

7 Signs Pa.'s Pandemic Recovery Is Falling Behind

SUMMARY

1. Pennsylvania business closures continue to be among the worst in the nation.
2. High unemployment persists along with continued COVID economic restrictions.
3. A shrinking labor force indicates Pennsylvania could be facing a labor shortage, further stalling recovery.

FALLING BEHIND

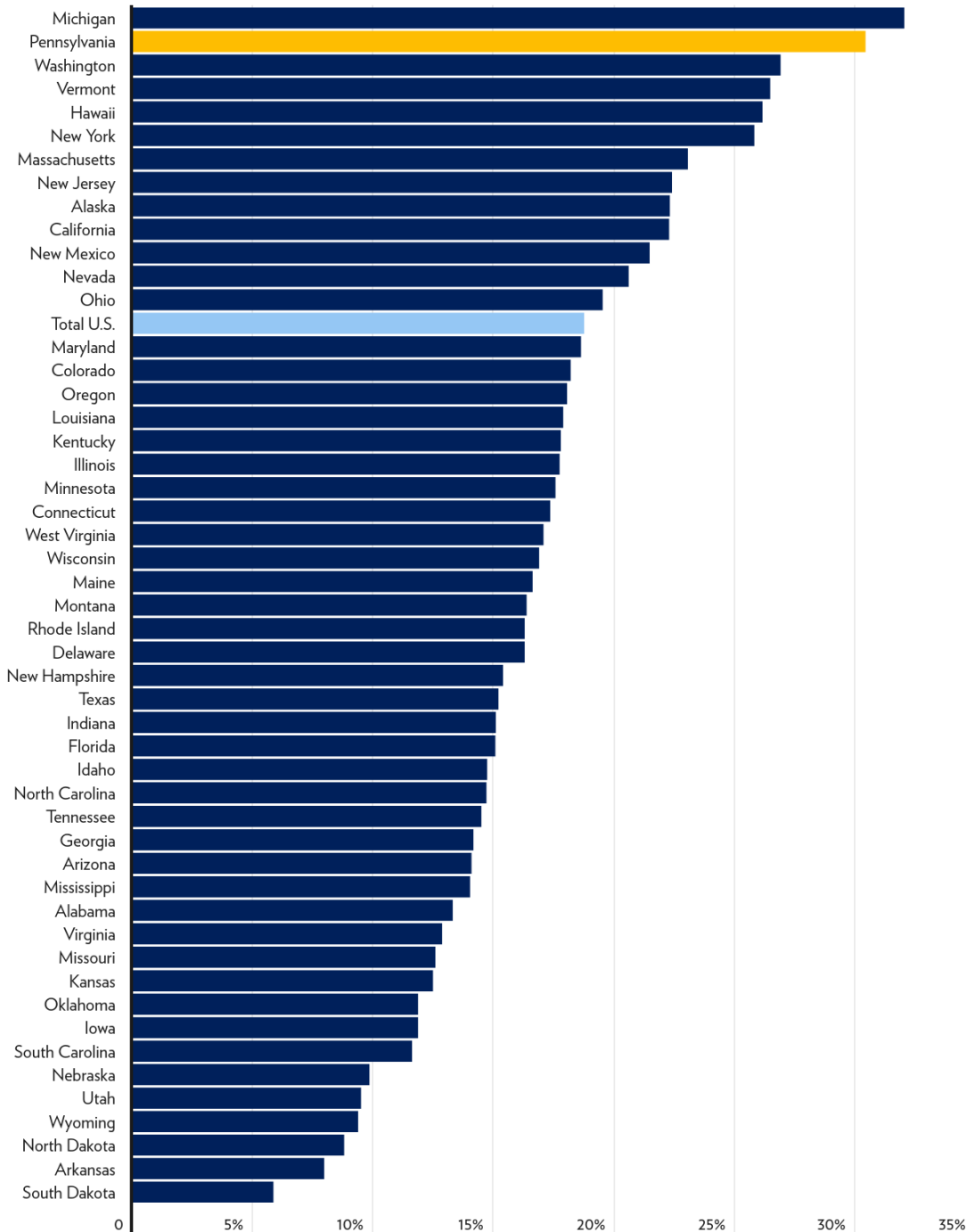
One year since the state's economy shut down in reaction to COVID-19, Pennsylvania is falling behind on the road to recovery. From unemployment and job losses to ongoing business restrictions, the state has not been able to rebuild as quickly as other states. Some legislation aimed at helping our communities regain their footing has started moving in the General Assembly; notably, House Bill 605 to extend COVID liability protection just passed in the House. But lawmakers and Gov. Tom Wolf should be focusing beyond the temporary pain relievers of business grants and enacting a ["race to rebuild" agenda](#) that will ensure our businesses, workers, and communities no longer need emergency aid.

The following facts reveal where the Keystone State stands on the road to recovery from COVID-19:

1. **2nd-Most Business Closures in 2020:** Pennsylvania was second only to Michigan in the [number of businesses that were closed](#) at some point during 2020.
2. **Many small businesses are still closed:** The number of open small businesses is still [down 28% from January 2020](#), according to the Opportunity Insights Economic Tracker. It is unclear if currently closed small businesses will reopen or if these businesses closed permanently.

Percent of Businesses Closed in 2020

Pennsylvania is second only to Michigan in the number of businesses that were forced to close in 2020.

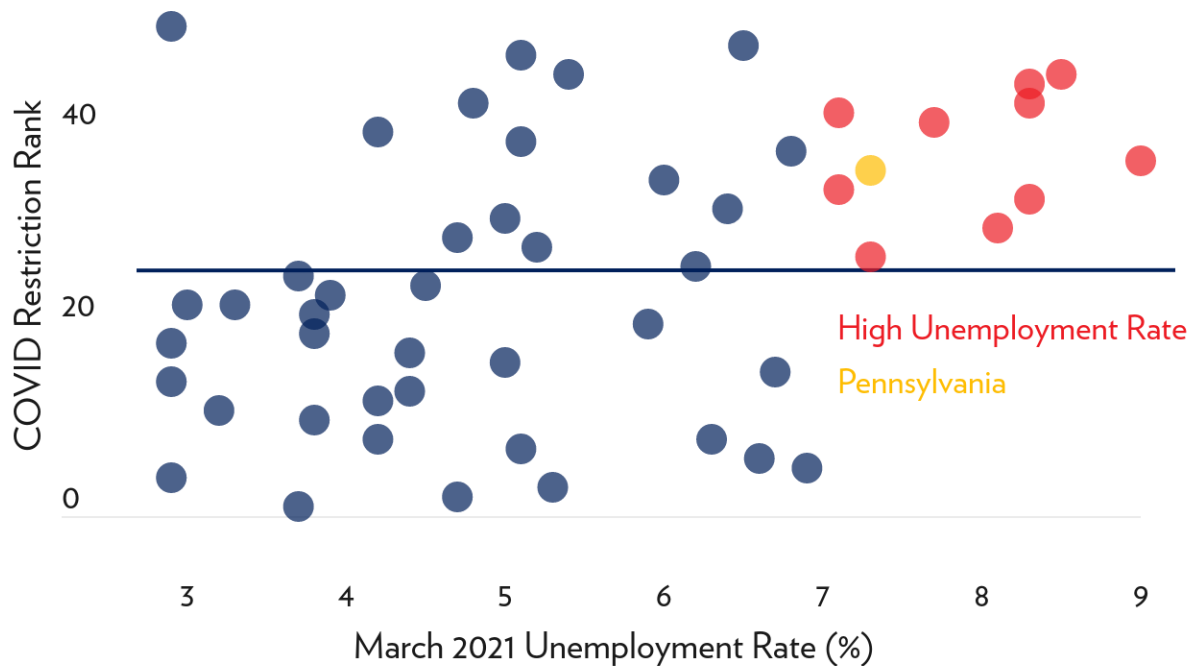


Source: Bureau of Labor Statistics Business Response Survey to the Coronavirus Pandemic, <https://www.bls.gov/brs/2020-results.htm#state-comparisons>.

- 9th-Highest Unemployment Rate in the Nation:** While our 7.3% unemployment rate is bad enough, Wallethub’s [ranking of states returning to normal unemployment levels](#) shows Pennsylvania continues to lag behind other states when it comes to getting people back to work. At the same time, the state ranks [11th in COVID deaths per million residents](#) and [16th among the states with the most COVID restrictions](#). The worst of both worlds.

Unemployment & COVID Restrictions

The 11 states with unemployment rates above 7% are also among the most restricted economies in the nation.



Sources: Wallethub ranking states with fewest COVID restrictions, <https://wallethub.com/edu/states-coronavirus-restrictions/73818>; Wallethub ranking states whose unemployment rates are bouncing back, <https://wallethub.com/edu/states-unemployment-rates/74907>; Bureau of Labor Statistics, <https://www.bls.gov/lau/>.

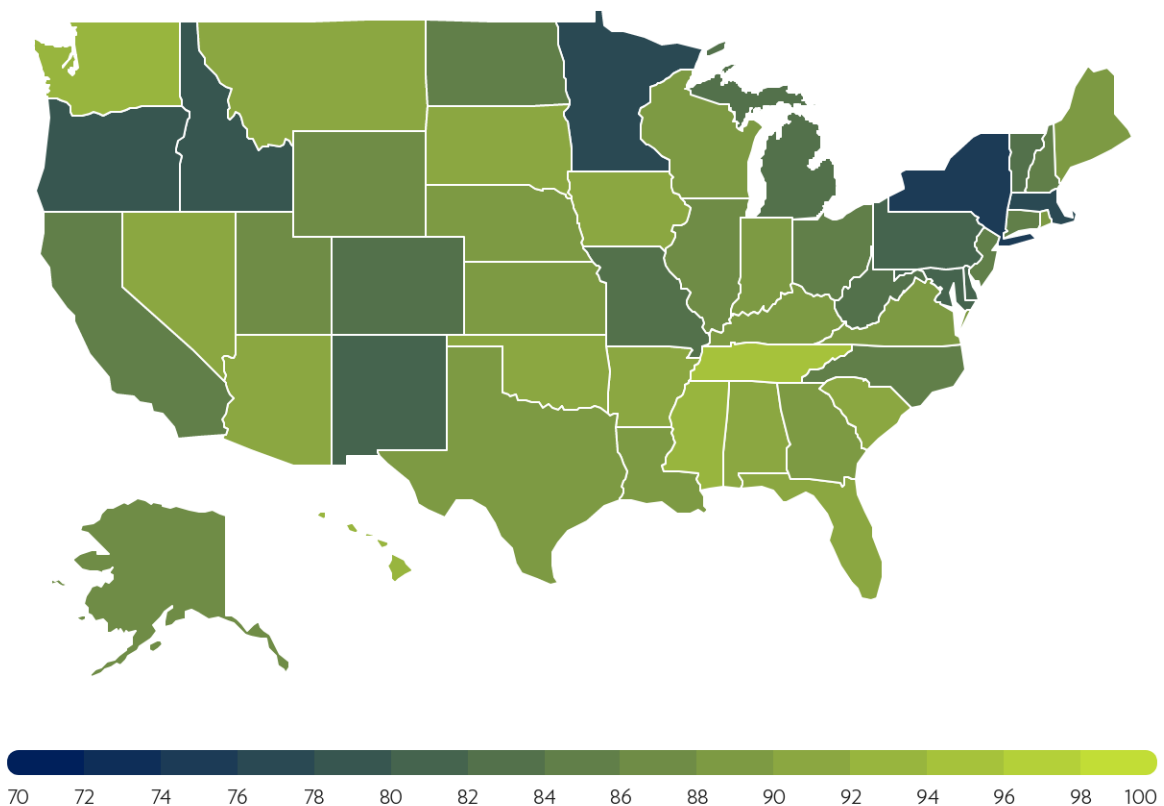
- Highest Black Unemployment Rate in the Second Half of 2020:** High overall unemployment rates land Pennsylvania the dubious distinction of having the [highest black unemployment rate in the country](#) for the third (19.5%) and fourth (16.5%) quarters of 2020.

5. **6th-Slowest Overall Economic Recovery:** According to [CNN's Return to Normalcy Index](#), Pennsylvania's economy is operating at 82% compared to the year before the pandemic. Only states with stricter lockdowns or heavy dependence on tourism are faring worse.

It's no surprise Pennsylvania saw the largest overall decrease in personal income, **16.1%**, between the 3rd and 4th quarters of 2020. In other words, Pennsylvanians struggled as economic restrictions dragged on into the fall while other states began to reopen.

State Economies Returning to Normal

Pennsylvania ranks 6th for the slowest economic recovery or return to normal under the Return to Normalcy Index.

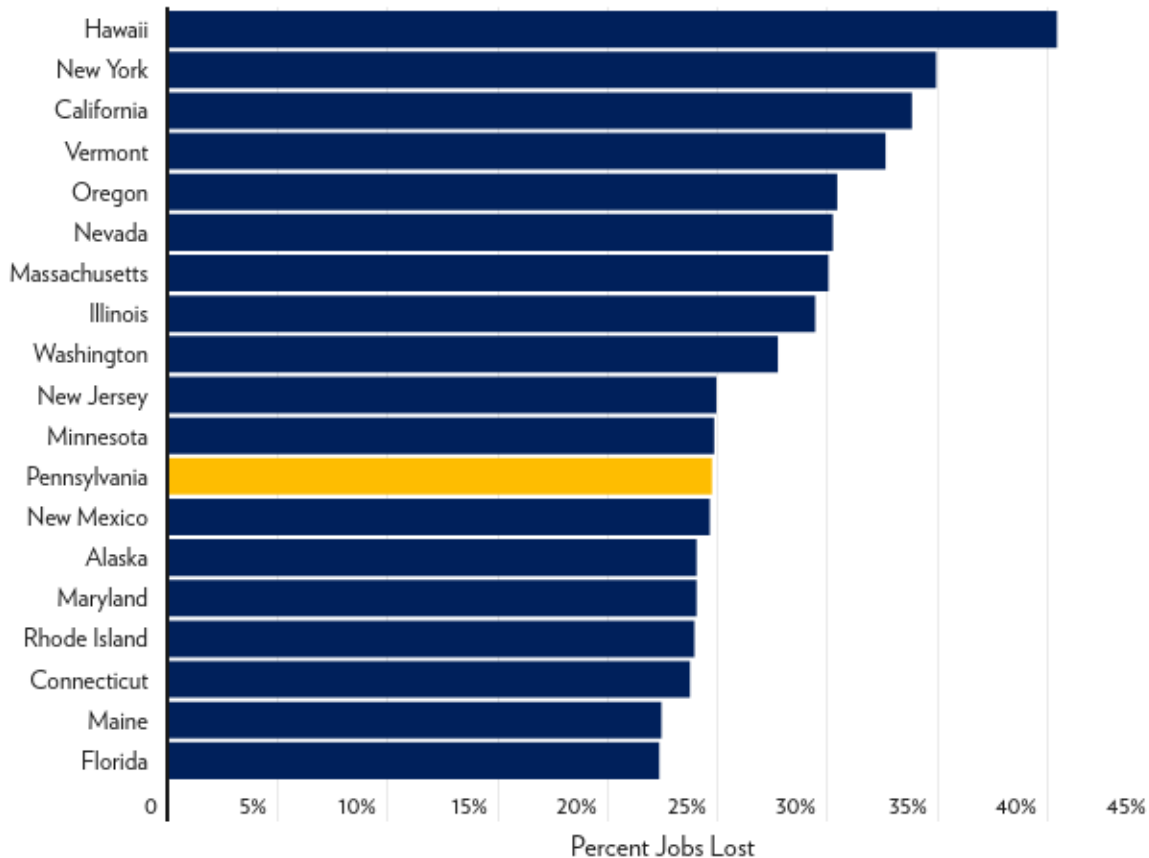


Source: CNN Return to Normalcy Index, <https://www.cnn.com/business/us-economic-recovery-coronavirus>.

6. **12th-Highest Percent of Lost Hospitality and Leisure Jobs:** Pennsylvania is still [struggling to recover jobs](#) in the industries most impacted by the pandemic. As of April 4, restaurants are still limited to 75% in capacity, and just 50% if they do not jump through regulatory hoops to self-certify they operate safely.

Leisure and Hospitality Job Loss

Pennsylvania ranks 12th in the percent of leisure and hospitality jobs lost between January 2020 and February 2021.



Sources: Bureau of Labor Statistics Business Establishment Survey; Analysis by State Policy Network, <https://spn.org/blog/state-lockdowns-and-jobs/>.

- 7. Indications of a Future Labor Shortage:** In Pennsylvania, job postings for jobs that require minimal education are up 47% from January 2020, while postings for all jobs are up 5.9%. Meanwhile, since January 2020, Pennsylvania has lost over 200,000 workers. The current labor force participation rate is 61.6%, hitting a decade low of 60.9% in August. This is far below the January 2020 participation rate of 63.5%. Pennsylvania's labor force trends indicate a shortage of labor that could stymie Pennsylvania's economic recovery for years to come.