

State Budget Outlook

A Presentation to:
The Catawba Regional Council of Governments

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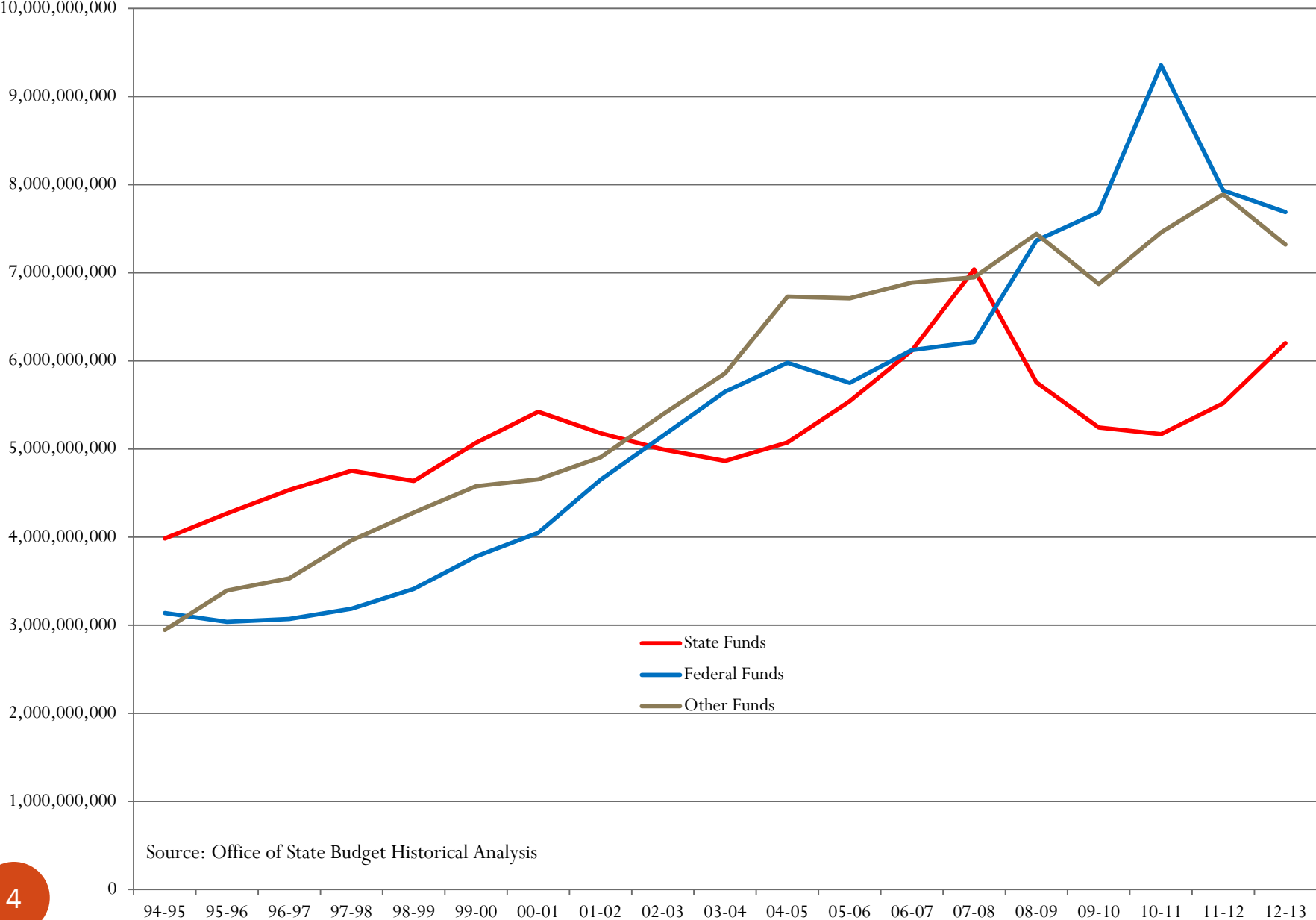
In-flec-tion (noun)- a bend or angle. In mathematics, a change of curvature



Now ...

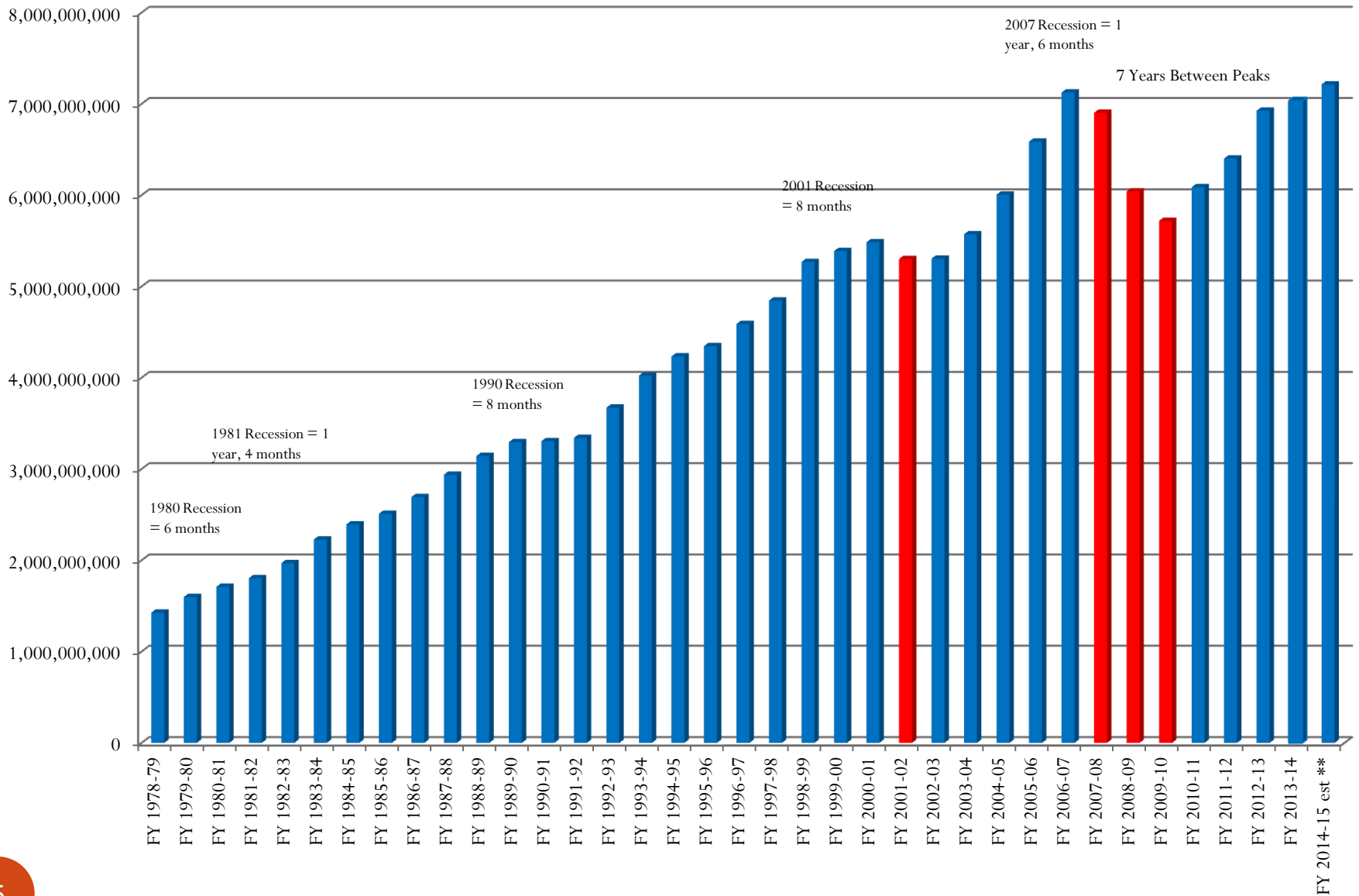
Some South Carolina State Budget Facts for Context

Actual Expenditures by Source



Source: Office of State Budget Historical Analysis

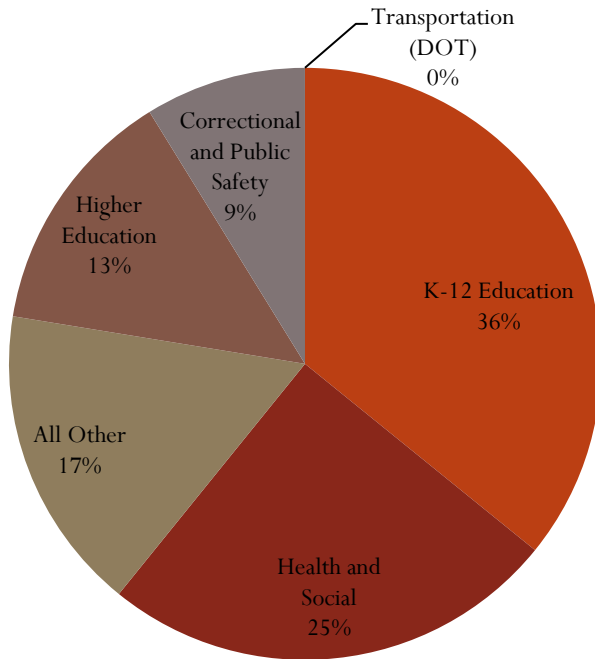
Total General Fund Revenue



Where is the Money Spent? Pre and Post Great Recession

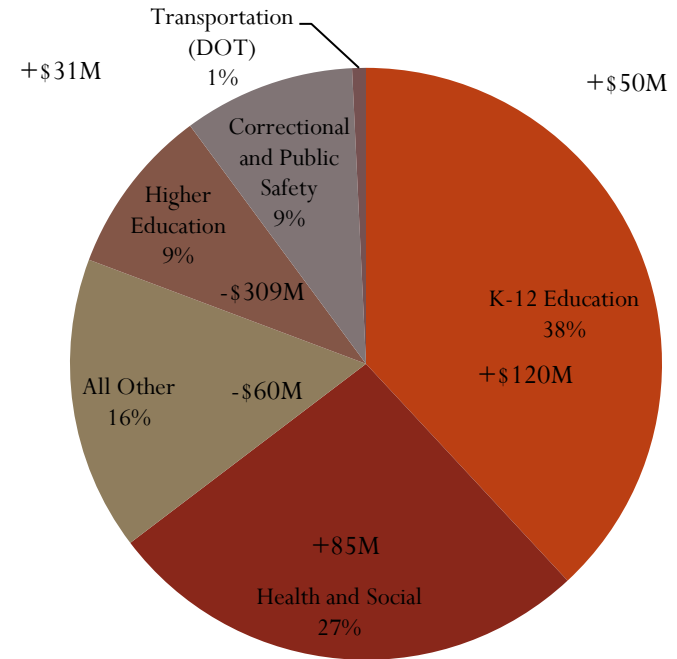
General Funds

FY2007-08



Total: \$6.743 Billion

FY2014-15



Total: \$6.659 Billion

State Budget Crisis Task Force

Finding #2: The capacity to raise revenues is increasingly impaired:

- A. Untaxed transactions are eroding the sales tax base (SC = see §3.1B, 34% “NTS to GTS”, Services and Ecommerce, e.g. “What we Buy and How we Buy it”) Gasoline taxes are eroding as well (SC = see 1987, Flat Excise, Fuel Economy), making it more difficult for states to finance roads, highways, and bridges.
- B. Income taxes have become increasingly volatile, particularly during and after the recent economic crisis (SC = see e.g. FY12-13; Withholding vs. “Paid w/ Returns”).

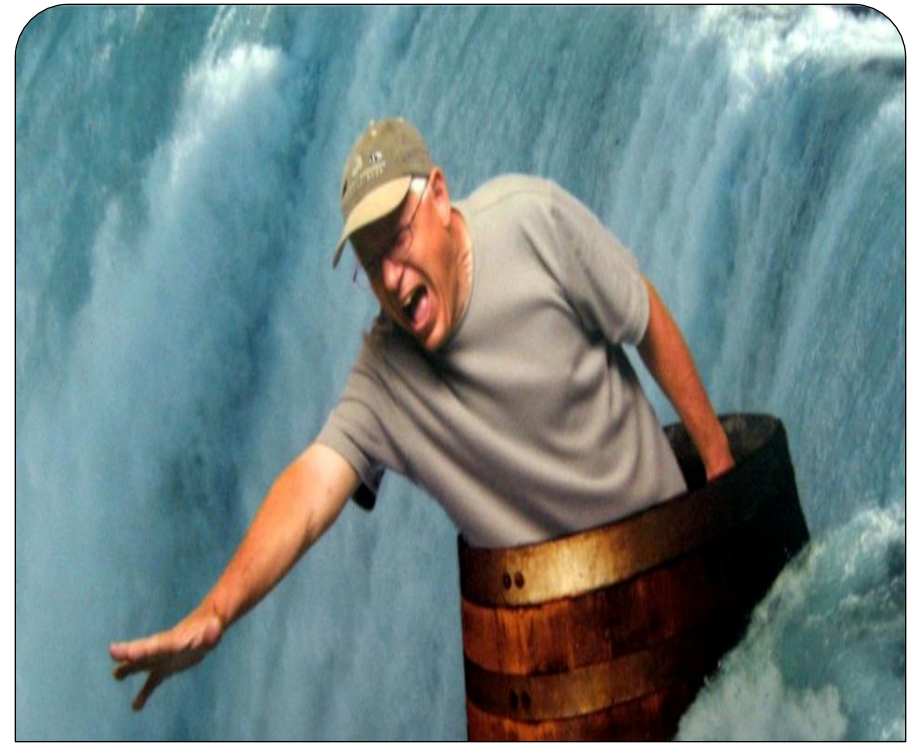
General Fund Revenue Outlook

Growth = (S)Low and Steady

- **FY 2012-13** was: 8.2% growth (Actual)
- **FY 2013-14** was: 1.6% growth (Actual)
- BEA's Forecast(s) indicates
 - FY2014-15: 2.6% growth*
 - FY2015-16: 3.2% growth**

*BEA 5/21/14

**BEA 11/18/13

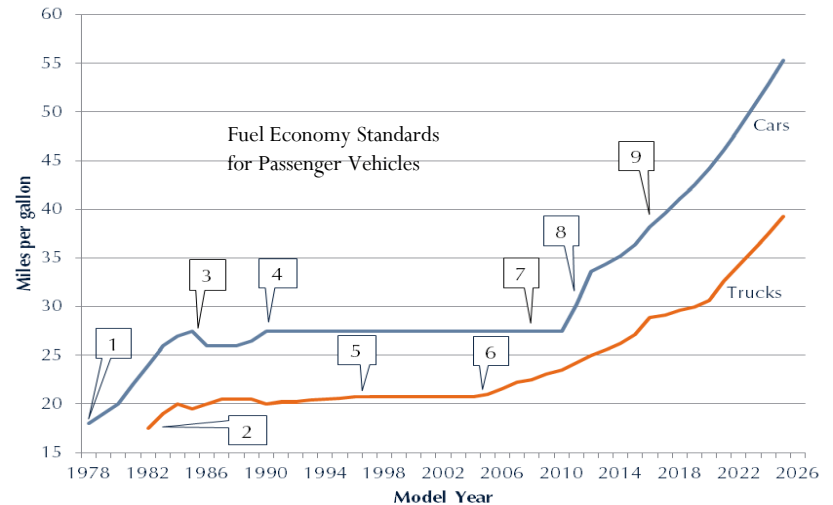
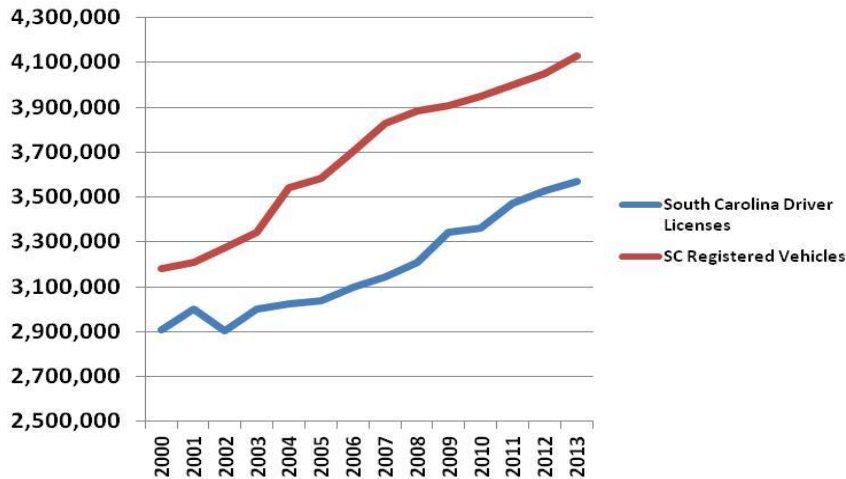
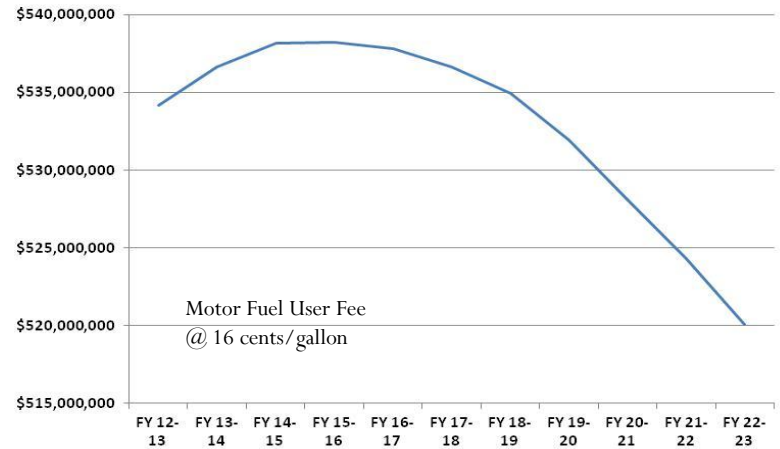
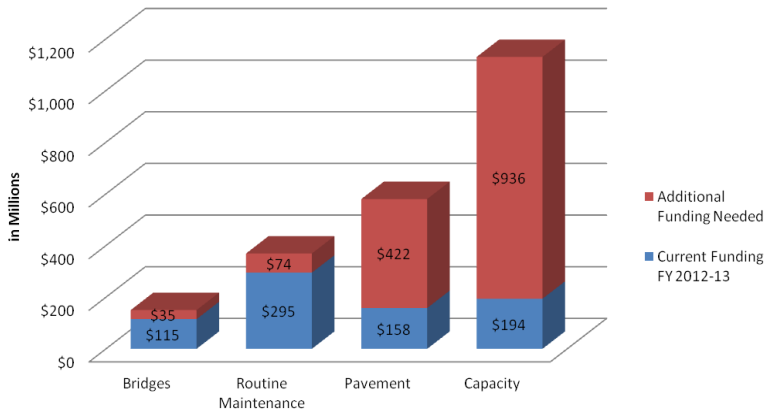


Watershed Moment: Use of General Funds for Transportation Needs

	<u>Recurring</u>	<u>Non-Recurring</u>	<u>Total</u>
FY2012-13	\$57,270	\$0	\$57,270
FY2013-14	\$91,000,000	\$50,000,000	\$141,000,000

Demand vs. Supply?

\$29.3 Billion (\$1.47B/Yr.) over 20 Yrs. "For Good"?



Fiscal Year 2014-15 General Fund Appropriations

“New Money”

Recurring:	\$285 Million
Non-Recurring:	<u>\$348 Million</u>
Total:	\$633 Million

Statewide Appropriations:

2% Employee Pay and Health:	\$88 Million
Reserve Funds:	\$38 Million
Local Govt. Fund:	\$30 Million
IT Security (“Breach”):	\$13 Million
Debt Service:	<u>\$7 Million</u>
Subtotal:	\$176 Million

State Agency Appropriations:

K12 Education:	\$152 Million
Health & Environment:	\$89 Million
Econ. Develop. & Tourism:	\$79 Million
Higher Education:	\$49 Million
Dept. of Revenue:	\$16 Million
Criminal Justice & Judicial:	\$12 Million
Natural Resources:	<u>\$8 Million</u>
Subtotal:	\$405 Million

All Other: \$51.0 Million

A Crystal Ball?...Or Anybody's Guess?

An Early (and Unofficial) Look at FY15-16...

Possible Revenue ("New Money"):

General Fund (Recurring):	\$230.0 Million*
General Reserve Fund:	(\$5.0 Million) (Necessary to maintain 5%)
Net General Fund:	\$225.0 Million
General Fund (Non-Recurring):	\$32.0 Million
Capital Reserve Fund:	\$128.0 Million

**SFC Staff Unofficial Calculations (Not BEA)*

Possible Expenditures:

Transportation/Roads?:	???
Capital Reserve Fund:	\$3.0 Million
K-12 EFA MOE at \$2,120:	\$20.0 Million (unofficial)
K-12 EFA New Money FY16?:	?? (\$500 Million to fully fund)
Local Government Fund	
Maintain FY15:	\$25.0 Million (\$212.6 Million)
Statutory FY16:	?? (\$82M above \$25M to fund statutory requirement)
Employee Health FY15 Annualize:	\$30.0 Million
Employee Health 2016 (HalfYr.):	???
Medicaid New Money FY16?:	???
Employee Pay Raise?:	?? (\$15 Million @ 1% (State FTE's only))
Act 388 Shortfall:	?? (FY15 subsidy = \$120M from General Fund)
Additional Tax Expenditures (aka "Tax Cuts")?:	???
Higher Education?:	???

Thank You

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