

WORKFORCE TRENDS

Pennsylvania's Job Market Has Now Fully Rebounded from the COVID Pandemic

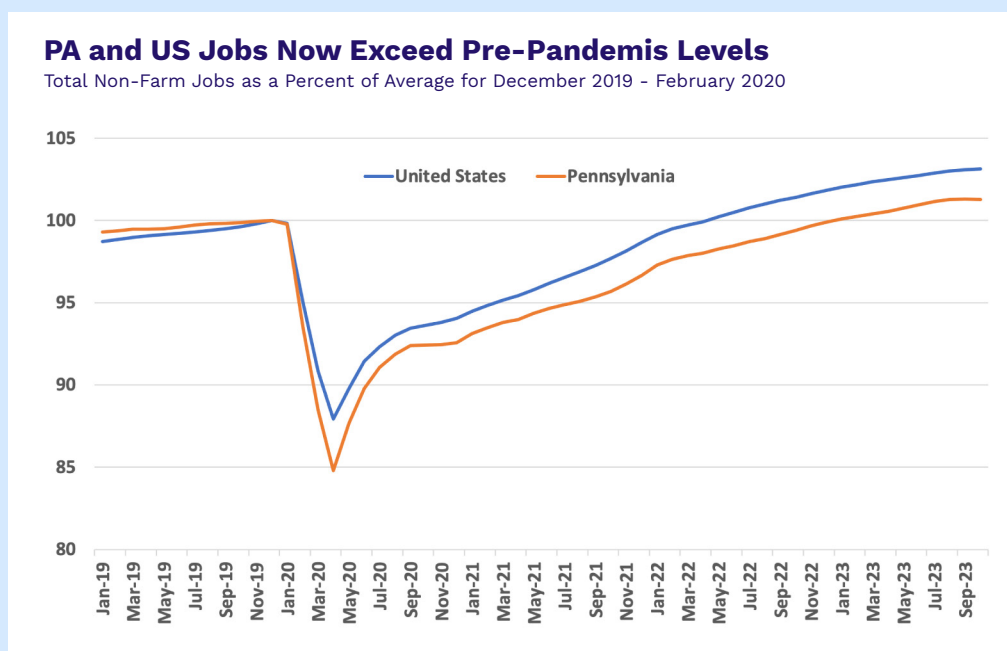


- Nationally, total non-farm jobs in October 2023 (the latest data available) exceeded the number just before the start of the pandemic (February 2020) by 4.4 million.
- Pennsylvania's total non-farm jobs now exceed the number of jobs in February 2020 by 72,000.
- Pennsylvania tends to have slower job growth than nationally because it has slower population growth. From February 2020 to October 2023 Pennsylvania population growth has been 0.75% compared to 3% nationally.
- In the past 42 months, despite our slow population growth, Pennsylvania job growth has kept pace with national.
- Breaking down job growth into local workforce development areas (LWDAs), 13 of Pennsylvania's 22 LWDAs (counting the City of Pittsburgh and the rest of Allegheny County as one LWDA) have rebounded to above their pre-pandemic jobs numbers and all 22 areas are within 3.7% of the February 2020 number.
- Like the economy as whole, most Pennsylvania industries now have more jobs than before the pandemic, including trade, transportation, and utilities; professional and business services; education and health; and financial services. Construction is close to its pre-pandemic employment level (-0.3% below) and manufacturing about 1% below that level. Leisure and hospitality, and government employment remain Pennsylvania's most heavily impacted industries—about 3% below the February 2020 level.

To put our rapid recovery from the pandemic recession into perspective, in the first 42 months after the Great Recession, Pennsylvania gained 123,000 jobs. In the 42 months since the two-month pandemic recession ended (in April 2020), Pennsylvania has gained 1.2 million jobs.

Pennsylvania and the United States Now Have More Jobs Than Before the Pandemic

The number of non-farm jobs in Pennsylvania and the United States now exceed their pre-COVID levels. As of October 2023, the latest data available, Pennsylvania had 72,000 more jobs than in February 2020. As the figure shows, the number of U.S. jobs exceeds pre-COVID levels by a higher percentage than does the number of Pennsylvania jobs.



Source: Keystone Research Center analysis of Current Establishment Survey data table 5: <https://www.bls.gov/news.release/laus.t05.htm>

Pennsylvania Has Enjoyed Strong Recent Job Growth Relative to the United States

Over many decades and in the post-pandemic period shown in the prior chart, Pennsylvania's slower job growth partly reflects slower population growth than nationally (and, more particularly, lower working-age population growth). Population growth from February 2020 to October 2023 equaled an estimated 0.75% in Pennsylvania and 3% in the United States.¹

Recently, there has been a slight narrowing of the gap in job growth between Pennsylvania and the United States. To see this, the next chart shows, since April 2021, Pennsylvania job growth as a percent of U.S. job growth over the previous 12 months.² Early in this period Pennsylvania's faster-than-U.S. job

¹Population change data is from Economic Policy Institute estimates based on data released by the Bureau of Labor Statistics on the civilian population 16 years of age and older. For more information, please see <https://www.bls.gov/laui/rdsconp16.htm>.

²We start with March 2021 because, for every month since then in both the United States and Pennsylvania, job growth in the previous 12 months is positive. Earlier 12-month periods which include the March 2021 job loss are confusing to interpret because in those periods, both Pennsylvania and the United States lost jobs.

growth was likely a “pandemic recovery” effect: since Pennsylvania lost 18.6% of its jobs from February to April 2020 and the U.S. lost 14.4%, Pennsylvania needed faster job growth after April 2020 to fully recover. The period since April 2020 now covers three years and six months, and through this period Pennsylvania job growth has been at least 75% of U.S. job growth, well above the population-driven norm which is below 50%. Whether this healthy job growth in Pennsylvania persists remains to be seen. But, for now, it is a positive trend.

Pennsylvania Job Growth as % of US

(Over the previous 12 months, April 2021 - September 2023)

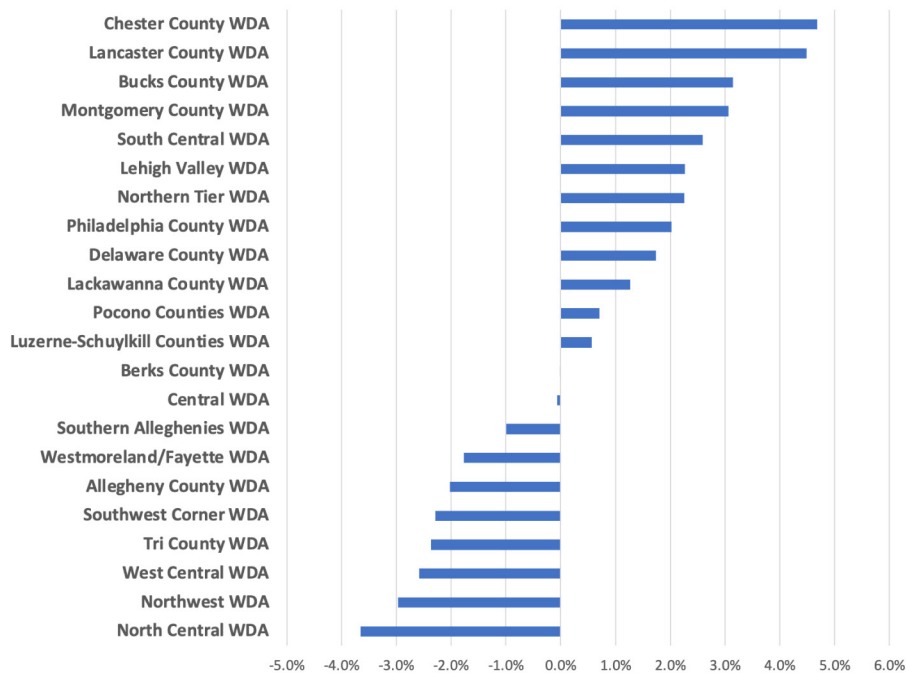


Note: Each month shows PA job growth over the past 12 months as a percent of U.S. job growth in the same time period. For example, August 2023 shows PA August 2023-August 2023 as a percent of US in the same 12-month period.

Source: Keystone Research Center based on: <https://www.bls.gov/news.release/laus.t05.htm>

Most PA Workforce Development Areas Now Have More Jobs Than Before COVID

Percent Change in Employment, February 2020 - September 2023



Source: Keystone Research Center Analysis of LAUS data series accessed from the Bureau of Labor Statistics website.

Most Counties and Workforce Areas Also Have Jobs Close to or Above Pre-Pandemic Levels

As of September 2023, 13 of Pennsylvania's 22 Local Workforce Development Areas had rebounded to their February 2020 pre-COVID employment levels. An additional four are within roughly 2% of pre-pandemic employment. The remaining five are within 4% of their pre-pandemic levels.

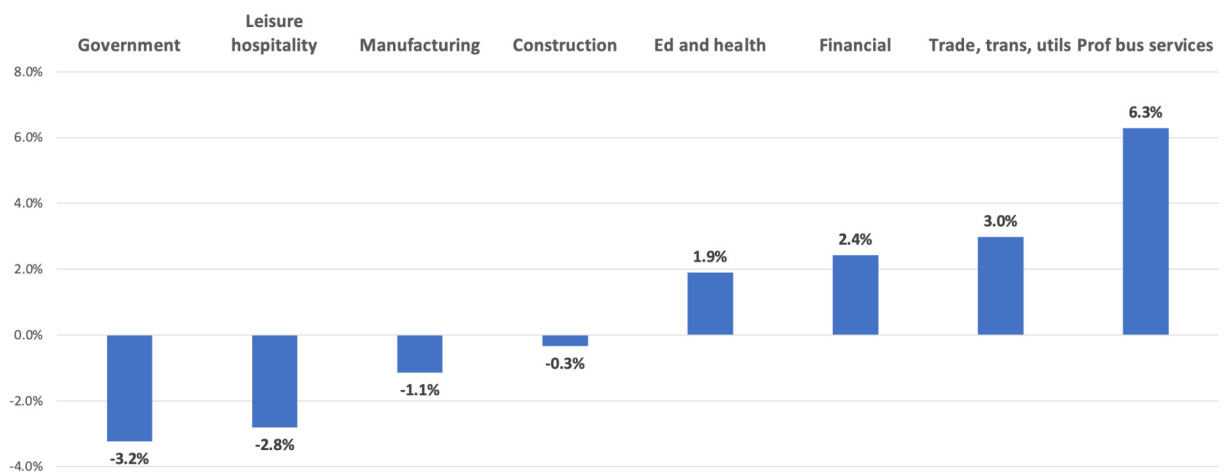
Industrial Breakdown of Pennsylvania's Jobs Recovery

Like the jobs rebound in LWDAs, the recovery of employment in Pennsylvania's industries has been rapid but uneven. Industries with significant shares of high- and middle-wage positions have recovered beyond their pre-pandemic employment levels—like trade, transportation and utilities and professional and business services. Financial services and education and health services have seen employment levels recover to about 2% over February 2020 numbers. Construction and manufacturing remain just below pre-pandemic employment levels. The industries experiencing the most lag in their jobs recovery are government and leisure and hospitality.

The sectors lagging the most in employment may have in common challenges attracting and retaining workers – because of low wages (in leisure and hospitality, residential construction), physically demanding work (construction and manufacturing), or slow adjustment of wages to short-term market conditions (government). In the case of leisure and hospitality (now 2.8% under February 2020 employment), some of the job drop could be long term because of reductions in business travel and business lunches now that many more people telework.

Leisure Hospitality and Government Employment Continue to Lag Behind Pre-Pandemic Levels

Percentage change in employment levels from February 2020 to October 2023



Source: Keystone Research Center based on Economic Policy analysis of seasonally adjusted Current Establishment Survey data table 5: <https://www.bls.gov/news.release/laus.t05.htm>

The relatively fast recovery of the job market from the pandemic recession contrasts sharply with the slow recovery after the Great Recession. In the first 42 months after the Great Recession, the U.S. gained 4 million jobs and Pennsylvania 123,000. In the 42 months since the two-month pandemic recession ended (in April 2020), the United States has gained 26.4 million jobs and Pennsylvania 1.2 million.