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FOR IMMEDIATE RELEASE

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For ongoing analysis of the PA economy: www.papolicyblog.com

Pa. Job Loss Rate Slows in 3rd Quarter

Federal Recovery Plan Continues to Stabilize Economy

*The following analysis is provided to Pennsylvania reporters as part of the **Keystone Research Center's** ongoing tracking of the health of the Pennsylvania economy. The **Keystone Research Center** is a nonprofit, nonpartisan research organization that promotes a more prosperous and equitable Pennsylvania economy.*

HARRISBURG, PA (Oct. 15, 2009) - The Pennsylvania economy shed 10,300 jobs in September, according to data released Thursday by the Pennsylvania Department of Labor and Industry.

"Job losses fell again in the 3rd Quarter as the American Recovery and Reinvestment Act continues to stabilize the economy," said Mark Price, Ph.D., Labor Economist for the Keystone Research Center.

Pennsylvania's job loss numbers have reflected the impact of the economic recovery plan, Dr. Price noted. Job losses in Pennsylvania averaged 25,700 per month in the first quarter of 2009 but slowed to an average of 6,800 in the third quarter.

See Figure 1 below for details on quarterly job losses in Pennsylvania dating back to the beginning of 2008.

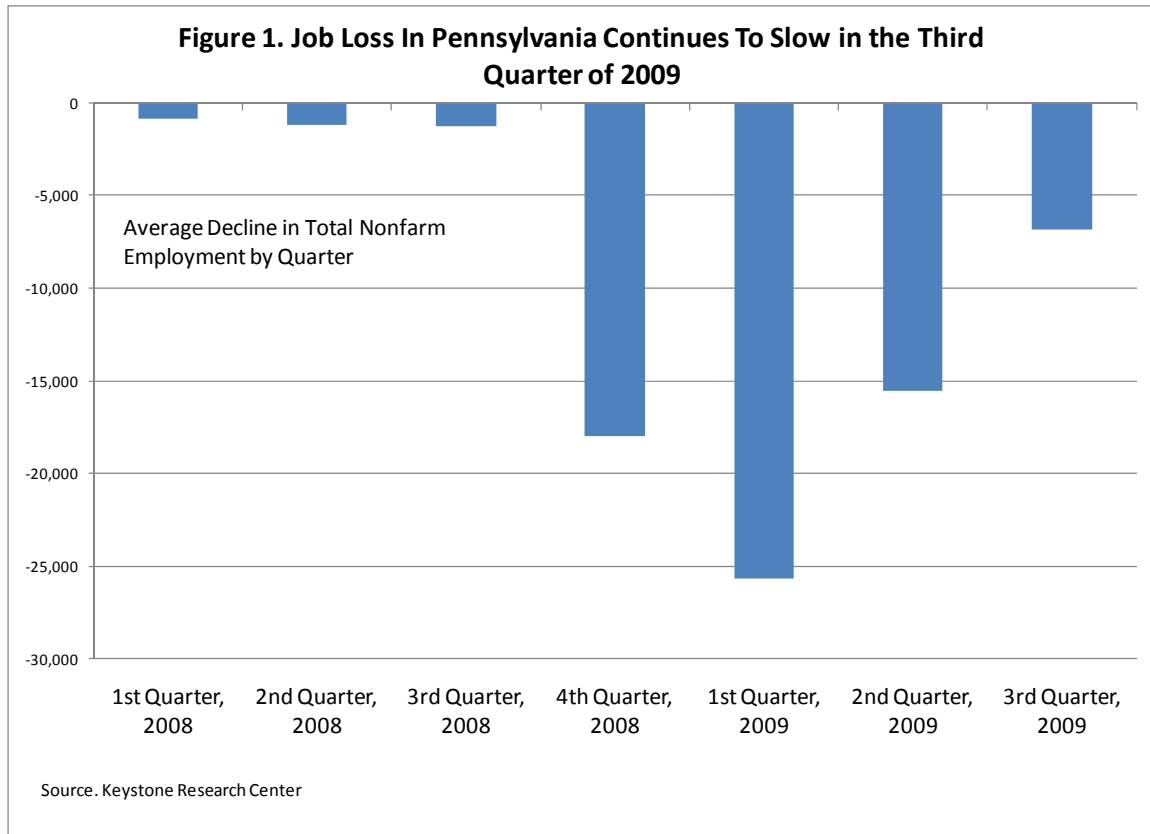
This week, the federal government released figures showing that contractors receiving federal stimulus dollars created or saved 30,400 jobs nationally. In Pennsylvania, at least 7,000 people have been put to work on transportation and water projects thanks to stimulus funding, according to a state report.

However, those figures only capture a small sliver of the total jobs being created by the economic recovery plan - those created by contracts awarded by the federal government to private contractors. These data cover less than half of all federal recovery dollars invested.

Stimulus-funded job creation in Pennsylvania is much broader. The President's Council of Economic Advisors estimates that the recovery plan added a total of 40,900 jobs in Pennsylvania through September and that over two years it will create 143,000 jobs. Estimates by Moody's Economy.com

on the impact of stimulus funding in the first half of 2009 show similar job gains.

The federal recovery plan also has sent more than \$1 billion to Pennsylvania to extend unemployment benefits and food stamp benefits for families who have lost jobs and homes during the recession.



"It is clear that the recovery plan was successful in stabilizing the economy," Dr. Price said. "There is no doubt about that. But the damage done to the economy by the collapse of the housing bubble and the ensuing financial crisis required a larger stimulus package than we got. With unemployment in Pennsylvania at 8.8% in September, more needs to be done to spur job creation."

Dr. Price said that with the economy producing only one new job opening for every six unemployed workers, there will need to be a federally financed extension of unemployment insurance, additional aid to help laid off workers pay for health care, and an expansion of spending on food stamp relief. He also said now is the time to enact structural reforms to strengthen the middle class that has seen a dip in earnings during this recession, after nearly a decade of wage stagnation.

"If private consumption and investment are to pick up the slack once the federal stimulus winds down, Congress should borrow a page from the New Deal and take steps to strengthen the middle class," Dr. Price said. "Lawmakers should take up such needed reforms as a higher minimum wage, a law to build unionism in today's greening service-dominated economy, and training that leads to good jobs for unemployed and low-income workers."

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