

WAYS & MEANS BUDGET BRIEFING 2026-2027

*GENERAL APPROPRIATIONS BILL (H. 5126)
CAPITAL RESERVE FUND (H. 5127)*



THE FOLLOWING SUMMARY IS PREPARED BY THE STAFF OF THE SOUTH CAROLINA HOUSE OF REPRESENTATIVES AND IS NOT THE EXPRESSION OF THE LEGISLATION'S SPONSOR(S) OR THE HOUSE OF REPRESENTATIVES. IT IS STRICTLY FOR THE INTERNAL USE AND BENEFIT OF MEMBERS OF THE HOUSE OF REPRESENTATIVES AND IS NOT TO BE CONSTRUED BY A COURT OF LAW AS AN EXPRESSION OF LEGISLATIVE INTENT. SOME OF THE INFORMATION PRESENTED IN THIS SLIDESHOW HAS BEEN SOURCED FROM STATE AGENCIES' BUDGET PRESENTATIONS SUBMITTED TO THE WAYS AND MEANS COMMITTEE. THIS PRESENTATION DOES NOT REPRESENT AN OFFICIAL STATEMENT OR ENDORSEMENT BY ANY STATE AGENCY. THE DATA IS PROVIDED FOR INFORMATIONAL PURPOSES ONLY AND MAY BE SUBJECT TO CHANGE. VIEWERS ARE ENCOURAGED TO CONSULT OFFICIAL SOURCES FOR THE MOST UP-TO-DATE INFORMATION.

Major Budget Priorities



Tax Relief



Physical Infrastructure



Human Infrastructure

The Palmetto Powerhouse

Anatomy of America's
Fastest-Growing Economy



A Fast-Growing Economy

South Carolina has outpaced national and regional averages, cementing its status as a premier destination for capital investment and business relocation in the United States.

#1

Real GDP Growth

Q1 2025 — All 50 States

Bureau of Economic Analysis

#2

Top State for Business

2025 Area Development Rankings

Area Development Magazine

#3

Economic Freedom

North America — Fraser Institute

Fraser Institute 2025



\$9.1B

Capital Investment in 2025

(SC Dept. of Commerce)



Top 5

Low Tax Burden

State & local tax rate — Tax Foundation



40+

Fortune 500 Companies

Operating facilities in South Carolina



#1

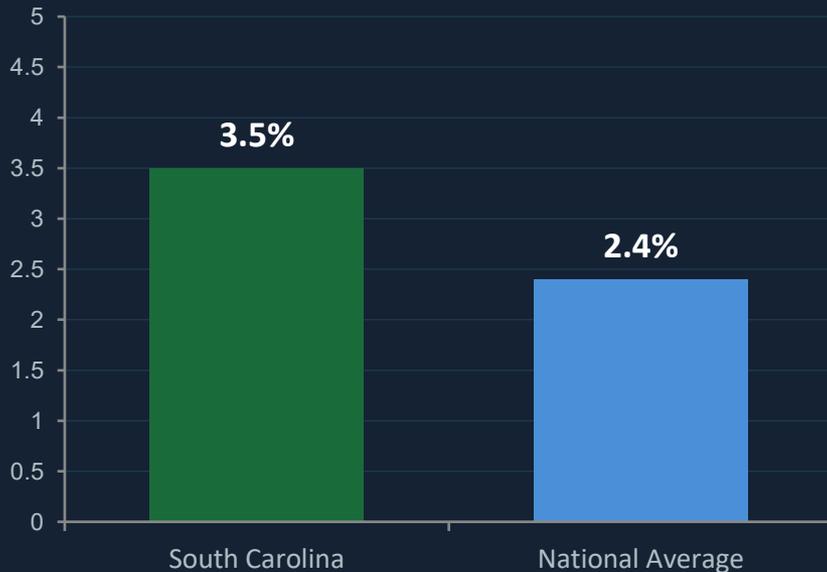
Foreign Direct Investment

Per capita FDI — among all U.S. states

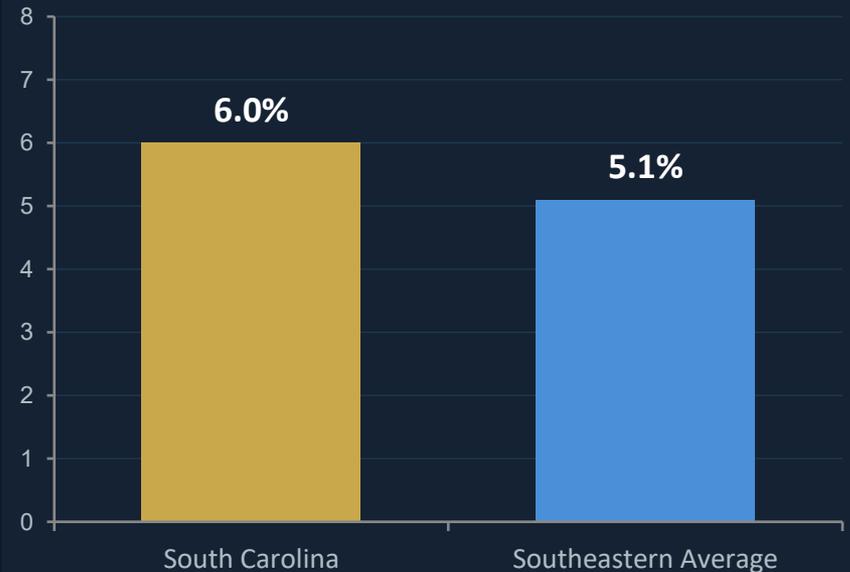
Unprecedented Output & Income

South Carolina's pro-growth policies are generating wealth and output at a pace unmatched by neighboring states.

Year-over-Year Real GDP Growth (Q3, 2025)



Personal Income Growth (Q3, 2025)

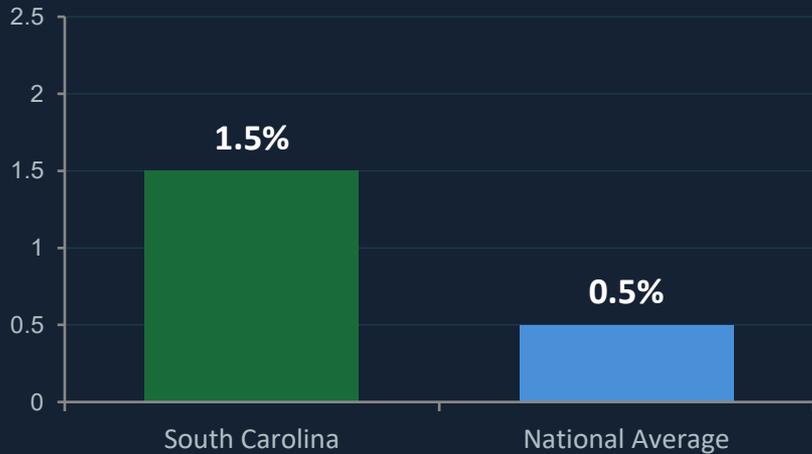


Fastest in the Southeast

National Leader in Population Growth

Economic expansion requires a scalable workforce. South Carolina's exceptional quality of life and booming job market have transformed the state into the nation's premier destination for domestic migration.

Population Growth Rate (2024)



 **#1 in Population Growth in the Nation**

 **#1 Nationally in Net Retiree Growth**

SC COUNTIES IN TOP 60 NATIONALLY — % POPULATION GROWTH (2020–2026)

Rank	County	Growth	Highlight
#4	Jasper County	+35%	 Top 5 Nationally
#27	Horry County	+25%	Top 30 Nationally
#52	Lancaster County	+21%	Top 60 Nationally
#55	Berkeley County	+21%	Top 60 Nationally
#56	Edgefield County	+21%	Top 60 Nationally

6 SC Counties rank in the Top 60 nationally for population growth (2020–2026)

BEA FY 26/27 General Fund Revenue Forecast

RECURRING	
GF Revenue Estimate	\$15.0 billion
FY 2024-25 Appropriations Base	(\$13.25 billion)
Tax Relief Trust Fund	(\$824.6 million)
Aid to Fire Districts Shortfall	(\$26.0 million)
Reserve Fund Contributions	(\$179.2 million)
Projected Recurring Revenue	\$733.9 million
Total Recurring Requested	\$1.85 billion

NON-RECURRING	
Projected FY 2025-26 Surplus	\$600.8 million
FY 25-26 Capital Reserve Fund	\$387.4 million
FY 24-25 Contingency Reserve Fund	\$725.9 million
Projected Non-Recurring Revenue	\$1.714 billion
Total Nonrecurring Requested	\$4.3 billion

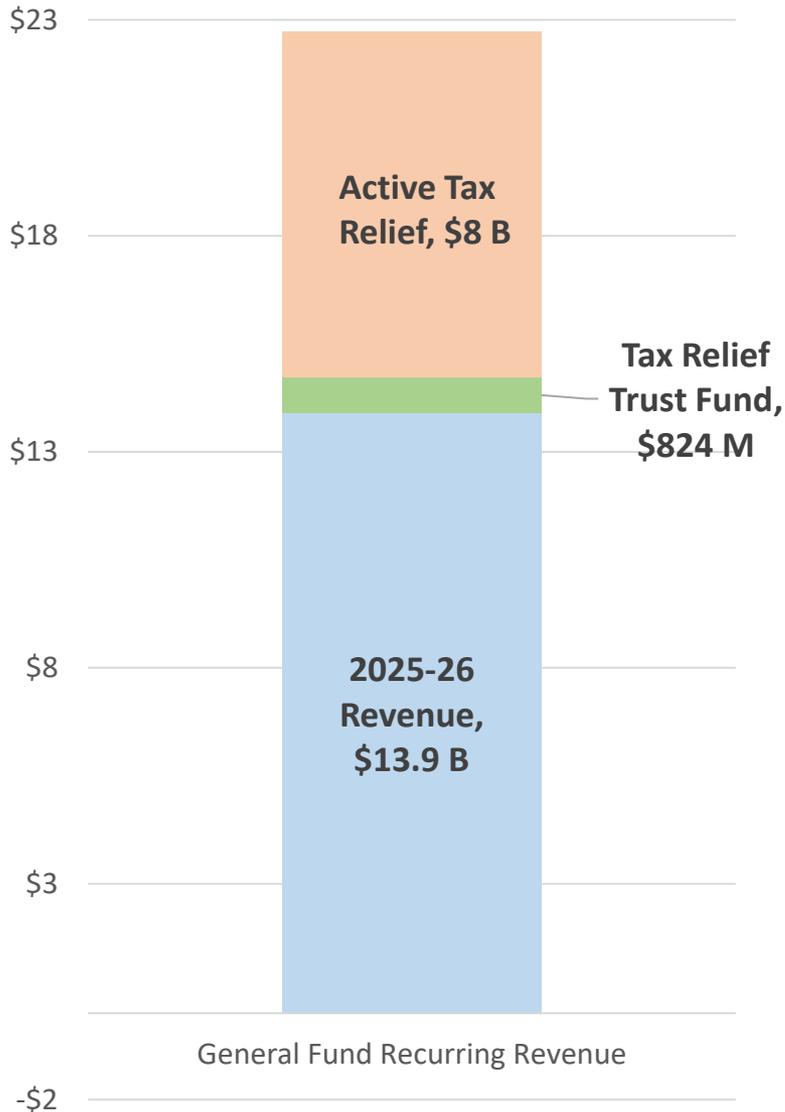
Note: This year's available revenues are bolstered by unspent funds from last fiscal year. **Unspent funds from last fiscal year were **\$249m recurring** and **\$225m nonrecurring**.*

It's a big pie, but most of the slices are already claimed

RECURRING REVENUE		Available: \$733.9M
Obligations / Priorities	Amount	
● Tax Relief	\$250M	
● HHS — Medicaid/Medicare	\$155M	
● Teacher Pay	\$90M	
● Roads	\$50M	
● State Employee Health Plan	\$35M	
● DSS SNAP Requirements	\$34M	
● Education Scholarship Trust Fund (ESTF)	\$23M	
Total Obligations/Priorities	\$637M	
✓ Remaining Revenue	\$97M	

NON-RECURRING REVENUE		Available: \$1.7B
Obligations / Priorities	Amount	
● Roads	\$450M	
● MUSC Cancer Hospital	\$175M	
● General Reserve Contribution	\$145M	
● Aid to Fire Districts	\$96M	
● K-12 Capital & Safety Funding	\$95M	
● FEMA Match	\$90M	
● Land Conservation	\$65M	
● SCWINS (\$95m total w/ Lottery)	\$52M	
● Judiciary (Case Mgmt. & Rural Courthouse)	\$40M	
● K-12 Instructional Materials	\$34M	
● School Buses	\$28M	
● DSS - ESSAM	\$25M	
● Voting Machines	\$10M	
Total Obligations/Priorities	\$1,305M	
✓ Remaining Revenue	\$395M	

Tax Relief



Total Direct Tax Relief

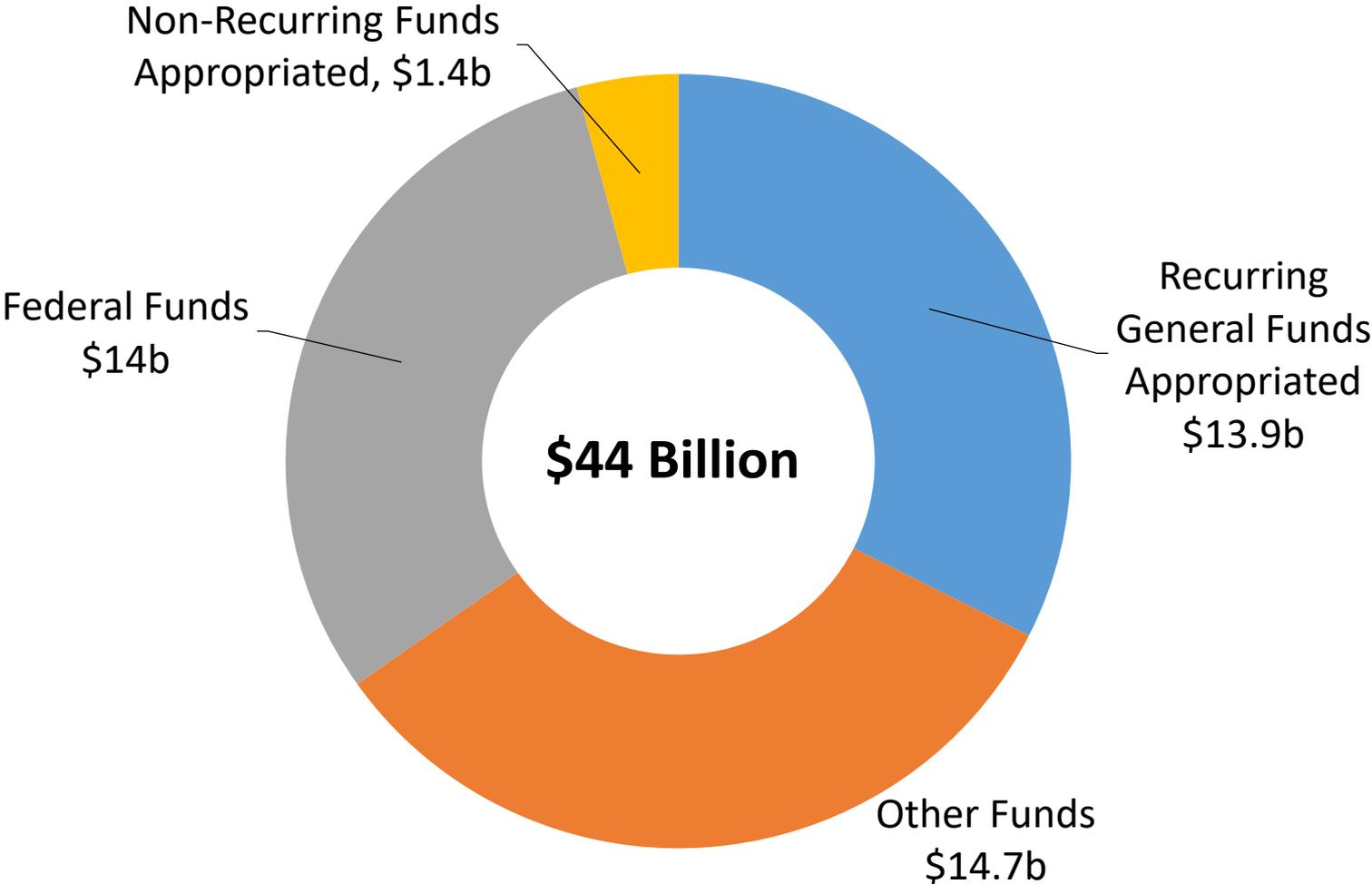
\$1 Billion+ in this budget alone!

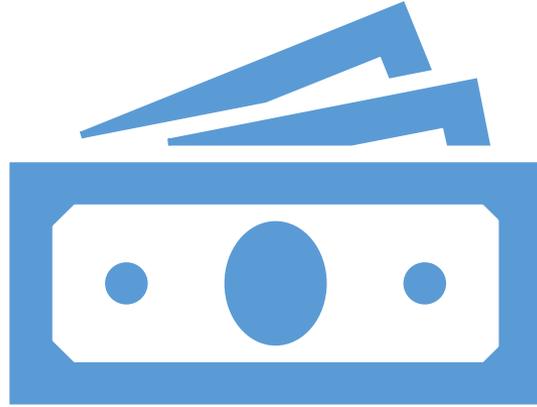
- \$249m in this proposal budgeted for ***Income & Property Tax Relief***.
- \$824m from the ***Tax Relief Trust Fund*** for property tax reimbursements.

Ongoing Tax Relief

- Cumulatively, the General Assembly has returned ***\$100 billion*** in tax savings over the last 30 years.
 - This includes individual income tax cuts, small business tax cuts, corporate income tax cuts, many sales tax exemptions, and other income tax deductions and exemptions.

FY 2026-27 W&M Budget – Total Funds





Budget Subcommittee Recommendations

Public Education Subcommittee





K-12 Public Education Strengthening SC Infrastructure

INVESTING IN PEOPLE, FACILITIES, STUDENTS

A Promise Kept: \$50,000+ Starting Salary by 2026

A Decade of Growth (2017-2026)

- **Goal Achieved:** On track to reach a \$50,500 minimum starting salary by 2026!
- **68% Increase:** Starting pay has risen from \$30,113 in 2017 to a proposed \$50,500 today.

Impact on Recruitment & Retention

- **Regional Leader:** Average teacher salary reached **\$64,050** last year, exceeding the Southeastern average since 2021. This budget will keep SC ahead of rival states.
- **Turning the Tide on the Shortage:** CERA reported the first decline in vacant teaching positions in a decade.
- **The "Border" Effect:** Record numbers of teachers from NC and GA are now crossing the border to teach in South Carolina.

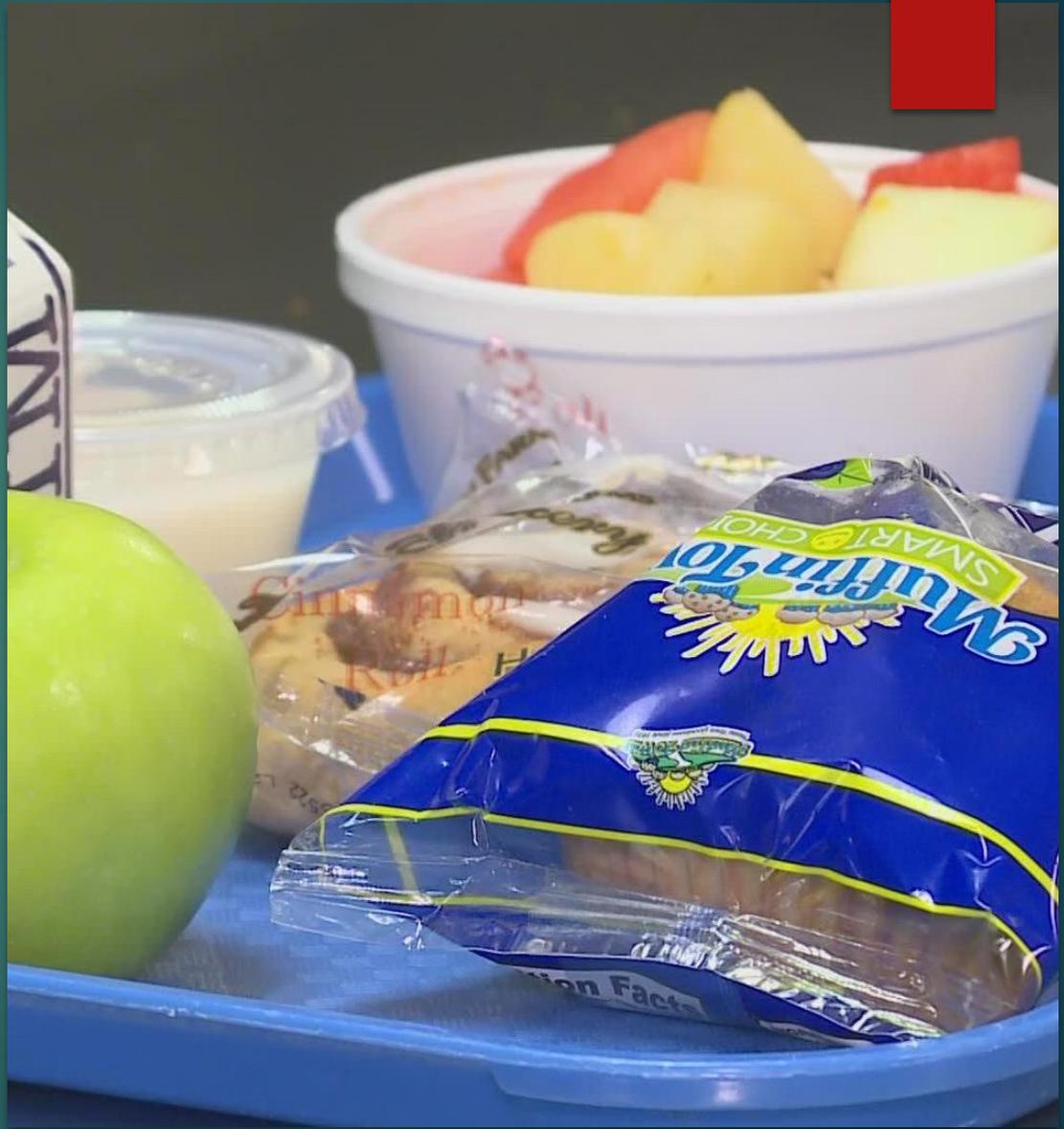
Investing in Facilities

Public School Infrastructure

- **\$75m** for Capital Funding for Rural Public Schools and Public Charter Schools.
- **\$20m** for School Safety Grants.

State-Funded **Breakfast** for ALL SC Public School Students

- ▶ **\$8.7 million** in recurring funds to provide free breakfast for all public-school students, regardless of household income.



Other K12 Investments

- ▶ **\$23M** EXPANSION OF THE EDUCATION SCHOLARSHIP TRUST FUND (ESTF) TO 15,000 STUDENTS.
- ▶ **\$30M** FOR SCHOOL BUSES.
- ▶ **\$15M** FOR SUMMER READING CAMPS.
- ▶ **\$38M** FOR INSTRUCTIONAL MATERIALS.
- ▶ **\$15M** TO SC FIRST STEPS.



Higher Education Subcommittee

FY 2026-2027 Priorities

Academic
Excellence and
Student Success

Physical
Infrastructure

Workforce

Academic Excellence and Student Success

Over \$59M in recurring funding to support academic programs, administration, and learning resources.

Physical Infrastructure

Over \$371M investment in:

- Maintenance, Renovation, and Construction of Facilities
- Equipment
- Technology
- Security upgrade
- Comprehensive Cancer Hospital

Workforce

SC FIRST

(Funding Innovation and Realignment for in-demand Skills and Talent)

- Replaces previous Tuition Mitigation model.
- \$25M appropriated
- SC FIRST exclusively supports programs geared towards critical workforce disciplines.

Over the past 20 years, \$8.2B has been appropriated to support higher education scholarships and programs.

Lottery Proceeds & Scholarships

- ◇ SC Life - \$228m
- ◇ SC Hope - \$9.5m
- ◇ Palmetto Fellows - \$61m
- ◇ Tuition Assistance - \$53m
- ◇ Need-Based Grants - \$80m
- ◇ Tuition Grants - \$20m
- ◇ SC WINS - \$95m
- ◇ Meeting Street Scholarship - \$15m
- ◇ Nursing Initiative - \$10m
- ◇ National Guard College Assistance - \$6.2m

Services

Compliance

Healthcare

Information-

-**T**echnology

\$192
Million

\$155
Million

Medicaid Infrastructure & Support

Funds maintain provider reimbursement rates and cover federally required premium increases.

Community & Specialized Services

\$24M

Community-Based Expansion

Targets services for aging populations and individuals with disabilities or mental health conditions.

\$13M

Sustain Critical Care

Ensures service continuity for intellectual disabilities, mental health and substance use disorders.

Medical Research & Higher Education



\$185 Million
for Strategic Partnerships

Funding supports higher education initiatives in cancer research and neurological studies.



Pursuit of NCI-Designated Cancer Center Status

Supports the Medical University of South Carolina's goal for Comprehensive Cancer Center status.



Neurological Care Advancement

Provides continued support for neurological care at the University of South Carolina.

Modernization & Operational Efficiency



\$48 Million
for IT System Modernization

Targeted at reducing cybersecurity risks and integrating Department of Behavioral Health and Developmental Disabilities systems.



\$34 Million
for SNAP Payment Accuracy

Funds intended to lower error rates and reduce potential federal financial penalties.



Risk and Penalty Mitigation





Criminal Justice Subcommittee

Subcommittee Priorities



Investing in Law
Enforcement



Deferred
Maintenance



Investment in
Statewide
Communications



Land Conservation

Boosting State Law Enforcement

Funding for step
increases across
State Law
Enforcement
Agencies

30 new BPS officers
and Dispatch staff.



Unifying Communications

Palmetto 800 enabling seamless communication for first responders across county lines.

- The **Palmetto 800** program was transferred to SLED.
- **\$24.5M** in additional funding to move the state towards a fully unified, state-supported communications infrastructure system.

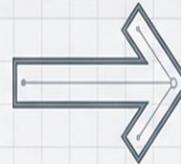


Infrastructure Investments

\$28.3M towards maintenance at Department of Corrections, DJJ, and other Law Enforcement Agencies.



Protect Physical Assets



Improve Safety Conditions



Reduce Costly Emergency Repairs

Land Conservation

\$65 Million

- SC Conservation Bank
- SC DNR



Economic Development Subcommittee





Investing in SC's
Infrastructure

Empowering local communities and growing our state's economy by:

- Creating jobs and strengthening the tax base
- Improving water and sewer infrastructure
- Investing in agribusiness
- Driving economic growth through strategic tourism investments

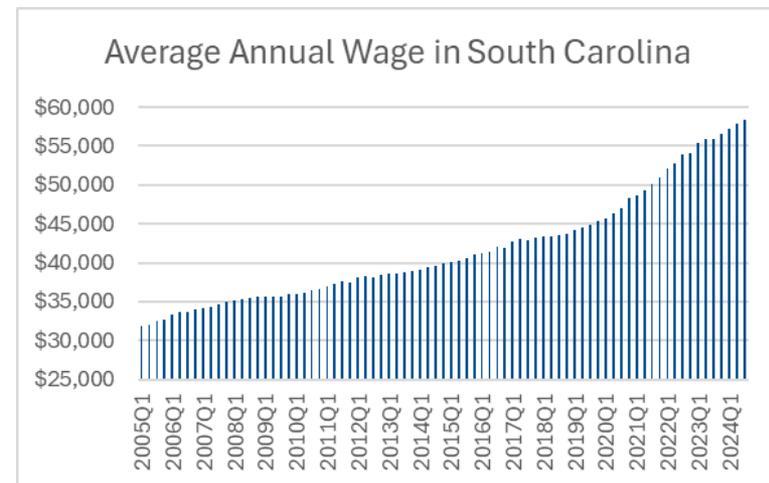
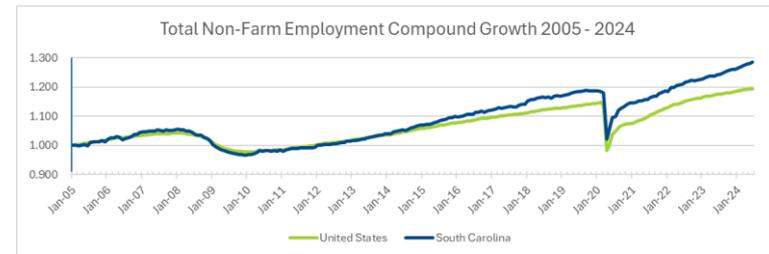
Creating Jobs and Strengthening the Tax Base

Over the last twenty years, South Carolina has seen **record economic growth**.

The past decade has also seen record amounts of **capital investment** and **job creation** driven by historic investments into the Department of Commerce.

To further equip the Department of Commerce in its economic development efforts, **\$1 million recurring each** is committed to LocateSC and to the Closing Fund.

- Investment in these programs will help Commerce continue to attract companies to the state and to prepare shovel-ready sites for their use.





Improving Water & Sewer Infrastructure

This budget allocates an additional **\$16.5 million** to RIA (\$2m recurring, \$14.5 non-recurring) to further water and sewer grant opportunities, dollars which support critical services for both businesses and community function.

Investing in Agribusiness



South Carolina's agribusiness industry is the state's largest (\$52 billion annually) and is served by multiple state agencies.



Nearly **\$8.25 million** is allocated in this year's budget through multiple programs to advance agribusiness across the state.

Economic Growth through Tourism Investments

- This budget makes a substantial investment in the tourism industry, ensuring that the state can continue to benefit from growing tourism demand:
 - **\$19.5 million** to PRT to expand and promote tourism across South Carolina.
 - **\$8.9 million** to PRT for developing and promoting South Carolina as a premier destination for tax-revenue-generating sporting events.
 - **\$7.5 million non-recurring** to PRT to restore and protect the state's beaches.
 - **\$4 million non-recurring** to Archives and History to commemorate the 250th anniversary of the United States and to expand SCDAH's exhibit hall for events celebrating state history.



Transportation and Regulatory Subcommittee

Subcommittee Priorities



ROADS



COMMERCIAL
AIRPORTS

Investing in Roads Infrastructure

- **Half a billion dollars** in statewide roads infrastructure investment.

This investment ensures that we don't just clear our 30-year backlog, but that we stay ahead of the new demand.

- This funding includes:
 - **\$50m recurring** and **\$200m non-recurring** for Bridge Modernization
 - **\$125m nonrecurring** for Interstate Acceleration
 - **\$100m recurring** for CTC Funding Acceleration
 - **\$25m nonrecurring** for the Road Buyback Program



Airport Infrastructure and Safety Enhancements

Airports are vital to South Carolina's infrastructure, driving commerce and keeping our state connected.



To support this growth, we have allocated for commercial airport enhancements..

\$10 million in
recurring funds

\$60 million in
nonrecurring



Constitutional & Statewide

- Heard from 22 different entities over 8 separate hearings.
- Total requests were over \$55M for recurring & \$210M for non-recurring dollars.

Subcommittee Members:

- Chairman Caskey
- Rep. Hiott
- Rep. Yow

Constitutional Reserves

\$984M

New General Reserve Fund Total

+7% of prior year revenue

\$422M

New Capital Reserve Fund Total

+3% of prior year revenue

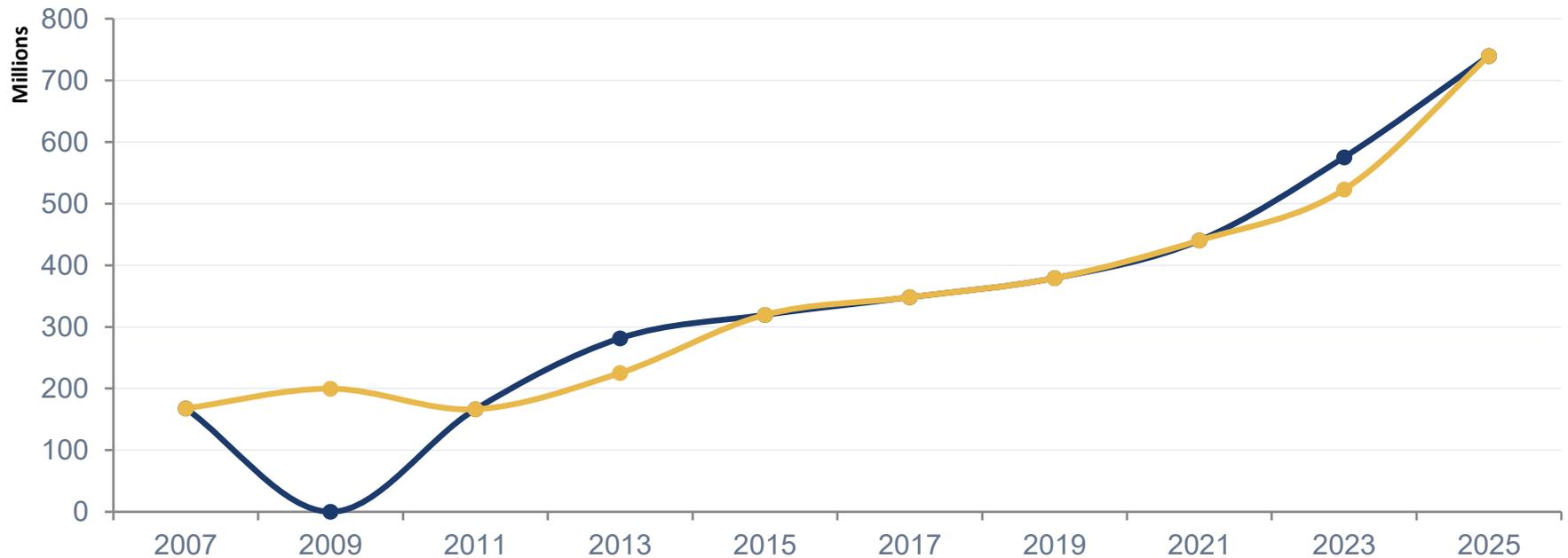
\$1.4B+

Total Rainy-Day Funds

Combined reserves

General Reserve Fund (\$ Millions)

● Ending Balance ● Full Funding Requirement



Both funds required by SC Constitution



State Health Plan

\$0

Premium Increase
Since 2012

Employees & Retirees

\$33.9M

Allocated to State
Health Plan

FY 2026–27 budget

553K+

Lives
Covered

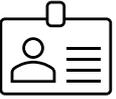
Employees, retirees & dependents



Subscribers	
Subscribers	311,877
Actives	214,173
Retirees	94,630
Others	3,074
Spouses	92,721
Children	148,463
Total covered lives	553,061

Active Subscribers by Employer Type	
State agencies	35,532
Higher education	28,127
School districts	89,131
Charter schools	4,242
Local subdivisions	40,483
MUSC hospitals	13,889
Other	2,769

State Employee Salaries



\$66M+

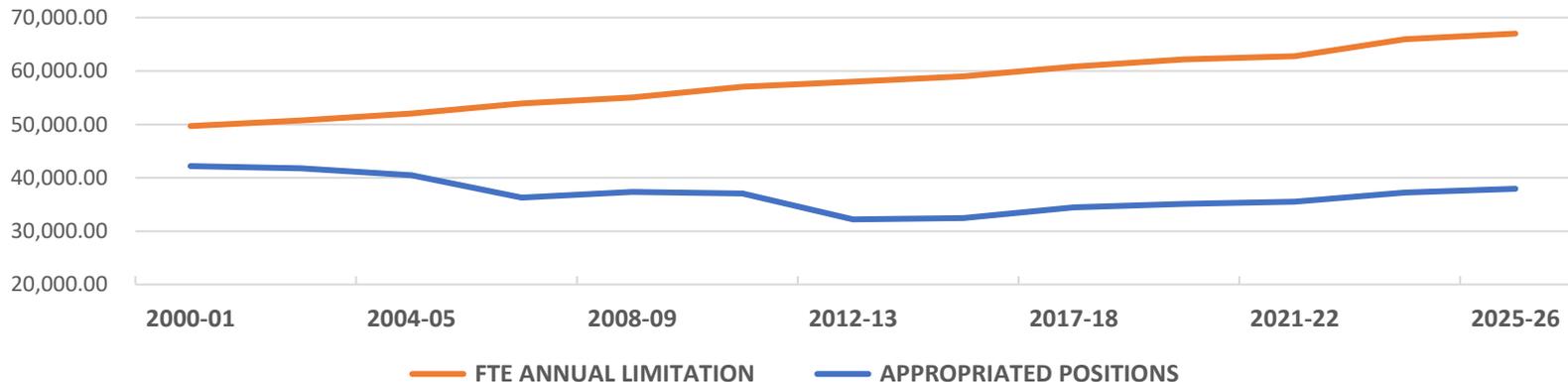
Base Pay Increase
for State FTEs

2% Salary Increase
Across-the-Board

6th

year in a row that a
Base Pay Increase
has been provided
by the House of
Representatives.

State FTEs

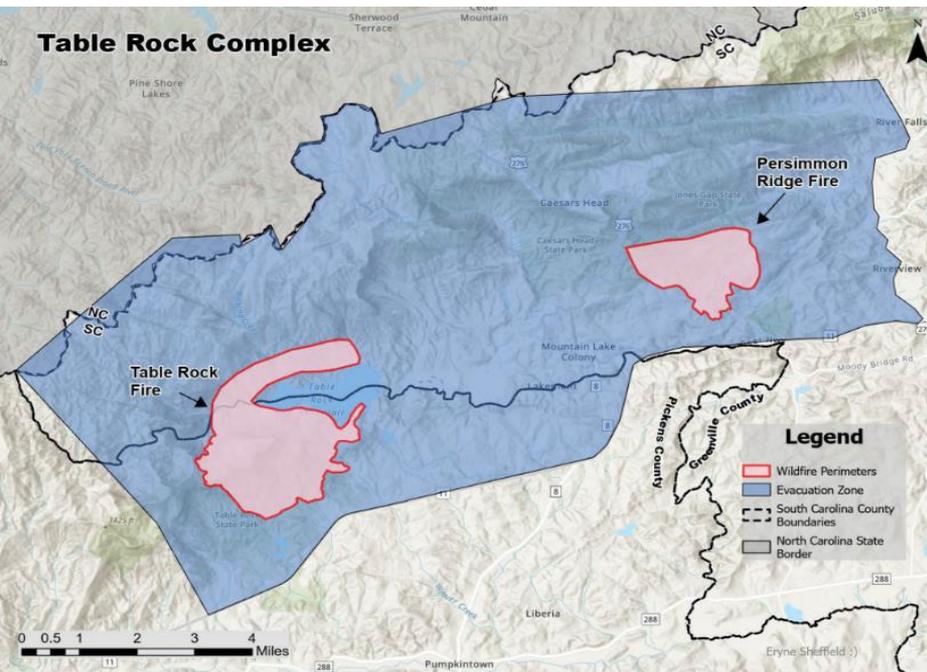


FTE Annual Limitation is capped relative to the State Population by Statute.

\$90M for Disaster Relief

- This covers the state share of the FEMA match.
- **\$10 Million** was provided for an expansion of the Emergency Operations Center.

Declared Disasters since 2024	Estimated State Share
2024 TS Debby (EM-3606)	\$5,906
2024 TS Debby	\$7,391,677
2024 Hurricane Helene	\$247,952,919
2024 Edisto Flood	\$7,323,540
2025 Covington Drive Fire	\$781,243
2025 Table Rock Complex Fire	\$6,475,992
Total All Disasters	\$458,633,593



Driving Efficiency through Data and AI Modernization

Office of Statewide Data

A single trusted source of information allowing faster, evidence-based policy decisions and breaking down information-silos across agencies.

DES - AI Pilot Programs

AI pilot programs and tech to drastically reduce permitting timeframes while maintaining environmental standards.

Real Results in Wastewater Minor Permit Renewals

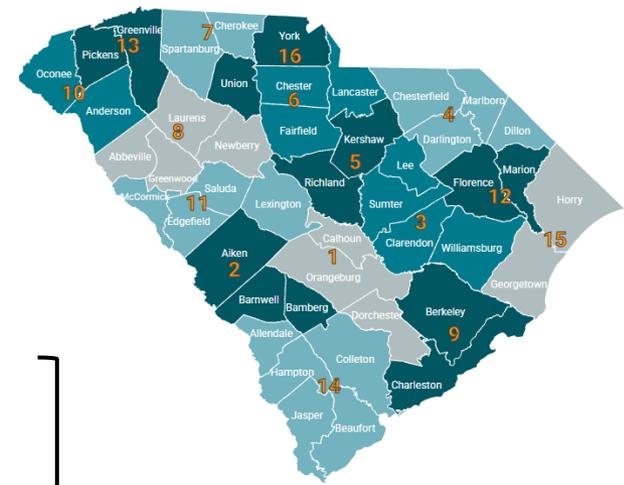
- Application review: 2–3 hrs → 8 min
- Limit extraction: 50–75 hrs → 15 min
- Drafting: 15–25 hrs → 10 min
- Deployed 10 days early
- Integrates with existing tools—no IT overhaul

95%
faster

SCPro – Procurement Module

A modernized procurement module within SCEIS with automated workflows and AI-enhanced auditing to increase oversight and efficiency.

Strengthening Judicial Capacity & Infrastructure



4 New Circuit Court Judges & Staff

Due to significant population increases in the 5th, 6th, 10th, & 15th circuits.

Bamberg Courthouse



Case Management System

Final funding for a unified statewide system ensuring efficient and secure handling of legal records.

Rural Courthouse Stabilization Fund

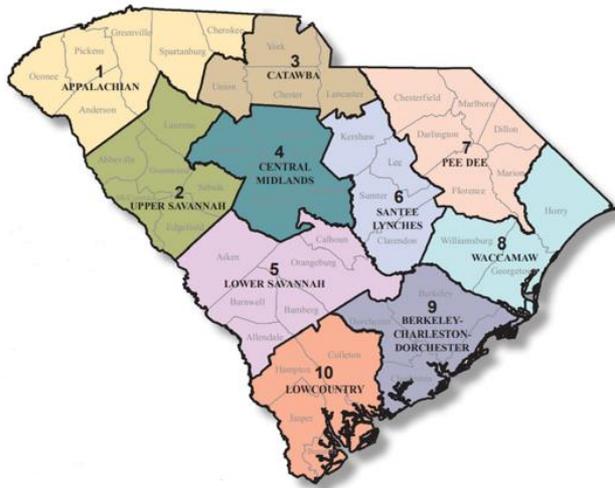
Critical funds for rural courthouses currently non-operational or with imminent risks.



Investing in Our Service Members and Veterans

Funds were provided for a multitude of items such as:

- Support services and staff for the National Guard;
- McEntire ANG Firefighters;
- and
- The Military Enhancement Grant Program.



Local Government Support

\$2M total

Councils of Governments

10 COGs across SC

+ \$443,747 increase in annual funding
Distributed based on population served.

\$321.2M

Local Government Fund

Fully funded as required

Statutorily required.
Provides essential support to counties & municipalities.

Health of the Retirement Systems

PORS

10 Years Ahead of Schedule for the Police Officers Retirement System.

SCRS

9 Years Ahead of Schedule for the SC Retirement System.

How We Got Here:



2017 Retirement System Reform



Successful Investment Returns



Continued Policy Support

5-Year Annualized Return

10.7%

vs. 7.00% target rate of return



✓ EXCEEDS TARGET BY +3.7 POINTS

10-Year Portfolio Growth

10 YEARS AGO

\$27.7B

Total portfolio value



EARNED IN 10 YRS

\$30.4

BILLION

In earnings alone.

The portfolio earned **\$30.4B** in 10 years — surpassing its entire value of **\$27.7B** from a decade ago.

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Legislation > The Budget > FY 2026-27

2026-2027 General Appropriations Bill South Carolina State Budget Bill

H. 5126

H. 5126, GENERAL APPROPRIATIONS BILL, FISCAL YEAR 2026-2027

H. 5126 - As Introduced by the House Ways and Means Committee on March 3, 2026
[Full Text Search of Budget as Introduced by the House Ways and Means Committee](#)

Related Documents

Governor McMaster's Proposed Budget

- [Governor McMaster's Executive Budget Fiscal Year 2025-2026 \(PDF\)](#)
- [Part IA, Appropriations \(PDF\)](#)
- [Statement of Revenues \(PDF\)](#)
- [Part IB \(PDF\)](#)
- [Capital Reserve Fund \(PDF\)](#)

Related Bills

H. 5126 (Word version) - Capital Reserve Fund Bill

You can find an entire copy of the budget and the CRF on the web under
Legislation → The Budget Bills → Fiscal Year 2026-27

On the W&M website, you can find all Proviso Changes and the Summary Control Document

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Committee Postings and Reports > House Ways and Means Committee > 2025-2026 Legislative Session

House Ways and Means Committee - FY 2026-2027 Budget Documents Legislative Session 2025-2026

House Ways and Means Version

- [FY 2026-27 Proviso List](#)
- [FY 2026-27 Ways and Means Committee Proviso Summaries](#)
- [Summary Control Document](#)

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