

# SC ECONOMIC AND FISCAL OUTLOOK FY 2022-23 AND FY 2023-24



Presented to  
**South Carolina Senate Finance Committee**

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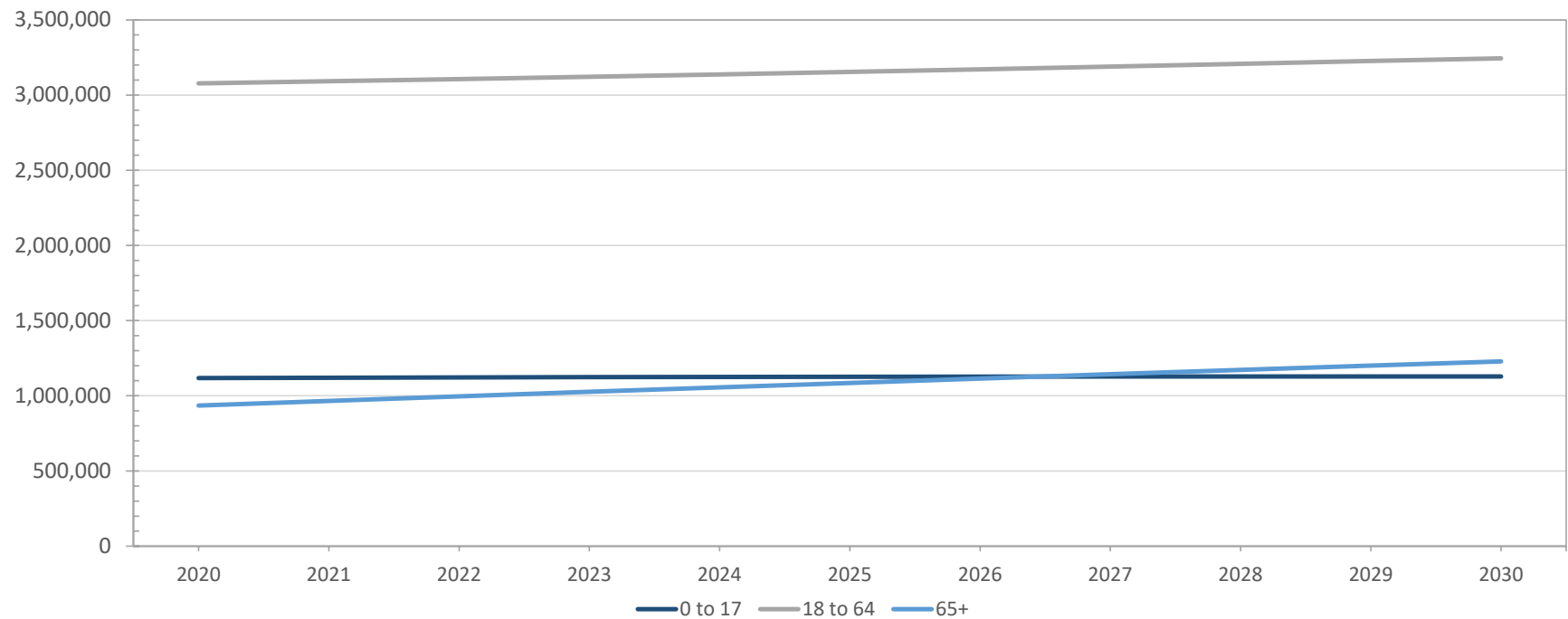
# Demographic Trends



# SC Population Projections by Age Group

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

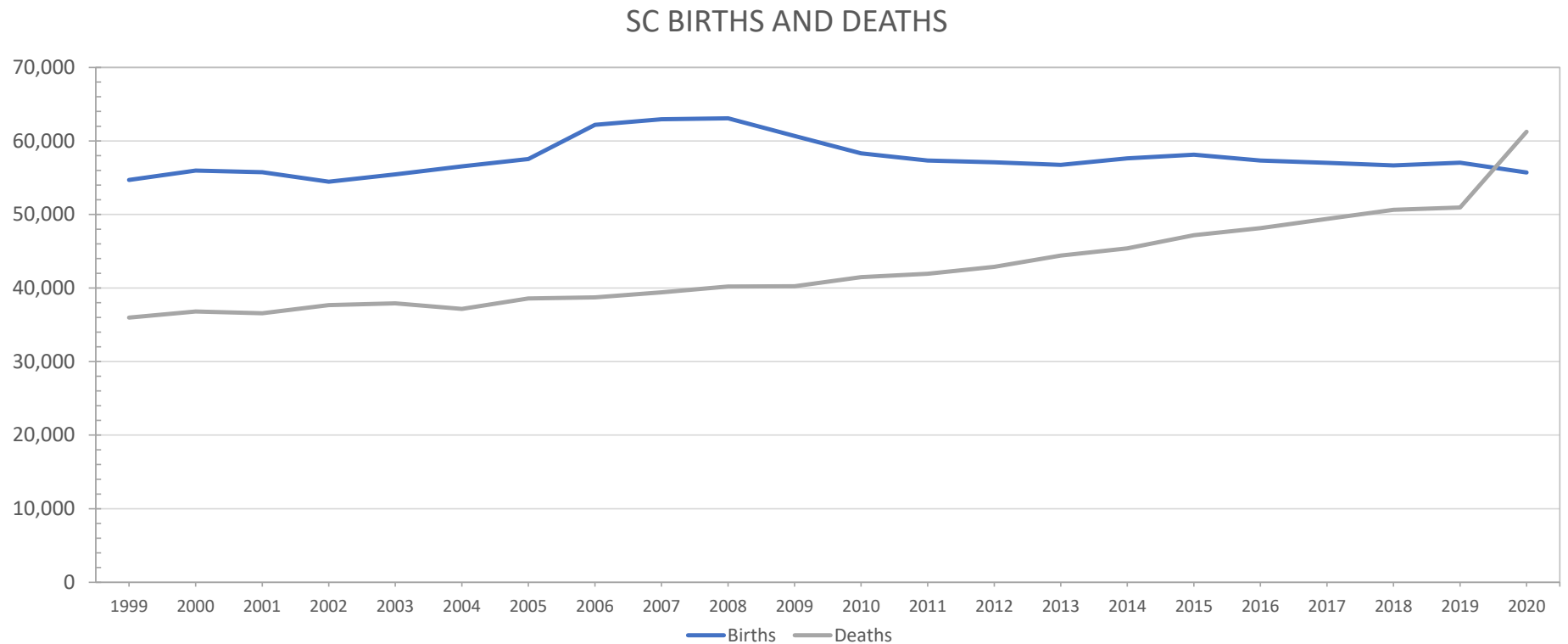
SC POPULATION BY AGE RANGE  
Estimates and Projections



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

## South Carolina Births and Deaths, 1999 - 2020

The number of deaths have increased each year since 2010, while the number of births remained fairly constant; deaths exceeded births in 2020

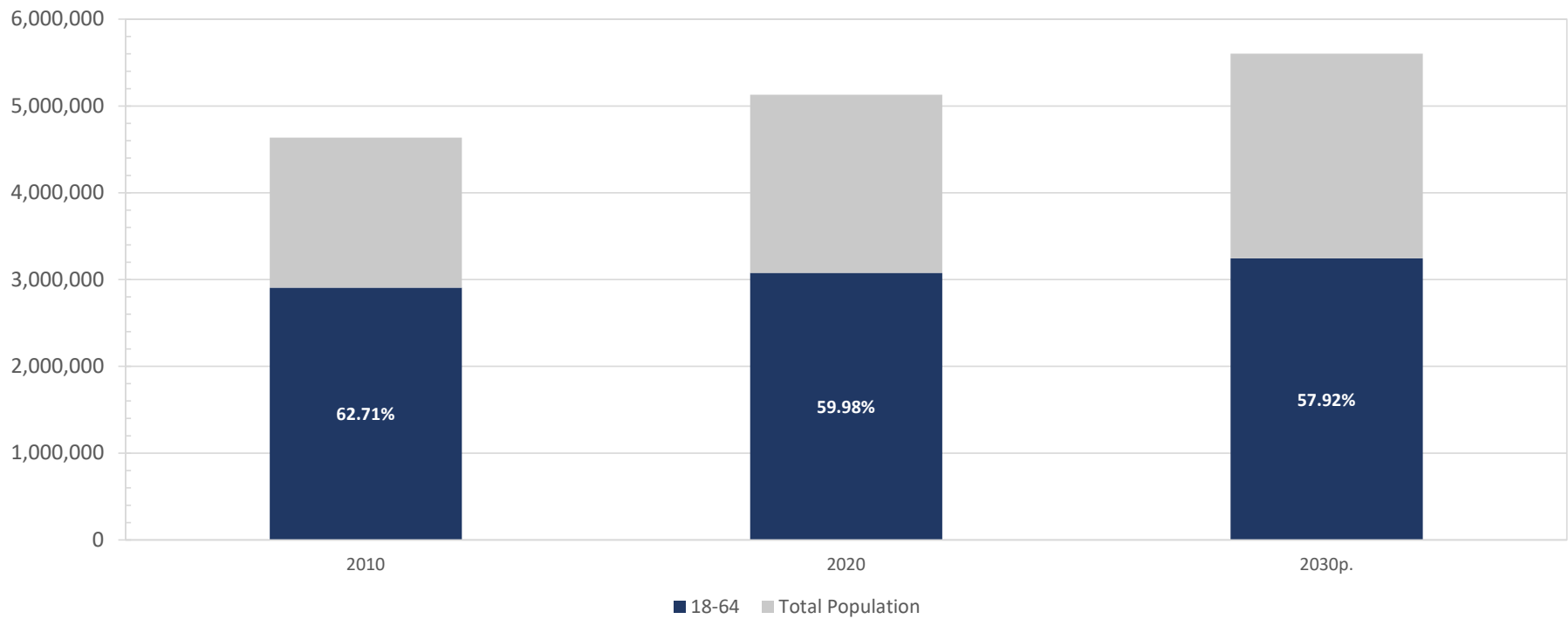


Source: SC Department of Health and Environmental Control Vital Records Data, SCAN

# SC Projected Age 18 - 64 Population

Workforce age population will represent less than 58% of the state's total population in 2030

AGE 18 - 64 AS A PERCENT OF TOTAL POPULATION

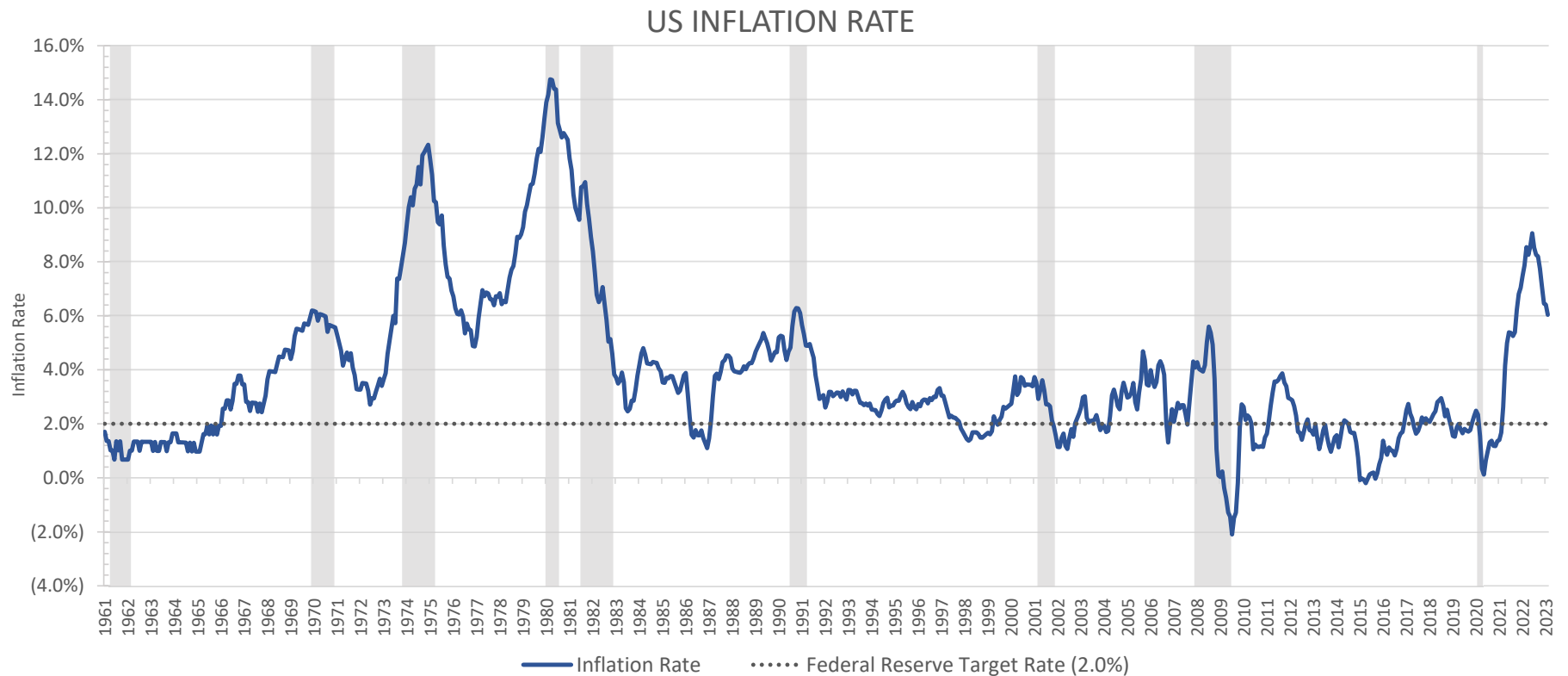


# Key Economic Measures



# US Inflation - History

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

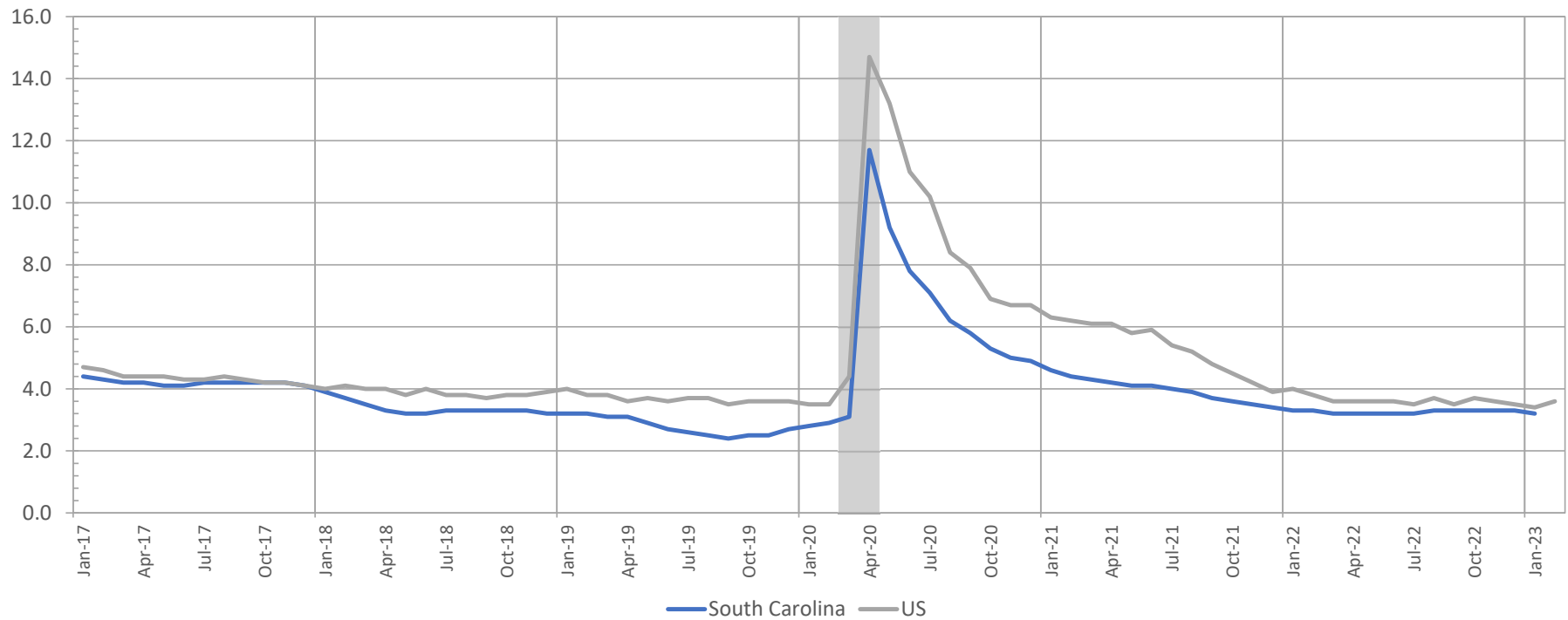


Source: U.S. Bureau of Labor Statistics, Consumer Price Index for All Urban Consumers in U.S. City Average; RFA/316/lhj/03/15/2023

# Unemployment Rate

SC's unemployment rate was 3.2% in January 2023; the US rate increased to 3.6% in February 2023

UNEMPLOYMENT RATE - SEASONALLY ADJUSTED

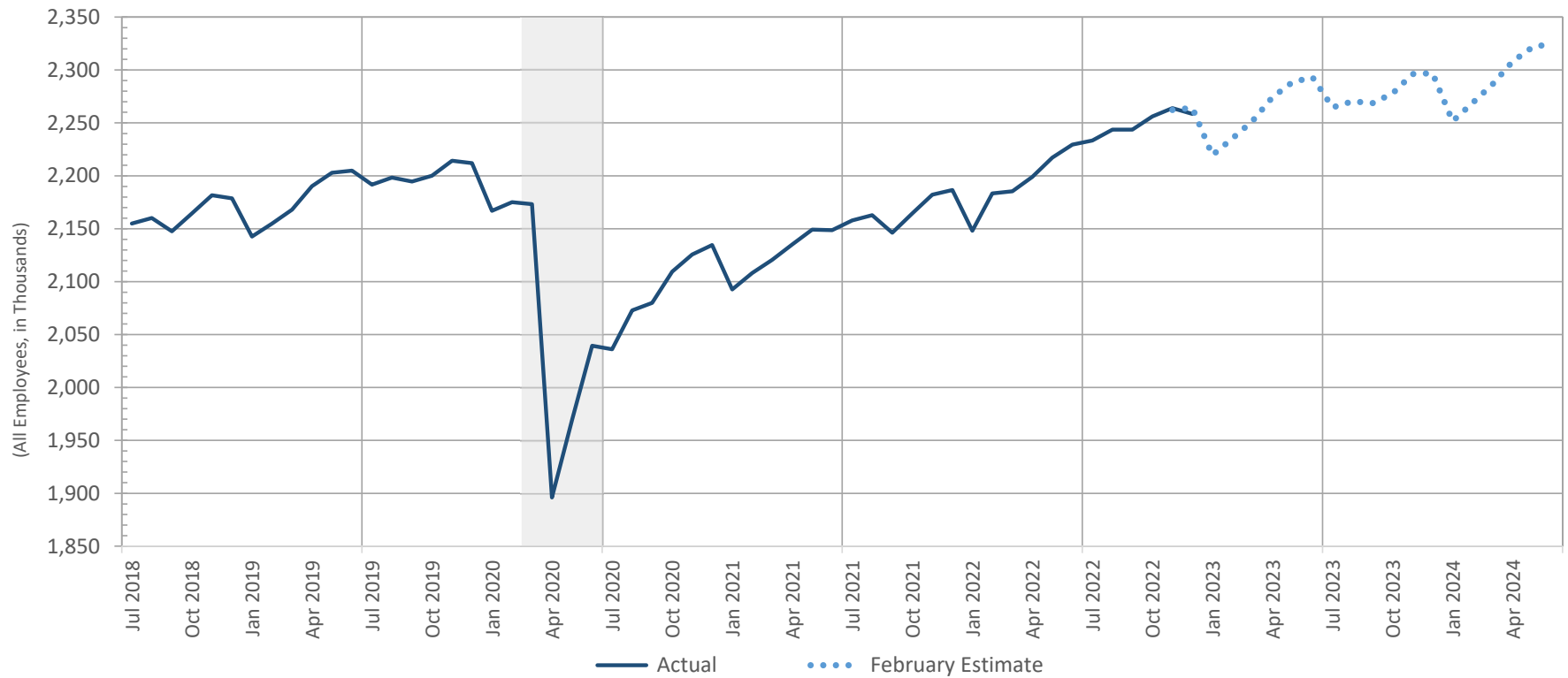


Source: U.S. Department of Commerce, Bureau of Labor Statistics, Seasonally Adjusted 129--RFA/lhj/3/16/2023



# SC Employment Above pre-pandemic levels

TOTAL NONFARM EMPLOYMENT IN SOUTH CAROLINA

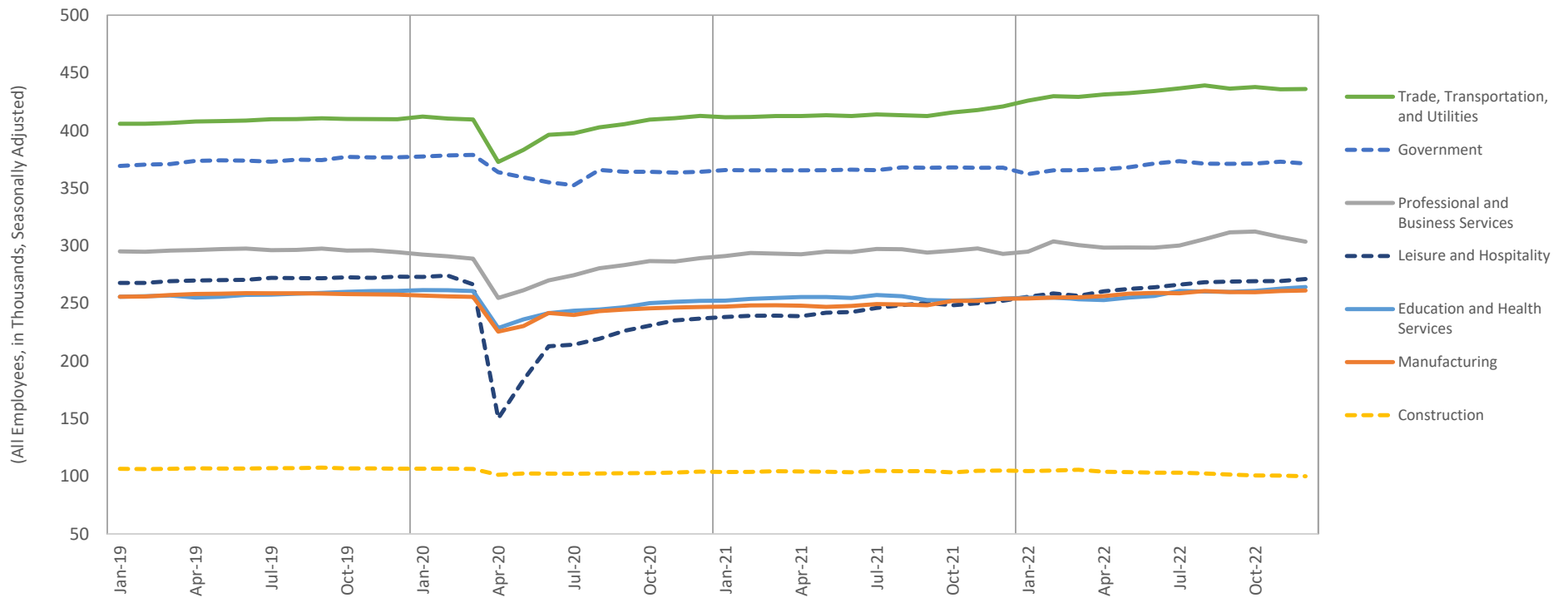


Source: U.S. Department of Labor, Bureau of Labor Statistics 60-RFA/lhj/3/15/23

# 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

SOUTH CAROLINA EMPLOYMENT BY INDUSTRY SECTOR



Source: U.S. Bureau of Labor Statistics 325-RFA/lhj/2/3/2023

# US Unemployed Persons Per Job Opening

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

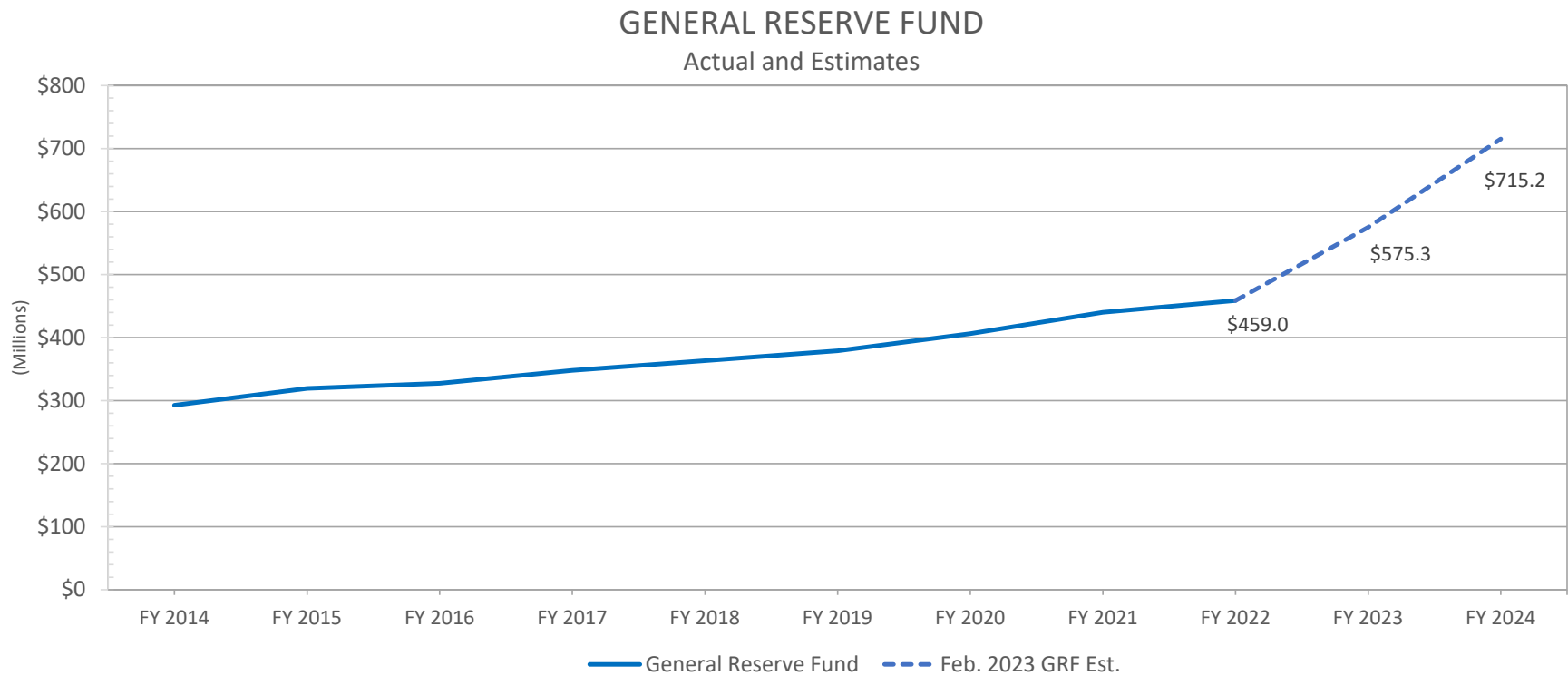


Source: U.S. Bureau of Labor Statistics, CPS and JOLTS; 259A - RFA/lhj/03/15/23

# 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

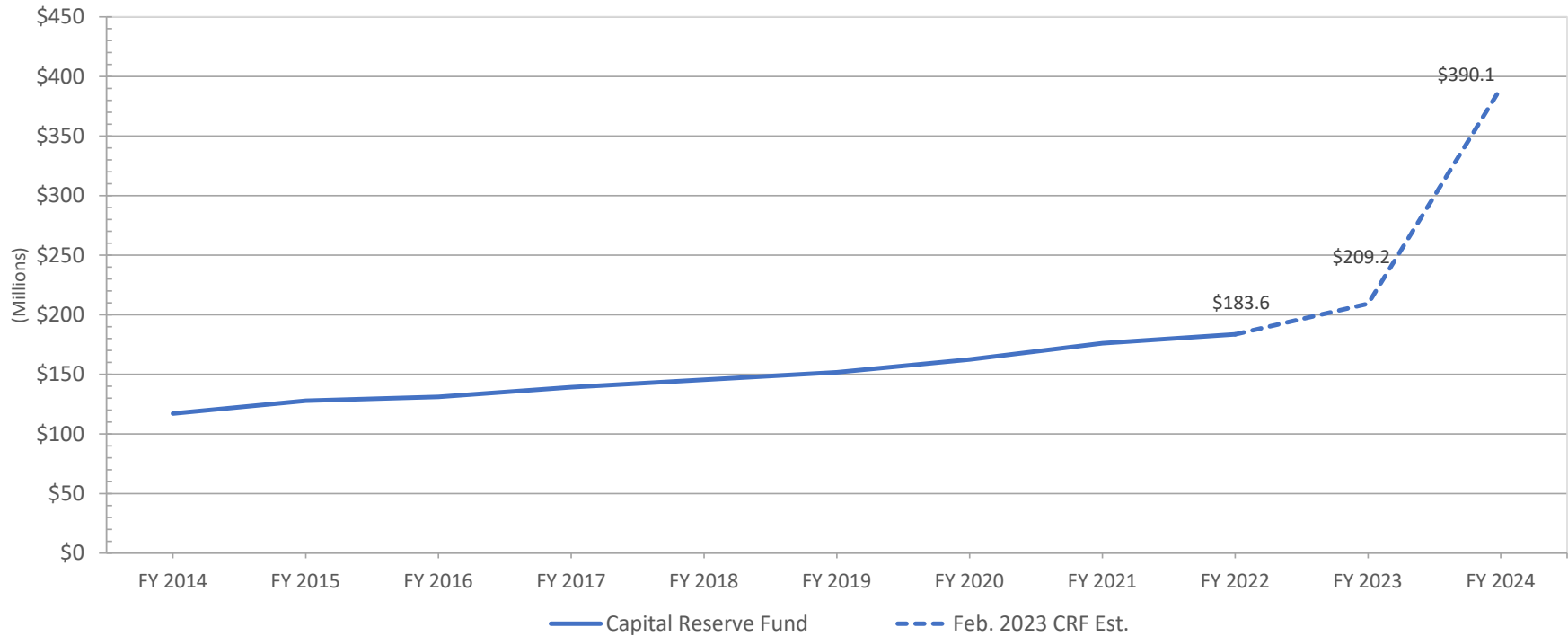


Source: S.C. Revenue and Fiscal Affairs Office 328A-BC/2/15/23

# Capital Reserve Fund

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

CAPITAL RESERVE FUND  
Actual and Estimates

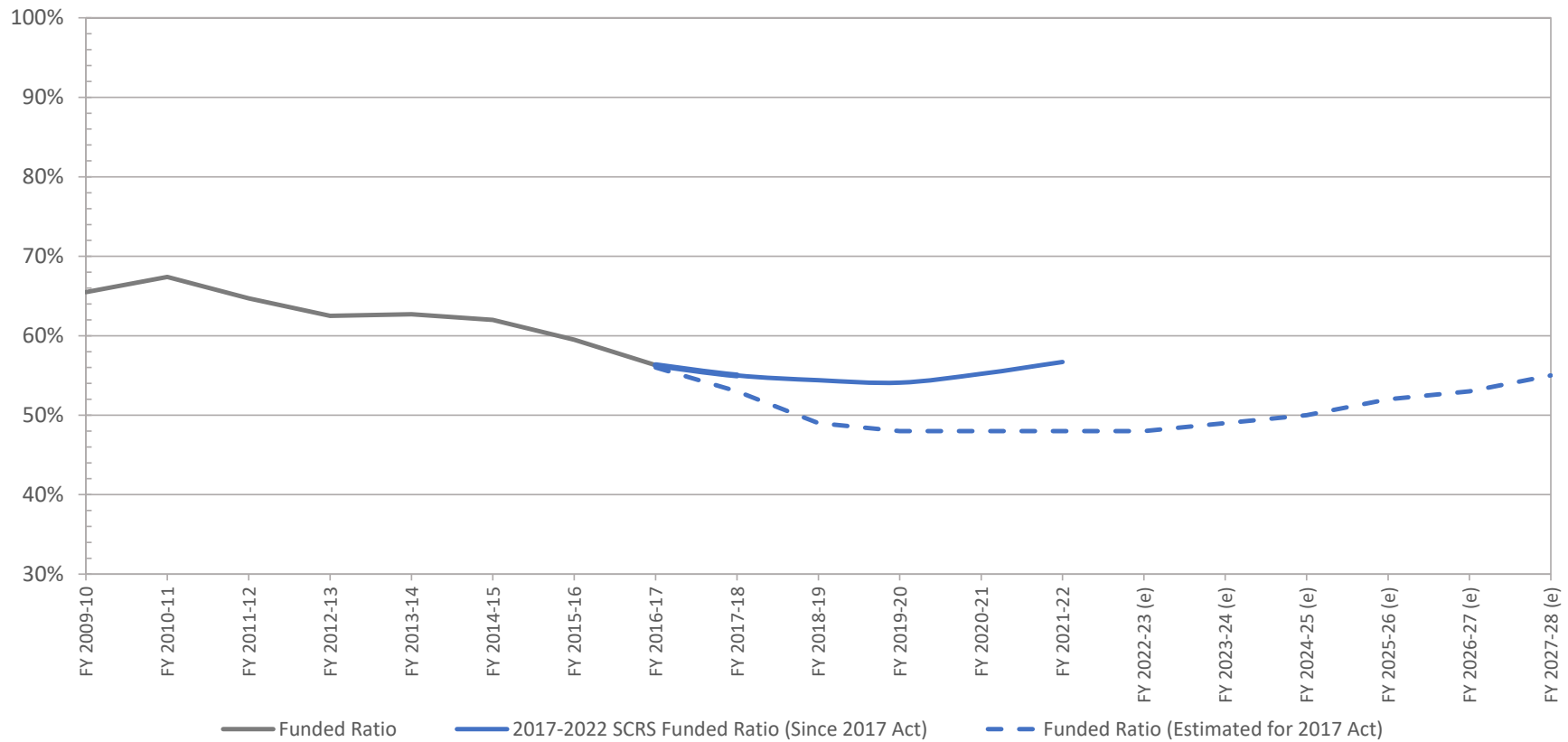


Source: S.C. Revenue and Fiscal Affairs Office 328B-BC/2/15/23

# SC Retirement System

## Ratio improved to 56.7% in FY 22

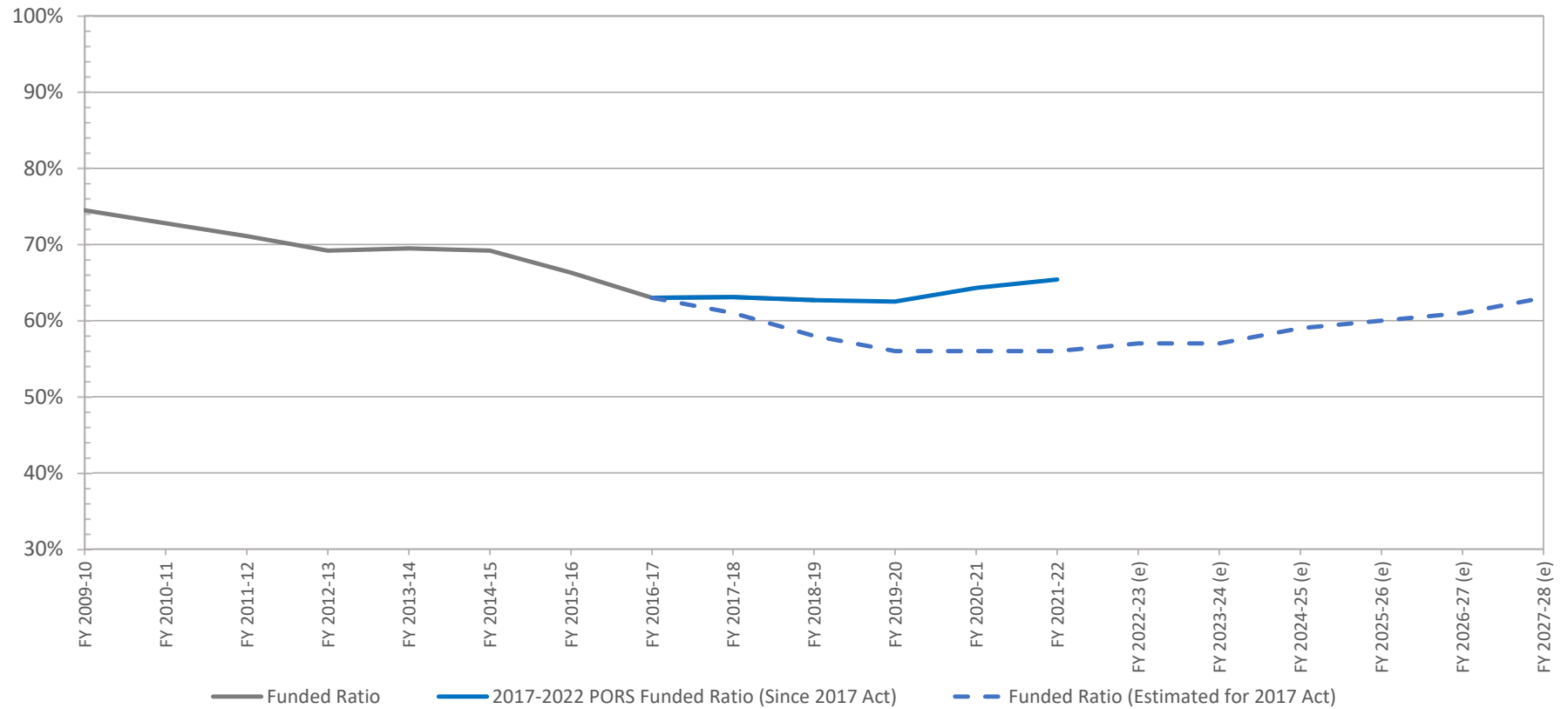
SC RETIREMENT SYSTEM FUNDED RATIO



# SC Police Officers Retirement System

## Ratio improved to 65.4% in FY 22

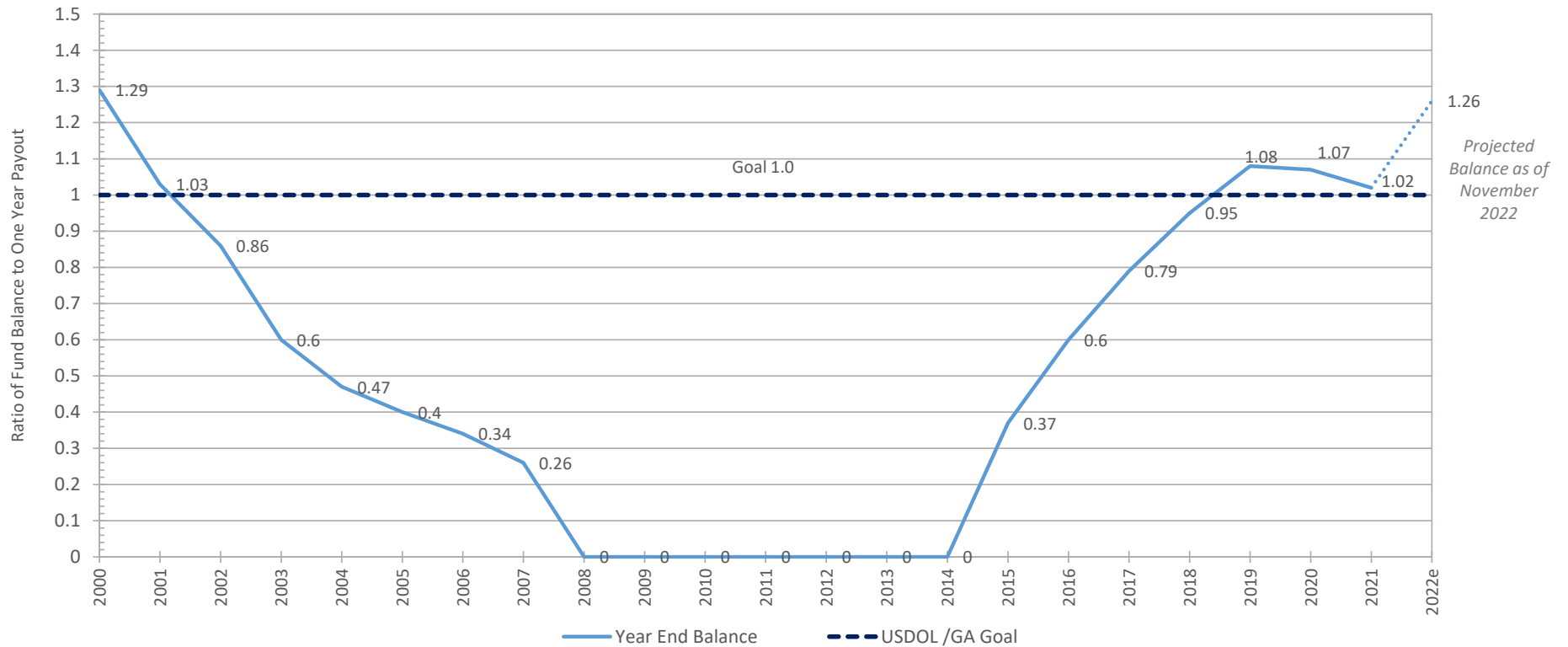
SC POLICE RETIREMENT SYSTEM FUNDED RATIO





# SC Unemployment Trust Fund

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

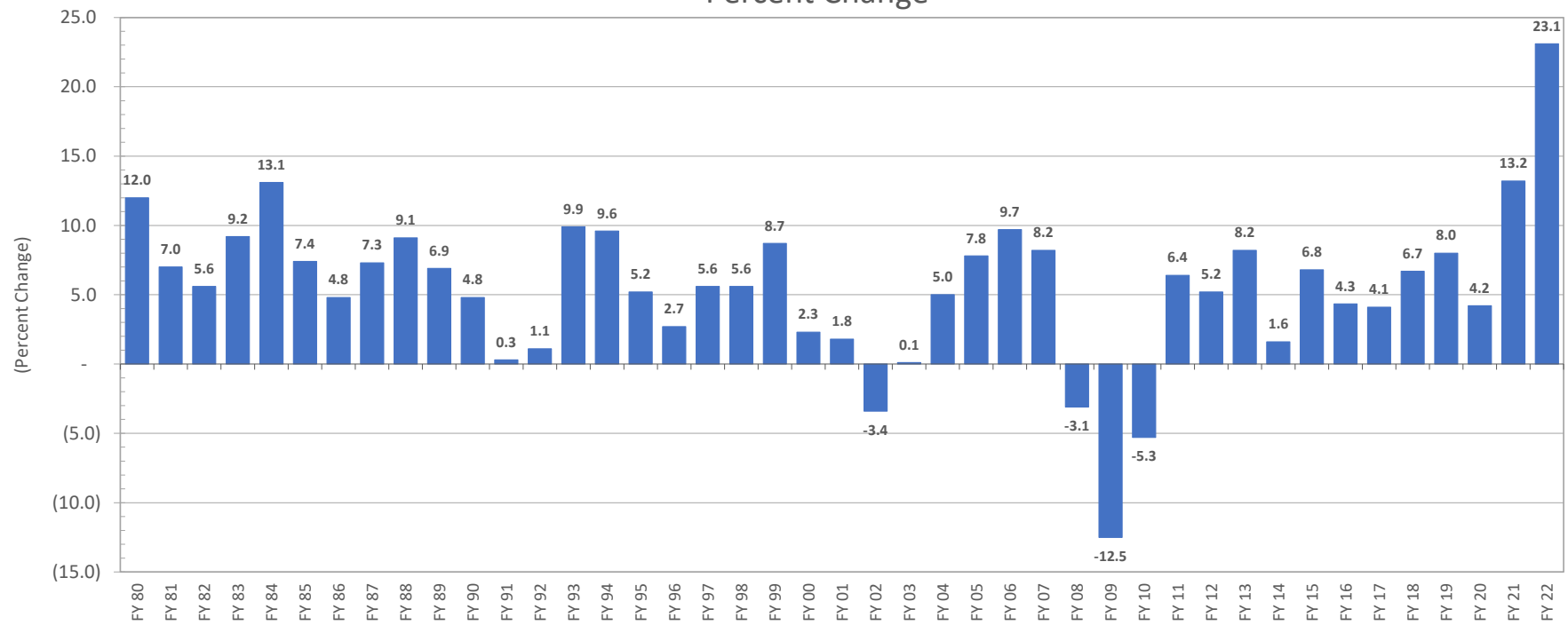


# General Fund Revenue & Appropriations

# General Fund Revenue Growth

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

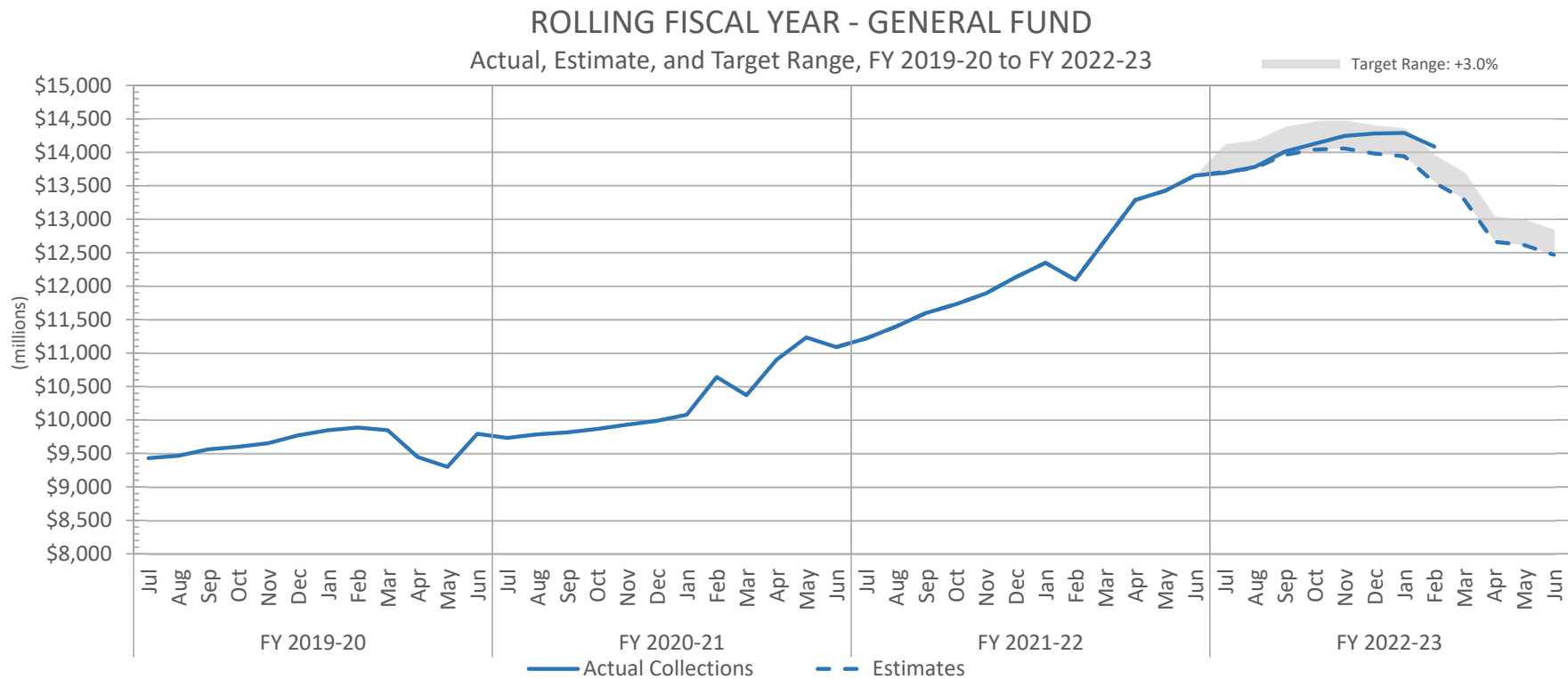
GENERAL FUND REVENUE  
Percent Change



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

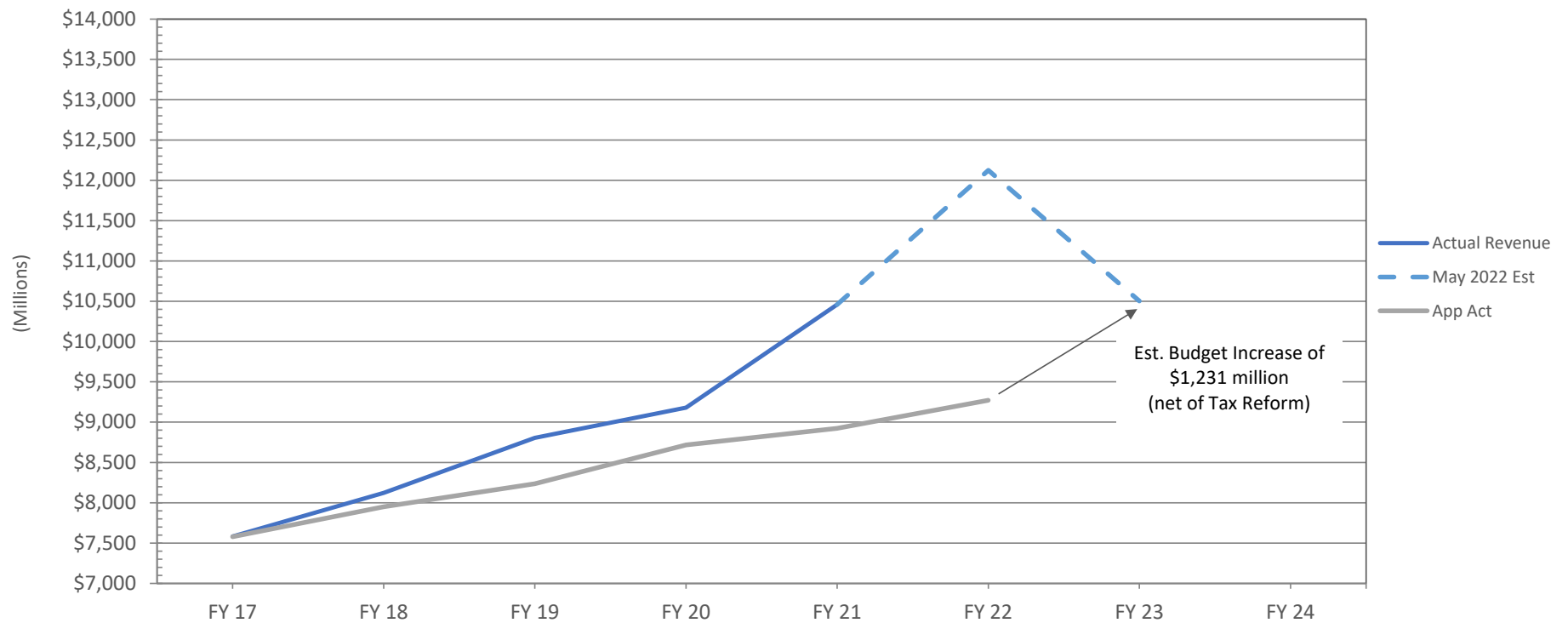
# General Fund – Actuals vs. Estimates (Preliminary)

Revenues are \$535.7 million above the estimate through February, but more than 40% of this excess is due to Corporate Income tax, a highly volatile revenue category



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

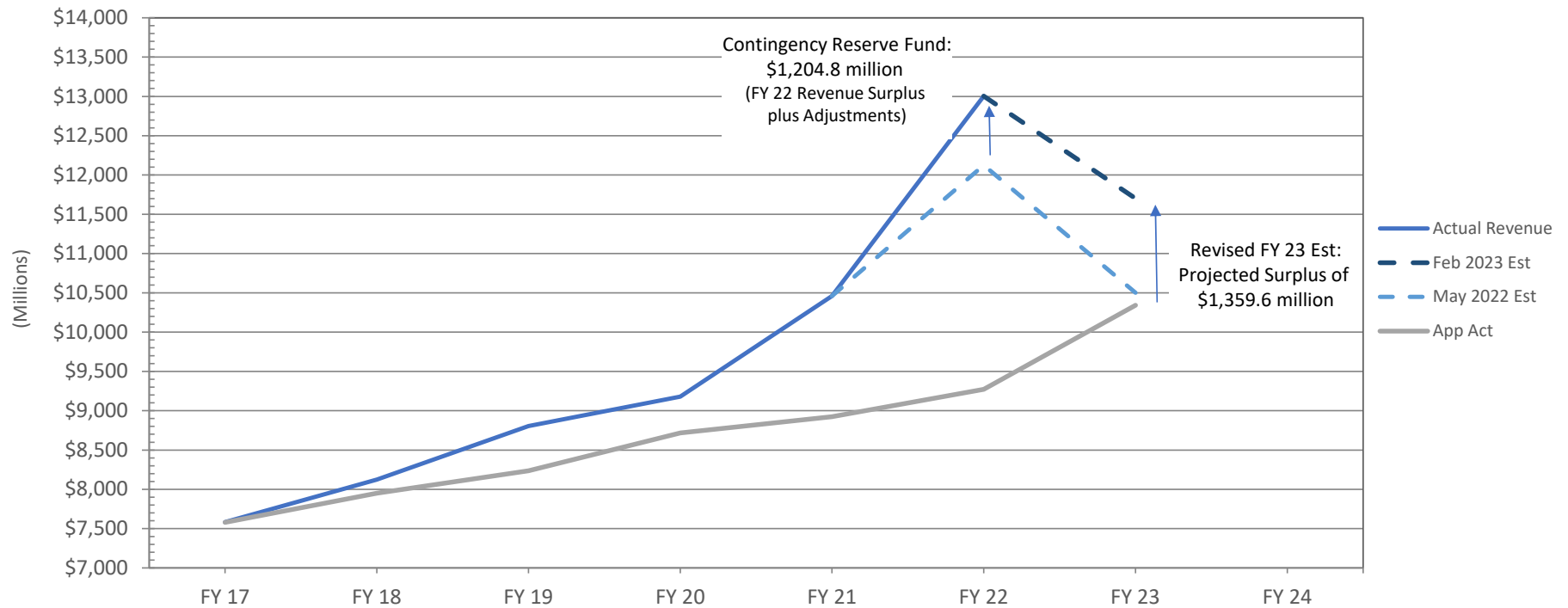
FY 2022-23 BUDGET OUTLOOK, MAY 2022  
Actual and Estimated Revenue vs Appropriation Act Expenses (Net of Tax Reform)



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

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

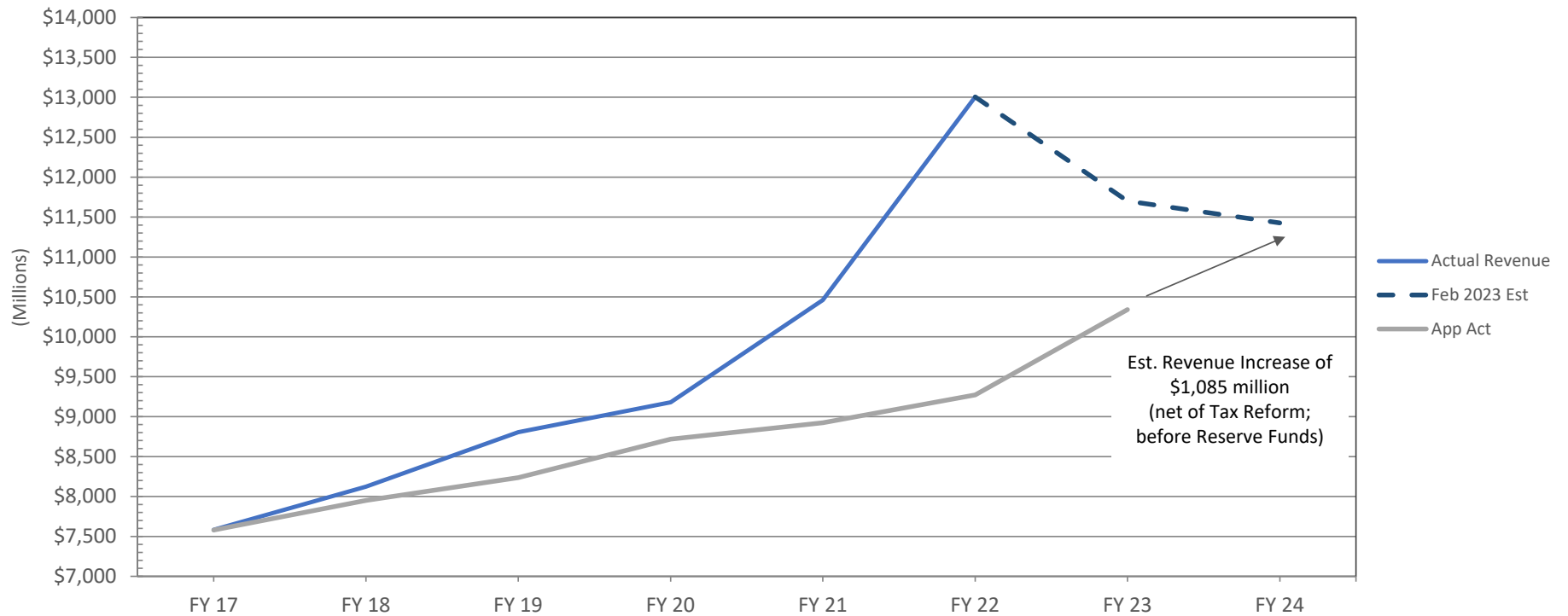
FY 2022-23 BUDGET CATCH-UP, FEBRUARY 2023  
Actual and Estimated Revenue vs Appropriation Act Expenses



# 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

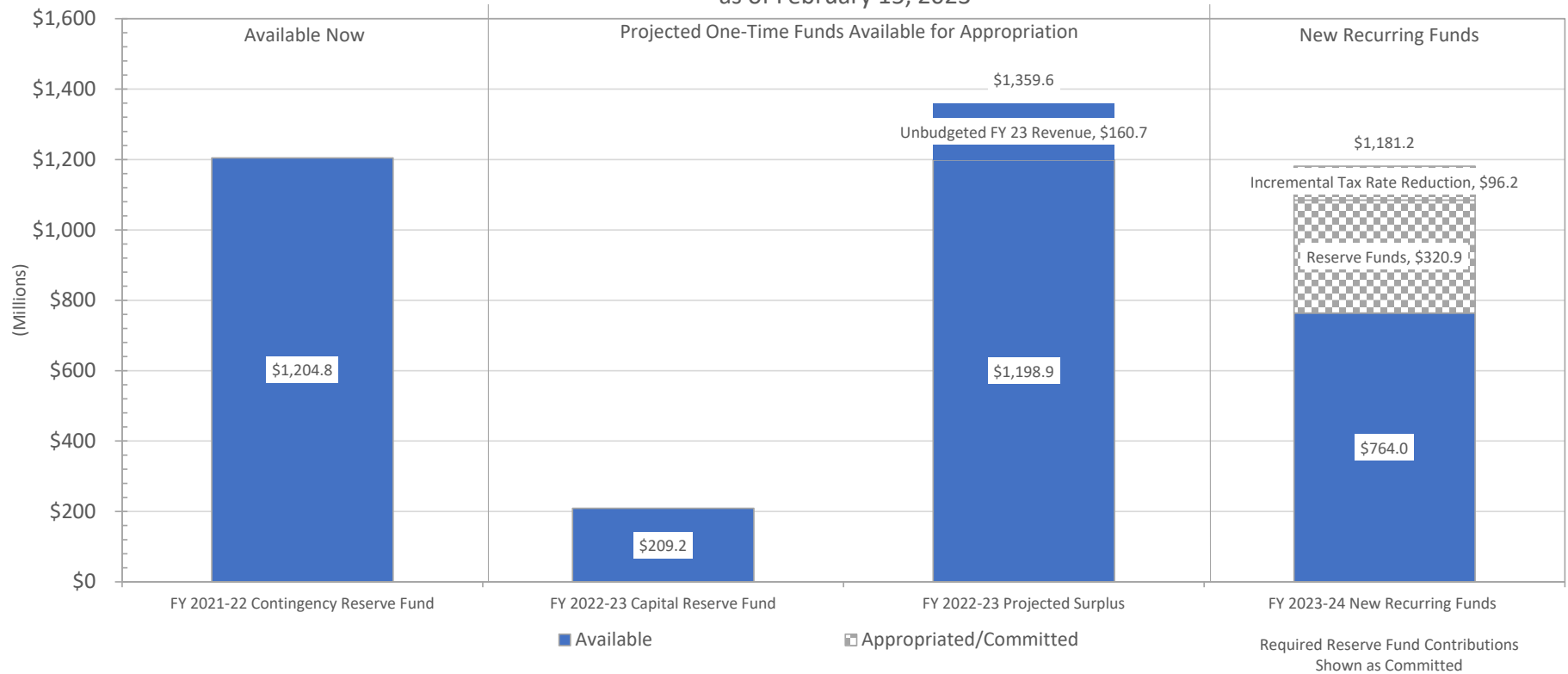


Note: Includes incremental income tax rate reduction for tax year 2023

# 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