What does it cost for families to live modest but dignified lives in Northeastern Pennsylvania?

Living Wage Report 2019
EXECUTIVE SUMMARY

The Institute for Public Policy & Economic Development
and The University of Scranton
Table of Contents

Executive Summary ................................................................. 5
Determining Family Economic Insecurity & Living Wage ............................. 6
Living Wage Data: Northeastern Pennsylvania .......................................... 10
Who are the Minimum Wage Earners? What are the Available Jobs? .......... 15
Resources for Economically Insecure Families .................................... 18
Recommendations ................................................................. 20
Increase wages ........................................................................... 20
Support Tax Credits for Low-Income Families ........................................ 21
Address Housing Affordability .......................................................... 22
Expand Access to Existing Social Safety Net Programs ............................ 22
How Should We Respond? ........................................................... 24
Conclusions ............................................................................... 25

"The path we seek to follow with the poor is one that promotes social justice and the change of economic, political, and social structures that generate injustice; this path is a necessary dimension of the reconciliation of individuals, peoples, and their cultures with one another, with nature, and with God... Accompanying the impoverished requires us to improve our studies, our analysis, and our reflection in order to understand in depth the economic, political, and social processes that generate such great injustice; we must also contribute to the elaboration of alternative models."

— Fr. Arturo Sosa, Superior General of the Society of Jesus,
Universal Apostolic Preferences (2019-2029)

The 2019 Living Wage Report is a collaboration of The Institute for Public Policy & Economic Development and The University of Scranton (Office of Community and Government Relations, the EliaCuria Initiative and the Department of Political Science). The full report and additional resources can be found online at scranton.edu/livingwage.
Introduction

In the nine years I have spent in Northeastern Pennsylvania as president of The University of Scranton, I have found this to be a deeply resilient region with an enormously generous spirit. Scranton, our host city, is truly an “all-America city” with its immigrant roots, strong work ethic, tight family bonds and close-knit community ties.

Economic and community revitalization progress in our region are evident in many ways: new small businesses opening, a variety of cultural activities and blighted properties being improved through redevelopment. At the same time, economic security for many individuals and families remains out of reach.

The 2019 Living Wage Study, conducted by The University of Scranton and the Institute for Public Policy and Economic Development, sheds light on what it takes to achieve a living wage — to be able to live a modest but dignified life in Northeastern Pennsylvania.

In this report, you’ll hear from local community leaders who illuminate the challenges faced by our neighbors. These voices, along with the data, put into perspective the difficulties so many in this region face in affording and accessing basic needs. The gaps between a minimum wage and a living wage are stark and the persistence of poverty troubling, and yet the report is in no way hopeless. As Pope Francis has said, “Poverty is not an inevitable misfortune: It has causes that must be recognized and removed, in order to honor the dignity of many brothers and sisters.”

I think you’ll find that the concluding recommendations offer a multi-pronged approach, including increasing wages, addressing housing affordability, and supporting and expanding tax credit and assistance programs for low-income families. At Scranton, we are particularly mindful of how this University, along with other colleges and universities, can help ensure that regional academic offerings address the range of workforce needs and skills.

In keeping with Catholic Social Teaching, the report asserts how all of us — businesses, government, nonprofits and individuals — have a role to play in understanding local needs and inequities, accompanying our neighbors through service and engagement programs, and working to advance the common good. Together, we can foster a community and a world that is more gentle, and more just.

Sincerely,

Rev. Scott R. Pilarz, S.J.
President

The Institute for Public Policy and Economic Development and The University of Scranton
“Our clients are affected in multiple ways: Prospective homebuyers are often delayed in purchasing their first home due to rising cost of living rates and slower wage increases. In addition, rising rent costs impact the ability for renters to save for a down payment on a home, often delaying the timeframe when they can purchase. Our older clients are impacted as their income, which for many is fixed, decreases in ‘buying power’ as the cost of living grows, specifically around medical care, food, housing (taxes and repairs), and transportation. Our neighborhoods are also impacted due to the inability of lower-income residents to repair, renovate, and invest in their properties.”

— Jesse Ergott, President and CEO, NeighborWorks Northeastern Pennsylvania
In 2016, The University of Scranton and The Institute for Public Policy and Economic Development set out to understand better what constitutes a living wage in Northeastern Pennsylvania (NEPA). The 2016 Living Wage report found that the federal minimum wage of $7.25 proved inadequate to enable families in the region to reach a living wage threshold where they can meet their "essential basic needs and live a modest but dignified life." It identified regional living wage incomes for multiple household sizes, ranging from $19,558 for a single adult to $72,435 for a household of two working adults and three children; through data, analysis and recommendations the 2016 Report has contributed to substantive regional discussion and action.

In this 2019 update to the Living Wage Report, we hope to shed light on how conditions have changed, as families in NEPA continue to confront severe economic challenges and poverty. While there are many families that fall below the standard measure of poverty — the federal poverty line — there are also many that work full-time but earn less than a living wage. Individuals and families lack economic security in both cases; but the latter find themselves in an ambiguous situation, which this report seeks to expand upon. In order for families to meet basic needs, living wage data accounts for the estimated costs of several categories of household spending in NEPA today: food, childcare (if applicable), medical care, housing, transportation, taxes, and other expenses (in which is included a small allowance for household and personal care, reading, and clothing). This 2019 report catalogues challenges posed by various cost increases.

Indeed, for many working families in NEPA meeting even these expenses can prove out of reach. Based on cost of living indices in the counties studied, the federal and Pennsylvania minimum wage of $7.25, continues to not meet the living wage standard for any of the family compositions presented. Based on a 40-hour work week, this equates to just $15,080 per year. Moreover, for many of the classifications, even the poverty wage is above the minimum wage.

Table 1 presents the living wage income threshold needed for each family composition analyzed for Pennsylvania and Lackawanna and Luzerne counties. The living wage income need has increased for all family classifications across all geographies from 2016 to 2018. For instance, for a family of two adults and two children in Lackawanna and Luzerne counties, the living wage income increased from $44,056 in 2016 to $77,667 in 2018.

| TABLE 1: Living Wage Income (Annual) - Pennsylvania and Lackawanna & Luzerne Counties |
|-----------------------------------------------|-----------------|-----------------|-----------------|-----------------|
| Family Classification                        | 1 Adult         | 1 Adult, 1 Child | 1 Adult, 2 Children | 1 Adult, 3 Children |
| Single Parent                                |                 |                 |                  |                  |
| Pennsylvania                                 | $23,816         | $49,192         | $60,091          | $75,691          |
| Lackawanna & Luzerne                         | $22,152         | $46,842         | $57,741          | $73,008          |
| Family Classification                        |                 |                 |                  |                  |
| Only 1 adult working                         | 2 Adults        | 2 Adults        | 2 Adults, 2 Children | 2 Adults, 3 Children |
| Pennsylvania                                 | $37,773         | $45,261         | $50,419          | $56,118          |
| Lackawanna & Luzerne                         | $35,963         | $42,910         | $48,069          | $53,435          |
| Family Classification                        |                 |                 |                  |                  |
| 2 working adults                             | 2 Adults        | 2 Adults, 1 Child | 2 Adults, 2 Children | 2 Adults, 3 Children |
| Pennsylvania                                 | $37,773         | $53,872         | $65,520          | $77,667          |
| Lackawanna & Luzerne                         | $35,984         | $51,542         | $63,149          | $74,963          |
“We can no longer pretend that the inequalities and injustices of our world must be borne as part of the inevitable order of things.”

— Superior General, Fr. Pedro Arrupe, S.J.
(32nd General Convention)

to $48,069, a 9.1 percent increase, while the same family size in Pennsylvania generally increased from $46,784 to $50,419, a 7.8 percent increase. In some cases, the gap between PA and NEPA is also greater; for example, for a single adult the living wage income increase from 2016 to 2019 was 13.3 percent for Lackawanna and Luzerne counties and just 10.1 percent for PA.

Increases in the living wage income can be attributed to a range of economic factors — but few more important than inflationary pressure. One policy tool to measure the price of goods and services is the Consumer Price Index (CPI), an annual statistical estimate derived from the cost of a sample of consumer goods and services purchased by households. The CPI, as a metric, also formed part of the foundation for the Living Wage Calculator produced by the Massachusetts Institute of Technology (MIT). In 2014, the base year for the 2016 Living Wage Study, the CPI stood at 2.37, with inflation ticking slightly up by 0.1 percent for that year, as well. Estimates for the 2018 CPI (the base year for this 2019 report), however, show an absolute rise of 5.7 percent, with inflation ticking significantly up to 2.2 percent — the highest annual inflation rate since 2011. Increases in the rate of growth in inflation might help explain the scale of living wage income increases across the region.

Determining Family Economic Insecurity & a Living Wage

To determine exactly how many families in Lackawanna and Luzerne counties are earning less than a living wage, it is necessary to first establish that threshold. A living wage is defined as the wage rate at which a worker, employed on a full-time basis, can reach a standard of living that meets essential basic needs and allows the worker to live a modest but dignified life.³ Family economic security covers a broad spectrum of human needs that allows families to participate fully in society, have emergency savings, and pay taxes. This standard puts families above the poverty level and more than one step away from serious deprivation such as homelessness, foreclosure, hunger, and untreated physical and mental illness.³

The cost of living data is derived from the MIT Living Wage Calculator.⁴ The data compiled and presented here is current as of fall 2018. The primary area of study is the combined region of Lackawanna and Luzerne counties. Living wage estimates vary as a result of geographical location and family compositions, as well as other factors; to attain a living wage it is necessary to meet a series of basic human needs, as presented in Table 2.
“We as an intellectual community must analyze causes; use imagination and creativity together to discover the remedies to our problems ... and constantly hone an educational institution that is both academically excellent and ethically oriented.”

— Fr. Ignacio Ellacuría, S.J., Former President, University of Central America (UCA), El Salvador, Martyred 1989

Several costs saw increases since the 2016 report. Significantly, housing costs, which assume the expenses of rental housing, rose by 20.2 percent since 2016 for the same household size. The cost of medical expenses, which include health insurance premiums, medical services, drugs, and medical supplies, have gone up by 12.7 percent. Transportation costs — including not only payments on used cars and trucks, but also gasoline, miscellaneous vehicle expenses, and public transportation — also increased for the same family size, by 4.2 percent. Costs for childcare arrangements that involve either family childcare or low-cost childcare centers rose by 4.4 percent over the same period, while federal and state taxes have risen by 1.2 percent for the same households. Additionally, the cost of “other” necessities not encompassed in any of the previous categories, which include clothing, personal care items, and housekeeping supplies, increased by 21.5 percent — the largest increase on record. Food expenses, which assume low-cost food prepared at home, have decreased slightly, by just 0.9 percent for a family comprised of two adults and two children since 2016. These expansive categories still fail to include every expense. For instance, there is no allotment in MIT’s Living Wage Calculator for income going towards savings, education, cell phones, Internet, or television.

| TABLE 2: Lackawanna & Luzerne Counties Cost of Living: Two-Adult Families |
|-----------------|-----------------|-----------------|-----------------|
| **Annual Expenses** | 2 Adults, 1 Child | 2 Adults, 2 Children | 2 Adults, 3 Children |
| **Housing** | $10,008 (+20.2%) | $10,008 (+20.2%) | $12,996 (+22.9%) |
| **Food** | $7,933 (-1.0%) | $10,245 (+0.9%) | $12,474 (+0.9%) |
| **Transportation** | $8,341 (+5.6%) | $9,650 (+4.2%) | $9,540 (+7.9%) |
| **Childcare** | $7,567 (+3.5%) | $13,236 (+4.4%) | $18,905 (+4.7%) |
| **Medical** | $6,345 (+12.5%) | $6,427 (+12.7%) | $6,147 (+8.4%) |
| **Other** | $5,030 (+26.2%) | $5,855 (+21.5%) | $5,729 (+27.3%) |
| **Monthly Taxes** | $6,309 (+5.0%) | $7,731 (+1.2%) | $9,178 (+4.5%) |
| **Required Annual Income before Taxes** | $51,534 (+9.2%) | $63,152 (+7.8%) | $74,969 (+8.6%) |
| **Required Hourly Wage per Adult** | $12.39 (+9.3%) | $15.18 (+7.8%) | $18.02 (+8.6%) |

The Institute for Public Policy and Economic Development and The University of Scranton
“We know only about 10% of health is determined by what happens in a hospital or doctor’s office. After considering genetics or what we’re born with, the most significant influences are your environment and the choices available to families where they live. Living wage disparities go to the heart of those social determinants of health. Despite the presence of outstanding healthcare institutions in our region, our community’s health will not improve if disparities in access to housing, food, childcare, and transportation persist and continue to determine the opportunities families have to live healthier lives.”

— LaTisha Smith, President and CEO, Moses Taylor Foundation

“From the experiences shared by St. Joseph’s Center employees, who have been near-minimum-wage earners until we were able to raise wages in spring 2019, I often hear of the challenges caused by unanticipated expenses such as home or car repair or healthcare costs. Many employees opt to work an excessive amount of overtime which might leave their children without the presence of parents. Others hesitate to work anything extra for fear of losing benefits for which they are income eligible. A transition plan is needed for them, so that earning more doesn’t mean the immediate loss of housing, child care, food and other essentials as they begin to save.”

— Sr. Maryalice Jacquinot, IHM, President and CEO, St. Joseph’s Center

“Many of the families and individuals we work with at United Neighborhood Centers are only able to become financially secure if they have access to affordable housing, independent transportation, convenient childcare and a reliable support system. The absence of any of these necessities almost guarantees failure. Those we’ve seen succeed, do so when all of the barriers are removed so they may secure employment. The next hurdle is often the benefit gap. It becomes difficult for some to advance in employment if a modest wage increase means the loss of public benefits.”

— Lisa Durkin, President & CEO, United Neighborhood Centers
“These issues heavily impact the population we serve. With those that can or do work, most are surviving on the minimum wage. As a result, many can’t afford basic necessities and rely heavily on social service agencies for support during times of crisis. Many live well beyond their means, are over-extended, and have issues with debt; however, they are often reluctant to fix or admit they have financial problems and struggles. Poor decision-making in the past takes a toll and is difficult to rise above.”

— Linda Ciampi, Executive Director, Outreach – Center for Community Resources

Living Wage Data: Northeastern Pennsylvania

The average cost of living for families in Lackawanna and Luzerne counties is slightly lower than the averages for the rest of Pennsylvania. As of 2017, Lackawanna County’s median household income is $48,380 — a 5.0 percent increase since the 2016 Living Wage Report (which used 2014 data). Luzerne County’s median household income is $49,290, a nearly 9.0 percent rise during the same period. Despite these gains, both counties’ respective median household incomes still fall beneath the statewide median of $56,991 (which has grown by 7.0 percent since 2014). However, the regional income gap, compared to the rest of the Commonwealth of Pennsylvania, shows some signs of narrowing. While Lackawanna County’s median household income has fallen from 13 percent below the statewide median to 15 percent, Luzerne County’s median household income improved from nearly 17 percent below the statewide median, to 13.5 percent below.

According to 2017 U.S. Census Bureau data, 15.4 percent of Lackawanna County residents and 15.2 percent of Luzerne County residents live below the federal poverty line, as compared to 13.1 percent on the state level. For Lackawanna County, this represents a slight deterioration from 14.2 percent in 2014; however, for Luzerne County, this represents a slight improvement from 16.3 percent. In light of the overall decline in population in both counties, the absolute number of individuals living in poverty may be of particular use in this analysis. For Luzerne County, the drop in poverty was both absolute and relative — in addition to a decline in the poverty rate, the number of residents estimated to be living in poverty fell by approximately 3,748 from 2014 to 2017. For Lackawanna County, on the other hand, the rise in poverty was also absolute and relative, with an increase of 1.2 percentage points in the rate and 2,100 residents. In its 2019 Indicators Report, the Institute also reported on a sudden and significant year-to-year increase in the percentage of families living in poverty in Lackawanna County, from 15.1 percent in 2016, up to 20.9 percent in 2017.

“As we prioritize economic development for the City, we must ensure that the needs of our community continue to be met and that the change taking place here benefits us all. There are a number of residents we need to think about that do not necessarily meet the criteria for public services and benefits but also cannot afford the rising cost of housing and other cost of living expenses.”

— Mary Pat Ward, Office of Economic and Community Development, City of Scranton
“All of the clients that are served by the Catherine McAuley Center are living in poverty, and if they are able to move out of poverty after receiving programming, very few are maintaining a living wage. Our clients face the challenge of child care, maintaining a job, affordable housing, transportation to name a few, and each of these barriers has a domino effect on the others when impacted. We as a community need to do better in raising incomes and continuing to provide affordable housing.”

— Krista Somers, Executive Director, Catherine McAuley Center

“Remuneration for work should guarantee a person the opportunity to provide a dignified livelihood for themselves and their family on the material, social, cultural, and spiritual level, taking into account the role and the productivity of each, the state of the business, and the common good.”

— The Catechism of the Catholic Church, No. 2434
“All of our clients suffer from economic insecurity, poverty and lack of a living wage. The vast majority live in public housing. Families with children, one- to two-adult households, and the elderly frequent our food pantries because SNAP benefits have been decreasing and often don’t last until the end of the month. Housing-related expenses are additional stressors. Families often have to decide which utility to pay which month. This leads to a constant game of catch up, to get on an installment plan or qualify for an assistance program.”

— Meghan Loftus, President & CEO, Friends of the Poor

“An economy thrives only when it is centered on the dignity and well-being of the workers and families in it … Protecting low-wage workers and promoting their ability to form and nurture families are shared responsibilities and critical to building a more equitable society. One way Congress can contribute to this shared work of promoting the common good is by ensuring the federal minimum wage promotes family formation and stability.”

— Most Reverend Thomas Wenski, USCCB and Sister Donna Markham, OP, Ph.D., Catholic Charities USA, USCCB/CCUSA Letter to Congress Regarding Fair and Just Wages, 2015
A narrower examination of Scranton and Wilkes-Barre, the two counties’ respective urban centers, indicates even higher poverty rates. In the City of Scranton (Lackawanna County), the percentage of residents living in poverty stands at 23.6 percent, an increase from 22.1 percent in 2014. In Wilkes-Barre (Luzerne County), the poverty rate is even higher, at 28.6 percent, but has fallen from 29.1 percent in 2014. Still, the region as a whole is home to an above-average proportion of individuals living in poverty when compared to the rest of the Commonwealth.

The required annual income before taxes and the hourly wage needed to meet the living wage threshold for a family with two adults and one child must have both adults making at least $12.39 an hour and $2,148 per month each. A single parent with one child must make an estimated $22.52 an hour to achieve a living wage. In Lackawanna and Luzerne counties, similar to the pattern found for the Commonwealth, under no composition can a family reach an economically secure livelihood with one or even two adults working full-time for minimum wage. There is a significant gap between the existing minimum wage income and a living wage income (Figure 1).

Because the minimum wage has not changed since the 2016 report, the gap between minimum wage income and living wage income has increased as of 2019. Even the more affluent households that experience at least nominal wage growth are seeing most income gains consumed by cost of living increases. For instance, while the average income for a worker in the region rose by nearly 8 percent between 2016 and 2019, the average income necessary for a modest but dignified life in the area (an income threshold derived from cost of living expenses) rose by nearly 29 percent in the same period of time. Thus, especially for workers or retirees with a fixed or stagnant income, the gap between the minimum wage and the living wage grows ever wider by the year.

Per the U.S. Census Bureau 2017 data, the per capita income for Lackawanna and Luzerne counties is $27,258 and $26,809 respectively. This per capita income is less than that for the Commonwealth as a whole, which is $31,476. However, per capita income, the amount of total income acquired in a year per each member of the area’s population, is inadequate to understand economic security at the household or family scale level.

As seen in Figure 1, five out of six family compositions evaluated require incomes above $50,000 to reach living wage incomes; the lowest annual living wage income is $46,842 (for one adult and one child). However, as of 2017 around 38 percent of households in Lackawanna and Luzerne counties have an annual
“Women living in poverty are more likely to experience violence and women who experience violence are more likely to live in poverty. Housing is a first priority and is often a challenge given limited access to subsidized rental assistance or a sustainable wage. In order to maintain a job, women need reliable child care and transportation. Moreover, policy around public assistance eligibility affects individuals’ ability to move to economic independence given the benefit ‘cliff affect.’”

— Carol Shoener, Economic Advocacy Director, Women’s Resource Center

income under $35,000 and 53 percent of households have incomes below $50,000 (higher than the overall percentage for Pennsylvania as a whole, which is 44 percent). The annual income earned while working full-time at the minimum wage is $15,080. According to the Census Bureau’s 2017 American Community Survey, approximately 14.5 and 13.5 percent of households in Lackawanna and Luzerne counties respectively make less than $15,000 a year. This represents a slight improvement in Lackawanna County and worsening in Luzerne County, as approximately 13.9 percent and 15 percent of households in Lackawanna and Luzerne counties made less than $15,000 a year as of 2014. The difference between what a minimum wage income earns relative to the poverty threshold for each given family classification is portrayed in Figure 2.³ The Federal Poverty Guidelines are developed annually, are national in scope and based upon the size of the family and measured against increments of poverty (ranging from 100 – 400 percent).⁴ Government assistance programs uses this to measure eligibility.

While families where both adults earn minimum wages still fall short of making a living wage, they do surpass the poverty line. Two household types with the greatest struggles include families headed by a single parent, and single, childless workers. A single parent making the minimum wage with even just one child makes, by any definition, poverty-level wages. Moreover, over 26 percent of non-family households — defined as either a one-person household or a single individual sharing a residence with people to whom they are not related — earn less than $15,000 in annual income.

The region’s relatively high level of poverty can be accounted for, in part, by the significant number of single-parent families (7.5 percent and 9.9 percent in Lackawanna and Luzerne counties, respectively), which have a far higher rate of poverty than other families. Across both counties, women lead 74 percent of single-parent households with young children — 14,700 households. Female-led households with young children are far more predisposed to poverty, as the poverty rate for these households stands at 45.6 percent and 45.9 percent for Lackawanna and Luzerne counties, respectively, compared with 8.6 and 7.9 percent for married couples with children.

According to the Census Bureau’s 2017 Small Area Income & Poverty Estimates (SAIPE), 14 percent of the residents of both Lackawanna and Luzerne counties live below the poverty line — a total of 71,334 people.⁷ This is down from 2014 estimates, which showed a nearly 16 percent poverty rate in the two counties, with approximately 79,959 individuals of all ages living below the poverty line. Though the county-level poverty rates differ slightly between datasets due to differences in timing, methodology, and margins of error in sampled data, a general trend emerges: The regional population living in poverty remains disproportionately high when compared to state averages, and signs of improvement are mixed.
Who are the Minimum Wage Earners? What are the Available Jobs?

According to the U.S. Department of Labor, a majority of American workers earning minimum wage or below shared one or more of the following characteristics: female, 16-24 years old, high school educated or less, never married. As of 2018, there were 1.7 million workers with wages at or below the federal minimum wage, which is 2.1 percent of all hourly paid workers in America, down from 2.3 percent in 2017. Across the country, eleven percent of minimum wage workers were single parents, and an additional ten percent were married with at least one or more children.

Near-minimum wage workers, while earning more than minimum wage, fall below the living-wage threshold for most family compositions. As of 2016, approximately 20.6 million people, or 30 percent of all hourly, non-self-employed workers age 18 or over, are near-minimum-wage workers. This considers anyone who makes more than the minimum wage of their state but less than $10.10 per hour. According to the Living Wage Calculator, the only family composition that has a living wage requiring below $10.10 an hour was two adults, no children. Any family with children would still be below the living wage with this near-minimum wage. The U.S. Department of Education and the American Community Survey for 2017 show that the lowest wage jobs are almost always positions that rely on unskilled labor. According to the Bureau of Labor Statistics, the occupations with the highest percentage of workers earning the minimum wage or below are service occupations, including food preparation and serving related occupations. A total of 10.5 percent of those in the leisure and hospitality industry earned the minimum wage or below; the majority of these workers were in restaurant and food services.

In Lackawanna and Luzerne counties, two occupational categories with average salaries beneath the living wage for a single, childless worker ($25,272) include food service occupations ($23,800) and personal care and service occupations ($25,200). These two categories alone employ nearly 13 percent of the two-county workforce. Conversely, all occupational categories but two (Architecture and Management) pay average or median salaries beneath the living wage for a single worker supporting up to three children ($74,022). Approximately 25 percent of Office and Administrative Support positions (employing 16 percent of the two-county workforce) earn incomes at or beneath the living wage for a single, childless adult — roughly the same proportion as workers in the Transportation and Material Moving Occupations (which employ 11 percent of the two-county workforce). Notably, nearly half of workers in the third most common occupational category in the region, Sales (which employs 10 percent of the regional workforce), earn incomes beneath the living wage threshold for a single, childless adult in Lackawanna or Luzerne county.
“All economic life should be shaped by moral principles. Economic choices and institutions must be judged by how they protect or undermine the life and dignity of the human person, support the family and serve the common good … Society has a moral obligation, including governmental action where necessary, to assure opportunity, meet basic human needs, and pursue justice in economic life.”


Positively, several sectors of the NEPA economy, which include some family sustaining jobs, are well-positioned for employment gains, including: health care and social assistance; logistics, transportation and warehousing; infrastructure and construction; and utilities and energy production. Within the health care industry, there is significant demand for registered nurses ($65,500 average wage) and licensed practical nurses ($44,100 average wage). In the logistics industry, tractor trailer drivers have average wages of $46,500 per year and a steady stream of openings are projected. In utilities, many key occupations have stable employment trends and pay high wages, including nuclear engineers ($107,300), electrical power line installers and repairers ($78,500), and water treatment plant operators ($48,600). Outside of these growing sectors, there are other opportunity areas that, while not growing in total size, offer higher than average wages. These include educational occupations and Science, Technology, Engineering, and Mathematics (STEM) occupations regardless of industry.13

Unemployment in NEPA has decreased (e.g. from 5.8 percent in 2015 to 4.6 in 2018 in Lackawanna County), in part due to fewer people in the workforce. Moreover, as of September 2019, there were 6,488 open jobs in Lackawanna County, including 457 different occupations and 2,000 employers. Of these available positions, 1,709 require a high school diploma and the rest require associate degrees or higher (177 different academic programs). They represent 4,500 job titles with 154 needing certifications, 814 referencing hard skills and 102 referencing soft skills. The top three employers, as far as available jobs, are Geisinger (269), Shipt (170), and The University of Scranton (120).

Higher education attainment in NEPA lags behind the state and national averages, and numerous studies indicate a correlation between higher wages and college degree attainment.14 According to U.S. Census Bureau data, 27 percent of individuals in Lackawanna County have a bachelor’s degree or higher (dropping to 22 percent in Scranton) and 23 percent in Luzerne County, as compared to 30 percent at the state and 31 percent at the national level.15 However, long-term demographic shifts indicate that this educational attainment gap might close in future. For instance, approximately 31 percent of regional workers between the ages of 25 and 34 hold a bachelor’s degree or higher, while nearly 63 percent of regional residents between the ages of 18 and 24 are pursuing (or have pursued) an associate’s degree, bachelor’s degree, or higher.

Factors that might mitigate the full impact of this positive generational shift on educational attainment, however, include poverty and geography. For instance, the poverty rate by educational attainment in Luzerne County, as of 2017, is 26.1 percent for those who have less than a high school degree (up 0.5 percent since 2014), 13.2 percent for those who are high school graduates (down 0.3 percent), 9.6 percent for those with some college or an associate’s degree (down 0.3 percent), and only 3.8 percent for those with a bachelor’s degree or higher (down 0.5 percent). In Lackawanna County, the poverty rate stands at 30.4 percent for those with less than a high school degree in 2017 (up 6 percent since 2014), 14.5 percent for those who are high school graduates (up 1.6 percent), 9.9 percent for those with some college or an associate’s degree (down 0.5 percent), and 5.0 percent for those with a bachelor’s degree or higher (up 0.1 percent).
“The current economic climate has positioned a great number of Northeastern Pennsylvania businesses for growth. Continued training and education in technical and soft skills are critical for employers as they seek qualified workers for existing opportunities. Barriers, like lack of access to transportation, have impacted job seeker ability to access available jobs that provide a living wage.”

— Robert Durkin, President, The Greater Scranton Chamber of Commerce

“As the report notes, transportation is a significant basic need and rising cost for all residents in NEPA, and particularly low-income residents. In 2017, the Scranton Area Community Foundation, together with the Federal Reserve Bank of Philadelphia and over 100 key regional stakeholders, launched NEPA Moves as a way to address transportation concerns, improve access, and foster greater opportunity. We are working to better understand the specific barriers of current transit systems and solve the transportation challenges through a strategy that promotes equity and encourages economic growth.”

— Laura Ducceschi, President & CEO, Scranton Area Foundation
Resources for Economically Insecure Families

There are a number of resources available to low- and moderate-income households that do not earn a living wage in NEPA. However, for many of the assistance programs, there is a gap between income eligibility limits and the living wage threshold. This gap is apparent across multiple family compositions. Therefore, some families can make too little to achieve family economic security but not enough to qualify for certain forms of assistance.

A number of federal and state resources are available to Lackawanna and Luzerne county residents; these programs are often delivered through the more than 120 non-profit social service organizations in the Scranton area alone or are otherwise augmented by programs that these agencies provide to assist low-income families in the community. Assistance programs include, but are not limited to the following:

• **Child and Dependent Tax Care Credit**: Federal income tax credit helps families defray the cost of providing care to children and other dependents.

• **Child Care Works**: Subsidized program to help lower income families pay for childcare. Income eligibility thresholds for 2019 are up nearly six percent for all households since 2016.

• **Earned Income Tax Credit (EITC)**: Federal income tax credit is designed to benefit low to moderate income workers. Since 2016, income eligibility thresholds have risen by five percent.

• **Head Start**: Children from eligible families can receive early childhood education and development. The Early Head Start program provides support to pregnant women and families with children up to age three.

• **Healthcare.gov**: The federal health insurance marketplace created by the Affordable Care Act offers the public the opportunity to enroll in a variety of health insurance plans. Since 2016, income eligibility guidelines for reduced premiums have risen by approximately 6.1 percent.

• **Heating Assistance/LIHEAP**: This program provides assistance to households that are in danger of being without heat in the colder months. Since 2016, the income eligibility thresholds have risen by an average of 6.2 percent across all income brackets.

• **Housing Choice Voucher Program**: Formerly the Section 8 program, this program allows income eligible families to receive housing assistance. Families that qualify often face long wait times.

“According to national data, since 2012, health insurance costs have hovered around 31% of take home pay. This forces many consumers to purchase inferior plans with high deductibles and large co-pays, or simply forgo the purchase of health insurance altogether. We have increased medical and dental patient encounters by 87% over the last five years, which tells us even with low unemployment and the Affordable Care Act, the need for quality care that is affordable continues to increase. We have also been working closely with NEPA Move and some of the larger health care insurance plans to try and address the transportation challenges that many of our patients experience on a regular basis.”

— Joseph Hollender, CEO, Scranton Primary Health Care Center, Inc.
“In our work to provide housing for the unhoused, the individuals served all lack economic security. The river of poverty for them is deep and wide. The population served are the homeless. They are the newly released from incarceration in the criminal justice system. They are disabled military veterans discharged from service. They are those facing behavioral health challenges, released from hospitals and institutions. They are the sick and frail in need of medical care.”

— Stephen Nocilla, Director of Housing and Residential Programs, Catholic Social Services of the Diocese of Scranton

• **Medical Assistance**: Also known as Medicaid or MA, this program pays for health care services for eligible individuals. Since 2016, income eligibility guidelines have risen by approximately 6.2 percent. Uninsured children and teens may also qualify for free or subsidized coverage through the Children’s Health Insurance Program (CHIP).

• **School Nutrition Programs**: Children from qualifying lower income families can receive a free or reduced-price school breakfast, lunch, and after school snack. Since 2016, income eligibility guidelines have risen by 6.2 percent.

• **Supplemental Nutrition Assistance Program (SNAP)**: Also known by its former name of Food Stamps, this program supplements the food budget of lower income households. SNAP benefit amounts are the only ones in this list of resources that have decreased in value since 2016. As of 2017, 16.4 percent of households in the two-county region received SNAP benefits.¹⁶

• **Temporary Assistance for Needy Families (TANF)**: Also known as Cash Assistance, this program provides direct cash assistance to families with children. Since 2017, the regional TANF benefit has hovered at just three percent of the average Pennsylvania TANF benefit of $2,513.

Since the 2016 Report, a variety of local programs have expanded their capacity to meet the community’s needs. Examples include increased availability of more nutritious, fresh food through the Weinberg Northeast Regional Food Bank and the NEPA Moves regional initiative aimed at addressing transportation access needs.

“SLHDA is seeing incomes rise just above the threshold to qualify for Head Start programs. However, these higher wages come at a cost to the family and are nowhere near a living wage. Thus, families that have an income above 100% and below 200% poverty guidelines are struggling to become self-sufficient with childcare and housing costs rising faster than wages. SLHDA has noticed that housing rental rates are rising faster than the poverty guidelines as more and more landlords have increased the rent in order to keep up with taxes and maintenance of their properties. Because of the rising costs of housing, there is a shortage of affordable decent housing for low to moderate income families.”

— Jim Wansacz, Executive Director, Scranton Lackawanna Human Development Agency Inc.
Recommendations

To achieve economic security, a multi-pronged approach is required that involves public policy changes, economic and workforce development efforts, government social safety net programs, and private charitable activities. The following recommendations reflect conclusions drawn from the data in this report and based on the advocacy efforts and policy positions of Catholic Charities USA and the U.S. Conference of Catholic Bishops, illustrating the rich discussion in Catholic Social Teaching on poverty, just wages, and economic justice.17

Increase wages

To foster and maintain more family-sustaining jobs, raise the Pennsylvania and/or federal minimum wage and further increase economic development and workforce activities, including strategic higher education and K-12 collaborations to ensure a match between regional skills and needs.

As indicated from our analysis, the minimum wage at $7.25 an hour does not meet the basic needs required by families and falls short of a living wage. Although a single, childless worker in either Lackawanna or Luzerne county earning the median wage of $35,800 would find themselves meeting the income threshold necessary to live a modest but dignified life in the region ($22,152), if that worker were to have just one child, they would find themselves nearly $11,000 beneath the living wage for that household size ($46,842).

Even after ten years of sustained national and statewide economic growth, too many continue to struggle in NEPA. The best way to help families thrive, rather than merely survive, in today’s economy is to find ways to increase wages. This can be done through further economic development activities that seek to increase jobs with meaningful, family-sustaining wages and through increases to the state and/or federal minimum wage. As of July 2019, Pennsylvania is one of just 21 states set at the $7.25 federal minimum wage.18 All of its neighboring states have higher rates, ranging from $8.55 (OH) to $11.10 (NY). At the same time, employers can also take action. Over the past year, the region has seen employers increasing wages due to a worker shortage. It is expected that this will continue over the next two decades as the number of retirees increases and the pipeline of younger workers decreases.

Workforce development programs should also be continued and expanded, particularly to address skills identified by employers. These programs have the potential to help low-wage workers attain higher-paying jobs and spur economic growth in the region while filling workforce gaps that exist in growing, well-paying occupations in health care, logistics, utilities and other sectors. Given the strength and variety in NEPA’s institutions of higher education, colleges and universities should explore further avenues for collaboration with K-12 schools, the business sector, and across the higher education sector to improve high school graduation rates, post-secondary degree completion, and worker training and retraining to ensure that regional academic offerings address the range of workforce needs and skills.
Support tax credits for low-income families

Support federal tax credits, and potential expanded state tax credits, to assist with basic costs for low-income families, including populations experiencing special economic challenges, such as grandparents serving as caregivers in the wake of the opioid epidemic.

Federal income tax credits, including the Child Tax Credit (CTC) and Earned Income Tax Credit (EITC), help defray costs for working families. Increased support for both programs would enhance these families’ economic security. The CTC provides important assistance to help working families obtain safe, quality child care; an option that is often beyond the reach of parents working low- and moderate-wage jobs.19 The EITC provides small sums of financial assistance to low-income families based on annual earnings; it cannot be utilized unless the individual or family is already working. Since its inception in 1975, the federal EITC has enjoyed consistent expansion with bipartisan support. However, glaring gaps remain in the scope of the EITC’s reach. For example, childless adults start owing federal income and payroll taxes at income earned beneath the poverty line (approximately $12,000, as of 2017), and their combined tax liabilities plunge them deeper into poverty.20

State legislatures can also expand the scope of eligibility for state-based EITCs beyond federal EITC requirements. Examples of state action in this regard can be found across the nation. The District of Columbia matches 100 percent of the federal EITC to single, childless workers.21 The state of Maryland lowered the age of state EITC eligibility.22 Following these and other approaches, Pennsylvania could explore a state EITC calibrated to statewide demographic and economic challenges.

One potentially valuable way to tailor EITC for the regional population would involve a state EITC with age-limit increases for working grandparents raising grandchildren. Currently, the federal EITC is eligible only to workers between the ages of 24 and 65. Yet, as of 2015, nearly 2.9 million children live with grandparents who are primarily responsible for their care — an increase of nearly 16 percent since 2005. According to child welfare officials, much of this increase is attributable to the pervasive growth of the opioid epidemic nationwide.23 Regionally, approximately 6.5 percent of Lackawanna County grandparents and 12.4 percent of Luzerne County grandparents are solely responsible for the care of their grandchildren, and live in households where the grandchild’s parent is not present. A grandparent’s age has a direct effect on household income: The median family income of a household headed by a grandparent in the Scranton/Wilkes-Barre/Hazleton metro area is $29,926, compared to $38,799 across Pennsylvania.24 Thus, a state-based EITC with an extended age limit would support older workers in maintaining economic security for themselves and their dependents.

“The earned income tax credit and child tax credit allow workers to keep more of what they earn to pay for things like reliable transportation to work, child care, housing and groceries. Hardworking families and individuals in our communities rely on these credits. Congress can expand this common-sense tax policy for workers who do not raise children at home by increasing the size of the credit for this group and lowering the age of eligibility. In Pennsylvania alone, at least 554,000 workers would benefit from this type of expansion, giving them the tools necessary to cover the basics and contribute more to our local economy.”

— Gary Drapek, President, United Way of Lackawanna and Wayne Counties
Address Housing Affordability

Identify and implement a range of strategies aimed at providing affordable housing in ways that address both the necessity of continued economic development and the needs of low-income residents.

This 2019 report identified significant increases in basic costs, most notably housing. Leading national organizations came together in January 2019 to call for “more robust and equitable federal housing policies” including recommending that Congress act upon “dramatically expanding rental assistance, such as housing vouchers or renters’ tax credits, to bridge the growing gap between rent and income” and “dramatically expanding the supply of housing affordable to the lowest-income renters, which requires larger investments in production programs like the national Housing Trust Fund.” Federal and local attention should be paid to ensuring that there is an adequate supply of affordable housing for low-income renters across different neighborhoods and localities; this should include addressing the conditions of deteriorating housing stock in NEPA.

As revitalization efforts continue on the regional and municipal levels, there is opportunity to develop more affordable properties through redevelopment and infill development strategies targeting a variety of price points and in support of low-income residents. Also relevant for NEPA are programs and activities that address blight removal. An Institute study on affordable and accessible housing documented an increasing demand for affordable housing development. Further, communities can revise zoning codes to designate not only uses of land and buildings, but also to require affordable housing units.

“To desire the common good and strive towards it is a requirement of justice and charity… The more we strive to secure a common good corresponding to the real needs of our neighbours, the more effectively we love them.”

— Pope Benedict XVI, Caritas in Veritate, 2009

Expand Access to Existing Social Safety Net Programs

Expand access to social programs that address issues such as food insecurity and early education and ensure that federal and other poverty measures adequately address the realities of low-income Americans.

Programs such as SNAP, what the Center on Budget and Policy Priorities (CBPP) describes as “the nation’s most important anti-poverty program” help to address a basic need for working families. CBPP argues that the food benefits are the “fastest, most effective forms of economic stimulus because they get money into the economy quickly” and also that the program “contains an important work incentive. For every additional dollar a SNAP recipient earns, her benefits decline by only 24 to 36 cents — much less than in most other programs.” SNAP benefits should be supported by federal lawmakers as a key resource in addressing food insecurity. In spring 2019, national Catholic agencies expressed concern about changes proposed to SNAP that “would
Expand Access to Existing Social Safety Net Programs continued

negatively impact access to necessary food and nutrition assistance while doing little to support access to programs that promote self-sufficiency." In September 2019, national Catholic agencies opposed a proposed SNAP rule that that would “cause millions to lose access to basic nutrition assistance” as well as “discourage saving and worsen the ‘benefit cliff’."32 In addition, Head Start is an important program serving low-income children; Catholic Charities USA has called it “an investment in the future of our country’s children and a pathway to reducing generational poverty.”33

Lawmakers could adjust the current method of benefit phase-out as a recipient’s income increases by slowing down the withdrawal from benefits.34 The state might create a proportionate assistance-to-income benefit system through reforming the current system. Under such a system, the rate of cash assistance commensurate with supplemental income (employment) can equal the Federal Poverty Level (FPL), a threshold greater than 100 percent of the FPL, or the Living Wage. The proportionate decrease would not exclude beneficiaries from receiving other assistance like SNAP, CHIP, and UIHEAP. Other proportionate measures would be put in place for those programs once a family could remain economically stable. The Pennsylvania government could also further the growth and reach of transition programs like the Employment, Advancement, and Retention Network (EARN). The government can actualize an incentive reward of tax credit; when a recipient does not return to welfare after meeting certain benchmarks, the recipient receives a tax credit.

The FPL can account for other expenses accrued, just as the Census Bureau adjusted the poverty rate to account for other expenses, as well as government benefits for the Supplemental Poverty Measure (SPM), which debuted in 2010.35 Legislators can change the FPL to reflect the inflated food, clothing, shelter, and utilities costs given that the subsistence food budget in the official poverty definition is now majorly dated (it was developed in 1961 and based on the 1955 data).36 The new FPL can mimic the SPM by using Cost-of-Living Index data or The Living Wage Report data and adjusting the FPL based on region. Perhaps most importantly, the TANF block grant can be adjusted for inflation; $16.5 billion in 1996 is equivalent to $26.5 billion in 2018. Furthermore, it is critical that the federal government keep in mind low-income communities when assessing and adjusting the Official Poverty Measure (OPM), which plays a critical role in determining government program eligibility for low-income Americans. As national Catholic agencies working in anti-poverty efforts have recommended, the federal government could “consider creating an additional index that specifically evaluates expenditure patterns for low-income communities” or work on addressing “other deficient components of the [OPM] calculation.”37

Many of the same issues of eligibility that restrict access to services by those earning less than a living wage also apply to programs administered by nonprofit organizations. Regional nonprofits working to address poverty should apply the principles outlined above to their own programs. Though programs funded through public charities or private foundations suffer from resource limitations, efforts should be made to ensure that families earning less than a living wage are covered to the extent possible, even if they earn above other measures of poverty. Graduated phase-out of assistance or other tiered approaches to resource allocation are needed.
How Should We Respond?

Learn about local needs and inequities, advocate for policies and programs to support those who are economically insecure, and accompany low-income neighbors through volunteer and other community engagement programs.

As employers, elected officials, students, and private citizens, we all have a role to play in attending to the needs of the vulnerable. For more families to attain a living wage in NEPA, a combination of institutional, governmental, and private charitable activities is needed to increase wages and support low-income families. Catholic Social Teaching asserts that all people have a right to participate in society and calls on people of goodwill to consider how they can help to alleviate social inequities.

The social teaching of the Catholic Church has long asserted the centrality of human dignity in assessing issues related to poverty and economic life. As the U.S. Catholic Bishops wrote in 1986 in “Economic Justice for All: Pastoral Letter on Catholic Social Teaching and the U.S. Economy,” “The dignity of the human person, realized in community with others, is the criterion against which all aspects of economic life must be measured.” In its 2002 pastoral letter on poverty, “A Place at the Table,” the Bishops emphasized the principle of solidarity — that “we see every ‘other’ as our neighbor, who must share in the ‘banquet of life to which all are equally invited by God’” — and the key role of work, which “should not leave people poor but should provide wages sufficient to achieve a standard of living that is in keeping with human dignity.”

As a Catholic and Jesuit institution, The University of Scranton is committed to an educational mission that includes the service of faith and the promotion of justice. In the 2019-2029 Apostolic Preferences of the Society of Jesus, Society General Arturo Sosa, S.J., prioritized walking with the poor in a way that promotes social justice “and the change of economic, political, and social structures that generate injustice.” This kind of approach prioritizes not only policy advocacy but also human encounters, including volunteer service activities, academic engagement through community-based-learning courses, and programs such as Open Table that bring residents of different experiences together to form transformative relationships and help build social capital among low-income communities. The University draws on the efforts of Catholic Charities USA, the U.S. Conference of Catholic Bishops and other partners to raise awareness of and advocate for public policies in keeping with emphases within Catholic Social Teaching on principles of human dignity, community and the common good, dignity of work and the rights of workers, solidarity, the option for the poor and vulnerable, and the role of government and subsidiarity.

“Poverty is not an inevitable misfortune: it has causes that must be recognized and removed, in order to honor the dignity of many brothers and sisters, after the example of the Saints.”

— Pope Francis, October 2017
Conclusions

This study has found that it costs more to reach a living wage in 2019 in NEPA than it did in 2016, as a result of increases in basic costs, inflationary pressures and wages that have not necessarily kept pace with expenses. Regional unemployment has improved, but inequality is rising. More households across the region are earning incomes beneath the living wage; they lack economic security and may find it difficult to pay essential needs. For example, a family of two working adults and two children in the region needs $63,149 to reach the living wage threshold (up 8 percent since 2016). A single adult with one child needs $46,842 (up 10 percent). Around 38 percent of households in Lackawanna and Luzerne counties have an annual income under $35,000 and an average of 14.4 percent make less than $15,000 — both slightly up from 37 percent and 13 percent, respectively.

For working families, childcare, food, transportation and housing are all significant expenses, with housing costs seeing a significant 20 percent increase since 2016. Across all family compositions, a minimum wage or even near-minimum wage job will generally be insufficient to allow the family to achieve economic security. Northeastern Pennsylvania residents with income challenges have access to many resources through government assistance programs and a robust non-profit sector, characteristic of the region’s generous community spirit. However, in some cases these programs are threatened by federal funding cuts and proposed changes; the income eligibility guidelines for many assistance programs are often significantly below the living wage threshold. As a result, there are numerous families in NEPA who fall into this very real gap of having too much income to qualify for meaningful assistance, but too little to achieve economic security.

As the region increasingly makes economic development progress, continued attention should be paid to expanding the availability of family-sustaining jobs, ensuring that education and workforce needs align, and addressing rising costs that impact low-income residents, including through increasing affordable housing options. Together, government, business, the social service sector and individuals can ensure that a greater share of Northeastern Pennsylvanians can live a modest but dignified life.

“Poverty is not just about numbers...this is about having a decent place to live, enough to eat, clean water in your village, and clean air in your community. This is about the virtues we practice in our own lives and the values we promote in public life. And this is about whether there is a place at the table for all in our communities, nation, and world.”

— U.S. Catholic Bishops, A Place at the Table: A Catholic Recommitment to Overcome Poverty and to Respect the Dignity of All God’s Children, 2002
Endnotes


2 Ibid.

3 Ibid.


43. The Open Table program is an example of a model that prioritizes relationships as a transformational tool in building social capital among low-income and other marginalized populations. See further at: https://www.theopentable.org.

“[T]he fight against poverty demands a better understanding of the reality of poverty as a human and not merely economic phenomenon… This calls for the creation, within communities and between communities and business, of mediating structures capable of bringing people and resources together, initiating processes in which the poor are the principal actors and beneficiaries. Such a person-based approach to economic activity will encourage initiative and creativity, the entrepreneurial spirit and communities of labor and enterprise, and thus favor social inclusion and the growth of a culture of effective solidarity.”

— Pope Francis, May 2017