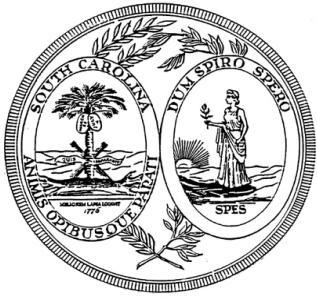


# SCSL Digital Collections

## State of South Carolina : a report to our citizens Fiscal Year 2007

Item Type	Text
Publisher	South Carolina State Library
Rights	Copyright status determined to be in the public domain on April 27, 2020 by United States Supreme Court ruling (Georgia et al., Petitioners v. Public.Resource.Org, Inc. : 590 U.S.___(2020))
Download date	2024-11-14 02:39:53
Link to Item	<a href="https://dc.statelibrary.sc.gov/handle/10827/45716">https://dc.statelibrary.sc.gov/handle/10827/45716</a>



# STATE OF SOUTH CAROLINA

## A Report to Our Citizens

**Fiscal Year 2007**

(JULY 1, 2006 THROUGH JUNE 30, 2007)

### Table of Contents:

Keys for Change..... 1  
 South Carolina's Progress..... 2  
 South Carolina's Finances..... 3  
 Future Challenges..... 4

### THE SOUTH CAROLINA VISION

South Carolina's leaders are working to create a state that is second to none in providing economic opportunities for its citizens, with the aim of offering a great quality of life, including better education, as we meet current and future challenges.



#### KEYS FOR CHANGE:

##### Fiscal Responsibility at the State and Local Government Levels:

- Adopt more responsible budgets
- Lower taxes while also lowering government spending

##### Restructure State Government:

- Streamline and combine agencies
- Make Governor responsible for central administrative functions

	Calendar Year 2005	Calendar Year 2006
Population	4,246,933	4,321,249
Unemployment Rate	6.5%	6.4%
Per Capita Income	\$28,427	\$29,688
	Fiscal Year 2006	Fiscal Year 2007
Public School Enrollment	694,155	698,290
State Government Employees	69,085	68,817

To see additional information, visit [www.cg.sc.gov](http://www.cg.sc.gov).

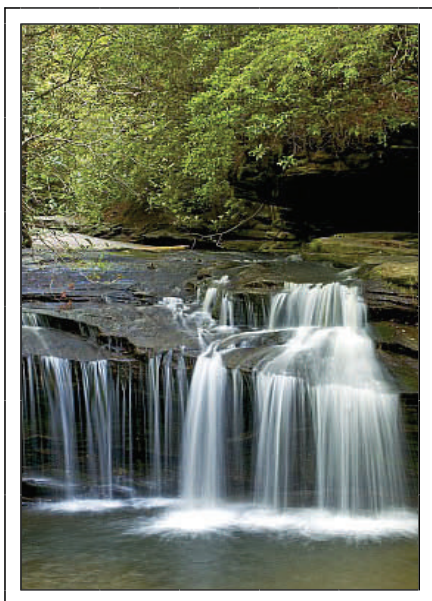
If you have any questions, contact Comptroller General Richard Eckstrom's office at 803-734-2121..

# SOUTH CAROLINA'S PROGRESS

## In Fiscal Year 2007

### GOVERNMENT:

- To further South Carolina's Freedom of Information Act, the Governor and the Comptroller General increased government transparency by allowing citizens to use the Internet to see how state agencies are spending their money. A website was created that includes both annual and monthly data detailing individual agency expenditures for travel, office supplies, and contractual services. This information is available at [www.cg.sc.gov](http://www.cg.sc.gov) by selecting the flashing link in the center of the page.
- The largest recurring tax cut in State history was passed, eliminating the three percent grocery tax, saving taxpayers \$220 million. This relief package also cut income taxes by \$86 million and eliminated the lowest tax bracket on personal income, giving tax relief to virtually every South Carolina worker.



### ECONOMY/EMPLOYMENT:

- South Carolina continues to post moderate job growth with total employment up 33,100 jobs over the last 12 months, a gain of 2%. As the State's economy has continued to generate jobs, the jobless rate fell from 6.7% for fiscal year 2006 to 6.2% for fiscal year 2007. The decrease in the unemployment rate was not more substantial because the size of the labor force grew at approximately the same pace as total employment.
- South Carolina's per capita income for calendar year 2006 (latest available) increased to \$29,688, up 5.2% over calendar year 2005. This ranked as the highest per capita personal income growth rate for South Carolina in the last five years.

### HEALTHCARE:

South Carolina has instituted the first Medicaid statewide reform plan of its kind in the nation, which will foster innovations as private companies compete within the Medicaid program to drive down prices and improve quality.

### WORKERS' COMPENSATION REFORM:

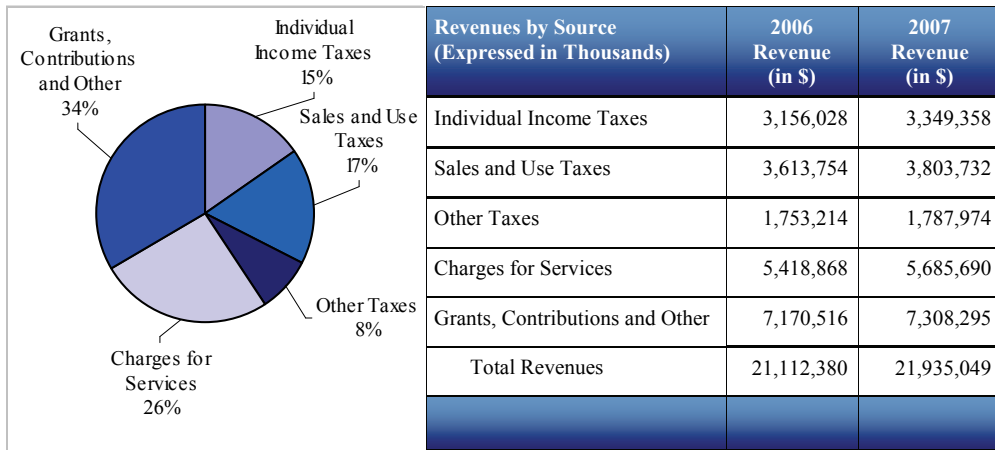
During 2007, legislation passed that reformed the Workers' Compensation program. The legislation phases out the State's outdated Second Injury Fund (which pays to treat aggravated injuries that occurred at an employee's previous employer), provides standards for repetitive trauma claims, and allows employers to offer rebuttal evidence in certain instances.

# SOUTH CAROLINA'S FINANCES

## Revenues and Expenses

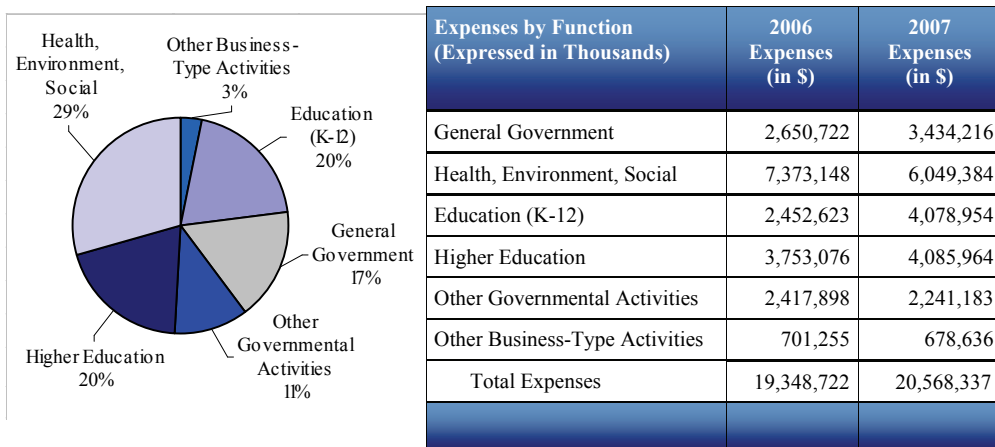
### Primary Government Sources of Revenue

**2007 REVENUES BY SOURCE**



### Primary Government Functional Expenses

**2007 EXPENSES BY FUNCTION**



**INDEPENDENT AUDIT:**

An independent audit of the State's financial statements resulted in a clean audit opinion.

To see the Comprehensive Annual Financial Report, visit [www.cg.sc.gov](http://www.cg.sc.gov).

# WHAT'S NEXT?

## Future Challenges



### HEALTHCARE:

Studies have shown legislative mandates for increased health coverage for certain conditions can account for 7 to 21 percent of insurance claims. The insurance industry does not absorb these costs; it recoups them by increasing premiums on policy holders. Additionally, many large employers are self-insured and exempt from state health-care mandates, leaving small businesses and individuals to bear the brunt of the cost of additional mandates.

Legislation has been introduced to reform the small employer health insurance laws to allow small business to band together under a health group cooperative to purchase health insurance.

### ECONOMIC CHALLENGES:

The State made little headway during 2007 in dealing with two very large areas of financial concern.

*State Retirement System* - If a person's house mortgage continued to increase year after year with no way to pay it off, that person would be very concerned. That's the situation South Carolina finds itself in with the State Retirement System. The unfunded liability (the mortgage) in the State Retirement System (currently covering 433,000 members) continues to increase with no practical solution in place to permanently pay for annual cost of living adjustments (COLA's). The Retirement System deficit now stands at \$10 billion (or \$2,314 for every person in the State) and is continuing to grow as new COLA's are granted to government retirees each year without any money provided to pay for them.

*Retirees' Health Insurance* - The State's unfunded obligation (like the mortgage) for providing health insurance benefits for all of its retirees now stands at \$9 billion (or \$2,083 for each state resident). State officials initially planned to, but did not, establish a dedicated trust fund by June 30, 2007 to begin funding these retiree health insurance benefits as they are earned over the career of a worker. Legislative leaders have pledged again to establish a trust fund and more appropriately fund these benefits beginning in 2008 and to pay-off the current \$9 billion unfunded obligation or deficit.