

FY 24-25 Budget Briefing

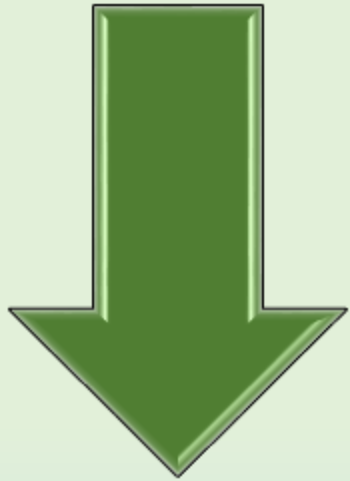
SC House of Representatives

General Appropriations Bill (H. 5100)

Capital Reserve Fund (H. 5101)

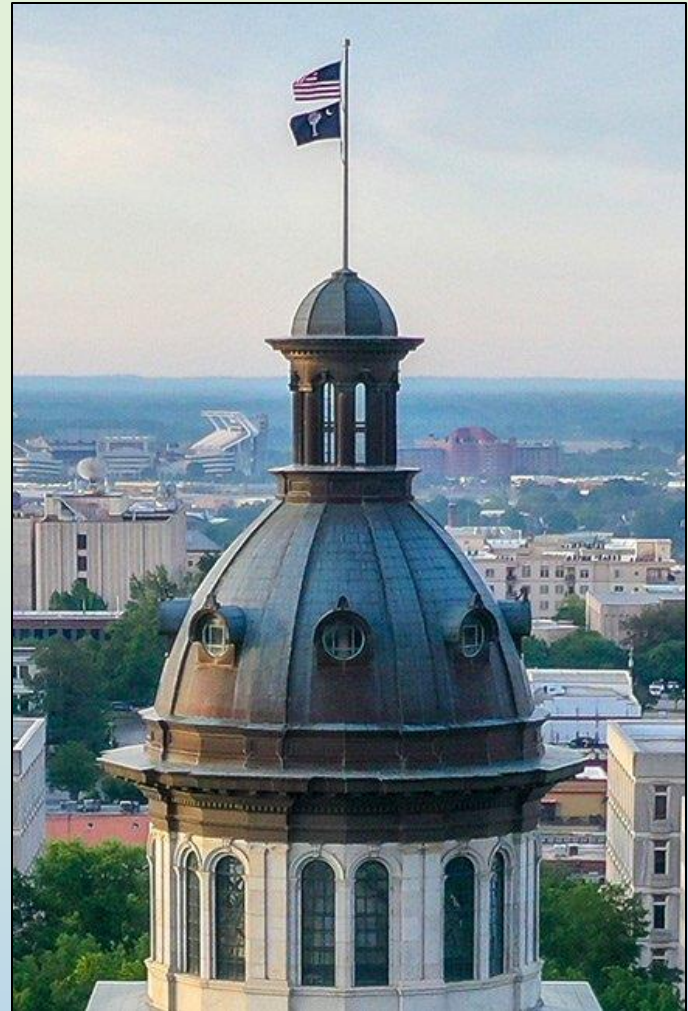


A State with its Fiscal House in Order



Lower Taxes
Less Debt
Lower Unemployment

Growing Reserves
Economic Growth
Population Growth





South Carolina's population and economy are booming



By [Tami Luhby](#) and [Alicia Wallace](#), CNN

🕒 8 minute read · Published 9:00 AM EST, Sat February 24, 2024

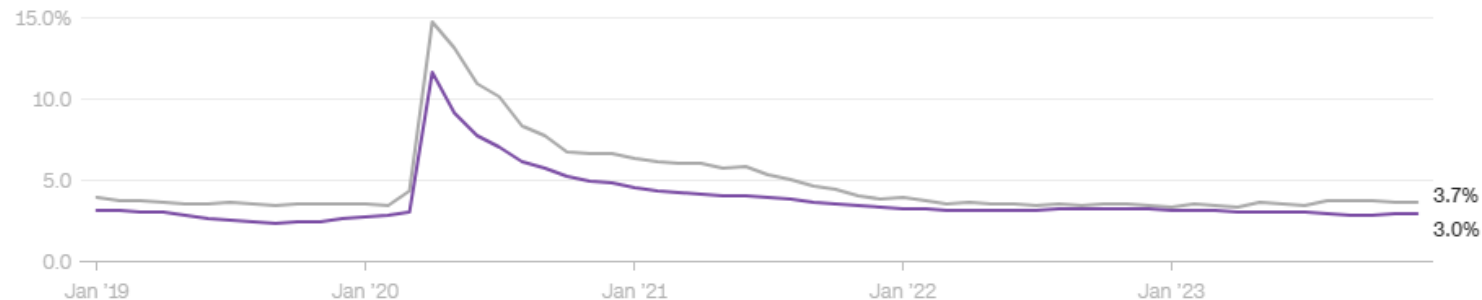
From 2022 to 2023, SC had the 5th largest population increase in the US in total numbers (90,600) and the highest percent growth (1.7%) in the nation.

South Carolina's jobless rate remains below the US

The unemployment rate in South Carolina has remained considerably below other states and the US as a whole.

Unemployment rate, %

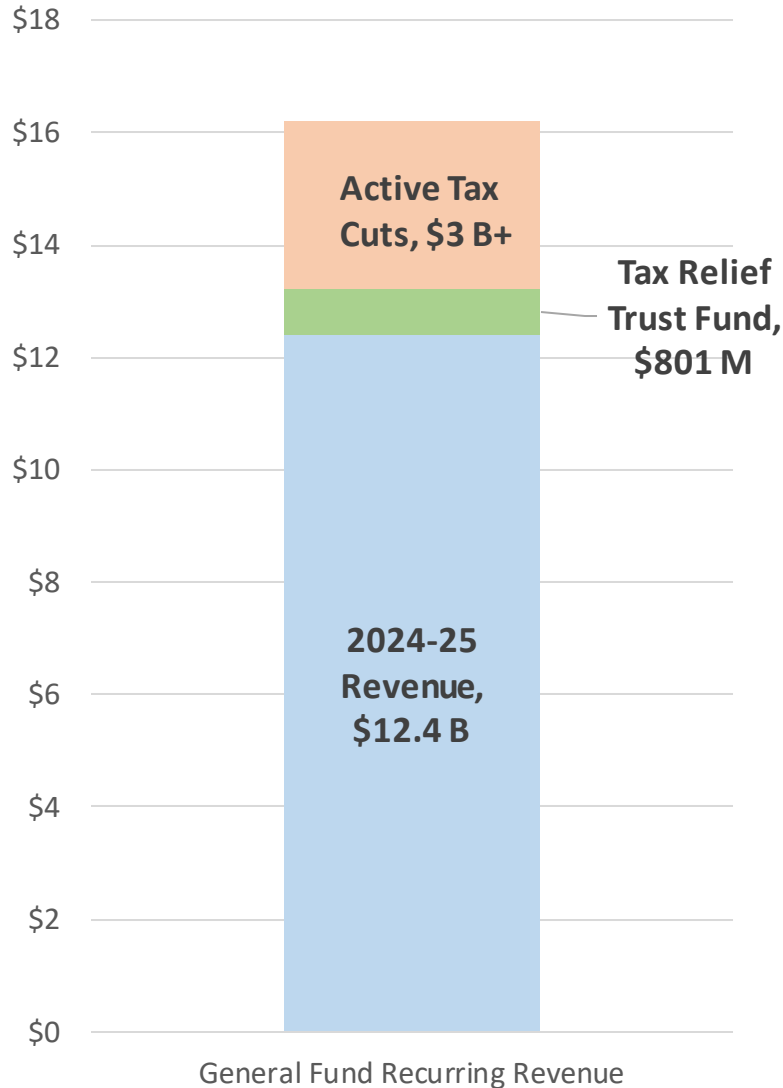
— South Carolina — United States



Note: The monthly jobless rates are seasonally adjusted. December 2023 values are preliminary.

Source: Bureau of Labor Statistics

Lowering Taxes



Total Direct Tax Relief

\$1 Billion+ in this budget alone

- \$200m in new **income tax relief** for years 3 and 4 of the individual income tax cut, taking the total income tax relief to \$900m.
- \$801m from the **Tax Relief Trust Fund**.

Ongoing Tax Relief

- **\$50 billion** in tax cuts passed by the General Assembly in the last 30 years.
- This includes individual income tax cuts, small business tax cuts, corporate income tax cuts, food tax elimination, and property tax relief.

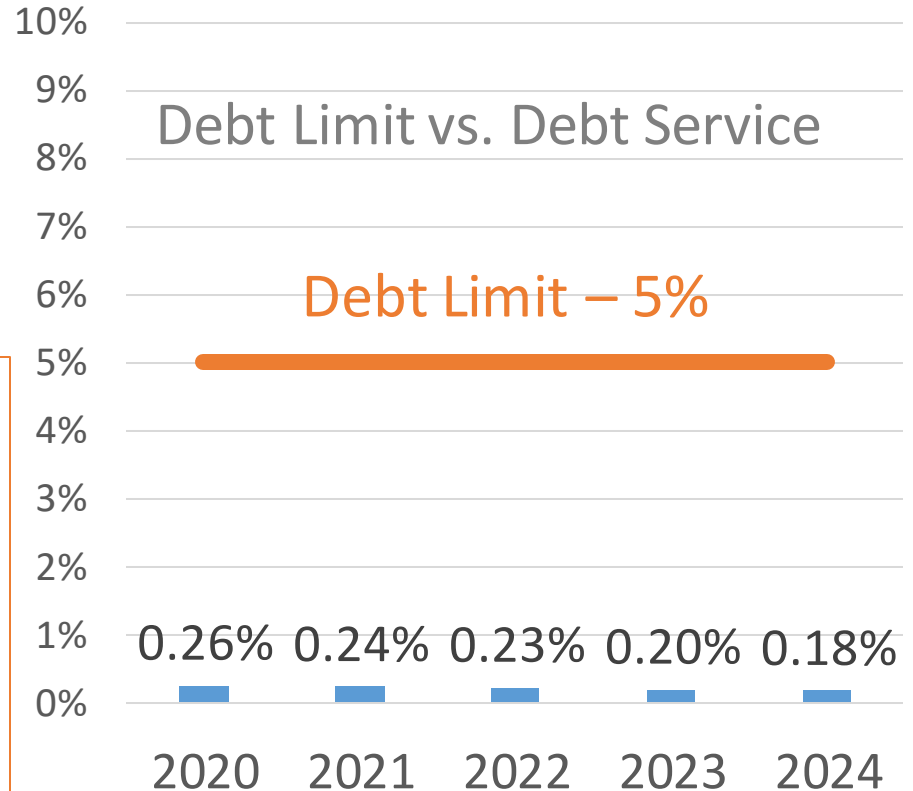
Lowering Debt

Rating Agency	Rating	Outlook
Fitch Ratings	AAA	Stable
Moody's Investors Service	Aaa	Stable
S&P Global Ratings	AA+	Stable

Common themes from the rating agency reports include the following:

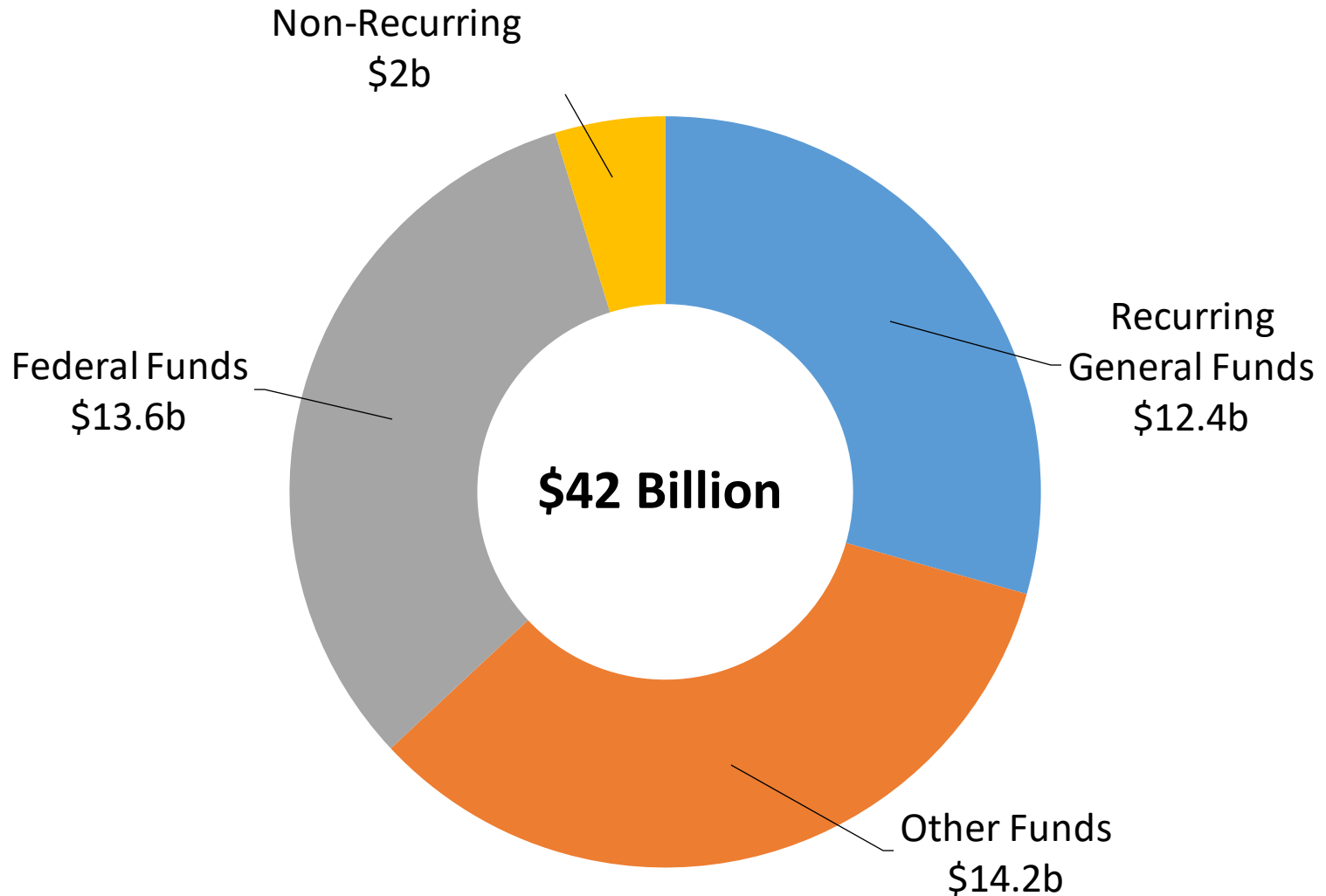
- Conservative financial management practices
- Low tax-supported debt burden
- Substantial reserves
- Revenue growth
- Balanced operations
- Diligent financial monitoring
- Notable unfunded pension liabilities (expected to improve with newly required annual contributions under 2017 legislation)
- Growing unfunded post-employment benefit ("OPEB") obligations

Source: 2023 Treasurer's Office Annual State Debt Report



*"The State of South Carolina's **conservative governance and financial management** have earned the State strong credit ratings which translates to low interest rates on the state's general obligation borrowings."*

FY 2024-25 Budget – Total Funds



Major Budget Priorities



Reducing Taxes



Taking Care of our Veterans



Repairing Bridges, Roads, and Infrastructure



Teacher Recruitment and Retention

Public Education

Taking Care of Teachers
School Safety





Teacher Pay

Taking Care of Teachers

- **Raised Starting Salary to \$47,000**, an increase of **\$4,500**. Ten years ago, starting pay was \$27,911.
- **5-year extension of steps to 28 years**
- **Keeps the 5 existing "lanes"**
- **Salary increase for all cells.** Every step in is increased with an average increase of \$2,800. However, pay increases for each step vary, with higher raises going to those with fewer years of experience.

Why this Approach?

This Salary Schedule targets raises towards the critical recruitment and retention areas while also rewarding our more experienced teachers by extending the schedule to current retirement eligibility.

- **Vacancies Increasing:** The number of reported vacant teaching positions has increased from 556 in 2019/20 to 1,613 in 2023/24.
- **Fewer In-State Education Majors:** From 2013 to 2023 the total number of education majors at our in-state institutions has decreased by about 20%.
- **Increased Demand for Teachers:** Due to population growth, the number of teaching positions has increased by 12.7% from 49,912 to 56,272 over the last 10 years.
- **Turnover Worst in Early Years:** Nearly 70% of teacher departures last school year were from teachers within their first 10 years.

**data provided from the [2023-2024 CERRA South Carolina Annual Education Supply & Demand Report](#).*



2024-25 Total K-12 Per-Pupil Funding Totals (Projection)

Funding Source	FY 24/25 Per-Pupil Spending	Increase over FY 23/24
State	\$8,590	+\$376
Federal	\$1,245	-\$65
Local	\$8,145	+\$114
Total Average Funding	\$17,980	+\$425

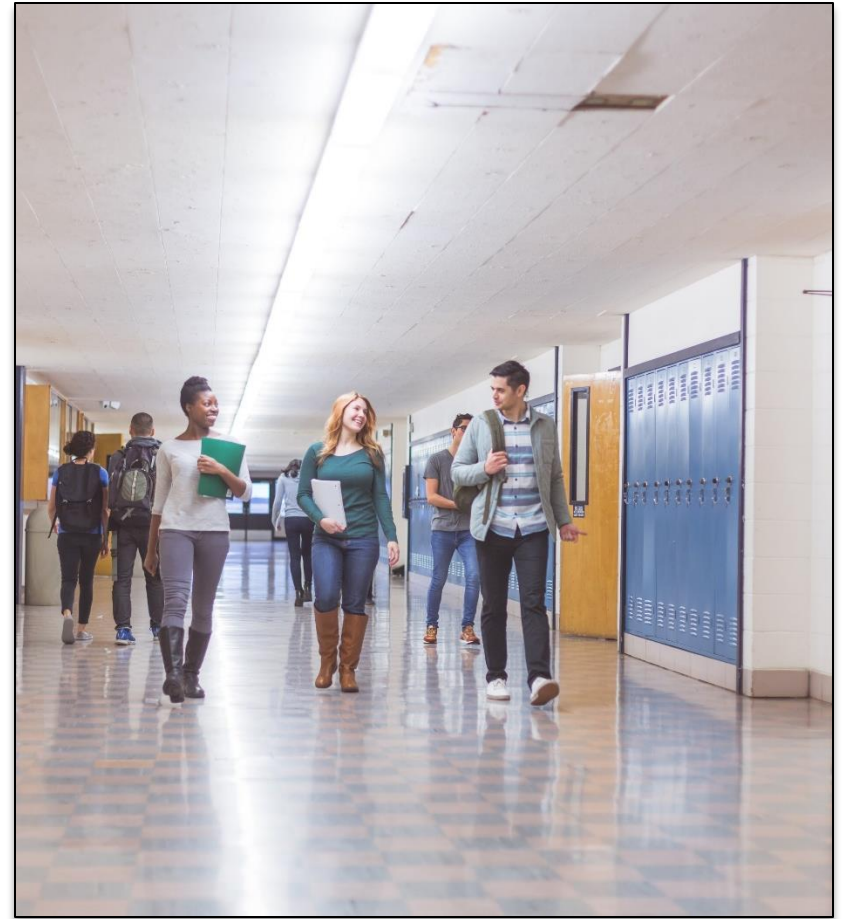
Making Our Schools **Safe** for Learning

School Facilities Upgrades

- **\$20 million** from the Capital Funding for Schools appropriation earmarked towards school safety upgrades in schools of need. Funds can be used to update classroom door locks, secure school entry points, and for bulletproof glass or bulletproof film for windows.

School Mapping

- **\$5 million** school mapping will be used as a safety tool in mapping out every school to better assist First Responders responding to incidents.



Investing in Buses and our Future



\$28 million in Lottery funds for leasing and purchasing of school buses.



\$24 million to cover increased expenses for SCDE and First Steps Full Day 4K.

Addressing Learning Needs

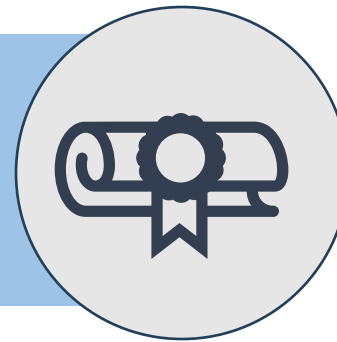
- **\$44 million** in EIA and lottery funding for high quality instructional materials.
- **\$10 million** recurring in EIA funds for Palmetto Math Project to improve teaching and learning of mathematics.



HIGHER EDUCATION



Helping with Tuition



- \$69.3m to **freeze** in-state tuition at public colleges and universities for the 6th year in a row.
- \$336m for LIFE, HOPE, Palmetto Fellows, and Tuition Assistance.
- \$80m in Need-Based Grants
- \$20m in Tuition Grants
- \$6.2m for the National Guard Repayment Program



Capital Needs at our Research, Comprehensive, and Two-Year Universities



Clemson University

- College of Veterinary Science funded to open on schedule.



University of South Carolina

- Health Sciences Campus Building to open in 2027.



Other Campuses

- \$113.7 million to support capital needs at other university campuses.



South Carolina Technical College System



\$94 million for SC WINS (Workforce Industry Needs Scholarships)



\$115 million in Nonrecurring for Individual Technical College Initiatives



\$30 million for High Demand Job Skill Training Equipment



\$5 million to readySC (Economic Development Training)



Healthcare



Maintenance of Effort - \$36 Million

The cost to keep the program operating at existing service and reimbursement levels includes:

- Inflationary provider reimbursement pressures and estimated enrollment and utilization increases
- Changes directed by the federal government under the Medicaid program
- \$21M savings by transitioning to a single state-directed preferred drug list (PDL) (*Nationally-recognized best practice*)

Behavioral Health - \$16 Million

• **Targeted provider rate increases for:**

- Psychiatric Residential Treatment, Rehabilitative Behavioral Health, and Case Management

• **Establishment of services in areas with noted deficiencies or lack of an effective continuum of care, for:**

- Inpatient Psychiatric per diem & Collaborative Care services reimbursement rates
- Additional coverage of Autism Spectrum Disorder services
- Qualified Residential Treatment and Intensive In-home Services
- Crisis Stabilization services and an extended provider Peer Support network

Medical Care - \$50 Million

Rate increases and additional benefits for South Carolina's Medicaid members for:

- Physician services
- Home and Community-Based provider network
- Therapy services
- Department of Disabilities and Special Needs provider network
- Continuous Glucose Monitoring
- Anti-obesity and Nutritional Counseling services
- Dental services
- Nursing Home services
- Screening and Preventative services
- Cochlear Implants

Social Services \$18 Million

- ❖ Provides childcare scholarships for working families whose income falls between 85% of the State Median Income and 300% of the Federal Poverty Level.
- ❖ Phased-in replacement of the agency's 35-year-old legacy mainframe SNAP and TANF system, responsible for determining eligibility and issuing benefit payments to over 300,000 households and over 630,000 individuals, annually.
- ❖ Supports stability and safe placements for children in foster care and other services.





Through the Act 60 Restructuring of the **Department of Health and Environmental Control**, the **Department of Public Health** and **Department of Environmental Services** will emerge as two distinct agencies supported with funding for additional staff, restructuring activities, and continued operations.

\$26 Million



\$26 Million



Relocation of “agencies concerned with the overall public health of the state” to one healthcare campus for improved accountability, efficiency, and outcomes.

- Public Health (DPH)
- Mental Health (DMH)
- Alcohol & Other Drug Abuse Services (DAODAS)
- Disabilities & Special Needs (DDSN)



ONE
Healthcare
Campus



\$11 Million



MENTAL

HEALTH

\$10.8 Million

Forensic Services

Expands jail-based restoration programming and available beds for those needing inpatient services to restore level of competency to stand trial.

Contracted Community Beds

- Expansion of psychiatric services at community & private hospitals.
- Reduces the length of stay in hospital emergency rooms.

A photograph of a grand building entrance, likely a courthouse or government building, featuring several large, fluted classical columns and a wide set of stone steps. The text "Criminal Justice" is overlaid in the center of the image in a bold, black, sans-serif font.

Criminal Justice

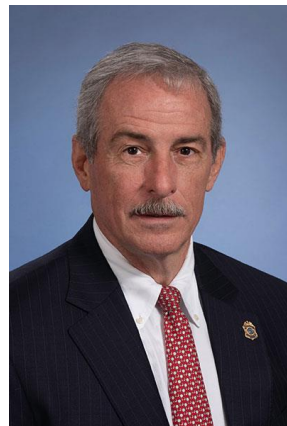
Law Enforcement Pay



Ongoing salary increases have meant huge success for recruitment and retention of state law enforcement

+\$2.6 million

Law Enforcement Officer career path step increases.



"I just want to tell y'all thank you for what you've done for all of state law enforcement, not just SLED, but all of state law enforcement over the past couple of years. What you have done with regards to pay for state law enforcement has been transformative without any question."

- Chief Keel, SLED



SOLICITORS

**“We’re going to fix this backlog,
and we’re never going to let it
bad again once we get there.”
- Attorney General Wilson**

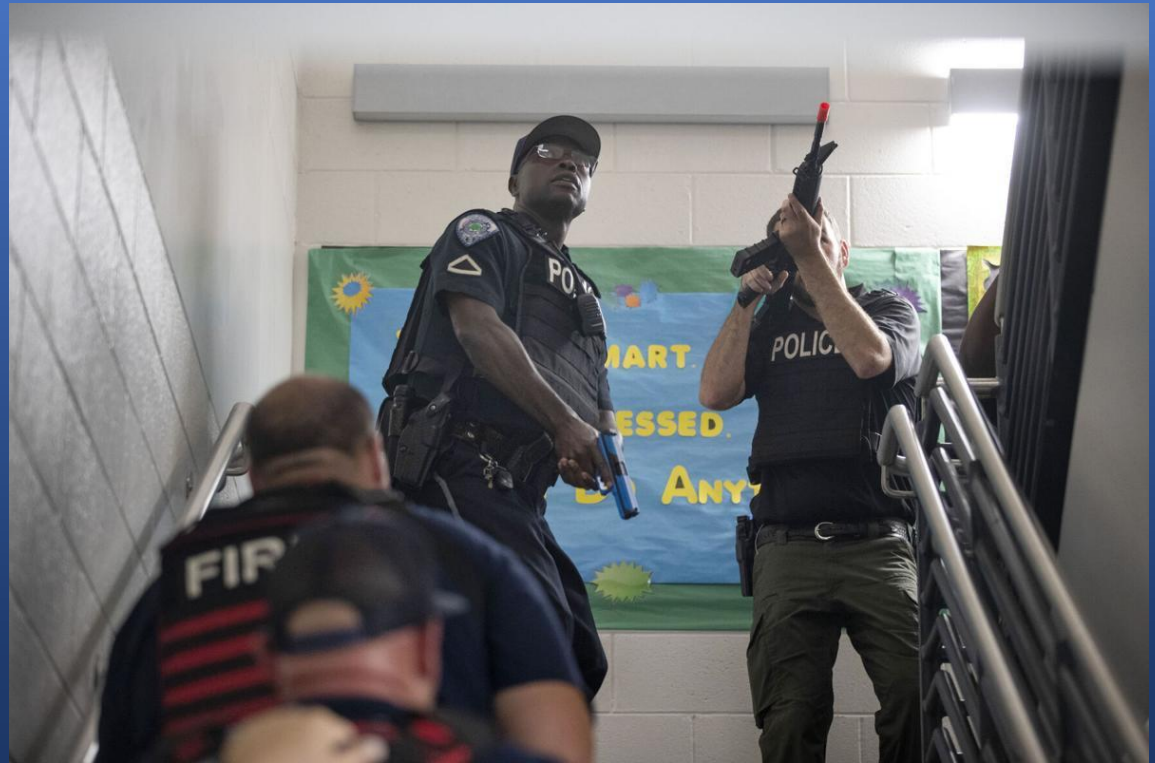
**Statewide Violent Crimes
Prosecution Support Task Force**

**\$1.575 million for two
trial teams to tackle the
violent backlog with the
Solicitor’s Officers.**

School Safety

“We must do all we can to prepare our law enforcement, school personnel, our students, parents and community for these unimaginable events. The Center for School Safety and Targeted Violence will train personnel year-round at an actual school environment, and that was the big advantage to having a facility like this.”

- Chief Keel



School Safety Initiatives

\$7.1 Million - SLED's Center for School Safety and Targeted Violence Training Facility

+\$2 million recurring (\$46.2m total) for DPS' School Resource Officer Program

*\$20m for School Safety Facility Upgrades & \$5m for School Mapping (see Education)

Department of Juvenile Justice

\$6.8 million

- Lease & privately operate a new detention center to alleviate overcrowding.

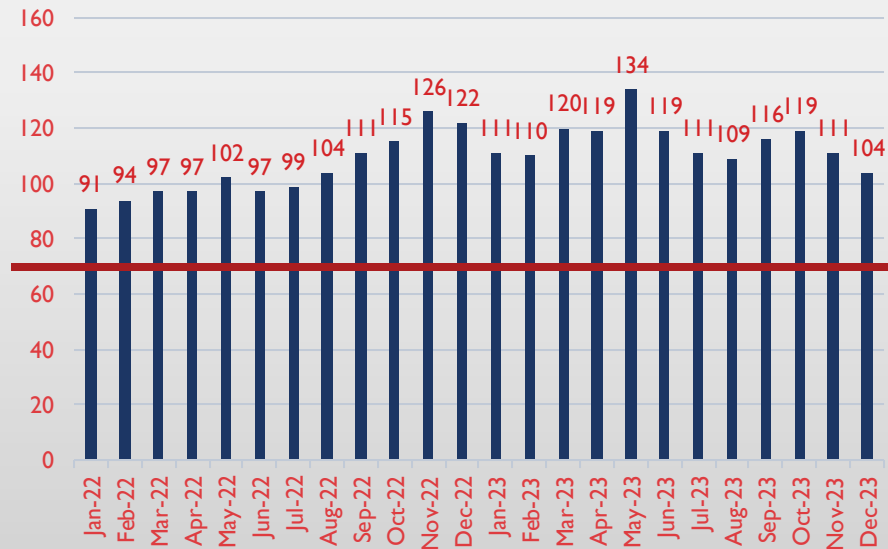
\$2 million

- For consulting and to develop a comprehensive operational master plan for the department.

\$15 million

- Commitment towards the new Juvenile Detention Center.

Juvenile Detention Center Average Monthly Population



Capacity - 72

\$10.9m: Cell Phone Interdiction
implementation of an FCC certified contraband cell phone interdiction system in maximum security prisons

\$15m:
Operating, Security, & Maintenance





Conservation Funding

- \$18 Million for Conservation Grants at the Conservation Bank.
- \$3 Million for Working Farmland Protection.
- \$10 Million towards Habitat Protection and Land Conservation at the Department of Natural Resources.

Economic Development

An aerial photograph of a large container ship sailing on the ocean. The ship is viewed from above, showing its deck and the stacks of colorful shipping containers. The water is a deep blue, and the ship's wake is visible. The text 'Economic Development' is overlaid in the top left corner.

Spearheading Energy Initiatives
Recruiting & Retaining Businesses
Promoting Tourism & Cultural Assets
Preparing for and Protecting Against Disasters

Spearheading Energy Initiatives



Headed by the Department of Commerce, ***“SC Nexus for Advanced Resilient Energy”*** has been awarded the highly competitive designation as a Regional Technology and Innovation Hub by the U.S. Economic Development Administration.

- **We are 1 of 31 consortia** with the award out of 400+ applications
- SC Nexus will focus on improving our energy generation, distribution, and gridscale storage by working with our booming research and manufacturing industries **to power our communities and businesses**
- There are more than 35 private and public partners in SC Nexus
 - 7 core members: Savannah River National Laboratory, SC Council on Competitiveness, Clemson, SC State University, SC Technical College System, and the University of South Carolina
- Funds will be used to operate the division and largely as matching dollars for competitive implementation funding to be given as grants
- With initial efforts focused in the Midlands and Upstate regions, 60% of the state’s distressed counties will be served
- Goal: 40% of jobs created to come from rural or distressed communities

SC is already receiving **national and international attention** as an emerging leader for energy investment and development.

Recruiting & Retaining Businesses

Department of Commerce

- **\$5 million** to the Closing Fund to provide flexible funding for economic development projects
- In 2023:
 - **\$9.22 billion** capital investment
 - Domestic-based companies dominated capital investments
 - **14,000+ jobs** announced
 - Over **1/3** of investments in **rural counties**
 - **18% increase in export sales** over 2022 despite a national trend in export decreases
 - **8th consecutive year** as the **national leader in tire exports**, representing 34.3% of the total U.S. market share

State Ports Authority

Our world-class port attracts companies to come, stay, and invest

- **\$55 million** for port expansion
 - 5,000+ feet of berth
 - 600 acres
 - 5 million TEUs of capacity
- **\$86.7 billion** annual economic impact
- **\$1.5 billion** annual SC tax revenue
- Supports **1 in 9 jobs** across SC
- The Navy Base Intermodal Facility is set to be operational in 2025, allowing for swift movement of imports and exports between inland markets and the Port of Charleston

Preparing For and Protecting Against Disasters

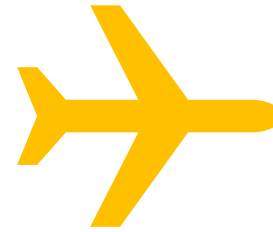
Weather events can cost lives and tens to hundreds of millions of dollars to the state.

- **\$34 million** to the Office of Resilience to prepare for and lessen the impacts of disasters on South Carolina communities and citizens
 - Watershed coordination to address local needs
 - Analytics advancements
 - Resilience equipment
 - Infrastructure program mitigation projects

These dollars further last year's \$200 million commitment to protect and prepare the Palmetto State for disasters.



Promoting Tourism & Cultural Assets



Department of Parks, Recreation and Tourism

\$16 million to advertise and promote South Carolina's diverse variety of locations and sporting events through Destination Specific grants, Statewide Marketing, Sports Marketing, Regional Promotions, and Undiscovered SC grants

- Small and large communities alike receive grants
- With sports marketing, golf generates more income for South Carolina than any other entertainment or recreation activity

\$8.5 million to develop agency properties for use within the state park system

- Record-breaking cabin and campground revenues for the past five consecutive years indicate continued demand for state park access and amenities
- New properties increase access to state parks in communities across the state

Airport System

- **\$43 million** to improve service quality and capacity in Columbia, Charleston, Myrtle Beach, and Greenville-Spartanburg Airports
 - Investment in critical infrastructure for both tourism and commerce
 - Bolstering last year's \$21.5 million investment in the airport system

Arts Commission

- **\$3 million** to increase reach of arts programming to all communities via the establishment of six hubs across the state

Archives and History

- **\$3.5 million** to support the celebration of the 250th anniversary of the American Revolution and related heritage tourism

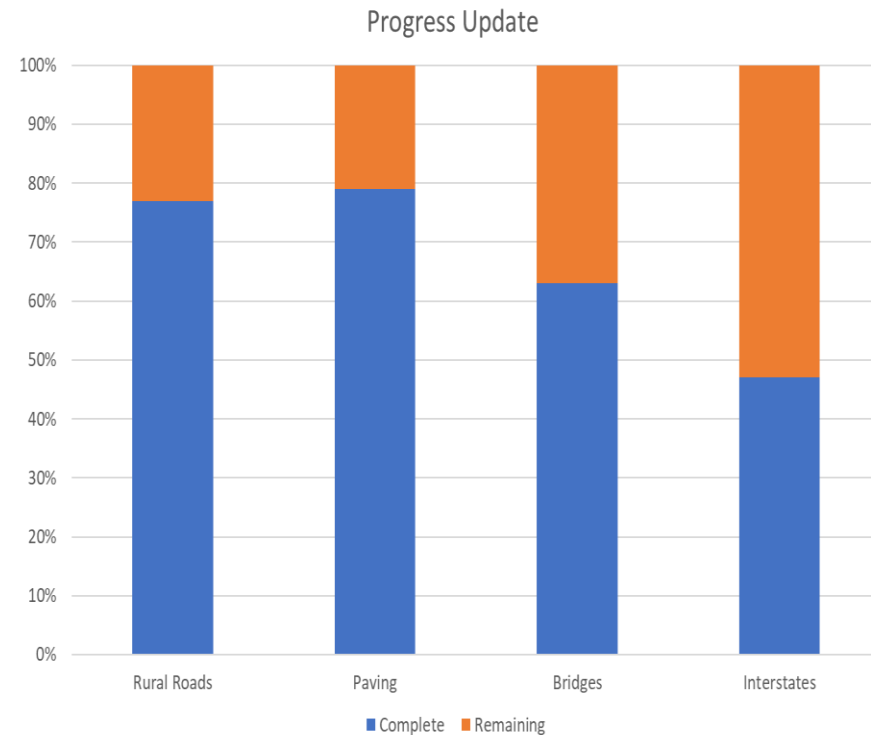
A long, straight asphalt road stretches into the distance, flanked by fields of tall grass. The sky is filled with large, dramatic clouds, with a bright light source breaking through near the horizon. The text "Transportation & Regulatory" is overlaid in the center of the image.

Transportation & Regulatory

6 Years of Unprecedented Investment in our Roads

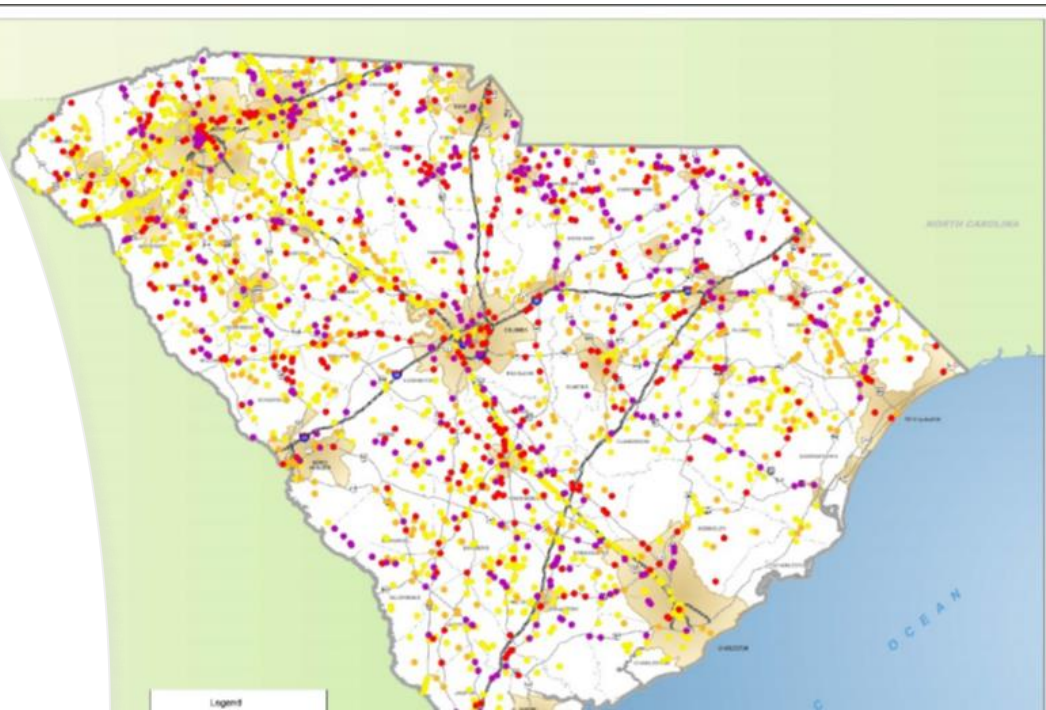
After the 2017 Roads Bill, DOT implemented a 10-Year Plan to target funding into four main areas:

- 1. Rural Road Safety** – Goal of 1,250 miles
 - The 965 miles of completed projects have seen a 24% reduction in Fatal and Serious Injury crashes
- 2. Paving** – Goal of doubling the number of pavements ratings as "good"
 - DOT has paved over 7,700 miles and paving projects are being completed in every county of the state.
- 3. Bridges** – Goal of replacing 500 structurally deficient bridges
 - The Department has 314 bridges completed or under contract.
- 4. Interstates** – Goal of addressing 215 miles
 - On target with 101 miles completed or advanced to construction. Work is underway on almost every interstate in South Carolina.



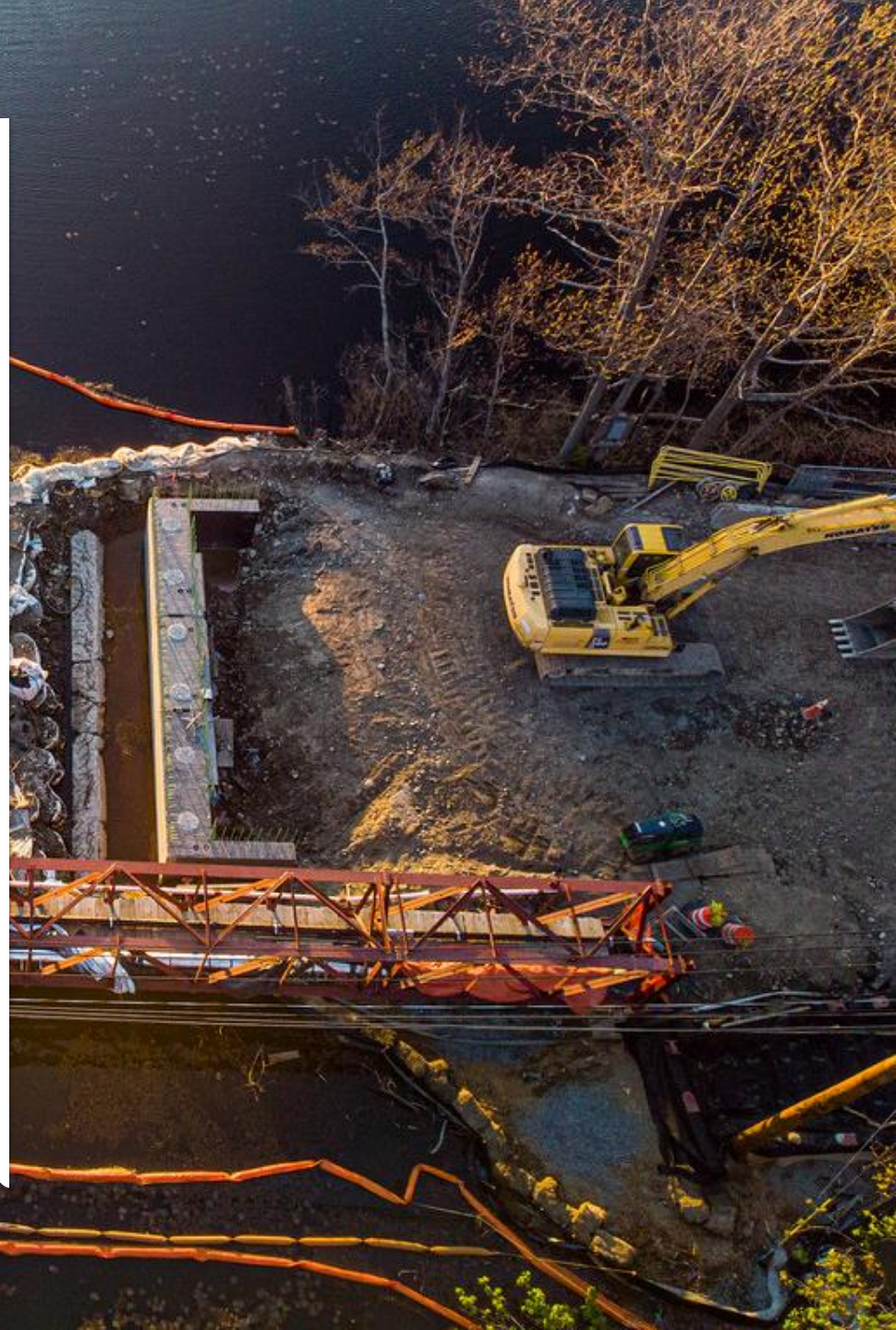
Aging Bridges Across the State

- Each dot on the map represents a bridge at least 60 years old.
 - Yellow: 60-70 years
 - Orange: 70-80 years
 - Red: 80-90 years
 - Purple: 90+ years
- Bridges in the state are built with a 60 to 75-year life.
- **\$100 million** will go towards Interstate/Primary Network and **\$100 million** towards Secondary Network.



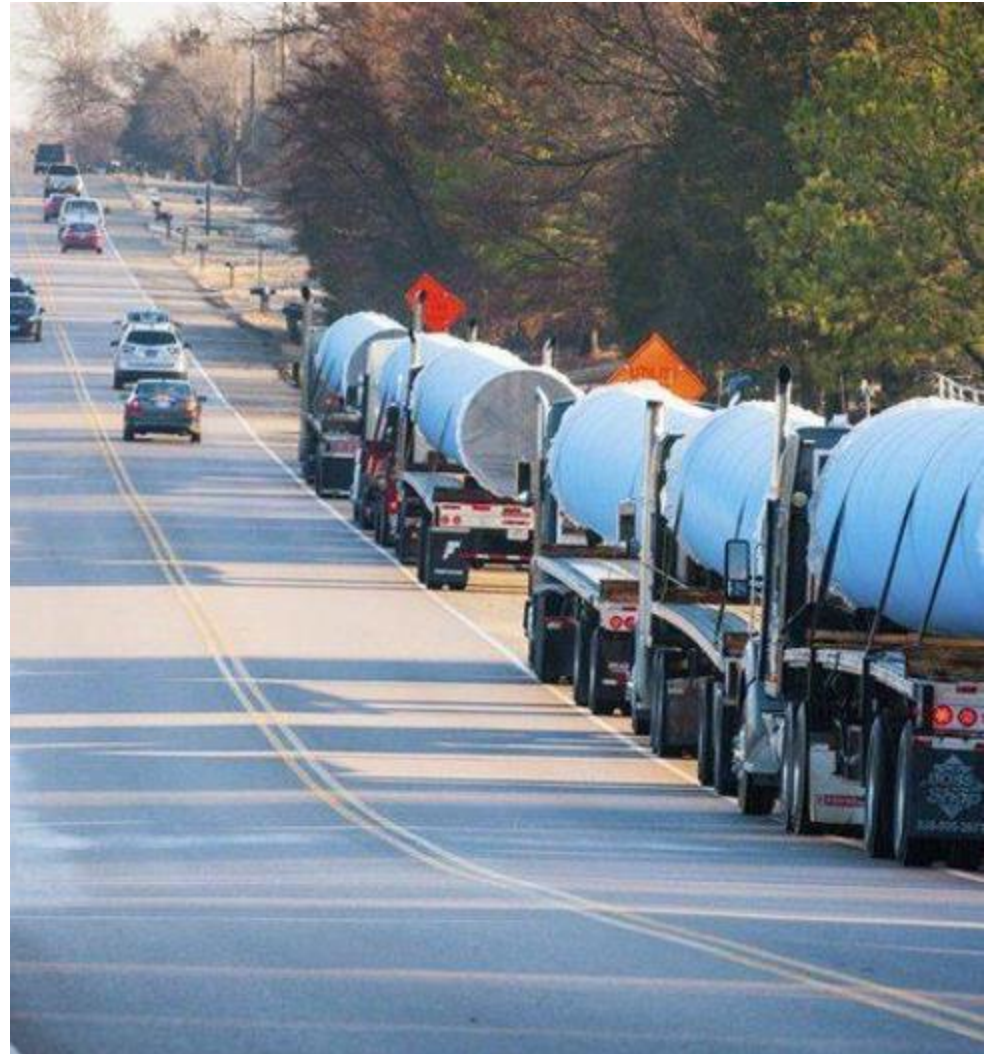
Bridge Modernization Efforts

- **\$200 million** to improve bridges on the Interstate/Primary Network and Secondary Network.
 - 528 million tons of freight move across the state annually.
 - South Carolina's highway system interconnects ports with major cities and commercial hubs.
 - Our bridges are the lifeline of the state's ports, business, and tourism industry, as well as citizens' daily activity.
- These funds will take a corridor specific approach to target the bridge needs in each high priority corridor to ensure long-term mobility and free movement of freight.



Infrastructure and Roads

- **\$200 million** to the County Transportation Funds to accelerate local projects.
- **\$117.4 million** to the Rural Road Safety Program.
- **\$42.4 million** to the Rural Infrastructure Authority for water and sewer improvement projects.
- **\$30.3 million** in additional local infrastructure spending through the Rural Infrastructure Authority.



SCDMV IT System Modernization

- The current system, Phoenix, went live in 2002 and has endured over 11,000 modifications.
 - The DMV estimates Phoenix will be untenable within the next four to five years.
- **\$5.9 million** of continued funding for a new, modernized system which will allow the Department to streamline services and create a better customer experience.

Benefits of the new system:

Mobile DMV
App

Mobile Driver's
License

Electronic
Vehicle Titling
and Registration

DMV Kiosks at
Retail Locations

Automation of
DMV Processes

Easy to Use
System

Paperless
Processing

⋮ Constitutional &
⋮ Statewide Items

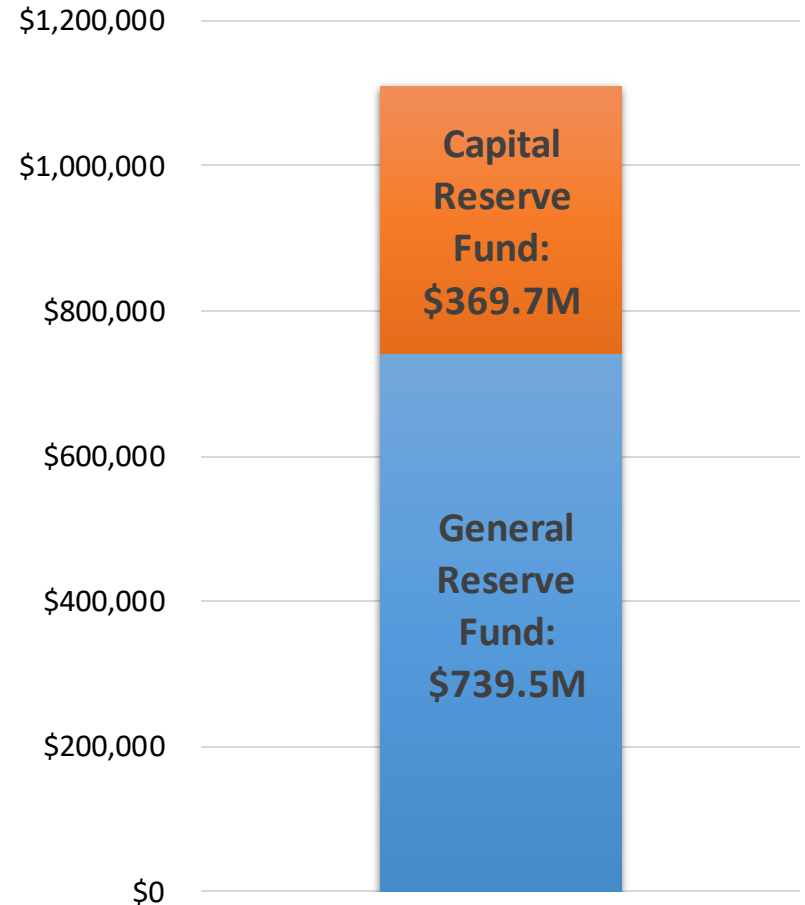


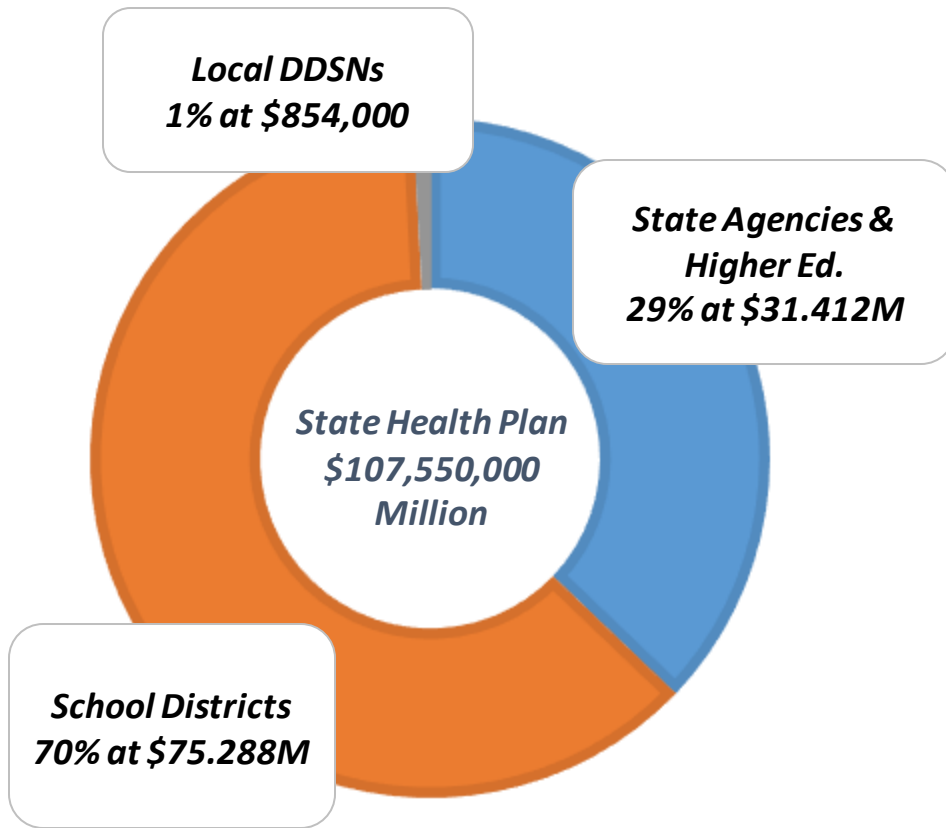
Constitutional Reserves

Over **\$24 million** was added to the **General Reserve Fund**, which is 6.0% of the previous fiscal year's General Fund revenues - an increase from 5.5%.

The **Capital Reserve Fund** was funded at **3%** of the previous year's General Fund revenue for the 2nd year in a row.

These additions bring South Carolina's total reserves to over \$1.1 Billion.





Years since the State Employee portion of Health Premiums has increased:

2012	2016	2020
2013	2017	2021
2014	2018	2022
2015	2019	2023

State Health Plan - Premiums

\$107.5 million to fully cover the state employee health and dental insurance increases.

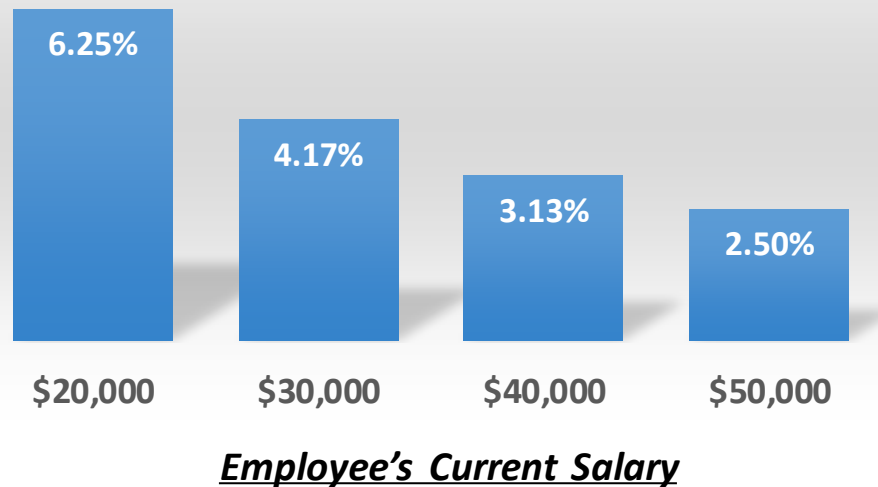
Employees will have **no** additional monthly premium cost, which will make it over a decade since they have had one.

State Employee - Base Pay Increase

Similar to last year, the Base Pay Increase will utilize a combination of a set-amount and percent increase that is determined by salary level.

- Employees making less than or equal to \$50,000 will receive a salary increase of \$1,125.
- Employees making over \$50,000 will receive a 2.25% salary increase.

Effectual Raise of \$1,125 on Salary Ranges



Pension Funding Schedule

Both the SCRS and PORS are 9 years ahead of their required maximum amortization schedule per law.

Contingent upon market performance and no functional changes, both are on track to be **fully funded in 16 years**.

Supporting Our Veterans



SC Dept. of Veterans' Affairs

- **Veteran Homes - \$75m**
Per the DHEC Restructuring Act, administration of Veterans Homes is switching from the Dept. of Mental Health to the Dept. of Veterans' Affairs. This budget supports this change by addressing critical maintenance issues, expanding capacity, and funding staff to manage the Veterans Homes.
- **Military Funds** – Over \$10M dollars combined is appropriated to the Military Enhancement Fund and Veteran Trust Fund to enable the awarding of grants to support the military community.

Committal Shelter at the MJ “Dolly” Cooper State Veterans’ Cemetery.

Continuation of the **SC Veteran Coalition** after the start-up grant expires this year.

Support for the **Military Child Education Coalition**, which helps children of military families.

Emergency Preparedness

Emergency Operations Center

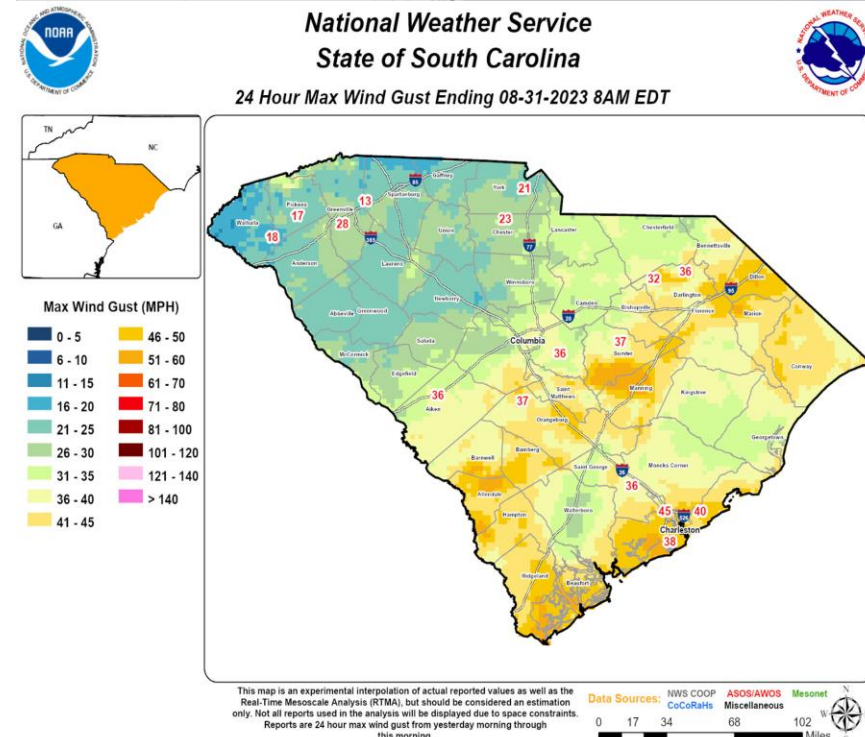
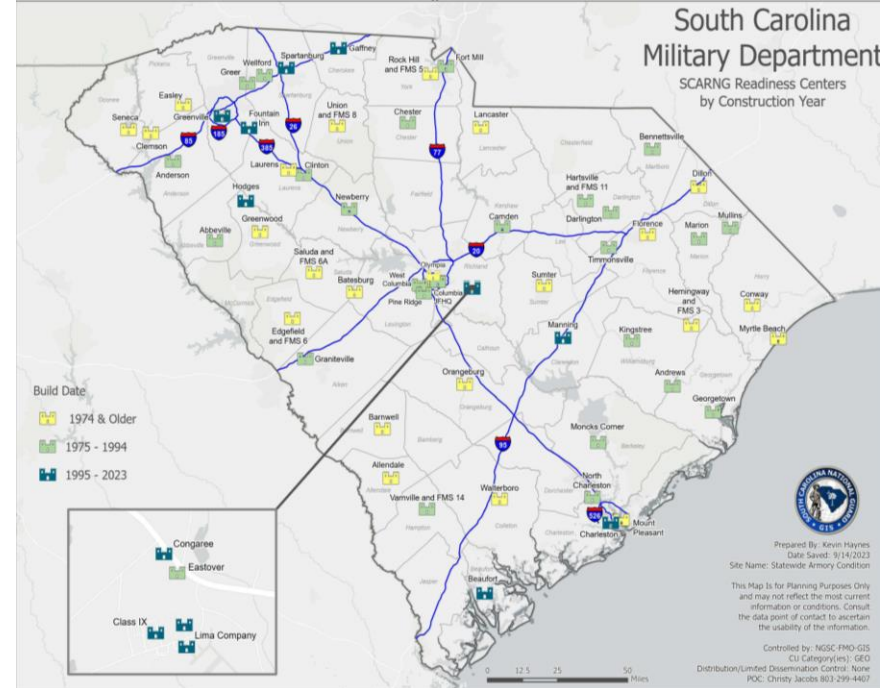
- \$6.25M was allocated for a state-match of \$14.5M in Federal grants to expand the State Emergency Operations Center, which will add over a hundred new workspaces, sleeping quarters, and expand other capacities.

Emergency Equipment Modernization

- Funding was provided to update the 800 MHz communication equipment and monitor the bandwidth, which is utilized by agencies responding to state emergencies.

Armory Revitalization Funding

- This budget includes funding for the 7th year in a row to continue the State Armory Revitalization process. The State funds will be used as a match for Federal funds.



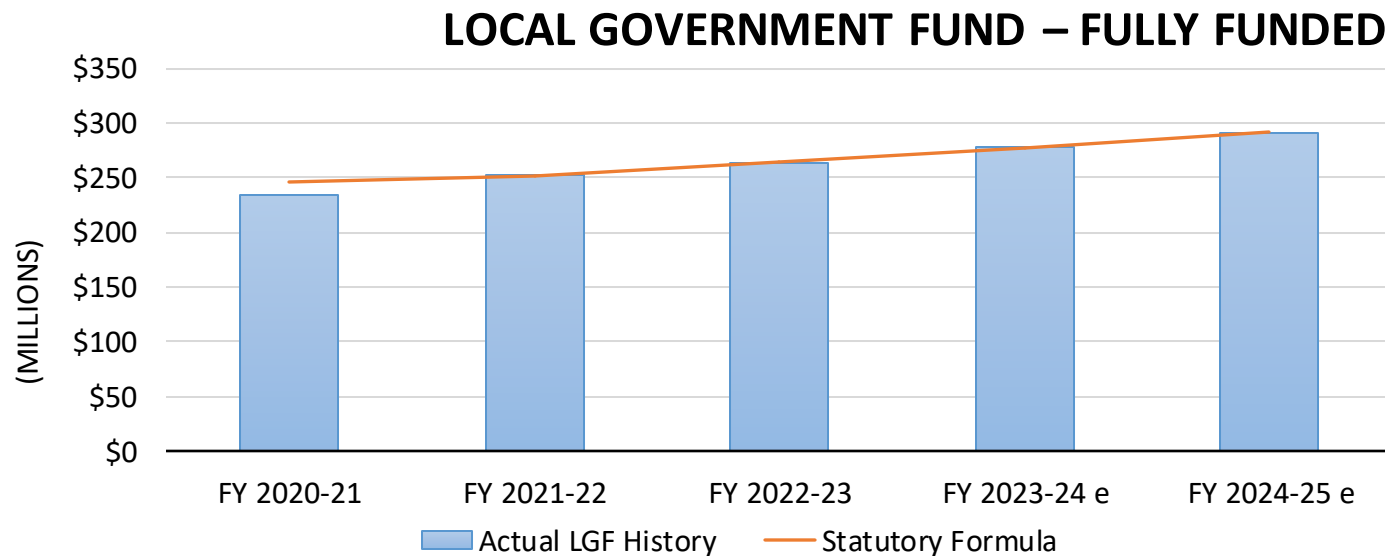
- General Government -

Comptroller General

Funds were provided to meet both the Mauldin & Jenkins study and State HR study recommendations, which were for new personnel, compensation adjustments, and office modernizations.

Election Commission

Over \$8M was allocated to the Election Commission to stabilize turnover, assist in the operational costs of multiple state-wide elections this year, and support early voting.



Note: FY 2020-21 was funded at the FY 2019-20 level due to the continuing resolution adopted by the General Assembly. Actual funding

