

State of South Carolina
Office of Comptroller General

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COMPTROLLER GENERAL

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News Release

August 29, 2012

State incurs revenue shortfall for fiscal year; unable to fund \$14.7 million of planned Supplemental Appropriations

State Comptroller General Richard Eckstrom has finished closing the State's books for the fiscal year ended June 30, 2012. As statewide economic conditions improved during the fiscal year, the General Assembly authorized \$397 million in "supplemental" spending for state agencies this fiscal year to be funded by surpluses it anticipated from the fiscal year that ended June 30. According to Proviso 90.20 in the FY12-13 Appropriations Act, "this revenue is deemed to have occurred and is available for use in Fiscal Year 2012-13 after September 1, 2012, following the Comptroller General's close of the state's books on Fiscal Year 2011-12."

Based on persisting economic uncertainties revealed by erratic State collections of taxes and fees, Governor Nikki Haley urged the General Assembly to reduce this \$397 million spending plan, and she issued vetoes for \$21 million of the projects on the list of Supplemental Appropriations. The General Assembly overrode most of her vetoes (overrode \$18 of \$21 million).

Unfortunately, actual surplus revenues for fiscal year 2011-12 were \$14.7 million less than what the General Assembly had anticipated would be available for funding these Supplemental Appropriations due to month to month fluctuations in revenues. Budgeting in these uncertain economic times is challenging. Since agencies will be permitted to spend only to the extent surplus revenues materialized, a number of projects included in Proviso 90.20 cannot be funded in fiscal year 2012-13.

I commend the General Assembly for its prudent action in fully funding the General Reserve Fund two years ahead of schedule. The provision in the State Constitution on the General Reserve Fund was recently amended to require that it be maintained at 5% rather than 3% of the prior year's general fund revenue. The schedule established by law to implement this change called for increases of 0.5% per year for four years commencing in Fiscal Year 2011-12, but General Assembly committed \$98.2 million to the General Reserve Fund in FY 12-13 from Supplemental Appropriations. This action will bring the General Reserve Fund to the 5% balance of \$281.6 million two years ahead of schedule.

For information, contact Jim Holly, Chief of Staff for the Comptroller General's Office, at 803-734-2588.

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State of South Carolina
BUDGETARY HIGHLIGHTS

BUDGETARY GENERAL FUND

Fiscal Year Ended June 30, 2012

(Unaudited)

FACTORS THAT PRODUCED THE FISCAL YEAR SURPLUS:

Actual Revenue Over Revenue Estimates Used in Appropriations Act.....	\$ 382,132,800
Amount that Estimated Revenue Exceeded Expenditures Authorized in the Appropriations Act.....	4,480,193
Governor's FY11-12 Vetoes Sustained by General Assembly.....	507,969
Agency Appropriations that Lapsed at Year-End.....	328,010
"Open-Ended" Appropriations.....	(5,811,832)
Supplemental Appropriations in Accordance with FY11-12 Proviso 90.22.....	(2,000,000)
Funding Sources for General Fund Appropriations Other Than Revenue.....	<u>(99,186)</u>
Net Budgetary Surplus Available for Distribution.....	\$ 379,537,954

DISTRIBUTION OF SURPLUS

Supplementally Appropriated by FY12-13 Proviso 90.20.....	(397,086,761)
Governor's Vetoes of certain of these Supplemental Appropriations which were Sustained by General Assembly.....	<u>2,838,550</u>
Net Amount Supplementally Appropriated by Proviso 90.20.....	<u>(394,248,211)</u>
Shortfall for funding of Supplementally Appropriated.....	<u>\$ (14,710,257)</u>

BUDGETARY GENERAL FUND
Changes in Budgetary Fund Balance
 Fiscal Year Ended June 30, 2012
 (Unaudited)

	General Reserve	Appropriations Carried Forward	Capital Reserve	Contingency Reserve	Unreserved/ Undesignated	Total
Revenues.....	\$ —	\$ —	\$ —	\$ —	\$ 5,857,795,271	\$ 5,857,795,271
Expenditures.....	—	—	—	—	(5,516,803,200)	(5,516,803,200)
Transfer to General Reserve per Appropriations Act.....	17,141,169	—	—	—	(17,141,169)	—
Transfer to Capital Reserve per Appropriations Act.....	—	—	104,837,915	—	(104,837,915)	—
Transfer to Contingency Reserve per Appropriations Act.....	—	—	—	296,137,233	(296,137,233)	—
Capital Reserve Appropriations to Agencies.....	—	—	(107,683,455)	—	—	(107,683,455)
Contingency Reserve Appropriations to Agencies.....	—	—	—	(244,804,144)	244,804,144	—
Supplemental Appropriations from other sources.....	—	—	—	—	11,000,000	11,000,000
Appropriations:						
Brought Forward From Last Year ^a	—	(70,596,664)	—	—	70,596,664	—
Carried Forward to Next Year ^b	—	165,875,841	—	—	(165,875,841)	—
Net Fiscal Year Changes.....	17,141,169	95,279,177	(2,845,541)	51,333,089	83,400,721	244,308,616
Fund Balance—July 1, 2011.....	166,325,183	70,596,664	107,683,455	71,000,600	296,137,233	711,743,135
Fund Balance—June 30, 2012.....	<u>\$ 183,466,352</u>	<u>\$ 165,875,841</u>	<u>\$ 104,837,915</u>	<u>\$ 122,333,689</u>	<u>\$ 379,537,954</u>	<u>\$ 956,051,751</u>

^a These represent current year expenditures that did not require current year budget appropriations.

^b These represent current year appropriations that will not be expended until next year.

BUDGETARY GENERAL FUND
Revenue Analysis
 Fiscal Year Ended June 30, 2012
 (Unaudited)

	Actual Revenue	Estimated Revenue Used in App. Act	Actual Over (Under) Estimated Revenue
Regular sources:			
Individual income tax.....	\$ 2,591,808,436	\$ 2,322,282,386	\$ 269,526,050
Retail and casual sales tax.....	2,354,476,219	2,250,803,376	103,672,843
Corporation income tax.....	212,256,270	186,907,492	25,348,778
Total income and sales taxes.....	5,158,540,924	4,759,993,254	398,547,670
Admissions tax.....	28,620,799	28,731,859	(111,060)
Aircraft tax.....	3,998,908	5,638,820	(1,639,912)
Alcoholic liquors tax.....	61,177,513	58,618,229	2,559,284
Bank tax.....	15,083,428	15,984,667	(901,239)
Beer and wine tax.....	100,650,172	104,253,221	(3,603,049)
Business license (tobacco) tax.....	26,247,498	29,763,207	(3,515,709)
Coin-operated device tax.....	1,555,657	1,636,968	(81,311)
Corporation license tax.....	101,707,553	91,736,574	9,970,979
Departmental revenue.....	43,672,108	36,650,056	7,022,052
Documentary (deed stamp) tax.....	29,941,727	31,549,841	(1,608,114)
Earned on investments.....	29,421,669	36,000,000	(6,578,331)
Estate tax.....	(140,872)	50,000	(190,872)
Insurance tax.....	171,196,763	177,937,694	(6,740,931)
Motor transport fees.....	—	3,500	(3,500)
Motor vehicle licenses.....	10,395,550	12,861,693	(2,466,143)
Private car lines tax.....	3,820,831	4,271,691	(450,860)
Public Service Authority (excess earnings).....	19,695,068	21,315,705	(1,620,637)
Retailers' license tax.....	858,866	827,656	31,210
Savings and Loan Association tax.....	1,304,593	3,630,361	(2,325,768)
Workers' comp insurance tax.....	10,096,752	13,401,914	(3,305,162)
Total regular sources.....	5,817,845,507	5,434,856,910	382,988,597
Miscellaneous sources:			
Circuit and family court fines.....	9,157,948	9,919,954	(762,006)
Debt service reimbursements.....	468,907	188,108	280,799
Indirect cost recoveries.....	11,251,739	11,061,222	190,517
Mental health fees.....	—	—	—
Nonrecurring revenue.....	678,363	1,243,469	(565,106)
Parole and probation supervision fees.....	3,392,808	3,392,808	—
Unclaimed property fund transfers.....	15,000,000	15,000,000	—
Total miscellaneous sources.....	39,949,764	40,805,561	(855,797)
Total	\$ 5,857,795,271	\$ 5,475,662,471	\$ 382,132,800

BUDGETARY GENERAL FUND
Appropriations and Expenditures
 Fiscal Year Ended June 30, 2012
 (Unaudited)

Expenditures by Function	Appropriations Per Act	Adjusted Authorizations	Disposition of Adjusted Authorizations		
			Expenditures	Appropriations Carried Forward to 2013	Lapsed
Health and Human Services.....	\$ 917,495,132	\$ 944,546,517	\$ 881,686,386	\$ 62,860,131	\$ —
Education.....	1,953,530,546	2,068,553,868	2,051,465,508	17,088,361	—
Budget and Control Board.....	101,048,152	49,653,744	34,847,846	14,805,897	—
Debt Service.....	199,210,870	204,201,822	192,079,373	12,122,448	—
House of Representatives.....	18,684,810	24,580,335	14,844,723	9,735,612	—
Corrections.....	353,799,307	357,148,260	349,849,201	7,299,059	—
Health and Environmental Control.....	89,358,686	95,996,201	90,544,054	5,452,147	—
Senate.....	12,409,112	16,551,442	11,263,524	5,287,918	—
Public Safety.....	65,774,585	68,365,788	64,543,182	3,822,606	—
Revenue.....	41,241,637	42,651,900	39,289,704	3,362,195	—
Governor's Office.....	31,842,538	34,813,803	31,647,207	13,805,090	108,505
Juvenile Justice.....	89,478,058	91,562,848	88,884,475	2,678,373	—
Disabilities and Special Needs.....	166,795,610	169,938,223	167,447,992	2,490,231	—
Commerce.....	3,888,515	8,944,487	6,809,299	2,018,691	116,496
SC Conservation Bank.....	—	2,000,000	—	2,000,000	—
Parks, Recreation and Tourism.....	17,208,401	18,566,639	16,591,635	1,975,004	—
Probation, Parole, and Pardon.....	20,470,931	22,857,336	21,080,926	1,776,410	—
Transportation.....	57,270	3,978,827	2,733,158	1,245,669	—
Adjutant General.....	4,461,970	6,106,430	4,870,108	1,236,323	—
Stand-alone Schools.....	23,067,675	23,839,309	22,861,451	977,857	—
Higher Education.....	574,265,765	602,204,921	601,234,636	970,284	—
Election Commission.....	1,920,243	2,408,814	1,602,009	772,017	34,790
Legislative Support Agencies.....	6,889,292	7,209,296	6,578,495	630,801	—
Judicial Department.....	37,631,743	37,909,877	37,507,247	402,630	—
Social Services.....	119,276,495	120,156,527	119,755,694	400,832	—
Comptroller General.....	1,992,488	2,047,217	1,843,435	199,249	4,533
Lieutenant Governor.....	4,007,645	4,623,287	4,431,657	191,630	—
Commission for Blind.....	2,195,975	2,412,316	2,225,424	186,891	—
Administrative Law Court.....	1,673,790	1,709,117	1,478,053	167,379	63,686
Prosecution Coordination Commission.....	8,284,083	8,480,879	8,326,191	154,688	—
Attorney General.....	3,555,379	3,737,544	3,610,534	127,010	—
Human Affairs Commission.....	1,248,731	1,266,099	1,159,963	106,136	—
Forestry Commission.....	9,878,203	10,013,965	9,959,278	54,687	—
Aid to Local Government.....	269,067,211	274,971,500	274,920,626	50,874	—
Aeronautics.....	536,093	1,432,107	1,396,559	35,548	—
Arts Commission.....	1,927,795	1,942,695	1,915,124	27,571	—
Commission on Indigent Defense.....	8,486,441	10,040,865	10,015,915	24,950	—
Alcohol and Other Drug Abuse Services.....	6,248,379	6,255,633	6,233,046	22,587	—
Archives and History.....	2,178,397	2,245,270	2,224,425	20,845	—
Law Enforcement Training Council.....	1,178,127	1,246,148	1,229,056	17,093	—
Museum Commission.....	2,694,720	2,717,463	2,710,059	7,404	—
Mental Health.....	131,596,677	132,968,384	132,962,315	6,069	—
Procurement Review Panel.....	111,012	114,426	109,752	4,674	—
Natural Resources.....	14,517,799	14,779,266	14,778,312	954	—
Labor, Licensing and Regulation.....	1,227,589	1,252,763	1,252,747	16	—
Employment and Workforce.....	343,959	146,348,194	146,348,194	—	—
Vocational Rehabilitation.....	8,479,941	8,584,005	8,584,005	—	—
State Library.....	7,795,907	7,808,181	7,808,181	—	—
Agriculture.....	2,868,534	2,900,150	2,900,150	—	—
State Treasurer.....	1,513,724	2,482,938	2,482,938	—	—
Insurance.....	1,932,779	1,957,339	1,957,339	—	—
Workers' Compensation Commission.....	1,743,070	1,763,620	1,763,620	—	—
Secretary of State.....	585,969	592,927	592,927	—	—
Consumer Affairs.....	565,746	572,942	572,941	—	—
Commission for Minority Affairs.....	374,713	378,679	378,678	—	—
Sea Grant Consortium.....	327,392	333,319	333,319	—	—
State Ethics Commission.....	257,583	262,022	262,022	—	—
Educational Television Commission.....	—	18,582	18,582	—	—
Total	\$ 5,349,203,194	\$ 5,683,007,056	\$ 5,516,803,200	\$ 165,875,841	\$ 328,010

* Appropriations per the FY11-12 Appropriations Act column of \$5,349,203,194 does not include Capital Reserve Fund Appropriations of \$104,837,915. The General Fund Recapitulation in the FY11-12 Appropriations Act shows these two amounts combined for a total of \$5,454,041,109.

BUDGETARY GENERAL FUND
Appropriations Carried Forward to FY12–13
 Fiscal Year Ended June 30, 2012
 (Unaudited)

	Total Carried Forward	Special Carry- Forwards ^a	General Carry- Forwards ^b
Health and Human Services.....	\$ 62,860,131	\$ —	\$ 62,860,131
Education.....	17,088,361	11,821,853	5,266,508
Budget and Control Board.....	14,805,897	13,486,129	1,319,768
Debt Service.....	12,122,448	12,122,448	—
House of Representatives.....	9,735,612	9,735,612	—
Corrections.....	7,299,059	—	7,299,059
Health and Environmental Control.....	5,452,147	3,898,075	1,554,072
Senate.....	5,287,918	5,287,918	—
Public Safety.....	3,822,606	833,837	2,988,769
Revenue.....	3,362,195	—	3,362,195
Governor's Office.....	3,058,090	2,644,673	413,417
Juvenile Justice.....	2,678,373	127,246	2,551,127
Disabilities and Special Needs.....	2,490,231	—	2,490,231
Commerce.....	2,018,691	1,810,933	207,758
SC Conservation Bank.....	2,000,000	2,000,000	—
Parks, Recreation and Tourism.....	1,975,004	1,721,339	253,665
Probation, Parole and Pardon.....	1,776,410	1,334,016	442,394
Transportation.....	1,245,669	1,245,669	—
Adjutant General.....	1,236,323	1,213,644	22,679
Stand-alone Schools.....	977,857	269,244	708,613
Higher Education.....	970,284	665,303	304,981
Election Commission.....	772,017	644,436	127,581
Legislative Support Agencies.....	630,801	630,801	—
Judicial Department.....	402,630	402,630	—
Social Services.....	400,832	273,486	127,346
Comptroller General.....	199,249	—	199,249
Lieutenant Governor.....	191,630	104,209	87,421
Commission for Blind.....	186,891	—	186,891
Administrative Law Court.....	167,379	—	167,379
Prosecution Coordination Commission.....	154,688	—	154,688
Attorney General.....	127,010	127,010	—
Human Affairs Commission.....	106,136	—	106,136
Forestry Commission.....	54,687	—	54,687
Aid to Local Governments.....	50,874	—	50,874
Aeronautics.....	35,548	35,548	—
Arts Commission.....	27,571	—	27,571
Commission on Indigent Defense.....	24,950	—	24,950
Alcohol and Other Drug Abuse Services.....	22,587	—	22,587
Archives and History.....	20,845	20,845	—
Law Enforcement Training Council.....	17,093	—	17,093
Museum Commission.....	7,404	7,019	385
Mental Health.....	6,069	—	6,069
Procurement Review Panel.....	4,674	—	4,674
Natural Resources.....	954	—	954
Labor, Licensing and Regulation.....	16	—	16
Total.....	\$ 165,875,841	\$ 72,463,923	\$ 93,411,918

^a Provisos contained within Part 1B of the FY11-12 Appropriations Act allowed certain agencies to carry forward specific appropriation balances to FY12-13 for expenditure.

^b Proviso 89.25 of the FY12-13 Appropriations Act allows agencies to carry forward up to ten percent of original appropriations reduced by special carryforwards (as defined).

BUDGETARY GENERAL FUND
Open-Ended Appropriations
 Fiscal Year Ended June 30, 2012
 (Unaudited)

Agency Name	Description	Amount
Aid to Subdivisions--State Treasurer.....	Aid to Fire Districts - Formula Funding Shortfall	\$ 2,950,530
Aid to Subdivisions--Department of Revenue.....	Aid to Counties - Homestead Exemption Shortfall	1,991,487
Aid to Subdivisions--State Treasurer.....	Aid to Counties - Mini Bottle Hold-Harmless	827,295
Budget and Control Board-Employee Benefits.....	Workers' Compensation Insurance	<u>42,520</u>
Total Open-Ended Appropriations ¹		<u>\$ 5,811,832</u>

¹ "Open-ended" appropriations result from Legislative commitments to fully fund certain budgetary items without providing sufficient appropriations to fully fund them or to cover an agency's budgetary deficit if approved by the Budget and Control Board. In these instances, the State uses budgetary surplus at year end to fund appropriation shortfalls.

BUDGETARY GENERAL FUND

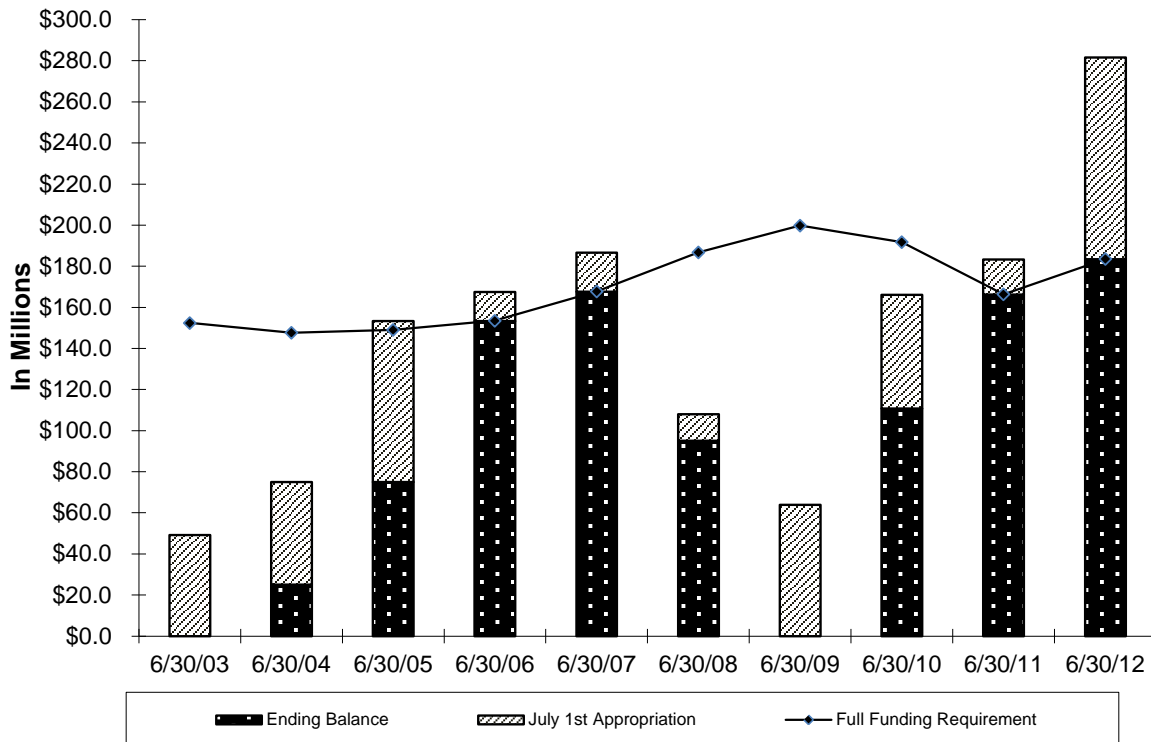
General Reserve

Fiscal Years Ended June 30
(Unaudited)

Year	Beginning Balance	Net Additions (Reductions)	Ending Balance	Full Funding Requirement	Over (Under) Funded	July 1st Appropriation ^a
2003	\$ —	\$ —	\$ —	\$ 152,409,712	\$ (152,409,712)	\$ 49,299,599
2004	—	25,154,528	25,154,528	147,707,970	(122,553,442)	50,000,000
2005	25,154,528	50,000,000	75,154,528	149,034,038	(73,879,510)	78,333,866
2006	75,154,528	78,333,866	153,488,394	153,488,394	—	14,243,425
2007	153,488,394	14,243,425	167,731,819	167,731,819	—	19,048,978
2008	167,731,819	(72,609,202)	95,122,617	186,780,797	(91,658,180)	12,974,290
2009	95,122,617	(95,122,617)	—	199,755,087	(199,755,087)	63,923,944
2010	—	110,883,455	110,883,455	191,771,831	(80,888,376)	55,441,728
2011	110,883,455	55,441,728	166,325,183	166,325,183	—	17,141,169
2012	166,325,183	17,141,169	183,466,352	183,466,352	—	98,175,036

^a Ending balances in table above do not reflect payments made on July 1 of any succeeding year as a result of appropriations to the General Reserve Fund. The graph below shows balances in the General Reserve Fund including these July 1 appropriations (cross checked portion bars).

The minimum balance for the General Reserve Fund required by the S.C. Constitution increased in FY 2011-2012 from 3% to 5% of the prior year's general fund revenues. This increase was to be phased in at 0.5% a year over four years beginning FY 2011-2012. The FY 2012-2013 Appropriations Act includes an amount that will completely fund the General Reserve Fund at its minimum 5% balance in FY 2012-2013.



BUDGETARY GENERAL FUND
Capital Reserve
Fiscal Years Ended June 30
(Unaudited)

<u>Year</u>	<u>Beginning Balance</u>	<u>Appropriation</u>	<u>Amount Applied Against Revenue Shortfall</u>	<u>Used for Supplemental Appropriations</u>	<u>Ending Balance</u>	<u>Full Funding Requirement</u>
2003	\$ —	\$ 101,606,475	\$ (101,606,475)	\$ —	\$ —	\$ 101,606,475
2004	—	98,599,197	(98,599,197)	—	—	98,599,197
2005	—	99,356,026	—	—	99,356,026	99,356,026
2006	99,356,026	102,325,596	—	(99,356,026)	102,325,596	102,325,596
2007	102,325,596	111,821,213	—	(102,325,596)	111,821,213	111,821,213
2008	111,821,213	124,520,532	(124,520,532)	(111,821,213)	—	124,520,532
2009	—	133,170,058	(133,170,058)	—	—	133,170,058
2010	—	127,847,888	(127,847,888)	—	—	127,847,888
2011	—	110,883,455	—	—	110,883,455	110,883,445
2012	110,883,455	104,837,915	—	(110,883,455)	104,837,915 ^a	104,837,915

^a Proviso 90.20 of the FY12-13 Appropriations Act calls for a transfer to the General Fund of \$5,010,364. The Joint Resolution Act for the Appropriation of Capital Reserve Funds provides \$99,512,915 for funding of specified projects.

