

The History of the Gubernatorial Budget in SC

BUDGET ADVISORY GROUP (BAG) MEETING

THURSDAY, AUGUST 24, 2023

DEPARTMENT OF ARCHIVES AND HISTORY

The History of the Gubernatorial Budget in SC

- ▶ Governor Carroll Campbell delivered the first gubernatorial budget recommendation to the General Assembly of South Carolina after passage of Act 132 of 1993 (his first budget proposal was for FY94-95).
- ▶ This bill was viewed by the General Assembly as a logical extension of Act 181 of 1993 (Restructuring Act.)
- ▶ There were a series of events that occurred to create political momentum for passage of both acts.



Sept. 21, 1989: Hurricane Hugo

- ▶ Hugo made landfall on Sullivan's Island as a Category 4 hurricane Sept. 21, 1989.
- ▶ Hugo set new records for storm surge heights along the U.S. East Coast, reaching 20.2 feet near McClellanville.
- ▶ 80% of South Carolina was without power.
- ▶ 4.5 million acres of trees were demolished.
- ▶ Hugo damaged 79,000 homes and claimed the lives of 35 South Carolinians.



Organizational Challenges in the Aftermath

- ▶ In 1989, there was no cabinet.
- ▶ Law enforcement agencies could not communicate with each other because they did not use a common platform.
- ▶ Many state employees were deployed to the coast to provide whatever services were needed by citizens.
- ▶ The inefficiency of the “stovepipe” structure of boards and commissions was evident.
- ▶ Governor Campbell took charge and had the support of the General Assembly to flatten the communication structure during the recovery.
- ▶ Policymakers knew a change was necessary.



Operation Lost Trust

- ▶ Operation Lost Trust was conducted by the FBI.
- ▶ The investigation began in 1989.
- ▶ 17 members of the South Carolina General Assembly were arrested for bribery, extortion or drug use.
- ▶ As a result, the General Assembly enacted the South Carolina Ethics, Government Accountability and Campaign Reform Act of 1991, also called the Ethics Reform Act of 1991.



Commission on Government Restructuring & The State Newspaper “Power Failure” Series

- ▶ In March 1991 Governor Carroll Campbell appointed the 38-member Commission on Government Restructuring to devise a blueprint for enhancing the powers of the state’s weak chief executive.
- ▶ On May 5, 1991, The State newspaper began publishing a series of articles titled “Power Failure.”
 - The tag line stated, “The people of South Carolina are paying billions for a government that doesn’t work because the people aren’t in charge, the Governor’s not in charge, and even the once all-powerful Legislature’s not in charge.”

Restructuring Act of 1993

- ▶ Restructuring Act (A181, H3546, R276) had 1,618 separate sections in the Act.
- ▶ House conferees were Representatives Hodges, Boan and Clybourne.
- ▶ Senate conferees were Senators Moore, Stillwell and Jackson.
- ▶ Free conference powers were given to the conferees to craft a compromise.
- ▶ The bill was signed by Governor Campbell June 18, 1993.

The Governor's Cabinet

- ▶ In 1993, Governor Campbell holds first cabinet meeting.



Restructuring Act of 1993: The back story: Of course, it involves the budget process!

- ▶ The House wrote their version of the budget in a restructured format in an effort to force the Senate to address the issue of restructuring State Government. The House bill included a permanent law change.
- ▶ During Senate Finance Committee deliberations, Chairman John Drummond who was a good friend of Governor Campbell led his Committee to adopt a Part II Permanent Proviso in the Committee's budget titled "Restructuring of State Government" with no verbiage.
- ▶ This then forced the Senate to consider the separate Restructuring Bill and then negotiate with the House to create the first Cabinet.

MEANWHILE DURING THE 1993 LEGISLATIVE SESSION...

Senator John Drummond rightly thinks if Governor Campbell is going to have a cabinet, he should also have the statutory power to submit his own budget.

Note: Previously, the formal Executive Budget was submitted by the State Budget and Control Board.

Act 132 of 1993

S422 Sponsored by the Senate Finance Committee

Ratified June 10, 1993

Budget functions devolved on Governor; etc.

SECTION 1. Article 1, Chapter 11, Title 11 of the 1976 Code is amended by adding:

"Section 11-11-15. The functions of the State Budget and Control Board in the preparation and submission to the General Assembly of the recommended state budget are devolved upon the Governor. Wherever the phrase `State Budget and Control Board' appears in the context of preparing and submitting budget recommendations to the General Assembly, it means the Governor. In preparing the recommended state budget, the Governor may consult with the **State Treasurer, the Comptroller General**, or other state officials as needed. **The Budget Division of the State Budget and Control Board shall assist the Governor in preparing the budget recommendations, but this function of the Budget Division may not be construed as altering the overall management and administration of the Budget Division as an entity of the State Budget and Control Board.**"

Act 121 of 2014 (Restructuring Act)

S22, Sheheen, Massey, L. Martin Hayes, Campsen, Nicholson, Young & Alexander
Signed into law by Governor Haley on January 27, 2014

- ▶ Abolished the Budget and Control Board effective 7/1/15.
- ▶ Created the Department of Administration as a cabinet agency.
- ▶ Created a formal Legislative Oversight Process.
- ▶ Created the Revenue and Fiscal Affairs Office (Fiscal and Revenue Impact Statements and Revenue Forecasts).
- ▶ Created the State Fiscal Accountability Authority.
- ▶ **Established the Executive Budget Office within the Department of Administration to support the Governor in development of the Executive Budget and implementation and monitoring of the annual appropriations process.**

Happy 30th
Anniversary to the
Executive Budget in
South Carolina