

TO WORK

Or not to work?

That is the question for rural residents of South Carolina's Lowcountry.

For many of them, the answer is "no thanks." BY CHARLES GERENA



A slew of training services are available in the Lowcountry, but getting to where they are located can be just as difficult as getting to a well-paying job for people without a car.

Racheal Simmons never saw herself working part-time as an administrative assistant. The 19-year-old from Allendale, S.C., thought about joining the military, but those plans went down the drain when she became pregnant four years ago.

She dropped out of high school, just three credits shy of graduating.

"I didn't have a positive attitude. I just hung around," Simmons admits, adding that she ended up getting in trouble with the law and spending time in juvenile detention. "It took me awhile to get my head right."

With this troubled history, the best work Simmons could find was a \$6.25-an-hour job at McDonald's. She quit after just two months, and not because she had ambitions of making more

than a buck and change over the minimum wage.

"For me, it was the transportation and I had a baby that was in school," Simmons says. The McDonald's was two hours away on Hilton Head Island and, since she lacked an automobile, the only way to get there was via the transit system operated by the Lowcountry Regional Transportation Authority. "The bus leaves at 5 o'clock in the morning and you get home at 7:30 at night. You are gone all day. By the time you get home, the only thing you can do is say, 'Hi baby, bye baby.'"

Simmons realized that she had to finish her schooling in order for things to change. She enrolled in the Allendale County Adult Learning Center, which was within walking distance of home and offered daycare services. She earned the credits she needed and, after graduating at the top of her class, got a job offer from the center's director. "My life turned around and my attitude changed," Simmons states proudly.

In South Carolina's Lowcountry, farming and factory jobs aren't as plentiful as they used to be and the alternatives require some kind of sacrifice, whether it's traveling hours by bus, accepting lower-paying positions locally, or going back to school to

improve one's marketability. But not everyone has the motivation and drive that Simmons possessed. Many people just give up on the world of work — less than half of the working-age population in Allendale County was in the labor force in 2000. The consequences of their fateful economic decisions reach far beyond the negative impact on their own lives.

South Carolina has been progressing economically, but one of the reasons it hasn't been able to close the gap with many of its neighbors is a relatively low rate of labor force participation. This is the percentage of the adult, civilian population that is either employed or actively seeking a job.

After staying within a range of 66 percent to 67 percent for most of the 1990s, the state's labor force participation rate declined to 62.6 percent in 2002. This drop put South Carolina behind the nation as a whole and its neighbors. The United States' participation rate was 66.6 percent in 2002. North Carolina's rate was the same as the national average and Georgia's rate was about one percentage point higher. (That year, West Virginia had the lowest rate: 56.0 percent.)

Labor force participation in South Carolina has improved since 2002, with Upstate counties like Greenville and York leading the way. But the state still lags North Carolina and Georgia, as the poorest parts of the Lowcountry continue to struggle with putting its human capital to work.

"There are people who don't have hope," says James Pinkney, board member of the Southern Carolina Regional Development Alliance, which covers the counties of Allendale, Bamberg, Barnwell, and Hampton. Pinkney found hope: He was the first among nine siblings to finish high school and became a brick mason. Today, he chairs the county council and is a supervisor in the construction division of the Savannah River Site, one of the few major employers in a region

that's much poorer than the rest of the state and relatively isolated from other job markets. "There is nothing here," he adds. "If jobs were available locally, I believe that more people would work."

Inside the Numbers

When government officials talk about the unemployment rate, workers who have dropped out of the labor force aren't included. The figure also doesn't include people who want a full-time job, but end up doing part-time work or side jobs off the books to make ends meet.

Therefore, a community with a lot of discouraged and part-time workers may have a lot more slack in its labor supply than a low unemployment rate would suggest. In such cases, labor force participation is an especially useful barometer of how well an economy utilizes its human capital. And if an economy doesn't fully use its human capital, the effects can be profound.

"There may be enough jobs to employ most of the people who want jobs, but that does not necessarily mean there are enough people working to supply a growing level of production that leads to more goods, less expensive goods, and an improved standard of living," noted Atlanta Fed economist Julie Hotchkiss in a 2005 article. "Ensuring continued output growth will eventually require an infusion of labor to support it."

On top of that, low labor utilization may inhibit future economic development. "If you have a county where you have 50 percent labor force participation, it's that much more difficult to attract businesses," notes Donald Schunk, an economist at the University of South Carolina. The reason is that firms looking to relocate "are going to assume that it's a county where people don't want to work."

Finally, low labor participation rates are often associated with slower income growth. Indeed, the three South Carolina counties with the lowest rates of labor force participation in the state in 2000 were also near the bottom in terms of per-capita income, median household income, and median family income.

Allendale County ranked the lowest in the state in all three income categories in 2000. About a third of its population lives below the poverty line compared to 14 percent of the statewide population.

A snapshot of the county's downtown business district shows how bleak things are. On a sticky Tuesday afternoon, the streets are pretty deserted, except for a group of young men hanging around a worn-out storefront. One corner has an impromptu farmer's market, taking advantage of the shade provided by the awning of a run-down building with appliances and boxes stacked inside. An older man in a ballcap and sweat-stained shirt tries to stay cool while negotiating the price of a melon with a customer. Such "survival entrepreneurs" typically emerge where few employers are around to hire people.

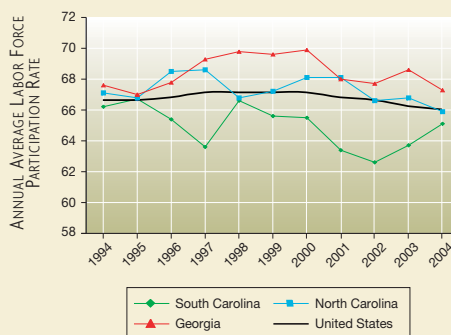
Labor Market Holdouts

There are as many reasons why people aren't on anyone's payroll as there are people. Some don't need a job. Others want employment, but have stopped searching or never bothered to start. Let's look more closely at these two groups.

Among those who don't need employment are seniors who can afford to retire. In an influential 1985 paper, economists Michael

Below Average

Despite improvements after the 2001 recession, South Carolina continues to have comparatively fewer people employed or seeking employment than its neighbors and the nation as a whole.



SOURCE: Bureau of Labor Statistics

Hurd and Michael Boskin contend that a sizeable increase in Social Security benefits between 1968 and 1973 accelerated the decline in labor force participation of elderly men during that period.

In the Lowcountry region, only Beaufort County has a sizeable retirement-age population that contributes to its relatively low participation rate. The county saw a 76 percent jump in the number of residents 65 and older between the 1990 and 2000 censuses. Since 1950, the county's senior population has grown at an average annual rate of 5.1 percent while its general population grew at an annual rate of 3 percent.

Then, there are labor market holdouts who decide to enlist in the armed forces. Again, only Beaufort has a sizeable military presence in the Lowcountry. About 9,000 people work for a cluster of facilities, including an air station and recruiting depot for the U.S. Marine Corps.

The \$35,000- to \$40,000-a-year jobs that Grant Forest Products is expected to need for its new plant will hopefully entice some Allendale County residents into the work force.



While more women take part in the labor force than in past decades, men continue to have a higher participation rate. Many women still choose to make running their households their primary occupation. Others don't enter the work force for other reasons.

"Depending on your education and skill level, it may not pay to enter the work force," Schunk offers as one explanation. A woman may have a husband who earns enough to pay the bills, so it isn't worth the cost of the wife working, which includes additional transportation and daycare for the kids. "It might be the case that you're not netting very much from that additional earner in the household."

Al Maynor, human services coordinator at the Allendale County Department of Social Services, says most of the agency's welfare clients are women who report they are single parents. While they receive a variety of services, including low-cost child care, they have their reasons for not working. "In their minds, it's easier to stay at home rather than try to work," Maynor notes. "If you're paying \$50 a week for child care and transportation, what is left for what you want to buy?"

Of course, there are people who just don't want to work. They make money on the side occasionally, live off of the generosity of relatives, or receive public assistance. They live from day to day rather than think about the future.

William Gillespie, chief economist with the South Carolina Office of Research and Statistics, contends that these people are perfectly happy with their lot in life, despite having fewer things. "They don't need to make \$50,000 a year. Medicaid covers their health costs and they get food stamps," plus the cost of living is low. Those who are unhappy can move somewhere with better employment opportunities.

Down on the Future

But what about the citizens of Allendale and other rural counties

nearby who want to work but don't? What keeps them out of the work force?

Employment opportunities are available in the rural counties of the Lowcountry. But the labor market picture is far from rosy, frustrating those who are forced to retire through attrition or are laid off.

"There are jobs out there if you look in the newspaper," says W. Stephen Gardner, a labor market analyst with the South Carolina Employment Security Commission. "It will advertise a company coming to a particular location that will hire 150 people, but it will only pay \$7 an hour. Most people cannot pay their bills on that kind of salary so they don't bother to apply."

Some jobs may pay enough to cover the mortgage and living expenses, but they don't cover the opportunity costs. Doing lots of overtime or night shift work at a factory means less time with the family. Commuting long distances also keeps workers away from home longer, plus it entails finding someone to watch the kids and spending more on gasoline or bus fare.

Transportation is a major issue for relatively isolated communities like Allendale County where residents have to travel hours to find jobs with good pay and benefits. One major source of employment for Allendale residents are the recreation, hospitality, and food service businesses in Hilton Head Island. But they are more than 70 miles away, a major obstacle for those without automobiles.

The Savannah River Site where Allendale's county council chair, James Pinkney, works is another major source of employment. The Department of Energy complex reprocesses and stores nuclear material from weapons. It's closer to Allendale than Hilton Head, but it has experienced some retraction. The federally funded operation laid off thousands of employees during the 1990s, plus 2,000 full-time workers will get their pink slips between now and 2006.

Agriculture was a major employer 30 years ago, but the good old days of farming are over. That has put many former agricultural workers in a tough spot. The Lowcountry has a limited industrial base with few employment options for those with little or no education. Until Grant Forest Products made its June announcement of a \$200 million plant that plans to employ 120 people, the last time a major producer located in the county was two decades ago. No wonder a big banner welcomes the company to town more than a year before its scheduled opening.

There are a few large manufacturers in Allendale, including a chemical producer and an ice machine maker, and several smaller ones. However, they often require skills that former farmers and textile workers don't have.

"We have a lot of folks who are unemployable," notes Wilbur Cave, executive director of a grassroots development organization called Allendale County ALIVE. "It is very difficult to get people prepared to work in some of the local plants because of the level of technology [they use]. Our industry is a little younger than the industries in some of the surrounding counties."

Instead of giving up, people could make themselves more employable. That's what Racheal Simmons did by learning as much as she could about computers while earning her high school diploma. "You've got to know

these computers because everything has to do with them," she says. "Cash registers have turned into computers."

Some may be ill-prepared to acquire the skills necessary in today's technology-intensive labor market. For instance, the state took over management of Allendale County's school system in 1999 due to its consistently inadequate performance in the previous decade.

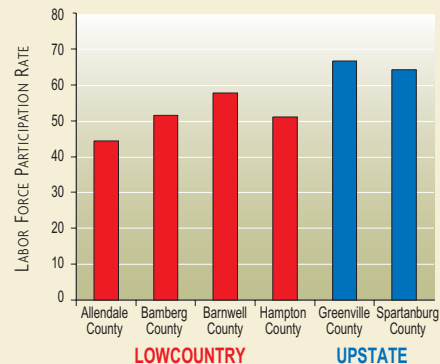
Even when educational opportunities are available, expectations play a big role in a person's willingness to take advantage of them. Workers have to invest time and money to get a GED or take a vocational class, and they won't do it unless they anticipate a return on their investment. Given the lack of job diversity in the Lowcountry and the lack of growth in existing industries, people may have low expectations.

"Historically, manufacturing was an industry where people could be able to get a job ... with a relatively low level of education and earn a good living," says University of South Carolina economist Donald Schunk, and the same was true about agriculture. That is no longer the case but attitudes toward the value of education have been slow to change, especially since the state as a whole is still transitioning from an agrarian-based to an industrial economy. "Maybe it takes generations before you change that mindset," Schunk says.

These and other factors contribute to high dropout rates in Allendale and

Lowcountry vs. Upstate

The Southern Carolina Regional Development Alliance is trying to bolster economic growth in four Lowcountry counties in order to create the kind of job opportunities that help Upstate counties like Greenville and Spartanburg pull relatively more people into the work force.



NOTE: Data are from 2000.

SOURCE: South Carolina Office of Research and Statistics

throughout the state. A 2002 study by the Manhattan Institute found that South Carolina had a high school graduation rate of 62 percent, nine points below the national average. In contrast, Virginia's graduation rate was 74 percent and West Virginia's rate was 82 percent.

Improving primary and secondary education, along with providing work force training for adults long out of school, is often cited by community and government leaders as a way to help increase labor force participation. "You not only have to try to help those who are already out there, but you have to prepare the next generation so they won't be faced with the same issues," Cave explains. **RF**

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