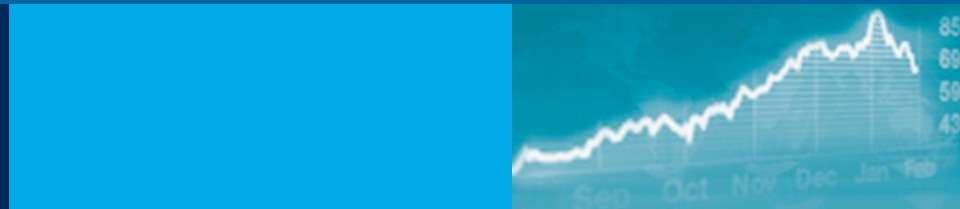




Employment Update

Elected Officials Event
January 5, 2023



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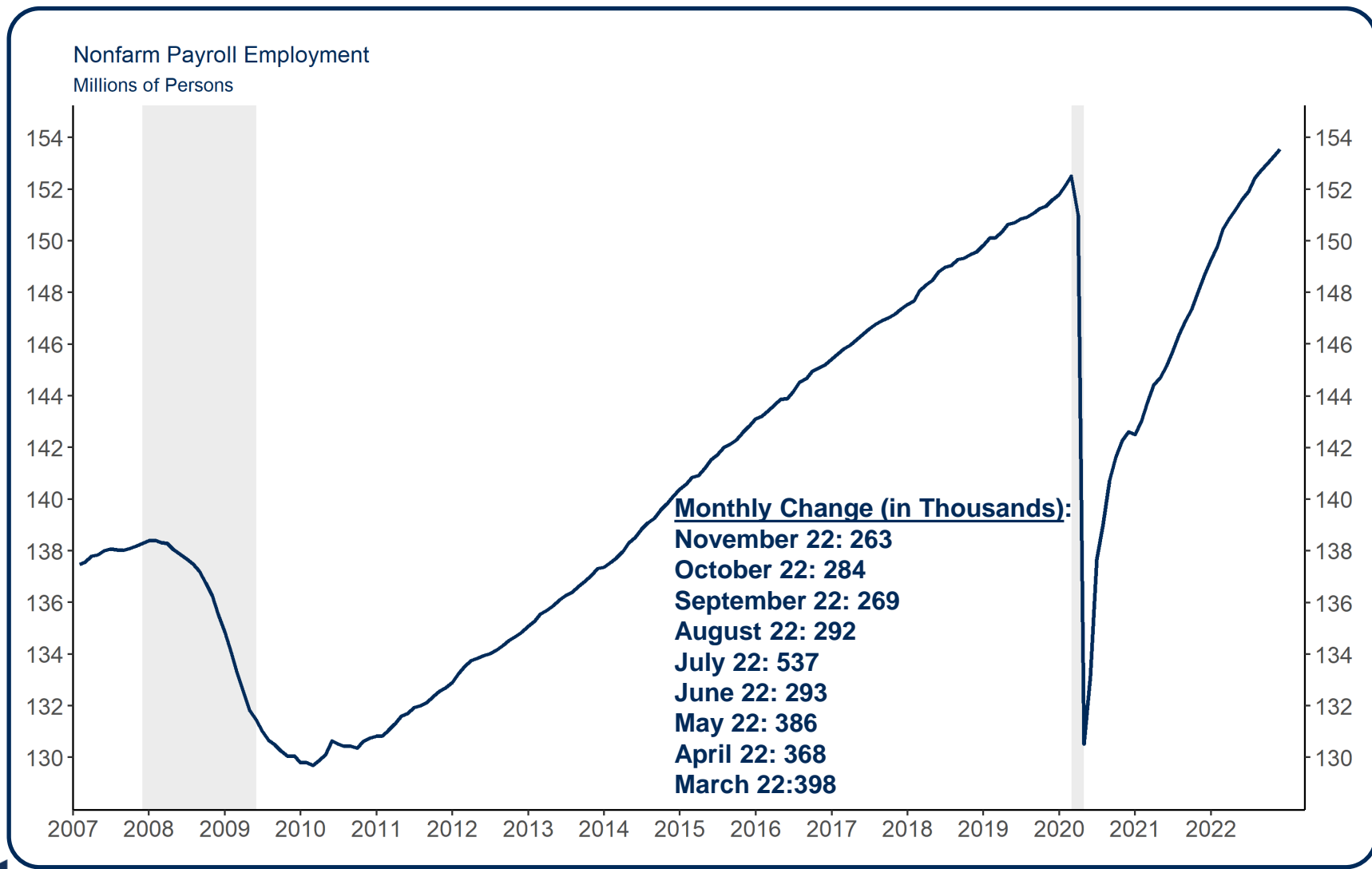


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Where are we now?

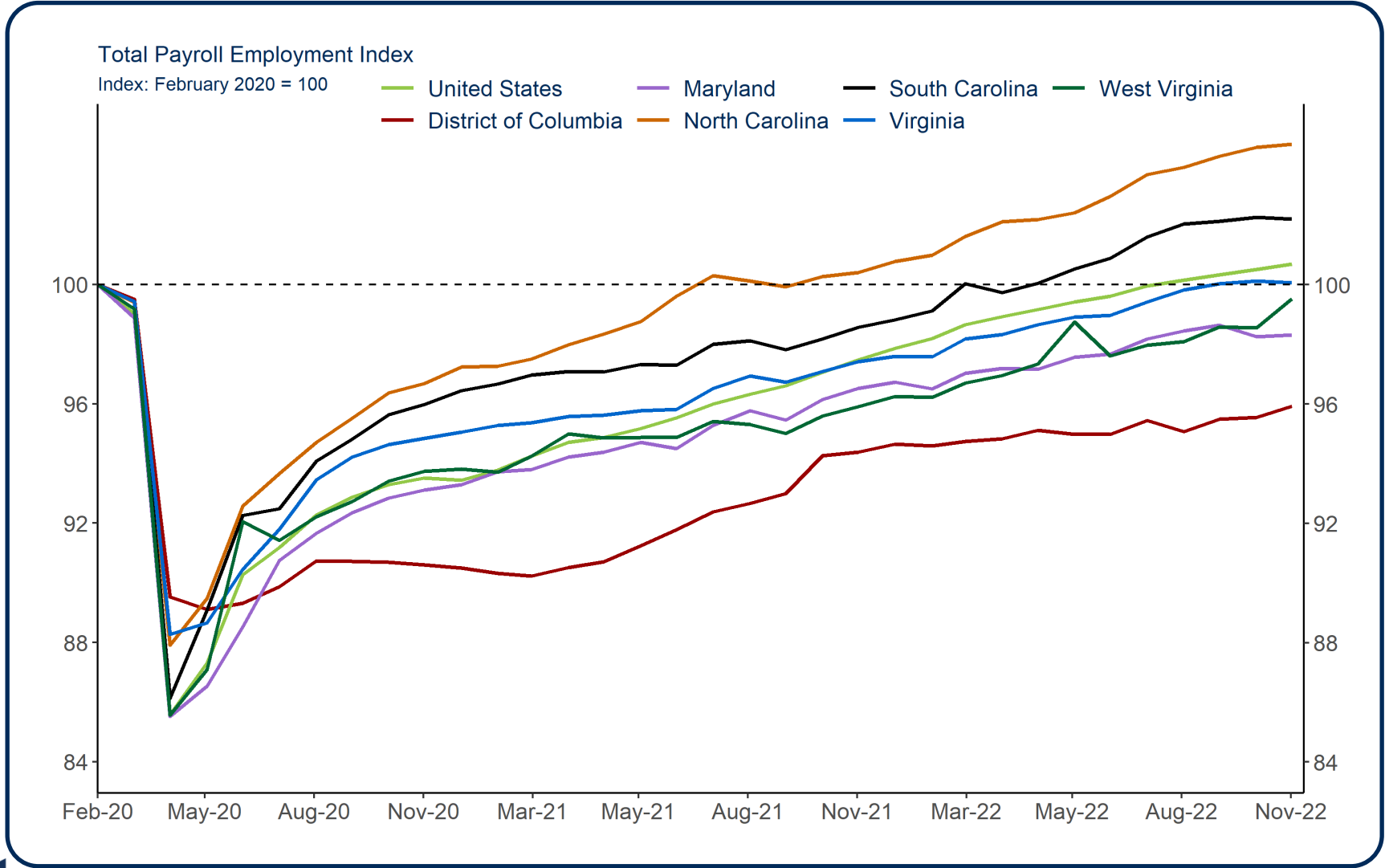
- 2021 was a year of strong economic growth and employment recovery; 2022 was much bumpier, but employment continued to grow.
 - Some sectors continue to be hit harder than others.
- Our region has fared better than many other parts of the country. We continue to be an importer of people, companies and talent.
- Labor shortages exist in many sectors and will likely continue in 2023. Many of these shortages are being driven by longer-term issues such as demographic shifts, child care and educational attainment.
- Wages have increased rather significantly, but with inflation at high levels, many face real wage declines.
- Many of the challenges facing employers are also impacting higher education institutions.

We are now above pre-COVID levels of employment nationally, but we haven't returned to the pre-COVID trajectory



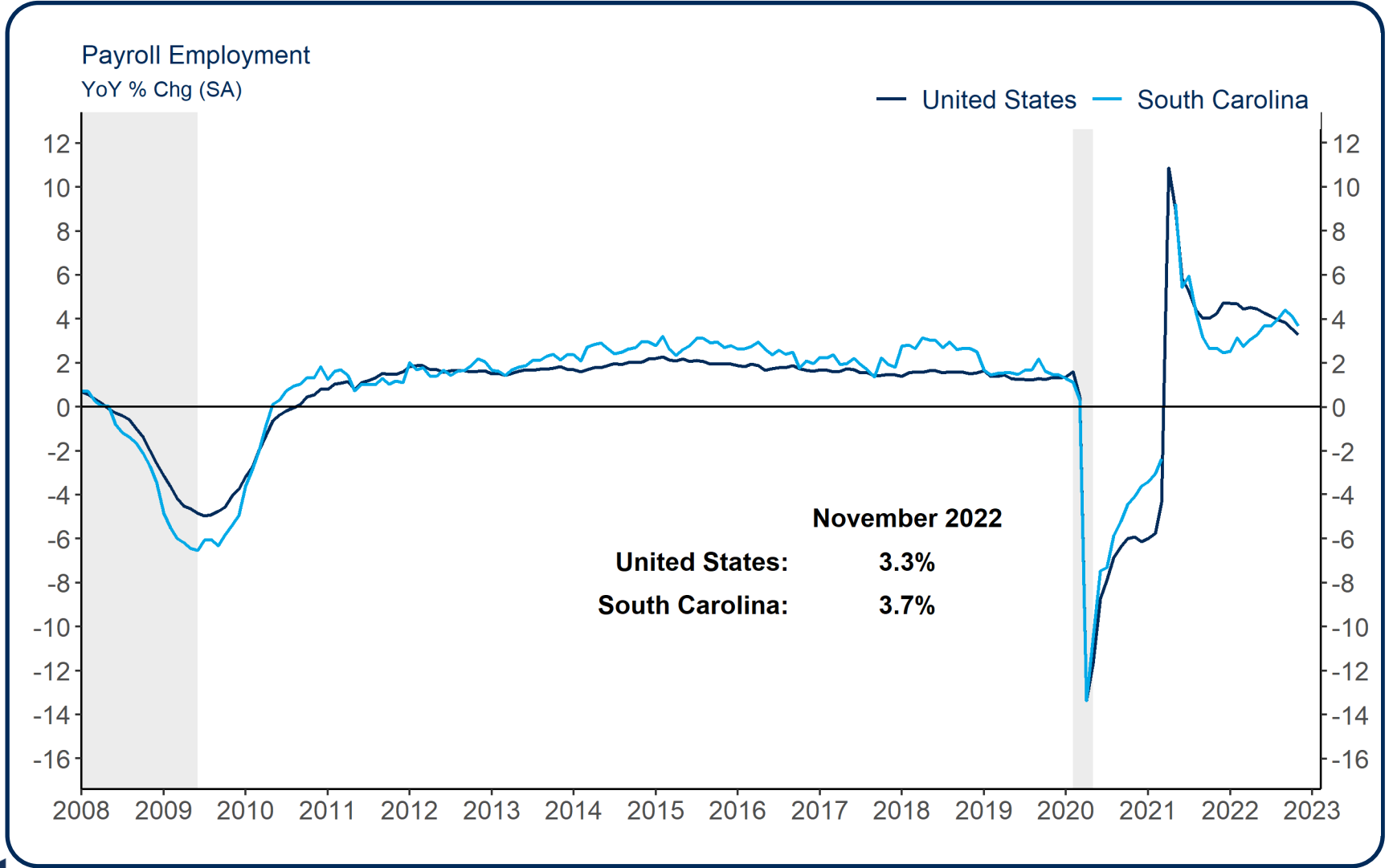
Source: Bureau of Labor Statistics/Haver Analytics

The Carolinas are clearly leading the employment recovery in the Fifth District



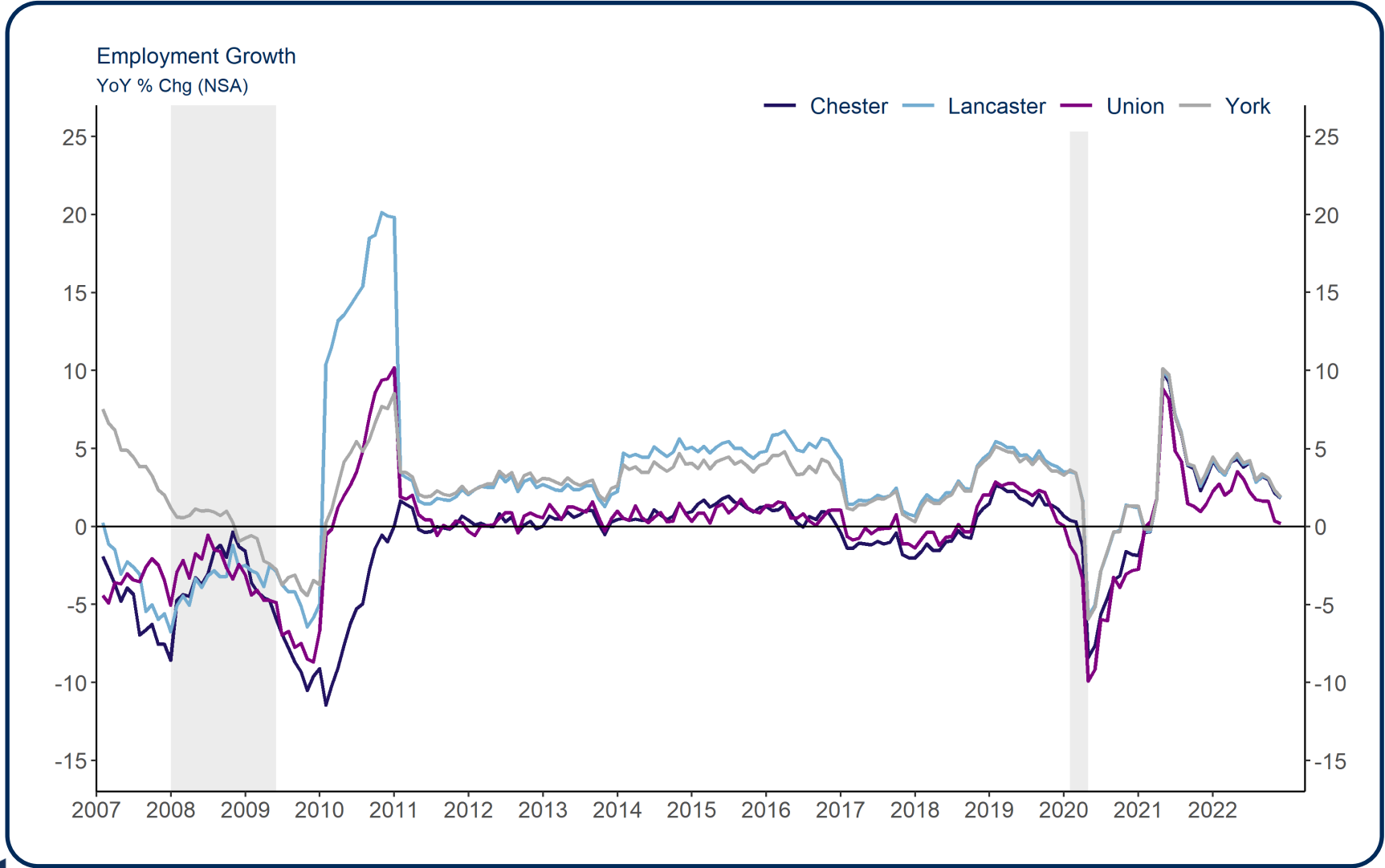
Source: Bureau of Labor Statistics/Haver Analytics

Contrary to the previous recession, SC fared better than the U.S. overall in terms of employment growth



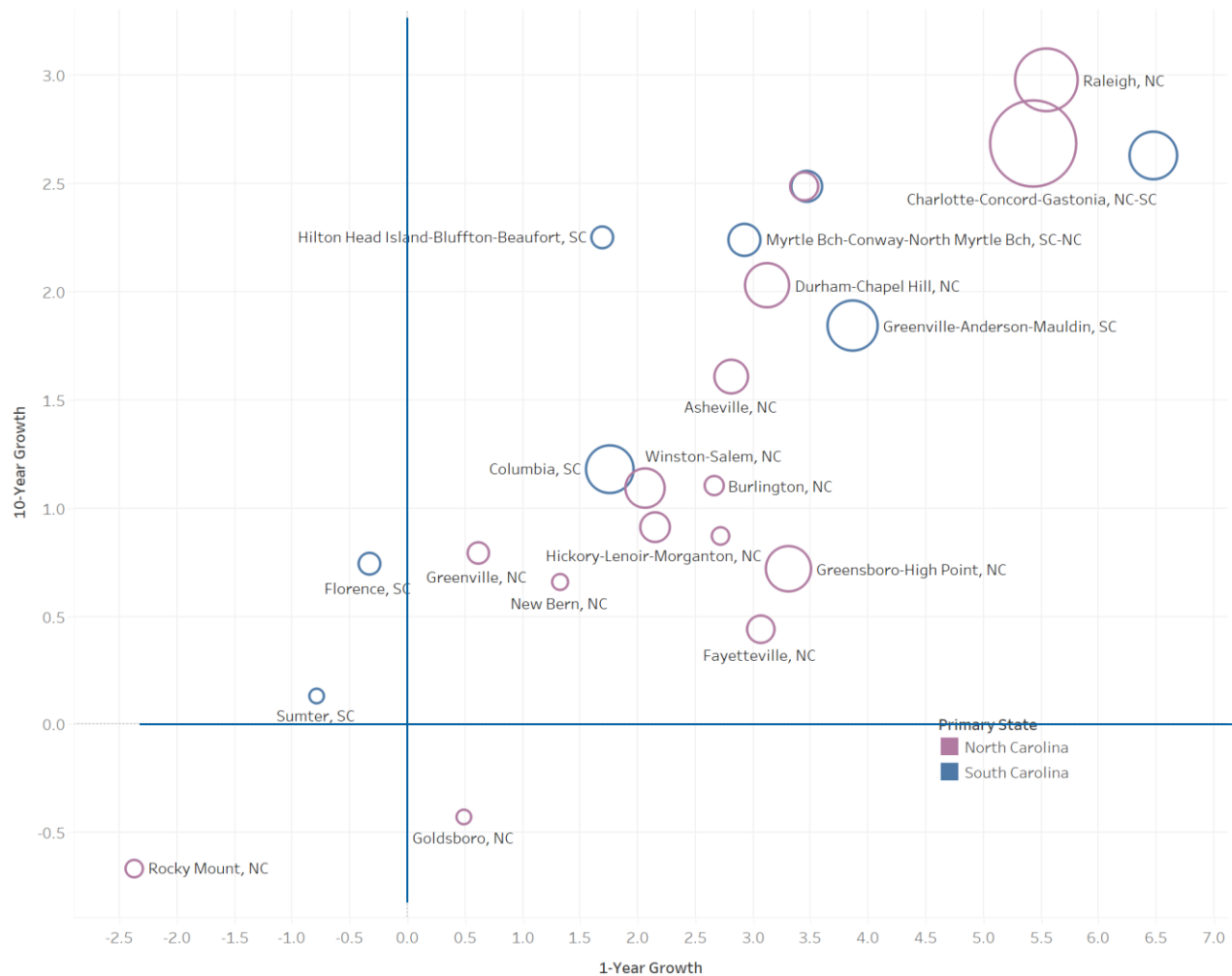
Source: Bureau of Labor Statistics/Haver Analytics

The counties in the Catawba region have seen a convergence in post-COVID employment growth...



Source: Bureau of Labor Statistics/Haver Analytics

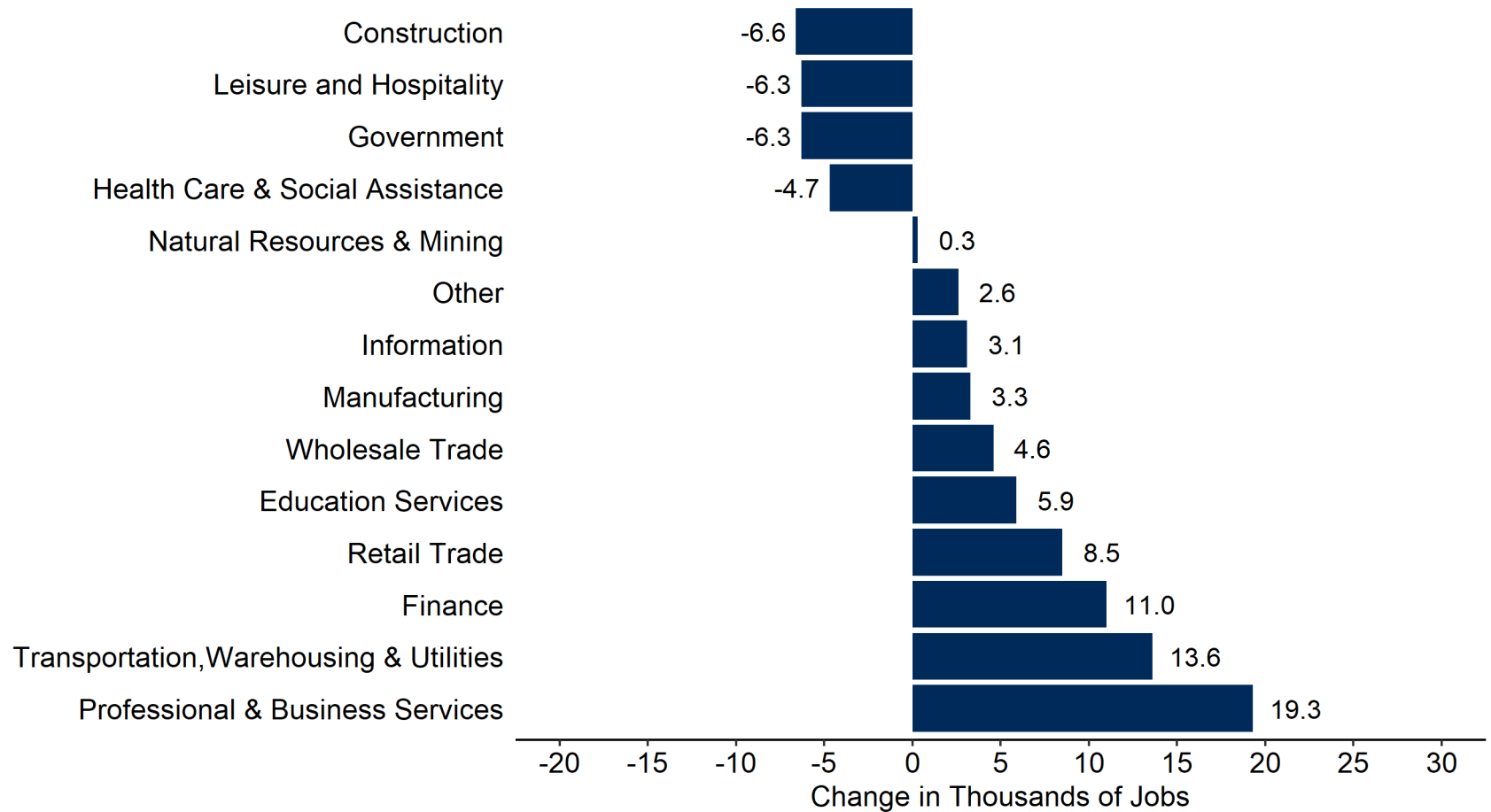
...and both short and long-term growth amongst NC and SC MSAs remains almost entirely positive, even considering COVID declines



Source: Bureau of Labor Statistics/Haver Analytics

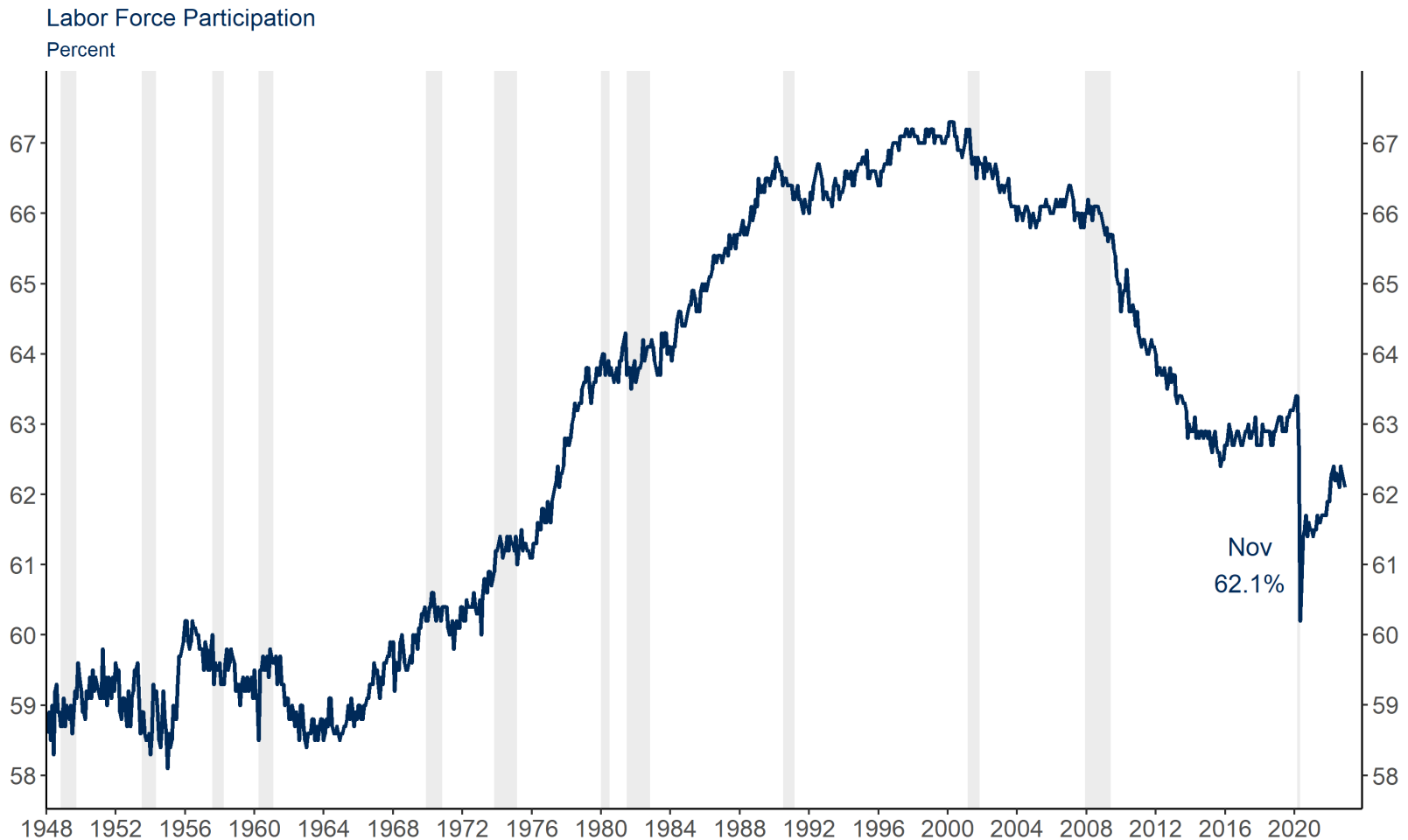
There have been major sectoral shifts in employment

South Carolina Employment Change from February 20 to November 22



Source: Bureau of Labor Statistics/Haver Analytics

The recovery looks a less impressive when considering labor force participation (LFP)

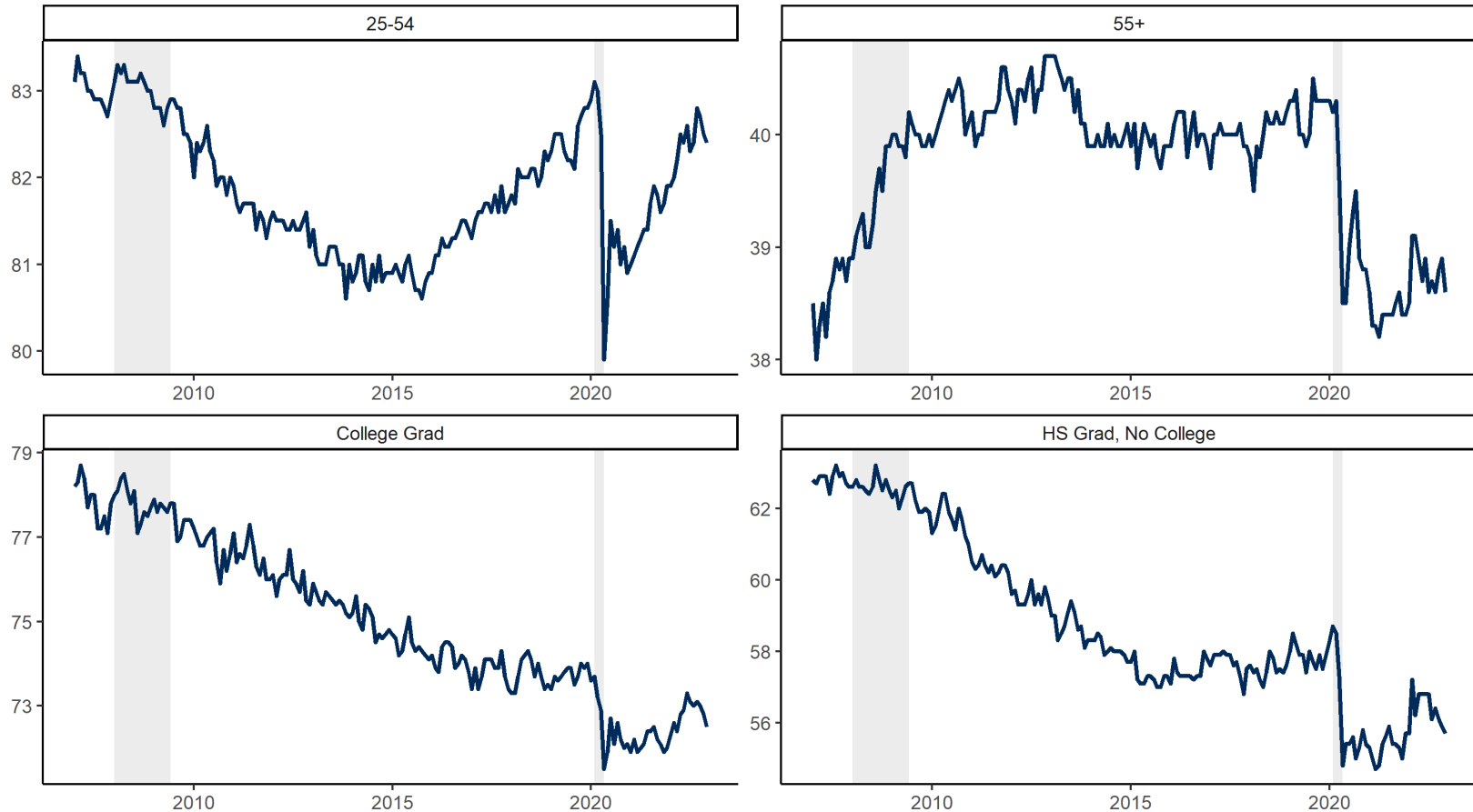


Source: Bureau of Labor Statistics/Haver Analytics

Who has left the labor force? Labor force participation rates by age and education

Labor Force Participation Rate

Percent, SA



Source: Bureau of Labor Statistics/Haver Analytics

Who has left the labor force? Changes in labor force and LFPR since November 2019 by age, race and gender

Age 20-24

	Percent Change in LFPR Since November 2019	Change in Labor Force Since November 2019
Black Men	5.60%	46,000
Black Women	-3.11%	(42,000)
White Men	-1.20%	(112,000)
White Women	-2.58%	(141,000)

	Percent Change in LFPR Since November 2019	Change in Labor Force Since November 2019
Black Men	-1.43%	101,000
Black Women	1.67%	215,000
White Men	-1.00%	(206,000)
White Women	-0.78%	(489,000)

Age 25 - 54

Age 65+

	Percent Change in LFPR Since November 2019	Change in Labor Force Since November 2019
Black Men	0.44%	75,000
Black Women	-4.07%	(28,000)
White Men	-8.59%	(76,000)
White Women	-7.19%	(133,000)

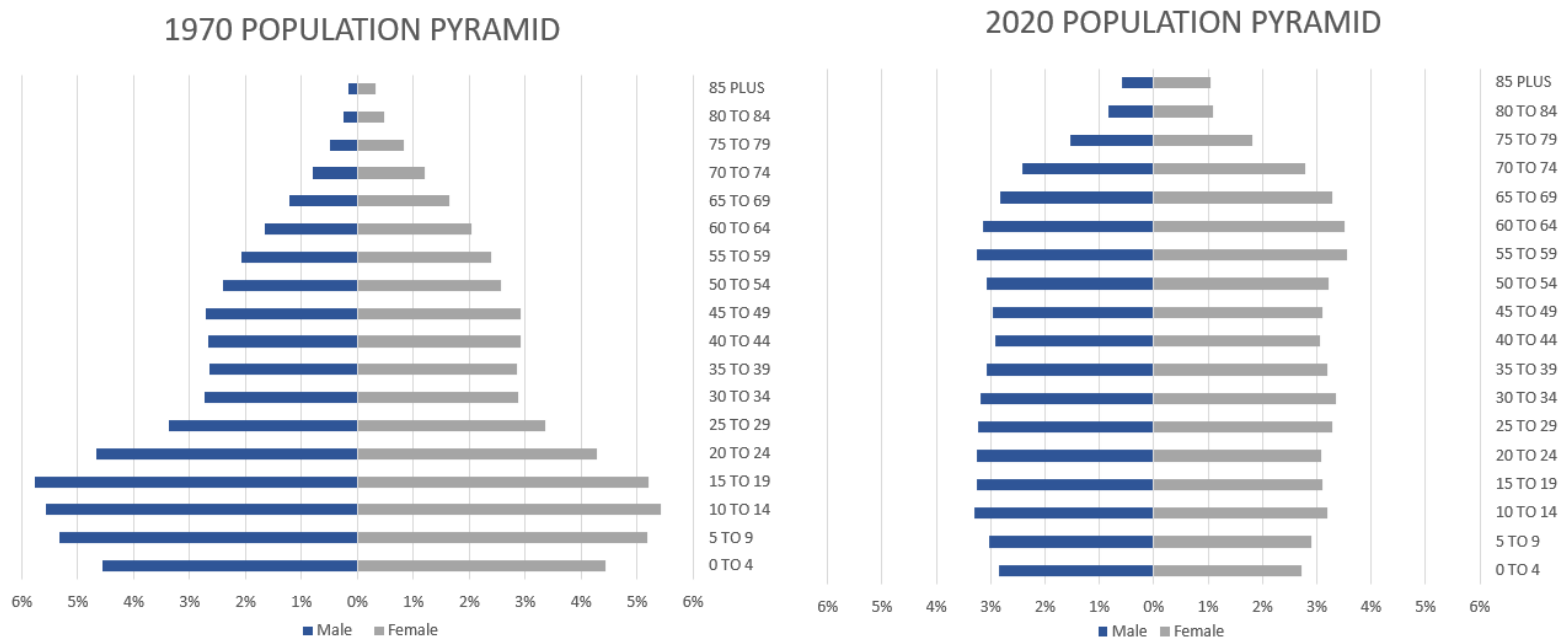
Why aren't people working? SC Labor Force Participation Task Force survey provides some answers

- Analysis indicates that 72.8% of the decline in state labor force participation rate is due to the aging of the population.
- What else is driving the decline? The story is different for men and women.

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%

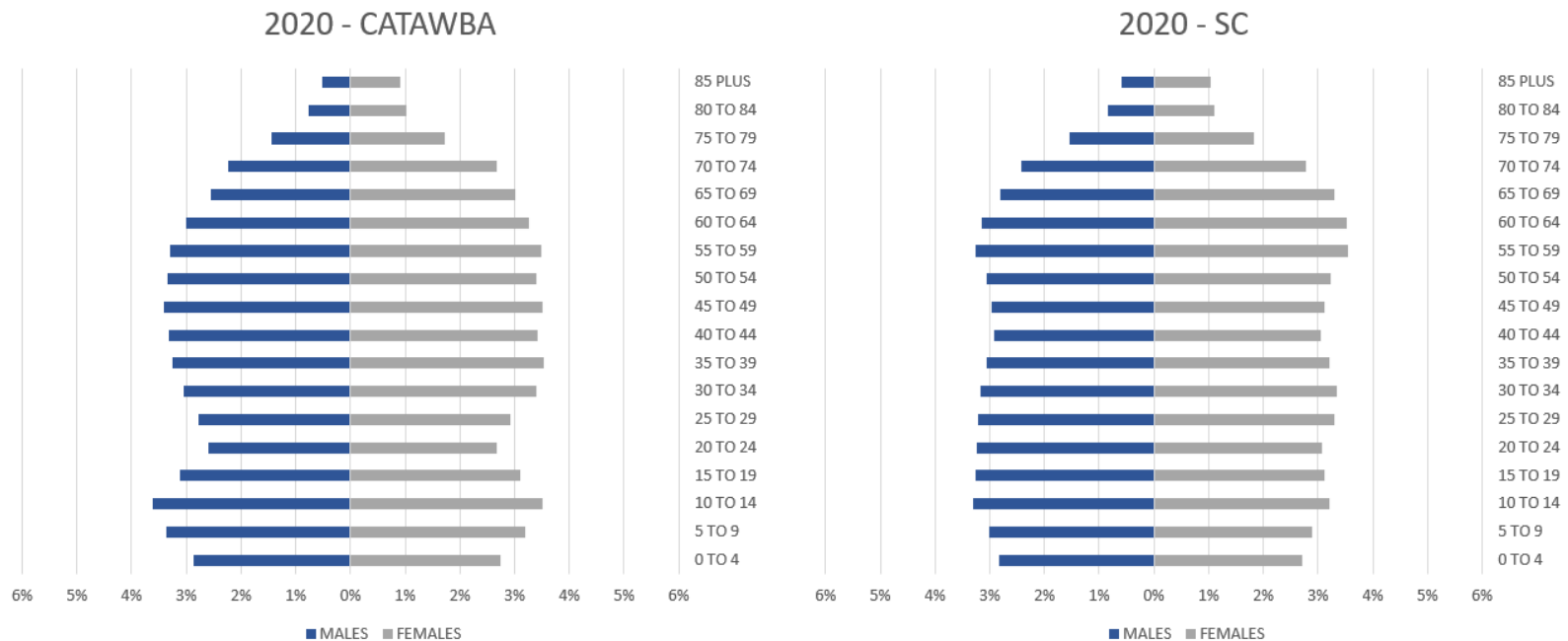
We are in the midst of significant demographic shifts that are impacting labor force participation

- The SC population pyramid looks much different in 2020 than it did in 1970; this has major implications for the current and future workforce
 - Median age has increased from 24 in 1970 to 40 in 2020



The Catawba region has a larger proportion of younger residents than SC as a whole

- The Catawba region has a lower share of retirees and a higher share of young residents than many other parts of the state
- Yet the share of 20–24-year-olds is low



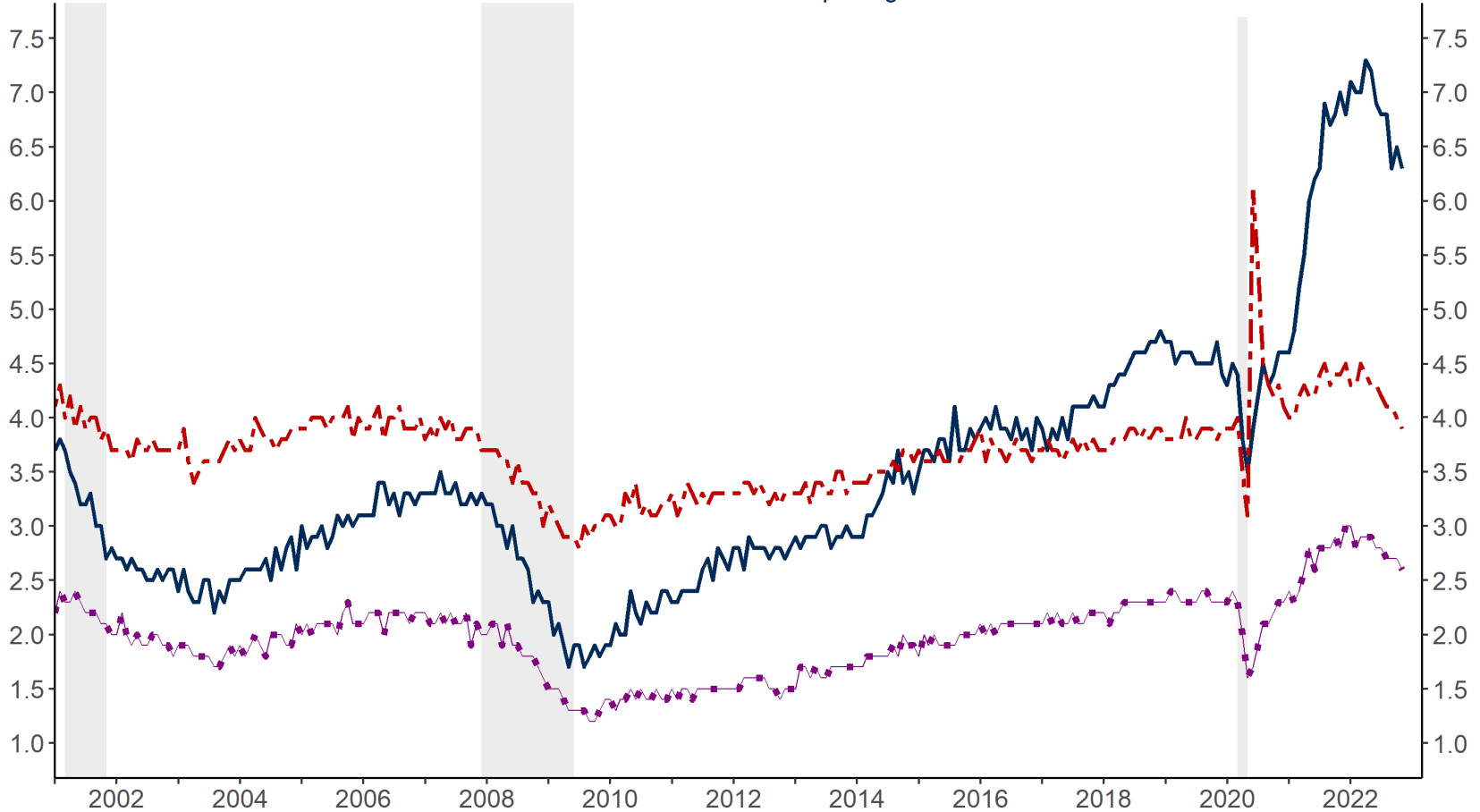
Source: S.C. Revenue and Fiscal Affairs Office

Job openings and quits remain elevated, although each has been falling in recent months

Labor Market Flows

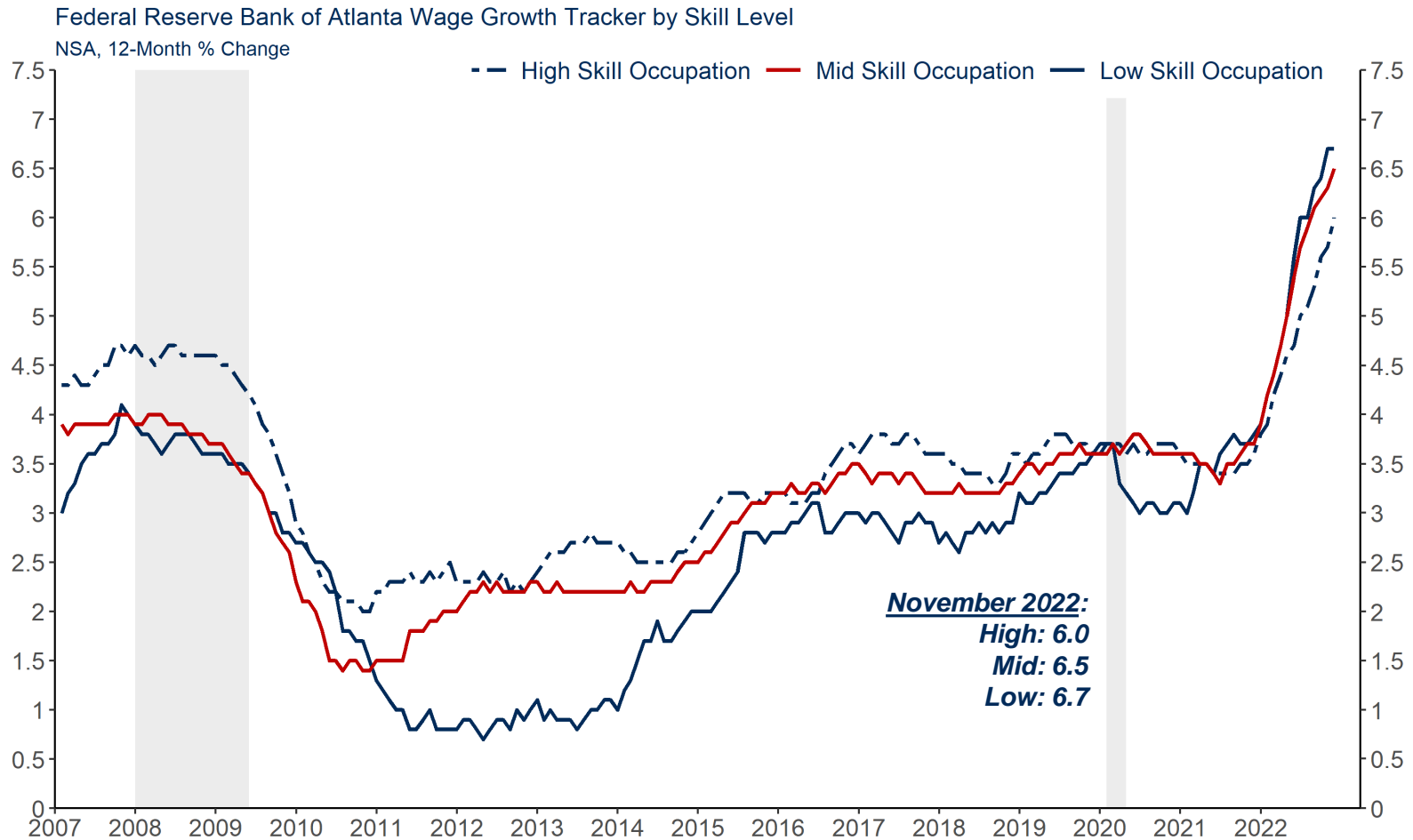
Percent

— Job Openings Rate** - - Hires Rate* ··· Quits Rate*



Source: Bureau of Labor Statistics/Haver Analytics

The result...nominal wages continue to rise, and low skill wages are increasing faster than high skill occupations



Source: FRB Atlanta via Haver Analytics

Where do we go from here?

- What might make a difference in the availability of workers/students? What could get people back into the labor force/school?
 - Flexibility:
 - According to LinkedIn, workers are 2.5 times more likely to apply for jobs that are remote.
 - Flexibility in terms of location, hours worked, etc. can help workers with young children or those with other care responsibilities.
 - Immigration:
 - While these issues are global, the desire to relocate to the U.S. remains strong. The bonus here is that immigrants typically have higher labor force participation and fertility rates.
 - Policy Initiatives to Improve Outcomes:
 - This could include anything from enhanced child tax credits, to subsidized childcare, to an expansion of the Pell Grant.
 - Changes in Recruiting Philosophies:
 - As the working population shrinks (as a percent of total population), employers will have to evaluate how and who they recruit.
 - Encouraging Youth to Develop into High Demand Fields:
 - Some fields (nursing, computer science, accounting, data analytics) are in higher demand than ever. Encouraging students to study these fields, and providing attractive training programs, could improve employment/education outcomes.

Questions/Comments?

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