

South Carolina Economic and Budget Updates

Presented to



Superintendents' Roundtable

December 4, 2025

South Carolina Revenue and Fiscal Affairs Office

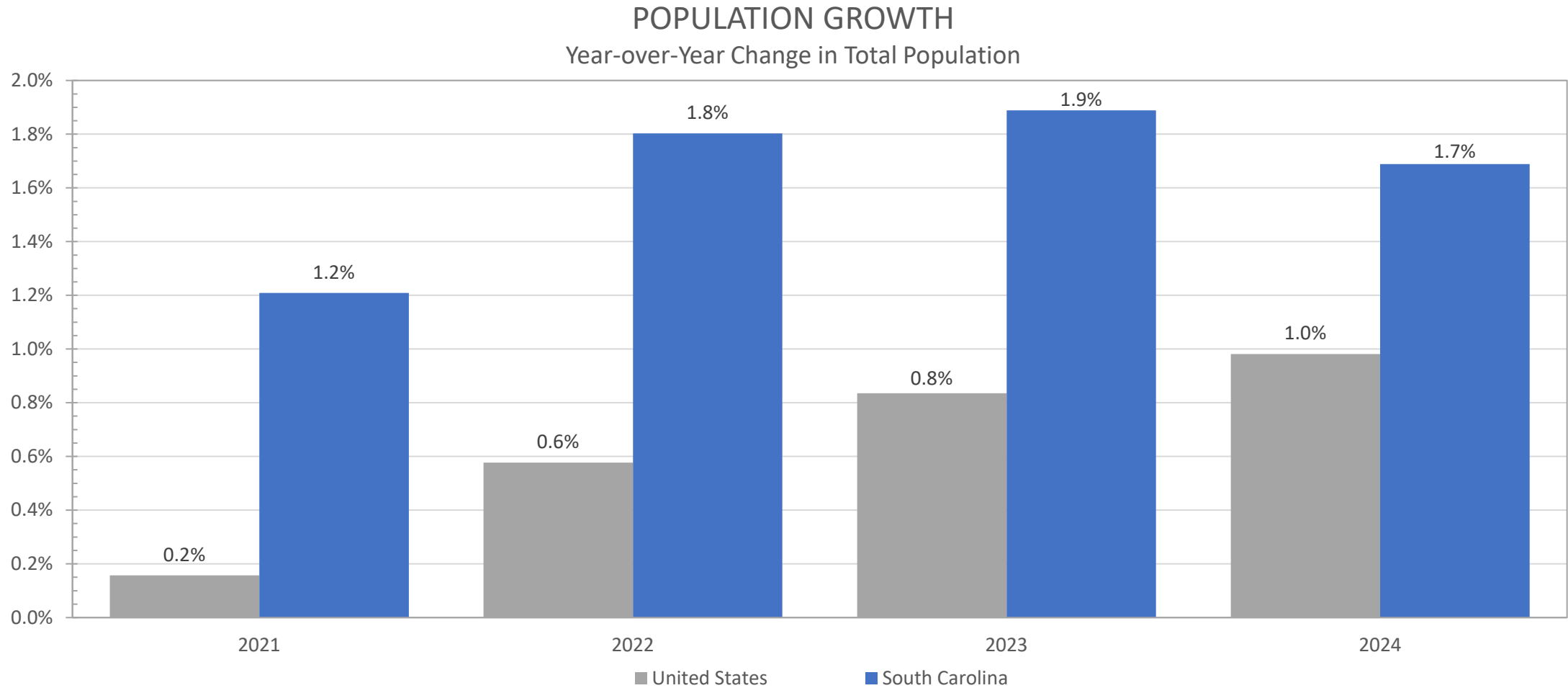
*1000 Assembly Street
Rembert Dennis Building, Suite 421
Columbia, SC 29201
(803) 734-3793*

rfa.sc.gov



Population Growth – US Versus SC

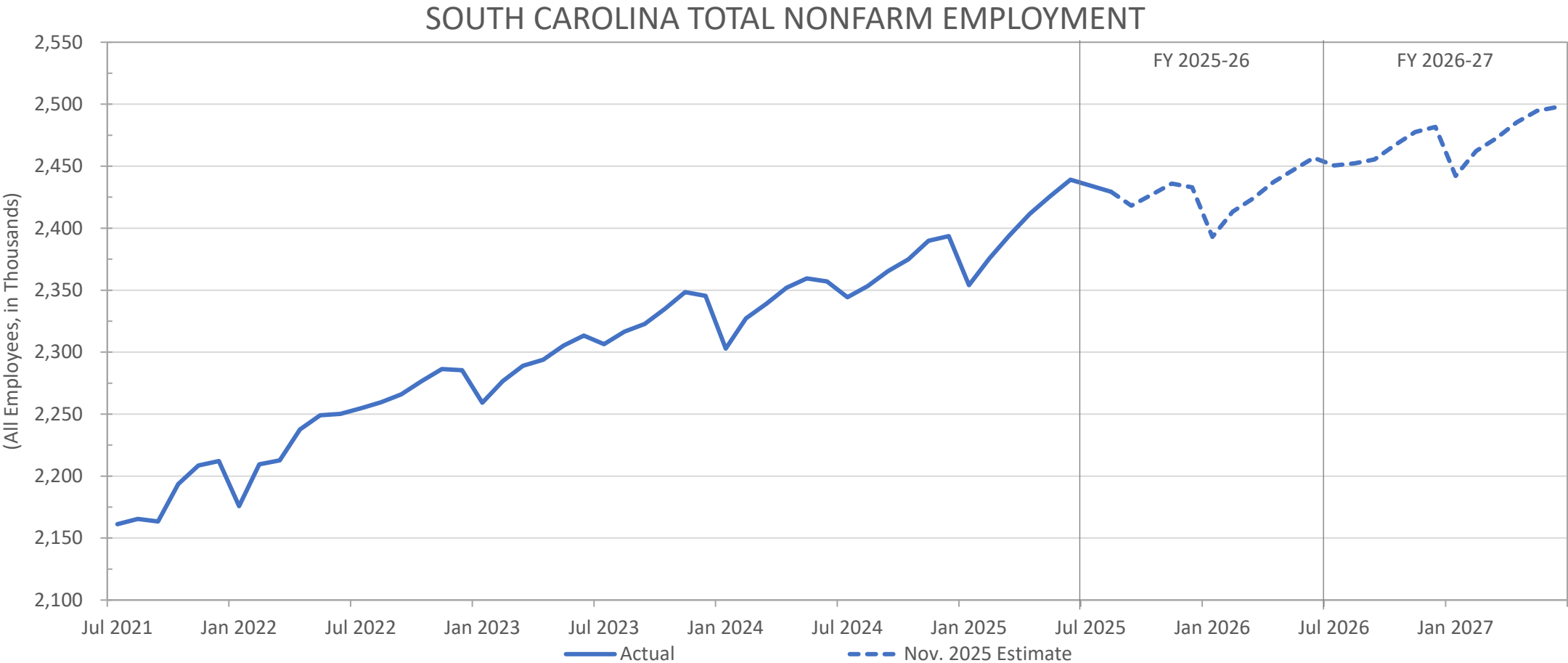
South Carolina continues to grow faster than the nation



Employment – November 2025 Forecast

Employment growth will continue to slow to below the long-term trend over our two-year forecast period

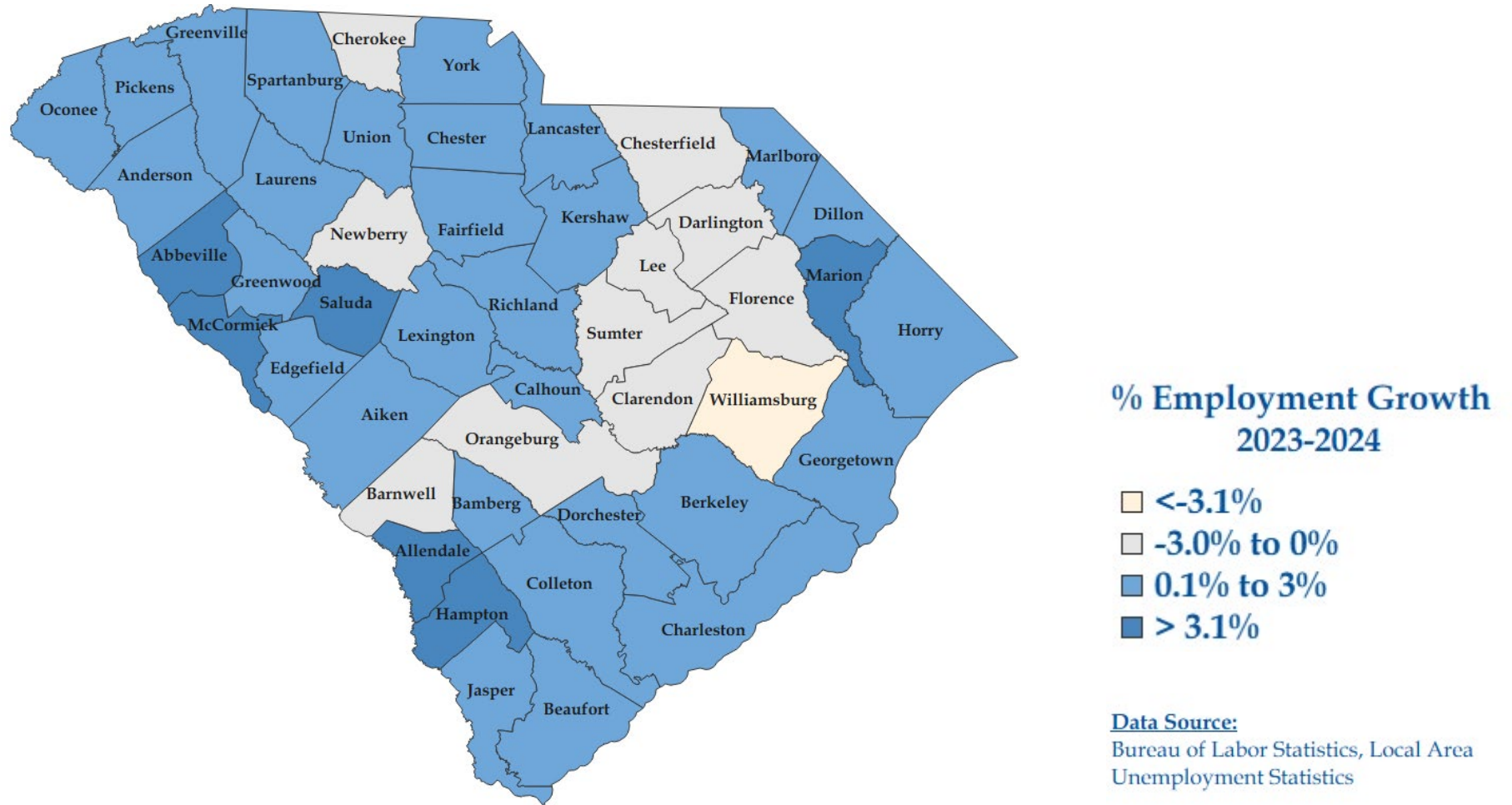
FY 25: 2.2%; FY 26: 1.8%; FY 27: 1.7%



Source: Bureau of Labor Statistics, U.S. Department of Labor RFA/kav/10/20/2025

Employment Growth by County

The change in employment by county from 2023 to 2024 ranged from -7.2% to +5.0%



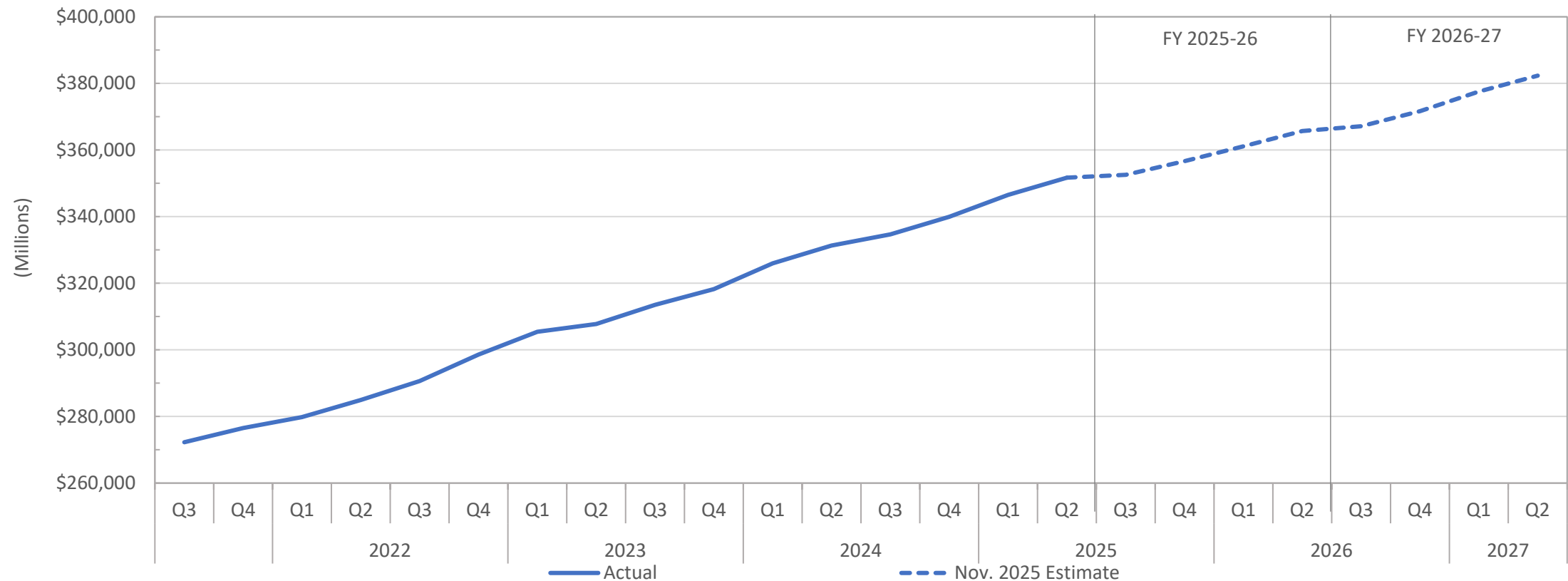
Personal Income – November 2025 Forecast

Personal income growth is expected to slow over the next two fiscal years

FY 25: 6.5%; FY 26: 4.6%; FY 27: 4.4%

SOUTH CAROLINA PERSONAL INCOME

Actual, Estimate, and Trend

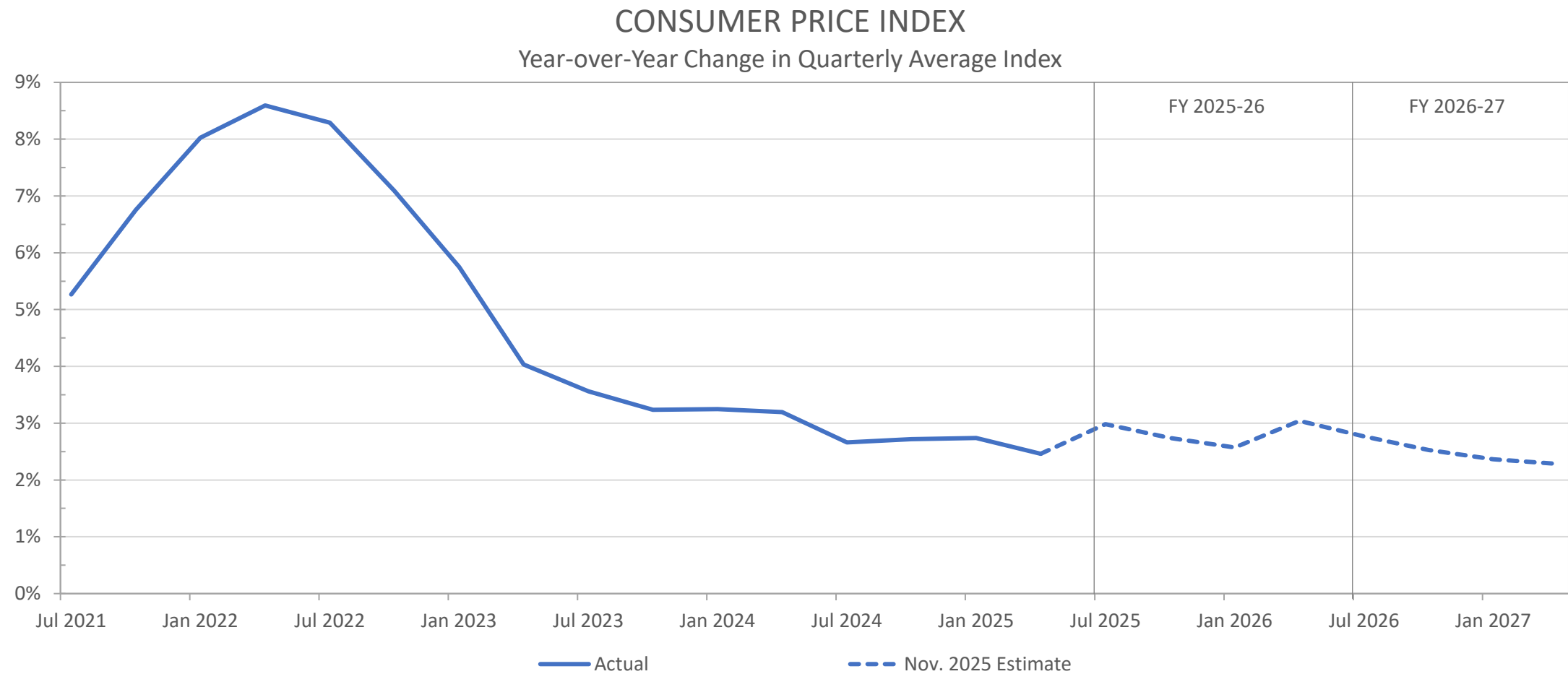


Source: U.S. Department of Commerce, Bureau of Economic Analysis; S.C. Board of Economic Advisors - RFA/kav/10/20/2025



Inflation – November 2025 Forecast

Inflation will remain above 2% - FY 25: 2.6%; FY 26: 2.8%; FY 27: 2.5%

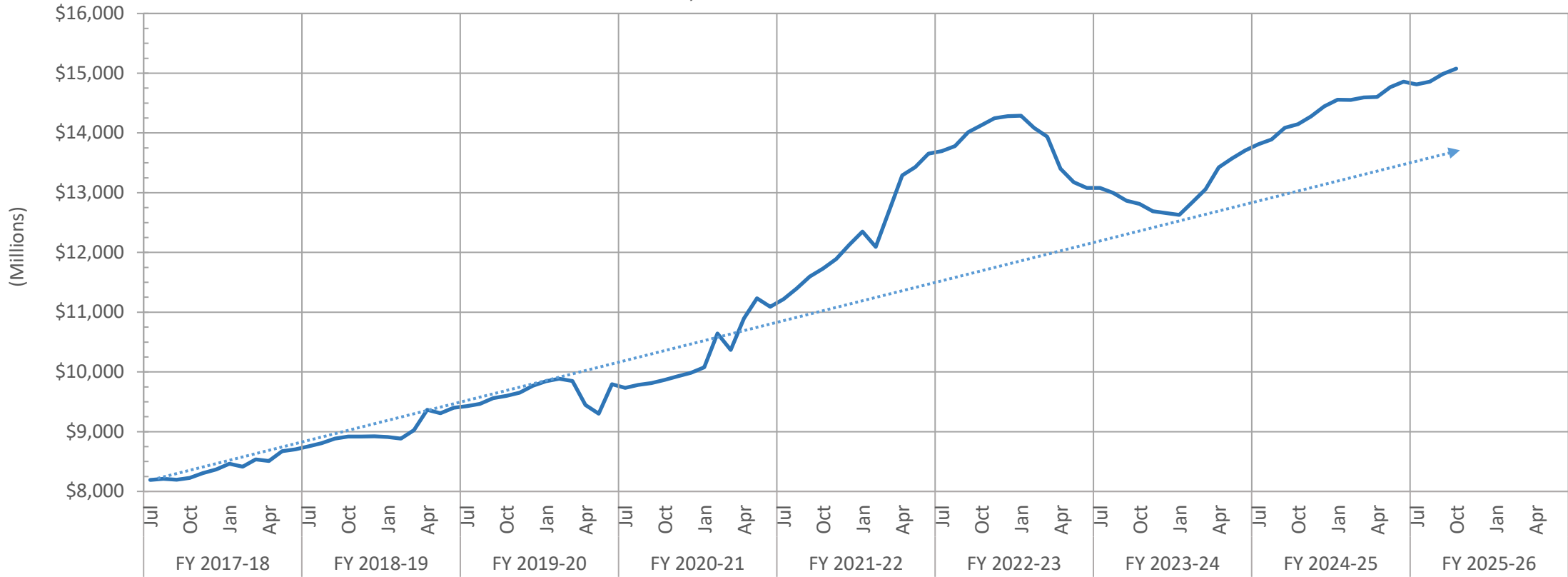


Source: Bureau of Labor Statistics, U.S. Department of Labor RFA/kv/10/20/2025

General Fund Revenue – Long-term Growth

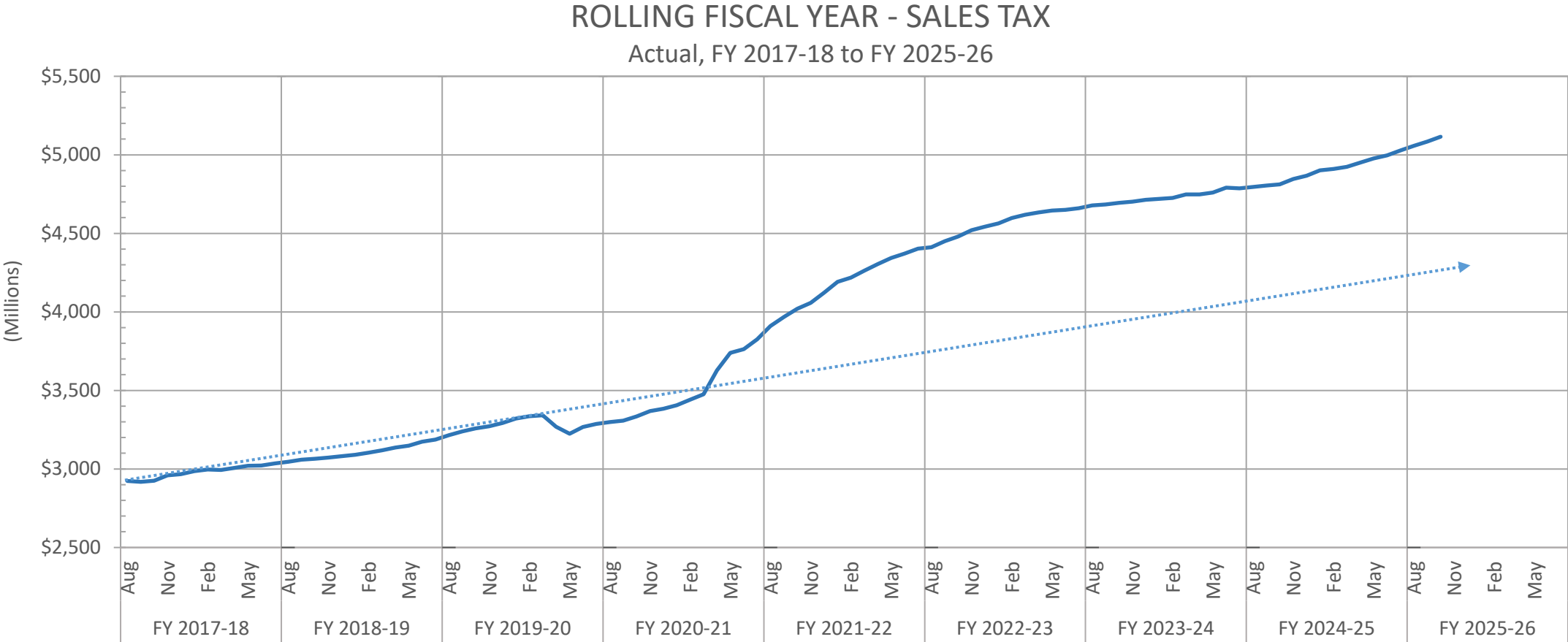
General fund growth has exceeded long-term trends in recent years but is expected to slow in FY 2025-26 and FY 2026-27 due to increasing uncertainty in the economy from tariff policy, interest rates, the federal budget, and other factors

ROLLING FISCAL YEAR - GENERAL FUND
Actual, FY 2017-18 to FY 2025-26



Sales Tax – Long-term Growth

Sales tax collections have increased dramatically since FY 2019-20; despite the recent uptick over the last 6 months, sales tax growth is expected to slow during FY 2025-26 and FY 2026-27

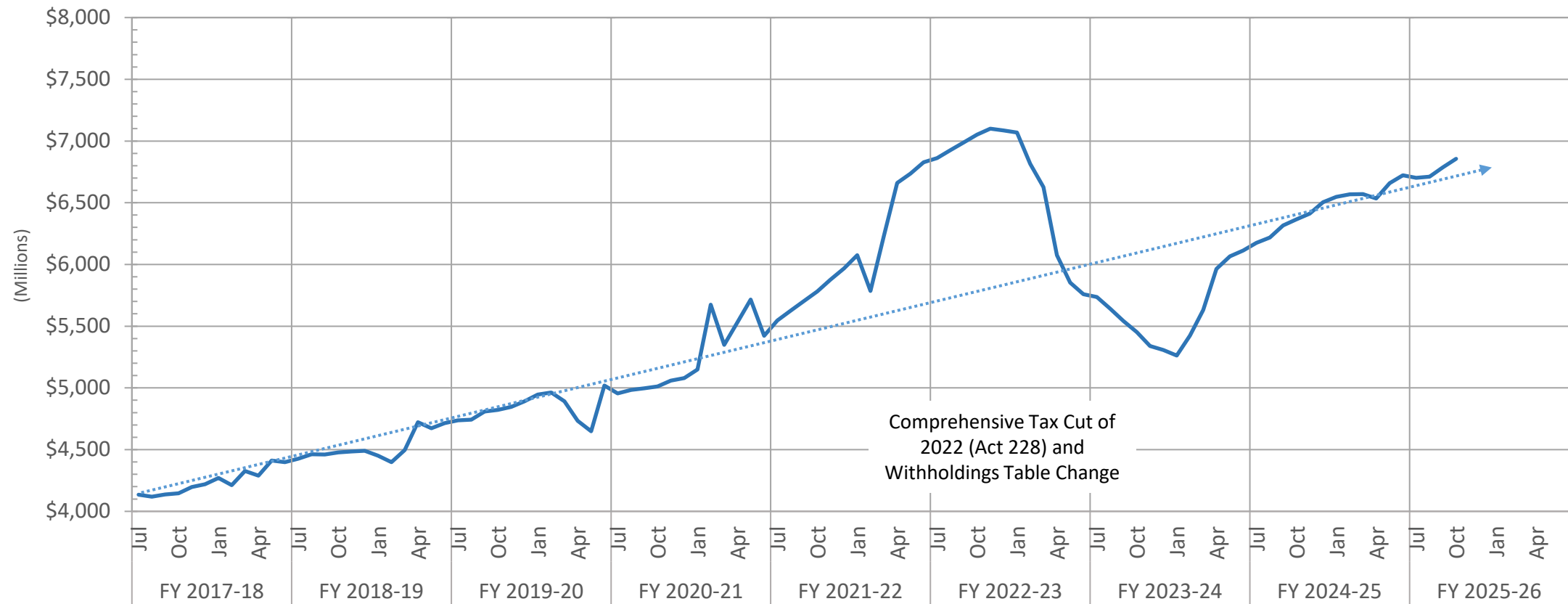


Individual Income Tax – Long-term Growth

Tax rate cuts have impacted income tax growth since FY 2022-23

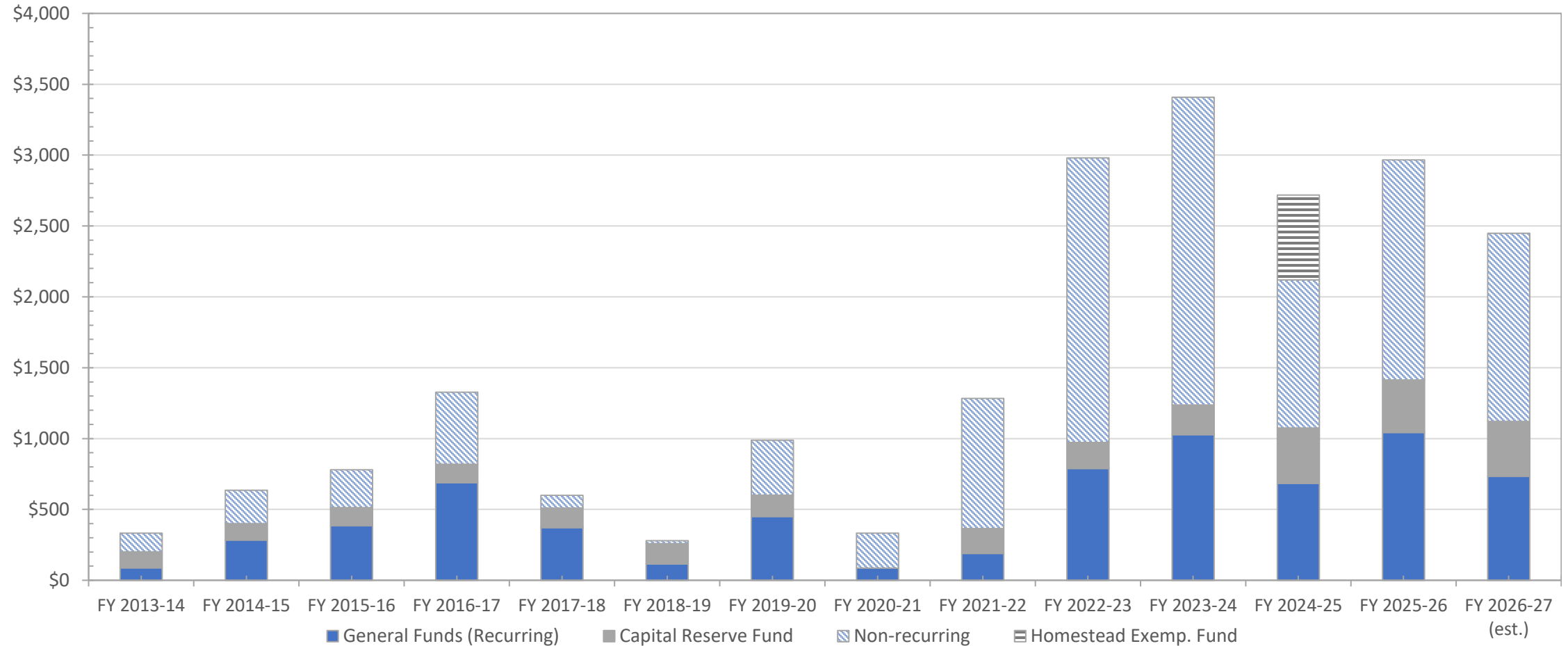
ROLLING FISCAL YEAR - TOTAL INDIVIDUAL INCOME TAX

Actuals and Estimates, FY 2017-18 to FY 2025-26



Revenue Available for Budget Process

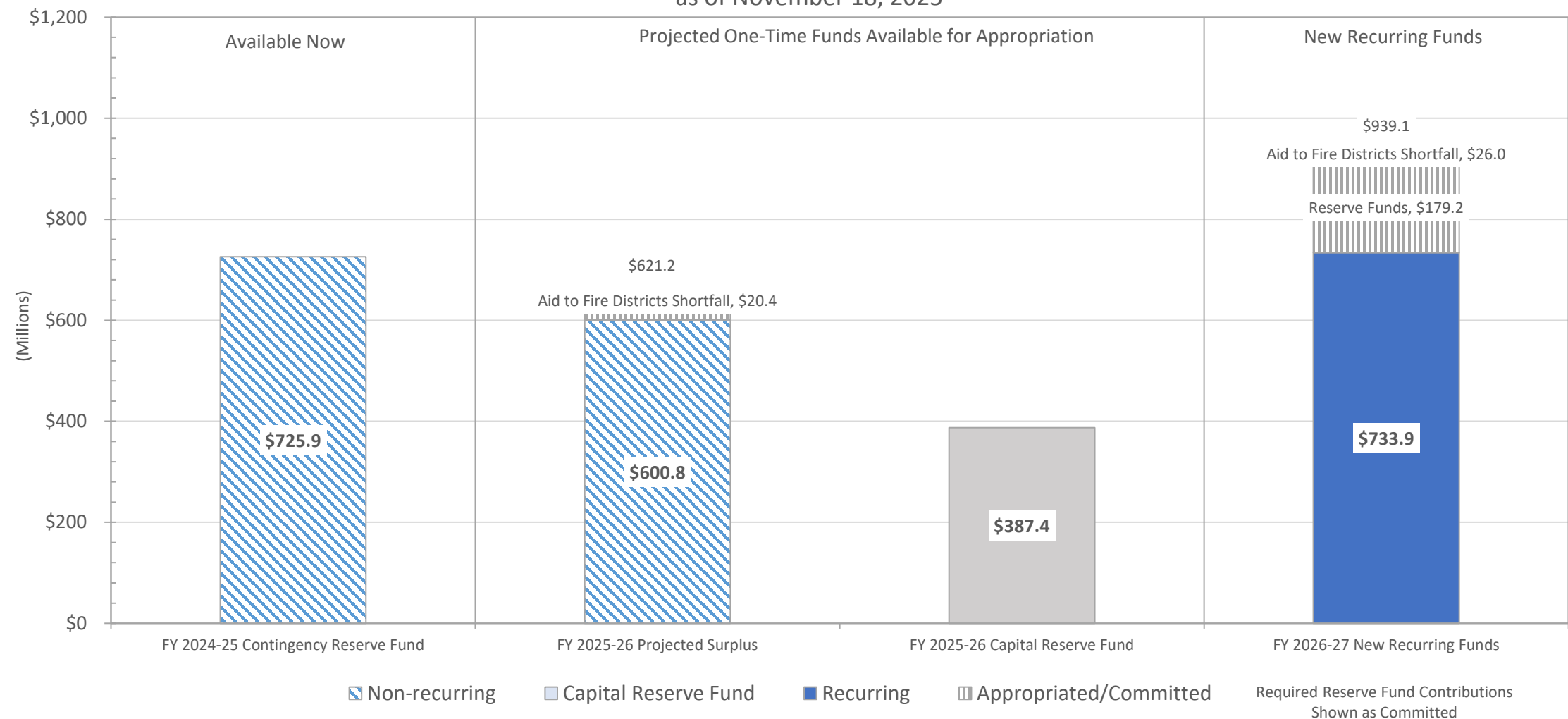
AVAILABLE "NEW" FUNDS BY BUDGET YEAR



Source: Revenue and Fiscal Affairs Office 333 - lhj/11/20/2025

FY 2026-27 Budget - Available Funds

AVAILABLE FUNDS - FY 2026-27 BUDGET PROCESS
as of November 18, 2025



Source: S.C. Revenue and Fiscal Affairs 297/RFA/11/18/2025

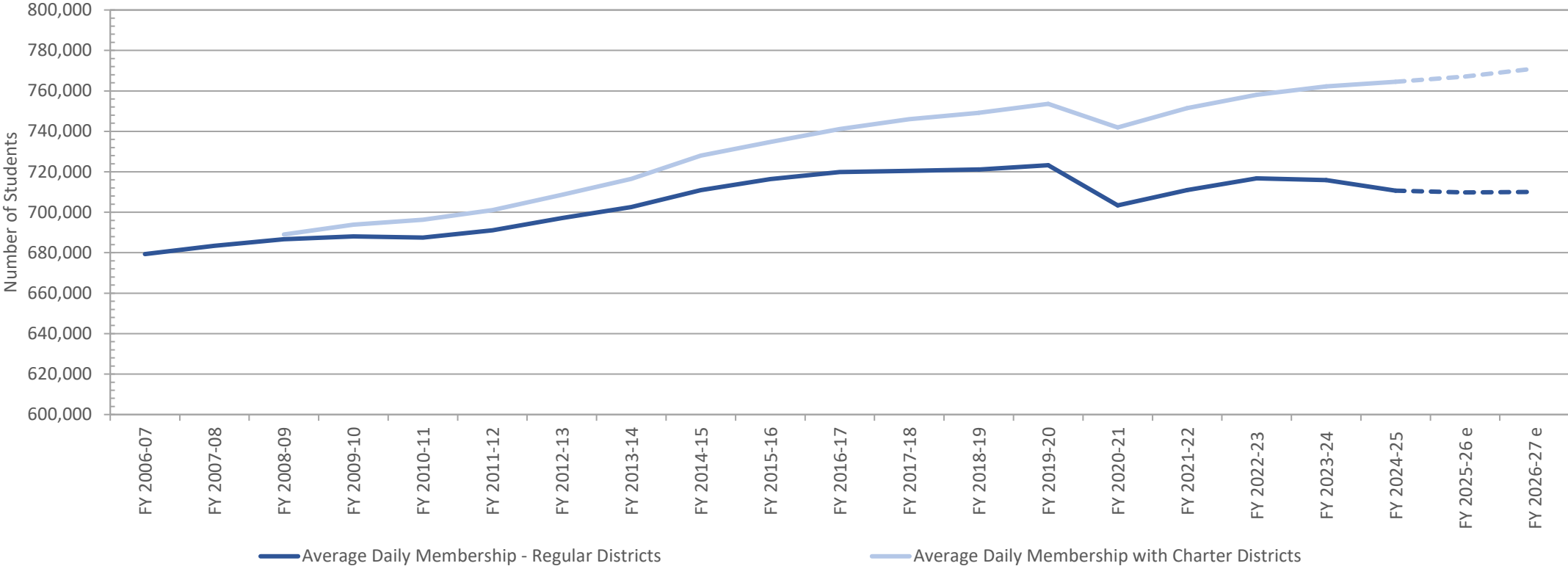
Education Funding



Student Growth - History

Growth in the charter school districts continues to outpace growth in the regular districts

STUDENT COUNTS – REGULAR DISTRICTS AND CHARTER DISTRICTS

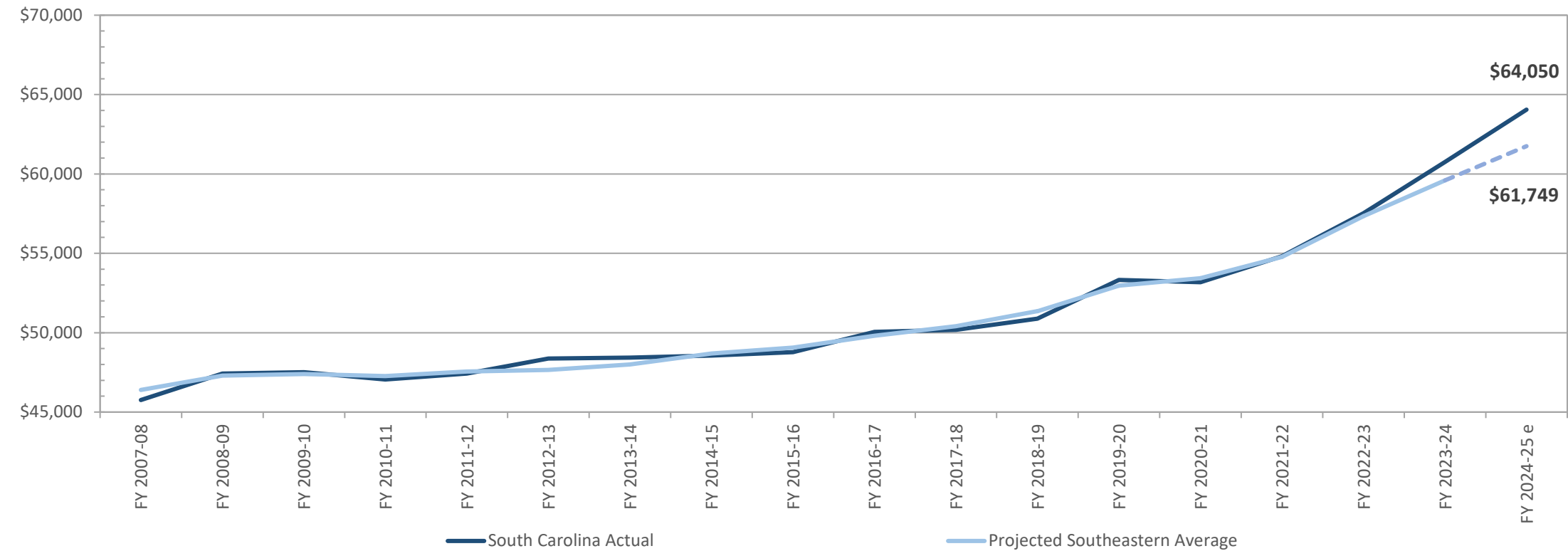


Note: Statewide charter districts include the S.C. Public Charter School District, the Charter Institute at Erskine, and the Limestone Charter Association.
Data Source: S.C. Department of Education, 135-day ADM counts; S.C. RFA FY 2025-26 and FY 2026-27 estimates. Source: S.C. Revenue and Fiscal Affairs Office - 301A - 9/9/2025

SC and Southeastern Average Teacher Salary

In FY 25, the average teacher salary in SC was about 3.7% higher than the SE average

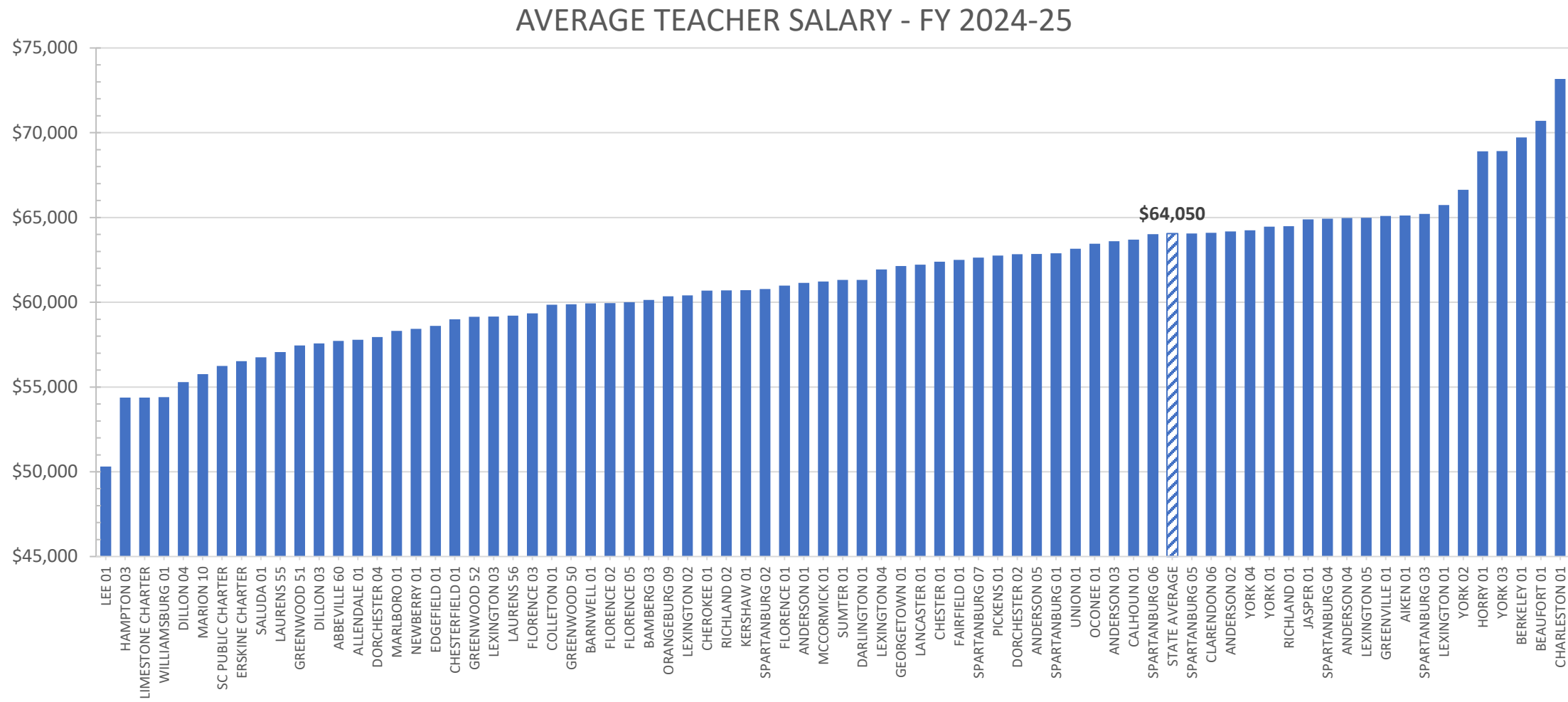
SOUTH CAROLINA AND SOUTHEASTERN AVERAGE TEACHER SALARY
Since FY 2007-08



Data Source: S.C. Department of Education, S.C. teacher salary; S.C. Revenue and Fiscal Affairs Office, Southeastern average salary estimates
Source: S.C. Revenue and Fiscal Affairs Office - 301 - 11/7/2025

Average Teacher Salary by District – FY 2024-25

Twenty districts paid more than the state average in FY 25

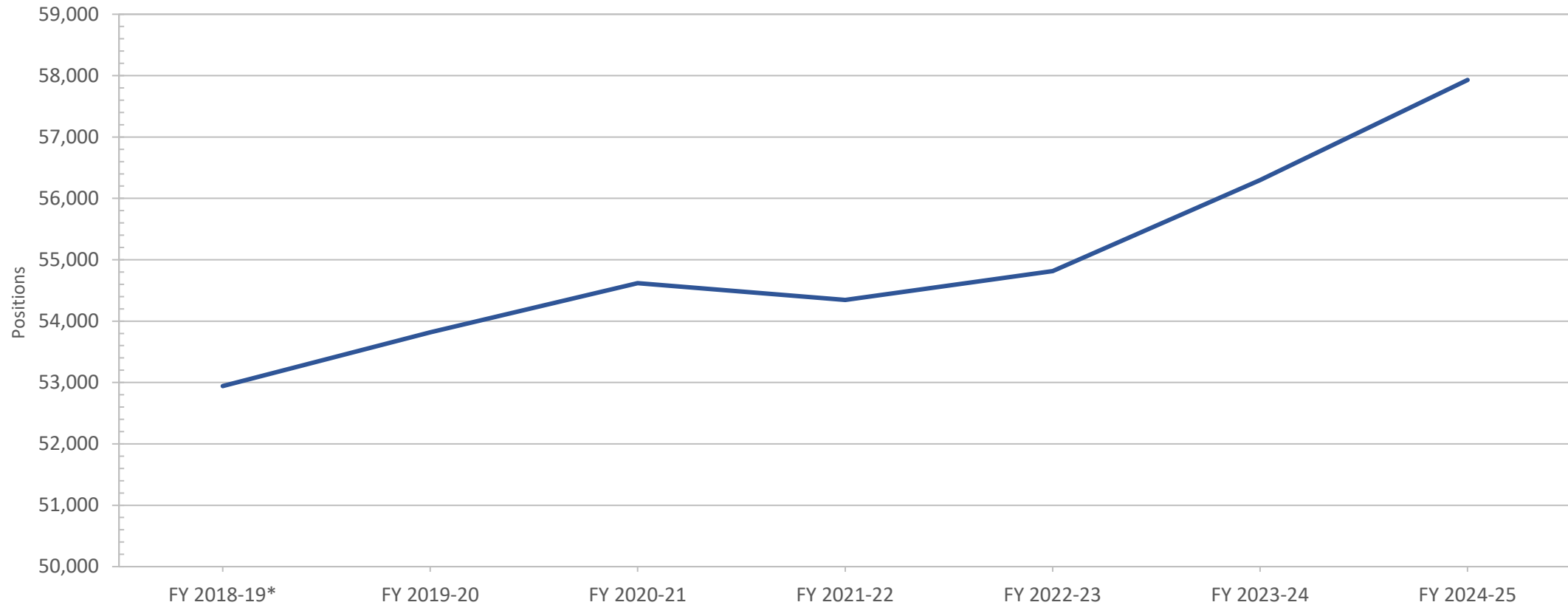


Data Source: : S.C. Department of Education, S.C. teacher salary; RFA 346 – 11/19/2025

Total Instructional Positions (as defined in Proviso 1.3)

The number of actual teachers and other instructional personnel increased 9.4% from FY 19 to FY 25 compared to 2% growth in students

TEACHERS AND OTHER INSTRUCTIONAL POSITIONS - (PROVISO 1.3)



Note: * - Number of Purchased-Service teachers estimated for FY 2018-19.

Data Source: S.C. Department of Education, 135-day student counts (includes regular and charter school districts) and SC Educator 135-day data (excludes prekindergarten/child development positions)

S.C. Revenue and Fiscal Affairs Office - 373/lpw/11/10/2025

State Aid to Classrooms: Review of Student Weights and Alignment of Funding with Student Enrollment

- RFA developed the SAC report required by Proviso 1.3 of FY 2025-26
- The report provides the following information:
 - An overview of the SAC formula and current funding
 - An analysis of current issues and observations regarding student weights and the alignment of funding with enrollment
 - Recommendations regarding student weights and ways to improve the alignment of the distribution of funding with enrollment and provide more consistent distributions
- The proviso and the report do not analyze directly total funding or other appropriations or the total scope of education funding; the report focuses on student weights and the distribution of funding under the current SAC formula

State Aid to Classrooms Report – Guiding Principles

The analysis of the student weights and distributions in the report is centered on several general principles:

- Maximizing property tax equity in allocations through more consistent application of weights and greater consideration for the relative wealth of a district's local property tax base
- Simplifying the use of weights in order to reduce the burden on districts, impact of errors, or influence of local preferences
- Adding more clarity and certainty to the budget process for districts
- Working within existing resources while recognizing the practical impact of significant changes in funding to school districts

Report Recommendations

- (1) Consider reducing the number of weight categories for reporting simplicity and to reduce the impact of local decisions
- (2) Career and Technology – Allocate funding for equipment and other resources generated by the extra 0.2 weight above the base 1.0 weight separately through the Career and Technology Education line-item appropriation
- (3) Consolidate the Limited English Proficiency, Gifted and Talented, and Academic Assistance weight funding by increasing the K-12 base weight (and weight for students currently in the CTE category)
- (4) Separate the funding for charter district brick-and-mortar and virtual weights
- (5) Continue to fund the state and local share to charter districts
- (6) Distribute all funding through the formula
- (7) Include health insurance allocations in the formula
- (8) Allocate funding based on prior year student count
- (9) Update hold harmless year

Questions?

