

# Laurens County, SC Trend Analysis



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*Special Thanks to Laurens County Administrator, Jon Caimo for providing context and narrative behind the numbers. This report does not represent the official opinions of Georgia Institute of Technology or Georgia State University. The report was completed with the assistance of the Laurens County Administrator in partial fulfillment of PMAP 8161 Public Budgeting and Finance class.*

## County Background

Laurens County located in upstate South Carolina is part of the Greenville-Anderson-Mauldin, SC Metropolitan Statistical Area.<sup>1</sup> Laurens has seven official cities within its county jurisdictions - Clinton, Cross Hill, Fountain Inn, Gray Court, Laurens, Ware Shoals, and Waterloo. The City of Laurens, the largest city within the county, houses the administrative seat of the county.

The County of Laurens utilizes a council form of government model as part of the Home Rule Act of the South Carolina General Assembly.<sup>2</sup> Each of the seven council members serves four-year terms, holding staggered elections. In developing their 2010 – 2020 Comprehensive Plan, council members identified the four key priorities for the county as economic development, health, transportation, and quality of life on which to focus development activities (Appendix 1). The overall strategic vision outlined in the plan focused on economic growth for the county.<sup>3</sup>

## **Demographic Indicators**

### *Age and Population Change of Laurens County*

The age distribution over time remained relatively stable among all demographics in Laurens County from 2009 to 2015 (Appendix 2).

The county saw its most significant percentage decline in overall population from 2009 to 2010 at close to 4 percent compared to the neighboring counties. County population continued to decline relative to the previous year from 2010 to 2015, but at a slower pace, reaching near zero population change in 2015 (Figure 1).

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<sup>1</sup> <https://obamawhitehouse.archives.gov/sites/default/files/omb/bulletins/2015/15-01.pdf>

<sup>2</sup> <http://laurenscounty.us/county-council/>

<sup>3</sup> Laurens County, South Carolina Comprehensive Plan – Approved January 15, 2013

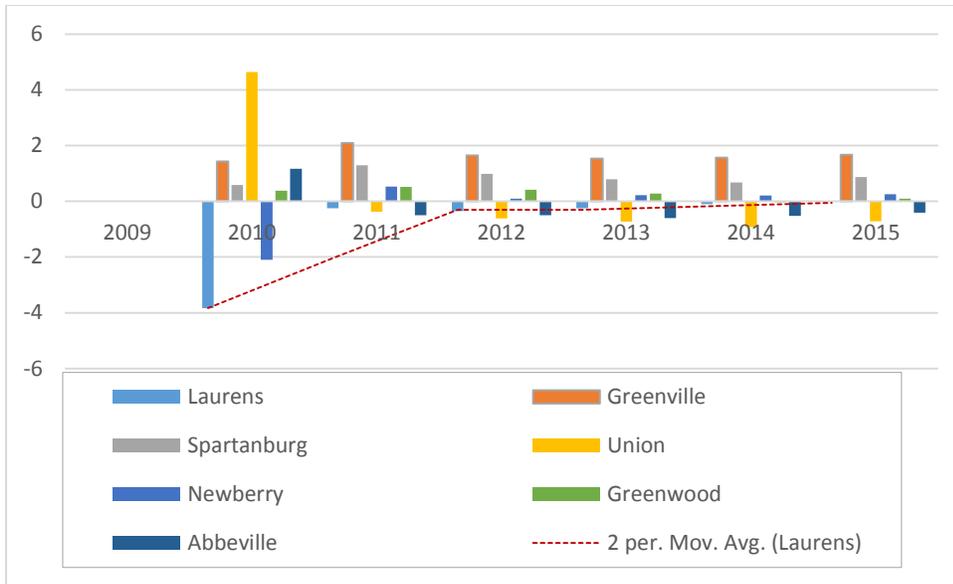


Figure 1: Population change by county from the previous year. Source: <https://factfinder.census.gov>

### Poverty Rate

The poverty rate from 2009 to 2015 decreased from 19.3% to 17.3% percent of residents living below the poverty level based on the American Community Survey.<sup>4</sup> According to the 12-month estimates, the percent of residents living below poverty peaked at 24.5% in 2011, then began to decline.

### Property Value Trends

Median property values declined steadily between 2010 and 2014 in real dollars. When compared to neighboring counties, Laurens County had the second lowest median property values and one of the steepest decline among its neighbors between 2010 and 2015. Between 2014 and 2015 however, median property values for the county began to increase (Appendix 3).

### Unemployment and Workforce

Laurens County followed the state and national trend in an overall decrease in the unemployment rate from 2009 to 2016.<sup>5</sup> The county unemployment rate was higher than the state average unemployment rate during the above time frame; however, the disparity decreased over time (Appendix 4).

Historically, the county experienced an economic decline when the last of the textile mills and glass facilities which employed many of the residents closed over thirty years ago.<sup>6</sup> However, the county is recovering through new investments.<sup>7</sup> The county experienced a 1.48%

<sup>4</sup> POVERTY STATUS IN THE PAST 12 MONTHS. 2015 American Community Survey 1-Year Estimates. Factfinder.Census.gov

<sup>5</sup> <http://www.bls.gov/bls/unemployment.htm>

<sup>6</sup> [http://www.cityoflaurens.com/City\\_of\\_Laurens\\_Plan\\_Final\\_2\\_.pdf](http://www.cityoflaurens.com/City_of_Laurens_Plan_Final_2_.pdf)

<sup>7</sup> The Newberry Observer, S.C. Cobb-Vantress establishing operations in Laurens

employment growth in 2015 from the previous year.<sup>11</sup> Between 2013 and 2015, the most significant sector of employment remained production, materials, and transportation.<sup>12</sup>

## **Fiscal Trend Analysis**

### *Revenue Trends*

Laurens County has ten (10) revenue streams which maintain their general fund. General property taxes generate the most substantial revenue. The growth in property tax revenue, mainly after FY 2013 may reflect the stabilization, followed by slight growth of median property values in the demographic analysis (Appendix 3). Additionally, while inflation-adjusted property tax revenue saw total increases each year from the previous year, the rate of FY2017 percentage change slowed (Appendix 6). Year-to-year fluctuations of the other top three revenue sources, however, did not follow a clear trend.

Intergovernmental loans were the second most significant revenue stream for the county. The loans increase fluctuated as a percentage of gross revenue over time, with its peak at 20.7 % in FY2014. Year-to-year changes however in this revenue varied more dramatically, with FY 2017 seeing a 23.6% decrease from the previous year (Appendix 6).

This report does not include additional designated revenue streams generated by restricted taxes, and special ordinances in the above estimates. These identified funds operate outside the control of council members. One such example is the deficit-reducing levy from county ordinance # 654. To comply with South Carolina's fiscal policy on deficits, Laurens County amended a local ordinance to collect restricted use revenues to resolve yearly deficits. The restricted-revenue funds allow the council to reconcile shortfalls from the following year. In the amendment, any remaining funds roll over for use as a restricted use contingency. Deviation from the fund's original intended purpose required a majority of the council member vote and strict reporting mechanisms.<sup>13</sup> Other restricted revenue sources include those generated by the Sheriff's Office and the County Treasurer.

### *Expenditure Trends*

Employee/retiree health insurance and benefits comprised the most significant expenditure activity as a percentage of total expenditure activity (Appendix 7). This allocation of county funds grew from 29.4% of total expenditures in 2012 to 35.0% in FY2017. Detention center activities were the second most significant category of spending as a percentage of total expenditures for the county. The line item was 17.8% of total spending in FY2012 but then

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January 28, 2016, Thursday

<sup>8</sup> <http://www.goupstate.com/article/NC/20120731/News/605138879/SJ/>

<sup>9</sup> <http://wspa.com/2016/03/17/100-jobs-at-walmart-distribution-center-in-laurens-co/>

<sup>10</sup> <https://www.sccommerce.com/news/zf-transmissions-gray-court-expanding-laurens-county-operations>

<sup>11</sup> [https://datausa.io/profile/geo/laurens-county-sc/#category\\_wages](https://datausa.io/profile/geo/laurens-county-sc/#category_wages)

<sup>12</sup> [https://datausa.io/profile/geo/laurens-county-sc/#category\\_wages](https://datausa.io/profile/geo/laurens-county-sc/#category_wages)

<sup>13</sup> State of South Carolina, County of Laurens. Ordinance #654. An Ordinance to Amend Laurens County Ordinance #619 Providing for Deficit Elimination and to Further Establish a Reserve and Contingency Account for Laurens County as a Means to Address Financial Matters in the Future and other Matters related to it.

began to decrease starting in FY2014.<sup>14</sup> By FY 2017, detention center expenditure allocations decreased to 15.2% of total expenditure activity.

In FY 2014, employee/retiree health insurance and benefits spending increased by 13.7% from the previous year. Year-to-year increases occurred for two more years until FY 2017 where a small decrease (1.3%) occurred (Appendix 8). The detention center fluctuated year-to-year on spending increases and cuts. This muddled detention center spending is most likely due to the commingling/unmingling of funding for activities designated restricted use than for policy changes as seen with insurance and benefits.

## **Findings and Next Steps**

Through this initial trend analysis, several challenges emerged. The financial picture of Laurens county, specifically the tax revenue trend, indicated a growing county. Demographic, economic and fiscal indicators point to a jurisdiction rebounding from a downward trajectory. As a result, council members may miss the opportunity to capitalize on the revenue growth to promote a sustainable and thriving county for its residents. There are two (2) specific steps Laurens county may take to move the county from a crisis mode to more sustainable, performance-driven governance. They include:

1. Reconciling the previous and current budgets to local ordinances,
2. Strategically linking county budgeting to goals and priorities.

### *Reconciling the previous and current budgets on local ordinances*

There are several revenue streams not accounted for in this trend analysis due to the commingling of restricted funds. However, a more thorough budget investigation would reveal actual spending and revenue generating trends for the county which allow the county to operate under local ordinances. Reviewing past budgets under the specific restrictions of the ordinances as they were intended may also yield where ordinances need to be updated/amended to maintain the financial health of the county. Removing restricted funds and better detailing recurring versus fixed costs will also allow the county to understand a more developed fiscal picture. Other measures, such as Laurens county's tax limit exhaust and short-term debt liabilities are two of many financial measures challenging to assess under this current commingled budget. Laurens county must perform the necessary groundwork to reform the budget per local ordinances on special revenues and expenditures to understand the real county financial picture and to govern post-crisis.

### *Strategically linking county budgeting to county goals and priorities*

Laurens county identified priority issues it sought to address in its 2010 Comprehensive Plan. However, reviewing the budget from FY2012 to FY2017 revealed that current budgeting

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practices do not align with any of the priority issues. One specific example of lack of alignment occurs with health and planning for the county.

Laurens County has the second poorest overall health outcomes within the seven-county region for seven years straight (Appendix 10). While the county's ranking of the length of life and quality of life improved from 2013 to 2016, it began to decline further in 2017. Similarly, despite having a comprehensive plan for 2010 to 2020, Laurens County is only now considering a new department for planning in its FY2018 budget proposal. Before this new proposal, a planning department was non-existent for the county.

For the county to reach its goals and identified priorities, Laurens must move past crisis budgeting. One path forward starts by digging into the fiscal details of past years to build an accurate trend analysis of the county's financial position. The county must also begin the work of strategically linking its budget to the issues it seeks to address. To this end, the county should provide open and transparent budgeting, follow local laws to provide an accurate picture of county fiscal health, and pursue performance-driven budgeting to evaluate whether the funds spent on specific budgetary categories are moving the county closer to or further from its stated goals.

The nitty-gritty work of sound fiscal bookkeeping is a necessary part of good governance. It allows the citizens to see how their tax contributions are being used to advance a healthy and growing shared life together. It is also critical to allowing elected leaders to direct public expenditures toward the activities that accomplish the county's strategic vision and promote the public good.

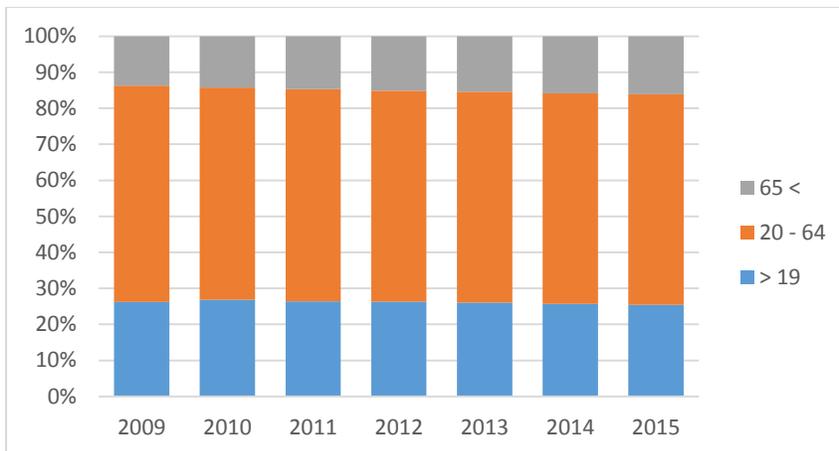
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## Appendix 1: Laurens County Top Priority Issues

### 2010 Laurens County Comprehensive Plan Priority Issues<sup>15</sup>

1. Economic Development
  - a. Creation of new jobs
  - b. Maintaining existing industry
  - c. Support the creation of small businesses
  - d. Expanding education opportunities
2. Health
  - a. Expanding quality health care in the county
  - b. Improving health indicators countywide
  - c. Increase recreation opportunities
  - d. Improve access to existing services
3. Transportation
  - a. Address roads and intersections with safety issues
  - b. Reduce traffic congestion
  - c. Improve access to hobs and healthcare through coordination
  - d. Improve connections between Laurens County and airport/port facilities
4. Quality of Life
  - a. Expand recreation opportunities in the County
  - b. Study the creation of a multi-purpose facility for arts/recreation
  - c. Promote existing activities to residents and visitors
  - d. Support education opportunities at all levels
  - e. Encourage a stronger litter control campaign

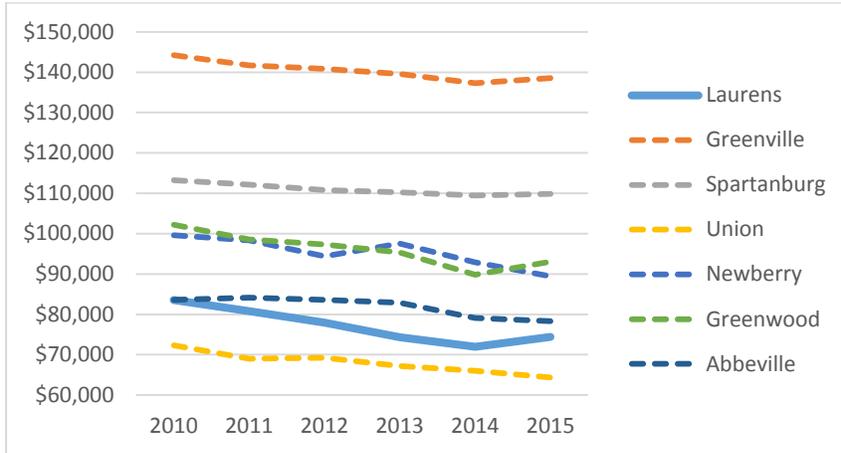
## Appendix 2: Percentage of Age Makeup



source: <https://factfinder.census.gov>

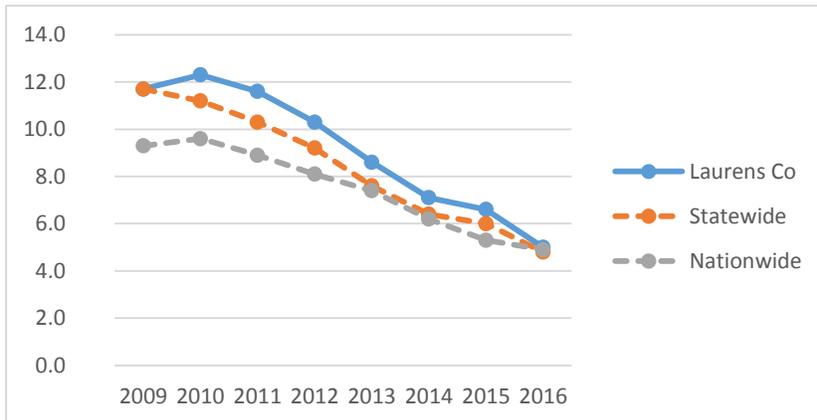
<sup>15</sup> Laurens County, South Carolina Comprehensive Plan – Approved January 15, 2013

### Appendix 3: Median Property Value by County per Year



Source: US Census ACS

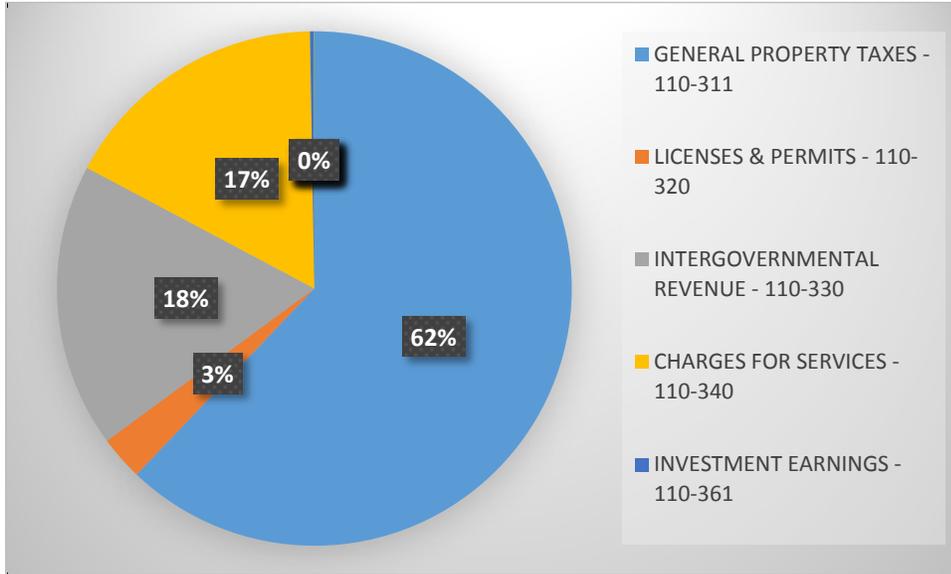
### Appendix 4: Unemployment Rate for Laurens County by Year



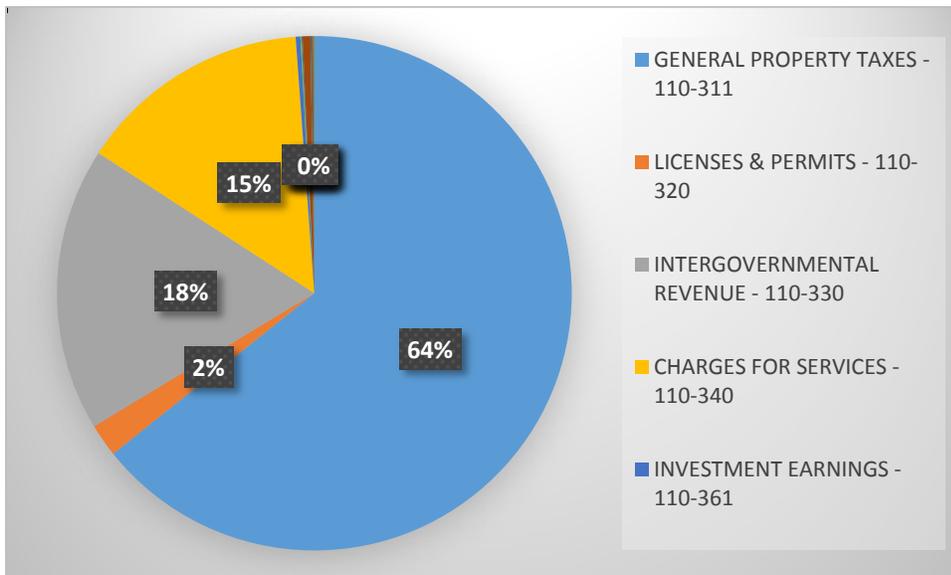
Source: <http://www.bls.gov/bls/unemployment.htm>

Appendix 5: Percentage of Top Revenue Streams FY2012 vs. FY 2017

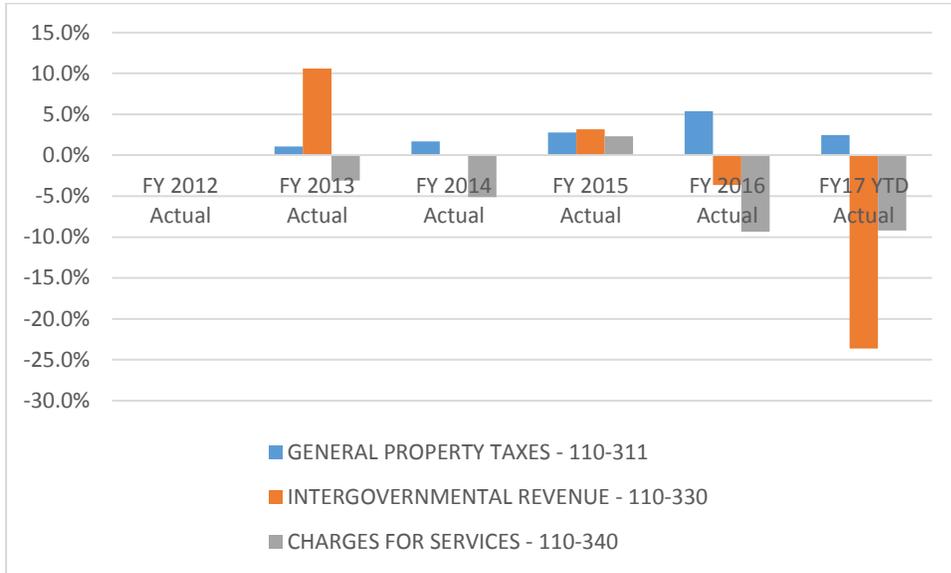
FY 2012



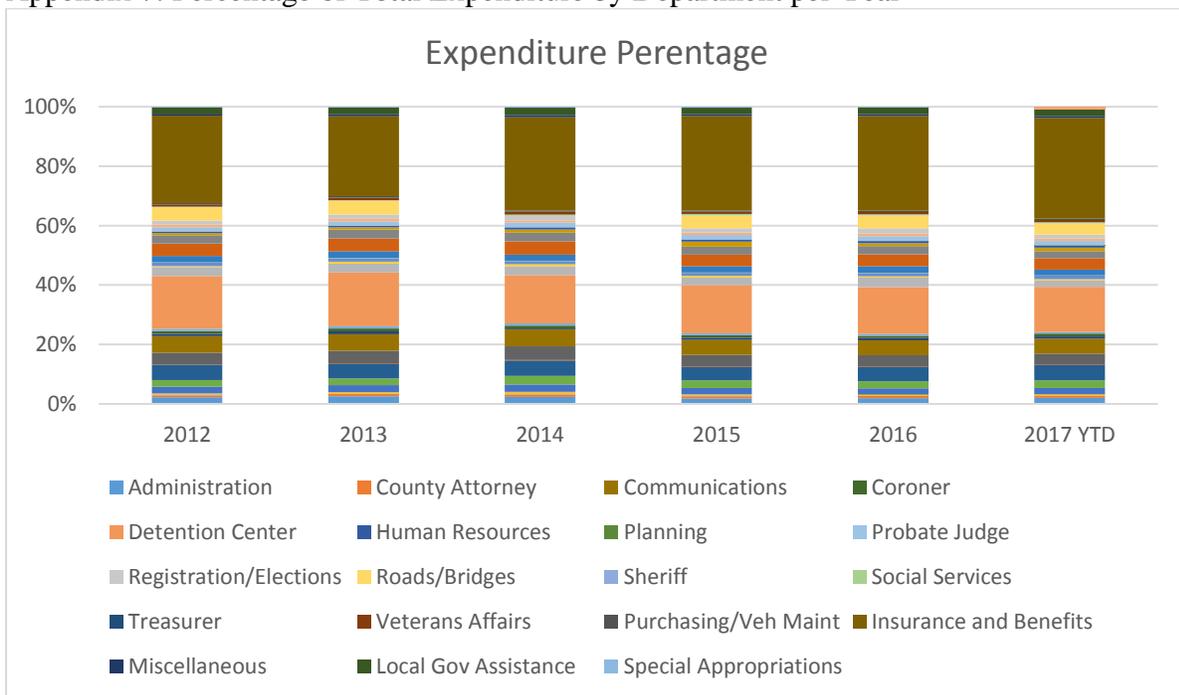
FY2017 YTD



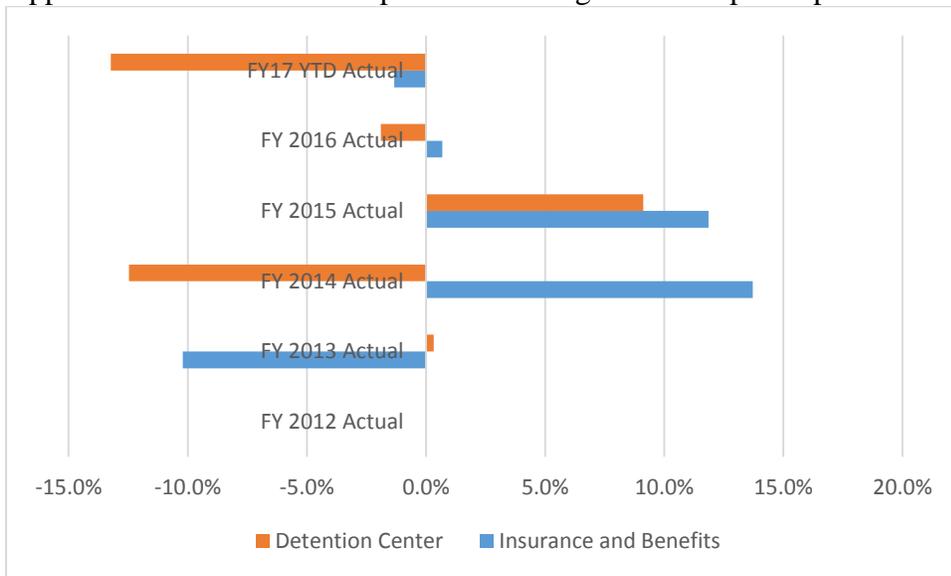
### Appendix 6: Year-to-Year Change in top Revenue Sources



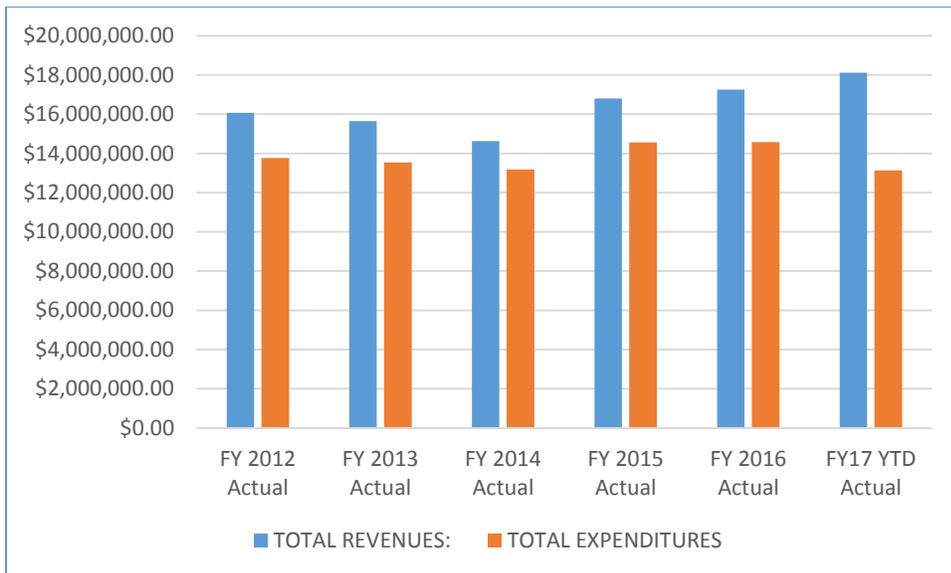
### Appendix 7: Percentage of Total Expenditure by Department per Year



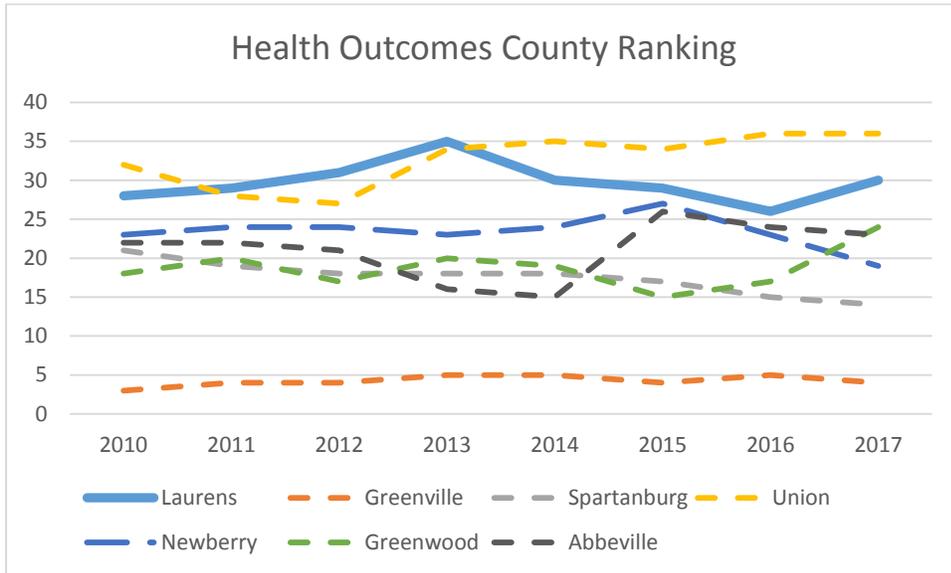
### Appendix 8: Year to Year Expenditure Change for the top 2 Expenditures



### Appendix 9: Total Revenues vs. Total Expenditures



Appendix 10: RWJ County Health Rankings for Laurens County



Source: <http://www.countyhealthrankings.org/rankings/data/sc>