

STATE OF WORKING PENNSYLVANIA



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Keystone Research Center

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Keystone Research Center (KRC) was founded in 1996 as an independent, nonpartisan research and policy organization to broaden public discussion on strategies to achieve a more prosperous and equitable Pennsylvania economy. Since its creation, KRC has become a leading source of independent analysis of Pennsylvania's economy and public policy. KRC is located at 412 North Third Street, Harrisburg, Pennsylvania 17101-1346. Most of KRC's original research is available on the KRC website at www.keystoneresearch.org. KRC welcomes questions or other inquiries about its work at info@keystoneresearch.org.

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Executive Summary

As we approach Labor Day 2026, Pennsylvania's economy shows real but increasingly fragile progress. Pennsylvania continues to add jobs, unemployment remains relatively low, and workers across the wage distribution earn more money than they did a decade ago. Yet job growth has slowed, worker leverage has weakened, and the gains seen in the strong pandemic recovery have begun to unravel for many Pennsylvanians, especially Black and Hispanic workers.

The strong recovery did not happen automatically. Federal relief sustained families and communities through the pandemic, while investments in infrastructure, clean energy, and manufacturing supported job growth and private investment. A tight labor market gave workers more power to seek better jobs and higher pay. The latest data show that Pennsylvania has retained important economic strengths, but the foundation is beginning to show cracks.

- Federal data changes and disruptions are making it harder to assess Pennsylvania's economy promptly and accurately.
- Pennsylvania added 31,900 nonfarm jobs from July 2025-July 2026, an increase of 0.5%. That annual gain was smaller than earlier in the recovery. Growth was also uneven: education and health services and leisure and hospitality added jobs, while government, construction, and trade/transportation and utilities lost jobs over the last year.
- The labor market remains relatively healthy, but warning signs have increased. Pennsylvania's unemployment rate averaged 4.2% from January 2025 through July 2026, up from 3.8% during the 18 months before. Black and Hispanic unemployment reached 6.5% and 8.7% (12 month moving average) by July 2026, compared to 3.1% for white workers.
- Workers have fewer opportunities and less leverage than they did earlier in the recovery. Pennsylvania's job-openings, hires, and quits rates declined from their pandemic-recovery peaks. The state averaged 0.6 unemployed workers per job opening from May 2021 through September 2024, but the ratio reached 1.2 by December 2025, meaning that unemployed people outnumbered available jobs.
- Pennsylvania workers made meaningful real wage gains over the last decade, with some of the largest percentage increases near the bottom of the wage distribution. From 2016-2025, real wages rose at every measured percentile. The wage at the 20th percentile increased by 25.4%, but those gains have not eliminated deep inequality. Substantial gaps persist by gender, race, and ethnicity.
- Families continue to face higher prices for necessities. Electricity prices are a growing concern, and data center expansion could increase rates paid by Pennsylvania residents unless existing customers are protected. Emerging practices such as "surveillance pricing"—through which corporations charge more to individuals by exploiting data on their past purchasing behavior—also require stronger consumer protections.
- Unions remain essential to converting economic growth into broadly shared prosperity, but Pennsylvania's estimated union coverage rate fell from 14.2% in 2023 to 11.7% in 2025.

Public support for unions remains high, however, and workers continue to organize across the state. Penn State faculty voted 2,510-847 to unionize in May 2026. Employer opposition, delays in reaching first contracts, and weakened federal labor enforcement continue to make organizing difficult.

Pennsylvania cannot fully replace lost federal investments or protections, but state policymakers can act before warning signs become a crisis. Pennsylvania should protect families from rising costs, strengthen access to health care and food assistance, raise the minimum wage, and prevent new technologies from setting discriminatory prices. Pennsylvania should also strengthen workers' ability to organize, attach labor standards to public investments, and ensure that workers affected by industrial and technological change have access to training and good careers.

Pennsylvania also needs a worker-centered strategy for its next economy. Major development decisions should be judged by whether they create and sustain good jobs, strengthen Pennsylvania's productive capacity and economic leadership, and leave workers and communities better off after all costs are considered. That worker-centered framework warrants aggressive efforts to secure the next generation of steelmaking in Pennsylvania while requiring data centers to demonstrate that their employment and economic benefits justify their high demands on electricity, water, land, and other infrastructure. Public dollars should purchase lasting public value.

"The State of Working Pennsylvania 2026" tells a story of progress that is real but fragile. Choices made now will determine whether Pennsylvania builds on the gains of the early pandemic recovery to create an economy that delivers for working families.

Good Policy Starts with Good Data

Economic data are essential to understanding how Pennsylvania's economy and the national economy are performing. Policymakers use data to draft proposals, develop budgets, evaluate public programs, and shape and respond to changing economic conditions. Businesses use data to make hiring and investment decisions. Researchers, journalists, and the public use data to understand whether workers' wages keep pace with inflation, whether unemployment rises or falls, and which industries grow and contract.

The economic indicators presented in this report come from several public statistical agencies, including the Bureau of Labor Statistics (BLS), the U.S. Census Bureau, and the Bureau of Economic Analysis (BEA). These agencies provide critical information needed to monitor the health of the economy and evaluate how families are faring.

It has become more difficult to produce timely, detailed, and comprehensive measures of the economy in recent years. The COVID-19 pandemic disrupted data collection and lowered



response rates for major federal surveys.¹ Government shutdowns, delayed data releases, reductions in federal surveys and statistical products, and budget and staffing pressures at federal agencies have limited the information available to the public.² Researchers and policymakers have watched as some important data indicators covering labor have been published less frequently or with less geographic detail.³ These changes reduce our ability to identify meaningful developments in the U.S. and Pennsylvania economies.

Throughout this report, you'll note gaps in certain line charts and find that some indicators we've previously presented are not included. For example, BLS now publishes monthly state-level estimates from the Job Openings and Labor Turnover Survey (JOLTS) only once a year rather than through monthly releases, making them unavailable for timely analysis. The gaps in these charts and the loss of timely state-level indicators illustrate how federal decisions and disruptions have affected important public data resources.

These changes and challenges do not necessarily mean that federal economic data are generally unreliable. But they do mean that policymakers, researchers, business owners, and you, reader, now may have less complete or timely information.

Reliable economic data are a critical public good. At a time of heightened economic and job-market uncertainty, we need a strong federal statistical system. It is essential to make sure that policy decisions are based on the best available evidence rather than incomplete information.

Gross Domestic Product (GDP)

One of the key economic indicators we track is the gross domestic product (GDP), a measure of the value of goods and services produced in Pennsylvania and across the nation. After the volatility during the COVID-19 pandemic, Pennsylvania and national GDP have returned to a more typical range. Pennsylvania's GDP grew 3% between the first quarter of 2025 and the first quarter of 2026 (Figure 1).

¹ Census Bureau Announces Changes for 2020 American Community Survey 1-Year Estimates: <https://www.census.gov/newsroom/press-releases/2021/changes-2020-ac-s-1-year.html>

² U.S. Bureau of Labor Statistics "Revised news release dates following the 2025 and 2026 lapses in appropriations": <https://www.bls.gov/bls/2025-lapse-revised-release-dates.htm> and Ken Poole, "Proposed Federal Budget Signals Cuts to Core Economic Data Capacity," The Council for Community and Economic Research June 6, 2025: <https://www.c2er.org/2025/06/proposed-federal-budget-signals-cuts-to-core-economic-data-capacity/>. For an overview of some cutbacks in federal data collection, see Victoria Hunter Gibney & Cara Brumfield, "Federal Data Are Disappearing as Statistical Agencies Face Budget Cuts and Political Pressure," Center on Budget and Policy Priorities, September 29, 2025; <https://www.cbpp.org/research/poverty-and-inequality/federal-data-are-disappearing-as-statistical-agencies-face-budget>.

³ Changes to the State JOLTS News Release: <https://www.bls.gov/jlt/notices/2025/jltst-upcoming-change.htm>

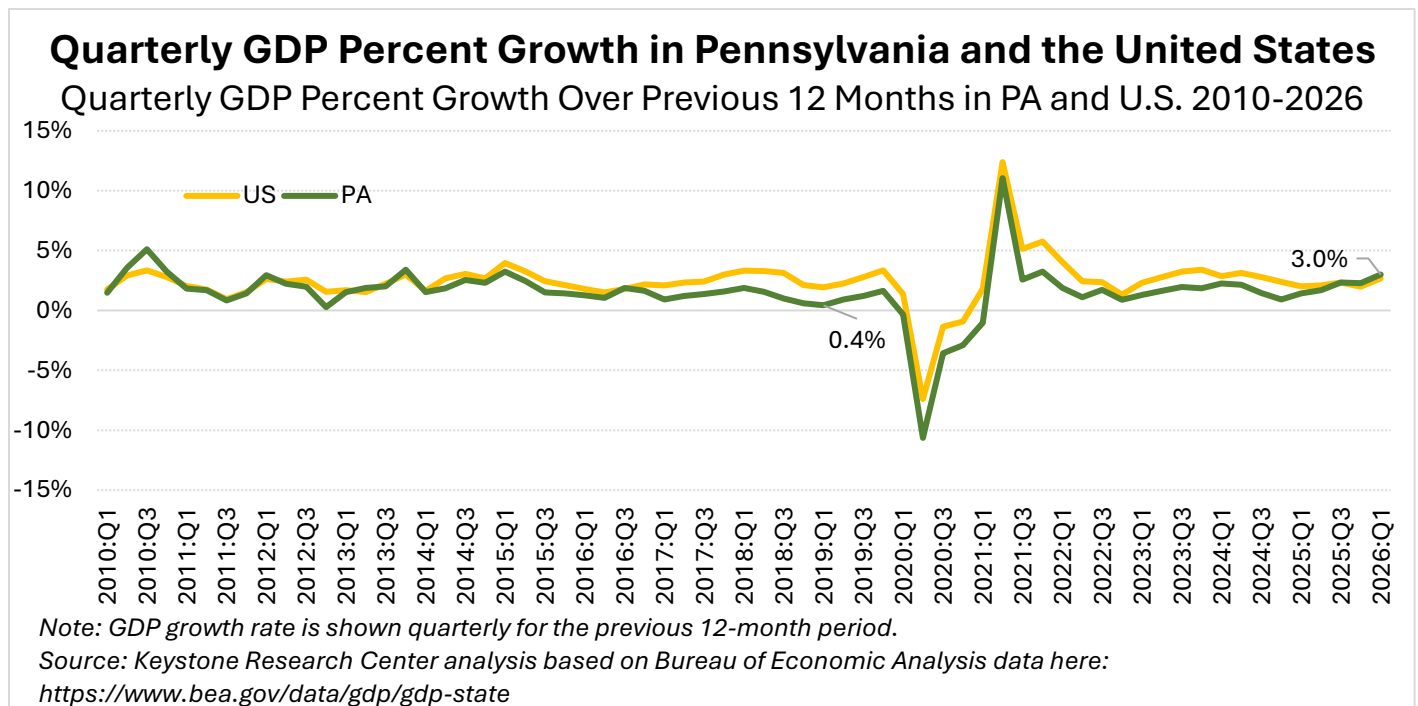


Figure 1

Over the past five years, Pennsylvania's real GDP has grown, but more slowly than the nation's, consistent with Pennsylvania's slower population and employment growth (Figure 2). From the first quarter of 2021 to the first quarter of 2026, real GDP increased 10.2% in Pennsylvania, compared with 14.7% nationwide. Although Pennsylvania's GDP closely tracked the national upward trajectory, the gap began to widen after late 2022 and reached 4.5 points by early 2026.

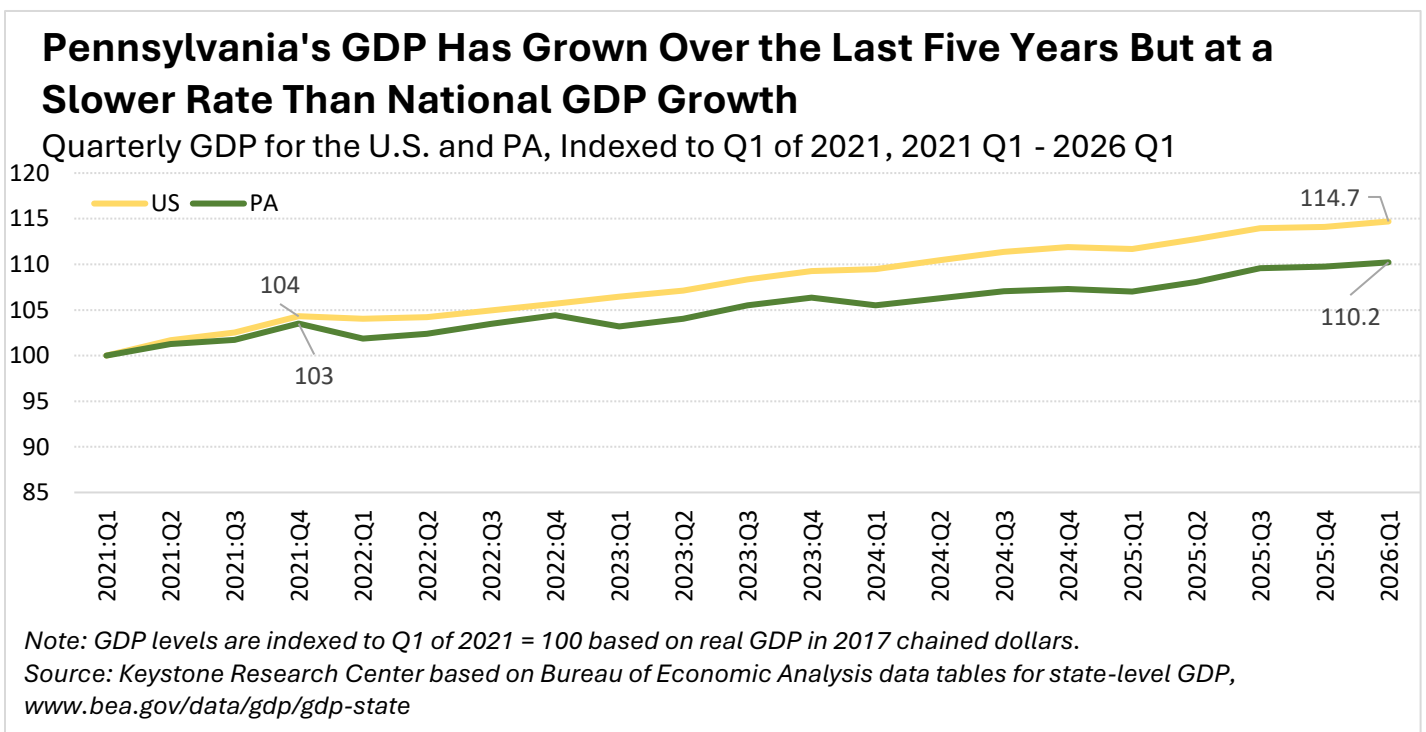


Figure 2

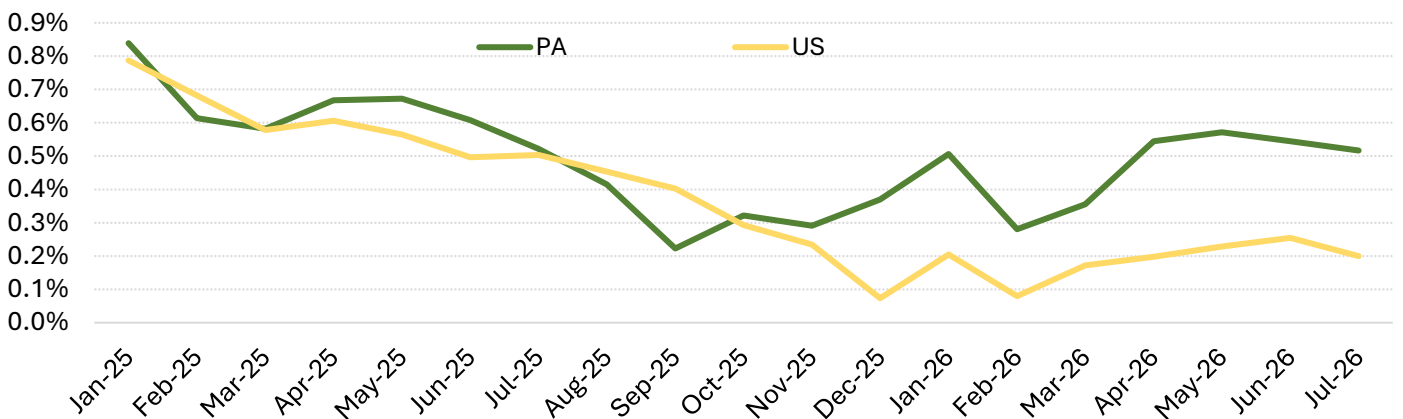
Nonfarm Jobs, Employment and Labor Force

Pennsylvania continued to add jobs in the last year but more slowly than earlier in the recovery from the pandemic recession. Pennsylvania added 31,900 nonfarm jobs between July 2025 and July 2026, an increase of just 0.5%. Over the last 18 months, from January 2025 to July 2026, Pennsylvania added 34,700 jobs. This compares with 54,100 jobs in the 18 months from January 2024 to July 2025.

As in last year's report, Pennsylvania's job growth outpaced growth nationwide (Figure 3). This is not usually the case: as noted above, Pennsylvania's slow population and labor force growth result in job growth that is usually about half the U.S. average. For example, the U.S. now has 21% more jobs than at the start of 2000 whereas Pennsylvania has 10% more. From October 2025 through July 2026, however, Pennsylvania's year-over-year job growth rate remained above the national rate. Year-over-year growth slowed in both Pennsylvania and the United States during much of 2025, particularly between January and October. The slowdown occurred amid heightened economic uncertainty, which may have led employers to be more cautious about hiring. It also occurred after federal cuts to clean energy and manufacturing investment (see Box 1). A third factor is the escalation of immigration enforcement: this expanded enforcement may have contributed to both the decline in job growth in Pennsylvania and the U.S. and the relatively better performance of Pennsylvania job growth vs. U.S. recently. Pennsylvania has a smaller share of foreign-born workers, and immigration enforcement has likely reduced the size of the Pennsylvania workforce by a smaller percentage.⁴ (See Box 2)

Pennsylvania's Job Growth Has Exceeded U.S. Job Growth Since October 2025

Pennsylvania and U.S. 12-Month Employment Growth



Note: Each month shows PA and U.S. job growth over the past 12 months. For example, January 2025 shows PA and U.S. job growth from January 2024 to January 2025.

Source: Keystone Research Center analysis based on Bureau of Labor Statistics Current Establishment Survey

Figure 3

⁴ For one discussion of the employment impacts of the immigration crackdown, see Marcela Escobari, Ian Seyal, and Paul Beach, "Shock, awe, and economic fallout: The employment effects of ICE enforcement in U.S. cities," Brookings, May 29, 2026; <https://www.brookings.edu/articles/ice-enforcement-employment-effects-us-cities/>.

Federal Cuts to Clean Energy and Manufacturing Investment

U.S. Census Bureau data show that private construction spending in U.S. manufacturing has fallen dramatically since late 2024 (Box Figure 1). This investment dip has been associated with a decline in manufacturing jobs. In July 2026, U.S. manufacturing employment was 264,000 below its January 2024 level.^a

Total Private Construction Spending: Manufacturing in the U.S.

Millions of Dollars, Seasonally Adjusted Annual Rate



Source: Keystone Research Center analysis of U.S. Census Bureau data for Total Private Construction Spending: Manufacturing in the United States [PRMFGCONS], retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/PRMFGCONS>

Box Figure 1

Data for private construction spending in manufacturing do not exist for Pennsylvania only. However, Rhodium/MIT Clean Investment Monitor does have state-level data on categories of investment boosted by federal policies in 2021 and 2022 but potentially hurt by policy reversals in 2025 (e.g., the cuts to Inflation Reduction Act clean energy investment in the “One Big Beautiful Bill” act). A recent analysis found that across Pennsylvania, Ohio, West Virginia, and Kentucky, clean energy and manufacturing investments in the second quarter of 2026 were well below the peaks reached during 2024.^b The collapse in clean energy investment is one factor slowing the national economy.

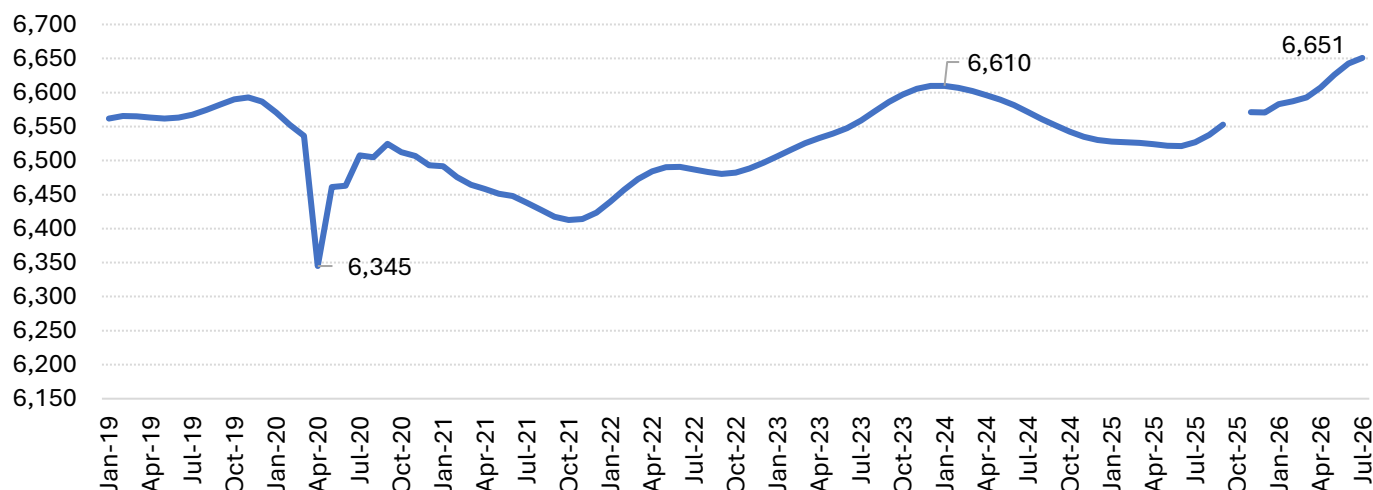
^a U.S. Bureau of Labor Statistics, All Employees, Manufacturing [MANEMP], retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/MANEMP>

^b Diana Polson and Stephen Herzenberg, Reimagine Appalachia: “The U.S. Manufacturing Investment Boom From 2022-24 Has Turned Into a Bust: Appalachia’s Clean Energy and Manufacturing Investments Also Remain Below Their Peak”. August 20, 2026. <https://reimagineappalachia.org/the-u-s-manufacturing-investment-boom-from-2022-24-has-turned-into-a-bust-appalachias-clean-energy-and-manufacturing-investments/>

Pennsylvania's labor force reached 6.61 million people in January 2024 before declining through much of 2024 and the first half of 2025. It then rebounded, reaching 6.65 million in July 2026. This was an addition of about 41,000 people to the labor force, about 0.6% above its January 2024 level (Figure 4). Although the recent gains pushed Pennsylvania's labor force higher, much of that increase represents a recovery from the earlier decline, leaving net labor-force growth relatively modest over the full period.

Pennsylvania's Labor Force Recovers After Declining in 2024 and 2025

Pennsylvania Labor Force in Thousands of Workers



Source: Keystone Research Center analysis of data from Local Area Unemployment Statistics (LAUS) Table 1: www.bls.gov/news.release/laus.t01.htm

Figure 4

Box 2 How Immigration Enforcement Shrinks Employment Beyond Those Directly Targeted

Increased immigration enforcement can negatively affect U.S.-born workers as well as immigrants. Research comparing areas that experienced sharp increases in Immigration and Customs Enforcement (ICE) arrests with otherwise similar areas found that employment declined among immigrants, many of whom have work authorizations or green cards, likely reflecting a chilling effect that discouraged some from going to work. Employment also declined among U.S.-born men, particularly those without a college degree and those working in industries heavily reliant on immigrant labor. When employers abruptly lose workers, they may reduce production, delay projects, or eliminate jobs. Enforcement can also reduce consumer spending and weaken demand within local economies.

The Immigration Research Initiative (IRI) modeled what these effects could mean for Pennsylvania under a scenario in which ICE arrested 1% of immigrant men considered most at risk. IRI projects 1,300 arrests, an employment decline among an additional 4,000 immigrant men, and employment losses for approximately 16,800 U.S.-born men.[°] These projections illustrate how immigration enforcement can shrink the workforce and weaken local economies through direct removals, fear-driven labor withdrawal, business disruption, and reduced consumer spending.

[°] Immigration Research Initiative report published July 27, 2026. "ICE Arrests Result in a Decline in Employment: State-Level Projections". For a further breakdown of the data, please see: <https://immresearch.org/reports/ice-arrests-result-in-a-decline-in-employment-state-level-projections/>

Pennsylvania’s overall job gains hide substantial differences across industries (Figure 5). Between July 2025 and July 2026, employment in leisure and hospitality increased by 2.6%, and education and health services grew 1.8%. Employment fell in construction, trade/transportation and utilities, and government.

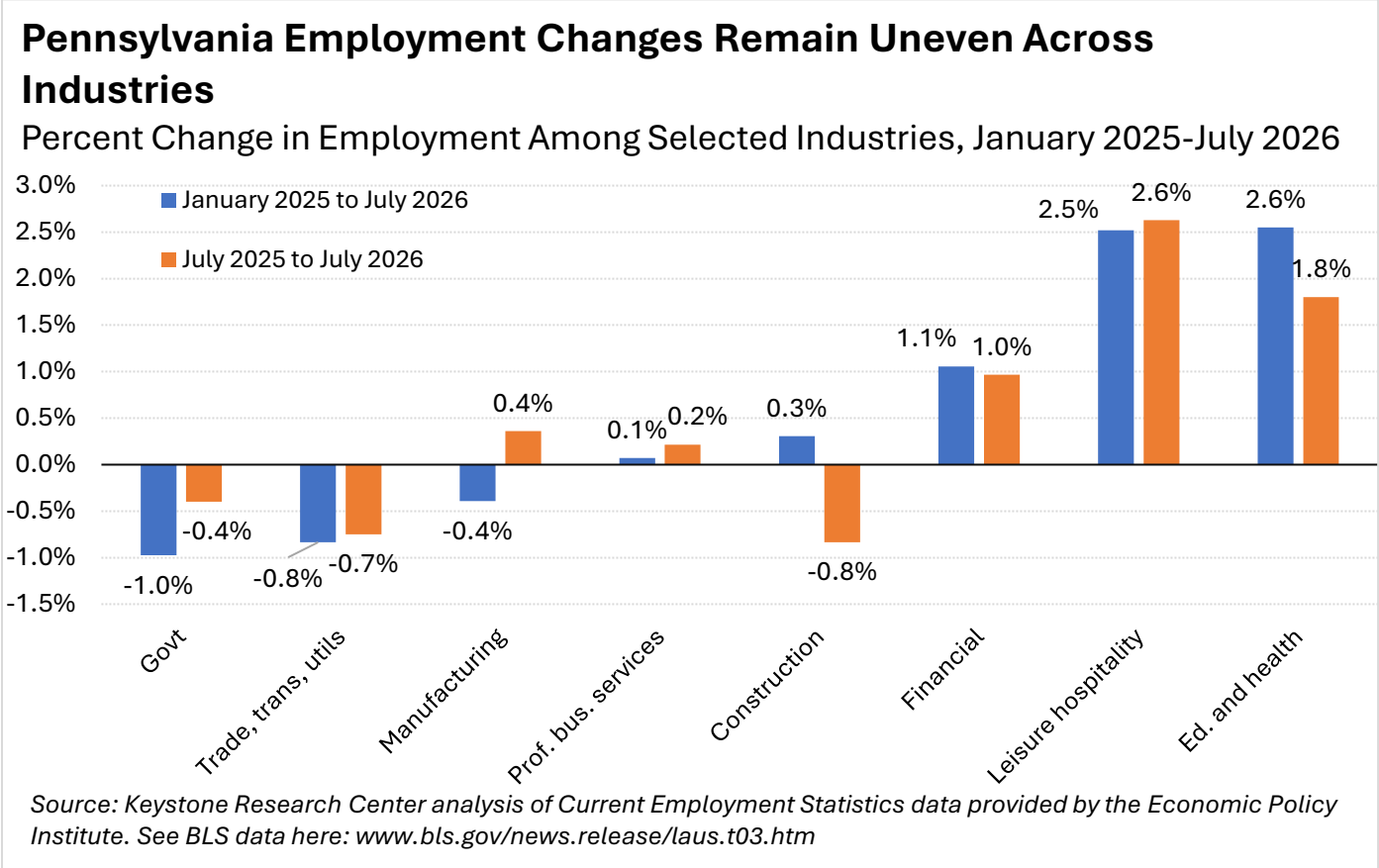


Figure 5

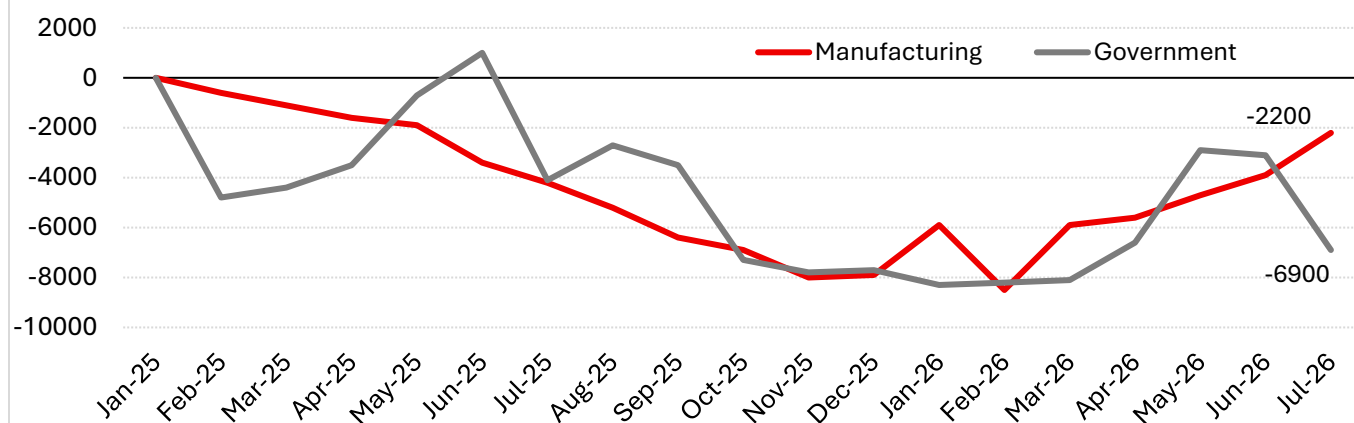
Government and manufacturing have been two important sectors of Pennsylvania’s economy in which employment remained below January 2025 levels (Figure 6). Government employment changed considerably over the period, and by July 2026, Pennsylvania had 6,900 fewer government jobs than in January 2025.

Manufacturing employment, despite some modest gains starting in March 2026, declined through most of 2025 and fell again in February 2026. Although the sector added jobs between March and July 2026, manufacturing employment remained 2,200 jobs below its January 2025 level. Although employment data alone cannot establish the cause of a decline, declines in both

government and manufacturing employment occurred amid major changes in federal policy and heightened economic uncertainty.

Government and Manufacturing Employment Remain Below January 2025 Levels

Change in PA Employment January 2025-July 2026



Source: Keystone Research Center analysis of Current Employment Statistics data provided by the Economic Policy Institute. See BLS data here: Table 3: www.bls.gov/news.release/laus.t03.htm

Figure 6

Labor-Market Warning Signs and Uneven Progress

Pennsylvania carried some of the pandemic recovery's labor-market momentum into 2025 and 2026, but progress has become increasingly uneven. During the COVID-19 recovery, historically low unemployment rates and stronger job growth expanded employment opportunities, including for groups of workers who have traditionally experienced higher unemployment rates. Since the end of 2024, however, Pennsylvania's unemployment rate has generally been higher than before, despite falling to 3.9% in July 2026, while job growth has remained both modest and uneven across industries. These trends suggest that Pennsylvania's labor market has lost some of its earlier strength.

Unemployment and Underemployment

Pennsylvania experienced historically low unemployment through much of 2022-2024 (Figure 7). For 19 consecutive months (June 2023-December 2024) the state's unemployment rate was at or below the national rate. Measures showing a tight labor market began to weaken in 2025. Pennsylvania's unemployment rate was at or above 4% from January 2025 through June 2026 before falling to 3.9% in July 2026.

Although the July 2026 unemployment rate of 3.9% remained relatively low, unemployment was generally higher during 2025 and the first half of 2026 than during the preceding 18 months, one indication that the exceptionally tight labor market of the pandemic recovery has begun to lose momentum. Pennsylvania's unemployment rate averaged 3.8% during the 18 months from July

2023 through December 2024. Across the 18 months for which estimates are available from January 2025 through July 2026, the unemployment rate averaged 4.2%.⁵

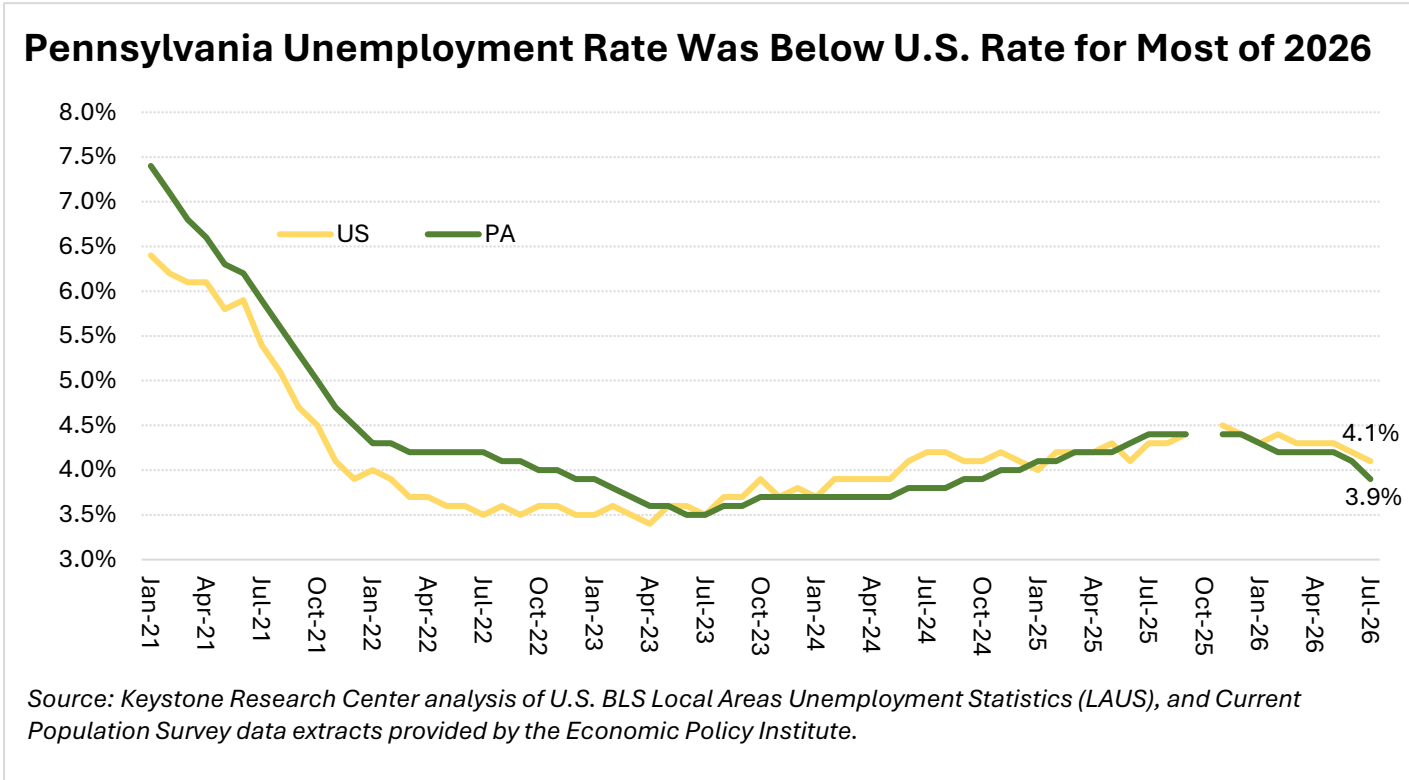


Figure 7

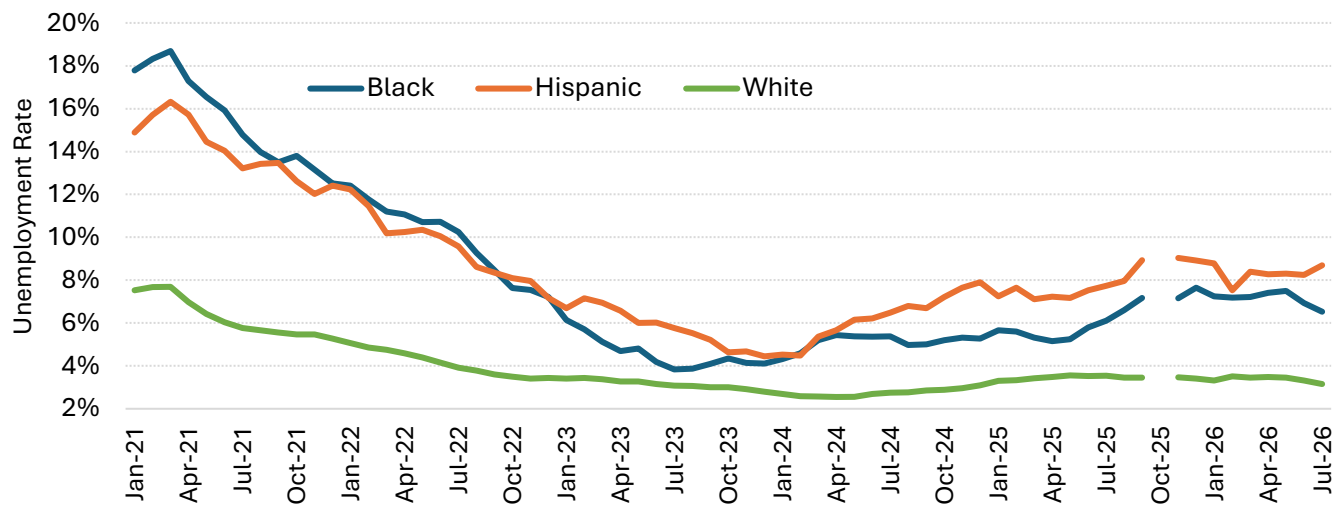
The statewide unemployment rate also masks substantial differences among groups of workers. During the tight labor market from 2022 to 2024, Black and Hispanic workers experienced especially large declines in their unemployment rates (Figure 8). These historically low unemployment rates were consistent with a worker-led labor market in which traditionally disadvantaged workers had more employment opportunities and workers generally had more leverage. The 12-month moving average unemployment rate for Black workers fell to 3.8% in July 2023, while the rate for Hispanic workers fell to 4.4% in December 2023.

Much of the progress in reducing these unemployment rates has now been reversed. By July 2026, the moving average unemployment rate had risen to 6.5% for Black workers and 8.7% for Hispanic workers. The corresponding unemployment rate for white workers was 3.1% in July 2026, substantially below the rates for Black and Hispanic workers.

⁵ No estimate is available for October 2025 because of the government shutdown.

Unemployment Has Risen Sharply for Black and Hispanic Pennsylvanians Since 2023

12-month moving average unemployment rates by race & ethnicity, January 2021-July 2026



Note: Each point represents the average unemployment over the preceding 12 months. October 2025 data were not available due to the government shutdown.

Source: Keystone Research Center based on Economic Policy Institute analysis of Local Area Unemployment Statistics (LAUS) and Current Population Survey (CPS) data, [Unemployment - Unemployment rate - EPI Data Library](#)

Figure 8

Unemployment rates, overall and disaggregated by race and ethnicity, only show part of Pennsylvania's labor-market picture. The official unemployment rate excludes people who want and are available to work and have searched during the past year but not during the most recent four weeks. Economists classify these people as marginally attached to the labor force, and those who have stopped searching because they believe no suitable work is available are classified as "discouraged workers." The unemployment rate also excludes workers employed part time "for economic reasons," people who want and are available for full-time work but cannot find it. To provide a broader view of labor-market conditions, we examine the *underemployment rate*, which includes the unemployed, all people marginally attached to the labor force, and people working part time for economic reasons.

Pennsylvania’s four-quarter moving-average number of discouraged workers declined from 19,000 at the end of 2022 to 8,200 at the end of 2024 (Figure 9). It fell slightly further to 7,900 in the first quarter of 2025 before nearly doubling to 15,300 by the third quarter.

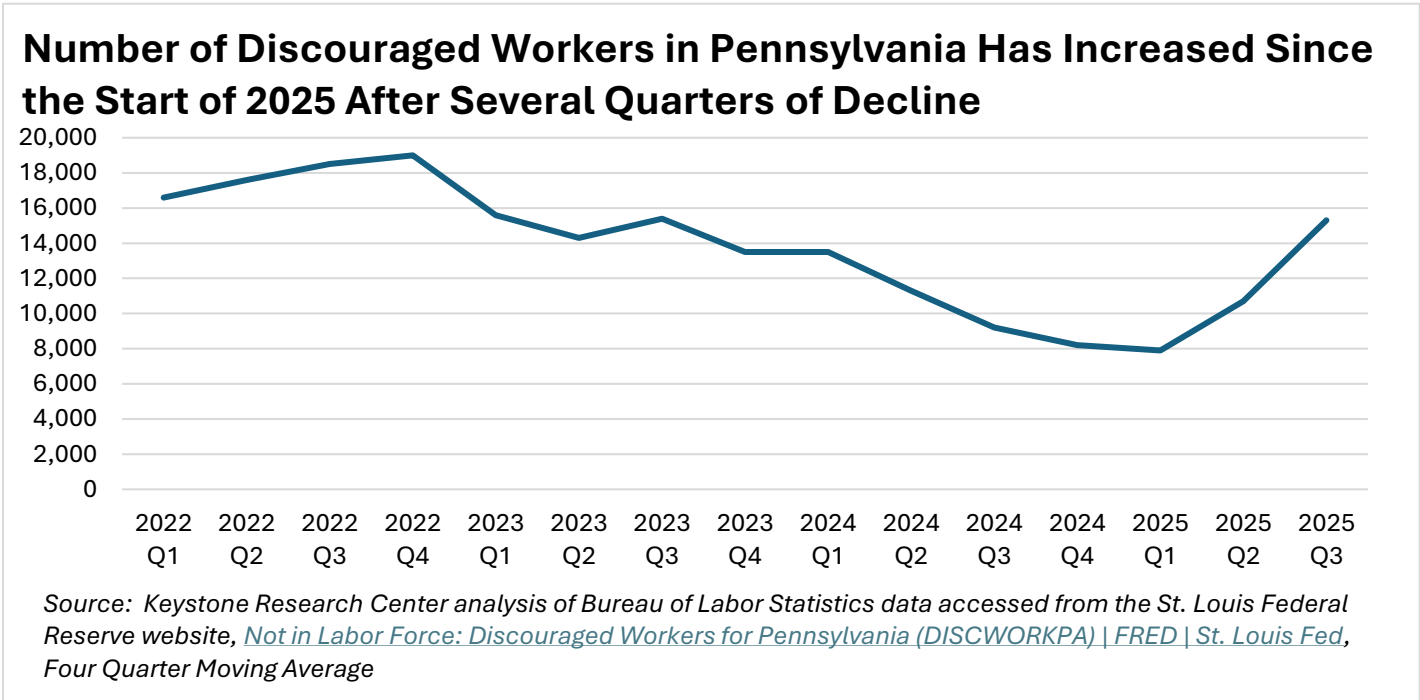


Figure 9

Pennsylvania’s broader underemployment rate also increased. The statewide moving-average rate rose from 6.5% in July 2024 to 7.1% in July 2026. The increase was substantially greater among Black and Hispanic workers. By July 2026, the underemployment rate had reached 11.2% among Black workers and 14.7% among Hispanic workers, compared with 5.5% among white workers.⁶ These differences provide further evidence that the weakening labor market has affected Pennsylvania workers unevenly.

JOLTS and State Data Challenges

The Job Openings and Labor Turnover Survey (JOLTS) is an important source of information about the strength of the labor market. It measures job openings, hires, quits, layoffs and discharges, and other separations. These indicators help show whether employers are seeking and hiring workers, whether workers feel able to leave jobs for better opportunities, and how the number of unemployed people compares with the number of job openings.

All economic indicators are released with some delay, and the effects of policy changes or economic uncertainty may not appear immediately in the data. For example, unemployment can increase when more people begin looking for work and re-enter the labor market, not just when

⁶ Source: Keystone Research Center analysis of Current Population Survey microdata accessed through Economic Policy Institute’s extracts.

workers lose jobs. Comparing the number of unemployed workers with the number of job openings provides an additional measure of labor-market tightness and the opportunities available to job seekers.

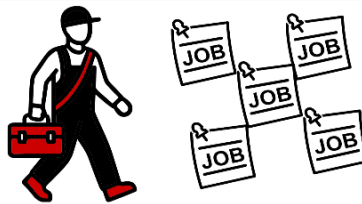
Recent changes to BLS reporting make it more difficult to monitor these conditions in Pennsylvania on a monthly basis. BLS published its final individual monthly state JOLTS release in December 2025. BLS now publishes monthly state estimates for the preceding calendar year in a single annual release rather than releasing state estimates each month. BLS still releases national JOLTS data monthly.

The available state data show a clear loss of labor-market momentum (Figure 10).

From May 2021-September 2024, Pennsylvania had more job openings than unemployed

Workers Have Lost Leverage In The Labor Market

From May 2021-September 2024, Pennsylvania had more job openings than unemployed workers (averaging 0.6 unemployed workers per job opening).



That ratio reached 1.2 by December 2025, showing that Pennsylvania had more unemployed people than job openings.

Source: Keystone Research Center analysis of Bureau of Labor Statistics Job Openings and Labor Turnover Survey (JOLTS) data accessed from https://www.bls.gov/regions/mid-atlantic/news-release/jobopeningslaborturnover_pennsylvania.htm

Figure 10

indicating that this labor market cooling was not limited to Pennsylvania.

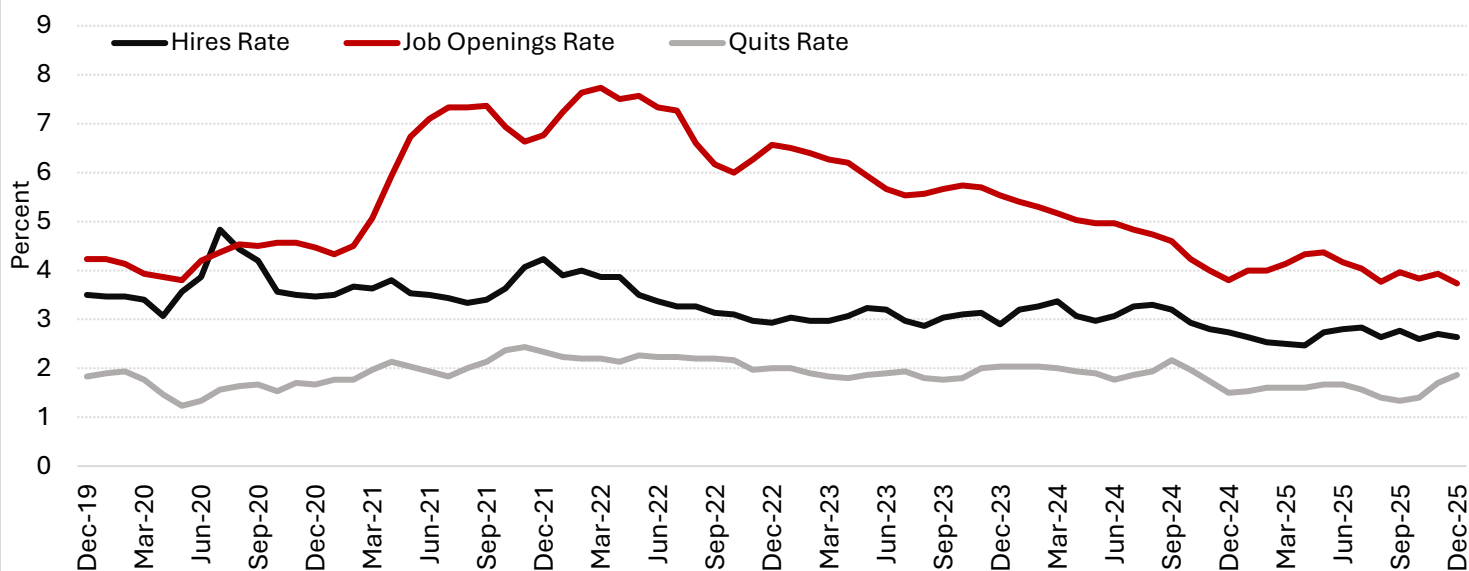
Other JOLTS indicators in Pennsylvania also pointed toward a labor market in which workers had fewer opportunities and less leverage than earlier in the pandemic recovery (Figure 11).

Pennsylvania's job openings rate (the number of job openings divided by the sum of employment and job openings) and hires rate (which equals hires as a percent of employment) declined considerably from their pandemic-recovery peaks and remained comparatively low through the end of 2025. Pennsylvania's comparatively low quit rate (which equals quits as a percent of employment) is also consistent with workers being less confident now than a year or two ago that they can find equivalent or better new jobs.

workers (averaging 0.6 unemployed workers per job opening). That ratio indicates that job openings generally outnumbered people looking for work during this time. That ratio rose above 1.0 after September 2025 and reached 1.2 by December 2025, showing that Pennsylvania had more unemployed people than job openings. Nationally, the ratio remained at or above 1.0 for the first half of 2026,

Pennsylvania's Labor Market Has Cooled As Job Openings and Hiring Rates Have Declined

Seasonally adjusted three-month rolling average rates, December 2019-December 2025



Source: Keystone Research Center analysis of Bureau of Labor Statistics Job Openings and Labor Turnover Survey (JOLTS).

Figure 11

Wages

Wages are one of the clearest measures of whether economic growth is translating to better living standards for working families. Over the last decade, Pennsylvania workers have made meaningful wage gains, including strong percentage gains at the lower end of the wage distribution. Substantial wage gaps still exist by gender, education, and race and ethnicity.

Average Wages

Wage growth is a central challenge as workers face a rising cost of living. In 2025, Pennsylvania's real average hourly wage was \$34.63, down 13 cents from 2024, but still near an all-time high.⁷ The U.S. average hourly wage was \$35.30 in 2025, 67 cents higher than Pennsylvania's average. Between 2016 and 2025, the average real hourly wage in Pennsylvania increased 17%.

Wage Growth Across the Distribution

While average wages are a useful snapshot of the labor market, they can hide important differences in how workers are faring. Looking across Pennsylvania's wage distribution, every measured percentile experienced real wage growth between 2016 and 2025, with some of the

⁷ Current Population Survey extract provided by the Economic Policy Institute.

largest percentage gains occurring near the bottom (Table 1). Between 2016 and 2025, real hourly wages for workers at the bottom of the wage distribution increased substantially; these gains continued during the last year of available data (i.e., between 2024 and 2025). Real hourly wages at the 10th, 20th, and 30th percentiles (the wage thresholds below which 10%, 20%, and 30% of workers fell) were about 21% to 25% higher in 2025 than in 2016. These changes mean that lower-wage workers saw average annual real wage growth of about 2.2%-2.6% per year over this period. Notably, the real hourly wage at the 20th percentile increased from \$13.74 in 2016 to \$17.24 in 2025, while the median wage increased from \$22.75 to \$26.88. These wage gains contrast with the wage stagnation that marked previous decades for low-wage workers.

Pennsylvania Real Hourly Wages by Percentile, 2016-2025									
(In 2025 Dollars)									
	Percentile								
Year	10	20	30	40	50	60	70	80	90
2016	\$11.70	\$13.74	\$16.37	\$19.37	\$22.75	\$26.72	\$32.46	\$40.13	\$53.90
2022	\$13.35	\$16.63	\$19.13	\$21.70	\$25.41	\$29.74	\$36.00	\$45.34	\$60.20
2024	\$14.21	\$16.90	\$19.47	\$22.36	\$25.91	\$31.04	\$37.33	\$46.40	\$62.67
2025	\$14.24	\$17.24	\$19.88	\$22.92	\$26.88	\$31.77	\$37.87	\$46.65	\$62.62
% Change 2016-22	14.1%	21.0%	16.9%	12.0%	11.7%	11.3%	10.9%	13.0%	11.7%
% Change 2022-25	6.7%	3.7%	3.9%	5.6%	5.8%	6.8%	5.2%	2.9%	4.0%
% Change 2016-25	21.7%	25.4%	21.5%	18.3%	18.2%	18.9%	16.7%	16.3%	16.2%
\$ Change 2016-25	\$2.53	\$3.50	\$3.51	\$3.55	\$4.13	\$5.05	\$5.41	\$6.52	\$8.72
Source: Keystone Research Center Analysis of EPI extracts of Current Population Survey data, Deflated using the extended Chained CPI-U									

Table 1

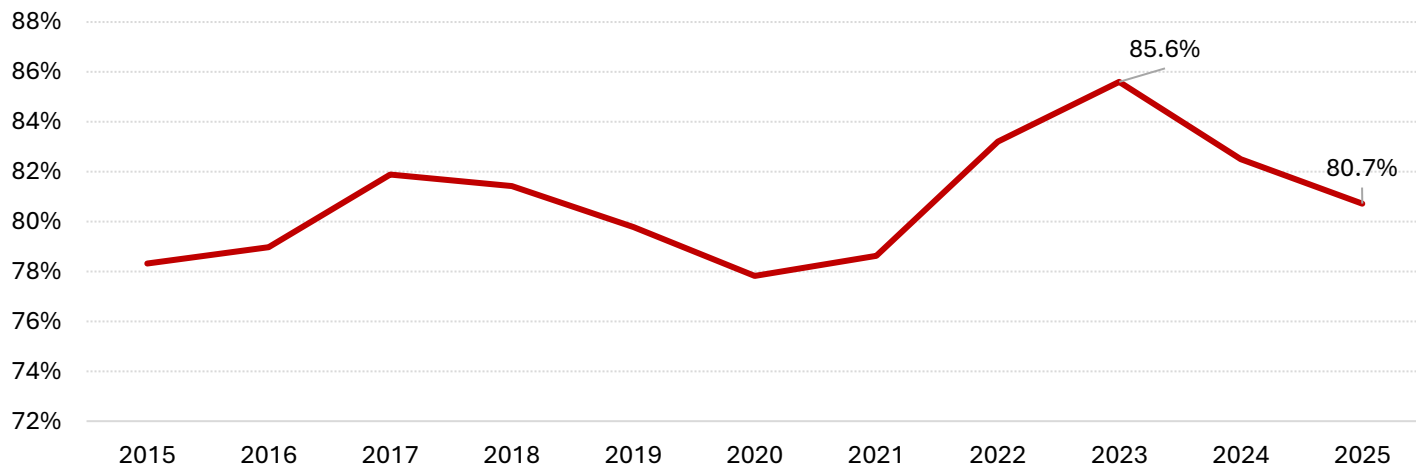
While stronger wage gains among lower-wage workers have modestly reduced wage inequality in Pennsylvania, substantial differences remain. In 2025, the hourly wage at the 90th percentile was \$62.62 per hour, more than four times the \$14.24 earned by workers at the 10th percentile. Although the ratio of the 90th percentile to the 10th percentile has declined slightly over the last decade, the remaining difference shows that stronger than usual percentage growth at the bottom has not done much to reduce wage inequality.

Gender

Wage gains have also differed across demographic groups. Pennsylvania women experienced faster median wage growth than men in the pandemic recovery from 2021 to 2023, but most of that progress has been reversed since 2023 (Figure 12). In 2023, women's median hourly wage was 85.6% of men's median wage. By 2025, that figure had fallen to 80.7%, meaning that women's median wage in 2025 was about \$6 per hour lower than men's median wage.

Progress Toward Closing Pennsylvania's Gender Wage Gap Has Partially Reversed

Women's Median Hourly Wage as a Percent of Men's, Pennsylvania, 2015-2025



Source: Keystone Research Center analysis of Current Population Survey Economic Policy Institute extracts accessed from EPI data library, [Hourly wage, median - Median real hourly wage \(2025\\$\) - EPI Data Library](#)

Figure 12

Education

Educational attainment continues to be strongly associated with higher wages, although workers at every measured education level experienced real wage gains between 2016 and 2025. Wages for workers with less than a high school diploma and those with only some college have increased the fastest since 2016, but the earnings advantage associated with higher levels of education in 2025 remains substantial (Figure 13).

Pennsylvania Real Hourly Median Wage by Education Level, 2025

Less than High School	High School	Some College	Bachelor's Degree	Advanced Degree
\$15.20	\$21.32	\$23.25	\$35.55	\$44.37

Source: Keystone Research Center analysis of Current Population Survey data extracts by the Economic Policy Institute.

Figure 13

Race and Ethnicity

Large racial and ethnic wage disparities persist in Pennsylvania. In 2025, the median hourly wage in Pennsylvania was \$28.07 for white workers, \$22.47 for Black workers, and \$20.17 for Hispanic workers.

Black and Hispanic Pennsylvanians' Median Wages Remain Below 80% of White Median Wage in 2025

Black and Hispanic Median Wages as a Percent of White Median Wage, 1979-2025 (3 Year Average)

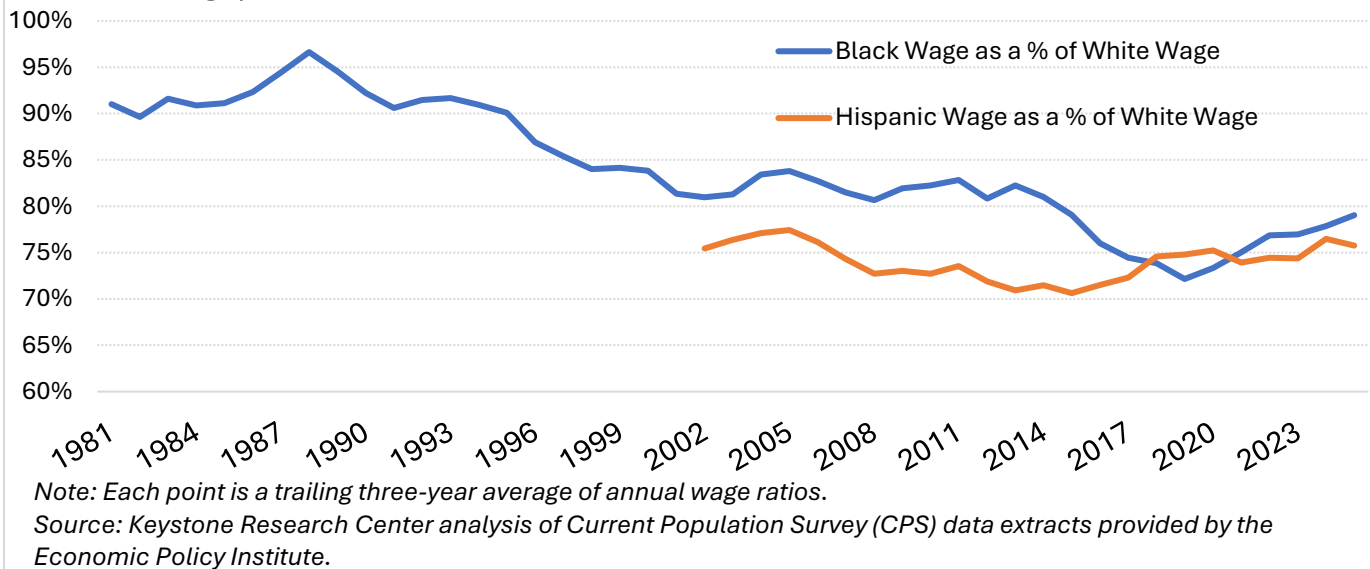


Figure 14

Nationally, the median hourly wage was \$22.04 for Black workers (slightly below the Pennsylvania figure) and \$21.62 for Hispanic workers (\$1.45 above the Pennsylvania figure). Racial and ethnic wage disparities reflect continued differences in occupational opportunities, industry concentration, education, and discrimination, among other factors.

Overall, Pennsylvania workers experienced meaningful real wage gains through 2025. A strong COVID-19 recovery and a recent strong labor market helped lift wages across the distribution, with especially large gains for lower-paid workers. At the same time, stubborn wage gaps by gender and race show that stronger wage growth alone has not translated into an equitable economy. Because the Pennsylvania wage data series ends in 2025, it does not yet show whether the more recent labor-market weakening we've discussed has slowed or reversed wage progress. Nationally, however, real wages for low-wage workers declined slightly in 2025 after several years of unusually strong growth, suggesting that recent gains are not guaranteed to continue.⁸ Continued progress will depend on ensuring that future economic growth produces broadly shared gains for workers across the Commonwealth.

Inflation and Affordability

Although real hourly wages were higher across Pennsylvania's wage distribution in 2025 than they were a decade earlier, that improvement in average purchasing power doesn't necessarily

⁸ Elise Gould and Joe Fast, Economic Policy Institute, "Low-wage workers faced worsening affordability in 2025 as wage growth stalled", Economic Policy Institute, February 2026. <https://www.epi.org/blog/low-wage-workers-faced-worsening-affordability-in-2025/>

translate to greater overall financial well-being and security. Public polling shows that, despite an increase in purchasing power, people don't feel better off financially. In January of 2026, a Gallup poll found that 42% of Americans reported that they feel worse off financially than they did a year earlier, and 42% reported that they feel better off financially (15% reported feeling the same, and 1% had no opinion).⁹



If real hourly wages have increased, why don't workers feel better off?

Inflation measures how quickly the overall price level increases over time. During the COVID-19 pandemic and its aftermath, overall inflation rose rapidly across the United States (Figure 15) and the cost of some necessities rose or became more volatile. Supply chain disruptions, increased consumer demand, labor shortages, and energy market shocks pushed overall inflation to levels not seen in decades. The 12-month Consumer Price Index (CPI), one of the most widely used measures of inflation, reached 9.1% in June 2022. Inflation has since declined substantially from its 2022 peak. Slower inflation, however, does not return prices to their pre-pandemic levels. Instead, prices continue to rise from their now higher level, but at a slower pace.

The Price of Necessities

Not all price increases behave the same way. Some goods and services categories experience temporary spikes that may later reverse, while others tend to rise steadily over long periods.

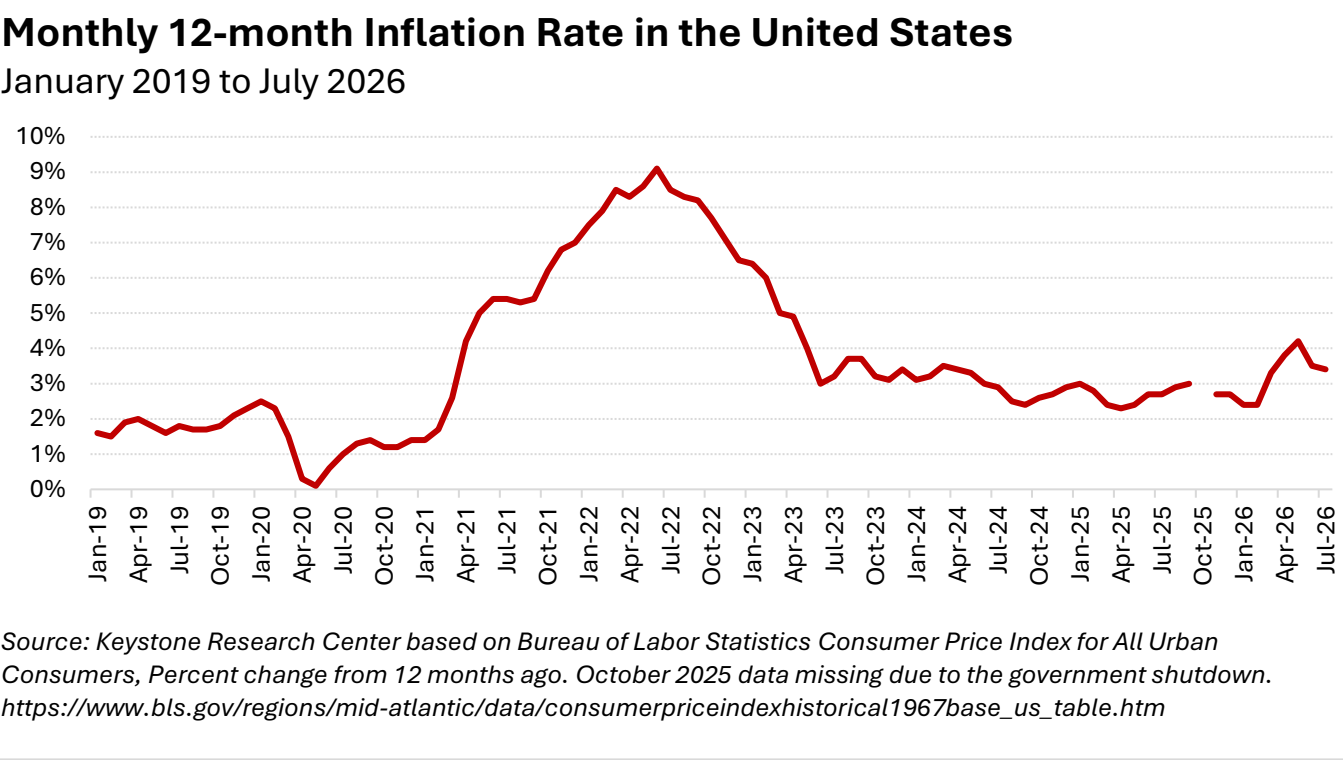


Figure 15

⁹ Gallup, "Personal Financial Situation", historical polling trends, accessed August 2026:
<https://news.gallup.com/poll/1621/personal-financial-situation-index.aspx>

These differences reflect product-specific changes in supply and demand as well as broader economic conditions. Global conflicts, extreme weather, trade and tariff policies, and disease outbreaks can all cause prices for everyday goods to rise or fall.

Figure 16 shows the monthly average U.S. retail prices for three products that have experienced substantial volatility in recent years: Grade A large eggs, regular unleaded gasoline, and ground beef. Gasoline prices can change quickly in response to global oil markets, refinery capacity, weather, and geopolitical events. Egg prices are sensitive to the health and size of U.S. chicken flocks, with recent outbreaks of avian flu contributing to price increases. Beef prices can also fluctuate as drought, herd sizes, and trade policies affect the supply and cost of beef. Alongside price volatility, Figure 16 shows that ground beef costs 57% more than five years ago. Eggs, even with recent price drops, cost a third more, and unleaded gasoline costs 23% more.

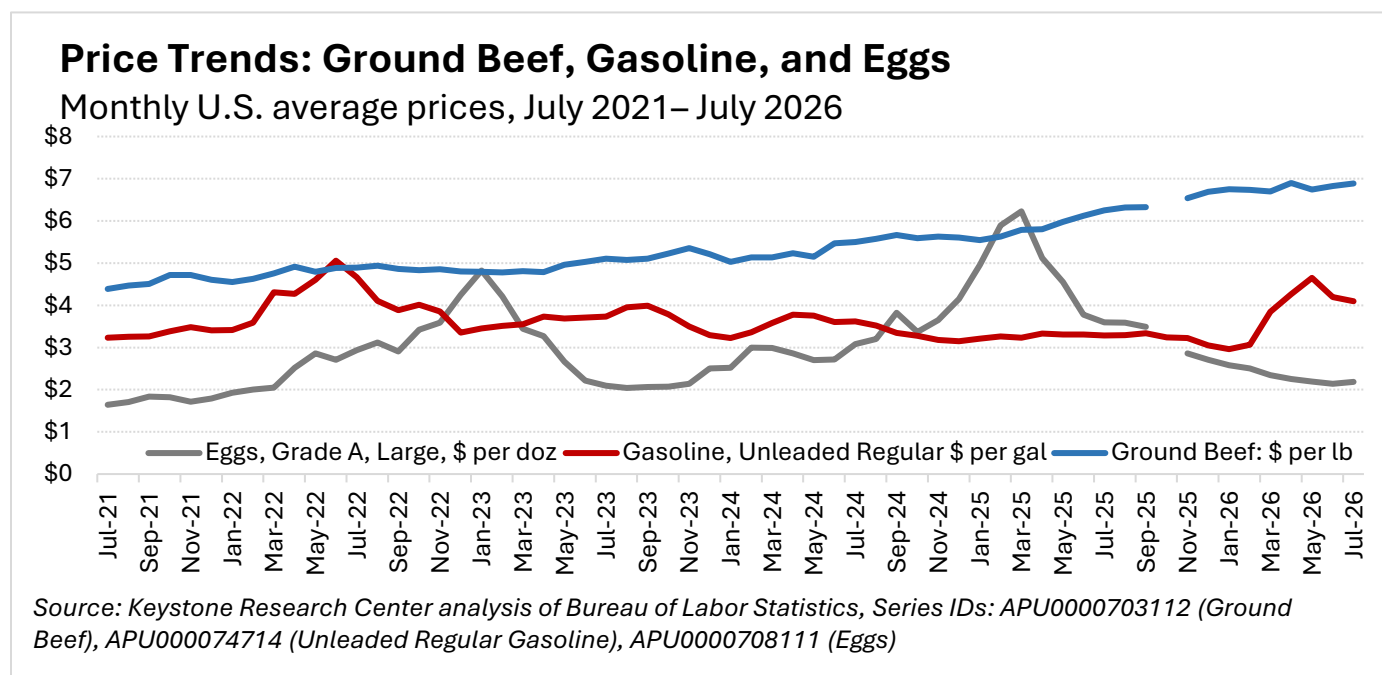


Figure 16

Electricity

From January 2020 to June 2026, the average residential electricity *price* (measured in cents per kWh) increased 59% in Pennsylvania and 44% nationally.¹⁰ Pennsylvania’s price generally tracked the national average until mid-2022, when it began rising faster (Figure 17). The average monthly residential electricity *bill* in Pennsylvania increased by 51.4% from July 2021 to July 2026.¹¹

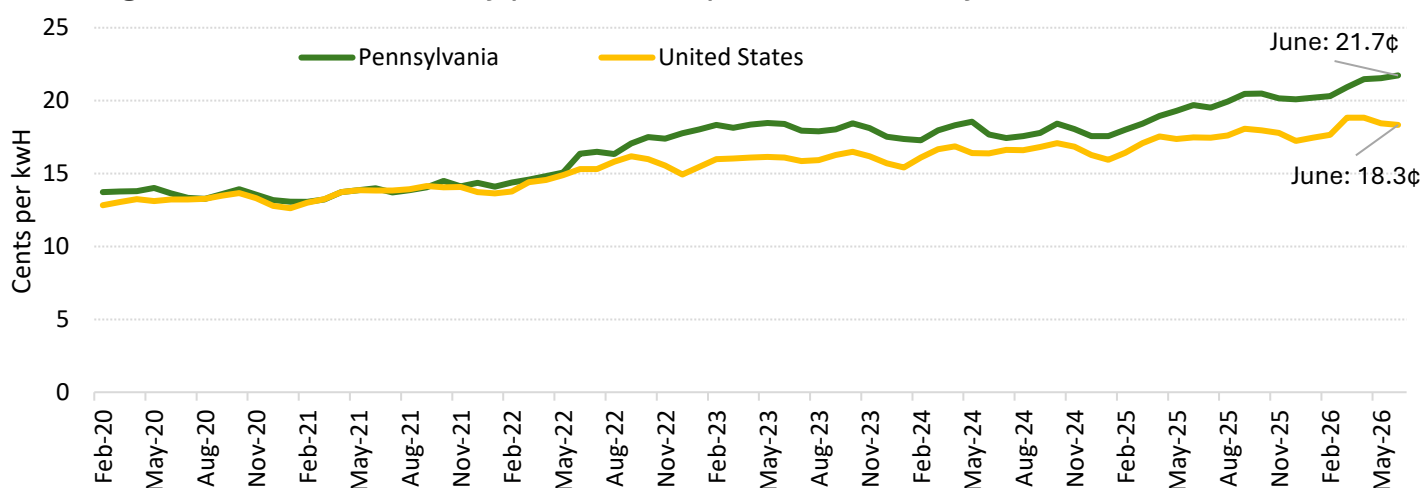
¹⁰ Keystone Research Center Analysis of U.S. Energy Information Administration, “Average price of electricity to ultimate customers by end-use sector, monthly.” The dataset used can be downloaded from the Pennsylvania Electricity Data Dashboard, <https://www.eia.gov/states/PA/data/dashboard/electricity>

¹¹ “Electricity Price Hub”, Heatmap News and MIT. Accessed August 11th 2026. <https://www.eia.gov/states/PA/data/dashboard/electricity>

Several factors have contributed to higher prices since 2021, including record-high utility profits, rising costs of fuel and recent increases in PJM capacity market costs. The capacity market pays electricity resources to commit to covering periods of peak demand when our grid’s normal electricity supply sources are insufficient.¹² Reflecting these price increases, the Pennsylvania Independent Fiscal Office (IFO) shows a 398% year-over-year increase in capacity price (a key component of the price residential consumers pay).¹³ Data centers are responsible for \$6.3 billion (38%) of that increase at the capacity auction and have driven \$29.4 billion (46%) of total capacity charges in the last four capacity auctions.¹⁴ Because natural gas generates more than

Residential Electricity Prices Have Risen Faster In Pennsylvania Than Nationwide

Average residential electricity price, cents per kWh, January 2020- June 2026



Source: Keystone Research Center Analysis of US Energy Administration, Average price of electricity to ultimate customers by end-use sector, monthly.

Figure 17

half of Pennsylvania’s electricity, the increase in gas prices following Russia’s invasion of Ukraine also contributed to the higher electricity price in Pennsylvania.¹⁵

Proposed data center growth threatens to increase prices more for Pennsylvanians, with the increase in demand exacerbated by slow interconnection queues. Data centers require

¹²Stephen Herzenberg and Avery Spicka, “Use It or Lose It- Why Pennsylvania Should Accelerate Solar Projects to Capture Federal Tax Credits”, April 2026, Keystone Research Center.
https://kestoneresearch.org/research_publication/use-it-or-lose-it-accelerating-solar-in-pennsylvania-resource-page/

¹³ Jesse Bushman, “Pennsylvania Electricity Update”, Independent Fiscal Office, July 2026.
https://www.ifo.state.pa.us/download.cfm?file=Resources/Documents/PA_Electricity_Update_RB_2026_07.pdf

¹⁴ Ethan Howard, “Data centers drove \$6.3B in PJM capacity auction costs: market monitor”, Utility Dive, July 20th, 2026. <https://www.utilitydive.com/news/pjm-data-centers-capacity-auction-imm-bowring/825626/>

¹⁵ Ryan Hledik, Long Lam, Adam Bigelow and Tina Zhang, “Recent Electricity Price Trends and Drivers in Pennsylvania”, Brattle Group, July 2026. <https://www.brattle.com/insights-events/publications/brattle-experts-release-report-on-the-drivers-of-pennsylvanias-electricity-price-increases/>

enormous amounts of power, and their anticipated demand is already affecting PJM forecasts used to determine how much generating capacity the region will need. To minimize the impact on consumers, Governor Shapiro reached an agreement with PJM to secure the capacity-auction price cap on wholesale electricity in January 2025 and extended the cap in 2026, limiting how much of a price increase could be passed on to customers.¹⁶

Data centers can also require costly generation and grid upgrades. Without adequate protections, some of these expenses could be shifted to households. Governor Shapiro’s August 2026 Executive Order seeks to ensure data centers follow the “Governor’s Responsible Infrastructure Development” (or GRID) requirements.¹⁷ Data center projects that do not fulfill the requirements will be subject to a longer application process and must get local permits before submitting applications to the state. Although this Executive Order seeks to induce data center developers to build, buy, or bring their own energy, meet green energy requirements, and pay 100% of the costs for grid upgrades, data centers can still opt out of these requirements and go through a lengthier application process.

Surveillance Pricing

Market conditions and government policies are not the only forces shaping prices. Businesses increasingly use algorithms and detailed consumer data to determine the prices that individuals see. Advances in data collection and machine learning have made individualized pricing possible on a large scale. Surveillance pricing and algorithmic wage-setting are examples of practices made possible by advances in data collection and computing, including AI. In both cases, businesses can use personal information about an individual (their browsing behavior, location, purchase history, demographic characteristics, and more) to determine what that person is charged for a product or what wage they are offered for work. This can mean showing different consumers different prices for the same product or service. The same approach can affect workers as well as consumers, allowing employers to use personal data to estimate what wage a worker is willing to accept and tailor their offer accordingly. Recently, Connecticut, Maryland, and New Jersey all passed different



¹⁶ Governor Josh Shapiro Reaches Agreement with PJM to Prevent Unnecessary Price Hikes and Save Consumers Over \$21 Billion on Utility Bills”, Commonwealth of Pennsylvania Governor’s Newsroom, January 28th 2025.

https://www.pa.gov/governor/newsroom/2025-press-releases/gov-shapiro-agreement-pjm-prevent-price-hikes-save-consumers-ove?_sp=b22b645a-fd84-4488-93a3-a485f32993d3.1786471036547 and “Governor Shapiro Secures Extension of PJM Price Cap, Saving Consumers \$27 Billion More — and \$45 Billion in Total — on Energy Bills”, Commonwealth of Pennsylvania Governor’s Newsroom, February 12th 2026.

<https://www.pa.gov/governor/newsroom/2026-press-releases/gov-shapiro-secures-extension-pjm-price-cap-saving-consumers--45>

¹⁷ Executive Order 2026-05 - Protecting Pennsylvania Consumers from Data Center Impacts:

https://www.pa.gov/content/dam/copapwp-pagov/en/governor/documents/eo2026_05_protecting%20pennsylvania%20consumers%20from%20data%20center%20impacts_final_executed.pdf

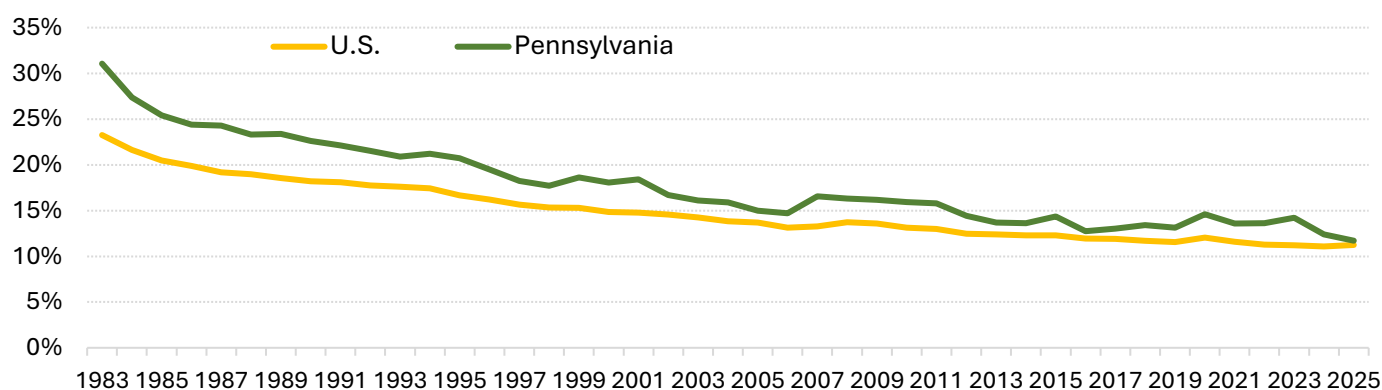
forms of laws restricting certain forms of surveillance pricing.¹⁸ Pennsylvania currently does not have a law prohibiting surveillance pricing, but two Pennsylvania House Bills being considered aim to restrict companies from certain practices involving the use of personal data to set customized or discriminatory prices (HB 1942¹⁹ and HB 2512²⁰).

Unions

One key way workers can keep pace with rising costs is by joining together in unions to bargain for higher pay and benefits. Collective bargaining gives workers more voice on the job and greater power to negotiate improved working conditions and greater job security (e.g., in the context of increasing use of artificial intelligence). Workers represented by unions earn more than comparable nonunion workers, are more likely to have employer-sponsored health and retirement benefits, and experience smaller racial and gender pay gaps.²¹

Union Coverage Has Declined Since the 1970s but Has Remained Steady in Recent Years, Fell in 2025

Percent of workers covered by a union, 1983-2025



Source: Keystone Research Center Analysis of Current Population Survey data extracts provided by the Economic Policy Institute.

Figure 18

The estimated share of workers represented by a union (referred to here as the “union coverage” rate) declined in Pennsylvania in 2025 while rising slightly nationwide (Figure 18).²²

¹⁸Robbie Sequeira, “States begin banning ‘surveillance pricing’ that uses personal data to charge more”, Stateline, August 4th 2026. <https://stateline.org/2026/08/04/states-begin-banning-surveillance-pricing-that-uses-personal-data-to-charge-more/>

¹⁹ House Bill 1942, 2025-26 Regular session, Surveillance Pricing Act: <https://www.palegis.us/legislation/bills/2025/hb1942>

²⁰ House Bill 2512, 2025-26 Regular session, Banning Surveillance Prices by Rideshare Companies: <https://www.palegis.us/legislation/bills/2025/hb2512>

²¹ Heidi Shierholz, Celine McNicholas, Josh Bivens, Jennifer Sherer, Ben Zipperer, and Margaret Poydock, “The case for tripling union membership”, Economic Policy Institute, July 15th, 2026. <https://www.epi.org/publication/the-case-for-tripling-union-membership-how-rebuilding-union-power-would-strengthen-workers-the-economy-and-our-democracy/>

²² An alternative measure of union strength to “union coverage” is the “union membership rate.” The former includes workers who are not union members but whose pay and other employment terms are established through

Pennsylvania's union coverage rate fell from 12.4% in 2024 to 11.7% in 2025, down from 14.2% in 2023. Longer term, Pennsylvania's union coverage rate has been relatively stable since 2016 following sharp drops in the early 1980s and steady declines through 2016. Nationally, the rate increased from 11.1% to 11.2%, although small changes should be interpreted cautiously due to small sample sizes in the data and because the 2025 estimates are based on 11 months of data due to the federal government shutdown.

Pennsylvania's estimated public sector union coverage rate rose slightly from 51.1% in 2024 to 51.9% in 2025, although estimates should be suggestive rather than conclusive due to their small sample size. Nationally, the estimated public sector union coverage rate increased from 35.7% to 36.4%. The national increase occurred even as the Trump administration issued an executive order that sought to end collective bargaining rights for many federal workers.²³

The Pennsylvania estimates suggest that the overall decline was concentrated in the private sector. Organizing must continually keep pace with normal labor-market turnover for rates to stay the same. Unionized workplaces close, new businesses open without unions, and employment shifts among industries. If new organizing does not offset these changes, the union coverage rate can fall.

Slower election activity may have contributed to the decline. In 2025, 100 NLRB-supervised union elections were completed in Pennsylvania, and unions won 51 of them. In 2024, unions won 77 out of the 143 completed elections.²⁴ Election activity also declined nationally, with the number of workers participating in union elections falling by 42%.²⁵

Strong Support, Significant Barriers

Public support for unions remains high. A 2025 poll by Gallup found that Americans' approval of labor unions remained steady at 68%. A Center for American Progress analysis of American National Election Studies (ANES) data finds that, on average, every age and party demographic group views unions positively except for Republican Baby Boomers.²⁶

This historically high support for unions has not translated into sustained growth in union coverage, in part because workers seeking to organize often encounter significant and sometimes extreme employer opposition. The Economic Policy Institute conservatively

collective bargaining. Ordinarily, these two measures of union strength do not differ a lot and their changes over time are tightly correlated.

²³ Celine McNicholas, Margaret Poydock and Heidi Shierholz, "Workers' resolve drives increase in unionization in 2025", Economic Policy Institute, February 18th 2026. <https://www.epi.org/publication/workers-resolve-drives-increase-in-unionization-in-2025/>

²⁴ "2025 Union Filing Report" & "2024 Union Filing Report": <https://unionelections.org/data/reports/2025/>

²⁵ Aurelia Glass, "NLRB-Overseen Union Elections Fell in 2025 Amid Trump Administration Attacks", Center for American Progress, February 11th, 2026. <https://www.americanprogress.org/article/nlr-oversen-union-elections-fell-in-2025-amid-trump-administration-attacks/>

²⁶ Megan Brennan, "Labor Union Approval Relatively Steady at 68% in U.S.", Gallup, August 28th 2025. <https://news.gallup.com/poll/694472/labor-union-approval-relatively-steady.aspx> and Aurelia Glass "Everybody Likes Unions", Center for American Progress, November 4th 2025. <https://www.americanprogress.org/article/everybody-likes-unions/>

estimates that U.S. employers spend roughly \$1.7 billion every year on union avoidance.²⁷ Employers hire union avoidance law firms to use the NLRB's administrative process to challenge proposed bargaining units, contest election results, delay union certification, prolong negotiations, and frustrate workers. Even after workers win an election, reaching a first contract can be difficult. Negotiating a first contract can take years; one study found it now takes an average of 465 days for a new union to successfully negotiate a first contract.²⁸

Federal policy has created further barriers. President Trump's firing of NLRB member Gwynne Wilcox left the NLRB without a quorum needed to decide cases for most of 2025. Now, President Trump's pro-employer NLRB picks are dismissing more Unfair Labor Practice cases (ULPs) against employers and allowing staffing levels at regional NLRB offices to decline.²⁹ The NLRB also made administrative changes that make it easier for cases to be dismissed. These moves can signal to employers that there will be fewer consequences if they engage in union-busting.

Workers Continue to Organize

Despite these obstacles, workers continue to recognize the value of collective bargaining. In May 2026, faculty at The Pennsylvania State University voted to unionize following graduate students who voted to unionize in November 2025. The Penn State Faculty Alliance is now one of the largest unions in Pennsylvania, representing over 5,000 tenured and non-tenured faculty across the University Park and all Commonwealth campuses.³⁰ Citing the recent campus closures, unrealistic workloads, staffing challenges, low pay, and job uncertainty, faculty organized with SEIU Local 668 and voted for the union 2,510 to 847. At this juncture, unions now represent virtually all of Pennsylvania's public higher education faculty including faculty at all four-year Pennsylvania State System of Higher Education universities, all four state-related universities in Pennsylvania; and, following the recent unionization of the Harrisburg Area Community College by the Pennsylvania State Education Association (PSEA), all but the newest of Pennsylvania's community colleges (in Erie).

Unionization across higher education is part of a broader trend of increased union organizing momentum in the "broad service sector." This sector encompasses private-sector workers in inherently non-mobile industries like food service, education, and healthcare—sectors that cannot relocate because they need to remain near their customers.

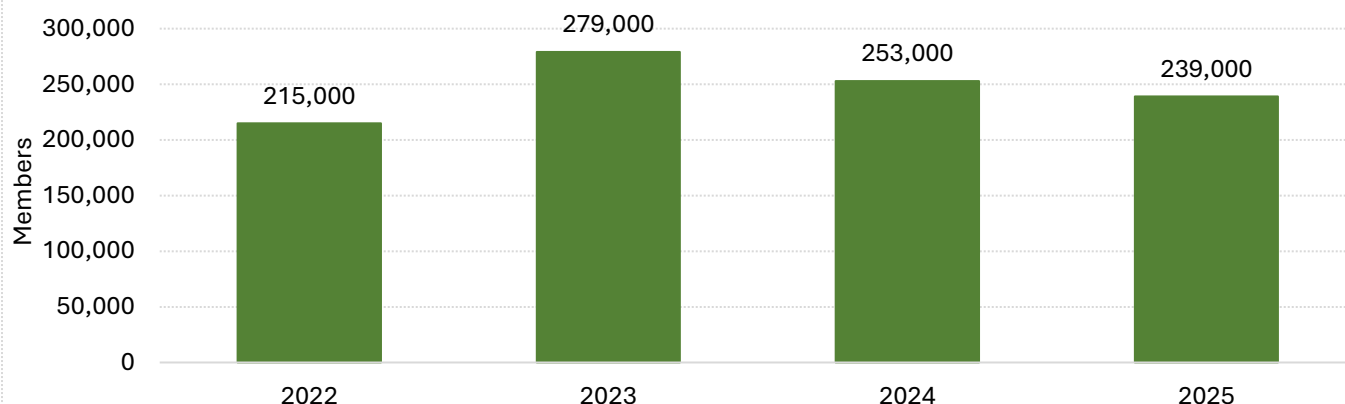
²⁷ Margaret Poydock, Teke Wiggin, Celine McNicholas "U.S. employers spend more than \$1.5 billion annually on union avoidance", Economic Policy Institute and LaborLab, May 20th 2026. <https://www.epi.org/publication/u-s-employers-spend-more-than-1-5-billion-annually-on-union-avoidance/>

²⁸ Celine McNicholas, Margaret Poydock & John Schmitt "Workers are winning union elections, but it can take years to get their first contract", Economic Policy Institute, May 1, 2023. <https://www.epi.org/publication/union-first-contract-fact-sheet/>

²⁹ Aurelia Glass, "The NLRB Is Throwing Out Charges Alleging Employers Engaged in Unfair Labor Practices", Center for American Progress, July 1st 2026. <https://www.americanprogress.org/article/the-nlr-is-throwing-out-charges-alleging-employers-engaged-in-unfair-labor-practices/>

³⁰ Anne Danahy, "Penn State Faculty Vote Yes on Unionizing", WPSU, May 14th 2026. <https://radio.wpsu.org/2026-05-14/penn-state-faculty-vote-yes-on-unionizing>

PA Union Members in the Broad Service Sector Increased 64,000 in 2023, Fell in 2024 and 2025



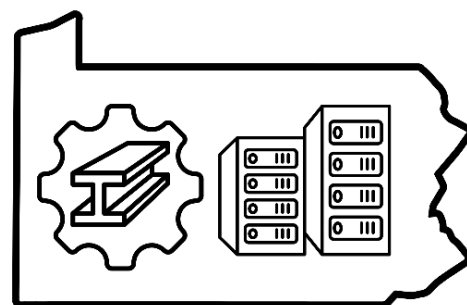
Notes: The broad service sector includes private sector union members outside of construction and manufacturing jobs. Source: Keystone Research Center analysis of Current Population Survey data, unionstats.com, copyright 2026 by Barry T. Hirsch, David A. Macpherson, and William E. Even.

Figure 19

There have been several significant organizing efforts in the broad service sector in Pennsylvania recently, including nurses at UPMC Magee Hospital and baristas at dozens of Starbucks locations throughout the state. While the number of union members in the broad service sector fell in 2025, it is still above 2022 levels, and the 2025 figures do not include the unionization of Penn State faculty (Figure 19).

Pennsylvania's Next Economy

Pennsylvania's next governor will inherit a series of industrial and energy choices that will shape the Commonwealth's jobs, competitiveness, energy system, and communities for decades. Two of the most consequential are: green steel – steel produced using technologies and energy sources that substantially reduce greenhouse-gas emissions compared with traditional steelmaking; and data centers.³¹ The technologies and economics are very different, but the basic questions should be the same: 1) Will state or local policies that increase investment in this part of the next economy create and sustain good jobs? 2) Will it strengthen Pennsylvania's economic competitiveness, productive capacity, and leadership in the emerging clean-energy economy? And, 3) after accounting for infrastructure, consumer, environmental, and community impacts, will the public benefits exceed the costs? Applied consistently, these three criteria can guide an aggressive strategy to secure next-generation steelmaking in Pennsylvania and a more selective approach to data centers. They can also guide decisions about other commensurately important issue areas such



³¹ "Green Procurement", Pennsylvania Department of General Services, www.pa.gov/agencies/dgs/programs-and-services/materials-and-services-procurement/green-procurement

as renewable energy, geothermal, battery storage, industrial decarbonization, clean-tech manufacturing, and other parts of Pennsylvania’s blue-green economy.

Two Blueprints for the Governor

Green steel and data centers illustrate why Pennsylvania needs a clearer framework for making choices about investing in emerging energy, sustainable manufacturing, and information industries.³²

These sectors are very different, but three questions should apply to major economic-development decisions the state makes with respect to both of them:

1. **Jobs first:** Does the state or local investment create, preserve, or strengthen good jobs—and what happens to employment elsewhere in the economy?
2. **Pennsylvania economic leadership:** Do policies that promote the growth of the sector position Pennsylvania to compete in the emerging clean economy?
3. **Benefits versus costs:** After accounting for infrastructure, consumer, environmental, and community impacts, does growth of the sector leave Pennsylvania better off?

Blueprint One: Green Steel – Build the Next Generation Here

Pennsylvania has lost tens of thousands of steel jobs since the 1970s, but steel still matters here. Primary metal manufacturing remains more than twice as concentrated in Pennsylvania as it is nationally, and in Allegheny County the concentration is even higher, evidence that the Commonwealth still has a real industrial base to build on.³³

Pennsylvania’s challenge in steel is retaining the capacity to actually make steel as technology changes. Without investment in state-of-the-art technologies for the primary production of steel, Pennsylvania’s steel industry risks becoming an intermediate player where steel produced elsewhere is brought for rolling and finishing. U.S. Steel and Nippon Steel are planning up to \$2.5 billion in Mon Valley investment, including a new hot strip mill at Edgar Thomson.³⁴ At the same time, U.S. Steel is investing roughly \$1.9 billion in a new direct-reduced-iron (DRI) facility in Arkansas designed to supply its electric-arc-furnace (EAF) operations, while Nippon Steel has also stated plans to build a new electric-arc-furnace mill somewhere in the United States.³⁵ The strategic question is therefore bigger than whether the Mon Valley receives investment:

³² Reyna Cohen, Nathan Lamm, Iris Packman, Angie Liao, Lexi Scanlon, Lara Skinner, Avalon Hoek Spaans, Jillian Morley, Alexander Foley, “Pennsylvania Climate Jobs Plan- A Worker-Centered Approach to an Equitable Clean Energy Future”, The ILR School, Cornell University, https://unionenergypa.org/wp-content/uploads/2024/08/ILR_CJI_PA_State_Report_final.pdf

³³ In 2025, Primary Metal Manufacturing (NAICS 331)—the three-digit industry category that includes iron and steel mills—employed about 33,400 Pennsylvanians and accounted for more than twice the share of private-sector employment that it does nationally; in Allegheny County, roughly 3,700 workers remained in the industry, with an employment concentration 2.4 times the national average.

³⁴ “U. S. Steel Brings New Era of Steelmaking to Mon Valley”, United States Steel, June 8th 2026.

<https://www.ussteel.com/es/prereleases/-/blogs/u-s-steel-brings-new-era-of-steelmaking-to-mon-valley>

³⁵ “U.S. Steel Announces First of Its Kind In the United States DRI Facility at Big River Steel Works”. United States Steel, April 29th 2026. <https://www.ussteel.com/es/media/newsroom/-/blogs/u-s-steel-announces-first-of-its-kind-in-the-united-states-dri-facility-at-big-river-steel-works>

Pennsylvania must ensure that the next generation of primary steelmaking—and the productive capacity and jobs that come with it—is built here.

Table 2

Guidelines for a Pennsylvania Green Steel Policy These guidelines outline how Pennsylvania can attract next-generation steel investment while protecting good jobs, communities, and the public interest.		
Priority	Governor action	Why it matters
1. Win the next investment	Compete early for DRI, EAF, or other lower-emissions primary-steel capacity by aligning sites, affordable energy, transportation, permitting, workforce, and economic-development resources.	Pennsylvania should not become primarily a place where steel produced elsewhere is rolled and finished.
2. Make public support buy public value	Tie substantial discretionary assistance to incremental investment, continued production, union jobs, training, measurable environmental improvement, community benefits, milestones, transparency, and enforcement.	Public dollars should purchase lasting productive capacity rather than simply reward capital spending. That can include addressing community priorities through brownfield redevelopment and requiring bonding or other financial safeguards so taxpayers and communities are not left responsible for cleanup or other externalized costs.
3. Protect workers before technology changes	Build new capacity before legacy production disappears; preserve union representation and transfer opportunities; train incumbent workers; and capture new DRI, energy, equipment, and supplier jobs in Pennsylvania.	Southwest Pennsylvania workers have more than 95% of the skills required for modeled DRI/EAF jobs, although those modeled production stages require substantially fewer workers.
4. Make communities partners	Establish measurable environmental and health improvements, meaningful community participation, local benefits, and enforceable commitments such as a Good Neighbor Agreement where appropriate.	Modernization should strengthen both industrial communities and the long-term legitimacy of steel production.
5. Use Pennsylvania's purchasing power	Build on domestic-steel requirements and green procurement with emissions disclosure and carefully designed preferences for lower-emissions domestic steel.	Public purchasing can create demand for cleaner production without inadvertently disadvantaging domestic primary steel.

Pennsylvania already has useful building blocks. RISE PA provides a framework for linking industrial decarbonization with public benefits, while labor-led organizations such as Union Energy provide capacity to bring workers into clean-energy and industrial-transition strategies.³⁶

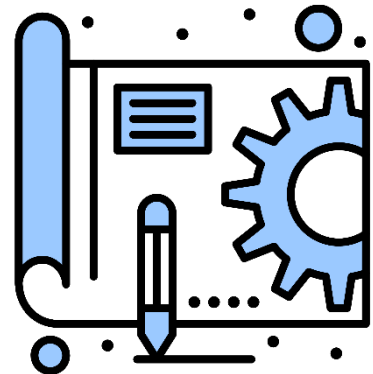
The Pennsylvania green steel plan

Pennsylvania should offer industry a skilled union workforce, infrastructure, prepared sites, energy, purchasing power, and coordinated government support. In return, the Commonwealth should expect continued primary production, next-generation investment, durable union careers, environmental improvement, community reinvestment, and accountability. The goal is not to preserve every legacy asset indefinitely. It is to ensure that when the next generation of American steel is made, Pennsylvania workers are still making it.³⁷

Blueprint Two: Data Centers —Require Projects to Demonstrate Their Value

Data centers present almost the reverse challenge. Pennsylvania does not lack developers interested in building them. The policy question is which projects provide enough durable benefit to justify unusually large demands on electricity, transmission, water, land, and infrastructure. Construction can generate significant, multi-year skilled-trades employment, and those jobs matter.³⁸ But capital investment and construction spending alone do not establish that a project represents good long-term economic development.

Governor Shapiro’s August 18, 2026 executive order already moves Pennsylvania toward greater scrutiny by incentivizing developers to agree to legally binding GRID commitments and local approval for relevant permit applications, removing AI data centers from Fast Track permitting, and prohibiting nondisclosure agreements. HB 1834, which passed the House 104–95 and remains in the Senate, would add statutory provisions addressing large-load energy requirements, disclosure, consumer protection, and enforcement.³⁹



³⁶ Reducing Industrial Sector Emissions in Pennsylvania (RISE PA): <https://www.pa.gov/agencies/dep/programs-and-services/energy-programs-office/rise-pa>

³⁷ Jillian Miles, Christophe Combemale, Valerie J. Karplus, P. Chris Pistorius, “Simulating regional workforce impacts of decarbonizing integrated steelmaking”, Proceedings of the National Academy of Sciences, May 5th 2025. <https://pmc.ncbi.nlm.nih.gov/articles/PMC12088432/>

³⁸ Danny Bahar and Greg Wright, “New evidence on data center employment effects”, Brookings, August 10th 2026. <https://www.brookings.edu/articles/new-evidence-on-data-center-employment-effects/>

³⁹ House Bill 1834 (2025-2026 Regular Session): <https://www.palegis.us/legislation/bills/2025/hb1834>

Table 3

Guidelines for a Pennsylvania Data Center Policy These guidelines outline how Pennsylvania can welcome data center investment while protecting workers, consumers, communities, and the public interest.		
Priority	Governor action	Why it matters
1. Require new energy capacity — and protect existing customers	Require credible incremental generation and grid infrastructure on the project timetable; assign project-caused costs and stranded-asset risks to developers; separately test impacts on system-wide affordability and reliability.	Data centers should add more energy capacity than they consume, helping protect existing customers while leaving additional supply available to the broader grid.
2. Count all worker impacts and create good construction and permanent jobs	Recognize skilled-trades construction jobs, require disclosure of permanent jobs and wages, evaluate effects on manufacturers & other employers competing for electricity and infrastructure, and ensure strong labor standards and union rights for workers who build and operate data centers.	A worker-centered test asks not only how many jobs the project creates, but what happens to employment across Pennsylvania. Manufacturers in PJM are already reporting substantial electricity-cost pressure amid rapid data-center load growth. ⁴⁰
3. Require net public benefit	Compare jobs and revenues with grid costs, infrastructure, water and land use, subsidies, environmental effects, opportunity costs, and technology or stranded-asset risks. ⁴¹ Periodically reassess incentives.	Billions in capital investment do not necessarily translate into equivalent durable local economic benefits. Research finds construction benefits generally exceed long-term operating employment, though results vary by facility type. ⁴²
4. Require transparency and meaningful local approval	Disclose, where practicable, the operator/customer and activity, power and water requirements, employment, subsidies, infrastructure costs, and enforceable commitments; require a transparent public process and formal local approval.	Communities cannot evaluate projects whose fundamental characteristics remain hidden. Transparent review gives communities a meaningful voice, while Community Benefit Agreements can turn that input into clear, enforceable commitments on jobs, infrastructure, environmental protections, & other local priorities.
5. Screen cumulative impacts	Evaluate aggregate proposed load, transmission needs, water use, land impacts, and infrastructure requirements; retain the ability to slow development where proposed demand exceeds demonstrated capacity.	Individually feasible projects can collectively overwhelm regional energy and infrastructure systems.

⁴⁰ Layla Kearney, “Big Tech Data Centers Are Driving Up Power Bills At America’s Rust Belt Factories”, Reuters, July 7, 2026: <https://www.reuters.com/business/energy/big-tech-data-centers-are-driving-up-power-bills-americas-rust-belt-factories-2026-07-07/>

⁴¹ Dana Kuhnline, “Data Centers: Steps Communities Can Take to Avoid Stranded Assets”, ReImagine Appalachia, <https://reimagineappalachia.org/data-centers-steps-communities-can-take-to-avoid-stranded-assets/>

⁴² Daniel Goetzel, Mark Muro, Shriya Methkupally “Turning the Data Center Boom Into Long-term, Local Prosperity”, Brookings, February 5, 2026. <https://www.brookings.edu/articles/turning-the-data-center-boom-into-long-term-local-prosperity/>

The Pennsylvania data-center plan:

Pennsylvania should welcome projects that pay the costs they create, add the capacity they require, protect existing customers, create high-quality work, provide meaningful transparency and community benefits, and demonstrate a durable economic return. Where a project can meet those tests, Pennsylvania should welcome the investment. Where it cannot, the appropriate response may be to modify it, delay it – or not build it.

One Framework for Pennsylvania's Blue-Green Economy

Steel and data centers show why a common economic-development framework can produce different answers. Pennsylvania risks having too little next-generation primary steelmaking, so the Commonwealth should compete aggressively to build more of it here. The Commonwealth may face more proposed data-center demand than its electric system, communities, and infrastructure can responsibly absorb, so projects should demonstrate their value before scarce resources and public support are committed.

The same three tests – good jobs, Pennsylvania economic and clean-tech leadership, and benefits exceeding costs – can also guide state decisions involving solar, geothermal, batteries, industrial decarbonization, clean-tech manufacturing, and other emerging opportunities.

Success should not be measured simply by the number of projects announced or dollars invested. It should be measured by whether Pennsylvania's workers, productive capacity, existing industries, consumers, and communities are stronger because the investment happened here.

Policies for Working Families

The economic data in this report tell a mixed story of a Pennsylvania economy with real strengths but growing signs of strain. Workers have made meaningful wage gains over the past decade, unemployment remains relatively low, and Pennsylvania continued to add jobs over the past year. Pennsylvania has strong industrial foundations, leading research institutions, and substantial clean-energy potential. At the same time, job growth has slowed, racial disparities in unemployment have widened, and families continue to be squeezed by the cost of necessities. The strong recovery from the pandemic recession did not happen automatically. Federal relief sustained families and communities while investments in infrastructure, clean energy, and manufacturing supported job growth and private investment. A tight labor market, a more worker-friendly NLRB, and labor standards attached to public investments helped workers secure higher wages and organize unions.

Working families now face an economy where the basics remain expensive, economic uncertainty has increased, and changes in federal policy will reduce support for families. Rapid tariff changes (now compounded by legal challenges) and uncertainty about future trade policy make it harder for Pennsylvania manufacturers to plan investments and can raise the cost of goods. Federal layoffs directly eliminate jobs, while cuts to research threaten Pennsylvania's "Eds and Meds" sector and could weaken long-term growth. Today's increasingly indiscriminate

immigration raids and deportations separate families, destabilize workplaces and industries, and create fear and lasting harm throughout entire communities. Cuts to SNAP raise food insecurity and reduce the resources that struggling families can spend at Pennsylvania grocery stores and farms, while Medicaid cuts threaten health coverage and employment in health care, one of Pennsylvania's largest industries. The loss of federal clean-energy and manufacturing grants and tax credits puts planned investments, construction jobs, Pennsylvania's competitiveness, and progress on climate change at risk.

These policies will not affect Pennsylvania all at once. Their cumulative effects will emerge and snowball over time. State policymakers should not wait for workers to lose jobs, families to lose health coverage, or investments to disappear before acting. Pennsylvania cannot fully replace federal funding or protections, but it can reduce the damage, preserve recent gains, and prepare for future opportunities.

Protect Families and Lower Everyday Costs

Pennsylvania should strengthen the systems that help families remain financially secure. That means raising the minimum wage, protecting access to health care and food assistance, and maintaining an unemployment system capable of supporting workers during layoffs and economic transitions. With federal Medicaid cuts threatening coverage and revenue for hospitals, nursing homes, home-care agencies, and other providers, protecting access to care is also essential to preserving employment in health care.

Pennsylvania lawmakers can also act directly on household expenses. Legalizing plug-in or balcony solar through proposals such as HB 1971 would give some renters and apartment residents access to small-scale generation. Community-solar legislation such as HB 504 would allow households that cannot install rooftop or plug-in panels to subscribe to a shared project and receive credits on their electricity bills. Expanding access to solar would help lower household costs while building towards a clean-energy economy.

Consumer protections must also keep pace with changing technology. HB 1942 and HB 2512 offer two approaches to limiting surveillance pricing. Pennsylvanians should not pay more because an algorithm decides that they have fewer choices or can be pressured into accepting a higher price.

Build Pennsylvania's Next Economy around Good Jobs and Public Value

Pennsylvania policymakers should pursue an active industrial and clean-energy strategy rather than allowing corporate investment decisions alone to determine Pennsylvania's economic future. Success should be measured by whether development expands Pennsylvania's productive capacity, creates high-quality jobs, strengthens existing industries, and improves conditions in the communities where it occurs.

Our section on "Pennsylvania's Next Economy" shows how this framework can produce different policy responses. Pennsylvania should compete aggressively to build the next generation of low-emissions primary steelmaking, using its skilled union workforce, existing

industrial infrastructure, energy resources, and purchasing power. Data centers should be required to demonstrate that their public benefits justify their demands on electricity, water, land, and other infrastructure. Pennsylvania policymakers should require that projects add the energy capacity they require, pay the costs they create, protect existing customers, and make enforceable commitments to workers and communities.

These same standards should guide investments in solar, geothermal energy, battery storage, industrial decarbonization, clean-tech manufacturing, and other parts of Pennsylvania's blue-green economy. Public support should be tied to transparency, measurable investment, good wages and benefits, worker training, environmental improvements, and enforceable commitments. When companies fail to meet commitments, there should be consequences. Public dollars should purchase lasting public benefits, not just reward companies for investments that would have occurred anyway.

Raise Revenue

Raising revenue may be politically difficult in an election year, but protecting families and lowering everyday costs requires Pennsylvania to confront its revenue problem. As federal funding cuts become more fully felt in 2027, lawmakers will face growing pressure to replace lost support. The IFO noted in February 2026 that Pennsylvania's underlying structural deficit is projected to expand to \$6.7 billion in FY 2026-27.⁴³

Pennsylvania has practical options to raise substantial revenue from corporations and households with the greatest ability to pay. These include enacting a natural-gas severance tax, adopting a Fair Share Tax that would raise taxes on income from wealth while lowering taxes on wages, exploring taxes on concentrated financial wealth, and others.⁴⁴ Together, these policies could protect working families, sustain essential services, and raise needed revenue from those most able to contribute.

Strengthen Worker Power

Policies that lower prices and encourage investment will not necessarily ensure that economic gains reach working families. Shared prosperity does not happen automatically. Gains that workers have made in the labor market are fragile. Locking in this progress requires institutions and policies that raise wage standards, strengthen workers' ability to bargain, and expand access to skills and good careers. Workers need the power to bargain for the share of the prosperity that they helped to create. Unionized workers earn more, receive better benefits, and

⁴³Pennsylvania's Independent Fiscal Office, February 10, 2026. General Fund Revenues, Spending and Deficits. <https://www.ifo.state.pa.us/releases/908/General-Fund-Revenues-Spending-and-Deficits/>

⁴⁴ Keystone Research Center "The Fifteen-Year Cliff: How Much Revenue Is Pennsylvania Losing Because It Has No Natural Gas Severance Tax?": https://keystoneresearch.org/research_publication/the-fifteen-year-cliff-how-much-revenue-is-pennsylvania-losing-because-it-has-no-natural-gas-severance-tax/; Keystone Research Center, "A PA Fair Share Tax could fill the budget hole left by the Reconciliation Bill", https://keystoneresearch.org/research_publication/a-pa-fair-share-tax-could-fill-the-budget-hole-left-by-the-reconciliation-bill/; and Lehigh County Finance Committee Wealth Tax Meeting Testimony, <https://lehighcounty.community.diligentoneplatform.com/document/32626/?lastModified=639173074616530000>

experience smaller racial and gender pay gaps, making stronger unions an essential part of any affordability agenda.

Pennsylvania should prohibit employers from requiring workers to attend captive-audience meetings intended to discourage unionization if the NLRB permits such meetings again. It should also allow striking workers to receive unemployment benefits, as proposed in HB 145, so employers can't use financial hardship to force workers to accept an inadequate contract.⁴⁵ Additional steps should include protecting workers whose federal collective bargaining rights may be jeopardized, allowing farm and domestic workers to unionize, and simplifying public-sector union recognition via card check. Worker power must be built into Pennsylvania's economic development strategy from the beginning. Publicly supported projects should include strong labor standards, meaningful worker participation, access to training, and protections for workers impacted by technological or industrial change.

Conclusion

The State of Working Pennsylvania 2026 tells a story of progress that is real but fragile. Pennsylvania can act before warning signs become a crisis, choosing policies that build shared prosperity and giving working people a meaningful voice in shaping Pennsylvania's future economy. The choices made now will determine whether Pennsylvania's economic future creates opportunity for all or once again asks workers and communities to bear the costs while corporations and the wealthy capture the gains. With the right choices, Pennsylvania can build on its strengths and create an economy in which progress is more secure, more broadly shared, and more clearly felt by working families across the state.

⁴⁵ House Bill 145, 2025-2026 Regular Session <https://www.palegis.us/legislation/bills/2025/hb145>