

Quarterly Economy Tracker

A partnership among Geisinger Commonwealth School of Medicine, Keystone College, King's College, Lackawanna College, Luzerne County Community College, Marywood University, Misericordia University, Penn State Wilkes-Barre, Penn State Worthington Scranton, The Wright Center, 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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Migration Trends—People Moving In and Out of Northeastern PA

The rapidly changing economy of the 21st century has resulted in a high level of migration among the American population. This holds true for both Lackawanna and Luzerne Counties—people are moving in, and people are moving out. So where are Lackawanna and Luzerne County residents moving to, and where are newcomers coming from?

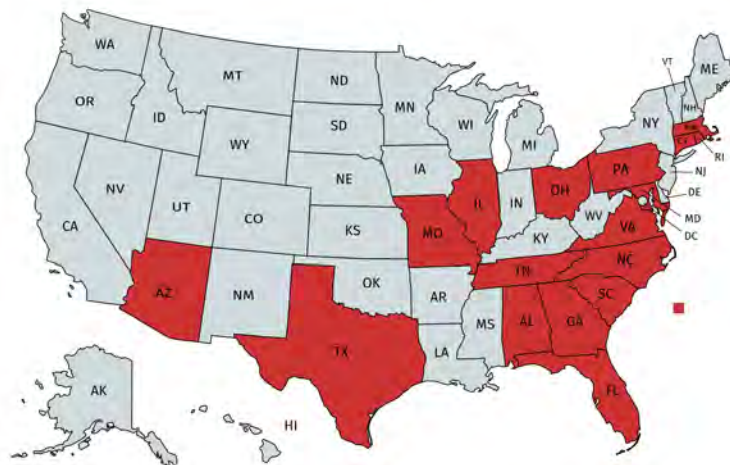
The graphs on the next page display the net

migration values for both Lackawanna and Luzerne Counties. This statistic is measured by subtracting the outbound migration from the inbound migration. Therefore, a state or county that had more residents move to it than move from it would have a positive net migration rate, and vice versa.

The net migration rate is useful as it notes the total migration effects. The three top states responsible for

adding population to Lackawanna County are New Jersey, New York, and West Virginia. All three states are geographically adjacent to Pennsylvania. Similarly, the top three states for Luzerne County are New Jersey, Pennsylvania, and New York. Other states appearing on the top ten are in the West, Midwest, and South. Puerto Rico also appears on the top ten list for Lackawanna County.

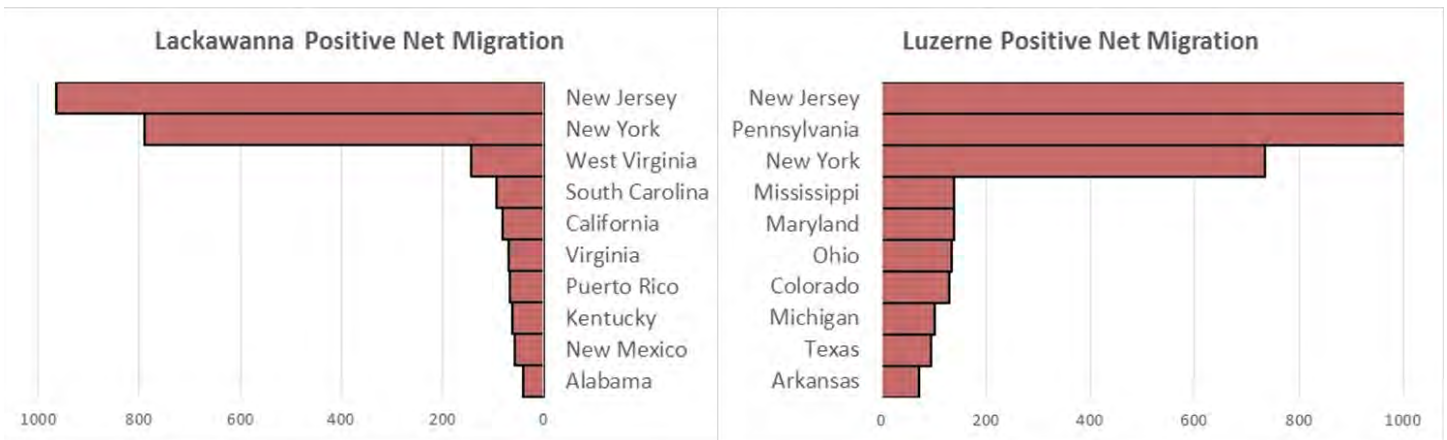
There are some similarities regarding positive net migration appeared between Lackawanna and Luzerne Counties. Like Lackawanna, the top state for positive net migration in Luzerne is New Jersey; New York is number three. Pennsylvania was also in the top ten states for positive net migration in Luzerne County, meaning that a significantly higher number of residents moved into the county from elsewhere in Pennsylvania than moved out of Luzerne to other PA counties. Other neighboring states like Maryland and Ohio came in at five and six, respectively.



The highlighted states on the map above are in the top ten states with the highest net negative migration for either or both counties.

(continued on the next page.)

Regional Migration Trends *(continued from Page 1)*



Three southern states—Mississippi, Texas, and Arkansas—made the list, as did Colorado and Michigan.

For Lackawanna County, the top state Lackawanna County lost people to is Pennsylvania. About 225 more people left Lackawanna County to live elsewhere in Pennsylvania than moved to Lackawanna County. Some of the other top states to which Lackawanna County lost overall population include southern states (Florida, Georgia, and Texas), neighboring states (Ohio and Maryland), nearby northeastern states (Massachusetts and Connecticut), and Midwestern and southwestern states (Arizona and Missouri).

Luzerne County’s negative net migration showed a slightly different pattern. All top five states responsible for negative net migration in Luzerne County are in the south or southwest geographic regions of the U.S. The

only three states on the top ten list not in the south or southwest are Rhode Island, Massachusetts, and Illinois. There is a noticeable lack of states that neighbor Pennsylvania on Luzerne’s list of negative net migration.

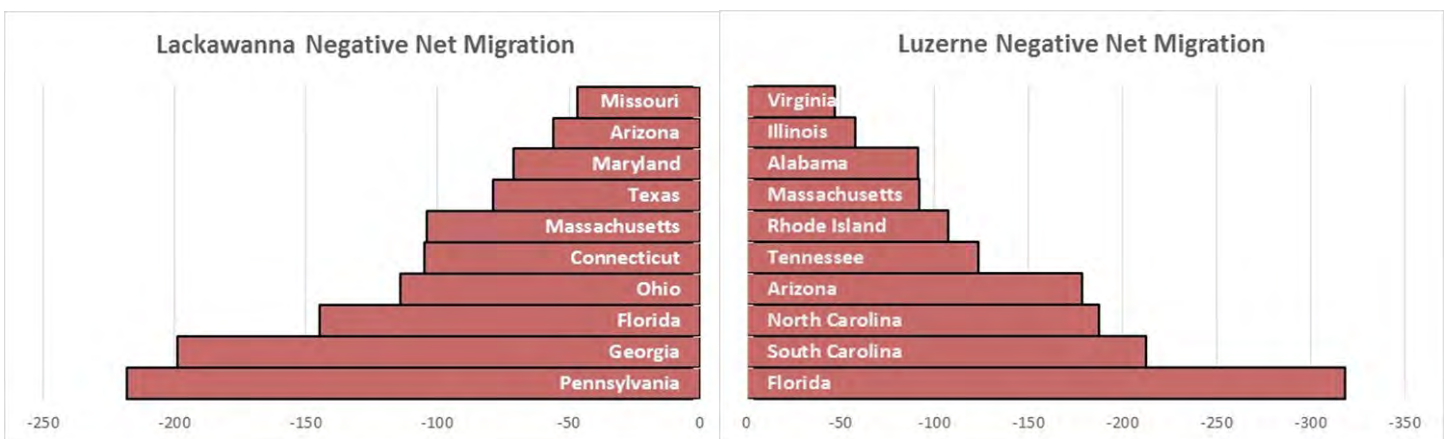
Some patterns emerge when looking at the states contributing to migration trends in northeastern Pennsylvania. The states with the high rates of positive net migration, like New Jersey and New York, are both within a short driving distance of Lackawanna and Luzerne Counties. Reasons such as career changes or seeking lower costs of living may be key factors in these high rates of migration into our region.

Conversely, there is a strong presence of southern and southwestern states on the list of negative net migration for both counties. States that typically attract “snowbirds” - senior citizens from the north who move to warmer

climates on a seasonal or permanent basis— are heavily represented. The aging populations of Lackawanna and Luzerne Counties may be moving south to Florida, Arizona, the Carolinas or elsewhere to reside in warmer weather for at least part of the year. Additionally, this could represent economic trends such as recent growth in manufacturing industries and technology jobs in some southern states.

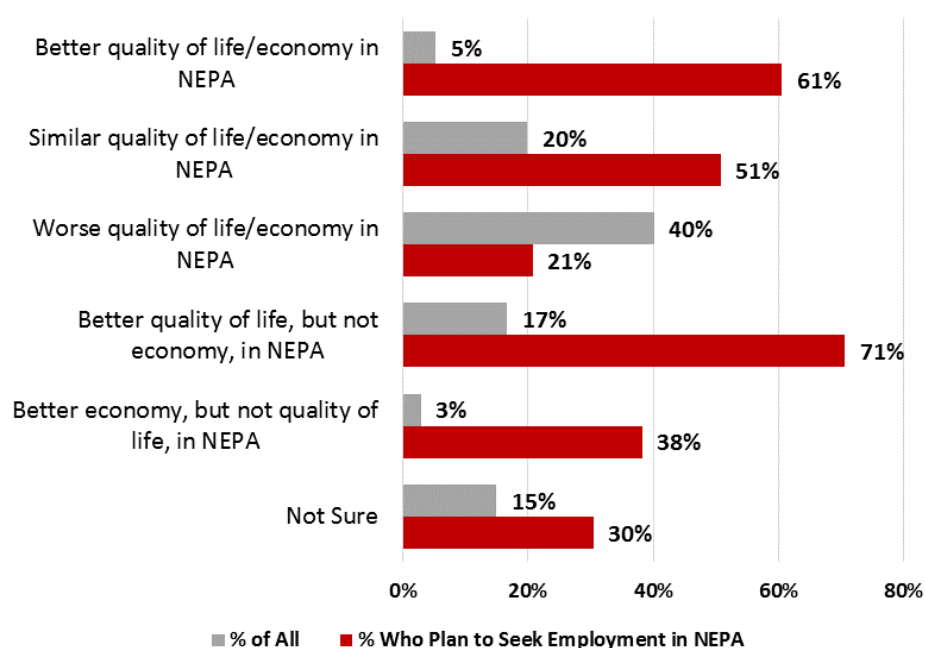
Research on regional migration will continue in the Fall issue of the Quarterly Economy Tracker with a more in-depth look at migration patterns within the region. ♦

Source: U.S. Census Bureau



Poll Shows Student Perceptions of Region Affect Post Graduation Plans

In The Institute’s most recent poll of college students in Northeastern Pennsylvania, over 1,000 students answered questions on their post graduation plans. Of those, 28 percent indicated that they planned to seek employment in Northeastern Pennsylvania after graduation. However, students’ perceptions of the region’s economy and quality of life heavily influence their decision. While only five percent of those polled say they plan to seek employment in the region after graduation, over 60 percent of those who feel the region’s quality of life and economy are better than the country as a whole plan to stay locally after graduation. Conversely, while 40 percent of respondents feel the region has a worse economy and quality of life, and only 21 percent of that group plans to stay locally after graduation. ♦



Source: The Institute for Public Policy & Economic Development

Regional Cost of Living Close to National Average

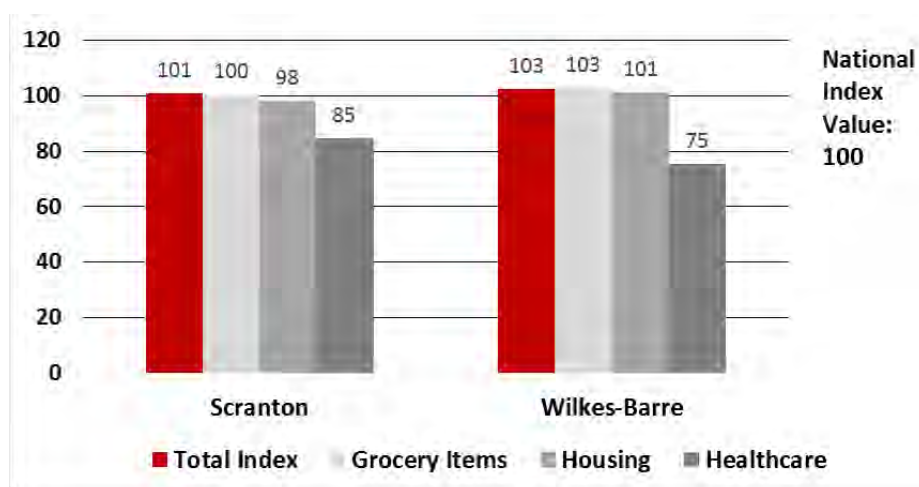
The Institute participates in the nationwide Cost of Living Index (COLI) project. Three times per year, pricing data is collected for a selection of items, including groceries, housing, and health care costs. The index represents a specific standard of living—the upper fifth of income among all households.

In data collected in 2016, the Scranton and Wilkes-Barre areas showed a cost of living that was very close to the national average of the 264 participating cities. Overall cost of living was 101 percent of the national average in Scranton, and 103 percent in Wilkes-Barre. Housing and grocery costs were also comparable in both areas.

One area with a significant difference from the national average is health care. The health care index in both areas is significantly lower than the national average. ♦

2016 Annual Average Cost of Living Index				
	Total Index	Grocery Items	Housing	Healthcare
Scranton	101.0	100.3	98.2	84.8
Wilkes-Barre	102.5	102.9	101.4	75.4

An index value of 100 represents the national average price among 264 participating cities.



Source: Cost of Living Index (Council for Community and Economic Research)

Minority-Owned Firms Account for Nearly 9 Percent of Firms in Northeastern Pennsylvania

According to data from 2012 collected by the U.S. Census Bureau, minority-owned firms account for 8.8 percent of all firms in the Scranton/Wilkes-Barre/Hazleton Metro Area. Firms that are equally owned by minority and nonminority owners are included as minority-owned firms.

Minority-Owned Firms represent ten percent of firms without employees, but only 5.3 percent of firms with employees. As employers tend to be larger on average than nonemployers, this suggests that minority-owned firms are more likely to be smaller businesses. Consistent with this finding, only 3.4 percent of sales, receipts, or value of firms in the region is attributed to minority-owned firms.

Nationwide, minority-owned firms represents a larger share of both measures. Differences in the racial and ethnic breakdown of firm owners, shown in the table at the bottom right of the page, reflect some differences in the demographic makeup of the region compared to the United States.

Furthermore, the difference in non-white representation in entrepreneurship between Northeastern PA and the United States can be at least partially explained by demographic differences between the two. Nationwide, racial and ethnic minorities (non-White and/or Hispanic of any race) make up about 38 percent of the total population and 30 percent of firm owners, meaning that nationally minorities are 80 percent as represented among business owners as they are in the total population. Regionally, non-White and/or Hispanic residents make up about 13 percent of the population compared with about 9 percent of business owners, meaning that minorities are only about 68 percent as represented among business owners compared with the total population. Still, this shows that there is indeed a disparity in minority ownership of businesses. ♦



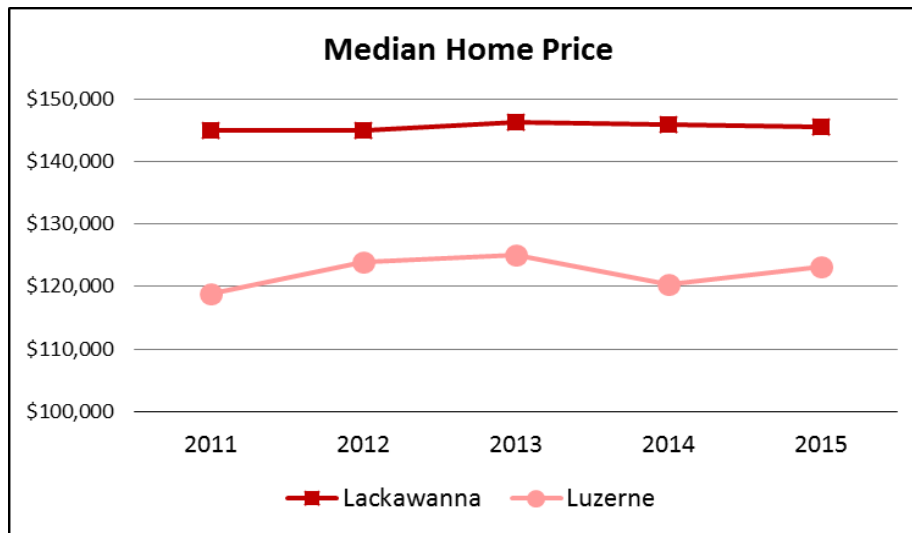
Firms by Race of Owner		
	Scranton/Wilkes-Barre/Hazleton MSA	United States
White	92.9%	72.9%
Black or African American	2.4%	8.7%
American Indian and Alaska Native	0.2%	0.9%
Asian	2.0%	6.5%
Some other race	2.6%	10.9%
Hispanic or Latino (of any race)	4.8%	11.2%

Source: U.S. Census Bureau Survey of Business Owners

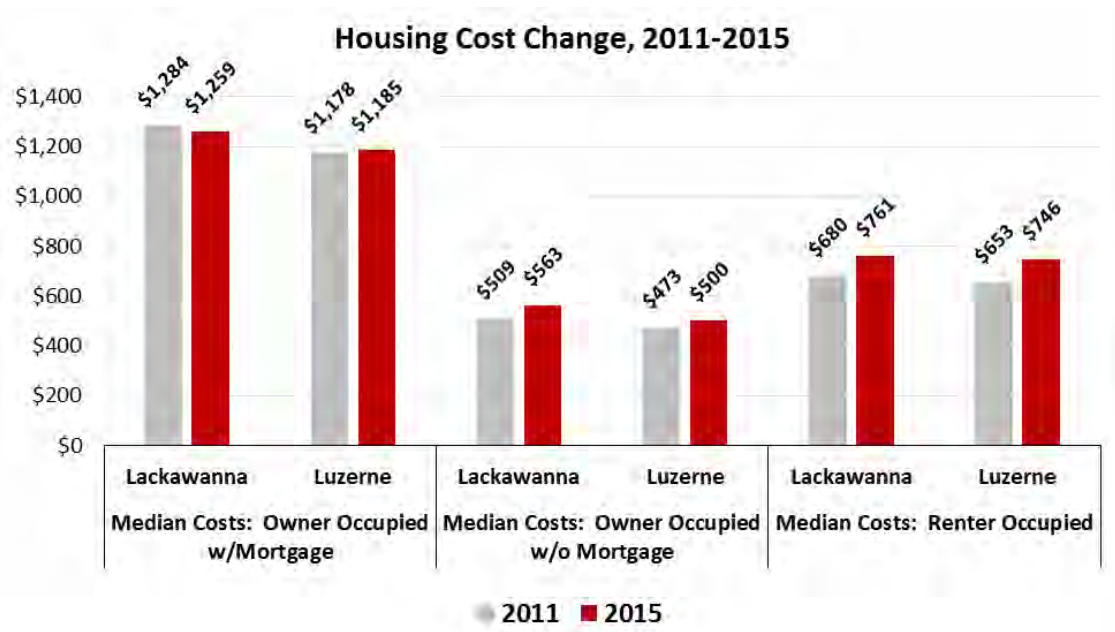
Selected Economic Indicators

Housing Market Statistics

Median home price in the region remains below the statewide and national averages. Lackawanna County has seen a minimal change in median home price since 2011, while Luzerne County has seen some fluctuation, with the 2015 median coming in higher than 2011 but still slightly below the 2013 peak.



The chart below shows the change in housing costs from 2011 to 2015 among three different statistics: median owner costs, including mortgage payments, taxes, and other expenses, for homes with and without a mortgage, and median rent for renter-occupied units. The largest increase was in housing costs for renters, with increases of \$81 and \$93 for Lackawanna and Luzerne Counties, respectively. There was also an increase in owner costs for owner-occupied housing units without a mortgage. These fees include taxes, utilities, condominium and homeowner association fees, and insurance. Despite this, for owner-occupied homes with a mortgage, costs fell in Lackawanna County and increased only slightly in Luzerne County.



Source: U.S. Census Bureau American Community Survey 1 year Estimates. Figures have not been adjusted for inflation.

Selected Economic Indicators

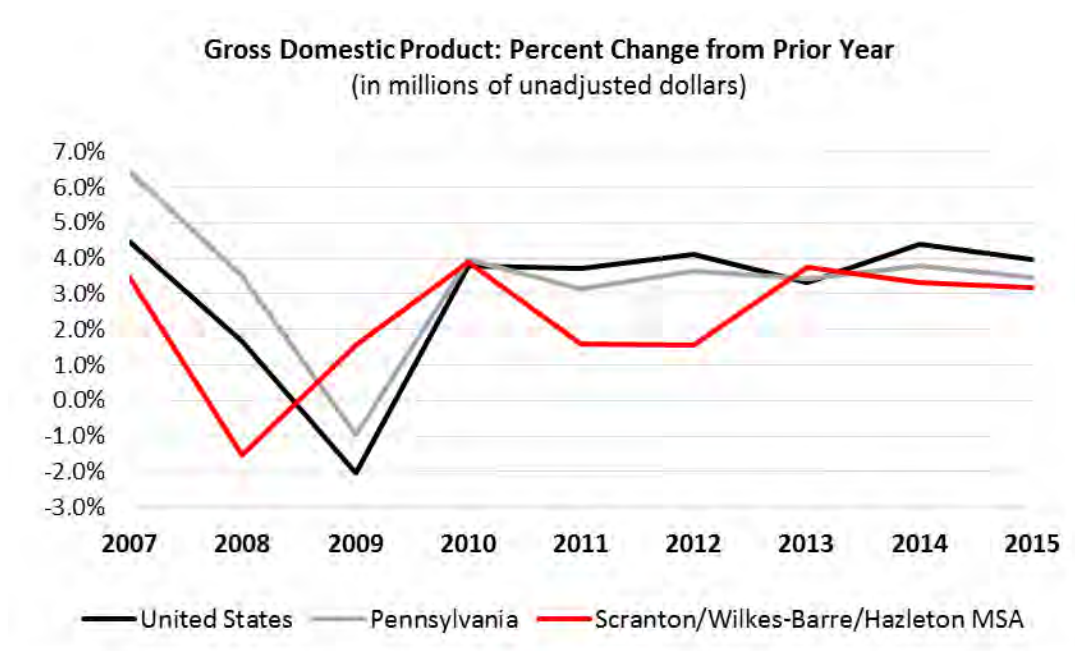
Gross Regional Product

Gross Domestic Product (or Gross Regional Product, when measured at a regional scale) is a measure of overall economic activity. This value, measured in dollars, encapsulates the total value of all finished goods and services produced in a region. It can be interpreted as the total size of a region’s economy at a macro scale.

Below, the table and line graph show regional GDP change over the past year, without adjusting for inflation. GDP growth nationally has averaged 3.0 percent per year over the past decade, compared with 3.4 percent statewide and 2.3 percent regionally. However, since 2013, regional GDP growth has been more competitive with national and statewide growth rates. Since 2013, the region has averaged 3.4 percent growth per year, compared with 3.6 percent per year statewide and nearly 4.0 percent nationally.

On the following page, the bar graph shows the inflation-adjusted regional GDP since 2011, as well as its three basic components. Even after accounting for inflation, the region’s GDP has grown slightly each year since 2012. The largest component of regional GDP is private services-producing industries, averaging 68 percent of regional GDP. Goods-producing industries accounted for 11.5 percent of regional GDP in 2015, bringing the share down 0.5 percentage points compared with 2011 and 2012. Historically, public sector contributions to GDP, has held to 19 to 20 percent of regional GDP. The figure below and to the right shows the contributions to the regional GDP of several component industries. Finance, insurance, and real estate, manufacturing, wholesale and retail trade, and educational and healthcare all account for large portions of regional economic activity.

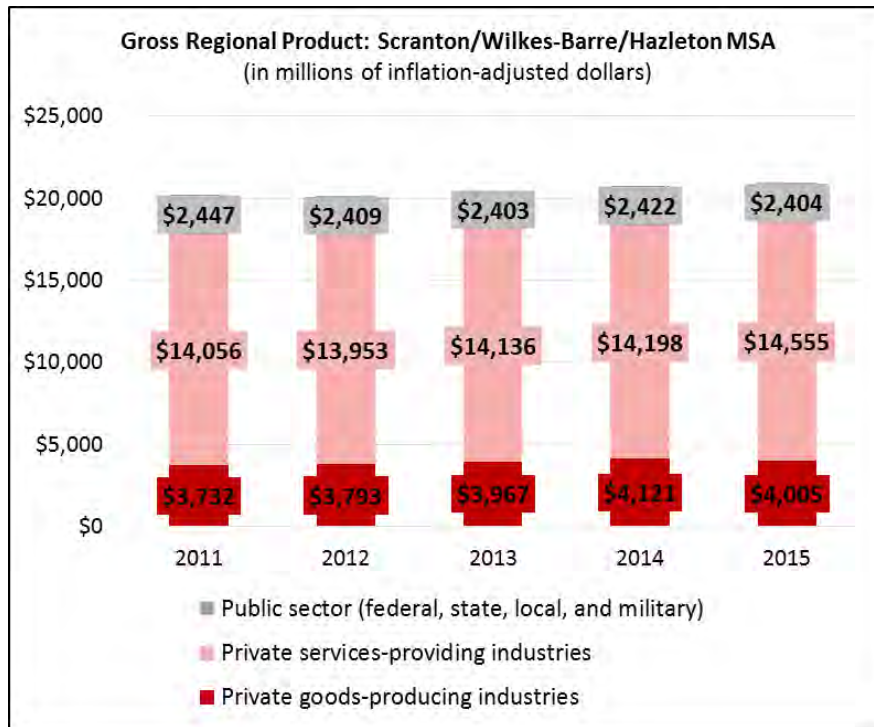
Annual GDP Change from Prior Year (Not Adjusted for Inflation)									
Percent change (unadjusted millions \$)	2007	2008	2009	2010	2011	2012	2013	2014	2015
United States	4.5%	1.7%	-2.0%	3.8%	3.7%	4.1%	3.3%	4.4%	4.0%
Pennsylvania	6.4%	3.5%	-0.9%	4.0%	3.1%	3.7%	3.4%	3.8%	3.4%
Scranton/Wilkes-Barre/Hazleton MSA	3.5%	-1.5%	1.6%	3.9%	1.6%	1.5%	3.7%	3.3%	3.2%



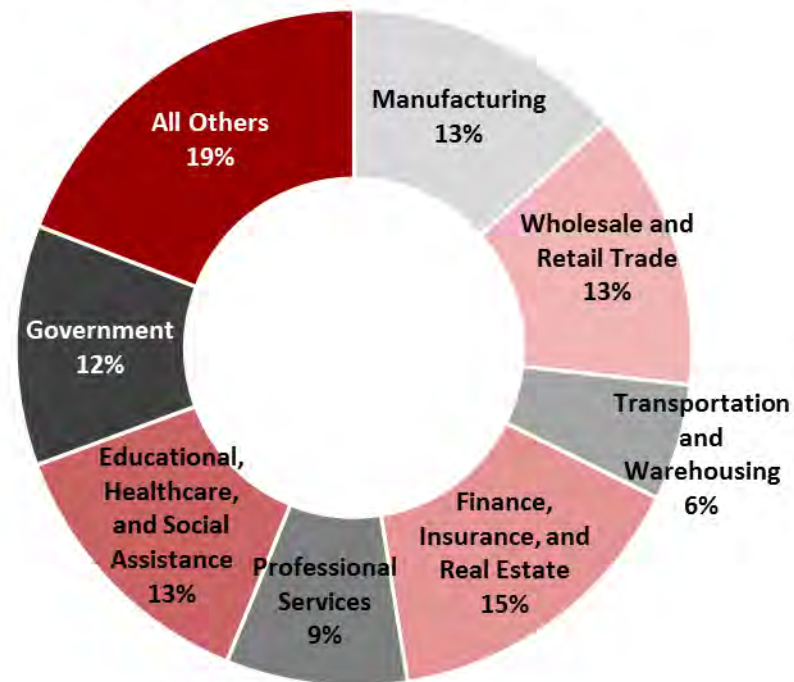
Source: U.S. Bureau of Economic Analysis

Selected Economic Indicators

Gross Regional Product by Industry



2015 Regional GDP by Component Industry



Source: U.S. Bureau of Economic Analysis

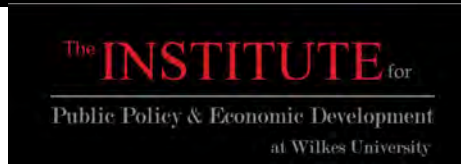
Signature Underwriter



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



A partnership among Geisinger Commonwealth School of Medicine, Keystone College, King's College, Lackawanna College, Luzerne County Community College, Marywood University, Misericordia University, Penn State Wilkes-Barre, Penn State Worthington Scranton, The Wright Center, University of Scranton, & Wilkes University

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Quarterly Economy Tracker Underwriting opportunities available, please contact Susan Magnotta (magnotta@institutepea.org) for more information. Circulation is over 1,000 self-subscribed individuals.

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

Labor Market at a Glance

In 2016, the annual unemployment rate for Lackawanna County fell below the 2008 pre-recession rate. In Luzerne County, the 2016 rate of 6.4 percent has also approached pre-recession lows. Strong unemployment statistics have continued into 2017, though both counties saw a slight increase from April to May in the unemployment rate, which is not seasonally adjusted. Furthermore, both counties have slightly higher unemployment rates than Pennsylvania and the United States as a whole.

2016 also resulted in some modest employment gains in both counties, as well as growth in the labor force, which indicates that potential workers are confident enough in the job market to enter the workforce. ♦

Unemployment Rate (Not Seasonally Adjusted)				
	Lackawanna	Luzerne	Pennsylvania	United States
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	8.8	9.8	7.8	8.1
2013	8.3	9.4	7.4	7.4
2014	6.6	7.3	5.8	6.2
2015	5.8	6.5	5.3	5.3
2016	5.7	6.4	5.4	4.6
March '17	5.5	6.2	5.1	4.5
April '17	4.9	6.2	4.7	4.4
May '17	5.4	6.7	5.2	4.3

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

Labor Force & Employment				
	Lackawanna County		Luzerne County	
	Labor Force	Employment	Labor Force	Employment
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	107,637	98,118	160,851	145,099
2013	107,637	98,722	160,776	145,708
2014	106,778	99,765	159,109	147,488
2015	106,494	100,295	158,915	148,647
2016	106,830	100,723	159,459	149,278
March '17	105,133	99,349	157,436	147,241
April '17	105,370	100,184	157,695	148,478
May '17	105,887	100,147	158,248	148,414

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

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