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CHIEF OF STAFF

NEWS RELEASE

August 14, 2019

FOR IMMEDIATE RELEASE

S.C. ends fiscal year with \$350 million surplus

Comptroller urges lawmakers to apply funds toward \$24 billion pension funding shortfall

The S.C. Comptroller's Office today closed the books on the 2019 fiscal year, which ended June 30.

General Fund revenues grew by 8.6 percent over the previous year's revenues, bringing in \$8.8 billion in 2019.

After funding an additional \$344 million in "supplemental spending" plus \$61 million for \$50 tax rebates, South Carolina ended the fiscal year with \$350 million of remaining revenue surplus.

S.C. Comptroller Richard Eckstrom urged lawmakers to devote some of the surplus to paying down the unfunded liability facing the state Retirement System. He issued the following statement:

"South Carolina faces a dangerous ticking time bomb. The state retiree pension plans face a whopping shortfall of \$24 billion, and I'd argue that it's perhaps the most serious problem we face. Across the country, retirement systems which have ignored mounting pension shortfalls have been forced to take drastic measures – steep tax hikes, deep cuts in services, and reductions in pension benefits for retirees.

"While this year's \$350 million surplus is certainly great news, we'd be foolish to once again miss this opportunity to apply some of it toward our unfunded pension liabilities.

“Twenty-four billion dollars is a lot of money -- three times the state's annual operating budget – and a sum which is likely to be felt by each of us in some way. Which means some very, very tough choices are ahead. Every little bit we pay now helps alleviate some of the inevitable pain that lies ahead. Continuing to put off dealing with this problem shouldn't be an option.

“Of course, paying down the pension debt is just a small step toward fixing our pension problems. It will require substantial structural changes to truly put the retirement system on sound footing and protect the pension benefits of retirees and current employees.

“It’s also worth noting that there are signs of economic uncertainty ahead. It’d be wise to be careful about any new spending now that might be subject to belt-tightening in the near future.”

“Finally, I’d urge the Legislature to forego the ‘spending spree’ temptation and focus more on our state’s long-term financial health, including that of our seriously underfunded pension plans.”

A detailed breakdown of the Fiscal Year 2019 closeout is provided in the accompanying report. For more information please contact Richard Eckstrom at 803-734-2588 or RJ Shealy at 803-470-5669.

End

State of South Carolina
BUDGETARY GENERAL FUND HIGHLIGHTS
 Fiscal Year Ended June 30, 2019
 (Unaudited)

Budgetary surplus:

Actual revenue over estimated revenue used in Appropriations Act.....	\$ 568,148,211
Governor's FY18-19 vetoes that were sustained.....	2,208,913
FY 18-19 appropriations lapsed by agencies at June 30, 2019.....	183,701
Funding of "open-ended" appropriations.....	<u>(8,144,142)</u>
Available to fund supplemental appropriations per Proviso 118.16.....	562,396,683

Transfers from other sources to fund supplemental appropriations per Proviso 118.16:

FY 17-18 Contingency Reserve Fund balance.....	177,146,326
Transfer from Litigation Recovery Account.....	9,598,318
FY 18-19 Debt Service Lapse.....	<u>6,442,108</u>
 Total available for distribution.....	 755,583,435

Distribution of surplus and transfers:

FY 18-19 supplemental appropriations per Proviso 118.16 ^(a)	(344,232,352)
Taxpayer Rebate Fund per Proviso 118.15 ^(b)	(61,400,000)
 Available for transfer to Contingency Reserve Fund as of July 1, 2019.....	 <u>\$ 349,951,083</u>

^(a) Supplemental appropriations to be released by September 30, 2019.

^(b) \$50 taxpayer rebate checks to be mailed on December 2, 2019.

BUDGETARY GENERAL FUND
Changes in Budgetary Fund Balance
 Fiscal Year Ended June 30, 2019
 (Unaudited)

	General Reserve	Appropriations Carried Forward	Capital Reserve	Contingency Reserve	Unreserved/ Undesignated	Total
Revenues.....	\$ —	\$ —	\$ —	\$ —	\$ 8,804,752,211	\$ 8,804,752,211
Expenditures.....	—	—	—	—	(8,142,162,502)	(8,142,162,502)
Transfer to General Reserve per Appropriations Act.....	15,571,394	—	—	—	(15,571,394)	—
Transfer to Capital Reserve per Appropriations Act.....	—	—	151,649,393	—	(151,649,393)	—
Transfer to Contingency Reserve.....	—	—	—	177,146,326	(177,146,326)	—
Transfer from Litigation Recovery Account.....	—	—	—	—	4,119,137	4,119,137
Transfer from Capital Reserve Fund.....	—	—	(293,301)	—	293,301	—
Use of Capital Reserve.....	—	—	(145,127,542)	—	—	(145,127,542)
Use of Contingency Reserve.....	—	—	—	(177,146,326)	177,146,326	—
Appropriations:						
Brought forward from last year ^a	—	(484,487,123)	—	—	484,487,123	—
Carried forward to next year ^b	—	431,997,579	—	—	(431,997,579)	—
Net fiscal year changes.....	15,571,394	(52,489,544)	6,228,550	—	552,270,904	521,581,304
Fund balance—June 30, 2018.....	<u>363,552,089</u>	<u>484,487,123</u>	<u>145,420,843</u>	<u>—</u>	<u>193,714,213</u>	<u>1,187,174,268</u>
Fund balance—June 30, 2019.....	<u>\$ 379,123,483</u>	<u>\$ 431,997,579</u>	<u>\$ 151,649,393</u>	<u>\$ —</u>	<u>\$ 745,985,117</u>	<u>\$ 1,708,755,572</u>

a These represent current year expenditures that did not require current year appropriations.

b These represent current year appropriations that will not be expended until next year.

BUDGETARY GENERAL FUND
Revenue Analysis
 Fiscal Year Ended June 30, 2019
 (Unaudited)

	Estimated Revenue Used in Approp. Act	Actual Revenue	Actual Over (Under) Estimated Revenue
Individual Income Tax.....	\$ 3,861,948,000	\$ 4,160,604,174	\$ 298,656,174
Sales and Use Tax.....	3,146,269,000	3,186,425,454	40,156,454
Corporation Income Tax.....	313,945,000	449,170,442	135,225,442
Insurance Tax.....	267,404,000	256,207,957	(11,196,043)
Corporation License Tax.....	89,760,000	112,007,772	22,247,772
Beer and Wine Tax.....	113,334,000	110,391,069	(2,942,931)
Earned on Investments.....	38,000,000	87,487,280	49,487,280
Alcoholic Liquors Tax.....	83,317,000	83,877,459	560,459
Documentary (Deed Stamp) Tax.....	82,527,000	80,425,985	(2,101,015)
Bank Tax.....	41,520,000	68,798,957	27,278,957
Admissions Tax.....	31,364,000	32,571,884	1,207,884
Tobacco Business License Tax.....	24,441,000	28,372,637	3,931,637
Security Dealer Fees.....	26,000,000	27,178,783	1,178,783
Public Service Authority Assessment.....	17,751,000	17,496,000	(255,000)
Indirect Cost Recoveries.....	12,500,000	15,938,594	3,438,594
Other Revenue.....	10,176,000	14,179,857	4,003,857
Unclaimed Property Fund Transfers.....	15,000,000	12,600,000	(2,400,000)
Motor Vehicle Licenses.....	11,615,000	12,079,044	464,044
Workers' Compensation Insurance Tax.....	9,572,000	9,382,100	(189,900)
Business Filing Fees.....	5,675,000	7,424,879	1,749,879
Circuit and Family Court Fines.....	7,421,000	6,745,763	(675,237)
Private Car Lines Tax.....	4,898,000	6,215,080	1,317,080
Record Search Fees.....	4,461,000	4,461,000	—
Nursing Home Fees.....	3,500,000	3,547,314	47,314
Parole and Probation Supervision Fees.....	3,393,000	3,392,808	(192)
Purchasing Card Rebates.....	3,000,000	3,171,665	171,665
Aircraft Tax.....	2,500,000	2,500,000	—
Savings and Loan Tax.....	1,844,000	1,254,252	(589,748)
Uncashed Checks.....	2,000,000	1,027,801	(972,199)
Bingo Tax.....	692,000	111,602	(580,398)
Surcharge on Vehicle Rentals.....	777,000	(295,401)	(1,072,401)
Total	\$ 8,236,604,000	\$ 8,804,752,211	\$ 568,148,211

BUDGETARY GENERAL FUND
Appropriations and Expenditures
Fiscal Year Ended June 30, 2019
(Unaudited)

	Appropriations Per Act ^a	Adjusted Authorizations ^b	Disposition of Adjusted Authorizations		
			Actual Expenditures	Appropriations Carried Forward	
				to 2020	Lapsed
Education.....	\$ 3,055,258,592	\$ 3,143,927,452	\$ 3,112,030,706	\$ 31,896,746	\$ —
Health and Human Services.....	1,365,653,053	1,445,018,800	1,347,679,764	97,339,036	—
Higher Education.....	713,208,775	767,595,177	757,969,461	9,625,716	—
Corrections.....	426,610,613	457,860,149	448,916,278	8,943,871	—
Disabilities and Special Needs.....	247,833,639	267,032,526	266,972,623	59,903	—
Aid to Local Governments.....	263,522,525	263,875,188	263,227,151	648,037	—
Mental Health.....	242,354,289	246,246,223	242,872,691	3,373,532	—
Social Services.....	194,059,657	201,651,659	196,666,152	4,985,507	—
Health and Environmental Control.....	137,420,532	160,479,729	142,141,283	18,338,446	—
Juvenile Justice.....	112,627,673	122,352,423	115,899,167	6,453,256	—
Public Employee Benefits Authority.....	109,468,739	109,468,739	109,349,915	—	118,824
State Law Enforcement Division.....	51,288,539	110,146,139	105,917,425	4,228,714	—
Public Safety.....	91,494,775	98,430,275	91,561,822	6,868,453	—
Motor Vehicles.....	86,532,345	92,512,324	78,939,966	13,572,358	—
Department of Administration.....	65,519,447	77,584,210	65,258,217	12,325,993	—
Commerce.....	50,437,178	105,878,635	64,060,923	41,817,712	—
Debt Service.....	191,630,298	75,914,244	62,326,788	13,587,456	—
Parks, Recreation and Tourism.....	47,706,699	81,661,122	60,614,896	21,046,226	—
Judicial Department.....	57,084,044	59,904,897	58,657,450	1,247,447	—
Revenue.....	50,110,970	55,546,863	52,437,322	3,109,541	—
State Treasurer.....	1,993,683	52,025,808	52,025,808	—	—
Probation, Parole, and Pardon.....	40,031,525	43,339,422	39,934,327	3,405,095	—
Natural Resources.....	33,564,936	41,198,867	35,040,068	6,158,799	—
Commission on Indigent Defense.....	30,217,106	31,900,726	30,830,898	1,069,828	—
Prosecution Coordination Commission.....	27,434,072	28,407,553	27,497,633	909,920	—
Stand-alone Schools.....	26,077,858	30,230,838	24,622,017	5,608,821	—
House of Representatives.....	22,312,601	47,539,136	24,166,813	23,372,323	—
Adjutant General.....	9,432,501	58,982,900	23,666,082	35,316,818	—
Rural Infrastructure Authority.....	20,511,856	34,525,187	20,043,359	14,481,828	—
Forestry Commission.....	18,758,176	21,654,040	19,260,046	2,393,994	—
Vocational Rehabilitation.....	16,429,396	18,728,123	18,311,524	416,599	—
Senate.....	14,398,274	20,711,190	15,443,173	5,268,017	—
Transportation.....	57,270	16,824,703	14,970,089	1,854,614	—
State Library.....	13,784,139	13,840,961	13,822,092	18,869	—
Attorney General.....	11,989,799	13,496,696	12,049,841	1,446,855	—
Agriculture.....	12,373,461	13,730,654	11,732,013	1,998,641	—
Legislative Support Agencies.....	12,426,216	16,506,989	11,971,361	4,535,628	—
Alcohol and Other Drug Abuse Services.....	11,700,737	12,002,008	10,112,830	1,889,178	—
Election Commission.....	10,539,449	13,472,714	8,674,851	4,797,863	—
Governor's Office.....	96,897,305	9,149,565	8,585,723	563,842	—
Department on Aging.....	—	16,777,555	7,857,154	8,920,401	—
SC Conservation Bank.....	7,552,365	8,193,014	7,728,431	464,583	—
Lieutenant Governor.....	18,163,509	6,099,826	6,099,826	—	—
Law Enforcement Training Council.....	5,265,585	6,239,947	5,797,364	442,583	—
State Auditor's Office.....	4,571,668	5,084,748	4,629,405	455,343	—
Insurance.....	4,220,310	4,268,720	4,268,720	—	—
Museum Commission.....	3,780,037	4,237,269	4,236,572	697	—
Arts Commission.....	3,715,938	4,411,502	4,212,787	198,715	—
Archives and History.....	2,887,077	4,106,156	3,975,487	130,669	—
Commission for Blind.....	3,547,103	3,733,996	3,418,927	315,069	—
Administrative Law Court.....	2,669,380	3,022,408	2,753,498	268,910	—
Comptroller General.....	2,448,246	2,698,257	2,451,213	247,044	—
Human Affairs Commission.....	2,384,291	2,561,505	2,320,957	240,548	—
Aeronautics.....	2,079,160	2,342,273	2,137,724	202,858	1,691
Workers' Compensation Commission.....	2,087,167	2,318,503	2,107,988	210,515	—
State Fiscal Accountability Authority.....	1,627,423	1,664,474	1,588,397	76,077	—
Consumer Affairs.....	1,516,061	1,650,123	1,485,124	164,999	—
State Ethics Commission.....	1,427,609	1,534,242	1,404,162	130,080	—
Labor, Licensing and Regulation.....	1,416,609	1,439,506	1,397,621	41,885	—
Commission for Minority Affairs.....	1,335,166	1,435,965	1,373,334	62,631	—
Secretary of State.....	1,126,491	1,143,160	1,143,160	—	—
Confederate Relic Room and Military Museum..	914,420	1,006,055	967,026	39,029	—
Sea Grant Consortium.....	727,461	816,374	701,808	80,225	34,341
Educational Television Commission.....	284,257	659,791	623,058	36,733	—
Employment and Workforce.....	500,873	552,123	552,123	—	—
Ports Authority.....	—	4,800,000	525,000	4,275,000	—
Procurement Review Panel.....	173,350	191,436	145,088	17,503	28,845
Total	\$ 8,067,174,298	\$ 8,574,343,782	\$ 8,142,162,502	\$ 431,997,579	\$ 183,701

^a The Appropriations per Act column of \$8,067,174,298 does not include Capital Reserve appropriations of \$151,649,393 or \$2,208,598 of residual appropriations not allocated (Governor's vetoes sustained). The General Fund recapitulation in the FY18-19 Appropriations Act shows these two amounts combined for a total of \$8,218,823,691.

^b Adjusted Authorizations are \$507,169,484 higher than the Appropriations per Act. Items that contribute to this difference include prior year carryforwards, current year supplemental appropriations, lapses per proviso, open-ended appropriations, governor vetoes and other budget adjustments.

BUDGETARY GENERAL FUND
Appropriations Carried Forward to FY19–20
 Fiscal Year Ended June 30, 2019
 (Unaudited)

	Total Carried Forward	Special Carry- Forwards ^a	General Carry- Forwards ^b
Health and Human Services.....	\$ 97,339,036	\$ 97,339,027	\$ 9
Commerce.....	41,817,712	41,142,495	675,217
Adjutant General.....	35,316,818	34,525,662	791,156
Education.....	31,896,746	28,445,612	3,451,134
House of Representatives.....	23,372,323	23,372,323	—
Parks, Recreation and Tourism.....	21,046,226	19,168,518	1,877,708
Health and Environmental Control.....	18,338,446	14,214,690	4,123,756
Rural Infrastructure Authority.....	14,481,828	14,481,828	—
Debt Service.....	13,587,456	5,552,123	8,035,333
Motor Vehicles.....	13,572,358	13,572,358	—
Department of Administration.....	12,325,993	8,405,411	3,920,582
Higher Education.....	9,625,716	5,287,441	4,338,275
Corrections.....	8,943,871	6,140	8,937,731
Department on Aging.....	8,920,401	7,880,469	1,039,932
Public Safety.....	6,868,453	533,294	6,335,159
Juvenile Justice.....	6,453,256	305,826	6,147,430
Natural Resources.....	6,158,799	4,539,151	1,619,648
Stand-alone Schools.....	5,608,821	3,484,173	2,124,648
Senate.....	5,268,017	5,268,017	—
Social Services.....	4,985,507	4,773,646	211,861
Election Commission.....	4,797,863	4,231,982	565,881
Legislative Support Agencies.....	4,535,628	4,535,628	—
Ports Authority.....	4,275,000	4,275,000	—
State Law Enforcement Division.....	4,228,714	1,045,290	3,183,424
Probation, Parole and Pardon.....	3,405,095	32,864	3,372,231
Mental Health.....	3,373,532	442,419	2,931,113
Revenue.....	3,109,541	—	3,109,541
Forestry Commission.....	2,393,994	510,578	1,883,416
Agriculture.....	1,998,641	1,323,628	675,013
Alcohol and Other Drug Abuse Services.....	1,889,178	1,889,178	—
Transportation.....	1,854,614	1,854,612	2
Attorney General.....	1,446,855	1,276,374	170,481
Judicial Department.....	1,247,447	683,288	564,159
Commission on Indigent Defense.....	1,069,828	1,019,763	50,065
Prosecution Coordination Commission.....	909,920	—	909,920
Aid to Local Governments.....	648,037	—	648,037
Governor's Office.....	563,842	—	563,842
SC Conservation Bank.....	464,583	—	464,583
State Auditor's Office.....	455,343	—	455,343
Law Enforcement Training Council.....	442,583	—	442,583
Vocational Rehabilitation.....	416,599	416,599	—
Commission for Blind.....	315,069	—	315,069
Administrative Law Court.....	268,910	—	268,910
Comptroller General.....	247,044	—	247,044
Human Affairs Commission.....	240,548	416	240,132
Workers' Compensation Commission.....	210,515	—	210,515
Aeronautics.....	202,858	—	202,858
Arts Commission.....	198,715	—	198,715
Consumer Affairs.....	164,999	28,688	136,311
Archives and History.....	130,669	32,915	97,754
State Ethics Commission.....	130,080	—	130,080
Sea Grant Consortium.....	80,225	6,575	73,650
State Fiscal Accountability Authority.....	76,077	—	76,077
Commission for Minority Affairs.....	62,631	—	62,631
Disabilities and Special Needs.....	59,903	—	59,903
Labor, Licensing and Regulation.....	41,885	—	41,885
Confederate Relic Room and Military Museum.....	39,029	—	39,029
Educational Television Commission.....	36,733	8,141	28,592
State Library.....	18,869	—	18,869
Procurement Review Panel.....	17,503	—	17,503
Museum Commission.....	697	697	—
Total.....	\$ 431,997,579	\$ 355,912,839	\$ 76,084,740

^a Provisos contained within Part 1B of the FY18-19 Appropriations Act allowed certain agencies to carry forward specific appropriation balances to FY19-20 for expenditures.

^b Proviso 117.23 of the FY19-20 Appropriations Act allows agencies to carry forward up to ten percent of original appropriations reduced by special carryforwards (as defined).

BUDGETARY GENERAL FUND
Open-Ended Appropriations
 Fiscal Year Ended June 30, 2019
 (Unaudited)

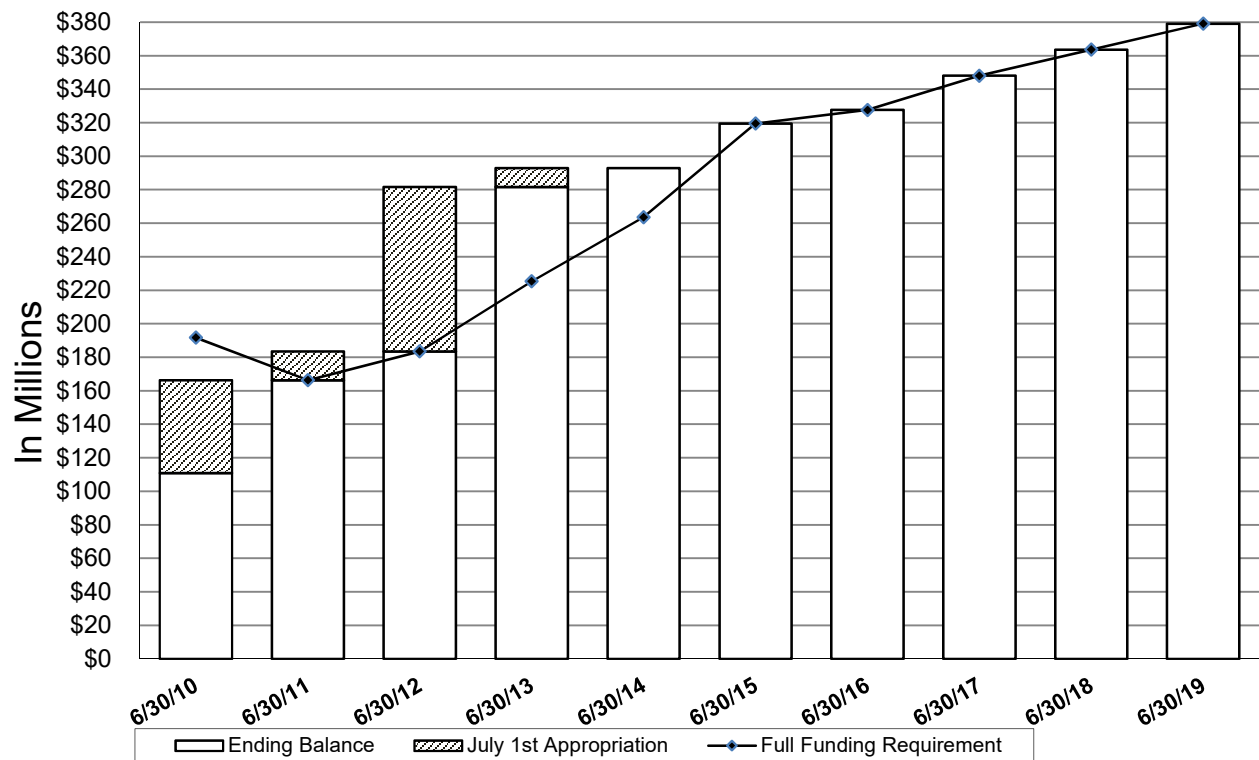
<u>Agency Name</u>	<u>Description</u>	<u>Amount</u>
State Board for Technical and Comprehensive Education.....	Fund readySC shortfall as per Proviso 25.1 of Act 264 of 2018	\$ 7,604,400
Adjutant General's Office.....	2018 Hurricane Florence recovery expenditures	500,000
Statewide Employee Benefits.....	Excess Workers' Compensation Insurance costs	<u>39,742</u>
Total Open-Ended Appropriations		<u>\$ 8,144,142</u>

Note:

"Open-ended" appropriations result either from Legislative commitments to fund certain budgetary items without providing sufficient appropriations to fully fund them or to cover an agency's budgetary deficit provided that it is approved by State Fiscal Accountability Authority action. The State uses year-end budgetary surpluses to fund these appropriation shortfalls.

BUDGETARY GENERAL FUND
General Reserve
Fiscal Years Ended June 30
(Unaudited)

Year	Beginning Balance	Net Additions (Reductions)	Ending Balance^a	Full Funding Requirement^a	Over (Under) Funded	July 1st Appropriation^a
2010	\$ —	\$110,883,455	\$ 110,883,455	\$ 191,771,831	\$ (80,888,376)	\$ 55,441,728
2011	110,883,455	55,441,728	166,325,183	166,325,183	—	17,141,169
2012	166,325,183	17,141,169	183,466,352	183,466,352	—	98,175,036
2013	183,466,352	98,175,036	281,641,388	225,313,110	56,328,278	11,248,376
2014	281,641,388	11,248,376	292,889,764	263,600,787	29,288,977	—
2015	292,889,764	26,589,048	319,478,812	319,478,812	—	—
2016	319,478,812	8,140,680	327,619,492	327,619,492	—	—
2017	327,619,492	20,399,981	348,019,473	348,019,473	—	—
2018	348,019,473	15,532,616	363,552,089	363,552,089	—	—
2019	363,552,089	15,571,394	379,123,483	379,123,483	—	—



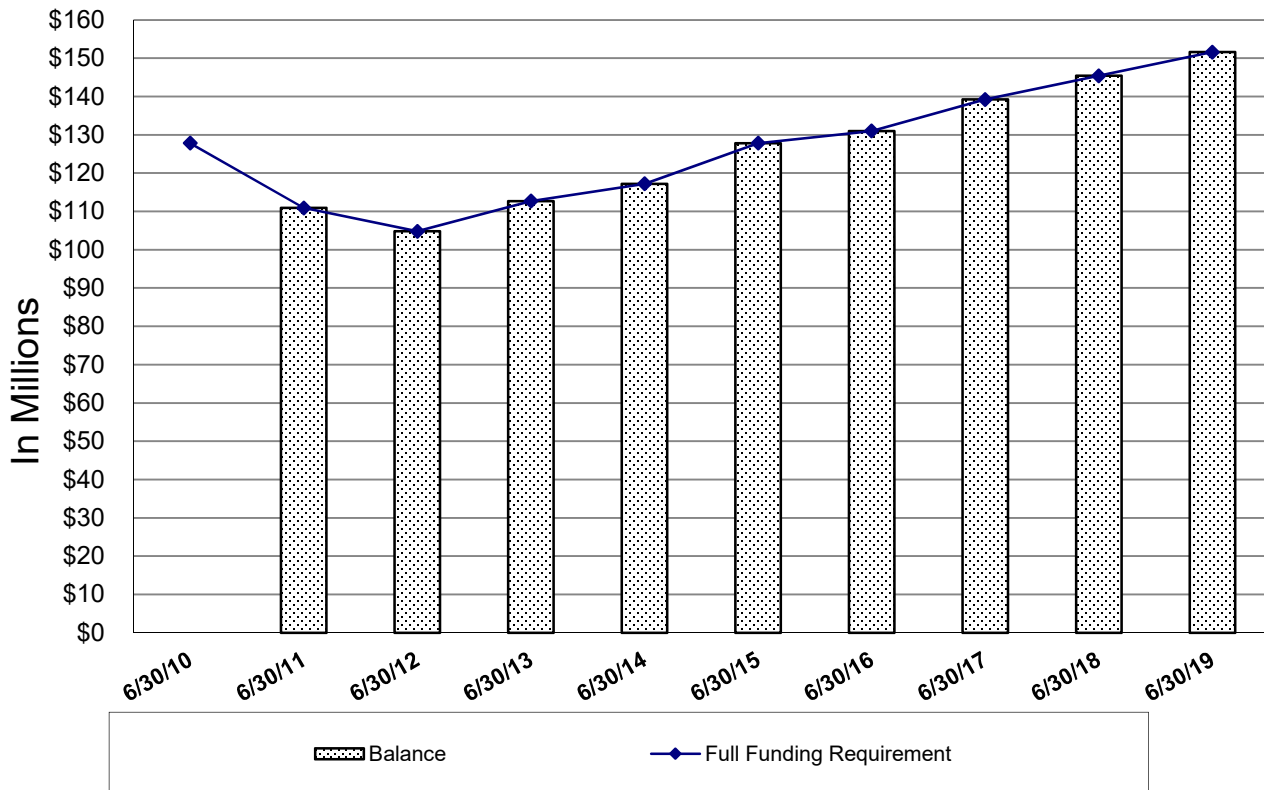
^a Ending balances in the table do not reflect payments made on July 1 of any succeeding year as a result of appropriations to the General Reserve Fund (GRF). The graph shows balances in the GRF that include these July 1 appropriations (cross-checked portion of columns). Beginning in FY11-12, the constitutional full funding requirement of the GRF increased in .5% annual increments from 3% of the prior year's General Fund revenues to 5%.

BUDGETARY GENERAL FUND

Capital Reserve

Fiscal Years Ended June 30
(Unaudited)

Year	Beginning Balance	Appropriation	Amount Applied Against Revenue Shortfall	Transfers to Agencies	Ending Balance	Full Funding Requirement ^a
2010	\$ —	\$ 127,847,888	\$ (127,847,888)	\$ —	\$ —	\$ 127,847,888
2011	—	110,883,455	—	—	110,883,455	110,883,445
2012	110,883,455	104,837,915	—	(110,883,455)	104,837,915	104,837,915
2013	104,837,915	112,656,555	—	(104,837,915)	112,656,555	112,656,555
2014	112,656,555	117,155,905	—	(112,656,555)	117,155,905	117,155,905
2015	117,155,905	127,789,918	—	(117,155,905)	127,789,918	127,791,528
2016	127,789,918	131,047,797	—	(127,789,918)	131,047,797	131,047,797
2017	131,047,797	139,207,789	—	(131,047,794)	139,207,792	139,207,789
2018	139,207,792	145,420,836	—	(139,207,785)	145,420,843	145,420,836
2019	145,420,843	151,649,393	—	(145,420,843)	151,649,393	151,649,393



^a Full funding requirement is 2% of previous year's General Fund revenues.