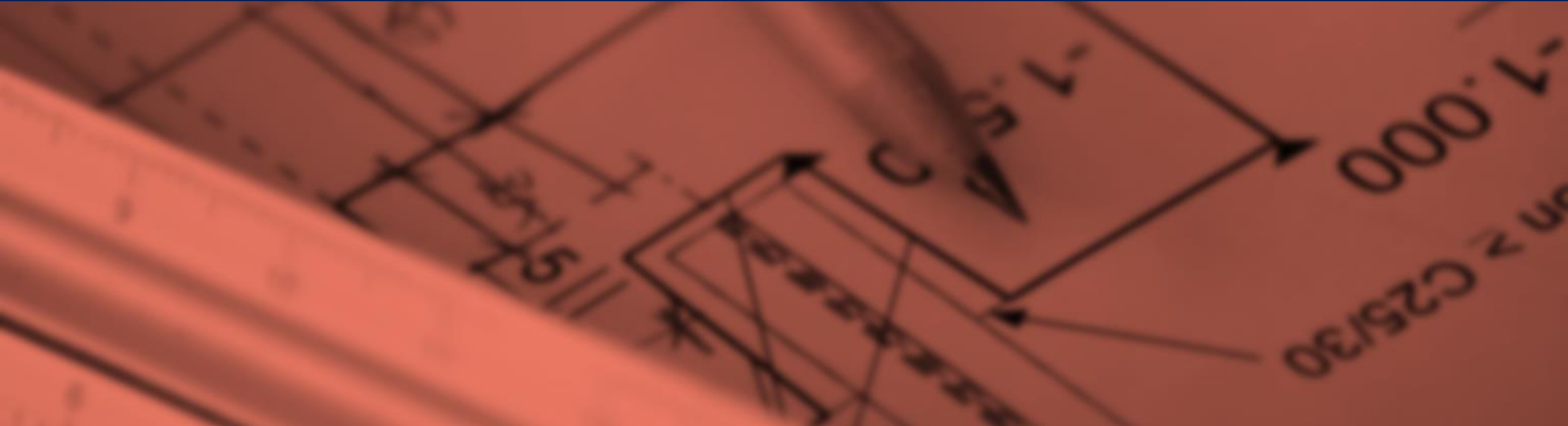


# Long-term Trends and Economic Drivers

Jared McEntaffer, PhD

Benchmark Data Labs



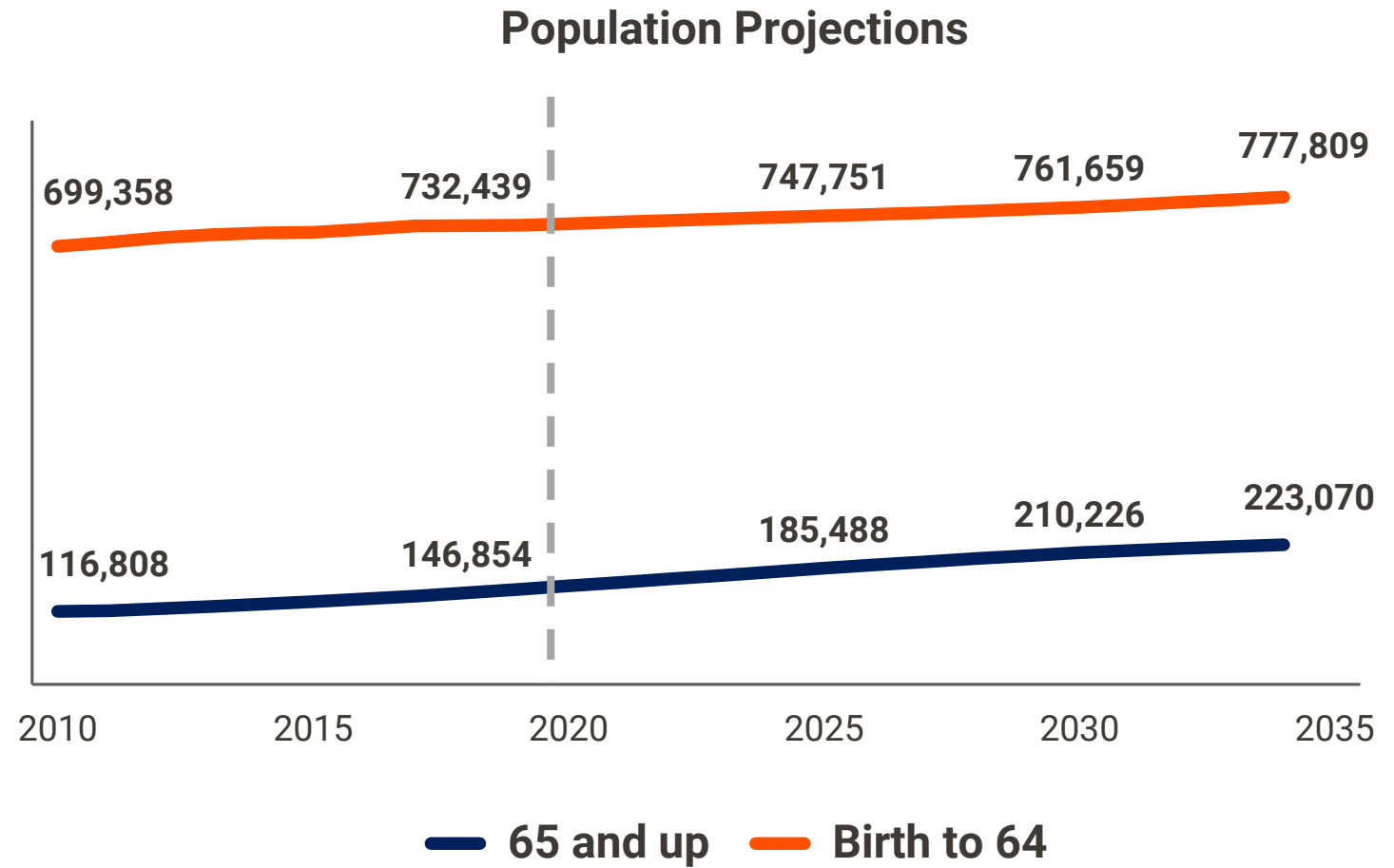
# Demographic Trends

## Major Themes

- Slow and steady
- Older and grayer
- Small towns are shrinking

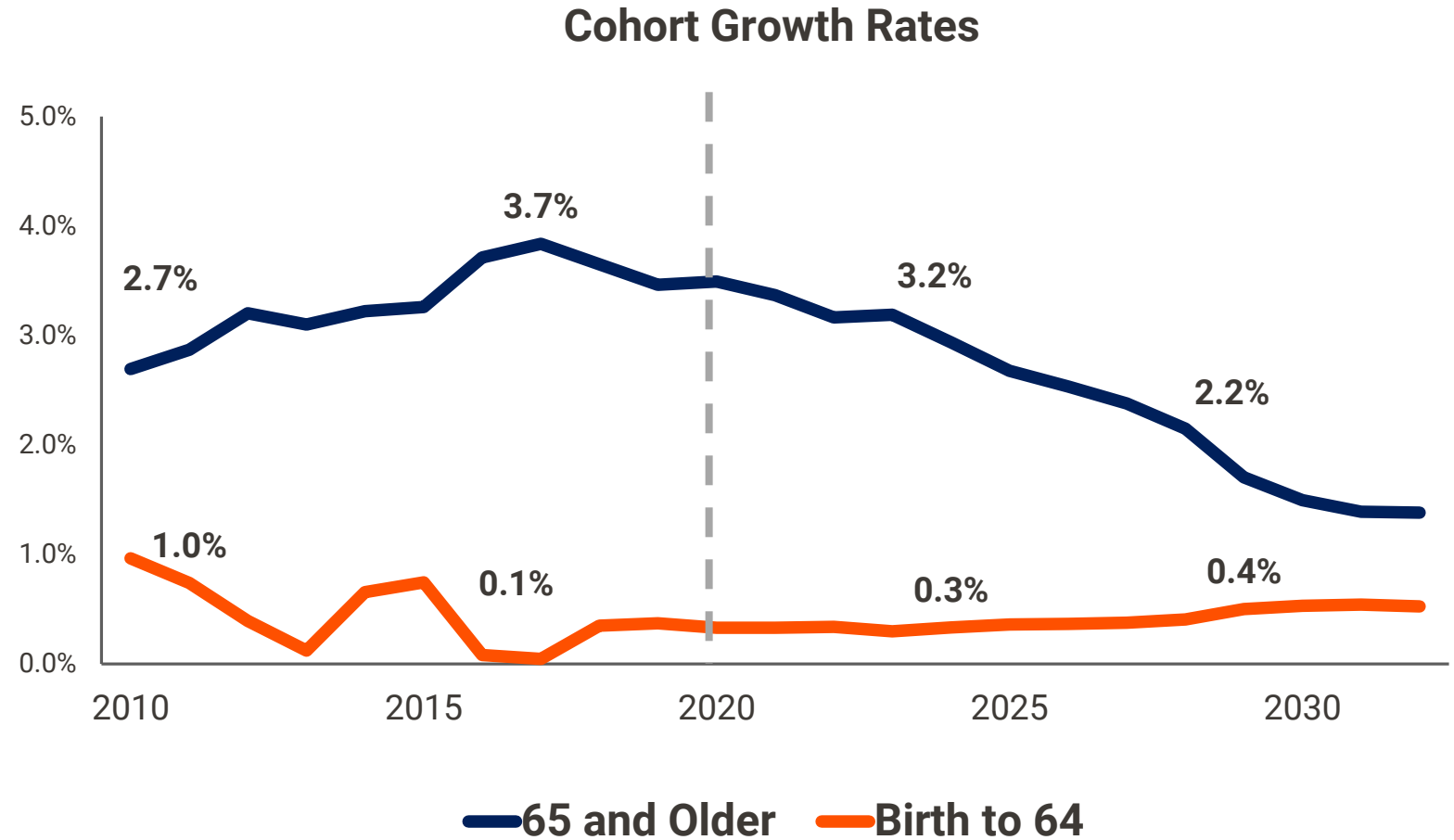
# Population Trends by Age Cohort

- Steady population growth projected through 2035



# Population Trends by Age Cohort

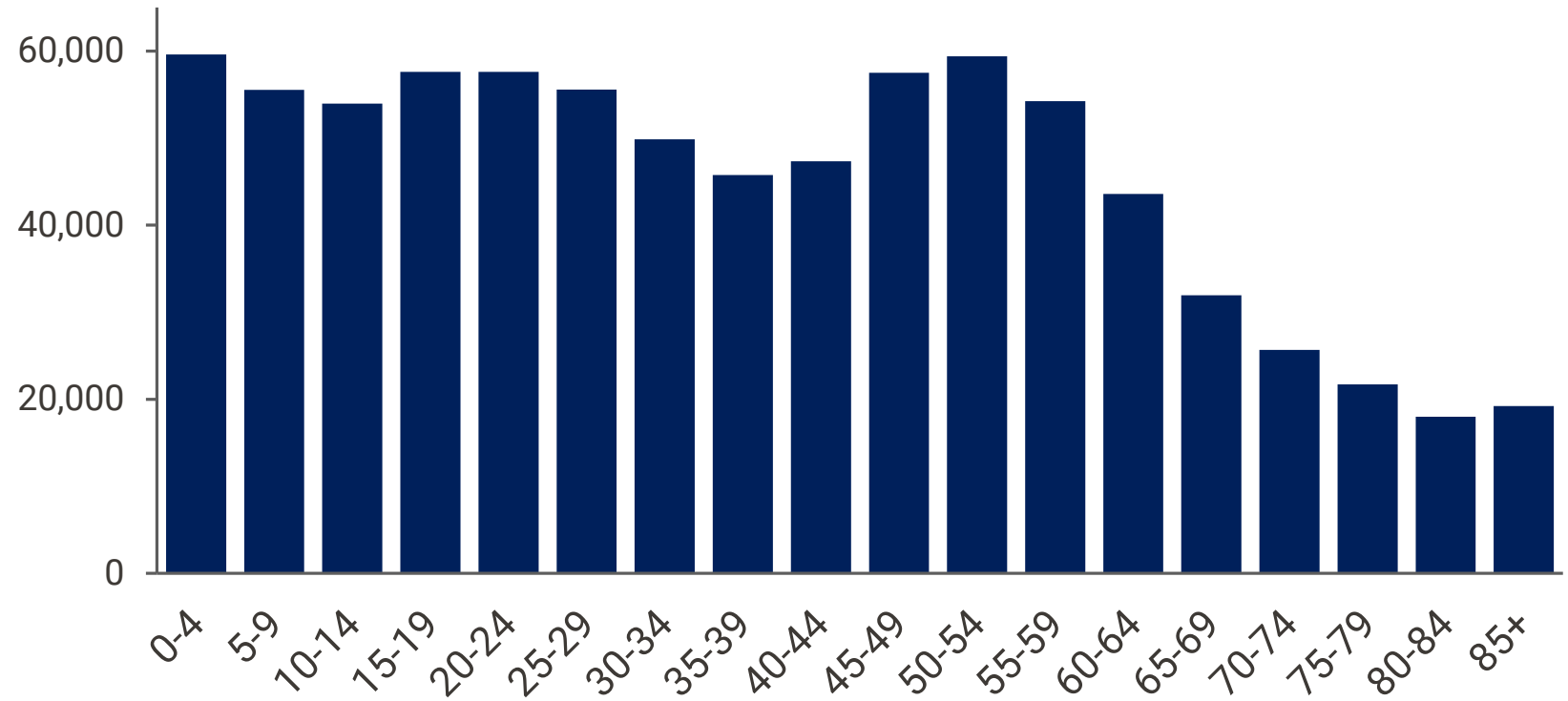
- Older cohort growing up to ten times faster than younger cohort
- Older cohort will continue to grow more quickly through 2035



# Population Trends by Age Cohort

- **Balanced age-distribution with noticeable baby-boomer bulge in the 45-60 age range**

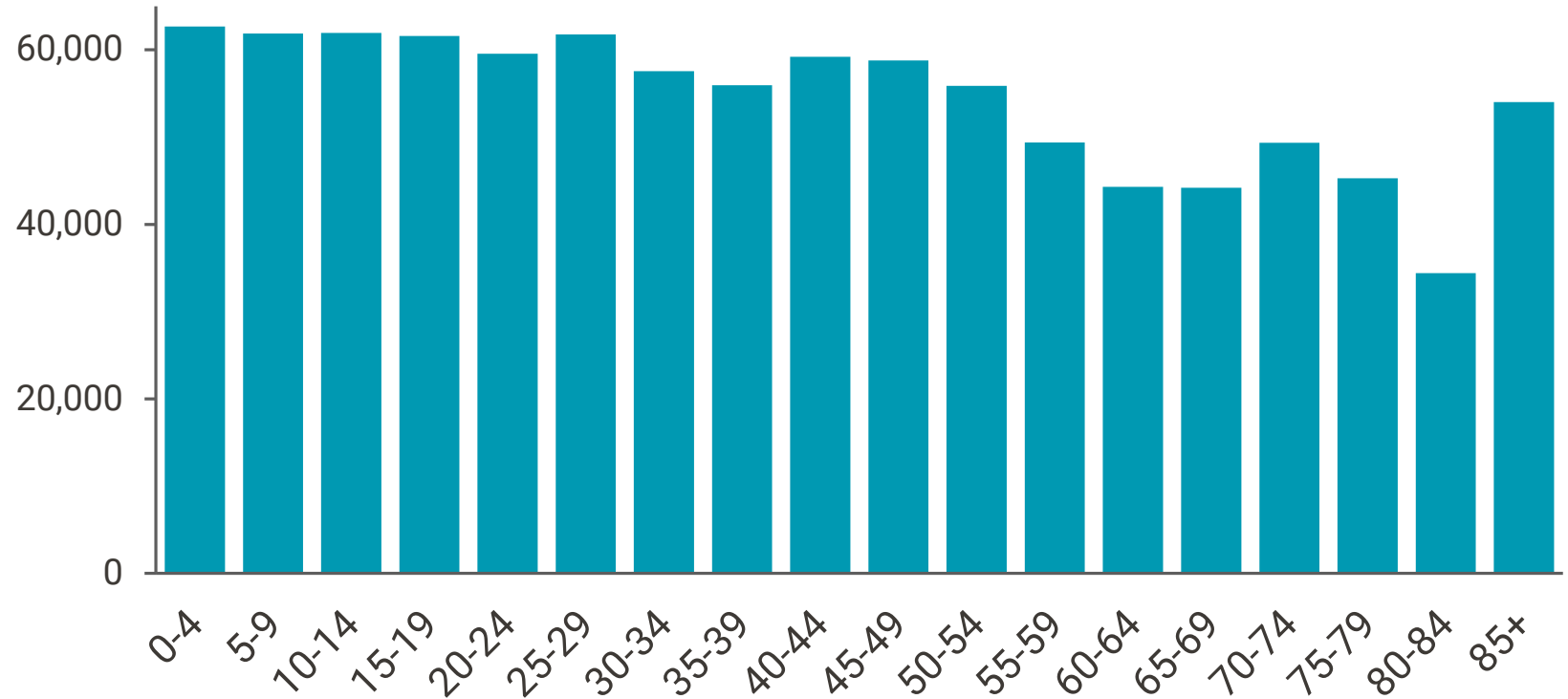
2010 Age-Distribution



# Population Trends by Age Cohort

- Skewed age distribution with too few youths and working-age adults relative to retirees
- Will impact fiscal spending and revenues

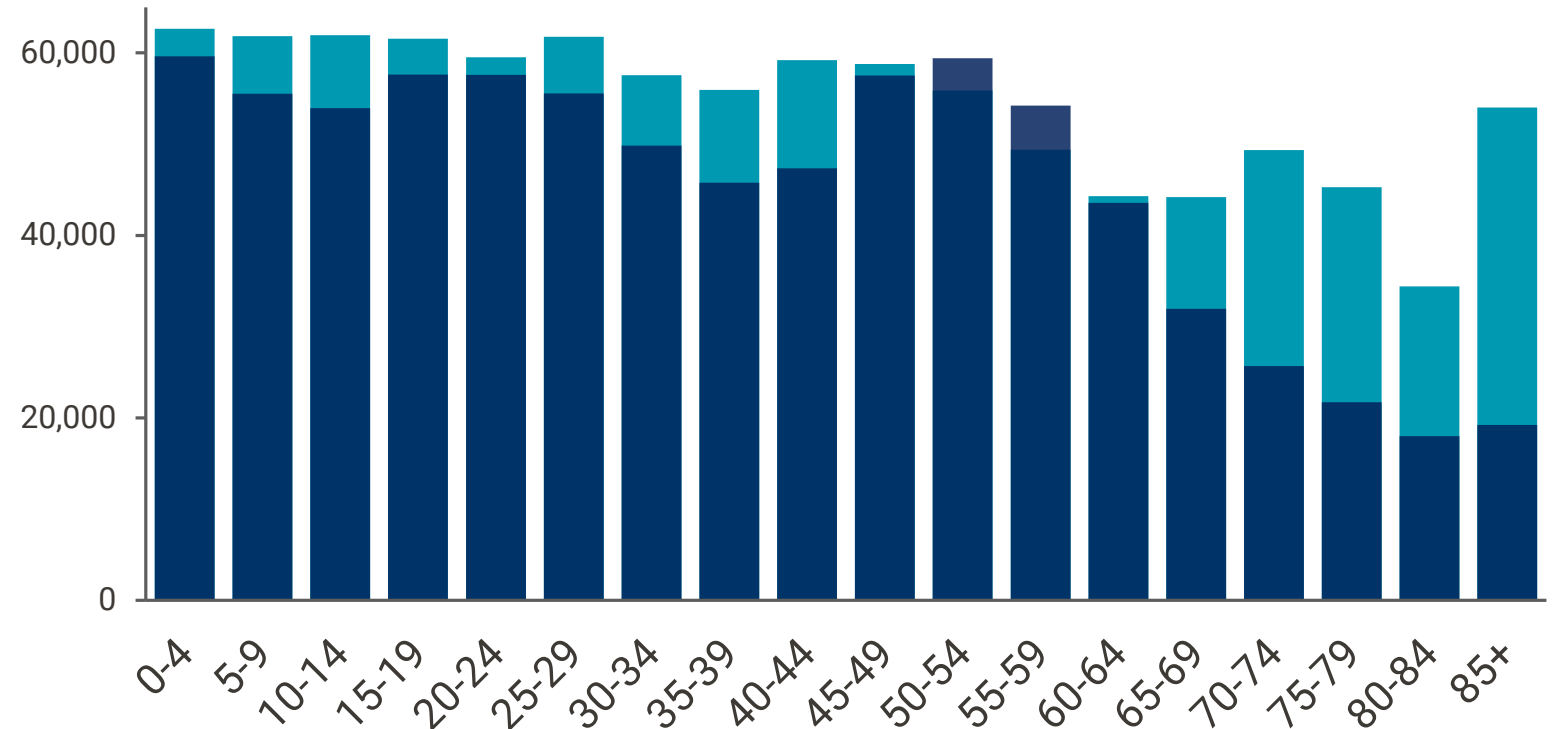
2035 Projected Age Distribution



# Population Trends by Age Cohort

- Baby-boomer population almost entirely into retirement years
- Projections show significant growth in the 70 and older cohort with little compensating growth in the working age population

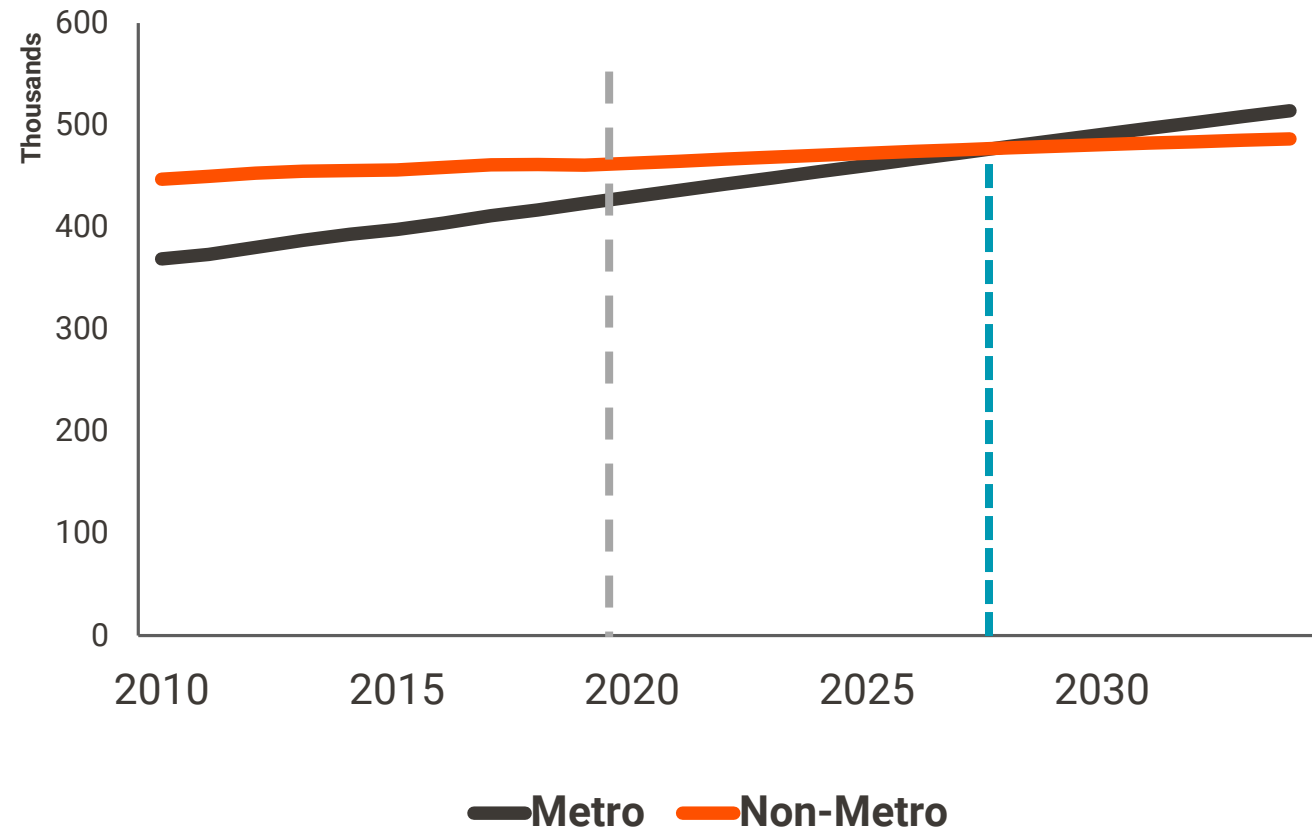
2010 vs 2035 Projected



# Population Trends by Region

- Metro population includes Sioux Falls MSA + Pennington and Lawrence Counties
- Metro population projected to surpass the non-metro population in 2028
- Non-metro population is aging more quickly than the metro population

## Metro vs Non-metro Population





# Municipal Revenue Trends

## Major Themes

- Slow growth
- Shrinking tax bases
- Transfer mechanisms needed

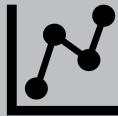
# Municipal Sales Tax Trends

2018



\$378 Million

2013-18



1% Annual  
Growth

Urban vs Rural



\$279 Million in 2018

\$243 Million in 2013

15% Growth



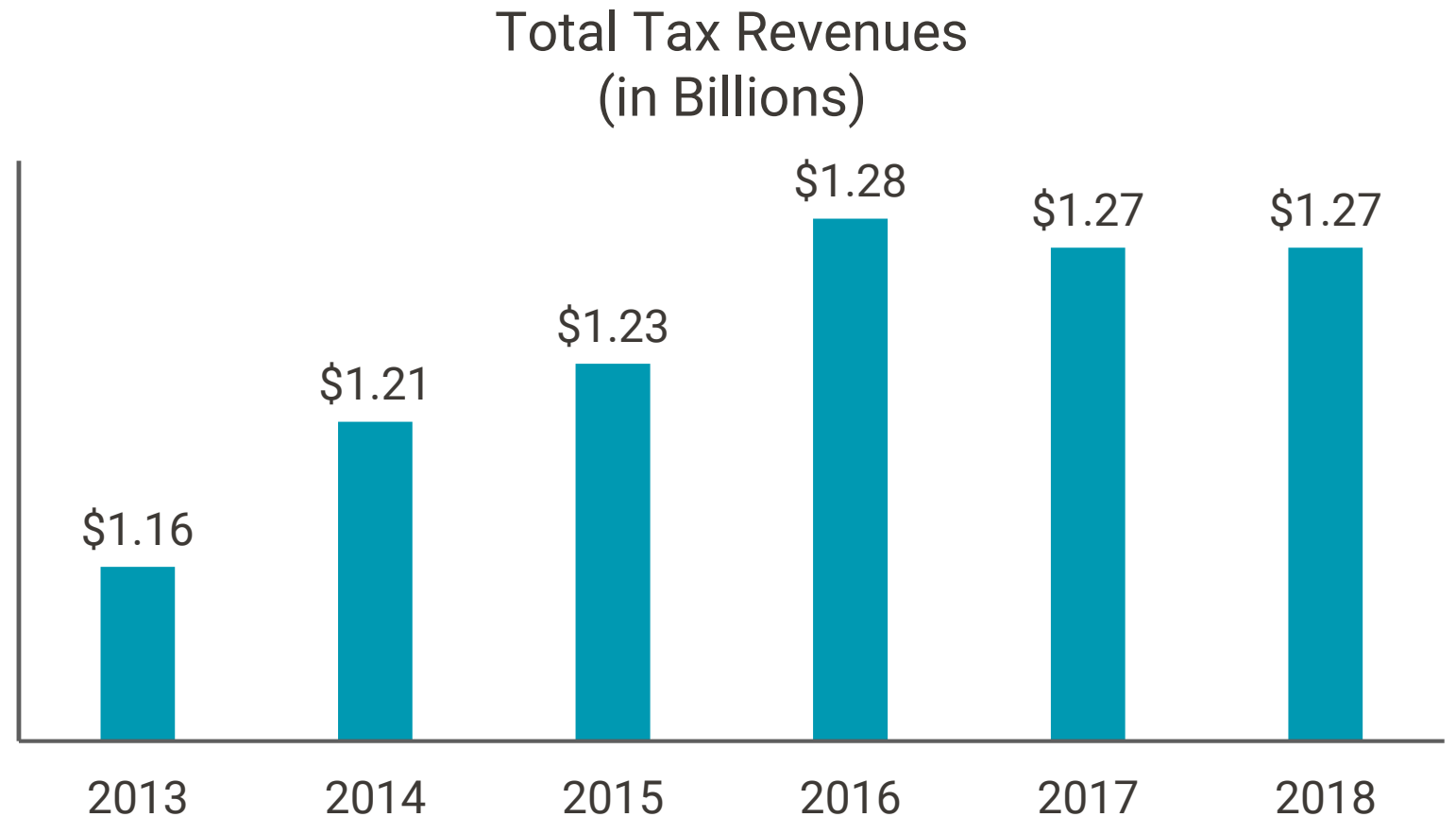
\$98 Million in 2018

\$96 Million in 2013

2% Growth

# Statewide Property Tax Trend

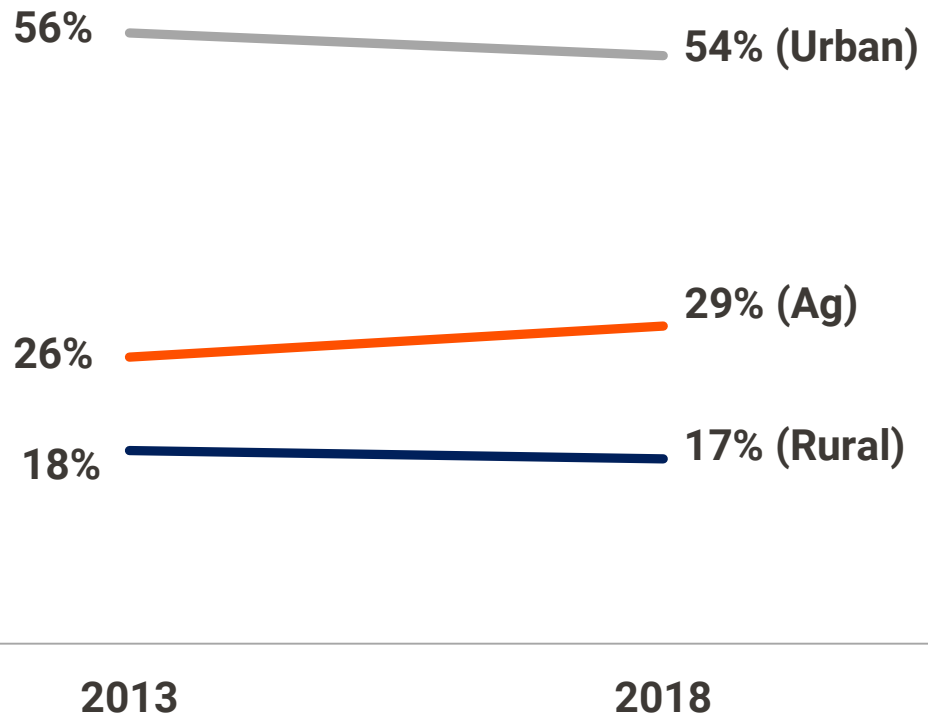
- Property tax revenues have been leveling off, but 2019 appears to have seen increased revenues
- Changes in data publishing prevent analysis in 2019 and potentially into the future



# Statewide Property Tax Trend

- Property tax burden has been shifting over time. Revenues are increasingly levied on agricultural land as opposed to rural and urban homeowners
- Shifting burden not necessarily a bad outcome because Ag producers have access to tax strategies that are not available to homeowners

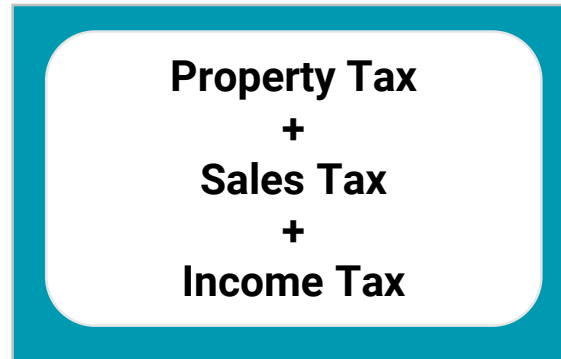
## Changing Payer Mix



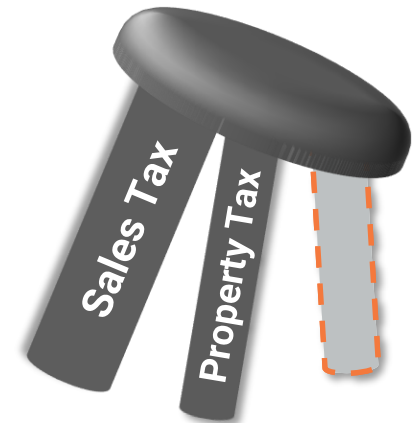
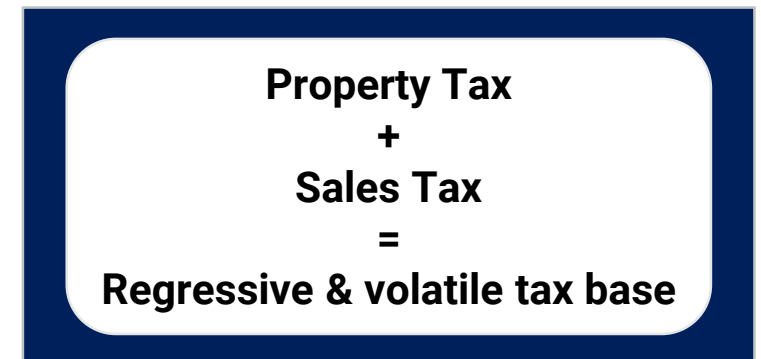
# Long-term Fiscal Issues

- Aging population and shift from rural to urban population centers will place increasing budget pressure on small-towns in rural South Dakota
- Mechanisms for transferring funds across jurisdictions may become more necessary

**Three-Legged Stool**



**Two-Legged Stool**



# Municipal Spending Trends

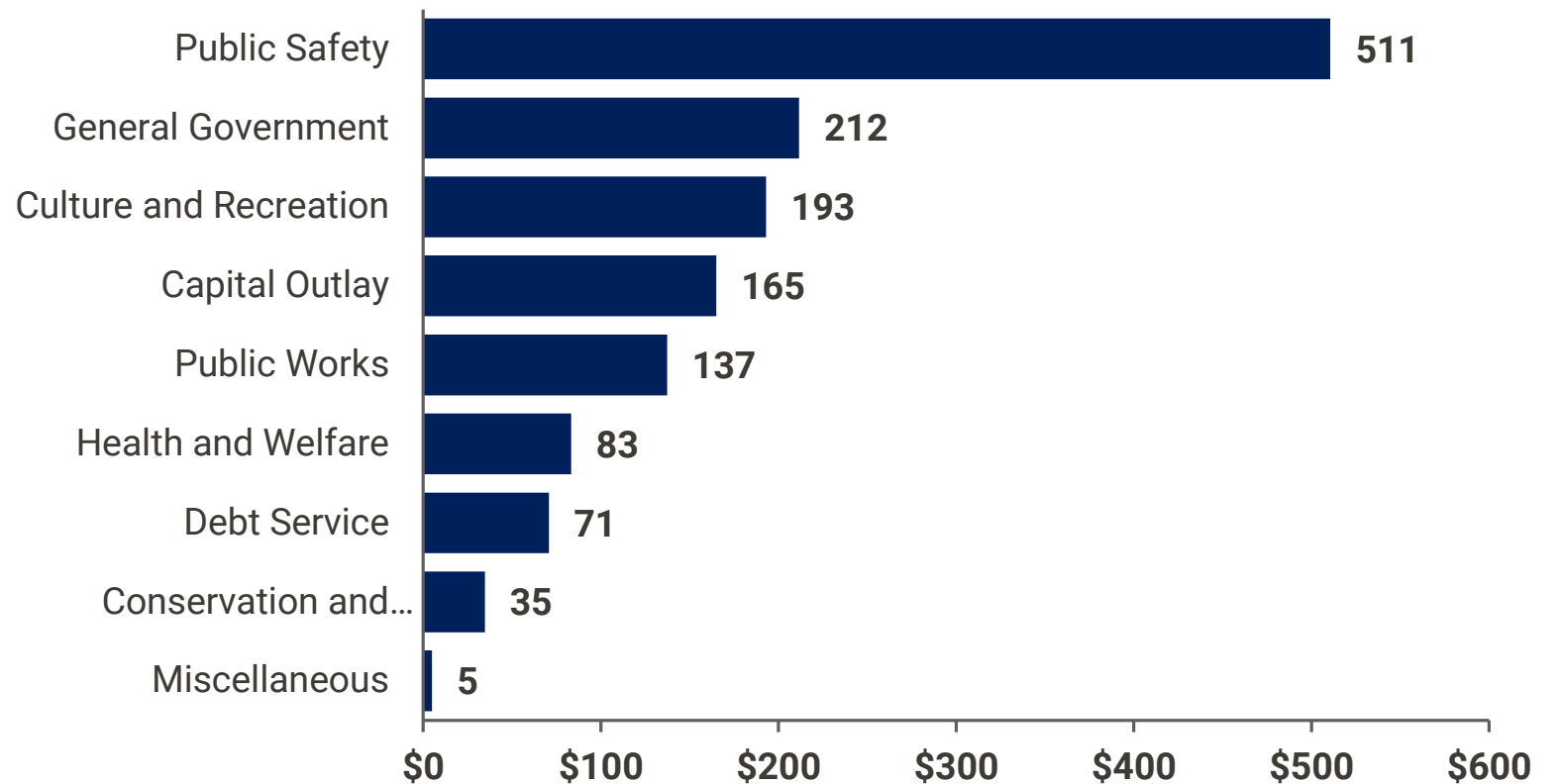
## Major Themes

- Spending patterns mostly stable
- Budget trends vary by community size

# Municipal Spending Trends

- Largest category of municipal spending is public safety
- Significant differences exist between large, medium, and small cities and towns, however

**Total Municipal Spending by Fund**  
Millions of Dollars (2018)

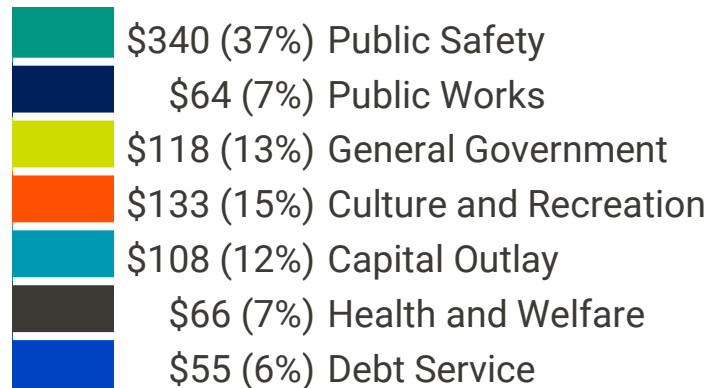
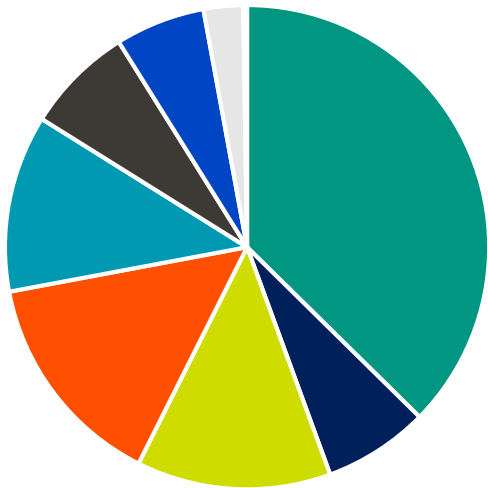




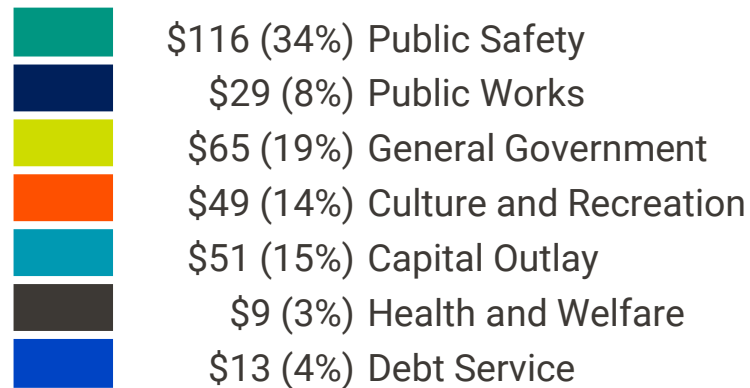
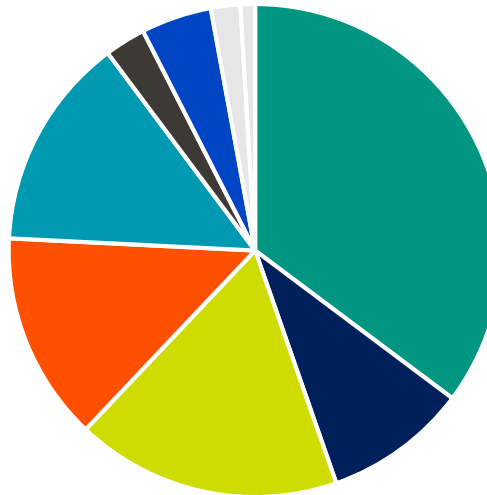


# Municipal Spending Trends

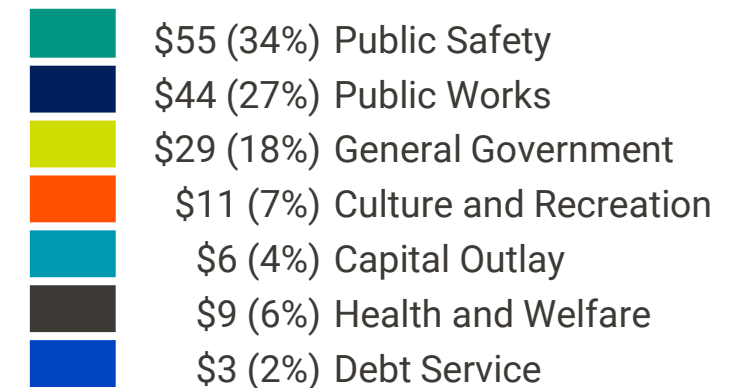
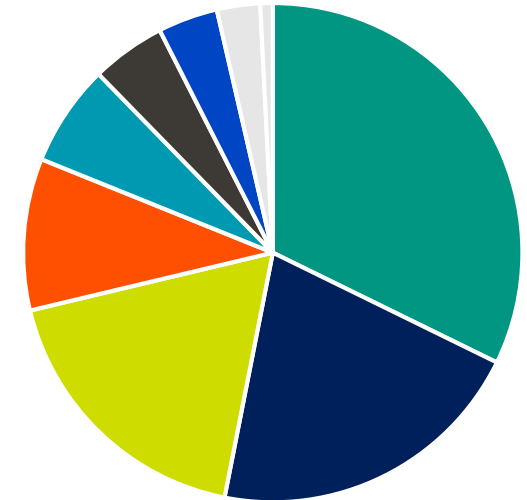
Large Cities  
2018



Medium Cities  
2017

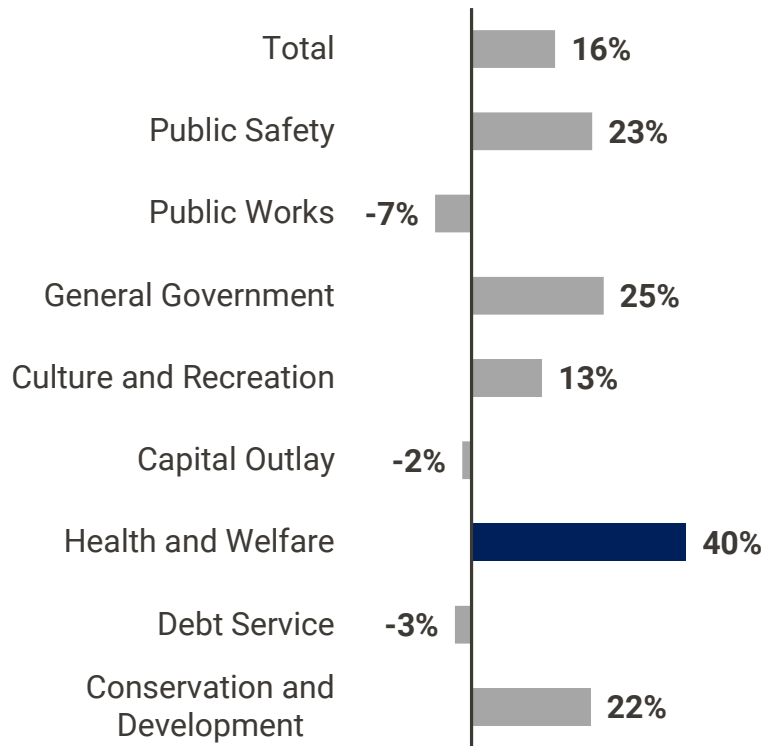


Small Towns  
2017

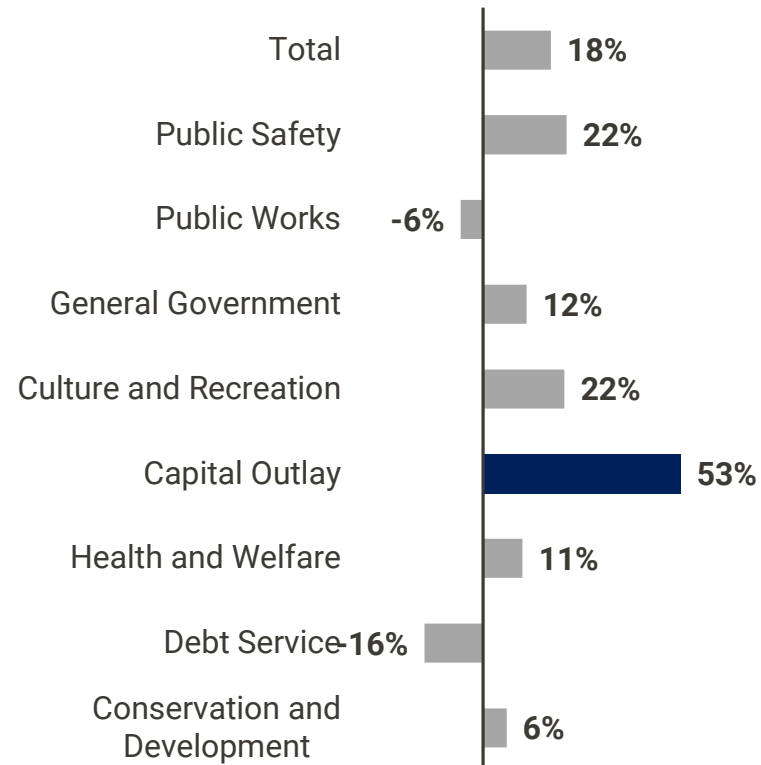


# Municipal Spending Trends

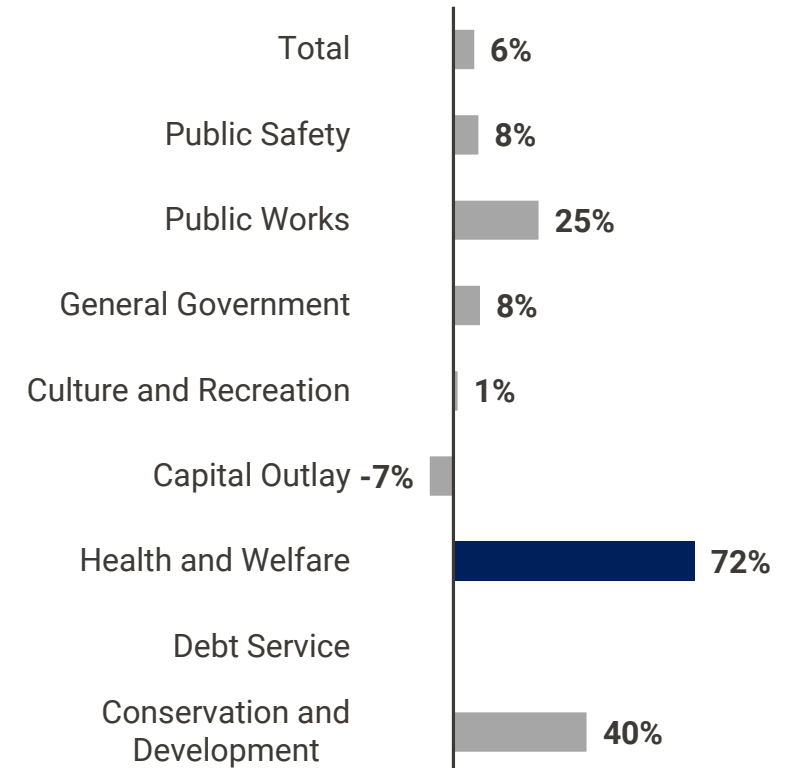
Large Cities  
2018



Medium Cities  
2017



Small Towns  
2017



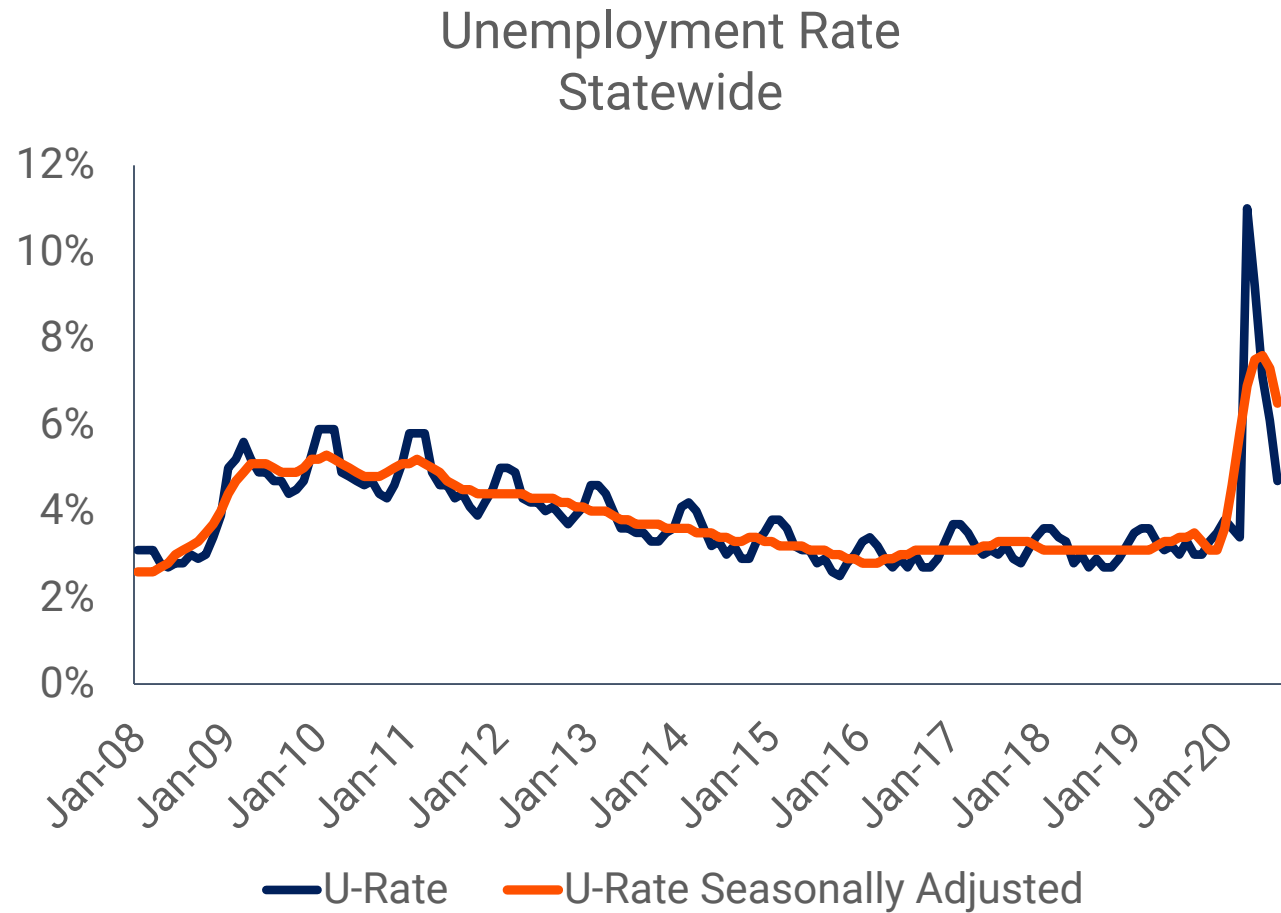
# Economic Trends

## Major Themes

- COVID-19
- COVID-19
- And also COVID-19

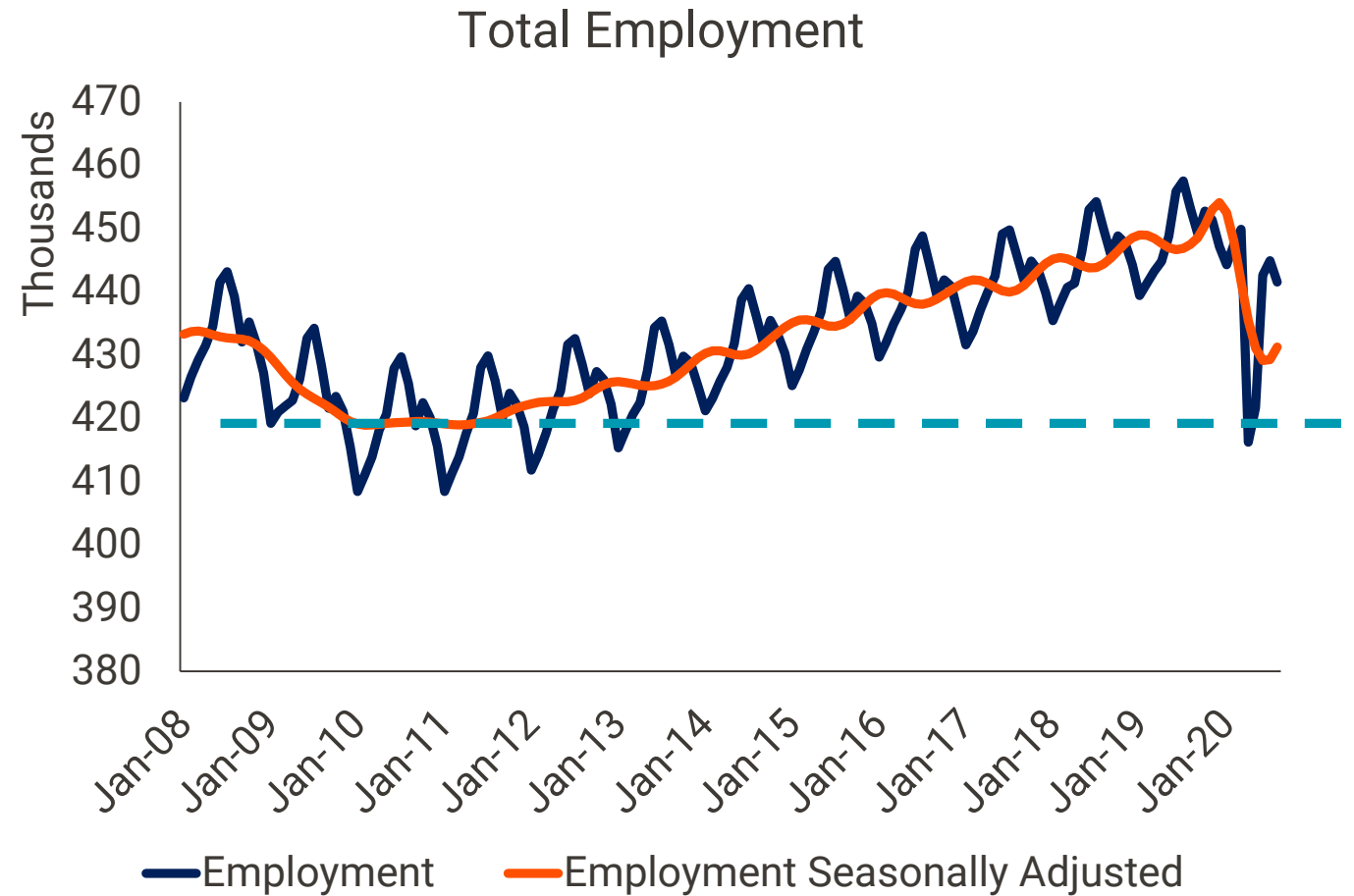
# COVID-19 Employment Impacts

	<b>Unemployment Rate</b>
Mar-09	4.90%
Aug-19	3.40%
Aug-20	6.50%



# COVID-19 Employment Impacts

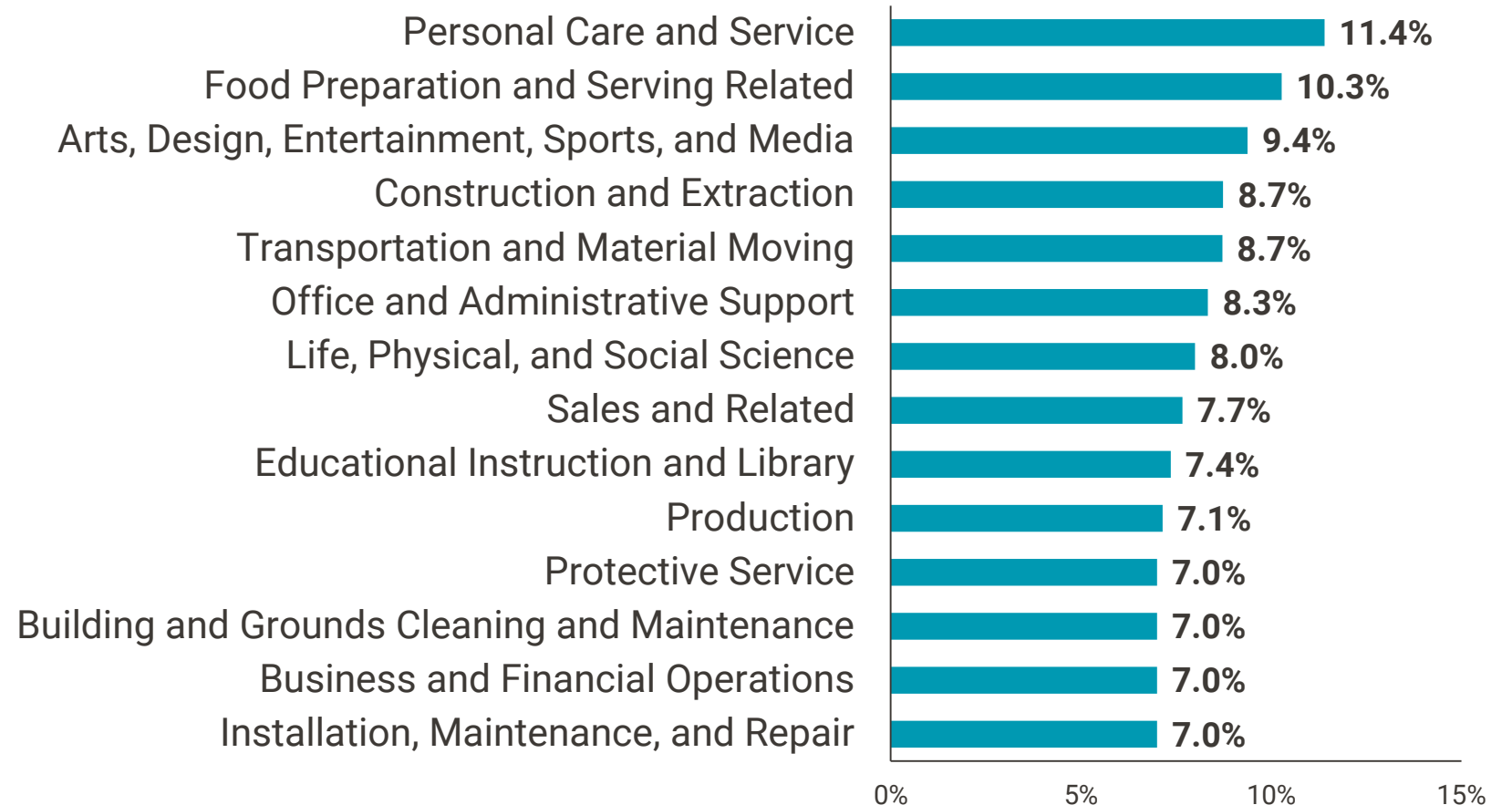
	Employment (SA)
Mar-09	426,908
Aug-19	447,493
Aug-20	431,268



# COVID-19 Employment Impacts

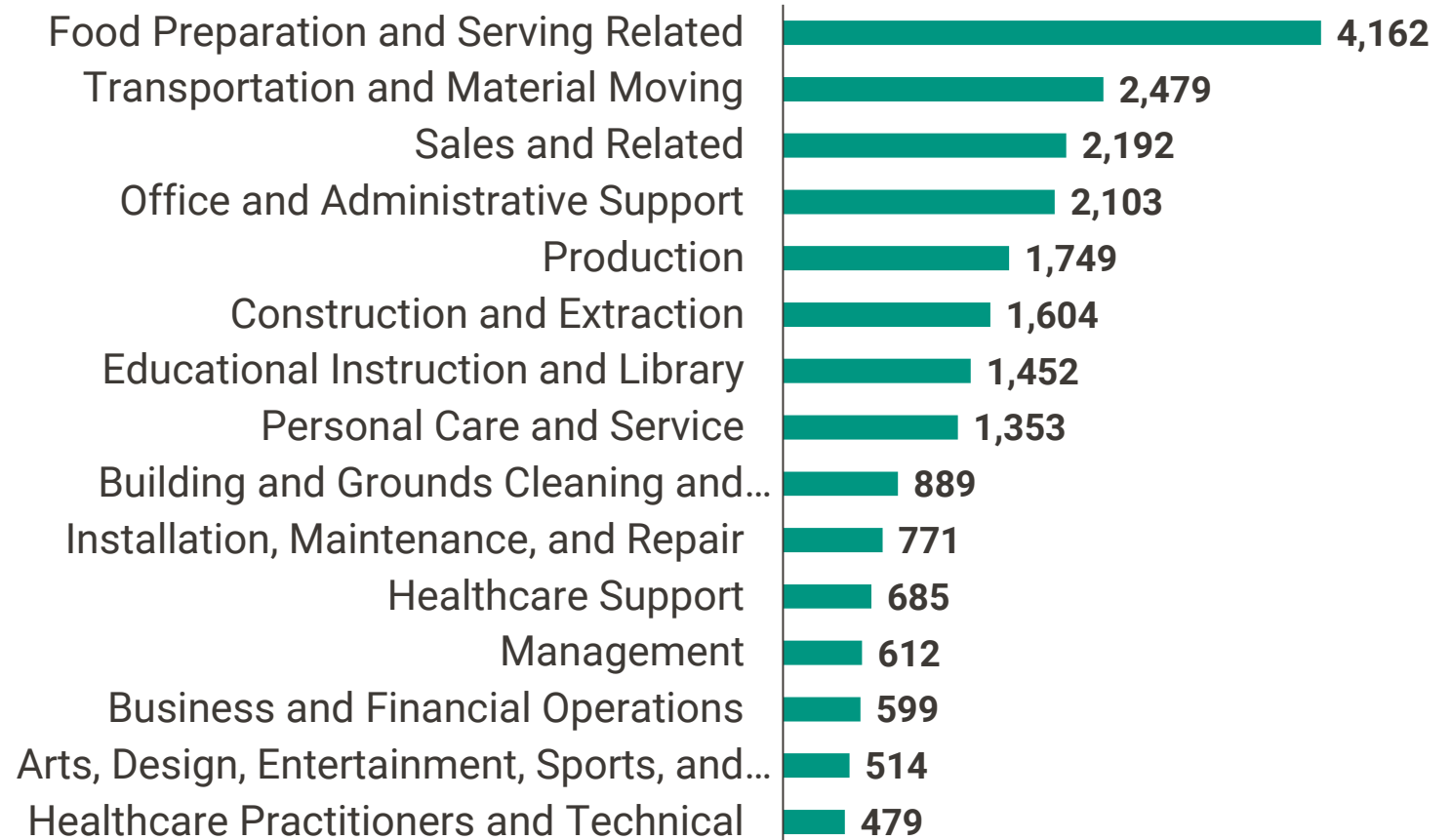
## Average Occupational Unemployment Rate

- **96 out of 432 occupations had greater than 7% unemployment in August 2020**
- **Each occupation can be classified within a larger occupation group**



# COVID-19 Employment Impacts

Unemployed Workers by Occupation Group

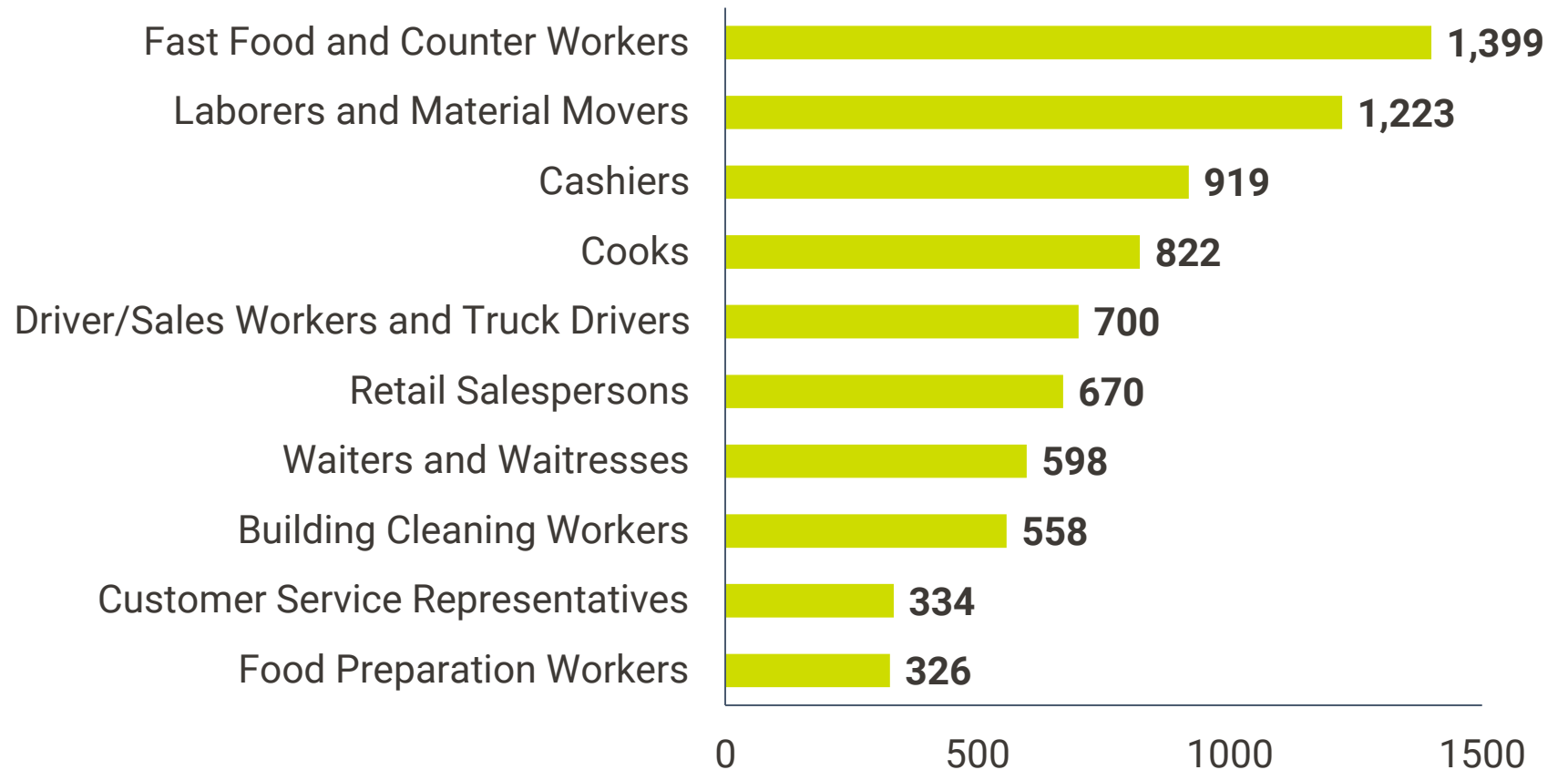


- Looking at numbers of workers shows job losses are highly concentrated even if unemployment rates are uniformly high
- 15 occupation groups accounted for 95% of unemployment
- Low-skilled and introductory jobs have been hardest hit

# COVID-19 Employment Impacts

## Detailed Occupational Unemployment

- 10 detailed occupations accounted for 33% of all unemployed workers in August 2020
- More than 7,500 unemployed workers in these 10 occupations alone





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