



State of South Carolina

Office of the Governor

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FACT SHEET: 2005-2006 Executive Budget

Background:

Prior to Gov. Sanford, Executive Budgets in South Carolina were largely spending “suggestions,” consisting of a few pages of recommendations for the General Assembly to consider as they prepared to draft the budget that would actually run state government. Gov. Sanford’s first Executive Budget (FY 2004-05) changed this model, and was the first Executive Branch Budget in South Carolina history that could have been used to run state government. All told, the General Assembly adopted \$125 million in direct taxpayer savings from Gov. Sanford’s first Executive Budget.

The Budget Process:

The governor’s Executive Budget is the first step in a lengthy budget process in South Carolina. The governor’s budget is submitted to the General Assembly in early January, which then passes its own budget prior to the conclusion of the Legislative session in June. That budget is then sent back down to the governor, who has limited line-item veto authority. Any gubernatorial budget vetoes are subject to override by a two-thirds margin of both the House and the Senate.

Public Involvement:

In preparing both the FY 2004-05 Executive Budget and this year’s FY 2005-06 Executive Budget, Gov. Sanford has held extensive, unprecedented agency budget hearings – every one of them open to the public and to the press. This fall, Gov. Sanford met in public budget hearings with representatives of nearly 40 state agencies.

Activity-Based:

Gov. Sanford’s FY 2005-06 Executive Budget is “Activity-based.” Following the budget hearings, the governor and his staff worked with results teams to compile a list of activities performed by each agency (the eventual list included some 1,500 activities). Working off of a model used by Washington State, the governor then undertook a top to bottom ranking of these activities as they relate to the core outcomes that government is supposed to provide. The activities that deliver the greatest result for the taxpayers are then “purchased.”

Fiscally Responsible:

Gov. Sanford’s FY 2005-06 Executive Budget is a balanced, \$5.3 billion spending plan that does not raise taxes on the people of South Carolina. Additionally, it keeps spending growth at a level below the growth in population plus inflation (3%), cuts the use of annualizations to their lowest level in more than a decade, puts over \$200 million toward repaying internal and external debts and reforms our retirement system in an effort to decrease its \$4.2 billion unfunded liability (the retirement system’s unfunded liability in 1999 was only \$178 million).

Core Functions:

Gov. Sanford’s FY 2005-06 Executive Budget adds \$100 million in new recurring dollars to K-12 education funding in South Carolina, \$54 million in additional dollars to public safety, fully funds Medicaid with recurring general fund dollars and adds \$5 million to fund new preventative health care grants at DHHS and an additional \$1 million to fund additional breast cancer screening.