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21st century personal income changes in the Pittsburgh metro area

Introduction: This report examines the inflation-adjusted personal income and the per-capita income for the eight counties in the Pittsburgh Metropolitan Statistical Area (MSA) over the period 2000 to 2023, the latest official data available. 2024 data will be released later this year.

It is important to bear in mind that of the eight counties in the MSA, only two, Butler and Washington, have posted gains in population since 2000. Indeed, seven counties have lower populations than in 1980. Only Butler has seen growth compared to 1980.

Personal income

Personal income as officially defined consists of several major categories or sources, including wages and salaries; employer contributions; rental income; income from interest and dividends; and transfer payments (Social Security, unemployment compensation and welfare assistance).

Wages and salaries nationally account for about 60 percent of personal income. Adding employer-paid benefits brings the employment-related share to 70 percent. The remainder is income related to investing (i.e. profits, interest, dividends) and government payments, including Social Security and other assistance.

Tabulation of change in inflation-adjusted personal income by county

County	Total income (millions of 1982-84 \$)		Per-capita income		% change	
	2000	2023	2000	2023	total	Per capita
Allegheny	\$25,560.6	\$30,406.4	\$19,975	\$24,767	18.9	23.9
Armstrong	\$987.0	\$1,237.5	\$13,657	\$19,345	25.4	41.6
Beaver	\$2,646.2	\$3,164.0	\$14,615	\$19,102	19.6	30.7
Butler	\$3,056.7	\$4,656.1	\$16,968	\$23,971	52.3	41.2
Fayette	\$1,928.7	\$2,079.9	\$13,013	\$16,891	7.8	29.8
Lawrence	\$1,269.5	\$1,494.4	\$13,428	\$17,668	17.7	31.6
Washington	\$3,328.9	\$5,183.7	\$16,395	\$24,644	55.7	50.3
Westmoreland	\$5,873.2	\$7,383.7	\$15,867	\$21,011	25.7	32.4
Pennsylvania	---	---	\$17,618	\$22,530	---	27.9
United States	---	---	\$17,728	\$22,958	---	29.5

*All data from Federal Reserve Bank of St Louis, taken from Bureau of Economic Analysis, inflation adjustment based on national consumer price index.

Note, first, that as shown in the table, U.S. and Pennsylvania per-capita income for 2000 and for 2023 are very close and the percent changes are also close—just a difference of 1.6 percentage points. In 2000, only Allegheny County had a higher inflation-adjusted per-capita income at or above the U.S. level—although Washington and Butler were close. However, thanks to very strong gains over the 23 years, Butler and Washington’s per-capita income had surpassed both the U.S. and Pennsylvania levels. Interestingly, while Allegheny’s per-capita income is still above the state and national level, it had the slowest growth over the 23 years.

Impact of population growth

Counties other than Allegheny had slightly faster, or significantly faster, per-capita inflation-adjusted income than both the nation and the state. Of note, too, is that all the counties in the MSA except Washington and Butler had faster growth in per-capita income than in total county income. That reflects the fact that the population in those counties had declined to some extent while Washington and Butler stood alone as the only counties to see increased population. In fact, all the counties except Butler have suffered population losses since 1980. However, Washington has seen a return to modest gains since 2000 but the people count remains below the 1980 level.

Both the U.S. and Pennsylvania experienced population gains between 2000 and 2023 (19.4 percent and 5.8 percent, respectively). Thus, given that the nation and commonwealth have seen nearly identical per-capita incomes, the vast difference in population gains points to a massive difference in total personal income. And with six counties in the eight-county MSA suffering declines in population, their total income will have fallen dramatically compared to the nation as a whole and even more relative to regions growing more rapidly than the national average.

Median household income

The median household income in a county is the household income level for which half of the households have higher incomes and half have lower incomes. The greater the difference between the average per household and the median household, the greater the disparity of incomes. For example, if the average household income is \$100,000 because there are very high-income earners making \$300,000 or more to lift the average to \$100,000. On the other hand, there could be large numbers of households with incomes under \$40,000, which could lower the income at which half the households earn more and half earn less, say \$65,000. Typically, the median will be less than the mean or average—the total county income divided by the number of households.

County median household income

	Median household income* (adjusted for inflation 1982-84 dollars)		
<i>County</i>	<i>2000</i>	<i>2023</i>	<i>% change</i>
Allegheny	\$23,966	\$25,105	4.7
Armstrong	\$19,259	\$20,191	4.8
Beaver	\$21,644	\$21,938	1.4
Butler	\$25,926	\$26,576	2.5
Fayette	\$16,980	\$17,732	4.4
Lawrence	\$19,843	\$20,445	3.0
Washington	\$22,451	\$25,257	12.5
Westmoreland	\$21,614	\$23,297	7.7
Pennsylvania	\$24,494	\$26,209	7.0
United States	\$24,383	\$26,458	8.5

All counties saw inflation-adjusted household incomes increase over the 23 years. However, only Washington had faster growth than the state or nation. At the same time, only Allegheny, Butler and Washington counties have inflation-adjusted median household incomes close to the national with Butler the only county with higher than state or national median household income.

As noted above, only Butler and Washington counties had population gains between 2000 and 2023 with six counties experiencing declines.

Conclusion

With the exception of two counties, the Pittsburgh MSA has for decades been losing population owing to economic changes that have led to loss of employment opportunities, in part related to policies that are not business friendly—and the state’s failure to adopt Right-to-Work legislation, which has led to faster employment gains in the states that have.

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