BOARD OF ECONOMIC ADVISORS
AND WORKING GROUP MEETING AGENDA
August 24, 2020, 1:00 P.M.
Via GoToMeeting Videoconference at ETV Studios
Please join my meeting from your computer, tablet or smartphone.
https://global.gotomeeting.com/join/849535589
You can also dial in using your phone.
United States: +1 (571) 317-3112
Access Code: 849-535-589

I. Welcome

II. Adoption of Meeting Minutes for July 23, 2020

III. Discussion on Final FY 2019-20 General Fund Revenues
   A. Summary and Overview (F. Rainwater)
   B. General Fund Revenue and Economic Activity – Key Items (R. Martin)

IV. Review and Discussion of Assumptions for FY 2020-21 (F. Rainwater, R. Martin)

BREAK 2:10 – 2:20 PM

V. Insights and Perspectives for FY 2020-21
   A. Dr. Brannon Traxler, DHEC Physician Consultant, SC Department of Health and Environmental Control
   B. Mr. Robert M. Hitt, Secretary of Commerce, SC Department of Commerce
   C. Mr. Dudley Jackson, Director of Research; Mr. Justin Hancock, Director – Research, Grants, and Policy, SC Department of Parks, Recreation, and Tourism
   D. Mr. Ted Pitts, President, SC Chamber of Commerce
   E. Mr. Dan Ellzey, Executive Director, SC Dept. of Employment and Workforce

BREAK 3:30 – 3:40

VI. Board Members Key Observations and Issues regarding FY 2020-21
VII. Other Matters for Consideration
   A. Reports from Frank Rainwater

VIII. Reports from Working Group Members
   A. Governor’s Office
   B. Senate Finance Committee
   C. Ways & Means Committee
   D. Treasurer’s Office
   E. Comptroller General’s Office
   F. Executive Budget Office

IX. Future Meeting Schedule
   A. August 31, 2020, 1:00pm (FY 2020-21 Forecast Update)- Via Teleconference
   B. September 17, 2020, 1:30pm To be determined/If necessary
   C. October 15, 2020, 10:30am (Quarterly Review and Annual Regional Advisory Meeting)
   D. November 10, 2020, 1:30pm (Preliminary Forecast – due November 10th)
   E. December 10, 2020, 1:30pm (If Necessary)
   F. 2020 Calendar at http://rfa.sc.gov/meetings

X. Adjournment

Please note that the Agenda is subject to change.
For further information, please contact Karen Rhinehart at (803) 734-3793, or visit the RFA webpage at www.rfa.sc.gov
FINAL FY 2019-20
GENERAL FUND
REVENUES
THE COVID-19 PANDEMIC IN PICTURES

August 24, 2020

Revenue and Fiscal Affairs Office
Board of Economic Advisors
www.rfa.sc.gov
(803) 734-2265

The information in this report has been obtained from sources believed to be reliable; although, we cannot guarantee the accuracy or completeness of the data. The analyses in this report are for general information and are not intended to provide specific advice or recommendations. Neither the information, nor any opinion expressed, constitutes a solicitation by us of the purchase or sale of any securities or commodities. The Board of Economic Advisors (BEA) has no control over and does not endorse any external Internet site that contains links to or references to the BEA.
Contributions to Real Gross Domestic Product in the U.S. 2020, Second Quarter, (Advance Estimate)

\[ Y = C + I + G + X \]
U.S. Retail & Food Service Sales

Total Retail Sales
Retail Sales Less Motor Vehicles
Retail Sales Less Autos, Gasoline, and Groceries

Nonstore Retail Sales in the U.S.

Total Light Vehicle Sales in the United States

Growth in Major Types of Household Debt

Source: The Board of Governors of the Federal Reserve System
Growth in Total Manufacturer's New Orders of Nondefense Capital Goods Excluding Aircraft in the U.S.

Source: U.S. Department of Commerce, Bureau of the Census
Average Work Week of Manufacturing Employees in South Carolina

Source: U.S. Department of Labor, Bureau of Labor Statistics
Total Nonfarm Employment in South Carolina

-112,500 jobs
-5.1%

Source: U.S. Department of Labor, Bureau of Labor Statistics
Total Nonfarm Employment Growth in South Carolina

Source: U.S. Department of Labor, Bureau of Labor Statistics
Initial Claims for Unemployment Insurance in SC

Peak - 4/11/20

Source: U.S. Department of Labor, Washington, D.C.
Continued Unemployment Insurance Claims in S.C.

Source: U.S. Department of Labor, Washington, D.C.
Growth in Personal Income in South Carolina

Growth in Personal Income Components in South Carolina

BEA/RWM/06/23/20

S.C. Board of Economic Advisors
Growth in Wages and Salaries in the United States

South Carolina Income Tax Withholdings

Source: South Carolina Department of Revenue, Columbia, SC
Residential Building Permits in South Carolina

Source: U.S. Department of Commerce, Bureau of Economic Analysis
Number of Homes Sold in South Carolina

Source: South Carolina Association of Realtors, Columbia, SC
Median Price of Homes Sold in South Carolina

(Dollars)

Month

Source: South Carolina Realtors, Columbia, SC
Median Price of Homes Sold in South Carolina

Source: South Carolina Association of Realtors, Columbia, SC
State Accommodations (2%) Tax Revenue in SC

Source: South Carolina Department of Revenue
Growth in State Accommodations (2%) Tax in SC

Source: South Carolina Department of Revenue
Net Change in State Accommodations Tax Collections in S.C.

Source: South Carolina Department of Revenue
Growth in Port Activity in South Carolina

Source: South Carolina State Port Authority, Charleston, SC

S.C. Board of Economic Advisors
Growth in Airport Activity in South Carolina

Sources: Regional Airports in South Carolina

S.C. Board of Economic Advisors
Growth in Selected Agricultural Commodities in South Carolina

Source: U.S. Department of Agriculture, Washington, D.C.

S.C. Board of Economic Advisors
### General Fund Revenues In The Southeastern States
#### Fiscal Year 2019-20

<table>
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<th>State</th>
<th>JUL</th>
<th>AUG</th>
<th>SEP</th>
<th>OCT</th>
<th>NOV</th>
<th>DEC</th>
<th>JAN</th>
<th>FEB</th>
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<td>0.3</td>
<td>0.9</td>
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<td>(6.8)</td>
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</table>

**Notes:** All data compiled and calculations made by the Board of Economic Advisors.

1/ Alabama conforms to a federal fiscal year (October to September). The monthly revenue collections have been adjusted to a state fiscal year (July to June) for comparison.

2/ South Carolina has a 13th month for accounting purposes and is reflected in the year-end growth rate.

**Sources:** General Fund revenue reports from respective states.
KEY ECONOMIC AND FISCAL ISSUES AND ASSUMPTIONS FOR FY 2020-21
Key Issues – Final FY 2019-20

- Are final FY 2019-20 revenues the correct base for forecasting FY 2020-21 revenues
  - Surplus of $xxx million
  - Federal Stimulus
  - Non-accrual of tax refunds

- Did the economy and revenue collections bottom-out in the second quarter (April – June) of 2020? Have revenues stabilized, will they drop again, or will they increase?
Questions for FY 2020-21

- How much longer will social distancing continue to affect the economy?
  - Impact on economic activity
  - Impact on employment
  - Consumer Behavior (travel, dining out, Christmas)
- New Federal Stimulus Actions
  - Unemployment
  - Payroll Protection Program (ends Oct 1)
- Tax Year 2020 (April 2021) v Tax Year 2019
  - Loss of Business Income
  - Unemployment Compensation Taxable
BREAK
Additional Perspectives and Insights

Dr. Brannon Traxler, S.C. Department of Health and Environmental Control

Mr. Robert M. Hitt, S.C. Department of Commerce

Mr. Dudley Jackson, Mr. Justin Hancock, S.C. Department of Parks, Recreation, and Tourism

Mr. Ted Pitts, S.C. Chamber of Commerce

Mr. Dan Ellzey, S.C. Department of Employment and Workforce
BREAK
Key Factors and Assumptions

- Assumptions for FY 2020-21 for May estimates
  - SC Personal Income Growth of 2.5%
Consideration for New Assumptions and Forecast Adjustments
Other Items

• Report on two items
FUTURE MEETING SCHEDULE

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