



Pittsburgh MSA jobs data disappoints

Summary: A recent *Policy Brief* (Vol. 21, No. 6) outlined the 2020 statewide job losses owing in large part to the pandemic lockdowns. As that *Brief* noted, nearly every sector in the state posted employment declines. Data for the Pittsburgh Metropolitan Statistical Area or MSA (Allegheny, Armstrong, Beaver, Butler, Fayette, Washington and Westmoreland counties) show similar results.

The pattern for most sectors in 2020 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.

As with the state analysis, non-seasonally adjusted U. S. Bureau of Labor Statistics employer payroll survey data are used to calculate a monthly average for the year and to compare months in 2020 to the same months in 2019.

Total non-farm jobs

Total non-farm jobs for the Pittsburgh MSA averaged 1.106 million per month in 2020. This represents a drop of 88,000 or 7.35 percent from 2019's monthly average of 1.194 million. Furthermore, the 2020 figure represents the lowest jobs count since 1997. The previous low reading since 2000 was 1.120 million in 2009. The very weak 2020 number is the result of steep year-over-year drops in April (17.92 percent), May (14.25 percent) and June (9.79 percent). Even though the year-over-year losses diminished steadily over the remaining months of 2020, no month posted a smaller decline than 7.05 percent.

The Pittsburgh MSA's percentage loss of non-farm jobs in 2020 mirrors the state's decline (7.36 percent) and both were significantly worse than the national drop (5.75 percent). It's a not surprising finding since the MSA's non-farm jobs growth has been very sluggish since 2000. Indeed, 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.

In only three years since 2010 were annual non-farm job gains greater than one percent—in 2011 (1.74 percent), 2012 (1.09 percent) and 2018 (1.01 percent). Note that 2010 and 2012 were bounce-back years from the sharp downturn in 2009-2010 and are not indicative of a speed up in underlying growth in the region.

Goods-producing sectors

Goods-producing sectors include mining and logging, construction and manufacturing. After posting solid year-over-year gains for 2017 (2.42 percent), 2018 (3.02 percent) and 2019 (3.20 percent), the overall goods-producing sector lost 7.10 percent of its jobs in 2020 which is worse than the statewide loss of 6.30 percent.

Mining and logging has had strong growth since it was first estimated (as a separate goods-producing sector) for the Pittsburgh MSA level in 2005. That's in large part due to the presence of Washington County, one of the state's leading shale gas producers. In 2005 the monthly average was 5,100 jobs in the Pittsburgh MSA. By 2014 it had grown to 11,800—a 131 percent increase. It did tumble to 8,900 jobs by 2016 before ratcheting back up to 11,900 jobs in 2019. The monthly average in 2020 fell to 10,100—a drop of 15.57 percent. The statewide loss was less at 14.43 percent.

Construction's growth was also strong over the last few years. In 2017 the monthly average number of construction jobs was 56,900. In 2019 that number climbed 10.5 percent to reach 62,900. In 2020 it fell back 7.63 percent to 58,100. The statewide drop to the construction sector was just 6.75 percent.

The manufacturing sector has been losing jobs in the MSA for quite some time. The monthly average number of manufacturing jobs in 2000 was 129,800. It fell at a steady pace until bottoming out at 85,700 in 2017—a decline of 34 percent. It then ticked up a bit over the next two years to reach 87,300 in 2019—a growth rate of 1.9 percent from 2017. In 2020 that number dropped again to a new low of 82,500 (-5.56 percent). The percentage loss was close to the statewide fall of 5.68 percent.

Service-providing sectors

The trade, transportation and utilities super sector is comprised of sectors such as retail trade, truck transportation and warehousing. Since 2000 this super sector has not done well, posting job losses in 15 years before the pandemic of 2020. In fact, there were only three positive annual gains posted in the 19 year period—2010 (0.11 percent), 2011 (1.27 percent) and 2014 (0.44 percent). The decline in Pittsburgh MSA jobs in this super sector (6.73 percent) is slightly worse than the statewide decline (6.55 percent).

The retail sector is of particular interest as grocery stores and general merchandise stores were exempted from the statewide lockdown even though they were subjected to capacity restrictions. However, the retail trade sector has been in nearly constant decline in the Pittsburgh MSA for quite some time. In 2000 there were 141,500 average monthly jobs in this sector. But by 2019 employment had slumped to 118,500 (-16.30 percent). The

average number of monthly jobs in 2020 fell by another 6.22 percent to 111,200 jobs. The drop in retail from 2019 to 2020 in the MSA was smaller than the state's decline of 8.50 percent.

Education and health services are sizable producers of jobs. This is one sector where there has been consistent growth over the last two decades, owing to the large number of colleges, universities and major medical facilities in the area. In 2000 jobs in the “eds and meds” sector posted a monthly average of 198,100. By 2019 it had steadily grown to 259,200—an impressive jump of 61,000 or 31 percent—before dropping back 5.47 percent to 245,000 in 2020. The sector's gain over the 19 years was greater than the increase in total non-farm jobs of 47,000.

In comparison, “eds and meds” statewide grew by a much stronger 41.3 percent from 2000 to 2019 and fell back just 4.96 percent from 2019 to 2020.

Educational services—all colleges, universities and private k-12 and training centers—also suffered a large drop in the monthly year-over-year employment count in 2020, coming in 9.11 percent lower than in 2019. This decline was slightly smaller than the statewide drop of 9.75 percent.

The healthcare and social services sector had strong growth from 2000 to 2019 (35.9 percent) but suffered a loss of 9,400 jobs or 4.54 percent in 2020. The ambulatory care sub-sector (doctor offices and out-patient services) lost 5,300 jobs (7.35 percent) while hospitals lost another 1,400 (2.33 percent).

Leisure and hospitality suffered the hardest hit from the lockdowns. Across the state 25.96 percent of leisure and hospitality jobs were lost from 2019 to 2020. The Pittsburgh MSA had a similar experience, shedding 26.68 percent—32,300 jobs. This sector was among the fastest growing in the MSA for a long time with 24.8 percent growth from 2000 (97,000) to 2019 (121,100). In 2020 that average monthly total fell to just 88,800.

Within this sector, the restaurant sub-sector took huge losses as its average monthly jobs count plunged by 32.29 percent. In April, when the lockdown was in full force and restaurants were forced to close in-person dining, restaurant employment was 58.51 percent lower than in April 2019. That monthly year-over-year decline gradually diminished as in-person dining was reinstated, albeit at a maximum of 50 percent capacity, until it hit 33.64 percent in November before another shutdown was instituted in December, pushing and the year-to-year loss back to 40 percent.

The arts, recreation and entertainment subsector also lost jobs as large gatherings were prohibited, which affected concert venues, theaters and sports arenas. While this is a relatively small sector, its employment losses were the largest in percentage terms. In 2020 the average monthly employment level was 35.20 percent lower than in 2019. This sub-sector was enjoying strong growth of 14.29 percent in January, and 10.11 percent in February, before the pandemic began in March (6.91 percent). In April, the year-over-

year drop was nearly 60 percent. In May, the decline was 54.15 percent. It stayed above 41 percent in each subsequent month of 2020.

While the economic calamity of 2020 is well known, it is also worth remembering that it continues into 2021. As of the end of February, the pandemic continues and the restrictions on business are still in place with reduced capacity and limited customers. While the vaccinations are increasing and reported daily infections are decreasing, the movement to lift the restrictions at any level of government is slow, leaving many businesses to struggle. The governor's recent announcement of an increase of occupancy for indoor events to 15 percent of capacity, up from 5-10 percent, with outdoor events being increased to 20 percent, up from 10-15 percent, will most likely just affect the arts, recreation and entertainment sector.

The only news for them is bad 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.

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 costs.

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.

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