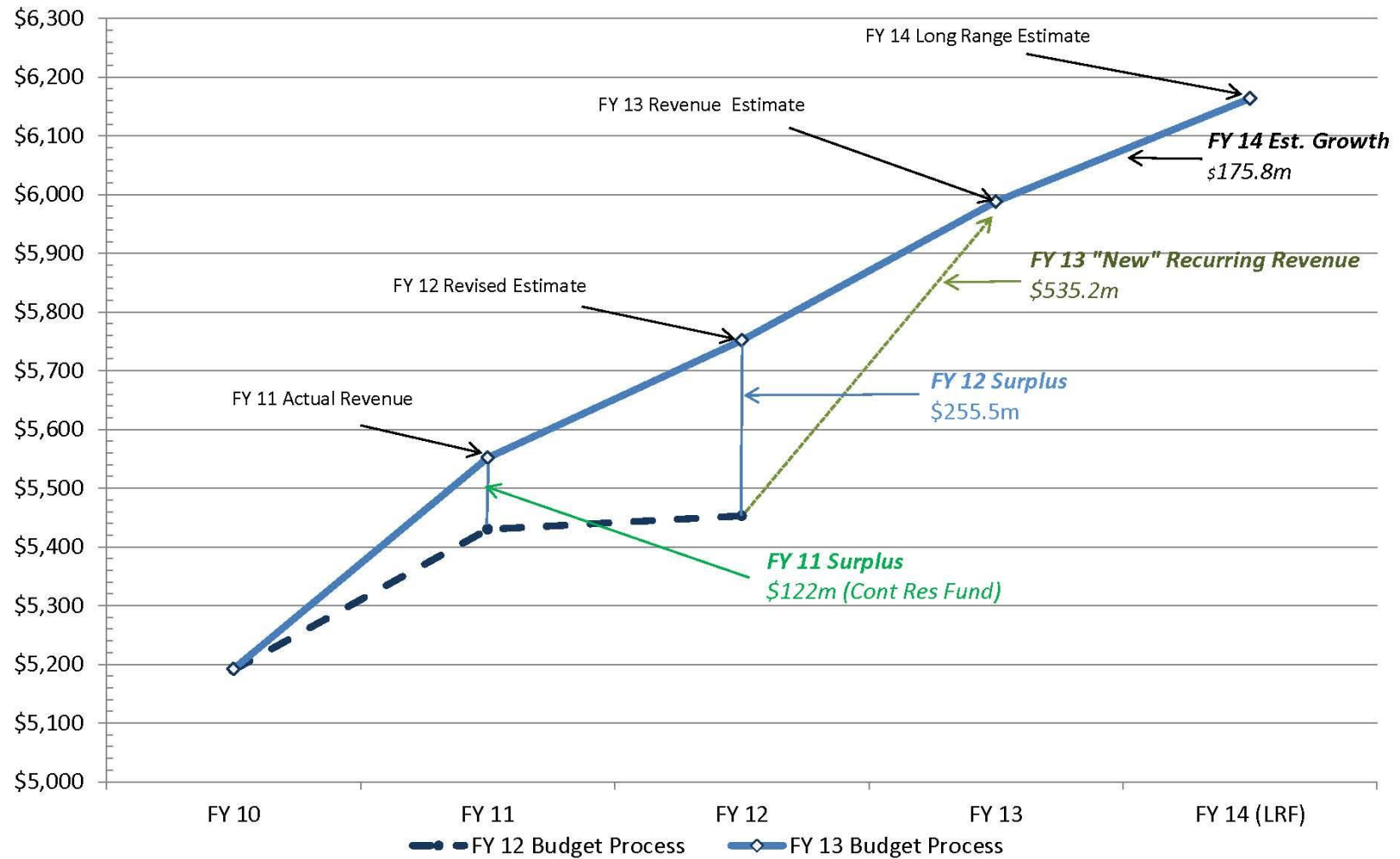


Senate Finance Committee Budget Briefing Fiscal Year 2012-2013

Frank Rainwater, Board of Economic Advisors
Les Boles, State Budget Division
April 10, 2012

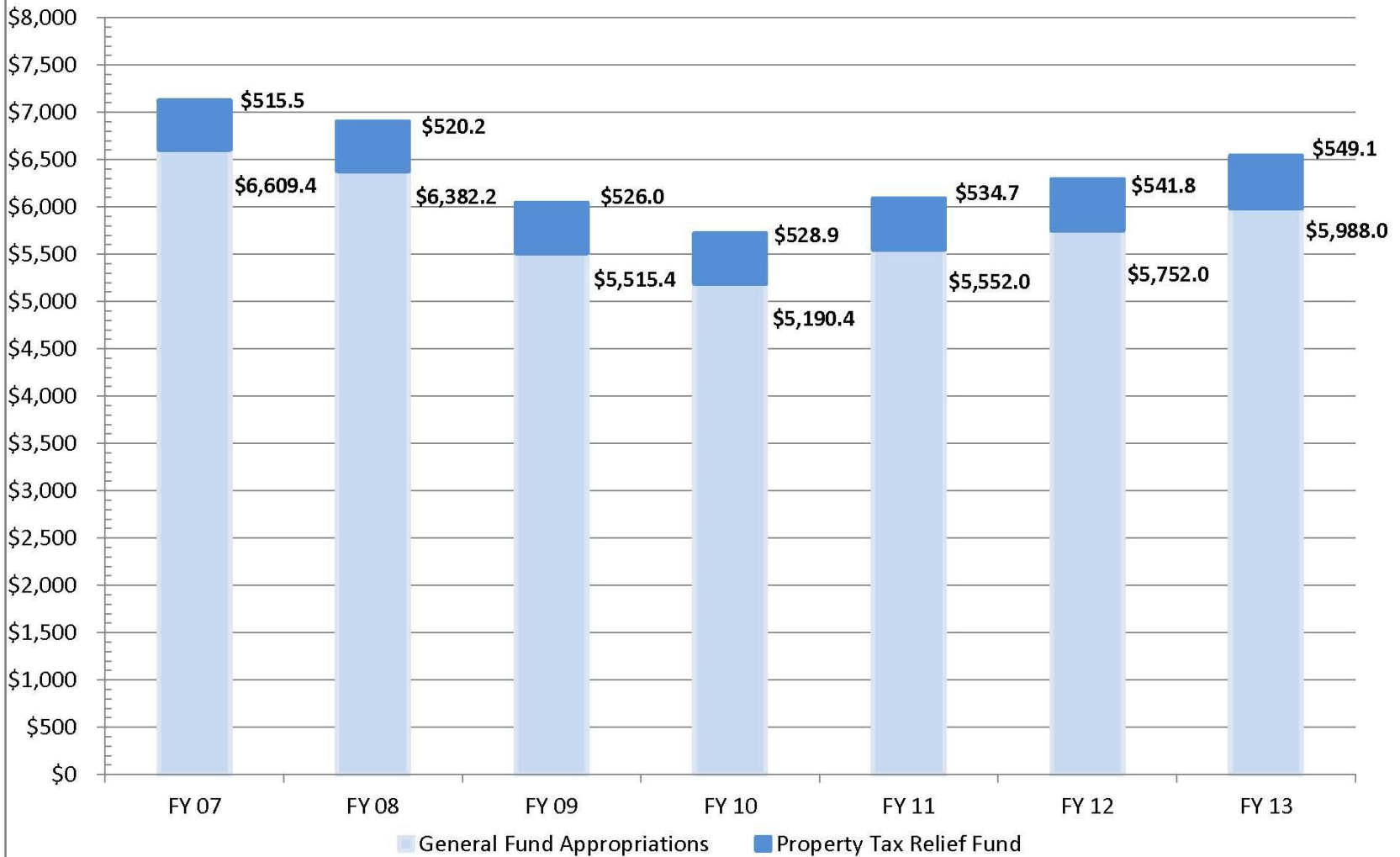
FY 2012-13 REVENUE SOURCES

Net Revenue and Base Appropriations

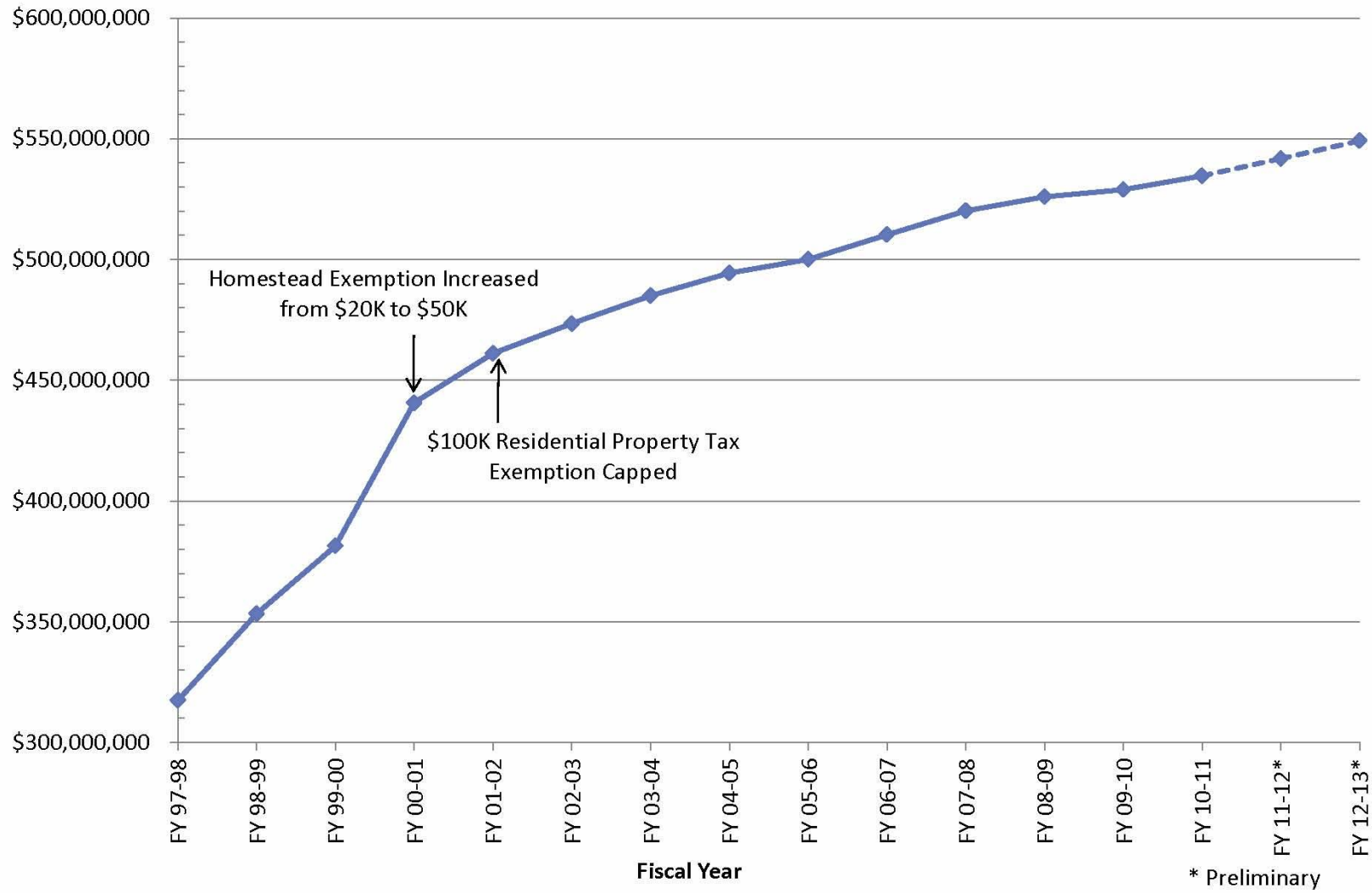


GENERAL FUND REVENUE

General Fund Appropriations & Property Tax Relief



TRUST FUND FOR PROPERTY TAX RELIEF



Note: Beginning in FY 1998-99, property tax relief appropriations were moved off-budget and associated revenue was transferred to the Trust Fund for Property Tax Relief.

Tax Relief Trust Fund and Homestead Exemption

FY 2012-13 BEA Estimate

\$100,000 Residential Property Tax Exemption (Tier I)	249,069,750
65 and Over \$50,000 Homestead Exemption	
School Operation (Tier II)	80,892,728
County/City	113,411,865
Mfg. Depreciation Reimbursement From 20% to 10%	65,229,402
Merchant's Inventory Tax Exemption Reimbursement	<u>40,557,257</u>
TOTAL	549,161,002

FY 2012-13 Legislative Enhancements and Adjustments

H. 4813 – As Passed by the House

74.1. (SS: UCC Filing Fees) Revenues from the fees raised pursuant to Section 36-9-525(a), not to exceed ~~\$120,000~~ \$180,000, may be retained by the Secretary of State for purposes of UCC administration.

Estimated Fiscal Impact: Loss of \$60,000 in Departmental Revenue

1A.17. (SDE-EIA: XI.C.2-Teacher of the Year Awards) Of the funds provided herein for Teacher of the Year Awards, each district Teacher of the Year shall receive an award of \$1,000. In addition, the State Teacher of the Year shall receive an award of \$25,000, and each of the four Honor Roll Teachers of the Year will receive an award of \$10,000. To be eligible, districts must participate in the State Teacher of the Year Program sponsored by the State Department of Education. These awards shall not be subject to South Carolina income taxes.

Estimated Fiscal Impact: Loss of \$8,526 in Individual Income Tax

89.126. (GP: Second Amendment Weekend - Sales Tax Exemption for Certain Firearms) The gross proceeds or sales price of handguns as defined pursuant to Section 16-23-10(1) of the 1976 Code, rifles, and shot guns is exempt from the taxes imposed pursuant to Chapter 36, Title 12 of the 1976 Code and Chapter 10, Title 4 of the 1976 Code for sales occurring from 12:01 a.m., the Friday after Thanksgiving through twelve midnight, the Saturday after Thanksgiving for the current fiscal year.

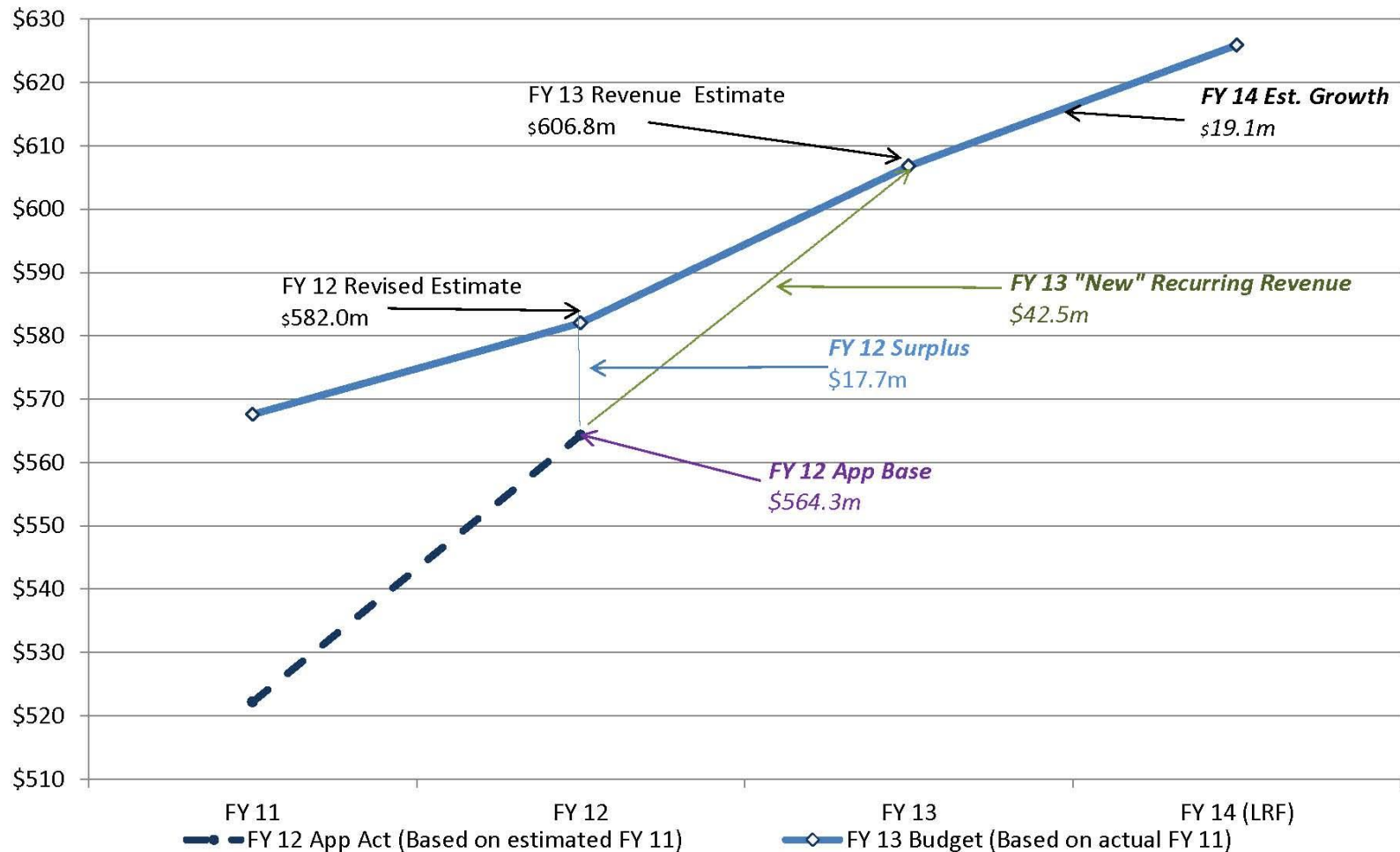
Estimated Fiscal Impact: Loss of \$282, 400 in Sales Tax, \$70,600 EIA, and \$70,600 Homestead Exemption Revenue

90.16. (SR: Admissions Tax) For Fiscal Year ~~2011-12~~ 2012-13, up to one hundred fourteen thousand dollars in admissions tax revenue collected annually from all events held at a motorsports entertainment complex facility with at least sixty thousand permanent seats must be rebated to the motorsports entertainment complex facility in the current fiscal year to keep a NASCAR race at the motorsports entertainment complex facility.

Estimated Fiscal Impact: Loss of \$114,000 in Admission Tax

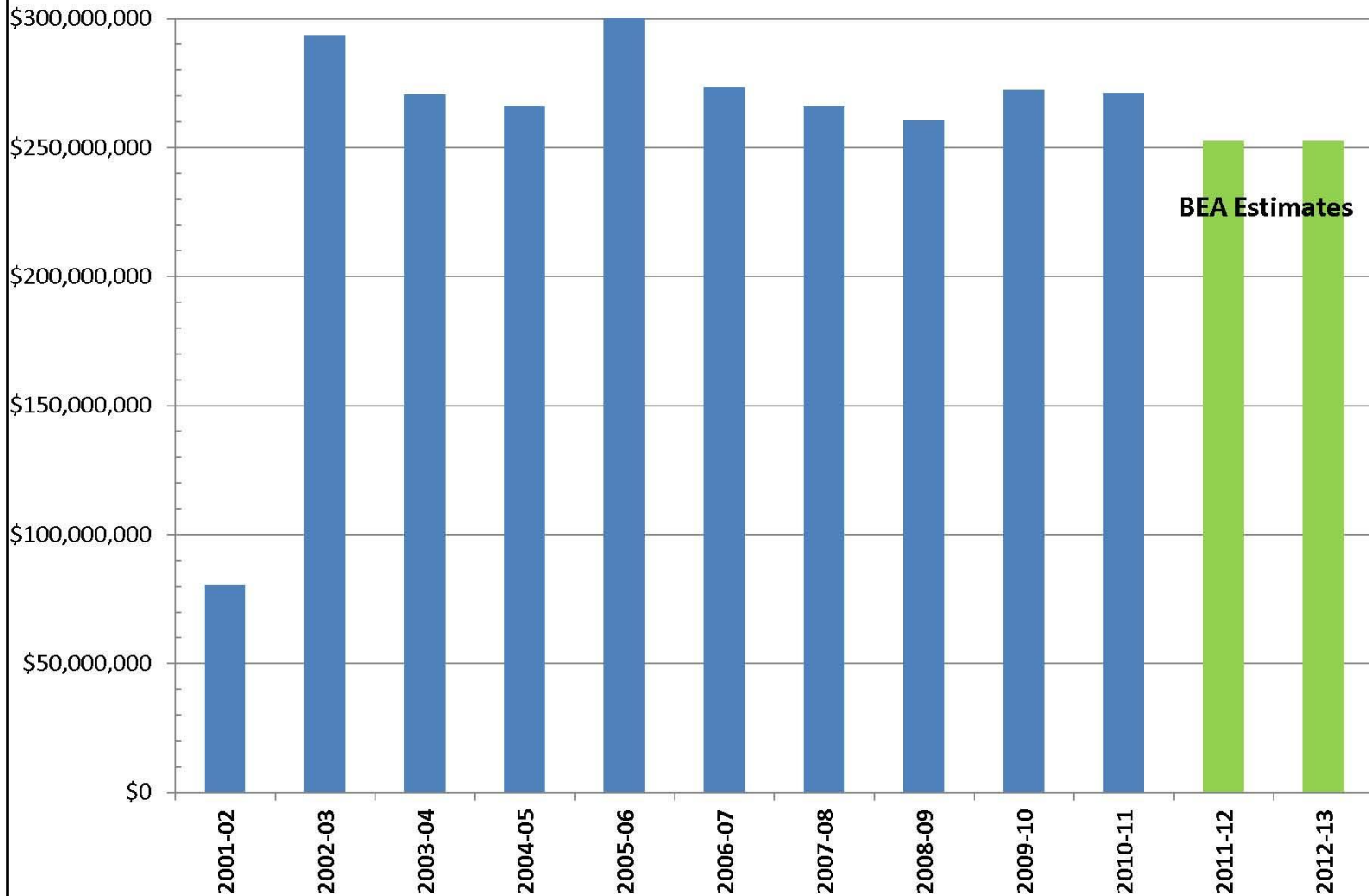
FY 2012-13 REVENUE SOURCES

EIA Revenue Forecast and Base Appropriations



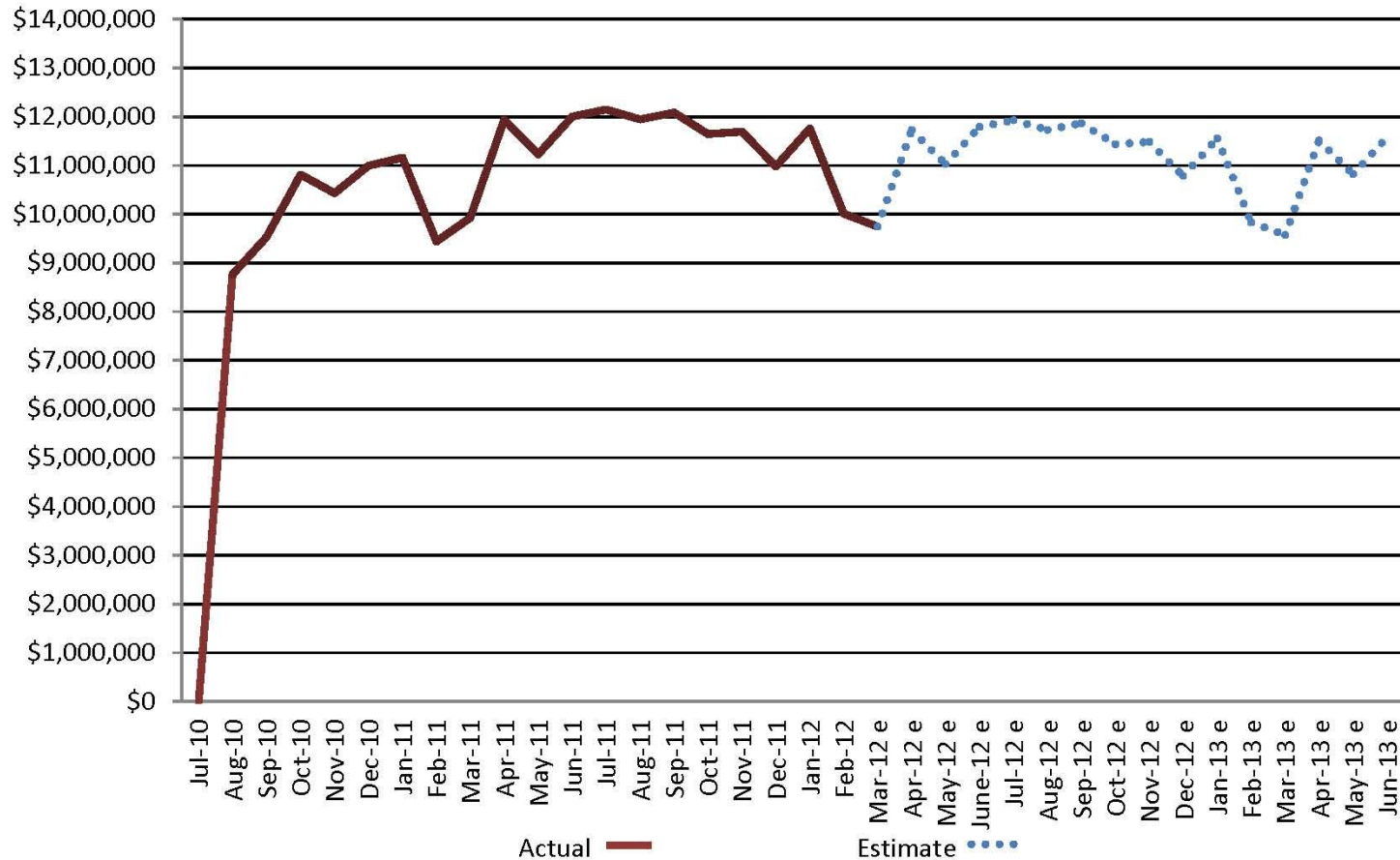
TRANSFERS TO SC EDUCATION LOTTERY ACCOUNTS

Inception - FY12-13 BEA Estimate



TOBACCO SURCHARGE REVENUE

Actual and Estimated Monthly Collections



Cigarette Tax

- Beginning July 2010 – 50¢ Cigarette Tax Surcharge

Annual Revenue Estimate:	\$115M
Hollings Cancer Center:	(\$5M)
DHEC Smoking Cessation:	(\$5M)
Balance Medicaid Reserve Fund:	\$105M

FY12-13 Appropriation Act (H.4813 – Proviso 90.9):	
FY11-12 Medical Reserve Fund (1/2 Year):	\$52M
FY12-13 Medical Reserve Fund:	\$105M
FY 12-13 Medicaid Reserve Fund Appropriations:	\$157M

General Reserve Fund (GRF)

- Constitutional Amendment Increased GRF from 3% to 5% of General Fund Revenue of Latest Completed Fiscal Year in Annual One-Half Percent Increments

	Increment	Balance
FY11-12: 3 ½%		183,466,352
FY12-13: 4%	41,846,758	225,313,110
FY12-13: 5%*	98,175,036	281,641,388

*Denotes House Funding Level

Capital Reserve Fund (CRF)

- 2% of General Fund Revenue of Latest Completed Fiscal Year
 - If Not Needed for Year End Operating Deficit, the CRF May be Appropriated for Non-Recurring Items

	Increment	Total Appropriation
FY11-12:		*104,837,916
FY12-13:	7,818,640	112,656,555

*Available for Appropriation

Employee Insurance Program (State Agencies and School Districts)

- FY12-13 Increases General Fund Only

1. FY11-12 Annualization of Premium Increases:	14,264,000
2. FY12-13 New Retirees (Growth):	15,767,000
3. CY 2013 Premium Increase (1/2 Year) 4.6% Increase Employer & Employee	14,836,000
Total (1,2, & 3):	44,867,000
3a. Employer Pay All of Premium Increase:	20,564,000
Total (1,2, & 3a):	50,595,000

Base Pay Increase

- Cost of Base Pay Increase with Fringe FY12-13 (General Fund Only)
 - **Total Cost 1% Pay Increase: 14,021,251**
 - Does not include elected officials
 - Agency heads determined by Agency Head Salary Commission
 - Based on FY12-13 Detail Budget
- Current Funding by Source
 - General Fund: 32%
 - Federal/Other: 68%

State of SC Retirement System

Impact of Increase of Employer Contribution Rate

October 2011 B&CB Action Based on 2010 Actuarial Valuation

	Total Annual Compensation FY 2010	Impact FY 2012-13
	All Members	<u>Approved Rate</u>
		Effective
		July 1, 2012
SCRS	Rate Increase:	0.920%
	New Rate:	10.600%
Teachers:		
General Fund & EIA 40.0%/13.7%	\$ 2,247,684,384	\$ 20,678,697
Federal/Other 46.3%	1,937,947,616	17,829,118
Total Teachers	4,185,632,000	38,507,815
State Agencies:		
General Fund 32%	1,060,811,840	9,759,469
Federal/Other 68%	2,254,225,160	20,738,872
Total State Agencies	3,315,037,000	30,498,341
Other—Local Govt Entities	2,141,048,000	19,697,642
Total SCRS	\$ 9,641,717,000	\$ 88,703,798
PORS	Rate Increase:	0.305%
	New Rate:	12.300%
State:		
General Fund (82.17%)	\$ 323,131,882	\$ 985,552
Federal/Other (17.83%)	70,116,118	213,855
Other:		
Local Govt Entities	765,142,000	2,333,683
Total PORS	\$ 1,158,390,000	\$ 3,533,090

State of SC Retirement System

Impact of Increase of Employer Contribution Rate

October 2011 B&CB Action Based on 2010 Actuarial Valuation

Totals by Funding Source: SCRS and PORS:

General Fund	\$ 26,148,147
EIA	5,275,571
Federal & Other	38,781,844
Other—Local Govt Entities	<u>22,031,325</u>
Total SCRS	<u>\$ 92,236,887</u>

Total General Fund &EIA (SCRS & PORS) \$ 31,423,718

Debt Service

FY12-13 Estimate*:	187,229,698
FY11-12 Base:	199,210,870
Additional Funding Needed FY12-13:	(11,981,172)

*Source: State Treasurer's Office

Local Government Fund

- 4.5% of General Fund Revenue of Latest Completed Fiscal Year
 - Distributed to 83.3% to Counties and 16.7% to Municipalities by Population
 - Funding Formula Suspended Last Three Fiscal Years

	Increment	Total Appropriation
FY11-12:		182,619,411
FY12-13: 4.5%*	70,857,838	253,477,249

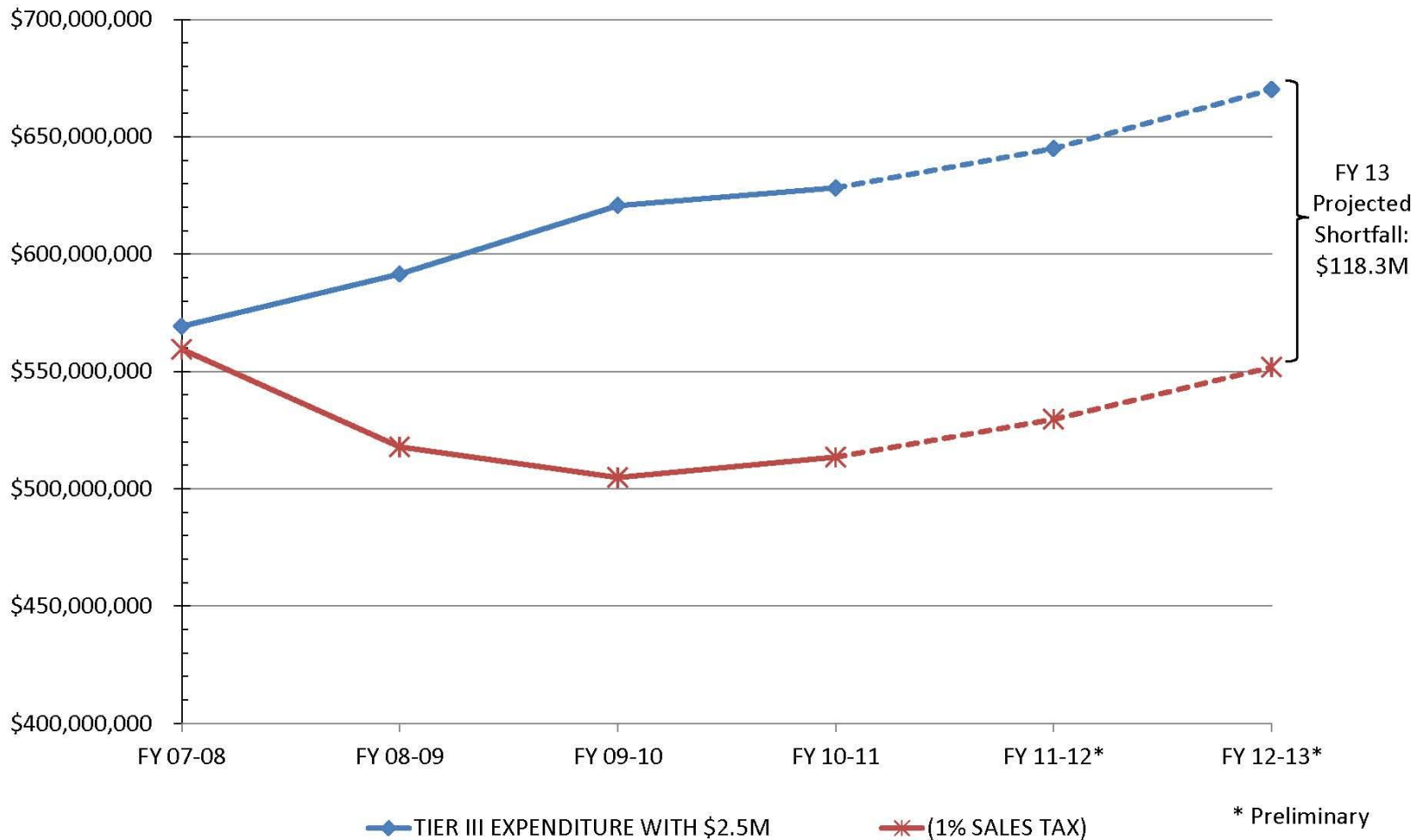
*House Funded at FY11-12 Level

Aid to Fire Districts

- Pass Through to Local Fire Districts
 - Revenue collected and deposited in General Fund in prior fiscal year disbursed in July of the new fiscal year by State appropriation
 - Revenue Source:
 - 1% of Fire Insurance Premiums
 - 25% of Broker Premium Tax Collected on Property Insurance

FY12-13 Estimate:	13,496,543
FY11-12 Base:	10,281,287
Additional Funding Needed FY12-13:	3,215,166

HOMESTEAD EXEMPTION FUND (TIER III) Revenues and Expenditures



Note: Tier III Expenditure includes \$2.5M minimum disbursements. Revenue projection based upon 2/15/12 BEA forecast.

Act 388 of 2006

“One Penny Sales Tax Swap”

Homestead Exemption FY 12-13 Estimates

Reimbursements

Tier I	249,069,750
Tier II (Age 65 homestead exemption)	80,892,728
Tier III Includes 4.57% CPI + pop. increase	652,490,626
\$2.5 million supplement	17,674,322
Total School District Reimbursements	1,000,127,426

Revenue:

Tier I (from Tax Relief Trust Fund)	249,069,750
Tier II (from Tax Relief Trust Fund)	80,892,728
One Cent Sales Tax (BEA Estimate)	551,877,434
House Budget-2nd Amendment week-end	(70,600)
Total	881,769,312

Shortfall Made Up By General Fund Appropriations	118,358,114
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FY 11-12 DOR-Aid to Subdivision Base (Homestead Exemption)	72,571,741
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Additional Funding Needed in FY 2012-13	45,786,373
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SC Enterprise Information System (SCEIS)

- SCEIS is the Statewide Integrated Accounting, Finance, Human Resources, Payroll, Procurement and Reporting System.
- SCEIS provides these functions for all agencies except Colleges and Universities and the Legislative Branch. SCEIS replaced a multitude of legacy mainframe systems and nearly 170 different applications used by state agencies to manage finances and human resources, procure goods and services, and pay employees.

FY12-13 Funding Needed:	
Annualization of Non-Recurring Revenue Stream:	5,306,077
One Time Program Support (House Proviso 90.20):	2,458,843

State Ports Authority (SPA)

House Appropriations:	
Harbor Deepening Reserve Fund (House Provisos 90.20, 69.3):	180,000,000

Top 10 Statewide Federal Revenue Sources

	Description	*Actual 2010-11	Projected 2012-2013	Difference
	Federal Funds			
1	DHHS - Medicaid	4,015,272,165	3,517,450,000	(497,822,165)
2	DSS Food Stamp Coupons	1,247,641,253	1,490,125,762	242,484,509
3	DOT Federal Grants	671,161,667	849,773,919	178,612,252
4	Higher Education - Research and Program Grants	578,005,985	545,730,370	(32,275,615)
5	SDE Title I – Elementary & Secondary Education Act	259,395,220	260,063,507	668,287
6	SDE School Food Services - District	262,250,575	235,486,262	(26,764,313)
7	SDE Title VI Part B - IDEA	269,004,324	211,839,875	(57,164,449)
8	Higher Education - Student Aid	203,125,609	187,878,278	(15,247,331)
9	DEW - Employment Services	144,751,878	186,178,682	41,426,804
10	Housing - HUD Funds	149,194,757	158,487,028	9,292,271
	Totals	7,799,803,433	7,643,013,683	(156,789,750)

* Represents 79% of Total FY 10-11 Revenue: \$9,898,402,596

FY 12-13 House Appropriation Bill

Federal Funds Authorization

	Agency	Federal Funds Total	Percentage	Cumulative	
1	Department of Health & Human Services	4,063,640,600	46.87%	46.87%	1
2	Department of Social Services	1,940,691,746	22.39%	69.26%	2
3	State Department of Education	874,838,744	10.09%	79.35%	3
4	Higher Education	678,757,084	7.83%	87.18%	4
5	Department of Health & Environmental Control	279,140,200	3.22%	90.40%	5
6	Department of Employment & Workforce	186,178,682	2.15%	92.55%	6
7	Housing Finance & Development Authority	154,487,028	1.78%	94.33%	7
8	Vocational Rehabilitation	104,134,910	1.20%	95.53%	8
9	Governor's Office-OEPP	80,681,153	0.93%	96.46%	9
10	Adjutant General	53,073,080	0.61%	97.07%	10
11	Department of Public Safety	38,196,131	0.44%	97.52%	11
12	Governor's Office-SLED	36,268,454	0.42%	97.93%	12
13	Lieutenant Governor	26,548,597	0.31%	98.24%	13
14	Department of Alcohol & Other Drug Abuse Services	24,404,557	0.28%	98.52%	14
15	Department of Natural Resources	20,469,296	0.24%	98.76%	15
16	Department of Commerce	19,150,015	0.22%	98.98%	16
17	Department of Mental Health	15,865,121	0.18%	99.16%	17
18	Clemson-PSA	15,223,895	0.18%	99.34%	18
19	Commission for the Blind	7,509,546	0.09%	99.42%	19
20	First Steps to School Readiness	6,050,000	0.07%	99.49%	20
21	Sea Grant Consortium	5,337,786	0.06%	99.56%	21
22	Forestry Commission	4,363,560	0.05%	99.61%	22
23	SC State-PSA	4,052,176	0.05%	99.65%	23
24	Judicial Department	3,835,393	0.04%	99.70%	24

FY 12-13 House Appropriation Bill

Federal Funds Authorization

	Agency	Federal Funds Total	Percentage	Cumulative	
25	Department of Juvenile Justice	3,505,251	0.04%	99.74%	25
26	Department of Labor, Licensing, & Regulation	3,047,006	0.04%	99.77%	26
27	State Library	2,701,146	0.03%	99.80%	27
28	Department of Parks, Recreation & Tourism	2,559,110	0.03%	99.83%	28
29	Budget & Control Board	2,412,967	0.03%	99.86%	29
30	Division of Aeronautics	2,146,927	0.02%	99.89%	30
31	Department of Motor Vehicles	2,000,000	0.02%	99.91%	31
32	Attorney General	1,868,883	0.02%	99.93%	32
33	Arts Commission	1,335,641	0.02%	99.95%	33
34	School for the Deaf & Blind	1,139,000	0.01%	99.96%	34
35	Department of Archives & History	897,583	0.01%	99.97%	35
36	Dept. of Corrections	605,708	0.01%	99.98%	36
37	Law Enforcement Training Council	500,000	0.01%	99.98%	37
38	John de la Howe School	353,227	0.00%	99.99%	38
39	Department of Disabilities & Special Needs	340,000	0.00%	99.99%	39
40	Wil Lou Gray Opportunity School	240,000	0.00%	99.99%	40
41	Public Service Commission	237,000	0.00%	100.00%	41
42	Prosecution Coordination Commission	175,338	0.00%	100.00%	42
43	Human Affairs Commission	137,403	0.00%	100.00%	43
44	Jobs-Economic Development Authority	66,000	0.00%	100.00%	44
45	Department of Probation, Parole & Pardon Services	50,000	0.00%	100.00%	45
	Grand Total	8,669,215,944	100.00%	100.00%	

Top 10 Statewide Other Fund Revenue Sources

	Description	*Actual 2010-11	Projected 2012-2013	Difference
	Other Funds - Earmarked/Restricted			
1	Higher Education - Tuition and Fees	1,683,385,103	1,851,793,465	168,408,362
2	Medicare and Medicaid Reimbursements	520,975,020	632,101,429	111,126,409
3	Sales Tax - EIA	567,538,358	606,727,053	39,188,695
4	Higher Education - Auxiliary Enterprises	527,483,766	594,461,725	66,977,959
5	Gasoline Tax	537,812,624	536,804,000	(1,008,624)
6	Medicaid - Hospital	266,956,358	285,285,428	18,329,070
7	Lottery	264,580,854	266,733,000	2,152,146
8	Medicaid Reserve Fund Appropriations (Cig Tax)	-	157,299,845	157,299,845
9	Motor Vehicle Licenses	138,804,778	149,004,924	10,200,146
10	Highways/Transportation - Counties/Municipalities	124,977,266	147,168,129	22,190,863
	Totals	4,632,514,127	5,227,378,998	594,864,871

* Represents 65% of Total FY 10-11 Revenue: \$7,180,230,626

FY 12-13 House Appropriation Bill

Other Funds Authorization

	Agency	Other Funds Total	Percentage	Cumulative	
1	Higher Education	3,087,087,025	37.65%	37.65%	1
2	Department of Transportation	1,362,949,427	16.62%	54.27%	2
3	Department of Health & Human Services	780,911,732	9.52%	63.79%	3
4	State Department of Education	649,773,776	7.92%	71.72%	4
5	Department of Disabilities & Special Needs	393,705,617	4.80%	76.52%	5
6	Lottery Expenditure Account	266,733,000	3.25%	79.77%	6
7	Department of Mental Health	219,611,349	2.68%	82.45%	7
8	Department of Health & Environmental Control	200,899,732	2.45%	84.90%	8
9	Budget & Control Board	175,440,390	2.14%	87.04%	9
10	Department of Social Services	147,261,094	1.80%	88.84%	10
11	County Transportation Funds	88,012,275	1.07%	89.91%	11
12	Department of Motor Vehicles	81,788,632	1.00%	90.91%	12
13	Dept. of Corrections	55,495,164	0.68%	91.58%	13
14	Infrastructure Bank Board	50,357,400	0.61%	92.20%	14
15	Department of Public Safety	48,889,782	0.60%	92.79%	15
16	Department of Natural Resources	41,909,939	0.51%	93.31%	16
17	Department of Commerce	41,588,000	0.51%	93.81%	17
18	Department of Parks, Recreation & Tourism	37,981,863	0.46%	94.28%	18
19	Department of Labor, Licensing, & Regulation	36,654,866	0.45%	94.72%	19
20	Vocational Rehabilitation	30,455,042	0.37%	95.09%	20
21	Department of Probation, Parole & Pardon Services	29,649,230	0.36%	95.46%	21
22	Department of Revenue	25,613,377	0.31%	95.77%	22
23	Governor's Office-OEPP	25,112,118	0.31%	96.07%	23
24	Housing Finance & Development Authority	24,689,589	0.30%	96.38%	24
25	Department of Juvenile Justice	22,858,917	0.28%	96.65%	25
26	Clemson-PSA	22,691,254	0.28%	96.93%	26
27	Judicial Department	20,498,000	0.25%	97.18%	27
28	Governor's Office-SLED	19,541,585	0.24%	97.42%	28
29	Educational Television Commission	18,875,000	0.23%	97.65%	29
30	Department of Insurance	14,880,754	0.18%	97.83%	30
31	Department of Employment & Workforce	13,790,962	0.17%	98.00%	31
32	Commission on Indigent Defense	13,379,111	0.16%	98.16%	32
33	Law Enforcement Training Council	12,220,000	0.15%	98.31%	33
34	Office of Regulatory Staff	11,118,806	0.14%	98.45%	34
35	Attorney General	11,113,411	0.14%	98.58%	35
36	Retirement Systems Investment Commission	9,675,243	0.12%	98.70%	36
37	Adjutant General	8,646,961	0.11%	98.81%	37
38	Patriots Point Authority	8,547,262	0.10%	98.91%	38
39	Prosecution Coordination Commission	8,450,000	0.10%	99.01%	39
40	Department of Agriculture	8,093,526	0.10%	99.11%	40

FY 12-13 House Appropriation Bill

Other Funds Authorization

	Agency	Other Funds Total	Percentage	Cumulative	
41	School for the Deaf & Blind	7,586,574	0.09%	99.20%	41
42	Conservation Bank	7,523,899	0.09%	99.30%	42
43	Forestry Commission	6,378,713	0.08%	99.37%	43
44	Lieutenant Governor	6,061,500	0.07%	99.45%	44
45	State Accident Fund	5,799,811	0.07%	99.52%	45
46	Public Service Commission	4,399,308	0.05%	99.57%	46
47	State Treasurer	3,987,771	0.05%	99.62%	47
48	Board of Financial Institutions	3,775,875	0.05%	99.67%	48
49	Workers Compensation Commission	3,235,066	0.04%	99.71%	49
50	Division of Aeronautics	2,650,008	0.03%	99.74%	50
51	State Museum	1,971,910	0.02%	99.76%	51
52	Department of Consumer Affairs	1,816,860	0.02%	99.78%	52
53	State Auditor	1,810,374	0.02%	99.81%	53
54	Second Injury Fund	1,796,474	0.02%	99.83%	54
55	Department of Alcohol & Other Drug Abuse Services	1,637,940	0.02%	99.85%	55
56	Secretary of State	1,369,868	0.02%	99.87%	56
57	Department of Archives & History	1,294,158	0.02%	99.88%	57
58	Administrative Law Court	1,257,535	0.02%	99.90%	58
59	Education Oversight Committee	1,194,688	0.01%	99.91%	59
60	Patients' Compensation Fund	996,001	0.01%	99.92%	60
61	Comptroller General	822,860	0.01%	99.93%	61
62	First Steps to School Readiness	627,695	0.01%	99.94%	62
63	Wil Lou Gray Opportunity School	517,845	0.01%	99.95%	63
64	State Ethics Commission	516,653	0.01%	99.95%	64
65	Human Affairs Commission	490,700	0.01%	99.96%	65
66	John de la Howe School	481,512	0.01%	99.97%	66
67	Election Commission	440,700	0.01%	99.97%	67
68	Jobs-Economic Development Authority	395,150	0.00%	99.98%	68
69	Legislative Audit Council	300,000	0.00%	99.98%	69
70	Commission for the Blind	293,000	0.00%	99.98%	70
71	Sea Grant Consortium	282,000	0.00%	99.99%	71
72	Codification of Laws & Legislative Council	274,158	0.00%	99.99%	72
73	Commission On Minority Affairs	261,814	0.00%	99.99%	73
74	State Library	217,000	0.00%	100.00%	74
75	Governor's Office-Mansion & Grounds	200,000	0.00%	100.00%	75
76	Arts Commission	173,707	0.00%	100.00%	76
77	Procurement Review Panel	2,534	0.00%	100.00%	77
	Grand Total	8,199,792,872	100.00%	100.00%	