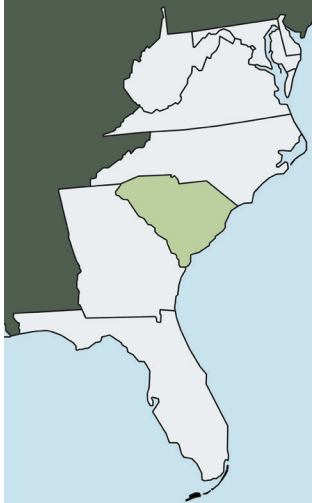# SOUTH CAROLINA Budget Report Card

SOUTH CAROLINA'S TOP A AVERAGES in budget forecasting and budget maneuvers for fiscal 2015 through 2019 were offset by its D, the second-lowest mark possible, in legacy costs. The poor showing resulted from unfunded liabilities weighing it down in the category, which includes public worker pensions and other postemployment benefits (OPEB), primarily health care.

Although the state provided annual funding in line with actuarial recommendations for public worker pensions for each year of the study period, South Carolina's 55 percent pension funding ratio was among the ten lowest in the US in 2019, at 16 percentage points below the total for all states. The state's unfunded net OPEB liability for the year was $17.1 billion. Like twenty-three other states, it did not follow actuarial recommendations for its annual contributions to OPEB in any of the years studied.

In the budget maneuvers category, even the pressure of legacy costs did not prompt the state to employ one-time measures to achieve balance. It also followed best practices in budget forecasting, using a consensus method of revenue estimating driven by its Board of Economic Advisors. Publicly available information on assumptions underly revenue growth projections, and a three-year general fund financial outlook includes revenues and expenditures.

South Carolina's B average in reserve funds reflects overall solid policies for General Reserve Fund disbursements and replenishments.

SOUTH ATLANTIC STATES SIDE BY SIDE: Five-Year Average Grades, Fiscal 2015–19

	BUDGET FORECASTING	BUDGET MANEUVERS	LEGACY COSTS	RESERVE FUNDS	TRANSPARENCY
Delaware	B	A	C	B	B
Florida	A	B	C	B	B
Georgia	C	A	B	B	B
Maryland	A	C	C	C	B
North Carolina	A	B	C	B	B
South Carolina	A	A	D	B	C
Virginia	A	C	D	A	C
West Virginia	B	B	B	B	B
US AVERAGE	C	B	C	B	B

NOTE States are grouped by US Census Bureau divisions.

Average grades are based on annual numerical scores. For more information, download *Truth and Integrity in State Budgeting: Preparing for the Storm* at VolckerAlliance.org.

SOUTH CAROLINA Budget Report Card, Fiscal 2015–19

BUDGET FORECASTING

	2015	2016	2017	2018	2019	TREND
						'15 '16 '17 '18 '19
CATEGORY GRADE	A	A	A	A	A	
Consensus Revenue Forecasts	✓	✓	✓	✓	✓	● ● ● ● ●
Multiyear Expenditure Forecasts	✓	✓	✓	✓	✓	
Multiyear Revenue Forecasts	✓	✓	✓	✓	✓	
Revenue Growth Projections	✓	✓	✓	✓	✓	
5-YEAR AVERAGE A						

BUDGET MANEUVERS

	2015	2016	2017	2018	2019	TREND
						'15 '16 '17 '18 '19
CATEGORY GRADE	A	A	A	A	A	
Deferring Recurring Expenditures	✓	✓	✓	✓	✓	● ● ● ● ●
Revenue and Cost Shifting	✓	✓	✓	✓	✓	
Funding Recurring Expenditures with Debt	✓	✓	✓	✓	✓	
Using Asset Sales and Up-Front Revenues	✓	✓	✓	✓	✓	
5-YEAR AVERAGE A						

LEGACY COSTS

	2015	2016	2017	2018	2019	TREND
						'15 '16 '17 '18 '19
CATEGORY GRADE	D	D	D	D	D	
Public Employee OPEB Funding	X	X	X	X	X	
Public Employee Pension Funding	✓	✓	✓	✓	✓	
Public Employee Pension Funded Ratio*	58%	54%	54%	55%	55%	● ● ● ● ●
5-YEAR AVERAGE D						

RESERVE FUNDS

	2015	2016	2017	2018	2019	TREND
						'15 '16 '17 '18 '19
CATEGORY GRADE	B	B	B	B	B	
Positive Reserve or General Fund Balance	✓	✓	✓	✓	✓	
Reserve Funds Disbursement Policy	✓	✓	✓	✓	✓	● ● ● ● ●
Reserve Funds Replenishment Policy	✓	✓	✓	✓	✓	
Reserves Tied to Revenue Volatility	X	X	X	X	X	
5-YEAR AVERAGE B						

TRANSPARENCY

	2015	2016	2017	2018	2019	TREND
						'15 '16 '17 '18 '19
CATEGORY GRADE	C	C	C	C	C	
Consolidated Budget Website	✓	✓	✓	✓	✓	
Provides Debt Tables	✓	✓	✓	✓	✓	
Discloses Deferred Infrastructure Replacement Costs	X	X	X	X	X	● ● ● ● ●
Discloses Tax Expenditures	X	X	X	X	X	
5-YEAR AVERAGE C						

KEY

✓	Followed best practice
X	Did not follow best practice

BUDGET FORECASTING evaluates whether and how states estimated long-term revenue and expenditure trends. **BUDGET MANEUVERS** evaluates whether states used one-time revenues, borrowings, asset sales, and other measures to achieve short-term budgetary balance. **LEGACY COSTS** evaluates whether states provided adequate funding, as defined by retirement system actuaries, for pensions and other promised retirement benefits for public workers. **RESERVE FUNDS** evaluates states' rainy day funds and other fiscal reserves, as well as any policies governing their use and replenishment. **TRANSPARENCY** evaluates the accessibility to the public of states' budget practices.
* **SOURCE** Bloomberg.