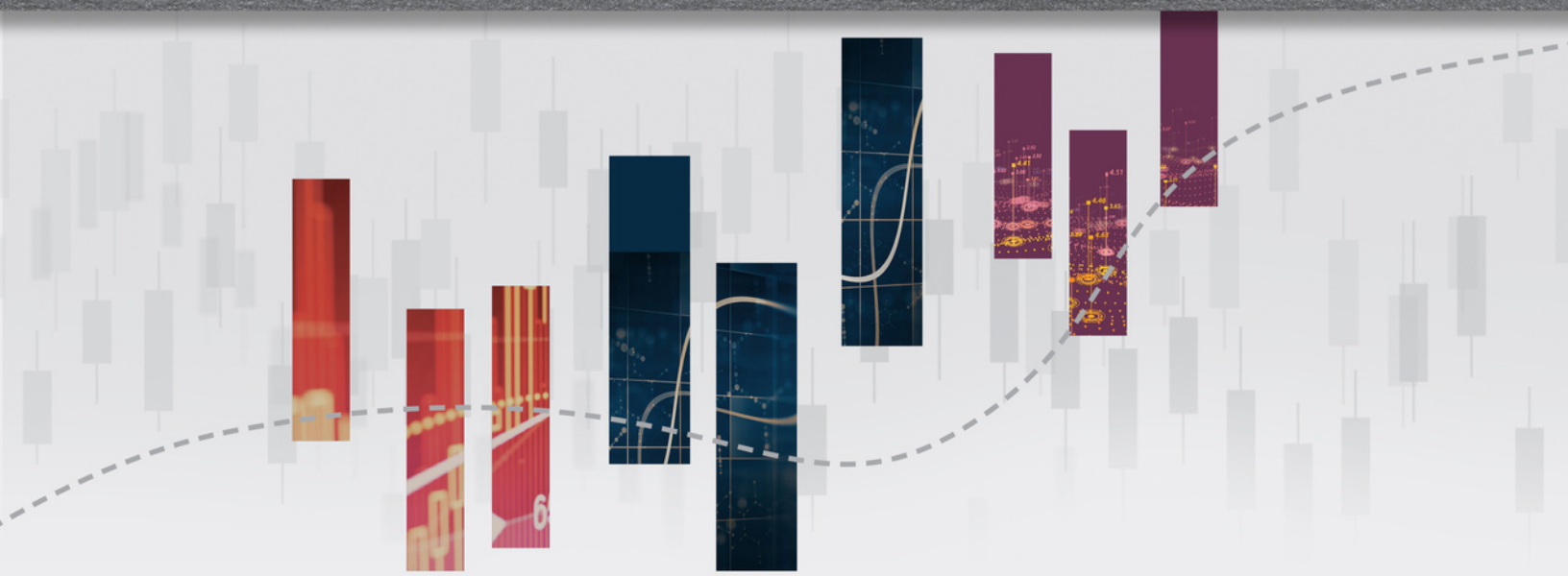
June 2022 Issue

Economy Tracker

The Institute

Turning Information into Insight

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. It explores 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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Survey Shows Families' Financial Health Improved in 2021

By Andrew Chew, Director of Research

Since 2013, the Federal Reserve Bank has conducted an annual measure of the economic well-being of households in the United States. This Survey of Household Economics and Decisionmaking (SHED), now includes data from 2021 and shows the changes in households' economic status through the course of the pandemic. Between the 2020 survey, conducted during a period of more widespread economic shutdown, and the 2021 survey, there was an unsurprising increase in the share of adults who said they are "doing okay" or "living comfortably" financially. At the end of 2021, 78 percent of adults were doing at least okay financially, meaning they reported either "doing okay" financially (39 percent) or "living comfortably" (39 percent). The rest reported either "just getting by" (16 percent) or "finding it difficult to get by" (6 percent). At the end of 2020, 75 percent reported doing at least okay financially - matching the 2019 rate.

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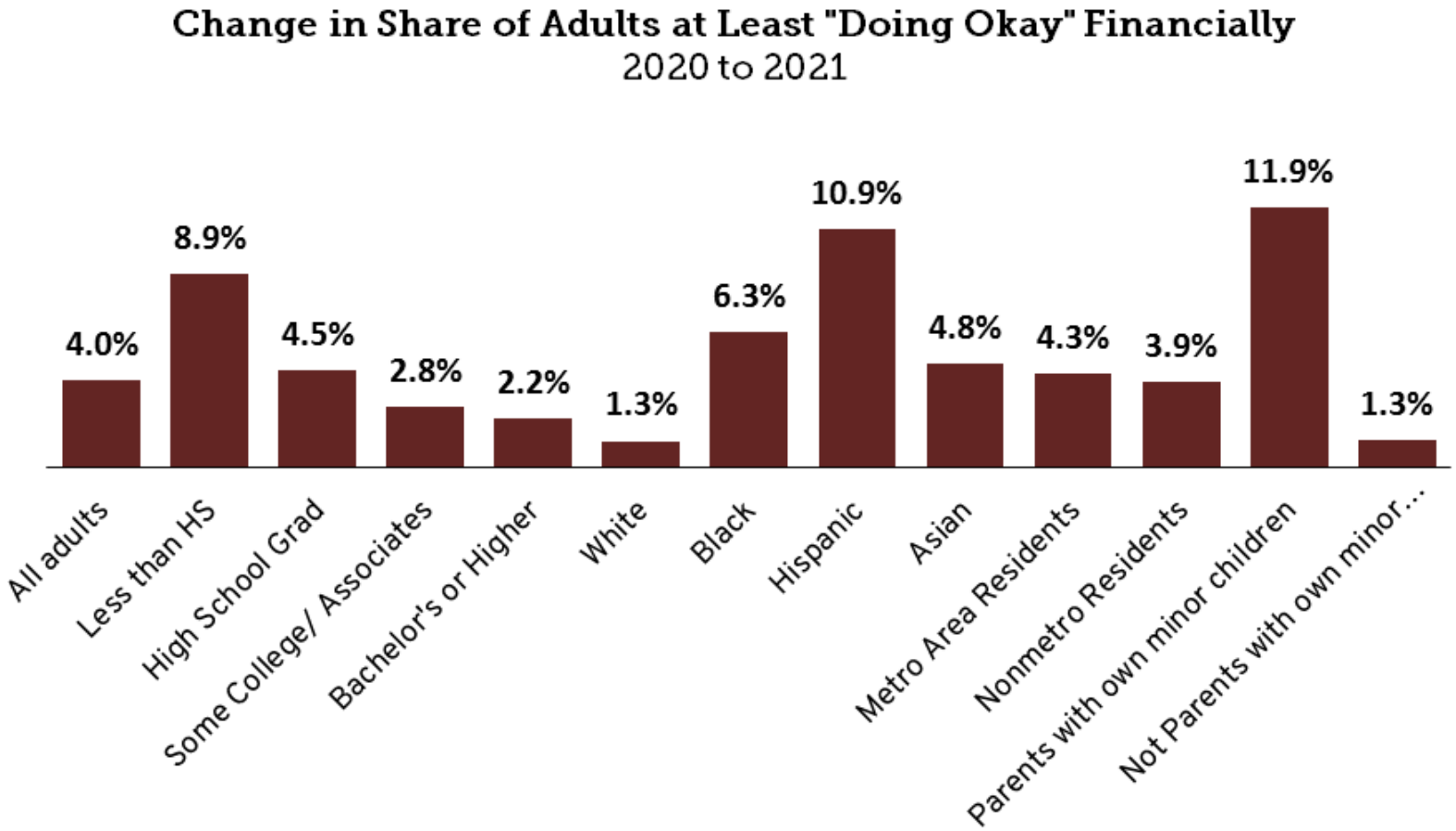


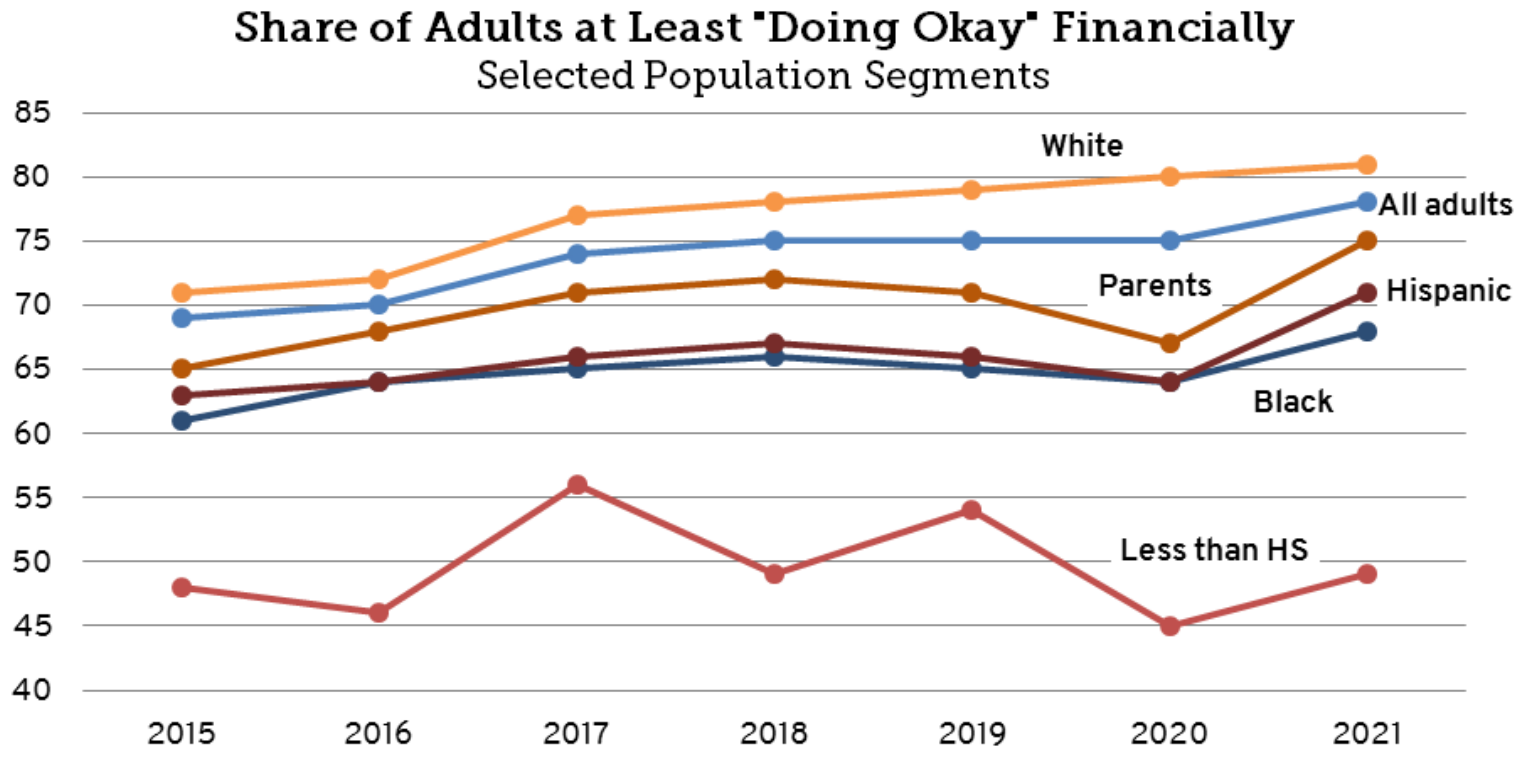
Survey Shows Families' Financial Health Improved in 2021 (cont.)

The survey has also shown some progress regarding socioeconomic inequities – Black and Hispanic respondents reported significant improvement in financial stability. There was also a notable degree of improvement among those without education beyond high school. Parents with their own minor children living at home improved most – with a near 12-percent increase in the share who reported doing at least okay financially.

These improvements in financial well-being likely result from several factors, including general economic recovery as businesses were able to reopen and rehire after shutdowns and other disruptions in 2020, and several types of broadly delivered federal aid.

This includes several rounds of direct stimulus payments ($600 in December 2020/January 2021, $1,400 in March 2021) and the expansion of the Child Tax Credit for the 2021 tax year along with advance payments of that credit. The latter is likely a particularly important reason for the large increase in financial stability of households with minor children. It came after those households saw a disproportionate negative impact in 2020 compared with other population segments, shown in the chart below. The SHED survey also found that parents used monthly Child Tax Credit payments in a variety of ways, including savings, purchase of food, and payment of rent, mortgage, and utilities.

Parents with their own minor children living at home improved most – with a near 12-percent increase in the share who reported doing at least okay financially.



At the end of 2021, 78 percent of adults were doing at least okay financially, meaning they reported either "doing okay" financially (39 percent) or "living comfortably" (39 percent). At the end of 2020, 75 percent had reported doing at least okay financially, the same share as the end of 2019.

Labor Market at a Glance

A Quarterly Update on Unemployment & Workforce

Unemployment rates reached new monthly highs during the early months of the COVID-19 pandemic, When businesses were able to reopen following the end of the statewide shutdown order in Spring 2020, however, unemployment trended strongly downward as many businesses rehired laid off or furloughed employees. Since then, the region has seen substantial recovery in the labor market. The 2021 average annual unemployment rates remained higher than pre-pandemic levels, but the monthly unemployment rates seen in late 2021 and early 2022 were at or near pre-pandemic levels.

Unemployment Rate (Not Seasonally Adjusted)				
	Lackawanna	Luzerne	Pennsylvania	United States
2018	4.8	5.6	4.5	3.9
2019	5.0	5.8	4.5	3.7
2020	9.6	10.9	9.1	8.1
2021	6.9	8.3	6.3	5.3
Jan 2022	6.1	7.5	5.6	4.4
Feb 2022	5.5	6.6	5.0	4.1
Mar 2022	5.1	6.1	4.6	3.8

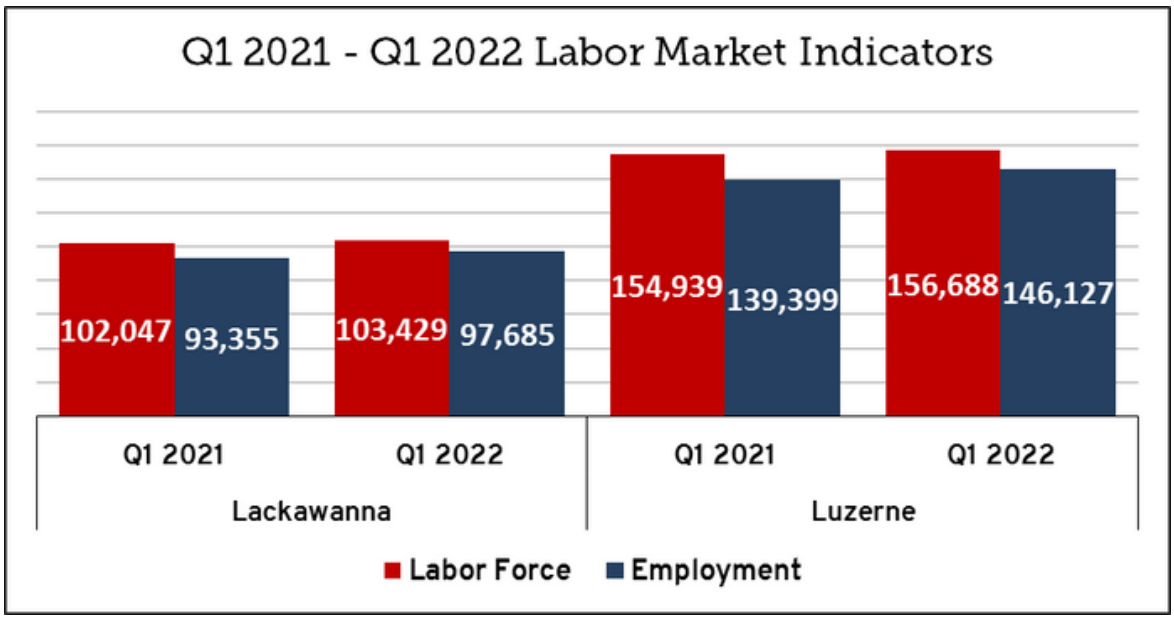
Source: US Bureau of Labor Statistics, Local Area Unemployment Statistics
March 2022 Annual Average are preliminary except for PA & US.

From Q1 2021 to Q1 2022, the labor force (those either working or seeking work) rebounded, but at a slower pace than the number of jobs available

Rapidly declining unemployment and media reports of businesses facing hiring difficulties indicate that the region has returned to a tight labor market. From the first quarter of 2021 to the first quarter of 2022, the labor force (those either working or seeking work, i.e. the available workforce) rebounded, but at a slower pace than the number of jobs available. As a result, the unemployment rate fell during this time.

Labor Force & Employment				
	Lackawanna County		Luzerne County	
	Labor Force	Employment	Labor Force	Employment
2018	106,463	101,395	159,673	150,704
2019	106,301	100,971	160,092	150,771
2020	105,010	94,896	159,443	141,990
2021	103,325	96,225	156,930	143,982
Jan 2022	103,674	97,330	157,330	145,599
Feb 2022	103,108	97,488	156,178	145,829
Mar 2022	103,506	98,238	156,556	146,952

Source: US Bureau of Labor Statistics, Local Area Unemployment Statistics
March 2022 Annual Average are preliminary except for PA & US.



What's New at The Institute

By Teri Ooms,
Executive Director

2022 Indicators Report Now Available

Indicators Forum 2022 was held May 19 as a hybrid event. The presentation included key findings from the 2022 Indicators Report on topics such as population, the economy, health, infrastructure, and more. Attendees also heard about recent research from each of The Institute's topic-based task forces. The studies and the full Indicators Report are available now on www.institutepa.org.

Updated Data Dashboard Coming Soon

The Institute's recently redesigned website, www.institutepa.org, features an interactive data dashboard to make the Indicators Report more useful than ever. It will soon be updated with the latest data from the 2022 report – watch for further announcements when those dashboard updates are live!

New Task Force to Study Regional Competitiveness

The Institute has been promoting regional collaboration and cooperation since its formation in 2004. The Indicators were the initial tool to demonstrate the interconnectedness among the counties. There were early efforts to convene elected officials from both counties to begin a dialogue on how regional initiatives can lead to better outcomes. A study on regional policing was published in 2010, and a policy brief on the formation of a regional transportation authority was developed in 2012. Progress has been uneven regarding these efforts to close the gaps between our communities, however.

As a result, The Institute announced the formation of a task force on regional competitiveness. This initiative was introduced at Indicators 2022. Carla McCabe, WVIA Public Media President & CEO will serve as its chairperson.

Internship Opportunities

The Institute is seeking student internship applicants for Fall 2022! 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 institutions and degree programs. 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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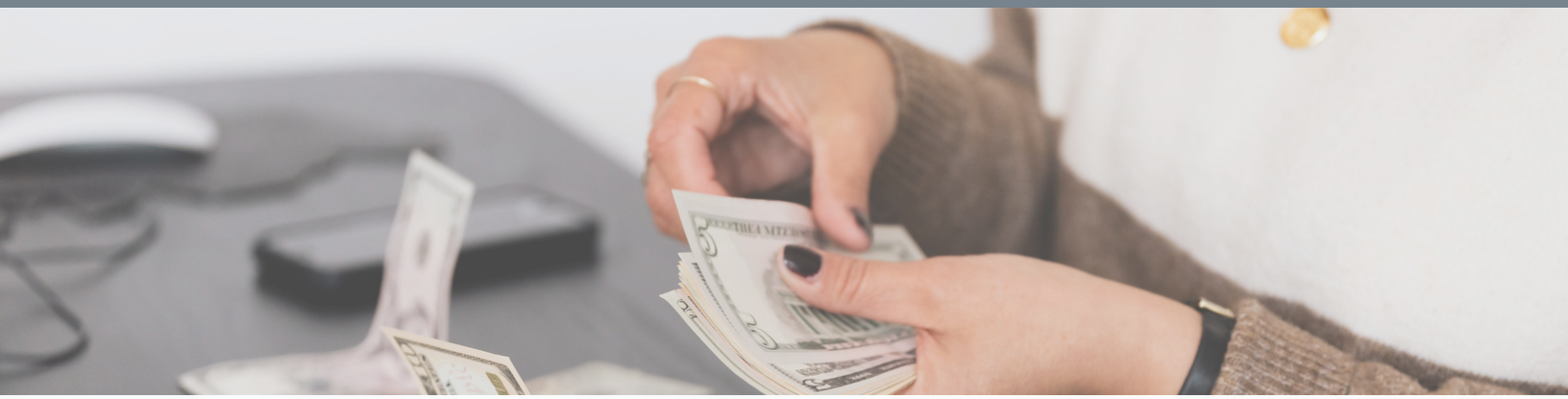
Employment Inequities and Caregiver Barriers in a Post-COVID World



By Dr. Jolene Carey-Pace
Research Analyst

The Institute's Jobs, Economy & Economic Development (JEED) Task Force studied caregiving as a barrier to workforce participation in 2022. The COVID-19 pandemic has led to increases in social inequalities concerning health and drastic fluctuations concerning the economy. The pandemic has also led to a growth in gender inequities and exacerbated the needs of caregivers in the labor force, including parents of young children and those caring for elderly or disabled family members. This year's JEED Task Force report explores how countrywide trends relative to caregivers that were present prior to the pandemic were heightened throughout COVID-19 and how these trends affect Northeastern Pennsylvania.

After only a few months, the COVID-19 job losses were more extensive than the total multi-year effect of the Great Recession. Childcare. Transportation disruptions also played a significant role in the disruption of work, leading to increased unemployment. In more recent months, the labor market has tightened, enhancing the need for greater workforce participation. However, child care and elder care responsibilities have kept many potential workers out of the labor force.

These trends have had a disproportionate effect on women. Data indicate that between the fourth quarter of 2019 and the second quarter of 2020, the nationwide number of women employed fell 12.7 percent, compared with a decline of 11.8 percent for men. By the second quarter of 2021, female employment recovered an estimated 62 percent of jobs lost - five percentage points below the 67 percent recovered by men.

Caregiving is a major driver of gender inequity in the labor force. More than 1 in 5 adults – or 53 million Americans – are unpaid caregivers, according to a report from the National Alliance for Caregiving and AARP, and 61% are women. Nearly 6 in 10 lack time for their mental health amid family responsibilities

Single mothers, of which there are many in the United States and who are often in disadvantaged economic positions to begin with, take the biggest hit. Together, these factors suggest that the COVID-19 pandemic will disproportionately and negatively affect women and their employment opportunities. The effects of this shock are likely to outlast the actual epidemic. A sizeable literature documents that earnings losses from job losses are highly persistent and much more severe when they occur in recessions.

More than 1 in 5 adults – or 53 million Americans – are unpaid caregivers, and 61% are women.

The forces impacting the participation of women during the pandemic are highly complex. While data suggests that the lack of in-person schooling has weighed on labor force participation by women with young children, other factors also seem to be at play. As schools have returned to in-person education, there is an opportunity for a rise in the labor force participation rates of women with young children. That said, the outbreaks of COVID-19 may discourage some mothers from returning to work, particularly those with unvaccinated children at home. Moreover, the quarantining that has occurred at some schools has generated considerable uncertainty, which itself may be a drag on women's return to work.

At this moment, it is vital to consider what the care economy will look like in the post-COVID-19 environment. To prevent further deepening of gender inequality, it is necessary and possible to take account of the additional unpaid care burden placed on women and families during the COVID-19 pandemic. Given that a large proportion of people have reservations about going back to their pre-pandemic "normal" lives and are interested in making changes in their own lives and in wider society, this could be an opportunity for systemic improvements in economic and social policies.

To read the full study, visit www.institutepa.org.

Regional Wage Trends

By Cade Corcoran and Brooke Harvey, Research Interns, and Andrew Chew, Director of Research

Late 2021 and the first half of 2022 have been characterized by very low unemployment rates and high demand for workforce in a variety of sectors. As of the middle of 2021, wage growth was not yet seen at significant rates, though the region saw faster growth than the state overall. Nonetheless, wages have begun to trend upward in response to the current hiring difficulties, accelerating in the second half of 2021.

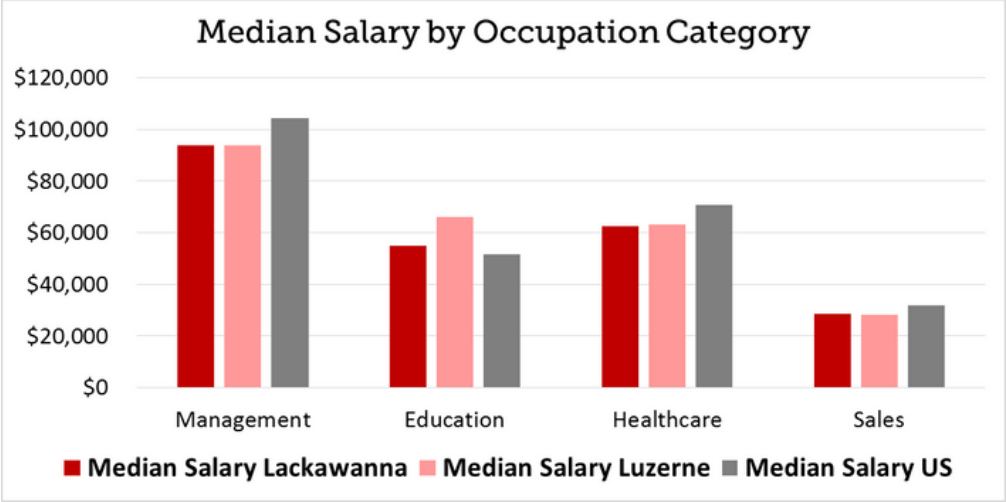
From the fourth quarter of 2020 to the fourth quarter of 2021, wages increased by 3.6 percent in Lackawanna County, six percent in Luzerne County, and over five percent statewide. With higher wages, households have more disposable income to spend on goods and services. In turn, this will help boost economic growth in the region while incentivizing workers to return to the labor force. Sustained wage growth at a rapid pace can pose challenges for some businesses, however, as they attempt to keep up in a tight labor market.

Wages also differ by occupation type, including those pertaining to four broad categories in Northeastern Pennsylvania – management, education, healthcare, and sales. The median salary for the United States is higher for management, healthcare, and sales occupations, but lower for education occupations.

Quarterly Average Weekly Wage

	Lackawanna	Luzerne	PA
Q1 2019	$812	$868	$1,146
Q2 2019	$823	$855	$1,071
Q3 2019	$814	$847	$1,064
Q4 2019	$867	$896	$1,143
Q1 2020	$848	$881	$1,175
Q2 2020	$923	$931	$1,170
Q3 2020	$894	$905	$1,139
Q4 2020	$992	$1,007	$1,287
Q1 2021	$887	$935	$1,225
Q2 2021	$933	$963	$1,193
Q3 2021	$937	$971	$1,204
Q4 2021	$1,028	$1,067	$1,352
Q4 2020 - 2021 Change	3.6%	6.0%	5.1%

Source: US Bureau of Labor Statistics, Quarterly Census of Employment and Wages



Wages have begun to trend upward in response to the current hiring difficulties.

From Q4 2020 to Q4 2021, wages increased by 3.6 percent in Lackawanna County, six percent in Luzerne County, and over five percent statewide

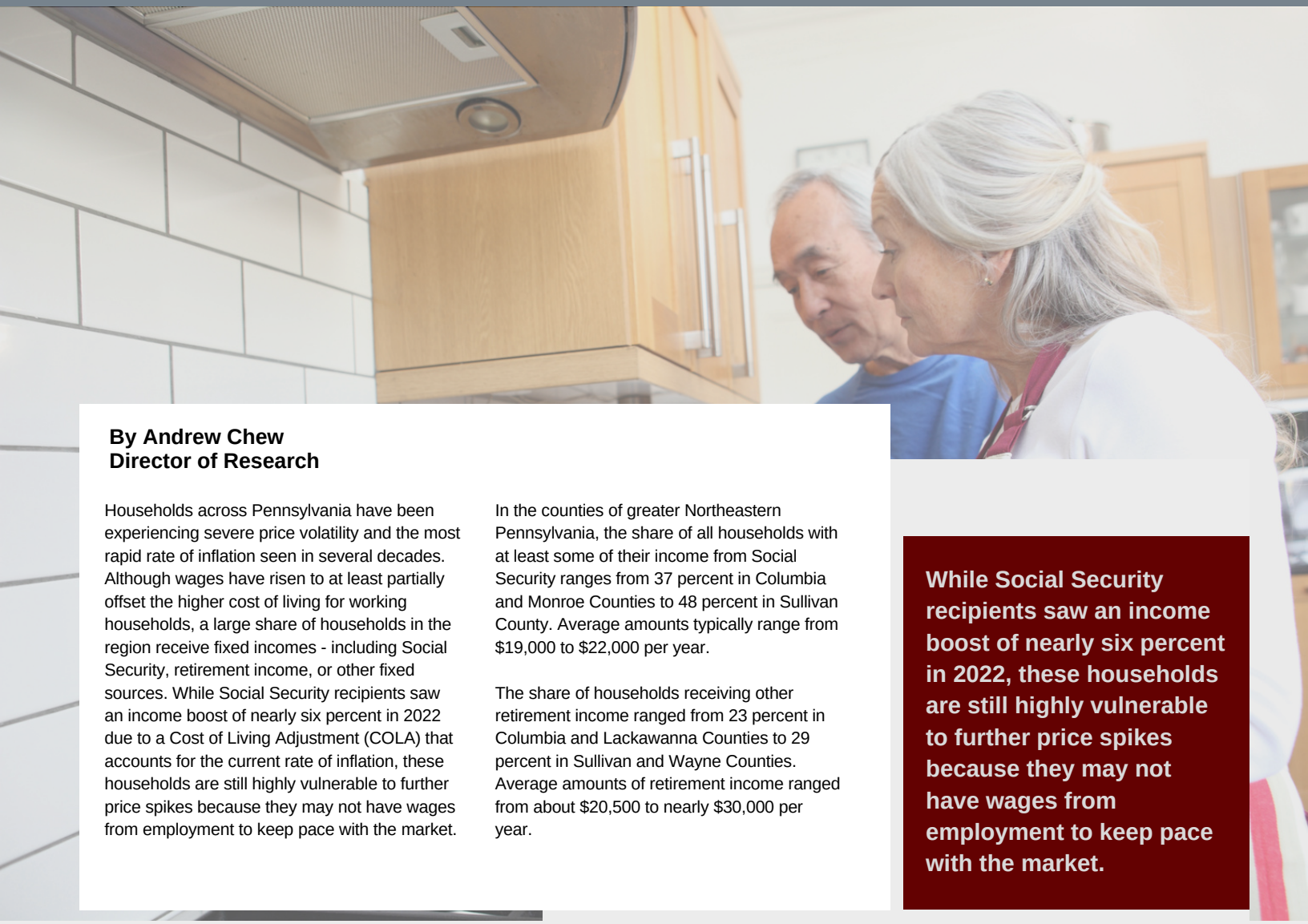
Tracking Industry Recovery from COVID-19

The table below tracks the employment recovery of broad industry groups (defined by 3-digit NAICS code). Most industries hit pandemic employment lows in the first or second quarter of 2020. The chart shows the decline in employment compared with the fourth quarter of 2019 (before COVID-19) and recovery since then (through Q4 2021). Accomodations and several types of retail stores saw large employment declines, but relatively rapid recovery in employment. Others, such as insurance carriers and paper manufacturing, continued to decline last year. Other industries such as textile mills, construction firms, and specialty trade contractors, exceeded pre-pandemic employment levels in 2021.

Lackawanna & Luzerne County Employment Recovery Trends

	2019 Q4 Employment	2020 Low Point	2020 Q4 Employment	2021 Q4 Employment	Percent Decline: Q4 2019 to 2020 Low	Percent Recovered: 2020 Low to Q4 2021
Total - All Industries	**257,987**	**219,221**	**240,202**	**249,016**	**-15%**	**14%**
Crop Production	505	407	616	604	-19%	48%
Construction of Buildings	2,362	1,966	2,389	2,441	-17%	24%
Specialty Trade Contractors	6,909	5,687	6,756	7,131	-18%	25%
Food Manufacturing	4,726	4,190	4,463	4,757	-11%	14%
Beverage and Tobacco Product Manufacturing	1,012	958	1,046	1,037	-5%	8%
Textile Mills	387	302	328	612	-22%	103%
Wood Product Manufacturing	701	504	527	545	-28%	8%
Paper Manufacturing	1,598	1,445	1,445	1,315	-10%	-9%
Printing and Related Support Activities	1,300	1,107	1,185	1,207	-15%	9%
Chemical Manufacturing	866	808	809	832	-7%	3%
Plastics and Rubber Products Manufacturing	4,070	3,811	3,925	4,101	-6%	8%
Nonmetallic Mineral Product Manufacturing	1,139	1,059	1,109	1,084	-7%	2%
Fabricated Metal Product Manufacturing	4,810	4,247	4,337	4,813	-12%	13%
Machinery Manufacturing	493	511	530	528	4%	3%
Furniture and Related Product Manufacturing	559	570	819	866	2%	52%
Miscellaneous Manufacturing	1,983	1,712	1,937	1,926	-14%	12%
Merchant Wholesalers, Durable Goods	4,518	3,972	4,305	4,633	-12%	17%
Merchant Wholesalers, Nondurable Goods	4,508	3,968	4,086	3,928	-12%	-1%
Wholesale Electronic Markets and Agents and Brokers	557	367	433	384	-34%	5%
Motor Vehicle and Parts Dealers	3,812	3,082	3,516	3,529	-19%	15%
Furniture and Home Furnishings Stores	597	313	526	586	-47%	87%
Electronics and Appliance Stores	654	437	546	551	-33%	26%
Building Material and Garden Equipment and Supplies	1,802	1,849	1,926	1,869	3%	1%
Food and Beverage Stores	6,971	6,746	7,077	6,976	-3%	3%
Health and Personal Care Stores	2,309	1,974	2,094	2,271	-14%	15%
Gasoline Stations	1,837	1,646	1,767	1,756	-10%	7%
Clothing and Clothing Accessories Stores	1,630	520	1,299	1,316	-68%	153%
Sporting Goods, Hobby, Musical Instrument, and Book	766	361	691	772	-53%	114%
General Merchandise Stores	5,315	3,633	4,884	5,333	-32%	47%
Miscellaneous Store Retailers	1,599	1,031	1,539	1,699	-35%	65%
Nonstore Retailers	2,611	2,354	2,398	2,542	-10%	8%
Rail Transportation	114	101	101	101	-11%	-1%
Truck Transportation	3,980	3,745	3,883	4,197	-6%	12%
Postal Service	1,186	1,167	1,178	1,161	-2%	-1%
Warehousing and Storage	13,642	13,765	15,641	17,351	1%	26%
Publishing Industries (except Internet)	675	616	616	621	-9%	1%
Broadcasting (except Internet)	509	443	462	472	-13%	7%
Telecommunications	832	796	802	827	-4%	4%
Credit Intermediation and Related Activities	4,336	4,111	4,111	4,034	-5%	-2%
Insurance Carriers and Related Activities	5,204	5,422	5,422	4,317	4%	-20%
Management of Companies and Enterprises	2,924	2,503	2,633	2,564	-14%	2%
Administrative and Support Services	16,384	12,502	13,599	15,379	-24%	23%
Waste Management and Remediation Services	1,035	1,011	1,011	1,052	-2%	4%
Educational Services	19,634	15,938	17,959	18,193	-19%	14%
Ambulatory Health Care Services	17,393	14,962	16,405	16,689	-14%	12%
Hospitals	10,329	9,570	9,749	9,515	-7%	-1%
Social Assistance	10,020	8,679	9,557	9,174	-13%	6%
Accommodation	2,585	917	1,838	2,043	-65%	123%
Food Services and Drinking Places	17,672	10,396	14,249	15,657	-41%	51%
Repair and Maintenance	2,020	1,654	1,857	2,045	-18%	24%
Personal and Laundry Services	3,592	2,072	3,113	3,375	-42%	63%
Religious, Grantmaking, Civic, Professional, and Similar Organizations	3,768	3,174	3,277	3,344	-16%	5%

Many Fixed Income Households Affected by Price Volatility



By Andrew Chew
Director of Research

Households across Pennsylvania have been experiencing severe price volatility and the most rapid rate of inflation seen in several decades. Although wages have risen to at least partially offset the higher cost of living for working households, a large share of households in the region receive fixed incomes - including Social Security, retirement income, or other fixed sources. While Social Security recipients saw an income boost of nearly six percent in 2022 due to a Cost of Living Adjustment (COLA) that accounts for the current rate of inflation, these households are still highly vulnerable to further price spikes because they may not have wages from employment to keep pace with the market.

In the counties of greater Northeastern Pennsylvania, the share of all households with at least some of their income from Social Security ranges from 37 percent in Columbia and Monroe Counties to 48 percent in Sullivan County. Average amounts typically range from $19,000 to $22,000 per year.

The share of households receiving other retirement income ranged from 23 percent in Columbia and Lackawanna Counties to 29 percent in Sullivan and Wayne Counties. Average amounts of retirement income ranged from about $20,500 to nearly $30,000 per year.

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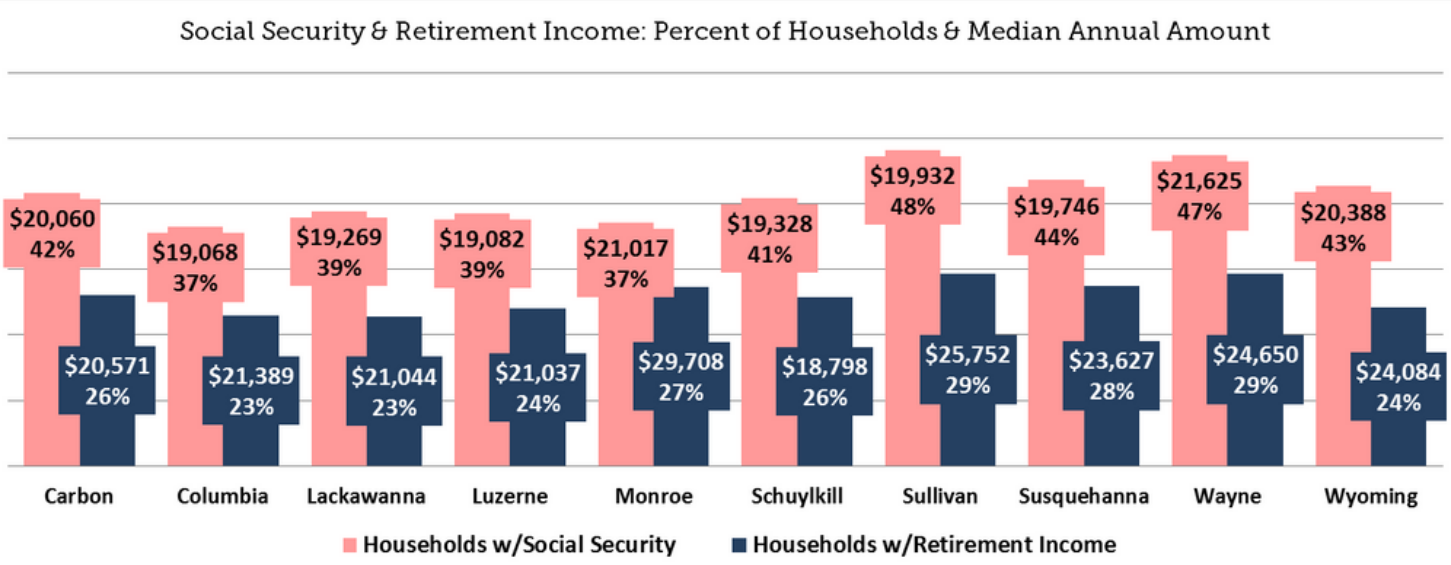

Data Source: U.S. Census Bureau American Community Survey, 2016-2020 5-year Estimates

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