

## The \$5 Billion Surplus Officials Don't Talk About

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By Rick Brundrett - The Nerve

Out of this fiscal year's \$32.5 billion state budget, more than a third of it – nearly \$12.3 billion – is made up of “other” funds.

“Other” funds include such things as fees and fines, college tuition, lottery proceeds, state gasoline taxes, and part of the state sales tax earmarked for K-12 education. Many state agencies don't spend all of their other funds in a fiscal year, with some of them amassing huge year-end surpluses.

The state ended last fiscal year on June 30 with at least \$5.6 billion in total other-fund surpluses, which covered 102 state agencies or divisions, plus two major state accounts, The Nerve found in a review of records provided by the S.C. Department of Administration under the state Freedom of Information Act.

To put the \$5.6 billion in some context, it works out to be about \$1,106 for every man, woman and child in South Carolina.

The overall windfall as of June 30 was \$1.3 billion, or 31%, more than the total other-fund surplus at the end of the previous fiscal year, The Nerve's review found. And those funds aren't the only reserves that are available to state agencies for this fiscal year.

Last month, The Nerve [reported](#) that state agencies started this fiscal year with collective general-fund reserves of about \$640 million – on top of a more than \$1 billion “undesignated” general-fund balance, according to an annual report by S.C. comptroller general Richard Eckstrom.

General funds are largely made up of individual and corporate income taxes, and state sales taxes. Together, general and other fund surpluses, including two constitutional “rainy day” reserve accounts, totaled nearly \$8 billion at the start of this fiscal year, which represents almost a quarter of the entire fiscal 2021-22 state budget.

But lawmakers likely won't return any of the surplus to taxpayers. For now, they are considering how to allocate \$2.5 billion in federal coronavirus-relief funding, according to other media reports.

The S.C. Department of Transportation had the largest other-fund surplus – \$1.35 billion – among state agencies as of June 30, The Nerve's review found. The state Department of Administration's records didn't specify whether that amount included the cash balance of a special fund created with the 2017 gas-tax-hike law, which raised the state's gasoline tax by 12 cents per gallon over six years, and increased other vehicle taxes and fees.

As of June 30, the gas-tax-hike fund had a cash balance of \$896.1 million – a 50% increase compared to the end of fiscal 2020, as The Nerve [revealed](#) last month.

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Following is a list of the 10 state agencies with the largest other-fund surpluses as of June 30, according to Department of Administration records:  
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- Department of Transportation: \$1.35 billion
- Department of Health and Human Services: \$858.3 million
- University of South Carolina – Columbia campus: \$455.4 million
- Medical University of South Carolina: \$361.3 million
- Clemson University: \$251.4 million
- Department of Education: \$231.8 million
- Department of Health and Environmental Control: \$199.3 million
- Department of Administration: \$183.2 million
- Department of Mental Health: \$176.9 million
- Department of Commerce: \$127.1 million

Whether certain state agencies need large reserves is a matter of debate. The state House and Senate chambers, for example, started this fiscal year with other fund surpluses of \$306,489 and \$280,002, respectively, plus, as The Nerve reported last month, had general fund surpluses of \$22.7 million and \$3.4 million, respectively.

The Nerve earlier this year [revealed](#) that legislators designated tens of millions of surplus tax dollars in this fiscal year's state budget for their pet projects. Lawmakers later overrode nearly all of Gov. Henry McMaster's vetoes of the total \$152.5 million in legislative earmarks.

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