

MEMORANDUM FOR THE RECORD

DATE: November 9, 2017
Room 417, Dennis Building
2:00pm

SUBJECT: Minutes of Board of Economic Advisors Meeting

ATTENDEES: *Board Members* –Edward Grimball-Chairman, Howell Clyborne, Emerson Gower, *Executive Director*, Frank Rainwater; *Staff* – Robert Martin, Karen Rhinehart, Lisa Jolliff, Les Boles, Jake Scoggins, Allyn Powell, Paul Athey, David Patterson, Mary Katherine Gable. *Guests* – Brian Gaines, Kevin Ethridge (Executive Budget Office), Angela Graham, Kevin Kibler (Treasurer’s Office), Richard Eckstrom, Michael Moore (Comptroller General’s Office), Jay Wolfe (Governor’s Office), Lisa Catalanotto (SFC), Katie Turner, Daniel Boan (WMC), Meredith Cleland, Tim Derrick (DOR), Susan Turkopuls (SC Assoc of Counties).

Press: Maayan Schechter – The State

1. Chairman Grimball welcomed everyone to the meeting at 2:01pm.
2. Frank Rainwater and Robert Martin presented revenue estimate updates. (See Attached)
~Mr. Martin summarized the information shared at the recent Regional Advisory Committee Meeting in October and provided forecast assumptions and recommendations concerning the FY 2017-18 and FY 2018-19 revenue estimates which were then discussed.
~Mr. Rainwater mentioned that of the three scenarios presented, the staff was recommending the selection of Scenario B with a 4.25 percent personal income growth and 4.1 percent General Fund revenue growth. The staff also asked for technical authority to adjust individual estimates without affecting the total.
~Through the first quarter of FY 2017-18, revenues were \$29.0 million below expectations. Given this current shortfall and economic assumptions from the regional meeting, the staff was concerned about a possible shortfall in the current year of \$45.8 to \$64.3 million. The staff recommendation, however, was to take no official action at this time but to monitor this situation and see if an improvement would occur over the holiday shopping season. The staff also advised that a formal action by the Board would trigger an automatic across-the-board budget cut and the legislative budget chairmen and Governor all expressed a preference to deal with any shortfall during the legislative session as more options could be considered, if necessary. For FY 2018-19, the staff

recommended using a lower base in projecting next fiscal year's revenue. This lower base would be the FY 2017-18 estimate less \$45.8 million.

~Mr. Grimball asked if there was a motion to adopt the recommendation.

~Mr. Rainwater asked if the Working Group Members had any comments.

~Mr. Eckstrom, the Comptroller General, recommended waiting on action by the General Assembly before adopting a lower revenue growth estimate. Mr. Rainwater responded that if the Board were to lower the estimate by less than 3%, under current law, Brian Gaines in the Executive Budget Office would need to proceed with an immediate across-the-board budget cut. If the percentage were more than 3%, the General Assembly would have 20 days to act; if they do not act, Mr. Gaines would need to proceed with the across-the-board cut. Mr. Eckstrom replied things should be fine as long as the Board and the General Assembly discuss the matter.

~Mr. Gower motioned to proceed and accept the staff recommendation; Mr. Clyborne seconded the motion. All voted aye and the revenue estimate was adopted.

~Regarding consideration of the Long-Range Estimate, Mr. Clyborne motioned and Mr. Gower seconded the motion to accept the Long-Range Estimate which is subject to final approval by the Chairman. All voted aye.

~Mr. Rainwater mentioned that a press release would be issued regarding these two items.

There were no other questions or comments from the Members or Working Group.

Mr. Clyborne motioned to adjourn the meeting and Mr. Gower seconded this. All voted aye and the meeting adjourned at 2:48pm.

The next scheduled meeting is Thursday, December 14, 2017.

Attachments: Agenda, Meeting Materials

Public Notice of this meeting was posted at <http://www.rfa.sc.gov/calendar>

These minutes were approved on 2/15/18.

Karen Rhinehart

Karen Rhinehart