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### Pittsburgh metro private jobs recovery in 2021

**Background:** In April 2020, the seven-county Pittsburgh Metropolitan Statistical Area (MSA) (Allegheny; Armstrong; Beaver; Butler; Fayette; Washington and Westmoreland) suffered a loss of 219,000 private sector jobs from the April 2019 reading, an astounding decline of 20.3 percent. Although employment began to recover through the rest of 2020, the December count was still 98,400—9.1 percent—below the December 2019 level. For 2020 as a whole, average annual jobs were 93,300, or 8.7 percent lower than the annual employment level in 2019.

There were monthly gains in 2021 compared to 2020 except January, February and March that had not taken the huge hit that came in April 2020. These gains brought the yearly total to 23,100 or 3.4 percent higher than the 2020 level. Unfortunately, the 2021 annual reading was still 70,200, or 6.5 percent under the 2019 annual reading.

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#### *Pre-pandemic*

From the post-2010 recession year of 2012 through 2016, private employment in the MSA had climbed a modest 9,300, or less than 1 percent in four years. From the 2016 level through the last pre-pandemic year of 2019, private jobs rose 32,300, a three-year gain of 3.1 percent, over three times more than the four-year gain from 2012 to 2016.

While not comparable to many MSAs with much more robust growth, the period was a marked improvement over the Pittsburgh MSA's previous four years. But sadly, this faster growth period was interrupted by the economic impact of the COVID pandemic. And the 2021 gains have been too anemic to restore the jobs to the 2019 year-end levels, with the December 2021 reading still 58,500 below the December 2019 level.

#### *Pandemic losses by major sector*

As noted, the annual average total private sector jobs in 2021 were still 70,200 below the 2019 level. Of that number, 12,300 were goods-producing and 57,700 were service-providing. The 58,500-shortfall from the December 2019 posting is comprised of 10,800 goods-producing jobs and 47,700 service-sector employees.

*Table 1*

<b>Pittsburgh MSA Jobs by major sector</b>		
<b>Sector</b>	<b>Percentage Change 2019 to 2021</b>	
	<b>December</b>	<b>Annual</b>
Total Private	-5.4	-6.5
Leisure & Hospitality	-15.4	-18.8
Manufacturing	-7.5	-8.9
Goods-Producing	-6.8	-7.7
Private Service-Providing	-5.2	-6.3
Retail	-3.0	-3.9
Construction	-1.8	-0.9

Manufacturing jobs in 2021 as-a-whole remained 7,800 below the 2019 level and in December 2021 were 6,500 lower than December 2019. However, the December 2021 count was barely above the 2020 level and there had been essentially no growth in factory employment since the fall of 2020. Construction employment fell dramatically, by nearly 50 percent in April 2020 when the lockdown occurred. But it showed great resilience and by June of 2021 had recovered to the June 2019 level.

Within the services sector, the biggest loser has been leisure and hospitality. In April 2020, employment fell by 66,500 from April 2019, a drop of 55.9 percent. By December of 2020, nearly 32,000 jobs had been recovered and by December 2021 another 18,000 had been recovered. The 2021 annual average employment was 22,700 (18.8 percent) under the 2019 yearly figure.

#### *Comparison to other MSAs*

To evaluate the strength of the Pittsburgh MSA's private employment recovery it is useful to look at seven similarly sized MSAs around the country. The sample is divided into two groups of four. One northern and north-central and long-time traditionally non-right-to-work (Buffalo, Cleveland, Milwaukee and Pittsburgh); the second, southern and mountain, and long-time right-to-work (Ft. Worth, Nashville, Raleigh and Salt Lake City).

Table 2

Percent Changes to Private Jobs			
	Year End	Annual	Annual
MSA	Dec. 19 to Dec. 21	2019 to 2021	2011 to 2019
Buffalo	-4.7	-6.3	6.0
Cleveland	-5.1	-6.3	8.7
Milwaukee	-4.6	-5.3	9.1
Pittsburgh	-5.4	-6.5	5.7
<i>Group Average</i>	<i>-5.0</i>	<i>-6.1</i>	<i>7.4</i>
Ft. Worth	1.3	-0.9	23.4
Nashville	0.5	-0.8	37.0
Raleigh	2.6	1.3	31.9
Salt Lake City	4.5	3.4	29.2
<i>Group Average</i>	<i>2.2</i>	<i>0.8</i>	<i>30.4</i>
Difference in averages	<b>7.2</b>	<b>6.9</b>	<b>23.0</b>

The first group, the northern group, turns out to be very weak compared to the second group, the southern group, in terms of long-term employment growth as well as recovery from the losses due to the pandemic in 2020.

Between 2011 and pre-pandemic 2019, private employment in the four-weak MSAs rose an average of 7.4 percent. Remember, 2011 was in the early stages of recovery from the 2008-2010 recession. The strongest MSA in the weak group was Milwaukee at 9.1 percent growth and the weakest was Pittsburgh at 5.7 percent. Meanwhile, in the strong group the average growth from 2011 to 2019 was 30.4 percent, led by Nashville at 37 percent. The slowest gain was posted by Ft. Worth at 23.4 percent. Thus, average employment growth in the strong group was four times faster than the weak group.

The same pattern holds for the recovery of jobs following the huge decline in April 2020. Extent of recovery is measured in two ways. First, the December 2021 count of private employment is compared to the December 2019 reading. Second, the annual average employment is compared to the annual average for 2019.

As shown in Table 2, the weak group average shortfall in December 2021 compared to 2019 was 5 percent. Pittsburgh was the weakest of the group with jobs still 5.4 percent below the December 2019 level. The strong group average a 2.2 percent increase compared to December 2019 with all MSAs fully recovered. Salt Lake City led the way, climbing 4.5 percent above the 24-month-earlier level, followed by Raleigh at 2.6 percent above the pre-pandemic December count.

Thus, at the end of 2021 the strong group was a total of 7.2 percent further ahead in employment gains than the weak group that was still significantly below the pre-pandemic job counts.

## *Conclusion*

The statistics in Table 2 amplify the significant difference in approaches to the job markets and government's attitude toward control of economic activity and individual liberty among the states—and especially in large cities where control of government has been liberal or very liberal for decades.

In the case of the Pittsburgh MSA, the region is working in an environment of state regulations and development policies that rely too heavily on subsidies in various forms while imposing unnecessary or outdated regulations on the economy and local governments. High costs of fuel and Pennsylvania Turnpike usage driven by state law are not an inducement for prospective businesses to locate in the region and add substantial cost to commuters to work and local truck freight. Then, too, hefty reliance on subsidies to attract airlines has been largely unsuccessful in adding to the region's economic growth while sending a bad signal to carriers.

Lack of regular, periodic reassessments of real estate produces a situation in which inequities mount, forcing appeals that are costly and create uncertainties for homeowners and businesses that could be avoided. Binding arbitration rules that do not require taking into account the financial capability of local government in union contracts are clearly not in the interest of taxpayers.

Public transit operations in Allegheny County are extremely costly compared to other systems around the country, requiring tremendous subsidies from taxpayers. Then, too, the extraordinarily high education expenditure per student in the City of Pittsburgh and other districts with very poor academic achievement are a substantial force that pushes parents with school-age children out of these school districts.

In short, the MSA and the central city are saddled with a legacy of policies that are not free market supportive. The poor growth compared to other regions points vividly toward the need to make drastic changes in these growth-inhibiting policies.

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