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OUR MISSION
is to educate members and all South Carolinians about state and local public policy based on the traditional South Carolina values of individual liberty and responsibility, free enterprise and limited government.

For Immediate Release

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NEW REPORT FINDS SC SPENDS 3X MORE THAN PUBLICLY STATED

South Carolina Governor Mark Sanford and state Senator Tom Davis (R-Beaufort) today joined Policy Council President Ashley Landess to release a report showing total spending in the South Carolina state budget is more than \$20 billion. That number is three times the amount included in the state general fund, which is the amount typically reported as the state budget.

Landess said the Policy Council released the report because the state budget is too complicated and inaccessible to citizens.

“Taxpayers think we spend about \$6 billion a year on state government, but the budget is more than three times that. We have no idea where most of our money is going, or why it is spent the way it is. This economy is terrifying to South Carolina families, and our elected officials reassure them that every dollars of their money is being spent the right way.”

The report outlined the three budget categories:

- **General Funds: (\$6.7 billion)** Comprised mainly of sales, income, property tax revenue
 - 32 percent of state spending, what most people refer to as the entire state budget
- **Other Funds: (\$7 billion)** Comprised of fines and fees levied by state agencies
 - 34 percent of state spending
- **Federal Funds: (\$7.1 billion)** Comprised of matching funds, grants and aid from Congress
 - 34 percent of state spending

*Numbers based on original H.4800 FY 2008-2009 Appropriations

Over the past ten years, federal funds have grown from the smallest portion of the state budget to the largest. The state general fund – which is the only portion of the budget typically discussed – now accounts for just 32 percent of actual state spending. With talk of more federal bailouts ongoing, federal control over state spending is on pace to increase even more.

“Two-thirds of the budget is spent with little transparency or accountability,” said Landess. “We should not be discussing cuts to core government services like teacher salaries and bus fuel while a majority of state accounts aren’t even debated.”

Governor Sanford, who has publicly opposed increasing federal spending and debt, pointed out state lawmakers are limited to either accepting or rejecting federal dollars in their entirety. That lack of control means most programs are rarely evaluated for effectiveness by state lawmakers as long as they are funded by Washington.

Governor Sanford suggested several reforms to the budget process, including zero-based budgeting to analyze programs' needs every year instead of simply spending additional money on top of the previous budget. That would ensure every government program is evaluated for effectiveness and efficiency.

"This report shows very concretely that our state spending picture goes far beyond the \$6 billion that routinely gets reported," Gov. Sanford said. "This again highlights the need for more transparency in our budgeting process, so that citizens have a better handle on what is indeed being spent in our state, rather than keeping more than a third of our state budget on autopilot controlled by Washington."

Senator Davis said the findings illustrate the need for lawmakers to take more time deliberating the impact of key legislation and announced his intent to introduce measures based on Policy Council research that would require more time between when bills are introduced and can be voted on.

"My six years in the governor's office taught me how complex the budget process really is, and how little information is easily available. I promised my constituents that I would study the budget carefully. Folks back home are making tough choices in their households, and they want to do the same in Columbia. I am going to make sure that my constituents have the same access to the budget that I do, and that they can call me personally to communicate their spending priorities for their tax dollars." Davis said.

Key Facts:

- **Total South Carolina State Budget: \$20.8 billion**

- **Top Five State Agencies Annual Spending: Total of General, Federal, Other Funds**
 - Dept. of Health and Human Services \$5.56 billion
 - Dept. of Education \$3.82 billion
 - Dept. of Social Services \$1.31 billion
 - Dept. of Transportation \$1.05 billion
 - University of South Carolina \$889 million

- **Together these five agencies account for 61 percent of state spending**

