



Summary -- Inaugural Meeting
March 23, 2022

- **Welcome & Task Force Challenge:** Dan Ellzey, Executive Director, SC Department of Employment and Workforce (“SCDEW”), welcomed participants and gave an overview of the agency and the goals for the South Carolina Labor Force Participation Task Force (“Task Force”).
 - [Click here for a copy of Director Ellzey’s presentation](#)
- **Setting the Stage:** Susie Shannon, President & CEO, SC Council on Competitiveness, shared the goals of the inaugural meeting and facilitated Task Force introductions.
 - [Click here for participant bios](#)
- **SCDEW Data Presentation:** Dr. Erica Von Nessen, Research Economist, SCDEW and Dr. Bryan Grady, Labor Market Information Director, SCDEW, presented SC data and trends, as well as examples of labor force participation (“LFP”) studies and efforts in Ohio and Japan.
 - [Click here for copy of presentation](#)
- **Discussion:** The Task Force discussed LFP issues (such as the various elements that contribute to the state’s LFP), available and still-needed data and informational resources, and possible avenues for additional research and exploration. Pertinent comments/inquiries have been divided into several sections below: (1) Existing and desired information, (2) Characteristics of those currently out of the workforce, and (3) Recommendations/Possible scope of activities.

1. Existing and Desired Information

SCDEW’s data presentation highlighted select indicators related to South Carolina’s LFP:

- The SC LFP rate is 57% (vs. the US LFP 61.9%), which is only a fraction of a percentage point above the lowest on record for the state since data began in 1976 and is better than only four other states, despite SC having a higher LFP rate than the nation during the late 1970s.
- From January 1976 through December 2021, South Carolina’s LFP rate declined from 65.3% to 57%, a drop of 8.3 percentage points, while the national figure went up 0.6 percentage points.

- SC's LFP rate has declined more than any state, except Nevada (-10.6 points) and Hawaii (-9.8 points) (note both states have robust tourism industries like South Carolina).
- 4.2M South Carolinians are of working age; only 2.4 million are employed or seeking work.
- Increasing the SC LFP rate by just one percentage point from its December 2021 level of 57.0 percent would introduce over 42,000 potential employees to the state's workforce.

Task Force members shared the following information and questions about additional data needs and research (*questions pending are in italics*):

- Two stories: (1) Mass retirements, and (2) Women leaving the labor force.
- SC has more 65+ individuals than school-age kids. *How can SC attract younger workers to the state, not just the retirees? Is the state's goal to have all retirees working again?*
- *Why aren't 16-19-year-olds working, and what are they doing?*
- *What are the workforce needs and trends, and are kids obtaining needed skills?*
- International trade and transition of textile to advanced manufacturing industries were structural changes during the 1990s that may be contributing factors. *What happens when a displaced 55-yr-old loses their job?*
- The labor story is changing a bit; leisure, hospitality, and education are lost now. Education and government jobs have continued to fall.
- Retirees may reenter the labor force if occupational licensing/certification reciprocity with other states.
- *What is reason for 2000-2001 sizeable downward trend - decline of manufacturing?*
- SC appeared to have much more exposure to the 2001 recession compared to rest of the nation, but it is not obvious why based on the industry breakdown provided -- *Insight? Was the state a center for the dot-com boom? +1 on exposure to trade (NAFTA + China accession to WTO)?*
- Although American Time Use Survey has state-level data, appears to be minimal and less useful. Better to use the national data and look to it for state trends.
- SC is unique due to economic hubs and many rural areas. Looking at county-level data is key (along with developing solutions at the county level). However, county-level LFP rates are hard because there is not a comparable level of data.
- Note impact of changing labor story, especially leisure/hospitality, education, public sector jobs.
- *Have other states implemented incentives to induce non-participants to work?* Discussion on Ohio study, with suggestion to discount for several reasons.
- 2021 data was an anomaly, regionally (Charlotte and Atlanta), and an urbanization issue.

- *What are workers' outside options and what are the trade-offs and decisions they are making? How are they spending their time outside the labor market (and how are they paying for things)?* Consider timing related to stimulus payments (significant number of people in May of 2020 reporting they plan to return to work in 2022).
- *Why aren't wages growing to attract workers?*
- *Why is South Dakota and Nebraska LFP so high?*
- North Carolina and South Carolina have had significant in-migration. South Carolina's LFP has grown while North Carolina's has not. *Why and what does that mean?*
- *What is the wedge between supply and demand in select occupations (e.g., nursing)?*
- Critical occupational shortages impact and other consequences – *Nursing shortage lead to lower quality health care?*
- More likely to get more traction outside of what SCDEW can do if can flag bigger problems than just employers not finding workers (e.g., stability of state/city pension funds). LinkedIn (“LI”) is helpful for learning about the skills of folks in the labor market or the skills employers say they are looking for, but it's unlikely to be helpful for learning about the skills of folks outside of the labor force (which is what we want). We are better off going towards public use micro surveys (ACS, PSID) for that. CPS Outgoing Rotation Group is good as well.
- *What is the persistence of people being in the labor force?* Issue of rotation on or off are cyclical, and does it have a welfare consequence? Women in higher-income households have lower labor force participation, but that doesn't mean they have lower well-being. Suggest focus on prime-age workers and young workers to the extent worried about seeing the scarring effects of being out of the labor force when young. Target that because that is where the wealth is built. Focus on the 25-54 age range.
- Use ES202 Data and have a control group outside of that data – something non-experimental and individual-related data.
- Account for people who don't show up in the data.
- Review LFP data by county, choosing a county in which to run pilot programs.
- What is impact given SC's disproportionate number of people with criminal records?
- Take into account the nature of childcare policy and issues, *i.e.*, childcare tax credits reduce labor force participation among parents, while funded preschools and daycare centers increase participation. Childcare key issue for women in the workforce.
- Impact of drug addiction: South Carolina tied for 2nd in the largest overdose death rate increase from 2019 to 2020 (but has seen elevated rates for quite a while). Historically, that has been a driver since a significant number of prime-age men battle addiction, which keeps them out of the labor force.
- *What are we solving for – minimizing the decline, increasing LFP? By what %? What is our time frame?*

2. Characteristics of Those Out of the Workforce (SC-specific data unless otherwise noted)

- Among both Black and White SC residents, LFP rates declined more precipitously in men than women.
- For both SC men and women, LFP rates fell more for White residents than Black residents.
- Overall, while SC White men continue to have the highest LFP rate, this is far less frequently the case than it was in 1999, and the gender gap among Black South Carolinians has nearly disappeared.
- The most acute decline was among teenagers.
- LFP increased by 5.4 percentage points for those 55-64 and 2.4 points for those 65 or older.
- Divergent patterns exist between men and women across age ranges, with largest drop among men aged 25 to 34 (-8.7 percentage points).
- LFP increased substantially for women aged 55-64 between 1999 and 2021.
- For national demographics, Black men have recovered, Hispanic men is only down 0.5%, White men is down 1.76%, women are down at a greater rate than all men, White 2.2%, Hispanic 2.4, Black 4.4. Older workers are the most significant losses of over 8%, and it is unlikely they will reenter (even with creative hiring and jobs).

3. Recommendations//Possible Scope of Activities

- Quantify degree to which various elements contribute to the state's low participation rate (*e.g.*, aging, disability, incarceration, childcare, *etc.*)
- Need framework of how people are thinking to inform what levers to pull, looking for the less-obvious things and frictions people face as barriers to getting hired or applying for jobs.
- Ascertain the difference(s) between rural and urban counties.
- Look at county-level data.
- Focus efforts on acquiring more knowledge-based jobs and providing the talent.
- Confront the immediate problem of who is on the sidelines and how to get them back; also a great time to prevent mass exoduses and repair the administrative capacity to keep people connected and keep businesses whole.
- Survey people who had wage history and filed pre-pandemic and now are no longer showing in SCDEW's system. Need to understand pandemic-related issues vs. actual labor trends.
- Pilot programs at the county level.
- Use national occupational licensing database to look at areas where SC requirements are steeper than those for other states.
- Fully evaluate the economic impact from increasing labor force participation (or potential loss from allowing it to further decline).
- Evaluate how/why South Carolina differs from other states in terms of participation rates.