

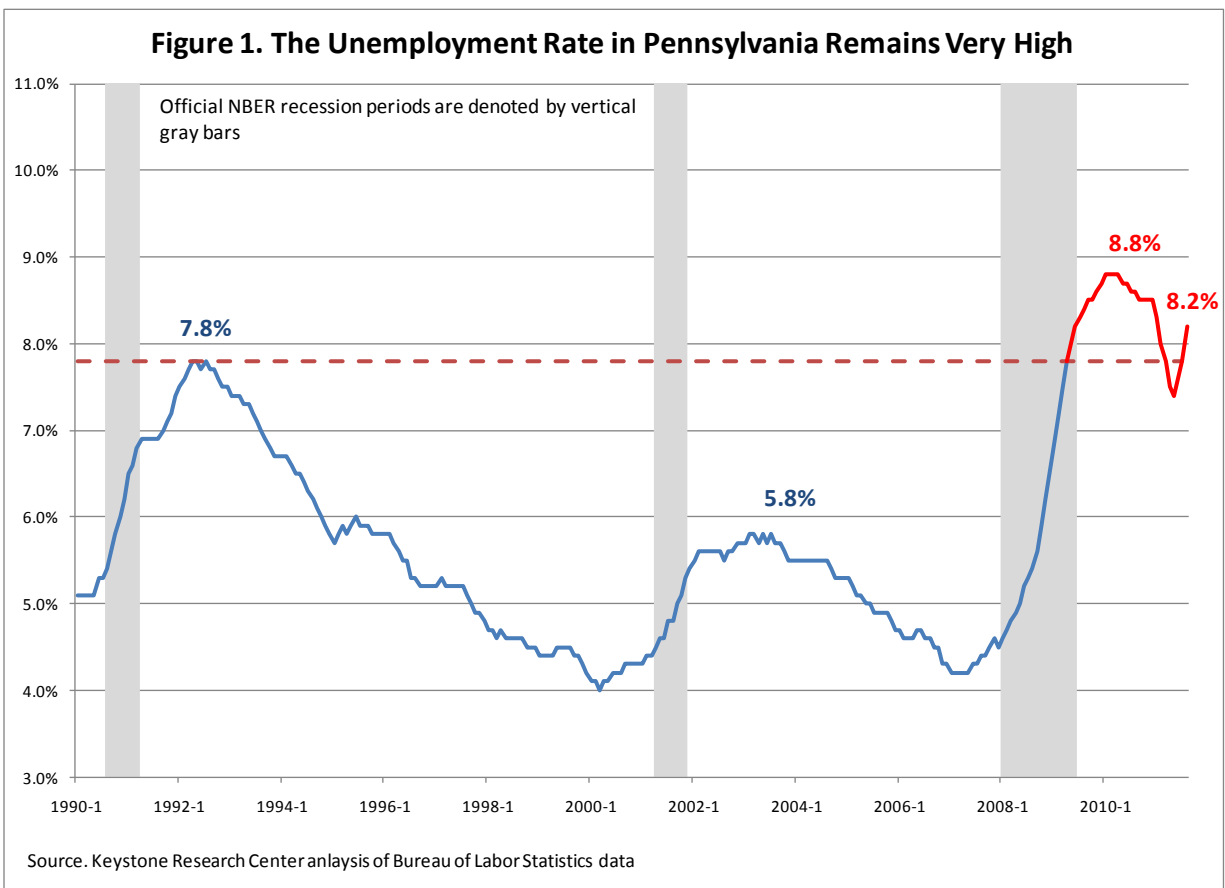


August Jobs Report **National Weakness Spreads to Pennsylvania** By Sean Brandon and Mark Price • September 19, 2011

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Overview

The unemployment rate in Pennsylvania is once again on the rise having increased by eight-tenths of one percentage point since May of this year. Similarly, since April, non-farm payrolls in the Commonwealth have fallen by 9,300 jobs. The weakness we are seeing in the national economy is being felt here in Pennsylvania. The August report clearly demonstrates the need for a jobs plan to meet the vast challenges our economy currently faces.



Employment Change by Industry

Because industry-specific jobs data are particularly volatile on a month-to-month basis, one-month changes should be viewed with considerable caution. Examining trends over three- and six-month periods provides a somewhat better sense of what is happening with employment (see Table 1). By volume, the weakest sectors in the last three and six months have been Government, Education and Health Services, and Information. By volume, the strongest sectors have been Trade, Transportation, and Utilities, Professional and Business Services, Manufacturing, Mining and Logging, and Other Services.

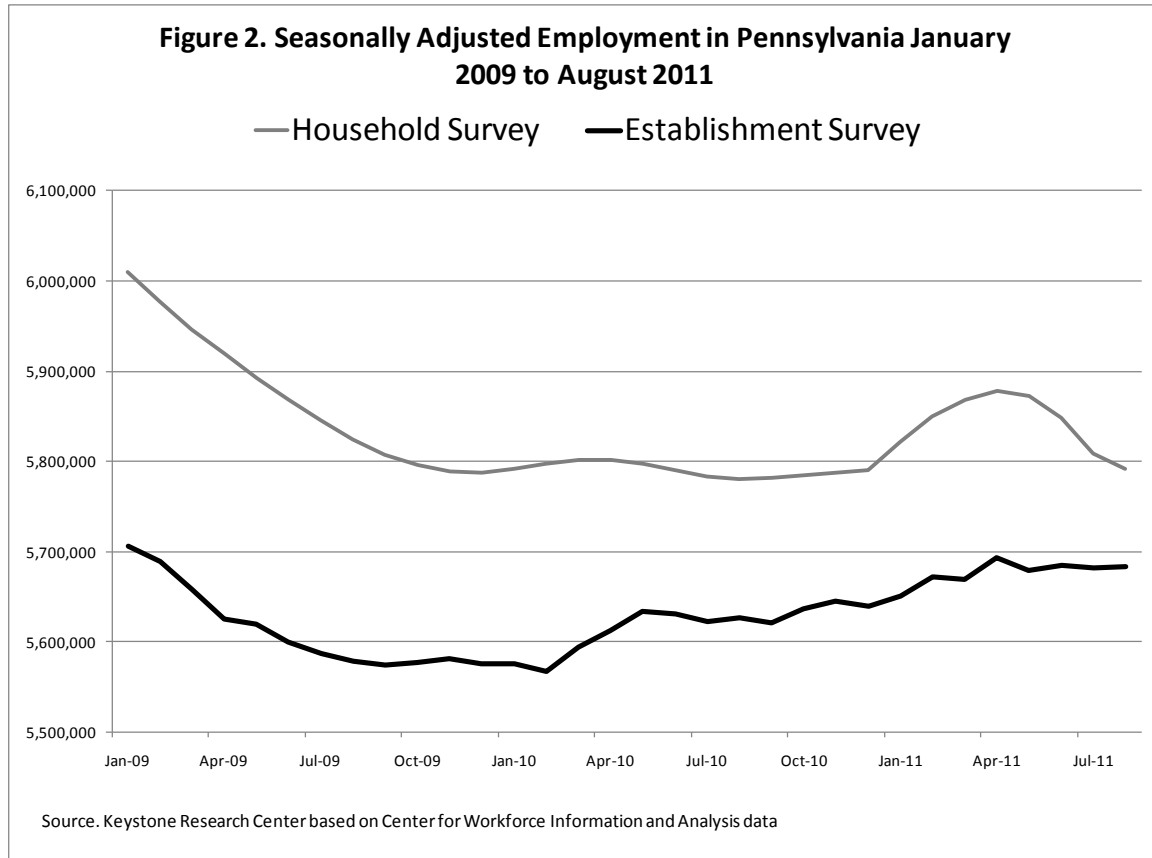
Table 1.

Change in Employment in the Last Three and Six Months by Major Sector

	Last Three Months (May 2011 to August 2011)	Last Six Months (January 2011 to August 2011)
Total Nonfarm Jobs	4,100	11,800
Mining and Logging	1,100	2,400
Construction	2,100	-5,700
Manufacturing	4,000	5,500
Trade, Transportation, and Utilities	2,500	12,200
Information	-4,300	-200
Financial Activities	0	-1,000
Professional and Business Services	3,700	7,000
Education and Health Services	-4,200	-2,400
Leisure & Hospitality	-1,300	6,100
Other Services	2,900	700
Government	-2,400	-12,800

Source. Keystone Research Center Analysis of Current Employment Statistics

We have two sources of data on employment, the Current Population Survey (CPS) and Current Employment Statistics (CES). Other than a short burst of growth in the spring which has now been completely reversed, the CPS has registered essentially no employment growth since October 2009. Employment in the CES, by contrast, is up by more than 100,000 jobs over the same period. Growth in the CES has weakened considerably over the last several months and as of August remains 9,300 jobs below its recent April 2011 peak.



How Does Job Growth in Pennsylvania Compare to Surrounding States

Although job growth has stalled in recent months, the Commonwealth has continued to outperform most states' interims of job growth. In the last two years, Pennsylvania saw the third highest rate of job growth out of the 50 states by volume and the 11th highest in percentage terms (Table 2). Pennsylvania's economy, as a result, has produced a greater percentage of jobs than neighboring states.

Table 2.
 August 2009 to August 2011, Seasonally Adjusted

State	Employment (1000s)		Change	Rank of Change	Percent Change	Rank of Percent Change
	Aug-09	Aug-11				
Pennsylvania	5,579	5,684	104,900	3	1.9%	11
Ohio	5,022	5,117	94,200	5	1.9%	12
West Virginia	742	752	10,700	29	1.4%	18
New York	8,544	8,638	93,900	6	1.1%	24
Maryland	2,511	2,523	12,100	27	0.5%	36
New Jersey	3,872	3,867	-5,000	46	-0.1%	43
Delaware	413	411	-2,200	43	-0.5%	47

Source: Keystone Research Center analysis of Current Employment Statistics

The Jobs Deficit

When the recession began in December 2007, Pennsylvania had 5,809,600 jobs. As of August, Pennsylvania has 126,000 fewer jobs than it did when the recession began. This number, however, fails to capture the jobs required to keep pace with growth in the working-age population.

Pennsylvania's jobs deficit, or the difference between the number of jobs Pennsylvania has and the number it needs to regain its pre-recession employment rate, is 240,700. That number includes the 126,000 jobs Pennsylvania lost plus the 114,700 jobs it needs to keep up with the 2% growth in population that has occurred in the 44 months since the recession began.

