

## Budget Watch: What’s in the Senate Finance Budget?

*The Senate is set to begin debate on the budget passed by the Senate Finance Committee last week. Here’s what you should know about it:*

- The total projected budget is the largest, yet again, in state history; totaling just more than \$23 billion.
- This budget is larger than the both last year’s ratified budget, and this year’s House-passed budget.

Below is a comparison<sup>1</sup> of the Senate Finance Committee budget and last fiscal year’s.

YEAR	GENERAL FUNDS	FEDERAL FUNDS	OTHER FUNDS	TOTAL FUNDS
FY 11 – 12	5,454,041,109	8,435,790,809	8,011,997,736	21,901,829,654
Senate Finance	6,109,743,845	8,664,299,765	8,232,770,635	23,006,814,245
<b>Percent Increase</b>	12%	2.7%	2.8%	5%

As has been the case in previous years, the Senate learned last week they would have an additional \$292 million to add to their budget. This increase comes just months after the board added \$1 billion dollars in revenue.

The question is, What are the Senate’s budget priorities? Here’s a glance at a few agencies, programs, and projects:

- **Unemployment “tax relief”** – Both budgets include \$77 million dollars to the Department of Employment and Workforce for something lawmakers are calling “tax relief.” In fact, the money would be given to small businesses in order to pay a portion of their Unemployment Insurance Tax. That tax is artificially high because the state has to pay back loans from the federal government — loans that were necessary in the first place because the Employment Security Commission (as it then was called) grossly mismanaged its Unemployment Insurance fund. Essentially, then, the current budget would pay the premium on federal loans, not by sending

<sup>1</sup> This analysis is based on Part 1A of FY 11-12 passed budget (H.3700) and Part 1A of H.4813. Part 1B of H.4813 stipulates nonrecurring proviso spending. According to the spreadsheet used by the Senate Finance committee during budget proceedings, proviso spending totals \$680.6 million, making the total budget \$23.6 billion, not the \$23 billion reported in part 1A. The proviso spending total reported includes only provisos the General Assembly and the Budget and Control Board reported (sections 89 and 90).

money to the federal government, but by putting it in the hands of small business owners, and they would pay it back. One might accurately describe this scheme in any number of ways. “Tax relief” isn’t one of them.

- **Marketing** – The Department of Agriculture received \$600,000 dollars in proviso spending for marketing purposes from the House, while the Senate provided \$1.1 million for the same purpose. The Department of Parks, Recreation, and Tourism got an \$8 million boost to their destination specific tourism marketing campaign.
- **Economic Development** – The Department of Commerce received \$10 million dollars for its deal closing fund from both the Senate and House.
- **Raises for Law Enforcement and State Employees** – The House-passed budget included a 2 percent raise. The Senate Finance Committee version, currently under debate, also includes a 2% raise by appropriating the *total* amount needed to fund the raise (\$48.7 million) through the general fund.
- **Charleston Harbor Deepening fund** – both bodies provide \$180 million dollars to the State Ports Authority. As we pointed out, the Senate Finance Committee went a step further to fund the project.