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For Immediate Release

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Read the Policy Brief: <http://keystoneresearch.org/publications/research/public-sector-job-losses-2011>

Public-sector Job Losses Put Brakes on Pennsylvania's Recovery *Pennsylvania Slips from Top 10 to Bottom 10 in Job Growth in Less than a Year* Impact Felt in Every One of 16 Metropolitan Areas, Keystone Research Shows

HARRISBURG, PA (November 10, 2011) — Public-sector job losses are putting the brakes on Pennsylvania's economic recovery, endangering private-sector job gains and squandering the state's job growth advantage coming out of the recession, according to a new policy brief from the Keystone Research Center.

Over the last year, Pennsylvania has lost 21,000 public-sector jobs, including some 13,000 education jobs. Among the 50 states, Pennsylvania saw the sixth-largest decline in state and local jobs in the last year.

The impact is being felt well beyond the public sector, slowing the pace of private-sector job growth as the ripple effects of out-of-work teachers and laid-off government workers takes a toll on the broader economy, researchers noted.

Between September 2009 and September 2010, Pennsylvania ranked fourth among the states in the number of jobs created and seventh by job growth percentage. During the five months between April and September 2011, however, Pennsylvania's job growth ranked among the bottom 10 states.

"A wave of public-sector job losses is sending Pennsylvania's economy in the wrong direction," said Dr. Mark Price, Labor Economist for the Keystone Research Center. "Pennsylvania has gone from the head of the pack in job creation to the bottom, stalling the recovery."

Since May, the Pennsylvania unemployment rate has increased by nearly a percentage point, from 7.4 percent to 8.3 percent in September — a sign that public-sector job losses are dragging down the overall economy.

Over the past five months, Pennsylvania ranked 47th among the states in the number of jobs created and 43rd by job growth percentage — a marked drop from the job growth advantage Pennsylvania enjoyed coming out of the recession.

The impact of public-sector job losses is being felt in all corners of Pennsylvania, the researchers wrote. Public-sector employment in all 16 metropolitan areas of the state is now below its peak as well as being lower in September 2011 than September 2010.

For families on the front lines of a high-unemployment economy, public-sector job losses tend to have a particularly big impact in Pennsylvania because our state and local government workforce is already the second leanest out of the 50 states measured by the share of the public workforce in total employment.

“In some documented cases,” said KRC executive director and economist Dr. Stephen Herzenberg, “children are losing health care coverage and Pennsylvania is losing federal funds because overstretched public-sector workers can’t process all the applications from eligible families.”

After years of unemployment well below the national rate, Pennsylvania is now starting to see its better standing slip away. While still below the national rate, the state’s unemployment rate is rising, diminishing the so-called “Pennsylvania Advantage.” For instance, Pennsylvania’s unemployment rate was 1.7 percentage points below the national rate in May, but by September the advantage had dropped to 0.8 of a percentage point.

Pennsylvania could restart its job creation engine by enacting a jobs policy that will strengthen the private and public sectors. Options include spending more of the state’s revenue surplus; enacting a natural gas drilling tax to finance job-creation and critical services; maximizing the potential for Marcellus Shale development to create jobs for Pennsylvania workers; and bond-financing infrastructure, school construction and energy efficiency investments when borrowing and construction costs are both low.

“It is time to abandon austerity economics for more effective policies that invest in the future and adequately fund essential services that working families rely upon,” said Dr. Herzenberg. “It’s time to shift back into drive and move Pennsylvania once again into the top 10 states for job growth.”

The Keystone Research Center is a nonprofit, nonpartisan research organization that promotes a more prosperous and equitable Pennsylvania economy. Learn more: www.keystoneresearch.org.