

The \$4 Billion Piggy Bank Hidden from South Carolinians

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by Rick Brundrett - The Nerve

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As state agencies prepare their proposed fiscal 2020-21 budgets, what they likely won't reveal is the amount of "other" fund surpluses carried over year after year – collectively billions of dollars.

As of June 30 – the end of the 2018-19 fiscal year – state agencies and divisions, plus several

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Main state funds had a total of nearly \$3.9 billion in other-fund cash balances, according to S.C. Department of Administration records released to The Nerve under the Freedom of Information Act. By Rick Brundrett - The Nerve

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That amount works to be roughly \$752 for every man, woman and child in South Carolina.

Since the end of fiscal year 2015, the total amount of year-end, other-fund surpluses has grown by more than \$1.1 billion, or 43%, The Nerve's review found.

"Other" funds include such things as fees and fines, college tuition, lottery proceeds, state gasoline taxes and a portion of the state sales tax earmarked for K-12 education. That money makes up nearly \$12 billion, or about 40%, of the state's total \$30 billion state budget for this fiscal year, which includes state (\$9.2 billion) and federal (\$8.8 billion) funds.

The Nerve over the years has [reported](#) about massive other-fund surpluses. And that doesn't include state agency general-fund reserves.

The Nerve last month reported that state agencies had a collective \$431.9 million in general fund reserves at the start of this fiscal year, according to state Comptroller General Richard Eckstrom's 2018-19 year-end report.

That amount was nearly \$53 million more and \$280.3 million more than the balances of the state's general and capital reserve funds, respectively – the two big "rainy day" funds required by the S.C. Constitution – as of June 30.

Lawmakers also have been squirreling away plenty of money for their respective legislative chambers. The Senate and House chambers had other fund reserves of \$726,713 and \$247,024, respectively, at the end of last fiscal year, Department of Administration records show – on top of massive general-fund surpluses – \$23.4 million for the House and \$5.2 million for the Senate – as The Nerve [reported](#) last month.

Few surplus funds are ever refunded to S.C. taxpayers, however. For this fiscal year, lawmakers designated \$61.4 million generated by a one-time lottery jackpot to be returned to eligible taxpayers; \$50 refund checks are scheduled to be mailed on Dec. 2, according to Eckstrom's report.

As for other fund surpluses, the state Department of Transportation easily led all state agencies in The Nerve's latest review with a collective \$1 billion in reserves at the end of last fiscal year – a hike of \$685.3 million since the end of fiscal 2015.

It's not clear whether the \$1 billion surplus included reserves in a special state fund created with the gas-tax-hike law that took effect July 1, 2017. DOT spokesman Pete Poore did not respond to written questions this week from The Nerve.

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The Nerve has repeatedly pointed out that DOT has spent relatively little from the special fund, known as the "Infrastructure Maintenance Trust Fund." As of Aug. 31, the cash balance in the fund stood at \$451.7 million, or 54.5% of the \$828.1 million in collected revenues under the gas-tax-hike law, which raised the state gas tax 12 cents per gallon over six years, and increased other vehicle taxes and fees.

In passing the law, legislators promised that the revenues would be used to fix the state's crumbling roads and bridges. But relatively few major road repair or reconstruction projects have been completed, as The Nerve has [reported](#) since the law took effect.

Besides state agency surpluses, Department of Administration records recently released to The Nerve also show large other-fund reserves in several major funds, including county transportation funds. Under state law, county legislative delegations appoint County Transportation Committees (CTCs) that approve local road projects with "C" funds, which come from part of the state gas tax.

The statewide surplus in those funds totaled \$165.1 million at the end of last fiscal year.

Following is a list of the top-10 largest other-fund reserves as of June 30, according to Department of Administration records:

- Department of Transportation: \$1 billion
- Department of Health and Human Services: \$478.6 million
- Medical University of South Carolina: \$318.7 million
- USC – Columbia campus: \$181.5 million
- County transportation funds: \$165.1 million
- Department of Mental Health: \$149.9 million
- Clemson University: \$149.7 million
- Department of Health and Environment Control: \$105.8 million
- Department of Commerce: \$103.8 million
- State Transportation Infrastructure Bank (STIB): \$91.7 million.

Besides DOT, The Nerve this week sent written questions to the Department of Administration, STIB, Commerce, Clemson and USC about their other fund surpluses. Commerce, Clemson and USC spokespersons didn't reply by publication of this story.

In an email response Tuesday, STIB spokeswoman Tami Reed said the \$91.7 million other-fund surplus for the agency as of June 30 included the "balance in the Act 98 account for Act 98 projects (until balance is exhausted), and our operating fund for payments on all other projects and the administration of the Bank."

Under Act 98 of 2013, \$50 million was transferred annually from the DOT to the STIB to "finance bridge replacements, and rehabilitation projects, and expansion and improvement projects for existing mainline interstates," according to STIB's website. Over the years, the STIB funneled

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several billion dollars to large construction projects in select counties.

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The Department of Administration had an \$84.5 million cash balance at the end of fiscal 2019, the majority of which, according to agency spokeswoman Kelly Coakley, is designated for improving K-12 school technology and other technology programs, replacing state vehicles, and distributing funds from the sale of surplus state property.

Still, the department's other fund reserves grew by nearly 19% since the end of fiscal year 2016 – a trend shared by most state agencies, The Nerve's review found.

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