ALLEGHENY INSTITUTE FOR PUBLIC POLICY

March 20, 2024 **Policy Brief: Volume 24, Number 12**

Pennsylvania and Pittsburgh employment doldrums

Introduction: This *Policy Brief* describes private-sector job growth performances of Pennsylvania and the Pittsburgh area over the 10 years 2013 to 2023 and the last four years 2019 to 2023. Pennsylvania's growth is compared to other states while the trends in the seven-county Pittsburgh Metropolitan Statistical Area (MSA) and the City of Pittsburgh are also described. In short, job gains in the state, region and city are weak, especially over the last four years. All data discussed in the *Brief* referenced are taken from the Bureau of Labor Statistics (BLS).

State comparisons

Private-sector employment in Pennsylvania has lagged well behind better performing states over the last 10 years (2013-2023) and even further behind in the last four years (2019-2023). Over the 10 years the commonwealth added 378,900 jobs, a gain of 7.5 percent. All annual jobs numbers are monthly averages for the year. Since 2019, jobs rose a mere 39,100 or 0.73 percent. By contrast, private jobs nationally rose 16 percent over the 10 years (18.8 million) and over the last four years jobs climbed 3.9 percent, or 4.98 million. Thus, Pennsylvania has not performed as well as the nation, especially since 2019.

Unfortunately, the comparisons of Pennsylvania to the country do not come close to describing the massive employment growth differences with high performing Right-to-Work (RTW) states. Three were chosen for comparison; Tennessee (TN), North Carolina (NC) and Florida (FL). Of these, TN posted the slowest job increase over the 2013 to 2023 period at 22.1 percent or 518,000 jobs. Over the four years 2019 to 2023 TN employment climbed by 173,000 or 6.4 percent; far faster than Pennsylvania in count and percentage increase.

NC posted even faster gains than TN with a 10-year growth of 25.2 percent (844,300 jobs). The job count jump was more than double PA's and the percentage increase was three times faster. In the 2019-to-2023 period NC private jobs climbed 8.6 percent (332,400) to completely dwarf the 0.73 percent rise and 39,100 jobs PA produced over the four years.

Meanwhile, Florida has seen truly remarkable gains. Over the 10 years, private employment rose 32.6 percent (2.12 million) and over the 2019 to 2023 period jobs climbed 10 percent or 780,000. In short, Florida added twice as many private jobs during COVID and after than PA produced over the same period.

If there is any consolation for Pennsylvania, the Ohio employment performance has been almost identical. Over the 10 years, Ohio added 7.5 percent to its private jobs total (339,200) jobs. And from 2019 to 2023 added 0.73 percent (34,800 jobs).

All told, the comparisons of Pennsylvania's job growth to the U.S. and three RTW states paint a fairly dreary picture, especially for the last four-year period.

Metro area comparison

The Pittsburgh MSA had a very poor 10 years and an even worse last four years. Between 2013 and 2023, the MSA had an increase of 10,860 jobs or 1.02 percent. Unfortunately, the private sector has not recovered to the 2019 employment level and in 2023 remained 27,000 or 2.5 percent below the 2019 count, the highest level posted since 1990—the earliest data available on the current BLS database. From 2016 to 2019, the MSA enjoyed its best employment growth, other than in recession recovery, in the past two decades.

The Pittsburgh MSA employment picture is very weak with only a tiny 10-year gain. It is far slower than the commonwealth growth rate, which is far slower than the national and high-performing states' growth. However, there is a sizable gap in job gains among Pennsylvania's regions. For example, the Montgomery, Bucks and Chester Counties Metropolitan Division had a 12.5 percent rise in private jobs (115,100) from 2013 to 2023. That solid performance waned somewhat in the last four years as jobs grew only 1.54 percent (15,500). Still, the gain was much stronger than the state's increase and the Pittsburgh MSA but far weaker than in the RTW states.

Household employment data

Data for private sector employment is not available for the city. There is, however, up-to-date data for household employment. The household data counts the number of city residents who are working—no matter where or what sector –rather than the so-called establishment data normally used, which counts people on payrolls in a specific area and industry regardless of where they live. The household data source also provides information on a location's labor force and unemployment rate.

This section looks at the household employment changes for the Pittsburgh MSA and the City of Pittsburgh.

The MSA household employment count fell slightly between 2013 and 2023 dropping by 3,727 or 0.32 percent over the 10 years. However, the 10-year loss was due to a large

39,027 drop (3.33 percent) from 2019 to 2023 that wiped out the rise that had occurred between 2013 and 2019. The fact that the MSA had fewer people working in 2023 than in 2013 and almost 40,000 fewer than in 2019 is a serious issue for the region. It likely reflects to some extent the estimated 36,000 population loss since the 2020 Census.

Meanwhile, the City of Pittsburgh has also seen household employment decline with a 3.4 percent drop (5,165 fewer employed) between 2019 and 2023.

Implications

The long term and recent weakness in Pennsylvania and Pittsburgh MSA job gains (relative to other states and absolute) pose serious issues for policy makers. Failure of workers to return to downtown offices post-pandemic, massive shortfall of ridership at Pittsburgh Regional Transit and the inability of the Pittsburgh International Airport to recover to pre-pandemic passenger levels are all serious problems.

The weakness in rebound in regional payroll jobs and the decline in the number of people with jobs are clearly having an effect on demand for air travel and likely the consumer sector as well.

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