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South Carolina House of Representatives

Legislative Update & Research Reports

Ramon Schwartz, Jr., Speaker of the House

Vol. 1

May 1, 1984

No. 16

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Legislative Update

House Version of the 1984-85 Appropriation Bill *

After three years of budget cuts, South Carolina appears to be coming out of the recession with a \$2.5 billion appropriation bill for FY 84-85. The biggest factor in the 20% increase over the 1983-84 Act is the additional one cents sales tax earmarked for the Education Improvement Act. In addition to a 9% growth rate projected by the Board of Economic Advisors, the repeal of indexation, a \$26.7 million transfer from the Health Insurance Reserve Fund, and a mid year revenue adjustment of \$25 million have all contributed to a total of \$2,373,441,400 in General Fund Revenues. Of that amount \$33.8 million will be transferred to the Education Improvement Act. General Fund expenditures total \$2.334 billion and an additional \$192.9 million will be spent in the "move to quality education."

Surplus revenues for FY 83-84 are currently estimated at \$56.2 million. The \$40.4 million reserve fund contribution scheduled to be paid in FY 85 will be paid for from surplus revenues. The remaining \$15.7 million, combined with \$9.1 million in surplus debt service funds is allocated to 13 agencies in a \$24.1 million supplemental appropriation bill.

State Employees

The House version of the 1984-85 budget contains \$43 million for a 5% base pay and 2% merit increase and \$6 million for various fringe benefit increases. State agency heads can expect a 7% salary adjustment. A 1.5% vacancy allowance will be instituted, resulting in a \$7.5 million personal service reduction. Retirees are scheduled to receive a 1% cost of living bonus at a cost of \$1.3 million in addition to the 4% increase funded by the Retirement System.

Public Education

The 1984-85 Appropriation Bill includes funding for public education through three sources of funds. First, Part IV of the bill, appropriations from the 1983-84 surplus includes \$3 million for school bus purchases. Second, from the General Fund of the state, the appropriations for the Department of Education are projected to

* Report prepared by the staff of the House
Ways and Means Committee

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increase by over \$70.5 million. The Education Finance Act, increased by \$41.4 million, is funded at 99.5% of full funding with a 5.7% inflation factor. New estimates of the index of taxpaying ability have shown a shift in relative property wealth which requires more state funding; consequently, the EFA formula will be underfunded by \$3 million. An additional \$5.8 million will be available for fringe benefits for public school employees. New school bus purchases will be increased by \$12.5 million, with an additional \$5.6 million utilized to reduce the distance between school bus stops from 1 mile to a 1/2 mile radius. Also incorporated in the bill is \$3.6 million for textbooks and \$950,000 for adult education.

An increase in the sales tax from 4¢ to 5¢ provides the third source of funding for education. Revenues of \$192.9 million will be deposited in the S.C. Education Improvement Fund, an account separate from the General Fund. Three major items of the proposal are the teacher pay increase, the remedial program and school building aid. The House adopted \$59.5 million dollars for state salary supplements (with an additional \$8.9 million for fringe benefits) in an attempt to bring South Carolina teachers' salaries to the southeastern average. These supplements combined with the pay increase in the Educational Finance Act should provide approximately a 15% increase in the teachers' salaries above the 1983-84 level.

The House approved \$59 million for remediation in the basic skills, to be distributed to the districts using the Finance Act formula but with no local match requirement. Other actions to improve the basic skills of South Carolina students include: \$2.4 million for Early Childhood Development, the establishment of an exit examination, and establishment of basic skills tests for science. Allocated for school building aid is \$36.4 million to be distributed to the school districts on a per pupil basis. Funds allotted to districts will be used for renovations, school construction, and, if the district has already implemented a major capital construction program, to reduce millage earmarked for debt service.

Contained within the Education Improvement Act are funds for the following programs: \$5 million to increase graduation requirements from 18 to 20 credits (an additional science and math credit), \$3.7 million to expand the gifted and talented program so as to implement it statewide over a three year period, \$7 million to bring vocational equipment up to date, \$1 million for expanded service for trainable mentally handicapped, \$1.5 million for teacher loans for the certification of teachers in areas of critical shortages, and \$1.2 million for in-service training to improve the teaching abilities of existing teachers.

[See Update & Reports Number 12, April 3, 1984 for a review of the Education Improvement Act as passed by the House.]

Higher Education

The budget for the State's 18 colleges and universities will be increased \$8.6 million in an attempt to bring the institutions of

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higher learning up to full formula funding over a three year period. The Commission on Higher Education was allocated \$2 million for competitive grants to improve the quality of instruction at colleges and universities and \$250,000 to improve teacher education programs. Higher Education Tuition Grants is expected to receive an additional \$500,000 to assist students attending the 18 participating private colleges in South Carolina. The 16 Technical Schools can anticipate \$4 million for equipment, \$2 million to improve instructional curricula and \$500,000 for the special schools to train workers for new or expanding industries.

Judicial and Corrections

The Judicial branch of government has been allocated \$654,958 for FY 84-85 by the House. These funds are for the Defense of Indigents - \$207,060, annualization of the Appeals Court - \$182,195, and salary increases for judges at various percentages - \$232,651. SLED is scheduled to receive \$890,655 in new money, \$503,727 of this amount coming from surplus appropriations for lab equipment and breathalyzers. In the Attorney General's office, \$350,000 will be appropriated for a new program called the Victim/Witness program. The remaining \$200,000 will be spent for office automation and solicitors' pay raises.

In an effort to comply with the terms of settlement for the Nelson suit against the Department of Corrections, the House approved an increase of \$24.4 million. [See Update & Reports No. 5, February 7, 1984, for information on the proposed settlement of Nelson v. Leeke, et. al.] \$15 million of this amount is 83-84 surplus funds and will be used for capital improvements. The remainder is necessary to annualize two new institutions partially funded in the 83-84 budget, hire additional security guards and related positions, and to cover increased operating expenses.

Paroles and Community Corrections had budgeted the majority (\$610,000) of its \$786,753 new money for the hiring of 36 additional parole agents. Positions partially funded in 83-84 will be annualized and hearing fees for board members will be increased. An additional \$1,644,930 has been recommended for Youth Services next year. This amount includes \$666,900 for 50 additional counselors, \$350,000 to makeup for a 1983-84 operating deficit, \$338,538 for the Marine Institute Pilot Project, and \$200,000 for the Jail Removal Program.

Health & Human Services

At the Department of Health and Environmental Control, a new \$1 million program will be established to monitor the environmental activities at the Savannah River Plant. \$500,000 will flow through the agency for regional and county Emergency Medical Services programs as will \$260,000 for rural water and sewer grants. County health departments have been allocated an additional \$613,000, the Family Planning and Venereal Disease programs can expect a combined increase of \$600,000, and \$640,000 is budgeted for field and lab equipment. Total DHEC increases in Part I and Part IV amount to \$3.8 million.

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\$5,353,934 and 38 new positions were added to the Department of Mental Health. \$2,000,000 of this is to start up operations of the new Harris Hospital. \$600,000 is for annualizing the Continuum of Care Program, \$400,000 goes for community services and \$1,800,000 is to replace with general funds the paying patient fees at Bryan Hospital and project COIL (Center for Orientation to Independent Living.)

The House has approved \$500,000 in the Department of Mental Retardation for community based programs and \$240,000 for home based early intervention. Alcohol and Drug Abuse will receive \$400,000 for out patient/support services, and \$200,000 to expand the school intervention program for high schools desiring this service.

Of the \$12.5 million approved for DSS, \$3 million is for the medicaid program and \$2.8 million to expand the Community Long Term Care System throughout the state. A new medicaid program for the Medically Needy has been created with a \$4.3 million appropriation to meet the health needs of pregnant women and young children from intact homes. Foster care payments will be increased by \$1 million and residential care (Boarding Homes) will receive \$446,000 in new funds for FY 1984-85.

Natural Resource and Economic Development Agencies

The natural resource agencies saw substantial gains in their budgets for FY 84-85. Under the Water Resources Commission, \$500,000 was allocated for research and treatment of the aquatic weed problem in the state and \$136,582 was set aside for the establishment of a new office in the Piedmont. The Forestry Commission can anticipate \$406,000 for fire suppression equipment (funded in Part IV) and \$132,380 for 4 new positions. Equipment needs and permanent improvements for the Pee Dee Farmer's market will increase the Department of Agriculture's budget \$485,000. An appropriation of \$1 million has been recommended for Public Service Activity operating expenses at Clemson University. In the Wildlife and Marine Resources Department, \$320,000 is budgeted to annualize the operating costs of the Waddell Mariculture Center and to establish a shellfish relay program (moving contaminated oysters to clean beds); \$100,000 will be spent to assist the Wildlife Magazine in its production. Of the \$850,000 additional funds allocated to the Development Board, the majority is committed to advertising.

Other Actions

In the Budget and Control Board, \$2.3 million in surplus and 84-85 funds is budgeted for data processing needs in the divisions of Finance and Information Resources Management. Approximately \$ 1 million was spread throughout state agencies to fund an \$.80 per square foot increase in state owned property.

Under the State Library, per capita spending for Aid to County Libraries has been increased from \$.75 to \$1.00, costing a total of \$782,414.

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The Tax Commission is expected to receive \$1 million from surplus and next year's revenue to upgrade their computerized Management Information System and \$240,000 to establish 4 more regional offices.

In 1975, a "freeze" was imposed on revenue returned by the state to political subdivisions. For FY 85 an increase of \$27.6 million is allocated to remove the freeze and to fully fund Aid to Subdivisions.

PART II

The following are some of the more important sections of Part II:

- 2) Repeal income tax indexation;
- 3) Repeal ammunition tax;
- 8) 4-year phase-out of documentary stamp except for tax on instruments of conveyance of realty;
- 14) Education Improvement Act, includes 1¢ increase in sales tax, \$22 income tax credit on food expenditures, \$4 cubic foot increase in nuclear waste tax;
- 17) Beginning in 1985-86 municipalities will receive 1/2% of the state income tax revenue;
- 23) Expand student transportation so as to reduce the distance between bus stops from 1 mile to 1/2 mile;
- 24) Eliminate 1% retail sales discount and increase the maximum discount from \$5,000 to \$15,000;
- 25) \$300 maximum sales tax on boats, planes, cars and motorcycles;
- 27) Sales tax on mobile homes limited to \$300 plus 1% over \$6,000;
- 28) Repeal sales tax exemption on intrastate transportation of people and personal property.

Selection of Trial Jury Pools in the 50 States

Jury selection procedures vary somewhat throughout the fifty states. In South Carolina the present system uses the list of registered voters as the pool from which to draw the names of potential jurors. The list of registered voters is a common source for the jury pool throughout the country.

Other sources are also used, however, ranging from drivers' license lists to city directories to lists of utility customers. The chart on the next page gives a breakdown of the sources used to form jury pools in the United States.

The information is provided by the National Center for State Courts, Williamsburg, Virginia. The data was first published in State Court Organization 1980, a joint effort of the Conference of State Court Administrators and the National Center for State Courts.

Around the House

South Carolina Women in Government Luncheon

The South Carolina Women in Government Luncheon will be held on Wednesday, May 2, 1984 at the Town House in Columbia. The meeting will bring together elected women officials from across the state. Four hundred invitations were sent out for the event.

The program is coordinated by Representative Harriet Keyserling of Beaufort, and is co-sponsored by nine members of the House and three members of the Senate: Virginia Crocker, Lois Eargle, Jean Harris, Joyce Hearn, Mary Miles, Irene Rudnick, Jean Toal and Juanita White are the House co-sponsors; Elizabeth Patterson, Norma Russell and Nell Smith are co-sponsors from the Senate.

Governor Riley will address the meeting, and the keynote address for the program will be delivered by Frances T. "Sissy" Farentold. Ms Farenthold, an attorney, was the first woman to serve in the Texas state legislature. She has twice been a candidate for governor of Texas. Ms Farenthold was the first Chair of the National Women's Political Caucus, has served as President of Wells College and was a candidate for Vice President at the 1972 Democratic Convention.