

# SOUTH CAROLINA DEMOGRAPHICS: CHANGES AND CHALLENGES

Presented to

## SC Chamber of Commerce Tax Committee

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# SC Population Trends

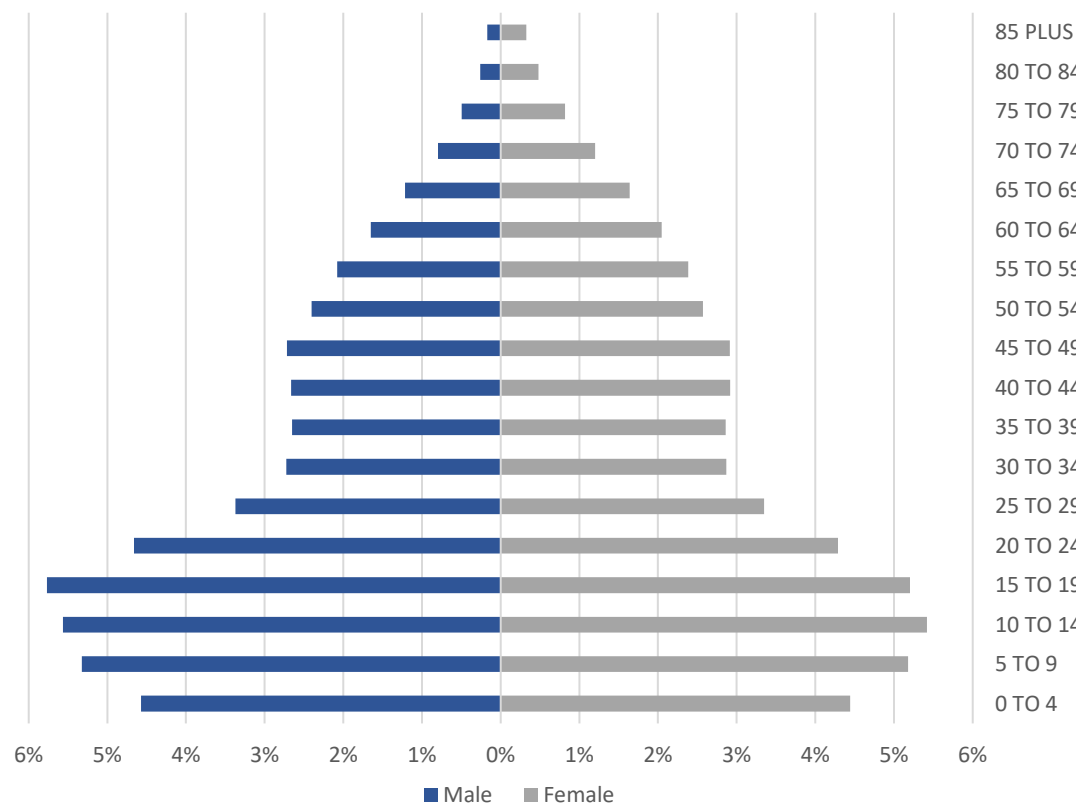
**“Economics is extremely useful as a form of employment for economists.”**

**- John Kenneth Galbraith**

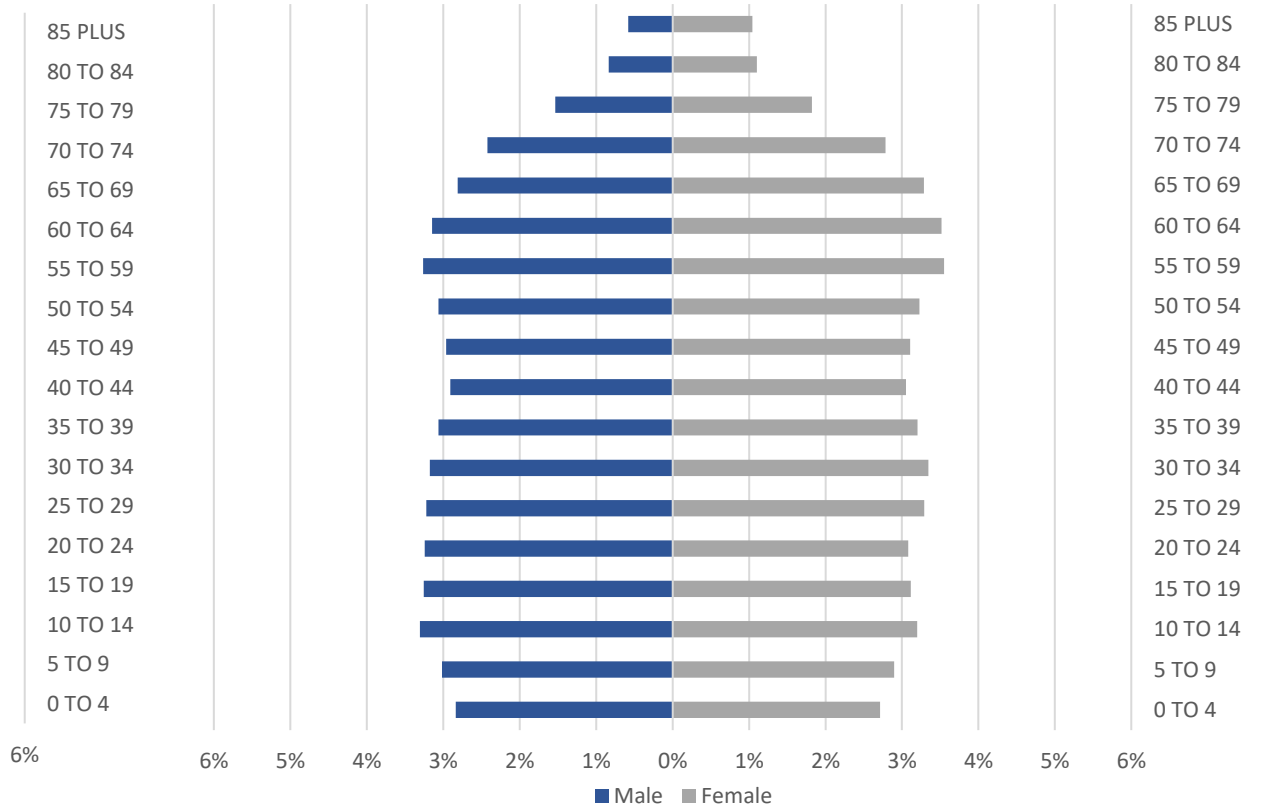
# SC Population Pyramid

The age distribution of the state's population has shifted dramatically since 1970; the median age has increased from 24 in 1970 to 40 in 2020

1970 POPULATION PYRAMID



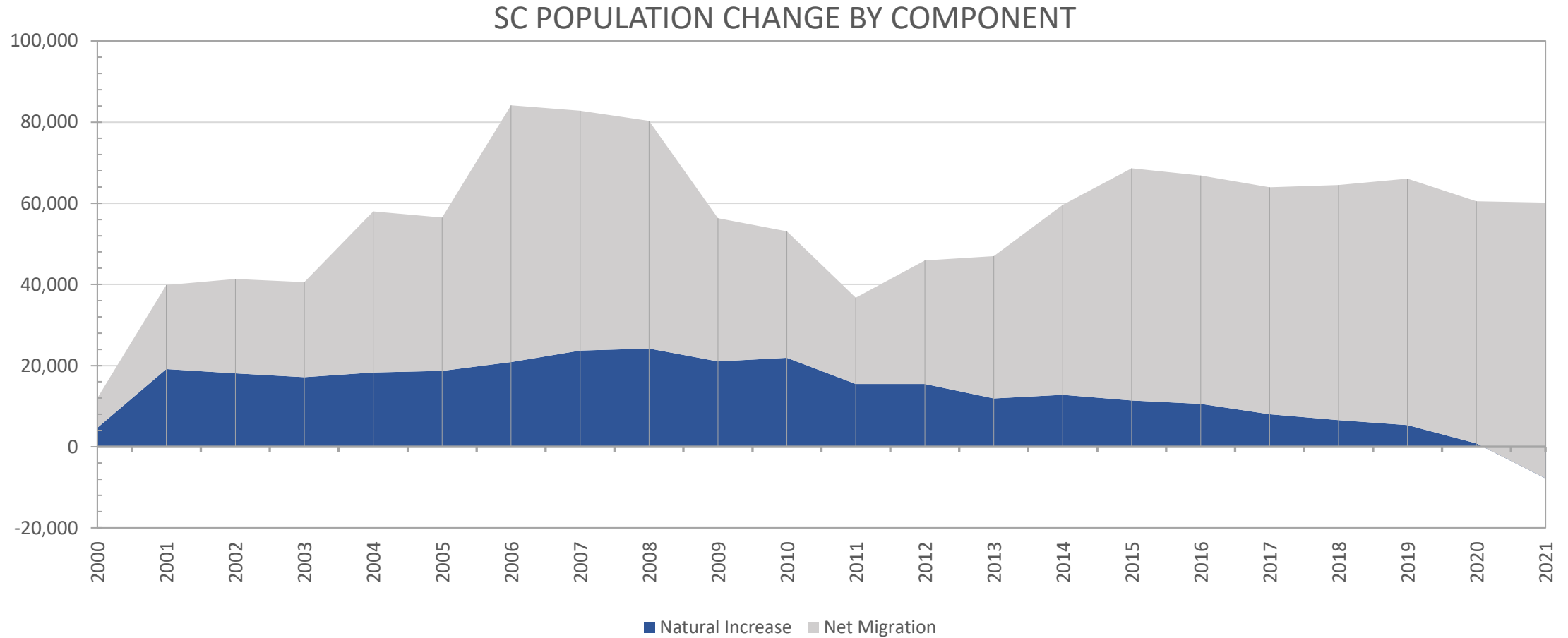
2020 POPULATION PYRAMID



Source: S.C. Revenue and Fiscal Affairs Office 320 /08/25/2020

# Components of Population Change

The state's population growth over the past twenty years was driven by in-migration; deaths exceeded births in 2021



Source: US Census Bureau Population Estimates, Vintage 2021 321-RFA/08/29/2022



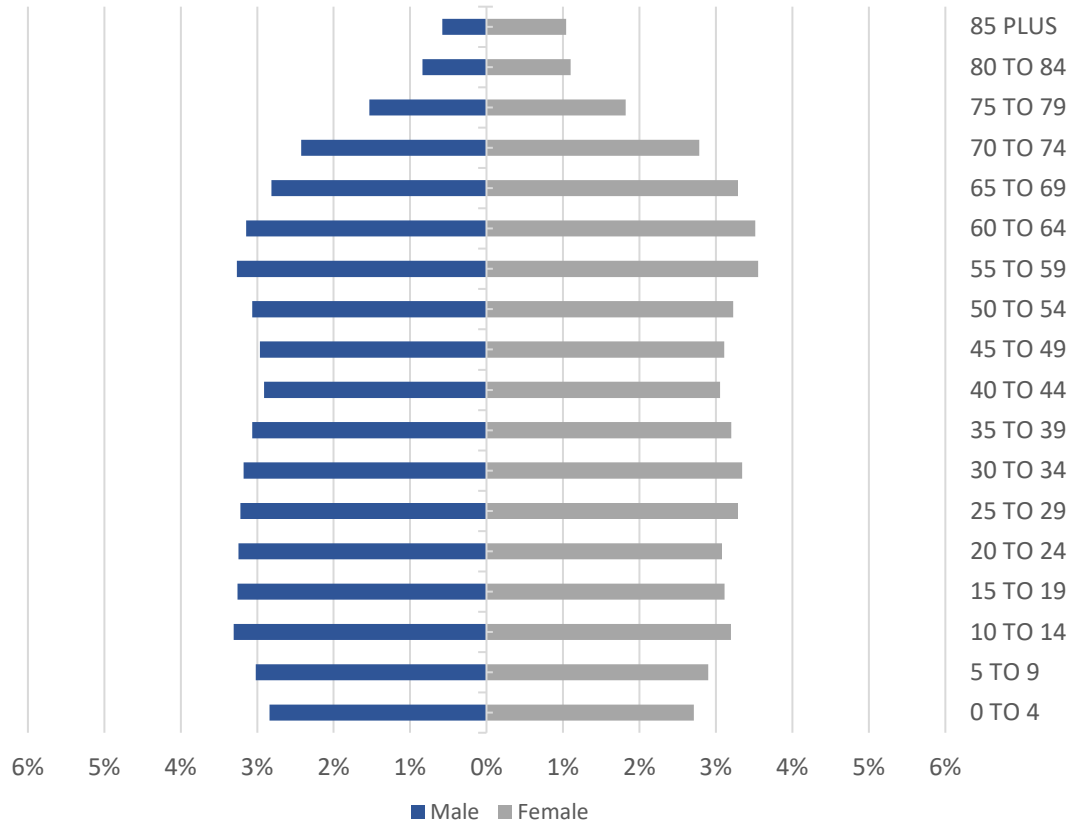
# SC Demographic Projections

**“It’s tough to make predictions, especially about the future”  
- Yogi Berra**

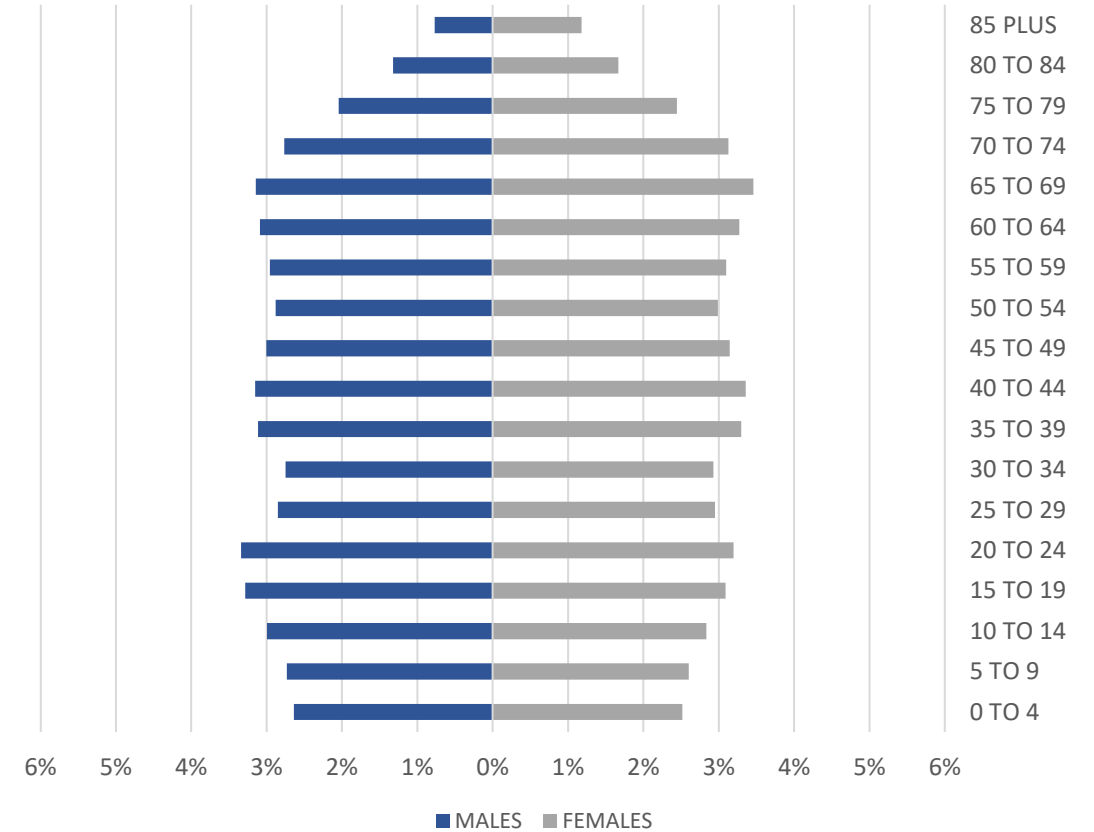
# SC 2030 Population Projections

The median age is expected to increase from 40 to 42 over the next decade

2020 POPULATION PYRAMID



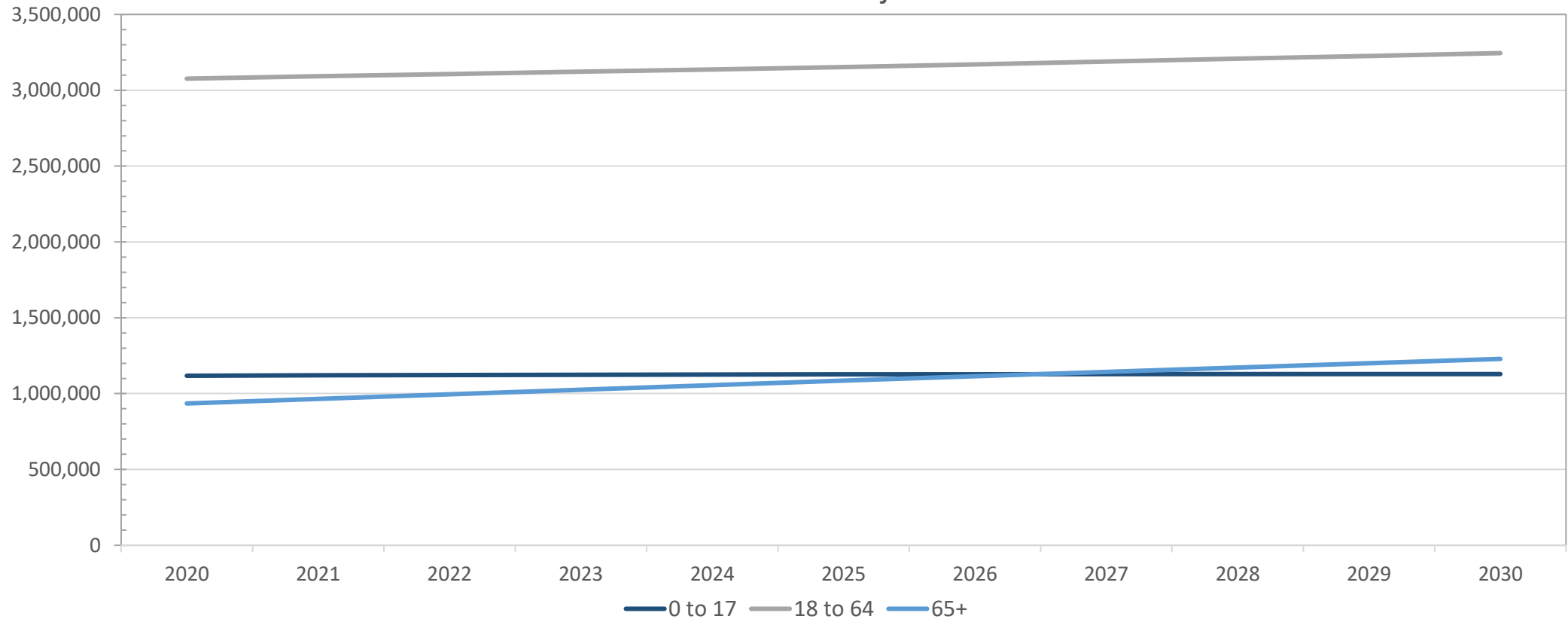
2030 POPULATION PYRAMID



# SC Population by Age Group

Population in the 65 plus age range is projected to surpass the under 0-17 age range by 2027

SC POPULATION BY AGE RANGE  
Estimates and Projections

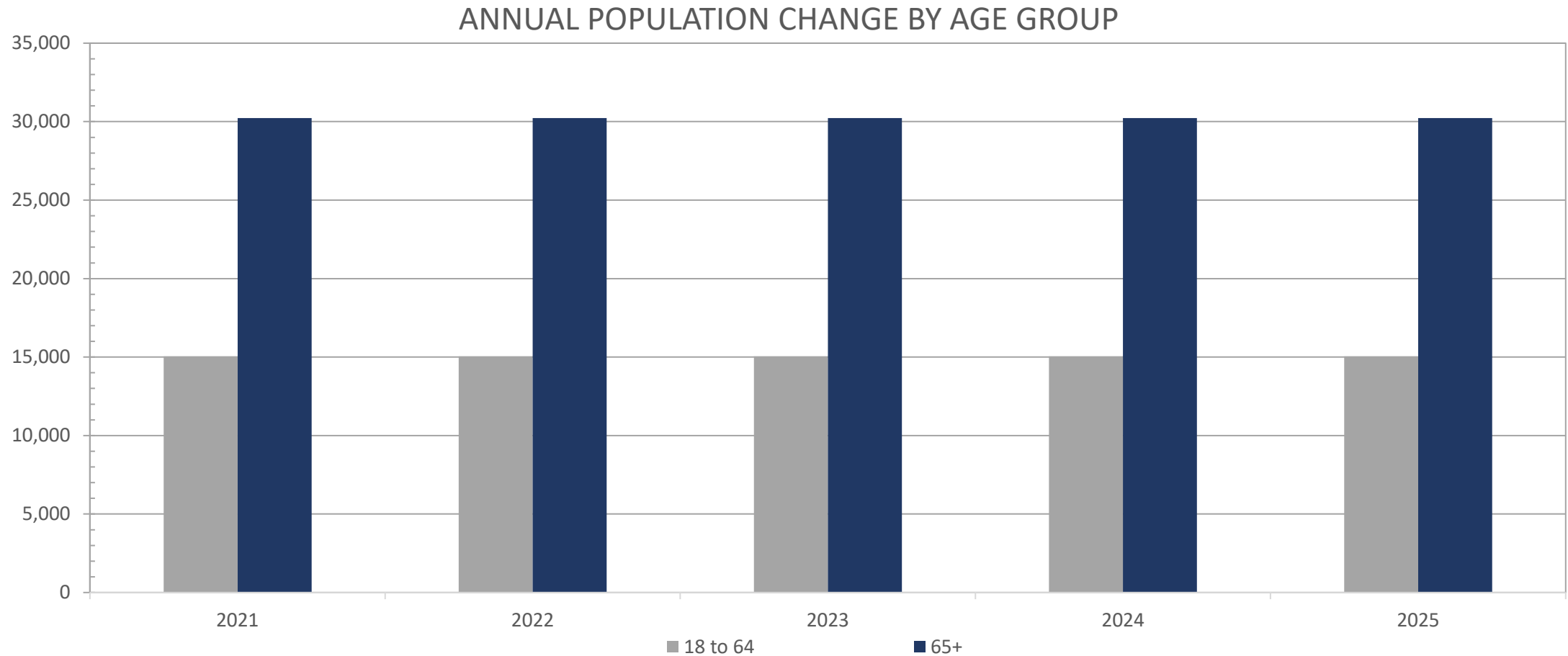


Source: U.S. Census Bureau, population estimates 2020, 2021; S.C. Revenue and Fiscal Affairs Office projections -319/lhj/08/29/2022



# SC Projected Population Change by Age Group, 2021 – 2025

The growth in the retiree age group is approximately twice that of the workforce age group



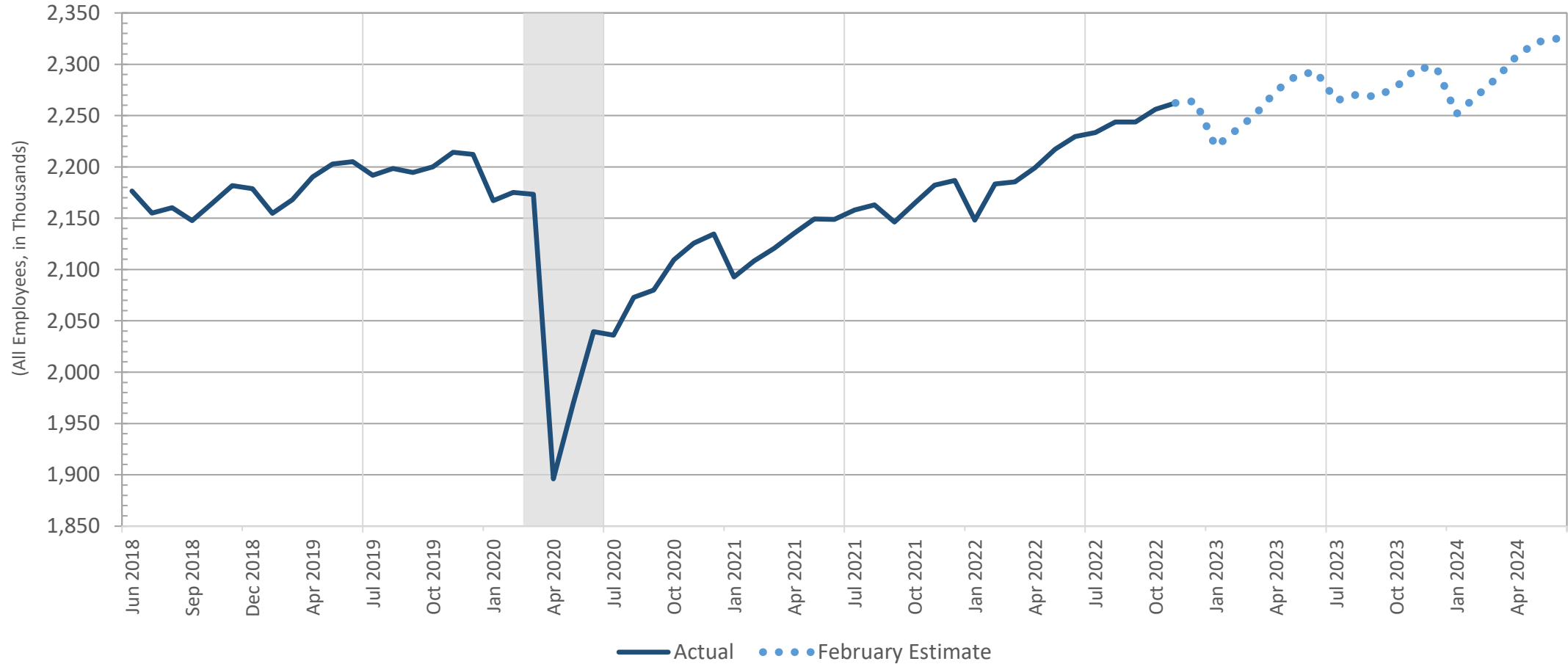
# SC Workforce Trends and Challenges



# SC Employment

## Above pre-pandemic levels

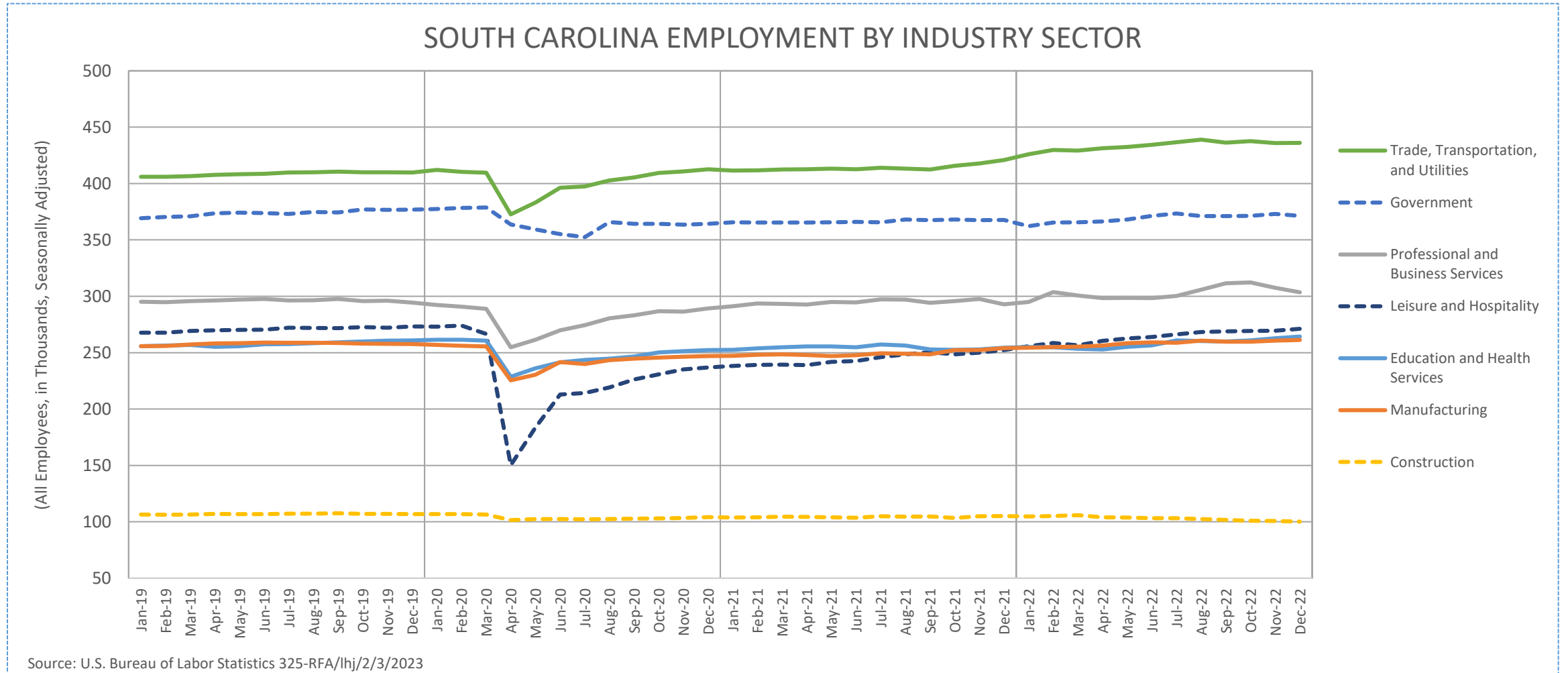
TOTAL NONFARM EMPLOYMENT IN SOUTH CAROLINA



Source: U.S. Department of Labor, Bureau of Labor Statistics 60-RFA/bdc/1/11/23

# SC Employment by Industry

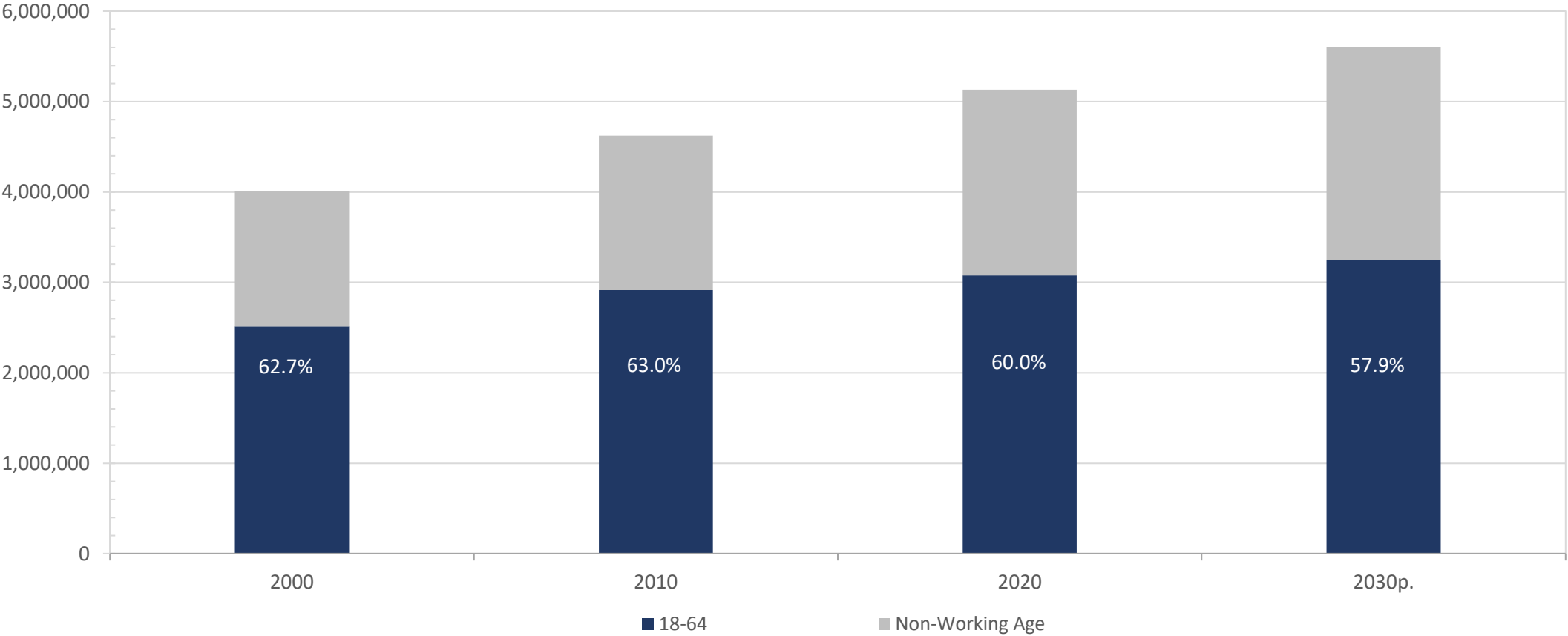
Not all sectors have recovered to pre-pandemic employment levels; government, leisure and hospitality, and construction are below pre-pandemic levels



# SC Workforce Population, Age 18 - 64

The workforce age population is expected to comprise a smaller percentage of the total SC population; employers may be faced with more demand for goods and services but a relative smaller pool of workers

WORKING AGE VS TOTAL POPULATION



# US Unemployed Persons Per Job Opening

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



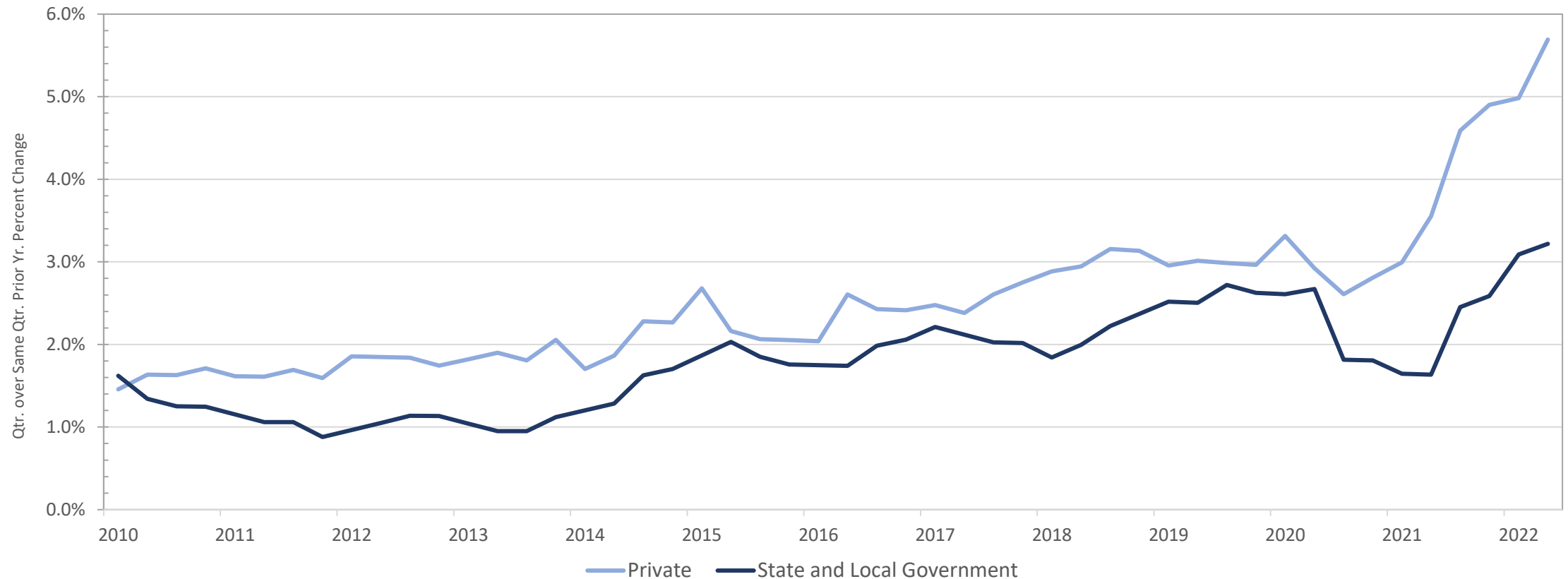
Source: U.S. Bureau of Labor Statistics, CPS and JOLTS; 259A - RFA/lhj/01/24/23



# US Wage and Salary Growth

Private sector wage growth has far outpaced the public sector since the pandemic; competition for workers is driving up wages, and government sectors are lagging behind

US WAGE AND SALARY GROWTH



Source: U.S. Bureau of Labor Statistics, Employment Cost Index: Wages and Salaries: Private Industry Workers, State and Local Government Workers 318-RFA/Ihj/08/26/2022

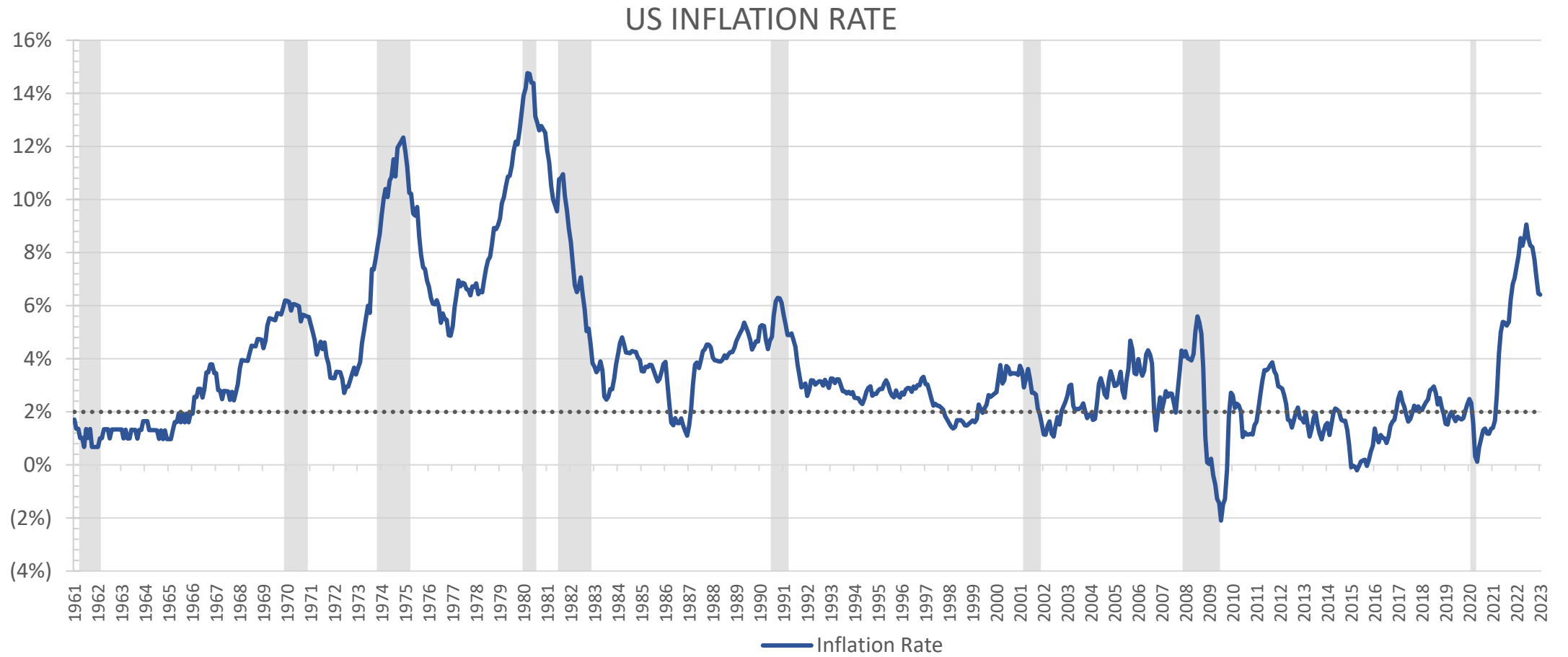
# Key Economic Measures





# US Inflation – History

Inflation reached a high of 9.1% in 2022; inflation has not been over 9% since 1981

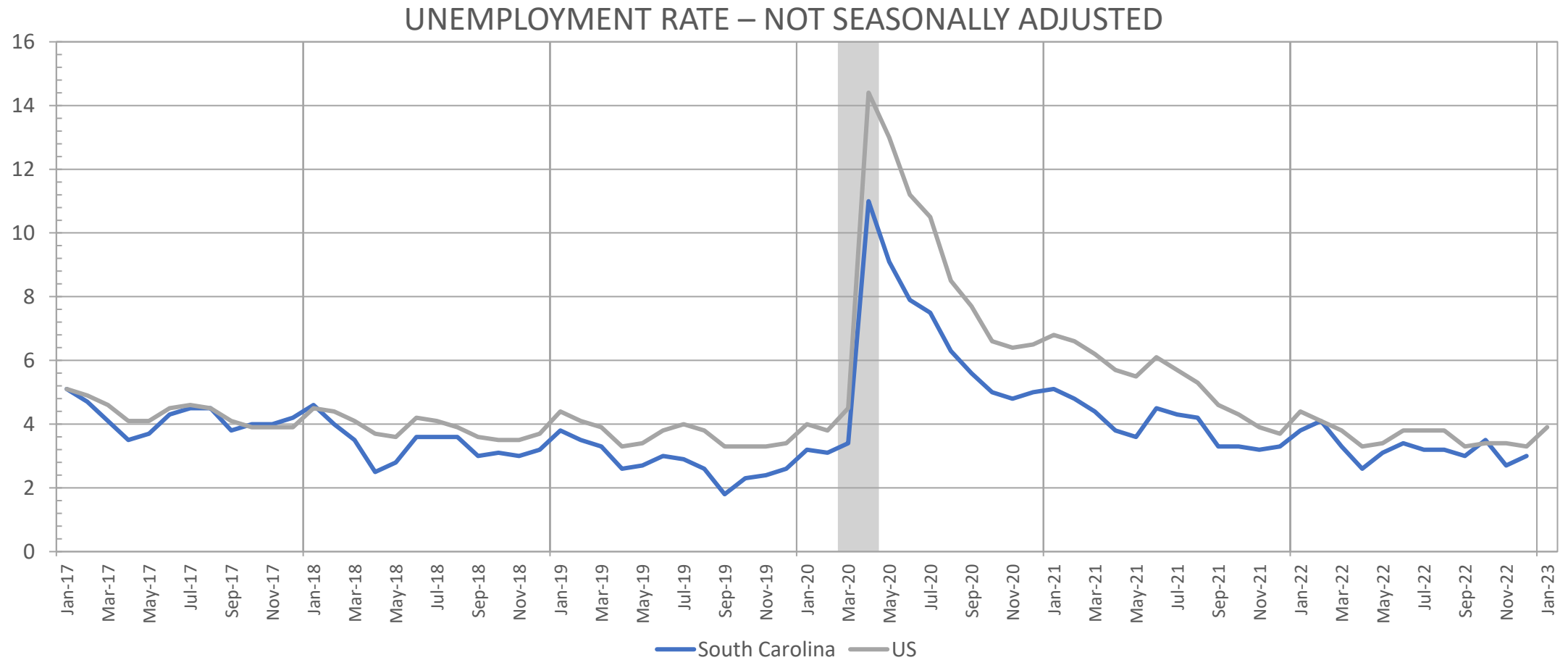


Source: U.S. Bureau of Labor Statistics, Consumer Price Index for All Urban Consumers in U.S. City Average; RFA/316/bdc/02/14/2023



# Unemployment Rate

SC unemployment rate was 3.0% in December 2022; the US rate climbed to 3.9% in January 2023



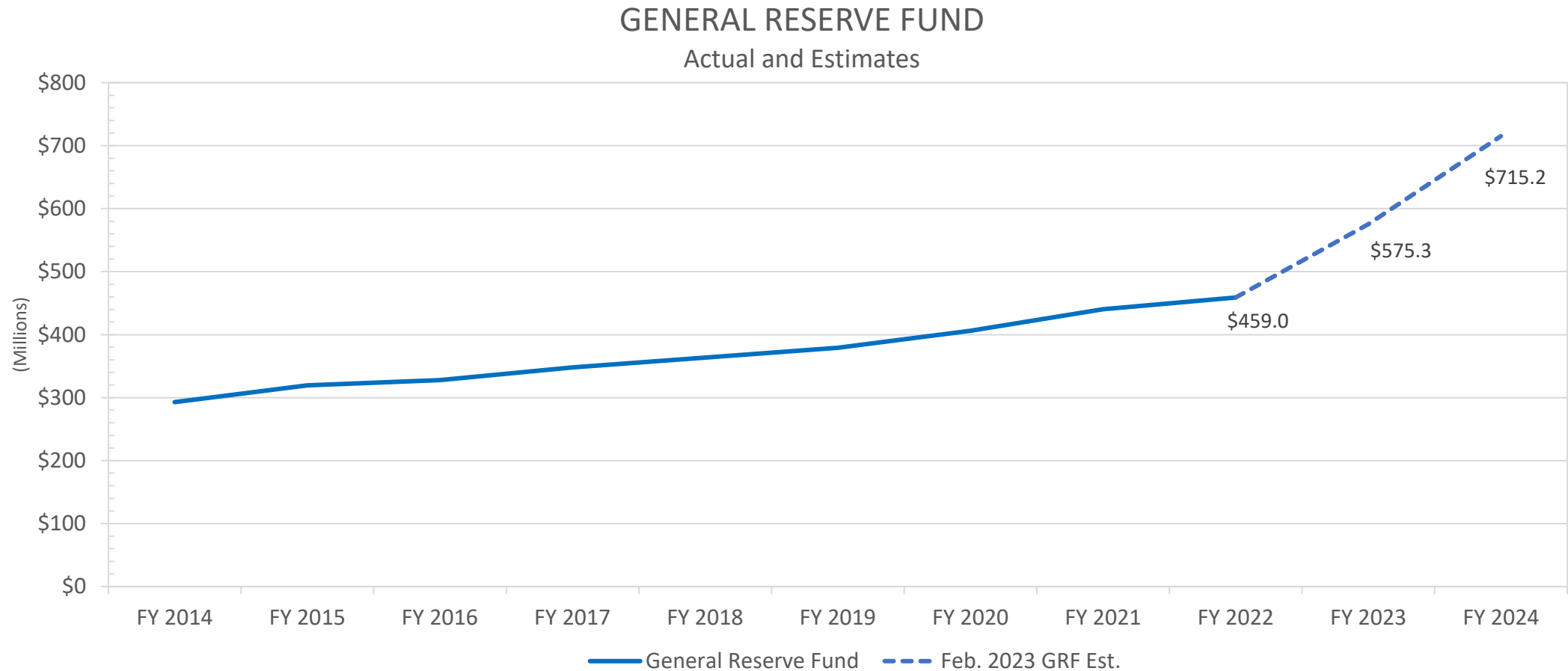
Source: U.S. Department of Commerce, Bureau of Labor Statistics 129--RFA/lhj/02/07/2023

# Fiscal Status



# General Reserve Fund

FY 24 GRF increases to 5.5% of prior completed year's revenue; continues to increase by 0.5% annually to 7% in FY 27

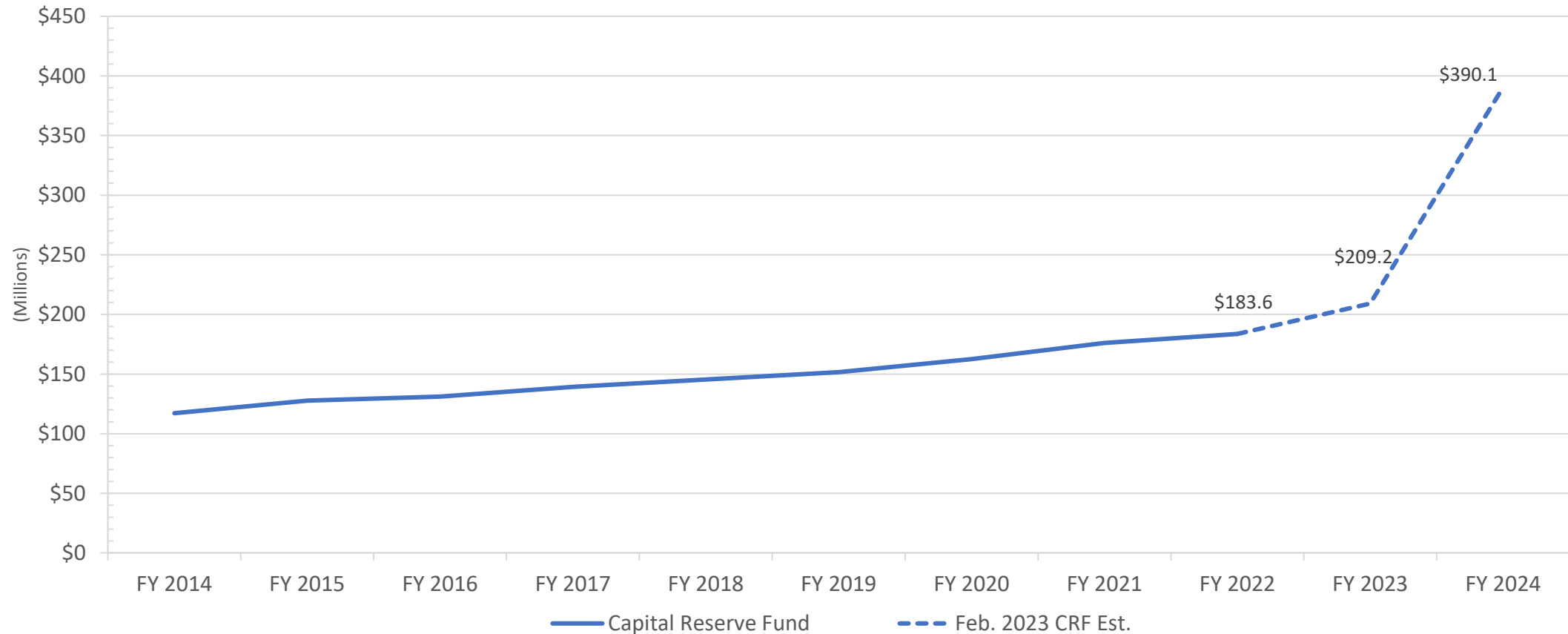


Source: S.C. Revenue and Fiscal Affairs Office 328A-BC/2/15/23

# Capital Reserve Fund

## FY 24 CRF increases to 3% of prior completed year's revenue

CAPITAL RESERVE FUND  
Actual and Estimates

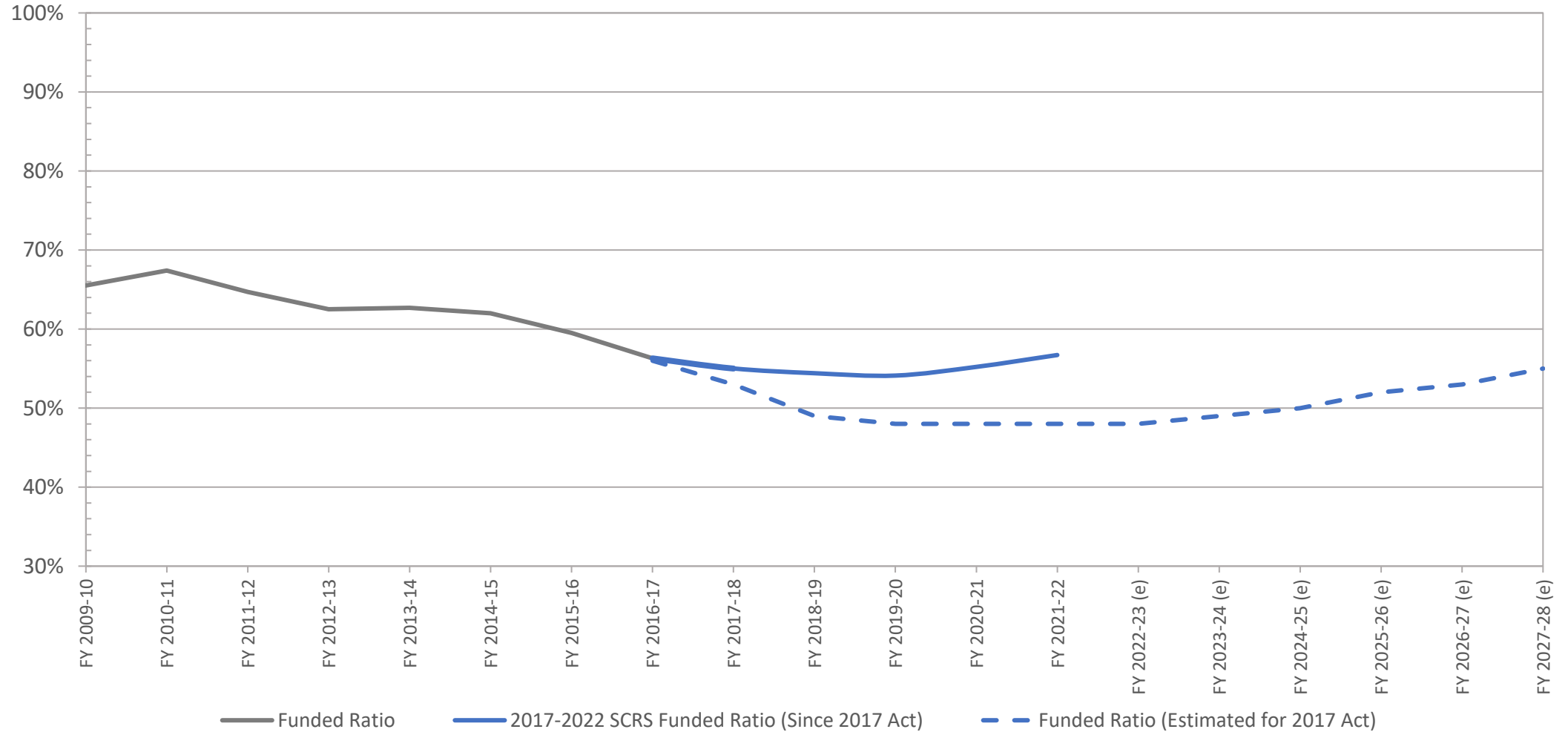


Source: S.C. Revenue and Fiscal Affairs Office 328B-BC/2/15/23

# SC Retirement System

## Ratio improved to 56.7% in FY 22

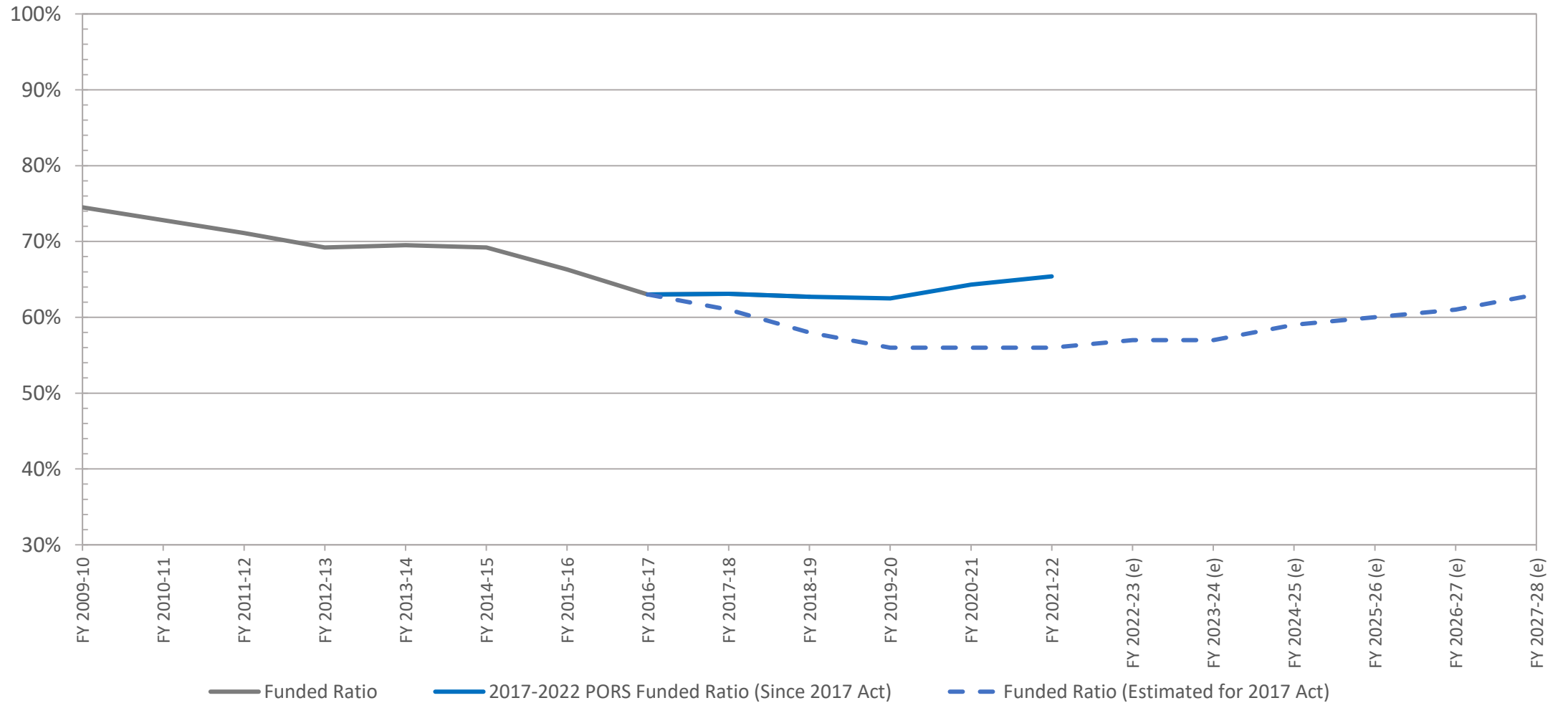
SC RETIREMENT SYSTEM FUNDED RATIO



# SC Police Officers Retirement System

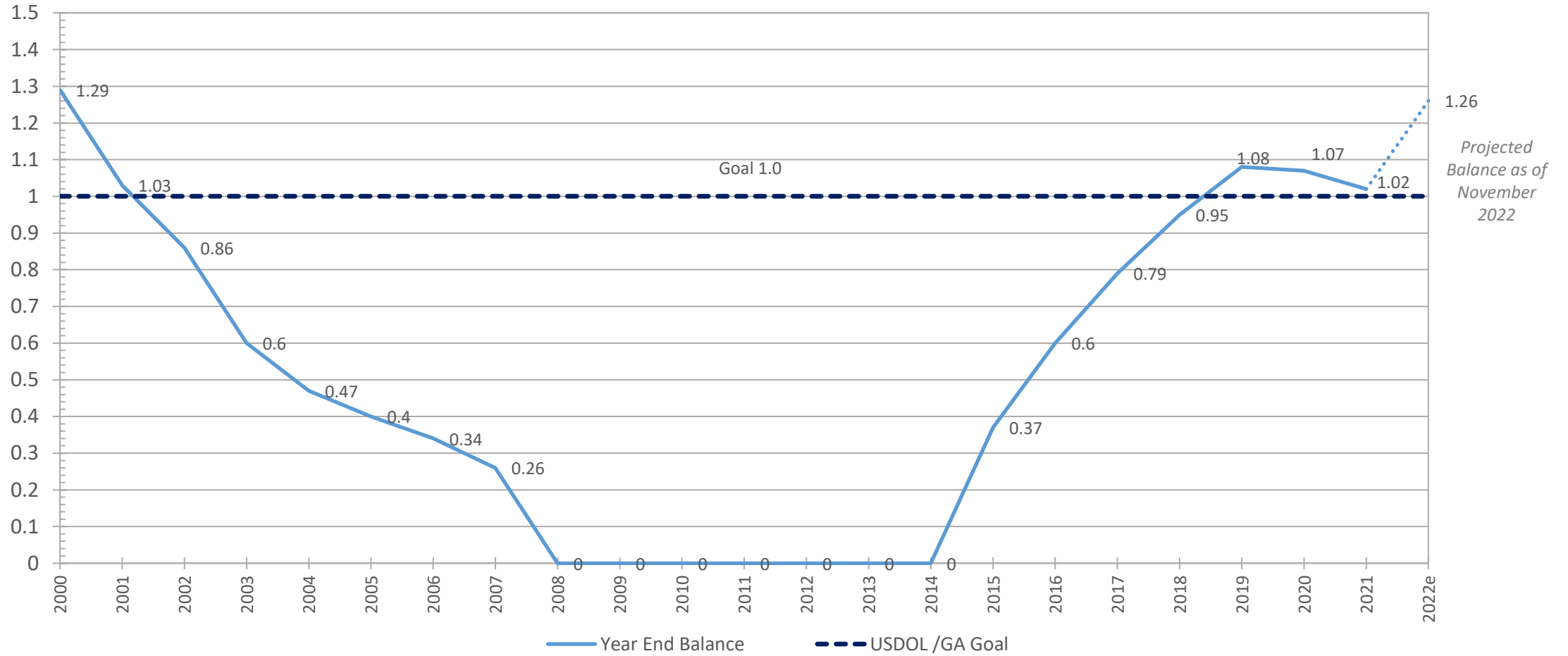
## Ratio improved to 65.4% in FY 22

SC POLICE RETIREMENT SYSTEM FUNDED RATIO



# SC Unemployment Trust Fund

SC UNEMPLOYMENT TRUST FUND STATUS  
Ratio of Fund Balance to One Year Payout (Moderate Recession) - Actual vs Goal



Source: S.C. Department of Employment and Workforce 271-RFA/bdc/12/1/2022



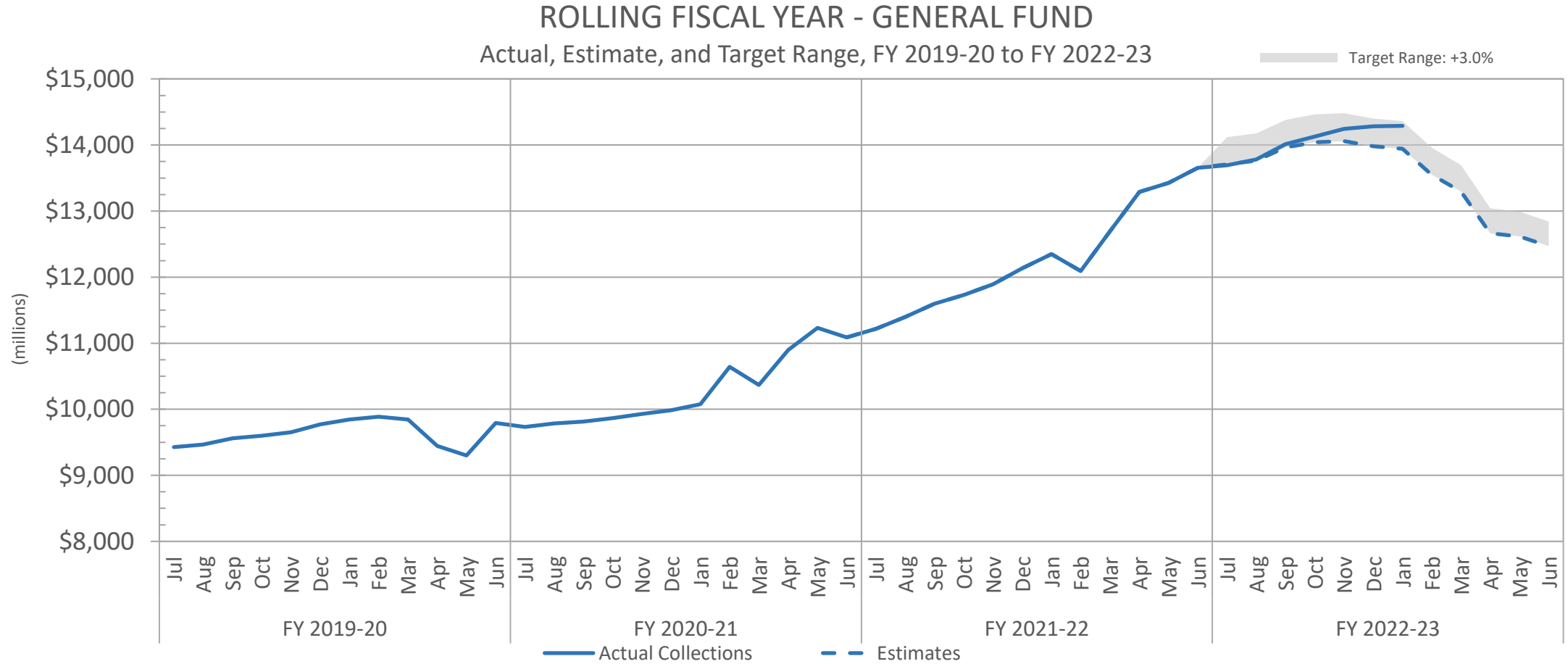
# General Fund Revenue & Appropriations

**“When the money’s gone, will you be my friend?”**

**- Cher**

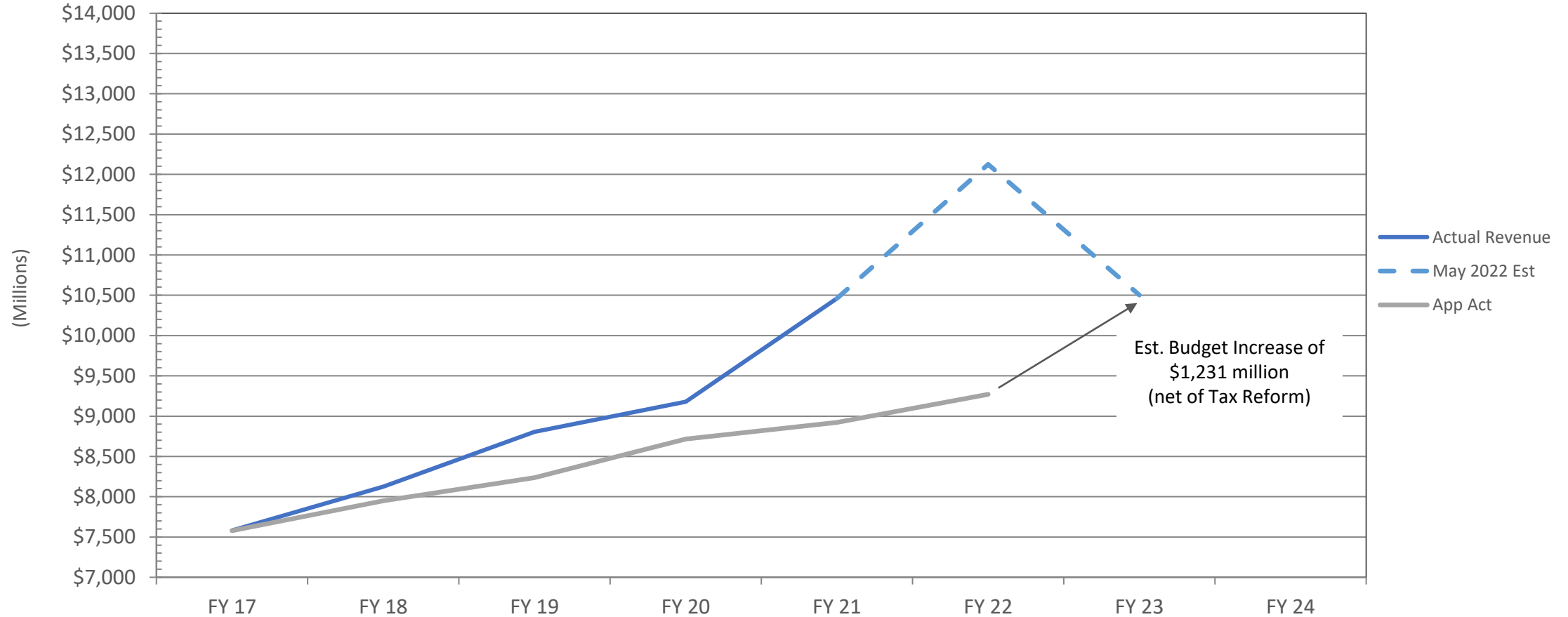
# General Fund – Actuals vs. Estimates

Revenues are \$348.1 million above the estimate year-to-date, but more than 60% of this excess is due to Corporate Income tax, a highly volatile revenue category



# FY 2022-23 General Fund Revenue & Appropriations – May 2022

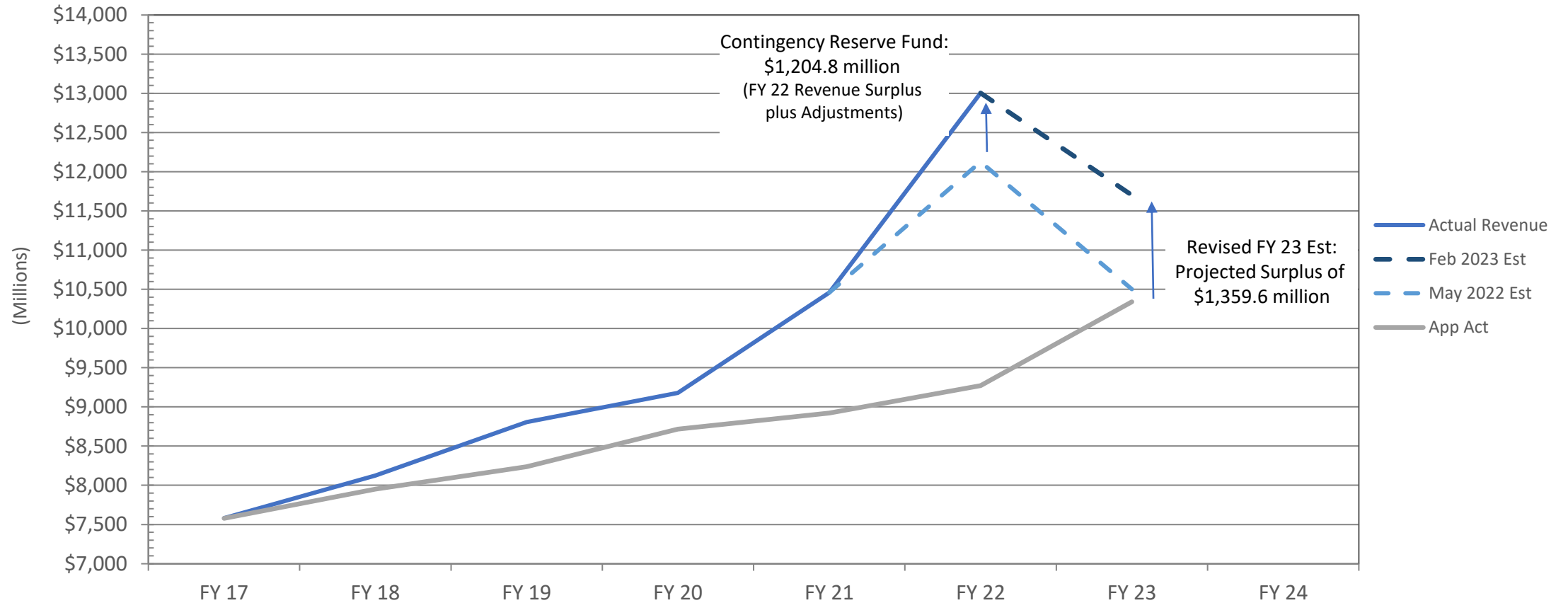
FY 2022-23 BUDGET OUTLOOK, MAY 2022  
Actual and Estimated Revenue vs Appropriation Act Expenses (Net of Tax Reform)



# FY 2022-23 General Fund Revenue - February 2023 Revision

## Final FY 22 revenues were higher, creating more surplus for FY 22 and FY 23

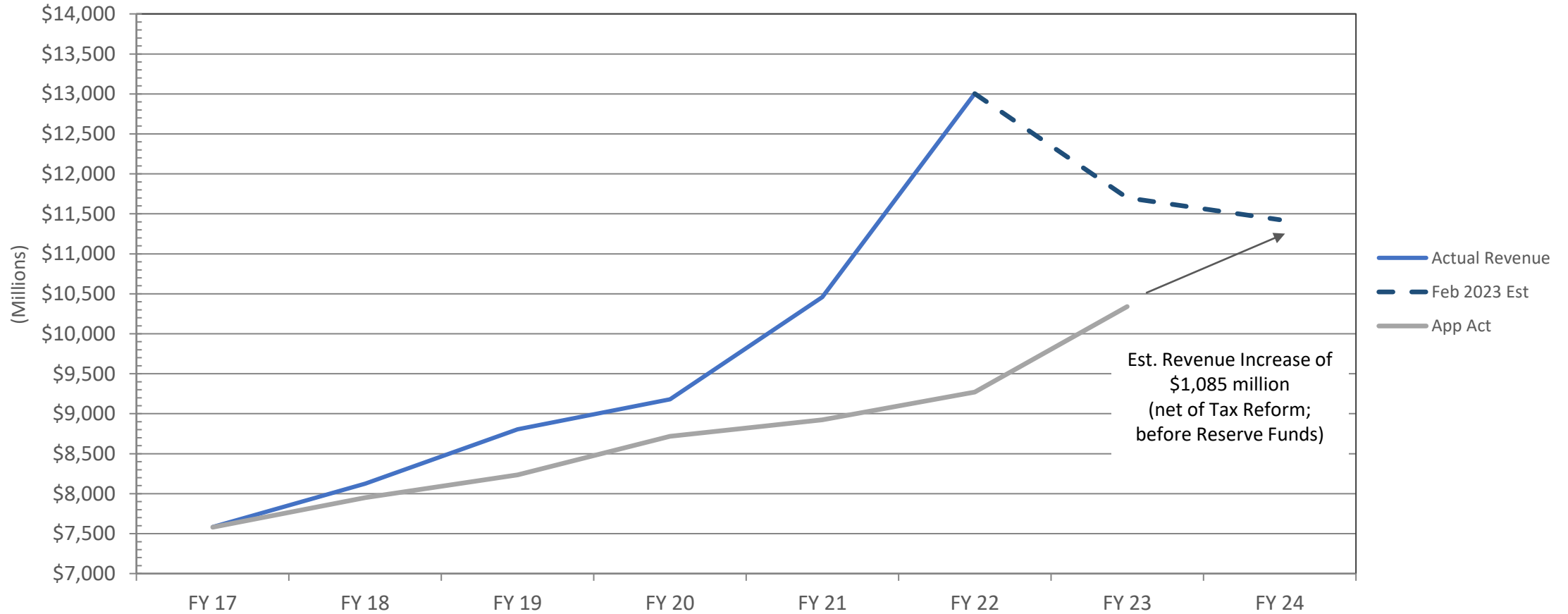
FY 2022-23 BUDGET CATCH-UP, FEBRUARY 2023  
Actual and Estimated Revenue vs Appropriation Act Expenses



# FY 2023-24 General Fund Appropriations - February 2023

Even with an expected decline in revenues, the base budget is still playing “catch-up”

FY 2023-24 BUDGET OUTLOOK, FEBRUARY 2023  
Actual and Estimated Revenue vs Appropriation Act Expenses



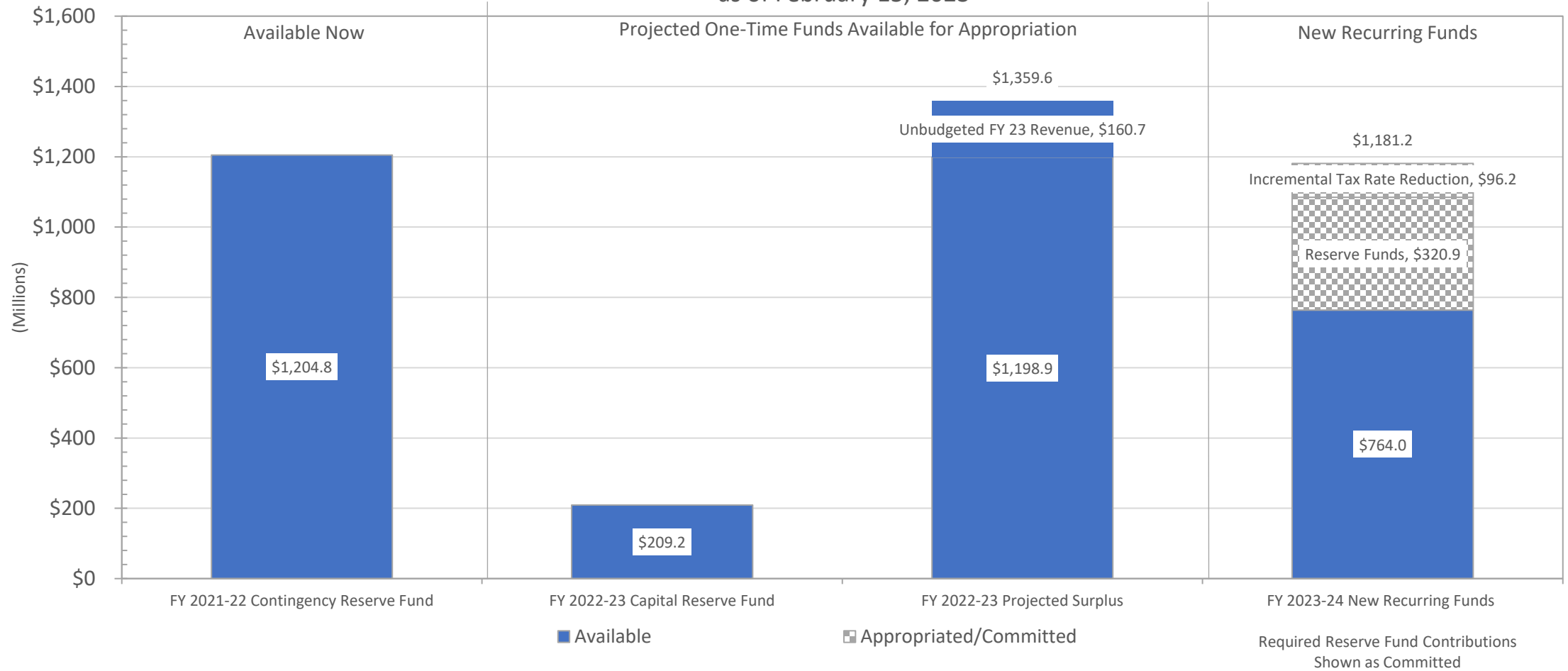
Est. Revenue Increase of  
\$1,085 million  
(net of Tax Reform;  
before Reserve Funds)

Note: Includes incremental income tax rate reduction for tax year 2023

# FY 2023-24 Budget Process – February 2023

Nonrecurring Funds total \$2,773.6 million, Recurring Funds total \$764.0 million

AVAILABLE FUNDS - FY 2023-24 BUDGET PROCESS  
as of February 15, 2023

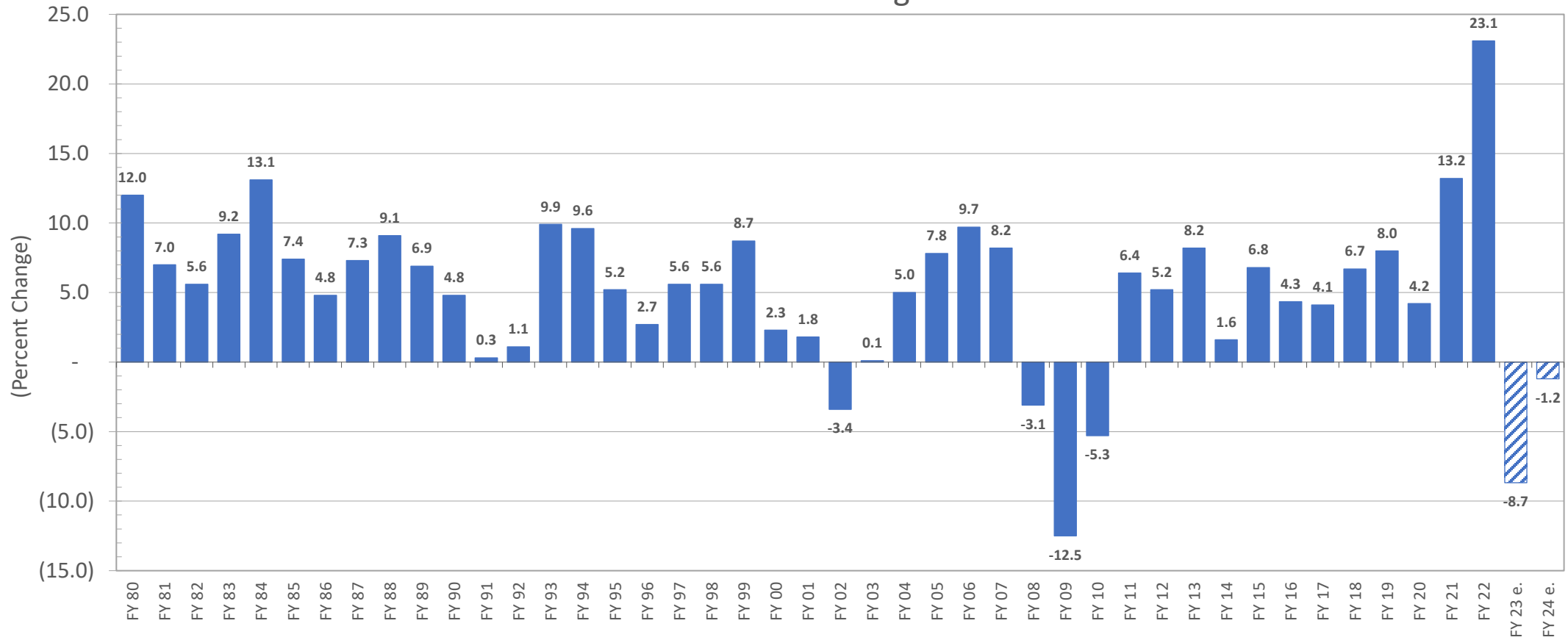


Source: S.C. Revenue and Fiscal Affairs 297/RFA/02/15/2023

# General Fund Revenue Growth

FY 22 revenue grew 23.1% on top of 13.2% growth in FY 21

GENERAL FUND REVENUE  
Percent Change



Source: S.C. Revenue and Fiscal Affairs Office 28-BC/2/15/23



# Questions?

**“If all economists were laid end to end, they’d never reach a conclusion.”**

**- George Bernard Shaw**

**Thank you!**