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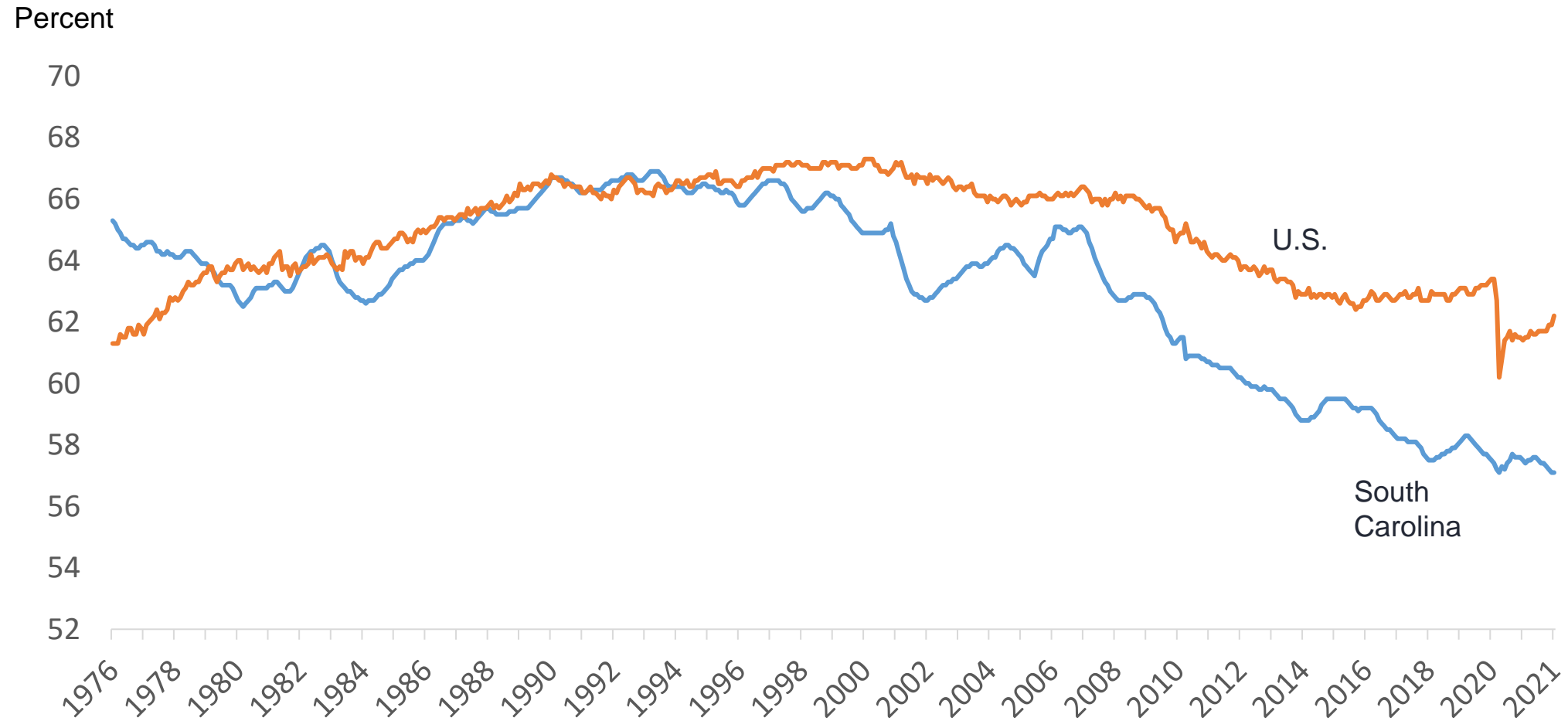
Insights into South Carolina's Labor Force Participation Rate Changes

December 9, 2022

Agenda

- Historical Trends
 - Two Time Periods: pre-Covid and Covid
 - High-Level Findings
 - Literature review
 - Decomposition
 - SC County analysis
 - Industry Analysis
 - Potential Policies
-

South Carolina Diverges From U.S. Labor Force Participation Rate in 1994



Source: Grady and Von Nessen, 2022

Literature Review Points Mainly to Aging Population in Decreasing Participation Rate (Pre-COVID)

- Since 2000, aging population contributed 2/3 of drop from 67.1% to 63.3% in 2013
- Among young adults: increased school enrollment, increased leisure activities
- Among men: globalization and loss of manufacturing jobs, disabilities, addictions
- Among women: increased educational attainment and caregiving

Literature Review

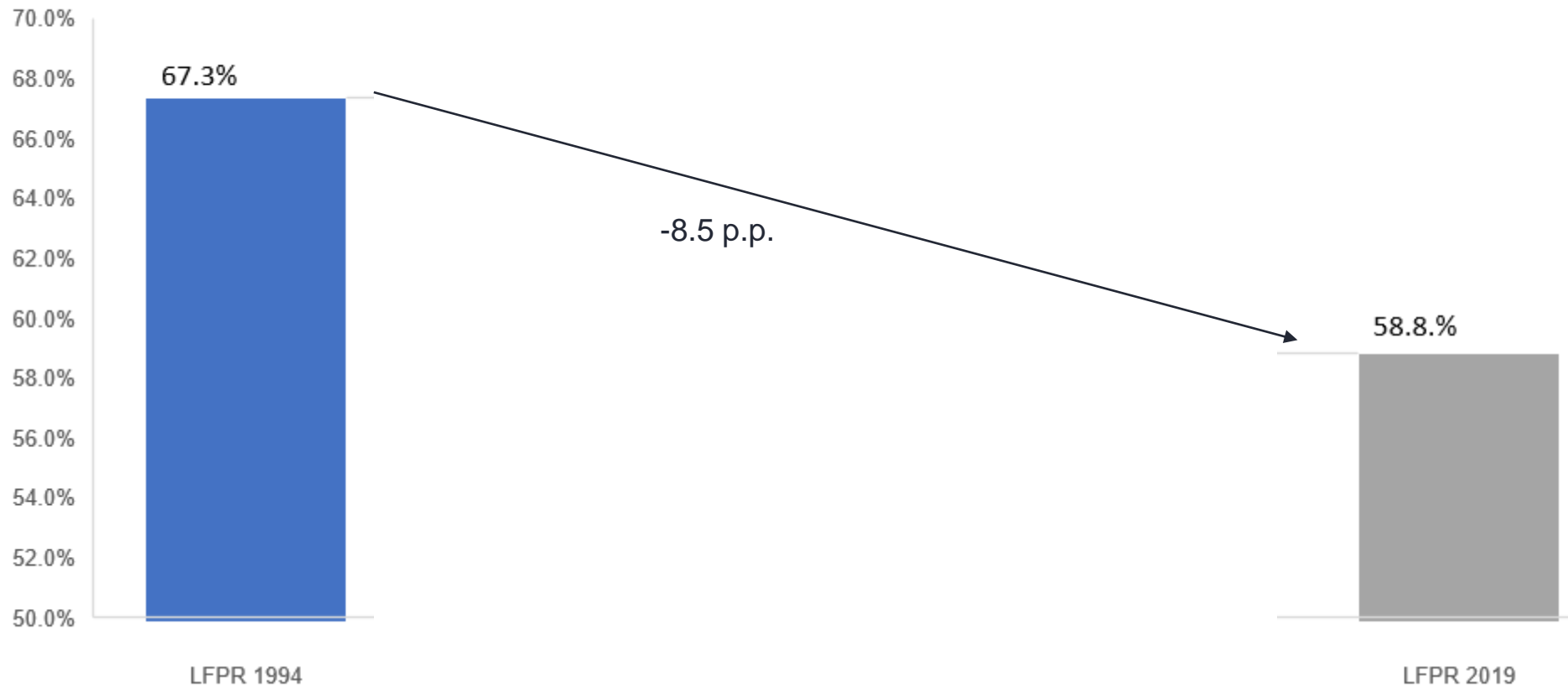
COVID Through Current

- Increased household income from stimulus checks and expanded unemployment benefits
- Shifts in worker preferences away from low-skilled and customer-facing jobs
- Early retirement
- COVID deaths
- Increased disability for Long COVID
- Increasing focus on the need to care for family members, including children

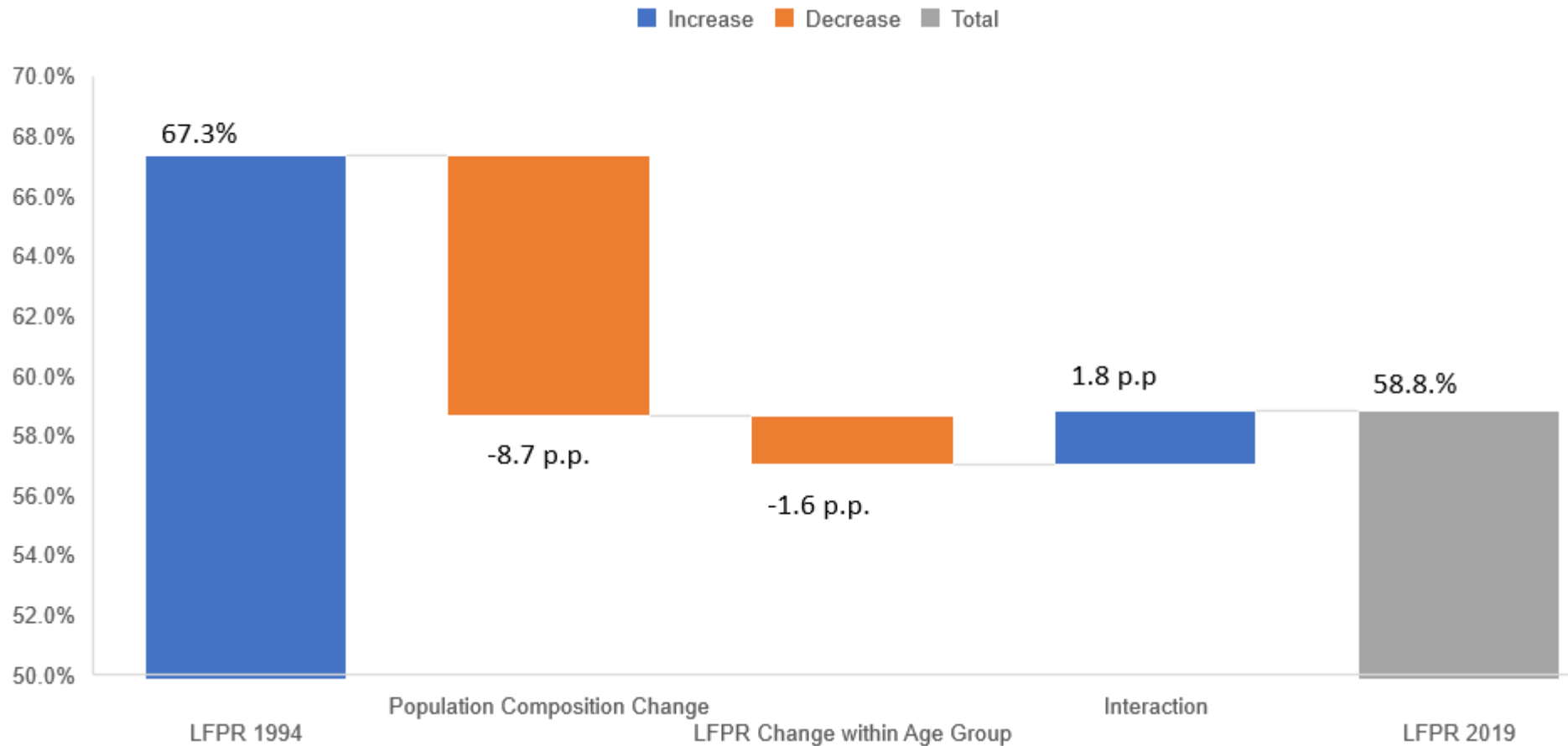


Decomposition Analysis

From 1994 to 2019, Most of the Decline is Attributable to Aging Population in South Carolina



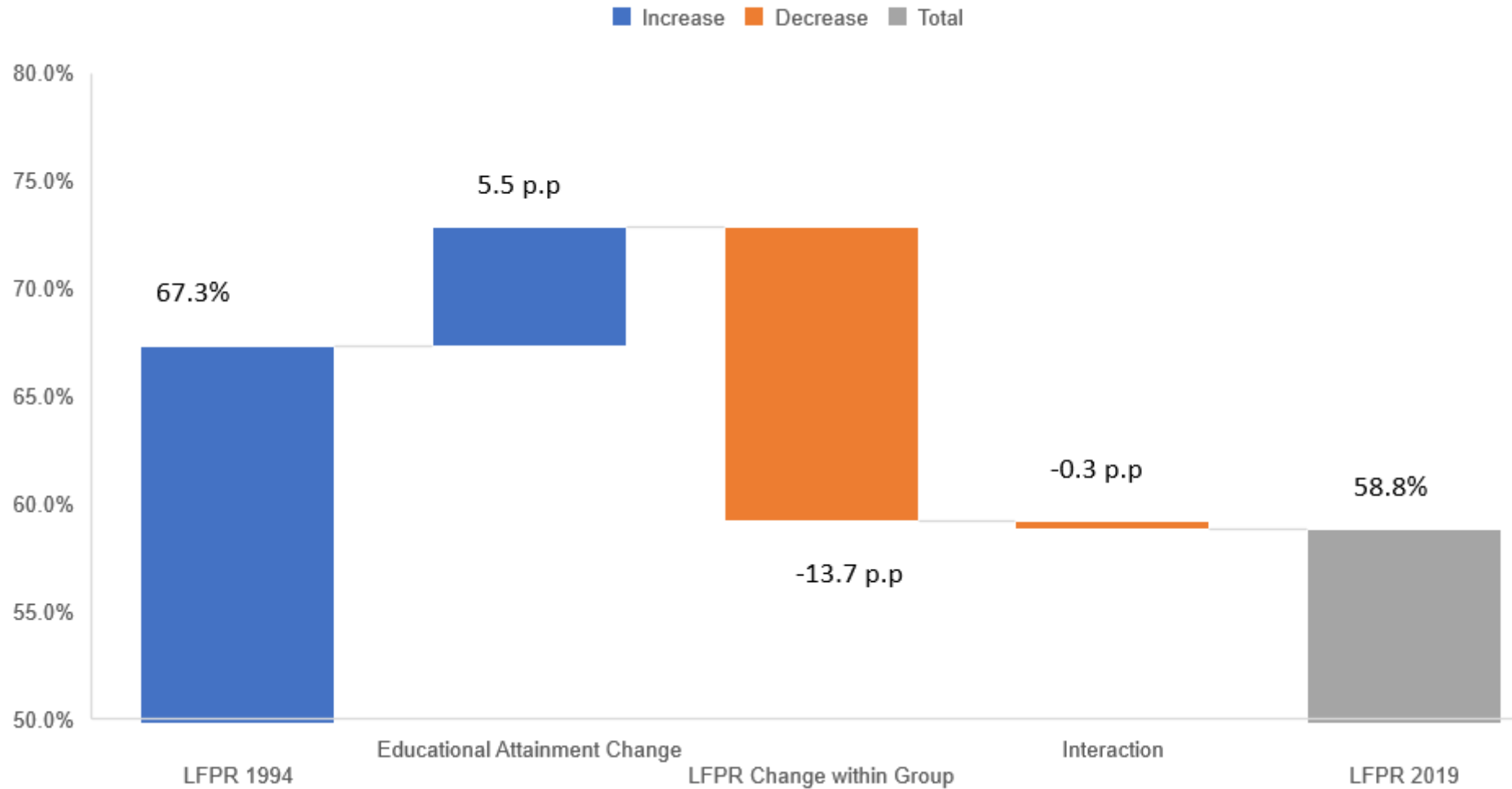
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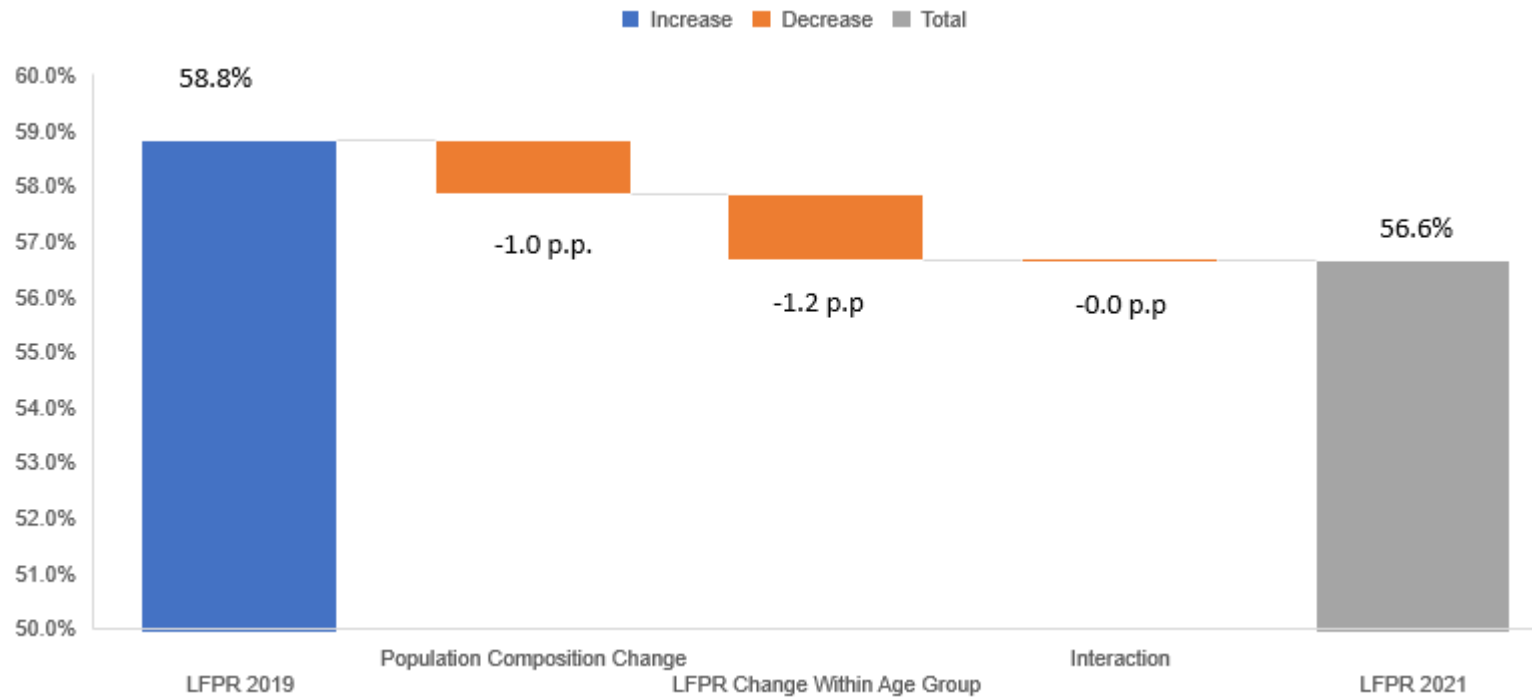
From 1994 to 2019, Most of the Decline is Attributable to Aging Population

- Top three factors
 - Increasing share of population 65 and older contributed the most to decline in state LFPR, at 72.8%
 - Decline in LFPR for young population (16-24) contributed 23.7% in decline
 - Decline in shares of prime-age population contributed to 21.6% of the LFPR decline
- Overall within-group changes in LFPR contributed 19.4% of total decline
 - Young and prime age (25-54) LFPR declined
 - LFPR for older age groups (55 and above) increased
- Both North Carolina and Georgia also experienced declines in LFPR over the years.
 - In North Carolina and Georgia, an increase in the retirement age population (65+) also played a significant role in the declining LFPR in those two states, its effect in South Carolina is much more pronounced.
 - South Carolina was affected by an aging population more than the other two states.

Increased Educational Attainment Helped Offset Some of the Decline from 1994 to 2019



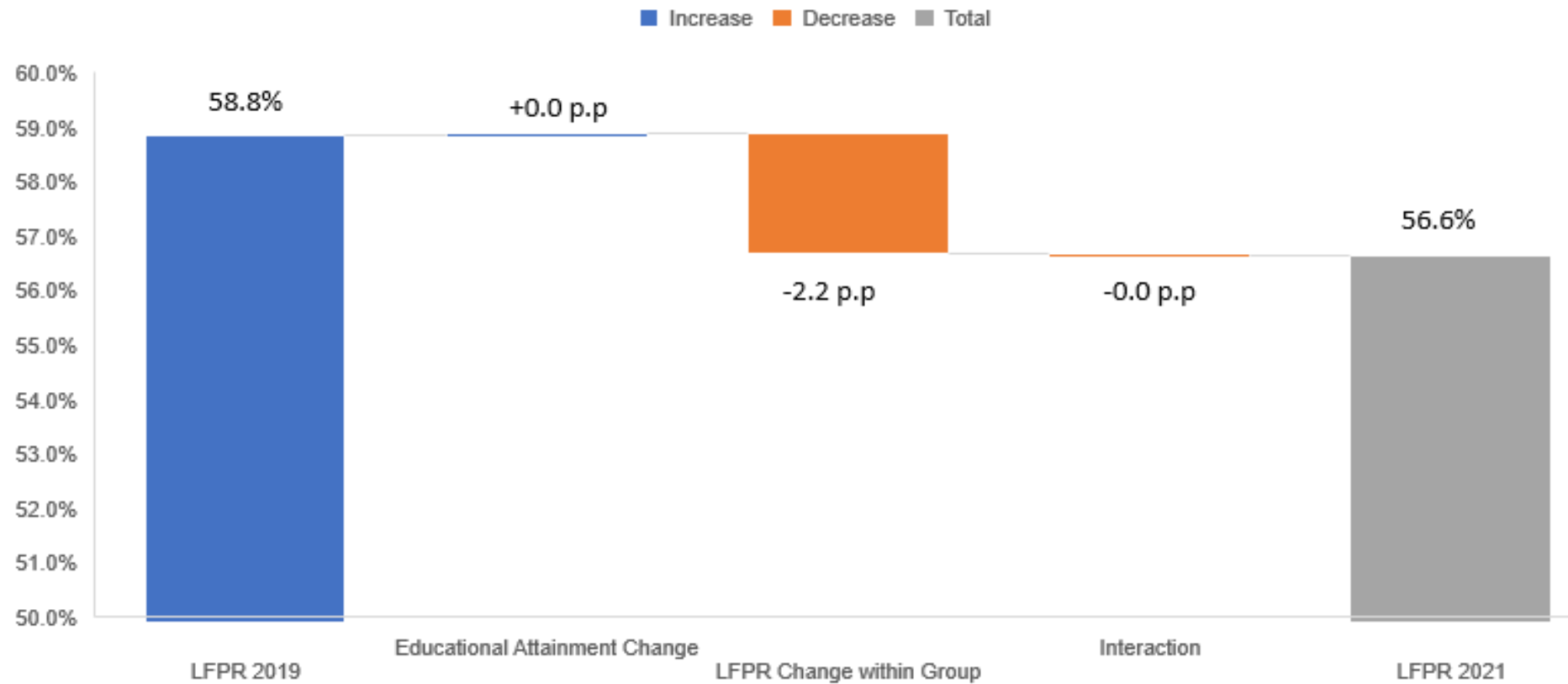
During COVID, Changes in Population Share and Within Group LFPR Played Similar Roles



During COVID, Changes in Population Share and Within Group LFPR Played Similar Roles

- Top three factors
 - Decreasing in LFPR for population 65 and older contributed the most to decline in state LFPR, at 33.7%
 - Increased population share of those 65 and over contributed 31.1% in decline
 - Decline in LFPR of prime-age population contributed to 22.4% of the LFPR decline
- Gender difference exists during COVID
 - LFPR for young and those 55-64 for women increased during COVID, and prime age LFPR is steady
 - For men, only young workers LFPR increased during COVID
- North Carolina and Georgia have similar patterns as South Carolina

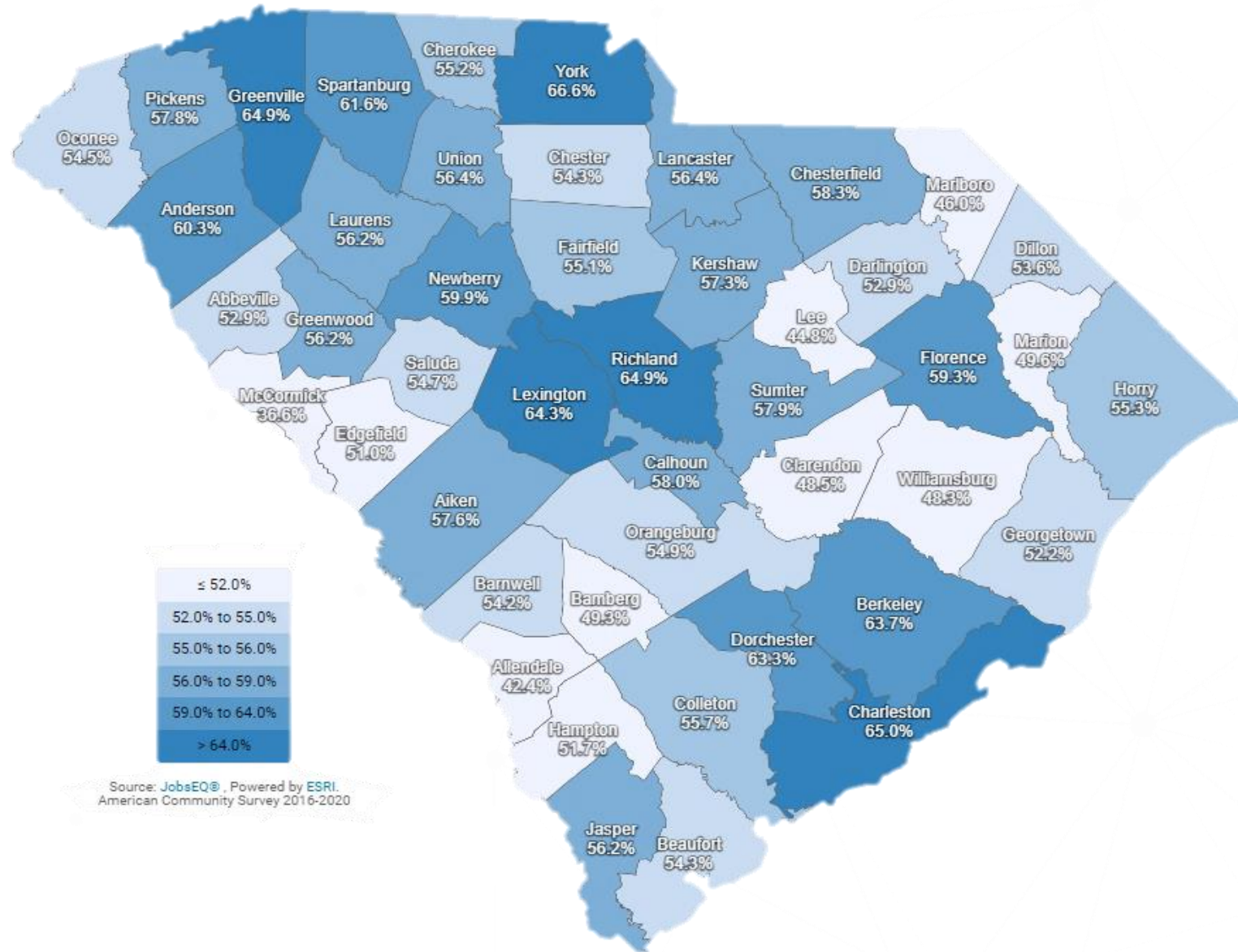
Increased Educational Attainment Helped Offset Some of the Decline



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Regional Analysis

Counties on the Borders, Near Cities Have Higher LFPRs



Male, Black, With a Disability, Hispanic, and Less than High School Account For Largest Differences in Rural and Urban LFPRs

	Rural		Urban		Difference (p.p.)
	LFPR	NILF	LFPR	NILF	
Male	71.8%	80,540	82.2%	203,966	10.3
Black or African American alone	53.9%	144,952	63.9%	270,357	10.0
With any disability	31.5%	60,340	41.3%	159,014	9.8
Hispanic or Latino origin (of any race)	62.0%	11,068	71.3%	49,233	9.3
Less than high school graduate	47.4%	40,069	56.5%	88,690	9.2
45 to 54 years	71.6%	37,916	80.7%	98,812	9.0
Population 16 years and over	53.8%	393,354	62.2%	1,233,880	8.4

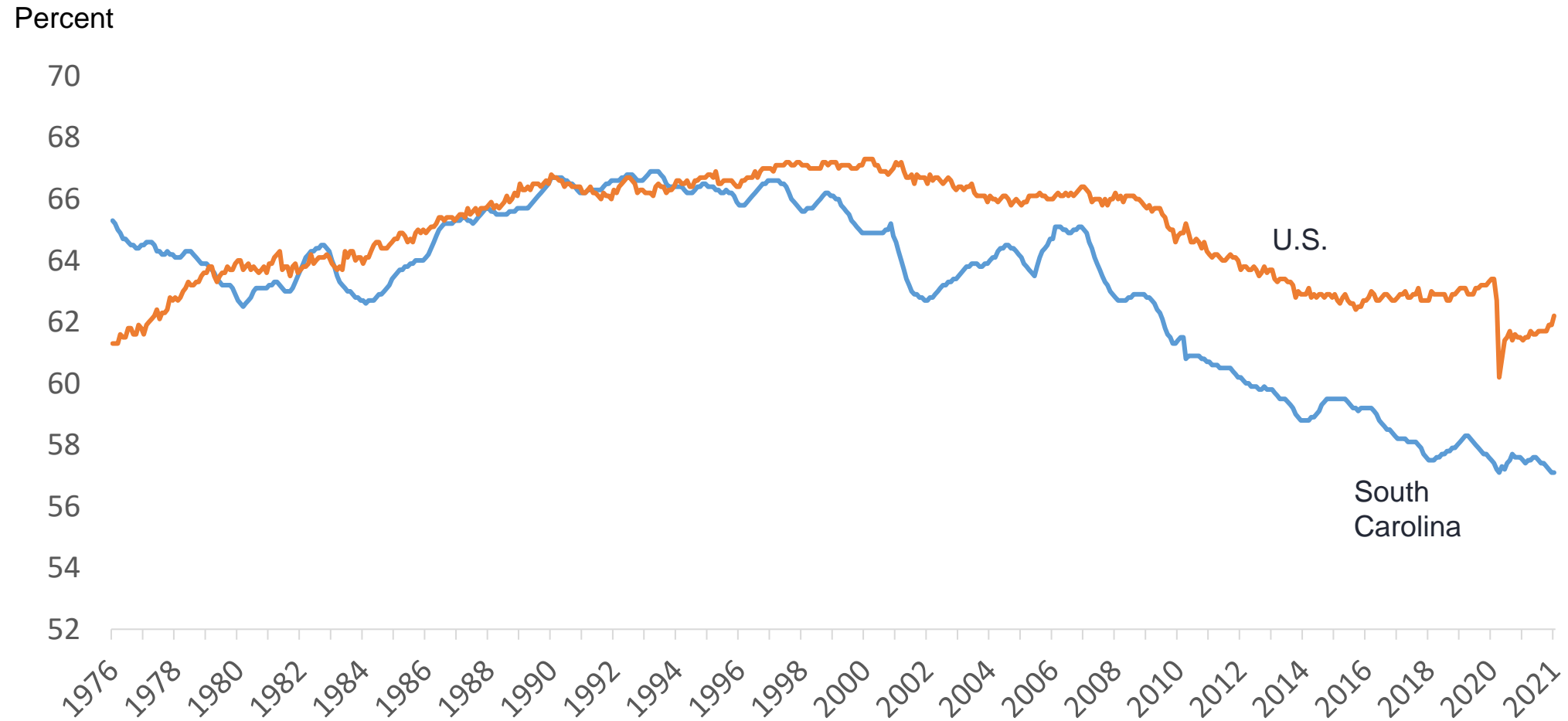
Source: Chmura, American Community Survey 5 Year Estimates (2016-2020), U.S. Census Bureau

Counties with a population density of 155 people per square mile or fewer are considered rural, while counties with a higher population density are considered urban.

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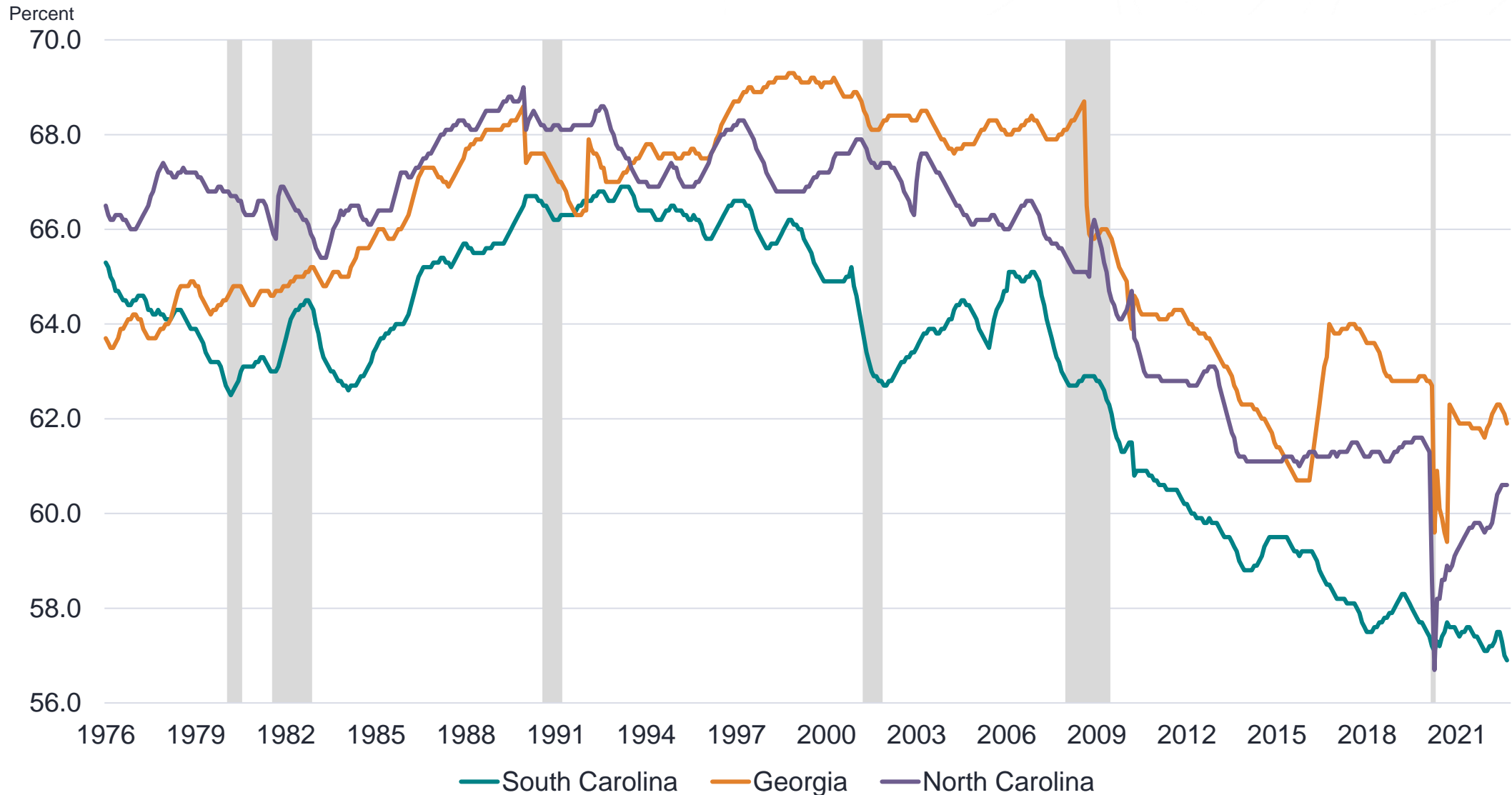
Industry Analysis

South Carolina Diverges From U.S. Labor Force Participation Rate in 1994

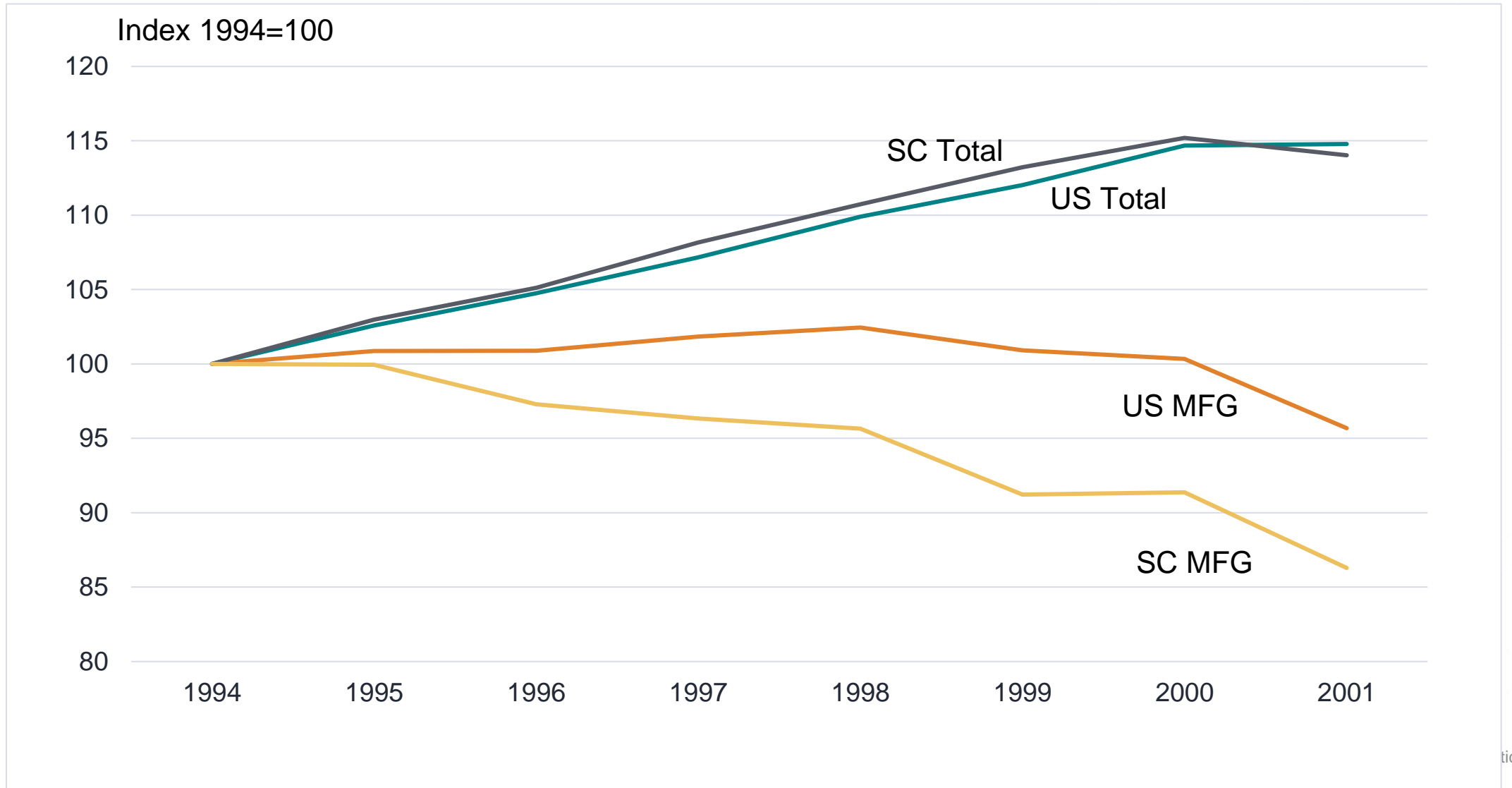


Source: Grady and Von Nessen, 2022

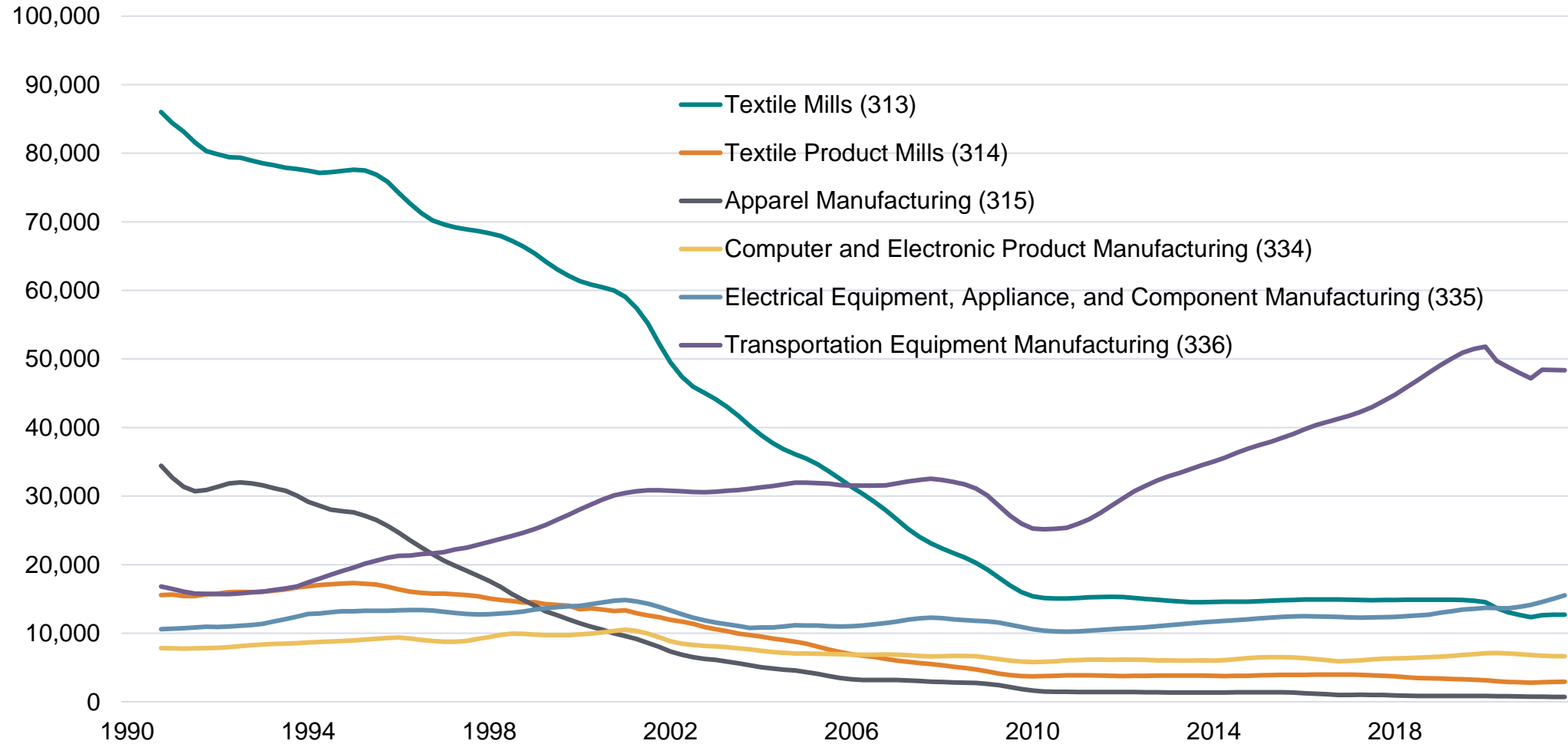
Labor Force Participation in Georgia and North Carolina Did Not Diverge



Manufacturing Employment Dropped 14% in SC Compared with 4% in the U.S. From 1994-2001



Employment in South Carolina Textile and Apparel Mfg Experienced Large Losses, 1990-2010



Source: Bureau of Labor Statistics, Chmura

U.S. State Cross Sectional Analysis Shows Industry Mix Contributions to LFPR

Percentage of Population or Employment	Coef. From Regression	SC	NC	GA	Notes
Male ¹	1.684358***	48.5%	48.6%	48.6%	Slightly lower percentage male in SC, lower LFPR
Ages 55+ ¹	-0.0746551	31.0%	29.2%	26.1%	SC has older population, lower LFPR
With a Disability ¹	-1.071774***	12.2%	11.2%	10.6%	Greater percentage with a disability, lower LFPR
Opioid Dispensing per 100 Population ³	0.0000983	56.6%	52.8%	53.9%	
Transportation and Warehousing ²	-3.395394***	0.4%	0.6%	0.4%	Slightly slower growth in SC, could raise LFPR
Professional, Scientific, and Technical ²	-0.375392	0.8%	1.1%	0.8%	
Healthcare and Social Assistance ²	1.93627*	0.9%	1.2%	1.6%	Slower growth in SC, lower LFPR
Accommodation and Food Services ²	0.4528305***	2.2%	2.6%	2.3%	Slower growth in SC, lower LFPR
Textile and Apparel Manufacturing ²	-0.2323907*	-5.1%	-6.9%	-3.5%	Greater decline in SC relative to GA but not NC, lower LFPR
Pharmaceutical Manufacturing	-0.0411497	4.7%	0.4%	3.9%	
Printing	0.4774281	-3.1%	-3.9%	-2.3%	
Constant	-0.0715857	48.5%	48.6%	48.6%	

Sources:

¹ ACS 2016-2020

² Industry Percent Change in Employment 2001 to 2019, Chmura's JobsEQ®

³CDC, National Center for Injury Prevention and Control, U.S. County Opioid Dispensing Rates, 2020

Analysis was performed on all states with the exception of Alaska, Hawaii, and the District of Columbia



Policy Recommendations

Recommendations from the Literature

- Improve labor force reentry for former prisoners
- Expand policies that help people balance employment and caregiving
- Support transportation projects that connect workers in rural areas to urban areas
- Increase workforce flexibility by promoting work from home
- Add programs for the needs of youth who are not in school and not working to develop hard and soft skills tied to lower skilled in-demand jobs with a career path
- Strengthen guidance and coursework connected to in-demand careers in middle school and high school for youth in school and encourage employers to offer work experiences such as paid internships and job shadowing

Some Existing Policies (or a Lack of Policies) Likely Negatively Impact LFPR

- Early retirement age and large disability assistance can entice older workers to permanently exit the workforce
- Restrictive hiring of formerly incarcerated individuals or barring them from occupational licensing reduces the potential workforce
- Addressing the lack of family-friendly policies is expected to increase LFPR for the 25 through 44 age group of women

Recommendations from a Review of DEW Labor Force Participation Survey

- In Tier IV counties which tend to be low income and rural, lack of transportation is the main barrier to employment. This region can focus on low-cost and accessible transportation projects that connect workers to job centers.
- There are information barriers for Tier IV counties. To bridge the gap between jobs and workers, local workforce development organizations can increase marketing of available jobs, making them accessible. Workforce centers can be strategically located so that job seekers find it convenient to go there and look for employment, and coordinate with existing community centers such as libraries to share job opportunity information.
- In Tier II counties, family friendly policies can be explored to increase labor force participation.
- In Tier III counties, where there is a relatively larger concentration of retirees, policies can be implemented to target retirees to incentivize some to return to the workforce.



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