ALLEGHENY INSTITUTE FOR PUBLIC POLICY

August 31, 2022 **Policy Brief: Volume 22, Number 32**

Pittsburgh Metro Area private jobs below pre-pandemic level

Overview: The Bureau of Labor Statistics' July jobs report for the seven-county Pittsburgh Metropolitan Statistical Area (MSA) shows private employment has still not returned to pre-pandemic levels, trailing the July 2019 posting by 35,100 jobs or 3.2 percent. Looked at another way, over 60 percent of the very sluggish 19-year gain from 2000 to 2019 of only 5 percent (51,300), has yet to be recovered.

Pittsburgh struggles to recover COVID losses

Private-services employment, which has been the principal driver of net new jobs over recent decades, is still down 24,000 compared to July 2019. This sector had posted a gain of 83,000 jobs or 10 percent from 2000 to 2019, led by professional and business services, education and health and leisure and hospitality. At the same time, however, retail employment fell 22,500 between 2000 and 2019, with a further net drop of 2,000 from the July 2019 level. Meanwhile, goods-producing employment remains down by 11,100 from 2019 with all three components—manufacturing, construction and mining—still not yet recovered to 2019 readings.

Interestingly, the very hard-hit leisure and hospitality group that during the initial lockdown in April 2020 saw a decline of almost 67,000 jobs (over 50 percent) compared to the previous April number has now fully recovered with July employment nudging just higher than the July 2019 posting—the previously highest July reading ever recorded.

In short, the Pittsburgh MSA is lagging the national recovery and is far behind many areas that have not only recovered but have added large number of private-sector jobs beyond the pre-pandemic levels. Bear in mind, too, that in the three years from July 2016 to July 2019, jobs grew by 2.9 percent. This fairly strong gain was the biggest rise over any three-year period as measured July-to-July since 2000, except for the recovery from the deep recession losses that began in late 2008 and took until mid-2011 to return to pre-recession readings. Stunningly, the 30,000 growth in employment from 2016 to 2019 exceeded the very weak 20,600 increase from 2000 to 2016.

If employment had moved up at half that three-year pace (1.5 percent) between 2019 and 2022, the latest July level of private-sector jobs would have stood at 1.099 million, 51,000 above the actual reported count of 1.048 million. Thus, not only was the latest jobs count down owing to the shutdowns related to COVID and the attendant economic restrictions, the growth that had occurred prior to the pandemic was prevented from continuing. In short, conservatively estimated, the private sector could have added 16,000 more jobs during the last three years if not for COVID and the actions taken to contain it.

Metro comparisons of recovery

This *Policy Brief* reviews the employment changes in several metro areas to provide a comparison with the Pittsburgh MSA performance. The MSAs selected cover wide geographical as well as business and labor climate differences. They include Hartford, Conn.; Columbus Ohio; Cleveland, Ohio; Milwaukee, Wisc.; Minneapolis, Minn.; Miami, Fla.; Nashville, Tenn.; Boise, Idaho; and Raleigh, N.C.

Of the nine other MSAs, four join the Pittsburgh MSA (-3.2 percent below July 2019) as areas that in July 2022 had not recovered to the July 2019 level of private-sector jobs. They are ranked by the percentage shortfall from 2019: Milwaukee (-2.7 percent); Hartford -(2.6 percent); Cleveland (-1.8 percent) and Minneapolis (-0.7 percent).

All the other metro areas in the study group have now surpassed their July 2019 job totals. The five in that group are ranked and presented in ascending order by the percentage employment exceeds the July 2019 job total: Columbus (1.8 percent); Miami (4.8 percent); Nashville (7.8 percent); Raleigh (9.4 percent) and Boise (11.4 percent). To some extent these differences reflect the degree to which states were locked down during the early months of the COVID epidemic. But they also reflect the business and labor climate in the states.

Longer term gains

Looking at longer-term growth provides insight as to why there are such wide disparities in post-pandemic employment gains in the 10 MSAs.

Here, the 10 MSAs are ranked in ascending order of total growth in private jobs between July 2012 and July 2022. Thus, the performances in the pre-pandemic period, during the worst of the pandemic and post-pandemic period are all captured. While there are lingering aspects of the pandemic, it has certainly run its course as a major deterrent to economic activity in most of the country. However, some poor policies that were implemented during the last two years are almost certainly still influencing economic performance in some locations.

Growth in each MSA is measured and shown as the percent change for the 10-year period, July 2012 to July 2022.

The ranking by percent changes in ascending order: Pittsburgh (0.6 percent); Hartford (3.5 percent); Cleveland (4.7 percent); Milwaukee (5.2 percent); Minneapolis (12.7 percent); Columbus (18.6 percent); Miami (27.7 percent): Raleigh (38.3 percent); Nashville (41.0 percent) and Boise (49.2 percent).

Clearly, Pittsburgh, Hartford, Cleveland and Milwaukee have posted poor or very poor employment growth over the last 10 years compared to the other six metros. Truly outstanding gains in Miami, Raleigh, Nashville and Boise clearly reflect far more positive environments for businesses to grow than the other metro areas. Indeed, all are in Right-to-Work states. Columbus is somewhat of an anomaly in that its performance is much stronger than the MSAs in the other non-Right-to-Work states. It is the state capital and is home to Ohio State University but obviously there are private-sector growth generators. One that stands out is transportation and warehousing that more than doubled its employment total from 2012 to 2022, adding 47,000 jobs.

Pittsburgh's inhibited job growth

As several recent *Policy Briefs* have noted, comparison studies of states that have Right-to-Work laws and low percentages of unionized public-sector employees with states that are non-Right-to-Work and have large percentages of public-sector employees unionized show the Right-to-Work states and MSAs are performing much better than cities and states with high rates of public-sector unionization.

This is especially true for Northeastern states most North-Central states compared to North Carolina, Tennessee, Florida and Texas for example. Even if some states—Michigan or Wisconsin for example—have recently adopted Right-to-Work; the decades of being non-Right-to-Work and the unionization of government workers set in motion a business climate that is not rapidly changed and remains unconducive to startups and growth.

Still, there is no getting around the fact that Pittsburgh MSA's performance is stunningly poor even compared to Ohio cities, (including Cincinnati, which is not included in the sample) and Milwaukee. It has lost, and continues to lose, ground in terms of population and employment to much of the country. That is undoubtedly in large measure to Pennsylvania's general poor business climate and the Pittsburgh region's stultifying labor climate and lack of a distinctly pro-free enterprise political environment are out of step with the parts of the country that are enjoying superb gains. Even with the advent of the Marcellus Shale gas boom, the region has not been able to move into a sustained stronger pattern of gains.

Then, too, the MSA's core city languishes in terms of population and has an outrageously expensive and ineffective public school system. Pittsburgh's city government is much too large and expensive for its population size compared to a benchmark of other cities. It continues to depend heavily on the legacy created by the creators of industrial and banking fortunes who funded world-class hospitals, universities, museums, sophisticated entertainment venues and left enormous philanthropic organizations to continue the betterment of the community.

Sadly, the legacy they bequeathed has not been able to offset decades of heavy-handed, intrusive government economic, labor and public education policies and attitudes that continue to inhibit private-sector growth that is not heavily subsidized. These are policies and attitudes that unfortunately permeate much of the region.

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