



# State of South Carolina

## Office of the Governor

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### **FACT SHEET: 2009-2010 Executive Budget**

#### ***Fiscal Responsibility:***

Gov. Sanford's FY 2009-10 Executive Budget is a balanced, \$5.8 billion spending plan that spends \$800 million less than last year's original budget bill. The spending level is \$200 million more than the most recent round of mid-year budget cuts. The budget cuts could have largely been avoided, had the state limited spending increases to population plus inflation, and set money aside for a rainy day. Instead, budget writers grew government by 40 percent in four years' time. The budget contains a number of measures aimed at promoting greater fiscal responsibility in the future, including a 1 percent cap on annualizations, budget transparency, and a binding cap on spending growth.

#### ***Taxpayer Dividend:***

Gov. Sanford's budget proposes an optional reduction in the state's top marginal income tax rate from 7 percent to 3.65 percent, and will fully-index income tax brackets to inflation. The revenue-neutral proposal will provide \$131 million in income tax relief, paid for by a 30-cent increase to South Carolina's cigarette tax, elimination of three state sales tax holidays, and a \$3 per ton tipping fee for garbage disposal.

#### ***Job Creation:***

The Executive Budget recommends eliminating the state's corporate income tax over a 10-year-time period, taking the rate from 5 percent to zero. The governor's tax plan will move South Carolina's overall business climate ranking from 25<sup>th</sup> to 6<sup>th</sup>.

#### ***Savings:***

Gov. Sanford's FY 2008-09 Executive Budget proposes over \$267 million in specific cost savings and reinvests those funds in priority areas of education, job creation, healthcare and public safety. Those savings include things like shortening the legislative session and restructuring the technical college board system.

#### ***Restructuring:***

As part of the overall cost savings, Gov. Sanford's budget recommends agency and higher education realignment resulting in \$42.5 million in savings.

#### ***Education:***

The governor's budget increases total per-student spending from a current level of \$11,157 to \$11,628. The budget grants additional flexibility in spending those education dollars, with the goal of getting more money to the classroom. In addition, the budget funds continuation of the state's 4k pilot program with \$20.5 million. The budget also proposes a cost savings from scholarships for students who complete high school early, and adds \$5 million to needs-based scholarships.

#### ***Law Enforcement:***

The Executive Budget restores \$4 million in funding for the state Department of Juvenile Justice, and funds the Department of Corrections' \$45 million budget deficit.

#### ***Healthcare:***

The budget fully funds the Medicaid program's maintenance of effort with \$137 million.

#### ***Natural Resources:***

Gov. Sanford's budget redeploys \$5 million from the state's film incentives program to the Conservation Land Bank, in order to pay for unfunded contractual obligations. Another \$5 million from the film incentives program will be used to pay interest on the recent unemployment benefits loan.