

SC ECONOMIC AND FISCAL OUTLOOK FY 2021-22 AND FY 2022-23

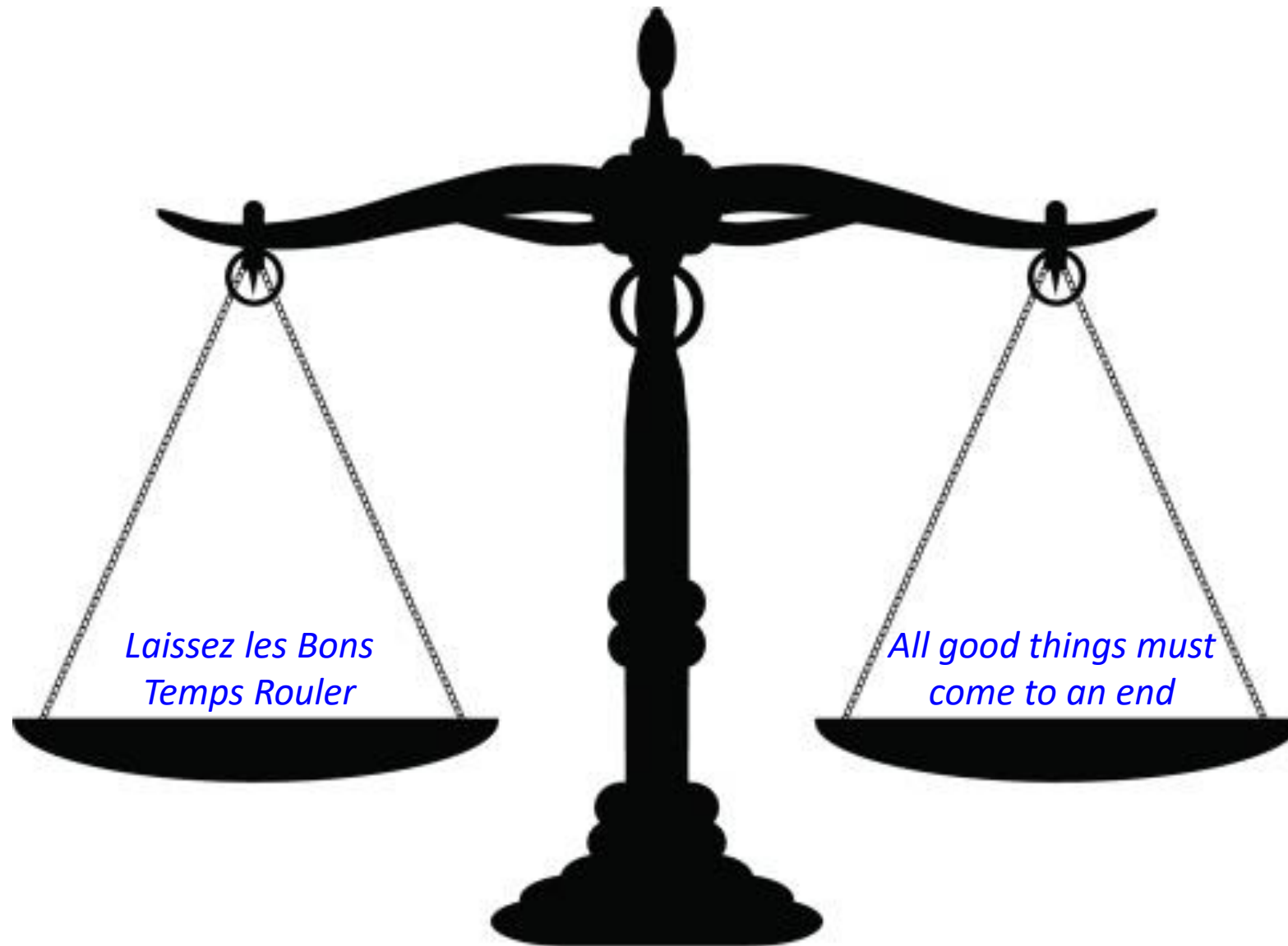


Presented to
South Carolina Senate Finance Committee

April 12, 2022

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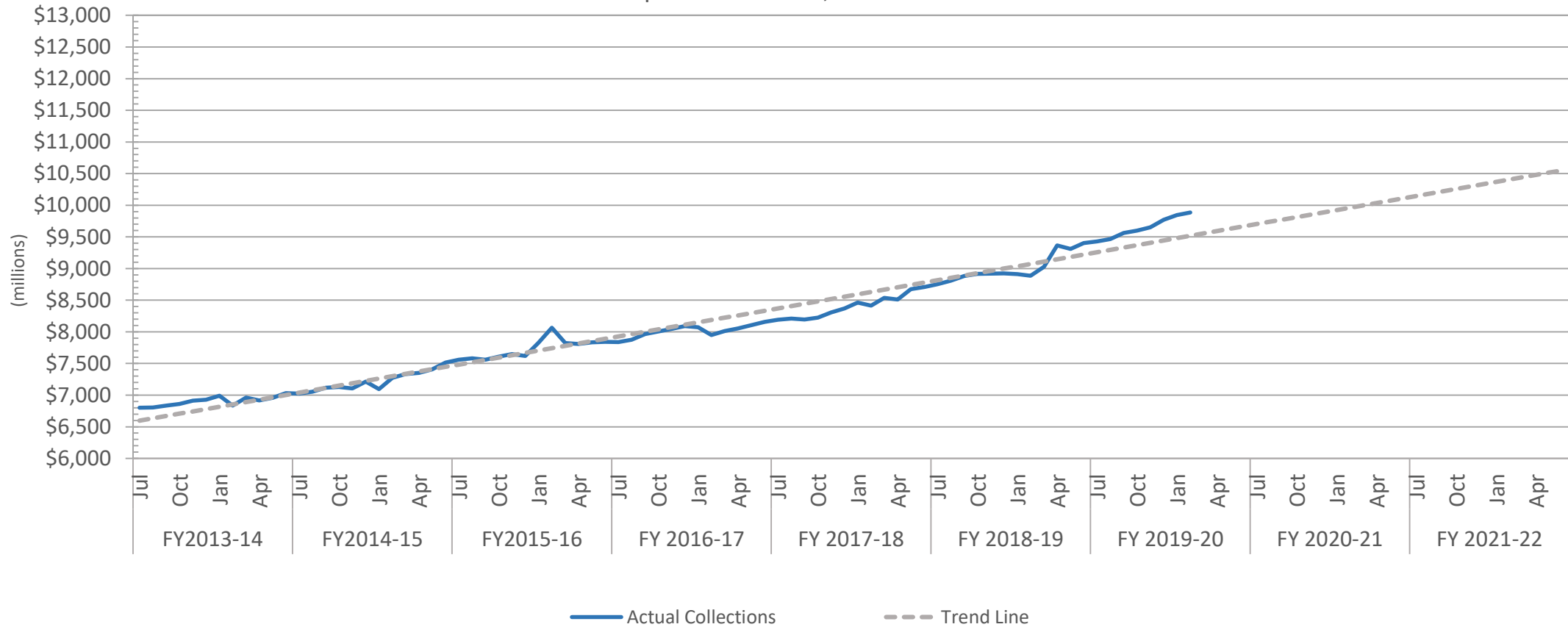




February 2020 - Pre-pandemic

General Fund revenues were slightly above the long-term trend

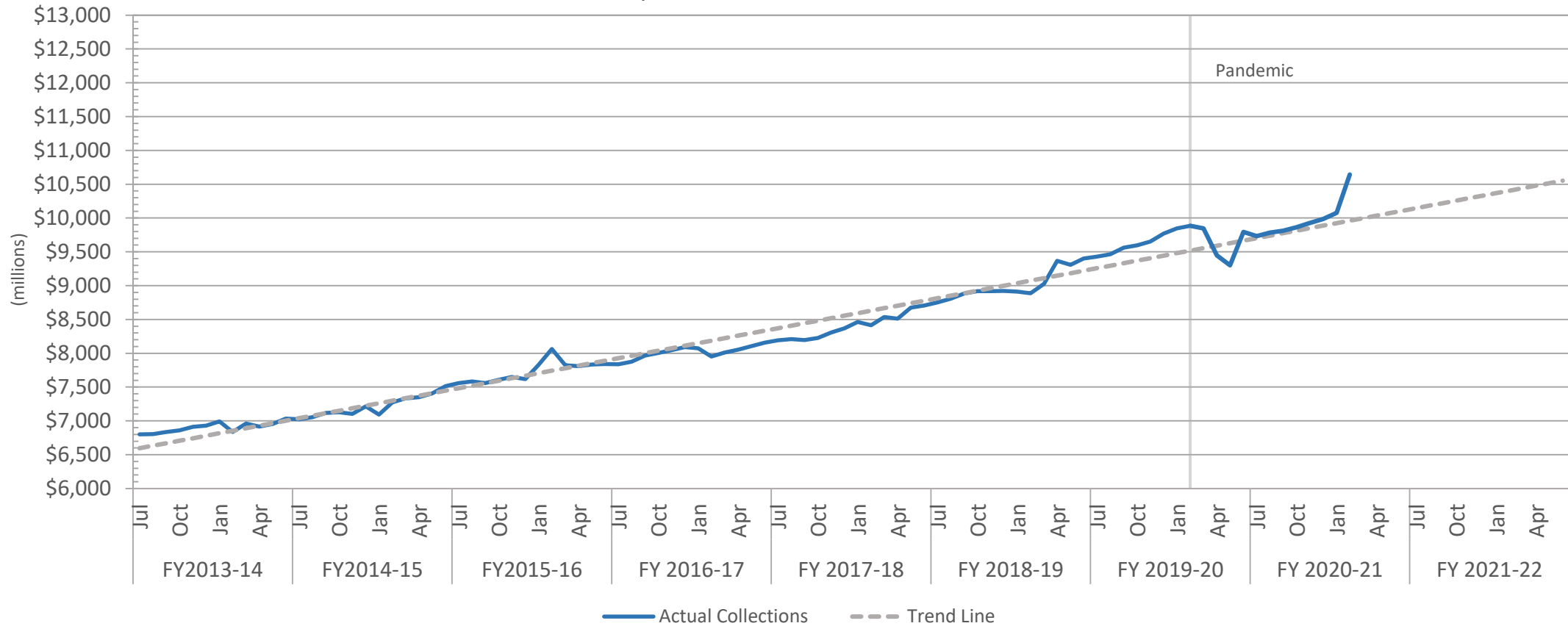
ROLLING FISCAL YEAR - GENERAL FUND
Actual and Pre-pandemic Trend, FY 2013-14 to FY 2021-22



February 2021 - One Year into the Pandemic

General Fund revenues were within the long-term trend

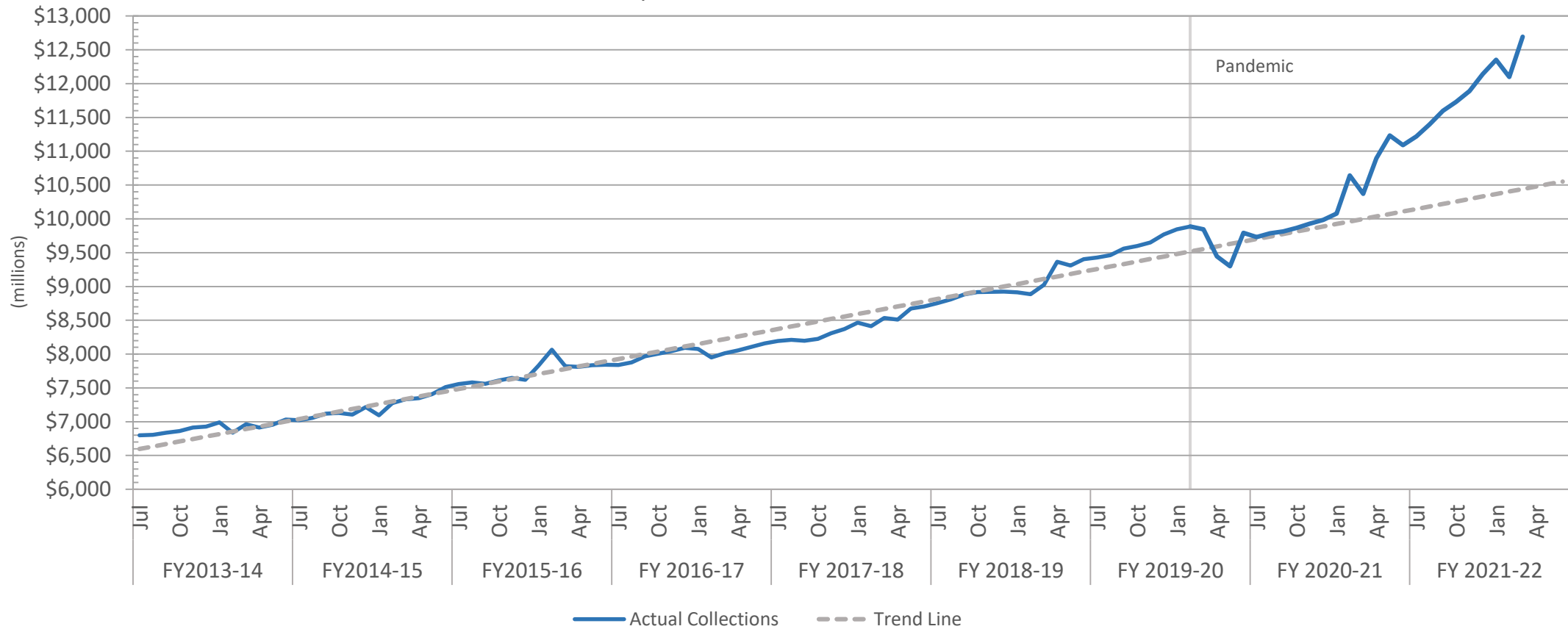
ROLLING FISCAL YEAR - GENERAL FUND
Actual and Pre-pandemic Trend, FY 2013-14 to FY 2021-22



February 2022 – Two Years into the Pandemic

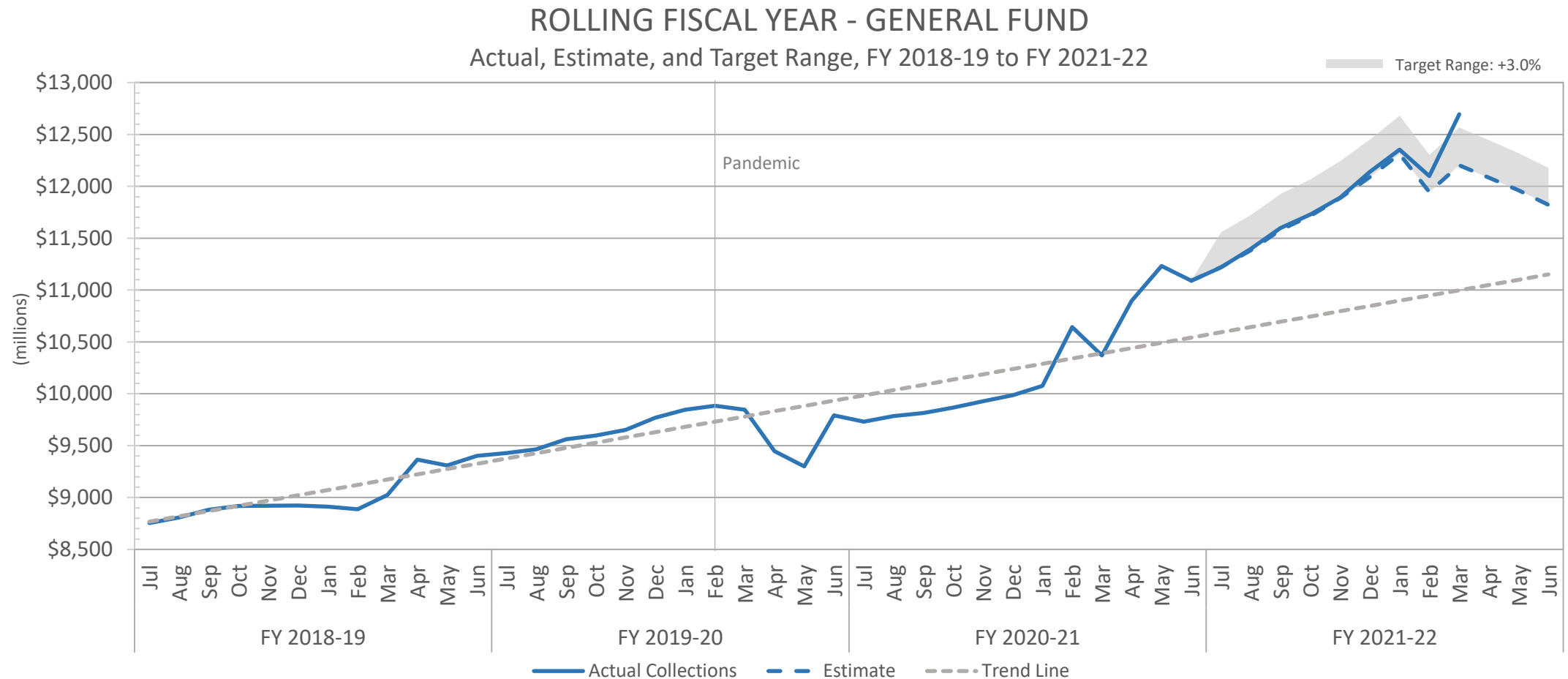
General Fund revenues are significantly above the long-term trend

ROLLING FISCAL YEAR - GENERAL FUND
Actual and Pre-pandemic Trend, FY 2013-14 to FY 2021-22



General Fund Revenue – Actual vs. February Estimate

Through March 2022, FY 22 revenues grew 21.8% over last year; the forecast anticipates a return to a longer-term trend over time



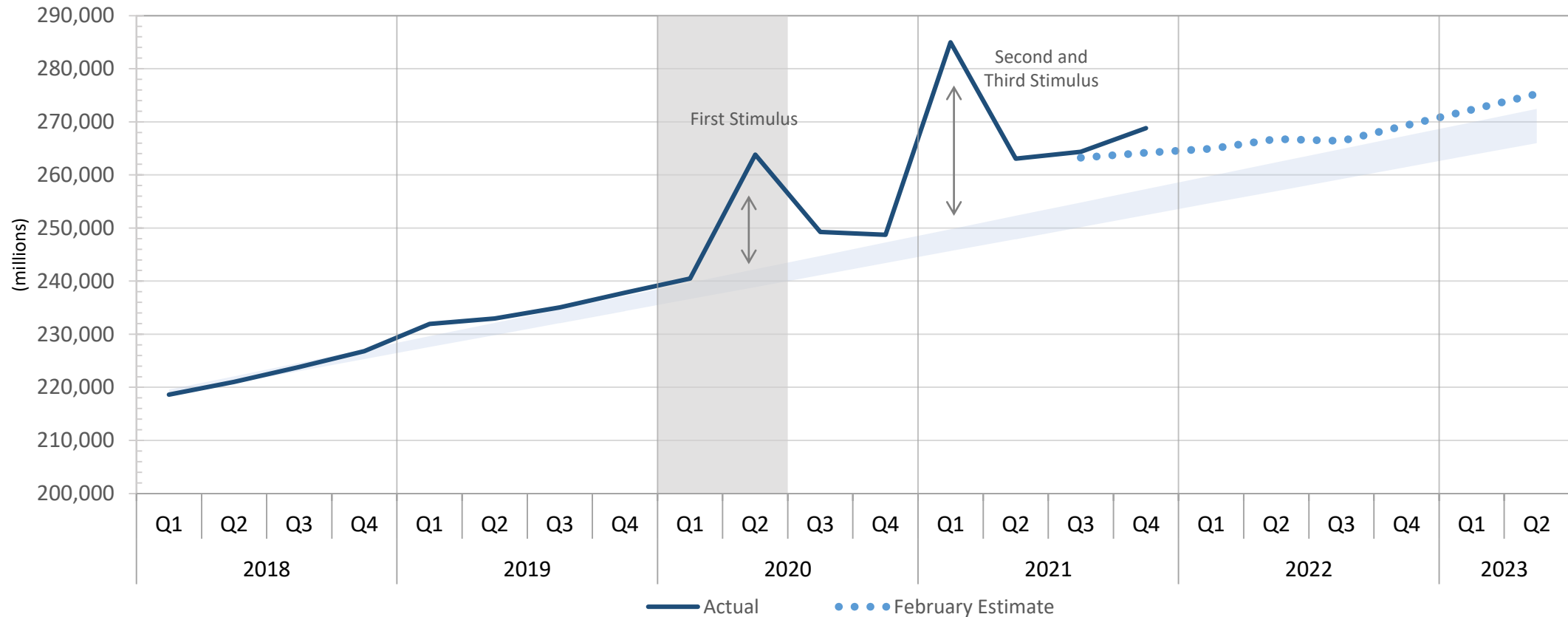
SC Personal Income

Personal income remains above the historical trend; wage growth will likely keep it above trend

SOUTH CAROLINA PERSONAL INCOME

Actual, Estimate, and Trend

Historical Trend Range:
5-year (top) to 10-year (bottom)

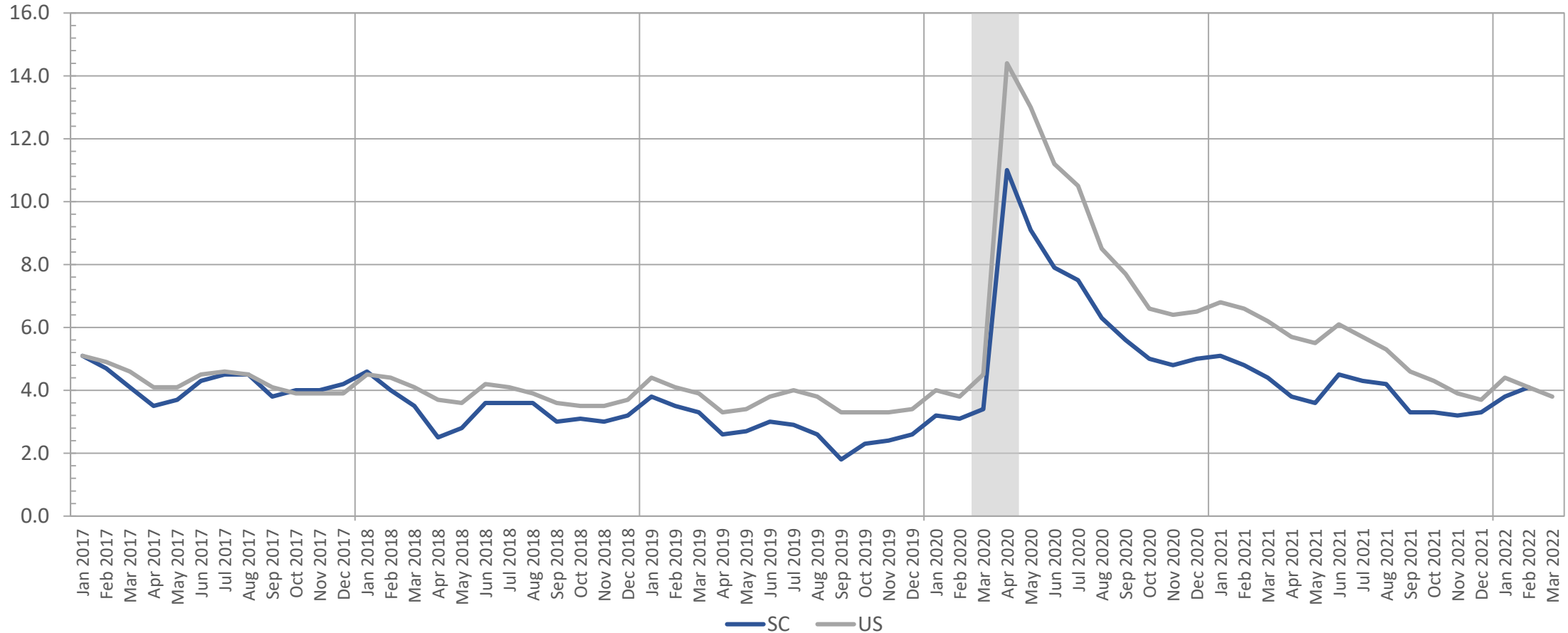


Data Source: U.S. Department of Commerce, Bureau of Economic Analysis; S.C. Board of Economic Advisors – RFA/bdc/3/28/2022

SC Unemployment Rate

SC's unemployment rate increased to 4.1% in February despite employment growth due to an increase in people in the labor force

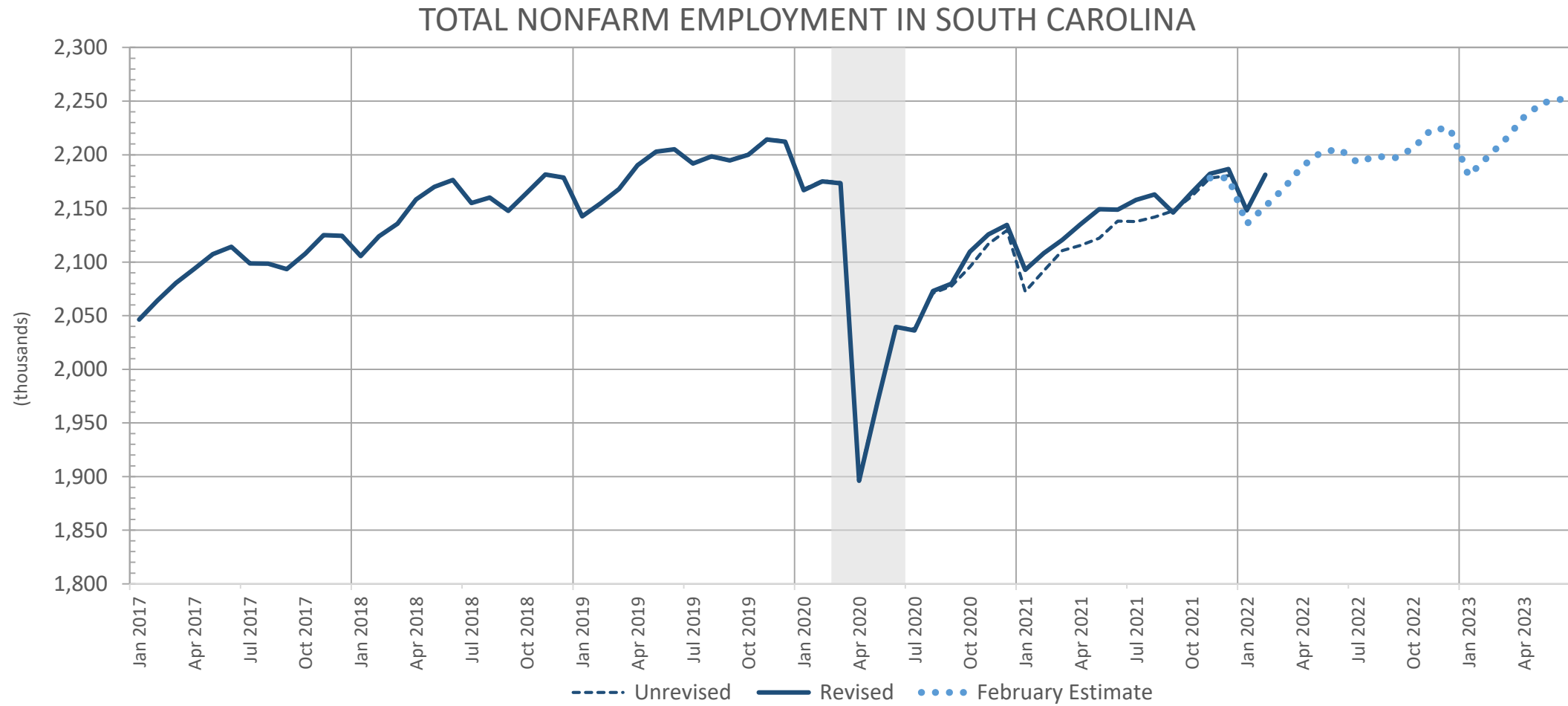
UNEMPLOYMENT RATE



Source: U.S. Department of Commerce, Bureau of Labor Statistics 129--RFA/lhj/04/08/2022

SC Employment

February experienced strong job growth; employment rose above pre-pandemic levels



Source: U.S. Department of Labor, Bureau of Labor Statistics 60-RFA/bdc/3/28/2022

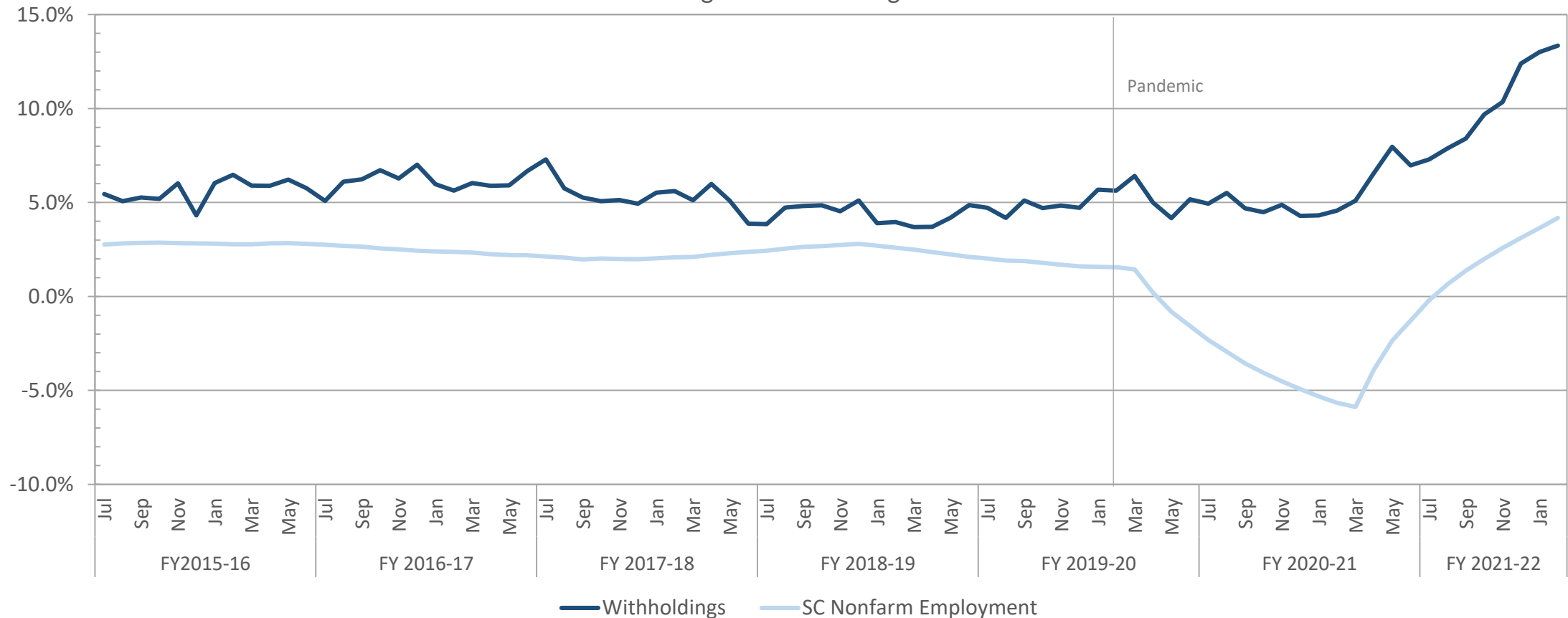


Growth in SC Employment and Withholdings

Growth in Withholdings diverged from historical relationships during the pandemic; accelerated growth continuing due to labor shortage

WITHHOLDINGS AND EMPLOYMENT PERCENT CHANGE

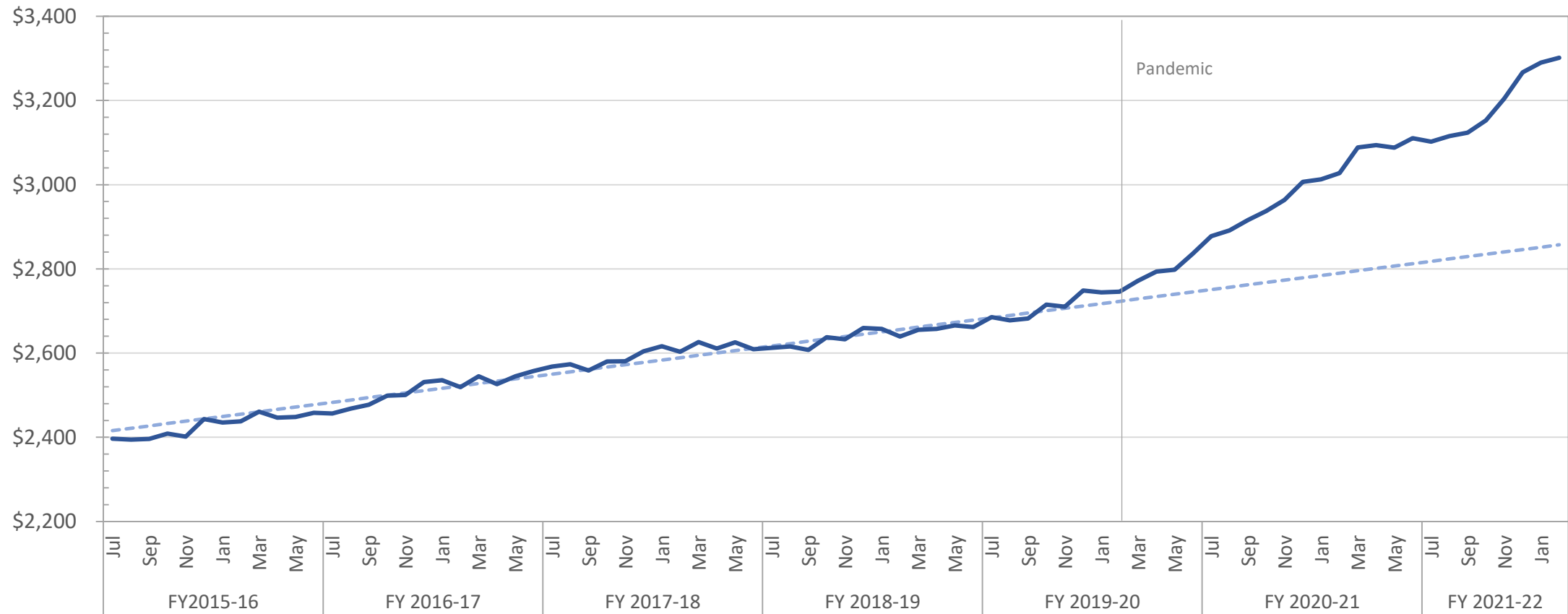
Rolling Year over Rolling Year



Withholdings Amount per Employee

Significant growth above trend stems from wage inflation and loss of lower wage jobs

AVERAGE YEARLY WITHHOLDINGS PER NONFARM EMPLOYEE



Source: U.S. Department of Labor, Bureau of Labor Statistics; Revenue and Fiscal Affairs 308C-RFA/bdc/4/4/2022



US Unemployed Persons per Job Opening

There are currently more job openings than unemployed persons; the tight labor market continues to drive up wages

US UNEMPLOYED PERSONS PER JOB OPENING



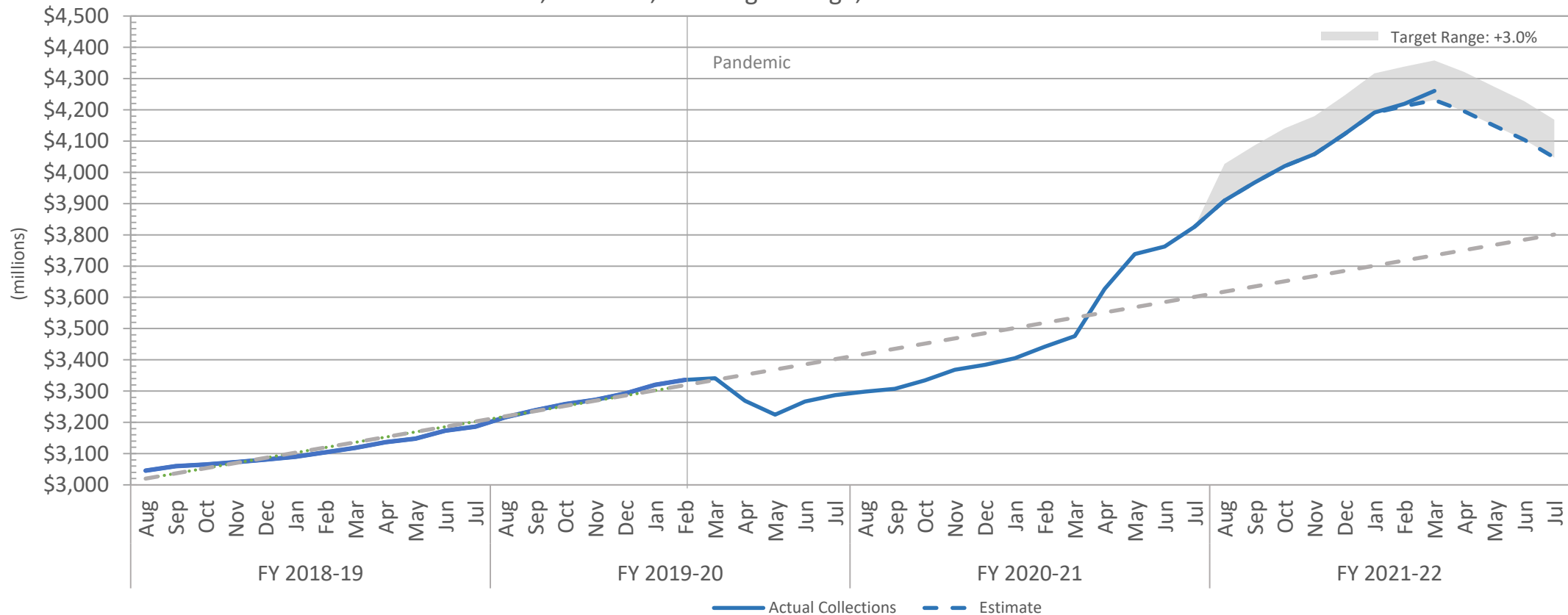
Source: U.S. Bureau of Labor Statistics, CPS and JOLTS; 259A - RFA/bdc/4/7/2022



Sales Tax - Actual vs. Estimate

Collections are well above long-term trend, and February and March were slightly above expectations; the estimate expects a return to trend over time

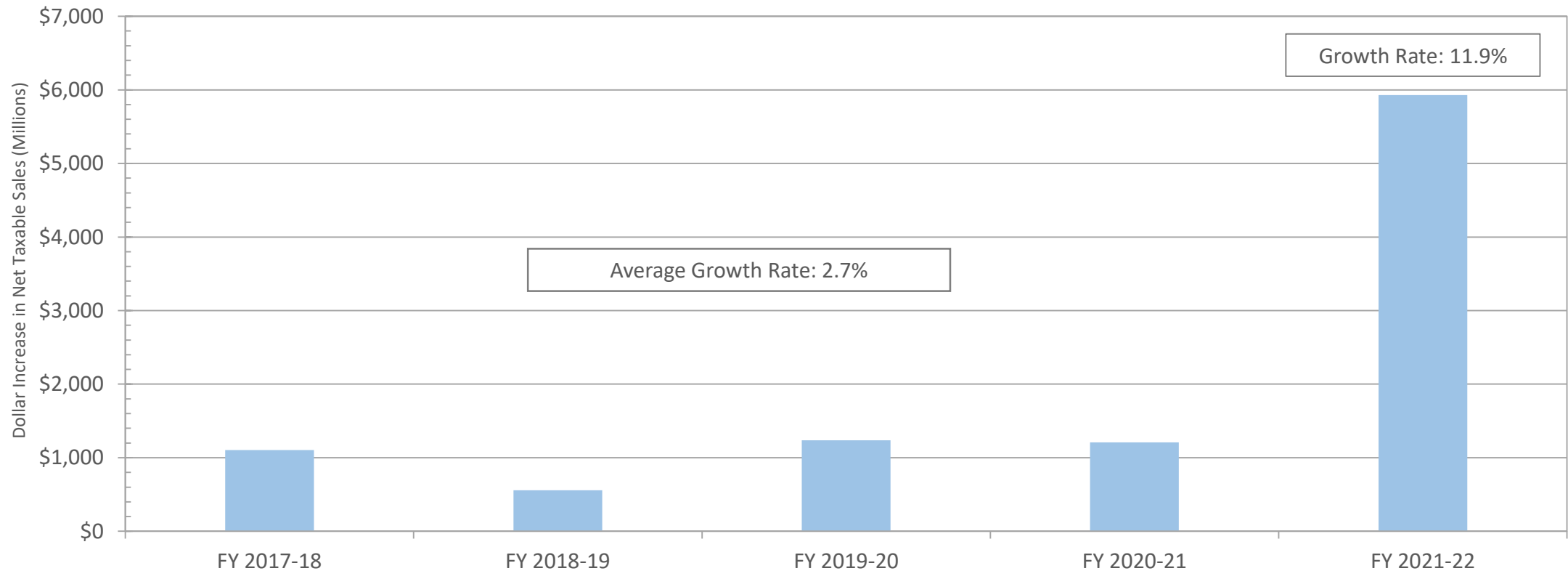
ROLLING FISCAL YEAR - SALES TAX
Actual, Estimate, and Target Range, FY 2018-19 to FY 2021-22



SC Consumer Spending

Net taxable sales in the first half of FY 22 have grown nearly four times the average rate

CHANGE IN NET TAXABLE SALES BY FISCAL YEAR
July through January



Source: South Carolina Department of Revenue, nmg/3/30/2022

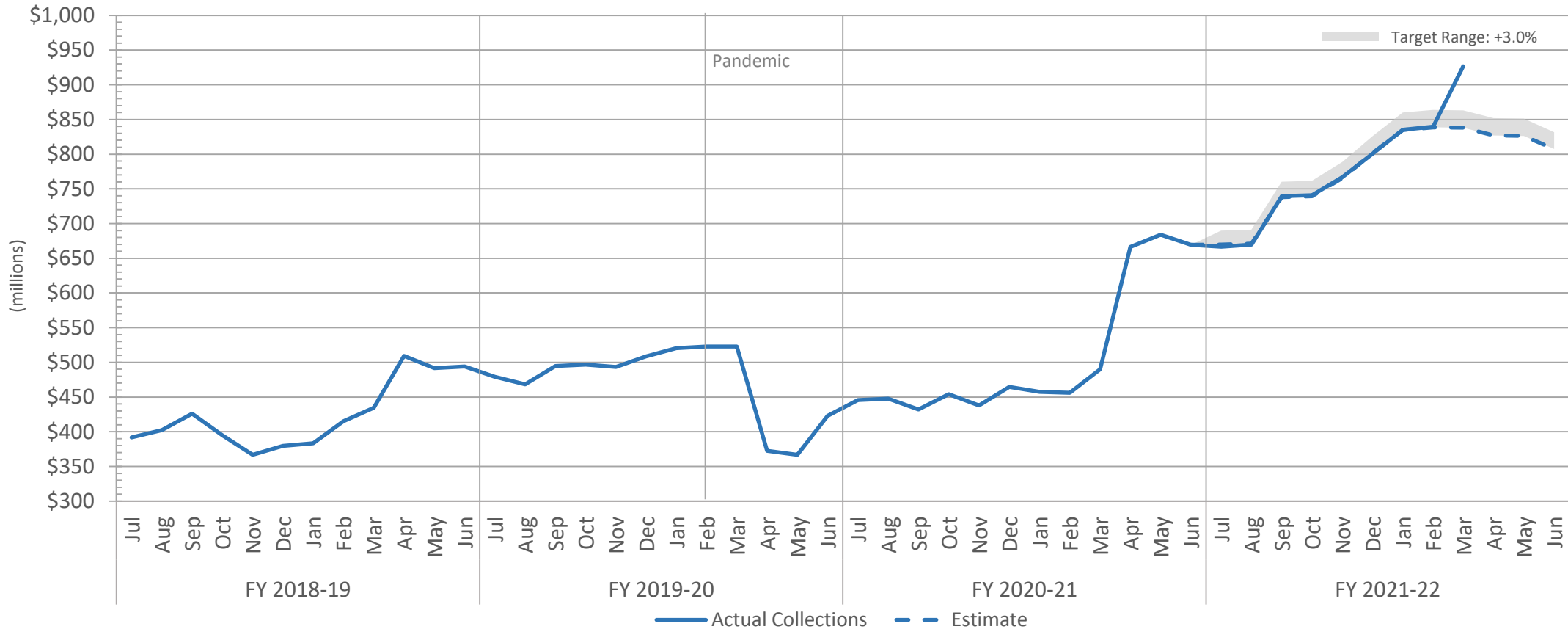


Corporate Income Tax - Actual vs. Estimate

FY 22 revenues are significantly higher than historical levels; March collections exceeded expectations even more

ROLLING FISCAL YEAR - CORPORATE INCOME TAX

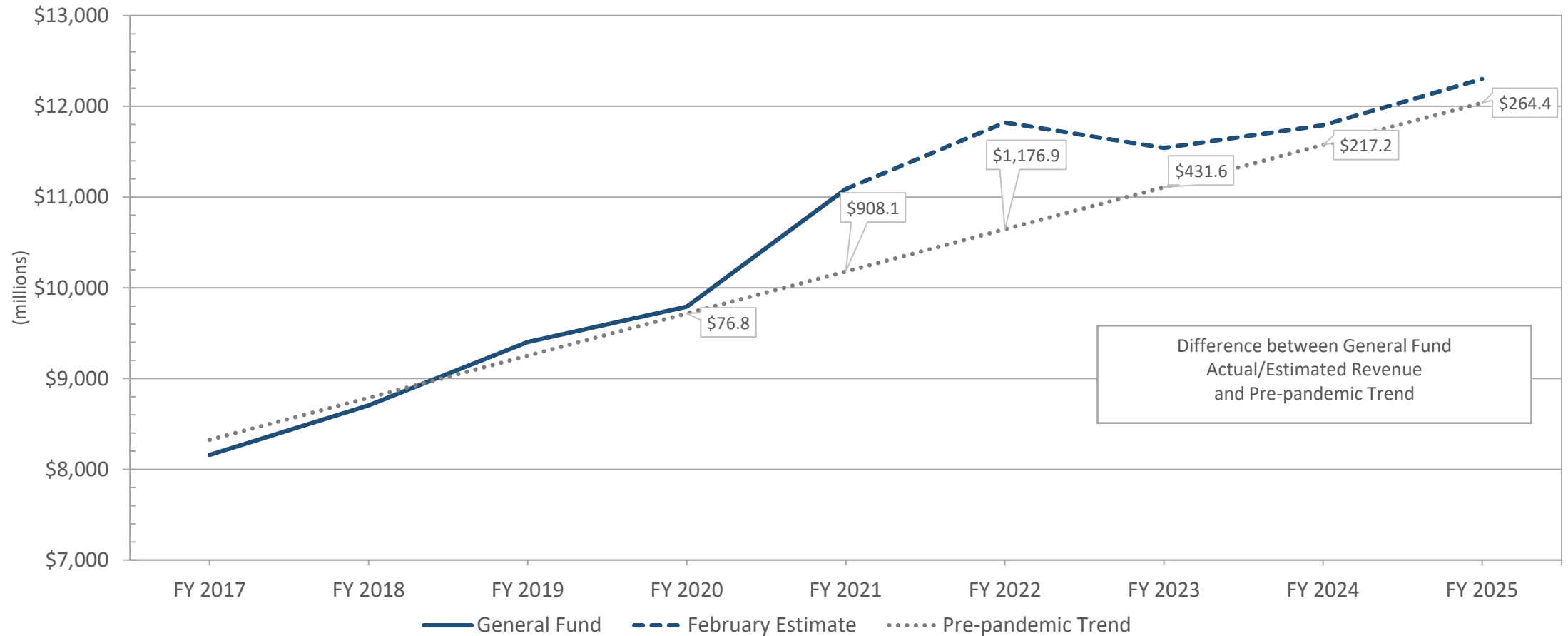
Actual, Estimate, and Target Range, FY 2018-19 to FY 2021-22



Estimated Effects of Stimulus and Other Pandemic-Related Activity

General Fund projections are above the historical trend prior to the pandemic

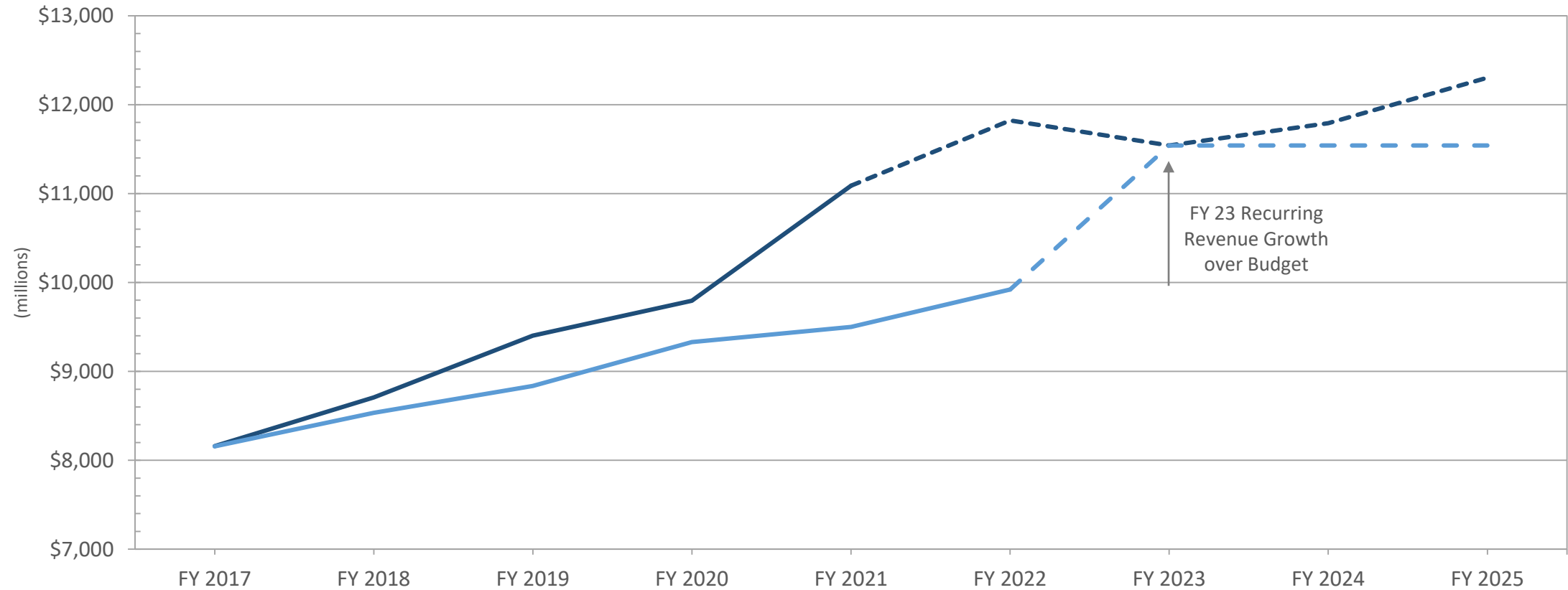
COMPARISON TO PRE-PANDEMIC TREND
General Fund Trend from FY 2014-15 to FY 2018-19



Long-Term Revenue and Budget Outlook

FY 23 Budget is benefitting from prudent budgeting early in the pandemic and a spike in revenue growth; long-term forecast assumes return to normal trend

GENERAL FUND REVENUE AND BUDGET OUTLOOK



February 2022 estimates; Gross Budget includes Tax Relief Trust Fund

— General Fund — Gross Budget

Available Funds – FY 2022-23 Budget Process

AVAILABLE FUNDS - FY 2022-23 BUDGET PROCESS
as of February 15, 2022

