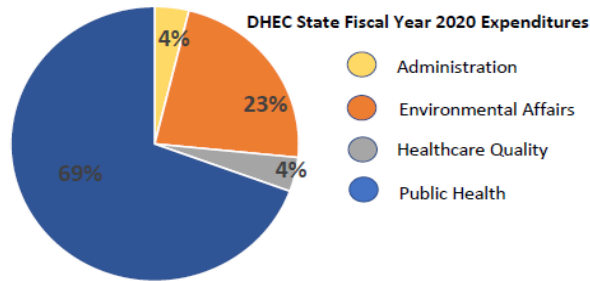


DHEC Budget Appropriations and Staff Funding Overview

The following information is being provided in response to a request from the Task Force to Strengthen the Health and Promote the Environment of South Carolina (SHAPE SC). It includes an overview from the Department of Health and Environmental Control (DHEC) concerning current and historic budget appropriations and staff funding levels dating back to before the Great Recession of 2008 to now.

This information was updated on July 26, 2021.

AGENCY SNAPSHOT AND BUDGET BREAKDOWN BY CORE PROGRAM AREA



| Program Area | Funding Source | | | Grand Total |
|-------------------------------------|--------------------|--------------------|--------------------|--------------------|
| | Federal | Other | State | |
| Administration | 8,958 | 15,444,873 | 9,703,057 | 25,156,889 |
| Administration | 8,958 | 15,444,873 | 9,703,057 | 25,156,889 |
| Environmental Affairs | 26,466,076 | 75,161,368 | 47,616,391 | 149,243,836 |
| Air Quality | 1,211,778 | 4,738,678 | 3,566,151 | 9,516,608 |
| Environmental Health Services | 6,335,540 | 10,583,112 | 22,664,504 | 39,583,156 |
| Land & Waste Mgt | 6,092,178 | 48,665,362 | 6,858,968 | 61,616,508 |
| OCRM | 3,035,627 | 106,642 | 4,955,839 | 8,098,107 |
| Water | 9,790,954 | 11,067,574 | 9,570,929 | 30,429,457 |
| Healthcare Quality | 7,179,191 | 8,134,594 | 11,076,361 | 26,390,146 |
| Drug Control | 614,961 | 2,556,885 | 1,110,835 | 4,282,682 |
| EMS/Trauma | 272,339 | 747,872 | 5,439,862 | 6,460,073 |
| Health Care Planning & Construction | | 0 | 473,475 | 473,475 |
| Health Licensing | 153,380 | 3,653,965 | 2,760,514 | 6,567,859 |
| Radiological Health | | 1,013,192 | 1,291,675 | 2,304,867 |
| Survey & Certification | 6,138,511 | 162,680 | | 6,301,191 |
| Public Health | 262,832,334 | 108,701,653 | 83,684,056 | 455,218,043 |
| Chronic Disease and Injury Prev | 12,396,234 | 4,182,101 | 2,596,079 | 19,174,415 |
| Communicable Dz Prev and Control | 120,576,808 | 28,830,240 | 12,406,977 | 161,814,025 |
| Community Health Services | 58,096,502 | 33,400,317 | 53,137,288 | 144,634,107 |
| Community Nutrition Services | 47,192,539 | 25,974,500 | 7,238 | 73,174,277 |
| Health Improvement and Equity | 3,125,981 | 80,540 | 1,009,069 | 4,215,590 |
| Maternal and Child Health | 7,167,712 | 5,147,123 | 12,779,704 | 25,094,539 |
| PH Laboratory | 6,037,244 | 11,024,705 | 1,600,042 | 18,661,991 |
| Public Health Preparedness | 8,239,313 | 62,127 | 147,660 | 8,449,100 |
| Grand Total | 296,486,559 | 207,442,488 | 152,079,866 | 656,008,913 |

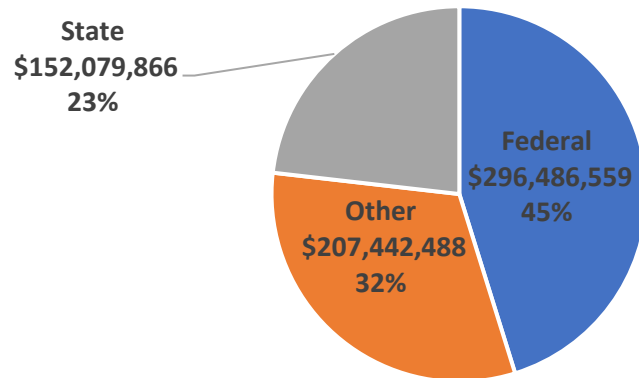
DHEC is currently comprised of four core divisions:

- 1. Environmental Affairs:** issues and enforces environmental permits and operates the state’s ocean and coastal resource management program.
- 2. Healthcare Quality:** oversees the licensing and certification of healthcare facilities, Emergency Medical Services (EMS) providers, and drug control enforcement.
- 3. Public Health:** operates the agency’s public health and state laboratory functions, including 72 local health departments.
- 4. Operations:** provides strategic planning, project management, information technology, communications, legal services, human resources, and facility support. **Operations is also often referred to as Administration.**

DIVISIONAL FUNDING BREAKDOWN BY PERCENTAGE

DHEC's **Public Health** division accounts for approximately **69%** of DHEC's budget. The **Environmental Affairs** division makes up approximately **23%** of the budget, while the **Health Regulation** division is **4%** and **Operations** is **4%**.

DHEC FY2020 TOTAL EXPENDITURES BY SOURCE OF FUNDS



Currently, for every **23 cents per one dollar appropriated by the state** to DHEC to support agency operations and services, the agency receives another **45 cents from federal funding**. This includes over **275 federal grants** covering all program areas from WIC to family planning to air and water quality and healthcare facility inspections.

In addition, another **32 percent of the agency's funding comes from other sources**, such as program fees and fines and patient revenue.

DHEC General and Total Appropriations by State Fiscal Year

| State Fiscal Year | Total Agency Budget | | Public Health | | Healthcare Quality | | Environmental Affairs | | Administration | | Employer Contributions (Fringe) | |
|-------------------|---------------------|---------------|--------------------|---------------|--------------------|--------------|-----------------------|---------------|--------------------|--------------|---------------------------------|--------------|
| | General Base Funds | Total Funds | General Base Funds | Total Funds | General Base Funds | Total Funds | General Base Funds | Total Funds | General Base Funds | Total Funds | General Base Funds | Total Funds |
| 2006 | \$107,702,346 | \$530,805,287 | \$65,486,161 | \$360,485,891 | \$4,779,359 | \$12,816,299 | \$14,956,497 | \$83,793,819 | \$7,611,185 | \$20,639,670 | \$14,869,144 | \$53,069,608 |
| 2007 | \$121,664,067 | \$554,152,591 | \$70,508,734 | \$368,173,814 | \$8,819,242 | \$15,995,179 | \$14,900,790 | \$86,097,949 | \$7,790,198 | \$22,704,801 | \$19,645,103 | \$61,180,848 |
| 2008 | \$144,112,613 | \$567,797,236 | \$83,930,968 | \$377,223,625 | \$8,908,196 | \$15,056,598 | \$19,893,453 | \$92,698,085 | \$8,132,118 | \$22,209,081 | \$23,247,878 | \$60,609,847 |
| 2009 | \$142,540,737 | \$572,035,280 | \$79,924,422 | \$370,882,842 | \$9,039,482 | \$16,060,037 | \$20,624,255 | \$99,989,746 | \$8,422,074 | \$24,194,614 | \$24,530,504 | \$60,908,041 |
| 2010 | \$107,442,179 | \$555,503,163 | \$62,234,530 | \$371,788,659 | \$6,940,958 | \$13,401,535 | \$14,771,163 | \$94,441,598 | \$6,144,953 | \$23,392,870 | \$17,350,575 | \$52,478,501 |
| 2011 | \$81,953,599 | \$564,539,163 | \$47,830,099 | \$385,075,154 | \$5,125,432 | \$18,444,376 | \$10,906,163 | \$89,325,891 | \$4,534,052 | \$19,828,889 | \$13,557,853 | \$51,864,853 |
| 2012 | \$89,358,686 | \$553,137,042 | \$54,983,006 | \$385,487,162 | \$4,878,815 | \$18,154,032 | \$10,589,930 | \$84,119,502 | \$4,399,971 | \$17,764,295 | \$14,506,964 | \$47,612,051 |
| 2013 | \$91,847,984 | \$571,887,916 | \$51,600,217 | \$395,797,584 | \$5,209,882 | \$13,804,196 | \$15,028,458 | \$90,029,544 | \$5,268,176 | \$19,606,561 | \$14,741,251 | \$52,650,031 |
| 2014 | \$99,623,924 | \$586,663,856 | \$44,951,651 | \$393,192,952 | \$7,842,687 | \$16,924,263 | \$25,250,231 | \$102,637,290 | \$5,642,869 | \$19,773,996 | \$15,936,486 | \$54,135,355 |
| 2015 | \$100,480,255 | \$587,520,187 | \$44,901,258 | \$386,962,907 | \$7,842,687 | \$16,055,636 | \$25,627,993 | \$102,738,977 | \$5,575,369 | \$19,175,863 | \$16,532,948 | \$62,586,804 |
| 2016 | \$106,860,927 | \$593,900,859 | \$46,303,142 | \$384,260,095 | \$7,885,528 | \$16,096,873 | \$30,340,589 | \$111,126,152 | \$5,727,257 | \$19,239,390 | \$16,604,411 | \$63,178,349 |
| 2017 | \$119,916,820 | \$606,956,752 | \$47,734,800 | \$380,368,325 | \$7,937,268 | \$18,124,687 | \$32,140,787 | \$112,863,396 | \$14,449,679 | \$28,999,397 | \$17,654,286 | \$66,600,947 |
| 2018 | \$131,206,566 | \$618,246,498 | \$52,967,692 | \$370,216,267 | \$8,201,830 | \$19,704,183 | \$33,168,948 | \$121,063,524 | \$18,755,457 | \$42,405,322 | \$18,112,639 | \$64,857,202 |
| 2019 | \$137,420,532 | \$644,460,464 | \$60,128,849 | \$386,361,221 | \$8,418,030 | \$21,493,390 | \$36,241,153 | \$125,734,686 | \$9,973,150 | \$39,172,493 | \$22,659,350 | \$71,698,674 |
| 2020 | \$142,622,468 | \$649,662,400 | \$67,948,080 | \$399,764,928 | \$8,208,237 | \$21,347,379 | \$38,664,345 | \$127,842,458 | \$6,362,851 | \$26,659,480 | \$21,438,955 | \$74,048,155 |

Notes:

- Annual cost of living adjustments are reflected in the appropriations following the implementation year: 3% in FY05 (FY06), 4% in FY06 (FY07), 3% in FY07 (FY08), 3% in FY08 (FY09), 1% in FY09 (FY10), 3% in FY13 (FY14), 2% in FY14 (FY15), 3.25% in FY17 (FY18), 2% in FY20 (FY21).
- Fringe benefit (Employee Contributions) changes are not reflected in program budgets in the appropriations acts.
- 2013-2015 we were realigning our Environmental Health budget to reflect the shift from Public Health to Environmental Affairs.
- Minor adjustments occur throughout the years based on organizational realignments.
- FY21 was funded under a continuing resolution and maintained the same funding levels as FY20.

The Great Recession resulted in a loss of over **\$62M in state funding** for DHEC; a **43 percent reduction** from FY08 to FY11 appropriations. As the state's economy has improved, the total DHEC budget has been gradually increasing. The State Legislature annually reviews the agency's budget and considers proposed increases. The agency state general fund appropriation has had an **average annual increase of 2.25 percent** since 2012. However, DHEC continues to struggle with funding for competitive salaries to reduce retention and for funding to support critical program areas. Such needs continue to be reflected in the agency's annual state budget requests.

DHEC Appropriated Full-Time Employees (FTEs) by State Fiscal Year

| State Fiscal Year | State FTEs | Federal & Other FTEs | Total FTEs |
|-------------------|------------|----------------------|------------|
| FY06 | 1,648.03 | 3,352.64 | 5,000.67 |
| FY07 | 1,657.39 | 3,263.28 | 4,920.67 |
| FY08 | 1,887.95 | 3,084.28 | 4,972.23 |
| FY09 | 1,890.63 | 2,820.60 | 4,711.23 |
| FY10 | 1,890.63 | 2,820.60 | 4,711.23 |
| FY11 | 1,890.63 | 2,819.60 | 4,710.23 |
| FY12 | 1,196.46 | 2,654.37 | 3,850.83 |
| FY13 | 1,164.96 | 2,574.07 | 3,739.03 |
| FY14 | 1,164.06 | 2,481.97 | 3,646.03 |
| FY15 | 1,150.08 | 2,444.45 | 3,594.53 |
| FY16 | 1,150.08 | 2,336.36 | 3,486.44 |
| FY17 | 1,172.98 | 2,319.46 | 3,492.44 |
| FY18 | 1,200.38 | 2,313.46 | 3,513.84 |
| FY19 | 1,206.38 | 2,313.46 | 3,519.84 |
| FY20 | 1,217.38 | 2,313.46 | 3,530.84 |

** Note that during the Great Recession, FTEs were not reduced in the appropriation in real time as budgets were reduced. This was due to the routine delay in the budget development process as well as the pace and frequency of the funding reductions in fiscal year (FY) 08-12.*

CURRENT DHEC STAFF FUNDING BREAKDOWN BY FUNDING AND POSITION CATEGORY

Currently, DHEC employs a little more than 3,900 employees, including:

- 3,058 FTEs
- 906 hourly
- 2 time-limited
- Plus 722 vacancies

Most employee positions at DHEC are covered by split-fund from a variety of sources. The following reflects the overall percentages of how the agency funds each overarching position category (e.g., full-time, hourly, time-limited, vacancies).

| | State | Federal | Other |
|------------------|-------|---------|-------|
| >3,900 employees | 28% | 48% | 24% |
| 3,058 full-time | 33% | 39% | 28% |
| 906 hourly | 8% | 82% | 10% |
| 2 time-limited | 100% | | |
| 722 vacancies | 24% | 50% | 26% |

**Please note that the fed percentage for hourly staff is currently inflated due to COVID-19. It's important to understand that the information provided in the chart above is NOT reflective of the overall percent spending for personnel.*

Personnel costs vary widely by employee; not simply salary, but also fringe benefits and indirect costs. The following chart reflects actual personnel spending by source for FY19. FY20 expenditures are skewed due to DHEC's COVID response and the influx of additional federal resources.

FY19 Total Personnel Expenditures by Source

| Personnel Cost | State | Federal | Other | All Sources |
|--------------------------|---------------------|---------------------|---------------------|----------------------|
| Salary | \$55,659,840 | \$55,745,983 | \$41,147,276 | \$152,553,100 |
| Fringe Benefits | \$21,919,058 | \$22,828,501 | \$16,819,998 | \$61,567,557 |
| Indirect Costs | \$7,032,972 | \$15,224,583 | \$4,724,359 | \$26,981,914 |
| Total Expenditure | \$84,611,869 | \$93,799,067 | \$62,691,634 | \$241,102,571 |
| Percentage | 35% | 39% | 26% | |

Understanding why DHEC's overall budget has increased from 2008 to now, while the number of agency employees decreased

DHEC lost a number of FTEs through federal and state budget cuts that occurred during the Great Recession. While state funding has slowly rebounded to nearly the same level as it was prior to the recession, required employer contribution rates (e.g., social security, health insurance and retirement) have increased by approximately **19 percent** -- meaning each FTE costs the agency more today than it did in 2008.

As background, here is a link to a presentation by the SC Revenue and Fiscal Affairs Office explaining the employer contribution rates for all agencies (p. 7 has a chart showing the employer contribution rate per FTE over a 20-year period):

http://rfa.sc.gov/files/Employer%20Contribution%20Charts_Draft_Updated2019.06.03.pdf

Also note that several of the large increases received in the budget were not specifically for personnel, but for other large operating expenses such as the electronic health records system and data center conversion.