



SOUTH CAROLINA'S LARGEST LOW-WAGE JOB CREATOR

The Federal Contribution to Low-Wage Employment in the Palmetto State

Good Jobs Nation, February 2016

By many measures South Carolina is one of the poorest states in the nation, yet it is also one of states most economically dependent on federal funding.¹ This policy brief examines a key mechanism by which the federal government is actually contributing to poverty in the Palmetto State – by awarding tax-payer money to private businesses that employ workers at poverty wages.

Our study builds on the pioneering 2013 work of progressive think tank Demos,² which examined the occupational composition and wages of the workers employed by firms receiving the largest federal funding flows to private business including: contracts for goods, construction and services; Medicare and Medicaid reimbursements to healthcare providers; Small Business Administration loan guarantees; and Department of Transportation grants for highway and infrastructure construction.

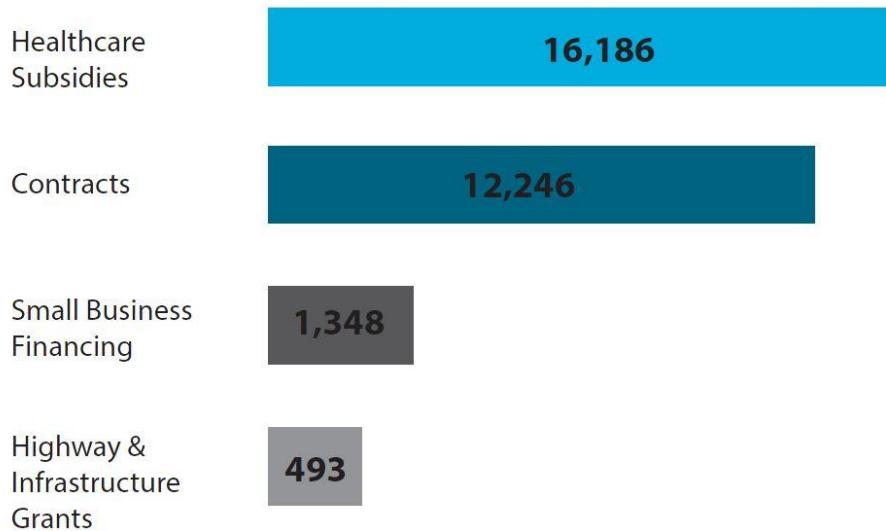
On the basis of this analysis Demos reached the startling conclusion that the U.S. Government was responsible for creating almost two-million poverty-wage jobs in the private sector paying less than \$12 per hour³ – making it the largest creator of such jobs in the country – outranking Wal-Mart and McDonalds combined.

This study applies Demos's methodology to South Carolina by measuring the proportion of funding in each these key programs that is spent on goods or services within the State.

Overall, we found that federal spending within these programs for work performed by private employers within South Carolina totaled \$15.1 billion, equivalent to 7.7 percent of the State's total economic output of \$197 billion. Federal healthcare spending on hospitals, nursing homes, and home healthcare accounted for \$9.3 billion of this total, federal contracts just over \$5 billion, and federal highway and infrastructure grants, \$768 million.⁴

Using these spending figures, we estimate that federal spending supports at least 100,000 private-sector jobs in South Carolina, of which just over 30,000 pay below \$12 per hour.⁵ (See Figure 1, “Top Federal Programs Creating Low-Wage Jobs in South Carolina”.)

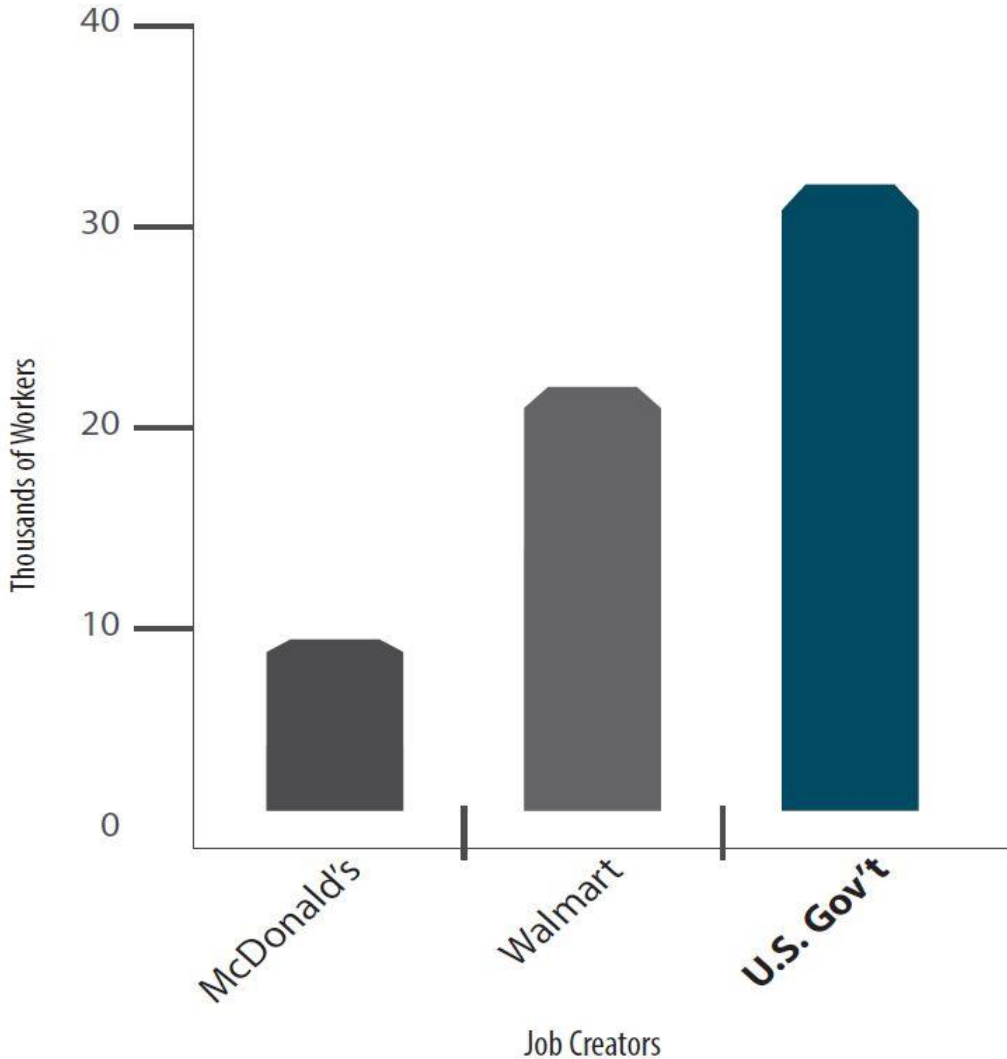
Top Federal Programs Creating Low-Wage Jobs in South Carolina



Total Low-Wage Jobs: 30,317

These low-wage jobs are in occupations such as home healthcare aides (4,336), construction (1,185) security guards (876) and food service workers (444). And, just as Demos found for the nation as a whole, the 30,000 low-wage jobs subsidized by federal funding streams in South Carolina make the U.S. government the single largest creator of low-wage private sector jobs in the State, outranking Wal-Mart and McDonald’s combined, which employ an estimated 20,600 and 8,900 low-wage workers respectively within the State.⁶ (See Figure 2, “Top Creators of Low-Wage Jobs in South Carolina.”)

Top Creators of Low-Wage Jobs in South Carolina



Conclusion

Federal spending makes a vital contribution to South Carolina's economic and social wellbeing. But the failure of the U.S. Government to ensure that the private businesses who benefit from taxpayer dollars pay a living wage that keeps all their workers out of poverty undermines the very goals this spending is supposed to serve.

For over three years, Good Jobs Nation has been campaigning for the U.S. President to use his or her executive authority to raise wages for low-paid workers in federally funded jobs, and to promote collective bargaining rights. These measures would help lift tens of thousands of working South Carolinians and their families out of poverty.

ABOUT GOOD JOBS NATION

Good Jobs Nation is an advocacy organization of low-wage federal contract workers who are fighting to end the U.S. Government's role as America's leading low-wage job creator. We believe that taxpayer dollars should reward model employers that pay living wages and benefits as well as respect collective bargaining rights.

Good Jobs Nation is supported by national faith, labor and advocacy organizations including Change to Win, Interfaith Worker Justice, the Ecumenical Poverty Initiative, Progressive Congress, and the Campaign for America's Future. Learn more at www.goodjobsnation.org.

Endnotes

¹ See e.g., <http://www.greenvilleonline.com/story/news/local/2014/10/19/sc-better-receiving-federal-dollars/17536471/>. <http://www.thestate.com/news/local/article13886885.html>. (state poverty rate ninth highest in nation).

² "Underwriting Bad Jobs: How Our Tax Dollars are Funding Low-Wage Work and Fueling Inequality." <http://www.demos.org/sites/default/files/publications/UnderwritingBadJobs-Final-2.pdf>.

³ The \$12 per hour benchmark is roughly equivalent to the federal poverty guidelines for a family of four, which in 2016 was \$24,300 per year. <https://www.federalregister.gov/articles/2016/01/25/2016-01450/annual-update-of-the-hhs-poverty-guidelines>.

⁴ Spending figures for FY 2015 from www.usaspending.gov.

⁵ For a description of the methodology used to derive number of low-wage workers from these spending figures, see "Underwriting Bad Jobs," Appendix I.

⁶ Walmart states that it has 31,727 employees in South Carolina, <http://www.walmart.org>, of whom we estimate, following Demos at note 1, that 64.4 percent are paid less than \$12 per hour. Including franchises, 225 of McDonalds' 14,000 U.S. outlets are in South Carolina, <http://www.mcdonalds.com/>, from which we estimate that its low-wage workforce in South Carolina constitutes 1.6% of its low-wage workforce in the nation as a whole.