

The State of Rural Pennsylvania



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KRC Mission and Goals

- Mission: to promote a more prosperous and equitable Pennsylvania
- Goals:
 - Research to promote prosperity and equity
 - Support institutions and coalitions that promote prosperity and equity
 - Support public policies that promote prosperity and equity



KRC Background

- Economic think tank: “unlike most economists, we study the economy”
- \$600,000 annual budget, 6 FTEs, network of consultants
- Funded primarily by foundations and government grants
- Key architect of Pennsylvania’s current industry linked workforce strategy



KRC Agenda-Setting Documents

- *State of Working PA 2006*: documents the broken link between wages and productivity growth
- Economic agenda signed by over 20 labor, environmental, faith, anti-poverty groups: outlines how to repair broken link, achieve competitiveness that benefits middle class
- *Investing in PA Families* report (with PathwaysPA): status report on low-income working families and recommendations on how to increase self-sufficiency



State of Rural Pennsylvania

- By-the-numbers overview of economic health of rural Pennsylvania
- Fact-based foundation for future discussion and policy development
- Shine a light on the needs and priorities of an often-neglected part of the state



Key Messages of *State of Rural Pennsylvania*

- Rural PA is not in free fall
- Rural PA is at a crossroads—"muddling through" won't cut it any more
- To achieve prosperity, rural PA needs a real economic plan and effective implementation of that plan:
 - 1) Adequate resources and support from the state
 - 2) Regional planning and implementation sensitive to unique assets and strengths of each region

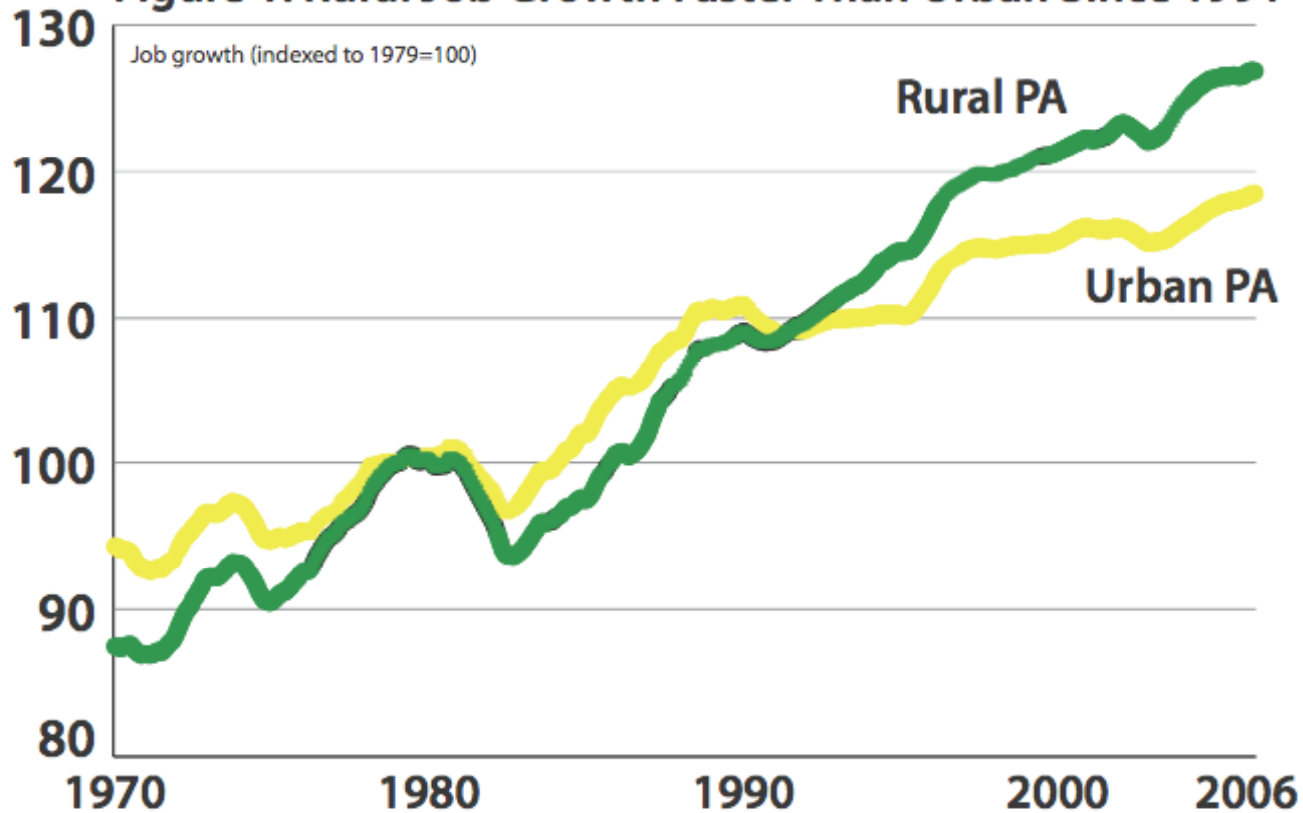


By the Numbers

- Rural Pennsylvania not in free fall
 - Job growth 25% in rural PA since 1987 vs. 13% in urban PA
 - Population growth 6% in rural PA vs. 4% in urban since 1989
 - Large unemployment gap between rural and urban Pennsylvania has almost disappeared



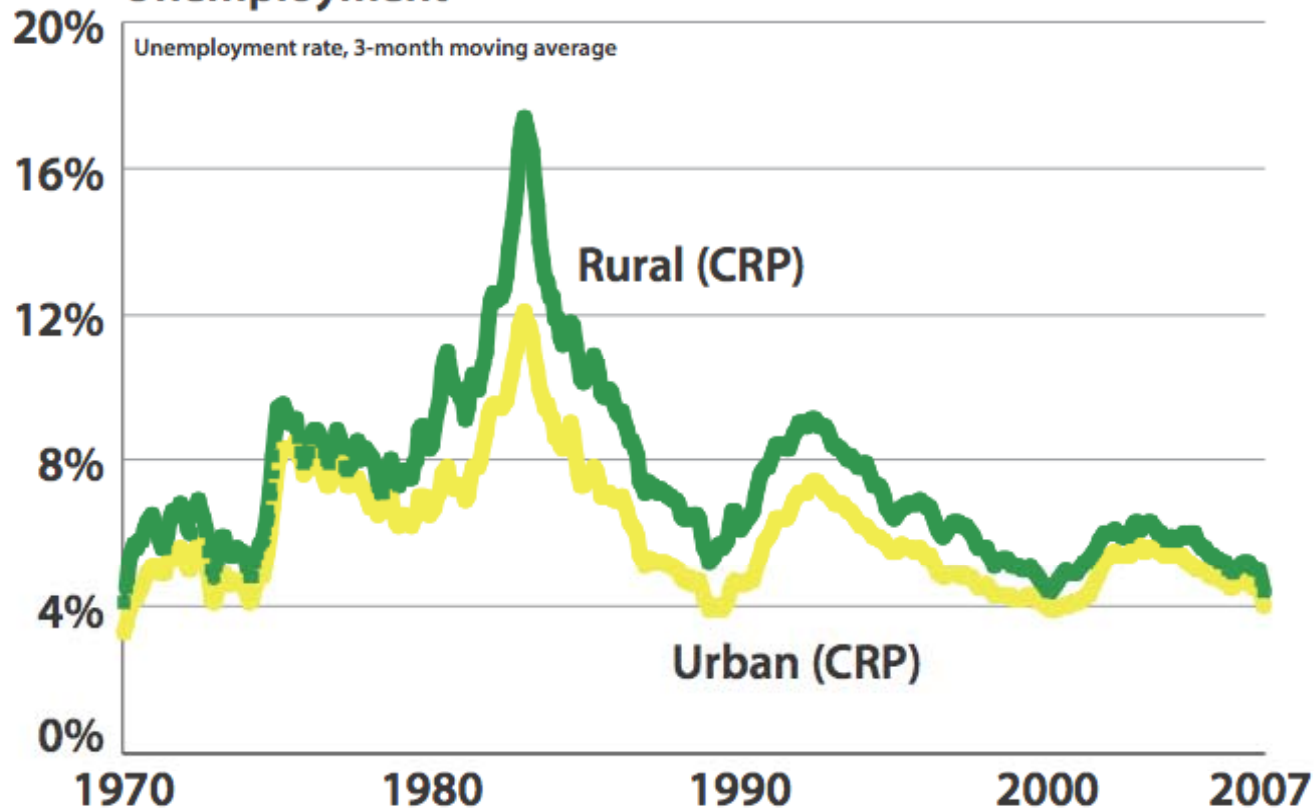
Figure 1. Rural Job Growth Faster Than Urban Since 1991



Source. Keystone Research Center (KRC), based on Local Area Unemployment Statistics (LAUS), not seasonally adjusted, January 1970–March 2007



Figure 2. Rural Unemployment Declines Toward Urban Unemployment



Source: KRC, based on LAUS, Seasonally Adjusted, January 1970–March 2007



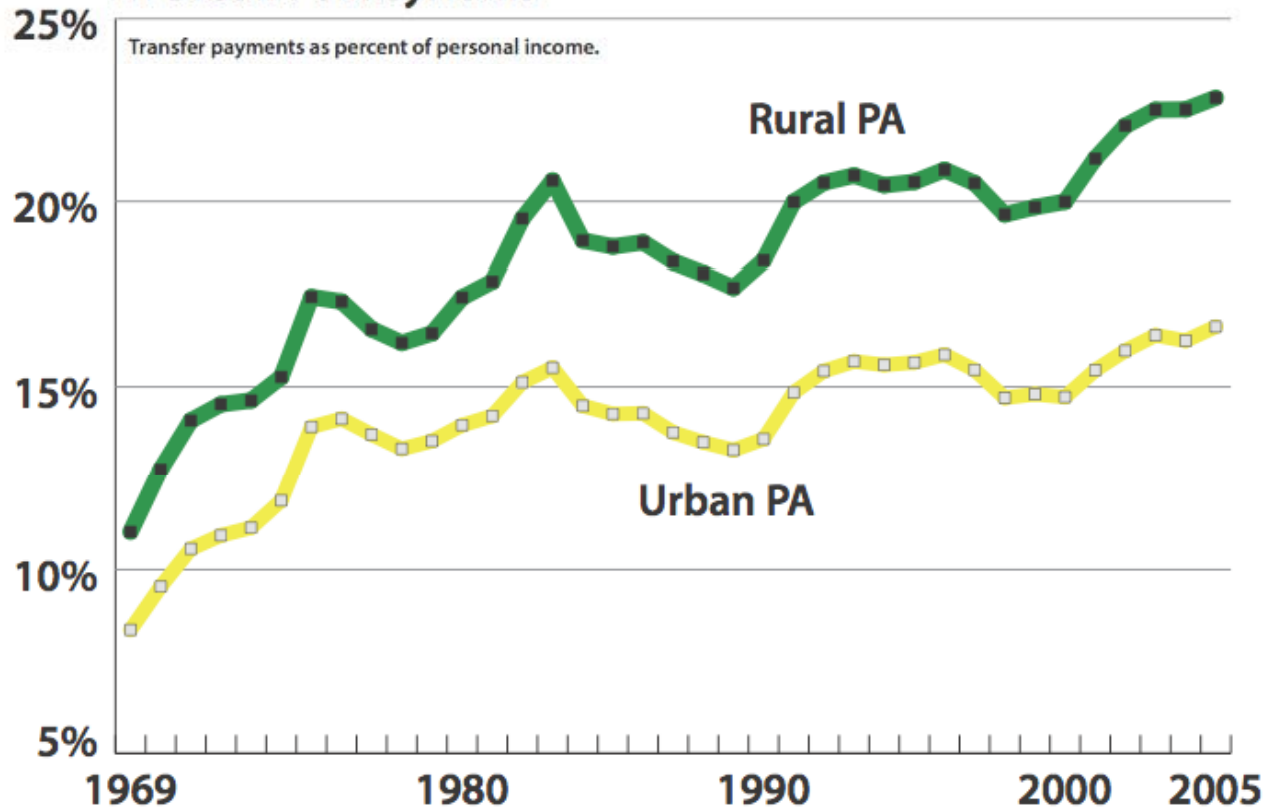
Rural Stability Provides a Foundation for a New Direction

- While rural growth not all good...
 - Seven exurban counties recipients of sprawl account for most rural population growth (Adams, Butler, Center, Franklin, Monroe, Pike, Wayne)
 - Some job growth is low-paying jobs
- ...most rural economies are stable: a basis for a new commitment to prosperity



One Crucial Source of Rural Economic Stability: Government Transfer Payments

Figure 3. Transfer Payments More Important in Rural Than in Urban Pennsylvania

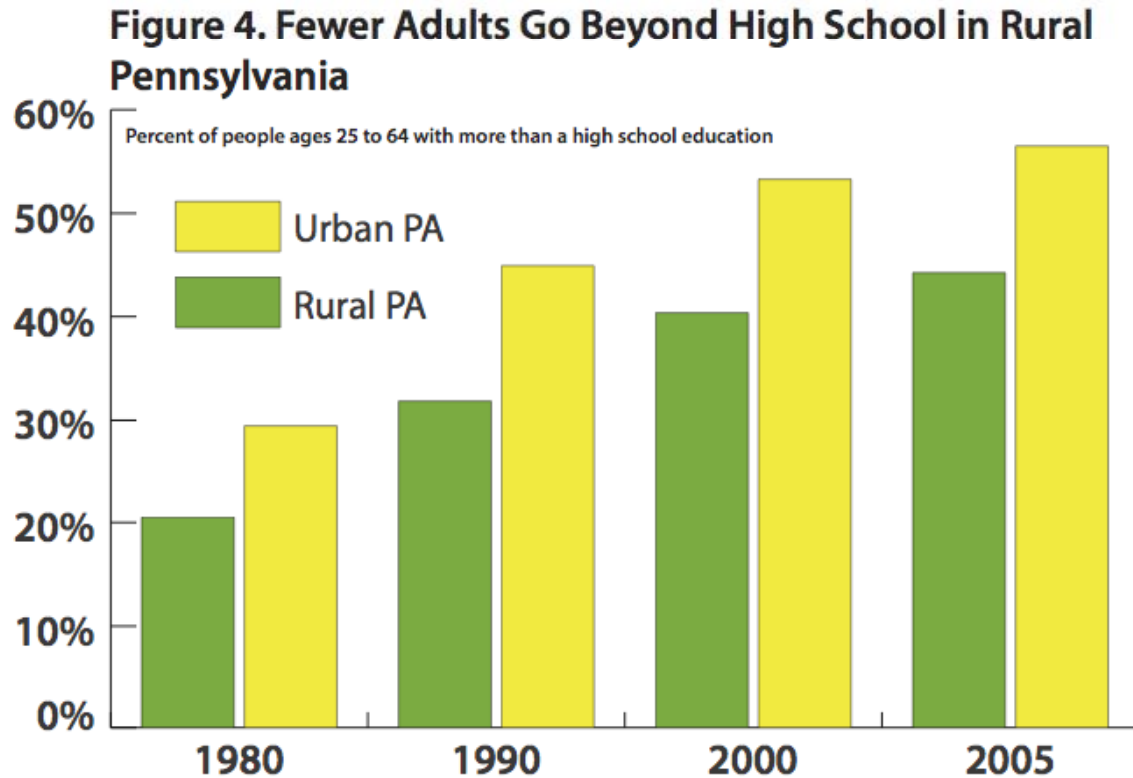


Note. Transfer payments are payments by government and business to persons for whom no current services are performed. These include payments for retirement and disability, medical payments (mainly Medicare and Medicaid), income maintenance benefits, and unemployment insurance benefits. For the complete definition see <http://bea.gov/bea/regional/definitions/nextpage.cfm?key=Personal%20current%20transfer%20receipts>.

Source. KRC, based on BEA data



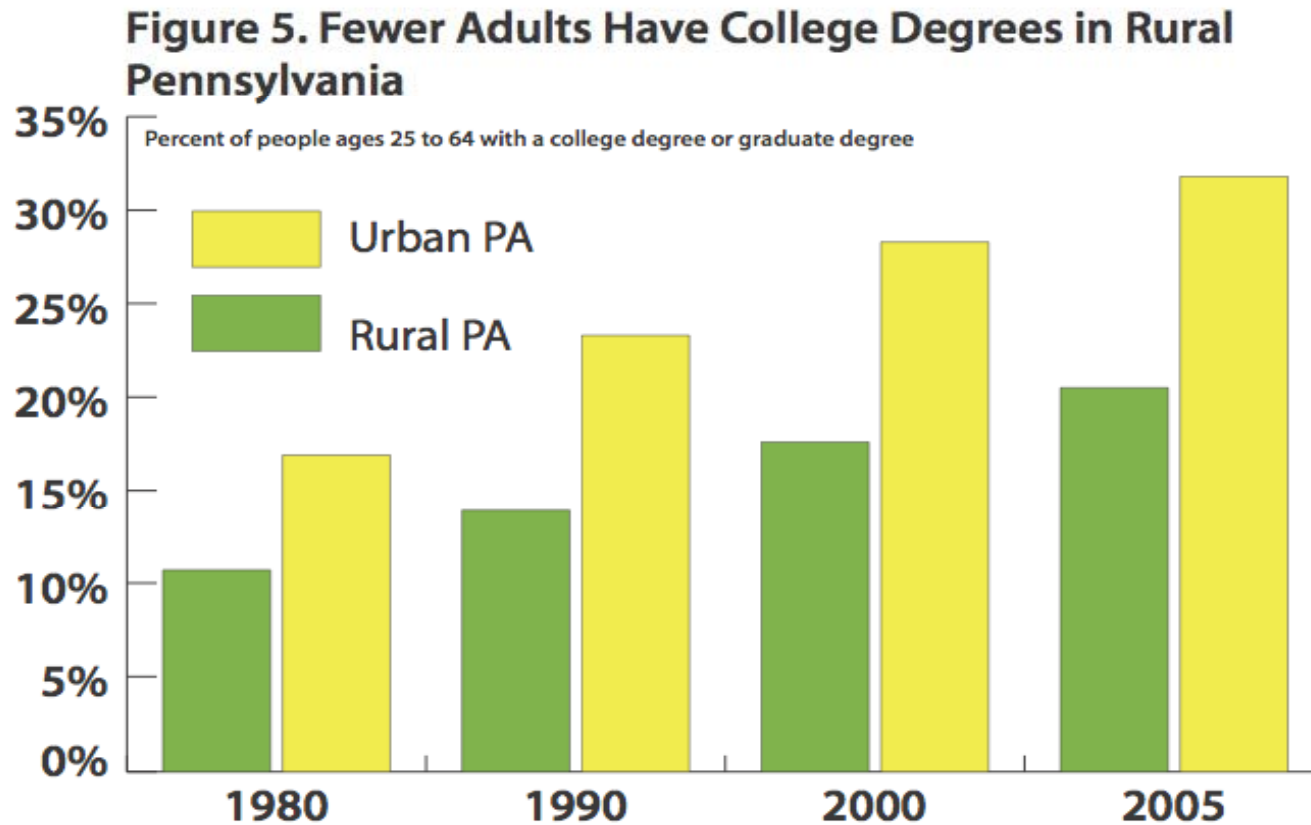
The Rural Education Gap 1— Too Many Adults With Only a HS Diploma



Source: KRC, based on US Census and American Community Survey (ACS)



The Rural Education Gap 2— Not Enough Adults With a College Degree



Source: KRC, based on US Census and ACS

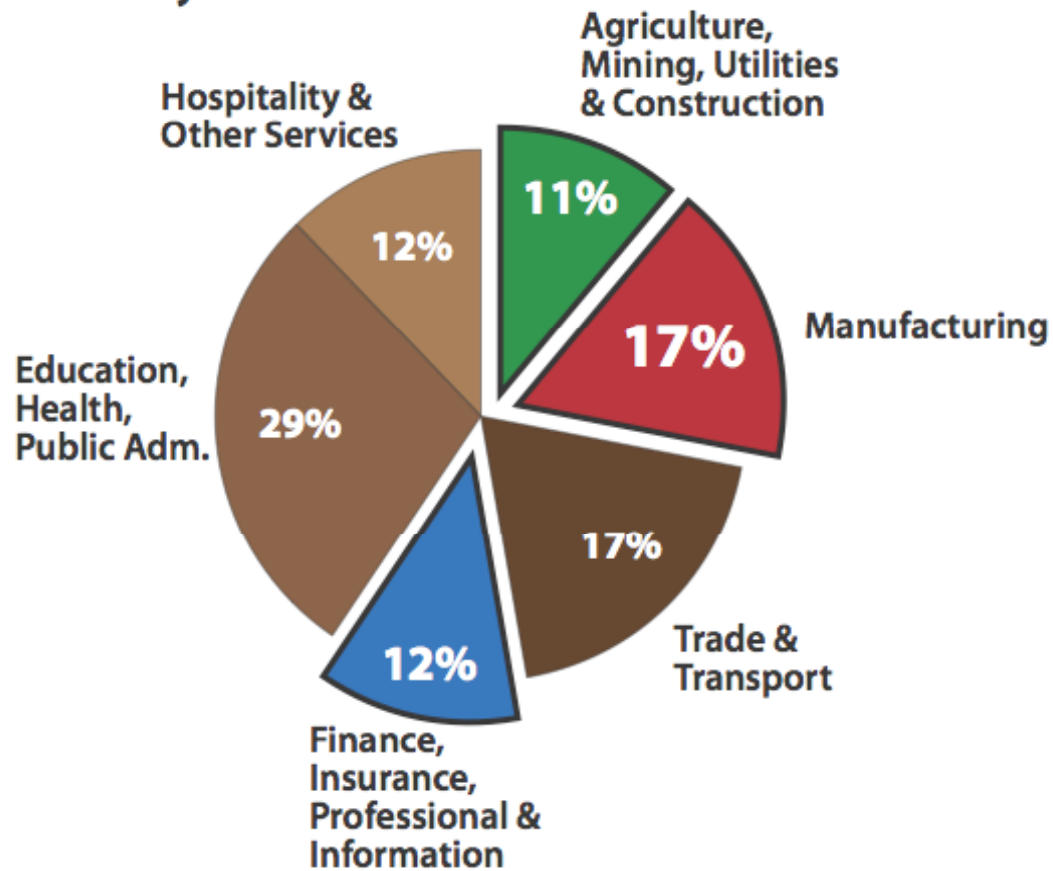


Rural PA Economic Base

- Rural PA has higher share of jobs/income in manufacturing than urban PA
- Rural PA not expanding high-wage services as much as urban PA
 - Need to worry about job quality in parts of service industries that *are* expanding
- Similar share of jobs in non-exportable services as urban PA
- Rural PA has higher share of jobs in agriculture/mining/construction/utilities



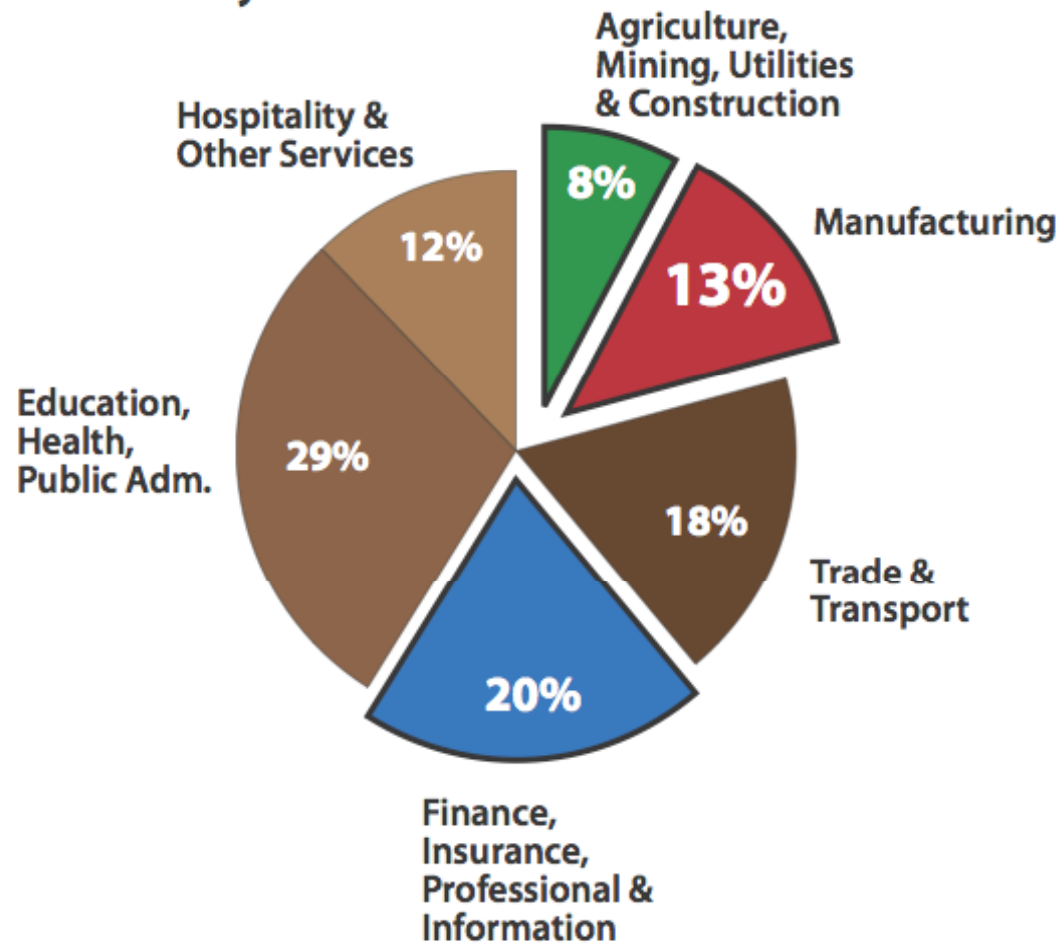
Figure 6. Employment Shares by Major Industry, Rural Pennsylvania 2005



Source: KRC, based on the ACS



Figure 7. Employment Shares by Major Industry, Urban Pennsylvania 2005



Source: KRC, based on the ACS

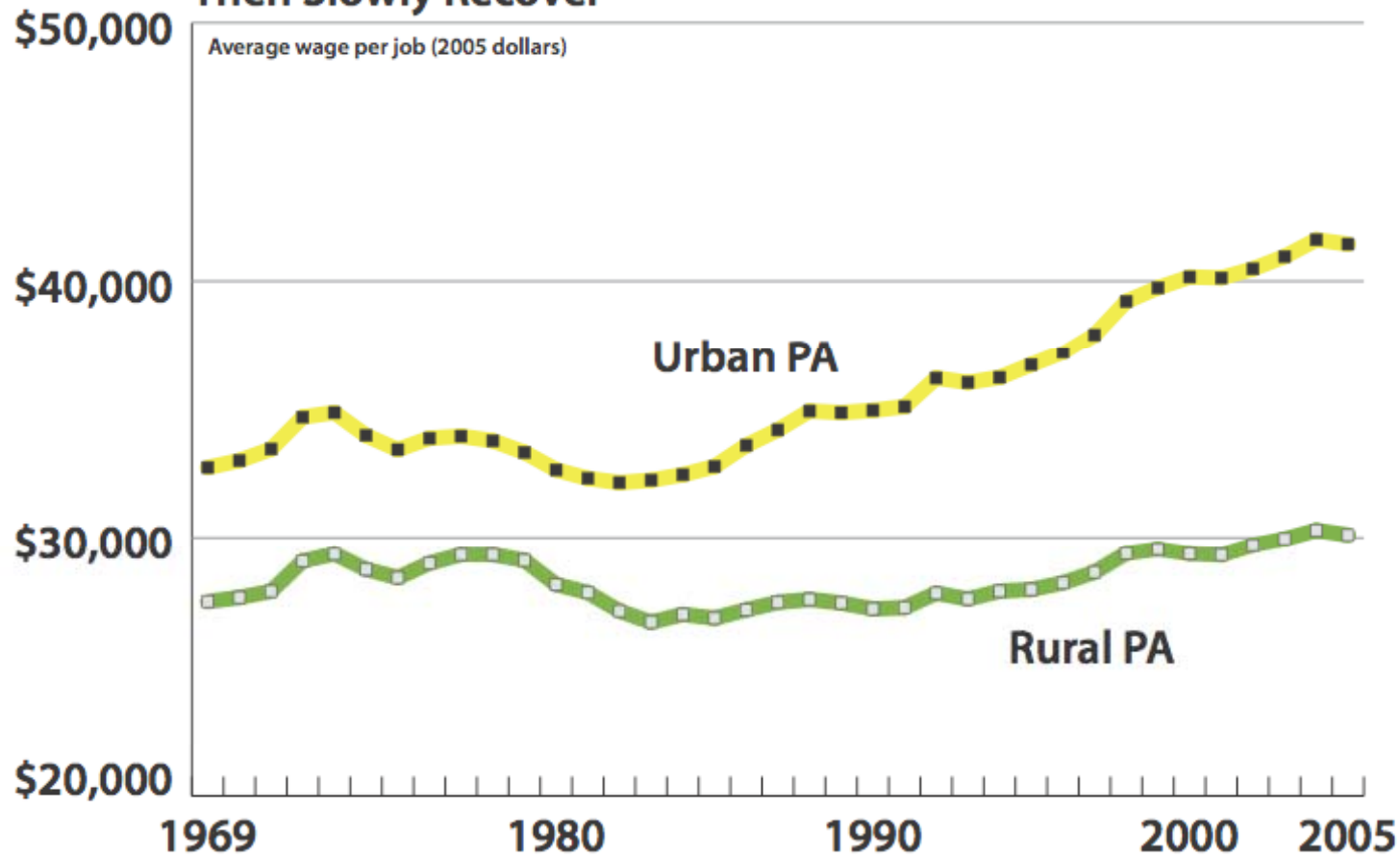


Rural Wages and Income

- Down in the 1980s in absolute terms and relative to urban PA
- Held their own relative to urban PA since 1980s
- Lower at every income level than urban PA
- Less inequality in rural PA (high end much lower)



Figure 8. Rural Wages Fall in the 1980s, Then Slowly Recover



Source: KRC, based on BEA data



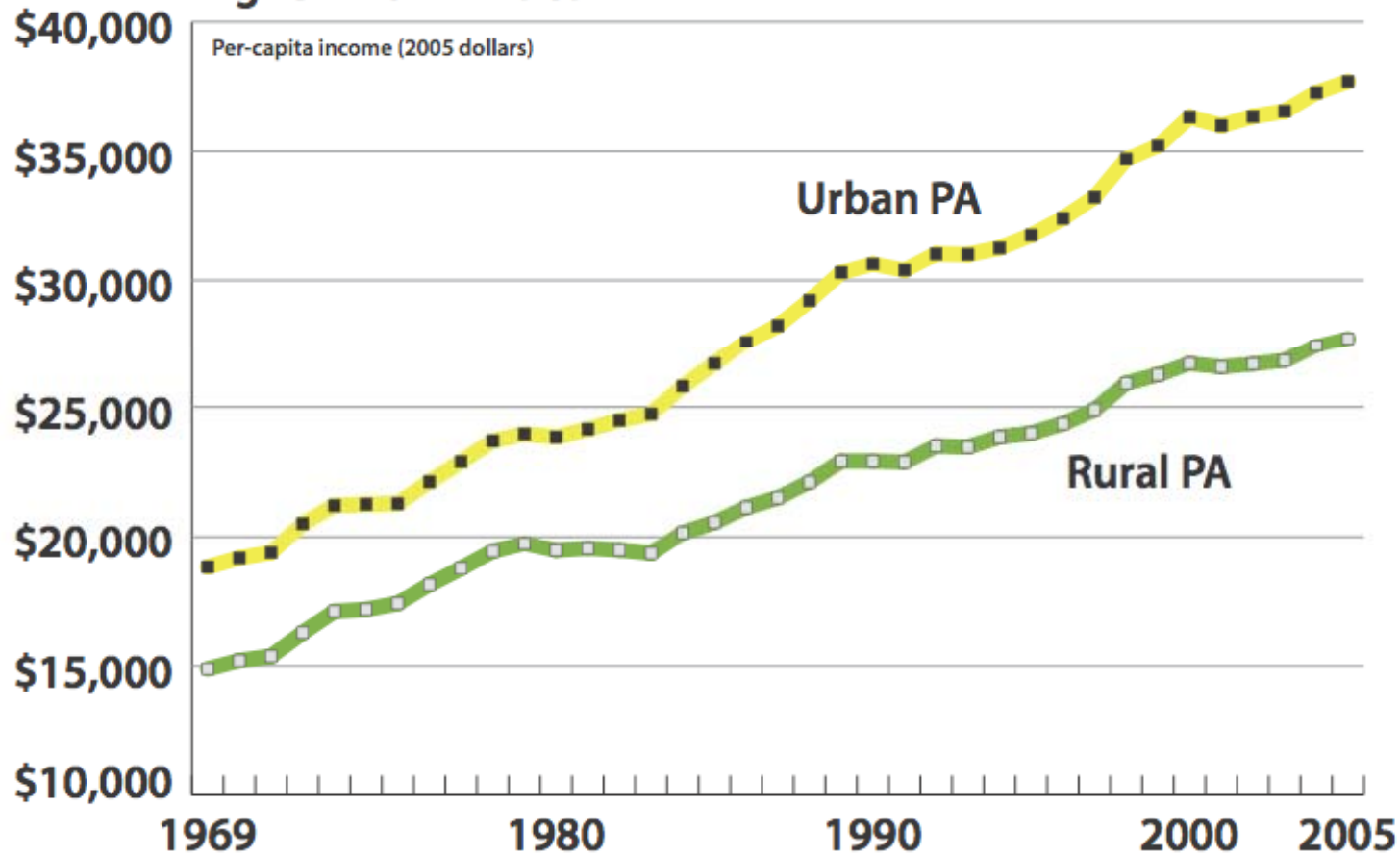
Figure 9. Since 1979 Rural Per Capita Income Has Declined Relative to Urban Per Capita Income



Source: KRC, based on BEA data



Figure 10. Per Capita Income in Rural Pennsylvania Is 86% Higher Than in 1969

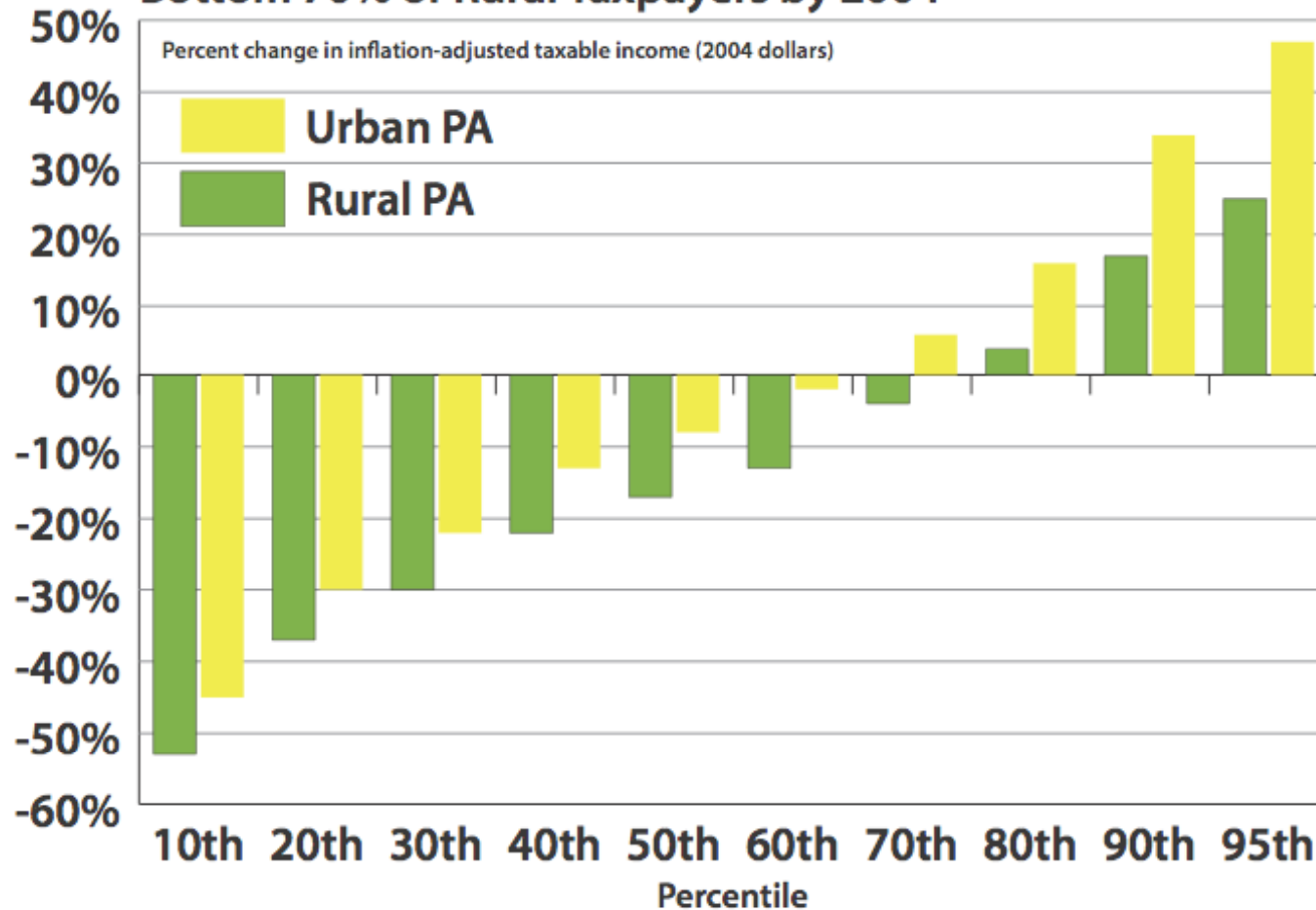


Note. Inflation adjustment based upon the research series for the consumer price index for all urban consumers (CPI-U-RS).

Source. KRC, based on BEA



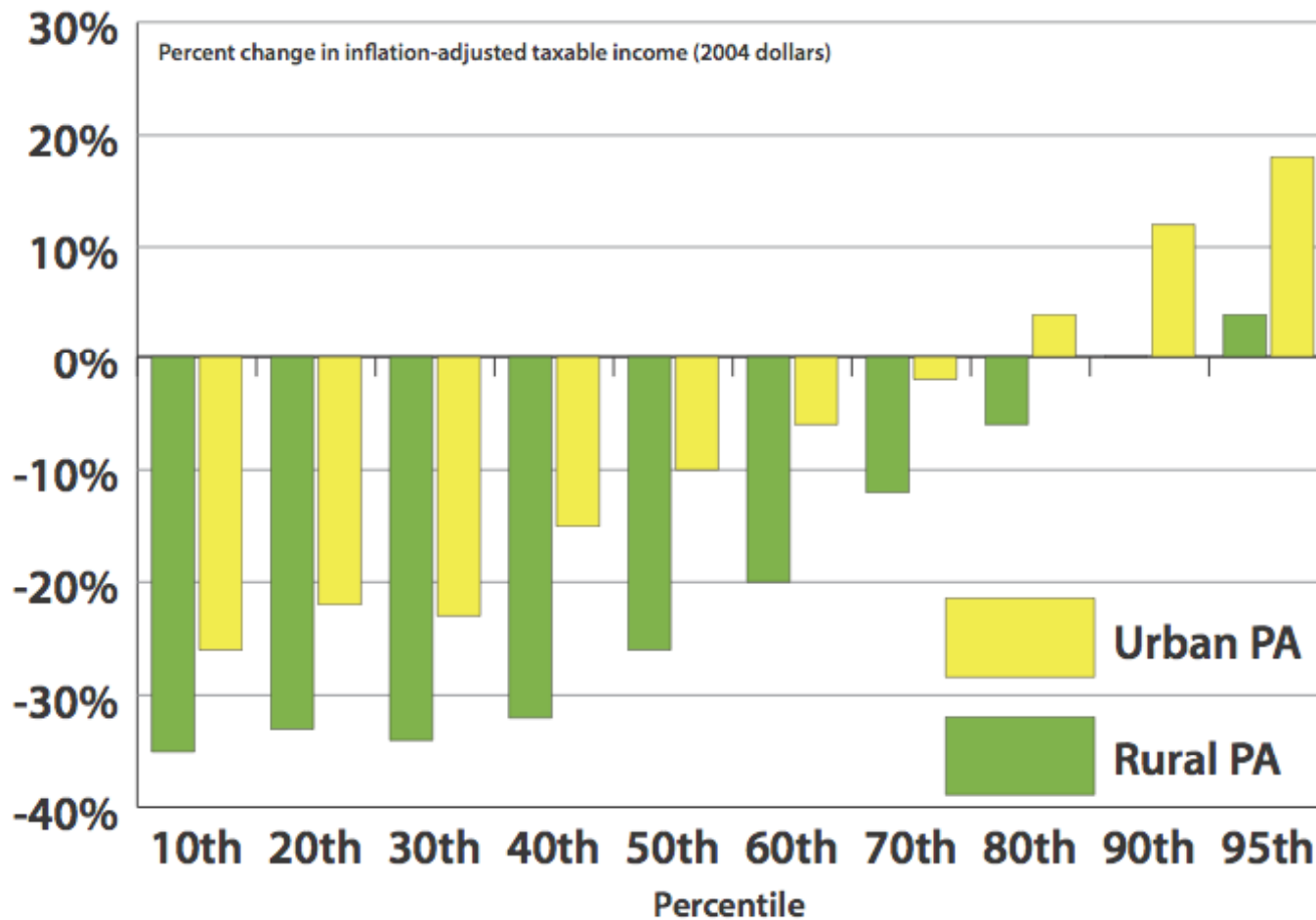
Figure 11. Compared to 1979, Income Declined for the Bottom 70% of Rural Taxpayers by 2004



Source: KRC, based on Pennsylvania Department of Revenue (DOR) data



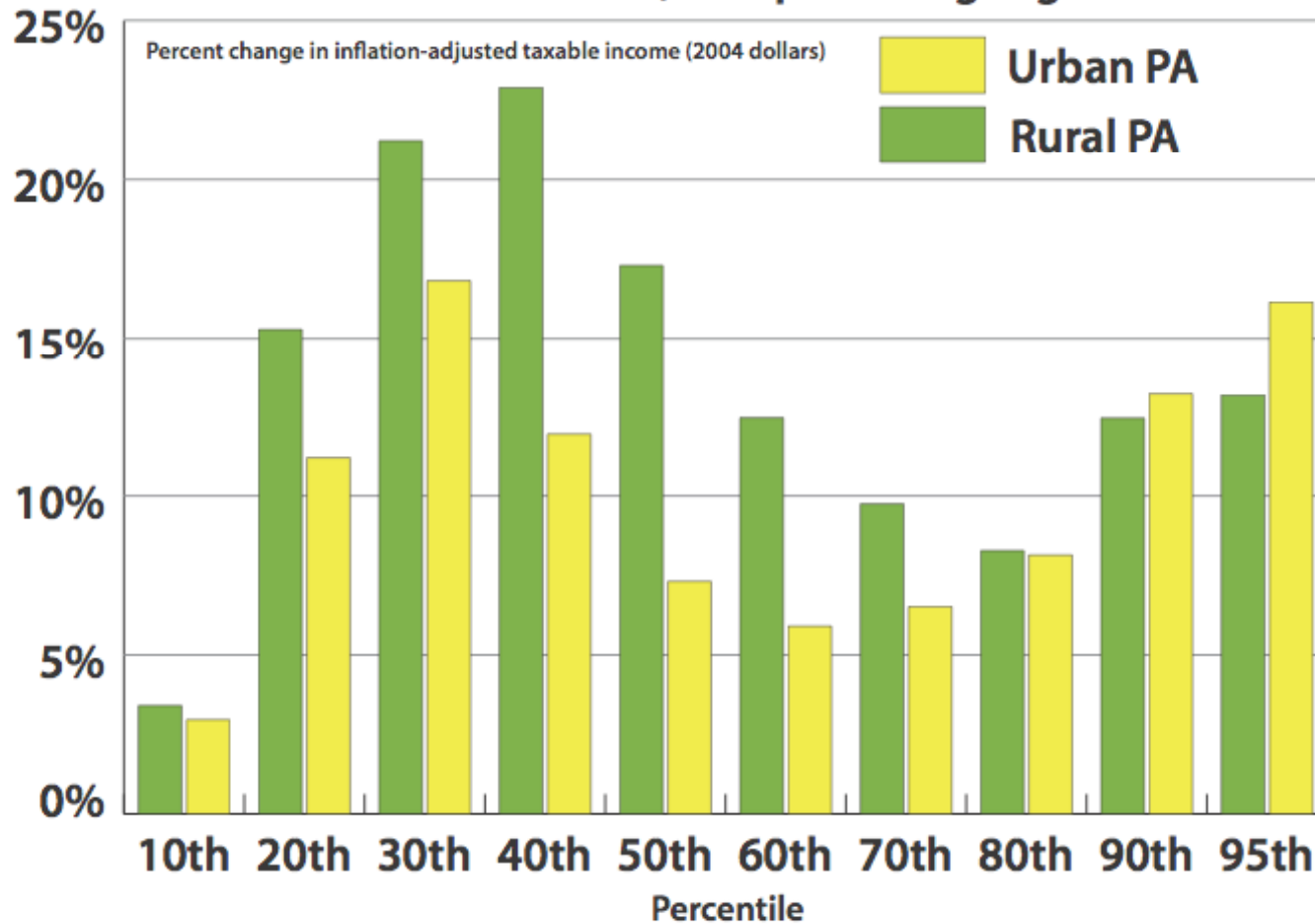
Figure 12. Between 1979 and 1989, Rural Incomes Declined Relative to Urban Incomes



Source: KRC, based on Pennsylvania DOR data



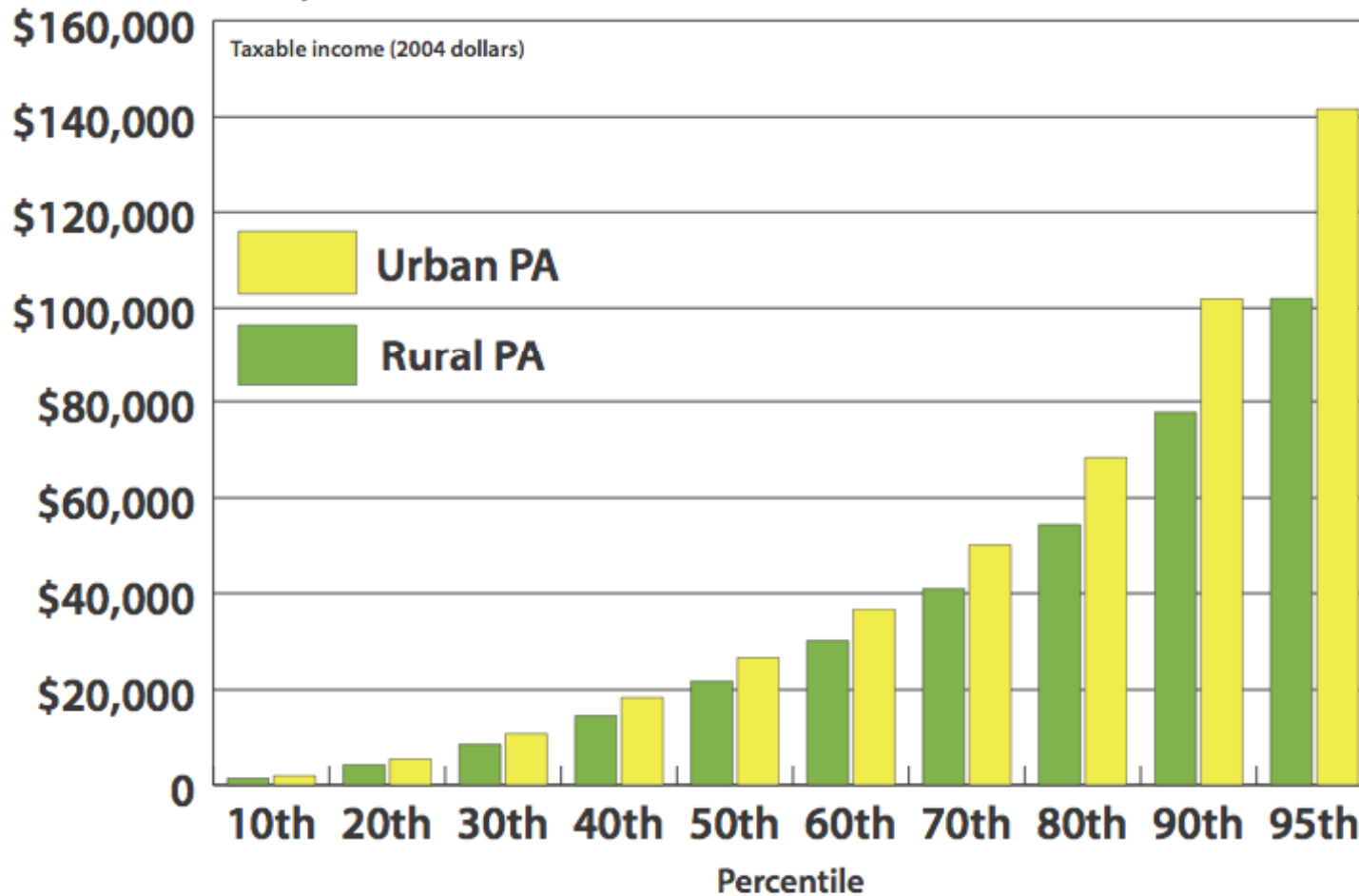
Figure 13. From 1995 to 2004, Rural Incomes Gained Relative to Urban Incomes, Except Among Highest Earners



Source: KRC, based on Pennsylvania DOR data.



Figure 14. Rural Incomes are Lower Than Urban Incomes at Every Income Level



Source: KRC, based on Pennsylvania DOR data

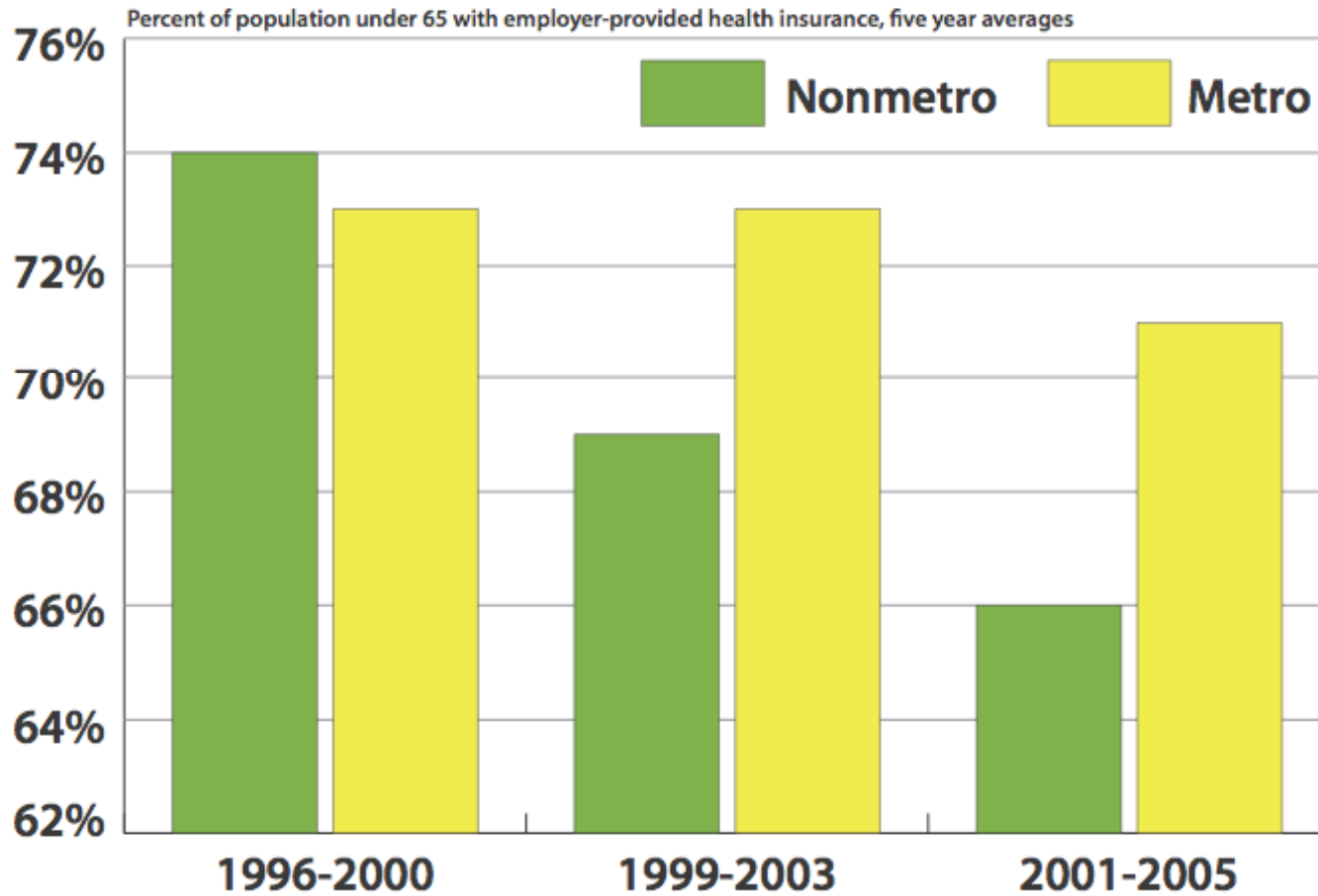


More Gaps in Rural Health and Benefit Coverage than Urban

- Higher share lack health insurance than in urban PA
- Slightly higher share lack any pension at all



Figure 15. Employer-Provided Health Coverage Falls Most in Nonmetropolitan PA

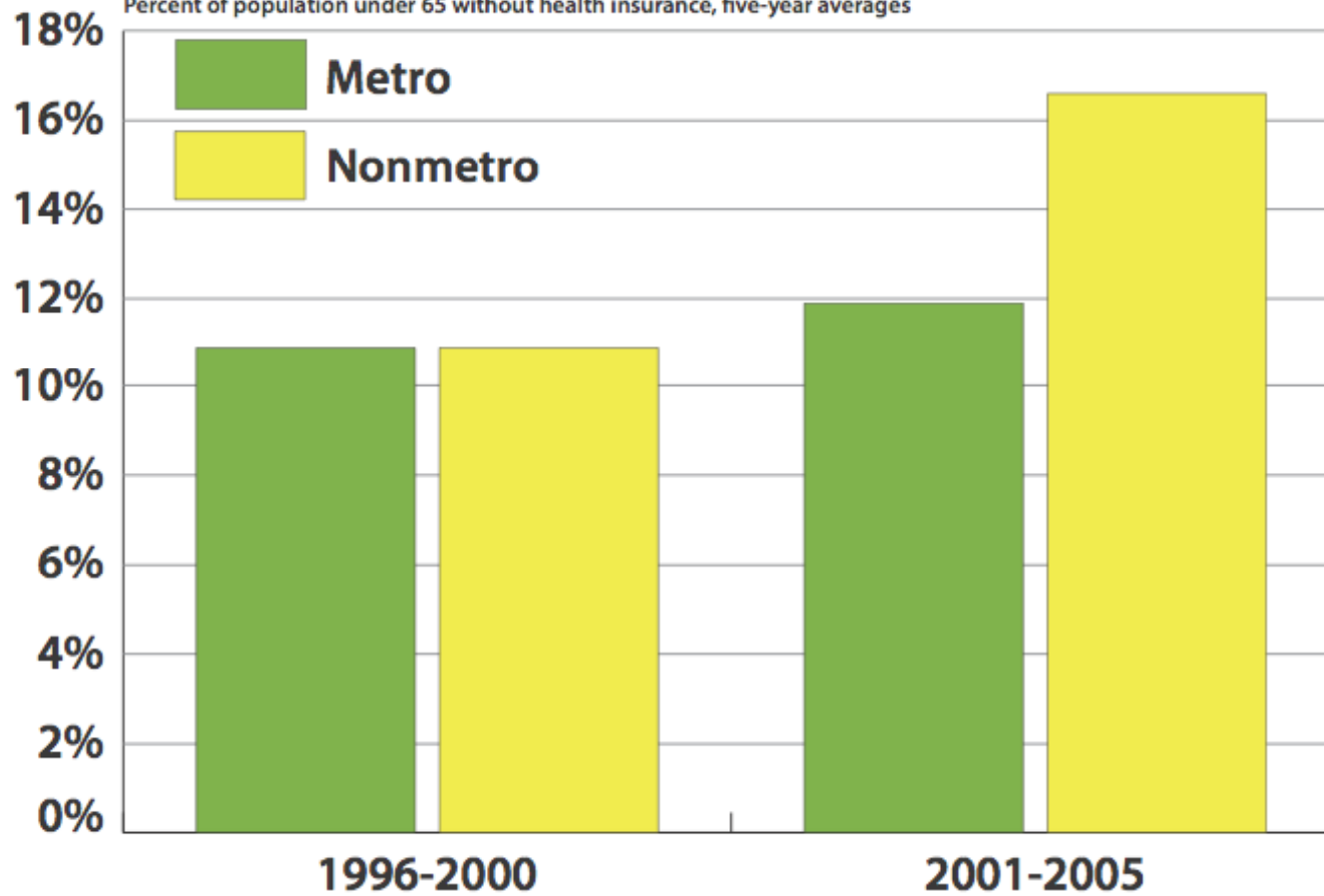


Source: KRC, based on the March Current Population Survey (CPS) 1996-2005



Figure 16. Share of Population Without Health Insurance Rises Most in Nonmetropolitan PA

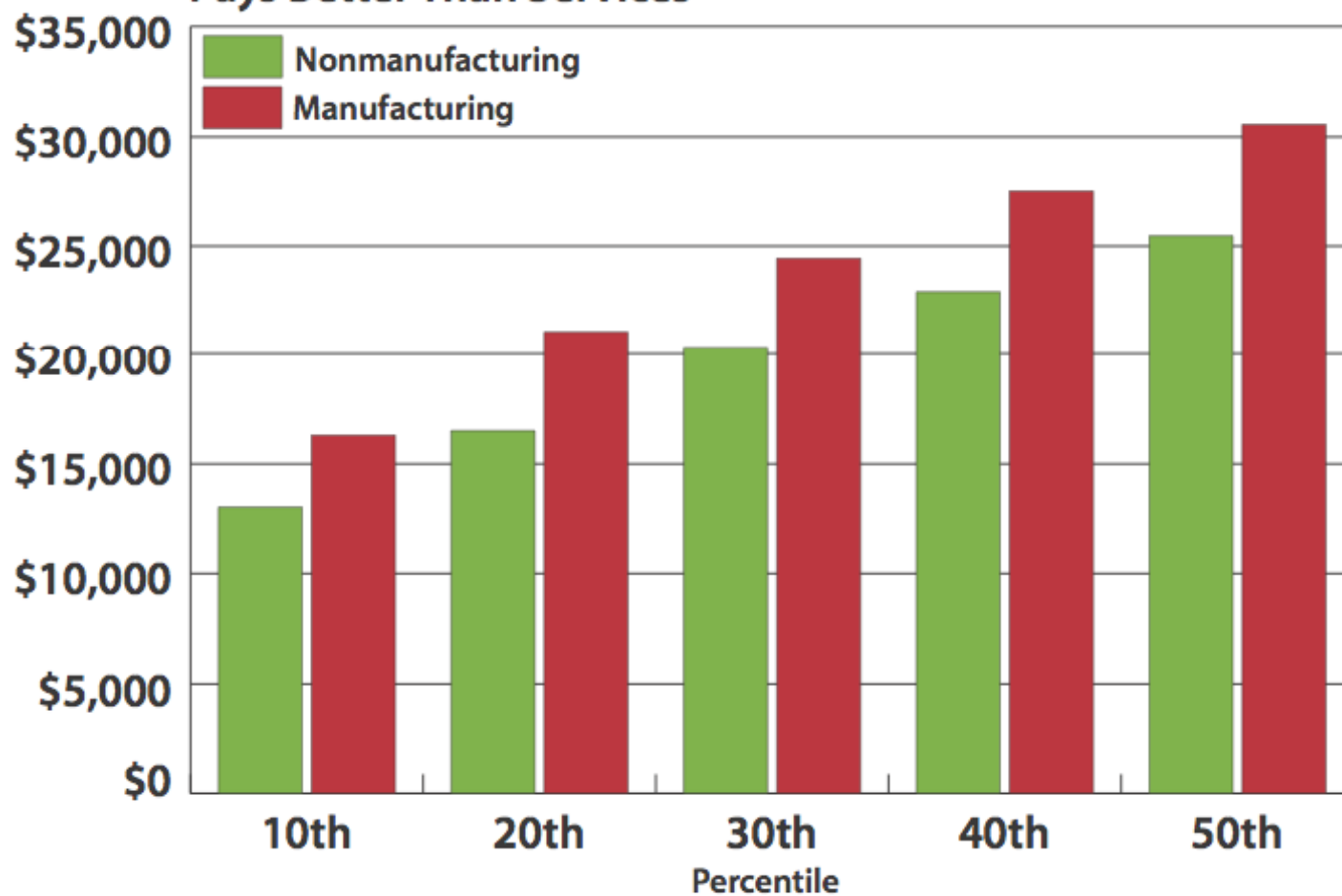
Percent of population under 65 without health insurance, five-year averages



Source: KRC, based on the March CPS 1997-2006



Figure 17. Even for Lower-Paid Workers Manufacturing Pays Better Than Services



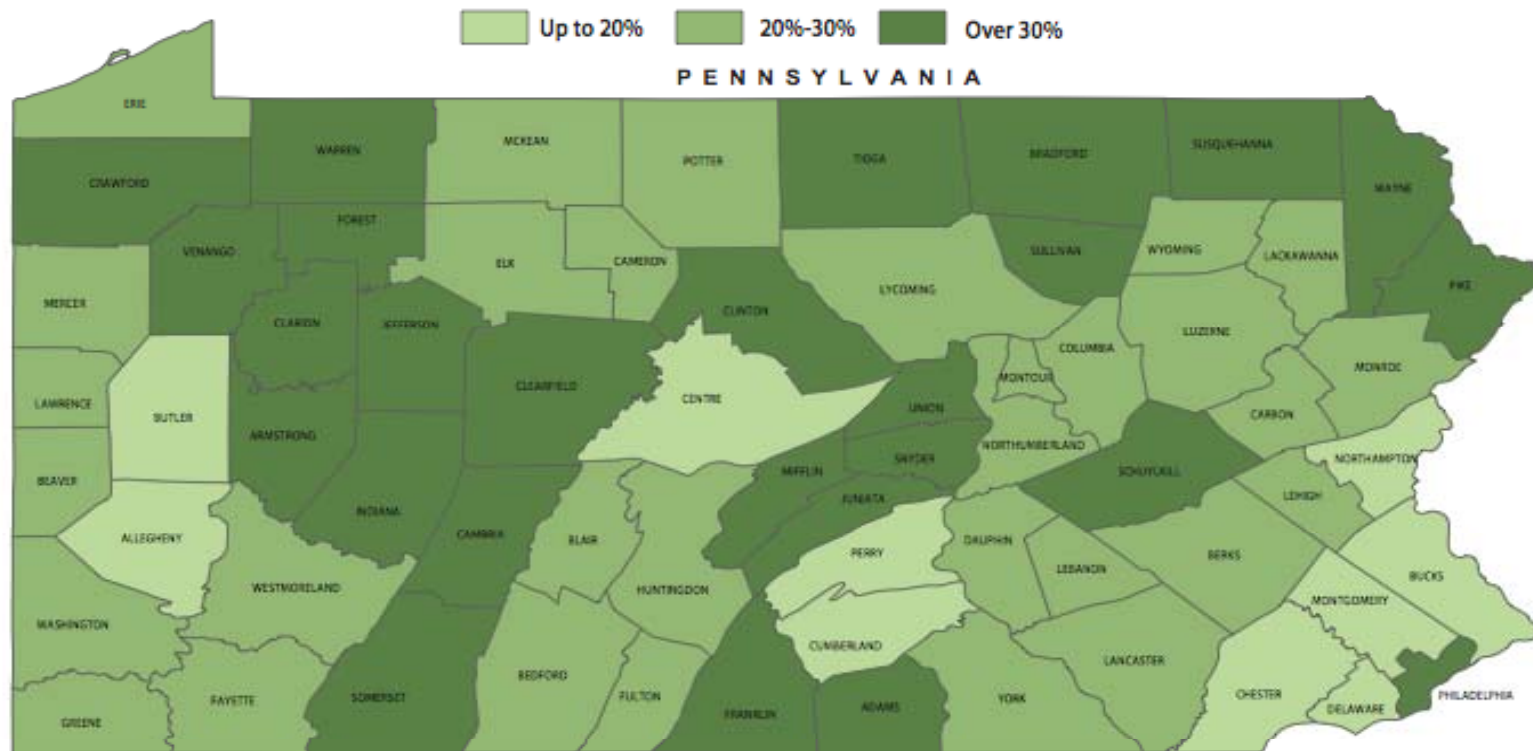
Note. Sample is limited to workers employed at least 40 weeks and at least 35 hours a week.

Source. KRC, based on 2005 ACS



Map 2. The Share of Working Families That Are Low Income Is Highest in Philadelphia and in Rural Counties, 2005

Share of working families with incomes below 200% of the poverty line, by county



Source: KRC, based on the ACS



Rural PA at a Crossroads

- Stable economic situation
- Some positive new initiatives
 - Moves towards regionalism
 - Investment in towns (Main and Elm Street programs) and natural assets (PA Wilds)
 - Rural workforce training consortia
 - Industry cluster strategies (e.g., in plastics)
- Time to connect the dots



Policy Specifics

1. Develop “business plans”/strategies for rural PA and rural regions
2. Invest in education and skills: industry-linked training and accessible post-secondary education (community colleges or equivalent)
3. Invest in regional assets and industry strengths, with close attention to job quality
4. Strengthen health and retirement security
5. Enact progressive taxation: lower-income rural PA hurt by current regressive tax structure



What You Can Do

- Inform readers/listeners & stimulate discussion about a rural economic agenda
- Steal from state of rural PA agenda in your own regional vision and implementation plans (e.g., CEDA-COG)
- Invite in KRC (and its partners—e.g., Brookings) to flesh out your regional vision and action plan
- Make it your mission and career to become a visionary for a 21st century rural development vision in your region, statewide, nationally
- Organize town meetings with local and state office holders--test their will to advocate for new policies
- Encourage/lead the formation of a bipartisan, bicameral Rural Renaissance caucus in the legislature
- Define and advocate for a rural PA economic renaissance legislative package



Other Sources

- KRC report for ARC: ***Creating Regional Advantage in Appalachia: Towards a Strategic Response to Global Economic Restructuring***; online at <http://www.arc.gov/index.do?nodeId=3061>
- KRC background report to *An Economic Agenda for Pennsylvania's Future*, funded by the Ford Foundation; accessible at www.keystoneresearch.org/agenda (note: the background report section on skills and on jobs have much more policy detail on how to implement key parts of the agenda)

