

Budget Process 101:

Overview of the Budget Request Process

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“THE ARTIST FORMERLY KNOWN AS THE EBO DIRECTOR”

State Budget Process Overview

Key Terms, Definitions & Concepts

Incremental Budgeting

- ▶ The current year's budget is the basis (starting point) for building the next year's budget.
- ▶ Historically, decision makers have been primarily concerned with how to spend the additional anticipated revenue over the current year.
- ▶ The majority of the budget changes very little from year to year.

Annualization

- ▶ Funding required in the next year's budget for an item that was either partially funded or funded with non-recurring funds in the current year.
- ▶ Example:
 - ▶ State Health Plan
 - ▶ SHP follows a calendar year (January – December)
 - ▶ Budget follows a fiscal year (July – June)
 - ▶ SHP is funded over 2 budget fiscal years (January – June in year 1 and July to December in year 2)

New Funds

- ▶ Anticipated additional revenue for the next year over and above the current year's estimate plus any excess revenues (Capital Reserve Fund and Supplemental Funds) from the current fiscal year.

Recurring Funds

- ▶ Revenue that can be anticipated year after year.
- ▶ Generally, revenue that is generated from taxes, fees and/or fines.
- ▶ Examples:
 - ▶ State sales tax
 - ▶ State income tax
 - ▶ Student tuition and fees
 - ▶ Traffic fines (i.e., speeding tickets)

Non-recurring Funds

- ▶ Revenue that can only be anticipated for a limited amount of time (usually only one fiscal year)
- ▶ Generally, revenue that is generated from one-time sources.
- ▶ Examples:
 - ▶ Litigation recoveries (class-action lawsuits)
 - ▶ Prior year's surplus
 - ▶ Capital Reserve Fund

Carryforward Funds

- ▶ Unspent funds carried forward from one fiscal year into the next fiscal year
- ▶ 2 types:
 - ▶ **General** – equal to 10% of an agency's original General Fund appropriation.
 - ▶ Example: Agency X is appropriated \$10m; may carryforward up to \$1m
 - ▶ FY2023 = \$154,022,176
 - ▶ **Special** – special statutory provision that exists for a particular program.
 - ▶ Example: Admin's Division of Information Security program
 - ▶ FY2023 = \$3,897,375,648

Lapsed Funds

- ▶ Unspent funds in excess of the amount agencies are allowed to carry forward.
- ▶ Funds are returned to the state's General Fund and may be re-appropriated for other purposes the following fiscal year by the General Assembly.
- ▶ Example:
 - ▶ Agency X is appropriated \$10m but has \$2m unspent at the end of the fiscal year. Agency may carryforward up to \$1m but would lapse the remaining \$1m.
 - ▶ FY2023 = \$7,836,446

Supplemental Appropriation “Surplus”

- ▶ Funds available because actual revenues collected exceeds the final fiscal year’s projections.

The Budget Process

Functional Areas

Agencies are grouped into Functional Areas based on mission/purpose:

- 1) K-12 & Cultural
- 2) Higher Education
- 3) Health & Social Services
- 4) Transportation
- 5) Economic Development & Natural Resources
- 6) Public Safety & Criminal Justice
- 7) Regulatory
- 8) General Government

Functional Areas

K-12 & Cultural

Department of Education
Education Oversight Committee
Wil Lou Gray Opportunity School
School for the Deaf & the Blind
John de la Howe School
Educational Television Commission
Department of Archives & History
State Library
Arts Commission
State Museum
Confederate Relic Room & Military Museum

Higher Education

Lottery Commission
Commission on Higher Education
Higher Education Tuition Grants
17 State Institutions
Technical College System

Health & Social Services

Department of Vocational Rehabilitation
Department of Health & Human Services
Department of Health & Environmental Control
Department of Mental Health
Department of Disabilities & Special Needs
Department of Alcohol & Other Drug Abuse Services
Department of Social Services
Department on Aging
Department of Children's Advocacy
Commission for the Blind

Transportation

Department of Motor Vehicles
Department of Transportation
Infrastructure Bank Board
County Transportation Fund
Division of Aeronautics

Functional Areas

Economic Development & Natural Resources

Forestry Commission
Department of Agriculture
Clemson PSA
SC State PSA
Department of Natural Resources
Sea Grant Consortium
Department of Parks, Recreation & Tourism
Department of Commerce
Jobs Economic Development Authority
Patriots Point Development Authority
Conservation Bank
Rural Infrastructure
State Ports Authority

Public Safety & Criminal Justice

Judicial Department (Supreme Court)
Administrative Law Court
Attorney General
Prosecution Coordination Commission
Commission on Indigent Defense
State Law Enforcement Division
Department of Public Safety
Law Enforcement Training Council
Department of Corrections
Department of Probation, Parole & Pardon Services
Department of Juvenile Justice
Adjutant General
Department of Veterans' Affairs

Functional Areas

General Government

The Senate
House of Representatives
Legislative Council
Legislative Services Agency
Legislative Audit Council
Governor's Office / Mansion & Grounds
Office of Resilience
Department of Administration
Inspector General
Secretary of State
Comptroller General
State Treasurer
Retirement Systems Investment Council
Department of Veterans' Affairs
Election Commission
Revenue & Fiscal Affairs Office
State Fiscal Accountability Authority
State Auditor
Public Employee Benefit Authority
Statewide Employee Benefits
Capital Reserve Fund
Debt Service
Aid to Subdivisions

Regulatory

Housing Finance & Development Authority
Human Affairs Commission
Commission on Minority Affairs
Public Service Commission
Office of Regulatory Staff
Worker's Compensation Commission
State Accident Fund
Patients' Compensation Fund
Department of Insurance
Board of Financial Institutions
Department of Consumer Affairs
Department of Labor, Licensing & Regulation
Department of Employment & Workforce
Department of Revenue
State Ethics Commission
Procurement Review Panel

The Participants



Governor



House of Representatives



Senate



Constituents/Citizens & Special Interest Groups



South Carolina Revenue and Fiscal Affairs Office

Board of Economic Advisors & Budget Development Section

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THE SOUTH CAROLINA DEPARTMENT of ADMINISTRATION

Executive Budget Office & Division of State Human Resources



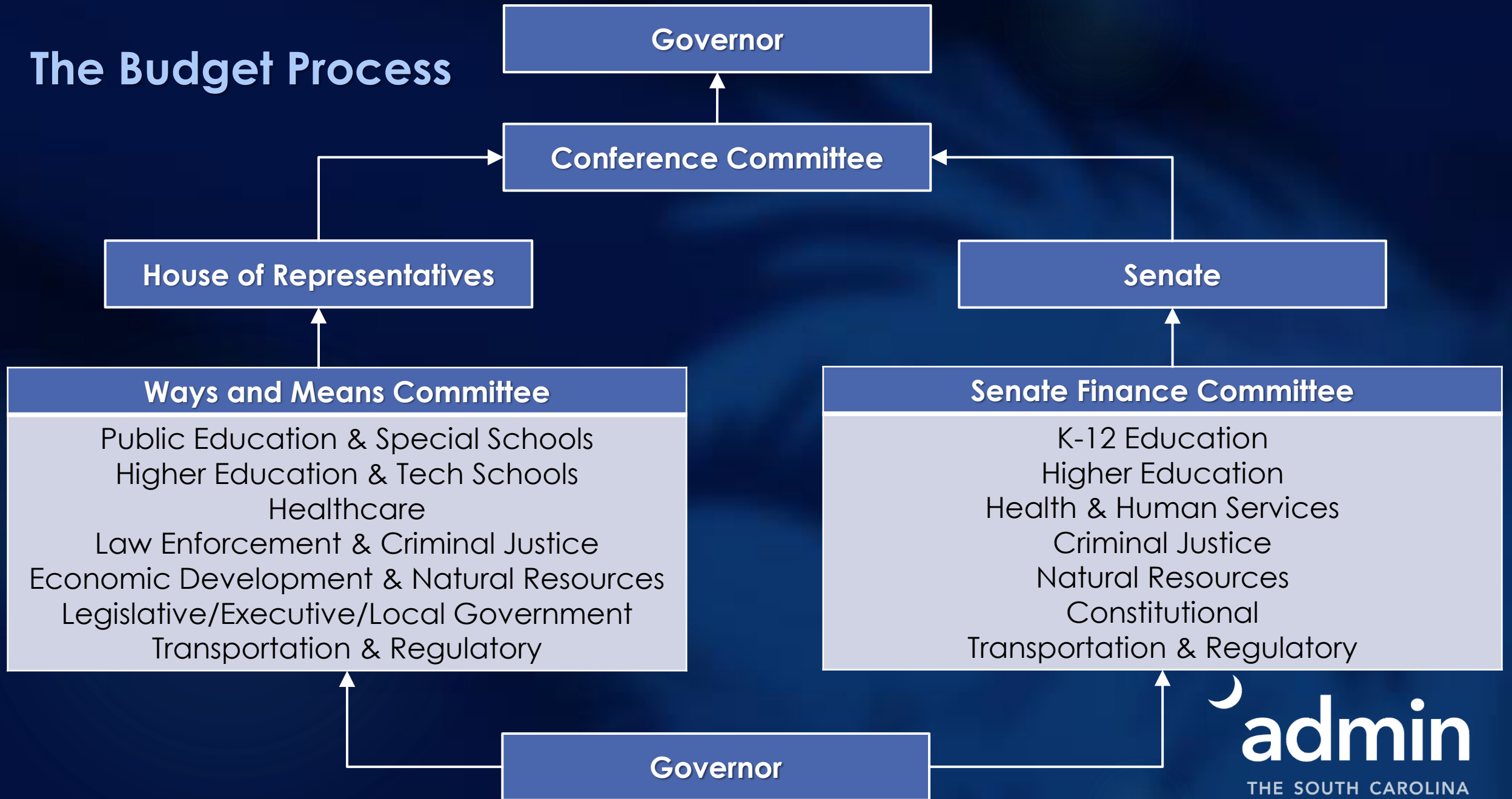
State Agencies & Higher Education Institutions



admin

THE SOUTH CAROLINA DEPARTMENT of ADMINISTRATION

The Budget Process



Budget Development Timeline

July	<ul style="list-style-type: none">• Budget instructions and templates developed for the upcoming fiscal year.
August	<ul style="list-style-type: none">• Executive Budget Office (EBO) transmits instructions and templates to state agencies and universities.
September	<ul style="list-style-type: none">• Agencies submit budget requests to EBO, which distributed copies to Governor's Office, plus House and Senate staffers.
October	<ul style="list-style-type: none">• Governor's Office and EBO meet with agencies and universities to discuss their requests.
November	<ul style="list-style-type: none">• Board of Economic Advisors (BEA) releases the revenue estimate upon which the Governor's Executive Budget is based.
December	<ul style="list-style-type: none">• Governor's Office and EBO analyzes budget requests and prepares the Executive Budget.
January	<ul style="list-style-type: none">• Governor releases Executive Budget Recommendations.• House Ways and Means Subcommittees begin formal deliberations.
February	<ul style="list-style-type: none">• Full House Ways and Means Committee budget deliberations.• Senate Finance Committee Subcommittees begin budget deliberations.
March	<ul style="list-style-type: none">• BEA revises its revenue forecast.• House of Representatives debates and passes the budget.• Senate Finance Committee budget deliberations.
April	<ul style="list-style-type: none">• Senate debates and passes the budget.• Budget Conference Committee deliberations.
May	<ul style="list-style-type: none">• Conference Report delivered to the Governor.• Governor acts on budget; General Assembly takes up any vetoes.

The Appropriations Act

The Appropriations Act

Each Appropriation Act is applicable for one fiscal year
(July 1 – June 30)

Part	Purpose
IA	Appropriation of funds and FTEs by agency
IB	Temporary laws associated with the budget that directs or controls the expenditure of funds included in Part IA.

The Appropriations Act

There are 116 state agencies in the Appropriations Act

9 Operate Solely on Other Funds

Education Oversight Committee
Retirement Systems Investment Commission
Lottery Commission
Patriot's Point Development Authority
Public Service Commission
State Accident Fund
Patients' Compensation Fund
Board of Financial Institutions
Infrastructure Bank Board

4 Operate Solely on General Funds

House of Representatives
Governor's Office
Inspector General
Legislative Services Agency

The Appropriations Act

Smallest budget

- ▶ Procurement Review Panel - \$191,903

Largest budget

- ▶ Department of Health & Human Services - \$11,320,092,800

Fewest FTEs

- ▶ Jobs Economic Development Authority – 1.00

Most FTEs

- ▶ Department of Corrections – 6,100.99

DEPARTMENT OF ADMINISTRATION		
	TOTAL FUNDS	GENERAL FUNDS
I. ADMINISTRATION		
EXECUTIVE DIRECTOR	201,297	201,297
	(1.00)	(1.00)
CLASSIFIED POSITIONS	1,908,335	374,335
	(31.37)	(6.55)
UNCLASSIFIED POSITIONS	864,500	130,000
	(7.00)	(0.90)
OTHER PERSONAL SERVICES	62,306	4,680
OTHER OPERATING EXPENSES	1,118,946	722,446
ETV COVERAGE - LEGISLATIVE & PUBLIC AFFAIRS	838,269	838,269
TECHNOLOGY INVESTMENT COUNCIL	98,784	98,784
TOTAL I. ADMINISTRATION	5,092,437	2,369,811
	(39.37)	(8.45)
II. STATEWIDE PROGRAMS & SERVICES		
A. EXECUTIVE BUDGET OFFICE		
CLASSIFIED POSITIONS	1,054,000	1,054,000
	(16.00)	(16.00)
UNCLASSIFIED POSITIONS	353,000	353,000
	(3.00)	(3.00)
OTHER OPERATING EXPENSES	140,100	140,100
TOTAL A. EXECUTIVE BUDGET OFFICE	1,547,100	1,547,100
	(19.00)	(19.00)
B. HUMAN RESOURCES DIVISION		
CLASSIFIED POSITIONS	1,372,989	1,232,989
	(21.00)	(19.00)
UNCLASSIFIED POSITIONS	68,145	68,145
	(1.00)	(1.00)
OTHER PERSONAL SERVICES	52,738	52,738
OTHER OPERATING EXPENSES	1,321,539	826,573
TOTAL B. HUMAN RESOURCES DIVISION	2,815,411	2,180,445
	(22.00)	(20.00)

The Appropriations Act

- ▶ Each agency's budget is typically broken into programs:
 - Administration
 - Programs & Services
 - Employee Benefits

- ▶ Each program is typically broken into categories:
 - Agency Head
 - Classified Positions
 - Unclassified Positions
 - Other Personal Services
 - Other Operating Expenses
 - Employee Benefits

- ▶ For each category, there will be a Total Funds and General Funds amount and an FTE amount beneath



FY 2024-25 Timeline

Initial Planning

- ▶ August 14 – Budget instructions released
- ▶ September 15 – Agency Accountability Reports due
- ▶ September 22 – Agency Budget Plans due

Central Review and Coordination

- ▶ Sept. 25 – Oct 27 – Agency Budget Meetings
- ▶ November – BEA certifies preliminary FY 2024-25 revenue estimate

Final Development and Publication

- ▶ Early January – Release of FY 2024-25 Executive Budget
- ▶ January 9 – First day of 2024 legislative session

Questions?

Executive Budget Office

www.admin.sc.gov/budget

Governor's Office

www.governor.sc.gov

General Assembly

www.scstatehouse.gov

Budget Planning Documents

