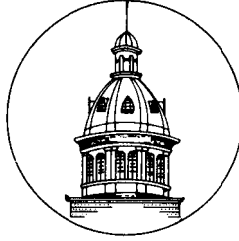


Richard Eckstrom
Comptroller General
of
South Carolina



News Release

WADE HAMPTON STATE OFFICE BUILDING, COLUMBIA SC 29201

August 14, 2009

FOR IMMEDIATE RELEASE

Contact: RJ Shealy, 803-734-2538 or 803-600-1638

State Continues to Experience Tough Economic Times

The state overspent its General Fund budget by \$98.2 million for the fiscal year that ended June 30, 2009.

For the fiscal year, actual revenue collections were \$1.2 billion less than the estimates used to form original spending plans. As South Carolina's economy deteriorated and estimated revenues failed to materialize, midyear spending cuts and other actions lowered -- based on numerous revised revenue estimates during the year -- the amounts state agencies were authorized to spend by \$974.7 million. Yet in the end these revised estimates were still too optimistic, resulting in \$98.2 million of excess spending even after exhausting the state's Capital Reserve Fund (used entire \$133.2 million) and General Reserve Fund (used entire \$108.1 million).

The fact that the state overspent by nearly \$100 million once again underscores the need to re-examine the prevailing philosophy about spending, to close the gap between what we spend and what we can afford. We must set priorities -- identifying those essential things state government should do and resisting the urge to spend on things that are less essential or can be delayed until better economic times.

The challenges we face in South Carolina are great. Improving our state's fiscal health is one of the keys to moving South Carolina toward a brighter future and reaching our full potential.

COMPTROLLER GENERAL'S OFFICE / (803) 734-2121
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State of South Carolina
BUDGETARY HIGHLIGHTS
BUDGETARY GENERAL FUND
Fiscal Year Ended June 30, 2009

FACTORS THAT PRODUCED THE BUDGETARY DEFICIT

Estimates Used in Appropriations Act over Actual Revenue.....	\$ (1,204,885,067)	
"Open-Ended" Appropriations.....	<u>(109,303,613)</u>	
Budgetary Deficit before Governor's Vetoes, Agency Reductions, and Lapsed Funds.....		\$ (1,314,188,680)

FACTORS THAT HELPED REDUCE THE BUDGETARY DEFICIT

Governor's Vetoes Sustained by the General Assembly.....	369,357	
FY08-09 Appropriation Rescission Act - Targeted Agency Reductions.....	487,906,416	
Budget and Control Board Action - 7% Agency Reduction.....	383,475,665	
Budget and Control Board Action - 2% Agency Reduction.....	101,894,963	
Agency Surplus Funds that Lapsed at Year-End to Offset Revenue Shortfalls in the General Fund.....	<u>1,058,697</u>	
		<u>974,705,098</u>
Net Budgetary Deficit.....		(339,483,582)
2009 Capital Reserve Fund Applied Against Deficit.....		<u>133,170,058</u>
Remaining Budgetary Deficit.....		(206,313,524)
General Reserve Funds (Rainy Day Fund) Applied to Eliminate Deficit.....		<u>108,096,907</u>
Budgetary Deficit after Reserve Funds Applied.....		<u>\$ (98,216,617)</u>

BUDGETARY GENERAL FUND
Changes in Budgetary Fund Balance
 Fiscal Year Ended June 30, 2009

	Reserved Appropriations			Unreserved/ Undesignated	Total
	General Reserve	Carried Forward	Capital Reserve		
Revenues.....	\$ —	\$ —	\$ —	\$ 5,544,172,770	\$ 5,544,172,770
Expenditures.....	—	—	—	(5,747,914,569)	(5,747,914,569)
Transfer to General Reserve per Act.....	12,974,290	—	—	(12,974,290)	—
Transfer to Capital Reserve per Act.....	—	—	133,170,058	(133,170,058)	—
Appropriations:					
Brought Forward From Last Year ^a	—	(229,131,475)	—	229,131,475	—
Carried Forward to Next Year ^b	—	218,728,910	—	(218,728,910)	—
Capital Reserve Fund Applied Against FY09 Deficit.....	—	—	(133,170,058)	133,170,058	—
General Reserve Funds Applied to Eliminate FY09 Deficit.....	(108,096,907)	—	—	108,096,907	—
Net Current Year Changes.....	(95,122,617)	(10,402,565)	—	(98,216,617)	(203,741,799)
Fund Balance—July 1, 2008.....	95,122,617	229,131,475	—	—	324,254,092
Fund Balance—June 30, 2009.....	<u>\$ —</u>	<u>\$ 218,728,910</u>	<u>\$ —</u>	<u>\$ (98,216,617)</u>	<u>\$ 120,512,293</u>

^a These represent current year expenditures that did not require current year budget appropriations.

^b These represent current year budget appropriations that will not be expended until next year.

BUDGETARY GENERAL FUND
Revenue Analysis
Fiscal Year Ended June 30, 2009

	Actual Revenue	Budgeted Amounts		Actual Over (Under) Original Budgeted Revenue	Actual Over (Under) Final Budgeted Revenue	Actual 2008	2009 Actual Over (Under) 2008 Actual Revenue
		Original	Final				
Regular sources:							
Individual income tax.....	\$ 2,326,707,698	\$ 2,969,672,332	\$ 2,489,516,825	\$ (642,964,634)	\$ (162,809,127)	\$ 2,863,839,126	\$ (537,131,428)
Retail and casual sales tax.....	2,247,876,029	2,698,853,250	2,282,353,185	(450,977,221)	(34,477,156)	2,463,274,765	(215,398,736)
Corporation income tax.....	207,174,754	248,885,744	125,826,689	(41,710,990)	81,348,065	268,643,838	(61,469,084)
Total income and sales taxes.....	4,781,758,481	5,917,411,326	4,897,696,699	(1,135,652,845)	(115,938,218)	5,595,757,729	(813,999,248)
Insurance tax.....	172,882,640	176,494,186	177,979,113	(3,611,546)	(5,096,473)	159,613,829	13,268,811
Earned on investments.....	79,559,729	93,000,000	77,000,000	(13,440,271)	2,559,729	123,633,239	(44,073,510)
Beer and wine tax.....	101,356,299	104,825,325	104,825,325	(3,469,026)	(3,469,026)	100,610,827	745,472
Corporation license tax.....	80,987,747	73,918,514	86,918,514	7,069,233	(5,930,767)	74,406,043	6,581,704
Alcoholic liquors tax.....	57,460,842	56,237,031	56,237,031	1,223,811	1,223,811	56,652,160	808,682
Departmental revenue.....	37,485,169	43,992,056	43,992,056	(6,506,887)	(6,506,887)	43,850,133	(6,364,964)
Documentary (deed stamp) tax.....	24,406,393	57,870,466	28,474,586	(33,464,073)	(4,068,193)	43,184,911	(18,778,518)
Business license (tobacco) tax.....	30,572,978	33,670,954	29,670,954	(3,097,976)	902,024	31,072,833	(499,855)
Admissions tax.....	27,131,738	27,466,616	27,466,616	(334,878)	(334,878)	27,697,941	(566,203)
Motor vehicle licenses.....	15,213,183	15,350,886	15,350,886	(137,703)	(137,703)	24,285,770	(9,072,587)
Bank tax.....	8,493,851	24,425,001	7,425,001	(15,931,150)	1,068,850	19,313,042	(10,819,191)
Public Service Authority (excess earnings).....	20,589,881	16,340,234	16,340,234	4,249,647	4,249,647	15,795,101	4,794,780
Workers' comp insurance tax.....	12,779,422	14,655,680	14,655,680	(1,876,258)	(1,876,258)	13,559,040	(779,618)
Aircraft tax.....	6,260,566	5,115,477	5,115,477	1,145,089	1,145,089	6,145,104	115,462
Private car lines tax.....	3,733,905	4,034,169	4,034,169	(300,264)	(300,264)	3,595,122	138,783
Savings and Loan Association tax.....	3,815,836	4,002,478	2,002,478	(186,642)	1,813,358	3,356,902	458,934
Coin-operated device tax.....	2,134,238	1,284,316	1,284,316	849,922	849,922	1,597,573	536,665
Retailers' license tax.....	788,790	883,722	883,722	(94,932)	(94,932)	847,160	(58,370)
Estate tax.....	152,850	—	—	152,850	152,850	343,510	(190,660)
Motor transport fees.....	6,899	20,000	20,000	(13,101)	(13,101)	3,875	3,024
Total regular sources.....	5,467,571,437	6,670,998,437	5,597,372,857	(1,203,427,000)	(129,801,420)	6,345,321,844	(877,750,407)
Miscellaneous sources:							
Indirect cost recoveries.....	16,101,492	16,679,391	16,679,391	(577,899)	(577,899)	15,837,054	264,438
Unclaimed property fund transfers.....	12,000,000	12,000,000	12,000,000	—	—	12,000,000	—
Circuit and family court fines.....	10,162,045	10,664,363	10,664,363	(502,318)	(502,318)	10,640,349	(478,304)
Mental health fees.....	3,400,000	3,200,000	3,200,000	200,000	200,000	3,400,000	—
Parole and probation supervision fees.....	3,392,808	3,392,808	3,392,808	—	—	3,392,808	—
Debt service reimbursements.....	1,144,988	1,722,838	237,911	(577,850)	907,077	1,722,838	(577,850)
Nonrecurring revenue	30,400,000	30,400,000	30,400,000	—	—	79,485	30,320,515
Total miscellaneous sources.....	76,601,333	78,059,400	76,574,473	(1,458,067)	26,860	47,072,534	29,528,799
Total Budgetary General Fund	\$ 5,544,172,770	\$ 6,749,057,837	\$ 5,673,947,330	\$ (1,204,885,067)	\$ (129,774,560)	\$ 6,392,394,378	\$ (848,221,608)

BUDGETARY GENERAL FUND
Appropriations and Expenditures
 Fiscal Year Ended June 30, 2009

Expenditures by Function	Final Appropriations	Expenditures	Disposition of Adjusted Appropriations	
			Appropriations Carried Forward to 2010	Lapsed
Adjutant General.....	\$ 14,373,528	\$ 12,343,677	\$ 2,010,302	\$ 19,549
Administrative Law Judges.....	1,888,447	1,879,622	—	8,825
Agriculture.....	4,985,969	4,985,969	—	—
Aid to Local Government.....	350,740,640	350,734,772	—	5,868
Alcohol and Other Drug Abuse Services.....	9,040,495	9,040,495	—	—
Archives and History.....	3,286,568	3,245,395	41,173	—
Arts Commission.....	3,395,905	3,395,905	—	—
Attorney General.....	6,350,442	6,206,127	144,315	—
Budget and Control Board.....	67,795,343	56,177,342	11,613,356	4,645
Commerce.....	33,545,126	17,142,962	16,402,164	—
Commission for Minority Affairs.....	522,688	522,657	—	31
Commission for the Blind.....	3,222,211	2,974,805	125,000	122,406
Commission on Indigent Defense.....	9,218,925	9,106,200	112,646	79
Comptroller General.....	3,118,530	3,118,530	—	—
Consumer Affairs.....	1,796,175	1,796,175	—	—
Corrections.....	350,346,428	350,346,428	—	—
Debt Service.....	229,783,936	222,990,995	6,792,941	—
Disabilities and Special Needs.....	155,544,753	155,544,724	—	29
Education.....	2,151,406,127	2,150,212,380	1,101,330	92,417
Educational Television Commission.....	13,823,128	13,506,532	316,596	—
Election Commission.....	6,254,148	2,835,948	3,418,079	121
Employment Security Commission.....	652,670	652,670	—	—
Forestry Commission.....	14,034,768	14,034,747	—	21
Governor's Office.....	41,655,926	41,130,373	501,755	23,798
Health and Environmental Control.....	136,610,337	126,988,501	9,575,353	46,483
Health and Human Services.....	795,436,833	672,119,046	123,317,663	124
Higher Education.....	806,117,861	797,036,550	8,511,978	569,333
House of Representatives.....	13,883,094	12,794,564	1,088,530	—
Human Affairs Commission.....	1,746,718	1,735,637	9,238	1,843
Insurance.....	3,940,560	3,940,560	—	—
Jobs-Economic Development Authority.....	16,229	—	—	16,229
John De La Howe School.....	4,068,238	4,068,238	—	—
Judicial Department.....	30,876,871	30,662,336	214,535	—
Juvenile Justice.....	90,015,824	89,958,534	57,286	4
Labor, Licensing and Regulation.....	3,206,415	2,750,829	444,067	11,519
Law Enforcement Training Council.....	678,827	678,825	—	2
Legislative Audit Council.....	1,122,453	1,122,453	—	—
Legislative Support Agencies.....	7,407,915	6,358,663	1,049,252	—
Lieutenant Governor.....	4,347,917	4,114,035	233,814	68
Mental Health.....	178,426,365	178,426,365	—	—
Museum Commission.....	7,505,011	7,439,466	65,545	—
Natural Resources.....	23,791,803	22,964,584	827,100	119
Parks, Recreation and Tourism.....	43,992,476	32,284,250	11,687,020	21,206
Probation, Parole, and Pardon.....	22,611,272	22,028,283	517,265	65,724
Procurement Review Panel.....	108,658	108,204	—	454
Prosecution Coordination Commission.....	11,962,552	11,923,774	—	38,778
Public Safety.....	77,654,150	76,485,157	1,168,993	—
Revenue.....	33,696,174	33,696,174	—	—
School for the Deaf and Blind.....	14,950,405	14,945,805	4,600	—
Sea Grant Consortium.....	493,178	492,923	—	255
Secretary of State.....	875,587	875,587	—	—
Social Services.....	118,590,638	111,664,081	6,926,557	—
State Ethics Commission.....	464,268	464,268	—	—
State Library.....	10,933,521	10,930,919	—	2,602
State Treasurer.....	4,083,898	4,083,889	—	9
The Senate.....	16,915,406	11,629,139	5,286,267	—
Transportation.....	6,755,018	1,783,146	4,971,872	—
Vocational Rehabilitation.....	11,273,986	11,273,986	—	—
Wil Lou Gray Opportunity School.....	3,512,245	3,314,050	192,318	5,877
Workers' Compensation Commission.....	2,846,597	2,846,318	—	279
Total	\$ 5,967,702,176	\$ 5,747,914,569	\$ 218,728,910	\$ 1,058,697

BUDGETARY GENERAL FUND
Open-Ended Appropriations
 Fiscal Year Ended June 30, 2009

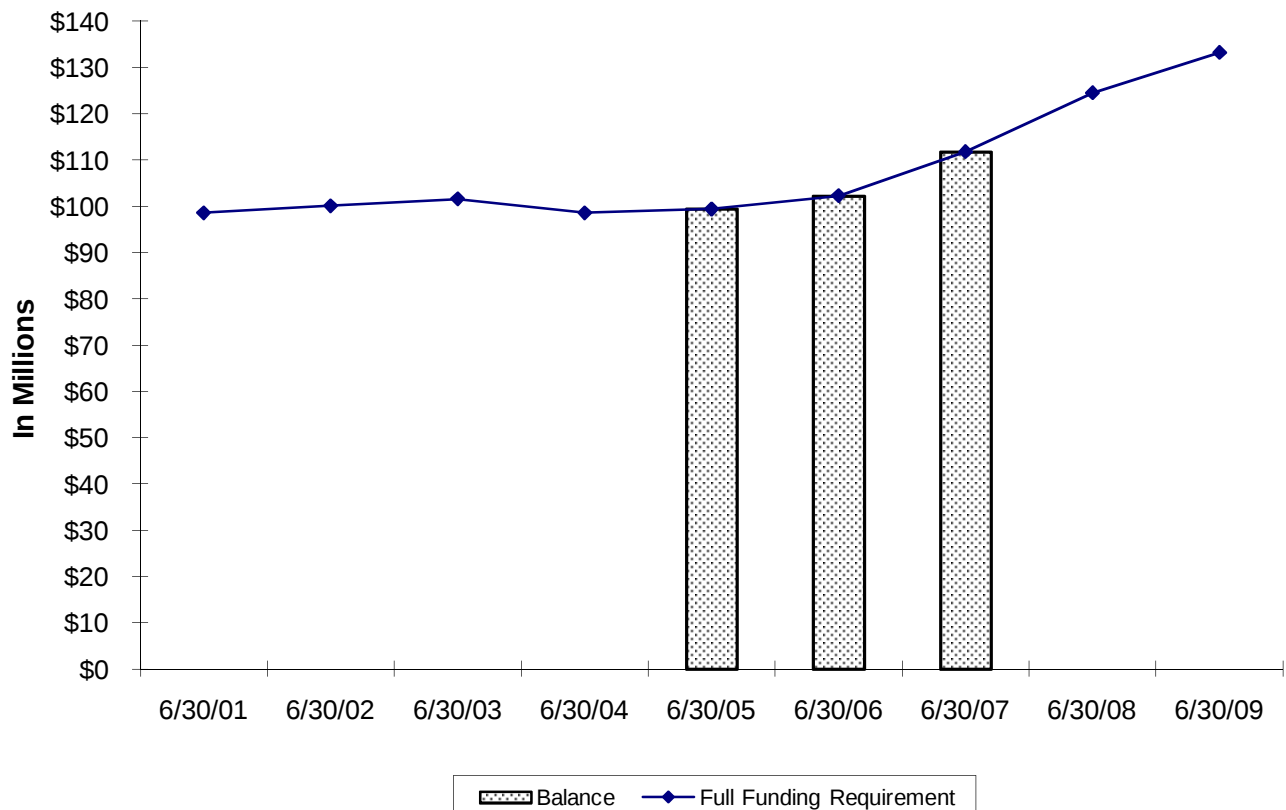
<u>Agency Name</u>	<u>Description</u>	<u>Amount</u>
Open-Ended Appropriations: ¹		
Agency Deficit Approved by Budget and Control Board:		
Department of Corrections.....	Agency Deficit	\$ 45,504,056
Department of Juvenile Justice.....	Agency Deficit	6,291,712
Adjutant General.....	State Active Duty	4,757
Budget and Control Board–Employee Benefits.....	Workers' Compensation Insurance	50,147
Budget and Control Board–Employee Benefits.....	Laymen Judgement Proviso 80A.63	1,239,262
Aid to Subdivisions–State Treasurer.....	Aid to Counties - Mini Bottle Hold-Harmless	1,309,682
Aid to Subdivisions–State Treasurer.....	Aid to Fire Districts - Formula Funded	1,908,166
Aid to Subdivisions–Department of Revenue.....	Aid to Counties - Homestead Exemption	52,995,831
Total Open-Ended Appropriations		<u>\$ 109,303,613</u>

¹ Open-ended appropriations result from situations where the General Assembly mandates that an item be fully funded but does not budget a sufficient amount. In these instances, appropriations are increased during the close-out of the State's fiscal year to allow for the additional expenditures.

Capital Reserve**BUDGETARY GENERAL FUND****For Fiscal Years Ended June 30**

Year	Beginning Balance	Original Appropriations	Appropriation Reductions	Transfer to Agencies	Ending Balance	Full Funding Requirement
2001	\$ 96,914,031	\$ 98,610,931	\$ (98,610,931)	\$ (96,914,031)	\$ —	\$ 98,610,931
2002	—	100,134,739	(100,134,739)	—	—	100,134,739
2003	—	101,606,475	(101,606,475)	—	—	101,606,475
2004	—	98,599,197	(98,599,197)	—	—	98,599,197
2005	—	99,356,026	—	—	99,356,026	99,356,026
2006	99,356,026	102,325,596	—	(99,356,026)	102,325,596	102,325,596
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) ^a	(111,821,213)	—	124,520,532
2009	—	133,170,058	(133,170,058) ^a	—	—	133,170,058

^a Amount applied to cover budgetary deficit.



General Reserve**BUDGETARY GENERAL FUND****Fiscal Years Ended June 30**

Year	Beginning Balance	Net Additions (Reductions)	Ending Balance	Full Funding Requirement	Over(Under) Funded
2001	\$ 145,371,047	\$ (84,847,657)	\$ 60,523,390	\$ 147,916,397	\$ (87,393,007)
2002	60,523,390	(60,523,390)	—	150,202,108	(150,202,108)
2003	—	—	—	152,409,712	(152,409,712)
2004	—	25,154,528	25,154,528	147,707,970	(122,553,442)
2005	25,154,528	50,000,000	75,154,528	149,034,038	(73,879,510)
2006	75,154,528	78,333,866	153,488,394	153,488,394	—
2007	153,488,394	14,243,425	167,731,819	167,731,819	—
2008	167,731,819	(72,609,202)	95,122,617	186,780,797	(91,658,180)
2009	95,122,617	(95,122,617) ^a	— ^b	199,755,087	(199,755,087)

^a July 1, 2008 contribution of \$12,974,290 less \$108,096,907 applied later in year to eliminate FY09 budgetary deficit.

^b Total increased by \$63,923,944 on July 1, 2009 due to contribution mandated by FY10 Appropriations Act.

