

Rhetoric vs. Reality

Perspective on the State Budget

The battle over the state budget is over. The state's spending plan for fiscal year 2012-2013 is a done deal. As expected, both the governor and most members of the General Assembly are declaring a victory. But how much of all this self-congratulation is rhetoric, and how much is reality?

Here's the reality: The legislature's original \$23.6 billion spending plan was chock full of favors for special interests, gratuitous government expansions, and massive funding hikes for clearly non-core programs and agencies. The governor's vetoes touched some items in these categories, but left most of them alone – with the result that many observers thought they were witnessing a battle over budgetary priorities. What they were witnessing, rather, was a dramatic “controversy” over a few symbolic items; the budget's priorities remained the same regardless of the outcome.

Pork Projects

In her veto messages, the governor explained that projects or events she vetoed would benefit very specific communities or organizations and don't merit funding from the state.

Among the things vetoed by the governor were: the Irmo Veterans Park, Patriot Park Environmental Pavilion, and the Southeastern Wildlife Expo marking and advertising – all totaling to about \$1.2 million.

Yet the budget allocated a much larger amount – \$5 million – to seven regional economic development organizations, some of which just happen to have legislators on their boards, and all of which, by definition, have only regional significance.

Programs that “Don't Work”

In her veto messages, the governor insisted that state government had an obligation to, if necessary, eliminate programs that “don't work.” So she vetoed the Writing Improvement Network, S.C Geographic Alliance-USC, and the Certificate of Need program, totaling just over \$3 million. She also vetoed the Arts Commission's entire budget; a \$200,000 proviso for the SC Manufacturer's Extension Partnership (MEP) – a group that lobbies state government on behalf of various manufacturing groups – and the Sea Grant Consortium. These vetoes were worth just over \$2.5 million.

One wonders, then, why a \$10 million tax break for Hollywood producers went untouched, since “film incentives,” as these tax breaks are called, indisputably don’t work: indeed they generate a net loss in revenue equal to \$0.81 on every dollar. The legislature and governor also left in their \$8 million subsidy program for destination-specific tourism marketing, which gives at least \$250,000 per grant, and \$50,000 for Phase II of the underperforming Farmers Market.

Also: the funding MEP received in last year’s budget – \$682,000 – remained unchallenged. Other projects passed by the legislature and left alone by the governor include: \$250,000 was kept for the McCord Center Safety Improvement Project, \$393,000 for the National Flight Academy, and \$3.9 million for the Medicaid Management Information System.

Higher Ed Earmarks

Tuition keeps rising at the state’s public universities even as the universities spend more and more public resources on non-core projects – that is, projects that have little or nothing to do with the education of undergraduates. It was encouraging, therefore, to see that Gov. Haley vetoed earmarked funding to higher education institutions worth about \$6.4 million. These included a Clemson University Plant Technology Lab, University of Charleston Digital Technology Pilot Project, and four others.

Other higher education earmarks, however, went untouched. For instance: \$3.5 million for a training facility at Central Carolina Technical College, \$1 million for a “research vessel” at Coastal Carolina University, \$2 million for a science center at the College of Charleston.

Excessive Growth

Several agencies and programs saw vast increases from the previous year’s budget and were given money in both the base budget and provisos (which are many times just extra money that failed to pass through as a bill).

The governor certainly vetoed a few of these gratuitous budget hikes. Examples: \$3 million for the Rural Infrastructure Fund, \$500,000 for Department of Agriculture marketing and branding, and the \$10 million from the Mortgage Settlement Fund going to the Deal Closing Fund.

Yet massive increases drew no criticism from the governor. The Department of Commerce saw an increase of nearly \$20 million from last year. Even if the governor’s \$10 million veto had been sustained, the agency’s budget would have still increased by \$10 million. Additionally, the governor included in her executive budget \$3.2 million for Marketing and Promotion in the Department of Agriculture, a 189 percent increase from last year (leaving one to wonder where the consistency lay in the \$500,000 veto). Lastly, although she vetoed the extra \$10 million to the Closing Fund, she even conceded that the fund already has \$15 million – a \$5 million increase from last year.

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To restate: the governor's vetoes only scratched the surface of the state budget's waste and excess.

Yet because the public is effectively kept out of the budget process – the legislature still refuses to hold joint public hearings on the executive budget as the law requires – even well-informed citizens simply don't know what's in the budget apart from the few items given lavish attention in the news media. Kabuki-style “controversies” over miniscule vetoes only serve to divert attention from what's really significant about the budget – namely the fact that it's growing at a far faster rate than the state's economy.

The only solution is to get the public involved at the outset of the budget process rather than keeping the whole thing a mystery until it's too late to make a difference. Fortunately, the law provides a way to do that. If only our lawmakers would heed it.