JOB POTENTIAL

Pittsburgh's unemployment rate is lower than it's been in decades. But challenges, such as a lack of transportation and access to affordable child care, along with military veterans' underemployment and unemployment, continue to serve as reminders that more needs to be done. By Julia Fraser

Neil Webb

The Beatles broke up. Roberto Clemente played right field for the Pittsburgh Pirates. The Boeing 747 jumbo jet entered the airways "drawing qualified raves from the airlines," according to a New York Times article from 1970.

Unsurprisingly, much has changed in 54 years, but worth noting is that 1970 was the last time the Pittsburgh region reported an unemployment rate as low as in the past six months.

Julia Fraser is a Pittsburgh-based freelance writer. Her last story for h looked at a Heinz Endowments–funded study to determine the impacts of the PAServes care network and the Veterans Affairs health system—separately and together—on veterans and their families.

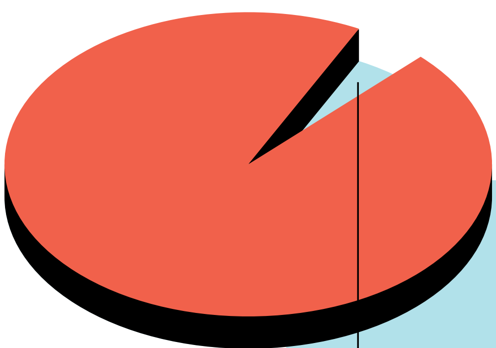
"The unemployment rate is low, and it's not just that it's marginally low. It's lower than it has been in the past 50 years by a large measure," said Christopher Briem, regional economist at University of Pittsburgh's Center for Social and Urban Research.

In April 2024, only 3.2 percent of workers in Allegheny County, home to the city of Pittsburgh, were unemployed, and Pittsburgh's employment numbers seem sunny. In addition to the historic lows in unemployment, employers in the region report a stability in hiring and a rise in average wages, and the dive in the region's labor force during the pandemic steadied.

Behind the numbers, workforce programs training workers in industries ranging from the building trades to the restaurant business to the region's burgeoning tech sector have seen swelling enrollment, expanding placement and paths to careers.

But the employment picture is still far from rosy. Pockets of decline — in the region's population and in jobs that provide a family-supporting income — persist. Barriers to employment, such as access to transportation, affordable child care, stigma around formerly incarcerated status and the mental health crisis, have shut workers out of lucrative career paths, according to nonprofit leaders in the Pittsburgh region.

In the wake of historic federal investment through the Infrastructure Investment and Jobs Act of 2021 and the Inflation Reduction Act of 2022, this moment can be a tipping point for the region's economy, according to local nonprofit leaders, but only if the region can pull together a cohesive economic strategy that capitalizes on the full potential of its workers.



In April 2024, only 3.2 percent of workers in Allegheny County, home to the city of Pittsburgh, were unemployed.

DIFFERENT SIDES OF THE NUMBERS

With the number of people looking for work in the Pittsburgh region hitting record lows, employers had to wake up to a new economic reality. Unemployment isn't just low in Pittsburgh, it's low across the country, with the national unemployment rate hitting 4 percent in May 2024.

"It means that current local employers have no memory of having to hire workers in such a difficult or tight labor market," Mr. Briem said. "A lot of local employers haven't had to try to retain workers the way they have to do so right now."

The competition over hiring workers has put pressure on employers to pay their employees more. Workers in the Pittsburgh region earned an average wage of $29.60 per hour in May 2023. That's a 19.4 percent raise from the average hourly wage of $24.79 in May 2019, according to data from the U.S. Bureau of Labor Statistics for the Pittsburgh metropolitan statistical area.

Over the past year, things have settled for employers, according to the Allegheny Conference on Community Development.

"The talent shortages that we saw in 2021, '22 — that is no longer true," said Vera Krekanova, chief strategy and research officer at the Allegheny Conference. "What we hear from businesses is that the talent pipeline is not huge, but they are able to find what they want with the right skill sets, for the most part. There is a little calmness and easiness on both sides. People who are looking for jobs

Participants in the Innovation District Skills Alliance's September 2023 and January 2024 cohorts had placement rates of 57 percent and 63 percent, respectively.

Community Kitchen Pittsburgh

Michael Savisky

are able to find them, and businesses are able to fill positions."

But the positive numbers cover some of the region's economic bruises.

In the Pittsburgh region, a decline in the labor force has contributed to the lower unemployment rate since the COVID pandemic began in 2020, explained Gus Faucher, senior vice president and chief economist of The PNC Financial Services Group, in a Pittsburgh Post-Gazette column in April. The loss of workers who relocated or retired may help the unemployment numbers look better but "will be a significant drag on long-run job growth in the Pittsburgh area as firms look elsewhere for employees," he wrote.

Also, military veterans' unemployment rates in the Pittsburgh region hover above civilian unemployment rates—a trend that is reversed in most regions, including in Cleveland, Charlotte and Detroit, according to data from the D'Aniello Institute for Veterans and Military Families at Syracuse University.

"For veterans here, underemployment is an even larger issue than unemployment," said Megan Andros, director of Veterans Affairs at The Heinz Endowments. "We don't want to see people just get a job. For people coming out of the military, they have skills, experience. It's not success to just get a job."

A recent study funded by the Endowments found that 62 percent of people who got out of the military in the summer of 2016 were still underemployed, more than six years after leaving the service.

ENCOURAGING NEWS AND PERSISTENT GAPS

Helping to achieve some of the positive numbers have been robust nonprofit training programs with holistic support systems, unions looking outside their traditional membership base and local employers looking to hire. A chunk of the region's employment success depends on these partnerships.

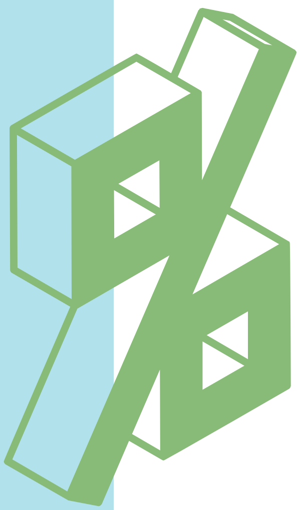
When restaurants reopened after COVID restrictions were lifted, the workers had moved on. Restaurant owners scrambled to find help, raised wages and still sat short-staffed.

Community Kitchen Pittsburgh, a nonprofit that provides training for careers in the food industry for individuals who have barriers to employment, such as those formerly incarcerated, seized the opportunity for its graduates. Community Kitchen has been able to place 93 percent of its graduates in jobs in the restaurant industry with an average wage of $16 an hour.

Then the hiring boom settled, and the current landscape is more complex.

"The jobs are there but the industry has shifted," said Jennifer Flanagan, executive director of Community Kitchen. "If the choice is to go into a restaurant, you have to be available weekends and evenings. A big shift we've

Community Kitchen Pittsburgh has been able to place 93 percent of their graduates in jobs in the restaurant industry with an average wage of $16 an hour.



Above: Asia Griffen learned the basics of building practices and the practical use of power and hand tools in Trade Institute of Pittsburgh's Core Carpentry program. She graduated from the Trade Institute's masonry and carpentry programs in 2022 and is an entrepreneur and tradeswoman, a member of the program's Alumni Council, and a Trade Institute Wall of Fame honoree, recognized for her continued success following graduation.

At left: Professional chefs, such as Cory Hughes, center, from Fig & Ash restaurant on Pittsburgh's North Side, lend their expertise in demonstrating meal preparation techniques to Community Kitchen Pittsburgh students. On May 23, Javonna Ross of Wall Township, far left, and Camerin Edmonds of Turtle Creek worked with Mr. Hughes on a guest chef dinner.

seen in the restaurant world is that a lot of them, especially the smaller ones, they're not open the way they used to be open."

Remote work and empty office buildings eliminated many lunch shifts and, with them, desirable daytime hours.

"This can be tough for single parents looking for the elusive daytime, weekday shifts, which are primarily available only through large institutional employers like hospital systems," Ms. Flanagan said.

The Innovation District Skills Alliance is a program that trains workers from marginalized communities for jobs with family-sustaining wages, benefits and union opportunities. According to the program's records, recent participant cohorts in September 2023 and this January had graduation rates of 88 percent and 73 percent, respectively, and placement rates of 57 percent and 63 percent. Among its biggest successes for graduates has been placing them with big companies and universities with ties to the city, such as the University of Pittsburgh and UPMC, according to Sean Luther, president and chief executive officer of InnovatePGH, the public–private partnership that runs the program.

The civic expectation to hire locally and invest in the community that the Pittsburgh-based companies have — and many tech start-ups lack — is critical to the future of tech in Pittsburgh, he added.

"We need to cook that into the definition of a start-up's civic expectations," Mr. Luther said, "so that in 10 years, they're looking at Pittsburgh first. They're developing their neighborhoods and investing in their neighborhoods and not just following the path of least resistance."

Nothing about the approach to workforce training at the Trade Institute of Pittsburgh follows the path of least resistance. The nonprofit, based in the city's Homewood neighborhood, teaches masonry and carpentry skills to those with significant barriers to entering the workforce, such as having a criminal history or not having a driver's license, and places them in careers.

The nonprofit has been able to graduate more students — from 50 in 2020 to 91 in 2023 — with a target of 115 in 2024. The average starting wage for a graduate went from $18 an hour in 2021 to $20.53 in 2023, with the hopes of getting around $22 or $23 an hour

"There persists a misconception that any tech industry in Pittsburgh — robotics, advanced manufacturing, life sciences — is going to turn into the steel industry. No industry is going to be the steel industry again, ever."

Sean Luther, president and CEO, InnovatePGH this year with pay increases across the board and more graduates placed in union jobs, according to Executive Director Donta Green.

More unions have been interested in expanding their membership and creating "an environment for all," according to Mr. Green. They include the Laborers' Union, which "has gone above and beyond to make sure our students feel safe."

The organization's success relies on building relationships with the students and supporting their individual needs.

"We look at the person and look at what are the key barriers to that person being employable, and we provide resources and supports so that person can overcome those barriers," Mr. Green said. Those supports include life coaching, case management, drug and alcohol counseling, and anger management and math classes.

This also requires a nimble approach to new challenges as they pop up. Mental health concerns have surged since the pandemic, Mr. Green explained. The organization responded by hiring additional counselors.

HIDDEN WORKERS, VISIBLE BARRIERS

Hiring practices, such as automated screening systems, reject many qualified workers who could fill job vacancies, according to a 2021 report from Harvard Business School on hidden workers. Those estimated 27 million people in the U.S. include veterans, whose work experience often doesn't precisely match skill descriptions from employers, those without work histories and those who do not currently have jobs or degrees. Some of them can be found in rejection piles in Pittsburgh.

Over-skilled or highly restrictive job descriptions shut out relevant talent. Management positions at Giant Eagle supermarkets required "big-box retail experience," according to Ms. Andros, leaving veterans with relevant supply chain experience from the military out of consideration. Education requirements can be irrelevant and inflexible. Local universities require bachelor's degrees for many staff positions that rely on skills that could be learned outside of the classroom.

"Not having a good work history and pattern of employment is the most difficult thing to overcome, particularly with large employers," Ms. Flanagan said. These large employers, like UPMC, often come with benefits, higher pay and career paths.

But these employers often use automated screening systems to sort many applications, which are then sorted by busy hiring managers. For graduates of Community Kitchen, hiring success has been more personal.

"It's about developing relationships," said Ms. Flanagan. "We feel we have a better chance of getting folks jobs if we have a warm handoff and discussion with the hiring manager, the person who's doing the hiring."

Long-standing barriers to employment, such as transportation and access to child care and health care, persist.

"Transportation is always an issue," Ms. Flanagan said. "It doesn't go everywhere the jobs are. We look for jobs that are going to be on somebody's bus route or easy to transfer."

Finding affordable housing along those bus routes has become increasingly difficult. Housing instability has spiked across the country. In Pittsburgh, the average monthly housing cost is $953, and the share of lower-income apartment rentals in the market has fallen over the past decade, according to a 2024 report by the Joint Center for Housing Studies at Harvard University.

INVESTING IN THE FUTURE FOR ALL

"We're in a once-in-a-generation opportunity with the level of federal investment we're seeing," said Matt Barron, Sustainability program director at the Endowments. "I think efforts to apply these investments to removing the barriers [to employment] are the right moves, and that can lead to substantial success."

The federal government unleashed more than a trillion dollars of spending directed at building and repairing the nation's infrastructure through the Infrastructure Investment and Jobs Act of 2021 and in expanding clean energy jobs through the Inflation Reduction Act of 2022.

Capitalizing on this stacked investment will require a strategy for how to use these dollars to create pathways for a broad swath of the region's workers.

"There persists a misconception that any tech industry in Pittsburgh — robotics, advanced manufacturing, life sciences — is going to turn into the steel industry," Mr. Luther said. "No industry is going to be the steel industry again, ever. We'd need 50 tech companies, 100 life science companies to [replicate the steel industry] in 1970." h

The Shell Polymers Monaca plant in Beaver County, in Pennsylvania, spews various gases and other emissions that have raised concerns in the community.

Mark Dixon

FAILURE TO BOOM

Rather than ease the economic loss that Pennsylvania's Beaver County experienced after the steel industry collapsed, a Shell ethane plant accumulated air quality violations instead of significant job growth. By Julia Fraser

Back in 2011, then–Pennsylvania Gov. Tom Corbett said he wanted to make the state "the Texas of natural gas." This statement in his annual budget address added fuel to a bipartisan frenzy surrounding the economic promise of the natural gas industry.

In southwestern Pennsylvania, that frenzy centered on the construction of the Shell Polymers plant in Monaca, which would take ethane, a component of natural gas fracked in the region, and convert it into plastic pellets. The plant would serve as a catalyst of "downstream" industries related to fracking — industries that use the natural gas drilled in the area as feedstock for their products, such as plastic food packaging, medical supplies and household goods. The project received the largest corporate tax break in Pennsylvania history.

The boom never arrived. Instead, construction workers came and left, job growth stagnated, population declined and the facility racked up fines for violating air quality standards, blemishing its economic promise.

The boom never arrived. Instead, construction workers came and left, job growth stagnated, population declined and the facility racked up fines for violating air quality standards, blemishing its economic promise.

"We've called this a cautionary tale because there are opportunity costs associated with waiting over 10 years for one facility to deliver on an economic renaissance that's not even capable of coming," said Joanne Kilgour, executive director at Ohio River Valley Institute, a regional economic think tank launched by the Johnstown, Pennsylvania–based Community Foundation for the Alleghenies.

The Shell plant was supposed to usher in a petrochemical boom that included the construction of up to five additional ethane cracker plants and two underground storage facilities.

"The jobs that are going to be created are jobs that are going to be day-in, day-out jobs," then–Gov. Tom Wolf said in 2016. "[Workers are] not going to be able to come in, live here a couple months and go back home. So, I think if we get this right, these are going to be jobs that stay here."

A Shell spokesman in 2016 stated the plant would employ 6,000 workers during construction, leading to 600 permanent operational positions once the facility became functional. Gov. Wolf posited that the plant would inspire industries to sprout up in proximity to the cracker as justification for a $1.65 billion subsidy to Shell to build the plant — the largest in state history. Shell snatched it up.

A decade after it was announced, the plant launched in 2022. The Shell ethane cracker plant hasn't lifted Beaver County out of its doldrums. The additional plants, storage facilities and related industries never arrived with their "jobs that stay here."

Since 2012, Beaver County has lost population and lagged behind the state and nation in job growth, even with the temporary workers factored in, according to a June 2023 analysis from Ohio River Valley Institute. Outside factors, such as historical natural population loss, continue to play a role.

Beaver County was the hardest-hit county in the region when the steel industry collapsed; unemployment peaked at 28 percent in 1983. The exodus of young adults at that time and, as a result, the absence of their future families continue to have an effect on the natural population today. But the Shell plant didn't boost the county's economy and reverse historical trends.

Instead, within six months of beginning opertions, the plant reported at least 31 malfunctions to the Pennsylvania Department of Environmental Protection related to excess emissions, flaring or spills. The DEP issued a consent order in May 2023 and required Shell to pay $10 million in fines for air quality violations.

Using public resources for large investments in a single facility that is operated by multinational corporations, comes with environmental threats like air and water pollution, and requires 10 years to get up and running hasn't paid off for Beaver County. The county's gross domestic product fell 5.9 percent from 2012 to 2021 in contrast to the state's, which grew by 9.7 percent over this period, according to the Institute's report.

Alternative economic development strategies exist.

Prioritizing development around "environmental quality, transportation and green space to create quality of life in our communities will attract the business community," Ms. Kilgour said. "We see the need to integrate those strategies. To look simultaneously at how we invest in the livability of our communities as a strategy of economic development and not thinking these large single investments will lend themselves to that quality-of-life improvement because we know that this isn't generally the case."

These strategies align with federal funding around clean energy industries, such as solar and electric vehicles, as part of the Inflation Reduction Act. It's resulted in more than 271,000 jobs and $352 billion in investments in the U.S. since August 2022, according to an analysis by Climate Power, a Washington, D.C.–based climate-focused research and communications organization.

"It's an investment decision above all else when you look at industrial facilities," said Matt Mehalik, executive director of the Breathe Project, a coalition of residents, environmental advocates and others working to improve air quality in the Pittsburgh region. "When they're built, they're there for 50 or 100 years. It makes no sense to be investing in heavy industry. The smart money is on investing in facilities that depend on renewable power, electricity and low-carbon materials, not based on fossil fuels." h