

2022 Elected Officials Forum

Catawba Regional Council of Governments

January 6, 2022

Katie Turner, House Ways and Means Committee

Mike Shealy, Senate Finance Committee

The Pandemic Era has been a Time of Contrast

“It was the best of times, it was the worst of times,
it was the age of wisdom, it was the age of foolishness,
it was the epoch of belief, it was the epoch of incredulity,
it was the season of light, it was the season of darkness,
it was the spring of hope, it was the winter of despair.”

Charles Dickens, *A Tale of Two Cities*

Washington Post Headline: “The pandemic marks another grim milestone: 1 in 500 Americans have died of covid-19”

By Dan Keating, Akilah Johnson and Monica Ulmanu

Published Sept. 15, 2021

DHEC reports 14,617 deaths in South Carolina from COVID-19 — 12,640 confirmed and 1,977 probable deaths as of December 30, 2021. Overall confirmed COVID – 19 cases in South Carolina are 767,188 confirmed and 199,071 probable cases (total of 966,259 or 19% of total population).

“How COVID-19 vaccines were made so quickly without cutting corners”

by Rachel Lance, Science News, June 29, 2021

Unlocking the coronavirus' secrets

“To back up a bit first, designing the vaccines began far earlier than the jabs-in-arms stage. It began with deciphering the exact genetic makeup of SARS-CoV-2, the virus that causes COVID-19 (SN: 12/11/20). By early **January 2020**, that genetic blueprint was in hand and the first vaccines to test were ready just a few weeks later.

For some perspective, researchers first deciphered, or sequenced, the entire human genome over a span of almost 13 years, starting in 1990 and wrapping up in 2003 (SN: 1/17/03). Because of **advances in computers**, the same task now can take only hours.

Most crucially, researchers now had the genetic instructions for making the spike proteins that the virus uses to break into cells — a key ingredient for making the vaccines. Jutting out from the virus' surface, these spike proteins make an easy target for the immune system to recognize. **Researchers knew to zero in on those proteins thanks to decades of work studying coronaviruses, including two that have caused other outbreaks of human diseases — SARS and MERS.** That work also identified the best form of the protein to use: a stable form just before the virus fuses with a cell it's about to infect.”

The reaction of South Carolina State Government to the Pandemic

a series of “*triage*”
appropriations followed by a
Continuing Resolution.

THE CONTINUOUS BUDGET PROCESS DURING THE PANDEMIC - 2020

- H4014 - \$45M for DHEC immediate needs. Passed **March 17th**.
- **H3411 – Continuing Resolution** – Continued the FY19-20 budget into FY20-21. In addition, \$155M was appropriated from the Contingency Reserve Fund to the COVID-19 Response Reserve Account for specific COVID-19 related expenses. Passed **May 19th**.
- H5202 – Authorization to spend federal CARES Act funds - \$1.2B allocated and \$668M left for Phase 2. Passed **June 25th**.
- H3210 – Authorization to spend federal CARES Act funds from Phase 2. Passed **September 25th**.

Coronavirus Aid, Relief and Economic Security Act

March 27, 2020

Note: Represents about half of all federal spending on an annual basis.

CARES Act	\$2.0 Trillion
Individuals	\$560 Billion
Large Corporations	\$500 Billion
Small Businesses	\$377 Billion
State & Local Government	\$340 Billion
Public Health	\$154 Billion
Safety Net	\$ 26 Billion
Student Loans / Other	\$ 43 Billion

The Reaction of the Federal Government to the Pandemic ...

New Terms:

- CARES
- Rescue
- ESSER
- Traunch



2021 - Additional State Appropriation Bills

• H3707

- A joint resolution to appropriate funds for addressing the pandemic.
- One-time amounts of \$63 Million for DHEC and \$45 Million for MUSC were appropriated for vaccine delivery infrastructure.
- In addition, \$100 Million was appropriated to a COVID-19 Vaccine Reserve Account with \$75 Million for hospitals and \$25 Million for other partners for vaccine delivery.
- Effective 2/19/21

• H3609

- A joint resolution to restore teacher step increases that were frozen due to the pandemic.
- A one-time amount of \$50 Million was appropriated for this purpose.
- Effective 3/11/21

H4100 – General Appropriations Bill

(Spring of 2021)

- Total Recurring General Fund Appropriations of \$9.2 Billion.
- Non-Recurring Appropriations of \$1.3 Billion.
- Total Recurring Budget size (with fed and other \$) of \$31 Billion.
- Total Personal Income in SC (size of our economy) is \$285 Billion (11%).
- Due to the passage of a Continuing Resolution in FY20-21, H4100 was essentially a biennial budget.
- Most importantly, by keeping spending at current levels during the worst days of the Pandemic helped SC avoid budget cuts which would have been devastating during the COVID – 19 response.

American Rescue Plan Act

March 11, 2021

- Total \$1.9 Trillion

Among the appropriations are:

- State and Local Funds \$362 Billion
- Direct Financial Assistance \$656 Billion
- Individual and Family Assistance \$ 56 Billion
- Education and Child Care \$212 Billion
- Transportation \$ 40 Billion
- Other \$ 61 Billion

American Rescue Plan Act

Funding Components for SC

State/Local Gov't
\$4.313 billion

Education
\$2.74 billion

Housing Assistance
\$481 million

Total
\$8.9
billion

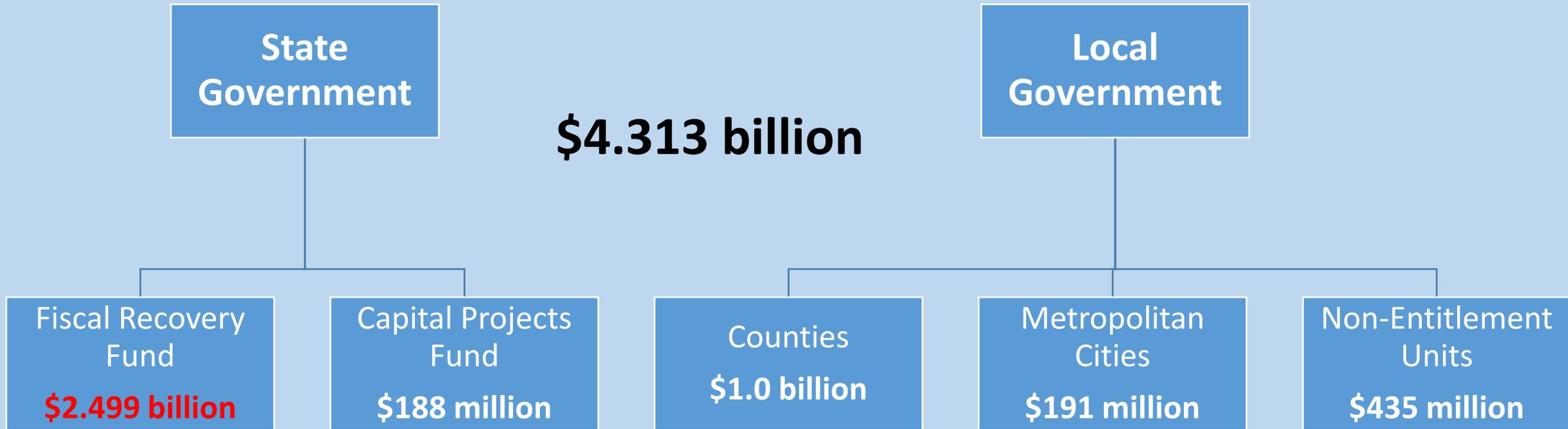
Childcare
\$709 million

Public Health
\$391 million

Public Assistance
\$125 million

Other Programs
\$118 million

State and Local Government Fiscal Recovery Funds



Eligible Uses

- Respond to public health emergency or its negative economic impacts including assistance to households, small businesses, and nonprofits, or aid to impact industries such as tourism, travel and hospitality.
- Provide premium pay to workers performing essential work during the public health emergency.
- Necessary investments in water, sewer, or broadband infrastructure.
- Government services to the extent of reduce general revenue (revenue replacement).
- Prevent/respond to crime and support public safety.

Prohibited Uses

- Deposits to pension funds.
- Offsetting reductions in net tax revenue resulting from change in law, regulation, or interpretation during the covered period (March 3, 2021 until December 31, 2024/2026).

Legislative Subcommittees assigned to develop a blueprint for spending ARPA and SRS Funds

State Senate

- Senator Thomas Alexander (chair)
- Senator Nikki Setzler
- Senator Kevin Johnson
- Senator Ross Turner
- Senator Mike Gambrell

House of Representatives

- Rep. Bruce Bannister (chair)
- Rep. Gilda Cobb Hunter
- Rep. Bill Clyburn
- Rep. Gary Simrill
- Rep. Bill Herbkersman
- Rep. Lonnie Hosey
- Rep. Nathan Ballentine
- Rep. Leon Stavrinakis
- Rep. Todd Rutherford
- Rep. Heather Crawford
- Rep. Lee Hewitt

Legislative Priorities

Broadband

Water and Wastewater

Reimbursements for Lost Revenue

General Fund (approximately \$300M)

Gas Tax (approximately \$150M)

Magnitude of the Federal Stimulus in 16 months

\$22 Trillion is the size of the
US economy (GDP).

In a 12 month period of time,
the federal government has
injected the economy with
roughly \$4 Trillion (12 zeroes)
in tax cuts or spending
stimulus.

That's 18% of annual GDP.



“When it rains, it pours.” (colloquialism)

Its origin comes from a fairly unlikely place: the Morton Salt Company. Yep, that's right. That expression which you use at least a handful of times a month was developed by ad execs in the early 1900s to sell salt. It's still, to this day, one of the most successful and lasting ideas to originate in those early days of advertising.

The Morton Salt Company was looking for a way to promote its new product, a free-flowing table salt. The product it was selling then looks nearly the same today, a blue cylindrical tube of free-running table salt with a handy pouring spout (a patent of the company's) seen in almost all kitchens across the country.



Source: Huffington Post, 8/31/12

Savannah River Systems Settlement

Augusta Chronicle, September 3, 2020, by Jonathan Vickery

SRS lawsuit ends in \$600 million settlement

Single largest settlement in South Carolina's history could benefit Barnwell County

“Years of litigation over plutonium waste at the Savannah River Site (SRS) has ended in a \$600 million settlement.

The settlement between the State of South Carolina and the United States government ends six years of litigation related to the remaining 9.5 metric tons of weapons-grade plutonium relocated to SRS in the early 2000s. Under the terms of the settlement, the United States will pay South Carolina \$600 million immediately. Also, the Department of Energy (DOE) remains obligated to remove the plutonium by 2037 or else monetary penalties will be reinstated and the DOE will be subject to additional litigation.”

Fiscal Year 2020-21 Year End Close of Books

Comptroller General - Budgetary General Fund Highlights

August 12, 2021

Undesignated/Unreserved General Fund Balance as of June 30, 2021

\$1,023,777,259

Revenue Outlook for Fiscal Year 2022-23

Recurring Funds Above Spending Base	\$987 Million
Non-Recurring Contingency Reserve	\$1,023 Million
FY 2021-22 Projected Surplus	\$987 Million
FY2021-22 Capital Reserve Fund	\$184 Million
Savannah River Systems Settlement	\$525 Million
American Recovery Plan Act – State Government	<u>\$2,499 Million</u>
Total Non-Recurring Funds	<u>\$5,218 Million</u>

Post-Pandemic Euphoria



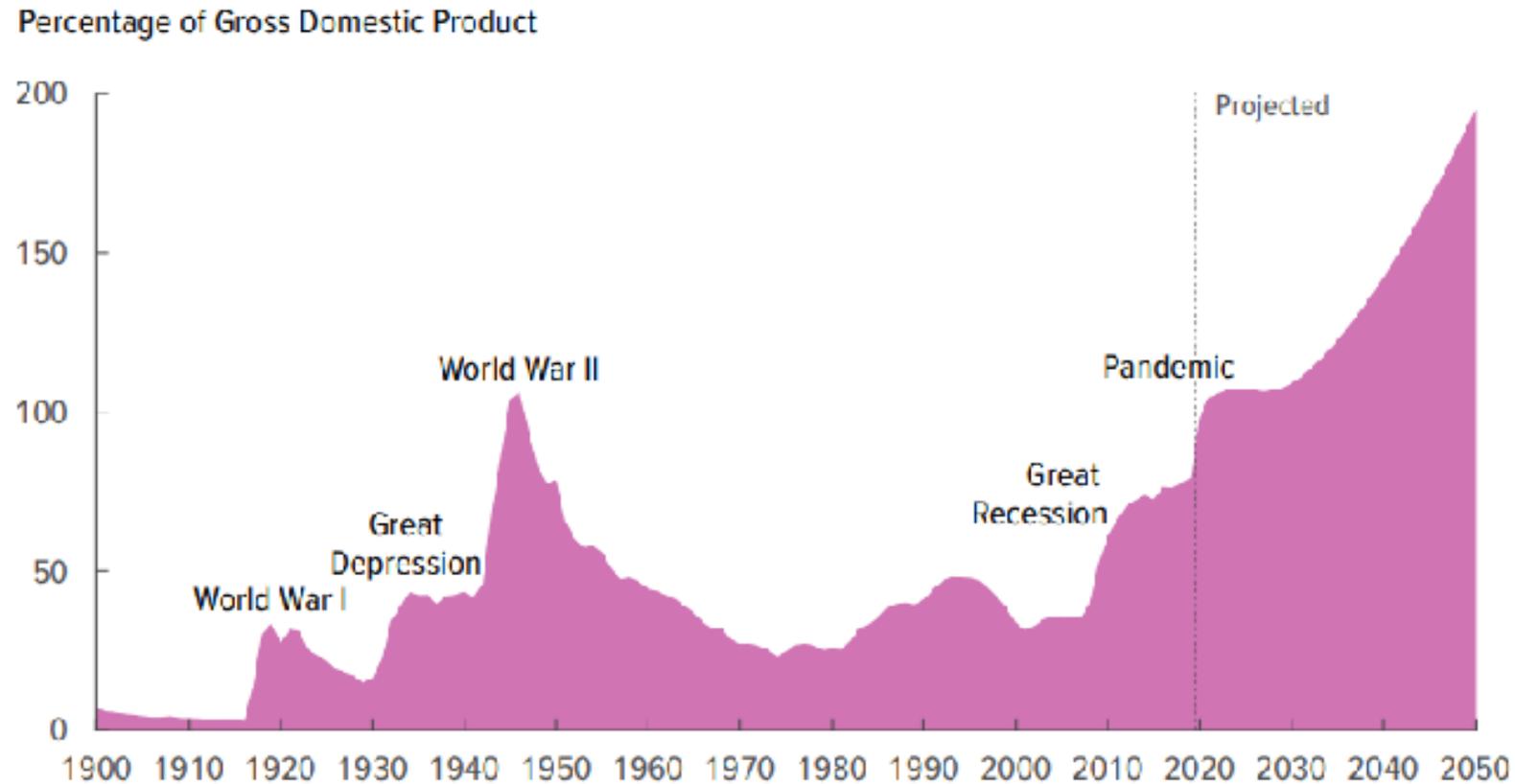
“All good things must
come to an end”

- The idea contained in the expression “all good things must come to an end” originated with Geoffrey Chaucer (1342-1400), the English poet who also wrote the Canterbury Tales.

Source: Grammerist

US National Debt

Federal debt held by the public is projected to equal 195% of GDP in 2050



Source: Congressional Budget Office, The 2020 Long-Term Budget Outlook, September 2020, ng/4/19/2020

Economic Indicator of the Year

Planet Money Podcast by NRP 12/29/21

- Inflation
- Supply Chain
- “Trillion” (Governmental Stimulus)
- Labor (Great Resignation, Upward Wage Pressure)
- “\$69.3M” Non-Fungible Token (Excess Money Looking for a Return – Bubbles)

Famous Presidential Words that have not aged well during the time of COVID – 19.

President Reagan's News Conference, August 12, 1986

- "The nine most terrifying words in the English language are: I'm from the Government, and I'm here to help. "

President Clinton's State of the Union Address, January 23, 1996

- "The era of big government is over."

THANK YOU