

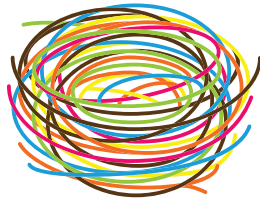
Women in the Workforce

An Economic Analysis of Labor Market Trends in South Carolina



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November 2021

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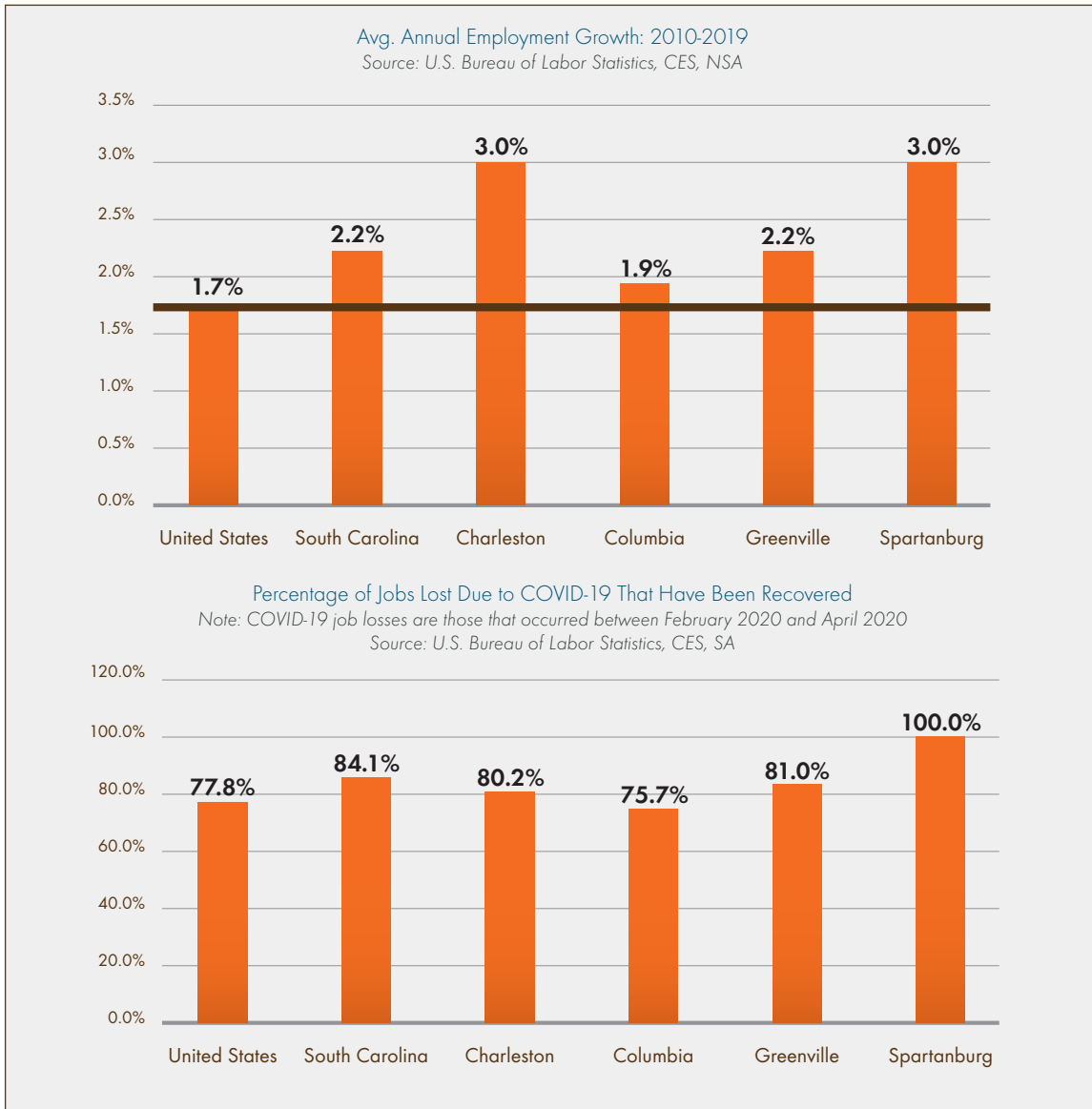
Before COVID-19: A Decade of Strong Growth

During the decade immediately preceding the COVID-19 pandemic, the United States experienced its longest economic expansion on record. This expansion, which began in June 2009 and lasted for 128 months until February 2020, also represented a period of significant growth for South Carolina. Both the state as a whole as well as the largest metropolitan regions within South Carolina all experienced economic growth that consistently outpaced that of the national average over the last decade. **Figure 1**, for example, specifically illustrates the difference in employment growth between the United States and South Carolina. From 2010 to 2019, note that South Carolina outpaced U.S. employment growth by an annual average of 0.5 percentage points (2.2% vs. 1.7%). Much of this difference was the result of the sizable growth in South Carolina’s advanced manufacturing industries, which averaged 7.8 percent annual employment growth over this nine-year period – or more than three times the rate of the state’s economy. **Figure 1** also reveals how each of South Carolina’s three largest metropolitan regions experienced employment growth in excess of the U.S. average. Most notably, Charleston and Spartanburg averaged an employment growth rate of 1.3 percentage points above the national average. Following the COVID-19 recession of 2020, **Figure 1** also illustrates that Spartanburg is the only major metropolitan region of South Carolina to have fully recovered all pandemic-related job losses to date.

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Figure 1: Pre-Pandemic Employment Growth Trends in South Carolina and the United States

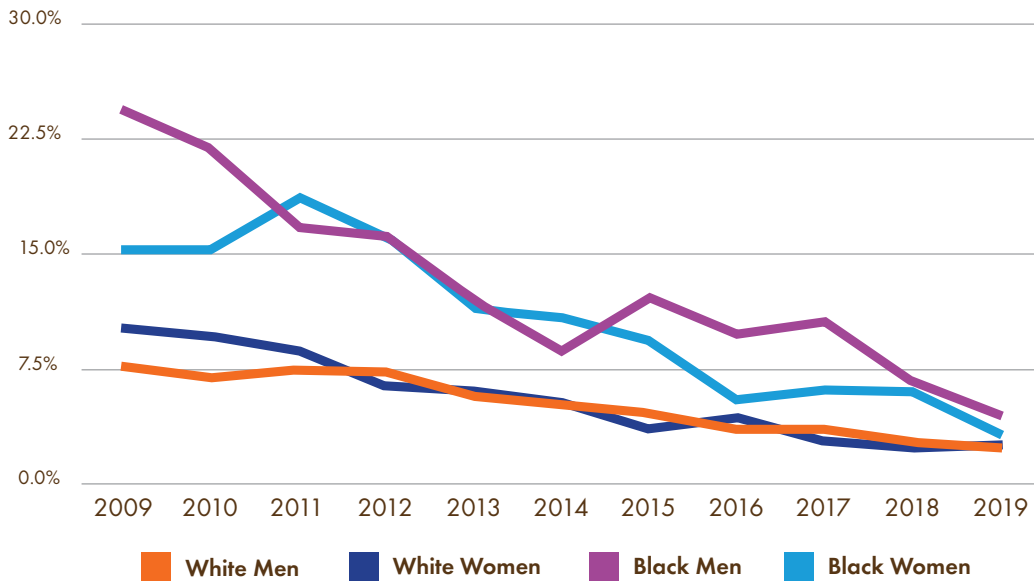


This decade-long economic expansion benefitted most workers in the United States, including both women and men. The two fundamental benefits that an expanding economy offers the residents of the region in which it occurs is access to jobs that are both high in quantity and high in quality. The quality of a job is often measured by its wage level and the rate of wage growth that it offers, while job quantity is a reflection of the availability of jobs for individuals actively seeking employment.

By both measures, the previous economic expansion has benefitted both women and men. One measure of employment quantity is the unemployment rate itself, which has declined significantly over the past decade as **Figure 2** highlights. The unemployment rate for white women in South Carolina decreased from 7.6 percent in 2009 to 2.4 percent by 2019. For white men, the unemployment rate decreased from 10.2 percent to 2.6 percent over this same time period.

Unemployment rates also decreased substantially for Black men and Black women, who have historically experienced higher unemployment rates than their white counterparts. The unemployment rate for Black men in South Carolina was estimated to be 24.5 percent at the height of the Great Recession in 2009, dropping to 4.5 percent by 2019. For Black women over the same time period, unemployment dropped from a rate of 15.3 percent to 3.2 percent.

Figure 2: Pre-Pandemic South Carolina Unemployment Rates by Gender and Race: 2009-2019
 Source: U.S. Bureau of Labor Statistics, LAUS



When examining job quality, both women and men have also benefitted from wage gains over the previous decade. Because post-pandemic wage data by race and gender are not yet available at the state level, national trends in median wages were explored. As of 2019, the median annual wage of U.S. men was 20.2 percent more than that of women, and these wage gaps have persisted into 2021. In South Carolina, the gender wage gap is larger than the national average, with women earning 73.4 cents for every dollar that men earn.¹ As **Figure 3** reveals,

the wage gap has remained relatively unchanged over the past decade as well as throughout the pandemic. Note that the median wages of white women tend to be the highest relative to white men while the median wages of Black women tend to be the lowest. For example, as of 2021q3 (the most recent time period of data available), Black women earned, on average, approximately 69.0 percent of the average wage of white men. By contrast, white women earned approximately 81.9 percent of what white men earned during this same time period.

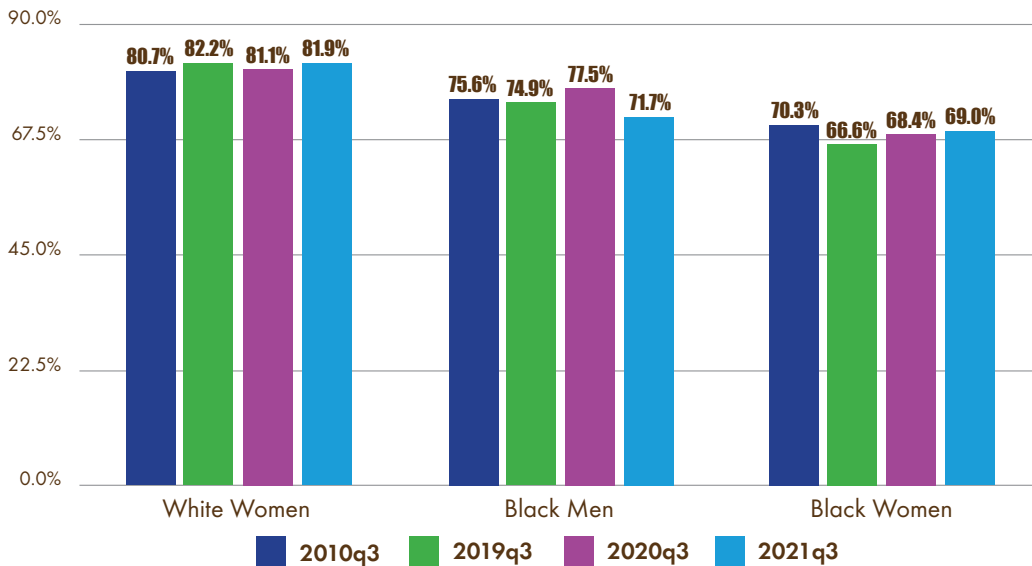
In South Carolina, the gender wage gap is larger than the national average, with women earning 73.4 cents for every dollar that men earn.¹

¹ Note that the source for these estimates is the American Community Survey (ACS) 1-Year 2019 Table S2413. According to the National Women’s Law Center, this estimate was reported to be 77.4 cents based on ACS 5-Year 2015-2019 data.

Figure 3: U.S. Median Weekly Earnings as a Percentage of White Male Median Weekly Earnings

Source: U.S. Bureau of Labor Statistics, CPS

Note: "q3" of each year shown represents the three-month period of July-September



The Impact of COVID-19 on Women’s Employment Experience

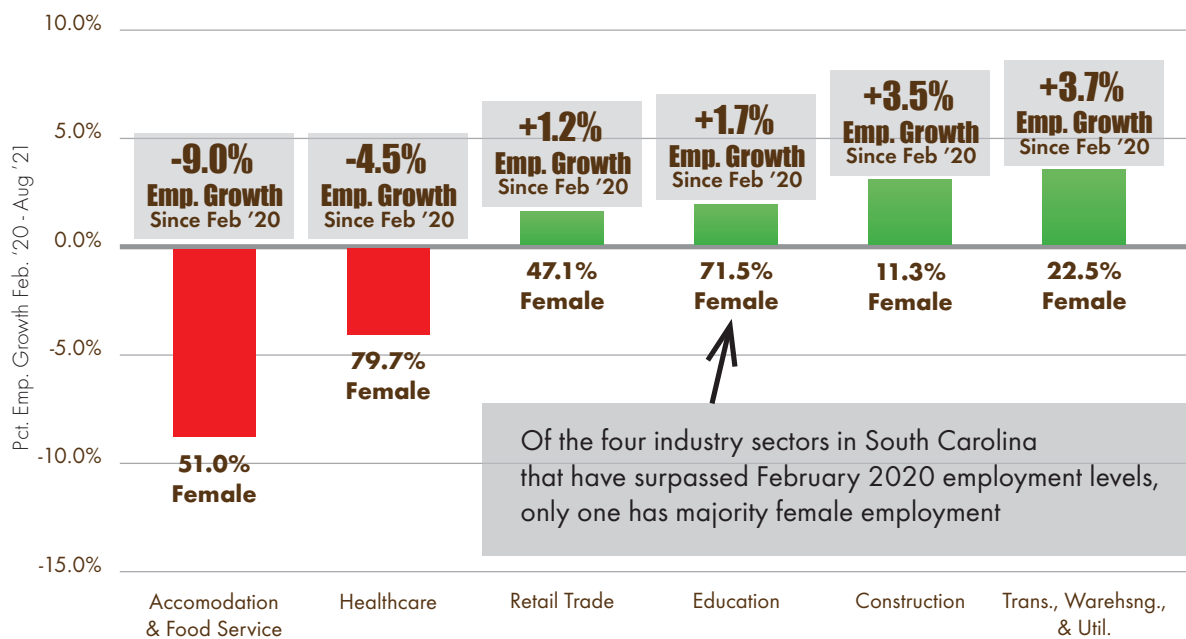
One of the most striking consequences of the pandemic-induced economic recession of 2020 is that its effects have fallen disproportionately on women. This can be directly observed in two primary ways. First, many of the industries that were hardest hit were also those where female employment was more concentrated. Second, women were much more likely to take on additional child care responsibilities in their households as many daycare businesses closed and K-12 schools switched to online classes.

The regions of the United States that were hit hardest by the COVID-19 pandemic are those with the highest concentration of industry sectors that required significant in-person interaction. Thus, the mandatory government shutdown that was initiated in March 2020 along with the subsequent social distancing guidelines severely restricted the activity of many service-oriented businesses. In South Carolina, three of the largest sectors that fit these criteria and thus were hardest hit are Healthcare, Education, and Accommodation & Food Service. As restaurant dining and travel were severely curtailed in the Spring of 2020, employment in the Accommodation & Food Service sector dropped by nearly half. The Healthcare sector was forced to postpone many non-emergency surgeries and other services (e.g., dental care, physical therapy). And many support staff in the Education sector experienced layoffs as schools went virtual. The majority of the employment base in each of these sectors is comprised of women. Women are currently 79.7 percent of the employment base in South Carolina’s Healthcare sector, 71.5 percent in Education, and 51.0 percent in Accommodation & Food Service. Sectors with majority male employment that were hardest hit include Retail Trade, Manufacturing, and Other Services (e.g., laundromats, barbershops, etc.).

In addition to these employment losses, recovery rates among industry sectors have been uneven. More specifically, of the four industry sectors in South Carolina that have surpassed February 2020 employment levels, only one has majority female employment. **Figure 4** provides the gender composition and employment growth rates for these four industry sectors (in green) along with the additional two sectors that are majority female that have not fully recovered their pandemic employment losses (in red). Note that the distribution of South Carolina employment by race at the industry level is not available and therefore is excluded from **Figure 4**.

Figure 4: Employment Recovery Among Selected South Carolina Industries

Source: U.S. Bureau of Labor Statistics, CES, SA



The disproportionate employment losses among women that occurred in South Carolina as a result of the COVID-19 pandemic can also be directly observed through an examination of unemployment insurance (UI) claims data, as displayed in **Figure 5**. Note the three time periods shown: January 2010 through February 2020 (pre-pandemic), March 2020 through March 2021 (early pandemic), April 2021 through September 2021 (late pandemic). In the decade-long economic expansion that preceded the pandemic, women accounted for approximately 49.7 percent of all UI claims. However, during both the early and late stages of the pandemic, this percentage increased substantially to 55.1 percent and 56.2 percent, respectively. **Although this may not appear to be a major change, it is nevertheless a significant departure from historical trends and may indicate that women are having more difficulty returning to work.** Additionally, **Figure 5** highlights the share of unemployment insurance claims from non-white individuals, which also increased significantly in the late pandemic time period. Note that unemployment insurance data is not available by race and gender simultaneously.

Figure 5: South Carolina Unemployment Insurance Claims

Source: U.S. Department of Labor, ETA-203

Note: Unemployment insurance data is not available by race and gender simultaneously.





The challenge faced by women, especially Black women, in returning to work is further evidenced by the fact that unemployment rates increased more for women than for men between 2019 and 2020. As **Table 1** reveals, the unemployment rate for women in South Carolina increased by 4.4 percentage points compared to just 2.3 percentage points for men. Moreover, both younger and older female workers were hit especially hard, experiencing unemployment rate increases of 8.4 percentage points and 5.7 percentage points respectively. It is likely that younger women experienced employment displacement primarily due to the downturn in the Accommodation & Food Service sector. Older women, by contrast, may have been more likely to be holding part-time jobs that were eliminated or to be seeking new employment in less risky environments due to pandemic-related health concerns. Black women experienced the highest overall increase in unemployment, with rates rising from 3.2 percent in 2019 to 9.3 percent in 2020. Note that unemployment rates by gender and race are not yet available for 2021 at the state level.

Table 1: South Carolina Annual Unemployment Rate by Gender, Race, and Age, 2019-2020

Source: U.S. Bureau of Labor Statistics, LAUS

Category	2019	2020	Change
Total	2.9%	6.2%	+3.3
Male	3.1%	5.4%	+2.3
Female	2.6%	7.0%	+4.4
White Female	2.4%	6.0%	+3.6
White Male	2.6%	4.4%	+1.8
Black Female	3.2%	9.3%	+6.1
Black Male	4.5%	8.9%	+4.4
Female 16-24	4.9%	13.3%	+8.4
Female 25-54	2.4%	5.6%	+3.2
Female 55+	1.8%	7.5%	+5.7

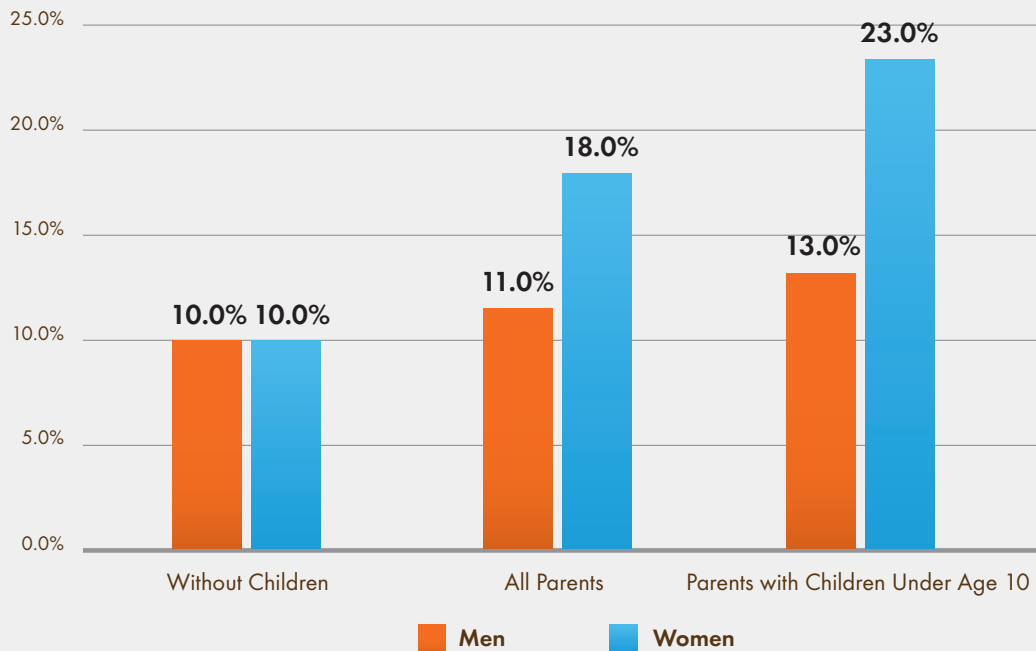
The second component of the COVID-19 pandemic that disproportionately affected women was the degree to which women took on additional child care responsibilities in their households in 2020 due to the shutdown of daycares and the movement towards virtual K-12 classrooms. And despite the return to more normal learning environments for K-12 students in 2021, regular COVID-19 exposures in school require frequent at-home quarantines that necessitate additional childcare and, as such, more parental flexibility that has continued to impact women's participation in the workforce in 2021.

The extent to which women have taken on the additional responsibilities of home life during the pandemic can be observed through household survey results of women and men obtained since the onset of the pandemic. Survey work in 2020 from McKinsey and LeanIn.org reveal that one in four women were considering either leaving the workforce entirely, scaling back their career ambitions, or permanently reducing their working hours as a result of pandemic-related challenges - compared to just one in five men. Specific groups reporting the largest challenges were working mothers, women in senior management positions, and Black women. **Figure 6** highlights some of the survey results that focus specifically on parenting. Note that mothers - and especially mothers with children under the age of 10 - were far more likely to report that they were considering leaving the workforce than fathers. By contrast, women and men without children were equally likely (and also less likely) to report that they were considering leaving the workforce. In the most recent 2021 McKinsey report, *Women in the Workplace*, it is noted that the number of women considering scaling back or leaving the workforce had further increased to one in three.



Figure 6: Pct. of Adults Considering Leaving the Workforce: August 2020

Source: McKinsey & LeanIn.org, 2020

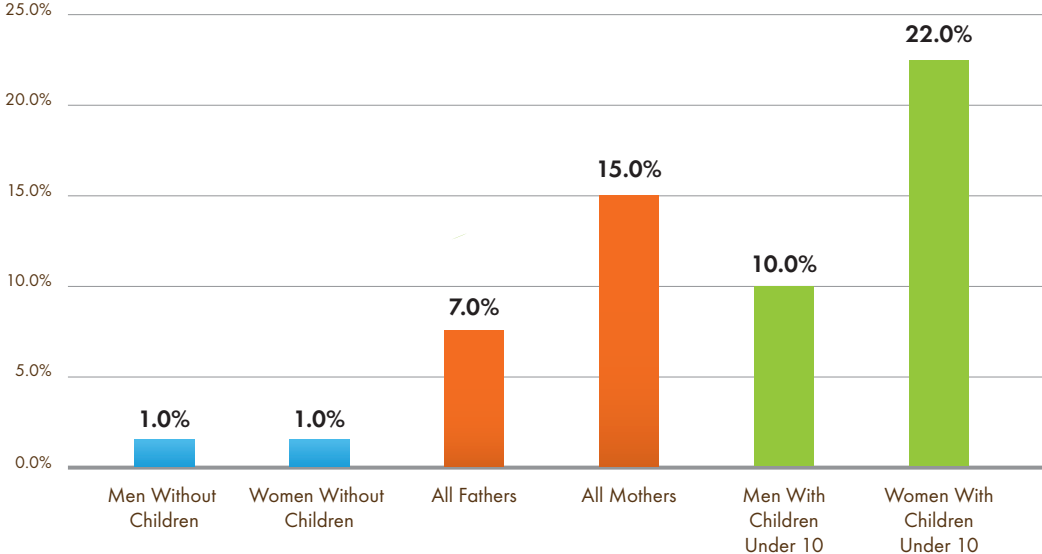




These results are likely due, in part, to the additional required parental child care responsibilities as previously discussed. As **Figure 7** reveals, while few adults without children reported five or more hours of additional daily housework/childcare responsibilities in 2020, 15.0 percent of mothers and 22.0 percent of mothers with children under the age of 10 did. This is significantly higher than for fathers (7.0%) and fathers with children under the age of 10 (10.0%).

Figure 7: Pct. of Adults Who Report Doing An Additional 5 or More Hours of Daily Housework/Childcare in 2020

Source: Source: McKinsey & LeanIn.org, 2020



Looking Ahead: The Crucial Role of Women in Addressing the U.S. Labor Shortage

Although both the U.S. and South Carolina economies have experienced sizable progress towards recovery from the pandemic-induced recession of 2020, the nation still faces several major economic headwinds. One of the primary challenges facing the U.S. economy that has emerged throughout 2021 is a significant labor shortage. Fundamentally, this labor shortage has resulted from a mismatch in the recovery rates of labor supply and consumer demand. For example, as of September 2021, total U.S. consumer spending is approximately 7.1 percent higher than it was in February 2020. By contrast, total U.S. employment, despite experiencing strong recovery over the past 16 months, is still down by approximately 3.7 percent. This represents a clear mismatch between growth in labor supply and consumer demand of 10.8 percentage points. Or put another way, consumer demand has surged throughout 2021 but the labor supply needed to support this demand has not kept pace.

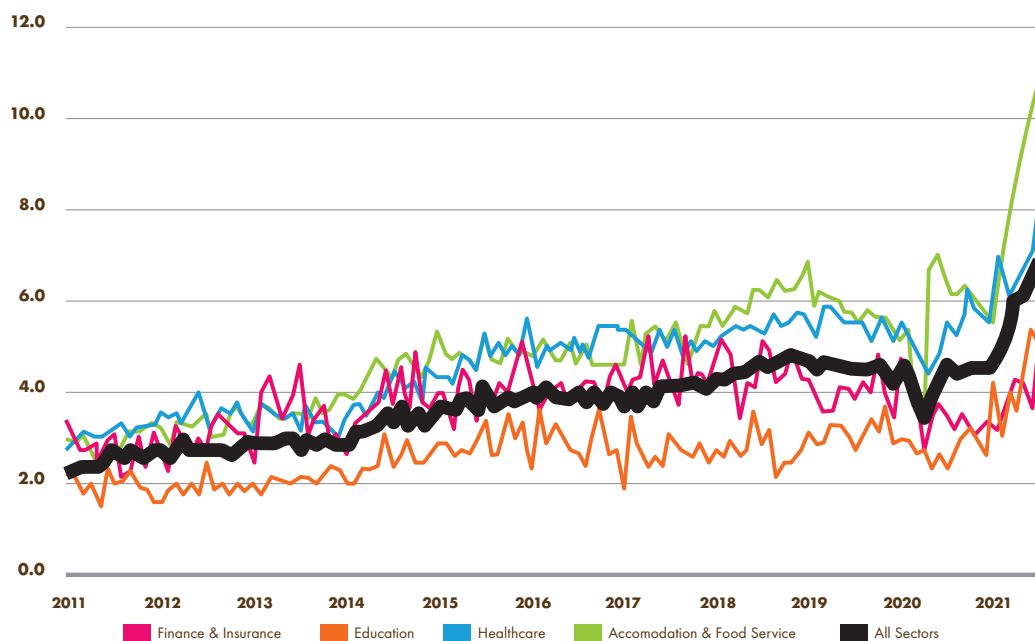
Such a mismatch has yielded a labor shortage, which threatens to restrict the pace of the ongoing economic recovery in 2022 for two reasons. First, in the short run a labor shortage has the potential to severely restrict the output capacity of businesses. This is one reason why the U.S. is also currently experiencing major supply shortages across a variety of durable and non-durable goods. Second, a labor shortage contributes to higher rates of inflation. Higher inflation, in turn, will generally incentivize the Federal Reserve to raise interest rates. And while higher interest rates help to bring inflation back down, they can also reduce economic growth and slow the momentum of the economic recovery seen so far in 2021.

The labor shortage can be directly observed by examining the job openings rate across various U.S. industry sectors, as **Figure 8** illustrates. The job openings rate represents the number of jobs in the economy that are available and currently unfilled. Note that the overall U.S. job openings rate is at its highest level in a decade. Even more striking, however, is how high the job openings rate is given current unemployment conditions. More specifically, the unemployment rate in the United States was 5.2 percent as of August 2021. The job openings rate, however, was approximately 61 percent higher than it was the last time the unemployment rate in the United States was 5.2 percent (in July 2015).

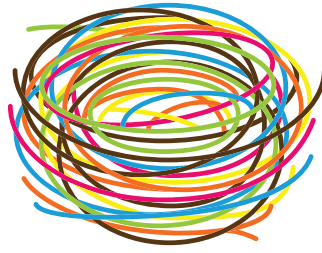


Figure 8 also highlights the four industry sectors in South Carolina that have a workforce that is majority female. Notice that the two sectors that have a job openings rate higher than the overall average are Accommodation & Food Service and Healthcare. Among sectors with majority female employment, these are the two with the largest overall employment levels – and as a result are the sectors with the highest overall volume of female employment. Thus, even though the overall job openings rate is historically high, it is even higher in industry sectors where women dominate. As such, neither South Carolina nor the U.S. can solve its current labor shortage without improving the employment rates of women. **Appendix I** provides a closer look at the many reasons why South Carolinians have not returned to work.

Figure 8: South Carolina Job Openings Rate by Major Industry Sector
 Source: U.S. Bureau of Labor Statistics



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South Carolina Labor Market Dashboard

Industry Category	Total Employment			Pandemic-Related Job Losses and Gains			Demographics and Median Earnings		
	Feb.'20	Apr.'20	Aug.'21	Jobs Lost (Feb'20-Apr.'20)	Jobs Recovered (Apr.'20-Aug.'21)	Percent Change Employment (Feb'20-Aug'21)	% Female	Median Earnings Female	Median Earnings Male
South Carolina Totals	2,196,400	1,888,600	2,137,800	307,800	249,200	-2.7%	45.2%	\$30,427	\$41,470
Construction	106,600	101,300	110,300	5,300	9,000	3.5%	11.3%	\$34,337	\$36,572
Manufacturing	257,000	224,600	249,400	32,400	24,800	-3.0%	28.5%	\$34,721	\$49,135
Wholesale Trade	74,800	71,000	73,600	3,800	2,600	-1.6%	27.0%	\$39,467	\$47,346
Retail Trade	252,100	224,000	255,200	28,100	31,200	1.2%	47.1%	\$19,195	\$30,244
Transp., Warehsg., and Util.	83,600	76,900	86,700	6,700	9,800	3.7%	22.5%	\$35,152	\$48,214
Information	25,800	23,700	25,300	2,100	1,600	-1.9%	45.2%	\$45,630	\$60,286
Finance and Insurance	75,600	75,700	74,400	(100)	(1,300)	-1.6%	61.4%	\$42,030	\$77,384
Prof. & Bus. Svs.	292,600	255,600	284,600	37,000	29,000	-2.7%	42.2%	\$32,591	\$46,961
Education	41,100	36,400	41,800	4,700	5,400	1.7%	71.5%	\$36,391	\$41,900
Health Care and Social Assistance	220,000	194,900	210,200	25,100	15,300	-4.5%	79.7%	\$34,582	\$52,000
Arts, Entertainment, and Rec	33,900	14,800	27,800	19,100	13,000	-18.0%	34.8%	\$16,177	\$19,469
Accommodation and Food Service	239,500	132,900	218,000	106,600	85,100	-9.0%	51.0%	\$15,405	\$20,449
Other Services	80,200	62,300	75,000	17,900	12,700	-6.5%	42.4%	\$20,973	\$36,810
Government	377,700	362,400	372,700	15,300	10,300	-1.3%	44.0%	\$40,911	\$50,792



Appendix I – U.S. Census Bureau Household Pulse Survey: September 29-October 11, 2021

Respondents: Population 18+ Not Working at Time of Survey

Main Reason for Not Working	S.C. Total	U.S. Total
Retired	47.3%	42.7%
Other reason	12.7%	16.7%
Sick (not COVID-19) or disabled	9.4%	6.9%
Did not report reason	6.5%	6.8%
Caring for children not in school or daycare	5.1%	4.9%
Laid off or furloughed due to COVID-19	4.7%	4.4%
Caring for someone or sick with COVID-19	3.2%	3.7%
Caring for elderly person	2.9%	1.9%
Employer closed temporarily due to COVID-19	2.0%	1.6%
Employer went out of business due to COVID-19	1.9%	1.5%
Did not have transportation to work	1.6%	1.0%
Did not want to be employed	1.5%	5.4%
Concerned about getting or spreading COVID-19	1.1%	2.4%