How Pittsburgh and the Benchmark City fared during the pandemic

Summary: In 2004, the Allegheny Institute published its first Benchmark City Report. Every three years since, the Institute has updated the comparison between Pittsburgh and four geographically dispersed hub cities (Salt Lake City, Columbus, Charlotte and Omaha) that, when averaged together, form the “Benchmark City.” This Brief examines population changes, together with labor force and household employment, in light of the COVID pandemic.

These cities were selected for their varied size and role as a center of regional economic activity. Collectively, they provide a benchmark for assessing the City of Pittsburgh’s relative performance. The 2022 update of the benchmark study is the first since the COVID pandemic and the 2020 U.S. Census. Unlike the previous Benchmark City analyses that comparatively examined on a per-resident basis the levels of city taxes, spending and debt along with numbers of city employees, this Brief focuses on how the cities’ labor market performed.

Data from the Bureau of Labor Statistics (BLS) Local Area Unemployment Statistics household survey for the cities for the years of 2019, 2020, 2021 and 2022 was collected to cover the period immediately preceding the pandemic through the recovery period. The household survey counts residents who are working, regardless of their place of employment, as well as those actively looking for work.

Between the 2010 Census and 2020 Census, Pittsburgh’s population declined while the Benchmark City’s climbed. Pittsburgh’s population in 2020 was 302,971 (down by 0.9 percent from 305,704 in the 2010 Census). Meanwhile, the Benchmark City population rose by 16.7 percent from 528,464 in 2010 to 616,525 in 2020.

In 2019, before the pandemic, Pittsburgh’s annual average labor force (persons working or looking for work) was 159,070 with 152,081 employed and 6,989 unemployed, making the unemployment rate 4.4 percent. At the same time, the Benchmark City’s labor force was 334,132 with 322,491 employed and 11,641 unemployed, making the unemployment rate 3.5 percent. Pittsburgh’s labor force-to-population ratio was 0.525 and the Benchmark City’s was 0.542.
The pandemic took a huge toll on the economy in March-April 2020 with recovery beginning in the second half of the year to varying degrees among the cities. For 2020 as a whole, Pittsburgh’s labor force averaged 156,781 (a decrease of 2,289 or 1.4 percent from 2019) with 141,780 employed (a decrease of 10,301 or 6.8 percent) and with 15,001 unemployed (an increase of 8,012 or 114.6 percent). The unemployment rate averaged 9.6 percent and the labor force-to-population ratio stood at 0.517.

The Benchmark City’s condition worsened in 2020 as well. It had an annual average labor force of 332,755 (a decrease of 1,377 or 0.4 percent) with 309,008 employed (a decrease of 13,466 or 4.2 percent) and 23,747 unemployed (an increase of 12,106 or 104 percent). The labor force-to-population ratio decreased to 0.540. The Benchmark City had an unemployment rate of 7.1 percent, 2.5 percentage points lower than Pittsburgh.

Economic recovery continued to gain momentum in 2021. However, the labor force in Pittsburgh fell a further 4,025 to an annual average of 152,756, a 2.6 percent drop. There were 143,312 employed (an increase of 1,532 or 1.1 percent) and 9,444 unemployed (a decrease of 5,557 or 37.0 percent). The labor force-to-population ratio continued to decrease to 0.504. The unemployment rate decreased to 6.2 percent. But factoring in the shrinking labor force makes this improvement less impressive.

The Benchmark City’s labor force rose to 336,886 (an increase of 4,131 or 1.2 percent) with 321,608 employed (an increase of 12,600 or 4.1 percent) and 15,278 unemployed (a decrease of 8,469 or 35.7 percent). The labor force-to-population ratio increased to 0.546, greater than the ratio from 2019. The unemployment rate was 4.5 percent.

This was an overview of the annual data of the pre- and post- pandemic economy of Pittsburgh and the Benchmark City. The pandemic reached its peak of economic impact in April of 2020. A focus on employment and labor force in April months from 2019-2022 will follow.
April Employment and Labor Force for Pittsburgh and the Benchmark City, 2019-2022

<table>
<thead>
<tr>
<th></th>
<th>Pittsburgh</th>
<th>Benchmark City</th>
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</thead>
<tbody>
<tr>
<td>Employment</td>
<td>151,688</td>
<td>126,371</td>
</tr>
<tr>
<td>Difference from April 2019</td>
<td>N/A</td>
<td>-25,317</td>
</tr>
<tr>
<td>Labor Force</td>
<td>157,697</td>
<td>148,686</td>
</tr>
<tr>
<td>Difference from April 2019</td>
<td>N/A</td>
<td>-9,011</td>
</tr>
</tbody>
</table>

In April 2019, Pittsburgh’s employment count was 151,688 and the labor force stood at 157,697. The Benchmark City had 319,453 employed and 329,817 in the labor force.

Three years later in April 2022, Pittsburgh’s number of employed was 145,966 and its labor force was 151,687. From the pre-pandemic April 2019 reading, this was a decrease of 5,722 (3.8 percent) and 6,010 (3.8 percent), respectively. In all three subsequent April readings both employment and labor force were lower than April 2019.

The Benchmark City presents quite a different picture. There was an increase of 12,583 (3.9 percent) in the number employed and the labor force is up by 12,551 (3.8 percent) from the pre-pandemic measurement. The Benchmark City has apparently recovered from the pandemic and continued the improvements from before the pandemic while Pittsburgh is languishing.

While there is substantial federal COVID relief to the cities themselves as well as businesses and other entities that is still unfolding, relying on federal aid is not the path to sustainable and solid economic growth.

As many earlier Policy Briefs have noted, the City of Pittsburgh is not very free-market oriented or business-friendly. If Pittsburgh is to recover and come out of the pandemic stronger than it was going in, it must significantly change its economic climate by reforming its regulatory regime and eliminating burdensome taxation.

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