

GENERAL FUND BUDGET: FY 2016-17 AND LONG-TERM OUTLOOK

PRESENTED TO
SENATE FINANCE COMMITTEE

March 15, 2016

By

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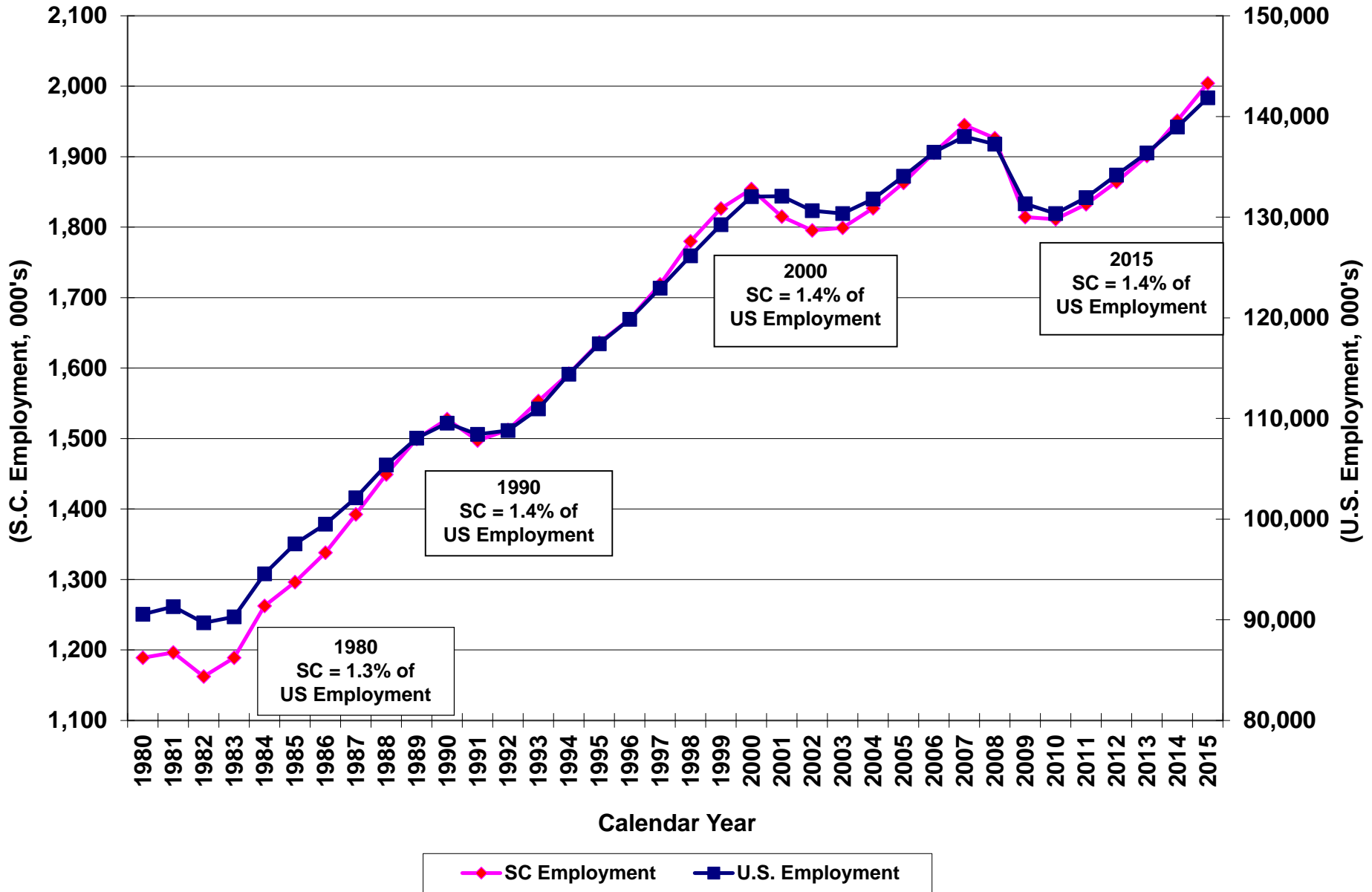


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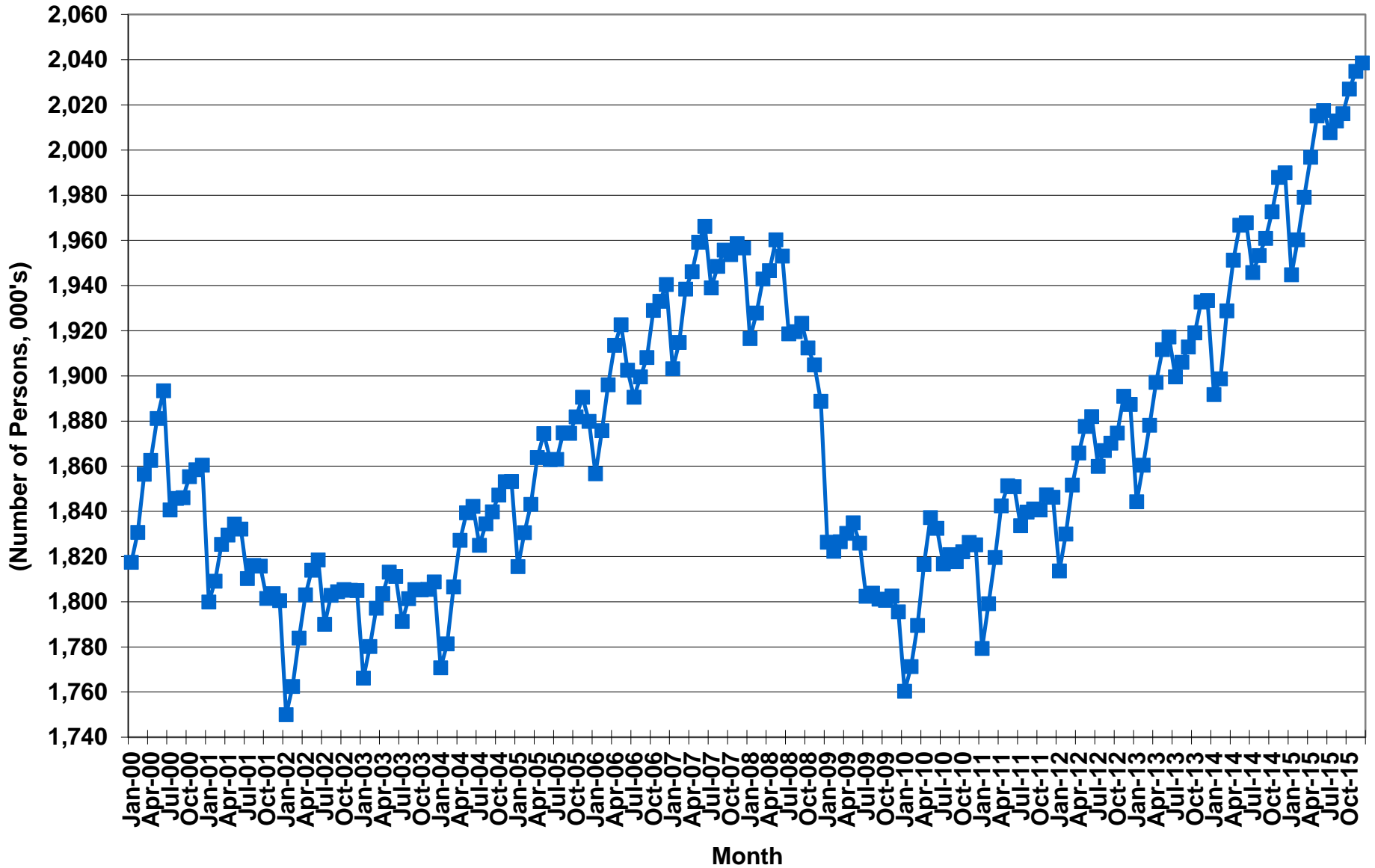
EMPLOYMENT



Total Nonfarm Employment in the United States & South Carolina

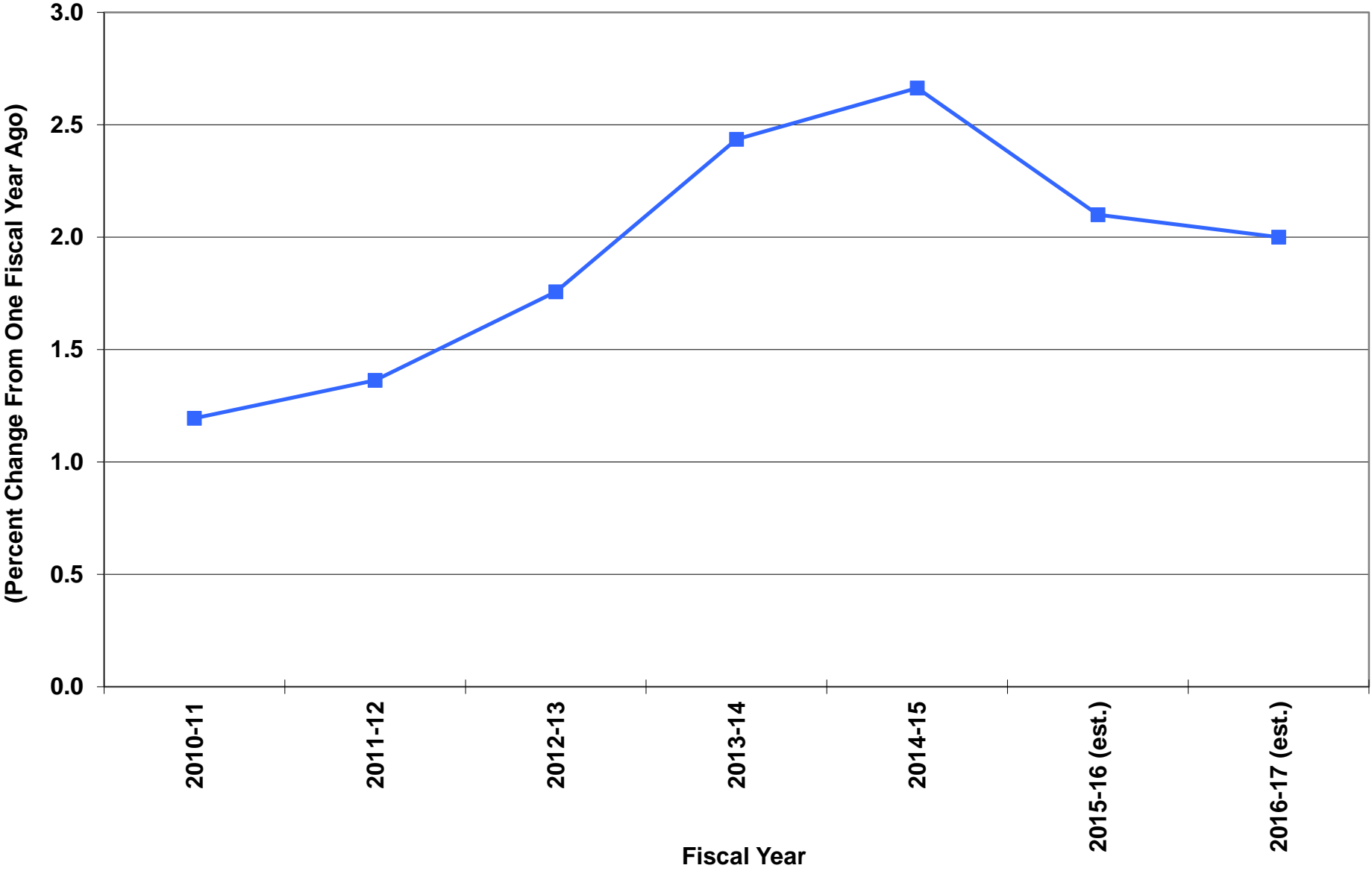


Total Nonfarm Employment in South Carolina



Source: U.S. Department of Labor, Bureau of Labor Statistics

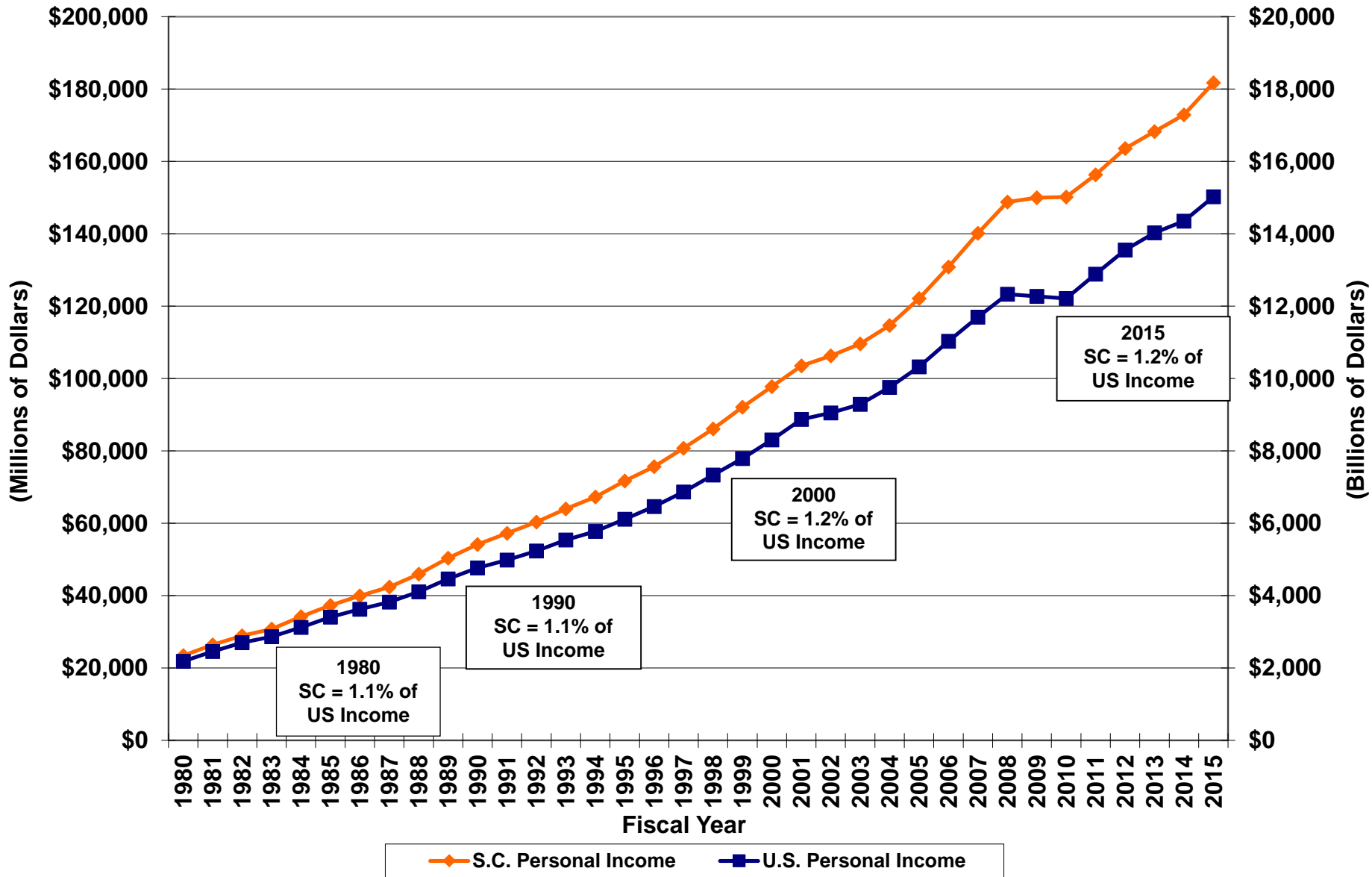
Employment Growth in South Carolina



PERSONAL INCOME

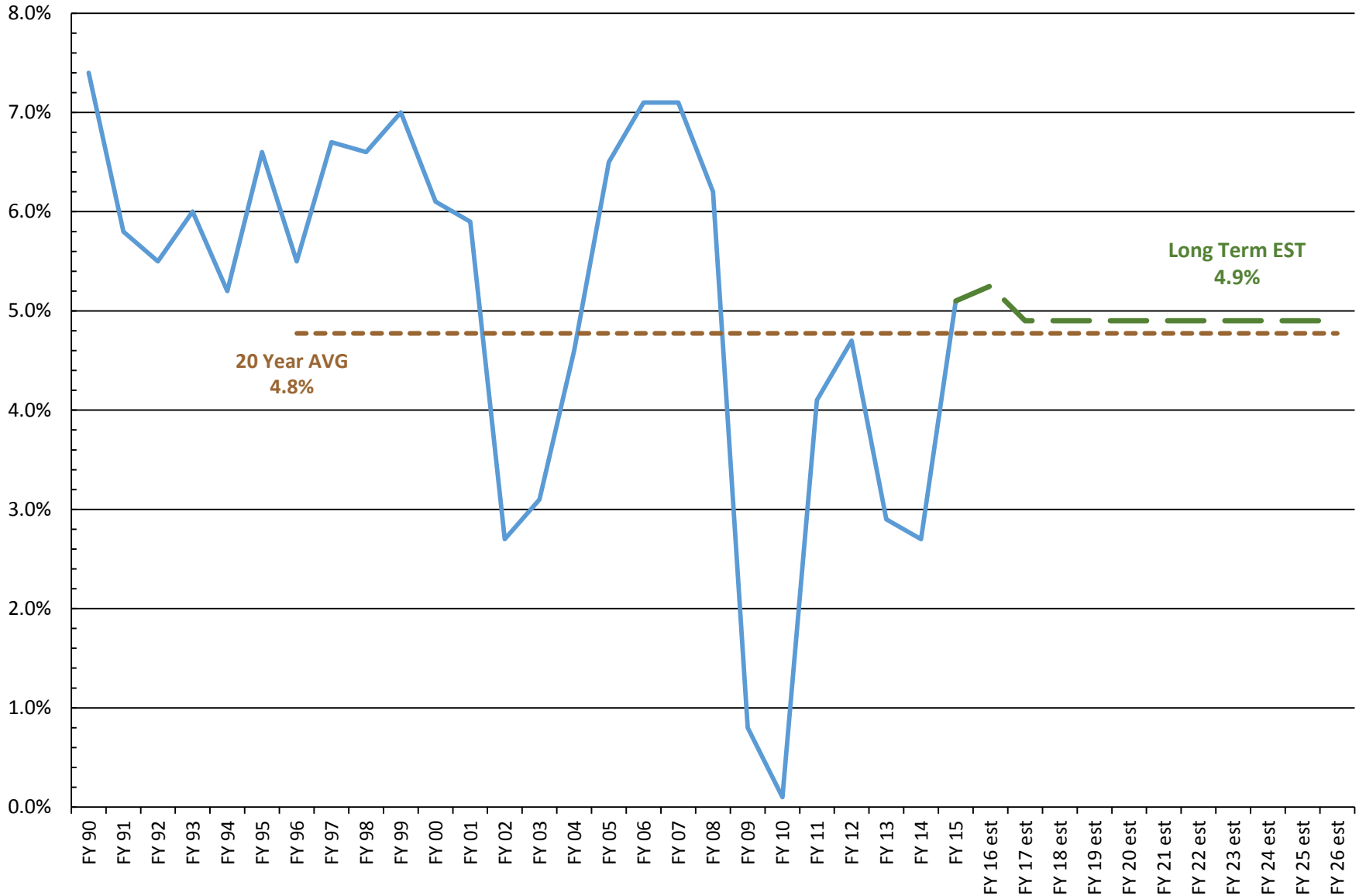


Personal Income in the United States and South Carolina



SC PERSONAL INCOME GROWTH RATES

Actuals, Estimates, and Average

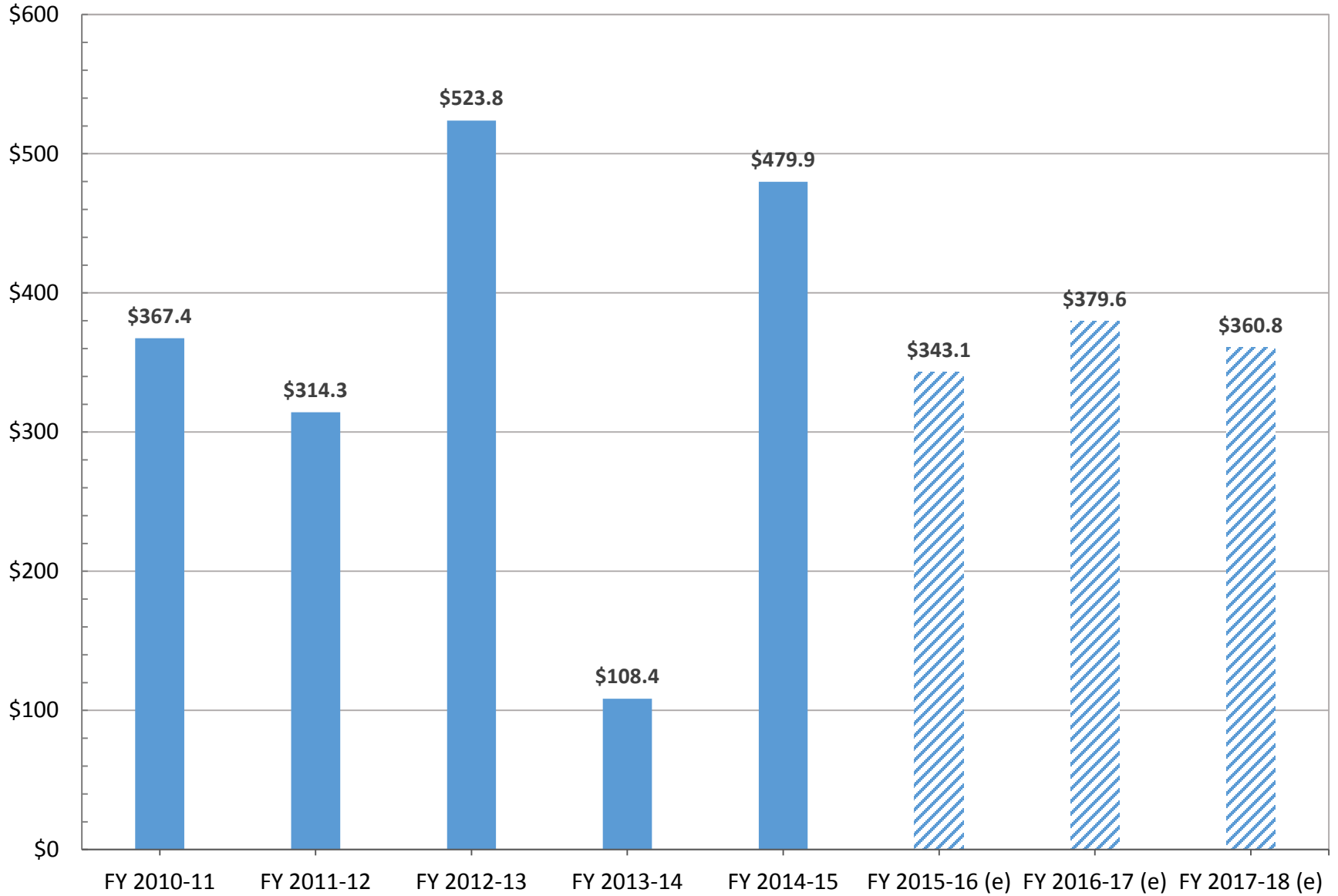


Source: US Department of Commerce, Bureau of Economic Analysis RFA/lhj/03/14/16

GENERAL FUND

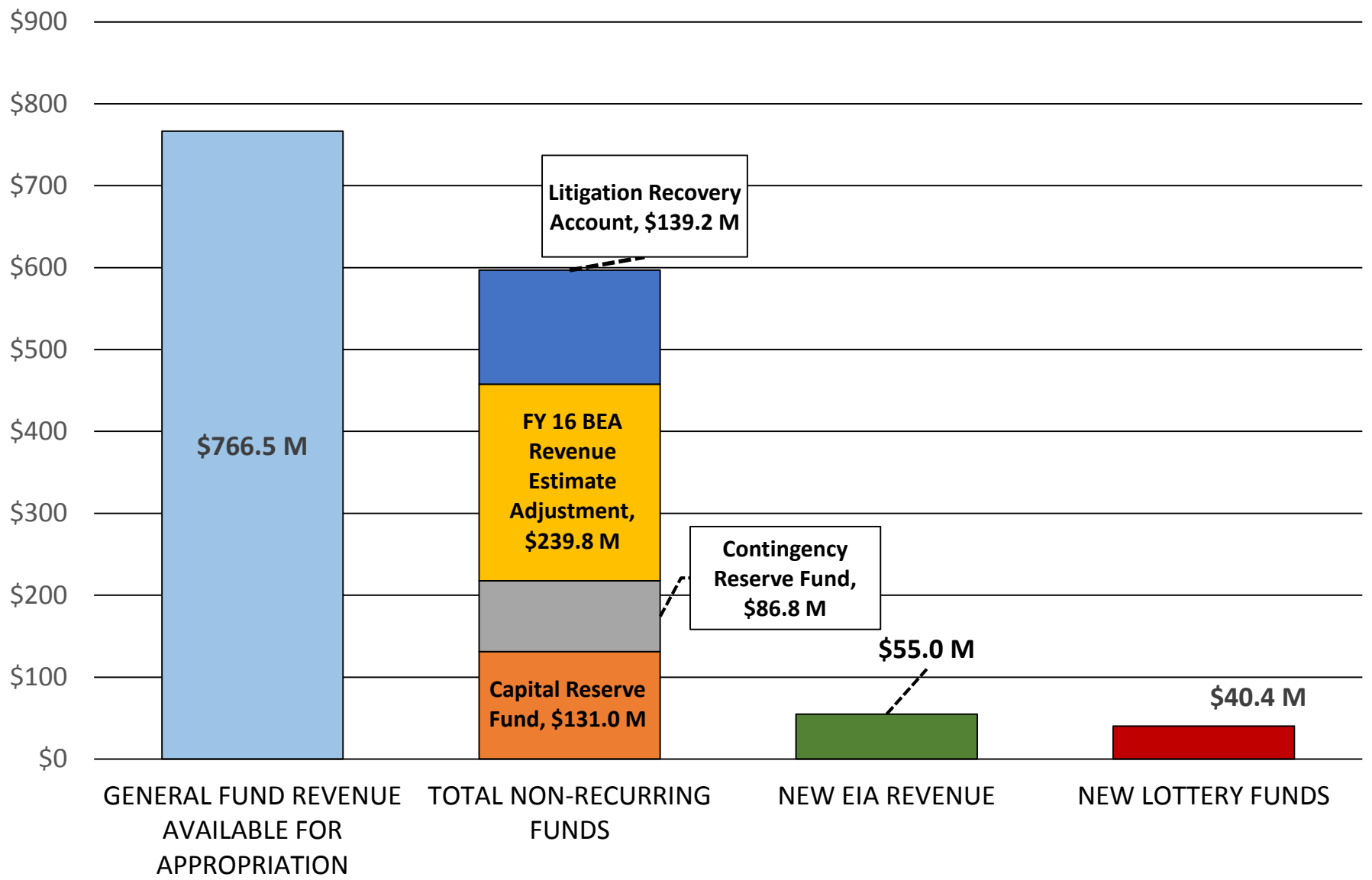


ANNUAL GENERAL FUND REVENUE GROWTH



UNOBLIGATED FUNDS AVAILABLE IN FY 2016-17

TOTAL: \$1,458.7 MILLION



FUNDING ISSUES



RESERVE FUNDS

- General Reserve Fund (5%)
 - FY16-17 Budget - \$20.4 million
 - Total General Reserve Fund - \$348 million

- Capital Reserve Fund (2%)
 - FY16-17 Budget - \$8.2 million
 - Total Capital Reserve Fund - \$139.2 million

DEBT SERVICE, HOMESTEAD EXEMPTION AND LOCAL GOVERNMENT FUND

- Debt Service
 - FY16-17 Base – \$191.6 million
 - Reduce recurring appropriation for FY16-17
 - (\$58.5 million)
 - FY17-18 projection
 - (\$23.9M)
- Homestead Exemption (Act 388, 2006)
 - FY16-17 Base - \$86.6 million
 - Reduce recurring appropriation for FY16-17
 - (\$37.4 million)
- Local Government Fund
 - FY15-16 Total Funding - \$212.6 million
 - Annualization of Non-Recurring FY15-16 Funding
 - \$12.5 million



EMPLOYEE BENEFITS

- State Health Plan Requirements (State Agencies and School Districts)
 - FY15-16 Annualization and CY17 Increase of 0.6%
 - ER & EE Share Proportionally
 - Cost to State - \$26.2 M
 - Monthly Cost to EE - \$0.92
 - ER Only
 - Cost to State - \$26.9 M
 - Monthly Cost to EE - \$0
- Base Pay Increase – per 1% – \$16.2M



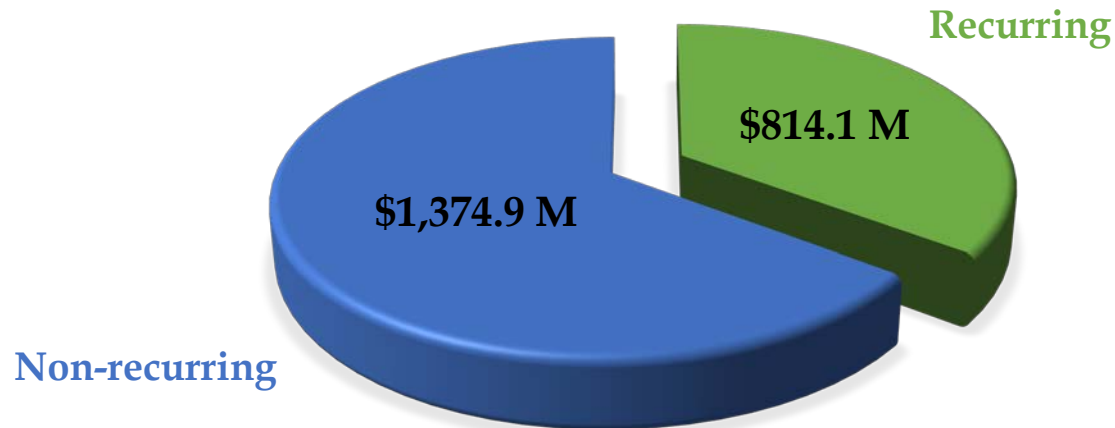
SCHOLARSHIPS AND FLOOD RECOVERY

- Scholarships
 - LIFE and Palmetto Fellows – \$6.4 million
- Flood Recovery
 - FEMA match – \$75 million
 - Road Repair – \$49 million



AGENCY BUDGET REQUESTS - TOTAL

STATE FUNDS

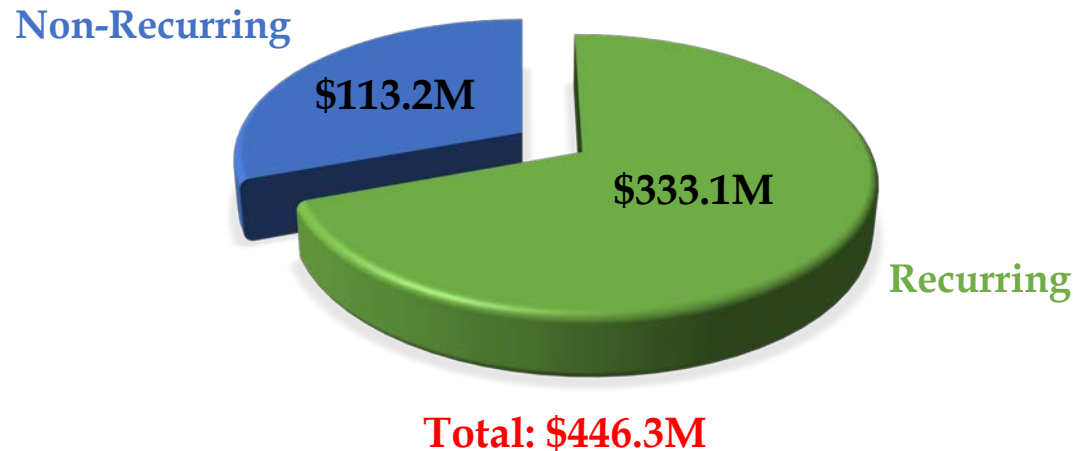


Total: \$2,189.0 M

- FTEs - 879.53

BUDGET REQUESTS – K-12 EDUCATION

STATE & EIA FUNDS



- FTEs – 42.00
- Highlights
 - \$227.4 million recurring for EFA increase to support increased Weighted Pupils
 - \$19.2 million recurring to increase bus driver salary
 - \$25.4 million EIA plus carryforward to increase teacher salaries, add yr to schedule
 - \$41.7 million non-recurring for instructional materials
 - \$34 million non-recurring for school bus purchases
 - \$33.6 million non-recurring for online assessment readiness

EDUCATION FUNDING ACT (EFA)

FY16-17 Weighted Pupil Units (WPU) 982,299

0.8% Increase from FY15-16

FY15-16 Base Student Cost (BSC) \$2,220

Adjust Base Student Cost/Fringe with 2.5% inflation* \$147.6 M

(Includes \$62 M for increase in SC Public Charter School District)

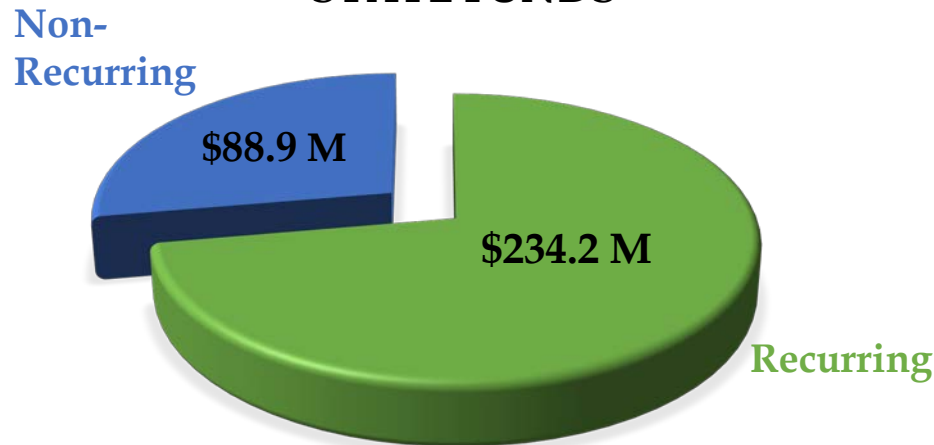
*New BSC \$2,280

Each \$10 increase in BSC (after adjusted for WPU) \$8.7 M

EFA Formula: $BSC \times WPU \times 70\% = EFA \text{ Funding}$

BUDGET REQUESTS – HEALTH & HUMAN SERVICES

STATE FUNDS

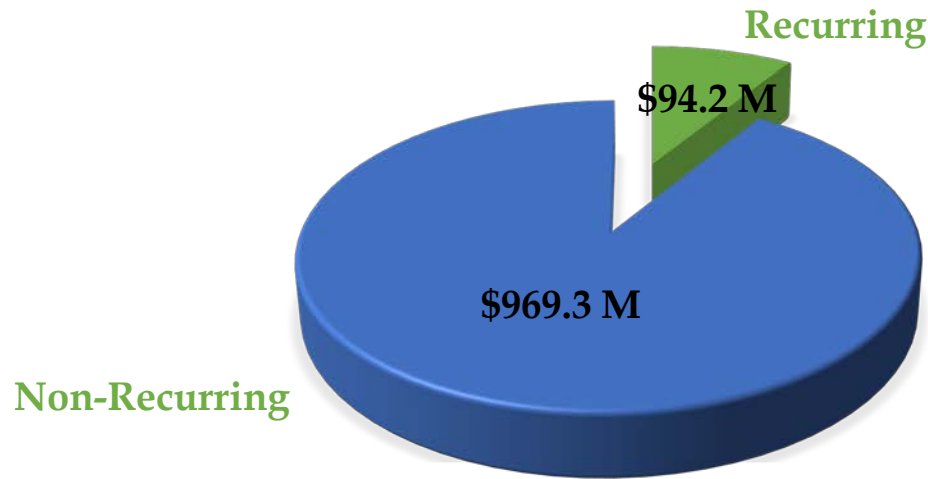


Total: \$323.1 M

- FTEs – 353.84
- Highlights
 - \$149.4 million recurring for partial annualization of funding from reserves – DHHS
 - \$8.5 million non-recurring for Medicaid Management and Information System – DHHS
 - \$11.2 million recurring for data center – DHEC
 - \$5.8 million non-recurring for electronic medical records – DHEC
 - \$10 million non-recurring for certification of state match – VA State Homes – DMH
 - \$10.6 million non-recurring for Catawba Mental Health Center construction – DMH
 - \$15 million recurring to increase and improve access by moving waiting lists – DDSN
 - \$6.3 million recurring for safety and quality of care – DDSN
 - \$7.2 million recurring, \$10 million non-recurring for Child Support System development – DSS
 - 138.34 FTEs and \$8 million recurring for recruitment and retention and economic services – DSS

BUDGET REQUESTS – HIGHER EDUCATION

STATE FUNDS

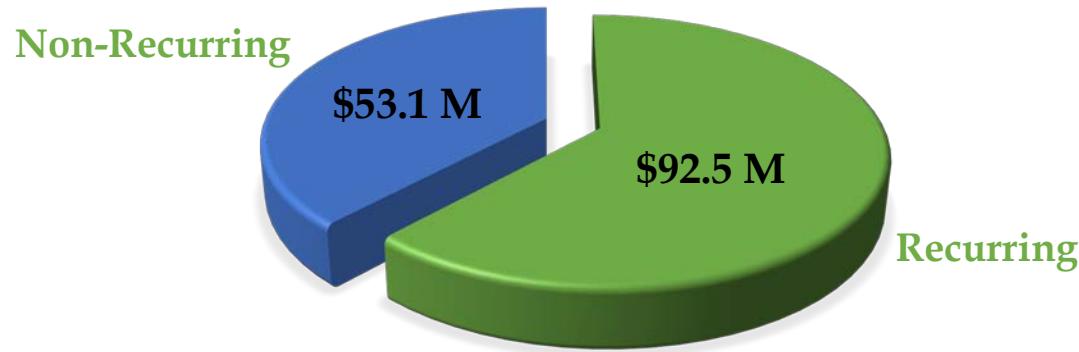


Total: \$1,063.6 M

- FTEs – 41.00
- Highlights
 - \$969 million non-recurring for capital improvement projects
 - Recurring requests for program expansion and initiatives

BUDGET REQUESTS – CRIMINAL JUSTICE

STATE FUNDS

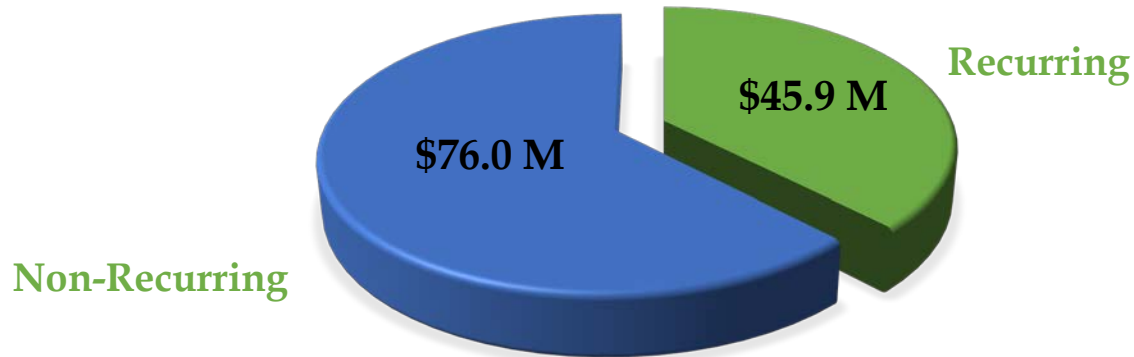


Total: \$145.6 M

- FTEs – 294.53
- Highlights
 - \$10.7 million non-recurring for Calhoun Building renovations – Judicial Dept.
 - \$15 million non-recurring for forensic building expansion – SLED
 - \$7.8 million recurring for caseload equalization funding – Prosecution Coord. Comm.
 - \$10.4 million recurring for additional public defenders – Comm. on Indigent Def.
 - \$8 million recurring for law enforcement officer salary increase – DPS
 - \$16.1 million recurring correctional officer rate adjustment and retention - Corrections
 - \$11.2 million non-recurring deferred maintenance and renovations - Corrections

BUDGET REQUESTS – NATURAL RESOURCES

STATE FUNDS

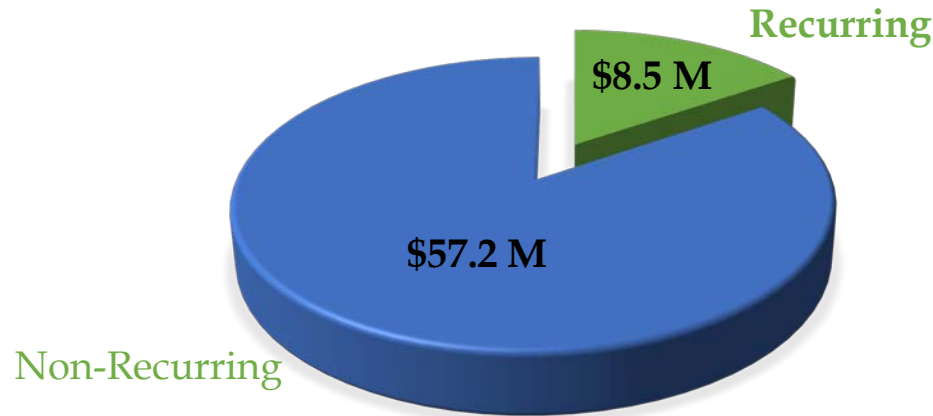


Total: \$121.9 M

- FTEs – 109.00
- Highlights
 - \$5 million non-recurring for firefighting equipment – Forestry
 - \$3.5 million recurring for Certified SC marketing – Agriculture
 - \$11 million non-recurring for T. Ed Garrison Arena education/conference center – Clemson PSA
 - \$3 million non-recurring for roof system replacement at Ft. Johnson – DNR
 - \$8 million non-recurring for beach re-nourishment – PRT
 - \$9 million non-recurring for welcome center rebuild - PRT
 - \$17 million recurring and \$14 million non-recurring for closing fund – Commerce
 - \$5 million for LocateSC – Commerce
 - \$1.9 million recurring for Rural Infrastructure Bank – Rural Infrastructure Bank

BUDGET REQUESTS – CONSTITUTIONAL

STATE FUNDS

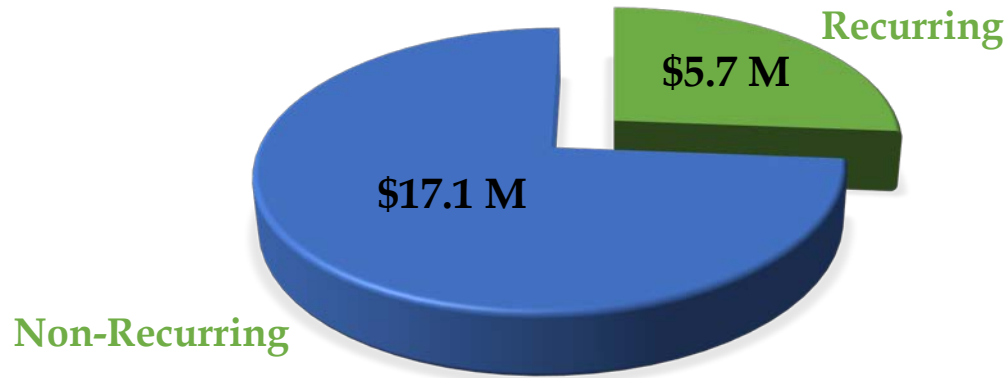


Total: \$65.6 M

- FTEs – 35.16
- Highlights
 - \$4 million recurring and \$5.6 million non-recurring for disaster recovery – DOA
 - \$1.2 million non-recurring for Capital Complex security upgrades – DOA
 - \$1.1 million recurring for retention funding – Atty. General
 - \$6 million non-recurring armory revitalization/deferred maintenance – Adj. Gen.
 - \$1.5 million non-recurring for Youth Challenge – Post Academy – Adj. Gen.
 - \$41.5 million non-recurring statewide voting system – Election Comm.

BUDGET REQUESTS - TRANSPORTATION & REGULATORY

STATE FUNDS



Total: \$22.8 M

- FTEs - 4.0
- Highlights
 - \$2 million non-recurring for disaster recovery start up - DMV
 - \$1.8 million recurring for Certified Work Ready Communities program - DEW
 - \$3.2 million recurring for welcome center - DOT
 - \$10 million non-recurring for rest area - DOT
 - \$5 million non-recurring for state aviation fund supplement - Aeronautics

BUDGET SUMMARY

- Revenue
 - Recurring - \$861.9 million
 - Includes General Fund, EIA and new Lottery
 - Non-Recurring - \$596.8 million

- Statewide and Agency Requests
 - Recurring - \$814.1 million
 - Non-Recurring - \$1,374.8 million