


**SOUTH CAROLINA
LABOR FORCE
PARTICIPATION TASK FORCE**

Initial Analysis

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for Inaugural Task Force Meeting

Measuring the Prosperity of a State

- Median household income, poverty rate, and gross domestic product are all relevant metrics for evaluating economic wellbeing.
- No matter what metric of progress is chosen, the prescriptions for economic growth are clear, if not always easy to achieve.
- Ultimately, however, for any locale to have a robust economic future, there must be a large, skilled workforce to support the wide range of employers necessary to build a diverse commercial base.

Why Labor Force Participation (LFP) Rates Matter

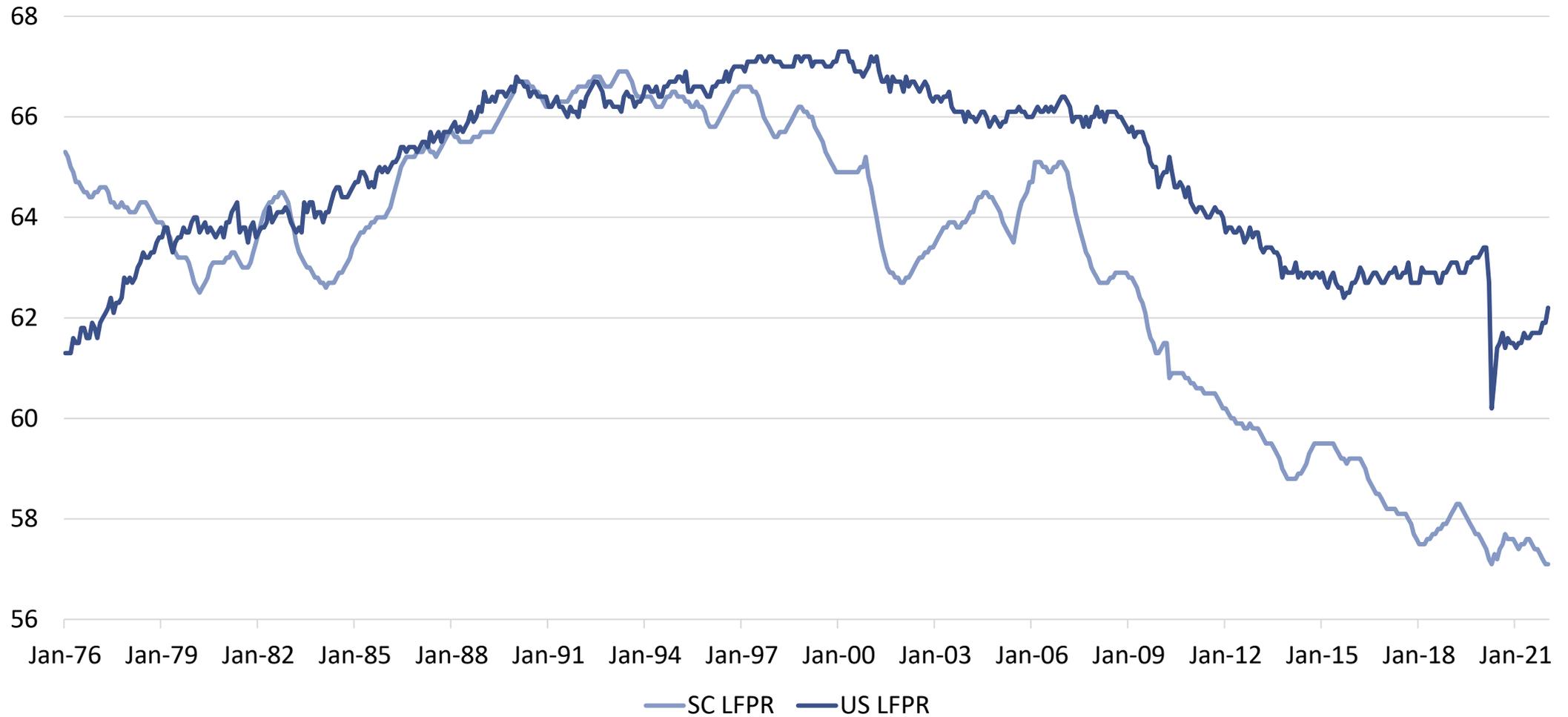
- Increasing South Carolina's LFP rate by just one percentage point from its January 2022 level of 57.1 percent would introduce over 41,500 potential employees to the state's workforce.
- If each of these new workers earned a typical salary, then that increase would grow the state's wages by around \$1.4 billion per year and grow the state's tax receipts by tens of millions of dollars annually.
- Meanwhile, increased earnings would lift many households out of poverty, decreasing state expenses on means-tested programs like Medicaid and SNAP.

Employment Situation: January 2022 vs February 2020

	South Carolina	United States
Eligible Workers	4,158,813 +123,145 vs Feb 2020 +3.1% vs Feb 2020	263,162,379 +3,567,742 vs Feb 2020 +1.4% vs Feb 2020
Labor Force	2,374,682 +58,209 vs Feb 2020 +2.5% vs Feb 2020	163,687,000 -896,000 vs Feb 2020 -0.5% vs Feb 2020
LFP Rate	57.1 percent -0.3 pts vs Feb 2020	62.2 percent -1.2 pts vs Feb 2020
Employment	2,292,415 +43,062 vs Feb 2020 +1.9% vs Feb 2020	157,174,000 -1,692,000 vs Feb 2020 -1.1% vs Feb 2020
Unemployment Rate	3.5 percent +0.6 pts vs Feb 2020	4.0 percent +0.5 pts vs Feb 2020

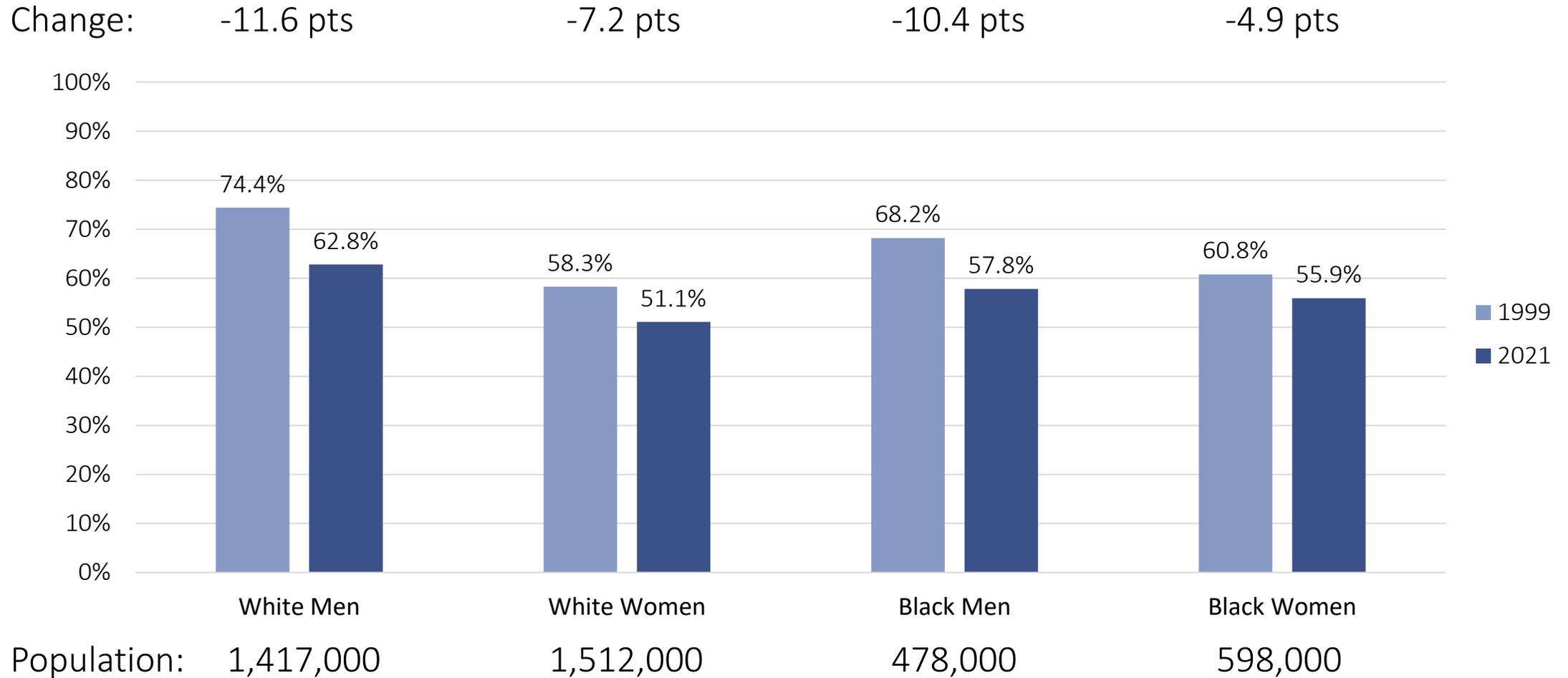
Source: Local Area Unemployment Statistics (SC) and Current Population Survey (US), seasonally adjusted

South Carolina and United States LFP Rates, 1976-2021



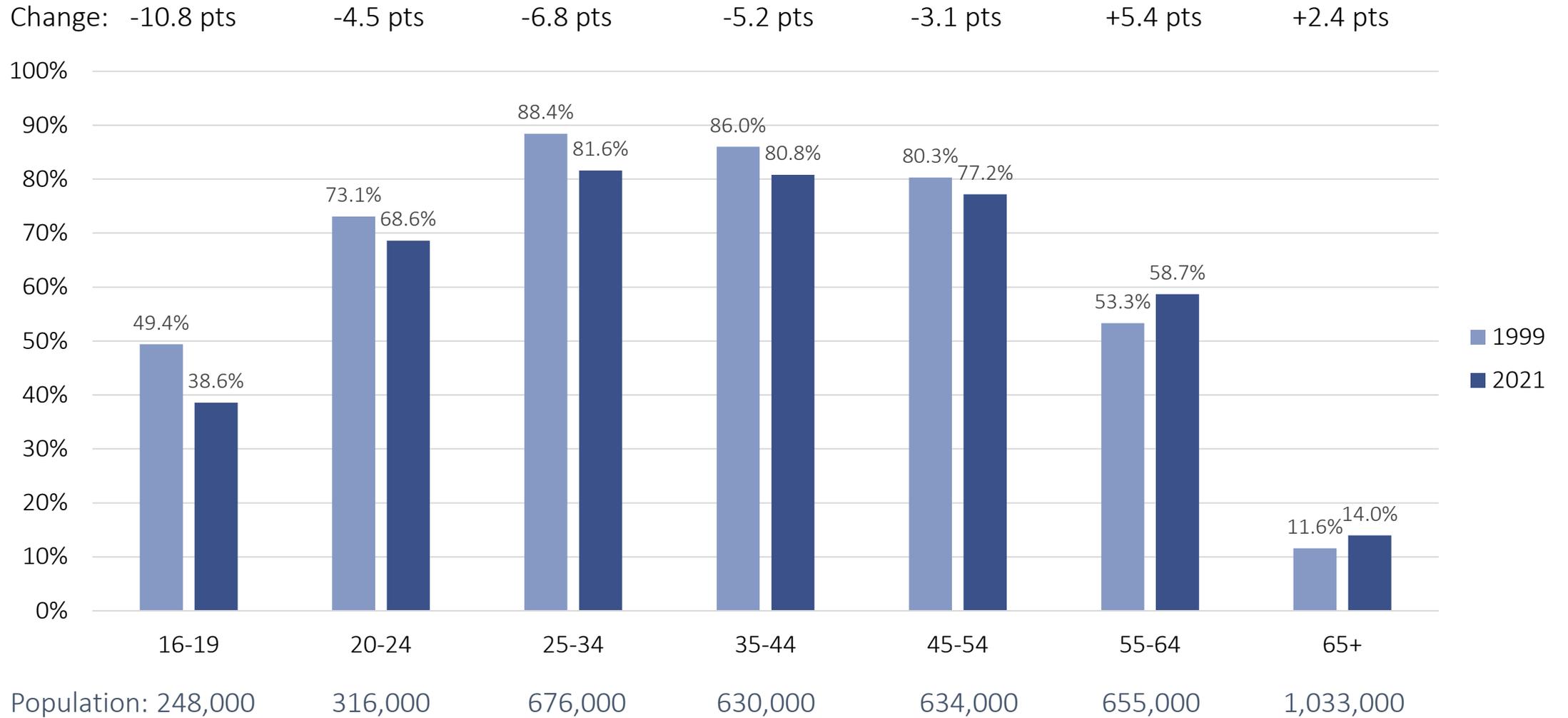
Source: Local Area Unemployment Statistics (SC) and Current Population Survey (US), seasonally adjusted

South Carolina LFP Rates by Race and Sex, 1999 vs 2021



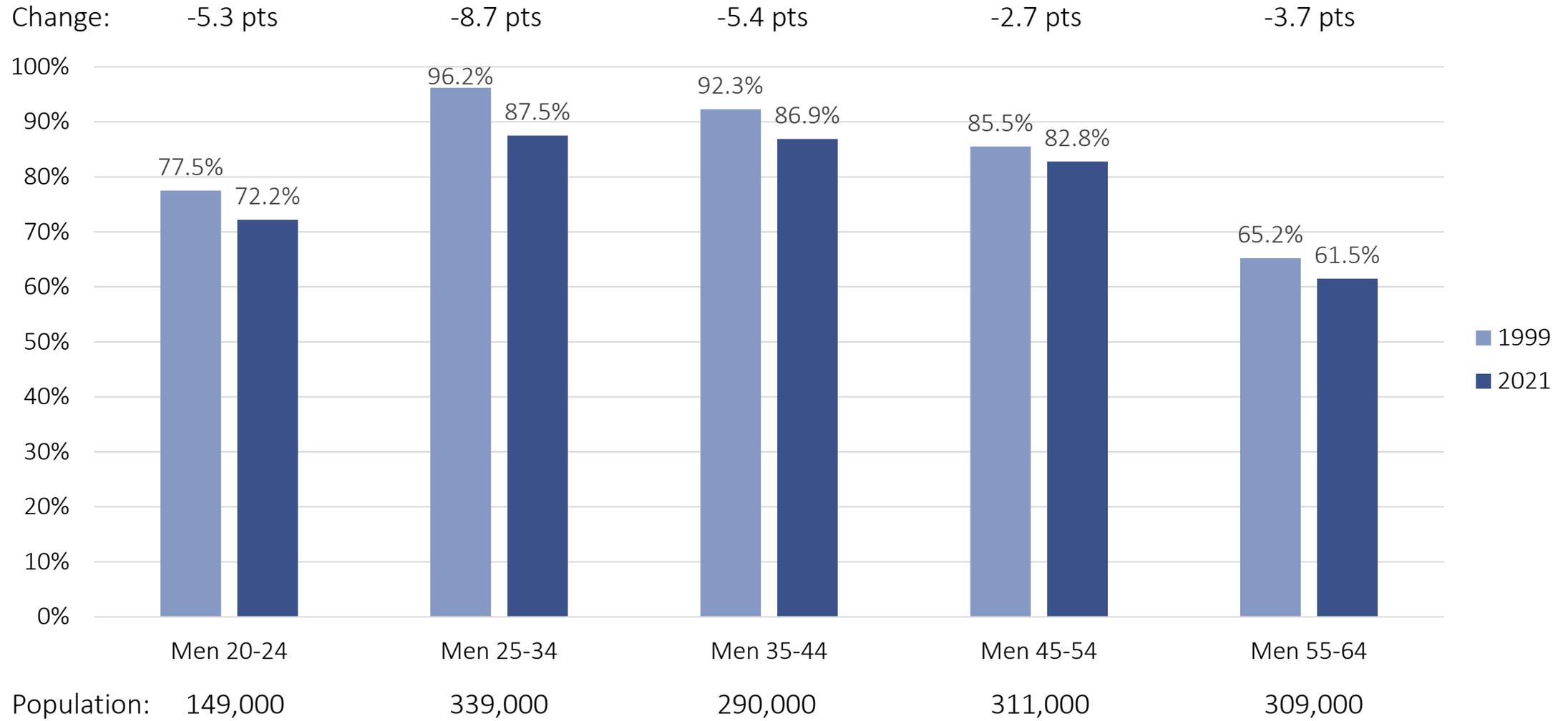
Source: Local Area Unemployment Statistics – Expanded State Employment Status Demographic Data

South Carolina LFP Rates by Age Range, 1999 vs 2021



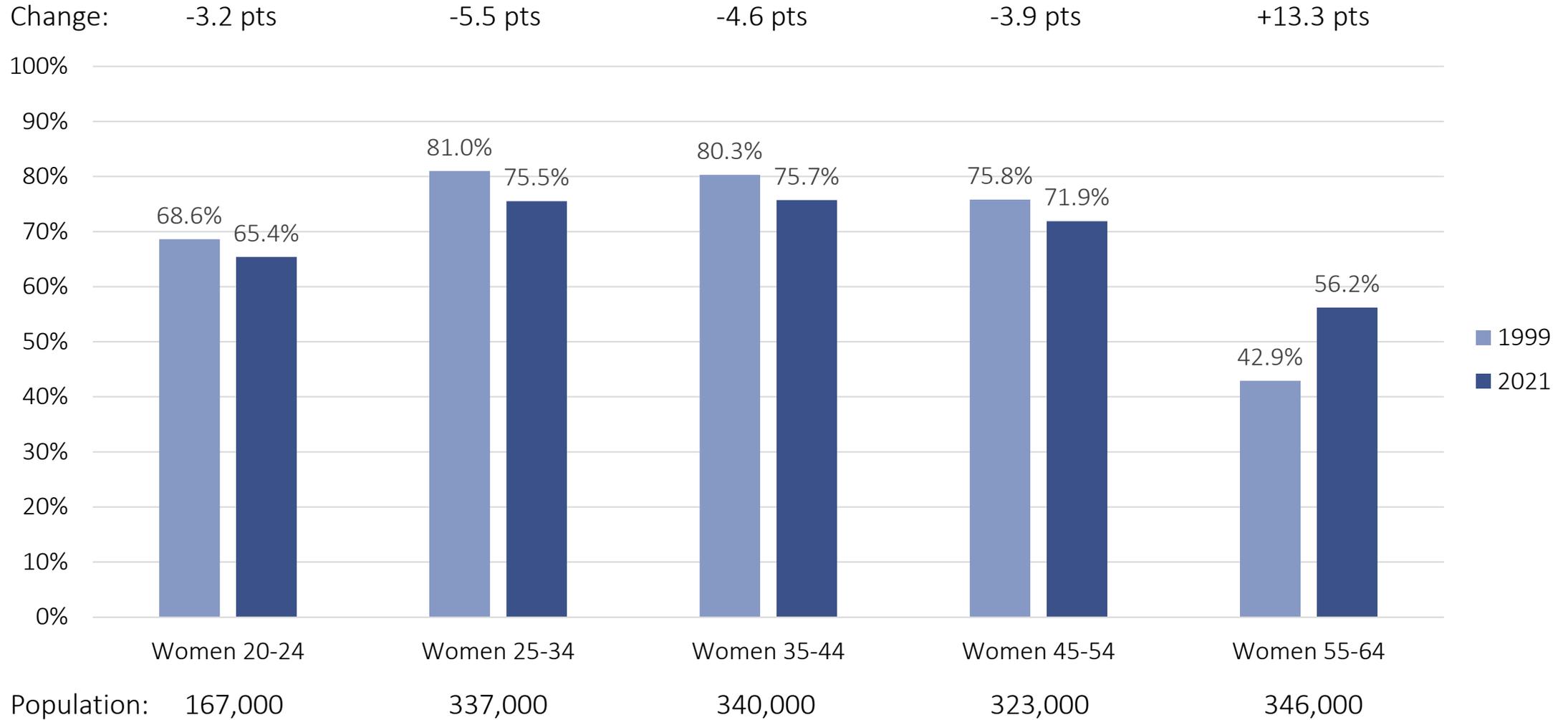
Source: Local Area Unemployment Statistics – Expanded State Employment Status Demographic Data

SC LFP Rates Among Men by Age Range, 1999 vs 2021



Source: Local Area Unemployment Statistics – Expanded State Employment Status Demographic Data

SC LFP Rates Among Women by Age Range, 1999 vs 2021



Source: Local Area Unemployment Statistics – Expanded State Employment Status Demographic Data

Prior Research: Ohio

February 2020 publication from their Bureau of Labor Market Information: “Ohio Labor Force Nonparticipants: An Asset for Increasing Participation?”

- Factors cited as impacting falling rate:
 - Declining demand for workers with lower education level (and thus lower real wages)
 - Disability
 - Opioid use and failure of pre-employment drug screens
 - Scarcity of jobs, particularly in rural areas
- Possible policy recommendations:
 - Increasing education levels or desirable training
 - Rehabilitation and assistance with workplace accommodations for individuals with disabilities
 - Making inroads against opioid and other substance abuse disorders
 - Increasing the number of private industry jobs in areas with high job competition

Case Study: Japan

October 2019 report from the Brookings Institution:

“Lessons from the Rise in Women’s Labor Force Participation in Japan”

- 12 weeks of paid maternity leave were guaranteed by the Japanese government in 1969, and a series of reforms in the 1990s expanded this to one year of paid leave available to both parents.
- Research suggests that women are considerably less likely to leave the labor force when childcare facilities are more readily available.
- Abe’s policies—lower tax rates for married women, better-compensated family leave, enhanced childcare availability, and targets for women’s representation in business leadership—may have helped to support the ongoing improvement in women’s labor force participation.

Takeaways

- While COVID-19 is causing short-term disruptions, there are several major factors that affect LFP in the long run:
 - Aging of the population
 - Broadband and transportation access
 - Caregiving requirements
 - Disability and health status
 - Discouragement over job prospects
 - Increasing enrollment in postsecondary education
 - Previous incarceration

Reason for Not Working at Time of Survey, SC Adults

Total	1,889,131	100%
I did not want to be employed at this time	80,883	4.3%
I was caring for someone or sick myself with coronavirus symptoms	116,862	6.2%
I was caring for children not in school or daycare	104,588	5.5%
I was caring for an elderly person	35,844	1.9%
I was concerned about getting or spreading the coronavirus	5,852	0.3%
I was sick (not coronavirus related) or disabled	167,841	8.9%
I am retired	838,581	44.4%
I was laid off or furloughed due to coronavirus pandemic	64,825	3.4%
My employer closed temporarily due to the coronavirus pandemic	6,353	0.3%
My employer went out of business due to the coronavirus pandemic	7,652	0.4%
I did not have transportation to work	57,328	3.0%
Other reason	323,276	17.1%
Did not report reason	79,245	4.2%

Source: U.S. Census Bureau Household Pulse Survey, Week 42 (January 26, 2022 through February 7, 2022)

Macro vs. Micro Approaches

- The agency is interested in understanding the macroeconomic trends that drive South Carolina's low labor force participation rate.
 - The Task Force is asked to develop a scope of research that can provide relevant stakeholders the most complete information possible when determining which strategies to pursue to increase the state's participation rate.
- Simultaneously, DEW is interested in doing what it can as an agency to help participation rates at the microeconomic level. DEW usually works at an individual or employer level: Administering UI, jobseeker casework, sponsoring job fairs and training opportunities, etc.
 - Can the state develop a real-time system that identifies new labor demand and targets specific people or small groups of potential workers to meet it?
 - The Task Force is asked to help provide feedback on feasibility and design of such a system.

Potential Framework for an Automated Micro Solution

Data on Available Jobs	Data on LF Non-Participants or Un-/under-employed Individuals
Internal: SCWOS listings (first-party and amassed from online sources)	Internal: SCWOS data on current and previous unemployment insurance claimants
External: Other listing databases (e.g., HWOL, NLX, etc.)	Internal: Employment and wage information from unemployment insurance databases
External: Data from the S.C. Department of Commerce on tax incentives	External: Data on individuals in priority populations including the previously incarcerated, homeless, disabled, etc. from other state agency partners
External: Other information from the private sector on labor demand	External: Educational and training records from credential providers
	External: Employment and wage information from other states
	External: Population parameter information (e.g., ACS microdata)

Macro and Micro Questions

Macro

1. What are the primary factors causing the rate to be so low?
2. What impact would increasing the labor force participation rate have on South Carolina's economy? What are the implications for the state's wealth? What would be the economic impact to the state if the labor force participation rate were to increase by 1%?
 - Can a more comprehensive analysis provide better detail and precision regarding DEW's preliminary estimate of the potential impact?
3. Recommendations on what policies would be most effective for raising the rate or preventing further decline.

Micro

1. Can we evaluate labor force participation economic impact at the county level?
2. Who are the people not in the labor force? Demographics, education, and skills?
3. Where are the people not in the labor force located?
4. Recommendations on how to reach the people identified as not part of the labor force.