Three-Year General Fund Financial Outlook
FY 2025-26 to FY 2027-28

Prepared Pursuant to SC Code of Laws §11-11-350

South Carolina Revenue and Fiscal Affairs Office

December 2024

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Introduction

The Three-Year General Fund Financial Outlook is prepared by the South Carolina Revenue and Fiscal Affairs Office (RFA) in accordance with Section 11-11-350 of the S. C. Code of Laws, 1976. The Outlook is prepared based upon three-year expenditure reports provided by agencies that receive at least 1 percent of the General Fund budget and revenue assumptions by the S.C Board of Economic Advisors (BEA).

This report is intended to be used for illustrative purposes only. The Outlook should not be viewed as required funding, nor should it be viewed as an agency's future budget requests. The Outlook does not attempt to capture every agency's needs or budget requests. This document is preliminary and is subject to revision.

Key Points

- South Carolina's fiscal outlook remains positive, as the state's population growth is among the nation's highest due to net in-migration, especially with retirees.
- Economic development is also contributing to the state's growth.
- Employment and personal income are expected to return to long-term growth rates experienced prior to the pandemic years, resulting in growth in General Fund revenues.
- The State continues to increase its reserves to safeguard against an unexpected downturn in the economy. By FY 2027-28, total reserve funds will total approximately 10 percent of cumulated expenditures.
- In FY 2027-28, expected budgetary revenues are $1.33 billion (or 10.7 percent) above the FY 2024-25 base expenditures.

Table 1 – Three-Year General Fund Financial Outlook

(Dollars in Millions)	**FY 2024-25**	**FY 2025-26**	**FY 2026-27**	**FY 2027-28**
<u>Resources:</u>	**"Base Year"**			
Revenue	13,647.5	13,982.2	14,136.4	14,918.3
Tax Relief Trust Fund Transfer	(800.8)	(814.0)	(823.8)	(834.0)
General Reserve Fund Transfer	(24.3)	(99.7)	(60.0)	(22.5)
Income Tax Rate Reduction	(5.1)	(97.0)	(97.0)	(97.0)
Total Budgetary Revenue/Resources	**$12,817.3**	**$12,971.4**	**$13,155.5**	**$13,964.8**
<u>Recurring Expenditures (Incremental Change):</u>				
Constitutional/Statutory Items:				
Capital Reserve		17.6	(2.0)	9.6
Local Government Fund		14.6	9.9	11.4
Debt Service		34.2	40.4	40.4
Statewide Items:				
State Employee Health Plan (Retiree Growth + Rate Increase)		100.6	86.1	115.2
State Employee Compensation Changes (2 percent per year)		62.8	64.1	65.3
Agency Projected Expenditures*:				
(One Percent Agencies - Statutory or Mandated Expenses only)				
Recurring Agency Expenses		119.1	88.4	102.4
Nonrecurring Agency Expenses		20.2	12.2	0.2
Annual Expenditures		**$369.0**	**$299.0**	**$344.5**
Cumulative Increase over Base Year *		$369.0	$647.8	$980.1
Total Cumulative Expenditures	**$12,420.4**	**$12,789.4**	**$13,068.2**	**$13,400.5**
Recurring Balance for Other Appropriations		**$182.0**	**$87.3**	**$564.2**
Projected Reserve Funds		**$1,226.6**	**$1,284.7**	**$1,316.8**
Capital Reserve		$387.4	$385.4	$395.0
General Reserve		$839.3	$899.3	$921.8

Based on enacted FY 2024-25 Budget and Long-Range Revenue Forecast as of November 19, 2024
The Notes and Assumptions are an integral part of this Financial Outlook.
**Recurring expenses are on-going increases to the cumulative total; nonrecurring expenditures are one-year only.*

Table 2 – One Percent Agencies

Agency	FY 2024-25 General Fund Appropriations	Percent of FY 2024-25 General Fund Budget
SC Dept. of Education (SCDE)	$4,222,678,836	34%
SC Dept. of Health and Human Services (HHS)	$2,178,327,876	18%
SC Dept. of Corrections (SCDC)	$587,657,503	5%
Dept. of Social Services (DSS)	$316,109,514	3%
Dept. of Mental Health (DMH)	$306,168,286	2%
Univ. of South Carolina (USC)	$284,684,227	2%
SC Comprehensive Technical Education Board (Tech Board)	$240,522,776	2%
Clemson Univ. (Clemson)	$193,349,463	2%
Dept. of Public Safety (DPS)	$178,037,038	1%
Dept. of Juvenile Justice (DJJ)	$162,538,470	1%
Medical Univ. of SC (MUSC)	$147,543,318	1%
Dept. of Disabilities and Special Needs (DDSN)	$134,922,679	1%
Dept. of Public Health (DPH)	$127,935,963	1%
Dept. of Transportation (DOT)	$123,057,270	1%
Dept. of Motor Vehicles (DMV)	$118,551,833	1%
Dept. of Administration (Admin)	$117,732,742	1%
Total One-Percent Agencies	**$9,439,817,794**	**76.0%**

Table 3 - Total One Percent Agencies' Projected General Fund Expenditures

Annual Incremental Changes ***(Dollars in Millions)***

	FY 2025-26			FY 2026-27			FY 2027-28		
Agency	**Recurring**	**Non-Recurring**	**Total**	**Recurring**	**Non-Recurring**	**Total**	**Recurring**	**Non-Recurring**	**Total**
SCDE	$292.7	$0.0	$292.7	$47.0	$0.0	$47.0	$27.0	$0.0	$27.0
HHS	$89.1	$0.0	$89.1	$58.9	$0.0	$58.9	$92.9	$0.0	$92.9
SCDC	$17.6	$0.0	$17.6	$20.4	$0.0	$20.4	$10.0	$0.0	$10.0
DSS	$50.3	$18.6	$68.9	$3.2	$12.0	$15.2	$13.2	$0.0	$13.2
DMH	$41.0	$0.0	$41.0	$12.2	$0.0	$12.2	$3.6	$1.0	$4.6
USC	$111.3	$187.0	$298.3	$111.3	$187.0	$298.3	$111.3	$187.0	$298.3
Tech Board	$0.8	$0.0	$0.8	$0.8	$0.0	$0.8	$0.9	$0.0	$0.9
Clemson	$6.3	$0.0	$6.3	$6.3	$0.0	$6.3	$6.3	$0.0	$6.3
DPS	$1.9	$0.0	$1.9	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
DJJ	$4.5	$0.0	$4.5	$8.2	$0.0	$8.2	$5.4	$0.0	$5.4
MUSC	$1.5	$0.0	$1.5	$1.6	$0.0	$1.6	$1.6	$0.0	$1.6
DDSN	$10.8	$0.0	$10.8	$6.6	$0.0	$6.6	$0.6	$0.0	$0.6
DPH	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
DOT	$5.0	$200.0	$205.0	$0.0	$200.0	$200.0	$0.0	$200.0	$200.0
DMV	$20.0	$0.0	$20.0	$28.8	$0.0	$28.8	$21.0	$0.0	$21.0
Admin	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Total - Incremental	**$652.9**	**$405.6**	**$1,058.5**	**$305.4**	**$399.0**	**$704.4**	**$293.7**	**$388.0**	**$681.7**
Total - Cumulative*	**$652.9**	**$405.6**	**$1,058.5**	**$958.3**	**$399.0**	**$1,357.3**	**$1,252.0**	**$388.0**	**$1,640.0**

**Recurring expenses are on-going increases to the cumulative total; nonrecurring expenditures are one-year only.*

Table 4 – One Percent Agencies' Projected Statutory or Mandated General Fund Expenditures

These expenses are those identified by RFA as items required by statute or federal mandate only.

(Dollars in Millions)

Notes	Agency	FY 2025-26	FY 2026-27	FY 2027-28
	Recurring* (Incremental Changes)			
1	SCDE	$30.0	$30.0	$0.0
2	HHS	$89.1	$58.4	$92.4
3	DSS	$0.0	$0.0	$10.0
	Total - Recurring (Incremental)	$119.1	$88.4	$102.4
	Nonrecurring*			
4	DSS	$18.6	$12.0	$0.0
5	DDSN	$1.7	$0.2	$0.2
	Total - Nonrecurring	$20.2	$12.2	$0.2
	Grand Total (Incremental)	**$139.3**	**$100.6**	**$102.6**
	Grand Total (Cumulative*)	**$139.3**	**$239.9**	**$342.5**

**Recurring expenses are on-going increases to the cumulative total; nonrecurring expenditures are one-year only.*

Notes:

1 *Education Scholarship Trust Fund*

2 *Medicaid Assistance and Health Programs*

3 *Food Stamp Program*

4 *Food Stamp Program - nonrecurring*

5 *Financial Management - Medicaid Administration*

Assumptions About Resources and Revenues

Economic Forecast

The economic forecast is based on the BEA long-range General Fund revenue forecast as of November 19, 2024, which provides revenue estimates through FY 2027-28. While the state's economy and revenues are expected to continue to perform better than the nation, we anticipate growth will be below historical averages over the next two fiscal years, FY 2024-25 and FY 2025-26. However, expectations for FY 2026-27 and FY 2027-28 reflect a return to historical levels of revenue growth.

The forecasts for FY 2024-25 and FY 2025-26 include the following assumptions:

- Personal income will grow 4.3 percent for FY 2024-25 and 3.8 percent for FY 2025-26.

- The long-range forecast assumes a return to historical average growth in personal income and historical growth rates or patterns in revenue sources. Over the years from 2010 to 2019 following the great recession, personal income and employment grew an average of 4.9 and 2.1 percent each year, respectively.

- Gross General Fund revenue is expected to increase in FY 2026-27 and FY 2027-28 at rates of 3.1 and 3.5 percent, respectively. A return to historical levels of growth is anticipated in sales tax, individual income tax, and corporate income tax. Individual income tax withholdings are expected to grow by 4.3 percent each year, compared to 4.9 percent historically from FY 2010-11 to FY 2018-19. Sales tax is expected to grow 4.0 percent each year, compared to 4.3 percent historically.

Income Tax Rate Reduction

Act 228 of 2022 lowered the individual income tax marginal rate from the previous 4 percent, 5 percent, and 6 percent brackets to 3 percent and lowered the previous 7 percent bracket to 6.5 percent in tax year 2022. Further, based on General Fund revenue growth, the 6.5 percent rate will be reduced by an additional 0.1 percent per year beginning in tax year 2023 until the rate is lowered to 6 percent.

The top marginal tax rate for 2024 was lowered an additional 0.1 percent below the statutory schedule from 6.3 percent to 6.2 percent in the FY 2024-25 budget for one year. For the following year, the tax rate for 2025 reverts to the statutory rate schedule and is expected to be lowered from 6.3 percent to 6.2 percent based on projected growth as of November 2024. The annual incremental General Fund revenue impact of the anticipated reduction from 6.3 percent to 6.2 percent is $5,079,000 for FY 2024-25 and

$97,031,000 for FY 2025-26. The impact in future years will depend on whether growth in revenue over the base budget is sufficient to enact subsequent rate reductions. Given that the base budget may be impacted by legislative changes, the timing of future rate reductions is unknown.

Income Tax Top Marginal Rate

Tax Year	Fiscal Year	Projected Top Marginal Tax Rate
2022	FY 2022-23	6.5%
2023	FY 2023-24	6.4%
2024	FY 2024-25	6.2%
2025(e)	FY 2025-26	6.2%

(e)-Estimate; rate will depend on annual growth in revenue over the base budget expenditures.

Distribution of Recurring Appropriations

After allocations for insurance, employer contributions for retirement systems, and base pay increases, 17 agencies received 1 percent or more of the General Fund recurring appropriations for FY 2024-25. Appropriations for these agencies totaled $9.4 billion, or 76.0 percent of all General Fund recurring appropriations. Other appropriations greater than 1 percent went to Aid to Subdivisions, the Capital Reserve Fund, and Debt Service, which accounted for 2.7, 3.0, and 3.0 percent, respectively. The remaining 16.9 percent, or $2.1 billion, was distributed among other agencies.

Reserve Funds

The State maintains two main reserve funds, the General Reserve Fund and the Capital Reserve Fund, to safeguard against unexpected budget shortfalls. The balances required for these two funds are determined by statute and are dependent upon the actual General Fund budgetary revenue collected during the previously completed fiscal year. Should revenue performance differ significantly from current projections, the contribution requirements to the reserve funds will change.

General Reserve Fund

The General Reserve Fund serves as a savings account that may only be used to cover operating deficits of state government. With the passage of Act 238 of 2022, the General Assembly voted to increase the funding requirement to 7 percent (phased in over four years), which was later approved by public referendum. The applicable rate increased to 5.5 percent for FY 2023-24 and will increase one-half of 1 percent until the rate reaches 7 percent in FY 2026-27. This analysis assumes that the General Reserve Fund will not be needed to cover any year-end deficit during the forecast period. The following table displays the estimated funding obligation for the next three fiscal years.

Projected General Reserve Fund

	FY 2025-26	FY 2026-27	FY 2027-28
Percent of Revenue	6.5%	7%	7%
General Reserve Fund	$839,262,964	$899,268,078	$921,769,343

(Note: Amounts subject to change depending on actual revenues.)

Capital Reserve Fund

The Capital Reserve Fund (CRF) is a budgetary account used to offset budget deficits and to replenish, when needed, the required amount in the General Reserve Fund. If not used for either purpose, the CRF may be appropriated for the following: (1) to finance in cash previously authorized capital improvement bond projects, (2) to retire the interest or principal on bonds previously issued, or (3) for capital improvements or other nonrecurring purposes. Act 238 of 2022 also increased the funding requirement for the CRF from 2 percent to 3 percent of budgetary revenue beginning FY 2023-24. The following table displays the projected Capital Reserve Fund requirements for the next three fiscal years.

Projected Capital Reserve Fund

	FY 2025-26	FY 2026-27	FY 2027-28
Percent of Revenue	3%	3%	3%
Capital Reserve Fund	$387,352,137	$385,400,605	$395,044,004

(Note: Amounts subject to change depending on actual revenues.)

Statewide Expenditures

Local Government Fund

The Local Government Fund (LGF) is a statutorily defined appropriation of funds to counties and municipalities from the General Fund. Act 84 of 2019 amended the formula used to calculate the annual appropriation. Under the new formula, the annual appropriation is determined by the growth in the BEA General Fund revenue projection for the planning year over the current fiscal year's appropriation base. The current LGF is to be increased by the same growth rate, up to a maximum of 5 percent. The formula change was to take affect beginning in the FY 2020-21 budget. However, the pandemic hindered the budget development process in the spring of 2020, and the state operated under a Continuing Resolution that extended funding levels for state government into FY 2020-21. Therefore, the new funding formula was not incorporated until the FY 2021-22 budget.

The LGF is distributed to counties and municipalities based on decennial Census population. Counties receive 83.278 percent of the fund, and municipalities receive the remaining 16.722 percent. Fifty cents per capita is withheld from the portion of the LGF allotted to counties per §44-6-146 for Medicaid services.

The growth rate for revenues over appropriations for FY 2025-26 is 6.02 percent; therefore, the increase to the LGF is capped at 5 percent. Based on current revenue forecasts, the increase to the LGF is projected to be 3.2 percent for FY 2026-27 and 3.6 percent for FY 2027-28. Annual increases for FY 2025-26, FY 2026-27, and FY 2027-28 are $14.6 million, $9.8 million, and $11.4 million, respectively, based on revenue growth alone. However, the actual increases will depend on annual growth in revenue over the base budget expenditures.

Projected Local Government Fund Formula Funding

	FY 2025-26	**FY 2026-27**	**FY 2027-28**
Estimated Growth	5%	3.2%	3.6%
Local Government Fund	$305,896,242	$315,750,756	$327,178,481

Debt Service

Future debt service needs are estimated by the State Treasurer's Office for planning purposes. This analysis assumes that debt service will continue to be funded at the current level of $143.9 million in the appropriations act. In FY 2024-25, $5,151,700 of the excess debt service appropriation was used to fund nonrecurring items. Annual funding requirements for FY 2025-26, FY 2026-27, and FY 2027-28 are $34.2 million, $40.4 million, and $40.4 million, respectively. However, the actual amounts may vary.

Projected Debt Service

	FY 2025-26	**FY 2026-27**	**FY 2027-28**
Debt Service	$34,162,021	$40,358,071	$40,350,921

Trust Fund for Tax Relief

The Trust Fund for Tax Relief provides for reimbursements for various local property tax exemptions. Section 11-11-150 requires RFA to deduct an amount sufficient from state Individual Income and Corporate Income Tax revenue to pay these reimbursements. As of the November 19, 2024, BEA forecast, the projected reimbursements for FYs 2025-26, 2026-27, and 2027-28 are $814,021,523, $823,845,232, and $834,027,825 respectively.

Homestead Exemption Fund

The Property Tax Reform Act, Act 388 of 2006, eliminated all school operating taxes on owner-occupied homes and implemented a one-cent state sales tax to replace the reduced property tax revenue stream. The new revenue from the one-cent sales tax increase is earmarked for the Homestead Exemption Fund, which is used to reimburse school districts for the property tax revenue loss. The funding formula requirement is based on inflation plus a population growth factor. The Act provides that, should there be a shortfall of revenue in the Homestead Exemption Fund, the deficit will be funded using General Fund revenue.

Currently, the Homestead Exemption Fund is forecasted to be fully funded from the one-cent sales tax revenue. However, if the state experiences an economic downturn, it may become necessary to appropriate General Funds.

Statewide Employee Benefits

The Public Employee Benefits Administration (PEBA) operates the State Health Plan and provided the estimated General Fund amounts needed for retiree growth and health plan increases. The following table displays these estimates.

State Health Plan Projected General Fund Expenditures

	FY 2025-26	FY 2026-27	FY 2027-28
Annualization of Previous Calendar Year Rate Increase (July-December)	$75,861,619	$29,166,285	$54,391,383
Upcoming Year Employer Rate Increase (January-June)	$29,166,285	$54,391,383	$58,198,779
Fiscal Year Retiree Enrollment Growth (July-June)	$1,578,706	$2,555,380	$2,568,156
Total	**$106,606,610**	**$86,113,048**	**$115,158,318**

PEBA provided the following information associated with the projections:

- Retiree Growth and Rate Increase:
  - Calendar year 2025 employer base (State funds only) is $1,495,706,932.
  - Annualization involves funding for the final six months (July-December) of the increase effective the prior January.
  - Employer rate increase involves funding for the first six months (January-June) of the increase effective January of the fiscal year; and

- Projected annual premium growth rate effective each year equals 3.9 percent in January 2026, 7.0 percent in January 2027, and 7.0 percent in January 2028.

- The projections assume the employer pays the same proportion that is in place in January 2025 for 2026, 2027 and 2028.
- Retiree growth for FY 2025-26 is estimated at 0.3 percent, and for FY 2026-27 and FY 2027-28 retiree growth is estimated at 0.5 percent per year net growth.

Statewide Employee Salaries

The Department of Administration (Admin) provided the total General Fund salaries for all state employees for FY 2023-24, which totals $2,095,778,707. Admin specified the FY 2023-24 total does not include data for SC State or the Jobs Economic Development Authority (JEDA), as both entities do not have salary information within SCEIS. In FY 2024-25, the General Assembly funded a base pay increase of $1,123 for employees earning up to $50,000 and a 2.25 percent increase for employees earning over $50,000. Assuming an average fringe and benefits package of 48 percent and a growth rate of 2 percent annually, the following table displays the anticipated increases in employee salaries for FY 2025-26 through FY 2027-28.

Projected Statewide Employee Salaries General Fund Increase

FY 2024-25	$61,570,000
FY 2025-26	$62,801,000
FY 2026-27	$64,057,000
FY 2027-28	$65,338,000

One Percent Agencies' Projected General Fund Expenditures

The following section provides summaries of the three-year General Fund expenditure expectations submitted to RFA by those agencies that received 1 percent or more of the General Fund appropriations for FY 2024-25, pursuant to §11-11-350.

South Carolina Department of Education (SCDE)

SCDE was appropriated $4,222,678,836 in General Funds, which represents 34 percent of the total General Funds appropriated. The following table includes SDE's anticipated increases in General Fund expenditures.

SCDE Projected General Fund Increase in Recurring Expenditures

		FY 2025-26	FY 2026-27	FY 2027-28
1	Bus Purchases	$35,000,000	$0	$0
2	Instructional Material	$20,000,000	$15,000,000	$25,000,000
3	Math Resources and Support	$1,000,000	$1,000,000	$1,000,000
4	Reading	$6,728,974	$1,000,000	$1,000,000
5	Education Scholarship Trust Fund	$30,000,000	$30,000,000	$0
6	State Aid to Classrooms	$200,000,000	$0	$0
	Total	**$292,728,974**	**$47,000,000**	**$27,000,000**

SCDE provided details on the driving factors for each of these increased expenses as detailed below:

1. The agency is required to replace one-fifteenth of the bus fleet every year under Act 79. The increase will allow the agency to maintain that replacement requirement.

2. The marketplace for instructional materials continues to shift away from the traditional textbook and move toward digital resources. The additional spending will coincide with the agency's goal to ensure every student has access to high quality instructional materials.

3. The Department of Education wants 75 percent of the state's students to be at or above grade level in reading, writing and math by 2030. The increase in funding will be used to support the Palmetto Math project, which seeks to provide support in Instructional Coaching, High Quality Instructional Materials, High Quality Professional Learning, and High Dose Tutoring to the lowest-performing schools.

4. The Department of Education wants 75 percent of the state's students to be at or above grade level in reading, writing and math by 2030. The increase in funding will continue to support the Palmetto Literacy Project which seeks to provide support in Instructional Coaching, High Quality Instructional Materials, High Quality Professional Learning, and High Dose Tutoring to the lowest-performing schools.

5. Annual increase required to fully fund the Education Scholarship Trust per §59-8-120.

6. SCDE indicates that the most impactful in-school factor affecting student success is the effectiveness of the classroom teacher. The additional State Aid to Classrooms funding will be used to boost starting pay for teachers and allow South Carolina to compete for the best educators within the southeast.

SCDE did not report any one-time projected General Fund expenditures for the next three years.

Department of Health and Human Services (HHS)

HHS was appropriated $2,178,327,876 in General Funds, which represents 18 percent of the total General Funds appropriated. The following table includes HHS's anticipated increases in General Fund expenditures.

HHS Projected General Fund Increase in Recurring Expenditures

		FY 2025-26	FY 2026-27	FY 2027-28
Medicaid Assistance	Coordinated Care	($6,227,544)	$10,492,966	$10,681,839
	Hospital	$3,164,335	$2,983,968	$3,052,600
	Disproportionate Share (DSH)	$0	$0	$0
	Nursing Home	$16,360,920	$7,557,796	$7,784,529
	Pharmacy	$3,353,990	$2,897,035	$3,157,767
	Physicians	$2,620,403	$1,324,228	$1,381,171
	CLTC	$29,511,462	$13,437,020	$14,579,166
	Children's Community Care	($447,221)	$835,146	$908,639
	Dental	($4,029,962)	$1,868,729	$1,934,135
	Clinic	$223,542	$852,267	$888,915
	Transportation	$4,964,151	$1,506,898	$1,564,160
	Medical Professionals	$1,844,138	$622,064	$648,813
	Durable Medical Equipment	($3,643,458)	$569,980	$594,490
	Lab/X-Ray	$916,564	$231,886	$241,857
	Family Planning	$3,491,665	$104,750	$107,892
	Hospice	$403,491	$262,085	$272,568
	PACE	$238,606	$269,013	$278,429
	EPSDT	$342,305	$46,964	$48,984
	Home Health	$406,402	$346,574	$365,635
	OSCAP	($759,882)	$0	$0
	Behavioral Health Services	$561,331	$1,189,393	$1,086,321
	OSS	($1,008,461)	$0	$0
	Premiums Matched	$7,530,714	$10,742,653	$13,888,055
	MMA Phasedown	$250,669	$19,490,312	$17,700,748
	Premiums 100%	$4,306,313	$2,375,388	$3,158,926
	Babynet	$1,551,346	$0	$0
Health Programs	State Agencies and Other Entities	$13,159,972	($17,368,604)	$4,593,498
	Returning Medical Contracts	$10,000,000	($4,242,035)	$3,498,694
Operating Expense	Other Operating Expense	$0	$508,875	$518,922
Total		**$89,085,791**	**$58,905,351**	**$92,936,753**

HHS listed four main cost drivers related to Medicaid services:

- Enrollment,
- Utilization,
- Reimbursement, and
- Service Package Array

Based on these drivers, the agency reviewed population growth and realignment, provider billing behavior, provider rates, federal regulations, and financial participation annually to determine future costs. HHS noted that it contracts with an actuarial firm for technical health care expertise to develop sound assumptions for the extended projections. The agency also commented that if there is a change in the underlying assumptions, the projections will change. Specifically, these projections anticipate the Federal Medical Assistance Percentages (FMAP) will remain flat throughout the forecasted period. If FMAP rates change drastically, the outcome of the projections will be materially impacted.

HHS also provided specific major planning assumptions as follows:
FY 2025-26

- The Public Health Emergency (PHE) ending and subsequent runout to review eligibility may result in a larger-than-projected number of member months and associated costs depending upon the review process and returned applications.
- Assumes funding for submitted decision packages in budget request for rate increases and cost-of-living adjustments in order to maintain access to key provider groups.
- Assumes reduction to DSH because of the Health Access and Workforce Quality state directed payment.
- Assumes savings from change in pharmaceutical methodology.
- Accounts for continued census growth in community long-term care waiver programs.
- Accounts for growth in transportation program.
- Accounts for growth in Medicare premiums based upon information provided in the FY 2023-24 Medicare Trustee Report.

FY 2026-27 and FY 2027-28

- Anticipated increase of approximately 1 percent in the managed care and fee-for-service population. Assumes managed care services and eligible population remain the same.
- Assumes continued savings from change in pharmaceutical methodology; however, 5 percent unit cost pharmacy inflation still applies.
- Assumes no additional rate increases or new initiatives outside of those specified in the FY 2025-26 budget request, with the exception of annually scheduled cost-of-living adjustments.

- Accounts for continued growth in the community long-term care waiver programs.
- Accounts for growth in the transportation program based on the consumer price index.
- Accounts for continued growth in Medicare premiums based upon information provided in the FY 2023-24 Medicare Trustees Report.

HHS did not report any one-time projected General Fund expenditures for the next three years.

Department of Corrections (SCDC)

SCDC was appropriated $587,657,503 in General Funds, which represents 5 percent of the total General Funds appropriated. The following table includes SCDC's anticipated increases in General Fund expenditures.

SCDC Projected General Fund Increase in Recurring Expenditures

	FY 2025-26	FY 2026-27	FY 2027-28
Contract	$1,251,811	$1,289,365	$1,328,046
Supplies	$2,088,378	$2,151,029	$2,215,560
Fixed	$291,512	$300,257	$309,265
Electricity/Utilities	$209,661	$211,758	$213,875
Capital Projects	$12,009,803	$14,671,957	$4,068,240
Case Services (Medical)	$1,750,166	$1,820,172	$1,892,980
Total	**$17,601,330**	**$20,444,538**	**$10,027,966**

SCDC applied a 3 percent annual inflation factor to contracts, supplies, and fixed expenses, a 1 percent annual inflation factor to electricity/utilities, and a 4 percent annual inflation to case services. Capital projects increases are per the comprehensive permanent improvement plan submitted in FY 2023-24.

SCDC did not report any one-time projected General Fund expenditures for the next three years.

Department of Social Services (DSS)

DSS was appropriated $316,109,514 in General Funds, which represents 3 percent of the total General Funds appropriated. The following table includes DSS's anticipated increases in General Fund expenditures.

DSS Projected General Fund Increase in Recurring Expenditures

	FY 2025-26	FY 2026-27	FY 2027-28
Agency Administration	$524,474	$0	$0
Information Resource Management	$2,233,955	$0	$0
Program Management - Children's Services	$290,000	$0	$0
Program Management - Adult Services	$1,200,000	$0	$0
Child Protective Services	$166,001	$0	$0
Foster Care	$7,934,684	$165,466	$178,968
Adoptions	$120,000	$0	$0
Adult Protective Services	$470,000	$0	$0
Employment and Training Services	$400,000	$0	$0
Food Stamp Assistance Program	$0	$0	$10,000,000
Family Preservation	$0	$0	$0
Battered Spouse	$0	$0	$0
Pregnancy Prevention	$0	$0	$0
Child Care	$32,000,000	$0	$0
Prevention Services	$5,000,000	$3,000,000	$3,000,000
Total	**$ 50,339,114**	**$3,165,466**	**$13,178,968**

The agency provided the following information on cost drivers and federal mandates that were considered when estimating projected expenditures:

- Foster Care and Other Rate Adjustments: DSS intends to continue to support foster and kinship families as they provide stable homes to South Carolina foster children, which requires rate increases to meet the USDA guidelines for the cost of raising a child in the southeast region. Child placing agencies (CPAs) also provide regular foster care services and support, and the costs to provide these services continue to rise each year. Increased funds support the recruitment and retention of foster parents, address the increasing complex mental health needs of children in foster care, and pay for the required staffing to support the work of foster care.

- Federal Medical Assistance Percentage (FMAP) Adjustment: For Title IV-E eligible foster care placements, the FMAP rate is used to compute the amount of uncapped federal IV-E dollars that can be drawn down for foster care maintenance and is adjusted by the federal government annually. Changes in the

FMAP will impact available funds. Reductions in foster care placements, reductions in the average duration of foster care episodes, and continued shifts to family-like settings for foster care such as kinship foster care, could partially offset the increases in state costs associated with FMAP decreases over time. To the extent that reductions in placement costs specified above do not offset a reduction in the state's FMAP rate, additional General Funds may be required in the future.

- Economic Service System Application Modernization: The current SNAP and TANF System is a 36-year-old, legacy mainframe system, responsible for determining eligibility and issuing benefit payments to over 300,000 households and over 630,000 individuals, receiving nearly $1.5 billion in annual benefit payments. Due to the age of the system, the agency no longer has the ability to make system changes and provide appropriate enhancements to improve client experience, benefit timeliness, or program integrity and operational efficiency or effectiveness, posing major risks to the State.

DSS also estimated that the Food Stamp Assistance Program will require additional nonrecurring expenditures over the next three years. The agency estimated an expense of $18,590,812 in FY 2025-26 and $12,000,000 in FY 2026-27.

Department of Mental Health (DMH)

DMH was appropriated $306,168,286 in General Funds, which represents 2 percent of the total General Funds appropriated. The following table includes DMH’s anticipated increases in General Fund expenditures.

DMH Projected General Fund Increase in Recurring Expenditures

			FY 2025-26	FY 2026-27	FY 2027-28
State Mandated Programs	1	State of South Carolina's Forensic Hospital	$13,762,000	$750,000	$750,000
	2	Sexually Violent Predator Treatment Program	$2,000,000	$500,000	$500,000
	3	Statewide Alternative Transportation Program	$4,500,000		
	4	Psychiatric Residential Treatment Facilities (PRTF)	$500,000	$4,760,000	
Federally Mandated Programs	5	Assertive Community Treatment (ACT)	$1,100,000		
	6	Second Mobile Crisis teams statewide	$817,000	$817,000	$817,000
	7	Housing coordinators	$557,000		
	8	Peer-Support staff	$400,000		
	9	Peer-Support Living Room	$180,000		
Inpatient Services Hospital Bed Capacity	10	Patrick B Harris Psychiatric Hospital	$7,000,000		
	11	G. Werber Bryan Psychiatric Hospital	$5,400,000		
Community Support	12	Community Hospital Bed Days	$2,000,000		
	13	Columbia Crisis Stabilization Unit	$1,000,000		
	14	Out of Home Placements	$1,000,000		
	15	Berkeley and Orangeburg County Jail Based Programs	$800,000		
Other	16	Suicide Prevention		$800,000	
	17	Information Technology		$4,600,000	
	18	Inpatient Services - Capacity Stabilization			$1,500,000
Total			**$41,016,000**	**$12,227,000**	**$3,567,000**

The agency provided the following information on cost drivers and issues that were considered when estimating projected expenditures:

1-4: Due to the increasing demands for evaluation and treatment within these programs, the agency forecasted the increased costs to maintain the services requested by the state.

5-9: Beginning in January 2022, the Department of Justice (DOJ) began an investigation into an allegation that the state violated the Americans with Disabilities Act (ADA) by unnecessarily housing patients in community residential care facilities. The parties have entered into negotiations relative to this investigation and DOJ's issued report. The above costs reflect the funds needed to provide the services that will be required as part of a settlement.

10-11: The agency has been using nonrecurring cash reserves to support these facilities. The increased General Fund expenditures reflect the cost to maintain existing services.

12-15: These projected General Fund expenditures are what the agency anticipates will be the increased expense to maintain the same level of services.

16: This increase represents the funding needed to sustain the current program, including operating costs, personnel, contacts, office space, and marketing.

17: The agency anticipates this increase will ensure that DMH can fortify its network infrastructure, including covering the rising costs of contractual service maintenance, cloud-based services, network security, and other such items. This also includes $1,100,000 for shared services expenses and annual server equipment required for the transition to 400 Otarre Parkway.

18: The increase reflects an increase in expenditures due to inflation and maintenance of effort.

In addition to the anticipated increases in recurring expenditures, DMH anticipates a nonrecurring expenditure of $1,000,000 in FY 2027-28 for one-time maintenance expenses for the PRTF.

University of South Carolina (USC)

USC was appropriated $284,684,227 in General Funds, which represents 2 percent of the total General Funds appropriated. The following table includes USC's anticipated increases in General Fund expenditures.

USC Projected General Fund Increase in Recurring Expenditures

FY 2025-26	FY 2026-27	FY 2027-28
$111,332,000	$111,332,000	$111,332,000

USC states these increases reflect the typical increase the university experiences in order to continue to meet the needs of the state. These projections may change depending upon FY 2025-26 funding decisions and any changes to current market conditions.

Additionally, USC anticipates a nonrecurring expenditure of $187,000,000 each fiscal year for the next three years for maintenance, renovations, and other such items.

State Board for Technical and Comprehensive Education

The State Tech Board that operates the SC Technical College System was appropriated $240,522,776 in General Funds, which represents 2 percent of the total General Funds appropriated. The following table includes the Tech Board's anticipated increases in General Fund.

State Tech Board Projected General Fund Increase in Recurring Expenditures

FY 2025-26	FY 2026-27	FY 2027-28
$9,757,752	$10,148,062	$10,553,985

The Tech Board made the following assumptions for its projections:

- FY 2023-24 serves as the base year for the state funding support level: State appropriations are approximately 8.14 percent of funding needed to support operations for the sixteen technical colleges and the system office.
- Anticipation that tuition revenue will continue to provide the remainder of support for other expense increases: Due to increased enrollment by 2.28 percent from Spring 2023 to Spring 2024, tuition revenue increased system wide. The previous two years maintained steady enrollment at approximately 70,000 students.
- Lottery funding for student aid: Technical colleges rely on lottery funds. Projections assume that lottery funds will remain the same for all financial aid sources.
- Assumes state funds will remain constant through FY 2027-28 - Even though this may not be the case, the agency has no basis for reductions at this time. Further maintenance of effort funds will be needed should state funds decline.
- Unemployment has always been a key driver for technical college enrollment. The unemployment rate for August 2024 was 4.3 percent, compared to 2.9 percent in August 2023. Normally, when unemployment rates are high, enrollment increases. However, due to the increase in scholarships offered throughout the technical college system, enrollment may rise.

Clemson University

Clemson was appropriated $193,349,463 in General Funds, which represents 2 percent of the total General Funds appropriated. The following table displays Clemson's projected General Fund expenditures for the next three years.

Clemson Projected General Fund Increase in Recurring Expenditures

FY 2025-26	FY 2026-27	FY 2027-28
$6,300,000	$6,300,000	$6,300,000

Clemson's projected increase in expenditures is based upon the total education and general operating costs multiplied by the Higher Education Price Index forecast, then multiplied by the percentage of in-state undergraduate students versus total undergraduate students. The estimate does not include capital or nonrecurring expenses or new programs. Also not included are any mandated cost-of-living adjustments and bonuses.

Clemson also anticipates that continued growth in enrollment will result in the need for more staff and workforce, which will also require more funding to maintain the same service level.

Department of Public Safety (DPS)

DPS was appropriated $178,037,038 in General Funds, which represents 1 percent of the total General Funds appropriated. DPS anticipates an increase to General Funds expenditure totaling $1,900,000 beginning in FY 2025-26 due to the migration to shared services/teams for the Highway Patrol. The agency indicates all other expenses are expected to remain the same over the next three fiscal years.

Department of Juvenile Justice (DJJ)

DJJ was appropriated $162,538,470 in General Funds, which represents 1 percent of the total General Funds appropriated. The following table displays DJJ's projected General Fund expenditures for the next three years.

DJJ Projected General Fund Increase in Recurring Expenditures

	FY 2025-26	FY 2026-27	FY 2027-28
Personnel Services	$1,878,502	$2,305,496	$2,397,715
Other Operating	$988,909	$1,691,786	$1,759,457
Case Services	$1,784,587	$3,987,042	$946,523
Worker's Comp	($180,182)	$239,890	$249,486
Total	**$4,471,816**	**$8,224,214**	**$5,353,182**

DJJ anticipates an increase of 3 to 4 percent in operating-related costs due to the increase in personnel as the agency fills anticipated vacancies.

Medical University of South Carolina (MUSC)

MUSC was appropriated $147,543,318 in General Funds, which represents 1 percent of the total General Funds appropriated. The following table displays MUSC's projected General Fund expenditures for the next three years.

MUSC Projected General Fund Increase in Recurring Expenditures

FY 2025-26	FY 2026-27	FY 2027-28
$1,536,520	$1,554,958	$1,573,618

MUSC based its projections on an anticipated 1.2 percent increase in tuition revenue from increased enrollment and the assumption that General Fund expenditures will continue to fund 21.25 percent of the total expenses for MUSC.

Department of Disabilities and Special Needs (DDSN)

DDSN was appropriated $134,922,679 in General Funds, which represents 1 percent of the total General Funds appropriated. The following table displays DDSN's projected General Fund expenditures for the next three years.

DDSN Projected General Fund Increase in Recurring Expenditures

FY 2025-26	FY 2026-27	FY 2027-28
$10,750,380	$6,612,071	$623,273

DDSN's anticipated increase in expenditures for FY 2025-26 includes $9,275,380 for residential support, $975,000 to support 750 people to acquire meaningful work, and $500,000 for adult services for Greenwood Genetics.

In addition to the recurring expenditures above, DDSN is anticipating nonrecurring expenditures over the next three fiscal years as follows:

DDSN Projected General Fund Nonrecurring Expenditures

	FY 2025-26	FY 2026-27	FY 2027-28
State-Funded Residential Services	$3,635,541	$356,283	$377,671
Financial Management	$1,650,000	$165,000	$181,500
Supported Living Assistance	$1,326,530	$101,990	$107,721
Total	**$6,612,071**	**$623,273**	**$666,892**

The following are the agency identified drivers for the above-mentioned expenditures:

1. **State-Funded Residential Services:**
   These individuals present to DDSN in need of an out-of-home placement following incarceration or have needs that, due to severity, cannot be supported in currently available placement options. These services will ensure that individuals are safely and appropriately supported.

   Services offered in these facilities to DDSN-eligible individuals will include services specifically required by the individual, which may include enhanced safety and security, sensory-controlled environments, enhanced psychiatric services, and enhanced medical monitoring. This curriculum is ultimately designed to aid in the transition of individuals from this state-funded placement to a less restrictive, Medicaid eligible placement in the community.

2. **Maintenance of Effort – Financial Management Services as outlined in HHS Administrative Contract**
   In order to comply with requirements of the current Medicaid administrative contract with HHS, as well as requirements within the CMS Home and Community-Based Medicaid waivers, DDSN is required to contract with an IRS-approved financial management services vendor who will perform payroll and other employer responsibilities required by federal and state law. Preliminary cost proposals for this service have revealed an increase in the recurring cost of operating this program for the 312 HASCI, 1,147 ID/RD and 1,750 CMS waiver individuals who are currently receiving participant-directed Respite, Attendant Care, and In-Home Support services.

   Participant-directed means that participants, or their representatives if applicable, have decision-making authority over certain services and take direct responsibility to manage their services with the assistance of a system of available supports. The participant-directed service delivery model is an alternative to traditionally delivered and managed services, such as an agency delivery model. Participant–direction of services allows participants to have the responsibility for managing all aspects of service delivery in a person-centered planning process including selecting who provides the services and how services are provided. For example, participants are afforded the decision-making authority to recruit, hire, train and supervise the individuals who furnish their services.

   This is a Medicaid administrative activity and is eligible for a 50 percent Medicaid match.

3. **Intermediate Care Facilities for Individuals with Intellectual Disabilities (ICF/IID) Medicaid prospective payment rates**

HHS amended the South Carolina Title XIX State Plan by updating the ICF/IID Medicaid prospective payment rates effective July 1, 2023. The new cost-base rate is estimated to be absorbed with current appropriation levels at current utilization levels. Rates for FY 2024-25 have not yet been established by HHS and the impact of the change in cost report methodology is currently unknown. DDSN historically uses an average increase of 4 percent to approximate rates. DDSN is responsible for the Medicaid match of the Community ICF, as well as Regional Center ICF programs. This match is paid to DHHS monthly.

Department of Public Health (DPH)

DPH was appropriated $127,935,963 in General Funds, which represents 1 percent of the total General Funds appropriated. At this time, as DPH just completed a significant restructuring, the agency is working to develop data for projections and trends across the new agency going forward. The agency state it does not anticipate a significant change in revenues. Also, for information, DHP has requested an additional $12,000,000 in federal funds due to increased spending for the Women, Infants and Children Nutrition Program (WIC).

Department of Transportation (DOT)

DOT was appropriated $123,057,270 in General Funds, which represents 1 percent of the total General Funds appropriated. The agency anticipates an increase of $5,000,000 beginning in FY 2025-26 for litter pickup. The agency received nonrecurring appropriations for this program in FYs 2022-23 and 2023-24.

The agency also anticipates the need for additional funds for the bridge program as follows:

DOT Projected General Fund Nonrecurring Expenditures

	FY 2025-26	FY 2026-27	FY 2027-28
Bridge Program	$200,000,000	$200,000,000	$200,000,000

The agency indicates that the General Fund investment in bridges would be targeted toward maintaining mobility on the state's freight routes for economic development, as well as complement investments in the Port of Charleston. Most bridges have an average lifespan of 65 years, and DOT has 8,450 total bridges in inventory. Of those, 4,965 bridges were built prior to 1975, and 1,150 bridges are 75 years or older. Currently, 66 bridges are closed, and 678 bridges are load-restricted, which impacts the traveling public and the movement of goods and services. The current investment level allows for the replacement/repair of 50 bridges per year. At this rate, in 2050 the state will have 3,315 bridges aged 75 years or older that will likely be closed or posted. Half of the additional $200,000,000 per year will be used by DOT to take a comprehensive, corridor-specific approach on interstate and primary routes. The other half will allow DOT to continue to focus on aged, posted, and closed bridges on secondary roads that further cause mobility challenges.

Department of Motor Vehicles (DMV)

DMV was appropriated $118,551,833 in General Funds, which represents 1 percent of the total General Funds appropriated. The following table displays DMV's projected General Fund expenditures for the next three years.

DMV Projected General Fund Increase in Recurring Expenditures

		FY 2025-26	FY 2026-27	FY 2027-28
1	Leased Building Increase	$329,774	$329,774	$329,774
2	State-to-State	$192,137	$192,137	$192,137
3	Central Issuance	$2,452,500	$2,452,500	$2,452,500
	Total	**$521,911**	**$2,974,411**	**$2,974,411**

DMV provided the following explanations of the expenditures listed:

1. Leased Building Increase: DMV chose the least expensive option for this category of expenditures, and it includes additional FTEs to help meet federal and/or state mandates.

2. The State-to-State Verification Service is a requirement of Real ID. These funds are the estimated annual per state fee and per driver fee for the State of South Carolina. The expense is based on the fee set by the S2S Governance Committee.

3. The Central Issuance program is currently being used to issue credentials processed via DMV online services. This was started as a part of the REAL ID program but is still being used and is acting as a pilot in the determination of moving to a complete, centralized credential printing process. DMV anticipates a full transition to a centralized credential printing process by FY 2026-27.

Additionally, DMV anticipates one-time General Fund expenditures in the next three fiscal years. The following table displays DMV's projected General Fund nonrecurring expenditures for the next three years.

DMV Projected General Fund Nonrecurring Expenditures

		FY 2025-26	FY 2026-27	FY 2027-28
1	Identity Proofing Solution	$3,200,000	$3,200,000	$3,200,000
2	Mail Tracking System	$1,488,917	$1,525,667	$1,564,254
3	Branch Scanning	$400,000	$400,000	$400,000
4	System Modernization	$11,948,333	$20,703,333	$12,828,333
	Total	**$17,037,250**	**$25,829,000**	**$17,992,587**

DMV provided the following explanations of the nonrecurring expenditures listed:

1. Identity Proofing Solution: This provides DMV branch offices the ability to digitize incoming documents, have those digital documents readily available for the appropriate DMV employee to action the request, and transaction information to be transmitted electronically to headquarters. This estimate is based on a provided quote.

2. Mail Tracking System: A modernized digital mail tracking system provides SCDMV headquarters the ability to digitize incoming mail, have those digital documents readily available for the appropriate DMV employee to action the request, and allow every mail parcel to be tracked from arrival at the DMV to the end user in real-time. This estimate is based on a provided quote.

3. Branch Scanning: This provides SCDMV branch offices the ability to digitize incoming documents, have those digital documents readily available for the appropriate DMV employee to action the request, and allow transaction information to be transmitted electronically to headquarters. This estimate is based on a provided quote.

4. System Modernization - DMV has committed General Funds to a multi-year project known as System Modernization with a cost of $86.67 million over 5 years. System Modernization would implement a Commercial Off-The-Shelf (COTS) solution as a replacement for the current Customer Service platform (Phoenix) & Accounting System. Phoenix is built on COBOL programming language, which complicates the interface with other more modern applications and greatly inhibits the agency’s ability to modify the system. After an engineering study was conducted to determine feasibility of the options available, the COTS solution was identified as the recommended option based on the agency's needs.

Department of Administration (Admin)

Admin was appropriated $117,732,742 in General Funds, which represents 1 percent of the total General Funds appropriated. While Admin anticipates some increases in expenses, including 3 percent inflation and costs associated with the SCEIS Modernization Program that began in 2023, the agency anticipates being able to manage these increases within existing General Funds, and therefore, have no projected General Fund expenditures to report.

One Percent Agencies' Projected Statutory or Mandated Expenses

All agency appropriations and expenditures are determined at the discretion of the General Assembly annually during the appropriations process. However, RFA has identified the following funding needs that are specified by state or federal mandates to provide a "minimum" or base-level of expenditures for planning purposes as outlined in Table 4. These expenditures are detailed by agency above as part of total expenditures.

- SCDE – Education Scholarship Trust Fund
- DHHS – Medicaid and Health Programs
- DSS – Food Stamp Program (recurring and nonrecurring)
- DDSN – Required Financial Management for Medicaid Administration (nonrecurring)

Other Considerations

Tobacco Master Settlement Agreement

The state's "tobacco bonds," securitized by its Tobacco Master Settlement Agreement (MSA) payments, were retired June 1, 2012. By statute, future MSA receipts are available for appropriation. Historically, these funds have been appropriated in their entirety per proviso and are not counted with General Fund revenue. While current statute earmarks these funds primarily for healthcare programs[1], specific program appropriations are at the discretion of the General Assembly. For the last several years, a specified amount has been appropriated for the diligent enforcement of the tobacco MSA, with the remainder used for Medicaid. According to the National Association of Attorney Generals, as of April 18, 2024, South Carolina received $70,453,028 in 2024.

[1] Section 11-11-170 of the S. C. Code of Laws, 1976, outlines allowable uses for Tobacco MSA funds.

APPENDIX

Long-Range General Fund Revenue Forecast – November 19, 2024

(Detailed forecast published here:
https://rfa.sc.gov/data-research/state-finances/general-fund-forecast)

General Fund Revenue Estimate

Revenue Category ($ Millions)	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
Sales and Use Tax	4,867.41	4,970.81	5,168.00	5,373.02
Individual Income Tax	6,065.42	6,298.90	6,666.20	6,948.14
Corporation Income Tax	1,036.49	1,038.48	1,046.84	1,055.27
Other GF Revenue Sources	1,678.18	1,673.97	1,255.34	1,541.89
Gross General Fund Revenue	**13,647.50**	**13,982.16**	**14,136.38**	**14,918.31**

Percent Change in Revenue

Revenue Category	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
Sales and Use Tax	1.7%	2.1%	4.0%	4.0%
Individual Income Tax	(0.8%)	3.8%	5.8%	4.2%
Corporation Income Tax	(19.8%)	0.2%	0.8%	0.8%
Other GF Revenue Sources	10.8%	(0.3%)	(25.0%)	22.8%
Gross General Fund Revenue	**(0.4%)**	**2.5%**	**1.1%**	**5.5%**

The revenue table above does not include adjustments for individual income tax rate changes pursuant to Act 228 of 2022, Comprehensive Tax Cut Act of 2022, after FY 2024-25. Any changes to tax revenue due to future tax rate changes will be accounted for in the annual appropriations act. Figures are total revenue before the required transfer to the Tax Relief Trust Fund for property tax reimbursements pursuant to §11-11-150.