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Long term job gains by industry in the Pittsburgh Metro Area

Introduction: Allegheny Institute’s *Policy Brief*, Vol. 23, No. 40, reviewed September jobs data and found that total nonfarm jobs growth in the seven-county Pittsburgh Metropolitan Statistical Area (MSA: Allegheny, Armstrong, Butler, Beaver, Fayette, Washington and Westmoreland) has been very slow since 2000 and in most sectors lags national growth. With October data now available, this *Policy Brief* analyzes long-term job growth in key industries to identify sources of strength and weakness in the region’s payroll employment.

Total nonfarm payroll employment is divided into two components—government and private. The primary focus of this *Policy Brief* will be on the key sectors of private payroll jobs that are the true drivers of economic growth and vitality.

Overview and background

To put the sectoral analysis which follows in perspective, the table below summarizes the 2000 to 2023 changes in total nonfarm, private service-providing, goods-producing and government employment. This short review compares the Pittsburgh MSA employment percentage gains to the overall U.S. gains for the period 2000 to 2023.

The long-term measurements use each year’s unadjusted October data for the Pittsburgh MSA and unadjusted November data for the U.S. because full year 2023 data are not yet available.

Employment Category 2000-2023 (estimated)	Pittsburgh MSA % change	U.S. % change	Growth rate ratio
Total nonfarm	1.7	18.6	10.9
Government services	-12.8	10.6	Na
Private service-providing	9.5	29.2	3.1
Goods-producing	-21.8	-12.1	Na

This comparison of the Pittsburgh MSA jobs figures with the national jobs counts paints a deeply concerning picture for the region. The Pittsburgh MSA trails the nation badly in total nonfarm employment as all broad categories of jobs performed poorly in comparison to national numbers.

Note, too, that the U.S. employment totals encompass all the states and metro areas, some of which have posted huge increases relative to the nation and far more than the Pittsburgh region

over the 23-year period and since the pandemic. For example, the Dallas-Plano-Irving MSA posted a remarkable 52 percent rise in private employment from 2000 to 2023 with a 14 percent gain between August 2019 and August 2023.

However, notwithstanding the poor overall performance in the Pittsburgh MSA there are some sectors that have managed substantial job growth. In brief, most service industries have clearly fared far better than the goods-producing industries, which have seen major employment declines over the last 23 years. Both groups are highlighted in the following sections.

Government jobs

Public-sector employment in the Pittsburgh MSA had fallen by 16,600 or 12.8 percent from 2000 to 2023 and therefore has not contributed to net positive job growth. A decline of 12,000 (20 percent) in local government education employment accounts for most of the sector drop. The federal jobs count slipped by 500 while total local government (including education) fell by 12,500 and state jobs were down 3,600.

Private service industries with growth

Education and health services

The *Policy Brief* cited above reported that service-providing jobs account for the largest share of jobs in the Pittsburgh MSA. In October 2023 service-providing jobs made up 87 percent of total nonfarm jobs, with the goods-producing sector comprising the remainder. This represents an increase from the 83.2 percent share in 2000.

Within the overall service sector, the largest job-producing component is the education and health services sector, accounting for 24.6 percent of total service jobs. However, the health care and social assistance subsector generates the most employment growth. The monthly average number of jobs in health care and social assistance in 2000 was 151,900. By 2019, employment had grown by nearly 36 percent to reach 206,500 and accounted for 17.1 percent of all nonfarm employment. Unfortunately, jobs that were lost in the pandemic have not yet been recovered. Through October 2023, the monthly average was 194,500, nearly 6 percent lower than the same period in 2019.

Included in the health care sector is [ambulatory health care](#) (non-hospital care such as doctors' offices). In 2000, the monthly average number of ambulatory care jobs stood at 45,500. By 2019, the count had grown 56.4 percent to reach 71,200. While there was a dip during the pandemic, it has rebounded to just short of the 2019 high as the monthly average through October 2023 climbed to 70,700. Strength in ambulatory care jobs likely reflects to a significant degree the aging of the area's population.

Social assistance jobs have also posted solid gains. The Bureau of Labor Statistics describes the [social assistance subsector](#) as comprised of industries that help individuals in need but do not include residential or accommodation services.

In 2000, the monthly average number of jobs in this subsector was 19,900. Employment climbed to 40,600 in 2019, more than double the 2000 count. There was a small dip due to the pandemic but thus far in 2023 it stands at 41,200, surpassing the pre-pandemic level.

The economic downside to the social assistance sector is that the average hourly earnings are low. While the data are not available at the metro level, nationally, the average hourly earnings (worker payroll divided by worker hours) for workers in the social assistance subsector (all employees, September 2023) are just \$21.95. By comparison, employees working in the overall health care and social assistance sector earned an average hourly rate nearly \$12 higher at \$33.75.

Educational services (excluding public k-12) have also recorded growth over the 23-year period. In 2000, the average monthly number of jobs in this sector was 46,200. The growth was steady until the 2010-11 recession when it reached a high of 54,700 in 2011. The decline was also steady, falling to 52,400 in 2019 before the pandemic. Pandemic losses still haven't been recovered as the monthly average through October 2023 sits at 50,200, 4.2 percent lower than 2019—but still 4,000 above the 2000 job count.

Professional and business services

Professional and business services are also a strong sector in the Pittsburgh MSA. This sector includes professional and technical services, management of companies and enterprises and administrative and waste services.

In 2000, this sector recorded a monthly average of 139,500 jobs. The sector's job count grew 32 percent to reach 184,100 in 2019. Like most other sectors, it fell in the pandemic, by 4.5 percent, but it rebounded by 2022 when it hit a new high of 189,800. Thus far in 2023, it is averaging 195,000 per month, representing a nearly 6 percent increase since 2019.

The largest component of this category is the professional and technical services subsector. This group includes architectural and engineering services as well as scientific research and development services. These services have also enjoyed strong job growth. In 2000, the monthly average number of jobs was 66,500. By 2019 it reached 85,800—a growth of 29 percent. The pandemic dip was negligible, just 500 jobs, and had fully recovered in 2021 (86,200). The 2023 monthly average through October is 92,200, a growth rate of 7.5 percent since 2019.

In contrast to the healthcare and social assistance sector, the average hourly earnings of all employees in the professional and business services sector for September 2023 was \$40.94. Workers in the professional and technical services subsector earned \$50.60 per hour.

Financial Activities

The financial activities sector includes the subsectors of finance and insurance and real estate rental and leasing. In the Pittsburgh MSA, the monthly average number of jobs in the financial sector in 2000 was 67,300. That total had risen by 13.7 percent to 76,500 in 2019 before shedding about 2,000 jobs in 2020-2021. Thus far in 2023 the rebound is nearly complete as this sector stands at 76,200 employees.

This sector also has high hourly earnings. For all employees in the sector the average hourly earnings were \$44.17 in September 2023.

Trade, transportation and utilities

The trade, transportation and utilities sector is another large sector in the Pittsburgh MSA. With an October 2023 reading of 205,400 jobs, it comprises 20 percent of the total service-providing jobs in the area. However, unlike the service-providing sectors discussed above, the monthly

average number of jobs in 2023 is well below the 2000 reading, 204,400 vs. 242,400—15.7 percent lower. The almost continuous losses from 2000 to 2019 resulted in a net decline of 34,600 jobs or 14.3 percent to 207,800. The pandemic year of 2020 accelerated that decline to cause another 14,200 jobs loss before bouncing up a bit in 2021 and 2022. However, jobs in this group still haven't recovered to 2019 levels.

The subsectors include wholesale trade, retail trade and transportation, warehousing and utilities. The weakest sector has been retail trade, which posted a yearly average of 141,500 in 2000 before falling 22,400 (15.8 percent) to the 2019 average of 119,100. It continued to fall in 2020, reaching 111,000 before rebounding a bit in 2021 and 2022. In 2023, through October, the monthly average is just 114,300, 4 percent lower than pre-pandemic 2019 and 19.2 percent below the 2000 reading.

This is another low-paying sector with an average hourly earnings rate of \$24.05 in September 2023 for all employees including management and executives.

The transportation and warehousing subsector employment levels have been steady over the time frame. In 2000, the average number of jobs was 45,100. The job count fell rather steadily until bottoming out in the recession of 2010 (36,200)—owing in large part to the loss of the USAirways' hub at Pittsburgh International Airport. It then began a slow rise to reach 41,000 in 2019. After small losses in the pandemic, the recovery to 2019 was complete in 2022 (41,900). In 2023, the average through October is now 43,000, 4.6 percent shy of the 2000 level.

Goods-producing sectors

The goods-producing sectors include manufacturing, mining and logging and construction. Combined these industries saw jobs drop by 43,900 from 192,800 to 148,900 (23 percent) from 2000 to 2022. The sector is on pace in 2023 to add back about 2,000 jobs but is still down 22 percent from 2000.

Manufacturing

Employment in the Pittsburgh MSA manufacturing sector plunged by another 44,000 jobs or 34 percent from 2000 to 2023. Manufacturing employment had already suffered large losses over previous decades.

Construction

Pittsburgh MSA construction employment rose slightly from 2005 (the earliest data available) to 2023. In 2005, the monthly average stood at 53,300 and rose steadily to a 2019 high of 63,000 (18.3 percent). About 9.7 percent of that total was lost in 2020 (56,900). Except for a small pickup in 2021 (60,400) it has not recovered from the pandemic and, in fact, dropped back to that pandemic level thus far in 2023 (56,800).

Mining and Logging

After rising from about 5,000 jobs in 2005 (earliest available data) to a high reading of 12,200 in 2014, the sector has seen employment slip back to 8,300 in 2023. The advent of deep-well mining propelled the climb in jobs. New drilling has slowed in the region and fewer workers are needed.

Note that total private employment in 2023 will be an estimated 36,000 higher, a scant 3.5 percent above the 2000 figure, the net result of the near 43,000 decline in goods-producing jobs and the almost 79,000 increase in private services employment.

Conclusion

The foregoing discussion reinforces the unfortunate truth that the Pittsburgh region has a very weak economy in terms of new job creation. Moreover, the net additions to employment are all the result of a few services industries.

Population stagnation is no doubt both a cause and effect of the very slow overall net increase in regional jobs in comparison to the nation and to many fast-growing metro areas. The MSA is fortunate to have the legacy of major banking institutions along with higher education and health care establishments that have helped anchor much of the gains that have occurred.

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