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**NEWS RELEASE**

**Aug. 15, 2017**

FOR IMMEDIATE RELEASE

## **State revenues sputter along, continuing recent trend of slowing growth**

Columbia, S.C. – During state government’s fiscal year that ended June 30, 2017, General Fund revenues increased slightly over 2016 revenues, bringing in \$7.582 billion in fiscal year (FY) 2017 compared to \$7.271 billion in FY 2016, an increase of \$311 million. However, the revenue growth rate has been slowing during the past two fiscal years. While revenues grew by 6.2 percent in FY 2015 (and grew at a five-year average rate of 5.9 percent through 2015), the growth rate dropped to 4.5 percent for FY 2016 and continued dropping in FY 2017 to 4.3 percent.

The most significant component of the \$311 million increase in total 2017 revenue increase was from individual income tax receipts, which increased \$270 million or 8.1 percent over 2016 levels.

On the other hand, corporate income and license taxes declined from last year’s receipts by \$113 million, or 25.1 percent, while retail sales tax receipts increased by only 2.8 percent for the year, which was well below sales tax revenues being forecasted.

General Fund expenditures for FY 2017 totaled \$7.645 billion, an increase of \$464 million or 6.5 percent over the prior year. Spending on education and health services consumed almost three-fourths of all spending in the General Fund, with \$3.717 billion spent on education and \$1.867 billion on health services, increases of 10.0 percent and 7.0 percent, respectively, over amounts spent in FY 2016.

The 2017-2018 Appropriations Act contained a proviso that appropriated *projected* 2017 General Fund surplus in a supplemental proviso. The proviso directed that disbursements for any of these

items were not to be made until after the 2017 books were closed to determine the amount of *actual* 2017 surplus. If the surplus projections used in the proviso exceed the actual surplus verified during the closing process, the proviso includes a method to curtail funding of certain proviso items so that disbursing more than the actual surplus available will be avoided. The closing process has revealed that the projected surplus amount appropriated in the proviso exceeded the actual surplus available for appropriation, and as a result approximately \$11.8 million of supplemental appropriations in the proviso will not be funded.

While the state has begun to address the serious problems it faces with managing its employee pension plans, steps that it has taken are inadequate to correct the pension dilemma it faces. The state continues to measure plan deficits using inappropriate methods and in doing so it continues to understate significantly the problems it has created by not being realistic in structuring and funding the plans. To gain any reasonable ability to deal with these along with other mounting costs of operating state government, state leaders must adopt a more disciplined, comprehensive, and long-term approach in considering the amount of revenue it raises and striking a better balance between those revenues and the vast competing obligations those revenues must fund.

The economic downturn we survived within our recent past revealed our ability to operate government and provide necessary services on much less than we had been spending and on much less than we spend today. Annual revenues have increased from \$5.2 billion in 2010 to \$7.6 billion in 2017. During the downturn state government demonstrated that it can survive on less just as businesses, individuals or families can. It's a basic mindset that all government officials should adopt.

A detailed breakdown of the FY 2017 closeout is provided in the accompanying report.

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**End**

*State of South Carolina*  
**BUDGETARY HIGHLIGHTS**

BUDGETARY GENERAL FUND  
 Fiscal Year Ended June 30, 2017  
 (Unaudited)

**Factors that produced the budgetary surplus:**

Actual revenue over estimated revenue used in Appropriations Act.....	\$	2,940,763
Agency appropriations that lapsed at year-end.....		1,374,283
"Open-ended" appropriations.....		<u>(3,665,025)</u>
General Fund budgetary surplus available for distribution.....		650,021
Excess Homestead Exemption funds.....		7,879,103
Debt service lapse.....		13,397,132
State Law Enforcement Division building lapse.....		<u>17,800,000</u>
Lapses to General Fund during FY 16-17 to be used per Proviso 118.14.....		39,076,235
Undesignated/Unreserved Budgetary General Fund balance at June 30, 2017.....		<u>39,726,256</u>
Litigation Recovery Account balance.....		16,183,789
Residual South Carolina Farm Aid Fund balance.....		<u>4,526,031</u>
Transfers from unbudgeted General Fund sources in FY 17-18 to be used per Proviso 118.14....		20,709,820
Total available for distribution.....	<b>\$</b>	<b><u>60,436,076</u></b>
<b><u>Distribution of surplus:</u></b>		
Supplementally appropriated by Proviso 118.14, net of Governor's vetoes,*		
<i>\$72,199,019 in required funding reduced by \$11,762,943 of appropriations that cannot be funded due to lower than expected amount available for distribution.....</i>	<b>\$</b>	<b><u>60,436,076</u></b>

\* Pending action by the General Assembly.

BUDGETARY GENERAL FUND  
**Changes in Budgetary Fund Balance**  
 Fiscal Year Ended June 30, 2017  
 (Unaudited)

	General Reserve	Appropriations Carried Forward	Capital Reserve	Contingency Reserve	Unreserved/ Undesignated	Total
Revenues.....	\$ —	\$ —	\$ —	\$ —	\$ 7,582,469,655	\$ 7,582,469,655
Expenditures.....	—	—	—	—	(7,645,520,072)	(7,645,520,072)
Transfer to General Reserve per Appropriations Act.....	20,399,981	—	—	—	(20,399,981)	—
Transfer to Capital Reserve per Appropriations Act.....	—	—	139,207,789	—	(139,207,789)	—
Transfer to Contingency Reserve.....	—	—	—	256,923,799	(256,923,799)	—
Transfer from Litigation Recovery Account.....	—	—	—	—	139,260,007	139,260,007
Use of Capital Reserve.....	—	—	(131,047,794)	—	—	(131,047,794)
Use of Contingency Reserve.....	—	—	—	(303,674,596)	303,674,596	—
Appropriations:						
Brought forward from last year <sup>a</sup> .....	—	(368,966,918)	—	—	368,966,918	—
Carried forward to next year <sup>b</sup> .....	—	549,517,078	—	—	(549,517,078)	—
Net fiscal year changes.....	20,399,981	180,550,160	8,159,995	(46,750,797)	(217,197,543)	(54,838,204)
Fund balance—July 1, 2016.....	<u>327,619,492</u>	<u>368,966,918</u>	<u>131,047,797</u>	<u>46,750,797</u>	<u>256,923,799</u>	<u>1,131,308,803</u>
Fund balance—June 30, 2017.....	<u>\$ 348,019,473</u>	<u>\$ 549,517,078</u>	<u>\$ 139,207,792</u>	<u>\$ —</u>	<u>\$ 39,726,256</u>	<u>\$ 1,076,470,599</u>

a These represent current year expenditures that did not require current year appropriations.

b These represent current year appropriations that will not be expended until next year.

BUDGETARY GENERAL FUND  
**Revenue Analysis**  
 Fiscal Year Ended June 30, 2017  
 (Unaudited)

	Estimated Revenue Used in Approp. Act	Actual Revenue	Actual Over (Under) Estimated Revenue
Individual Income Tax.....	\$ 3,536,612,683	\$ 3,580,610,432	\$ 43,997,749
Sales and Use Tax.....	2,874,667,000	2,896,271,260	21,604,260
Corporation Income Tax.....	336,601,577	269,463,081	(67,138,496)
Insurance Tax.....	240,186,000	237,673,156	(2,512,844)
Beer and Wine Tax.....	108,035,000	109,577,012	1,542,012
Alcoholic Liquors Tax.....	74,070,000	76,736,505	2,666,505
Corporation License Tax.....	105,510,000	68,181,266	(37,328,734)
Bank Tax.....	33,820,000	53,357,725	19,537,725
Documentary (Deed Stamp) Tax.....	47,236,000	51,691,987	4,455,987
Earned on Investments.....	17,000,000	30,804,764	13,804,764
Admissions Tax.....	30,893,000	30,443,571	(449,429)
Tobacco Business License Tax.....	24,724,000	26,382,940	1,658,940
Security Dealer Fees.....	24,000,000	25,648,556	1,648,556
Public Service Authority, Excess Earnings from.....	20,806,000	17,751,000	(3,055,000)
Unclaimed Property Fund Transfers.....	15,000,000	15,000,000	—
Indirect Cost Recoveries.....	14,473,000	14,703,247	230,247
Other Revenue.....	9,647,632	12,954,476	3,306,844
Motor Vehicle Licenses.....	11,031,000	11,050,294	19,294
Workers' Compensation Insurance Tax.....	8,009,000	9,004,832	995,832
Circuit and Family Court Fines.....	8,616,000	7,888,118	(727,882)
Business Filing Fees.....	5,375,000	6,279,551	904,551
Private Car Lines Tax.....	4,458,000	5,499,151	1,041,151
Record Search Fees.....	4,461,000	4,461,000	—
Nursing Home Fees.....	3,700,000	3,565,104	(134,896)
Uncashed Checks.....	2,000,000	3,530,329	1,530,329
Parole and Probation Supervision Fees.....	3,393,000	3,392,808	(192)
Purchasing Card Rebates.....	2,500,000	2,907,963	407,963
Surcharge on Vehicle Rentals.....	2,900,000	2,579,640	(320,360)
Aircraft Tax.....	4,859,000	2,500,000	(2,359,000)
Savings and Loan Tax.....	1,835,000	1,881,527	46,527
Bingo Tax.....	3,110,000	678,360	(2,431,640)
Total .....	<u>\$ 7,579,528,892</u>	<u>\$ 7,582,469,655</u>	<u>\$ 2,940,763</u>

BUDGETARY GENERAL FUND  
**Appropriations and Expenditures**  
 Fiscal Year Ended June 30, 2017  
 (Unaudited)

	Appropriations Per Act <sup>a</sup>	Adjusted Authorizations <sup>b</sup>	Disposition of Adjusted Authorizations		
			Actual Expenditures	Appropriations Carried Forward to 2018	Lapsed
Education.....	\$ 2,873,002,961	\$ 2,979,525,863	\$ 2,912,711,333	\$ 66,813,970	\$ 560
Health and Human Services.....	1,271,015,600	1,375,023,957	1,274,500,766	100,523,191	—
Higher Education.....	641,319,627	753,459,439	733,321,025	20,138,414	—
Corrections.....	398,045,209	438,776,638	403,868,248	34,908,390	—
Aid to Local Governments.....	279,126,939	284,576,557	284,555,124	21,433	—
Disabilities and Special Needs.....	231,643,470	242,761,120	239,560,849	3,200,271	—
Mental Health.....	216,320,260	225,559,470	222,221,609	3,337,861	—
Debt Service.....	191,630,298	185,924,064	172,734,115	13,189,949	—
Social Services.....	148,831,173	155,990,368	151,286,598	4,703,770	—
Health and Environmental Control.....	119,916,820	142,323,735	122,452,261	19,871,474	—
Transportation.....	50,057,271	146,799,217	120,489,936	26,309,281	—
Juvenile Justice.....	105,596,555	117,255,677	107,003,147	10,252,530	—
Public Safety.....	81,489,262	93,408,869	88,806,266	4,602,603	—
Motor Vehicles.....	85,000,000	86,833,990	83,626,679	3,207,311	—
Parks, Recreation and Tourism.....	43,188,027	98,341,151	98,177,536	30,163,615	—
Department of Administration.....	57,793,690	72,663,232	58,087,503	14,575,729	—
Commerce.....	35,087,613	96,352,319	53,145,752	43,206,567	—
Judicial Department.....	47,766,954	53,009,114	49,346,161	3,662,953	—
Revenue.....	48,398,668	53,480,768	49,002,116	4,478,652	—
State Law Enforcement Division.....	44,979,679	52,913,831	48,821,427	4,092,404	—
Probation, Parole, and Pardon.....	33,698,377	36,298,373	33,428,482	2,869,891	—
Natural Resources.....	24,098,671	41,026,802	32,159,990	8,866,812	—
Commission on Indigent Defense.....	29,693,710	29,995,488	28,974,752	1,020,736	—
Prosecution Coordination Commission.....	27,081,704	28,184,176	27,287,555	896,621	—
Stand-alone Schools.....	25,269,298	29,244,876	26,387,074	2,857,802	—
Adjutant General.....	7,475,879	84,488,080	24,974,901	59,513,179	—
House of Representatives.....	21,938,408	47,649,560	21,742,311	25,907,249	—
Forestry Commission.....	15,863,846	17,487,623	16,595,555	892,068	—
Vocational Rehabilitation.....	15,386,236	15,852,800	15,852,800	—	—
Lieutenant Governor.....	17,591,229	20,223,079	15,092,999	5,130,080	—
Senate.....	13,903,930	21,508,467	14,149,964	7,358,503	—
Rural Infrastructure Authority.....	20,511,856	20,819,609	12,887,078	7,932,531	—
State Library.....	12,112,009	12,361,794	12,359,798	1,996	—
Legislative Support Agencies.....	11,403,238	15,499,309	12,144,845	3,354,464	—
Attorney General.....	10,360,403	12,101,234	10,674,634	1,426,600	—
Agriculture.....	7,860,337	11,368,072	9,766,016	1,602,056	—
Election Commission.....	5,742,078	9,622,787	8,863,508	759,279	—
Alcohol and Other Drug Abuse Services.....	8,398,181	8,721,572	8,468,008	253,564	—
Governor's Office.....	107,746,945	8,634,765	7,953,140	669,795	11,830
Public Employee Benefits Authority.....	7,495,020	7,495,020	7,374,047	—	120,973
Archives and History.....	2,552,018	6,704,624	6,292,155	267,543	144,926
Law Enforcement Training Council.....	4,168,792	4,606,205	4,229,394	376,101	710
Insurance.....	4,060,266	4,202,405	4,202,405	—	—
Museum Commission.....	3,532,145	4,262,724	4,081,444	181,280	—
State Auditor's Office.....	3,493,210	3,912,895	3,146,498	360,113	406,284
Commission for Blind.....	3,425,793	3,769,846	3,730,609	39,237	—
Arts Commission.....	2,985,799	3,508,041	3,374,776	133,265	—
Administrative Law Court.....	2,459,617	2,775,853	2,555,066	220,787	—
Human Affairs Commission.....	2,132,540	2,455,356	2,261,863	193,493	—
Comptroller General.....	2,274,180	2,457,489	2,257,277	200,212	—
Workers' Compensation Commission.....	1,993,752	2,137,741	1,992,637	145,104	—
Aeronautics.....	2,030,135	2,087,033	1,990,558	96,475	—
State Treasurer.....	1,766,114	1,972,301	1,972,301	—	—
Ports Authority.....	—	6,000,000	1,875,000	3,625,000	500,000
State Fiscal Accountability Authority.....	1,555,525	1,621,854	1,605,240	16,614	—
Labor, Licensing and Regulation.....	1,354,785	1,426,202	1,426,202	—	—
Educational Television Commission.....	277,532	2,060,555	1,416,208	617,853	26,494
Consumer Affairs.....	1,313,877	1,368,514	1,239,891	128,623	—
Secretary of State.....	1,064,500	1,166,596	1,166,596	—	—
Commission for Minority Affairs.....	998,010	1,060,314	884,828	102,073	73,413
State Ethics Commission.....	904,743	966,268	880,114	86,154	—
Confederate Relic Room and Military Museum..	825,772	894,596	837,228	57,368	—
Sea Grant Consortium.....	651,881	751,630	593,174	79,243	79,213
Employment and Workforce.....	500,000	500,670	500,006	664	—
Procurement Review Panel.....	158,686	178,856	152,694	16,282	9,880
<b>Total</b>	<b>\$ 7,440,321,103</b>	<b>\$ 8,196,411,433</b>	<b>\$ 7,645,520,072</b>	<b>\$ 549,517,078</b>	<b>\$ 1,374,283</b>

<sup>a</sup> The Appropriations per Act column of \$7,440,321,103 does not include Capital Reserve appropriations of \$139,207,789. The General Fund recapitulation in the FY16-17 Appropriations Act shows these two amounts combined for a total of \$7,579,528,892.

<sup>b</sup> Adjusted Authorizations are \$756,090,330 higher than the Appropriations per Act due to FY 15-16 carryforwards and FY 16-17 supplemental appropriations.

BUDGETARY GENERAL FUND  
**Appropriations Carried Forward to FY17-18**  
 Fiscal Year Ended June 30, 2017  
 (Unaudited)

	Total Carried Forward	Special Carry- Forwards <sup>a</sup>	General Carry- Forwards <sup>b</sup>
Health and Human Services.....	\$ 100,523,191	\$ 100,523,191	\$ —
Education.....	66,813,970	64,666,503	2,147,467
Adjutant General.....	59,513,179	59,457,675	55,504
Commerce.....	43,206,567	42,388,717	817,850
Corrections.....	34,908,390	240,704	34,667,686
Parks, Recreation and Tourism.....	30,163,615	27,726,982	2,436,633
Transportation.....	26,309,281	26,309,280	1
House of Representatives.....	25,907,249	25,907,249	—
Higher Education.....	20,138,414	17,510,280	2,628,134
Health and Environmental Control.....	19,871,474	15,473,324	4,398,150
Department of Administration.....	14,575,729	10,198,096	4,377,633
Debt Service.....	13,189,949	13,189,949	—
Juvenile Justice.....	10,252,530	329,170	9,923,360
Natural Resources.....	8,866,812	8,486,749	380,063
Rural Infrastructure Authority.....	7,932,531	7,932,531	—
Senate.....	7,358,503	7,358,503	—
Lieutenant Governor.....	5,130,080	4,474,886	655,194
Social Services.....	4,703,770	4,703,764	6
Public Safety.....	4,602,603	829,496	3,773,107
Revenue.....	4,478,652	—	4,478,652
State Law Enforcement Division.....	4,092,404	1,506,147	2,586,257
Judicial Department.....	3,662,953	3,662,953	—
Ports Authority.....	3,625,000	3,625,000	—
Legislative Support Agencies.....	3,354,464	3,354,464	—
Mental Health.....	3,337,861	2,601,351	736,510
Motor Vehicles.....	3,207,311	—	3,207,311
Disabilities and Special Needs.....	3,200,271	—	3,200,271
Probation, Parole and Pardon.....	2,869,891	234,750	2,635,141
Stand-alone Schools.....	2,857,802	632,688	2,225,114
Agriculture.....	1,602,056	1,602,056	—
Attorney General.....	1,426,600	1,426,600	—
Commission on Indigent Defense.....	1,020,736	100,000	920,736
Prosecution Coordination Commission.....	896,621	—	896,621
Forestry Commission.....	892,068	—	892,068
Election Commission.....	759,279	424,233	335,046
Governor's Office.....	669,795	—	669,795
Educational Television Commission.....	617,853	589,573	28,280
Law Enforcement Training Council.....	376,101	—	376,101
State Auditor's Office.....	360,113	—	360,113
Archives and History.....	267,543	5,915	261,628
Alcohol and Other Drug Abuse Services.....	253,564	—	253,564
Administrative Law Court.....	220,787	—	220,787
Comptroller General.....	200,212	—	200,212
Human Affairs Commission.....	193,493	13,874	179,619
Museum Commission.....	181,280	176,259	5,021
Workers' Compensation Commission.....	145,104	—	145,104
Arts Commission.....	133,265	—	133,265
Consumer Affairs.....	128,623	—	128,623
Commission for Minority Affairs.....	102,073	—	102,073
Aeronautics.....	96,475	—	96,475
State Ethics Commission.....	86,154	—	86,154
Sea Grant Consortium.....	79,243	12,131	67,112
Confederate Relic Room and Military Museum.....	57,368	—	57,368
Commission for Blind.....	39,237	—	39,237
Aid to Local Governments.....	21,433	—	21,433
State Fiscal Accountability Authority.....	16,614	—	16,614
Procurement Review Panel.....	16,282	—	16,282
State Library.....	1,996	—	1,996
Employment and Workforce.....	664	—	664
<b>Total.....</b>	<b>\$ 549,517,078</b>	<b>\$ 457,675,043</b>	<b>\$ 91,842,035</b>

<sup>a</sup> Provisos contained within Part 1B of the FY16-17 Appropriations Act allowed certain agencies to carry forward specific appropriation balances to FY17-18 for expenditures.

<sup>b</sup> Proviso 117.23 of the FY17-18 Appropriations Act allows agencies to carry forward up to ten percent of original appropriations reduced by special carryforwards (as defined).

BUDGETARY GENERAL FUND  
**Open-Ended Appropriations**  
 Fiscal Year Ended June 30, 2017  
 (Unaudited)

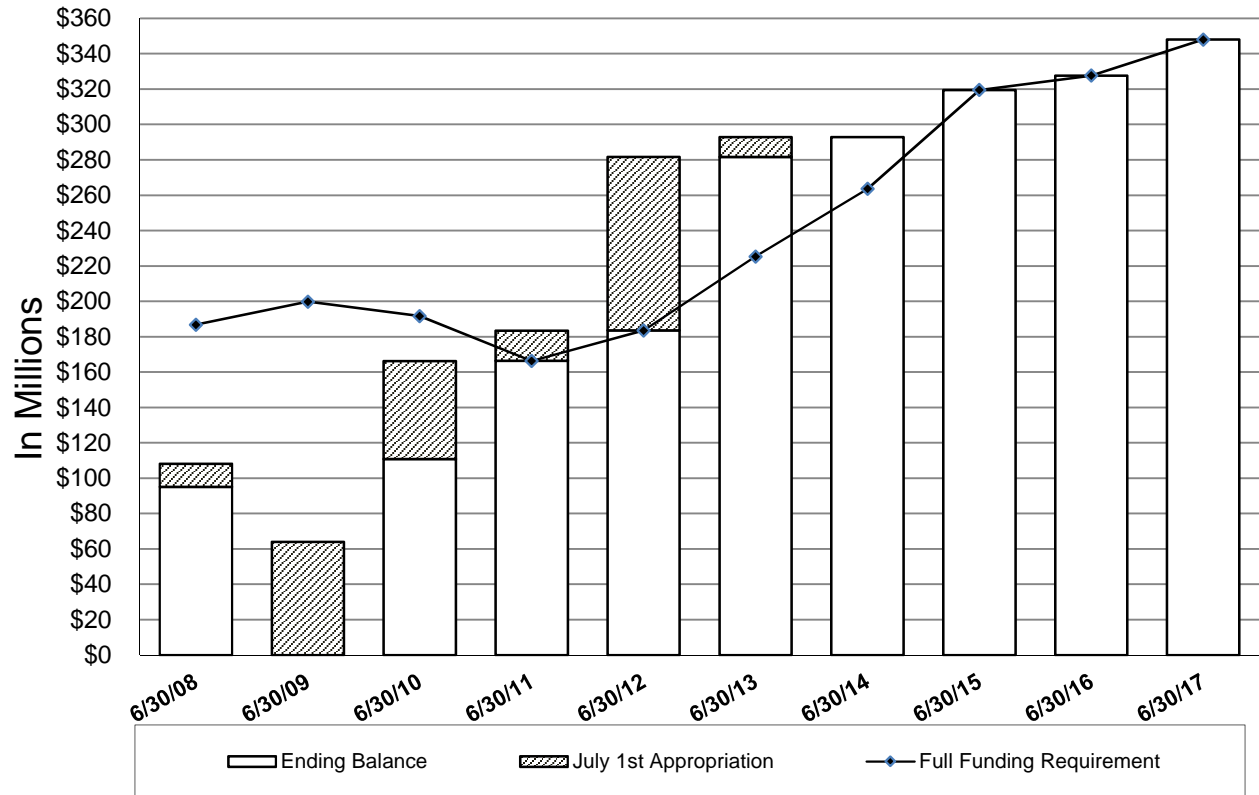
<u>Agency Name</u>	<u>Description</u>	<u>Amount</u>
Aid to Subdivisions–State Treasurer.....	Aid to Fire Districts - Formula Funding Shortfall	\$ 2,620,749
Statewide Employee Benefits.....	Workers' Compensation Insurance	44,276
Adjutant General's Office.....	2016 Hurricane Matthew - National Guard Salaries	500,000
Adjutant General's Office.....	Pinnacle Mountain Wildfires - National Guard Salaries	<u>500,000</u>
<b>Total Open-Ended Appropriations <sup>a</sup></b>		<b><u>\$ 3,665,025</u></b>

<sup>a</sup> "Open-ended" appropriations result either from Legislative commitments to fund certain budgetary items without providing sufficient appropriations to fully fund them or to cover an agency's budgetary deficit provided that it is approved by State Fiscal Accountability Authority action. In either of these instances, the State uses year-end budgetary surpluses to fund appropriation shortfalls.



**BUDGETARY GENERAL FUND**  
**General Reserve**  
**Fiscal Years Ended June 30**  
**(Unaudited)**

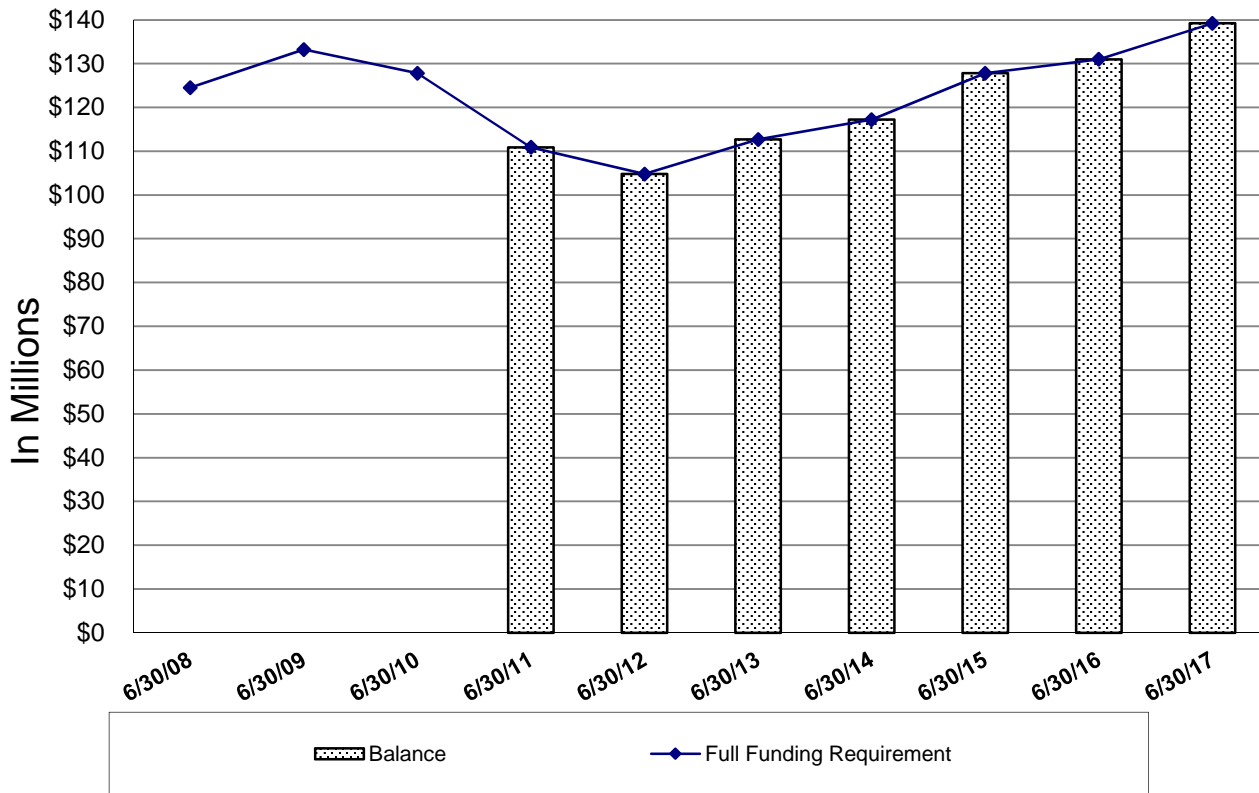
<b>Year</b>	<b>Beginning Balance</b>	<b>Net Additions (Reductions)</b>	<b>Ending Balance<sup>a</sup></b>	<b>Full Funding Requirement<sup>a</sup></b>	<b>Over (Under) Funded</b>	<b>July 1st Appropriation<sup>a</sup></b>
2008	167,731,819	(72,609,202)	95,122,617	186,780,797	(91,658,180)	12,974,290
2009	95,122,617	(95,122,617)	—	199,755,087	(199,755,087)	63,923,944
2010	—	110,883,455	110,883,455	191,771,831	(80,888,376)	55,441,728
2011	110,883,455	55,441,728	166,325,183	166,325,183	—	17,141,169
2012	166,325,183	17,141,169	183,466,352	183,466,352	—	98,175,036
2013	183,466,352	98,175,036	281,641,388	225,313,110	56,328,278	11,248,376
2014	281,641,388	11,248,376	292,889,764	263,600,787	29,288,977	—
2015	292,889,764	26,589,048	319,478,812	319,478,812	—	—
2016	319,478,812	8,140,680	327,619,492	327,619,492	—	—
2017	327,619,492	20,399,981	348,019,473	348,019,473	—	—



<sup>a</sup> Ending balances in the table do not reflect payments made on July 1 of any succeeding year as a result of appropriations to the General Reserve Fund (GRF). The graph shows balances in the GRF that include these July 1 appropriations (cross-checked portion of columns). Beginning in FY11-12, the constitutional full funding requirement of the GRF increased in .5% annual increments from 3% of the prior year's General Fund revenues to 5%.

**BUDGETARY GENERAL FUND**  
**Capital Reserve**  
**Fiscal Years Ended June 30**  
**(Unaudited)**

<u>Year</u>	<u>Beginning Balance</u>	<u>Appropriation</u>	<u>Amount Applied Against Revenue Shortfall</u>	<u>Used for Supplemental Appropriations</u>	<u>Ending Balance</u>	<u>Full Funding Requirement<sup>a</sup></u>
2008	111,821,213	124,520,532	(124,520,532)	(111,821,213)	—	124,520,532
2009	—	133,170,058	(133,170,058)	—	—	133,170,058
2010	—	127,847,888	(127,847,888)	—	—	127,847,888
2011	—	110,883,455	—	—	110,883,455	110,883,445
2012	110,883,455	104,837,915	—	(110,883,455)	104,837,915	104,837,915
2013	104,837,915	112,656,555	—	(104,837,915)	112,656,555	112,656,555
2014	112,656,555	117,155,905	—	(112,656,555)	117,155,905	117,155,905
2015	117,155,905	127,789,918	—	(117,155,905)	127,789,918	127,791,528
2016	127,789,918	131,047,797	—	(127,789,918)	131,047,797	131,047,797
2017	131,047,797	139,207,789	—	(131,047,794)	139,207,792	139,207,789



<sup>a</sup> Full funding requirement is 2% of previous year's General Fund revenues.