

State of South Carolina
Office of the Comptroller General

1200 Senate Street
305 Wade Hampton Office Building
Columbia, South Carolina 29201

Telephone: (803) 734-2121
Fax: (803) 734-1765
E-Mail: cgooffice@cg.sc.gov

RICHARD ECKSTROM, CPA
COMPTROLLER GENERAL

WILLIAM E. GUNN
CHIEF OF STAFF

NEWS RELEASE

Aug. 14, 2018

FOR IMMEDIATE RELEASE

State ends fiscal year with \$177 million surplus

Lawmakers should exercise restraint, focus on state's long-term fiscal health

Columbia, S.C. – The S.C. Comptroller's Office today closed the books on the 2018 fiscal year, which ended June 30.

General Fund revenues increased by \$542 million over the previous year's revenues, bringing in \$8.1 billion in Fiscal Year 2018 compared with \$7.6 billion in Fiscal Year 2017, a 7 percent growth rate.

Part of this \$542 million of additional revenue was claimed by increased spending in 2018 as authorized in last year's Appropriations Act. Yet even after this additional spending and even after funding all the items in this year's supplemental budget, we closed out 2018 with surplus General Fund revenues of \$177 million, all of which is non-obligated.

Finishing the year with such a large surplus is obviously great news – a testament to the strength of our state's economy, which is experiencing broad growth with increases in employment, personal income, and take-home pay.

Nonetheless, some words of caution are in order.

First, it's worth remembering that good times don't last forever. Recall that just over a decade ago, state government collected and then *spent* more than \$1 billion in surplus revenue over a two-year period (2007 and 2008). But the state's "windfall" spending would come back to haunt

us just the following year, when the Great Recession triggered a series of deep budget cuts across state agencies – a painful reminder of the necessity of saving for a rainy day.

The General Assembly would be wise to resist any “spending spree” temptation, considering instead using some or all of the surplus revenue to shore up the state’s all-important rainy-day balances. Restraint now could avert a crisis in the lean years that are sure to come.

Second, the State Retirement System retirement plans are underfunded by \$24 billion, while the retiree health plan is more than \$10 billion underfunded on its benefit promises. These are without a doubt the most serious long-term threats facing our state, and there are no painless choices for making up the huge shortfalls. But paying now toward reducing these unfunded liabilities could lessen some of the future pain in store for us. When it comes to spending our surplus revenues, it would be wise to prioritize using them to reduce the Retirement System deficits over any new recurring spending.

As the General Assembly deliberates over this \$177 million surplus, I’d urge that they do so with an eye toward improving the state’s long-term fiscal health.



Richard Eckstrom
S.C. Comptroller

A detailed breakdown of the Fiscal Year 2018 closeout is provided 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 GENERAL FUND HIGHLIGHTS
 Fiscal Year Ended June 30, 2018
 (Unaudited)

Factors that produced budgetary surplus:

Actual revenue over estimated revenue used in Appropriations Act.....	\$ 173,551,397
Unappropriated estimated General Fund revenue.....	375,000
Governor's FY17-18 sustained vetoes.....	3,250,000
Agency appropriations that lapsed at year-end.....	1,754,361
"Open-ended" appropriations.....	<u>(1,784,432)</u>
General Fund budgetary surplus.....	177,146,326
Debt service of FY 16-17 lapsed to General Fund during FY 17-18 ^(a)	<u>16,567,887</u>
Undesignated/Unreserved Budgetary General Fund balance at June 30, 2018.....	<u>193,714,213</u>
Transfers from unbudgeted General Fund sources in FY 17-18:	
Litigation Recovery Account balance.....	4,119,137
Unobligated debt service.....	13,360,642
Capital reserve fund lapse.....	<u>293,301</u>
Total transfers from unbudgeted General Fund sources ^(a)	17,773,080
Total available for distribution.....	<u>\$ 211,487,293</u>

Distribution of surplus:

Supplementally appropriated by Proviso 118.15 ^(b)	<u>34,340,967</u>
Available for transfer to Contingency Reserve Fund as of July 1, 2018 ^(b).....	<u>\$ 177,146,326</u>

^(a) Nonrecurring revenues supplementally appropriated per Proviso 118.15.

^(b) Action by General Assembly is pending on Governor's vetoes totaling \$14,330,000 of items that were supplementally appropriated in Proviso 118.15. To the extent the General Assembly sustains any of these vetoes, additional surplus would be available for transfer to the Contingency Reserve Fund.

BUDGETARY GENERAL FUND
Changes in Budgetary Fund Balance
 Fiscal Year Ended June 30, 2018
 (Unaudited)

	Appropriations					Unreserved/ Undesignated	Total
	General Reserve	Carried Forward	Capital Reserve	Contingency Reserve			
Revenues.....	\$ —	\$ —	\$ —	\$ —	\$ 8,124,265,228	\$ 8,124,265,228	
Expenditures.....	—	—	—	—	(7,895,063,594)	(7,895,063,594)	
Transfer to General Reserve per Appropriations Act.....	15,532,616	—	—	—	(15,532,616)	—	
Transfer to Capital Reserve per Appropriations Act.....	—	—	145,420,836	—	(145,420,836)	—	
Transfer to Contingency Reserve.....	—	—	—	39,726,256	(39,726,256)	—	
Transfer from Litigation Recovery Account.....	—	—	—	—	16,183,789	16,183,789	
Transfer from South Carolina Farm Aid Fund.....	—	—	—	—	4,526,031	4,526,031	
Use of Capital Reserve.....	—	—	(139,207,785)	—	—	(139,207,785)	
Use of Contingency Reserve.....	—	—	—	(39,726,256)	39,726,256	—	
Appropriations:							
Brought forward from last year ^a	—	(549,517,078)	—	—	549,517,078	—	
Carried forward to next year ^b	—	484,487,123	—	—	(484,487,123)	—	
Net fiscal year changes.....	15,532,616	(65,029,955)	6,213,051	—	153,987,957	110,703,669	
Fund balance—July 1, 2017.....	348,019,473	549,517,078	139,207,792	—	39,726,256	1,076,470,599	
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>	

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, 2018
 (Unaudited)

	Estimated Revenue Used in Approp. Act	Actual Revenue	Actual Over (Under) Estimated Revenue
Individual Income Tax.....	\$ 3,753,322,160	\$ 3,856,345,821	\$ 103,023,661
Sales and Use Tax.....	3,041,207,000	3,034,415,169	(6,791,831)
Corporation Income Tax.....	287,914,671	333,618,258	45,703,587
Insurance Tax.....	242,046,000	227,931,949	(14,114,051)
Corporation License Tax.....	108,000,000	110,199,187	2,199,187
Beer and Wine Tax.....	114,891,000	107,727,311	(7,163,689)
Alcoholic Liquors Tax.....	80,318,000	79,285,307	(1,032,693)
Documentary (Deed Stamp) Tax.....	67,899,000	75,624,914	7,725,914
Bank Tax.....	31,520,000	47,909,447	16,389,447
Earned on Investments.....	24,000,000	40,110,261	16,110,261
Admissions Tax.....	29,145,000	30,746,293	1,601,293
Tobacco Business License Tax.....	27,411,000	27,209,363	(201,637)
Security Dealer Fees.....	26,000,000	26,385,770	385,770
Public Service Authority Assessment.....	19,285,000	17,397,000	(1,888,000)
Indirect Cost Recoveries.....	12,173,000	16,755,476	4,582,476
Unclaimed Property Fund Transfers.....	15,000,000	15,000,000	—
Other Revenue.....	9,278,000	14,243,870	4,965,870
Motor Vehicle Licenses.....	11,117,000	11,030,604	(86,396)
Workers' Compensation Insurance Tax.....	9,869,000	9,836,976	(32,024)
Circuit and Family Court Fines.....	7,856,000	7,351,527	(504,473)
Business Filing Fees.....	5,675,000	7,038,361	1,363,361
Private Car Lines Tax.....	4,555,000	5,960,493	1,405,493
Record Search Fees.....	4,461,000	4,461,000	—
Nursing Home Fees.....	3,500,000	3,572,661	72,661
Parole and Probation Supervision Fees.....	3,393,000	3,392,808	(192)
Purchasing Card Rebates.....	2,800,000	3,034,527	234,527
Uncashed Checks.....	2,000,000	2,927,135	927,135
Aircraft Tax.....	2,500,000	2,500,000	—
Savings and Loan Tax.....	1,817,000	949,371	(867,629)
Surcharge on Vehicle Rentals.....	706,000	946,113	240,113
Bingo Tax.....	1,055,000	358,256	(696,744)
Total	<u>\$ 7,950,713,831</u>	<u>\$ 8,124,265,228</u>	<u>\$ 173,551,397</u>

BUDGETARY GENERAL FUND
Appropriations and Expenditures
Fiscal Year Ended June 30, 2018
(Unaudited)

	Appropriations Per Act ^a	Adjusted Authorizations ^b	Disposition of Adjusted Authorizations		
			Actual Expenditures	Appropriations Carried Forward to 2019	Lapsed
Education.....	\$ 2,939,335,423	\$ 3,040,911,495	\$ 3,011,665,405	\$ 29,246,090	\$ —
Health and Human Services.....	1,317,414,661	1,403,816,020	1,297,217,514	106,598,506	—
Higher Education.....	679,803,928	725,638,883	715,117,082	10,521,801	—
Corrections.....	416,464,152	454,788,496	431,280,028	23,491,397	17,071
Aid to Local Governments.....	268,794,159	268,849,205	268,547,240	301,965	—
Disabilities and Special Needs.....	248,996,245	254,164,473	251,043,368	3,121,105	—
Mental Health.....	233,479,587	238,585,633	237,142,362	1,443,271	—
Debt Service.....	191,630,298	188,252,360	180,086,671	8,165,689	—
Social Services.....	169,937,416	175,369,043	169,123,943	6,245,100	—
Health and Environmental Control.....	131,206,566	153,790,006	132,177,520	21,612,486	—
Public Employee Benefits Authority.....	125,737,331	125,737,331	125,654,012	—	83,319
Juvenile Justice.....	108,266,544	119,230,203	110,665,888	8,564,315	—
Public Safety.....	88,039,006	93,489,855	87,698,007	5,791,848	—
Motor Vehicles.....	85,053,990	88,932,534	88,908,296	5,024,238	—
Commerce.....	44,974,229	115,093,746	65,935,553	49,158,193	—
Department of Administration.....	61,360,466	76,044,017	64,510,521	11,533,496	—
Transportation.....	50,057,271	76,366,552	59,598,025	16,767,433	1,094
Judicial Department.....	56,013,883	59,911,116	57,639,697	2,271,419	—
State Law Enforcement Division.....	49,145,139	54,637,811	50,473,981	4,163,830	—
Revenue.....	49,686,086	54,589,622	49,739,054	4,850,568	—
Parks, Recreation and Tourism.....	46,288,500	80,558,520	49,648,272	30,910,248	—
Probation, Parole, and Pardon.....	37,179,579	40,418,665	37,613,741	2,804,924	—
Natural Resources.....	28,563,858	38,110,214	31,353,242	6,756,972	—
Commission on Indigent Defense.....	29,895,488	30,945,217	29,300,801	1,644,416	—
Prosecution Coordination Commission.....	27,249,542	28,165,260	27,218,270	946,990	—
Stand-alone Schools.....	25,894,754	29,322,111	25,216,300	2,980,007	1,125,804
House of Representatives.....	22,216,231	48,219,850	23,136,636	25,083,214	—
Adjutant General.....	7,153,522	69,108,502	20,559,860	48,548,642	—
Lieutenant Governor.....	18,119,710	23,273,780	18,400,233	4,873,547	—
Forestry Commission.....	16,648,627	17,705,244	16,061,666	1,643,578	—
Senate.....	14,279,327	21,685,063	15,532,567	6,152,496	—
Rural Infrastructure Authority.....	20,511,856	28,444,387	14,431,056	14,013,331	—
Vocational Rehabilitation.....	15,852,800	16,003,396	14,403,396	1,600,000	—
State Library.....	13,172,723	13,188,635	13,156,515	32,120	—
Attorney General.....	11,758,886	13,416,399	12,059,529	1,356,870	—
Agriculture.....	11,323,733	12,975,517	11,897,391	1,078,126	—
Legislative Support Agencies.....	11,858,978	15,494,742	11,669,118	3,825,624	—
Alcohol and Other Drug Abuse Services.....	8,651,140	8,954,301	8,714,595	239,706	—
Governor's Office.....	65,780,064	8,590,341	7,720,617	740,513	129,211
Election Commission.....	6,267,472	7,048,728	4,743,068	2,305,660	—
Law Enforcement Training Council.....	5,006,145	5,428,706	4,514,538	914,168	—
State Auditor's Office.....	4,529,128	4,931,781	4,230,041	457,167	244,573
Insurance.....	4,182,405	4,220,310	4,220,310	—	—
Museum Commission.....	3,757,318	4,236,316	4,088,105	148,211	—
Commission for Blind.....	3,498,525	3,561,340	3,405,574	155,766	—
Arts Commission.....	3,358,041	3,499,203	3,314,149	185,054	—
Archives and History.....	2,616,278	2,926,996	2,709,365	217,631	—
Administrative Law Court.....	2,594,360	2,829,770	2,576,663	253,107	—
SC Conservation Bank.....	283,916	3,146,284	2,484,303	637,095	24,886
Comptroller General.....	2,357,442	2,595,617	2,383,592	212,025	—
Human Affairs Commission.....	2,264,678	2,477,783	2,326,896	150,887	—
Workers' Compensation Commission.....	2,065,110	2,232,271	2,030,075	202,196	—
Aeronautics.....	2,068,598	2,275,635	2,025,796	249,839	—
State Treasurer.....	1,972,301	1,993,683	1,993,683	—	—
State Fiscal Accountability Authority.....	1,610,405	1,644,037	1,629,215	14,822	—
Consumer Affairs.....	1,502,905	1,644,684	1,527,638	117,046	—
Labor, Licensing and Regulation.....	1,400,905	1,416,609	1,416,609	—	—
State Ethics Commission.....	1,125,543	1,221,939	1,129,648	92,291	—
Secretary of State.....	1,114,360	1,126,491	1,126,491	—	—
Commission for Minority Affairs.....	1,020,729	1,130,879	1,040,809	90,070	—
Confederate Relic Room and Military Museum..	908,998	971,788	887,011	84,777	—
Sea Grant Consortium.....	671,118	756,704	587,035	79,877	89,792
Educational Television Commission.....	282,802	902,110	528,242	373,868	—
Employment and Workforce.....	500,000	501,537	424,008	50,087	27,442
Ports Authority.....	—	3,625,000	250,000	3,375,000	—
Procurement Review Panel.....	162,815	180,332	152,758	16,405	11,169
Total	\$ 7,804,917,995	\$ 8,381,305,078	\$ 7,895,063,594	\$ 484,487,123	\$ 1,754,361

^a The Appropriations per Act column of \$7,804,917,995 does not include Capital Reserve appropriations of \$145,420,836. The General Fund recapitulation in the FY17-18 Appropriations Act shows these two amounts combined for a total of \$7,950,338,831.

^b Adjusted Authorizations are \$576,368,918 higher than the Appropriations per Act due to FY 16-17 carryforwards and FY 17-18 supplemental appropriations.

BUDGETARY GENERAL FUND
Appropriations Carried Forward to FY18-19
 Fiscal Year Ended June 30, 2018
 (Unaudited)

	Total Carried Forward	Special Carry- Forwards ^a	General Carry- Forwards ^b
Health and Human Services.....	\$ 106,598,506	\$ 106,598,506	\$ —
Commerce.....	49,158,193	48,540,269	617,924
Adjutant General.....	48,548,642	48,296,955	251,687
Parks, Recreation and Tourism.....	30,910,248	29,243,596	1,666,652
Education.....	29,246,090	26,760,433	2,485,657
House of Representatives.....	25,083,214	25,083,214	—
Corrections.....	23,491,397	170,113	23,321,284
Health and Environmental Control.....	21,612,486	15,938,214	5,674,272
Transportation.....	16,767,433	16,767,431	2
Rural Infrastructure Authority.....	14,013,331	14,013,331	—
Department of Administration.....	11,533,496	8,237,418	3,296,078
Higher Education.....	10,521,801	6,225,964	4,295,837
Juvenile Justice.....	8,564,315	278,416	8,285,899
Debt Service.....	8,165,689	—	8,165,689
Natural Resources.....	6,756,972	5,286,403	1,470,569
Social Services.....	6,245,100	6,245,096	4
Senate.....	6,152,496	6,152,496	—
Public Safety.....	5,791,848	609,005	5,182,843
Motor Vehicles.....	5,024,238	—	5,024,238
Lieutenant Governor.....	4,873,547	4,617,145	256,402
Revenue.....	4,850,568	—	4,850,568
State Law Enforcement Division.....	4,163,830	1,427,429	2,736,401
Legislative Support Agencies.....	3,825,624	3,825,624	—
Ports Authority.....	3,375,000	3,375,000	—
Disabilities and Special Needs.....	3,121,105	—	3,121,105
Stand-alone Schools.....	2,980,007	628,387	2,351,620
Probation, Parole and Pardon.....	2,804,924	61,014	2,743,910
Election Commission.....	2,305,660	1,879,615	426,045
Judicial Department.....	2,271,419	1,553,947	717,472
Commission on Indigent Defense.....	1,644,416	1,610,081	34,335
Forestry Commission.....	1,643,578	—	1,643,578
Vocational Rehabilitation.....	1,600,000	—	1,600,000
Mental Health.....	1,443,271	1,443,271	—
Attorney General.....	1,356,870	1,354,020	2,850
Agriculture.....	1,078,126	663,193	414,933
Prosecution Coordination Commission.....	946,990	—	946,990
Law Enforcement Training Council.....	914,168	600,000	314,168
Governor's Office.....	740,513	—	740,513
SC Conservation Bank.....	637,095	608,392	28,703
State Auditor's Office.....	457,167	—	457,167
Educational Television Commission.....	373,868	345,588	28,280
Aid to Local Governments.....	301,965	—	301,965
Administrative Law Court.....	253,107	—	253,107
Aeronautics.....	249,839	100,000	149,839
Alcohol and Other Drug Abuse Services.....	239,706	—	239,706
Archives and History.....	217,631	12,202	205,429
Comptroller General.....	212,025	—	212,025
Workers' Compensation Commission.....	202,196	—	202,196
Arts Commission.....	185,054	—	185,054
Commission for Blind.....	155,766	—	155,766
Human Affairs Commission.....	150,887	7,122	143,765
Museum Commission.....	148,211	47,333	100,878
Consumer Affairs.....	117,046	—	117,046
State Ethics Commission.....	92,291	—	92,291
Commission for Minority Affairs.....	90,070	—	90,070
Confederate Relic Room and Military Museum.....	84,777	—	84,777
Sea Grant Consortium.....	79,877	12,131	67,746
Employment and Workforce.....	50,087	—	50,087
State Library.....	32,120	—	32,120
Procurement Review Panel.....	16,405	—	16,405
State Fiscal Accountability Authority.....	14,822	—	14,822
Total.....	\$ 484,487,123	\$ 388,618,354	\$ 95,868,769

^a Provisos contained within Part 1B of the FY17-18 Appropriations Act allowed certain agencies to carry forward specific appropriation balances to FY18-19 for expenditures.

^b Proviso 117.23 of the FY18-19 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, 2018
 (Unaudited)

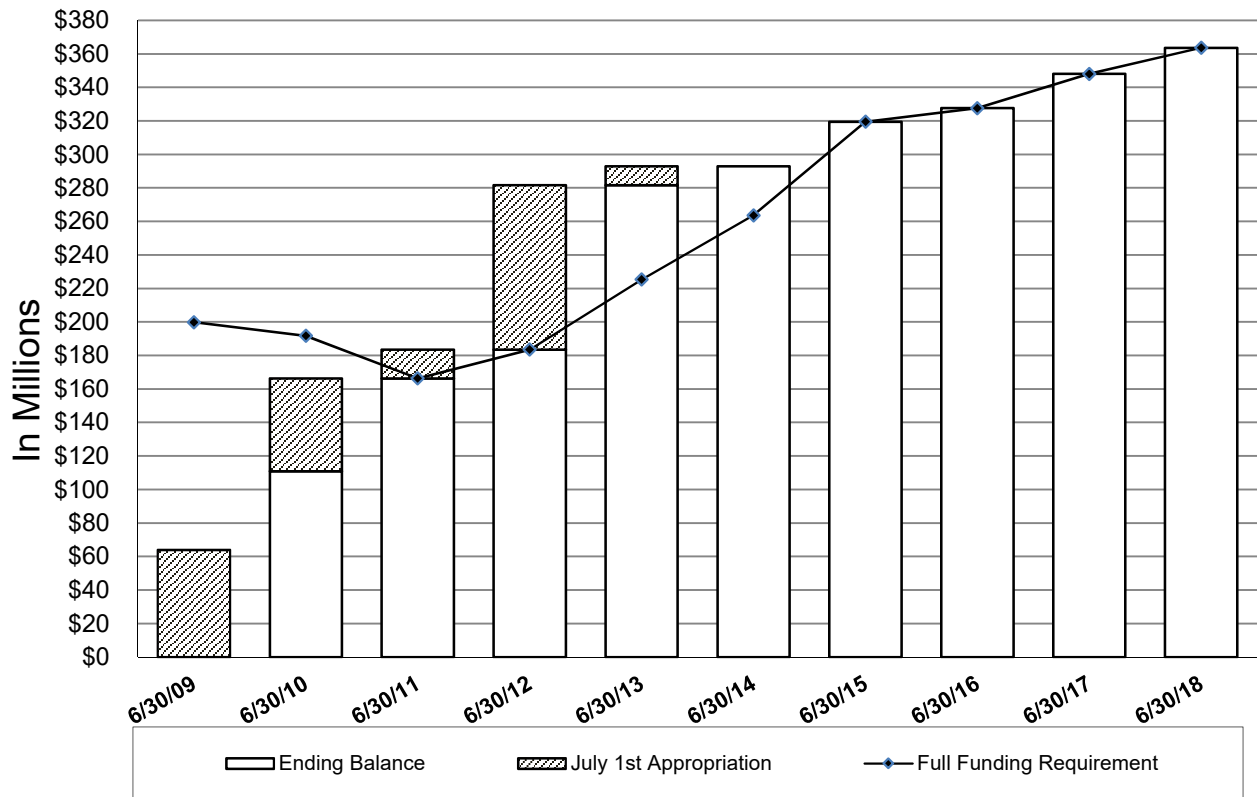
<u>Agency Name</u>	<u>Description</u>	<u>Amount</u>
Statewide Employee Benefits.....	Workers' Compensation Insurance	\$ 45,610
Adjutant General's Office.....	2017 Hurricane Harvey - National Guard Response for Texas Emergency Management Assistance Compact	238,822
Adjutant General's Office.....	2017 Hurricane Irma - National Guard State Response	500,000
Adjutant General's Office.....	2017 Hurricane Irma - National Guard Response for Florida Emergency Management Assistance Compact	500,000
Adjutant General's Office.....	2017 Hurricane Maria - National Guard Response for Puerto Rico Emergency Management Assistance Compact	<u>500,000</u>
Total Open-Ended Appropriations		<u><u>\$ 1,784,432</u></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. 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
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	—	—
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	—	—



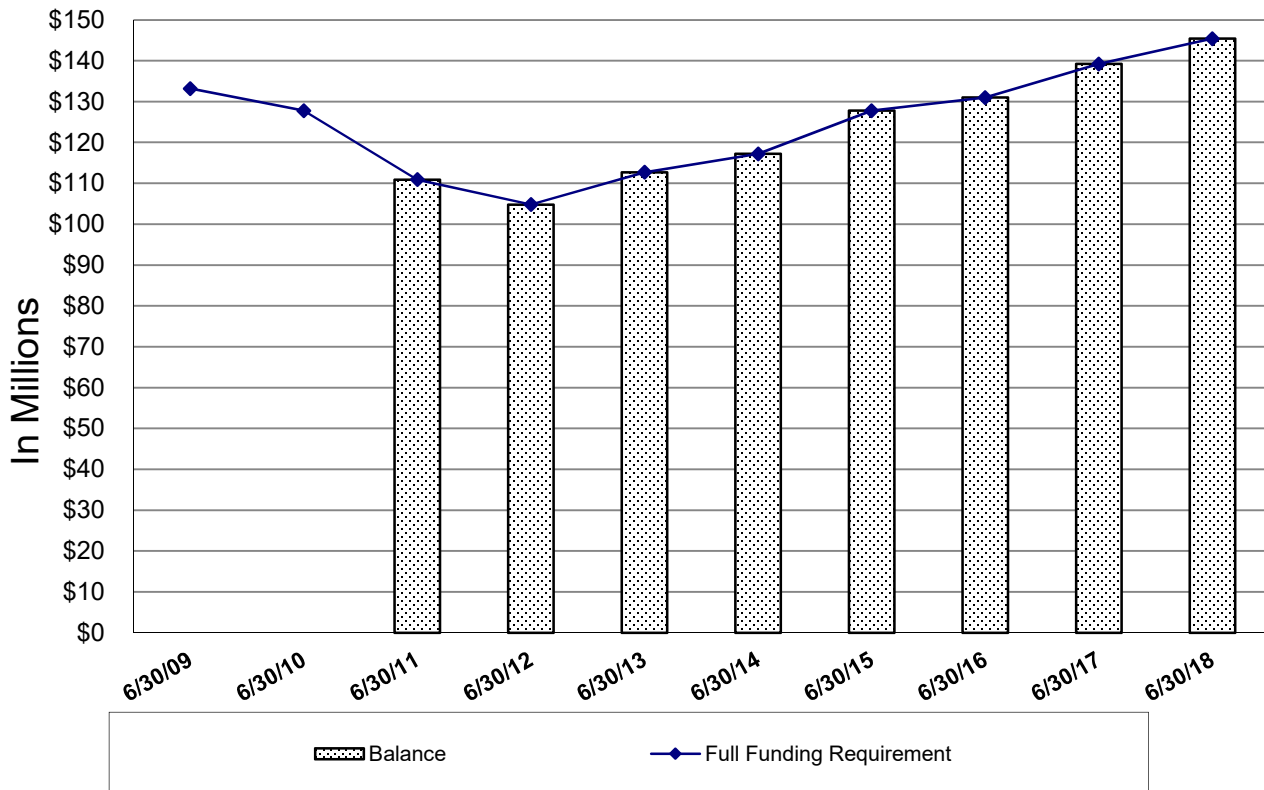
^a Ending balances in the table do not reflect payments made on July 1 of any succeeding year as a result of appropriations to the General Reserve Fund (GRF). The graph shows balances in the GRF that include these July 1 appropriations (cross-checked portion of columns). Beginning in FY11-12, the constitutional 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	Used for Supplemental Appropriations	Ending Balance	Full Funding Requirement ^a
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
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



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