



Falling Behind on Jobs

By cutting the jobs of teachers and first responders, Pennsylvania is undermining its job growth and lagging behind other states

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Overview

Despite ending the last two fiscal years with hundreds of millions of taxpayers' dollars on hand, Pennsylvania has failed to make the investments in education, health services and infrastructure that are essential to building a strong economy. Instead, Pennsylvania has made deep cuts that are costing jobs and causing the commonwealth to lag behind other states in job growth.

Deep cuts to Pennsylvania public schools and colleges led to a loss of 14,000 education jobs in 2011, which had ripple effects throughout local economies. Altogether the commonwealth shed 22,700 teachers, first responders, and other public servants between December 2010 and December 2011 — and is on track for thousands more job losses this year. From December 2011 to May 2012, Pennsylvania has already lost 5,400 public-sector jobs.¹

These job losses have contributed to Pennsylvania's anemic job growth over the last year, marking a reversal from the commonwealth's robust emergence from the recession. In 2010, Pennsylvania ranked 12th out of the 50 states in terms of job growth percentage.² **Over the past year, Pennsylvania has dropped to 36th among the states in job growth percentage, while over the last six months it has dropped to 39th.**³

Significant public-sector job losses have a particularly big impact on Pennsylvania's economy because our state and local government workforce is already the second leanest out of the 50 states as a share of total employment. Compared to our neighboring states, Pennsylvania also lost a much larger percentage of its public workforce between May 2011 and May 2012.

Neighboring New Jersey presents a contrasting picture. Over the past year, it has been among the top 10 states in public-sector job growth — and during the last three to six months few states have outpaced its public-sector employment growth. This has helped to bring New Jersey into the top 20 of all states for overall job growth, after ranking 49th on job growth percentage in 2010.

¹ Bureau of Labor Statistics Current Employment Statistics.

² See *Recent Job Growth in Pennsylvania Is Healthier Than Most States*, Keystone Research Center, February 4, 2011, <http://keystoneresearch.org/publications/research/recent-job-growth-pennsylvania-healthier-most-states>.

³ Bureau of Labor Statistics Current Employment Statistics.

How Pennsylvania’s Job Growth Stacks Up

Table 1 presents Pennsylvania’s recent job-growth ranking (based on changes in the number of jobs and on the percent change in jobs) compared to neighboring states. It looks at three recent time periods: the last three months, the last six months, and the last 12 months. The ranking for percent change in jobs is the more meaningful indicator because it measures job growth relative to the size of each state’s economy. The highlights:

- Pennsylvania ranked 39th for percent job growth in the last three months and the last six months, and 36th over the past year.
- Pennsylvania ranked 48th based on the number of jobs created in the last three months.
- Pennsylvania also ranked 37th for the percentage point reduction in unemployment in the last 6 months and 12 months (not shown in the table).
- Three neighboring states also ranked poorly for job growth in the last three months and six months: Delaware, Maryland, and West Virginia.

	Last 3 Months (Feb. 12 to May 12)		Last 6 Months (Nov. 11 to May 12)		Last Year (May 11 to May 12)	
	# Jobs	% Jobs	# Jobs	% Jobs	# Jobs	% Jobs
Delaware	42	48	43	38	44	45
Maryland	49	45	31	37	18	19
New Jersey	7	12	8	19	6	13
New York	5	19	3	13	3	14
Ohio	12	22	4	8	4	16
Pennsylvania	48	39	29	39	21	36
West Virginia	44	47	49	48	37	31

Source. Current Employment Statistics (CES), data are seasonally adjusted; see Table 5 at <http://www.bls.gov/news.release/laus.t05.htm>

Public Sector Job Losses Put Brakes on Pennsylvania’s Recovery

In a previous analysis, the Keystone Research Center documented that, in most metropolitan areas, public-sector job losses were holding back Pennsylvania’s overall economic recovery.⁴

⁴ See *Public-sector Job Losses Put Brakes on State’s Recovery*, Keystone Research Center, November 10, 2011, <http://keystoneresearch.org/publications/research/public-sector-job-losses-2011>.

Recent state job numbers indicate that public-sector job losses are also hurting Pennsylvania’s statewide economic recovery relative to other states:

- Over the past three months, Pennsylvania ranked 45th based on percent change in government jobs (losing 1.2%) and 49th based on number (a decline of 8,700 jobs).
- Over the past year, Pennsylvania ranked 47th based on percent change in government jobs (losing 2.3%) and 48th based on number (a decline of 16,900). One out of every 44 government jobs has been eliminated in the commonwealth.
- Delaware, Maryland, and West Virginia also ranked poorly based on government job growth in the last three months and, with the exception of West Virginia, in the last six months.
- Over the past six months, New Jersey ranked fourth on percent change in government jobs and first based on the increase in the number of government jobs. Over the past three months, New Jersey ranked second on government job growth (by percent and by number). Increases in New Jersey’s public-sector employment have occurred along with improvements in its overall job-growth ranking, moving the state into the top 20 of all states.

	Last 3 Months (Feb. 12 to May 12)		Last 6 Months (Nov. 11 to May 12)		Last Year (May 11 to May 12)	
	Change in # Jobs (1000s)	% Change in Jobs	Change in # Jobs (1000s)	% Change in Jobs	Change in # Jobs (1000s)	% Change in Jobs
Delaware	-2	-3.1%	-1.8	-2.8%	-0.8	-1.3%
Maryland	-4.5	-0.9%	-4.1	-0.8%	0.7	0.1%
New Jersey	4.7	0.8%	5.6	0.9%	5	0.8%
New York	-2.3	-0.2%	2.4	0.2%	-1.2	-0.1%
Ohio	-0.3	0.0%	1.4	0.2%	2.4	0.3%
Pennsylvania	-8.7	-1.2%	-5.3	-0.7%	-16.9	-2.3%
West Virginia	-1.4	-0.9%	0	0.0%	2	1.3%

Source. CES

	Last 3 Months (Feb. 12 to May 12)		Last 6 Months (Nov. 11 to May 12)		Last Year (May 11 to May 12)	
	# Jobs	% Jobs	# Jobs	% Jobs	# Jobs	% Jobs
Delaware	42	50	35	50	23	32
Maryland	48	43	44	41	15	15
New Jersey	2	2	1	4	4	8
New York	43	30	5	14	27	18
Ohio	26	20	11	13	9	14
Pennsylvania	49	45	47	36	48	47
West Virginia	37	44	20	20	10	5

Source. CES

The 2012-13 State Budget: More of the Same

Pennsylvania's deep cuts in state spending over the past year have cost tens of thousands of jobs and contributed to a substantial slowing of the state's economic recovery compared to other states. With a 2012-13 General Fund budget that remains below budgeted 2008-09 levels (before even adjusting for inflation), more of the same is on the way. The new round of cuts will likely lock in the public school layoffs many school districts announced in anticipation of the budget's passage, setting us back for years to come.

Conclusion and Recommendations

As the economy continues to recover, Pennsylvania will need to make public investments to build a strong economy and make the commonwealth a place where families will want to live. In order to ensure Pennsylvania has strong economic growth in the short and long term, we recommend that policymakers use more available state funds to maintain investments in public schools and universities, health care and cost-effective local services, rather than making unnecessary cuts that undermine our job growth. The state should also invest in infrastructure and school construction: borrowing costs are low and contractors are bidding low on projects because the construction market remains depressed. Investments in education, infrastructure, and other public goods not only keep workers on the job in communities across Pennsylvania; they also educate the next generation, keep families healthy and safe, and build the types of communities where businesses will want to locate.

About the Keystone Research Center

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