

# ECONOMIC & EMPLOYMENT TRENDS

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*2007 Environmental Scan Committee*

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# ECONOMIC AND EMPLOYMENT TRENDS

## Final Report

**Introduction:** While the economic outlook for the United States and South Carolina are good, employers will continue to be challenged by the educational level and availability of highly skilled workers. Employers will explore new options in their intensified efforts to recruit and retain qualified workers and expand educational certification programs to increase employee capabilities. Finally, students and their families will be challenged to meet the rising cost of acquiring a college education and the growth in the nation's Hispanic population will create new economic opportunities and educational challenges.

### **TREND 1: Economic indicators show that the national economy is expected to grow.**

#### FINDINGS:

- 1) The national economy continues to grow, and the real Gross Domestic Product is growing by 3.8 percent.
- 2) College graduates have experienced growth in real median weekly earnings since 1979. In contrast, high school dropouts have seen their real median weekly earnings decline by about 20 percent. Real earnings for high school graduates and for persons with some college or an associate degree were little changed over the 1979-2005 period.
- 3) The net worth of U.S. householders aged 35 to 44 fell 16 percent between 2001 and 2004. For most SC workers, real earnings have been relatively flat since 1999. Personal income in South Carolina is expected to grow by 6.0 percent during 2005 and 2006.
- 4) While the U.S. unemployment rate is expected to increase from 4.5 percent, South Carolina's employment numbers continue to reveal a mix of job gains in some industries coupled with losses in others.

#### SOURCES:

<http://mooreschool.sc.edu/moore/research/forecastintro.htm> (1-1)

State (SC) Occupational Projections <http://www.sces.org/lmi/data/project/stateocc.htm> (1-2)

Moore School of Business, University of South Carolina. *Trends*.

<http://mooreschool.sc.edu/moore/> (1-3)

<http://www.forecasts.org/economic-indicator/unemployment-rate.htm> (1-4)

(U.S. Department of Labor)

SC Employment Security Commission, SCESC.org

### **TREND 2: America must become more competitive.**

#### FINDINGS:

- 1) Projections show that by 2010, 15 percent of the people in the world who hold science and engineering doctorates will be Americans; down from 50 percent in 1970.

- 2) Approximately two-thirds of all high-growth, high-wage jobs created in the next decade will require a 2 or 4 year degree, a degree only one-third of Americans have.
- 3) Studies show that less than half of high school graduates are ready for college-level math and science. Twelfth-grade exit exams typically measure 9<sup>th</sup>-and 10<sup>th</sup>-grade skills, leading colleges and employers to discount results.
- 4) Percentage of U.S. children aged 18 to 24 who are enrolled in college with family incomes of \$100,00 or more: 67 percent; with family incomes of less than \$50,000: 31 percent.
- 5) Higher education cost is up 375 percent over the period from 1982 to 2005, outpacing every other indicator. Only half of students graduate on time. Students often graduate so saddled with debt that they can't buy a home.
- 6) Students and their families are scrambling to pay for college. The United States which at one time lead the world in the number of students receiving higher education, now ranks 13<sup>th</sup> in affordability and 4<sup>th</sup> in accessibility among European and North American countries. Tuition costs are rising far faster than inflation, while real wages have been stagnant for years. Graduates of four-year colleges now have an average loan debt of \$23,600 plus \$2,000 in credit card debt.
- 7) Federal assistance to students and parents has been shrinking and states have been cutting back institutional support. For most families the only solution has been to borrow the money needed for college, but Congress has recently raised interest rates on student loans and cut \$12 billion from the program. This has resulted in hundreds of thousands of students making the decision to forego or dropping out of higher education because they cannot afford to attend.

#### SOURCES:

Increasing America's Competitiveness. January 2006. ED.gov

<http://www.ed.gov/teachers/how/prep/higher/competitiveness.html> (2-1, 2-2, 2-3, & 2-4)

State (SC) Occupational Projections <http://www.sces.org/lmi/data/project/stateocc.htm> (2-2)

U.S. Department of Labor. Bureau of Labor Statistics <http://www.bls.gov/emp/> (2-4)

The Chronicle of Higher Education. November 3, 2006 *Public Colleges See Slower Rise in Fees: 6.3% in a Year* <http://chronicle.com> (2-5)

[http://www.cdncon.vo.llnwd.net/o2/fotf/20060907\\_edu\\_out\\_of\\_reach/SouthCarolina.pdf](http://www.cdncon.vo.llnwd.net/o2/fotf/20060907_edu_out_of_reach/SouthCarolina.pdf) (2-6 & 2-7)

#### **TREND 3: Competition for qualified workers will intensify.**

#### **FINDINGS:**

- 1) As the economy grows, more jobs will be created. Employers will become increasingly aggressive in their efforts to recruit qualified workers.
- 2) An increasing number of employees will be motivated to change jobs, often responding to attractive incentives. Businesses will be forced to offer incentives in order to attract and retain their best employees.

- 3) The need for better trained skilled workers and managers will drive increased investment in corporate training.
- 4) Workforce demographics will change the way we do business. Younger, more technically savvy employees will demand heightened flexibility in work arrangements, growth in telecommuting, and changes in leadership styles to include more participative and team approaches.

#### SOURCES:

The Aging of Aquarius: The Baby Boom Generation Matures, The Segal Company (3-1)  
Perspectives and Forecasts, The Herman Group (3-1)  
Top Ten Workplace/Workforce Forecasts for 2006, The Herman Group (3-2)  
Retention Connection: Solutions for the Employee Turnover Challenge, Roger E. Herman (3-2)  
Top Ten Workplace/Workforce Forecasts for 2006, The Herman Group (3-3)  
Generational Differences at Work, Melissa Dittman, Monitor on Psychology. (3-4)  
Retention Connection: Solutions for the Employee Turnover Challenge, Roger E. Herman (3-4)

#### **TREND 4: Technology will gain importance in the delivery of educational programs and services.**

#### FINDINGS:

- 1) Advances in technology have created more convenience for the learner. Technology-mediated learning has given people considerable flexibility in terms of selecting and scheduling their learning. Changes and expansion in delivery formats will continue to take place with additional emphasis on the role of the learner in utilizing these formats. For some professionals who have not been in a learning mode in many years, this change in the learning environment may make technology a barrier, and the rapid development of group-based learning may be quite different from their early educational experiences.
- 2) According to a report by the Learning Resources Network, currently, 80 percent of instruction is by live teachers, but about six percent of that is remote, mostly online. Computer-based training with no live instructor accounts for 13 percent of training. About 9 percent is by on-the-job, self-study or other means. You can expect this last to grow. Currently, most computer-based training is via CDs. More training is provided via intranets than the Internet, but expect both of these delivery systems to expand in the future. The key is that multiple ways of delivering training are available to meet the needs and preferences of any employee. Continuing Education must explore methods of delivering training that utilizes CDs, the intranet, the Internets, and subject matter experts to serve the needs of business and industry
- 3) Advances in information and telecommunications technologies impact shopping habits of consumers. Business owners can promote their products and services via web and e-mail based advertising, greatly reducing advertising costs. Advances in security allow customers to order products safely over the Internet, thus reducing the need for physical facilities.

## SOURCES:

Economic Trends Affecting Small and Home-Based Businesses, Mitch Renkow (4-1)  
ROI, Security Driving IT Employment Trends, Steve McMahan, Datamation (4-1)  
2nd Congress on Professional Education Trends in Continuing Education/Lifelong Learning  
AMERICAN LIBRARY ASSOCIATION (4-2)  
Catch the Wave: Six Training Trends by: Susan M. Heathfield  
[http://humanresources.about.com/od/trainingtrends/l/aatrain\\_trends.htm](http://humanresources.about.com/od/trainingtrends/l/aatrain_trends.htm) (4-3)

### **TREND 5: Partnerships will become a critical way of doing business with various constituent groups.**

#### FINDINGS:

- 1) Partnerships in which two or more organizations join together in a supplier/consumer relationship will result in collaborations among providers and delivery channels producing new economic models.
- 2) Educational offerings will be designed to meet a specific audience need.

## SOURCES:

Source: 2nd Congress on Professional Education Trends in Continuing Education/Lifelong Learning  
AMERICAN LIBRARY ASSOCIATION (5-1)  
2nd Congress on Professional Education Trends in Continuing Education/Lifelong Learning  
AMERICAN LIBRARY ASSOCIATION (5-2)

### **TREND 6: Requirements for National Certification programs will increase.**

#### FINDINGS:

- 1) The financial planning industry is exploring the establishment of a national organization responsible for overseeing the accreditation of industry designation programs. Discussion advocates for a national level of financial planning designation or credential to maintain consumer confidence and the process by which these needs are put in place to consolidate these designations, i.e., CFP®.

(Supporting this trend is the development of a new designation for the financial services industry: The Registered Mortgage Advisor developed as a “joint effort between the International Association of Registered Financial Consultants (ARFC), the Equity Alliance Matrix (TEAM), and the Academy of Mortgage Planning. The intent is for this to become the worldwide standard of professionalism in the mortgage and financial services industries.

- 2) National organizations overseeing the accreditation of industry designation programs will continue to develop and expand.

## SOURCES:

Investment News <sup>TM</sup>, The Register, November 2006, [www.IARFC.org](http://www.IARFC.org) (6-1)

## **TREND 7: Changes in the diversity of the population will impact the delivery of programs and services.**

## FINDINGS:

- 1) Growth in the Spanish-speaking population will bring new opportunity for Spanish speaking businesses who take the initiative to understand the basics of the Spanish language.
- 2) With basic Spanish-language skills becoming crucial in the workplace, a new type of language instruction has emerged: workplace Spanish classes—short-term courses that are tailored to different types of work situations, teaching job-specific words and phrases. Gaining a working knowledge of workplace Spanish is growing in popularity and practicality because acquiring the ability to communicate, at least on a basic level, with Spanish-speaking customers has become increasingly important to businesses.
- 3) The 2000 U.S. Census estimated South Carolina's Hispanic population to be about 100,000 and also found that 2.9 percent of South Carolina's populations speaks Spanish at home. South Carolina was one of six states where the Hispanic population has more than tripled between the 1990 and 2000 Censuses.
- 4) Hispanics have made substantial strides in the Palmetto State's business sector by owning 2,036 businesses with \$250 million in sales and receipts, according to 1997 Censuses Bureau statistics, the most recent statistics available.

## SOURCES:

Focal Points, Greater Columbia Chamber of Commerce, August 2006, p. 8 (7-1)

The SC Hispanic Worker Task Force Newsletter

<http://www.llr.state.sc.us/HispanicTaskForce/index.asp?file=nr/EducatorsRespondtoWorkers10.16.06.htm> (7-2, 7-3, & 7-4)