

SOUTH CAROLINA ECONOMIC UPDATE

“Never make predictions, especially about the future”

Presented to



SOUTH CAROLINA
ASSOCIATION OF COUNTIES

County Council Coalition

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Population Trends

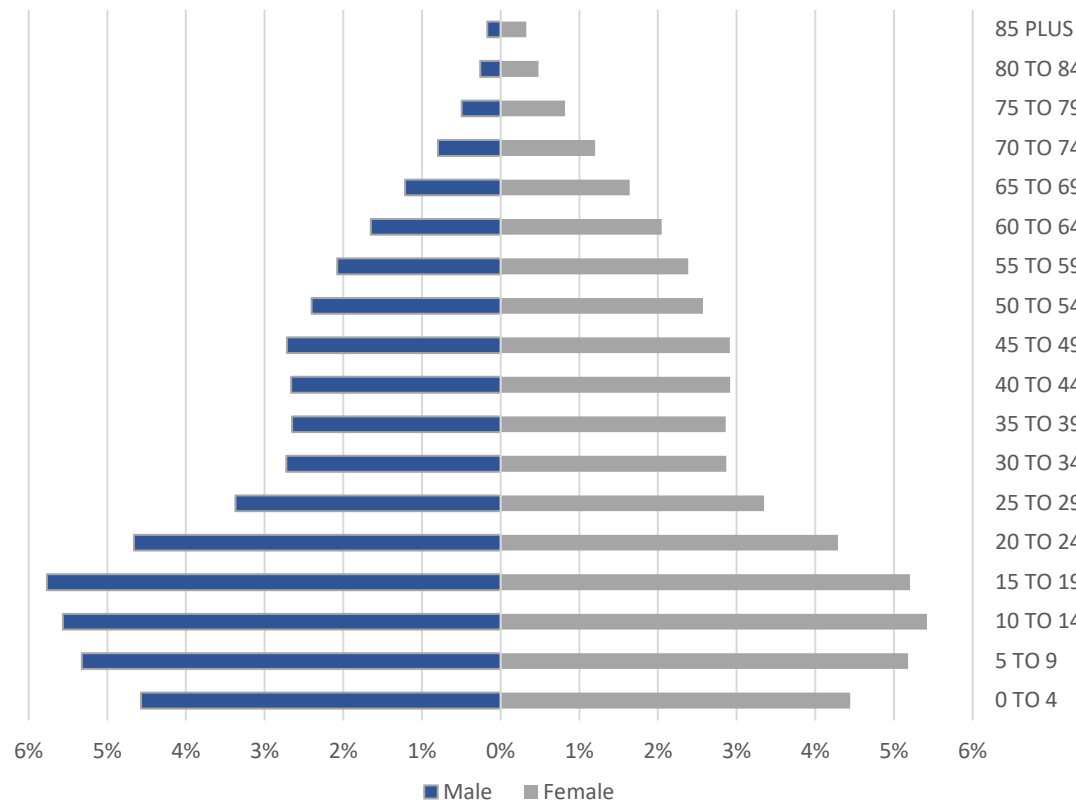
“Economics is extremely useful as a form of employment for economists.”

- John Kenneth Galbraith

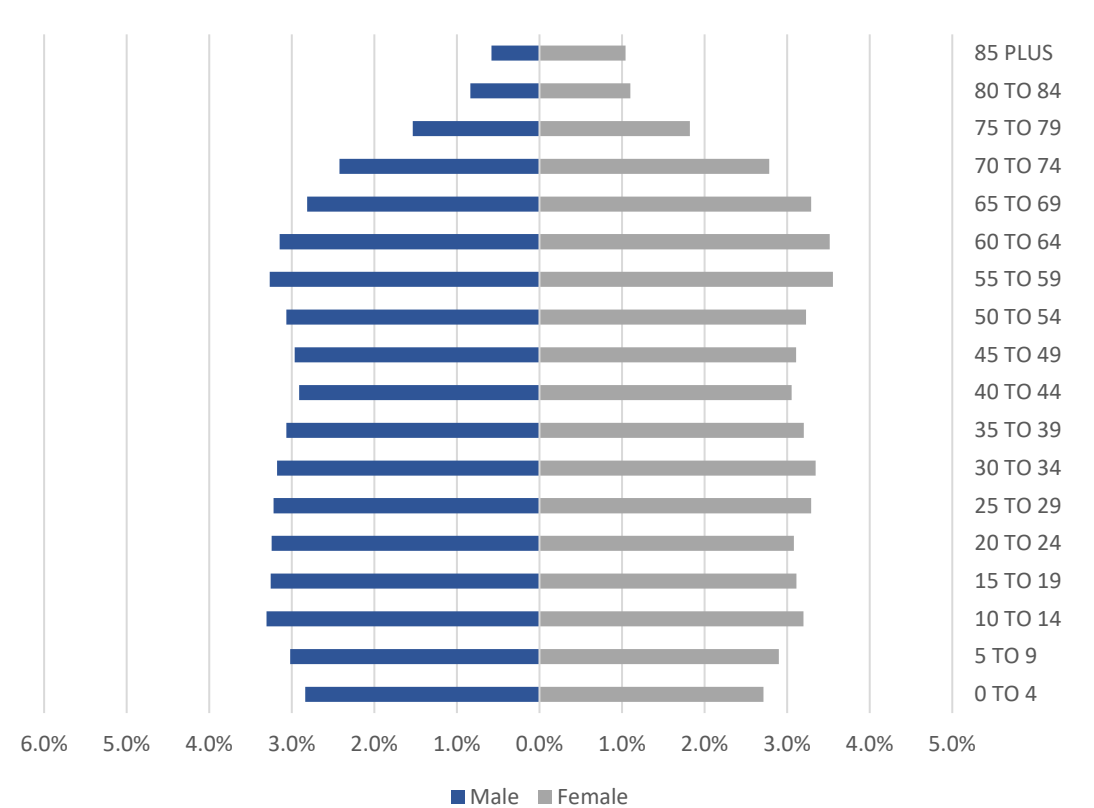
SC Population Pyramid

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

1970 POPULATION PYRAMID



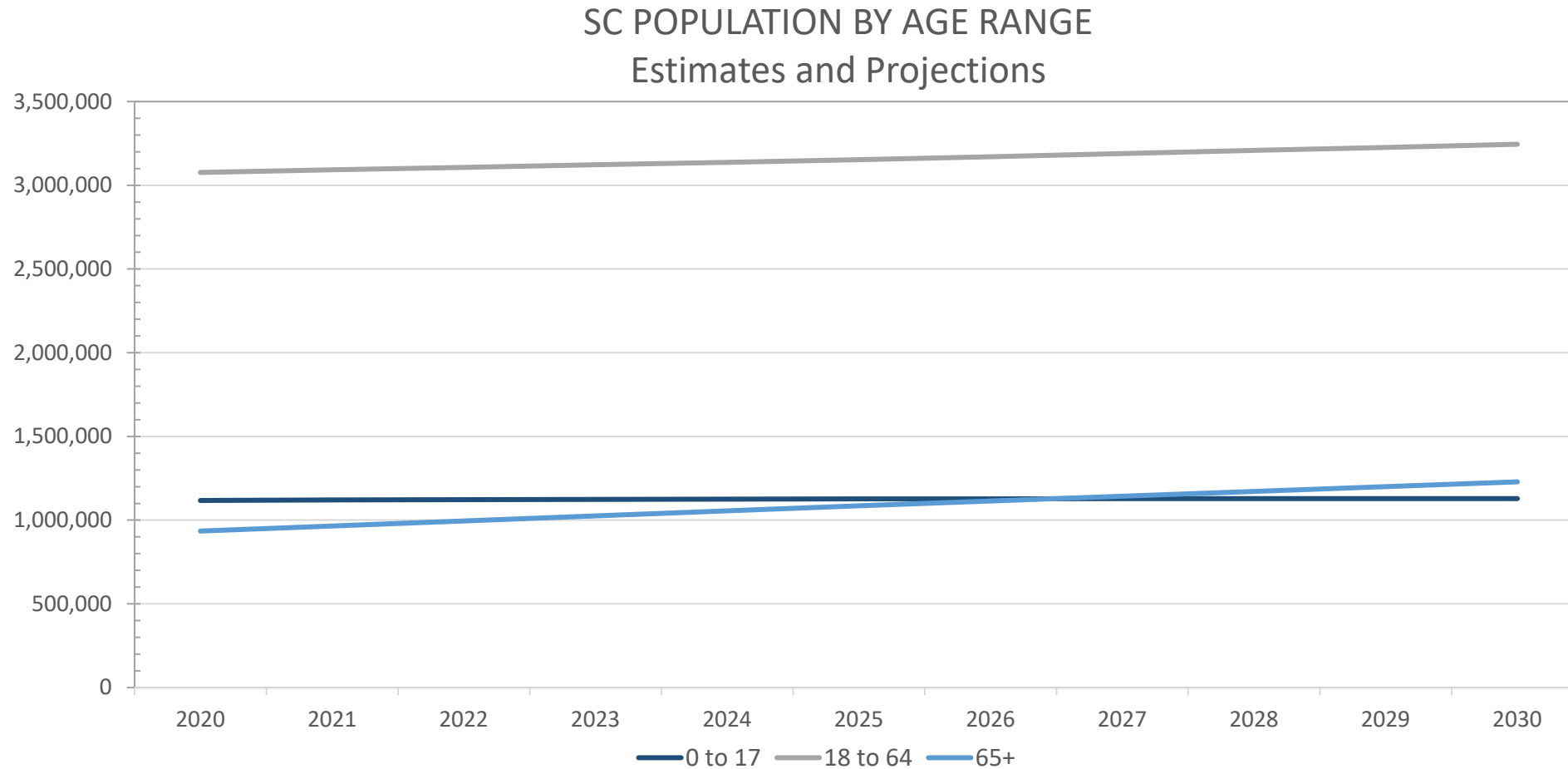
2020 POPULATION PYRAMID



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

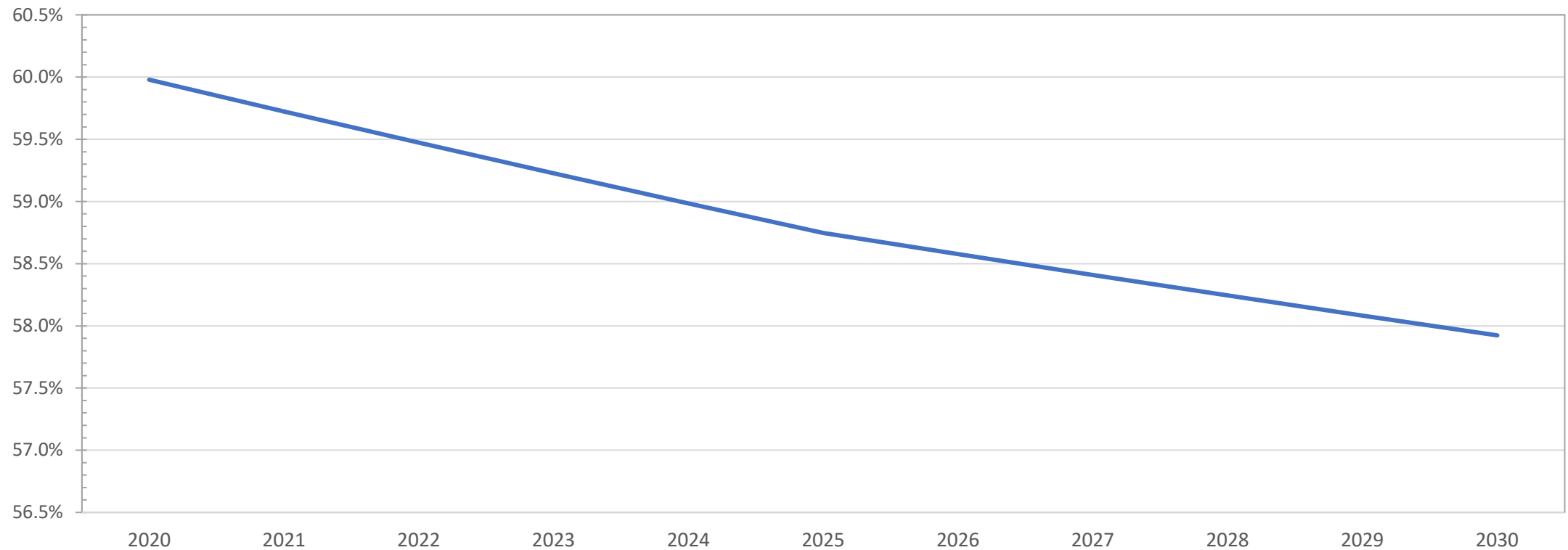


Source: U.S. Census Bureau, population estimates 2020, 2021; S.C. Revenue and Fiscal Affairs Office projections -319/lhj/08/29/2022

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



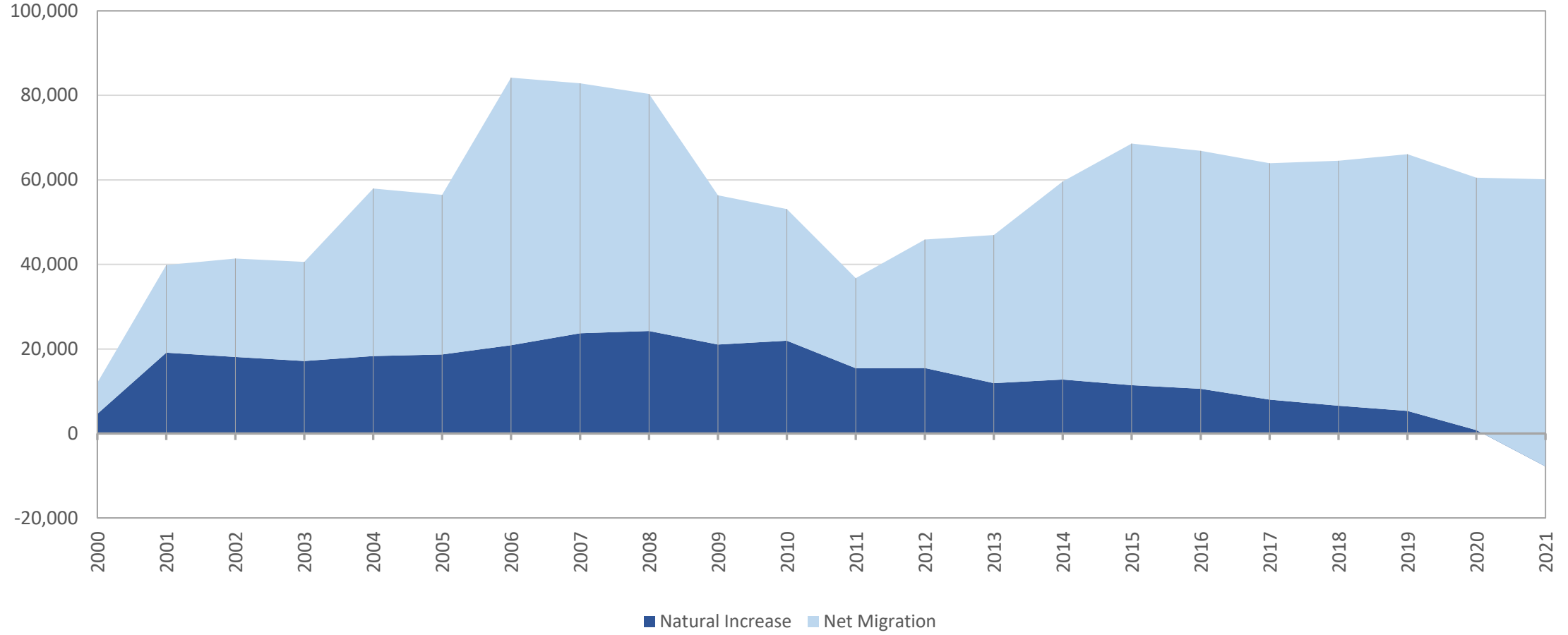
Source: US Census Bureau population estimates 2020 and 2021; SC Revenue and Fiscal Affairs Office projections – 319-8/29/2022



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

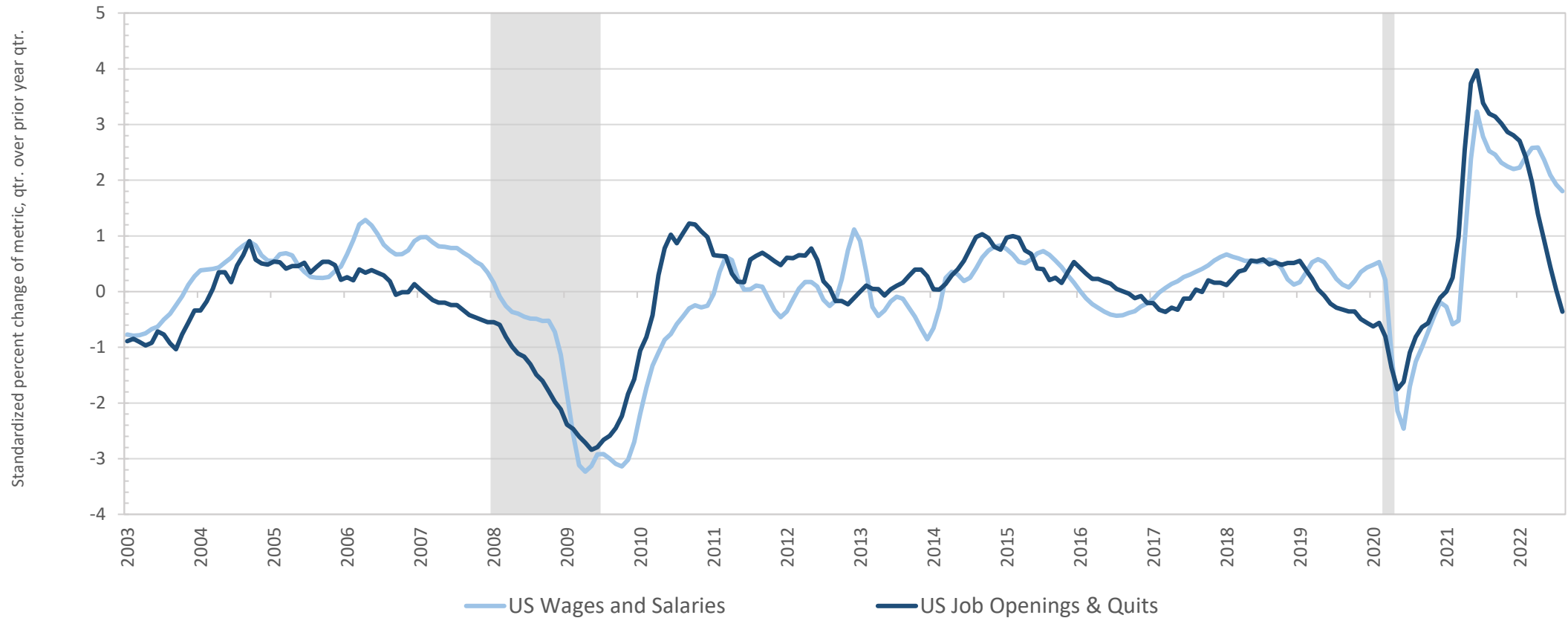
“The only function of economic forecasting is to make astrology look respectable.”

- John Kenneth Galbraith

US Labor Market and Wage Growth

The labor shortage has driven growth in wages; with job openings and quits peaking in recent months, wage growth should come down

US JOB OPENINGS & QUILTS VS. WAGE GROWTH

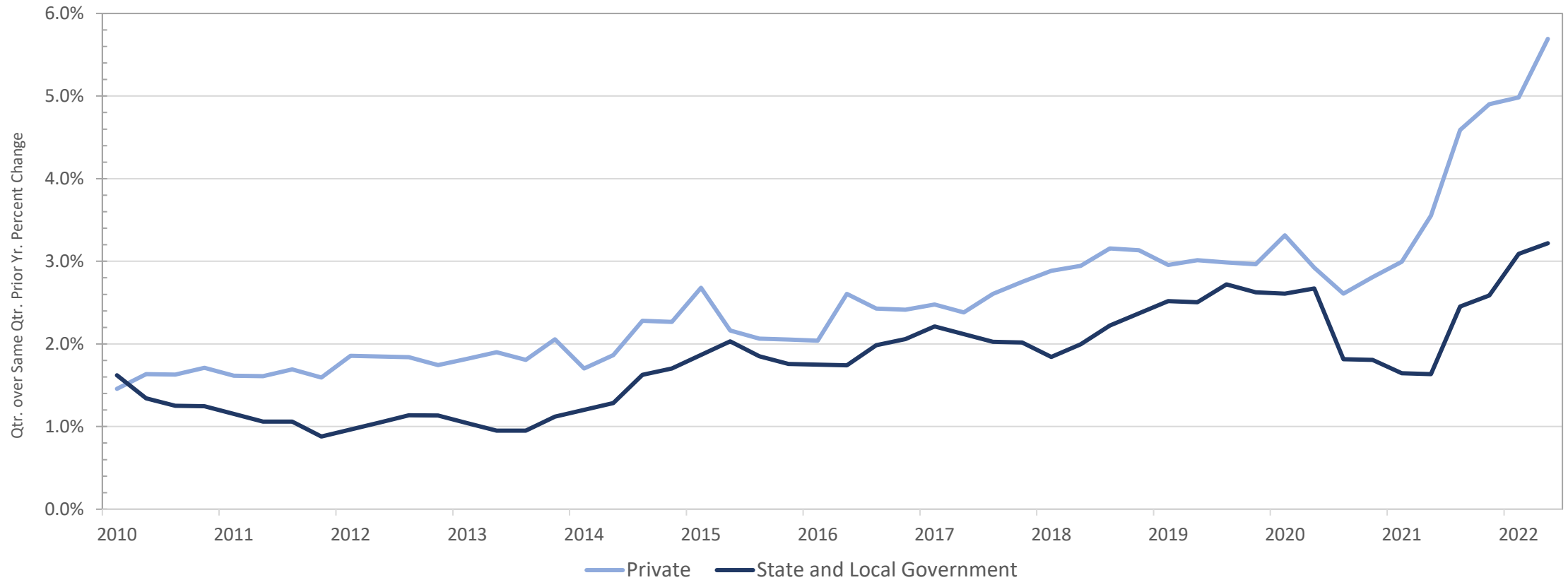


Source: U.S. Bureau of Economic Analysis, Compensation of Employees, Received; U.S. Bureau of Labor Statistics, JOLTS; 309A - RFA/bdc/10/10/2022

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

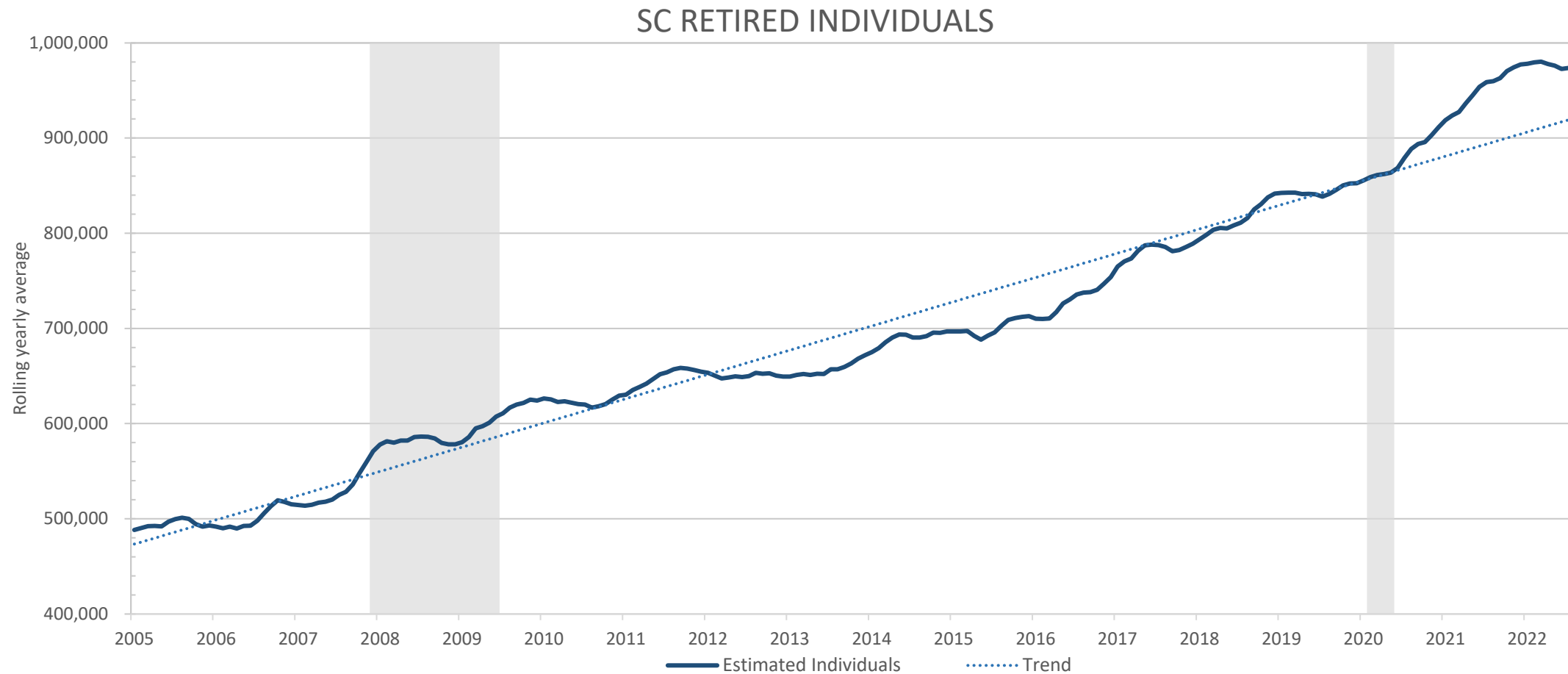


Source: U.S. Bureau of Labor Statistics, CPS and JOLTS; 259A - RFA/bdc/8/26/2022



SC Retirements

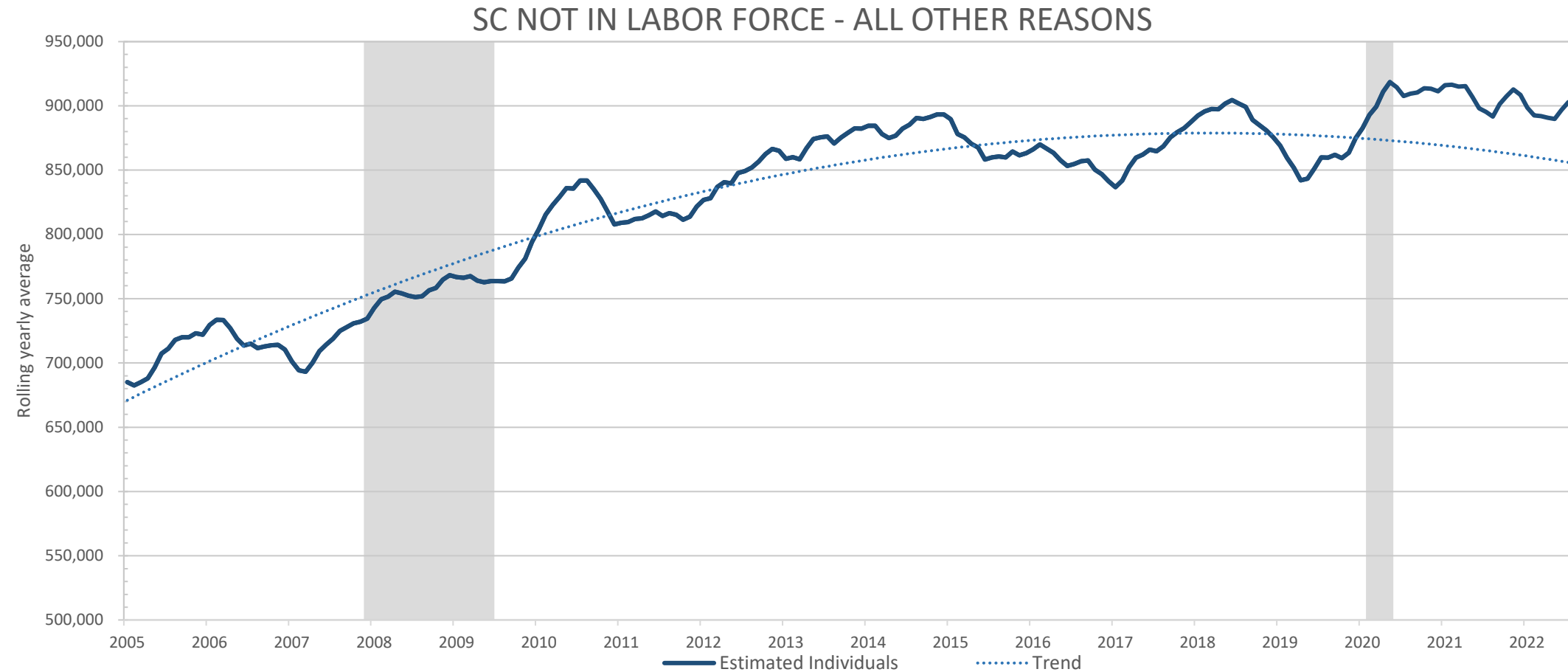
Individuals retired at higher rates during the pandemic; while there has been some re-entry into the labor market, current estimates place retirements 54,000 higher than trend in the past year



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

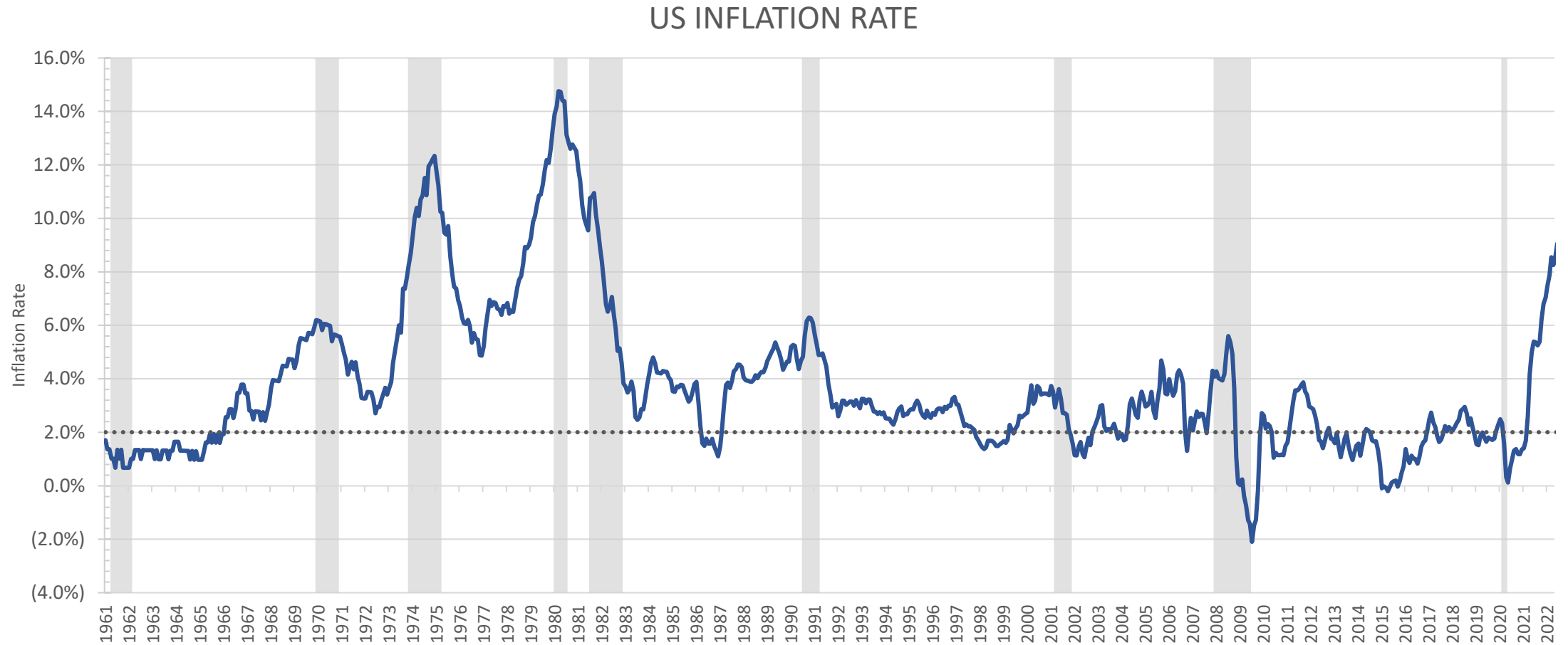
Individuals exited the labor force for health concerns, family obligations, etc. during the pandemic; an estimated 45,000 more individuals than expected remained outside for these reasons in the past year



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 8 months



Source: U.S. Bureau of Labor Statistics, Consumer Price Index for All Urban Consumers in U.S. City Average; RFA/316/lhj/10/12/2022



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

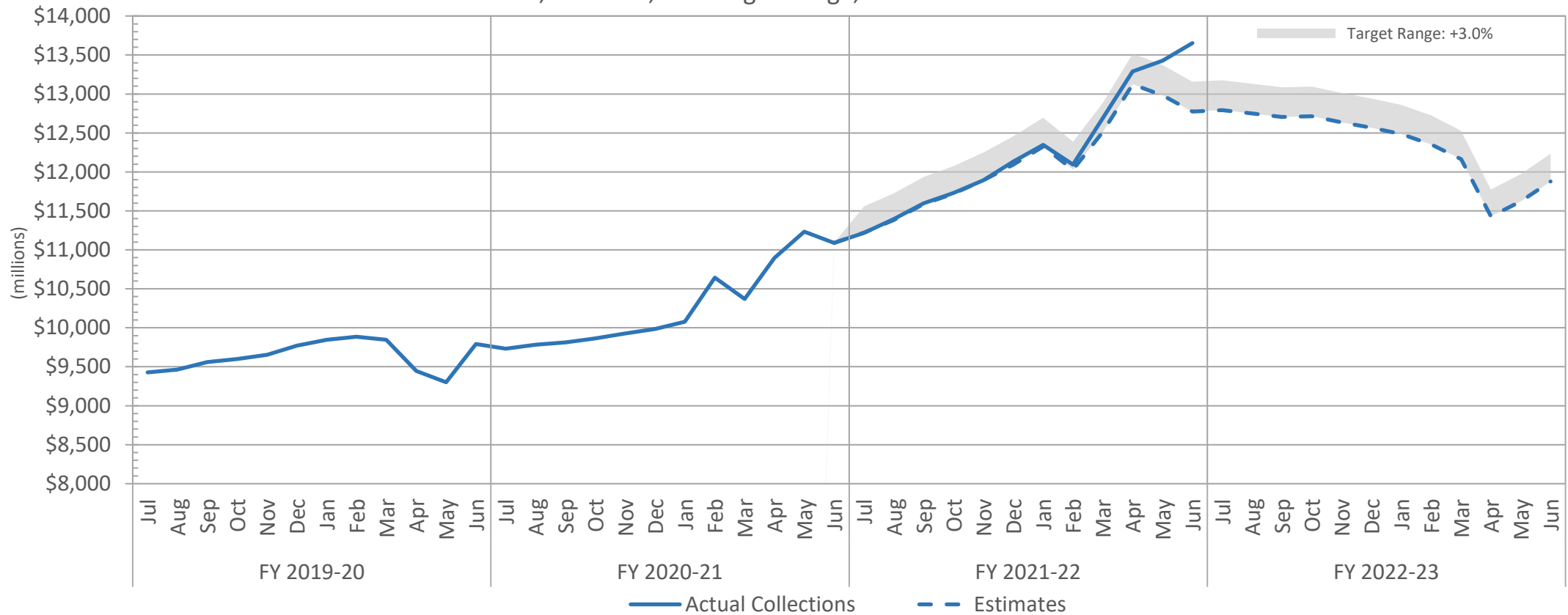
“Economists, like royal children, are not punished for their errors.”

- James Buchan

General Fund – Actual vs. Estimates

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

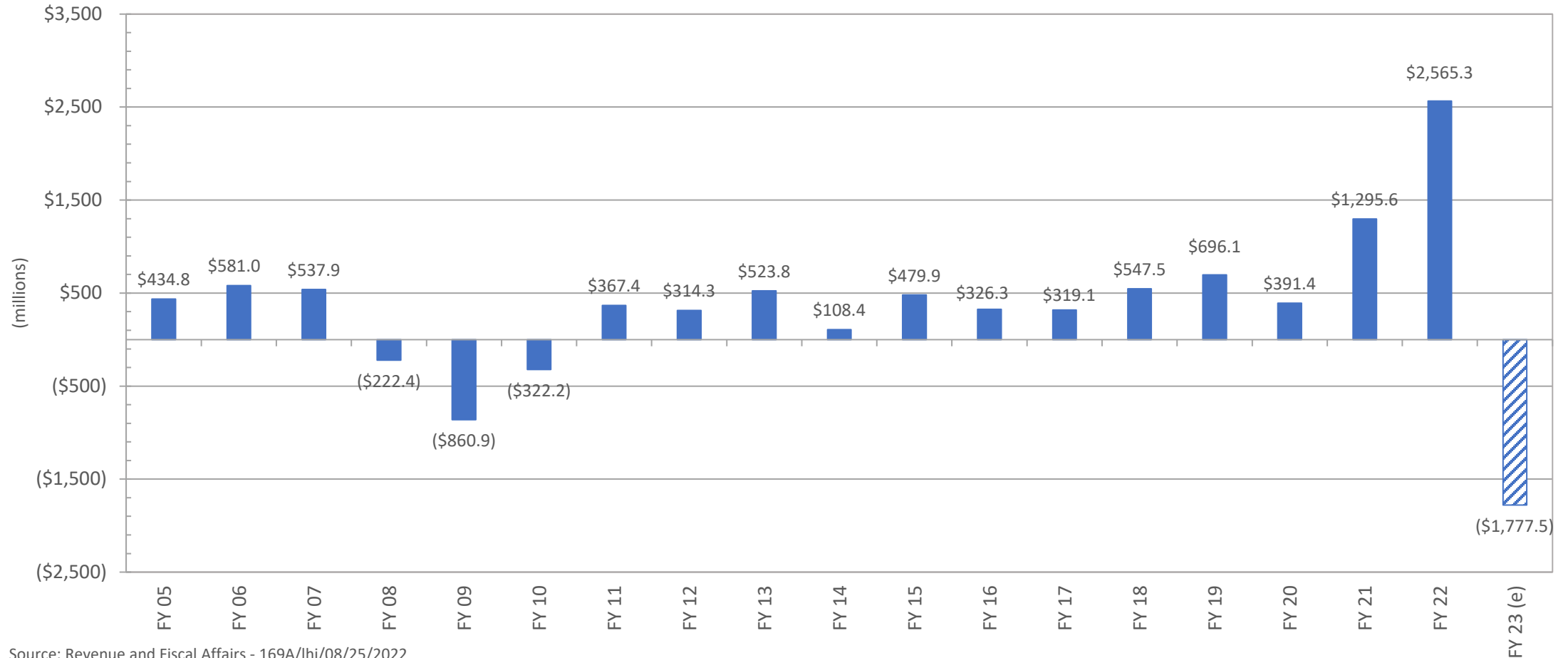
ROLLING FISCAL YEAR - GENERAL FUND
Actual, Estimate, and Target Range, FY 2019-20 to FY 2022-23



Annual General Fund Revenue Growth

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

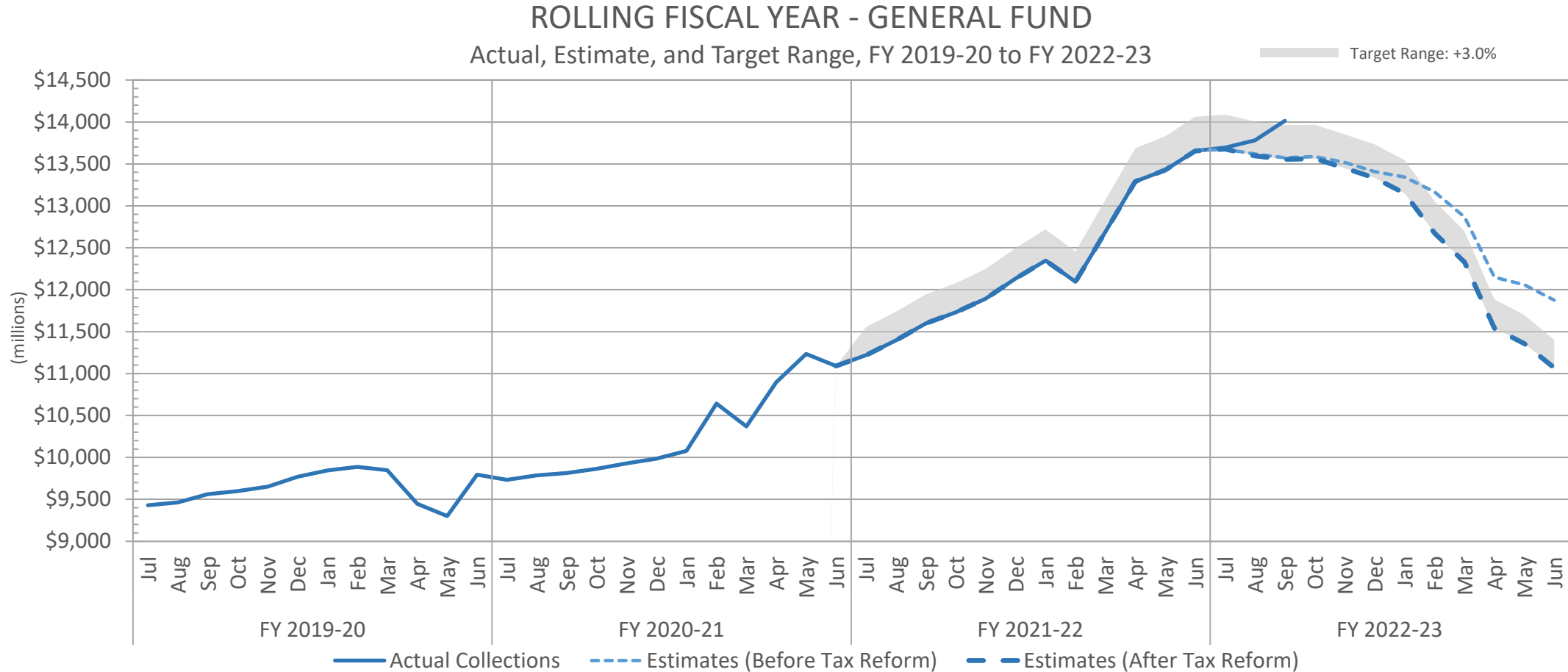
ANNUAL GROWTH IN GENERAL FUND REVENUE



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

General Fund - Actual vs. Estimate

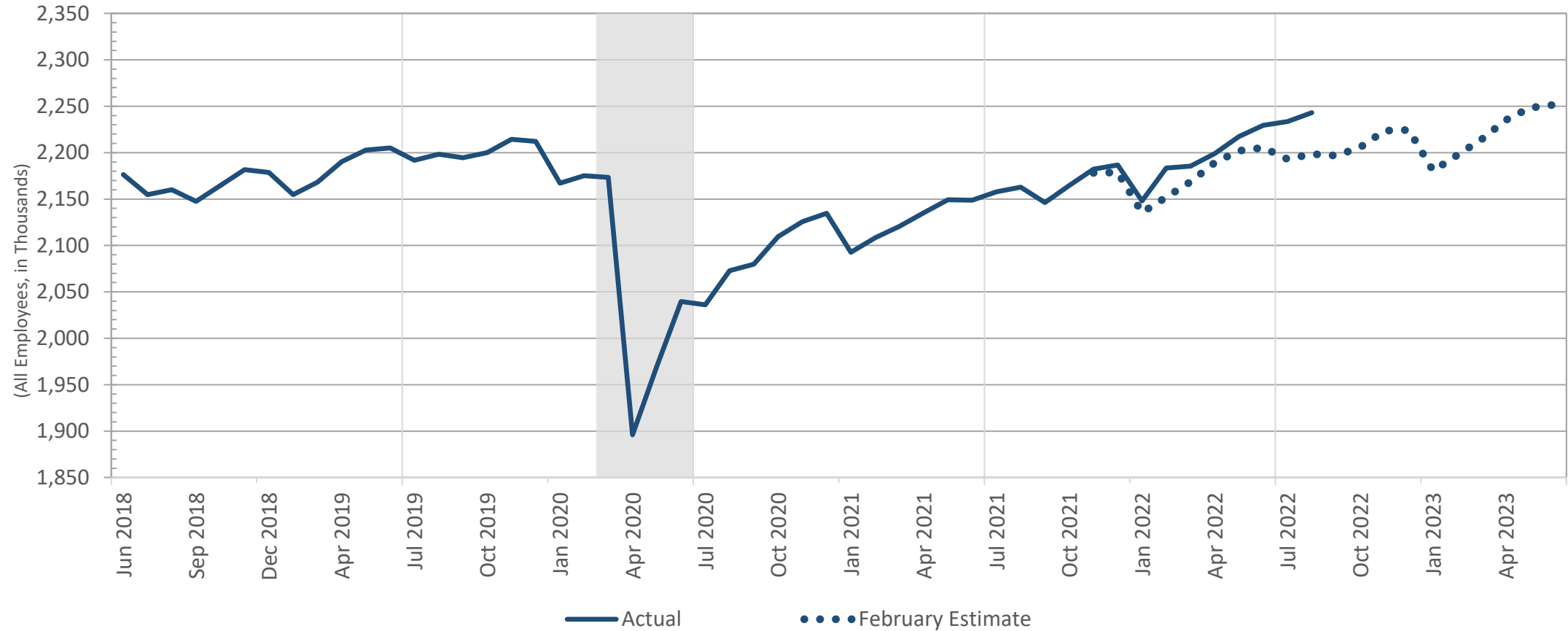
FY 23 Collections are running \$457.6m ahead of the forecast



SC Employment

Employment growth has exceeded our February expectations

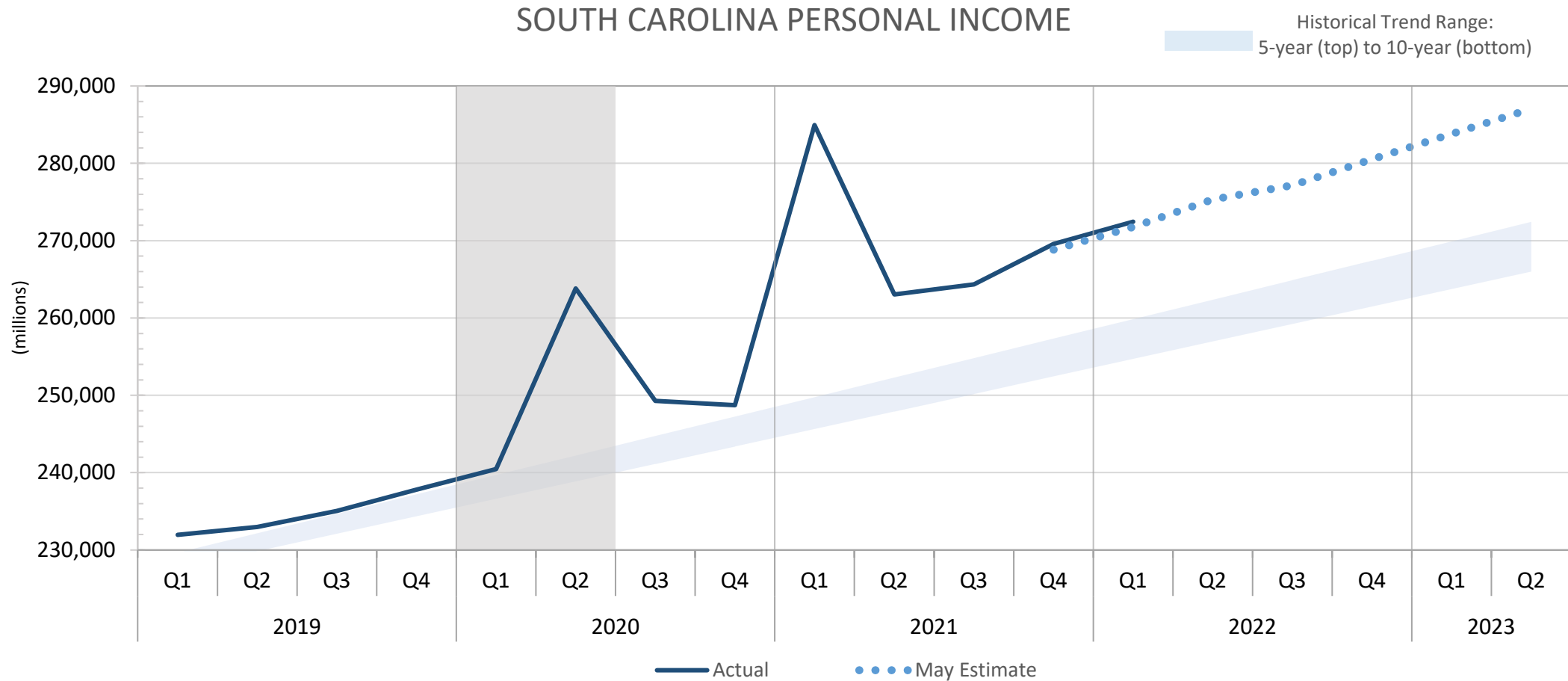
TOTAL NONFARM EMPLOYMENT IN SOUTH CAROLINA



Source: U.S. Department of Labor, Bureau of Labor Statistics 60-RFA/bdc/10/3/2022

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

Final Thoughts ... Questions?

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