

## BENCHMARKS SPECIAL REPORT (6/95)

### BLACK AND WHITE ECONOMIC CONDITIONS IN THE CITY OF PITTSBURGH

Ralph L. Bangs, Ph.D. and Jun Hyun Hong, Ph.D.

#### EXECUTIVE SUMMARY

This supplement to the Economic Benchmarks report (October 1994) provides a new set of detailed indicators on the demographic, social, and economic conditions of black and white residents of the city of Pittsburgh with comparisons among 50 large U.S. cities. To allow more fair comparisons, cities were selected which are among the largest in population and have at least 3% black population, less than 50% Hispanic population, and less than 3% military employment. In addition, all economic indicators are age and sex adjusted where appropriate to make comparison groups among cities more similar. Finally, underemployment of black county residents is measured by industry and occupation and policies to improve black and white conditions are discussed.

#### Economic Conditions

The conclusions of this report substantiate and add to the findings of the Economic Benchmarks report of October 1994. The main conclusions are:

**The comparison of black conditions in the 50 cities shows that Pittsburgh has one of the poorest, most economically disadvantaged black populations of any large city in the U.S.** In 1990 Pittsburgh had the:

- Highest percentage of black males age 25-54 not in the labor force (30.9%) and the third highest black female rate (34.7%)
- Third highest unemployment rate for black males age 16-19 (49.2%) and the sixth highest black female rate (39.7%)
- Fifth highest black male unemployment rate for ages 25-54 (19.9%) and seventh highest black female rate (14.3%)
- Second highest percentage of black children in poverty (56.7%)
- Highest poverty rate for blacks age 18-64 (35.2%)
- 15th lowest rate of home ownership for blacks under age 65 (29.5%)
- Ninth lowest rate of home ownership for blacks over age 65 (47.6%)

**The comparison of disparities between black and white conditions in the 50 cities shows that Pittsburgh has extreme inequality in the economic conditions of black and white residents.** In 1990 Pittsburgh had the:

- Largest difference between black and white rates for males age 25-54 not in the labor force (18%) and the seventh largest for female rates (9.1%)
- Fifth highest disparity between black and white unemployment rates for males age 16-19 (32%) and the second highest for female rates (29%)

- Third highest disparity between black and white unemployment rates for males age 25-54 (13%) and the fourth highest for female rates (9.9%)
- Fifth largest disparity between black and white children in poverty (40.5%)
- Fourth highest disparity between black and white persons age 18-64 in poverty (21.1%)
- Fifth largest disparity between white and black non-elderly home ownership rates (24.7%)
- Third largest disparity between white and black elderly home ownership rates (20.7%)

**The comparison of white conditions in the 50 cities shows that serious economic problems exist for white working age residents of Pittsburgh.** In 1990 Pittsburgh had the:

- Second highest rate for white males age 25-54 not in the labor force (12.9%) and the eighth highest white female rate (25.6%)
- Sixth highest unemployment rate for white males age 25-54 (6.9%)
- Seventh highest poverty rate for whites age 18-64 (14.1%)

### **Social Conditions**

Although it is not the purpose of this report to analyze causes of the problem, a couple of the social indicators in the study are likely to be contributing factors for the poor economic conditions:

- The percentage of white residents of Pittsburgh age 25-59 with a four-year college degree or higher (30.1%) was three times the percentage of black residents (10.1%).
- Pittsburgh has extremely serious problems with black family structure. In 1990 Pittsburgh had the highest percentage of female-headed households with children (69.1% of all black households with children) and the second lowest percentage of black children living with two parents (21.7%). Only 19.5 percent of white households with children were female-headed in 1990, and 74.2 percent of white children lived with two parents.

### **Black Employment by Industry and Occupation**

In order to guide part of a policy response to the problem, we analyzed black employment by industry and occupation in Allegheny County. The county is the primary labor market area for city of Pittsburgh residents and employers. Since 10.6 percent of adults age 18-64 in the county in 1990 were black, it is reasonable to assume that black residents of the county would hold about 10.6 percent of the jobs in each major industry and occupation if black and white labor force participation and employment rates were similar and blacks had equal access to jobs.

Using 1990 Census data and applying the standard of 10.6 percent to each industry and occupation in Allegheny County, we found a total shortfall of 15,100 for black resident employment and the following shortfalls for specific industries and occupations:

- 5,008 in retail trade; 3,531 in manufacturing; 1,903 in construction; 1,868 in wholesale trade; 1,376 in professional services, especially educational services and non-hospital health services; 1,124 in insurance, real estate, and non-banking finance; and 1,078 in business and entertainment and recreation services.
- 5,053 in professional specialty occupations, especially teachers, librarians, counselors, health occupations, engineers, and natural scientists; 4,587 in sales occupations; 4,582 in executive, administrative, and managerial occupations; and 3,384 in precision production and construction trades.

### **Policy Recommendations**

Improving black economic conditions will require large institutional reforms, including much better economic development strategies, more affirmative action to hire greater numbers of qualified blacks in the city of Pittsburgh and Allegheny County, more black business starts and small business expansions, and better education and training for black residents.

## **INTRODUCTION**

This report is a follow-up to our Economic Benchmarks study of October, 1994.

More detailed information is provided here on black and white economic conditions, particularly by sex and age, in the city of Pittsburgh and 49 comparison cities.

### **Selection of Cities**

Only cities and not counties or metro areas are compared in this report. Although counties and metro areas can be a more fair comparison of urban areas because of the bias inherent in different shares of the urban population being located in the particular political boundaries of cities, cities still matter as important locations for people to live. They are important political units with some responsibility for the economic well-being of their residents. Finally, central cities contain the majority of black urban residents in nearly all urban areas and are appropriate units for analyzing black conditions.

In order to obtain a set of cities which are mostly comparable for studying black and white economic conditions, cities were selected if in the 1990 census they were among the largest in terms of population, had at least 3 percent black residents, less than 50 percent Hispanic residents, and less than 3 percent military employment. Having at least 3 percent black population was considered important to insure a large enough group for detailed analysis. Cities with large Hispanic populations were eliminated because the lower economic status of white Hispanics in some cities made black conditions appear overly positive on black-white disparity measures. Cities with large military bases were eliminated because they have unusually high economic conditions for blacks on many measures due to military employment.

Fifty cities were selected for comparison after applying the four criteria (see the list of cities in Appendix 1). The criteria about blacks, Hispanics, and military bases eliminated the following large cities from consideration in this study:

Anaheim	2.5 percent black
Colorado Springs	8.4 percent military employment
Corpus Christi	50.4 percent Hispanic
El Paso	69.0 percent Hispanic
Honolulu	1.2 percent black
Jacksonville	7.3 percent military employment
Long Beach	4.7 percent military employment

Mesa	1.9 percent black
Miami	62.5 percent Hispanic
San Antonio	3.5 percent military employment and 55.6 percent Hispanic
San Diego	7.9 percent military employment
Santa Ana	2.6 percent black
Virginia Beach	18.6 percent military employment

### **Focus on Economic Well-Being**

This report analyzes economic performance of the city of Pittsburgh in relation to the economic well-being of its residents. This report focuses only on the economic well-being of residents because we believe it to be the bottom line for urban economic performance. The other types of performance, such as business and industry growth as well as local government finances, are second-level factors in that they can be viewed as contributing to the bottom line goal, the economic well-being of people who live in an area.

Since the economic goals of people generally are to have good jobs and high incomes and wealth, economic well-being is measured in terms of indicators of jobs, income, and wealth. The specific indicators included here for the 50 selected cities are:

- Working age adults (age 25-59) not in the labor force by race and sex in 1990
- Youth unemployment rates (ages 16-19) by race and sex in 1990
- Adult unemployment rates (ages 25-54) by race and sex in 1990
- Children in poverty (% of under age 18) by race in 1989
- Working age adults in poverty (% of persons age 18-64) by race in 1989
- Elderly in poverty (% of persons age 65+) by race in 1989
- Non-elderly home ownership (% owner occupied housing units) by race in 1990
- Elderly home ownership (% owner occupied housing units) by race in 1990

Note that age is controlled for to some degree in each of the indicators, which is important since there are great variations in age distributions across cities and economic conditions vary greatly by age group. For example, under age 25 was eliminated from labor force participation data in order to control for differences across races, sexes, and cities in higher education enrollment rates. Over age 59 was eliminated to control for differences in retirement rates across races, sexes, and cities. In addition, unemployment rates are considered for youth age 16-19 because this group tends to have serious unemployment problems. Unemployment rates are considered for adults age 25-54 since data are readily available, this is the largest component of the working age population, and younger and older residents tend to have different unemployment rates.

### **Assessing Levels of Economic Well-Being**

There are many possible sources of standards or benchmarks for assessing the values of a city on any of the economic indicators. For example, one could:

- Compare conditions in one city with conditions in other cities

- Compare groups, such as conditions for blacks and whites, within one city
- Compare current levels or values with past values to determine change over time
- Compare central city conditions to conditions in the rest of the county or urban area
- Compare current local values to U.S. averages

Variations of the first two types of standards are used in this report since only current year data on cities were gathered for the study. In this report conditions by race, sex, and age and disparities between black and white conditions are compared within and across cities to the extent that these comparisons are appropriate and data are available. In our recent Economic Benchmarks report (Oct. 1994) all five types of standards were used, although for less disaggregated indicators.

Finally, whereas a high disparity between black and white economic conditions always represents a problem, a low disparity between black and white conditions in a city may or may not indicate positive black conditions. For example, a low disparity could be due to high black and high white conditions, high black and low white conditions, or low black and low white conditions. A city with low black and low white conditions should not receive high marks for economic conditions due to low disparity since black conditions are clearly poor. Therefore, black-white disparities below the median of the 50 cities will not be analyzed or discussed in this report although we do report the data for the lowest disparity case.

### **Focus on Black and White Conditions**

One of the main findings from the Economic Benchmarks report (October 1994) was that the racial composition of a city can greatly affect assessments of overall economic conditions. In particular, a high or low percentage of white residents in one city relative to share of whites in other cities will give that city a higher or lower ranking relative to other cities on overall economic conditions than if one compared black conditions across cities and whites conditions across cities. The reason is that white residents tend to have much higher economic conditions than blacks in urban areas and a high or low share of whites could produce a high or low overall average relative to overall averages in cities with different shares of whites.

Because analysis of overall economic well-being without racial breakdowns can hide underlying problems or conditions, we believe it is necessary to analyze economic conditions across cities by race. As noted above, we also disaggregate the analysis by race by other important demographic factors, such as sex and age.

### **DEMOGRAPHIC AND SOCIAL CONDITIONS**

Before examining economic conditions, it is valuable to review several types of demographic and social factors for the set of comparison cities.

#### **City Population and Population Growth**

There are some large differences in population size among the 50 comparison cities. Population in 1990 ranged from more than seven million in New York City to just over one-quarter million in Las Vegas. Pittsburgh ranked 34th with 369,879.

There are also wide ranging levels of population growth in the set of cities. Growth from 1980-1992 was between a high of 79.5 percent in Las Vegas to a low of -18.6 percent in Newark. Pittsburgh ranked fourth lowest with -13.5 percent.

## **Metro Area Population and Population Growth**

Metro area population in 1990 ranged from 8.8 million in Los Angeles to 485,000 in Wichita, and metro area growth from 1980-1990 ranged from 61.6 percent in Las Vegas to -6.9 percent in Pittsburgh. In 1990 only 15.4 percent of the metro area's population lived in the city of Pittsburgh in 1990, which was the seventh smallest percentage among the 50 comparison cities. (The new metro area definitions as of June 30, 1993 are used in the report.)

## **Race and Ethnicity**

The share of black residents in total population ranged from 75.7 percent in Detroit to 3 percent in Albuquerque. The share of whites ranged from 84.9 percent in Portland to 21.6 percent in Detroit. Pittsburgh ranked 23rd in this set of cities on share of blacks and 18th on share of whites.

Shares of Asian or Pacific Islanders and of Hispanics in the set of cities vary somewhat less than shares of blacks or whites. The highest percent of Asian or Pacific Islander was in San Francisco with 29.1 percent and the lowest was in Birmingham with 0.6 percent. The highest share of Hispanic was in Los Angeles with 39.9 percent and lowest was in Birmingham with 0.4 percent. Pittsburgh ranked 32nd on percent Asian or Pacific Islander and 45th on percent Hispanic.

### *Age Distribution by Race*

For both blacks and whites Pittsburgh in 1990 had a below average share of children under age 18, a below average share of working age adults age 18-64, and a high share of elderly age 65 and over. A low share of working age adults shows a somewhat smaller available workforce for its population compared to that of other cities. A high share of elderly can distort some economic measures, such as the labor force participation rate (percent of persons age 16 and over in the labor force), if the measures are not adjusted for age.

## **Working Age Population with Four-Year College Degree or More**

With Pittsburgh having a large elderly population and older persons generally having low levels of educational attainment, it is important when comparing Pittsburgh to other regions to adjust for age if at all possible. We found that 1990 census does allow making age adjustments for four-year college degrees or higher by race and for other levels of education attainment.

For persons age 25-59 in 1990 (who are 30-64 in 1995), Pittsburgh had slightly below average levels of both blacks and whites with four-year college degrees or higher. The city of Pittsburgh disparity between white and black rates on this measure of higher education attainment was only slightly above average.

## **Family Structure**

Pittsburgh has very serious problems with black family structure. In 1990 Pittsburgh had the highest percentage of black female-headed households with children (69.1%) out of all black households with children as well as the highest disparity between black and white rates. Pittsburgh also had the second lowest percentage of black children living with two parents, only 21.7 percent.

## **ECONOMIC INDICATORS**

Data on black and white economic conditions of Pittsburgh residents are provided below.

### **Working Age Adults Not in the Labor Force**

In 1990 Pittsburgh had the highest percentage of black males age 25-54 (30.9%) and the third highest percentage of black females age 25-54 (34.7%) who were not in the labor force (which could be referred to as hidden unemployment). Pittsburgh had the second highest white male rate (12.9%) and the eighth highest white female rate (25.6%). In addition, Pittsburgh had the largest difference between black and white male labor force dropout rates (18%), and the seventh largest difference between black and white female labor force dropout rates (9.1%).

### **Youth Unemployment Rates**

In 1990 Pittsburgh had the third highest black male unemployment rate for ages 16-19 (49.2%) but only the 24th highest white male youth unemployment rate (17.2%). Pittsburgh also had the sixth highest black female youth unemployment rate (39.7%) but the tenth lowest white female youth unemployment rate (10.7%). Finally, Pittsburgh had the fifth highest disparity between black and white young male unemployment rates (32%) and the second highest disparity between black and white young female rates (29%).

### **Working Age Unemployment Rates**

Pittsburgh had the fifth highest black working age male and the sixth highest white working age male unemployment rates in 1990. Pittsburgh also had the seventh highest black working age female unemployment rate. The white female rate was only 4.4 percent, which was close to the median. However, Pittsburgh had the third highest male and fourth highest female racial disparities.

### **Children in Poverty**

In 1989 Pittsburgh had the second highest percent of black children (under age 18) in poverty (56.7%), 19th highest percent of white children in poverty (16.2%), and fifth largest disparity between black and white children in poverty (40.5%).

### **Working Age Persons in Poverty**

In 1989 Pittsburgh had the highest percent of black persons age 18-64 in poverty (35.2%), seventh highest percent of white persons age 18-64 in poverty (14.1%), and fourth highest disparity between black and white persons age 18-64 in poverty (21.1%).

### **Elderly in Poverty**

In 1989 Pittsburgh had average poverty rates for black elderly (28.5%) and white elderly (11.2%) and an average disparity between black and white residents over age 65 (17.3%).

### **Non-Elderly Home Ownership**

In 1990 Pittsburgh had a below average level of home ownership for blacks under age 65 (29.5%), an above average level for whites (54.2%), and the fifth worst disparity (24.7) between white and black home ownership rates.

### **Elderly Home Ownership**

In 1990 Pittsburgh had below average home ownership for elderly blacks (47.6%) and elderly whites (68.3%) and the third worst disparity (20.7%) between white and black rates.

## **BLACK EMPLOYMENT BY INDUSTRY AND OCCUPATION**

In a city like Pittsburgh with poor black economic conditions, one can assume that the economic problem is manifested in the lack of employment of blacks in key industries and occupations. If one could measure this lack of employment, then part of a solution to the problem would be to encourage employers who have low levels of black employment overall or in key occupations to hire more qualified blacks.

Since a reasonable job search area for city residents is all of Allegheny County, one would want to focus attention on black employment in the county. Fortunately, census data do allow some analysis of resident employment by industry and occupation within Allegheny County.

Appendix 3 contains 1990 Census data on total and black resident employment by industry for Allegheny County. Black employment as a share of total employment ranged in 1990 from a low of 2.3 percent in furniture, lumber, and wood manufacturing to a high of 19.4 percent in private household services.

Appendix 4 contains 1990 Census data on total and black resident employment by occupation for Allegheny County. Black employment as a share of total employment ranged from a low of 2.4 percent in health diagnosing occupations to a high of 19.8 percent in cleaning and building service occupations.

Determining which industries and occupations have a lack of black employment in the city of Pittsburgh requires a standard or expected level for black employment. An appropriate and fair basis for a standard is to assume that employers in Allegheny County, including the city of Pittsburgh, will draw most employees from Allegheny County. Thus, one could expect black employment in the city and county to approximately equal the ratio of blacks among adults residents of Allegheny County.

In Allegheny County 10.6 percent of adults age 18-64 in 1990 were black. In effect, if black city and county residents had access to jobs equal to that of other city and county residents then black employment among major employers in each key industry and occupation located in the city or county would approximately equal 10.6 percent of total employment.

Applying the standard of 10.6 percent to each industry in Appendix 3, we obtain the 1990 shortfall in black employment by industry across Allegheny County. Of the total shortfall of 15,100 jobs for black county (and city) residents:

- 5,008 are in retail trade, including eating and drinking places and food, bakery, and dairy stores
- 3,531 are in manufacturing, especially primary and fabricated metals, machinery and computer equipment, and printing and publishing
- 1,903 are in construction
- 1,868 are in wholesale trade
- 1,376 are in professional services, especially educational services and non-hospital health services
- 1,124 are in insurance, real estate, and other finance



- 1,078 are in business and entertainment and recreation services

Applying the standard of 10.6 percent to each occupation in Appendix 4 results in the following distribution of the 15,100 shortfall in black employment in Allegheny County:

- 5,053 in professional specialty occupations, especially teachers, librarians, counselors, health occupations, engineers, and natural scientists
- 4,587 in sales occupations
- 4,582 in executive, administrative, and managerial occupations
- 3,384 in precision production and construction trades

In addition, one of the problems facing the region is that hospital layoffs and the slowdown in hospital hiring will greatly hurt job opportunities for black city residents since hospitals have had one of the highest rates of black employment among the listed industries. This suggests that without concerted effort, black economic conditions will worsen in the future since no major industry is likely in this region in the near term to increase employment as hospitals used to do.

## CONCLUSIONS

Pittsburgh clearly has one of the poorest, most economically disadvantaged black populations of any large city in the U.S. Specifically:

- **The city of Pittsburgh has some of the worst black economic conditions compared to black conditions in other large cities in the U.S.**
- **The city of Pittsburgh has some of the worst disparities between black and white economic conditions compared to disparities in other large cities in the U.S.**

In addition, in many ways white economic conditions in Pittsburgh are below average compared to white conditions in most other large cities. Finally, the low labor force participation rates and high unemployment rates for working age black and white residents suggests that Pittsburgh has a large supply of surplus labor.

## POLICY RECOMMENDATIONS

**Overall economic conditions need to be improved in the city of Pittsburgh and the Pittsburgh region so that both black and white residents have access to more and better jobs.** To accomplish this, government, corporate, foundation, university, and other non-profit leaders need to base development strategies much more on sophisticated economic analysis than has been done in the past. Most importantly the city, county, and region need: 1) an independent economic policy committee to provide general economic advice; 2) formal evaluations of all major economic development agencies, policies and programs to determine actual economic impacts; and 3) formal forecasts of the likely effects of proposed programs or policies. Too much present policy and discussion about economic development relies on wishful thinking and guesses. City and county government should form an independent office for economic policy analysis staffed by professional economists. If government does not form such a committee, then local foundations should do so.

**The serious problem of poor black economic conditions needs to be addressed in part through affirmative action efforts in firms with a lack of black employment.** The Urban League of Pittsburgh, the NAACP of Pittsburgh, and other organizations should initiate a program to identify firms in the city of Pittsburgh with a lack of black

employment (either overall or in key occupations), to assist these firms in recruiting, hiring, and promoting qualified black workers, and to assist education and training organizations in preparing black residents for future employment. A modern skills assessment and job matching system will be critical to convincing employers that qualified black applicants exist for their job openings.

**The problem of poor black economic conditions needs to be addressed in part through new black-owned business starts and expansion of black-owned small businesses.** The Minority Enterprise Corporation and other small business assistance agencies need to greatly expand their support of black business entrepreneurs. Banks need to coordinate and expand their lending to black businesses.

**The problem of poor black economic conditions also needs to be addressed through improved education and training.** Many black residents are failing to obtain basic skills in primary and secondary schools and too few obtain higher education. An overhaul of the system is needed.

**Any major new or current programs designed to increase black employment, such as the City of Pittsburgh's Minority Enterprise Program, should be independently evaluated to determine actual impacts, cost effectiveness, ways to improve, and the adequacy of impacts relative to the scale of the problem.** If people consider the problem to be important, then any serious effort to address the problem should be independently and rigorously evaluated to determine effectiveness. Program managers and promoters may hope for or even claim positive effects, but the community has the need to know whether the community problem of extremely poor black problems is being alleviated by actual results.