

Economy Tracker

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THE INSTITUTE FOR PUBLIC POLICY & ECONOMIC DEVELOPMENT

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About The Quarterly Economy Tracker:

The Economy Tracker is a quarterly publication of The Institute for Public Policy & Economic Development which seeks to explore economic data, trends, and issues related to our region's economy. Subscribe for free at www.institutepa.org. In all its publications, The Institute uses the most current data available at the time of release.

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Job Opening and Turnover Statistics Show Effects of “Great Resignation”

By Sarah Bender, Research Assistant

As COVID impacted many aspects of the economy, the job market has exhibited significant changes. There have been extensive media reports on the “great resignation,” a wave of worker separations resulting from a tight labor market, and perhaps, workers reevaluating their career choices.

These phenomena can be measured through the hiring rate, quit rate, turnover rate, and separation rate. Detailed information was obtained through Job Openings and Labor Turnover Survey (JOLTS), a dataset published by the Bureau of Labor Statistics. The graphs represent the seasonally adjusted data from 2019 to the most recent data in 2021 to compare employment dynamics in Pennsylvania region and the nation as a whole.

The hiring rate considers all the additions to the payroll during the month, the largest jump in hiring rates was from April to May in 2020 as businesses reopened after the initial shutdown phase of the pandemic. For the remainder of 2020, the hiring rate was near or higher than rates seen in 2019, and Pennsylvania’s rate was competitive with the nationwide rate. In 2021, Pennsylvania’s hiring rate was again at or better than pre-pandemic levels, and accelerated in the second half of the year.

(Continued on page 3)



Hiring Rate



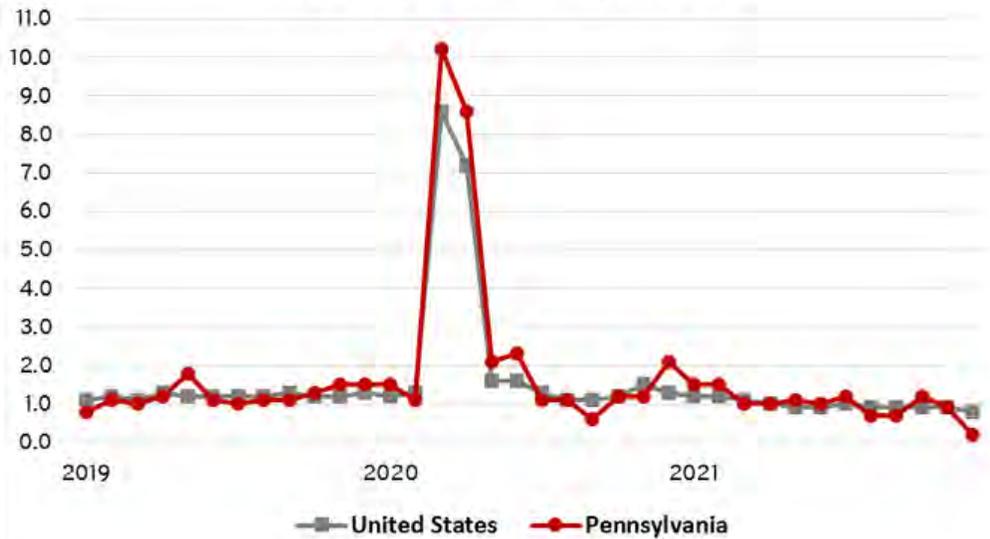
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Job Opening and Turnover Statistics Show Effects of “Great Resignation” (cont.)

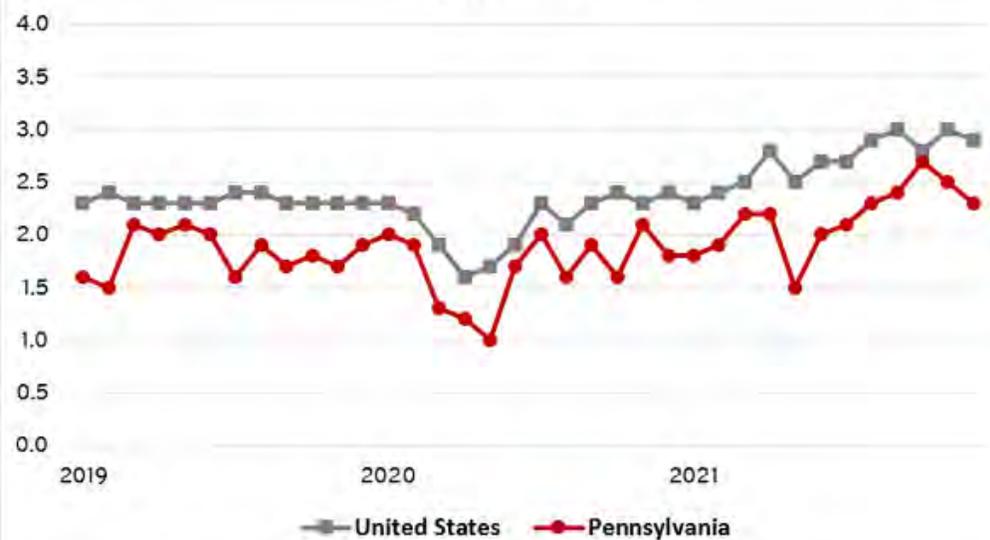
The layoffs and discharges rate measures involuntary separations from employment as a percentage of total employment. This figure includes involuntary separations initiated by the employer including layoffs with no intent to rehire; layoffs of more than seven days; discharges resulting from mergers, downsizing, or closings; firings for cause; and other involuntary terminations. This rate spiked during the initial shutdown phase of the pandemic, but has since returned to near pre-pandemic levels after some instability in the rate during late 2020. By the end of 2021, the layoff and discharge rate was considerably lower statewide and nationally than the same months prior to the pandemic. This may represent both a strong economic recovery as well as employers' efforts to minimize separations in a tight labor market.

The quit rate is also illustrative of the Great Resignation, as it represents the rate at which employees leave their jobs voluntarily. Retirement or separations due to death or disability are not included in this statistic. In 2019, quit rates averaged 1.8 and 2.3 statewide and nationwide, respectively. In 2020, the annual average rate was slightly lower, driven by a large dip from March through May. By the end of 2020, however, quit rates were steadily rising, and through 2021, voluntary separations continued to grow. The quit rates for Pennsylvania and the United States for 2021 were 2.2 and 2.7, respectively. There was a decline over the last few months of the year, but it is not yet clear if this trend is a sign that the wave of workers leaving their jobs is receding or if the current labor market conditions will continue through 2022.

Layoffs & Discharges Rate



Quit Rate



By the end of 2020, quit rates were steadily rising, and through 2021, voluntary separations continued to grow

Labor Market at a Glance

A Quarterly Update on Unemployment & Workforce

During the early months of the COVID-19 pandemic, unemployment rates reached new monthly highs, but as businesses were able to reopen following the end of the statewide shutdown order in Spring 2020, unemployment trended strongly downward as many businesses rehired laid off or furloughed employees. Over the first half of 2021, unemployment rates continued to trend down but remained higher than typically seen during the five years before the pandemic. As a result, the annual average unemployment rate for 2021 was higher nationwide and locally than the 2018 and 2019 pre-pandemic rates. However, the monthly unemployment rates seen in the last three months of 2021 were at or near pre-pandemic levels.

The monthly unemployment rates seen in the last three months of 2021 were at or near pre-pandemic levels

Rapidly declining unemployment and media reports of businesses facing difficulty hiring indicate that the region has returned to a tight labor market. Compared with 2019 level, in 2021 the labor force (those working and seeking work, i.e. the available workforce) rebounded at a faster pace than employment. The overall size of the labor force declined from January to December 2021, however. Employment grew by three percent during that period, signaling a continuing tight labor market and high demand for workforce. Mitigating barriers to labor force participation, including child care, transportation, disability access, and mental and physical health, will be important to maximize the available workforce.

Statewide, new and continued Unemployment Compensation claims also peaked early in the pandemic before gradually declining in the second half of 2020. Claims rose again along with COVID-19 cases in late 2020 and early 2021. Despite some volatility in 2021 due to a spike in fraudulent claim activity, new and continued unemployment claims have been steady and resemble pre-pandemic levels.

Unemployment Rate (Not Seasonally Adjusted)				
	Lackawanna	Luzerne	Pennsylvania	United States
2018	4.7	5.6	4.5	3.9
2019	5.0	5.8	4.5	3.7
2020	9.6	10.9	9.1	8.1
Jan 2021	8.8	10.3	7.7	6.8
Feb 2021	8.7	10.3	7.6	6.6
Mar 2021	8.1	9.5	7.1	6.2
Apr 2021	6.9	8.2	6.5	5.7
May 2021	6.2	7.3	6.6	5.5
Jun 2021	6.9	8.2	7.0	6.1
Jul 2021	7.2	8.5	7.0	5.7
Aug 2021	7.1	8.3	6.6	5.3
Sep 2021	5.7	7.0	5.5	4.6
Oct 2021	5.2	6.4	5.3	4.3
Nov 2021	4.6	5.8	4.8	3.9
Dec 2021	4.3	5.2	4.4	3.7
2021	7.7	9.1	6.3	5.3

December 2021 data and 2021 Annual Average are preliminary except for US.

Labor Force & Employment				
	Lackawanna County		Luzerne County	
	Labor Force	Employment	Labor Force	Employment
2018	105,349	100,347	158,003	149,146
2019	105,266	100,005	158,500	149,330
2020	103,832	93,870	157,274	140,183
Jan 2021	101,538	92,648	154,248	138,339
Feb 2021	102,579	93,617	155,788	139,799
Mar 2021	102,025	93,799	154,781	140,060
Apr 2021	100,833	93,877	152,663	140,182
May 2021	100,527	94,312	151,954	140,877
Jun 2021	101,444	94,462	153,652	141,086
Jul 2021	102,387	95,054	155,121	141,988
Aug 2021	101,719	94,477	153,851	141,128
Sep 2021	100,728	94,938	152,477	141,783
Oct 2021	101,466	96,233	153,498	143,724
Nov 2021	101,122	96,483	152,990	144,073
Dec 2021	99,952	95,691	150,791	142,885
2021	101,360	94,633	153,485	141,327

Source: US Bureau of Labor Statistics, Local Area Unemployment Statistics

December 2021 data and 2021 Annual Average are preliminary

What's New at The Institute

**By Teri Ooms,
Executive Director**

Indicators 2022 In-Person or Online:

Register Now!

Indicators 2022 In-Person or Online: Register Now!
Registration is now open for the 2022 Indicators Forum. This event will include a presentation of the latest data on our region's population, economy, health, and more. The findings of research studies from each of The Institute's community-based research task forces will also be showcased.

Indicators Forum 2022 on May 19 is a hybrid event. Attendees can choose to attend in person at Mohegan Sun Convention Center or tune in live from their homes or offices. Breakfast and networking will begin at 8 am for those attending in person, and the program runs from 9:00 am – 10:30 am.

Register online now at www.institutepa.org

The Institute Announces Website Redesign

The Institute's website, www.institutepa.org, has been updated and relaunched to be easier to use than ever. Users can now find all the Institute's research in the searchable Research Hub, and data from the Indicators report is now presented in the form of an interactive data dashboard. The data dashboard project is underwritten by Project STIR, a partnership of The Moses Taylor Foundation, Robert H. Spitz Foundation, Willary Foundation, Scranton Area Community Foundation, and William G. McGowan Charitable Fund.

Internship Opportunities

The Institute is seeking student internship applicants for the Summer 2022 and Fall 2022 terms. The Institute's student interns gain data analysis, research methods, and professional writing experience through their work on real-life research projects and many have the opportunity to publish work with The Institute. Students can also receive academic credit as permitted by their institution and degree program. For more information on our internship program or to apply, please contact Jill Avery-Stoss, Director of Operations at averystoss@institutepa.org

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Cost of Living Index: 2021 Update

**By Andrew Chew
Director of Research**

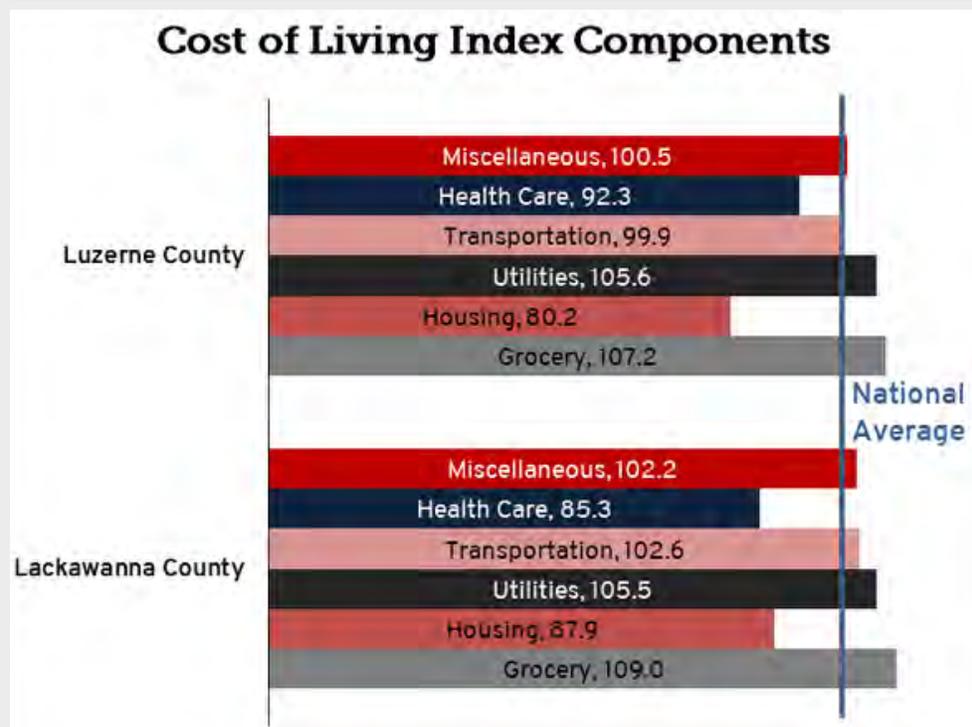
The rapid rate of inflation has increased the costs of many everyday goods and services, impacting households and businesses alike. As of January 2022, the Bureau of Labor Statistics reported inflation of 7.5 percent over the previous 12 months.

The Institute, in partnership with C2ER, collects data three times annually on cost of living in Lackawanna & Luzerne Counties as part of the nationwide Cost of Living Index (COLI) project. While the project does not measure inflation directly, the data shows how the region compares to other participating regions in the cost of goods and services for a fixed standard of living.

In 2021, Lackawanna and Luzerne's overall index scores were 98.6 and 95.5, respectively, where 100 is the average of all participating regions. In addition to the cost of living being lower than the national average, the region had lower cost of living than Allentown, Philadelphia, and Pittsburgh.

Among the subcategories of goods and services that comprise the Cost of Living Index, the region was higher than the national average in the cost of groceries and utilities. Northeastern Pennsylvania also was near or slightly above average in transportation and miscellaneous goods and services. However, the low costs of health care and housing in the region compared to others resulted in lower than average cost of living in Lackawanna and Luzerne Counties.

In addition to the cost of living being lower than the national average, the region had lower cost of living than Allentown, Philadelphia, and Pittsburgh.



Small Business and Supply Chain Disruption: Utilizing Local Supply Chains

By Dr. Jolene Carey-Pace, Research Analyst

As the United States nears the third year of the COVID-19 pandemic, bare grocery store shelves, delayed packages, and an insufficient supply of various goods have become commonplace. According to the Q4 2021 U.S. Chamber and MetLife Small Business Index, 61 percent of small businesses said the pandemic and worker shortages have disrupted their supply chains. As a result, 63 percent say they have altered their supply chains in the past six months. And nearly half (47 percent) indicated that the disruptions make it difficult to keep up with customer demand.

Two significant drivers for the current supply chain challenges are that:

1. U.S. consumer spending is roughly 20 percent higher than it has ever been.
2. There are thousands of open jobs across the country (especially in the transportation and logistics sectors). There are 80,000 open truck driving jobs and thousands more available jobs in warehousing, railroads, and ports.

The combination of these factors has created significant delays and barriers in moving goods from ports and warehouses across the United States to stores.

Small businesses in the retail sector have reported the most significant impact from these supply chain disruptions. And, more than three in four (78 percent) retail companies said that the pandemic had disrupted their business' supply chains. Furthermore, another three in five (61 percent) said that these disruptions had left them unable to keep up with customer demand (compared to 47 percent for other sectors).

Small business owners speculate that supply chain disruptions are likely to remain a barrier for the foreseeable future. Of the small businesses that said the pandemic disrupted their supply chains, 64 percent think these disruptions will last six months or more, and one third (32 percent) believe that disruptions will extend six months to one year, and another third (32 percent) indicate that they think it will last more than one year.

The supply chain disruptions have not only affected access to products and raw materials, but it has created a ripple effect across small business. Across a survey of 481 small business owners conducted by the small business advocacy group Small Business Majority, 47 percent of respondents said that supply chain delays had forced them to raise prices. Just 25 percent reported not experiencing any supply chain problems. Also, 46 percent had to curtail buying new inventory, and 40 percent delayed filling customer orders.

Although these disruptions are seen as barriers, there is also an opportunity to consider. There is a benefit in the use of a local supply chain where possible, because doing so would minimize disruptions and help boost the local economy. Beyond the bottom line, using regional partners as parts of supply chains can also help to deepen a company's connection with its community, strengthen existing relationships, and build new ones.

Below is a snapshot of the buyers' industry in Lackawanna and Luzerne Counties, which contains a few examples of where businesses can increase their utilization of in-region purchases.



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- Field, A. (2022). Small Businesses Say They're Being Hammered By Supply Chain Disruptions. Forbes.

Buyer Industry: Help in Luzerne County, Pennsylvania

Supplier Industries	Purchases from U.S. Firms	Purchases from In-Region Firms	Purchases from Out-of-Region Firms	Total Supplier Employment (In-Region)	Supplier Location Quotient (In-Region)	% In-Region Purchases
Full-Service Restaurants	\$1,677,000	\$962,000	\$715,000	3,374	0.86	57%
Industrial Mold Manufacturing	\$15,000	\$3,000	\$12,000	22	0.68	20%
Limited-Service Restaurants	\$1,697,000	\$930,000	\$767,000	3,010	0.76	55%
Meat and Meat Product Merchant Wholesalers	\$80,000	\$20,000	\$60,000	13	0.31	25%
Meat Markets	\$1,000	\$0	\$1,000	33	0.6	0%
Specialized Freight Trucking, Local	\$535,000	\$195,000	\$340,000	134	0.63	36%
Specialized Freight Trucking, Long-Distance	\$314,000	\$41,000	\$273,000	31	0.25	13%
Textile Bag and Canvas Mills	\$28,000	\$14,000	\$14,000	56	2.37	50%

Data Source: JobsEQ

Lack of Child Care Linked with Missed Time at Work

By Jill Avery-Stoss
Director of Operations

Workforce challenges were firmly rooted in the nation's economic landscape well before the onset of COVID-19. The pandemic has further exacerbated issues related not only to recruitment, retention, and hiring – but in terms of attendance and productivity as well. For instance, service occupations experience 4.2-percent absence rates – and 1.1-percent absence rates specific to circumstances other than injury or illness. With absence rates of 3.6, similar challenges arise in education and health service industries, along with wholesale and retail trade. In particular, the absence rate among education and health service workers is 1.2 percent. Furthermore, workers in education and health services industries lose approximately 0.8 percent of their scheduled worktime to absenteeism.

It is unlikely that high degrees of absenteeism and lost work time amid largely female-occupied areas (such as education and health care, and for reasons other than illness or injury) are entirely coincidental. Research conducted by the Bipartisan Policy Center cites childcare concerns as barriers to performance and productivity on the job, and employment in general. Women are typically the primary caregivers in their families, and often likelier than their male partners to miss work due to lack of childcare. According to the Bipartisan Policy Center, “From pre pandemic times through May 2020, the change in labor force participation rates among parent-age adults equated to a loss of about 1.5 million female workers, nearly twice the losses of their male counterparts.”

Although the U.S. Department of Health and Human Services advises that affordable childcare should not exceed seven percent of household income, an estimate from the Bipartisan Policy Center suggests that the rate is closer to 20 percent for families with children under six years old – and rises to 26 percent for those living below poverty level. Infant care is particularly expensive, at an average of \$11,000 per year – exceeding the cost of public college in many states. In Pennsylvania, over a quarter of families are unable to afford it. Furthermore, very few childcare providers operate outside traditional hours of 8 a.m. to 6 p.m. – the times during which shift workers are in need of assistance. In fact, 29 percent of parents report need for childcare outside those traditional hours.



Absence & Lost Worktime Rates by Occupation and Industry (2021 - USA)						
	Absence rate			Lost worktime rate		
	Total	Illness or Injury	Other reasons	Total	Illness or Injury	Other reasons
All employment	3.2	2.3	0.9	1.9	1.3	0.5
OCCUPATION						
Management, professional, and related	2.5	1.6	0.9	1.5	0.9	0.6
Service	4.2	3.1	1.1	2.4	1.8	0.6
Sales and office	3.4	2.4	1	1.8	1.3	0.6
Natural resources, construction, and maintenance	3.1	2.5	0.6	1.9	1.6	0.3
Production, transportation, and material moving	4.1	3.3	0.8	2.7	2.2	0.5
INDUSTRY (Private sector)						
Agriculture and related industries	2.9	2.5	0.4	1.7	1.4	0.2
Mining, quarrying, oil and gas extraction	2	1.8	0.2	1.5	1.4	0.1
Construction	2.9	2.2	0.7	1.7	1.3	0.3
Manufacturing	3.1	2.4	0.7	2	1.6	0.5
Wholesale and retail trade	3.6	2.7	0.9	2.1	1.6	0.5
Transportation and utilities	3.5	2.8	0.8	2.3	1.9	0.4
Information	2.5	1.7	0.8	1.5	0.9	0.6
Financial activities	2.3	1.6	0.8	1.3	0.9	0.4
Professional and business services	2.5	1.6	0.9	1.4	0.8	0.6
Education and health services	3.6	2.4	1.2	2.1	1.3	0.8
Leisure and hospitality	3.7	2.7	0.9	1.9	1.4	0.5
Other services	3.1	2.1	1	1.6	1.1	0.5

Data Source: U.S. Bureau of Labor Statistics

It is unlikely that high degrees of absenteeism and lost work time amid largely female-occupied areas (such as education and health care, and for reasons other than illness or injury) are entirely coincidental.

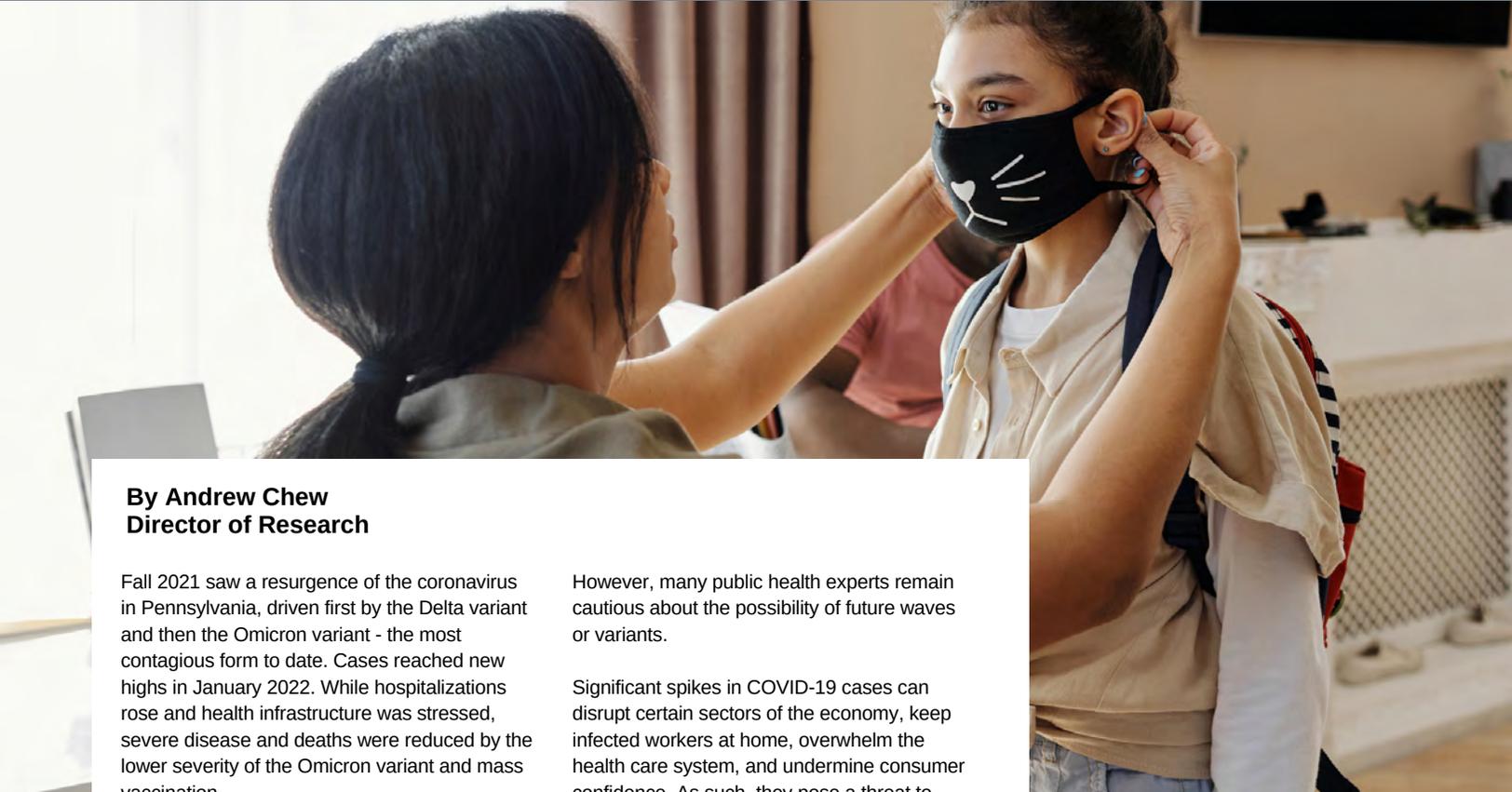
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COVID-19 Progress Report: Low Viral Transmission Key to Continued Economic Growth



By Andrew Chew
Director of Research

Fall 2021 saw a resurgence of the coronavirus in Pennsylvania, driven first by the Delta variant and then the Omicron variant - the most contagious form to date. Cases reached new highs in January 2022. While hospitalizations rose and health infrastructure was stressed, severe disease and deaths were reduced by the lower severity of the Omicron variant and mass vaccination.

Since the peak of the Omicron wave, cases have reached the lowest levels seen since summer 2021. This may represent the greatest degree of normalcy seen since the pandemic began, with a large share of Pennsylvanians having acquired some degree of immunity through infection, vaccination, or both.

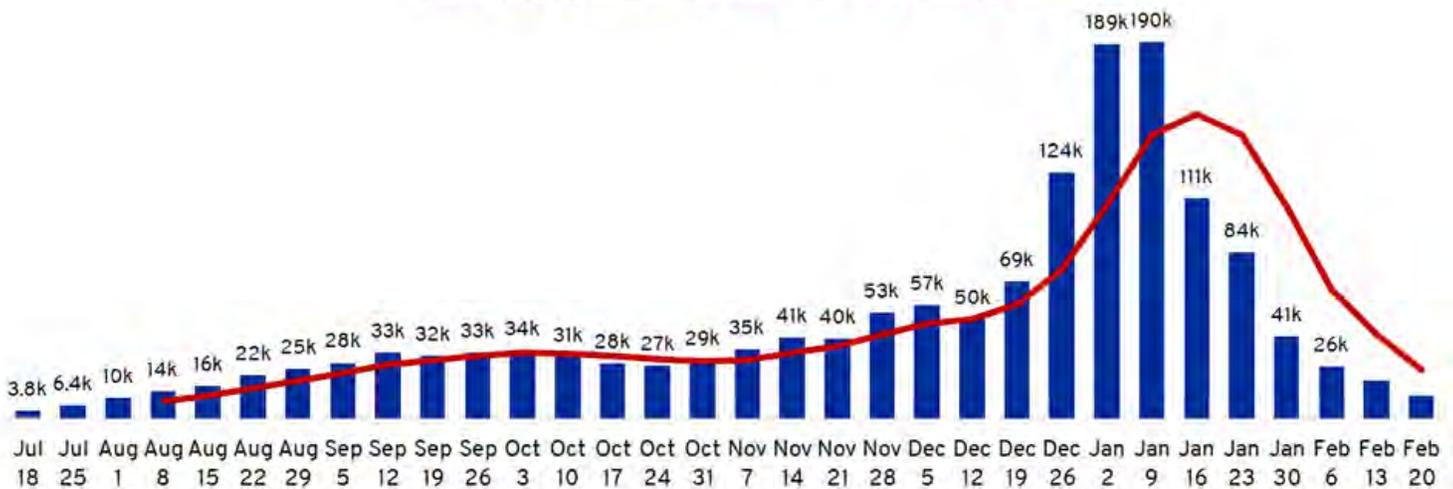
However, many public health experts remain cautious about the possibility of future waves or variants.

Significant spikes in COVID-19 cases can disrupt certain sectors of the economy, keep infected workers at home, overwhelm the health care system, and undermine consumer confidence. As such, they pose a threat to continued economic growth.

As a result, the region's "new normal" is likely to require targeted, temporary measures to slow the spread of COVID-19 during peaks of viral activity while keeping the region open for business.

Severe disease and deaths were reduced by the lower severity of the Omicron variant and mass vaccination.

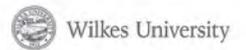
Statewide COVID-19 Trends
New Weekly Cases & 4 Week Moving Average



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