

Fiscal Year 2013/2014 Budget Summary

**H.3710 – General Appropriations Bill
H.3711 – Capital Reserve Fund Bill**

***As Introduced By
The Ways & Means Committee
March 2013***



THE FOLLOWING CONSTITUTED 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.

Guiding Principles



- ✿ Live within our means – limit budget growth in accordance with both the spending limits bill repeatedly passed by the House and the commonly accepted spending cap of CPI + Population.
- ✿ Continue efforts to improve our State's aging infrastructure.
- ✿ Fund core functions of State Government (i.e. k-16 education and law enforcement).
- ✿ Invest in programs that are proven successful in helping put South Carolinians back to work.

Big Picture Dollars



- ✿ Available Revenue:
 - ✿ \$256M Recurring 1A Funds
 - ✿ \$160M FY13 BEA Certified Surplus
 - ✿ \$153M Master Settlement Agreement
 - ✿ \$112M Capital Reserve Fund (H.3711)
 - ✿ \$156M Cigarette Tax Revenue - Medicaid

- ✿ Reduction in Federal Funds
 - ✿ The FY14 Federal Funds authorization is considerably less than FY13 – this is largely a result of an accounting adjustment to remove authorization for the Federal Food Stamp Program from the State's operating budget.

Budget Growth



	FY12/13	Executive	Ways & Means	% Change W&M/FY13
Recurring 1A	\$6,117,658,751*	\$6,298,831,024	\$6,292,746,097	2.86%
Recurring & Nonrecurring	\$6,814,718,136	\$6,498,417,737	\$6,605,909,810	-3.06%
Federal	\$8,669,288,844	\$7,636,063,175	\$7,617,531,410	-12.13%
Other	\$8,053,327,042	\$8,718,551,849	\$8,387,091,794	4.14%
Total	\$23,537,334,002	\$22,853,032,761	\$22,610,533,014	-3.94%
<i>CRF</i>	<i>\$104,837,915</i>	<i>\$112,645,375</i>	<i>\$112,656,555</i>	<i>7.46%</i>

Budget Growth cont.



- ✿ The Ways & Means proposed General Fund represents a modest 2.86% growth over FY 12/13, and is \$6 million less than that proposed in the Executive Budget.
- ✿ The proposed General Fund falls below both the spending limit repeatedly passed by the House and the 'CPI + Population' spending cap .
 - ✿ Inflation (1.8%) + Population (1.43%) = 3.23%
- ✿ The proposed Total Budget actually represents a reduction of nearly \$1 billion or -3.9%. However, this reduction, as previously discussed, is largely attributable to an accounting adjustment.

Statewide Items



☛ Reserve Funds

- ☛ Fully funded both the General Reserve Fund (5%) and the Capital Reserve Fund (2%) – total FY14 reserves \$410 million.

☛ Consumer Protection/Cyber Security

- ☛ Appropriated \$25 million to 1) provide at a minimum one additional year of consumer protection for citizens affected by the DOR Data Breach; and 2) use the remaining funds to begin funding a statewide overhaul of our cyber security protocol/infrastructure.

☛ Employee Health Plan

- ☛ The employer will cover 100% of the required premium increase, but employees will be responsible for a 20% across the board increase on co-insurance rates (deductibles, co-pays, etc.) – \$58.9 million.

☛ Local Government Fund

- ☛ The Local Government Fund is funded exactly as it is in the current year – \$212 million.



K-12 Education (Bingham)

- ✦ Increased EFA funding by over \$77 million (\$20.8 million for enrollment growth and \$56.4 million in new growth).
 - ✦ Increases the Base Student Cost from the current \$2,012/student to around \$2,100/student.
 - ✦ This additional funding should be sufficient to allow districts to maintain the salary schedule for teachers.
- ✦ Increased funding for Charter schools by \$12.1 million.
- ✦ Appropriated \$10.5 million for new bus purchases.
- ✦ Set aside \$36.2 million for special needs students in the event the department and the Federal government cannot find resolution to the current MOE disagreement. If agreement is found, these funds will be redirected to districts based on the EFA formula.

Higher Education (Limehouse)



- ✿ In addition to fully funding Life, Hope and Palmetto Fellows scholarship programs, the National Guard Tuition Repayment Program was given an additional \$2.85 million.
- ✿ State colleges and universities were given nearly \$12 million in General Fund increases and \$10 million in one-time funding.
- ✿ The Technical College System received over \$19 million in CRF funds
 - ✿ \$7.5 million for the successful ReadySC worker training program
 - ✿ \$5.5 million for statewide capital/infrastructure improvements.



Health Care (M. Smith)

- ✿ Fully funded the Medicaid MOE as provided in the Executive Budget - \$157 million
 - ✿ Affordable Care Act discussed on the following page.
- ✿ Appropriated \$5 million for an across the board rate increase for Nursing Home services.
- ✿ Provided an additional \$4.2 million for DHEC agency operations
- ✿ Conformed with the Executive Budget for both DMH and DDSN.
 - ✿ Freed up \$3.5 in DMH's Patient Fee Account so those funds can be used to sell bonds for necessary capital needs.

Affordable Care Act (M. Smith)



- ✦ The budget proposed by Ways & Means does not expand Medicaid as provided for in the ACA.
- ✦ It does however provide for a number of new initiatives aimed at improving health outcomes, fostering greater accountability in our Medicaid System, and reducing cost:
 - ✦ Healthy Outcomes Initiative* - \$35M
 - ✦ DSH Accountability* - \$0
 - ✦ Rural DSH Enhanced Payment* - \$20M
 - ✦ Primary Care Safety Net (FQHC)* - \$10M
 - ✦ Rural Provider Capacity Building* - \$5.5M
 - ✦ Optional State Supplement* - \$7M
 - ✦ MUSC Tele-Medicine* - \$8M

**Dollars above are Total Funds*



Econ Development (Simrill)

- ✦ Fully funded the repayment of the DOR loan from the Insurance Reserve Fund for costs associated with the agency's Data Breach - \$20 million.
 - ✦ Also funded DOR's request for a new IT system - \$7.5 million
- ✦ Continued to invest in the Forestry Commission:
 - ✦ 12 new Firefighters and \$2 million for equipment.
- ✦ Increased funding for the Deal Closing Fund at Commerce by \$13.3 million.
- ✦ Appropriated \$500,000 for community grants for those who face possible BRAC cuts in the near term.



Law Enforcement (Pitts)

- ✦ Increased total funding for SLED by \$4.4 million.
- ✦ Provided a 3% pay raise for Front Line personnel at Corrections and gave the department \$9.7 million for capital projects.
- ✦ Appropriated \$1 million for 25 new Parole Agents
 - ✦ With an additional \$500,000 in operational support for those agents.
- ✦ Directed \$1.8 million in nonrecurring revenue to provide vehicle replacement for SLED, DPS and DNR.
- ✦ Restored \$8.5 million to DJJ's General Fund base, operating deficiencies arising from previous budget cuts had never been addressed.



Trans/Reg (R. Smith)

- ✿ The proposed budget fully accounts for the fiscal impact of H.3412 (Sales Tax on Cars for Non-Federal Aid Highway Fund) - \$44.1 million.
- ✿ Appropriated \$60 million from nonrecurring revenue to a Statewide Bridge Repair/Replacement Program
 - ✿ Funds will be sufficient to address nearly 100 deficient and obsolete bridges.
- ✿ Redirected fuel tax monies that were going to DNR and Dept of Ag to Non-Federal Aid roads – these agencies received General Fund appropriations to supplant the loss of fuel tax revenues.



Legislative/Exec (Merrill)

- ✿ Provided \$5 million to the Election Commission for a new statewide voting system.
- ✿ Increased funding for a number of programs at PRT to allow for continued development of our state's tourism economy:
 - ✿ Completely shifted the successful Destination Specific Advertising Program to a recurring source of funds.
 - ✿ Appropriated \$3 million for the departments sales and marketing division.
- ✿ Set aside \$4.2 million for the Lt. Governor's Office on Aging for Home and Community Based Services and Caregivers.

Contact Information



- ✦ Chairman: Brian White
 - ✦ Chief of Staff: Beverly Smith
 - ✦ Budget Director: Paul Patrick
 - ✦ Director of Legislation: Rena Grant
- ✦ K-12 Education and Special Schools
 - ✦ Chairman: Kenny Bingham;
Staff: Emily Heatwole
- ✦ Higher Education
 - ✦ Chairman: Chip Limehouse;
Staff: Blythe Bundrick
- ✦ Health Care
 - ✦ Chairman: Murrell Smith;
Staff: Tim Rogers
- ✦ Economic Development and Natural Resources
 - ✦ Chairman: Gary Simrill;
Staff: Daniel Boan
- ✦ Law Enforcement and Criminal Justice
 - ✦ Chairman: Mike Pitts;
Staff: Katie Owen
- ✦ Transportation and Regulatory
 - ✦ Chairman: Roland Smith;
Staff: Ryan Burnaugh
- ✦ Legislative Executive
 - ✦ Chairman: Jimmy Merrill;
Staff: Kara Brurok
- ✦ Provisos
 - ✦ Chairman: Bill Herbkersman;
Staff: Paul Patrick

If you have additional questions please contact the appropriate Ways and Means Staff person at 803-734-3144. Staff will be in the office this weekend (Saturday and Sunday) from 9:00-5:00 to assist any member with drafting amendments or understanding the budget.