

OVERVIEW OF OTHER FUNDS IN THE STATE BUDGET

Presented to

**SOUTH CAROLINA HOUSE
WAYS AND MEANS COMMITTEE**

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By

Les Boles

Director, Budget Development



South Carolina Revenue and Fiscal Affairs Office

1000 Assembly Street

Rembert Dennis Building, Suite 402

Columbia, SC 29201

(803) 734-2265

www.rfa.sc.gov

FY 2016-17 GENERAL APPROPRIATION ACT

General Funds = \$7,579.5 million

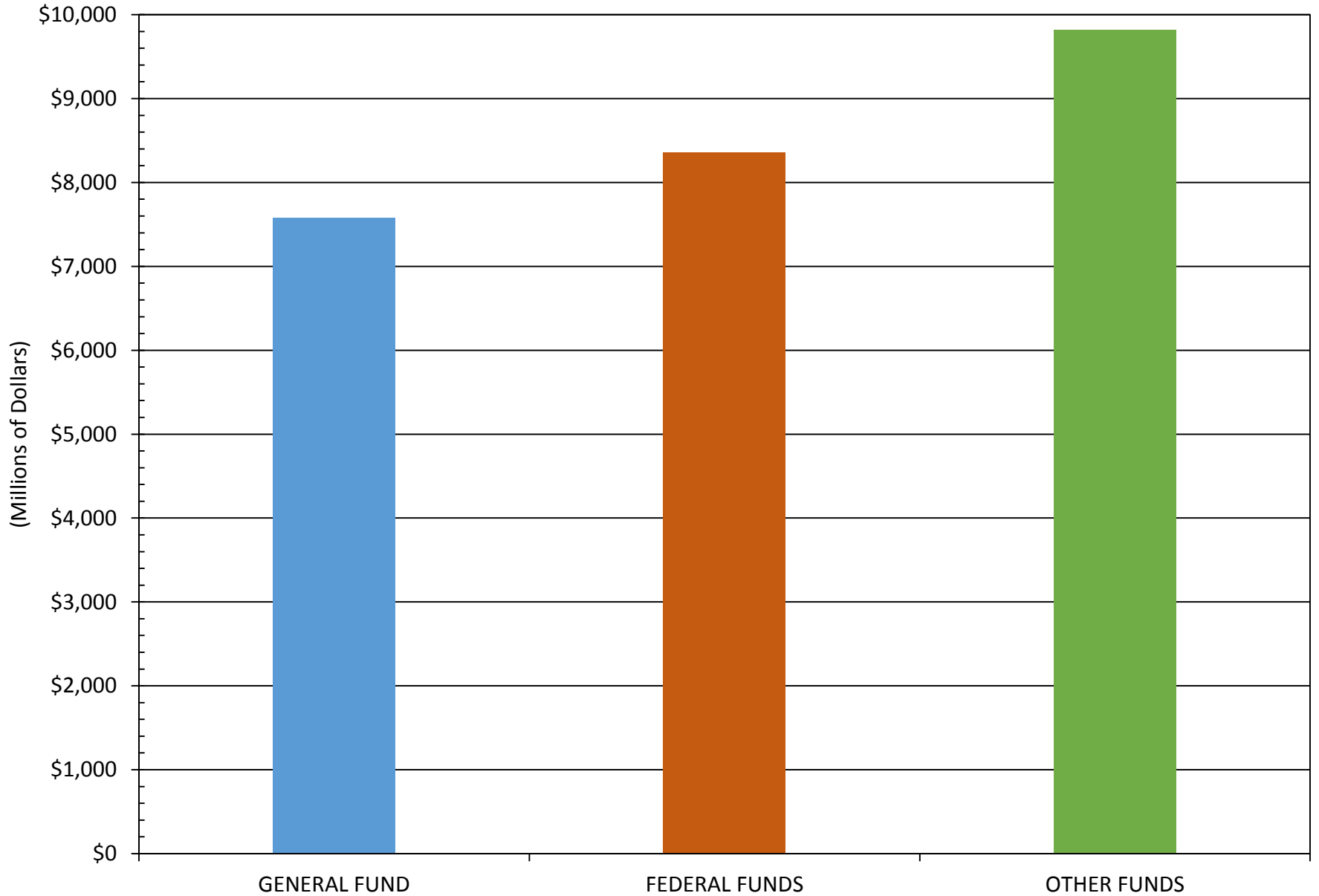
Other Funds = \$9,820.1 million

Federal Funds = \$8,359.3 million

Total Funds = \$25,759.0 million

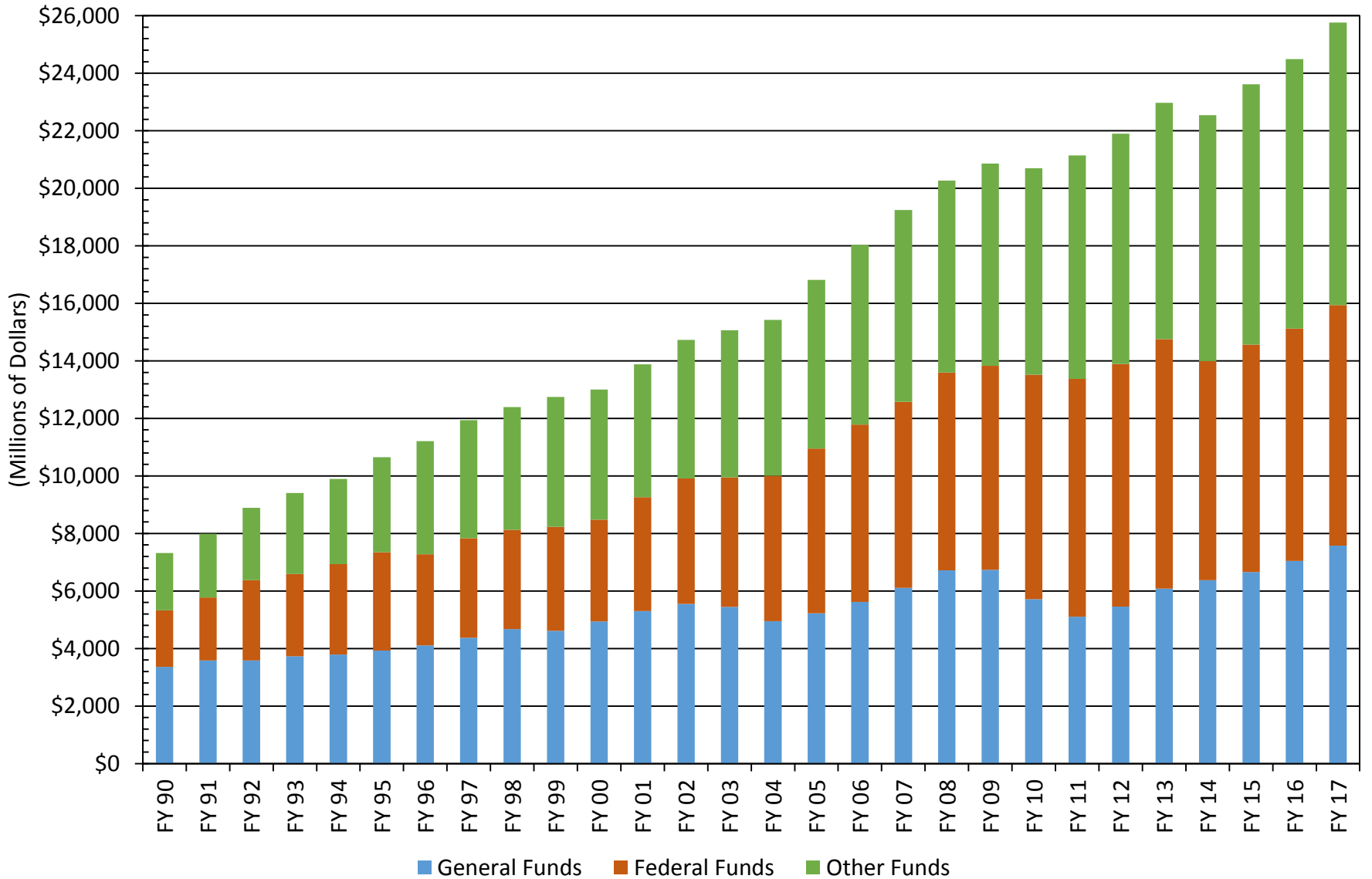


FY 2016-17 APPROPRIATIONS BY FUND

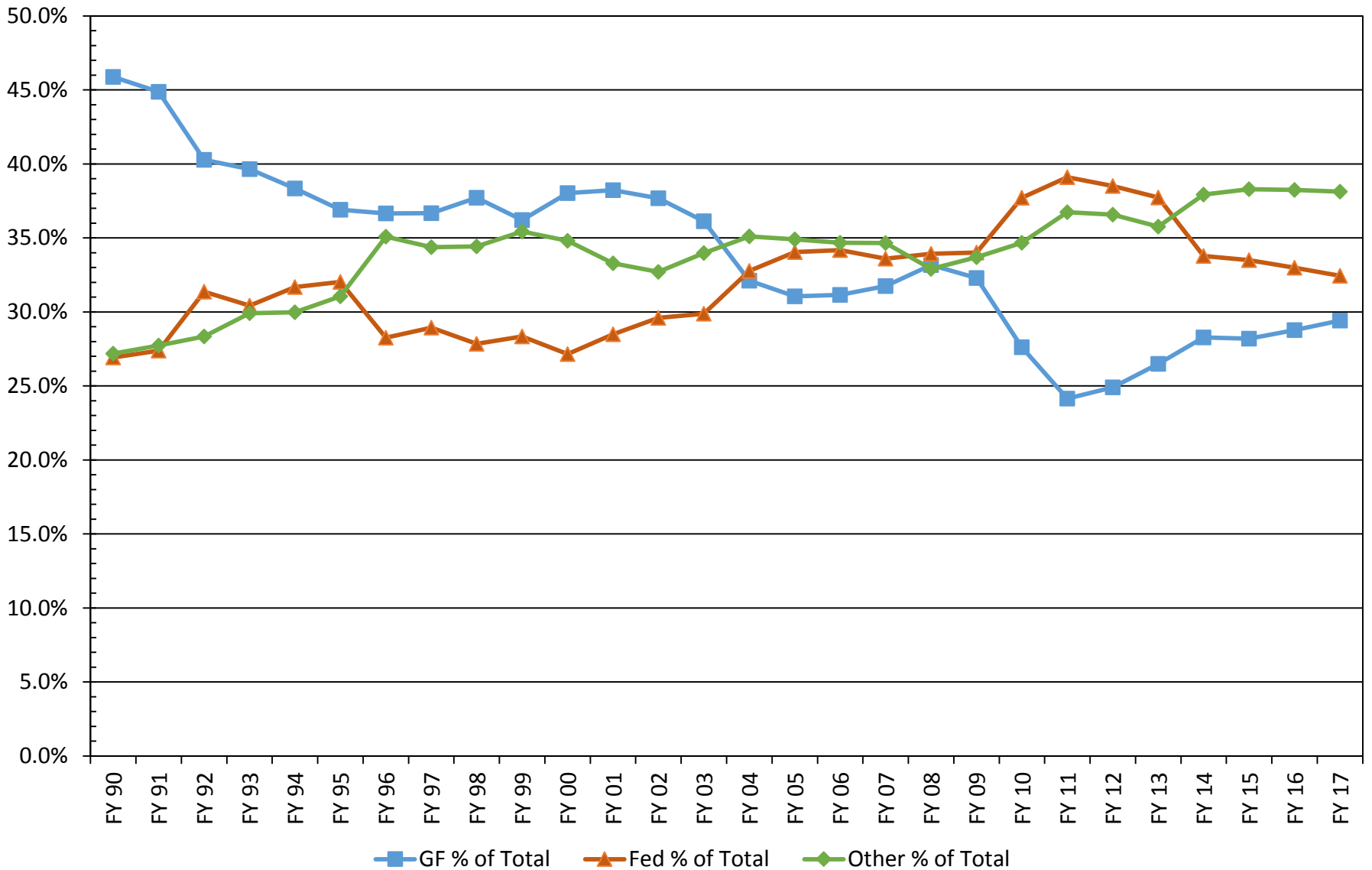


TOTAL APPROPRIATIONS BY FUND

FY 1989-90 to FY 2016-17



PERCENT OF TOTAL AUTHORIZATION BY FUND FY 90 to FY 17



South Carolina Code of Laws

SECTION 11-11-160

The General Assembly shall appropriate all state funds and authorize or appropriate, or both, the use of all federal and other funds for the operations of state agencies and institutions for the current fiscal year...



DEFINITIONS

- In general, Other Funds consists of a variety of revenues such as taxes, fees, tuition, licenses and other miscellaneous receipts.
- The largest revenue items in Other Funds are higher education tuition and fees and auxiliary services, state and federal motor fuel user fee revenue, EIA sales taxes, and Lottery proceeds.
- Other Funds are often categorized as either Earmarked or Restricted.
- The difference between Earmarked and Restricted is whether interest earnings on these funds accrue to the General Fund (Earmarked funds) or are retained by the Other Fund (Restricted funds).



Sources of Other Fund Revenue

- Taxes, Court Fines, Lottery
- Earned revenue from other state agencies, school districts, or local governments (ex. DOA-fleet management, state building rent)
- Earned revenue from private sector individuals or businesses, or clients/customers (ex. DNR boat registration fee, Higher Education tuition and fees, PRT park fees)
- Other (ex. sale of assets)

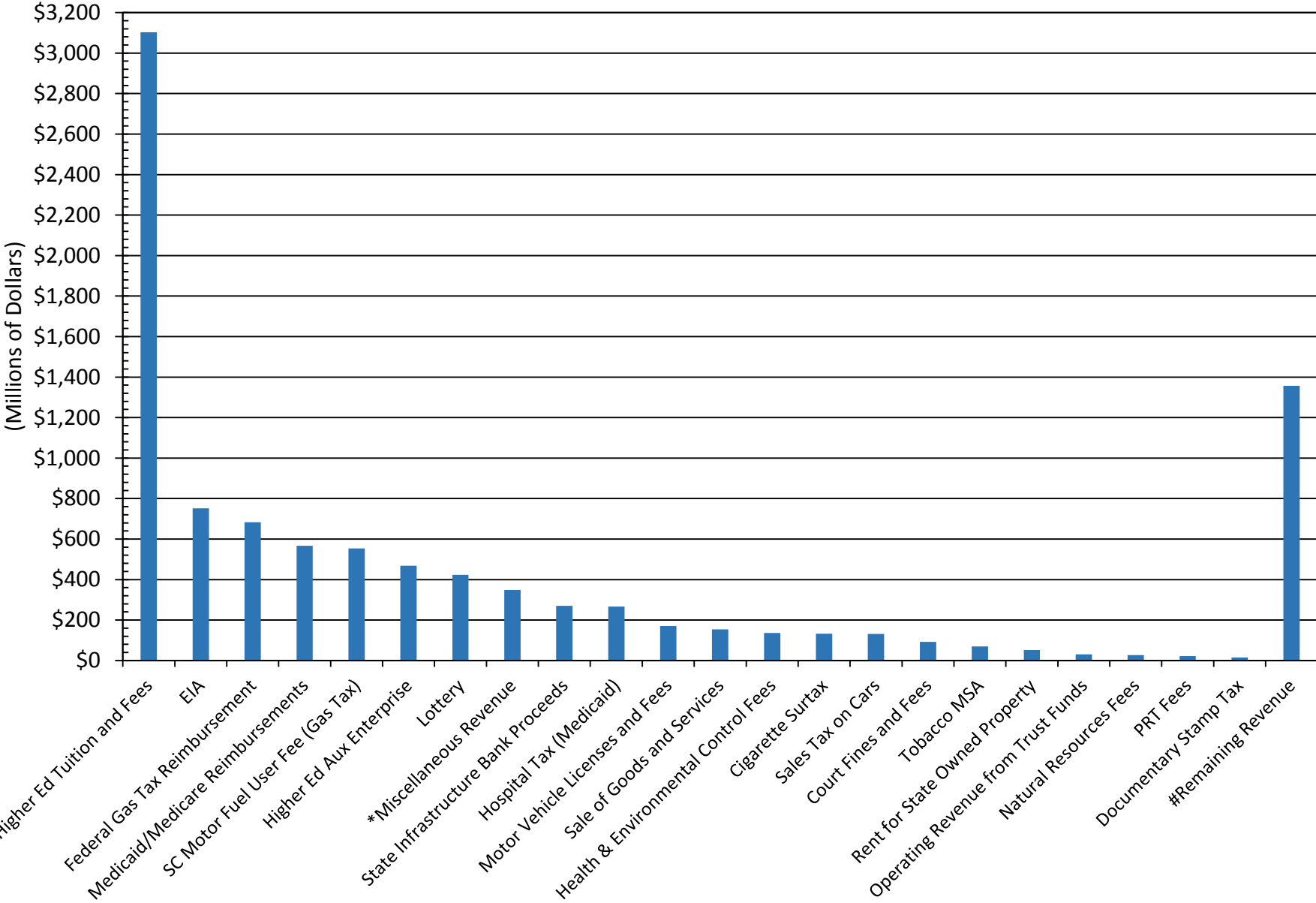


EXAMPLES OF OTHER FUNDS TAXES

- Taxes that appear in Other Funds:
 - Motor Fuel User Fees (\$553.4 million; Transportation, others)
 - EIA - 1% Sales Tax (\$751.6 million; Dept. of Education, others)
 - Documentary Stamp Tax (\$15 million; S.C. Conservation Bank, others)
 - Admissions Tax (\$10.5 million)
 - Bingo (\$3 million; PRT, Lt. Governor's Office)
 - Insurance Tax (\$3.2 million; Forestry Commission)
 - Cigarette Surcharge (\$133.0 million; Medicaid)
 - Electric Power Tax (\$28.2 million; Commerce)
- Some taxes are “off-budget” (trust funds) and therefore do not appear in appropriated totals:
 - Homestead Exemption Fund HEx) - 1% Sales Tax (property tax relief)
 - Unemployment Compensation Insurance Tax (\$451.8 million; unemployment benefits)



OTHER FUNDS REVENUE SOURCES



Source: Revenue and Fiscal Affairs Office - JCS 9/1/16

AUTHORIZATION VS REVENUE

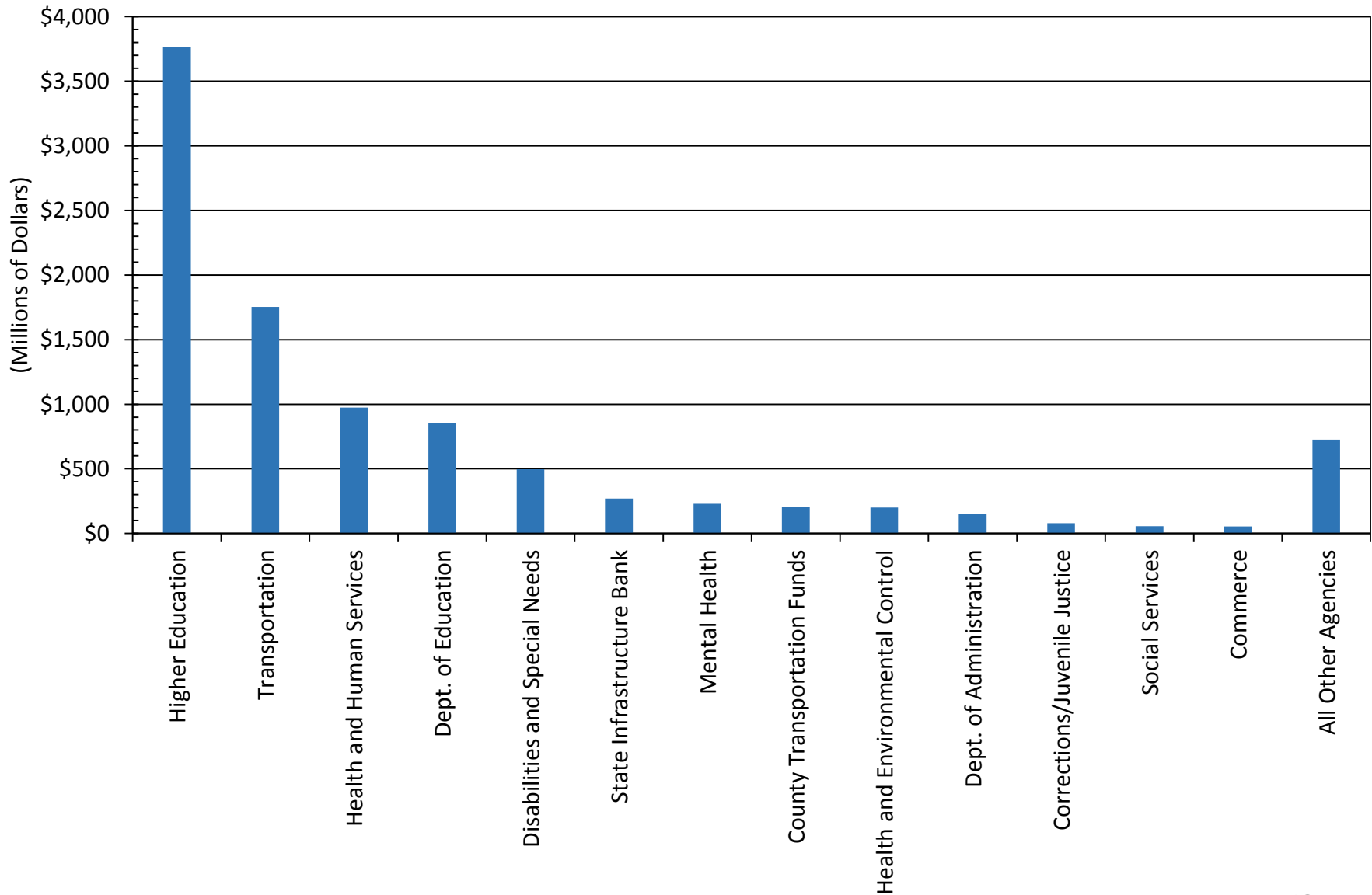
- In the Appropriation Act, General Fund appropriations equal budget authorization, which also equals revenue. The General Assembly balances General Fund Revenue and Appropriations.
- With Other Funds, however, agencies are granted an authorization, which may be higher or lower than actual revenue. Agencies can spend the lesser of actual revenue or the amount authorized in the budget. (In the event revenue exceeds authorization, agencies are usually allowed to retain these funds for use in future years.)
- The agencies with the largest Other Funds authorization are Higher Education, Transportation, Health and Human Services, Dept. of Education, and Dept. of Disabilities and Special Needs.



An agency must have both
revenue receipts (cash) and
authorization to spend Other
Funds



OTHER FUNDS AUTHORIZATION FY 2016-17



5 out of 106 Agencies Operate Solely on *General Funds*

- A01 - Senate
- A05 - House of Representatives
- A17 - Legislative Services
- D05 - Governor's Office - Executive Control of State
- D25 - Office of Inspector General



10 out of 106 Agencies Operate Solely on *Other* Funds

- A85 – Education Oversight Committee
- E19 – Retirement System Investment Commission
- P36 – Patriots Point Development Authority
- P40 – SC Conservation Bank
- R04 – Public Service Commission
- R12 – State Accident Fund
- R14 – Patients’ Compensation Fund
- R23 – Board of Financial Institutions
- U15 – Infrastructure Bank Board
- U200 – County Transportation Funds



Proviso 117.74 – Fines and Fees Report

- Sent to Ways and Means Committee and Senate Finance Committee
- Posted on agency websites
- Report Shall Include:
 - Statutory Authorization
 - Amount of fee or fine
 - Amount received by source
 - How the funds were used



Proviso 91.20 – Joint Other Funds Oversight Committee

- The committee shall review each agency request for interim increases in “Other Funds” budget authorization and recommend appropriate action



Governor's Executive Order 2016-22

Directs Agencies to prepare an Other Funds Report by November 1st. The report is to include:

- Statutory Authority
- Program/activity supported by the revenue
- Statutory authority to carry forward the revenue
- How the revenue is generated (fee, fine, or charge)
- Amount collected in the previous FY and estimates for current and upcoming FY
- Actual amount expended in previous FY
- Cash balance at end of previous FY
- Explanation of need for carry forward

