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What's Changed?:

The Impact of COVID-19 on Minority Employment and Income from 2019 to 2021

Summary

Unforeseen events, such as the COVID-19 pandemic, can serve both as an opportunity to remedy long-standing inequities and/or enable further impositions that tether societies to seemingly immovable structural constraints. In this Brief, we analyze how the pandemic has affected employment and income estimates for several of South Carolina's racial/ethnic groups from 2019 to 2021. This report finds that, by and large, the long-term structural constraints observed before the pandemic continue to constrain pay parity and employment opportunities for the state's Minority populations.

Short-term Blips or Long-term Reshuffling?

The effects of the pandemic have been felt by most people: rising grocery prices, extended wait times to be seated in half-empty restaurants, or waiting weeks for retailers to restock desired electronic components. Indeed, the pandemic's tentacles will have stretched well into 2022 and 2023. With an almost incessant pace of new variants, little knowledge about the long-term effects of the disease, and a general malaise on behalf of the public to maintain vigilance, researchers attempting to project future outcomes from historical (or current) data have their work cut out from them. While uncertainties cloud our vision of what may come, recent data releases may better illustrate precisely where we have been. This Brief examines the recently released 2021 American Community Survey (ACS) Public-Use Microdata Sample (PUMS), and compares some of that data to the 2019 PUMS. We specifically explore topics like working age population, labor force participation, unemployment, educational attainment, and income for South Carolina's racial and ethnic minorities.

Working Age Population, Labor Force Participation, and Unemployment

Since early 2021, much has been written on how chronic labor shortages, along with other factors, have contributed to widespread wage and price inflation across the economy. Indeed, although the total population of working aged individuals grew by around 58,500 from 2019 to 2021, the labor force participation rate declined by 0.84 percentage points. The total population actively participating in the labor force, then, was statistically equal in 2019 (2,502,668) and 2021 (2,503,557). The 2021 White population's active labor force declined by 30,422 persons from the 2019 figure of 1,616,398 (an approximate decline of 1.9%). For the minority population as a whole, the active laboring population increased by 31,311 to the 2021 estimate of 917,581 individuals (an approximate increase of 3.5%).

However, these changes were unevenly distributed across minority subgroups, including the rapidly growing Hispanic population in South Carolina. About 23% of the Native American population dropped out of the active labor force from 2019 (7,275) to 2021 (5,263). Asian American and Pacific Islanders (AA/PI) actively working dropped an estimated 9.8% from their 2019 total of 51,621. Around 30,000 African Americans dropped out of the actively laboring population, around 5.1% of the 647,700 in 2019. Hispanics, however, saw their active laboring population jump 11.6% from 139,898 in 2019 to 156,064 in 2021.

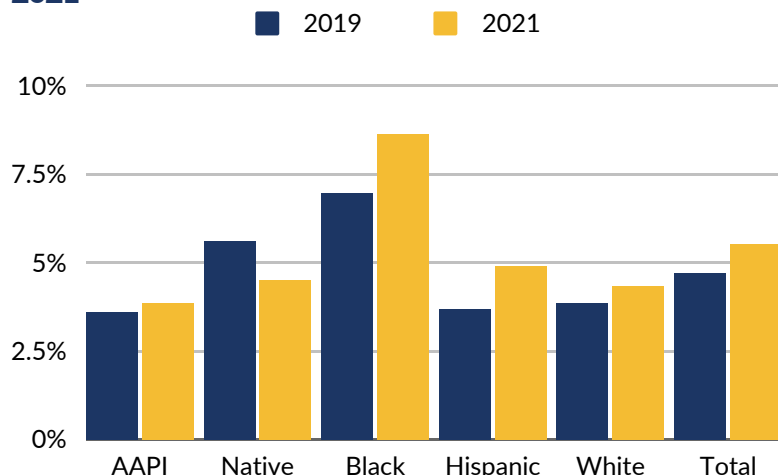
Working Age Population (Age 16+) and Labor Force Participation Rates by Group, 2019 and 2021

Group	2019	Part. Rate	2021	Part. Rate	Change	Part. Rate Change
Total Population	4,102,154	61.01%	4,160,684	60.17%	+58,530	-0.84
AA/PI	73,419	70.31%	70,932	66.26%	-2,487	-4.05
Black	1,047,143	61.86%	1,000,291	61.45%	-46,852	-0.41
Native	12,972	56.08%	8,985	58.58%	-3,987	+2.5
Hispanic	200,806	69.67%	225,464	69.22%	+24,658	-0.45
Two or More**	54,282	66.43%	133,996	64.14%	+79,714	-2.29
White	2,708,068	59.69%	2,706,574	58.60%	-1,494	-1.09
All Minorities	1,394,086	63.57%	1,454,110	63.10%	+60,024	-0.47

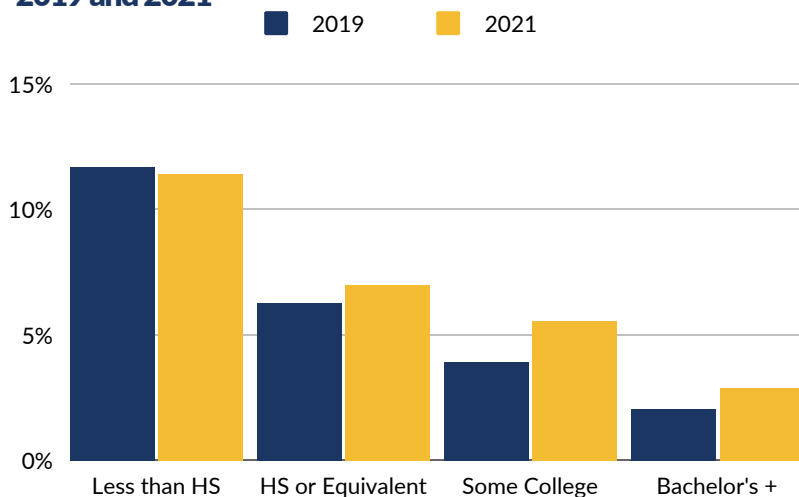
Sources: All data estimates generated from 2019 and 2021 American Community Survey Public-Use Microdata Samples

Note ():** In 2020, the US Census Bureau altered its method for calculating persons identifying as Two or More races, contributing to issues in comparability. This is primarily observed in the figures for African Americans in South Carolina.

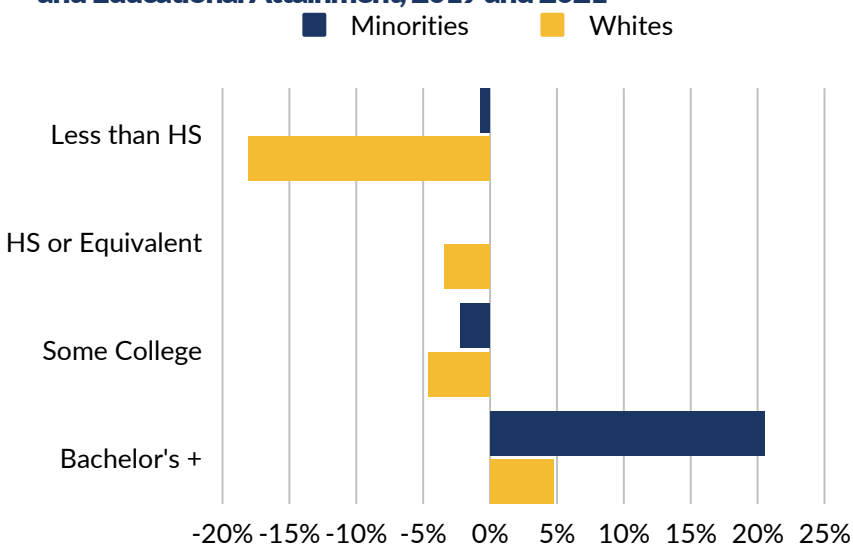
Unemployment Rates by Racial/Ethnic Group, 2019 and 2021*



Unemployment Rates by Educational Attainment Levels, 2019 and 2021



Change in Active Labor Force Population by Minority Status and Educational Attainment, 2019 and 2021



Although most racial groups saw their unemployment rates increase between 2019 and 2021, only the African American rate jumped by a statistically significant margin. Similarly, the rate for the total population increased significantly from 2019.

When breaking down the data by educational attainment level, we find that there was significant upward pressure on unemployment rates for those with Some College (or technical training) and those with Bachelor's Degrees or Higher. These changes were driven by significant alterations to the active laboring population. On the one hand, those with Bachelor's and Higher saw a significant difference in unemployed people (+8,228) but an even greater increase in the laboring population (+57,895). On the other, those with Some College observed a significant increase in unemployed persons (+11,786) and a significant decline in the active laboring population (-41,779). Additionally, only those with Less than a High School education observed a significant drop in their active laboring population (-19,284).

This data suggest that the pandemic disproportionately affected the economic prospects of working-age African Americans and people with an educational attainment level of "Some College," which includes those who have received technical training and/or terminal Associates degrees in occupational fields. Ironically enough, although demand for technical and "trade" workers has reached a fever pitch during the pandemic, those with the requisite educational attainment category have declined, all while the unemployment rate for people in this category increased.

Educational Attainment and Personal Income

Numerous reports from the Federal Reserve to the Bureau of Labor Statistics have catalogued how a shrinking labor force and growing demand for labor in certain fields has contributed to some of the sharpest increases in wages in decades.** Historically, workers were expected to earn higher wages when they better equip themselves with more human capital by achieving greater levels of educational attainment. That basic premise continues to explain median personal income differences in the state of South Carolina. However, the COVID-19 pandemic has contributed to short- and medium-term distortions in a variety of metrics associated with income and education.

Sources: All data estimates generated from 2019 and 2021 American Community Survey Public-Use Microdata Samples

Notes:

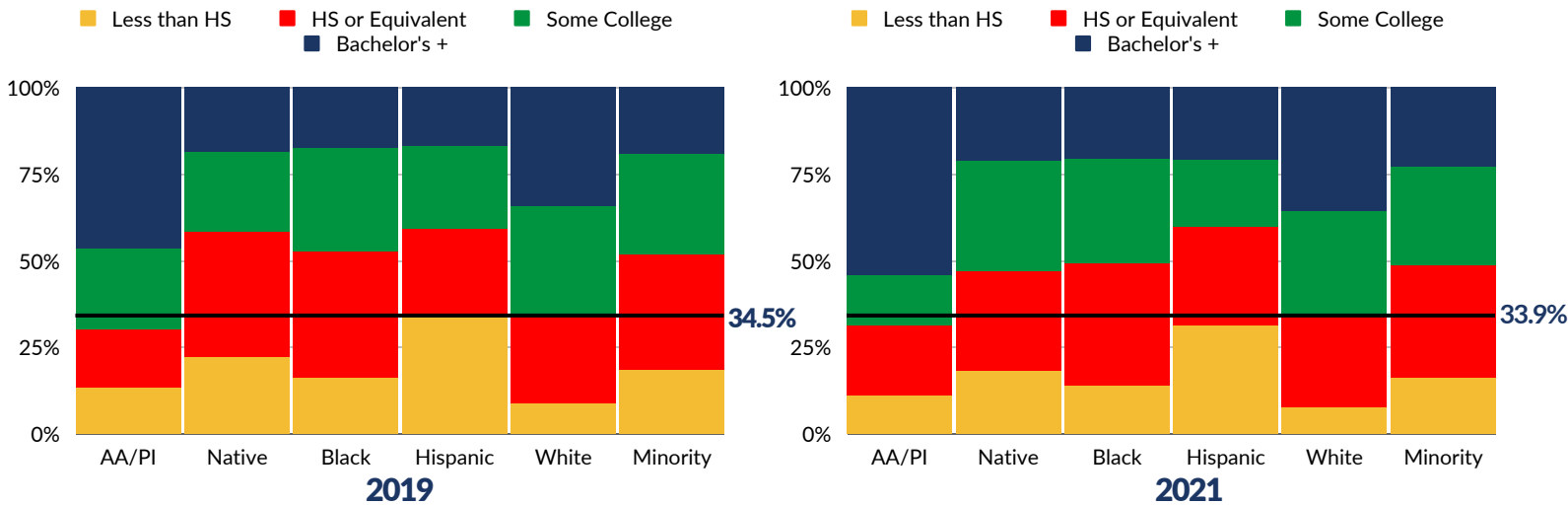
*Only African Americans were found to have significantly higher unemployment rates at the 95% confidence interval.

**See Pew Research Center's report that encapsulates much of this data here: <https://www.pewresearch.org/fact-tank/2021/12/22/many-u-s-workers-are-seeing-bigger-paychecks-in-pandemic-era-but-gains-arent-spread-evenly/>.





Educational Attainment Level by Share of Racial/Ethnic Group Population Age 25+, 2019 and 2021

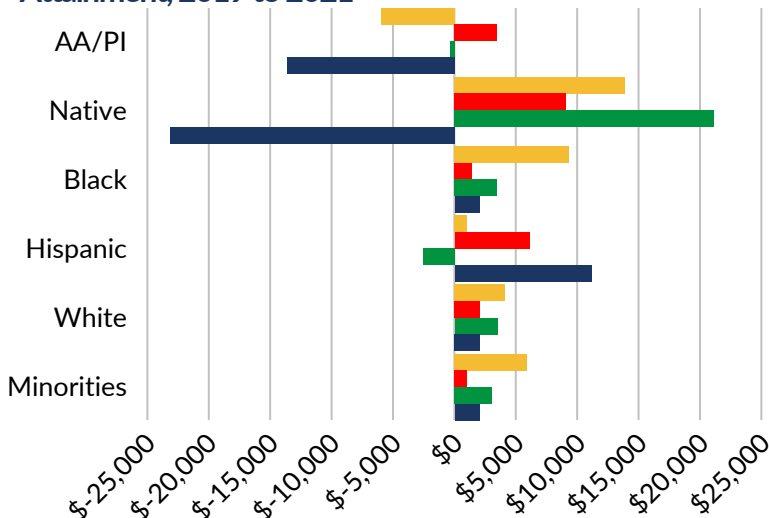


Note: Lines represent the share of the White population for each year that have either not completed high school or have received a high school diploma or equivalent.

In terms of educational attainment, a significant fall in shares were noted for Whites and Blacks in the Less than High School category, and for AA/PI and Hispanics in the Some College category. The share of Blacks, Whites, Hispanics, and AA/PI with a Bachelor's and Above were also significantly higher in 2021 than 2019. Minorities, as a whole, however, still significantly trail Whites in terms of educational attainment, which we would assume influences unequal income distributions between racial/ethnic groups.

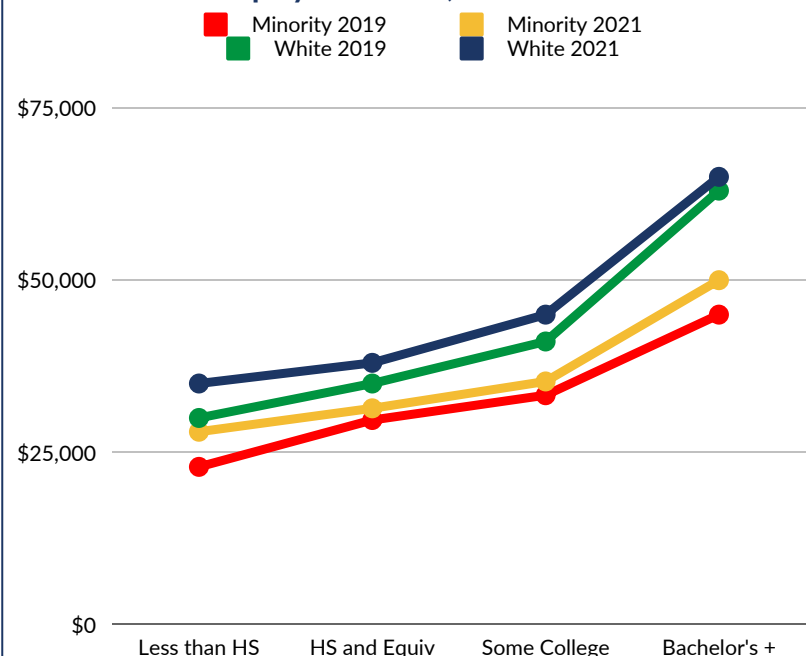
Minorities, by and large, continue trailing White median personal income by a considerable degree. Indeed, only those with Bachelor's and Above have made progress in closing that gap. However, both Minorities and Whites with Some College and those with Less than High School educational attainment levels saw their median personal incomes increase significantly (not adjusted for inflation).*

Change in Personal Income by Race and Educational Attainment, 2019 to 2021



When exploring median personal income data for those that were employed in 2019 and 2021, we find that Minority and White incomes are more convergent at the lower end of the educational attainment scale and increasingly diverge as one goes up that scale with the widest income gaps seen between Minorities and Whites with Bachelor's and Above. From 2019 to 2021, however, the largest increase in Minority incomes occurred in those with either Less than High School education or those with a Bachelor's or higher. For Whites, those with Less than a High School outpaced gains by those with Some College and High School or equivalent. White incomes for those with Bachelor's and Higher hardly budged from 2019 to 2021.

Median Personal Income by Minority Status and Educational Attainment for Employed Persons, 2019 and 2021

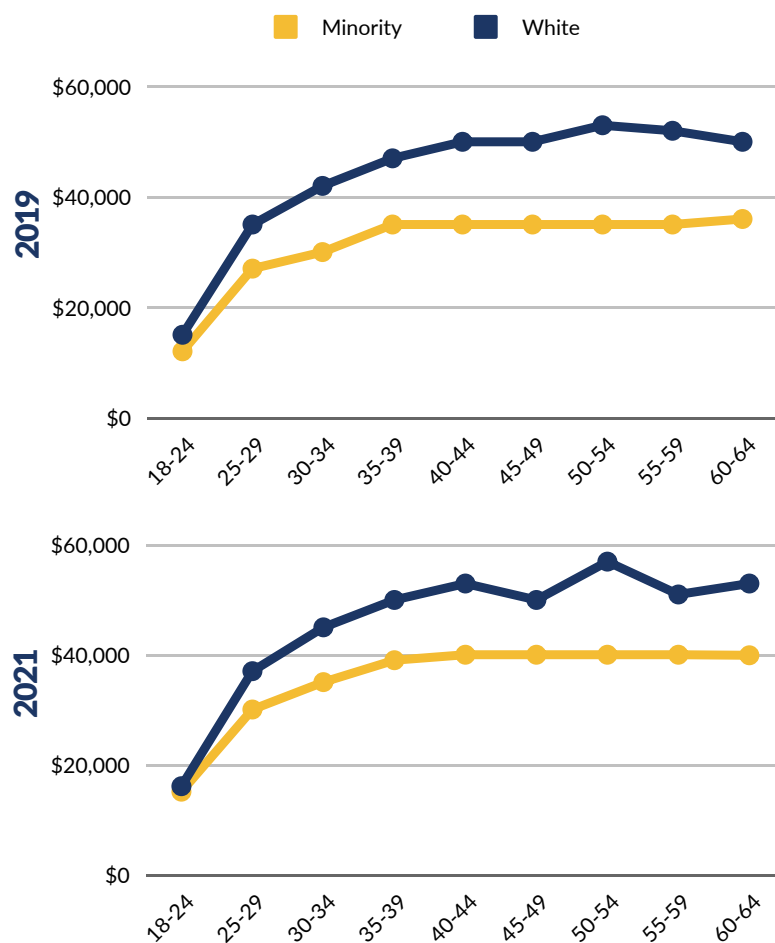


Sources: All data estimates generated from 2019 and 2021 American Community Survey Public-Use Microdata Samples

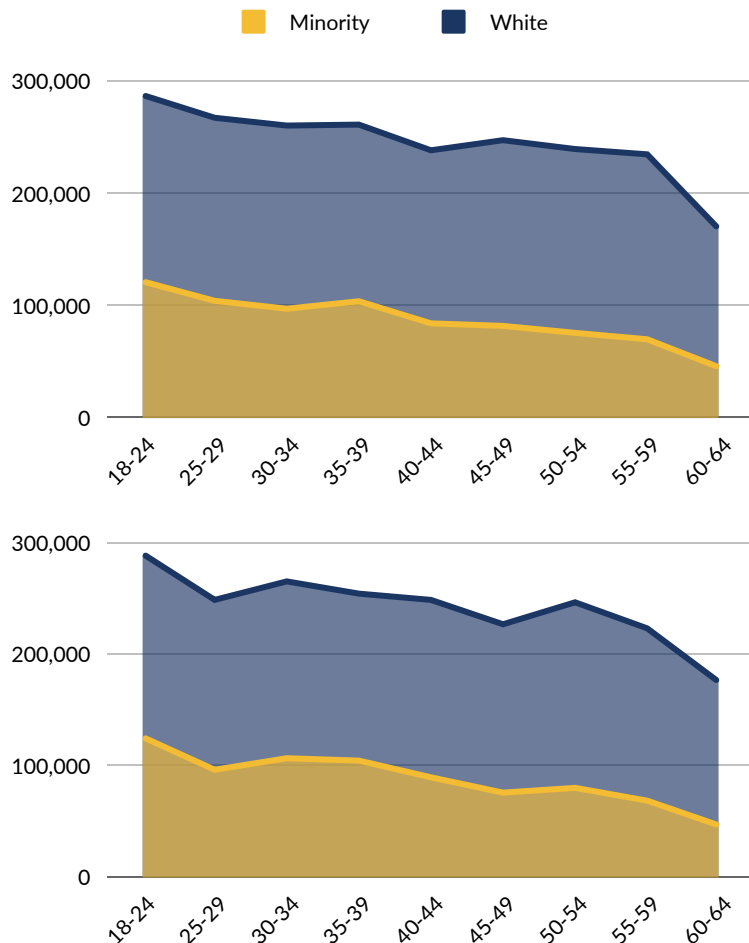
Notes:
*Inflation remained a backburner issue until well after data collection for the 2021 ACS was completed.



Median Personal Income by Minority Status and Age Cohort, 2019 and 2021



Employed Individuals by Minority Status and Age Cohort, 2019 and 2021



Concluding Remarks

The COVID-19 Pandemic has contributed to an unusual set of circumstances that have both perpetuated long-run socio-economic inequalities while providing very specific conditions that seemingly counteract certain tendencies. As expected, the rise in African American unemployment rates outpaced those of other groups. On the other hand, momentary labor shortages have caused larger-than-expected wage increases to those at the bottom of the income ladder. Yet, the long-term divergence in wages between Minorities and Whites appears to doggedly persist.

Thus, even as Minority educational attainment levels improve and as minorities make up a larger share of the active labor

force, invisible barriers continue to impede more equitable wage distributions. This still holds even when controlling data by occupational group, educational attainment, and age cohort. In other words, the divide persists across a series of conditions.

However, there are some silver linings that will require further analysis as newer data becomes available, such as the economic and social impact of the Governor's extension of free tuition for community and technical college in certain high-demand fields. The potential impact of this program would depend heavily on overall economic conditions in the state, and here at CMA we strongly suggest that those capable of doing so should take advantage of this program to build for their future.

Sources: All data estimates generated from 2019 and 2021 American Community Survey Public-Use Microdata Samples

All data and graphics produced and generated by the authors using R Studio. Graphics created in ggplot2 package. Data processed and analyzed with the help of tidycensus and srvyr packages.

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