

WORKFORCE TRENDS #4

# 2025 Annual Labor Market Update

**WORK**force

PA Workforce Development Association  
*The Voice of Pennsylvania Workforce Development*

## Executive Summary

This report is the Pennsylvania Workforce Development Association's Annual Labor Market Update. It includes a full-year review of Pennsylvania's labor market data and other important economic indicators. This review allows us to step back from month-to-month fluctuations and assess how Pennsylvania's economy currently stands compared to four years ago and pre-pandemic.

For policymakers, administrators, workforce system boards and providers, and other partners interested in taking action informed by data, this Annual Update can help you identify the workforce challenges Pennsylvania must address looking forward.

Our overview yields three main findings.

### **1. Pennsylvania's Labor Economy of the Last Two Years Has Been Healthy**

As highlighted in prior "Workforce Trends" reports (see box below), Pennsylvania's economy in the last couple of years experienced, by several measures, the tightest labor market on record. The number of jobs in Pennsylvania increased steadily, providing employment for most Pennsylvania workers seeking a job. Targeted groups of workers in need of workforce development supports – to access or keep jobs – experienced economic progress.

### **2. Available Workers and Jobs Have Rebalanced**

The most recent months of data reveal a labor market rebalancing. Pennsylvania no longer has substantially more job openings than unemployed workers. Quit rates, one symptom of individual worker leverage, have dipped. The data also show that, even in the tighter labor market of 2023 and 2024, Pennsylvania made limited progress on some of our most vexing long-term labor market challenges, such as wage stagnation and large-scale joblessness among prime-age men (25-54 years old).

### **3. Workforce Development Remains Vital**

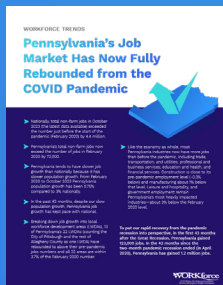
In Washington DC and Harrisburg in recent months, the economic challenges faced by non-college workers – who make up nearly two thirds of U.S. workers – have received unprecedented attention. Policy shifts outside the field of workforce development, most prominently on trade and immigration, have been in the limelight in national discussions. Also expressed has been bipartisan support at the national and state level for expanding

apprenticeships. Given the high share of prime-age men without jobs, one in seven in Pennsylvania, and the long-term wage stagnation experienced by workers without a college degree, robust workforce development services and direct job creation must be part of national and state policy going forward.

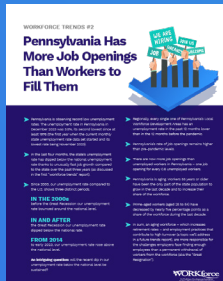
## PWDA Workforce Trends Reports

<https://www.pawork.org/reports/>

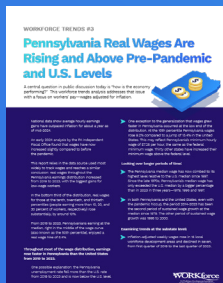
The Workforce Trends series released by the PA Workforce Development Association (PWDA) reports on the latest workforce development and labor market information impacting Pennsylvania. PWDA’s three prior Workforce Trends report were:



**“Workforce Trends #1: Pennsylvania’s Job Market Has Now Fully Recovered from the COVID Pandemic,” December 2023;** <https://www.pawork.org/2023/12/14/pennsylvania-workforce-development-association-releases-first-pennsylvanias-workforce-trends-report/>;



**“Workforce Trends #2: Pennsylvania Has More Job Openings Than Workers to Fill Them,” January 2024;** [https://www.pawork.org/wp-content/uploads/2024/01/PWDA\\_Snapshot2\\_MoreJobOpenings.pdf](https://www.pawork.org/wp-content/uploads/2024/01/PWDA_Snapshot2_MoreJobOpenings.pdf); and



**“Workforce Trends #3: Pennsylvania Wages Are Rising and Above Pre-Pandemic and U.S. Levels,” August 2024;** [https://www.pawork.org/wp-content/uploads/2024/08/PWDA\\_Snapshot3\\_Wages\\_08-2024-2.pdf](https://www.pawork.org/wp-content/uploads/2024/08/PWDA_Snapshot3_Wages_08-2024-2.pdf)

## Key Points

**Our healthy economy and tight labor market:** Since 2022, the Pennsylvania labor market has offered robust job opportunities to our workers.

- In December 2024 (the latest data available), Pennsylvania had 139,600 more jobs than in January 2020, the peak employment before the pandemic. Our job growth remained steady throughout 2024 and exceeded U.S. job growth in the second half of the year. Pennsylvania job growth usually runs along at only half of U.S. job growth.
- The Pennsylvania unemployment rate equaled 3.6% in December 2024. Before mid-2022, the unemployment rate in Pennsylvania never dropped below 4% going back to January 1976 (when the current state unemployment rate data series began). In the 30 months since July 2022, Pennsylvania's unemployment rate has been at or below 4%.
- Unemployment rates remain lower in every county and every Local Workforce Development Area (LWDA) than before the pandemic, with the drop in unemployment largest in the western half of Pennsylvania.
- For an extended period from summer of 2021 to late 2024, Pennsylvania had fewer unemployed workers than job openings for the first time on record. This ratio fell to 0.6 unemployed workers for each job opening at one point.
- In our strong economy, vulnerable groups increased their labor force participation and experienced lower rates of unemployment. The unemployment rates for Black and Hispanic workers both dropped to the lowest value on record in 2023.

**Labor market rebalancing in recent months** has made the economy less favorable for workers.

- Over November and December 2024, Pennsylvania's unemployment rate ticked up to 3.6%, after it had held steady at 3.4% for more than a year. In 2024, unemployment rates also rose, and more substantially, for Black (from 4.1% to 5.3%) and especially Hispanic workers (from 4.5% to nearly 8%).
- In November 2024, the ratio of unemployed workers to job openings climbed back to one-to-one, giving workers less choice of jobs and employers more choice of workers.

- Quit rates in Pennsylvania declined in recent months to 1.7%, down from a peak of 2.8% in May 2022. This suggests that workers have declining confidence in their ability to find an equivalent or better job if they quit.

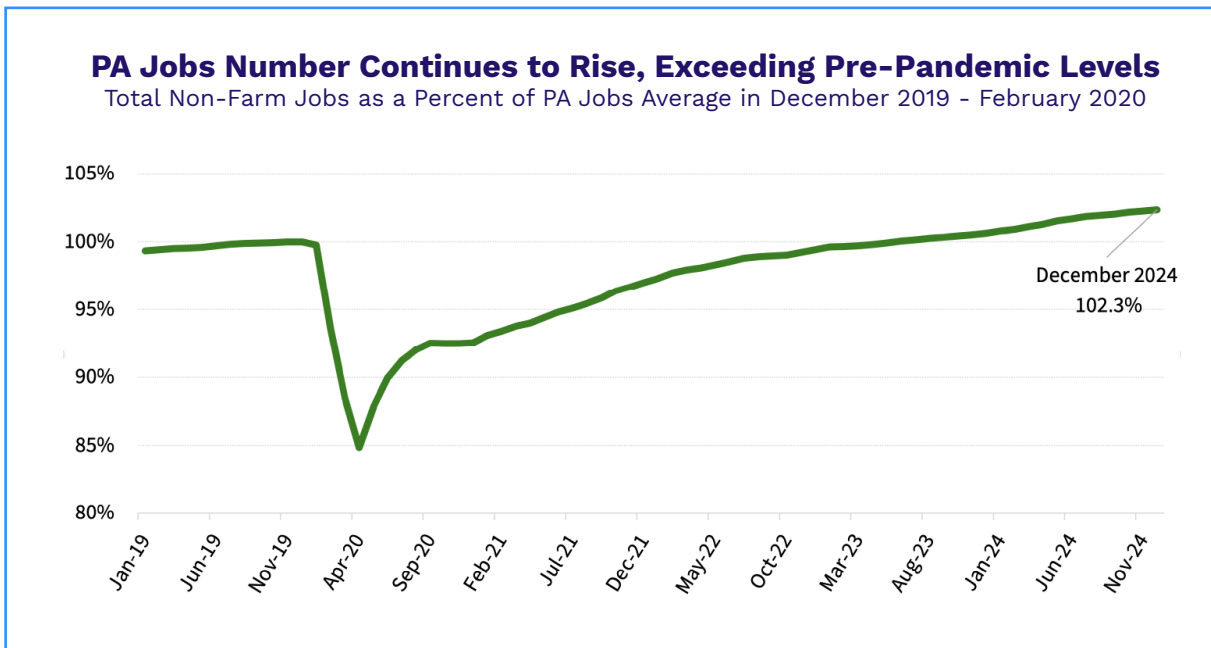
**Even with a healthy labor market...Pennsylvania made only limited progress on three major long-term challenges: low western and rural PA job growth, wage stagnation, and the plunge in male employment rates since the 1960s.**

- Virtually all of Pennsylvania's rural and western Local Workforce Development Areas (LWDAs) have fewer jobs now than before the pandemic. The eight LWDAs that saw the biggest job declines (in percent) are all in western Pennsylvania. Population trends which lead to declining labor forces in these areas drive both declining job numbers and low unemployment.
- While inflation-adjusted wages grew 5% to 10% from 2019-2023 in the bottom half the earnings distribution, they didn't grow a lot. Updated data show that average weekly wages grew even less from 2019 to 2024. A big reason: the high rate of inflation in 2021 and 2022.
- In 2023 (the most recent data), about 361,000 prime-age Pennsylvania men did not have jobs. This was an improvement on the roughly 390,000 in 2019 but we need another 260,000 jobs to get back to 1960s employment rates for prime-age men. Eight of the 22 Workforce Development Areas have a prime-age employment rate of less than 80% – meaning that more than two of every 10 prime-age men are not employed.
- One factor that contributed to limited progress on prime-age male employment: manufacturing and construction employment levels in Pennsylvania are still 1.6% below their pre-pandemic levels. Low blue-collar job growth highlights the importance of maintaining national policies that grow public and private investment in manufacturing and construction.

These long-term challenges underscore the continuing importance of workforce development services looking forward. To boost jobs in western Pennsylvania, raise male employment rates, and achieve more substantial wage growth for non-college workers, we need to expand credential attainment and on-the-job training aligned with employer demand – including apprenticeship and pre-apprenticeship, which have bipartisan support – and to invest in barrier removal and retention supports customized to the needs of particular workers. The data also suggest that there is no escaping the need for direct job creation to reattach the long-term unemployed to the job market.

# PENNSYLVANIA'S STRONG LABOR MARKET IN RECENT YEARS

Many families continue to struggle because of price increases in 2021 and 2022. While acknowledging that, based on job growth, unemployment, and the number of job openings compared to the number of unemployed, the job market in Pennsylvania in the past few years has been one of the best for workers in the past 50 years.

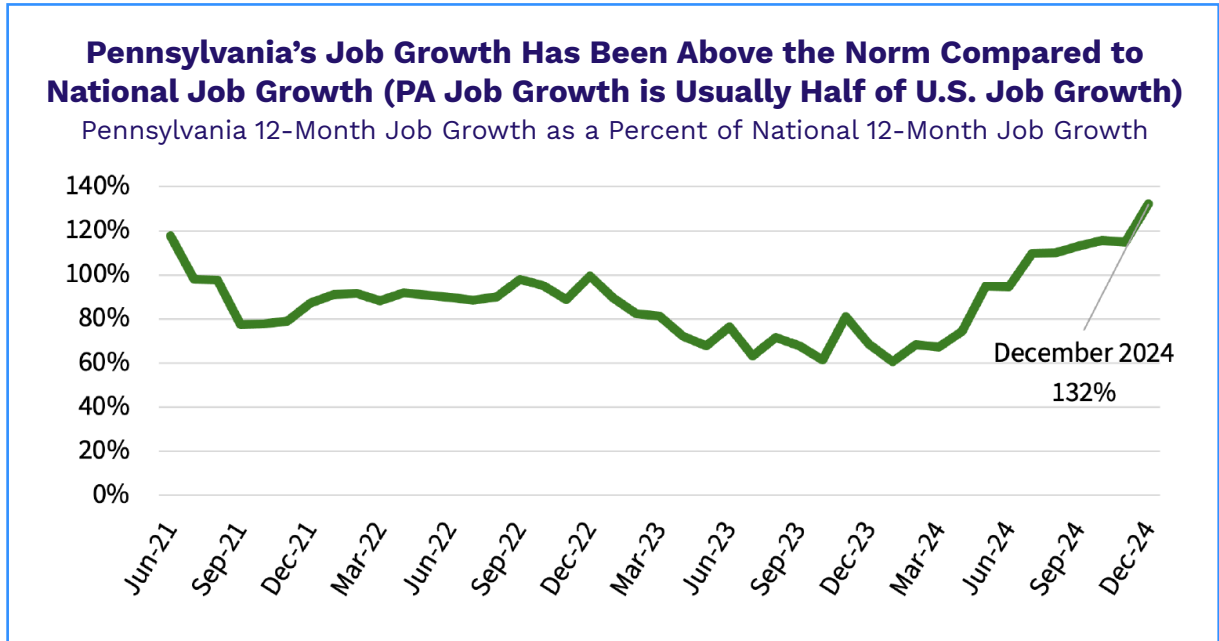


**Source:** Keystone Research Center analysis of Current Establishment Survey data Table 5: <http://www.bls.gov/news.release/laus.t05.htm>

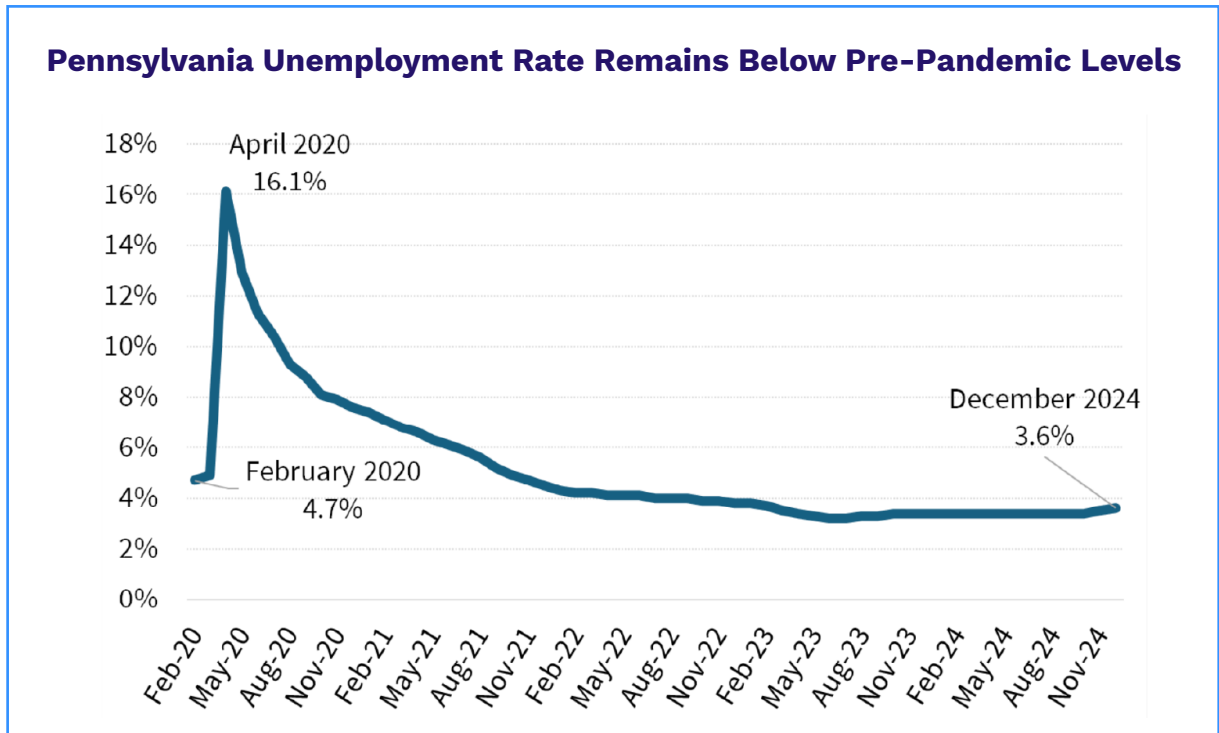
**Job Growth:** In December 2024 (the latest data available), Pennsylvania had 139,600 more jobs than in January 2020, our peak employment before the pandemic outbreak. Our job growth remained steady throughout 2024, with about 114,700 more jobs in December 2024 than a year earlier, a bigger jump than the 80,800 rise the prior year. Pennsylvania jobs recovered to pre-recession levels more rapidly after the short pandemic recession (from February to April 2020) than after the Great Recession. Fifty-six months after the Great Recession (December 2024 was 56 months after April 2020, the last month of the brief pandemic recession) – in February 2014 – Pennsylvania was still 75,000 jobs short of the pre-recession peak.<sup>1</sup>

During the last 44 months for which we have data – from April 2021 to December 2024 – Pennsylvania employment growth far exceeded the norm compared to national employment growth. Due to our low population growth – which drives the low growth of our working-age population – Pennsylvania's employment typically grows at about half the rate of national employment. For example, from January 2000 to January 2020, the number of U.S. jobs rose 16.1% and Pennsylvania jobs rose 7.7%. The next chart shows that Pennsylvania job growth since April 2021 runs at well over half of U.S. growth. (In the chart, each month shows Pennsylvania

job growth as a percent of U.S. job growth in the previous 12 months; so April 2021, for example, shows PA vs. U.S. job growth from April 2020 to April 2021.) Over the course of 2024, in fact, Pennsylvania job growth climbed steadily relative to U.S. job growth and even exceeded U.S. job growth since July 2024.



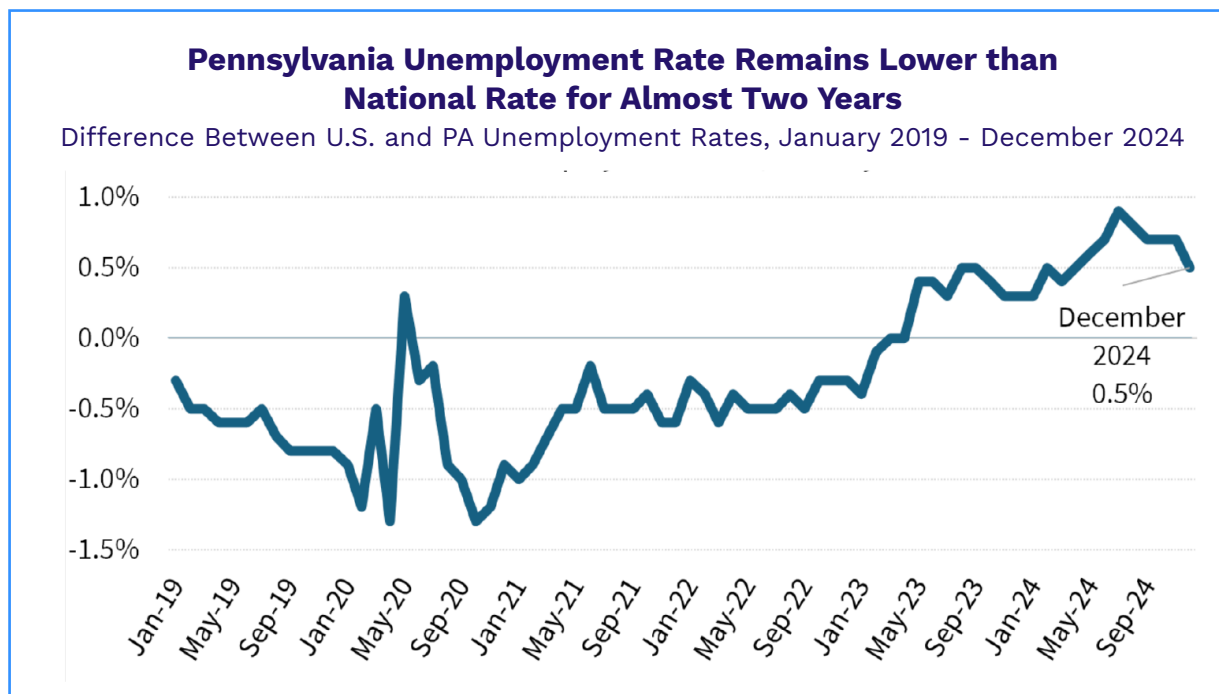
**Note:** Each month shows PA job growth over the past 12 months as a percent of U.S. job growth in the same period. For example, June 2021 shows PA job growth from June 2020 to June 2021 as a percent of U.S. job growth in the same period. **Source:** Keystone Research Center analysis of Current Establishment Survey data Table 5: <http://www.bls.gov/news.release/laus.t05.htm>.



**Source:** Keystone Research Center based on Economic Policy Institute analysis of seasonally adjusted Current Establishment Survey data Table 5.

**Unemployment:** After peaking at over 16% in the short pandemic recession, the unemployment rate in Pennsylvania steadily decreased until it fell below 4% in July of 2022 for the first time since the establishment of the current state unemployment data series in January 1976. (From January 1976 to June 2022, the lowest monthly unemployment rate in Pennsylvania was 4.1% in February 2000.) From July 2022 to December 2024, the unemployment rate in the state has been at or below 4% for 30 consecutive months.

The Pennsylvania unemployment rates has also been below the U.S. rate for the past 22 months. From just before the pandemic, February 2020, to December 2024, Pennsylvania had the second largest decrease in its unemployment rate across all states (1.1% as of December 2024 tied with Wyoming and West Virginia for second place behind Mississippi with the biggest unemployment drop).

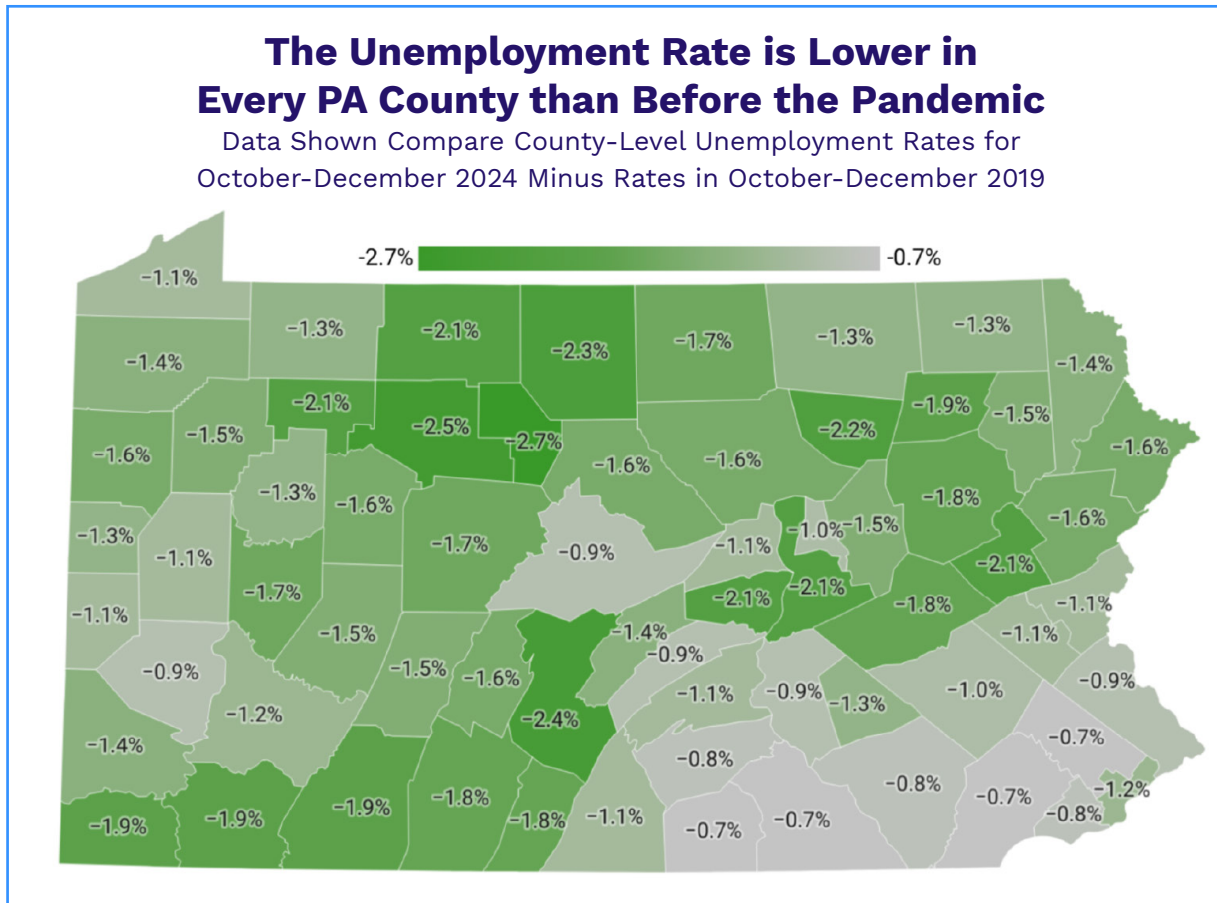


**Source:** Keystone Research Center based on Economic Policy Institute analysis of seasonally adjusted Current Establishment Survey data, Table 5. <http://www.bls.gov/news.release/laus.t05.htm>.

Low statewide unemployment rates translated into low unemployment in every county and LWDA in the state. The map below shows the change in the unemployment rate by LWDA from the fourth quarter of 2019 to the fourth quarter of 2024. In every LWDA in this period, the unemployment rate declined by anywhere from 0.7% to 2.7%. (An Appendix table showing the drop in unemployment rates by LWDA since pre-pandemic for three different periods – December 2024 compared to December 2019, the last quarter of 2024 compared to Q4 2024, and full year 2024 compared to the full year 2019 – shows that unemployment has declined substantially using all three comparisons.) Geographically, unemployment fell the most outside Lehigh Valley and Southeast and South-Central Pennsylvania. The bigger declines in unemployment rates in rural, Western and Northeastern Pennsylvania partly reflect that these areas had higher unemployment rates at the beginning of the period (the last quarter of 2019).

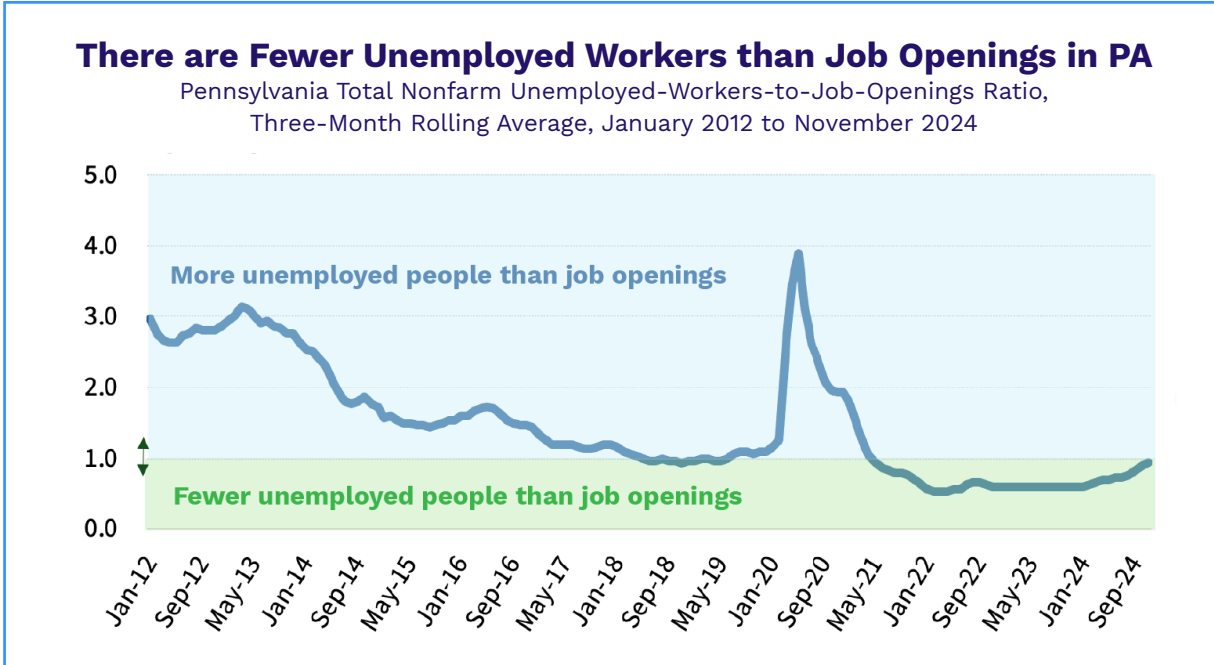


In a sense, therefore, the map below displays a geographic analogue to the more rapid declines recently in Black and Hispanic unemployment compared to white (discussed below). As we will see, the LWDAs with bigger declines in unemployment since the end of 2019 also experienced low growth in labor force participation (driven by declining populations and high retirement rates). With fewer workers employed or looking for work, unemployment rates fell.



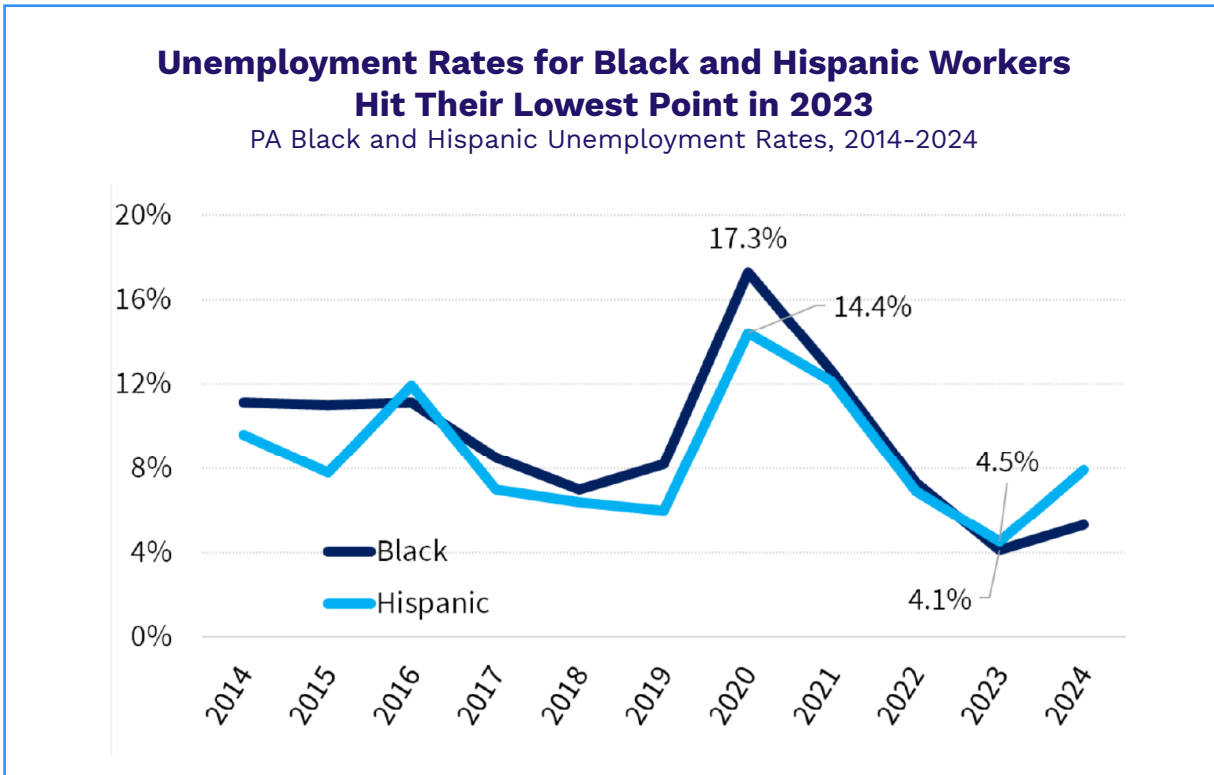
**Source:** Economic Policy Institute analysis of Current Population Survey microdata from the U.S. Census Bureau.

Low unemployment gave workers more individual and collective bargaining power with respect to employers. One measure of workers' leverage is the ratio of unemployed workers to job openings, tracked since December 2000 by the Bureau of Labor Statistics' Job Openings and Labor Turnover Survey (JOLTS). When this ratio is two or three, as it was in the first half of the 2010s, employers can pick and choose who they want to hire; workers, especially those with barriers, find it harder to get a job. When this ratio falls below one, as it did for the first time (since December 2000 at least) in May 2021, workers have more ability to choose among multiple job options and employers struggle to find workers and become more willing to look at job applicants that they ordinarily would not hire. The ratio of unemployed workers to job openings fell as low as 0.5 in February 2022, staying consistently at 0.6 in 2023. This ratio began to rise again in 2024, climbing back to 1.0 in October 2024, before dipping again to 0.9 in November 2024 (the latest month available). As the ratio of unemployed workers to job openings rose again, quit rates declined from their peak of 2.8% in May 2022 to 2.1% at the end of 2023, to 1.5% and 1.7% in October and November 2024, respectively. This suggests that workers have declining confidence in their ability to find an equivalent or better job if they quit.



**Source:** Keystone Research Center based on Job Openings and Labor Turnover Survey data accessed from Bureau of Labor Statistics data releases, <https://data.bls.gov/cgi-bin/dsrv?jt>.

Our recent sustained period of low unemployment enabled Pennsylvania to battle the long-term employment challenges faced by some demographic groups, such as Black, brown, and non-college educated workers. The next chart shows that Black unemployment in Pennsylvania spiked to over 17% in 2020 but dropped to 4.1% in 2023. The Black unemployment rate ticked back up to 5.3% in 2024. The Hispanic unemployment fell well below its pre-pandemic level in 2023 before jumping to nearly 8% in 2024.



**Source:** Economic Policy Institute analysis of Current Population Survey microdata from the U.S. Census Bureau.

# A RECENT REBALANCING AND LIMITED PROGRESS ON LONG-TERM CHALLENGES

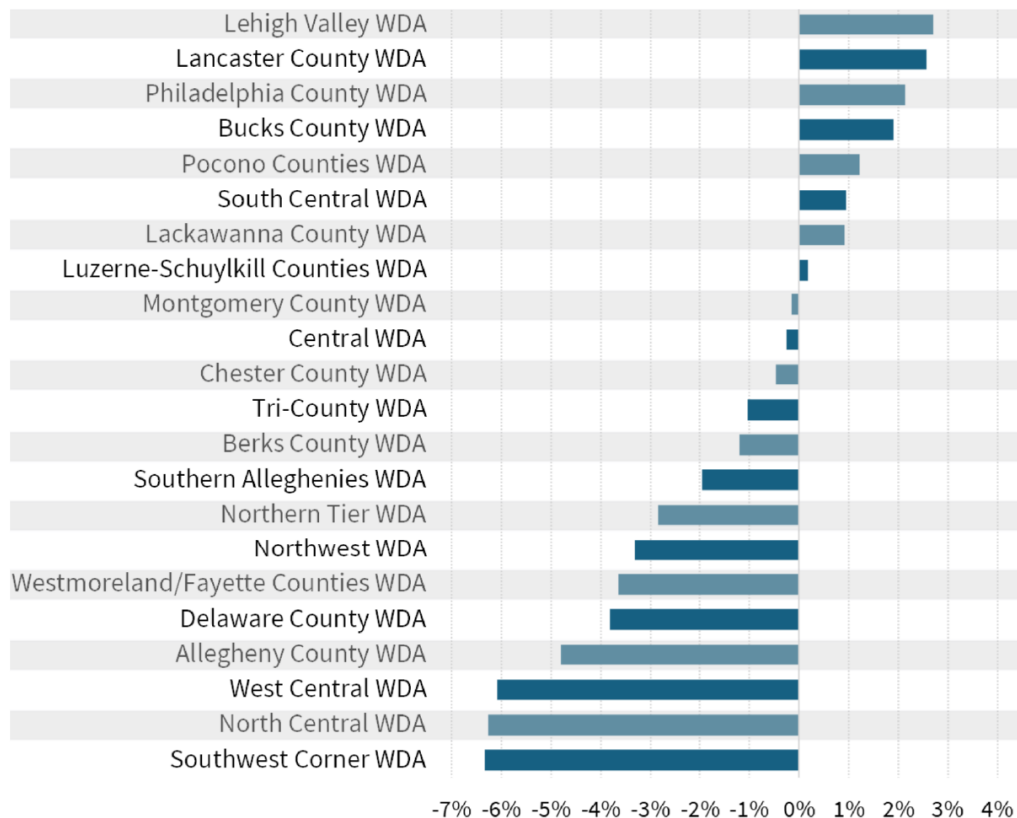
Several of the indicators in the previous section show that, in 2024, we began to observe a rebalancing of the labor market that gives workers slightly fewer opportunities and less bargaining power with employers. This rebalancing could be seen in the slight uptick in statewide unemployment, the bigger increase for Blacks and Hispanics, the rise in the ratio of unemployed to job openings, and the fall in quit rates.

It is also important to recognize that, even when the labor market was at its most favorable for workers, Pennsylvania made limited progress on several long-term economic and employment challenges in the state.

First, despite statewide job growth, most western Pennsylvania LWDAs have experienced negative job growth since before the pandemic. As the chart below shows, all eight of the LWDAs with the lowest job growth – i.e., the largest job decline – from February 2020 to November 2024 fall in western Pennsylvania. The employment decreases in these areas ranged from 1.8% in Southern Alleghenies to 5.3% in North Central Pennsylvania.

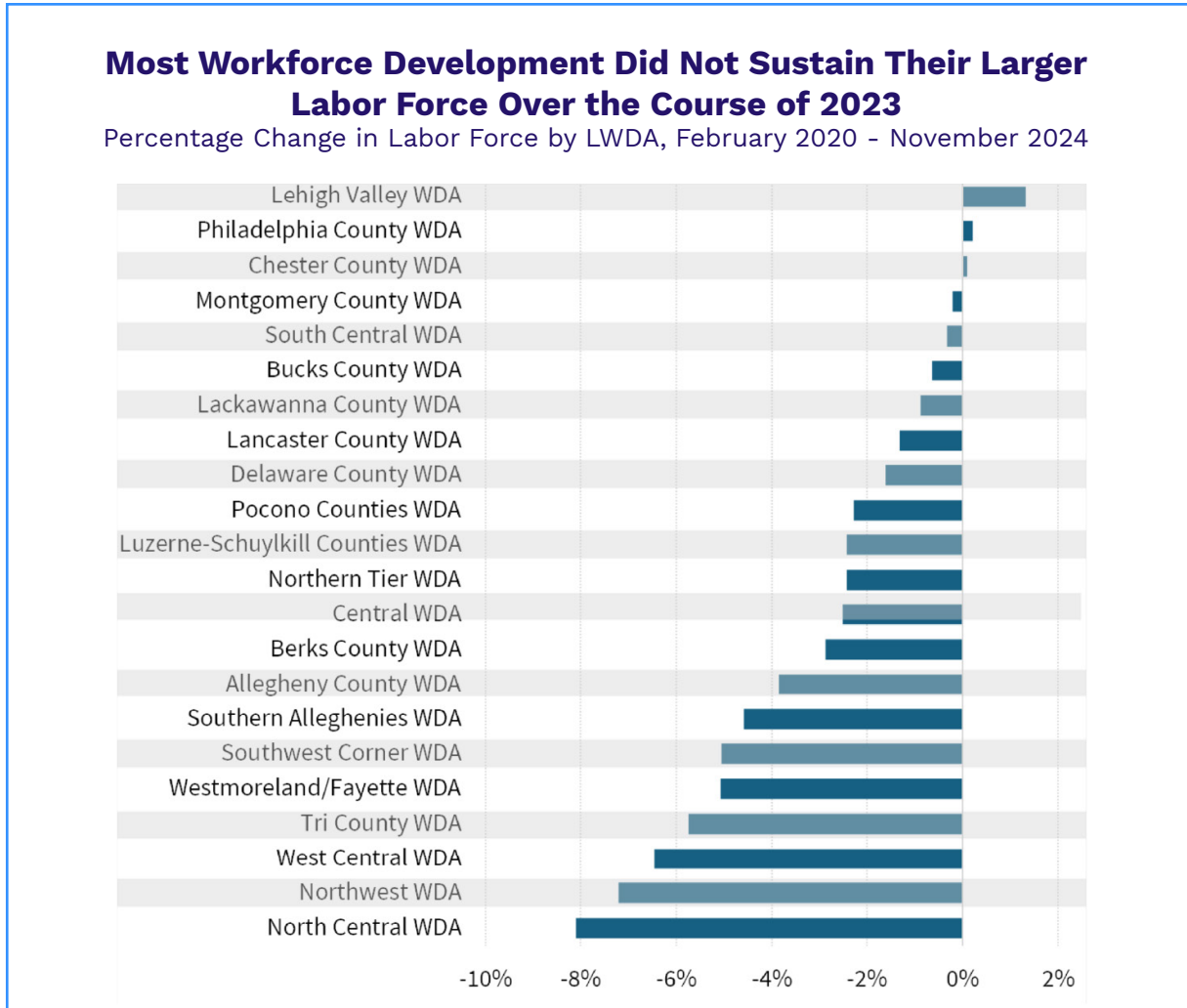
## Some PA Workforce Development Areas Still Have Fewer Jobs Than Their Pre-Pandemic Level

Percentage Change in Employment, Q3 2019 - Q3 2024



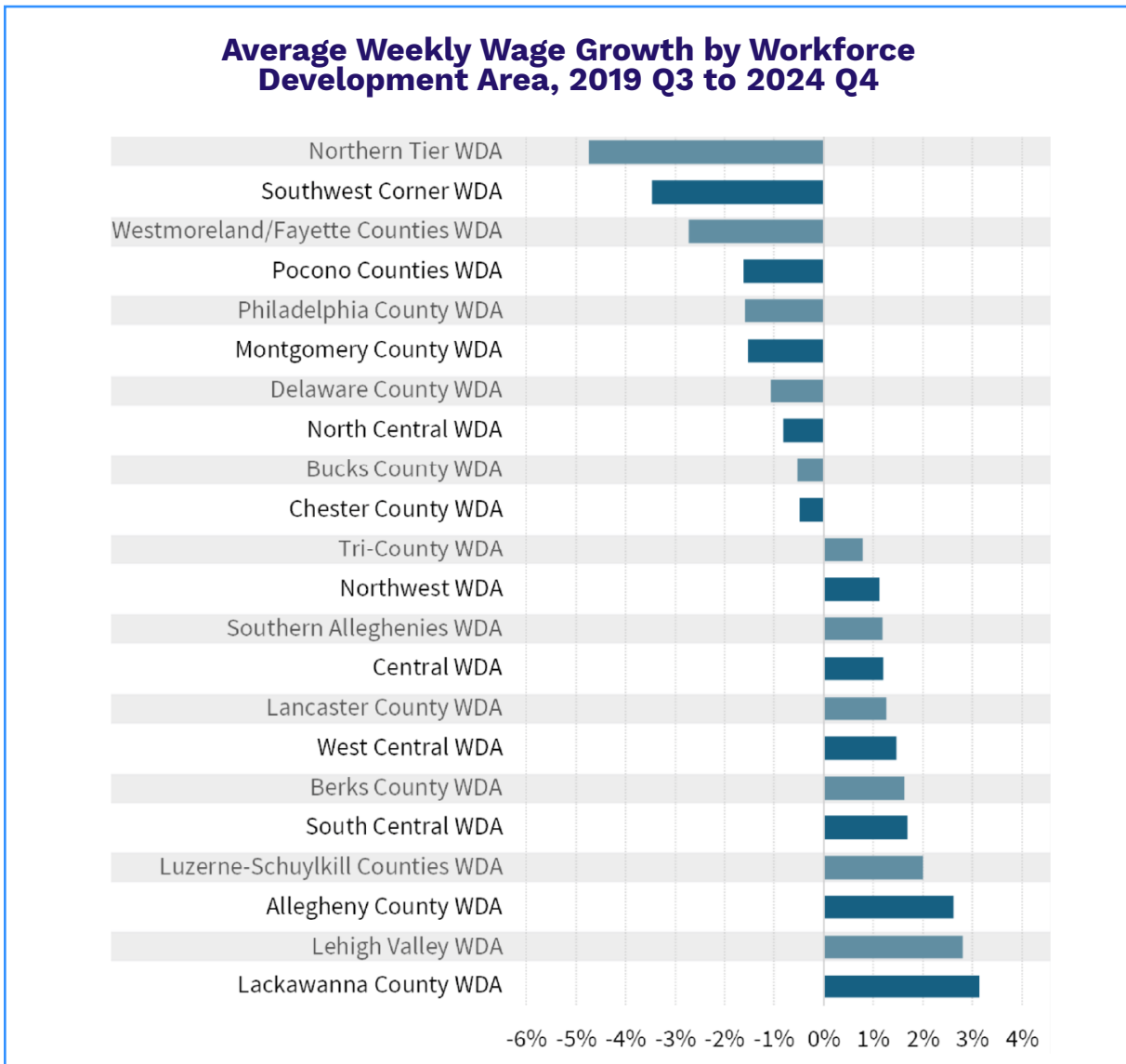
**Source:** Keystone Research Center analysis of Quarterly Census of Employment and Wages (QCEW) data accessed from Pennsylvania WorkStats website. To find data table Google search “QCEW Pennsylvania Average Weekly Wage Data” and click on the Geographic Solutions link to the PAWorkstats data tool.

Falling job growth reflects shrinking populations and declining labor forces: the same eight areas experienced the biggest contraction of the labor force from February 2020 to November 2024.<sup>2</sup>



**Source:** Keystone Research Center analysis of LAUS data series accessed from the Bureau of Labor Statistics website.

Second, despite low unemployment, Pennsylvania workers have experienced limited wage growth since 2019. Our previous “Workforce Trends” report did show gains of 5% to 10% in inflation-adjusted from 2019-2023 in the bottom half the earnings distribution.<sup>3</sup> Updated data show that average weekly wages, which are most influenced by trends in the top half of the earnings distribution, grew less than this – across the state as a whole – from 2019 to 2024. Over this period, 12 LWDA experienced small increases in average weekly wages and 10 experienced decreases. This chart shows less clear geographic patterns than either the unemployment map or job growth bar chart presented earlier. LWDA with wage declines include western and rural counties as well as southeastern urban ones.



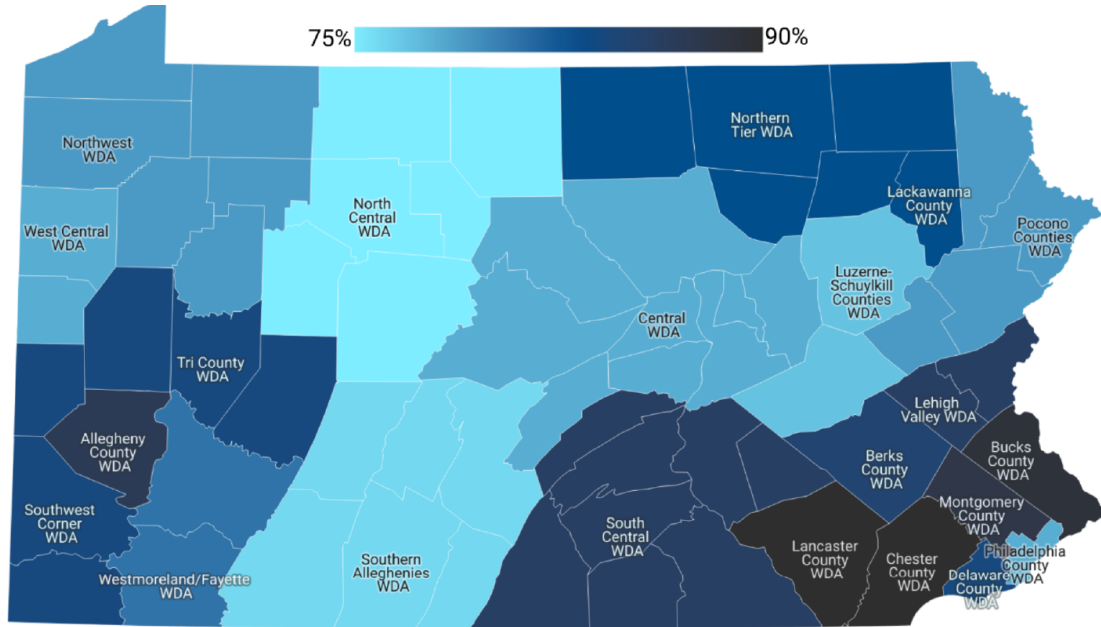
**Source:** Keystone Research Center analysis of QCEW data accessed through the Pennsylvania Department of Labor and Industry. To access Average Weekly wage data Google search “QCEW Pennsylvania Average Weekly Wage Data” and click on the Geographic Solutions link to the PAWorkstats webpage. QCEW nominal wage data converted to real 2024 dollars using the CPI-U Series (CUSR0000SAO) accessed from the Bureau of Labor Statistics website.

Third, even in our tight labor market, Pennsylvania made limited progress incorporating more long-term unemployed into the job market. From 2019 to 2023, for example, the statewide employment rate (also called the “employment-to-population ratio”) for prime-age men (ages 25-54) climbed from 83.6% to 85.0%. (Including armed forces, the figure rose from 83.9% in 2019 to 85.2% in 2023). This increase translates to a reduction in the number of jobless prime-age men from 389,760 in 2019 to 360,808 in 2023. A reduction of 29,000 is real progress, to be sure; but it would require another more than 200,000 jobs to get back to the roughly 95% male prime-age employment rates of the mid-1960s, the height of the Pennsylvania and U.S. post-World War II manufacturing-based New Deal economy.

To examine prime-age male employment rates by LWDA we need to use the five-year average from the American Community Survey. As the map below shows, LWDA prime-age male employment rates in this period ranged from 89.1% in Bucks County to 74.6% in the North Central WDA.

## Between 10 and 25 Out of Every 100 Pennsylvania Prime-Age Men Aren't Employed

Percent of Men Age 25-54 Who are Employed, by Workforce Development Area

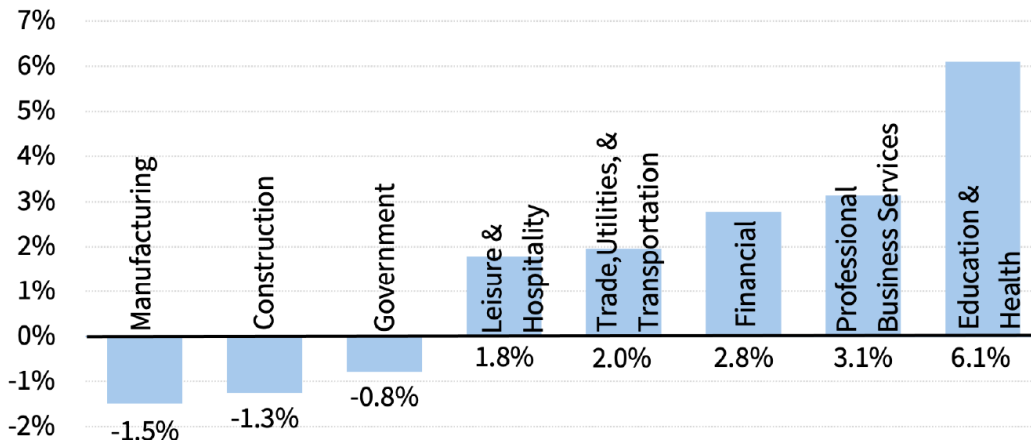


**Source:** Overall in Pennsylvania, 83.4% of prime-age men were employed in 2023. In some rural counties, prime-age male employment rates are low because a larger share of the population is incarcerated. At most, we estimate that including prison populations changes the statewide estimate by less than 1%. **Date Source:** Keystone Research Center analysis of U.S. Census Bureau American Community Survey Data, 2023 (5 Year), **Created with Datawrapper**

One of the reasons we made little progress incorporating long-term unemployed men into the job market is that employment in the two sectors that most disproportionately employ non-college men in jobs that sometimes pay well, construction and manufacturing, remains below the pre-pandemic level.

## Construction and Manufacturing Jobs in Pennsylvania Still Less than Pre-Recession Levels While Other Industries Have Recovered

Percent Change in Employment Levels from February 2020 to December 2024



**Source:** Keystone Research Center based on Economic Policy Institute analysis of seasonally adjusted Current Establishment Survey data, Table 5.

# A SLOWING ECONOMY MAKES WORKFORCE DEVELOPMENT EVEN MORE IMPORTANT

Our review of the most recent data finds that the Pennsylvania labor market remains favorable for workers, with steady job growth, low unemployment, and a still-lower-than-normal ratio of unemployed workers to job openings. Several measures, however, indicate a small “loosening” of the labor market – our slightly higher unemployment rate and statewide ratio of unemployed to job openings and the higher unemployment rates for workers of color. Furthermore, the strong 2022-24 Pennsylvania economy yielded little progress on some of our most intractable labor market challenges, including low employment rates among prime-age men.

Any sustained slowing of the economy will increase the challenges vulnerable labor market groups face accessing jobs, especially well-paid, family supporting jobs. This will make workforce development programs even more important, including credential attainment and on-the-job training aligned with employer demand; and investment in barrier removal and retention supports customized to the needs of particular workers.

One specific kind of credential attainment aligned with employer demand that has bipartisan support at both the federal and state level is apprenticeship. Pennsylvania needs to grow apprenticeships that lead to good-paying careers and strengthen both community and high-school-based pre-apprenticeship programs with strong ties to quality apprenticeships.<sup>4</sup>

The data also suggest that there is no escaping the need for direct job creation to reattach the long-term unemployed to the job market. The idea of expanding direct job creation may fly against the winds of our shifting policy discussions. But if we are serious about real solutions to many that have seen their economic opportunities diminish over decades and generations, we need hundreds of thousands of new jobs in Pennsylvania and many millions in the United States as a whole. Opportunities for immediate job creation include sectors in which LWDBs know from their engagement with industry that huge needs exist for workers—such as the care economy and health care more broadly.

# WORKFORCE WONDERINGS

**Here are some questions to think about raised by this “Workforce Trends” report.**

- Do the recent slight uptick in statewide unemployment, bigger increase in Black and Hispanic unemployment rates, and rise in the ratio of unemployed workers to job openings in Pennsylvania warn of a more sustained loosening of our job market?
- Still-massive joblessness among Pennsylvania’s prime-age men coupled with limited inflation-adjusted wage gains help explain why many working people focused on the economy in last November’s election. Will the bipartisan recognition that prime-age men and working people more generally, want more jobs that support a family, lead to investment in expanding quality apprenticeship, workforce supports, credential attainment, and other policies that expand economic opportunities?
- How will federal government layoffs, freezes in federal funds, and other shifts in national policy impact the economy and labor market in Pennsylvania?
- Outside of the Lehigh Valley, South Central and Southeast Pennsylvania, what can Pennsylvania’s private-sector led Local Workforce Development Boards and regional partners do to reverse the shrinkage in their populations, labor forces, and number of jobs?
- With floods and wild fires becoming more frequent, does investment in a first responder corps at the state or federal level offer a common sense way to meet pressing needs of families and communities hit by disasters while offering more long-term unemployed a family supporting career and the dignity that comes from performing vital jobs?



# APPENDIX

## Pennsylvania Workforce Development Area Unemployment Rates Recent and Pre-Pandemic Comparisons

Most Recent Unemployment Rate | Change in Unemployment Rate Since Before the Pandemic

Workforce Development Area	Most Recent Unemployment Rate			Change in Unemployment Rate Since Before the Pandemic		
	1-Month Dec. 2024	3-Month Avg. Oct. 2024-Dec. 2024	12-Month Avg. Jan. 2024-Dec. 2024	1-Month Avg. Dec. 2024 Minus Dec. 2019	3-Month Avg. Oct.-Dec. 2024 Minus Oct.-Dec. 2019	12-Month Avg. Jan. 2024-Dec. 2024 Minus Jan. 2019-Dec. 2019
North Central	4.4%	3.8%	3.9%	-2.3%	-2.0%	-0.9%
Luzerne-Schuylkill	4.0%	3.9%	4.2%	-1.9%	-1.8%	-1.1%
Southern Alleghenies	3.9%	3.5%	3.7%	-2.1%	-1.7%	-1.0%
Pocono Counties	3.9%	3.8%	4.0%	-1.9%	-1.7%	-1.0%
Northern Tier	3.5%	3.4%	3.4%	-1.8%	-1.5%	-0.9%
West Central	4.0%	3.7%	4.0%	-1.7%	-1.5%	-0.7%
Lackawanna	3.5%	3.4%	3.7%	-1.5%	-1.5%	-0.9%
Central	3.4%	3.1%	3.3%	-1.7%	-1.4%	-0.9%
Westmoreland/Fayette	3.8%	3.5%	3.7%	-1.5%	-1.4%	-0.9%
Southwest Corner	3.5%	3.4%	3.6%	-1.4%	-1.3%	-0.7%
Tri County	3.5%	3.2%	3.5%	-1.5%	-1.3%	-0.7%
Northwest	3.9%	3.6%	3.7%	-1.2%	-1.2%	-0.7%
Philadelphia County	4.4%	4.4%	4.5%	-1.0%	-1.2%	-0.7%
Lehigh Valley	3.3%	3.3%	3.5%	-1.3%	-1.1%	-0.7%
Berks County	3.3%	3.4%	3.6%	-1.0%	-1.0%	-0.5%
Bucks County	2.9%	3.0%	3.1%	-0.9%	-0.9%	-0.5%
Allegheny County	3.2%	3.2%	3.4%	-0.9%	-0.9%	-0.6%
South Central	2.9%	2.9%	3.1%	-1.0%	-0.9%	-0.5%
Delaware County	3.1%	3.2%	3.3%	-0.8%	-0.8%	-0.5%
Lancaster County	2.6%	2.6%	2.8%	-0.7%	-0.8%	-0.5%
Montgomery County	2.7%	2.8%	2.9%	-0.7%	-0.7%	-0.4%
Chester County	2.4%	2.5%	2.6%	-0.7%	-0.7%	-0.4%

**Note:** These data are not seasonally adjusted, so same-month-group comparisons are shown. **Source:** Keystone Research Center analysis on LAUS data series from Bureau of Labor Statistics website: <https://data.bls.gov/cgi-bin/dsrv?la> (not seasonally adjusted).