



---

April 28, 2021

Allegheny Institute Op-Ed

---

600 words

### **Pratfalls & pitfalls for Pa. jobs recovery**

**By Colin McNickle**

As the coronavirus pandemic continues to loosen its grip on Pennsylvania, the state's economy appears to be strengthening. But an analysis by scholars at the Allegheny Institute for Public Policy shows the rebound has been lackluster and prospective government policies could retard it further.

“Indeed, the latest statewide employment report for March shows there is still a long way to go and that it is incumbent upon commonwealth lawmakers not to throw more growth-stifling regulations at beleaguered business owners that will stymie a return to solid gains,” say Frank Gamrat, executive director of the Pittsburgh think tank, and Jake Haulk, its president-emeritus (in *Policy Brief Vol. 21, No. 16*).

U.S. Department of Labor data for establishment payrolls show there were 5.6 million nonfarm jobs across Pennsylvania in March 2021. That's the lowest March reading since 2010 and 375,000 (6.3 percent) fewer than the 6 million posted 12 months earlier.

March 2020 was the start of the lockdowns that caused many businesses to either close or severely restrict operations and production in many industries. Thus, the posted March 2020 tally is not the most useful measure to evaluate the current year jobs count.

“Note that both January and February 2020 showed moderate job gains compared to year-earlier totals (0.80 percent and 0.78 percent, respectively),” remind Gamrat and Haulk. “It is very likely that, absent the pandemic and lockdowns, March 2020 job gains would have continued that trend and nonfarm employment would have reached 6.057 million.

“That would have been the largest March jobs total ever recorded and would have represented a decade gain of 516,000 jobs,” the researchers say.

Using this no-pandemic estimate for March 2020 puts the year-over-year decline in March 2021 at 432,000 or 7.1 percent, which is a better measurement of the pandemic effect.

“Looking at a longer-term comparison, the jobs total in March 2021 was only 84,000 ahead of the March 2010 level compared to a 468,000 rise between March 2010 and March 2019,” the Ph.D. economists note. “Thus, the state had 384,000 fewer jobs last month than it had two years earlier.”

And the road to jobs recovery remains strewn with some potentially very high hurdles.

Such as generous unemployment supplements suppressing the return of workers to the job market, which has left more than a few employers in the lurch to find employees.

Then there’s Gov. Tom Wolf’s proposal to raise the personal income tax, join the Regional Greenhouse Gas Initiative (RGGI) and raise the minimum wage to \$15 hourly.

“Low-skilled and entry level workers rely on that first step of the career ladder to gain the skills and experience necessary to be successful and move up in the workforce,” Gamrat and Haulk say. “Proponents of increasing the minimum wage don’t see the unexpected consequences of a forced hike—such as businesses substituting away from minimum-wage labor, most likely with technological advances such as self-serve kiosks or even a reduction in hours worked.”

Increasing the personal income tax would reduce disposable income for businesses and customers alike. And additional cost-raising strictures imposed by RGGI would come “at a time when most businesses are still struggling with the pandemic and the continued business restrictions,” the think tank scholars add.

No wonder the latest Lincoln Institute survey of Keystone State businesses found a very muted optimism for post-pandemic economic recovery.

*Colin McNickle is communications and marketing director at the Allegheny Institute for Public Policy ([cmcnickle@alleghenyinstitute.org](mailto:cmcnickle@alleghenyinstitute.org)).*

---

*Op-Eds may be reprinted as long as proper attribution is given.*

Allegheny Institute for Public Policy  
305 Mt. Lebanon Blvd.\* Suite 208\* Pittsburgh PA 15234  
Phone (412) 440-0079  
E-mail: [aipp@alleghenyinstitute.org](mailto:aipp@alleghenyinstitute.org)  
Website: [www.alleghenyinstitute.org](http://www.alleghenyinstitute.org)  
Twitter: [AlleghenyInsti1](https://twitter.com/AlleghenyInsti1)