

SANTEE-LYNCHES EMPLOYMENT SERIES

THE SANTEE-LYNCHES REGION'S UNEMPLOYMENT SITUATION 2000 - 2005

This monograph will examine the Santee-Lynches Region's unemployment situation primarily by determining the unemployment trends in the State, the Region, and the Region's member Counties. Trend analysis uses the past as well as current unemployment histories of these various geographic areas to develop specific trend lines by which one can determine and compare the unemployment direction of the various areas. A persistent negative trend requires that some corrective action must be taken by the affected jurisdictions to reverse the trend. If no action is taken, an area's negative unemployment trend will likely continue on its present course or may actually, due to compounding effects, increase at a faster rate.

The unemployment rate serves as a key economic indicator of the status of the Region and its member County economies. It is one of the economic statistics most often cited, but too often not totally understood.

To determine the exact unemployment at any one point in time would be a costly and impractical task. By the time all necessary information was collected using current techniques, the unemployment data would be obsolete. Therefore, the unemployment rate is not an exact measure, but it is an accurate standard economic indicator which uses sound sampling and statistical techniques. The following definitions are helpful in understanding the unemployment rate:

Labor Market: That geographic area in which workers can live, work, and change jobs without changing their residences.

Labor Force: Persons, age sixteen (16) years or older, who are either employed or unemployed.

Unemployed Persons: The number of persons who are (1) sixteen years or older, (2) seeking employment, and (3) available for work.

Those persons not included in the Labor Force are: (1) persons under 16 years old; (2) inmates of mental, correctional, or other institutions; (3) students; (4) stay-at-home spouses; (5) active duty military members; (6) persons not working and not looking for work for whatever reason.

Employed workers include both full time and part time employees. If a person works more than one job, only the job at which he or she worked the greatest number of hours is counted.

The unemployment rate uses the labor force concept which means individuals are counted by place of residence rather than place of work. For example: if Sumter County has a 7.5% unemployment rate, this indicates the size of Sumter's

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resident labor force that is unemployed. It does not relate to job vacancies in the County because Sumter County residents work in a labor market that is much larger than the County itself.

The unemployment rate is an area's number of unemployed persons expressed as a percent of its labor force.

$$\frac{\text{Unemployed Persons}}{\text{Labor Force}} \times 100 = \text{Unemployment Rate}$$

In summary, the unemployment rate is not an exact measurement, but it is a valuable indicator of the economic situation in a County, Region, etc. It includes only those people over sixteen (16) years old who are working or actively seeking and are available for work. Finally, it applies to the residents of a county, not the businesses in the county.

Since labor force is a key element in the unemployment rate formula, we will initially examine the labor force of the Santee-Lynches Region and its member Counties.

LABOR FORCE PERCENTAGE OF 2004 ESTIMATED POPULATION

	2004 Estimated Population Over 16 Years Old	Average 2004 Labor Force	2004 Labor Force as a Percentage Of Estimated Population
CLARENDON	25,199	12,834	50.9%
KERSHAW	41,787	24,486	58.6%
LEE	15,560	8,986	57.8%
SUMTER	77,868	45,264	58.1%
S-L REGION	160,414	91,570	57.1%

Source: US Census & SC Employment Security Commission

South Carolina's average percent of the population in the labor force is currently 63% and that matches the 10-year low for the State. Nationally, the percent of the labor force in 2004 was 66%, down from 67.1% in 2000. As the Table above shows, the Region in general and particularly Clarendon County have a very low percent of their over-sixteen population in the labor force. This smaller percentage of workers makes it difficult to close the economic gap that exists between the Region and both South Carolina and the Nation.

The other element of the Unemployment formula is the number of unemployed persons (see definition Page One) in a particular geographic area (County, Region, State, etc.). Historically, the Santee-Lynches Region has a disproportionately high number of unemployed workers in relation to the South Carolina average.

Over the last five years, the average number of unemployed workers in the Santee-Lynches Region has increased by almost 2,000 persons. While all four Counties in the Region showed an increase in unemployed workers, the bulk of this lost employment

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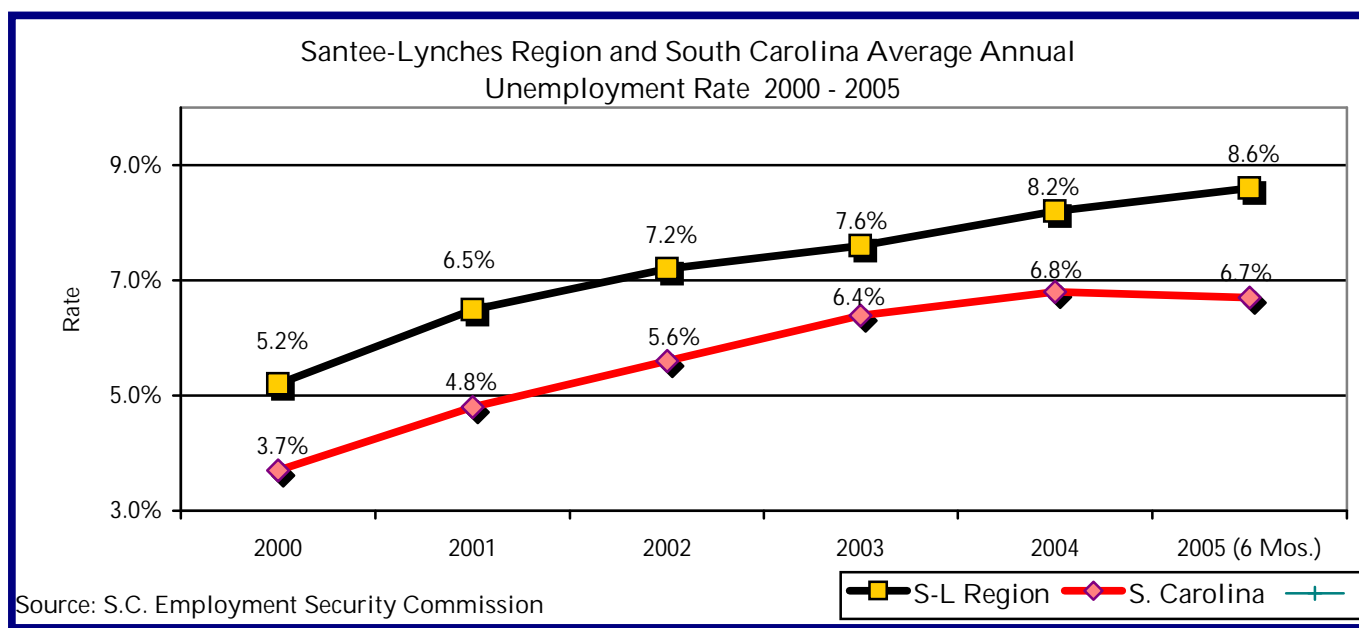
took place in Sumter County. Over this five-year period, Sumter County accounted for approximately 1,100 of the 1,900 Region's residents who lost unemployment.

Santee-Lynches Region's Average Number of Unemployed Persons (2000 – 2005)

	2001	2002	2003	2004	First 6 Mos. of 2005
Clarendon	1,039	11,035	1,124	1,190	1,208
Kershaw	1,325	1,617	1,783	1,642	1,855
Lee	623	673	763	801	755
Sumter	3,028	3,383	3,473	3,797	4,102
S-L Region	6,015	6,708	7,143	7,429	7,920

Source: S.C. Employment Security Commission, "Workforce Trends" 2001 to Present

Historically, the Santee-Lynches Region's unemployment rate-the composite average unemployment rates of its four member counties-has averaged 1% to 1 ½ % higher than the South Carolina average unemployment rate. This historic trend continued during the five-year period 2000 to 2005. There was a slight widening of the gap during the first six months of 2005, but it will take more time and additional data to determine if the historic gap is truly widening.



As stated above, the Regional unemployment rate is a compilation of the unemployed for the four individual Counties that make up the Santee-Lynches Region. A chart of the five-year trend of each individual county's unemployment rate, compared to the South Carolina average, is provided in Attachment #1 to this report.

These attached charts show that the Region's two most rural counties (Clarendon and Lee) have very high unemployment rates in relation to the South Carolina average. While these two Counties' unemployment rate is very high, every month there are usually 8 to 10 rural South Carolina counties with higher unemployment rates, many in double digits. This does not mitigate the economic stress experienced by our Counties' Produced By Santee-Lynches Regional Council Of Governments August 2005

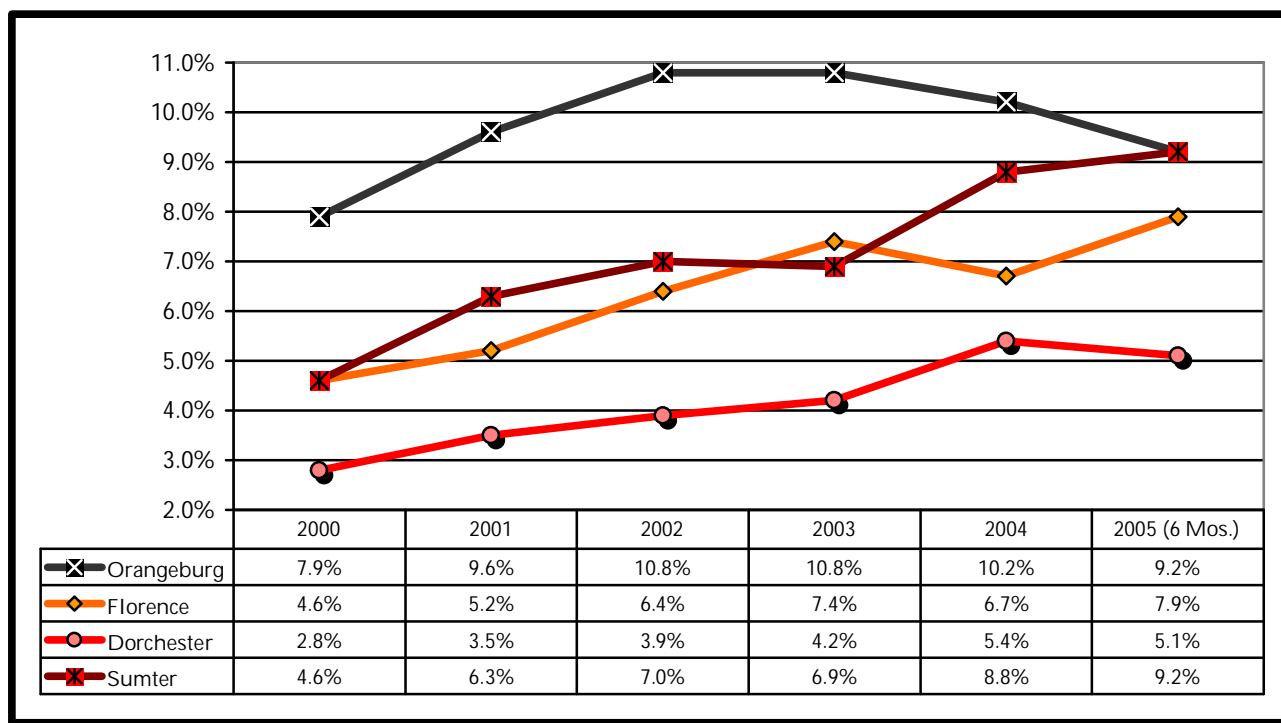
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labor force, but it speaks to the inherent difficulties faced by rural residents and their respective communities State-wide. Kershaw County's unemployment rate usually tracks fairly close to the South Carolina average, but for the first few years of this century its rate was somewhat higher than its historic norm. By 2004, Kershaw County's unemployment rate had returned to its more traditional position versus the State. Finally, the unemployment rate of Sumter County, the largest county and only Metropolitan Statistical Area (MSA) in the Region, is increasing at a rate that exceeds the other Counties in the Region.

Since Sumter County accounts for fifty percent (50%) of the Region's labor force, its rising unemployment rate deserves special attention. Sumter County's number of unemployed residents grew by thirty-three percent (33%) between 2000 and 2005. This caused the County's unemployment rate to double during this five-year period. Another concern is that while Sumter County's average annual unemployment rate in 2000 was less than one percent (1%) higher than the State average, by June 2005 its average unemployment rate was two and one-half percent (2.5%) greater than the State average. The unemployment growth in Sumter County impacts not only its own residents, but since the County contains the largest number of both employers and jobs in the Region, it affects a major segment of both Clarendon and Lee Counties' labor force, who depend on this MSA for employment.

To place the increasing unemployment rate of Sumter County in some perspective, we will compare Sumter with other similarly sized South Carolina counties. Where possible these similarly sized counties will also be MSAs.

AVERAGE ANNUAL UNEMPLOYMENT RATE—SELECTED COUNTIES 2000-2005



Source: S.C. Employment Security Commission

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While all of the counties shown have a current unemployment rate greater than its rate in 2000, Sumter County's unemployment rate, especially in the last 18 months, has jumped over two percent (2%). The County's unemployment rate is now two and one-half percent (2 1/2%) above the South Carolina average.

WHY IS THIS IMPORTANT?

The 57.1% of the Region's population in the labor force is significantly lower than either the State or National average. This smaller labor force does not provide the same diversity of talents and skills as would be available if over 60% of the population participated in the labor force.

Current aging trends within the general population, the decrease in the number of youth, and the corresponding increase in senior citizens region-wide, contribute to and may further depress the Region's low labor force participation percentages.

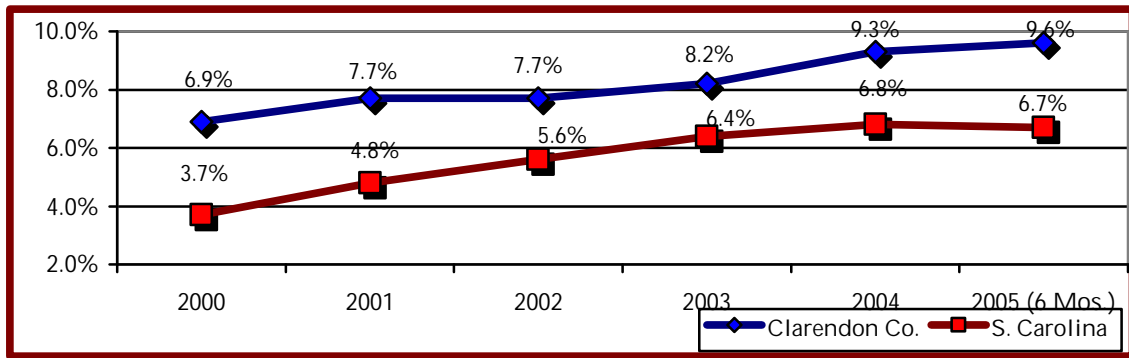
The increase in the number of unemployed, especially in Sumter County, will retard the County's economic growth potential and also limit the ability of local governments to raise locally the public capital needed to provide expected services to their citizens.

South Carolina's rural counties, to include Clarendon and Lee, have lost most of their labor intensive industrial base and their respective labor forces now must commute long distances for work or face a high level unemployment.

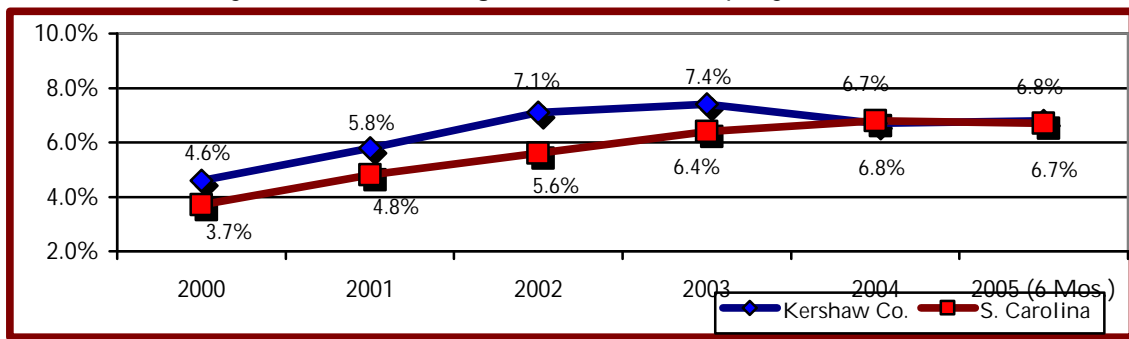
The reversal of high unemployment rates requires government and community leaders to develop partnerships and alliances with economic agencies within and outside their County borders. While part of Kershaw County's employment recovery is due to its proximity and direct access (I-20) to Metro Columbia, the focused efforts of the County's economic developers, supported by the local governments, made the ultimate difference in reversing the unemployment trend County-wide.

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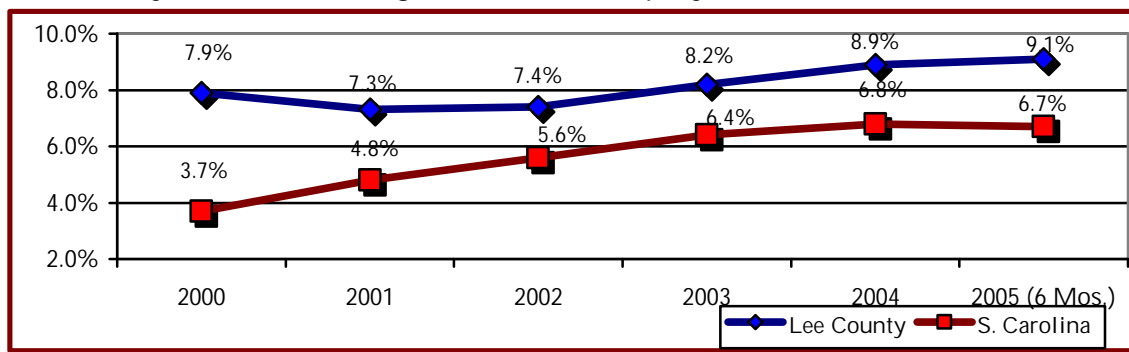
Clarendon County and S.C. Average Annual Unemployment Rates (2000 – 2005)



Kershaw County and S.C. Average Annual Unemployment Rates (2000 – 2005)



Lee County and S.C. Average Annual Unemployment Rates (2000 – 2005)



Sumter County and S.C. Average Annual Unemployment Rates (2000 – 2005)

