



An Overview and History of the South Carolina State Budget

This document can be found at:

www.rfa.sc.gov

Executive Summary

This document presents a series of graphs in an attempt to summarize and explain the major accounting and fiscal components of the state budget.

The key topics presented herein are appropriations, adjusted appropriations, expenditures, functional budget groups, and other key budget areas. These topics are presented for the current fiscal year and historically by Total Funds, General Funds, Other Funds, and Federal Funds.

Enclosed is a Definition of Terms which provides a more detailed explanation of key concepts (pages 4-5). In addition, a brief discussion of the major items included in this report is below.

Total Funds

There are three primary types of appropriations in the state budget: General Funds, Other Funds, and Federal Funds (page 7). A history of these appropriations is shown on page 8. Other types of appropriations, which are not included in this report, include supplemental or surplus funding and the Capital Reserve Fund.

Actual expenditures are compared to appropriations on page 9. Expenditures may be higher than budget appropriations as a result of spending authorized elsewhere such as supplemental appropriations or the Capital Reserve Fund.

Total Funds by Functional Group

For the purposes of this report, agencies are divided into functional groups in order to illustrate the differences in appropriations (pages 11-13).

The charts beginning on page 14 show:

- Health and Social agencies receive the largest amount of appropriations, primarily due to federal funding.
- Higher Education is the second largest functional area and accounts for the bulk of Other Funds because tuition and fees are in this category.
- K-12 education is the third largest functional area and accounts for the bulk of General Funds.

General Funds

The General Fund is the basic operating account of the state through which most of the primary state taxes and fees are appropriated to state agencies.

While functional groups are one way to categorize spending, budget categories are another way.

The chart on page 23 presents General Fund appropriations by major budget category. This chart shows:

- 39 percent of General Funds are appropriated to local subdivisions (school districts, counties, municipalities, and others).
- 26 percent of General Funds are appropriated for salaries and employer contributions.

Other Funds

Other Funds are revenue sources that are not general or federal funds. These sources are generated by agencies themselves through fees or grants. They can also be generated at the state level for specific purposes such as Education Improvement Act funds, the Education Lottery, and motor fuel user fees.

The chart on page 27 presents Other Funds appropriations by major budget category. This chart shows:

- 28 percent of Other Funds are appropriated for agency operations (other than employee salaries and benefits).
- 27 percent of Other Funds are appropriated for salaries and employer contributions.

Federal Funds

Federal Funds are direct appropriations from the federal government to fund specific federal programs and mandates. These funds are commonly received in the form of formula grants, block grants, and matching funds. Examples of federally funded programs are the Medicaid program, Temporary Assistance to Needy Families, housing programs, and the National School Lunch Program.

Health agencies receive 75 percent of federal appropriations, primarily due to funding for the Medicaid program.

Largest Appropriation by Fund

The largest General Fund appropriation is for the State Department of Education, which includes the appropriations to local districts (page 32).

The four largest General Fund appropriations (State Department of Education, Health and Human Services, Higher Education, and Corrections/Law Enforcement) account for 65 percent of all General Fund appropriations.

The largest appropriations of Other Funds is Higher Education; the second largest is Transportation. These two items account for 58 percent of all Other Funds (page 33).

Health and Human Services (Medicaid) is the largest source of Federal Funds and accounts for 62 percent of all Federal Funds (page 34).

Definition of Terms

Appropriations - Revenue granted to state agencies through the budget process for the provision of public services. In regard to Other and Federal Funds, this refers to the authorization to spend Other Fund revenue and Federal grants.

Adjusted Appropriations - The actual amount of revenue a state agency is permitted to expend after allocations of employee benefits, mid-year budget reductions, or other authorization changes are made during the course of a fiscal year.

Allocations - Statewide appropriations in the Appropriations Act for employee benefits (health, retirement, pay increases, etc.) that are then distributed to agencies. Allocations are included in agencies adjusted appropriations and become part of their base budget.

Authorization - Granting state agencies the legal authority to expend Other Fund revenue or Federal grant funds. Agencies may expend the lesser of actual revenue or the amount authorized in the Appropriations Act. For general funds, agencies are given both revenue and authorization simultaneously in the Appropriations Act.

Budget (Appropriations Act) - The document expressing anticipated revenues, projected expenditures, and other policy considerations for a specific time frame. The final act becomes the state law providing policy direction, allocating revenue, and authorizing expenditures by state agencies for their operations and the provision of public services.

Capital Reserve Fund (CRF) - A constitutionally-required budgetary account to be used first to offset a year-end shortfall in revenue collections. If no shortfall is realized, the account may be used the following year to fund capital or non-recurring expenditures. The fund is equal to 2 percent of the previous fiscal year's actual General Fund revenue.

Carryforward - The authority to retain an amount of money not spent in the prior fiscal year and carried forward into the current budget year. State agencies cannot carryforward more than 10 percent of their original appropriation, except by special proviso. Agency carryforward dollars may be used to cover state budget shortfalls.

Debt Service - The amount of appropriations required to make payments on the state's bonded indebtedness.

Expenditures - The amount of money state agencies actually spend over the course of a fiscal year.

Federal Funds - Funding received from the federal government for specific federal programs and mandates.

Functional Group - A set of state agencies with similar missions or customers grouped together to illustrate macro trends in appropriations and expenditures.

General Funds - The basic operating fund for the state budget. Revenue dedicated to specific purposes are placed in funds separate and distinct from the General Fund of the state.

Major Budget Category - The most common line items seen throughout the Appropriations Act.

Non-recurring funds - CRF, Supplemental, and Cash Surplus funds available for appropriation, but which cannot be built into the recurring base budget.

Other Funds - Funds received by an agency that are not state general funds or federal funds. These funds may be either generated by the agency (fees, grants, etc.) or come from revenue generated at the state level, but not credited to the State General Fund (Education Improvement Act funds, Health Care Trust Funds, State Highway Funds, Education Lottery Account funds, etc.). Within the Other Funds category there are both earmarked and restricted funds. Interest earned on earmarked funds is remitted to the General Fund, while interest earned on restricted funds is kept within that fund. Generally, revenues collected and retained by agencies, such as fees and fines, are earmarked funds and funds set up by statute, such as the lottery and trust funds, are restricted funds.

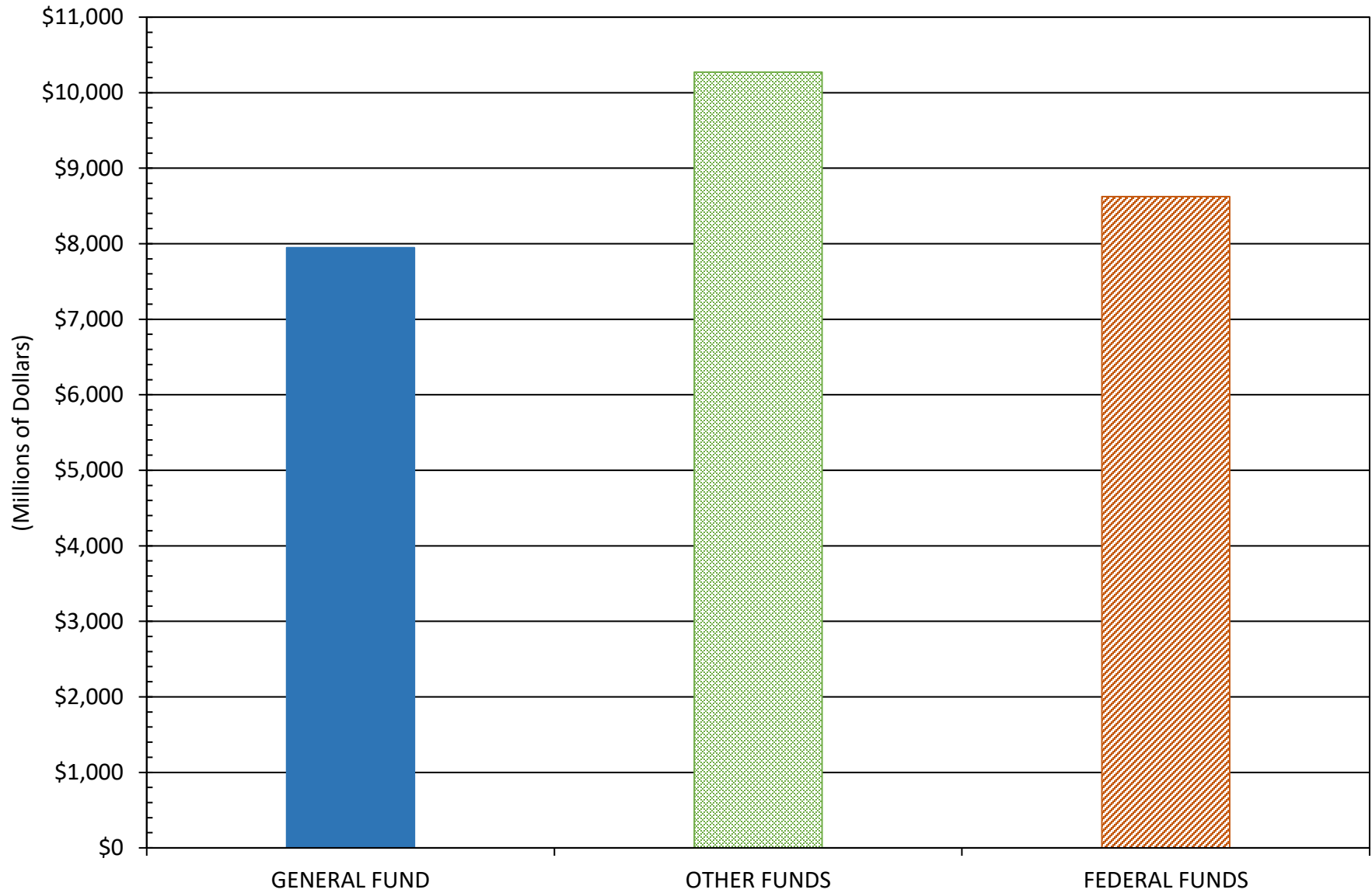
Supplemental Appropriations - Additional appropriations beyond those in the budget bill, due to surplus revenue or lapsed appropriations. These are non-recurring appropriations and not a part of the recurring base budget.

Surplus Revenue - Revenue in excess of budget forecasts, including forecasts for Supplemental Appropriations.

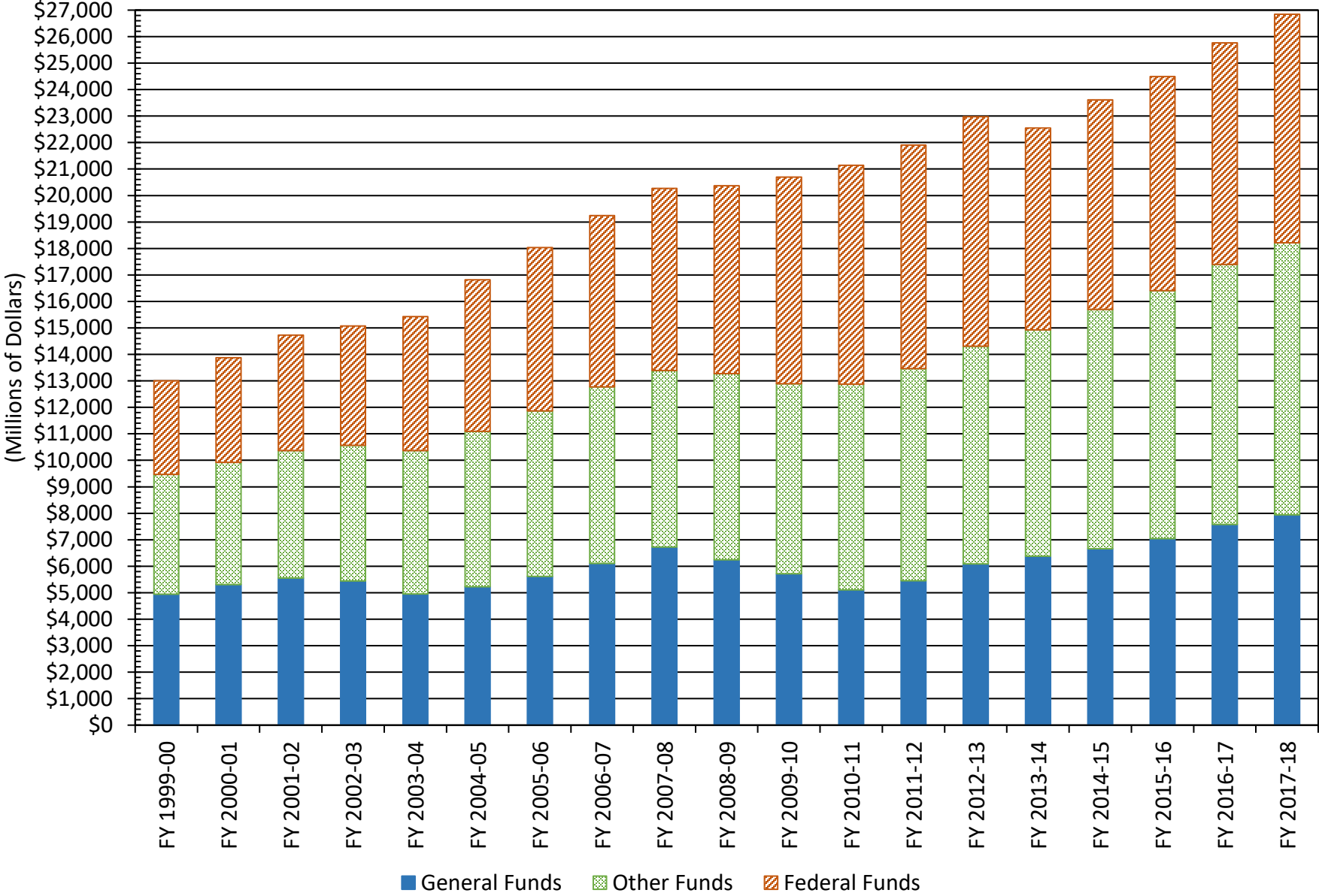
Tax Relief Trust Fund - Those funds dedicated to reimbursing local governments for various property tax exemptions. These funds are subtracted from General Fund revenue prior to the appropriation of revenue in the budget.

Total Funds

APPROPRIATIONS BY FUND FY 2017-18

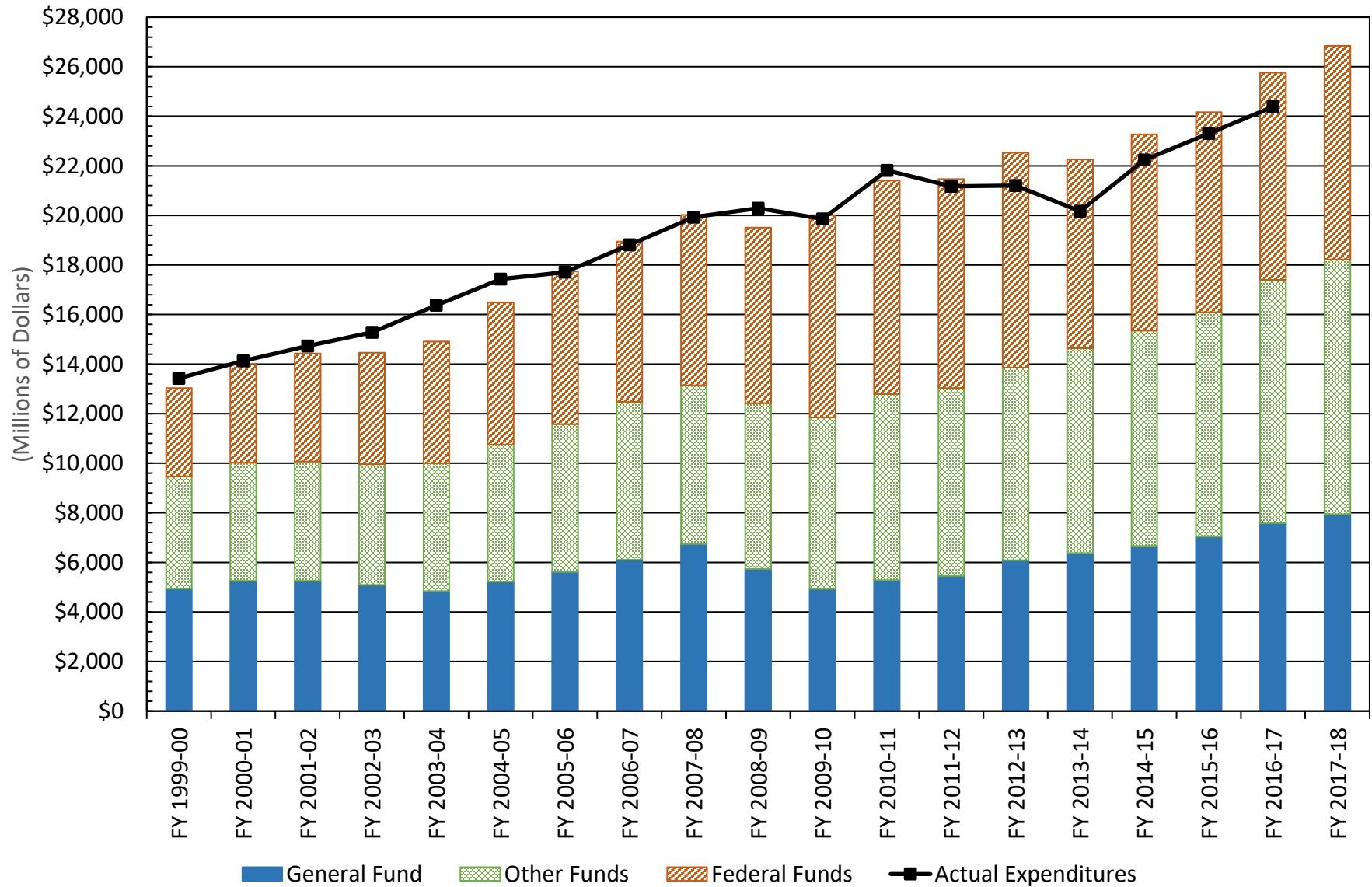


TOTAL APPROPRIATIONS BY FUND



Source: RFA, JCS, 9/14/17

TOTAL FUNDS Adjusted Appropriations vs. Actual Expenditures



*Adjusted appropriations account for allocations and mid-year budget cuts.

** Expenditures are higher than appropriations in a fiscal year due to the expenditure of carryforward funds or supplemental appropriations.

Total Funds
By Functional Group

Agencies by Functional Group

Health and Social

Commission for the Blind
Department of Alcohol and Other Drug Abuse Services (DAODAS)
Department of Disabilities and Special Needs (DDSN)
Department of Health and Environmental Control (DHEC)
Department of Health and Human Services (DHHS)
Department of Mental Health (DMH)
Department of Social Services (DSS)
Housing Finance and Development Authority (SC Housing)
Human Affairs Commission
State Commission for Minority Affairs
Vocational Rehabilitation (Voc. Rehab.)

Higher Education

Area Health Education Consortium (AHEC)
Clemson University
Coastal Carolina University
Commission on Higher Education (CHE)
Francis Marion University
Higher Education Tuition Grants
Lander University
Medical University of South Carolina (MUSC)
South Carolina State University (SC State)
State Board for Technical and Comprehensive Education (Tech. Board)
The Citadel
University of Charleston
University of South Carolina - Aiken
University of South Carolina - Beaufort
University of South Carolina - Columbia
University of South Carolina - Lancaster
University of South Carolina - Salkehatchie
University of South Carolina - Sumter
University of South Carolina - Union
University of South Carolina - Upstate
Winthrop University

K-12 Education, Special Schools, and Cultural

Arts Commission
Confederate Relic Room and Military Museum Commission
Department of Archives and History
Department of Education (SDE)
Education Television Commission (ETV)
John de la Howe School
School for the Deaf and the Blind
State Library
State Museum Commission
Wil Lou Gray Opportunity School

Transportation and Regulatory

Board of Financial Institutions
County Transportation Fund (CTC Fund)
Department of Consumer Affairs
Department of Employment and Workforce (DEW)
Department of Insurance (DOI)
Department of Labor, Licensing and Regulation (LLR)
Department of Motor Vehicles (DMV)
Department of Revenue (DOR)
Department of Transportation (SCDOT)
Division of Aeronautics
Infrastructure Bank Board (SIB)
Office of Regulatory Staff (ORS)
Patients' Compensation Fund
Procurement Review Panel
Public Service Commission (PSC)
State Accident Fund
State Ethics Commission
Workers' Compensation Commission

Law Enforcement and Corrections

Department of Corrections (DOC)
Department of Juvenile Justice (DJJ)
Department of Probation, Parole, and Pardon Services (PPP)
Department of Public Safety (DPS)
Law Enforcement Training Council
State Law Enforcement Division (SLED)

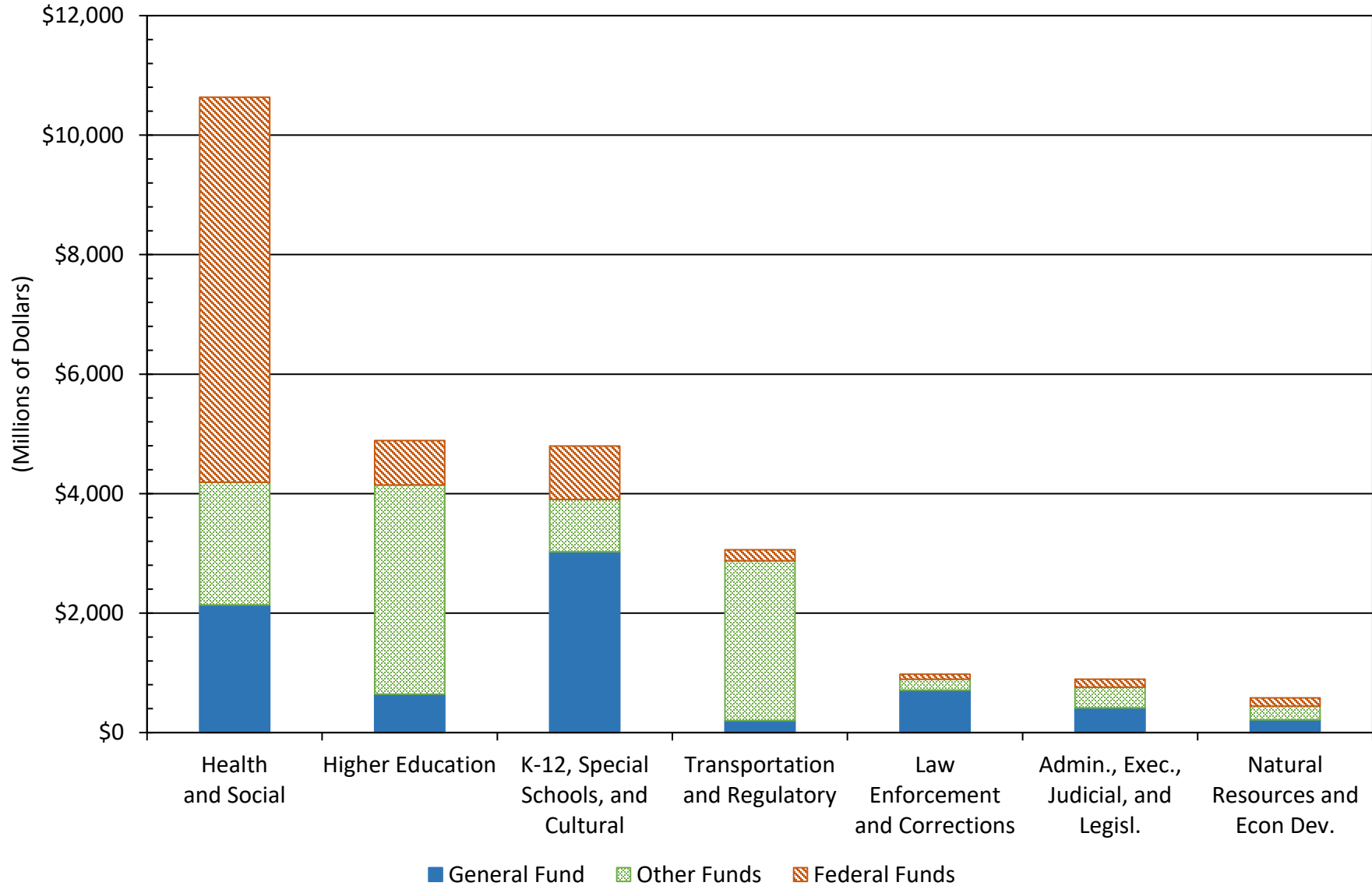
Administrative, Executive, Judicial, and Legislative

Adjutant General
Administrative Law Judges (ALJ)
Attorney General (AG)
Codification of Laws and Legislative Council
Commission on Indigent Defense
Comptroller General (CG)
Department of Administration (DOA)
Education Oversight Committee (EOC)
Election Commission
Governor's Office - Executive Control of State
Governor's Office - Mansion and Grounds
House of Representatives
Judicial Department
Legislative Audit Council (LAC)
Legislative Services
Lieutenant Governor
Office of Inspector General (OIG)
Prosecution Coordination Commission
Public Employee Benefits Authority (PEBA)
Retirement System Investment Commission (RSIC)
Revenue and Fiscal Affairs Office (RFA)
Secretary of State (SOS)
Senate
SFAA - Auditor's Office
State Fiscal Accountability Authority (SFAA)
State Treasurer
Statewide Employee Benefits

Natural Resources and Economic Development

Clemson Public Service Authority
Department of Agriculture
Department of Commerce (Commerce)
Department of Natural Resources (DNR)
Department of Parks, Recreation, and Tourism (PRT)
Forestry Commission
Jobs Economic Development Authority (JEDA)
Patriots Point Development Authority
Ports Authority
Rural Infrastructure Authority
Sea Grant Consortium
South Carolina Conservation Bank
South Carolina State Public Service Authority

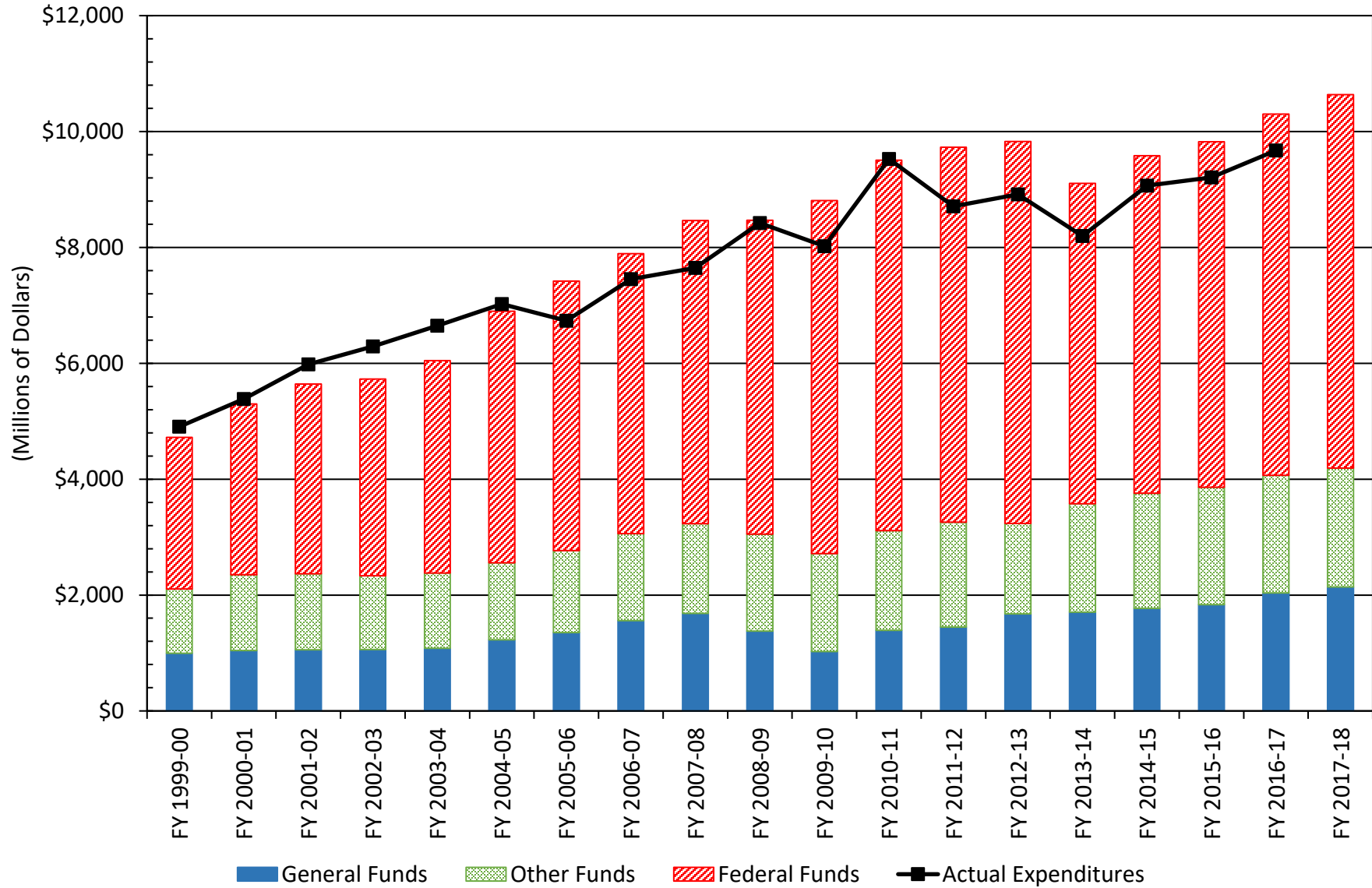
TOTAL ADJUSTED APPROPRIATIONS BY FUNCTIONAL GROUP FY 2017-18



*Adjusted appropriations account for allocations and mid-year budget cuts.

Source: RFA, JCS, 9/14/2017

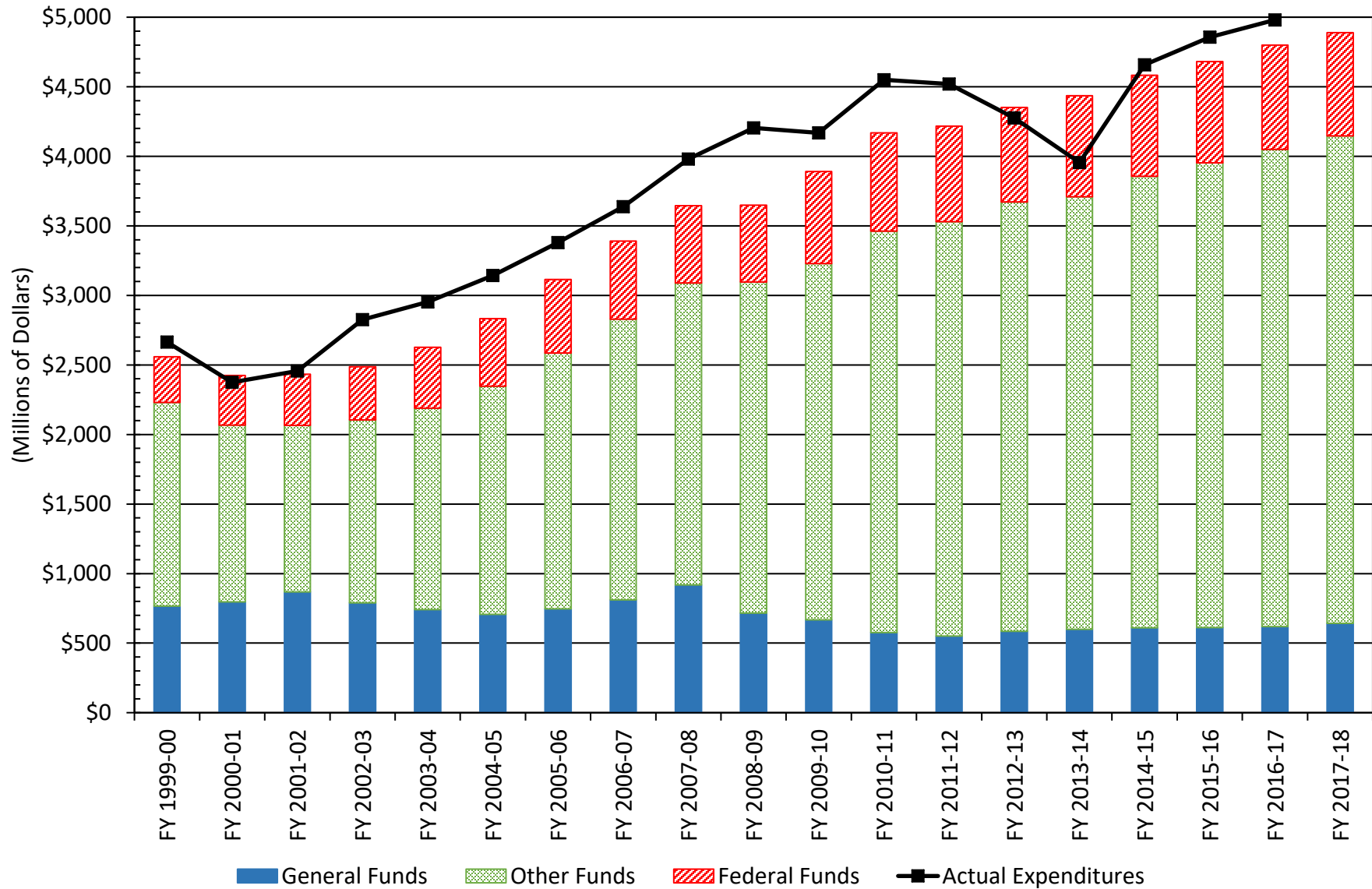
HEALTH AND SOCIAL SERVICES Adjusted Appropriations vs. Actual Expenditures



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**Expenditures are higher than appropriations in a fiscal year due to the expenditure of carryforward funds or supplemental appropriations.

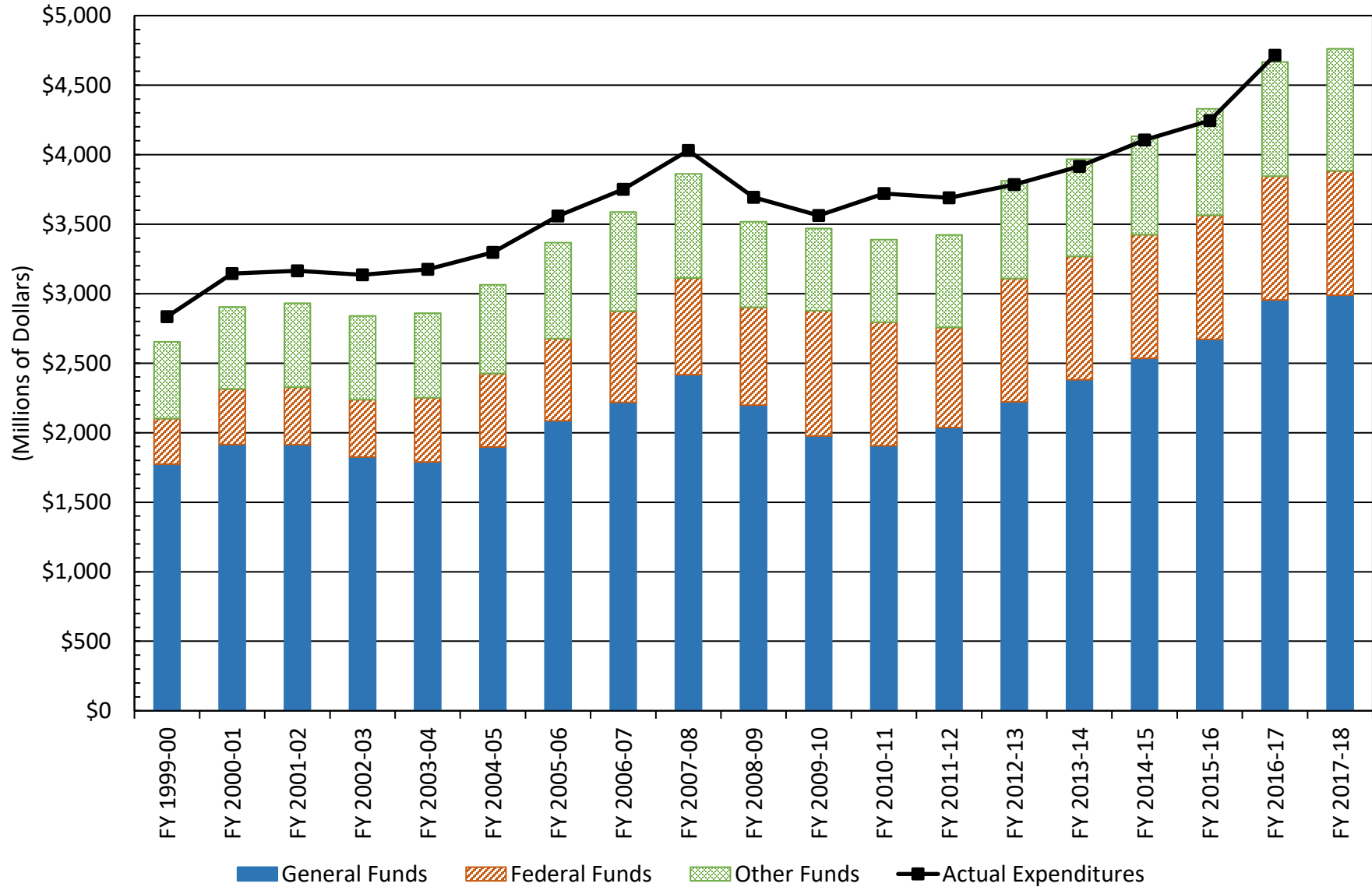
HIGHER EDUCATION Adjusted Appropriations vs. Actual Expenditures



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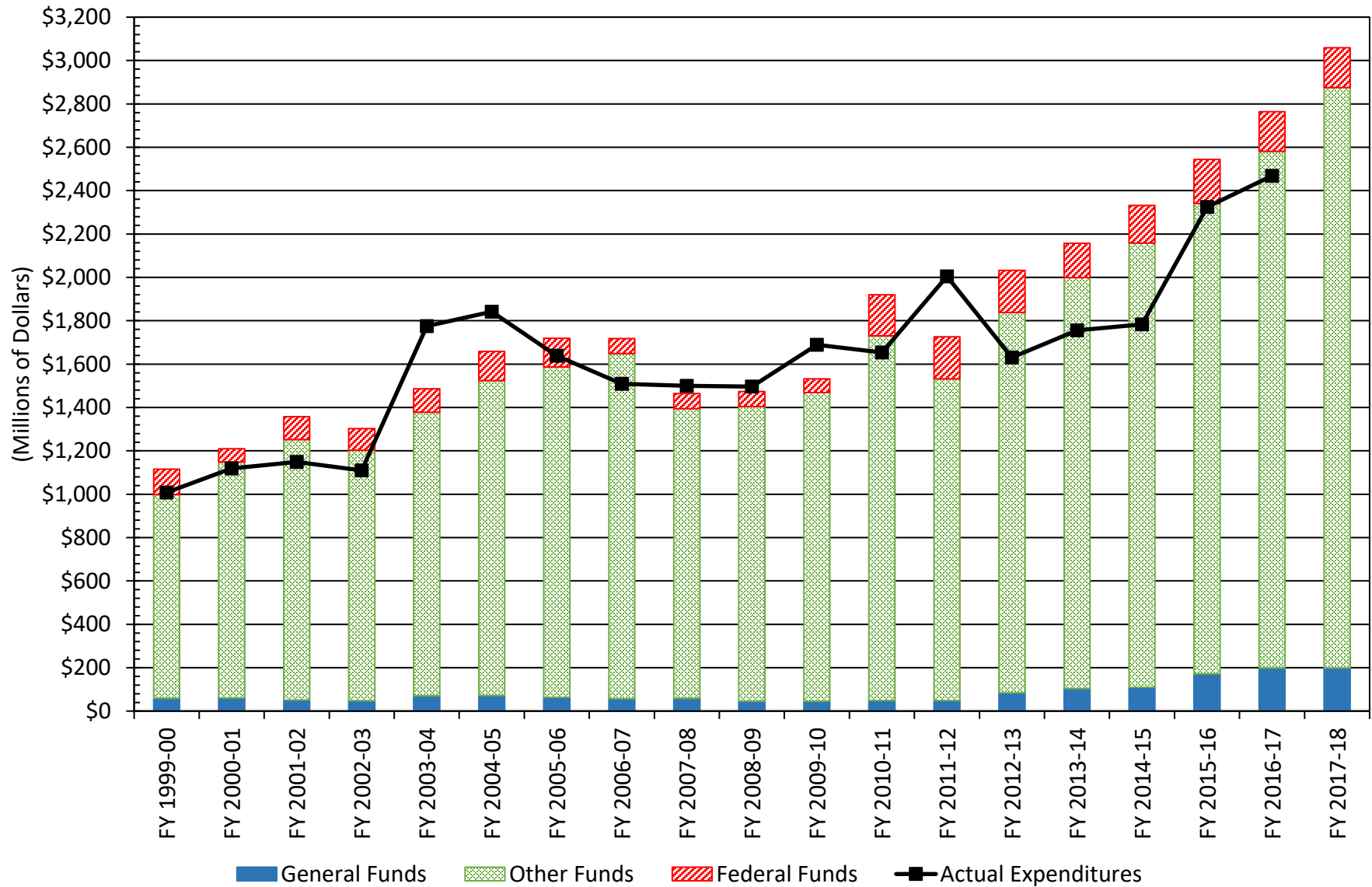
K-12 EDUCATION, SPECIAL SCHOOLS, AND CULTURAL Adjusted Appropriations vs. Actual Expenditures



*Adjusted appropriations account for allocations and mid-year budget cuts.

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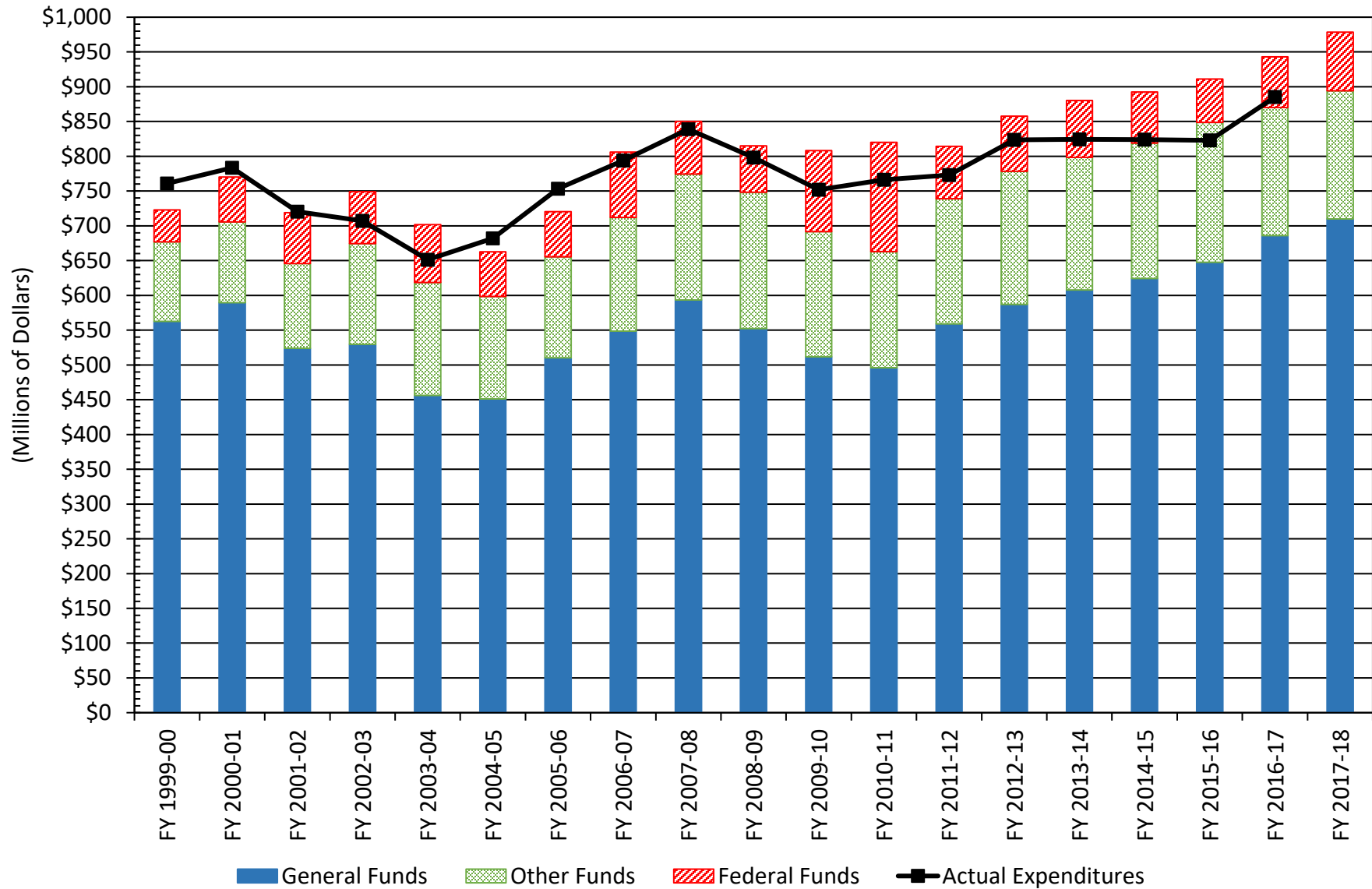
TRANSPORTATION AND REGULATORY Adjusted Appropriations vs. Actual Expenditures



*Adjusted appropriations account for allocations and mid-year budget cuts.

**Expenditures are higher than appropriations in a fiscal year due to the expenditure of carryforward funds or supplemental appropriations.

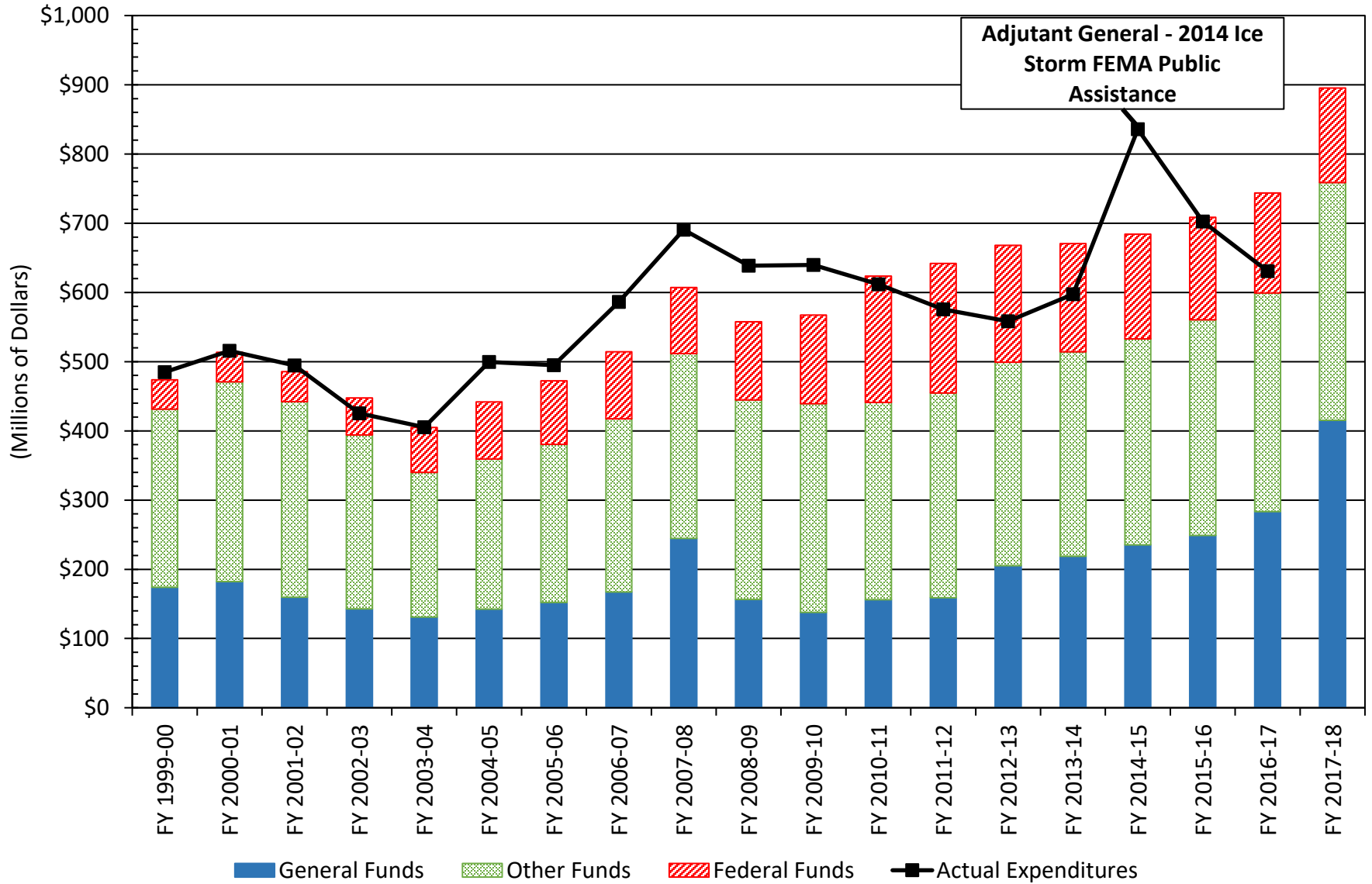
LAW ENFORCEMENT AND CORRECTIONS Adjusted Appropriations vs. Expenditures



*Adjusted appropriations account for allocations and mid-year budget cuts.

**Expenditures are higher than appropriations in a fiscal year due to the expenditure of carryforward funds or supplemental appropriations.

ADMINISTRATIVE, EXECUTIVE, JUDICIAL, AND LEGISLATIVE Adjusted Appropriations vs. Actual Expenditures

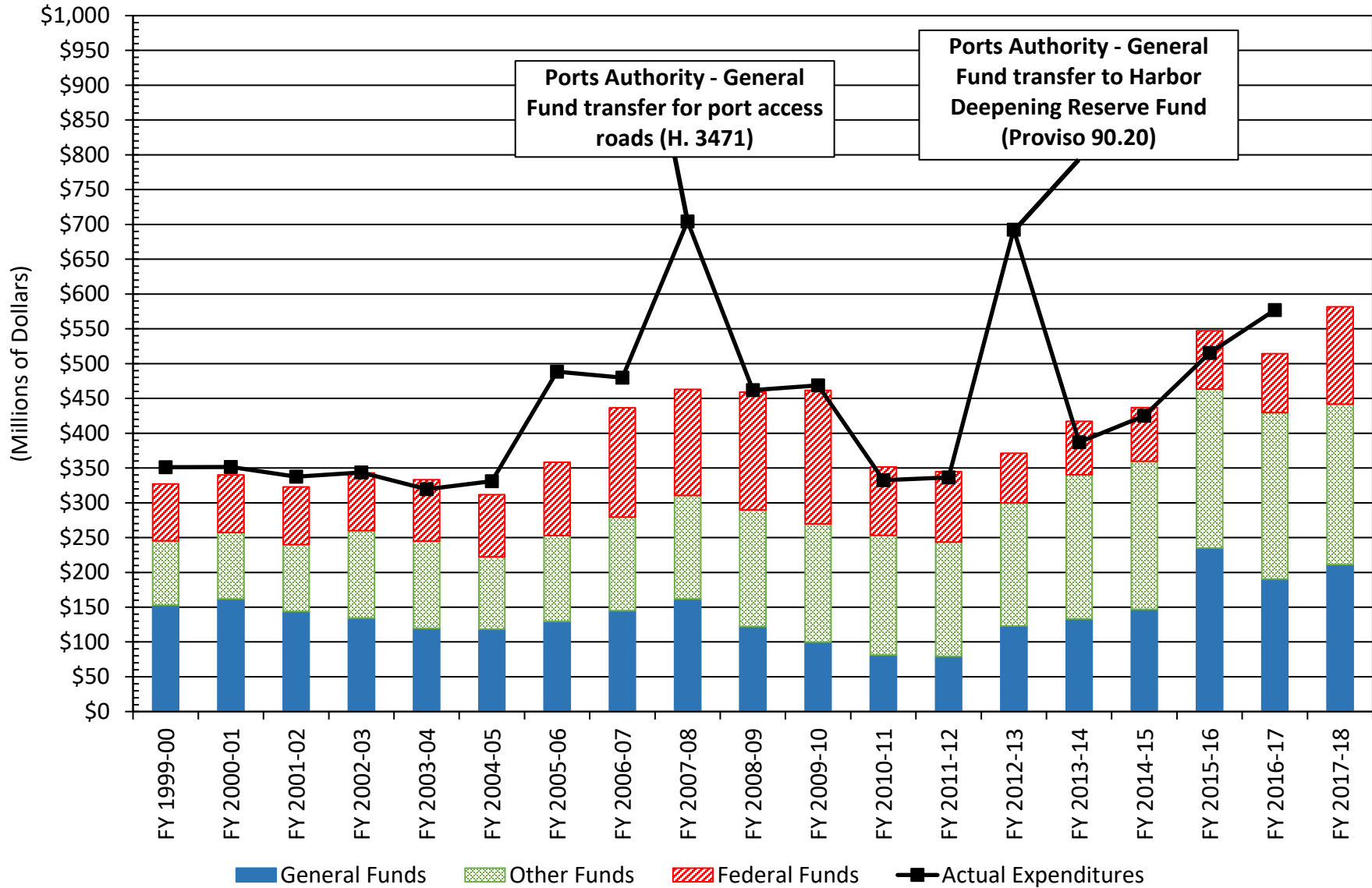


*Adjusted appropriations account for allocations and mid-year budget cuts.

**Expenditures are higher than appropriations in a fiscal year due to the expenditure of carryforward funds or supplemental appropriations.

Source: RFA, JCS, 9/14/2017

NATURAL RESOURCES AND ECONOMIC DEVELOPMENT Adjusted Appropriations vs. Actual Expenditures

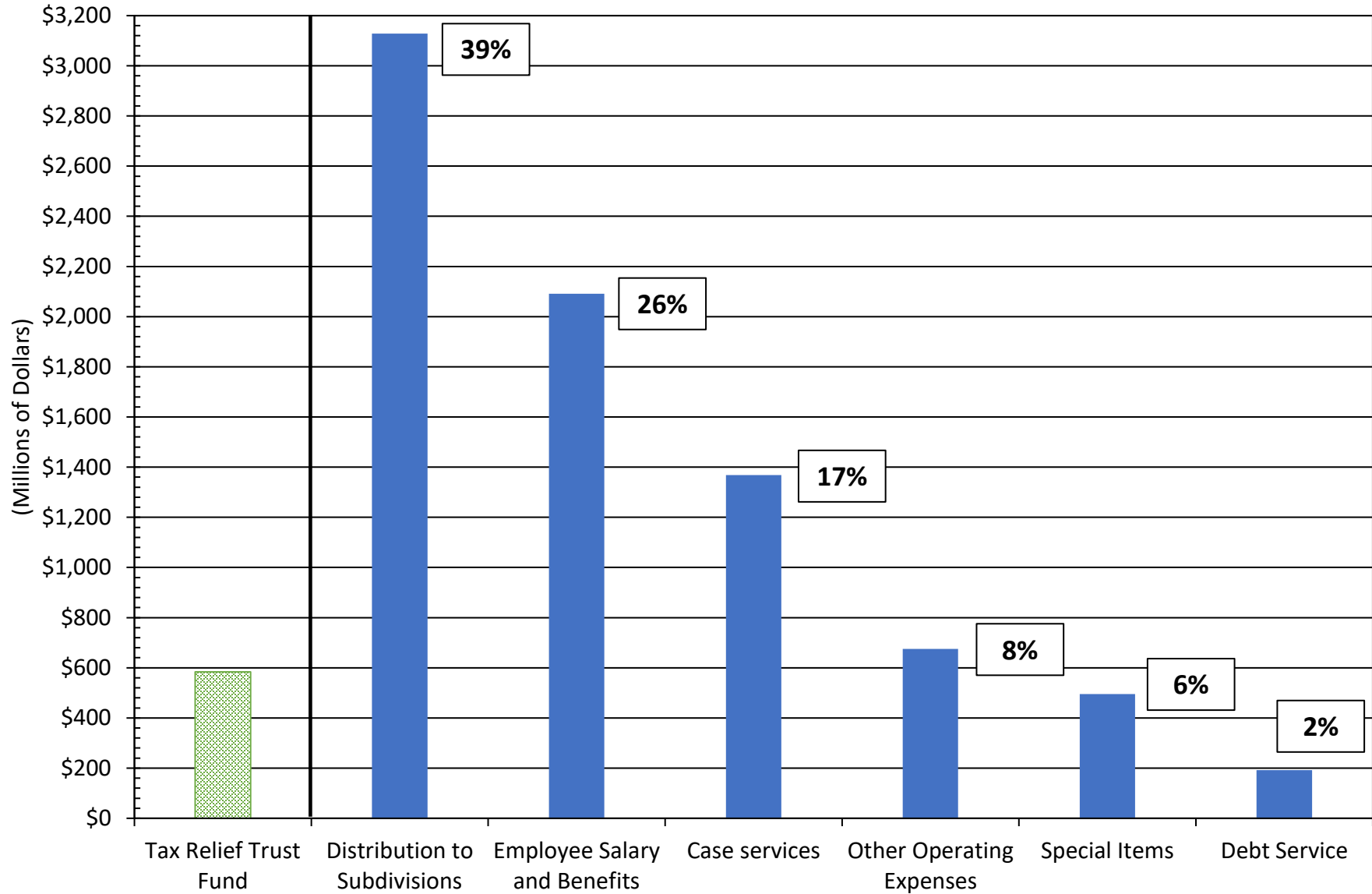


*Adjusted appropriations account for allocations and mid-year budget cuts.

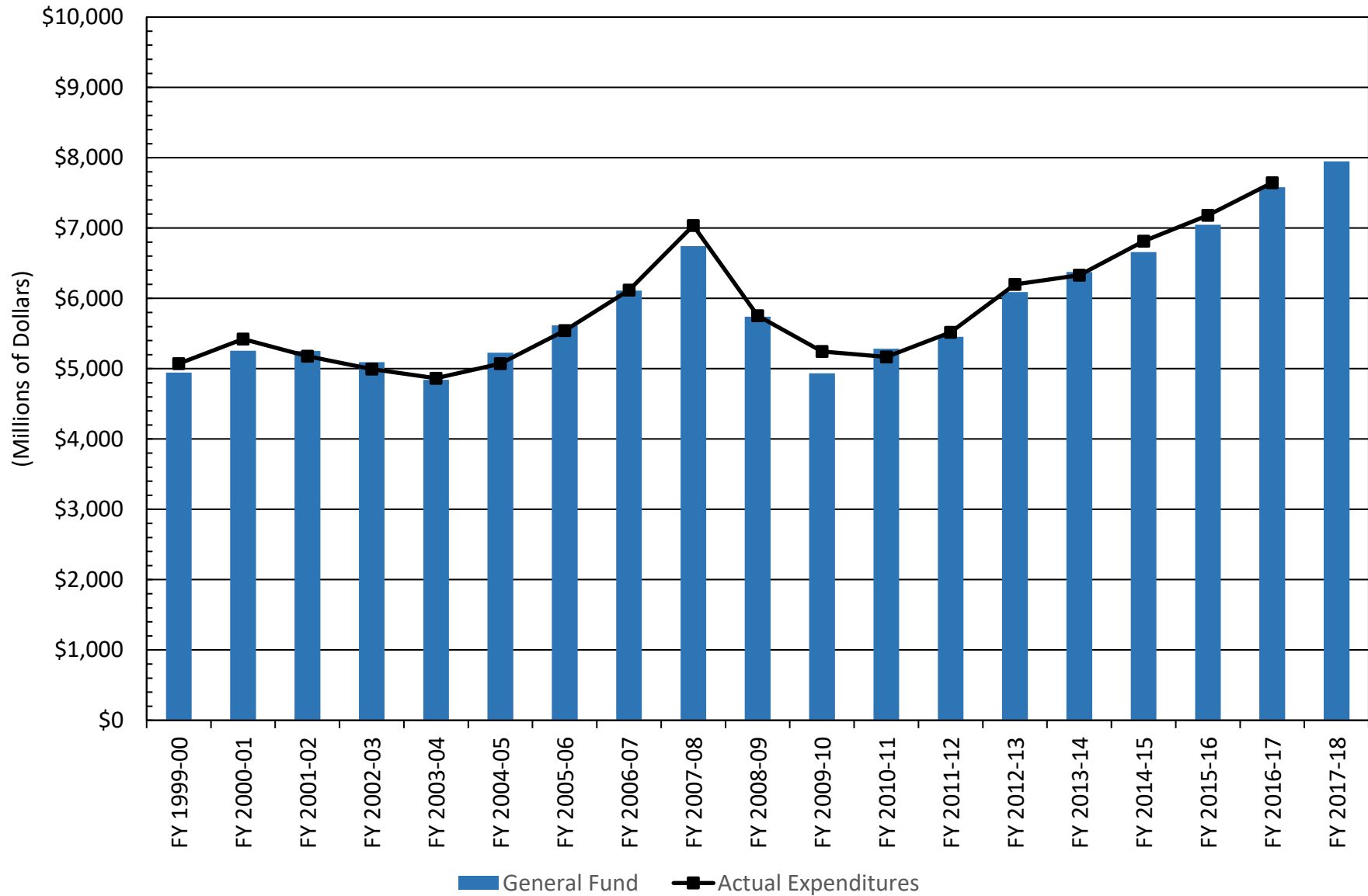
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General Fund

GENERAL FUND APPROPRIATIONS BY MAJOR BUDGET CATEGORY FY 2017-18



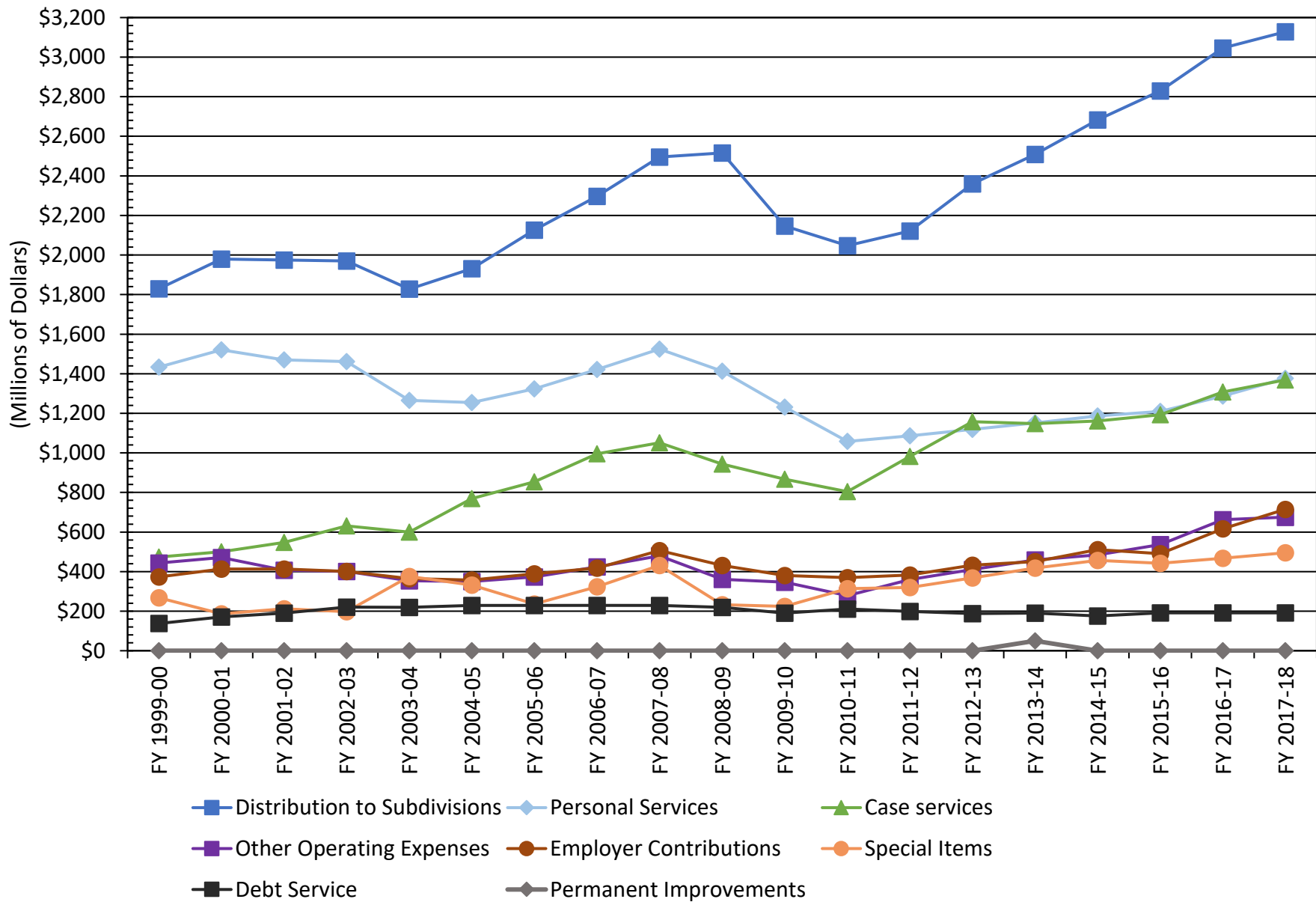
GENERAL FUND Adjusted Appropriations vs. Actual Expenditures



*Adjusted appropriations account for allocations and mid-year budget cuts.

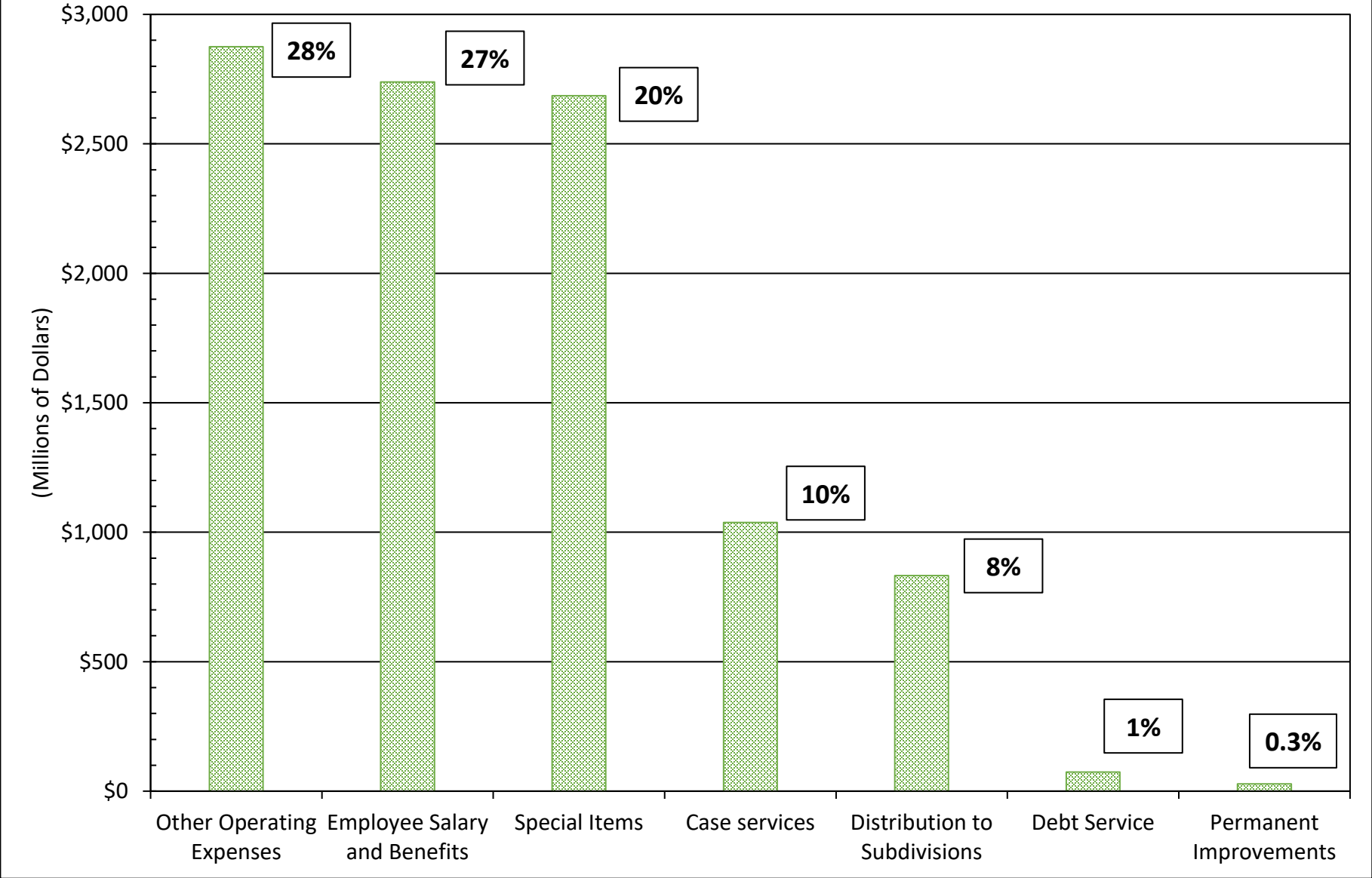
**Expenditures are higher than appropriations in a fiscal year due to the expenditure of carryforward funds or supplemental appropriations.

GENERAL FUND APPROPRIATIONS BY MAJOR BUDGET CATEGORY



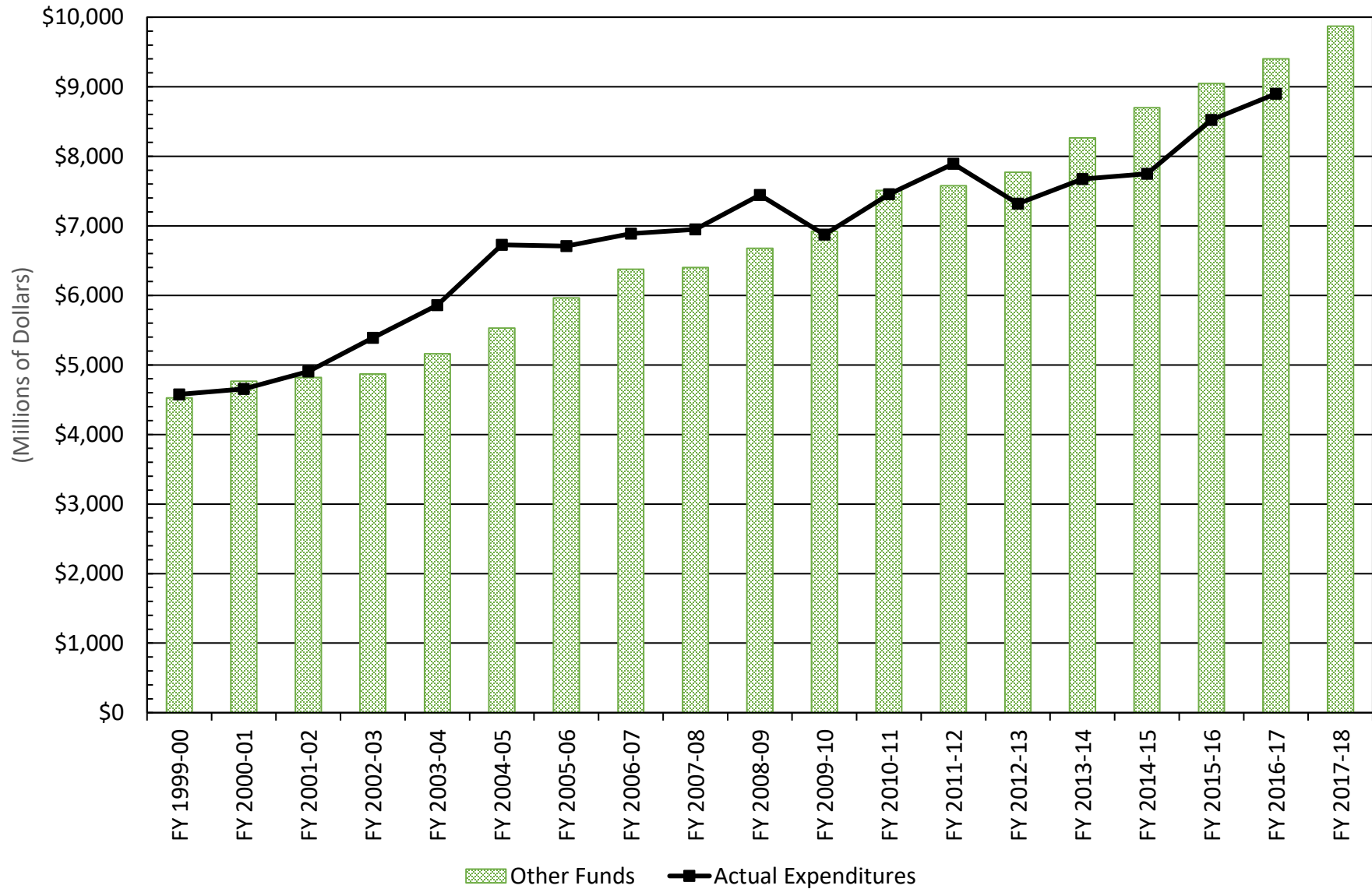
Other Funds

OTHER FUNDS APPROPRIATIONS BY MAJOR BUDGET CATEGORY FY 2017-18



Source: RFA, JCS, 12/14/2017

OTHER FUNDS Appropriations vs. Actual Expenditures

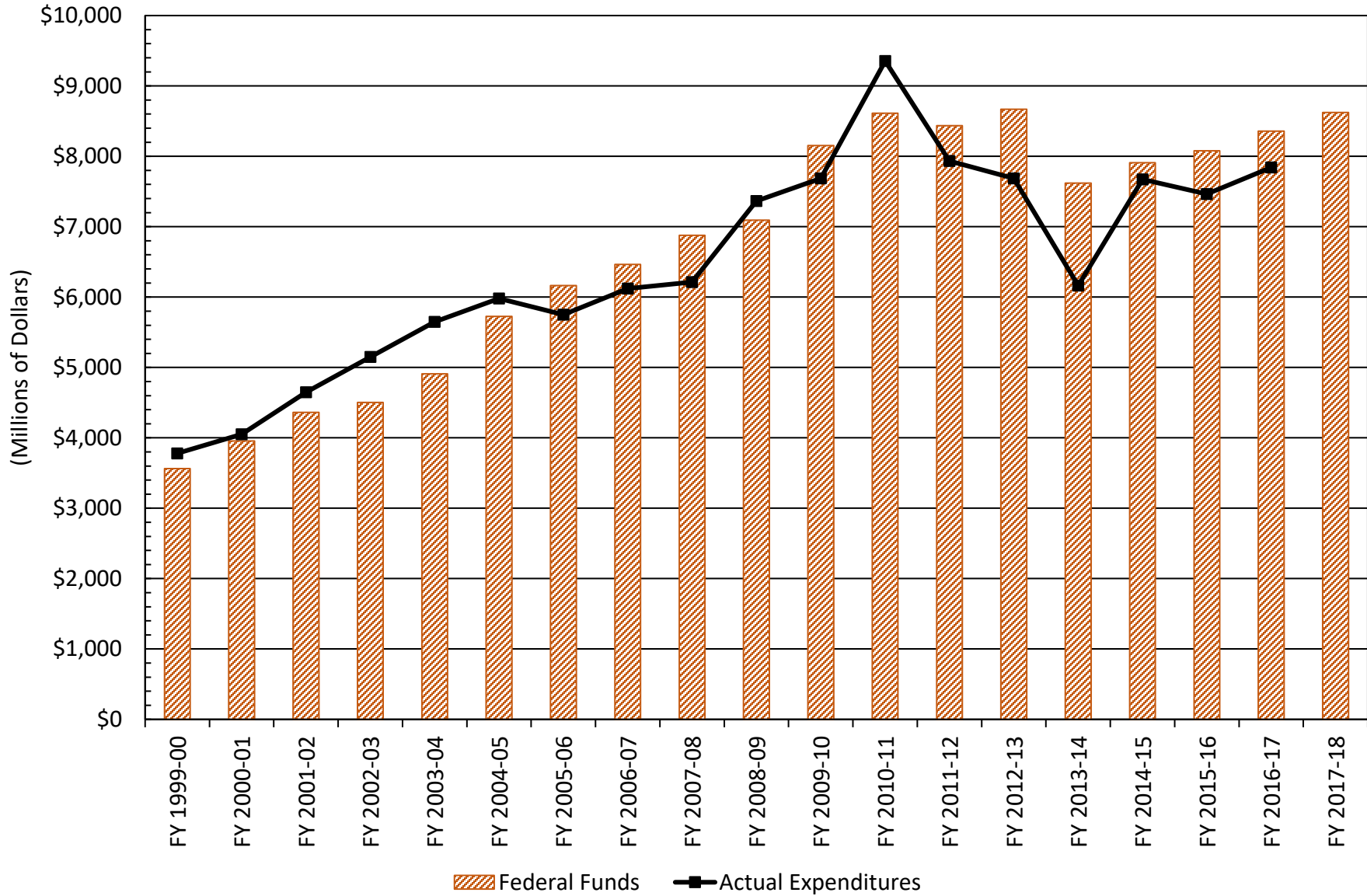


*Expenditures are higher than appropriations in a fiscal year due to expenditures related to separate legislation or increased mid-year authorization.

Source: RFA, JCS, 9/14/2017

Federal Funds

FEDERAL FUNDS Appropriations vs Actual Expenditures

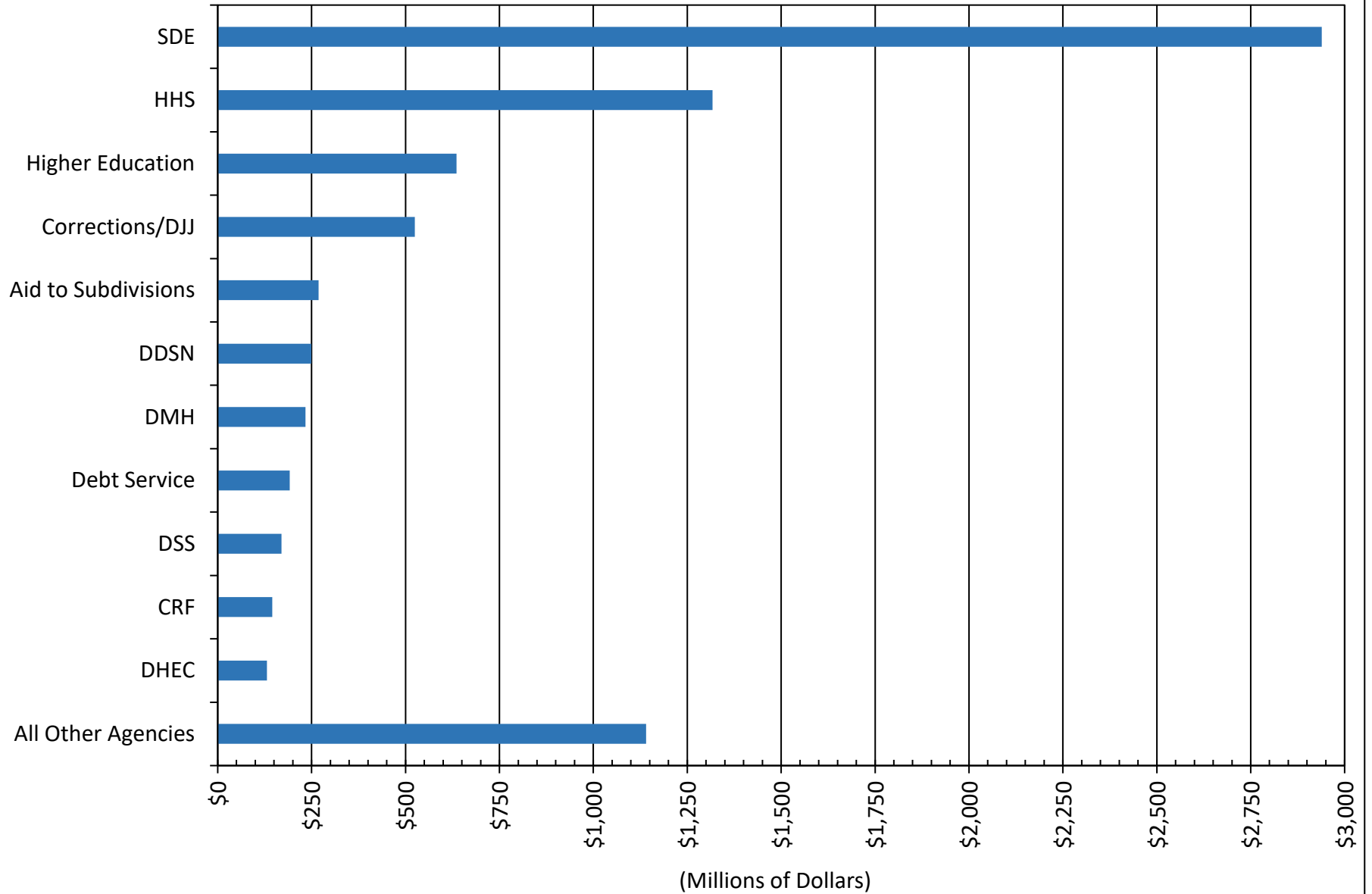


*Expenditures are higher than appropriations in a fiscal year due to expenditures related to increased mid-year authorization.

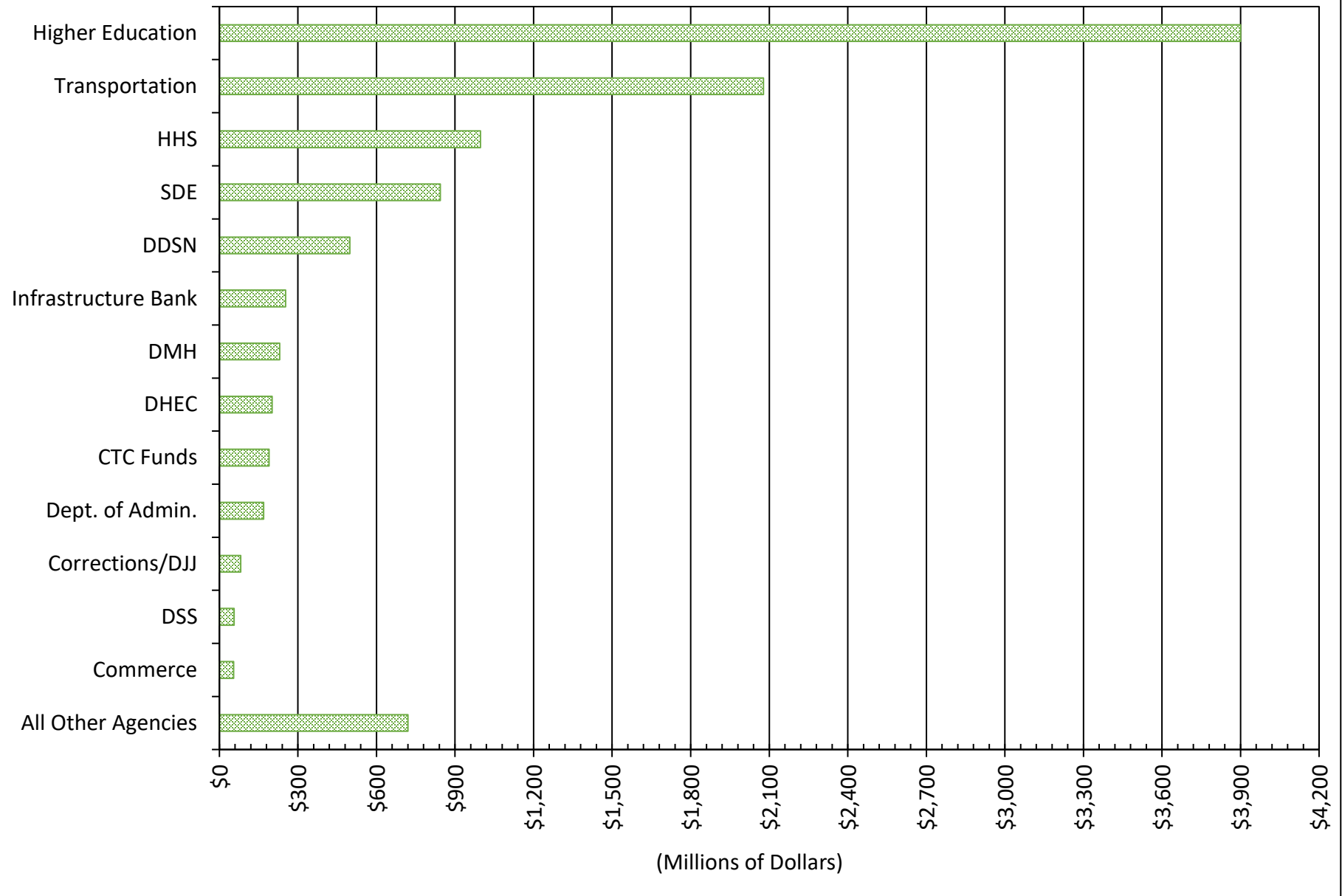
Source: RFA, JCS, 9/14/2017

**Largest Appropriations
by Fund**

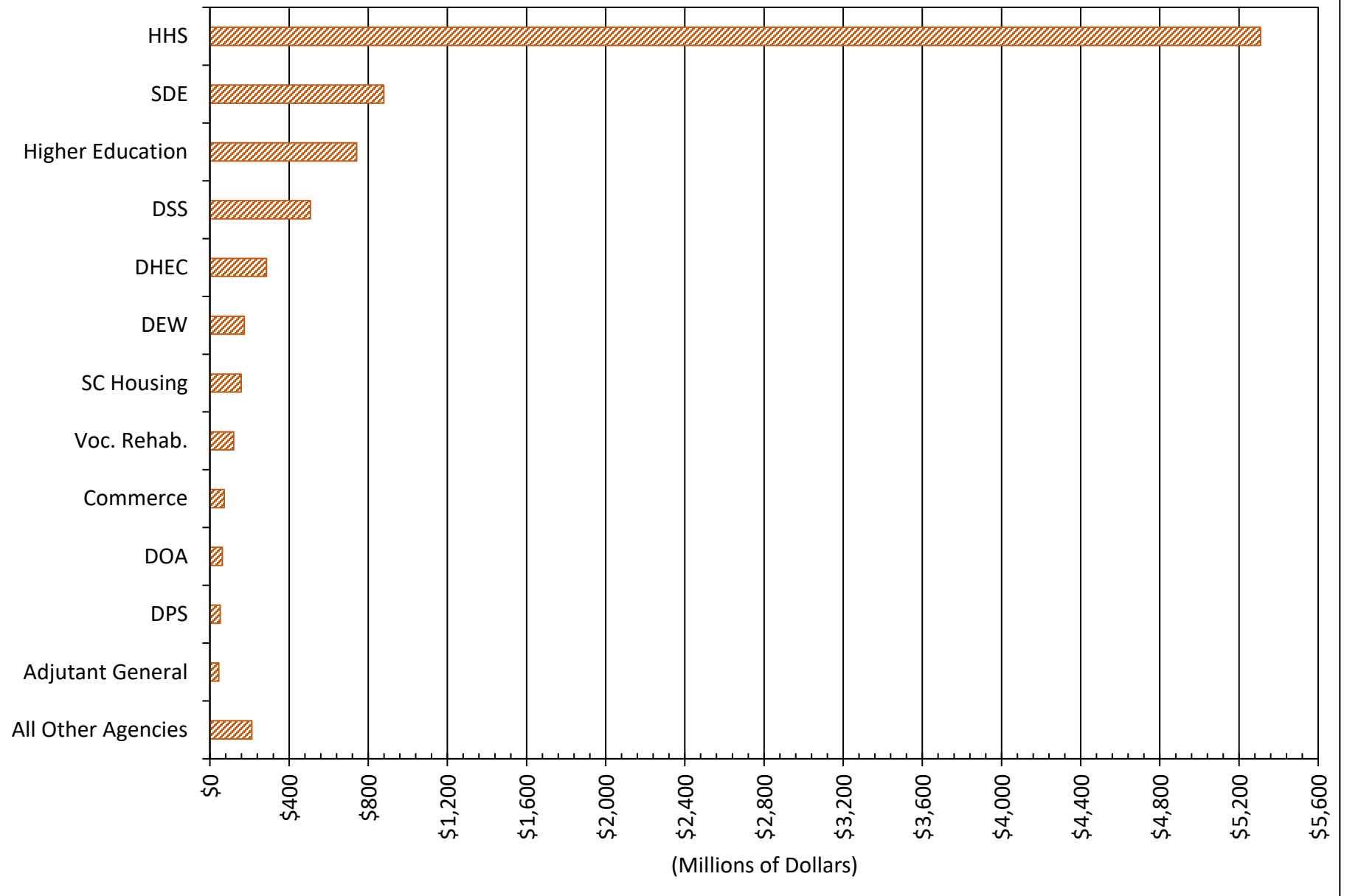
FY 2017-18 GENERAL FUND APPROPRIATIONS



FY 2017-18 OTHER FUNDS APPROPRIATIONS



FY 2017-18 FEDERAL FUNDS APPROPRIATIONS





South Carolina Revenue and Fiscal Affairs Office

For questions or further information contact Jake Scoggins

at 803-734-2129 or Jake.Scoggins@rfa.sc.gov

For further appropriation and expenditure details, see our Historical Analysis publication.

*For more information about South Carolina's
budget development process, visit our website at:*

www.rfa.sc.gov/budget