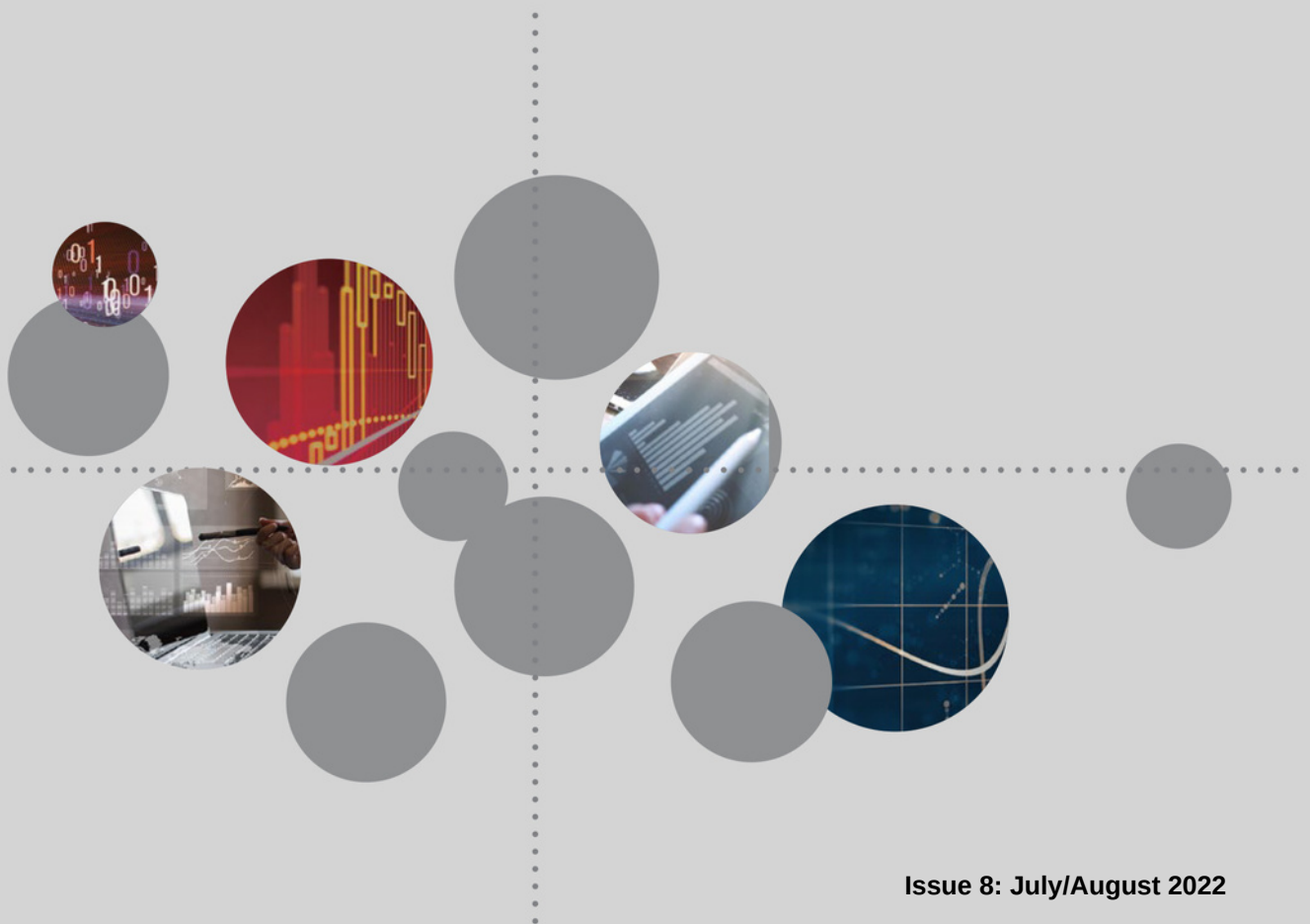


Policy Tracker

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THE INSTITUTE FOR PUBLIC POLICY & ECONOMIC DEVELOPMENT



Issue 8: July/August 2022

AMERICAN RESCUE PLAN FUNDING



FINANCIAL SECURITY

Improvements in financial well-being are likely the results of a few factors, including general economic recovery and expansion of the EITC and Child Tax Credit under ARPA.

ARPA Making Impacts in Northeast PA

The impact of funding from the American Rescue Plan Act (ARPA), signed into law on March 11, 2021, is the theme for this edition of the Policy Tracker. This bill was a comprehensive COVID relief bill that provided sizeable funds for pandemic relief to state and local governments, including those in Northeastern Pennsylvania. As a result, many policy questions have arisen around community needs and the best use of funds.

ARPA provided nearly \$2 trillion in direct relief to individuals and industries. It provided an additional round of direct payments of \$1,400 for individuals, \$2,800 for joint filers, and \$1,400 for each qualifying dependent.

These economic security measures have made an impact on families, based on data available so far. This includes the impact of the temporary expansion of several tax credits. ARPA raised the maximum Earned Income Tax Credit (EITC) for adults without children from \$543 to \$1,502. It also lowered the age eligibility for the childless EITC from 25 to 19 years and eliminated the upper age limit, which currently bars the credit for childless people aged 65 and older. The act also increased the Child Tax Credit maximum amount to \$3,000 per child and \$3,600 for children under age 6, and extended the credit to 17-year-olds. The credit is now fully refundable as well, meaning the entire credit could be provided as a refund if it exceeds an individual's income tax liability, instead of partially refundable under previous law.

At the national level, the Federal Reserve Bank's annual Survey of Household Economics and Decisionmaking (SHED) found that 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). At the end of 2020, 75 percent reported doing at least okay financially, the same share as the end of 2019. These improvements in financial well-being are likely the results of a few factors, including general economic recovery. These factors also include the expansion of the EITC and Child Tax Credit under ARPA. The latter is perhaps a particularly important reason for the large increase in financial stability of households with minor children found in the SHED survey. This comes after those households saw a disproportionate negative impact in 2020 compared with other population segments. The SHED survey also found that parents used monthly Child Tax Credit payments in a variety of ways, saving them, purchasing food, and paying rent, mortgage, and utilities.

Furthermore, ARPA allocated funds for state and local governments to offset the impacts of the pandemic through 2024. These fiscal recovery funds included \$195.3 billion to the states and District of Columbia, \$65.1 billion to counties, \$45.6 billion to metropolitan cities, and \$19.5 billion for towns with fewer than 50,000 people.

(continued on the next page)

AMERICAN RESCUE PLAN FUNDING



ECONOMIC IMPACT

Fiscal recovery funds allocated to the state total \$7.29 billion. This represents 7.9 percent of Pennsylvania’s annual budget, a slightly higher ratio to the state’s budget compared to allocations in neighboring states.

ARPA Making Impacts in Northeast PA (cont.)

These funds are to be used to respond to the COVID-19 emergency and address its economic effects, with aid to households, small businesses, nonprofits, and industries such as tourism and hospitality. It can also be used to provide premium pay to essential employees or grants to their employers (to a limit of \$13 per hour or \$25,000 per worker), to provide government services affected by revenue reduction resulting from COVID-19, and to invest in water, sewer and broadband infrastructure.

Fiscal recovery funds allocated to the state total \$7.29 billion. This amount represents 7.9 percent of Pennsylvania’s annual spending, a slightly higher ratio to the state’s budget compared to allocations in neighboring states, according to analysis by The Pew Charitable Trusts. According to Pew, “ARPA provides critical breathing room that was rare in the slimmed-down budgets that lingered after the Great Recession, which started at the end of 2007.” State allocations tracked by the National Congress of State Legislatures include \$3.8 billion to the General Fund, \$372 million for pandemic response costs, \$282 million to the Department of Human Services for long-term living programs, \$50 million for the state system of higher education, and \$50 million to the Pennsylvania Housing Finance Agency for construction cost relief.

Counties in the Northeastern Region were allocated fiscal recovery funds based on their populations and other criteria. Funds range from \$1.18 million in Sullivan County to \$40.73 million in Lackawanna County and \$112.89 million in Luzerne County. Furthermore, five cities designated principal cities of metropolitan statistical areas (MSAs) were funded directly – East Stroudsburg (\$2.81M), Bloomsburg (\$6.28M), Hazleton (\$17.13M), Wilkes-Barre (\$37.17M), and Scranton (\$68.75M).

Fiscal Recovery Fund Allocation for Counties & Metropolitan Cities	
County/City	Allocation Amount
Carbon County	\$12,466,601
Columbia County	\$12,618,495
Bloomsburg	\$6,275,309
Lackawanna County	\$40,726,716
Scranton	\$68,746,050
Luzerne County	\$112,890,152
Hazleton	\$17,132,482
Wilkes-Barre	\$37,156,228
Monroe County	\$33,073,146
East Stroudsburg	\$2,813,500
Pike County	\$10,840,244
Sullivan County	\$1,178,249
Susquehanna County	\$7,833,241
Wayne County	\$9,976,272
Wyoming County	\$5,204,420



STATE LEGISLATIVE BRIEFING

A curated briefing of state legislative proposals and recent legislative actions

STATE BRIEFINGS

- 2022-23 Budget
- Building Trades Apprenticeships
- Skilled Nursing
- Affordable Housing Tax Exemption

\$45 Billion Budget Approved

Governor Tom Wolf has signed the \$45.2 billion state budget, which provides for significant education investment, potentially positioning Pennsylvania to be increasingly competitive in attracting companies. The finalized state budget includes more than \$1 billion in increased investment in Pennsylvania's K-12 public schools that serve 1.7 million students.

This sizable investment in education also includes a \$525 million increase in basic education that supports district operations, for a total of more than \$7.6 billion, plus a \$225 million supplement to that subsidy for the historically underfunded districts that disproportionately serve students of color, students in poverty, students with disabilities, and English learners. Additionally, the budget includes \$100 million for school-based mental health services and \$100 million for school safety and security grants.

Along with considerable funding for schools, there is substantial funding for environmental programs and long-term care facilities. As part of the 2022-23 budget, the Child and Dependent Care Enhancement program provides a permanent state tax credit of up to 30 percent of child care-related expenses. Income-eligible people will be able to claim up to \$3,000 for one dependent and \$6,000 for two or more dependents.

The budget also leaves approximately \$5 billion in the state's rainy-day fund, creates a multibillion-dollar cushion for next year, and cuts the tax on corporate net income.

This year's budget makes significant workforce investments as well. It increases funding by \$1.5 million for the Partnerships for Regional Economic Performance Network, Small Business Development Centers, Local Development Districts, and Industrial Development Organizations. The budget also proposes to invest \$2.35 million in the Invent Penn State program, which blends an entrepreneurship-focused curriculum with business startup training and development. Furthermore, it provides \$10 million in competitive grants for the Ben Franklin Technology Development Authority and \$2 million in additional direct support for each of the four Ben Franklin Technology Partners. The budget invests an additional \$2 million in the Pennsylvania Agricultural Surplus System to address further food insecurity and access issues for families throughout the commonwealth.

Community violence prevention organizations will receive \$75 million in one-time federal funds along with the annual appropriation of \$30 million to support these programs across the state, totaling \$105 million for violence intervention and prevention programs. The legislative budget deal also calls for \$135 million in one-time federal funds to provide local law enforcement agencies with support to address hiring and other current issues. State police will be able to hire 200 additional cadets this year as part of the budget.

The 2022-23 state spending plan provides a one-time 70-percent bonus rebate for income-eligible senior citizens and permanently disabled individuals 18 years or older. Additionally, the budget includes \$140 million in direct property tax relief, \$375 million for safe and affordable housing, and \$100 million for adult mental health services, among other various improvements for taxpayers.

The spending plan includes a \$535,000 increase to the Susquehanna River Basin Commission with \$100 million to support the rehabilitation, repair, and development of parks and forest areas, as well as a \$5 million increase to the Conservation District fund and \$220 million in federal COVID-19 relief funds to establish a clean streams fund.





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PAsmart Apprenticeship Grants Within Building and Construction Trades

Governor Wolf announced awards totaling more than \$4.9 million for 14 Pennsylvania apprenticeship and pre-apprenticeship programs within the building and construction trades. Each of the 14 potential or currently registered apprenticeships or pre-apprenticeship programs will use the grant funding to develop a diverse talent pipeline, reach underrepresented populations, and expand workforce development opportunities across 55 counties in Pennsylvania.

IBEW Local 163 JATC, which serves Bradford, Luzerne, Sullivan, and Wyoming Counties, was awarded \$446,247. IBEW Local 163 JATC will serve a total of 96 individuals through the five-year apprenticeship program, 40 of whom will be from underrepresented populations. Lackawanna College, which also serves Luzerne County, was awarded \$377,098. Lackawanna College will develop a 24-week pre-apprenticeship program to prepare individuals for employment and apprenticeship construction trades. The program will be tailored to meet the needs of Spanish-speaking individuals with limited English proficiency. It will include an eight-week ESL class, followed by a 16-week semester of courses in which students will obtain 11 certifications and earn 16.5 college credits. Students who complete the program will be prepared to enter an apprenticeship, employment, and/or continue their post-secondary education. A total of 40 individuals will be served.

New Legislation to Assist Skilled Nursing Facilities with Staffing and Accountability Requirements

In July, Governor Wolf signed House Bill 1421, which increases Medicaid rates for Skilled Nursing Facilities. The increases will help facilities meet upcoming Department of Health regulation updates that, in part, will boost staffing requirements. The legislation also includes accountability language requiring Medical Assistance-enrolled nursing facilities to spend at least 70 percent of their total costs on resident and resident-related care.

Governor Signs the Affordable Housing Unit Tax Exemption Act

Governor Wolf signed HB 581 in July, creating Act 58, the Affordable Housing Unit Tax Exemption Act. It authorizes local taxing authorities to provide exemptions for improvements to deteriorated areas and improvements to affordable housing. The exemptions are meant to encourage blight management as well as development of affordable housing.





FEDERAL LEGISLATIVE BRIEFING

A curated briefing of federal legislative proposals and recent legislative actions

FEDERAL BRIEFINGS

- Public Safety
- Inflation Reduction Act
- Paid Family Leave
- Small Business & Workforce Development

Bipartisan Bill on Safer Communities Becomes Law

In July, The President signed into law the first major federal gun safety legislation passed in decades, which marks a significant bipartisan breakthrough on a contentious policy issue.

The legislation includes millions of dollars for mental health support, school safety, crisis intervention programs, and incentives for states to include juvenile records in the National Instant Criminal Background Check System.

The money can be used to implement and manage red flag programs, temporarily preventing individuals in crisis from accessing firearms through a court order, and other crisis intervention programs like mental health courts, drug courts, and veterans courts.

The law also makes significant changes to the purchasing for people aged 18 to 21, and closes the "boyfriend loophole," situations in which unmarried partners are not subject to additional safeguards placed on spouses with histories of domestic violence.

Although this legislation does not ban any weapons, the package represents the most significant new federal legislation to address gun violence since the expired 10-year assault weapons ban of 1994.

Inflation-Reduction Act Passes on Party Lines Vote

Certain provisions of President Biden's Build Back Better agenda were revived in the form of the Inflation Reduction Act, which was approved in Congress without Republican support. The bill includes new spending on health care, climate change, and deficit reduction paid for with new corporate taxes.

Health Care provisions involve extensions of health care subsidies under the Affordable Care Act, a cap on out-of-pocket prescription spending for Medicare enrollees, and the ability of Medicare to negotiate prices for some drugs (which a Bank of America analysis found could reduce costs by 25 percent). Left out of the bill was a proposed cap on the cost consumers pay for insulin, though some have suggested this could be revisited as a standalone bill.

New taxes include a corporate alternative minimum tax on a relatively small number of large corporations, and an excise tax on stock buybacks.

Climate and energy provisions in the new bill are explained in greater detail on page 10 of this issue of the Policy Tracker.

Renewed Interest in Paid Family Leave

As of late, Republicans are taking a renewed interest in the topic of paid family leave, which has historically been a Democrat priority. The United States is currently one of only six countries that does not guarantee paid leave to new mothers.



FEDERAL LEGISLATIVE BRIEFING

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FEDERAL BRIEFINGS

- Public Safety
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- Small Business & Workforce Development

Multiple Bills Supporting Small Business and Workforce Development are Under Consideration

H.R. 7694 – Strengthening Subcontracting for Small Businesses Act of 2022

This bill requires federal agencies to consider when evaluating offers for contracts the extent to which, in a subcontracting plan, the offeror proposes to use small businesses as subcontractors in the performance of the contract. The bill was referred to the Committee on Small Business and Entrepreneurship in June.

H.R. 7670 – Women-Owned Small Business Transparency Act

This bill requires the Small Business Administration to report information about the number and total dollar amounts of contracts awarded under the Women-Owned Small Business Federal Contracting program. The bill was referred to the Committee on Small Business and Entrepreneurship in June.

H.R. 6556 – Small Business Development Centers Improvement Act of 2022

This bill reauthorizes the Small Business Development Center Program through FY2025 and otherwise revises the program. Specifically, the bill (1) generally prohibits entities other than institutions of higher education from receiving new grants under the program; (2) allows centers to collect fees related to private partnerships or co-sponsorships; (3) authorizes centers to market their services directly to small businesses; and (4) modifies or establishes provisions related to program funding, operations, data collection, and reporting. The bill was referred to the Committee on Small Business and Entrepreneurship in April.

H.R. 7622 – Small Business Workforce Pipeline Act of 2022

This bill adds work-based learning and apprenticeship program assistance to the list of services that must be provided by small business development centers administered by the Small Business Administration. The bill was referred to the Committee on Small Business and Entrepreneurship in June.

H.R. 7309 – Workforce Innovation and Opportunity Act of 2022

This bill reauthorizes through FY2028 and expands programs under the Workforce Innovation and Opportunity Act (WIOA). The bill also revises workforce investment, vocational rehabilitation, employment, training, and literacy programs for eligible individuals.

The bill includes language to modify the allotment of youth workforce investment funds to states, expands the Job Corps program (such as by serving individuals in outlying areas and relaxing age requirements), establishes grants for training program enhancements through industry or sector partnerships, and expands grants for integrated English literacy and civics education to outlying areas.

The bill also provides statutory authority for provision of competitive grants, contracts, and cooperative agreements to improve employment and training outcomes and reduce recidivism of justice-involved youth, along with competitive grants for states to create workforce longitudinal administrative databases. The bill was referred to the Committee on Health, Education, Labor, and Pensions in May.

H.R. 6450 – SCORE for Small Business Act of 2022

This bill reauthorizes through FY2023 the Service Corps of Retired Executives (SCORE) program, outlines the duties of the SCORE Association, and requires the Small Business Administration (SBA) to cooperate with the association to carry out the program. Specifically, the bill requires the association to manage nationwide chapters of the program and enable volunteers to provide personal, cost-free business expertise along with educational workshops for small businesses. The association must also offer online counseling to small businesses.

H.R. 7664 – Supporting Small Business and Career and Technical Education Act of 2022

This bill includes within the responsibilities of Small Business Development Centers and Women's Business Centers the provision of assistance to small businesses in hiring graduates from career and technical education programs and to graduates of such programs in starting small businesses. The bill was referred to the Committee on Small Business and Entrepreneurship in June.

AMERICAN RESCUE PLAN FUNDING

Case Studies on Innovative Uses of ARPA Funds

The approximate \$379 million allocated to cities and counties in the Northeastern Pennsylvania region offers opportunities for new approaches to community issues that were exacerbated by the pandemic. Communities have significant flexibility in use of these funds, and therefore can act as individual laboratories of change. According to Brookings, “The money needs to move fast and be deployed smartly and equitably. In 10 years, we may look back at this time and ask: Which places merely spent their money, and which places invested it?”

Many cities and regions around the United States have already found innovative ways to use these funds and transform problems into solutions. While ARPA represents a unique source of funding for such projects, the following recommendations can serve as potential policy opportunities beyond ARPA.

Housing

Land banking is currently in use in several municipalities in Lackawanna and Luzerne Counties. Land banks acquire vacant, abandoned, or tax-delinquent properties and return them to productive use, reducing blight, bolstering tax rolls, and often creating affordable housing. Communities may consider using federal funds to expand existing land bank capacity in Northeastern Pennsylvania, ideally to include participation from all municipalities. A community land trust is a related concept worthy of exploration, which would similarly acquire underutilized properties but would hold them in trust rather than sell them to new users (often leasing instead). This could allow for restrictions such as stipulations that housing on the land remain affordable in perpetuity.¹

Economic Development

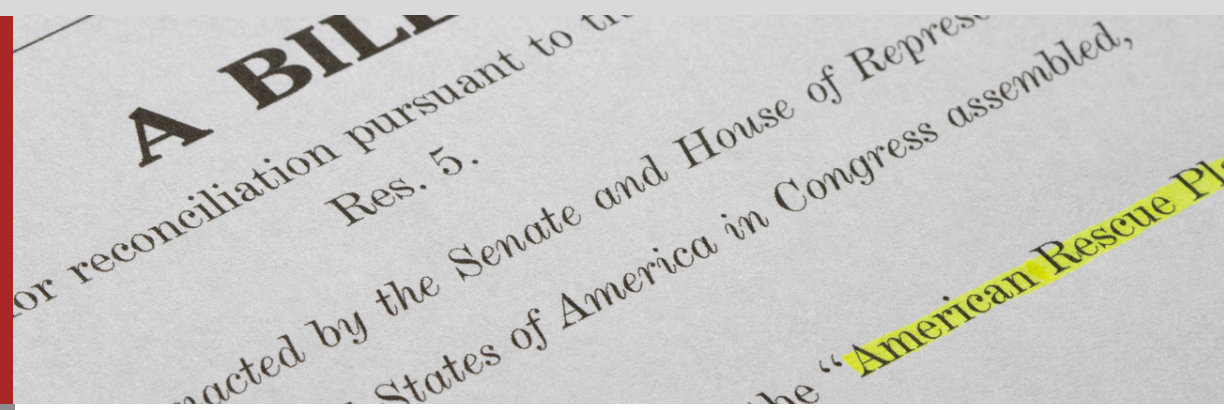
While federal support such as the Paycheck Protection Program and Economic Injury Disaster Loans was helpful to businesses during the pandemic, many firms closed their doors nonetheless. ARPA specifically identifies business districts as a pandemic-impacted industry, and financial awards may be used as seed funding to establish revolving loans for investments ranging from equipment acquisition to façade improvements. These funds may target areas of specific need, such as particular commercial corridors or minority- or woman-owned enterprises. More holistic, place-based approaches can also be useful. Placemaking, such as district marketing plans, streetscape improvements, and signage can contribute to area-wide economic revitalization.²

Mental Health

Mental health a critical issue in Northeastern Pennsylvania, and ARPA funds can be used to create new resources to improve outcomes for individuals with mental health or substance abuse issues. Many communities are leveraging ARPA funds to expand or create crisis hotlines and mobile crisis response or stabilization teams. These teams consist of up trained mental health professionals who respond to crisis situations, thereby reducing the likelihood of escalation and allowing police resources to be used elsewhere. Allegheny County, in Western Pennsylvania, has used ARPA Funds to expand mobile crisis response. In that county, officials found that 400 police dispatches per day may involve individuals with unmet behavioral health needs and that the highest rates of behavioral health dispatches are in communities of color. Providence, Rhode Island has seen success with co-response programs, in which a police officer and mental health social worker are dispatched together to calls that may involve a person with mental health needs.³

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AMERICAN RESCUE PLAN FUNDING



Innovative Uses of ARPA Funds (cont.)

Income & Economic Security

The COVID-19 pandemic created a great deal of economic hardship for families and widened existing socioeconomic disparities. Some cities have led pilot programs to measure the impact of guaranteed income or universal basic income, which provides a fixed sum of cash to qualifying residents to increase financial security and reduce poverty. Successful past pilots in Manitoba and Stockton, California are potential models. Minneapolis, Minnesota is planning to spend \$3 million to provide \$500 per month to approximately 200 households for 24 months. Other cities considering guaranteed income pilots with ARPA funds include Chicago, Illinois; Seattle, Washington; and Mountain View, California. 4

Broadband

With a newly formed Pennsylvania Broadband Development Authority and funds from both ARPA and the Bipartisan Infrastructure Law, the coming years will be critical in the development of broadband infrastructure and the closure of the digital divide. Communities can also use funds from ARPA to invest in measurement and data collection (such as speed testing, pricing data, and identification of physical network gaps) and to create staff positions or offices dedicated to digital equity and broadband development. 5

Workforce Development

In July 2022, a summit on ARPA & Workforce Development hosted by the White House highlighted best practices in workforce development as model uses of ARPA funds. They include publicly funded pre-apprenticeships to prepare a wider and more diverse set of applicants for apprenticeships - even those that are privately funded, development and strengthening of industry partnerships, and wrap-around services to help those in training programs with barriers to completing their training (such as transportation, childcare, and mental health). 6

Public Safety

ARPA funds can also be used to enhance public safety. In particular, programs that could reduce recidivism among individuals may include paid training or job placement services to those with criminal records, housing supports for people leaving incarceration and rapid re-housing services for individuals experiencing homelessness, and internet access or digital literacy programs targeted to those at risk of recidivism. Technical and operational support for county-level re-entry offices, as in Clark County, Ohio, can also be a use of ARPA funds to help support better prisoner reintegration outcomes. 7

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6. Van Kleunen, A. (2022, July 20). White House Urges Use of Federal Dollars for Workforce Investment. National Skills Coalition.
7. Using state and local fiscal recovery funds to advance safety and justice goals. (2021, July 16). Council of State Governments Justice Center.

CLIMATE & ENERGY



Congress Passes Comprehensive Climate Package as Part of Inflation Reduction Act

Energy industries have historically been important parts of the region's economy. Fossil fuel energy industries, which include the extraction of coal, oil, and natural gas, fossil fuel electric power generation, and certain support industries, have played major roles in the state's economy. They employ over 18,000 workers, including over 300 in Lackawanna & Luzerne Counties. Statewide, jobs in these industries have average annual wages per worker of over \$100,000 - 68 percent higher than the average wage of all jobs.

Now, the Inflation Reduction Act's provisions to combat climate change present opportunities for growth in green energy industries.

Green energy industries, which include hydroelectric, solar, wind, and geothermal electric power generation, employ relatively few people directly in Pennsylvania. The North American Industrial Classification System (NAICS) does not include categories for support activities for these industries, however, which means it is difficult to measure how many jobs depend directly or indirectly on wind and solar farms and the like. Although the region's use of green energy appears early in its development, there is room for change as new policy prioritizes the transition to renewable energy.

Among the energy and climate provisions in the Inflation Reduction act are:

- Increased incentives for consumers to use energy efficient appliances and home modifications such as heat pumps, rooftop solar, and electric HVAC and water heaters
- Tax credits to buy new and used clean vehicles
- \$30 billion in production tax credits and \$10 billion in investment tax credits to build and accelerate manufacturing facilities for solar panels, wind turbines, and batteries
- \$20 billion in loans to build new clean vehicle manufacturing facilities
- Tax credits and grants for clean fuels and clean commercial vehicles
- Tax credits for clean sources of electricity and \$30 billion in targeted grants and loans for states and electric utilities to accelerate the transition to clean electricity
- Incentives to reduce emissions from fossil fuels and increase carbon capture
- Increased opportunities for domestic oil and gas drilling on federal lands and offshore waters
- Targeted clean energy investments in rural communities and disadvantaged communities

INVESTMENT IN GREEN ENERGY TECHNOLOGIES

Although the region's use of green energy appears early in its development, there is room for change as new policy prioritizes the transition to renewable energy.

Energy Industries - Regional & State Employment							
Industry	NAICS Code	Lackawanna & Luzerne Counties		Lackawanna, Luzerne & 8 Surrounding Counties		Pennsylvania	
		Employment	Avg. Annual Wages	Employment	Avg. Annual Wages	Employment	Avg. Annual Wages
Total - All Industries	-	237,104	\$48,736	421,130	\$47,657	5,909,640	\$62,067
Fossil Fuel Energy Industry Cluster	-	306	\$74,726	1,380	\$78,025	18,013	\$104,470
Crude Petroleum Extraction	211120	0		2	\$32,575	321	\$51,588
Natural Gas Extraction	211130	0		188	\$150,933	3,937	\$150,082
Bituminous Coal Surface Mining	212111	0		17	\$61,121	506	\$51,217
Bituminous Coal Underground Mining	212112	0		1	\$77,725	2,781	\$97,109
Anthracite Mining	212113	200	\$59,838	630	\$60,545	724	\$60,438
Support Activities for Oil and Gas	213112	30	\$61,548	285	\$64,164	7,037	\$80,213
Support Activities for Coal Mining	213113	0		31	\$43,368	387	\$65,214
Fossil Fuel Electric Power Generation	221112	76	\$120,942	226	\$90,493	2,320	\$145,968
Green Energy Industry Cluster**	-	1	\$17,586	3	\$66,634	198	\$102,378

Employment is four quarter average as of Q2 2021. Green industry cluster includes power generation from hydroelectric, solar, wind, and geothermal (NAICS codes 221111, 221114, 221115, and 221116)

Data Source: JobsEQ

HOUSEHOLD DEBT



Student, Other Debt Affect Many NEPA Households

On August 24, President Biden announced plans for broad forgiveness of up to \$10,000 of student loan debt for borrowers earning up to \$125,000 per year (or \$250,000 per year for married couples). Students who received Pell Grants can receive up to \$20,000 in debt forgiveness. The plans also provide for income-based repayment on undergraduate loans to be capped at five percent of discretionary income.

Student debt as well as other forms of household debt affect a large share of residents of Northeastern Pennsylvania. About one in five people in the region have some student loan debt, with a median student loan balance of nearly \$20,000 in Luzerne County and over \$22,000 in Lackawanna County. Among student loan borrowers, nine percent in Lackawanna County and eight percent in Luzerne have student debt in default - slightly higher than the statewide student debt default rate. Nonetheless, the median amount of debt those borrowers have in default is lower than the statewide median.

Other common sources of debt include automotive loans and other retail loans such as personal loans. About four in ten residents regionally and statewide carry debt of this kind, with a delinquency rate of three percent. The delinquency rates of auto and retail loans are highly differentiated by credit score, however – in the two counties, the auto/retail loan delinquency rate is zero percent among prime borrowers, one percent among near-prime borrowers, but 16 percent among subprime borrowers.

Medical debt is also common in the region. Compared to the state overall, a larger share of residents with medical debt also have debt in collections. Overall, 26 percent of Lackawanna and Luzerne County residents have some form of debt in collections, with median amounts of \$1,380 in Lackawanna and \$1,602 in Luzerne.

STUDENT LOAN DEBT IN DEFAULT

Nine percent of borrowers in Lackawanna County and eight percent in Luzerne County have student debt in default - slightly higher than the statewide rate.

Debt Statistics for Northeastern Pennsylvania			
	Lackawanna	Luzerne	Pennsylvania
Overall			
Share with any debt in collections	26%	26%	23%
Median debt in collections	\$1,380	\$1,602	\$1,657
Medical Debt			
Share with medical debt in collections	12%	10%	9%
Median medical debt in collections	\$503	\$498	\$500
Auto/Retail Loans			
Share with auto/retail loan debt	40%	39%	38%
Auto/retail loan delinquency rate	3%	3%	3%
Student Loan Debt			
Share with student loan debt	22%	18%	19%
Median student loan debt	\$22,172	\$19,874	\$22,132
Median monthly payment	\$177	\$158	\$175
Share of loan holders with student debt in default	9%	8%	7%
Median debt in default	\$6,655	\$8,340	\$10,976

Data Source: Urban Institute. Last updated February 2022.

The Institute

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