

SOUTH CAROLINA ECONOMIC UPDATE

Presented to
SC Association of Counties



**FALL
ADVOCACY
MEETING**
& Institute of Government



October 19, 2023

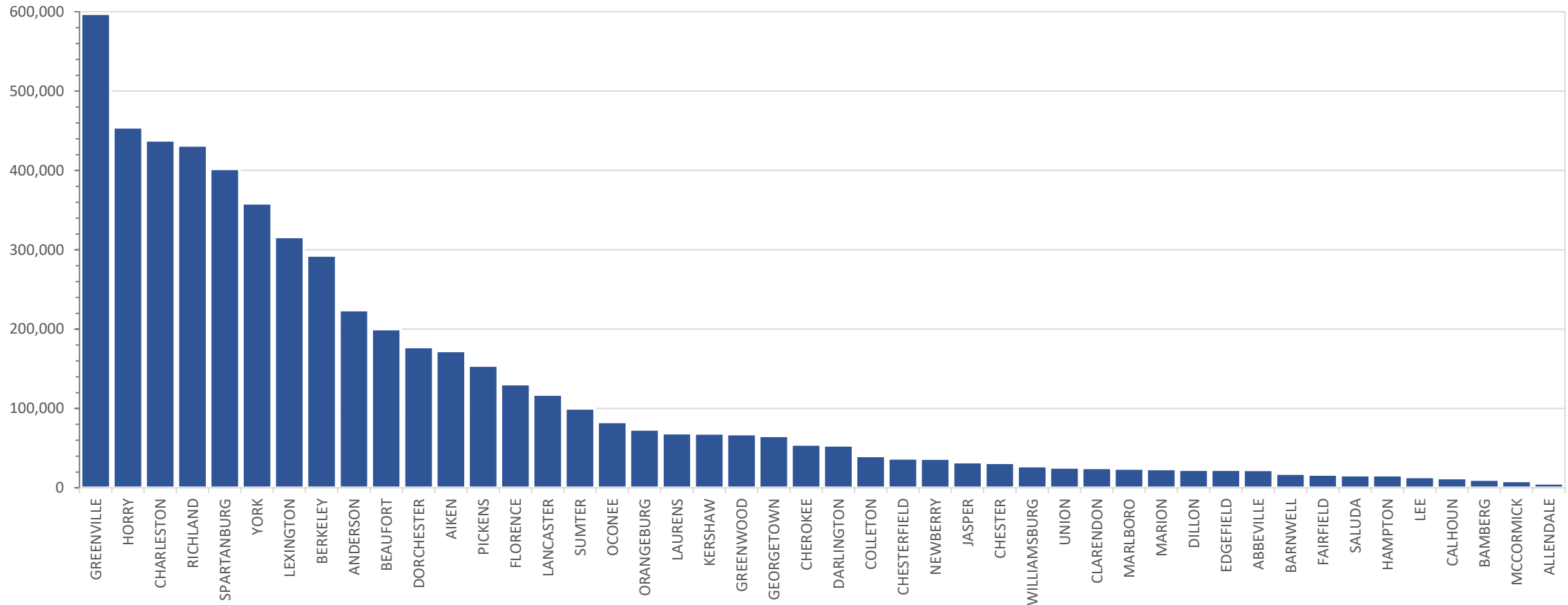
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South Carolina Projected Population, 2030

Five Largest: Greenville, Horry, Charleston, Richland, Spartanburg

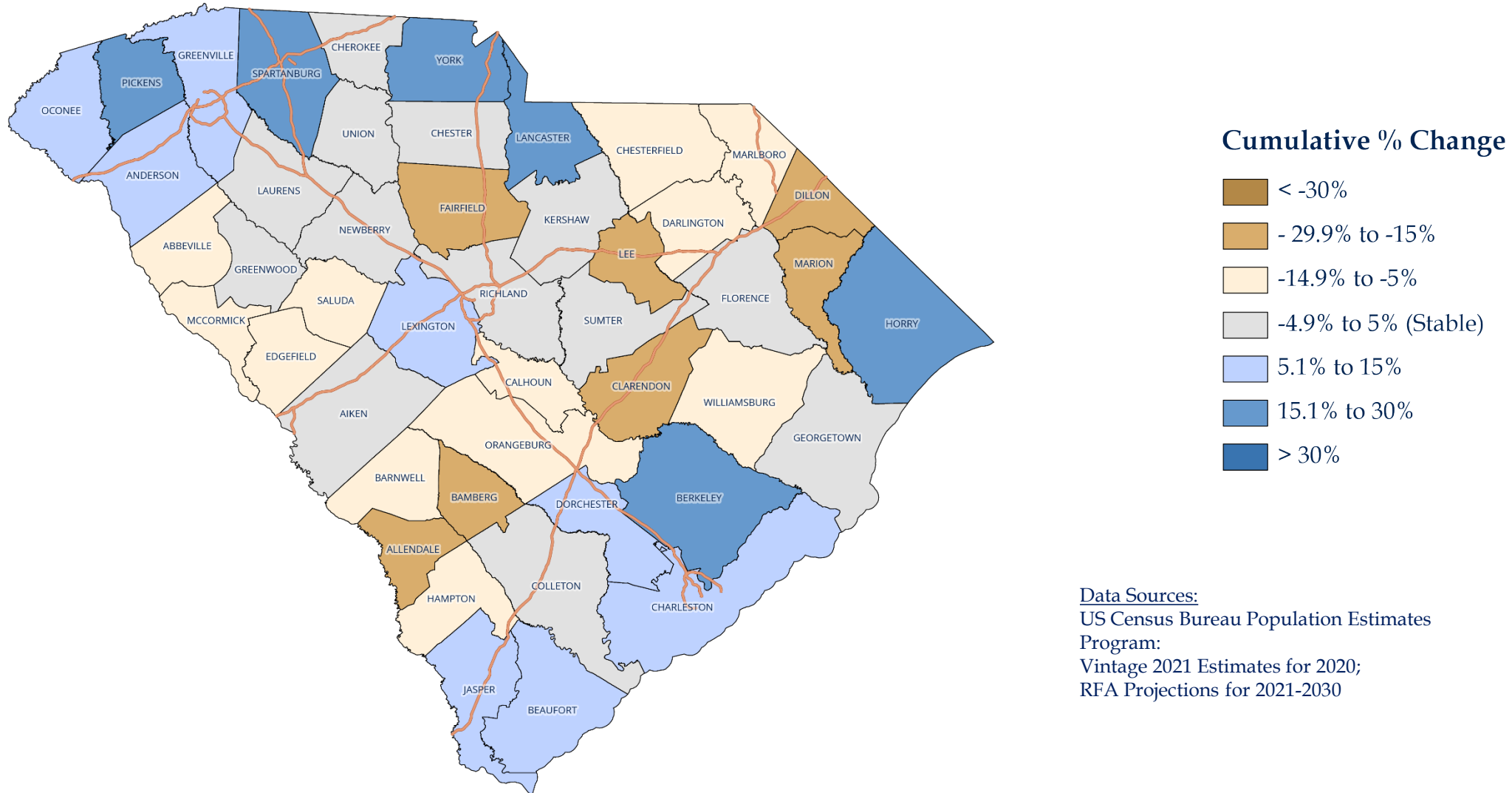
Five Smallest: Allendale, McCormick, Bamberg, Calhoun, Lee

TOTAL POPULATION BY COUNTY, 2030



Source: US Census Bureau, Vintage 2021 Postcensal Estimates

South Carolina Projected Total Population Change, 2020 - 2030 By County

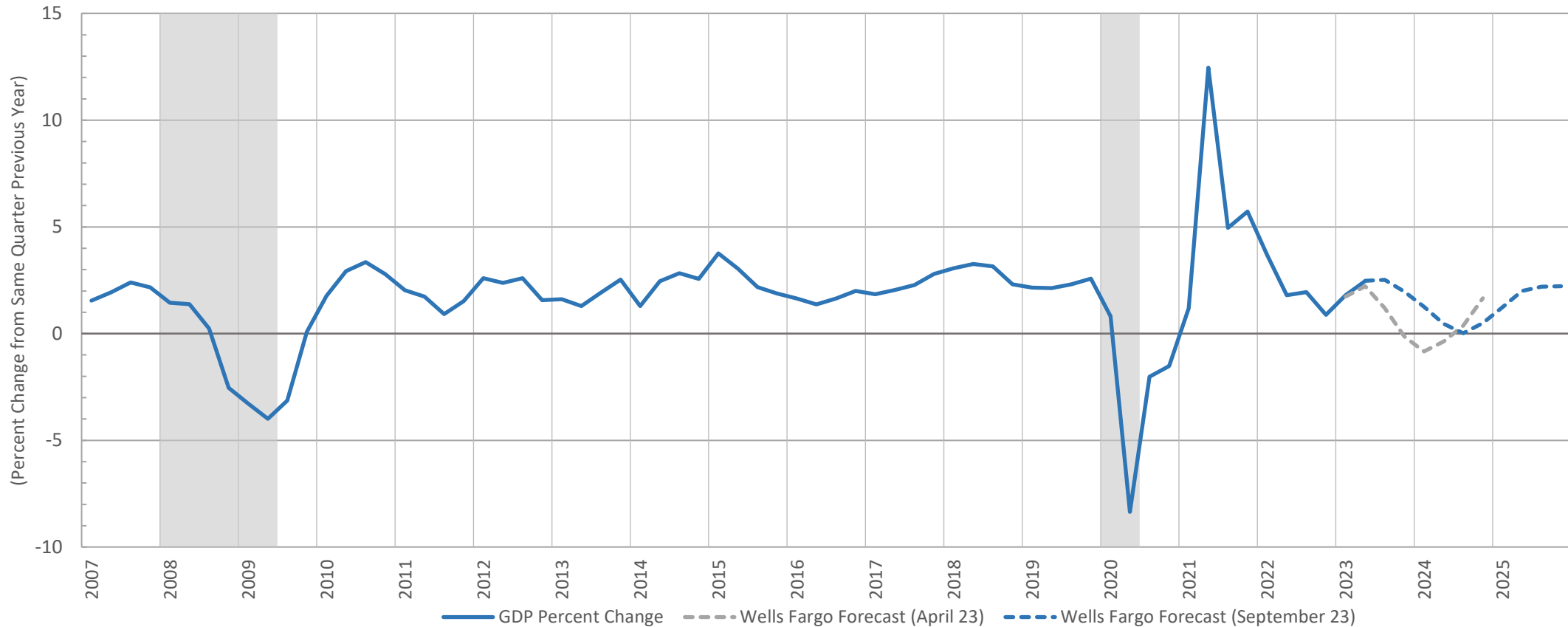


Data Sources:
 US Census Bureau Population Estimates
 Program:
 Vintage 2021 Estimates for 2020;
 RFA Projections for 2021-2030

Real GDP Growth

Updated US GDP growth expectations indicate a smaller potential downturn (no recession) and pushed the timing farther out than previously forecasted

US REAL GROSS DOMESTIC PRODUCT GROWTH

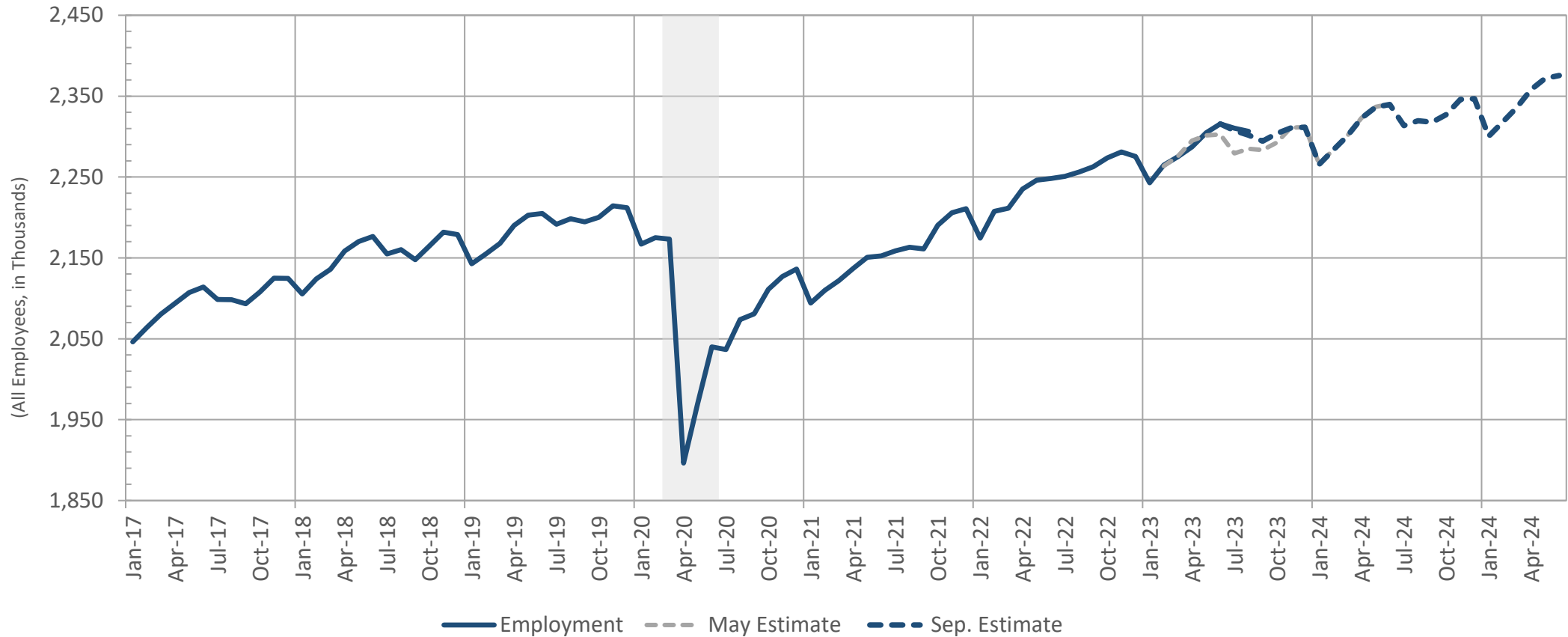


Source: U.S. Dept. of Commerce, Bureau of Economic Analysis; Wells Fargo US Economic Outlook, April 13 & Sep. 7, 2023 RFA/266/kav/09/12/2023

SC Employment

Employment through August 2023 has grown faster than anticipated in May (2.2% vs. 1.3%) although longer term expectations currently remain the same

TOTAL NONFARM EMPLOYMENT IN SOUTH CAROLINA

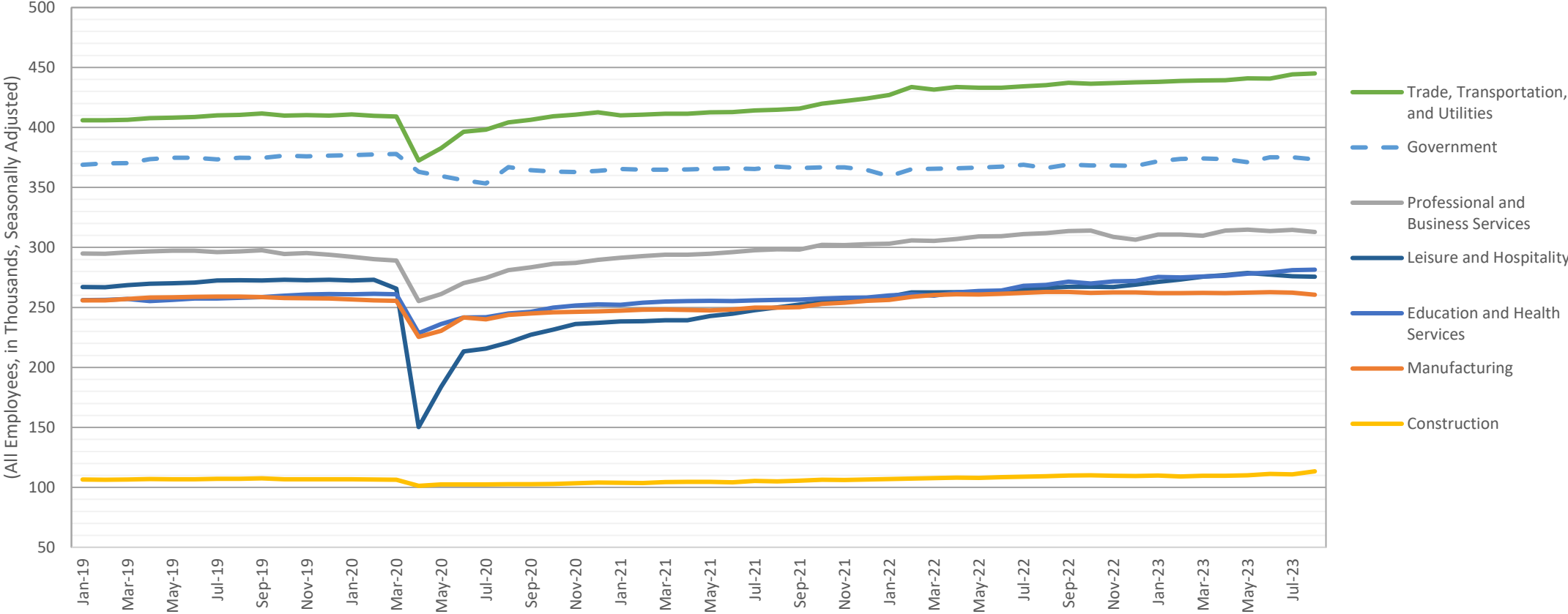


Source: U.S. Department of Labor, Bureau of Labor Statistics; Not seasonally adjusted 60-RFA/lhj/09/21/2023

Employment by Industry

Government remains the only industry that has not returned to pre-pandemic employment levels

SOUTH CAROLINA EMPLOYMENT BY INDUSTRY SECTOR

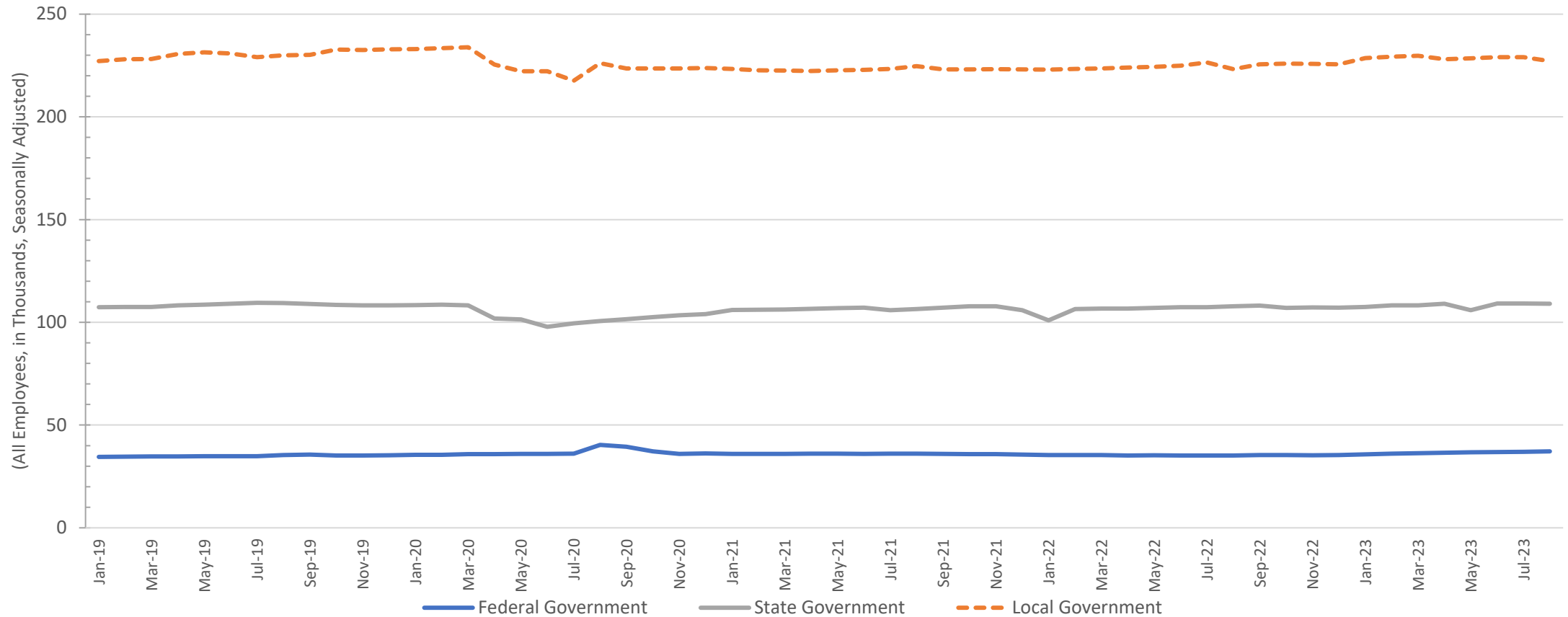


Source: U.S. Bureau of Labor Statistics 325-RFA/lhj/9/27/2023

SC Government Employment

Local government has not returned to pre-pandemic employment levels (down 6,700 jobs, 2.9%)

SOUTH CAROLINA GOVERNMENT EMPLOYMENT



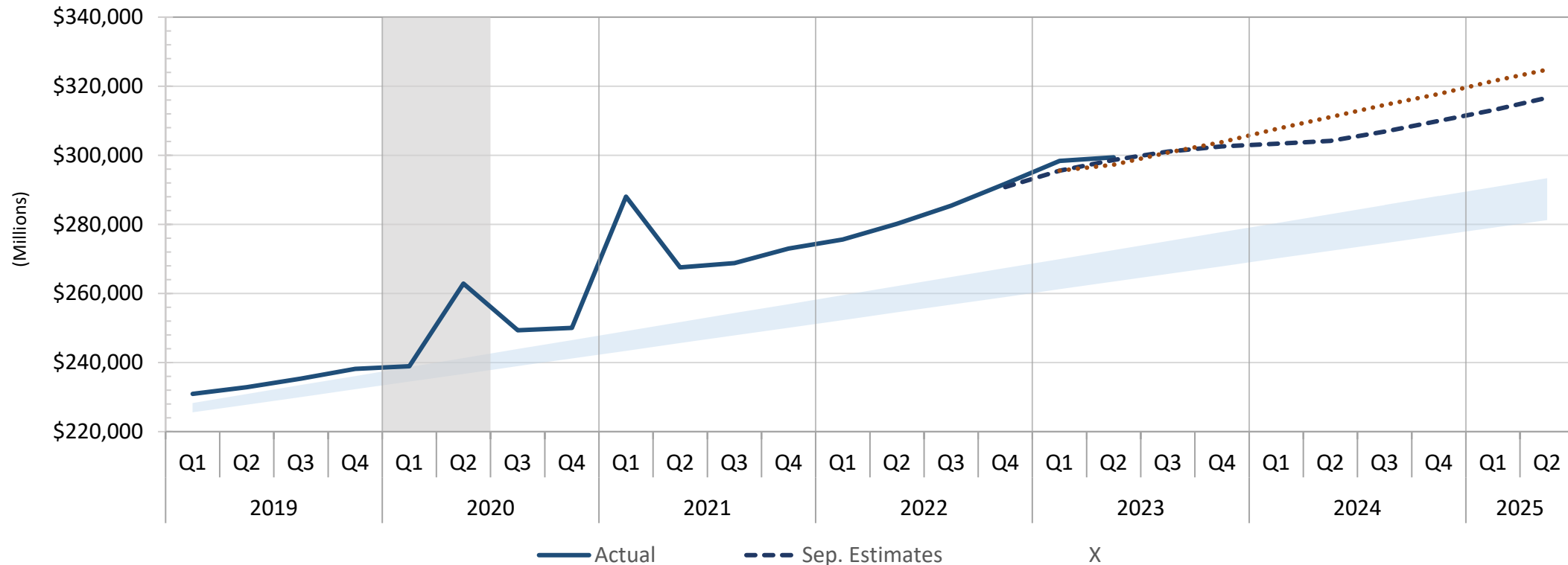
Source: U.S. Bureau of Labor Statistics 325-RFA/lhj/9/29/2023

SC Personal Income

Personal Income is growing well above our historical trend but is currently forecasted to grow slower over the next two fiscal years

SOUTH CAROLINA PERSONAL INCOME
Actual, Estimate, and Trend

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



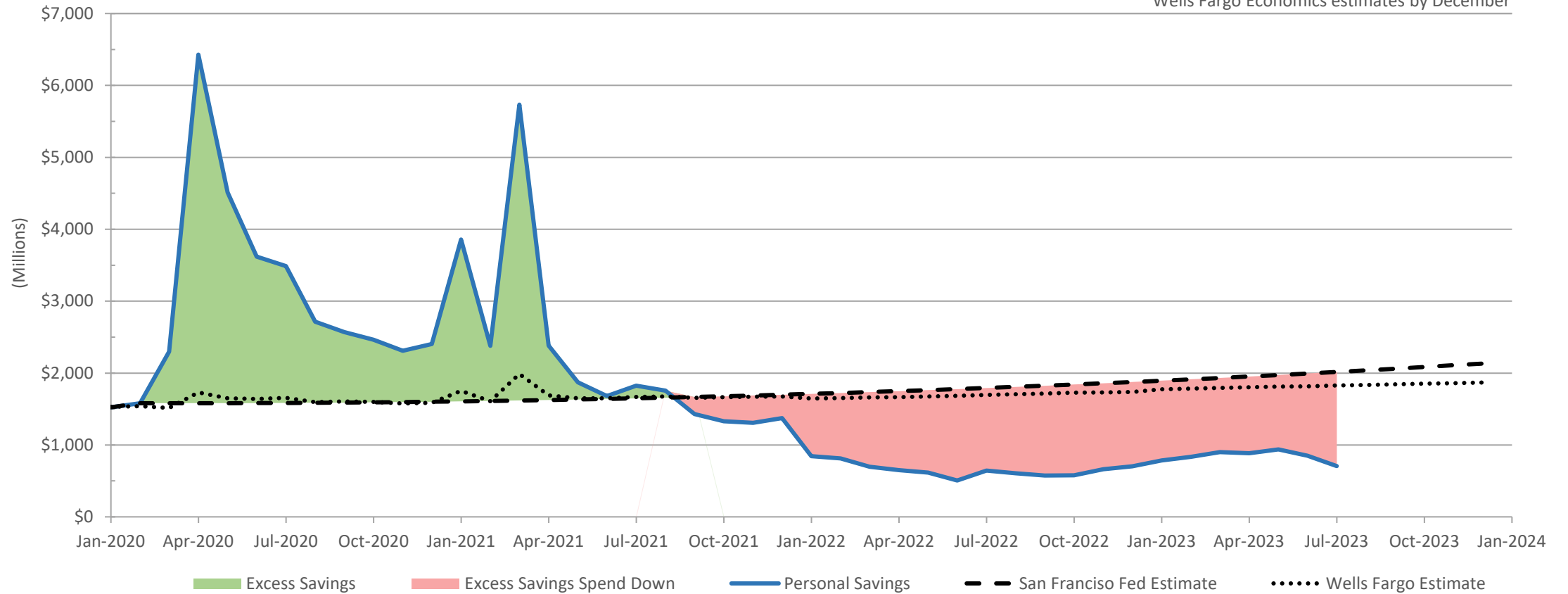
Data Source: U.S. Department of Commerce, Bureau of Economic Analysis; S.C. Board of Economic Advisors-RFA/lhj/10/03/2023

Personal Savings

Consumers have spent down excess savings from stimulus; expected to be depleted by 2024

PERSONAL SAVINGS

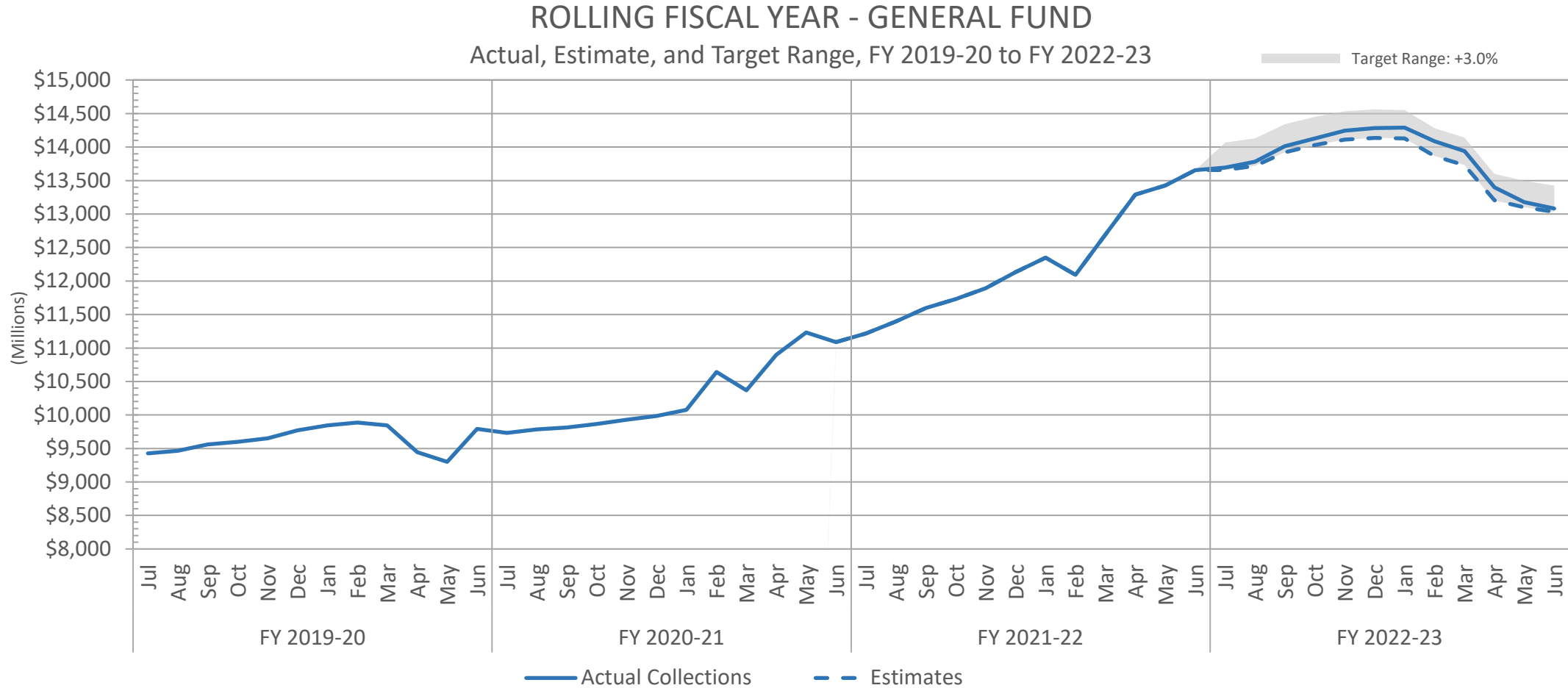
COVID-era Excess Savings Depletion Forecast:
San Francisco Fed estimates by September or October
Wells Fargo Economics estimates by December



Source: U.S. Bureau of Economic Analysis, Seasonally Adjusted Annualized Level; Federal Reserve Bank of San Francisco, Wells Fargo Economics; 331-RFA/kav/9/1/2023

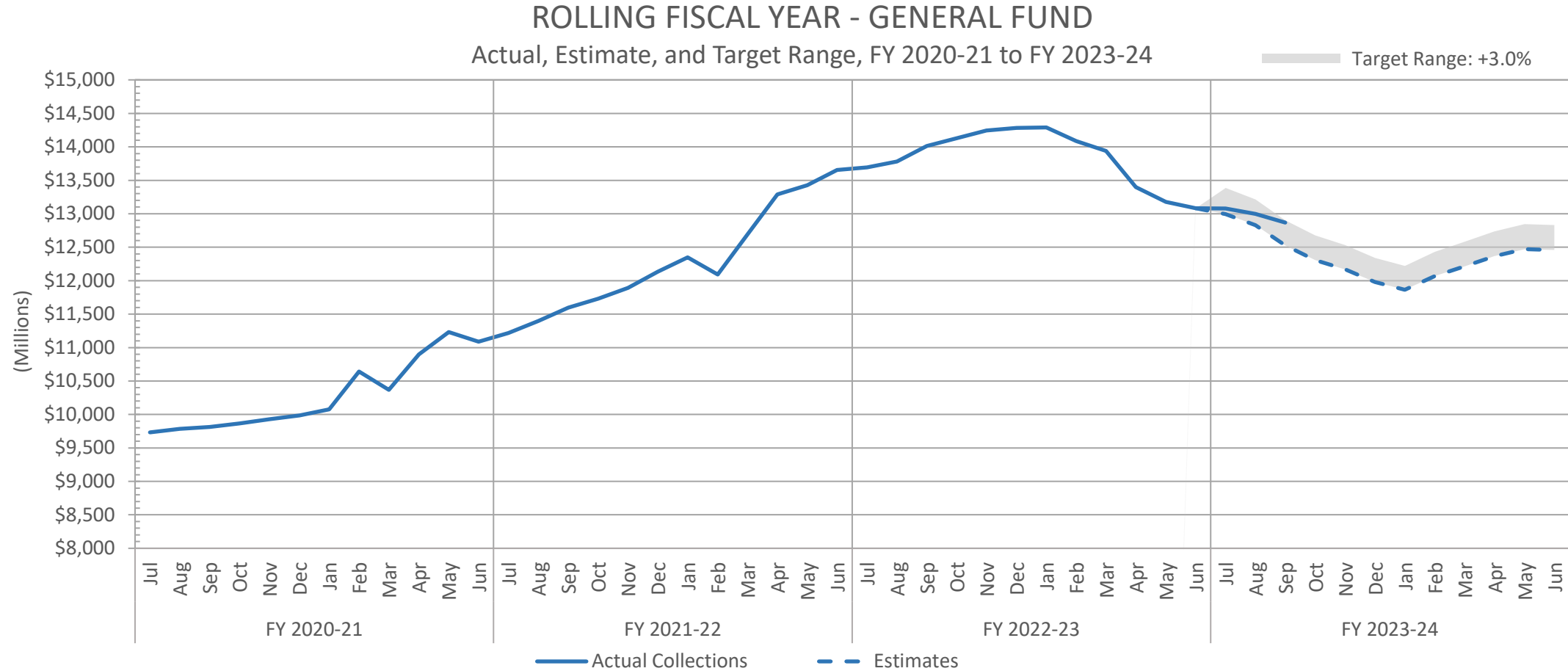
General Fund – Actuals vs. Estimates

Revenues ended \$61.2 million above the estimate for FY 2022-23, declining 4.1% compared to 4.6% estimated decline



Total General Fund – FY 2023-24

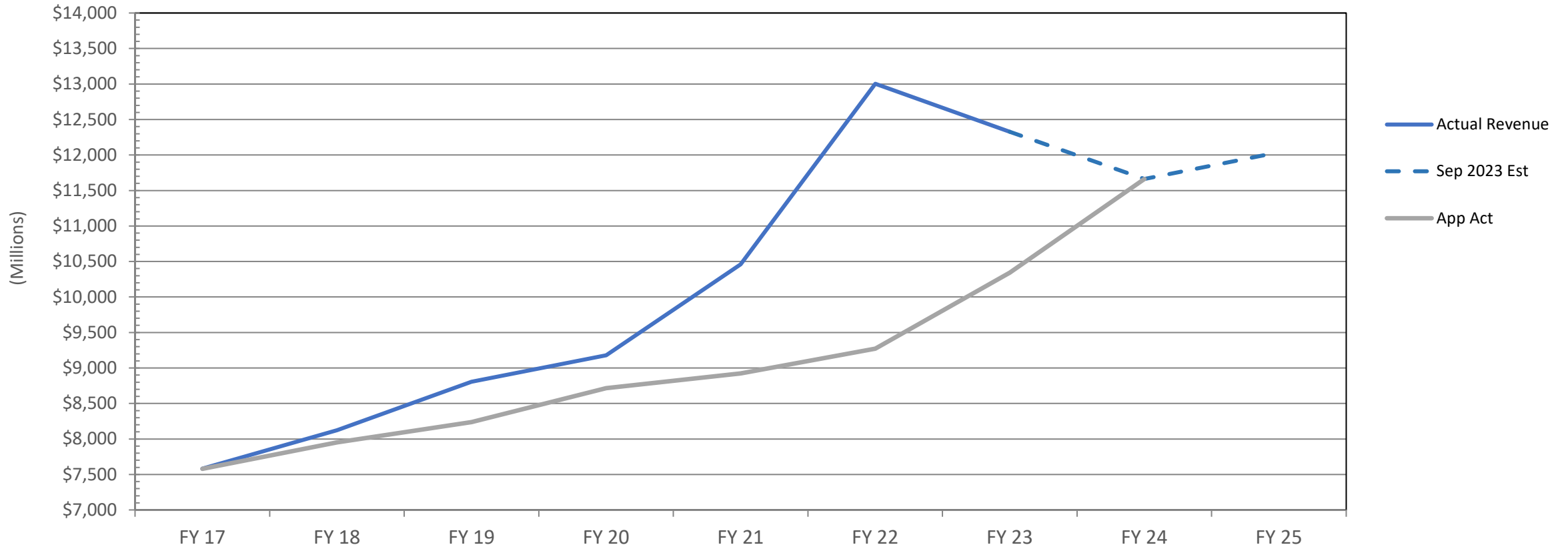
Collections are running \$341.2m ahead of the forecast through September



FY 2024-25 Preliminary Budget Outlook

General Fund finished FY 23 within \$61 million of estimates; September forecast matches expenditures for FY 24 with modest growth projected for FY 25

FY 2024-25 BUDGET OUTLOOK, SEPTEMBER 2023

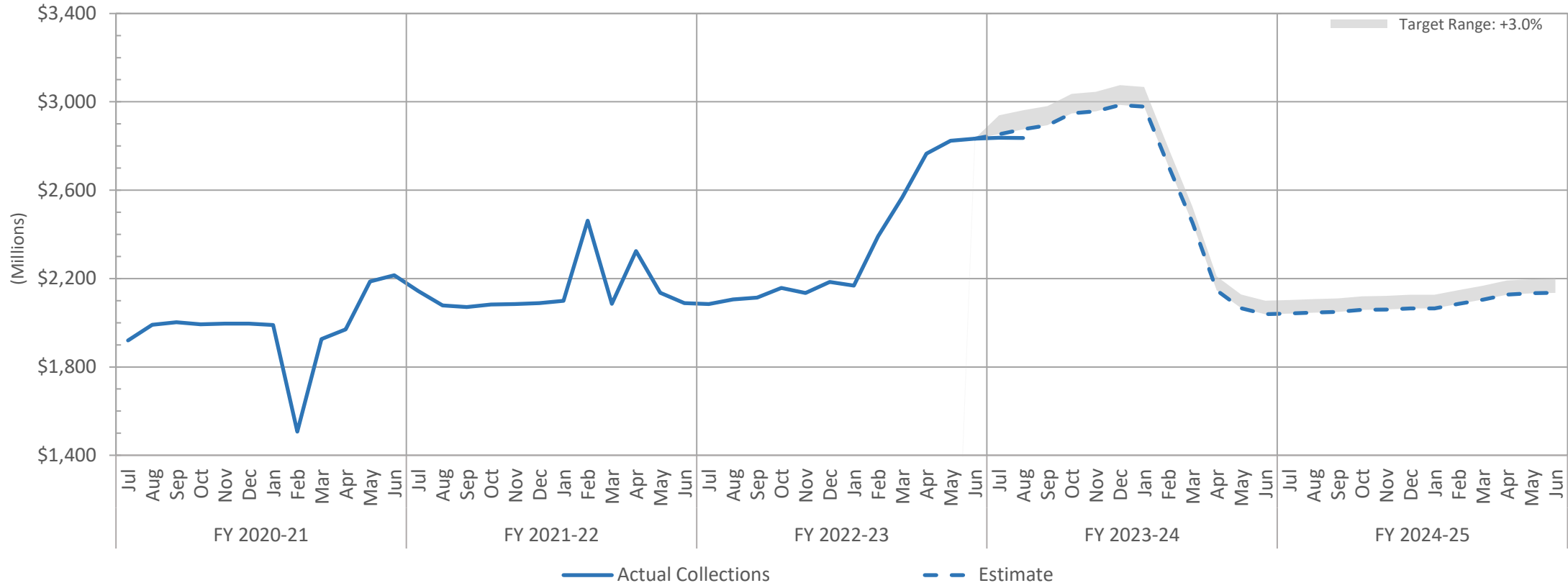


Income Tax Refunds – Debt Offset

Income tax refunds increased 36% in FY 23 due to the 2022 tax rate change, which increased amounts available for debt offset, but are expected to decline in FY 24 since withholdings tables have now been adjusted for the change

ROLLING FISCAL YEAR - INDIVIDUAL INCOME REFUNDS

Actual, Estimate, and Target Range, FY 2020-21 to FY 2024-25

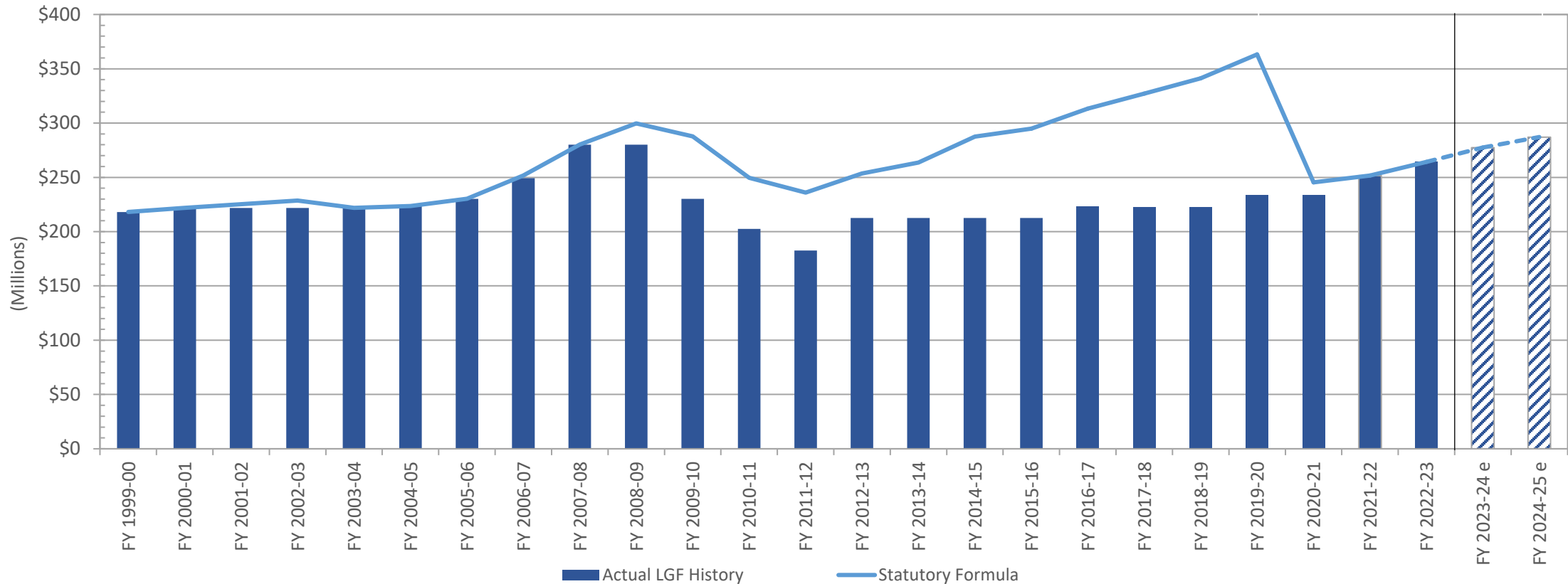


Local Government Fund

Formula growth for FY 2024-25 is currently estimated to be 3.46% based on the September 2023 forecast

LOCAL GOVERNMENT FUND
Comparison of Actual Funding to Statutory Formula

Act 84 of 2019 changed the Local Government Fund formula beginning in FY 2020-21.



Note: FY 2020-21 was funded at the FY 2019-20 level due to the continuing resolution adopted by the General Assembly. The FY 2021-22 statutory formula includes a catch up amount for FY 2020-21. The FY 2023-24 statutory formula estimate includes \$277,456,909 in recurring funds as adopted by the General Assembly. The FY 2024-25 estimate is based on the BEA forecast as of 9/21/23, and is subject to change.
Source: S.C. Revenue and Fiscal Affairs Office - 193/lpw/9/27/23

Homestead Exemption Fund – Potential County Credit

The fund has been accruing a balance since FY 2020-21

- The revenues of the Homestead Exemption Fund have exceeded expenditures and the increase to the Tier III reimbursement has been at least 4 percent since FY 2020-21. A proviso, currently Proviso 117.151 of the FY 2023-24 Appropriations Act, suspends the distribution of the excess revenue in the fund, and therefore, the fund has been accruing a balance.

	HEX Revenue	Additional GF Appropriation	HEX Expenditures	HEX Fund Balance
FY 2020-21	\$903,907,148	\$20,421,270	\$819,096,961	\$119,788,333*
FY 2021-22	\$1,033,264,217	\$18,648,819	\$862,637,680	\$298,987,773
FY 2022-23	\$1,112,078,145	\$0	\$912,203,792	\$498,862,125
Based on DOR balancing of the HEX Fund (May not match to SCEIS due to delayed payments or other adjustments) *Includes a prior year balance of \$14,607,814				

See S.C. Code of Laws §11-11-156



Homestead Exemption Fund – Potential County Credit

Remittance of the fund if the proviso is removed

- If Proviso 117.151 is removed from the FY 2024-25 Appropriations Act, a full remittance to counties of the fund balance as of the end of FY 2024-25 will occur in FY 2025-26.

Homestead Exemption Fund Projected Balance			
	HEX Revenue	HEX Expenditures	HEX Fund Balance
FY 2023-24(e)*	\$1,064,907,000	\$1,004,624,152	\$559,144,973
FY 2024-25 (e)*	\$1,094,362,000	\$1,049,177,310	\$604,329,663
FY 2025-26(e)**	\$1,132,664,670	\$1,087,063,293	\$45,601,377

*Estimates based on BEA forecast as of September 21, 2023
 **Revenue estimate based on 3.5% growth, and expenditure estimate based on 4% growth

Projected County Tier III Revenue Credits		
	Total Statewide Credit	County Range
FY 2025-26	\$604,329,663	\$867,032 – \$62,685,099
FY 2026-27	\$45,601,377	\$65,424- \$4,730,079

Based on Census Bureau Population Estimates 2023

All estimates are subject to change.

