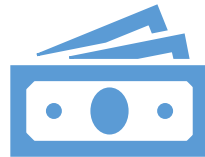


FY 23-24 Budget Briefing

SC House of Representatives

General Appropriations Bill (H. 4300)

Capital Reserve Fund (H. 4301)



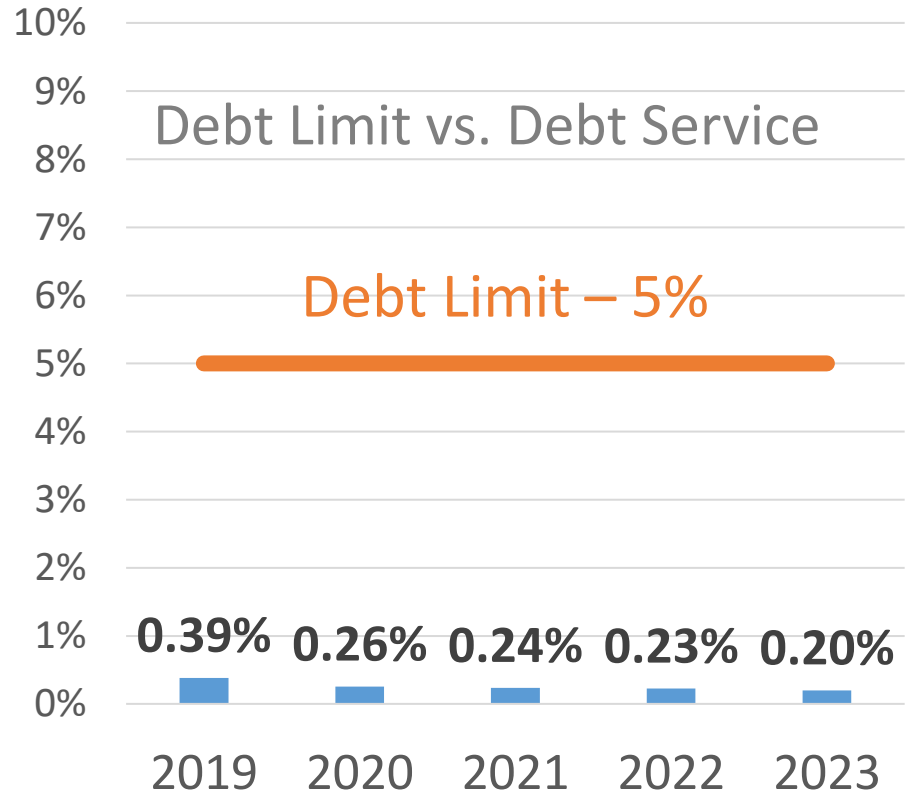
Historically Low Debt

Rating Agency	Rating	Outlook
Fitch Ratings	AAA	Stable
Moody's Investors Service	Aaa	Stable
S&P Global Ratings	AA+	Stable

Common themes from the rating agency reports include the following:

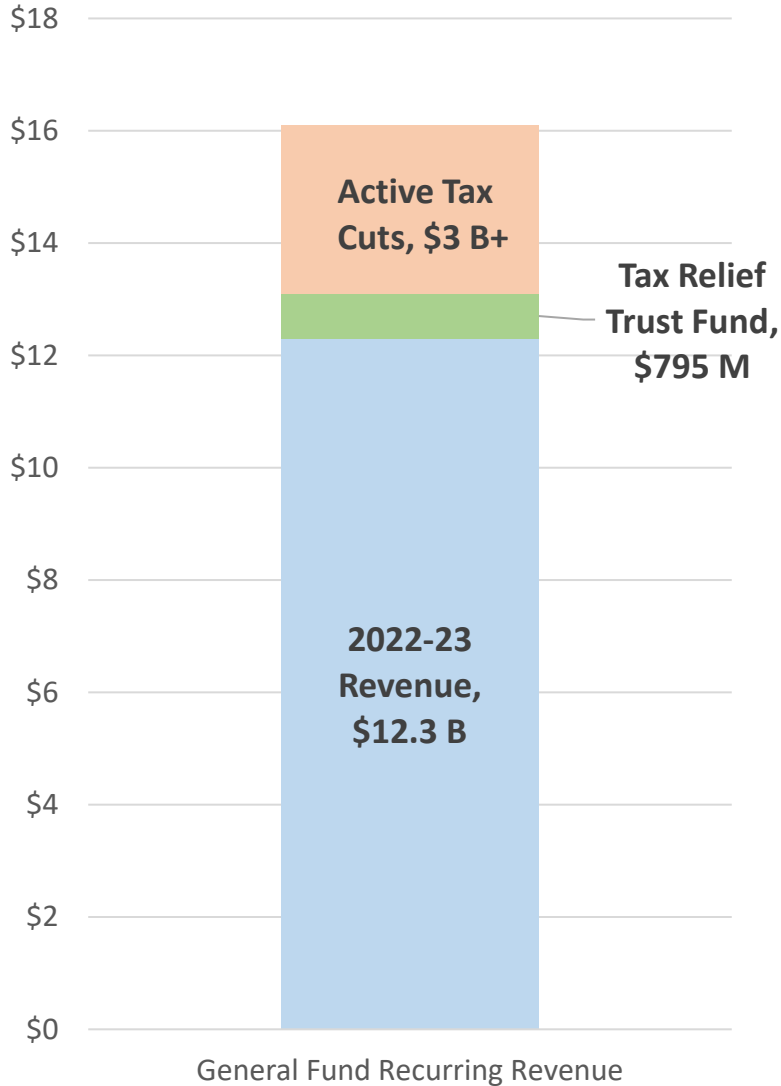
- Conservative financial management practices
- Low tax-supported debt burden
- Substantial reserves
- Revenue growth
- Balanced operations
- Diligent financial monitoring
- Notable unfunded pension liabilities (expected to improve with newly required annual contributions under 2017 legislation)
- Growing unfunded post-employment benefit ("OPEB") obligations

Source: 2022 Treasurer's Office Annual State Debt Report



*"The State of South Carolina's **conservative governance and financial management** have earned the State strong credit ratings which translates to low interest rates on the state's general obligation borrowings."*

Continuing to Reduce Taxes



*This budget funds an additional **\$134 million** in property tax cuts and **\$96 million** for Year 2 of the personal income tax reduction.*

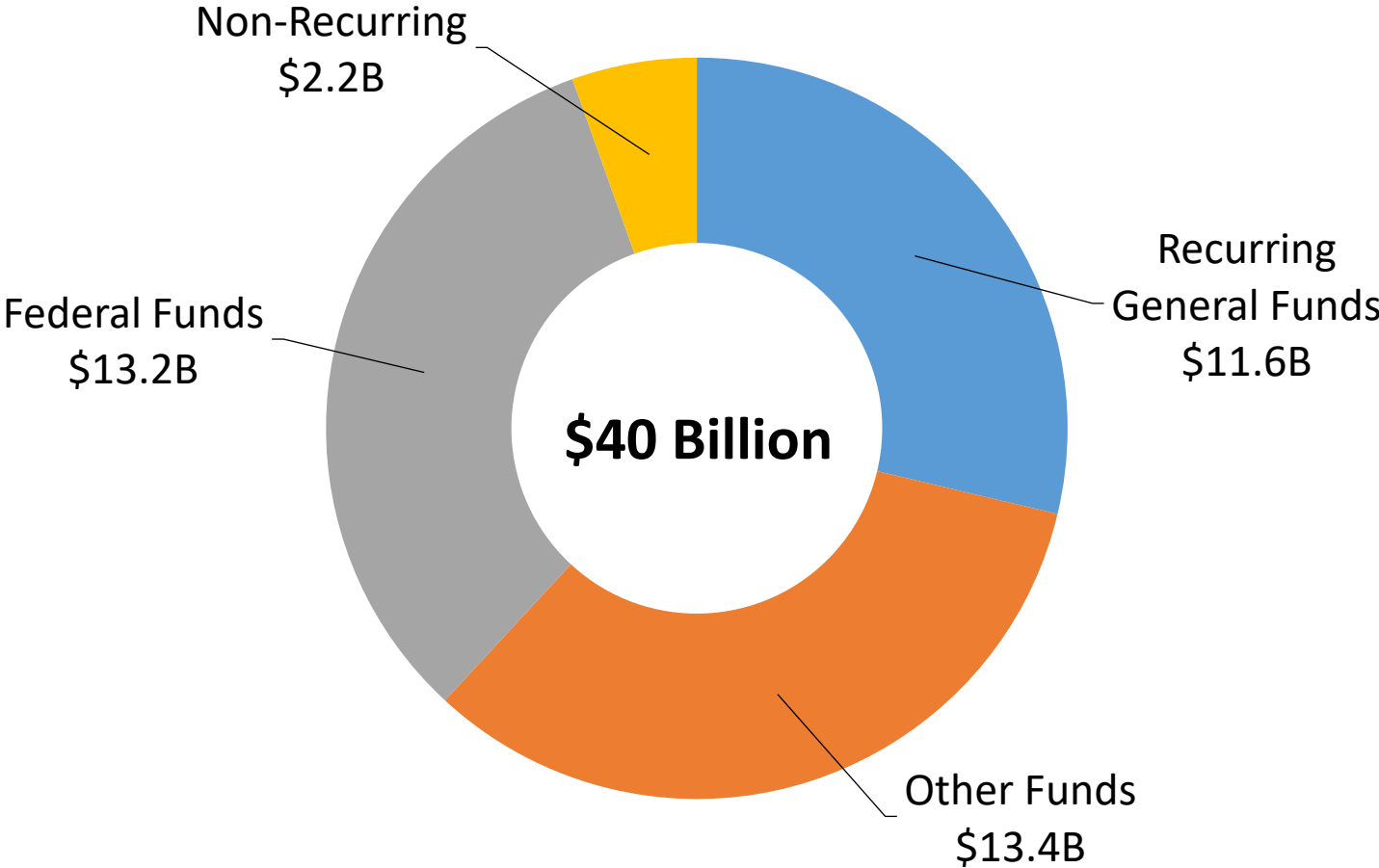
Ongoing Tax Relief

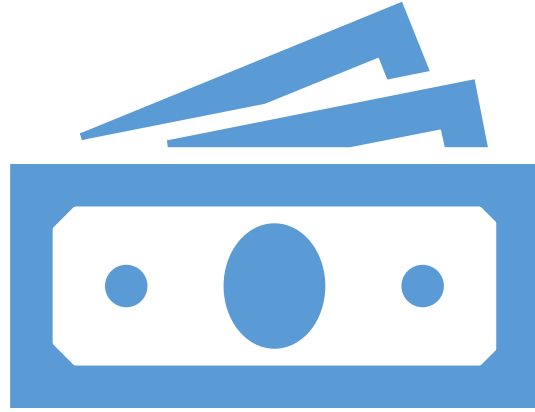
- In the last 30 years, the General Assembly has passed over \$50 billion in tax cuts.
- This includes individual income tax cuts, small business tax cuts, corporate income tax cuts, food tax elimination, and property tax relief.

Recruitment & Retention

- Through collaboration with the Governor's Office and the Department of Administration, compensation studies were conducted for the following critical needs positions:
 - Law Enforcement
 - Correctional Officers
 - Nurses
 - Mental Health Professionals
- It was determined that a targeted salary increase for these positions was warranted due to the state being non-competitive in the labor market for high quality candidates.
- To address the issue, funding was provided to agencies per each general fund, full-time employee they employ within the 4 critical need categories.
- These funds will be in addition to the base pay increase for state employees.

FY 2023-24 Budget – Total Funds





Budget Subcommittee Recommendations



Public Education Subcommittee

Taking Care of Teachers
Putting an SRO in every School
Addressing Literacy and Learning Loss



	Starting Salary Minimum
18-19	\$32,000
23-24	\$42,500

TEACHER PAY

	Average Teacher Salary
18-19	\$45,773
23-24	\$55,104

Increase the state's minimum starting salary from \$40,000 to **\$42,500** per teacher and increase the salary schedule by **\$2,500** per step.



This would increase the minimum starting teacher salary by 33% over **six years**.



In the same six-year period, SC's average teacher salary based on the minimum salary schedule would increase by **\$9,331** (*excluding local supplements).

The budget also increases teacher supply checks from \$300 to \$350.



2023-24 Total K-12 Per-Pupil Funding Totals (Projection)

Funding Source	FY 23/24 Per-Pupil Spending	Increase over FY 22/23
State (Total)	\$8,214	+\$520
Federal	\$1,310	+\$36
Local	\$8,031	+\$172
Total Average Funding	\$17,555	+\$728

Public Schools will receive over \$12 Billion in funding next year across all funding levels.

State Aid to Classrooms funding has been increased by 13%, or by \$535 Million in the last two years.

New K12 Funding Formula – Year 2



Simplicity

- The formula is a **state-local partnership**. The state share remains at 75%, and the local share remains at 25%.
- The pot is created by funding 1 teacher per 11.2 public school students.
- No changes to any student weightings from FY 22-23.



Flexibility

- Think of State Aid to Classrooms funds as a **block grant to the districts**.
- After meeting the state's minimum salary schedule, districts are largely free to spend those dollars to meet the educational needs of their district.



Transparency

- Soon, a new **online financial dashboard** will provide greater transparency in education spending at district and school levels.

Investing in School Buildings, Buses, and Learning

\$120 million to the Department of Education for capital improvements in schools of need.

\$29.7 million in EIA and Lottery funds for leasing and purchasing of school buses.

\$17.3 million to increase to the bus driver base hourly rate 20% to \$11 per hour.

\$16.7 million to raise state per pupil expenditures \$300 to \$5,100 for SCDE and First Steps Full Day 4K.

\$12.5 million for expansion of computer science and career & technology education across the state.

Making Our Schools Safe for Learning.

School Facilities Upgrades

- **\$20 million** from the Capital Funding for Schools appropriation earmarked towards school safety upgrades in schools of need. Funds can be used to update classroom door locks, secure school entry points, and for bulletproof glass or bulletproof film for windows.

School Resource Officers

- **\$14 million** from the Department of Public Safety for school resource officers and an additional **\$13 million** to outfit those officers should make to where a school resource officer is available for **EVERY** South Carolina public school.

Learning Needs Addressed

Literacy Training

- **\$39 million** investment in the Science of Reading by expanding LETRS training to all K-3 teachers in South Carolina and to compensate teachers who complete the training with a monetary stipend.

Addressing Pandemic Learning Loss

- **\$15 million** for high intensity tutoring programs in our most struggling school districts that will be used for students struggling in math and reading.
- **\$1.5 million** for Math Teach to One which is a software program that creates an individualized roadmap to accelerate learning in Math courses from 3rd grade through Algebra 1.



HIGHER EDUCATION SUBCOMMITTEE

Higher Education Subcommittee

Freezing Tuition
for SC Students

Providing
Scholarships

Investment in
State Assets

Addressing
Critical
Workforce Needs



Access & Affordability

\$97 million in recurring funds for a complete tuition freeze for in-state undergrad students at all public 4-year and 2-year USC campuses.

- For the fifth year, tuition mitigation funding in this year's budget is a commitment by the general assembly to make college more affordable for citizens of South Carolina.
- 76% increase from FY 22-23.

\$20 million in recurring funds to be split between the Technical Colleges.

- These dollars nearly triple the investment from FY22-23
-

Providing Scholarships

Fully funds LIFE, HOPE, Palmetto Fellows, and Lottery for Tuition Assistance (LTAP) through the Lottery.

- More than \$2.82 billion over the past 8 years
- Most South Carolinians that attend a public college in the state will utilize at least one of these scholarships

\$80 million for Needs Based Grants and \$20 million for Tuition Grants.

- Goes to help the most in need college students.
- Needs Based Grants funding has quadrupled, and Tuition Grants has doubled in recent years.
- Max yearly award is now \$3,500 for Needs Based Grants and \$4,500 for Tuition Grants.

\$4.1 million for College Transition Program Scholarships.

- Provides scholarships to students with disabilities in programs that promote the advancement of academics, socialization, independent living, and career development

Developing & Maintaining Our Workforce

- *Historic Investments on “degree to career” pathways*
 - **\$94 million** for SC WINS, providing funding at SC’s technical colleges for enrollment in critical workforce needs programs throughout the state in industries such as manufacturing, health care, computer science and information technology, transportation distribution and logistics, construction, and others.
 - **\$13 million** for workforce training equipment split between the Technical Colleges.
 - **\$2 million** for Ready SC to train workers at new companies and existing companies looking to expand.
 - **\$8 million** for internship programs at USC, Clemson, connecting students and employers.
 - **\$3.5 million** for SC Youth and Small Business Grant at the Tech Colleges, investing in youth apprenticeships at small companies
 - **\$12.5 million** (recurring) and **\$75 million** (capital) to establish SC’s first Veterinarian School at Clemson



Investing in Infrastructure and Maintenance of Public Buildings on Higher Education Campuses

\$308 million to fund maintenance, renovation, and capital needs across the public 4-year and 2-year USC campuses.

\$225 million to fund maintenance, renovation, and capital needs across the technical colleges in the state.

Much of the funding will be used to perform necessary maintenance on state-owned buildings and assets that will become a state liability if not addressed.

South Carolina has not passed a bond bill for state capital projects in over 2 decades



Healthcare Subcommittee

MENTAL AND BEHAVIORAL HEALTH

\$13 million will increase access to mental and behavioral-health related services to include:

- Firming up the State's ability to answer all in-state calls, texts and chat messages received to the suicide prevention call centers;
- Expansion of DMH's alternative transportation program to 20 additional counties. This program was piloted last year for the safe transport of non-violent adults for an involuntary psychiatric emergency admission without the need to use law enforcement; and
- Strengthening the State's treatment and prevention of alcohol and other substance abuse disorders to include a partnership between DAODAS, DHEC and the research universities to establish the SC Center of Excellence in Addiction. Resulting from this Center will be additional research, training, programming, and services.

WORKFORCE

South Carolina has been facing a major workforce shortage and the salary structure in our state government has made it tough to compete with the public and private sector. More than \$51 million will be appropriated to agencies to increase the compensation of our nursing and mental health professionals.

- Nursing will have a new classification structure which takes into consideration whether an individual is certified (for nursing assistants) and working in an institutional setting (for all other nursing class titles). It also includes an individual's years of service.
 - Ex. A non-certified nursing assistant will have a minimum hiring salary of \$30,000; while a certified nursing assistant will start at \$33,500

Job Class Code	Pay Band	Class Title	Proposed Minimum Hiring Rate	3-5 Years	6-9 Years	10-15 Years	15+ Years
EA03	Band 4	Nursing Assistant, Non-Certified	\$30,000	\$30,750	\$31,518	\$32,305	\$33,112
EA03	Band 4	Nursing Assistant, Certified	\$33,500	\$34,337	\$35,195	\$36,074	\$36,975
EA15	Band 5	Licensed Practical Nurse, Non-Institutional	\$47,273	\$48,454	\$49,665	\$50,906	\$52,178
EA15	Band 5	Licensed Practical Nurse, Institutional	\$52,000	\$53,300	\$54,632	\$55,997	\$57,396

Mental Health Professional I (GA55/Band 5)

Level 1

Unlicensed 0-1.99 years of relevant experience	Unlicensed 2-4.99 years of relevant experience	Unlicensed 5-9.99 years of relevant experience	Unlicensed 10+ years of relevant experience
\$51,039.00	\$52,539.00	\$54,039.00	\$55,539.00
Licensed 0-1.99 years of relevant experience	Licensed 2-4.99 years of relevant experience	Licensed 5-9.99 years of relevant experience	Licensed 10+ years of relevant experience
\$55,122.00	\$56,622.00	\$58,122.00	\$59,622.00

Mental Health Professionals will have a pay plan matrix that sets a minimum salary for each Mental Health Professional classification based on level of care (Levels 1 thru 3), licensure and years of service.

- Ex. An unlicensed mental health professional with less than 2 years of experience will have a starting salary of \$51,039; while a licensed mental health professional with the same number of years experience will start at \$55,122.

MEDICAID

- Lack of transportation contributes to the inaccessibility of healthcare. \$36.7 million will go towards increases in Medicaid provider rates and access to services. It is expected this will draw more providers to our underserved communities; and
- \$163 million will help close the gap on the state's Medicaid liability while continuing the current service levels for Medicaid enrollees, of which more than 60% are children and youth ages 0 - 18.

CHILDREN, FAMILIES and VULNERABLE ADULTS

- Another important impact on the health of our children and families is the ability to purchase fresh fruits and vegetables. \$5 million will go towards maintaining the Healthy Bucks voucher program for SNAP recipients to purchase fresh fruit and vegetables at grocery stores or farmer's markets. This program has continued to expand due to growing vendor participation.
- \$11 million will assist DMH in its maintenance of long-term care/ nursing homes for veterans at the provider's rates;
- \$15 million will allow DSS to align more closely with its providers' rates for the safe placement of children whether in foster care, kinship care or other placements; and
- More than \$20 million will be invested in research and treatment of brain health affecting our aging population.

PUBLIC HEALTH

With additional staffing and \$12 million, there should be a reduction in the turn-around time on DHEC's issuance of permits and an increase in their provision of other environmental services that further the State's economic development and ensure our public health.



Criminal Justice Subcommittee

Increasing State Law Enforcement Pay and Retention

Officer Training and Safety Equipment for State & Local Law Enforcement

Major investments in Land Conservation for Public Access



Recruitment and Retention of Officers

- A study conducted by State HR shows that recruitment and retention efforts for law enforcement and correctional officers continue to be a major issue.
- Over 28% percent of law enforcement officers are either currently eligible or eligible within the next 5 years to retire
- Turnover rate is for Correctional Officers is 49% at Dept. of Corrections and 64% at Dept. of Juvenile Justice
- Pursuant to guidance from law enforcement agencies and the Phase 2 analysis by State HR, the committee made across the board salary increases for law enforcement and correctional officers.

Phase 2 Recruitment and Retention of Officers

New Starting Salaries

- SLED \$58,000
- Dept. of Public Safety - \$55,000
- Dept. of Natural Resources - \$53,000
- Probation, Parole and Pardon - \$50,000

A 15% increase over last years base starting salary for Class I Law Enforcement officers

Dept. of Corrections

- Level I Facility - \$41,000
- Level II Facility - \$46,000
- Level III Facility - \$51,000

Juvenile Justice

- Level I Facility - \$40,500
- Level II Facility - \$43,500

A 6.5% increase over last years base starting salary for Class II Correctional Officers

Recruitment and Retention increases will impact over 5,400 Class I and Class II Law Enforcement / Correctional Officers that are currently employed with the state.

Prosecution and Public Defender Recruitment and Retention and Expediting Justice

\$25.7 Million invested in our Solicitors & Public Defenders

- \$14.5m Prosecution Coordination Commission
- \$11.2m Commission on Indigent Defense

Funding will be distributed amongst the 16 Solicitor & Public Defender circuits to be used for:

- Hiring additional Prosecutors & Public Defenders
- Addressing the current court case load backlog

Officer Training and Safety & Security

\$14 Million for 188 additional School Resource Officers – Funding now enough for every school in SC.

\$3.2 Million for Center for School Safety

\$59 Million for Critical maintenance and safety upgrades; upgrade facilities for compliance, upgraded security camera systems.



Land Conservation

\$45 Million for the conservation of land in South Carolina

- \$25 Million for Conservation Grants at the Conservation Bank
- \$20 Million for land conservation and acquisition at Dept. of Natural Resources
- Funds will be used to acquire key properties throughout the state that are important in sustaining wildlife, fish and plants, as well as provide additional outdoor recreation opportunities for the citizens of South Carolina.

Economic Development Subcommittee

Driving Continued Economic Growth & Business Recruitment
Promoting and Expanding the State's Agribusiness Community
Supporting Tourism and Quality of Life

Economic Growth & Promoting Tourism

Department of Commerce

- **\$72.7 million** for strategic economic development infrastructure essential to attracting and maintaining our State's success and competitiveness for opportunities having a significant, lasting impact in expanded areas of the State. Funding will allow the state to prepare and modernize infrastructure and mega sites.

Rural Infrastructure Authority

- **\$11.4 million** to assess and improve infrastructure that impacts the quality of life for residents and creates economic opportunities for small and rural public water and sewer utilities that face unique challenges in providing safe drinking water and complying with water quality standards.

Office of Resilience

- **\$200 million** for the Disaster Relief and Resilience Reserve Fund. Funding will be used for resilience and mitigation planning and response as well as home repair for those affected by disasters, particularly catastrophic flooding.

Economic Growth & Promoting Tourism

Department of Parks, Recreation and Tourism

- **\$29 million** to maintain, improve safety and accessibility and enhance attraction to our states 47 State Parks, Funds will be used to
 - Upgrade Park Facilities
 - Increase access and expand offerings to our state parks
 - Development of the Black River project
- **\$13.5 million** for advertising and promotion of South Carolina as a “preferred vacation destination” through funding awarded to Destination Specific Grants, Tourism Advertising Grants and Regional Tourism representing all counties in SC

Arts Commission

- **\$2.5 million** in resources to support community arts organizations and allow expansion of the arts and culture through their continued operations and pilot programs that connect the arts to rural communities.

Agribusiness

Clemson PSA

- **\$4.5 million** for Poultry Science Research Facility to build and outfit a new poultry facility for multidisciplinary research in nutrition, animal welfare, behavior and stress physiology. The facility will also be used for research in nutrition balance trials and other metabolism studies to help educate and benefit South Carolina citizens.
- **\$15.5 million** for Animal Farm Infrastructure to establish a Food Animal Skills Teaching Center and Equine Skills Teaching Center.

SC State PSA

- **\$2.5 million** in the continued training and educating of farmers on emerging areas of agriculture – urban and community, controlled, and organic; as well, innovative research in alternative crops.
- **\$2.5 million** for Camp Daniels Training and Activity Center, a digital training facility for youth and adults that will simulate real life scenarios to further educate and train them on today's agribusiness.
- **\$2 million** for SC Limnology Research Center, funds will go towards a study of the entire ecosystem of the 51 rivers and lakes that are interconnected throughout South Carolina.

Department of Agriculture

- **\$40 million** for growing Agribusiness in South Carolina. Funds will be used to create a matching grant program that would incentivize in-state investment to capture current out-of-state demand. The Growing Agribusiness Fund would help South Carolina keep production and packaging at home, bolstering revenue, capital investment and agriculture related jobs to help grow the current \$51.8 Billion annual impact that agriculture has in our state.



Transportation & Regulatory Subcommittee

- Investment in Local Roads
 - Improving our Airport Infrastructure
- Unifying State Workforce Development Efforts

5 Years of Unprecedented Investment in our Roads

After the 2017 Roads Bill, DOT implemented a 10-Year Plan to target funding into four main areas:

1. **Rural Road Safety** – Goal of 1250 miles
2. **Paving** – Goal of doubling the number of pavements rating as “good”
3. **Bridges** – Goal of replacing 500 structurally deficient bridges
4. **Interstates** – Goal of addressing 215 miles

In FY 22-23, this plan was accelerated by putting \$120 million additional dollars for roads, paving and interstates.

- DOT leveraged those dollars to pull down an additional \$190 million in federal funds so far.
- SCDOT now has road construction in all 46 counties across the state.

Local Transportation Efforts

An additional **\$20 million** to the CTCs to accelerate local projects, with a focus on secondary and low volume primary roads.

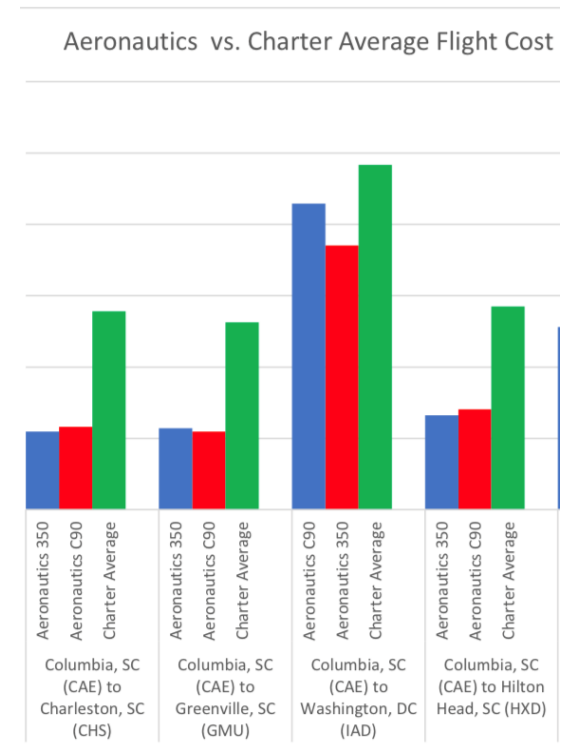
And, to make sure those local and secondary roads stay beautiful, there is **\$8 million** dollars total for off-interstate litter pick up.

Aeronautics Commission

\$20 million for a Capital Investing grant program for the Statewide Airport System.

\$10 Million for Replacement of the State's Air Fleet

- The state fleet consists of two planes, a 1983 King Air C90 and a 1990 King Air 350.
- While both planes are still safe to fly, the reality is they are aging and spend more time out of service for maintenance than they used to.
- **Overall, there are true cost savings by having a state fleet.** A 2021 study by the Department of Administration found Aeronautics can provide service **below the average market rate** for charter services.
- In addition to purchasing newer aircrafts, Aeronautics intends to sell the two existing aircrafts and put the funds towards a maintenance trust fund for future fleet needs.



Workforce Development

Education and workforce development is a big focus for South Carolina, and that focus continues with **\$4.4 million in recurring funding** for the Department of Employment and Workforce to implement the Statewide Education and Workforce Development plan.

- This plan is outlined in H.3726 and was developed after months of work from the State Economic Development and Utility Modernization Ad Hoc Committee.
- These funds will be used to provide staff support to the Coordinating Council for Workforce Development and to develop a unified plan that incorporates all entities performing publicly funded workforce development functions within its framework.

The Workforce Development plan also **includes \$3 million in non-recurring funds** to meet other objectives of the plan, including specific initiatives for rural and priority areas.



Transportation & Regulatory

Department of Labor, Licensing & Regulation

- **\$3 million** in recurring funds to fully fund the V-SAFE Program.
- V-SAFE allows chartered and combination volunteer fire departments to apply for grants to purchase equipment and training services.
- With these funds, each department's annual grant amount will go from around \$5,000 to around \$12,000 to purchase of fire suppression equipment, portable air refilling systems, safety and rescue equipment, and training.

Department of Motor Vehicles

- **\$20 million** to put towards modernizing the DMV's IT system.
- A modern IT System will allow the DMV to streamline services and create a better customer experience through:
 - Switching to a customer-based account system, allowing for automation of common DMV transactions;
 - Reducing the time required to enact changes due to new legislation or regulation; and
 - Creating a mobile DMV app, implementing mobile driver's licenses and electronic vehicle titling and registration, and providing additional customer options such as self-service kiosks in retail locations for common transactions.



Constitutional Subcommittee & Statewide Items

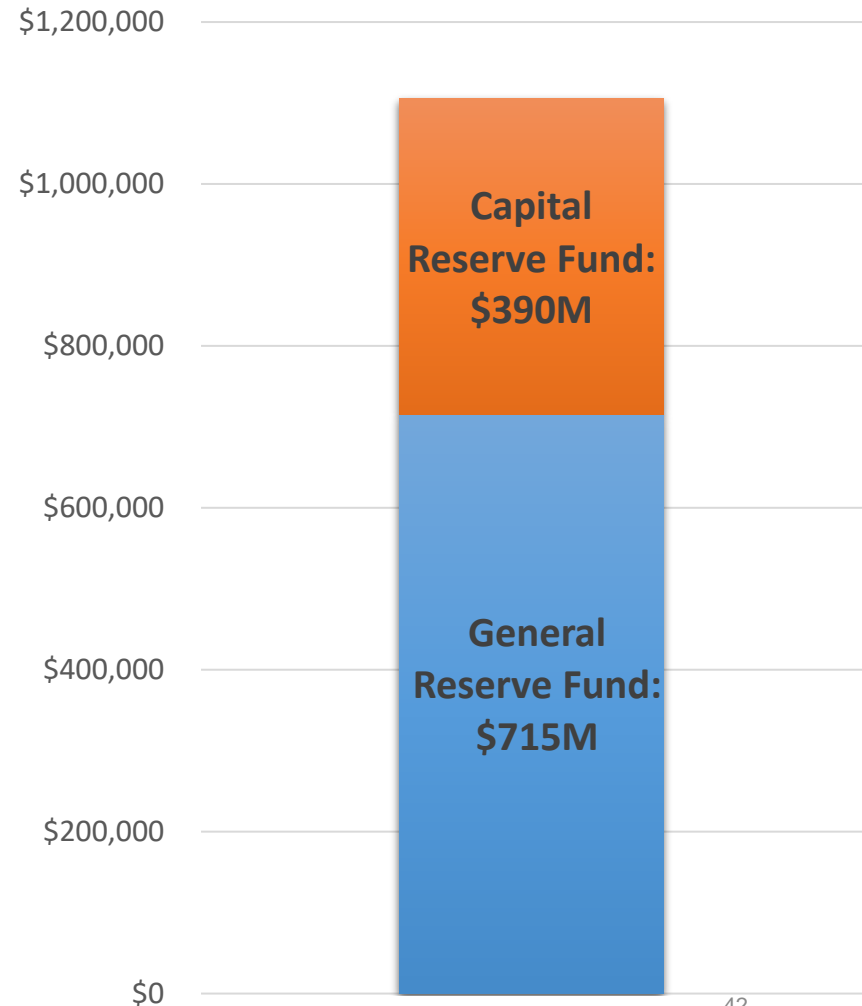
Increasing Reserves

\$139 million for the **General Reserve Fund** which is 5.5% of the previous fiscal year's General Fund revenues, an increase from 5%.

\$180 million for the **Capital Reserve Fund** which is 3% of the previous fiscal year's General Fund revenues, an increase from 2%.

These additions bring South Carolina's total reserves to over \$1.1 billion.

Constitutional Reserves



Supporting Those Who Support Our Citizens

State Employee Pay and Benefits

\$155 million for a \$2,500 pay raise for state employees making under \$50,000, and a 5% pay raise for employees making over \$50,000. No state employee will receive less than 5%.

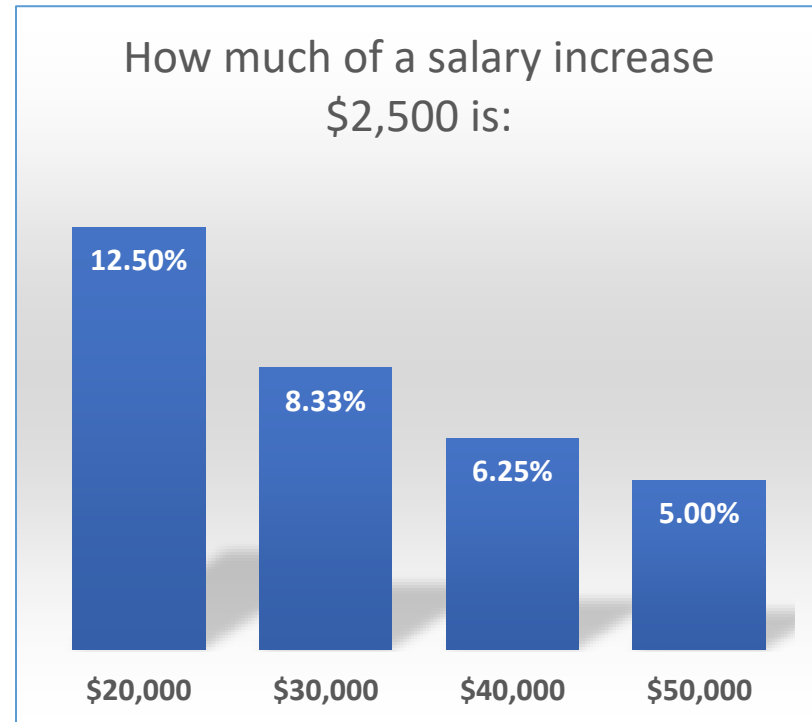


\$121 million to fully cover the state employee health and dental insurance increases. Employees will have **no** additional monthly premium cost which will make it a decade since they have had one.

Pension Stabilization

\$40 million allocated to cover the increase in the employer-side of the pension. This is the last year of funding the 1% increase thus fulfilling the commitment from Act 13 of 2017.

Since 2017, over \$320 million in state general funds have been infused into the retirement systems to reduce the unfunded liability and increase the funded ratio.



Military-Friendly

Adjutant General

- **\$4.5 million for armory revitalizations** – continues the process of updating our Readiness Centers to bring them to modern standards and increase their lifespan, so they stand ever at the ready.
- **\$1.5 million for the State Guard** – to reimburse members who dedicate time to training 12x a year in preparation for natural disasters and emergencies.

Veterans Affairs

- **\$7.5 million non-recurring for the Military Enhancement Fund** – this fund has provided over \$11 million in grants to communities surrounding military installations since its inception and interest in the fund has continued to grow.
- **Over \$600,000 for the Cooper State Veterans Cemetery** – to bring it up to higher standards and honor those who served. Funds will also increase security and preserve the history of the cemetery.

Funding Local Government

\$13 million recurring increase to fully fund the Local Government Fund per the statutory formula requirement.

\$929,475 recurring to increase the salary supplement for County Coroners and Registers of Deeds to \$15,000. This matches the amount Probate Judges, Clerks of Court, and Sheriffs receive.

- General Government -

Comptroller General:

\$1M Recurring for Office Rehabilitation – to bolster recruitment and resources in response to the compilation errors that occurred. The office will also work with the Department of Administration on a compensation study.

Election Commission:

Over \$4M for Training and Support Staff – an all-new training department will be formulated to ensure local election volunteers and employees are properly prepared for future elections. Other staff include GIS mapping specialists and administrative support for voter registration data to enhance the integrity of the voting process in SC.

The Multi-Tool of our State Government

Department of Administration

- **\$40 million non-recurring and \$13 million recurring** to begin the process of updating the South Carolina Enterprise Information System known as SCEIS. The system is used by over 70+ agencies and is used for HR, IT, real estate management, and accounting among other uses. The current system will reach end-of-life by 2027.
- **\$10 million recurring** to offset the increase in maintenance costs for facilities managed by the Dept. of Admin. that are rented to various other state agencies. The funds will go directly to the Dept. of Admin. rather than spread amongst the various agencies.
- **\$5 million non-recurring** to conduct a study of all health agencies to determine if and how services could be restructured for more efficiency & to better serve the citizens of SC.

The Judicial Branch

\$3.9 million recurring funds to implement H.3696 which added 4 Circuit Court Judges and 3 Family Court Judges. Funds also cover support staff.

\$1 million recurring for judicial facilities which are behind on maintenance and preservation upkeep. Additionally, funds go towards increasing office capacities.

