



## Luzerne - Schuylkill Workforce Investment Area

# AREA SNAPSHOT

What are the Luzerne-Schuylkill Counties Workforce Investment Area's (WIA) major industries?

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How do the local industries compare to Pennsylvania's?

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What are the demographics of the Luzerne-Schuylkill WIA?

Understanding your local industry base by answering questions like these is one of the first steps in developing or analyzing a workforce development strategy. This report provides information that can help you direct, prioritize and set workforce development goals. The following analysis, presented in two sections, is a snapshot of the Luzerne-Schuylkill WIA's (hereafter referred to as "the WIA") industry and demographic composition. The Industry Overview section offers a large-scale analysis of the WIA. Then, the Demographic Detail section provides population growth and commuting pattern information.



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### INDUSTRY OVERVIEW

Pennsylvania has chosen industry clusters as a way of gauging the performance of the state and local economies within it. The following analysis uses the statewide cluster definitions that were implemented in 2008. Seven targeted industry clusters as well as two targeted sub-clusters are examined in Table 1.

Possibly the most notable trend seen is the performance of manufacturing in the WIA. Chemicals, Rubber and Plastics (AMDM-C) and Metals and Metal Fabrication (AMDM-M) both lost employment over the six-year period. However, they lost fewer than average statewide, which means they remain competitive in the area. Two other manufacturing-heavy clusters, Agriculture and Food Production (AFP) and Lumber, Wood and Paper (LWP) are also doing well. These four clusters/sub-clusters employed roughly 18.4% of the WIA's employment, much more than average as can be seen by the large Location Quotients (LQ.) All four clusters/sub-clusters paid wages higher than the WIA average, and all had wages that grew faster than inflation between 2001 and 2007.

**Table 1: Industry Cluster Statistics for Luzerne - Schuylkill Counties WIA (2001-2007)**

	AFP	AMDM-C	AMDM-M	BFS	ENGY	HC	ICS	LT	LWP
2007 Employment	6,661	5,258	5,468	14,157	3,805	23,283	6,236	11,769	3,173
Percent WIA Employment	6.0%	4.7%	4.9%	12.7%	3.4%	20.9%	5.6%	10.6%	2.8%
2007 Location Quotient	1.29	2.41	1.21	0.61	1.24	1.01	0.86	2.08	1.34
Percent Employment Change (2001-2007)	8.3%	(-5.5%)	(-9.6%)	(-4.1%)	(-10.3%)	11.7%	11.5%	79.2%	24.0%
2007 Average Wage (\$)	39,409	43,831	42,763	41,030	71,349	35,666	50,942	32,082	37,166

Business and Financial Services (BFS) and Energy (ENGY) both experienced a decline in employment. Their similarity, however, ends there. BFS is a large cluster, employing nearly 13% of the WIA's workforce. Yet, the average for Pennsylvania is closer to 20% which is reflected by the region's LQ of 0.61. Wages in BFS have been relatively flat when adjusted for inflation. In contrast, at 3.4% of local employment, ENGY is a small cluster. Its LQ shows that this small number is still more than average, showing evidence of some advantage in the WIA. Average wages in ENGY are the highest of all clusters within the WIA and are growing, outpacing inflation with an increase over \$15,000 since 2001.

Information and Communications Services (ICS) and Health Care (HC) are both doing well. Both have experienced employment growth, are near the average employment (LQs near 1.0) and pay increasingly higher wages. As these clusters employ a quarter of the WIA's workforce, any amount of growth should be looked at positively.



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### INDUSTRY OVERVIEW (CONTINUED)

Probably the most confusing cluster is Logistics and Transportation (LT). Since 2001, employment in LT has nearly doubled. 11% of the WIA's workforce is employed within LT, which is twice the statewide average. This is rather significant considering Pennsylvania employs more LT workers than the national average. What is odd however, is the relatively low wages paid in the cluster. Typically an over concentration of an industry in an area leads to competitive wages. Yet, in this case, LT wages are lower than the WIA average in 2007, and when compared to wages in 2001, have fallen behind inflation.

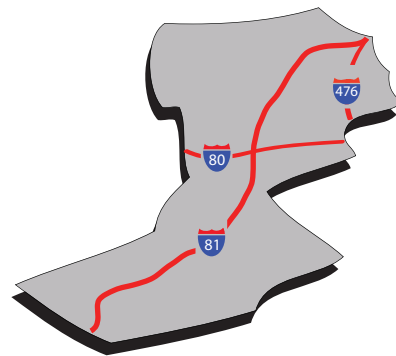
### DEMOGRAPHIC DETAIL

One of the reasons the area is facing rapid growth in LT is due to a geographic advantage. The WIA is home of the crossing of I-80 and I-81. I-81 runs through Syracuse to Canada and south as far as Tennessee. It is second in the state in Daily Vehicle Miles Traveled (DVMT.) I-80 goes East as far as New York City and West as far as Chicago. It is the third highest route in DVMT in Pennsylvania. I-476 also runs through the WIA, southeast until it reaches Philadelphia. Access to these interstates allows for warehousing and manufacturing businesses in the area to distribute products to a large geographic area quickly.

While these roads are heavily traveled, they are not necessarily the busiest. Annual Average Daily Traffic (AADT) is a better gauge of a road's congestion, and while all are not included in Table 2, eight interstate routes in Pennsylvania have a higher mean AADT than I-476. This means safer, faster and more consistent travel suitable for trucking.

**Table 2: Mileage and Travel**

Interstate/ US Route	Total Linear Miles	Total DVMT	Mean AADT
I-76	349.62	13,449,370	38,469
I-81	232.74	10,348,181	44,462
I-80	311.34	9,048,211	29,062
I-95	51.02	6,358,860	124,627
US-30	308.62	6,092,667	19,741
US-22	275.49	6,050,409	21,962
I-476	129.61	5,838,679	45,047
I-79	179.38	5,654,766	31,524
US-422	197.61	4,077,196	20,632
US-1	92.37	3,677,990	39,818



Source: PA Department of Transportation, Bureau of Planning and Research

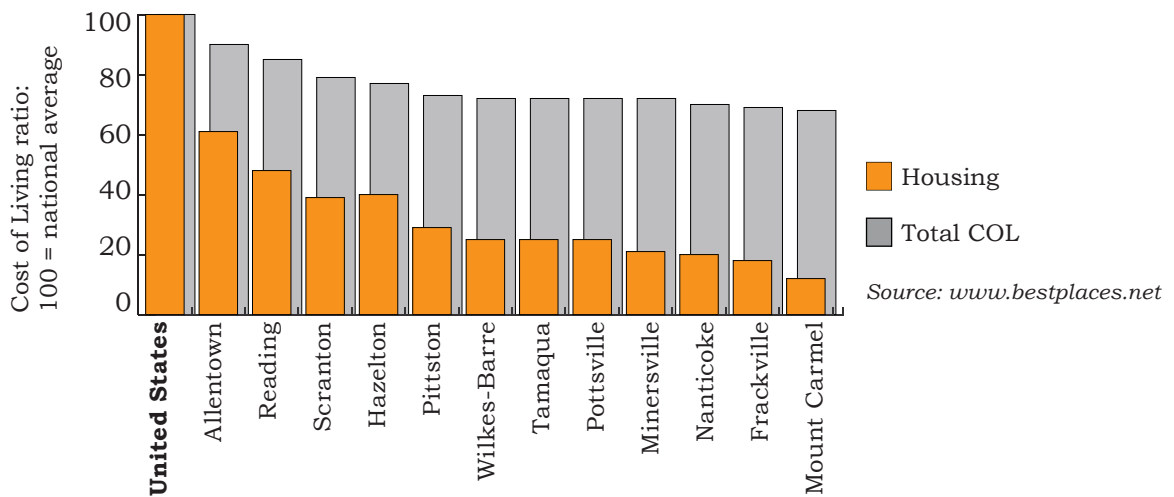


## Luzerne - Schuylkill Workforce Investment Area

### DEMOGRAPHIC DETAIL

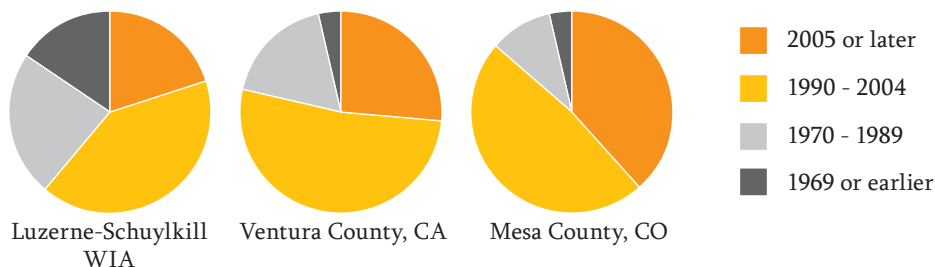
Hopefully the strong reliance on manufacturing and the relatively low cost of living will help the area through the current economic situation and fare better than many areas in the country. The current housing “crisis” and collapse of the credit industry have been effecting areas with newly built, expensive housing the most. The total cost of living in the WIA is lower than the national average, with the largest factor being the cost of housing. The average housing cost for the United States is as much as four times higher than many cities within the WIA.

**Figure 1: Total Cost of Living (COL) and Housing for Selected WIA Cities Compared to National Average**



Along with the cost of housing, the length of owning the home is also important under the current economic situation. People who have owned their home for a long time are more likely to have a stable, manageable mortgage and typically have enough equity to leverage themselves if necessary. New home owners typically have less equity, with the bulk of their payment going towards interest. Again the WIA has the advantage over other areas in the country with 15% of householders living in their existing home prior to 1969, and 39% living in it since 1990.

**Figure 2: Year Householder Moved Into Unit**



Source: U.S. Census Bureau, 2007 American Community Survey



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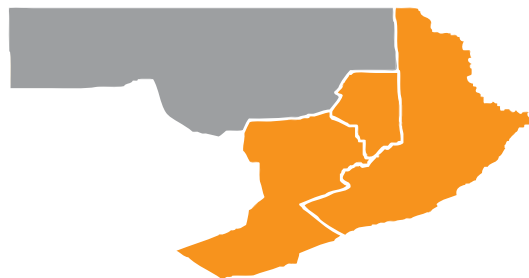
### NEXT STEPS



This document is intended to provide a glimpse of the Luzerne-Schuylkill WIA during a specific time period. While it may seem insightful on its own, it is just one step in analyzing a local workforce strategy. It provides an example as to how various data sets may relate to each other to provide a better overall picture of the local area. Further analysis can and should be done around an even more focused approach.

The region should come out of the national housing market relatively unscathed. The big question is how will the shrinking credit market effect the area's manufacturers? Can the WIA use its advantage in manufacturing and low housing costs to attract people to relocate into the region? Why are wages so low for LT workers when the competitive advantages seems very apparent? What can be done to increase the wages and make the jobs more attractive?

Whichever question you choose to explore, the Center for Workforce Information & Analysis (CWIA) is here to help you collect, develop and analyze the information you need to make your decisions. We are available to work with you during the process and will provide our labor market information expertise and customized products like this Area Snapshot to assist you. For more information, please contact your local outreach coordinator.

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