



Research Brief

The Commonwealth's Official Source for Population and Economic Statistics

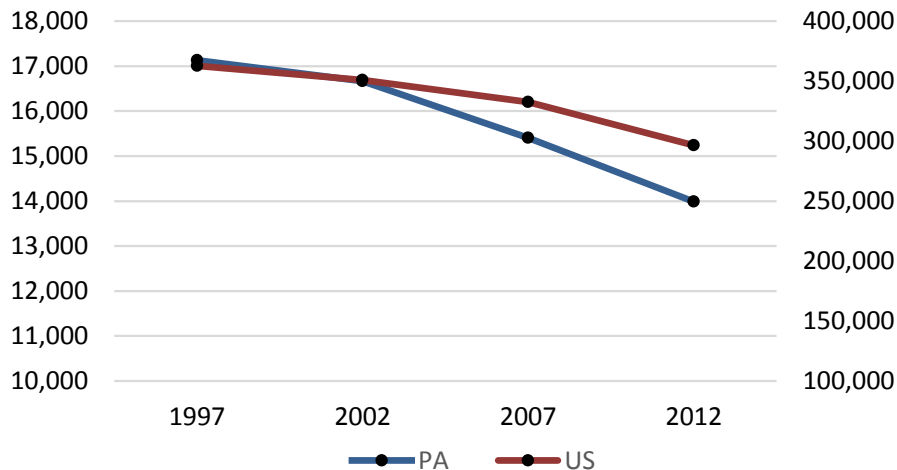
February 12, 2015

First State and Local Level Data Released from the 2012 Economic Census Shows Manufacturing Continues to Decline in Pennsylvania

PENN STATE HARRISBURG – The number of manufacturing establishments in Pennsylvania has continued to decline between 2007 and 2012, according to recently released data from the U.S. Census Bureau's 2012 Economic Census Geographic Area Series. Manufacturing related establishments¹ in the Keystone State have dropped from 15,406 in 2007 to 13,988 in 2012, equating to a 9.2 percent decrease over the five-year time frame.

The decline of manufacturing was not unique to Pennsylvania as the nation also experienced a 10.8 percent fall in establishments since 2007. In fact, between 2007 and 2012 every state in the nation reported a decline in manufacturing establishments with more than half of states (27) losing 10.0 percent or more. The loss of manufacturing establishments during this five-year period is nothing new for the United States and Pennsylvania; instead, it continues a consistent trend going back to 1997 (see Figure 1.) Both the nation and the commonwealth experienced an 18.3 percent decline in manufacturing establishments from 1997 to 2012. Overall, the country lost 66,224 establishments during the 15-year period, with Pennsylvania losing 3,140 of these establishments.

Figure 1. Manufacturing Establishments, PA and US: 2012



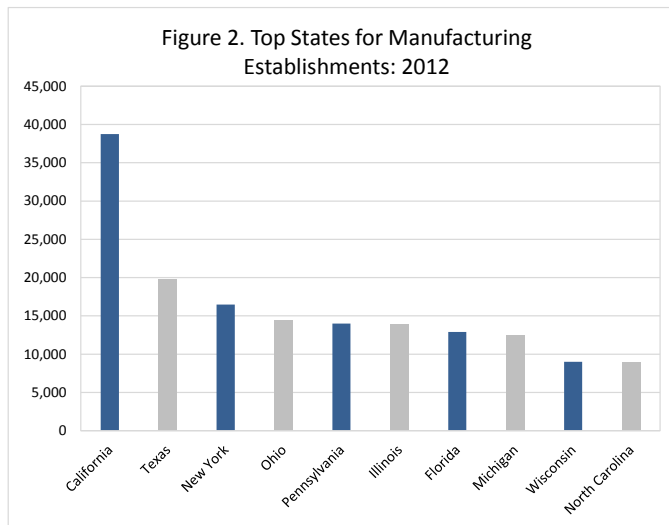
¹ Manufacturing comprises establishments engaged in the mechanical, physical, or chemical transformation of materials, substances, or components into new products. The assembling of component parts of manufactured products is considered manufacturing, except where the activity is appropriately classified in Sector 23, Construction.



Manufacturing Establishments by State

California ranked first nationally in the number of manufacturing establishments in 2012 with 38,741. The Golden State had more than twice the number of establishments as the runner-up state Texas, which had 19,782. New York (16,475) and Ohio (14,482) were next in total manufacturing establishments. Pennsylvania (13,988) rounded out the top five. Figure 2. shows the top ten states in manufacturing establishments.

States with fewer than one-thousand manufacturing establishments included Hawaii (796), North Dakota (745), Delaware (573), Wyoming (553) and Alaska (527).



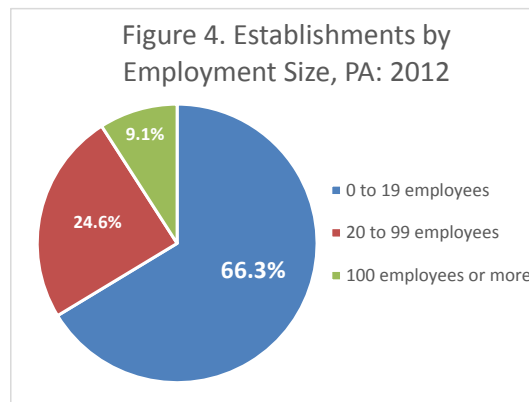
Manufacturing Employment in Pennsylvania



Just as Pennsylvania manufacturing establishments have declined over the past fifteen years so too have the number of employees. Manufacturing establishments in the Keystone State employed 543,641 people in 2012. This figure declined by 34.2 percent since 1997 when 826,521 individuals were employed in the manufacturing sector (see Figure 3.). As a result of the decline in manufacturing establishments and employment, the number of employees per establishment decreased from 48.3 in 1997 to 38.8 in 2012.

Nationally, manufacturing sector employment declined by 5.5 million or 32.9 percent since 1997.

Between 2007 and 2012, Pennsylvania experienced steeper losses in manufacturing establishments with a greater number of employees. Establishments with 20 to 99 employees declined by 10.2 percent, while those employing greater than 100 individuals decreased by 14.0 percent. Meanwhile, manufacturing establishments employing fewer than 20 employees declined by 8.1 percent. In 2012, two-thirds (66.3 percent) of establishments employed fewer than 20 individuals, 24.6 percent had 20 to 99 employees and 9.1 percent employed 100 or more.



Pennsylvania's manufacturing sector had an annual payroll of \$29.1 billion² in 2012, down 10.8 percent from \$32.6 billion in 2007. Because of the decline in both establishments and employees, the average annual payroll per employee for Pennsylvania manufacturing establishments rose at a modest 2.3 percent during the five-year time period (\$50,080 compared to \$51,240).

² All dollar denominated figures in 2012 dollars.

Value of shipments

Economic Census data also provides detailed data on value of sales, shipments, receipts, revenue or business done by establishments at the state and local level. The value of shipments from the state's manufacturing establishments decreased 11.0 percent, from \$260 billion in 2007 to \$231.4 billion in 2012. The value of shipments per establishment was \$16.5 million in 2012, equating to a \$426,000 value of shipments per employee. Each dollar of payroll in the manufacturing sector resulted in \$8.00 of value.

Detailed NAICS Manufacturing

By providing data for 2- through 6-digit NAICS hierarchical classification system where each digit of the code is part of a series of progressively narrower categories, the Economic Census offers a tremendous level of industry detail. Within the manufacturing sector in Pennsylvania, the fabricated metal product manufacturing subsector (NAICS 332) was the largest employer with 81,129 employees, accounting for 14.9 percent of total manufacturing employees. Within this subsector, at the 6-digit NAICS level, machine shops (NAICS 332710) led employment with 14,091 employees. The food manufacturing subsector (NAICS 311) reported the highest value of sales, shipments, receipts, revenue or business done of any manufacturing subsector in the state with \$32.3 billion in 2012.

Manufacturing Establishments by County

Allegheny (1,086), Bucks (1,045), Montgomery (987), Lancaster (856), and Philadelphia (765) counties were the top five Pennsylvania counties in the number of manufacturing sector establishments in 2012. Collectively, these leading counties accounted for more than one-third (33.9 percent) of all establishments and reported \$73.9 billion in value of industry shipments. Sullivan (5), Forest (5) and Fulton (15) counties had the fewest manufacturing establishments in the state.

Montgomery County manufacturing establishments employed the most workers in 2012 with 39,566 employees. Allegheny County was a close second with 36,428 employees during the year. The counties of Lancaster (33,212), York (31,890), and Berks (29,439) in South-Central Pennsylvania followed in terms of total manufacturing employment. Pike, Greene and Montour counties had the lowest number of manufacturing industry workers in 2012, employing (150), (370) and (424) people, respectively.

More about the 2012 Economic Census

The U.S. Census Bureau conducts an economic census every five years and provides a comprehensive and detailed profile of the U.S. economy, covering millions of businesses representing more than 1,400 detailed industries and providing unique portraits of American industries and local communities. The Geographic Area Series reports include the most detailed information available from the Census Bureau about the U.S. economy, including statistics on the number of businesses, employment, annual payroll and sales.

Economic Census state and local level statistics will be released over a two-year period through June 2016. Click [here](#) to view the full 2012 Economic Census Release Schedule by Program and Series.

Source: U.S. Census Bureau, 1997-2012 Economic Census: Geographic Series on Manufacturing

The Pennsylvania State Data Center is the commonwealth's official source for population and economic statistics. It is based at Penn State Harrisburg's Institute of State and Regional Affairs. The Pennsylvania State Data Center is part of the U.S. Census Bureau's National State Data Center Program.

Editors: For additional data, contact the Pennsylvania State Data Center's State Capital Office at 717.772.2710 or for faculty comment on this topic, contact Penn State Harrisburg's Public Information Office at 717.948.6029.

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