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A fifth of all state money goes to vendors – here are the top 10

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\$57 million spent on Bank of America cards

Vendors made billions of dollars selling goods and services to the state of South Carolina last year, according to data compiled by the comptroller general's office — about \$5 billion in all. That's roughly one-fifth of all state appropriations.

Leading the list: Blue Cross Blue Shield of South Carolina. It was paid about \$1.5 billion in fiscal year 2016, which ended in September of that year.

That marked a hike from fiscal year 2015 of about 6 percent, when Blue Cross Blue Shield again led the list with payments of \$1.41 billion. The nonprofit health insurer has been the state's largest vendor for some time now.

We sometimes talk about "pass-through" agencies, such as the state Department of Education. The legislature gives the DOE money, and DOE makes sure (in theory at least) that most of it reaches schools. One way to look at the whole of state government is also as a pass-through agency: The state takes in money from taxes, fees, and the federal government, and spends it on employee and retiree benefits and other goods and services.

The top-vendor information has been released annually since 2012 as part of a transparency initiative by the comptroller general "to show which individual firms receive the most state business." (State-supported colleges and universities are not included on the list because they have their own accounting systems.)

These are the top-10 highest-paid vendors in fiscal year 2016:

1. Blue Cross Blue Shield of South Carolina: \$1.5 billion
2. Catamaran PBM of Illinois (provides pharmacy benefits): \$452.6 million
3. Express Scripts (provides pharmacy benefits): \$390.8 million
4. Bank of America: \$57.5 million
5. R. L. Bryan Co. (printing): \$56.5 million
6. Sloan Construction: \$52.2 million
7. Palmetto Paving: \$42.2 million
8. Satterfield Construction: \$41.3 million
9. Minnesota Life Insurance: \$39.7 million
10. The Lane Construction Co.: \$38.8 million

The payments to Catamaran and Express Scripts, like those to Blue Cross Blue Shield, were all made by the Public Employee Benefit Authority (PEBA), which is now spending more than \$2.3 billion a year on healthcare for state workers and retirees.

The payments to Bank of America are for Visa "purchase cards," which function like credit cards for agency employees. Last year they were used by 78 state agencies, to acquire everything from software to laundering to car repairs. The biggest spender on the cards in that time was the Department of Transportation, using them to buy \$17.6 million in goods and services, including more than \$1.8 million in office supplies alone.

The payments to the R.L. Bryan Company, like the Bank of America payments, don't all stay with the vendor. They were all made by the Department of Education to the Columbia-based firm, which acts as a clearinghouse for instructional materials — textbooks, workbooks, software, and the like — from multiple suppliers.

There are two big vendor categories here. One is payments for state employee and retiree benefits. That includes the payments to Minnesota Life, also all made by PEBA. Together they account for nearly half of all vendor payments.

The other is roads contractors typically hired by the Department of Transportation, such as Sloan Construction, of Duncan; Palmetto Paving, of Conway; Satterfield Construction, of Greenwood; and the Lane Construction Corp., with offices in Columbia and Orangeburg, among many others. Almost all of the payments to those companies were made by DOT.

Also notable, at 16th on the vendors list last year, is payments to Boeing, of \$29 million; the year before, Boeing was eighth on the list with payments of \$38 million. The payments were made in both years by the Department of Commerce for "Construction: Buildings and Additions." They're portions of the reimbursement for Boeing phase II expansion, of up to \$120 million, approved by the Budget and Control Board in 2013.

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