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Pennsylvania and Pittsburgh MSA private employment: Comparative performances

Introduction: This *Policy Brief* provides a snapshot of how Pennsylvania is doing compared to a selection of states across the country over the longer period of 2001 to 2023 and during the pre-COVID year 2019 to 2023 period. It also compares the Pittsburgh metro area to several other metro areas over the same periods.

Bear in mind the long-term slide in the Pittsburgh metro area's population, with only Butler County showing gains since 1980. The six other counties (Armstrong, Allegheny, Beaver, Fayette, Washington and Westmoreland) have all suffered declines, led by Allegheny with a drop of over 225,000. This slide has impacted, and been impacted by, the metro area's comparative relative strength in employment growth.

State comparisons

Seven comparison states for Pennsylvania include neighboring New York and New Jersey; southeastern states North Carolina, Georgia, Florida; from the Midwest, Michigan and California from the West. Several exceptionally fast-growth states such as Utah, Idaho and Texas were not reviewed nor were very slow-growth states such as Louisiana, Connecticut or Illinois. The sample of states presented provides a fair opportunity to demonstrate the relative strength of Pennsylvania's long-term job growth and ability to rebound from the pandemic-caused drop. The inclusion of U.S. job growth provides a reasonable overall comparison for Pennsylvania.

Nationally, private-sector jobs climbed 20 percent from 2001 to 2023 and in 2023 stood 3.9 percent higher than 2019—a full recovery from COVID losses. Note, however, that in the four years 2015 to 2019, jobs grew 7.1 percent, an annual average that is nearly 80 percent higher than the average annual growth rate over the 22-year period since 2001.

The table shows the 2001 to 2023 percent change and the 2019 to 2023 percentage change for each state ranked from fastest to slowest growth.

State	Percent Change 2001 to 2023	Percent Change 2019 to 2023
Florida	41.0	9.9
North Carolina	29.2	8.6
Georgia	26.0	6.8
California	23.4	2.6
U.S.	*20.1*	*3.9*
New York	16.1	-0.5
New Jersey	9.6	4.0
Pennsylvania	9.0	0.7
Michigan	-0.8	0.5

In terms of long-term, private-sector job gains, Pennsylvania clearly lags the U.S. and is in line with New Jersey but is far better than Michigan. In long-term gains, Florida, at 41 percent, has been superb followed by a very strong showing by North Carolina at 29.2 percent. The dynamism in those states shows up vividly in the strength of their respective recoveries from COVID and rapid gains in the three years since 2020. Georgia's private-employment growth trails those two states but has performed very well compared to the nation, especially in the rebound from COVID.

California has had two good decades, thanks in large part to a very strong five years between 2014 and 2019. The ten years from 2001 to 2011 saw little growth. However, the period 2011 to 2019 witnessed a very strong gain of 23 percent to account for much of the two-decade gain.

Pennsylvania's jobs growth tracked very close to New Jersey's 9.6 percent but has failed to return to significant gains since the pandemic. Meanwhile, New York's performance was substantially better than Pennsylvania's over the two-decade period but has shown a similar inability to return to solid job increases following the huge downturn in 2020.

Finally, note that Michigan has performed miserably since 2001, with no net job growth for the two decades. Although it has managed to return to the 2019 level in 2023—but just barely. Some of the inability of the slow-growth states to show stronger gains could be related to the decline in industrial employment. However, the U.S. and most states with significant private-sector job gains also lost significant fractions of their manufacturing workers. For example, the U.S. lost 21 percent of manufacturing employment over the two decades but still managed to post a 20 percent increase in private jobs.

During the same time, Michigan saw a 24.3 percent loss in manufacturing and had no private-sector jobs increase from 2001 to 2023. California lost 25 percent of manufacturing but had private jobs grow by 23 percent. Georgia saw a 14.4 percent loss in manufacturing and grew private jobs 26 percent. Finally, Pennsylvania shed 31 percent of its manufacturing and managed a 9 percent rise in private employment.

The obvious conclusion is that large declines in manufacturing employment have not necessarily kept private jobs from increasing. That is not to say that states would not want to keep their manufacturing employment because of the large multiplier impact and the relatively high wages paid for these jobs.

Pittsburgh metro area long-term job comparisons

The table compares private jobs gains in Pittsburgh and other metro areas:

Metro area	Percent Change 2001 to 2023	Percent Change 2019 to 2023
Salt Lake City	49.0	10.0
Charlotte, NC	45.6	9.0
Columbia, SC	30.4	7.0
Kansas City, MO	15.6	3.2
Pittsburgh	2.2	-2.5
Cleveland	-4.6	-1.4

The table illustrates the very wide range in economic and employment performances across the country. Many other metro areas could be used that would point to the different economic strength that exists across the country with many having very weak job gains over the two decades. Buffalo, Hartford, Birmingham, Detroit, Rockford, Ill. and Milwaukee are examples. With the exception of Birmingham, all the other metro areas are located in states that are traditionally non-Right-to-Work states.

Clearly, the two poorest performing metro areas (Pittsburgh and Cleveland) in the group are in non-Right-to-Work states. All the fast-growth metro areas are in Right-to-Work states. And Florida and Texas metro areas, with their phenomenal gains over the period, are not included in the selected group. Austin, for example, has seen employment more than double since 2001.

That said, it is obvious that the Pittsburgh metro area is trailing better growth areas by a large margin. Moreover, the core city is heavily dependent on legacies of the past for their economic strength such as its universities, hospitals, a few corporate headquarters and amenities handed down from the philanthropy of wealthy business owners of decades long past. A one-party mindset that dominates the city shows little sign of correcting the underlying issues that perpetuate the slow growth, such as far-above benchmark city payroll counts, spending per resident and a very inadequate school system with few adequately performing magnet schools.

Conclusion

The core county has a very costly transit system, a very high operating cost airport and a county government with expenditures per resident above benchmark counties. The inability and unwillingness to take into account the population declines make the city and county heavily dependent on high taxes that discourage growth while leaning heavily on state and federal dollars to fund the outsized spending.

As the years and decades roll by, there is little or no evidence that the mindset of the body politic has changed or will change. Indeed, it might be moving in the wrong direction, as recent actions by the city administration suggest.

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