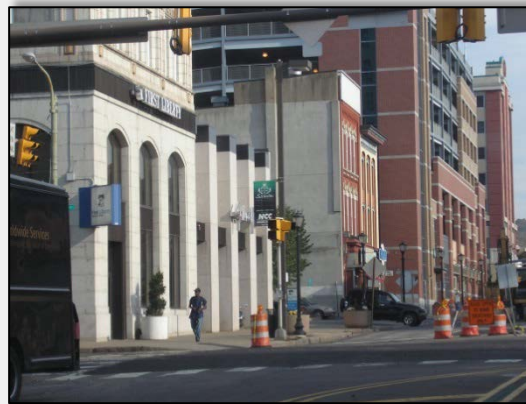


# 2013

## Lackawanna & Luzerne County

# Economy Tracker



The **INSTITUTE** for  
Public Policy & Economic Development

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

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## Executive Summary

The purpose of the Economy Tracker is to illustrate business and economic trends in Lackawanna County and Luzerne County. The data for the counties will be compared against prior years' data, as well as the statewide and national statistics. Understanding these trends is a vital part of enabling the continued growth for this region. The most up-to-date data has been compiled in order to identify the trends in the rapidly changing economy.

The research has indicated that Lackawanna County and Luzerne County have been growing at a slow, steady pace over the past few years. The population has increased and the unemployment rate has maintained a level below its peak in 2010. The two counties have exhibited some recovery from the worst of the Great Recession, but remain below state and national standards in a large number of the business and economic indicators.

The economy tracker has provided rich information about Luzerne and Lackawanna Counties regarding everything from employment to educational attainment. The following is a brief summary of the information that is found throughout the document:

The employment of people in Lackawanna and Luzerne Counties has decreased more than it has in the state of Pennsylvania and in the United States as a whole. Additionally, unemployment has increased substantially since 2005 coinciding with the national unemployment rate. Eighty-percent of those who are employed in both counties as well as the state and the country are private wage and salary workers. Lackawanna County surpasses the state and country with the percentage of government workers employed within the county.

The top five industries in Luzerne County, Lackawanna County, and Pennsylvania are Health Care & Social Assistance, Retail Trade, Manufacturing, Accommodation & Food Services, and Education Services. The majority of the establishments in Lackawanna and Luzerne Counties have less than 10 employees with only forty establishments that employ over 500 employees. In Lackawanna County, the number of establishments in Health Care & Social Assistance and Manufacturing increased from 2010-2011 whereas in Luzerne County, everything decreased except Wholesale Trade. In Luzerne and Lackawanna Counties, the total quantity of establishments with less than 20 employees decreased while the quantity of establishments with over 100 employees increased. Still however, this area is largely dependent upon smaller businesses. Discovering a way to maximize the efficiency of the smaller firms and expand profitability can significantly influence the prosperity of northeastern Pennsylvania.

In Lackawanna and Luzerne Counties, industries pay less per job than the state and national averages in 2011 and 2012. The two industries with the largest wage discrepancies are Finance & Insurance and Professional, Scientific, & Technical Services. This may lead to a large number of white-collar workers relocating to other areas of the country where they can earn a higher wage. The average weekly wage in Lackawanna and Luzerne Counties is well below the state and national average. Although this bodes well for the startup businesses because more individuals would be willing to accept lower starting wages, it also means that households have lower incomes resulting in less economic activity and diminished quality of life.

Gross Domestic Product (GDP) is the sum of all goods and services produced during a given time period in a specific area. Because of the Great Recession, the national GDP growth has come to a near-halt. Though there was negative growth at the national level, the Scranton/Wilkes-Barre area never experienced this. The growth has been on an increasing trend since a loss in 2008, but it has been increasing at a much slower pace than the state and the country. In Luzerne and Lackawanna Counties, the personal income and per capita income grew steadily from 2001-2011. The rate of change for personal income growth in these counties was lower than that of Pennsylvania and the United States. In the state of Pennsylvania, the percent change in per capita income from 1991-2011 was 26.36%. Luzerne County saw a percent change that was 1.41% less than the state whereas Lackawanna County saw a percent change that was 1.92 more than the percent average. The median household income saw a decline locally as well as nationally so it comes to no surprise that Luzerne and Lackawanna counties experienced the decline as well.

From 2001-2011, the wage disbursements grew steadily in both counties as well as the state of Pennsylvania and nationally. However, as a result of the Great Recession, the amount of wage-paying jobs has decreased since 2007 in both counties, the state, and the nation. In Luzerne and Lackawanna Counties, employees are earn wages that are approximately \$10,000 less than the state of Pennsylvania and approximately \$12,000 less than the national average. The poverty rate in Lackawanna and Luzerne Counties is similar to those in state and the nation. In particular, Luzerne County has a much higher rate of poverty for those under the age of 18 and children under the age of five than does the state and the country. In Lackawanna County, the net residence adjustments tripled since 2000. This means that the money brought into the county was three times greater than the money taken out. In Luzerne County, there was an increase until 2010, but in 2011, there was a small decrease.

The stability and growth of the in an economy can be predicted by the number of full quarter length jobs gained and lost at firms. The net growth of Luzerne County in full quarter jobs appears to parallel Pennsylvania in the manner in which both experience similar gains and losses during the same quarters. Lackawanna County, however, seems to follow a pattern of its

own. During the first quarter of 2011, while Luzerne County and Pennsylvania experience a growth, Lackawanna County experiences its largest loss. An increasing number of full quarter jobs gained at firms shows that job growth is stable and economic growth is likely to follow.

The turnover rate determines the rate at which stable jobs are started and finished. Luzerne County steadily has had a higher quarterly turnover rate than Pennsylvania does whereas Lackawanna County fluctuates from being above and below the state-rate. The amount of time that a worker does not have a job thwarts economic growth. When people are not spending, there economic ripple effect is loss. This means that jobs and earnings in all sectors are impacted. Furthermore, workers who are unemployed for an extended period of time have a more difficult time finding work. This is not without negative consequences. On average, Luzerne and Lackawanna Counties experience similarities to the state, their workers have no job earnings for almost the same period of time as the state. In some quarters, the counties have better averages than the state. Regardless of this fact, there has been little improvement over time. Local hires have about five months without earnings prior to being hired.

Location Quotients are used to show the concentration of a certain industry within an area compared to the same industry's concentration in a base area. Both Luzerne and Lackawanna Counties have high location quotients in Health Care & Social Assistance, Retail Trade, Manufacturing, Education Services, and Transportation & Warehousing. Most of the other industries have experiences little change in location quotient from year to year. Collectively, there are over 245,000 households in Lackawanna and Luzerne Counties. Though this is similar to the national average, the median value of owner occupied housing is significantly lower than the state and nation. Housing and property value affordability is a strong indicator of whether businesses and families would relocate to an area. Luzerne County has nearly 40% of its owner-occupied properties valued at under \$99,999. Lackawanna County is more similar to the state and the nation with property values under \$99,999 just slightly under 30%. Low living expenses are tied with wages in the area. Lackawanna and Luzerne Counties have rent of less than \$749 a month whereas the majority of the rents of the state and nation have rent of more than \$750 a month.

Since 2000, Lackawanna and Luzerne Counties have both seen increases in school enrollment. The largest increases occurred in college enrollment. The state, on the other hand, saw a decrease in school enrollment overall. This positive change is important because the region has had challenges with higher education attainment figures. In Luzerne County, educational attainment is below the state and national average of people getting bachelor's degrees or higher. Lackawanna County has better numbers in the bachelor and graduate/professional category, but is still behind the state and the country. This, however, is significant for economic development potential. If the counties had a higher level of educational attainment and a highly



skilled workforce, the quantity of higher paying jobs would increase. This would in turn help provide the economy more balance. This could reduce poverty levels and improve tax revenue to the local government.

The Economy Tracker shows that there is potential for economic revitalization and growth in the two Northeastern Pennsylvania Counties. Consideration should be given not only to implementing new ways to attract stable jobs to the area that pay family-sustaining wages, but also to help local companies expand and start up.

Economic development strategies that:

- Continue to support and expand existing industries that are already thriving, such as health care, manufacturing, transportation and warehousing, while finding innovative ways to make the area more attractive for underrepresented industries.
- Maintain and grow the assets that will attract businesses to the area. This includes investing in physical infrastructure as well as cultivating an educated and skilled workforce. The Institute believes that the students in our Pre-K – 12 system are the region’s key economic development resource for the future.
- Create an environment that is conducive to business and industry growth and maintain a quality of life where people want to live. Businesses thrive in an environment where not only the cost of businesses is a factor, but also where the process is straightforward and efficient and resources to assist business exist. Furthermore, most businesses biggest expense is labor, creating a strong quality of life with many amenities and affordability not only keep people in their respective communities, but will also keep them productive in the workplace. Factors like parks and recreation, schools, healthcare, crime, and quality neighborhoods play a role.
- Capitalize on opportunities from Marcellus Shale gas drilling occurring in neighboring counties. Lackawanna and Luzerne are in a position to attract companies that can use this plentiful supply of shale gas as an energy source or raw material. The Institute’s energy task force has a strategic plan for the region.

## Introduction & Research Methods

This economy tracker will examine both Luzerne and Lackawanna Counties at the county level. The data that is gathered is then compared in relation to statewide statistics, as well as national figures. Understanding exactly how the local economy functions is a vital part of enabling the continued growth for this region. This allows a better understanding of the relative strengths and weaknesses of the local economy, which can then be translated into opportunities for growth.

Data for the Economy Tracker has been gathered from various bureaus within the United States Department of Commerce. The statistics come mostly from the Bureau of Economic Analysis, Bureau of Labor Statistics, and the United States Census Bureau. Because each of these bureaus has their own research methods, some similar statistics may be calculated differently based on the source of the data.

Data is also trended over time. Quarterly data is used, when available, and has been collected for the most recent time period available as of fall 2013. This allows for the best possible trend analysis, especially considering the rapidly changing nature of the economy due to various external forces and market conditions. In addition to annual and quarterly data, some multi-year estimates are provided from the US Census Bureau's American Community Survey. These provide a snapshot of the region's economy during a period of time.

## Employment

Data from the PA Department of Labor and Industry has shown that the number of people employed decreased more in Lackawanna and Luzerne counties than in Pennsylvania and the United States as a whole. From 2010 to 2012, there was small growth in the number of people employed, but not enough to compensate for the overall losses in jobs since 2008.

Employment					
	2008	2010	2012	Change from 2008-2012	Percent Change
<b>Lackawanna County</b>	102,200	97,300	98,300	-3,900	-3.82%
<b>Luzerne County</b>	151,500	144,900	146,500	-5,000	-3.30%
<b>State of Pennsylvania</b>	6,105,000	5,855,000	5,973,000	-132,000	-2.16%
<b>United States</b>	145,362,000	139,064,000	142,469,000	-2,893,000	-1.99%

Source: Pennsylvania Department of Labor and Industry

## Unemployment

The unemployment rates for Lackawanna County and Luzerne County have risen substantially since 2005, coinciding with the national unemployment rate increase resulting from The Great Recession. The gap in unemployment rates between the counties and the nation has, however been getting larger since 2011.

Unemployment Rate, not seasonally adjusted				
	Lackawanna County	Luzerne County	Pennsylvania	United States
<b>2003</b>	5.9	6.5	5.7	6.0
<b>2004</b>	6.0	6.7	5.4	5.5
<b>2005</b>	5.3	5.8	5.0	5.1
<b>2006</b>	4.9	5.3	4.5	4.6
<b>2007</b>	4.7	5.0	4.4	4.6
<b>2008</b>	5.9	6.3	5.3	5.8
<b>2009</b>	8.1	8.9	7.9	9.3
<b>2010</b>	9.1	9.8	8.4	9.6
<b>2011</b>	9.1	9.4	7.9	8.9
<b>2012</b>	9.0	9.7	7.9	8.1
<b>July 2013</b>	9.2	9.5	7.8	7.7

Source: Bureau of Labor Statistics

## Class of Worker

The 2007 to 2011 five year estimate on worker class show that approximately 80 percent of Lackawanna County, Luzerne County, Pennsylvania, and the United States' workers are private wage and salary workers. Lackawanna County has a higher percentage of government workers, surpassing the percentage of both the state and nation. The two counties have a lower percentage of workers who are self-employed than Pennsylvania and the United States.

<b>Class of Worker (2007-2011, 5 Year Estimate)</b>				
	<b>Lackawanna County</b>	<b>Luzerne County</b>	<b>Pennsylvania</b>	<b>United States</b>
<b>Civilian Employed Population, 16 Years and Older</b>	100,584	146,965	5,938,507	141,832,499
<b>Private Wage and Salary Workers</b>	79.8%	82.4%	82.6%	78.5%
<b>Government Workers</b>	15.1%	12.7%	11.7%	14.9%
<b>Self-Employed in Own Non-Corporate Business Workers</b>	5.0%	4.7%	5.6%	6.4%
<b>Unpaid Family Workers</b>	0.1%	0.2%	0.2%	0.2%

*Source: U.S. Census Bureau*

## Distribution of Industry

The industries that have the largest number of employees and establishments remain relatively consistent throughout Lackawanna County, Luzerne County, and the state. The top three industries in this regard are health care and social assistance, retail trade, and manufacturing. Each of the top five industries is the same for both counties. Education services had a considerable jump in employment in Lackawanna County from the third quarter 2012 to the fourth quarter 2012.

Distribution of Industries –Lackawanna County – Third Quarter 2012			
		Number of Establishments	Employees
1	Health Care and Social Assistance	1,085	19,451
2	Retail Trade	892	13,014
3	Manufacturing	248	9,374
4	Accommodation and Food Services	573	8,057
5	Education Services	131	7,803
Distribution of Industries Luzerne County – Third Quarter 2012			
1	Health Care and Social Assistance	1,285	24,828
2	Retail Trade	1,182	17,648
3	Manufacturing	332	15,151
4	Accommodation and Food Services	318	11,525
5	Education Services	712	10,810
Distribution of Industries – State of Pennsylvania- Third Quarter 2012			
1	Health Care and Social Assistance	58,659	962,913
2	Retail Trade	42,574	635,464
3	Manufacturing	14,650	571,177
4	Accommodation and Food Services	27,214	441,958
5	Education Services	8,784	436,396

Source: Pennsylvania Department of Labor and Industry

Distribution of Industries - Lackawanna County - Fourth Quarter 2012			
		Number of Establishments	Employees
1	Health Care and Social Assistance	1,107	19,535
2	Retail Trade	899	13,677
3	Manufacturing	249	9,447
4	Accommodation and Food Services	577	8,016
5	Education Services	132	9,147
Distribution of Industries - Luzerne County - Fourth Quarter 2012			
1	Health Care and Social Assistance	1,281	24,758
2	Retail Trade	1,191	18,478
3	Manufacturing	336	15,044
4	Accommodation and Food Services	322	11,957
5	Education Services	719	10,397
Distribution of Industries - State of Pennsylvania- Fourth Quarter 2012			
1	Health Care and Social Assistance	59,533	969,105
2	Retail Trade	42,955	657,899
3	Manufacturing	14,735	566,236
4	Accommodation and Food Services	27,486	431,575
5	Education Services	8,856	511,795

Source: Pennsylvania Department of Labor and Industry

## Establishments in Industries, by Number of Employees

Few establishments have more than 250 employees in Lackawanna and Luzerne County. Of these, less than 40 establishments have 500 or more employees. A sizeable majority of establishments have less than ten employees, demonstrating the tremendous importance of small businesses to the economy of the region. Finding an efficient way to allow these smaller firms to expand profitably can lead to greater prosperity for Northeastern PA.

From 2010 to 2011, Lackawanna County saw the number of establishments increase in the industries of health care and social assistance and manufacturing. Lackawanna County saw a decrease in the number of establishments in wholesale trade, retail trade, transportation and warehousing, finance and insurance, real estate and rental and leasing, professional, scientific, and technical services, and other services. In Luzerne County, all of the leading industries saw the number of establishments decrease from 2010 to 2011, with the exception of wholesale trade.

For both counties, the total number of establishments with fewer than 20 employees shrank a bit between 2010 and 2011, while establishments with more than 100 employees grew slightly. Though these large employers have grown in number, the regional economy is still largely dependent on smaller businesses.

Number of Establishments in an Industry by Amount of Employees Industries with at least 100 establishments – Lackawanna County 2010										
	Total establishments	1-4	5-9	10-19	20-49	50-99	100-249	250-499	500-999	1000+
<b>Total sectors</b>	5,372	2,718	1,093	731	500	176	104	31	14	5
<b>Construction</b>	467	329	63	43	29	3	0	0	0	0
<b>Manufacturing</b>	243	79	31	42	45	23	15	6	2	0
<b>Wholesale Trade</b>	279	131	48	42	37	16	4	1	0	0
<b>Retail Trade</b>	949	408	248	155	87	29	19	2	1	0
<b>Transportation and Warehousing</b>	163	64	31	32	18	7	8	3	0	0
<b>Finance and Insurance</b>	307	148	93	34	15	7	6	0	3	1
<b>Real Estate and Rental and Leasing</b>	147	92	34	15	3	2	1	0	0	0
<b>Professional, Scientific, and Technical Services</b>	488	309	82	58	29	4	4	2	0	0
<b>Administration, Support, Waste Management, Remediation</b>	236	139	30	24	19	11	10	3	0	0
<b>Health care and Social Assistance</b>	698	286	167	108	75	34	13	9	3	3
<b>Accommodation and Food Services</b>	562	257	97	83	95	21	8	0	1	0
<b>Other Services (Excludes Public Administration)</b>	573	365	135	50	15	4	3	1	0	0

Source: County Business Patterns

Number of Establishments in an Industry by Amount of Employees Industries with at least 100 establishments – Lackwanna County 2011										
	Total establishments	1-4	5-9	10-19	20-49	50-99	100-249	250-499	500-999	1000+
<b>Total sectors</b>	5,325	2,698	1,095	684	514	166	120	32	9	7
<b>Construction</b>	447	313	59	44	28	1	2	0	0	0
<b>Manufacturing</b>	240	72	42	37	43	20	20	4	2	0
<b>Wholesale Trade</b>	275	127	51	36	43	11	6	1	0	0
<b>Retail Trade</b>	931	387	246	157	91	27	21	2	0	0
<b>Transportation and Warehousing</b>	170	75	30	29	16	10	5	5	0	0
<b>Finance and Insurance</b>	305	151	90	32	17	6	5	1	2	1
<b>Real Estate and Rental and Leasing</b>	138	92	29	11	3	3	0	0	0	0
<b>Professional, Scientific, and Technical Services</b>	487	315	86	48	29	5	3	1	0	0
<b>Administration, Support, Waste Management, Remediation</b>	236	130	38	24	20	10	10	4	0	0
<b>Health care and Social Assistance</b>	710	302	157	108	78	31	19	10	1	4
<b>Accommodation and Food Services</b>	562	252	102	79	94	25	9	0	1	0
<b>Other Services (Excludes Public Administration)</b>	557	363	130	39	18	3	4	0	0	0

Source: County Business Patterns

Number of Establishments in an Industry by Amount of Employees Industries with at least 100 establishments – Luzerne County 2010										
	Total establishments	1-4	5-9	10-19	20-49	50-99	100-249	250-499	500-999	1000+
<b>Total sectors</b>	7,326	3,703	1,511	1,023	614	255	160	40	13	7
<b>Construction</b>	605	410	81	63	33	14	4	0	0	0
<b>Manufacturing</b>	315	93	43	57	44	32	34	8	3	1
<b>Wholesale Trade</b>	335	147	73	70	23	13	4	4	1	0
<b>Retail Trade</b>	1,249	536	321	211	107	37	32	5	0	0
<b>Transportation and Warehousing</b>	263	121	40	36	41	13	6	5	1	0
<b>Finance and Insurance</b>	423	216	128	45	23	6	3	1	1	0
<b>Real Estate and Rental and Leasing</b>	232	156	49	23	3	1	0	0	0	0
<b>Professional, Scientific, and Technical Services</b>	586	400	86	57	32	6	3	1	1	0
<b>Administration, Support, Waste Management, Remediation</b>	406	218	61	61	30	14	16	6	0	0
<b>Health care and Social Assistance</b>	962	384	244	151	93	37	40	7	3	3
<b>Accommodation and Food Services</b>	754	316	157	120	111	45	5	0	0	0
<b>Information</b>	128	47	17	30	19	10	5	0	0	0
<b>Other Services (Excludes Public Administration)</b>	811	544	175	63	25	3	1	0	0	0

Source: County Business Patterns

<b>Number of Establishments in an Industry by Amount of Employees Industries with at least 100 establishments – Luzerne County 2011</b>										
	<b>Total establishments</b>	<b>1-4</b>	<b>5-9</b>	<b>10-19</b>	<b>20-49</b>	<b>50-99</b>	<b>100-249</b>	<b>250-499</b>	<b>500-999</b>	<b>1000+</b>
<b>Total sectors</b>	7,182	3,603	1,483	1,009	615	247	160	43	14	8
<b>Construction</b>	580	400	74	53	35	15	3	0	0	0
<b>Manufacturing</b>	313	94	51	48	45	27	32	12	3	1
<b>Wholesale Trade</b>	337	151	75	60	28	14	4	4	1	0
<b>Retail Trade</b>	1,227	513	309	222	111	34	32	5	1	0
<b>Transportation and Warehousing</b>	258	113	37	38	41	14	7	6	1	1
<b>Finance and Insurance</b>	420	212	126	48	24	5	3	0	2	0
<b>Real Estate and Rental and Leasing</b>	211	144	45	19	2	1	0	0	0	0
<b>Professional, Scientific, and Technical Services</b>	571	385	89	58	28	7	3	0	1	0
<b>Administration, Support, Waste Management, Remediation</b>	398	207	57	64	35	15	15	5	0	0
<b>Health care and Social Assistance</b>	947	381	244	154	82	34	39	8	2	3
<b>Accommodation and Food Services</b>	745	319	130	123	118	48	7	0	0	0
<b>Information</b>	127	45	23	27	18	8	6	0	0	0
<b>Other Services (Excludes Public Administration)</b>	799	534	188	55	18	3	1	0	0	0

Source: County Business Patterns



## Industry Distribution of Jobs by Percentage

Of the leading five industries in Luzerne County, the biggest growth from 2011 to 2012 was seen in transportation and warehousing. Other key industries in Luzerne County remained substantially unchanged. Lackawanna County saw slight decreases in health care and manufacturing as a percentage of all jobs over that period. Accommodation and food service grew slightly in Lackawanna County.

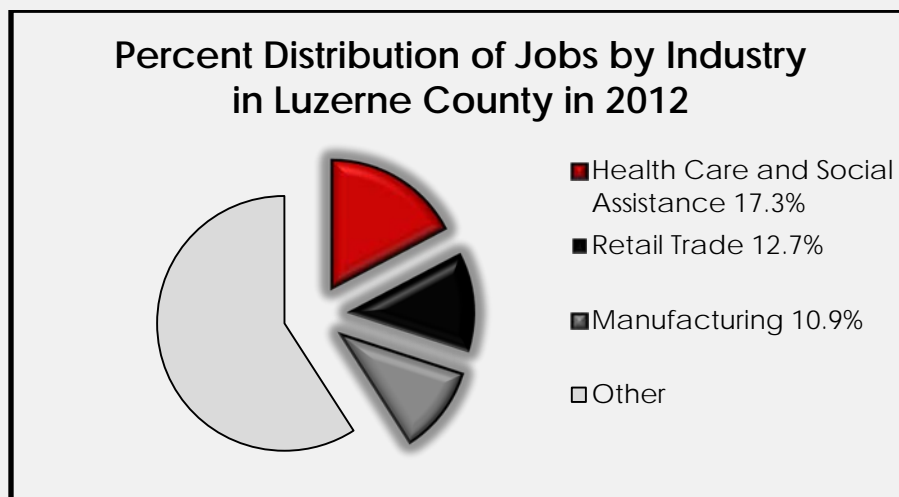
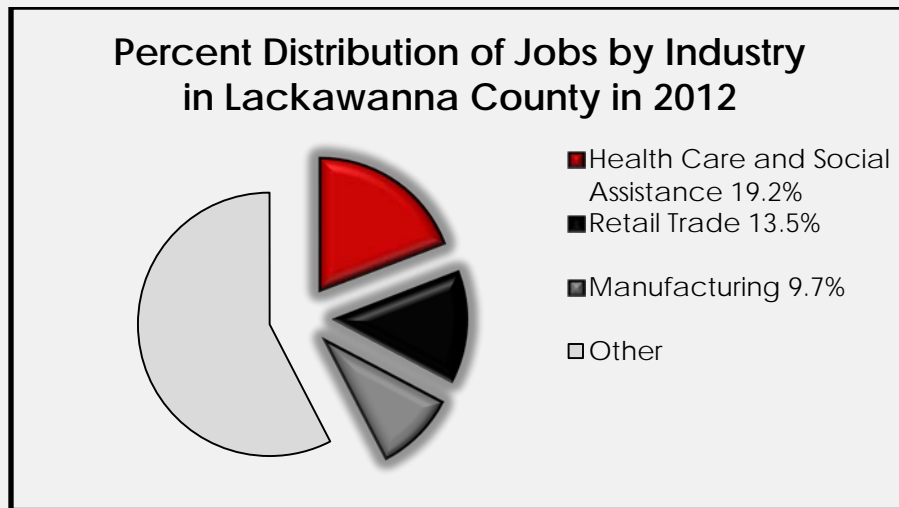
Percent Distribution of Jobs by Industry 2011			
	Lackawanna County	Luzerne County	Pennsylvania
1	Health Care and Social Assistance 19.5%	Health Care and Social Assistance 17.0%	Health Care and Social Assistance 17.2%
2	Retail Trade 13.4%	Retail Trade 12.8%	Retail Trade 11.5%
3	Manufacturing 10.0%	Manufacturing 10.8%	Manufacturing 10.2%
4	Educational Services 8.9%	Transportation and Warehousing 7.7%	Educational Services 9.1%
5	Accommodation and Food Services 8.0%	Accommodation and Food Services 7.6%	Accommodation and Food Services 7.6%

Source: STATS America

Percent Distribution of Jobs by Industry 2012			
	Lackawanna County	Luzerne County	Pennsylvania
1	Health Care and Social Assistance 19.2%	Health Care and Social Assistance 17.3%	Health Care and Social Assistance 17.3%
2	Retail Trade 13.5%	Retail Trade 12.7%	Retail Trade 11.4%
3	Manufacturing 9.7%	Manufacturing 10.9%	Manufacturing 10.2%
4	Educational Services 9.2%	Transportation and Warehousing 8.3%	Educational Services 8.8%
5	Accommodation and Food Services 8.3%	Accommodation and Food Services 7.6%	Accommodation and Food Services 7.7%

Source: STATS America

Health Care and Social Assistance, Retail Trade, and Manufacturing made up more than forty percent of the jobs in Lackawanna and Luzerne Counties in 2012. They remain the top three industries in both counties as of 2012.



## Health Care and Social Assistance

Health Care and Social Assistance remains the top industry for both Lackawanna and Luzerne Counties. Lackawanna and Luzerne County contained 1,657 Health Care and Social Assistance establishments in 2011. From 2010 to 2011, Lackawanna County saw an overall increase in the number of Health Care and Social Assistance establishments from 698 to 710, while Luzerne County saw an overall decrease from 962 to 947 establishments. The increase in establishments for Lackawanna County was largest within the 1-4 employees group adding 16 establishments. In Luzerne County, the largest loss existed within the 20-49 employees bracket, losing 11 establishments. Other employee categories saw only small changes for both counties. Over the past several years, the region has experienced a number of changes in this industry. As of 2013, the region now has two major healthcare systems – Geisinger and Commonwealth Health Systems. This explains some of the industry changes noted in recent years.

**Health Care and Social Assistance Establishments: 2010**

	1-4	5-9	10-19	20-49	50-99	100-249	250-499	500-999'	1,000 or more	Total Establishments
<b>Lackawanna County</b>	286	167	108	75	34	13	9	3	3	698
<b>Luzerne County</b>	384	244	151	93	37	40	7	3	3	962
<b>Pennsylvania</b>	14,403	8,755	6,260	3,805	1,300	975	278	100	104	35,980
<b>United States</b>	31,436	187,588	126,097	74,532	26,078	19,121	4,216	1,806	1,986	812,860

Source: County Business Patterns

**Health Care and Social Assistance Establishments: 2011**

	1-4	5-9	10-19	20-49	50-99	100-249	250-499	500-999	1,000 or more	Total Establishments
<b>Lackawanna County</b>	302	157	108	78	41	19	10	1	4	710
<b>Luzerne County</b>	381	244	154	82	34	39	8	2	3	947
<b>Pennsylvania</b>	14,510	8,892	6,193	3,876	1,309	1,001	273	105	103	36,262
<b>United States</b>	373,452	189,572	125,750	75,684	26,539	19,595	4,303	1,835	1,996	818,726

Source: County Business Patterns

## Retail Trade

Retail Trade is the second largest industry in both Lackawanna and Luzerne counties with 2,158 establishments in 2011. Both Lackawanna County and Luzerne County saw overall decrease in the total number of retail trade establishments. Lackawanna County decreased from 949 establishments in 2010 to 931 establishments in 2011, while Luzerne County decreased from 1,249 establishments in 2010, to 1,227 establishments in 2011. Lackawanna County saw a large decrease in establishments with 1-4 employees, losing 21 establishments. However, this size group remains the largest section of establishments for both counties. Luzerne County also saw a large loss in the 1-4 employees bracket, losing 23 establishments in the same bracket. Much of the change in this industry is continued fallout from The Great Recession. Consumers focused on items that fall into the “needs” category and as a result forced regional and national retailers to consolidate and smaller retailers to close as demand for some goods and more affordable purchases became the norm.

**Retail Trade Establishments: 2010**

	1-4	5-9	10-19	20-49	50-99	100-249	250-499	500-999	1,000 or more	Total Establishments
<b>Lackawanna County</b>	408	248	155	87	29	19	2	1	0	949
<b>Luzerne County</b>	536	321	211	107	37	32	5	0	0	1,249
<b>Pennsylvania</b>	19,027	11,087	7,579	4,310	1,257	1,003	150	16	1	44,430
<b>United States</b>	487,866	269,243	167,931	88,260	28,696	21,422	4,247	282	37	1,067,984

Source: County Business Patterns

**Retail Trade Establishments: 2011**

	1-4	5-9	10-19	20-49	50-99	100-249	250-499	500-999	1,000 or more	Total Establishments
<b>Lackawanna County</b>	387	246	157	91	27	21	2	0	0	931
<b>Luzerne County</b>	513	309	222	111	34	32	5	1	0	1,227
<b>Pennsylvania</b>	18,652	11,006	7,768	4,306	1,274	1,014	151	21	1	44,193
<b>United States</b>	479,826	266,414	171,082	89,608	29,452	21,923	4,315	286	36	1,062,942

Source: County Business Patterns

## Manufacturing

Manufacturing is the third largest industry in Lackawanna and Luzerne Counties with 553 establishments existing in 2011. Both Lackawanna County and Luzerne County saw small decreases in the number of manufacturing firms from 2010 to 2011. Lackawanna County lost three establishments overall and Luzerne County lost two establishments overall. Both Lackawanna and Luzerne Counties saw some increases and decreases in each size bracket. The outlook for manufacturing is positive. There is a trend emerging towards “reshoring” – the return of the American manufacturing. This coupled up with the expansion of the ports due to the expansion of the Panama Canal and the opportunity to increase manufacturing due to local natural gas production demonstrates opportunity to expand manufacturing in the region.

Manufacturing Establishments: 2010										
	1-4	5-9	10-19	20-49	50-99	100-249	250-499	500-999	1,000 or more	Total Establishments
Lackawanna County	79	31	42	45	23	15	6	2	0	243
Luzerne County	93	43	57	44	32	34	8	3	1	315
Pennsylvania	4,670	2,476	2,359	2,364	1,088	854	235	87	34	14,167
United States	115,374	51,794	46,526	42,985	20,469	15,428	4,764	1,847	795	299,982

Source: County Business Patterns

Manufacturing Establishments: 2011										
	1-4	5-9	10-19	20-49	50-99	100-249	250-499	500-999	1,000 or more	Total Establishments
Lackawanna County	72	42	37	43	20	20	4	2	0	240
Luzerne County	94	51	48	45	27	32	12	3	1	313
Pennsylvania	4,521	2,510	2,252	2,328	1,122	833	273	88	31	13,958
United States	112,108	51,779	44,643	43,065	20,801	15,575	4,986	1,871	815	295,643

Source: County Business Patterns

## Payroll

The 2011 year saw overall increases in total payroll in Lackawanna County, Luzerne County, and Pennsylvania. The state had a higher percent increase in payroll than the counties. Luzerne County's transportation and warehousing industry had the largest growth at 22.1 percent. Lackawanna County's health care and social assistance industry saw its payroll increase by 15.5 percent, the largest level of growth for the county. Decreases in the finance and insurance and manufacturing industries in Lackawanna County contributed to its small overall growth.

<b>Payroll – Annual (in thousands)</b>			
	<b>Pennsylvania</b>		
	<b>2010</b>	<b>2011</b>	<b>Percent Change</b>
<b>All Sectors</b>	211,638,083	222,052,066	4.9%
<b>Manufacturing</b>	26,931,183	27,825,665	3.3%
<b>Retail Trade</b>	15,209,119	15,600,318	2.6%
<b>Transportation and Warehousing</b>	6,961,700	7,560,564	8.6%
<b>Finance and Insurance</b>	17,892,732	18,514,743	3.5%
<b>Educational Services</b>	9,076,054	9,262,628	2.1%
<b>Accommodation and Food Services</b>	6,320,661	6,638,947	5.0%
<b>Health Care and Social Assistance</b>	37,519,018	38,930,769	3.8%

Source: County Business Patterns

<b>Payroll – Annual (in thousands)</b>						
	<b>Lackawanna County</b>			<b>Luzerne County</b>		
	<b>2010</b>	<b>2011</b>	<b>Percent Change</b>	<b>2010</b>	<b>2011</b>	<b>Percent Change</b>
<b>All Sectors</b>	3,009,909	3,106,517	3.2%	4,109,900	4,287,146	4.3%
<b>Manufacturing</b>	369,164	359,076	-2.7%	672,494	675,166	0.4%
<b>Retail Trade</b>	278,756	285,754	2.5%	412,895	420,904	1.9%
<b>Transportation and Warehousing</b>	161,667	168,188	4.0%	210,918	257,575	22.1%
<b>Finance and Insurance</b>	325,668	293,801	-9.8%	224,864	241,236	7.3%
<b>Educational Services</b>	174,200	180,450	3.6%	108,468	109,410	0.9%
<b>Accommodation and Food Services</b>	100,730	107,892	7.1%	131,397	138,225	5.2%
<b>Health Care and Social Assistance</b>	702,723	811,447	15.5%	898,886	940,228	4.6%

Source: County Business Patterns

## Average Wage per Job in an Industry

With the exception of the utility industry in Luzerne County, industries in Lackawanna and Luzerne Counties pay less per job than the state average and the national average in both 2011 and 2012. While many of the differences in wages are small, two industries have larger wage discrepancies. The industries of finance and insurance as well as professional, scientific, and technical services pay substantially less in Lackawanna and Luzerne County compared to Pennsylvania and the United States as a whole. This may lead to a large number of white-collar workers in these industries relocating to another area in the country where they can earn a higher wage.

Average Wage Per Job in an Industry, 2011				
	Lackawanna County	Luzerne County	Pennsylvania	United States
Health Care and Social Assistance	\$39,143	\$38,813	\$43,677	\$45,241
Retail Trade	\$22,879	\$23,764	\$25,337	\$27,122
Manufacturing	\$43,570	\$44,705	\$55,527	\$59,277
Education Services	\$41,098	\$40,723	\$48,096	\$43,365
Transportation and Warehousing	\$41,320	\$35,502	\$42,776	\$47,556
Accommodation and Food Services	\$13,619	\$13,356	\$15,503	\$17,620
Administration, Support, Waste Management Remediation	\$25,998	\$23,862	\$31,395	\$33,942
Finance and Insurance	\$54,350	\$52,504	\$75,034	\$88,233
Professional, Scientific, and Technical Services	\$48,993	\$49,667	\$79,103	\$79,737
Construction	\$45,669	\$46,197	\$54,251	\$50,526
Utilities	\$73,968	\$92,857	\$84,489	\$81,945

Source: STATS America

Average Wage Per Job in an Industry, 2012				
	Lackawanna County	Luzerne County	Pennsylvania	United States
Health Care and Social Assistance	\$41,202	\$39,417	\$44,622	\$46,154
Retail Trade	\$23,129	\$24,153	\$25,700	\$27,733
Manufacturing	\$43,412	\$45,541	\$56,407	\$60,553
Education Services	\$41,540	\$40,981	\$49,213	\$44,004
Transportation and Warehousing	\$42,046	\$35,990	\$43,352	\$48,609
Accommodation and Food Services	\$13,713	\$13,721	\$15,869	\$18,019
Administration, Support, Waste Management Remediation	\$25,564	\$26,114	\$32,072	\$34,930
Finance and Insurance	\$54,390	\$55,128	\$79,109	\$91,146
Professional, Scientific, and Technical Services	\$49,478	\$52,797	\$81,969	\$83,244
Construction	\$46,322	\$45,619	\$55,625	\$52,095
Utilities	\$75,325	\$94,976	\$85,765	\$84,481

Source: STATS America

## Average Weekly Wage

Lackawanna County and Luzerne County each have an average weekly wage that is well below the Pennsylvania and U.S. average. Since workers in these counties on average make less than in other areas, it could give startup businesses an advantage— workers will accept less than national average wages since these wages will be on par with or better than the local average and the cost of living in Northeastern Pennsylvania is relatively low. However, low wages mean less income for households, often resulting in less economic activity and diminished quality of life.

Across all areas of analysis, average weekly wages grew between the first quarter of 2011 and the first quarter of 2012. The rate of growth in Lackawanna and Luzerne counties outpaced Pennsylvania and the United States.

Average Weekly Wage				
	First Quarter 2011	First Quarter 2012	12 month percent change in average weekly wage, Q1 2011 – Q1 2012	12 month change in average weekly wage, Q1 2011 – Q1 2012
<b>Lackawanna County</b>	\$666	\$718	7.8%	\$52
<b>Luzerne County</b>	\$684	\$743	8.6%	\$59
<b>Pennsylvania</b>	\$896	\$959	7.0%	\$63
<b>United States</b>	\$934	\$983	5.3%	\$49

*Source: Bureau of Labor Statistics Quarterly Census of Employment and Wages*



## Gross Domestic Product

Gross Domestic Product (GDP) is the sum of all goods and services produced during a given time period in a specific area. Data for the Lackawanna County and Luzerne County was not available. Instead, data from the Scranton/Wilkes-Barre/Hazleton, PA Metropolitan Statistical Area (MSA) was used. The Scranton/Wilkes-Barre/Hazleton, PA MSA covers Lackawanna, Luzerne, and Wyoming Counties. Since the majority of the population and businesses are in Lackawanna and Luzerne counties, viewing this metropolitan area is an adequate way to measure the GDP of these counties.

GDP growth has been slow in the metropolitan area since 2001 compared with the US and Pennsylvania. The Great Recession brought a near-halt to GDP growth nationally. While the United States experienced a year of negative growth in 2009, the Scranton/Wilkes-Barre area experienced this a year sooner, but quickly rebounded. The metro area GDP continues to grow at a slightly slower pace than the US and Pennsylvania.

Gross Domestic Product (in Millions)						
	Scranton/Wilkes-Barre/Hazleton MSA		Pennsylvania		United States	
	GDP	Change from Prior Value	GDP	Change from Prior Value	GDP	Change from Prior Value
2001	14,789	-	406,855	-	10,218,019	-
2002	15,142	2%	424,103	4%	10,572,388	3%
2003	15,679	4%	441,510	4%	11,067,829	5%
2004	16,591	6%	461,721	5%	11,774,410	6%
2005	17,158	3%	482,200	4%	12,539,116	6%
2006	17,739	3%	506,362	5%	13,289,235	6%
2007	18,548	5%	531,098	5%	13,936,199	5%
2008	18,298	-1%	544,712	3%	14,193,120	2%
2009	18,717	2%	540,231	-1%	13,869,678	-2%
2010	19,446	4%	558,818	3%	14,388,813	4%
2011	19,966	3%	581,256	4%	14,959,778	4%
2012	20,465	2%	600,897	3%	15,566,077	4%

Source: Bureau of Economic Analysis

## Income

Personal income in Lackawanna and Luzerne County grew steadily over the past decade. However, the rate of growth has been somewhat lower than personal income growth for Pennsylvania and the United States. The per capita income of the two counties also grew over the ten-year period from 2001 to 2011, remaining lower than state and national averages.

Income						
	2001		2004		2007	
	Personal Income(in Thousands)	Per Capita Income	Personal Income (in Thousands)	Per Capita Income	Personal Income (in Thousands)	Per Capita Income
<b>Lackawanna County</b>	\$5,982,621	\$28,128	\$6,430,122	\$30,351	\$7,400,465	\$34,660
<b>Luzerne County</b>	\$8,534,191	\$26,950	\$9,297,547	\$29,745	\$10,735,081	\$33,734
<b>Pennsylvania</b>	\$377,373,629	\$30,683	\$417,790,457	\$33,664	\$489,076,073	\$38,927
<b>United States</b>	\$8,878,830,000	\$31,157	\$9,928,790,000	\$33,909	\$11,900,562,000	\$39,506

Source: Bureau of Economic Analysis

Income						
	2009		2010		2011	
	Personal Income(in Thousands)	Per Capita Income	Personal Income(in Thousands)	Per Capita Income	Personal Income (in Thousands)	Per Capita Income
<b>Lackawanna County</b>	7,624,455	35,605	7,878,392	36,742	8,175,011	38,171
<b>Luzerne County</b>	10,900,171	34,007	11,229,840	34,999	11,684,809	36,441
<b>Pennsylvania</b>	496,663,667	39,210	514,351,774	40,444	538,908,724	42,291
<b>United States</b>	11,852,715,000	38,637	12,308,496,000	39,791	12,949,905,000	41,650

Source: Bureau of Economic Analysis

## Per Capita Income

Inflation-adjusted per capita income has been steadily on the rise since 1991. Luzerne County has experienced growth in per capita income of 24.95%, less than the state of Pennsylvania and the United States. In Lackawanna County, there

was above average growth in per capita income. For both counties, the growth was more significant between 1991 and 2001 than between 2001 and 2011.

Per Capita Income (adjusted for inflation)					
	1991	2001	2011	Difference 1991-2011	Percent Change
<b>Lackawanna County</b>	\$29,755	\$35,726	\$38,171	\$8,416	28.28%
<b>Luzerne County</b>	29,165	34,230	36,441	7,276	24.95%
<b>Pennsylvania</b>	33,469	38,972	42,291	8,822	26.36%
<b>United States</b>	32,852	39,573	41,650	8,798	26.78%

Source: STATS America

## Median Household Income

Both locally and nationally, median household income has declined. The change in Lackawanna County was small in comparison to the state of Pennsylvania and the United States. Luzerne County had a larger change than Lackawanna County, but was still less than the state and national levels of decline.

Median Household Income			
	2000	2011	Percent Change
<b>Lackawanna County</b>	45,960	43,886	-4.51%
<b>Luzerne County</b>	45,633	42,584	-6.68%
<b>Pennsylvania</b>	54,104	50,221	-7.18%
<b>United States</b>	54,850	50,502	-7.93%

Source: STATS America

## Wage Distribution

From 2001 to 2011, wage disbursements grew steadily for Lackawanna County, Luzerne County, Pennsylvania, and the United States.

The number of wage-paying jobs in Lackawanna and Luzerne Counties has decreased since 2007, consistent with the state of Pennsylvania and the United States. This coincides with the employment declines seen in the Great Recession. Unlike Pennsylvania and the United States, the total numbers of jobs in the two counties have not yet hit pre-recession levels, indicating a more sluggish recovery is occurring locally compared with the state and nation.

<b>Wage and Salary Disbursements (in thousands)</b>			
	<b>2001</b>	<b>2004</b>	<b>2007</b>
<b>Lackawanna County</b>	2,953,674	3,183,886	3,623,880
<b>Luzerne County</b>	4,355,684	4,717,946	5,214,229
<b>Pennsylvania</b>	201,311,425	220,451,452	254,230,985
<b>United States</b>	4,948,357,000	5,419,559,000	6,414,505,000

Source: Bureau of Economic Analysis

<b>Wage and Salary Disbursements (in thousands)</b>				
	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
<b>Lackawanna County</b>	3,669,010	3,709,215	3,736,671	N/A
<b>Luzerne County</b>	5,203,174	5,275,163	5,454,996	N/A
<b>Pennsylvania</b>	255,263,003	260,822,237	271,189,291	6,291,910,000
<b>United States</b>	6,291,910,000	6,394,612,000	6,651,787,000	6,870,482,423

Source: Bureau of Economic Analysis

<b>Wage and Salary Jobs (Number of Jobs)</b>						
	<b>2001</b>	<b>2004</b>	<b>2007</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
<b>Lackawanna County</b>	105,306	104,631	108,689	105,209	104,647	103,997
<b>Luzerne County</b>	151,466	149,259	150,573	146,789	146,611	148,550
<b>Pennsylvania</b>	5,875,950	5,833,433	5,994,123	5,812,006	5,821,316	5,882,592
<b>United States</b>	137,322,000	137,591,000	143,526,000	136,821,000	136,108,000	137,715,000

Source: Bureau of Economic Analysis

## Average Wage Per Job

As of 2011, jobs in Luzerne and Lackawanna Counties pay about \$10,000 less in wages than in Pennsylvania, and \$12,000 less than in the United States. In 2001, the difference in wages was approximately \$4,000 less in both areas. As of 2011, the counties in Northeastern Pennsylvania are falling further behind in average wage per job than in 2001.

Average Wage Per Job						
	2001	2004	2007	2009	2010	2011
Lackawanna County	\$28,048	\$30,430	\$33,342	\$34,874	\$35,445	\$35,931
Luzerne County	\$28,757	\$31,609	\$34,629	\$35,447	\$35,981	\$36,772
Pennsylvania	\$34,260	\$37,791	\$42,413	\$43,920	\$44,805	\$46,100
United States	\$36,035	\$39,389	\$44,692	\$45,767	\$46,982	\$48,301

Source: Bureau of Economic Analysis

## Poverty

Lackawanna County and Luzerne County have overall poverty rates similar to those of the state and the country. However, when the rate is broken down, Luzerne County has a much higher rate of poverty for those under 18 years old and for children under 5 years old than does the state and the country.

Percentage of People Whose Income in the Past 12 Months is Below the Poverty Level - 2012				
	Lackawanna County	Luzerne County	Pennsylvania	United States
All people	14.7%	16.4%	13.7%	15.9%
Under 18 years old	22.1%	28.6%	19.7%	22.6%
Related Children under 18 years	21.9%	28.1%	19.4%	22.3%
Related Children Under 5 years old	28.7%	33.3%	22.8%	25.6%
Related Children, 5-17 years old	19.5%	26.4%	18.1%	21.0%
18 years or older	12.8%	13.3%	12.0%	13.9%
18 to 64 years old	13.5%	14.3%	13.0%	14.8%
65 or older	10.0%	9.8%	8.3%	9.5%
People in Families	11.3%	14.0%	10.8%	13.4%
Unrelated individuals 15 years or older	27.1%	25.6%	25.5%	26.7%

Source: U.S. Census Bureau

## Gross Flow of Earnings

The gross flow of earnings measures the amount of income generated outside the county of residence. For examples, the inflows from Lackawanna County measure the amount of income that residents of Lackawanna County earn working outside of the county. The outflows measure the amount of money that people who do not live in Lackawanna County earn within the county and take home with them outside of the county. The net residence adjustment shows the difference between the inflows and outflows. If the net residence adjustment is positive, then more money is brought into the county than is taken out. Lackawanna County has nearly tripled its value of net residence adjustments since 2009. Luzerne County had a small decrease in its net residence adjustment in 2011 after a substantial increase in 2010, but it still far exceeds the 2009 levels.

Gross Flow of Earnings									
	2009			2010			2011		
	Inflows	Outflows	Net Residence Adjustment	Inflows	Outflows	Net Residence Adjustment	Inflows	Outflows	Net Residence Adjustment
<b>Lackawanna County</b>	866,422	814,968	51,454	900,764	816,194	84,570	966,538	819,223	147,315
<b>Luzerne County</b>	1,165,784	1,009,797	155,987	1,254,061	957,977	296,084	1,300,661	1,016,250	284,411

Source: Bureau of Economic Analysis

## Full Quarter Jobs Gained and Lost

The number of full quarter length jobs gained and lost at firms is a good indicator of stability and growth in an economy. However, there is little consistency in the net growth in full quarter jobs in Lackawanna County and Luzerne County. Luzerne County's net growth in full quarter jobs appears to coincide loosely with Pennsylvania's, as both areas experience gains and losses in the same quarters. Lackawanna County appears to follow its own pattern, with its largest loss coming in the first quarter 2011, when Luzerne County and Pennsylvania experienced growth. An increasing number of full quarter jobs gained at firms shows that job growth is stable and economic growth should follow.

Full Quarter Jobs Gained and Lost at Firms								
	Lackawanna County			Luzerne County			Pennsylvania	
	Full Quarter Jobs Gained at Firms	Full Quarter Jobs Lost at Firms	Net Growth in Full Quarter Jobs	Full Quarter Jobs Gained at Firms	Full Quarter Jobs Lost at Firms	Net Growth in Full Quarter Jobs	Full Quarter Jobs Gained at Firms	Full Quarter Jobs Lost at Firms
Fourth Quarter, 2008	4,511	3,845	666	9,958	6,427	3,532	325,606	225,957
Fourth Quarter 2009	3,730	3,585	145	4,932	6,360	-1,428	184,818	228,317
Fourth Quarter, 2010	4,218	4,691	-473	6,398	7,995	-1,598	224,767	284,965
Third Quarter, 2011	5,075	3,539	1,536	8,017	4,552	3,465	267,722	196,712
Fourth Quarter, 2011	5,651	3,545	2,106	8,078	6,279	1,800	281,673	267,753
First Quarter, 2012	3,095	6,896	-3,800	5,570	4,777	793	215,824	213,525

Source: U.S. Census Bureau

## New Hires

The number of new job hires fluctuates from quarter to quarter. Pennsylvania, Lackawanna County, and Luzerne County reached the hiring peak in the third quarter of 2011. New hires in Lackawanna County appear to average around 12,000 a quarter. Likewise, Luzerne County averages around 19,000 new hires a quarter, although it experiences more fluctuation in the number of new hires.

Hires by Quarter			
	Lackawanna County	Luzerne County	Pennsylvania
Fourth Quarter, 2008	13,025	20,567	946,475
Fourth Quarter, 2009	11,499	16,991	801,531
Fourth Quarter, 2010	13,262	19,801	869,119
Third Quarter, 2011	15,873	22,203	1,055,455
Fourth Quarter, 2011	13,219	20,984	920,760
First Quarter, 2012	10,786	15,114	772,211
Second Quarter, 2012	12,996	18,446	1,019,229

Source: U.S. Census Bureau, Local Employment Dynamics

## Separations

Separations in Lackawanna County and Luzerne County fluctuate similarly to hires. Lackawanna County averages approximately 16,000 separations in a quarter. Luzerne County averages almost 25,000 separations a quarter. Both counties have generally experienced more separations than hires.

Separations by Quarter			
	Lackawanna County	Luzerne County	Pennsylvania
Fourth Quarter, 2008	16,554	27,619	919,758
Fourth Quarter, 2009	16,094	24,033	830,066
Fourth Quarter, 2010	18,499	28,914	961,996
Third Quarter, 2011	18,977	25,534	1,015,255
Fourth Quarter, 2011	16,997	28,270	976,820
First Quarter, 2012	15,162	19,529	788,250

Source: U.S. Census Bureau, Local Employment Dynamics

## Turnover Rate

The turnover rate is calculated by taking the total number of stable hires and adding it to the number of separations, and then dividing by average employment for the entire quarter. It determines the rate at which stable jobs are started and finished. Luzerne County consistently has a higher quarterly turnover rate than Pennsylvania does. Lackawanna County varies from being above and below the Pennsylvania rate, although its turnover rate has reached its highest in the first quarter 2012, the most recent quarter for which data is available. Luzerne County, on the other hand, reached its lowest point during that quarter. Turnover rates send mixed messages as some would argue that increasing turnover rates could be a good sign for the economy, as it means more workers are seeking out better jobs, because better jobs are becoming available. However, it can also mean that workers are not staying in jobs for very long because of lack of stability in the economy, employer-employee related issues, skills and productivity challenges, or other problems.

Turnover Rate by Quarter			
	Lackawanna County	Luzerne County	Pennsylvania
Fourth Quarter, 2008	8.2%	10.0%	9.7%
Fourth Quarter, 2009	7.9%	7.8%	7.9%
Fourth Quarter, 2010	8.6%	9.8%	9.5%
Third Quarter, 2011	10.2%	11.0%	9.3%
Fourth Quarter, 2011	9.9%	9.6%	10.0%
First Quarter, 2012	8.8%	8.9%	8.4%

Source: U.S. Census Bureau



## Average Monthly Earnings of New Stable Employees

A key way for businesses to attract and keep new employees is by offering competitive starting salaries. Jobs that pay living wages are important to getting families out of poverty and maintaining a high quality of life in the region. After the fourth quarter 2008, Luzerne County has offered higher monthly earnings than Lackawanna County. Luzerne County and Pennsylvania as a whole saw earnings fluctuate somewhat after reaching a low point in the fourth quarter of 2009. Lackawanna County had seen the same pattern until the first quarter of 2012, when average earnings dropped sharply.

<b>Average Monthly Earnings for New Stable Employees</b>			
	<b>Lackawanna County</b>	<b>Luzerne County</b>	<b>Pennsylvania</b>
<b>Fourth Quarter, 2008</b>	\$2,129	\$2,127	\$2,615
<b>Fourth Quarter, 2009</b>	\$1,934	\$2,093	\$2,398
<b>Fourth Quarter, 2010</b>	\$2,183	\$2,212	\$2,678
<b>Third Quarter, 2011</b>	\$2,183	\$2,497	\$2,648
<b>Fourth Quarter, 2011</b>	\$2,128	\$2,192	\$2,688
<b>First Quarter, 2012</b>	\$1,833	\$2,143	\$2,408

*Source: U.S. Census Bureau*

## Quarters in Which Employees Had No Earnings Prior to Hire

The amount of time that a worker does not have a job hinders economic growth. People that have no earnings typically cannot afford to consume any goods other than absolute necessities, and may rely on public assistance programs. When people are not spending, the economic ripple effect is lost. This means that jobs and earnings in all sectors are impacted, not just the sector where the direct spending would have occurred. Furthermore, workers who are unemployed for a long time face a more difficult time finding work – they become discouraged and may not keep their skills current. On average, both counties in Northeastern Pennsylvania have experienced their workers having no earnings for almost the same period as the state of Pennsylvania. In some quarters, the counties have better averages than Pennsylvania. However, there has been little improvement of this measure over time, indicating that local hires, on average, have about five months without earnings prior to being hired.

<b>Number of Quarters that Workers Had No Earnings Within the Year Prior to Hire</b>			
	<b>Lackawanna County</b>	<b>Luzerne County</b>	<b>Pennsylvania</b>
<b>Fourth Quarter, 2008</b>	1.5	1.5	1.6
<b>Fourth Quarter, 2009</b>	1.6	1.6	1.7
<b>Fourth Quarter, 2010</b>	1.7	1.8	1.8
<b>Fourth Quarter, 2011</b>	1.8	1.7	1.7
<b>First Quarter, 2012</b>	1.5	1.7	1.7
<b>Second Quarter, 2012</b>	1.7	1.7	1.7

*Source: U.S. Census Bureau*

## Location Quotients

Location Quotients are used to show the concentration of a certain industry within an area compared to the same industry's concentration in a base area. For the purposes of this tracker, the reference area will always be the United States total. This statistic is useful in determining what industries are already thriving in a certain location, and can be used to see what industries are not strong in the area.

If the Location Quotient is equal to one, then the industry has the exact same ratio of area employment as the base area (the United States). If the Location Quotient is larger than one, the industry has a larger share of area employment than the base area does. For example, Luzerne County's Location Quotient for Transportation and Warehousing is 2.17. This means that the proportion of people employed in Luzerne County in this industry is more than twice the amount of the proportion of people employed in this industry in the nation.

Both Luzerne and Lackawanna Counties have high location quotients in health care and social assistance, retail trade, manufacturing, education services, and transportation and warehousing. In particular, Luzerne County has a particularly large Location Quotient in the industry of utilities. From 2011 to 2012, the location quotient in the utilities industry has grown even greater in Luzerne County, from 2.94 to 3.05. Most other industries have experienced little change in location quotients from year to year, though the location quotient for transportation and warehousing grew for both counties between 2011 and 2012.

<b>Location Quotients 2011</b>			
	<b>Lackawanna County</b>	<b>Luzerne County</b>	<b>Pennsylvania</b>
<b>Health Care and Social Assistance</b>	1.42	1.22	1.23
<b>Retail Trade</b>	1.11	1.08	0.96
<b>Manufacturing</b>	1.04	1.14	1.08
<b>Education Services</b>	2.24	1.07	1.62
<b>Transportation and Warehousing</b>	1.26	2.17	1.13
<b>Accommodation and Food Services</b>	0.86	0.83	0.82
<b>Administration, Support, Waste Management, Remediation</b>	0.83	0.99	0.82
<b>Finance and Insurance</b>	1.08	0.81	1.02
<b>Professional, Scientific, and Technical Service</b>	0.61	0.40	0.90
<b>Construction</b>	0.73	0.78	0.91
<b>Utilities</b>	0.18	2.94	0.91

*Source: Bureau of Labor Statistics*

<b>Location Quotients 2012</b>			
	<b>Lackawanna County</b>	<b>Luzerne County</b>	<b>Pennsylvania</b>
<b>Health Care and Social Assistance</b>	1.41	1.24	1.24
<b>Retail Trade</b>	1.13	1.08	0.96
<b>Manufacturing</b>	1.02	1.16	1.08
<b>Education Services</b>	2.23	1.07	1.59
<b>Transportation and Warehousing</b>	1.31	2.34	1.13
<b>Accommodation and Food Services</b>	0.88	0.82	0.83
<b>Administration, Support, Waste Management, Remediation</b>	0.83	0.92	0.81
<b>Finance and Insurance</b>	1.08	0.80	1.02
<b>Professional, Scientific, and Technical Service</b>	0.64	0.40	0.91
<b>Construction</b>	0.76	0.79	0.92
<b>Utilities</b>	0.19	3.05	0.92

Source: Bureau of Labor Statistics

## Housing

There are over 245,000 households in Lackawanna County and Luzerne County. Over 87 percent of the housing stock is occupied, on par with the national average. However, the median value of owner occupied housing is significantly lower than the state and nation. The average number of people per household is slightly lower than average. Poverty levels are higher in the two counties compared to the state. Luzerne County's poverty rate is also higher than the national average, at 16.4 percent.

<b>Housing – 2012</b>						
	<b>Total Housing Units</b>	<b>Occupied Housing Units</b>	<b>Housing Units in Multi-Unit Structures</b>	<b>Median Value of Owner Occupied Housing Units</b>	<b>Average household size of owner-occupied unit</b>	<b>Percent of People below poverty level in the past 12 months (for people in housing units for whom poverty status is determined)</b>
<b>Lackawanna County</b>	96,718	88.4%	27.8%	\$145,000	2.58	14.7%
<b>Luzerne County</b>	148,402	87.0%	20.7%	\$124,000	2.50	16.4%
<b>Pennsylvania</b>	5,572,765	89.0%	20.8%	\$163,800	2.60	13.7%
<b>United States</b>	132,452,249	87.6%	26.2%	\$171,900	2.70	15.7%

Source: U.S. Census Bureau

## Property Value

The value of property is an important economic indicator. If housing and property are affordable, it is more conducive for businesses and families to relocate to an area. On the other hand, low property values diminish the wealth and equity that property owners draw from their assets, and result in decreased tax revenue to local governments and school districts. Luzerne County has nearly 40 percent of its owner-occupied properties valued at under \$99,999. Lackawanna County is more similar to Pennsylvania and United States levels, with property values under \$99,999 hovering just under 30 percent. Compared to the state and nation, very few properties are valued at over \$500,000.

Value of Property – 2012				
	Lackawanna County	Luzerne County	Pennsylvania	United States
<b>Owner Occupied Units</b>	55,241	83,961	3,416,499	74,119,256
<b>Less than \$50,000</b>	6.4%	9.1%	9.2%	9.2%
<b>\$50,000 – \$99,999</b>	23.3%	28.9%	17.8%	16.3%
<b>\$100,000 – \$149,999</b>	22.2%	23.0%	17.3%	16.5%
<b>\$150,000 – \$199,999</b>	21.3%	18.1%	17.5%	15.3%
<b>\$200,000 – \$299,999</b>	15.8%	12.7%	20.2%	18.1%
<b>\$300,000 – \$499,999</b>	8.6%	6.1%	12.6%	14.9%
<b>\$500,000 – \$999,999</b>	2.0%	1.9%	4.5%	7.7%
<b>\$1,000,000 or more</b>	0.4%	0.3%	0.9%	2.0%

Source: U.S. Census Bureau

## Gross Rent

Low living expenses are closely tied with wages in an area. An area with low living expenses typically offers lower rent, as it is all the market can bear. The majority of housing units that are rented in Lackawanna and Luzerne Counties have rent of less than \$749 a month. Conversely, the majority of housing units in the rent of the state and country have rent of more than \$750 a month.

Gross Rent									
	Occupied Units Paying Rent	Less than \$200	\$200-\$299	\$300-\$499	\$500-\$749	\$750-\$999	\$1000-\$1499	\$1500 or more	Median Rent
<b>Lackawanna County</b>	26,240	4.4%	7.7%	14.0%	38.3%	23.6%	10.4%	1.6%	\$652
<b>Luzerne County</b>	37,049	3.7%	7.2%	18.5%	37.7%	21.8%	9.3%	1.8%	\$630
<b>Pennsylvania</b>	1,362,772	2.7%	4.4%	11.7%	28.8%	25.8%	19.7%	6.9%	\$770
<b>United States</b>	36,689,881	2.0%	3.3%	8.8%	23.5%	24.3%	24.9%	13.2%	\$871

Source: U.S. Census Bureau

Renters in both counties have lower overall income to rent ratios, suggesting greater affordability in rental housing. In Pennsylvania and the United States, roughly 40 percent of renters spend over 35 percent of their income on rent. In the two Northeastern Pennsylvania Counties, it is closer to 35 percent of renters that spend over 35 percent of their income on rent. In general, spending more than 30 or 35 percent of household income on rent causes a household to make cutbacks in other areas. This is often considered the upper ceiling on affordability. Despite being a lower proportion than the state and nation, over a third of renters in the region pay more than 35 percent of their household income towards rent.

Gross Rent as a Percentage of Household Income (GRAPHI)							
	Occupied Housing Units Paying Rent (Excludes where GRAPHI cannot be calculated)	Less than 15%	15% to 19.9%	20% to 24.9%	25% to 29.9%	30% to 34.9%	35% or more
<b>Lackawanna County</b>	26,139	17.7%	13.7%	13.3%	11.5%	9.5%	34.2%
<b>Luzerne County</b>	36,186	15.9%	14.4%	11.6%	11.2%	10.5%	36.4%
<b>Pennsylvania</b>	1,335,309	13.3%	12.9%	12.8%	11.7%	8.7%	40.5%
<b>United States</b>	35,928,531	11.9%	12.2%	12.7%	11.6%	9.1%	42.4%

Source: U.S. Census Bureau

## Household Vehicles

The number of households that own vehicles determines the need for public transportation in an area and contributes to the workforce mobility in that area. Having a means of transportation is a necessity for a job, especially in an area where jobs are more spread out and where there is a mismatch between the locations of jobs and housing. The largest percent of households in Lackawanna County and Luzerne County have only one vehicle – although the margin between one and two vehicles is slim. In Pennsylvania and the United States, the largest percent of households have two vehicles. The two counties also have higher percentages of households with no vehicles compared with the United States.

Vehicles Available 2007-2011, 5 Year Estimate					
	Occupied Housing Units	No Vehicle Available	One Vehicle Available	Two Vehicles Available	Three or more Vehicles Available
Lackawanna County	86,491	10.3%	36.9%	36.6%	16.2%
Luzerne County	131,052	10.9%	36.5%	34.8%	17.7%
Pennsylvania	4,952,566	11.5%	33.9%	36.8%	17.8%
United States	114,761,359	8.9%	33.4%	37.8%	19.8%

Source: U.S. Census Bureau

## Commute

Commute times play a role in the location of where people live, and the travel time and the mode people use to get to work shapes demand for public transit and congestion on highways. Luzerne and Lackawanna Counties have commute times that are lower than Pennsylvania and the United States. The counties have high percent of people driving to work by themselves, and demonstrate limited use of public transportation.

Commute 2007-2011, 5 Year Estimate								
	Workers, 16 years and older	Vehicle, alone	Vehicle, carpool	Public Transportation	Walked	Other Means	Worked from Home	Mean Travel Time to work (minutes)
Lackawanna County	98,725	79.5%	11.8%	1.2%	4.0%	0.7%	2.6%	19.9
Luzerne County	143,821	81.4%	11.1%	1.0%	3.2%	0.7%	2.6%	22.0
Pennsylvania	5,806,520	76.5%	9.2%	5.4%	3.9%	1.3%	3.7%	25.7
United States	139,488,026	76.1%	10.2%	5.0%	2.8%	1.7%	4.2%	25.4

Source: U.S. Census Bureau

## School Enrollment

Since 2000, Lackawanna County and Luzerne County have both seen increases in school enrollment. The largest increases occurred in college enrollment for both counties. The state of Pennsylvania saw a decrease in school enrollment overall. Given the region's challenges with higher education attainment figures, this positive change is noteworthy.

<b>School Enrollment 2000</b>			
	<b>Lackawanna County</b>	<b>Luzerne County</b>	<b>Pennsylvania</b>
<b>Population - Three Years and Over Enrolled in School</b>	49,679	70,591	3,135,934
<b>Nursery School/Preschool</b>	5.5%	5.0%	6.0%
<b>Kindergarten</b>	4.5%	4.6%	4.9%
<b>Elementary School</b>	37.6%	39.2%	43.7%
<b>High School</b>	22.4%	23.5%	24.7%
<b>College</b>	30.0%	27.8%	20.7%

Source: U.S. Census Bureau

<b>School Enrollment 2007-2011, 5 Year Estimate</b>				
	<b>Lackawanna County</b>	<b>Luzerne County</b>	<b>Pennsylvania</b>	<b>United States</b>
<b>Population - Three Years and Over Enrolled in School</b>	51,519	73,172	3,179,333	81,677,036
<b>Nursery School/Preschool</b>	6.1%	5.1%	6.2%	6.1%
<b>Kindergarten</b>	4.5%	4.6%	4.6%	5.1%
<b>Elementary School</b>	37.5%	39.5%	38.8%	40.0%
<b>High School</b>	21.0%	22.4%	21.6%	21.3%
<b>College</b>	30.9%	28.4%	28.8%	27.5%

Source: U.S. Census Bureau



## Educational Attainment

Luzerne County is below state and national percentages of people with bachelor's degrees or higher. Lackawanna County has stronger numbers in the bachelor and graduate/professional category, but also lags behind the state and country. This indicator is significant for economic development potential.

Educational Attainment - 2012				
	Lackawanna County	Luzerne County	Pennsylvania	United States
<b>Population, 25 or older</b>	149,008	225,771	8,611,136	208,731,498
<b>Less than 9<sup>th</sup> Grade</b>	4.1%	3.8%	3.9%	5.8%
<b>9<sup>th</sup>-12<sup>th</sup> Grade, no diploma</b>	8.0%	8.9%	8.2%	7.9%
<b>High School Graduate, GED</b>	38.4%	40.9%	37.6%	28.0%
<b>Some College, no Degree</b>	16.6%	18.2%	16.3%	21.3%
<b>Associate's Degree</b>	8.3%	8.1%	7.4%	8.0%
<b>Bachelor's Degree</b>	15.2%	12.9%	16.5%	18.2%
<b>Graduate or Professional Degree</b>	9.4%	7.3%	10.2%	10.9%

Source: U.S. Census Bureau

For the two counties to attract higher paying jobs, a higher level of educational attainment and a highly skilled workforce is necessary. Currently, there is an imbalance in the economy where we have a greater supply of lower skilled and lower wage jobs. Higher wage paying jobs would help to provide more balance to the region's economy. Increasing education attainment and skill level will improve the imbalance provided jobs are available. This in turn could also reduce poverty levels (and safety net programs) and improve tax revenue to local government.

## Synthesis and Conclusion

The economies of Lackawanna County and Luzerne County are undeniably linked. As the two largest counties in the Scranton Wilkes-Barre Metropolitan Area, the economic successes and failures within these counties affect the overall well-being of the economy of Northeastern Pennsylvania. Population of the two counties has been increasing, but at a much slower pace than the population of the state and country. The population is proportionally older than elsewhere in the country.

An older population requires more medical attention. Lackawanna County and Luzerne County have higher percentages of people working in the health care and social assistance industry than the state of Pennsylvania does. This industry is growing at a rapid rate. With recent regional changes in the healthcare delivery system, the economic outlook and job potential in this industry is significant.

The number of people employed in Lackawanna County and Luzerne County has decreased over three percent since 2008, a drop of greater than national and state averages. The Great Recession hit Northeastern Pennsylvania very hard, and recovery is progressing slowly. It should be noted however, that lack of economic growth and higher than average unemployment has affected this region for decades. The Great Recession exacerbated a systemic issue. Unemployment rates in the two counties has been trending downward as the economy gradually improves. However, the improvement in unemployment has been more modest in Northeastern PA than the nation or state, and overall unemployment rates remain higher in the region. Other Institute studies have noted the presence of both cyclical and structural unemployment in the region. Economic improvement will provide reduction in unemployment that is cyclical, however structural employment needs to be addressed by ensuring that business employment needs and worker education and skills match.

The overall payroll size for all industries has increased. The increase in health care and social assistance jobs contributed to this growth, as most of these jobs pay comparatively better than some other industries.

In Luzerne County, there is a large concentration of transportation and warehousing jobs, as well as utilities jobs. There are multiple large industrial parks in Luzerne County, which account for the growth in many of the transportation and warehousing jobs. The power plant located just within the Luzerne County border with Columbia County provides a large amount of utilities jobs. Many of these jobs pay around the average wage per job in the county, or in utilities, much higher than the average. The transportation and warehousing industry had a 22 percent increase in its payroll from 2010 to 2011. Due to its location between New York City and Philadelphia, transportation and warehousing is an industry that can continue growing in the area.

Overall, average wage per job increased in both counties. The number of people employed decreased in both counties while the payrolls increased; meaning people were on average receiving more wages per job. As previously stated, when industries that have high wages grow, the average wage per job in an area increases.

Despite the average wage per job increase, the two counties offer lower wages in most industries than the state and country averages. The cost of living in the counties is slightly less than other areas in Pennsylvania, but the gap is closing. Businesses can pay lower wages because the market will allow them to. Unfortunately, educated and highly skilled workers tend to relocate to where they can make more money. This presents an economic challenge to the region. Over 50 percent of the people living in the counties have high school diplomas as their highest level of education. In the United States, high school graduation is the highest level of education achieved for less than 45 percent of people. Workers without college degrees are often unqualified for higher paying jobs. Additionally, workers that have earned degrees have more bargaining power to get a higher starting wage than workers without degrees do. Businesses that require an educated workforce are less likely to locate an area where the demographics indicate lower levels of higher educational attainment.

Lackawanna County's job turnover has been increasing in the most recent quarters, shown in the most current data. In addition, the average wage for a newly hired stable employee has decreased to less than \$2,000 per month for the first quarter 2012, which is the lowest wage for such an employee since 2009. Job turnover can be a good thing for an economy, as workers often leave one job to take a better, higher paying position. However, the low wage for new hires is demonstrating that people will take lower wage paying jobs in order to earn income.

The poverty rate for children under 18 years old is above the state average in both counties. Unemployment, underemployment, and low wages for parents can contribute to this. Education for children is vital for economic growth and for these children to make it out of poverty. Living in poverty makes educational success harder to obtain.

In sum, the economies of both Lackawanna and Luzerne Counties have been improving at a slower pace than the economy of the United States as a whole. The ability for the counties to attract and keep high paying jobs in the area is also critical for the local economy to continue growing and to provide balance to the economy.

The two counties must continue to grow industries that are currently strong, such as health care and social assistance, manufacturing, transportation, and warehousing, and for Luzerne County, utilities. The region can also explore innovative ways to market the region to industries that are currently underrepresented. As an example, the Marcellus Shale natural gas industry in neighboring counties provides an opportunity to Lackawanna and Luzerne counties. The counties can actively promote the region to manufacturers who can use the plentiful supply of shale gas as an energy source or raw material. The close proximity of Lackawanna and Luzerne to the shale drilling areas and good pipeline infrastructure give these manufacturers competitive advantage with a less costly source of natural gas.

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