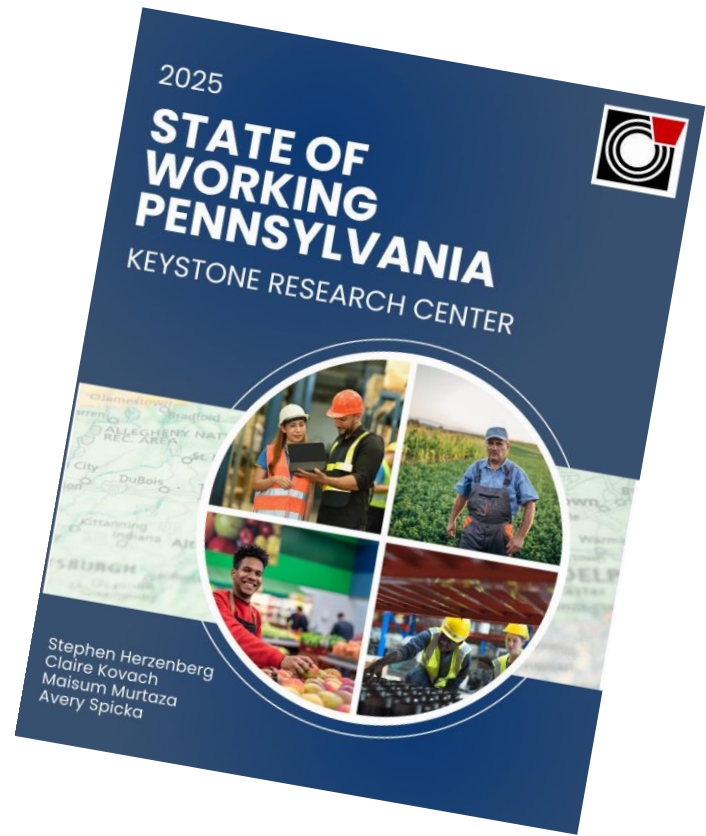




The State of Working Pennsylvania 2025

Keystone Research Center
August 27, 2025



www.keystoneresearch.org

Overview

- Some U.S. and PA economic indicators are still strong.
- We're beginning to see signs of strain, especially in the labor market.
- Strategic policy can put us back on a track toward shared prosperity.

The State of the Pennsylvania Economy

Gross Domestic Product (GDP) and Jobs

- U.S. GDP shrank in the first quarter of 2025 and PA output growth flatlined
- In the first seven months of 2025, U.S. jobs only grew half as much as they did the previous year.
- Layoffs of federal employees (2,600 in PA) this year contributed to slower job growth

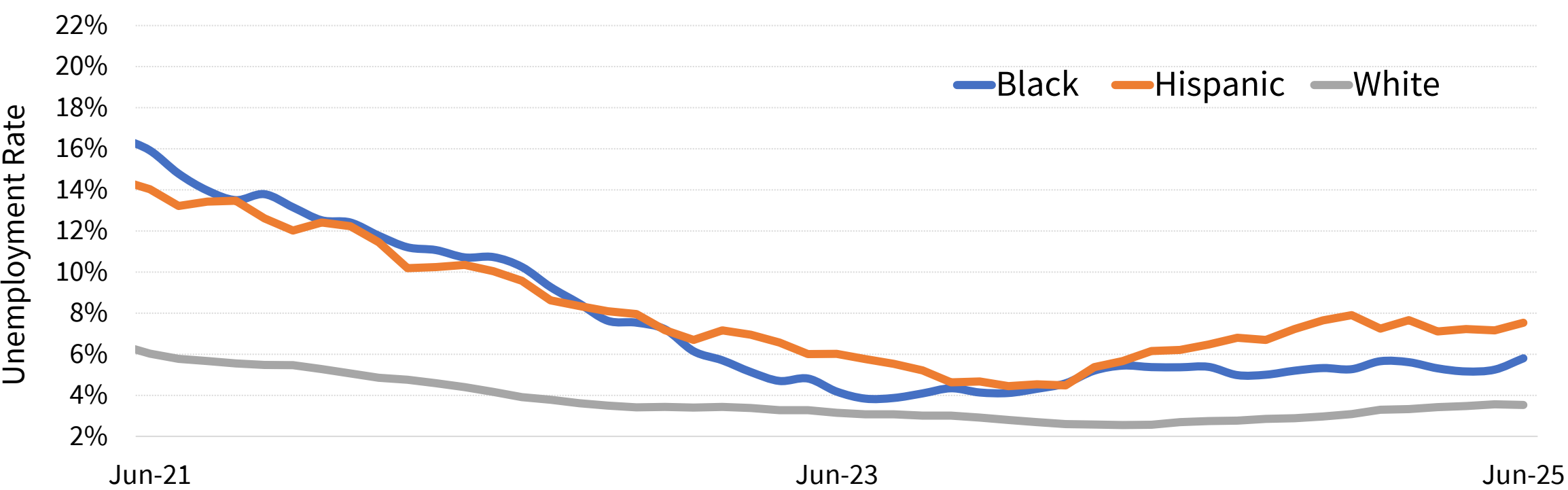
Early Indicators of Workers' Loss of Labor Market Leverage

Jobs and Unemployment

- Overall unemployment has edged upwards.
- Unemployment rates for Hispanic workers have risen substantially, rates for Black workers have also risen.
- Hiring and job opening rates are down.

Unemployment Rates for White, Black, & Hispanic Pennsylvanians Starting to Increase After Reaching Record Lows in 2023

Black, Hispanic, and White 12-Month Rolling Monthly Unemployment Rates in Pennsylvania, June 2021 - June 2025



Note: 12 month rolling average.
Source: Keystone Research Center based on Economic Policy Institute analysis of Local Area Unemployment Statistics (LAUS) and Current Population Survey (CPS) data.



2022-2024

Unemployment rate is low
Tight labor market
Hiring rates are **higher**, so leaving your job is less risky
You have **more leverage** to negotiate better wages and working conditions

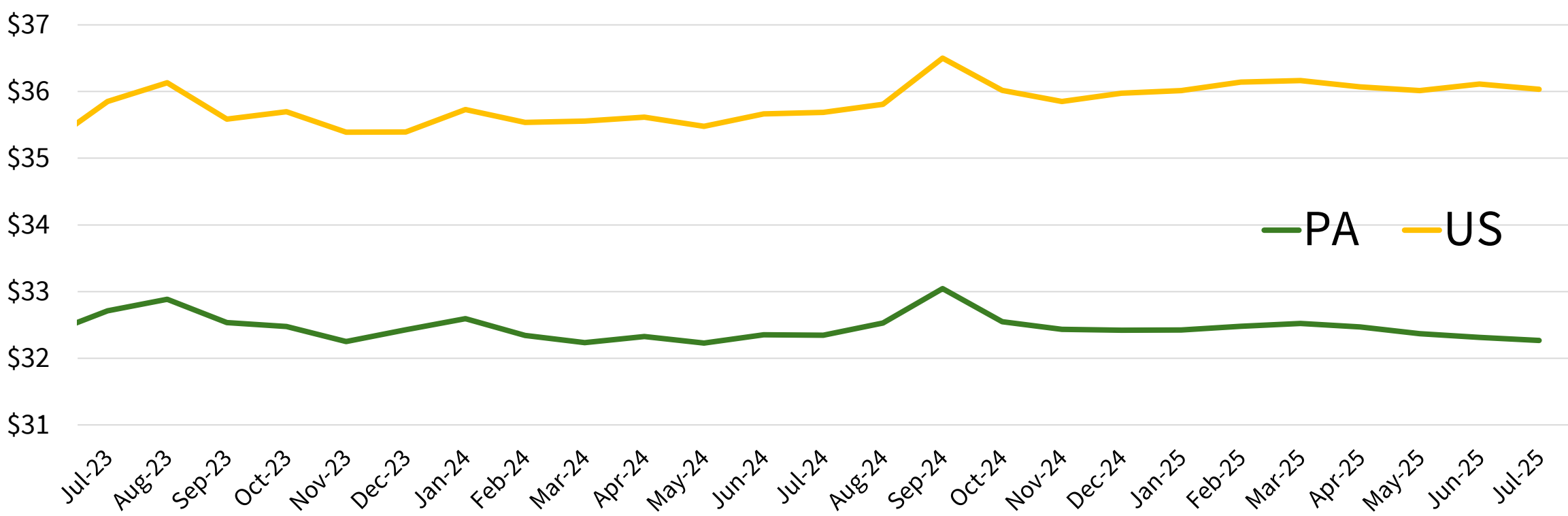
2025

Unemployment rate is creeping up
More slack in the labor market
Hiring is **slower**, so you stay in your current job
You have **less leverage** to negotiate better wages and working conditions



Average Hourly Earnings of All Private Employees

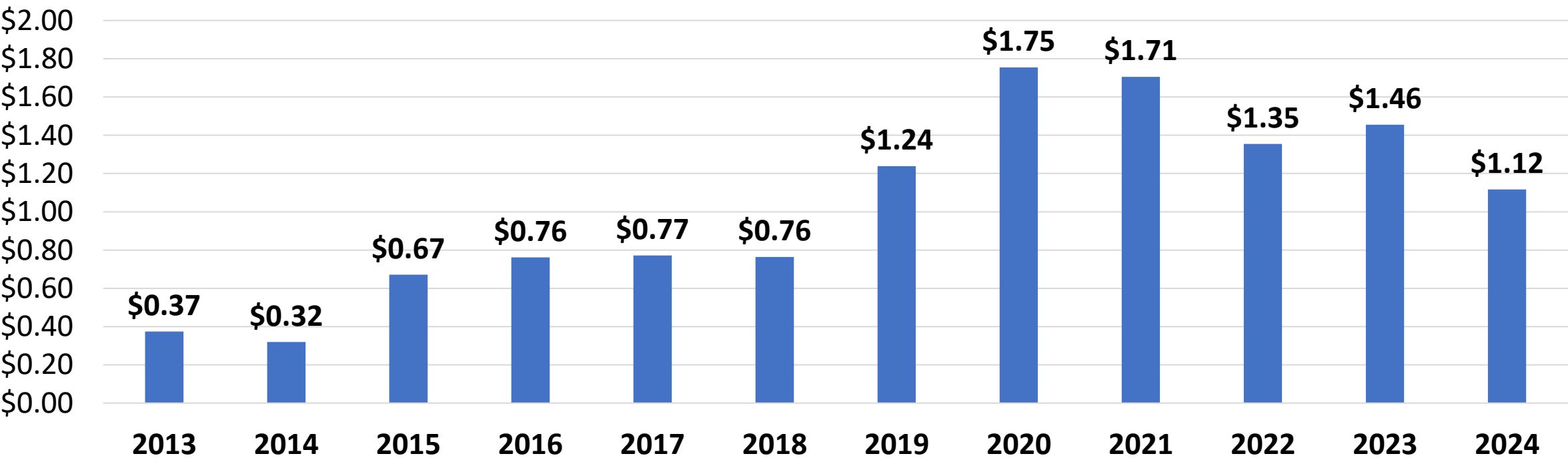
U.S. and Pennsylvania, Inflation Adjusted, July 2025-July 2025



Source: Keystone Research Center Analysis of U.S. Bureau of Labor Statistics data retrieved from FRED, Federal Reserve Bank of St. Louis Data Series CEU0500000003 and SMU42000000500000003. Inflation adjusted

The Gap Between the Wages of Pennsylvania's Bottom 10 Percent and the Neighboring Region is More Than Double What it Was Ten Years Ago

Dollar Difference of a Four-State Region and Pennsylvania's 10th Percentile Wages, 2014-2024



Note: States included in the neighboring regions are New York, Delaware, New Jersey, and Maryland. Weighted regional wages are based on seasonally adjusted total nonfarm jobs numbers from the Current Establishment Survey, Table 5, <http://www.bls.gov/news.release/laus.t05.htm>, provided by the Economic Policy Institute.

Source: Keystone Research Center analysis of Current Population Survey microdata accessed from the EPI State of Working X Data Library

The State of Inflation

- Annual inflation was
 - 2.3% in April
 - 2.7% in July
- Prices have dropped for some staples, but others have risen.
- Federal Reserve projection for inflation went from 2.1% to 3%

The price of beef is at an all-time high.

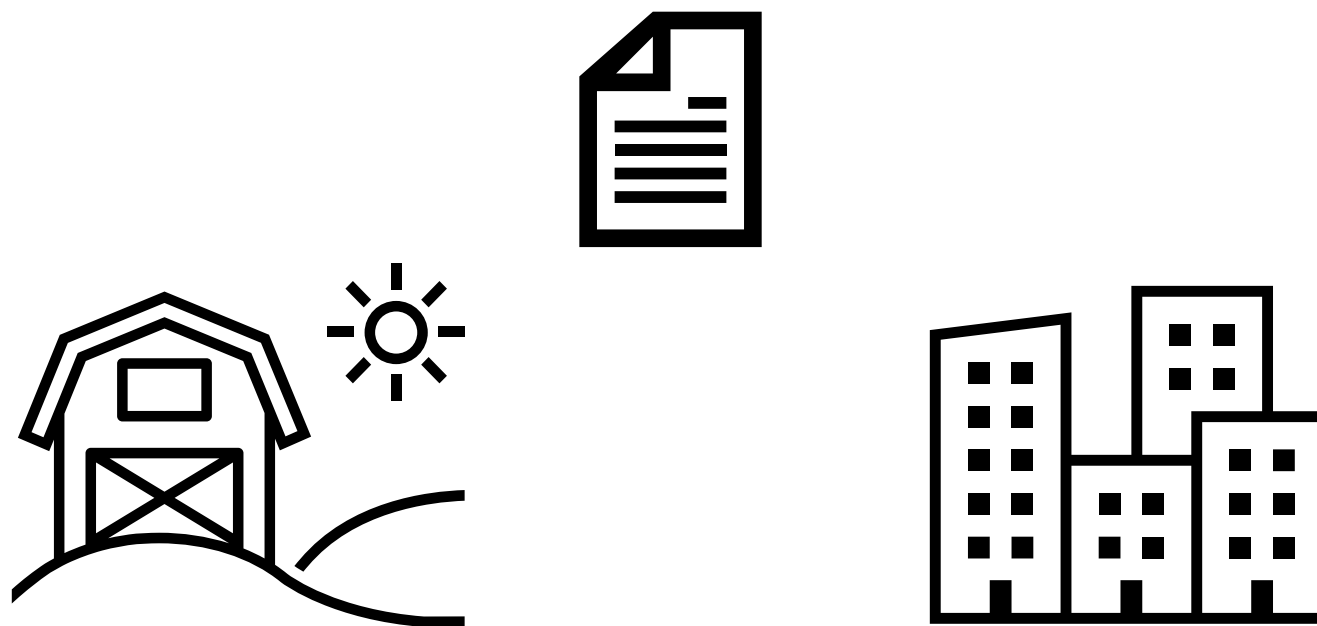


Line chart data source: Bureau of Labor Statistics, all uncooked ground beef, per lb. Series ID: APU0000FC1101

The State of Unions

- Evidence from high-union density states show that unions and collective bargaining increase workers wages and benefits.
- In recent years, Pennsylvania has seen substantial new union organizing – e.g., at Whole Foods, UPMC Magee, Starbucks, and across higher education.
- Current organizing comes in the context of very high approval ratings for unions, especially among young workers.
- The “union contagion effect” may provide a path forward for a big wave of union organizing.

Policies to Sustain Stability in an Uncertain Economy

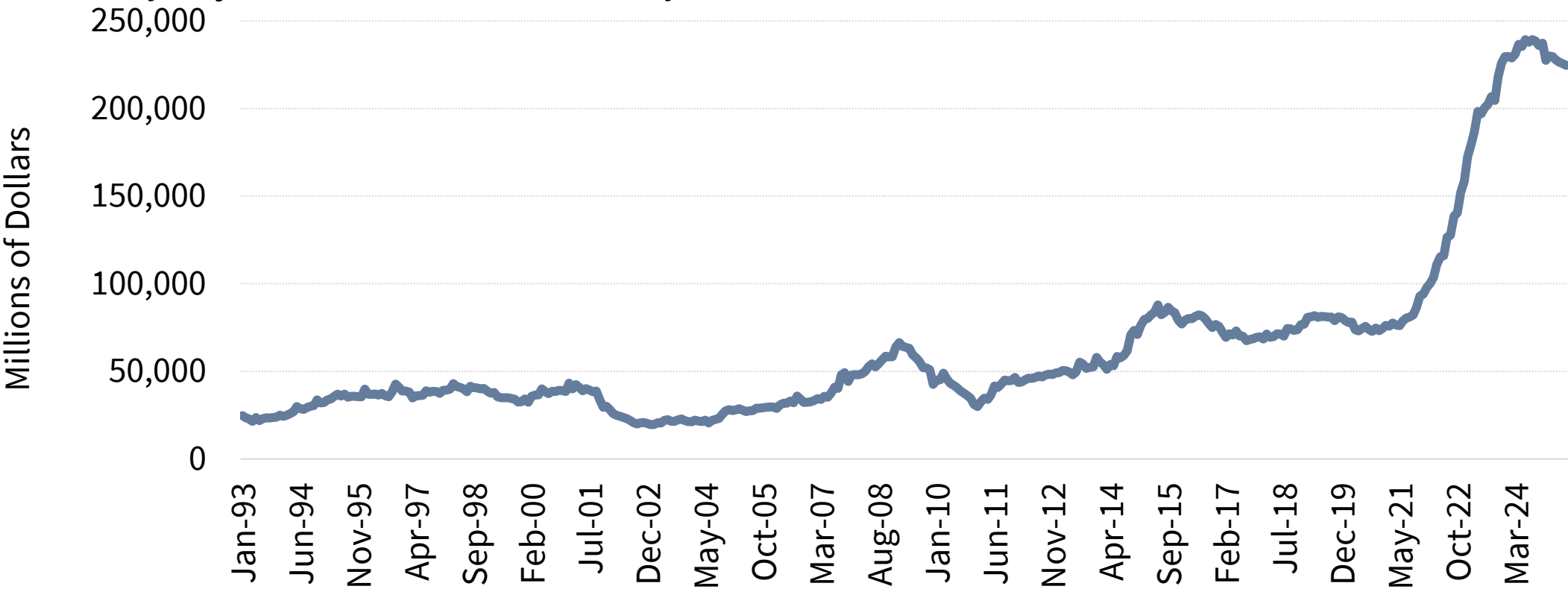


Whodunnit? What Explains Workers Loss of Leverage

- The prime suspect that explains the reduction in workers' leverage – federal policy, including tariffs and the initial cuts in clean economy subsidies.
- We've seen an unprecedented assault on unions including federal worker layoffs, stripping federal workers of union rights, and efforts to under the National Labor Relations Board.
- We'll see much bigger impacts from shifts in federal policies in the future.
- But rather than simply watch those impacts unfold, we need another shift in policy.

Total Private Construction Spending on Manufacturing in the United States

Seasonally Adjusted Annual Rate, January 1993-June 2025



Source: Keystone Research Center analysis of data from U.S. Census Bureau, Total Construction Spending: Manufacturing in the United States, Federal Reserve Bank of St. Louis series: PRMFGCONS

Policy Solutions

- Pennsylvania should increase its minimum wage.
- Congress should extend IRA tax credits back to the original deadlines
- States, localities, and federal lawmakers need to use the bully pulpit to have the back of organizing workers; and to lay the groundwork for future policy change to strengthen workers' rights.



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