



# **Pennsylvania's Still-Lagging Economic Growth**

## **PA job and unemployment trends through April 2014**

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### **Executive Summary**

Every fall, the Keystone Research Center (KRC) releases *The State of Working Pennsylvania*, a detailed analysis of employment, unemployment, wages, poverty, and income trends in the state.<sup>1</sup> In March 2014, release an updated analysis of Pennsylvania's economic performance at the state, county, and city levels through the end of 2013.<sup>2</sup> This brief provides an additional update on jobs and unemployment performance in Pennsylvania through the first four months of 2014.

After several consecutive years of declining job growth, Pennsylvania's economy is showing some signs of improvement so far this year. At its current rate, job growth in 2014 will likely outpace employment gains in both 2012 and 2013. Additionally, the state unemployment rate has made progress relative to the national rate this year. However, Pennsylvania still ranks in the bottom fifth of states measured by percent job growth over the past 12 months and also trails behind most of our neighboring states. Over the longer period that goes back to January 2011, Pennsylvania remains second-to-last in job growth – 49<sup>th</sup> – among the 50 states.

Economic performance at the local level is more variable both over time and between areas. About one third (23) of Pennsylvania's 67 counties experienced greater job growth in the past 12 months compared to 2010, while 38 experienced slower job growth.

Taken as a whole, both the national and Pennsylvania economic recoveries have been slow, with the economy remaining even today far from "full employment." As a result, national and state policymakers should make more robust job growth a top priority in budget negotiations and other policy contexts.

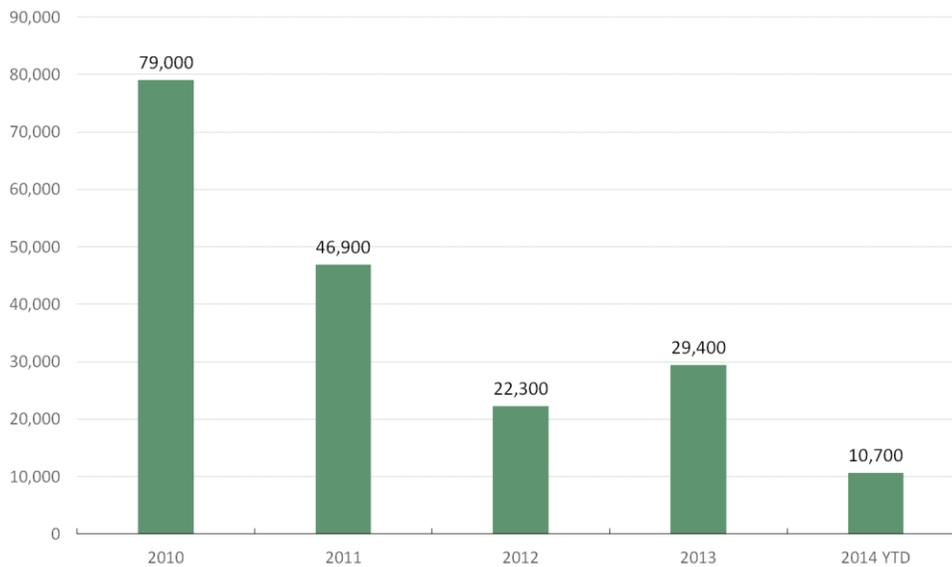
### **Pennsylvania's Statewide Jobs Performance**

Many politicians, administrators, and members of the public often first look to job creation to measure the health of an area's economy. This indicator is also used to evaluate the success or failure of economic policy. Figure 1 shows the employment change in Pennsylvania for each year since 2010 as well as for this year to date (through April 2014). After two consecutive years of decelerating job growth and a small increase in 2013, employment gains in 2014 have been somewhat stronger. So far this year, the Pennsylvania economy has added 10,700 jobs – more than a third of the total employment gain in 2013.

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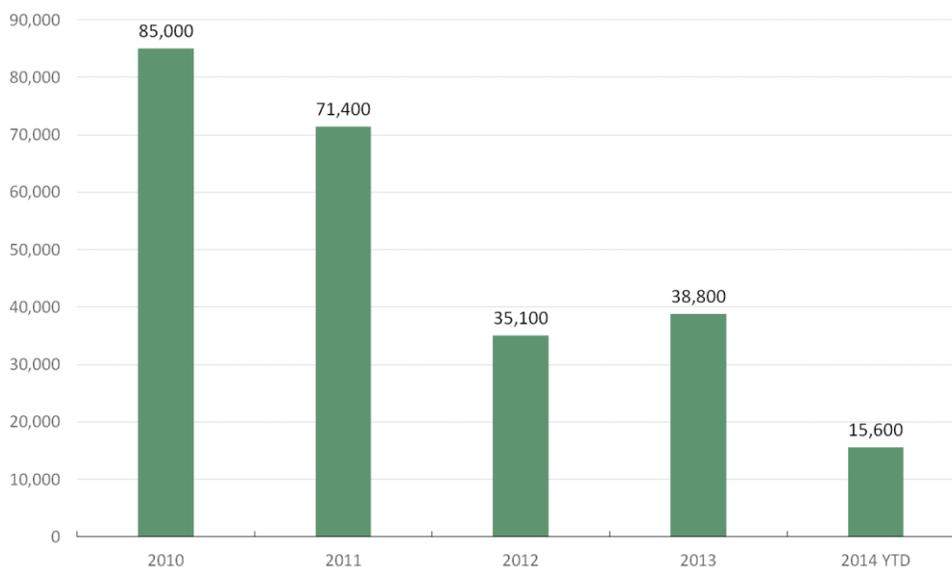
<sup>1</sup> Mark Price and Stephen Herzenberg, *The State of Working Pennsylvania 2013*, Keystone Research Center, online at <http://keystoneresearch.org/sites/default/files/State-of-Working-PA-2013.pdf>

<sup>2</sup> Stephen Herzenberg, *Pennsylvania's Lagging Economic Growth: An examination of state employment from 2009 to 2013*, Keystone Research Center, online at [http://keystoneresearch.org/sites/default/files/KRC\\_PAEconPerformance\\_2013\\_final.pdf](http://keystoneresearch.org/sites/default/files/KRC_PAEconPerformance_2013_final.pdf)

**Figure 1. Employment change in Pennsylvania, 2010–2014**

Note. Data for 2010–2013 are for December of the previous year to December of that current year, and data for 2014 YTD are for December 2013–April 2014.  
Source. Keystone Research Center based on Bureau of Labor Statistics data.

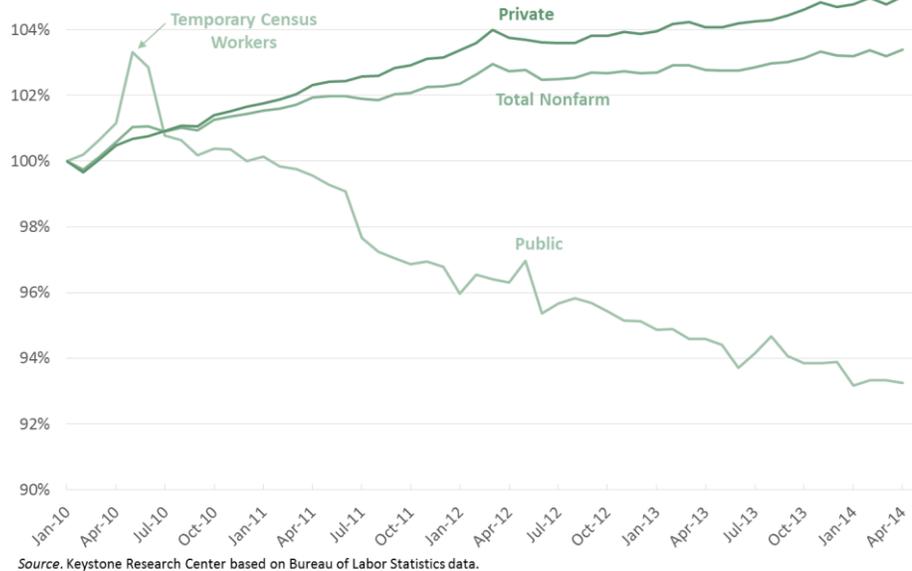
As shown in Figure 2, private-sector job growth has also improved somewhat in the first part of 2014. The private sector in Pennsylvania has gained 15,600 jobs thus far in 2014 – over 40% of the total employment growth in the private sector in 2013 and more than two and a half times job growth in the first four months of 2013.

**Figure 2. Private sector employment change in Pennsylvania, 2010–2014**

Note. Data for 2010–2013 are for December of the previous year to December of that current year, and data for 2014 YTD are for December 2013–April 2014.  
Source. Keystone Research Center based on Bureau of Labor Statistics data.

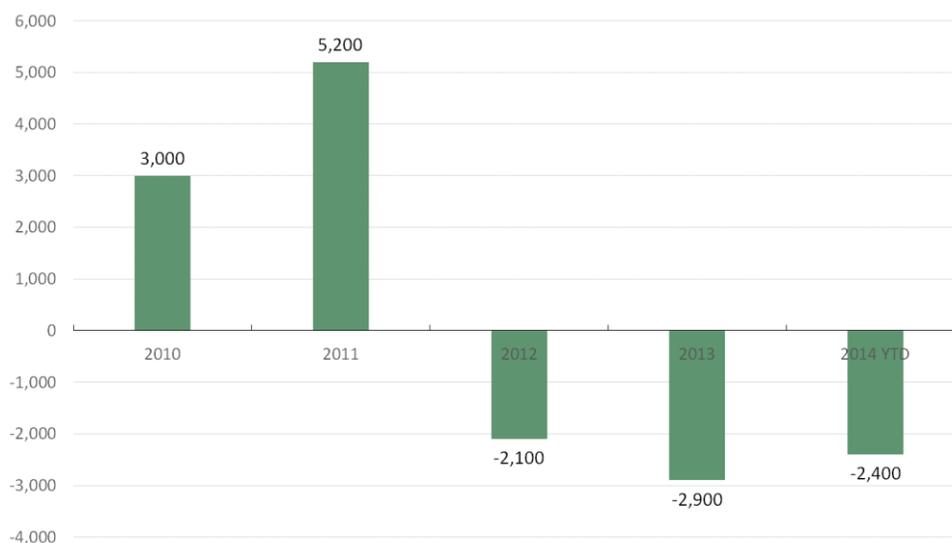
While private sector job growth has picked up in 2014, Pennsylvania public-sector employment is down nearly 7% since January 2010, and has shed almost 5,000 jobs already this year, as shown in Figure 3. As long as public-sector employment continues to fall, it provides a drag on the state's overall recovery.

**Figure 3. Employment change indexed to January 2011, total nonfarm, private, and public, January 2010–April 2014**



Manufacturing is another exception to the slight improvement in the 2014 labor market picture in Pennsylvania. The state lost 2,400 manufacturing jobs so far this year (Figure 4). This decline is already slightly larger than full-year manufacturing job loss in 2012 and 80% of manufacturing job loss in 2013. Manufacturing in Pennsylvania was hit particularly hard in the Great Recession. Before that recession, manufacturing accounted for nearly one in every eight jobs in the state; it now accounts for less than one in 10.

**Figure 4. Manufacturing employment change in Pennsylvania, 2010–2014**



Note. Data for 2010–2013 are for December of the previous year to December of that current year, and data for 2014 YTD are for December 2013–April 2014.

Source: Keystone Research Center based on Bureau of Labor Statistics data.

## Job Performance by Metro Area and County

While employment data tend to be more variable on a local level, some distinct trends in employment change can still be observed throughout Pennsylvania's cities. Table 1 reports employment change by metropolitan area in the state. Job growth in the past 12 months was higher than growth in 2010 in half of the state's 14 metro areas.

State/Metro	2010	2011	2012	2013	Past 12 months	Past 12 months as % of 2010
Pennsylvania	68,494	48,139	56,588	26,945	77,400	113%
Allentown-Bethlehem-Easton, PA-NJ	4,090	5,736	6,546	-1,258	4,440	109%
Altoona, PA	968	-236	620	-10	479	49%
Erie, PA	2,597	1,698	-889	1,719	2,633	101%
Harrisburg-Carlisle, PA	1,807	778	3,082	4,146	5,552	307%
Johnstown, PA	242	-407	37	-768	296	122%
Lancaster, PA	3,732	-329	2,532	3,698	3,492	94%
Lebanon, PA	1,958	387	-247	1,575	1,654	84%
Philadelphia, PA Metropolitan Division	11,923	6,115	27,842	6,985	29,089	244%
Pittsburgh, PA	12,260	18,269	12,607	-3,289	11,414	93%
Reading, PA	3,098	757	2,433	1,071	1,090	35%
Scranton--Wilkes-Barre, PA	1,684	2,147	214	-1,321	394	23%
State College, PA	469	559	347	2,300	2,079	443%
Williamsport, PA	2,252	2,988	-922	744	1,932	86%
York-Hanover, PA	2,698	1,586	2,179	-21	2,842	105%
Note: Data for 2010–2013 are for December of the previous year to December of that current year, and data for the past 12 months are for March 2013–March 2014 (the most recent data available).						
Note: In February 2014, the Bureau of Labor Statistics revised this data back to 2009 to reflect new population controls, updated inputs, reestimation of models, and adjustment to new census division and national control totals (more information at <a href="http://www.bls.gov/lau/launews1.htm">http://www.bls.gov/lau/launews1.htm</a> ). Therefore, this table is not directly comparable to Table 1 in Keystone Research Center's <i>Pennsylvania's Lagging Economic Growth</i> report.						
Source: Keystone Research Center based on Bureau of Labor Statistics data.						

Table A1 in the Appendix reports job growth in Pennsylvania by county from 2010 through March 2014. (For data availability reasons, Table A1 uses employment levels of county residents, “resident employment,” some of whom may be employed in other counties, rather than the number of jobs within the county.<sup>3</sup>) Only one third (23) of Pennsylvania's 67 counties experienced more growth in resident employment in the past 12 months than in 2010.

The table also differentiates between rural and urban counties (using the Center for Rural Pennsylvania's definitions).<sup>4</sup> Both urban and rural counties saw increases in resident employment in the past year larger than in 2010, although the gap in both cases (especially rural counties) was small.

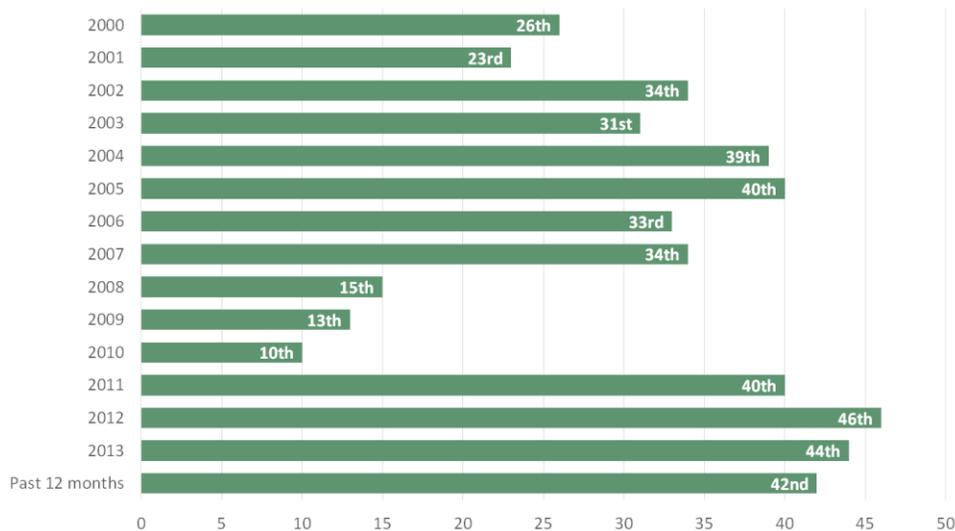
<sup>3</sup> At the county level, data are only available for “resident employment”. Also, the most recent data available are for March 2014, so “past 12 months” at the county level refers to March 2013-March 2014.

<sup>4</sup> The Center for Rural Pennsylvania: Rural Urban Definitions, online at [http://www.rural.palegislature.us/demographics\\_rural\\_urban.html](http://www.rural.palegislature.us/demographics_rural_urban.html)

## Pennsylvania Ranks in Bottom Fifth of States in Job Growth

Because of the overall national economic improvement's impact on all states, it is useful to compare employment change in Pennsylvania to that of other states to get a more complete picture of the relative strength of the state's economy. Pennsylvania's so-called "job growth ranking" is frequently cited by politicians and journalists. Figure 5 shows that, after being in the top 15 states in terms of employment gains from 2008-2010, Pennsylvania's ranking slipped drastically in 2011 and has remained below 40<sup>th</sup> since then. The state's job growth ranking for the most recent 12 months (April 2013-April 2014) was 42<sup>nd</sup>, one of the worst rankings it has seen in the past decade. Pennsylvania is also currently ranked below five of its six neighboring states (with New Jersey being the exception, ranked at 48<sup>th</sup>). Over a longer period, going back to January 2011, Pennsylvania's job growth ranking falls to 49<sup>th</sup> in the nation.

**Figure 5. Pennsylvania's rank out of the 50 states of the percent change in employment from December to December of each year, 2000–2014**

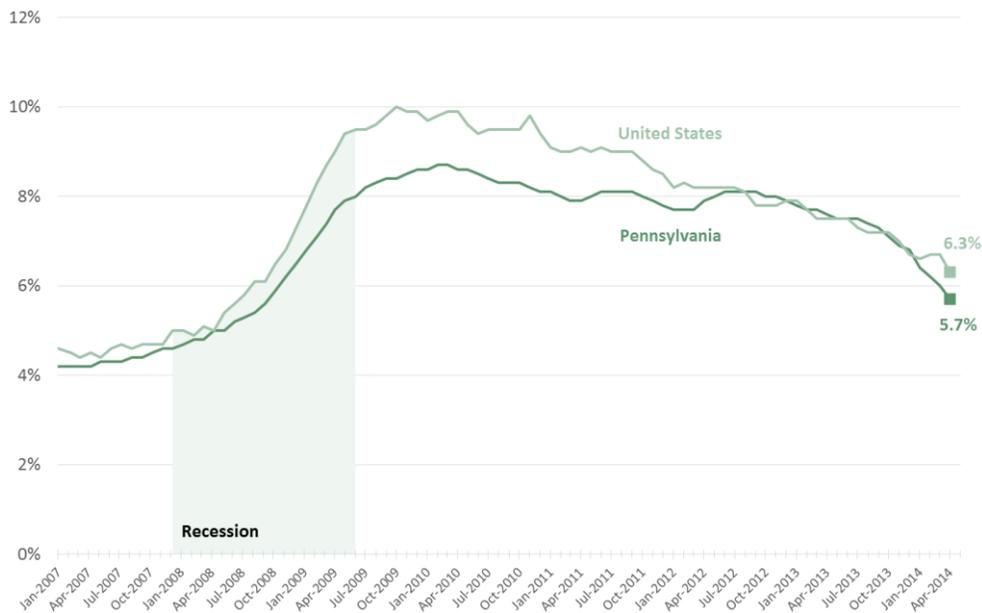


*Note.* Rankings are based on data for 2000–2013, which are for December of the previous year to December of that current year, and data for the past 12 months, which are for April 2013–April 2014.

*Source.* Keystone Research Center based on Bureau of Labor Statistics data.

## Pennsylvania's Unemployment Rate

The unemployment rate, another important indicator of economic health, has improved since the beginning of 2014, falling by 1.1 percentage points to 5.7%. Figure 6 shows that, after hovering at or above the national unemployment rate in the second half of 2012 through the end of 2013, Pennsylvania unemployment has now dropped below the U.S. rate (6.3% in April). From 2009 to 2011, however, the Pennsylvania unemployment was a larger amount – one to one-and-a-half percentage points – below the national rate.

**Figure 6. Unemployment rate in Pennsylvania and United States, 2007–2014**

Source: Keystone Research Center based on Bureau of Labor Statistics data.

## Conclusions

Nearly six and a half years after the start of the Great Recession, Pennsylvania still has 44,000 fewer jobs than it had in December 2007. Given the number of additional jobs that would have been necessary to keep pace with population growth since then, the state today has a “jobs deficit” of over 250,000 jobs – the state would need another quarter million jobs to achieve the same level of labor-market tightness as in December 2007. In concluding Pennsylvania budget negotiations and in other policy arenas, job growth should be top priority for lawmakers. One way to boost job growth would be to enact a state drilling tax and/or close corporate tax loopholes and use a portion of the revenues collected to increase education funding. A second way would be to enact a minimum wage increase to \$10.10 per hour, raising the incomes of a million low-wage workers and hundreds of thousands of low-income families, and increasing spending by consumers at small businesses across Pennsylvania.

## Appendix

Due to data limitations at the county level, job growth calculations in Table A1 reflect jobs held by county residents rather than nonfarm jobs that exist within the county.<sup>5</sup> Resident employment growth was strong over the past 12 months, as the Pennsylvania economy added 61,000 jobs. (This dataset is based on March 2013-March 2014, rather than April to April, also due to data availability issues.) More than half of all Pennsylvania counties (38) experienced slower job growth in the past 12 months than in 2011.

Table A1. Change in Resident Employment, by Pennsylvania County, 2010–2014							
State/County	2010	2011	2012	2013	Past 12 months	Higher in past 12 months than 2010	Urban/Rural
<b>Pennsylvania</b>	<b>59,000</b>	<b>43,000</b>	<b>63,000</b>	<b>28,320</b>	<b>61,000</b>	<b>Yes</b>	
Adams	1,000	-300	900	1,024	800	No	Rural
Allegheny	8,600	10,600	7,500	1,208	5,900	No	Urban
Armstrong	800	300	200	61	300	No	Rural
Beaver	400	1,200	800	165	800	Yes	Urban
Bedford	900	-300	0	-89	-100	No	Rural
Berks	2,700	200	2,600	1,049	1,400	No	Urban
Blair	800	-500	700	194	400	No	Rural
Bradford	3,100	1,100	-1,600	-696	300	No	Rural
Bucks	1,600	100	3,400	2,994	5,000	Yes	Urban
Butler	500	1,800	1,100	186	900	Yes	Rural
Cambria	300	-500	-200	-885	0	No	Rural
Cameron	200	-100	0	-52	0	No	Rural
Carbon	700	200	400	331	400	No	Rural
Centre	300	100	400	741	1,300	Yes	Rural
Chester	1,400	1,800	3,900	2,393	4,000	Yes	Urban
Clarion	-500	-100	-100	-115	100	Yes	Rural
Clearfield	600	300	0	-92	200	No	Rural
Clinton	700	800	-600	-103	700	Equal	Rural
Columbia	800	300	400	584	800	Equal	Rural
Crawford	1,300	300	200	23	200	No	Rural
Cumberland	-400	700	1,500	1,035	2,400	Yes	Urban
Dauphin	2,300	-100	1,600	1,142	2,700	Yes	Urban
Delaware	2,000	-300	3,500	2,441	4,100	Yes	Urban
Elk	900	500	-400	-356	200	No	Rural
Erie	2,900	1,500	-300	-73	2,000	No	Urban
Fayette	-1,800	600	500	115	500	Yes	Rural
Forest	300	-300	0	-14	0	No	Rural
Franklin	1,100	800	1,400	907	-200	No	Rural
Fulton	0	300	0	7	-100	No	Rural
Greene	1,100	1,400	200	-206	400	No	Rural
Huntingdon	300	-100	-200	-359	-400	No	Rural
Indiana	600	800	-400	-413	200	No	Rural

<sup>5</sup> The surveys used to generate resident employment (Local Area Unemployment Statistics) and nonfarm employment (Current Employment Statistics) have different sources and methodologies and are therefore not directly comparable. Though data patterns vary in the short-term, the employment measures move in the same direction over the long run.

Jefferson	1,000	100	-600	-579	300	No	Rural
Juniata	300	-200	0	136	0	No	Rural
Lackawanna	800	700	100	181	100	No	Urban
Lancaster	3,300	-800	2,000	2,013	4,000	Yes	Urban
Lawrence	-100	600	200	98	500	Yes	Rural
Lebanon	1,700	200	100	451	1,600	No	Urban
Lehigh	3,300	3,400	3,800	1,934	2,400	No	Urban
Luzerne	900	1,100	100	269	100	No	Urban
Lycoming	2,100	2,500	-600	-542	1,600	No	Rural
McKean	600	600	-500	-338	300	No	Rural
Mercer	300	500	700	121	1,000	Yes	Rural
Mifflin	600	0	0	427	100	No	Rural
Monroe	-600	-400	-300	-619	700	Yes	Rural
Montgomery	11,200	1,300	6,400	3,839	6,400	No	Urban
Montour	200	100	200	154	200	Equal	Rural
Northampton	-200	1,900	2,600	1,618	1,900	Yes	Urban
Northumberland	600	-200	-200	-39	1,000	Yes	Rural
Perry	-100	-100	0	198	400	Yes	Rural
Philadelphia	-4,400	2,800	10,400	5,523	9,100	Yes	Urban
Pike	-1,900	-100	300	348	500	Yes	Rural
Potter	400	100	-200	-136	100	No	Rural
Schuylkill	200	500	800	51	1,200	Yes	Rural
Snyder	200	-200	0	88	200	Equal	Rural
Somerset	700	-300	-1,000	-593	-300	No	Rural
Sullivan	100	100	0	-11	100	Equal	Rural
Susquehanna	1,300	700	200	421	800	No	Rural
Tioga	1,500	600	200	-457	-200	No	Rural
Union	400	0	100	110	500	Yes	Rural
Venango	800	100	-700	-737	200	No	Rural
Warren	0	0	100	-7	100	Yes	Rural
Washington	1,200	1,700	1,200	199	1,000	No	Rural
Wayne	300	-400	-300	-209	400	Yes	Rural
Westmoreland	3,200	2,200	1,300	351	1,700	No	Urban
Wyoming	0	100	-100	24	0	Equal	Rural
York	2,100	2,000	2,400	890	1,800	No	Urban
<b>Rural</b>	<b>52,200</b>	<b>36,000</b>	<b>42,400</b>	<b>19,462</b>	<b>54,800</b>	<b>Yes</b>	
<b>Urban</b>	<b>14,300</b>	<b>8,600</b>	<b>12,800</b>	<b>7,838</b>	<b>19,400</b>	<b>Yes</b>	

Note: Data for 2010–2013 are for December of the previous year to December of that current year, and data for the past 12 months are for March 2013–March 2014 (the most recent data available).

Note: In February 2014, the Bureau of Labor Statistics revised this data back to 2009 to reflect new population controls, updated inputs, reestimation of models, and adjustment to new census division and national control totals (more information at <http://www.bls.gov/lau/launews1.htm>). Therefore, this table is not directly comparable to Table 1 in Keystone Research Center's *Pennsylvania's Lagging Economic Growth* publication.

Source: Keystone Research Center based on Local Area Unemployment Statistics data provided by the Pennsylvania Department of Labor.