

POLICY BRIEF

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Recession Continued to Grip Region Through January

According to some analysts the recession is over. The Bureau of Economic Analysis has reported that real gross domestic product increased in both the third and fourth quarters of 2009, suggesting the long economic slide is coming to an end. While welcome news, many folks are still feeling the effects of the recession. For January, the national unemployment rate was a seasonally-adjusted 9.7 percent; Pennsylvania's rate was lower at 8.8 percent and Pittsburgh region's rate stood at 8.1 percent—up from 7.9 percent in December. The unemployment rates underscore just how the recession, while technically over, continues for large numbers of people (100,000 unemployed in the region as of January).

The Bureau of Labor Statistics establishment data for January confirms that employment in the Pittsburgh region has not begun to recover. Total private jobs in the Pittsburgh Metropolitan Statistical Area (MSA) in January 2010 were 21,600 below the January 2009 figure and nearly 35,000 fewer than January 2008. Furthermore, the 965,700 private jobs count in January 2010 was the lowest level for any January in more than a decade. Indeed, the last time private sector jobs were this low in January was in 1999 when they stood at 963,000.

Many industries have continued to shed jobs.

For example, construction—despite the activity associated with the new hockey arena, the North Shore connector and PNC tower and other publicly supported projects—shed 4,000 jobs in January compared to a year earlier. Indeed, this industry has been losing jobs (on a year-over-year basis) every month for more than a year. January 2010's total of 44,700 jobs represents the smallest monthly count in the last five years.

Other sectors continuing to show employment declines include manufacturing, retail trade, and professional and business services. The decline in manufacturing jobs has been going on for more than two decades and each month reaches a new low. January 2010 continues this trend as the number of manufacturing jobs fell to 84,400, dropping 9,500 from the January 2009 level. The number of retail trade jobs fell to 125,000 in January 2010, the lowest January level this industry sector has experienced in more than 20 years. Meanwhile, professional and business services shed 5,500 jobs from its year-ago level.

There were a few industry sectors adding jobs. Besides the education and health sector, which has managed to grow throughout the recession, the local government sector also posted an employment gain. The January 2010 job count for the education and health services industry reached 233,100, an increase of 2,000 jobs over the January 2009. This sector has not seen a year-over-year decline in the last decade and stands 20 percent higher than January 2000's 194,900 jobs with the bulk of the rise in health care. The social assistance subsector of health services has been responsible for about a third of health services employment gains. Ambulatory services, physicians' offices along with nursing and residential care account for the remainder of job gains. Interestingly, hospital jobs are actually down slightly over the decade.

While Federal and state government jobs decreased slightly in January from their year ago level, local government employment increased by 1,700 jobs. The bulk of that increase is attributable to the public schools where employment was up by 1,400 jobs over the year ago reading. Clearly, all the Federal and state support of public education has kept this sector from suffering the pain of recession. Local taxpayers might be feeling the sting that will only get worse but apparently employees of public schools do not have to worry about the recession.

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