



The State of Working Pennsylvania 2022

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August 30, 2022

www.krc-pennbpc.org

Key Findings

- Job growth has been steady in Pennsylvania, gaining over 60,000 jobs since April 2022, but the state is still 116,000 jobs short of pre-pandemic numbers.
- The labor market is tighter than it has been in decades
- Wages are higher across the board in 2021 than in 2014
- At \$7.25, the federal minimum wage is at its lowest value in 66 years.
- Corporate profits account for more than half of recent inflation.
- Innovative union drives (Starbucks, Amazon, Pitt) are making headlines, but haven't yet moved aggregate PA union numbers.
- Pennsylvania is again at a fork in the road on policy; an agenda for broadly shared prosperity is much needed.

The State of the Pennsylvania Economy

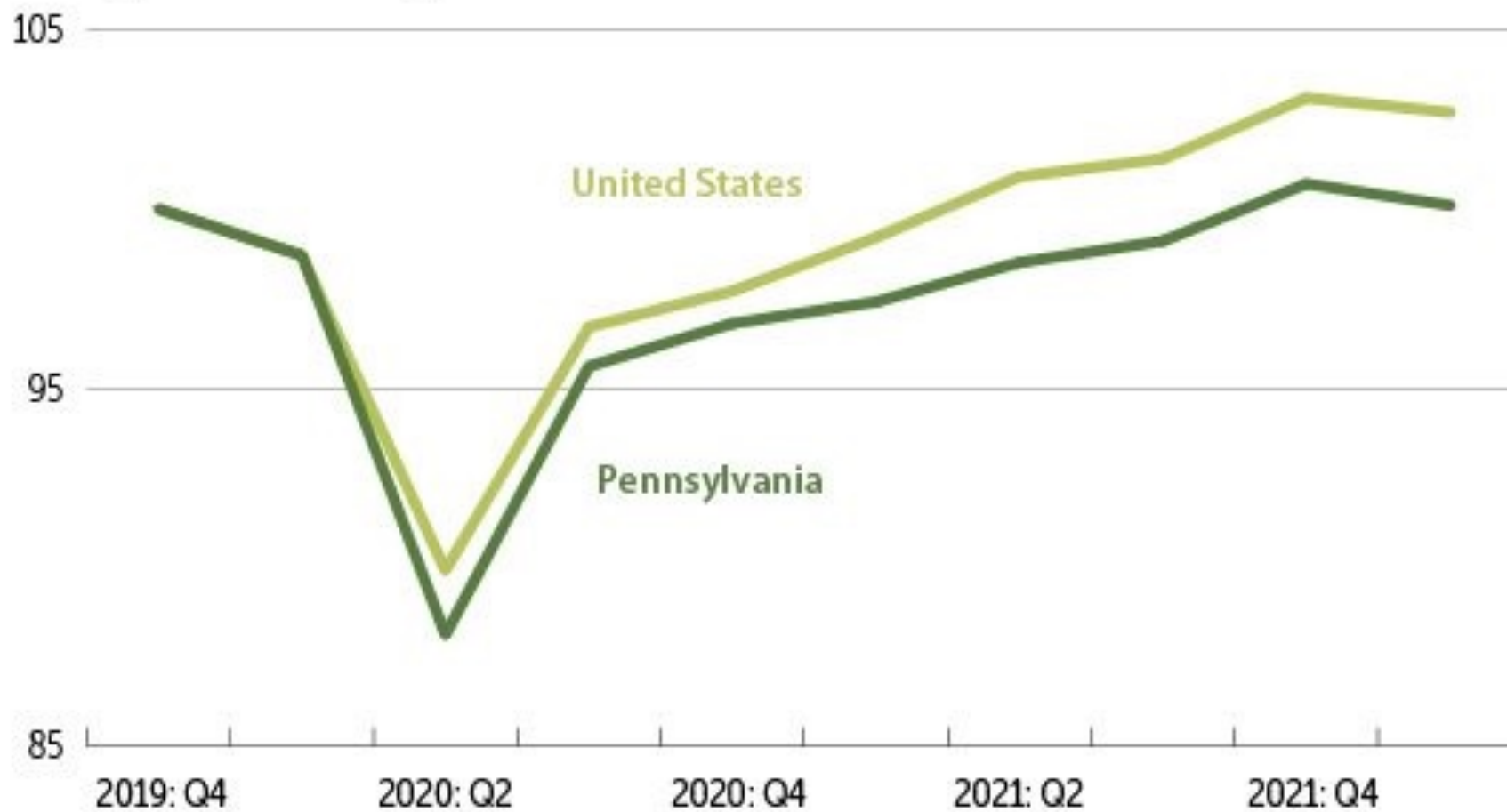
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Pennsylvania's Economic Pie and Employment Trends

- The size of the economic pie (GDP) declined 0.2% in Pennsylvania in the second quarter of 2022.
- State and national GDP remain just above pre-pandemic levels during fourth quarter of 2019.
- Pennsylvania is still 116,000 jobs short of pre-pandemic numbers as of July 2022; Leisure and Hospitality employment levels are still down over 8% compared to pre-COVID.
- Unemployment rate in Pennsylvania is down to 4.3% as of June 2022, below its 5.0% level in February of 2020.

Quarterly GDP for Pennsylvania and United States Is Just Above Pre-Pandemic Levels

Quarterly GDP for Pennsylvania and U.S., indexed to Q4 of 2019, 2019: Q4 to 2022: Q1



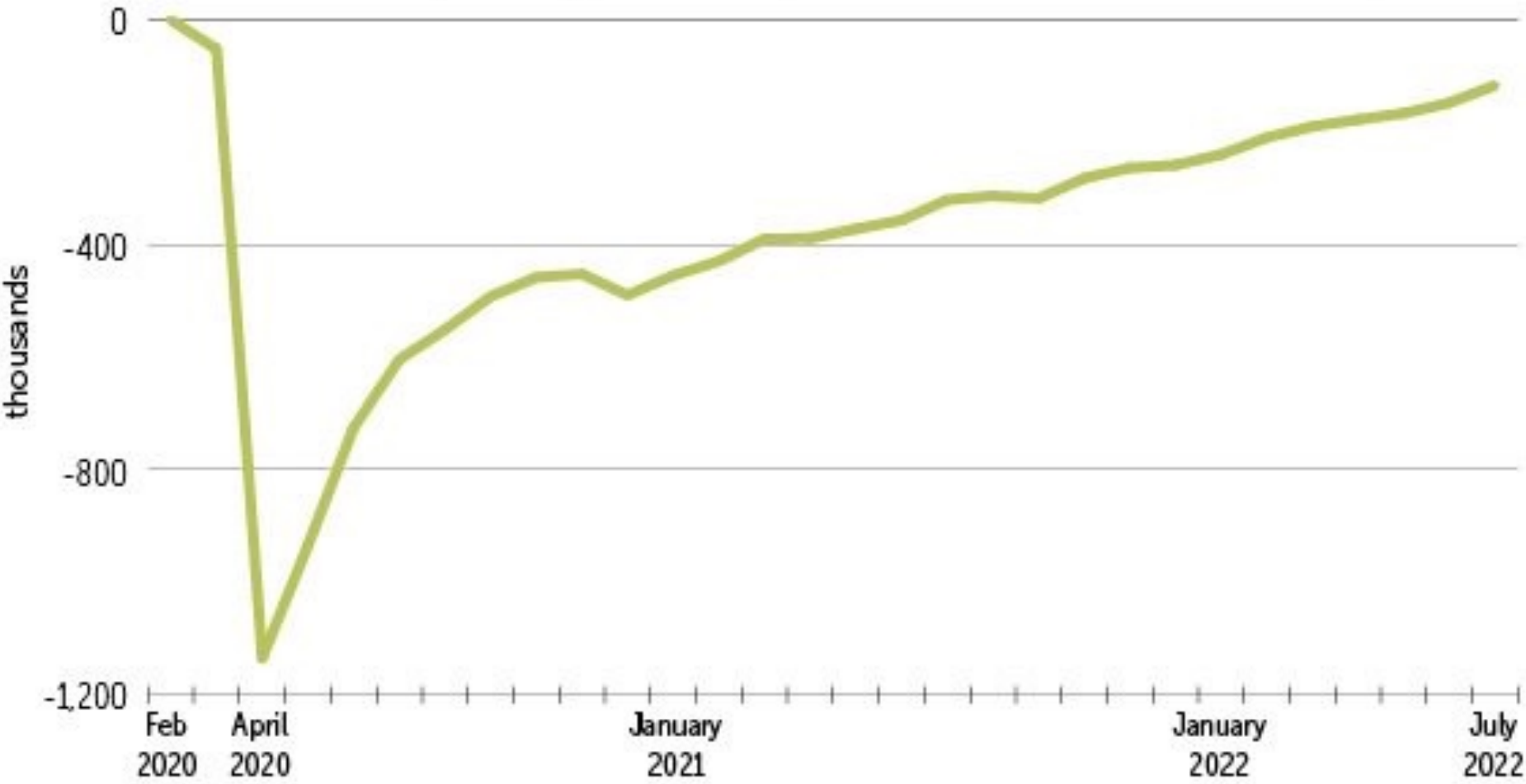
Note: GDP levels are indexed to Q1 of 2019 = 100, based on chained GDP.

Source: Keystone Research Center analysis of Bureau of Economic Analysis data tables for state level GDP; <https://apps.bea.gov/itable/>

itable.cfm?ReqID=70&step=1&acrdn=1

Number of Pennsylvania Nonfarm Jobs Remains 116,000 Short of Pre-Pandemic Levels

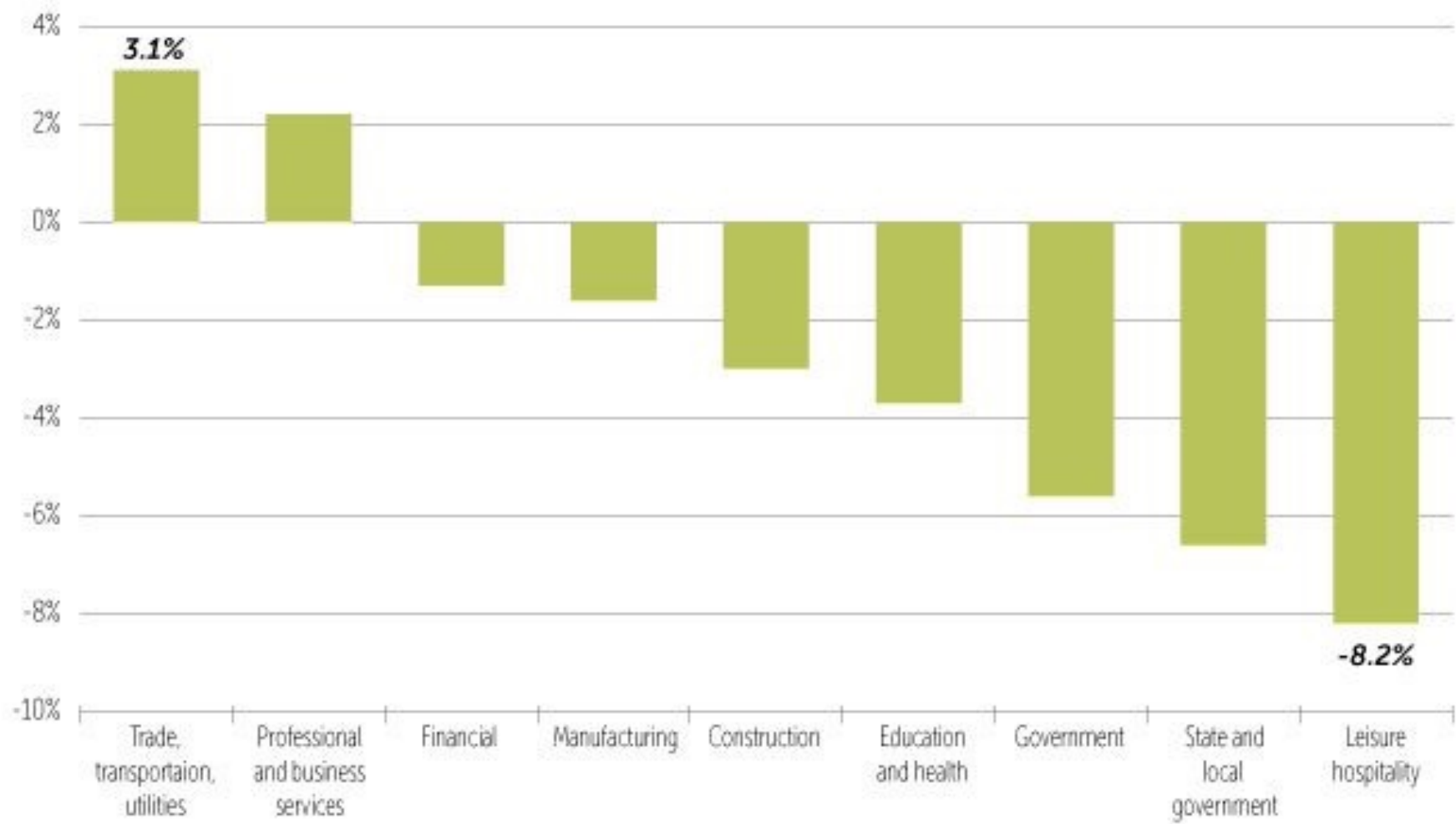
Number of non-farm Jobs, February 2020 to July 2022 minus the number in February 2020



Source: Keystone Research Center based on Economic Policy Institute analysis of seasonally adjusted Current Employment Statistics data. Table 5 at <http://www.bls.gov/news.release/laus.t05.htm>.

Employment Levels of Most Industries in Pennsylvania Have Not Recovered to Their Pre-pandemic Levels

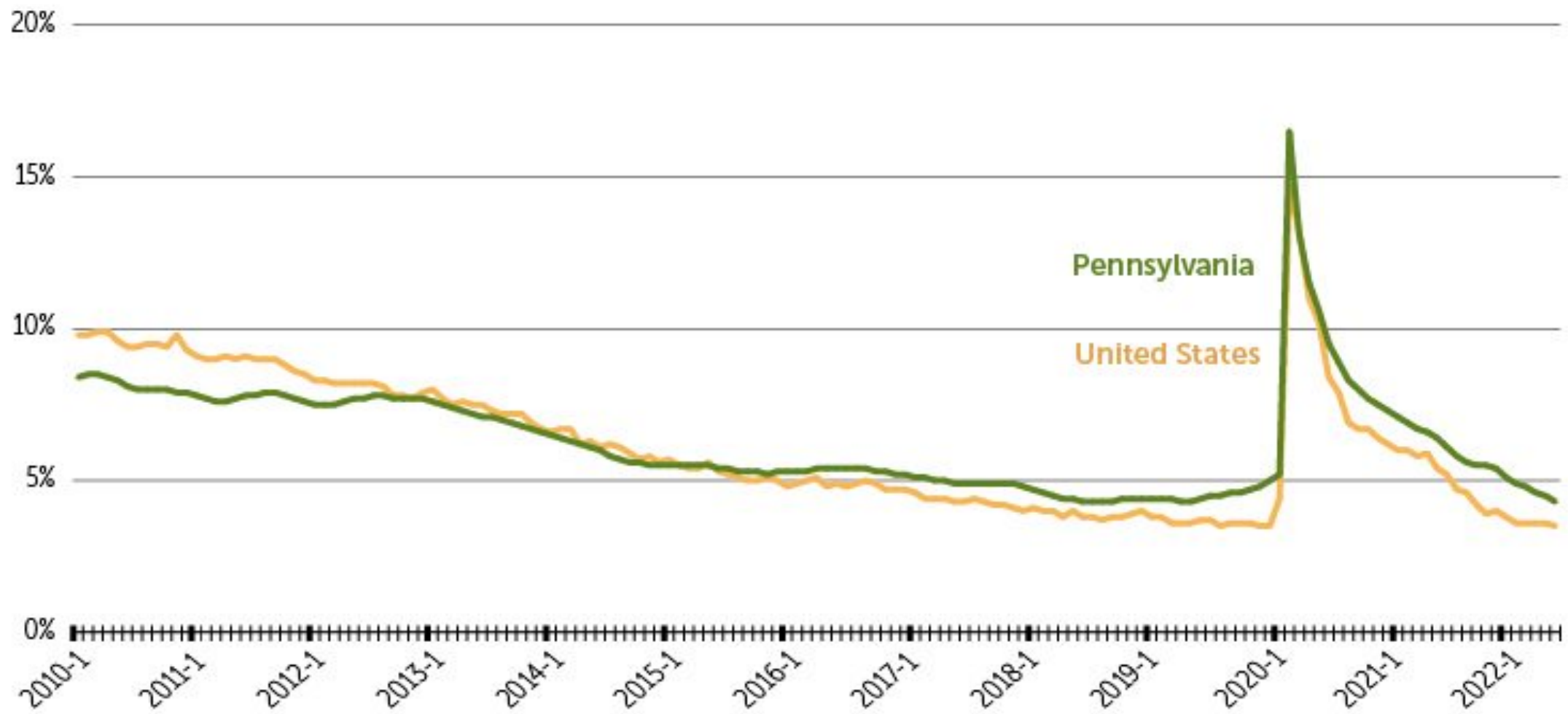
Percent Change in Employment Levels by Pennsylvania Industry, Feb 2020 to July 2022



Source: Keystone Research Center based on the Economic Policy Institute analysis of Current Establishment Survey data table 5, <http://www.bls.gov/news.release/laus.105.htm>.

Pennsylvania Unemployment Higher than National Level but Still Below Pre-pandemic Rate

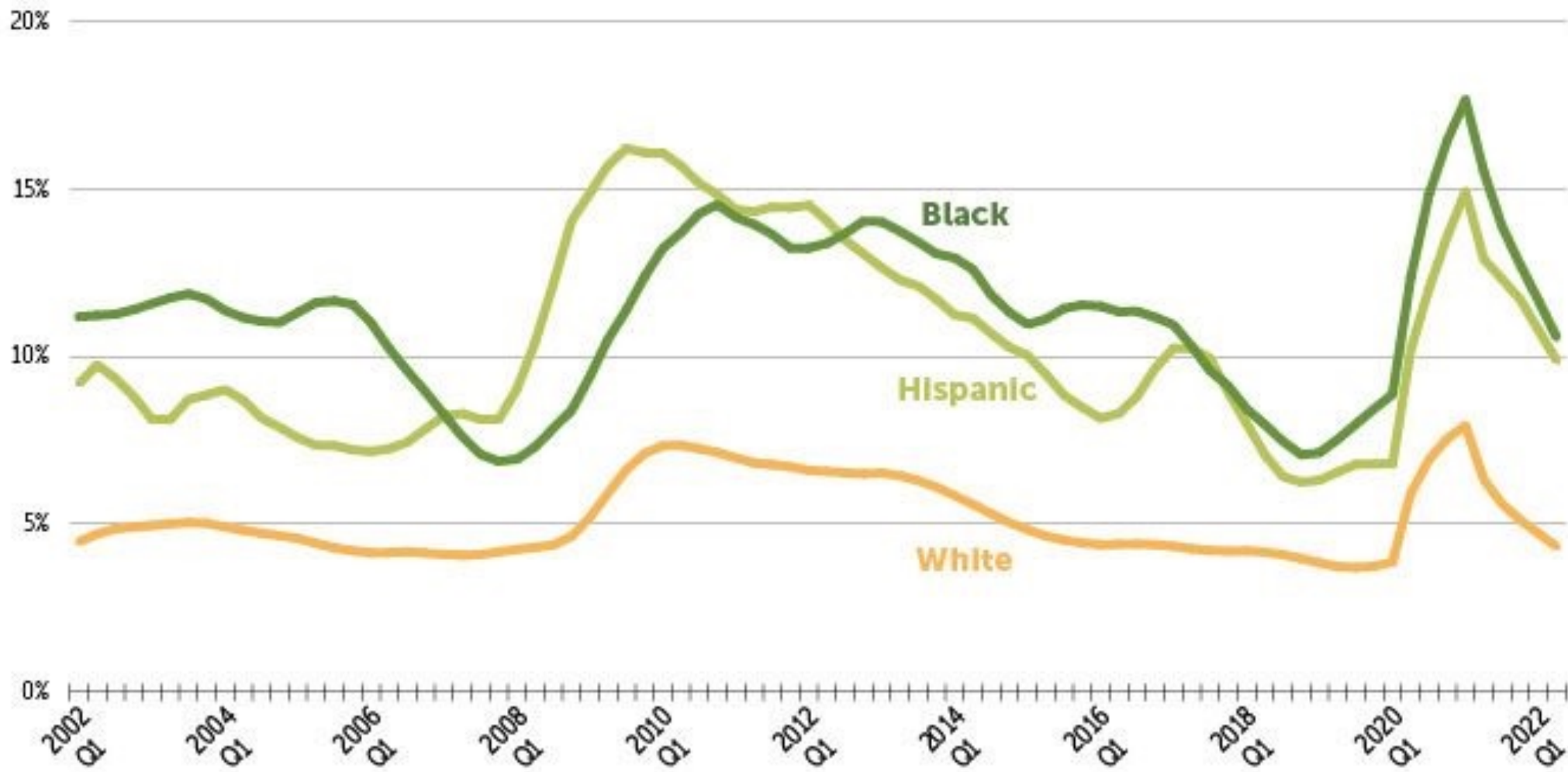
Pennsylvania and US unemployment, January 2010 to July 2022



Source: Keystone Research Center based on Local Area Unemployment Statistics (LAUS), Tables 1 and 3, <http://www.bls.gov/news.release/laus.t03.htm> and <http://www.bls.gov/news.release/laus.t01.htm>.

Unemployment Rates for Black and Hispanic Workers in Pennsylvania Are More Than Double the Unemployment of White Pennsylvanians

Black, Hispanic, and White Unemployment Rates in Pennsylvania, 2001-2021

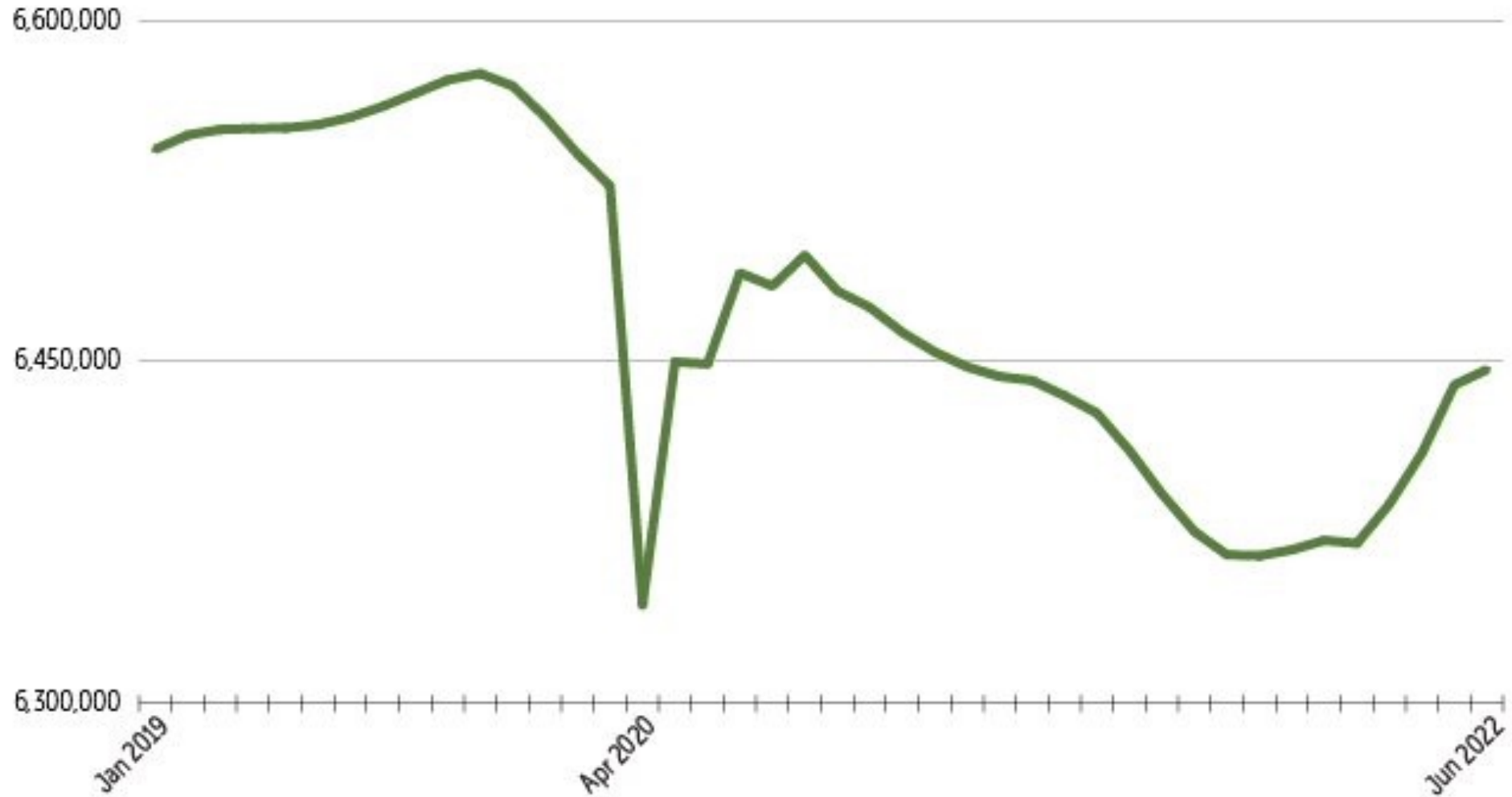


Source: Keystone Research Center based on Economic Policy Institute analysis of Local Area Unemployment Statistics (LAUS) and Current Population Survey (CPS) data.

The State of the Pennsylvania Labor Market— How Great the Resignation?

Jobs Decline, In Part, Reflects Labor Force Drop

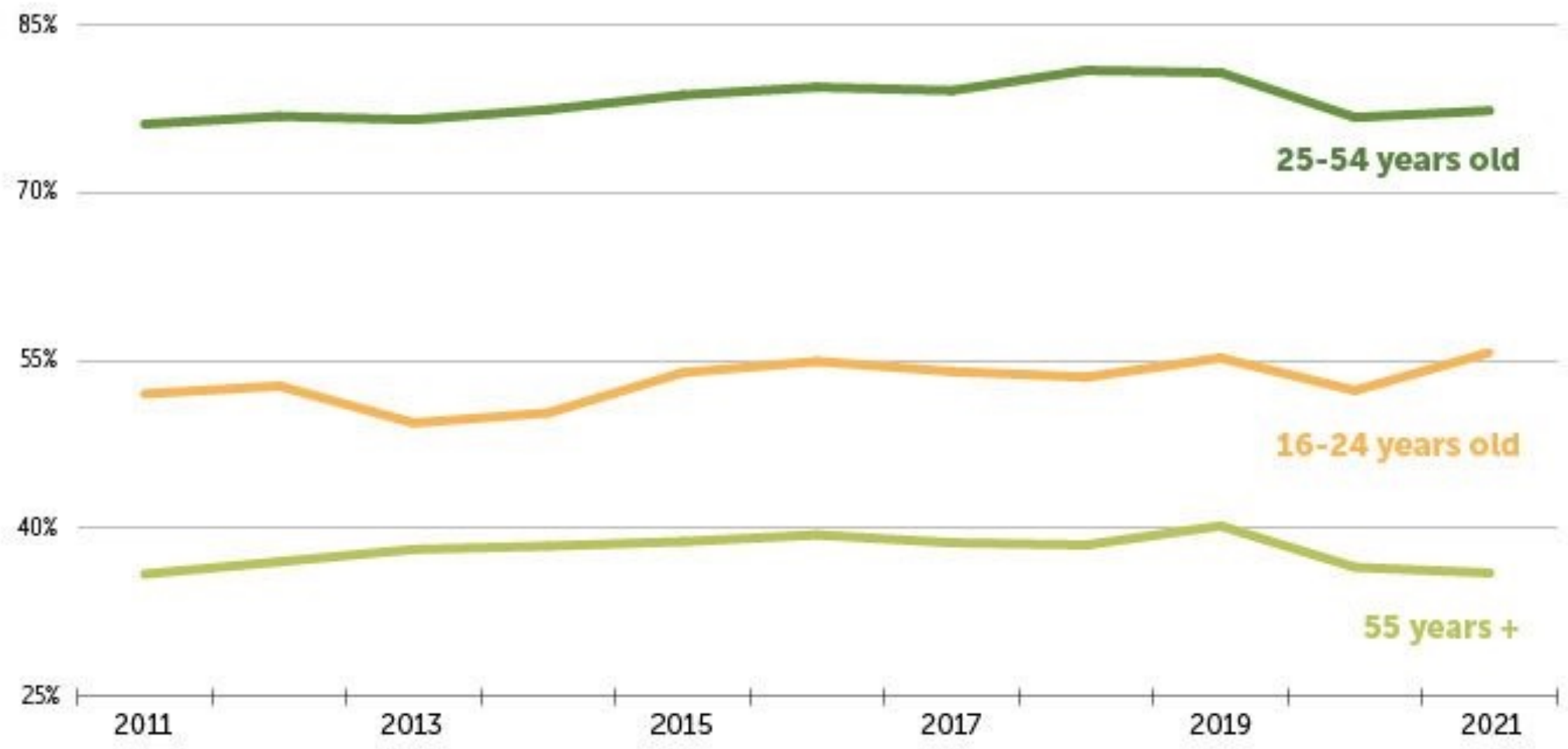
Pennsylvania Labor Force Size



Source: Keystone Research Center based on Bureau of Labor Statistics and Local Area Unemployment Statistics (LAUS) series ID: LASST420000000000006.

Employment to Population Ratio of Most Workers in Pennsylvania Trending Up After COVID Recession From 2019 to 2020

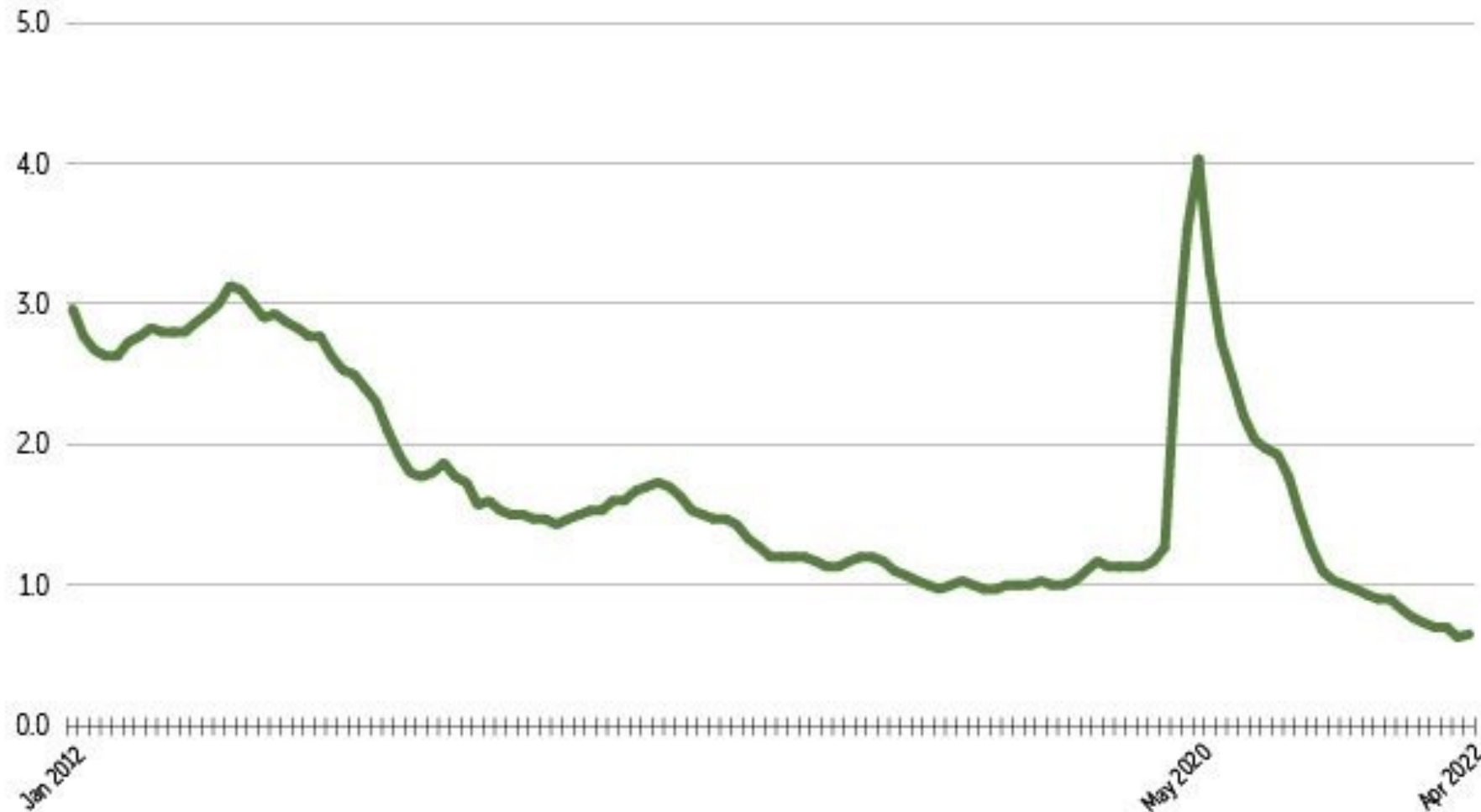
Employment to Population Ratio of Workers Aged 16 to 24, 25 to 54, and 55+, 2011-2021



Source: Keystone Research Center based on Current Population Survey microdata accessed through the Economic Policy Institute Data Library. <https://swx.epi.org/>

Since August 2021, There Are Fewer Unemployed Workers Than Job Openings in Pennsylvania

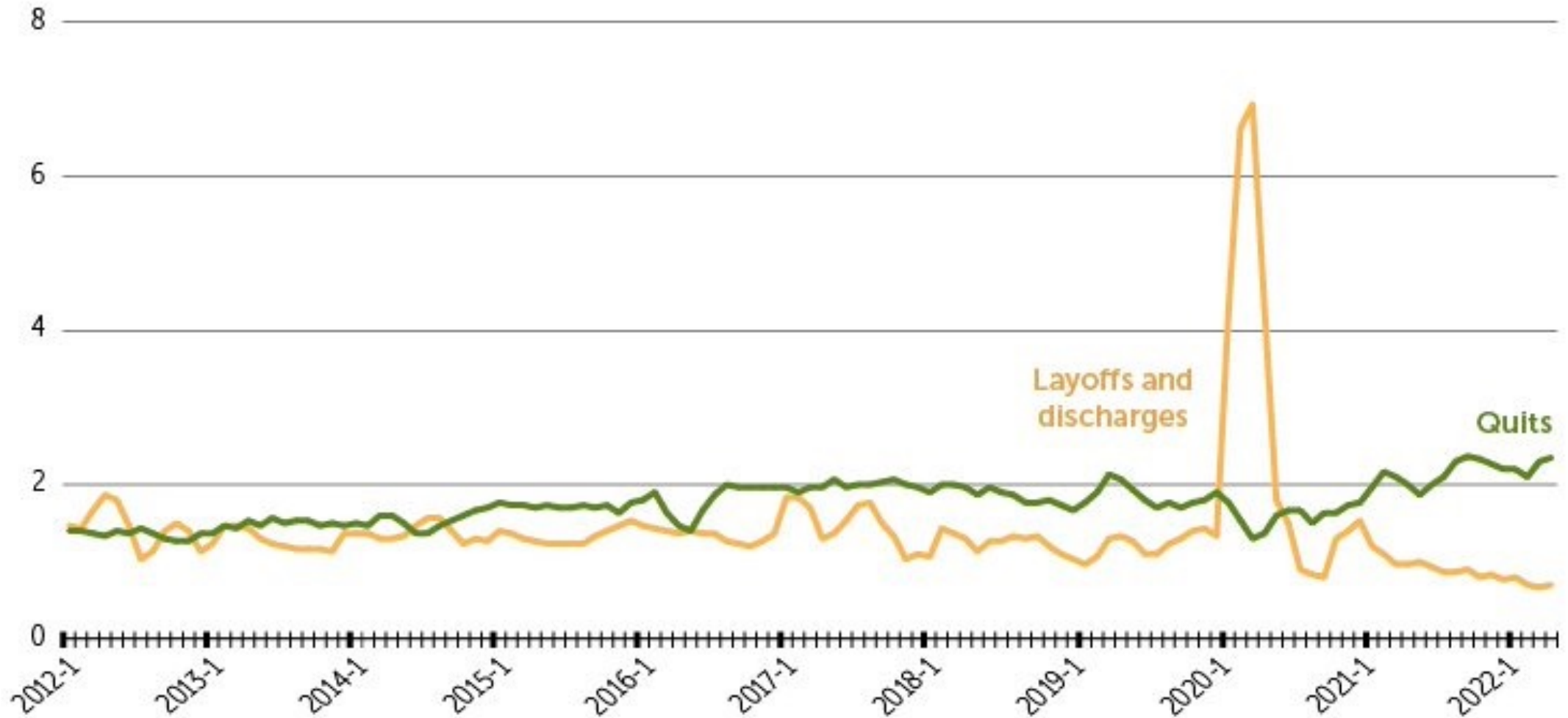
Pennsylvania Total Nonfarm Unemployed Workers to Job Openings Ratio Three-Month Rolling Average, January 2012 to May 2022



Source: Keystone Research Center based on Job Openings and Labor Turnover Survey data accessed from Bureau of Labor Statistics data releases, <https://data.bls.gov/cgi-bin/dsrv?jt>

Pennsylvania Quits Increase Recently While Layoffs and Discharges Fall

Rates of job openings, quits, layoffs and discharges in Pennsylvania three-month rolling average, January 2012 to May 2022

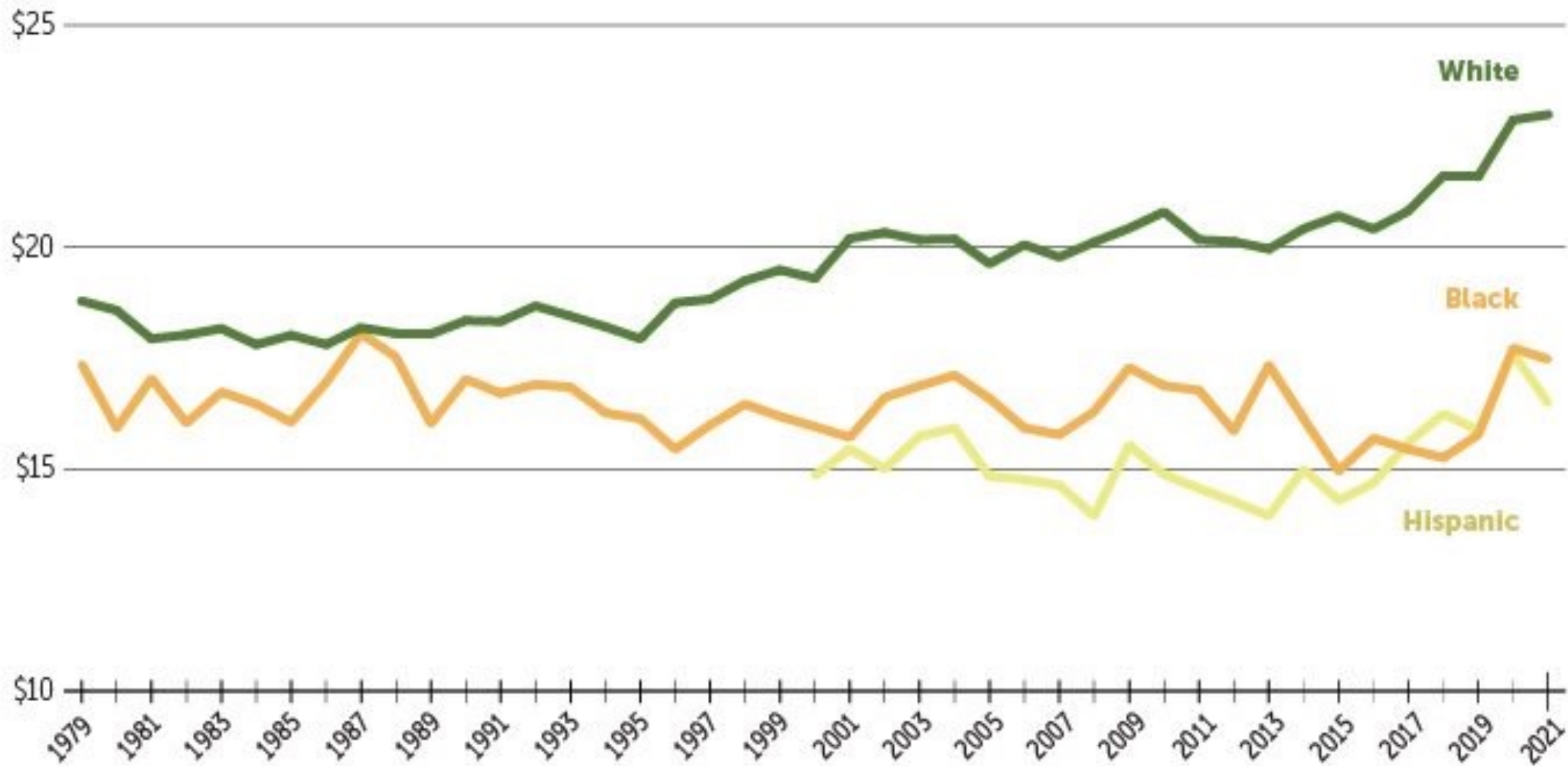


The State of Wage Growth in Pennsylvania

Pennsylvania Wage Trends, 2011-21

- Wages for low-, moderate- and high-wage workers all stagnated in 2011–14.
- From 2014 to 2019, as the labor market tightened, wages rose 7% to 10% in the bottom 8 deciles and by 15% at the 90th percentile.
- Wages rose further (by 1% to 8%) in 2020, in part, because of compositional effects (low-wage workers leaving the job market).
- Wages rose further in the bottom three deciles in 2021 but fell or stagnated from the 40th to 90th percentile, the latter, in part, because of compositional effects.

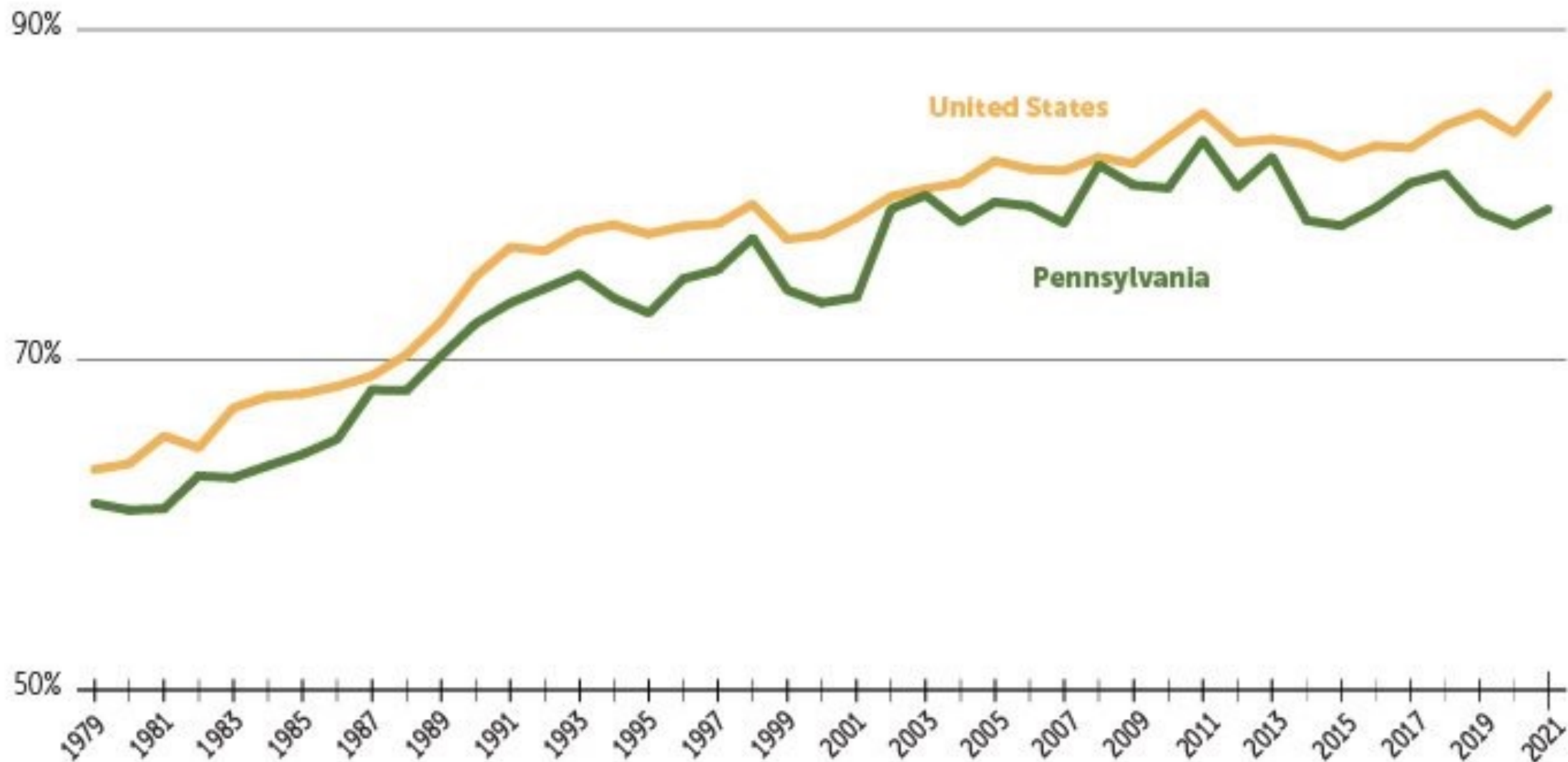
Pennsylvania Median Hourly Wages for Black and Hispanic Workers Trail White Wages (Shown in 2021 dollars)



Source: Keystone Research Center based on Current Population Survey microdata accessed through the Economic Policy Institute Data Library, <https://swx.epi.org/>.

Pennsylvania Women's Median Wage Was 79% of Men's Median Wage in 2021

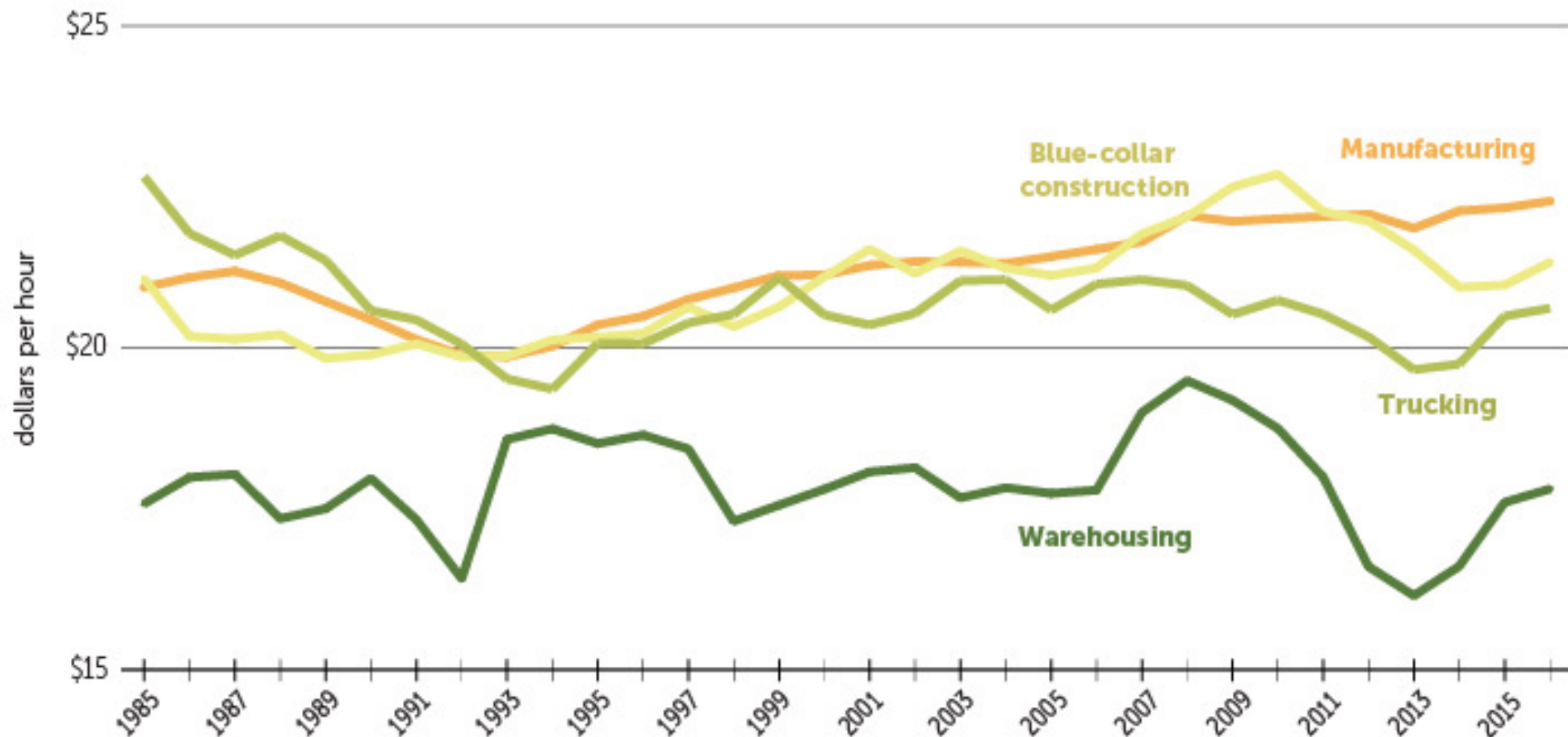
Pennsylvania and United States Female Median Wage as a Percent of Male Median Wage, 1979-2021



Source: Keystone Research Center based on Current Population Survey microdata accessed through the Economic Policy Institute Data Library, <https://swk.epi.org/>.

Blue-Collar Pennsylvania Wages Have Stagnated for Almost 40 Years

Five-year moving average shown in 2021 dollars, 1983-2016



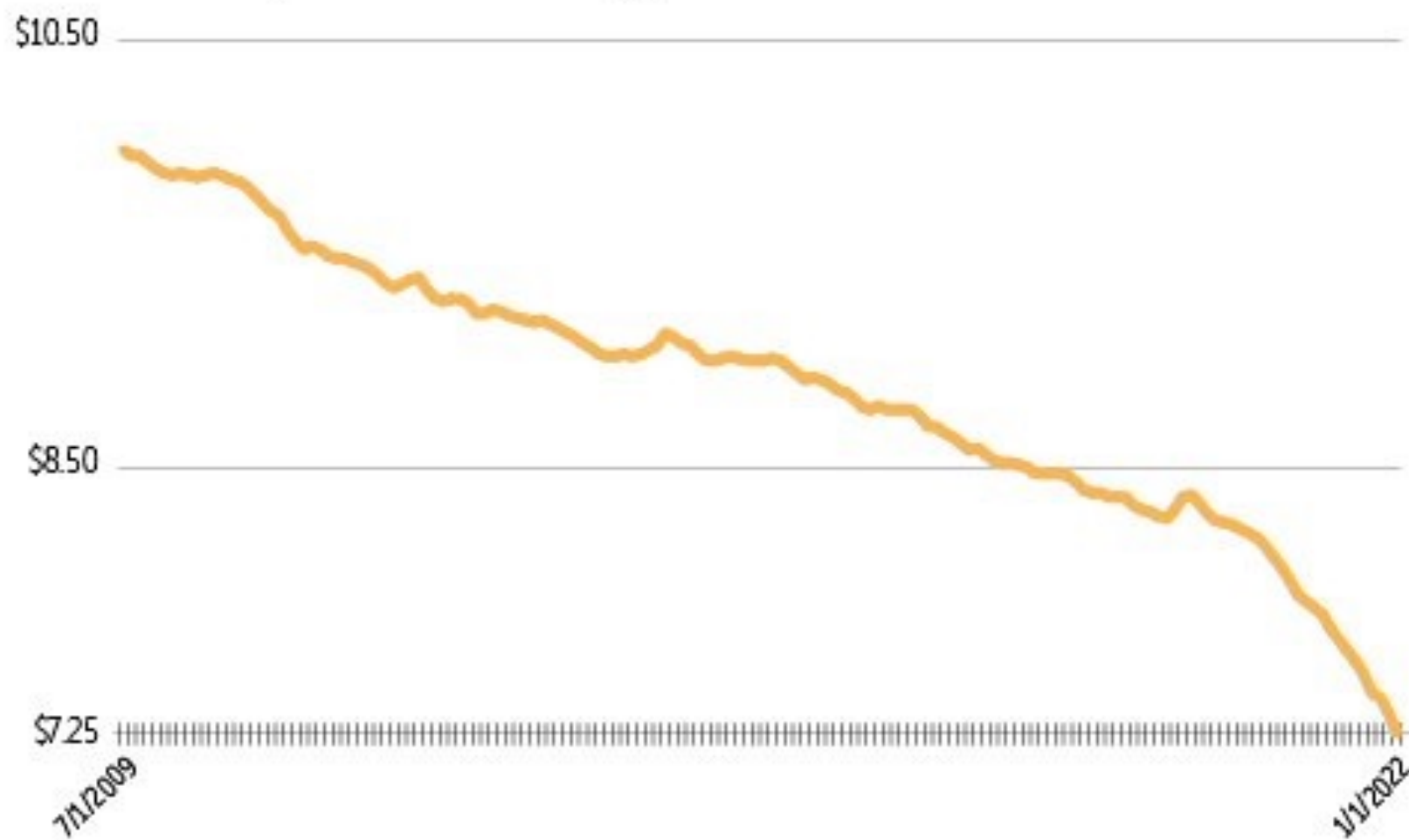
Note: Trucking wages shown are for truck drivers within the truck transportation industry. Warehouse wages shown are for workers in the warehousing and storage industry. Manufacturing wages reflect all workers in nondurable and durable goods industries. Blue-collar Construction wages reflect construction trades and helpers. A five-year moving average pools data over five years to increase the reliability of estimates and smooth the distribution so that it is easier to see trends. We label each five-year average with the middle year of the five years, so 1985 is the five-year average for 1983-1987. 1986 reflects the five-year average for 1984-1988, etc.

Source: Keystone Research Center based on Current Population Survey microdata accessed through the Economic Policy Institute Data Library, <https://swx.epi.org/>.

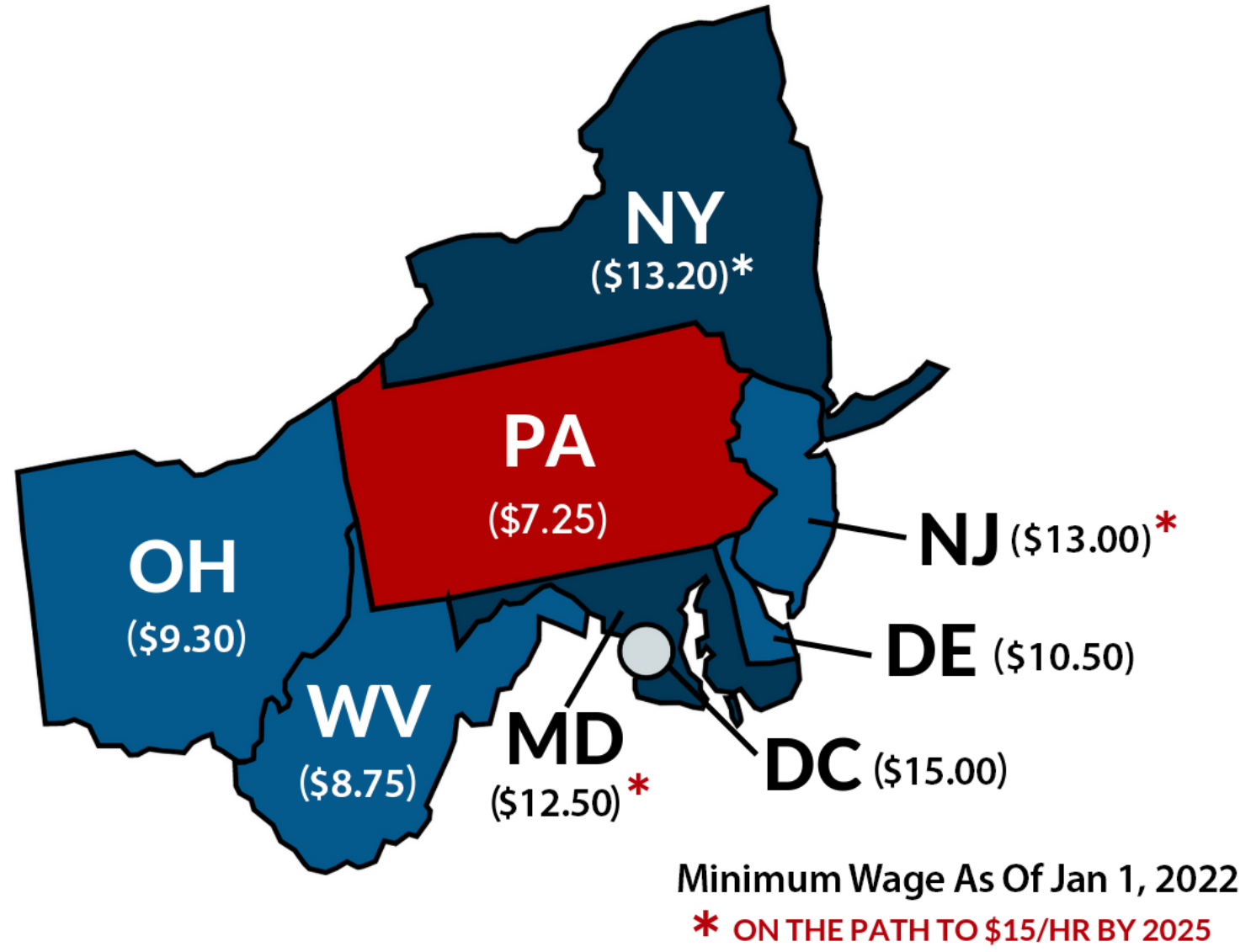
The State of Pennsylvania's Low-Wage Labor Market

The Real Value of the Federal Minimum Wage Is Now 27 Percent Less Than 13 Years Ago

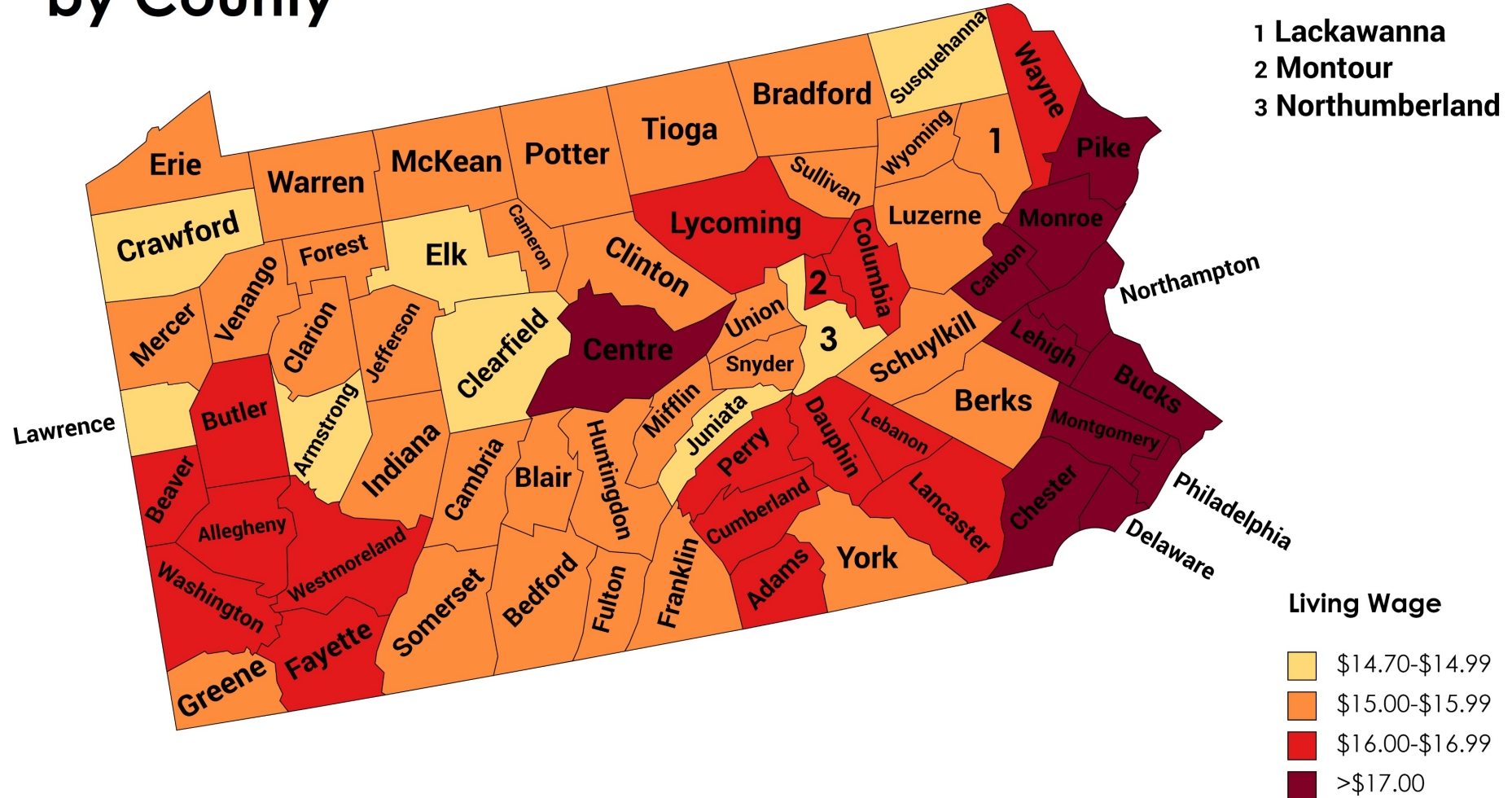
Real value of a \$7.25 minimum wage, shown in June 2022 dollars



Source: Keystone Research Center analysis of Consumer Price Index data from the Economic Policy Institute, <https://www.epi.org/blog/the-value-of-the-federal-minimum-wage-is-at-its-lowest-point-in-66-years/>.



Wage Necessary for Minimum Standard of Living, by County

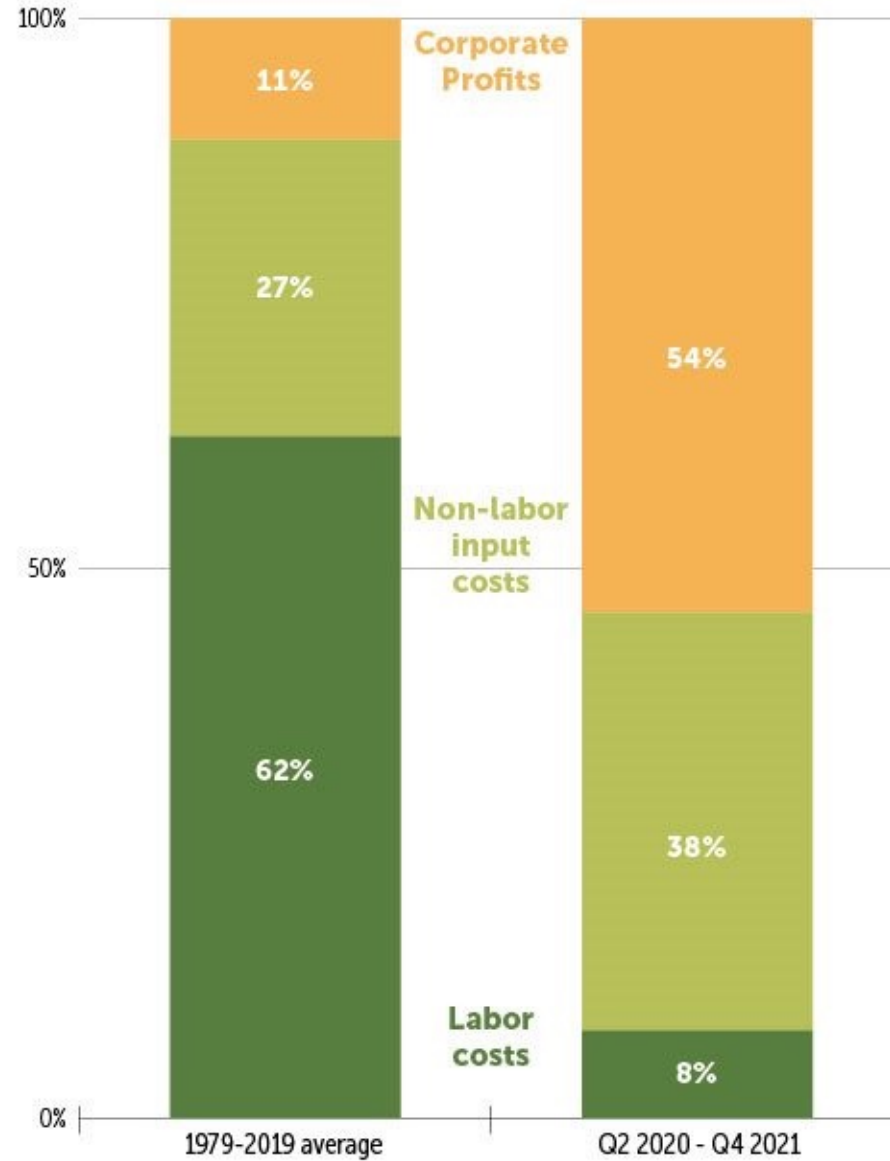


Note: Wages shown are the minimum needed to account for basic needs of one adult with no children, exceeding federal poverty thresholds, but allotting zero funds for entertainment, eating prepared foods, vacations, or savings.
Source: Glasmeier, Amy K. Living Wage Calculator. 2020. Massachusetts Institute of Technology. livingwage.mit.edu.

The State of Corporate Profits and Inflation

Profits Account for More Than Half of Recent Inflation

Normal and recent contributions to growth in unit prices in the nonfinancial corporate sector



Source: Keystone Research Center based on Josh Bivens, "Corporate profits have contributed disproportionately to inflation. How should policymakers respond?" April 21, 2022. Bivens' analysis depicted in this chart was based on Table 1.15 from the National Income and Product Accounts (NIPA) of the Bureau of Economic Analysis (BEA).

The State of Unions in Pennsylvania

A Union Victory at Pitt

Published October 21, 2021

The University of Pittsburgh's new union for professors on and off the tenure track is the biggest new faculty union in a decade.

News » Labor

April 13, 2022

MAY 26, 2022

Bloomfield Starbucks unanimously becomes first unionized location in Pennsylvania

Four Starbucks stores in Philly vote to unionize as part of nationwide movement

The tight labor market has given many workers more leverage than they had prior to the COVID-19 pandemic

Collection of union-related headlines from Pennsylvania. Top to bottom:

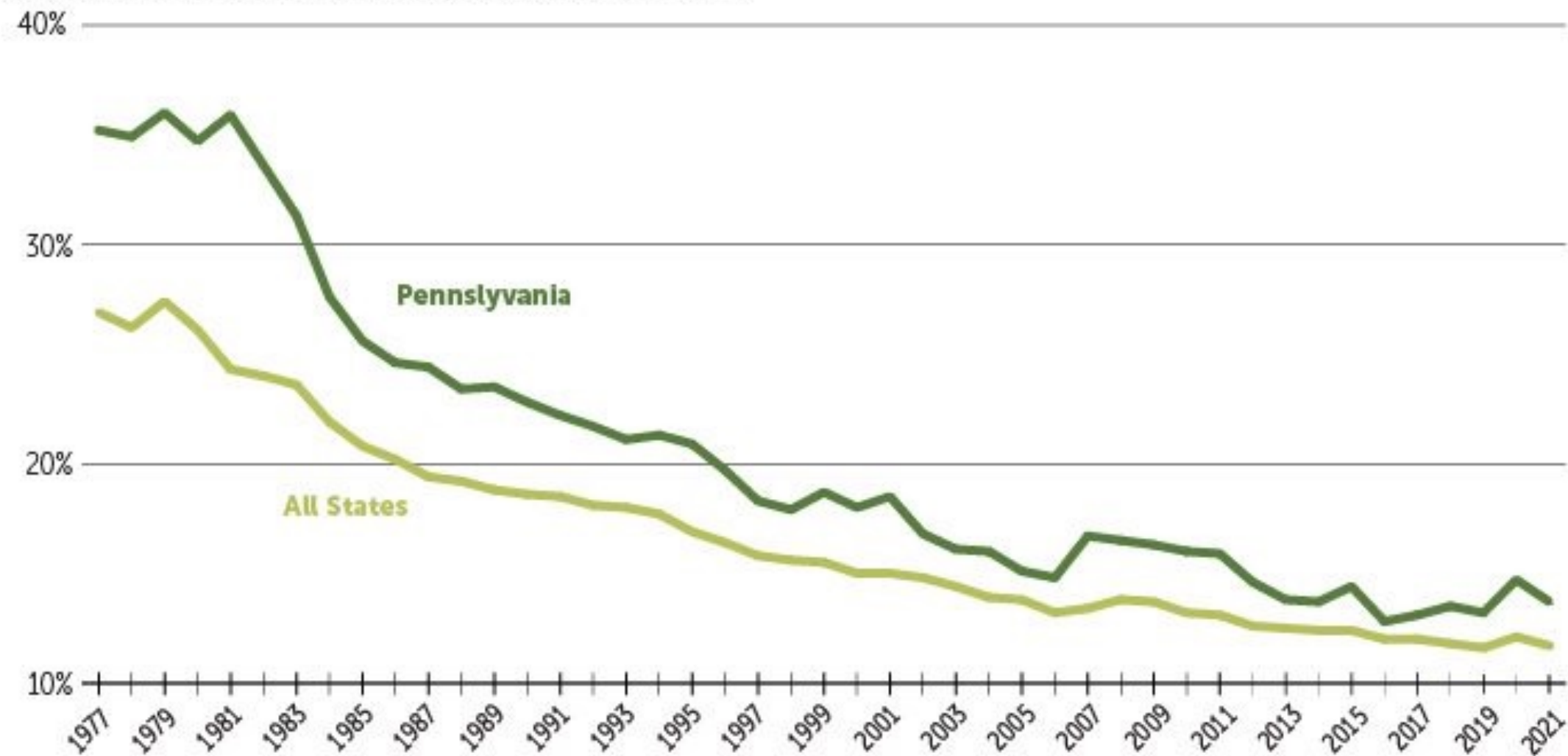
Colleen Flaherty: <https://www.insidehighered.com/news/2021/10/21/u-pittsburgh-faculty-votes-form-union>

Jordana Rosenfeld: <https://www.pghcitypaper.com/pittsburgh/bloomfield-starbucks-unanimously-becomes-first-unionized-location-in-pennsylvania/Content?oid=21472813>

Noah Zucker: <https://www.phillyvoice.com/starbucks-unionization-vote-philadelphia-labor-movement/>

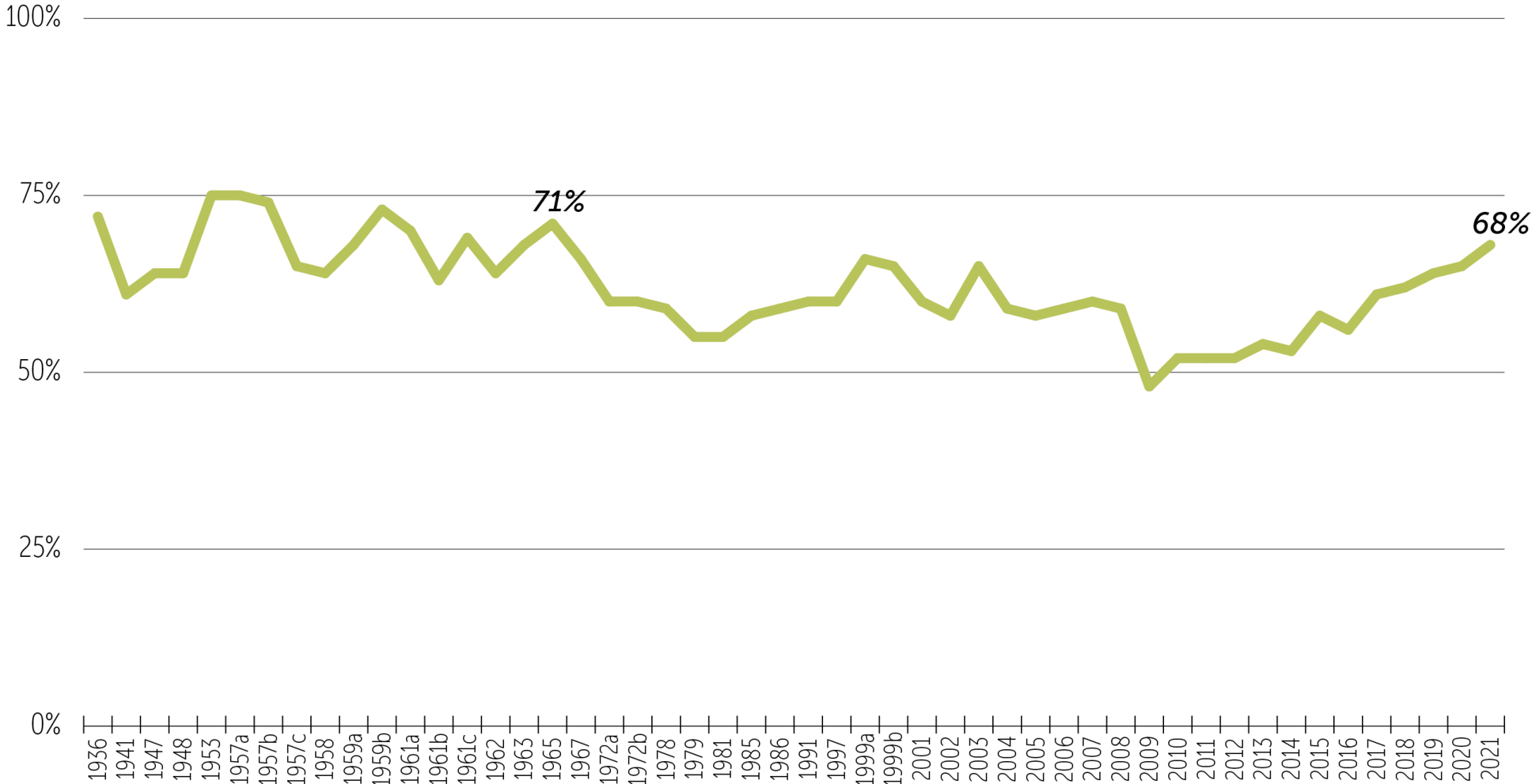
Union Coverage Has Declined Since the 1970s but Has Remained Steady in Pennsylvania Since 2013

Percent of workers covered by a union, 1977-2021



Source: Keystone Research Center analysis of Current Population Survey data, unionstats.com/.

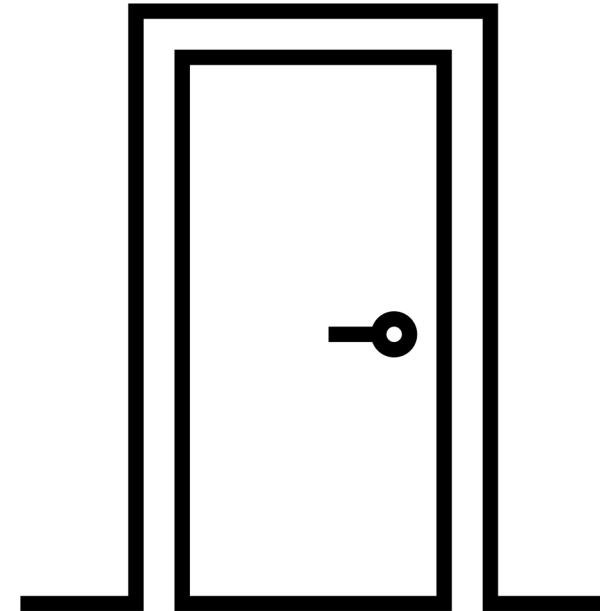
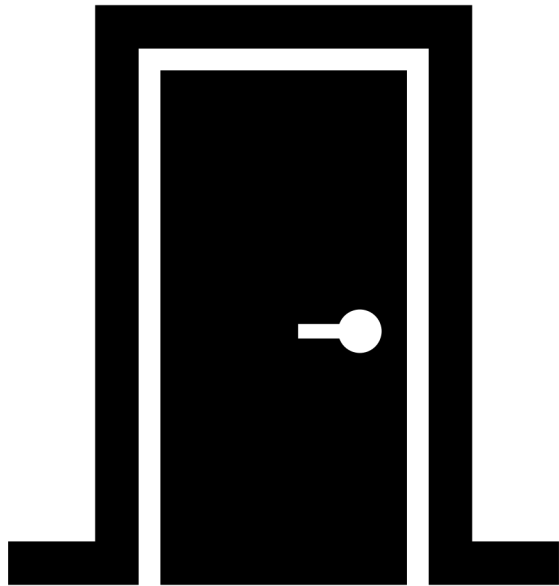
Labor Unions Have Highest Approval Rating Since 1965



Source: Keystone Research Center based on Gallup poll findings reported in Megan Brenan, "Approval of Labor Unions at Highest Point Since 1965," September 2, 2021; online at <https://news.gallup.com/poll/354455/approval-labor-unions-highest-point-1965.aspx>.

Towards a New Deal for a New Economy

Two Policy Doors



Door #1

Recognize the opportunity created by high demand for workers and low supply

- Support the growth of broad-based (area-wide, sectoral) unions.
- Raise the minimum wage and establish wage and benefit standards in particular industries far above the minimum wage.
- Get serious about building a skills and career infrastructure for a 21st-century economy.

Door #2

An alternative to our prescriptions would be policies that reduce workers' power, individually and collectively, in the job market—e.g., sustained higher interest rates and a return to austerity.

- Continued inaction on the minimum wage nationally and in Pennsylvania
- A Pennsylvania “right to work” law
- Repeal of the Pennsylvania prevailing wage law on public construction
- Further evisceration of unemployment compensation

Pennsylvania's Choice

