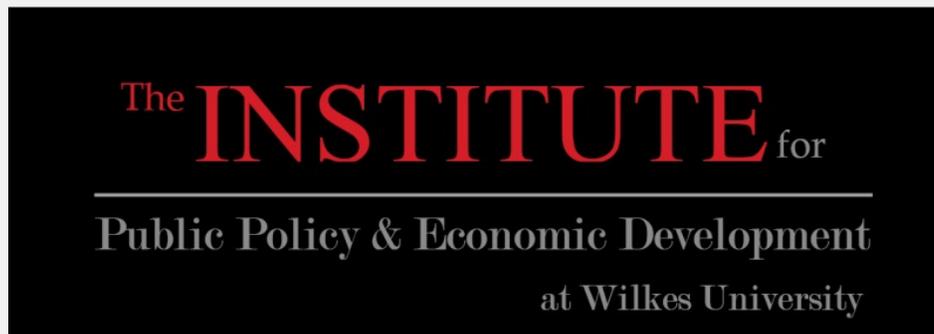


2015



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

MEASURING THE REGIONAL ECONOMY

The purpose of this report is to explore several commonly cited metrics used for tracking the region's economic health. Key terms will be defined and each measurement's strengths and weaknesses will be discussed.

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Introduction

The goal of this report is to provide a look at the economic health of Lackawanna and Luzerne Counties by analyzing and comparing differing metrics of economic performance. In order to understand the state of our region, various economic indicators can be examined to get a more complete idea of our economic health. Oftentimes, differing conclusions can be reached by analyzing different metrics of the economy, and measuring economic progress by one statistic alone, such as unemployment or GDP growth, can give an incomplete picture of the overall health of the economy and its impact on individuals. For example, many are under the impression that because our unemployment rate is decreasing in 2015, the region is improving and creating jobs. This paper will identify the other factors and metrics that need to be analyzed for a clearer picture of the region's economy. In reality, the decreasing unemployment rate, in this case, is not all positive.

In this analysis, the indicators examined are the unemployment rate, labor force and labor force participation rate, total employment, both aggregate and per capita personal income, gross regional product, and poverty. In this examination, the significance of each indicator and its strengths and weaknesses as an economic metric will be explained in addition to presenting the most recent available data for our region. Considering all of these indicators together allows for the best possible understanding of the economic situation in Lackawanna and Luzerne Counties.

Research Methods

In order to reach a better understanding of the economic health of our region, the economic data for the indicators listed above will be presented and analyzed for Lackawanna and Luzerne Counties. This analysis will focus on a period from 2007 until the most recent year data is available for each metric, which depending on the measurement and region tends to be either 2012 or 2013. In addition to examining Lackawanna and Luzerne counties, the economic data for the Commonwealth of Pennsylvania and the whole United States in the same time periods will be included to provide extra data for comparison-sake to assist in understanding certain figures or changes, as well as to see how our region is performing relative to the state or country.

Executive Summary

Unemployment

The unemployment rate is defined as the percentage of the labor force who are not employed for wages. Because the labor force only includes people who are working and people who are looking for work, “discouraged workers,” or those who have given up looking for work after long-term unemployment, are not counted in the labor force or the unemployment rate. This is a significant limitation of the unemployment rate as a measure of economic performance, because a drop in the unemployment rate may not be due to a corresponding increase in employment, but rather due to discouraged workers leaving the labor force. In 2013, the unemployment rates in Lackawanna and Luzerne County were 8.6 percent and 9.3 percent, respectively. These figures are down a bit from peaks of 9.2 percent for Lackawanna County and 9.7 percent for Luzerne County. However, both counties have unemployment rates higher than the statewide and national rates, both 7.4 percent as of 2013.

Labor Force

The labor force, or total workforce, represents all those who are either employed or seeking employment. It does not include retired people, homemakers, children, or others who choose not to work or cannot work. The labor force participation rate is the percentage of all individuals aged 18 or over who are in the labor force. In Lackawanna and Luzerne counties, the total size of the labor force has grown since 2006, but change has been sporadic. Between 2012 and 2013, the most recent two years of data, the labor force shrunk slightly in both counties. The labor force participation rate also remains below pre-recession levels in both counties, indicating that the drop in the unemployment rate is due at least in part to discouraged workers leaving the labor force.

Employment

Along with total unemployment, total employment is the other component of the total labor force. Total employment in both Lackawanna and Luzerne counties remained over three percent lower in 2013 than in 2006. While the U.S. and Pennsylvania have experienced some recovery in employment, particularly between 2010 and 2012, Lackawanna and Luzerne have experienced only minimal growth in employment in the last few years.

Aggregate and Per Capita Income

Aggregate income is defined as the total income of all individuals in a region in a year. Personal income per capita is this total divided by the total population of that region. In Lackawanna and Luzerne counties, both of these figures have been growing gradually, even through the recession. After adjusting for inflation, the growth is more modest, but Lackawanna and Luzerne counties’ growth of inflation adjusted personal income per capita between 2007 and 2013 (3.1 percent and 0.5 percent, respectively) still eclipsed the nationwide growth of 0.1 percent.

Gross Regional Product

Gross regional product (GRP) is the smaller-scale equivalent of gross domestic product (GDP). These statistics represent the total value of goods and services produced within a region. When measured over time, it is a representation of economic growth or contraction. Between 2007 and 2013, the region saw an 8.5 percent growth in GRP. However, this falls short of Pennsylvania's 15.5 percent growth and the nation's 16 percent growth during that time.

Poverty

The poverty rate is defined as the percentage of individuals or families whose household income is below the federal poverty line. The poverty rate is unlike other measures of the economy in that it is based not on labor, employment, or production, but on the economic status of individuals and their ability to meet their basic needs. For all regions analyzed, the poverty rate is higher in 2013 than in 2007. In Lackawanna and Luzerne counties, 14.8 percent and 16.1 percent of individuals live below the federal poverty line, respectively. Statewide, the poverty rate is 13.7, and the national rate is 15.8.

Conclusions

In order to get the most complete possible picture of a region's economy, it is important to consider a number of different measures. Each of the metrics considered in this report have their individual strengths and weaknesses when it comes to making inferences about different aspects of the economic performance of the region. Based on this analysis, the Lackawanna and Luzerne County region still faces difficulty in numerous economic metrics. The region underperforms state and national levels in most areas examined here. The unemployment rate remains high, especially when considering the decreased level of labor force participation. Furthermore, rate of GRP growth is slow compared with Pennsylvania and the United States, and the percent of individuals in poverty has grown over the last few years.

Keys to jumpstarting the region's economic recovery will be growing the levels of employment through real job creation. This, in turn, is likely to impact other statistics by bringing workers back into the labor force, generating more income, driving further economic growth, and reducing poverty.

Unemployment Rate

Unemployment, in its various forms, is an indicator that is seen everywhere. In the news media, it is perhaps the most commonly cited indicator of economic health. Therefore, it seems like a good place to begin. The unemployment rate measures the amount of people who do not have employment as a percentage of the labor force. The labor force refers to the amount of people that are either employed (working for pay, full-time or part-time) or unemployed (actively seeking work) in the region. This statistic is useful because it provides an easy to understand and straightforward gauge of the labor market. Because unemployment typically goes up and down with the business cycle, the unemployment rate can reflect the state of the economy as a whole.

The biggest limitation of this indicator is that it only counts individuals who are actively seeking work as unemployed. Since this statistic is calculated using the labor force, it only includes the people considered employed or unemployed. There are many people that do not have jobs but are not officially described as unemployed based on these definitions and guidelines.

Unsurprisingly, the labor force does not include retirees, children, full-time students, and stay-at-home parents. However, discouraged workers, who have given up on looking for jobs, are not included in the labor force. Hence, a drop in the unemployment rate does not necessarily mean an increase in employment; it may indicate a drop in the labor force due to discouraged workers giving up their jobs searches.

Leading up to the economic crisis around 2008, the unemployment rates of the area were slightly higher than state and national averages and climbing, remaining under 6.3 percent, since generally unemployment is considered acceptable at levels between four and six percent. However, between 2008 and 2010, the unemployment rate rose significantly, mirroring national and statewide trends and continuing to exceed them. For the most part, unemployment reached its peak in this period around 2010 in all four regions mentioned, topping off at 9.2 percent in 2011 in Lackawanna and 9.9 percent in 2010 in Luzerne. This simply helps to illustrate how much the economy was affected by the crisis and how the job market was severely shaken.

For Lackawanna and Luzerne counties, it is what has happened since the peak that is most troubling. While the US and PA unemployment rates have dropped rather significantly down to 7.4 percent, the region's unemployment is decreasing at a much slower rate and is still well above those figures, still sitting at higher than 8.5 percent in both counties. This suggests that recovery from the Great Recession has not been nearly as strong in the local region than nationwide and that the economic climate here is still much tougher and is struggling more than the state as a whole and the nation.

| Unemployment Rate (Annual %) | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|-------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Lackawanna County | 4.7 | 5.9 | 8.1 | 9.1 | 9.2 | 9.0 | 8.6 |
| Luzerne County | 5.0 | 6.3 | 8.9 | 9.9 | 9.5 | 9.7 | 9.3 |
| Pennsylvania | 4.4 | 5.3 | 7.9 | 8.5 | 8.0 | 7.9 | 7.4 |
| United States | 4.6 | 5.8 | 9.3 | 9.6 | 8.9 | 8.1 | 7.4 |

*Sources: Bureau of Labor Statistics. Local Area Unemployment Statistics.
Bureau of Labor Statistics. Unemployment Rate.*

Labor Force and Labor Force Participation Rate

As previously mentioned, the labor force is one of the inputs used in calculating the unemployment rate. The labor force refers to the amount of people that are either employed or unemployed; in other words, the total workforce. Those people who do not wish to find a job (such as a stay-at-home-parent or a retired or disabled person) or those who have given up on finding a job (referred to as discouraged workers) are thus not included in this measurement. The labor force participation rate is calculated by dividing the labor force by the total population. This represents the total percentage of the population that is in the workforce. To calculate this for the purposes of this report, the size of the labor force is divided by the population of the region of people 18 years old or older.

$$\text{Labor force participation rate} = \text{total labor force} / \text{total population aged 18+}$$

Analyzing the labor force participation rate helps to provide a figure that is better suited to compare between regions how much of the population is working or trying to find work. As helpful as the total labor size can be, the labor force participation rate is an even more complete figure for analysis. It offers a ratio to better compare changes between regions of differing sizes (such as a Lackawanna County versus the entire US), as well as seeing how any changes in the labor force relate to the population. The labor force participation rate also aids in interpreting the unemployment rate. The unemployment rate can fall due to a decrease in the labor force participation rate rather than a decrease in total unemployment. This is an example of the impact of discouraged workers on labor market data.

When looking at the size of the labor force in total, it appears to have been growing slightly, as each region's labor force was a bit larger in 2013 than in 2007, though there were some variations from year to year.

The labor force participation rate for the population 18 and over has not experienced any growth; in fact, the labor force participation rate dropped sharply between 2009 and 2010 for both counties and Pennsylvania as a whole. Due to the timing and suddenness of this change, it was likely caused by a wave of long-term unemployed workers leaving the workforce in the wake of the global recession. However, some decrease in the labor force participation rate is expected as the Baby Boomer generation leaves the labor force through retirement. The exact impact of discouraged workers versus workers retiring or becoming disabled is unable to be quantified using this data.

Since 2010, the labor force participation rate has not increased substantially in either county. One would expect to see a true economic recovery characterized by a rise in the labor force participation rate as discouraged workers re-enter the labor force, but this has not been the case in Lackawanna and Luzerne counties.

| Size of Labor Force | Lackawanna County | Luzerne County | Pennsylvania | United States |
|----------------------------|--------------------------|-----------------------|---------------------|----------------------|
| 2006 | 106,176 | 158,575 | 6,292,000 | 152,193,214 |
| 2007 | 106,692 | 158,796 | 6,301,000 | 153,124,000 |
| 2008 | 108,507 | 161,720 | 6,403,000 | 154,287,000 |
| 2009 | 107,289 | 161,425 | 6,397,000 | 154,142,000 |
| 2010 | 106,945 | 160,736 | 6,317,000 | 153,889,000 |
| 2011 | 107,170 | 160,302 | 6,395,000 | 153,617,000 |
| 2012 | 107,463 | 161,481 | 6,499,000 | 154,975,000 |
| 2013 | 107,236 | 160,957 | 6,474,000 | 155,389,000 |

Sources: Bureau of Labor Statistics. Local Area Unemployment Statistics.
Bureau of Labor Statistics. Current Population Survey.

| Percent Change in Size of Labor Force (%) | Lackawanna County | Luzerne County | Pennsylvania | United States |
|--|--------------------------|-----------------------|---------------------|----------------------|
| 2006-2007 | 0.49 | 0.14 | 0.14 | 0.61 |
| 2007-2008 | 1.70 | 1.84 | 1.62 | 0.76 |
| 2008-2009 | -1.12 | -0.18 | -0.09 | -0.09 |
| 2009-2010 | -0.32 | -0.43 | -1.25 | -0.16 |
| 2010-2011 | 0.21 | -0.27 | 1.23 | -0.18 |
| 2011-2012 | 0.27 | 0.74 | 1.63 | 0.88 |
| 2012-2013 | -0.21 | -0.32 | -0.38 | 0.27 |
| 2006 - 2013 | 0.72 | 1.69 | 2.05 | 0.81 |

Calculated: Calculated by finding the difference between the 'Size of the Labor Force' between each year and the previous year's, and then dividing that difference by the 'Size of the Labor Force' of the previous year. Finally, that figure was multiplied by 100 to make it a percentage.

| Labor Force Participation Rate (Annual Average, %) | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|-------------|-------------|-------------|-------------|-------------|-------------|
| Lackawanna County | 64.24 | 65.18 | 64.85 | 62.45 | 62.86 | 62.75 |
| Luzerne County | 63.58 | 64.70 | 64.78 | 62.74 | 62.45 | 62.70 |
| Pennsylvania | 65.32 | 66.12 | 65.06 | 63.65 | 64.07 | 64.82 |
| United States | 67.24 | 67.04 | 66.30 | 65.43 | 64.63 | 64.52 |

Calculated by dividing each year's 'Size of the Labor Force' by each year's 'Total Population, Aged 18+

Total Employment (Job Creation)

Total employment in essence refers to the total amount of people who are employed in a given region. It is a rather straightforward metric that even more simply means the total number of people who have jobs. As indicated above, total employment is a component of the labor force along with total unemployment. If employment increases, it implies that there is some type of job creation as more jobs are available and being filled, likewise if employment decreases it implies that there is some sort of job loss. Analyzing total employment also helps in interpreting unemployment statistics. A decline in unemployment without a corresponding increase in total employment would indicate a decrease in the total labor force.

There was a dramatic decrease in employment coinciding with the Great Recession in all four regions examined, with the greatest single-year drop coming between 2008 and 2009 for each of the four areas. In Pennsylvania and the United States, some recovery was seen afterwards, but in Lackawanna and Luzerne counties, recovery in employment was more limited. In both counties, total employment remained far lower in 2013 than in 2008.

| Total Employed | Lackawanna County | Luzerne County | Pennsylvania | United States |
|----------------|-------------------|----------------|--------------|---------------|
| 2006 | 101,009 | 150,096 | 5,999,000 | 141,501,434 |
| 2007 | 101,625 | 150,934 | 6,030,000 | 142,588,118 |
| 2008 | 102,152 | 151,524 | 6,063,000 | 146,266,253 |
| 2009 | 98,601 | 147,088 | 5,893,000 | 140,602,470 |
| 2010 | 97,210 | 144,844 | 5,774,000 | 139,033,928 |
| 2011 | 97,354 | 145,122 | 5,895,000 | 140,399,548 |
| 2012 | 97,800 | 145,746 | 5,991,000 | 142,921,687 |
| 2013 | 97,981 | 146,015 | 5,988,000 | 143,929,000 |

Sources: Bureau of Labor Statistics. Local Area Unemployment Statistics.
Bureau of Labor Statistics. Current Population Survey.

| Annual Percent Change in Employment (%) | 2006 - 2007 | 2007- 2008 | 2008- 2009 | 2009- 2010 | 2010- 2011 | 2011- 2012 | 2012- 2013 | 2006- 2013 |
|---|-------------|------------|------------|------------|------------|------------|------------|------------|
| Lackawanna County | 0.61 | 0.52 | -3.48 | -1.41 | 0.15 | 0.46 | 0.19 | -3.59 |
| Luzerne County | 0.56 | 0.39 | -2.93 | -1.53 | 0.19 | 0.43 | 0.19 | -3.26 |
| Pennsylvania | 0.52 | 0.55 | -2.80 | -2.02 | 2.10 | 1.63 | -0.05 | -0.70 |
| United States | 0.77 | 2.58 | -3.87 | -1.12 | 0.98 | 1.80 | 0.71 | 0.94 |

Calculated: Calculated by finding the difference between the 'Total Employed' between each year and the previous year's, and then dividing that difference by the 'Total Employed' of the previous year.

Personal Income (Aggregate and Per Capita)

The economy cannot be completely understood through the study of labor market data. Personal income refers to the amount of income people earn in a given region and time period (typically annually). Income measurements can further be broken down into subcategories such as aggregate income and per capita personal income. Aggregate income refers to the combined total income of the population living in a given region in a certain year, in essence it is the total income earned by everyone within a population. Per capita income is essentially an average income for a region's residents where the aggregate income is divided by the population size to give that average amount of income per person. Income metrics are important to consider, as while it is important for people to have employment as previously indicated, it is also vital to consider how people and households are doing financially.

Aggregate income increased each year in Lackawanna and Luzerne counties. This trend is also true for Pennsylvania and United States in each year except for 2009. Per capita personal income behaved very similarly in this time period, showing growth every year except for 2009 when it decreased in Luzerne (and Pennsylvania and the US) and only had a rather negligible growth in Lackawanna that year. In fact with the exception of 2009, there was a constant growth in per capita income in each region ranging from two to six percent. On first glance everything as far as income is concerned since the crisis and drop in 2009 seems to be good and healthy for our region.

While this growth in total and per capita income appears to be a very positive indicator, it is important to also consider that the value of currency is nearly always decreasing due to inflation. By adjusting for inflation, it is possible to see a more accurate picture of the actual value of income. This distinction is between nominal income (income not adjusted for inflation) and real income (in inflation-adjusted dollars).

In Northeastern Pennsylvania, the inflation-adjusted growth in per capita income was 0.5 percent in Luzerne County and 3.1 percent in Lackawanna County from 2007 to 2013. Statewide, the real per capita income growth was 3.0 percent. All of these rates eclipse the national growth of just 0.1 percent, representing a nationwide stagnation in real per capita income growth.

One weakness in these datasets is that they are based on all income generated in a region. As a result, the personal income per capita represents a statistical average rather than a typical person's income. The per capita income does not necessarily reflect the financial situation of all, or even the majority, of individual households or families, nor does it necessarily reflect wage trends since income includes income other than wages, such as interest, dividends, business profits, and payments from government.

| Aggregate Personal Income (Thousands of Dollars) | Lackawanna County | Luzerne County | Pennsylvania | United States |
|---|--------------------------|-----------------------|---------------------|----------------------|
| 2007 | \$7,638,423 | \$11,161,190 | \$501,591,087 | \$11,990,244,000 |
| 2008 | \$7,885,649 | \$11,327,982 | \$519,542,950 | \$12,429,284,000 |
| 2009 | \$7,890,426 | \$11,342,082 | \$514,678,646 | \$12,073,738,000 |
| 2010 | \$8,130,608 | \$11,652,332 | \$529,807,759 | \$12,423,332,000 |
| 2011 | \$8,493,429 | \$12,199,920 | \$558,142,536 | \$13,189,935,000 |
| 2012 | \$8,772,953 | \$12,572,532 | \$581,771,707 | \$13,873,161,000 |
| 2013 | \$8,862,818 | \$12,682,952 | \$590,170,522 | \$14,151,427,000 |

Sources: Bureau of Economic Analysis. Regional Economic Accounts: Local Income and Employment.
Bureau of Economic Analysis. Regional Economic Accounts: State Income and Employment.

| Personal Income Per Capita (Unadjusted Dollars) | Lackawanna County | Luzerne County | Pennsylvania | United States |
|--|--------------------------|-----------------------|---------------------|----------------------|
| 2007 | \$35,775 | \$35,072 | \$39,923 | \$39,804 |
| 2008 | \$36,841 | \$35,488 | \$41,193 | \$40,873 |
| 2009 | \$36,847 | \$35,386 | \$40,632 | \$39,357 |
| 2010 | \$37,921 | \$36,309 | \$41,680 | \$40,163 |
| 2011 | \$39,599 | \$37,988 | \$43,806 | \$42,332 |
| 2012 | \$40,913 | \$39,115 | \$45,577 | \$44,200 |
| 2013 | \$41,428 | \$39,621 | \$46,202 | \$44,765 |

Sources: Bureau of Economic Analysis. Regional Economic Accounts: Local Income and Employment.
Bureau of Economic Analysis. Regional Economic Accounts: State Income and Employment.

| Personal Income Per Capita Adjusted for Inflation | Personal Income Per Capita, 2007 | 2007 Personal Income Per Capita (2013 dollars) | Personal Income Per Capita, 2013 | Inflation Adjusted Percent Change, 2007-2013 |
|--|---|---|---|---|
| Lackawanna County | \$35,775 | \$40,195 | \$41,428 | 3.1% |
| Luzerne County | \$35,072 | \$39,405 | \$39,621 | 0.5% |
| Pennsylvania | \$39,923 | \$44,855 | \$46,202 | 3.0% |
| United States | \$39,804 | \$44,721 | \$44,765 | 0.1% |

Sources: Bureau of Economic Analysis. Regional Economic Accounts: Local Income and Employment.
Bureau of Economic Analysis. Regional Economic Accounts: State Income and Employment.
Bureau of Labor Statistics. CPI Inflation Calculator.

Gross Domestic Product (GDP)/Gross Regional Product

Gross domestic product (GDP) measures the aggregate (total) amount of production of final goods in a given region. It is generally discussed in terms of change over time as a measure of overall economic growth. It is a very commonly used metric; like the unemployment rate, GDP

growth is useful as a simple snap-shot of the economy. For regions below the national level, the same measure is referred to as the gross regional product.

Data for gross regional product is available at the level of the Metropolitan Statistical Area. The Scranton-Wilkes-Barre-Hazleton Metropolitan Statistical Area includes all of Lackawanna, Luzerne, and Wyoming counties. Looking at GDP in current-year dollars, it increased between 2007 and 2013 in the three areas examined. However, GRP growth in the Scranton-Wilkes-Barre-Hazleton Metro Area was at a much slower pace than either Pennsylvania or the United States during the same time period. The trend continues to the most recent available data. From 2012 to 2013, the metro area saw a 1.8 percent growth in GRP compared to 2.4 percent statewide and 3.5 percent nationally. As with most of the indicators here, there was a slight decrease around 2008 to 2009, during the economic crisis, but by 2013 GDP in each region had grown substantially in nominal (non-inflation-adjusted) dollars.

| GDP (Millions of Current Dollars) | Scranton--Wilkes-Barre--Hazleton Metro Area | Pennsylvania | United States |
|--|--|---------------------|----------------------|
| 2007 | 19,520 | 558,333 | 14,401,421 |
| 2008 | 19,191 | 571,948 | 14,636,247 |
| 2009 | 19,385 | 571,503 | 14,328,006 |
| 2010 | 20,134 | 590,830 | 14,862,637 |
| 2011 | 20,407 | 609,952 | 15,431,583 |
| 2012 | 20,810 | 629,851 | 16,141,152 |
| 2013 | 21,175 | 644,915 | 16,701,415 |
| Percent Change: 2007 - 2013 | 8.5 % | 15.5 % | 16.0 % |

Source: Bureau of Economic Analysis. Regional Economic Accounts.

Poverty Rate

The poverty rate is defined as the percentage of individuals or families whose household income is below the federal poverty line. It is measured by the Census Bureau through their SAIPE (Small Area Income and Poverty Estimates) program. It uses various pieces of census data to estimate the amount of people living in poverty within a given year compared to what they call the ‘poverty universe.’ The poverty universe is made up of persons for whom the Census Bureau can determine poverty status. The poverty rate is unlike other measures of the economy in that it is based not on labor, employment, or production, but on the economic status of individuals as compared to the federal poverty line for that person’s household size, as seen in the table below. Individuals and families in poverty typically lack the minimum resources necessary to meet their basic needs.

| Persons in Family/Household | Poverty Guideline |
|---|--------------------------|
| 1 | \$11,670 |
| 2 | \$15,730 |
| 3 | \$19,790 |
| 4 | \$23,850 |
| 5 | \$27,910 |
| 6 | \$31,970 |
| 7 | \$36,030 |
| 8 | \$40,090 |
| *For families/households with more than 8 persons, add \$4,060 for each additional person. | |

Source: US Department of Health and Human Services: Office of the Assistant Secretary for Planning and Evaluation

Over this time period the poverty rate has generally climbed in Lackawanna and Luzerne counties as well as the Commonwealth and the United States as a whole. In 2013, both counties have a higher poverty rate than Pennsylvania, and Luzerne County was also above the nationwide rate. Luzerne County’s poverty rate also grew the most between 2007 and 2013. In Luzerne County, the poverty rate grew by 4.4 percentage points, compared with a 2.2 percentage point increase in Lackawanna County, 2.1 in Pennsylvania, and 2.8 nationally.

| Percentage of Individuals in Poverty | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Lackawanna County | 12.6 | 13.1 | 14.4 | 15.9 | 15.2 | 15.9 | 14.8 |
| Luzerne County | 11.7 | 14.1 | 13.1 | 13.6 | 13.7 | 14.6 | 16.1 |
| Pennsylvania | 11.6 | 12.1 | 12.5 | 13.4 | 13.7 | 13.7 | 13.7 |
| United States | 13.0 | 13.2 | 14.3 | 15.3 | 15.9 | 15.9 | 15.8 |

Source: Census Bureau. Small Area Income and Poverty Estimates.

Putting It All Together

In order to get the most complete possible picture of a region’s economy, it is important to consider a number of different measures. Each of the metrics considered in this report have their individual strengths and weaknesses when it comes to making inferences about different aspects of the economic performance of the region. If one were to only consider a single indicator, such as unemployment, it would provide an incomplete, or even misleading, perspective. For example, the unemployment rate in our region has dropped since 2010 and 2011, but growth in total employment has been minimal. This discrepancy is due to a persistently low labor force participation rate.

Based on a more thorough analysis of our economy that considers multiple indicators, we can see that our region’s economic performance is mixed, and that there are still some serious obstacles to our region’s recovery. The following findings are apparent in the data:

- Though the unemployment rate has declined, it remains above the national and state averages as of 2013. Furthermore, the labor force participation rate remains low, meaning that the drop in unemployment is likely due, at least in part, to discouraged workers leaving the workforce.
- Total employment has grown minimally since 2010 in Lackawanna and Luzerne counties. While Pennsylvania and the United States as a whole have experienced some recovery in employment, Lackawanna and Luzerne counties have seen very little recovery in terms of employment.
- Aggregate and Per Capita incomes grew in the two counties between 2007 and 2013, even after factoring in inflation. Lackawanna County's Personal Per Capita Income (inflation-adjusted) grew by 3.1 percent while Luzerne County's grew by 0.5 percent during that time. This statistic grew by 3.0 statewide and only 0.1 percent nationwide during the same period. However, this does not mean wealth grew as cost of living also increased.
- After a period of contraction of the Gross Regional Product coinciding with the Great Recession, the metro area has seen steady year-to-year growth in GRP over the past few years. Between 2007 and 2013, the GRP has grown by 8.5 percent. However, this is small in comparison to the 15.5 percent statewide growth and 16.0 percent nationwide growth during the same time.
- The percentage of individuals living below the poverty line has increased in both counties, as well as in Pennsylvania and nationally. The problem is most apparent in Luzerne County, where the individual poverty rate is 16 percent. Lackawanna County's poverty rate is also higher than the statewide rate.

Keys to jumpstarting the region's economic recovery will be growing the levels of employment through real job creation. This, in turn, is likely to impact other statistics by bringing workers back into the labor force, generating more income, driving further economic growth, and reducing poverty.

Finally, it is important to note that not all possible measures of economic performance were considered here. This report set out to analyze some of the most common metrics, but there are numerous others that can be useful in understanding the regional economy.