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Pittsburgh-area jobs and international airport passengers below 2018 levels

Introduction: As of August 2023, Pittsburgh Metropolitan Statistical Area (MSA) private employment and Pittsburgh International Airport (PIT) passenger counts failed to recover to 2019 pre-pandemic levels or the five-year earlier readings in August 2018. In all likelihood, the weak jobs performance has played a major role in the passenger weakness at the airport. Indeed, both jobs in the region and airport passenger counts have recorded very weak performances during the 21st century so far.

Comparisons of seasonally unadjusted data for both jobs and passengers from August to August are used to eliminate seasonality issues and to make use of the most recent information available.

Private-sector employment

Private-sector jobs in the seven-county (Allegheny, Armstrong, Beaver, Butler, Fayette, Washington and Westmoreland) Pittsburgh MSA in August 2023 remained 7,900 (0.74 percent) below the five-year earlier level posted in August 2018. Compared to August 2019, four years ago, the private jobs count was still down by 17,800 (1.64 percent).

Looked at over the longer period from August 2001 to August 2023, the Pittsburgh MSA employment managed a gain of 31,100 from 1,034,800 to 1,065,900. While that appears to be a substantial increase, it is, in essence, a paltry 3.0 percent gain for the 22-year period. By comparison, nationally, private jobs rose 22.6 million for a 20.2 percent gain over the 22 years.

However, even the respectable national gain over the period pales in comparison to some fast-growth areas. For example, the Dallas-Plano-Irving, Texas, metropolitan division saw its private-sector job count rise 953,400 or 53.4 percent from 2001 to 2023. Over the last five years, August 2018 to August 2023, Dallas-area employment was up 405,000, (17.4 percent). This five-year gain was the largest five-year growth since 2001. The Dallas increase of 953,400 jobs over the last 22 years is equal to 89.4 percent of the Pittsburgh MSA job total in 2023. Interestingly, Dallas employment had fully recovered to 2019 monthly pre–pandemic readings by April 2021.

How can the vast difference in job growth rates between Dallas and Pittsburgh be explained, bearing in mind that the rapid gains in several Sunbelt states have accounted for much of the national gains? As previous *Policy Briefs (Vol. 22, No. 24 and Vol. 23, No. 31)* have documented, many states and metro areas with Right-to-Work laws in place and low levels of public-sector unionization have experienced stronger job gains than metro areas that are in non-Right-to-Work states and have high levels of public-sector unionization.

In 2022 (latest data available) the Dallas metro area had 15 percent public-sector unionization and 2.4 percent private-sector unionization. In contrast, the Pittsburgh metro area had 46.7 percent public unionization and 9.6 percent private unionization. Note that both metro areas have seen decreases in percentages of both public and private unionization since 1990.

Of course, there are other factors that determine economic and employment growth. The overall regulatory environment is important with tax rates and types of taxes very important. But other business regulations such as government imposed mandatory health care or sick leave requirements can deter business formation and growth in a city or region. Nonetheless, the absence of Right-to-Work along with a high percentage of public-sector unionization are often accompanied by a regulatory environment that is not conducive to employment growth.

Slow recovery and long-term decline in passengers at PIT

As reported in *Policy Brief Vol. 21, No.35*, the passenger count at PIT fell precipitously in the period following the bankruptcy of USAirways in the early 2000s. In 2001, the airport recorded 9.94 million enplanements (about 20 million total passengers including deplanements that run fairly close to enplanements). By 2007 enplanements had fallen to 4.87 million or roughly half of the 2001 reading. After dipping to 3.986 million in 2016, enplanements rebounded to reach 4.715 million in 2019 but remained below the 2007 level. All data are from the Federal Aviation Administration (FAA).

Because of the pandemic, passenger counts fell dramatically in 2020. Travel began to recover in 2021 lifting enplanements to 3.07 million. Recovery continued in 2022 to reach 3.888 million boardings (about 8 million total passengers). PIT reports on its website that 2021 total passengers were 6.355 million and the 2022 total rose to 8.114 million. Each of the PIT reported annual numbers lines up fairly closely with FAA numbers.

Unfortunately, the FAA data show that in 2022 the airport's passengers remained significantly below the 2007 and 2019 levels and far below—nearly 60 percent—the enplanements recorded in 2001 before the USAirways bankruptcy. Thus far in 2023, total passenger (domestic and international) counts have improved relative to 2022. But in August they were still 6.4 percent under the August 2019 reading and 7.2 percent behind the August 2018 level. Domestic travelers were 51,000 or 5.8 percent lower than the August 2019 reading.

But more importantly, despite well-publicized efforts to boost international travel at PIT by using substantial carrier subsidies, the August 2023 international passenger total of 18,587 was 55 percent below the August 2018 count and 28 percent short of the 25,951 posted in August 2019.

Bear in mind that PIT does not disclose the percentage of international flight passengers that are foreign travelers. If the subsidy to international flights is primarily benefiting western Pennsylvania travelers, it is a grave misuse of Airport Authority funds. A major rationale for the case to subsidize the British Airways flights was the claim that foreigner spending in the Pittsburgh area would be a boost to the region's economy. Why not release the foreigner passenger numbers?

The fundamental problem for the airport's passenger count lies in the basics that drive air travel. Population in the region has not grown appreciably since the turn of the century. And employment growth—a large driver of income gains and potential air travel—has been very tepid except for a brief spurt in the 2016-to-2019 period. Currently, jobs remain below pre-pandemic levels.

Conclusion

A shiny new terminal that is now reportedly set to cost $1.57 billion, up from the original $1.2 billion estimate —assuming no more large cost overruns—will do nothing to solve the region's and PIT's fundamental problems. The region is being held back by poor economic and fiscal policies driven in large part by the controlling political power of public-sector unions that produce high government costs and anti-private-sector growth regulations.

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