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Pittsburgh-area job gains remained sluggish through June

Introduction: For years private-sector employment growth in the Pittsburgh Metropolitan Statistical Area (MSA)—the seven-county region of Armstrong; Allegheny; Beaver; Butler; Fayette; Washington and Westmoreland—has trailed the nation as well as the commonwealth and lags well behind the performance in many major metro areas in Right-to-Work (RTW) states. This *Policy Brief* compares the Pittsburgh MSA private-sector job change from June 2000 to June 2023 (the latest data available) and the employment recovery from June 2019 to June 2023 to the nation, Pennsylvania and nine metro areas.

In short, the Pittsburgh MSA falls well short of all the RTW state metros reviewed, some spectacularly. As weak as the Pittsburgh MSA has been for over two decades, it fared better than several hard-hit metro areas.

National and Pennsylvania comparison

Since 2000, the U.S. has added just over 22 million private-sector jobs to payrolls, a gain of 19.6 percent, to 134.4 million in June 2023. This time frame encompasses three periods with very weak economies—the early 2000s after the 9-11 attack, the recession triggered by the sub-prime mortgage debacle and then the massive hit created by COVID-19. From the June 2019 pre-pandemic level to the June 2023 reading, a net increase of 5.151 million jobs were created for an increase of 3.9 percent. Note that while that seems fairly good, it is not impressive in comparison to the 8.5 million job growth from June 2015 to June 2019, a rise of 7 percent.

In Pennsylvania since 2000, private-sector employment had risen much slower than the national count, posting an increase of 468,000 or 9.3 percent, less than half the U.S. percentage increase. From June 2019 to June 2023, the private employee count climbed by 102,000 or 1.9 percent, less than the half the U.S. percentage gain during the same period.

Pittsburgh MSA

Over the period from June 2000 to June 2023, private employment edged modestly higher from 1.032 million to 1.070 million for a meager 23-year gain of 38,300 jobs or 3.7 percent. Moreover, despite a modest pickup recently, jobs in June 2023 remained 15,000 below June 2019 or -1.4 percent, a far worse performance than the national increase of 3.9 percent over the period.

Very strong growth metros

Four metro areas in RTW states stand out as having very substantial job gains since June 2019 and tremendous and far greater than national growth from the June 2000 readings. In alphabetical order, the metro areas are Boise, Idaho; Dallas, Texas; Nashville, Tenn.; and Raleigh, N.C. Note that job changes in the following discussion are based on June figures.

Boise experienced a massive private employment gain of 75 percent over the 2000-to-2023 period. Services accounted for 136,500 of the jump of 148,800 in total private-sector employment. Not surprisingly, the rapid gains have continued in the post-pandemic period with a 16.2 percent jump in employment between June 2019 and June 2023.

Raleigh ranked second with the job count moving sharply upward by 69 percent from 2000 to 2023. In the 2019-to-2023 period employment posted a 13.6 percent gain. Goods-producing employment rose by 14.3 percent over the four-year period.

Nashville followed with a 23-year increase in private jobs from 2000 to 2023 or 62.1 percent. The recovery in the post-pandemic lifted the employment reading by 12.3 percent from June 2019 to June 2023. In 2000, the Pittsburgh MSA had 387,000 more private-sector jobs than the Nashville metro area. In June 2023, that gap had been reduced to 25,000.

Fourth on the very fast growth metro area list is Dallas. It has been a rapid growth area for a long time and posted a gain of 51.4 percent from June 2000 to June 2023. And it continued its strong performance with a 14.0 percent expansion from June 2019 to June 2023. Goods-producing employment registered an 8.4 percent rise during the four-year period.

Remarkably, the 464,900 private-job gain in Dallas from 2019 to 2023 represents 9 percent of the national total growth in private-sector jobs over the period. Indeed, the state of Texas accounted for 20 percent of the nation's job growth from 2019 to 2023.

Slow and negative growth areas

This group of metro areas includes Cleveland, Ohio; Milwaukee, Wisc.; Detroit, Mich.; Hartford, Conn.; and Rochester, N.Y. All these areas are in non-RTW states.

The three Midwestern metro areas—Cleveland, Detroit, and Milwaukee along with Rochester — added no net private jobs between June 2000 and June 2023. Moreover, the four metro areas still have not recovered all the jobs lost in the pandemic.

Meanwhile, New England's Hartford, Conn. was able to post a tiny 2.1 percent increase in private employment over the 23 years but has not recovered to the 2019 pre-pandemic reading.

In terms of long-term loss compared to 2000 levels, Cleveland and Detroit stand out with 23-year employment declines of 7.3 and 7.0 percent, respectively. These declines are in sharp contrast to the U.S. gain of 19.6 percent and are woeful in comparison with the four rapid-growth RTW metros discussed earlier.

Other factors

To be fair, there are metro areas in non-RTW states that are doing well in terms of employment. West Coast metros with Pacific ports and/or very large, thriving high-technology centers have managed to maintain solid long-term growth and have recovered pandemic losses. This, despite major homelessness, drug and crime issues in the core cities. Time will tell whether the festering social issues in the core cities will begin to affect the ability of business communities in the metro regions to grow jobs or keep workers.

Moreover, unionization in high-tech has, for the most part, been nonexistent until recently when a few companies have had successful organization efforts but the numbers of union members as a percentage of total workforces is still quite small. Microsoft now has its first union consisting of 300 or so members at a recently acquired video-game company in Maryland. Thus, the impact of not being in a RTW state on the enormous West Coast tech sector until recently has not been a meaningful negative factor in terms of job creation. But the movement of tech jobs to RTW states is almost certainly going to increase as unions become much more powerful in these companies.

And there is no way currently to assess the effects on employment of the massive numbers of illegal aliens, both officially reported and so-called "got-aways" that, in total, are now estimated to be nearly 6 million since January 2021. The likelihood is that a large fraction of the illegals are headed to California and other Western and Pacific states. Politically, and economically, this could point to serious future problems.

Conclusion

During the last 23 years, and especially during the recovery from the pandemic, the Pittsburgh MSA has fallen farther and farther behind the national jobs growth performance and is lagging far behind fast-growth metro areas in RTW states.

This is not a surprising finding. It has been shown over and over in earlier *Policy Brief*s. Another *Policy Brief* also pointed to the percentage of public-sector unionization as being highly negatively correlated to economic growth with high levels of public unionization being associated with slow or no metro area growth.

Unfortunately, Pennsylvania is not likely to address or change that underlying fundamental reality.

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