to be utilized as requested.
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What specific agency objective, as outlined in the agency's accountability report, does this funding request support? How would this request advance that objective?

POTENTIAL OFFSETS	n/a
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For decision packages that request non-mandatory funding increases to programs or initiatives, please identify a potential offset within an existing lower priority or ineffective program(s).

MATCHING FUNDS	100% State Funds
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Would these funds be matched by federal, institutional, philanthropic, or other resources? If so, identify the source, amount, and terms of the match requirement.

FUNDING ALTERNATIVES	The Office of the Attorney General currently does not have the sustainable source of funds to support these 33 FTE's in other funding sources.
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What other possible funding sources were considered? Could this request be met in whole or in part with the use of other resources, including fund balances? If so, please comment on the sustainability of such an approach.

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SUMMARY	<p>The office of Attorney General received a 2.5 million increase in general funds in FY16-17 and requested the 33 current other FTE's be switched over to state funding to utilize the funds received as intended in the budget proposal. An interim change was authorized for FY16-17. The Attorney General's Office is requesting to make the FTE transfer permanent and transfer \$1,239,053 from current general fund operating allocation to classified positions and employee benefits for FY17-18.</p>
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Using as much detail as necessary to make an informed decision regarding this request, provide a summary of the rationale for the decision package. Why has it been requested? How specifically would the requested funds be used? If the request is related to information security or information technology, explain its relationship to the agency's security or technology plan.

METHOD OF CALCULATION	<p>The office calculated cost based on the current 33 FTE annual salaries and fringe.</p>
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How was the amount of the request calculated? List the per unit or per FTE costs of implementation. What factors could cause deviations between the request and the amount that could ultimately be required in order to perform the underlying work?

FUTURE IMPACT	<p>No other obligations will be required</p>
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Will the state incur any maintenance-of-effort or other obligations by adopting this decision package? What impact will there be on future capital and/or operating budgets if this request is or is not honored? Has a source of any such funds been identified and/or obtained by your agency?

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PRIORITIZATION	The SCAG would defer action until FY 2017-18.
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If no or insufficient new funds are available in order to meet this need, how would the agency prefer to proceed? By using fund balances, generating new revenue, cutting other programs, or deferring action on this request in FY 2017-18? Please be specific.

INTENDED IMPACT	This adjustment will have no fiscal impact on the Agency.
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What impact is this decision package intended to have on service delivery and program outcomes, and over what period of time?

PROGRAM EVALUATION	The SCAG has a case management system that tracks the efficiencies of programs in the agency.
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How would the use of these funds be evaluated? What specific outcome or performance measures would be used to assess the effectiveness of this program?

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FORM D – PROVISO REVISION REQUEST

NUMBER	59.NEWX
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Cite the proviso according to the renumbered list for FY 2017-18 (or mark "NEW").

TITLE	Securities Fee Revenue
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Provide the title from the FY 2016-17 Appropriations Act or suggest a short title for any new request.

BUDGET PROGRAM	State Litigation (Other Funding)
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Identify the associated budget program(s) by name and budget section.

DECISION PACKAGE	No
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Is this request associated with a decision package you have submitted for FY 2017-18? If so, cite it here.

REQUESTED ACTION	Add
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Choose from: Add, Delete, Amend, or Codify.

OTHER AGENCIES AFFECTED	N/A
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Which other agencies would be affected by the recommended action? How?

SUMMARY	<p>The Attorney General's Office is seeking to stabilize agency operations by seeking a reliable source of revenue. The Agency is striving to shift from a decade long practice of relying on the statutory authorization to keep court ordered funds retained through litigation to fill the budget deficit. This fluctuating revenue stream is unreliable and unpredictable yet it accounted for over 50% of the office funding until recently. This unpredictable revenue stream is the primary requirement for carryover funds to meet the basic necessities of the office.</p> <p>The Attorney General's Office requested a new proviso as part of FY 2017 budget request to retain the first 12 million in securities fees (10.1 million in addition to existing statutory and proviso funding) in return for retaining no litigation funds beyond reasonable cost incurred as an equal offset. In contrast, the Agency received a direct state appropriation of 2.5 million. This resulted in the Agency receiving 25% of the requested allocation. The Agency is requesting the remaining stability funding and an equal offset to make the action revenue neutral.</p>
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Summarize the existing proviso. If requesting a new proviso, describe the current state of affairs without it.

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EXPLANATION	<p>It is critical that the Agency establish a predictable and stable source of revenue so that it can adequately plan and carry out core functions of government.</p>
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Explain the need for your requested action. For deletion requests due to recent codification, please identify SC Code section where language now appears.

FISCAL IMPACT	<p>The Attorney General's Office is asking to retain 23% of Securities Fees generated by the Agency after Section 35-7-702(b) has been satisfied. In return, the Agency will turn over all Litigation Recovery moneys to the General Fund's Litigation Recovery Account less reasonable administrative expenses incurred. The Attorney General's Office has generated an average of eight million in the last five years in Litigation Recovery for the Agency. These funds have been utilized on Agency personnel and operational cost to make up the budget deficit. Additionally, the office has recovered more than 48 million on average in civil settlements as part of the annual 180 million it generates for the general fund.</p> <p>Under the current proviso 59.5 (Securities Fee Revenue) the Attorney General's Office is allowed to keep four hundred thousand dollars after Section 35-7-702(b) has been satisfied, totaling the current AG portion of Securities Fees to 1.9 million per fiscal year.</p> <p>The fiscal impact is revenue neutral to the General Fund. However, there may be fiscal years where there could be a net positive impact or net negative impact to the General Fund. This would depend on the amount of litigation recovery for that specific year.</p>
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Provide estimates of any fiscal impacts associated with this proviso, whether for state, federal, or other funds. Explain the method of calculation.

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The Attorney General's Office shall retain 23% of Securities Fee Revenue collected by the Attorney General's Office after satisfying Section 35-7-702(b). Funds authorized in Proviso 59.X shall be expended for operating expenses as determined by the Attorney General. All Securities Fee Revenue, after satisfying Section 35-7-702(b) and Proviso 59.X, shall be forwarded to the General Fund. In addition, all monies received from litigation recovery less reasonable administrative expenses incurred must be deposited into the Litigation Recovery Account at the Office of the State Treasurer. The Attorney General's Office shall not retain any portion of these funds beyond reasonable administrative expenses incurred. These funds may be carried forward from the prior fiscal year into the current fiscal year and utilized for the same purpose.

**PROPOSED
PROVISO TEXT**

Paste FY 2016-17 text above, then bold and underline insertions and strikethrough deletions. For new proviso requests, enter requested text above.

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FORM D – PROVISO REVISION REQUEST

NUMBER	59.5
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Cite the proviso according to the renumbered list for FY 2017-18 (or mark "NEW").

TITLE	Securities Fee Revenue
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Provide the title from the FY 2016-17 Appropriations Act or suggest a short title for any new request.

BUDGET PROGRAM	State Litigation (Other Funds)
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Identify the associated budget program(s) by name and budget section.

DECISION PACKAGE	No
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Is this request associated with a decision package you have submitted for FY 2017-18? If so, cite it here.

REQUESTED ACTION	Delete
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Choose from: Add, Delete, Amend, or Codify.

OTHER AGENCIES AFFECTED	N/A
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Which other agencies would be affected by the recommended action? How?

SUMMARY	<p>After the provisions of Section 35-1-702(b) of the 1976 Code have been satisfied, and upon notification to the Chairman of the Senate Finance Committee and the Chairman of the House Ways and Means Committee that such provisions have been satisfied, the next \$20,500,000 of Securities Fee revenues collected during the current fiscal year by the Office of the Attorney General shall be remitted to the General Fund of the State.</p> <p>The Office of the Attorney General may retain the next \$400,000 collected and may utilize these funds for operations to include expert witness expenses, investigative costs, trial preparation, and other related expenses associated with the increase in licensed securities agents. These funds may be carried forward from the prior fiscal year into the current fiscal year and utilized for the same purpose. Remaining Securities Fee revenues collected during the current fiscal year shall be remitted to the General Fund of the State.</p>
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Summarize the existing proviso. If requesting a new proviso, describe the current state of affairs without it.

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EXPLANATION	<p>New Securities Fee proviso introduced to replace existing proviso 59.5. Should the new Securities Fee proviso not be approved, we wish to keep the current Securities Fee proviso 59.5 in place.</p>
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Explain the need for your requested action. For deletion requests due to recent codification, please identify SC Code section where language now appears.

FISCAL IMPACT	<p>See Fiscal Impact below for new proviso 59.X.</p> <p><u>The Attorney General's Office is asking to retain 23% of Securities Fees generated by the Agency after Section 35-7-702(b) has been satisfied. In return, the Agency will turn over all Litigation Recovery moneys to the General Fund's Litigation Recovery Account less reasonable administrative expenses incurred. The Attorney General's Office has generated an average of eight million in the last five years in Litigation Recovery for the Agency. These funds have been utilized on Agency personnel and operational cost to make up the budget deficit. Additionally, the office has recovered more than 48 million on average in civil settlements as part of the annual 180 million it generates for the general fund.</u></p> <p><u>Under the current proviso 59.5 (Securities Fee Revenue) the Attorney General's Office is allowed to keep four hundred thousand dollars after Section 35-7-702(b) has been satisfied, totaling the current AG portion of Securities Fees to 1.9 million per fiscal year.</u></p> <p><u>The fiscal impact is revenue neutral to the General Fund. However, there may be fiscal years where there could be a net positive impact or net negative impact to the General Fund. This would depend on the amount of litigation recovery for that specific year.</u></p>
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Provide estimates of any fiscal impacts associated with this proviso, whether for state, federal, or other funds. Explain the method of calculation.

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~~59.5. (AG: Securities Fee Revenue) After the provisions of Section 35-1-702(b) of the 1976 Code have been satisfied, and upon notification to the Chairman of the Senate Finance Committee and the Chairman of the House Ways and Means Committee that such provisions have been satisfied, the next \$20,500,000 of Securities Fee revenues collected during the current fiscal year by the Office of the Attorney General shall be remitted to the General Fund of the State. The Office of the Attorney General may retain the next \$400,000 collected and may utilize these funds for operations to include expert witness expenses, investigative costs, trial preparation, and other related expenses associated with the increase in licensed securities agents. These funds may be carried forward from the prior fiscal year into the current fiscal year and utilized for the same purpose. Remaining Securities Fee revenues collected during the current fiscal year shall be remitted to the General Fund of the State.~~

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N/A

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**PROPOSED
PROVISO TEXT**

Paste FY 2016-17 text above, then bold and underline insertions and strikethrough deletions. For new proviso requests, enter requested text above.

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FORM E – 3% GENERAL FUND REDUCTION

DECISION PACKAGE	11429
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Provide the decision package number issued by the PBF system ("Governor's Request").

TITLE	Agency 3% General Fund Reduction Analysis
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Provide a brief, descriptive title for this request.

AMOUNT	319,201
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What is the General Fund reduction amount (minimum based on the FY 2016-17 recurring appropriations)? This amount should correspond to the decision package's total in PBF.

METHOD OF CALCULATION	3% of General Fund Appropriation FY 16-17
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Describe the method of calculation for determining the reduction in General Funds.

ASSOCIATED FTE REDUCTIONS	n/a
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How many FTEs would be reduced in association with this General Fund reduction?

PROGRAM/ACTIVITY IMPACT	Non FTE, temporary, and contract positions.
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What programs or activities are supported by the General Funds identified?

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SUMMARY

A 3% reduction to the general fund appropriation would negatively impact current non-FTE, temporary, and contract positions. These positions include staff attorneys and support personnel. Reducing these positions could potentially impact time required for case review, trial preparation, and other administrative operations.

Please provide a detailed summary of service delivery impact caused by a reduction in General Fund Appropriations.