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The State of Working Pennsylvania 2000

September 2000

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September 2000

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This report was published and printed in-house.



KEYSTONE RESEARCH CENTER

The Keystone Research Center (KRC), a non-partisan think tank, conducts research on the Pennsylvania economy and civic institutions. This research documents current conditions and seeks to develop innovative policy proposals to expand economic opportunity and ensure that all State residents share in economic growth.

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ACKNOWLEDGMENTS

David Webster, formerly of the Economic Policy Institute (EPI), provided the Current Population Survey data analyzed in this report. Edie Rasell and Chauna Brocht of EPI supplied some of the state-level data contained here. Jonathan Johnson of the Center for Rural Pennsylvania provided county-level data. Carol Ramsey of Keystone Research Center laid out the document. Jonathan Johnson, Chip Peters, and Howard Wial reviewed a draft of the document.



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EXECUTIVE SUMMARY

The State of Working Pennsylvania 2000 contains the findings from Keystone Research Center's annual checkup on the Pennsylvania economy. On the first Labor Day of the 21st century, the state of working Pennsylvania is healthier than it has been in two decades.

From the perspective of working people, however, the economy's vital signs reveal continuing frailty. A robust Pennsylvania economy that delivers broadly shared prosperity over the long term requires state policies explicitly designed to achieve that goal.

We have now entered the ninth year of the longest U.S. economic expansion on record. Unemployment in Pennsylvania continues to hover around its lowest level since the late 1960s. In 1999, Pennsylvania workers' inflation-adjusted wages increased for the fourth year in a row.

- The hourly earnings of workers in the middle of the Pennsylvania wage distribution reached nearly \$12 per hour, 66 cents above the level of 1995. For a worker employed full-time, this 66 cents translates into roughly \$1,300 over the course of a year.
- Low-wage Pennsylvania earners (defined as those earning more than 10 percent of workers and less than 90 percent) now earn \$6.05 per hour, 42 cents more than they did in 1995.
- Men as well as women in Pennsylvania enjoyed rising earnings between 1995 and 1999, a reversal of the trend between 1979 and 1995, when men's wages fell by over \$2.00 per hour.
- Men and women with at least a four-year college degree enjoyed wage hikes ranging from \$1.52 per hour to \$4.16 per hour between 1995 and 1999.
- Workers in the five-county Metropolitan Philadelphia area, and in "Southern Metropoli-

tan Pennsylvania" (encompassing the metropolitan areas of Allentown-Bethlehem-Easton, Harrisburg-Lebanon-Carlisle, Lancaster, Reading, and York) enjoyed wage hikes of about 10 percent between 1995 and 1999.

- Suburban workers in Pennsylvania experienced an 8 percent wage increase in the second half of the 1990s.

The past half decade has been, in short, a big improvement on the 1980s and early 1990s. But many Pennsylvanians have not yet tasted the fruits of prosperity.

- Black men in Pennsylvania earned less in 1999 than they did in 1998, almost \$1 per hour less than they did in 1995, and \$3.50 per hour less than in 1979. By contrast, black men in the U.S. as a whole earned 81 cents *more* per hour in 1999 than in 1995.
- The wages of workers without a four-year college degree continue to stagnate. Both men and women without a high-school degree and men with some college education (but no four-year degree) earn less than they did in 1995.
- Wages of workers in Metropolitan Pittsburgh and a mostly rural region (that includes all counties not in the metropolitan areas of Pittsburgh, Philadelphia, and Southern Metropolitan Pennsylvania) have declined since 1995. Pittsburgh-area workers earned \$2.26 less per hour in 1999 than in 1979.
- All but the highest-wage workers in Pennsylvania's major cities earn less than they did in 1989.
- One in every five and a half Pennsylvania children live in poverty, an increase in the poverty rate of 50 percent since 1979. The U.S. poverty rate rose 15 percent since 1979.

Even for those who are better off than they were four years ago, recent gains are modest.

- The Pennsylvania median wage still trails its 1979 level by 41 cents per hour. In contrast, the U.S. median has now virtually caught up to its 1979 level.
- The hourly earnings of low-wage workers in Pennsylvania remain almost 11 percent behind where they were in 1979. Even in recent years, except when the impact of federal minimum wage increases was felt, the wages of low-wage Pennsylvania workers have increased only slowly.
- A quarter of Pennsylvania workers hold poverty-wage job (i.e., a job that pays too little to lift a four-person family out of poverty even if a wage earner works full-time the entire year).
- Although the gap between high-wage and low-wage earners declined in the United States in the second half of the 1990s, it did not decline in Pennsylvania.
- Economic insecurity, stemming in part from long-term wage trends, but also from the erosion of job-related health benefits, pension benefits, employment security, and upward mobility.
- The stress faced by many working families, due partly to parents' efforts to compensate for falling wages by working longer.
- The movement of wealth and economic development outward from central cities and older suburbs, leaving behind pockets of concentrated poverty.
- Productivity growth that, despite recent improvements, remains below what it could be.

When it comes to improving the lives of working Pennsylvanians, our work is not done. Building on our review of economic indicators in this document, a companion report – *A Blueprint for a Better Pennsylvania* — points to four unmet challenges that public policy must address.

Improving the state of working Pennsylvania on an enduring basis, and in a way that leads to tangible improvements in quality of life, requires attacking these four problems. *A Blueprint for a Better Pennsylvania* lays out how state policy could launch the needed attack. (Box 1 summarizes the policy proposals contained in *Blueprint*.)

Our *Blueprint* contains an optimistic prognosis. Pennsylvania has the potential to achieve an era of prosperity unmatched by any in the past. It also contains a warning; resting on our laurels is likely to lead to a resurrection of inequitably growth. Opportunities as good as the one Pennsylvania now has to create a better future do not come very often. This is an opportunity we should not miss.

A BLUEPRINT FOR A BETTER PENNSYLVANIA

A companion report to *The State of Working Pennsylvania 2000, A Blueprint for a Better Pennsylvania*, outlines a comprehensive strategy for expanding economic opportunity and raising living standards in Pennsylvania. This strategy seeks to adapt public policy to the ways that the economy and labor market have changed since the 1930s. Implementation of the *Blueprint* could further unleash the creative potential of the new economy, while achieving economic security that allows ordinary Pennsylvanians to look to the future with optimism instead of unease.

Promote Economic Security

- **Make Work Pay** by raising the minimum wage, enacting “living-wage laws” that require that jobs subsidized by government pay enough for a family to live on, and establishing a “worthy wage” above the minimum wage for workers in critical caregiving occupations.
- Use public training dollars to **Build Career Ladders** linked to regional industries rather than individual firms
- **Make Health Insurance Accessible to More Working People** by modifying the Governor’s proposed use of tobacco money so that the state can draw down Medicaid matching funds from the federal government.

Relieve Stress for Working Families

- **Relieve the Time Squeeze on Working Families** by enacting a paid family leave program via unemployment insurance or a state-level temporary disability program.
- **Make Quality Child Care Accessible to More Working Families** by expanding eligibility for state subsidies and increasing funds for compensation and quality improvement at child care providers.
- **Promote Life-Enriching Elder Care** by supporting a grass-roots movement to spread innovative high-quality models of care.

Reduce Suburban Sprawl

- **Reverse the Decline of Established Cities and Towns** by establishing county or metropolitan planning councils, using state planning and infrastructure funds to encourage compliance with county or metropolitan plans, and implementing regional tax-base sharing.

Promote Higher Productivity Growth and Higher Living Standards

- **Redirect State Business Subsidies to the Creation of Good Jobs.**
- **Shift Economic Development Dollars to Raising the Performance of Whole Industries** not individual firms.

Build a Strong Foundation for a Better Pennsylvania

- **Make Pennsylvania’s Democracy More Responsive To Ordinary Pennsylvanians** through public financing of campaigns and making voting easier.
- **Promote High Quality Education for All Children From Preschool to College** through
 - targeted investment in small classes in the early grades
 - use of state funds to achieve more adequate school funding in low-income school districts
 - increasing funding for higher education, including Pennsylvania’s underfunded community colleges.
- **Ensure that the State Has Adequate Revenues for Essential Public Investment** by putting the planned phase-out of one of Pennsylvania’s major business taxes (the capital stock and franchise tax) on hold and establishing a 21st Century Pennsylvania tax commission.
- **Monitor Whether the State is On the Right Path** by creating a new Pennsylvania Benchmarks index that measures quality of life in the state.

INTRODUCTION

The State of Working Pennsylvania 2000 provides a statistical portrait of the economic status of Pennsylvania workers and their families. It maps Pennsylvania's performance on such indicators of well-being as wages, health benefit coverage, family income, inequality, poverty, and unemployment. For other dimensions of economic performance, such as pension benefits, job security, work time, wealth, and household debt, we summarize national data, drawing primarily on the Economic Policy Institute's *The State of Working America 2000-01*.¹

Most data are displayed over time, permitting current performance to be compared to the past. To put Pennsylvania in perspective, the report compares the state's economy to the national economy and sometimes to the performance of neighboring states. Throughout the report, dollar values are adjusted for inflation and expressed in 1999 dollars (i.e., the

buying power of wages at 1999 prices). For inflation adjustments, we use the CPI-U-X1, a consumer price index published by the Bureau of Labor Statistics.

In analyzing trends, we ordinarily report figures for 1998 and 1999, but pay more attention in the text to changes that occurred over longer periods of time. We compare 1999 primarily to 1995, 1989, and 1979. 1995 was the low point for inflation-adjusted wages since 1979. Changes since then allow us to see how much wages have recovered since they bottomed out. 1989 was the high point in the economic expansion before the current one. By comparing the present to 1989 we can see how much workers have progressed during the current (still incomplete) business cycle. 1979 was the high point in the prior economic cycle and about the time that wages began to decline from their post-World War II peak.



WAGES AND BENEFITS

Since wages and salaries account for roughly three quarters of total family income, wage trends are a major determinant of income growth and income inequality. This section examines wage growth and wage inequality in Pennsylvania in the past two decades. The section closes with a discussion of health and pension benefits, the critical non-wage components of worker compensation.

The central themes of our analysis of Pennsylvania wages are straightforward: wages declined and inequality widened dramatically for most Pennsylvania workers in the 1979-1995 period. Wages rose modestly from 1995 to 1999, although several groups of workers – such as black men and some groups of less educated workers – have yet to see wages turn back up.

Wages Rise for Fourth Year in a Row

Inflation-adjusted wages in Pennsylvania fell between 1979 and 1995 but rose in each of the past four years. Table 1 shows that the state’s median wage now exceeds its 1989 level by 3.3 percent. (Median wage earners fall right in the middle of the wage distribution. They make more than half of all workers and less than the other half of workers.)

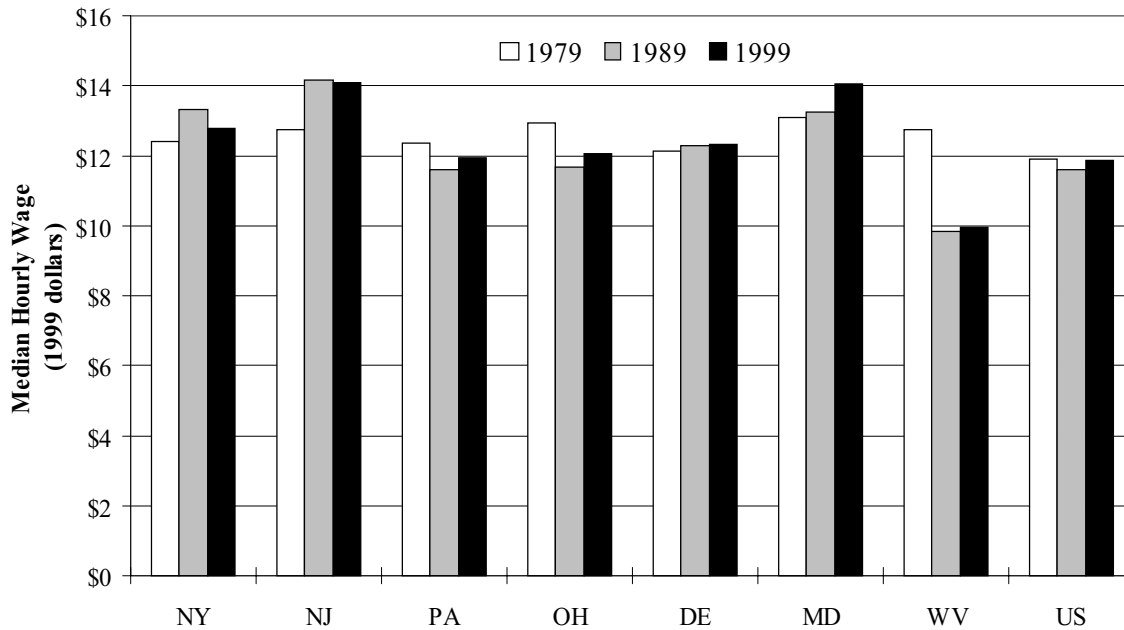
Pennsylvania’s median wage remains 41 cents per hour below its 1979 level – or about \$820 less per year for a full-time, full-year worker. In contrast, the United States median wage in 1999 nearly caught up with its 1979 level. In four of the six states that neighbor Pennsylvania, the median wage in 1999 exceeded its 1979 level (Figure 1).

Table 1. Median Hourly Wages in Pennsylvania and the United States, 1979-99 (1999 dollars)

	All Workers		Men		Women	
	PA	US	PA	US	PA	US
1979	\$12.37	\$11.90	\$15.33	\$14.92	\$9.38	\$9.37
1989	11.58	11.60	13.54	13.56	9.58	9.91
1995	11.30	11.08	13.15	12.71	9.73	9.75
1998	11.87	11.54	13.48	13.08	10.32	10.22
1999	11.96	11.87	13.89	13.40	10.22	10.31
Percent Change						
1979-99	-3.3	-0.2	-9.4	-10.2	8.9	10.0
1989-99	3.3	2.3	2.6	-1.2	6.7	4.0
1995-99	5.8	7.2	5.6	5.4	5.1	5.8
1998-99	0.8	2.9	3.0	2.4	-1.0	0.9

Source: Keystone Research Center (KRC), based on Current Population (CPS) data.

Figure 1. Median Hourly Wages in Pennsylvania and Nearby States, 1979-99



Source: Economic Policy Institute (EPI), based on CPS data.

Men’s Wages Climb as Fast as Women’s

Table 1 also shows that Pennsylvania men’s wages have climbed about as fast as women’s since 1995, a substantial change compared to the prior 16 years. In Pennsylvania last year, women’s inflation-adjusted median wage actually fell by 10 cents per hour.

Black Male Wages Continue to Fall

In the second half of the 1990s nationally, African-American male workers recovered some of the ground that they lost in the prior 16 years. In Pennsylvania, they lost even more ground (Table 2). The black male median wage in the United States is now \$10.78 per hour, 23 cents per hour more than in 1989 and 81 cents per hour more than in 1995.² By contrast, the African-American male median wage in Pennsylvania is almost a dollar less than in 1995 and about \$1.50 less than in 1989. Black women have seen their median wage

increase in Pennsylvania by about a dollar since 1995, twice as much as the increase nationally .

Non-College Earnings Still Flat

Table 3 and Figure 2 show wage trends by gender for groups of workers with five different levels of educational attainment, including three male and three female groups with less than a four-year college degree. In the 1995 to 1999 period, three of the six groups without a four-year college degree enjoyed wage gains and three experienced wage declines. The hourly earnings of the three groups of male workers with less than a four-year college degree remain 16 to 36 percent below their 1979 level. For both genders, workers with a high school diploma have now caught up to their 1989 wage levels, but workers without a high school diploma and those with some college have not caught up to their 1989 wage levels. Pennsylvania college graduates and those with a postgraduate education now earn 8 to 10 percent more than they did in 1989.

**Table 2. Median Hourly Wages in Pennsylvania by Race and Sex, 1979-99
(1999 dollars)**

	1979	1989	1995	1998	1999	Percent Change			
						1979-99	1989-99	1995-99	1998-99
WHITE	\$12.51	\$11.75	\$11.48	\$12.26	\$12.13	-3.0	3.2	5.7	-1.1
White Men	15.76	13.57	13.13	13.81	14.26	-9.5	5.1	8.6	3.3
White Women	9.46	9.54	9.84	10.43	10.43	10.3	9.3	5.9	0.0
BLACK	\$11.25	\$10.42	\$10.16	\$10.22	\$10.00	-11.1	-4.0	-1.6	-2.2
Black Men	13.50	11.52	10.94	10.22	10.00	-25.9	-13.2	-8.6	-2.2
Black Women	9.23	9.46	9.04	9.96	10.00	8.4	5.8	10.6	0.4

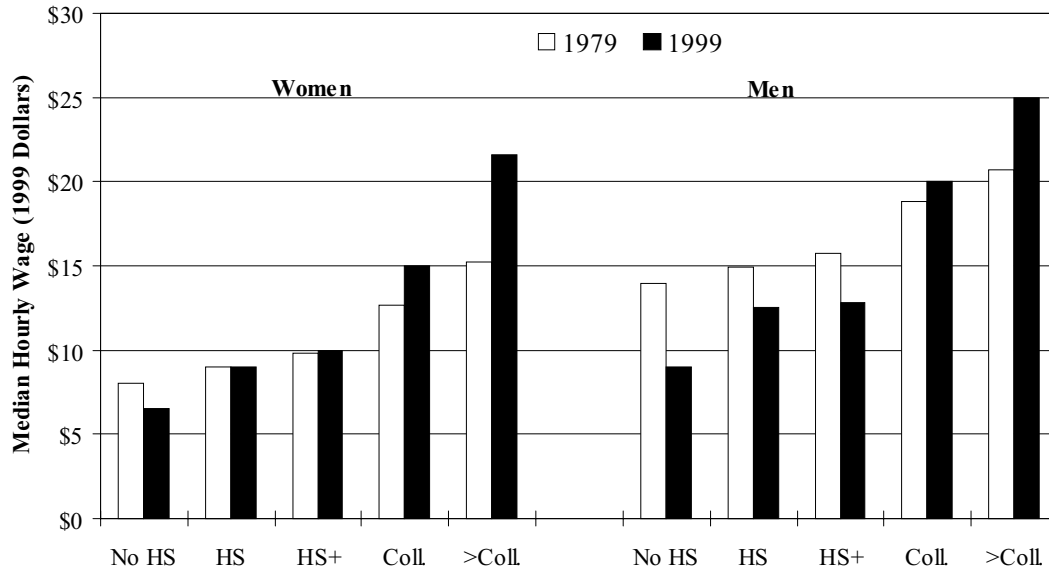
Source: KRC, based on CPS data.

**Table 3. Median Hourly Wages in Pennsylvania by Education Level, 1979-99
(1999 dollars)**

	1979	1989	1995	1998	1999	Percent Change			
						1979-99	1989-99	1995-99	1998-99
MEN									
No HS Diploma	\$13.95	\$11.42	\$9.73	\$8.69	\$9.00	-35.5	-21.2	-7.5	3.6
HS Graduates	14.93	12.52	12.02	12.26	12.50	-16.3	-0.2	4.0	1.9
1-3 Years Post-HS	15.76	13.43	13.12	12.63	12.82	-18.7	-4.5	-2.3	1.5
College Graduates	18.79	18.48	18.39	19.55	20.00	6.4	8.2	8.7	2.3
Postgraduate Education	20.74	22.74	24.49	23.59	25.00	20.6	9.9	2.1	6.0
WOMEN									
No HS Diploma	\$7.99	\$7.39	\$6.83	\$6.90	\$6.50	-18.7	-12.0	-4.8	-5.8
HS Graduates	9.00	8.73	8.69	9.20	9.00	0.0	3.1	3.6	-2.2
1-3 Years Post-HS	9.79	10.27	9.43	10.22	10.00	2.1	-2.6	6.0	-2.2
College Graduates	12.66	13.43	14.39	14.84	15.00	18.5	11.7	4.2	1.1
Postgraduate Education	15.25	17.47	20.09	20.44	21.63	41.9	23.8	7.6	5.8

Source: KRC, based on CPS data.

Figure 2. Wages by Education and Gender, 1979 to 1999



Source: KRC, based on CPS data.

Table 4. Hourly Wages of High-and Low-Wage Earners in Pennsylvania and the United States, 1979-99 (1999 dollars)

	High-Wage Earners		Low-Wage Earners		High-Wage Earners' Wage as a Percent of Low-Wage Earner's Wage	
	PA	US	PA	US	PA	US
1979	\$22.70	\$23.31	\$6.78	\$6.66	335	350
1989	23.04	24.35	5.77	5.59	399	435
1995	23.97	24.43	5.63	5.53	426	442
1998	24.75	25.51	5.96	5.97	415	427
1999	25.61	26.05	6.05	6.05	423	431
Percent Change						
1979-99	12.8	11.7	-10.7	-9.2		
1989-99	11.1	7.0	4.8	8.1		
1995-99	6.8	6.6	7.5	9.4		
1998-99	3.5	2.1	1.5	1.4		

Note: In this table, "high-wage earners" are defined as those whose hourly wage is higher than 90 percent of all workers. "Low wage earners" are those whose hourly wage is higher than that of 10 percent of all workers.

Source: KRC, based on CPS data.



High- and Low-Wage Workers Gain Since 1995

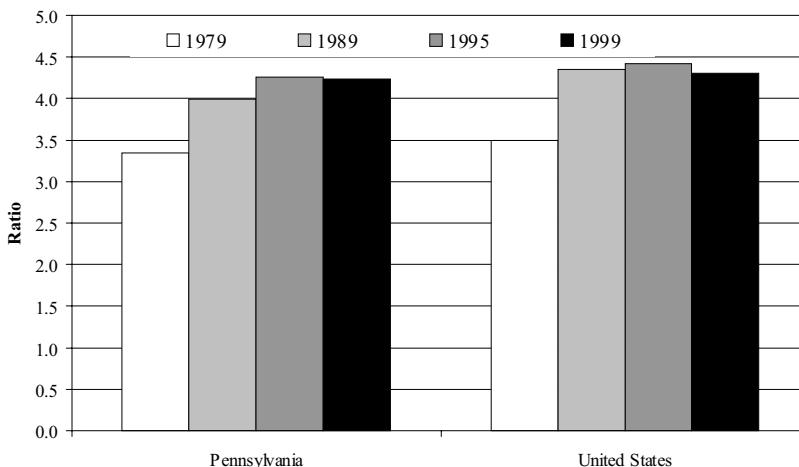
Just as wage trends can be examined by following a point in the middle of the wage distribution (the median) over time, they can also be examined by following the same points near the top and bottom of the distribution. Table 4 and Figure 3 do that by examining the wages of high-wage earners at the 90th percentile (who earn more than 90 percent of all workers) and low-wage earners at the 10th percentile (who earn more than 10 percent of all

workers' hourly earnings. Low-wage workers in Pennsylvania now earn 42 cents per hour more than in 1995 but 73 cents less than in 1979.

Wage Inequality Also Widens in Neighboring States

Figure 3A compares the ratio of the 80th percentile wage earner to that of the 20th percentile wage earner in Pennsylvania, neighboring states, and the United States. (We use the 80-20 ratio to compare states

Figure 3. Ratio of High-Wage Earners' Wage to Low-Wage Earners Wage, Pennsylvania and the United States, 1979-99



Source: Table 4.

workers). In the United States, the gap between high-wage earners and low-wage earners grew sharply in the 1980s but changed little from 1989 to 1995. In Pennsylvania, the gap between high- and low-wage earners did not grow as much in the 1980s — because high-wage workers experienced smaller wage increases in Pennsylvania — but continued to increase from 1989 to 1995. In the last four years, wage inequality decreased in the U.S. but barely changed in Pennsylvania.

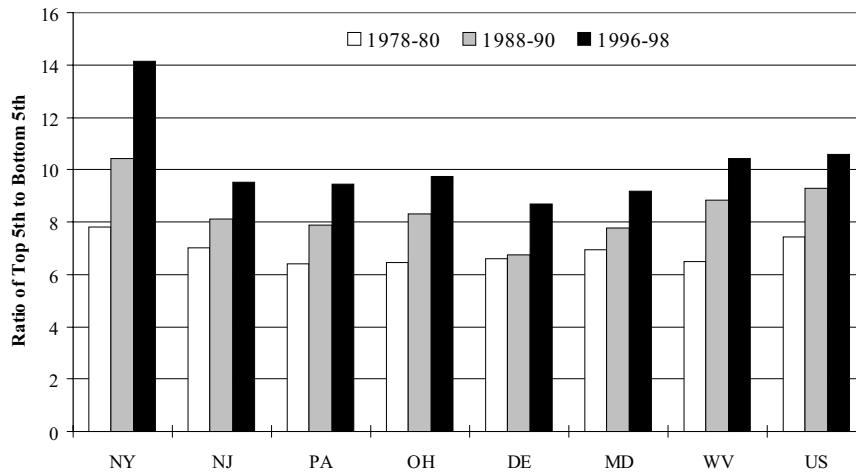
Since 1995, wages of both high- and low-wage earners in Pennsylvania have increased by about 7 percent. The federal minimum wage hikes in 1996 and 1997 contributed to the rise in low-wage

rather than the 90-10 ratio because the Economic Policy Institute (EPI) made data on the 80th and 20th percentile wages by state available to us.) By this 80-20 ratio, inequality in Pennsylvania increased less than in New York, West Virginia, and, by a small margin, Ohio; and more than in New Jersey, Delaware, and Maryland.

One in Four Workers Earns Poverty Wages

One measure of the adequacy of hourly earnings is whether, if workers are employed full-time, full-year, their hourly wage will lift them above the official poverty threshold for a family of four. (In 1999, this “poverty wage” in the U.S. was \$8.19

Figure 3A. Ratio of 80th Percentile Wage to 20th Percentile Wage, Pennsylvania, Neighboring States, and the United States, Late 1970s to 1990s



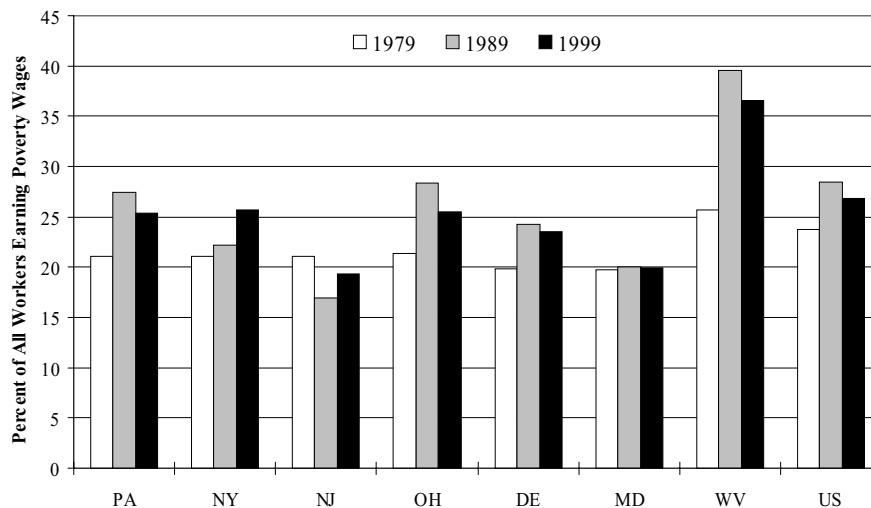
Source: EPI, based on CPS data.

per hour.) Since 1995, the share of Pennsylvania workers who earn less than a poverty wage declined from 27 percent to 25 percent.

Figure 4 shows the share of workers earning poverty wages in Pennsylvania, neighboring states, and the U.S. as a whole. The share of

Pennsylvania workers earning poverty wages is lower than the U.S. share. The share of workers earning poverty wages in Pennsylvania is lower than in West Virginia, about the same as in New York and Ohio, and higher than in Delaware, Maryland, and New Jersey.

Figure 4. The Share of Workers Earning Poverty Wages in Pennsylvania and Neighboring States, 1979-99



Source: EPI, based on CPS data.

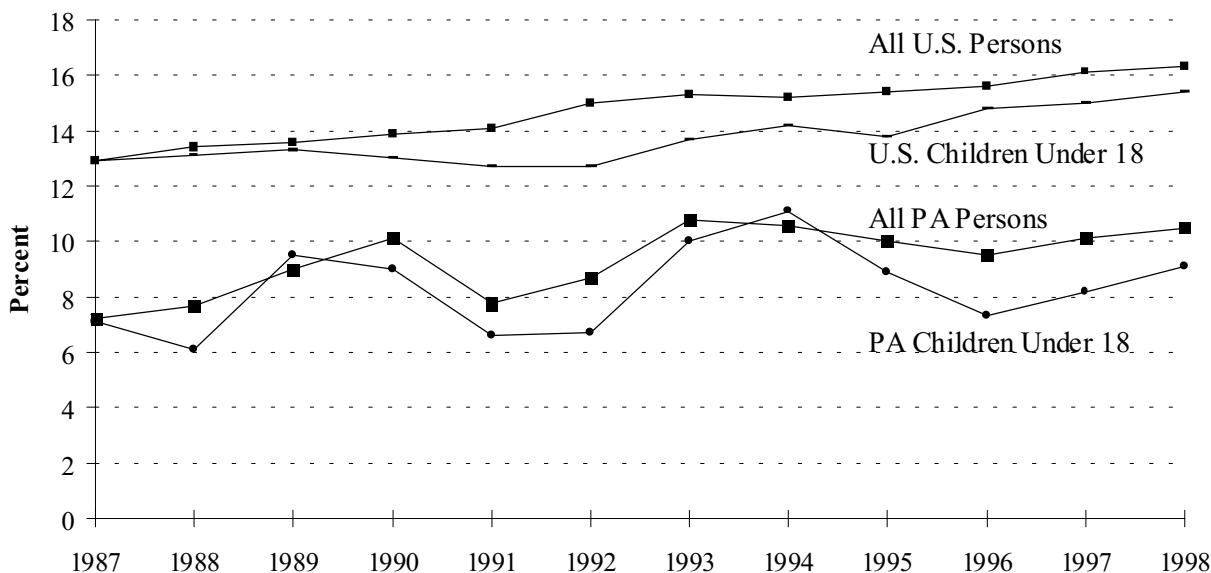


1.25 Million Pennsylvanians Lack Health Insurance

Between 1987 and 1998, the number of Pennsylvanians without health insurance grew from 844,000 to 1.25 million. This corresponded to a rise from 7.2 percent to 10.5 percent of the population (Figure 5). The share of Pennsylvania children under 18 without health insurance has risen from 7.1 percent to 9.1 percent since 1987, peaking at 11.1 percent in 1994. The share of Pennsylvanians who lack health insurance is lower than in the nation as a whole.

About half of the rise in the Pennsylvania uninsured population from 1987 to 1998 is accounted for by a reduction from 68.8 percent to 67 percent in the share of Pennsylvanians with employment-based health insurance. (People with employment-based health insurance obtain their insurance through the health benefits that come with their job or with the job of a family member.) The decline in the share of people with employment-based health insurance may stem from an increase in the number of low-wage service jobs that do not offer health insurance or that require health care co-payments that low-income workers

Figure 5. Share of All Persons and Children Under 18 Without Health Insurance, Pennsylvania and the United States, 1987-98 (percent)



Source: U.S. Bureau of the Census data available at <www.census.gov/hhes/hlthins/historic>.

cannot afford. The share of U.S. workers in the lowest fifth of the wage distribution who have employer-provided health insurance declined from 41 percent in 1979 to 28 percent in 1995, before recovering to 30 percent in 1998.³

Fewer Americans Have Pensions with Guaranteed Benefits⁴

In the United States as a whole, the share of workers with employer-provided pensions fell from 51 percent in 1979 to 44 percent in 1989, and then climbed back to 49 percent in 1998. The biggest change in pension coverage over the past two decades has been the shift from “defined-benefit” pensions to “defined-contribution” plans. (Defined-benefit pensions guarantee a specified benefit at retirement, usually a certain number of dollars times years of service. With defined contribution pensions employers make payments into a fund but the size of the pension benefit at retirement is not predetermined; examples include many 401(k) plans.)

In 1980, 16 percent of those with employer-provided pensions participated in defined-contribution plans. By 1997, the same figure had risen to 42 percent. By their very nature, defined-contribution plans create uncertainty regarding the size of pensions. Nonetheless, they could, with generous enough employer contributions, leave workers with as large or even larger pensions.

In practice, the shift to defined-contribution plans has gone along with employers putting less money into pensions. The cost to employers of employee pensions has gone down about 20 percent since the late 1970s.⁵ Some of this decline might have happened without a shift away from defined-benefit plans, because the rise in the value of the stock market has enabled businesses to support bigger benefits with the same or smaller contributions.

WEALTH, INCOME, AND POVERTY

From wages we now turn our attention to measures of overall family and household financial well-being. We start with the most important indicator of living standards, family income, examining its vastly disparate growth across the family income distribution. We then examine the share of Pennsylvanians who live below a poverty income. This section closes with a brief discussion of wealth and household debt.

Between 1949 and 1970 in the United States, the median family income roughly doubled, from about \$20,000 to about \$40,000 (in 1999 dollars). Over the next 23 years, including the early 1990s recession, U.S. median family income barely changed.⁶ While typical families trod water, the richest families garnered the lion's share of the benefits of prosperity in the 1980s and 1990s.

Family income has recovered by 10 percent since the depths of the early 1990s recession. Despite this, and a stock market rally, middle-class households have not experienced a major increase in

their net worth; instead, they are now deeper in debt than ever before.

Family Income Inequality Spikes Up

Table 5 shows that the gap in average income between rich Pennsylvania families and other Pennsylvania families rose substantially in both the 1980s and the 1990s. Over the course of both decades, the income of the richest 5 percent of families rose by 75 percent (Figure 6). The income of the middle fifth of families increased by 8 percent; that of the poorest fifth actually fell.

The income of the top fifth of Pennsylvania families in the late 1990s was 9.4 times the income of the bottom fifth, compared with a ratio of 6.4 in the late 1970s and 7.9 in the late 1980s (Table 5).⁷

The gap in income between the top and bottom fifth of families remains smaller in Pennsylvania than in the United States, which had a top-to-bottom ratio of 10.6 in the late 1990s.

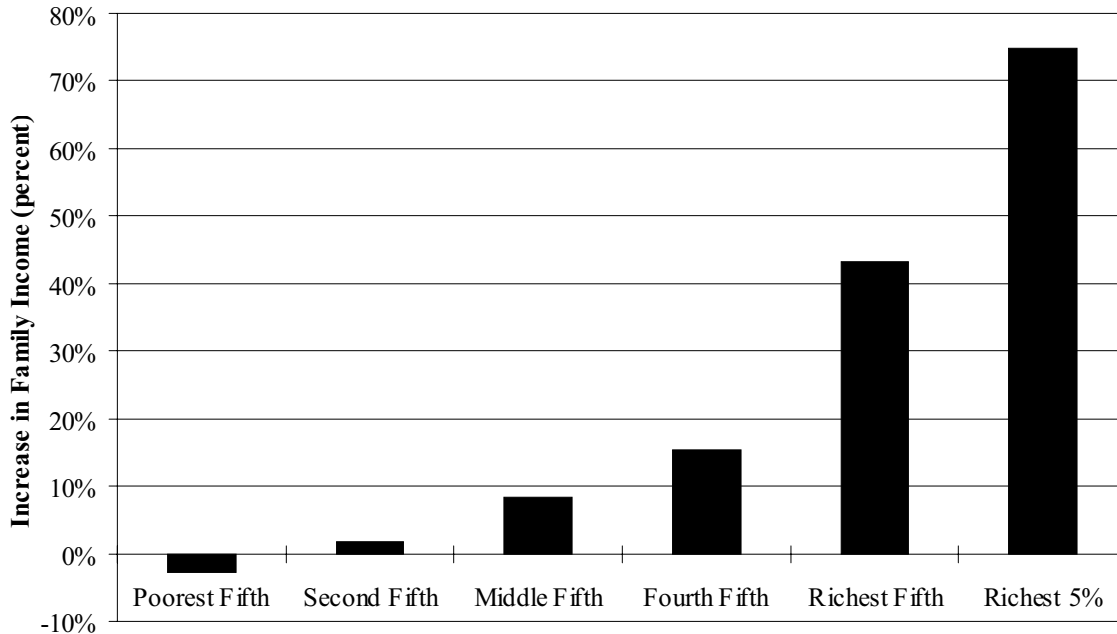
Table 5. Income of Pennsylvania Families in the Late 1970s, 1980s, and 1990s (1998 dollars)

	Average Family Income for Each Group of Families					
	Poorest Fifth	Second Fifth	Middle Fifth	Fourth Fifth	Richest Fifth	Richest 5 Percent
Late 1970s	\$15,316	\$31,804	\$45,006	\$60,175	\$98,129	\$139,562
Late 1980s	14,642	31,066	45,960	63,963	115,463	176,333
Late 1990s	14,900	32,341	48,797	69,446	140,627	244,109
<i>Dollar Change in Income</i>						
Late 1970s to Late 1980s	-\$674	-\$738	\$954	\$3,788	\$17,334	\$36,771
Late 1980s to Late 1990s	258	1,275	2,837	5,483	25,164	67,776
Late 1970s to Late 1990s	-416	537	3,791	9,271	42,498	104,547
<i>Ratios of Income of Richest Fifth of Families to Incomes Of Other Groups</i>						
Late 1970s	6.4	3.1	2.2	1.6	1.0	0.70
Late 1980s	7.9	3.7	2.5	1.8	1.0	0.65
Late 1990s	9.4	4.3	2.9	2.0	1.0	0.58

Note: Late 1970s includes the years 1978 to 1980; late 1980s includes the years 1988 to 1990; late 1990s includes the years 1996 to 1998.

Source: Jared Bernstein, Elizabeth C. McNichol, Lawrence Mishel, and Robert Zahradrik, *Pulling Apart* (Washington, D.C.: Center on Budget and Policy Priorities and Economic Policy Institute, 2000).

Figure 6. Income Change for Pennsylvania Families, Late 1970s to Late 1990s, by Fifth of Families



Source: Bernstein, McNichol, Mishel, and Zahradrik, *Pulling Apart*.

Pennsylvania Family Income Inequality Rises More than Most States

Pennsylvania used to have one of the more equal state-level income distributions. It has now fallen to the middle of the pack. In the late 1970s, the Pennsylvania ratio of the income of the top fifth of families to the income of the middle fifth of families was 10th lowest out of the 50 states. By the late 1990s, Pennsylvania's top-to-middle ratio was 31st lowest. In the late 1970s, Pennsylvania had the 12th lowest top fifth-to-bottom fifth ratio. By the late 1990s, it had the 26th lowest such ratio.

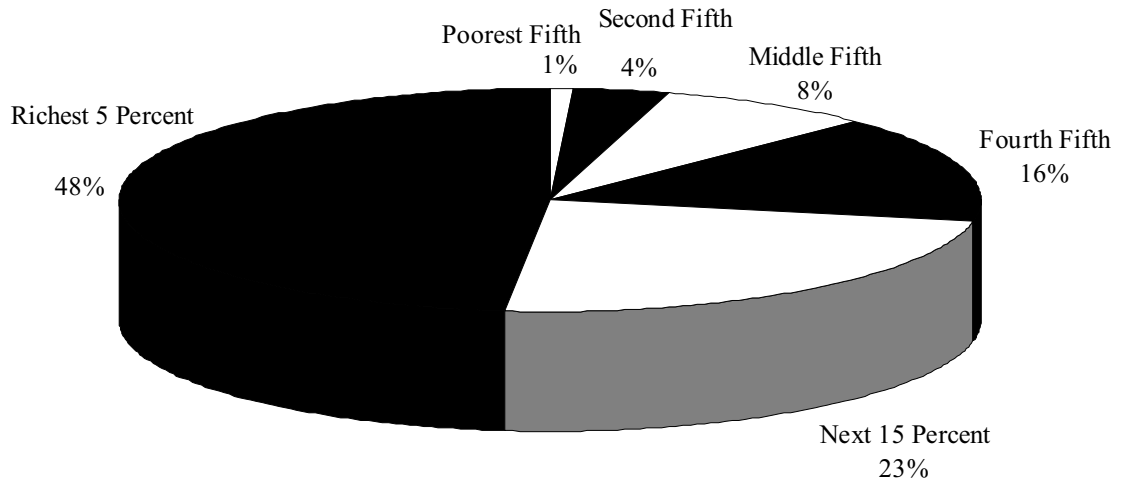
In the 11 most populous states, there are enough observations in the Current Population Survey to reliably estimate the ratio of the income of the richest 5 percent of families to that of the middle

and bottom fifths of families. Based on these measures of inequality, Pennsylvania has also slipped from having an unusually equal income distribution to having a typical one. In these 11 states in the late 1970s, Pennsylvania had the smallest top 5 percent-to-bottom fifth ratio and the second smallest top 5 percent-to-middle fifth ratio. By the late 1990s, Pennsylvania had the fourth lowest top 5 percent-to-bottom fifth ratio and only the seventh lowest top 5 percent-to-middle fifth ratio.

Half the Gains of 1990s Prosperity Go to the Top 5 Percent of Families

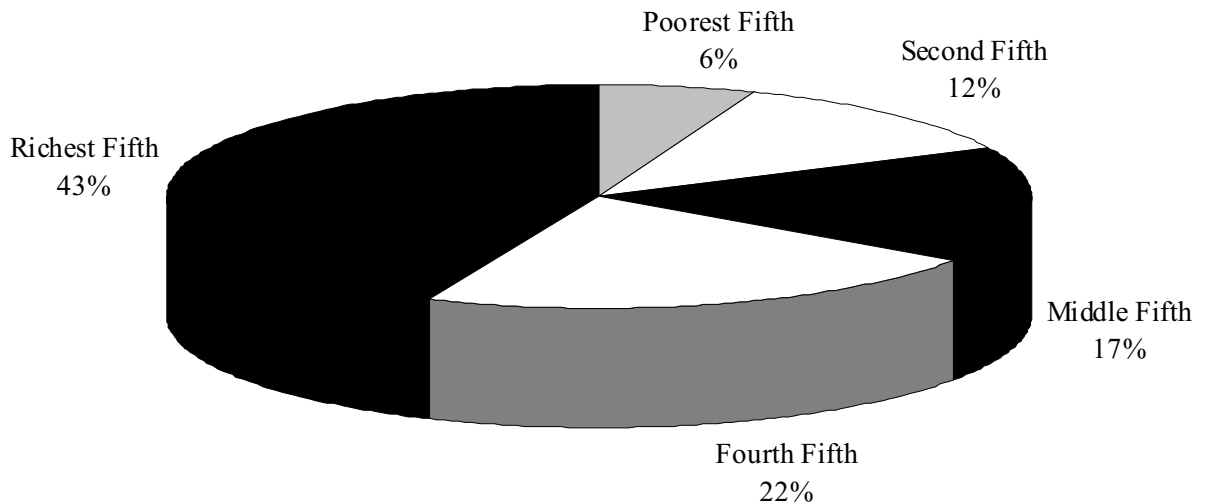
In the 1990s, nearly half of the total increase in family income in Pennsylvania went to just the top 5 percent of families (Figure 7). Only 13 percent

Figure 7. Share of Pennsylvania Family Income Gains from Late 1980s to Late 1990s Going to Richest 5 Percent, Next 15 Percent, and Each of the Bottom Four Fifths



Source: KRC, based on Bernstein, McNichol, Mishel, and Zahradrik, *Pulling Apart*.

Figure 8. Share of Income Held by Each Fifth of Families, Late 1990s



Source: Bernstein, McNichol, Mishel, and Zahradrik, *Pulling Apart*.



of the gains of prosperity since the late 1980s have gone to the poorest 60 percent of families. As a result of the rise in family income inequality, the richest fifth of Pennsylvania families now receive 43 percent of total family income in Pennsylvania, and the richest two-fifths received almost two-thirds of total family income in the state (Figure 8).

Four-Person PA Family Income Rises More than U.S., Less than Most Neighbors

Table 6 compares median income over time for four-person families in Pennsylvania, surrounding states, and the United States as a whole. By keeping family size fixed, the table ensures that income does not decline simply because of shrinking families.

Median four-person family income has increased by 19 percent in Pennsylvania since 1979, com-

pared to 14 percent nationally. In the 1990s, percentage increases in four-person family income have been larger in Pennsylvania than in four of our neighboring states and virtually equal to those in Ohio. Only Delaware’s four-person family income increased substantially more than Pennsylvania’s. Over the entire 1979-1998 period, Pennsylvania four-person family income increased less than in five of our six neighboring states.

Families Face a Time Squeeze

One of the ways that families have maintained their incomes in the face of falling male wages has been through working more.⁸ From 1979 to 1998 in the United States, middle-income married-couple families with children increased their weeks worked per year (by all family members combined) from 74.8 to 87.3. They increased their annual hours worked from 3,041 to 3,600, an increase of 559 hours or 28 percent of a full-time work year.

Table 6						
Median Income for Four-Person Families, Pennsylvania, Neighboring States, and the United States, 1979-98						
				Percent Change		
	1979	1989	1998	1979-89	1989-98	1979-98
Pennsylvania	\$49,151	\$53,112	\$58,507	8	10	19
Delaware	46,662	56,248	65,157	21	16	40
Maryland	54,376	65,916	71,404	21	8	31
New Jersey	54,275	69,970	70,983	29	1	31
New York	46,437	57,435	57,142	24	-1	23
Ohio	49,622	54,512	60,169	10	10	21
West Virginia	41,578	41,816	43,239	1	3	4
United States	49,330	53,584	56,061	9	5	14

Source: Mishel, Bernstein, and Schmitt, *State of Working America, 2000-01*, pp. 334-335, based on U.S. Bureau of the Census data.



Pennsylvania Poverty Ranking Slips

People are considered poor if their income before taxes and after government cash transfers leaves them below the official poverty line for a family of their size. In 1998, for example, a family with two parents, two children, and income below \$16,530 was considered poor.⁹

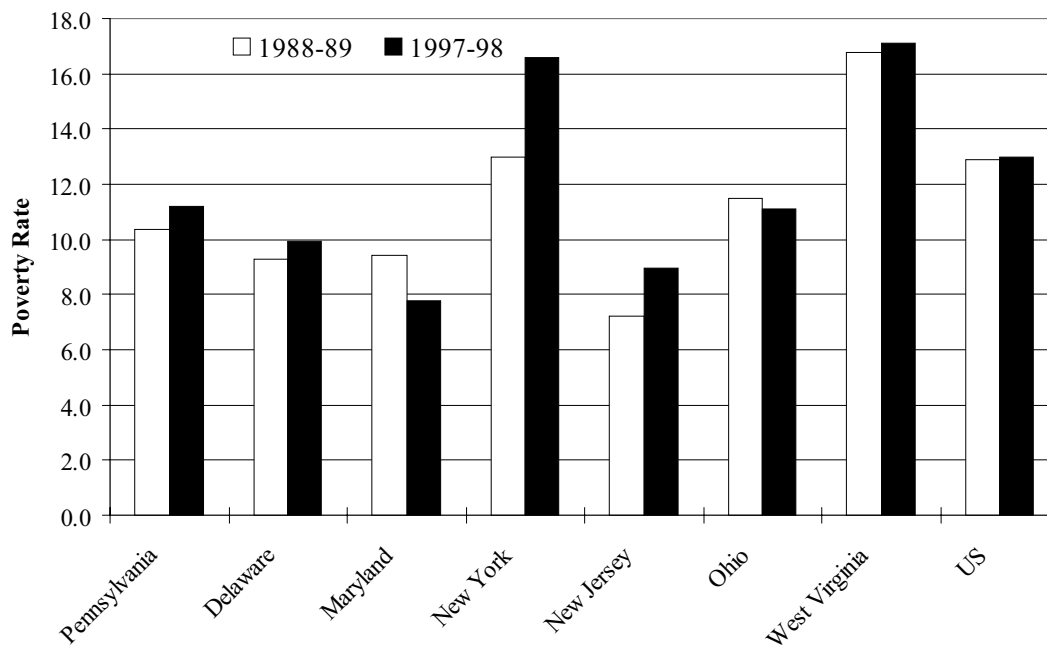
Figure 9 shows poverty rates for Pennsylvania and neighboring states in the late 1980s and late 1990s. Over this decade, the U.S. poverty rate barely changed, while the Pennsylvania poverty rate rose by 0.8 percentage points, to 11.2 percent. The poverty rate in Pennsylvania increased by less than in New York and New Jersey, about the same amount as in Delaware, and more than in West Virginia, Ohio, and Maryland. Pennsylvania's poverty rate was 16th lowest of the 50 states in the late 1980s and is now the 25th lowest.

Over Half a Million PA Children In Poverty

Table 7 shows that 18 percent of Pennsylvania children lived in poverty in 1998, a total of 526,000 children. This was 50 percent higher than in 1979. Of neighboring states, only Ohio and West Virginia experienced similar increases. The Pennsylvania child poverty rate was about three quarters of the U.S. child poverty rate in 1979 but is now 96 percent of the U.S. child poverty rate.

Some of the rise in the Pennsylvania child poverty rate relative to the nation as a whole probably stems from declining income of the state's urban areas and the decline of black male wages. Consistent with this hypothesis, between 1989 and 1995, 12 counties that are wholly urban plus the three counties that contain the cities of Lancaster, Reading, and York accounted for 80 percent of a 78,000 increase in the number of Pennsylvania children in poverty.¹⁰

Figure 9. Poverty Rates in Pennsylvania and Neighbor States, 1988-98



Source: KRC, based on EPI data.

**Table 7. Poverty Rates for Children Under 18
(percent)**

				Percent Change		
	1979	1993	1998	1979-93	1993-98	1979-98
United States	16.2	22.5	18.7	39	-17	15
Pennsylvania	12.0	20.0	18.0	66	-10	50
Delaware	12.1	13.9	16.1	15	16	33
Maryland	7.9	13.2	6.9	66	-48	-13
New York	18.9	26.1	24.2	39	-7	28
New Jersey	18.9	17.9	12.0	-5	-33	-37
Ohio	11.9	19.7	17.9	65	-9	50
West	19.2	32.4	27.5	69	-15	43
Virginia						

Source: National Center for Children in Poverty, *Child Poverty in the States: Levels and Trends from 1979 to 1998* (New York: Columbia University Mailman School of Public Health, 2000), Research Brief 2.

Wealth Expands for Richest Households¹¹

In the latter half of the 1990s, a rising stock market helped the top 1 percent of American households increase their net worth to an average of \$10.2 million. (No easily accessible state-level data exist on wealth or household debt.) The richest 1 percent of households now own an estimated 38 percent of total U.S. household wealth – close to their highest share at any point in our nation’s history.¹² The net worth of the second and third poorest fifth of the U.S. population barely changed in the 1990s, and the poorest fifth of the population still has negative net worth.

Deeper in Debt

As the economy has gathered steam in the 1990s, rather than paying of their debts, American households have accumulated more debt. In 1999, for the first time in history, total household debt surpassed total household disposable income. One in seven middle-income U.S. households has debt payments – mortgages and home equity loans, credit cards and car payments — that exceed 40 percent of their income. One in 11 households has at least one bill that is 60 days past due. The rate of personal bankruptcies has tripled since the early 1980s.

JOBS

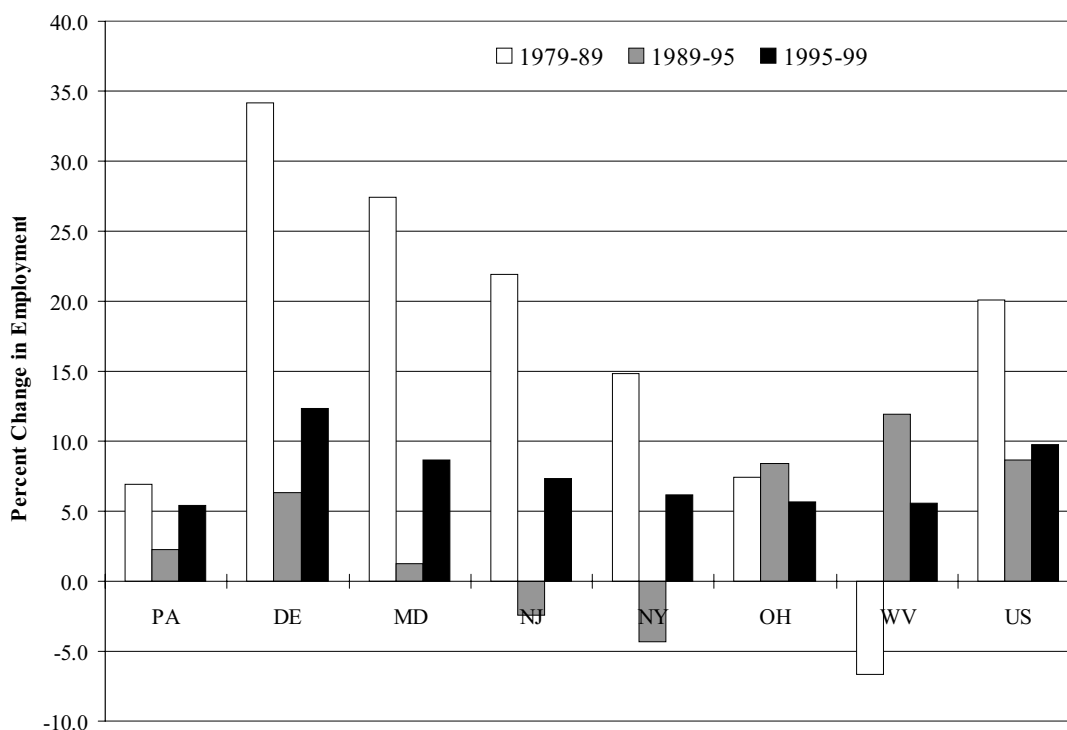
A major bright spot of the 1990s economic expansion has been sustained low unemployment. This section reports on the impact of this expansion on Pennsylvania job growth, unemployment, and underemployment. (The underemployed include the unemployed plus involuntary part-time workers, “discouraged” workers no longer looking for employment, and others who have recently sought work but are not currently looking for reasons that include lack of child care.) We also briefly summarize evidence on job security and on mobility out of low-wage jobs and low-income status.

Pennsylvania Job Growth A Third of U.S. Levels

Job growth gets more attention than it should as an indicator of economic well-being. Since job growth ebbs and flows based on the size of the labor force, slow job growth is not necessarily cause for concern. Nonetheless, very slow job growth can signal economic decline (as in West Virginia in the 1980s) and can lead young workers to leave the state or region because of a lack of local employment opportunities.

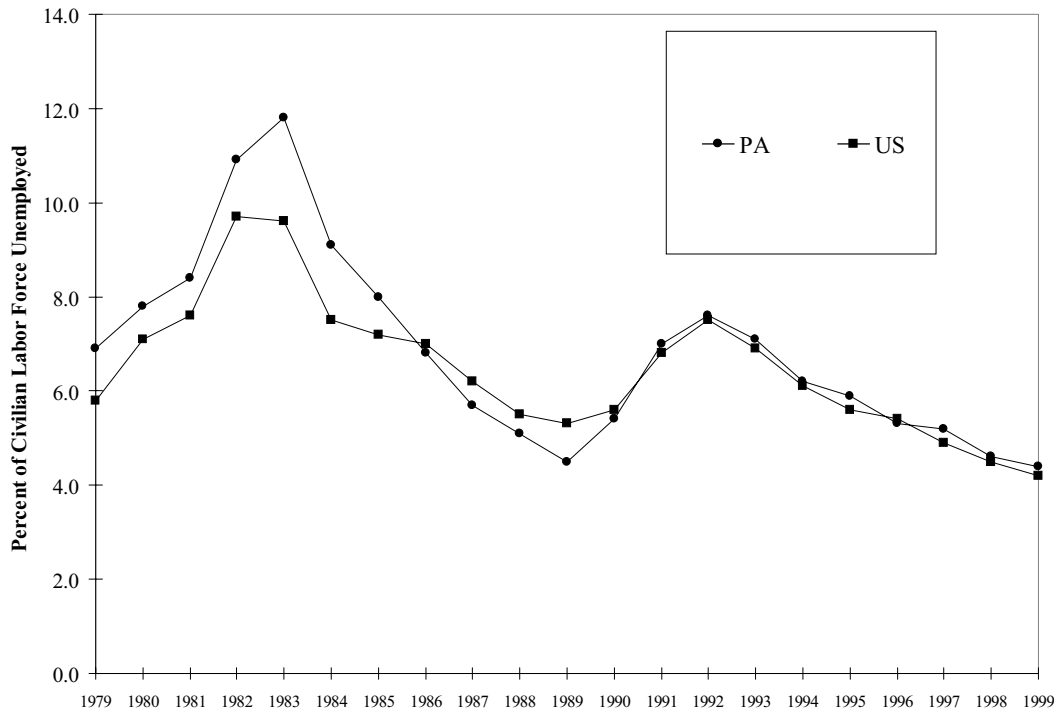
Figure 10 shows that Pennsylvania job growth since 1979 has been about two thirds the U.S. level. Job growth in Pennsylvania has been faster in the 1990s than in New York and New Jersey but slower than in our four other neighboring states.

Figure 10. Percent Change in Nonfarm Employment in Pennsylvania and Neighboring States, 1979-99



Source: KRC, based on Bureau of Labor Statistics (BLS) data.

Figure 11. Unemployment Rate in Pennsylvania and the United States, 1979-99



Source: KRC, based on BLS data.

U.S. and Pennsylvania Unemployment Near Four Percent

Figure 11 shows unemployment in Pennsylvania and the United States since 1979. Pennsylvania’s unemployment rate substantially exceeded the United States rate in the early 1980s. Since then, and especially since 1992, unemployment in Pennsylvania has closely tracked unemployment in the United States. The Pennsylvania unemployment rate is now virtually the same as the U.S. rate.

Joblessness High Among Young High-School Educated Pennsylvania Blacks

In Pennsylvania, in the past, the ratio of African-American, especially male, to white unemployment and underemployment rates has been unusually high.¹³ That pattern continues in the most recent data.

For the 1996-99 period in Pennsylvania and surrounding states, Table 8 shows unemployment and underemployment by gender for all 18-35 year olds, and for African-Americans. Pennsylvania’s overall unemployment and underemployment rate for 18-35 year olds are similar to those for other states. But Pennsylvania’s African-American unemployment and underemployment rate, espe-



cially for high-school educated workers, substantially exceed those of other states. Almost one in three black Pennsylvania men with a high school education are underemployed, compared to a bit more than one in four in New York, and between one in four and one in five in New Jersey, Ohio, and Maryland.

Job Stability Declines for Men and Blacks¹⁴

In the mid-1990s, *Business Week* proclaimed “The End of the Job.” In fact, the average amount of time Americans have been at their current job has changed only a little over the past 20 years. But men, African-Americans, and, in the 1990s, older workers have seen a marked decline in job stability.¹⁵ For example, from 1983 to 1987, the probability that men who have been at their current employer nine to 15 years would separate from

their employer in the next four years was about one in seven. By 1993 to 1995, the same probability exceeded one in five. For blacks with nine to 15 years job tenure, the probabilities of separation in the next four years climbed in the decade after the mid-1980s from one in nine to more than one in seven.

A related measure of job security is the share of workers who are “displaced” from a job over a period of time. From 1993 to 1995, even with the economy picking up speed, more than one in nine U.S. workers lost a job, almost as many as in the deep early 1980s recession.¹⁶ Those reemployed at the end of the three-year period saw their wages dip by 14 percent on average.

In the late 1990s, displacement rates may have fallen back down to lower levels. Nonetheless, a

Table 8. Unemployment and Underemployment (%), 18-35 Year-Olds, by Gender, Education, and Race 1996-99 (pooled)

STATE	Female				Male			
	Unemployment		Underemployment*		Unemployment		Underemployment*	
	LTHS	HS	LTHS	HS	LTHS	HS	LTHS	HS
New York	21.8	9.7	34.1	18.4	15.3	8.6	24.9	15
New Jersey	16.3	7.4	26	13.4	12.6	7.2	19.9	11.4
Pennsylvania	21	7.6	33.2	15.5	14.8	7.7	22.6	12.8
Ohio	17.5	6.8	28.6	12.3	15.7	7.2	24.6	11.9
Delaware	.	5.9	20.6	13.6	11.8	6.4	18.2	12.3
Maryland	21	7.5	35	13.5	17.7	6.4	26.3	11.4
West Virginia	19.8	11	35.6	23.5	22.2	10.3	34.5	19.2
BLACK								
New York	37.1	15.4	52.8	26.6	32.1	16.1	47.9	26.9
New Jersey	.	14.9	42.8	23.6	24.7	17.3	38.9	22.9
Pennsylvania	37.3	16.2	54.1	28.0	.	21.3	47.7	30.8
Ohio	21.8	12.5	33.3	21.0	.	11.6	37.1	21.7
Maryland	.	11.7	55.2	20.2	45.3	12.1	57.0	20.2

* Underemployment refers to persons who are either unsuccessfully seeking work (i.e., unemployed), not seeking work due to discouragement about their job prospects, involuntarily part-time workers, or have sought work in the past year but are not currently looking for other reasons, such as lack of child care.

Note: LTHS=Less than High School Education; HS=High School Education

Source: EPI, based on CPS data.

psychological barrier appears to have been breached. While corporations still use job security and advancement opportunities as retention devices in a tight labor market, few corporations any longer see themselves as responsible for providing “jobs for life.” As a result of this shift, should the economy turn down again, downsizing and displacement may more quickly escalate again.

Upward Mobility Drops

At least for white men, corporate bureaucracies in the “old economy” offered opportunities to climb an internal job ladder. Firm-level case studies in recent years indicate that many jobs now offer quite limited upward mobility.¹⁷ Direct quantitative

evidence on firm-level upward mobility is difficult to amass because of an absence of data on wages over time for individual workers within particular companies. Indirect evidence does support the hypothesis that mobility has fallen. For example, the wages of young men tracked for 15 years after 1979 rose by \$2.00 less per hour than a comparison group followed for 15 years after 1966.¹⁸ Further corroboration that more workers are “locked in” to their current economic status comes from analysis of the percent of people who stay in the same fifth of the income distribution from year to year. This share rose steadily from about 61 percent to 66 percent from the late 1960s to the early 1990s (no later data is reported).¹⁹



REGIONAL ANALYSIS

By themselves, statewide trends paint an incomplete picture of the economic status of Pennsylvania’s workers. Job and workforce trends vary considerably by region and county, and in central cities, suburbs, and rural areas.

In this section we show what has happened to median wages (Table 9), the wages of high- and low- wage earners (Tables 10), and the share of jobs paying poverty wages (Figure 12) in four regions of the state: Metropolitan Philadelphia, Metropolitan Pittsburgh, “Southern Metropolitan Pennsylvania” (an amalgam of five small metropolitan areas, Allentown-Bethlehem-Easton, Harrisburg-Lebanon-Carlisle, Lancaster, Reading, and York), and a residual “Rest of the State.” Nearly one third of Pennsylvania jobs are in Metropolitan Philadelphia, just under one fifth are in Metropolitan Pittsburgh, just over one fifth are in Southern Metropolitan Pennsylvania, and the

remaining 30 percent are in the Rest of the State. For Pennsylvania’s two largest metropolitan areas, Philadelphia and Pittsburgh, we benchmark wage and inequality trends against those in 13 other major U.S. metropolitan areas (Table 11).

We also examine three other dimensions of Pennsylvania’s economic geography. We compare wage and personal income trends in central cities with those of suburban areas and the state as whole. We examine employment growth and unemployment in a large number of Pennsylvania regions. Finally, we look at variation in economic experience across individual Pennsylvania counties.

Using the data in this regional section, residents of each part of the state can see how their area has fared compared to other areas.

	Metro. Philadelphia	Metro. Pittsburgh	Metro. Southern PA	Rest of State**
1979	\$12.66	\$14.06	--	--
1989	12.77	11.20	\$11.76	10.75
1995	12.30	12.02	10.93	11.04
1998	13.29	11.77	12.06	10.22
1999	13.50	11.80	12.02	10.50
Percent Change				
1979-99	6.6	-16.1		
1989-99	5.7	5.4	2.2	-2.3
1995-99	9.8	-1.8	10.0	-4.9
1998-99	1.6	0.2	-0.3	2.7

* As defined in this report, Metropolitan Philadelphia includes Philadelphia, Bucks, Chester, Delaware, and Montgomery Counties. Metropolitan Pittsburgh includes Allegheny, Beaver, Washington, and Westmoreland Counties in all years. In 1989, Fayette County was added. In 1999, Butler County was added. The four counties included throughout the period have 88 percent of the total Metropolitan Pittsburgh population. Metropolitan Southern Pennsylvania combines the Primary Metropolitan Statistical Areas of Allentown-Bethlehem, Harrisburg-Lebanon-Carlisle, Lancaster, Reading, and York.

** Rest of State includes all of the state except Metropolitan Philadelphia, Metropolitan Pittsburgh, and Metropolitan Southern Pennsylvania.

Note: Our data source makes it impossible to distinguish between Metropolitan Southern Pennsylvania and the rest of the state in 1979.

Source: KRC, based on CPS data.

Metropolitan Philadelphia Remains Highest-Wage Region

Since we published *The State of Working Pennsylvania 1998*, Metropolitan Philadelphia has maintained its position as the highest-wage Pennsylvania region (Table 9). The gap between the Philadelphia area and the rest of the state has closed somewhat. Whereas in 1997, the Philadelphia median hourly wage exceeded the state median by \$1.88 (in 1999 dollars), the difference in 1999 was \$1.54. The Metropolitan Philadelphia median wage has risen since 1979 by 6.6 percent, or about 4 cents per year.

Median Wage Up Since 1995 in Metropolitan Philadelphia and Southern Metropolitan Pennsylvania

Since 1995, Table 9 shows that both Southern Metropolitan Pennsylvania and Metropolitan Philadelphia have experienced wage increases of about 10 percent. By contrast, the median wage in Metropolitan Pittsburgh has fallen slightly. Wages in the heavily rural Rest of the State fell by about 5 percent from 1995 to 1999 after rising 2.7 percent from 1989 to 1995. Rest of the State wages gained ground from 1998 to 1999.

Metropolitan Pittsburgh Median Still \$2.26 Per Hour Below 1979 Levels

After the calamitous 1980s, Metropolitan Pittsburgh experienced a wage recovery between 1989 and 1995. Wages then dropped back in the second half of the decade. Pittsburgh-area wages in 1999 were 16 percent below their 1979 levels. While in 1979 the Metropolitan Pittsburgh median wage exceeded the statewide median by \$1.69 per hour, the Pittsburgh median now trails the statewide median.

Low-Wage Workers Make Limited Progress

Table 10 indicates that, since 1995, low-wage workers experienced wage increases of 10 to 12 percent in Metropolitan Philadelphia and Pittsburgh, but made few or no wage gains in Southern Metropolitan Pennsylvania and the Rest of the State. Even in Metropolitan Philadelphia, low-

wage workers earn about the same as they did 20 years ago. They make 11 percent less in Metropolitan Pittsburgh.

Regional Inequality Up Because High Wage Workers Gain

In the 1990s, inequality (measured by the ratio of the hourly earnings of high-wage workers to the hourly earnings of low-wage workers) increased in three of the four regions, the exception being the Rest of the State (Table 10). In the three regions where inequality rose, it did so largely because of increases in high-wage workers' earnings that ranged from 13 to 21 percent. By contrast, high-wage workers' earnings did not increase in the Rest of the State, so inequality did not rise.

Workers Earning Poverty-Level Wages Up in Two Regions, Down in Two

Since 1995, Figure 12 shows that the share of workers earning a poverty wage has fallen in Metropolitan Philadelphia and Southern Metropolitan Pennsylvania but risen slightly in Metropolitan Pittsburgh and substantially in the Rest of the State. (Recall that a poverty wage is a wage below the level necessary for a full-time, full-year worker to earn at least the official poverty income for a family of four. Keep in mind also that our measure of the poverty wage does not take into account regional differences in the cost of living.) A third of workers in the Rest of the State earn less than \$8.19 per hour, compared to 28 percent in Metropolitan Pittsburgh, nearly 23 percent in Southern Metropolitan Philadelphia, and 19 percent in Metropolitan Philadelphia.

Philadelphia Wage and Inequality Trends Compare Well to Other Metropolitan Areas

Examining large metropolitan areas against smaller metropolitan areas and a heavily rural region is something of an apples and oranges comparison. An alternative gauge of how Pennsylvania's two largest metropolitan areas are performing in terms of wages and inequality is to compare them with other metropolitan areas. Table 11 summarizes the results of just such a metropolitan benchmarking comparison.²⁰

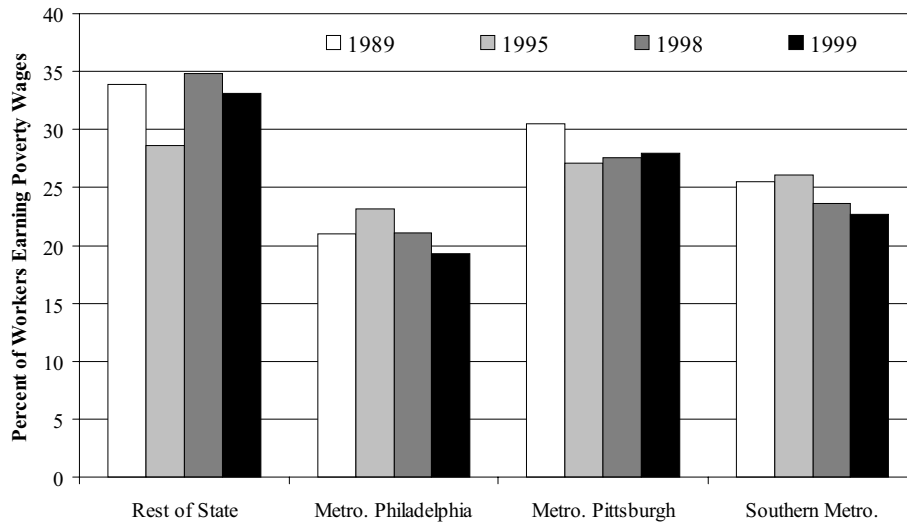


Table 10. Hourly Wages of High- and Low-Wage Earners in Pennsylvania Regions, 1979-99 (1999 dollars)

	Metro. Philadelphia			Metro. Pittsburgh			Southern Metro. PA			Rest of State		
	High-Wage Earners	Low-Wage Earners	High-Wage Earners' Wage as Percent of Low-Wage Earners' Wage	High-Wage Earners	Low-Wage Earners	High-Wage Earners' Wage as Percent of Low-Wage Earners' Wage	High-Wage Earners	Low-Wage Earners	High-Wage Earners' Wage as Percent of Low-Wage Earners' Wage	High-Wage Earners	Low-Wage Earners	High-Wage Earners' Wage as Percent of Low-Wage Earners' Wage
1979	\$23.92	\$6.76	354	\$24.77	\$6.76	367						
1989	25.52	6.72	380	23.51	5.38	437	\$22.39	\$6.31	355	20.15	5.37	375
1995	26.28	6.01	437	25.21	5.47	461	22.15	6.56	338	23.65	5.47	432
1998	28.62	6.64	431	26.02	5.88	443	24.53	6.39	384	19.92	5.52	361
1999	28.85	6.75	427	27.09	6.00	452	25.00	6.50	385	20.94	5.65	371
Percent Change												
1979-99	20.6	-0.1		9.4	-11.2					-1.3	-16.4	
1989-99	13.0	0.5		15.2	11.6		11.7	-4.9		3.9	5.2	
1995-99	9.8	12.3		7.5	9.7		12.93	-8.5		-11.5	3.3	
1998-99	0.8	1.6		4.1	2.1		10.4	-6.1		5.1	2.4	

Note: In this table, "high-wage earners" are defined as those whose hourly wage is higher than 90 percent of all workers. "Low wage earners" are those whose hourly wage is higher than that of 10 percent of all workers.
Source: KRC, based on CPS data.

Figure 12. Share of Workers Earning Poverty Wages in Pennsylvania Regions, 1979-99



Source: KRC, based on CPS data.

Table 11 compares Metropolitan Philadelphia and Metropolitan Pittsburgh with 13 other metropolitan areas with respect to nine wage variables and eight measures of inequality. The 13 other counties include seven older Northeastern and Midwestern cities (Baltimore, Boston, Cleveland, Chicago, Detroit, Milwaukee, and New York), Atlanta, Dallas, Houston, Los Angeles, San Francisco, and Washington, D.C.

Conventional wisdom, based heavily on job growth trends, portrays Metropolitan Philadelphia and especially the city of Philadelphia as floundering economically. Although the city may be struggling, especially in absolute terms, the *relative* wage and inequality performance of the entire Metropolitan Philadelphia area has been good.

- The Metropolitan Philadelphia median wage ranked 11th out of 15 areas in 1979, eighth in 1989, and fifth in 1998.
- The Philadelphia area low-wage earners' wage climbed from being in a cluster of cities at the bottom of the metropolitan areas rankings in 1979 to third highest in 1989 and fifth highest in 1998.
- The Philadelphia area high-wage earners' wage climbed steadily from 13th in 1979 to seventh in 1998.
- Metropolitan Philadelphia's inequality rankings have slightly improved since 1979. The area now has the fourth most equal wage distribution out of 15 cities. (This is true using the ratio of the median wage to high-wage earners' wage and the ratio of the low-wage earners' wage to high-wage earners' wage.)
- Finally, the Metropolitan Philadelphia ratio of central city to suburban wages is sixth most equal in terms of either median wages or low-wage earners' wages.

Pittsburgh Wage and Inequality Trends Compare Poorly to Other Metropolitan Areas

Benchmarking against other metropolitan areas

indicates how traumatic the 1980s were for Pittsburgh. Metropolitan Pittsburgh plummeted so far in the 1980s that even a stellar 1990s relative to other areas could only move it up a little from the bottom of our metropolitan rankings.

- The Metropolitan Pittsburgh median wage, low-wage earners' wage, and high-wage earners' wage all dropped to last out of the 15 metropolitan areas in 1989. In 1979, Pittsburgh had the fourth highest median wage, and the eighth highest high-wage earners' wage.
- By 1998, the Pittsburgh median wage, high-wage earners' wage, and low-wage earners' wage climbed only two, three, and one place, respectively, from last place out of the 15 metropolitan areas.
- Measured by the ratio of the median wage to high-wage earners' wages, Metropolitan Pittsburgh's inequality ranking also deteriorated sharply in the 1980s, falling from second to 12th, before recovering to ninth by 1998.
- Measured by the ratio of low-wage earners' wages to high-wage earners' wages, Pittsburgh wages became relatively more equally distributed in the 1980s, despite the fact that low-wage earners' wages plummeted 20 percent. This was because the Pittsburgh high-wage earners' wage declined by 5 percent in the 1980s, while high-wage earners in many cities gained substantial ground. The ratio of low-wage earners' wages to high-wage earners' wages fell relative to the same ratio in other areas in the 1990s.
- Pittsburgh compares well to other metropolitan areas in the late 1990s based on how close central city wages are to suburban wages. The median wage in the suburbs of Pittsburgh is only 4 percent higher than that in the city and low-wage earners' wages are the same in the city and the suburbs.
- In the 1990s, Metropolitan Pittsburgh enjoyed the largest percentage increase in median wages of the 15 metropolitan areas and the third largest increase in both low-wage earners' wages and high-wage earners' wages.



Pennsylvania City Wages Fall While Suburban Wages Rise

Another dimension of economic geography is the suburb-city difference within metropolitan areas. This is a particularly important dimension today because of widespread concerns about the outward migration of better off residents from central cities. Ideally we would distinguish between older “declining” suburbs and other suburbs. In this initial suburb-city comparison, we seek only a crude indication of whether the prosperity of the 1990s has spread inwards yet.

Table 12 contains information on wage trends in the combined central cities of Philadelphia, Pittsburgh, and Southern Metropolitan Pennsylvania for 1989, 1995, and 1998; it also contains information on the combined suburban areas of those same

metropolitan areas. We combine metropolitan areas because all but Philadelphia are too small to obtain precise estimates of central city and suburb wages for individual metropolitan areas.

Table 12 indicates that the central city median wage fell 2 percent from 1995 to 1999 and almost 4 percent from 1989 to 1999. The median wage in suburban areas jumped 8 percent since 1995, more than making up for ground lost in the first half of the 1990s. Note the rough similarity between 1990s wage trends in central cities and those in the mostly rural Rest of the State region (Table 9).

High-wage earners in central cities have begun to enjoy wage hikes. Over the 1990s as a whole, however, high-wage earners in suburban areas experienced increases 2.4 times those of high-wage earners in central cities.

	Rank Out of 15 Major Metropolitan Areas	
	Metropolitan Pittsburgh	Metropolitan Philadelphia
Median Wage 1979	4	11
Median Wage 1989	15	8
Median Wage 1998	13	5
Low-Wage Earners' Wage, 1979	9	9
Low-Wage Earners' Wage, 1989	15	3
Low-Wage Earners' Wage, 1998	14	5
High-Wage Earners' Wage, 1979	8	13
High-Wage Earners' Wage, 1989	15	9
High-Wage Earners' Wage, 1998	12	7
Ratio of Low-Wage Earners' Wage to High-Wage Earners' Wage, 1979	9	4
Ratio of Low-Wage Earners' Wage to High-Wage Earners' Wage, 1989	4	2
Ratio of Low-Wage Earners' Wage to High-Wage Earners' Wage, 1998	12	4
Ratio of Median Wage to High-Wage Earners' Wage, 1979	2	6
Ratio of Median Wage to High-Wage Earners' Wage, 1989	12	4
Ratio of Median Wage to High-Wage Earners' Wage, 1998	9	4
Ratio of Median Wages in Central City and Suburbs, 1996-98	2	6
Ratio of Low-Wage Earners' Wages in Central City and Suburbs, 1996-98	1	6

*The other 13 major metropolitan areas were Atlanta, Baltimore, Boston, Chicago, Cleveland, Dallas, Detroit, Houston, Los Angeles, Milwaukee, New York, San Francisco, and Washington, D.C.
 Note: In this analysis, Metropolitan Philadelphia was defined to include the New Jersey suburbs in addition to five Pennsylvania counties. This makes essentially no difference in any year for the median wage, the low-wage earners' wage, and in 1979, for the high-wage earners' wage. The Pennsylvania part of the metropolitan area had a high-wage earner wage 88 cents above the entire region in 1989 and \$1.02 above the region in 1998.
 Source: KRC, based on CPS data.

Table 12. Wages in Pennsylvania Central Cities and Metropolitan Suburbs, 1979-1999 (1999 dollars)

	1989	1995	1999	Percent Change		
				1989-99	1989-95	1995-99
<i>Median Wage</i>						
Central Cities	\$11.42	\$11.23	\$11.00	-3.7	-1.7	-2.0
Metropolitan Suburbs	12.55	12.02	13.00	3.6	-4.2	8.2
<i>High-Wage Earners' Wage</i>						
Central Cities	\$21.67	\$21.86	\$23.00	6.1	0.9	5.2
Metropolitan Suburbs	23.19	26.24	28.83	14.4	4.1	9.9
<i>Low-Wage Earners' Wage</i>						
Central Cities	\$6.05	\$5.79	\$6.00	-0.8	-4.3	3.6
Metropolitan Suburbs	6.25	6.01	6.50	4.0	-3.8	8.2

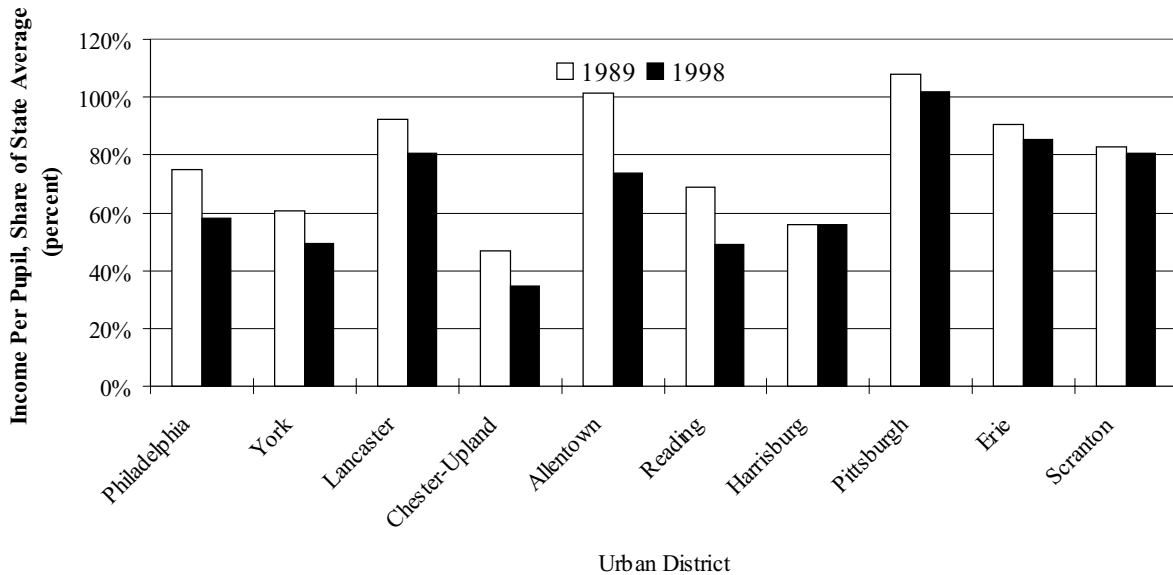
Note: in this table, "Central Cities" includes the central cities of the following seven metropolitan areas: Philadelphia, Pittsburgh, Allentown-Bethlehem-Easton, Harrisburg-Lebanon-Carlisle, Lancaster, Reading, and York. Metropolitan suburbs include all areas except central cities in the same metropolitan areas

The city-suburb earnings gap is smallest at the low end of the labor market, in part because the minimum wage acts as a floor on wages.

Urban Income Per School Pupil Plummets

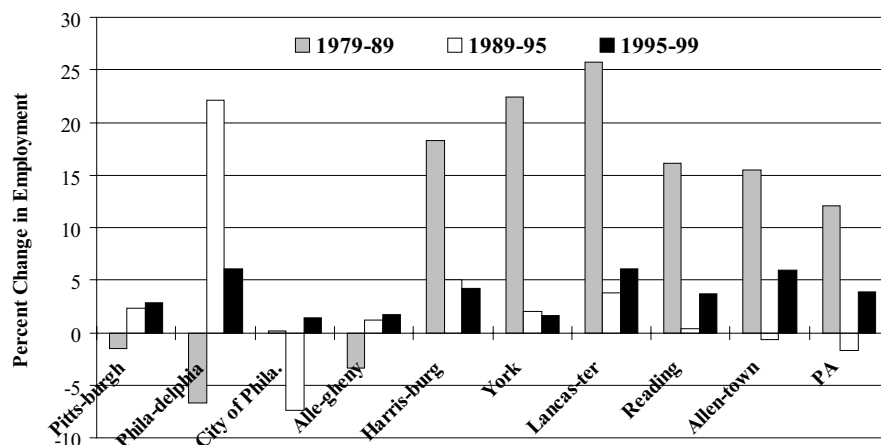
School district data provide another window into the declining relative well-being of urban areas. For the years 1989 and 1998, Figure 13 shows personal income per pupil as a percentage of the state average in 10 of the largest urban school districts in Pennsylvania. Personal income per pupil has fallen relative to the statewide average in 9 of the 10 districts, remaining essentially unchanged in the 10th district (Harrisburg). In six of the 10 districts – including four of the five poorest — personal income per pupil dropped by 10-30 percentage points relative to the statewide average in the 1990s. In four of these districts, personal income per pupil is now two-thirds or less of the statewide average personal income per pupil.

Figure 13. Personal Income Per Pupil in Selected Urban Pennsylvania School Districts, 1989 and 1998



Source: KRC, based on Department of Education data.

Figure 14. Percent Change in Employment in Pennsylvania Regions, 1979-99



Note: Except for the city of Philadelphia and Allegheny County, all areas listed refer to the entire metropolitan area.
Source: KRC, based on Pennsylvania Department of Labor and Industry data.

Jobs Increase Slowly in All Parts of State

Figure 14 shows employment growth in the 1980s, the first half of the 1990s, and the second half of the 1990s in each of the metropolitan areas of Pittsburgh, Philadelphia, and Southern Metropolitan Pennsylvania, plus the city of Philadelphia and Allegheny County. In the 1990s as a whole, job growth was slow or negative in all of these regions except the suburban parts of Metropolitan Philadelphia. (Note that the state data source used to generate Figure 14 shows Pennsylvania with slower employment growth in the 1990s than the national data source used to generate Figure 10.)

From 1995 to 1999, employment growth per year has been more rapid statewide than in the first half of the 1990s. Job growth has also been evenly distributed across Pennsylvania in the past few years. In 1995 to 1998, annual job growth slowed compared to the 1989 to 1999 period in the suburban parts of Metropolitan Philadelphia. Annual job growth picked up in every other region of the state shown in Figure 14.

County Economic Progress Since 1979

Table 12 shows per capita income and average annual earnings over time in Pennsylvania's 67 counties. These variables are indexed by setting the statewide average for the variable equal to 100. Thus, in 1979, Adams County had a per capita income 92 percent of the statewide average and average annual earnings 69 percent of the statewide average. For Adams County, the same variables were 84 percent and 71 percent of the statewide average in 1998.

Table 13 ranks counties based on the percentage change in per capita income in the 1980s, 1989-95, and 1995-98; and the percentage change in average annual earnings in the same three periods. Thus, in the 1979-89 period, Adams County had the 29th largest county increase in per capita average annual earnings.

A limitation of both per capita income and average annual earnings measures is that they show only average prosperity. They do not indicate anything about the distribution of economic gains.

Tables 12 and 13 make clear that the geography of economic progress in Pennsylvania has differed substantially in the 1980s and 1990s. In the 1980s, Western Pennsylvania counties bore the brunt of a deep recession and a large decline in manufacturing jobs. The 17 Pennsylvania counties with the slowest per capita income growth in the 1980s were all west of Centre County. In the 1980s, there was also a high correlation (0.84) between the rankings of counties based on change in per capita income and change in average annual earnings. Seventeen Western Pennsylvania counties in the 1980s ranked in the bottom third of counties measured by the change in average annual earnings.

In the 1990s, no shift in the well-being of counties compared to the state as a whole has been as dramatic as that in Western Pennsylvania in the 1980s.

In the 1990s, 19 of the 23 counties ranked in the bottom third by per capita income growth fell in a band slanting Northeast through the East Central part of the state but excluding the southeast (i.e.,

metropolitan Philadelphia and the Lehigh Valley). (Huntingdon, York and Lancaster, Bradford, and Pike are at the four corners of this band.) Nine of these 23 counties also fell in the bottom third based on average annual earnings growth in the 1990s.

Also in the 1990s, 14 of the 27 counties west of Centre County ranked in the top third of Pennsylvania counties based on the percentage increase in per capita income. Only seven of the 27 ranked in the top third based on the percentage increase in average annual earnings.

Three counties ranked in the top third of Pennsylvania counties for both per capita income and average annual wage growth in the 1980s and the 1989-95 and 1995-98 periods: Chester, Montour, and Potter Counties.

Montgomery and Philadelphia Counties ranked in the top third of counties for average annual earnings growth in all three periods. Cumberland and Lehigh almost make the top third for average annual earnings in all three periods.



Table 13. Income and Earnings in Pennsylvania Counties, 1979-98

	Per Capita Income				Average Annual Earnings			
	Indexed to Statewide Per Capita Income =100				Indexed to Statewide Average Annual Earnings =100			
	1979	1989	1995	1998	1979	1989	1995	1998
Adams	92	90	86	84	69	73	71	71
Allegheny	112	111	115	115	112	110	112	112
Armstrong	89	77	76	79	95	80	77	75
Beaver	103	80	83	84	126	92	87	85
Bedford	74	66	67	68	73	69	66	68
Berks	106	105	102	100	93	98	99	97
Blair	84	77	80	81	93	83	83	84
Bradford	79	78	74	72	85	84	77	77
Bucks	110	121	117	119	97	98	96	95
Butler	94	89	88	88	103	90	87	85
Cambria	89	77	78	77	107	86	79	76
Cameron	84	82	86	86	89	79	77	74
Carbon	88	82	81	80	76	70	72	68
Centre	79	86	86	85	82	89	82	80
Chester	123	137	145	152	99	109	118	124
Clarion	89	74	74	74	102	81	79	77
Clearfield	85	75	76	74	94	79	75	75
Clinton	84	73	74	72	90	80	78	76
Columbia	83	79	79	77	79	75	75	75
Crawford	83	75	76	75	83	81	80	78
Cumberland	101	110	108	106	93	97	95	97
Dauphin	99	106	107	107	100	103	101	100
Delaware	113	118	119	118	98	104	110	109
Elk	92	86	92	89	95	88	92	86
Erie	92	85	87	86	94	91	89	87
Fayette	82	71	73	73	94	80	74	70
Forest	79	65	67	65	76	65	68	67
Franklin	91	87	85	85	90	84	79	79
Fulton	75	69	70	72	78	76	77	83
Greene	76	66	65	63	107	92	90	88
Huntingdon	73	66	65	64	78	74	72	72
Indiana	82	77	75	76	101	93	86	86
Jefferson	88	80	78	76	96	83	79	75
Juniata	81	80	71	70	71	73	60	63
Lackawanna	89	90	91	89	82	85	85	84
Lancaster	102	101	96	96	90	92	90	89
Lawrence	89	78	78	77	89	83	80	78
Lebanon	90	92	89	88	91	84	82	80
Lehigh	110	107	108	108	102	102	107	107
Luzerne	88	88	89	87	86	86	87	85
Lycoming	87	84	80	79	88	88	82	80
McKean	89	77	83	80	85	78	84	82
Mercer	93	79	79	77	103	84	81	78
Mifflin	78	73	71	68	92	81	77	77
Monroe	95	97	82	82	86	84	78	76
Montgomery	139	157	156	154	103	114	122	127
Montour	91	102	103	114	88	101	102	113
Northampton	104	98	96	96	106	93	92	88
Northumberland	78	79	78	77	84	81	76	76
Perry	80	79	79	77	68	61	62	62
Philadelphia	92	91	90	90	112	123	124	125
Pike	96	101	78	78	67	73	63	63
Potter	72	73	78	79	71	75	78	80
Schuylkill	86	83	80	79	78	80	81	80
Snyder	92	90	92	92	78	76	74	73
Somerset	90	78	76	73	94	80	78	75
Sullivan	69	75	75	73	65	64	60	60
Susquehanna	77	78	75	74	70	67	63	65
Tioga	77	69	70	68	83	72	69	68
Union	79	85	80	78	84	84	87	83
Venango	98	86	89	89	102	87	82	79
Warren	94	89	88	83	92	85	83	80
Washington	96	88	92	95	103	89	88	88
Wayne	82	86	77	75	70	76	69	67
Westmoreland	96	88	89	90	98	87	84	84
Wyoming	81	83	76	76	89	94	89	87
York	107	103	96	93	95	93	93	92
Pennsylvania (actual dollars)	\$21,169	\$25,158	\$25,950	\$28,075	\$33,541	\$32,774	\$32,965	\$34,081

Notes: In this table, per capita income and average annual earnings have both been adjusted for variations in cost of living across counties.
 Source: KRC, based on data provided by Jonathan Johnson of the Center for Rural Pennsylvania.



Table 14. Pennsylvania Counties Ranked By Percent Change in Income and Earnings, 1979-98

	The county with the largest increase in per capita income in any period is ranked 1.			The county with the largest increase in average annual earnings in any period is ranked 1.		
	1979-89	1989-95	1995-98	1979-89	1989-95	1995-98
	(Largest increase means rank=1)					
Adams	29	57	50	12	36	15
Allegheny	22	8	20	27	11	26
Armstrong	58	37	4	62	39	47
Beaver	67	10	8	67	52	48
Bedford	53	21	6	37	40	8
Berks	26	55	38	11	17	37
Blair	48	6	11	49	20	10
Bradford	24	60	59	24	64	25
Bucks	4	54	7	19	34	20
Butler	39	39	21	53	43	38
Cambria	61	19	48	65	63	61
Cameron	31	5	16	48	44	56
Carbon	43	40	24	44	10	65
Centre	5	38	33	6	59	52
Chester	3	3	2	4	1	4
Clarion	65	33	14	66	30	50
Clearfield	54	15	60	63	48	14
Clinton	60	23	51	47	31	57
Columbia	36	32	52	35	22	11
Crawford	49	28	35	31	23	40
Cumberland	6	45	37	13	25	9
Dauphin	9	26	19	16	28	32
Delaware	12	18	41	8	4	27
Elk	41	4	61	40	8	67
Erie	44	11	46	32	29	55
Fayette	57	13	22	60	60	66
Forest	66	12	56	55	6	39
Franklin	35	44	28	39	54	19
Fulton	46	16	5	30	13	2
Greene	63	36	64	57	26	46
Huntingdon	51	43	40	36	37	23
Indiana	42	47	13	42	62	21
Jefferson	52	48	53	58	49	64
Juniata	28	65	42	18	67	5
Lackawanna	16	22	34	14	19	36
Lancaster	21	58	25	15	38	34
Lawrence	55	30	44	38	45	44
Lebanon	15	51	32	43	33	54
Lehigh	30	29	17	20	5	24
Luzerne	20	25	43	23	12	43
Lycoming	32	59	26	21	57	49
McKean	59	1	63	45	2	53
Mercer	64	31	55	64	47	59
Mifflin	40	53	65	52	51	22
Monroe	14	66	29	26	61	45
Montgomery	1	35	30	2	3	3
Montour	2	20	1	1	18	1
Northampton	38	49	18	50	27	63
Northumberland	17	42	47	33	58	17
Perry	25	34	58	46	15	13
Philadelphia	23	41	15	3	16	12
Pike	11	67	31	5	66	29
Potter	19	2	9	10	7	7
Schuylkill	34	52	39	17	14	35
Snyder	27	14	23	28	42	28
Somerset	62	46	66	59	41	62
Sullivan	8	27	57	29	55	18
Susquehanna	18	56	36	34	50	6
Tioga	50	24	54	54	46	33
Union	7	62	49	22	9	60
Venango	56	9	12	61	56	51
Warren	37	50	67	41	32	58
Washington	45	7	3	56	24	16
Wayne	10	64	45	7	65	42
Westmoreland	47	17	10	51	35	31
Wyoming	13	63	27	9	53	41
York	33	61	62	25	21	30

Notes: In this table, per capita income and average annual earnings have both been adjusted for variations in cost of living across counties. Source: KRC, based on data provided by Jonathan Johnson of the Center for Rural Pennsylvania.

CONCLUSION

The numbers on the state of working Pennsylvania in this report tell a straightforward story.

- Measured by wage and inequality trends, the past four years have been an improvement on the preceding 16.
- Important groups of Pennsylvania workers – some workers without college degrees and African-American men, city workers and rural – are sharing barely or not at all in the prosperity generated by the longest economic expansion on record.
- Viewed against the backdrop of wage declines after 1979, the gains of the past four years have been modest.

An important challenge for researchers has been to unravel the explanations for wage and income polarization of the past two decades. By now, the major factors contributing to the rise of inequality are familiar.²¹

- The shift of employment from manufacturing to lower-wage service industries. As Figure 15 shows, in the 1970s and 1980s, the shift away from manufacturing was more drastic in Pennsylvania than in the United States. In 1969, the employment share of manufacturing in Pennsylvania exceeded the employment share of manufacturing in the United States by 8 percentage points. By 1979, this gap had shrunk to 5 percentage points and by 1989 it had declined to 2 percentage points.

- The falling value of the inflation-adjusted minimum wage. The minimum wage has lost 21 percent of its inflation-adjusted value since 1999. Relative to productivity, a measure of the size of the economic pie, the minimum wage has lost over half its value since the late 1960s (Figure 16).
- The drop in the share of workers belonging to unions. Largely as a result of the more rapid shift of employment away from heavily unionized manufacturing, the fall in union density has been larger in Pennsylvania than in the United States and most neighboring states (Figure 17).
- Increasing imports and immigration of low-skilled workers.²²
- The deregulation of industries (e.g., in trucking and telecommunications industries), which has tended to intensify competition based on keeping workers' wages and benefits low.

At this point, rather than turn back and explain in academic detail what has happened, the time has come to turn forward and change what will happen. *Steal this Agenda: A Blueprint for a Better Pennsylvania* outlines how we can change what will happen (see the box after the Executive Summary for a summary of the *Blueprint* policy recommendations).

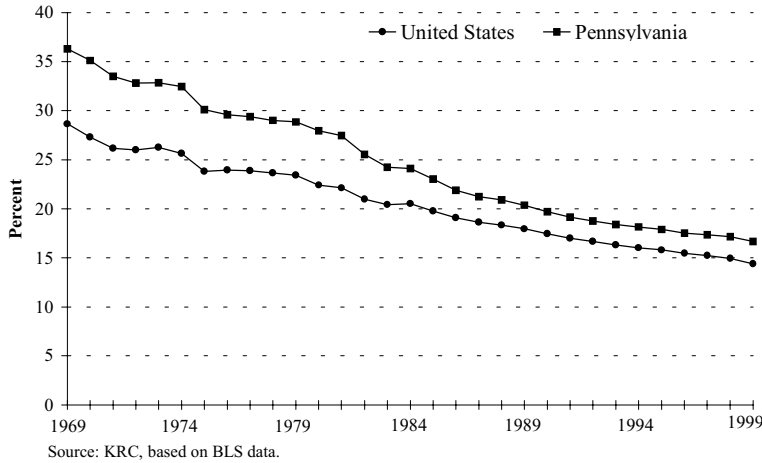


Figure 15. Manufacturing Employment as a Share of Total Employment in Pennsylvania and the United States, 1969-99

Figure 16. The Inflation-Adjusted Minimum Wage Falls While Productivity Grows

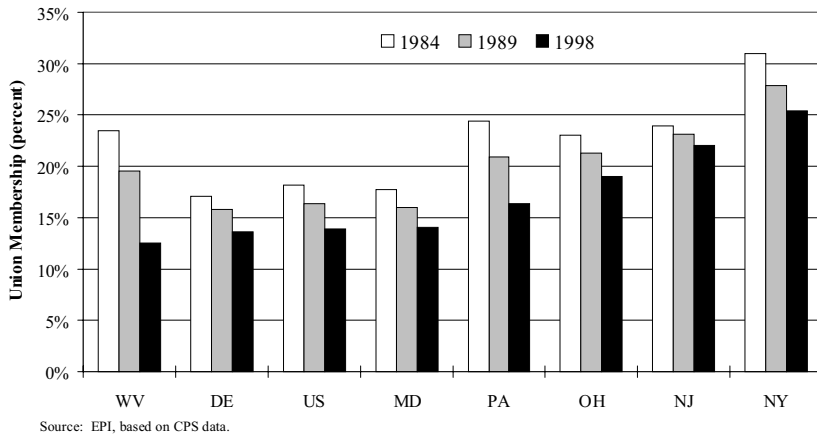
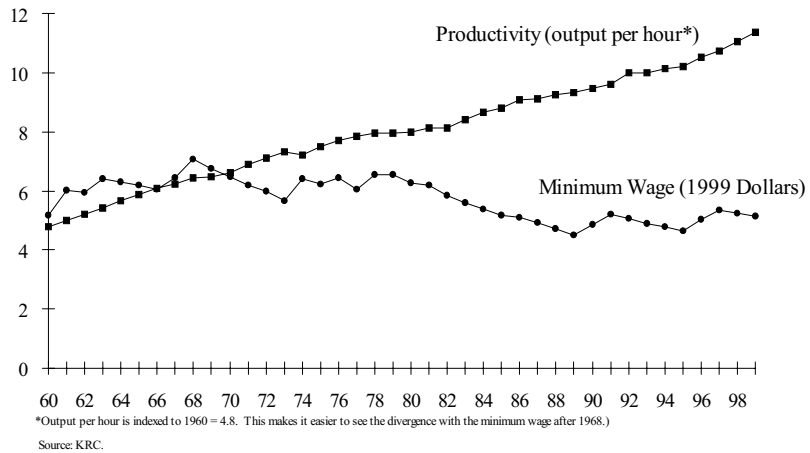


Figure 17. Union Membership as a Share of the Workforce in Pennsylvania, Neighboring States, and the United States

FOOTNOTES

¹ Lawrence Mishel, Jared Bernstein, and John Schmitt, *The State of Working America 2000-01* (Ithaca, NY: Cornell University Press, 2000).

² Mishel, Bernstein, and Schmitt., *The State of Working America 2000-01*, p. 166.

³ Mishel, Bernstein, and Schmitt, *The State of Working America 2000-01*, p. 140.

⁴ This section is based on Mishel, Bernstein, and Schmitt., *The State of Working America 2000-01*, p. 137-143.

⁵ The National Income and Product Accounts data base maintained by the Bureau of Economic Analysis shows the cost of pensions falling from \$1.13 per hour in 1979 to 84 cents per hour in 1998, a drop of 26 percent. According to the Employment Cost Index produced by the Bureau of Labor Statistics, the cost of pensions fell from \$0.71 cents per hour in 1987 to \$0.57 in 2000, a fall of 20 percent. See Mishel, Bernstein, and Schmitt., *The State of Working America 2000-01*, Table 2-14, p. 138.

⁶ Mishel, Bernstein, and Schmitt., *The State of Working America 2000-01*, p. 37.

⁷ This and the next paragraph are based on Jared Bernstein, Elizabeth C. McNichol, Lawrence Mishel, and Robert Zahradnik, *Pulling Apart: A State-by-State Analysis of Income Trends* (Washington, D.C.: CBPP and EPI, 2000), pp. 11, 17, 18, and 26.

⁸ This paragraph is based on Mishel, Bernstein, and Schmitt, *The State of Working America 2000-01*.

⁹ The current method for defining poverty levels has been heavily criticized, in part because it does not rely on estimates of what it actually takes families to pay for basic needs, such as food, clothing, and housing. An alternative methodology developed by the Census Bureau is based on expenditures on essential family budget items and yields somewhat higher poverty levels. For an extended discussion, see Mishel, Bernstein, and Schmitt, *The State of Working America*, chapter 5, especially pp. 293-297.

¹⁰ These counties' 80 percent share of the increase in child poverty compares with their 63 percent share of the 1995 level of child poverty. Calculations based on Martha C. Bergsten and Martha Wade Steketee, *The State of the Child in Pennsylvania: A 1999 Guide to Child Well-being in Pennsylvania* (Harrisburg, PA.: Pennsylvania Kids Count Partnership), p. 51; and Frederick K. Richmond and Martha Wade Steketee, *The State of the Child in Pennsylvania: A 1995 KIDS COUNT Fact Book* (Harrisburg, PA.: Pennsylvania Kids Count Partnership), p. 67.

¹¹ This and the next paragraph summarize key themes in Mishel, , Bernstein, and Schmitt, *The State of Working America 2000-01* (Ithaca, NY: Cornell University Press, 2000), chapter 4.

¹² Howard Wial, *Democracy in Pennsylvania* (Harrisburg, PA: Keystone Research Center, 1999), Figure 1, pp. 10-11. Available on line at <www.keystonersearch.org>.

¹³ For a review of evidence, see Stephen Herzenberg with Lesley Nearman, *The State of Working Pennsylvania 1996* (Harrisburg, PA.: Keystone Research Center, 1996), pp. 37-42. Available at <www.keystonersearch.org>.

¹⁴For more complete references and extended discussion, see Mishel, Bernstein, and Schmitt, *The State of Working America 2000-01*, pp. 230-244.

¹⁵Annette Bernhardt and David E. Marcotte, “Is Standard Employment Still What it Used to Be?” in Francoise Carre, Marianne Ferber, Lonnie Golden, and Stephen Herzenberg, eds., *Nonstandard Work Arrangements and the Changing Labor Market*, IRRA Year 2000 research volume (Ithaca, NY: Cornell University Press, forthcoming),

¹⁶Henry S. Farber, “Has the Rate of Job Loss Increased in the Nineties,” Industrial Relations Section Working Paper No. 396 (Princeton, N.J.: Princeton University, 1998).

¹⁷For some examples, see Stephen A. Herzenberg, John A. Alic, and Howard Wial, *New Rules for a New Economy: Employment and Opportunity in Postindustrial America* (Ithaca, N.Y.: Cornell University Press, 2000).

¹⁸Annette Bernhardt, Martina Morris, Mark S. Hancock, and Marc A. Scott, “Trends in Job Instability and Wages for Young Adult Men,” Working Paper No. 8 (New York: Columbia University, Institute on Education and the Economy, 1998).

¹⁹Peter Gottschalk and Sheldon Danziger, “Family Income Mobility - How Much Is There and Has it Changed?” In James S. Auerbach and Richard S. Belous, eds., *The Inequality Paradox: Growth of Income Disparity* (Washington, D.C.: National Policy Association, 1998), cited in Mishel, Bernstein, and Schmitt, *The State of Working America 2000*, p. 79.

²⁰Howard Wial conducted the data analysis on which Table 11 and the discussion in the text are based.

²¹A brief discussion of the importance of these factors in Pennsylvania is contained in Stephen Herzenberg and Howard Wial, *The State of Working Pennsylvania 1997* (Harrisburg, PA.: Keystone Research Center, 1997), pp. 13-14 (available on-line at <www.keystoneresearch.org>). For an updated and comprehensive discussion of how much wage inequality in the United States can be explained by trade, immigration, union decline, the falling value of the minimum wage, the shift to low-paying industries, and the differential impact of technology on the productivity of more and less educated workers, see Mishel, Bernstein, and Schmitt, *The State of Working America 2000*, pp. 168-208.

²²For some estimates of the impact of trade on Pennsylvania employment, see Stephen A. Herzenberg, *China and Pennsylvania: Booming Trade Deficit with China will Accelerate Job Destruction in the Next Decade* (Harrisburg, PA.: Keystone Research Center, 2000), pp. 6-8, available on line at <www.keystoneresearch.org>. See also Robert E. Scott, Thea Lee, and John Schmitt, *Trade Away Good Jobs: An Examination of Employment and Wages in the U.S., 1979-94* (Washington, D.C.: Economic Policy Institute, 1997).

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