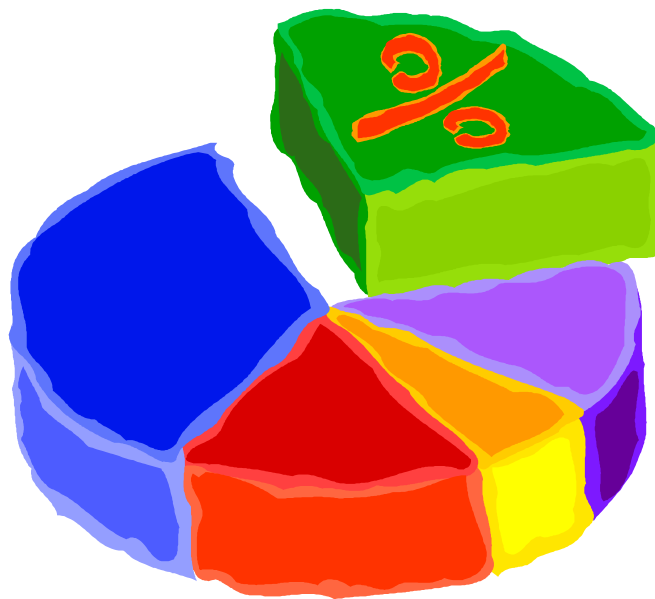


**LACKAWANNA COUNTY  
WORKFORCE INVESTMENT  
BOARD**

**WORKFORCE ANALYSIS  
PHASE II  
OCTOBER, 2007**



**LACKAWANNA COUNTY WORKFORCE INVESTMENT BOARD**  
**INDUSTRY CLUSTER ANALYSIS**  
**LACKAWANNA COUNTY**  
**October 2007**

**Purpose:**

To engage the workforce development system through strategic application - identifying priorities and developing processes for subsequent planning efforts. This analysis provides the foundation for a preliminary focus of industry clusters within Lackawanna County. The desired result will be the alignment and synergies of resources and talents of all stakeholders.

An industry cluster consists of a group of industries that are closely linked by common product markets, labor pools, similar technologies, supplier chains, and other economic ties. Industry clusters take on strategic importance because activities that benefit one group member may provide positive effects on the other members of the cluster.

This industry cluster analysis is a point in time review of the industry composition within Lackawanna County. This analysis will be continuously reviewed and updated for accuracy and relevance according to local economic conditions. Clusters within this primary focus are in alignment with Pennsylvania's Targeted Industry Clusters as developed by The Pennsylvania Department of Labor & Industry's Center for Workforce Information and Analysis.

**Methodology:**

This initial analysis was conducted at a two- and three-digit North American Industrial Classification System (NAICS) level. A future analysis of the identified industry clusters at the four- and five-digit levels will further enhance and better define planning efforts.

In order to identify the primary industry clusters, a variety of quantitative and qualitative tools were utilized. Location Quotients, Shift-Share Analysis, Employment Data, Wage Data, Self-Sufficiency Standard, and Industry & Occupational Employment Projections have provided the cumulative validation for the sectors selected. The use of multiple tools assists in the identification of strengths, weaknesses, opportunities and threats of each cluster.

The availability of resources through Governor Rendell's *Job Ready PA* and the United States Department of Labor *Workforce Innovation in Regional Economic Development* (WIRED) Grant, has weighted the selection process. The Lackawanna County Workforce Investment Board (WIB) through this and continued analyses, will be positioned to effectively address systematic workforce issues, in part or whole, through

Industry Partnership and Industry Partnership Worker Training initiatives, and the WIRED Wall Street West™ initiative encompassing Lackawanna County.

### **Definitions & Sources of Information:**

Location Quotient (LQ) –The measure of an industry’s concentration in Lackawanna County relative to the State or National averages. When interpreting the data, a LQ greater than 1.0 indicates that the economy is self-sufficient, and the cluster is “exporting” its goods or services. A LQ of less than 1.0 suggests that the area is “importing” and not producing enough to meet local needs. As presented in the document *Using Employment Data to Better Understand Your Local Economy* (The Pennsylvania State University, 2003).

LQ information provided in this analysis is based upon 1998 and 2005 County Business Patterns Data at the 2-digit NAICS level, and was compiled by the Research and Information Program of the NEPA Alliance, the Local Development and Economic Development District for Northeastern Pennsylvania, which includes Lackawanna County.

Shift-Share Analysis - Dissects the total employment change within an industry in Lackawanna County, into the components of National Growth Share, Industry Mix Share, and Local Share. The positive or negative growth (change) is utilized as a descriptive tool. As presented in the document *Using Employment Data to Better Understand Your Local Economy* (The Pennsylvania State University, 2003).

Shift-Share information provided in this analysis is based on 1998 and 2005 County Business Patterns Data at the 2-digit NAICS level, and was compiled by the Research and Information Program of the NEPA Alliance, the Local Development and Economic Development District for Northeastern Pennsylvania, which includes Lackawanna County.

Employment Data/Wage Data– *Quarterly Census of Employment and Wages* (QCEW) from the Pennsylvania Department of Labor and Industry provides the average number of establishments in Lackawanna County, average employment by cluster and average weekly wages by cluster at the 2-digit NAICS level. *High Growth Industries* rankings based on greatest employment and greatest average earnings for new hires are at the 3-digit NAICS level.

Employment and Wage information provided in this analysis was obtained for the 2006 third quarter from the Pennsylvania Department of Labor and Industry Center for Workforce Information and Analysis. High Growth information provided in this analysis was obtained from Local Employment Dynamics (LED) data, which were provided by the U.S. Census Bureau.

Self-Sufficiency Standard - *The Self-Sufficiency Standard for Pennsylvania 2006*, as conducted by PathWaysPA (an organization providing services and advocacy for women,

children and families), provides a measure that is customized to each county and each family's circumstances, making it possible to determine if incomes are adequate to meet basic needs. The Standard calculates the bare-minimum costs for housing, childcare, food, transportation, health care, miscellaneous items such as clothing, shoes, household items, telephone, etc., federal, state and local taxes that working families in Pennsylvania face. The Child Care Tax Credit, Child Tax Credit, and Earned Income Tax Credit are also included in the calculations of the Standard. For the purpose of this analysis, the Self-Sufficiency Standard utilized is One Adult + One Child (Preschooler). The annual self-sufficiency wage for Lackawanna County is \$29,949.

Industry and Occupational Projections - Industry Employment: Estimated 2004 and Projected 2014 provides the changes in Lackawanna County by two-, three-, and four-digit NAICS. The data provides the net changes by industry and sub-sector. Occupations with Projected Employment Growth: Estimated 2004 and Projected 2014 provides information on occupations projected to grow and occupations projected to decline. Occupation growth and occupation decline information are being utilized in this industry analysis, as both are measured based on the trends that the industry they are employed by are following.

Industry and Occupational information provided in this analysis was obtained through the Pennsylvania Department of Labor and Industry, Center for Workforce Information and Analysis.

**Key Industries for Primary Focus:**

The following four industry clusters will form the foundation for WIB planning efforts:

Health Care & Social Assistance (Life Sciences)

- 1998 LQ Nat'l: 1.4180 State: 1.1935
- 2005 LQ Nat'l: 1.3810 State: 1.1546
- 1998 – 2005 Total Employment Change 1,557
- Average quarterly employment 17,625
- Average weekly wage \$659
- Average establishments 860
- Average wage exceeds self sufficiency standard
- Within top 10 industries ranked on the greatest employment
- Established Industry Partnership
- Industry Partnership Worker Training resources

Manufacturing (Advanced Materials & Diversified Manufacturing)

- 1998 LQ Nat'l: 1.1431 State: 1.0723
- 2005 LQ Nat'l: 1.0725 State: 0.9653
- 1998 – 2005 Total Employment Change (4,324)\*
- Average quarterly employment 13,469
- Average weekly wage \$724
- Average establishments 282

- Average wage exceeds self sufficiency standard
- Within top 10 industries ranked on the greatest employment
- Within top 10 industries ranked on the greatest average earnings for new hires
- Established Industry Partnerships (sub-sectors of Electronics, Metals)
- Industry Partnership Worker Training resources

*\*Despite continued declines in manufacturing employment, this cluster provides significant employment in Lackawanna County*

Finance and Insurance (Business and Financial Services)

- 1998 LQ Nat'l: 0.9236 State: 0.8861
- 2005 LQ Nat'l: 1.3742 State: 1.3070
- 1998 – 2005 Total Employment Change 2,667
- Average quarterly employment 4,804
- Average weekly wage \$862
- Average establishments 331
- Average wage exceeds self sufficiency standard
- Within top 10 industries ranked on the greatest average earnings for new hires
- Wall Street West™ initiative
- WIRED resources for emerging and future workforce training
- WIRED resources for current workforce training
- Industry Partnership development

Transportation & Warehousing (Logistics and Transportation)

- 1998 LQ Nat'l: 0.6622 State: 0.6939
- 2005 LQ Nat'l: 0.9905 State: 0.9225
- 1998 – 2005 Total Employment Change 1,409
- Average quarterly employment 3,565
- Average weekly wage \$644
- Average establishments 140
- Average wage exceeds self sufficiency standard
- Established Industry Partnership
- Industry Partnership Worker Training resources

**Industry Clusters of Significance - Secondary Focus:**

Utilizing the Methodology presented, the industry clusters of Education, and Building and Construction will not be an initial area of focus. Through traditional workforce systems practices, service delivery will be provided.

Educational Services (Education)

- 1998 LQ Nat'l: 2.7231 State: 1.5999
- 2005 LQ Nat'l: 2.5686 State: 1.4656
- 1998 – 2005 Total Employment Change 680
- Average quarterly employment 3,893
- Average weekly wage \$590
- Average establishments 67
- Average wage exceeds self sufficiency standard

Construction (Building and Construction)

- 1998 LQ Nat'l: 0.5796 State: 0.6741
- 2005 LQ Nat'l: 0.4857 State: 0.5945
- 1998 – 2005 Total Employment Change (148)
- Average quarterly employment 3,937
- Average weekly wage \$757
- Average establishments 549
- Average wage exceeds self sufficiency standard
- Within top 10 industries ranked on the greatest average earnings for new hires

**Occupational Focus:**

An occupational focus will be utilized for all key industries identified within this analysis. Growth and Decline Standard Occupational Classification (SOC) Code information will be reviewed and addressed under the primary Industry Clusters.

It is of importance to include the Professional & Technical Services and Information Industry Sectors in Lackawanna County within the primary cluster of Business and Financial Services. Given the significance of wages, growth, and individual sector classification definitions, these two sectors have founded occupational ties with the Business and Financial Services sector. By further analyzing the occupational data, utilizing the SOC Code system, workforce energies can form an all-encompassing effort in concert with the Wall Street West™ Initiative.

The initial review will consist of the following SOC categories by Major Occupational Group: SOC 11-0000 Management Occupations, SOC 13-0000 Business and Financial Operations Occupations, and SOC 15-0000 Computer and Mathematical Science Occupations.

Professional & Technical Services

- 1998 LQ Nat'l: 0.5422 State: 0.5568
- 2005 LQ Nat'l: 0.5630 State: 0.6217
- 1998 – 2005 Total Employment Change 749
- Average quarterly employment 3,802
- Average weekly wage \$972
- Average establishments 471

- Average wage exceeds self sufficiency standard
- Within top 10 industries ranked on the greatest employment

Information (Information and Communication Services)

- 1998 LQ Nat'l: 1.1145 State: 1.2993
- 2005 LQ Nat'l: 0.7749 State: 0.8631
- 1998 – 2005 Total Employment Change (792)
- Average quarterly employment 2,095
- Average weekly wage \$792
- Average establishments 68
- Average wage exceeds self-sufficiency standard
- Within top 10 industries ranked on the greatest average earnings for new hires

**Summary:**

The industries clusters of Health Care & Social Assistance (Life Sciences), Manufacturing, (Advanced Materials & Diversified Manufacturing), Finance and Insurance, (Business and Financial Services), and Transportation & Warehousing, (Logistics and Transportation) will be the key focus of the Lackawanna County WIB, realizing that additional clusters mentioned within will be addressed through support and supply chain involvement.

This analysis is a baseline for action and is not to be considered static or exclusionary. By providing an initial identification of clusters, concerted energies and the necessary alignment of resources may provide greater impact to the overall economy of Lackawanna County. County Business Patterns employment data will continue to be used as a means of determining whether there are any changes in the increasing or decreasing of location quotients and employment in the future.

The three bordering WIB's, (Pocono Counties, Luzerne/Schuylkill and Northern Tier) through their continued collaboration, have determined the necessity for a Regional Industry Cluster Analysis. This broader scope of industry will assist all WIB's in better aligning energies and resources to strengthen workforce development processes. This initiative will be an action item for 2008.

**LACKAWANNA COUNTY WORKFORCE INVESTMENT BOARD  
GENERAL DEMOGRAPHIC CHARACTERISTICS  
&  
SELECTED ECONOMIC AND SOCIAL CHARACTERISTICS  
ANALYSIS  
October 2007**

**Purpose:**

To provide information regarding selected demographic and economic indicators for Lackawanna County. This information is to serve as workforce development “tool” for planning efforts of the Executive, Education, Youth, and Industry Initiatives sub-committees of the Board.

**Source:**

The selected information was extracted from comprehensive reports generated by the U.S. Census Bureau, *2005 American Community Survey* and prepared by the Pennsylvania Department of Labor & Industry, Center for Workforce Information and Analysis.

**Lackawanna County Demographic Characteristics:**

Total Population	201,201		
Male	96,362		
Female	104,839		
<u>Age:</u>			
0 – 19 years	47,126		23.5%
20-54 years	94,752		47.0% (45-54 years = 30,788 or 15.3%)
55-59 years	13,061		6.5%
60 + years	46,262		23.0% (65+ years = 35,183 or 17.5%)
Median age	41.1 years		
<u>18 years and older:</u>			
Female	84,233		42.7%
Male	74,109		36.8%
<u>65 years and older:</u>			
Female	21,387		10.6%
Male	13,796		6.9%

**Lackawanna County Demographic Summary:**

- 35,183 or 17.5% is over 65 years of age
- 24,140 or 12.0% is within 10 years of retirement age
- 54,928 or 27.3% is within 20 years of retirement age

**Lackawanna County Economic Characteristics:**

Population 16 years and over	163,445	Income & Benefits (in 2005 Inflation-Adjusted Dollars)	
In labor force	99,467	Total Households	85,565
Not in labor force	63,978	Less than \$10,000	7,654
		\$10,000 to \$14,999	8,683
		\$15,000 to \$24,999	13,455
		\$25,000 to \$34,999	9,915
		\$35,000 to \$49,999	13,004
		\$50,000 to \$74,999	15,742
		\$75,000 to \$99,999	8,463
		\$100,000 to \$149,999	5,763
		\$150,000 to \$199,999	1,855
		\$200,000 or more	1,031
Median household income (dollars)	37,153		
Mean household income (dollars)	49,985		

**Lackawanna County Economic Summary:**

The area's mean household income is substantially more than the median household income, with 62% of all households making less than the mean. This says that while the area has a number of wealthy households boosting the average, 50% of the households in the area make less than \$37,000 a year. Lackawanna has a slightly higher rate of persons living under the poverty level than Pennsylvania: Lackawanna with 14.5% and Pennsylvania with 11.9%.

**Lackawanna County Social Characteristics:**

Educational Attainment			
Population 25 years and over	141,317	Less than 9 <sup>th</sup> grade	4,973
		9 <sup>th</sup> to 12 <sup>th</sup> grade, no diploma	14,982
		High school graduate (incl. equivalency)	56,780
		Some college, no degree	20,549
		Associate's degree	11,155
		Bachelor's degree	21,471
		Graduate or professional degree	11,407
Percent high school graduate or higher	85.90%		
Percent bachelor's degree or higher	23.30%		

**Lackawanna County Social Summary:**

54.00% of the population in Lackawanna County 25 years and older has no post-secondary education  
 23.00% of the population in Lackawanna County 25 years and older has a bachelor's degree or higher  
 (Pennsylvania 26.00%)