



FACT SHEET

South Carolina Policy Council

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Budget Debate Continues: Next Stop – Senate Floor

The Senate Finance Committee budget increases spending by \$60 million over the House version. The House budget – passed on March 18 – is an increase of \$400 million over last year’s appropriated budget.

Last Friday, the Senate Finance Committee posted online its version of the appropriations bill. The bill itself was [passed out of committee](#) early last week.

As the Policy Council has reported, there are [three different funds](#) in the budget – General, Other, and Federal. Below are breakdowns of state spending for each category, as passed in last year’s budget, this year’s [House budget](#), and the proposed Senate Finance Committee budget.

	FY 2009-2010	FY 2010-2011 House	FY 2010-2011 Senate Finance
General Fund	\$5,714,023,234	\$5,068,031,567	\$5,086,079,419
Other Fund	\$7,174,920,658	\$7,765,104,861	\$7,807,168,045
Federal Fund	\$7,805,963,626	\$8,268,032,964	\$8,268,032,964
Total Funds	\$20,694,907,518	\$21,101,169,392	\$21,161,280,428

The [Total Senate budget](#) (\$21.161 billion) increases spending by \$60 million from the House version (\$21.101 billion).

- General Fund: Increases from \$5.068 billion to \$5.086 billion -- a net change of about \$18 million.
- Other Fund: Increases from \$7.765 billion to \$7.807 billion – an increase of \$42 million.
- Federal Funds remain the same at \$8.268 billion

Here are three agencies with increased funds in the Senate General Fund budget:

Appropriations to Senate operations:

- The House version appropriated \$7 million. The Senate would appropriate \$12 million – an increase of \$5 million – a 70% jump. About \$3.5 million of that increase is designated to “unclassified positions” – in other words, the Senate is increasing staff.

Budget and Control Board (BCB):

- The BCB administrative budget would increase by \$2 million -- from \$23 million to \$25 million. Meanwhile, [BCB employee benefits](#) decrease from \$58 to \$52 million in the Senate bill.

Department of Health and Environmental Control (DHEC):

- The DHEC budget increases by \$4 million from the House budget – from \$77 million to \$81 million.

Additionally, here are three General Fund cuts to agencies in the Senate budget:

Aid to Subdivisions:

- Aid to Subdivisions is state funding that flows directly to local municipalities. First, the [House cut](#) Aid to Subdivisions from the Treasurer by \$28 million. Now, the Senate further reduces Aid to Subdivisions from the Department of Revenue by \$36 million – from about \$126 million to \$90 million.

Department of Corrections (DOC):

- The DOC General Fund budget would be trimmed by \$10 million – from \$305 million to \$295 million. The Total DOC decrease is \$1 million – with a concurring \$9 million increase that partially offsets the General Fund reduction. The result is a total Corrections decrease from \$351 million to \$350 million.

Judicial Department:

- First the House decreased the Judicial General Fund from \$23 million to \$18 million. Now, the Senate further cuts the [Judicial General Fund](#) budget by \$6 million – to \$12 million. But the Senate’s total Judicial budget of \$58 million is an overall increase of \$11 million from the House-passed \$47 million.

In addition, there are several proviso changes in the Senate budget. As the Policy Council reported last week, [provisos provide hidden budget](#) funding that could increase overall state spending by as much as \$1.63 billion. Here are some provisos in the Senate version of the appropriation bill – some deleted, some added, and some carried-over from the House budget:

Cuts from House Budget

- Proviso 89.112: *Deleted*
 - This proviso would have [taken \\$15 million from the Insurance Reserve Fund](#) and given it to an Airline Incentive Fund. Another \$10 million would have been transferred from the fund to give Beaufort County money to [subsidize a golf tournament](#).

- Proviso 80A.55: *Deleted*
 - As the Policy Council has written, [insurance mandates drive up the cost](#) of premiums. This proviso would have mandated obesity treatments.

Other Changes

- As highlighted previously, [flexibility proviso 89.87](#) would provide agencies the authority to raid funds to make up for General Fund shortfalls. The Senate changed the proviso to allow agencies to use FY 08-09 levels as a baseline – instead of the House version’s FY 09-10 designation. The difference -- \$1 billion more in spending.
- Proviso 39.13 would exempt certain funds with the Department of Parks, Recreation, and Tourism from across the board cuts by the BCB. The Legislature should practice targeted budget cuts on unnecessary government expenditures – rather than conducting across the board cuts.
- Proviso 90.16 authorizes the use of funds from increased enforcement on tax collections. The House version allocated about \$45 million to 12 agencies. The Senate budget provides \$95 million to 27 agencies. Particularly of note is \$35 million to Aid to Subdivisions – essentially filling the gap of the cut mentioned above.

Stay the Same

- Proviso 89.96 provides for a 30 percent tax credit for all installed solar power energy systems. Targeted tax credits are an ill-conceived approach to [creating economic prosperity](#).
- Proviso 90.17 transfers \$10 million from the Department of Transportation to the General Fund. This [would cut 25 percent](#) of the budget from Non-Federal Aid Highway Funds – money that is used to repair roads in South Carolina.
- Proviso 80A.1 earmarks \$500,000 of BCB money for use on maintaining the Hunley exhibit.

Additionally, the Department of Commerce budget has been cut from \$182 million to \$92 million. The bulk of this change is the removal of \$86 million in Aid to Subdivision funding within Commerce. Despite this significant reduction, the total approved budget is more than the House budget.

For more budget updates read [The Nerve](#) and the [SC Policy Council](#) twitter feeds for coverage.

For more budget coverage, read the following SC Policy Council reports:

[New House Budget... More of the Same Problems](#)

[How Much is that Budget Proviso Going to Cost?](#)

[Reform the Budget and Cut Spending: Start with Fee and Fine Revenue](#)

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