

SOUTH CAROLINA IN 2023 AND BEYOND: WHERE ARE THE WORKERS?



SOUTH CAROLINA DEPARTMENT OF
Employment and Workforce
"The Workforce Agency"

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MIDLANDS TECHNICAL COLLEGE – FEBRUARY 9, 2023

EMPLOYMENT SITUATION

Month	Employed ¹	Unemployed ¹	Unemployment Rate
February 2020	2,249,353	67,120	2.9%
April 2020	2,042,032 (-207,321)	268,537 (+201,417)	11.6% (+8.7 percentage pts)
December 2022 (preliminary)	2,300,110	77,361	3.3%
NET CHANGE (December 2022 vs February 2020)	+50,757	+10,241	+0.4 percentage pts

Post Pandemic Employer Demand	
Jobs: +50,757	Postings: +31,559 ²
Total Change in Demand: +82,316	Feb 2020: 64,000 Jan 2023: 95,559

Location	Unemployment Rate
United States	3.5%
Georgia	3.0%
North Carolina	3.9%

1. Household Survey: Nationally, there is a monthly Current Population Survey of about 60,000 households conducted by the Census Bureau for the Bureau of Labor Statistics (BLS) to determine employment status of the civilian population. This information, along with other inputs, are used by DEW to operate the Local Area Unemployment Statistics program, which estimates the number of individuals employed and those not employed, but actively seeking employment for statewide and a variety of substate geographies. 2. Approximation of daily jobs posted in SC Works Online Services Database.

SOUTH CAROLINA'S CHANGING GENERATIONS

Decade-by-decade comparison of the percentage of the labor force in that generation and the current number in the labor force.

Generation	Ages	1992	2002	2012	2022	2022 Number
Silent	76 and up	26%	13%	3%	1%	19,208
Baby Boomers	57 to 75	51%	46%	35%	18%	437,823
Gen X	41 to 56	23%	33%	35%	32%	758,791
Millennials	25 to 40	n/a	7%	27%	36%	848,086
Gen Z	Up to 24	n/a	n/a	n/a	13%	318,483

- Millennials became the largest generation in the labor force in 2016.
- Generations behind the Boomers are smaller in general, further worsening hiring challenges.
 - While the Millennial labor force is still growing, it is unlikely that it will reach the peak of the Boomer labor force.
 - The Census Bureau projects the Millennial Population will peak at 75 million, which would require a labor force participation rate of 88% to equal the number of Boomer jobs at the peak.
- The labor shortage is a long-term issue that the United States will be dealing with for years.

SOURCE OF EMPLOYEES

APPROXIMATE ANNUAL ENTRY POPULATION:
132,500

APPROXIMATE ANNUAL EXIT POPULATION:
108,700

HS and College Students seeking employment ¹

41,000

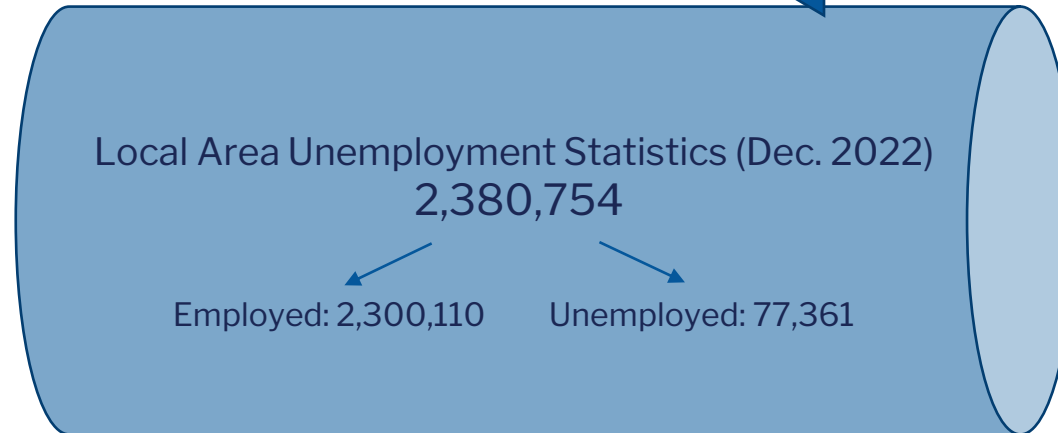
Individuals released from prison seeking employment ²

5,000

Individuals moving to SC & seeking employment ³

86,500

Individuals coming through workforce programs (WP, WIOA, etc.)



33,300

Workers retiring ⁶

7,500

Individuals dying ⁷

4,400

Individuals going to prison ⁸

63,500

Individuals moving out-of-state ⁹

Individuals re-entering the labor force
UNKNOWN

Assumed Static

Individuals residing elsewhere working in SC
121,700

Individuals residing in SC working elsewhere
181,100

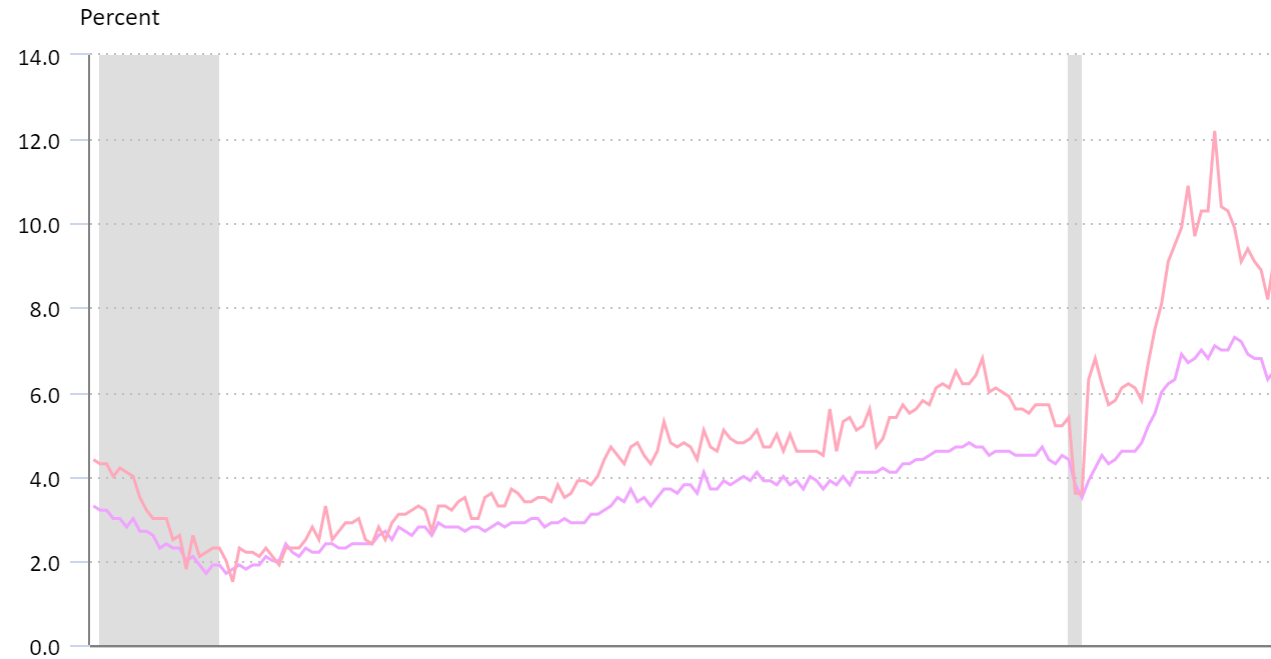
Individuals voluntarily leaving labor force
UNKNOWN

NATIONAL JOB OPENING RATE BY MONTH

Job openings rates by industry, seasonally adjusted

Click and drag within the chart to zoom in on time periods

- Total nonfarm
- Mining and logging
- Construction
- Durable goods manufacturing
- Nondurable goods manufacturing
- Wholesale trade
- Retail trade
- Transportation, warehousing, and utilities
- Information
- Finance and insurance
- Real estate and rental and leasing
- Professional and business services
- Educational services
- Health care and social assistance
- Arts, entertainment, and recreation
- Accommodation and food services
- Other services
- Federal government
- State and local government education
- State and local government, excluding education



Source: Job Openings and Labor Turnover Survey, U.S. Bureau of Labor Statistics

AVERAGE WEEKLY EARNINGS IN SOUTH CAROLINA

Supersector	12/20	12/22	Change
Total Private	\$908	\$992	+9.3%
Construction	\$1,144	\$1,175	+2.7%
Manufacturing	\$1,153	\$1,289	+11.8%
Trade, Trans., Util.	\$800	\$836	+4.5%
Financial Activities	\$1,267	\$1,200	-5.3%
Prof. & Bus. Svcs.	\$1,069	\$1,208	+13.0%
Edu. & Health Svcs.	\$901	\$973	+8.0%
Leisure & Hosp.	\$341	\$440	+29.0%
Other Services	\$860	\$877	+2.0%

- ▶ In the previous two years, wage growth has varied greatly depending on the industry of one's employer.
- ▶ For context, inflation was about 14% over this span.
- ▶ Source: Current Employment Statistics, DEW/U.S. Bureau of Labor Statistics, not seasonally adjusted

SOUTH CAROLINA LABOR MARKET

Month	Openings		Hires		Quits		Layoffs	
	Count	Rate	Count	Rate	Count	Rate	Count	Rate
November 2019	100,000	4.3%	91,000	4.1%	57,000	2.6%	26,000	1.2%
November 2020	124,000	5.6%	105,000	5.0%	68,000	3.2%	21,000	1.0%
November 2021	179,000	7.6%	131,000	6.0%	78,000	3.6%	20,000	0.9%
October 2022 (revised)	169,000	7.0%	96,000	4.3%	69,000	3.1%	23,000	1.0%
November 2022 (preliminary)	175,000	7.2%	108,000	4.8%	71,000	3.2%	21,000	0.9%

Source: Job Openings and Labor Turnover Survey, U.S. Bureau of Labor Statistics (seasonally adjusted)

“Despite the pessimism out there, our state’s businesses and workers are thriving. We see that companies are still eager to bring in talent and workers can find jobs that meet their needs. We also will be reviewing results from the first ever [Palmetto Business Barometer Survey](#) to learn more about what our state’s corporate leaders are thinking about their prospects.”

PALMETTO BUSINESS BAROMETER – JANUARY RESULTS

- ▶ The February survey is open now, so please participate! DEW and the S.C. Chamber of Commerce are jointly administering this new survey.
- ▶ The average respondent rated “the current state of [their] business” at 7.2 on a 1-to-10 scale, with higher numbers indicating better prospects.
- ▶ The top worries, by far, were inflation (73%) and staffing levels (68%).
- ▶ The six-month expectations index comes out at +22, indicating that more businesses expect the near future to be better than worse.

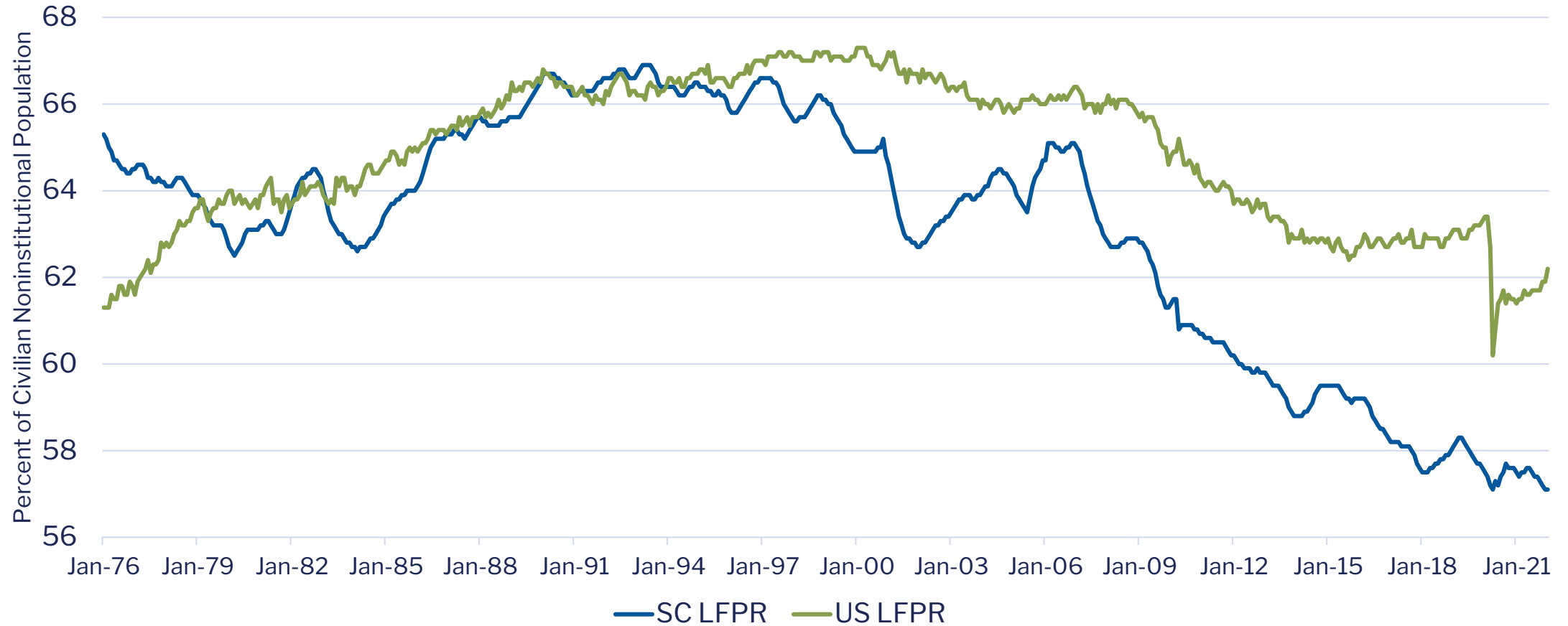
SO WHERE ARE THE WORKERS?

- ▶ The short answer is “they’re already working.”
- ▶ The past two years have seen a very dynamic labor market, which has fueled wage increases in working class jobs. Those who quit and took another job have seen even greater wage gains, per the Atlanta Fed.
- ▶ There’s no silver bullet here. A look at the age of our state’s workforce suggests that covid only accelerated a trend that was inevitable.
- ▶ However, labor force participation is a serious challenge for our state ...

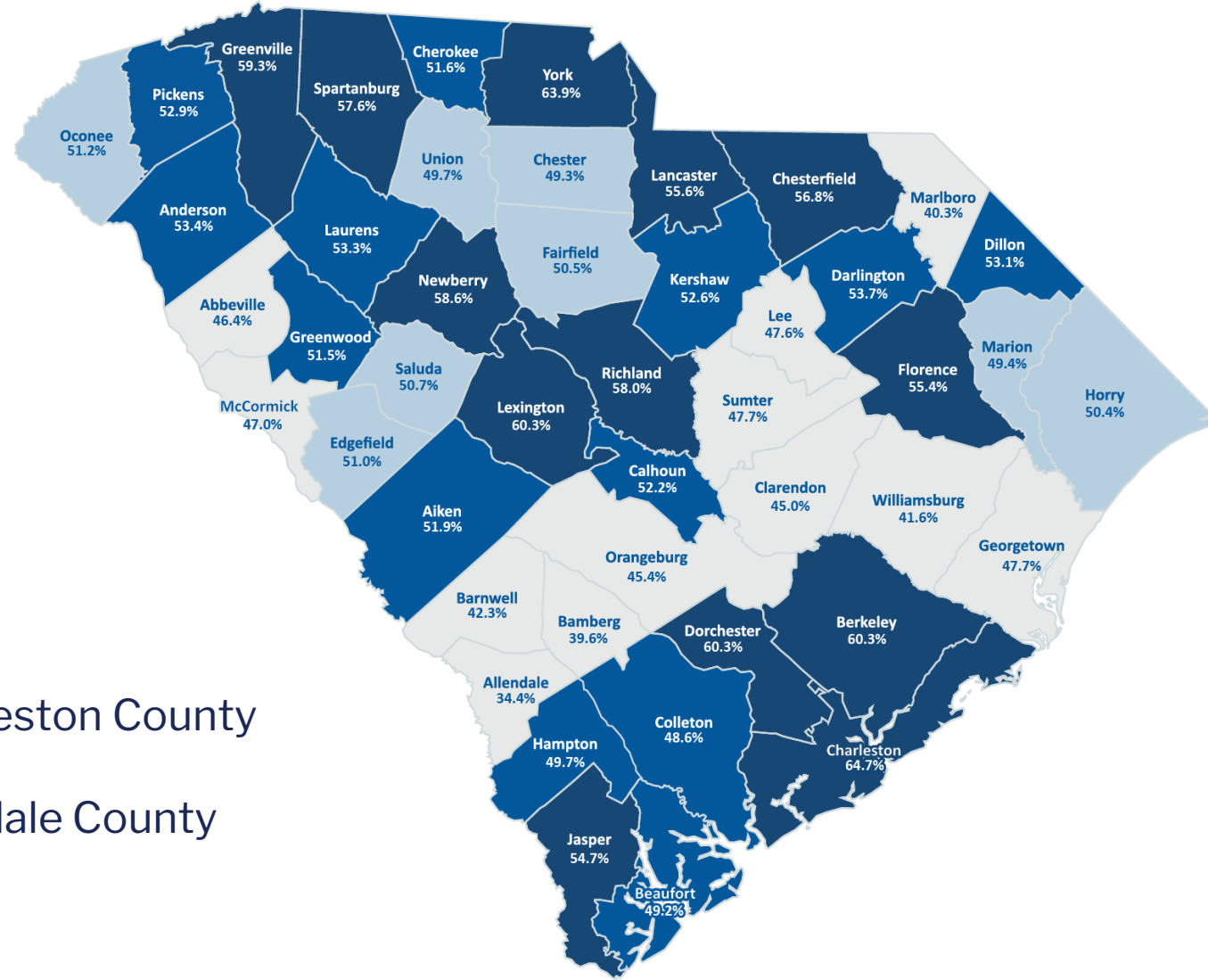


SOUTH CAROLINA LABOR FORCE PARTICIPATION TASK FORCE

SOUTH CAROLINA AND U.S. LFP RATES, 1976-2021



LFP RATES BY COUNTY, NOVEMBER 2022



High: 64.7% - Charleston County

Low: 34.4% - Allendale County

STARTING THE PROCESS

- ▶ The task force was first convened on March 23.
 - Eleven people were asked to serve on the task force, which included leaders from across academia, government, and the private sector.
 - I also serve on the task force and co-developed an initial analysis with my colleague, Dr. Erica Von Nessen, and presented it to the group.
- ▶ Two further meetings followed to determine next steps.
- ▶ All materials are available online at <https://dew.sc.gov/taskforce>.

TWO-TRACK RESEARCH

- ▶ It was determined that, to better understand the labor market dynamics at play, two research products would be required.
- ▶ One would evaluate the question from a macro level, working to identify fundamental shifts in the state's demographic and economic characteristics correlated with trends in the LFPR.
- ▶ Another would evaluate the question from a micro level ...

METHODOLOGY

- ▶ The massive surge of unemployment filings during the initial wave of the pandemic provided a unique research opportunity.
- ▶ DEW was able to use its UI records to identify individuals who:
 - Were present in our wage data in 2019
 - Filed a UI claim in 2020, thereby providing contact information to DEW
 - Were not present in our wage data in 2021
- ▶ We wanted to ascertain how many of these people had dropped out of the labor force, their reasons for doing so, and how they might be convinced to return.

DEPLOYMENT

- ▶ The survey was deployed online, with emails sent to 150,392 people who fit the population parameters.
 - Of those, 6,116 responded to the survey (about a 4% response rate).
- ▶ The survey included items on current work status, perceived barriers to employment, work history, and demographics.
 - Average time to complete was slightly less than 5 minutes.
- ▶ So, what did we find out?

THE TOP LINE

- ▶ Approximately 46% of respondents indicated they are currently working in some form.
 - Note that UI wage records do not include contractors or sole proprietors.
- ▶ An additional 26% are individuals who are not available to work (i.e., students, retirees, those with disability or health issues).
- ▶ **This leaves roughly 28% of respondents who are not working but could work.**

WHERE ARE THE 28 PERCENT?

- ▶ Certain groups were more likely to report that they were not working but available to work:
 - ▶ Black/African American: 32 percent
 - ▶ Aged 54 or younger: 33 percent
 - ▶ Less than college degree: 31 percent
 - ▶ Living in Tier IV counties: 37 percent
- ▶ *Midlands LWDA: 32 percent*

BARRIERS TO ENTRY – OVERALL

Barrier	Percent
Low pay jobs	23%
Health	20%
Gaps in employment history	19%
Lack of transportation	18%
Optimal hours not available	16%
Disabilities	15%
Lack of child care	14%
Stay with child	13%
Age (too old)	12%
Criminal record	11%

BARRIERS TO ENTRY – BY SEX

Barrier	Females	Males
Low pay jobs	23%	27%
Health	20%	19%
Gaps in employment history	20%	20%
Optimal hours not available	20%	9%
Lack of Transportation	19%	18%
Lack of child care	19%	
Stay with child	18%	
Disabilities	15%	19%
Age (too old)	12%	15%
Low self-esteem	10%	9%
Criminal record		19%
Lack of information about jobs		8%

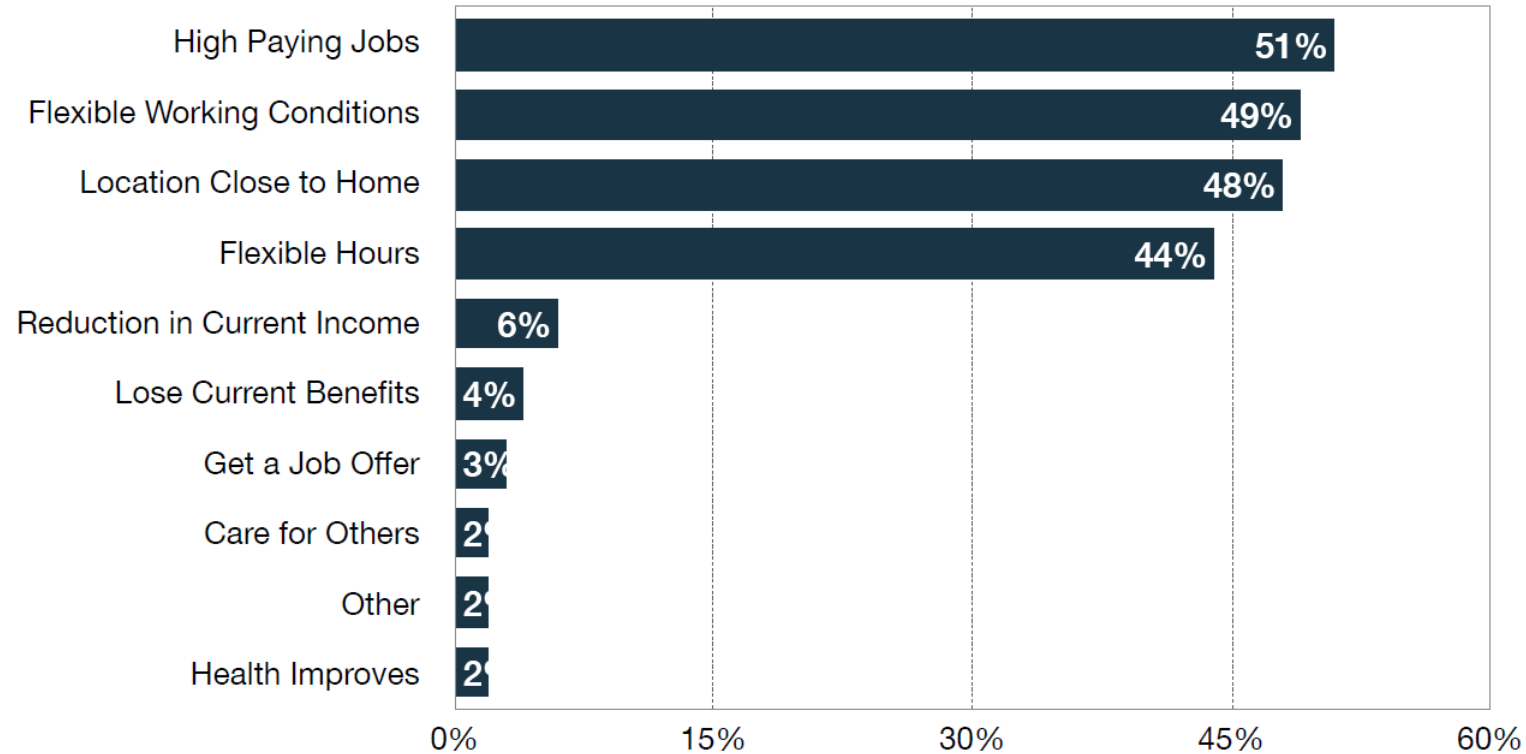
BARRIERS TO ENTRY – BY RACE

Barrier	Black/African American	White
Low pay jobs	22%	24%
Health	18%	25%
Gaps in employment history	17%	23%
Optimal hours not available	17%	17%
Lack of Transportation	21%	18%
Lack of child care	16%	13%
Stay with child	11%	16%
Disabilities	14%	17%
Age (too old)		19%
Low self-esteem		14%
Criminal record	13%	
Lack of information about jobs		
Lack of training	8%	

BARRIERS TO ENTRY – BY TIER

Barrier	I	II	III	IV
Low pay jobs	22%	24%	25%	23%
Health	20%	22%	23%	17%
Gaps in employment history	19%	23%	18%	15%
Optimal hours not available	17%	17%	15%	12%
Disabilities	17%	13%	14%	19%
Lack of transportation	16%	18%	16%	27%
Lack of child care	14%	15%	11%	12%
Stay with child	14%	13%	13%	12%
Age (too old)	13%	11%	10%	11%
Criminal record	11%	12%	12%	11%

BRINGING PEOPLE BACK



When asked what would attract someone not currently in the labor force to look for work, the four clear responses largely corresponded with the barriers that people identified.

KEY TAKEAWAYS

- ▶ Results suggest that there may be several policy levers to improve the labor force participation rate:
 - Improved communication about relevant job opportunities
 - Increased availability of childcare and rural transportation
 - Enhanced accommodations for persons with health issues
 - Facilitating more flexible working conditions where possible
- ▶ It is concerning that, in a time of high wage growth, “sideliners” see low pay as an obstacle to employment. Do people have unrealistic expectations, or will businesses need to pay more? Further research (e.g., a focus group) may be necessary.

PIVOTING TO THE RESEARCH ...

▶ The Chmura study covered several dimensions:

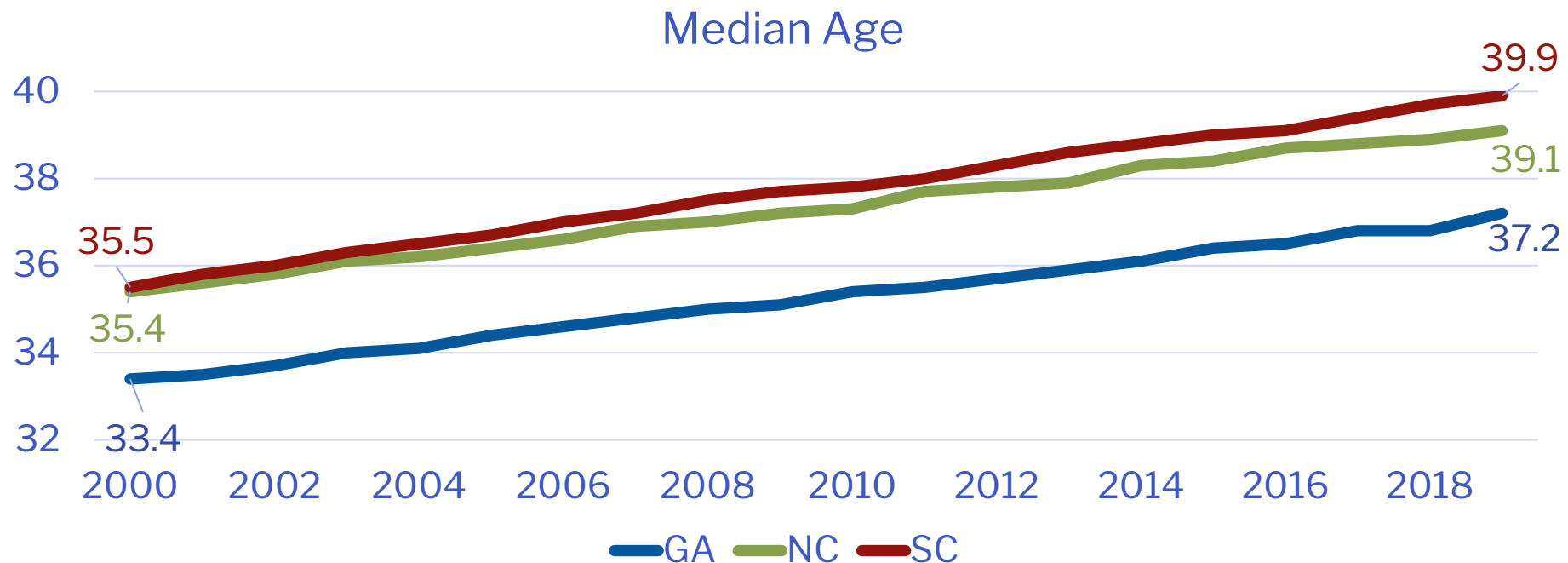
- ❖ Literature Review
- ❖ Decomposition Analysis
- ❖ Regional and Industry Analysis
- ❖ Policy and Strategy Implications

LITERATURE REVIEW

- ▶ Factors found to negatively impact labor force participation:
 - Aging population
 - Young adults spending more time on school and less time on non-school activities including work
 - Increased use of opioids and higher rates of disability
 - Increased globalization moving low-skilled manufacturing jobs overseas
 - Improvements in video game technology raising value of leisure over work

MACROECONOMIC FACTORS: AGING

- ▶ The primary cause of the state's labor force decline between 1994 and 2019 is attributable to an aging population
 - Share of the population 65+ nearly doubled from 11.9% to 23.3%.



- ▶ South Carolina's median age is older than surrounding states and has increased faster over the past two decades.

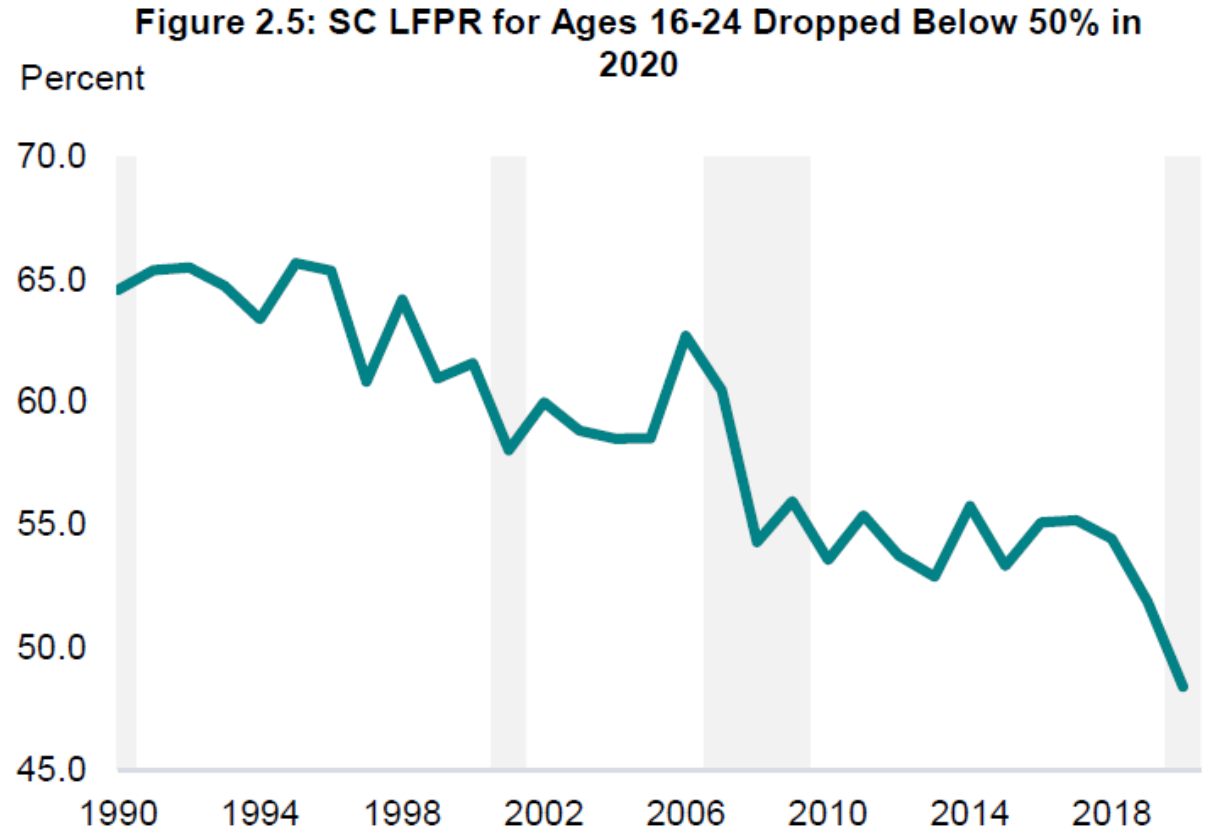
MACROECONOMIC FACTORS: AGING

- ▶ The increasing share of the population over the age of 65 accounted for 72.8% of the reduction in the state's LFPR.
 - By contrast, aging contributed less to similar but less severe declines in both Georgia (58.8%) and North Carolina (54.2%).

- ▶ Although the overall population is getting older, LFP rates have increased for older workers 55+, particularly women, which has offset some of the overall decline.
 - “Prime age population” (25-54) has become a smaller share of the labor force but also saw a decline in participation between 1994 and 2019.

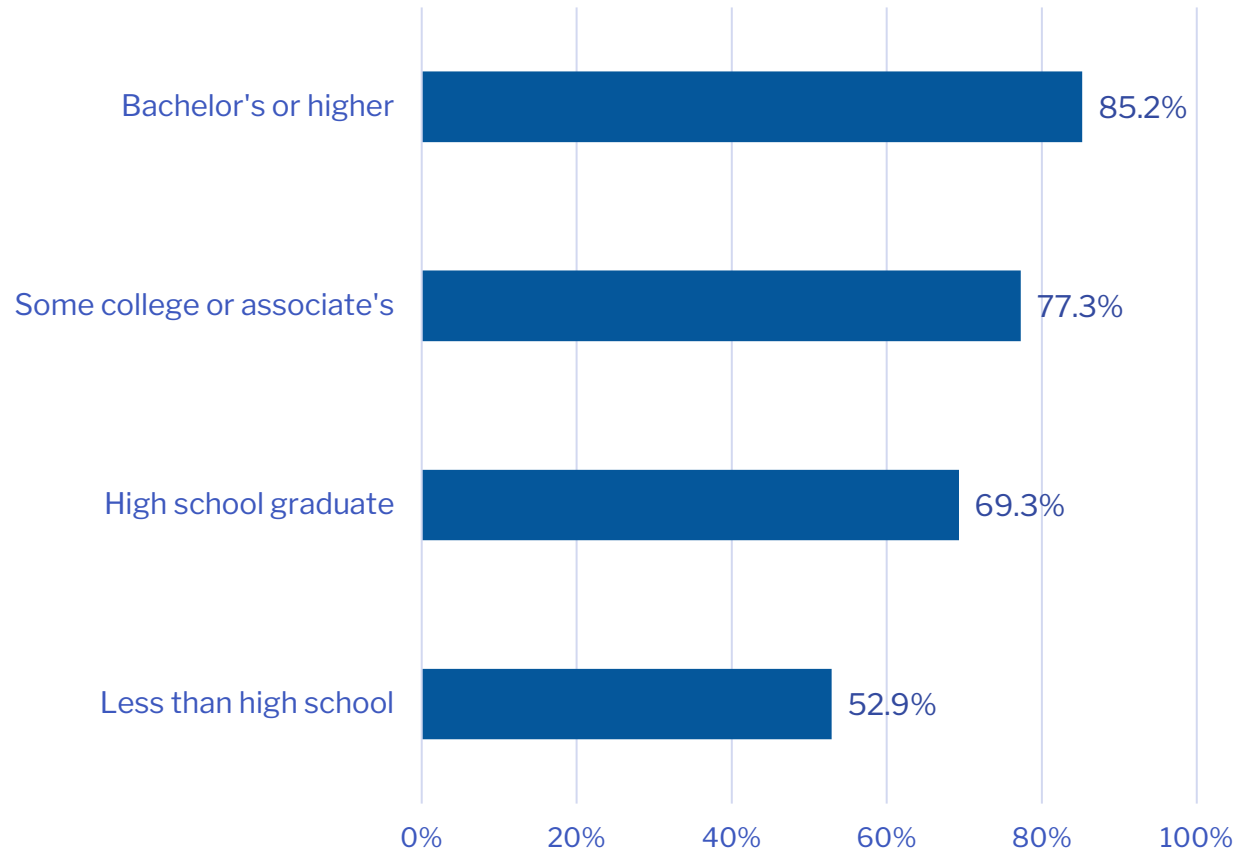
MACROECONOMIC FACTORS: EDUCATION FOCUS

- ▶ Participation rates for youth (16-19) have fallen dramatically as more people focus on education rather than employment.
 - Encouraging labor force participation within this age group should not come at the expense of additional educational attainment.



MACROECONOMIC FACTORS: EDUCATIONAL ATTAINMENT

LFPR by Educational Attainment, 2021



Source: American Community Survey 2021 1-Year Estimates

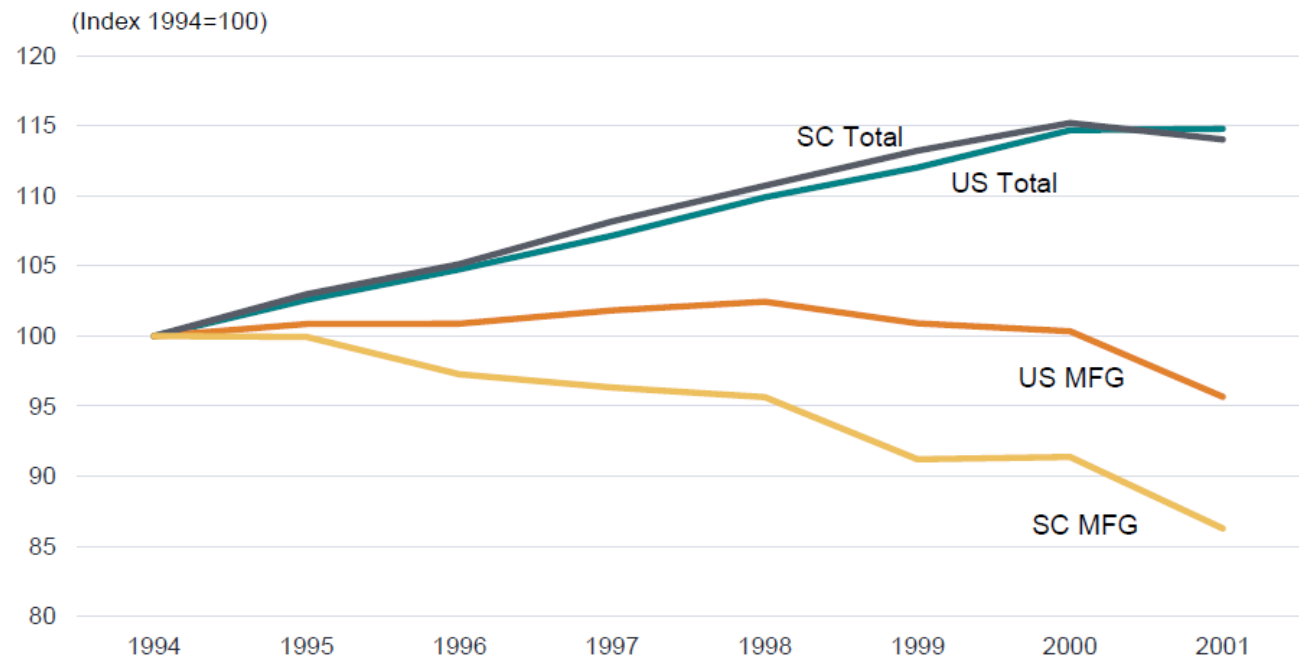
► South Carolina's labor force participation rate would have fallen more than it did if there had not been gains in educational attainment between 1994 and 2019.

- If educational attainment had stayed constant, 2019 LFPR would have been just 53.7% instead of 58.8%.

MACROECONOMIC FACTORS: INDUSTRY MIX

- ▶ South Carolina lost nearly 104,000 jobs between 1990 and 2010 in Textile Mills and Apparel Manufacturing.
 - These workers likely couldn't transfer skills to other industries due to limited job availability and skill mismatch.

Figure 4.2: Manufacturing Employment Dropped 14% in South Carolina From 1994-2001



Source: BEA and Chmura

RURAL VS. URBAN LFPR

- ▶ Rural counties (<155 people/mi²) had an average LFPR that is 8.4 percentage points below other counties. This disparity was even larger for some demographic groups:

	Rural	Urban	Difference
Male	71.8%	82.2%	-10.3 points
Black or African American Alone	53.9%	63.9%	-10.0 points
With any Disability	31.5%	41.3%	-9.8 points
Hispanic or Latino (of any race)	62.0%	71.3%	-9.3 points
Less than High School Graduate	47.4%	56.5%	-9.2 points

REGRESSION ANALYSIS

- ▶ A greater share of men in a county is associated with lower LFPR
 - There's nearly a one-for-one inverse correlation.
- ▶ Participation rate in rural counties is marginally lower, holding other factors constant, compared to urban counties.
 - Rural areas that retained manufacturing employment may be somewhat insulated from larger LFPR reductions in other rural areas.
- ▶ The percentage of the population with a disability has a negative but relatively small impact on LFPR.

POSSIBLE POLICY RECOMMENDATIONS

- ▶ Providing higher paying jobs will likely improve labor force participation across regions and demographic groups.
- ▶ Older Workers:
 - Develop job placement programs design for this population
 - Dedicate staff at workforce centers to assist these workers
 - Encourage self-employment and update skills to transfer to new jobs
- ▶ Workers with Disabilities:
 - Adopt framework of employment as first and preferred option
 - Incentivize private sector employment for businesses employing or owned by workers with disabilities

POSSIBLE POLICY RECOMMENDATIONS

▶ Young Adults:

- Strengthen career-related content in middle and high school
- Encourage employers to offer quality paid internships and job shadowing and support summer youth employment programs

▶ Formerly Incarcerated:

- Remove overly restrictive policies on hiring and occupational licensing
- Assist jobseekers with explaining gaps in employment history

▶ Rural Workers:

- Encourage programs such as organized carpooling and study feasibility of establishing additional public transit

POSSIBLE POLICY RECOMMENDATIONS

▶ Workers in Declining Industries:

- Build programs to help workers transfer skills to growing industries
- Attract employers to an area based on skill availability of residents

▶ Caregivers:

- Encourage private sector employers to offer more family friendly policies:
 - ▶ Flexible work schedules
 - ▶ Paid family leave
 - ▶ Childcare vouchers