



Pittsburgh MSA Out of Sync with U.S. Labor Market Performance

Summary: The April jobs numbers were released for the Pittsburgh Metropolitan Statistical Area (MSA) and the results are not too encouraging. While growth was positive, it does not keep pace with the nation overall and underscores just how much work needs to be done to boost the area's economy.

Recently released labor force and employment data for the seven-county Pittsburgh metro area show the region trailing the nation for the April 2017 to April 2018 period. In April 2018, the Labor Department survey of households show the region's labor force tumbled by 17,600 (1.5 percent) and household employment (persons employed) slipped by 8,500 (0.7 percent) from the April 2017 level. Meanwhile, over the same 12-month period, the U.S. labor force climbed by 1,346,000 (0.8 percent) and the number of people counted as being employed rose 2,020,000 (1.3 percent).

Data from the Establishment survey, which counts the number of payroll jobs as opposed to the number of persons working, indicate private payroll employment in the Pittsburgh region rose 14,300 (1.35 percent), driven largely by gains in education and health, leisure and hospitality along with professional services. There were modest pickups in the goods sectors as well.

However, nationally, private payrolls jumped by 2,271,000 (1.8 percent) during the period, a 33 percent faster gain than the Pittsburgh region. Note, too, that the national growth rate reflects both fast growing and slower growing states. For instance, North Carolina comes in at 2.1 percent, Texas at 3.2 percent and Florida at 2.2 percent. These and other rapid-growth states are propelling the country to faster growth than the Pittsburgh MSA as well many other states.

The region's 1,069,700 million payroll jobs represent the highest April level for the last ten years (2018-2008). Still, the ten-year growth was only 4.7 percent or well under one half percent per year. The highest recorded amount in any month over the last decade occurred in November 2017 when the survey showed 1,078,200 people were on total private payrolls.

The April to April increase represents the smallest gain thus far in 2018. In January, the 12-month increase was 17,500, for a rise of 1.7 percent, while the February gain was 15,700 and March posted a 12-month pickup of 15,300.

In the Pittsburgh MSA, leisure and hospitality added 3,500 new jobs from April 2017, a gain of just under three percent. That was the smallest 12-month gain so far this year. The national April to April gain was 1.6 percent and has been gradually declining since January's high rate of 2.09 percent.

Education and health provided the Pittsburgh region with the largest number of jobs, adding 5,400 jobs in April 2018 compared to the year ago reading—a 2.2 percent rise. Of this total, the health care and social services sector contributed 5,000 of the new jobs, while educational services added only 400.

Nationally, the education and health services sector did not grow quite as fast as the Pittsburgh area, increasing by only 1.87 percent. The national growth lagged Pittsburgh's in hospital, nursing facilities and social assistance.

The trade, transportation and utilities group was the weakest sector in the Pittsburgh MSA, losing 1,400 jobs over the year (-0.66 percent). The monthly year-over-year losses stretch back to December 2017. The decline was led by a fall in retail trade employment of 2,200—a drop of 1.8 percent. That being said, not enough information is available to figure out exactly where the losses happened. There was an increase in building materials and general merchandise stores but losses in food and beverage stores as well as in clothing and department stores.

Meanwhile, in stark contrast, the trade, transportation and utilities sector nationally had an April year-over-year pick-up of 1.11 percent. It has been picking up steam as 2018 progressed ranging from a low of 0.58 percent in January to a high of 1.17 percent in March. At the national level, retail trade is also picking up momentum. After a decline in January, the year-over-year growth rates have been increasing every month since.

The April 2018 jobs and labor force numbers show that Pittsburgh lags the national labor market pace of improvement. As we have been writing for years, reducing taxes, repealing onerous regulations and curtailing the power of unions would go a long way boosting the business climate which in turn will lead to better labor market numbers. Curbing the desire and willingness to subsidize development and highly questionable ventures that should fund themselves would be a giant step toward relying on the free market to drive the economy.

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