

South Carolina Data

TRENDS



NOVEMBER 2020 ISSUE



DIRECTOR'S CORNER

Welcome to the November Issue of *South Carolina Data Trends*, a publication of the South Carolina Department of Employment and Workforce. This month, we're taking a closer look at South Carolina's Labor Force Participation Rate (LFPR), a popular measure of the state's workforce vitality often cited by economists, policy-makers, politicians, and — of course — their critics!

Clearly, a relationship between the state's LFPR and the Unemployment Rates exists. However, year-over-year and decade-over-decade trends in the Labor Force Participation Rate show a fair amount of independence from changes in the Unemployment Rate. The goal of our feature piece this month was to illustrate how the Unemployment and the LFP rates untether over time and show how much the LFP Rate is driven by broader generational changes in the population of the state.

We hope you enjoy this month's issue and, as always, if you have an idea for research or need help finding the workforce data you need, the dedicated professionals of the Labor Market Information Division are ready to assist.

With Warm Holiday Greetings,

Brian R. Nottingham
 Director, LMI Division
 SC Department of Employment and Workforce

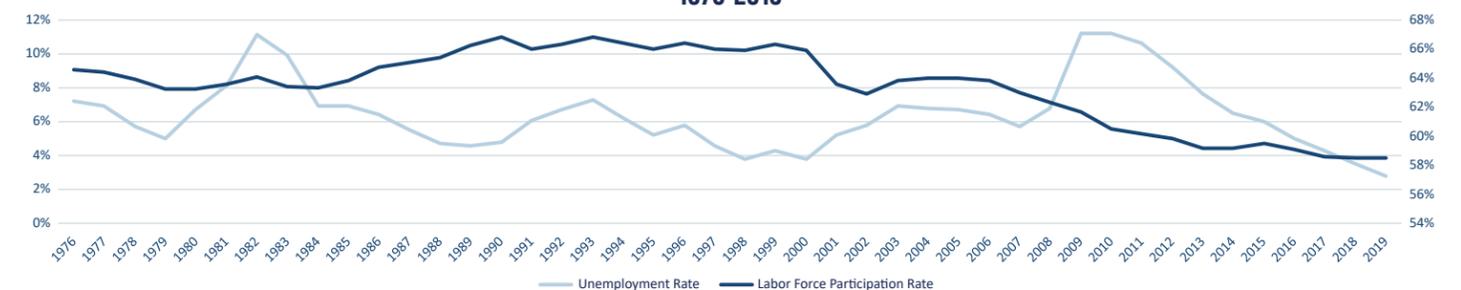
LABOR FORCE, POPULATION, AND GENERATIONAL CHANGE IN SOUTH CAROLINA

This month, we're taking a closer look at the second of the "Big 3" monthly employment situation measures: the Labor Force Participation Rate. If the Unemployment Rate is the number elected officials and politicians rely on as *the* benchmark a healthy economy, then the Labor Force Participation Rate is the number their critics rely on to counter the value of those low Unemployment Rates. To skip right to the punchline, *both* measures are vital to a full understanding of the current state of the workforce and *both* are also driven, in no small part, by much larger population characteristics well beyond political control.

Leaving aside, momentarily, any discussion of those population characteristics and their impact on standard measures of the health of the economy, let's focus first on the basics of the Labor Force Participation Rate. The Labor Force Participation Rate, in simple terms, is the percentage of the population that is either working or actively seeking employment. To calculate this rate on a monthly basis, it is necessary to estimate 3 unique counts: the number of people who are employed, the number of people who are unemployed, and the current civilian, non-institutional population over the age of 16.

Working collaboratively with the Census Bureau, the U.S. Bureau of Labor Statistics fields a monthly survey of the working-age population (16 years of age or older) in approximately 60,000 households nationwide. Based on the results of this Current Population Survey (CPS), and some supplemental state-level data from workforce agencies across the country, BLS models monthly counts at the state level for all three of these key groups: working age population, those employed, and those unemployed. When you add the last 2 counts together (employed + unemployed), the resultant number represents a state's *Labor Force*. Mathematically then, the Labor Force Participation Rate is simply the ratio of those in the *Labor Force* to the entire *Working Age Population*, calculated as: $(\text{Labor Force} \div \text{Population}) \times 100$. This methodology has remained consistent for nearly 50 years, which allows researchers and policy makers to evaluate long-term trends across time. **Figure 1** below shows the annual average Labor Force Participation Rate (dark blue line, right-side scale) for the State of South Carolina, from 1976 through 2019. For some perspective, we've also plotted the annual average unemployment rate in light blue (left-side scale).

FIGURE 1: ANNUAL AVERAGES, UNEMPLOYMENT RATE VS. LABOR FORCE PARTICIPATION RATE, 1976-2019



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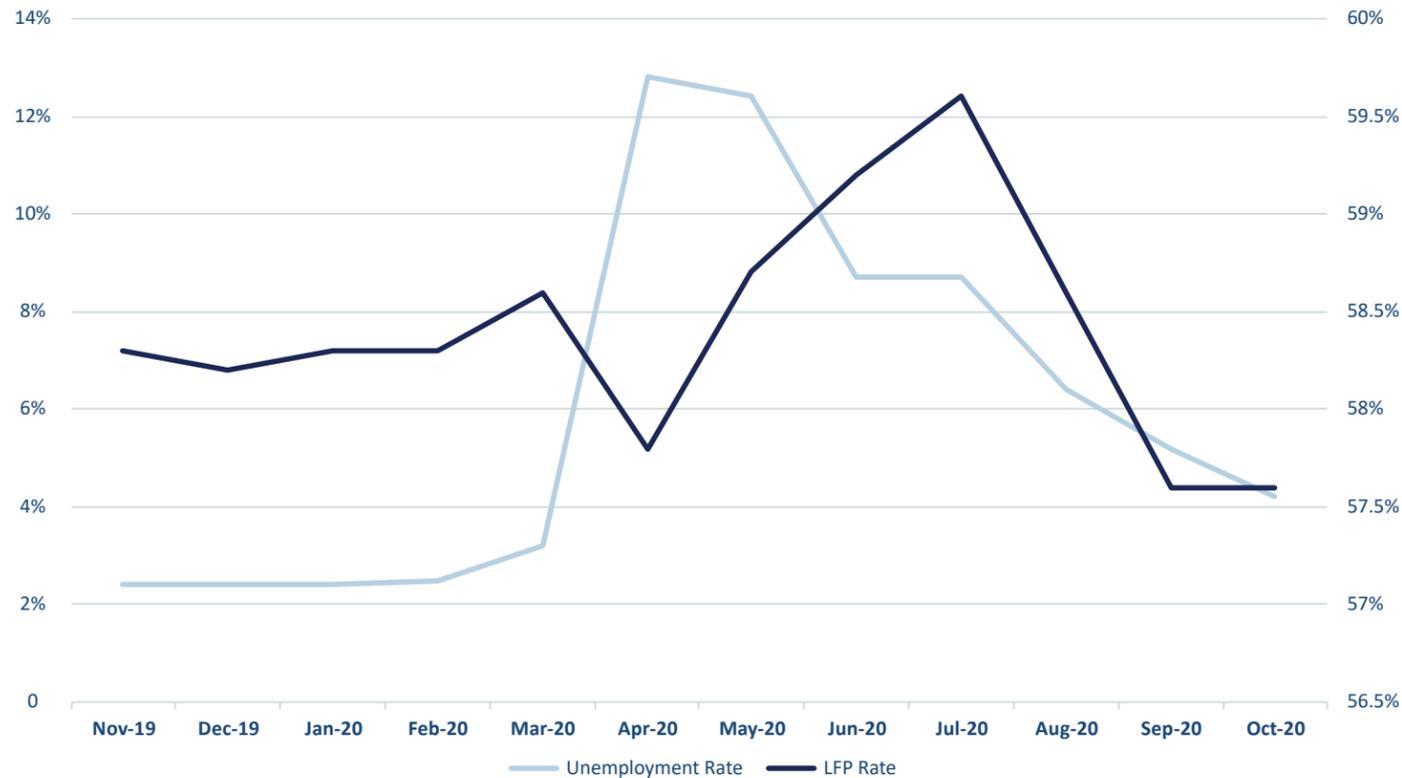
Focusing first only on the Labor Force Participation Rate (the dark blue line), we can see that between 1976 and 2019, the net percentage of work-aged South Carolinians in the labor force has decreased from around 65% to 58.5%. That percentage peaked in the 1990s, hovering between 66% and 67% for most of the decade, then dropped sharply in the year 2000 before stabilizing around 64% through 2005. As Unemployment Rates began to climb at the onset of the Great Recession, the LFP rate began an accelerated pace of decline over the next decade, before slowing its descent around 2015.

Comparing the annual LFP Rate to the Unemployment Rate at just a cursory level, we can quickly identify some contradictory trends. Focusing on only the largest spikes in unemployment, we can pinpoint 1982, 1993, and 2009 as particularly bad years with some of our state's highest unemployment rates. But moving ahead through the subsequent years of recovery, as these unemployment rates fall, we do not see consistent movement in the LFP rate. After the Unemployment Rate spike in 1982, the LFP rate did indeed rise as the recovery progressed, which makes for a clean comparison: better employment conditions meant more available jobs and citizens that had left the workforce, either by choice or by default, steadily returned.

However, this straight-forward narrative breaks down when we

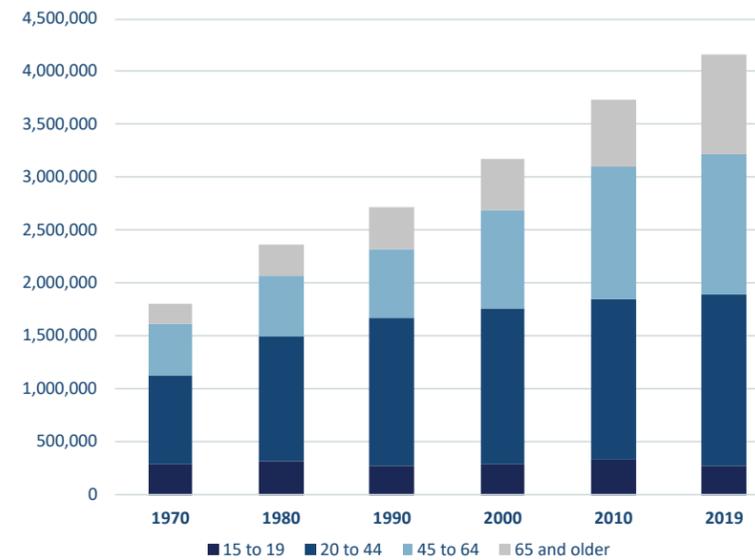
consider the other benchmark years for high Unemployment Rates. In the years both leading up to and following the 1993 spike, the LFP Rate remained more-or-less stable, even as the unemployment rate fluctuated first up, then down. Perhaps most interestingly, though, is how the LFP rate has behaved following the spike in unemployment in 2009 during the Great Recession. As the Unemployment Rate steadily fell over the subsequent decade, the Labor Force Participation Rate did as well, even as economic conditions continued to improve. It is this trend, specifically, that pundits and critics will often point to when criticizing the use of the Unemployment Rate by elected leaders and politicians as a measure of economic vitality. The argument is simple, if economic conditions are as good as the Unemployment Rate would lead us to believe, why are so many South Carolinians leaving the Labor Force? The argument seems, at the very least, valid on the surface. But does a low Labor Force Participation Rate (historically speaking) serve as a precursor of impending economic doom? Or at the very least, is it reasonable to point to low workforce participation as a measure of some underlying softness in the economy or an unexpressed, collective angst amongst a population not willing to (re)join the Labor Force? While these questions may make for flashy headlines or serve as a launching point for attacks on elected officials and Agency leaders, the answer to both questions is no, not necessarily.

FIGURE 2: UNEMPLOYMENT RATE VS. LABOR FORCE PARTICIPATION RATE, LAST 12 MONTHS



While certainly a higher Labor Force Participation Rate carries with it some important benefits for employers and workers across the state, over-emphasis on its decline comes from an almost singular focus on the numbers in the numerator - citizens who are counted as either Employed or Unemployed. But just as we discussed last month in our review of the Unemployment Rate, the Labor Force Participation Rate is equally susceptible to changes in the denominator - that is, the state's Work Eligible Population. When Census and BLS calculate the denominator, they include all members of the civilian, non-institutional, work age population. In plain English, this means all South Carolinians who are not in prison, jail, otherwise detained, or serving on active duty in the military, are all counted as part of the Work Eligible Population. The only other limiting factor is age, as citizens must be 16 years or older to be counted as work-eligible. What this means, in practical terms, is that once an individual turns 16, they will be counted as part of the work-eligible population for the rest of their life, however long that may be. This distinction is important and its impact begins to come into focus when you consider figures 3 & 4 below.

FIGURE 3: SOUTH CAROLINA WORKING AGE POPULATION, 1970-2019



Using data from the Decennial Census (and the annual American Community Survey to estimate 2019 totals), the bar chart to the left illustrates the growth of South Carolina's work-age population over the last 50 years. As you can see, overall, the state's population has increased from below 2 million in 1970 to the estimated 4+ million, work-age South Carolinians in 2019. Breaking down the population by age cohorts, it also becomes readily apparent that the average age of the population is increasing. Those in the 15-19 years category and the 20-44 years category have remained largely constant over this time period, with minor growth that does not keep pace with the overall increase in the state's population. The two oldest age groups, however, have expanded at a pace that far exceeds the overall growth of the population. In other words: South Carolina's work force is aging at an accelerating pace.

FIGURE 4: PERCENT OF S.C. WORKING AGE POPULATION BY AGE COHORT, 1970-2019

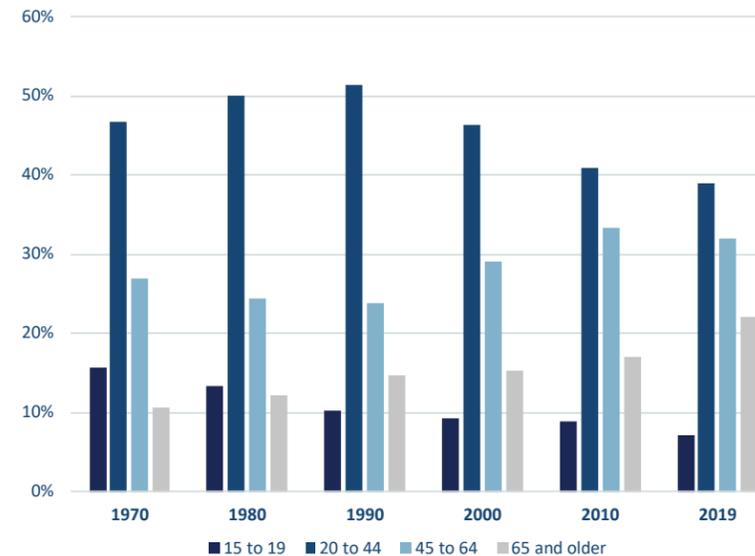


Figure 4 further illustrates this trend. Standardizing for population growth across decades, the bar chart shows how the state has relied more and more heavily on the oldest segments of our population to power South Carolina's workforce. Citizens between the ages of 20 to 44, have comprised the largest pool of potential workers over the last 50 years, but their relative share of the work-age population has continued to shrink since 1990. In 2019, it dipped below 40% for the first time. As the Baby Boomer Generation continued to age across time, you can clearly trace their progression across the age cohorts. By 2010, workers aged 45 or older made up nearly half of the state's work-age population. By 2019, that number increased to 54% with citizens aged 65 or older making up a staggering 22% of the state's work-age population.

This is the vital point in understanding the state's declining Labor Force Participation Rate: citizens never age out of the Work Eligible Population. Thanks to advances in medicine and healthcare over the last 50 years, retirees can expect to live longer, happy post-retirement lives, which means they will always be counted as part of the state's Work Eligible Population, even though most have no plans to ever rejoin the workforce. This increasingly large group of retirees inflates the denominator and, by extension, drives down the Labor Force Participation Rate.

FIGURE 5: NOT IN THE LABOR FORCE ESTIMATES, SOUTH CAROLINIANS AGED 16 TO 24

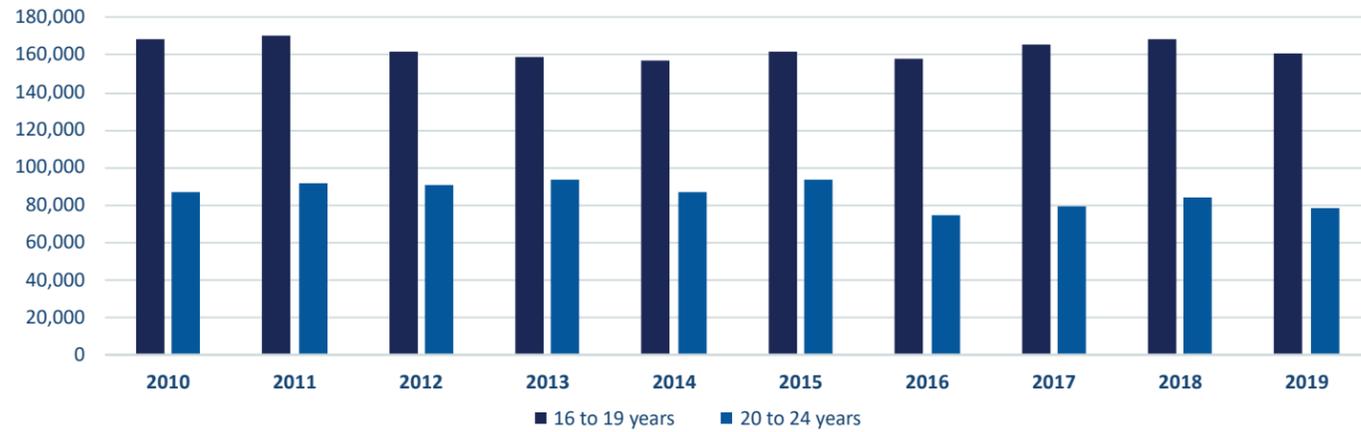


FIGURE 6: NOT IN THE LABOR FORCE ESTIMATES, SOUTH CAROLINIANS AGED 25 TO 64

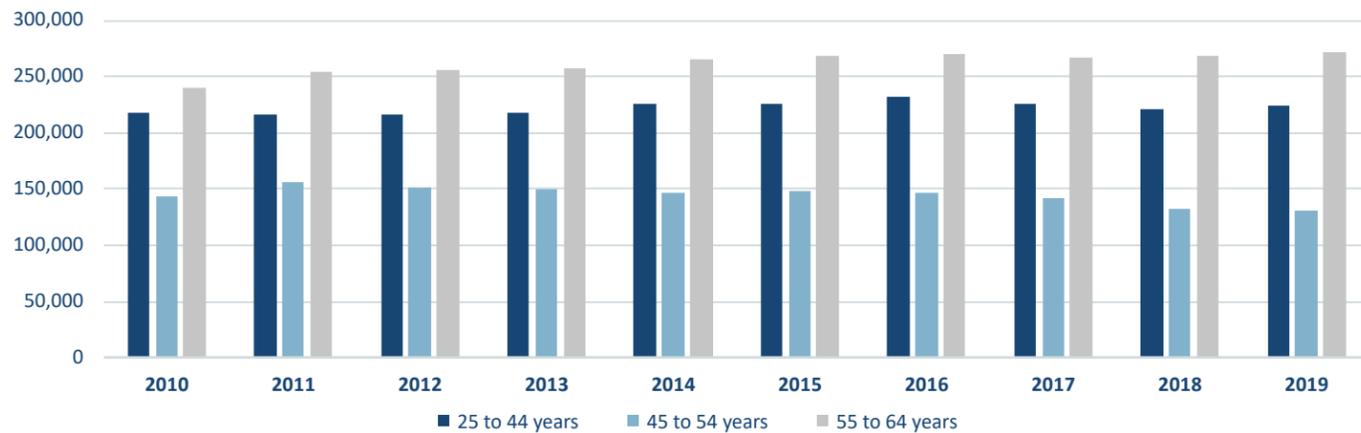
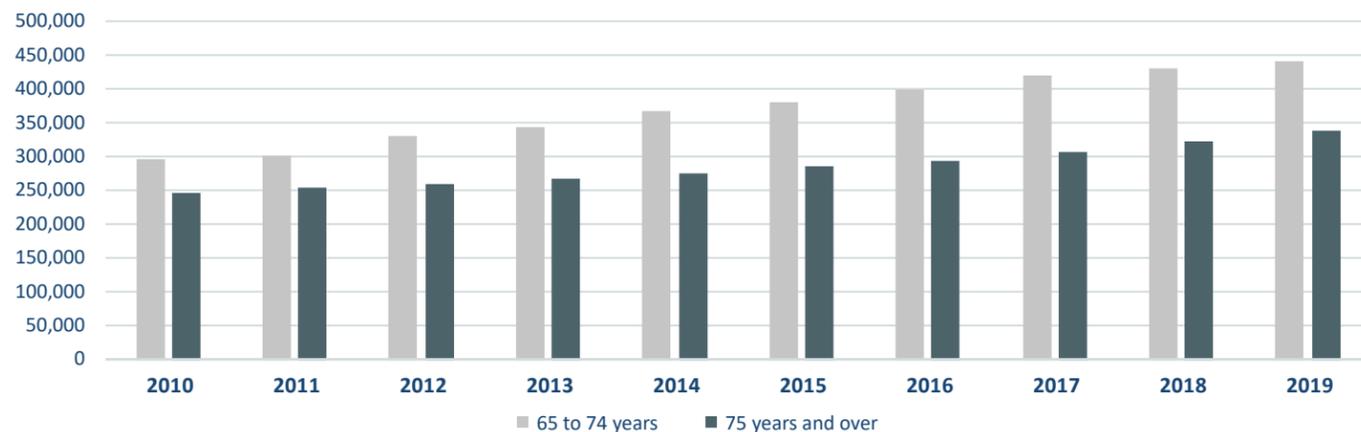
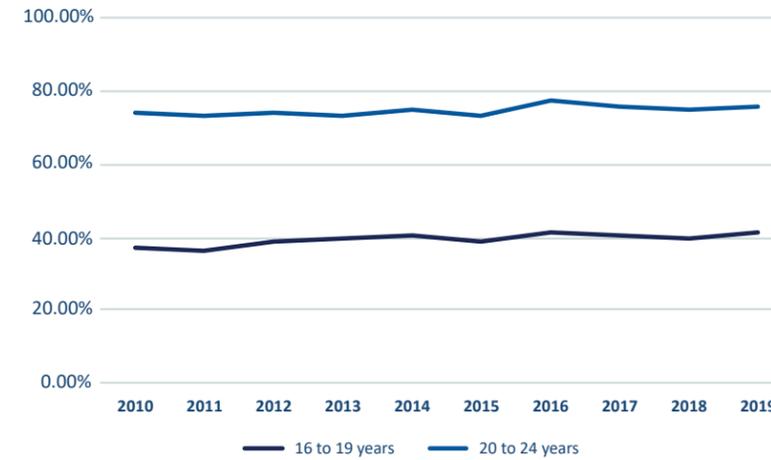


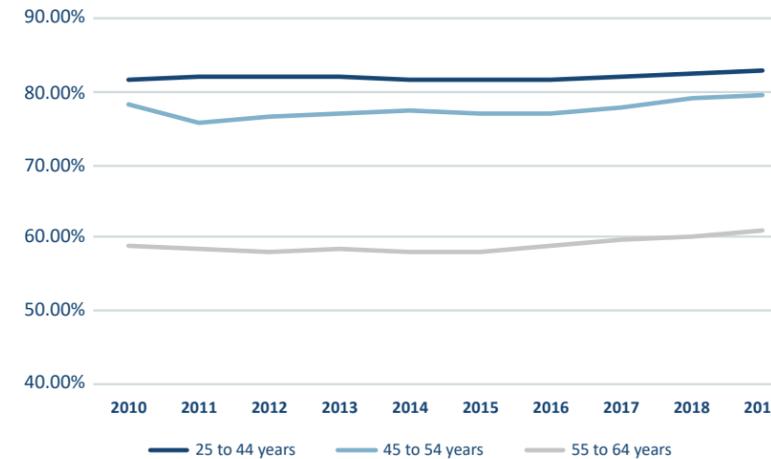
FIGURE 7: NOT IN THE LABOR FORCE ESTIMATES, SOUTH CAROLINIANS AGED 65 AND OLDER



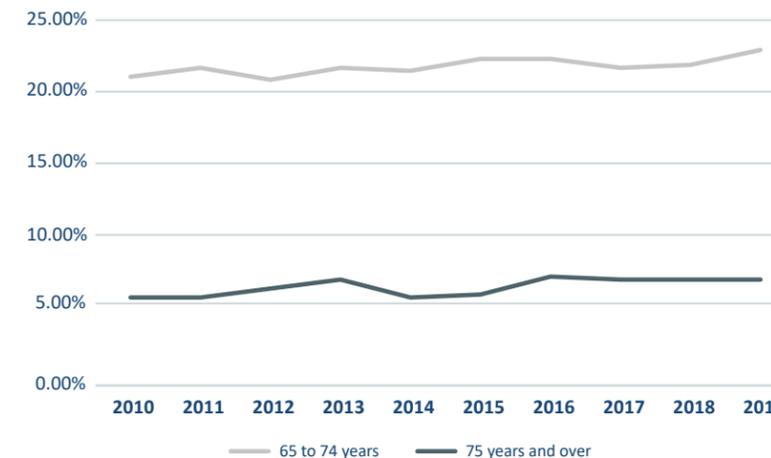
ANNUAL LABOR FORCE PARTICIPATION RATES, SOUTH CAROLINIANS AGED 16 TO 24



ANNUAL LABOR FORCE PARTICIPATION RATES, SOUTH CAROLINIANS AGED 25 TO 64



ANNUAL LABOR FORCE PARTICIPATION RATES, SOUTH CAROLINIANS AGED 65 OR OLDER



And this trend towards an increasingly aged workforce has only accelerated in the last decade. **Figures 5** (left), **6** (left middle), and **7** (left bottom) utilize annual *American Community Survey* data from Census to estimate the number of South Carolinians by age group who are NOT in the Labor Force. That is, they are part of the Work Eligible Population but have decided, for whatever reason, not to pursue employment. Moving from left to right across the graphs starting with **figure 5**, you can see that over the last decade the number of 16 to 19 year olds and 20 to 24 year olds NOT in the labor force has actually decreased. Moreover, as the embedded line graph affixed to **Figure 5** shows, Labor Force Participation Rates have remained remarkably consistent, or even increased slightly, across these age groups.

Figure 6 shows similar trends among 25-44 and 45-54 year olds. The estimates for these groups of citizens who have opted to stay on the sidelines and out of the Labor Force throughout the last decade have either decreased or remained constant. Once again, Labor Force Participation Rates have remained constant across the decade for both age groups, hovering right around the 80% level.

It is among the 55-64 cohort, however, that we see our first signs of significant change over the past 10 years. Between 2010 and 2019, South Carolina saw an approximate increase of 30,000 individuals in the 55 to 64 cohort opting to stay out of the Labor Force. Once again, though, we see the group's Labor Force Participation Rate remain relatively stable across the last decade, hovering at or near 60%. Despite maintaining constant participation rates over the last decade, the number of 55-64 year olds not in the labor force nonetheless increased markedly.

Finally, **Figure 7** gives us a look at the oldest work-age population groups, citizens over the age of 65. The first important feature to consider is the sheer number of citizens not in the Labor Force from these last two age groups, as represented on the vertical (y) axis. This should not be surprising, given our earlier discussion on the aging population across both the United States and South Carolina, but it does illustrate where, precisely, the bulk of South Carolinians opting to not join the workforce can be found. With approximately 440,000 residents between the ages of 65 to 74 and 340,000 more who are older than 74 years old, these 2 age groups make up nearly 50% of all South Carolinians not in the Labor Force. To lend some additional perspective, in 2019 there were nearly 240,000 more South Carolinians aged 65 or older than there were in 2010, an increase of just over 44% in just under 10 years.

All of these charts, representing a collection of information from Census and BLS, point to a couple straight-forward conclusions:

1. As has been well documented elsewhere by the media, employers, elected officials, economic developers, and researchers, the trends illustrated in this publication clearly show that South Carolina's workforce is aging — and this aging is accelerating at a pace that is already making retirees difficult to replace on a 1-for-1 basis.
2. The declining Labor Force Participation Rate is largely driven by these generational changes in the workforce. Moreover, given the sheer magnitude of new retirees living longer, healthier lives, this is a trend that is likely to continue into the foreseeable future.

This should hardly be seen as all bad news, however, when viewed in the proper perspective. Retirees, both home-grown and those new arrivals drawn to the Palmetto State's beautiful coastlines and low property taxes, continue to contribute to the strength and vitality of the state's economy by spending those retirement earnings here, which creates more jobs and better opportunities for the workforce still earning a paycheck. It's also

important to not lose sight of the number of South Carolinians working, which has hit record highs in recent years, with the net number of employed citizens increasing by nearly 400,000 over the last decade, an impressive gain of almost 21%.

The fact does remain, though, that the pace of South Carolinians planning retirement in the coming decade is outstripping the pace of younger South Carolinians joining the workforce. This is a major concern for employers who may be left scrambling to replace employees nearing the end of their careers. Policymakers and Workforce Professionals should continue to explore “under-tapped” pools of labor across the state and target programming and training programs toward bolstering the employment levels of these groups. There remain vulnerable population groups who, for a variety of reasons, show below average rates of labor force participation. Those populations include citizens without a high school Diploma, individuals with a disability, and women with multiple children under the age of 17, with at least one of those children younger than the age of 6. The last group warrants particularly close monitoring once the final 2020 estimates are released by Census, in light of the impact of COVID-19 on childcare and the limited, inconsistent availability of in-person schooling options.

	ESTIMATED 2019 POPULATION	ESTIMATED 2019 LABOR FORCE PARTICIPATION RATE	ESTIMATED COUNT OF NOT IN LABOR FORCE
Individuals with a Disability	348,360	38.80%	213,196
Individuals Below the Poverty Level	361,054	45.50%	196,774
Women with Children Under 6 and between 6 and 17	105,003	67.50%	34,126
Over the Age of 25 without a HS/GED	281,109	56.10%	123,407

Data from the 2019 American Community Survey, US Census Bureau. Numbers are estimates.

Categories are estimated and not mutually exclusive. A citizen could be counted in more than one of the groups identified in the Table above.

Data featured in this piece comes from the Census Bureau and the Bureau of Labor Statistics. Please note that all American Community Survey data is estimated based on sophisticated statistical models. As such, non-decennial values reported or calculated in this paper have affiliated ranges and margins of errors attached to them. All data featured in this piece are publicly available through either Census or BLS. General questions regarding the data utilized or the content of this article should be directed to Brian Nottingham at bnottingham@dew.sc.gov.



GETTING WORK IS JOB ONE

With Project Job One, SC DEW aims to connect South Carolinians with the 79,000 jobs currently available through SC Works Online Services (SCWOS). Employers across the state are hiring, and we want to help match job seekers with their next opportunity. Utilizing SCWOS, the largest job database in the state, this campaign will share job market information, in-demand industries, “Hot Jobs” in local regions, and bring awareness to the 79,000 available jobs across the state.

For most job seekers, new employment would not require a move, new training/education or experience in a different set of job skills. What it does require is that individuals approach this unique COVID-19 job market with an open mind.

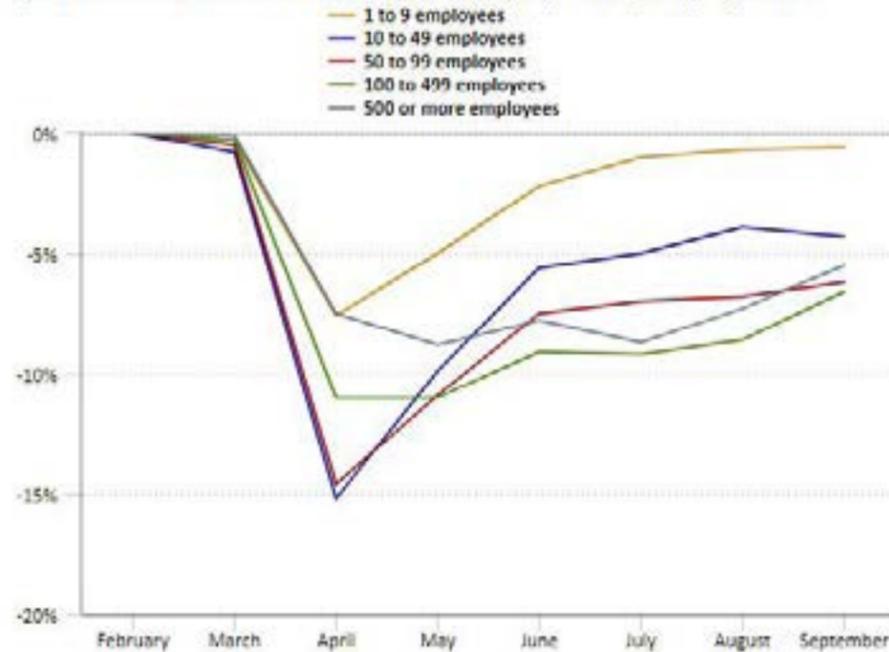
EMPLOYMENT CHANGES BY EMPLOYER SIZE DURING THE COVID-19 PANDEMIC: A LOOK AT THE CURRENT EMPLOYMENT STATISTICS SURVEY MICRODATA

An excerpt from a U.S. Bureau of Labor Statistics' Monthly Labor Review [article](#).

We use the Current Employment Statistics survey microdata for the private sector to calculate employment changes since February 2020 by employer size. We find that, for employers with 1 to 9 employees, the largest component of employment change since February is closings (either temporary or permanent) in all months. For employers with 10 or more employees, the largest component of employment change since February is within employers that have continued to report nonzero employment to the survey, rather than within those reporting zero employment or from imputed closures from nonrespondents to the survey. In percentage terms, the greatest overall employment losses shifted to larger and larger employers each month from March through July. However, the largest employers recovered employment faster than smaller employers from July to September. By September, the largest cumulative employment losses were for employers with 50 to 499 employees, with employment losses of 6.5 percent since February. Meanwhile, by September, employers with 1 to 9 employees had employment losses of 3.3 percent since February.

Figure 1 shows the percent change in employment in each month from March to September 2020, for each employer size category, relative to February 2020 employment for these establishments. We calculated these estimates by using equation (1) and weighted employment in February for each establishment in size class S across all industries. 24 Establishments in all size groups had employment below February levels from March to September. In percentage terms, the greatest employment losses were shifting to larger and larger employers for each subsequent month through July, but then the very largest employers had the fastest employment recovery between July and August, and in preliminary figures for September, it appears that employers with 100 or more employees had the fastest employment recovery from August to September. The employment trough was in April for all size groups except 500 or more employees, which had lower employment in May, June, and July than in April.

Figure 1. Percent change in employment in each month from March to September 2020, relative to February 2020 employment, by employer size



Click legend items to change data display. Hover over chart to view data.
Source: U.S. Bureau of Labor Statistics. Current Employment Statistics survey.



SOUTH CAROLINA NONFARM EMPLOYMENT TRENDS FOR OCTOBER—SEASONALLY ADJUSTED

The Current Employment Survey of businesses in South Carolina marked an increase of 11,700 nonfarm payroll jobs over the month to a level of 2,124,800.

Industries reporting gains were Leisure and Hospitality (+6,900); Education and Health Services (+3,300); Financial Services (+1,500); Construction (+1,200); Other Services (+700); Manufacturing (+400) and Government (+200).

Decreases were noticed in the Trade, Transportation, and Utilities (-2,400); Information and Professional and Business Services (-100) industries, respectively. Retail Trade declined by (-1,900) over the month.

From October 2019 to October 2020, South Carolina's economy has lost 77,700 seasonally adjusted, nonfarm jobs.

Only the Other Services (+4,100); Construction (+2,800) and Financial Activities (+100) industries reported gains over the year.

Decreases were reported in Leisure and Hospitality (-43,100); Trade, Transportation, and Utilities (-13,100); Education and Health Services (-12,300); Government (-10,000); Professional and Business Services (-4,400); Information (-1,000) and Manufacturing (-600). Retail Trade has declined by (-10,000) over the year.

For the Metropolitan Statistical Areas, seasonally adjusted, total nonfarm payroll job increases were seen in six areas. Myrtle Beach (+3,900); Charleston (+1,600); Spartanburg (+1,500); Hilton Head (+1,500); Columbia (+1,200) and Sumter (+200). Decreases were seen in Greenville (-700) and Florence (-100).

Over the year, all of the Metropolitan Statistical Areas saw a decrease in seasonally adjusted payroll. Leading with employment losses were Charleston (-22,500); Columbia (-15,400); Myrtle Beach (-13,900); Spartanburg (-10,400); Greenville (-10,200); Florence (-4,000); Sumter (-2,100) and Hilton Head (-1,800).

To see the monthly not seasonally adjusted data series, go to

www.SCWorkforceInfo.com

(Employment and Wage Data section)

SOUTH CAROLINA ECONOMIC INDICATORS

S.C. JOB POSTINGS BY INDUSTRY, OCTOBER 2020

NAICS CODE	INDUSTRY	JOB POSTINGS
62	Health Care and Social Assistance	11,845
44-45	Retail Trade	8,035
72	Accommodation and Food Services	4,361
31-33	Manufacturing	3,825
52	Finance and Insurance	3,301
61	Educational Services	2,953
54	Professional, Scientific, and Technical Services	2,742
92	Public Administration	2,194
56	Administrative and Support Services	1,824
48-49	Transportation and Warehousing	1,703
53	Real Estate and Rental and Leasing	1,278
23	Construction	1,238
81	Other Services (except Public Administration)	1,218
51	Information	913
42	Wholesale Trade	611
71	Arts, Entertainment, and Recreation	345
22	Utilities	170
21	Mining, Quarrying, and Oil and Gas Extraction	115
55	Management of Companies and Enterprises	66
11	Agriculture, Forestry, Fishing and Hunting	64

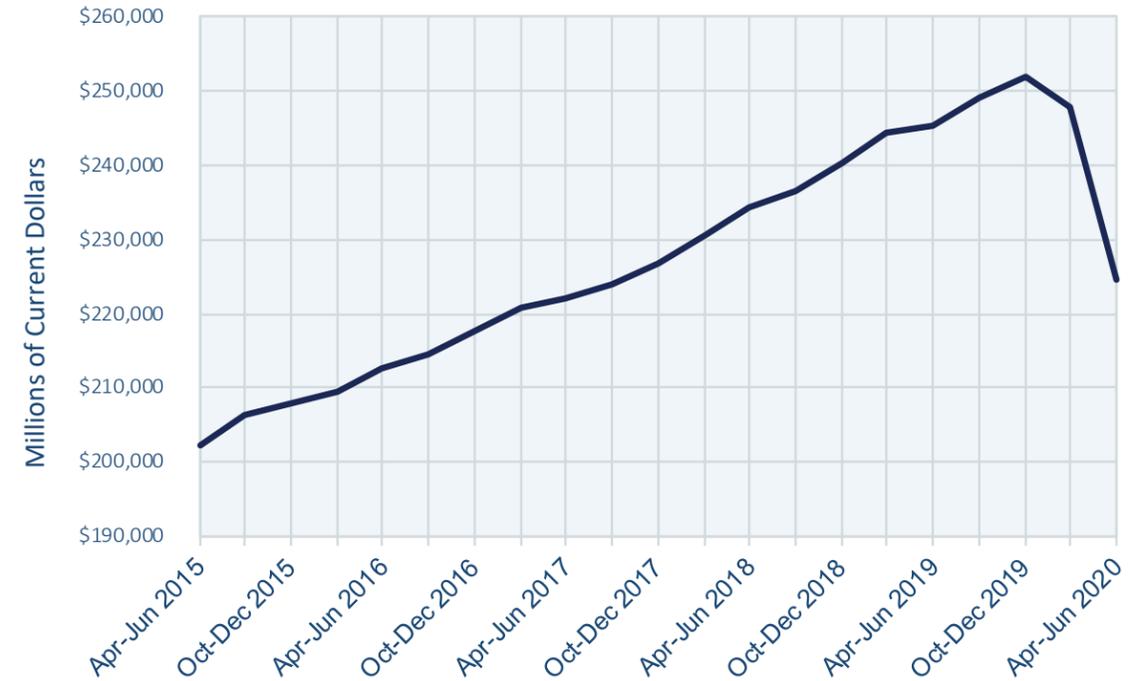
Source: Labor Insight Jobs (Burning Glass Technologies)

S.C. AVERAGE WEEKLY WAGE BY INDUSTRY GROUP, 2020 Q2

INDUSTRY GROUP	AVG. WEEKLY WAGE	PERC CHG FROM YR AGO
Total, All Industries	\$929	7.0%
Natural Resources and Mining	\$822	1.9%
Construction	\$1,049	2.8%
Manufacturing	\$1,141	-1.6%
Trade, Transportation and Utilities	\$826	5.9%
Information	\$1,309	9.1%
Financial Activities	\$1,267	12.2%
Professional and Business Services	\$1,060	8.5%
Education and Health Services	\$969	4.4%
Leisure and Hospitality	\$367	1.9%
Other Services	\$718	10.5%
Public Administration	\$953	5.4%

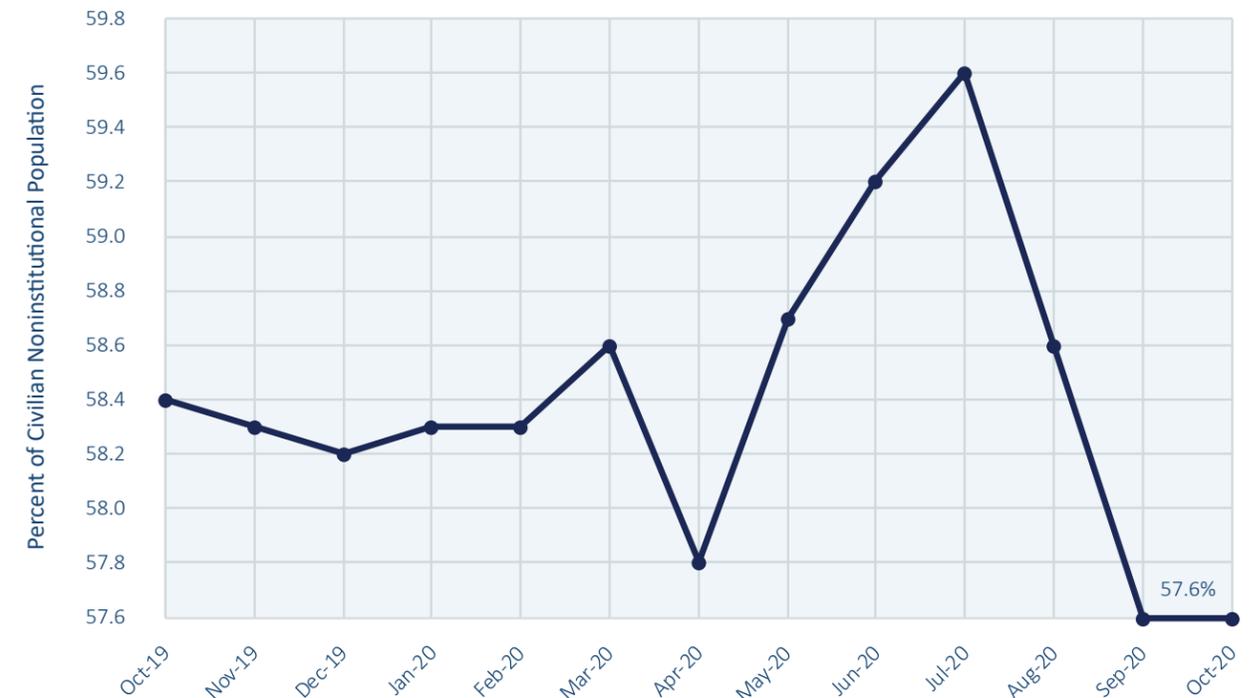
Source: DEW, Quarterly Census of Employment and Wages (QCEW)

S.C. GROSS DOMESTIC PRODUCT



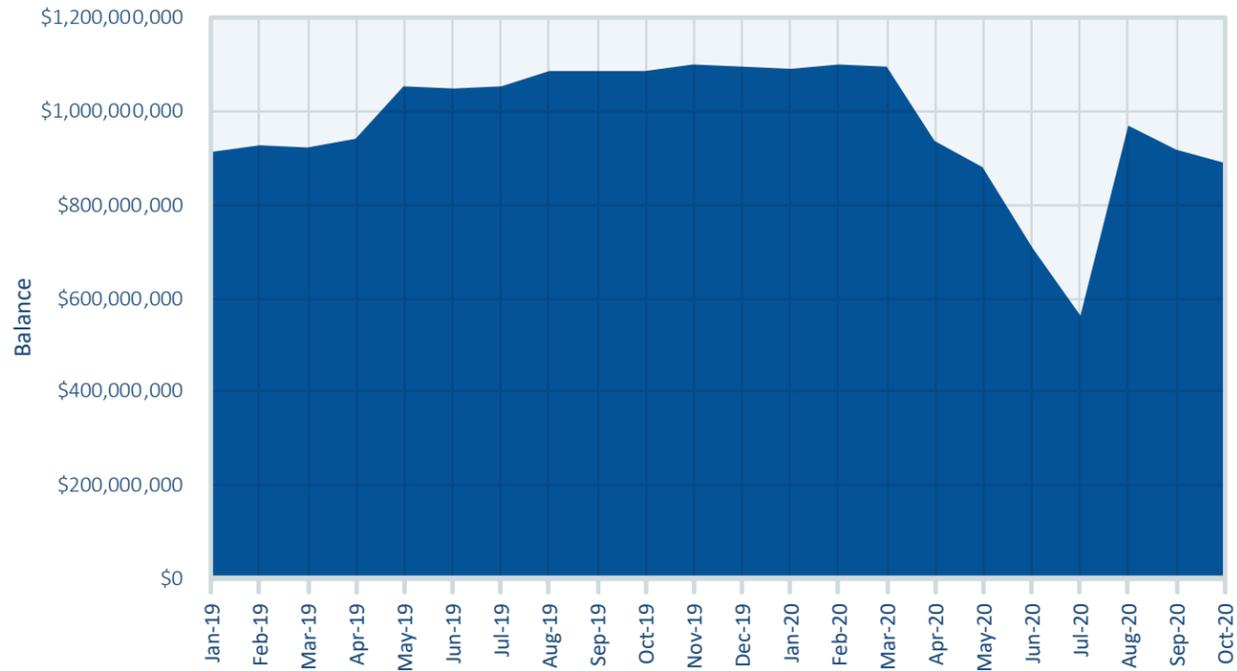
Source: U.S. Bureau of Economic Analysis

S.C. LABOR FORCE PARTICIPATION RATE



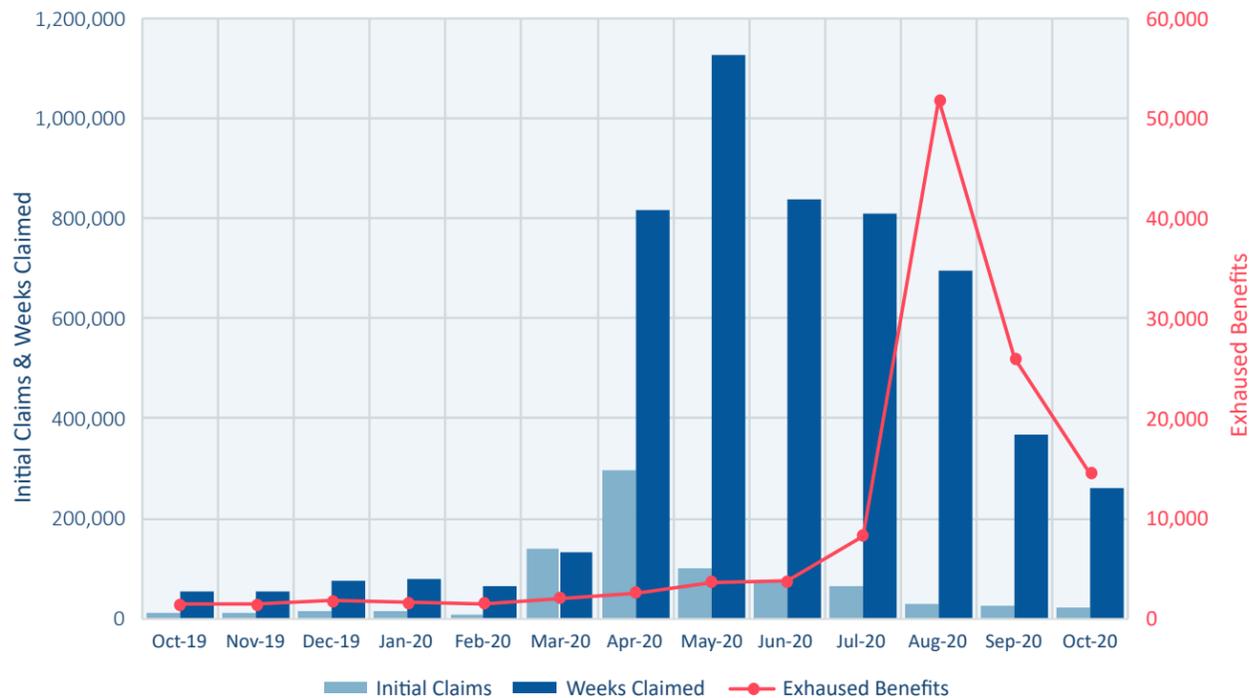
Source: DEW, Local Area Unemployment Statistics (LAUS)

S.C. UNEMPLOYMENT TRUST FUND REPORT BALANCE



Source: U.S. Department of the Treasury, Bureau of the Fiscal Service

S.C. MONTHLY UNEMPLOYMENT CLAIMS STATISTICS



Source: U.S. Department of Labor

Find more information at scworkforceinfo.com



Do you need some help finding the data you need? Have a great idea for a research project you'd like to discuss with someone? We love to collaborate!

DATA TRENDS is prepared by the LMI Division of the S.C. Department of Employment and Workforce with funding provided by the US Department of Labor. Featured data is prepared in conjunction with the Bureau of Labor Statistics and current month estimates are always preliminary, with all previous data subject to revision.