



## SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE

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*For Immediate Release*

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### **The BEA Revises FY 2020-21 Projected Surplus, Increases FY 2021-22 Revenue Forecast**

*Economic and Revenue Recovery Expected Despite COVID-19 Crisis*

COLUMBIA – The South Carolina Board of Economic Advisors (BEA) voted Thursday to increase its revenue forecast for the current fiscal year ending June 30, 2021 as recent data showed economic activity did not fall as expected earlier in the fiscal year. The BEA had reduced its Fiscal Year (FY) 2020-21 revenue estimate prior to the pandemic by \$803.7 million in November 2020. Today's action restored \$610.4 million of that reduction.

With the adjustment to the current fiscal year estimate, the state projects to end FY 2020-21 on June 30 with a budget surplus of \$646.7 million.

The BEA also increased its revenue estimate for FY 2021-22 by \$316.4 million.

With the revised estimates for the current fiscal year and FY 2021-22, the General Assembly will have available for appropriation approximately \$1.72 billion in unobligated revenue: \$385.8 million in recurring funds and \$1,334.5 million in non-recurring funding.

The BEA made targeted adjustments to the forecast in specific revenue categories based on actual revenue performance, while keeping in mind the continuing health and economic risks of COVID-19.

The BEA noted that this economic downturn has been much different than prior recessions. Total wages and income did not decline as expected at the start of the fiscal year as some sectors of the economy performed better than others. Since the BEA's November meeting where it issued its revenue forecast to begin the current budget process, Congress has passed two additional rounds of stimulus funding to provide relief against the impacts of the COVID-19 pandemic.

As of March, general fund revenues are \$844.9 million above November projections, though timing issues exaggerate this figure. South Carolina wages continue to grow overall despite an employment decline, and changes in consumer behavior coupled with federal stimulus payments have driven an increase in sales tax revenue.

Though resilient, South Carolina's economy has not fully rebounded from the sharp economic downturn, most notably in job losses, the BEA noted. The BEA advised that the continuing impact of the federal stimulus bills is likely to diminish during the next fiscal year.

The BEA anticipates general fund revenue in FY 2021-22 will be 1.3 percent less than projected for the current fiscal year as the impact of the federal stimulus fades and the economy returns to normal levels. In spite of the projected decrease in revenue, collections in FY 2021-22 are expected to be above the base budget by \$385.8 million.

### FY 2021-22 Budget Outlook

<b>Net Unobligated (New) Recurring General Fund Revenue</b> <i>(less tax relief trust fund)</i>	<b>\$385.8 million</b>
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#### **Non-recurring Revenue**

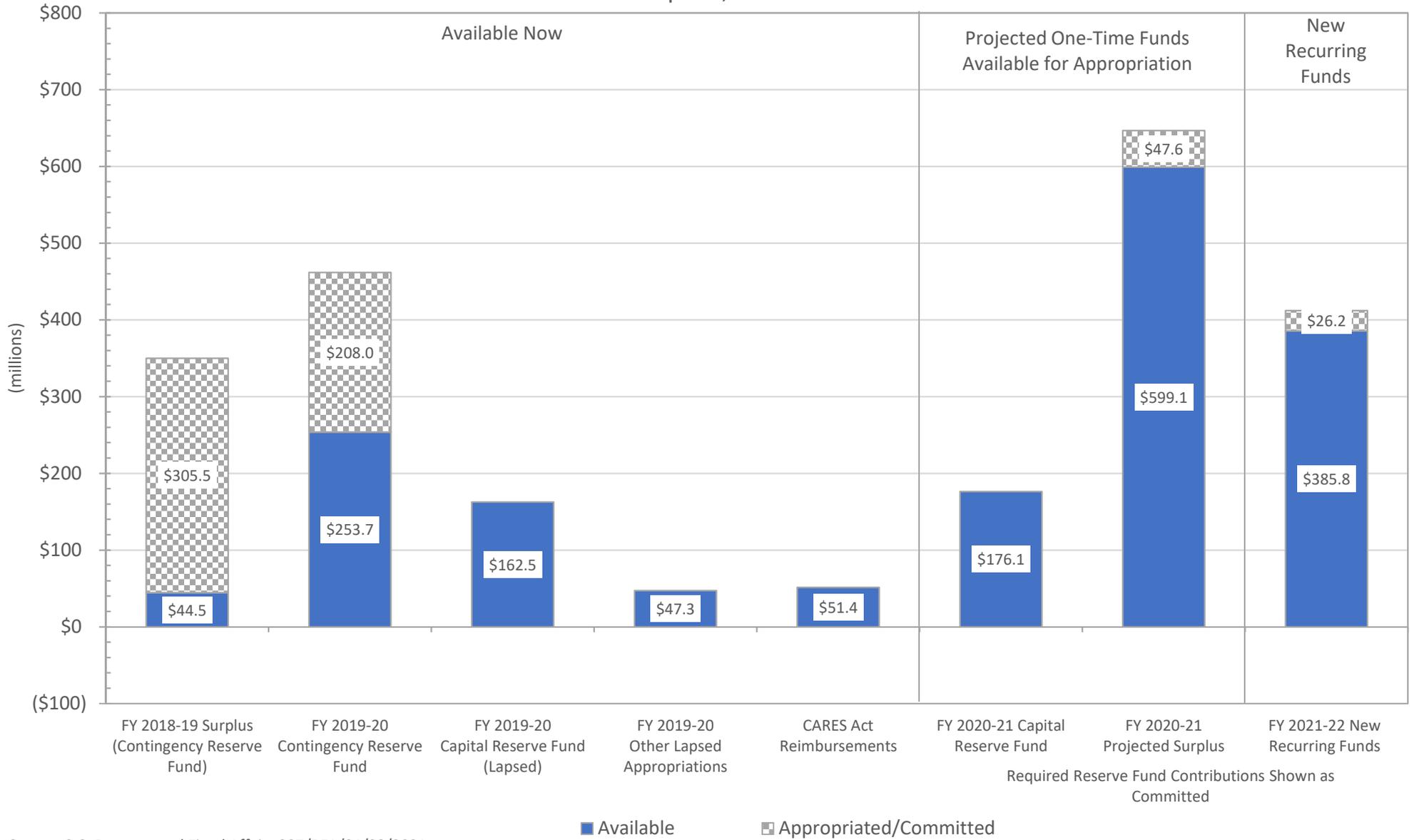
FY 2018-19 Contingency Reserve Fund	\$44.5 million
FY 2019-20 Contingency Reserve Fund	\$514.8 million
FY 2020-21 Capital Reserve Fund	\$176.1 million
Projected FY 2020-21 General Fund Surplus	\$646.7 million
Less Reserve Fund Contributions	<u>(\$47.6 million)</u>
<b>Total Non-recurring Revenue</b>	<b>\$1,334.5 million</b>

<b>Total Estimated Unobligated (New) General Fund Revenue for Appropriation</b>	<b>\$1,720.3 million</b>
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*Contingency Reserve Funds are net of amounts already appropriated. Non-recurring Revenue estimates do not include anticipated funds from the Department of Energy settlement and other pending litigation.*

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## AVAILABLE FUNDS - FY 2021-22 BUDGET PROCESS as of April 8, 2021



Source: S.C. Revenue and Fiscal Affairs 297/RFA/04/08/2021