



FY 2014-15 Executive Budget Overview

Embargoed Until: 12:30PM, January 13, 2014



Headline Numbers



- 3.7% General Fund growth (\$238M)
 - FY 2014-15: \$6.614B
 - FY 2013-14: \$6.376B after vetoes
- Within spending cap by about \$1 million
 - Population growth + inflation (3.75%)
- Starting from over \$88 million behind
 - Proviso 118.16(B): \$37,372,707
 - Proviso 118.17(B)(1): \$50,739,599

General Fund – Recurring



Amount	Item
\$ 265.3M	Natural revenue growth
\$ (88.1M)	<i>Cost of making FY 2013-14's NR transfers good</i>
\$ 26.6M	<i>Use NR to make General Reserve Fund transfer</i>
\$ (0.3M)	<i>Amend P 38.1 (DSS Family Supports, Self-Sufficiency)</i>
\$ (26.7M)	<i>Eliminate 6% Individual Income Tax bracket</i>
\$ 238.3M	Available for appropriation in FY 2014-15

General Fund – Non-Recurring



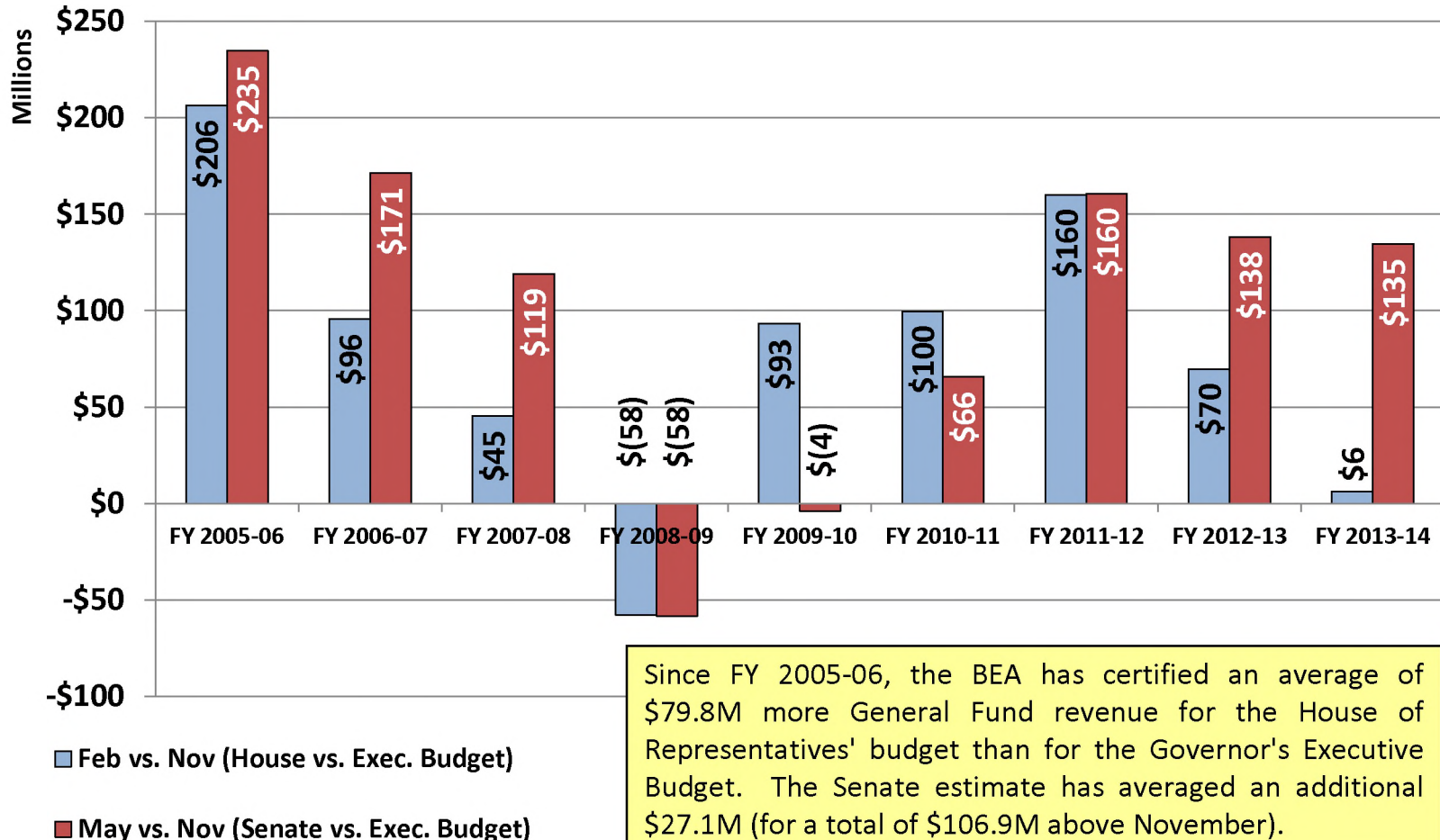
Amount	Item
\$ 61.8M	Surplus transferred to Contingency Reserve Fund
\$ 6.6M	Unappropriated Capital Reserve Fund, lapsed
\$ 95.3M	FY 2013-14 surplus projected by BEA
\$ 28.0M	Proceeds of GSK (Avandia) settlement
\$ (26.6M)	Use NR to make General Reserve Fund transfer
\$ 165.1M	Available for appropriation in FY 2014-15

More Revenues Are Coming...



BEA's Revenue Estimates for the General Fund

Additional Revenue Available for Legislative Use, FY 2005-06 through FY 2013-14



Major Themes



- Providing a Better Education
- Creating Jobs and Improving the Business Climate
- Making South Carolina Safer
- Fixing Roads Without Raising Taxes
- Protecting the Most Vulnerable

Education



- Last week's K-12 initiatives:
 - Transition to EOC Funding Model
 - Reading Coaches
 - K-12 Technology
 - Public Charters

Funding Model Changes



- Gross transition cost to EOC model: \$134.7M (GF)
 - Partially offset by shifting CDEPP, SCPCSD to EIA: \$83.6M
- Net transition cost to EOC model, including the cost of maintaining current BSC: \$83.2M (GF)
 - Cost to maintain \$2,097 BSC: \$34.9M (GF)
 - Cost to get to \$2,120 BSC: \$19.5M (GF)
- Cuts to EIA lines more than offset with EFA growth:
 - High Achieving Students: (Cut \$24.1M*) vs. \$29.5 G&T
 - Students at Risk: (Cut \$57M) vs. \$154M POV
- Other smaller changes:
 - Combine “Modernize Vocational Equipment” in EIA
 - Start annualizing and moving transportation into the GF

Education

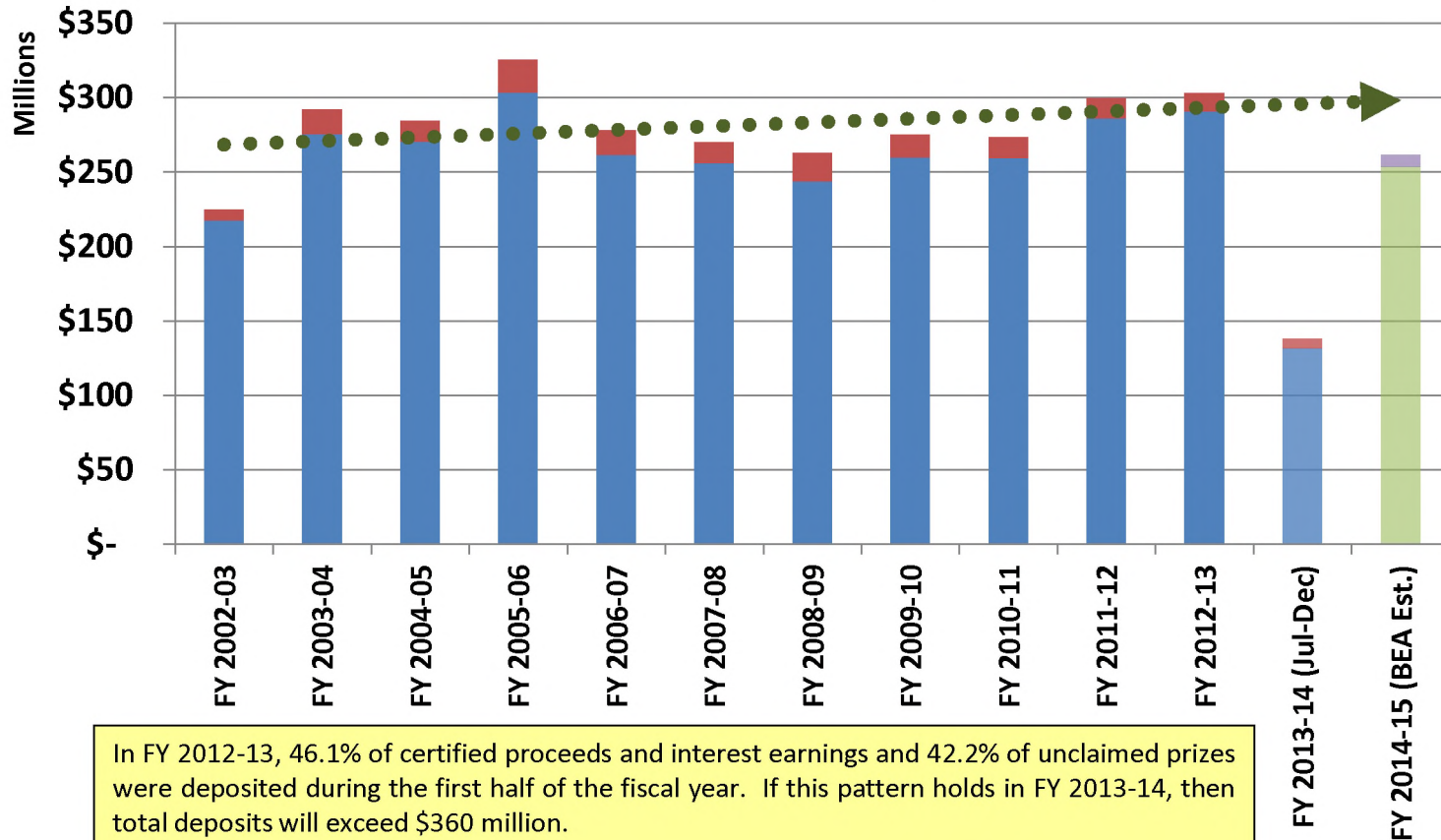


- **Reading Coaches (\$29.5M GF)**
 - Tied to % of students “Not Met” on reading assessments
 - State share of salary and benefits capped at \$62,370
 - Overfunded: Up to \$5M for training is included, but only if opt-in
- **K-12 Technology (\$29.3M CRF, \$4M NR, & maintain EIA line)**
 - Tied to 135-day ADM and district poverty index (breaks are 75/85)
 - Training distributed the same way
 - Allowable uses: Broadband to/within school, 1:1 equipment
 - Also \$12M (NR) for Digital Instructional Materials
- **Public Charters (\$13.8M EIA + \$3M C/F, \$4M NR)**
 - Operating money for 26.7% enrollment growth
 - Brick & mortar: \$3,250 → \$3,600 | Virtuals: \$1,700 → \$1,900 (12%)
 - \$4M for Charter School Facility Revolving Loan Program

Speaking of Education...



Certified FY 2014-15 Lottery Estimate Ignores Actual Collections, Predicts Worst Year Since Lottery Began in 2002



In FY 2012-13, 46.1% of certified proceeds and interest earnings and 42.2% of unclaimed prizes were deposited during the first half of the fiscal year. If this pattern holds in FY 2013-14, then total deposits will exceed \$360 million.

This is nearly \$100 million above the combined certified estimate for FY 2014-15.

■ Certified Proceeds & Interest ■ Unclaimed Prizes ●➔ Trendline, FY 2002-03 to FY 2012-13

Capital Reserve Fund for Education



10%

Technical College System
\$11.7M + \$11.7M match (1:1):

\$23.4M



25%

Research & Comprehensive Universities
\$29.3M + \$29.3M match (1:1):

\$59.6M



25%

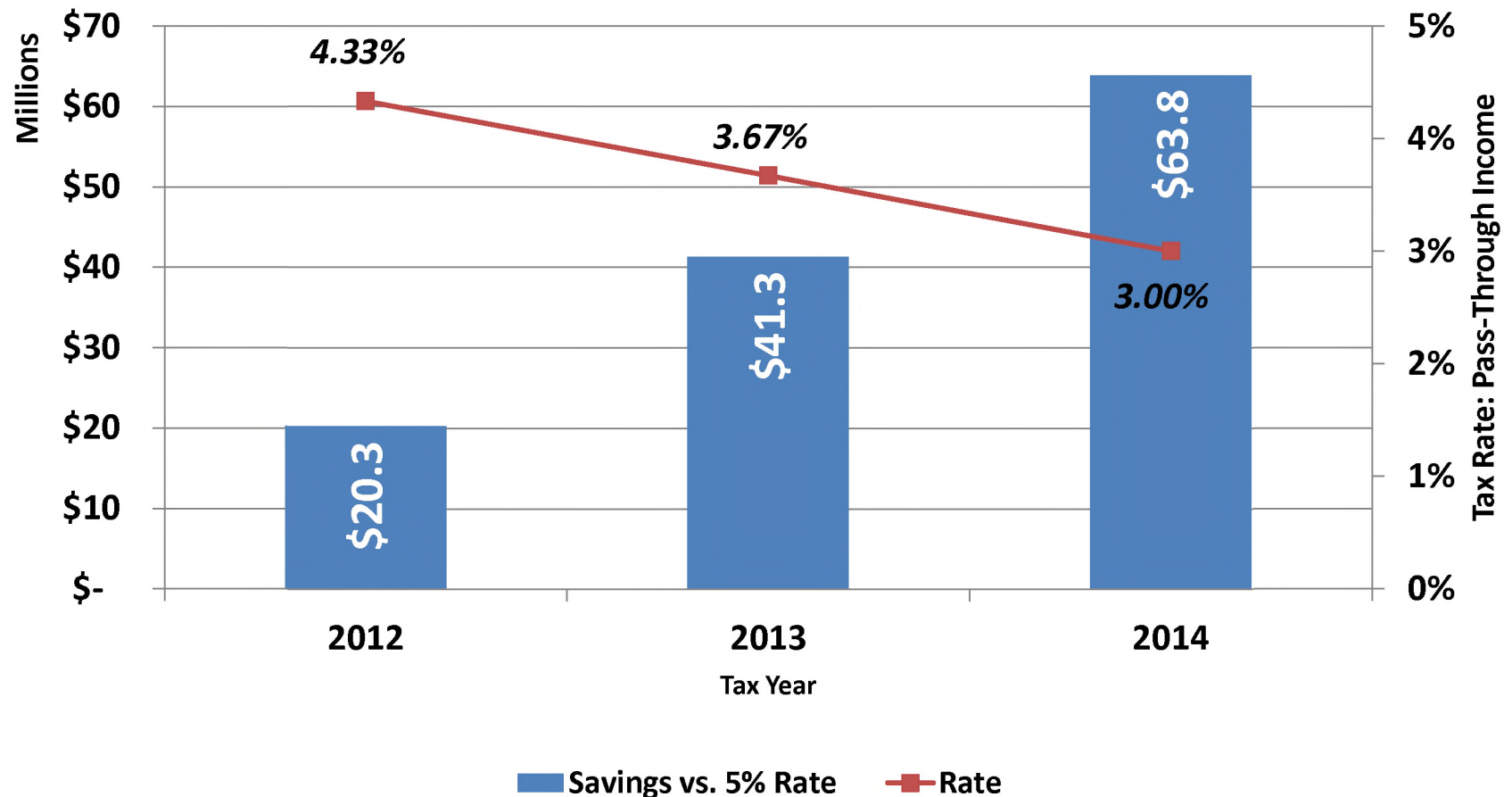
K-12 Technology
\$29.3M, no match:

\$29.3M

Improving the Business Climate



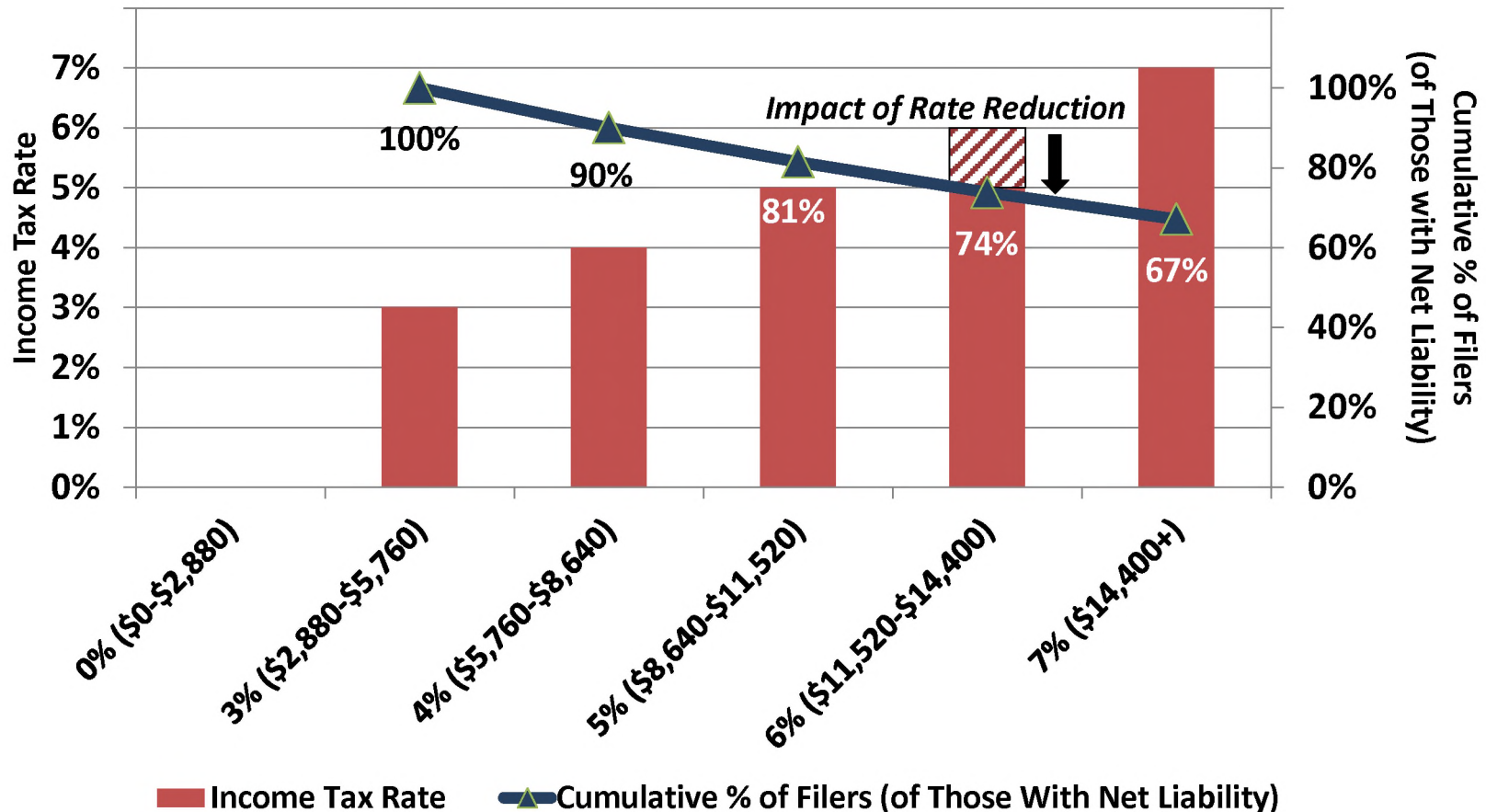
Rising Annual Savings from Enacted Tax Cuts: 2012 - 2014



Continue Progress on Tax Cuts



**Eliminating the 6% Individual Income Tax Bracket
Would Save Taxpayers an Additional \$26.7 Million in 2014**



Making South Carolina Safer



SLED

- **New meth lab clean-up program in 2011:**
 - Closed 1,281 labs and rescued 171 children
- **Substantial progress in cutting backlogs:**
 - Forensics, latent print/crime scene, CWP's
 - Eliminated 8-month backlog for expungements

DPS

- **Major reductions in highway fatalities:**
 - Lowest levels since 1982; 2nd lowest in 50 years
 - Down 30% since 2007

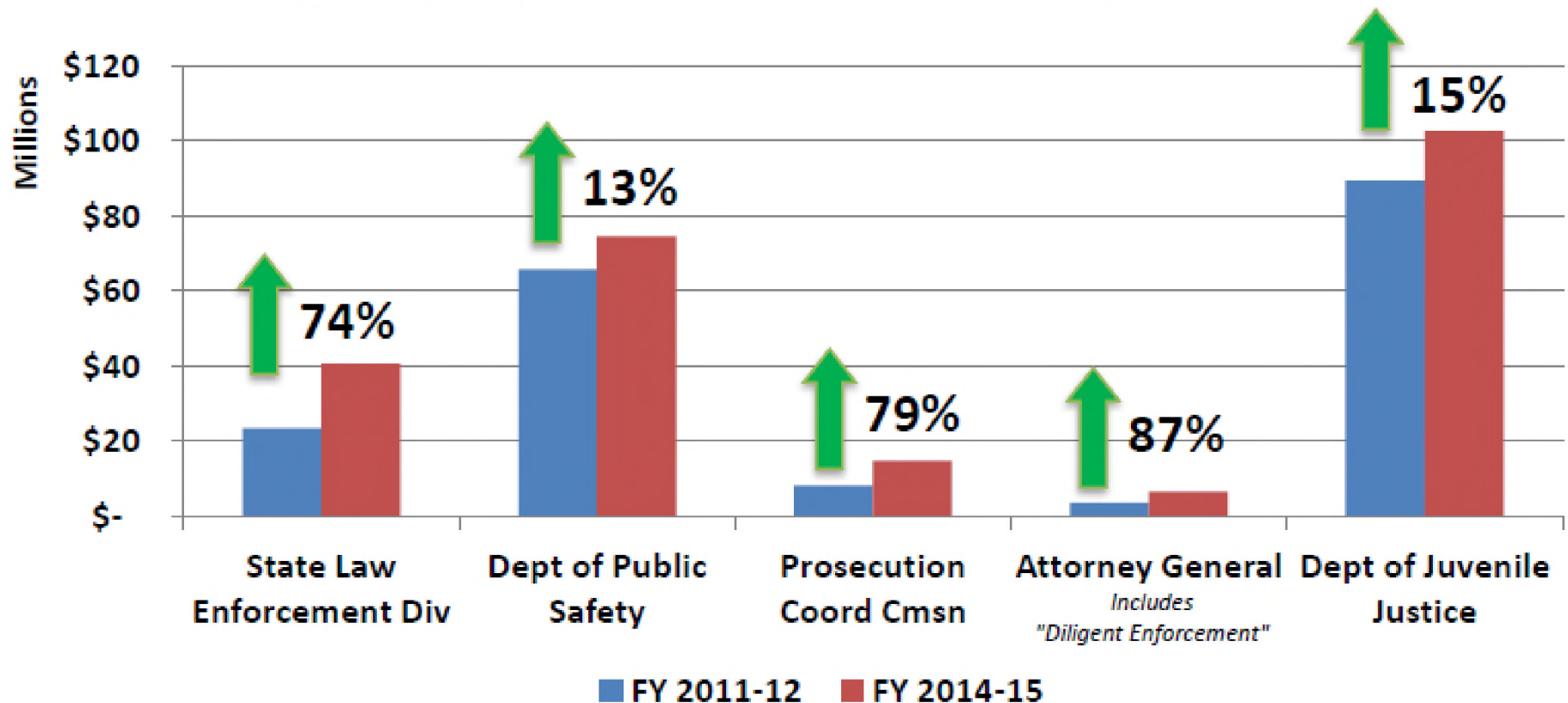
DJJ

- **Lowest violent juvenile crime rates in 20 years**
- **"Behind the fence" count down 56% in 10 years**

Making South Carolina Safer



Increases in State Support for Law Enforcement



Making South Carolina Safer



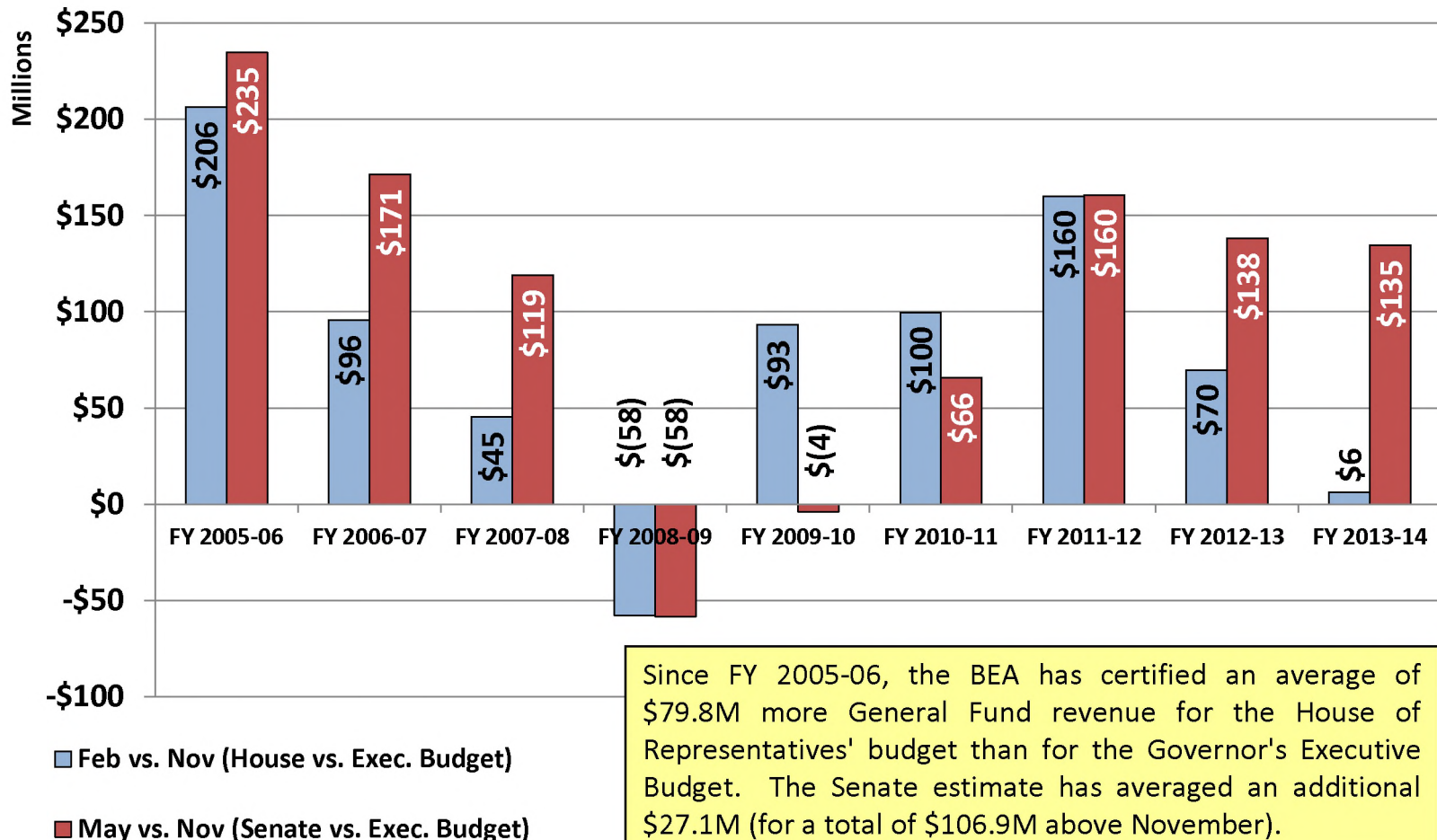
- **Attorney General (10% GF)**
 - 5 more prosecutors: Violent Crime, Sex Crimes, CDV
 - IT specialist, CDV victim advocate
- **Prosecution Coordination Commission (5.2% GF)**
 - New Violent Crime Prosecution line: \$720k
- **SLED (9.6% GF)**
 - Agents, equipment, technology, training, vehicles...
- **DPS (3.0% GF)**
 - 10 new officers, plus mobile data project and vehicles
- Several other law enforcement / public safety agencies are giving up Medicaid match

Back to the Additional Revenue...



BEA's Revenue Estimates for the General Fund

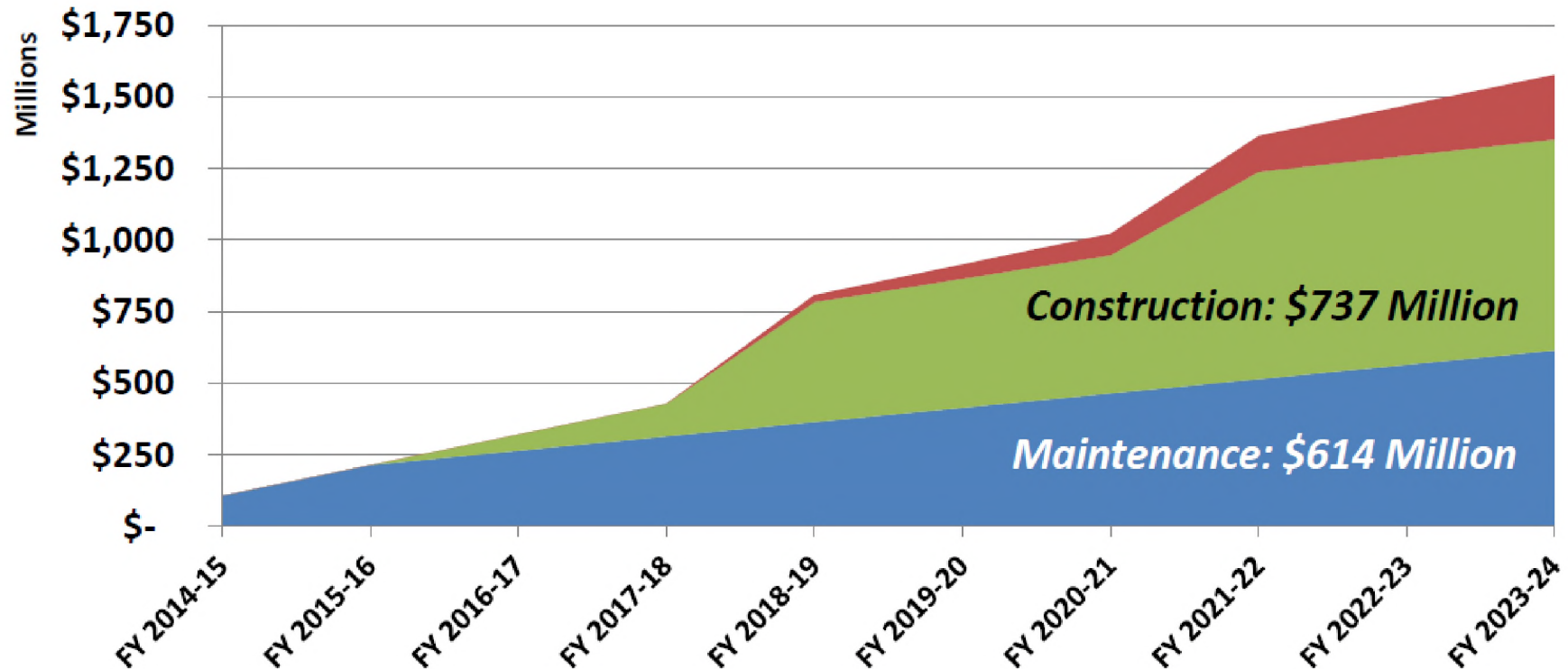
Additional Revenue Available for Legislative Use, FY 2005-06 through FY 2013-14



Fixing Roads Without Raising Taxes



Over \$1.35 Billion More for Roads in the Next Decade



- Maintenance and Repair
- Construction (Bonds & Pay-Go)
- Debt Service

Bonds issued in FY 2018-19 (\$273.2M, 15-year term) and FY 2021-22 (\$234.9M, 12-year term) at 4.25%.

All funds not required for debt service or construction are used for maintenance and repair.

\$1.35B total does not include debt service.

Healthcare – Key Points



- General Fund impact for PEBA again exceeds HHS
 - \$56M GF for HHS (5.1%) vs. \$57.2M for PEBA
- Ongoing effort to centralize Medicaid match at HHS
 - Several more agencies willing to join-in this year
- Some health agencies show minimal GF impact
 - DAODAS & DHEC: No change (exc. DHEC match)
 - DDSN: \$800k for IT (\$4M Debt Service Account)
- DMH has largest GF growth rate again (5.2%): \$9.1M
- Major effort to attack DDSN's waiting lists

Mental Health



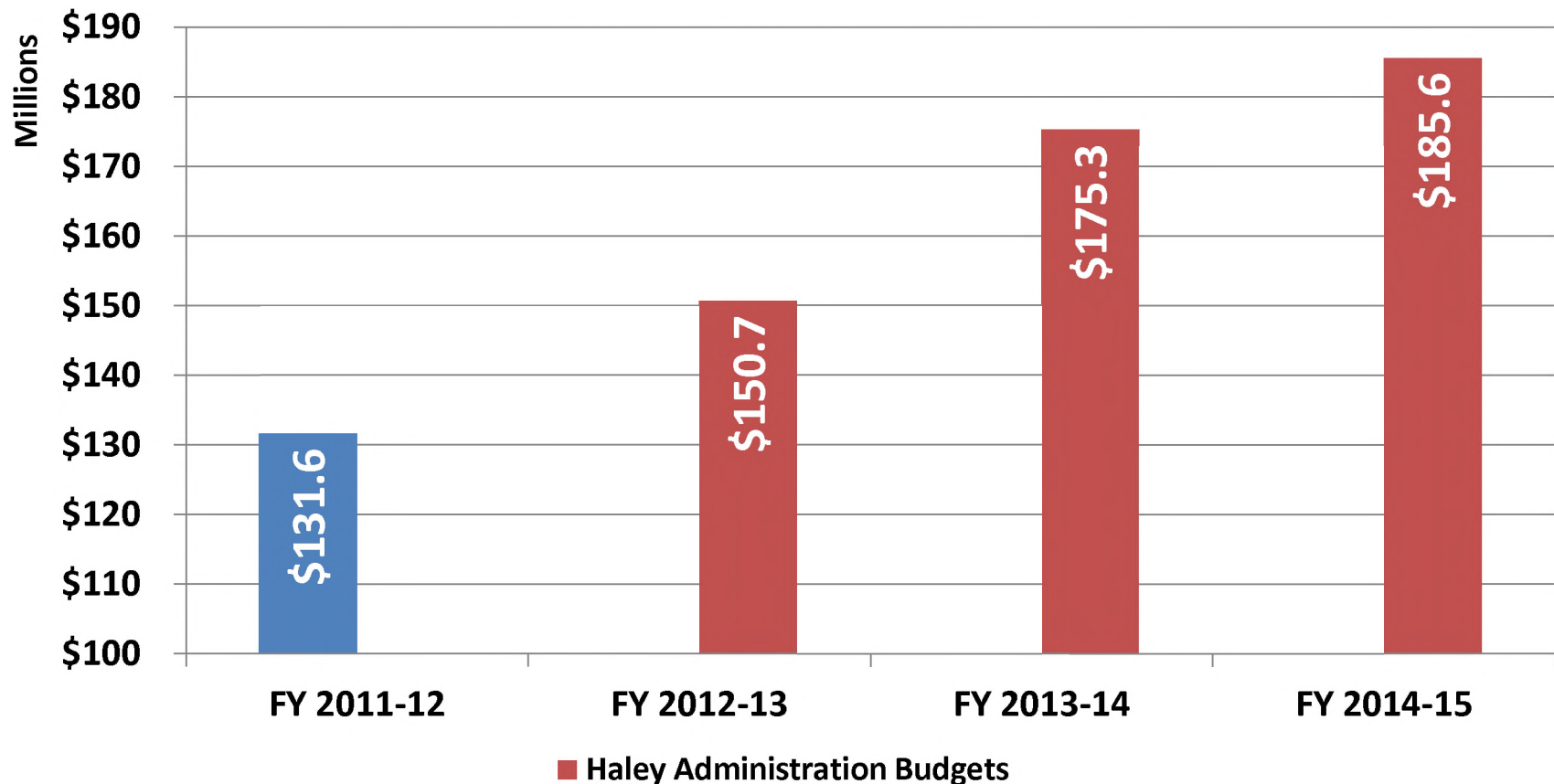
- **Fully-funded requests:**
 - \$500k: Telepsychiatry
 - \$300k: Crisis Services
 - \$250k: Center-to-Center Telepsychiatry
 - \$200k: Assessment and Resource Center
- **Partially-funded requests:**
 - \$5M: Sustainability
 - \$1.45M: Forensic Inpatient Services
 - \$800k: Community Supportive Housing Placements
 - \$600k: Sexually Violent Predator Treatment Program

Mental Health



Haley Administration: 41% Increase for Mental Health

General Fund, FY 2011-12 (Actual) vs. FY 2014-15 (Proposed)

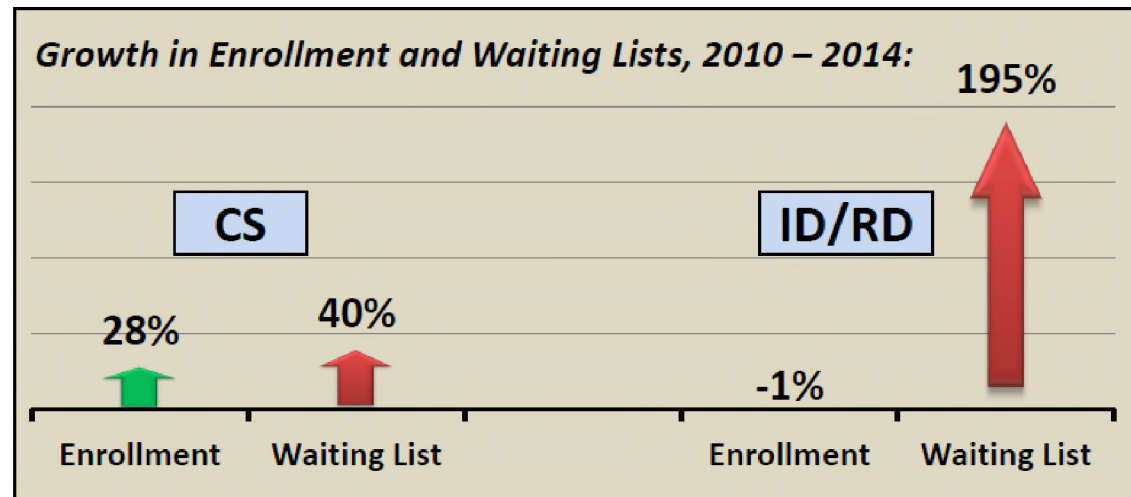


Protecting the Most Vulnerable



All “Waiver Programs” at DDSN, Since 2010

- Enrollment up 8%
 - To 9,267
- Waiting lists up 98%
 - To 10,355



FY 2014-15 Executive Budget

- Targeted effort to reduce two waiting lists by a total of 1,400+:
 - Community Supports (CS)
 - Intellectual Disabilities & Related Disabilities (ID/RD)
- Funding: \$44.8 M (\$13.3M GF at HHS, OF at DDSN)



Questions?