



620 words

Cold job comfort in Greater Pittsburgh

By Colin McNickle

There can be no doubt that Greater Pittsburgh’s jobs situation for 2020 was, in a word, disappointing, concludes the Allegheny Institute for Public Policy. Of course, the coronavirus pandemic warrants the lion’s share of the blame.

But the Pittsburgh think tank’s analysis also puts into stark perspective a nagging fact. And too many public policy makers might be tempted to use the pandemic as a broom to sweep under the rug the region’s generally lackluster and long-running pre-pandemic jobs performance.

“It is more important now than ever before for the leaders of the state and region to push for a more friendly business climate with lower taxes and regulations to help struggling businesses recover, bringing back much needed job growth,” says Frank Gamrat, the institute’s executive director (in *Policy Brief Vol. 21, No. 9*).

The employment picture for the Pittsburgh Metropolitan Statistical Area (MSA) parrots that of the statewide job situation, based on non-seasonally adjusted U.S. Bureau of Labor Statistics employer payroll survey data. The Pittsburgh MSA includes the counties of Allegheny, Armstrong, Beaver, Butler, Fayette, Washington and Westmoreland.

Nearly every sector of the MSA economy posted job declines in 2020.

“The pattern for most sectors ... was a slight year-over-year gain in both January and February before the sharp year-over-year losses began in March as the state-mandated lockdown was put into place and restrictions continued throughout the remainder of 2020,” Gamrat reminds.

That said, the brightest statistic in the otherwise moribund Pittsburgh MSA jobs picture for 2020 came in the so-called “eds and meds” sector – education and medical. Indeed, there were job losses but less than the other sectors.

“Total non-farm jobs for the Pittsburgh MSA averaged 1.1 million per month in 2020,” the Ph.D. economist says. “This represents a drop of 88,000 or 7.35 percent from 2019’s monthly average of 1.2 million.

“Furthermore, the 2020 figure represents the lowest jobs count since 1997. The previous low reading since 2000 was 1.1 million in 2009,” he reminds.

Now to that nagging fact:

The MSA’s non-farm jobs growth has been very sluggish since 2000. To wit, private-sector employment rose at a paltry average annual rate of just 0.3 percent in the 19 years from 2000 to 2019 and saw all those gains wiped out in 2020.

Yes, that timeline includes The Great Recession years. But do note the sheer paucity of economic growth before the recession and as the nation recovered, no matter robust growth in eds and meds.

Thus, beware of public policy makers, solely blaming the coronavirus pandemic, peddling the same-old, same-old “solutions” that gave Greater Pittsburgh decades of economic malaise.

It is well worth noting that this economic calamity has continued into 2021. As of the end of February, the pandemic continued, though vaccinations are being administered.

And restrictions on businesses -- though as of March 1, reduced somewhat, but still cold comfort for them – will remain a drag on the Greater Pittsburgh and state economy.

That said, the news could get even worse as both the federal and Pennsylvania governments contemplate raising the minimum wage by 107 percent.

“As we have mentioned before, raising the minimum wage is a tone-deaf measure that will only exacerbate the job losses for many sectors that employ low-skilled labor,” Gamrat says.

“It will remove opportunities for new labor force entrants as they seek their first job or force some businesses to close as they will not be able to absorb the increased cost of doing business.”

Consider it cold comfort, doubled down.

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