

Quarterly Economy Tracker

The Institute

Turning Information into Insight

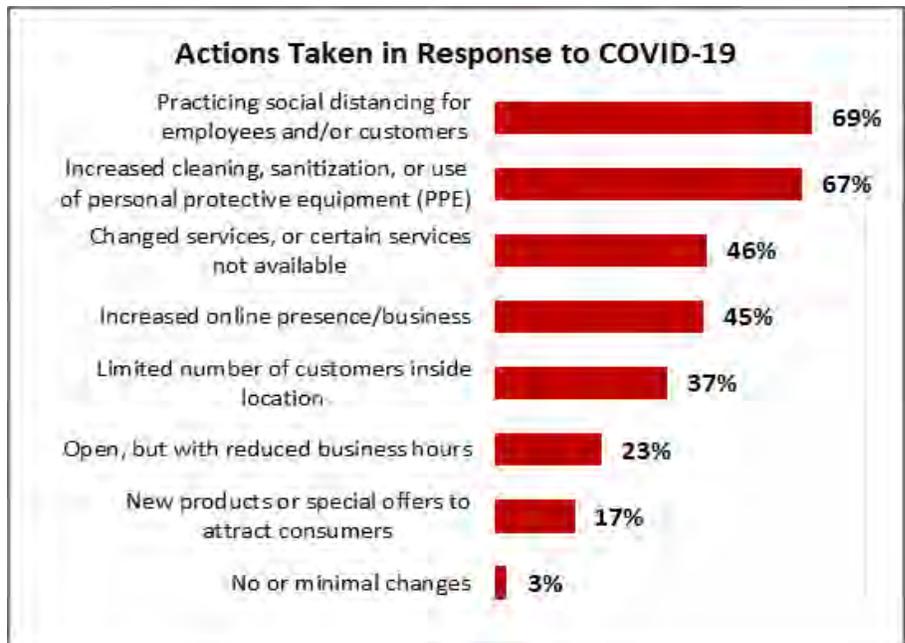
The Institute is a partnership among Geisinger Commonwealth School of Medicine, Johnson College, Keystone College, King's College, Lackawanna College, Luzerne County Community College, Marywood University, Misericordia University, Penn State Scranton, Penn State Wilkes-Barre, The Wright Center for Graduate Medical Education, University of Scranton, and Wilkes University

Survey of Businesses Reveals COVID Challenges

*By Andrew Chew, Senior Research & Policy Analyst
and Junhua Du, Research Intern*

The Institute conducted a survey of business owners and managers with the partnership of regional Chambers of Commerce in order to learn more about the challenges facing businesses and adaptations they are making. A total of 160 responses were received, the majority of which were gathered between May 10 and May 21. At that time, both Lackawanna and Luzerne County were in the red phase of the statewide reopening plan. The survey ended on June 7, shortly after both counties had moved to the yellow phase of reopening.

The majority of businesses remained in operation at the time of the survey, but with social distancing, increasing safety precautions or other measures. At the time, only three percent of respondents reported no or minimal changes to operations.



continued on page 3

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 at www.institutepa.org to receive an electronic edition of the Tracker free of charge. In all its publications, The Institute uses the most current data available at the time of release.

In This Issue:

Business Survey Results	1	COVID-19 Data Spotlight	7
Labor Market at a Glance	2	Unequal Distribution of Poverty	8
What's New at The Institute	2	Unemployment & Health Insurance	8
Community Resilience	4	Cartography Corner	9
Effects of GDP Decline	5	Regional PPP Data	10
COVID-19 Impact on Nonprofits	6	QET Sponsors	11

For more research and analysis on COVID-19's impact please visit us on Facebook, Twitter, YouTube, LinkedIn and our website!

COVID-19 Labor Market Update

COVID-19 has forced businesses to close, reduce their services, or alter their operations to continue providing services deemed essential. As a result, many workers have been laid off and hiring activity has slowed dramatically. Since the unemployment rate peaked in April regionally and nationwide, some recovery has been seen as restrictions have eased. However, significant challenges remain for the labor market and broader economy. As of preliminary data for June, the unemployment rate stood at 14.5 percent in Lackawanna County and 16.1 percent in Luzerne County, a relatively small drop compared with the month before.

Statewide data on unemployment claims saw a peak in initial claims in March and early April upon the initial shutdown of the economy. Continuing claims, which measure length of unemployment, peaked in the 4 week period ending May 2nd. Since then, initial and continued unemployment compensation claims have continued to drop. However, there were still over 177,000 new unemployment claims made in the four week period ending July 25th, further indicating that even after Pennsylvania moved into the green phase of reopening, layoffs remain high due to the unusual economic conditions. ♦

Unemployment Rate (Not Seasonally Adjusted)				
	Lackawanna	Luzerne	Pennsylvania	United States
2015	5.8	6.4	5.3	5.3
2016	5.6	6.3	5.4	4.9
2017	5.1	5.8	4.9	4.4
2018	4.5	5.4	4.2	3.9
2019	4.9	5.7	4.4	3.7
Jan 2020	5.7	6.7	5.1	4.0
Feb 2020	5.6	6.6	5.1	3.8
Mar 2020	6.5	7.7	5.9	4.5
Apr 2020	17.2	18.5	15.6	14.4
May 2020	14.7	16.2	13.2	13.0
Jun 2020	14.5	16.1	13.1	11.2

June 2020 data is preliminary except for US unemployment rate.



Data Sources: US Department of Labor, Bureau of Labor Statistics and Pennsylvania Department of Labor & Industry

Updates from The Institute

By Teri Ooms, Executive Director

Like all organizations, The Institute has adjusted its operations to respond to COVID-19. However, our work continues at full capacity, especially to provide critical data that regional leaders need to respond to and recover from the pandemic.

Indicators 2020 Goes Virtual

In June, The Institute held its annual Indicators Forum. The event was presented virtually for the first time to over 150 leaders from our region’s government agencies, businesses, nonprofits, education and healthcare institutions. Visit our website,

www.institutepa.org, to see this year’s Indicators report, a regional statistical fact book covering a dozen critical topics such as economics, demographics, health, housing, and education.

Subscribe to The Institute’s Channel on Youtube!

Video presentations of findings from this year’s task force research, presented at the Indicators event, can be viewed on our new Youtube Channel. To see this highlights and more video content from The Institute, be sure to subscribe at [Youtube.com](https://www.youtube.com).

COVID-19 Research Continues

The Institute also continues to develop and release research reports and studies on the impacts of COVID-19 on the region. This research was underwritten by the Greater Scranton Chamber of Commerce, Sordoni Family Foundation, and UGI Utilities and with support from the Luzerne County COVID-19 Emergency Response Fund of The Luzerne Foundation, the Scranton Area Community Foundation COVID 19 Fund and the Wells Fargo Foundation.

For the latest releases, visit our website, follow us on social media, and subscribe to our email newsletter! ♦

Business Survey Findings — continued from page 1

A number of respondents addressed the situation with creative new ways of doing business. Seventeen percent had introduced new products or special offers to attract customers, while nearly half had increased their online business or web presence. Respondents who had taken either of these steps were less likely to be pessimistic about their organization’s ability to successfully weather the crisis. Additionally, businesses who had a recovery plan in place were also less pessimistic about weathering the crisis. These findings show that approaching the crisis with an innovative and proactive mindset could be associated with better outcomes, and suggests that Chamber and economic development officials can help the business community by assisting in these areas.

Nonetheless, financial issues were still apparent in the survey results. At the time of the survey, 86 percent of respondents reported reduced revenue. Of these, nearly one in four had seen a decline in revenue of 90 percent or more; over 60 percent had seen a decline of at least 50 percent. Other negative impacts such as cancellation of events, reduced productivity, and short-term cash flow challenges were also seen in a large share of respondents. Nearly half reported cash-flow difficulties

such as hardships paying bills or meeting payroll.

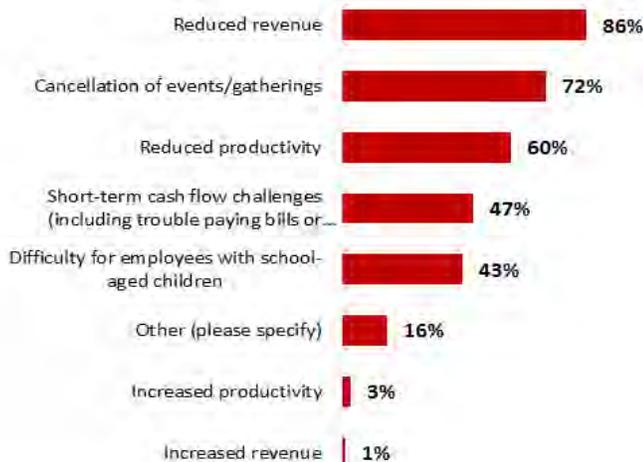
When asked what organizations such as Chambers of Commerce can do to better support businesses, responses varied. Several mentioned that they are in need of various types of technical assistance. Others mentioned help acquiring PPE or cleaning supplies.

A full study on COVID-19’s impact on different industries in the region, which will include full results of this survey and other critical data and analysis, is planned for publication in the near future. ♦

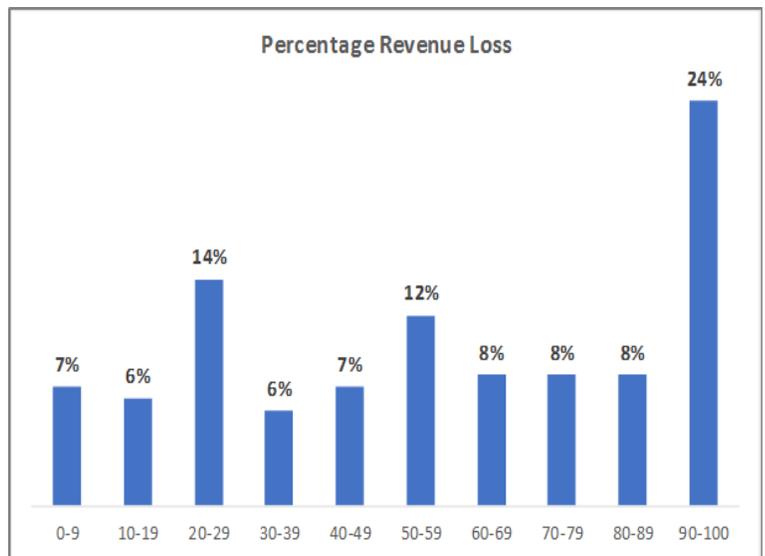
“Respondents who had introduced new products or offers or increased their online were less likely to be pessimistic about their organization’s ability to successfully weather the crisis.”

	Experienced Revenue Decrease	Likely to Reopen with Fewer Employees	Pessimistic About Weathering the Crisis
All Respondents (N=154)	86%	42%	21%
Sought Financial Assistance?			
Yes	86%	43%	22%
No	85%	41%	16%
Recovery Plan in Place?			
Yes	91%	44%	12%
In Progress	88%	42%	22%
No	76%	40%	30%
Own or Lease Facilities?			
Own	85%	37%	21%
Lease	92%	46%	22%
Business Responses to COVID-19			
Increased Online Presence	87%	44%	18%
New Products or Services	92%	54%	12%

Immediate Impact



Percentage Revenue Loss



Estimating the Region’s Resilience to Disasters, Including COVID-19

By Megan Stachowiak, Research Analyst

As the nation continues to deal with the COVID-19 pandemic, some regions are being more adversely impacted than others. Many factors contribute to the severity of the impact, including how widespread the virus is, the capacity of the healthcare system to address the outbreak, the demographics and overall health characteristics of the population, and the ability of the region to sustain the resulting economic downturn.

While still in the midst of dealing with the pandemic, an analysis of how we can be better prepared to respond to future potential emergencies is already underway. Part of this analysis includes measuring a community’s resilience, or the capacity of a community to endure, respond to and recover from emergencies or disasters, according to the U.S. Census Bureau. Recently released experimental Community Resilience Estimates (CRE) from the Census Bureau are designed to help with this assessment, by providing a tool that shows risk levels by state, county and census tract.

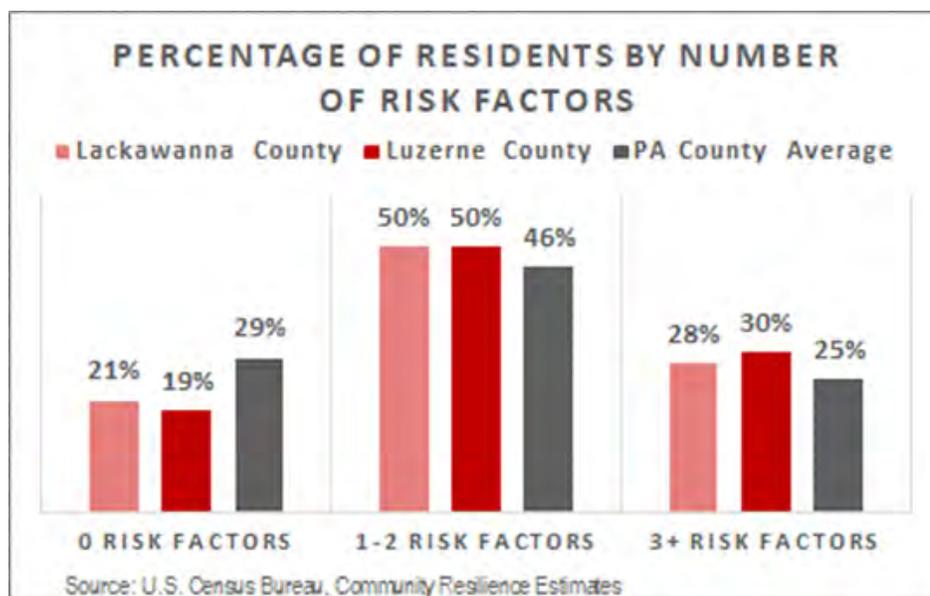
Using information on individuals and households from the 2018 American Community Survey (ACS), the Census Bureau’s Population Estimates, and publicly available health condition rates from the 2018 National Center for Health Statistics National Health Interview Survey (NHIS), the experimental tool from the U.S. Census Bureau identifies the regions most at risk of not being able to endure the impact of the Coronavirus pandemic. The risk factors used in the model include: lack of health insurance, age 65 and above, low-income household, single member household, household communication barrier, employment status, disability status, physical crowding, and health conditions including respiratory disease, heart disease and diabetes. The factors within the model can also be modified to estimate the impact from a broad range of disasters in order to prepare mitigation strategies.

Individuals and communities with at least 30 percent of their population with three or more risk factors are considered to be high risk. Preliminary results of the

Community Resilience Estimates indicate that the southern region of the United States has the most communities that are high risk, with around one-third of counties in the South identified as high risk. The other regions of the United States have fewer counties identified as high-risk, including the West (15 percent), Northeast (7 percent) and Midwest (6 percent).

In Pennsylvania, Luzerne County (30 percent) stands out as one of only three counties in the state, and the only one in the Northeast region, with 30 percent or more of residents with three or more risk factors. The other counties are Philadelphia County (39 percent) and Forest County in northwestern PA (35 percent). The county average in Pennsylvania for residents with three or more risk factors is 25 percent. Lackawanna County falls slightly below the high risk threshold, but exceeds the statewide average, with 28 percent of residents with three or more risk factors.

Maps by census tract show where the highest concentrations are of residents with risk factors in each county. In Lackawanna County, the communities with the highest concentrations of residents with three or more risk factors are located in the downtown and south side sections of Scranton. In Luzerne County, the communities with the highest concentrations of residents with three or more risk factors are located in sections of Wilkes-Barre, Hazleton, West Hazleton and Plymouth.

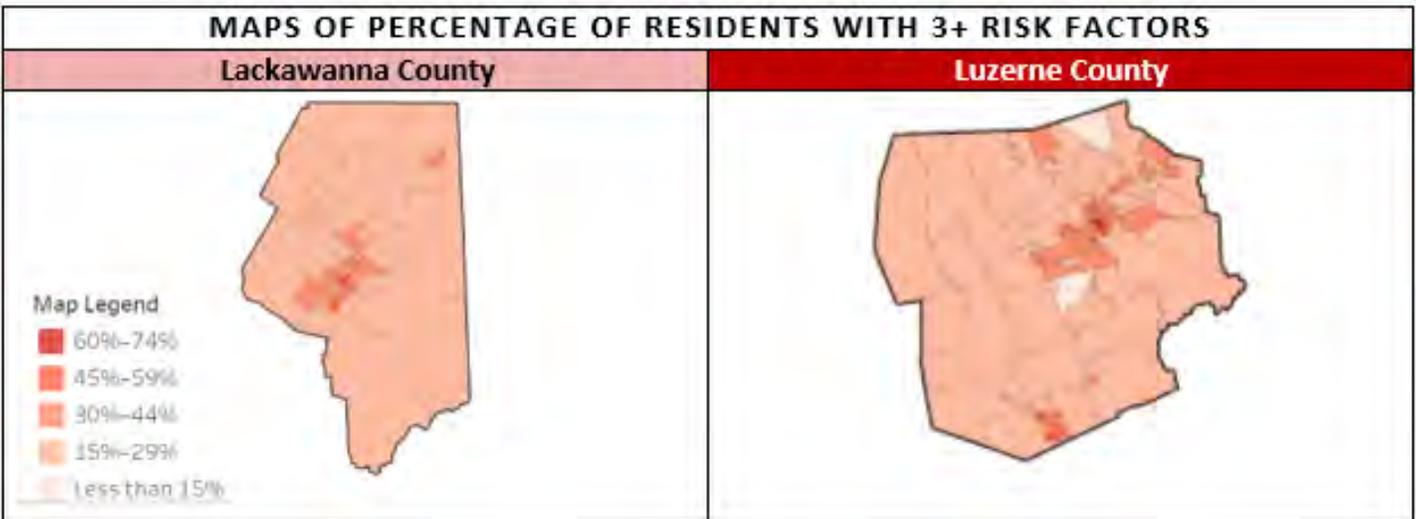


"In Pennsylvania, Luzerne County (30 percent) stands out as one of only three counties in the state, and the only one in the Northeast region, with 30 percent or more of residents with three or more risk factors."

Resilience (continued from previous page)

As we looked towards recovering from the impacts of the pandemic, the Community Resilience Estimates and other data sources can help stakeholders identify areas that may be most vulnerable to recovering from the pandemic’s health, social and economic impacts. This information can be used to identify target areas where resources should be focused to help mitigate the impacts, and also be used to prepare future disaster preparedness efforts. ♦

HIGHEST-RISK COMMUNITIES (At Least Half of Population with 3+Risk Factors)		
Census Tract	Location	Pop. with 3+ Risk Factors
LACKAWANNA COUNTY		
1002	Scranton, Downtown	61%
1029	Scranton, South side	56%
LUZERNE COUNTY		
2001	Wilkes-Barre, Center City	65%
2009	Wilkes-Barre, Heights section	58%
2175	Hazleton, between W. Broad St. and W. Diamond Ave.	52%
2136	Plymouth, area of E. Main St. and Washington Ave.	51%
2179	West Hazleton, N. Broad St./Route 93	51%



Institute Studies Ripple Effects of GDP Decline

By Teri Ooms, Executive Director

The Institute recently published research estimating the impact of the COVID-19 pandemic on gross domestic product (GDP) and model the resulting macroeconomic effects on our region. Two economic models were used to estimate the economic impact on employment, income, and overall output in the region: the first considered a six percent GDP decline uniformly across the economy, the second applied GDP declines by industry sector.

The COVID-19 pandemic is projected to have a significant economic impact on regional output and local, state and federal taxes, based on estimates produced from both economic models

used in this analysis. A six percent decline to GDP in 2020 is estimated to correspond with a decline in employment of nearly 30,000, and a decrease in the region’s overall output of \$4.45 billion. In addition, state and local governments stand to lose over \$206.1 million this year in lost tax revenue, licenses and fees, and a loss of \$333 million in federal revenue.

Evaluation of GDP loss by industry sectors yields a similar but smaller overall result. This model projects the loss of 23,745 jobs and a decrease in labor income of \$1 billion, with large job losses in the accommodations and food service and retail sectors due to closures

from COVID-19, and negative impacts to the Health and social services sector. This model projects a loss in state and local taxes of over \$136.4 million, and \$219 million in losses to federal taxes.

The projected losses will have a detrimental impact on the regional economy in the near term. The longer term impact will depend on the speed of the overall economic recovery. The Institute will continue to monitor the progress of the recovery and provide updated research on the on-going economic impact to our region. ♦

Visit www.institutepa.org to read the full study on how a potential six percent drop in GDP 2020 will impact the region.

Region’s Nonprofits Face Challenging Landscape and Growing Need for Services

By Joe Gallo, Research Assistant

The Institute surveyed nonprofit organizations to learn how these critical agencies have been impacted by and responded to COVID-19.

The pandemic has severely limited the capacity of social service agencies and other nonprofits to provide in-person services. Well over half reported significant or complete disruption to their operations, while only four percent reported little or no disruption.

Many organizations have had to cancel all programs and services that require staff to be in close proximity to the people they serve. Some organizations have been able to transition to remote service delivery, with varying degrees of success. Agencies have faced obstacles in this type of transition; for example, clients do not always have the equipment or technical knowledge necessary for participation in virtual programs, and staff may lack training in how to effectively run these types of programs. Other disruptions have stemmed from the permanent or temporary loss of staff, the loss of volunteers, and a decline in funding.

Eighty five percent of respondents said their agencies have transitioned to remote work for some or all of their employees. Agencies that cannot provide services remotely have taken other precautions; for example, organizations

that provide food assistance have shifted to contact-free methods of service delivery, such as curbside pickup or drive-through services.

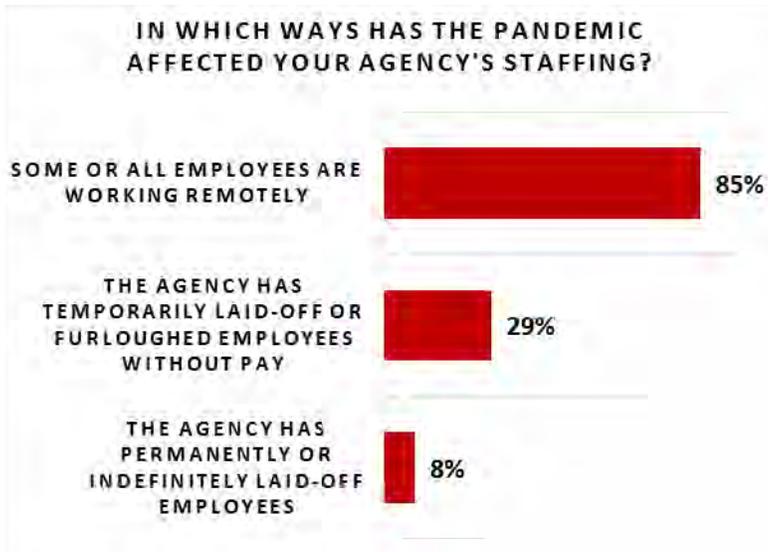
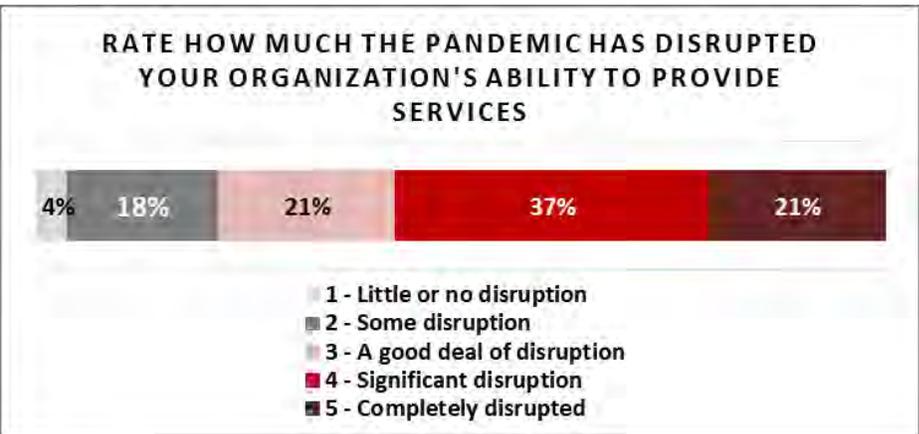
Cancellations of fundraising events and campaigns have resulted in a loss of revenue for many organizations, forcing them to explore other options for funding. The Paycheck Protection Program appears to have been particularly helpful for many agencies, but some did not apply because they were unfamiliar with the program or unsure if they would qualify for assistance.

Foundations and larger agencies can act as conveners to help identify new collaborations for fundraising, and help

to educate leaders of smaller agencies about effective fundraising strategies and opportunities for assistance programs.

Foundations could consider helping service agencies prepare for the future by offering targeted assistance to improve their capacity for remote operations. This assistance could involve grants for the purpose of upgrading agency technology, or for training employees to more effectively use virtual platforms for communication and remote service delivery. ♦

Visit www.institutepa.org to read the full study on COVID-19 impacts on our region’s social services.



“We have seen a 257 percent increase in...food distribution.”

“If employment doesn’t rebound, this will truly increase human service needs in our community.”

“We have created digital platforms and shifted our work online”

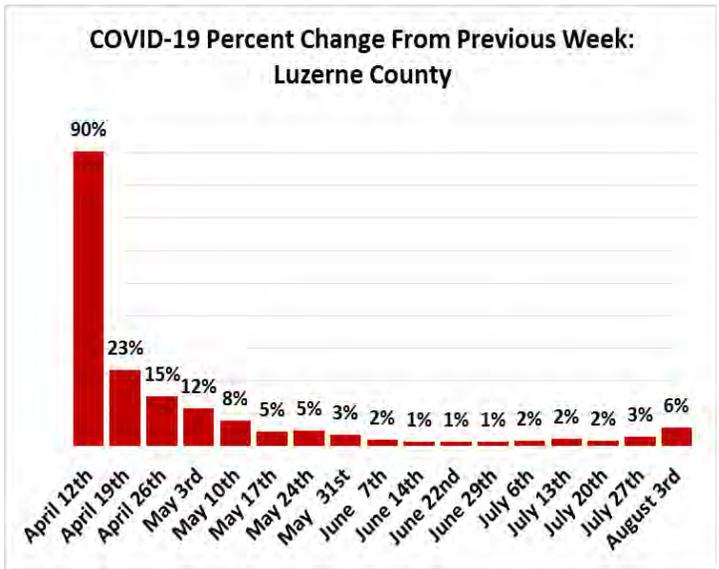
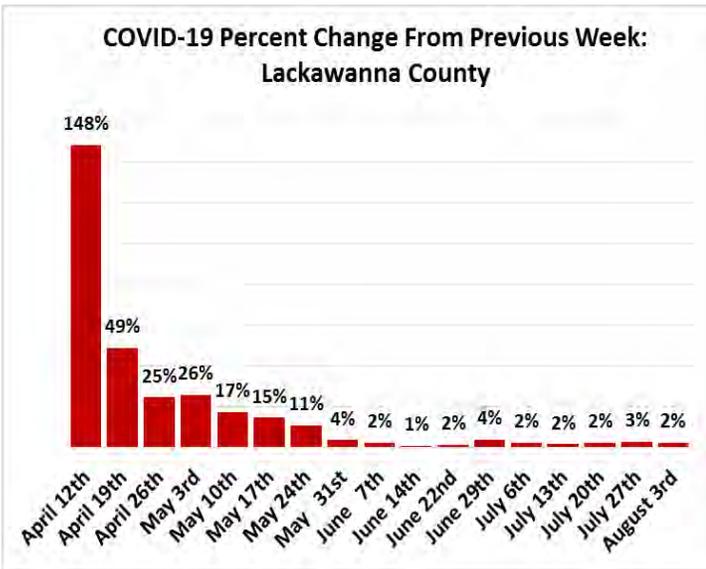
“Our major fundraiser which would sustain us for 6 or more months had to be postponed”

Data Spotlight

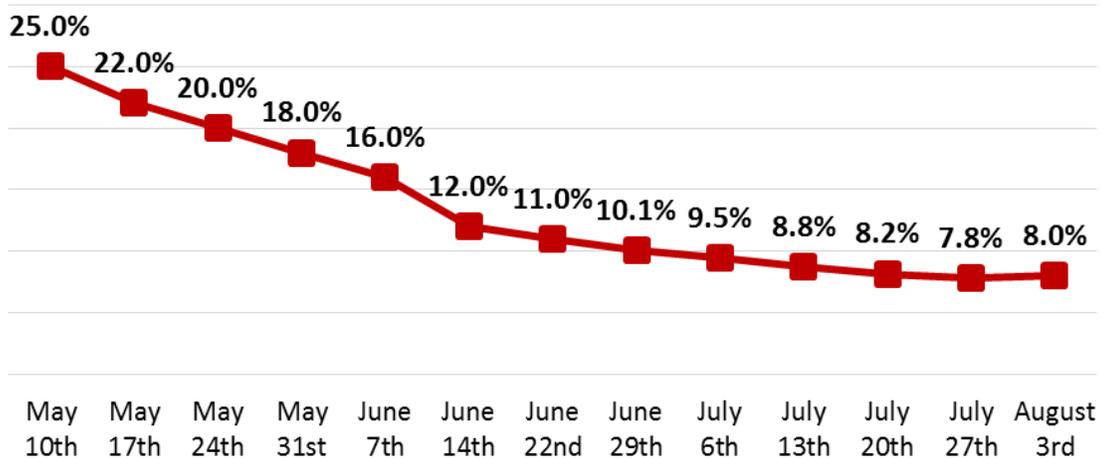
Slowing the Spread of COVID-19

The charts below show the week-over-week change in the rate of total COVID-19 confirmed and probable cases per 100,000 residents. This measures the relative speed at which new infections are occurring relative to the population size of each county. While both counties experienced rapid spread of the virus in April, new infections dramatically slowed in May and June. During this time, many restrictions were lifted. Since then, Lackawanna County saw some fluctuation, with an average increase in cumulative cases of two to three percent per week. Luzerne County saw a similar trend, though in the week ending August 3rd, there was a six percent increase in total cases, the largest since the week ending May 10th. Continued data monitoring will be necessary to understand the public health ramifications of this uptick, especially as the most important factor affecting the region’s economic recovery will be minimizing risk of rapid transmission of the virus.

The positive test rate is another important public health indicator. A higher rate suggests inadequate testing could be hiding the true extent of viral activity, some public health experts have suggested a rate of five percent or lower as ideal. Across the Northeastern Counties of Pennsylvania, this rate has fallen considerably from more than 20 percent in May to 7.8 percent on July 27th, though in the week that followed, the rate grew slightly to eight percent.



Percent Postive Test Rate (Cumulative): Greater Northeast PA



Data Source: Institute analysis of data from Pennsylvania Department of Health

Data Shows Unequal Distribution of Poverty

By Andrew Chew, Senior Research & Policy Analyst

Regionally and around the United States, there is renewed discussion around addressing systemic racism and increasing economic equity of disadvantaged groups, particularly Black, Indigenous, and people of color.

Data from the U.S. Census Bureau shows that poverty disproportionately impacts neighborhoods with a higher share of nonwhite residents. Data was analyzed for all Census Tracts in Lackawanna and Luzerne Counties. The tables here show the R-squared value, a measure of correlation between two variables. These values range from 0, signifying no correlation, to 1, signifying perfect correlation. Four economic measures were tested against two measures of racial diversity—the first being the percentage of residents who are Black, and the second the percent who are any race other than white, or who are Hispanic or Latino of any race.

Particularly notable correlation can be seen between the racial makeup of census tracts and the overall poverty rate, which accounts for the highest r-squared values in both counties. At the census tract level, higher shares of Nonwhite residents in both counties were noticeably associated with increased rates of poverty.

While it is certainly true that Pennsylvanians of all races and backgrounds live in poverty, this economic and social data shows that a racialization of poverty exists in many neighborhoods in the region.

In order to maximize efforts to address poverty in the region, it thus appears essential to account for both the geographic and racial patterns and historical contexts that exist in Northeastern Pennsylvania. ♦

"While it is certainly true that Pennsylvanians of all races and backgrounds live in poverty, economic and social data shows that a racialization of poverty exists in many neighborhoods in the region."

Lackawanna County Correlation Table		
R-square value for all Census Tracts (0 = no correlation, 1 = perfect correlation)	% Black (Alone or in Combination with Other Races)	% Not White and Non-Hispanic
Percent with Median Household Income Under \$25,000	0.3127	0.4403
Median Household Income	0.2040	0.3970
Poverty Rate - Overall	0.3820	0.4388
Poverty Rate - Children	0.2571	0.3763

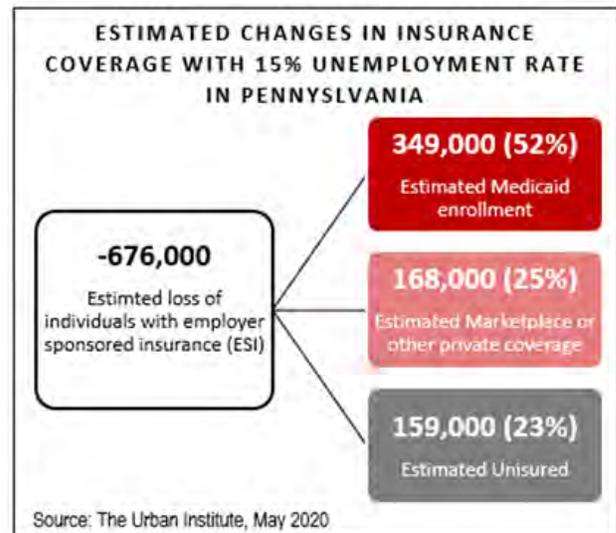
Luzerne County Correlation Table		
R-square value for all Census Tracts (0 = no correlation, 1 = perfect correlation)	% Black (Alone or in Combination with Other Races)	% Not White and Non-Hispanic
Percent with Median Household Income Under \$25,000	0.2391	0.2163
Median Household Income	0.1660	0.2055
Poverty Rate - Overall	0.3869	0.3934
Poverty Rate - Children	0.2600	0.2519

Source: Institute Analysis of U.S. Census Bureau 2018 ACS 5-year Estimates

Unemployment Will Affect Employee Health Insurance

By Megan Stachowiak, Research Analyst

A recent publication from The Institute analyzed many facets of the region's health care system in the face of COVID-19. Health Insurance was one area considered by the study. The surge in unemployment is likely to increase the uninsured rate in the near term and expand the need for public health insurance as workers lose employer-sponsored health coverage. According to estimates by the Urban Institute, if the unemployment rate in Pennsylvania reaches 15 percent, 676,000 people could lose employer-sponsored coverage. Of these, they estimate 52 percent may be eligible for Medicaid (349,000), 25 percent (168,000) might purchase Marketplace or other private coverage, and 24 percent (159,000) may become uninsured. As those seeking Medicaid and CHIP coverage increases, this will put additional pressure on state budgets that are already strained from the impact of the pandemic. ♦



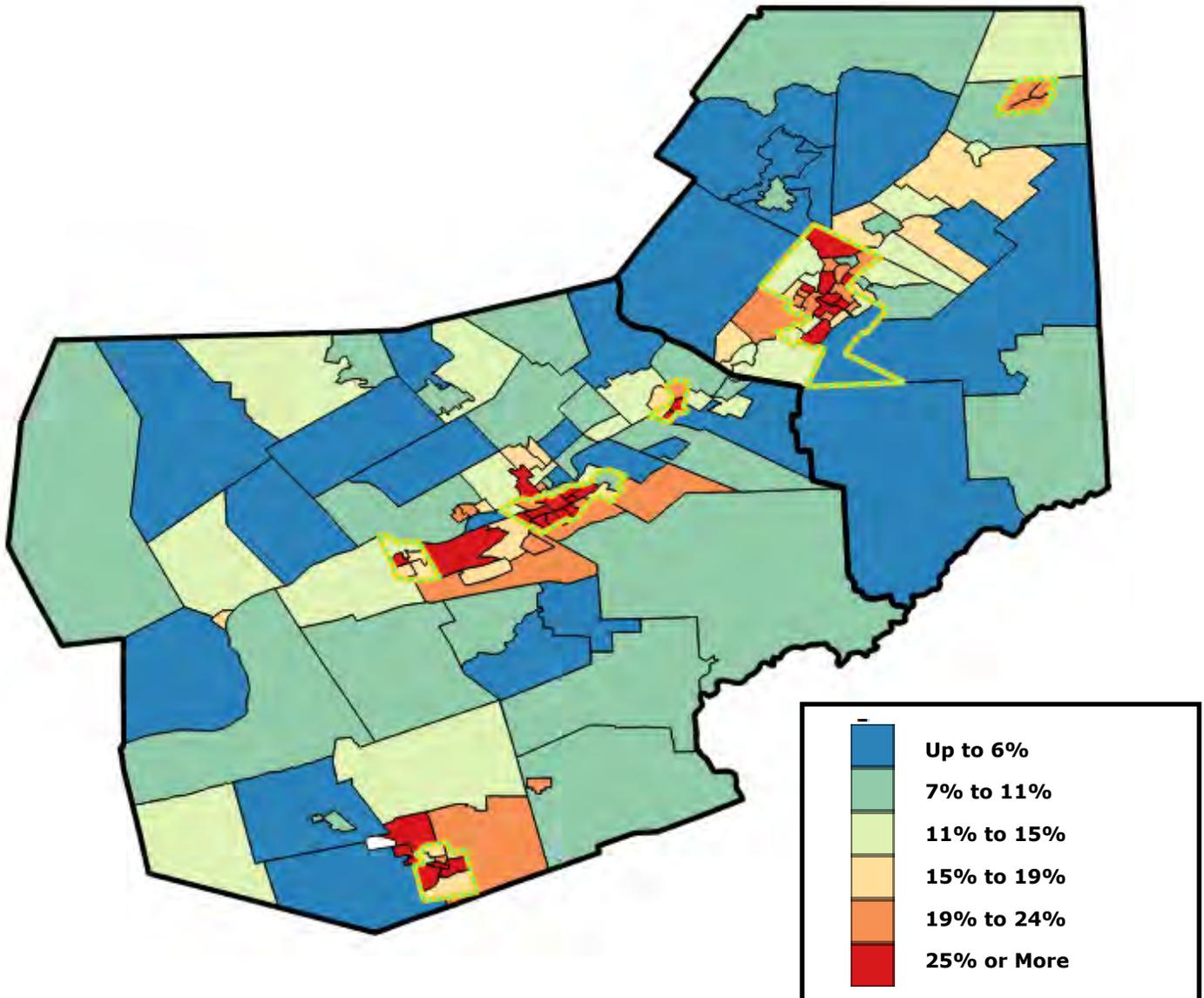
Cartography Corner

Spatial Distribution of Poverty in NEPA

The map below shows the overall poverty rate for census tracts in Lackawanna and Luzerne Counties. The six municipalities classified as cities are outlined in yellow—Carbondale, Hazleton, Nanticoke, Pittston, Scranton, and Wilkes-Barre. Many of the census tracts with the highest poverty rates (shown in dark red, with poverty rates above 25 percent) are located in Scranton, Wilkes-Barre, and Hazleton. There are also a number of higher poverty tracts located adjacent to these cities, and a large share of the tracts in each of the region’s three largest cities have very high rates of poverty.

Conversely, many of the lower poverty rate areas are suburban or rural in character, and very few tracts with a lower than average rate are located in the region’s urban core. While pockets of poverty exist in many types of communities, there is a clear spatial pattern in the distribution of poverty in Northeastern Pennsylvania, with higher concentrations of poverty in and around urban areas. This trend is likely caused by a mix of circumstances including historical contexts, racial disparities in poverty and economic mobility, and housing and employment trends across different types of communities.

**Percent of All Residents with Income Below Federal Poverty Line
By Census Tract in Lackawanna & Luzerne Counties**



Data Source: U.S. Census Bureau ACS 5-year Estimates

Payroll Protection Program Supports Over 12,300 Recipients in Northeast Region So Far

By Andrew Chew, Senior Research & Policy Analyst

As the most significant federal business assistance program in the wake of COVID-19, the Payroll Protection Program (PPP) has had a significant impact on the region. Data on the initial rounds of PPP funding was released in July 2020. At that time, there had been nearly 166,000 loans made to recipients in Pennsylvania. These loans were geographically categorized by ZIP code. Of the statewide loans, 7.4 percent were in ZIP codes in Northeastern Pennsylvania, which includes Lackawanna, Luzerne, Carbon, Monroe, Pike, Susquehanna, Wayne, and Wyoming Counties.

A total of 471 loans were made in Hazleton ZIP codes, 770 in Wilkes-Barre ZIP codes, and 1,231 in Scranton ZIP codes. The total jobs reported retained in the region were nearly 130,000, and averaged 10.5 jobs per loans.

On average, PPP loans to the Northeastern Region skewed smaller than the statewide average. Regionally,

	PPP Loans by Amount			
	Pennsylvania		NE Region	
\$5-10 Million	206	0.1%	2	0.0%
\$2-5 Million	1,096	0.7%	60	0.5%
\$1-2 Million	2,255	1.4%	120	1.0%
\$350,000 - 1 Million	8,059	4.9%	452	3.7%
\$150,000 - 350,000	14,478	8.7%	887	7.2%
Under \$150,000	139,801	84.3%	10,806	87.7%

nearly 88 percent were less than \$150,000, and fewer than 2 percent were in excess of \$1 million.

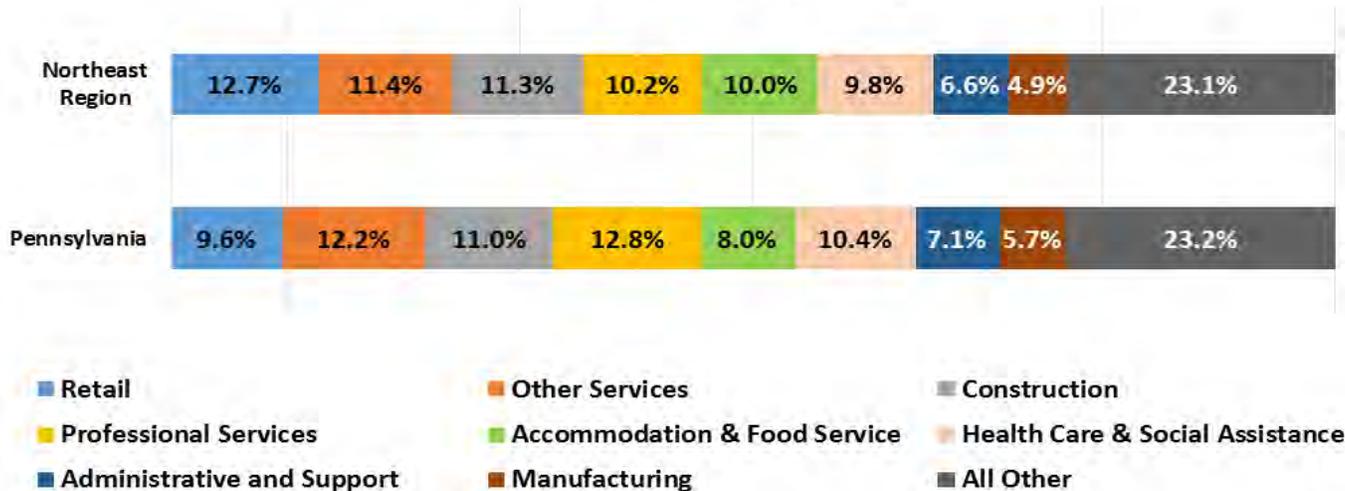
Loans were distributed to a variety of industry categories. Top industries for PPP loans in the Northeast Region were retail (12.7%), other services, which includes many personal service businesses such as barber shops, nail salons, and dry cleaners (11.4%), and construction (11.3%). Ten percent of loans were made to accommodation and food service businesses.

Regionally, a smaller share of PPP loans were made to professional services, administration and support, and manufacturing industries compared with statewide.

Overall, the impact made by PPP in the region appears significant. However, challenges remain for businesses, including soft consumer demand and continued limitations on operations, underscoring the need for continued support for small businesses. ♦

PPP Statistics Overview (July 2020 Data Release)					
	Pennsylvania	NE Region	Hazleton	Scranton	Wilkes-Barre
Total Loans	165,895	12,327	471	1,231	770
Total Reported Jobs Retained	1,821,020	129,833	4,278	15,410	12,615
Avg. Jobs Retained per Loan	11.0	10.5	9.1	12.5	16.4

PPP Loans by Industry Group



Quarterly Economy Tracker Research Underwriters

Signature Underwriter

SORDONI

FAMILY FOUNDATION

Supporting Underwriter



Quarterly Economy Tracker Underwriting opportunities available!

Please contact Teri Ooms (ooms@institutepea.org) for more information.

Circulation is over 1,000 self-subscribed individuals.

The Institute

Turning Information into Insight

**Economic, Impact, Health,
Social, and Education
Research, Evaluation, and
Consulting**

A partnership among Geisinger Commonwealth School of Medicine, Johnson College, Keystone College, King's College, Lackawanna College, Luzerne County Community College, Marywood University, Misericordia University, Penn State Scranton, Penn State Wilkes-Barre, The Wright Center for Graduate Medical Education, University of Scranton, and Wilkes University

The Institute Research Team:

Teri Ooms, Executive Director

Andrew Chew, Senior Research & Policy Analyst

Megan Stachowiak, Research Analyst

Joseph Gallo, Research Assistant

Kara McGrane, Research Assistant

Jill Avery-Stoss, Research, Data & Intern Coordinator

Junhua Du, Research Intern

Offices in Wilkes-Barre and Scranton
Phone: 570.408.9850
Email: info@institutepea.org
www.institutepea.org

**Follow us on
Facebook and Twitter!**



Subscribe to the Quarterly Economy Tracker at www.institutepea.org