

# Quarterly Economy Tracker

A partnership among Keystone College, King's College, Lackawanna College, Luzerne County Community College, Marywood University, Misericordia University, Penn State Wilkes-Barre, The Commonwealth Medical College, The University of Scranton & Wilkes University

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*The Economic 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.*

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## The Institute Releases Research on Economic Indicators, Financial Literacy

On May 12<sup>th</sup>, The Institute held its annual Indicators Forum at Mohegan Sun Pocono. There were over 140 in attendance representing government, business, higher education, and non-profit organizations in Lackawanna and Luzerne Counties. The event featured the 2016 Indicators report as well as the research and activities of seven community-based research task forces.

The Institute's annual Indicators Report identifies economic, environmental, and social factors that affect the

overall state of Lackawanna and Luzerne Counties. Economic indicators tracked in the report include unemployment, income, poverty, wages, and businesses.

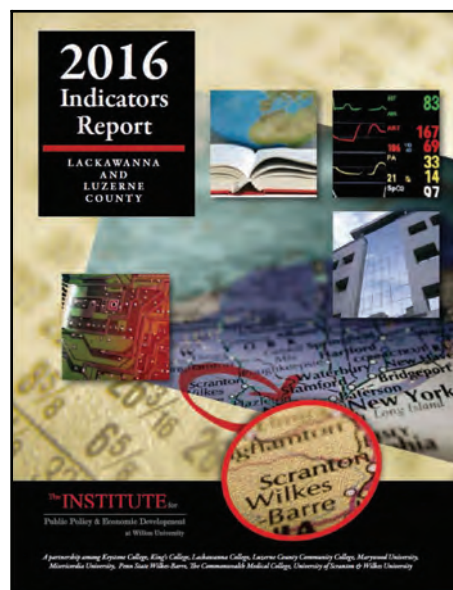
### Report Highlights

This year's report showed that the region has been steadily approaching pre-recession economic figures over the past several years. The area's economy shows great potential for growth due to the diversity of its industry. The strong presence of higher education institutions and healthcare

systems as well as the year-round tourism and recreation industry have brought outside revenue into the region stimulating economic growth and improving the quality of life.

Though the region's unemployment rates have consistently been higher than the statewide average, the region has seen some real improvement in job growth over the past several years, with the 2015 annual average unemployment rates dropping to the lowest lev-

*(continued on next page)*



**Left:** The Institute's 2016 Indicators Report, presented on May 12 at the annual Indicators Forum at Mohegan Sun Pocono. **Right:** State Senator Robert Blake presents the research of the Jobs, Economy, and Economic Development Task Force. This year's task force research focused on financial literacy.

## Indicators *(continued from Page 1)*

els since 2007 in both counties.

The relatively low median wages and income paired with a high number of individuals living in poverty remain an issue for the region. However, the recent growth in higher wage employment sectors and the booming exports industry could have positive impacts on the region's economy.

Population and demographics are also indicators of the region's economic status. Despite experiencing minimal increases in population in recent years, the region has become increasingly diverse in terms of race and ethnicity. Diversity not only adds to the cultural aspect of the region, it also makes the area a more appealing place to do business. The Hispanic/Latino population has become one of the fastest growing racial groups on a national and local level. In 2014, Luzerne County's Hispanic population accounted for 9.1 percent of the total population compared to the state's total of 6.5 percent.

This year's report included a new series of indicators – income broken down by source: earnings, Social Security, retirement income, and cash assistance income. The statistics since 2009 show that a decreasing number of households in the region have earned income, while a growing number rely on Social Security income. As the region's population ages, this trend is likely to continue.

### JEED Task Force

The Job, Economy & Economic Development (JEED) Task Force also highlighted new research at the event. The task force's mission is to improve the quality and standards living within the region by researching economic, finance, and business topics. This year, the task force studied financial literacy as it pertains to the region's economy.

The JEED task force's study found evidence that a solid understanding of basic finance can have a positive impact on the economic well-being of the region while also improving the citizens' ability to find jobs, secure housing, and plan for retirement. The study also employed surveys of high school students, college students, and community members. Based on their own self-assessment, the region's high school and college students have the strongest knowledge about budgeting, using credit cards, and credit scores, but more limited knowledge about taxes, health insurance, investing, and planning for retirement.

The surveys also asked respondents three quiz questions to assess their knowledge of financial topics. The three questions have been asked on numerous nationwide studies in the past. The questions and results are shown at right.

Because financial literacy has important effects on the economic security of individuals and families, improving financial literacy in the region will be one strategy in improving the region's economy as a whole. ♦

## Financial Literacy Knowledge Questions

**“Suppose you had \$100 in a savings account and the interest rate was 2% per year. After five years, how much do you think you would have in the account if you left the money to grow?”**

- A. Exactly \$102
- B. Less than \$102
- C. More than \$102 (Correct Answer)**
- D. Do not know

High School Students:  
**71% Correct**

College Students:  
**86% Correct**

Adults:  
**91% Correct**

**“Imagine that the interest rate on your savings account was 1% per year and inflation was 2% per year. After one year, how much would you be able to buy with the money in this account?”**

- A. Exactly the same
- B. Less than today (Correct Answer)**
- C. More than today
- D. Do not know

High School Students:  
**33% Correct**

College Students:  
**67% Correct**

Adults:  
**87% Correct**

**“Buying a single company's stock usually provides a safer return than a stock mutual fund.”**

- A. True
- B. False (Correct Answer)**
- C. Do not know

High School Students:  
**35% Correct**

College Students:  
**58% Correct**

Adults:  
**82% Correct**

***“A decreasing number of households in the region have earned income, while a growing number rely on Social Security income.”***

## Tourism Sector Employment and Income Continue Growing

The summer season brings with it an influx of visitors to Northeastern Pennsylvania's hotels, restaurants, recreation facilities, and entertainment venues. Year round, travelers coming to the region for business and pleasure have a significant impact on the economy.

### Traveler Spending

Travelers to the seven counties in the "Upstate PA" tourism region spent \$2.18 billion in 2014, a slight increase from the year before. Across five traveler spending categories (recreation, retail, food & beverage, transportation, and lodging), there were increases in each category except for transportation.

### County Trends

Within the region, Luzerne County saw a 1.8 percent increase in traveler spending from 2013 to 2014, while Lackawanna County declined a bit. Bradford and Schuylkill Counties also saw considerable increases.

### Employment Impacts

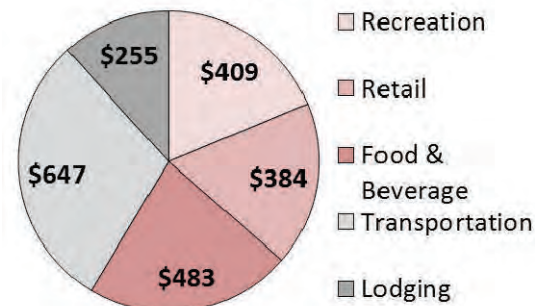
Within Lackawanna and Luzerne Counties, a total of 12,239 workers were employed in tourism directly in 2014, an increase from the year before for both counties. The industry also paid out compensation to its employees totally over \$356 million in both counties in 2014. This figure represents as 13.7 percent increase from the year before, a sign of hire wages in the industry.

The supply chain effects and the economic ripple effects from tourism generate additional jobs as well, called indirect and induced impact. Indirect impact includes the jobs and income created by the supply chains of travel-related businesses: for example, a laundry service used by a hotel for linens or a general contractor hired to renovate a resort. Induced impact is the economic ripple effect to all other sectors from tourism related jobs. When tourism workers spend their income, the resulting economic activity is induced impact. When these are added, the employment impact for the two counties was nearly 19,199 jobs and \$703 million in labor income. ♦

Traveler Spending (in billions)		
Year	Upstate PA Region	Pennsylvania
2006	\$1.64	\$30.8
2007	\$1.75	\$32.5
2008	\$1.92	\$36.2
2009	\$1.66	\$31.3
2010	\$1.86	\$34.2
2011	\$2.09	\$37.0
2012	\$2.17	\$38.5
2013	\$2.17	\$39.2
2014	\$2.18	\$39.7
Percent Change (2006-2014)	32.9%	28.9%

Traveler Spending Change Over Time (2013 - 2014)		
County	Change (Millions \$)	Percent Change
Bradford	+ 4.5	2.0%
Lackawanna	-15.1	-2.3%
Luzerne	+ 15.5	1.8%
Schuylkill	+ 2.7	1.4%
Sullivan	-0.5	-2.6%
Susquehanna	-1.5	-0.9%
Wyoming	-0.6	-0.9%
Total Upstate PA	+ 4.6	0.2%

2014 Traveler Spending  
Upstate PA Region (in millions)



2014 Tourism Employment Impact (Industry Impact Only)				
	Lackawanna	Luzerne	Upstate PA	Pennsylvania
Total Employment	5,183	7,056	16,580	306,290
Labor Income (in millions)	\$124.5	\$232.0	\$470.6	\$11,006.6
Employment change from 2013	1.0%	4.5%	2.3%	0.7%
Labor Income change from 2013	0.1%	22.7%	11.1%	4.1%

2014 Tourism Employment Impacts (Direct, Indirect, and Induced Impact)				
	Lackawanna	Luzerne	Upstate PA	Pennsylvania
Total Employment	8,054	11,145	26,516	482,524
Labor Income (in millions)	\$254.3	\$448.3	\$955.6	\$19,542.2
Employment change from 2013	0.8%	3.5%	1.8%	0.8%
Labor Income change from 2013	-0.1%	16.6%	7.8%	4.0%

# Infrastructure Supports 30,000 Jobs in Region

A recent study by the Brookings Institute highlighted the importance of infrastructure jobs for the region's economy and the increased need for Americans to pursue occupations in infrastructure. By facilitating trade through driving production and delivering resources, infrastructure occupations have become the foundation of long term economic growth. The Brookings study found that infrastructure is experiencing high levels of turnover brought on by the aging of the current workforce, which will result in a high demand for workers in infrastructure within the next decade (Joseph Kane and Adie Tomer - May 2016).

## Infrastructure Workers

Out of the approximately 244,000 jobs in Lackawanna and Luzerne Counties, nearly 30,000 of them are in the 95 occupations identified by Brookings as infrastructure occupations. These jobs don't just involve the short term construction jobs that many associate with infrastructure; they involve designing, building, maintaining, and operating the transportation systems, power plants, warehouses, utilities, and other facilities that allow the economy to function.

These jobs are especially important to the region - they make up 12 percent of the region's employment compared with 11 percent nationwide, and this share is expected to grow slightly to 13 percent by 2025. The ripple effects of these jobs to all other sectors of the economy further highlight their importance.

*"These jobs...involve designing, building, maintaining, and operating the transportation systems, power plants, warehouses, utilities, and other facilities that allow the economy to function."*

## Investing in Physical Assets

Though the 95 occupations analyzed are diverse, their common thread is that each depends on physical infrastructure in order to exist. Because this employment drives a large portion of the region's economy, continued investment in infrastructure pays off in numerous ways: in addition to supporting growth in the infrastructure occupations, stronger infrastructure can improve quality of life as well as enhance the region's economic competitiveness by making it more attractive to industries that are not directly infrastructure-based.

## Workforce Considerations

As infrastructure jobs grow in importance to the region, it is also important to ensure a steady stream of qualified workers to fill these jobs.

Barriers to entry in these occupations are generally relatively low. Nationwide, the Brookings Institute found that workers with only a high school diploma earn up to 30 percent more in infrastructure jobs compared to other occupations. Infrastructure occupations tend to value on-the-job training and

*(continued on next page)*

**Infrastructure Workers: Fast Facts**  
for Lackawanna and Luzerne Counties

**29,823**  
Jobs across 95 occupations

**9%**  
Projected job growth between 2016 and 2025, faster than 5% job growth projected across all jobs in all sectors

**\$19.05**  
Median hourly earnings, higher than \$18.37 overall average

Top 5 Fastest Growing Infrastructure Occupations (by Total Job Growth)				
SOC	Occupation	2016 - 2025		Median Hourly Wage
		Total Job Growth	2016 Jobs	
53-7062	Laborers and Freight, Stock, and Material Movers, Hand	949	7,767	\$13.25
53-3032	Heavy and Tractor-Trailer Truck Drivers	467	4,177	\$19.01
53-7051	Industrial Truck and Tractor Operators	330	3,383	\$16.30
53-7064	Packers and Packagers, Hand	195	2,315	\$10.49
47-2111	Electricians	93	858	\$29.76

Top 5 Infrastructure Occupations with Highest Median Wages				
SOC	Occupation	Median Hourly Wage	2016 Jobs	2016 - 2025
				Total Job Growth
53-2011	Airline Pilots, Co Pilots, and Flight Engineers	\$54.46	25	3
17-2161	Nuclear Engineer	\$48.86	85	-6
19-2043	Hydrologist	\$45.25	11	1
51-8011	Nuclear Power Reactor Operator	\$44.47	42	-2
19-4051	Nuclear Technician	\$44.12	107	-7

## Infrastructure Jobs *(Continued from Page 4)*

practical skills more heavily than formal education. 93 percent of occupations in the category do not require a bachelor's degree. According to O\*NET, the knowledge categories most heavily valued in infrastructure occupations are mechanical, public safety and security, and transportation. ♦

Another factor to consider in workforce development is the relatively high age of the workforce in these occupations. The tables below show the infrastructure occupations with the greatest percentage of workers age 55 and above and several occupations identified as having a high replacement

demand as a result of a combination of job growth and workforce approaching retirement. Appropriate workforce development measures will be needed in order to meet the demands in this important and growing part of the regional economy.

**Top 5 Infrastructure Occupations with Highest 55+ Aging Workforce**

SOC	Occupation	% of Workforce Age 55+	2016-2025 Total Job Growth	2016 Jobs	Median Hourly Wage
53-3021	Bus Drivers, Transit and Intercity	59%	-18	387	\$20.67
53-3022	Bus Drivers, School or Special Client	58%	36	1,002	\$14.00
53-3041	Taxi Drivers and Chauffeurs	51%	13	403	\$10.27
43-5021	Couriers and Messengers	46%	1	114	\$9.77
51-8092	Gas Plant Operators	41%	13	104	\$20.79

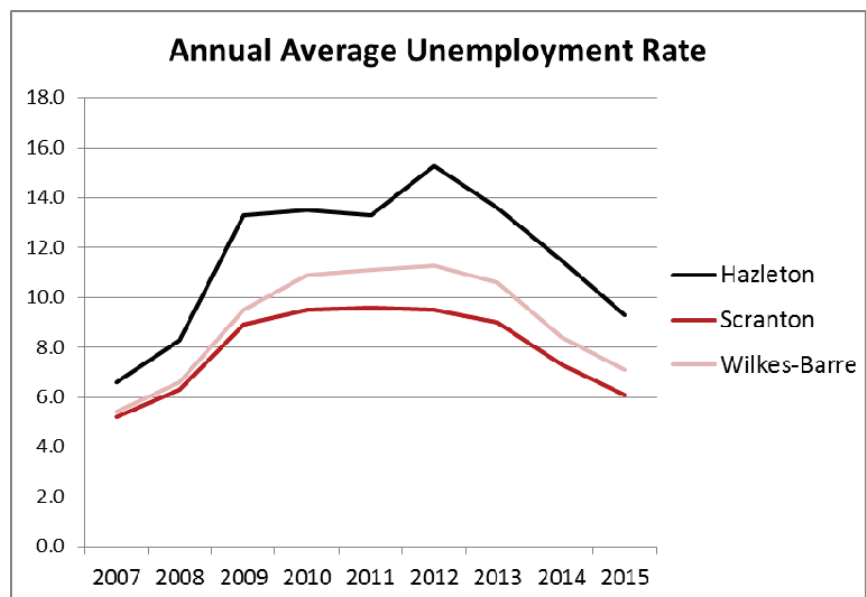
**Infrastructure Occupations with High Replacement Demand**

SOC	Occupation	% of Workforce Age 55+	2016 - 2025 Total Job Growth	2016 - 2025 % Job Growth	Median Hourly Wage
11-3071	Transportation, Storage, and Distribution Managers	26%	37	13%	\$36.39
53-3032	Heavy and Tractor-Trailer Truck Drivers	28%	467	11%	\$19.01
17-2051	Civil Engineers	31%	22	5%	\$34.45
49-9012	Control and Valve Installers and Repairers, except Door	34%	8	10%	\$21.10
51-8092	Gas Plant Operators	41%	13	13%	\$20.79
53-2012	Commercial Pilots	26%	17	22%	\$43.42
53-3022	Bus Drivers, School or Special Client	59%	36	4%	\$14.00
53-3033	Light Truck or Delivery Services Drivers	29%	58	3%	\$15.41

Data Source: EMSI Analyst

## City-Level Unemployment Rates Show Improvement

The Bureau of Labor Statistics tracks unemployment for cities with populations greater than 25,000. The three cities in the region, like the region as a whole, experienced a spike in unemployment rates during the great recession, and like the individual counties, they have seen a significant recovery since 2013. In 2015, Hazleton's unemployment rate was 9.1 and Wilkes-Barre's was 7.1. Both of these were higher than the Luzerne County rate of 6.7 percent for that year. The City of Scranton had an average unemployment rate of 6.1 during 2015, roughly on par with Lackawanna County's six percent rate. ♦



Data Source: Bureau of Labor Statistics Local Area Unemployment Statistics

## Selected Economic Indicators

### Establishments by Industry

In Lackawanna County, the total number of business establishments was the same in 2014 as in 2010, though there was fluctuation during that time. The industries with the largest decreases in establishments were wholesale trade, manufacturing, construction, and real estate. Health care and social assistance had the largest increase, adding 4.7 percent or over 30 establishments.

In Luzerne County, there was a two percent drop in the total number of establishments. The industries with declines were similar - real estate, manufacturing, and construction all had significant drops in both counties. Administrative and support services and waste management and remediation also saw a significant decline in Luzerne County. Despite the gains in the health care industry in Lackawanna County, Luzerne County saw a two percent decline between 2010 and 2014. Transportation and warehousing and wholesale trade had the largest increases in Luzerne County.

Establishments by Industry - Lackawanna County						
	Total Establishments					2010-2014
	2010	2011	2012	2013	2014	% Change
<b>Total Sectors</b>	5,372	5,325	5,357	5,402	5,372	0.0%
<b>Construction</b>	467	447	444	459	450	-3.6%
<b>Manufacturing</b>	243	240	238	234	234	-3.7%
<b>Wholesale Trade</b>	279	275	268	265	265	-5.0%
<b>Retail Trade</b>	949	931	927	925	935	-1.5%
<b>Transportation and Warehousing</b>	163	170	167	165	166	1.8%
<b>Finance and Insurance</b>	307	305	307	310	305	-0.7%
<b>Real Estate and Rental Leasing</b>	147	138	136	142	142	-3.4%
<b>Professional, Scientific, and Technical Services</b>	488	487	490	493	494	1.2%
<b>Administration, Support, Waste Management Remediation</b>	236	236	235	244	237	0.4%
<b>Health Care and Social Assistance</b>	698	710	728	721	731	4.7%
<b>Accommodation and Food Services</b>	562	562	591	596	582	3.6%
<b>Other Services (Excludes Public Administration)</b>	573	557	566	590	571	-0.3%

Establishments by Industry - Luzerne County						
	Total Establishments					2010-2014
	2010	2011	2012	2013	2014	% Change
<b>Total Sectors</b>	7,326	7,182	7,219	7,175	7,169	-2.1%
<b>Construction</b>	605	580	569	561	575	-5.0%
<b>Manufacturing</b>	315	313	311	292	298	-5.4%
<b>Wholesale Trade</b>	335	337	345	355	347	3.6%
<b>Retail Trade</b>	1,249	1,227	1,242	1,259	1,233	-1.3%
<b>Transportation and Warehousing</b>	263	258	276	271	277	5.3%
<b>Finance and Insurance</b>	423	420	425	419	424	0.2%
<b>Real Estate and Rental Leasing</b>	232	211	205	214	207	-10.8%
<b>Professional, Scientific, and Technical Services</b>	586	571	574	581	570	-2.7%
<b>Administration, Support, Waste Management Remediation</b>	406	398	390	384	383	-5.7%
<b>Health Care and Social Assistance</b>	962	947	973	955	940	-2.3%
<b>Accommodation and Food Services</b>	754	745	742	742	762	1.1%
<b>Other Services (Excludes Public Administration)</b>	811	799	801	776	779	-3.9%

## Selected Economic Indicators

### Total Annual Payroll

Total annual payroll represents the sum of all payroll of all employers within an industry. Between 2013 and 2014, both counties saw total payroll increases of more than four percent overall. In Lackawanna County, health care and social assistance had the largest payroll jump - 15 percent, or over \$115 million, between 2013 and 2014. This follows several years of modest payroll declines in that industry.

In Luzerne County, the largest increase was in transportation and warehousing - in 2014, there was a growth of 10.7 percent, or almost \$37 million in additional payroll. That industry has seen substantial payroll growth in Luzerne County over the past several years.

None of the industries analyzed saw a drop in total payroll in 2014 in either county.

<b>Annual Payroll - Lackawanna County</b>						
	<b>Annual Payroll (in Thousands)</b>			<b>Percent Change</b>		
	2012	2013	2014	2011-2012	2012-2013	2013-2014
<b>All Sectors</b>	\$3,126,400	\$3,214,779	\$3,359,661	0.6%	2.8%	4.5%
<b>Manufacturing</b>	\$362,533	\$365,863	\$383,205	1.0%	0.9%	4.7%
<b>Retail Trade</b>	\$283,536	\$286,939	\$289,988	-0.8%	1.2%	1.1%
<b>Transportation and Warehousing</b>	\$164,008	\$172,100	\$177,223	-2.5%	4.9%	3.0%
<b>Finance and Insurance</b>	\$295,391	\$306,321	\$311,309	0.5%	3.7%	1.6%
<b>Educational Services</b>	\$185,316	\$192,954	\$198,067	2.7%	4.1%	2.6%
<b>Accommodation and Food Services</b>	\$112,281	\$109,490	\$117,156	4.1%	-2.5%	7.0%
<b>Health Care and Social Assistance</b>	\$782,168	\$773,818	\$890,677	-3.6%	-1.1%	15.1%

<b>Annual Payroll - Luzerne County</b>						
	<b>Annual Payroll (in Thousands)</b>			<b>Percent Change</b>		
	2012	2013	2014	2011-2012	2012-2013	2013-2014
<b>All Sectors</b>	\$4,460,289	\$4,696,258	\$4,894,393	4.0%	5.3%	4.2%
<b>Manufacturing</b>	\$715,920	\$761,997	\$794,567	6.0%	6.4%	4.3%
<b>Retail Trade</b>	\$428,477	\$426,714	\$434,877	1.8%	-0.4%	1.9%
<b>Transportation and Warehousing</b>	\$335,369	\$341,758	\$378,491	30.2%	1.9%	10.7%
<b>Finance and Insurance</b>	\$257,924	\$256,022	\$266,913	6.9%	-0.7%	4.3%
<b>Educational Services</b>	\$110,421	\$110,030	\$112,635	0.9%	-0.4%	2.4%
<b>Accommodation and Food Services</b>	\$138,195	\$143,033	\$147,338	0.0%	3.5%	3.0%
<b>Health Care and Social Assistance</b>	\$986,788	\$1,034,333	\$1,057,285	5.0%	4.8%	2.2%

Signature Underwriter



The Willary Foundation is a family foundation dedicated to developing ideas and projects that are interesting, creative and imaginative and which benefit communities in Northeastern Pennsylvania. Willary seeks to foster groups with unique, innovative or unusual ideas and efforts.

The Foundation is disposed to leveraging the impact of its grants by encouraging efforts that could have a ripple effect in the community or by supporting projects in conjunctions with other sources of funding. The Foundation wishes to promote the special qualities of the people of Northeastern Pennsylvania.

Supporting Underwriters



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**Quarterly Economy Tracker Underwriting opportunities available, please contact Teri Ooms at [ooms@institutepea.org](mailto:ooms@institutepea.org) for more information. Circulation is over 1,000 self-subscribed individuals primarily in PA, but subscribers come from a number of states and countries.**

*In all its publications, The Institute uses the most current data available at the time of publication.*

## Labor Market at a Glance

According to preliminary figures from BLS, in March 2016, the unemployment rate in Lackawanna County was six percent, and in Luzerne County, it was 6.7 percent. Both counties experienced significant recovery in their unemployment rates from 2013 through 2015. Unemployment in both counties remained higher than the statewide rate, which stood at 5.5 percent in March. The national rate was 5.1 percent.

Both counties have seen gradual but significant job growth. Since November 2013, each monthly employment total for both counties was higher than the same month in the previous year. The labor force has shown a slower rate of growth, and in both counties the labor force average for 2015 was lower than 2014. ♦

	Unemployment Rate (Not Seasonally Adjusted)			
	Lackawanna	Luzerne	Pennsylvania	United States
2007	4.8	5.0	4.4	4.6
2008	5.8	6.2	5.3	5.8
2009	8.2	9.0	8.0	9.3
2010	9.0	10.0	8.5	9.6
2011	8.8	9.6	7.9	8.9
2012	8.9	9.8	7.8	8.1
2013	8.3	9.4	7.4	7.4
2014	6.6	7.4	5.9	6.2
2015	5.7	6.3	5.1	5.3
Jan '16	5.6	6.3	5.2	5.3
Feb '16	5.6	6.4	5.3	5.2
Mar '16	6.0	6.7	5.5	5.1

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

	Labor Force & Employment			
	Lackawanna County		Luzerne County	
	Labor Force	Employment	Labor Force	Employment
2007	106,909	101,792	159,118	151,181
2008	108,526	102,231	161,744	151,642
2009	107,192	98,396	161,298	146,781
2010	106,987	97,402	159,759	143,859
2011	107,271	97,811	159,839	144,496
2012	107,654	98,118	160,921	145,098
2013	107,613	98,661	160,775	145,618
2014	106,654	99,602	158,933	147,248
2015	106,388	100,353	158,303	148,351
Jan '16	106,258	100,291	158,178	148,270
Feb '16	106,192	100,267	158,404	148,242
Mar '16	107,045	100,843	159,353	148,739

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

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