

Pennsylvania employment rebounding but lags national and strong-economy states

Introduction: Private-sector jobs in Pennsylvania have started to move higher and have surpassed the pre-pandemic level with the July 2023 count climbing above July 2019. Nonetheless, the commonwealth lags the national upturn and falls well behind growth in Sun Belt states. Moreover, the pickup in Pennsylvania employment is very unevenly distributed across the state with some areas posting meaningful gains while other areas still lag well behind, and have not yet recovered, to pre-pandemic levels. This *Policy Brief* examines in detail these findings and compares Pennsylvania job gains to a sample of states from different regions.

Pennsylvania and U.S. jobs in July 2023

Pennsylvania's private-sector employment in July 2023 stood 125,500 above the level recorded in July 2019. July's 5.5 million jobs represent a 2.3 percent gain from July 2019. By comparison, during the same four-year period, private-sector employment in the U.S. grew by 4.04 percent, almost twice as fast.

Note that during the three years 2020, 2021 and 2022, Pennsylvania's private-sector fell by a cumulative 766,300 jobs or 14.3 percent below the 2019 yearly average of 5.36 million jobs. If jobs had continued to grow at the rate recorded in the four years 2015 to 2019, the cumulative employment loss would have been 1.12 million jobs or 20.5 percent. While there are sources of income other than hours worked by employees such as pensions, Social Security, investment income, royalties, COVID payments, etc., private-sector employment is closely related to the state's real output. Thus, the cumulative employment loss created by the COVID-19 pandemic and state policies in reaction to COVID-19 during the two years following the start of the pandemic in March 2020 also took a substantial toll on real output.

Pennsylvania jobs by industry sector

Of the two broad employment categories, private-services employment led the way over the last 48 months (July 2019 to July 2023) with a gain of 138,300 jobs. Meanwhile,

goods-production employment remained 12,800 below the July 2019 level. Manufacturing accounted for 8,300 of the goods-producing jobs shortfall.

Within the services sector, three sectors accounted for most of the improvement since 2019—education and health jobs rose by 32,400, professional and business services were up 57,600 and transportation, trade and utilities climbed 38,500. A couple of the remaining service industries increased at a much slower rate while leisure and hospitality and “other” services fell slightly.

By commonwealth metro area

The overwhelming share of the private employment gain over the July 2019 to July 2023 period came in the southeast corner of the state. The three-county metropolitan division that includes Montgomery, Bucks and Chester counties posted an increase of 50,000 jobs while the remaining two counties in the Philadelphia metropolitan division (Philadelphia and Delaware) had a gain of 43,000 over the period. Meanwhile, the Allentown-Bethlehem-Easton Metropolitan Statistical Area (MSA) added 13,600, Lancaster added 8,600 and York MSA jobs climbed by 6,000. These metro areas taken together registered an increase of 121,200 jobs.

Also, during the period, the Harrisburg-Carlisle area added 15,300 and the Scranton-Wilkes-Barre MSA recorded a gain of 8,500 from July 2019 to July 2023. Furthermore, the Lebanon MSA was up by 1,800 from July 2019 to July 2023, the Bloomsburg metro saw its job count increase by 2,000 over the period and the Chambersburg MSA posted a rise of 1,600.

Unfortunately, several metro areas in the state had not recovered to 2019 levels by July 2023. The Pittsburgh MSA led the way in jobs shortfall with a July 2023 posting of private-sector jobs still 8,500 below the 2019 level. Goods-producing employment remained 11,000 below July 2019. Education and health employment was 9,400 jobs short of recovery to the July 2019 pre-pandemic reading. There was one bright spot in the region as professional and business services employment climbed by 11,800 with 6,300 of the increase accounted for by the “management of companies and enterprises” grouping.

Several other areas of the commonwealth were either trailing 2019 job counts or had only managed by July 2023 to recover to the July 2019 reading. The Johnstown MSA (-1,700) and Erie (-1,800) were the next hardest hit after the Pittsburgh MSA in terms of the jobs not yet recovered to the July 2019 reading. The Williamsport MSA was still short by 1,000 while East Stroudsburg was down by 700, Gettysburg down by 400 and Altoona was off by 200. The Reading and State College MSAs recorded job levels on par with their pre-pandemic postings. In total, the shortfall for these MSAs was 14,300 jobs.

Comparison to other states

Six states were selected to compare jobs performance to Pennsylvania. Three in the northeastern, or north central, part of the country: New Jersey, Massachusetts and Michigan. Three are from the Sun Belt area: Texas, Florida, and North Carolina. Each state's job performance will be compared to Pennsylvania by the following measures: the percentage growth in private-sector employment from July 2019 to July 2023, job growth from July 2013 to July 2023, the presence of Right-to-Work (RTW) and the percentage of public workers and private workers who are members of labor unions in 2022, the latest available data.

Note that all the Sun Belt states are RTW states and have been for many years. All the northern states are non-RTW states following the repeal of RTW in Michigan in early 2023, 11 years after it was enacted in 2012. In addition to the presence of RTW in a state or its absence, it is also important to consider the percentage of unionization (the percent of workers that are members of a union) in both the public and private sectors in each state.

State	Right-to-Work	% Change in jobs		2022	
		July 2019 - 2023	July 2013- 2023	% Public-sector unionization	% Private-sector unionization
Pennsylvania	No	2.3	9.1	50.5	7.4
New Jersey	No	4.8	13.1	57.4	8.4
Massachusetts	No	1.9	13.7	56.4	6.6
Michigan	No	0.4	9.6	45.0	10.6
Florida	Yes	10.7	33.3	21.7	2.2
Texas	Yes	9.8	26.6	16.3	2.2
North Carolina	Yes	8.9	25.4	8.2	1.8
U.S.		4.0	16.5	33.6	6.0

The table above shows the data for the five comparative measures for the seven states and four measures for the U.S.

An important fact to bear in mind is that U.S. job growth was very weak from mid-2007 to mid-2013. Following the deep downturn during 2008 through 2010, there was a slow rebound through 2013. Indeed, private employment did not rise above the July 2007 level until July 2014.

On the first comparison indicator (July 2019 to July 2023), the average gain in jobs for the four non-RTW states was 2.4 percent with Pennsylvania at 2.3 percent. The average growth over the four-year period for the three RTW states was 9.8 percent with Florida leading the way at 10.7 percent.

Meanwhile, for the last 10 years (July 2013 to July 2023), the non-RTW states averaged a gain of 11.4 percent in private-jobs growth with Pennsylvania the slowest in the group at 9.1 percent. Over the same 10-year period, the RTW states posted an average gain of 28.4 percent with Florida leading the way with a gain of 33.3 percent.

Clearly, these Sun Belt RTW states have far outperformed the non-RTW states. Important to note is the strong correlation between the percentage of public-sector employees' union membership and employment growth. The four non-RTW states averaged 52.3 percent membership in 2022 while the RTW Sun Belt states averaged 15.4 percent. Private-sector union membership averaged 8.3 percent while the RTW states averaged just 2.1 percent.

By way of background, private-sector union membership nationally has dropped from 24.2 percent in 1973 to 6 percent in 2022. On the other hand, public-sector union membership rose from 23 percent in 1973 to a peak of 38.7 percent in 1994 and moved slightly lower to 33.2 percent in 2022. In both private-sector union membership and public-sector membership, non-RTW states are all above the 2022 national levels and stand 20 points above the national percentage of public-sector membership.

Conclusion

Pennsylvania's private-sector employment by July 2023 managed to climb 2.3 percent above the pre-pandemic July 2019 level. The gain was accounted for by gains in service-sector jobs, especially education and health, professional and business services and transportation, trade and utilities. Goods-producing jobs remain below the 2019 readings. The southeastern part of the state led the rebound while most of the western part of the state has yet to recover to pre-pandemic levels.

As previous *Policy Briefs* have demonstrated, Pennsylvania as a non-RTW state—with a very high percentage of public-sector union membership—remains a long-term, slow-growth state, especially in comparisons to Sun Belt states with much lower levels of union membership (both public and private) and Right-to-Work.

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