



SOUTH CAROLINA
REVENUE AND FISCAL AFFAIRS OFFICE

STATE OF SOUTH CAROLINA
REVENUE AND FISCAL AFFAIRS OFFICE
COLUMBIA, SOUTH CAROLINA

11/10/2014 11:00 AM
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**General Fund Revenue Forecast & Budget Outlook
FY 2014-15 and FY 2015-16
November 10, 2014**

The preliminary outlook for the state's FY 2015-16 General Fund revenue and budget forecasts modest increases. Chairman Chad Walldorf stated that a key factor for this steady growth was due to the continued strong employment picture in South Carolina.

Prior to making its forecast, the Board of Economic Advisors (BEA) met with a panel of regional economists last month to develop a consensus expectation on key economic factors. In February and May, the BEA issued a revenue forecast for the current fiscal year (FY 2014-15) based upon an expected growth in personal income of 3.75 percent and employment growth of 1.8 percent. The presentations by the regional advisors reaffirmed these assumptions. For the next fiscal year, FY 2015-16, the comments by this panel of experts led to a consensus that employment growth would remain steady at about 1.7 percent but personal income growth would increase slightly faster to between 4.1 and 4.5 percent. Other assumptions included an inflation rate of approximately 2.0 percent in both years.

For the current fiscal year, the BEA increased the FY 2014-15 estimate by \$26.3 million. Part of this increase was due to higher revenue collections at the end of last fiscal year. Through October, revenues for FY 2013-14 exceeded the May estimates, but only slightly, by \$24 million, a 0.3 percent difference. The FY 15 revenue surplus of \$26.3 million translates into a \$19.1 million budget surplus after trust funds and tax adjustments are considered. Total General Fund Revenues for FY 15 are now estimated at \$7,231.2 million which represents a growth rate of 2.8 percent over final FY 2013-14 revenues.

For FY 2015-16, the BEA issued a preliminary estimate of General Fund Revenues of \$7,514.5 million which represents an expected growth of 3.9 percent. This estimate is

based upon employment growth continuing at 1.8 percent and personal income growth of 4.3 percent. Personal income is a key factor for Sales and Individual Income Tax, the two of which account for 85 percent of total General Fund Revenue.

FY 2015-16 Budget Summary:

- New Recurring Funds:
 - o General Fund - \$283.8 million
 - o Education Improvement Act - \$29.2 million
 - o Total Available New Recurring Funds - \$313.0 million
 - Increase of 4.3 percent as compared to FY 15 base budget

- Non-Recurring Funds:
 - o FY 15 Budget Surplus - \$19.1 million
 - o FY 15 Contingency Reserve Fund - \$31.5 million
 - o FY 15 Capital Reserve Fund - \$127.8 million
 - o Total Non-Recurring Funds for FY16 - \$178.4 million
 - As Compared to Total Non-Recurring Funds for FY15 - \$235.7 million

- Other Available Funds:
 - o Cigarette Surtax - \$125.6 million
 - o Tobacco Settlement Revenue - \$70 million
 - o Lottery Proceeds - \$298.9 million
 - o Total Other Available Funds for FY 16 - \$494.5 million
 - As Compared to Total Other Available Funds for FY15 - \$563.9 million

The BEA will continue to review the economic conditions and revenue collections and review its forecast again on February 15, 2015.

*Questions or requests for additional information may be directed to
Frank Rainwater, Executive Director at 803-734-3786.*

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PERSONAL INCOME GROWTH
FY15 - 3.75% FY16 - 4.3%

GENERAL FUND REVENUE FORECAST
FISCAL YEARS FY2012-13 TO FY2015-16
(DOLLARS)

REVENUE CATEGORIES	FINAL FY 2012-13	FINAL FY 2013-14	WORKING ESTIMATE FY 2014-15	WORKING ESTIMATE FY 2015-16	PERCENT CHANGE FY12:FY13	PERCENT CHANGE FY13:FY14	PERCENT CHANGE FY14:FY15	PERCENT CHANGE FY15:FY16
RETAIL SALES TAX 1/	2,428,994,198	2,504,914,814	2,508,871,279	2,693,415,000	4.0	3.1	3.7	3.7
EXCISE CASUAL SALES TAX	19,354,004	12,162,908	12,619,017	13,107,000	2.5	-37.2	3.8	3.9
INDIVIDUAL INCOME TAX	3,357,517,669	3,422,604,314	3,532,088,566	3,697,158,000	8.4	1.9	3.2	4.7
CORPORATION INCOME TAX	388,668,590	331,148,048	345,387,414	357,131,000	52.9	-14.4	4.3	3.4
SALES AND INCOME TAXES	6,192,534,461	6,270,830,084	6,460,966,276	6,760,809,000	8.6	1.3	3.4	4.2
ADMISSIONS/BINGO TAX	35,164,432	34,528,928	34,503,787	35,069,000	1.1	-1.8	-0.1	1.6
ADMISS TAX TRANSFER TO PRT	(6,671,789)	(6,673,499)	(6,489,637)	(6,523,000)				
AIRCRAFT TAX	4,404,948	4,233,944	4,382,132	4,536,000	10.2	-3.9	3.5	3.3
ALCOHOLIC LIQUOR TAX	64,062,481	68,694,937	69,484,929	72,334,000	4.7	4.1	4.2	4.1
BANK TAX	34,104,685	33,106,652	33,000,000	37,170,000	126.1	-2.9	5.7	6.2
BEER AND WINE TAX	100,542,813	102,547,763	104,598,718	106,691,000	-0.1	2.0	2.0	2.0
BUSINESS LICENSE TAX	27,677,135	25,631,758	25,247,282	24,869,000	5.4	7.4	-1.5	-1.5
COMM-OPERATED DEVICES	1,402,113	1,124,810	1,570,367	1,089,000	-0.9	-19.9	29.6	-31.9
CORPORATION LICENSE TAX	74,208,001	95,139,381	89,882,412	94,918,000	-27.0	26.2	-5.5	5.6
DEPARTMENTAL REVENUE 3/	53,681,223	78,782,548	34,385,861	34,388,000	26.6	46.8	56.4	0.0
DOCUMENTARY TAX	38,496,980	46,724,819	50,310,503	54,184,000	28.8	21.4	7.7	7.7
LESS CONSERVATION BANK TRUST FUND	(9,504,102)	(11,341,147)	(12,577,826)	(13,548,000)				
EARNED ON INVESTMENTS	26,374,156	19,537,565	17,800,000	19,000,000	-9.8	-25.9	-13.0	11.8
ELECTRIC POWER TAX	26,831,396	27,493,952	29,181,301	29,866,000	21.7	2.5	2.5	2.5
LESS TRANSFER TO COMMERCE/SIB	(26,831,396)	(27,493,952)	(29,181,301)	(28,888,000)				
ESTATE AND GIFT TAXES	0	0	0	0	-100.0			
LESS FEDERAL CHANGE TO ESTATE TAX	0	0	0	0				
INSURANCE PREMIUM TAX	169,007,401	171,859,351	179,391,522	189,079,000	2.2	1.6	4.5	5.4
INSURANCE LICENSE TAX	34,459,234	16,563,766	38,027,703	19,014,000	137.3	-50.8	124.2	50.0
INSURANCE RETALIATORY & OTHER TAX	6,619,951	6,606,945	6,500,000	6,500,000	17.9	-0.2	-1.8	0.0
LESS INSURANCE CREDITS	(9,091,254)	(9,582,532)	(11,219,688)	(11,240,000)	-36.9	5.4	17.3	0.0
MOTOR TRANSPORT FEES	0	0	0	0				
MOTOR VEHICLE LICENSES	9,639,310	10,287,660	10,498,065	10,711,000	-7.7	6.7	2.0	2.0
PETROLEUM INSPECTION TAX	7,993,120	8,138,815	8,252,758	8,388,000	0.8	1.8	1.4	1.4
LESS TRANSFER TO NON-FED HWY FUND	(7,993,120)	(8,138,815)	(8,252,758)	(8,388,000)				
PRIVATE CAR LINES TAX	3,638,486	3,592,401	3,631,917	3,672,000	-4.8	-1.3	1.1	1.1
PUBLIC SERVICE AUTHORITY	20,394,000	20,659,000	21,382,065	22,130,000	4.0	1.3	3.5	3.5
RETAILERS LICENSE TAX	810,225	740,380	747,784	755,000	-5.7	-8.6	1.0	1.0
SAVINGS & LOAN TAX	3,074,008	2,008,669	2,121,154	2,240,000	135.6	-34.7	9.6	5.6
WORKERS COMP INSURANCE	11,543,478	8,227,554	7,700,000	8,354,000	14.1	-28.7	-6.4	8.5
CIRCUIT/FAMILY COURT FINES	6,537,814	8,808,344	8,692,407	8,779,000	-6.8	0.8	1.0	1.0
DEBT SERVICE TRANSFERS	431,081	524,177	65,234	65,234	4.7	6.7	-87.6	0.0
INDIRECT COST RECOVERIES	10,848,036	13,693,548	11,061,222	11,081,000	-1.6	20.3	-19.2	-0.0
MENTAL HEALTH FEES	0	0	0	0				
PAROLE / PROBATION FEES	3,392,808	3,392,808	3,392,808	3,392,808	0.0	0.0	0.0	0.0
UNCLAIMED PROPERTY FUND	15,000,000	15,000,000	15,000,000	15,000,000	0.0	0.0	0.0	0.0
OTHER BASE SOURCES	732,305,724	762,418,548	744,268,903	753,668,000	5.1	4.1	-2.4	1.3
TOTAL GENERAL FUND REVENUE	6,924,840,185	7,033,248,630	7,231,235,178	7,514,477,000	8.2	1.6	2.8	3.9
APPROPRIATION ACT REVENUE	6,653,699,117	6,846,108,008	7,212,839,711	7,514,477,000	10.5	2.9	5.4	4.2
LESS TAX RELIEF TRUST FUND	(542,765,919)	(552,409,253)	(561,582,557)	(571,182,183)	1.2	1.8	1.7	1.7
PLUS TAX RELIEF FUND CARRYFORWARD	0	0	0	0				
EXCLUDING TRUST FUNDS	6,110,913,198	6,293,699,353	6,651,277,154	6,943,294,817	11.4	3.0	5.7	4.4
CAPITAL RESERVE FUND (2%) - BEG BAL	112,856,555	117,155,905	127,791,525	131,047,797	7.5	4.0	9.1	2.5
GENERAL RESERVE FUND (5%) - BEG BAL	281,841,388	292,889,764	319,478,812	327,819,492	53.5	4.0	9.1	2.5
TOTAL RESERVES	394,297,943	410,045,669	447,270,337	458,867,289	38.8	4.0	9.1	2.5
REVENUE EXCESS / SHORTAGE FROM ACT	271,141,068	187,140,024	18,395,467	0				
EDUCATION IMPROVEMENT ACT 2/	611,823,805	643,252,466	652,447,574	678,755,500	3.6	5.1	1.4	3.7
EIA FUND	611,710,075	643,210,977	652,372,574	678,630,500	3.6	5.1	1.4	3.7
EIA HOLD HARMLESS								
EIA INTEREST	113,530	41,469	75,000	125,000	35.6	-63.5	88.8	68.7
S C EDUCATION LOTTERY FUND (NET)	300,636,933	323,365,255	298,000,000	298,000,000	0.3	7.8	-7.8	0.0
HOMESTEAD EXEMPTION FUND								
TOTAL REVENUE AVAILABLE	553,390,318	579,001,045	590,562,020	612,235,030	2.9	4.6	2.0	3.7
LESS HOMESTEAD EXEMPT FUND SHORTFALL	(116,908,662)	(110,397,500)	(115,180,333)	(112,542,445)				

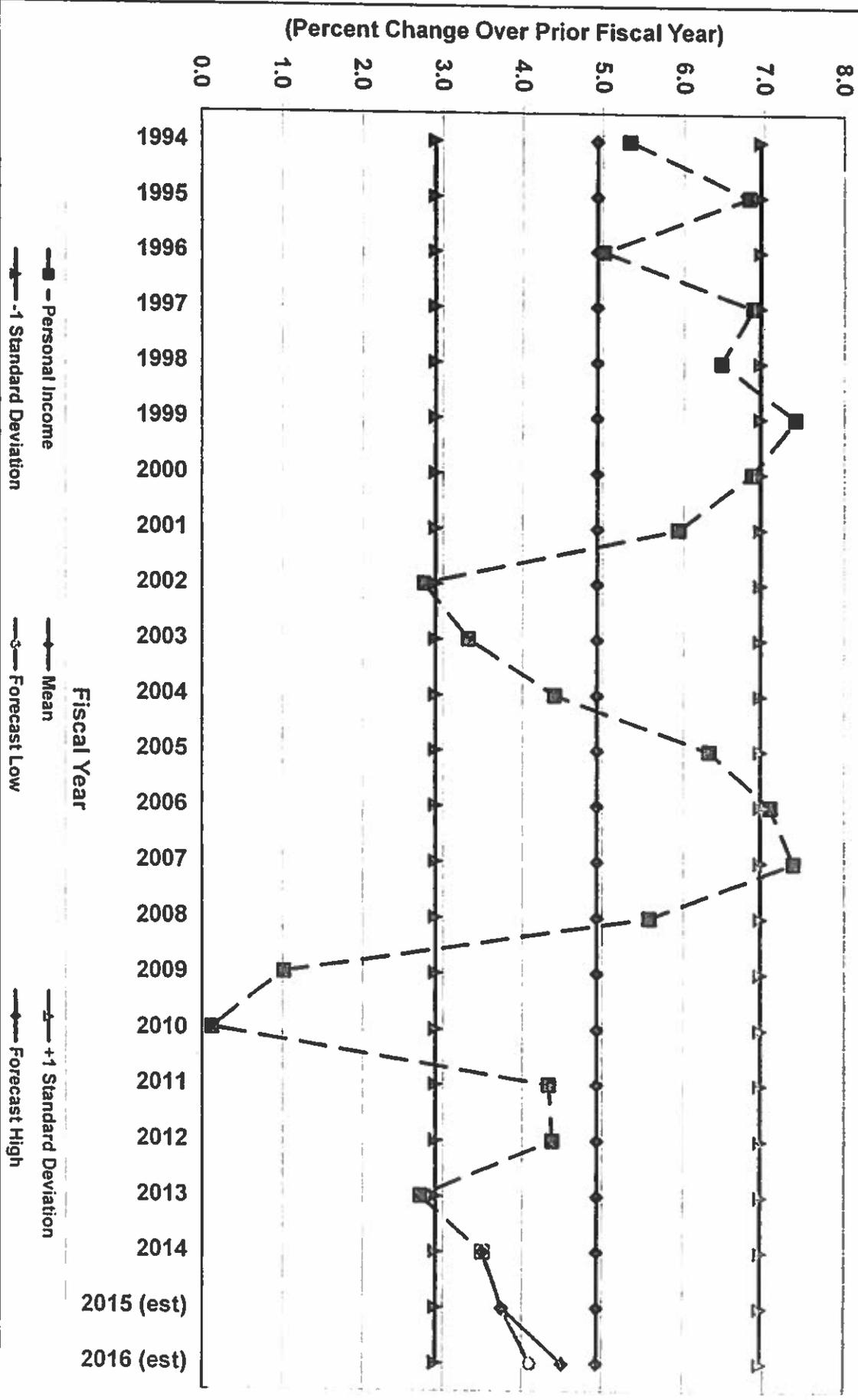
1/ Excludes (1%) Education Improvement Act and (2%) Accommodations Taxes

2/ Includes interest earnings

3/ Includes former Dept of Agriculture agency revenue other than the Petroleum Inspection Tax now shown separately

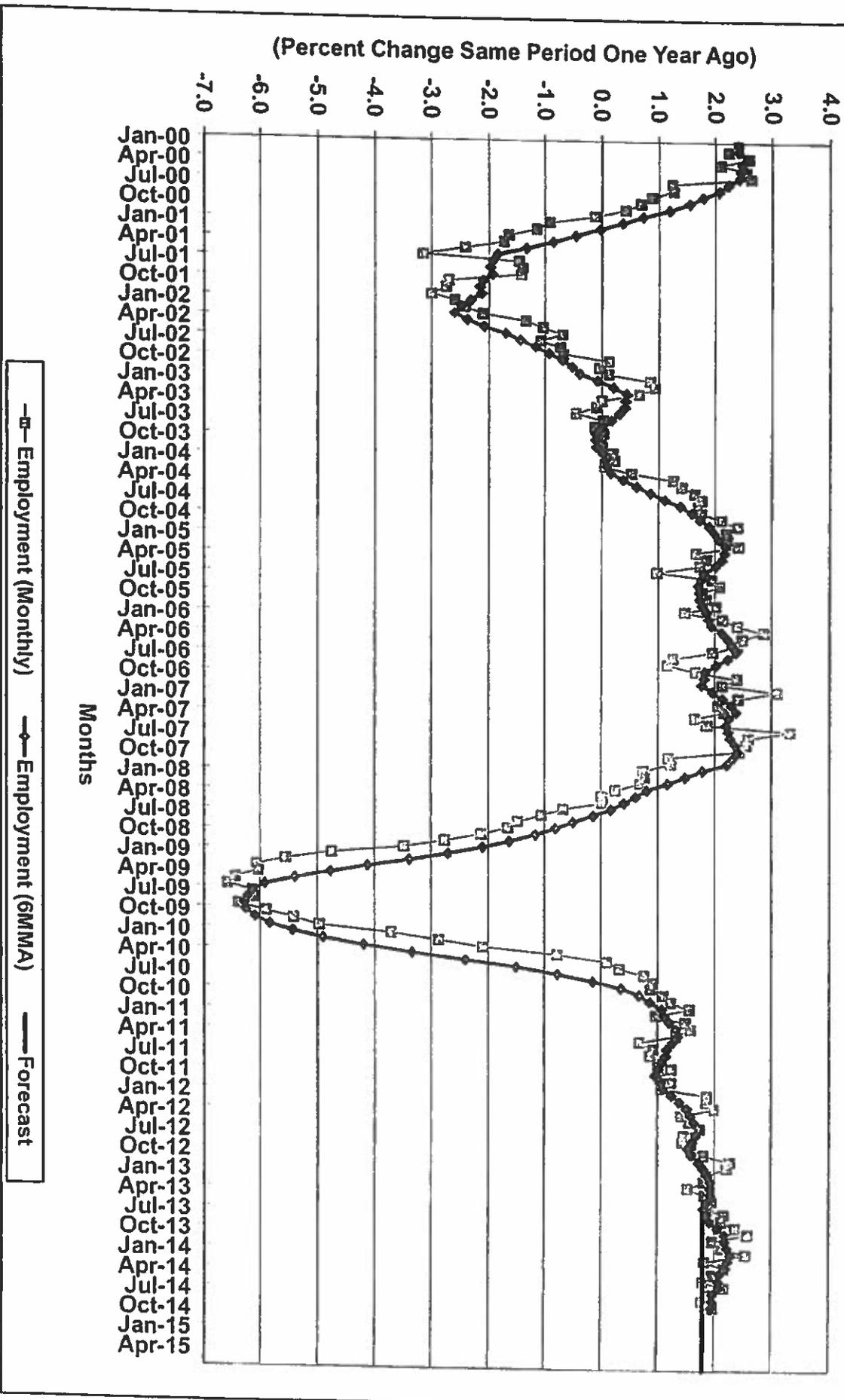
Source: S C Board of Economic Advisors/11/10/14

Growth in Personal Income in South Carolina



Source: Board of Economic Advisors
BEA/RWMI/10/30/14

South Carolina Employment Trends



Source: Board of Economic Advisors
BEA/RWM/10/28/14

**FY 2015-16 Revenue Outlook
Summary**

GENERAL FUND

Projected Surplus Available for Use In FY 2015-16

Estimated FY 2014-15 Surplus (11/10/14 BEA Revised Estimate Less Appropriation Base)	19,055,467
FY 2013-14 Surplus (Contingency Reserve Fund)	<u>31,470,576</u>

Projected Surplus Available for Use In FY 2015-16 (Non-recurring)	<u>50,526,043</u>
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FY 2015-16

BEA FY 15-16 Gross General Fund Revenue Estimate (11/10/14)	7,514,477,000
Property Tax Relief Trust Fund	(571,182,163)
Net General Fund Revenue	6,943,294,837

FY 14-15 Beginning Base (After Vetoes)	(6,659,488,052)
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"New" Recurring Revenue	<u>283,806,785</u>
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TOTAL FY 15-16 "New" Revenue- Recurring and Nonrecurring	<u>334,332,828</u>
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FY 15-16 ADDITIONAL REVENUE SOURCES

EIA (BEA Estimate 11/10/14)	
Projected FY 14-15 EIA Surplus	4,851,307

FY 15-16 EIA Estimate	676,755,500
- FY 14-15 EIA Base	(647,596,267)
Projected "New" EIA Revenue	<u>29,159,233</u>

FY 14-15 Capital Reserve Fund (Non-recurring expenditures)	127,791,525
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Lottery (BEA Estimate 11/10/14)	298,925,000
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Tobacco Master Settlement Agreement (MSA) Estimated Payments April 2016	70,000,000
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Cigarette Surtax (50cents per pack) Estimate	125,608,453
Transfer to DHEC and MUSC Hollings Cancer Center	(10,000,000)
Cigarette Surtax Dedicated to Medicaid Reserve Fund	<u>115,608,453</u>

FY 2015-2016 Budget/Revenue Outlook

Per BEA Revenue Estimates 11/10/2014

	Recurring Funds	Non-Recurring Funds
FY 2014-15 Surplus		
BEA Revenue Estimate (11/10/2014)		7,231,235,178
- Transfer to Tax Relief Trust Fund		(552,691,659)
- FY14-15 Appropriation Base		<u>(6,659,488,052)</u>
Projected FY 14-15 Surplus		19,055,467
FY 13-14 Transfer to the Contingency Reserve Fund		<u>31,470,576</u>
Total FY 2014-15 Projected Surplus		50,526,043

FY 2015-16

General Fund

BEA Revenue Estimate	7,514,477,000
- Tax Relief Trust Fund	(571,182,163)
- FY 14-15 Appropriation Base	<u>(6,659,488,052)</u>
Projected FY 15-16 "New" Revenue	283,806,785

2014-15 EIA

BEA Revised Estimate 11/10/2014	652,447,574
- FY 14-15 EIA Recurring Revenue Appropriated	<u>(647,596,267)</u>
Projected FY 14-15 EIA Surplus	4,851,307

2015-2016 EIA

BEA Estimate 11/10/2014	676,755,500
- FY 14-15 EIA Base	<u>(647,596,267)</u>
Projected "New" EIA Revenue	29,159,233

ADDITIONAL REVENUE SOURCES

FY 2014-15 Capital Reserve Fund	127,791,525
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2015-2016 Lottery

BEA Estimate 11/10/2014	286,000,000
+Unclaimed Prizes	12,000,000
+Lottery Interest	<u>925,000</u>
Total Lottery Revenue	298,925,000

Cigarette Surtax Dedicated to Medicaid

Cigarette Surtax Estimate FY 15-16	125,608,453
Transfer to DHEC & MUSC Hollings Cancer Center	<u>(10,000,000)</u>
Total Cigarette Surtax Dedicated to Medicaid	115,608,453

Tobacco MSA Payments -CY 2016 Estimate	70,000,000
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To: The Honorable Brian White, Chairman, House Ways and Means Committee
The Honorable Phil Owens, Chairman, House Education and Public Works Committee
The Honorable Hugh Leatherman, Chairman, Senate Finance Committee
The Honorable John Courson, Chairman, Senate Education Committee
Mr. David Whittemore, Chairman, Education Oversight Committee

From: Dr. Dan Wuori, Deputy Director

Date: October 31, 2014

RE: Proviso 1A.75

I am writing pursuant to Proviso 1A.75 (included below), which requires a report by November 1 regarding the assignment of unique identification numbers (SUNS) for students enrolled in both public and private four-year-old kindergarten programs.

First Steps has already enrolled more than 1,900 students in 151 private/community-based settings during the 2014-2015 school year. I am pleased to report that unique student identifiers have been assigned as specified by Proviso 1A.75 and extend our thanks – as always - to our partners at the SC Department of Education for their assistance in this matter. This process will continue at regular intervals throughout the year as additional students present for enrollment.

I am also delighted to report that 99.47% of First Steps' 4K students were assessed using the mClass Circle (the state's new early literacy assessment) within the first 45 days as required by Proviso 1A.76. More importantly, First Steps' classrooms are now using this data to inform literacy instruction and will utilize Circle throughout the year for this purpose. (Each First Steps classroom will be required to assess students pre and post, with a mid-year assessment strongly encouraged.)

We are deeply grateful for your support of the state's public-private four-year-old kindergarten model and look forward to the opportunity to report further during the coming legislative session.

cc: Emily Heatwole, House Ways and Means Committee
Pierce McNair, House Education and Public Works Committee
Grant Gibson, Senate Finance Committee
Sally Cauthen, Senate Education Committee
Melanie Barton, Education Oversight Committee
Ken Wingate, Chairman, SC First Steps to School Readiness Board of Trustees
Susan DeVenny, Director, SC First Steps to School Readiness

1A.75. (SDE-EIA: CDEPP Student Information and Reporting) For the current fiscal year, the Department of Education and the Office of First Steps to School Readiness must acquire unique student identifiers or SUNS numbers for each student enrolled in the CDEPP program no later than the 45th day and must provide a report of such to the House Ways and Means Committee, the House Education Committee, the Senate Finance Committee, the Senate Education Committee and the Education Oversight Committee by November first. The Department of Education and the Office of First Steps to School Readiness must provide any information required by the Education Oversight Committee for the annual CDEPP report no later than November thirtieth.

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PERSONAL INCOME GROWTH
FY15 - 3.75%; FY16 - 4.3%

GENERAL FUND REVENUE FORECAST
FISCAL YEARS FY2012-13 TO FY2015-16
(DOLLARS)

REVENUE CATEGORIES	FINAL FY 2012-13	FINAL FY 2013-14	WORKING ESTIMATE FY 2014-15	WORKING ESTIMATE FY 2015-16	PERCENT CHANGE FY12/FY13	PERCENT CHANGE FY13/FY14	PERCENT CHANGE FY14/FY15	PERCENT CHANGE FY15/FY16
RETAIL SALES TAX 1/	2,428,994,188	2,504,914,814	2,586,871,279	2,693,415,000	4.0	3.1	3.7	3.7
EXCISE, CASUAL SALES TAX	19,364,064	12,182,908	12,819,017	13,107,000	2.9	-37.2	3.8	3.9
INDIVIDUAL INCOME TAX	3,367,517,669	3,422,804,314	3,832,089,568	3,697,158,000	8.4	1.9	3.2	4.7
CORPORATION INCOME TAX	386,868,590	331,148,048	345,387,414	357,131,000	52.9	-14.4	4.3	3.4
SALES AND INCOME TAXES	6,182,534,461	6,270,830,084	6,468,966,276	6,760,809,000	8.8	1.3	3.4	4.2
ADMISSIONS/BINGO TAX	35,164,432	34,528,026	34,503,787	35,089,000	1.1	-1.8	-0.1	1.8
ADMISS. TAX TRANSFER TO PRT	(8,071,789)	(8,673,499)	(8,489,837)	(8,523,000)				
AIRCRAFT TAX	4,404,948	4,233,944	4,382,132	4,536,000	10.2			3.5
ALCOHOLIC LIQUOR TAX	64,062,481	68,894,957	68,484,829	72,334,000	4.7	4.1	4.2	4.1
BANK TAX	34,904,885	33,108,652	35,000,000	37,170,000	128.1	-2.9	5.7	8.2
BEER AND WINE TAX	100,542,813	102,547,783	104,588,718	108,891,000	-0.1	2.0	2.0	2.0
BUSINESS LICENSE TAX	27,877,135	25,631,758	25,247,282	24,889,000	5.4	-7.4	-1.5	-1.5
COIN-OPERATED DEVICES	1,402,113	1,124,810	1,670,387	1,089,000	-8.9	-19.8	39.8	-31.8
CORPORATION LICENSE TAX	74,208,001	95,138,381	88,862,412	94,916,000	-27.0	28.2	-5.5	5.8
DEPARTMENTAL REVENUE 3/	53,681,223	78,782,548	34,285,861	34,388,000	28.6	48.8	-58.4	0.0
DOCUMENTARY TAX	38,488,880	48,724,819	50,310,503	54,184,000	28.8	21.4	7.7	7.7
LESS: CONSERVATION BANK TRUST FUND	(9,504,102)	(11,341,147)	(12,577,828)	(13,548,000)				
EARNED ON INVESTMENTS	26,374,158	19,537,585	17,000,000	19,000,000	-9.8	-25.9	-13.0	11.8
ELECTRIC POWER TAX	28,831,398	27,493,952	28,181,301	28,888,000	21.7	2.5	2.5	2.5
LESS: TRANSFER TO COMMERCE/SIB	(28,831,398)	(27,493,952)	(28,181,301)	(28,888,000)				
ESTATE AND GIFT TAXES	0	0	0	0	-100.0			
LESS: FEDERAL CHANGE TO ESTATE TAX	0	0	0	0				
INSURANCE PREMIUM TAX	189,007,401	171,858,351	179,391,522	189,079,000	2.2	1.8	4.5	5.4
INSURANCE LICENSE TAX	34,459,234	18,983,786	38,027,703	19,014,000	137.3	-50.8	124.2	-50.0
INSURANCE RETALIATORY & OTHER TAX	6,819,981	8,808,945	8,500,000	8,500,000	17.8	-0.2	-1.8	0.0
LESS: INSURANCE CREDITS	(9,091,254)	(9,582,532)	(11,239,888)	(11,240,000)	-38.9	5.4	17.3	0.0
MOTOR TRANSPORT FEES	0	0	0	0				
MOTOR VEHICLE LICENSES	9,639,310	10,287,860	10,486,085	10,711,000	-7.7	6.7	2.0	2.0
PETROLEUM INSPECTION TAX	7,993,120	8,138,815	8,252,758	8,388,000	0.6	1.8	1.4	1.4
LESS: TRANSFER TO NON-FED HWY FUND	(7,993,120)	(8,138,815)	(8,252,758)	(8,388,000)				
PRIVATE CAR LINES TAX	3,838,488	3,582,401	3,631,917	3,872,000	-4.8	-1.3	1.1	1.1
PUBLIC SERVICE AUTHORITY	20,394,000	20,858,000	21,382,085	22,130,000	4.0	1.3	3.5	3.5
RETAILERS LICENSE TAX	810,225	740,380	747,784	755,000	-5.7	-8.6	1.0	1.0
SAVINGS & LOAN TAX	3,074,988	2,808,069	2,121,154	2,240,000	135.6	-34.7	5.8	5.8
WORKERS COMP. INSURANCE	11,543,478	8,227,554	7,700,000	8,354,000	14.1	-28.7	-8.4	8.5
CIRCUIT/FAMILY COURT FINES	8,537,814	8,808,344	8,892,407	8,779,000	-8.8	0.8	1.0	1.0
DEBT SERVICE TRANSFERS	491,081	524,177	65,234	85,234	4.7	6.7	-87.8	0.0
INDIRECT COST RECOVERIES	10,848,038	13,883,548	11,081,222	11,081,000	-1.8	28.3	-19.2	-0.0
MENTAL HEALTH FEES	0	0	0	0				
PAROLE / PROBATION FEES	3,392,808	3,392,808	3,392,808	3,392,808	0.0	0.0	0.0	0.0
UNCLAIMED PROPERTY FUND	15,000,000	15,000,000	15,000,000	15,000,000	0.0	0.0	0.0	0.0
OTHER BASE SOURCES	732,365,724	782,418,548	744,288,903	753,688,000	8.1	4.1	-2.4	1.3
TOTAL GENERAL FUND REVENUE	6,924,840,185	7,033,248,630	7,231,235,178	7,314,477,000	8.2	1.8	2.8	3.9
APPROPRIATION ACT REVENUE	8,653,899,117	8,846,108,808	7,212,839,711	7,514,477,000	10.5	2.9	5.4	4.2
LESS: TAX RELIEF TRUST FUND	(542,785,919)	(552,409,253)	(581,582,557)	(571,182,163)	1.2	1.8	1.7	1.7
PLUS: TAX RELIEF FUND CARRYFORWARD	0	0	0	0				
EXCLUDING TRUST FUNDS	8,110,813,198	8,293,699,555	6,631,257,154	6,943,294,837	11.4	3.0	5.7	4.4
CAPITAL RESERVE FUND (2%) - BEG. BAL.	112,858,545	117,156,905	127,791,525	131,047,797	7.3	4.0	9.1	2.5
GENERAL RESERVE FUND (5%) - BEG. BAL.	281,841,388	282,889,784	319,478,812	327,819,492	53.5	4.0	9.1	2.5
TOTAL RESERVES	394,297,943	410,046,689	447,270,337	458,867,289	36.8	4.0	9.1	2.5
REVENUE EXCESS / SHORTAGE FROM ACT	271,141,068	187,140,024	18,395,487	0				
EDUCATION IMPROVEMENT ACT 2/	611,823,805	843,252,488	852,447,574	878,755,500	3.8	5.1	1.4	3.7
EIA FUND	611,710,078	843,210,977	852,372,574	878,830,500	3.8	5.1	1.4	3.7
EIA HOLD HARMLESS								
EIA INTEREST	113,530	41,489	75,000	125,000	38.8	-63.5	88.8	68.7
S.C. EDUCATION LOTTERY FUND (NET)	300,838,933	323,385,255	288,000,000	288,000,000	0.3	7.8	-7.8	0.0
HOMESTEAD EXEMPTION FUND								
TOTAL REVENUE AVAILABLE	553,380,318	579,001,045	580,582,020	612,235,030	2.9	4.8	2.0	3.7
LESS: HOMESTEAD EXEMPT. FUND SHORTFALL	(116,988,882)	(110,397,500)	(116,180,393)	(112,842,445)				

1/ Excludes (1%) Education Improvement Act and (2%) Accommodations Taxes.

2/ Includes interest earnings.

3/ Includes former Dept. of Agriculture agency revenue other than the Petroleum Inspection Tax now shown separately.

Source: S. C. Board of Economic Advisors / 11/10/14



INSTITUTE *for* CHILD SUCCESS

November 3, 2014

EIA and Improvement Mechanisms Subcommittee
Education Oversight Committee
1105 Pendleton Street
Room 227 Blatt Building
Columbia, SC 29211

Members of the EIA and Improvement Mechanisms Subcommittee:

On behalf of the Institute for Child Success, I write in support of Reach Out and Read's application for funds to expand their work in South Carolina.

Reach Out and Read has deployed a rigorously tested, inexpensive, and highly effective model to improve literacy for young children. This innovative approach is fueled by a network of pediatricians who recognize the neurological and developmental importance of reading aloud to infants and toddlers. As you may know, the American Academy of Pediatrics recently released revised guidance to pediatricians to encourage all new parents to read aloud to their children daily from birth. Reach Out and Read has developed a robust coalition with pediatricians in South Carolina and across the country who encouraged and follow that guidance.

A child's brain grows to about 80 percent of its adult size by age three. However, children in poverty hear an average of 30 million fewer words during those formative years. Those same children are 70% more likely to later be arrested for a violent crime, 60% less likely to attend college, and 50% more likely to need special education. Programs like Reach Out and Read can help us respond to these realities.

Moreover, Reach Out and Read's distributed network of pediatricians, combined with rigorous outcomes data and a well-established program model, provides the organization with an unusually powerful foundation from which to scale its programs. With adequate investment, we believe it will significantly improve the development of our youngest children throughout the state. We hope you agree, and will be able to support their efforts.

Sincerely,

A handwritten signature in black ink, appearing to read 'Joe Waters', with a long horizontal line extending to the right.

Joe Waters
Vice President

ASSESSMENT

WorkKeys	\$1,500,000
ACT/ACT Aspire	\$10,500,000
Savings rom PASS & HSAP	<u>(\$7,780,000)</u>
Net Increase	\$4,220,000

1.65. (SDE: Digital Instructional Materials) *Beginning with the 2015-16 school year, funds for instructional materials (print and/or digital) will be based on student enrollment and instructional material need. Utilizing the funds appropriated for digital instructional materials, the Department of Education shall determine a per pupil amount using the prior year's 135 ADM. These funds shall be made available to all school districts using the following procedure:*

(1) *The Department of Education shall create an digital instructional materials list composed of those items (print and/or digital) which have been requested by districts and that have received State Board of Education approval through the normal adoption process. The Department of Education will continue to work with the publishers of instructional materials to ensure that districts who wish to receive both the digital version and classroom sets of textbooks may be awarded that option.*

~~(2) Districts may request that the State Board of Education review digital instructional materials for inclusion on the list when the material has been reviewed by the district, received approval by the local board of trustees for use in its district and been found to reflect the substance and level of performance outlined in the state-adopted grade-specific educational standards, contain current content information, and are cost effective;~~

~~(3) Within thirty days of receiving the request, the State Board of Education must approve or disapprove the district's request. Those materials receiving approval shall be placed on the department's approved digital instructional materials list. Once items are placed on the approved list, all districts may choose items from that list;~~

~~(4) On a form provided by the department, a district may request an allocation by denoting the number of students, grade level, and subject for which the digital materials will be used. Districts may only request digital materials in one subject area and may not receive textbooks for the students using digital materials in that subject area; and~~

~~(5) Digital Instructional Materials shall include the digital equivalent of materials and devices.~~

~~District requests must be submitted to the State Board of Education for consideration not later than August fifteenth of the current fiscal year. Any funds appropriated for digital instructional materials which have not been encumbered by January fifteenth, shall be distributed to school districts which have not previously received an allocation. These districts shall receive a per pupil allocation which must be used for technology infrastructure needed to prepare the district for using digital instructional materials. These funds shall not be subject to flexibility.~~

Funds appropriated for the purchase of textbooks and other instructional materials may be used for reimbursing school districts to offset the costs of refurbishing science kits on the state-adopted textbook inventory, purchasing new kits from the central textbook depository, or a combination of refurbishment and purchase. The refurbishing cost of kits may not exceed the cost of the state-adopted refurbishing kits plus a reasonable amount for shipping and handling. Costs for staff development, personnel costs, equipment, or other costs associated with refurbishing kits on state inventory are not allowable costs.

Funds provided for Instructional Materials may be carried forward into the current fiscal year to be expended for the same purposes by the department, school districts, and special schools.

4FISCAL IMPACT STATEMENT ON BILL NO. *H. 3994, as Amended*

(Doc. No. Unknown)

TO: The Honorable Phillip D. Owens, Chairperson, House Education and Public Works
Committee
FROM: State Budget Division, Budget and Control Board
ANALYSTS: Rachael Fulmer
DATE: April 2, 2014 SBD: 2014166

AUTHOR: Unknown PRIMARY CODE CITE: 59-155-110
SUBJECT: South Carolina Read to Succeed Act

ESTIMATED FISCAL IMPACT ON GENERAL FUND EXPENDITURES:
A Cost to the General Fund (See Below)

ESTIMATED FISCAL IMPACT ON FEDERAL & OTHER FUND EXPENDITURES:
\$0 (No additional expenditures or savings are expected)

BILL SUMMARY:

This Bill would amend the Code of Laws of South Carolina, 1976, so as to enact the "South Carolina Read to Succeed Act."

EXPLANATION OF IMPACT:

The State Department of Education reports that the Office of Instructional Practices and Evaluation can meet the requirements of this Bill. The total impact to implement the Bill would be **\$3,470,600**.

The breakdown is as follows:

\$270,600 for 4 FTEs and Fringe: Elementary English Education Associate, Middle/High School English Education Associate, Program Coordinator, and Parenting Coordinator,
\$3,000,000 for professional development, and
\$200,000 for the six member Reading Panel for mileage and per diem.

LOCAL GOVERNMENT IMPACT:

The Department indicates that the Summer Reading Camp expense per child would be \$2,900 for an eight week program and \$2,400 for a six week program. The Department also estimates a \$1,400,000 impact for providing substitute teachers to cover two days of Professional Development and three days of Assessment duty.

SPECIAL NOTES:

The Department would utilize 15 Literacy Specialists that are already funded through EIA funds and would provide direct support to those local school districts.

Approved by:



Brenda Hart
Assistant Director, State Budget Division