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Unequal Unemployment: Unemployment Disparities in Pennsylvania

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The Pennsylvania economy has shed 182,000 jobs since the start of the recession leading to the worst labor market workers in Pennsylvania have seen since the early 1980s. The state unemployment rate in the second quarter was 8.1%, up from 4.5% at the start of the recession in the fourth quarter of 2007. The overall unemployment rate obscures growing disparities in unemployment for people living in rural portions of the Commonwealth and for African-Americans.

Unemployment Rates in Rural and Urban Pennsylvania

In the early 1980s, measured by unemployment rates, rural Pennsylvania experienced a substantially more severe economic recession than did urban Pennsylvania.² The rural unemployment rate peaked at nearly 17% compared to about 12% in urban areas. Since the late 1980s, however, the rural unemployment has gradually fallen toward the urban rate in Pennsylvania. Before the recession started, rural unemployment rates fell to only a little above the urban—4.9% in the first quarter of 2007 versus 4.4% for urban Pennsylvania (Table 1). But by the second quarter of 2009 the largest increases as well as the highest rates of unemployment were in rural counties (Table 6, page 3). As a result the gap between rural and urban unemployment rates has once again started to widen, with rural unemployment rates reaching 8.9% compared to 7.9% in urban Pennsylvania.

Unemployment Rates by Race³

Estimates based on seasonally adjusted Local Area Unemployment Statistics (LAUS) and the Current Population Survey (CPS) show that the unemployment rate for African Americans in Pennsylvania stood at 12.9% in the second quarter of 2009, an increase of six

Table 1. The Unemployment Rate Has Increased More In Rural Pennsylvania Than in Urban Pennsylvania

Rural and urban unemployment rates			
Region	4th Quarter 2007	2nd Quarter 2009	Difference
Rural	4.9%	8.9%	3.9%
Urban	4.4%	7.9%	3.3%

Urban and Rural Counties are defined here according to the definition of rural provided by the Center for Rural Pennsylvania. See a color coded map of Rural and Urban PA at the following address
<http://www.ruralpa.org/ruralcounties.html>.

Source. Keystone Research Center (KRC) estimates using Center for Workforce Information and Analysis (CWIA) Local Area Unemployment Statistics (LAUS).

Table 2. For African Americans in Pennsylvania the Increase in Unemployment so far in this Recession is as Great as During the 1981 Recession

The Change in Unemployment Rates Six Quarters After the Start of the Recession			
Current Recession			
Race	4th Quarter 2007	2nd Quarter 2009	Difference
White	4.0%	7.2%	3.2%
African-American	6.9%	12.9%	6.0%
1981 Recession			
Race	3rd Quarter 1983	1st Quarter 1983	Difference
White	8.3%	12.6%	4.4%
African-American	10.1%	15.6%	5.5%

Source. KRC estimates using CWIA LAUS and Current Population Survey (CPS) data.

percentage points from the start of the recession (Table 2, previous page).⁴ As a result, the gap between the unemployment rate of white and African-American workers has doubled since the start of the recession. For African Americans, unemployment has increased more in this recession than during the severe 1981 recession when overall unemployment rates peaked in Pennsylvania at 12.9 percent.

Unemployment Rates by Gender

More than half of the Pennsylvania jobs lost since the start of this recession have been in manufacturing and construction, two predominately male sectors.⁵ Unemployment rates among men in Pennsylvania are estimated to have climbed from 5.1% in the fourth quarter of 2007 to 9.2% in the second quarter of 2009 (Table 3). Unemployment rates among women in Pennsylvania over the same period increased from 3.9% to 7.0%.

Table 3. Unemployment Rates Among Men Have Increased Somewhat More Than for Women Since the Start of the Recession.

Gender	4th Quarter 2007	2nd Quarter 2009	Difference
Male	5.1%	9.2%	4.1%
Female	3.9%	7.0%	3.1%

Source. KRC estimates using CWIA LAUS and CPS data.

Unemployment Rates by Educational Attainment

The least-educated workers generally have higher unemployment rates because, as a group, they greatly outnumber the job openings they are qualified to fill. In recessions, the number of job seekers per job opening rises for all workers regardless of educational attainment.⁶ This recession is no different with unemployment rates rising substantially for all workers at all levels of educational attainment. Workers with less than a high school education now face an unemployment rate of 14.3%, nearly double the unemployment rate for this group at the start of the recession (Table 4). Unemployment rates for workers with a Bachelors degree or higher have more than doubled from 1.6% at the start of the recession to 3.4% in the second quarter of 2009.

Table 4. Unemployment Rates Are Up for All Workers in Pennsylvania Regardless of Their Educational Attainment

Unemployment rates by educational attainment for workers age 25 and older

Educational Attainment	4th Quarter 2007	2nd Quarter 2009	Difference
Less Than High School	7.4%	14.3%	6.8%
High School	4.3%	8.0%	3.7%
Some College	2.8%	7.3%	4.5%
Bachelors degree or greater	1.6%	3.4%	1.8%

Source. KRC estimates using CWIA LAUS and CPS data.

Table 5. The Unemployment Rate for People Age 20 to 29 Was 12.1% in the 2nd Quarter of This Year

Unemployment rates by age

Age	4th Quarter 2007	2nd Quarter 2009	Difference
20 to 29	7.6%	12.1%	4.4%
30 to 49	3.3%	6.6%	3.4%
50 and Older	2.7%	6.0%	3.3%

Note. Limitations imposed by sample size prevent estimation of unemployment rates for workers age 16 to 19.

Source. KRC estimates using CWIA LAUS and CPS data.

Unemployment Rates by Age

Younger workers change jobs more frequently than older workers and have fewer financial commitments -- both factors which, all else held constant, lead to higher unemployment rates.

As of the second quarter of this year, the unemployment rate for workers age 20 to 29 was 12.1%, an increase of 4.4 percentage points from the start of the recession (Table 5). Older workers have not been immune from this recession with unemployment rates doubling for workers age 30 to 49 and for those over 50.

Table 6. Unemployment Rates by County in Pennsylvania

County	4th Quarter 2007	2nd Quarter 2009	Difference	rural / urban	Rank by	
					Increase in Unemployment Rate Since 4th Quarter 2007 (1 = highest)	2nd Quarter 2009 Level (1 = highest)
Cameron	5.8%	17.8%	12.0%	rural	1	1
Elk	4.7%	14.4%	9.7%	rural	2	2
Fulton	6.1%	13.7%	7.6%	rural	3	3
Mercer	5.6%	11.6%	6.0%	rural	4	4
Potter	6.8%	11.4%	4.6%	rural	17	5
Bedford	5.4%	11.2%	5.8%	rural	5	6
Huntingdon	5.5%	11.2%	5.7%	rural	6	7
McKean	4.8%	10.6%	5.7%	rural	7	8
Clearfield	5.7%	10.5%	4.8%	rural	13	9
Carbon	5.5%	10.3%	4.8%	rural	12	10
Forest	6.4%	10.3%	3.9%	rural	33	11
Tioga	5.6%	10.2%	4.6%	rural	16	12
Crawford	4.9%	10.1%	5.2%	rural	8	13
Schuylkill	5.1%	10.1%	5.0%	rural	9	14
Mifflin	5.6%	10.1%	4.4%	rural	20	15
Philadelphia	6.2%	9.9%	3.7%	urban	38	16
Northumberland	5.1%	9.9%	4.8%	rural	14	17
Armstrong	5.1%	9.8%	4.7%	rural	15	18
Jefferson	4.8%	9.7%	4.9%	rural	10	19
Lawrence	5.5%	9.6%	4.1%	rural	25	20
Clarion	5.1%	9.6%	4.5%	rural	19	21
Clinton	5.4%	9.4%	4.1%	rural	30	22
Pike	5.2%	9.4%	4.2%	rural	24	23
Fayette	5.8%	9.2%	3.4%	rural	46	24
Luzerne	5.2%	9.2%	3.9%	urban	32	25
Monroe	5.0%	9.2%	4.2%	rural	23	26
Erie	5.0%	9.1%	4.1%	urban	26	27
Lycoming	5.0%	9.1%	4.1%	rural	27	28
Union	5.2%	9.1%	3.8%	rural	34	29
Berks	4.4%	9.0%	4.5%	urban	18	30
Wyoming	5.5%	8.9%	3.4%	rural	47	31
Venango	5.1%	8.9%	3.7%	rural	36	32
Cambria	5.5%	8.8%	3.3%	rural	51	33
Columbia	5.2%	8.8%	3.5%	rural	42	34
Sullivan	4.5%	8.7%	4.2%	rural	22	35
Lehigh	4.6%	8.7%	4.1%	urban	28	36
Somerset	5.5%	8.7%	3.3%	rural	53	37
Snyder	5.0%	8.7%	3.7%	rural	39	38
Bradford	4.8%	8.6%	3.8%	rural	35	39
Juniata	4.5%	8.5%	4.0%	rural	31	40
Northampton	4.6%	8.3%	3.7%	urban	37	41
Beaver	4.8%	8.3%	3.6%	urban	41	42
York	3.9%	8.3%	4.4%	urban	21	43
Franklin	3.4%	8.3%	4.8%	rural	11	44
Lackawanna	4.9%	8.3%	3.4%	urban	49	45
Westmoreland	4.7%	8.0%	3.3%	urban	50	46
Warren	4.7%	8.0%	3.3%	rural	52	47
Washington	4.7%	7.9%	3.2%	rural	56	48
Susquehanna	4.4%	7.9%	3.4%	rural	45	49
Greene	5.2%	7.8%	2.5%	rural	65	50
Perry	4.2%	7.7%	3.5%	rural	44	51
Adams	3.5%	7.6%	4.1%	rural	29	52
Dauphin	4.0%	7.5%	3.5%	urban	43	53
Blair	4.3%	7.4%	3.1%	rural	60	54
Indiana	4.8%	7.4%	2.7%	rural	64	55
Bucks	4.0%	7.4%	3.4%	urban	48	56
Delaware	4.2%	7.4%	3.2%	urban	59	57
Butler	4.1%	7.4%	3.3%	rural	54	58
Wayne	4.3%	7.3%	3.0%	rural	62	59
Lancaster	3.5%	7.2%	3.6%	urban	40	60
Montgomery	3.6%	6.8%	3.2%	urban	57	61
Lebanon	3.5%	6.8%	3.3%	urban	55	62
Montour	4.0%	6.8%	2.8%	rural	63	63
Allegheny	4.3%	6.8%	2.5%	urban	66	64
Cumberland	3.5%	6.6%	3.2%	urban	58	65
Chester	3.2%	6.3%	3.1%	urban	61	66
Centre	3.6%	5.7%	2.1%	rural	67	67

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Source: KRC estimates using CWIA LAUS.

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² For a profile of the status of rural workers in the Pennsylvania labor market see *The State of Rural Pennsylvania*, available online <http://keystoneresearch.org/ruralpa/pdf/srpa508.pdf>

³ The methods used in this report are based on Algernon Austin *Unequal Unemployment: Racial disparities in unemployment vary widely by state*, Issue Brief #257, Economic Policy Institute, July 15, 2009. Additional assistance was provided by Kai Filion also of the Economic Policy Institute.

⁴ The Center for Workforce Information (CWIA) and Analysis in collaboration with the Bureau of Labor Statistics releases Local Area Unemployment Statistics (LAUS) for Pennsylvania each month based on data derived from the Current Population Survey (CPS), unemployment insurance claims, and employment data from the Current Employment Statistics (CES). These unemployment rates are not calculated by demographic group. To estimate unemployment rates by demographic group this report utilizes the most recent six months of CPS data to estimate the unemployment rate for each demographic group (race, gender, age group and educational attainment). A ratio of the unemployment rate for each demographic group to statewide unemployment rate, again calculated based on the most recent six months of data, is then calculated. This ratio is then multiplied by the seasonally adjusted statewide unemployment rate published by CWIA in order to derive an estimate of the seasonally adjusted unemployment rate for each demographic group.

⁵ For a profile of the status of women in the Pennsylvania labor market see *The State of Women in the Pennsylvania Workforce 2008*, available online http://www.keystoneresearch.org/womensearnings/KRC_womenswages.pdf

⁶ According to the Bureau of Labor Statistics' latest Job Openings and Labor Turnover Survey (JOLTS) there are 5.7 job seekers per available job opening in May in the United States. At the start of this recession in December 2007 there were 1.7 job seekers per available job opening.