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NEWS RELEASE **Aug. 15, 2016**

FOR IMMEDIATE RELEASE

Revenue Growth is Slowing

Controller Warns: Use Surpluses to Increase Reserves for Harder Times Ahead

Columbia, S.C. – State Controller Richard Eckstrom reports there was a slowdown in the growth of annual revenue collections for state government's fiscal year that ended June 30, 2016. While annual revenues grew by 4.3 percent for the fiscal year, that was significantly less than the 7.3 percent rate of growth experienced a year earlier.

The General Assembly had been expecting that the annual growth rate would be 4.6 percent, rather than 4.3 percent. Anticipating this higher level of new revenue, the General Assembly approved "supplemental appropriations" late in the year to spend the expected new revenue on nonrecurring items and special projects sought by state agencies.

Because of not fully meeting its new revenue estimates, $10,328,000 of items from the supplemental appropriations bill cannot be funded. These unfunded items include $7,000,000 for the State Aviation Fund at the Division of Aeronautics, $1,100,000 for the Office of the Adjutant General, and $1,600,000 of a $2,400,000 project for improving pedestrian safety and visibility on Pendleton Street behind the Statehouse complex.

In addition, the budget for the new fiscal year that began July 1 includes revenue growth that is not being met by actual collections, with July's revenues being 0.9 percent below July 2015. Many extreme financial demands will be confronting state government during this new fiscal year.

As state government generates revenue surpluses, it would be prudent to resist the temptation to "spend it all" and to instead establish additional reserves for leaner times that appear to be emerging. South Carolina's economy is not exempt from slowdowns and stresses being experienced in the world economy.

Furthermore, state government has promised to provide retirement benefits to public sector employees, has incurred legal obligations to make good on those promises, and has allowed itself to ignore the mounting costs of the promised benefits. The ignored costs, which will have to be funded, exceed $30 billion.

A detailed breakdown of the 2015-16 fiscal year close-out can be found in the accompanying report.

For more information please contact Eric Ward, public information director, at 803-734-2538, 803-206-6293, or eward@cg.sc.gov.

End

State of South Carolina

BUDGETARY HIGHLIGHTS

BUDGETARY GENERAL FUND
Fiscal Year Ended June 30, 2016
(Unaudited)

Factors that produced the budgetary surplus:

Actual revenue over revenue estimates used in Appropriations Act	$	303,053,119
Governor's FY15-16 sustained vetoes		75,000
Agency appropriations that lapsed at year-end		1,651,420
FY15-16 supplemental appropriations funded by sources outside the general fund		(77,527,168)
FY15-16 appropriations set-aside for Proviso 118.16 distributions in FY16-17		32,206,058
"Open-ended" appropriations		(2,534,630)
General Fund budgetary surplus available for distribution		256,923,799
Available Contingency Reserve Fund balance to be used per Proviso 118.16		46,750,797
Net budgetary surplus available for distribution	**$**	**303,674,596**

Distribution of surplus:

Supplementally appropriated by Proviso 118.16, net of Governor's sustained vetoes and $139,260,007 funded in FY16-17 from unbudgeted General Fund sources		
($10,323,102 of additional supplemental appropriations cannot be funded due to lower than expected budgetary surplus)	**$**	**303,674,596**

BUDGETARY GENERAL FUND

Changes in Budgetary Fund Balance

Fiscal Year Ended June 30, 2016

(Unaudited)

	General Reserve	Appropriations Carried Forward	Capital Reserve	Contingency Reserve	Unreserved/ Undesignated	Total
Revenues	$ —	$ —	$ —	$ —	$ 7,348,343,956	$ 7,348,343,956
Expenditures	—	—	—	—	(7,181,070,178)	(7,181,070,178)
Transfer to General Reserve per Appropriations Act	8,140,680	—	—	—	(8,140,680)	—
Transfer to Capital Reserve per Appropriations Act	—	—	131,047,797	—	(131,047,797)	—
Transfer to Contingency Reserve	—	—	—	386,493,342	(386,493,342)	—
Distribution to County Transportation Fund	—	—	—	—	(50,000,000)	(50,000,000)
Distribution to Fund Farm Bill for Flood Relief	—	—	—	(40,000,000)	—	(40,000,000)
Use of Capital Reserve	—	—	(127,789,918)	—	—	(127,789,918)
Use of Contingency Reserve	—	—	—	(319,483,121)	319,483,121	—
Appropriations:						
Brought forward from last year [a]	—	(415,073,092)	—	—	415,073,092	—
Carried forward to next year [b]	—	368,966,918	—	—	(368,966,918)	—
Net fiscal year changes	8,140,680	(46,106,174)	3,257,879	27,010,221	(42,818,746)	(50,516,140)
Fund balance–July 1, 2015	319,478,812	415,073,092	127,789,918	19,740,576	299,742,545	1,181,824,943
Fund balance–June 30, 2016	$ 327,619,492	$ 368,966,918	$ 131,047,797	$ 46,750,797	$ 256,923,799	$ 1,131,308,803

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, 2016

(Unaudited)

	Estimated Revenue Used in Approp. Act	Actual Revenue	Actual Over (Under) Estimated Revenue	Percent Over (Under)
Regular sources:				
Individual income tax	$ 3,251,314,112	$ 3,311,004,608	$ 59,690,496	1.8
Corporation income tax	307,790,725	361,807,850	54,017,125	17.5
Retail and casual sales tax	2,714,293,000	2,818,605,595	104,312,595	3.8
Total income and sales taxes	6,273,397,837	6,491,418,053	218,020,216	3.5
Admissions tax	31,771,000	30,851,417	(919,583)	(2.9)
Aircraft tax	4,536,000	4,124,496	(411,504)	(9.1)
Alcoholic liquors tax	72,334,000	73,549,750	1,215,750	1.7
Bank tax	28,170,000	29,425,178	1,255,178	4.5
Beer and wine tax	106,691,000	107,252,141	561,141	0.5
Business license (tobacco) tax	24,869,000	28,137,517	3,268,517	13.1
Coin-operated device tax	1,069,000	1,049,229	(19,771)	(1.8)
Corporation license tax	104,916,000	88,702,350	(16,213,650)	(15.5)
Departmental revenue	44,386,000	57,962,355	13,576,355	30.6
Documentary (deed stamp) tax	42,638,000	46,164,138	3,526,138	8.3
Earned on investments	19,000,000	25,193,451	6,193,451	32.6
Insurance tax	205,353,000	212,224,188	6,871,188	3.3
Motor vehicle licenses	10,711,000	10,677,999	(33,001)	(0.3)
Private car lines tax	3,672,000	4,335,202	663,202	18.1
Excess earnings from Public Service Authority	22,130,000	19,265,698	(2,864,302)	(12.9)
Retailers' license tax	755,000	930,480	175,480	23.2
Savings and Loan tax	2,240,000	(84,258)	(2,324,258)	(103.8)
Workers' Compensation insurance tax	8,354,000	9,674,588	1,320,588	15.8
Total regular sources	7,006,992,837	7,240,853,972	233,861,135	3.3
Miscellaneous sources:				
Circuit and family court fines	8,779,000	8,090,762	(688,238)	(7.8)
Debt service reimbursements	65,200	564,101	498,901	765.2
Indirect cost recoveries	11,061,000	12,388,575	1,327,575	12.0
Nonrecurring revenue	—	77,303,738	77,303,738	100.0
Parole and probation supervision fees	3,392,800	3,392,808	8	0.0
Unclaimed property fund transfers	15,000,000	5,750,000	(9,250,000)	(61.7)
Total miscellaneous sources	38,298,000	107,489,984	69,191,984	180.7
Total	$ 7,045,290,837	$ 7,348,343,956	$ 303,053,119	4.3

BUDGETARY GENERAL FUND

Appropriations and Expenditures

Fiscal Year Ended June 30, 2016

(Unaudited)

			Disposition of Adjusted Authorizations		
	Appropriations Per Act [a]	Adjusted Authorizations	Expenditures	Appropriations Carried Forward to 2016	Lapsed
Education	$ 2,599,448,057	$ 2,674,805,339	$ 2,630,758,763	$ 44,046,576	$ —
Health and Human Services	1,136,447,857	1,299,841,511	1,190,887,740	108,953,771	—
Higher Education	637,775,562	688,708,622	685,045,876	3,662,746	—
Corrections	384,727,112	400,132,011	372,378,927	27,753,084	—
Aid to Local Governments	304,028,185	306,669,246	306,633,274	—	35,972
Transportation	110,557,265	298,262,375	288,820,429	9,441,946	—
Disabilities and Special Needs	218,636,869	226,683,347	225,743,787	939,560	—
Mental Health	203,582,260	212,613,392	208,852,147	3,761,245	—
Debt Service	191,630,298	194,405,576	186,714,678	7,690,898	—
Social Services	132,926,142	138,362,305	135,697,229	2,665,076	—
Health and Environmental Control	106,860,927	118,522,222	109,996,317	8,525,905	—
Juvenile Justice	104,186,425	109,407,069	100,115,561	9,291,508	—
Commerce	96,985,310	133,948,227	95,870,138	38,078,089	—
Public Safety	81,105,129	86,386,452	77,126,293	9,260,159	—
Parks, Recreation and Tourism	42,731,774	57,166,367	51,263,716	5,902,651	—
Revenue	48,186,887	51,361,440	49,711,960	1,649,480	—
Department of Administration	53,692,865	60,633,526	47,639,118	12,994,408	—
Judicial Department	47,024,033	51,304,489	47,548,608	3,755,881	—
State Law Enforcement Division	43,241,431	47,962,758	43,969,491	3,993,267	—
Natural Resources	23,400,322	31,154,793	26,591,381	4,563,412	—
Stand-alone Schools	25,164,452	29,283,679	26,245,009	3,038,670	—
Probation, Parole, and Pardon	25,166,981	26,019,976	24,786,103	1,233,873	—
Commission on Indigent Defense	21,347,530	21,514,635	21,414,635	100,000	—
House of Representatives	21,880,733	45,424,814	19,991,485	25,433,329	—
Prosecution Coordination Commission	15,860,911	17,178,988	16,244,354	934,634	—
Lieutenant Governor	14,260,603	18,571,728	16,044,909	2,526,819	—
Forestry Commission	15,256,979	16,823,233	15,684,237	1,138,996	—
Vocational Rehabilitation	14,685,477	14,883,780	14,883,780	—	—
Senate	13,847,345	20,599,848	13,370,708	7,229,140	—
Adjutant General	6,616,600	16,110,418	12,211,360	3,899,058	—
Legislative Support Agencies	11,170,245	14,544,595	11,442,002	3,102,593	—
State Library	10,878,776	10,916,306	10,910,220	6,086	—
Rural Infrastructure Authority	9,696,879	10,004,632	9,696,879	307,753	—
Agriculture	7,091,603	9,485,549	9,091,210	394,339	—
Alcohol and Other Drug Abuse Services	6,643,669	8,925,373	8,854,941	70,432	—
Governor's Office	66,846,583	8,472,245	7,765,843	678,261	28,141
Public Employee Benefits Authority	8,271,510	8,271,510	7,417,719	—	853,791
Attorney General	5,892,527	7,526,309	6,065,101	1,461,208	—
State Fiscal Accountability Authority	4,705,467	5,235,425	4,768,289	467,136	—
Insurance	3,799,029	3,838,985	3,838,985	—	—
Archives and History	2,542,005	4,810,376	3,583,407	1,226,969	—
Museum Commission	3,427,503	3,673,590	3,438,183	235,407	—
Election Commission	5,483,601	7,264,086	3,147,618	3,856,315	260,153
Commission for Blind	3,114,963	3,409,108	3,137,787	271,321	—
Arts Commission	2,982,148	3,114,783	3,114,783	—	—
Comptroller General	2,243,862	2,482,803	2,391,314	91,489	—
Administrative Law Court	2,392,183	2,617,502	2,374,674	241,538	1,290
Aeronautics	2,026,196	2,051,436	2,033,001	18,435	—
Workers' Compensation Commission	1,984,261	2,033,092	1,960,461	72,631	—
State Treasurer	1,655,842	2,002,491	1,842,596	—	159,895
Human Affairs Commission	1,914,274	2,124,354	1,832,359	265,678	26,317
Labor, Licensing and Regulation	1,346,000	1,618,373	1,618,076	297	—
Consumer Affairs	1,308,806	1,438,740	1,420,018	18,722	—
Secretary of State	1,058,894	1,347,941	1,279,105	68,836	—
Law Enforcement Training Council	768,792	1,614,801	1,217,646	397,155	—
Confederate Relic Room and Military Museum	824,175	1,253,120	1,199,900	53,220	—
Ports Authority	—	4,000,000	1,000,000	3,000,000	—
State Ethics Commission	752,108	806,660	773,635	33,025	—
Commission for Minority Affairs	740,019	784,652	745,067	39,585	—
Sea Grant Consortium	609,288	771,565	594,177	80,512	96,876
Procurement Review Panel	158,184	174,061	128,625	16,041	29,395
Educational Television Commission	277,289	277,532	90,189	27,753	159,590
Employment and Workforce	374,038	54,355	54,355	—	—
Total	**$ 6,914,243,040**	**$ 7,551,688,516**	**$ 7,181,070,178**	**$ 368,966,918**	**$ 1,651,420**

[a] The Appropriations per Act column of $6,914,243,040 does not include Capital Reserve appropriations of $131,047,797. The General Fund recapitulation in the FY15-16 Appropriations Act shows these two amounts combined for a total of $7,045,290,837.

BUDGETARY GENERAL FUND

Appropriations Carried Forward to FY16–17

Fiscal Year Ended June 30, 2016

(Unaudited)

	Total Carried Forward	Special Carry-Forwards[a]	General Carry-Forwards[b]
Health and Human Services	$ 108,953,771	$ 108,953,771	$ —
Education	44,046,576	43,395,975	650,601
Commerce	38,078,089	37,360,750	717,339
Corrections	27,753,084	309,079	27,444,005
House of Representatives	25,433,329	25,433,329	—
Department of Administration	12,994,408	8,434,055	4,560,353
Transportation	9,441,946	9,441,946	—
Juvenile Justice	9,291,508	301,760	8,989,748
Public Safety	9,260,159	4,481,244	4,778,915
Health and Environmental Control	8,525,905	3,592,532	4,933,373
Debt Service	7,690,898	7,690,898	—
Senate	7,229,140	7,229,140	—
Parks, Recreation and Tourism	5,902,651	3,820,460	2,082,191
Natural Resources	4,563,412	4,133,550	429,862
State Law Enforcement Division	3,993,267	1,480,660	2,512,607
Adjutant General	3,899,058	3,510,772	388,286
Election Commission	3,856,315	3,518,851	337,464
Mental Health	3,761,245	3,761,245	—
Judicial Department	3,755,881	3,755,881	—
Higher Education	3,662,746	2,540,666	1,122,080
Legislative Support Agencies	3,102,593	3,102,593	—
Stand-alone Schools	3,038,670	1,179,474	1,859,196
Ports Authority	3,000,000	3,000,000	—
Social Services	2,665,076	2,664,536	540
Lieutenant Governor	2,526,819	1,839,375	687,444
Revenue	1,649,480	—	1,649,480
Attorney General	1,461,208	1,461,208	—
Probation, Parole and Pardon	1,233,873	12,958	1,220,915
Archives and History	1,226,969	1,002,758	224,211
Forestry Commission	1,138,996	500,000	638,996
Disabilities and Special Needs	939,560	—	939,560
Prosecution Coordination Commission	934,634	—	934,634
Governor's Office	678,261	—	678,261
State Fiscal Accountability Authority	467,136	143,920	323,216
Law Enforcement Training Council	397,155	380,551	16,604
Agriculture	394,339	394,339	—
Rural Infrastructure Authority	307,753	307,753	—
Commission for Blind	271,321	—	271,321
Human Affairs Commission	265,678	79,027	186,651
Administrative Law Court	241,538	—	241,538
Museum Commission	235,407	151,149	84,258
Commission on Indigent Defense	100,000	100,000	—
Comptroller General	91,489	—	91,489
Sea Grant Consortium	80,512	18,948	61,564
Workers' Compensation Commission	72,631	—	72,631
Alcohol and Other Drug Abuse Services	70,432	—	70,432
Secretary of State	68,836	68,836	—
Confederate Relic Room and Military Museum	53,220	—	53,220
Commission for Minority Affairs	39,585	—	39,585
State Ethics Commission	33,025	—	33,025
Educational Television Commission	27,753	—	27,753
Consumer Affairs	18,722	—	18,722
Aeronautics	18,435	—	18,435
Procurement Review Panel	16,041	—	16,041
State Library	6,086	—	6,086
Labor, Licensing and Regulation	297	—	297
Total	$ 368,966,918	$ 299,553,989	$ 69,412,929

[a] Provisos contained within Part 1B of the FY15-16 Appropriations Act allowed certain agencies to carry forward specific appropriation balances to FY16-17 for expenditures.

[b] Proviso 117.23 of the FY15-16 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, 2016

(Unaudited)

Agency Name	Description	Amount
Aid to Subdivisions–State Treasurer.....	Aid to Fire Districts - Formula Funding Shortfall	$ 1,981,994
Statewide Employee Benefits.....	Workers' Compensation Insurance	52,636
Adjutant General's Office.....	2015 Severe Flooding - National Guard Salaries	500,000
Total Open-Ended Appropriations [a]		**$ 2,534,630**

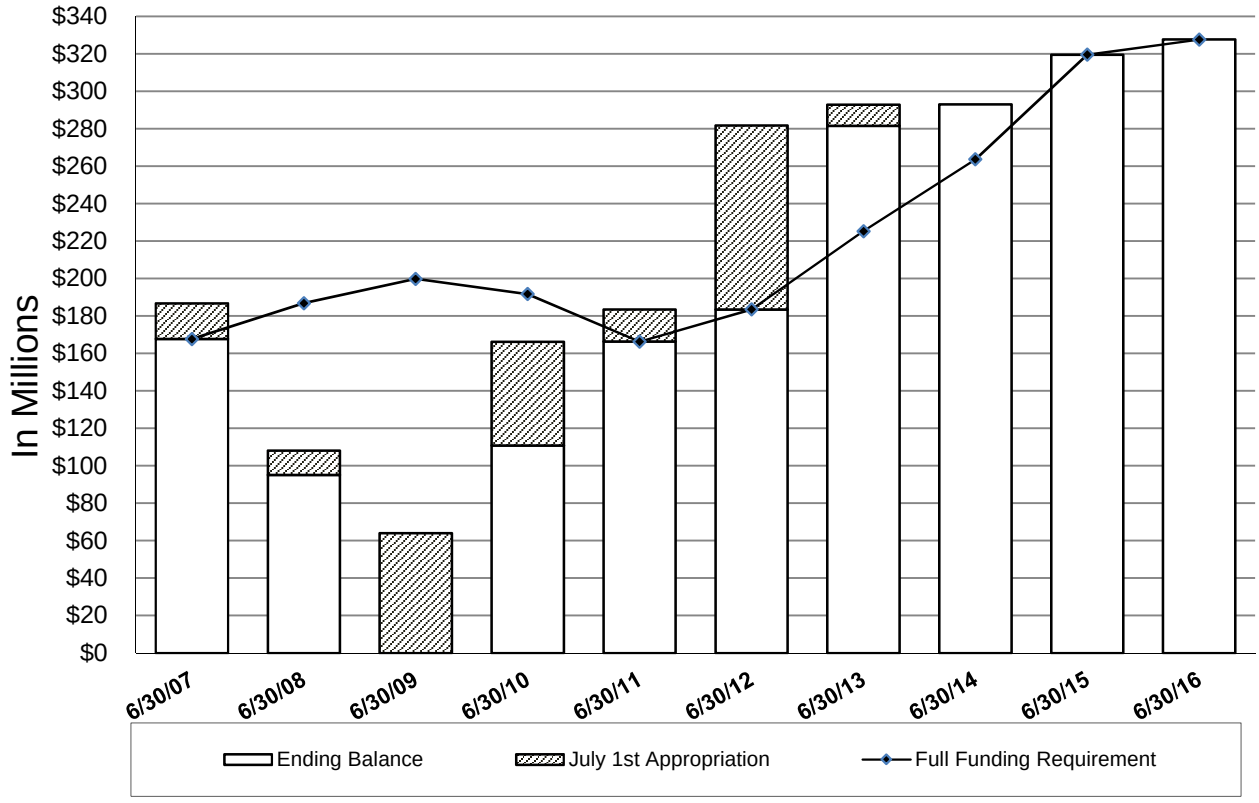
[a] "Open-ended" appropriations result either from Legislative commitments to fund certain budgetary items without providing sufficient appropriations to fully fund them or to cover an agency's budgetary deficit provided that it is approved by State Fiscal Accountability Authority action. In either of these instances, the State uses year-end budgetary surpluses to fund 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]
2007	$153,488,394	$ 14,243,425	$ 167,731,819	$ 167,731,819	$ —	$ 19,048,978
2008	167,731,819	(72,609,202)	95,122,617	186,780,797	(91,658,180)	12,974,290
2009	95,122,617	(95,122,617)	—	199,755,087	(199,755,087)	63,923,944
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	—	—



[a] Ending balances in table above 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 below shows balances in the GRF that include these July 1 appropriations (cross-checked portion of columns). Beginning in FY11-12, the S.C. Constitution was amended to increase the annual full funding requirement of the SRF by .5% increments from 3% of the prior year's General Fund revenues to 5%. The General Assembly voluntarily achieved the 5% funding level in FY12-13, 2 years ahead of the required phased-in increase.

BUDGETARY GENERAL FUND

Capital Reserve

Fiscal Years Ended June 30
(Unaudited)

Year	Beginning Balance	Appropriation	Amount Applied Against Revenue Shortfall	Used for Supplemental Appropriations	Ending Balance	Full Funding Requirement
2007	102,325,596	111,821,213	—	(102,325,596)	111,821,213	111,821,213
2008	111,821,213	124,520,532	(124,520,532)	(111,821,213)	—	124,520,532
2009	—	133,170,058	(133,170,058)	—	—	133,170,058
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

