

# The State of Working Pennsylvania 2023



**August 2023**

by  
Stephen Herzenberg  
Claire Kovach  
Maisum Murtaza



The Keystone Research Center (KRC) was founded in 1996 as an independent, non-partisan research and policy organization to broaden public discussion on strategies to achieve a more prosperous and equitable Pennsylvania economy. Since its creation, KRC has become a leading source of independent analysis of Pennsylvania's economy and public policy. KRC is located at 412 North Third Street, Harrisburg, Pennsylvania 17101-1346. Most of KRC's original research is available on the KRC website at [www.keystoneresearch.org](http://www.keystoneresearch.org). KRC welcomes questions or other inquiries about its work at 717-255-7181.

## About the Authors

**Stephen Herzenberg**, KRC's executive director, holds a Ph.D. in economics from MIT. He writes widely on how Pennsylvania and the United States can achieve broadly shared prosperity. His writings for national audiences include "Chapter 8. Decent Work and Economic Growth," in *Governing for Sustainability*, Environmental Law Institute, 2023; "Hatching Labor's Phoenix," in *The Many Futures of Work*, Temple University Press, 2021; *Losing Ground in Early Childhood Education*, Economic Policy Institute (EPI), 2005; *New Rules for a New Economy: Employment and Opportunity in Postindustrial America*, Cornell/ILR Press, 1998; and *U.S.-and Mexico Trade: Pulling Together or Pulling Apart?*, Office of Technology Assessment, U.S. Congress, 1992.

**Muhammad Maisum Murtaza**, KRC research associate, joined KRC in 2020 after interning for the organization in summer of 2019. He has an undergraduate degree in economics from Pennsylvania State University where he also helped teach an ecology course. Maisum coauthored *The State of Working Pennsylvania* for the last several years and also conducts research on climate issues, immigration, and new developments in the labor force.

**Claire Kovach**, KRC's senior research analyst, holds a Ph.D. in Sociology from The Pennsylvania State University where her research centered on quantitative measurement of poverty and material hardship. She interned with The Center on Budget and Policy priorities in Washington, D.C. where she worked on data driven poverty and immigration policy topics. Her most recent work for a national audience is a Census Working Paper: "Neighborhood Income and Material Hardship in the United States."

## Support KRC

The work of KRC is supported by grants from charitable foundations, research contracts with various organizations, and contributions from organizations and individuals who share KRC's vision of broadly shared prosperity in Pennsylvania. To learn how you or your organization can support KRC, please visit the KRC website at [www.keystoneresearch.org](http://www.keystoneresearch.org) or call 717-255-7181.

## Executive Summary

*The State of Working Pennsylvania 2022* centered on our continued recovery from the COVID-19 recession, highlighting that Pennsylvania was at a policy crossroads: would our political leaders embrace policies to strengthen the individual and collective worker power evident a year ago? Or would austerity and anti-worker policies after the 2022 elections undercut the possibility of a more sustained period of shared prosperity, a “New Deal for a New Economy?”

In the past year, policymakers have not made a decisive choice between these two policy options. In part because the 2022 elections led to divided government. Executive authority at both the federal and state level remains in the hands of policymakers supportive of workers and labor unions, which makes possible small steps to enhance workers’ power. But divided legislative branches rule out big changes in state and federal laws. On the upside, we have not yet seen a reversal of the 2021-22 federal investments in climate, infrastructure, and innovation now sustaining a strong economy. On the downside, we have not yet passed a federal or state minimum wage increase and there is zero chance of enacting a major pro-worker labor law reform (i.e., Protecting the Right to Organize, or PRO Act) federally before 2025.

In this context of divided government and a President and Governor generally supportive of workers, a Pennsylvania job market favorable to workers has been sustained and stabilized, the latter in part because inflation—as we expected—has quickly fallen to around 3%.

### **The Labor Market Remains Favorable to Workers**

Based on multiple measures, the labor market today remains tight, which continues to give workers more leverage than in decades.

- The unemployment rate in Pennsylvania fell steadily in the past year, reaching 3.6% in July 2023, the lowest level in the 52 years in which the current state unemployment rate series has been reported.
- The ratio of unemployed workers to job openings in Pennsylvania has risen slightly but remains well below one—meaning that in the first six months of 2023, there were about 0.7 unemployed workers per job opening. From December 2000 to February 2020, this indicator was never below 0.9 and was less than 1 in only three months.
- Worker withdrawal from the job market—what was termed “the Great Resignation” in the pandemic—today appears to play only a small role in our tight labor market. In the six months ending July 2023, the Pennsylvania labor force averaged about 6.5 million, about 72,000 people (or 1.1%) below its pre-pandemic level. That decline largely reflects earlier retirements and a decline among workers over aged 55.
- The tight labor market appears to be driven more by continued job growth plus long-term demographic factors which are shrinking the growth rate of the working-age population. The number of jobs in Pennsylvania surpassed the pre-pandemic February 2020 level in January 2023, and as of July 2023 exceeded that level by 61,100.

- There is evidence of workers shifting more among employers and sectors in search of better jobs, which some economists call the “Great Reshuffle.” Nationally, the leisure and hospitality industry appeared to lose workers due to this reshuffle, contributing to job opening rate of over 10% in some months and still 6.9% in June 2023.

### **Wages Kept Up with Inflation in 2022 and Could Grow in Real Terms in 2023**

One concern in the past two years has been that high inflation might result in significant real-wage declines for workers. Data for the past two years show that:

- the bottom 30% of the Pennsylvania distribution has seen small inflation-adjusted wage gains recently—0%-2% in the past year, 3%-5% in the past two years;
- the top half of the distribution has seen either small declines in the past year or two (the biggest being a 4% fall from 2020-22 at the 60<sup>th</sup> percentile) or flat wages.

In 2022, it became easier for wages to keep pace with inflation because inflation decelerated. The fall in inflation has continued in 2023. As of July, inflation over the past 12 months had fallen to 3.2%. With inflation back in check, prospects are good for workers to enjoy real wage gains in 2023. From March 2022-March 2023, Pennsylvanians saw a 7.6% increase in their average weekly wage, 1.7% increase after adjusting for inflation.

### **Income Inequality Reaches an All-Time High**

We don’t yet have state-level inequality data for recent years. National data, however, show that income inequality reached its highest level ever in 2021.

- The top 1% income share reached 27.4% in 2021, far above the prior peak—23.9% in 1928.
- Even setting aside capital gains, top 1% incomes rose faster than bottom 99% incomes from 2019-21 because fewer top earners lost jobs and business profits recovered quickly and substantially. For these reasons, top 1% income shares excluding capital gains also reached a historic peak in 2021.

### **Union Membership Grew, But Only a Little**

Last year, we argued that the potential exists for a New-Deal-era upsurge in union organizing. A union model or “paradigm” that could mushroom today would blend area-wide unionism in inherently local industries that cannot move away from their customers—more than half our jobs today—with unions anchored in the nation’s biggest corporations (e.g., Amazon, Starbucks, Walmart, Target).

Labor unions have grown in the past year:

- Union memberships increased by 200,000 members in 2022 in the United States and 23,000 in Pennsylvania, including 19,000 in the private sector.
- Unions also filed 53% more union certification petitions (with the National Labor Relations Board (NLRB)) in Fiscal Year 2022 (ending September 30, 2022) than Fiscal Year 2021.

Employer opposition to unions, however, remains formidable. Over the past year, Starbucks modeled a depressingly familiar set of anti-union tactics known by unions, labor lawyers, and workers close to organizing efforts over the past 60 years. Fundamentally, Starbucks is simply refusing to bargain with the unions now recognized in 349 stores employing over 8,000 workers—even though 72% of workers in those elections voted in favor of union representation.

A threshold question for the near and distant future is whether executive action through the NLRB and Biden Administration and action by policymakers that support unions at other levels of government can help unions win the watershed victories needed to ignite mass organizing.

Our discussion of unions drills down into two sectors, construction and manufacturing, to highlight the importance of sectoral analysis to nuanced approaches to protecting workers' union rights.

- Manufacturing union membership in Pennsylvania collapsed from 456,000 in 1983 to 69,000 in 2022.
- In the same period, Pennsylvania construction union membership rose from 64,000 to 79,000.

These stark differences partly reflect capital flight—not an option in construction—and faster productivity growth (hence employment decline) in manufacturing. They also reflect the stability of construction union density at about 25% since 1990. One reason for the staying power of construction trades unionism is the effectiveness and value to employers and construction owners (customers) of joint apprenticeship and training programs. Another is sector-specific policies, starting with federal and state prevailing wage laws, that limit the growth of low-road non-union firms. The general lesson: labor-management institutions that benefit unionized employers (“paving the high road”) and sector-specific policies that reduce the tendency to undercut unionized employers (“blocking the low road”) could boost union growth in other sectors.

## **Policy Still Matters**

Our policy section focuses on three policy areas that impact workers' compensation and economic opportunities, and which are vital to restoring shared prosperity: union rights, wage policies such as the minimum wage and sector-specific wage standards, and education and training policies.

1. Strengthening union rights would be the most powerful way policymakers could reverse the growth of inequality.

Divided legislatures, however, make major legislative victories unlikely on union rights, even more so at the federal level which is the most important level because the federal government pre-empts state and local legislation governing union organizing in most of the private sector. Executive action at the federal and state level, however, can facilitate union organizing. The basic approach we recommend:

- deploy sectoral analysis because union growth and decline happen in the context of industry competitive dynamics; and

- use the all the available tools of government authority (funding, regulation, enforcement, convening power, etc.)—including the bully pulpit—to strengthen union rights and protect workers’ freedom to unionize and, in so doing, promote more constructive competition.
2. When it comes to wage policy, Pennsylvania should:
    - enact a long-overdue increase in the state minimum wage;
    - seek to enact other sectoral wage standards—e.g, a prevailing wage law that applies to taxpayer-subsidized renewable energy projects; and
    - explore sectoral labor standards boards, even if only advisory, to build the evidence case for additional industry-wide wage and benefit standards, and the value of labor rights and unions, in sectors other than construction.
  3. Our final policy area relates to Pennsylvania’s skill development institutions and career supports for workers. Pennsylvania’s currently ranks low in these areas especially using metrics related to the formal educational system. Yet Pennsylvania has robust joint apprenticeship programs in the construction industry and has been a leader in efforts to better connect workforce programs to the needs of industry via industry (training) partnerships and expansion of apprenticeship. By building on these Pennsylvania assets, addressing the gaps in our high school career and technical education and community college infrastructure, and smartly increasing investments in workforce, CTE, and higher education, Pennsylvania could “leapfrog” other states and become a national leader in skills development and career advancement.

Some readers may see our policy recommendations as too ambitious and far-reaching. We disagree—they are only as forceful and creative as required to bring an end to nearly a half century of rising inequality. If readers agree that we need to restore shared prosperity and share our view that doing so would lay the foundation for social unity and a team effort to address climate change, then we think they should embrace our policy recommendations as the best way to achieve these vital goals.

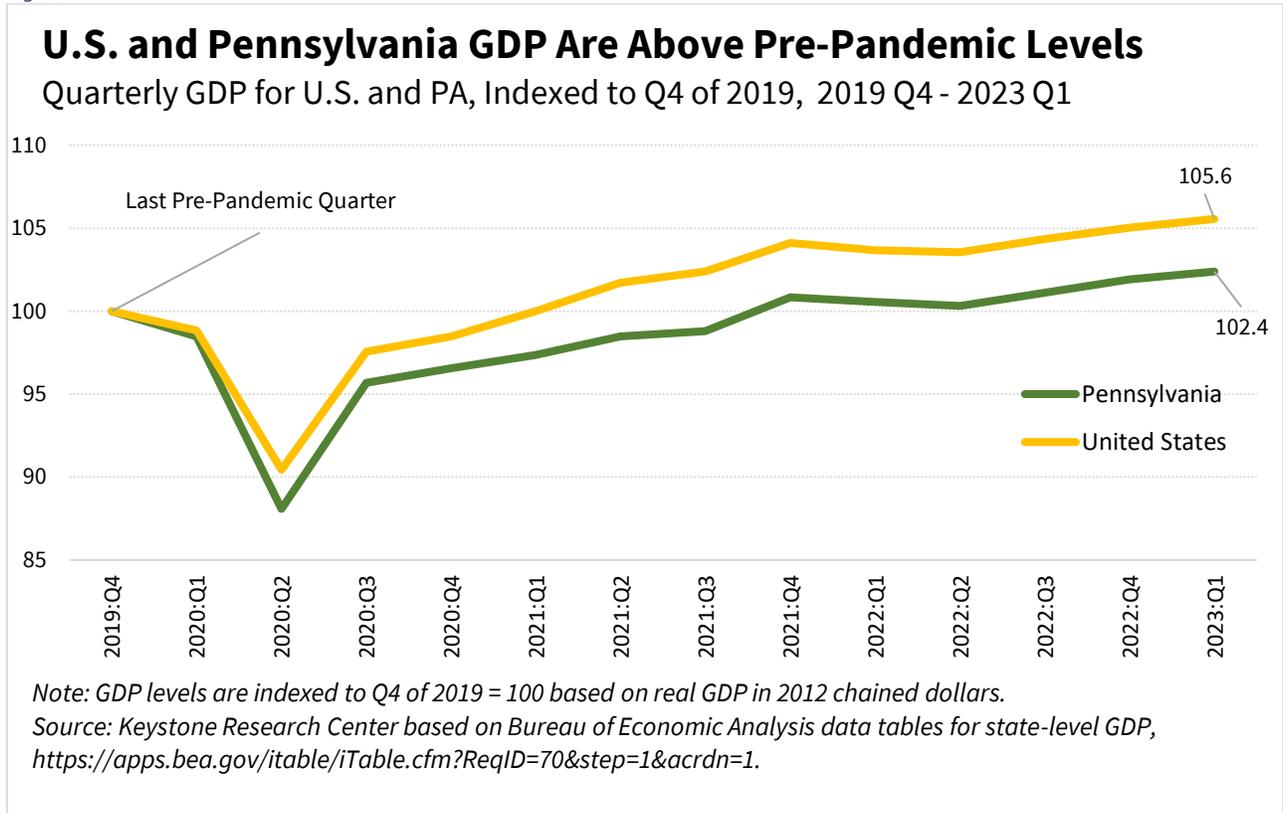
# 1. The State of the Economy

The U.S. and Pennsylvania economy have made great strides in the nearly three and a half years since Pennsylvania’s first reported COVID-19 case. Now several years removed from the sudden economic impact of the pandemic in early 2020, we present updated indicators to show where fast or slow recovery have taken place and analyze longer trends that shape economic outcomes for working people in our Commonwealth.

## Gross Domestic Product

Pennsylvania’s Gross Domestic Product (GDP) has recovered to pre-pandemic levels (Figure 1).

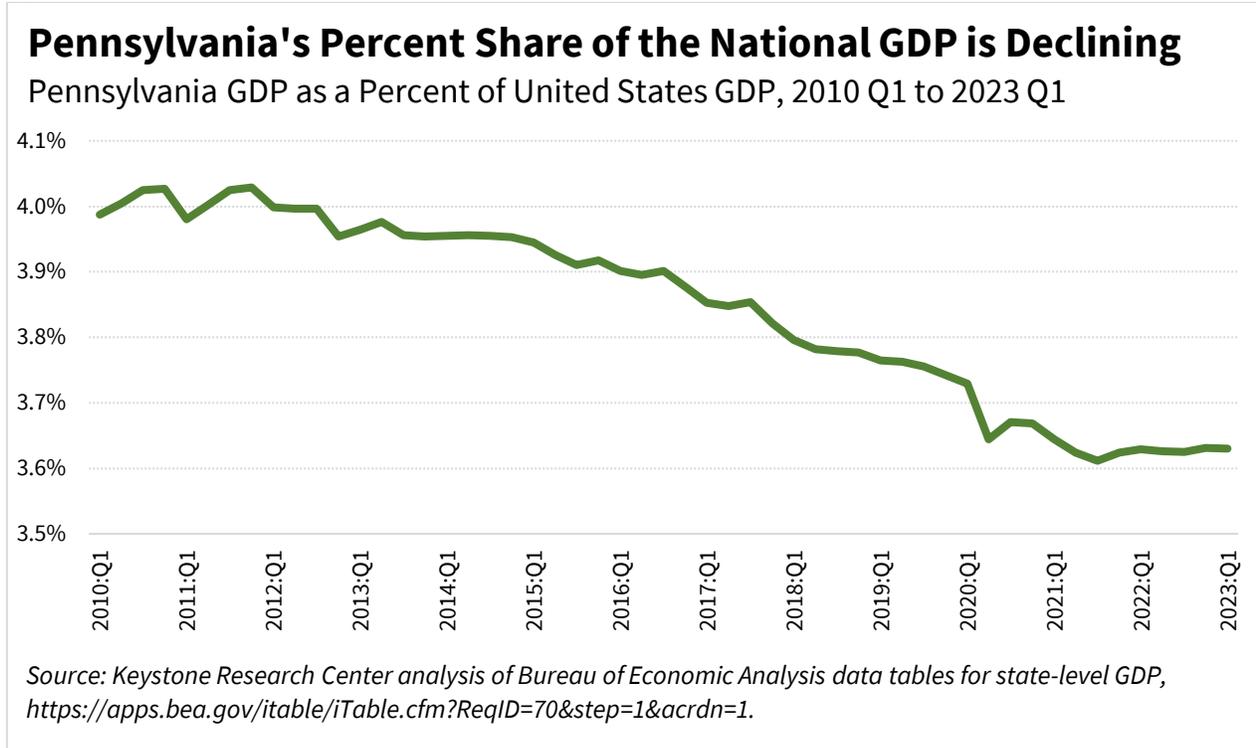
Figure 1



While our state’s GDP has rebounded, Pennsylvania’s GDP accounts for a gradually falling portion of the overall U.S. GDP. In 2009-2011, Pennsylvania GDP was more than 4% of U.S. GDP. Over the subsequent 14 years, this percent has steadily ticked down to 3.6% (Figure 2)<sup>1</sup>

<sup>1</sup> Bureau of Economic Analysis, GDP by state.

Figure 2



Pennsylvania’s GDP trend reflects population trends and mirrors experience in other northeastern states. From 2010 to 2020, Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Vermont, and Pennsylvania together experienced only 4.1% population growth. Meanwhile, six southern states of Florida, Texas, Georgia, North Carolina, South Carolina, and Tennessee experienced 13.1% population growth and now have a combined GDP that exceeds the northeast region.<sup>2</sup> Although Erie and Pittsburgh made Forbes’ annual top ten “best cities to live” lists (for most affordable, and best for young professionals, respectively) the U.S. population has been trending south and southwest for years now (snow belt-to-sun belt migration), and economic activity is following.<sup>3</sup>

Analysts are now seeking to understand how the pandemic has impacted population movement and trends. The increase in remote work means that a growing number of workers are no longer tied to a physical work location, leading to greater freedom to relocate as well as to work from home. Many workers moved to smaller, scenic spots, or to the outskirts of “vacation towns” to benefit from proximity to major attractions without the higher cost of living associated with living near these attractions.

<sup>2</sup> Bureau of Economic Analysis, GDP by state and personal income: <https://www.bea.gov/news/2023/gross-domestic-product-state-and-personal-income-state-1st-quarter-2023>

<sup>3</sup> Laura Begley Bloom, “The Best (And Cheapest) Places To Live In The U.S., Ranked In A New Report,” *Forbes*, March 20, 2023; <https://www.forbes.com/sites/laurabegleybloom/2023/03/20/the-best-and-cheapest-places-to-live-in-the-us-ranked-in-a-new-report>

For example, East Stroudsburg, Pennsylvania—which is about 20 miles from the Delaware Water Gap, 70 miles from New York City and 100 miles from Philadelphia—where housing is usually 23% seasonal—experienced a boom in the in-migration of remote workers during the first year of the pandemic.<sup>4</sup> Rural Pennsylvania experienced net in-migration in 2019 and 2021—more people moved into rural PA than out, and these movers were mostly not from Pennsylvania in the first

place.<sup>5</sup> The largest group moving in to rural Pennsylvania in 2021 was working-age adults.

As part of the Infrastructure Investment and Jobs Act, more than \$1.1 billion in federal Broadband Equity, Access, and Deployment (BEAD) program funds have been dedicated to expanding broadband access in Pennsylvania in the next five years, combined with another nearly \$940 million in federal and state funds for a \$2.1 billion expansion. This undertaking will call on more than 116,000 workers and 38,000 crews to work to expand the commonwealth’s wired and wireless internet infrastructure. Targeting over 275,000 Pennsylvania homes with broadband speeds currently below 25/3mbps (megabits per second) and another 54,000 homes with service below the program’s target level of 100/20mbps, this broadband expansion will help bridge the access gap, connecting more Pennsylvania residents with high-speed internet.

Data confirm that COVID-19 has increased remote work. In the 2000 Census, 3.2% of American workers reported working from home. By 2020, that number was up to 7.3%. By the 2021 American Community Survey (ACS), a stunning 17.9% of employees reported primarily working from home in the U.S. Although many jobs have opened back up and now require in-person work, around 13% of full-time US workers still work from home.<sup>6</sup> Moreover, 65% of workers report wanting to work remotely all of the time, and 57% report that they’d look for a new job if their current company didn’t allow remote work.<sup>7</sup> By one projection, an estimated 32.6 million Americans (22% of the workforce) may work remotely by 2025.<sup>8</sup>

The increase in remote work could potentially provide a new lease on life not just for East Stroudsburg but other bucolic rural places in Pennsylvania. Many parts of southwestern, western, and Central Pennsylvania, however, do not have access to reliable high-speed internet, while other

---

<sup>4</sup> American Community Survey Data analyzed by Upshot and the New York Times, “The Places Most Affected by Remote Workers’ Moves Around the Country, June 17, 2023.

<https://www.nytimes.com/interactive/2023/06/17/upshot/17migration-patterns-movers.html>

<sup>5</sup> Center for Rural Pennsylvania, May 2023. “Rural Pennsylvania is Experiencing Positive Net Migration”.

<sup>6</sup> Survey of Working Arrangements and Attitudes.

<sup>7</sup> FlexJobs data, <https://www.flexjobs.com/blog/post/flexjobs-survey-finds-employees-want-remote-work-post-pandemic/>

<sup>8</sup> Upwork data, <https://www.upwork.com/press/releases/upwork-study-finds-22-of-american-workforce-will-be-remote-by-2025>

areas have only one provider (and spotty service).<sup>9</sup> Leveraging federal money is crucial for connecting these areas and may be instrumental in influencing migration patterns in the next decade.

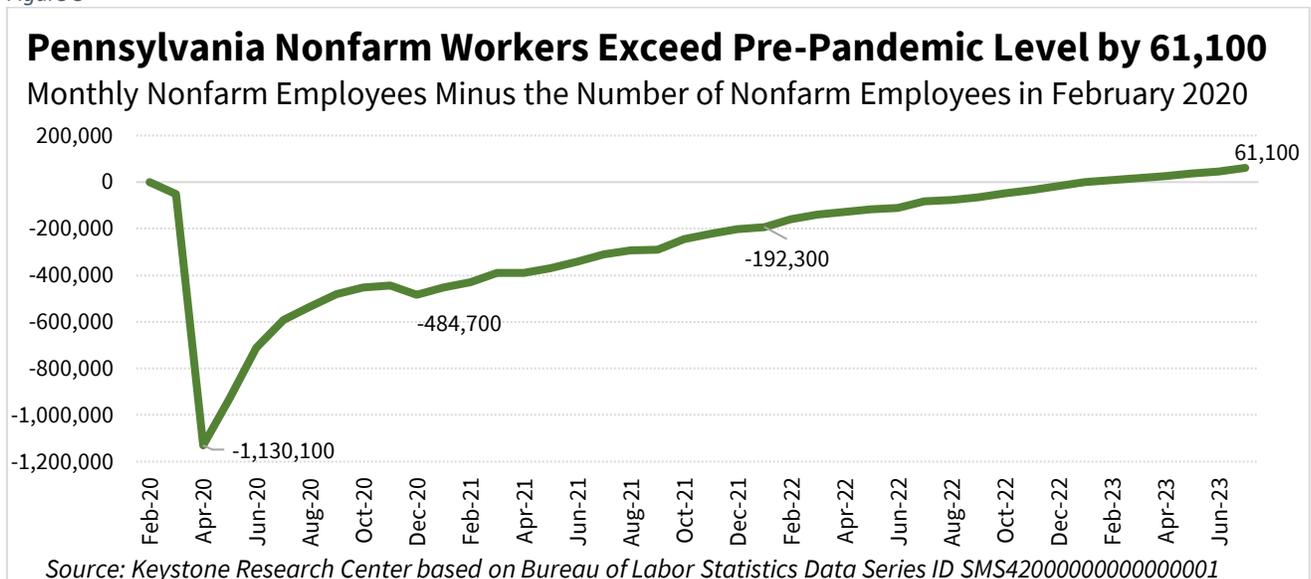
The growth in remote workers helped stabilize GDP, especially early in the pandemic. When many offices were closing, new remote workers boosted demand for home office equipment, furniture, and technology. The ability to work from home also lowered the number of people laid off. Taking both these factors into consideration, researchers estimate that the COVID-19 decline in GDP was roughly *halved* because many people could work from home.<sup>10</sup>

## 2. The State of Employment

### *Non-Farm Employment and the Labor Force*

In January 2023, Pennsylvania’s number of nonfarm employees surpassed the pre-pandemic level. It has continued to rise since. At 6,149,000 employees in July 2023, Pennsylvania’s total nonfarm employment is 61,100 higher than February 2020.<sup>11</sup> Figure 3 shows Pennsylvania’s nonfarm employment recovery.

Figure 3



While employment is higher than the pre-pandemic level, the civilian labor force has not quite recovered. In the six months ending July 2023, Pennsylvania’s labor force has averaged about 6.5 million, about 72,000 (a little over 1%) fewer than the November 2019 peak, (Figure 4). Most of this decline stems from permanent retirements. Between 2019 and 2022, Pennsylvania’s employment-to-population ratio (also known as “employment rate”) fell 1.5 percentage points.

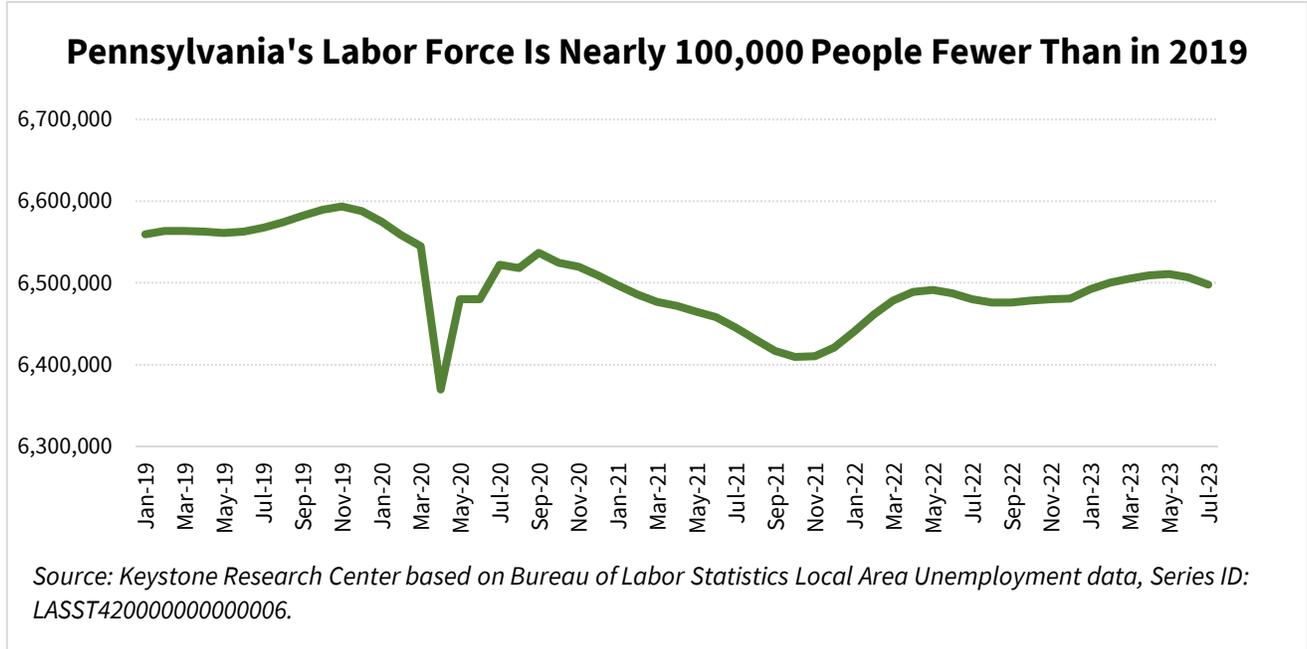
<sup>9</sup> PA Department of Community & Economic Development, “Statewide Broadband Plan”, November 2022. Pennsylvania Broadband Development Authority, <https://dced.pa.gov/download/statewide-broadband-plan/?wpdmdl=117083>

<sup>10</sup> National Bureau of Economic Research, DOI 10.3386/w29431, <https://www.nber.org/papers/w29431>

<sup>11</sup> Preliminary 2023 Bureau of Labor Statistics nonfarm jobs, Series ID SMS4200000000000001

The employment rate decline among those 55+ was double the overall rate, declining 3.0 percentage points., There was a smaller decline among prime-age workers (0.4 percentage point decrease), and a 1.4 percentage point decrease among those 18-24.

Figure 4



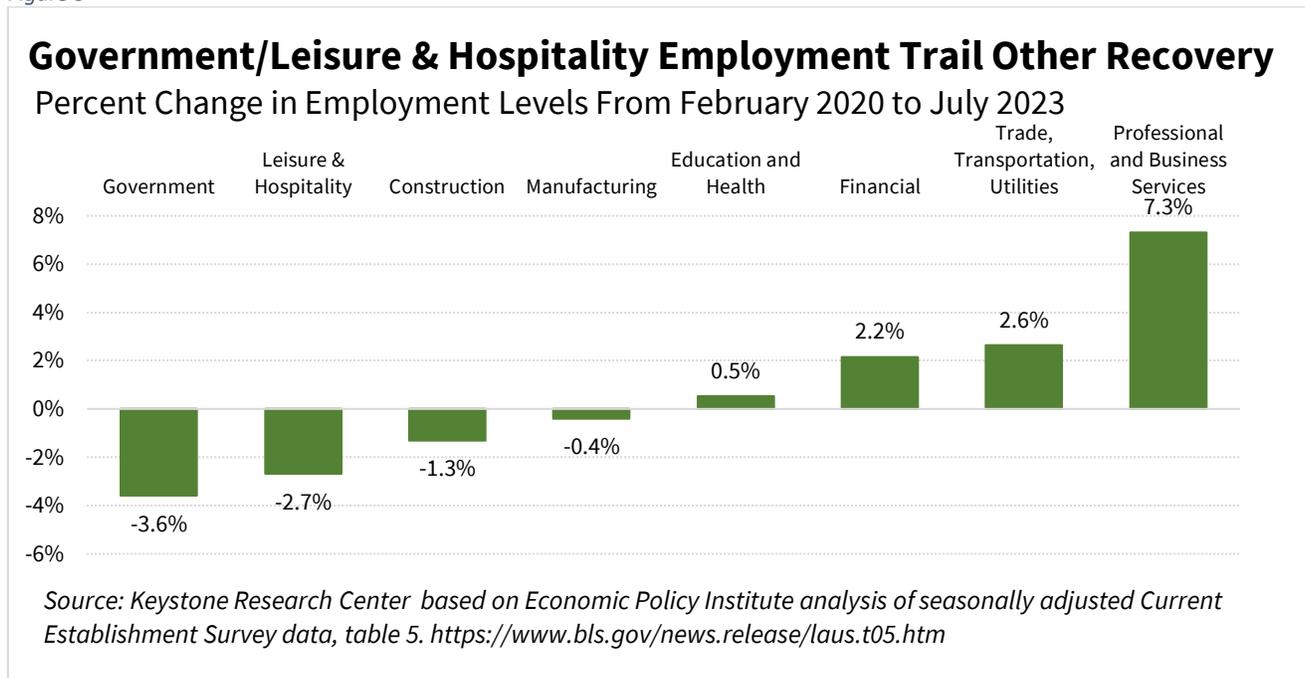
Employment recovery continues to differ across industries (Figure 5). Leisure and hospitality and government employment have not returned to their pre-pandemic levels. Leisure and hospitality has 3% lower employment than it did in February 2020, and government employment is down 4%. Nationally, the only leisure and hospitality sub-sector jobs to fully recover are performing arts, spectator sports, and related industries.<sup>12</sup>

Some of the decline in leisure and hospitality employment could reflect permanent reductions in business travels and business lunches. Another factor may be workers’ rejection of employers with the least desirable jobs in sectors like leisure and hospitality and an increasing tendency to move into other sectors—from the “Great Resignation” to what some economists now call the “Great Reshuffle”. Leisure and hospitality jobs—among other front-line customer-facing jobs—have recently experienced some of the highest quit rates. As COVID-19 mitigation measures were lifted and recreation and tourism began to rise, many leisure and hospitality workers who initially returned to work quit, citing the additional stress, low pay, and inflexible schedules as some of the main reasons for leaving. Nationally (these data do not exist at the state level), Job Openings and Labor Turnover (JOLTS) data show job that the leisure and hospitality job openings rate hit a record high in late 2021. In fact, since December 2000 (when the Bureau of Labor Statistics first published JOLTS data), there have only been six months in which *any* industry’s job openings rate has hit or exceeded 10%; all six of those months were in in leisure and hospitality in 2021 or 2022.

<sup>12</sup> Bureau of Labor Statistics, The Economics Daily. August 10, 2023. <https://www.bls.gov/opub/ted/2023/leisure-and-hospitality-employment-down-2-1-percent-from-february-2020-level.htm>

While job openings rates spiked in every major sector during the pandemic, they have settled back close to pre-pandemic levels and mostly in the neighborhood of 4-5% in most sectors. The exceptions are leisure and hospitality, professional and business services, and education and health, within which the job openings rate in the first part of 2023 remained at around 7%, about two percentage points above pre-pandemic levels; and government, in which a pre-pandemic job openings rate of just over 3% has risen by half to 4.7%. In professional and business services, the factors driving the increase in the job openings rate likely differ from leisure and hospitality and may reflect the leverage in a labor market of higher-wage workers with greater freedom to work from home and/or relocate. The rise in the government job openings rate since the start of the pandemic continues a decade-long increase from below 2% in the early 2010s.<sup>13</sup> This may partly reflect that government cannot respond quickly to market forces because of political/budget constraints or, in the short run (i.e., since the pandemic), because of collective bargaining agreements. The decline in government employment in Pennsylvania of 3.6% from February 2020 to July 2023 exceeds the national decline of 0.8%. The job openings rate in Pennsylvania state government may possibly close soon with employment levels rising slightly, because of new collective bargaining contracts with state workers represented by two major unions—American Federation of State, County and Municipal Employees (AFSCME) and Service Employees International Union (SEIU).

Figure 5

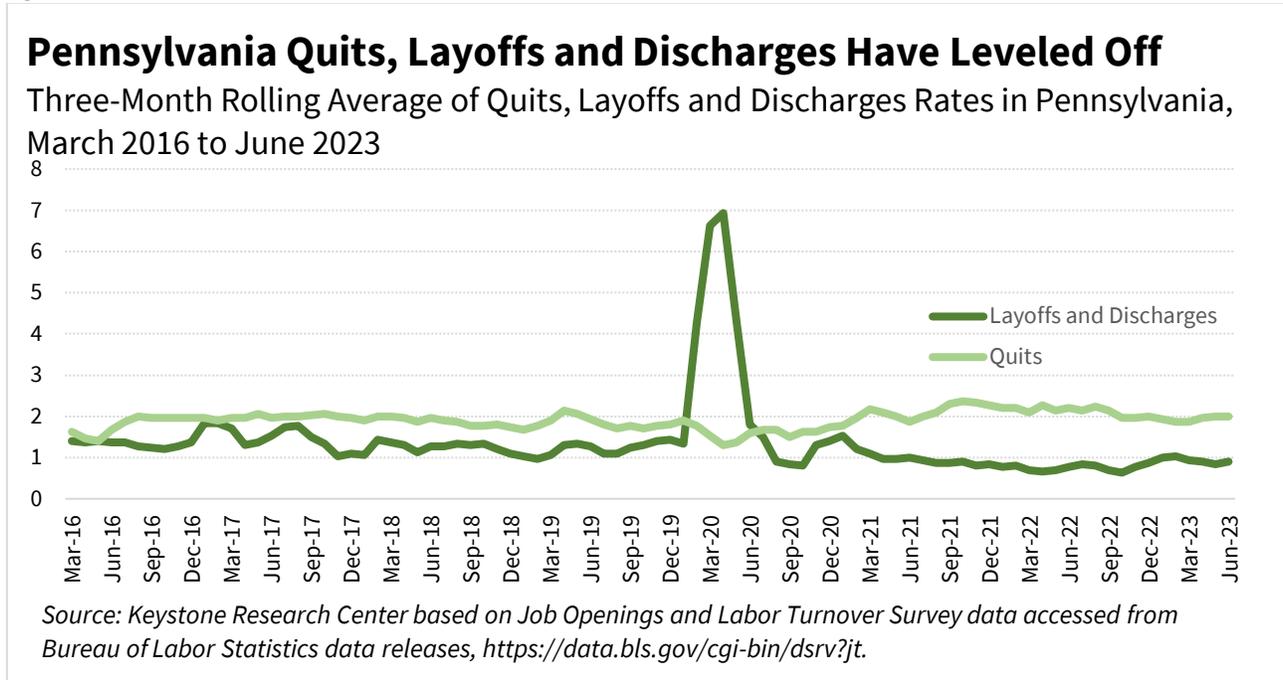


In the middle six months of last year when we published *The State of Working Pennsylvania 2022*, the rate of quits averaged 2.5 times the rate of layoffs and discharges. Over the past nine months,

<sup>13</sup> Keystone Research Center based on national Job Openings and Labor Turnover Survey data accessed from the Bureau of Labor Statistics website at: <https://data.bls.gov/cgi-bin/dsrv?jt>

the gap between the two has narrowed, with quits now back to about twice the rate of layoffs and discharges, albeit still higher than it was in much of the 2010s, (Figure 6).

Figure 6



Pennsylvania’s unemployment rate (Figure 7) and the number of unemployed Pennsylvanians to job openings (Figure 9) are striking. Pennsylvania’s unemployment rate, at 3.5%, is now the lowest it has been in the nearly 50 years since the introduction of the current data series for states. This is partially because the labor force is smaller than it was pre-pandemic, but mostly because of the federal policies that brought us out of the pandemic quickly. The economic recovery from the pandemic recession has been swift. Substantial recovery and relief measures quickly helped to mitigate and alleviate food hardship, poverty, keep many in their homes, and connect people to health insurance. The positive economic results contrast sharply with the 2007-2009 recovery during the Great Recession. Two years after the Great Recession, unemployment was still nearly 10% as opposed to the current 3.5%, and food insecurity was still 33% higher than right before the Great

As a response to the COVID-19 health and economic crisis, federal and state governments provided cash payments to individuals, expanded unemployment to many who have historically been blocked access, expanded the child tax credit, and established eviction prevention measures. Despite supply chain disruptions, food insecurity was largely kept in check as food support programs from schools to SNAP were expanded. The fiscal aid provided was far greater and swifter than aid during the Great Recession, and as a result, the pandemic recession was the shortest recession—it only lasted two months.

Recession.<sup>14</sup> The robust response to the COVID-19 crisis shows that swift and broad-based government support in a downturn accelerates recovery and reduces hardship, even in an unprecedented situation like a pandemic.

Figure 7

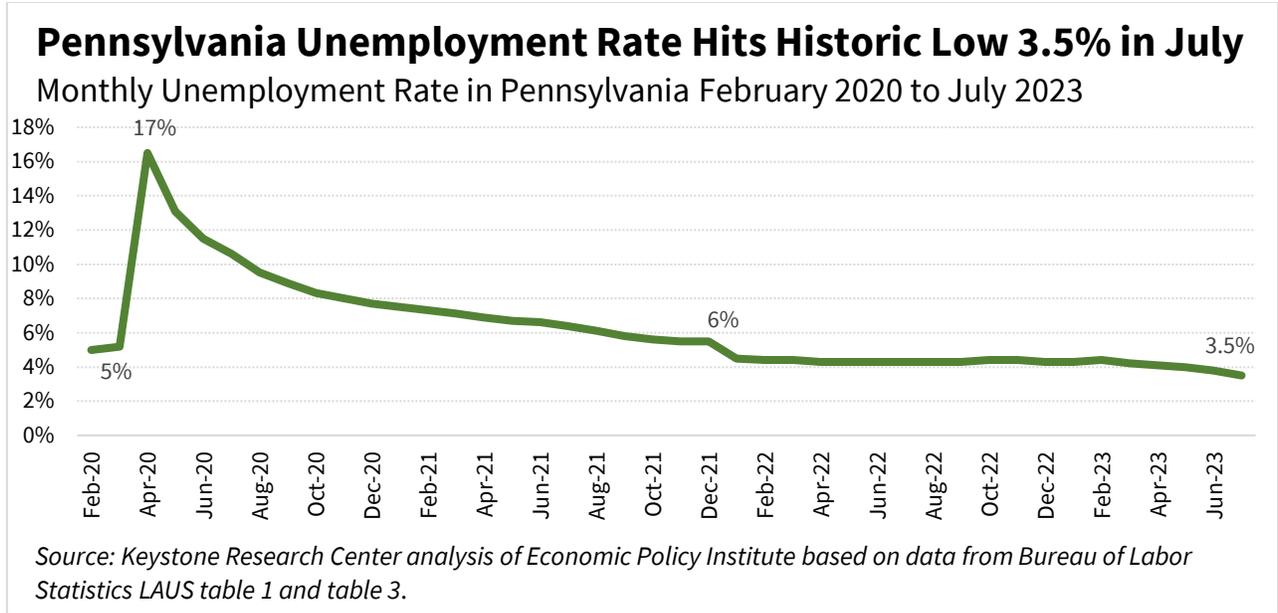
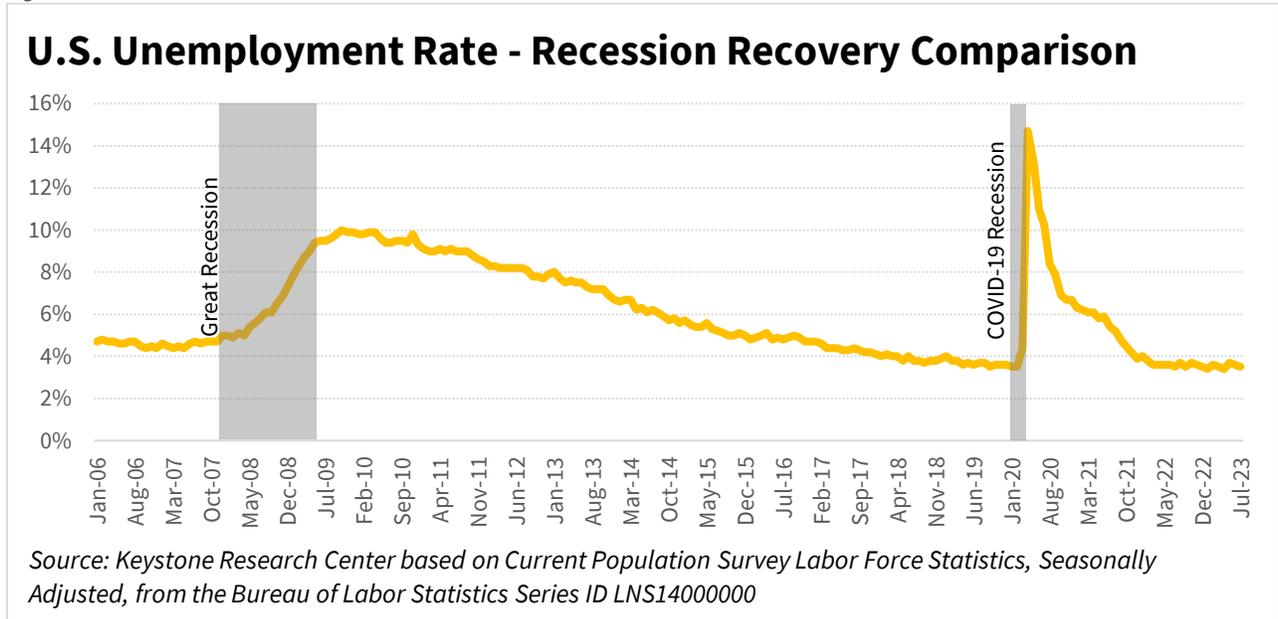


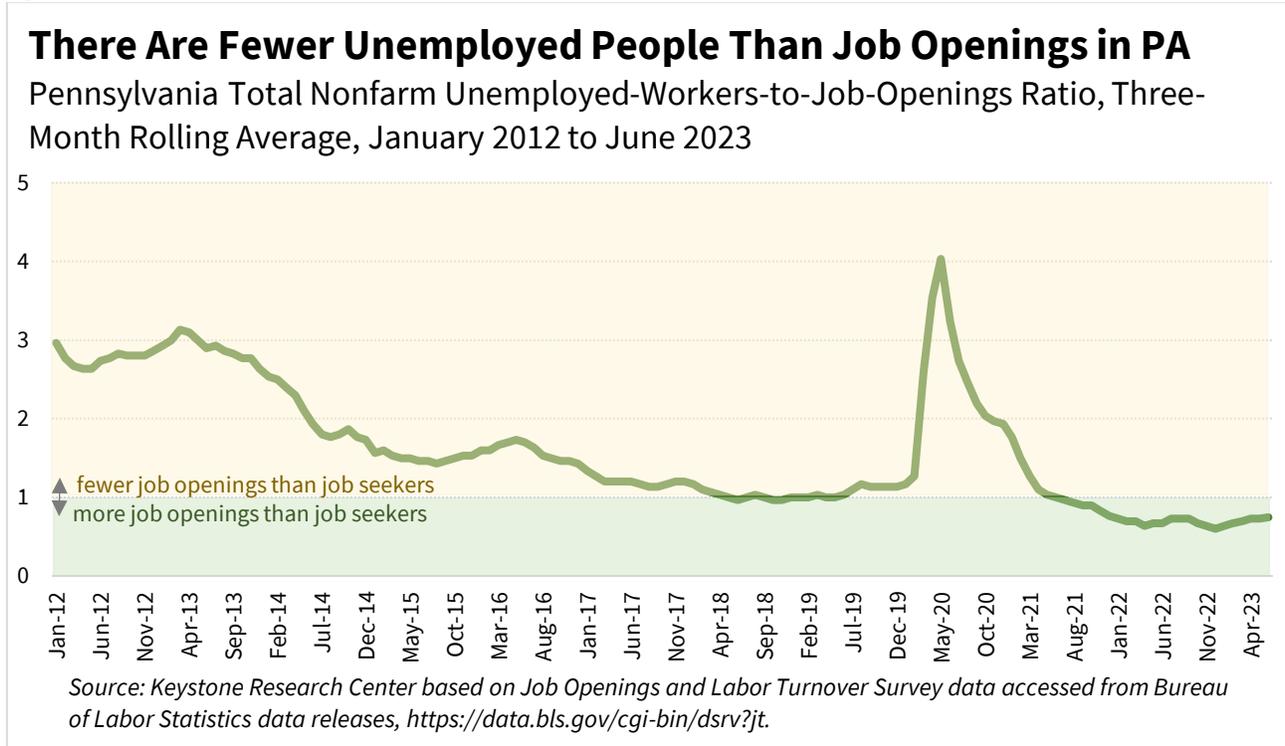
Figure 8



<sup>14</sup> Center on Budget and Policy Priorities, “Robust COVID Relief Achieved Historic Gains Against Poverty and Hardship, Bolstered Economy.” <https://www.cbpp.org/research/poverty-and-inequality/robust-covid-relief-achieved-historic-gains-against-poverty-and>

The number of job openings remains above the number of unemployed workers in Pennsylvania, although the gap has closed slightly in recent months.

Figure 9



### 3. The State of Wages, Inflation, and Income Inequality

The majority of workers who quit their jobs during the pandemic cited a few reasons for their departure, such as being disrespected, having no advancement opportunities, and inflexible work arrangements. But the top reason workers cited in 2021 was because pay was too low.<sup>15</sup>

#### Low Wage Work

In 1968 at the peak value of the U.S. minimum wage, one person working full time at the federal minimum wage was enough to keep a family of three above the poverty line.<sup>16</sup> At today's Pennsylvania/federal minimum wage of \$7.25 per hour, that same full-time, year-round worker earns only \$500 over the amount needed pull one person above the poverty line. And that worker would need to work 10-hour days every single day of the year to lift that same family of three's income just above the poverty line. This difference in what the minimum wage can do—what people paid the minimum wage can afford and who it can support—isn't because our poverty lines

<sup>15</sup> Kim Parker and Juliana Menasce Horowitz, "Majority of workers who quit a job in 2021 cite low pay, no opportunities for advancement, feeling disrespected," Pew Research Center, March 9, 2022; <https://www.pewresearch.org/short-reads/2022/03/09/majority-of-workers-who-quit-a-job-in-2021-cite-low-pay-no-opportunities-for-advancement-feeling-disrespected/>.

<sup>16</sup> KRC calculations, additionally supported by <https://www.epi.org/publication/minimum-wage-workers-poverty-anyone-raising/>.

have changed. There is less than a \$900 difference between the 1968 and 2023 poverty threshold for a family of three once you adjust for inflation.<sup>17</sup> The difference between what the 1968

In the March 7, 2023 Pennsylvania Budget Address, Governor Shapiro proposed raising the minimum wage to \$15 by January 2024. Despite this call, there was not a minimum wage increase included in budget signed on August 3, 2023, although many lawmakers introduced their own bills to raise it. One proposal was for an \$18 minimum wage by mid-2024, with tipped workers receiving \$8 per hour. Another was for a state constitutional amendment to raise the minimum wage to \$15 per hour on January 1<sup>st</sup>, 2025. Yet another aimed to raise the minimum wage to \$11 in 2024, \$13 in 2025, and \$15 in 2026. That final bill, House Bill 1500, passed the Pennsylvania House in late June and moved to the Senate. Several minimum wage bills were introduced in the Senate but did not see a vote.

minimum wage could do and what the current minimum wage can do is representative of a failure to answer repeated calls to raise our minimum wage.

Pennsylvania is not a trailblazer in this policy space—three of our regional neighbors have been among those leading the way on minimum wage increases, and are already at \$15 per hour, or scheduled to be at that level within a year or two.

The Pennsylvania Minimum Wage Advisory Board estimates that 63,600 Pennsylvania workers earned at or below the \$7.25 per hour minimum wage in 2022, and an additional 417,800 workers earned *near* the minimum wage, defined as \$7.26-\$12.00 per hour.<sup>18</sup> A low statewide minimum wage suppresses wages for workers in the lowest earnings range, even when most of those workers

aren't paid the exact minimum wage. Figure 10 shows how earnings for Pennsylvania's 10<sup>th</sup> percentile wage workers trail those in surrounding states of New York, New Jersey, and Maryland. In 2022, Pennsylvania's 10<sup>th</sup> percentile workers earned \$1.54 per hour less than their counterparts in New York, New Jersey, and Maryland. This amounts to a \$3,140 per year difference for full-time, year-round worker.

---

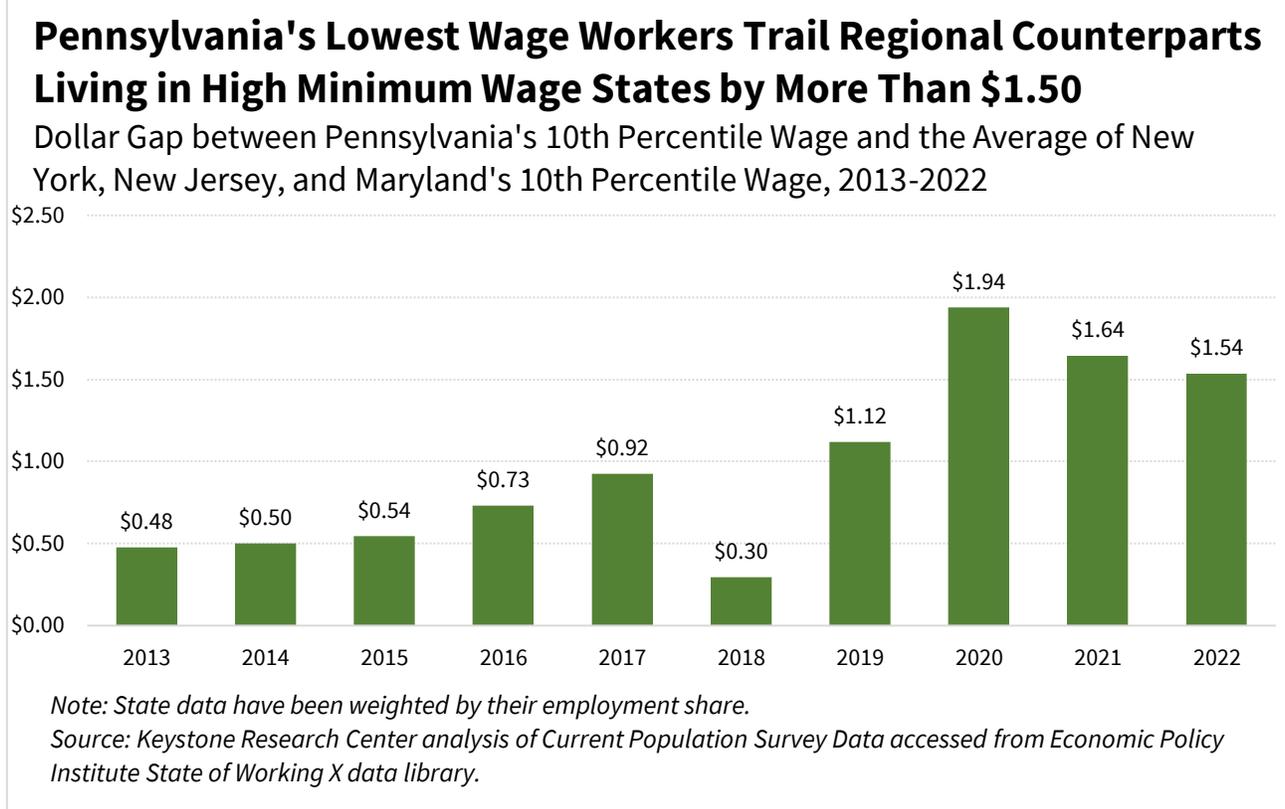
<sup>17</sup> The 1968 family of three poverty threshold was \$2,774, source:

<https://www.ssa.gov/policy/docs/statcomps/supplement/2022/3e.html>. CPI inflation adjusted from August 1968 to March 2023; this amounts to \$23,923. 2023 Poverty Guidelines show a \$24,860 threshold for a family of three as of April, <https://aspe.hhs.gov/topics/poverty-economic-mobility/poverty-guidelines>.

<sup>18</sup> Minimum Wage Advisory Board, Analysis of the Pennsylvania Minimum Wage, March 2023.

<https://www.workstats.dli.pa.gov/Documents/Minimum%20Wage%20Reports/Minimum%20Wage%20Report%202023.pdf>

Figure 10



For most years following 1979, Pennsylvania’s wages have consistently seen slower growth among low earners, and faster growth at the top. But since 2011, wages have generally increased similarly across all deciles. Table 1 shows the 10-year period from 2012 to 2022 broken into three sub-periods. From 2012 to 2015, wages at the 90<sup>th</sup> percentile gained just over \$2 per hour and workers at the 70<sup>th</sup> percentile \$1.22 per hour, but other deciles gained little or declined slightly. From 2015 to 2020, along with falling unemployment and continued economic expansion, wages increased across the board by 9% to 14%. Between 2020-2022, wages fell or stagnated for the top four deciles of earners, while wages for the lower earners crept up. Notably, the bottom decile earners in Pennsylvania saw 5% wage growth between 2020 and 2022, while top earners saw a 3% decrease in their wage. Market forces, including at our borders with high-minimum-wage New York, New Jersey, and Maryland prevent the wage gap of our 10<sup>th</sup> percentile Pennsylvania workers from growing further but, as we have seen, that gap remains substantial.

Table 1:

Pennsylvania Wages by Decile, 2011-2022 (inflation adjusted 2022 dollars)									
	Decile								
Year	10	20	30	40	50	60	70	80	90
2012	\$10.47	\$12.73	\$15.19	\$17.85	\$20.90	\$24.55	\$28.93	\$36.58	\$47.24
2015	\$10.62	\$12.46	\$15.30	\$18.27	\$21.06	\$24.84	\$30.15	\$37.19	\$49.43
2020	\$11.54	\$14.66	\$17.09	\$20.21	\$22.96	\$28.16	\$33.00	\$41.68	\$56.49
2021	\$11.98	\$15.06	\$17.20	\$19.54	\$23.21	\$27.10	\$33.39	\$41.57	\$56.25
2022	\$12.10	\$15.09	\$17.52	\$19.96	\$23.11	\$27.15	\$32.86	\$41.35	\$55.07
% Change 2012-2015	1%	-2%	1%	2%	1%	1%	4%	2%	5%
% Change 2015-2020	9%	18%	12%	11%	9%	13%	9%	12%	14%
% Change 2020-2022	5%	3%	3%	-1%	1%	-4%	0%	-1%	-3%
% Change 2012-2022	16%	19%	15%	12%	11%	11%	14%	13%	17%
\$ Change 2012-2022	\$1.63	\$2.36	\$2.33	\$2.11	\$2.21	\$2.60	\$3.93	\$4.77	\$7.83
<i>Source: Keystone Research Center analysis of Current Population Survey data accessed from Economic Policy Institute State of Working X data library.</i>									

Pennsylvania workers saw a 7.6% increase in average weekly wage between March 2022 and 2023, about \$99 per week.<sup>19</sup> Nationally, employee wages and salaries increased 1.0% in the three-month period from March 2023-June 2023.<sup>20</sup>

### Median Wage

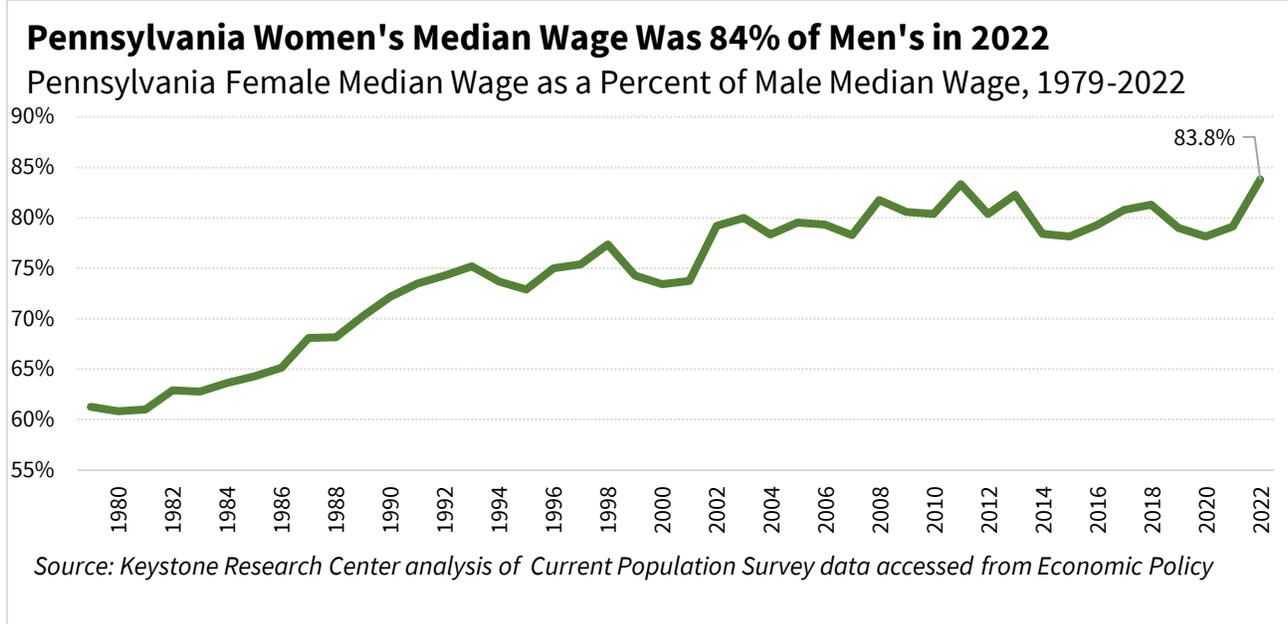
After a slow but steady ten-year climb, Pennsylvania's overall median wage ticked down slightly last year to \$23.11 per hour.

Pennsylvania's median wage gender pay disparity is striking. In the last 11 years, the progress of women relative to men at the median wage has mostly stalled. Pennsylvania women gained some wage ground in 2022, although their earnings still lag men's earnings considerably. Pennsylvania women's median wage was 83.8% of men's median in 2022, up from 79.1% in 2021 (Figure 11).

<sup>19</sup> Bureau of Labor Statistics, Quarterly Census of Employment and Wages

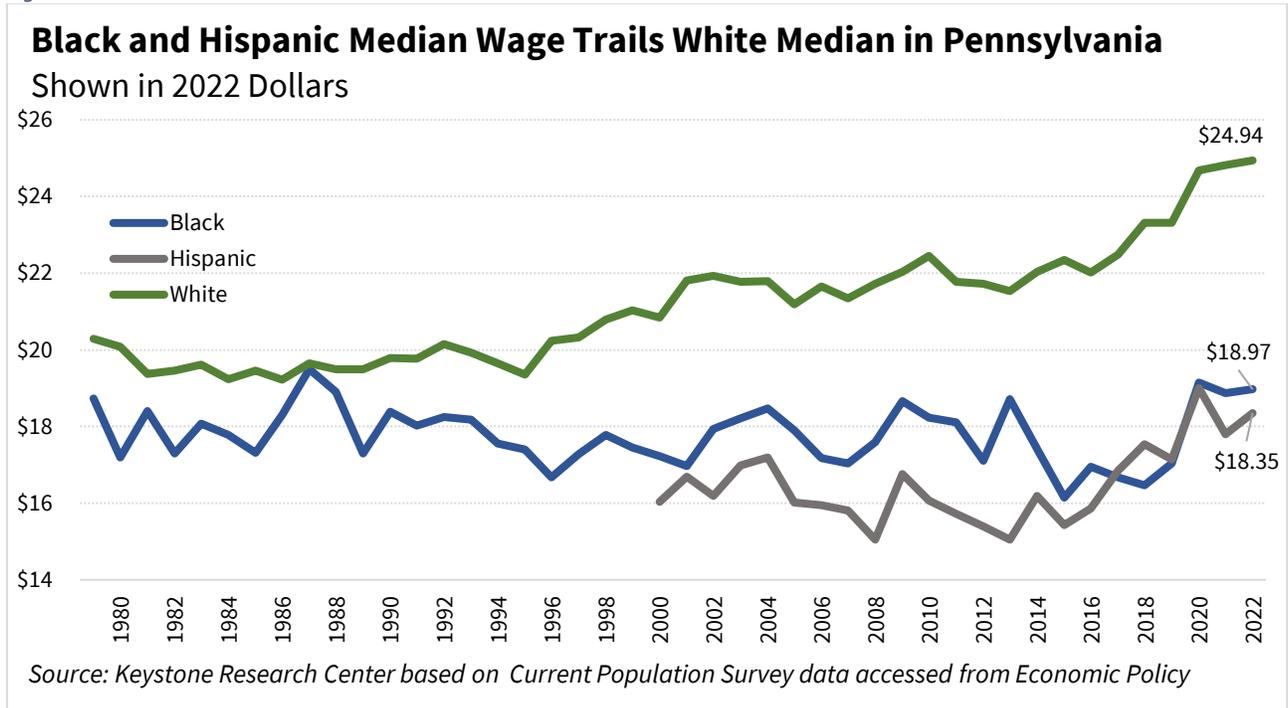
<sup>20</sup> Bureau of Labor Statistics, Employment Cost Index June 2023. <https://www.bls.gov/news.release/pdf/eci.pdf>

Figure 11



Pennsylvania’s racial wage disparities remain large. Figure 12 shows median wages for white, Black, and Hispanic worker in Pennsylvania over time. In the 1980s, Black wages were 90% to 95% of white wages. Since 1986, the Black median wage has fallen to 70%-76% of the white median, with Hispanic median wage closely tracking the Black median in recent years. In 2022, the Black Pennsylvania median wage was \$5.97 per hour less than the white median. The Hispanic median wage in Pennsylvania was \$6.59 per hour lower than the white median.

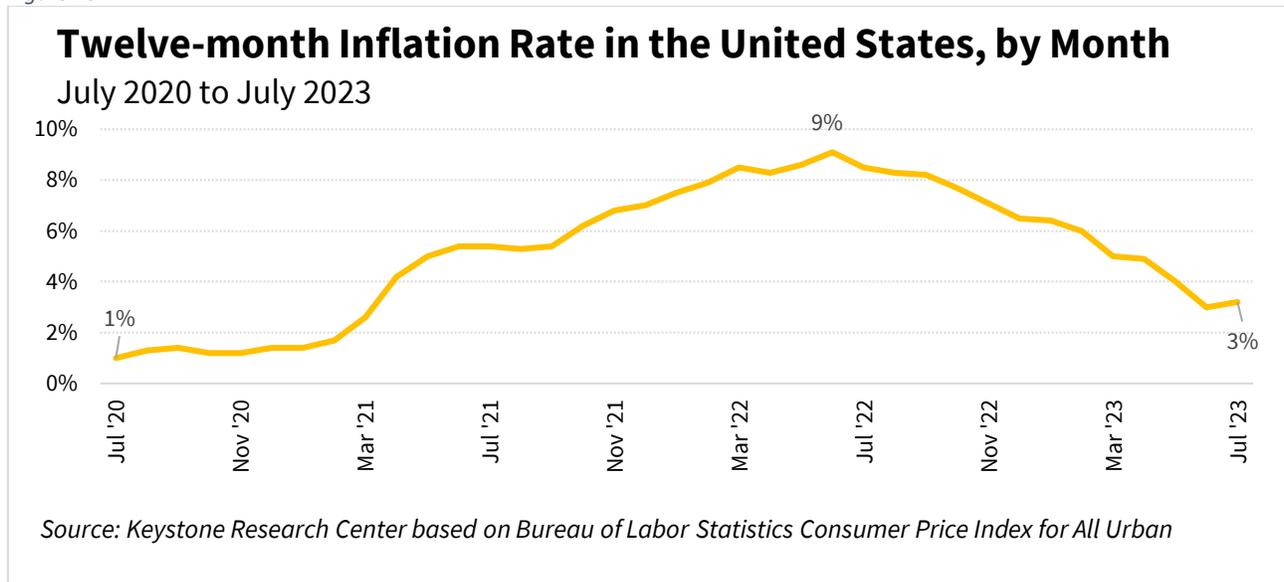
Figure 12



## Inflation

U.S. Inflation reached a 40-year high last summer as the Inflation Reduction Act was signed into law. After reaching 9.1% in June 2022, inflation fell to 3.2% in the 12-month period ending July 2023. Figure 13 shows the 12-month inflation rate in the United States for the past three years. We noted in *The State of Working Pennsylvania 2022* (p. 25) that the Federal Reserve Bank then projected inflation to drop below 3% for calendar year 2023. We also explained that two factors driving pandemic inflation—supply chain bottlenecks and corporate price gouging (“since we have to raise prices to cover higher input costs let’s use that excuse as cover for a little profiteering”)—were temporary, albeit not as temporary as we originally anticipated. We also explained that the institutional factors that fueled increasing inflation in the 1970s—lack of price competition in oligopolistic product markets and automatic cost-of-living adjustments in union contracts covering a third of the workforce (and influencing wage trends in non-union companies)—do not exist today. These structural realities meant that recent expansionary spending policies to take care of people and businesses and pull us out of the recession were the right pursuit. They also mean that the Federal Reserve Bank should stop raising interest rates to avoid inducing a slowdown that is demonstrably unnecessary to wring pandemic inflation out of the economy.

Figure 13



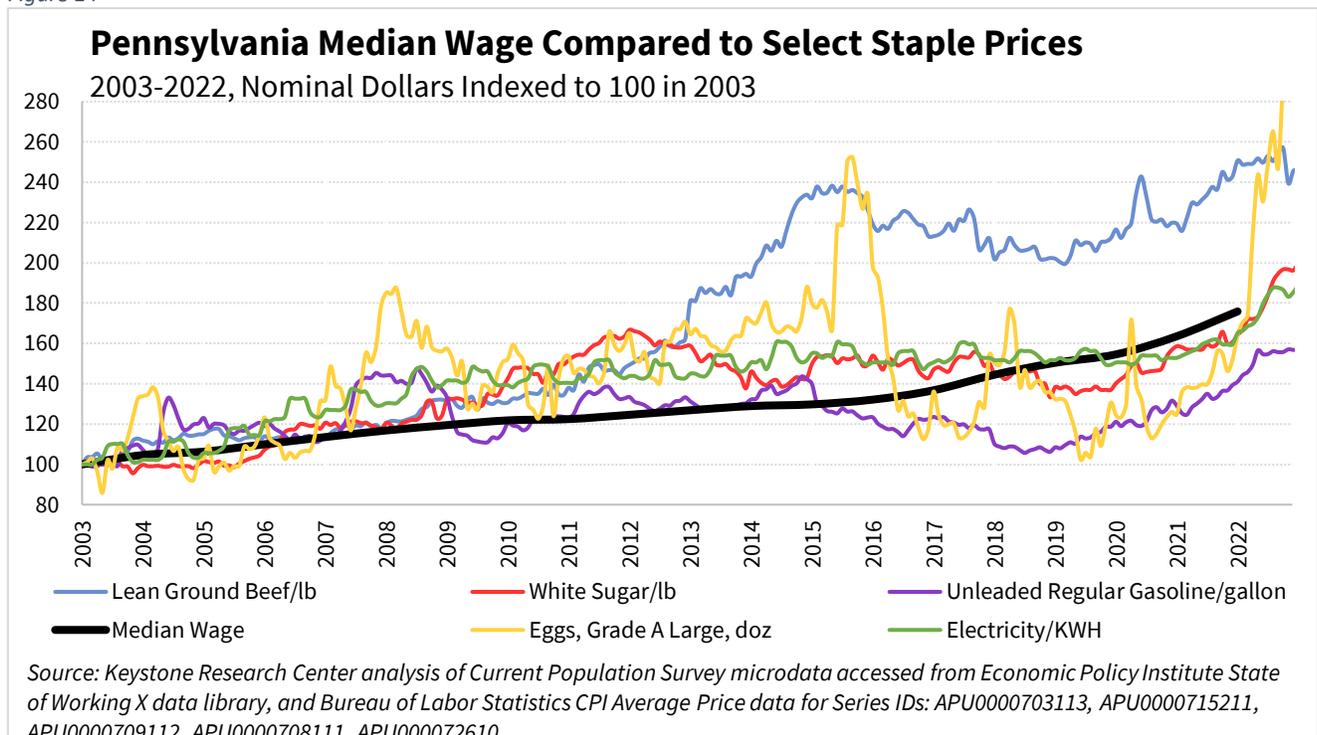
When matched up against other countries in the same months, the U.S. inflation rate is on the lower side. Looking at unadjusted consumer price index, the United States’ 3.2% inflation is lower when compared to Canada’s 3.3%, Mexico’s 4.79%, and the United Kingdom’s 6.8% inflation<sup>21</sup>.

<sup>21</sup> Trading Economics, <https://tradingeconomics.com/country-list/inflation-rate>

Although overall inflation has slowed, higher prices still weigh heavily on lower-income Pennsylvania consumers. Prices of some staples and housing have gone up substantially over the past two decades, even while plummeting costs for technology goods lower the overall level of inflation. Grocery inflation was additionally driven by new factors since Spring of 2020—global supply chain issues, pandemic-spurred shifts in demand for groceries rather than restaurant food, the avian flu, and even energy costs impacted by the war in Ukraine all contributed to higher prices for staple goods. In the northeast U.S. region that includes Pennsylvania, consumer prices rose 2.6% from July 2022-July 2023, with a yearly increase of 4.6% in food. Although grocery staples like bread, milk, coffee, and chicken cost more than they did in pre-pandemic 2020, Figure 14 shows that the prices for beef and eggs, while volatile in the latter case, have been increasing relative to the Pennsylvania median wage since 2003. In Figure 14, the prices of the staples shown and the Pennsylvania median wage are set equal to 100 in 2003. Interestingly, the prices of gasoline and, until an uptick in the last year, electricity and white sugar, have increased at or below the rate of inflation in the same two-decade period.

The Federal Inflation Reduction Act was signed into law in August 2022. This act authorizes [rebate programs and tax credits](#) that help households save money and energy, such as Home Efficiency Energy Rebates and a host of building, transportation, and energy tax credits that lower energy costs for energy efficient home improvements and electric vehicles. Federal tax credits were effective at the 2023 calendar-year start, and the Energy Programs Office of the Pennsylvania Department of Environmental Protection anticipates rebates will be available in mid-2024.

Figure 14



### [The Infrastructure Investment and Jobs Act](#)

signed into law in November 2021 authorized \$1.2 trillion in infrastructure funding over a five-year period.

Pennsylvania's \$17.8 billion share is earmarked for projects like federal highway aid (63.5%), public transportation (15.7%), bridge replacements and repairs (9.0%), as well as broadband expansion.

*US News and World Report, "The States Benefiting the Most from the Infrastructure Deal"*

Although inflation has slowed and is near the Federal Reserve's 2% target, consumers aren't quite feeling the effects at the checkout. About 72% of Americans report that they are very concerned about the rising prices of food and consumer goods, consistently listing food costs as a top economic concern, closely followed by the cost of housing.<sup>22</sup> There is a disconnect between economic data news and what people report experiencing in their daily lives, with one prominent economist speculating that this disconnect is a result of the combination of media reporting with a negative bias and political partisanship.<sup>23</sup>

Corporate profits, a major factor driving pandemic inflation as we noted in *The State of Working Pennsylvania 2022*, remained high in the last year. Corporate profits have skyrocketed 600% since 2000, while wages have only increased 82%.<sup>24</sup>

## *Income Inequality*

The most recent data on income and wealth inequality are only available at the national level. These data show that in 2019-21, real average U.S. incomes grew by a robust 13.1%. Bottom 99% incomes, however, grew by only 4.1% while top 1% incomes grew by nearly half—46.6%.<sup>25</sup> The surge in top incomes resulted from increases in capital gains because of two factors: a run up in asset prices and corporate stock prices in the late 2020 and 2021 recovery; and "an extraordinary increase in capital gains realizations in 2020 and especially 2021." According to U.C. Berkeley economist Emmanuel Saez, wealthy taxpayers likely accelerated their capital gains realizations in expectation of a potential increase in realized capital gains taxation in 2022, proposed by presidential candidate Biden campaign but not yet enacted. By 2021, the top 1% income share reached an all-time high of 27.4%, far above the previous record of 23.9% in 1928. Even setting aside capital gains, top 1% incomes rose faster than bottom 99% incomes because few top earners lost jobs and business profits recovered quickly and substantially. For these reasons, top 1% income shares excluding capital gains, which fluctuates less than capital gains, also reached its

<sup>22</sup> Pew Research Center, Evaluations of the economy and the state of the nation, April 2023.

<https://www.pewresearch.org/politics/2023/04/07/evaluations-of-the-economy-and-the-state-of-the-nation/>

<sup>23</sup> Paul Krugman, May 15, 2023. <https://www.nytimes.com/2023/05/15/opinion/americans-negative-economy.html>

<sup>24</sup> <https://www.latimes.com/business/story/2023-05-10/column-these-are-the-companies-whose-thirst-for-profits-drove-inflation-higher>

<sup>25</sup> Emmanuel Saez, "Striking it Richer: The Evolution of Top Incomes in the United States (Updated with 2019-2021 estimates)," UC Berkeley, February 2023; <https://eml.berkeley.edu/~saez/saez-UStopincomes-2017.pdf>.

historic peak in 2021. In sum, the COVID crisis has so far exacerbated not reversed the U.S. trend towards more extreme economic inequality.

Wealth is distributed even more unequally, although we are not yet aware of even national estimates that incorporate increases in wealth during the pandemic. As of 2020, the 0.1% wealth share was roughly 20%. In 2018, the top 0.1% wealth share was an estimated 18%.<sup>26</sup>

## 4. The State of Unions in Pennsylvania

Last year we provided an update of an argument that Keystone Research Center has been making since it began operating in December 1995—that labor unions could enjoy a resurgence again in the United States based on the growth of industrywide unions within geographical areas in inherently local (or “non-mobile”) sectors that cannot relocate because they must remain close to their customers. We observed that such inherently local industries include most jobs in today’s economy and an even bigger share of moderate- and low-wage jobs—most of health care and long-term care, restaurants including coffee shops and in-person retail, child care, K-12 schools, and most colleges (non-elite colleges serve local students and elite colleges are rooted in place even if they attract students from across the globe), janitorial services and security guards, and construction. Even the trucking, warehouse, and delivery industries have limited mobility because they are tied to the current locations of consumers and businesses.

We observed last year that unions could also enjoy a resurgence if they gain a foothold in giant national companies such as Starbucks or Amazon. We further noted that the growth of unions in inherently local industries and giant companies could interact with each other. Unions could grow in certain places within Starbucks or Trader Joe’s, resetting wages, benefits, and companies’ relationships with their workers. Gradually at first but then, possibly like wildfire, unionism could spread through chains to communities across the country, sparking union growth in smaller local chains or independent businesses in the same sector. As soon as unions gain a substantial share of the market in any inherently local industry, they can seek to “take wages out of competition,” and reset industry standards for compensation and workplace relationships.

The evidence that a union upsurge might be on the horizon included Gallup polling showing strong support for unions.<sup>27</sup> Shortly after our release, a 2023 Gallup poll found that 71% of Americans approve of unions. While reported widely as the highest approval rating for unions since 1965, that 71% was, in fact, the highest level (tied with 1965) since 1959, when 73% of people approved of unions. The peak level of support for unions, 75%, was reached in 1953 and 1957. (As we write this report, we await the 2023 poll results.) We also noted in our report last year a 2018 survey on “worker voice,” which found that nearly half (48%) of non-union workers say they would vote for a union compared to about one-third in surveys conducted in 1977 (33%) and 1995 (32%).

---

<sup>26</sup> See Figure 24, p. 80 and Figure 26, p. 82 in Emmanuel Saez and Gabriel Zucman, in “Trends in US Income and Wealth Inequality: Revising After the Revisionists,” Working Paper 27921, National Bureau of Economic Research; <http://www.nber.org/papers/w27921> and <https://gabriel-zucman.eu/files/SaezZucman2020NBER.pdf>.

<sup>27</sup> See Gallup, “Labor Unions,” <https://news.gallup.com/poll/12751/labor-unions.aspx>.

A critical element of our argument for the possibility of a union upsurge was, and is, psychological and “cognitive.” A barrier to unions growing again for the past 50 years has been that workers and all Americans tend to associate unionism with the form it took in manufacturing during the post-World War II period. Similarly, they tend not to think of unions as relevant to service industries. If industrywide unions in inherently local industries gain a foothold in a significant number of places and sectors, however, this could begin to concretize for Americans generally a “new paradigm” of unionism that suddenly is demonstrably relevant in service and other local industries. In these industries, area-wide unions and collective bargaining contracts that deliver voice on the job, better treatment, and better pay would suddenly become tangible as opposed to abstract possibilities. If American workers perceived such area-wide unionism in their industry as a practical and transformative possibility, we think a huge number of them would respond with “I’ll have some of that, thank you.” Consistent with this idea, in much of the non-residential construction industry outside the South and Southwest, construction workers do have an awareness that area-wide unionism is a practical possibility. This helps explain the resilience of construction unionism (see below). In higher education, among faculty as well as graduate students, the relevance and possibility of unions that organize much of the market in a geographical area (e.g., Boston or Pittsburgh) has also grown.

Coupled with organizing trends, the data that have come out in the past year do not indicate a union upsurge is here yet. There has been an increase in union organizing by some measures. In Fiscal Year 2022 (October 1, 2021-September 30, 2022), 2,510 union representation petitions were filed with NLRB’s 48 Field Offices—a 53% increase from the 1,638 petitions filed in FY2021 and the highest number since 2016.<sup>28</sup> The number of U.S. union members grew by 200,000 in 2022 and the number of Pennsylvania union members grew by 23,000, with 19,000 of the increase in the private sector outside construction and manufacturing (i.e., likely mostly in services).<sup>29</sup> Union density in the Pennsylvania private sector rose by 0.1 percentage points to 7.4%, but overall union density in the state fell from 12.9% to 12.7%.

A major obstacle to a union upsurge is, of course, employer opposition. That has been on full display over the past year at Starbucks (see Box 1). The delaying tactics, reprisals subtle and less so against union activists, and refusal to bargain or negotiate first contracts have, unfortunately, been standard parts of the anti-union playbook in the United States for 50 or more years. Whether at Starbucks or at other companies, they amount, in effect, to a plain and simple denial of workers’ basic right to form a union. Whether a combination of National Labor Relations Board decisions, public shaming (which so far hasn’t worked), a potential boycott of Starbucks, or workers’ staying power can ultimately require Starbucks to bargain with the substantial numbers of stores where a

---

<sup>28</sup> National Labor Relations Board, Office of Public Affairs, “Election Petitions Up 53%, Board Continues to Reduce Case Processing Time in FY22,” October 06, 2022; [https://www.nlr.gov/news-outreach/news-story/election-petitions-up-53-board-continues-to-reduce-case-processing-time-in?utm\\_source=npr\\_newsletter&utm\\_medium=email&utm\\_content=20230227&utm\\_term=8035455&utm\\_campaign=money&utm\\_id=208962&orgid=92&utm\\_att1=](https://www.nlr.gov/news-outreach/news-story/election-petitions-up-53-board-continues-to-reduce-case-processing-time-in?utm_source=npr_newsletter&utm_medium=email&utm_content=20230227&utm_term=8035455&utm_campaign=money&utm_id=208962&orgid=92&utm_att1=)

<sup>29</sup> Heidi Shierholz, Margaret Poydock, and Celine McNicholas, “Unionization Increased by 200,000 in 2022,” Economic Policy Institute, January 19, 2023; <https://www.epi.org/publication/unionization-2022/#:~:text=In%202022%2C%20more%20than%202016,from%2011.6%25%20to%2011.3%25>.

strong majority of workers favor unionization—and ultimately to offer all its U.S. workers a real opportunity to choose union representation—remains to be seen.<sup>30</sup>

### **Box 1. Denial of Workers' Union Rights at Starbucks**

To date, nationally, workers at 349 Starbucks stores have voted to unionize, with total employment of 8,793, and workers at 67 stores have voted not to unionize.<sup>31</sup> Across the 416 certification elections at both groups of stores, two thirds of workers have voted for the union. Twenty-three of the stores that voted to unionize are in Pennsylvania, eight in Philadelphia and eight others in Pittsburgh. The 23 Pennsylvania stores that voted to unionize employ 532 workers.

As detailed in an investigative article in *The New York Times*, “Inside Starbucks’ Dirty War Against Organized Labor,” “The corporate dirty war that ensued —...at newly unionized Starbucks cafes across the country — draws a sobering picture of employee rights casually crushed and labor laws too weak to help.”<sup>32</sup> In 100 cases, many of which consolidate multiple incidents, regional NLRB offices have concluded there is enough evidence to pursue litigation against Starbucks. “That includes a nationwide complaint, consolidating 32 charges across 28 states, alleging that Starbucks failed or refused to bargain with union representatives from 163 cafes...Union busting is illegal, but consequences are inconsequential. The Starbucks case demonstrates that a large corporation can effectively bust a union with time, by dithering over details and exhausting legal appeals. According to national labor laws, an employer ‘must bargain in good faith.’ But that is a squishy and essentially unenforceable rule...” Starbucks has been accused of closing some cafes with strong unions and “Union activists reported being spied upon, harassed or fired on flimsy pretexts...” Union activists have also had their hours cut back, to 10 hours in one example the *Times* document.

“But Starbucks has also done a lot of nothing — time-buying, morale-eroding, innocent-seeming nothing...Even if the company eventually ends up losing cases on the final appeal...[which] could take years — the N.L.R.B. is barred from imposing monetary penalties.” The board can only order employers to pay employees back pay. The company has stalled negotiations by insisting on negotiating in person and walking out if employees join a meeting via Zoom. So far, “...not a single Starbucks union member has gotten a contract, and the union says the company hasn’t suggested any counterproposals in response to union demands.”

---

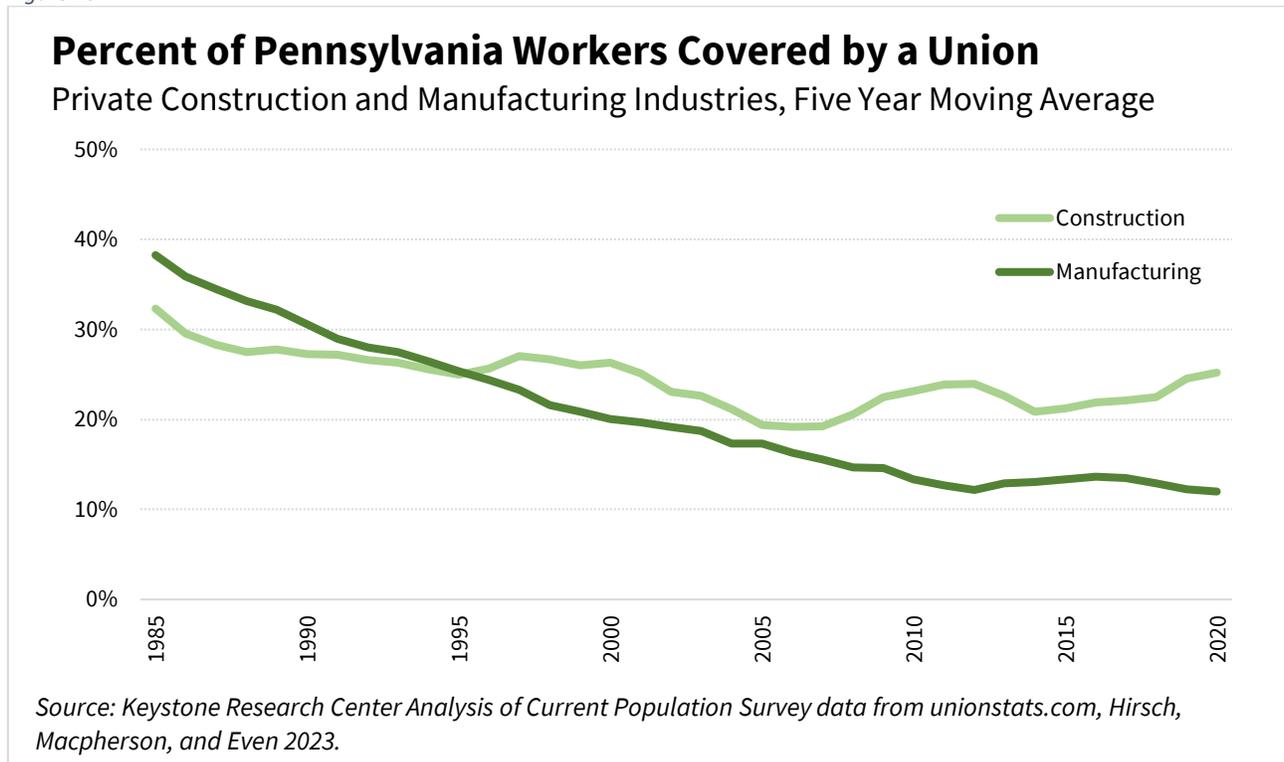
<sup>30</sup> The National Labor Relations Board and its General Counsel have, within the Biden Administration, sought to significantly strengthen workers’ rights including by expanding the circumstances under which unions can be recognized without a certification election (by “card check” showing a majority of workers support unionization) and also to fact it easier for unions to secure a first contract. See Aurelia Glass, “The NLRB Protects Workers’ Right To Organize, Yet Remains Underfunded,” December 5, 2022; <https://www.americanprogress.org/article/the-nlr-protects-workers-right-to-organize-yet-remains-underfunded/>. For a very recent NLRB decision that expands card check, see NLRB Office of Public Affairs, “Board Issues Decision Announcing New Framework for Union Representation Proceedings,” August 25, 2023; <https://www.nlr.gov/news-outreach/news-story/board-issues-decision-announcing-new-framework-for-union-representation>.

<sup>31</sup> The numbers in this paragraph are derived from data online (at <https://unionelections.org/data/starbucks/>) on each individual Starbucks store that has had or filed for a union certification election.

<sup>32</sup> Megan K. Stack, “Inside Starbucks’ Dirty War Against Organized Labor,” *The New York Times*, July 21, 2023; <https://www.nytimes.com/2023/07/21/opinion/starbucks-union-strikes-labor-movement.html>.

It is worth noting that union density varies substantially by sector. This variation exists within the private sector, not just between the public and private sectors. For example, union density trends in the manufacturing and construction sectors in Pennsylvania vary dramatically since 1983 (see Figure 15). In 1983, 456,000 union members worked in Pennsylvania manufacturing, seven times the 64,000 Pennsylvania construction workers who belonged to unions. In 2022, 69,000 Pennsylvania union members worked in manufacturing versus 79,000 who worked in construction. As Figure 15 shows, union density has gone from nearly 40% in 1983-97 (we use a five-year average to make our estimates more reliable)—and surely much higher a decade before that (even though we don't have consistent data)—to 12% in 2018-2022. In construction, it has gone from 32% in the mid-1980s to 25% by 1994 and has been stable at around that level since then. Construction union density in Pennsylvania among blue-collar trades in the non-residential construction sector is likely over half.<sup>33</sup>

Figure 15



The resilience of labor in the construction sector reflects a variety of factors. In part, it reflects the effectiveness, and value to employers, of joint labor-management apprenticeship in the

<sup>33</sup> If we assume that one third of construction employment is residential construction but that union density is zero in residential construction, then 25% union density overall translates into 38% among all employees in construction. If one then assumes that trades account for two thirds of total employment in construction, union density among Pennsylvania trades in non-residential construction would be 56%. (BLS reports trades employment as about 60% of total sectoral employment but this share could be higher in non-residential construction; see: <https://www.bls.gov/spotlight/2022/the-construction-industry-labor-force-2003-to-2020/home.htm>.)

construction sector.<sup>34</sup> The combination of apprenticeship and union compensation levels elevates the skills and experience of unionized construction workers and sustains the competitiveness and profitability of their employers – hence union market share. The visibility of the union/non-union divide and federal and state prevailing wage laws on public construction also help ensure that low-wage non-union companies do not undercut unionized companies. Construction workers also have stronger labor rights than other U.S. workers because the construction sector was exempted from some of the weakening of those rights in the Taft-Hartley Act of 1947. In federal policy today, the labor standards within the Bipartisan Infrastructure Law (formally, “Infrastructure Investment and Jobs Act” and the Inflation Reduction Act will also help ensure construction union membership and market share.

## 5. We Need Policies to Restore Shared Prosperity

We now come to the final section of our report—policy recommendations. A year ago, our overall message was that policy matters and, more specifically, that voters’ choices in the November 2022 (and, we could have added, the November 2024 election) could make a profound difference in the future performance of the Pennsylvania economy from the perspective of working people.

Door number one: We noted that, with policies that support workers and unions, recognizing the individual and collective worker power created by a tight labor market, Pennsylvania and the United States could finally begin to create what Keystone Research Center has—since the 1990s—called a “New Deal for a New Economy.”<sup>35</sup>

Door number two: By contrast, policies that reduce workers’ power individually and collectively in the job market could lower real wages during the period it takes for inflation to come back down below 3%, and, in part because they could further reduce workers’ impact on public policy and create a vicious cycle that more deeply entrenches long-term economic inequality.

The November 2022 election took a small step towards door number one. By holding onto the majority in the U.S. Senate and limiting Republicans to a narrow majority in the United States House of Representatives, Democrats at the national level retained sufficient power to prevent a sharp reversal of federal policies enacted in the first two years of President Biden’s first term. At the state level, Democrats won the governorship and a narrow majority in the Pennsylvania House and, with that, a political lineup more supportive of unions and workers. The challenge now is whether and how the executive and legislative authority of Pennsylvania policymakers supportive of unions might be used.

---

<sup>34</sup> For a profile of apprenticeship in the Pennsylvania construction sector, see Stephen Herzenberg, Diana Polson, and Mark Price, “Construction Apprenticeship and Training in Pennsylvania,” Capital Area Labor-Management Council, Inc., 2018; [https://krc-pbpc.org/wp-content/uploads/20180530\\_CALMReport\\_Final.pdf](https://krc-pbpc.org/wp-content/uploads/20180530_CALMReport_Final.pdf).

<sup>35</sup> See Stephen Herzenberg, John Alic and Howard Wial, “A New Deal for a New Economy,” Challenge, Vol. 42, No. 2 (March-April 1999), pp. 102-129, <https://www.jstor.org/stable/40721937>. See also Stephen A. Herzenberg, John A. Alic, and Howard Wial, New Rules for a New Economy: Employment and Opportunity in Post-Industrial America, Cornell/ILR Press, <https://www.cornellpress.cornell.edu/book/9780801486586/new-rules-for-a-new-economy/#bookTabs=1>.

## Door number one: Towards Shared prosperity in Pennsylvania.

As in the *State of Working Pennsylvania 2023*, we focus here on a narrow range of policies with the potential to impact the wage and income distribution—to promote shared prosperity. Enact the recommendations below in these areas, particularly the first—promoting union growth—and progress in a wide range of other areas would become easier.

### *Promote Broad-Based Unionism*

The policy most important to restoring shared prosperity is support for the growth of broad-based (area-wide sectoral) unionism and collective bargaining. Federal pre-emption sharply curtails state legislative authority to promote workers’ union rights in the private sector—although states can act in parts of the private economy not covered by the National Labor Relations Act (such as domestic workers and agricultural workers). Moreover, with a few exceptions, there is little chance that significant legislation that promotes unionization (e.g., the federal Protect the Right to Organize Act or the Pennsylvania workers’ bill of rights) can pass in 2023-24.<sup>36</sup> (One exception is legislation that strengthens labor standards on publicly funded construction projects. The bipartisan support that exists for building trades unions in Pennsylvania makes this an exception.) As a consequence, executive authority in Pennsylvania as well as at the federal level will be the primary means by which policymakers supportive of workers’ rights can take action. Elected leaders need, first, to have workers’ back when they have the courage to organize in a climate of legalized employer intimidation of workers, and rampant violation of prohibitions on firing workers who lead unionization efforts.<sup>37</sup> In some southern states in recent years, politicians do exactly the opposite—they speak out publicly to oppose unionization.<sup>38</sup>

Beyond using the bully pulpit to champion broad-based unionism, Governor Shapiro could emulate at the state level President Biden’s creation, through executive order, of a Task Force on Worker Organizing and Empowerment with a mission to “...identify executive branch policies, practices, and programs that could be used, consistent with applicable law, to promote my Administration’s

---

<sup>36</sup> On the Pennsylvania Workers Bill of Rights, a package of 13 legislative proposals introduced three years ago, see “Miller, House Democrats introduce workers’ rights legislative package,” November 19, 2019; <https://www.pahouse.com/Miller/InTheNews/NewsRelease/?id=111510>. For a short primer on the PRO Act, see Lynn Rhinehart, “Six Ways the Protecting the Right to Organize (PRO) Act Restores Workers’ Bargaining Power,” February 25, 2020, <https://www.epi.org/blog/six-ways-the-protecting-the-right-to-organize-pro-act-restores-workers-bargaining-power/>.

<sup>37</sup> For a comprehensive analysis of the intimidation U.S. workers often face when they attempt to form a union, see Lawrence Mishel et al., “Explaining the Erosion of Private-Sector Unions: How Corporate Practices and Legal Changes Have Undercut the Ability of Workers to Organize and Bargain,” Economic Policy Institute, 2020, <https://files.epi.org/pdf/215908.pdf>.

<sup>38</sup> For example, a Republican senator, governor, and state senator all discouraged auto workers to vote for a union at a Volkswagen plant in Tennessee, in one case suggesting the company might not assign the factory a new model build—i.e., might close—if its workers unionized. See Steven Greenhouse, “Volkswagen Vote Is Defeat for Labor in South,” New York Times, February 14, 2014, <https://www.nytimes.com/2014/02/15/business/volkswagen-workers-reject-forming-a-union.html>.

policy of support for worker power, worker organizing, and collective bargaining.”<sup>39</sup> A Pennsylvania task force of this kind could flesh out how the state, as a “model employer” and through executive action (e.g., regulations, guidance, funding), could strengthen worker organizing, and then oversee the implementation of resulting recommendations.<sup>40</sup>

Box 2 summarizes recommendations on how policymakers might support union growth and is drawn from a chapter in a new book that fleshes out the recommendations listed.<sup>41</sup>

### **Box 2: Selected Ways That Policymakers Could Support Union Growth**

1. Congress should enact federal labor law reform for the 21st century—i.e., a bill similar to the Protect the Right to Organize Act but stronger with respect to its support for area-wide sectoral organizing and bargaining.
2. States and localities should promote broad-based unionism.
3. Federal, state, and local governments should strengthen labor rights and standards on infrastructure and other publicly subsidized employment creation.
  - Enact and enforce prevailing wage laws.
  - Require project labor agreements and targeted hiring on large construction projects.
  - Require responsible contractor policies on all publicly subsidized construction without PLAs.
4. Federal, state, and local governments should strengthen labor rights with all tools available to them (e.g., program funding and policy guidance, training funds and other grants, and regulations).
5. The federal government should provide financial incentives and peer learning support for state and local policy innovation on labor and employment policy, incubating “level-up federalism.”
6. Elected officials should use the bully pulpit to support broad-based union organizing—“Next Unionism.”
7. Federal and state executive branches should adopt a holistic “sectoral approach” to economic and social policy aimed at promoting more socially and environmentally desirable competition in each major industry.
8. Federal and state executive branches should form interagency sectoral committees and stakeholder advisory committees to each interagency sectoral committee, with the aim of fleshing out inclusive, sustainable visions of each sector and how all the tools of government might achieve that vision.
9. Federal and state interagency sectoral committees should spell out how labor rights can be protected, and unions grow, in specific industries.

---

<sup>39</sup> White House Task Force on Worker Organizing and Empowerment, “Report to the President,” February 2022, <https://www.whitehouse.gov/wp-content/uploads/2022/02/White-House-Task-Force-on-Worker-Organizing-and-Empowerment-Report.pdf>.

<sup>40</sup> White House Task Force on Worker Organizing and Empowerment, “Report to the President,” February 2022, <https://www.whitehouse.gov/wp-content/uploads/2022/02/White-House-Task-Force-on-Worker-Organizing-and-Empowerment-Report.pdf>.

<sup>41</sup> This summary is adapted from Stephen Herzenberg, “Chapter 8: Decent Work,” in John C. Dernbach and Scott E. Schang (eds), *Governing for Sustainability*, Environmental Law Institute, May 2023; <https://www.eli.org/eli-press-books/governing-sustainability>.

## *Raise Wages: The Minimum Wage and Occupational/Sectoral Labor Standards*

As discussed in the body of this report, Pennsylvania needs to more than double its minimum wage to keep pace with the minimum wages in New York, New Jersey, and Maryland. As part of his 2023-24 proposed budget, Governor Shapiro sought an increase in the state minimum wage to \$15 per hour by January 1, 2024. The gold standard for a Pennsylvania minimum wage remains a package of reforms already enacted in the most progressive states: a minimum wage of \$15 per hour then indexed at least to inflation (ideally the minimum wage would be indexed to the median or average wage); the elimination of the tipped minimum wage; the elimination of state pre-emption so that Pennsylvania cities and counties with higher wage levels and living costs can enact minimum wages above the state level; and strengthening enforcement of the minimum wage.<sup>42</sup>

Governor Shapiro and the Pennsylvania legislature should also look for opportunities to enact additional occupational wage standards beyond the prevailing wage law that already exists in Pennsylvania's construction sector. For example, the legislature should enact Rep. Fiedler's "Prevailing Wage for Green Energy Projects" proposal.<sup>43</sup> This bill would establish in statute that the state's prevailing wage law applies to any business renewable energy projects that receives a Federal or State tax credit of \$25,000 or more.

In the construction sector, as discussed above, prevailing wage laws help ensure more "constructive" or "high road" competition—based on high skills, productivity, and quality rather than low compensation and labor standards violations, jeopardizing safety and often leading to shoddy and high-cost construction (especially on a life-cycle basis). In other industries as well as construction, there would be a clear public benefit to raising sectoral wage minima well above a \$15 per hour minimum wage. For example, the high turnover and inexperienced workforce created by low wages compromise safety for truck drivers and for others on the road. Low wages also compromise safety for members of the public that use the bridges or buildings built by unqualified construction labor. In some service occupations, low wages and high turnover compromise quality (e.g., long-term care, health care, early childhood education, and higher education teaching). In the large, very-low-wage fast food sector, low wages and no benefits impose costs on taxpayers because high proportions of workers qualify for public assistance; poverty and extreme poverty also increase long-term social costs, again at the expense of taxpayers as well as impoverished families.

---

<sup>42</sup> Senate Bill 12 contains most of these elements, including an increase to \$15 per hour by January 1, 2024. It would increase the tipped minimum wage to 70% of the regular minimum wage not eliminate it entirely; <https://www.legis.state.pa.us/cfdocs/billinfo/billinfo.cfm?syear=2023&sind=0&body=S&type=B&bn=0012>. For a list of all the minimum wage bills introduced in the 2023-24 legislative session, see <https://www.legis.state.pa.us/cfdocs/billinfo/AmendingLegis.cfm?Act=5&ActSessYear=1968&ActSessInd=0&SessYear=2023&SessInd=0>.

<sup>43</sup> This is House Bill 949, online at <https://www.legis.state.pa.us/cfdocs/billInfo/billInfo.cfm?sYear=2023&sInd=0&body=H&type=B&bn=949>.

In sum, in a substantial number of occupations, raising wages and benefits across the board would have significant benefits for consumers and the public as well as for workers themselves. Recognizing this nearly a decade ago, New York dusted off a little-used provision of its minimum wage act that permitted the commissioner of labor in New York to establish a “fast food wage standards board” authorized to examine the benefits of a sector-specific minimum wage above New York’s minimum wage. New York then established fast food minimum wage levels above the high and rising overall New York minimum wage.<sup>44</sup> Last year, California State Senate enacted AB257 which would establish a 13-member Fast Food Sector council governing a sector with 557,000 workers, two thirds of them women and 80% workers of color. The council will have authority to set sector-specific standards on wages (up to \$22 per hour initially, indexed to inflation), working conditions, and training adequate to ensure and maintain the welfare of fast-food restaurant employees. The law, however, has been put on hold by the courts because a referendum on the bill has qualified for the November 2024 ballot.<sup>45</sup>

If the Pennsylvania legislature proves unwilling to consider this type of proposal, Governor Shapiro could still establish sectoral advisory councils that emulate the research process of the statutory wage standards boards in New York. The Pittsburgh City Council did this a few years ago as part of building a case for raising standards sector-wide in the health care sector. Sectoral advisory councils could build the public and legislative will to enact statutory reforms in a future legislature and, even before that, provide research support and public backing for protecting workers’ rights and for sectoral wage campaigns aimed at transforming key sectors.

### *Build a National Model Skills and Career Infrastructure*

In addition to unionization and wage standards, Pennsylvania’s skill development and career pathway institutions are a third critical influence on opportunity for workers. Currently, Pennsylvania’s skill development and career pathway institutions present a mixed picture. Enrollment in Career and Technical Education (CTE) in high schools is low, a mere third of the (arithmetic) average level in our neighboring states (6.4% versus 19.3%).<sup>46</sup> In addition, many of our higher education indicators rank near the bottom of all 50 states.<sup>47</sup>

On some workforce indicators, Pennsylvania ranks higher.<sup>48</sup> As noted, the union side of the construction industry has robust joint apprenticeship and training programs. In addition, as *The State of Working Pennsylvania 2022* detailed, Pennsylvania has been a national workforce

---

<sup>44</sup> New York State Department of Labor, “Minimum Wage for Fast Food Workers, as of July 1, 2021,” <https://dol.ny.gov/system/files/documents/2021/07/p716.pdf>.

<sup>45</sup> Wikipedia, “California FAST Recovery Act,” [https://en.wikipedia.org/wiki/California\\_FAST\\_Recovery\\_Act](https://en.wikipedia.org/wiki/California_FAST_Recovery_Act).

<sup>46</sup> See Donna Cooper and Stephen Herzenberg, “Meeting the Demand for New Workers: Investing in Career Related Learning for High School Students,” March 2023, Table 2, p. 10; <https://paschoolswork.org/wp-content/uploads/CF-KRC-PaSW-CTE-Final-3-3-23-with-Cover.pdf>.

<sup>47</sup> For details on Pennsylvania’s low ranking for the share of workers 25-64 with more than a high-school education; higher education funding; student debt (i.e., our college students rank high for student debt); applications for federal financial aid for higher education; low access to community college see the PPT at <https://krc-pbpc.org/wp-content/uploads/Higher-Ed-presentation-April-2023.pdf>.

<sup>48</sup> For a PPT that overlaps the one in the previous footnote but focused more on workforce development indicators, see <https://krc-pbpc.org/wp-content/uploads/Skills-and-Career-Workshop-SH-PPT-April-202393-copy.pdf>.

development leader since the 2000s because of its investment in employer-led (and labor-management) Industry (training) Partnerships linked to key sectors with family-sustaining jobs. In the past half dozen years, Pennsylvania has also begun to invest state money in expanding apprenticeship and training to “non-traditional” occupations and industries—i.e., beyond the construction sector. These small programs, however, have not enabled Pennsylvania to transcend a situation in which most post-secondary, K-12 education, and even adult workforce programs remains disconnected from the economy; and most companies invest little, and unsystematically, in the skills of middle- and low-wage workers. These workers often lack the resources to invest in themselves. Moreover, there are few options for worker investment with sure returns or clear track records of making workers more marketable.

The limited impact of the state’s investment in Industry Partnerships and apprenticeship to date is partly an issue of the level of investment. Even at their peak funding levels, Pennsylvania’s Industry Partnership and apprenticeship initiatives amounted, respectively, to a bit over \$3 per Pennsylvania worker per year and a bit over \$1 per worker per year. That is not a foundation for establishing “the missing link” between education/training and the economy—i.e., an economywide skills development infrastructure with tight connections to, and partly embedded in, industry.

As a candidate, Governor Shapiro recognized the need for more investment. In his campaign, he outlined a plan to “[Expand Pennsylvania’s Workforce, Address Labor Shortages, & Invest in Pennsylvania Workers](#).”<sup>49</sup> This plan proposed to

- Triple funding for apprenticeship programs.
- Drastically increase career and technical training to give high school students access to workforce opportunities.
- Expand industry partnership grants to improve recruiting and workforce development.

The 2023-24 budget made some critical down payments on his campaign commitments.<sup>50</sup>

- \$3 million to DCED for a new “Foundations in Industry” program “to start the program and cover costs related to in classroom instruction that complements on-the-job learning required through Registered Apprenticeships and Pre-apprenticeships.”
- Increasing to \$10.5 million funding for apprenticeship through Labor & Industry/the Apprenticeship and Training Office.
- \$3.5 million for PA Schools-to-Work program that supports partnerships between schools and employers/industry associations/labor-management partnerships, that might need clarifying language through the fiscal code.
- Increases in CTE funding targeting high-demand occupations (e.g., technology, health care, STEM, energy and infrastructure, and computer science and STEM occupations) and for CTE equipment grants.

---

<sup>49</sup> Shapiro for Governor, “Josh Shapiro Releases New Plan to Expand Pennsylvania’s Workforce, Address Labor Shortages, & Invest in Pennsylvania Workers,” April 22, 2022; <https://www.oa.pa.gov/Policies/eo/Documents/2023-17.pdf>.

<sup>50</sup> 2023-2024 Enacted Budget line item appropriations available at: <https://www.budget.pa.gov/Publications%20and%20Reports/CommonwealthBudget/Pages/default.aspx>.

In addition, on July 31, 2023, Governor Shapiro unveiled [Executive Order 2023-17, the Commonwealth Workforce Transformation Program \(CWTP\)](#).<sup>51</sup> Over a planned five years, the CWTP will distribute up to \$400 million in funding from the federal Bipartisan Infrastructure Law (BIL) and Inflation Reduction Act (IRA) to reimburse up to \$40,000 in wages, training costs, and supportive services for each new employee hired on federally subsidized infrastructure and climate projects. At a cost of \$40,000 per employee CWTP would train 1,000 new employees. At an average cost of \$10,000 per employee, the program would pay for 4,000 new employees or 800 per year.

Crafted to leverage federal funding and to address the specific challenge of hiring for infrastructure and climate projects in a tight labor market, the CWTP program will represent Pennsylvania’s first large-scale “co-investment” by government and private sector in training linked with actual employment. As such, it transcends the traditional U.S. “train and pray” model criticized because workforce training too often fails to lead to actual employment in good jobs. Co-investment also emulates the basic approach used to fund apprenticeship training in countries where the ratio of apprentices to employment is 10 or 20 times the level in the United States and Pennsylvania—countries that include Germany and Scandinavia but also Australia and England, where two decades ago apprenticeship utilization was closer to current Pennsylvania levels.

Building on these foundations, we recommend that Governor Shapiro work with labor, business, and the legislature to enact via the 2024-25 budget “the Pennsylvania Workforce Leapfrog Initiative.” This initiative would build on the 2023-24 budget and the CWTP to enable Pennsylvania, by 2030, to move from being a laggard on critical workforce and career and technical education indicators to being a national leader. This leapfrog would deliver huge benefits for businesses, workers and families, and communities across Pennsylvania. Critical components of a systemic reform to create an integrated grade 7-16 education system with tight connections to industry would include:

- Increased funding for CTE and a new and more equitable CTE subsidy formula.
- Co-funded apprenticeship and pre-apprenticeship, drawing on experience with the CWTP.
  - Maintaining current grant funding to catalyze new apprenticeship programs.
  - A small subsidy for pre-apprenticeships in high school keyed to enrollment or the change in enrollment.<sup>52</sup>
  - Permanent “co-funding” to sustain and grow high-quality apprenticeships. This could be a tax credit or, like the CWTP, a fixed amount per apprentice. As in other states, in the absence of federal climate and infrastructure dollars that will pay for up to \$40,000 per worker, a permanent tax credit could be a much lower subsidy

---

<sup>51</sup> Commonwealth of Pennsylvania Governor’s Office, “Executive Order 2023-17—Commonwealth Workforce Transformation Project,” July 31, 2023; <https://www.governor.pa.gov/wp-content/uploads/2023/07/Executive-Order-2023-17-Commonwealth-Workforce-Transformation-Program.pdf>.

<sup>52</sup> See Cooper and Herzenberg, “Meeting the Demand for New Workers” March 2023.

(see Table 2). The subsidy/credit could be for the classroom related instruction of apprenticeship or for a broader set of qualifying expenses.

A central challenge will be defining standards for apprenticeship in each occupation, so that apprenticeship becomes a valuable credential, signaling real skill to employers and giving workers increased mobility. Simply labeling existing training programs that cater to low-road employers—e.g., Commercial Drivers’ License (CDL) or Certified Nursing Assistant (CNA) training—as “apprenticeships” so that the for-profit training schools or employers can pocket another public subsidy would not make sense.

- Co-funding for industry partnerships, again possibly through a tax credit. In terms of documenting expenses eligible for the tax credit, the CWTP could again provide valuable learning opportunities.

Amount per apprentice	Most provide credits for registered apprentices in any industry/occupation and provide in the range of \$1,000-\$2,000 per apprentice. The largest amounts per apprentice are available for credits in manufacturing—e.g., the three New England manufacturing tax credits provide up to \$7,500 per apprentice or 50% of wages (whichever is less) (CT) or \$4,800
Total funding	\$5 million in Alabama, equivalent of \$15 million in PA; \$500,000 per year in MD (equivalent of \$1.25 million in PA). Some credits may not have a limit on the total cost (e.g., Illinois Apprenticeship Education Expense Credit)
Age group	Most are for adult apprentices (at least 16 years where that was specified but likely higher in practice in most cases)
Sector	Most are for registered apprenticeships without restriction based on industry and occupation. In addition to manufacturing ones, WV has a construction one (up to \$2,000).
What state credit covers	Many provide an amount without specifying what it is for; some are for a portion of wage costs; the Illinois credit is specifically for tuition and other educational expenses.
Who receives the funding	Usually, the funding goes to the apprenticeship sponsor, which may be an individual employer or a group apprenticeship sponsor.

*Source: Keystone Research Center based on an examination of apprenticeship tax credits in 15 states.*

In addition to drawing on experience with the CWTP, we recommend engaging leading employer-led and labor-management industry partnerships in designing a permanent subsidy for apprenticeship and an industry partnership tax credit.

Pennsylvania should link workforce reforms to higher education reforms that address the fact that, when it comes to higher education, as Governor Shapiro said in his 2023 budget, “what we’re doing now is not working.” For example, the state should use “last-dollar scholarships” from the state to make community college, (or community college and four-year State System schools), free below an income threshold. “Last dollar scholarships” require students to access all available other support to attend college, including federal Pell grants, before drawing down a state scholarship for what remains of tuition cost. This approach has the practical benefit of ensuring that federal funding covers part of the cost of making college affordable.

Making college more affordable should be combined with increasing free or low-cost college accessible throughout the state, especially in rural areas without any community college presence.<sup>53</sup> The establishment of universal access to affordable or free college in these places should start with an expansion of programs that prepare students for occupations in demand that pay family-sustaining wages. Basic education, e.g., in math and English, can expand based on student demand in part to shore up the foundational skills of students taking courses aimed at careers in demand. Ultimately, this expansion should create a statewide community college system that is integrated with the State System of Higher Education.

**Box 3:**

**Last Dollar College Scholarships – Steppingstone to the PA Promise of Free College Tuition for All**

Currently, Pennsylvania students attending public colleges draw down Pell grants at a rate far below our per capita (population-based) share of national Pell funding to attend public colleges, leaving an estimated \$271 million “on the table.” The reasons for this are straightforward. An estimated 40% of Pennsylvanians live outside a community college sponsoring district and so have to pay “double tuition” to attend. Additionally, in many rural areas, there is no community college campus nearby. Lacking affordable, accessible college options, many rural PA students, including seniors graduating from high school, reject the idea of attending college at all and don’t even bother filling out financial aid forms to access Pell grants or other scholarships. In addition, public college is expensive everywhere in Pennsylvania, which also holds down applications for, and acceptance of, Pell grants.

Creating meaningful access to affordable college requires not only lowering or eliminating tuition. It also requires creating those affordable college options in places that are currently higher education deserts. To do this, as part of Governor Shapiro’s planned reforms to create a higher education system that “is working,” Pennsylvania should:

- Designate one entity (and provide grant funding to that entity) to expand Pell-eligible programming in each county without an existing sponsored community college, starting with occupations in demand and building out basic skills (remedial math, English, etc.) needed to complement occupational courses as needed.
- Require the entity designated to develop a plan for creating a sponsored community college within six years.
- Capitalize on the growing number of Pennsylvania registered apprenticeship programs that are now accredited post-secondary institutions as another route to expanding college access in rural areas. Currently, eight joint labor-management construction industry apprenticeship programs in the Philadelphia region are accredited as post-secondary institutions, half of the number so accredited across the entire country. Many of these training programs already have satellite training centers in rural and/or western Pennsylvania.

---

<sup>53</sup> For more details on this idea, see Stephen Herzenberg, “Pathway to the PA Promise of Affordable College & Good Paying Careers,” June 24, 2022; [https://krc-pbpc.org/research\\_publication/pathway-to-the-pa-promise-of-free-college-tuition-good-paying-careers-with-federal-dollars/](https://krc-pbpc.org/research_publication/pathway-to-the-pa-promise-of-free-college-tuition-good-paying-careers-with-federal-dollars/).

In addition to leveraging federal funding—Pell grants and climate/infrastructure dollars—several other potential sources of funding could pay for subsidizing apprenticeships/pre-apprenticeships, Industry Partnership tax credit, last dollar scholarships, and expansion of affordable/free college programming in rural areas. These funding sources include an extension and expansion of the Reemployment Fund now due to expire in 2024 and funded with a portion of workers' contributions to unemployment insurance and a severance tax on natural gas and/or enhanced impact fee.

### **The Only Pathway to Shared Prosperity**

There have been two brief periods of shared prosperity in Pennsylvania since 1979: in the late 1990s under President Clinton and spanning the end of President Obama's second term and the first part of President Trump's term before the pandemic. Both these periods consisted of sustained low unemployment. We may now be entering a third period of shared prosperity because we again have sustained low unemployment and inflation has come down to about 3% again. When shared prosperity is built simply on a tight current labor market, however, it is fragile.

The only way to lock in shared prosperity for a generation or two is to strengthen unions, implement higher and broad wage standards including at the sectoral level, and to create more effective and universal skill development and career supports—not just for professionals and college-educated managers but for the rest of the workforce.

Shared prosperity benefits workers generally, of course. But it also benefits everyone. It contributes to making our economy more productive because employers have to compete by doing something other than squeezing workers. Shared prosperity could also create a more unified country and state. Pennsylvanians would have more faith that the system is not rigged against them. Such unity, in turn, could fuel a team effort to address the threat of climate change. When workers no longer have to worry about putting food on the table or know that if they lose their current job they can get a good union job within a clean economy, they will rally around the need to save the only planet we've got.

Workers in Pennsylvania have waited too long. They deserve policymakers and policies that put them first. They deserve a New Deal for a New Economy.