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**Pittsburgh Job Gains in Eds and Meds Are Not Unique**

As the deep recession continues to hold the economy in a tight grip, much is being made of how Pittsburgh's job market is being buoyed by the growth in the Education and Health sector. Comparative city rankings as well as comments by local experts have made it conventional wisdom that the Pittsburgh economy is much stronger as a result of this "recession proof" sector. But job growth in eds and meds is not unique to Pittsburgh; far from it. These jobs are the single bright spot in the national picture as well. The question is: just how strong is Pittsburgh's eds and meds sector?

To answer this question, employment changes in the sector are examined at the national level as well as for several metro areas around the country including Baltimore, Detroit, Dallas, Charlotte, and Cleveland.

The May 2008 to May 2009 percentage change in the number of jobs is used to compare metro areas and the nation. Over the period national total private employment fell 5 percent while Pittsburgh fared better losing 3.2 percent. Meanwhile, Baltimore was down 3.7 percent, Detroit 8.8 percent, Charlotte 7.6 percent, Cleveland 5.4 and Dallas 2.6 percent.

While the Pittsburgh MSA suffered a low percentage loss in private sector jobs, it is worth noting that the MSA didn't "boom", so it didn't have much to "bust", especially in residential construction or finance. In fact, May 2009 jobs stood at just over one million, the lowest May reading since May 1998. Meanwhile, the national jobs numbers have only dropped to 2003 levels, while Charlotte jobs are back to May 2005 levels, Baltimore 2004, and Dallas 2006. Only Detroit and Cleveland had employment levels fall back to readings posted ten or more years ago.

With total private jobs suffering setbacks, how important has the education (private only) and health sector been in providing stability? Nationally the sector comprises more than 17 percent of total private payroll jobs—meaning that roughly one of every six private jobs is in education and health. For the Pittsburgh MSA, nearly one in four (23 percent) of private jobs are accounted for by eds and meds. For the other MSAs in the sample, the only ones to come close to this figure are Baltimore and Cleveland (approximately one in five). The other MSAs have a considerably lower percentage of eds and meds jobs: Detroit (18 percent), Dallas (13.5), and Charlotte (11.5).

Over the past decade or more, eds and meds growth has been about the only sector in Pittsburgh posting significant gains while manufacturing and retail payrolls have continued their long slide and most other industries have been flat to up only slightly. Thus, the education and health component has been able to substantially increase its already large share of total employment. Indeed, a potential problem for Pittsburgh in coming years will be in maintaining eds and meds job gains at the pace of recent years given the lack of population growth in the region and the flat pace of job expansion in other sectors.

The pertinent question is: have these jobs actually grown faster in Pittsburgh than other metro areas or is it merely that the lack of employment increases in most other sectors has raised the share held by eds and meds, giving an illusory sense that the sector is very strong? The answer is quite a surprise. Of the six metro areas, Pittsburgh had the slowest eds and meds jobs growth over the last ten years at just 19.8 percent. Detroit (21.1 percent), Cleveland (24.1 percent) and Baltimore (27.8 percent) outpaced Pittsburgh but only slightly. However, Charlotte at 54 percent and Dallas at 45 percent saw eds and meds employment growth far faster than Pittsburgh. And yet the shares of eds and meds in private jobs in those metro areas are well below Pittsburgh's 23 percent. Why? These two areas had significant job gains across a number of other service industry groups.

More recent data shows that from May 2008 to May 2009, payroll jobs in the eds and meds sector of the Pittsburgh economy growing by nearly 1.5 percent adding 3,400 jobs. Across the nation the education and health sector increased by 2.2 percent over this time. And among the MSAs in the sample the only one with a slower growth rate over the last year was Detroit (0.11 percent). The other MSAs in the sample outperformed Pittsburgh: Dallas (5 percent), Charlotte (3), Cleveland (2), and Baltimore (1.7). Thus, notwithstanding all the braggadocio about how well Pittsburgh's education and health sector is faring and how it is supporting the overall economy, the harsh reality is that Pittsburgh is not among the leaders in the rate of eds and meds jobs growth, either recently or over the last ten years.

And it is also important to remember that in recent years nearly one-third of Pittsburgh's eds and meds job increase is accounted for by the social assistance subgroup of health care. Nationally, social assistance represents only 15 percent of the increases to eds and meds jobs. These jobs tend to be low paying and depend heavily on public dollars for their existence. Indeed, they are more of an indication of weakness than of strength in the economy.

In sum, the education and health sector is a fairly stable, recession resistant sector not only in Pittsburgh, but nationally and in other metros as well. However, all the glowing commentary about how well protected Pittsburgh is from recession by eds and meds misses two critical points. The annual percentage change in Pittsburgh eds and meds job gains trails other cities and has for many years. The reason the sector has gained so much relative importance in the last decade is that all other private industries combined have seen employment fall. Not much to brag about.

Ironically, this sector on which so much of the City of Pittsburgh's economy depends, is coming under fire with the Mayor and Council proposing to extend the payroll tax to non-profits such as universities and hospitals as well as a per university student fee and a hospital admission fee. The onerous tax climate is a major reason for the area's loss of other private sector jobs. Going after eds and meds with new taxes and fees may well stymie growth in that sector. Then where will the City be?

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