



FACT SHEET

South Carolina Policy Council

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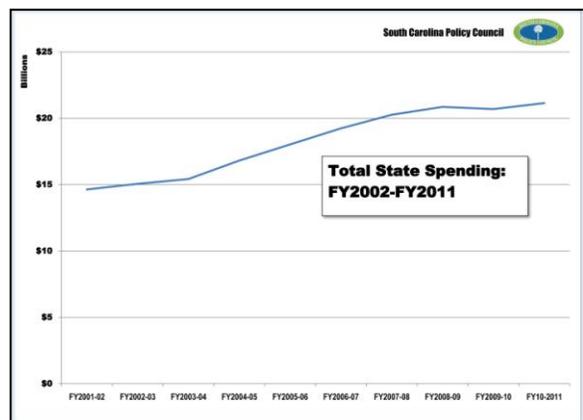
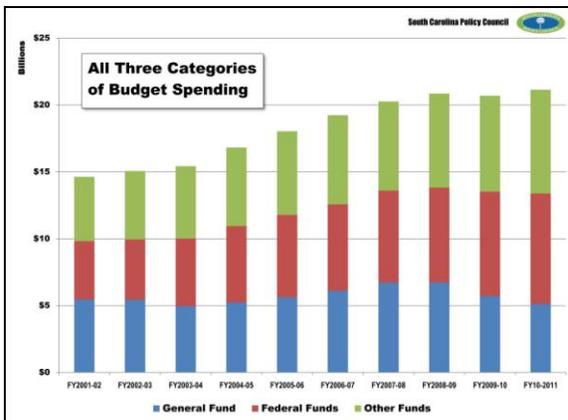
Total State Spending: A 10-Year Overview

As part of an ongoing analysis of state spending trends, this fact sheet looks at total state spending over the past 10 years. Taking this bird's eye view of the budget illustrates state spending has consistently increased, regardless of economic conditions, inflation/population growth, or legislative/executive leadership.

Part I of this series looks at spending, in general, finding an increase of 44 percent over 10 years with an average increase of 4 percent per year.¹

A closer analysis of the data reveals:

- Spending increased by 44.49 percent from FY2002 to FY2011.
- Spending increased by 4.14 percent annually over the past 10 years.
- Spending increased every year, except one (FY2010).
- The current \$21 billion budget is the largest in state history.
- FY2005 saw the largest single-year hike in state spending, with appropriations increasing by 9.03 percent over FY2004.
- In the five-year period (FY2003-FY2008) prior to the beginning of the current recession, spending increased 34.56 percent, going up by more than \$5 billion.



¹The budget numbers used here are derived from the appropriated budgets ratified by the General Assembly. We use the recapitulation section from each budget. This number does not include reductions owing to gubernatorial vetoes or mid-year cuts by the Budget & Control Board. They do show legislative intent, however. Moreover, they provide a standardized means of tracking budget appropriations. As we have [written elsewhere](#), actual spending usually, but not always, exceeds appropriations.

Budgetary Appropriations: FY2002-FY2011

Fiscal Years		General Fund	Other Funds	Federal Funds	Prior Year Increase	Inflation	Annual Increase Higher than Inflation?
FY01-2002	\$ 14,637,017,189	\$ 5,458,443,965	\$ 4,818,596,009	\$ 4,359,977,215	5.38%	1.60%	YES
FY02-2003	\$ 15,061,705,500	\$ 5,438,146,127	\$ 5,120,286,616	\$ 4,503,272,757	2.90%	2.30%	YES
FY03-2004	\$ 15,425,467,943	\$ 4,954,675,651	\$ 5,414,487,532	\$ 5,056,304,760	2.42%	2.70%	NO
FY04-2005	\$ 16,818,778,093	\$ 5,222,465,374	\$ 5,870,521,877	\$ 5,725,790,842	9.03%	3.40%	YES
FY05-2006	\$ 18,033,990,410	\$ 5,617,388,060	\$ 6,252,595,371	\$ 6,164,006,979	7.23%	3.20%	YES
FY06-2007	\$ 19,242,459,434	\$ 6,108,004,521	\$ 6,669,166,247	\$ 6,465,288,666	6.70%	2.80%	YES
FY07-2008	\$ 20,266,849,917	\$ 6,723,274,385	\$ 6,667,960,292	\$ 6,875,615,240	5.32%	3.80%	YES
FY08-2009	\$ 20,858,585,100	\$ 6,736,083,547	\$ 7,028,242,724	\$ 7,094,258,829	2.92%	-0.40%	YES
FY09-2010	\$ 20,694,907,518	\$ 5,714,023,234	\$ 7,174,920,658	\$ 7,805,963,626	-0.78%	2.05%	NO
FY10-2011	\$ 21,148,638,600	\$ 5,115,072,163	\$ 7,765,618,221	\$ 8,267,948,216	2.19%	2.38%	NO
Cumulative Total from FY02-2011	\$ 182,188,399,704	\$ 57,087,577,027	\$ 62,782,395,547	\$ 62,318,427,130	44.49%	26.48%	YES

Putting these findings into perspective will require adjusting spending for inflation and measuring spending increases in year 2000 dollars.

Part II of this series will accomplish that while also accounting for population growth.

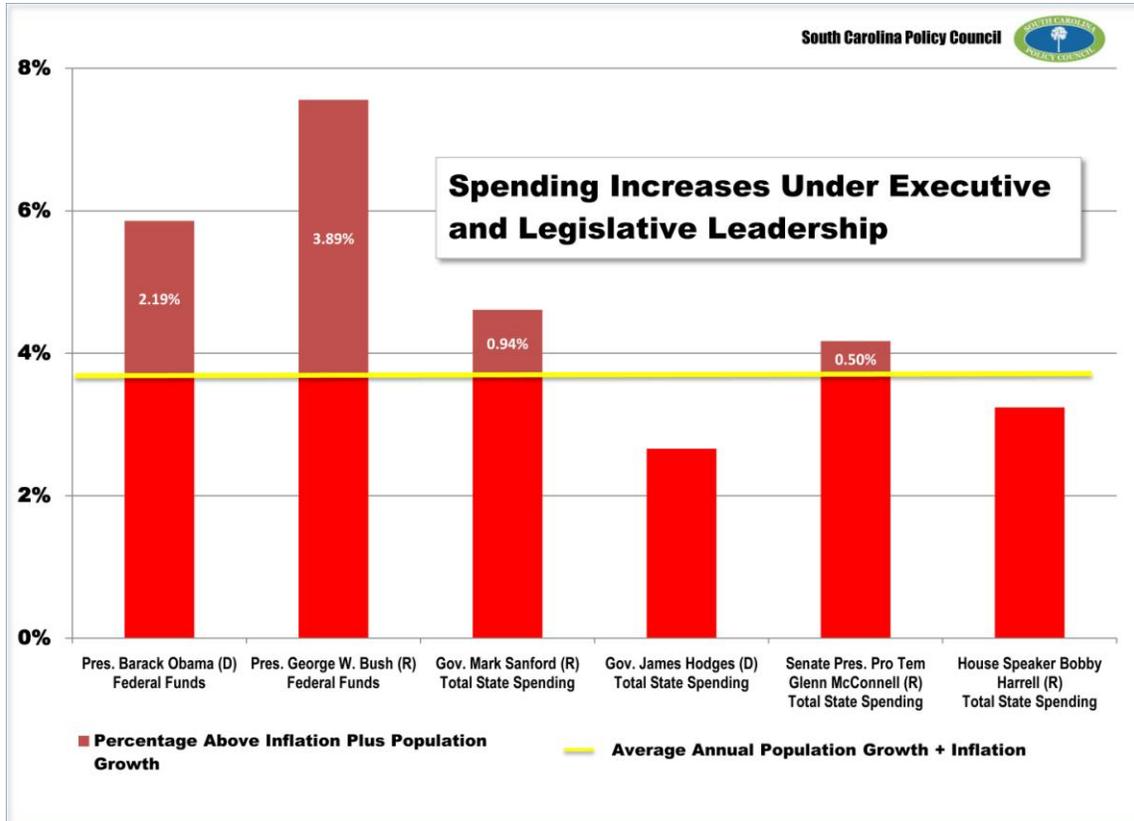
In addition, it's important to remember that the [total budget](#) is made up of three components: the General Fund, derived primarily from general tax revenue; Other Funds, derived primarily from fines/fees; and Federal Funds, which are federal tax dollars distributed to South Carolina from D.C.

Part III of this series will look at these three revenue sources in detail.

Here, however, we're only attempting to point out that overall spending has steadily increased. Perhaps most interesting is that spending has consistently risen—regardless of gubernatorial or legislative leadership.

- Spending under Gov. Mark Sanford (R), who took office in Jan. 2003, increased by 37.10 percent: an average annual increase of 4.61 percent.
- Spending under Gov. James Hodges' (D) last two years in office (FY2002-FY2004) increased by 5.39 percent: an average annual increase of 2.66 percent.

- Spending under Senate Pres. Pro Tem Glenn McConnell (R), elected as head of the Senate in Jan. 2001, has increased by 44.49 percent. This marks an average annual increase of 4.17 percent.
- Spending under House Speaker Bobby Harrell (R), elected speaker in June 2005, has increased by 17.27 percent. This is an average annual increase of 3.24 percent.



Again, these findings must be analyzed in light of their broader context. For instance, a slower rate of spending would have been expected during Gov. Hodges last two years in office because the country was emerging from a recession. Likewise, Gov. Sanford might be said to have very little control over state budget appropriations, given that the Legislature has frequently overridden his budget vetoes.

Still, the data shows one decisive point: spending continues to increase.

This sustained increase suggests two things:

- 1) The state’s current spending cap has not been effective

- 2) The next governor will be challenged to adopt innovative strategies to limit spending in any meaningful way

Both of these observations signify that reform must begin in the Legislature. Yet the Legislature has essentially proven that it can't stop spending, that it is addicted to spending in both good times and bad.

The answer: an effective spending cap that limits spending to inflation growth. We'll look more at that solution in Part II of this series.

*Nothing in the foregoing should be construed as an attempt to aid or hinder passage of any legislation.
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