

SOUTH CAROLINA - ECONOMY, FINANCES, & REDISTRICTING

Presented To



**Annual Conference
July 24, 2021**

Prepared by

Frank A. Rainwater



South Carolina Revenue and Fiscal Affairs Office
1000 Assembly Street
Rembert Dennis Building, Suite 421
Columbia, SC 29201
(803) 734-2265
www.rfa.sc.gov

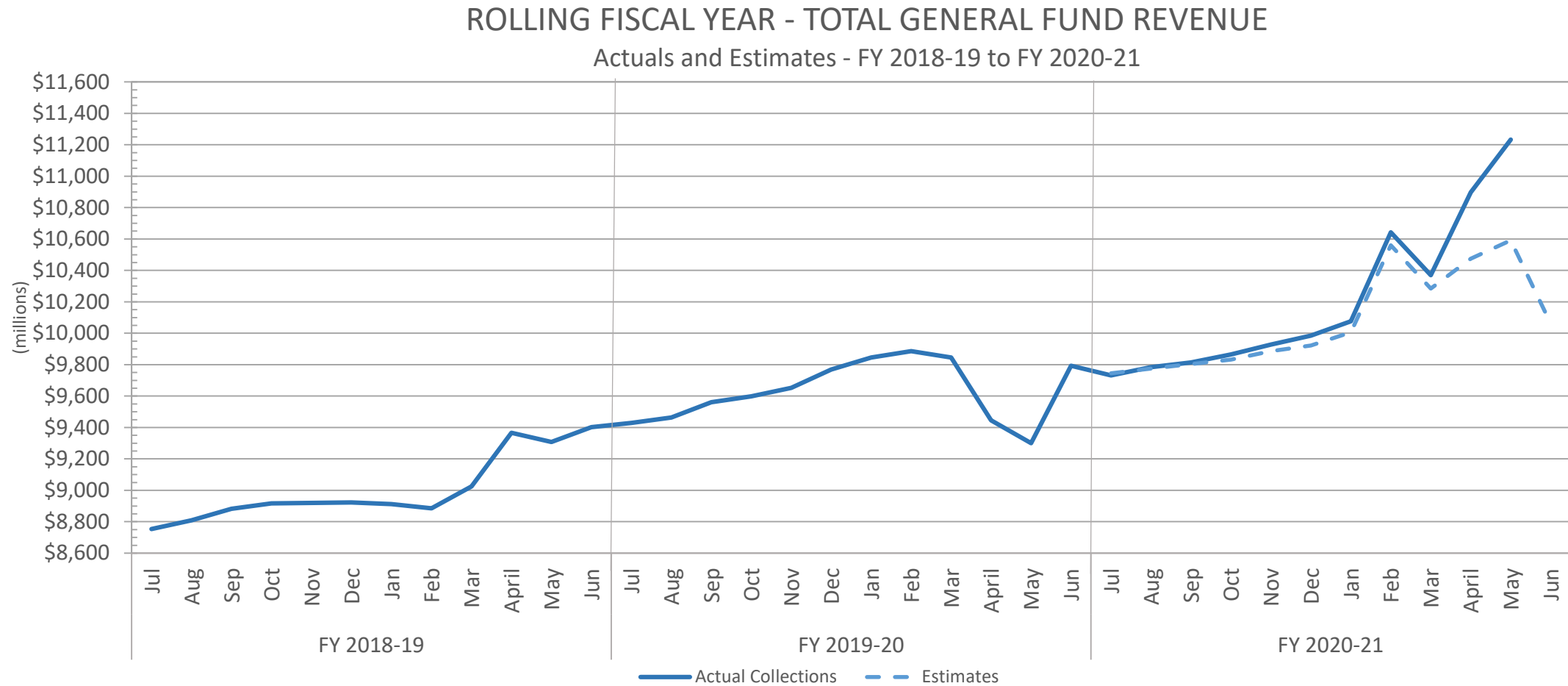
Introduction

Economics is extremely useful as a form of employment for economists

- John Kenneth Galbraith

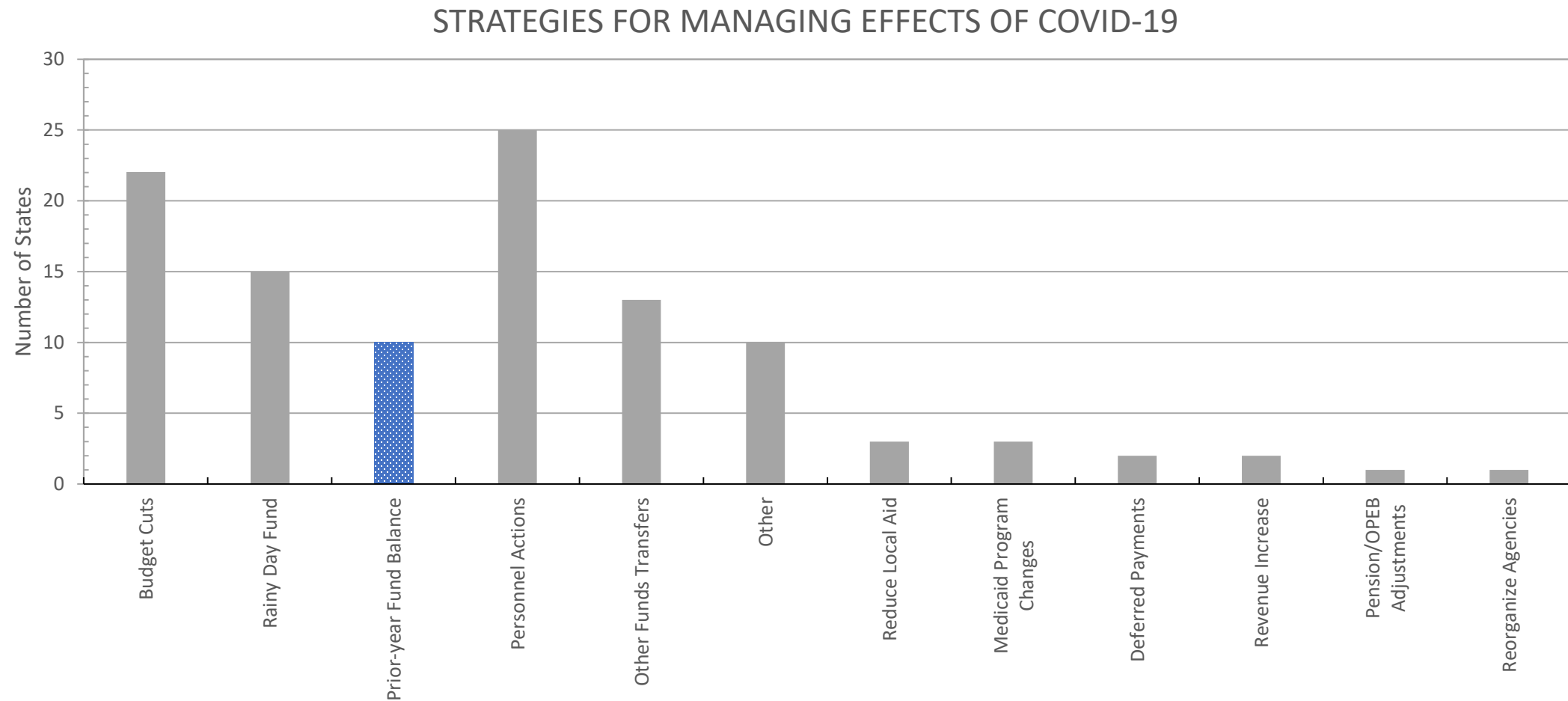
General Fund Revenues – Actual vs. Estimate

Revenues are growing faster than expected in April 2021 Estimate



How States Managed Budgets in 2020

SC avoided most of the options adopted in other states; used fund balance for pandemic related expenses



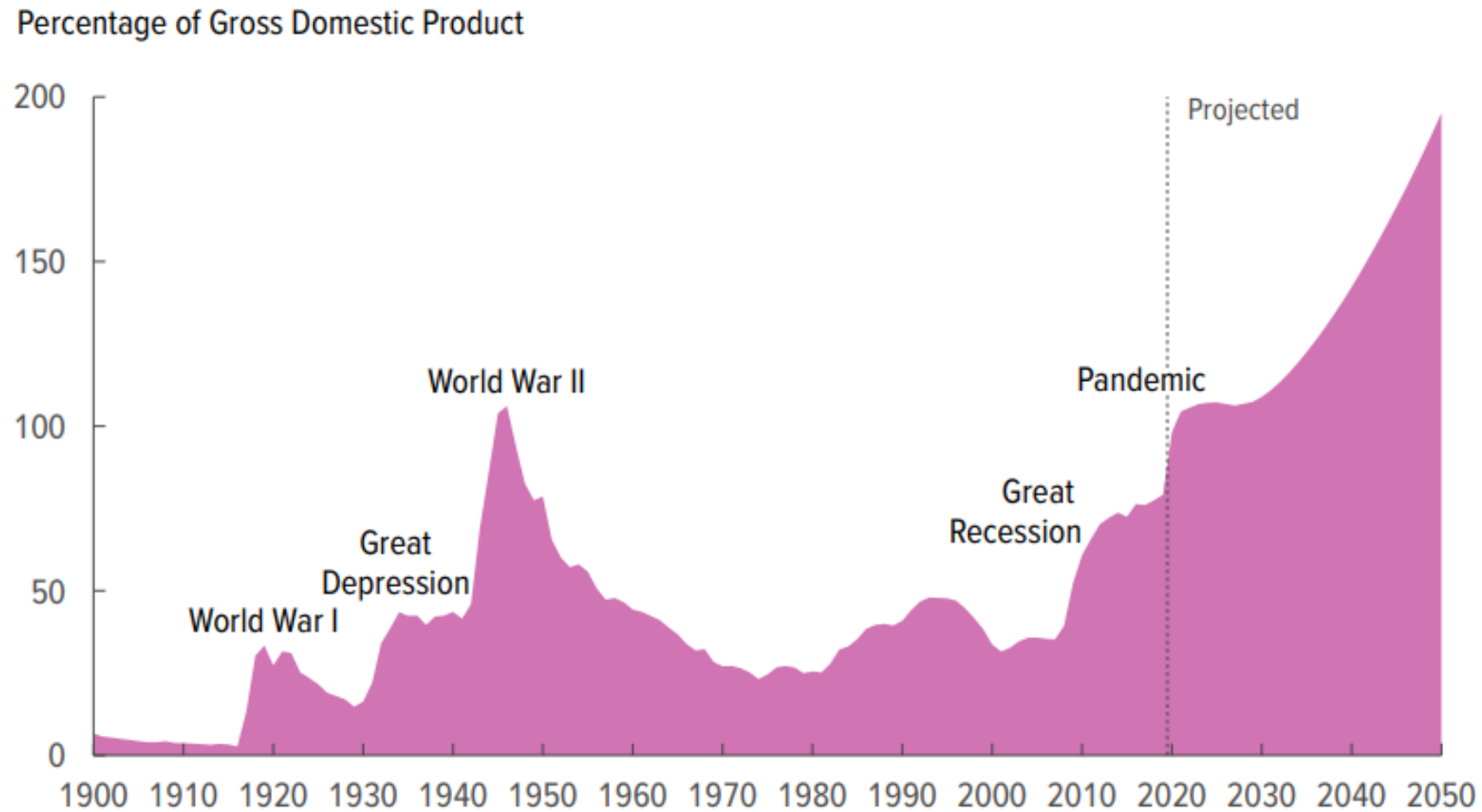
Source: National Association of State Budget Officers, Fiscal Survey of States, Fall 2020

Key Economic Measures

Blessed are the young, for they shall inherit the national debt
- Herbert Hoover

US National Debt

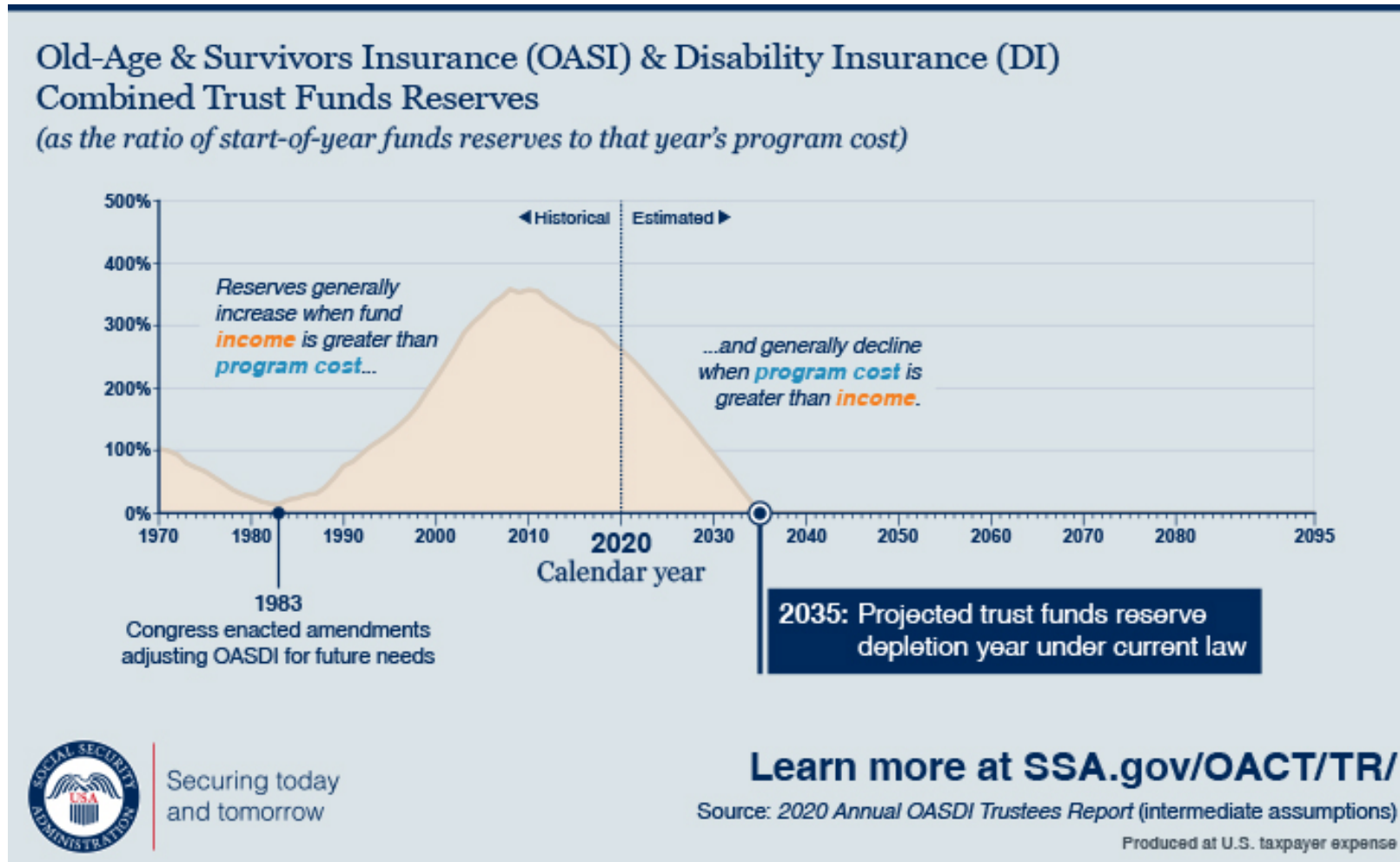
Federal debt held by the public is projected to equal **195% of GDP** in 2050



Source: Congressional Budget Office, The 2020 Long-Term Budget Outlook, September 2020, ng/4/19/2020

Social Security's Long Term Financial Outlook

Trust fund reserves estimated to be exhausted by 2035



Source: Social Security Administration, 2020 Annual OASDI Trustee Report (intermediate assumptions), April 2020, ng/4/19/2020

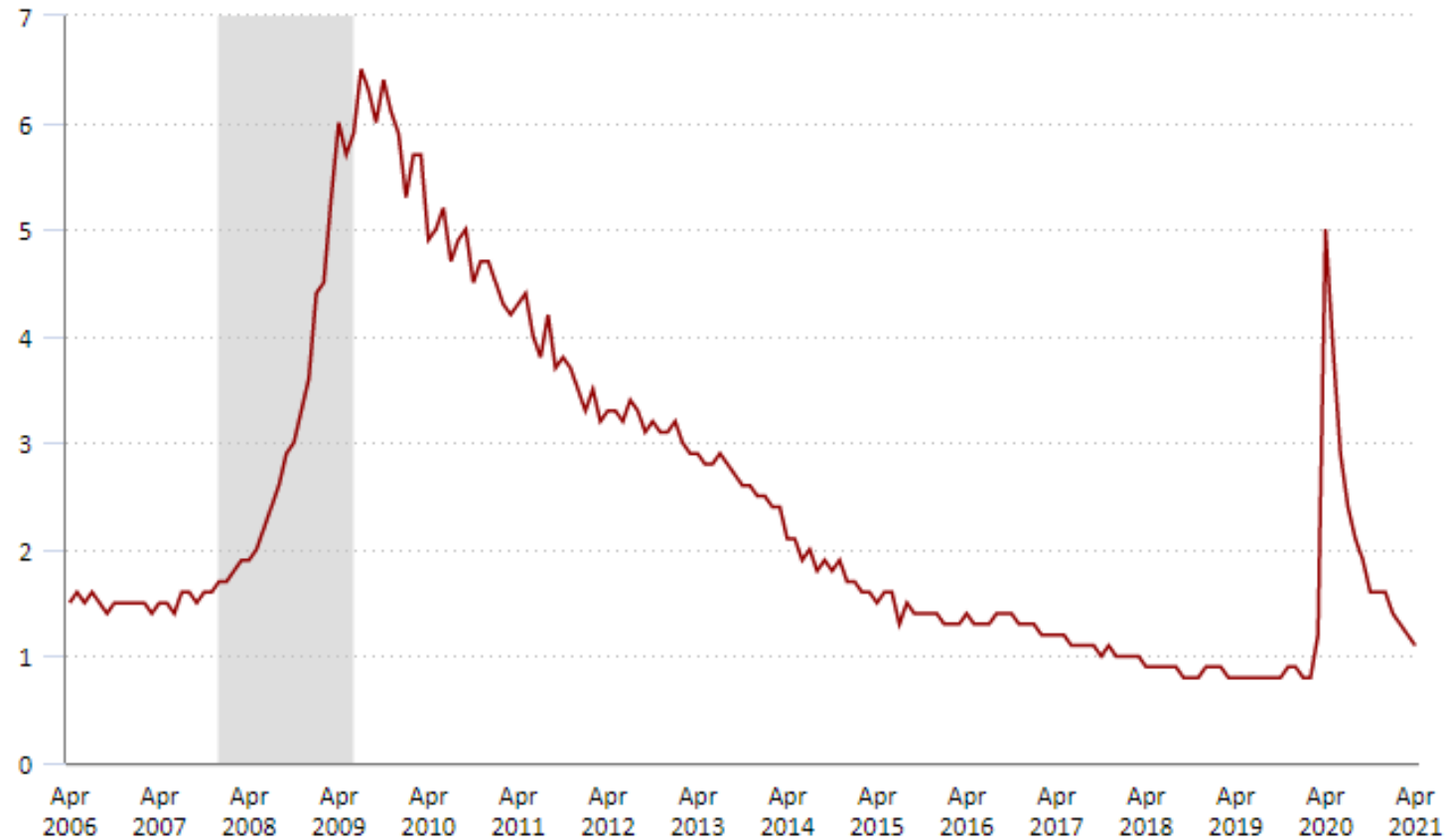
South Carolina Key Indicators

Economics has never been a science – and it is less now than a few years ago

– Paul A. Samuelson

Unemployed vs Job Openings

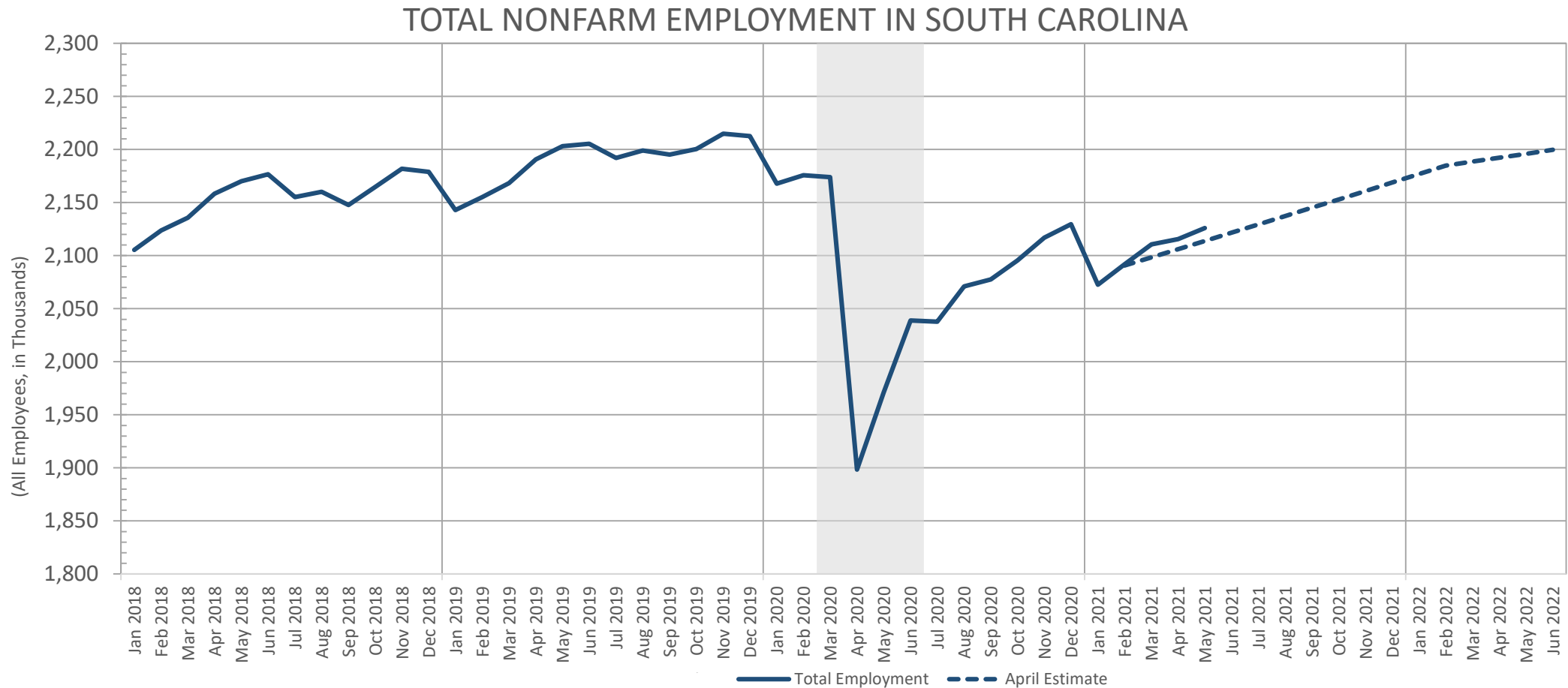
Number of unemployed persons per job opening, seasonally adjusted



Source: U.S. Bureau of Labor Statistics; retrieved 7/2/2021
<https://www.bls.gov/charts/job-openings-and-labor-turnover/unemp-per-job-opening.htm>

S.C. Employment

As of May 2021, employment is growing faster than the current estimate, but full employment recovery is still expected to be gradual



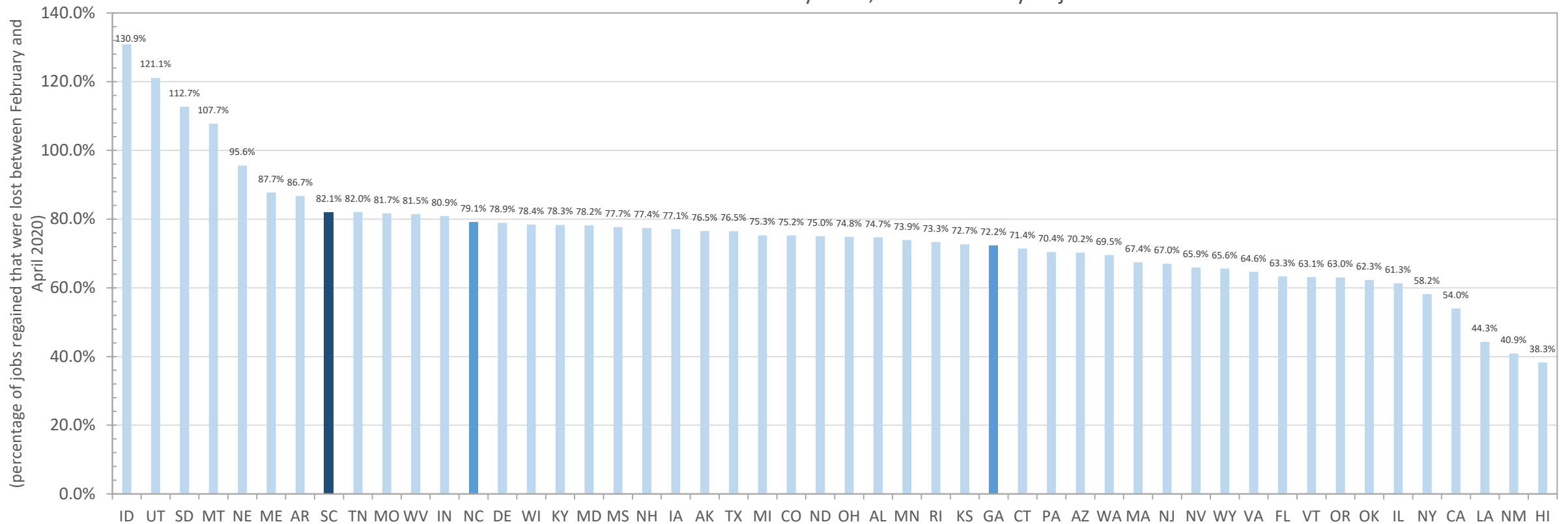
Source: U.S. Department of Labor, Bureau of Labor Statistics 60-RFA/bdc/6/24/2021



Total Nonfarm Employment Recovery by State

82.1% of SC jobs lost during the pandemic were recovered by May 2021; SC has had the 8th best performance in the nation

STATE NONFARM EMPLOYMENT RECOVERY
Percent of Jobs Recovered as of May 2021, Not Seasonally Adjusted



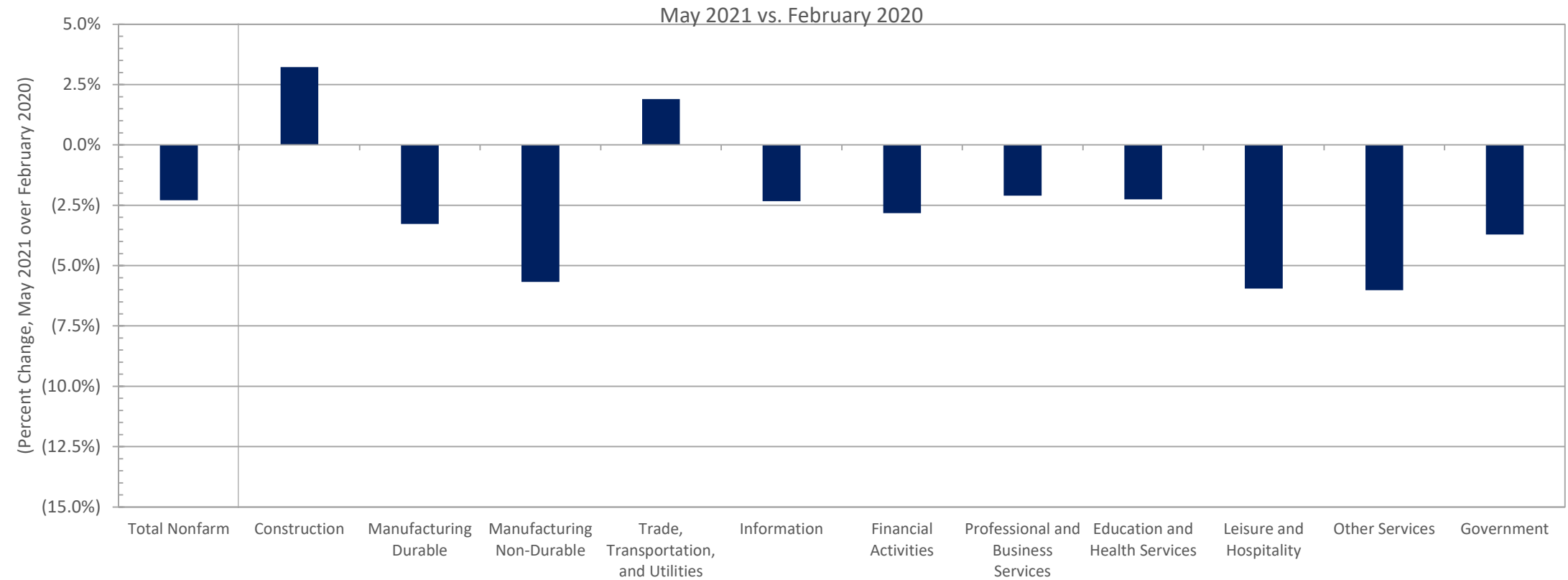
Source: U.S. Bureau of Labor Statistics and Federal Reserve Bank of St. Louis 60-RFA/bdc/6/24/2021



South Carolina Employment by Sector

May nonfarm employment is 2.3% below pre-pandemic levels; recovery by sector is uneven, but the most impacted industries have fared well in recent months

SC EMPLOYMENT PERCENT CHANGE BY SECTOR



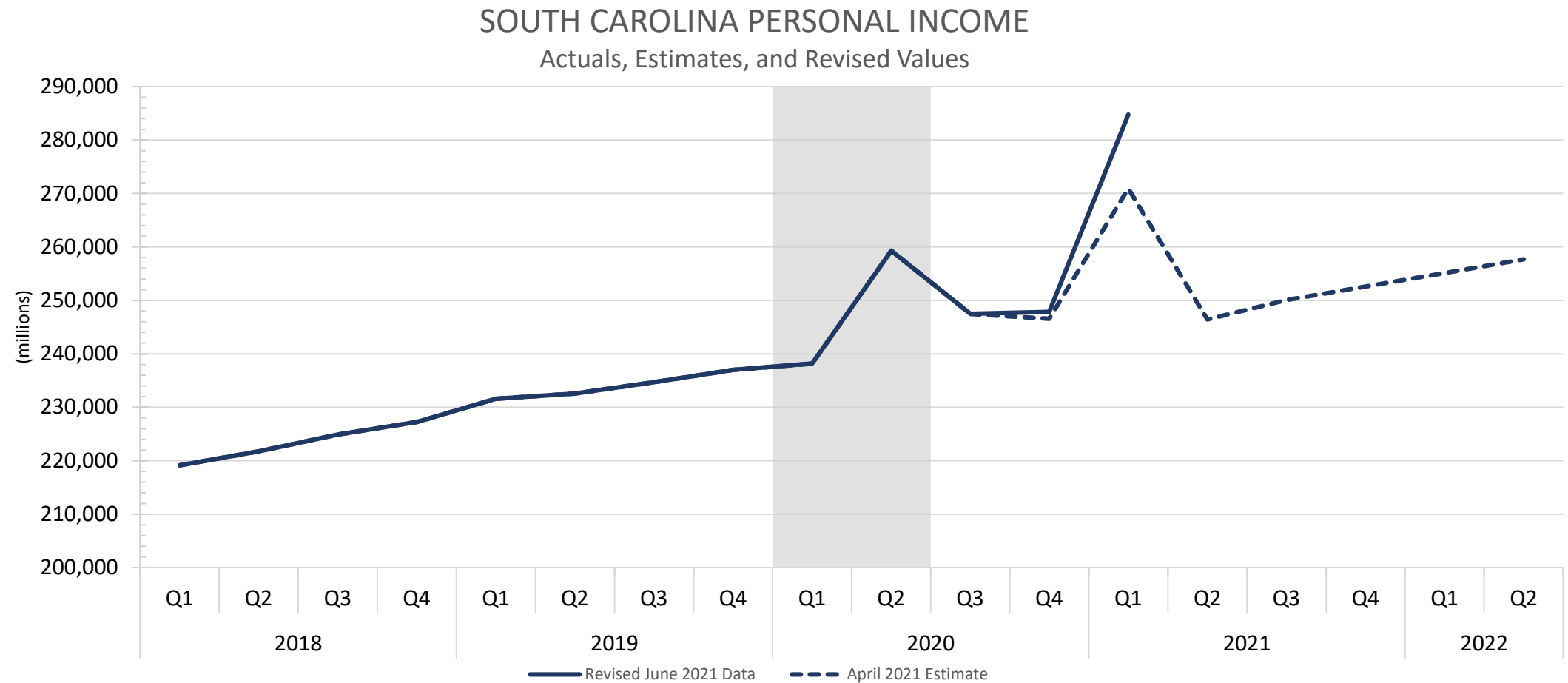
Source: U.S. Dept. of Labor, Bureau of Labor Statistics, Quarterly Census of Employment and Wages; Federal Reserve Bank of St. Louis, FRED 281a--RFA/bdc/6/24/2021

Federal Stimulus

**If you start me up.
If you start me up, I'll never stop.
- Mick Jagger, "Start Me Up"**

Personal Income – Actuals and Estimates

FY 21 growth boosted by federal stimulus; FY 22 anticipates no stimulus and lower than normal growth in the wage base



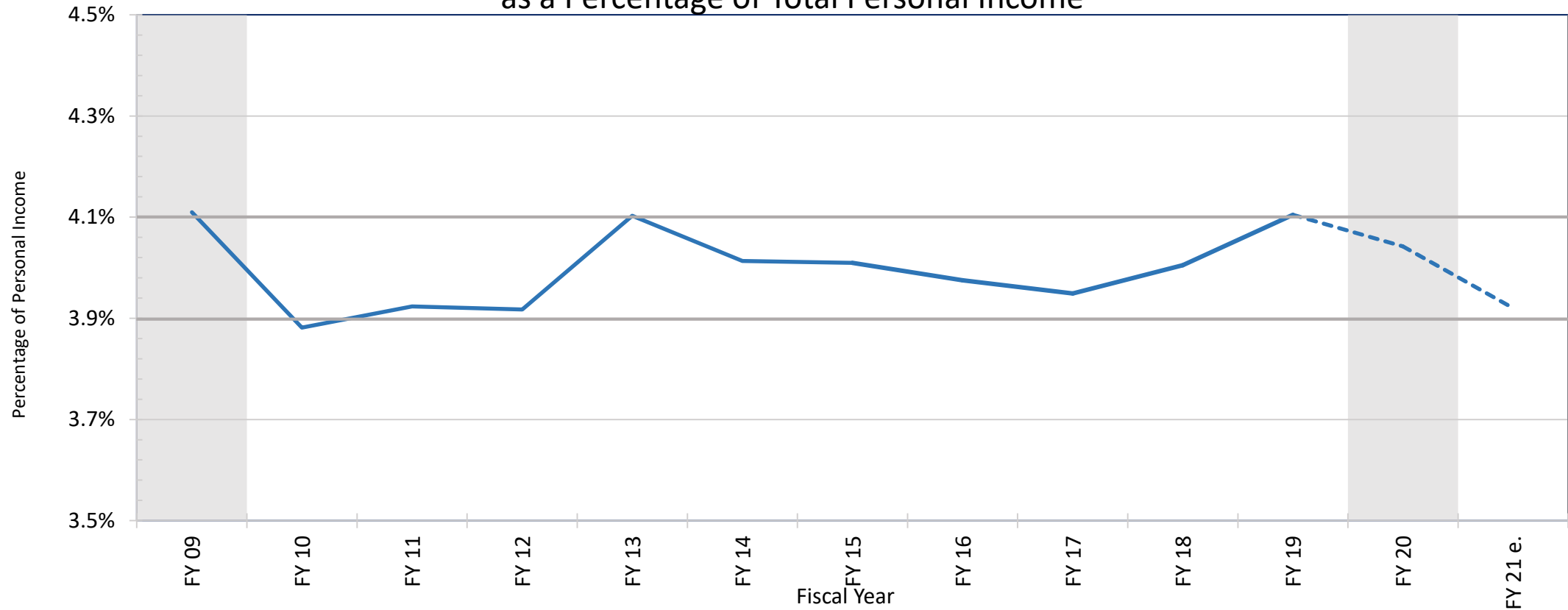
State Finances

**The only function of economic forecasting is to make astrology
look respectable**
- John Kenneth Galbraith

General Fund Revenue as a Percentage of Personal Income

Apr. 2021 estimates reflect recent patterns

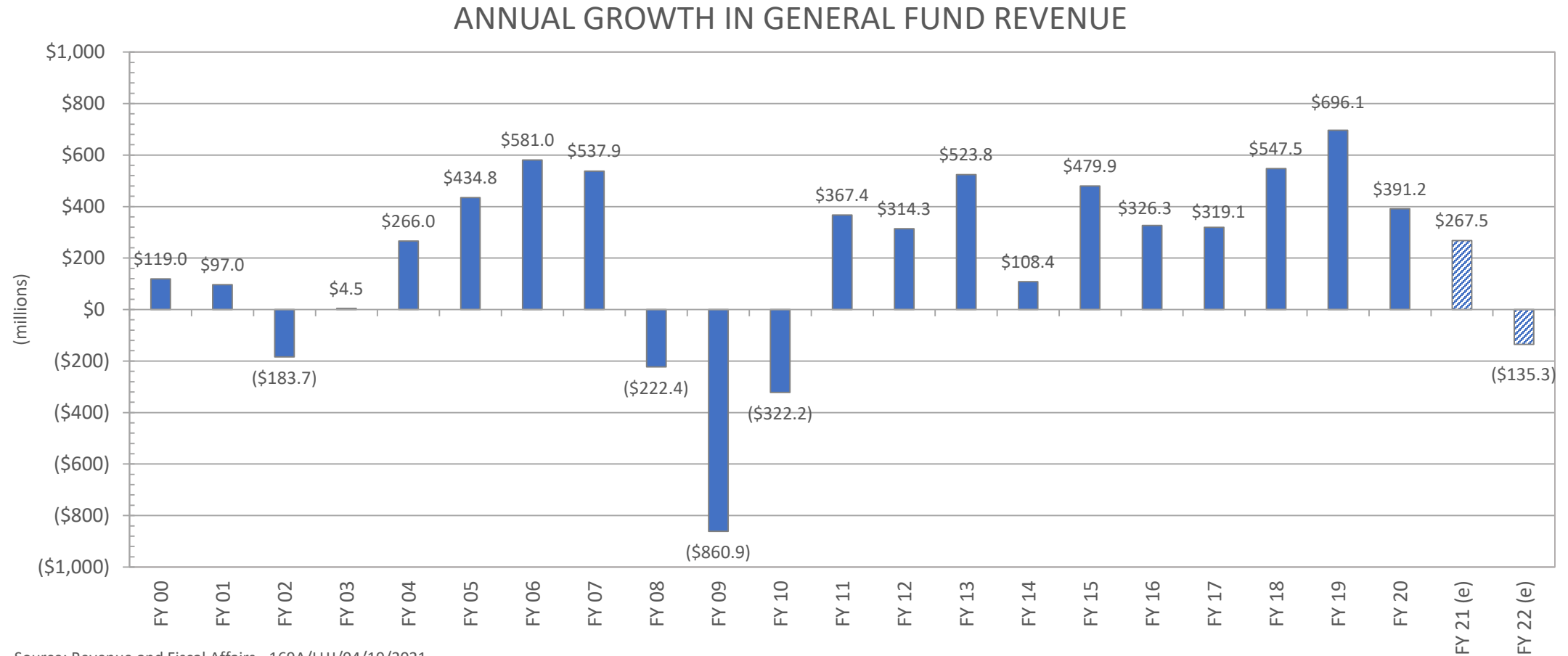
SOUTH CAROLINA GENERAL FUND REVENUE
as a Percentage of Total Personal Income



Source: U.S. Department of Commerce, Bureau of Economic Analysis; SC Revenue and Fiscal Affairs Office 34F-

General Fund Revenue Growth

Despite pandemic FY 21 collections are expected to be \$267.5m above FY 20 but drop by \$135m in FY 22 with the end of federal stimulus



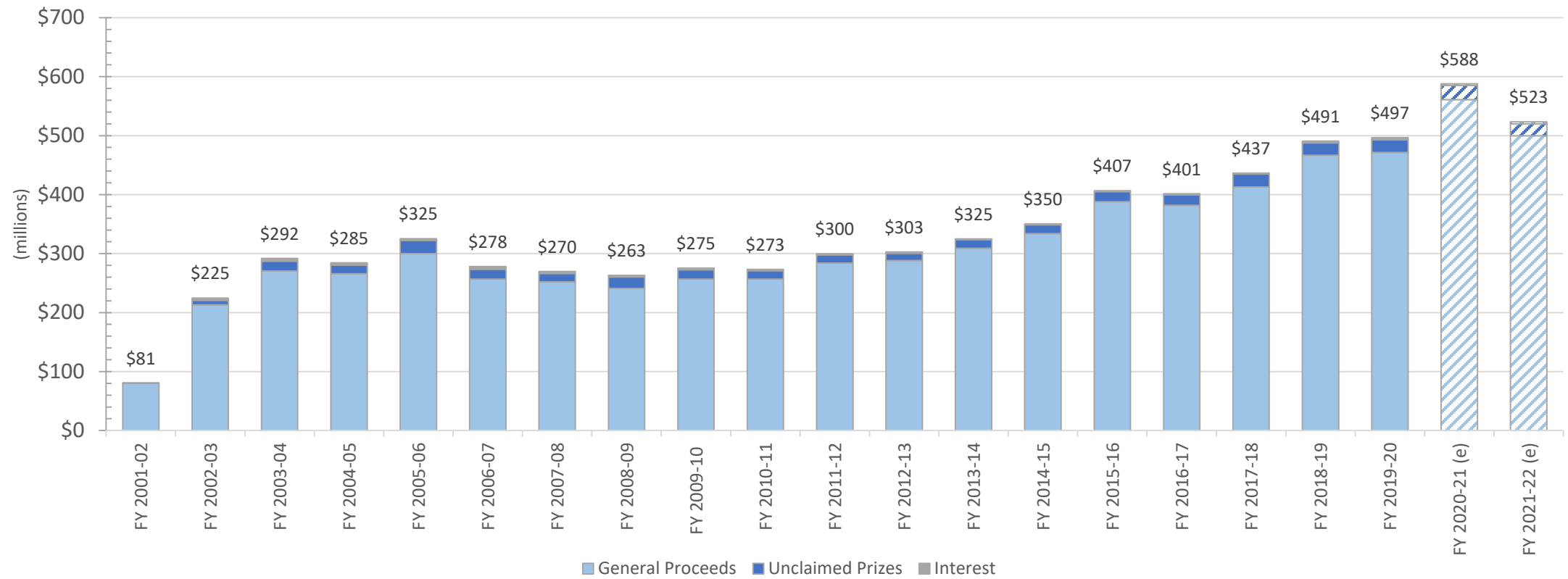
Source: Revenue and Fiscal Affairs - 169A/LHJ/04/19/2021

SC Education Lottery

FY 21 growth driven by federal stimulus, one huge jackpot, and lack of alternative entertainment options; FY 22 expected to return to normal levels

TRANSFERS TO SC EDUCATION LOTTERY ACCOUNTS

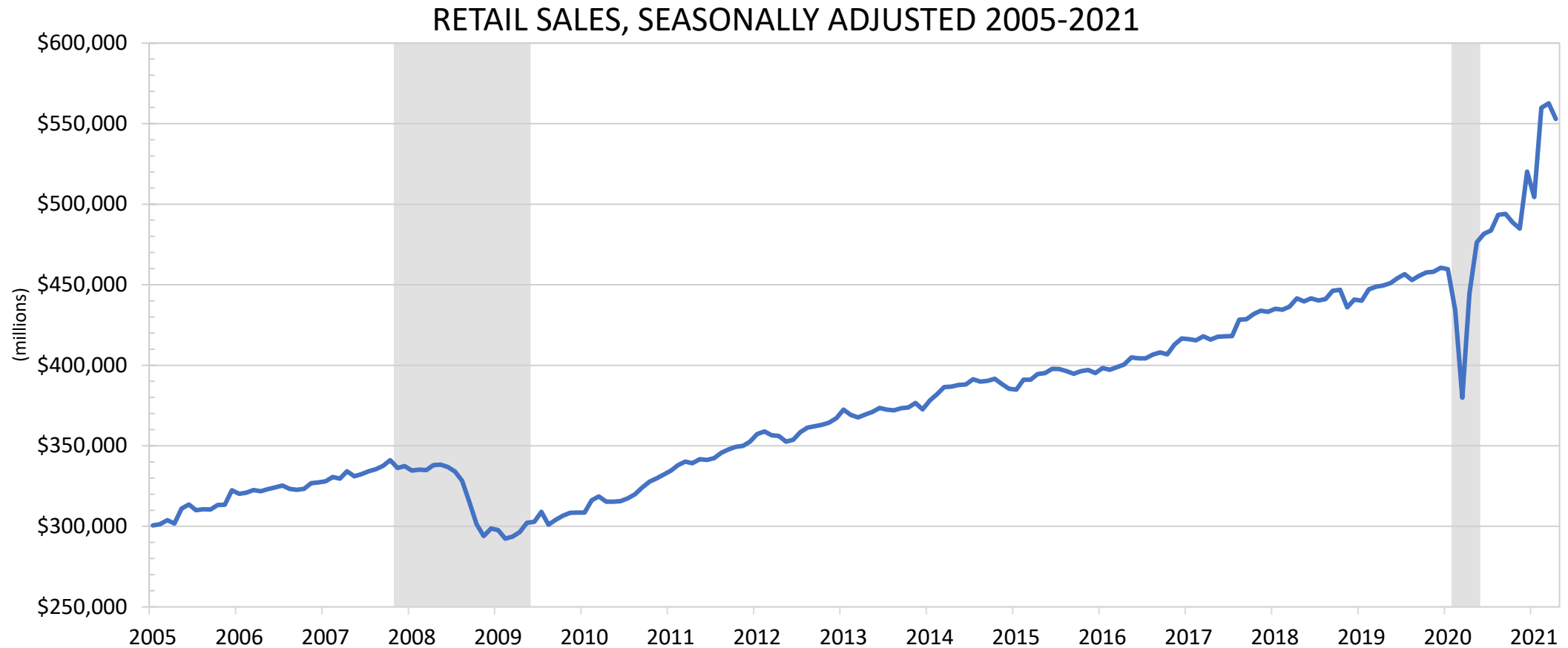
Inception to FY 2021-22 Estimate



Source: South Carolina Revenue and Fiscal Affairs Office RFA/265/lhj/04/14/2021

U.S. Retail Sales

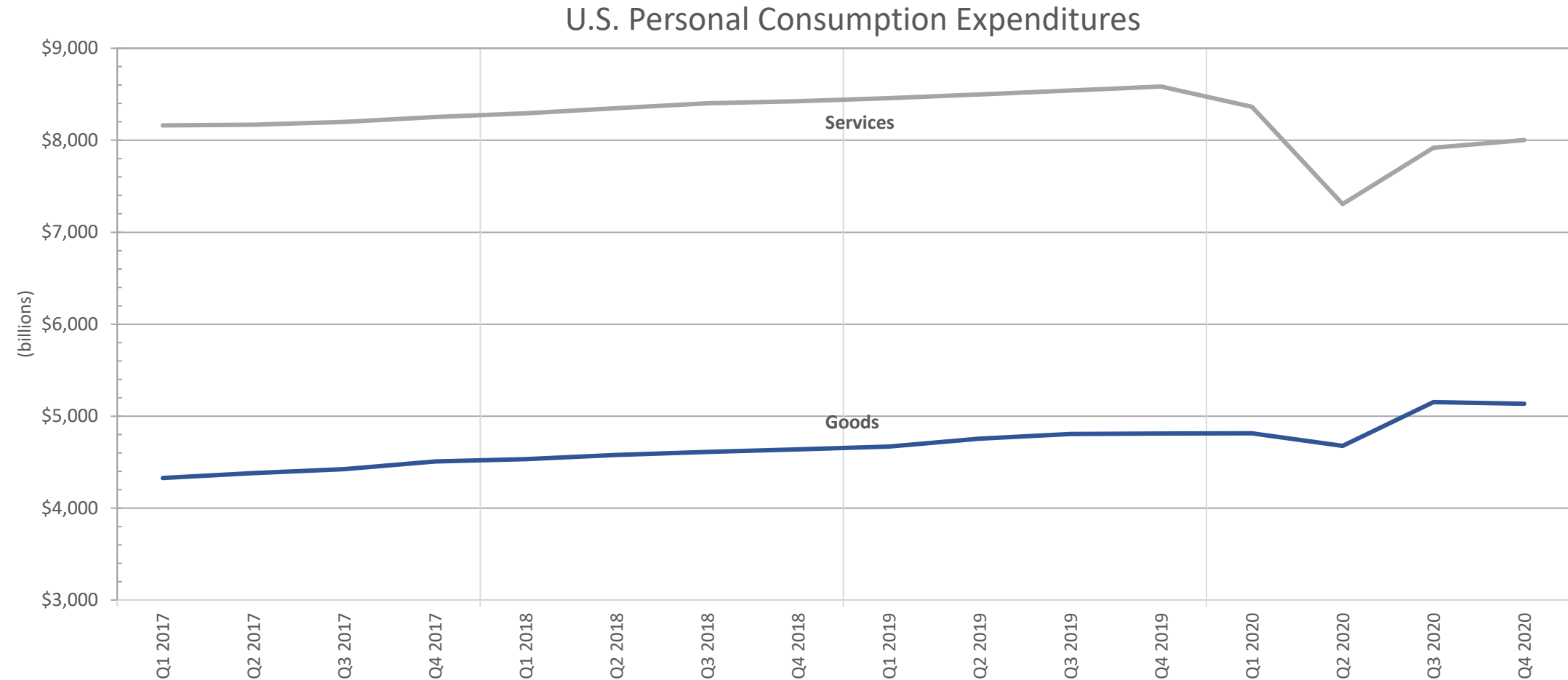
Retail sales continue to show resiliency as consumers continue a shift in spending towards taxable goods



Source: U.S. Census Bureau, Advance Monthly Sales for Retail and Food Services, data through December 2020, 283-6 RFA/nmg/07/09/20201

U.S. Consumer Spending

Consumption of goods is above historical trends while spending on services is well below normal

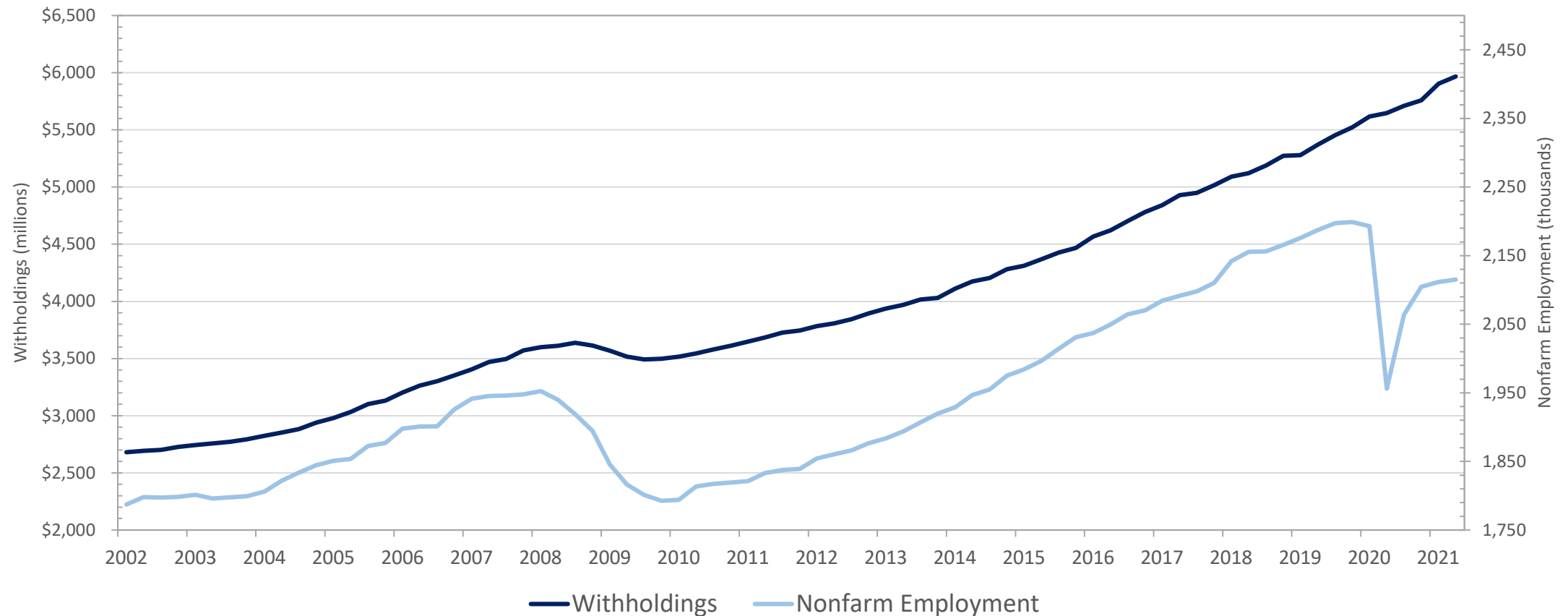


Source: U.S. Bureau of Economic Analysis; 299-RFA/lhj/03/29/2021

SC Employment and Withholdings

FY 2020-21 withholdings grew despite employment decline due to disproportionate losses in low-wage jobs

SOUTH CAROLINA WITHHOLDINGS VS. EMPLOYMENT



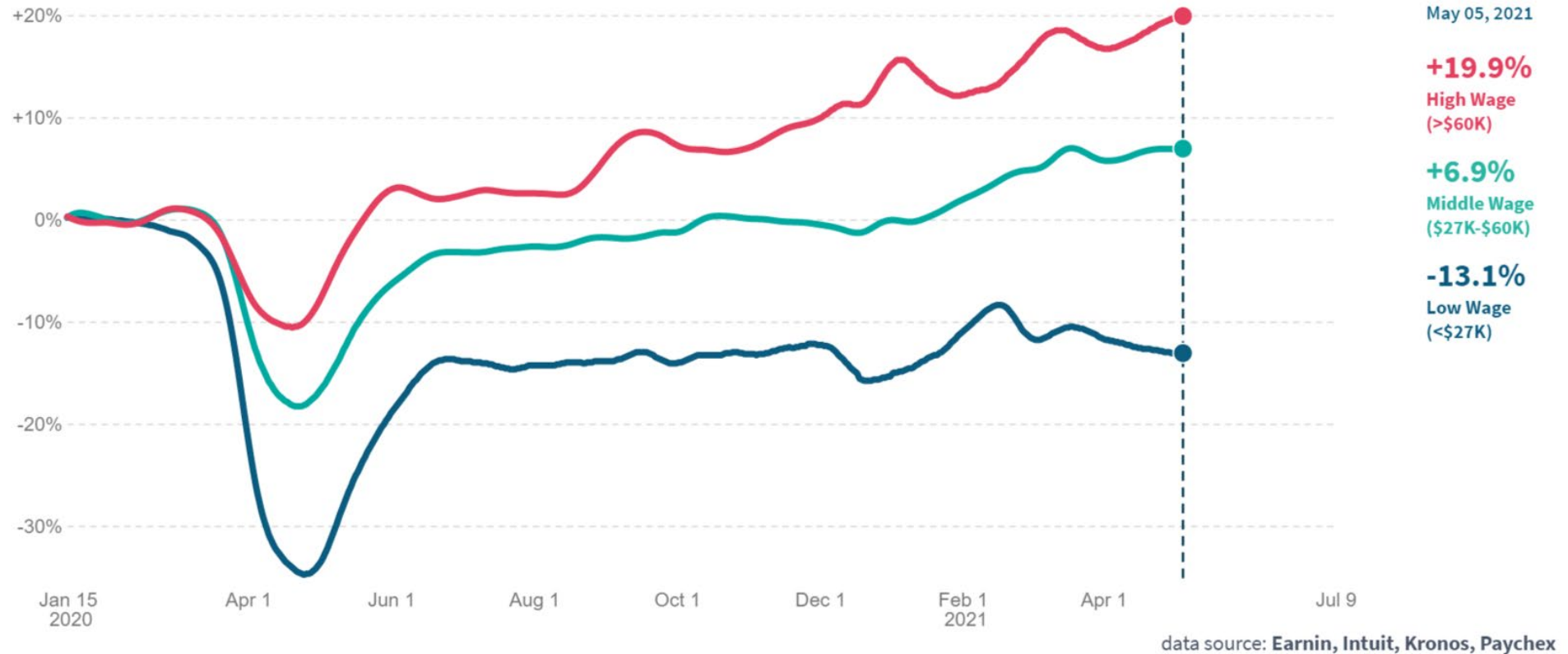
Source: U.S. Bureau of Labor; Revenue and Fiscal Affairs 60-C-RFA/bdc/7/1/2021

SC Employment Change by Wage Level

Employment losses are in low wage jobs; high wage jobs are up

Percent Change in Employment*

In **South Carolina**, as of **May 05 2021**, employment rates among workers in the bottom wage quartile **decreased** by **13.1%** compared to January 2020 (not seasonally adjusted).



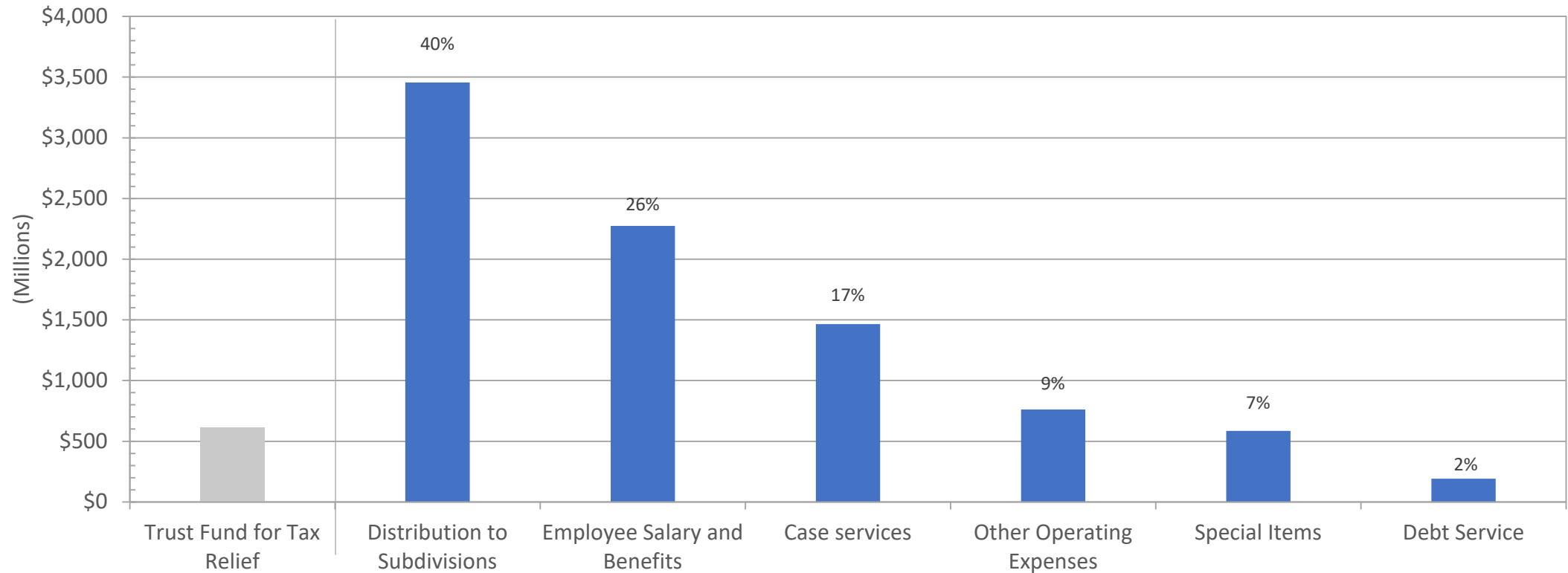
*Change in employment rates (not seasonally adjusted), indexed to January 4-31, 2020. This series is based on payroll data from Paychex and Intuit, worker-level data on employment and earnings from Earnin, and timesheet data from Kronos. The dotted line is a prediction of employment rates based on Kronos and Paychex data.

Source: Opportunity Insights Economic Tracker tracktherecovery.org, retrieved July 9, 2021; Data as of May 5, 2021

General Fund Expenditures by Type

Bulk of expenses impact local communities

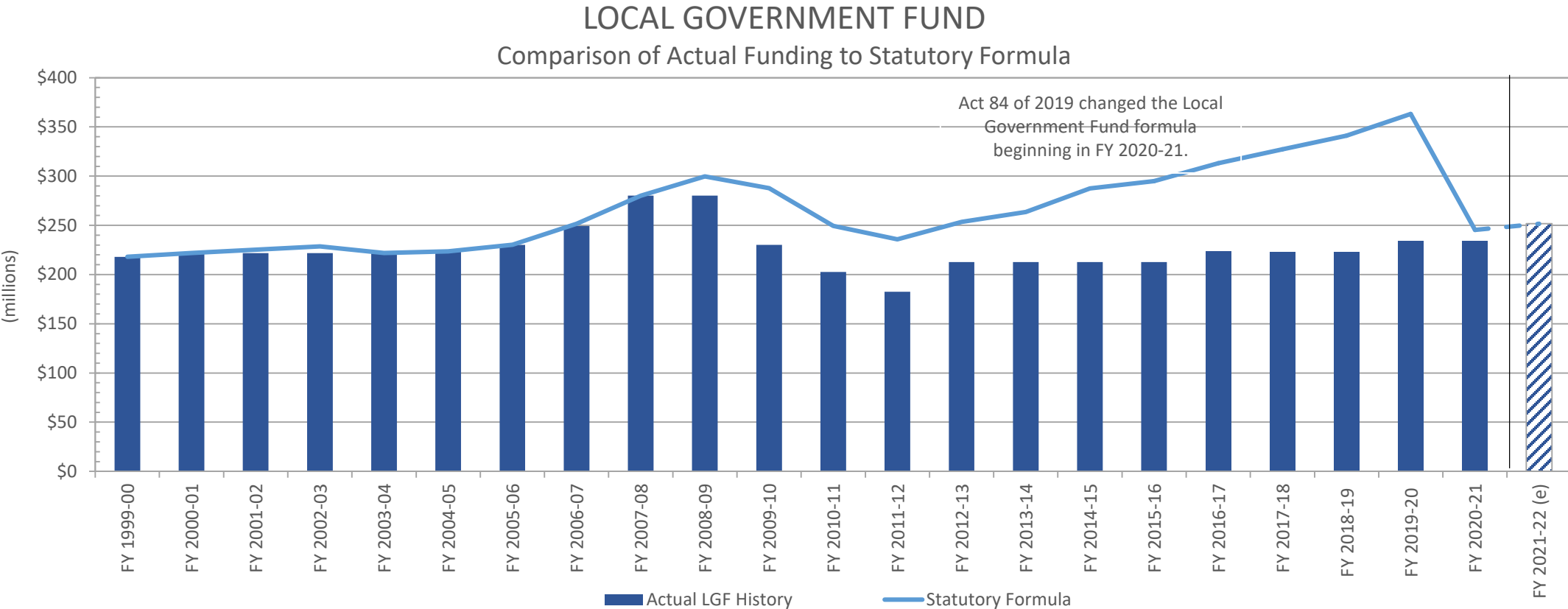
GENERAL FUND APPROPRIATIONS BY MAJOR BUDGET CATEGORY
FY 2019-20



Source: S.C. Revenue and Fiscal Affairs, 195 AM/08/27/2020

Local Government Fund

New formula increases funding at growth in the General Fund over the budget base

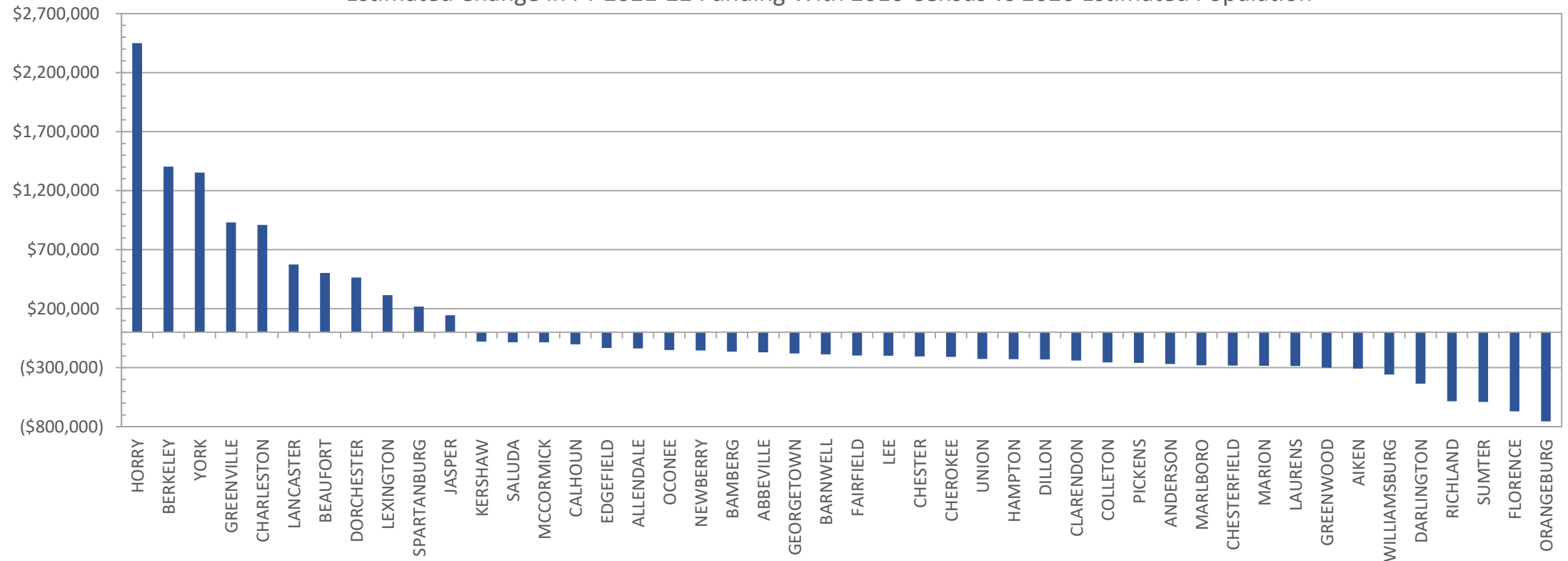


Note: FY 2020-21 is being funded at the same level as FY 2019-20 due to the continuing resolution adopted by the General Assembly on May 13, 2020. The FY 2021-22 statutory formula includes a catch up amount for FY 2020-21, and the Senate appropriated \$251,661,595 on April 29, 2021.
Source: S.C. Revenue and Fiscal Affairs Office - 193/lpw/6/4/2021

County Local Government Fund Impact

Estimated change in Local Government Fund due to Census population revision

COUNTY LOCAL GOVERNMENT FUND CENSUS POPULATION IMPACT
Estimated Change in FY 2021-22 Funding With 2010 Census vs 2020 Estimated Population

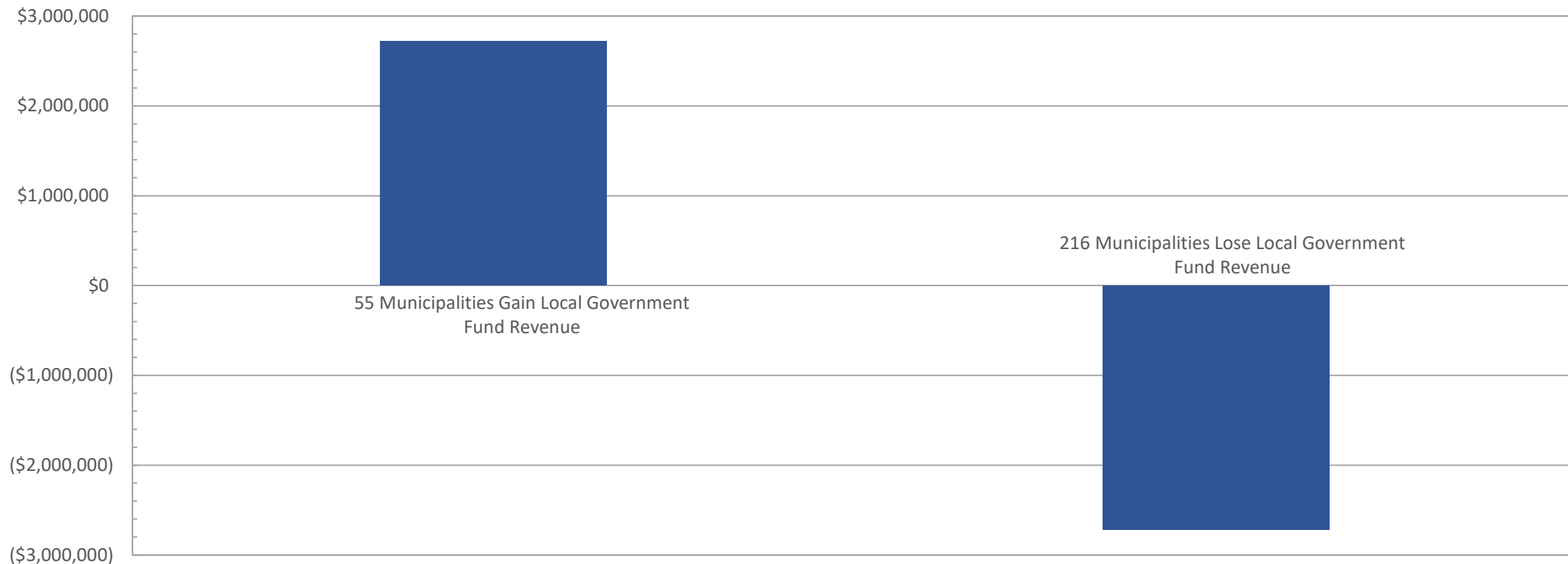


Note: Local Government Fund estimates are based upon recurring funds of \$251,661,595 as adopted by the Senate on April 29, 2021. The population figures are based on 2010 U.S. Census Bureau data and 2020 U.S. Census population estimates. Source: S.C. Revenue and Fiscal Affairs Office - 211C/lpw/6/4/2021

Municipal Local Government Fund Impact

Estimated change in Local Government Fund due to Census population revision

MUNICIPAL LOCAL GOVERNMENT FUND CENSUS POPULATION IMPACT
Estimated Change in FY 2021-22 Funding with 2010 Census vs 2020 Estimated Population



Note: Local Government Fund estimates are based upon recurring funds of \$251,661,595 as adopted by the Senate on April 29, 2021. The population figures are based on 2010 U.S. Census Bureau data and 2020 U.S. Census population estimates. Source: S.C. Revenue and Fiscal Affairs Office - 211G/lpw/6/4/2021

Limitations on Increases in Property Tax Millage Rates

SC Code of Laws §6-1-320

	<u>FY 2020-21</u>	<u>FY 2021-22</u>
Inflation (all entities)	1.81%	1.23%
Population Change (County range)	0% to 3.18%	0% to 4.27%
Total	1.81% to 4.99%	1.23% to 5.50%

Notes

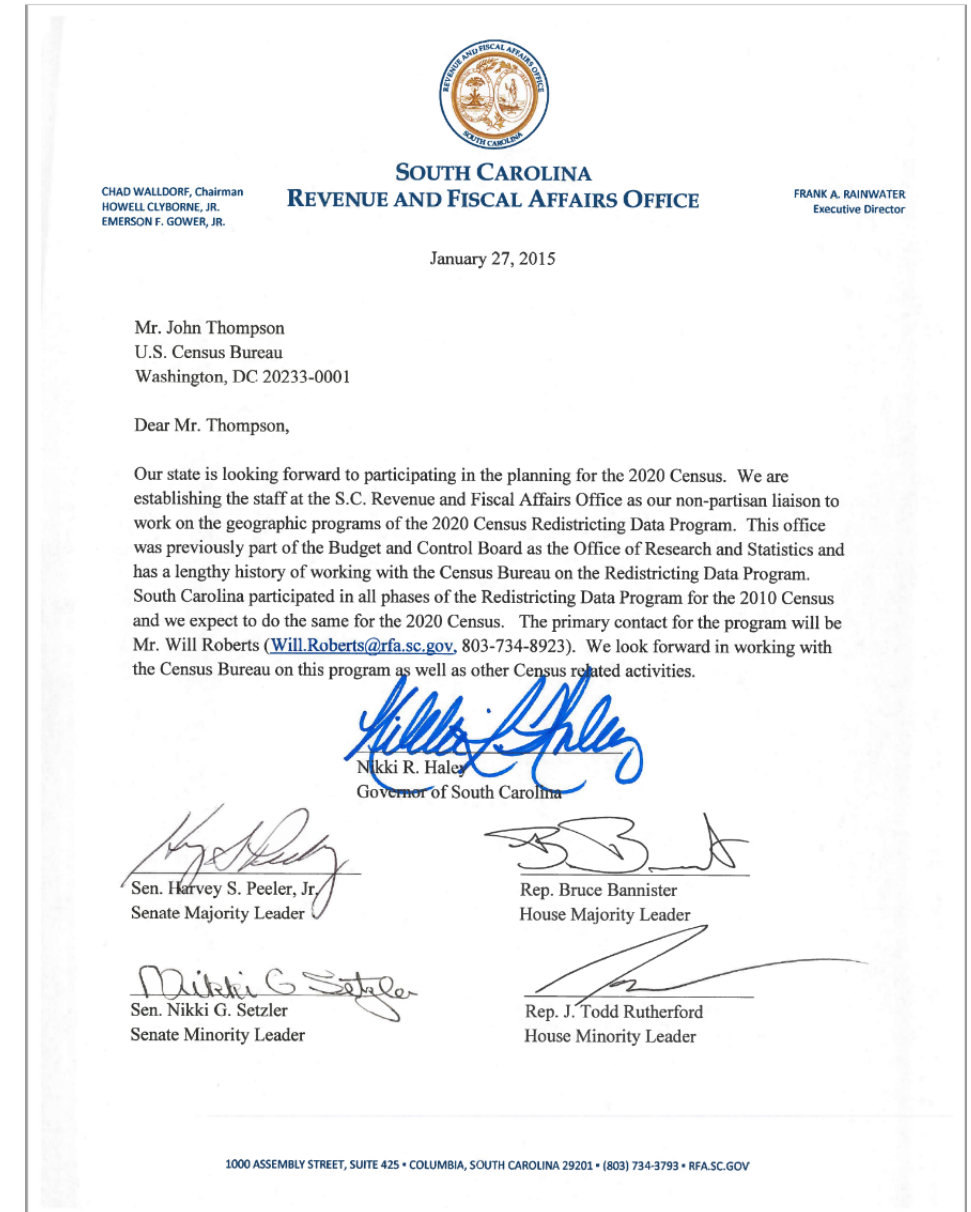
- If population declines, then growth rate is deemed to be 0%; applied to 18 counties in FY 21
- Annexation is not population growth
- Decennial Impact – Census to revise annual estimates to match Census

Census Population and Redistricting

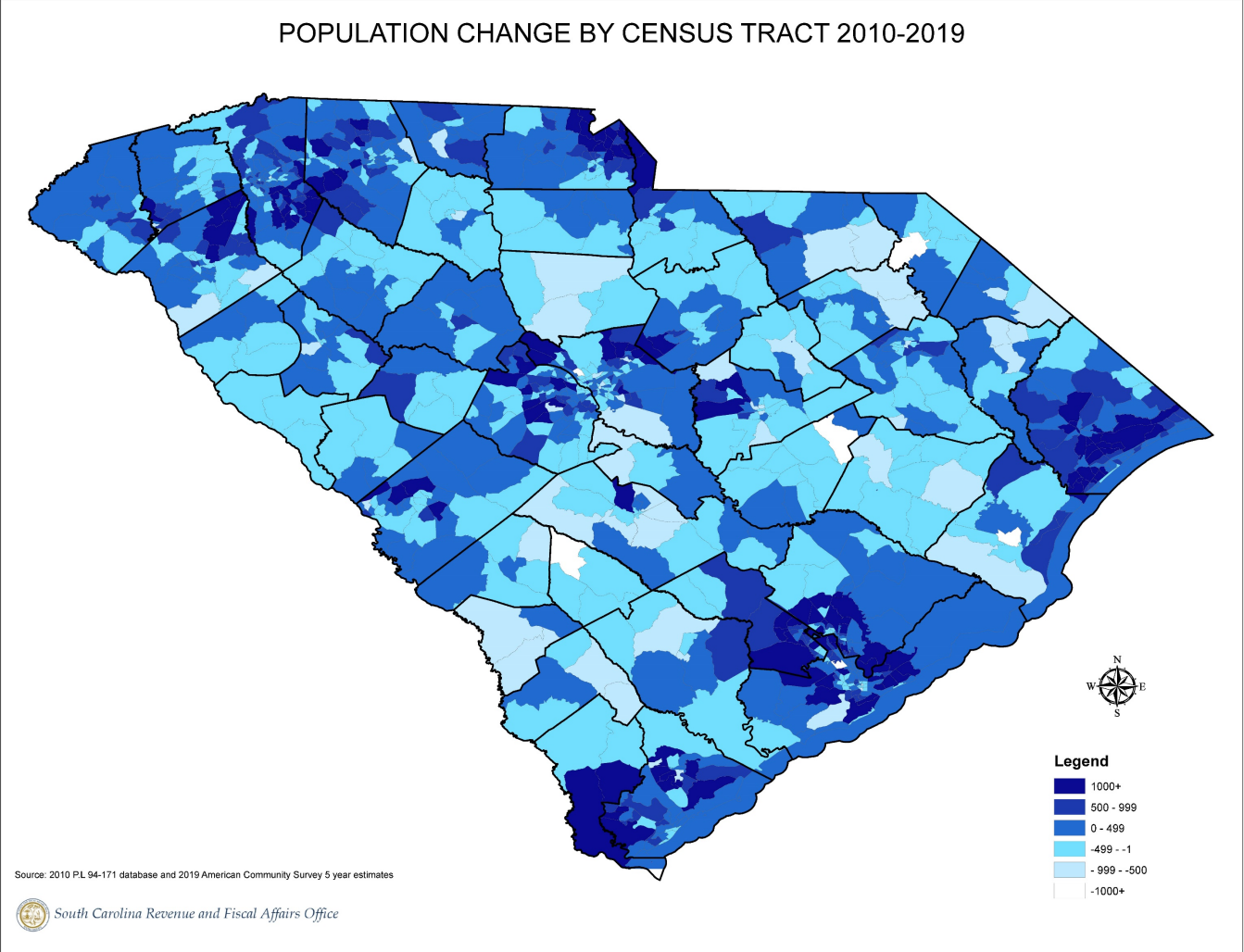


SC Revenue and Fiscal Affairs Office

- Official State Contact with Census
- Maintain official precinct maps (SC Code of Laws §7-7-30 et seq.)
- Coordination with other mapping programs
 - Jury Areas (SC Code of Laws §22-2-30)
 - Transportation Network Company (SC Code of Laws §58-23-1610)
 - Incorporation (SC Code of Regs 113-200(A))
- Prep Work
 - Local Update of Census Addresses (LUCA)
 - Boundary and Annexation Program
- Served as technical advisors to the Federal Courts
- Redistricting Services
 - Provide redistricting services in accordance with redistricting law and principles
 - RFA is not providing legal advice

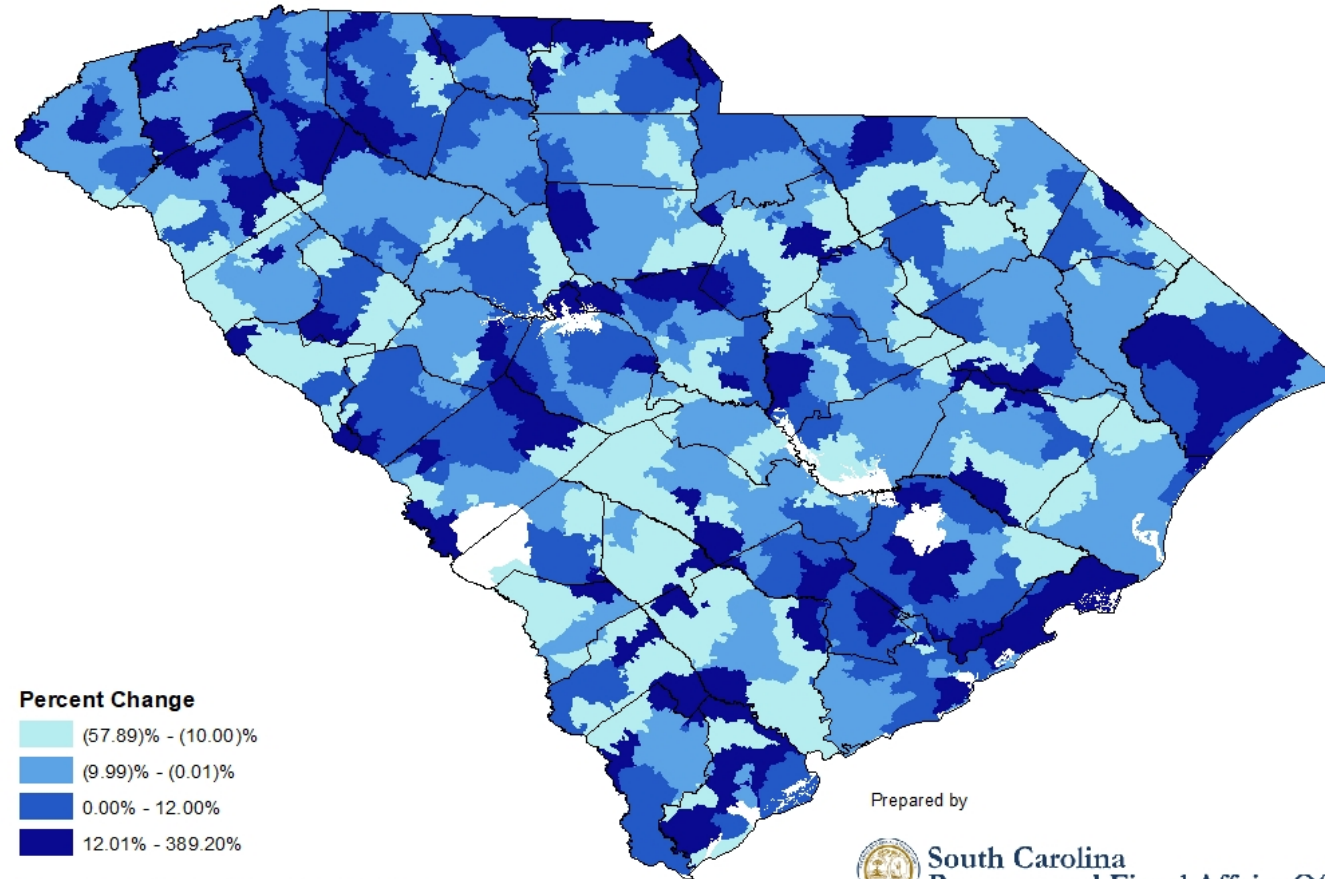


South Carolina – Estimated Population Change by Census Tract



South Carolina Population Change – Working Age

5 Year Percent Change in Working Age Population
2014 - 2019



Sources Census ACS ZCTA Population Estimates

Prepared by

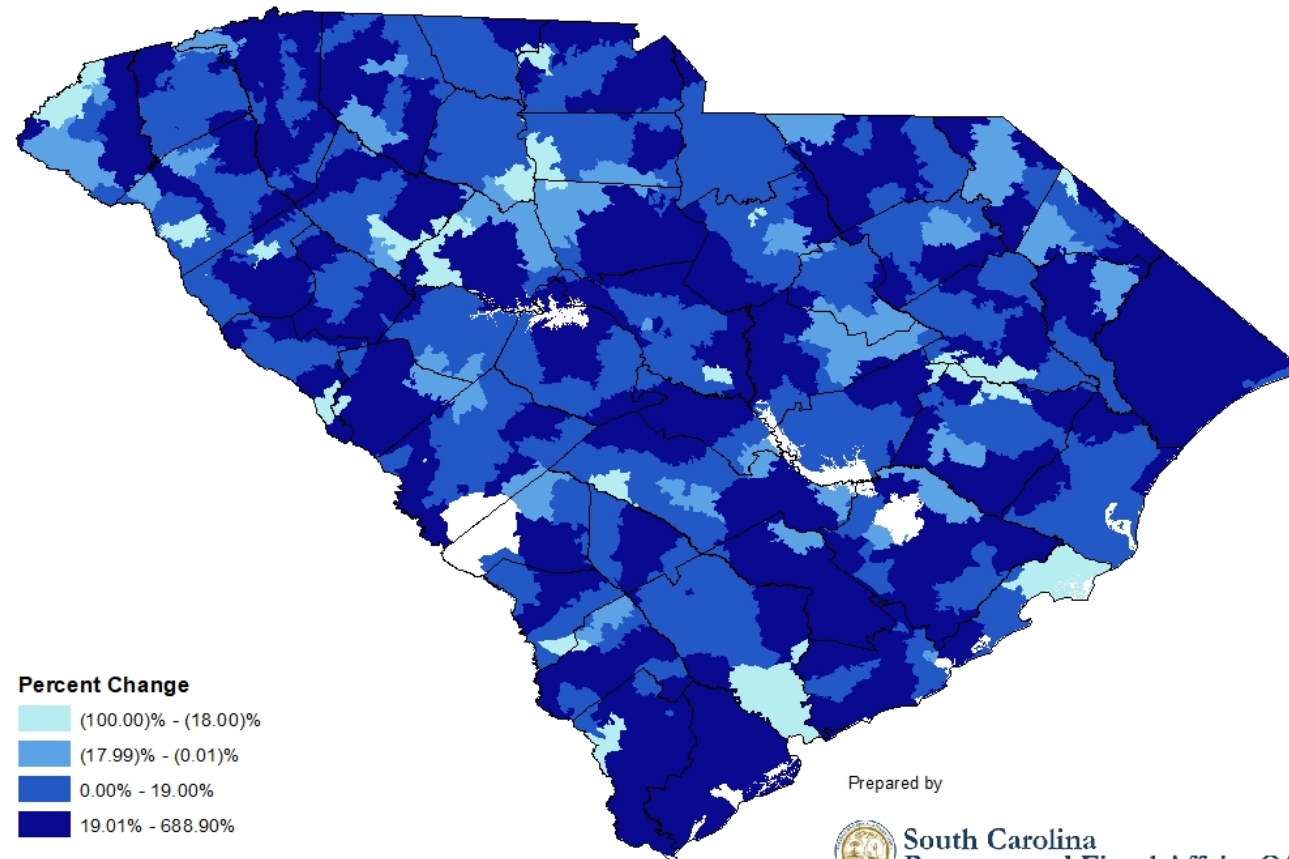


South Carolina
Revenue and Fiscal Affairs Office



South Carolina Population Change – Age 65 and over

5 Year Percent Change in Age 65 and Over Population
2014 - 2019



Sources Census ACS ZCTA Population Estimates

Prepared by



South Carolina
Revenue and Fiscal Affairs Office



Redistricting

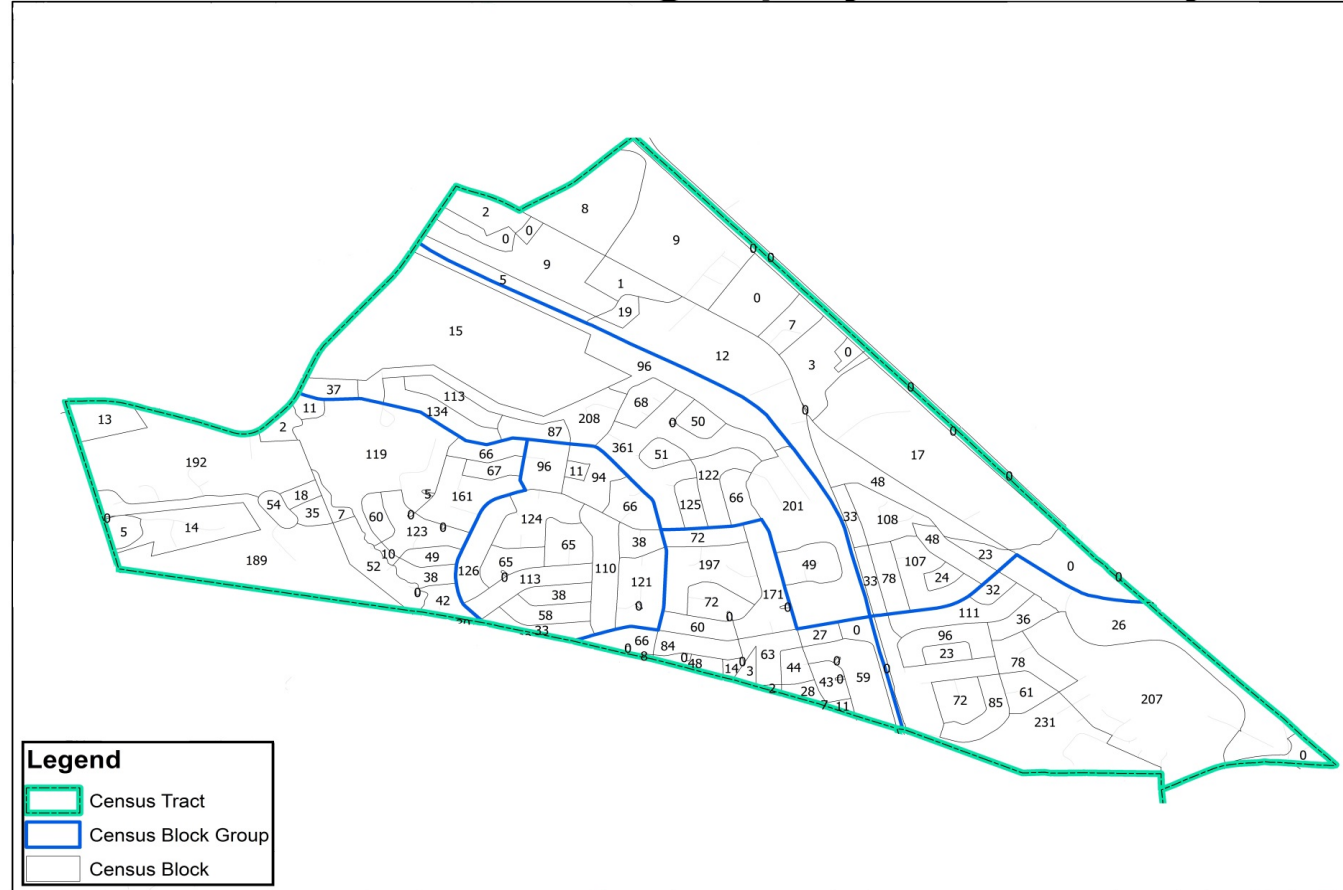
- Census data delayed until September 30, 2021
 - Question for municipal elections scheduled for Nov. 2021 – delay elections or redistrict for later election
- Lawsuits
 - Alabama v. U.S. Department of Commerce – “statistical noise”
- Estimates for congressional reapportionment number lower than expected
- Additional information available at
<https://rfa.sc.gov/programs-services/precinct-demographics>

Balancing the timing of redistricting with Census release

- French v Boner, 963 F.2d 890, US Court of Appeals, Sixth Circuit, May 8, 1992
 - The city of Nashville did not have the constitutional duty to rerun elections held for council districts with four-year terms just after new decennial census data became available but before old apportionment plan could be changed
- Political Action Conference of Illinois v Daley, 976 F.2d 335, US Court of Appeals, Seventh Circuit, September 24, 1992

Tools - Census Tract, Block Group, and Block

Census Geography Hierarchy



Key Principles - One Person, One Vote

- 14th Amendment U.S. Constitution – Equal Protection
- Race cannot be used as the predominate factor
- Evenwel v. Abbott (2016) - Total population can be used for satisfying one person, one vote criteria.

- Deviation
 - Congressional – Strict Standard (one person variance)
 - State and Local – Deviations of less than ten percent are prima facie valid, but ...
- Ideal Population = Total Population/# of Districts
 - Example: $5,000,000/10 = 500,000$
- Absolute Deviation – Number of persons above or below the ideal population for a district
 - Example: District 1 – 425,000, Ideal 500,000 = -75,000 Persons
- Relative Deviation – percentage of population a district is over or under the ideal population for a district
 - Formula: $((\text{Population} - \text{ideal population})/\text{ideal population}) \times 100$
- Overall Range Deviation – Total combined range of deviation for a redistricting plan.
 - Formula: Largest positive + |largest negative| = overall range deviation

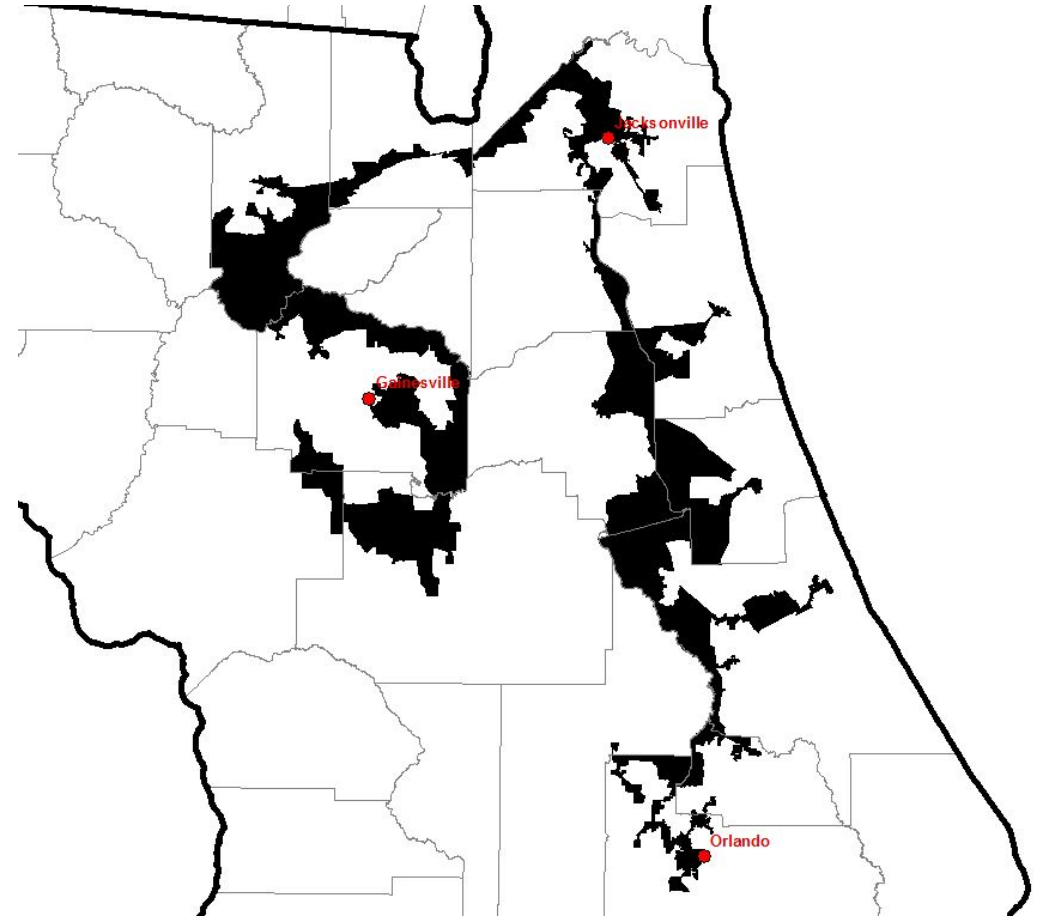
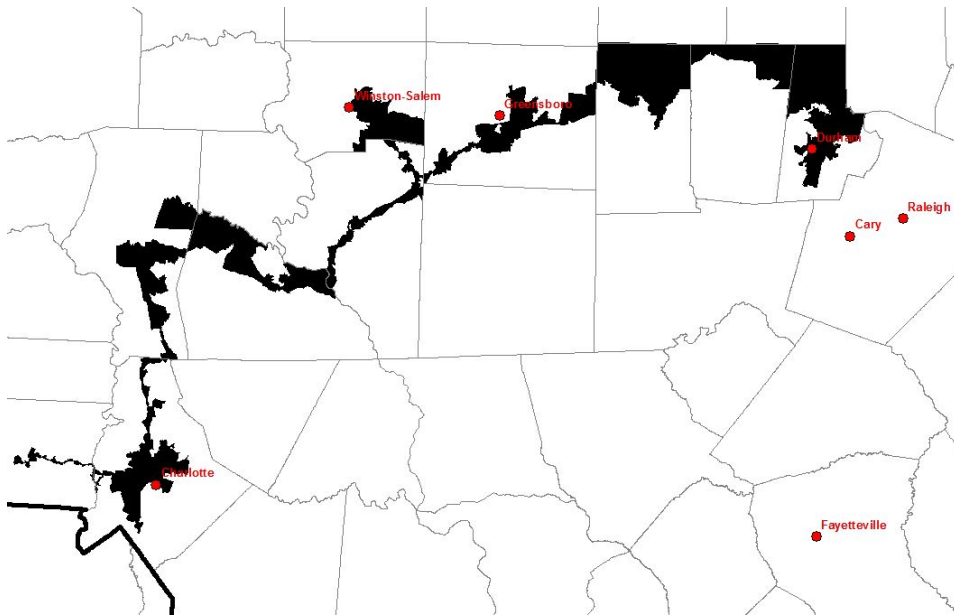
37

Key Issues – Racial Gerrymandering



- Shaw v. Reno (1993) – First racial gerrymandering case to reach the Supreme Court. Court ruled racial gerrymandering was a violation of Equal Protection.
- Bush v. Vera (1996) – Race should not be a predominate factor in drawing plans. Race can be a factor, but must be subordinate to traditional redistricting principles. If redistricting principles were subordinate to race, then strict scrutiny can apply to a redistricting plan by the court.
- Strict scrutiny of a plan requires court to determine if the state had a compelling interest in creating a district with race as predominate factor.
- Alabama Legislative Black Caucus v. Alabama (2015) – “A racial gerrymandering claim, however, applies to the boundaries of individual districts.”

Examples of Racial Gerrymandering



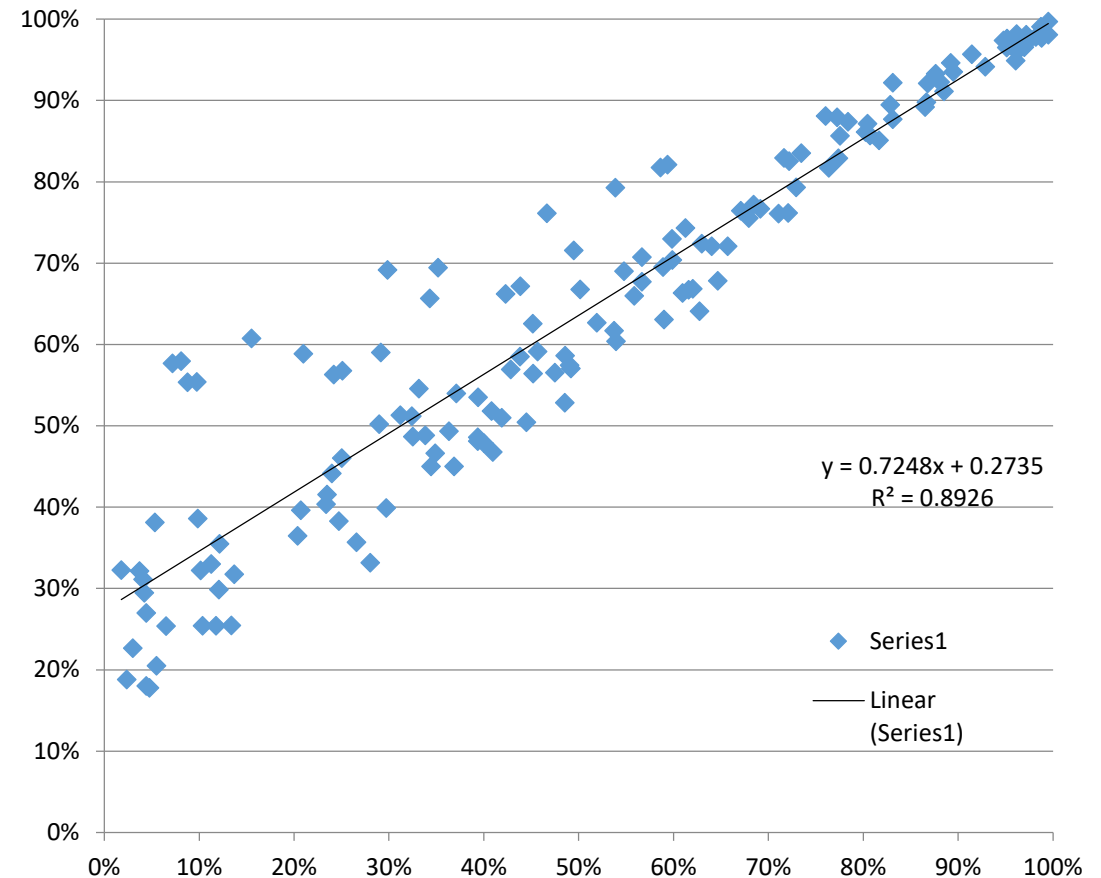
Key Issues - Voting Rights Act, Section 2



- Section 2 - protects the interest of the racial minority population.
- City of Mobile v. Bolden (1980) – while the plan did not have the intent of discrimination it had the effect.
- Section 2 amendment in 1982 by Congress.
- Typically, applies to multi-member district plans and at-large voting plans, but can also apply to single member district plans.
- Burden of proof of a Section 2 claim on plaintiffs not on defendants
- “Totality of circumstances” must be used in a deciding a Section 2 violation. 52 USC 10301(b)

Voting Rights Act – 3-Prong Test

- Thornburg v. Gingles (1986) – 3 prong test for vote dilution claim.
 - Minority group must be large and geographically compact to draw a majority-minority district. Minority district must be able to be drawn at +50% minority VAP – Bartlett v. Strickland.
 - The minority group must be “politically cohesive”.
 - Block voting by the majority usually defeats the minority’s candidate of choice.



Traditional Redistricting Principles

- Contiguousness – All parts of the districts must be touching. Point contiguity is acceptable.
- Compactness – Districts should be able to pass an “eye” test as well as can be measured by statistical models.
- Constituent Consistency – Preserving the core of existing districts and respecting incumbents.
- Communities of Interest – Examples are school districts or attendance zones, neighborhoods.
- Voting Precincts – Avoid splitting precincts. General Assembly has the authority to redraw voting precincts. Precincts are typically redrawn after redistricting has occurred or a large population change in one geographic area. RFA is responsible for maintaining office maps for voting precincts (§1-11-360).

Key Goals – Resolutions

- Adhere to the court ordered constitutional requirement of one person, one vote
 - County Councils must adhere to a state law of population variance under 10%
- Adherence to the 1965 Voting Rights Act as amended and by controlling court decisions
 - A redistricting plan should not have either the purpose or the effect of diluting minority voting strength and should otherwise comply with the Voting Rights Act, the Fourteenth and Fifteenth Amendments to the U.S. Constitution, and the decisions of the U.S. Supreme Court.
- Ensure that parts of the districts are contiguous
 - All districts will be composed of contiguous geography. Contiguity by water is acceptable . Point-to-point contiguity is acceptable so long as adjacent districts do not use the same vertex as points of transversal.
- Attempt to keep compact districts.
- Attempt to maintain constituent consistency
 - Efforts will be made to preserve cores of existing districts.
- Respect Communities of Interest
 - Where practical, districts should attempt to preserve communities of interest.
- Avoid splitting voting precincts
- Solicit public input

Key Steps – Be Proactive, Not Reactive

- Educate and prepare as soon as possible
- Look at timeline between release of data and next election and consider all the logistics (data release, drafting a plan, meeting schedule, public hearing, updating voter registration, filing periods) – **RELEASE SCHEDULED FOR SEPTEMBER 30, 2021**
- Contact our office or other professional for assistance
- Help verify record of local boundary and election districts
- Notify other affected entities of process and timeline
 - County Elections Office (needs time to process changes)
 - School Board or other entities that may follow same district lines
- Draft necessary ordinances, help with scheduling timeline
- **Hold Public Hearing**
- Ensure proper documentation and retention of records
- Consider pending annexations

Revenue and Fiscal Affairs Office

RFA is responsible for providing diverse sets of fiscal and statistical analyses, reports, and other services to the Governor, General Assembly, state and local government entities, the private sector, and the citizens of the state.

The agency has a staff of approximately seventy-five comprised of analysts, statisticians, epidemiologists, database administrators, web developers, GIS analysts, economists, surveyors, and project and program managers.



RFA Public Dashboard

RFA Public Dashboard by [SC RFA](#)



Year
2019



Household



Employment

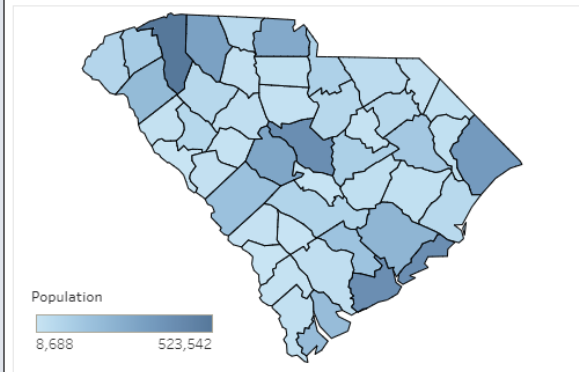


Finance



Health

Select a county



Key Population & Household Facts

5,148,714

Population

40.20

Median Age

1,921,862

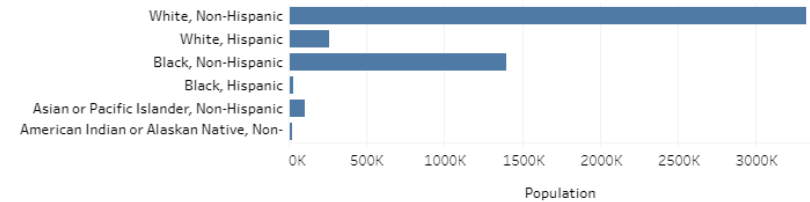
Total Households

88.32%

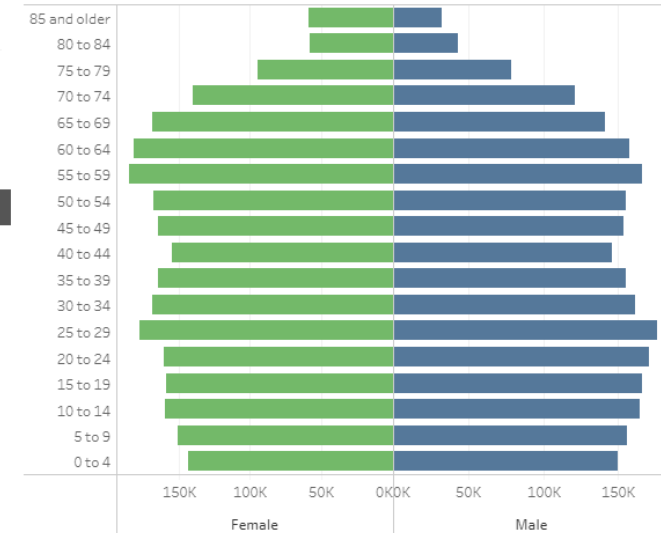
% Households
with Computer

78.51%

% Households
with Internet



Population Age Pyramid



Poverty

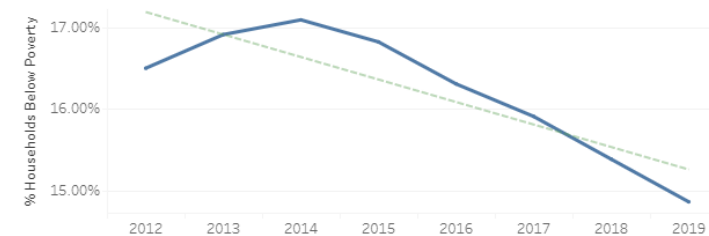
285,649

Number of Households in
Poverty

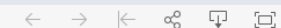
236,393

Households Receiving Food
Stamps/SNAP

How are household poverty rates trending?



tableau



Locate Me

Locate Me

1000 ASSEMBLY ST, COLUMBIA, 29201

- > Magistrate District: Columbia Magistrate Jury Area
- > U.S. Congressional District: 6
- > SC Senate District: 020
- > SC House District: 072
- ▼ School District: Richland County School District One
 - School District
 - Richland County School District One
- > Census 2020 Block: 044
- > Census 2020 Block Group: 2
- > Census 2020 Tract: 003100
- > Census 2020 County: Richland
- > Census 2010 Block: 046

Clear search location

Columbia

Conclusion & Questions

“Well, my friends, the time has come
To raise the roof and have some fun
Throw away the work to be done ...”

- Lionel Richie, “All Night Long”

Questions?

Thank You!

For Further Information

www.rfa.sc.gov

Frank Rainwater

803-734-3786

frank.rainwater@rfa.sc.gov