

# **ECONOMIC REVIEW OF PENNSYLVANIA 2009**



**CENTER FOR WORKFORCE INFORMATION & ANALYSIS**

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## PREFACE

Pennsylvania's future depends upon the development of a workforce able to compete in today's global economy. Understanding potential obstacles the future workforce will have to overcome is necessary in developing policies and strategies for Pennsylvania to remain economically competitive.

The National Bureau of Economic Research declared that a national economic recession began in December 2007. As the effects of the recession deepened in the state, Pennsylvania's unemployment rate increased to 8.1 percent in 2009, its highest level since 1985. The recession of 2008 and 2009 left nearly all industries in Pennsylvania with job losses in 2009.

Workers from the baby-boom generation are moving into their 60s and are retiring in large numbers. They are taking with them key skills that kept industry growing and prosperous. Far fewer youth are available to enter the labor market, forcing greater efficiencies and competition for key skills.

This report examines the demographic, economic, and labor market developments unfolding in Pennsylvania. While this report contains an analysis of Pennsylvania's entire workforce composition, it also focuses on the future trends of the commonwealth's economy, industries, and occupations.

(This report was submitted to the Employment and Training Administration, U.S. Department of Labor, as required by the Core Products and Services Grant.)

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## SUMMARY

- Pennsylvania's employment was 5,895,000 in 2009, its lowest level since 2004. Over-the-year, employment was down by 204,000, or over three percent, the largest percentage decrease since 1958. The National Bureau of Economic Research declared that a national economic recession began in December 2007.
- As the effects of the recession deepened in the state, Pennsylvania's unemployment rate increased to 8.1 percent in 2009, its highest level since 1985. Over-the-year, the rate increased by 2.8 percentage points, its largest one year increase since 1982.
- The number of unemployed Pennsylvanians increased for the second year in a row to 519,000, the highest level since 1983. The over-the-year change was 177,000, the largest one year change ever.
- The recession of 2008 and 2009 left nearly all industries with job losses in 2009. Only the Education & Health Services industry and Government had job gains in 2009. Pennsylvania's Manufacturing industry shed the most jobs over the past year, accounting for over 30 percent of all jobs lost.
- The highest wages within Pennsylvania are found in the Financial Activities, Professional & Business Services, and Mining industry sectors. The Professional & Business Services and Mining industries are seeing strong job growth and paying approximately \$16,000 above the statewide annual average industry wage (over \$44,000).
- Pennsylvania's average weekly number of continued claims increased for the third year in a row as the recession continued into 2009. The state's average weekly number of initial claims and continued claims also increased, significantly surpassing their recent highs in 2003, the highpoint of the previous economic downturn.
- Pennsylvania's diffusion, coincident, and leading indexes all show a significant slowing of the state's economy in 2009. However, all three of these indexes are now showing some improvement in the state's economy in early 2010.
- Over the next ten years, Pennsylvania's population is projected to grow by just two percent. In comparison, the nation's population will grow by nearly nine percent.
- Pennsylvania's population is growing older. The number of Pennsylvanians age 65 and over was 1.9 million in 2009. The state's percentage of those ages 65 and over is the fourth highest in the nation (15.5 percent). Florida, West Virginia, and Maine have a higher percentage of those 65 and over.
- Beginning around 2016, Pennsylvania's total working age population (age 25 to 64) will decrease annually until at least 2030. Therefore, there will be worker shortages in the coming years and some areas, industries, and occupations will be affected sooner and harder than others. However, with the stock market crash of 2008, many Baby Boomers who lost significant wealth may elect to stay in the job market and thus make up the coming shortfall of younger workers.
- The proportion of minorities in the labor force will grow because of immigration and higher labor force participation rates.

- Women will dominate Pennsylvania's labor force growth through 2018.
- Pennsylvania's Education & Health Services, Leisure & Hospitality industry, and Professional & Business Services sectors will account for nearly 90 percent of all annual employment growth through 2018.
- The Health Care and Social Assistance industries will dominate growth.
- While jobs are hard to come by in the current recession, once an economic recovery takes hold, employment in most major occupational groups will be plentiful in the years to come for current and future labor market participants. Modest economic growth coupled with an aging workforce will create opportunities for anyone seeking a job. The best paying jobs will go to those achieving more than a high school education.
- There will be job opportunities in many different occupations across all industries over the next decade as Baby Boomers retire. Eighty-one percent of all annual job openings will be due to replacements for workers leaving the workforce.

# **RECENT TRENDS AND DEVELOPMENTS**

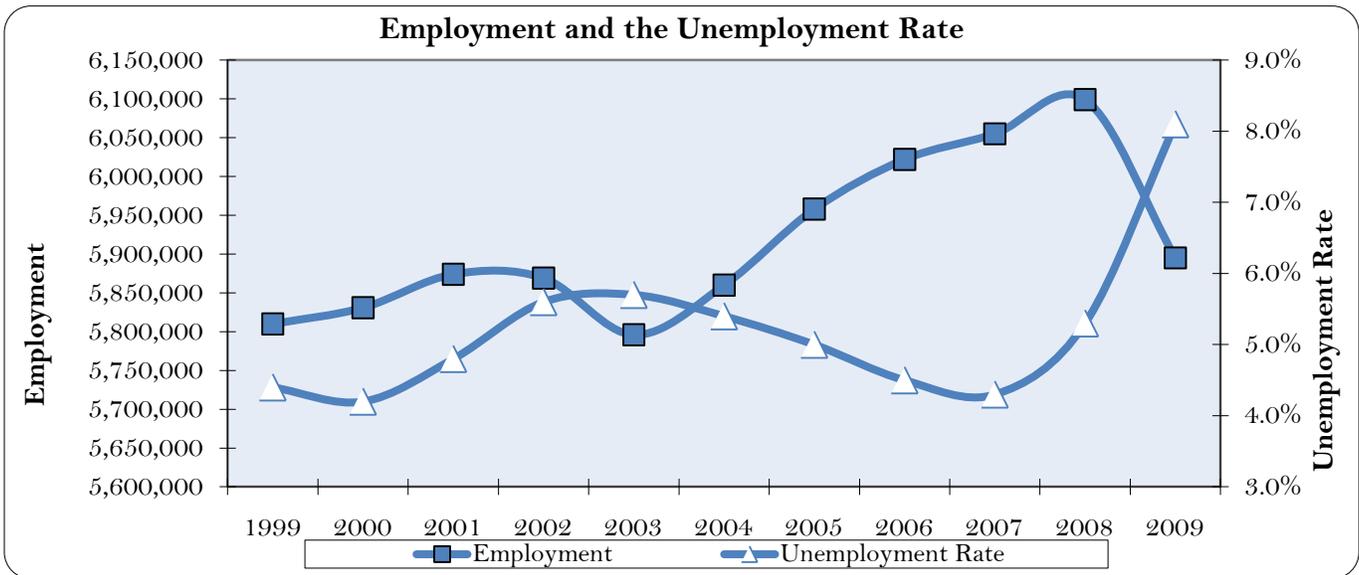
# LABOR FORCE STATISTICS

## Employment

Pennsylvania's employment was 5,895,000 in 2009, its lost lowest level since 2004. Over-the-year, employment was down by 204,000, or over three percent, the largest percentage decrease since 1958.

## Unemployment Rate

Pennsylvania's unemployment rate increased to 8.1 percent in 2009, its highest level since 1985. Over-the-year, the rate increased by 2.8 percentage points, its largest one year increase since 1982.

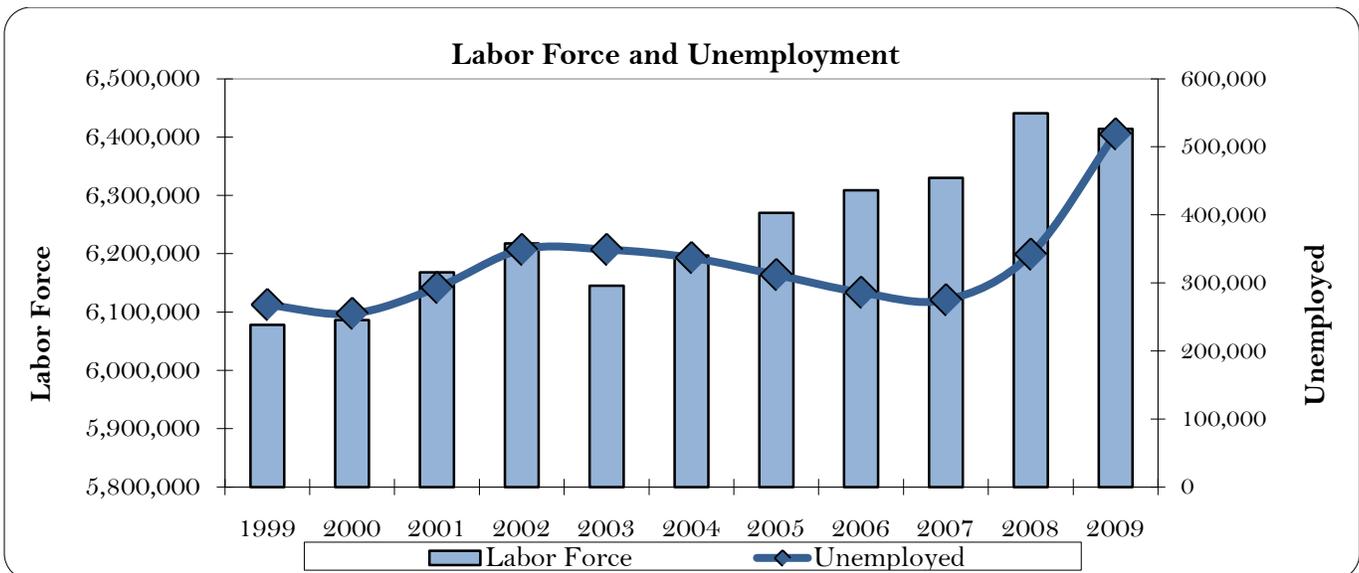


## Labor Force

Pennsylvania's labor force was 6,414,000 in 2009, down 27,000 from last year. The state's labor force was up 269,000 since the recent 2003 low, and up 336,000 from 1999.

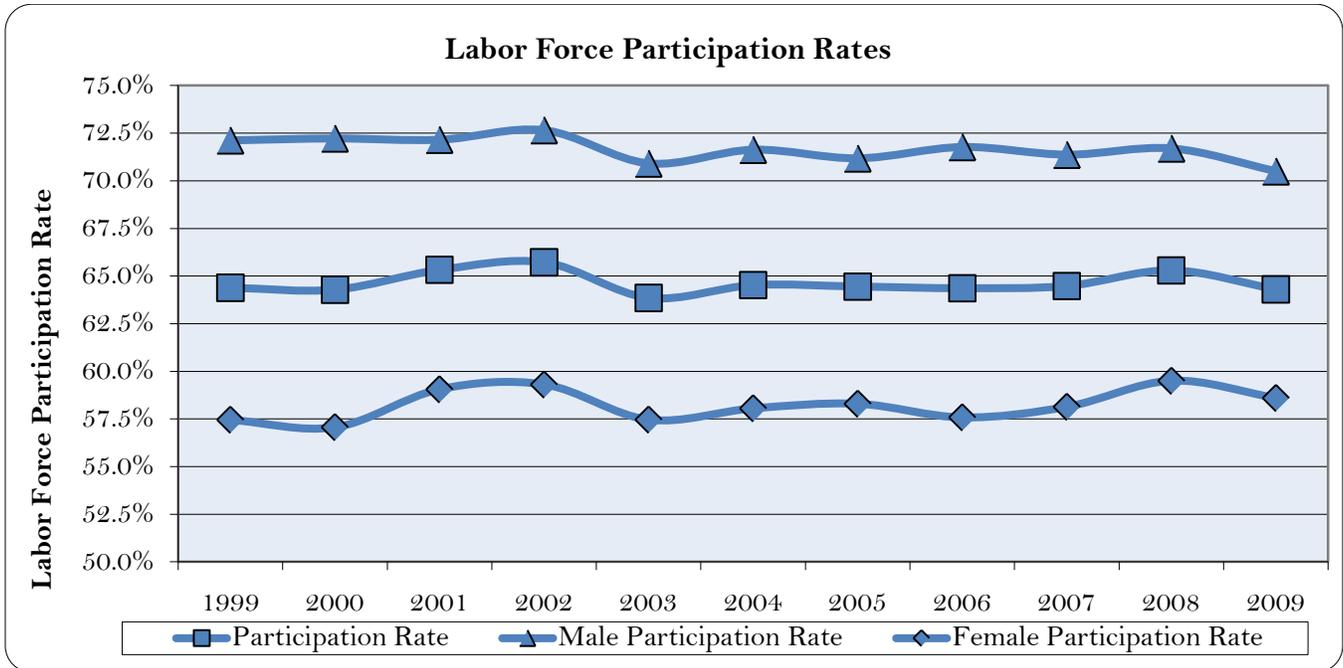
## Unemployed

The number of unemployed Pennsylvanians increased for the second year in a row to 519,000, the highest level since 1983. The over-the-year change was 177,000, the largest one year change ever.



## Labor Force Participation

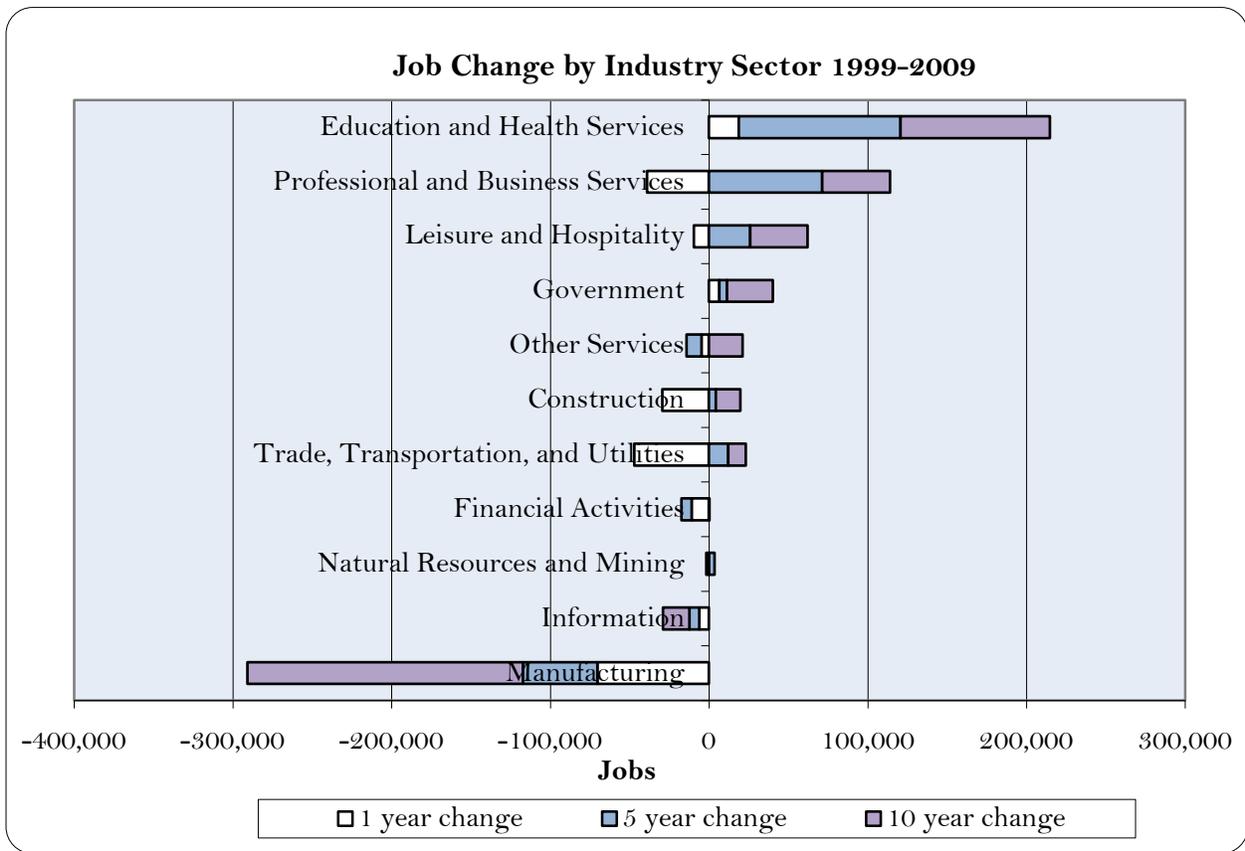
Pennsylvania's labor force participation rate was 64.3 percent in 2009, down one percentage point from 2008. The rate peaked in 2002 at 65.8 percent. (The rate is a measure of people who are working or who want to work. It goes up when employment increases and/or the perception that there is work rises.) In 2009, the male labor force participation rate was 70.5 percent, down over one percentage point from the previous year, and the female rate was 58.6 percent, down nearly one percentage point from 2008.



# INDUSTRY EMPLOYMENT

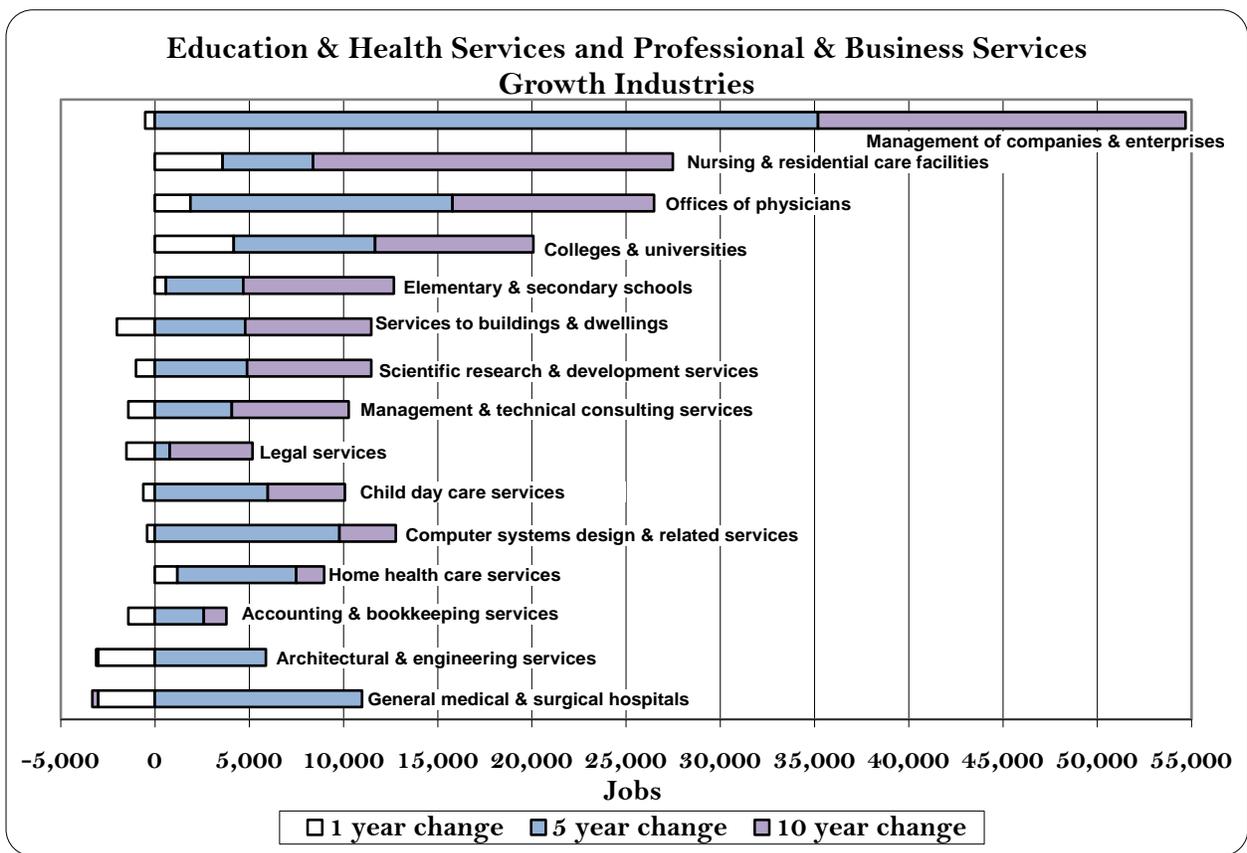
## Jobs

The Education & Health Services and Professional & Business Services industry sectors normally post the largest job gains compared to the prior year. Both of these industry sectors have added the most jobs over the past five-year and ten-year time frames. However, the recession of 2008 and 2009 left nearly all industries with job losses in 2009. Only the Education & Health Services industry and Government had job gains in 2009. In contrast, Pennsylvania's Manufacturing industry shed the most jobs over the past year, accounting for over 30 percent of all jobs lost. The decline in Manufacturing is a continuation of the industry's five-year and ten-year trends and beyond. The reason for the decline is threefold: the continued shift of manufacturing jobs to overseas producers; the outsourcing of specialized processes (i.e. accounting and janitorial services); and productivity gains causing a reduction in needed jobs. As a result, the Pennsylvania economy continues to adapt and transform itself from one of goods-producing to service-providing.



**Jobs Detail**

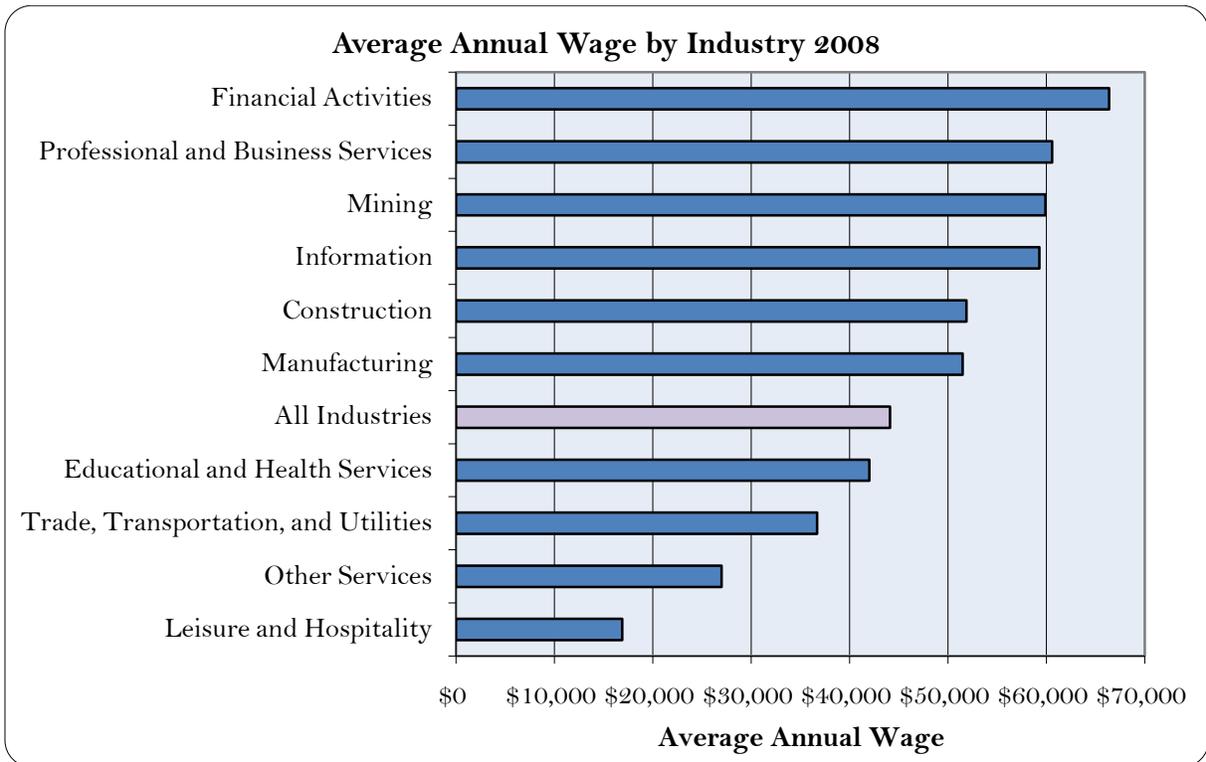
The best jobs continue to be in the Education & Health Services and Professional & Business Services sectors, and the specific industries seeing the highest volume job growth over the past ten years were: Management of Companies & Enterprises, Nursing & Residential Care, Offices of Physicians, Colleges & Universities, Elementary & Secondary Schools, Services to Buildings & Dwellings, and Scientific Research & Development. These industries reflect the demand for the efficient management of businesses, the growing health care needs of an aging population, the current and future labor force participants' constant demand for education in order to compete in the global market place, and the ever-increasing importance of technology to the state's economy.



# WAGES

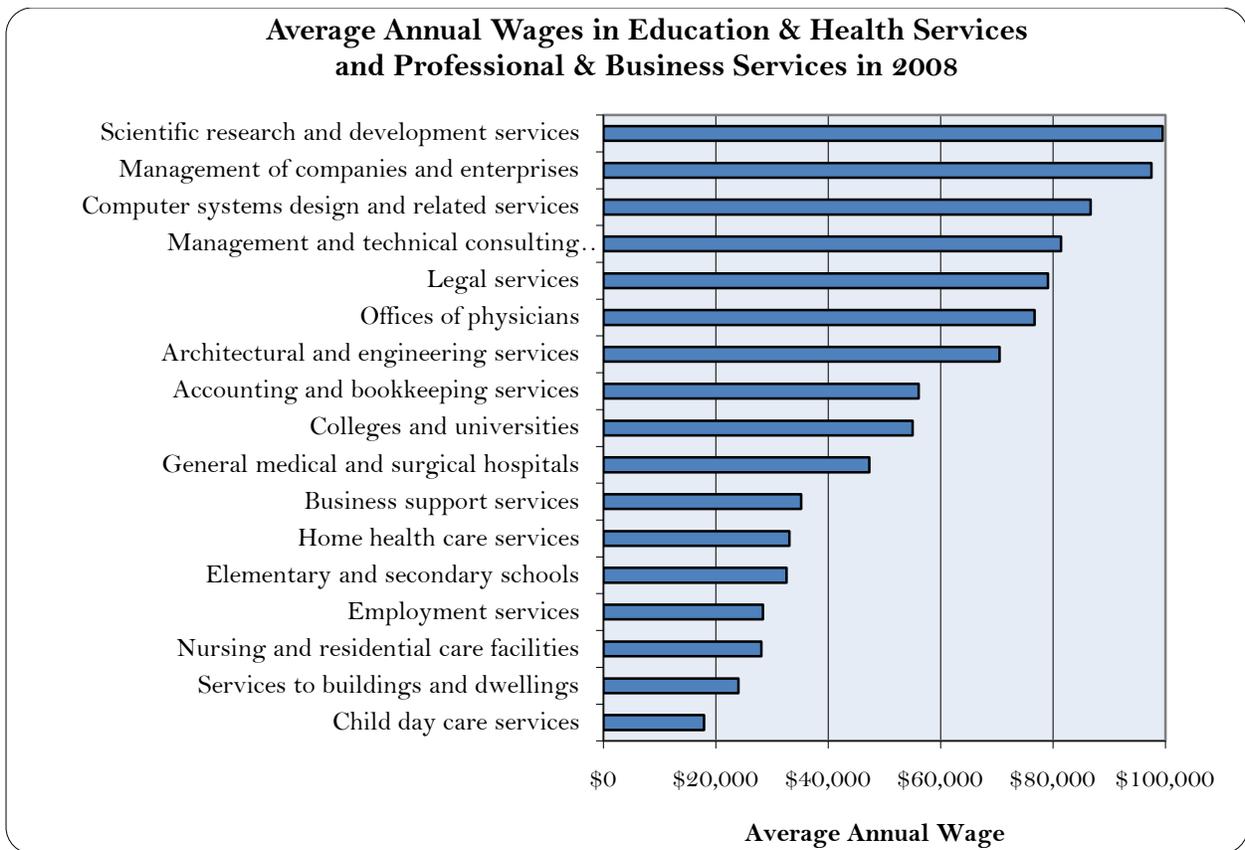
## Industry Wages

The highest wages within Pennsylvania are found in the Financial Activities, Professional & Business Services, and Mining industry sectors. While the Financial Activities industry has seen declining employment over recent years, the Professional & Business Services and Mining industries are seeing strong job growth and paying approximately \$16,000 above the statewide average industry wage (over \$44,000). The Information, Construction, and Manufacturing industries also pay above average wages. Education & Health Services, another high growth industry sector, pays slightly lower wages than the statewide average, but contains many high paying occupations.



## Wages Detail

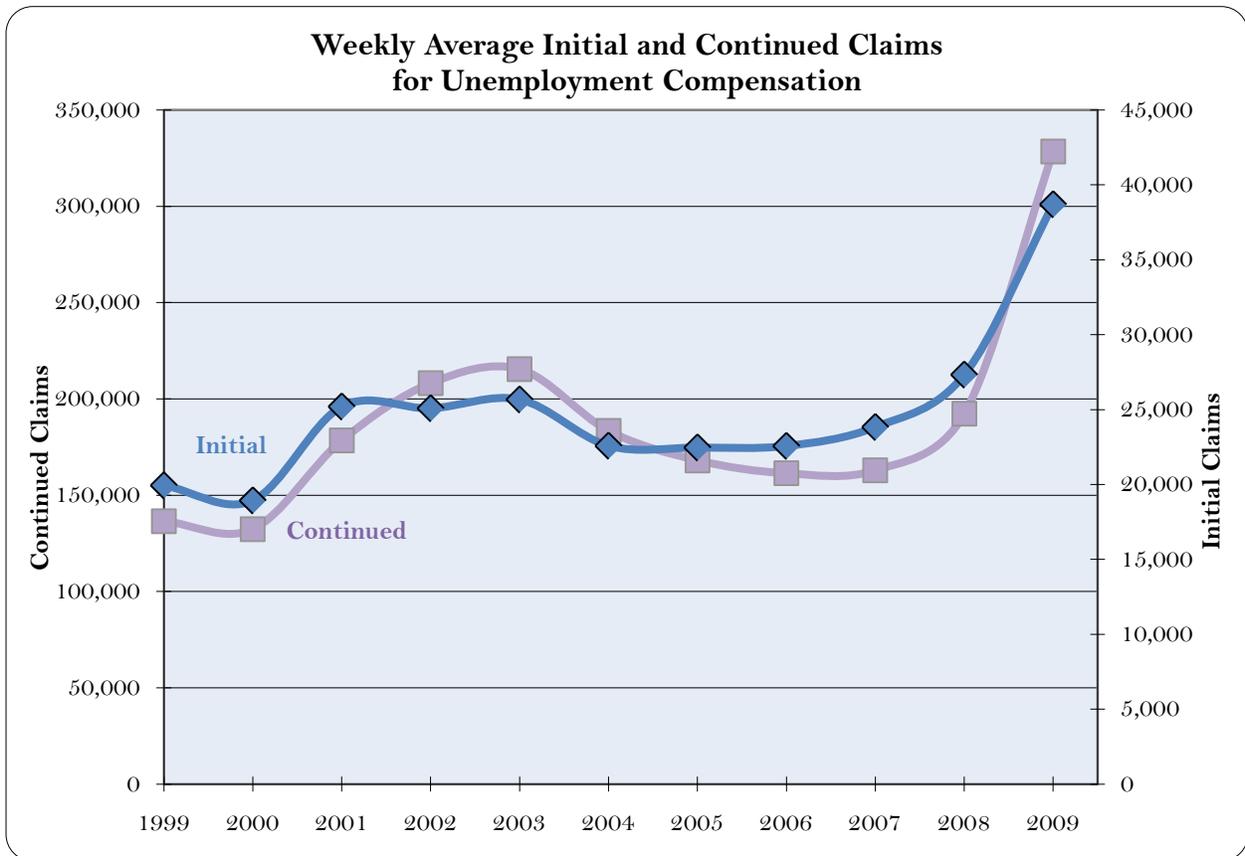
The specific industries in the Education & Health Services and Professional & Business Services sectors seeing the highest average annual wages are: Scientific Research and Development Services, Management of Companies and Enterprises, Computer Systems and Related Services, Management and Technical Consulting Services, Legal Services, and Offices of Physicians. Workers in these industries are earning on average in excess of \$70,000 a year. Anyone preparing for a career or a job change would do well to consider occupations in these industries.



# ECONOMIC INDICATORS

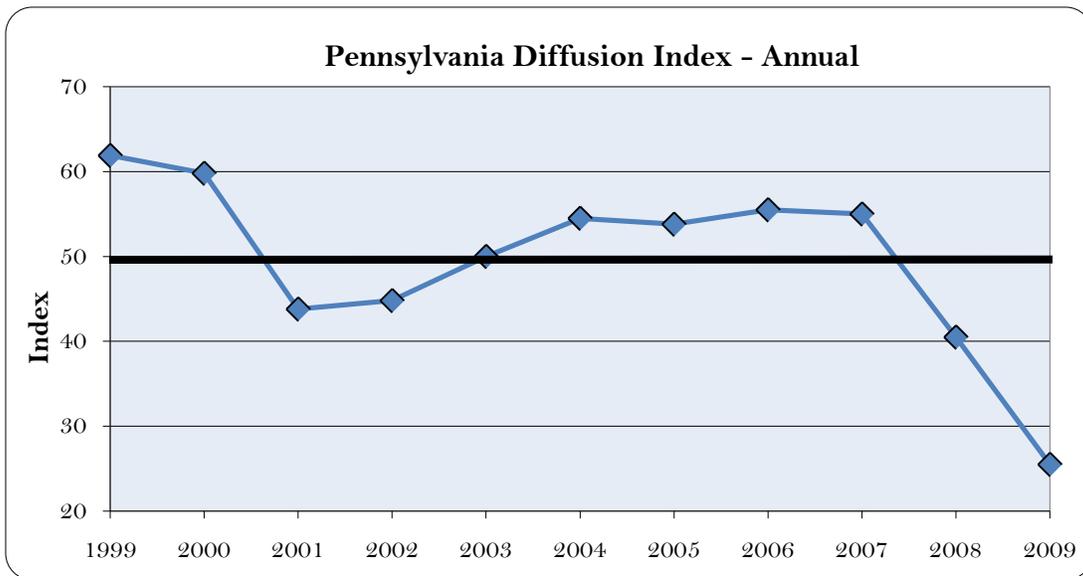
## Weekly Claims

Pennsylvania's average weekly number of continued claims increased for the third year in a row as the Great Recession, which the National Bureau of Economic Research determined began in December 2007, continued into 2009. Thus, when individuals are laid off they are having a harder time finding employment. The state's average weekly number of initial claims and continued claims also increased, significantly surpassing their recent highs in 2003, the peak of the previous economic downturn.

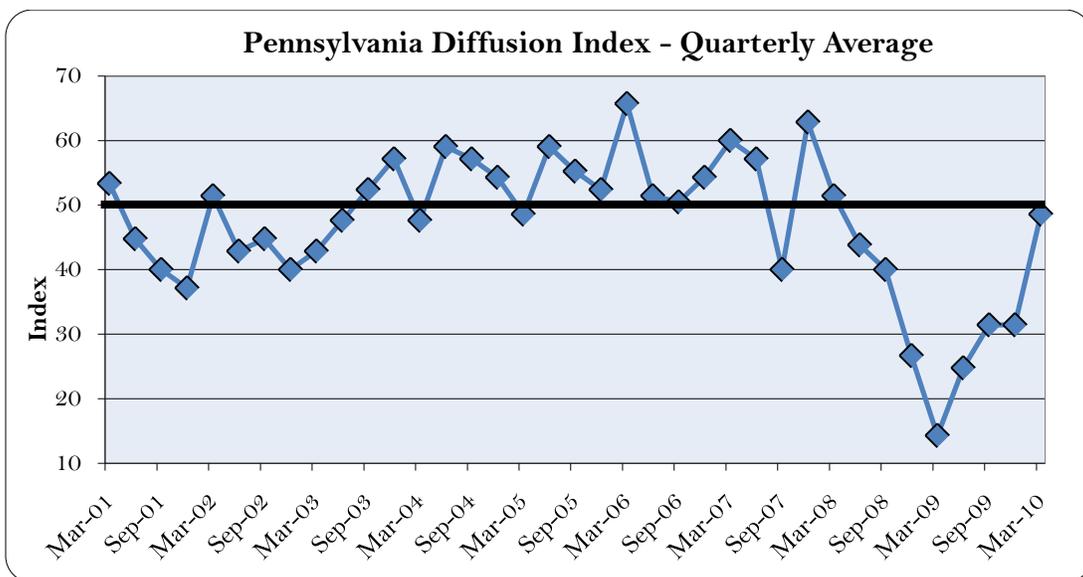


## Diffusion Index

The Diffusion Index is a measure of the proportion of industries that have higher or lower employment levels over a year period. A value over 50 indicates that the number of industries having higher employment levels is greater than the number of industries having lower employment levels as compared to the previous year. Pennsylvania's diffusion index was 26 in 2009, its lowest reading ever (the index began in 1990), and down from 41 in 2008. A reading below 50 denotes that the number of industries having lower employment levels is greater than the number of industries having higher employment levels as compared to the previous year.

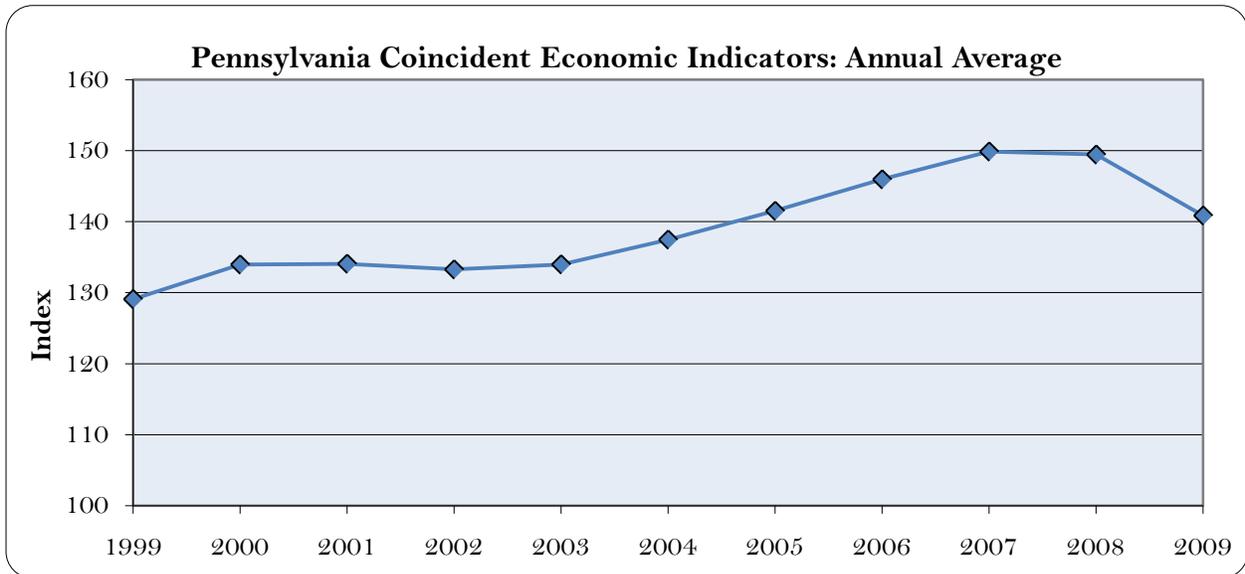


It is unlikely that the index will continue to trend down into 2010, as signs exist that the current recession's impact is lessening as evidenced by the chart below.



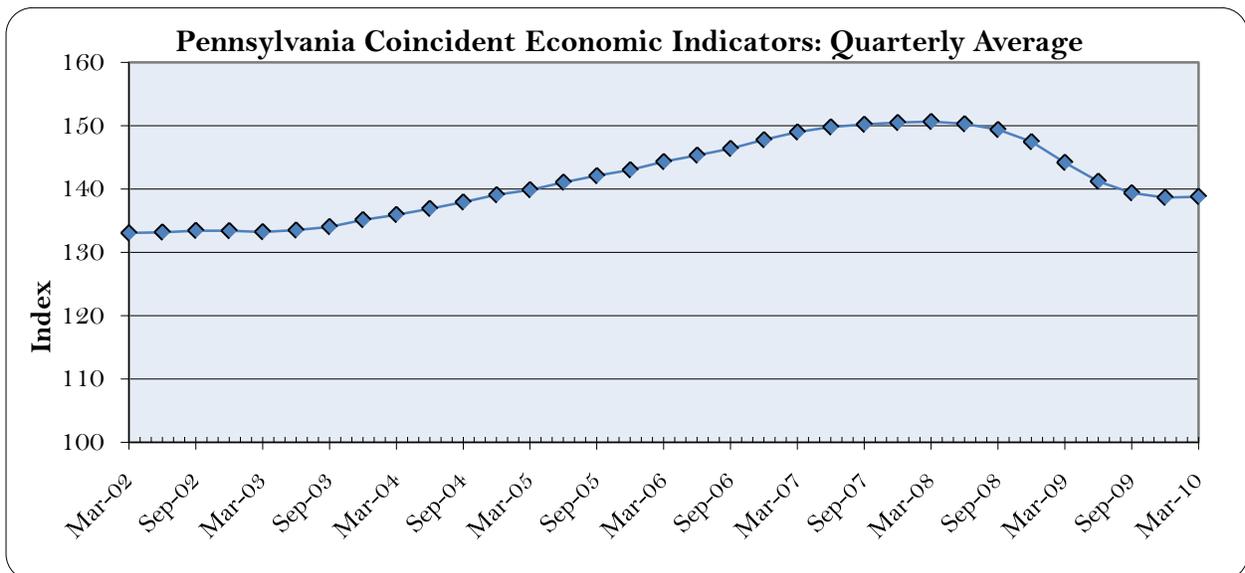
## Coincident Index

Pennsylvania's coincident index is a measure of current economic activity. Individual economic indicators often produce conflicting signals on the health of the economy. For example, one indicator can be showing a gain while another reflects a loss. The purpose of the coincident index is to suppress these conflicting signals by combining a set of key measures to reflect the overall economic trend. The index is constructed from three monthly data series (payroll employment, average hours worked in manufacturing, and the unemployment rate) and one quarterly series (wage and salary disbursements). A decline in the index signals a slowdown or possibly a recession. Pennsylvania's annual average coincident index has shown a steady increase into 2007, reflecting economic health and growth. However, in 2008 the index decreased for the first time since the 2002-2003 timeframe, signifying the beginning of a period of contracting economic activity. The economic contraction's pace picked up in 2009.



Source: Federal Reserve Bank of Philadelphia

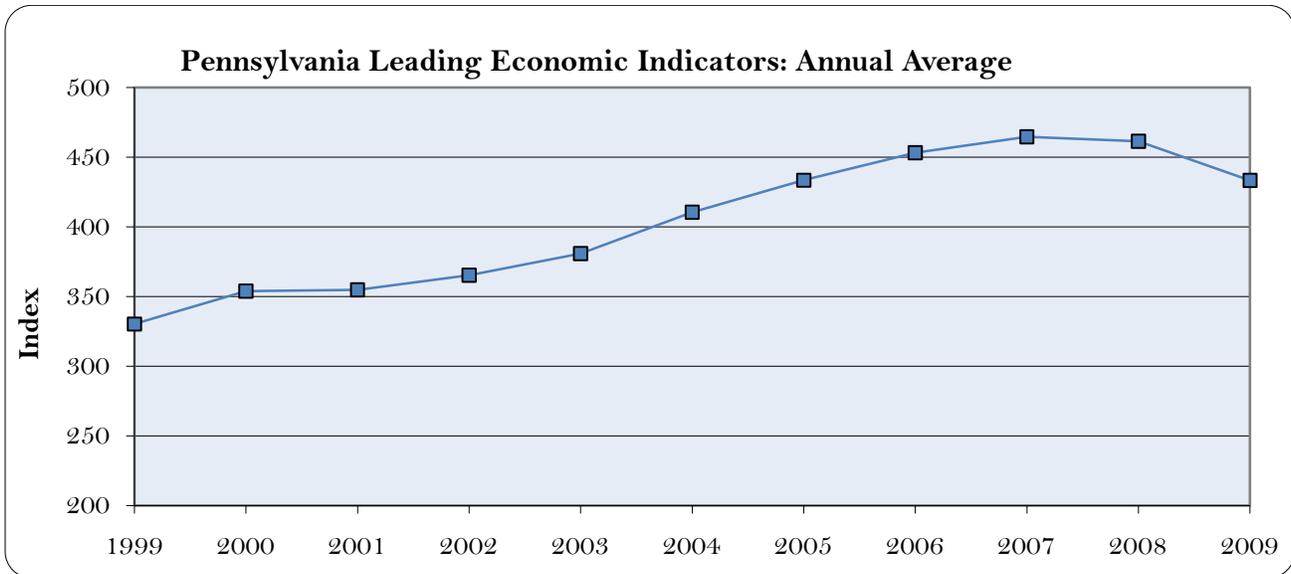
The quarterly average of the coincident index, a more timely reading of the measure, shows the index declining in 2008 and 2009. However, during the first quarter of 2010 the index increased slightly, an encouraging sign of a possible economic recovery beginning.



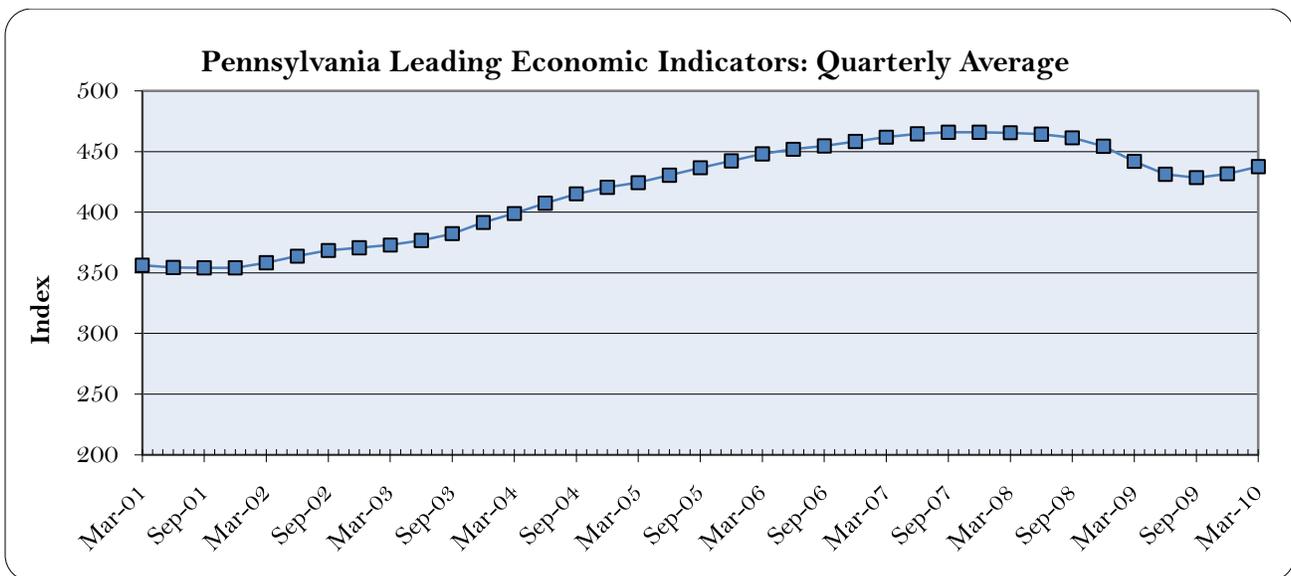
Source: Federal Reserve Bank of Philadelphia

## Leading Index

Pennsylvania's leading index is a forecast of economic activity. The purpose of the index is similar to that of the coincident index (see previous page) with an added emphasis on reflecting where the economy is headed. The leading index is constructed from the state's current economic activity index, housing permits, initial unemployment claims, the index of vendor delivery time from the Philadelphia Federal Reserve's *Business Outlook Survey*, and the spread between the yields on 10-year Treasury bonds and the federal funds rate. In 2002, Pennsylvania's annual average leading index turned up, signaling that an economic recovery was beginning. However, in 2008 the index turned down for the first time since 2001, denoting the beginning of a period of economic contraction. This contraction continued into 2009.

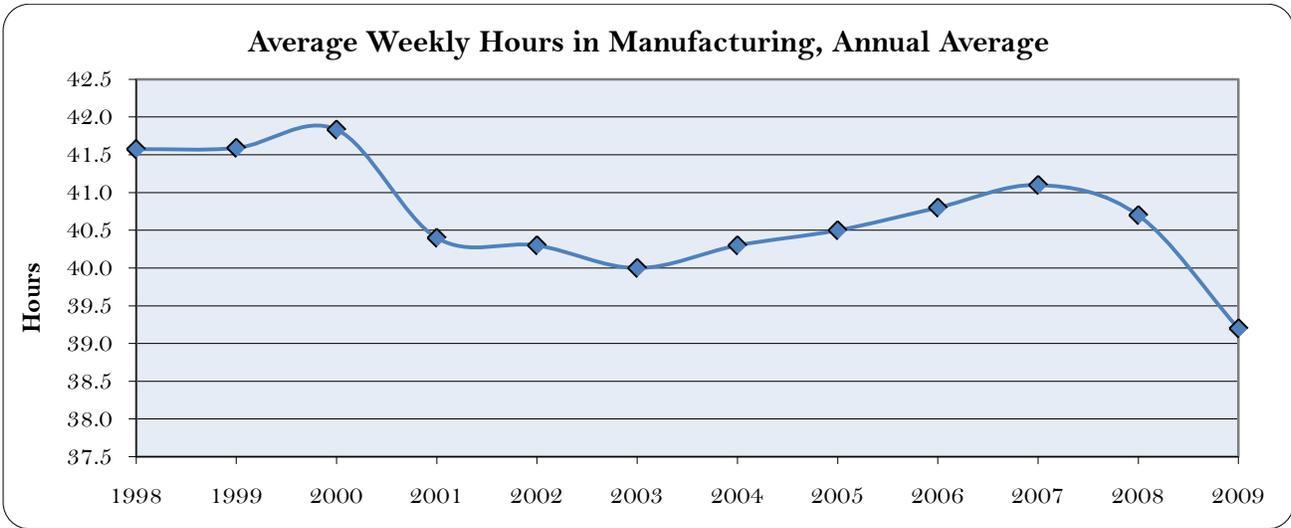


The quarterly average of the leading index, a more timely reading of the measure, shows the index turned up in the fourth quarter of 2009, further indication that the recession may be over.

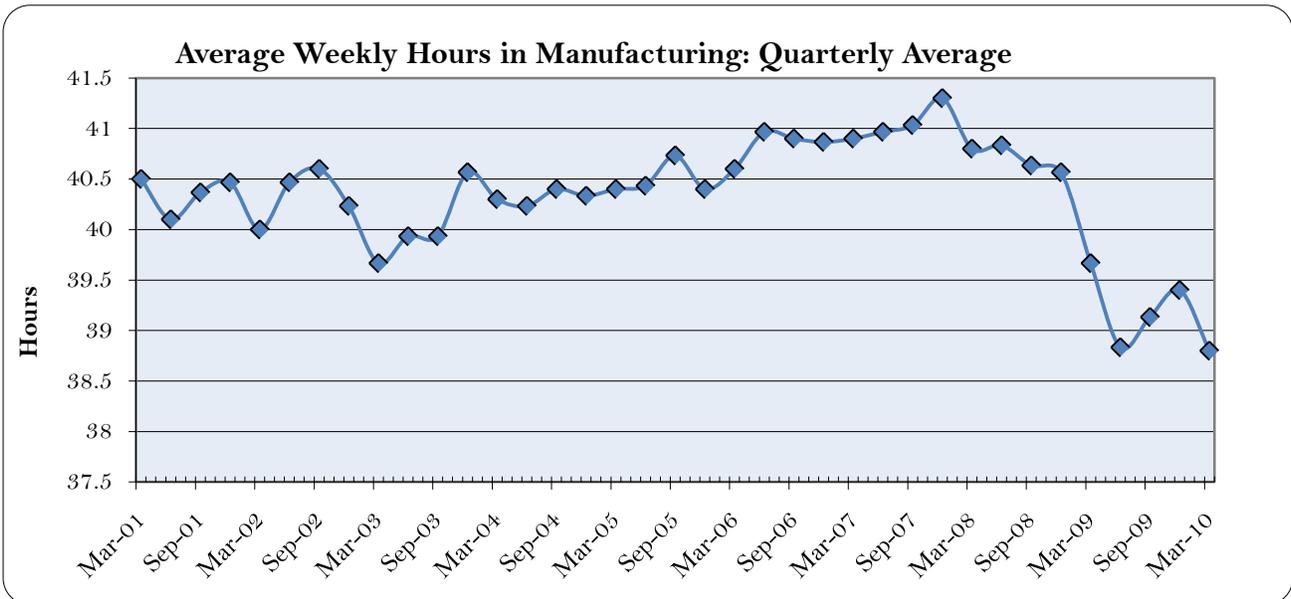


**Average Weekly Hours in Manufacturing**

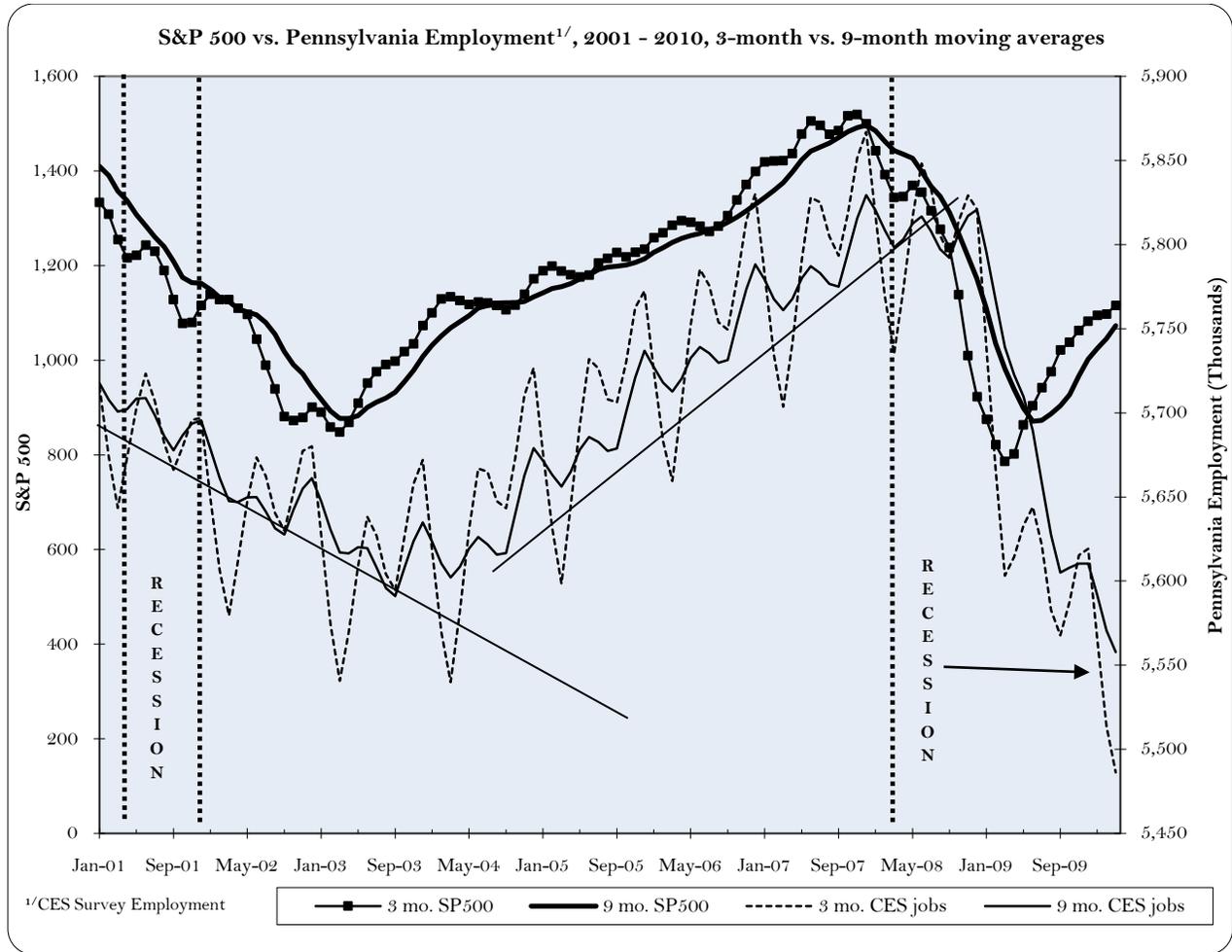
Average weekly hours is a leading indicator, often providing the direction of the state's economy. As the economy begins to grow out of a recession (in 2004), employers will tend to hold off on hiring new workers until they are more confident that economic growth is improving and will instead have their existing employees work more hours. As the economy continues to improve, eventually businesses will be forced to add more workers, and this increase in employment will reinforce the positive trend in economic growth (in 2005 to 2006). In contrast, if the economy is just beginning to slow down, employers wishing to maintain employee loyalty will try to keep their workers by reducing hours worked, rather than immediately laying-off workers (in 2001). If the slowdown deepens, then eventually businesses are forced to lay off workers, which reinforces the negative trend in economic growth (in 2002 to 2003). The annual average of weekly hours in manufacturing turned down in 2008 and 2009, signaling employers are reducing hours due to the economic recession.



The quarterly average of the weekly hours in manufacturing index, a more timely reading of the measure, shows the index declined in the first quarter of 2008. The last time this measure declined after a period of trending up was in the third quarter of 2000, before the beginning of the 2001 recession. As of third quarter 2009, the index turned up, although it whipsawed back down again in the first quarter of 2010.



## S&P 500 Index versus Employment



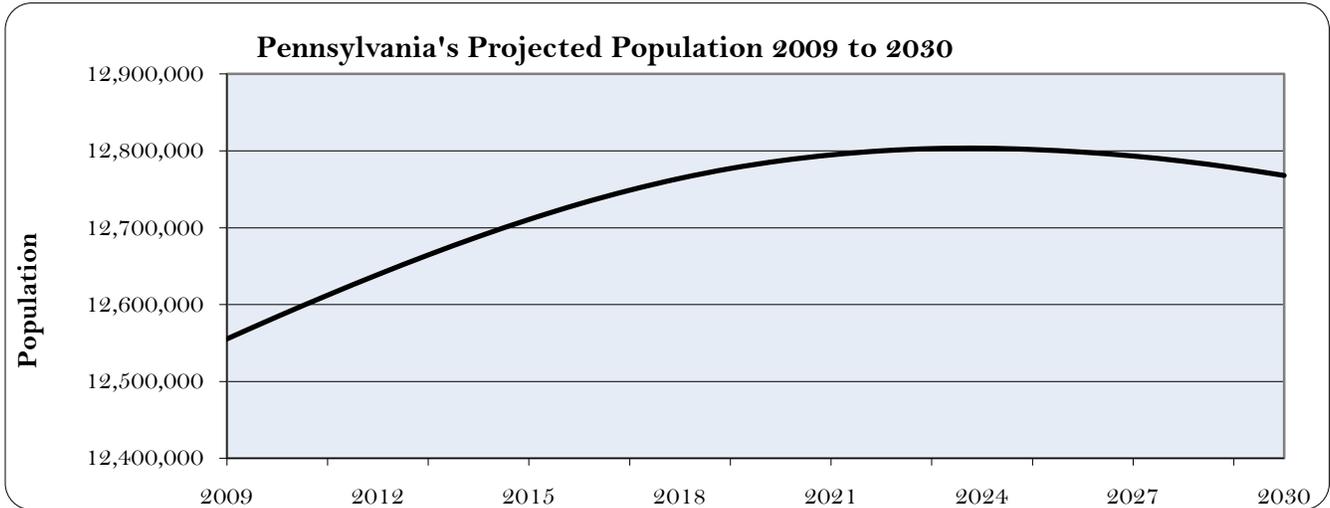
The Standard and Poor's 500 (S&P 500) is a composite index of the common stock prices of 500 large publicly held companies traded in the United States. The S&P 500 index is an excellent leading indicator as to the direction of the economy and thus employment. Plotting the index's three month simple moving average (SMA) versus the nine month SMA shows interesting results. When the three month SMA crosses the nine month SMA a prediction can be made as to the direction of the economy and employment. For example, when the index's three month SMA crossed the nine month SMA going down in November 2000, a decline in jobs soon followed in early 2001. Afterwards, a recession was declared to have begun in March 2001 by the National Bureau of Economic Research (NBER). Next, when the S&P 500's three month SMA crossed the nine month SMA going up in May 2003, employment rebounded the following year. More recently, the S&P 500's three month SMA crossed the nine month SMA going down in January 2008, signaling a change in direction of the economy. Shortly thereafter, in the second half of 2008, employment began to rapidly decline. Similarly afterwards, the NBER declared that a recession began in December 2007. As of June 2009, the S&P 500's three month SMA definitively crossed upward its nine month SMA and has remained above it into early 2010. There is a very good indication that the Great Recession may be over and that employment should soon gradually increase. Whereas, no one can predict the direction of the S&P 500 index, the measure quite often indicates the direction of the economy and employment.

# **LONG-TERM TRENDS AND OUTLOOK**

# DEMOGRAPHICS

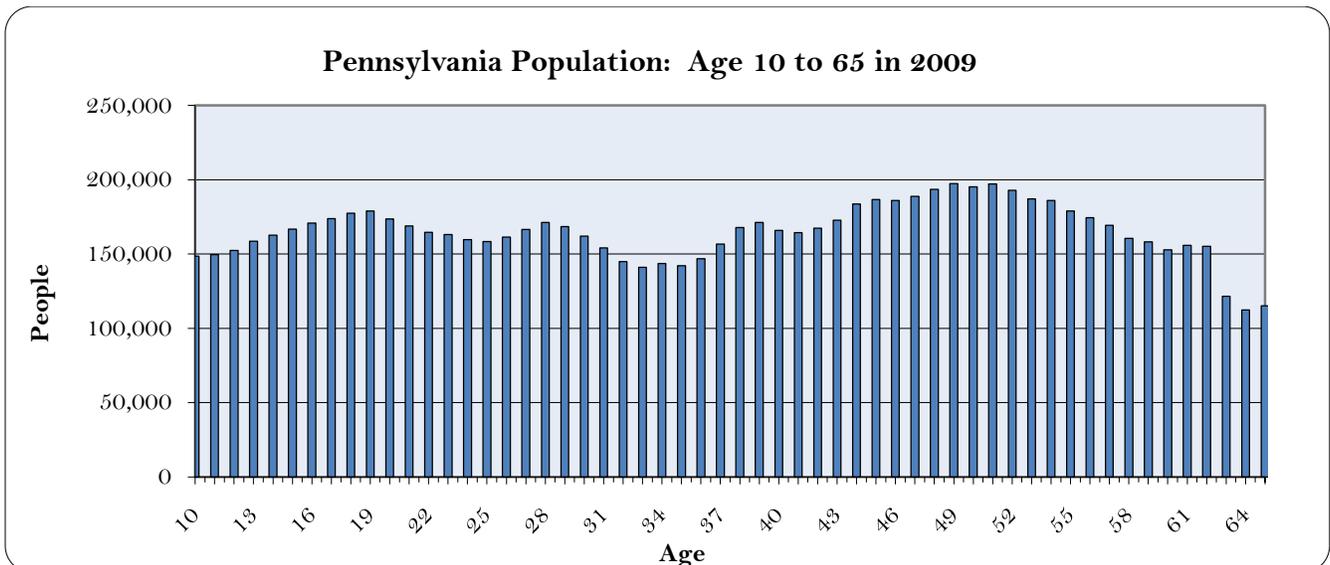
## Population

Population change is the underlying force that moves the economy. Over the next ten years, Pennsylvania's population is projected to grow by just two percent. In comparison, the nation's population will grow by nearly nine percent. While the state's population growth will be relatively static in the years to come, the demographic changes within Pennsylvania's population will be dynamic.

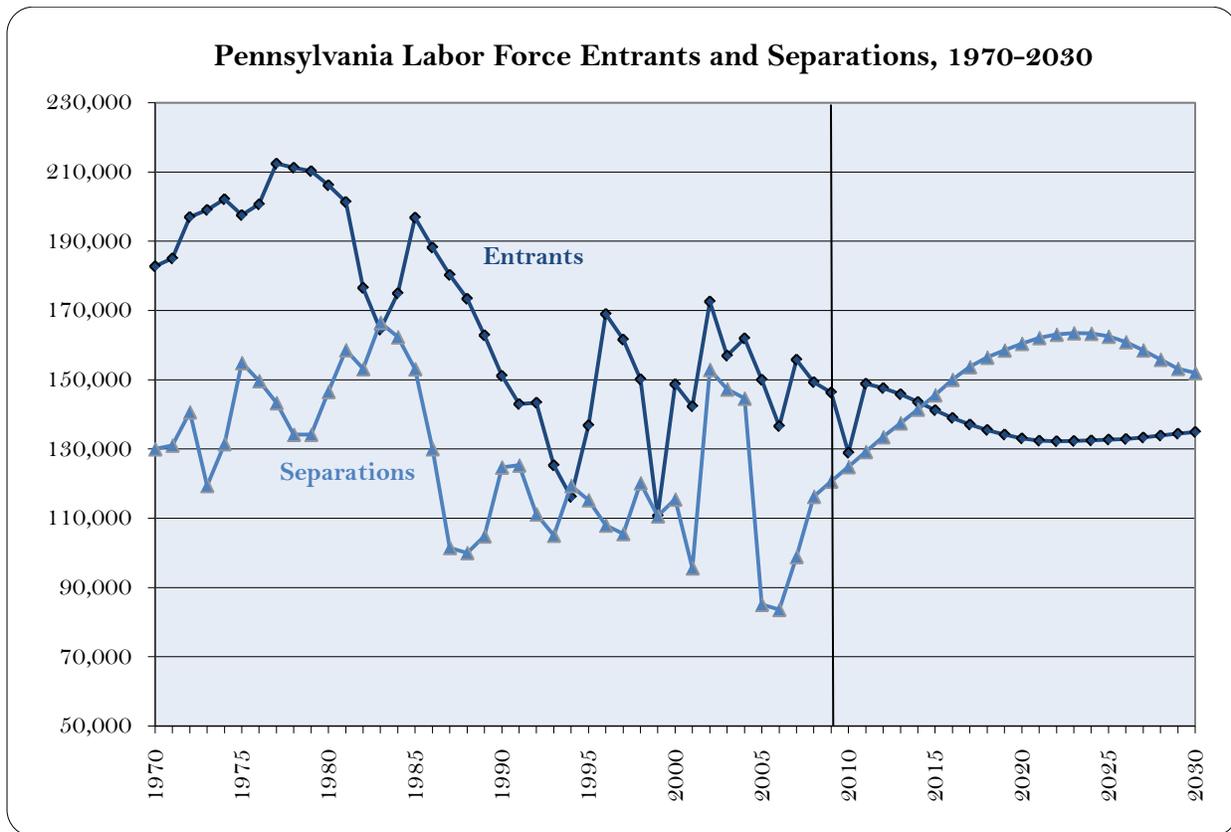


## Age

Pennsylvania's population is growing older. The number of Pennsylvanians ages 65 and over was 1.9 million in 2009. In fact, the state's percentage of those ages 65 and over is the fourth highest in the nation (15.5 percent). This is largely a by-product of the aging of the population born during the Baby Boom period after World War II (1946 to 1964). The oldest of the baby boom generation will turn 65 in 2011 (now age 64) and the youngest will turn 65 in 2029 (now age 46). Thus, a large wave of Baby Boomers will be leaving the workforce over the next few decades. Unfortunately, from the mid-1960s until the mid-1980s, the number of births was less than that during the Baby Boom years.



Due to this decline in the population, there will not be enough workers (entrants) to replace the Baby Boomers as they leave the workforce (separations). Beginning around 2016, the total working age population (age 25 to 64) will decline annually until at least 2030. Therefore, there will be worker shortages in the coming years and some areas, industries, and occupations will be affected sooner and harder than others. However, with the stock market crash of 2008, many Baby Boomers who lost significant wealth may elect to stay in the job market and thus make up some of the coming shortfall of younger workers.



### Race

The proportion of minorities in the labor force will grow because of immigration and higher labor force participation rates. By 2014, the share of minorities in the labor force is expected to grow by approximately three percent, while the white portion will decline by three percent. This is not surprising since, historically, white labor force participants have been older than the rest of the labor force. Hispanics are projected to comprise nearly five percent of the labor force by 2014. The growth in the Hispanic and minority sections in the labor force can largely be attributed to the facts that they are both younger and have higher fertility rates than whites.

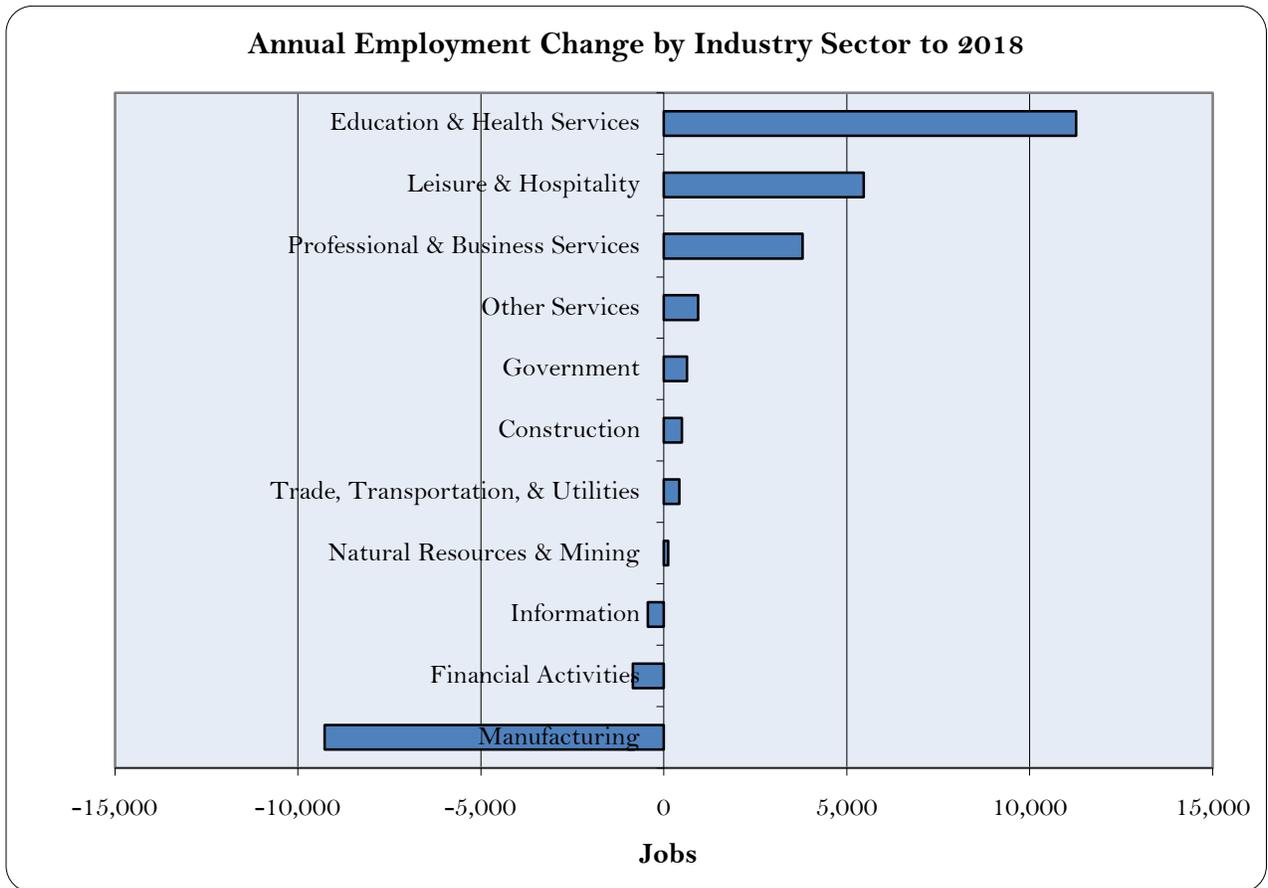
### Gender

Women will dominate Pennsylvania's labor force growth through 2016. The presence of women in the labor force will grow by over eight percent. However, men's participation in the labor force will remain essentially unchanged. The faster expansion of women into the labor force will also reduce the gap between male and female labor force participation.

# PROJECTIONS

## Industry

Pennsylvania's Education & Health Services, Leisure & Hospitality industry, and Professional & Business Services sectors will account for nearly 90 percent of all annual employment growth through 2018. The Manufacturing industry sector is forecast to lose over 9,000 jobs annually. These sectors reflect the dynamics of an aging population's need for more health care, the gradual transition of the Baby Boom generation out of the workforce and into an active retirement, and the continued transformation of the state's economy from that of a goods producer to a service provider.



## Growing Industries

The list of growing industries is dominated by Health Care and Social Assistance. Other industries forecast to grow are in Professional Services, Business Services, Leisure, and Hospitality.

<b>Top 25 Growing Industries in Pennsylvania through 2018</b>	
<b>Industry</b>	<b>Annual Employment Growth</b>
General Medical & Surgical Hospitals	2,500
Gambling Industries	2,000
Community Care Facilities for the Elderly	1,400
Offices of Physicians	1,300
Colleges, Universities, & Professional Schools	1,200
Full-Service Restaurants	1,200
Limited-Service Eating Places	900
Home Health Care Services	900
Individual & Family Services	800
Residential Mental Retardation, Mental Health & Substance Abuse Facilities	600
Child Day Care Services	600
Other Amusement & Recreation Industries	600
Management of Companies & Enterprises	600
Offices of Other Health Practitioners	500
Nursing Care Facilities	500
Other General Merchandise Stores	500
Health & Personal Care Stores	500
Computer Systems Design & Related Services	400
Architectural, Engineering, & Related Services	400
Services to Buildings & Dwellings	400
General Freight Trucking	400
Personal Care Services	400
Outpatient Care Centers	400
Local Government, Excluding Education & Hospitals	300
Offices of Dentists	300

## Declining Industries

The list of declining industries is dominated by Manufacturing. Other industries forecast to decline are in Education, Trade, Financial Activities, and Information sectors.

<b>Top 25 Declining Industries in Pennsylvania through 2018</b>	
<b>Industry</b>	<b>Annual Employment Loss</b>
Elementary & Secondary Schools	-900
Newspaper, Periodical, Book, & Directory Publishers	-600
Printing & Related Support Activities	-500
Religious Organizations	-500
Postal Service	-500
Department Stores	-400
Other Wood Product Manufacturing	-400
Depository Credit Intermediation	-400
Household & Institutional Furniture	-400
Cut & Sew Apparel Manufacturing	-400
Couriers	-300
Agriculture, Construction, & Mining Machinery Manufacturing	-300
Architectural & Structural Metals	-300
Motor Vehicle Body & Trailer Manufacturing	-300
Foundries	-300
Other Electrical Equipment & Component Manufacturing	-300
Converted Paper Product Manufacturing	-300
Machine Shops; Turned Product; & Screw, Nut, & Bolt Manufacturing	-300
Semiconductor & Other Electronic Component Manufacturing	-200
Electric Power Generation, Transmission & Distribution	-200
Nondepository Credit Intermediation	-200
Other Fabricated Metal Product Manufacturing	-200
Railroad Rolling Stock Manufacturing	-200
Iron & Steel Mills & Ferroalloy Manufacturing	-200
Steel Product Manufacturing from Purchased Steel	-200

## Emerging Industries

Pennsylvania has forecast a number of emerging industries through 2018. An emerging industry is defined as having statewide employment less than 15,000 and projected to have at least 50 annual openings through 2018. The emerging industries are found mainly in Information, Health Care, Leisure, and Other Services.

<b>Top Emerging Industries in Pennsylvania through 2018</b>	
<b>Industry</b>	<b>Annual Employment Gain</b>
Gambling Industries	1,950
Other Residential Care Facilities	160
Wireless Telecommunications Carriers	130
Community Food & Housing, & Emergency & Other Relief Services	120
Medical & Diagnostic Laboratories	120
Motion Picture & Video Industries	110
Aerospace Product & Parts Manufacturing	100
Social Advocacy Organizations	90
Other Personal Services	90
Data Processing, Hosting, & Related Services	80
Securities & Commodity Contracts Intermediation & Brokerage	80
Museums, Historical Sites, & Similar Institution	70
Waste Collection	70
Software Publishers	70
Grantmaking & Giving Services	60
Oil & Gas Extraction	60
Office Administrative Services	60
Hardware, & Plumbing & Heating Equipment & Supplies Merchant Wholesalers	50
Amusement Parks & Arcades	50
Other Information Services	50

## Occupations

While the current economic environment remains challenging, jobs in most major occupational groups will be plentiful in the years to come for current and future labor market participants. Modest economic growth coupled with an aging workforce will create opportunities for anyone seeking a job. However, the best paying jobs will go to those achieving more than a high school education. Major occupational groups seeing the best total opportunities will be in: Office & Administrative Support; Sales & Related Occupations; Food Preparation & Serving Related; Healthcare Practitioners & Technical Occupations; and Transportation & Material Moving. Major occupational groups not already mentioned and having the best opportunities due to growth will be Personal Care & Service; Healthcare Support Occupations; and Education, Training, and Library. Major occupational groups not already listed and having the best opportunities due to replacements (mainly those leaving due to retirement) will be: Construction & Extraction; Management Occupations; Business & Financial Operations; Installation, Maintenance & Repair Occupations; and Building and Grounds Cleaning and Maintenance Occupations.

Occupational Title	Annual Change through 2018		
	Total	Due to Replacements	Due to Growth
Office & Administrative Support Occupations	2,500	2,200	300
Sales & Related Occupations	2,200	2,000	200
Food Preparation & Serving Related Occupations	2,000	1,600	400
Healthcare Practitioners & Technical Occupations	1,100	700	500
Transportation & Material Moving Occupations	1,100	1,000	100
Production Occupations	1,000	900	0
Education, Training, & Library Occupations	900	800	200
Personal Care & Service Occupations	800	500	300
Management Occupations	600	500	100
Business & Financial Operations Occupations	600	500	100
Healthcare Support Occupations	500	200	300
Building & Grounds Cleaning & Maintenance Occupations	500	400	100
Construction & Extraction Occupations	500	500	100
Installation, Maintenance, & Repair Occupations	500	400	100
Computer & Mathematical Occupations	400	300	100
Protective Service Occupations	400	300	100
Architecture & Engineering Occupations	300	200	0
Community & Social Services Occupations	300	200	100
Life, Physical, & Social Science Occupations	200	100	0
Arts, Design, Entertainment, Sports, & Media Occupations	200	200	0
Farming, Fishing, & Forestry Occupations	200	100	100
Legal Occupations	100	100	0

## Occupations Detail

There will be job opportunities in many different occupations across all industries over the next decade as Baby Boomers retire. Eighty-one percent of all annual job openings will be due to replacements for workers leaving the workforce. Labor market participants will have opportunities to have their pick of jobs and in what occupations they wish to begin or change careers.

Occupational Title	Annual Change through 2018		
	Total	Due to Replacements	Due to Growth
Retail Sales Workers	1,600	1,500	100
Information & Record Clerks	800	600	200
Health Diagnosing & Treating Practitioners	700	400	300
Material Moving Workers	600	600	0
Primary, Secondary, & Special Education School Teachers	500	500	0
Other Office & Administrative Support Workers	500	400	0
Health Technologists & Technicians	400	300	100
Other Personal Care & Service Workers	400	300	200
Computer Specialists	400	300	100
Cooks & Food Preparation Workers	400	300	100
Financial Clerks	400	400	100
Material Recording, Scheduling, Dispatching, & Distributing Workers	400	400	0
Motor Vehicle Operators	400	300	100
Construction Trades Workers	400	300	0
Building Cleaning & Pest Control Workers	300	300	100
Business Operations Specialists	300	300	100
Nursing, Psychiatric, & Home Health Aides	300	100	200
Counselors, Social Workers, & Other Community/Social Service Specialists	300	200	100
Other Food Preparation & Serving Related Workers	300	300	0
Other Management Occupations	300	200	100
Secretaries & Administrative Assistants	300	300	0
Other Production Occupations	300	300	0
Sales Representatives, Wholesale & Manufacturing	200	200	0
Financial Specialists	200	200	100
Metal Workers & Plastic Workers	200	200	0
Postsecondary Teachers	200	100	100
Other Protective Service Workers	200	200	0
Vehicle & Mobile Equipment Mechanics, Installers	200	200	0
Other Installation, Maintenance, & Repair Occupations	200	200	0
Agricultural Workers	200	100	100
Engineers	200	100	0
Law Enforcement Workers	200	100	0
Other Healthcare Support Occupations	200	100	100
Top Executives	200	200	0

## CONCLUSION

Pennsylvania's employment was 5,895,000 in 2009, its lowest level since 2004. Over-the-year, employment was down by 204,000, or over three percent, the largest percentage decrease since 1958. In addition, as the effects of the recession deepened in the state, Pennsylvania's unemployment rate increased to 8.1 percent in 2009, its highest level since 1985. Over-the-year, the rate increased by 2.8 percentage points, its largest one year increase since 1982. In addition, key economic indicators showed a continued slowing of the state's economy throughout 2009. However, amidst this recessionary environment, as of early 2010 Pennsylvania economy is slowly beginning to improve while it continues to adapt and transform itself from one of goods-producing to service-providing.

Workers from the baby-boom generation are moving into their 60s and will be retiring in large numbers. They will take with them key skills. Beginning around 2016, Pennsylvania's total working age population (age 25 to 64) will decline annually until at least 2030. Far fewer youth will be available to enter the labor market, forcing greater efficiencies and competition for key skills. Therefore, there will be worker shortages in the coming years and some areas, industries, and occupations will be affected sooner and harder than others. However, with the stock market crash of 2008, many Baby Boomers who lost significant wealth may elect to stay in the job market and thus make up some of the coming shortfall of younger workers.

Once the current recession comes to an end, jobs in most major occupational groups will be plentiful for current and future labor market participants. Modest economic growth coupled with an aging workforce will create opportunities for anyone seeking a job. The best paying jobs will go to those achieving more than a high school education.

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