



Briefing Paper

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A BLUEPRINT FOR A BETTER LEHIGH VALLEY

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The Lehigh Valley is one of the swing areas that will decide the outcome of this November's elections in Pennsylvania.¹ Analysis of past elections indicates that the formula for electoral success in the Lehigh Valley will be advocating public policies that would improve quality of life for the "Forgotten Majority" of middle-income voters. Two main concerns in the lives of middle-income voters are:

- "the new insecurity," which stems from a cluster of problems experienced by working families since 1980 – falling or stagnant wages, eroding benefits, declining job security and advancement opportunities; and
- the stress faced by economically strapped dual-earner and single-parent households in which adults juggle work and family responsibilities.

At their root, both of these problems stem from the fact that public policy lags behind the major changes in the economy and social structure since the 1930s – and hence behind popular needs. By bringing policy into alignment with the needs of hard-working Pennsylvanians and the needs of the new economy, we can achieve a future that is more just and more prosperous.

This blueprint contains 10 concrete ideas that would help relieve the insecurity and stress that burden the lives of too many hard-working members of the Lehigh Valley. Candidates can win in the Valley by endorsing these ideas and mobilizing support among working families.

Economic Insecurity and Work-Family Tension in the Lehigh Valley

From the perspective of hard-working middle-income families in the Lehigh Valley, the job picture is healthier today than it has been in two decades.²

- The inflation-adjusted wages of typical workers now exceed \$12.00 per hour, more than a dollar per hour higher than in 1995.
- Recent job growth in the Allentown-Bethlehem-Easton (ABE) area has been slightly faster than in other parts of Pennsylvania.

- Unemployment (at 3.6 percent in July) in ABE is 10 percent below the statewide average of 4 percent.

Yet the optimism of working families in the Lehigh Valley remains tempered by the limits of the new prosperity and questions about whether it will last.

- Over the past 10 years in the Lehigh Valley (and other small metropolitan areas in a region we call “Southern Metropolitan Pennsylvania”³), the lion’s share of wage gains have gone to high-wage earners. Over this entire decade, most workers have experienced real wage gains of about 25 cents, one tenth as high as the increase enjoyed by high-wage workers.
- In Pennsylvania as a whole, workers still earn less in real dollars than they did in 1979.
- Pennsylvania men and women without a high-school education and men with some college (but not a four-year degree) earn less than they did in 1995.
- Men without a four-year college degree earn roughly \$3.00 per hour less than they did in 1979.
- Many communities where low- and middle-income families live have experienced falling wages and increases in poverty. In Allentown City School District, for example, personal income (of all school district residents) per pupil was slightly above the state average as recently as the late 1980s. Today in Allentown School District the same measure of economic well-being is 25 percent below the state average.
- The number of Pennsylvanians without health insurance is rising.
- The number of Americans with guaranteed pensions is falling.
- In part to make up for falling male wages, middle-income families now work 559 more hours per year than they did in 1979.⁴ By the 1990s, only one in five two-parent families managed on one income, compared to three in five in 1960.⁵

The time squeeze faced by working parents contributes to a high divorce rate and to children lacking the support they need in critical early years.

Lehigh Valley’s Forgotten Majority

Recent analysis of Pennsylvania elections shows that voters without a four-year college degree - waitress moms and truck driver dads, copier repair technicians and aides in nursing homes — are the key swing group.⁶ They make up about 70 percent of state voters. (Whites without a four-year degree make up 63 percent of state voters.)

In Pennsylvania elections in the 1990s, voters without a four-year college degree have also been highly volatile in their voting behavior. Their shifting loyalties enabled President Clinton to carry Pennsylvania in each of the last two Presidential races and brought Republican Rick Santorum victory over Harris Wofford in the 1994 Senate race. Swings among non-college voters also contributed to a large increase in the Republican majority in the State Senate in 1994 and to swings between the parties in State House races.



A Blueprint for A Better Lehigh Valley

In the year 2000 elections, the hard-working people of the Lehigh Valley are ripe for ideas and politicians that would alleviate economic insecurity, relieve the tension between work and family life, and give hard-pressed communities, including the city of Allentown, a chance to reverse a vicious circle of decline. The 10 policy proposals in our Blueprint for a Better Lehigh Valley would achieve precisely these goals.⁷

1. Make health insurance more accessible and prescription drugs more affordable. Despite our strong economy, 31 percent more Pennsylvanians lack health insurance today than in 1987 – 1.1 million people.⁸ Why? Because most people get their insurance through the job of a family member, and employers increasingly do not offer health benefits or require high co-pays. In an economy with frequent movement across employers, it is past time to decouple benefit coverage from particular jobs and to move towards universal coverage. One way to move in the right direction would be to use tobacco settlement and federal monies to expand Medicaid to hard-working parents – as many other states are doing. A complementary way would be to use tobacco funds to help unemployed workers continue the coverage that they had at their last employer.

Pennsylvania also needs to use tobacco money to make prescription drugs more affordable. At present, even Pennsylvanians with insurance that covers prescription drugs pay at least 50 percent higher than their Canadian counterparts.

2. Expand access to safe, affordable, high quality child care for working families. About two-thirds of Pennsylvania women with young children now work outside the home, many to make up for the declining income of their spouse or because they are a single parent. Many parents live with the anxiety of knowing that their child is in care that is mediocre at best, unsafe at worst. At present, safe, high quality child care is a luxury of the affluent and a fortunate few low-income families who get into programs such as Head Start. Income eligibility ceilings restrict child-care subsidies to families earning less than 200 percent of the official poverty line. Families with two pre-school children and a household income of \$35,000 thus get no state subsidies for child care. Income eligibility ceilings should be raised so that child-care subsidies reach more hard-pressed working families.

3. Raise the state minimum wage. The idea that people who work hard should make a decent wage has broad popular support. It could be advanced by raising the state minimum wage, which has lost a third of its purchasing power since the late 1960s.

4. Shift educational funding from the local to the state level. In the new economy, education is the ticket to a decent job. But because of the dependence of school funding on local taxes, Pennsylvania districts educating the richest 20 percent of students receive 25 percent more funding per pupil than districts educating the bottom 60 percent. As the capacity of local districts to adequately fund local schools has declined, so has the state school funding needed to make up for differences in local funding capacity. The state contribution to instructional expenses reached a peak of 55 percent in 1973-74 but declined to 37 percent by 2000. By shifting state funding of education from the local to the state level, we can ensure that all school districts, including low-income ones, have the resources necessary for educational excellence. Giving low- and middle-income districts more state funds for schools would also slow the outward flow of more affluent residents from these communities.

5. Reform state policies to revitalize older communities and reduce sprawl. At present, state policies accelerate the exit of businesses and affluent families from the established neighborhoods where many working people live. This leads to a host of interrelated problems: concentrated poverty and overburdened schools and social service programs; unequal tax burdens between cities and prosperous suburbs; waste of existing infrastructure and a need for costly new infrastructure; traffic congestion; and the loss of open space. By reforming state land use planning, infrastructure fund allocation, and tax policies, Pennsylvania could redirect economic development to the hard-pressed communities that need it most.
6. Implement “clean” elections unpolluted by the influence of money. A major reason that politicians have not yet seriously addressed the economic and time pressures faced by working families is the corrupting influence of money on Pennsylvania politics. This influence has led to a drift towards one-dollar, one vote instead of one-person, one-vote. Public financing of political campaigns could give politicians back the independence they need to address the interests of the majority. Reforms that make it easier to vote — such as allowing people to register on Election Day or vote by mail – would also help.
7. Ensure that people who work hard have access to training and opportunities to advance. In the old economy, many employees received training and upward mobility within one-company. The new economy more often requires workers to change employers. It also places many workers in low-wage service jobs (in retail, caregiving, janitorial services, and the like) from which the only escape is a new job. Public policy needs to give workers the training and support they need to advance in careers than span multiple employers. To accomplish this, government should support private efforts to create training systems and career ladders linked to whole industries instead of individual firms. Doing this would also help ensure that businesses have the skills they need to flourish and grow.
8. Increase state funding for community colleges. To complement efforts to build new job ladders, Pennsylvania also needs to invest more in public higher education, especially the community colleges that are most accessible to many working people. Community colleges are a particularly important regional asset for employers and working people in the Lehigh Valley. At present, Pennsylvania state government spends only one third of the U.S. average per capita on community colleges.
9. Require jobs supported by public funds to pay decently. Along with a higher minimum wage, Pennsylvania should require that jobs supported by public funds pay better. At present, government funds create many of our lowest-paid jobs, including as caregivers for Pennsylvania’s children and aging parents. In these occupations, higher pay would translate into lower turnover and better care as well as better jobs. Pennsylvania also spends several hundred million dollars annually on grants and subsidies to companies. To get this money companies should have to pay decent wages and make good on job creation promises.
10. Create a paid family leave program for parents of newborns. Opportunities for parents to spend the earliest part of their childrens’ lives at home should not be limited to affluent families. We have to find ways to give parents who work more time to spend at home. Other states have begun to create paid family leave for parents of newborns through unemployment or temporary disability insurance systems. Pennsylvania should do the same. Some of the funds for paid family leave could come from making child-care subsidies available to parents who stay home with their children.

A Brighter Future

This is a critical juncture for the Lehigh Valley, for Pennsylvania, for America. While our economy is now strong, the social supports that would cushion the impact of renewed recession are arguably weaker than they have been since the 1930s. A rise in unemployment could easily be followed by a return to the harsh realities of the 1980s and early 1990s.

If we work together to address the roots of insecurity and stress, a sense of possibility, of excitement, about the future is in order. After two decades of watching Pennsylvania's old economy be torn down and lives destroyed, we have a chance to build a new economy that benefits all and see lives enriched.

We have a chance to create a future with more prosperity and more security, more rewarding work opportunities and more fulfilling family life, more vibrant communities and more respect for our natural environment.

We have a chance to create a "moral economy" that meets our material needs but, more importantly, supports rather than undermines basic values – the importance of family, of community, of fair reward for hard work, of equal opportunity.

With growing surpluses and low unemployment now is the time to propose, plan and invest in creating the kind of Lehigh Valley we want. Our Blueprint for a Better Lehigh Valley outlines how we can begin the journey to a brighter future.

FOOTNOTES

¹ This Briefing Paper relies on three reports released by the Keystone Research Center in the first half of Pennsylvania: Stephen A. Herzenberg and David H. Bradley, *The State of Working Pennsylvania 2000* (Harrisburg: Keystone Research Center, 2000); Stephen A. Herzenberg and David H. Bradley, *Pennsylvania's Forgotten Majority* (Harrisburg: Keystone Research Center, 2000); and Stephen A. Herzenberg and Howard Wial, *Steal this Agenda: A Blueprint for a Better Pennsylvania* (Harrisburg: Keystone Research Center, 2000). In those sources, on line at www.keystoneresearch.org, readers can find more detailed discussion of the policy proposals here, and more complete references.

² Many of the statistics in this section are taken from *The State of Working Pennsylvania 2000*.

³ Reliable wage data does not exist for the Lehigh Valley alone but does exist since 1989 for the larger region of "Southern Metropolitan Pennsylvania" (which includes the metropolitan areas of Lancaster, York, Harrisburg-Lebanon-Carlisle, and Reading, as well as Allentown-Bethlehem-Easton). Figures available by county for per capita income, average annual earnings, and median taxable income show that Lehigh County's experience has been similar to that of the larger Southern Metropolitan region as well as for Pennsylvania as a whole. Northampton and Carbon counties did less well economically than the state as a whole in the 1980s.

⁴ Lawrence Mishel, Jared Bernstein, and John Schmitt, *The State of Working America 2000-01* (Ithaca, NY: Cornell University Press, 2000), p. 98.

⁵ Theda Skocpol, *The Missing Middle: Working Families and the Future of American Social Policy* (New York: W.W. Norton, 2000), p. 124.

⁶ The numbers in this section are from *Pennsylvania's Forgotten Majority*. That report contains detailed analysis of the demographics of the Pennsylvania electorate and of swings in Pennsylvania voting in the 1990s in statewide, Congressional District, State Senate, and State House races.

⁷ For additional discussion of these and other policy proposals, see *Steal this Agenda: A Blueprint for a Better Pennsylvania*.

⁸ Since the publication of *The State of Working Pennsylvania 2000*, data have become available on health insurance coverage by state for 1999. This data show that the share of the Pennsylvania population that lacks health insurance is now 9.4 percent, down from 10.5 percent in 1998, but still 2.2 percentage points higher than in 1987. On line at www.census.gov/hhes/hlthins/historic/hihist4.html