

Higher Education Concurrent Session

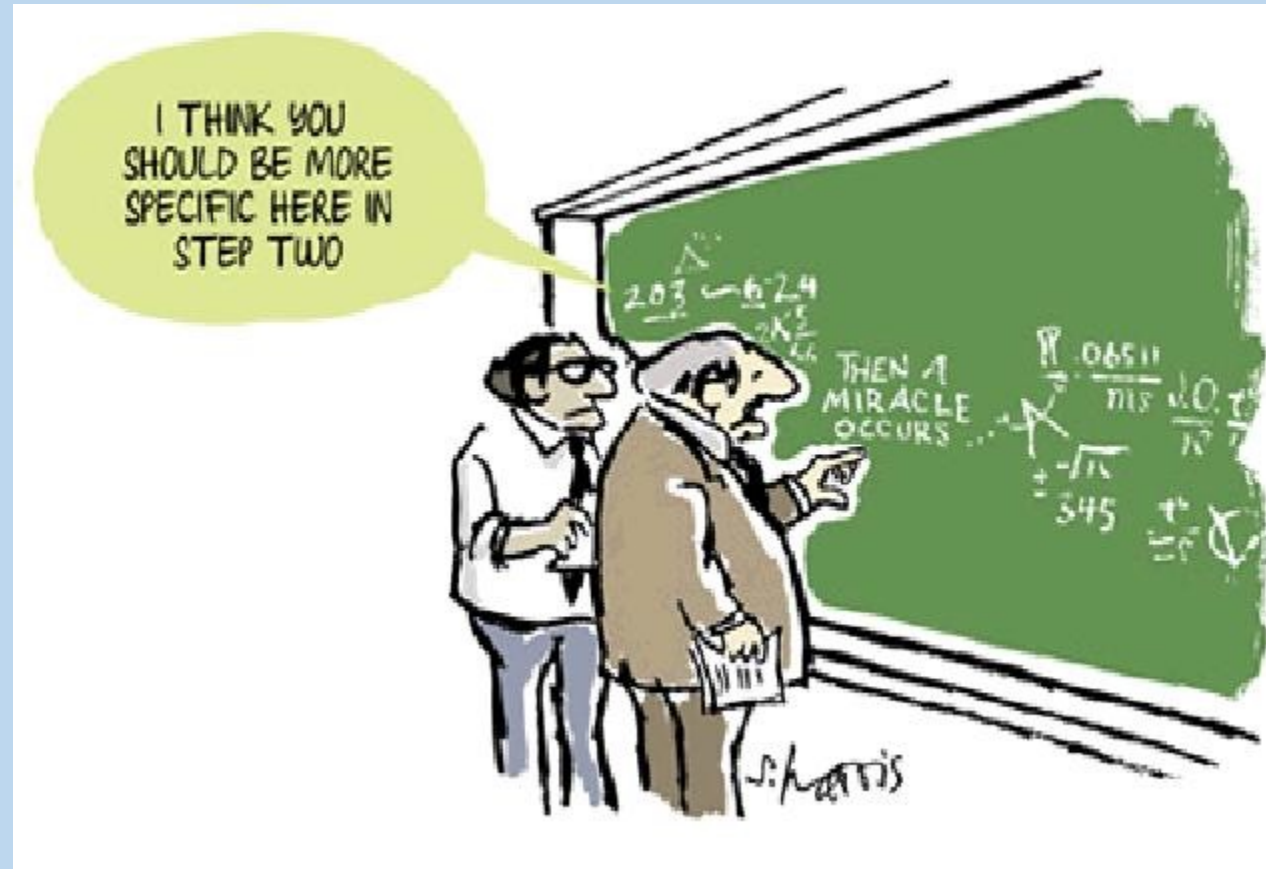
Government Finance Officers Association of South
Carolina

**October 16th, 2023
1:30 p.m. - 2:20 p.m.**

Jake Scoggins, SC Senate Finance Committee

The Budget Process

- Some believe it is a black box.



Welcome back to Civics 101

- 1) The three branches of government are established so that power is diffused.
- 2) This decreases the likelihood of tyranny
- 3) No business executive would ever create a corporation with this structure

LEGISLATIVE



- ★ Makes laws
- ★ Approves presidential appointments
- ★ Two senators from each state
- ★ The number of congressmen is based on population

EXECUTIVE



- ★ Signs laws
- ★ Vetoes laws
- ★ Pardons people
- ★ Appoints federal judges
- ★ Elected every four years

JUDICIAL



- ★ Decides if laws are constitutional
- ★ Are appointed by the president
- ★ There are 9 justices
- ★ Can overturn rulings by other judges

South Carolina:

A “Legislative” State for the budget process.

- The Governor recommends a budget to the General Assembly, but there is no requirement for adoption of any elements.
- The Governor has line item veto, but some other states allow the Governor to reduce a budget line. South Carolina does not.
- Only with the passage of Act 121 of 2014 (S22) did the Governor have an Executive Budget Office. Prior to that date, the Budget and Control Board exercised authority to reduce the budget in mid-year due to shortfalls in revenues.

The Annual Budget is Just Another Bill

(but it must be enacted by July 1st for State Government to operate and gets “Masthead Status”)

A84, R102, H4300

GENERAL APPROPRIATIONS ACT FY 2023-2024

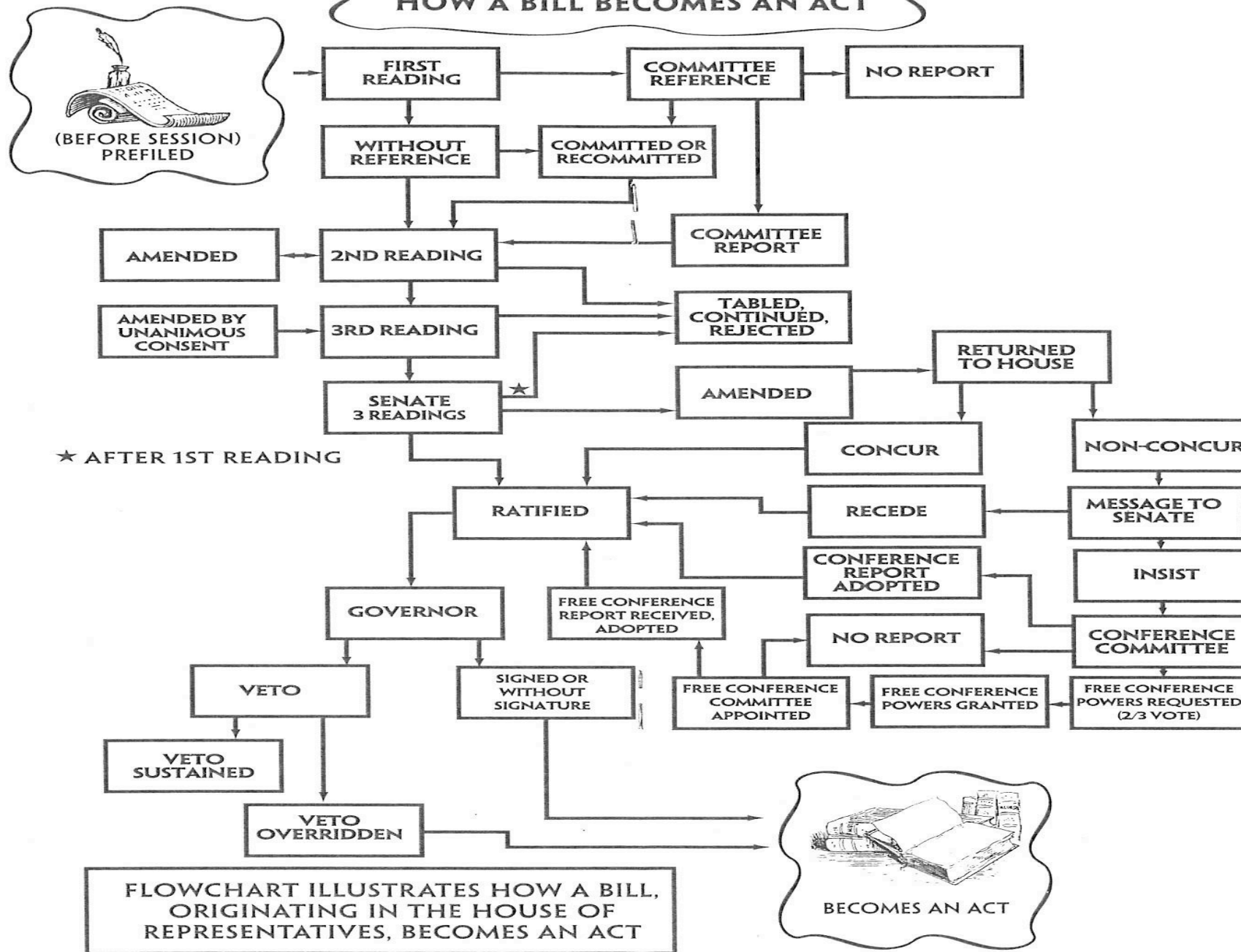
TO MAKE APPROPRIATIONS AND TO PROVIDE REVENUES TO MEET THE ORDINARY EXPENSES OF STATE GOVERNMENT FOR THE FISCAL YEAR BEGINNING JULY 1, 2023, TO REGULATE THE EXPENDITURE OF SUCH FUNDS, AND TO FURTHER PROVIDE FOR THE OPERATION OF STATE GOVERNMENT DURING THIS FISCAL YEAR AND FOR OTHER PURPOSES.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF SOUTH CAROLINA:

It is very hard to pass a new law,
and that is by design.

- Most bills that are filed do not pass. In 2019, there were 599 Senate Bills filed and 944 House Bills filed. During that session, 112 acts became law. That is a success rate of 7.3%.
- Of those bills that became law, many were resolutions of congratulations.
- In reality, one legislative year can accommodate and process only several larger consequential bills each year. The budget is one of those bills and must pass for governmental operations to continue.

HOW A BILL BECOMES AN ACT



Who are the Legislative Players in the Budget Process?

All members are paid \$10,400 per year plus \$1,000 per month for in district expenses plus per diem and mileage. Legislative session begins the second Tuesday in January and concludes the second Thursday in May. Session days are usually Tuesday –Thursday.

State Senate

- 46 Members of the Senate. Each member represents about ~~100,000~~ 111,000 citizens.
- There are 15 standing committees. Each member serves on 5 committees.
- 23 Members of the Finance Committee.
- Chairman designated by Senate Rule as most senior majority party member of the Committee and Committee membership chosen by seniority by party.
- Chairman assigns functional sections of the budget to subcommittees (e.g., K-12 Education), usually 3 or 4 members, and assigns a subcommittee chairman.

House of Representatives

- 124 Members of the House. Each member represents about ~~38,000~~ 41,000 citizens.
- There are 11 standing committees in the House. Each member serves on 1 committee.
- 25 Members of the Ways and Means Committee.
- Chairman chosen by membership of the Committee and Committee appointed by the Speaker.
- Chairman assigns functional sections of the budget to subcommittees (e.g., K-12 Education), usually 3 or 4 members, and assigns a subcommittee chairman.

Legislative Players in the Budget Process (2023) - Higher Education

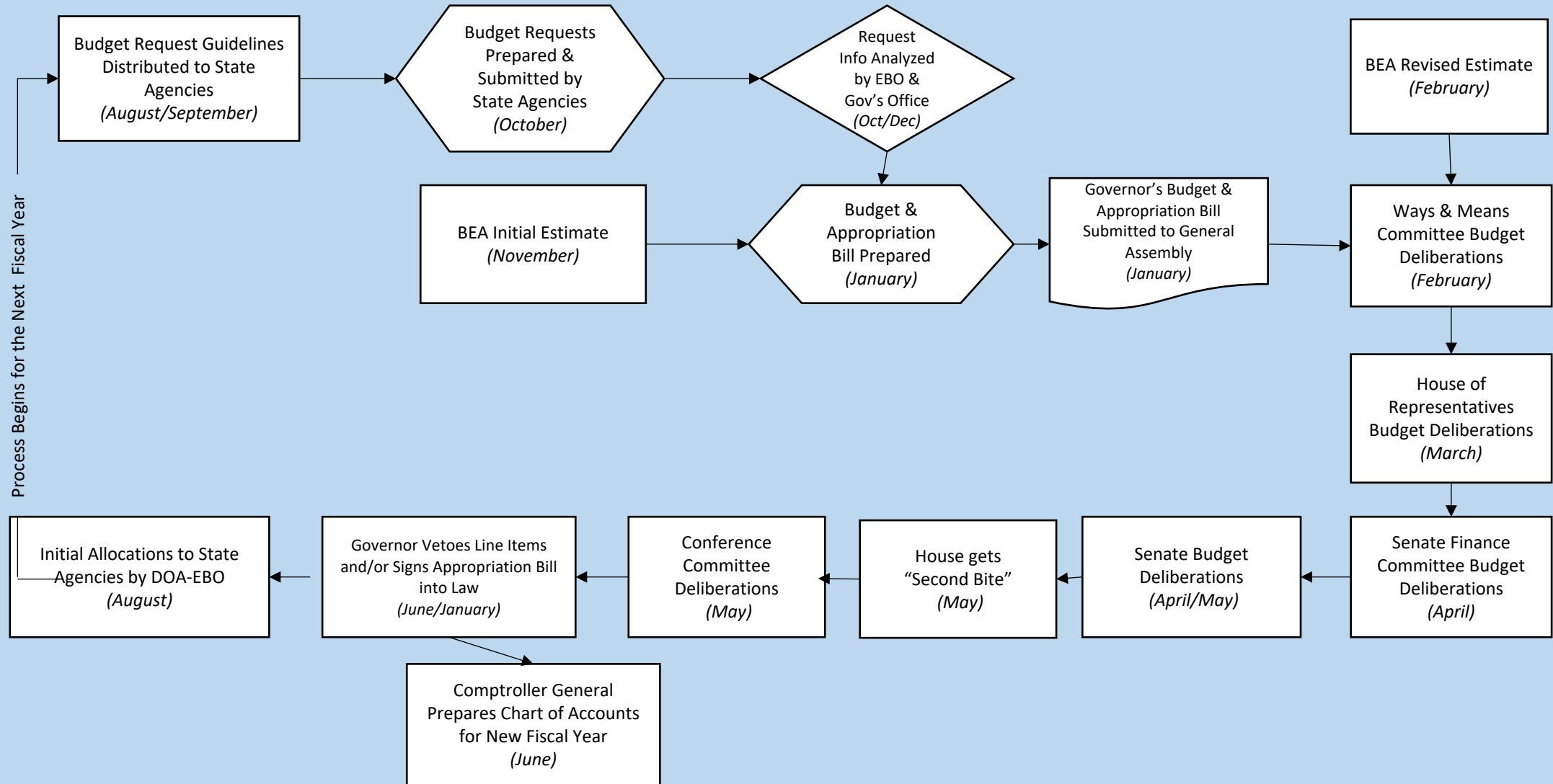
State Senate

- Senator Harvey S. Peeler, Chairman
- Senator Ronnie Cromer, Chairman of the Higher Education Budget Subcommittee
- Senators Darrel Jackson, Tom Corbin, Ross Turner, and Thomas McElveen members of the Higher Education Budget Subcommittee
- Mr. Jake Scoggins, staff to the Subcommittee

House of Representatives

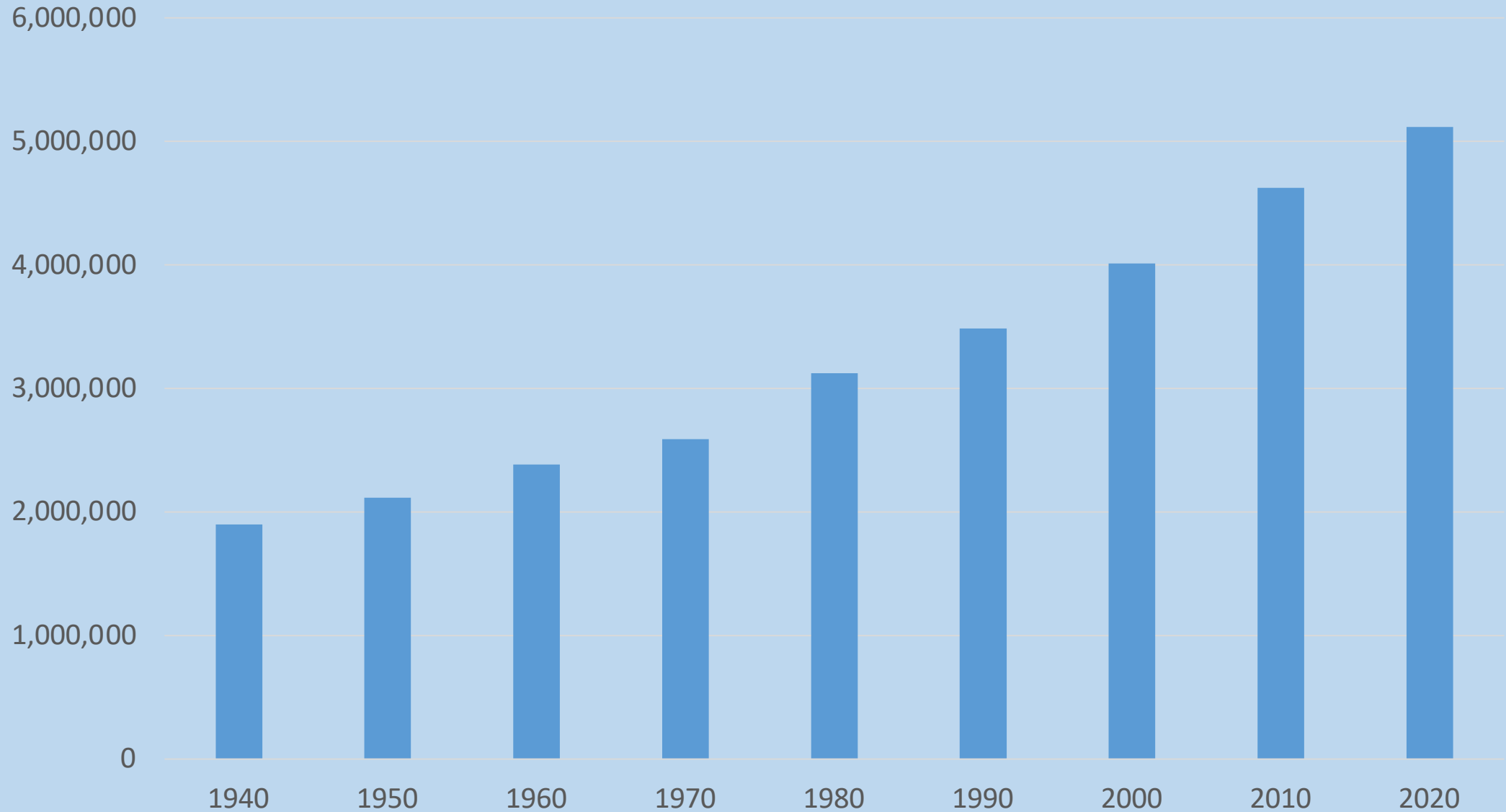
- Representative Bruce W. Bannister, Chairman
- Representative Nathan Ballentine, Chairman of the Higher Education Budget Subcommittee
- Representatives Gilda Cobb-Hunter and Bill Taylor members of the Higher Education Budget Subcommittee
- Mrs. Julia Foster, staff to the Subcommittee

SOUTH CAROLINA'S STATE BUDGET PROCESS



Population of South Carolina

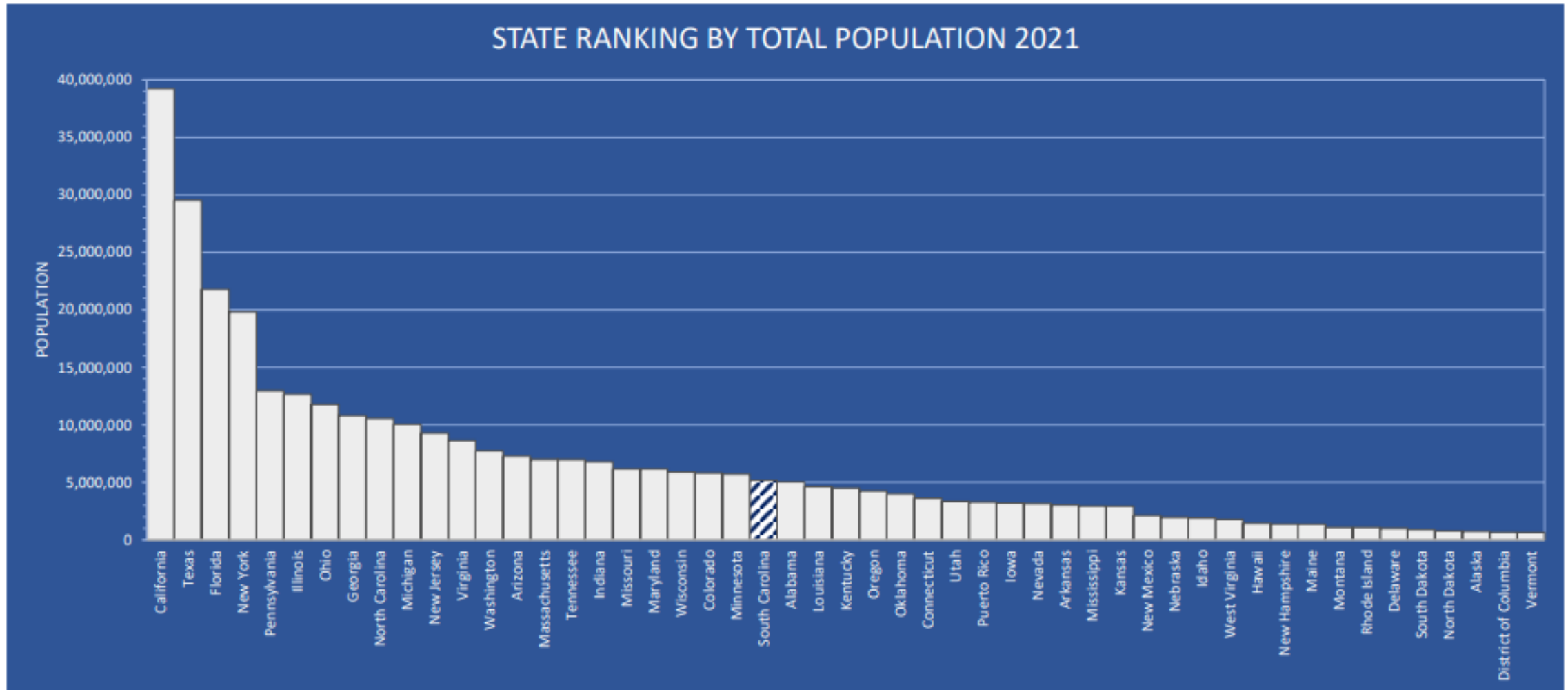
Avg Annual Increase 1.25%



Source: 1940 - 2020 U.S. Census Bureau, Census of the Population 1940-2020

South Carolina is the 23rd Most Populous State in the US

Accounting for 1.5% of the total US population in 2021

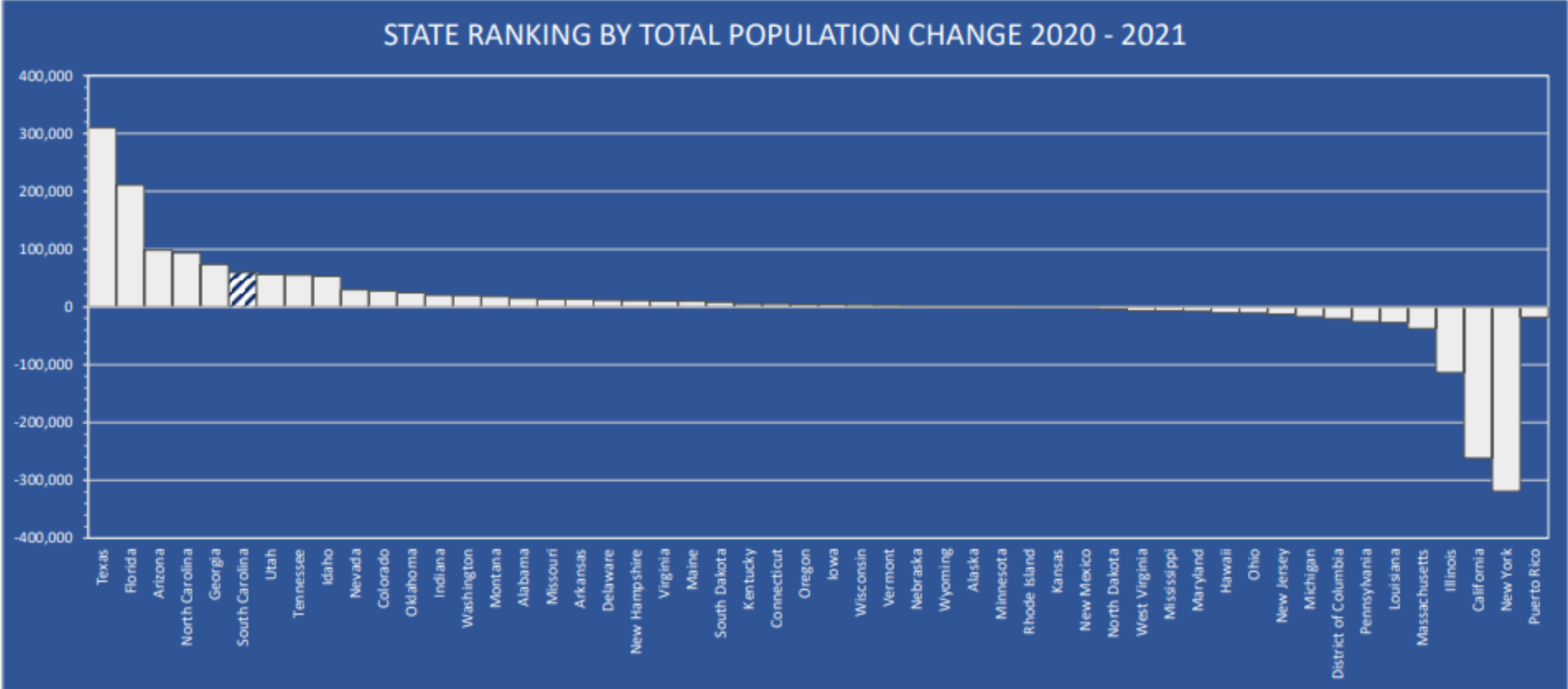


Source: Population Estimates Program Vintage 2021 estimates. File Name: Annual Estimates of Resident Population Change for the United States, States, District of Columbia, Puerto Rico, and State Rankings: April 1, 2020 to July 1, 2021



South Carolina had the 6th Largest Population Increase in the US

Population increased by 59,976 from 2020 to 2021

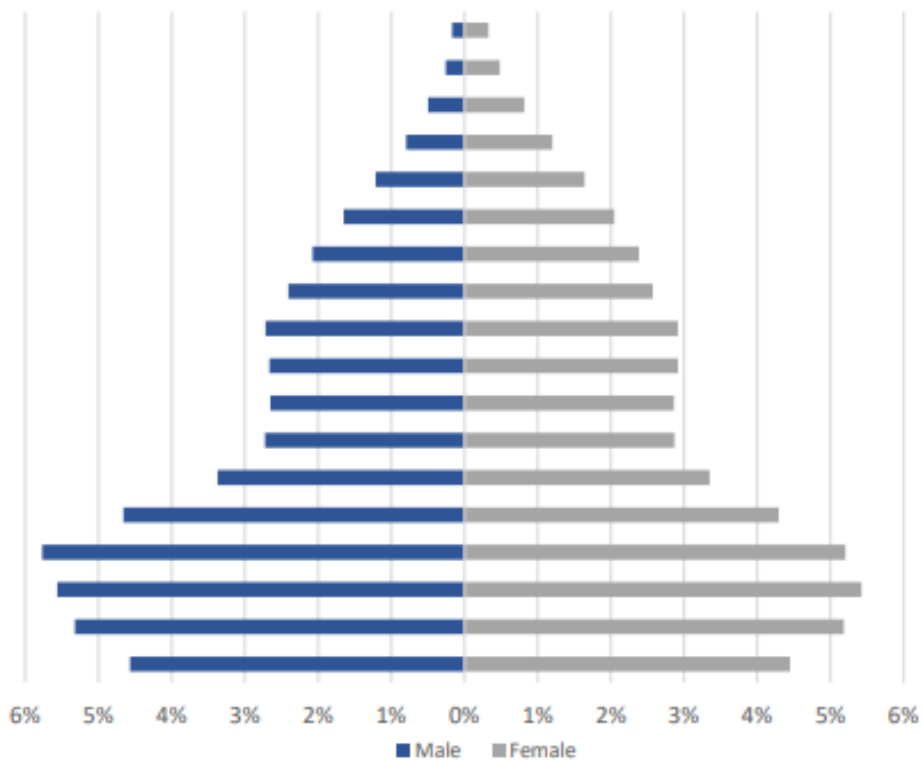


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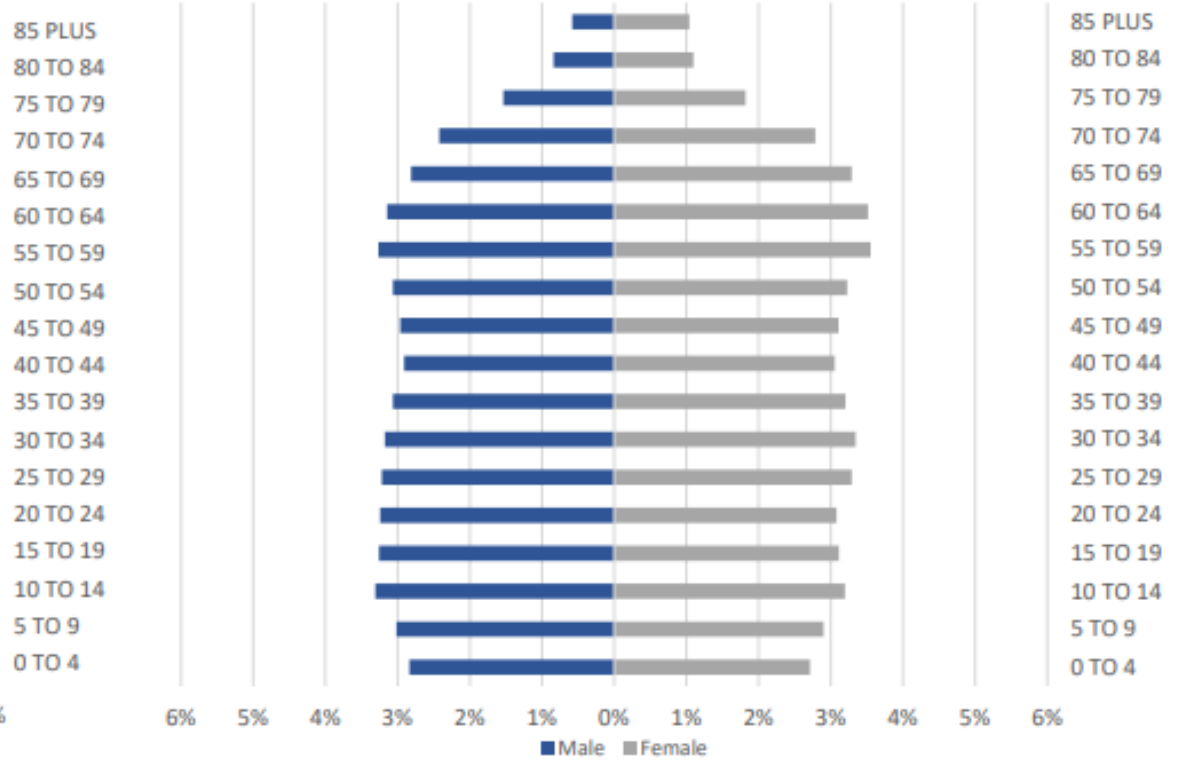
SC Population Pyramid

The age distribution of South Carolina's population has shifted dramatically since 1970; the median age has increased from 24 in 1970 to 40 in 2020

1970 POPULATION PYRAMID



2020 POPULATION PYRAMID

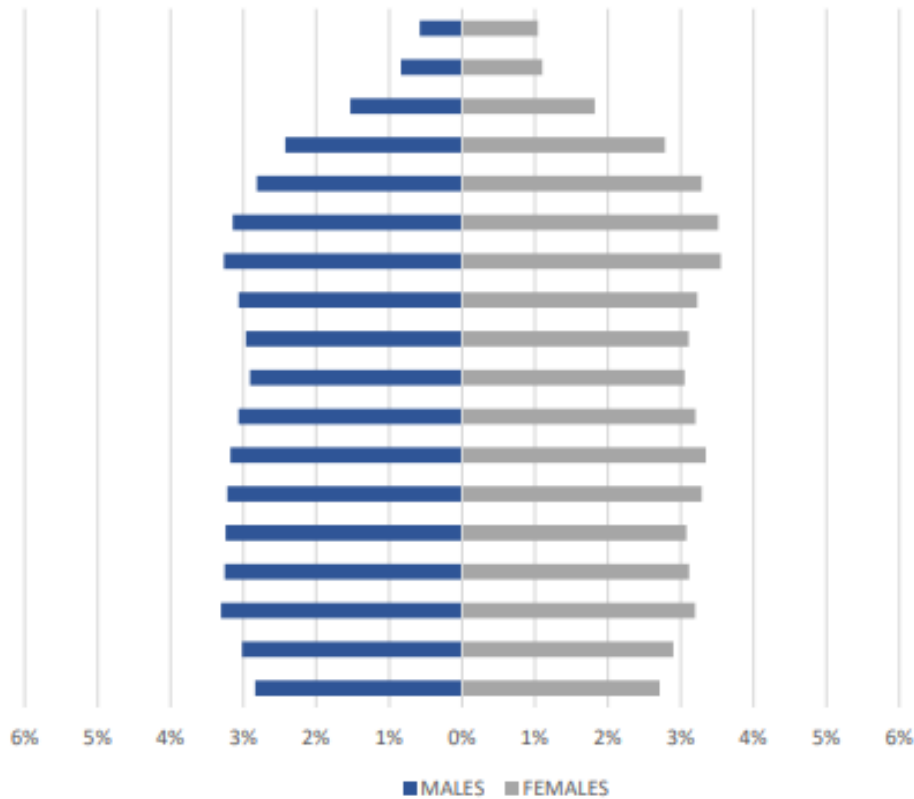


Source: S.C. Revenue and Fiscal Affairs Office 320 /08/25/2020

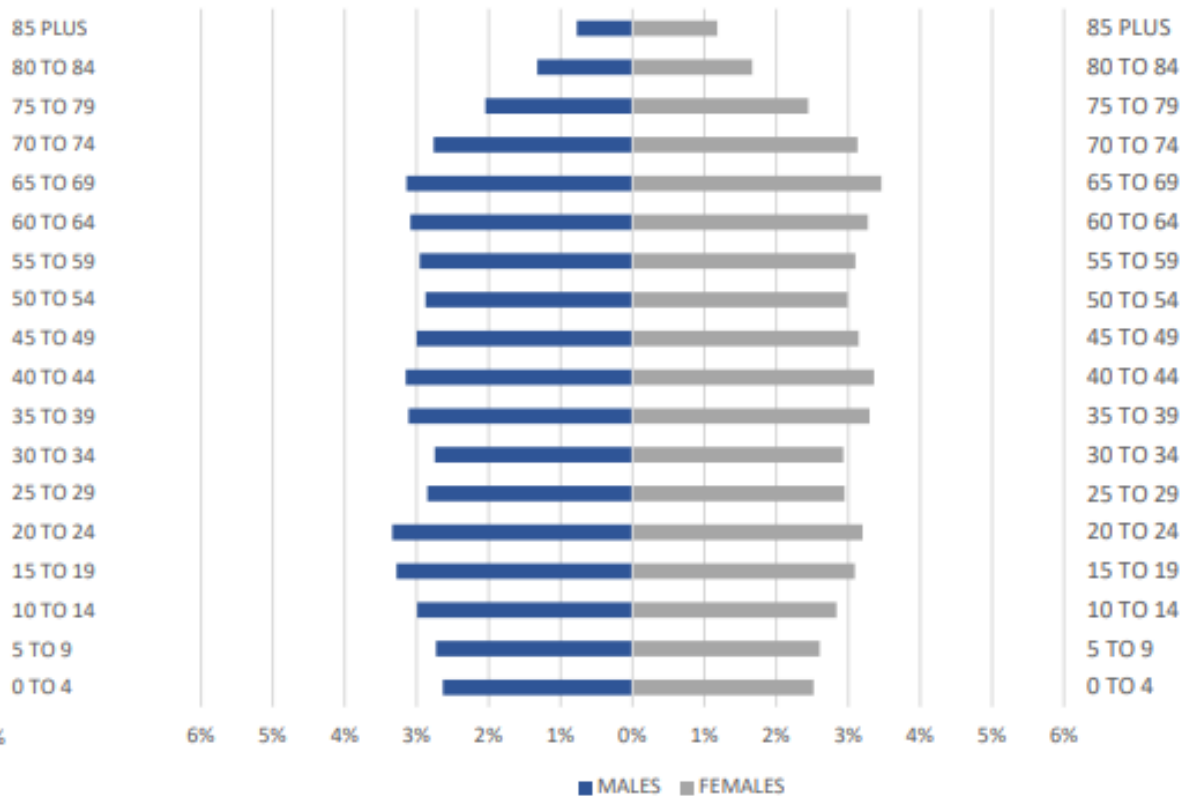
SC 2030 Population Projections

The median age is expected to increase from 40 to 42 over the next decade; all baby boomers will be older than 65

2020 POPULATION PYRAMID



2030 POPULATION PYRAMID



SC Population Pyramid Observations, 1970 - 2030

In 1970, a population graph of SC looked like a pyramid

- This is representative of a growing population, with the widest bars at the bottom and narrowing toward the top
- ‘Baby-Boomers’ were between the age of 6 and 24
- The SC median age (24) was younger than the US median age (28)

In 2020, the graph becomes less of a pyramid and more cylindrical.

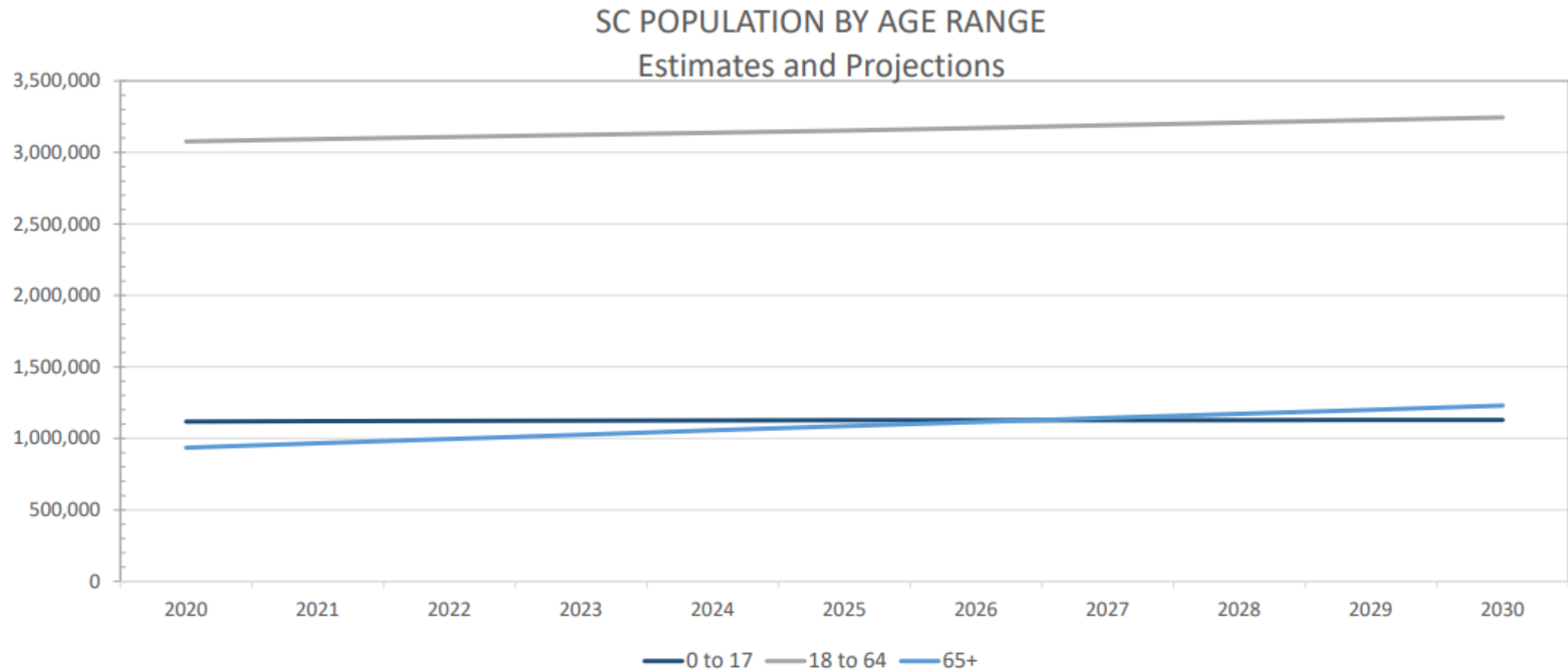
- Workforce age population represents 60% of the total population; down from 63% in 2010
- ‘Baby-Boomers’ were between the age of 56 and 74
- The SC median age (40) was older than the US median age (39)
- The birth rate in 2020 was 10.7 down from 16.8 in 1990

Into 2030, the top of the pyramid continues to flatten out

- Deaths exceeded births in 2021
- More people are expected to live into their 80’s and beyond
- Growth of the 65+ population is expected to be twice that of the 18 – 64 population
- The 65+ population is projected to surpass the 0 – 17 population in 2027

SC Population by Age Group

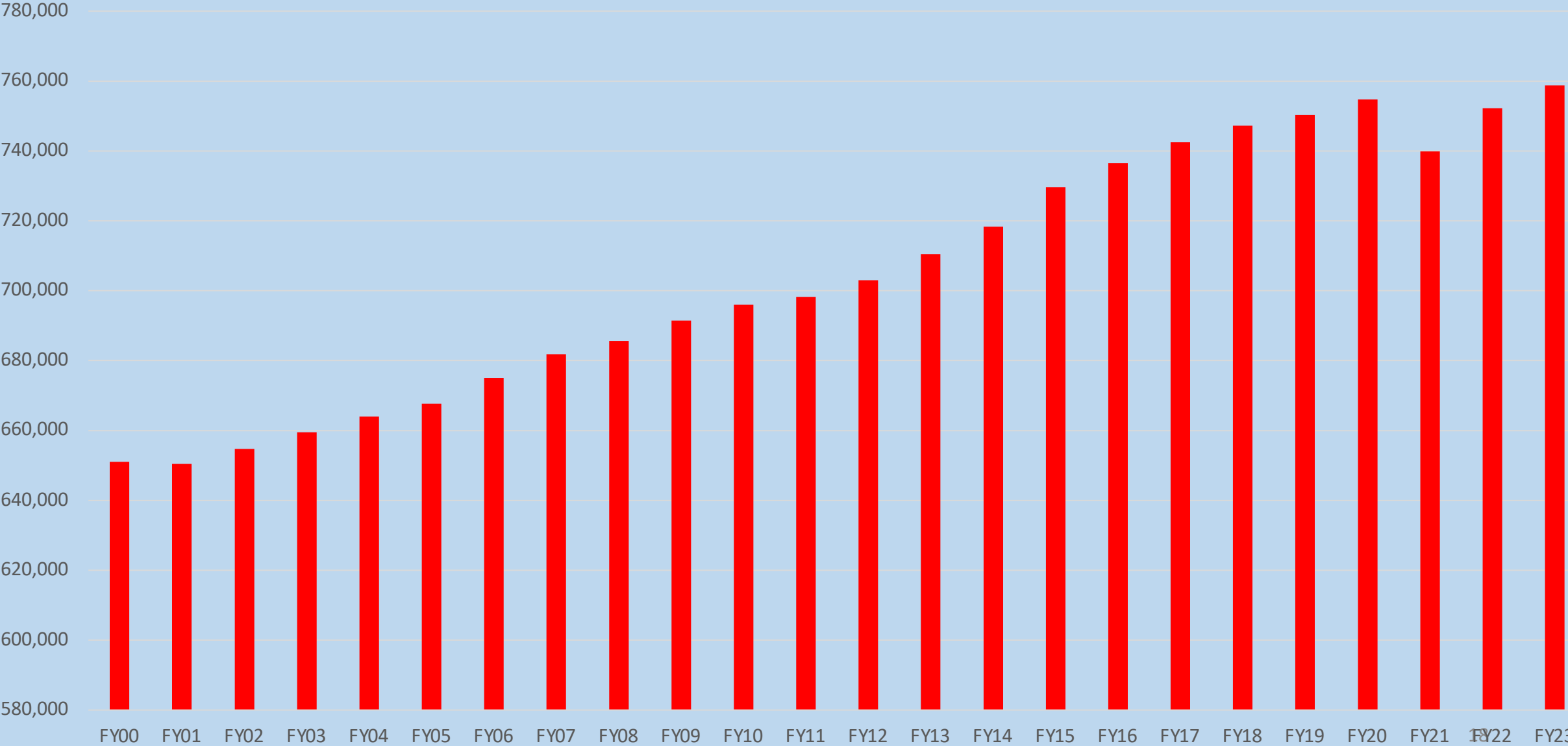
Population in the 65 plus age range is projected to surpass the under 18 age range by 2027



Source: U.S. Census Bureau, population estimates 2020, 2021; S.C. Revenue and Fiscal Affairs Office projections -319/lhj/08/29/2022

K-12 Enrollment for School Districts

Average Annual Increase 0.67



SC State Government Sources of Revenue

**Where does the money
come from to serve
these populations?**



There are 3 Major Categories of Revenues

- **State General Fund Revenue** – These revenues are generated in South Carolina through the tax system and may be spent in any fashion by the General Assembly.
- **Federal Fund Revenue** – Almost all federal funds are categorical grants and have many strings attached.
- **Other Fund Revenue** – These revenues are primarily license fees (driver's license), transaction fees (tuition) or general tax dollars that are restricted and accounted for separately from the General Fund (Education Improvement Act Funds, Gas Tax Funds)

FY 2023-24
Gross General Fund Revenue*

• Sales Tax	\$4,504,576,000
• Individual Income Tax	\$5,826,539,000
• Corporation Income Tax	\$ 762,083,000
• Other Sources	<u>\$ 1,365,490,000</u>
TOTAL	\$12,458,688,000*

*Includes \$795,942,732 required by law to be transferred to the State's "Tax Relief Trust Fund" and thus not available for state operations and \$26,277,259 transferred to Nonrecurring Appropriations.

General Fund Revenue – What do you need to know?

- General Fund Sales Tax is 4% (not to be confused with the EIA 1% of '84 or the Sales Tax 1% for the Homeowner Relief Fund – Act 388 of 2006).
- The Individual Income Tax Rates begin at 0% and go up to 6.4% of Taxable Income. South Carolina exempts more income from tax than neighboring states.
- The Corporate Income Tax Rate is a flat 5% of taxable income.
- Other Fund revenue sources include the insurance tax, beer and wine tax, alcoholic liquors tax, and dozens of other fees.

Total General Fund Revenue



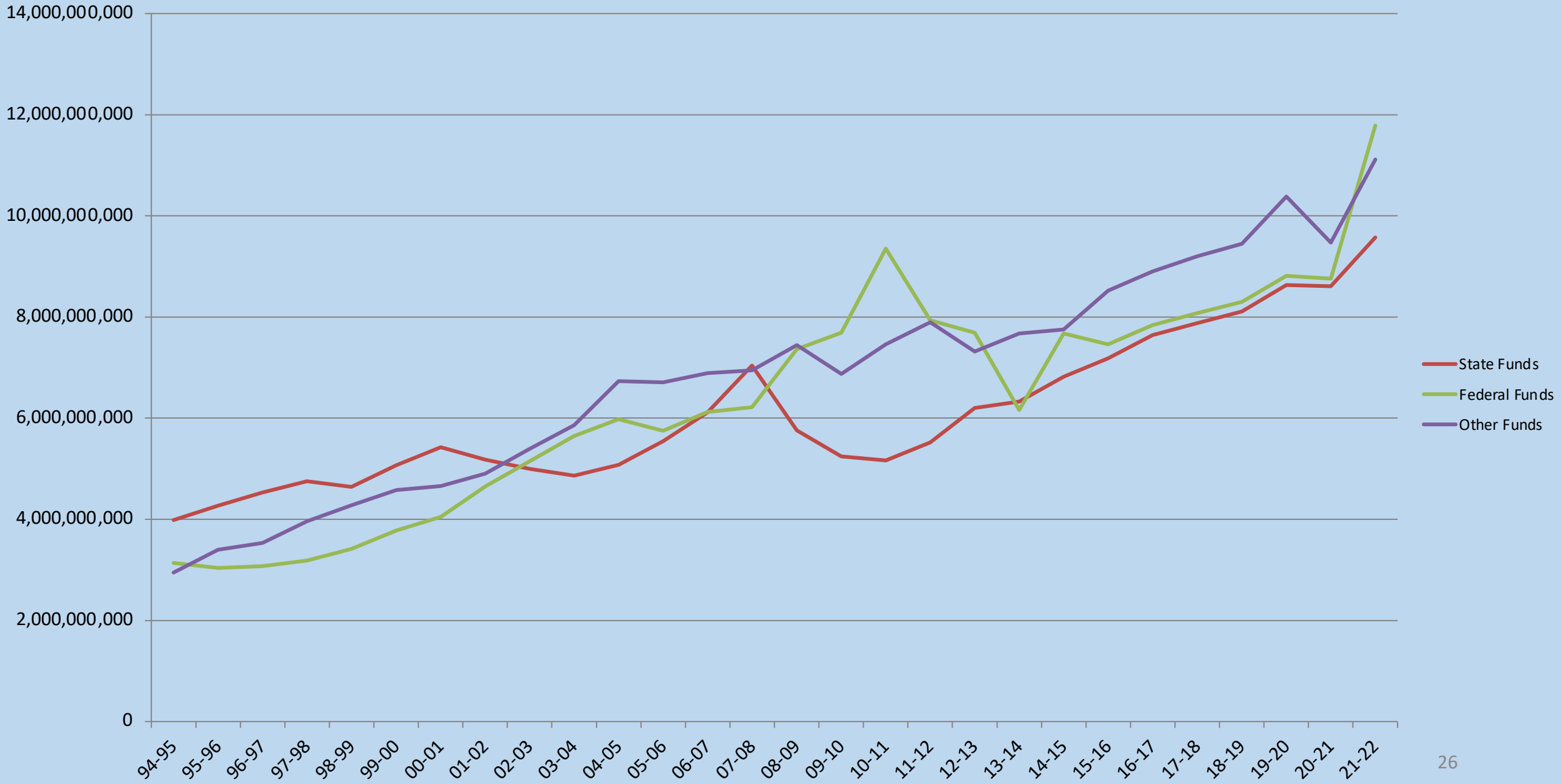
Top 10 Statewide Other Revenue Sources Fiscal Years 1994-95 and 2021-22

Description	FY94-95	FY21-22	\$ Change
Higher Education Revenues	\$428,475,336	\$ 4,022,527,825	\$3,594,052,489
Sales Tax - EIA	\$366,650,309	\$ 1,138,190,666	\$771,540,357
Homestead Exemption		\$ 1,029,360,779	\$1,029,360,779
Gasoline Tax	\$214,376,940	\$ 724,446,996	\$510,070,056
Motor Vehicle Licenses & Fees		\$ 672,199,641	\$672,199,641
Lottery Proceeds		\$ 568,684,701	\$568,684,701
Medicare and Medicaid Reimbursements	\$375,563,268	\$ 489,507,955	\$113,944,687
Hospital Tax (Medicaid)	\$93,746,470	\$ 266,591,751	\$172,845,281
Medicaid CPE		\$ 122,536,512	\$122,536,512
Cigarette Surcharge & Tobacco Master Settlement Agreement		\$ 101,008,148	\$101,008,148
Totals (Top 10)	\$1,478,812,323	\$ 9,135,054,974	\$ 7,656,242,651

Top 10 Statewide Federal Revenue Sources Fiscal Year 1994-95 and 2021-22

Description	FY94-95	FY21-22	\$ Change
DHHS Medicaid (MAP) Assistance Payments	\$1,443,188,191	\$5,030,059,117	\$3,586,870,926
DSS Food Stamp Coupons	\$301,893,005	\$2,132,548,121	\$1,830,655,116
Universities Federal Grants and Indirect Cost Recovery	\$206,374,744	\$1,191,830,865	\$985,456,121
DOT Federal Grants	\$245,045,118	\$830,169,245	\$585,124,127
SDE School Food Services - District	\$93,806,685	\$475,656,168	\$381,849,483
DHHS Disproportionate Share (DISH)	\$93,746,470	\$415,580,725	\$321,834,255
SDE Chapter I - Low Income	\$87,104,395	\$267,182,193	\$180,077,798
SDE Title IV Part B Handicapped	\$29,305,979	\$195,864,414	\$166,558,435
State Housing Authority - Contract Administration	\$0	\$149,017,350	\$149,017,350
DSS Temporary Assistance to Needy Families	\$0	\$100,851,601	\$100,851,601
Totals	\$2,500,464,587	\$10,788,759,797	\$8,288,295,210

Actual Expenditures by Source



Appropriations by the Numbers

Over 80% of the annual budget is spent to provide either educational, health or social services to citizens.

The remaining 20% goes to legislative, judicial, executive, public safety, corrections, natural resources and economic development, regulatory, debt service, aid to subdivisions and transportation.

Note: Transportation is 8% of the budget.



FY 2023-24 Appropriations

• General Fund	\$11,636,468,009*
• Federal Funds	\$13,204,898,519
• Other Funds	<u>\$13,999,313,058*</u>
Total	\$38,840,679,586**

*Net of \$796 Million required transfer to the State's "Tax Relief Trust Fund"; amount included in "Other Funds" above.

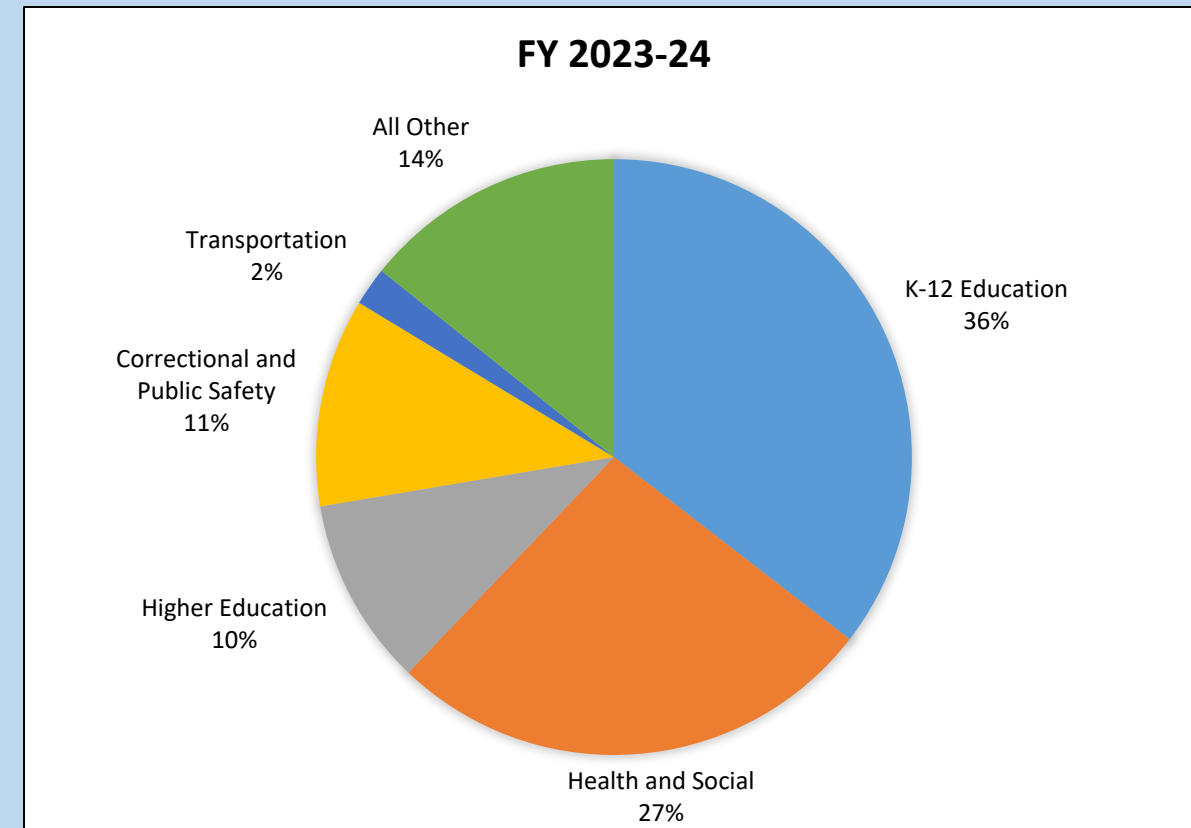
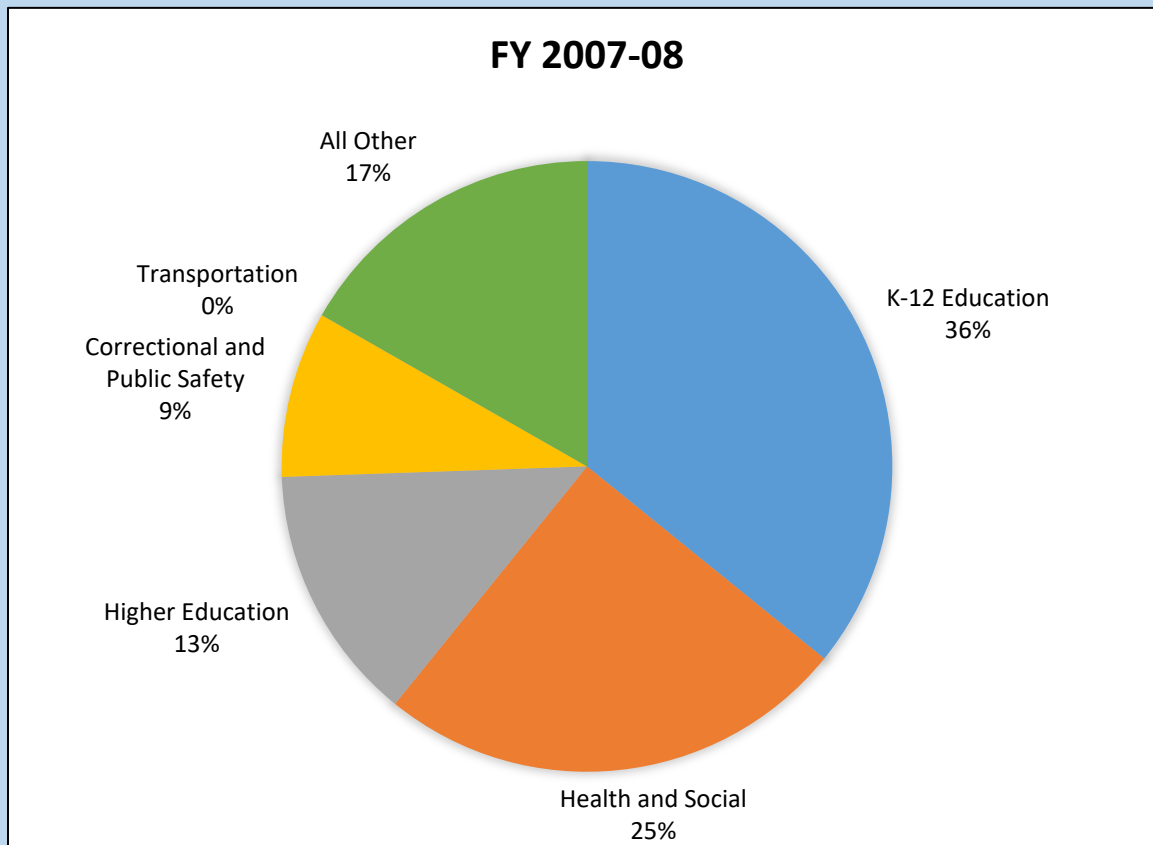
**SC Total Personal Income in 2022 is \$281.7 Billion. So, the State Budget represents about 13.8% of economic activity in SC.

Where is the General Fund Money Spent? Pre and Post Great Recession (General Funds only)

	<u>FY07-08</u>	<u>FY23-24</u>	<u>\$ Change</u>
K-12 Education	\$2,416,284,557	\$4,128,039,199	\$1,711,754,642
Health and Social	\$1,684,915,369	\$3,101,014,043	\$1,416,098,674
Higher Education	\$918,880,772	\$1,189,499,850	\$270,619,078
Correctional and Public Safety	\$593,358,615	\$1,316,695,940	\$723,337,325
Transportation	\$186,590	\$243,067,867	\$242,881,277
All Other	\$1,129,360,663	\$1,658,151,110	\$528,790,447
Total	\$6,742,986,566	\$11,636,468,009	\$4,893,481,443

Source: Executive Budget Office

Where is the General Fund Money Spent? Pre and Post Great Recession (General Funds only)



The Fiscal Year 2023-24 Appropriations Act



FY 2023-24 Budget New Recurring Revenues

• Revenue Forecast, FY 2023-24, Board of Economic Advisors	12,558,634,000
• Less: FY 2023-24 Transfer to Tax Relief Trust Fund	(795,942,732)
• Net General Fund Revenue Forecast, FY 2023-24	11,762,691,268
• Less: FY 2022-23 Appropriation Base	(10,341,341,675)
• "New" Recurring Revenue	1,421,349,593
• Subtotal, Enhancements and Adjustments	(126,223,259)
• "New" Recurring Revenue available for Appropriation	1,295,126,334

FY 2023-24 Budget Non-Recurring Revenue

• Contingency Reserve Fund	1,204,834,516
• FY 2022-23 Projected Surplus	1,923,538,694
• Litigation Recovery Account	81,946,453
• COVID-19 Response Reserve Fund	44,994,688
• Act # 228 of 2022	24,300,000
• Act # 239 of 2022 Proviso 118.9 Item 3a	4,283,276
• Securities Fee Revenue Proviso 59.5	3,200,000
• Transfer to Non-Recurring Appropriations	26,277,259
• Appropriations to Project Connect (H. 4088)	(1,291,082,986)
• Non-Recurring Revenue available for Appropriation	2,022,291,900

FY 2023-24 Budget

Total Revenue Available for Appropriation

• Recurring Funds	\$1,295,126,334
• Non-Recurring Funds	\$2,022,291,900
• Capital Reserve Fund	\$209,194,431
• Total Revenue Available	\$3,526,612,665

WHERE DID THE \$\$\$ GO?

Fiscal Year 2023-24 Budget (H4300)

Recurring Revenue:

TOTAL \$1,295,126,334

Appropriations:

State Aid to Classrooms \$324,333,398

Higher Education Tuition Freeze \$ 124,000,000

College of Veterinary Medicine \$ 12,500,000

Medicaid Maintenance of Effort \$ 42,100,000

Annualization of FMAP \$ 117,023,000

Provider Rate Adjustments \$ 36,787,500

Support for SC Children's and Adults \$ 15,000,000

Law Enforcement Retention \$ 17,079,727

Correctional Officers Retention \$ 12,907,142

Additional School Resource Officers \$ 14,167,500

5% State Employee Pay Raise \$155,653,029

DJJ Agency Operations \$ 10,000,000

Prosecution Coordination Commission \$14,530,000

Indigent Defense \$11,200,733

Capital Reserve Fund \$ 180,937,332

State Employee Benefits \$ 161,698,566

State Owned Building Expenses \$10,000,000

SCEIS \$13,000,000

Aid to Subdivisions \$13,212,234

Total Allocated on these listed items \$1,134,207,162

Residual Balance \$ 160,919,172³⁵

WHERE DID THE \$\$\$ GO?

Fiscal Year 2023-24 Budget (H4300)

Non-Recurring Revenue:

TOTAL \$2,022,291,900

Appropriations:

General Reserve Fund	\$139,956,882
Capital Funding for Disadvantaged Schools	\$120,000,000
Higher Education Deferred Maintenance	\$407,326,902
College of Veterinary Medicine	\$ 75,000,000
Turner Hall Replacement	\$ 54,702,850
Battelle Alliance at Savannah River Site	\$ 40,000,000
Commerce – Closing Fund	\$ 3,700,000
Commerce – Publicly Owned Aeronautics Infrastructure	\$ 55,000,000
Disaster Relief and Resilience Fund	\$ 200,000,000
Conservation Grant Funding	\$ 25,000,000

State Park Enhancements	\$ 11,750,000
Destination Specific Grants	\$ 13,500,000
Dam Safety Emergency Fund	\$ 36,000,000
Capital Investing Statewide Airport System	\$ 20,000,000
CTC Acceleration Funds	\$ 20,000,000
DSS Infrastructure Integrity & Information	\$ 14,222,574
Growing Agribusiness Fund	\$ 40,000,000
Habitat Protection & Land Conservation	\$ 20,000,000
SRO Equipment	\$ 13,160,000
DJJ Facilities and Upgrades	\$ 64,499,998
DMV IT System Modernization	\$ 20,000,000
SCEIS	\$ 40,000,000
Total Allocated on these listed items	\$1,433,819,206
Residual Balance	\$ 588,472,694

Comprehensive Tax Cut Act of 2022

- Reduces the Top Rate from 7.0% to 6.5%
- Combines all other rates into a 3.0% rate
- Keeps the 0.0% Bracket
- Will reduce the top rate to 6.0% over time
- Currently top rate is 6.4% in Year 2 of Phase down
- \$600 million first year and \$1.2 Billion once fully implemented
- Eliminates income taxes on military retirement income
- Reduces the assessment ratio on manufacturing property to 6.0% (local governments are reimbursed for the revenue)
- Allocates \$1 BILLION from the Contingency Reserve Fund to provide rebates to taxpayers in December

Reserve Fund Bills

- S 1106 and H3346 increase the General Reserve Fund from 5% to 7% and the Capital Reserve Fund from 2% to 3%.
- There were Constitutional Amendment Questions on the November Ballot.
- Both measures passed



What about Next Year???



Too Early to Tell...

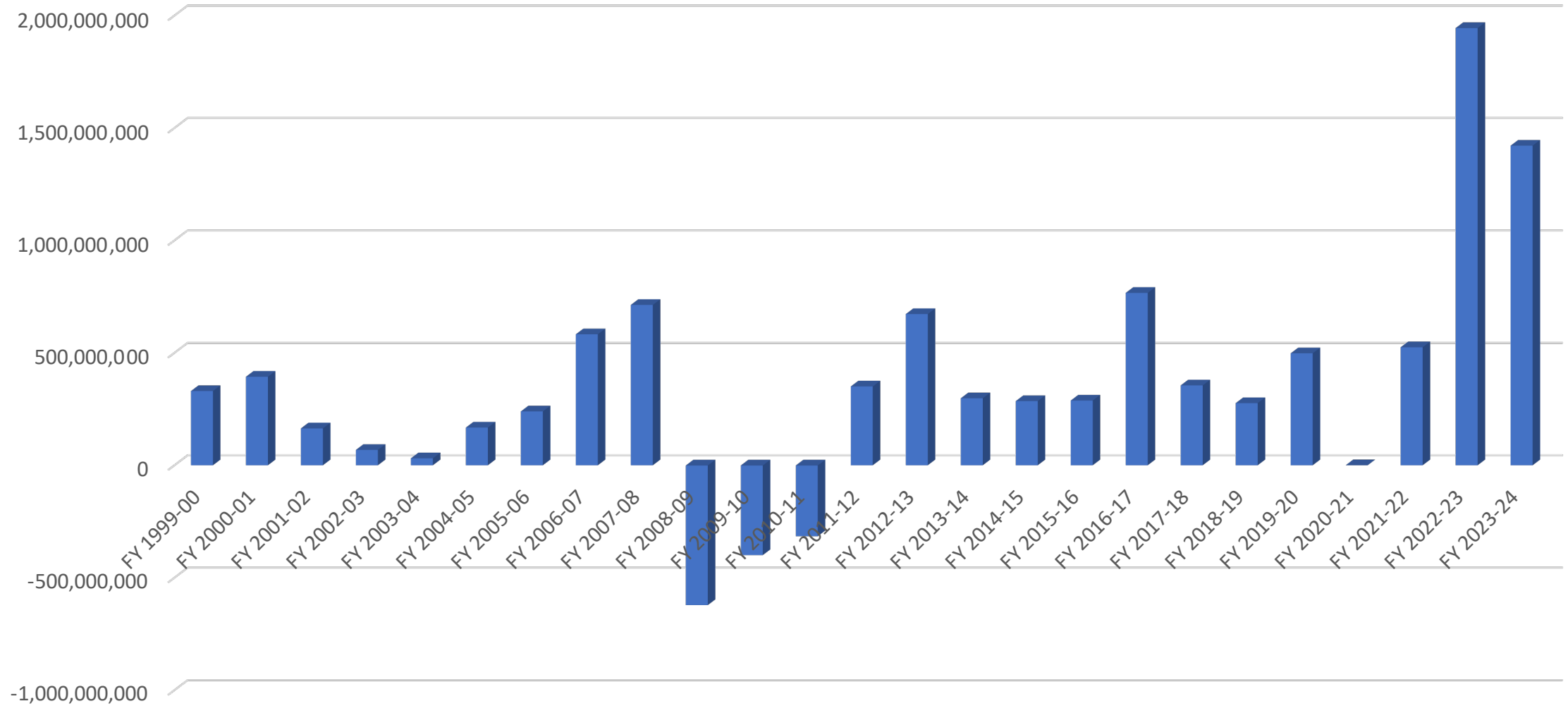
What I do know



Actual vs Forecasted Revenue

		Legislative			Actual Less
Fiscal Year	BEA Forecast	Adjustments	Adjusted Forecast	Actual Revenue	Adjusted Forecast
FY 18	7,934,743,831	15,970,000	7,950,713,831	8,124,265,228	173,551,397
FY 19	8,239,020,000	(2,416,000)	8,236,604,000	8,804,752,211	568,148,211
FY 20	8,716,621,000	(12,000)	8,716,609,000	9,179,224,494	462,615,494
FY 21	8,922,828,000	0	8,922,828,000	10,459,721,541	1,536,893,541
FY 22	9,275,404,779	(4,167,801)	9,271,236,978	13,004,392,104	3,733,155,126
FY 23	11,214,924,784	(712,854,000)	10,502,070,784	12,326,129,401	1,824,058,617
FY 24	11,762,691,268	(126,223,259)	11,636,468,009		

"New" Recurring Revenues



WHY DID THIS HAPPEN?

- Federal CARES Act (Coronavirus Aid, Relief and Economic Security Act March 27, 2020) of **\$2 Trillion**.
- Federal ARPA (American Rescue Plan Act March 11, 2021) of **\$1.9 Trillion**.
- H3411 (May 19th, 2020) – Budget Continuing Resolution that continued the FY19-20 budget into FY20-21.

Contingency Reserve Fund balance 6/30/22

Budgetary surplus:

Actual revenue over estimated revenue.....	\$ 3,733,155,126
Unappropriated estimated General Fund revenue.....	617,212
FY 21-22 Debt Service lapse to General Fund per FY 22-23 Proviso 118.19.....	16,832,497
FY 21-22 appropriations lapsed by agencies to General Fund at June 30, 2022.....	19,805,955
Funding of "open-ended" appropriations.....	<u>(5,194,077)</u>
Available to fund supplemental appropriations per Proviso 118.19.....	3,765,216,713

FY 22-23 transfers from other sources to fund supplemental appropriations per Proviso 118.19:

Contingency Reserve Fund.....	1,023,777,259
Litigation Recovery Account.....	53,898,508
Savannah River Site Litigation.....	525,000,000
FY 22-23 Excess Debt Service above projected expenditures.....	<u>100,000,000</u>
	1,702,675,767
 Total available for distribution.....	 5,467,892,480

Distribution of surplus and transfers:

FY 22-23 supplemental appropriations per Proviso 118.19 ^(a)	(4,263,057,964)
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Excess Budgetary General Fund balance at June 30, 2022 after funding supplemental appropriations^(b).....	<u><u>\$ 1,204,834,516</u></u>
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Contingency Reserve Fund balance 6/30/23

FY 22-23 Budgetary surplus:

Actual revenue over estimated revenue.....	\$ 1,824,058,617
FY 22-23 Unappropriated estimated General Fund revenue.....	160,729,109
FY 22-23 appropriations lapsed by agencies to General Fund at June 30, 2023.....	3,553,170
Governor's FY22-23 vetoes that were carried forward.....	300,000
Funding of "open-ended" appropriations.....	(6,638,373)
FY23-24 118.19 Source: Employee Bonus Overappropriated (118.19 3(a)).....	4,283,276
Available to fund FY 23-24 supplemental appropriations per Proviso 118.19.....	<u>1,986,285,799</u>

FY 23-24 transfers from other sources to fund supplemental appropriations per Proviso 118.19:

Litigation Recovery Account.....	81,946,453
COVID-19 Response Reserve Fund Remaining Balance (Act 135 of 2020).....	44,994,688
Taxpayer Rebate Remaining Balance (Act 228 of 2022).....	23,715,963
Security Fee Revenue in Fund 30370001.....	3,200,000
Residual certified unappropriated General Fund dollars.....	<u>26,277,259</u>
	180,134,363
Total available for distribution.....	2,166,420,162

Distribution of surplus and transfers:

FY 23-24 Supplemental appropriations per Proviso 118.19 ^(a)	(2,022,291,881)
Act 3 of 2023 Appropriations for Project Connect ^(b)	(86,248,470)

Excess Budgetary General Fund balance at June 30, 2023 after distributions ^(c) \$ 57,879,811

^(a) Supplemental appropriations to be released by September 30, 2023.

^(b) Amount is available to be transferred to the Department of Commerce as of July 1, 2023.

^(c) Amount is available to be transferred to the Contingency Reserve Fund as of July 1, 2023.

FY 2021-22 Final Revenue



REVENUES V. BEA MONTHLY ESTIMATES

FINAL

(\$ in Millions)

	Actual Revenues	Expected Revenues	Over/ (Under) Expected	Estimate Full Yr.	Actual YTD		Actual Revenues	Expected Revenues	Over/ (Under) Expected	Estimate Full Yr.	Actual YTD
Total General Fund Revenue	\$13,654.4	\$12,774.3	\$880.1	15.2%	23.1%	Other Revenue Items, Sub-Total	\$1,012.0	\$921.9	\$90.1	4.8%	15.1%
Sales Tax	4,402.0	4,155.3	246.7	8.6%	15.1%	Admissions Tax	45.7	43.4	2.4	46.9%	54.9%
Individual Income Tax	6,827.6	6,431.8	395.8	18.6%	25.9%	Alcoholic Liquors Tax	112.5	109.9	2.6	8.2%	10.7%
Withholdings	6,864.8	6,810.2	54.6	12.7%	13.6%	Bank Tax	72.4	74.1	(1.8)	6.1%	3.6%
Nonwithholdings	2,051.9	1,842.1	209.9	15.5%	28.7%	Beer and Wine Tax	116.9	117.9	(1.0)	0.9%	0.1%
Refunds	2,089.2	2,220.5	(131.3)	0.3%	(5.7%)	Corporate License Tax	163.1	158.1	4.9	6.8%	10.1%
Corporate Income Tax	1,129.4	982.6	146.8	46.8%	68.8%	Deed Rec. (Doc. Tax)	156.9	142.8	14.0	20.1%	31.9%
Insurance Tax	283.5	282.7	0.8	(3.6%)	(3.3%)	Earned on Investments	69.7	70.0	(0.3)	(3.6%)	(4.1%)
Other Revenue Items, Sub-Total	1,012.0	921.9	90.1	4.8%	15.1%	Residual Revenue	274.9	205.6	69.3	(7.4%)	23.8%

Based on BEA Forecast as of May 24, 2022



FY 2022-23 Final Revenue



REVENUES V. BEA MONTHLY ESTIMATES

FINAL FY 2022-23

(\$ in Millions)

	Expected Revenues	Actual Revenues	Over/ (Under) Expected	Estimate Full Yr. / ¹	Actual Full Yr. / ²		Expected Revenues	Actual Revenues	Over/ (Under) Expected	Estimate Full Yr. / ¹	Actual Full Yr. / ²
Total General Fund Revenue	\$13,033.0	\$13,094.2	\$61.2	(4.6%)	(4.1%)	Other Revenue Items, Sub-Total	\$988.0	\$1,047.4	\$59.5	(2.4%)	26.6%
Sales Tax	4,649.2	4,660.1	10.9	5.6%	5.9%	Admissions Tax	41.0	45.4	4.4	(10.4%)	(0.8%)
Individual Income Tax	5,796.5	5,758.2	(38.3)	(15.1%)	(15.7%)	Alcoholic Liquors Tax	114.7	118.1	3.3	2.0%	5.0%
Withholdings	6,848.5	6,903.1	54.6	(0.2%)	0.6%	Bank Tax	64.9	95.0	30.2	(10.3%)	31.3%
Non-withholdings	1,769.2	1,688.4	(80.8)	(13.8%)	(17.7%)	Beer and Wine Tax	116.0	113.4	(2.7)	(0.8%)	(3.1%)
Refunds	2,821.2	2,833.3	12.1	35.0%	35.6%	Corporate License Tax	168.0	170.1	2.1	3.0%	4.3%
Corporate Income Tax	1,236.3	1,262.2	26.0	9.5%	11.8%	Deed Rec. (Doc. Tax)	120.9	123.2	2.3	(22.9%)	(21.4%)
Insurance Tax	363.0	366.2	3.3	28.0%	29.2%	Earned on Investments	170.0	180.5	10.5	144.1%	159.2%
Other Revenue Items, Sub-Total	988.0	1,047.4	59.5	(2.4%)	26.6%	Residual Revenue	192.5	201.7	9.2	(30.0%)	(26.6%)

Based on BEA Forecast as of May 09, 2023

/1 Estimate full year reflects projected growth for the full fiscal year over the prior year.

/2 Actual full year reflects actual growth for the full fiscal year over the prior year.



General Fund Revenue – Proposed Estimates

- FY 23 finished close to estimates resulting in no base adjustment
- FY 24 working estimate is a decline of 4.9% from FY 23
- FY 24 includes legislative adjustments, a \$20 million reduction in Earnings on Investments, and \$20 million upward adjustment to Corporate Income tax
- Legislative adjustments include the 0.1% reduction to the top individual income tax rate to 6.4% for tax year 2023 and other smaller changes
 - Sales tax adjustments also impact Education Improvement Act and Homestead Exemption Funds
 - Legislative adjustments were incorporated in FY 24 Appropriations Act; no net change from budget base for FY 24
- FY 25 reflects growth of 3.1% over the lower FY 24 base

General Fund Revenue Forecast – Proposed

Revenue Category	Final FY 2021-22	Final FY 2022-23	5/9/2023 Estimate FY 2023-24	9/21/2023 Estimate FY 2023-24	5/9 vs 9/21 Estimate Change	9/21/2023 Estimate FY 2024-25	Change	Pct. Chg. FY 2021-22	Pct. Chg. FY 2022-23	5/9/2023 Pct. Chg. FY 2023-24	9/21/2023 Pct. Chg. FY 2023-24	9/21/2023 Pct. Chg. FY 2024-25
Sales and Use Tax	\$4,401,993,179	\$4,660,078,785	\$4,504,725,000	\$4,504,576,000	(\$149,000)	\$4,644,218,000	\$139,642,000	15.1	5.9	(3.3)	(3.3)	3.1
Individual Income Tax	6,827,560,100	\$5,758,211,861	5,923,626,000	5,826,539,000	(\$97,087,000)	6,020,540,000	\$194,001,000	25.9	(15.7)	2.9	1.2	3.3
<i>Withholdings</i>	6,864,765,402	\$6,903,102,011	6,180,099,000	6,180,099,000	\$0	6,422,303,000	242,204,000	13.6	0.6	(10.5)	(10.5)	3.9
<i>Non-Withholdings</i>	2,051,932,498	\$1,688,383,644	1,703,701,000	1,684,753,000	(\$18,948,000)	1,733,495,000	48,742,000	28.7	(17.7)	0.9	(0.2)	2.9
<i>Refunds</i>	2,089,137,801	\$2,833,273,794	1,960,174,000	2,038,313,000	\$78,139,000	2,135,258,000	96,945,000	(5.7)	35.6	(30.8)	(28.1)	4.8
Corporation Income Tax	1,129,375,124	\$1,262,221,843	762,083,000	782,083,000	\$20,000,000	762,083,000	(\$20,000,000)	68.8	11.8	(39.6)	(38.0)	(2.6)
Insurance Taxes	283,503,195	\$366,245,865	352,379,000	352,379,000	\$0	400,164,000	\$47,785,000	(3.3)	29.2	(3.8)	(3.8)	13.6
Admissions Tax	45,742,736	\$45,380,765	41,587,000	38,729,000	(\$2,858,000)	39,438,000	\$709,000	54.9	(0.8)	(8.4)	(14.7)	1.8
Aircraft Tax	1,250,000	\$0	0	0	\$0	0	\$0	(56.6)	--	--	--	--
Alcoholic Liquor Tax	112,482,415	\$118,068,732	110,143,000	110,143,000	\$0	115,485,000	\$5,342,000	10.7	5.0	(6.7)	(6.7)	4.9
Bank Tax	72,352,457	\$95,031,726	63,187,000	63,187,000	\$0	65,958,000	\$2,771,000	3.6	31.3	(33.5)	(33.5)	4.4
Beer and Wine Tax	116,942,161	\$113,360,549	117,630,000	117,630,000	\$0	119,239,000	\$1,609,000	0.1	(3.1)	3.8	3.8	1.4
Business Filing Fees	12,616,189	\$12,608,349	12,315,000	12,315,000	\$0	12,743,000	\$428,000	(1.2)	(0.1)	(2.3)	(2.3)	3.5
Circuit/Family Court Fines	6,089,254	\$6,371,579	4,992,000	4,992,000	\$0	4,768,000	(\$224,000)	13.5	4.6	(21.7)	(21.7)	(4.5)
Corporation License Tax	163,071,712	\$170,145,615	173,120,000	173,120,000	\$0	184,536,000	\$11,416,000	10.1	4.3	1.7	1.7	6.6
Deed Recording Fees	156,850,909	\$123,218,197	118,042,000	118,042,000	\$0	126,266,000	\$8,224,000	31.9	(21.4)	(4.2)	(4.2)	7.0
Earned on Investments	69,656,950	\$180,526,831	200,000,000	180,000,000	(\$20,000,000)	175,000,000	(\$5,000,000)	(4.1)	159.2	10.8	(0.3)	(2.8)
Indirect Cost Recoveries	22,097,929	\$18,499,211	20,212,000	20,212,000	\$0	19,201,000	(\$1,011,000)	(5.0)	(16.3)	9.3	9.3	(5.0)
Motor Vehicle Licenses	11,178,619	\$10,947,724	11,836,000	11,836,000	\$0	12,125,000	\$289,000	(7.8)	(2.1)	8.1	8.1	2.4
Nursing Home Fees	3,230,655	\$3,129,343	3,092,000	3,092,000	\$0	3,083,000	(\$9,000)	(3.7)	(3.1)	(1.2)	(1.2)	(0.3)
Parole and Probation Fees	3,392,808	\$3,392,808	3,393,000	3,393,000	\$0	3,393,000	\$0	0.0	0.0	0.0	0.0	0.0
Private Car Lines Tax	6,878,649	\$6,620,681	6,616,000	6,616,000	\$0	7,026,000	\$410,000	3.1	(3.8)	(0.1)	(0.1)	6.2
Public Service Authority	17,675,000	\$18,961,000	18,059,000	17,807,000	(\$252,000)	17,807,000	\$0	3.2	7.3	(4.8)	(6.1)	0.0
Purchasing Card Rebates	3,541,021	\$3,845,627	3,940,000	3,940,000	\$0	4,105,000	\$165,000	14.6	8.6	2.5	2.5	4.2
Record Search Fees	4,461,000	\$4,461,000	4,461,000	4,461,000	\$0	4,461,000	\$0	0.0	0.0	0.0	0.0	0.0
Savings and Loan Assoc. Tax	2,448,449	(\$326,189)	1,223,000	1,223,000	\$0	1,223,000	\$0	113.4	--	--	--	0.0
Security Dealer Fees	31,897,230	\$34,123,362	32,382,000	32,782,000	\$400,000	33,487,000	\$705,000	9.3	7.0	(5.1)	(3.9)	2.2
Tobacco Tax	28,935,834	\$27,765,477	29,070,000	29,070,000	\$0	29,701,000	\$631,000	0.5	(4.0)	4.7	4.7	2.2
Unclaimed Property Fund	15,000,000	\$15,000,000	15,000,000	15,000,000	\$0	15,000,000	\$0	0.0	0.0	0.0	0.0	0.0
Workers' Comp. Insurance Tax	9,795,065	\$10,638,461	10,138,000	10,138,000	\$0	10,180,000	\$42,000	(21.7)	8.6	(4.7)	(4.7)	0.4
Other Source Revenues	94,396,685	\$25,672,830	15,383,000	15,383,000	\$0	15,276,000	(\$107,000)	131.0	(72.8)	(40.1)	(40.1)	(0.7)
Gross General Fund Revenue	\$13,654,415,325	\$13,094,202,032	\$12,558,634,000	\$12,458,688,000	(\$99,946,000)	\$12,846,506,000	\$387,818,000	23.1	(4.1)	(4.1)	(4.9)	3.1

General Fund Revenue Forecast – Proposed

Revenue Category	Final FY 2021-22	Final FY 2022-23	5/9/2023 Estimate FY 2023-24	9/21/2023 Estimate FY 2023-24	5/9 vs 9/21 Estimate Change	9/21/2023 Estimate FY 2024-25	Change	Pct. Chg. FY 2021-22	Pct. Chg. FY 2022-23	5/9/2023 Pct. Chg. FY 2023-24	9/21/2023 Pct. Chg. FY 2023-24	9/21/2023 Pct. Chg. FY 2024-25
Gross General Fund Revenue	\$13,654,415,325	\$13,094,202,032	\$12,558,634,000	\$12,458,688,000	(\$99,946,000)	\$12,846,506,000	\$387,818,000	23.1	(4.1)	(4.1)	(4.9)	3.1
Less: Tax Relief Trust Fund (Act)	650,023,221	768,072,631	795,942,732	795,942,732	0	807,396,783	11,454,051	3.3	18.2	3.6	3.6	1.4
Net General Fund Revenue	\$13,004,392,104	\$12,326,129,401	\$11,762,691,268	\$11,662,745,268	(\$99,946,000)	\$12,039,109,217	\$376,363,949	24.3	(5.2)	(4.6)	(5.4)	3.2
Education Improvement Act (EIA)	1,138,972,300	1,229,449,992	1,177,407,000	1,181,170,000	3,763,000	1,212,317,000	31,147,000	14.3	7.9	(4.2)	(3.9)	2.6
EIA Fund	1,138,342,432	1,213,749,596	1,165,407,000	1,165,370,000	(37,000)	1,200,417,000	35,047,000	14.2	6.6	(4.0)	(4.0)	3.0
EIA Interest	629,868	15,700,396	12,000,000	15,800,000	3,800,000	11,900,000	(3,900,000)	643.6	2392.6	(23.6)	0.6	(24.7)
S.C. Education Lottery Fund	568,684,685	605,424,005	533,000,000	534,100,000	1,100,000	532,400,000	(1,700,000)	(7.1)	6.5	(12.0)	(11.8)	(0.3)
Lottery Proceeds	533,500,000	563,500,000	507,200,000	507,200,000	0	507,200,000	0	(7.3)	5.6	(10.0)	(10.0)	0.0
Unclaimed Prizes	30,501,385	34,758,556	20,000,000	20,000,000	0	20,000,000	0	(5.1)	14.0	(42.5)	(42.5)	0.0
Lottery Interest	4,683,300	7,165,449	5,800,000	6,900,000	1,100,000	5,200,000	(1,700,000)	5.8	53.0	(19.1)	(3.7)	(24.6)
Homestead Exemption Fund (HEX)	1,033,264,216	1,112,078,145	1,061,844,000	1,064,907,000	3,063,000	1,094,362,000	29,455,000	14.4	7.6	(4.5)	(4.2)	2.8
HEX Revenue	1,029,360,778	1,102,225,350	1,054,844,000	1,054,807,000	(37,000)	1,086,762,000	31,955,000	14.3	7.1	(4.3)	(4.3)	3.0
HEX Interest	3,903,438	9,852,795	7,000,000	10,100,000	3,100,000	7,600,000	(2,500,000)	24.8	152.4	(29.0)	2.5	(24.8)
Expenditure Estimate	860,983,490	912,883,295	1,004,624,152	1,004,624,152	0	1,049,177,310	44,553,158	3.8	6.0	10.0	10.0	4.4
HEX Fund Excess/(Shortfall)	172,280,726	199,194,850	57,219,848	60,282,848	3,063,000	45,184,690	(15,098,158)	131.4	15.6	(71.3)	(69.7)	(25.0)
Tax Relief Trust Fund (Act)	650,023,221	768,072,631	795,942,732	795,942,732	0	807,396,783	11,454,051	3.3	18.2	3.6	3.6	1.4
Revised Estimate/ Actual	643,954,085	751,304,933	795,942,732	795,942,732	0	807,396,783	11,454,051	2.9	16.7	5.9	5.9	1.4
Excess/(Shortfall) (Excl. Fund Balance)	6,069,136	16,767,698	0	0	0	0	0	80.6	176.3	n/a	n/a	n/a
Budgetary Estimates												
Gross Appropriation Act Revenue	9,925,428,000	11,270,143,415	12,558,634,000	12,458,688,000	(99,946,000)	12,846,506,000	387,818,000	4.5	13.5	11.4	10.5	3.1
Less: Tax Relief Trust Fund (Act)	650,023,221	768,072,631	795,942,732	795,942,732	0	807,396,783	11,454,051	3.3	18.2	3.6	3.6	1.4
Appropriation Act Excluding Trust Fund	9,275,404,779	10,502,070,784	11,762,691,268	11,662,745,268	(99,946,000)	12,039,109,217	376,363,949	4.6	13.2	12.0	11.1	3.2
Capital Reserve Fund	183,584,490	209,194,431	390,131,763	390,131,763	0	369,783,882	(20,347,881)	4.3	13.9	86.5	86.5	(5.2)
General Reserve Fund	458,961,225	575,284,684	715,241,566	715,241,566	0	739,567,764	24,326,198	4.3	25.3	24.3	24.3	3.4
Total Reserve Funds	642,545,715	784,479,115	1,105,373,329	1,105,373,329	0	1,109,351,646	3,978,317	4.3	22.1	40.9	40.9	0.4

FY 2023-24 Education Lottery

LIFE Scholarships	201,194,944
Palmetto Fellows Scholarships	67,328,890
HOPE Scholarships	12,574,147
Lottery Tuition Assistance	51,100,000
Need-Based Grants	80,000,000
SC Workforce Industry Needs Scholarships	93,739,407
Tuition Grants	20,000,000
Nursing Initiative	10,000,000
Higher Education Excellence Enhancement Program	10,500,000
Other	62,205,597
TOTAL	608,642,985

FY 2025 Considerations

- All 170 members of the General Assembly up for reelection in 2024
- Continued inflation concerns (e.g. 9.7% estimated increase in state health care)
- State revenues moderating after record growth
- Tuition Mitigation?
- Deferred Maintenance?
- Workforce and perceived cost benefit of higher education

Questions?

