

CARDS — State Fiscal Responsibility

Speech

Federal grants-in-aid for a variety of seemingly worthwhile purposes have too long been used by the State as "free money" to solve our immediate problems without necessary concern for the long-term financial consequences. So prevalent is this practice that in only two years, South Carolina's total Federal grant revenues have increased 26 percent from \$569 million in 1975 to a projected \$718 million in 1977. Too often, these grants serve only to create a service or to build a facility; that done, future State budgets are committed to provide for operations or maintenance-of-effort without the foreknowledge or approval of either the Budget and Control Board or the General Assembly. ^{OUR BEST GUESSES} ~~Rough estimates~~ indicate as much as \$75 to \$125 million of our budget this year may have been committed in this and similar ways.

We are working now with the State Auditor toward implementation of a process which will require agency disclosure of anticipated Federal-grant related costs, and will provide for Budget and Control Board approval prior to the submission of a grant application.