


MEMORANDUM

TO: Agency Chief Financial Officers

FROM: Brian J. Gaines 

DATE: September 1, 2022

RE: Earmarked Appropriations

Proviso 117.21 of the FY 2022-23 Appropriations Act requires each state agency receiving funds that are a direct appropriation for a non-profit organization to obtain a plan for how the funds will be expended by the organization and how the expenditures will provide a public benefit prior to disbursing the funds. Additionally, the proviso forbids the disbursal of funds to organizations or purposes which practice discrimination against persons by virtue of race, creed, color or national origin. The proviso further directs that the organization shall provide quarterly expenditure reports to the respective state agency. After all funds have been expended, the state agency shall report the information provided by the organizations to the South Carolina Department of Administration's Executive Budget Office (EBO), Chairman of the Senate Finance Committee, and Chairman of the House Ways and Means Committee by June 30th.

Executive Order 2022-19 expands the requirements of proviso 117.21 by requiring state agencies to collect and provide the above-referenced information from all entities that are receiving a direct appropriation, to include: private entities, political subdivisions of the State, or other external organization. The order also requires the following:

- State agencies shall promptly make available for public review and inspection on the agency or department's website any and all reports, accountings, forms, updates, communications, or other materials required by proviso 117.21.
- State agencies shall deliver, tender, disburse, or transmit any appropriated funds directly the entity designated in the appropriations act and shall be prohibited from provided the appropriated funds to any intermediate for presentment.
- State agencies shall certify to the Governor and EBO annually, in writing, their compliance with the order by the end of the fiscal year.

As required by the proviso, the EBO has developed templates to be used by state agencies to ensure their compliance with both the proviso and the order. Agencies may use these templates or develop their own. However, should an agency develop their own templates, those templates shall, at a minimum, include the



data elements included in the templates developed by the EBO.

The templates developed by the Executive Budget Office may be found on our website: https://www.admin.sc.gov/budget/earmarked_appropriations_reporting.

Should you have any questions regarding this communication, please feel free to contact your EBO budget analyst at 803-734-2280.

Thank you.