Agency 10% General Fund Carryforward Guide

South Carolina
Comptroller General

Agency 10% General Fund Carryforward Guide

- The annual Appropriations Act (of the new year) permits agencies to carry forward up to 10% of unspent original[(1)] General Fund appropriations to the next fiscal year.
- The previous 10% carryforward calculation under the carryforward proviso was overly complex, occasionally 'penalizing' agencies unfairly under certain scenarios related to *recurring* special proviso carry forwards reducing the 10% carry forward 'base'.[(2)]
- In FY2023, the Comptroller General's Office and the Executive Budget Office advocated for a proviso revision, resulting in a simpler, fairer calculation effective from FY2024 onward.

*[(1)] **Original** appropriations should generally only be for recurring funded programs*

[(2)] Typically, the majority of special proviso carry forwards, or approximately 70%, are for nonrecurring funded programs.

117.23. (GP: Carry Forward) Each agency is authorized to carry forward unspent general fund appropriations from the prior fiscal year into the current fiscal year, up to a maximum of ten percent of its original general fund appropriations less any appropriation reductions for the current fiscal year. Agencies shall not withhold services in order to carry forward general funds.

This provision shall be suspended if necessary to avoid a fiscal year-end general fund deficit. For purposes of this proviso, the amount of the general fund deficit shall be determined after first applying the Capital Reserve Fund provisions in Section 11-11-320(D) of the 1976 Code, and before any transfers from the General Reserve. The amount of general funds needed to avoid a year-end deficit shall be reduced proportionately from each agency's carry forward amount.

Any funds that are carried forward as a result of this provision are not considered part of the base of appropriations for any succeeding years.

Agency 10% General Fund Carryforward Guide

Calculating the Maximum 10% Carryforward

Budget per the Appropriations Act

Original Budget for recurring funded programs[1]	$	4,887,201	A
Add Certain Budget Adjustments:			
Recurring employee benefit allocations[2]	$	107,598	B
Total 10% carryforward base	**$**	**4,994,799**	
Carryforward percentage		10%	
Maximum 10% carryforward total	**$**	**499,480**	

[1] *Net of any vetoes. Also, there should not typically be any Original Budget for nonrecurring programs*

[2] *Although recurrring employee benefits are appropriated separately as Allocations, they are still considered 'original appropriations' and need to be added for the '10% carryforward base appropriations' total. Note: bonuses are nonrecurring employee benefits.*

Key terms

Allocations – distributed per the Appropriations Act for items such as a base pay increase (BPI) as well as for retirement & health plan portions that the State will pick up so that a cost increase is not passed on to state employees

SCEIS tcode FMEDDW

Doc Y...	Doc. Date	Budget Type	Fund	Funds Ctr		Amount LC	Text
2025	07/01/2024	ORIGINAL APPROPRIATIONS	10010000	E12000		203,348.00	APPROPRIATIONS LOAD
2025	07/01/2024		10010000	E12000		436,334.00	APPROPRIATIONS LOAD
2025	07/01/2024		10010000	E12000		1,357,052.00	APPROPRIATIONS LOAD
		ORIGINAL APPROPRIATIONS			A	**4,887,201.00**	
2025	09/18/2024	ALLOCATIONS-TRSFRS FR EMPL BEN	10010000	E12000		82,228.00	2.25%/$1125 BPI
2025	09/18/2024		10010000	E12000		25,370.00	2025 HEALTH PLAN
		ALLOCATIONS-TRSFRS FR EMPL BEN			B	**107,598.00**	
						4,994,799.00	

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Determining the Actual 10% Carryforward

- The remaining unspent budget balance in recurring funded programs is compared to the Maximum 10% Carryforward calculated.

- The actual amount that may be carried forward under the 10% proviso is the **lesser** of these two amounts.

- Example:
  - If E120 had $250,000 remaining → $250,000 would be carried forward.
  - If $650,000 of budget remained → only the maximum of $499,480 could be carried forward and the remaining $150,520 would be lapsed.

South Carolina Comptroller General

Agency 10% General Fund Carryforward Guide

- CG and EBO will collaborate daily in the final days prior to the final closing of the books to evaluate agency lapses & carryforwards to determine if further adjustments are needed.
- Note that budget **lapses** and **returns** can only be recorded by the Budget Office.
- Once all remaining General Fund balances in the 'old year' are considered to be final, to prevent any further activity, the Budget Office will sweep all remaining line-item appropriation balances for each agency to temporary account assignments in Funded Program 8900.000000X000 – STATEWIDE CARRYFORWARD APPROPRIATIONS and Commitment Item 561000 – MISCELLANEOUS OPERATIONS.
- Any balances carried forward into the 'new year' will then be transferred to that same temporary account assignment. Agencies will not be permitted to make expenditures against this temporary assignment in the new fiscal year. Instead, once an agency has determined how it will spend these funds, an FMBB budget transaction must be recorded to transfer the appropriations from Funded Program 8900.000000X000 and Commitment Item 561000, to spendable agency account assignments.

South Carolina Comptroller General

Agency 10% General Fund Carryforward Guide

- The final 10% carryforward amounts cannot be calculated until <u>all</u> commitments are cleared and <u>every</u> over expended budget lines has been covered.

- Carryforwards, lapses and returns are each important factors in calculating the statewide budgetary results for the year.

- For all statewide year end result calculations – including the 10% carryforward calculation, it's imperative for <u>all</u> **Commitments** to be cleared by agencies. Agencies should be continually reviewing their Open Encumbrance Report throughout the year end close-out.

- To put the numbers in perspective, in FY2026:
  - Agencies carried forward **$3.1B** of General Fund appropriations.
  - Of that total, only 6% or $177M was authorized under the 10% carry forward proviso.
  - The remaining 94% was carried forward under agency specific special proviso authority.
  - Agencies lapsed a total of $49M or less than 1% of the General Fund appropriations per the Act.

South Carolina Comptroller General