

MEMORANDUM

TO: Agency Heads and Human Resources Directors of All Agencies, Departments, Institutions, and Commissions

FROM: Kim S. Aydlette
Director

DATE: July 21, 2015

SUBJECT: 2015 Legislative Update

The following is a summary of human resources related legislation enacted by the South Carolina General Assembly during the 2015 legislative session. Please consult the full text of the legislation for complete details by referring to the General Assembly website at <http://www.scstatehouse.gov/>.

The Supplemental Appropriations Act (R130, H4230) appropriated \$23,500,000 for one-time lump sum bonuses to be effective on the first pay date that occurs on or after October 16, 2015. Each permanent state employee, in a full-time equivalent position, who has been in continuous state service for at least six months prior to July 1, 2015, and who earns less than \$100,000 shall receive an \$800 one-time lump sum payment. This payment is not a part of the state employee's base salary and is not earnable compensation for purposes of employer or employee contributions to respective retirement systems. This appropriation may be used for payments to employees only in the same ratio as the employee's base salary is paid from appropriated sources and the employing agency shall pay the bonus for federal and other funded full-time equivalent positions employees from federal or other funds available to the agency in the proportion that such funds are the source of the employee's salary. The earnings limitation in Proviso 117.55 of H. 3701, R. 127, Act 91 of 2015 does not apply to this bonus.

The following provisos in the General Appropriation Act (R127, H3701) are new for Fiscal Year 2015-2016:

93.31. (DOA: Holidays) When a legal holiday specified in Section 53-5-10 of the 1976 Code falls on Sunday, the following Monday and when a holiday specified in that section falls on Saturday, the preceding Friday next preceding is deemed a public holiday for all of the purposes. If either the following Monday or the preceding Friday is also a legal holiday, then the State Human Resources Director will designate the day upon which the legal holiday will be observed by state employees. To insure that no more than the legal holidays specified in Section



53-5-10 are observed in the calendar year, a New Year's Day that falls on Saturday must be observed on the following Monday. All bills of exchange, checks, and promissory notes which would otherwise be presentable for acceptance or payment on a Monday or Friday observed as a holiday pursuant to this section are deemed presentable for acceptance or payment on the secular or business day succeeding the holiday.

93.33. (DOA: Classification and Compensation System Study) (A) The Department of Administration, Human Resources Division shall enter into a contract to conduct an in-depth study of the state's classification and compensation system. For purposes of the study, compensation shall include comprehensive employee benefits. The vendor must have experience with a state's compensation system. The study shall include, but not be limited to:

- (1) methods used to develop and determine position classifications;
- (2) methods used to set pay grade minimum, midpoint, and maximum;
- (3) appropriate market comparisons including, but not limited to, the private sector and local governments;
- (4) methods to minimize salary disparities within an agency and within state government;
- (5) methods of developing and sustaining a consistent long-term salary increase administrative policy for state government;
- (6) recruitment and retention tools including, but not limited to, the impact of the Teacher and Employee Retirement Incentive program;
- (7) a process to address longevity pay deficits that currently exist;
- (8) a state compensation philosophy statement;
- (9) an analysis of merit-based compensation for employees and
- (10) an analysis of unnecessary, underutilized, and duplicative positions in order to use that pay to increase salaries of existing employees.

The study should also include interviews with agency heads and human resource staff from state agencies of various sizes. The cost of the study shall not exceed \$300,000. The findings of the study along with an implementation plan outlining the steps, sequences, and costs for implementing study recommendations and findings shall be submitted by January 4, 2016 to the Classification and Compensation System Study Committee as defined herein.

(B) There is created the Classification and Compensation System Study Committee which shall examine the findings and recommendations submitted by the Department of Administration, Human Resources Division on the state's classification and compensation system.

The committee shall be composed of eleven members, which shall be appointed as follows: two members appointed by the Governor; two members appointed by the President Pro Temporal of the Senate; two members appointed by the Speaker of the House of Representatives; two members appointed by the Chairman of the Senate Finance Committee; two members appointed



by the Chairman of the House Ways and Means Committee; and one member appointed by the S.C. State Employees Association. The members shall elect a chairman at the first meeting of the committee.

No later than six months after the date from which a vendor contract has been signed, the committee shall prepare and deliver a report and recommendation to the Chairman of the Senate Finance Committee and the Chairman of the House Ways and Means Committee.

Staff for the committee shall be provided by the Senate Finance Committee and the House Ways and Means Committee. Members of the study committee shall serve without compensation for per diem, mileage, and subsistence.

93.35. (DOA: Emerging Leaders Program) (A) With the funds appropriated to the Office of Human Resources, the Department of Administration shall establish an Emerging Leaders Program (ELP) that is designed to identify and develop the next generation of South Carolina state government's leaders by attracting and/or retaining imminent or recent graduates of relevant post-baccalaureate programs to careers in public service. In order to cultivate effective and innovative leaders with demonstrated problem-solving capabilities, the program shall be cohort-based and require participants to complete rotations in a variety of functional roles that focus on budgeting, policymaking, operations/service delivery, and other appropriate/elective fields. These rotations shall be augmented by and interspersed with classroom-based modules on organizational behavior, decision-making processes, principles of leadership, and other appropriate topics. The program's ultimate design shall reflect the department's assessment of best practices in both public-sector and private-sector management and/or leadership development programs.

11.25. (CHE: Other Funded FTE Revenue) Each institution of higher learning, when requesting additional other funded full-time equivalent positions shall ensure to the Commission on Higher Education, or its successor entity, that sufficient revenues exist to fund the salary and fringe benefits for the positions. In addition, the institution shall also ensure that in the calculation of the revenue required for the positions, future pay increases and future health insurance adjustments as may be mandated by the General Assembly are taken into consideration.

The following provisos contained in the 2014-2015 General Appropriation Act are amended for Fiscal Year 2015-2016:

93.18. (DOA: Compensation - Reporting of Supplemental Salaries) No supplement shall be paid to an agency's employee unless the agency head or designated official of the employing agency, *or in the case of supplements paid to college and university presidents, their board of*



trustees, has approved the conditions and amount of salary supplement. Any compensation, excluding travel reimbursement, from an affiliated public charity, foundation, clinical faculty practice plan, or other public source or any supplement from a private source to the salary appropriated for a state employee and fixed by the State must be reported by the employing agency to the Department of Administration. The report must include the employee's base salary, amount of the supplement, source of the supplement, and any condition of the supplement. The employing agency must report this information on or before August thirty-first of each year and must include the total amount and source of the salary supplement received by the employee during the preceding fiscal year (July first through June thirtieth). The Department of Administration shall formulate policies and procedures to ensure compliance with the reporting provisions of this proviso. Copies of the reports shall be made available to the Chairman of the Senate Finance Committee and the Chairman of the House Ways and Means Committee, upon request.

117.55. (GP: Employee Bonuses) State agencies and institutions are allowed to spend state, federal, and other sources of revenue to provide selected employees lump sum bonuses, not to exceed three thousand dollars per year, based on objective guidelines established by the Department of Administration. Payment of these bonuses is not a part of the employee's base salary and is not earnable compensation for purposes of employee and employer contributions to respective retirement systems. Employees earning \$100,000 or more shall not be eligible to receive bonuses under this provision. The employing agency must report this information on or before August 31st of each year and must include the total amount and source of the bonus received by the employee during the preceding fiscal year (July 1st through June 30th). The Human Resources Division of the Department of Administration shall formulate policies and procedures to ensure compliance with the reporting provisions of this proviso. Copies of the reports shall be made available to the Chairman of the Senate Finance Committee and the Chairman of the House Ways and Means Committee, upon request.

The following provisos under the General Appropriation Act were either not amended or were not significantly changed for Fiscal Year 2015-2016:

- 1A.5. (SDE-EIA: XII.F.2-Teacher Salaries/State Agencies)
- 1A.30. (SDE-EIA: Incentive for National Board Certification After June 30, 2010)
- 1A.39. (SDE-EIA: XII.C.2.-Teacher Salaries/SE Average)
- 1A.45. (SDE-EIA: XII.C.2-National Board Certification Incentive)
- 93.18. (DOA: Compensation - Reporting of Supplemental Salaries)
- 93.19. (DOA: Compensation Increase - Appropriated Funds Ratio)
- 93.21. (DOA: Military Service)
- 93.26. (DOA: Compensation – Agency Head Salary)



- 104.2. (SFAA: Vacant Positions)
- 108.2. (DOA: Adoption Assistance Program)
- 117.13. (GP: Discrimination Policy)
- 117.14. (GP: Personal Service Reconciliation, FTEs)
- 117.15. (GP: Allowance for Residences & Compensation Restrictions)
- 117.16. (GP: Universities & Colleges – Allowance for Presidents)
- 117.17. (GP: Replacement of Personal Property)
- 117.18. (GP: Business Expense Reimbursement)
- 117.19. (GP: Per Diem)
- 177.20. (GP: Travel – Subsistence Expenses & Mileage)
- 117.32. (GP: Voluntary Separation Incentive Program)
- 117.48. (GP: Organizational Charts)
- 117.49. (GP: Agencies Affected by Restructuring)
- 117.50. (GP: Agency Administrative Support Collaboration)
- 117.65. (GP: Attorney Dues)
- 117.69. (GP: Voluntary Furlough)
- 117.71. (GP: Reduction in Force Antidiscrimination)
- 117.72. (GP: Reduction in Force/Agency Head Furlough)
- 117.76. (GP: Mandatory Furlough)
- 117.77. (GP: Reduction in Force)
- 117.78. (GP: Cost Savings When Filling Vacancies Created by Retirements)
- 117.81. (GP: Reduction in Compensation)
- 117.88. (GP: Civil Conspiracy Defense Costs)
- 117.93. (GP: Agency Reduction Management)
- 117.110.(GP: Data Breach Notification)
- 118.7. (SR: Prohibits Public Funded Lobbyists)

If you have any questions or need additional information regarding any of these provisos, please contact your Human Resources Consultant at 803-896-5300.

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