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The big budget

By PHILLIP CEASE

If you read news stories about the state budget you would be excused for believing that the state budget is “only” \$7.5 billion. In fact, the total budget is over three times that amount: \$26.3 billion.

Why the discrepancy? The smaller, more widely cited number only takes into account the general fund portion of the budget. The general fund is made up of revenues from sales and use taxes, individual and corporate income taxes and other taxes. That’s it. Nothing from fines and fees, and nothing from the federal government. Once you factor in those sources, you get a much larger total, and a more accurate one.

The federal funds portion of the budget makes up 31-percent of the total budget – \$8.3 billion. This money, *which is only listed on one line in the entire budget document*, consists of grants, money for roads, federal programs administered by the state, and so on. Lawmakers would prefer you to think they have no control over these funds because the state administers a federal program. But the state law code stipulates that, apart from a few narrow circumstances, “no agency may receive or spend federal or other funds that are not authorized in the appropriations act.”

In other words, lawmakers have to approve those funds before they can be

spent.

But there’s another portion of money, and a larger and less transparent one: “other funds.” Like federal funds, the other funds portion is only represented on one line. For this year’s budget, other funds made up almost 40 percent of the total spending plan – just under \$10.4 billion.

The other funds portion of the budget is made up of fines and fees from state agencies. For example, the Department of Labor Licensing and Regulations gets other fund revenue from fire insurance premiums, fees for inspections and fees for licenses. These fines and fees are paid largely by South Carolina taxpayers and should be reported in the total budget picture.

Occasionally lawmakers preferring to use the smaller budget number will insist that a fee is different than a tax, and that’s true. But the money still comes from taxpayers, lawmakers still have to approve it and the state still enforces payment – it’s not a voluntary contribution.

So can we please stop pretending the state budget is a third of its real size? Remember – no portion of that money came from government. It came from taxpayers.

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