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Subject: Legislative Update for the Week of 5/13/14-5/15/14

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Legislative Update for Week of 5/13/14-5/15/14

Here are the highlights from the last week's action in the Senate—

STATE BUDGET – The Senate spent Tuesday and Wednesday debating the state budget for the 2014-2015 fiscal year (July 1-June 30). As a reminder from last week's update, the budget is made up of three pots of money: the General Fund (income, sales, and corporate taxes), federal funds (federal tax revenue that is transferred to the states for specific purposes, primarily education, Medicaid, and transportation), and "other" funds (fines, fees, and tuition payments). Most of the debate focuses on the General Fund because other laws determine how nearly all federal and "other" funds are to be spent.

Spending breakdown

The total state budget (all three pots combined) will be just under \$24 billion. That is roughly 5.5% more than last year; coincidentally, that is about the average annual increase since 2001. Here is how that money breaks down for 2014-2015:

K-12 Education	\$ 4.134 billion
Criminal Justice	\$ 1.113 billion
Higher Education	\$ 4.945 billion
Health & Human Services (mostly Medicaid)	\$ 9.691 billion
Natural Resources	\$ 0.762 billion
Constitutional Offices	\$ 1.154 billion
Transportation & Regulatory	\$ 2.193 billion
TOTAL	\$23.992 billion

Highlights from the Senate budget debate

Controversial introductory college reading programs – After several hours of discussion, the Senate agreed to an amendment that would (1) require USC-Upstate and the College of Charleston to use funds equivalent to what they spent on the controversial reading program for instruction in the U.S. Constitution, the Declaration of Independence, and the Federalist Papers and (2) ensure students who object to controversial, required readings be offered alternative options.

Deficit at SC State – SC State University disclosed a budget deficit of \$13.6 million earlier this year. The university received a \$6 million loan from the Budget and Control Board a couple weeks ago. The Senate version of the budget would create a committee of well-respected college leaders to develop a plan to right the ship and provide funds necessary to accomplish the task.

Increase in legislators' expense reimbursements – Currently legislators receive \$1,000/month to cover expenses incurred within the legislative districts (gas, phone, office space, etc). The Senate version of the budget allows for an additional \$1,000/month in expense reimbursements. I voted "no" on that amendment. You can see the vote sheet [here](#).

Expansion of Medicaid per Obamacare – Senate Democrats proposed to expand the Medicaid program pursuant to Obamacare. The expansion would, for the first time, allow able-bodied adults to participate in the "free" health insurance program if they have income under 138% of the poverty

level. The amendment failed. I voted against the amendment. You can see the vote sheet [here](#) (an AYE vote was a vote against the amendment).

Local government funding – The House funded local governments at last year's level. Unless unexpected revenue comes in, the Senate version of the budget would cut local governments by around \$16 million.

Pay raise for state employees – The Senate version of the budget provides for a 1.5% pay increase for state employees and an additional \$300 bonus. The budget would also cover the increase in state employees' health insurance premiums.

Votes on budget

Individual sections – The Senate had recorded votes on each section of the budget. To see the votes on each section, go [here](#). I voted "no" on several sections. If you have a question about any of those votes, I will be happy to discuss them with you.

Final vote – To see the vote on final passage of the budget, go [here](#).

I was one of 6 senators to vote "no" on the budget. Although there are many good and important things funded in the budget, there are also several areas where I disagree. My ultimate decision, though, was based on this: at just under \$7 billion, the General Fund budget will increase by nearly 9% from last year; at just under \$24 billion, the total combined budget will increase by nearly 5.5% from last year. Simply put, those increases are just too much for me. I do not believe we should spend every dollar available just because we have it, regardless of the merit of the project or program.

The budget now goes back to the House of Representatives. A conference committee will be appointed and meet soon to work out the differences between the House and Senate versions. I hope we'll have a vote on the final product in the next 2 weeks.

CAPITAL RESERVE FUND BILL - Article III, Section 36 of the SC Constitution requires the General Assembly to set aside an amount equal to 2% of the previous year's budget to fund a capital reserve account. Although the General Assembly complies with that requirement each year, we also spend all the money in the capital reserve fund from the previous year (yeah, it's not much of a "reserve" account). So last year we set aside roughly \$118 million in capital reserves; this year we voted to spend all that money in [H. 4702](#). As you can see from the list of projects funded, nearly all those projects are worthwhile. Several of the projects – upgrades to National Guard armories – are in our district. But there's always a catch to these expenditures that I just can't accept: we spend a significant amount of the capital reserve fund money on non-capital projects. This year that amount is around \$30 million of the \$118 million total. I think that's extremely deceptive and contrary to the clear purpose of the fund, so I voted "no." You can see the vote sheet [here](#).

Constituent Interests

GREAT EMPLOYMENT NEWS – Last week we learned that SC's unemployment rate fell to 5.3% in April, the lowest rate in 13 years. The unemployment rate has fallen for 11 consecutive months and is now a full percentage point below the national average. Saluda County posted the lowest unemployment rate in the state at 3.9%.

REPAIRS TO I-20 IN AIKEN COUNTY – I have received several emails about the poor condition of the westbound section of I-20 in Aiken County. SCDOT has approved a contract to resurface the westbound lanes from mile marker 22.7 to mile marker 13. Satterfield Construction from Greenwood has begun work and expects to complete the project in late July.

CREDIT MONITORING – The State has contracted with CSIdentify Corporation (CSID) for the purpose of continuing credit monitoring/ID protection services to South Carolinians and businesses affected by the October 2012 security breach at the Department of Revenue. CSID's services provided under the contract are available to eligible individual taxpayers (including minors and adult dependents) and eligible business taxpayers through October 31, 2014 (although it will almost

certainly be extended).

You can sign up with CSID for the offered service by doing one of the following:

1. Go to www.scidprotection.com and follow the steps to enroll

or

2. Call (855)-880-2743 to enroll.

The State will pay \$8.5 Million for the first year of the CSID contract with the option to renew for four additional one year periods at the state's sole discretion. You do not have to pay anything to sign up. The Experian contract for the past year was a \$12 Million contract.

If you choose to purchase your own protection service, you can deduct a portion of that cost from your state income taxes. Talk with your accountant/tax preparer for more information.

OUR SENATE DISTRICT – Senate district 25 consists of all of Edgefield County and parts of Aiken, Lexington, McCormick, and Saluda Counties. If you'd like to see the district map, go [here](#)

VOTING RECORD – If you'd like to see how I voted last week, go [here](#). You can always check to see how I vote by going to my website, www.senatormassey.com, and clicking on the "Voting Record" tab.

SPEAKING WITH GROUPS – Several groups, clubs, and classes around our Senate district have invited me to attend their meetings and provide legislative updates. If you would like for me to come speak with your group, please let me know.

EMAIL UPDATES – If you know of people in or around District 25 who do not receive my updates but would like to get them, please email their names and email addresses to me. You can also forward this email to them and encourage them to sign up for the updates at www.senatormassey.com.

Sincerely,

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