

MEMORANDUM FOR THE RECORD

DATE: August 31, 2020

Room 417, Rembert Dennis Building / Attendees via teleconference
1:00pm

SUBJECT: Minutes of Board of Economic Advisors Meeting

ATTENDEES: *Board Members –Edward Grimball (via GoToMeeting)-Chairman, Alan Clemmons (via GoToMeeting), Emerson Gower (via GoToMeeting), Hartley Powell via (GoToMeeting); Frank Rainwater, Executive Director; Staff – Sandra Kelly, Robert Martin, Karen Rhinehart, Allyn Powell, Elizabeth Hall; Guests: Due to COVID-19 policies all guests participated via GoToMeeting and 114 individuals called-in. An email invitation was sent to the usual BEA Distribution (121 contacts) list and Working Group (10 contacts) list members and the meeting notification was posted on the RFA website and in the Rembert Dennis Building. Meeting information and call-in instructions were provided in the email and posted online. Meeting documents were posted online 15 minutes prior to the start of the meeting and the documents were also shared via GoToMeeting. Guests were asked to direct any questions to Frank Rainwater after the meeting had concluded via email or phone.*

- Chairman Grimball welcomed everyone to the meeting at 1:06pm. He then shared that the meeting minutes for August 24th were still being prepared and would be presented at the next meeting.
- **Frank Rainwater presented final revenue results for FY 2019-20.** *(See Attached)*
 - Final General Fund Revenues for FY 2019-20 exceeded the revised estimate forecast in May of 2020.
 - The May estimate had forecasted a surplus of \$60.5 million, so the revenue surplus totaled \$462.6 million.
 - While the surplus was achieved with the accruing of income tax payments that were delayed until July 15th, the refunds associated with the delayed filings were not. Based on data from DOR, approximately \$160 million *(Correction: \$146.8 million)* of refunds for taxes normally filed in April will impact July and August revenue in FY 2020-21.
- **Frank Rainwater and Robert Martin shared information for consideration of the FY 2020-21 Revenue Estimate:** *(See Attached)*
 - **Impact of Final FY 2019-20 Revenues**

- FY 20 Final Revenues are above the FY 21 estimate by \$241 million.
- Revenues in the fourth quarter of FY 20 did not decrease as much as expected.
- **Key Comments by Panel at the August 24th BEA Meeting**
 - There is a tremendous amount of uncertainty.
 - There is a continued impact of COVID-19
 - The DHEC model predicts decline in number of COVID-19 cases until October; may increase with flu season.
 - There should be continued social distancing measures.
 - Businesses are fighting an uphill battle
 - Staying viable vs restricted activity, consumer behavior, school and day care openings
 - End of federal Payroll Protection Program
 - Increased cost of Unemployment Compensation
 - Individual and Corporate Income payments (2019 v 2020)
- **Assumptions**
 - Caution and prudence in looking at the future
 - The “unknowns” contain significant risks
 - Continue to monitor and update in November 2020 and February 2021
 - Status of COVID-19 and vaccine
 - Federal stimulus
 - Changing consumer and business behavior
 - Analyze and focus on revenue items of most concern

- **Recommended adjustments**

Sales	(\$32,000,000)
Admissions	(\$10,000,000)
Alcoholic Liquors	(\$8,800,000)
Bingo	(\$613,000)
Court Fines	(\$717,000)
TOTAL	(\$52,130,000)

- **Board discussion and consideration of adjustments**
 - *Mr. Gower thanked the staff for working so hard on the data and presenting this information which is right on target. He also*

thanked them for taking the information presented by the panel into consideration and heeding their concerns.

- *Chairman Grimball expressed that the Board looked at every category and considered making the forecast revenue neutral but wanted to moderate any decreases as much as possible.*
- *Mr. Clemmons expressed his thanks to Mr. Rainwater and staff for their hard work. He felt that this forecast is appropriately cautious.*
- *Chairman Grimball also expressed his thanks to Mr. Powell and his staff at DOR for their analysis of the revenue flow. He also thanked Comptroller Richard Eckstrom for his assistance in this difficult process of closing out FY 20.*

▪ **Forecast update and budget chart**

- *Mr. Martin shared information on the forecast sheet.*
- *There were no further questions and Mr. Clemmons motioned to adopt the forecast; Mr. Gower seconded the motion and all voted aye to adopt the forecast.*
- *Chairman Grimball shared that more information will be shared by the Regional Advisory Panel concerning the economy and the impact of COVID-19 at the October 15th meeting.*
- *Mr. Rainwater shared the budget update information that will be presented to the legislature when they return.*

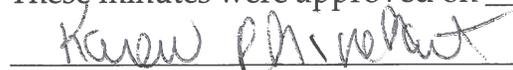
○ **Other Matters for Consideration – no other matters**

○ **Reports from Working Group Members**

Mr. Gower motioned to adjourn the meeting and Mr. Clemmons seconded the motion. All voted aye, and the meeting adjourned at 1:31pm.

The next scheduled BEA Meeting is Thursday, September 17, 2020 at 1:30pm. Attachments: Agenda, Meeting Materials. Public Notice of this meeting was posted at <http://www.rfa.sc.gov/calendar> and at the Rembert Dennis Building.

These minutes were approved on 11/10/20.



Karen Rhinehart