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### **Pittsburgh employment indicators long-term and post-pandemic**

**Introduction:** This report examines the employment situation in the City of Pittsburgh from 2014 to 2024 and 2019 to 2024 to determine how well establishment payroll jobs within the city have rebounded from the downturn in 2020 and 2021 resulting from the Covid pandemic layoffs and establishment closings. It also looks at the labor force changes since 2000.

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There are two basic measures of employment as measured by the Bureau of Labor Statistics (BLS); household employment and payroll establishment employment. Household employment is obtained through monthly surveys of households. The survey also collects labor force participation data by adding the counts of those who report they are employed and those not employed but looking for work.

The BLS payroll survey samples establishments to determine the number of workers employed in a geographic location. The payroll survey is not conducted at the city level but is carried out monthly for the Pittsburgh metropolitan statistical area (MSA). There is also a quarterly establishment census of Allegheny County conducted by the Census Bureau. However, data for 2024's fourth quarter is not yet available. Nonetheless, the trend in jobs since the pandemic can be ascertained with available data.

#### *Pittsburgh employment related tax data*

Although official establishment payroll employment counts are not available for the city, there are two readily available taxation measures that serve as close proxies for establishment employee counts.

The first is the Local Services Tax (LST), a \$52 annual tax levied each year on everyone employed by an establishment (exempting those earning \$12,000 or less per year) in the city and is payable on a monthly basis.

The second employment proxy tax is the Payroll Preparation Tax (PPT), which is levied on employers in the city or have employees working in the city. The tax rate is 0.55 percent of an employer's gross payroll and is calculated monthly. Charitable organizations must also pay the tax for payroll used to carry out commercial activities.

#### *Household data: labor force and employment*

The discussion of household data includes data back to 2000 to show a longer-term trend in the city's labor market. The discussion of proxy measures of establishment data will go back only to 2014 to ensure comparability of the tax measures that may have been introduced or changed in some way between 2000 and 2014.

In 2000, the city's labor force stood at 156,700. After declining slightly between 2002 through 2007, it started to grow slowly reaching 160,100 in 2012, the highest reading thus far in the 2000s. From that peak it drifted very slightly lower for several years before rebounding to 159,400 in 2019. During Covid and the immediate aftermath, the labor force fell by roughly 7,000 through 2022 but has since returned to 154,200 in 2024—3.2 percent lower (5,000) than the pre-Covid 2019 reading.

Meanwhile, the number of city residents employed (not necessarily within the city) fell unevenly year-to-year from just under 150,100 in 2001 to reach 143,900 in 2010, its low point so far in the 2000s. City resident employment recovered somewhat from that low point, reaching 152,900 in 2019, but fell by 10,100 during 2020. Through 2024, about 7,000 of the employment loss of 2020 has been recovered but remains significantly below both the 2019 and 2012 levels.

#### *Proxy measures of payroll employment: 2014 to 2024*

This section reviews the changes in LST collections and the revenue from the PPT. The 2014 and 2019 readings for these two taxes are taken from the City's Annual Comprehensive Financial Report (ACFR). The 2024 data are taken from the December year-to-date revenue in the City Controller's monthly revenue report.

Under the LST requirements each paid employee working in the city is assessed at \$1 per week. Obviously, some employees might leave jobs during a given year and some employees may be hired during the year. However, by dividing the annual total collections of the LST by 52, the result is a reasonable estimate of the number of employee-years of work for a given year. Whether an employee was full-time, part-time or came halfway through the year as a replacement, one arrives at a reasonably close estimate of the average number of covered employees in a job working in the city for that year.

The LST collections for 2014 and 2019 were \$14.02 and \$13.88 million, respectively. The 2024 figure came in at \$13.7 million.

Thus, LST collections in 2024 were 2.3 percent lower than in 2014 and 1.3 percent below the 2019 collections.

Since the LST revenue should track with the annual average count of persons on payrolls, the LST changes from both 2014 and 2019 to 2024 point to a fairly flat employee count over the period. There was a jump in 2018 to \$15.5 million but other than that somewhat anomalous surge LST revenue postings over the 2014 to 2024 period were in range of roughly \$13.5 to \$14.5 million. The year-to-year variations over the period suggest collection timing and accurate reporting issues may be occurring.

In short, the LST revenue points to no appreciable net payroll job gains in the city through the last 10 years and over the last five years. It is, however, reasonable to conclude that jobs within the city have recovered from most of the losses incurred during the Covid pandemic.

Meanwhile, PPT revenue over the last 10 years, 2014 to 2024, rose by 33.5 percent while the consumer price index (CPI) climbed 32.5 percent. Assuming employee costs rose at, or near, the rate of price gains, the payroll and the PPT revenue would climb fairly close to the rate of the CPI increase. In that case, the PPT rise over the period points to little or no job gains.

Over the last five years (2019 to 2024) pre- and post-Covid, the PPT climbed 14.3 percent while the CPI rose 22.7 percent. This points to a slower than inflation pace of wage gains for employees in the city or a drop in employment or some combination.

Thus, measured either way, there is every indication that establishment payroll in the city has not experienced any net growth over the last 10 years. This would conform to the lack of gains in the household employment count stagnation.

### *Discussion and summary*

By way of comparison, over the last 10 years—2014 to 2024—Allegheny County nonfarm payroll jobs fell 1.6 percent. But from 2019 to 2024 jobs have fallen to the lowest annual reading since 2010, an estimated 4.2 percent drop that wiped out all the gains that occurred between 2010 and 2019. Meanwhile, the Pittsburgh MSA suffered a job decline of 1.0 percent from 2014 to 2024 and a 1.5 percent drop from 2019 to 2024 wiping out the relatively good gains from 2017 to 2019.

Using the LST proxy as a measure of the number of payroll jobs within the City of Pittsburgh, jobs fell an estimated 2.3 percent from 2014 to 2024 (roughly 6,150 jobs) and 1.3 percent from 2019 to 2024 (3,460 jobs). Bear in mind that household employment fell 2.1 percent from 2019 to 2024 but was essentially unchanged in 2024 compared to 2014.

Thus, the city seems to have fared better than Allegheny County in terms of job losses during the Covid losses and recovery period. Indeed, the change to the number of jobs within the city, in percentage terms, more closely matched the MSA performance. Whether revisions will improve the county's figures or not remains to be seen.

The large difference in the county and city percentage losses is not well understood and might well depend on possible data revisions to see whether the recent data represent true differences in the magnitude of change in the jobs count.

Finally, bear in mind too that employment gains in the MSA and the City of Pittsburgh compare very poorly to many [metro areas in the U.S.](#) that are and have been posting significant employment growth over the last two decades.

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