

SOUTH CAROLINA'S DEMOGRAPHICS AND ECONOMY



May 1, 2023



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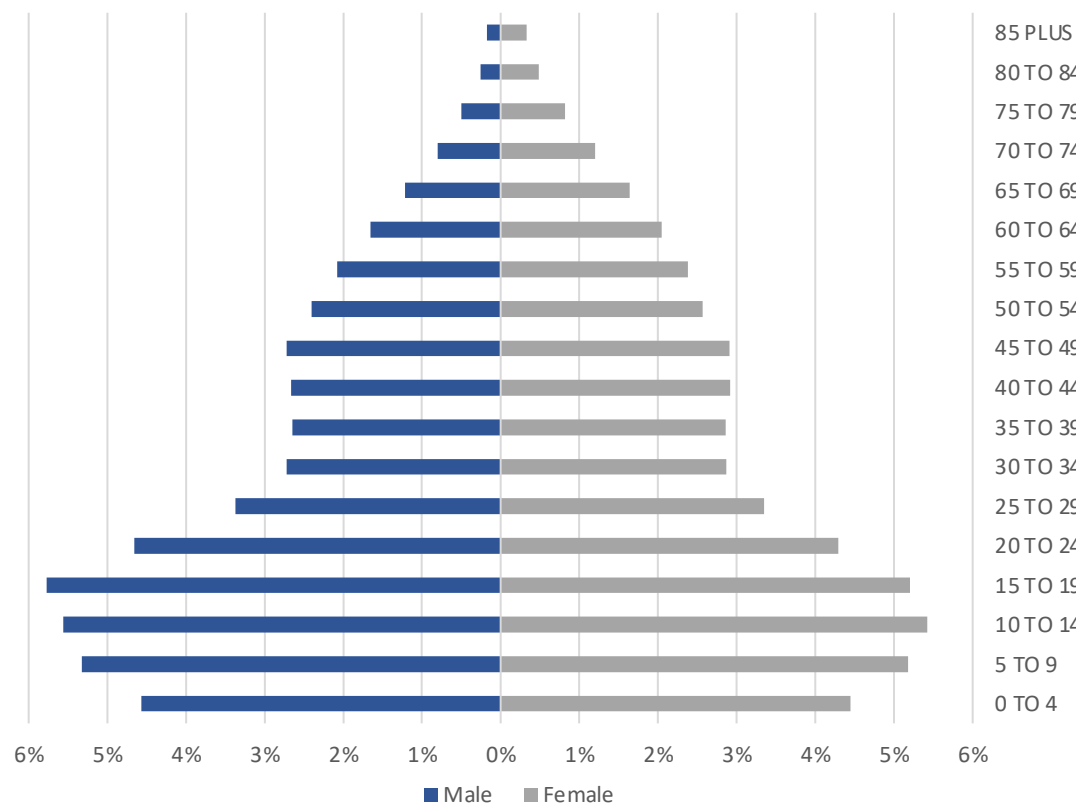
Demographic Trends and Projections



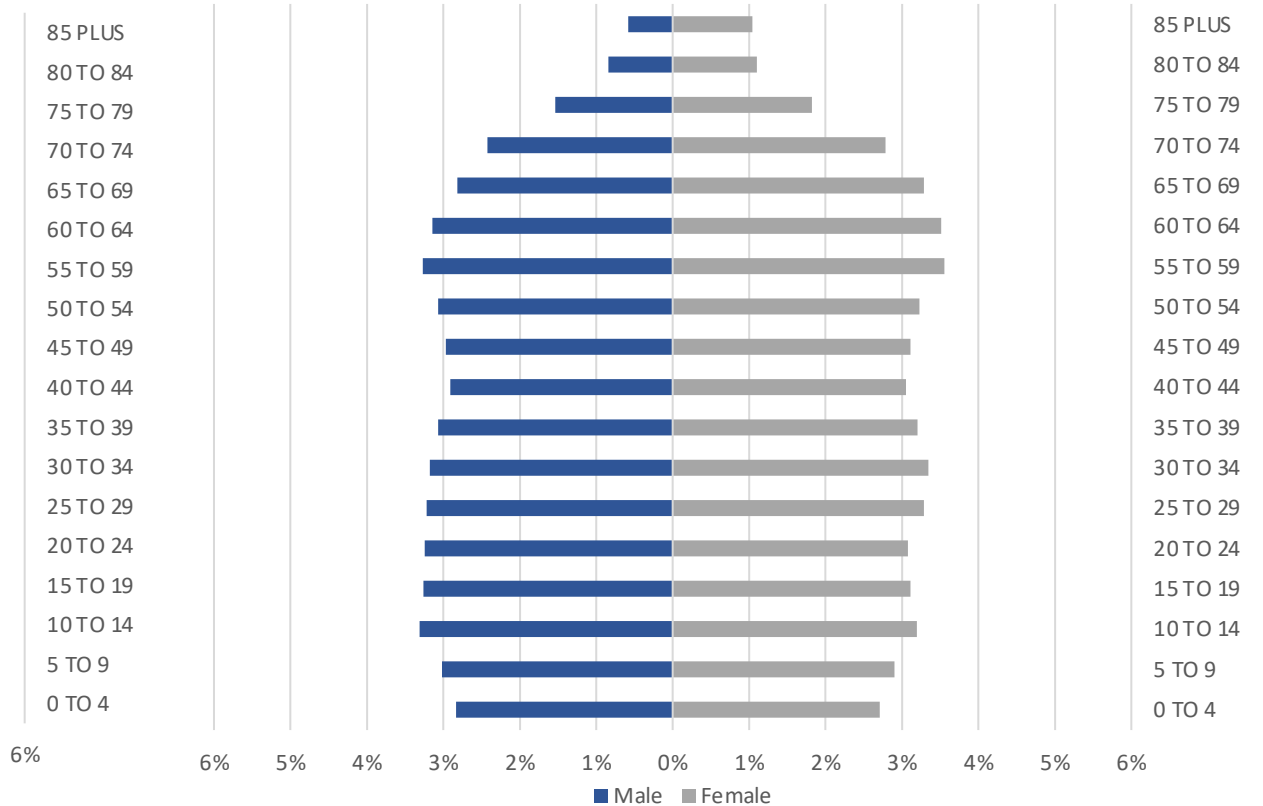
SC Population Pyramid

The age distribution of the state's population has shifted dramatically since 1970; the median age has increased from 24 in 1970 to 40 in 2020

1970 POPULATION PYRAMID



2020 POPULATION PYRAMID



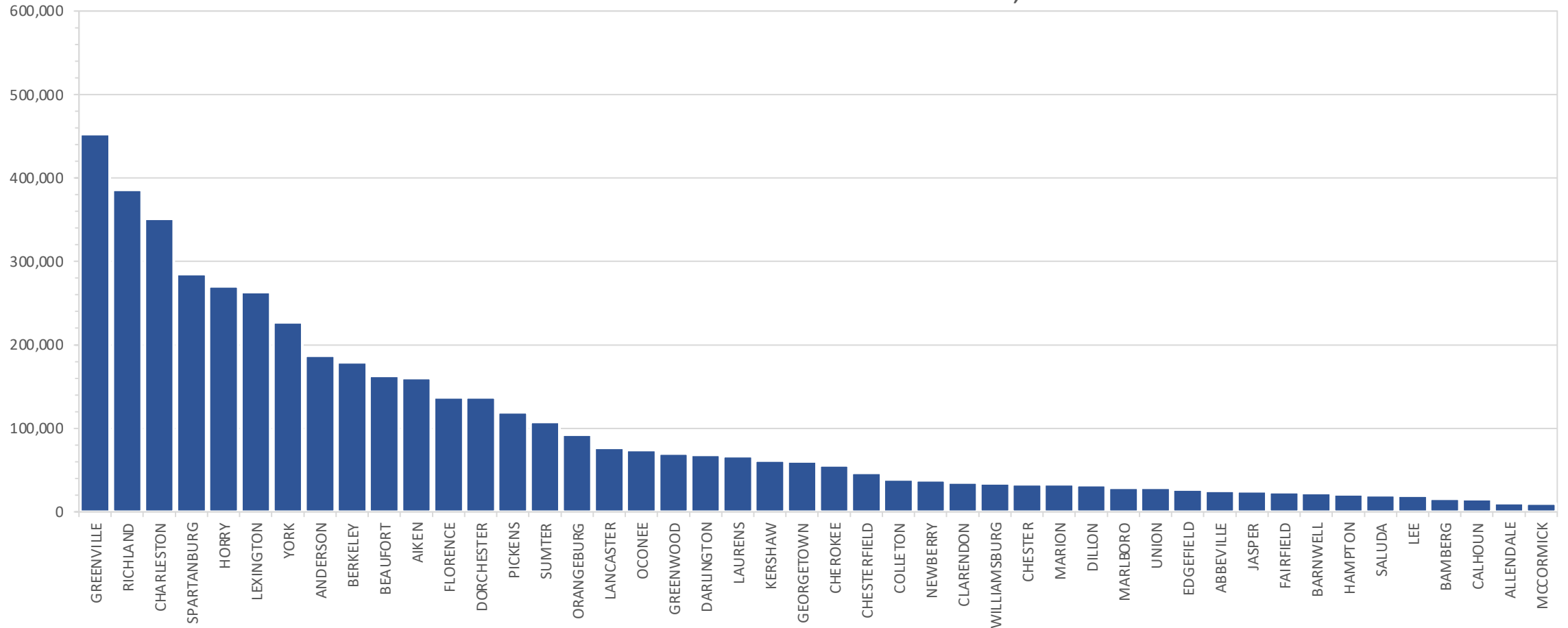
Source: S.C. Revenue and Fiscal Affairs Office 320 /08/25/2020

South Carolina Population, 2010

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

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

TOTAL POPULATION BY COUNTY, 2010



Source: US Census Bureau, Vintage 2020 Postcensal Estimates

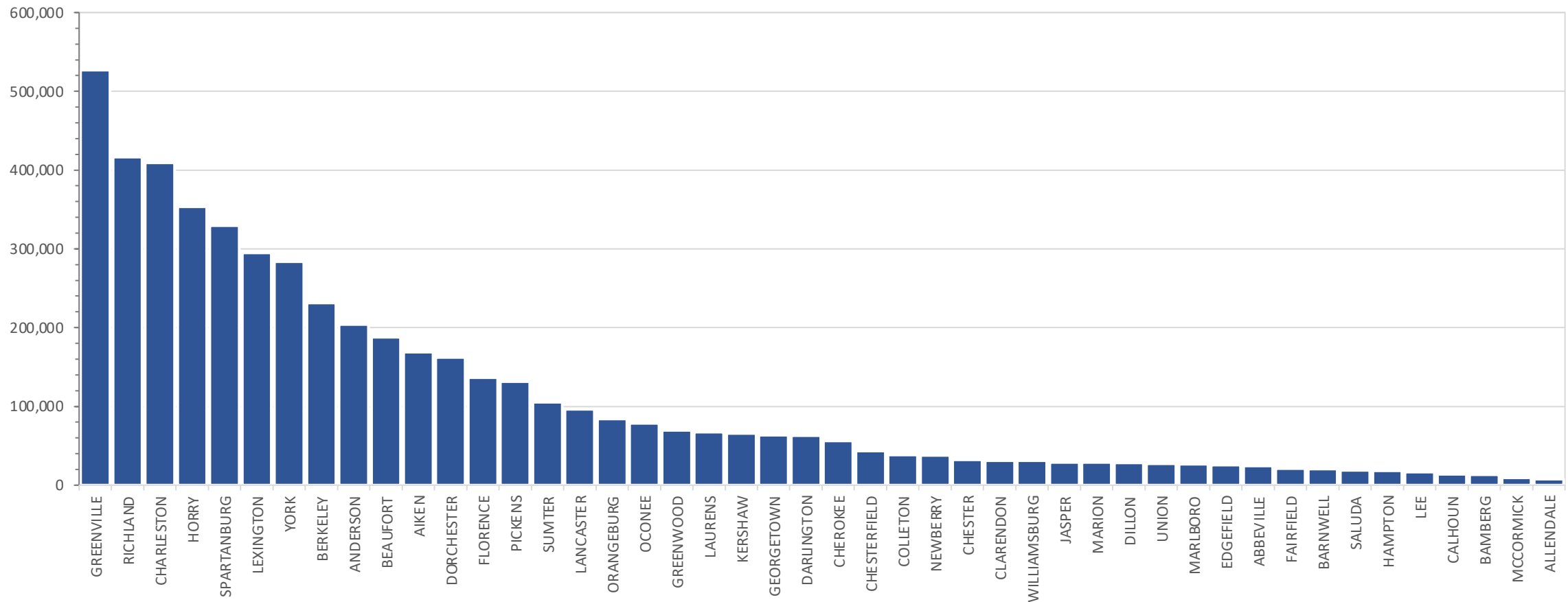


South Carolina Population, 2020

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

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

TOTAL POPULATION BY COUNTY, 2020



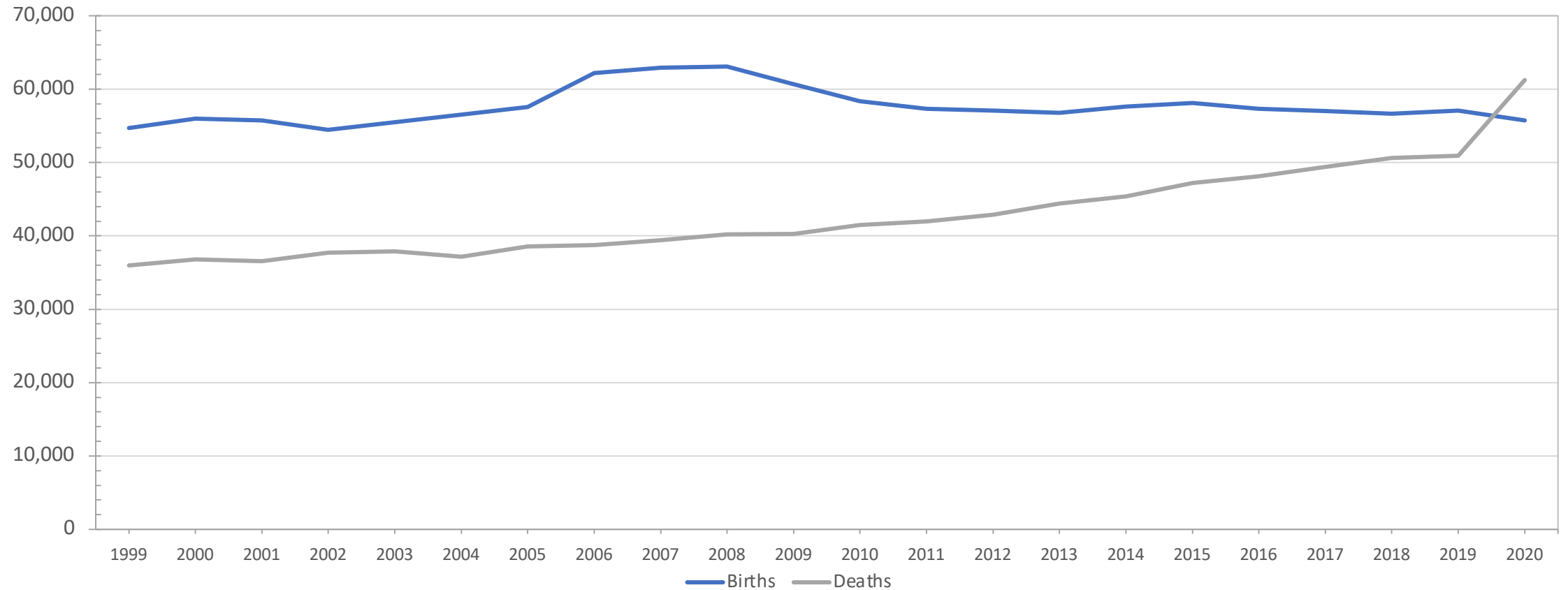
Source: US Census Bureau, Vintage 2021 Postcensal Estimates



South Carolina Births and Deaths, 1999 - 2020

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

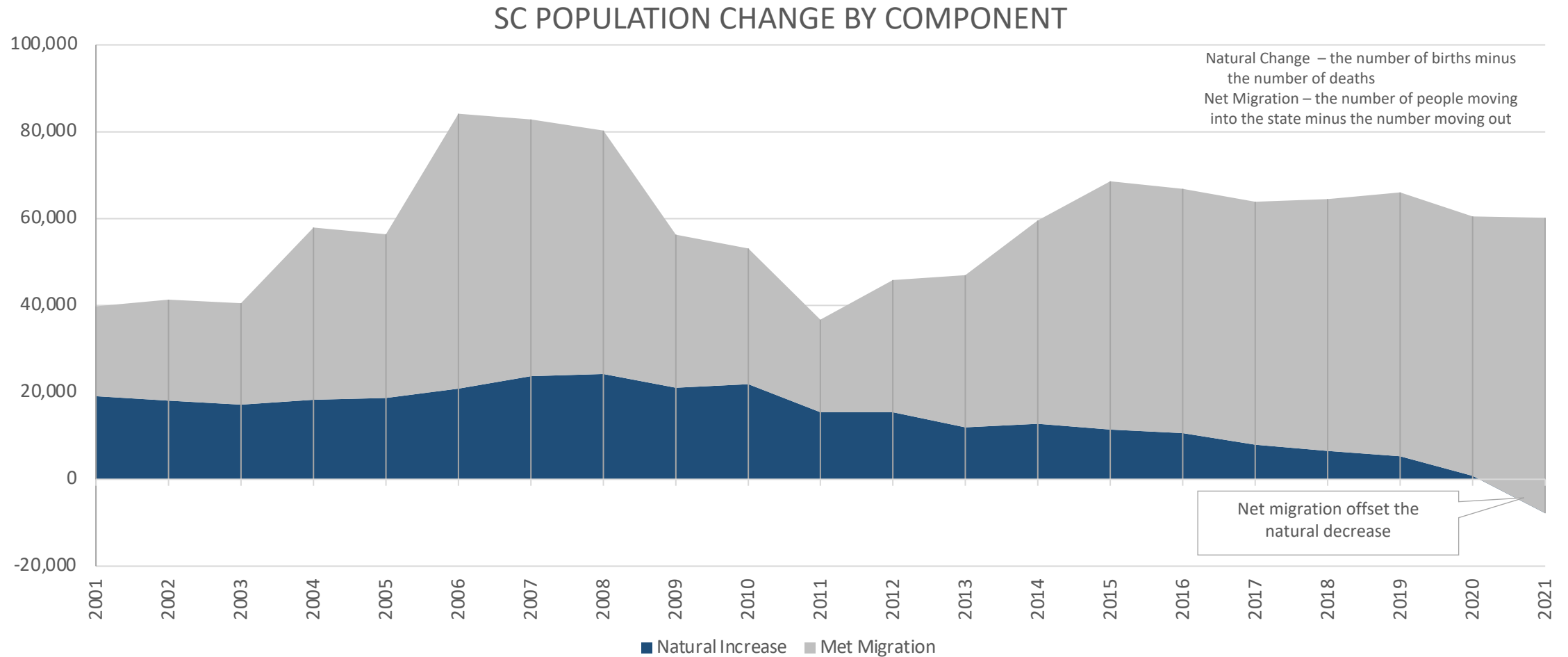
SC BIRTHS AND DEATHS



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

Components of Population Change

Migration into the state contributed more to population than the natural change; deaths exceeded births in 2021



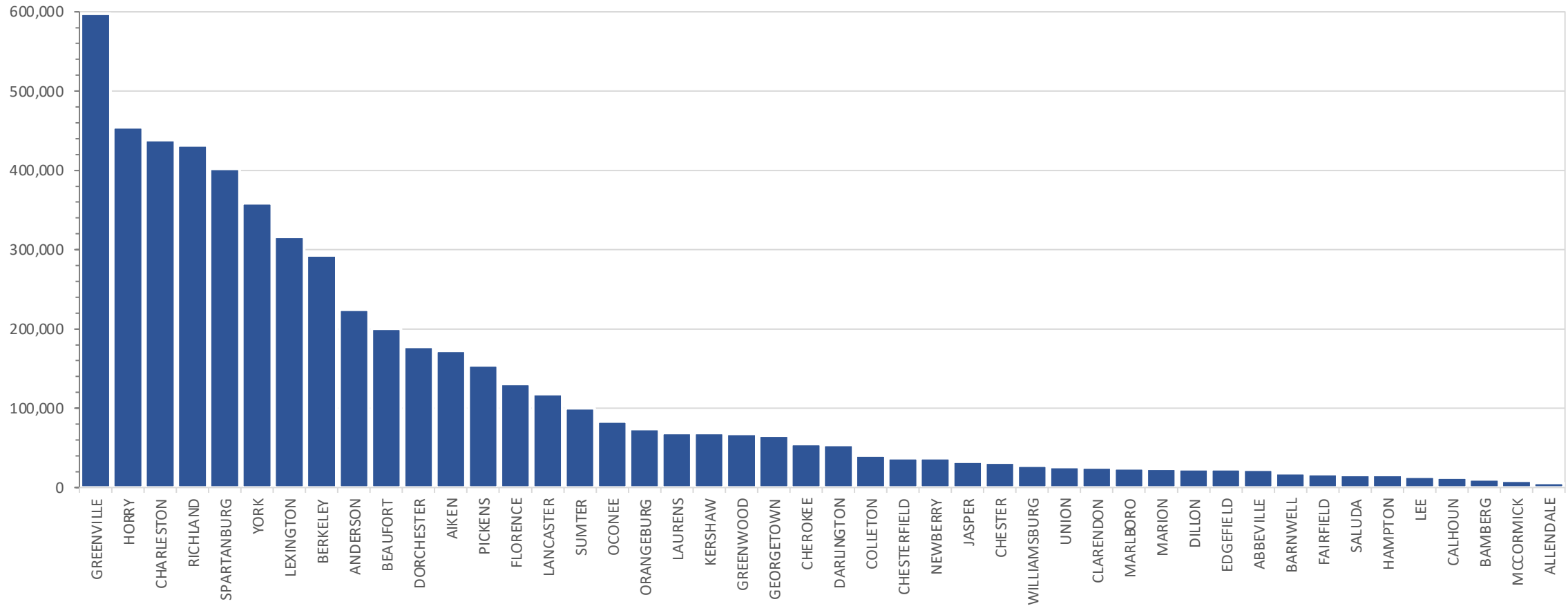
Source: US Census Bureau Population Estimates 321-RFA/08/29/2022

South Carolina Projected Population, 2030

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

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

TOTAL POPULATION BY COUNTY, 2030



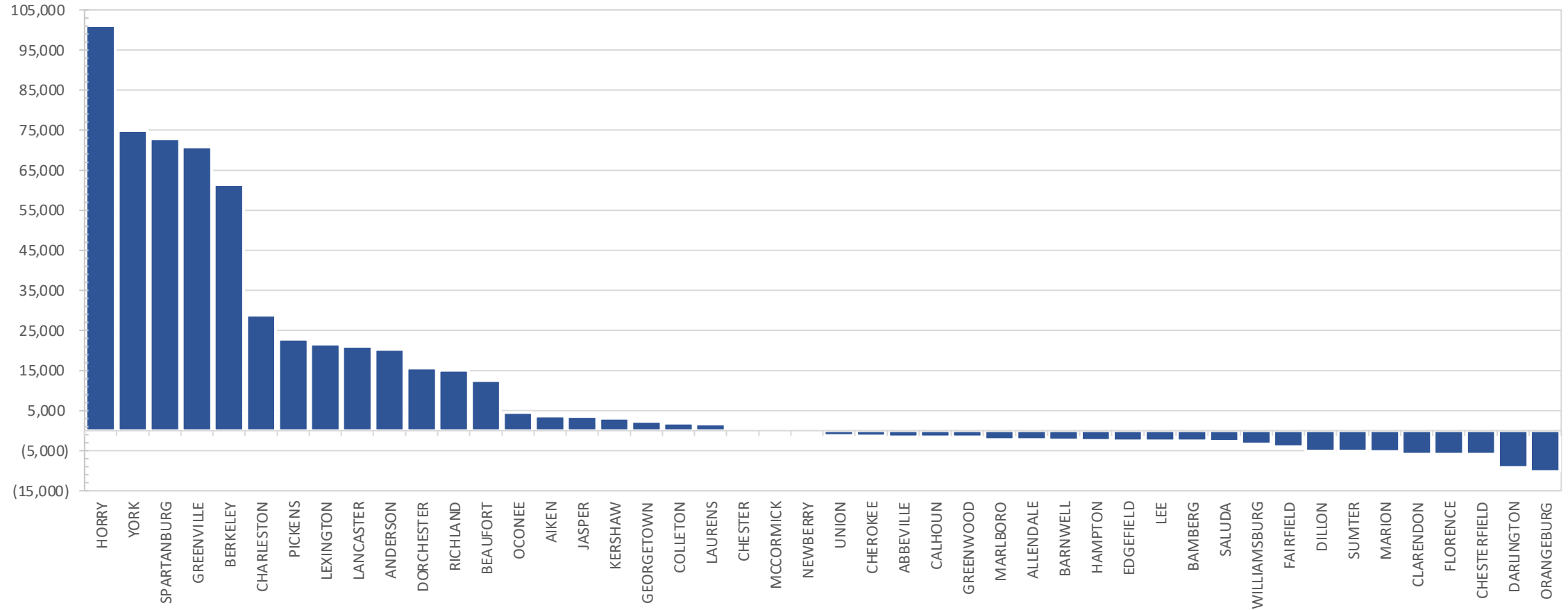
Source: US Census Bureau, Vintage 2021 Postcensal Estimates, Projections by S.C. Revenue and Fiscal Affairs



South Carolina Projected Population Change, 2020 - 2030

Horry, York, Spartanburg, Greenville, and Berkeley are expected to experience the highest growth

POPULATION CHANGE BY COUNTY FROM 2020 TO 2030



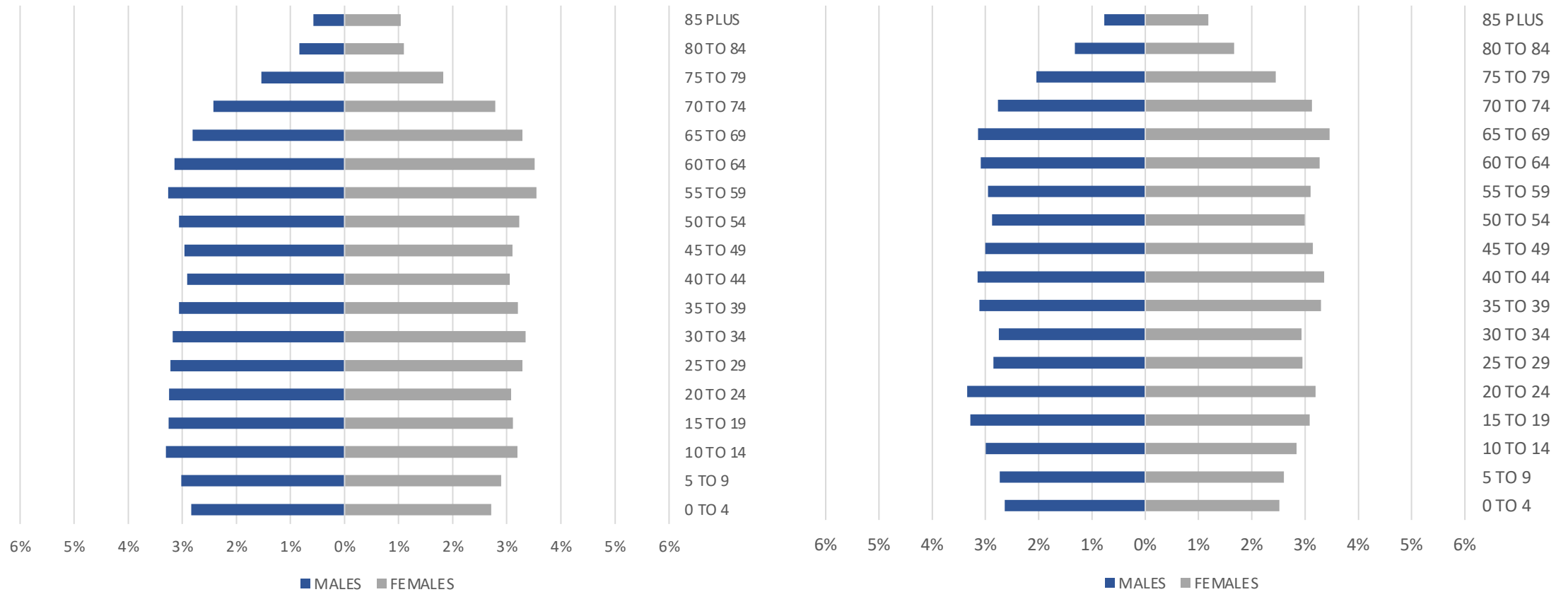
Source: Population Estimates Program Vintage 2020 estimates for 2010, Vintage 2021 estimates for 2020; Projections by S.C. Revenue and Fiscal Affairs

SC 2030 Population Projections

The median age is expected to increase from 40 to 42 over the next decade; all baby boomers will be older than 65

2020 POPULATION PYRAMID

2030 POPULATION PYRAMID

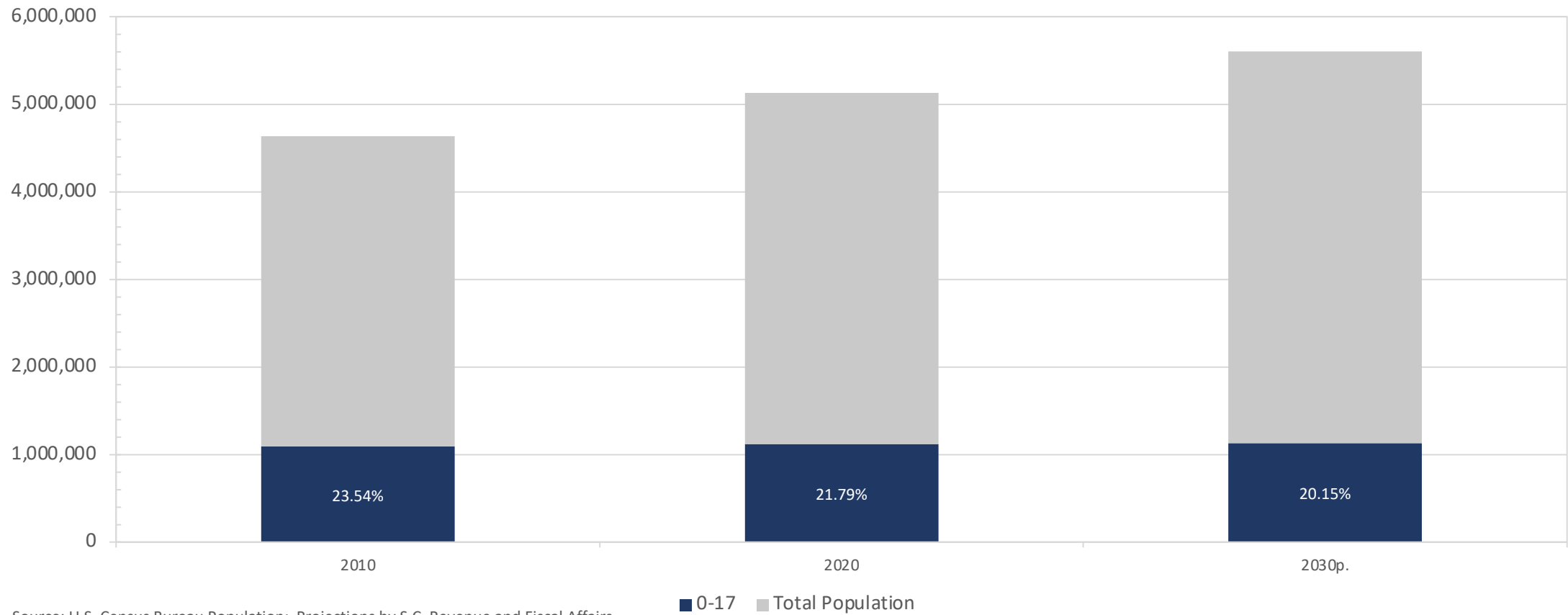


Source: US Census Bureau, Estimates, Projections by S.C. Revenue and Fiscal Affairs

SC Age 0 - 17 Population

Projected to decline to 20% of total population by 2030

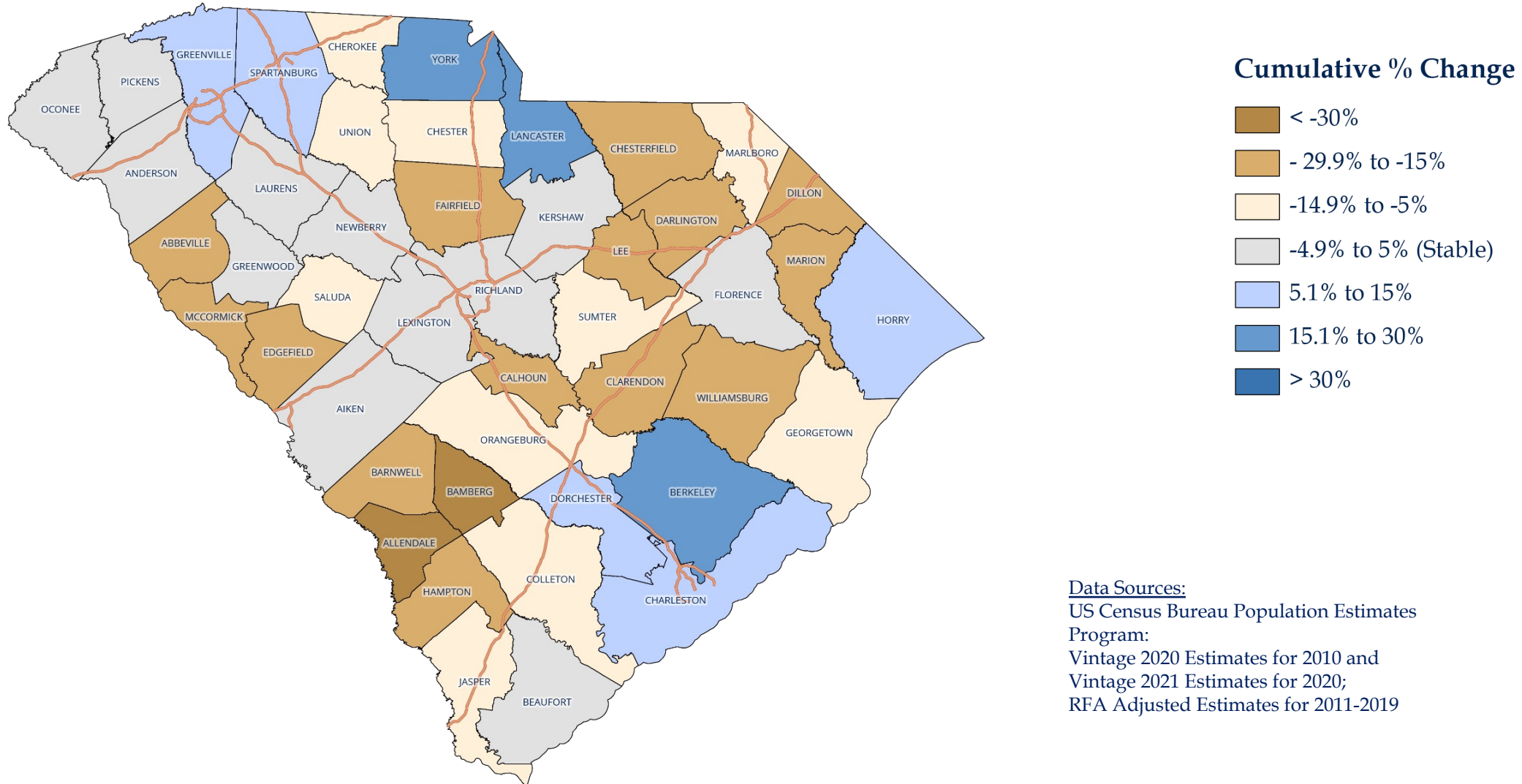
SC AGE 0 – 17 POPULATION AS A PERCENT OF TOTAL POPULATION



Source: U.S. Census Bureau Population; Projections by S.C. Revenue and Fiscal Affairs

South Carolina Age 0 - 17 Population Change, 2010 - 2020

Only eight counties increased in this age group

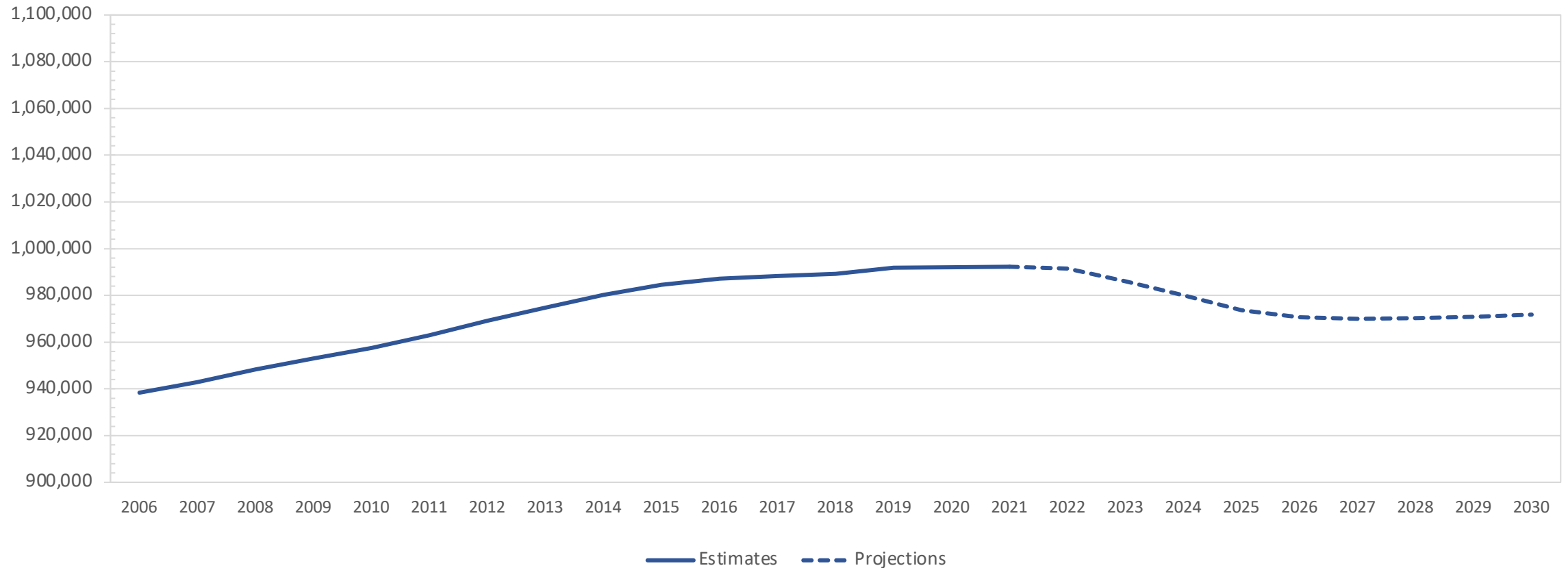


Data Sources:
 US Census Bureau Population Estimates
 Program:
 Vintage 2020 Estimates for 2010 and
 Vintage 2021 Estimates for 2020;
 RFA Adjusted Estimates for 2011-2019

South Carolina 0 - 17 Age Group Based on Births Alone

Absent migration, the declining number of births will result in a smaller 0 - 17 population over time

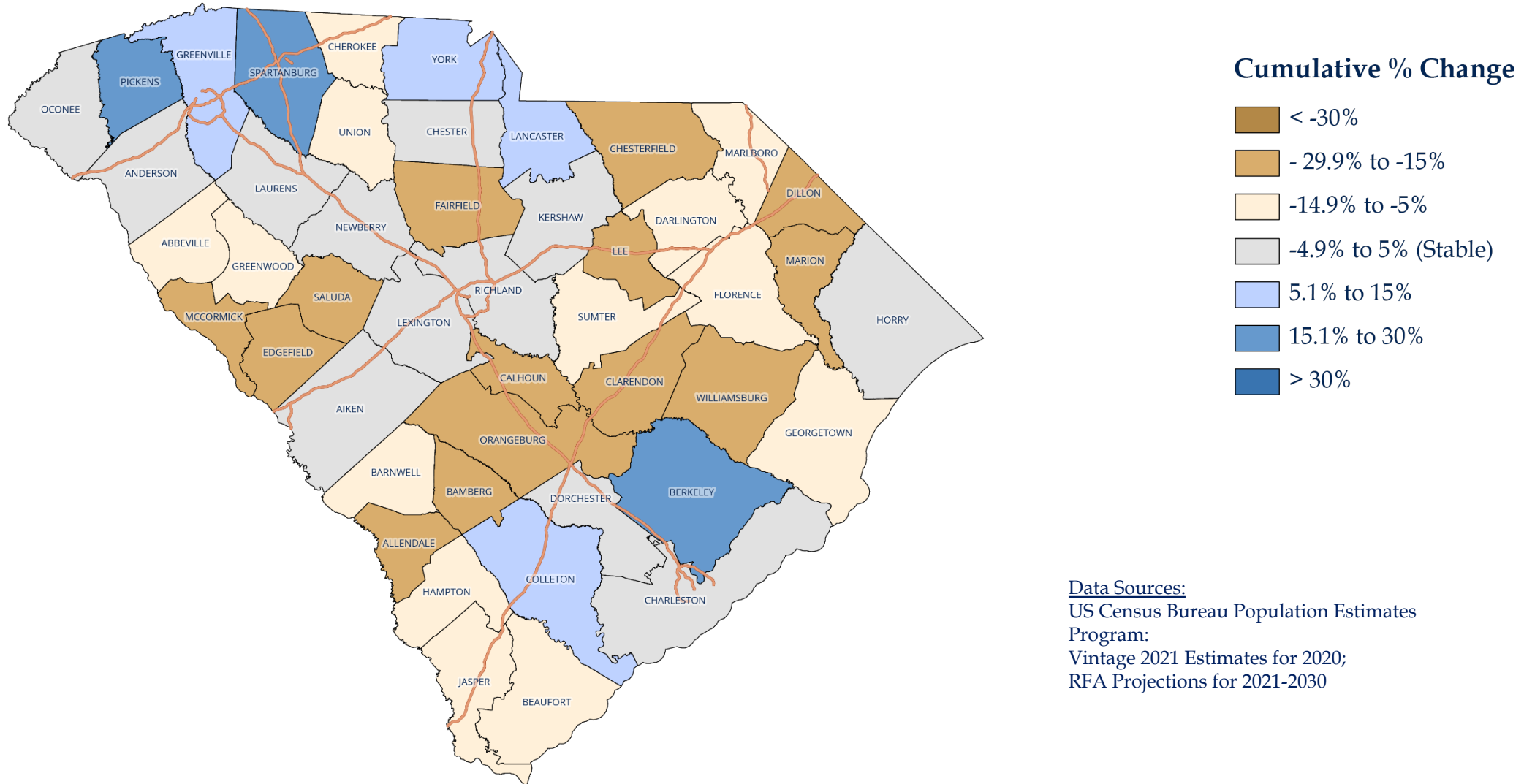
ROLLING 17 YEAR TOTAL OF BIRTHS



Source: SC Department of Health and Environmental Control Vital Records Data, SCAN; Projections by S.C. Revenue and Fiscal Affairs

South Carolina Projected Age 0 – 17 Population, 2020 - 2030

Seven counties are projected to increase in this age group

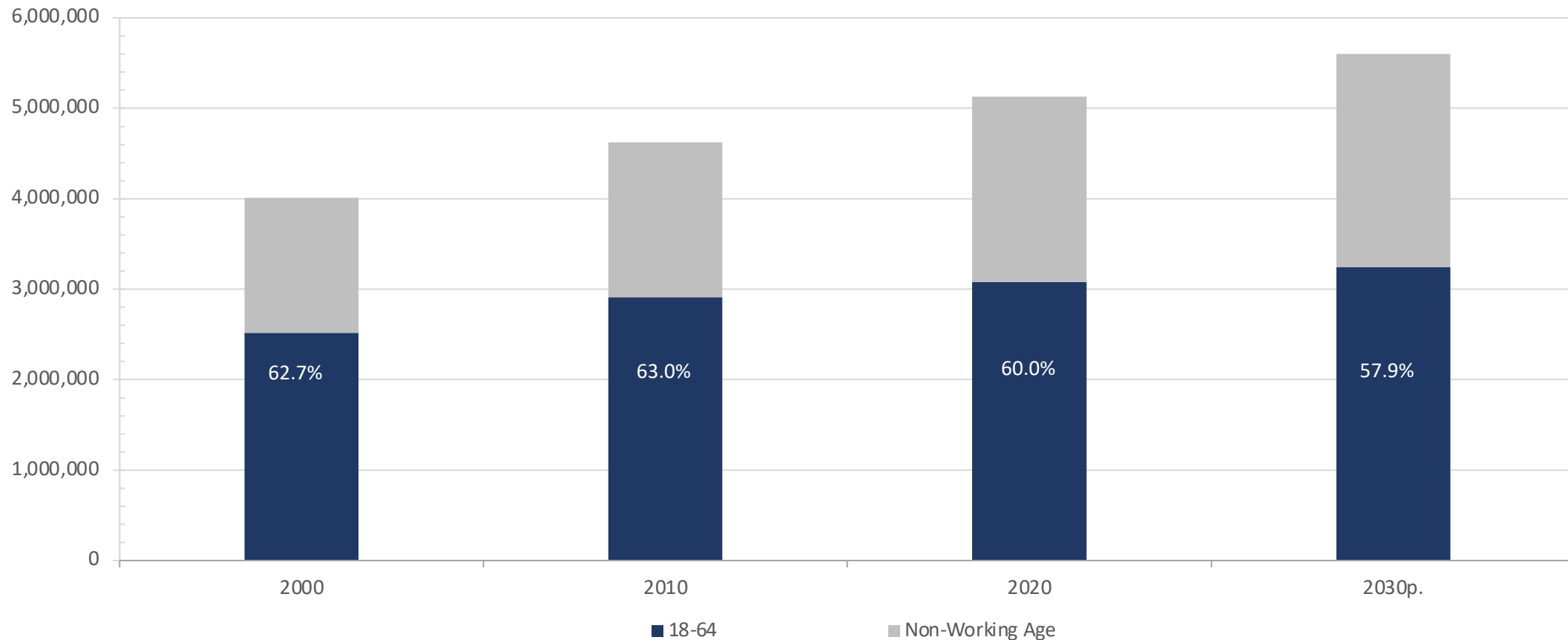


Data Sources:
 US Census Bureau Population Estimates
 Program:
 Vintage 2021 Estimates for 2020;
 RFA Projections for 2021-2030

SC Workforce Population, Age 18 - 64

The workforce age population is expected to comprise a smaller percentage of the total SC population; employers may be faced with more demand for goods and services but a smaller pool of workers

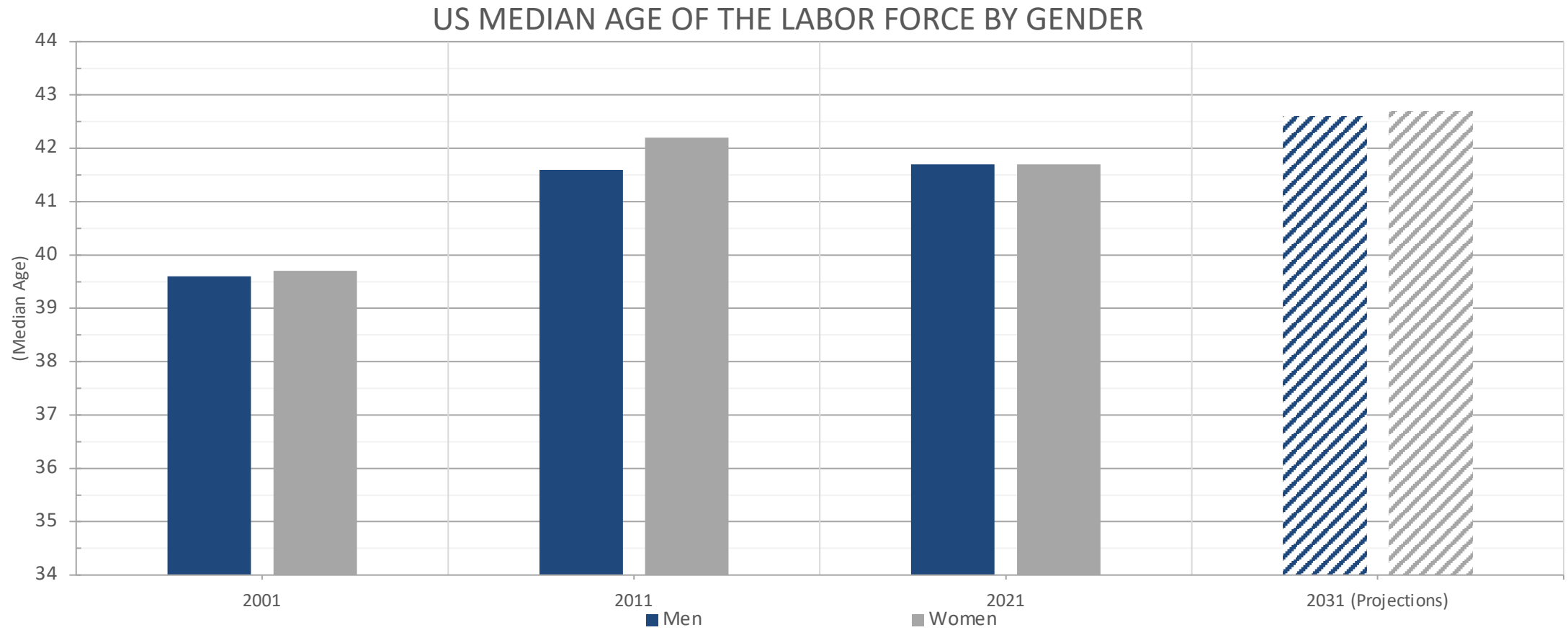
WORKING AGE VS TOTAL POPULATION



Source: US Census Bureau, Estimates, Projections by S.C. Revenue and Fiscal Affairs

US Median Age of the Labor Force

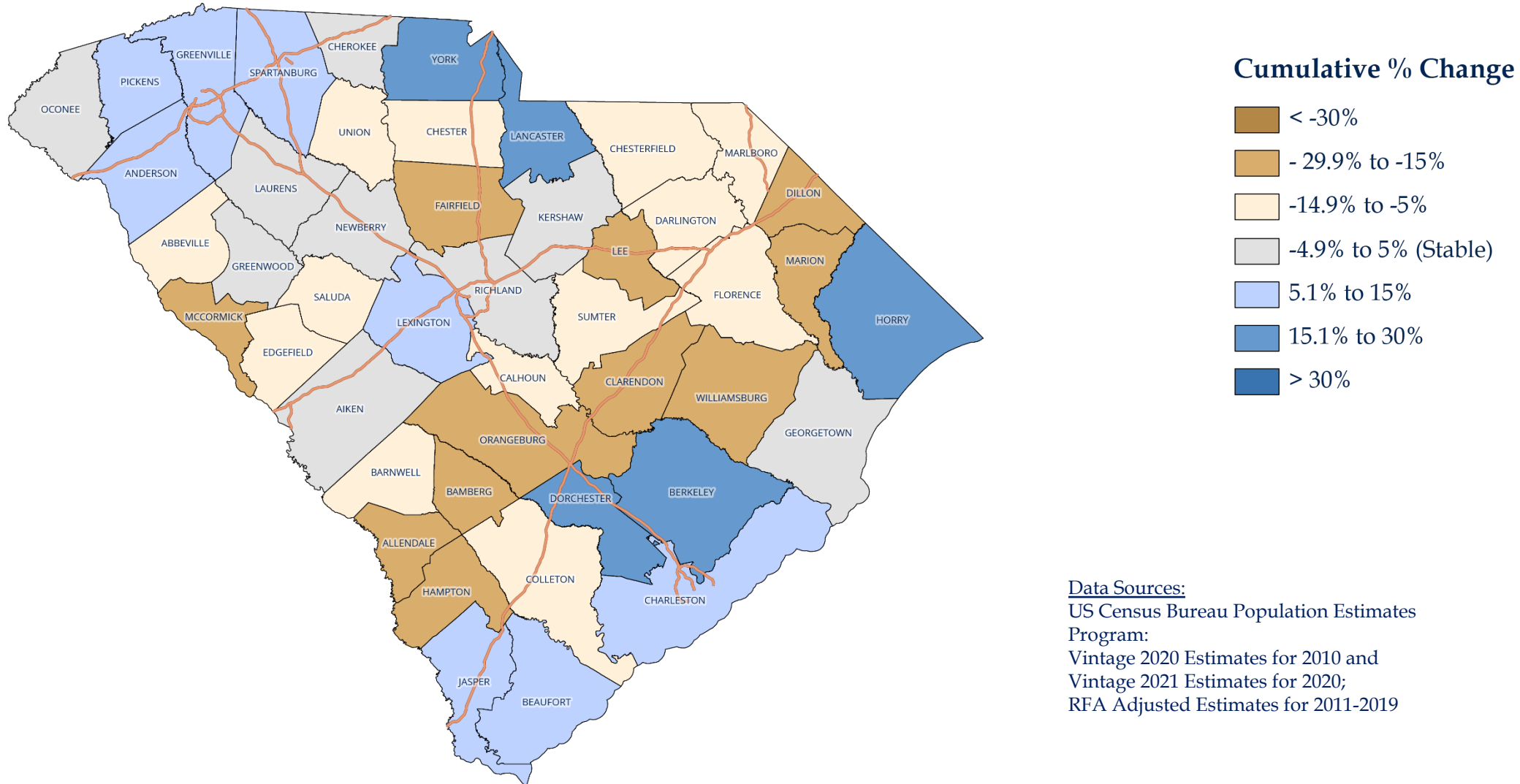
The median age remained almost the same for men but fell for women from 2011 to 2021; both are projected to increase by one year to 42.6 and 42.7, respectively, by 2031



Data Source: U.S. Bureau of Labor Statistics, Employment Projections Program as of 9/8/2022 326A-RFA/lpw/10/25/22

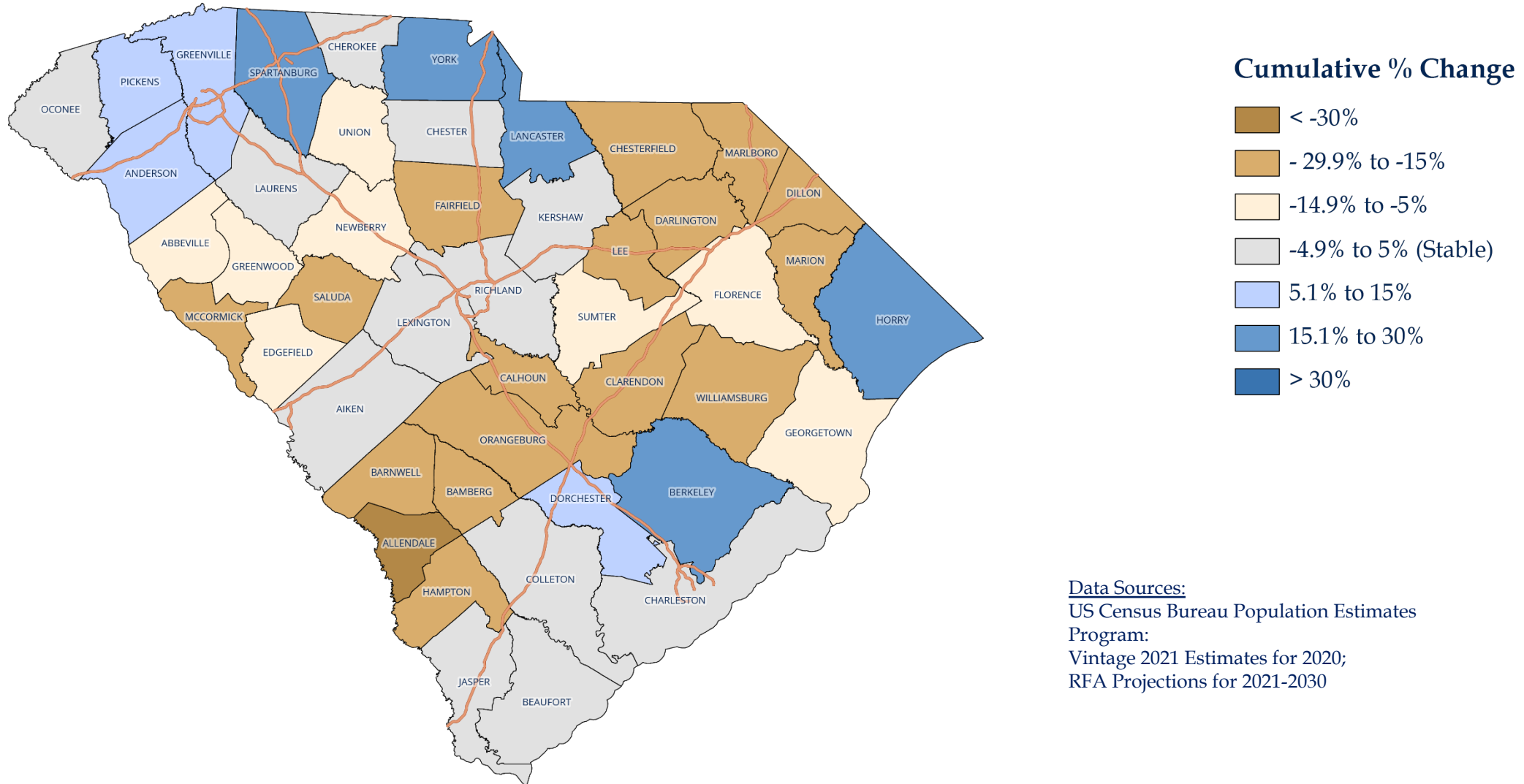
SC Estimated Workforce Age (18 – 64) Population, 2010 – 2020

Thirteen counties increased in this age group



SC Estimated Workforce Age (18 – 64) Population, 2020 – 2030

Nine counties are projected to increase in this age group

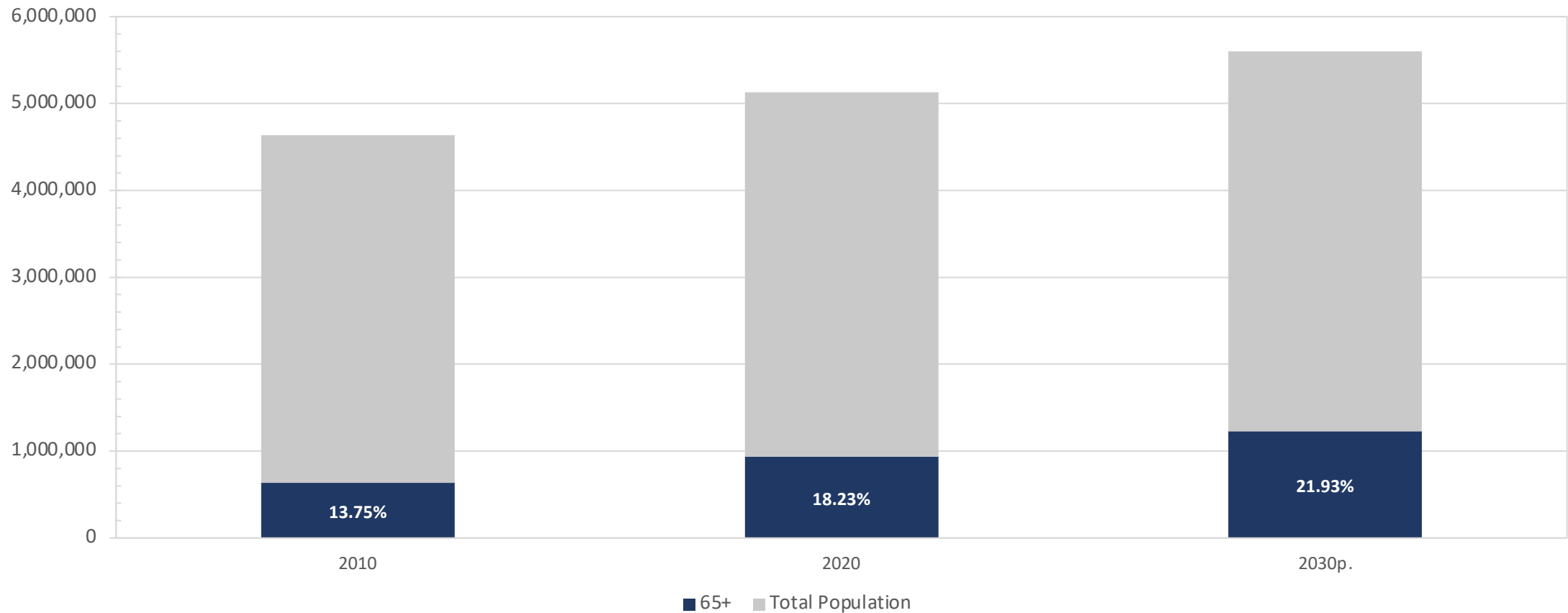


Data Sources:
 US Census Bureau Population Estimates
 Program:
 Vintage 2021 Estimates for 2020;
 RFA Projections for 2021-2030

SC Projected Age 65+ Population

Projected to increase to approximately 22% of total population by 2030

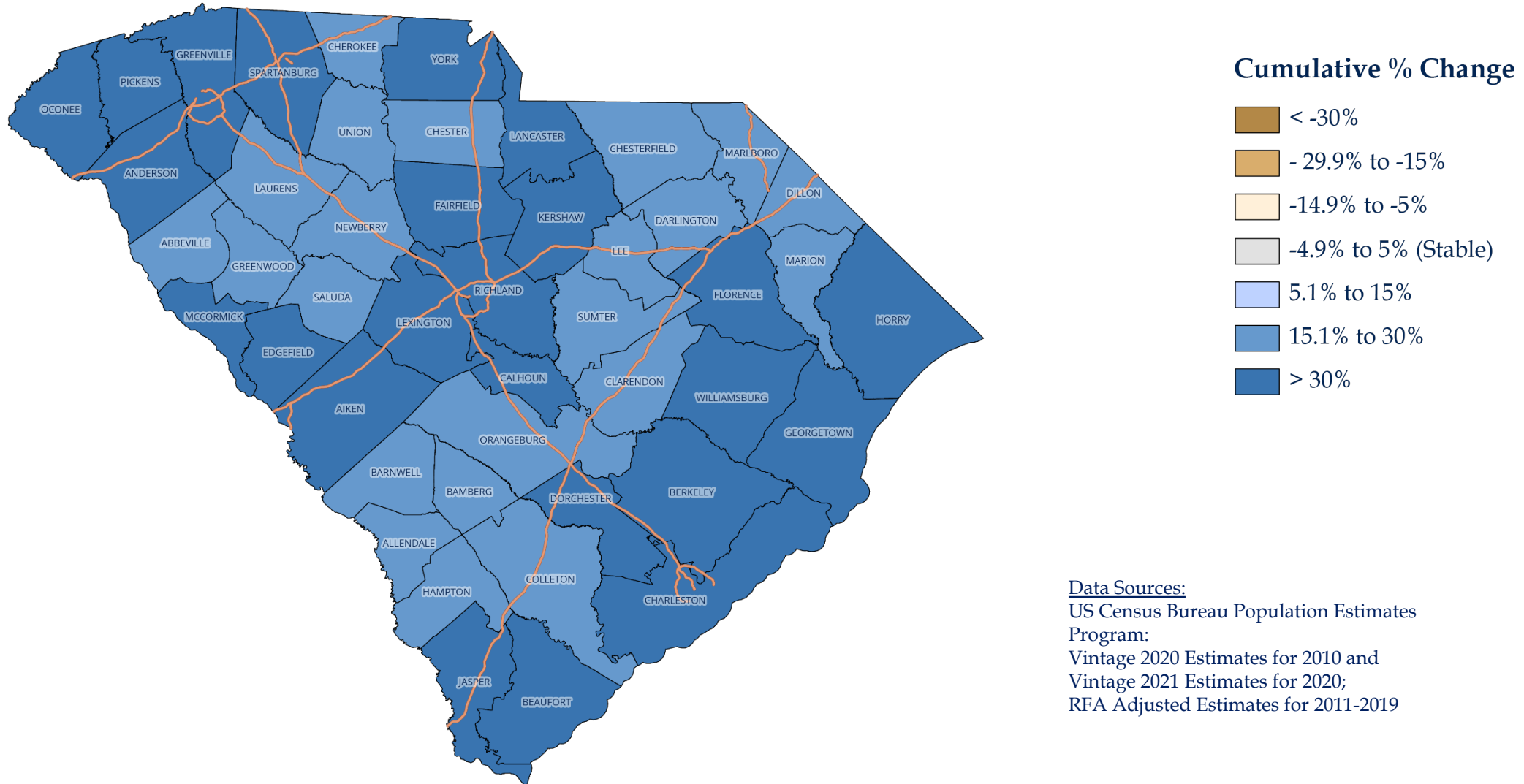
65+ AS A PERCENT OF TOTAL POPULATION



Source: US Census Bureau, Estimates; Projections by S.C. Revenue and Fiscal Affairs

SC Estimated Retirement Age (65+) Population, 2010 - 2020

All counties experienced an increase in this age group

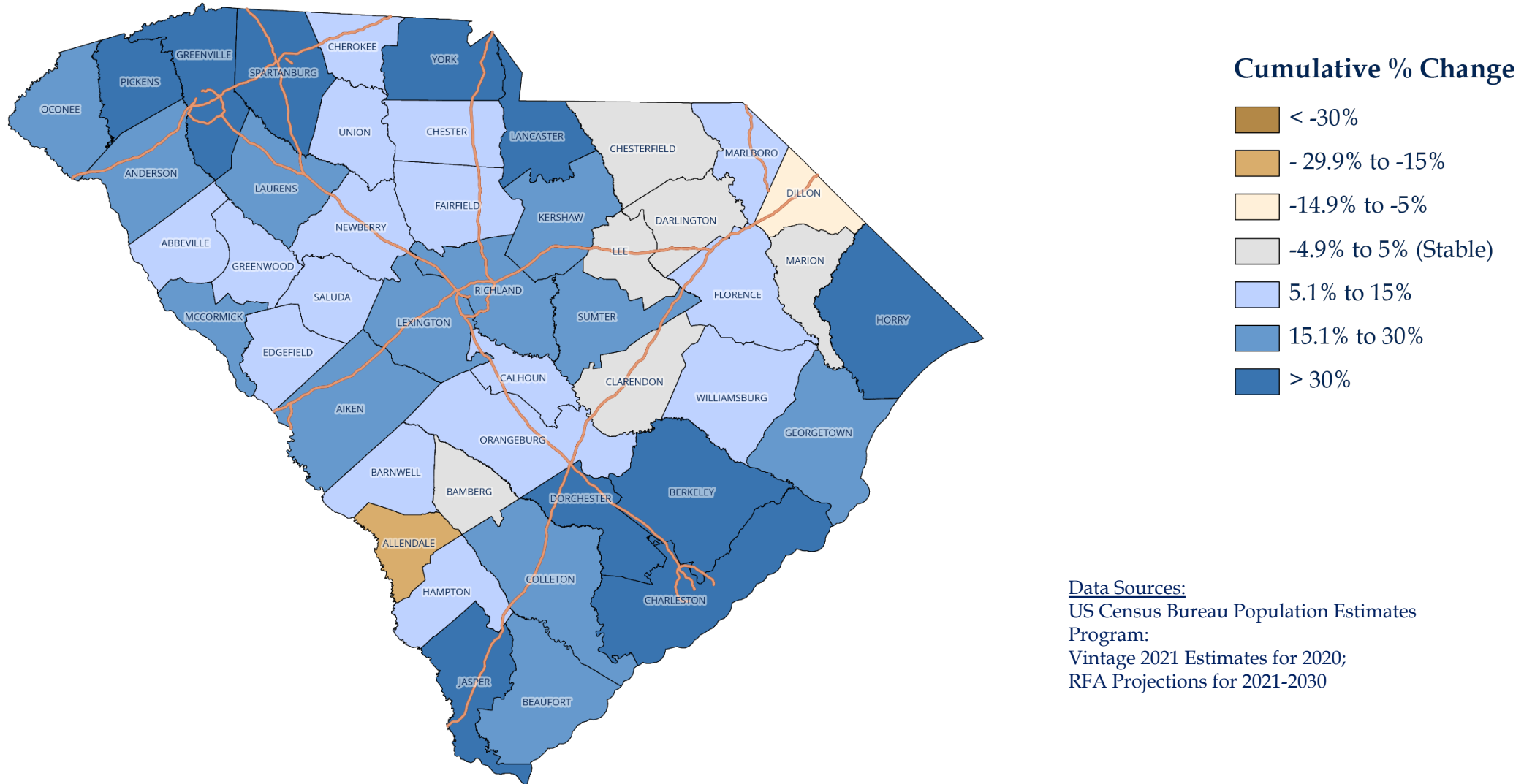


Data Sources:

US Census Bureau Population Estimates Program:
 Vintage 2020 Estimates for 2010 and
 Vintage 2021 Estimates for 2020;
 RFA Adjusted Estimates for 2011-2019

SC Estimated Retirement Age (65+) Population, 2020 - 2030

Thirty-eight counties projected to increase in this age group



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

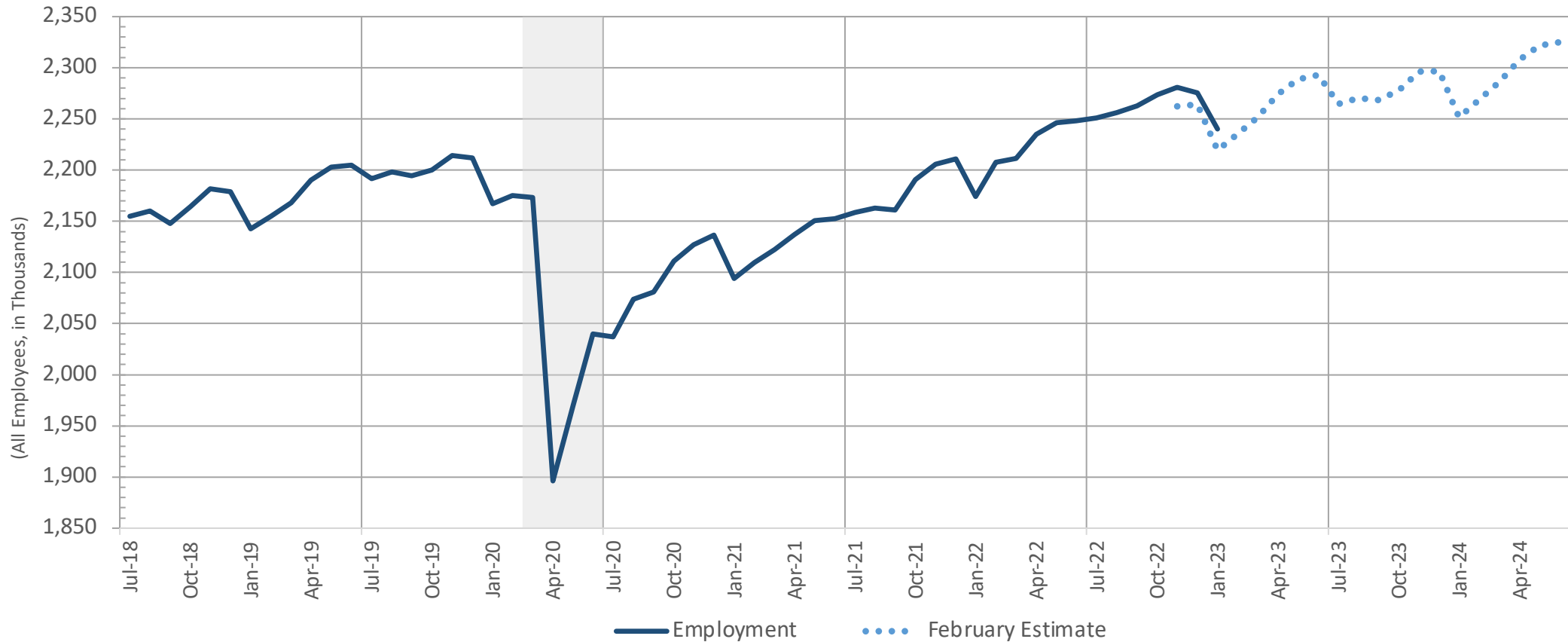
Economy and Workforce



SC Employment

Employment is growing faster than anticipated

TOTAL NONFARM EMPLOYMENT IN SOUTH CAROLINA

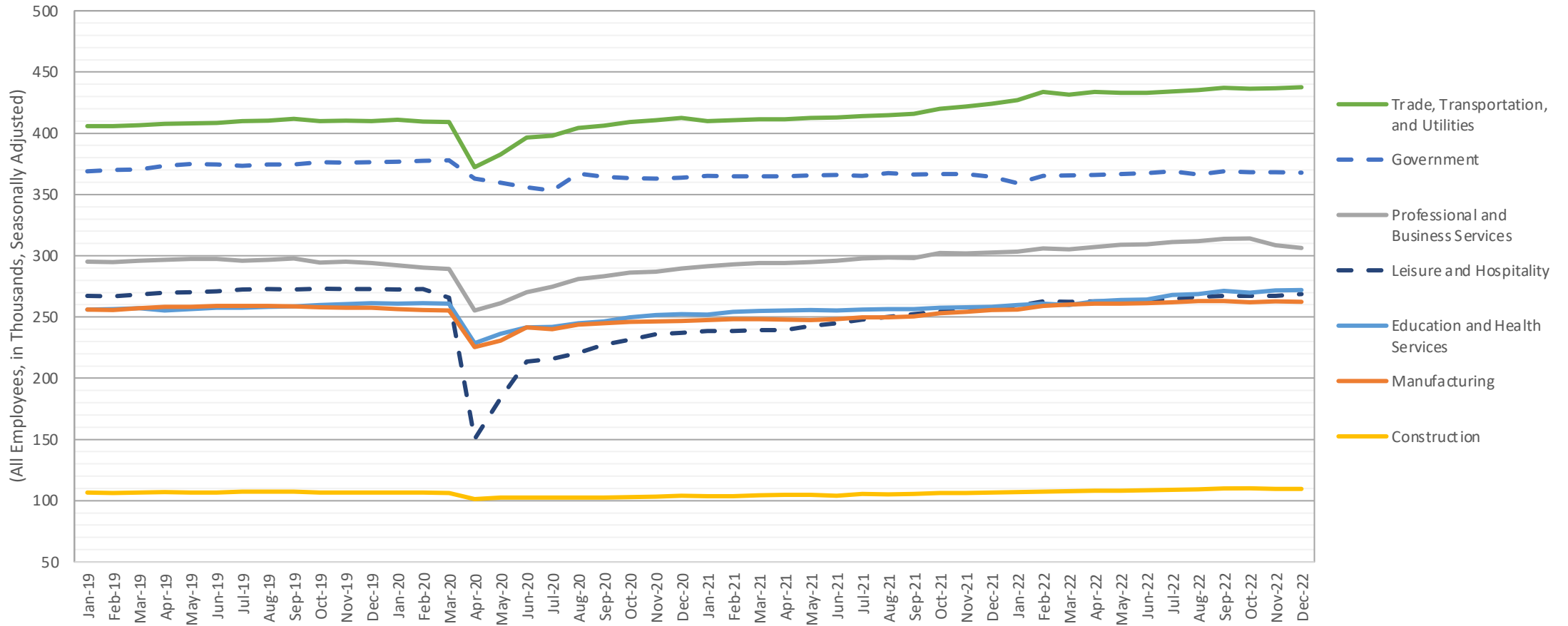


Source: U.S. Department of Labor, Bureau of Labor Statistics 60-RFA/bdc/3/24/23

SC Employment by Industry

Not all sectors have recovered to pre-pandemic employment levels; government is below pre-pandemic levels

SOUTH CAROLINA EMPLOYMENT BY INDUSTRY SECTOR

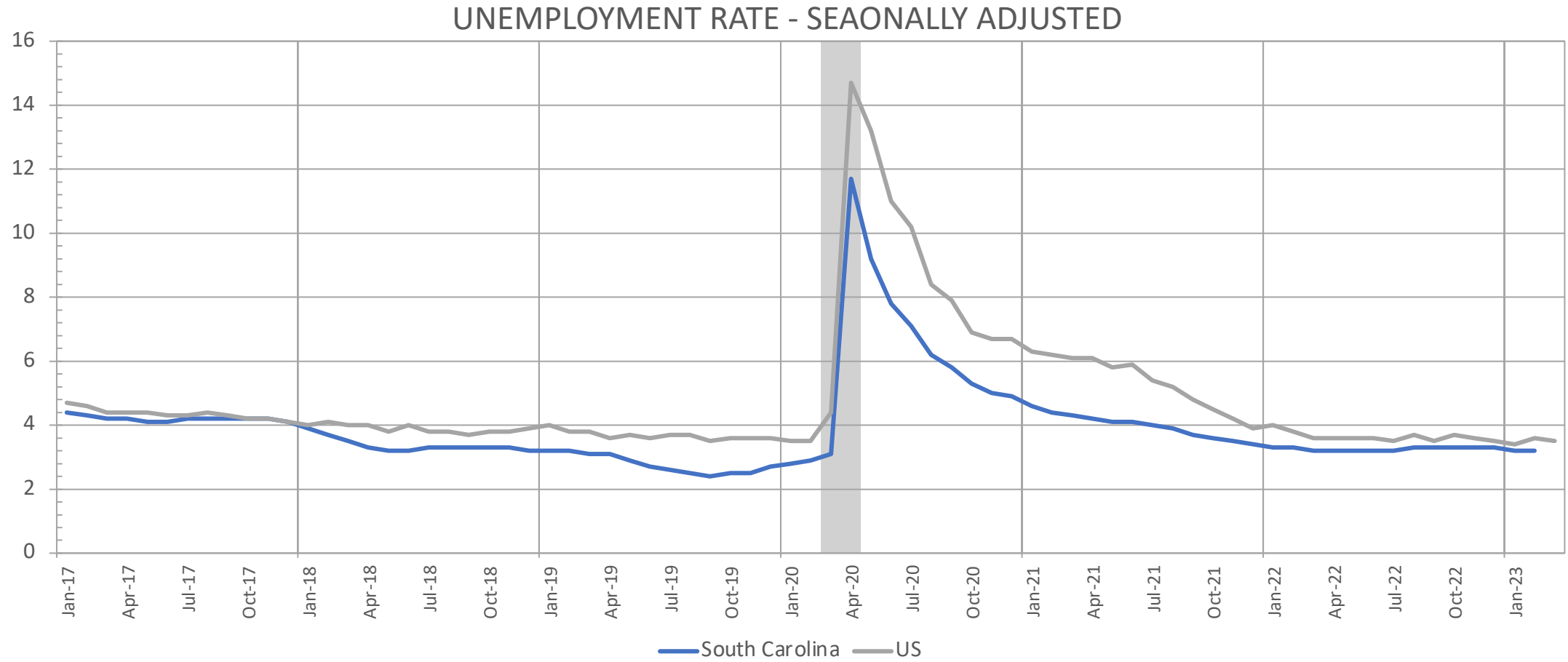


Source: U.S. Bureau of Labor Statistics 325-RFA/lhj/4/4/2023



Unemployment Rate

SC unemployment rate was 3.2% in Feb. 2023 compared to the US rate of 3.6%, which dropped to 3.5% in March

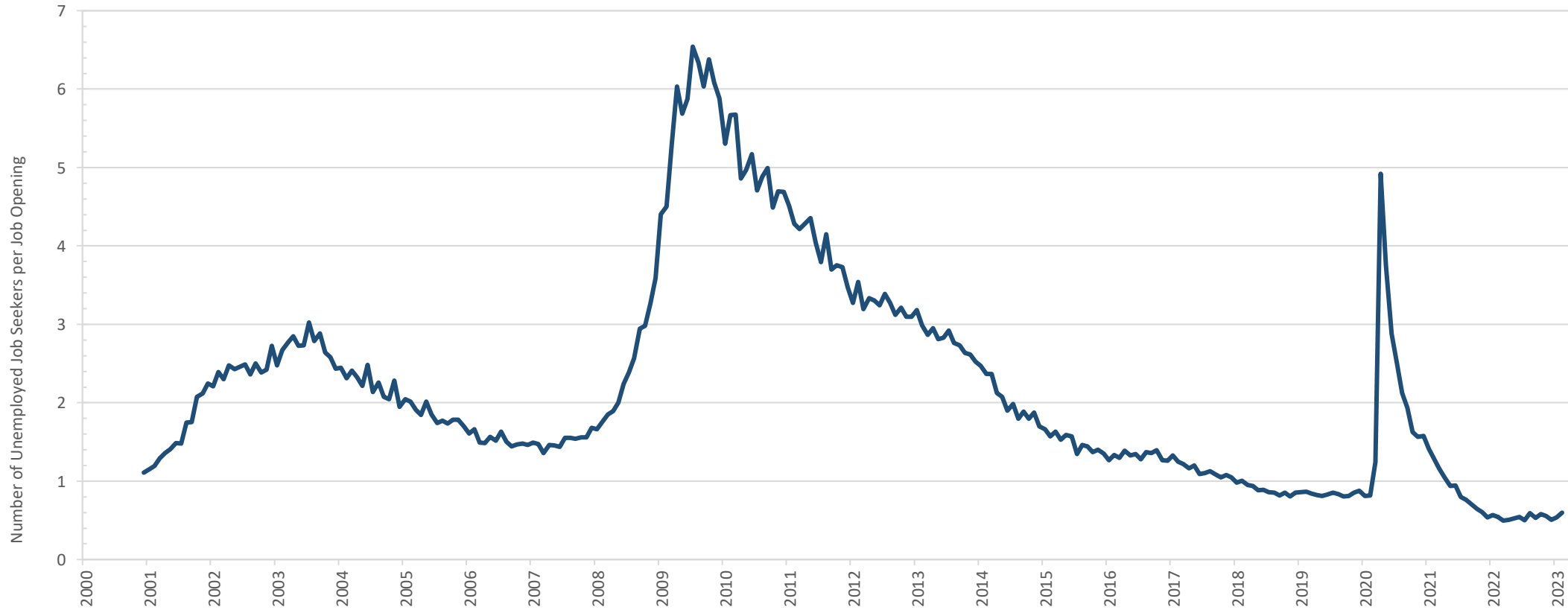


Source: U.S. Department of Commerce, Bureau of Labor Statistics, Seasonally Adjusted 129--RFA/lhj/4/19/2023

US Unemployed Persons Per Job Opening

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

US UNEMPLOYED PERSONS PER JOB OPENING

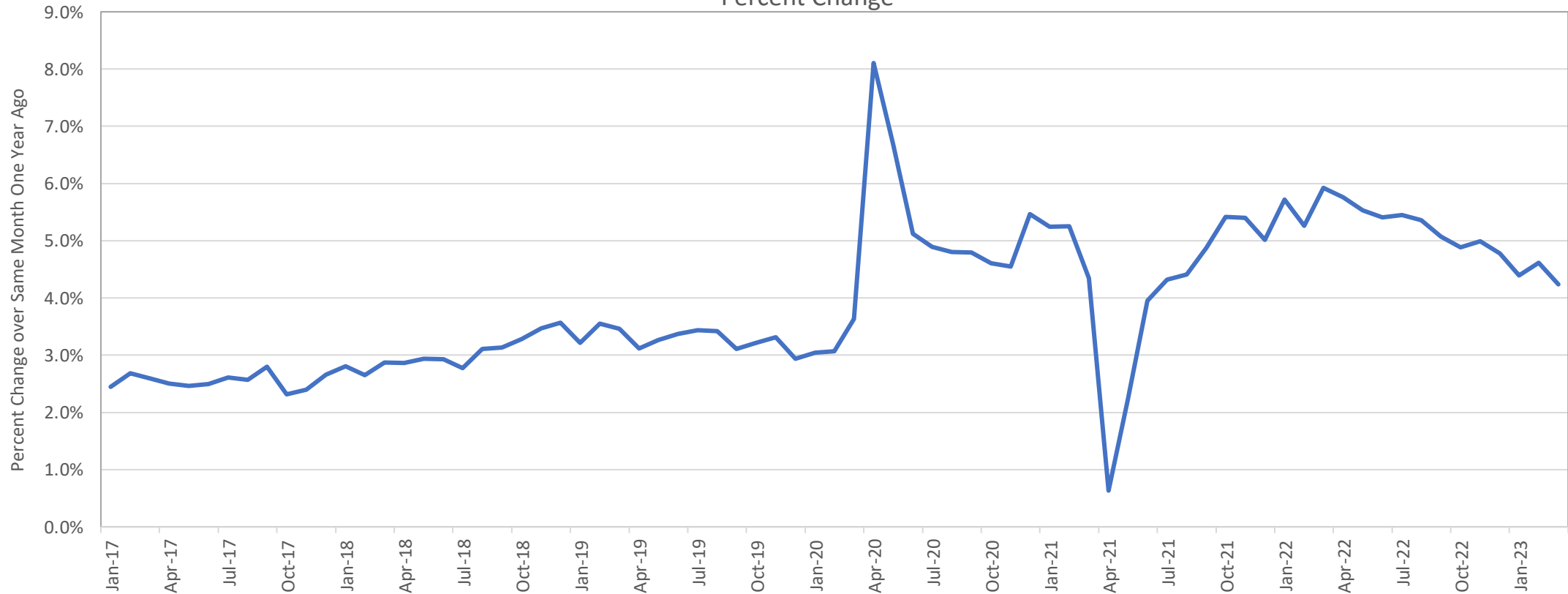


Source: U.S. Bureau of Labor Statistics, CPS and JOLTS; 259A - RFA/lhj/04/19/23

US Wage Growth – Percent Change

Wage growth continues to slow, declining to 4.2% in March 2023 but remains above historical levels

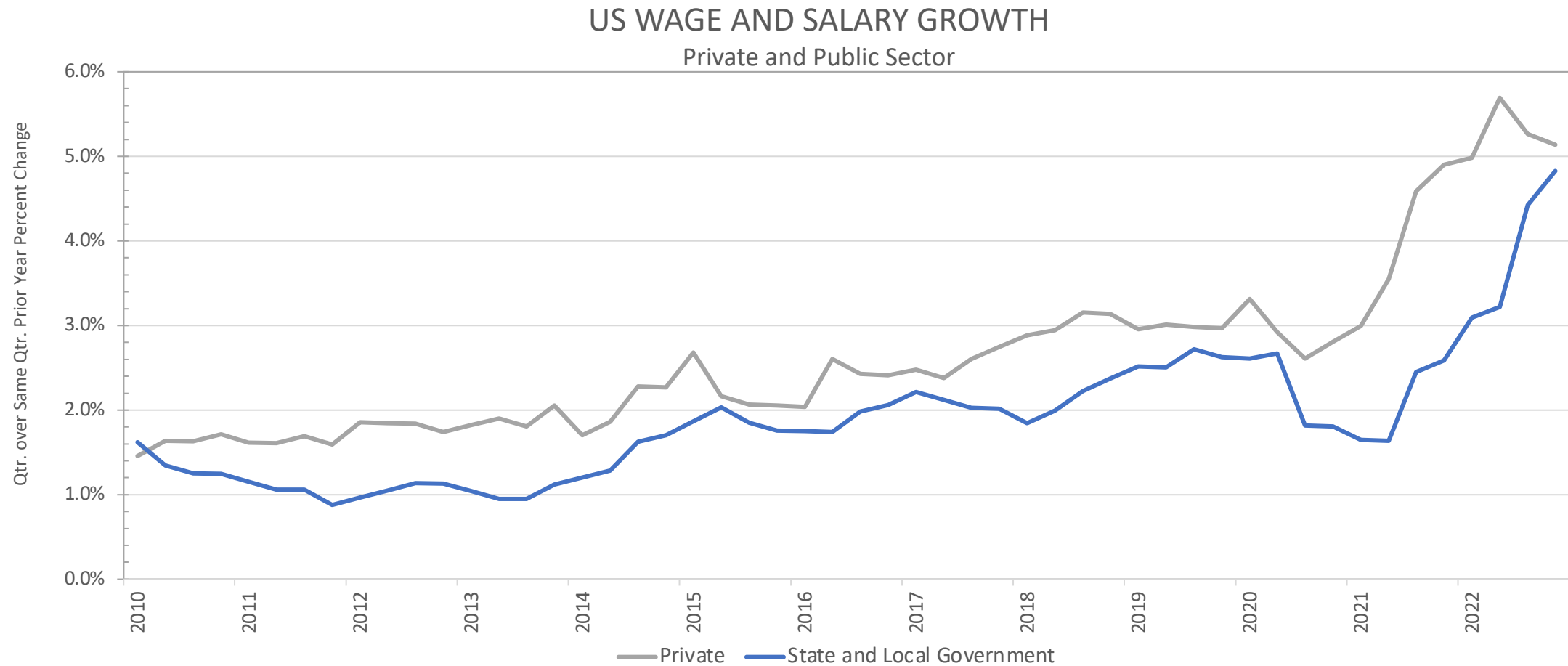
US AVERAGE HOURLY EARNINGS OF ALL EMPLOYEES, TOTAL PRIVATE
Percent Change



Source: U.S. Bureau of Labor Statistics, Average Hourly Earnings of All Employees, retrieved from FRED 309D - RFA/lhj/04/11/2023

US Wage and Salary Growth by Sector

Private sector wage growth has far outpaced the public sector since the pandemic



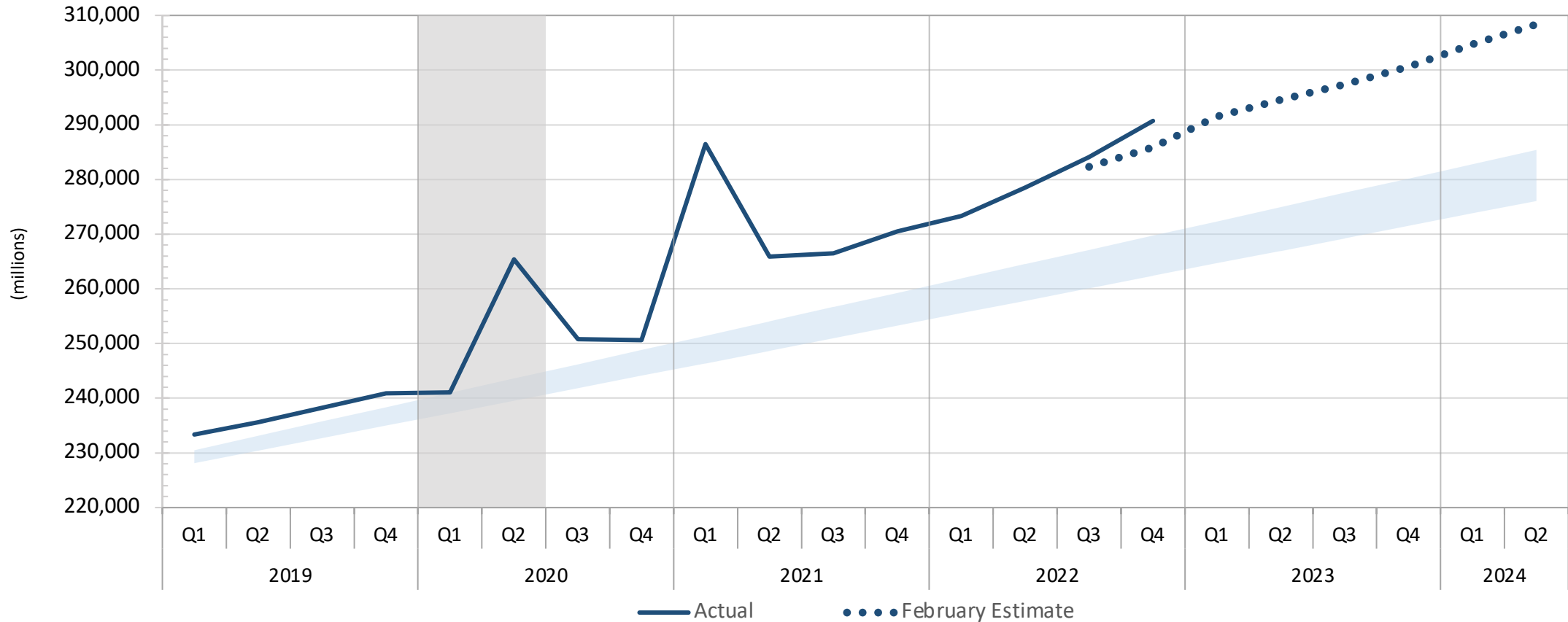
Source: U.S. Bureau of Labor Statistics, Employment Cost Index: Wages and Salaries: Private Industry Workers, Government Workers 318-RFA/lhj/04/11/2023

Personal Income

SC income through Q4 2022 has grown faster than forecasted, mainly due to higher wage growth

SOUTH CAROLINA PERSONAL INCOME
Actual, Estimate, and Trend

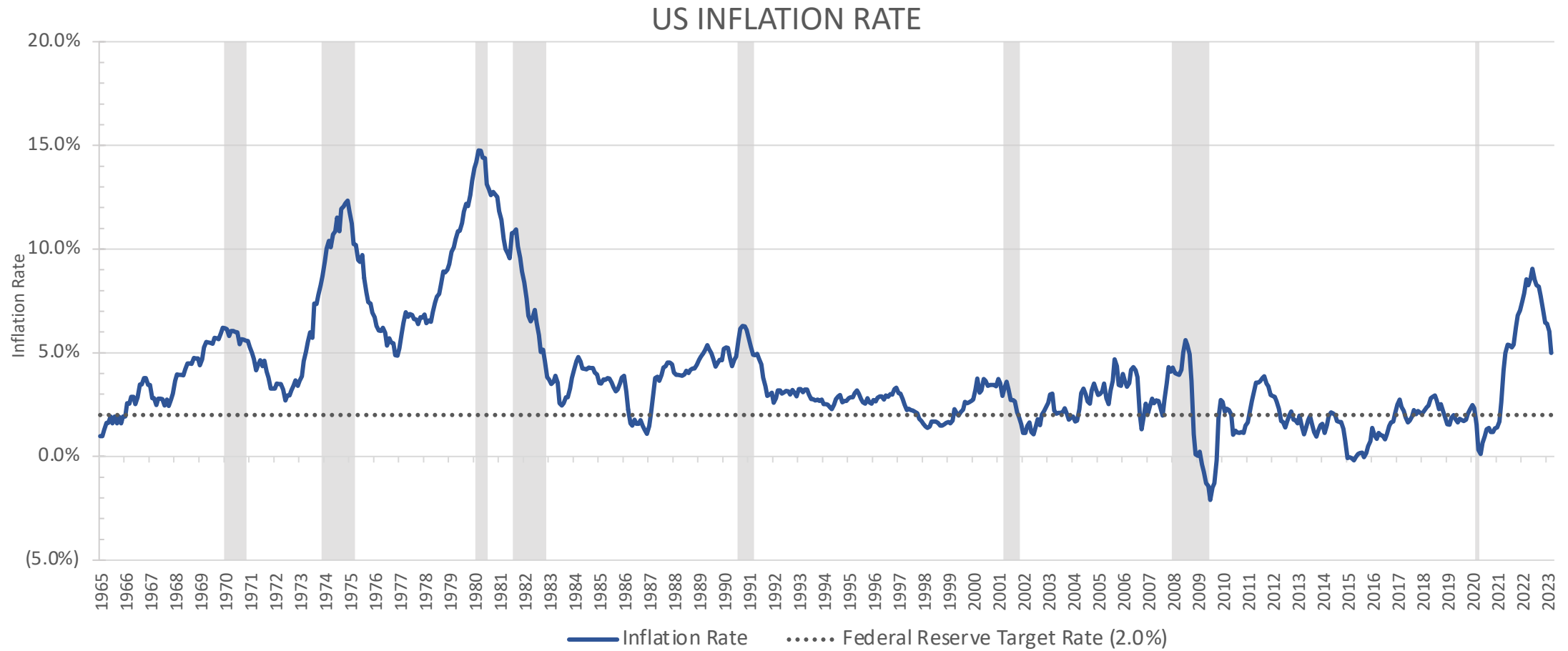
Historical Trend Range:
5-year (top) to 10-year (bottom)



Data Source: U.S. Department of Commerce, Bureau of Economic Analysis; S.C. Board of Economic Advisors-RFA/lhj/03/31/2023

US Inflation – History

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



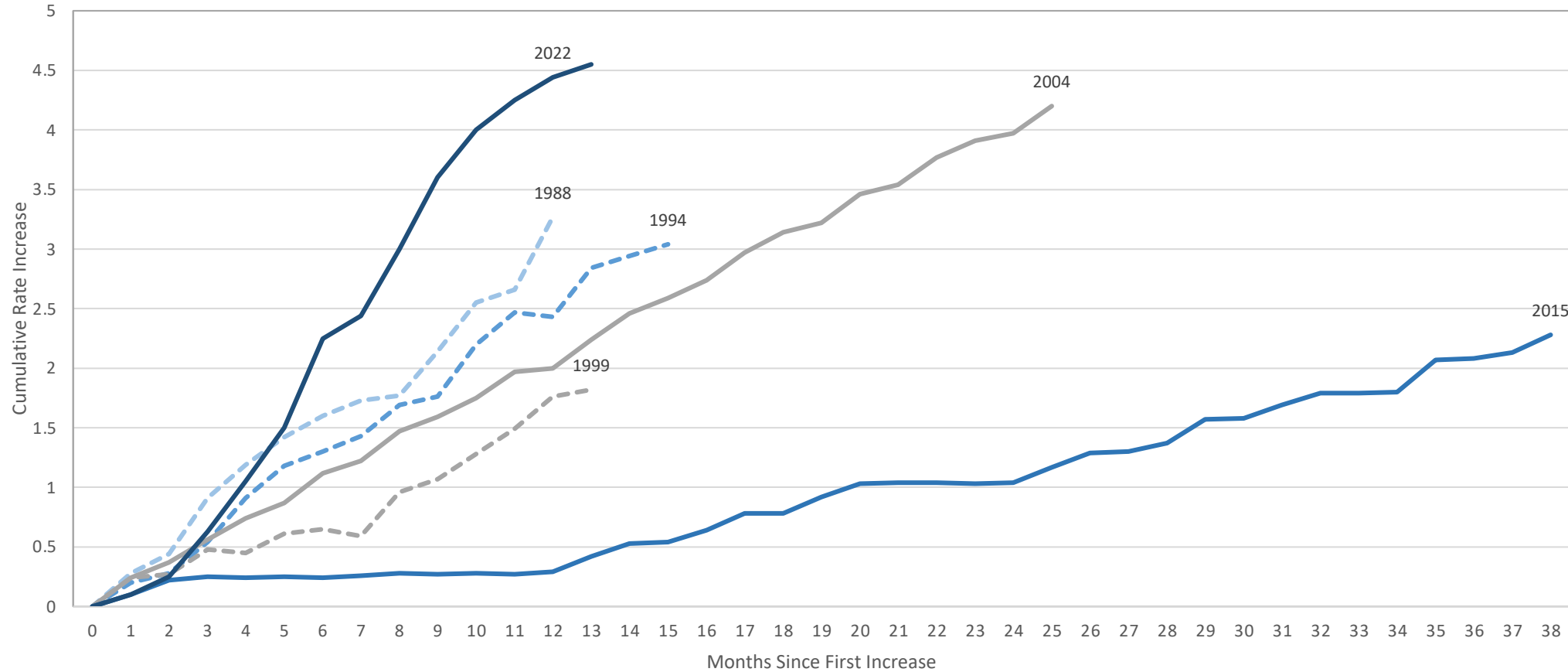
Source: U.S. Bureau of Labor Statistics, Consumer Price Index for All Urban Consumers in U.S. City Average; RFA/316/lhj/03/15/2023



Federal Funds Interest Rate Changes – History

The current increases in the federal funds rate are faster than other periods in the last 30+ years

CUMULATIVE CHANGE IN FEDERAL-FUNDS RATE SINCE START OF RATE INCREASE



Final Effective Rate
 1988: 9.8%
 1994: 6.0%
 1999: 6.5%
 2004: 5.25%
 2015: 2.5%
 2022: 4.63%*
 *As of 4/3/2023

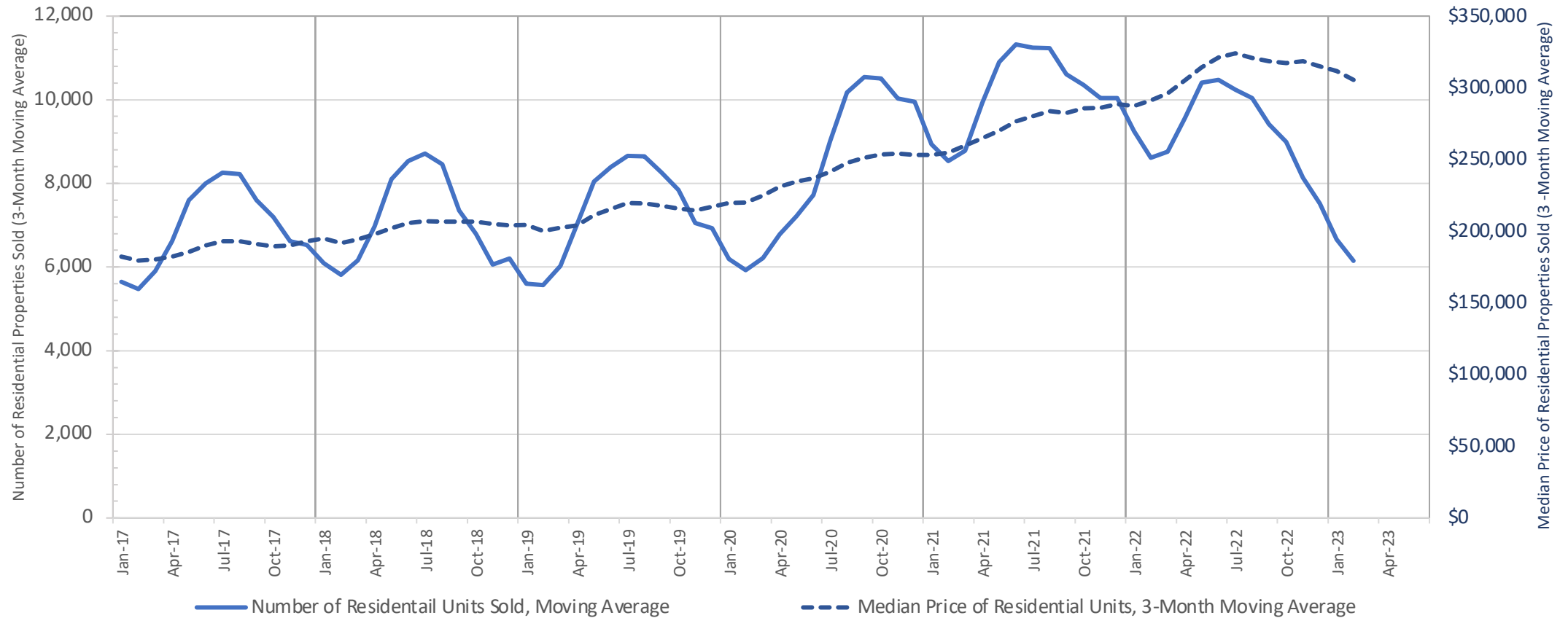
Source: Board of Governors of the Federal Reserve System via Wall Street Journal and FRED Economic Data 277C -RFA/lhj/4/03/2023

SC Housing Market

Total home sales have declined since the start of interest rate increases; prices are now starting to fall as well

SOUTH CAROLINA RESIDENTIAL HOME SALES

Number Sold vs. Median Sales Price



Source: S.C. Realtors, Market Activity for South Carolina 276-RFA/lhj/3/22/2023



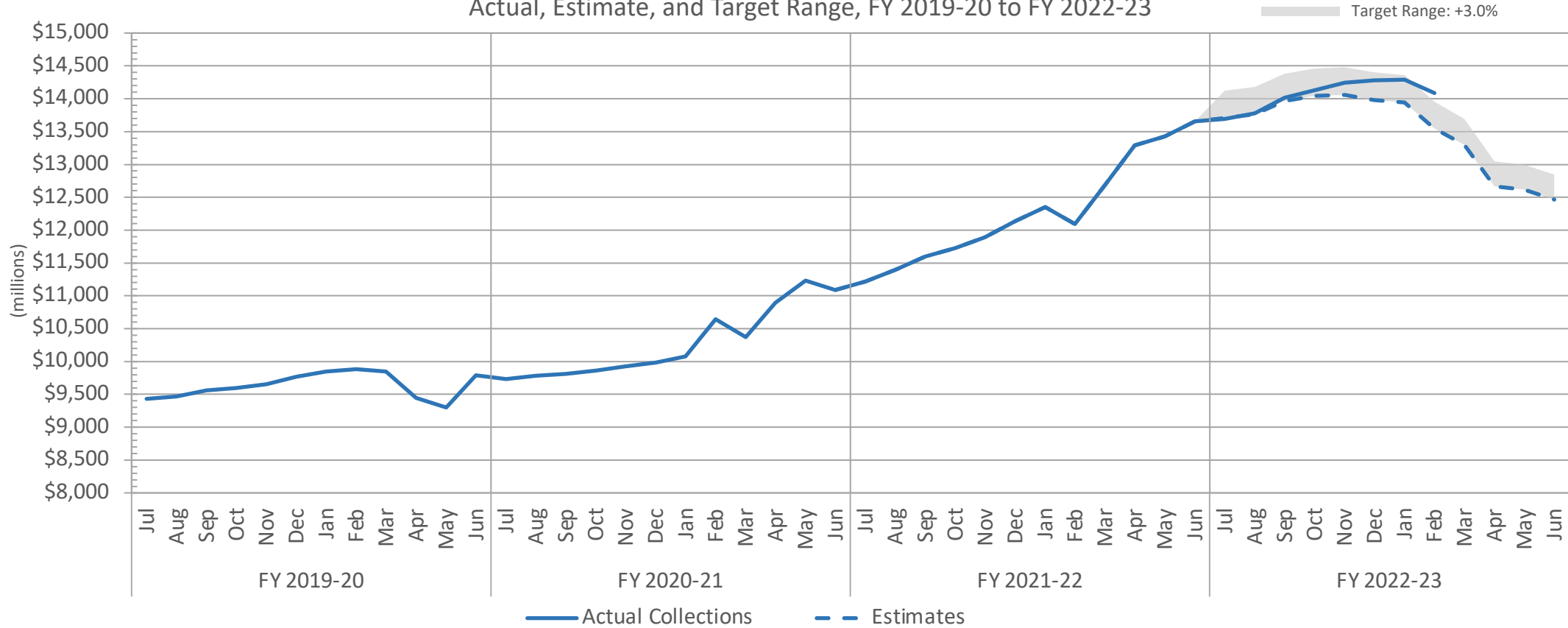
State Revenues and the Budget



General Fund Revenue – Actual vs. February Estimate

Revenues are running 5.4% over last year, with February bringing year-to-date collections \$535.7 million above the estimate; expected impact of tax reform is now being realized

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

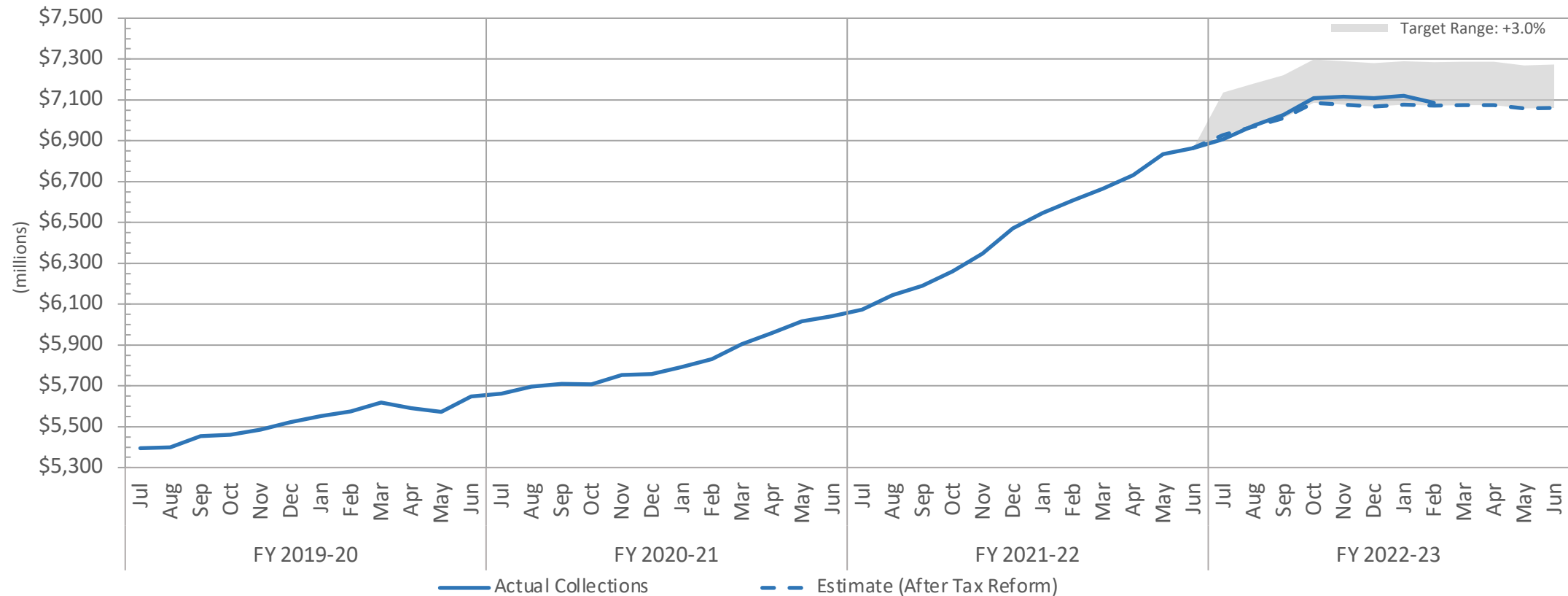


Withholdings - Actual vs. Estimate

Withholdings are \$13.8 million ahead of the forecast following a decline of 28.8% in February due to the Withholdings table adjustments for tax reform

ROLLING FISCAL YEAR - INDIVIDUAL INCOME WITHHOLDINGS

Actual, Estimate, and Target Range, FY 2019-20 to FY 2022-23

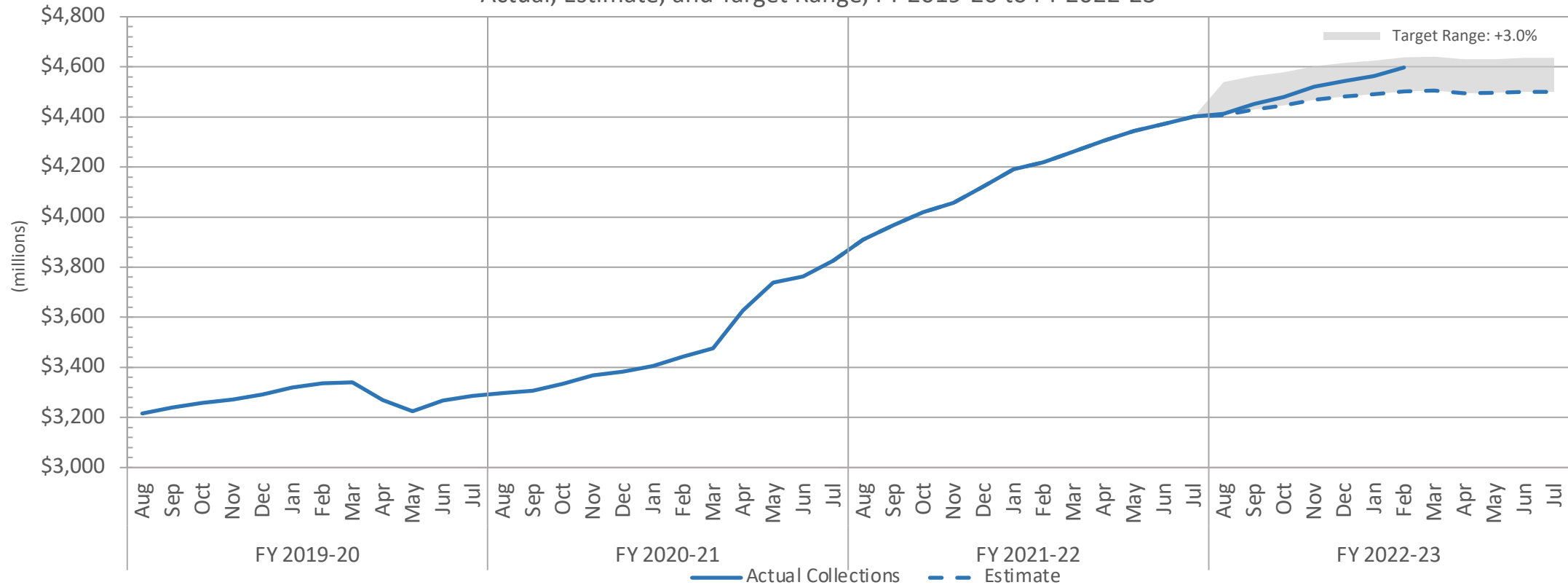


Sales Tax - Actual vs. Estimate

Sales tax showed strong growth in February of **11.2%**, reversing the previous 2-month trend of slowing growth; total collections for the fiscal year are **\$94.8 million** ahead of the forecast

ROLLING FISCAL YEAR - SALES TAX

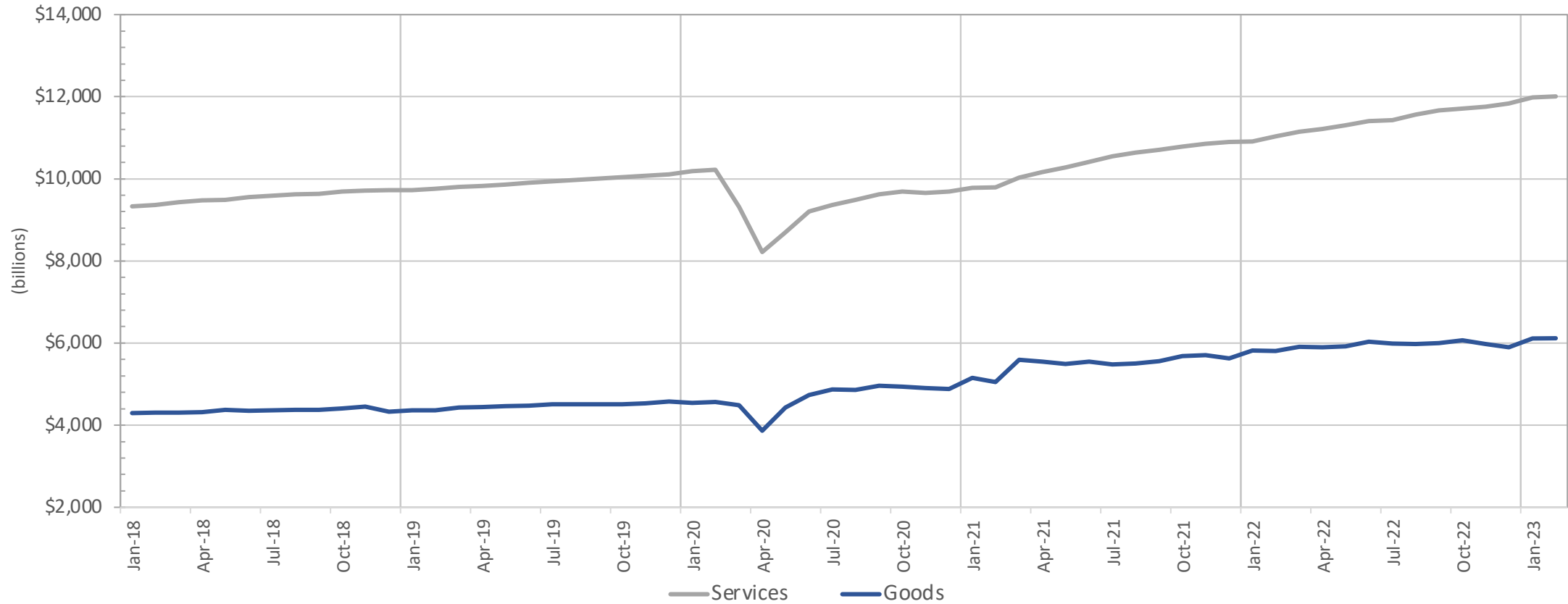
Actual, Estimate, and Target Range, FY 2019-20 to FY 2022-23



U.S. Consumer Spending

Consumers are spending more on services, while purchases of goods have flattened out

US PERSONAL CONSUMPTION EXPENDITURES

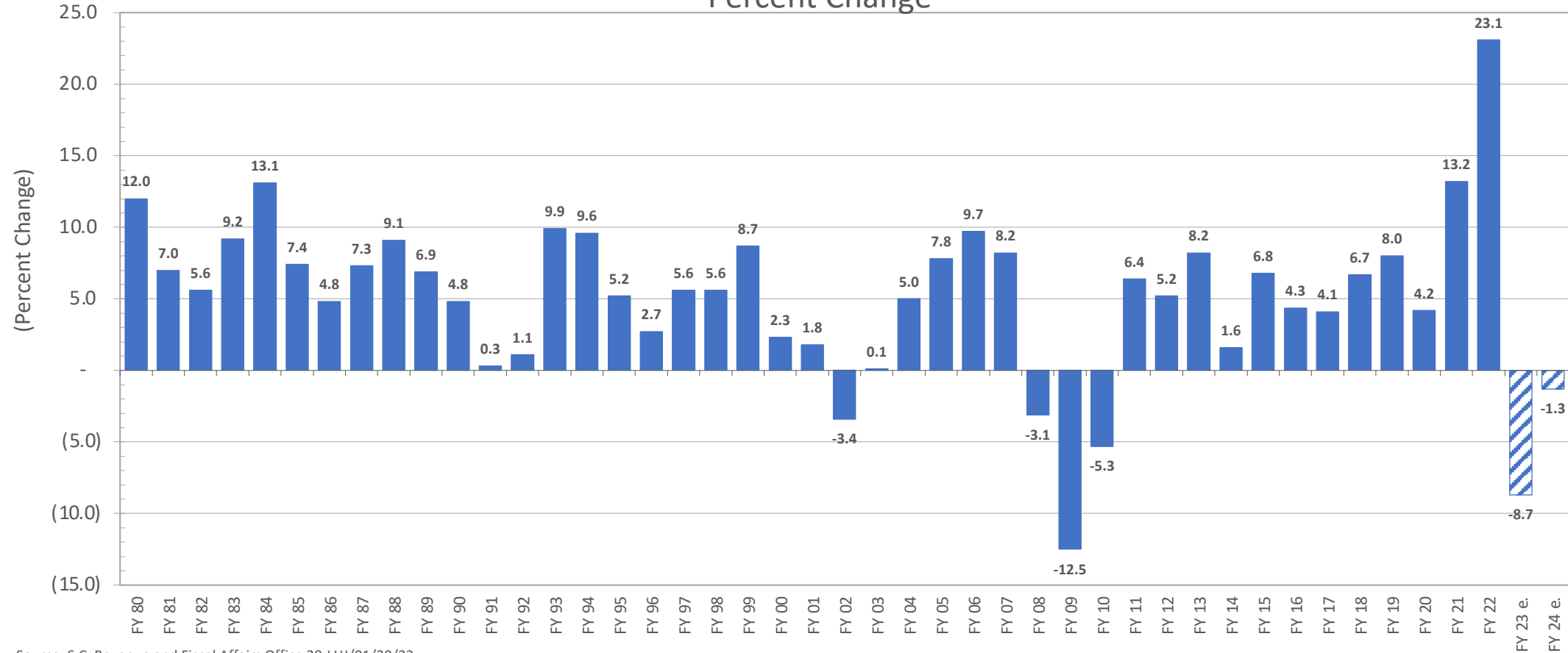


Source: U.S. Bureau of Economic Analysis, Personal Consumption Expenditures: Goods [DGDSRC1], retrieved from FRED, Federal Reserve Bank of St. Louis; 299-RFA/lhj/4/11/2023

General Fund Revenue Growth

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

GENERAL FUND REVENUE
Percent Change

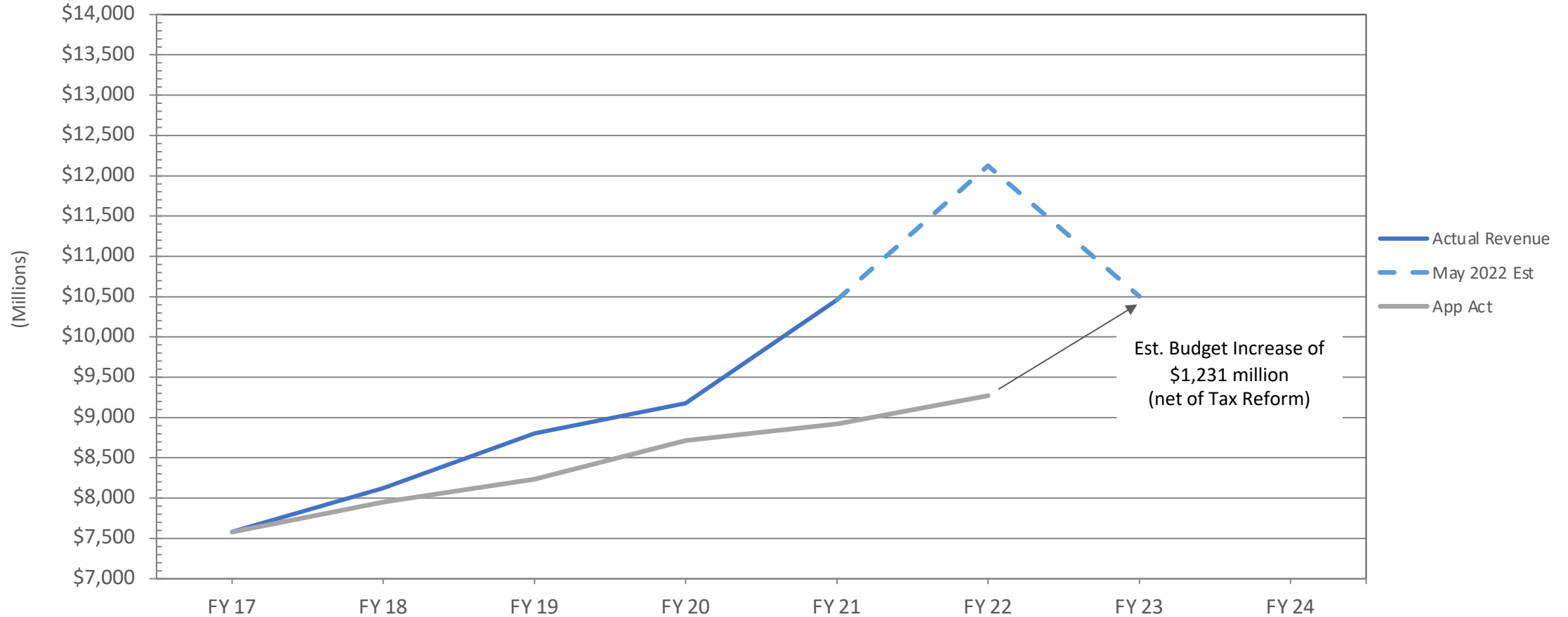


Source: S.C. Revenue and Fiscal Affairs Office 28-LHJ/01/20/23



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

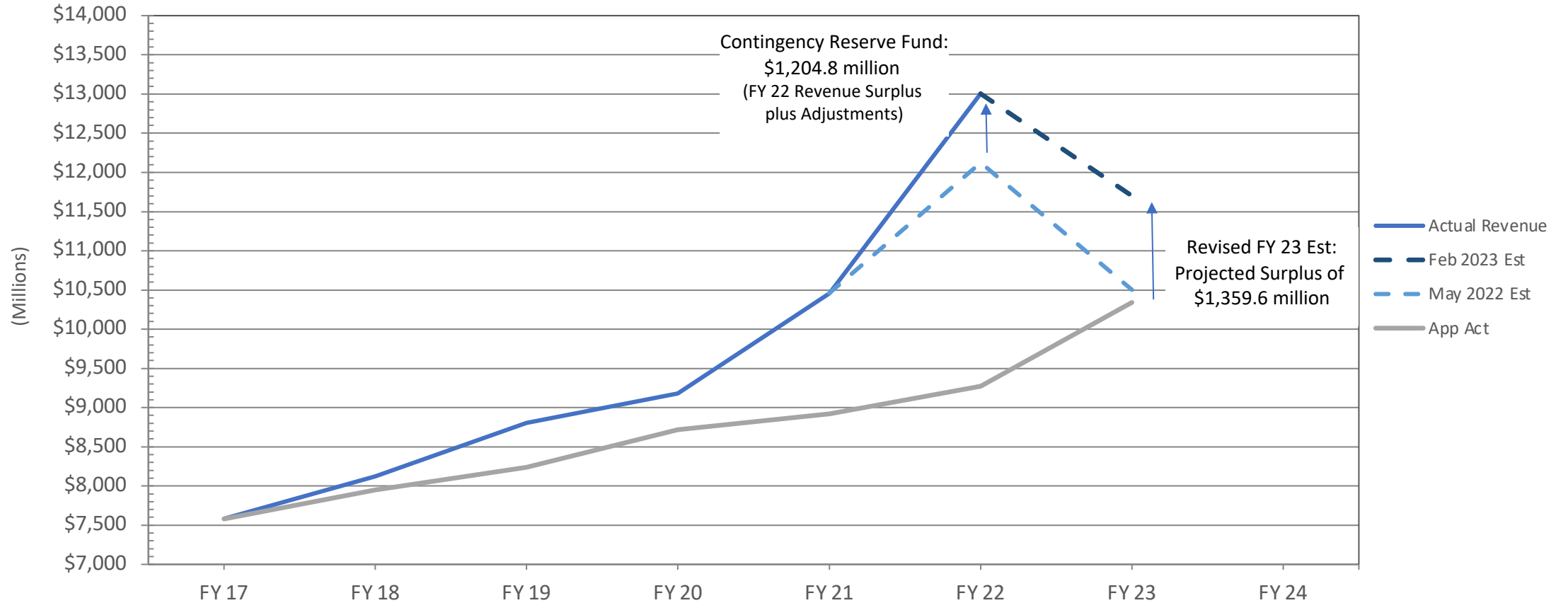
FY 2022-23 BUDGET OUTLOOK, MAY 2022
Actual and Estimated Revenue vs Appropriation Act Expenses (Net of Tax Reform)



FY 2022-23 General Fund Revenue - February 2023 Revision

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

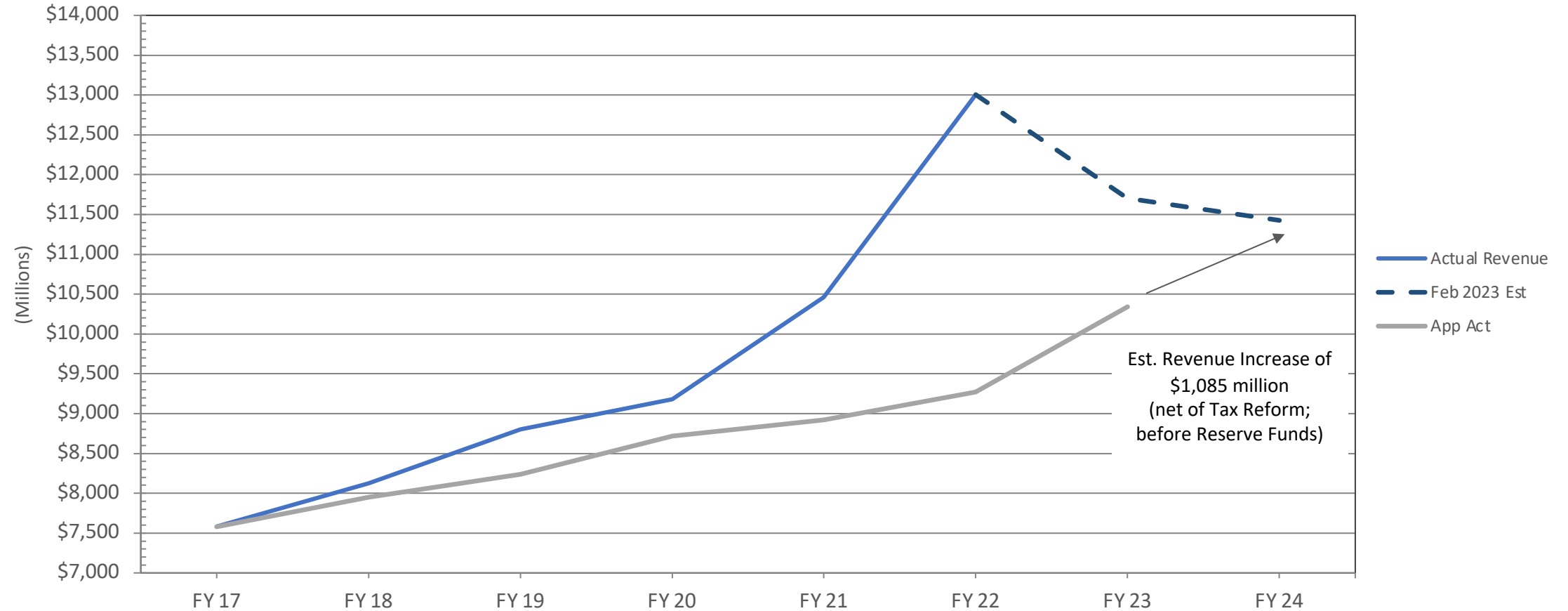
FY 2022-23 BUDGET CATCH-UP, FEBRUARY 2023
Actual and Estimated Revenue vs Appropriation Act Expenses



FY 2023-24 General Fund Appropriations - February 2023

Even with an expected decline in revenues, the base budget is still playing “catch-up”

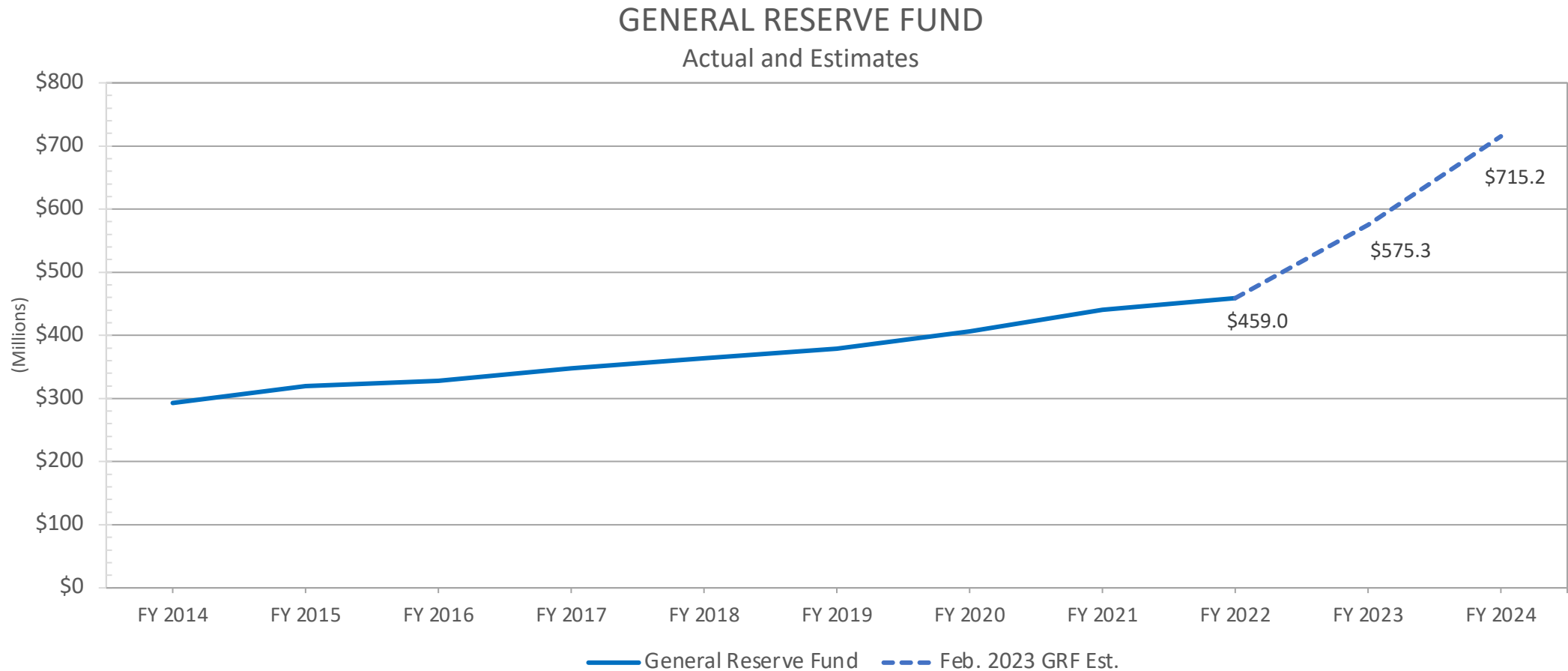
FY 2023-24 BUDGET OUTLOOK, FEBRUARY 2023
Actual and Estimated Revenue vs Appropriation Act Expenses



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

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

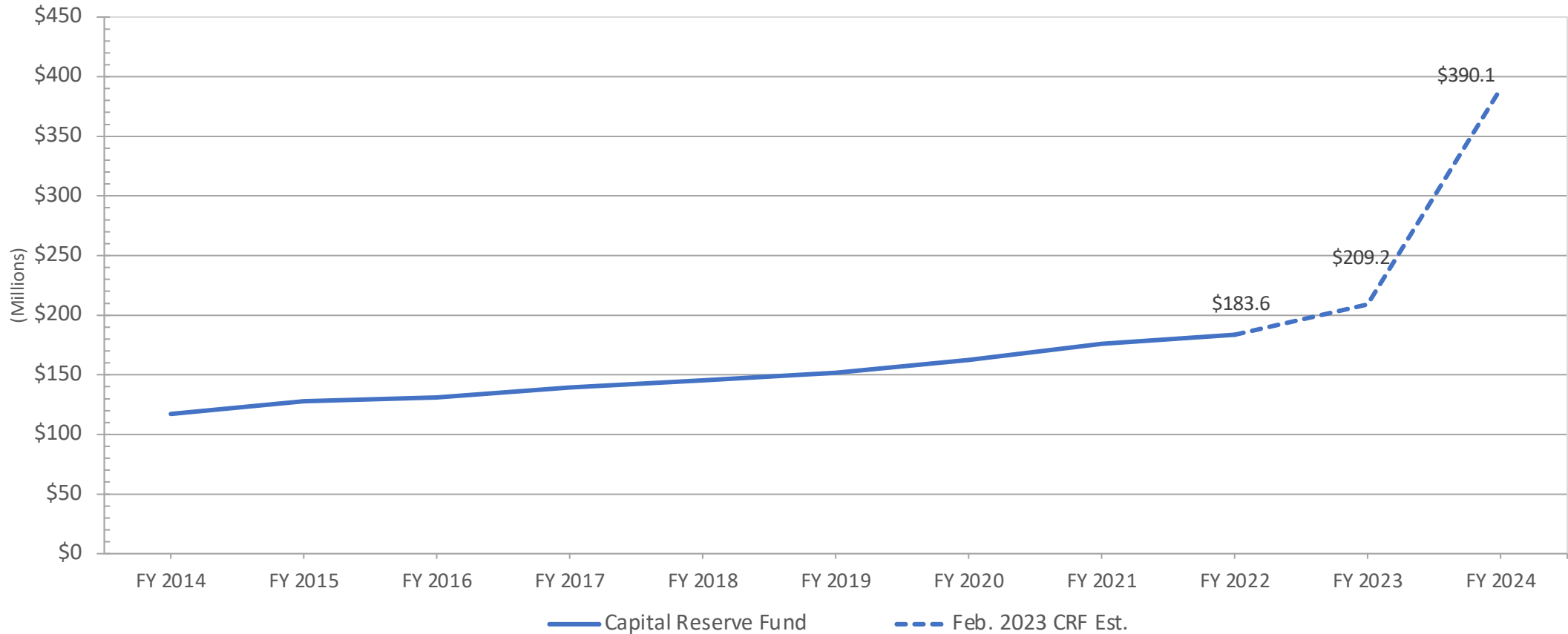


Source: S.C. Revenue and Fiscal Affairs Office 328A-BC/2/15/23

Capital Reserve Fund

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

CAPITAL RESERVE FUND
Actual and Estimates

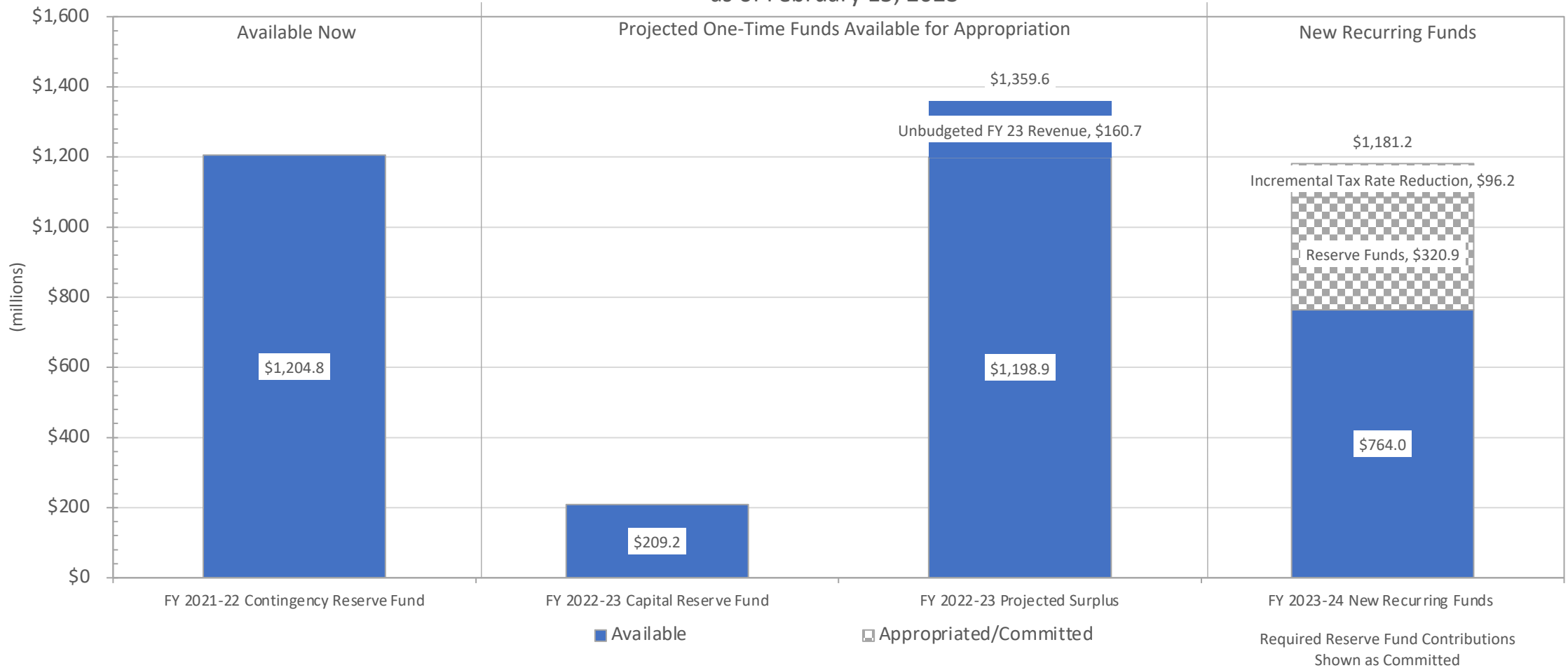


Source: S.C. Revenue and Fiscal Affairs Office 328B-BC/2/15/23

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

Questions

