



## South Carolina's Finances Remain Shaky

### Financial State of South Carolina

South Carolina's financial condition worsened in 2022, leaving the state with insufficient money to pay its bills. The shortfall amounted to \$23 billion. Based upon the state's latest audited financial report for fiscal year 2022, it had a Taxpayer Burden™ of \$14,000, earning it a "D" grade from Truth in Accounting.

Like many states, South Carolina's economic condition improved due to federal funding for COVID relief and increased tax collections attributed to taxpayers' pent-up tourism and purchasing demands. However, unfunded retirement obligations continue to plague South Carolina's ability to pay its bills.

Over the last two years, the value of South Carolina's pension investments has been subject to the volatility of the markets. In 2021 financial markets improved and the state's pension investments reported significant gains. Unfortunately, market conditions turned negative during fiscal year 2022, resulting in significant unrealized investment losses which in turn caused the amount of unfunded promised pension benefits to increase. This volatility highlights the risk to pension systems and taxpayers of fixed benefits that are partially funded by earnings from erratic markets.

The data included in this report is derived from South Carolina's 2022 audited Annual Comprehensive Financial Report and retirement plans' reports. To compare prior years and other states' financial, demographic, and economic information, go to [Data-Z.org](http://Data-Z.org).

# South Carolina's Financial Breakdown

- South Carolina had \$29.9 billion available to pay \$52.9 billion worth of bills.
- The outcome was a \$23 billion shortfall, which breaks down to a burden of \$14,000 per taxpayer.
- The South Carolina Retirement System reported an investment gain of 28% in 2021, but an investment loss in 2022. This loss increased the state's unfunded pension benefits and money needed to pay bills.

## The State's Bills Exceeded Its Assets

|                                      |                   |
|--------------------------------------|-------------------|
| Total Assets                         | \$81,090,474,000  |
| Minus: Capital Assets                | -\$33,800,007,000 |
| Restricted Assets                    | -\$17,352,745,000 |
| Assets Available to Pay Bills        | \$29,937,722,000  |
| Minus: Total Bills*                  | \$52,909,034,000  |
| Money needed to pay bills            | \$22,971,312,000  |
| Each taxpayer's share of this burden | \$14,000          |

## \*Breakdown of Total Bills

|                                       |                  |
|---------------------------------------|------------------|
| Bonds                                 | \$13,125,189,000 |
| Other Liabilities                     | \$17,854,054,000 |
| Minus: Debt Related to Capital Assets | -\$9,065,667,000 |
| Unfunded Pension Benefits             | \$14,899,538,000 |
| Unfunded Retiree Health Care Benefits | \$16,095,920,000 |
| Total Bills                           | \$52,909,034,000 |

**Grade:**

**D**

Bottom line: South Carolina would need \$14,000 from each of its taxpayers to pay all of its outstanding bills and received a "D" grade for its finances. According to Truth in Accounting's grading scale, any government with a Taxpayer Burden between \$5,000 and \$20,000 is given a "D" grade.

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