

**Fiscal Year 2020-21**

# **BUDGET BRIEFING**

General Appropriations Bill (H. 5201) & Capital Reserve Fund (H. 5202)

*as passed by the House of Representatives*



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# 2020-21 Budget Themes

**Raises for  
Teachers**

**Reducing  
Taxes**

**Reserves**

**Roads**

# Raises for Teachers

## Teacher Salary Increases

- **\$213 million** to give every teacher a \$3,000 raise.
  - SC is now in the top half of states in the nation for average teacher salary. South Carolina was 41<sup>st</sup> last year.
  - SC Teacher pay will exceed the Southeastern average by \$2,456.

	SC Average Teacher Salary
2017-18	\$50,182
2020-21	\$56,621

- The minimum starting teacher salary has been increased by 26% the last three years.

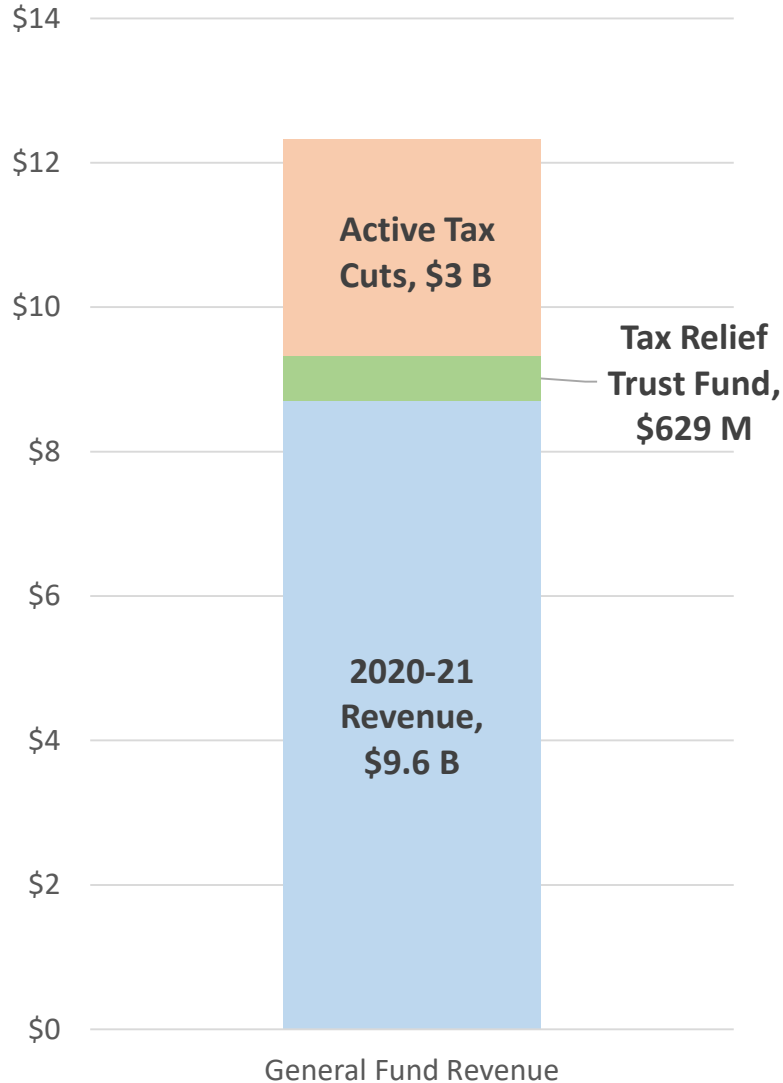
	Minimum Starting Salary
2017-18	\$30,113
2020-21	\$38,000

# Reducing Taxes

## \$877 million of Tax Relief

- **\$128 million** for a one-time, \$100 non-refundable income tax credit for every return filed with at least \$100 in income tax liability.
- **\$120 million** of recurring set aside for an income tax cut.
  - This figure represents a 0.2% reduction of the top income tax bracket from 7% to 6.8%.
- **\$629 million** in direct property tax relief through the Tax Relief Trust Fund.
  - This is a \$29 million dollar increase over last year.

# A Legacy of Reducing Taxes



## Ongoing Tax Relief

- In the last 25 years, the General Assembly has passed over \$42 billion in tax cuts.
- In this fiscal year alone, in a \$10.2 billion budget, over \$3 billion have been returned to taxpayers.
- That represents a return of 1/3 of general fund revenues to South Carolina citizens.
- This includes individual income tax cuts, small business tax cuts, corporate income tax cuts, food tax elimination, and property tax relief.

# Reserves

## Increasing Reserves

- Added **\$122 million** to the General Reserve Fund, which exceeds the constitutionally required \$34 million contribution.
- Additional **\$13.6 million** to fully fund the Capital Reserve Fund.
- These additions bring South Carolina's total reserves to **\$869 million**.

## Disaster Relief and Resilience Reserve Fund

- **\$50 million** to begin a statewide Disaster Relief and Resilience Reserve account. These funds may be used for:
  - Disaster relief assistance
  - Hazard mitigation
  - Infrastructure improvements
  - Statewide resilience planning

# Roads

## **\$77 million to SCDOT for Farm to Market Secondaries**

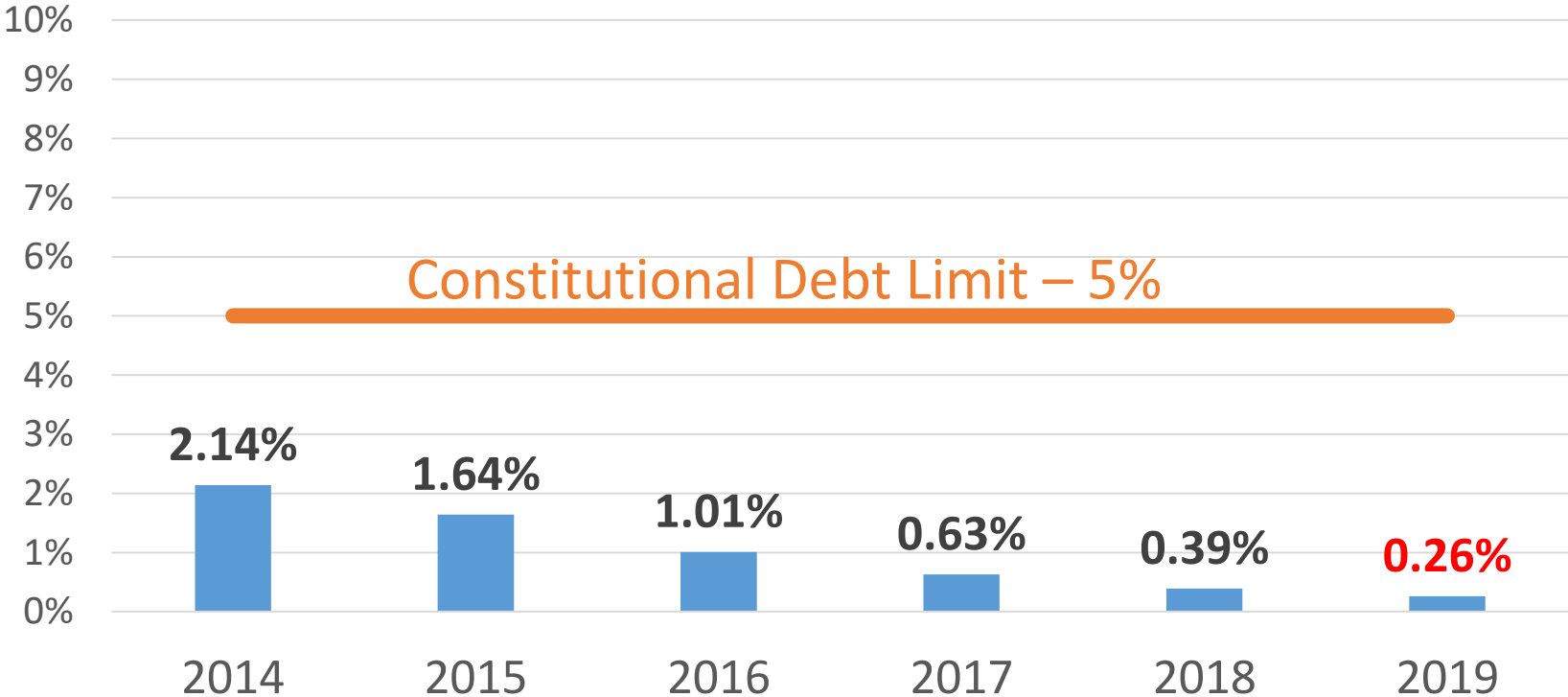
- Utilize DOT's county by county allocation methodology (relative share of lane miles) and prioritization criteria. Every county would receive funding.
- It will repave approximately 240 miles (3%) of the Farm to Market Secondary network and would supplement DOT's current planned investment of \$89.4 million on this network.
- Projects will be put in a special bidding in September 2020, with the contractors provided one paving season to complete the work (by the end of November 2021).
- Funding would be dedicated to rehabilitation and reconstruction, not preservation.

## **\$23 million to the County Transportation Committees (CTCs)**

- Each county will be allocated \$500,000 and the funds must be used for maintenance and repairs to existing state-owned Farm to Market Secondaries.

# Keeping Debt Low

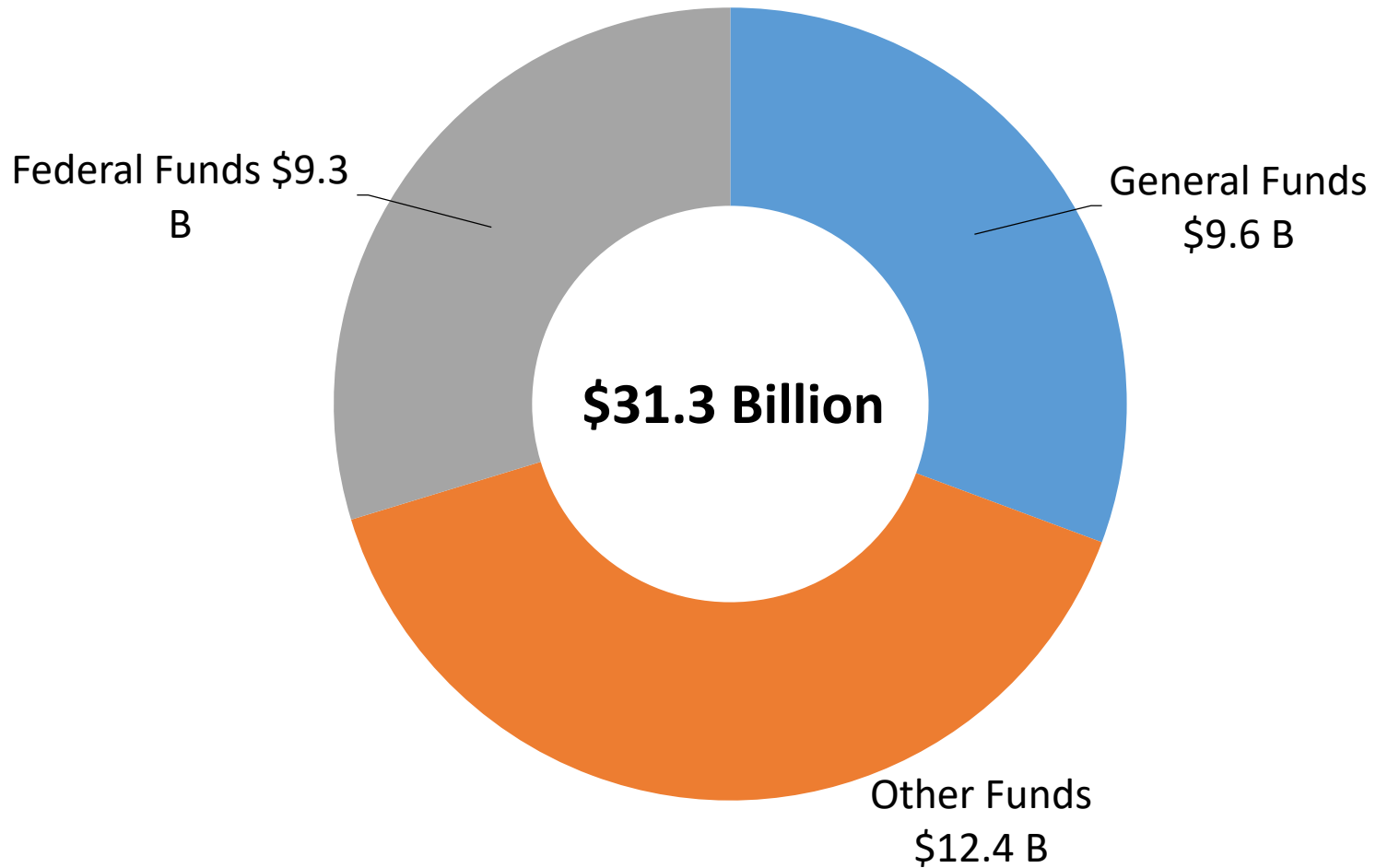
Debt Limit vs. Debt Service



- *South Carolina's has a AAA credit rating from Moody's (1 of 14 states) and Fitch (1 of 16 states) and we have eliminated over 95% of our available debt load.*



# 2020-21 Total Budget



# New Dollars Available

RECURRING	
FY 2018-19 “Missed” Growth	\$350 million
FY 2019-20 Additional Estimated Growth	\$121 million
FY 2020-21 Estimated Growth	\$417 million
<b>TOTAL “NEW” RECURRING REVENUE</b>	<b>\$888 million</b>

NON-RECURRING	
Capital Reserve Fund	\$162 million
FY 19-20 General Fund Estimate Surplus	\$567 million
FY 18-19 Contingency Reserve Fund	\$350 million
<b>TOTAL NON-RECURRING REVENUE</b>	<b>\$1.08 billion</b>

# Statewide Items

## State Employees & Employee Benefits

- **\$42 million** for Statewide Recruitment and Retention for State Employees. Agencies will have the discretion and ability to provide merit-based raises/bonuses for their employees.
- **\$38.9 million** to cover 100% of the state employee health and dental insurance increases so employees will have no additional monthly premium cost.
  - Added benefit of annual well visits regardless of age included in this year's plan.
- **\$32 million** in the general fund and **\$4 million** in the EIA to fund employer cost of year 4 of 6 of the pension reform law.

## Local Government

- **\$11.6 million** to fully fund the Local Government Fund

## Disaster Recovery

- **\$10 million** for the FEMA state match for Hurricane Dorian.

# **House Budget Subcommittee Areas**

# Public Education

## K-12 Education

- **\$26 million** to increase the Base Student Cost to \$2,500.
- 2020-21 State Aid to Classrooms = \$4,042 per pupil
  - Education Finance Act- \$1,858,412,395 (60.48%)
  - EFA-Employer Contributions- \$841,727,493 (27.39%)
  - State Minimum Teacher Salary Schedule \$372,698,030 (12.13%)
  - Total General Fund State Aid to Classrooms is \$3,072,837,918
- **\$60 million** to the Department of Education for capital improvements in school districts with a poverty index of 70% or higher or an index of tax paying ability less than .009.
- **\$10 million** increase for School Resource Officers. Districts with the lowest index of taxpaying ability will receive priority consideration.
- **\$76 million** for instructional materials and **\$26 million** for school buses.

# Public Education

## Early Childhood Education

- **\$53 million** for statewide 4K expansion to 17 school districts and 13,000 students.
  - **\$2 million** for early literary assessments.
- **\$3 million** in EIA funds to First Steps for the enhancement or expansion of evidence-based programs that serve at-risk children and their families from birth to age three. Applications must address the needs of children living in Tier III or Tier IV counties.

## State Library

- **\$1 million** for Aid to County Libraries. This will increase the per capita distribution from \$2.00 to \$2.25.

## State Museum

- **\$3.7 million** for the State Museum to begin the 2<sup>nd</sup> phase of exhibit renovations. This appropriation will cover the 4<sup>th</sup> floor exhibit.

# Higher Education

## Colleges and Universities

- **\$47.6 million** to completely freeze the cost of tuition for in-state undergraduate students.
- **\$160 million** in non-recurring for maintenance, renovations, and capital needs at colleges.

## Technical Colleges

- **\$10 million** for operations and **\$43 million** for maintenance and capital needs.
- **\$10.25 million** for the successful ReadySC job training program, which provides customized training for new and expanding business and industry.
- **\$17 million** for the SC WINS scholarship program to help provide tuition to students at technical colleges seeking degrees in industry sectors with critical workforce needs.
- **\$12.5 million** for High Demand Skill Training Equipment.
- **\$11 million** for Workforce Scholarships to provide grants for tuition, fees, and textbook expenses to SC residents enrolled in a career education program at a technical school or professional certification program.
- **\$10 million** for Career and Technical Education Centers, which will assist school districts, two and four-year- colleges and the business community in creating a new model for delivering career and technical education and dual enrollment.

## Scholarships and Tuition Aid

- **\$326 million** to fully fund LIFE, HOPE and Palmetto Fellows Scholarships through the Lottery for the 5th year in a row.
- **\$51 million** in the Lottery for Tuition Assistance (LTAP)
- **\$28 million** for Needs Based Grants in the Lottery, a 40% increase from last year.

# Healthcare

## Health and Human Services - Medicaid Budget

- **\$47.3 million** for the state Medicaid Maintenance of Effort and annualization to continue current level of services. This includes increased Medicare premiums and coordinated care/nursing home rate targets.
- **\$19.5 million** to cover a decrease in federal matching funds (FMAP) due to an increase in the state's per capita income.
- Continued funding for the Healthy Outcomes Proviso, serving over 14,000 high-utilizers of emergency rooms and/or inpatient services through coordination with all Medicaid-designated hospitals, 70 primary care safety net providers, and three behavioral health clinics state-wide.

## Health and Human Services – CLTC Census

- **\$13.9 million** for the Community Long Term Care program in order to continue providing current services to beneficiaries eligible for CLTC waivers under existing criteria.
- Program allows aging and disabled individuals to receive services in community settings, which delays or entirely defers their admissions to institutional settings such as nursing homes. This program enables those individuals to live and age in their own communities.
- **\$1.3 million** of the total funded amount covers year one of a multi-year request for CLTC provider rate increases. Goal is to update wage and cost information for all CLTC providers based on the type of provider and the type of services they offer.
- This year specifically addresses adult day healthcare transportation and attendant care providers



# Healthcare

## Rural Health Initiative & Telemedicine

- DHHS will continue to partner with the UofSC School of Medicine in the development of a long term strategic plan to address medically underserved communities in the rural areas of the state through services such as the ICARED initiative.
- Aimed at supporting and developing medical education in rural areas through rural residency placements and infrastructure improvements
- **\$5 million** in non-recurring through Telemedicine Proviso for continued infrastructure build out and a **\$2 million** increase in recurring funds for Telemedicine operations.
- Language included to start addressing the issue of broadband access in our rural communities.

## Department of Social Services

- **\$14 million** for Child Welfare efforts, which includes staff equity increases, case worker staffing, increased Group Home Board Payments, and increased Foster Family Board Payments
- **\$35 million** for Title IV-E Entitlement Loss Coverage to make up for a loss in federal revenue that has historically led to an annual shortfall for the agency
- **\$2.6 million** for Adult Advocacy staff and Emergency Stabilization Beds
- **\$11.6 million** for various IT and Economic Services-related requests

# Healthcare

## Department of Disabilities and Special Needs

- **\$10.1 million** for various rate increases.
  - \$2.9 million for Residential Services.
  - \$2.1 million for Respite Services.
  - \$5.1 for State Plan Waiver Costs associated with HHS rate increases.
- **\$2 million** to the Greenwood Genetic Center for Autism Research.

## Department of Mental Health

- **\$46.7 million** for the state match for two new Veteran Nursing Homes.
- **\$5 million** for Inpatient Services.
  - Start of a joint initiative between DMH, HHS, DHEC, PEBA, and DAODAS to increase the number of open beds at inpatient facilities and to work toward a long-term solution that keeps our citizens with behavioral health needs from being held in Emergency Departments

## Department of Health and Environmental Control

- **\$5 million** for salary increases for critical position retention.
- **\$1.1 million** for additional newborn screenings associated with Dylan's Law.
- **\$1 million** for Able site cleanup.
- **\$997,000** for disease control response.

# Criminal Justice

## Department of Corrections

- **\$100 million** for institution upgrades for safety of the public, officers and inmates.
- **\$7.5 million** for fire alarm replacement (Phase I of III).
- **\$9 million** for mental health and medical position retention and **\$9 million** for 51 new health services positions (Hepatitis C, addiction, medical, mental health).
- **\$5 million** for medical and Hepatitis C supplies and equipment.
- **\$6 million** for expansion of the Gang Enforcement Security Team & Long Term Programming and Reentry.

## Department of Juvenile Justice

- **\$14.7 million** for renovations, safety and security upgrades.
- **\$3.8 million** for recruitment and retention of Juvenile Correction Officers and Community Specialists.

## Probation, Pardon and Parole Services

- **\$2 million** for a sworn officer pay plan.
- **\$2.1 million** recurring for enhancing the Parole Board decision making process, expansion of inmate release services and mental health personnel.

# Criminal Justice

## State Law Enforcement Division

- **\$3.5 million** recurring and **\$2 million** non-recurring for agency personnel and equipment (Agents, Analysts, IT Staff).
- **\$1.8 million** recurring and **\$1.5 million** non-recurring for technology equipment.
- **\$936,528** recurring for a Law Enforcement Rank Change.

## Department of Public Safety

- **\$1 million** recurring for agency vehicles replacement plan. This additional funding will bring the agency within 10% of fully funding a 6-year rotation cycle.
- **\$3 million** for recruitment and retention.

## Department of Natural Resources

- **\$1.3 million** for 21 new law enforcement officers.
- **\$367,631** for law enforcement step increases.
- **\$2.5 million** for relocation of the agency headquarters.
- **\$1 million** non-recurring for Watercraft Registration Conversion – Act 233.
- **\$1.5 million** for State Water Planning, Pee Dee Basin.

# Criminal Justice

## Attorney General

- **\$1.6 million** for Crime Victim Compensation Funding.
- **\$1.5 million** for stability funding.
- **\$497,550** for three additional criminal prosecutors and the associated support personnel.

## Prosecution Coordination

- **\$1 million** recurring and **\$2.5 million** non-recurring for Circuit Solicitor Prosecution Case Management Systems & IT Infrastructure.

## Indigent Defense

- **\$2.8 million** for Criminal Justice System Workload Parity.
- **\$500,000** for Rule 608 Appointments.

## Conservation Bank

- **\$2 million** recurring and **\$5 million** non-recurring for Conservation Bank Trust Grants.

# Economic Development

## Department of Commerce

- **\$3.7 million** for the Deal Closing Fund to build on recent successes in recruiting new jobs and industry.
- **\$4 million** for Locate SC for the development of depleted suitable inventory for potential business relocation prospects.
- **\$250,000** for Rural School District and Economic Initiatives to continue support for the rural initiatives started in FY 19-20.

## Rural Infrastructure Authority

- **\$2 million** for the Loan Fund Match to continue the work of updating rural water and sewer infrastructure.
- **\$4.3 million** for Water and Sewer Regionalization Fund. These funds will be used to address the specific challenges faced by small and rural systems and encourage regionalization of these systems to in order to improve service delivery and increase efficiency.

## Department of Agriculture

- **\$1.7 million** for Federal Hemp Farming Compliance and Hemp Testing Equipment. These funds will provide personnel and equipment to ensure compliance with additional federal regulatory requirements on state hemp programs.

## Forestry Commission

- **\$1 million** for Firefighting Equipment to provide closed-cab dozers to keep firefighters safe when battling wildfires.

# Economic Development

## Department of Parks, Recreation, and Tourism

- **\$3 million** for Tourism Advertising. This is advertising that attracts and retains out-of-state dollars to multiple areas of the state.
- **\$8.5 million** for restoration of Governor's Mansion Complex Historic Buildings. Buildings include the Caldwell-Boylston House, the Lace House, the Carriage House, and the Gardens.
- **\$10 million** for Welcome Centers, which provide the state's first impression to visitors entering by vehicle.
- Over **\$6 million** for critical safety and facilities upgrades at state parks.

## Arts Commission

- **\$1 million** for Community Arts Development Grants. These are arts grants going directly back into counties and local communities.

## Clemson PSA

- **\$2 million** for Statewide Extension Services and Critical Fruit and Vegetable Research. These funds support frontline services for farmers and the public in every county and critical crop research.

## SC State PSA

- **\$806,200** for Research and Extension Program Development. This funding expands programs essential to community health and wellbeing such as nutrition education, youth outreach/leadership, and 4H.

# Transportation and Regulatory

- **Department of Transportation**

- **\$10 million** for rest area renovations.

- **Department of Motor Vehicles**

- **\$5 million** for Phoenix III Database Modernization. Phoenix III is the DMV's main internal transaction database and principal information system.
- **\$5 million** for a Career Pathing Plan. This plan will create a Equitable Compensation and Employee Retention Career Pathing Plan that will consist of reclassifications and salary adjustments.

- **Division of Aeronautics**

- **\$2 Million** for airport improvements projects.

- **Department of Labor, Licensing & Regulation**

- **\$850,000** for Urban Search and Rescue – SC Task Force 1 Equipment. Funds will replace equipment that is now over 15 years old and communication technology that is no longer viable.

- **Department of Employment and Workforce**

- **\$690,520** for the SC DEW Appellate Panel.
- This panel was created during the Great Recession when the federal government provided additional funding to offset the cost to SC DEW for increased appeal volume. The federal funding has been eliminated due to the economic recovery and lower appeal volume.



# Constitutional

## Judicial Department

- **\$10 million** for court position funding transfer.
  - General funds for FTEs that have previously been funded through Fines and Fees
  - Fines and Fees revenue has been decreasing over the last number of years and has been a concerning source of revenue for the Judicial Branch to use as a funding mechanism for their employees.
- **\$1.4 million** for digital court reporting.

## Department of Administration

- **\$1.5 million** for the Division of State Human Resources to improve statewide recruiting and retention efforts, expedite the implementation of classification and compensation recommendations included in the 2016 Classification and Compensation System Study Project Report.
- **\$2.5 million** recurring and **\$8.1 million** non-recurring for SC Enterprise Information System.
- **\$5 million** for state owned building capital needs.
  - A CBRE study done in 2016 identified over \$103M in deferred maintenance and over \$825M in projected capital costs over the next 30 years. This additional funding will bring the recurring funds to over \$8 million to offset this state owned building liability.

## State Treasurer

- **\$20 million** Tuition Prepayment Program Unfunded Liability
  - Created in 1997 to assist South Carolinians with the expense of college by providing an advanced payment program for tuition at a fixed and guaranteed level for public colleges and universities. Although the program was closed in 2008, there are still 2,100 families still relying on the program for future college tuition.
  - Actuarial projections estimate that \$40.7 million will be needed to prevent a depletion of assets and loss of benefits before the funds run out by fall semester 2022.

# Constitutional

## Adjutant General

- **\$7.5 million** for the Aiken Readiness Center.
  - Funding will be used to construct an approximate 75,000 sq. ft. enhanced, multi-unit National Guard Readiness Center to use as a co-use facility with USC-Aiken on property owned by the school.
  - The facility will provide the nexus for a joint Cyber Security Collaborative for the SCNG's Cyber program, USC-Aiken, Aiken Technical College as well as the anticipated Advance Manufacturing Center, and will provide the basis for tying into and partnership with the US Army Cyber Center of Excellence at Ft. Gordon, GA, and a key enabler for the SC-GA National Cybersecurity Hub.
- **\$2 million** for Armory Revitalization
  - This will bring total recurring funds for this initiative to \$3.5 million.
  - The agency states that recurring funding allows them to more efficiently address current and on-going facility revitalizations and assist in eliminating the backlog of deferred maintenance.
  - Revitalizations is a 50% / 50% match.
- **\$1.2 million** for the State Guard Olympia Armory
  - The Olympia Armory was constructed in the 1930s. The sewer system, Drill Hall floor, exterior doors and windows, bathrooms, roof, offices and kitchen would all be renovated.

## Election Commission

- **\$9.3 million** for completion of New Voting System Solution.
  - Funds will be used for additional voting system equipment, to provide security and auditing of the new system, electronic poll books, and a voter education and outreach program. All of which the agency states are critical for the upcoming election cycle in 2020.
  - Of the \$60 million that was originally requested for the new system, just over \$50 million was funded over the last number of years. This additional funding would complete the request.

