Executive Budget Overview
FY 2018-19
## General Fund – Recurring

<table>
<thead>
<tr>
<th>Amount</th>
<th>Item</th>
</tr>
</thead>
<tbody>
<tr>
<td>$270.5M</td>
<td>Revenue growth FY 2018-19 less GRF, CRF &amp; Tax Relief Trust Fund</td>
</tr>
<tr>
<td>$117.4M</td>
<td>Excess debt service</td>
</tr>
<tr>
<td>$5.7M</td>
<td>Homestead exemption surplus</td>
</tr>
<tr>
<td>$(139.7)M</td>
<td>Income tax cut phase-in</td>
</tr>
<tr>
<td>$(14.1)M</td>
<td>Veterans’ Retirement Income Tax Exemption</td>
</tr>
<tr>
<td>$(8.6)M</td>
<td>Law Enforcement, Firefighters, and Peace Officers Retirement Income Tax Exemption</td>
</tr>
<tr>
<td>$231.3M</td>
<td>Available for appropriation</td>
</tr>
</tbody>
</table>
### Non-Recurring Fund Sources

<table>
<thead>
<tr>
<th>Amount</th>
<th>Item</th>
</tr>
</thead>
<tbody>
<tr>
<td>$145.4M</td>
<td>Capital Reserve Fund</td>
</tr>
<tr>
<td>$16.6M</td>
<td>Lapse of Debt Service Funds</td>
</tr>
<tr>
<td>$4.1</td>
<td>Litigation Recovery Account</td>
</tr>
<tr>
<td>$166M</td>
<td>Available for appropriation in FY 2018-19</td>
</tr>
</tbody>
</table>
Headline Numbers

• General Fund growth $113.8 million
  – General Fund proposed in FY 18-19 is $8.06 B.

• Tax Cuts - $2.2 B in taxpayer savings through the 5 year implementation
  – $162.3M in tax cuts balanced in FY 18-19 budget.
Financial Overview

FY2018-19 Executive Budget Appropriations General Fund

- K-12 Education and Cultural: 38%
- Health & Social Services: 27%
- Economic Development and Natural Resources: 2%
- Transportation: 2%
- Regulatory: 1%
- Higher Education: 8%
- General Government: 11%
- Public Safety and Criminal Justice: 11%
Financial Overview

FY2018-19 Executive Budget Appropriations
All Funding Sources

- General Government: 7%
- Transportation: 11%
- Regulatory: 2%
- Higher Education: 20%
- Public Safety and Criminal Justice: 4%
- K-12 Education and Cultural: 17%
- Economic Development and Natural Resources: 2%
- Health & Social Services: 37%

All Funding Sources
Major Themes

• Tax Cuts

• Economic Development and Workforce

• Education

• Public Safety

• Health Care

• Good Government and Ethics
Governor McMaster’s Income Tax Cut Plan

- Reduce each income tax bracket by 1% over 5 years.
- Savings for every single SC income taxpayer.
- $139.7M savings in year one.
- $2.2B in taxpayer savings during the course of the 5 year implementation.

<table>
<thead>
<tr>
<th>Existing Income Tax Brackets</th>
<th>After 5 Year Tax Cut Implementation</th>
</tr>
</thead>
<tbody>
<tr>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>3%</td>
<td>2%</td>
</tr>
<tr>
<td>4%</td>
<td>3%</td>
</tr>
<tr>
<td>5%</td>
<td>4%</td>
</tr>
<tr>
<td>6%</td>
<td>5%</td>
</tr>
<tr>
<td>7%</td>
<td>6%</td>
</tr>
</tbody>
</table>
Taxpayer Savings

INCOME TAX CUT TAXPAYER SAVINGS

<table>
<thead>
<tr>
<th>YEAR</th>
<th>TAXPAYER SAVINGS IN DOLLARS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$139M</td>
</tr>
<tr>
<td>2</td>
<td>$424M</td>
</tr>
<tr>
<td>3</td>
<td>$864M</td>
</tr>
<tr>
<td>4</td>
<td>$1.47B</td>
</tr>
<tr>
<td>5</td>
<td>$2.2B</td>
</tr>
</tbody>
</table>


- FY 2018-19: $139M
- FY 2019-20: $424M
- FY 2020-21: $864M
- FY 2021-22: $1.47B
- FY 2022-23: $2.2B
Tax Cuts

Military Retirement Income Tax Exemption

• $14M in savings for veterans.
• Average savings for a veteran under 65 - $524 per year.
• Average savings for a veteran 65 and older - $210 per year.

Law Enforcement, Firefighter, and Peace Officer

• $8.6M in savings for those serving in uniform.
• Average savings for a retiree under 65 - $713 per year.
• Average savings for a retiree 65 and older - $102 per year.
Econ. Dev. and Workforce

Economic Development and Workforce State Funding Increases

- Total – $44M
- Recurring – $14.9M
- Non-recurring – $29.2M
Major Initiatives

- $5,000,000 to establish South Carolina Workforce Partnership grant program, bringing high schools, technical colleges and businesses together to meet job demand needs.
- $1.7M to Department of Corrections, $500,000 to DJJ and $400,000 to PPP for workforce training and reentry services to reduce recidivism.
- $9.2M to Commerce for the Closing Fund and LocateSC.
- $9.1M to upgrade STEM equipment for high demand jobs training at technical colleges across the state.
- $9.4M for ReadySC.
- $3M increase to Workforce Scholarships and Grants.
- $950,000 for Be Pro Be Proud.
Education State Funding Increases

- Total – $110.7M
- Recurring – $101.6M
- Non-recurring – $9.1M
Major Initiatives

• $25.2M to increase the Base Student Cost by $10.
• $18.8M to public charter schools for a 5% per pupil funding increase and enrollment growth.
• $16.4M for Need Based Grants, almost doubling current funding.
• $5M for the School Safety Program.
• $5M for school bus leasing.
• $3.3M for computer science and coding classroom instruction.
• $2.5M for charter school transportation.
• $500,000 for Call Me MISTER.
Public Safety

Public Safety State Funding Increases

- Total – $52.7M
- Recurring – $21.3M
- Non-recurring – $31.4M
Public Safety

Major Initiatives

- $30.5M to SLED including increased forensics personnel, narcotics agents, and $20M contribution toward a new forensics lab.
- $13.9M for DOC including officer pay raises.
- $2.9M for PPP including agent vehicles and expansion of the Offender Supervision Specialist Program.
- $2.5M for DPS to pay for overtime that has previously been uncompensated.
- $1.7M for the SC Critical Infrastructure Cybersecurity Program.
- $1.5M for DJJ including officer pay raises.
- The Governor proposes moving the Immigration Enforcement Unit from DPS to SLED and providing increased staff to prevent sanctuary cities.
Health Care State Funding Increases

- Total – $55.7M
- Recurring – $39.9M
- Non-recurring – $15.7M
Health Care

Major Initiatives

• $10M for opioid response efforts:
  – $4.35M to HHS for opioid treatment clinics.
  – $1.25M to DAODAS for enhanced response and treatment.
  – $3M to DAODAS for infrastructure improvements to the 301 system.
  – $1M to DHEC to improve the prescription drug monitoring system.
  – $484,416 for narcotics agents at SLED.

• $3.8M to increase access to autism therapy services.

• $7M to DMH.

• $2.25M for the SC Children’s Advocacy Medical Response System.
Major Initiatives

- $3M to establish the IT Shared Services Program Management Office at DOA.
- New shared services proviso requires agencies to utilize shared services and savings offered by DOA.
- New real estate proviso implements a statewide real estate plan ensuring that efficiencies are captured.
- Double the lobbyist and lobbyist principal registration fee from $100 to $200 to pay for increased investigation and enforcement in addition to $174,995 in new state funds.
- Require anyone paid to influence county, city, or town councils to register as a lobbyist.
State Employee Benefits

Pension Plan

• $32.4M to cover a 1% increase in employer contribution rates for state employees.

State Health Plan

• $59.2M to offset increased costs associated with the State Health Plan – Governor’s Executive Budget covers 85.3% of increased costs. Employee premium will increase $11.92 per month.
• Governor’s Executive budget proposes the addition of the adult well visit benefit and a small increase in patient liability ($50 deductible increase).
Other notable recommendations

- $20.3M to reduce Child Welfare caseloads at DSS.
- $25M for Child Support Enforcement system.
- $11M to PRT for beach renourishment for SC coastal communities.
- $10M to PRT for Hunting Island State Park cabins.
- $6M for the Conservation Land Bank.
- $3.5M to Forestry Commission for firefighting bulldozers.
- $2.2M to DNR for freshwater fish hatcheries.
- $1.5M to DNR for increased public access to state owned lands.
- $5.6M to DMV for REAL ID.
- $14M to Election Commission for statewide voting machine replacement and maintenance.