

SOUTH CAROLINA CONSERVATION BANK (P400)

Ways and Means

Law Enforcement and Criminal Justice Subcommittee

January 29, 2020 Budget Hearing



**SC CONSERVATION BANK
FY 20-21 BUDGET HEARING**

LIST OF KEY OFFICIALS ATTENDING HEARING

- 1. Michael G. McShane – Board Chairman**
- 2. J. Raleigh West III – Executive Director**

SOUTH CAROLINA CONSERVATION BANK
Organizational Chart

January 15, 2020

SC CONSERVATION BANK BOARD

Michael G. McShane, Chairman
W. Thomas Lavender, Jr., Vice Chairman
Andrea Clark, Elliott Close, George Dean Johnson, III, Charles G. Lane,
Brent McLaurin, Curtis M. Spencer,
C. Richmond Wilhoit, Jr., Keith Williamson, Larry L. Yonce

Ex officio:

Dr. Walt McPhail, Chairman SC Forestry Commission
Norman F. Pulliam, Chairman SCDNR
Duane N. Parrish, Director SCPRT

Executive Director
J. Raleigh West, III
803-734-3986

Business Manager
Margaret Pennebaker
803-734-0360

Project Manager
Amber J. Larck
803-734-3883

P400
 Agency Name: S.C. Conservation Bank
 Section: 53

BUDGET REQUESTS		FUNDING				FTES						
Priority	Request Type	Request Title	State	Federal	Earmarked	Restricted	Total	State	Federal	Earmarked	Restricted	Total
1	B1 - Recurring	Conservation Grant Funding	2,000,000				2,000,000					0.00
2	B2 - Non-Recurring	Conservation Grant Funding	7,500,000				7,500,000					0.00
3							0					0.00
4							0					0.00
5							0					0.00
6							0					0.00
7							0					0.00
8							0					0.00
9							0					0.00
10							0					0.00
11							0					0.00
12							0					0.00
13							0					0.00
14							0					0.00
15							0					0.00
16							0					0.00
17							0					0.00
18							0					0.00
19							0					0.00
20							0					0.00
21							0					0.00
22							0					0.00
23							0					0.00
24							0					0.00
25							0					0.00
26							0					0.00
27							0					0.00
28							0					0.00
29							0					0.00
30							0					0.00
TOTAL BUDGET REQUESTS			9,500,000	0	0	0	9,500,000	0.00	0.00	0.00	0.00	0.00

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**Fiscal Year 2020-21
Agency Budget Plan**

FORM A - BUDGET PLAN SUMMARY

**OPERATING
REQUESTS
(FORM B1)**

For FY 2020-21, my agency is (mark "X"):	
<input checked="" type="checkbox"/>	Requesting General Fund Appropriations.
<input type="checkbox"/>	Requesting Federal/Other Authorization.
<input type="checkbox"/>	Not requesting any changes.

**NON-RECURRING
REQUESTS
(FORM B2)**

For FY 2020-21, my agency is (mark "X"):	
<input checked="" type="checkbox"/>	Requesting Non-Recurring Appropriations.
<input type="checkbox"/>	Requesting Non-Recurring Federal/Other Authorization.
<input type="checkbox"/>	Not requesting any changes.

**CAPITAL
REQUESTS
(FORM C)**

For FY 2020-21, my agency is (mark "X"):	
<input type="checkbox"/>	Requesting funding for Capital Projects.
<input checked="" type="checkbox"/>	Not requesting any changes.

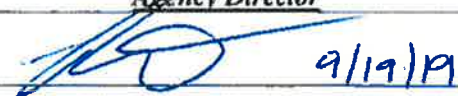
**PROVISOS
(FORM D)**

For FY 2020-21, 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.

	<i>Name</i>	<i>Phone</i>	<i>Email</i>
PRIMARY CONTACT:	J. Raleigh West	803-734-3986	Raleigh.West@sccbanc.sc.gov
SECONDARY CONTACT:	Amber J. Larck	803-734-3883	Amber.Larck@sccbanc.sc.gov

I have reviewed and approved the enclosed FY 2020-21 Agency Budget Plan, which is complete and accurate to the extent of my knowledge.

	<i>Agency Director</i>	<i>Board or Commission Chair</i>
SIGN/DATE:	 9/19/19	
TYPE/PRINT NAME:	J. Raleigh West III	Michael G. McShane

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

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FORM B1 – RECURRING OPERATING REQUEST

AGENCY PRIORITY	1
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Provide the Agency Priority Ranking from the Executive Summary.

TITLE	Conservation Grant Funding
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Provide a brief, descriptive title for this request.

AMOUNT	General: \$2,000,000 Federal: Other: Total: \$2,000,000
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What is the net change in requested appropriations for FY 2020-21? This amount should correspond to the total for all funding sources on the Executive Summary.

NEW POSITIONS	N/A
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Please provide the total number of new positions needed for this request.

FACTORS ASSOCIATED WITH THE REQUEST	Mark "X" for all that apply:
	<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
	<input type="checkbox"/> IT Technology/Security related
	<input type="checkbox"/> Consulted DTO during development
<input checked="" type="checkbox"/> Related to a Non-Recurring request – If so, Priority # <u>2</u>	

STATEWIDE ENTERPRISE STRATEGIC OBJECTIVES	Mark "X" for primary applicable Statewide Enterprise Strategic Objective:
	<input type="checkbox"/> Education, Training, and Human Development
	<input type="checkbox"/> Healthy and Safe Families
	<input type="checkbox"/> Maintaining Safety, Integrity, and Security
	<input type="checkbox"/> Public Infrastructure and Economic Development
<input checked="" type="checkbox"/> Government and Citizens	

ACCOUNTABILITY OF FUNDS	<p>This funding request supports all agency goals and objectives. This funds request advances the agency's objectives by allowing the Conservation Bank to permanently conserve, preserve and protect significant natural resources, farmlands, forestlands, wetlands, open lands, historic and archaeological sites, and urban parks statewide through conservation easements, low interest loans and purchase of land for the purpose of improving the quality of life in SC for current and future generations.</p> <p><i>What specific strategy, as outlined in the FY 2019-20 Strategic Planning and Performance Measurement template of agency's accountability report, does this funding</i></p>
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request support? How would this request advance that strategy? How would the use of these funds be evaluated?

RECIPIENTS OF FUNDS

The funds would be distributed to the qualified entities that have submitted applications to the Conservation Bank seeking funds as established by criteria in the statute and by Board decision. The funds would be allocated only after all required due diligence items have been submitted to the Conservation Bank.

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?

JUSTIFICATION OF REQUEST

The Conservation Bank only has one program and purpose which is to conserve significant properties in SC by conservation easements, low interest loans, and purchase of title and the administration of routine office operations associated with completing this program and purpose. The Conservation Bank previously only received funds from the Documentary Deed Stamp Tax so there would be no other matching funds source. Beginning in FY 17-18, the Conservation Bank received General Fund appropriations.

There are currently \$12,843,480 grant applications submitted to the Bank for review and \$10,000,000 in forecasted requests expected within the next year. The Bank staff has been in conversation with agencies such as SCDNR and SCPRT, in which we have been notified of several potential large funding requests in the near future. For the Bank to fund conservation efforts for these properties, the Bank is requesting a total of \$9,500,000.

Below is a summary of the total applications received in comparison to our available grant funds over the past two fiscal years.

Applications Reviewed vs Grant Funds	FY 2019	FY 2020
Applications Reviewed	\$ 19,091,547	\$ 12,843,481
<i>Forecasted FY2020 Applications (Round 2)</i>		\$ 10,000,000
Total Applications Reviewed	\$ 19,091,547	\$ 22,843,481
Less: Available Grant Funds	\$ (5,527,509)	\$ (12,058,779)
Grant Funding Shortage	\$ 13,564,038	\$ 10,784,701

If funds are not received, the impact would be that the Conservation Bank would not be able to preserve and conserve more significant properties for future generations to enjoy and the Conservation Bank would no longer be able to accomplish its mission to improve the quality of life in South Carolina through the conservation of significant natural resource lands, wetlands, historical and archaeological properties and urban park.

Please thoroughly explain the request to include the justification for funds, potential offsets, matching funds, and method of calculation. Please include any explanation of impact if funds are not received. If new positions have been requested, explain why existing vacancies are not sufficient.

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FORM B2 – NON-RECURRING OPERATING REQUEST

AGENCY PRIORITY	2
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Provide the Agency Priority Ranking from the Executive Summary.

TITLE	Conservation Grant Funding
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Provide a brief, descriptive title for this request.

AMOUNT	\$7,500,000
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What is the net change in requested appropriations for FY 2020-21? This amount should correspond to the total for all funding sources on the Executive Summary.

FACTORS ASSOCIATED WITH THE REQUEST	Mark "X" for all that apply:	
	<input type="checkbox"/>	Change in cost of providing current services to existing program audience
	<input checked="" 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
	<input type="checkbox"/>	IT Technology/Security related
	<input type="checkbox"/>	Consulted DTO during development
	<input type="checkbox"/>	Request for Non-Recurring Appropriations
	<input type="checkbox"/>	Request for Federal/Other Authorization to spend existing funding
<input checked="" type="checkbox"/>	Related to a Recurring request – If so, Priority # <u>1</u>	

STATEWIDE ENTERPRISE STRATEGIC OBJECTIVES	Mark "X" for primary applicable Statewide Enterprise Strategic Objective:	
	<input type="checkbox"/>	Education, Training, and Human Development
	<input type="checkbox"/>	Healthy and Safe Families
	<input type="checkbox"/>	Maintaining Safety, Integrity, and Security
	<input type="checkbox"/>	Public Infrastructure and Economic Development
<input checked="" type="checkbox"/>	Government and Citizens	

ACCOUNTABILITY OF FUNDS	<p>This funding request supports all agency goals and objectives. This funds request advances the agency's objectives by allowing the Conservation Bank to permanently conserve, preserve and protect significant natural resources, farmlands, forestlands, wetlands, open lands, historic and archaeological sites, and urban parks statewide through conservation easements, low interest loans and purchase of land for the purpose of improving the quality of life in SC for current and future generations.</p>
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What specific strategy, as outlined in the FY 2019-20 Strategic Planning and Performance Measurement template of agency's accountability report, does this funding request support? How would this request advance that strategy? How would the use of these funds be evaluated?

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RECIPIENTS OF FUNDS

These funds would be distributed to the qualified entities that have submitted applications to the Conservation Bank seeking funds as established by criteria in the statute and by Board decision. The funds would be allocated only after all required due diligence items have been submitted to the Conservation Bank.

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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Please thoroughly explain the request to include the justification for funds, potential offsets, matching funds, and method of calculation. Please include any explanation of impact if funds are not received. Does this non-recurring appropriation request create an annualization or need for recurring funds?

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FORM C – CAPITAL REQUEST

AGENCY PRIORITY
Provide the Agency Priority Ranking from the Executive Summary.

TITLE
Provide a brief, descriptive title for this request.

AMOUNT
How much is requested for this project in FY 2020-21? This amount should correspond to the total for all funding sources on the Executive Summary.

CPIP PRIORITY
Identify the project's CPIP plan year and priority number, along with the first year in which the project was included in the agency's CPIP. If not included in the agency's CPIP, please provide an explanation. If the project involves a request for appropriated state funding, briefly describe the agency's contingency plan in the event that state funding is not made available in the amount requested.

OTHER APPROVALS
What approvals have already been obtained? Are there additional approvals that must be secured in order for the project to succeed? (Institutional board, JBRC, SFAA, etc.)

LONG-TERM PLANNING AND SUSTAINABILITY
What other funds have already been invested in this project (source/type, amount, timeframe)? Will other capital and/or operating funds for this project be requested in the future? If so, how much, and in which fiscal years? Has a source for those funds been identified/secured? What is the agency's expectation with regard to additional annual costs or savings associated with this capital improvement? What source of funds will be impacted by those costs or savings? What is the expected useful life of the capital improvement?

SUMMARY
Provide a summary of the project and explain why it is necessary. Please refer to the budget guidelines for appropriate questions and thoroughly answer all related items.

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FORM D – PROVISIO REVISION REQUEST

NUMBER NEW
Cite the proviso according to the renumbered list for FY 2020-21 (or mark "NEW").

TITLE **Conservation Grant Funding Carryforward Authority**
Provide the title from the FY 2019-20 Appropriations Act or suggest a short title for any new request.

BUDGET PROGRAM **I. Administration**
Identify the associated budget program(s) by name and budget section.

RELATED BUDGET REQUEST
Is this request associated with a budget request you have submitted for FY 2020-21? If so, cite it here.

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

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

SUMMARY & EXPLANATION

Prior to 2018, a portion of the proceeds from the deed stamp tax funded the SC Conservation Bank ("Bank"), and Section 48-59-60 provided that its unexpended revenues would be carried forward in its trust fund account. In 2018, the Bank began receiving its funding from General Appropriations, from which unexpended funds generally cannot be carried forward between fiscal years.

The Bank's principal operating activity is funding third parties' conservation real estate transactions. These conservation projects are opportunistic in nature and their timelines do not always coincide with the Bank's fiscal year. This incongruence between the Bank's fiscal year deadline and the timelines associated with the third parties' conservation real estate transactions creates timing challenges with the Bank's administration of grants.

The following proviso is intended to relieve the timing challenges described above. By allowing the Bank to carry-over any unexpended funds, the Bank would have more flexibility to support conservation projects that may operate on a timeline that falls after the Bank's fiscal year. It would also allow the Bank to redeploy funding to other important projects in the event that an approved grant cannot close due to circumstances outside of the Bank's control. The chief aim of this proviso is to moderate the timing challenges associated with funding independent conservation real estate transactions and the Bank's fiscal year deadlines.

Summarize the existing proviso. If requesting a new proviso, describe the current state

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of affairs without it. 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	None
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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.

PROPOSED PROVISIO TEXT	The Bank shall be allowed to carry-forward all unexpended funds into the following fiscal years to support its conservation grant program. Any unexpended funds carried over shall accrue to the Bank's current fiscal year budget, from which the Bank may use to support additional conservation projects.
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Paste FY 2019-20 text above, then bold and underline insertions and strikethrough deletions. For new proviso requests, enter requested text above.

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**FORM E – AGENCY COST SAVINGS AND GENERAL FUND REDUCTION
CONTINGENCY PLAN**

TITLE **Agency Cost Savings and General Fund Reduction Contingency Plan**

AMOUNT 272,104
What is the General Fund 3% reduction amount (minimum based on the FY 2019-20 recurring appropriations)? This amount should correspond to the reduction spreadsheet prepared by EBO.

ASSOCIATED FTE REDUCTIONS None
How many FTEs would be reduced in association with this General Fund reduction?

PROGRAM/ACTIVITY IMPACT The General Funds identified support many activities including general operating expenses as well as funding grants that the SC Conservation Bank Board approves.
What programs or activities are supported by the General Funds identified?

SUMMARY A reduction in General Fund Appropriations would inhibit the SC Conservation Bank from further fulfilling its mission to improve the quality of life in South Carolina through the conservation of significant natural resource lands, wetlands, historical properties, archeological sites, and urban parks.
Please provide a detailed summary of service delivery impact caused by a reduction in General Fund Appropriations and provide the method of calculation for anticipated reductions. Agencies should prioritize reduction in expenditures that have the least significant impact on service delivery.

AGENCY COST SAVINGS PLANS The SC Conservation Bank does not have any costs or operating expenses that exceed \$50,000.
What measures does the agency plan to implement to reduce its costs and operating expenses by more than \$50,000? Provide a summary of the measures taken and the estimated amount of savings. How does the agency plan to repurpose the savings?

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FORM F – REDUCING COST AND BURDEN TO BUSINESSES AND CITIZENS

TITLE	N/A
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Provide a brief, descriptive title for this request.

EXPECTED SAVINGS TO BUSINESSES AND CITIZENS	
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What is the expected savings to South Carolina's businesses and citizens that is generated by this proposal? The savings could be related to time or money.

FACTORS ASSOCIATED WITH THE REQUEST	<p>Mark "X" for all that apply:</p> <input type="checkbox"/> Repeal or revision of regulations. <input type="checkbox"/> Reduction of agency fees or fines to businesses or citizens. <input type="checkbox"/> Greater efficiency in agency services or reduction in compliance burden. <input type="checkbox"/> Other
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METHOD OF CALCULATION	
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Describe the method of calculation for determining the expected cost or time savings to businesses or citizens.

REDUCTION OF FEES OR FINES	
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Which fees or fines does the agency intend to reduce? What was the fine or fee revenue for the previous fiscal year? What was the associated program expenditure for the previous fiscal year? What is the enabling authority for the issuance of the fee or fine?

REDUCTION OF REGULATION	
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Which regulations does the agency intend to amend or delete? What is the enabling authority for the regulation?

SUMMARY	
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Provide an explanation of the proposal and its positive results on businesses or citizens. How will the request affect agency operations?

Law Enforcement and Criminal Justice Subcommittee Proviso Request Summary

Agency Name		
Proviso # in FY 19-20 Act	Proviso Title	Short Summary
		Agency Recommended Action (keep, change, delete, add)

The Conservation Bank may carry forward any unexpended funds allocated to the Conservation Bank Trust Program from the prior fiscal year into the current fiscal year to be used for the same purposes.

53.NEW CB: Trust Program Carry Forward Add

SC CONSERVATION BANK (P400)

CARRY FORWARD INFORMATION

The close of books for FY 2018-19 reflected as of June 30, 2019 the SC Conservation Bank had \$2,766,024.09 in carryforward funds which it didn't have Budget Authority to spend in FY 2018-19. Attached is the SCEIS spreadsheet reflecting the cash carryforward as of June 30, 2019.

The SC Conservation Bank could use these funds to fund grants but did not have budget authority.

The General Assembly authorized the Bank to use \$2,564,400 in carryforward funds during FY 2019-20.

Selected Accounts Variation Report		Run Date / Time 12/12/2019, 11:12:23	
Bus Area: P400	Fund: *	Grant: *	
Cost Ctr: *	Funded Program: *	Period: 16, 2019	
Account Group Selected: SC_CASH			
GL Account	YTD Beg Bal	MTD Activity	YTD End Bal
1000000000 CASH DUE TO/FROM	40,825,390.18		40,825,390.18
1000010000 UNDEPOSITED CASH			
1000020000 IDT CASH CLEARING ACCOUNT			
1000030000 CASH ON DEPOSIT-STO	10,212,733.51		10,212,733.51
1000040000 CASH DISBURSEMENTS-STO			
1011300000 WF_E16_STO_Contingent Acct_CASH	68,802,019.97-		68,802,019.97-
1011300001 WF_E16_STO_Contingent CLRG CKS OUT	2,011,135.35-		2,011,135.35-
1011300700 WF_E16_CASH_STO_GENERAL DEPOSIT ACCOUNT	22,541,055.72		22,541,055.72
1011300715 WELLS FARGO GEN DEP TRF IN			
* Cash Accounts	2,766,024.09		2,766,024.09
** Cash Level 2	2,766,024.09		2,766,024.09
*** Cash Level 3	2,766,024.09		2,766,024.09
**** Total	2,766,024.09		2,766,024.09

SC CONSERVATION BANK FTE BREAKDOWN

All positions are funded through General Funds

5 FTEs

J. Raleigh West III – Executive Director

Amber J. Larck – Project Manager

Margaret B. Pennebaker – Business Manager

Program Manager II (vacant)

Attorney III (vacant)