

SOUTH CAROLINA FISCAL UPDATE

“Never make predictions, especially about the future”

Presented to



August 31, 2022



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Population Trends

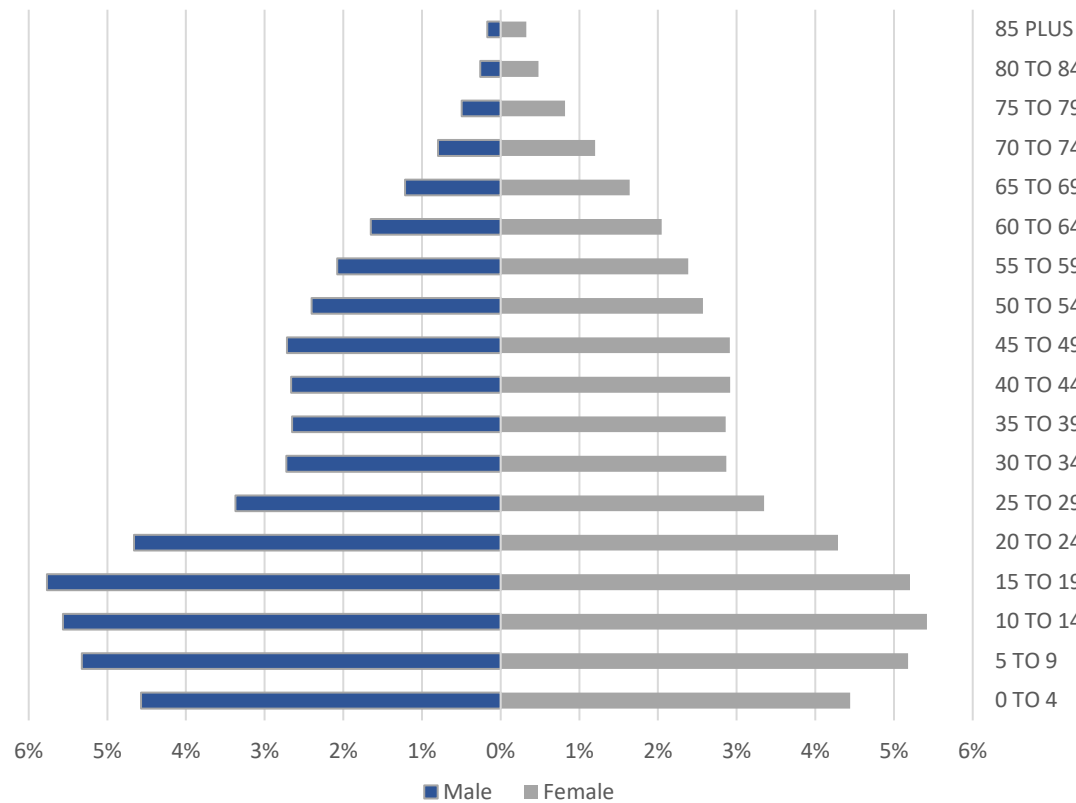
“Economics is extremely useful as a form of employment for economists.”

- John Kenneth Galbraith

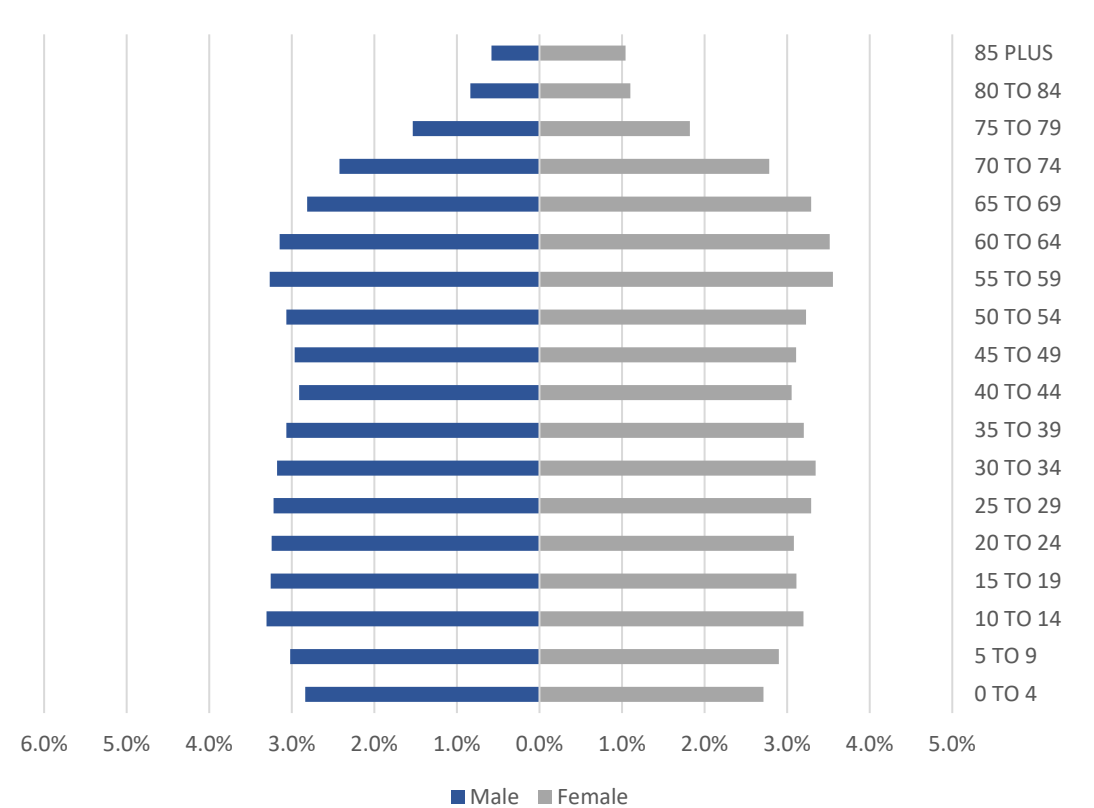
SC Population Pyramid

The makeup of the state's population has shifted dramatically since 1970

1970 POPULATION PYRAMID



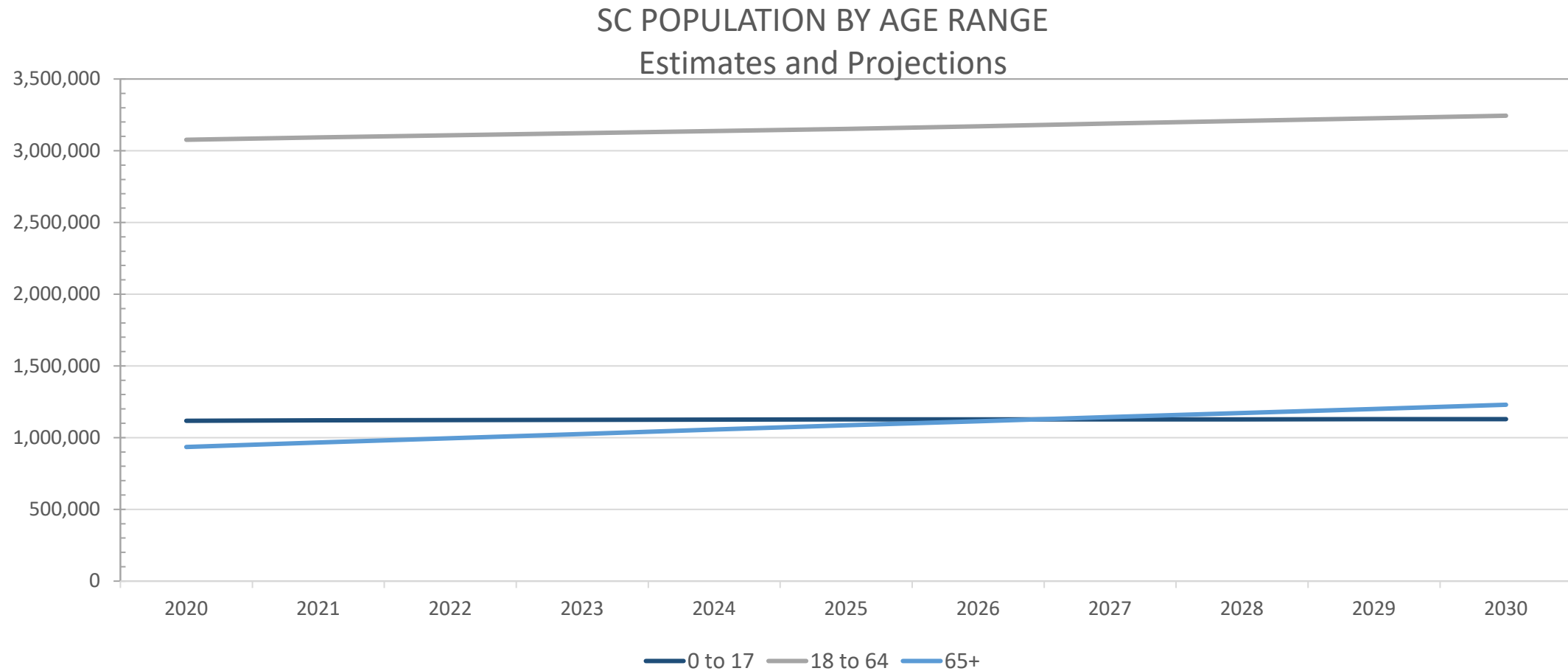
2020 POPULATION PYRAMID



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

SC Population by Age Group

Population in the 65 plus age range is projected to surpass the under 18 age range by 2027

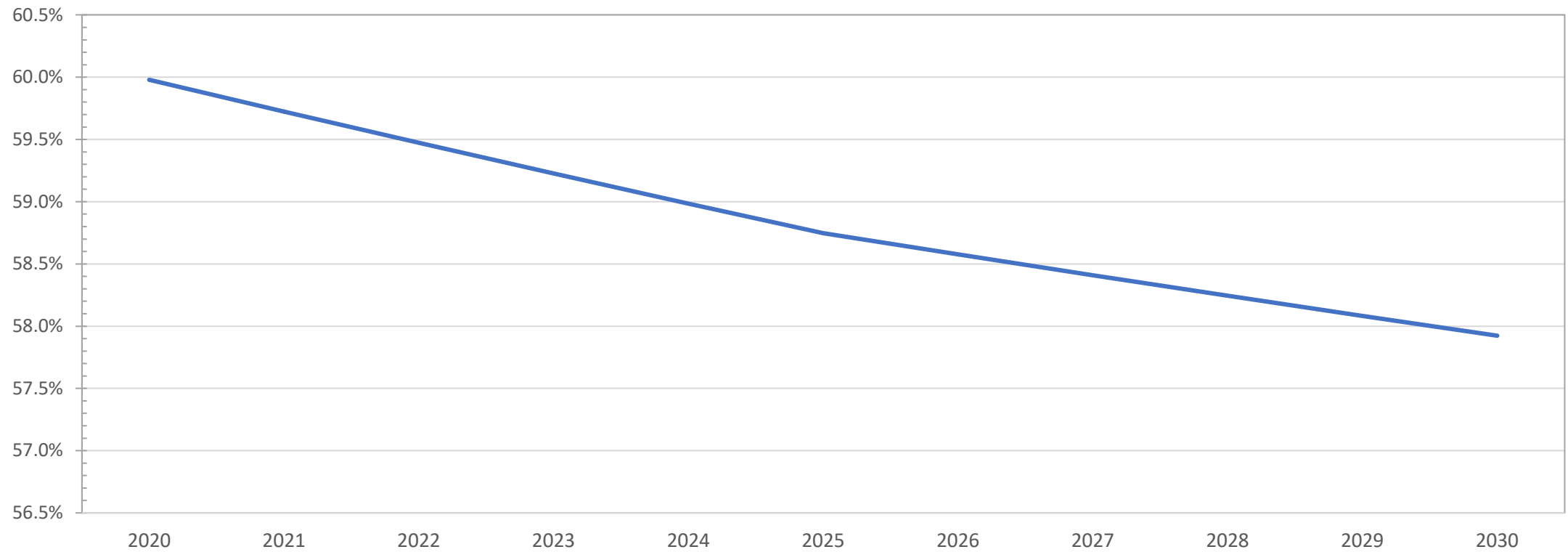


Source: U.S. Census Bureau, population estimates 2020, 2021; S.C. Revenue and Fiscal Affairs Office projections -319/lhj/08/29/2022

SC Working Age Population

The working age population from age 18-64 continues to shrink relative to total state population

SC WORKING AGE POPULATION (18-64)
as a Percentage of Total Population



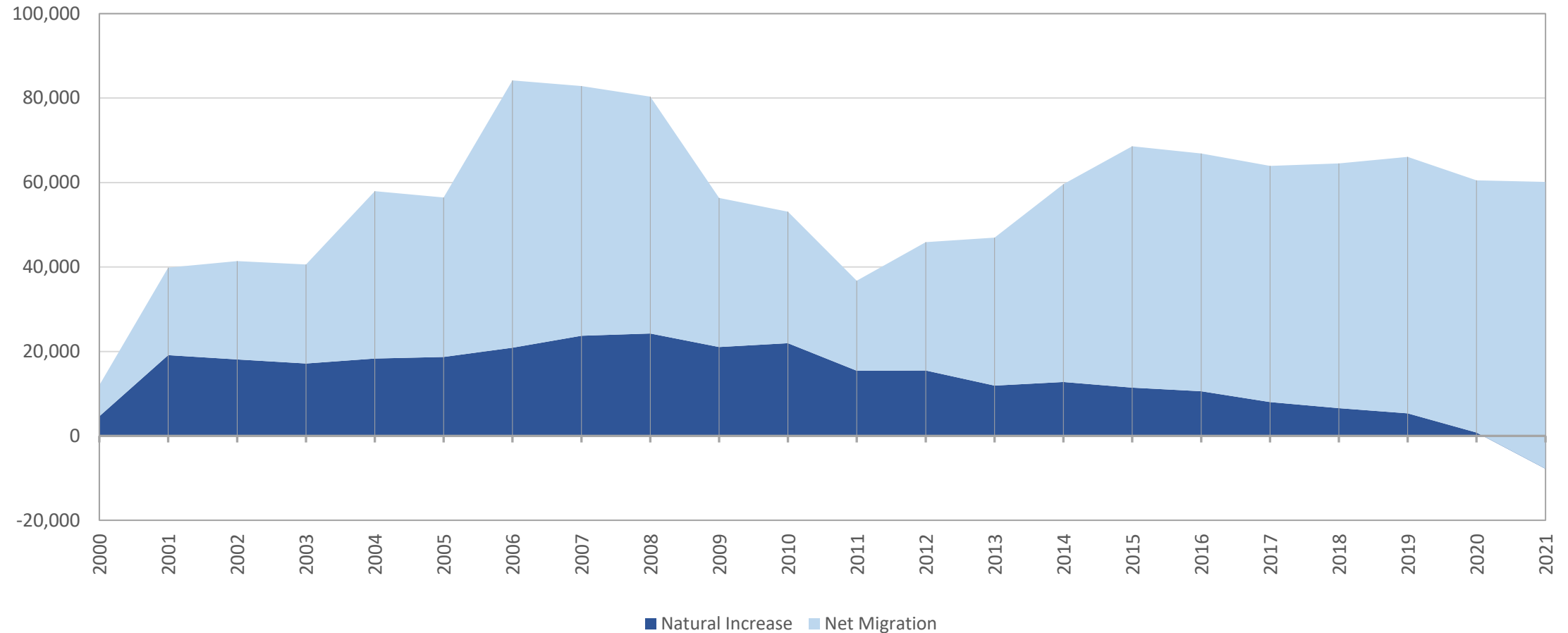
Source: US Census Bureau population estimates 2020 and 2021; SC Revenue and Fiscal Affairs Office projections – 319-8/29/2022



Components of Population Change

The state's population growth is driven by migration into the state; deaths exceeded births in 2021

SC POPULATION CHANGE BY COMPONENT



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

South Carolina and National Economy

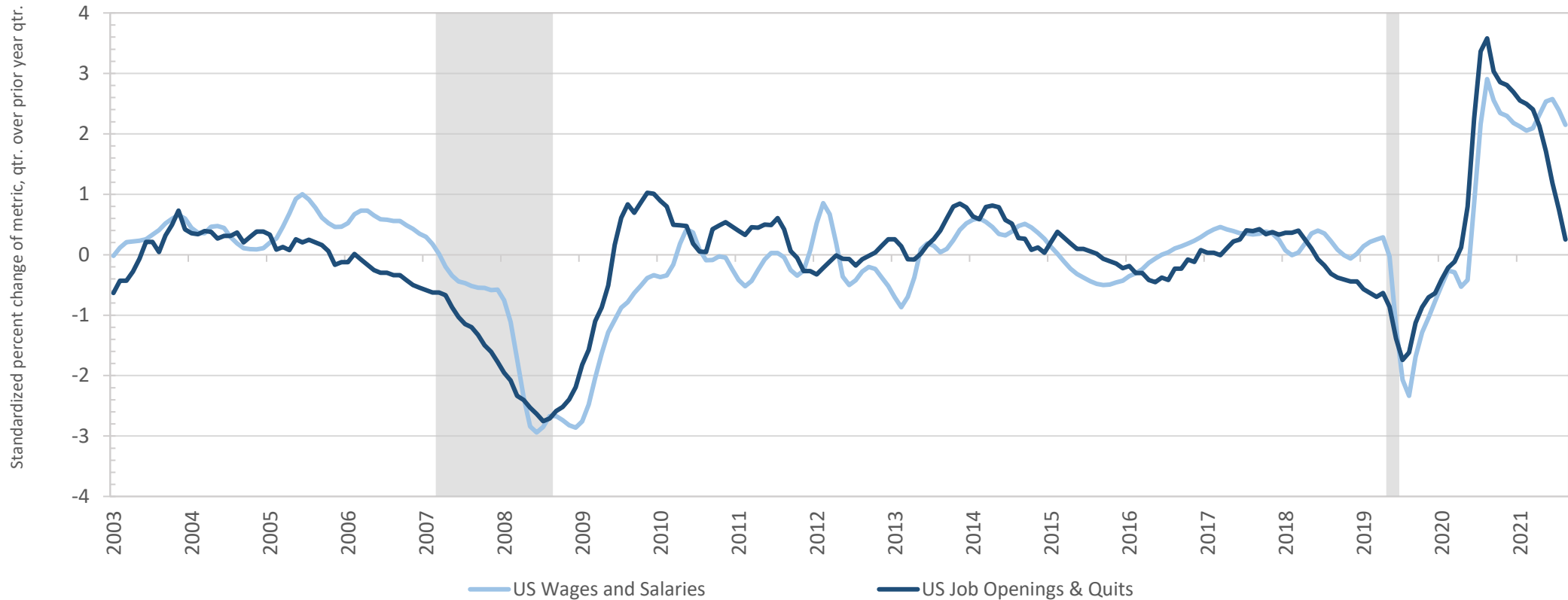
“The only function of economic forecasting is to make astrology look respectable.”

- John Kenneth Galbraith

US Labor Market and Wage Growth

While growth in labor market tightness has slowed, conditions remain remarkably tight and continue to drive wage growth; as market conditions loosen in coming months, wage growth should begin to ease

US JOB OPENINGS & QUILTS VS. WAGE GROWTH

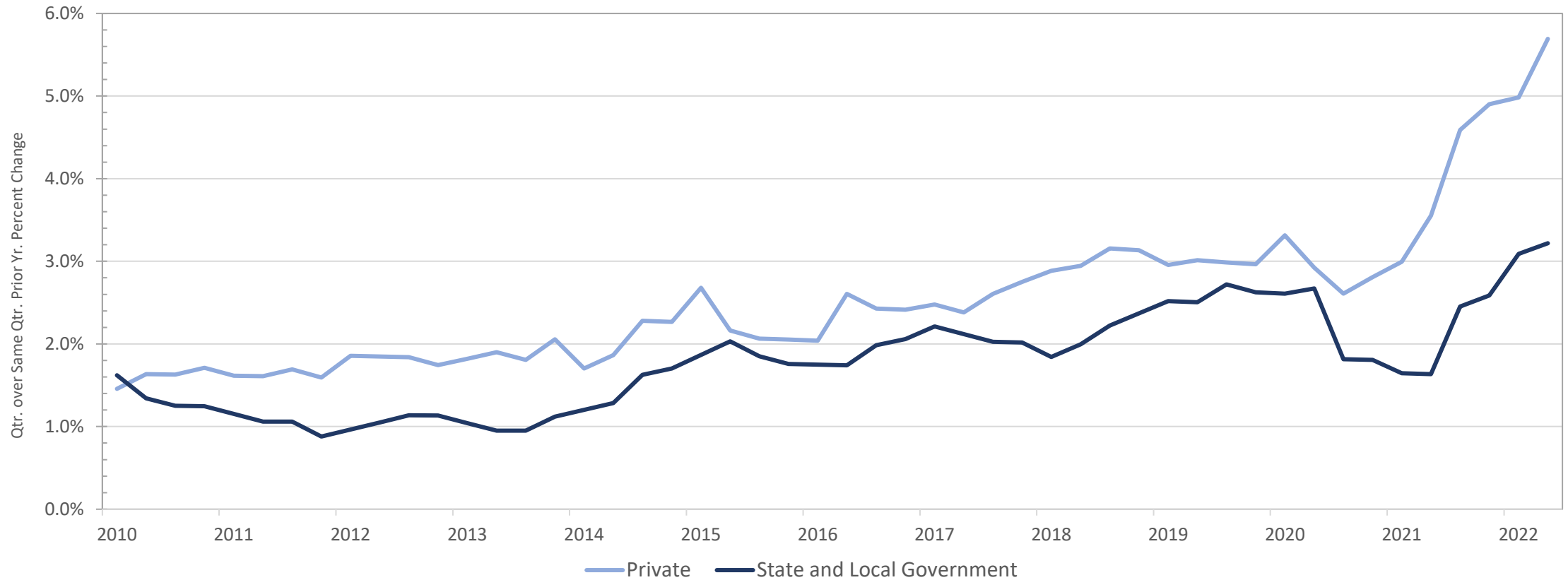


Source: U.S. Bureau of Economic Analysis, Compensation of Employees, Received; U.S. Bureau of Labor Statistics, JOLTS; 309A - RFA/bdc/8/26/2022

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

US Unemployed Persons Per Job Opening

The US labor market remains at historic levels of tightness as employers compete over a smaller pool of available potential workers

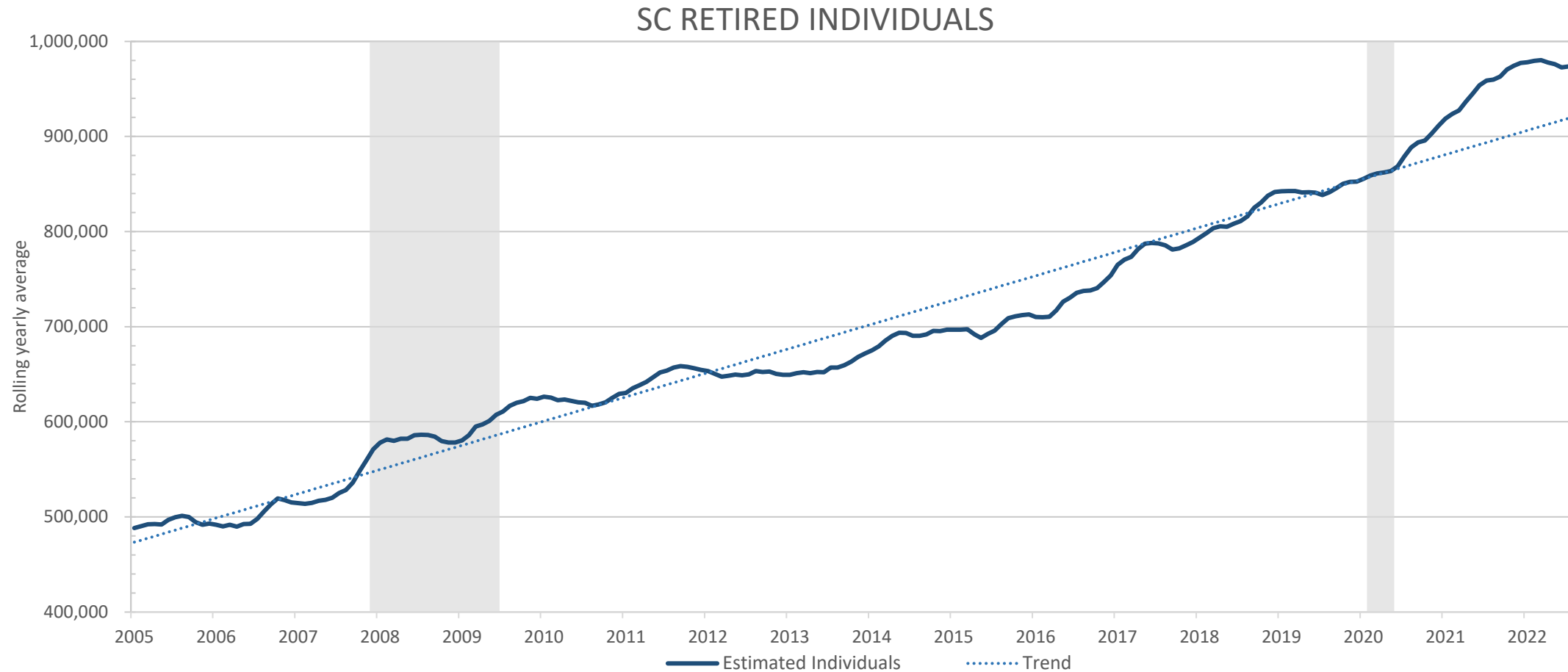


Source: U.S. Bureau of Labor Statistics, CPS and JOLTS; 259A - RFA/bdc/8/26/2022



SC Retirements

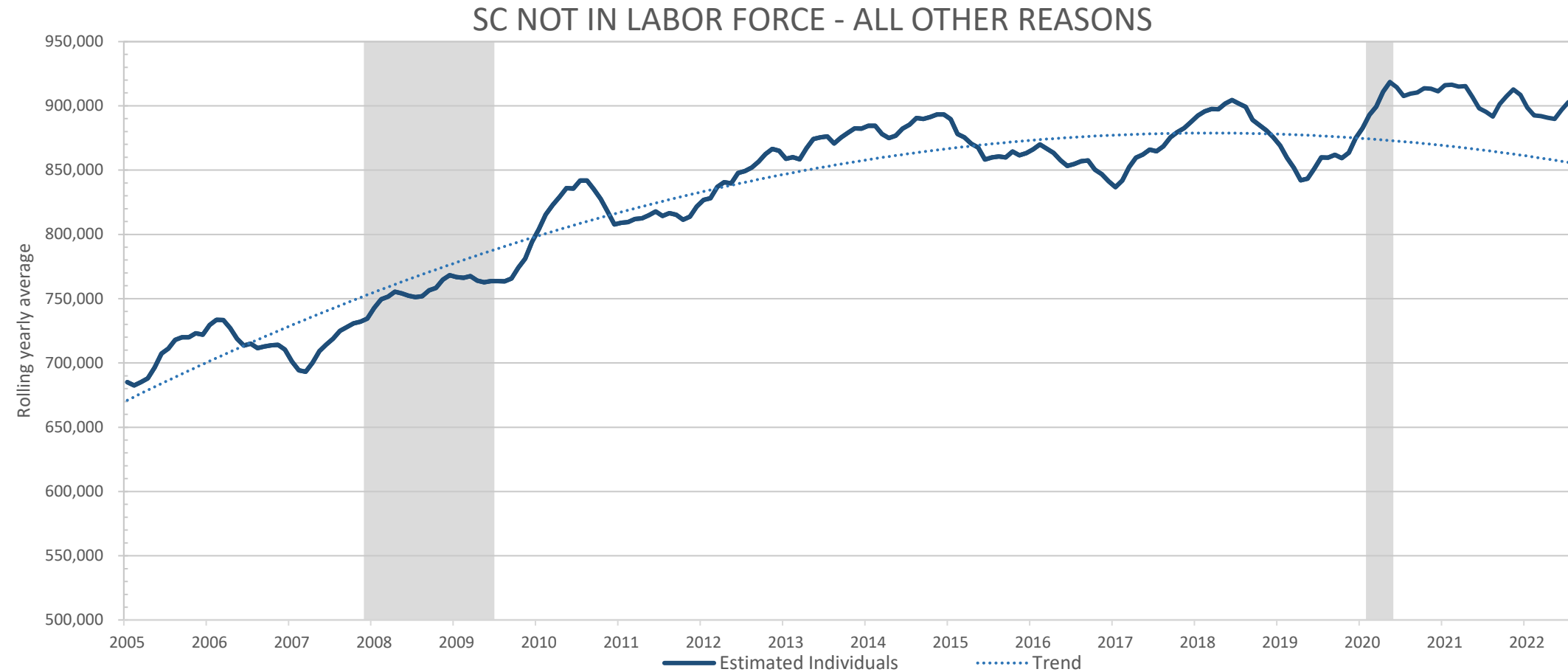
Individuals retired at higher rates during the pandemic; while there has been some re-entry into the labor market, current estimates place retirements 54,000 higher than trend in the past year



Source: Integrated Public Use Microdata Series, Current Population Survey: Version 9.0: IPUMS, 2021; 309B - RFA/bdc/8/17/2022

SC Not in Labor Force – All Other Reasons

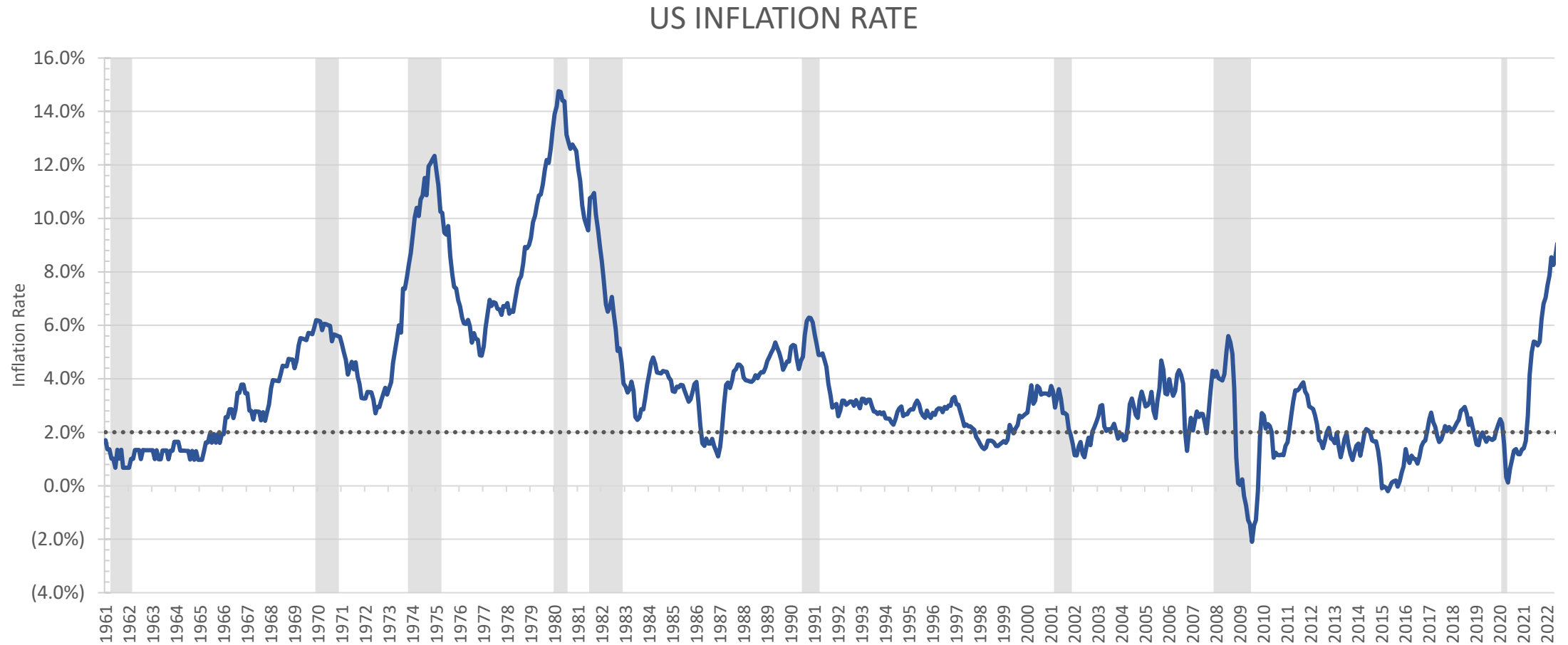
Individuals exited the labor force for health concerns, family obligations, etc. during the pandemic; an estimated 45,000 more individuals than expected remained outside for these reasons in the past year



Source: Integrated Public Use Microdata Series, Current Population Survey: Version 9.0: IPUMS, 2021. 309C - RFA/bdc/8/17/2022

US Inflation Rate

Price inflation hit a 40-year high in 2022, averaging 8.3% for the first 7 months



Source: U.S. Bureau of Labor Statistics, Consumer Price Index for All Urban Consumers in U.S. City Average; RFA/316/lhj/08/26/2022



Inflation - Components

Supply chain issues, the war in Ukraine, the labor shortage, and consumer behavior continue to impact prices; there is no unique driver of inflation

CPI - CONTRIBUTION TO TOTAL CHANGE BY SUBCOMPONENT
July 2021 to July 2022



Source: U.S. Bureau of Labor Statistics, Consumer Price Index, bdc/8/17/2022

State Revenues

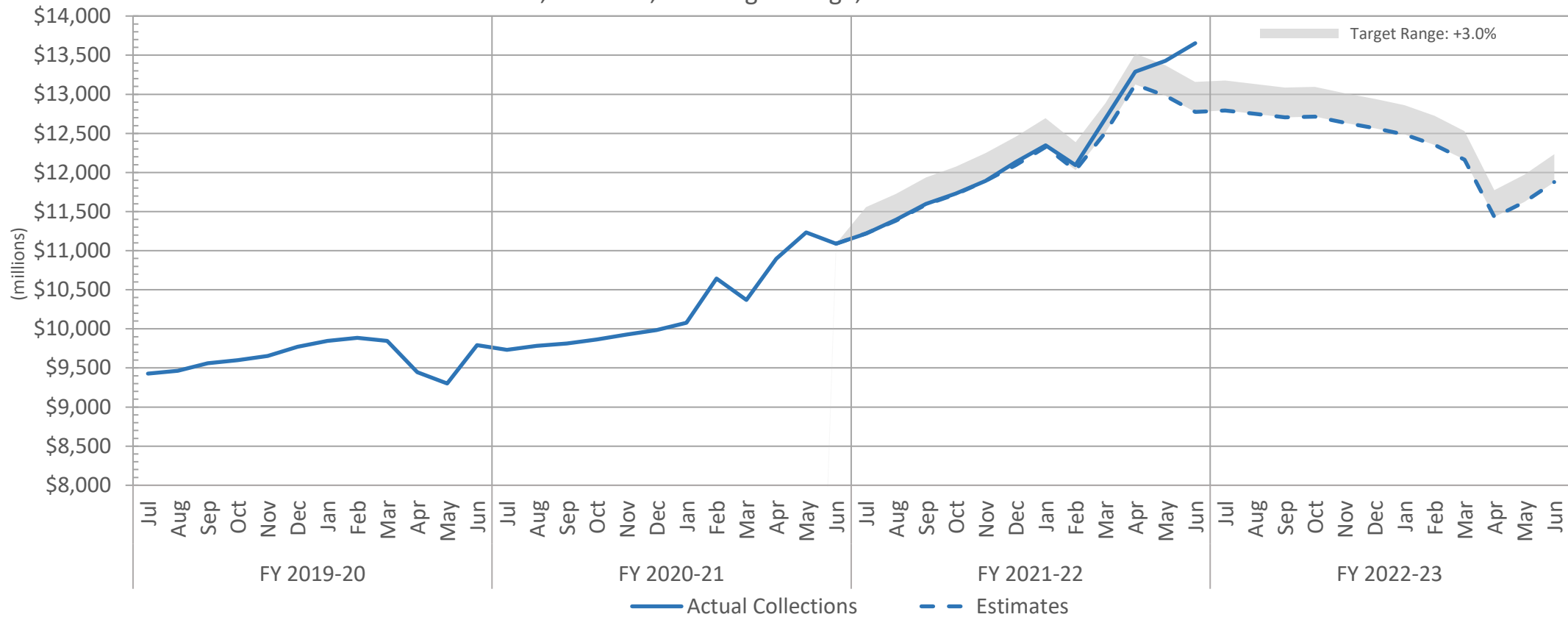
“Economists, like royal children, are not punished for their errors.”

- James Buchan

General Fund – Actuals vs. Estimates

Revenues ended \$880.1 million above the estimate for FY 2021-22, growing at 23.1% compared to 15.2% estimated

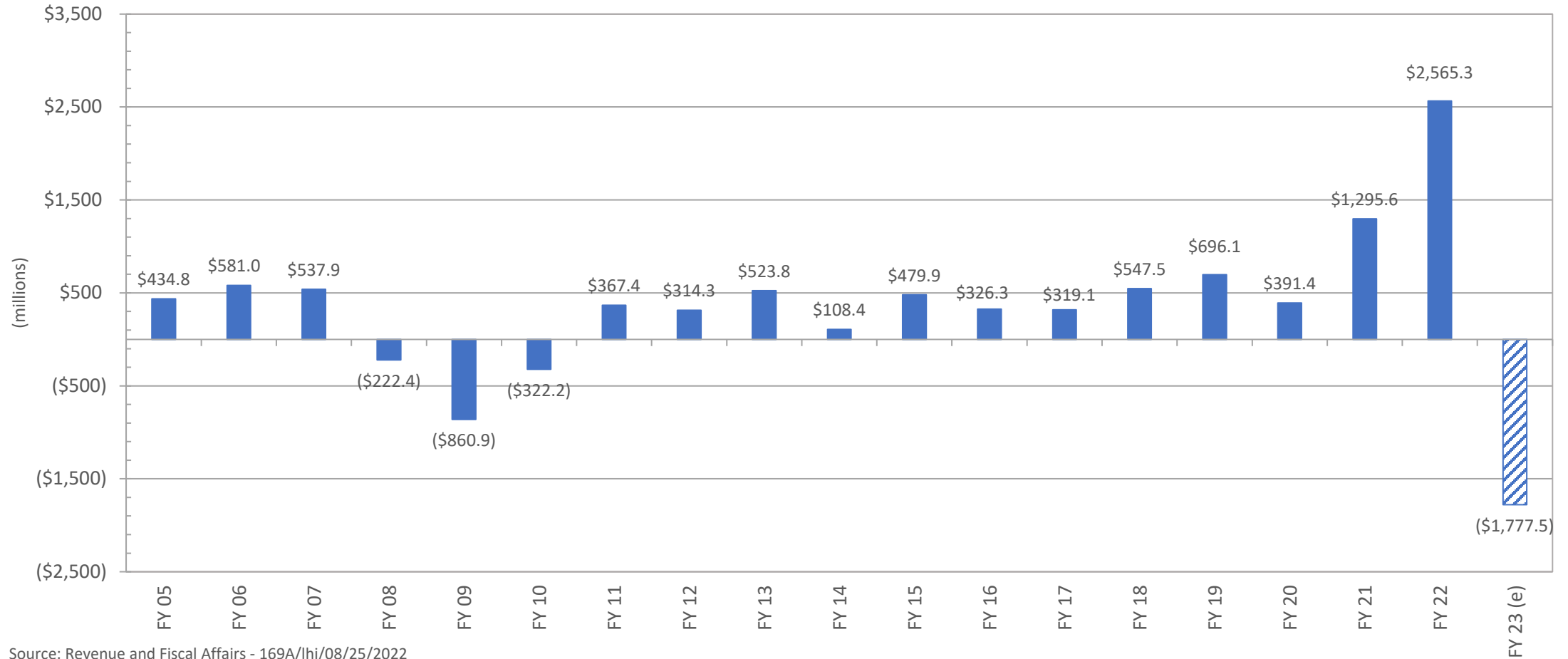
ROLLING FISCAL YEAR - GENERAL FUND
Actual, Estimate, and Target Range, FY 2019-20 to FY 2022-23



Annual General Fund Revenue Growth

FY 22 revenue grew \$2.57 billion over FY 21; the impact on FY 23 is unclear

ANNUAL GROWTH IN GENERAL FUND REVENUE

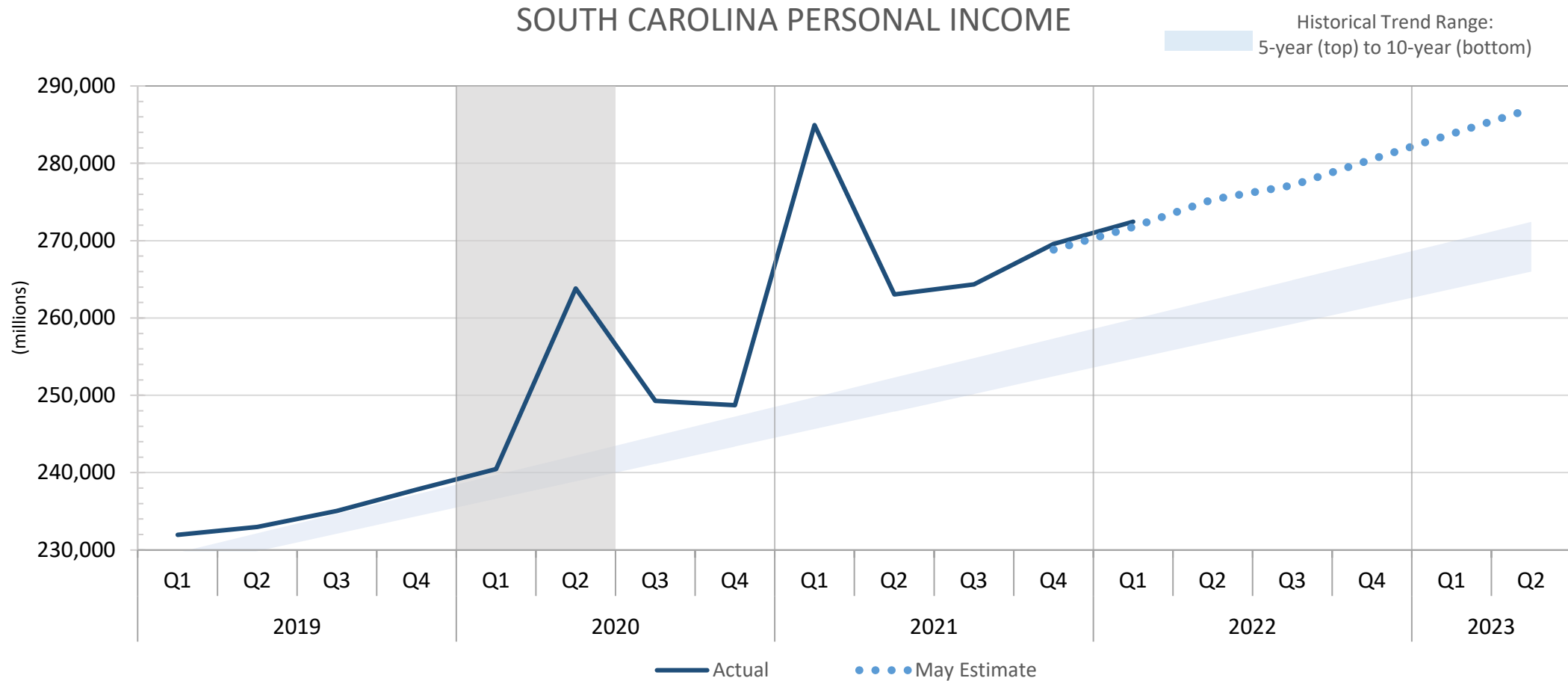


Source: Revenue and Fiscal Affairs - 169A/lhj/08/25/2022



SC Personal Income

Personal Income is growing well above our historical trend and expected to continue to be elevated through FY 2022-23



Data Source: U.S. Department of Commerce, Bureau of Economic Analysis; S.C. Board of Economic Advisors

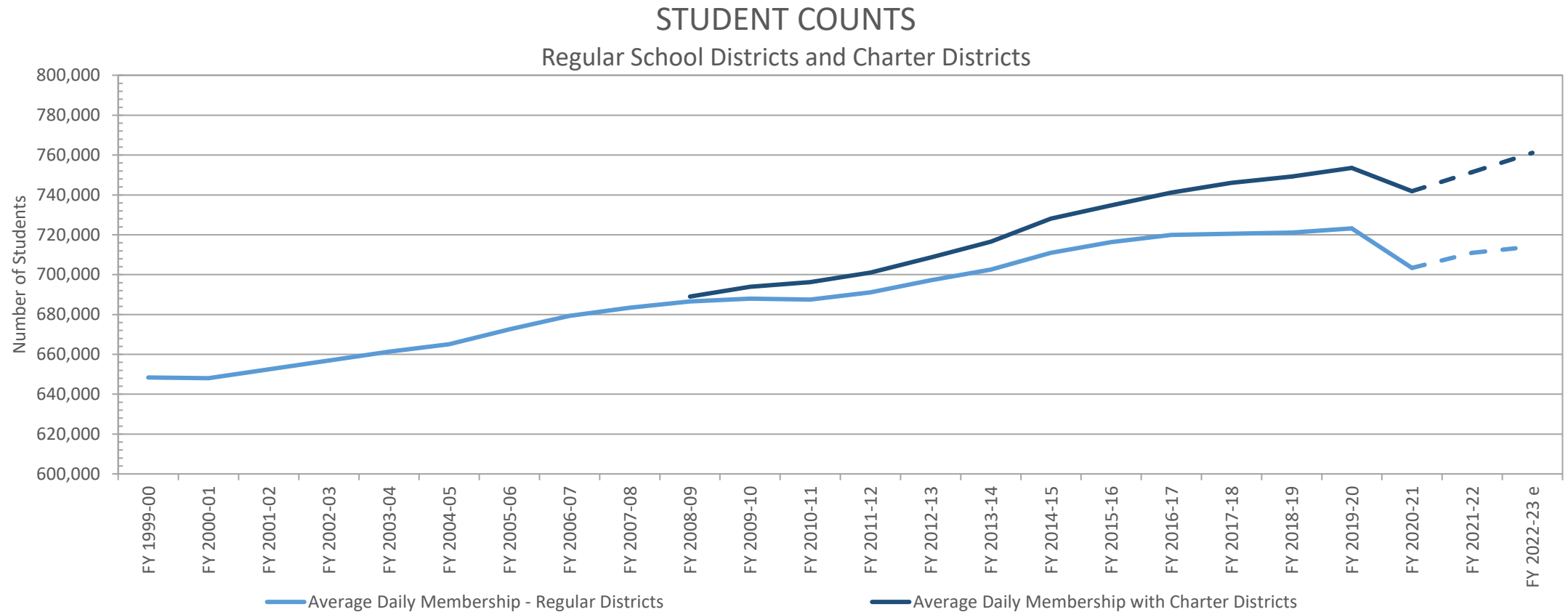
Education Funding

“An economist is an expert who will know tomorrow why the things he predicted yesterday didn’t happen today.”

- Lawrence J. Peter

Student Counts

Growth in the statewide charter districts has outpaced growth in the regular districts

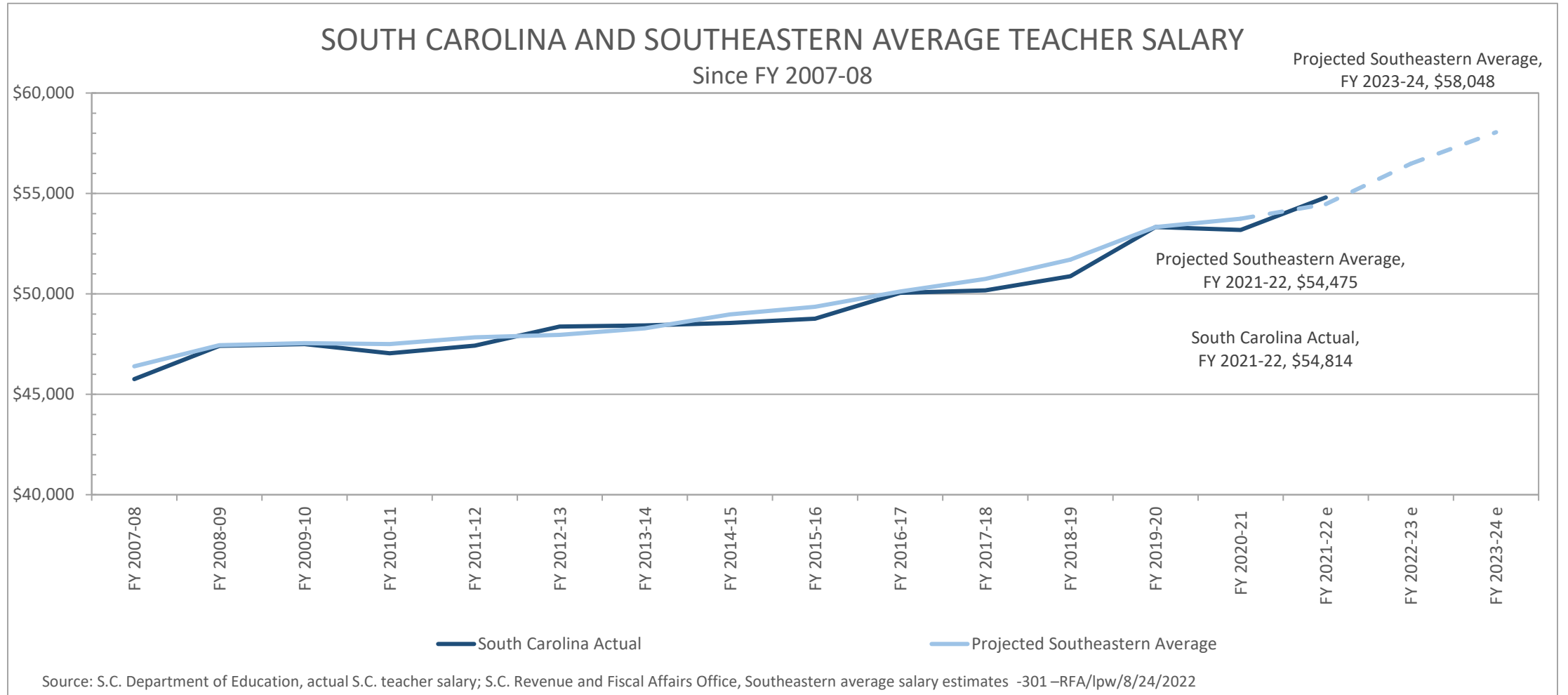


Note: Charter districts include the S.C. Public Charter School District and the Charter Institute at Erskine.

Data Source: S.C. Department of Education, 135-day ADM counts; S.C. RFA FY 2022-23 estimates. Source: S.C. Revenue and Fiscal Affairs Office - 301 - 7/28/22

Average Teacher Salary

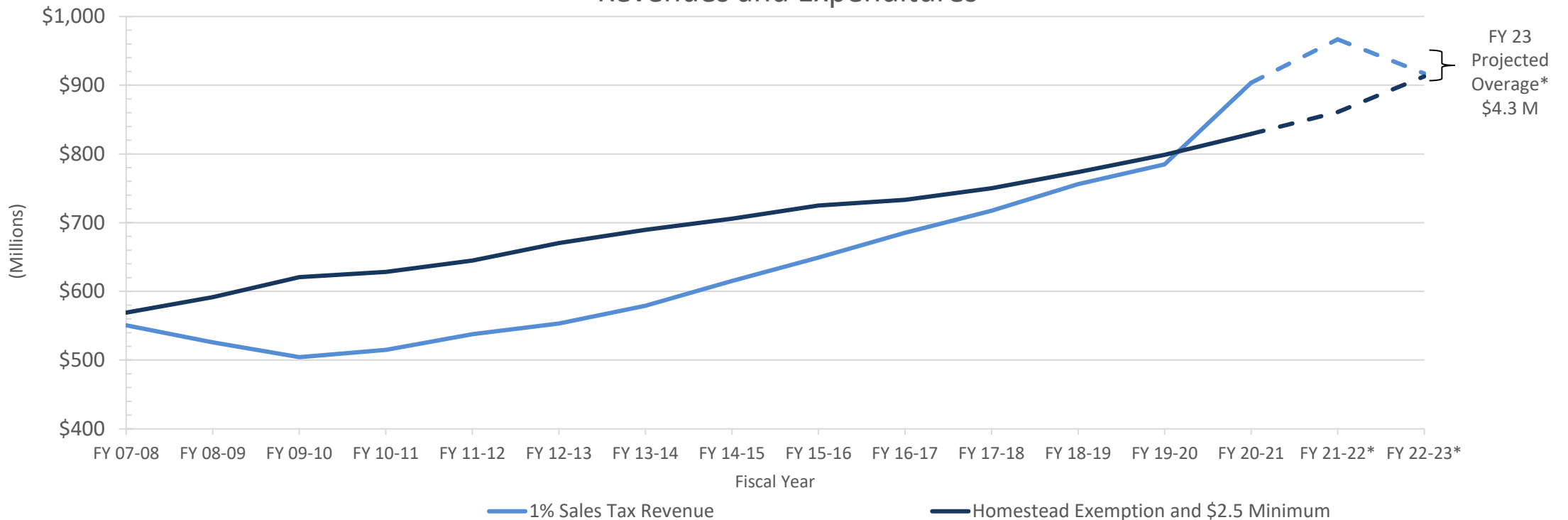
South Carolina's average teacher salary is very close to other Southeastern states



Homestead Exemption Reimbursement and Sales Tax

Sales tax revenue is projected to be sufficient to fund expenditures for FY 2022-23

HOMESTEAD EXEMPTION FUND (TIER III)
Revenues and Expenditures



*Does not include fund balance or appropriations.

Note: Tier III Expenditure includes \$2.5M minimum disbursements and lease purchase lawsuit revisions. Revenue projection as of 05/24/2022 BEA forecast. Expenditure projection as of 02/15/2022.

Source: SC Revenue and Fiscal Affairs Office MKM-40- 05/24/2022

Final Thoughts ... Questions?

“It ain’t over, till it’s over.”
- Yogi Berra