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### **10-year jobs changes in Pennsylvania and the Philadelphia and Pittsburgh regions**

**Summary:** Many Institute *Policy Briefs* over the years have analyzed the employment situation in Pittsburgh and Pennsylvania. This *Brief* expands coverage to examine the state and its two largest metro areas including Philadelphia. Because the five-county Southeastern Pennsylvania area accounts for about a third of Pennsylvania's private-sector jobs, changes in that region will bear heavily in the state's overall performance. This analysis evaluates the region's role over the last 10 years in comparison to the state and the Pittsburgh seven-county metro area. A final comparison with the national performance is also provided.

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The jobs data used for comparison purposes are the Bureau of Labor Statistics (BLS) establishment payroll employment estimates rather than the household survey count that measures the number of persons reporting themselves as working. Performance is measured by the 2008 to 2018 changes in four categories—total private jobs, private services, goods-producing and manufacturing.

Data are readily available for the Pittsburgh metro area and Pennsylvania. However, Philadelphia's combined five-county data are not provided by the BLS. Philadelphia-area figures are reported for the three-county Pennsylvania metropolitan division made up of Chester, Bucks and Montgomery counties and for the two-county Pennsylvania metropolitan division comprised of Philadelphia and Delaware counties. Philadelphia County and Philadelphia City are identical geographically.

The five-county area data are derived by adding the two-county and three-county divisional data together. This procedure might produce different numbers compared to a process that sampled the five counties as a whole but the differences should be too small to affect the important findings regarding trends in the five-county region. For completeness this analysis looks at the two divisions separately as well.

All jobs figures are presented as annual averages of monthly data.

## **Total private employment**

In the three-county division (Montgomery, Chester, Bucks) private employment rose from 947,000 in 2008 to 992,600 in 2018, a gain of 45,600 or 4.8 percent and a 0.47 percent annual average over the period. Note that employment fell to 902,000 in 2009 and did not recover fully to the 2008 level until 2015.

In the two-county division (Philadelphia and Delaware) private jobs climbed from 753,500 in 2008 to 834,200 in 2018, a rise of 80,700 and a 10.7 percent increase or a 1.02 percent annual average over the ten years. Private employment fell to 735,000 in 2009 but had fully recovered to the 2008 level by 2012.

Combined the five-county region saw private employment move upward from 1,700,500 to 1,826,800, a gain of 126,300 or 7.4 percent, with 64 percent of the growth accounted for by Philadelphia and Delaware counties. These two counties fared better during the recession and grew faster after the recovery began.

Meanwhile, during the 10-year period, Pennsylvania's private-sector jobs rose by 285,000 or 5.7 percent. And during the period the Pittsburgh metro area's private sector job count moved up by 50,000 or 4.9 percent. Thus, the five Southeastern counties posted stronger than state growth thanks to the 10.7 percent rise in the Philadelphia and Delaware county division. Indeed, the two counties had a jobs increase of 30,000 more than the seven-county Pittsburgh region. On the other hand the Pittsburgh region kept pace with the Montgomery, Bucks and Chester division.

## **Private-service jobs**

In the three-county Pennsylvania metropolitan division private services added 62,800 employees over the 10 years rising from 787,100 to 849,900, a boost of 8 percent. In the two-county group the service employee count climbed by 89,500 above its 2008 level of 686,000 to reach 775,500, a 13 percent gain for a 1.2 percent annual average growth. Combined, the five counties saw service employment rise from 1,473,100 to 1,625,400, a pickup of 152,300 or 10.3 percent.

Over the same 10 years, Pennsylvania private service employees climbed 355,600 or 8.6 percent, well short of the 10.3 percent gain in the five Southeastern counties. In the Pittsburgh metro area, private service jobs were up 52,800 from 2008 to 2018, a 6.1 percent rise that was slower than the state and well below the five Southeastern county growth pace.

## **Goods-producing employment**

Over the 2008 to 2018 period, goods-producing jobs did not fare well in the Southeastern, Pittsburgh area or in the state. In the three-county group, goods employment slid from 159,900 to 142,700, a drop of 17,200 or 10.8 percent. For the two-county division, goods jobs were down from 67,500 in 2008 to 58,700 in 2018, a decline of 8,800 or 13 percent.

Combined, the five Southeastern counties lost 26,000 goods-producing jobs and were down by 11.4 percent of the 2008 total.

During the 2008 to 2018 period Pennsylvania's goods-producing jobs tumbled by 70,500, a 7.7 percent drop from the 2008 level. Pennsylvania's goods-producing jobs decline was smaller in percentage terms than in the Philadelphia region. Pittsburgh-area goods jobs fared better than the state and much better than the Southeastern counties, declining by only 2,800 or 1.7 percent.

### **Manufacturing jobs**

Over the 10 years, the three-county Pennsylvania metropolitan division's manufacturing jobs fell from 104,600 to 90,200, a decline of 14,400 or 13.8 percent. The two-county division saw factory employment plunge from 44,200 to 34,100 or 22.8 percent. Combined, the five Southeastern counties lost 24,300 factory jobs, 16.4 percent of the 2008 total. Note that in the two-county division factory jobs represented only 5.8 percent of total private employment in 2008 and an even smaller 4.1 percent in 2018. For the five Southeastern counties, manufacturing accounted for 8.7 percent of jobs in 2008 and only 6.8 percent in 2018.

Meanwhile, manufacturing employment in Pennsylvania fell by a net 77,800 jobs or 12.1 percent over the 2008 to 2018 period to stand at 565,900 and account for 10.6 percent of the state's total private employment. This represents a significant drop from the 12.8 percent figure in 2008. Factory jobs in the Pittsburgh region fell a net 11,600 or 11.8 percent to stand at 86,800. In 2008, manufacturing employment made up 9.6 percent of private jobs but accounted for only 8.1 percent in 2018.

The loss of high productivity manufacturing jobs and their replacement by lower paying service-producing sectors jobs in Pennsylvania is not a recipe for sustaining strong gains in real gross state product. Two of the biggest job gains over the ten years were registered by education and health (190,000 jobs) and leisure and hospitality (90,000 jobs). These sectors had statewide average weekly incomes in 2018 of \$812 and \$386 respectively. During 2018 manufacturing jobs paid \$1071 per week. Almost any job growth is better than no growth but some jobs have much greater economic impact than others.

It is important to note also that mining jobs related to shale drilling pushed up mining jobs in Pennsylvania sharply by over 15,300 from 21,700 in 2009 to 37,000 in 2014. Much of that big jobs gain was lost through 2016. And despite a rebound in mining employment since 2016, jobs remain well below the 2014 level.

### **Comparison to U.S. employment**

In comparison, U.S. private employment was up by 10.4 percent from 2008 to 2018, almost 3 percentage points or 40 percent faster than the five-county Philadelphia area and about double the state (5.7 percent) and Pittsburgh (4.9 percent) growth rates. Meanwhile, U.S. private service employment posted a 13 percent increase over the 10 years which

was significantly faster than the five Southeastern counties' 10.3 percent. Likewise, the U.S. service employment gain easily outpaced the statewide growth of 8.6 percent and was more than double Pittsburgh's 6.1 percent.

U.S. manufacturing jobs were down 5.4 percent over the 10 years although significant gains in the last two years have helped hold the 10-year decline to the 5.4 percent drop after the sector started to lose jobs in the second half of 2016. The factory employment percentage decline was much smaller than Pennsylvania's 12 percent, Pittsburgh's 11.8 percent and dramatically lower than the five-county Philadelphia area's 16.4 percent loss.

In short, the state and its two largest metropolitan regions have lost ground relative to the country over the 2008 to 2018 period despite weathering the recession of 2008-2010 better than the national economy largely because the housing crisis was not as bad in the state. Philadelphia and Delaware counties performed about on par with the country in private jobs and service jobs but were hit much harder in the manufacturing sector.

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**Jake Haulk, Ph.D., President Emeritus**

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<p>Allegheny Institute for Public Policy 305 Mt. Lebanon Blvd.* Suite 208* Pittsburgh PA 15234 Phone (412) 440-0079 * Fax (412) 440-0085 E-mail: <a href="mailto:aipp@alleghenyinstitute.org">aipp@alleghenyinstitute.org</a></p>
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