SC ECONOMIC AND BUDGET OUTLOOK

Presented To



December 5, 2024

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National and SC Economy



SC versus US – Share of Population

South Carolina's share of the national population has grown over time (33,525 for each 0.01%)



SOUTH CAROLINA SHARE OF US POPULATION



South Carolina - 5th Largest Population Increase in the US Population increased by 90,600 (1.7%*) from 2022 to 2023 *Highest percentage growth in the US

STATE RANKINGS BY TOTAL POPULATION CHANGE 2022 - 2023



December 5, 2024



Components of SC Population Change

Migration is driving population growth as deaths have started to exceed births





SC versus US – Share of Personal Income South Carolina's share of US personal income has risen (\$2.4B per 0.01%)





Personal Income Growth South Carolina had the fastest growth in Q2 2024



Source: U.S. Bureau of Economic Analysis September 27, 2024; annualized growth from quarter to quarter

US Wage and Salary Growth

In 2021 and 2022, the gap between public and private sector wage growth widened but recently, public sector wage growth has outpaced the private sector

US WAGE AND SALARY GROWTH



Source: U.S. Bureau of Labor Statistics, Employment Cost Index: Wages and Salaries: Private Industry Workers, Government Workers 318-RFA/lhj/11/15/2024



US Personal Income, Select Components

Interest and dividend income are exceeding pre-pandemic levels, but growth has moderated in 2024; interest income is expected to start declining in 2025



US PERSONAL INTEREST AND DIVIDEND INCOME

Source: U.S. Bureau of Economic Analysis, Personal Income and Outlays - 311C RFA/mam/10/08/2024

SC Personal Income – November Estimates

Growth in personal income is expected to be slower over the next two fiscal years than in recent years





Employment – South Carolina

Growth in employment is expected to return to long-term trends, slowing down from the recent pace of employment growth



TOTAL NONFARM EMPLOYMENT IN SOUTH CAROLINA



US Unemployed Persons Per Job Opening

The number of job seekers per job opening is trending up toward a 1 to 1 ratio, indicating that the job market is loosening

Number of Unemployed Job Seekers per Job Opening 2001 2002 2015 2016 2017 2018 2023 2024 ——United States ——South Carolina Source: U.S. Bureau of Labor Statistics, CPS and JOLTS; seasonally adjusted 259A2 - RFA/11/15/24

UNEMPLOYED PERSONS PER JOB OPENING



Inflation – Consumer Price Index Inflation is expected to range between 2.6% and 2.5%

CONSUMER PRICE INDEX

Year-over-Year Change in Quarterly Average Index



Revenue and Budget Outlook



General Fund Revenue - November Estimate Estimates reflect shift to below normal growth in FY 25 and FY 26





Sales Tax - Actual vs. Estimate

Growth has slowed significantly and is expected to be below historical averages through FY 26





Change in Consumer Behavior

Spending shifted from services to goods during the pandemic; in 2024, the share of consumer spending on goods versus services has shifted back to pre-pandemic levels



U.S. SHARE OF EXPENDITURES ON GOODS



Prices of Goods and Services

The prices of goods have flattened out and have begun dropping slightly after a large increase following the pandemic

PRICES OF GOODS VERSUS PRICES OF SERVICES



Source: U.S. Bureau of Economic Analysis, Personal Consumption Expenditures: Services (chain-type price index) & Personal Consumption Expenditures: Goods (chain-type price index) retrieved from FRED, Federal Reserve Bank of St. Louis; 353-RFA/mad/10/8/24



Individual Income Tax Collections have declined in recent years due to income tax cuts accounted for in the budget





FY 2025-26 Available Funds \$533.5m Recurring, \$1,122.6m Non-recurring



New Budget Funds by Year FY 26 budget funds will be much lower than recent years

AVAILABLE "NEW" FUNDS BY BUDGET YEAR



Other Updates



Student Counts Growth in the statewide charter districts has outpaced growth in the regular districts



Regular School Districts and Statewide Charter School Districts

STUDENT COUNTS

Note: Statewide charter districts include the S.C. Public Charter School District, the Charter Institute at Erskine, and the Limestone Charter Association. Data Source: S.C. Department of Education, 135-day ADM counts; S.C. RFA FY 2024-25 and FY 2025-26 estimates. Source: S.C. Revenue and Fiscal Affairs Office - 301 - 9/13/24



Average Teacher Salary South Carolina's average teacher salary exceeded the Southeastern average in FY 2023-24

SOUTH CAROLINA AND SOUTHEASTERN AVERAGE TEACHER SALARY

Average, FY 2025-26: \$61,964 \$65,000 \$60,000 \$55,000 South Carolina Actual, FY 2023-24: \$60,763 \$50,000 **Projected Southeastern** Average, FY 2023-24: \$59,120 \$45,000 \$40,000 2008-09 2009-10 2011-12 2014-15 2015-16 2019-20 2017-18 2007-08 2010-11 2012-13 2013-14 2016-17 FY 2018-19 =Y 2024-25 е =Y 2021-22 FY 2022-23 2023-24 (=Y 2020-21 2025-26 ≻ ≻ 눈 ≿ \geq \geq Σ ¥ 눈 눈 ≿ \geq South Carolina Actual ----- Projected Southeastern Average

Data Source: S.C. Department of Education, actual S.C. teacher salary; S.C. Revenue and Fiscal Affairs Office, Southeastern average salary estimates Source: S.C. Revenue and Fiscal Affairs Office - 301 - 11/21/2024



Projected Southeastern

Homestead Exemption Reimbursement and Sales Tax Sales tax revenue is projected to be sufficient to fund expenditures for FY 2025-26



HOMESTEAD EXEMPTION FUND (TIER III)

Note: Tier III Expenditure includes \$2.5M minimum disbursements and lease purchase lawsuit revisions. Revenue and expenditure projection as of 11/19/2024 BEA forecast. Source: SC Revenue and Fiscal Affairs Office MKM-40- 11/19/2024



Education Funding Dashboard Update



Education Funding Dashboard - Updates

https://www.rfa.sc.gov/education-funding-dashboard







Expenditures

FY 2020-21

Revenues

Expenditures

FY 2021-22

Revenues



FY 2022-23

Revenues

Expenditures

Last Updated

11/25/2024 1:45 pm **Expenditures per Student**

Revenues per Student

Avg. Teacher Salary

Fund Balance as a % of

Expenditures











December 5, 2024









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Questions?



For additional information: <u>rfa.sc.gov</u>