



Illustrations: Anita Dufalla



**A**s the kickoff to a region-wide competition, we asked a group of regional leaders to submit an idea, in 50 words or less, that, if enacted, would make Pittsburgh a better place to live. It could be something that wouldn't cost a dime or it could be a multimillion-dollar public works campaign. Below are their answers. We hope readers will take this as a cue to submit their own proposals. Look for the details to enter on page 121.

—Douglas Heuck

# PITTSBURGH TODAY & TOMORROW 2019

## What's the big idea?

### REGIONAL LEADERS PROPOSE WHAT WILL MAKE A BETTER PITTSBURGH

Prior to the opening of the new Pittsburgh International Terminal in 1992, then-Commissioner Tom Foerster and some civic leaders proposed to create a grand drive from the airport with large art installations and landscaping through our already great entrance coming out of the tunnel. Several cities have done it, the best being Singapore. Imagine instead of billboards and bare hillsides there would be trees, flowers and art!

**Tom Murphy, former Pittsburgh Mayor**

I know many talented people from outside of Pittsburgh who would come here in a second, if solicited. ImaginePittsburgh.com is a great start when it comes to job aggregation, but the city needs a more robust recruitment strategy aimed at talent attraction in order for it to stand out from the crowd.

**Cynthia Hundorfean, president & CEO, Allegheny Health Network**

To achieve its ambitious climate targets and ensure equal access and opportunity for all residents, Pittsburgh must complete the Bus Rapid Transit (BRT) project linking Downtown to our universities and the East End, while also pursuing bold technologies like Maglev and HyperLoop connecting downtown to the airport and surrounding region.

**David Finegold, president of Chatham University**

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Simply ... keep investing in our welcoming culture so that we are a place that embraces new ideas. A place that celebrates people's cultures, backgrounds and differences. A place that helps businesses thrive. And a place that continually seeks to be better today and better for the generations to come.

**Susie Shipley, president, Pennsylvania and Ohio Valley Region, Huntington Bank**

The Trust has used the arts as a catalyst for urban revitalization with public art playing a pivotal role. My idea is a bright, beautiful, iconic light installation that will shine out from our Cultural District and be an irresistible beacon to draw people to Downtown and our region.

**J. Kevin McMahon, president & CEO, Pittsburgh Cultural Trust**

Many individuals in our region lack access to higher education. Online learning could put college within reach—especially if universities partnered with Pittsburgh's network of neighborhood libraries and community centers. By providing online education in familiar, accessible settings, we can empower these men and women to reach their full potential.

**Geraldine M. Jones, president, California University of Pennsylvania**

Why wouldn't we sustain the energy and dialogue that grew as a response to Jeff Bezos and deploy our resources to solve the glaring problems identified—Pittsburgh Public Schools, transportation, PWSA, affordable housing, tax structure, etc. If we truly adopt a regional, inclusive plan and permanently discard stale, parochial thinking, we'll build on our enviable strengths and become magnetic. Here's to P2!

**David J. Malone, president & CEO, Gateway Financial**

Mobility within and around Pittsburgh is essential to our ongoing progress. We have made great strides improving the health and efficiency of our mass transit system. We need to continue this momentum, which should include augmenting the Port Authority with the proposed Bus Rapid Transit system, connecting Downtown and Oakland.

**Merrill Stabile, Alco Parking Corporation**

When I moved to Greensburg, I thought better mass transit options existed to connect the region. We made the decision to eliminate our suggested donation fee to provide more access to art, but without strong mass transit infrastructure, transportation is a real barrier preventing our region from being truly inclusive.

**Anne Kraybill, Richard M. Scaife director & CEO, The Westmoreland Museum of American Art**



For over 75 years, Pittsburgh's economic transformation has been driven by the notion that together our region could reinvent itself. Public/private partnerships played a key role. For a brighter future, and to make Pittsburgh a better place, I suggest a universal, public and private commitment to provide the opportunity to every individual in our region, especially those with disabilities, to fully participate in the new economic landscape. We will be stronger if we are truly all together.

**Timothy Parks, president & CEO, Life'sWork of Western PA**

People matter most, so let's strengthen workforce development and encourage generations to live, work and play in Pittsburgh. Simultaneously, enhancing the region's business and natural environment is crucial for both business and living.

**J. Christopher Donahue, president & CEO, Federated Investors**

Pittsburgh and surrounding areas offer opportunities to enjoy expansive, exciting and diversified cultural experiences for visitors and for those who call the city home. Experiencing the music, the arts, the museums and theaters stimulates an excitement and wonder coupled with a harmony of the senses. Let us support and encourage awareness of and participation in these wonderful offerings.

**Nancy L. Hile, art collection manager, The Maridon Museum**

Light the bridges that frame Pittsburgh's Golden Triangle. Illuminate, from the bridge deck level, the nine or 10 bridges that border the central portion of the city's business district. The effect on the city skyline from every angle, including overhead, would be dramatic and unique.

**Jim Roddey, former Allegheny County Executive**

We can each make a commitment to care and to connect. Having an authentic, honest conversation with someone breaks barriers and builds relationships.

Small conversations can lead to big conversations, like convening regional leaders across sectors to solve problems. After all, this is how humans accomplish anything important: together.

**Joylette Portlock, executive director, Sustainable Pittsburgh**

Pittsburgh must become a city where young people want to live, work and play—especially the best and brightest from our own world-class educational institutions. That means improving public transportation and accelerating the development and transformation of the Downtown area as a center of culture, entertainment and entrepreneurial energy.

**Henry J. Maier, president & CEO, FedEx Ground**



Expanding Carnegie Mellon University's pilot program for connected vehicle technology would be a game-changer for the city. The program, which outfits vehicles with devices that "talk" to other connected vehicles, traffic signals and pedestrians' smartphones, would not only help move traffic more efficiently, but also lower emissions and make our streets safer by reducing the number of crashes, injuries and fatalities.

**Katharine Kelleman, CEO,  
Port Authority of Allegheny County**

Addressing climate change is vital to a bright future and making an impact starts in our homes and communities. From renewable energy to green buildings, we can each make a difference in ways that are good for people and the planet. Phipps supports Pittsburgh's leadership with resources and programs to inspire positive change. Learn more at [phipps.conservatory.org/climatechange](http://phipps.conservatory.org/climatechange).

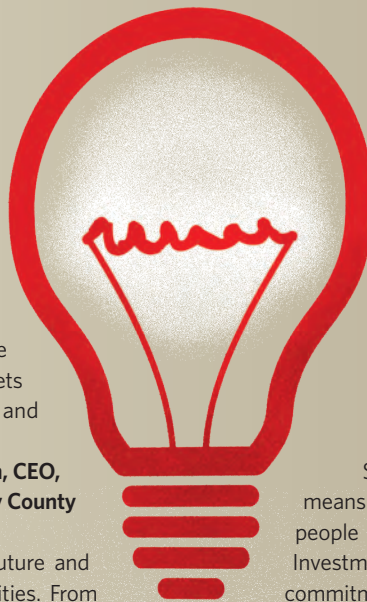
**Richard Piacentini, president & CEO,  
Phipps Conservatory and Botanical Gardens**

The year 2018 saw the region garner national attention like never before as a great place to live, work, study, and grow a business. In 2019, let's resolve to improve recognized areas of need (e.g., workforce development, public transportation, infrastructure, and inclusion) as Pittsburghers always do ... by coming together.

**James M. Collins, president & CEO, St. Clair Hospital**

12,976. That's a lot of t-shirts, designed and sold by some young, local makers. Printed across each shirt is a simple yet profound hashtag: #BeTheKindKid. It's their pledge—and call—to be gracious, friendly, good. Picture all of us wearing and declaring such a promise to one another.

**Gregg Behr, executive director, The Grable Foundation**



Pittsburgh's educational systems will refocus on the humanities, arts and culture. The stories of history, literature and philosophy married with the science and technology will make Pittsburgh the center of a new educational model where reasoned decisions are made based on facts, moral principles and compassion.

**Jane Werner, executive director,  
Children's Museum of Pittsburgh**

Support a solid social infrastructure in Pittsburgh. This means strong libraries, parks, churches, schools, anywhere that people gather, bond with each other and work collaboratively. Investment in a robust social infrastructure signals our region's commitment to equal access to lifelong education, meaningful employment, arts and culture and services that sustain strong neighborhoods.

**Mary Frances Cooper, president & director,  
Carnegie Library of Pittsburgh**

The footprint of Downtown Pittsburgh is very small, even more now with the introduction of bike lanes. In most leading cities around the world, bus stops have been relocated to the periphery, which encourages walking, better air and a generally more pleasant place to live and visit. Why not Pittsburgh?

**Dennis Unkovic, Meyer Unkovic & Scott**

There is new energy and vitality in Pittsburgh. But we have not, as a region, figured out how to stem our population decline. Our political leadership must be in a position to plan, implement, and speak about growth initiatives for our entire MSA. With 130 municipalities, 109 police departments, and 43 school districts in Allegheny County alone, unlike other more streamlined and faster growing regions in the U. S., we have limits on our capacity to think broadly and speak with one voice. We should start by merging the City and the County.

**Bill Schenck, vice chairman, TriState Capital Bank,  
former Pa. Secretary of Banking**

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Create a strong, sustainable talent pipeline through greater leadership involvement. Work to open doors to education, employment, development and advancement. Help retain our youth and provide opportunities for all people in our region. Remember those who invested in you to make your success possible and pay those gifts forward.

**Leroy M. Ball, president & CEO, Koppers**

I would love to see a redesign of the traffic patterns in the Strip District to turn Penn Avenue into a pedestrian street. Also, it would be great to renovate the warehouse area into a year-round, open-air market where more local vendors and boutique artisans could display their goods.

**Susanne Cole, president & CEO, Pressley Ridge**

Pittsburgh is a gem—the region's residents appreciate all of our great amenities and professional opportunities. We need to attract outside talent to grow the population and fill our jobs. Let them see Pittsburgh for all that it is beyond the sports teams. We should be promoting and supporting our theaters, museums, parks.

**Ellen Freeman, partner-in-charge of the Pittsburgh office, Porter Wright**

I would like to see the city develop an area along one of the rivers as a destination for tourists, shoppers, restaurant-goers and folks seeking nightlife, with a mixture of parks, stores, restaurants, hotels and bars/nightclubs, as well as other attractions (like a Jazz Hall of Fame). Something like the River Walk in San Antonio.

**John Ferreira, Morgan, Lewis & Bockius**

Civil discourse among diverse colleagues has never seemed more important, nor more difficult, than it is today. I challenge us all to create deliberate experiences—like The Ellis School's Culture Jam—through which citizens can practice and engage in civil discourse with each other on topics of importance to our region.

**Macon Paine Finley, head of school, The Ellis School**

A comprehensive and diversified transportation system that serves the entire Pittsburgh region is key to attracting and retaining the employers—and workers—necessary to continue growing this area. A brighter future for the Pittsburgh region hinges on being able to move people and goods across communities and counties rapidly and efficiently.

**Mary C. Finger, president, Seton Hill University**

Make equal access to public education truly equal by eliminating all school districts and unifying them into one centralized county-wide system whereby every child would have access to the same educational benefits regardless of race, income, or community in which they live.

**August R. Carlino, president & CEO Rivers of Steel**

Pittsburgh should be the most accessible city in the world. This is more than just curb cuts on our streets, but truly setting the standard for state-of-the-art technologies that make our city's work places and public spaces accessible to everyone. We must do more and involve individuals with disabilities in the process.

**Wendy Pardee, president & CEO, The Children's Institute of Pittsburgh**

Pittsburgh is an exceptional example of a city of transformational change facilitated by the amazing resources in the city. A continued expansion of these amazing resources outward from the city into the long-term economic development of the region can create an even brighter future for Pittsburgh and the region.

**Douglas G. Lee, president, Waynesburg University**

The Terminal Modernization Program at Pittsburgh International Airport. What happens at the airport matters to our region. That's why our strategy of air service development, real estate development and terminal modernization works together to improve the facility and drive regional growth. Pittsburgh has undergone a renaissance. Our region's front door—Pittsburgh International Airport—should reflect that.

**Christina Cassotis, Allegheny County Airport Authority CEO**

Pittsburgh's Amazon bid recognized the importance of outlets for socially conscious workers. Let's make Pittsburgh a national leader in developing philanthropists for every stage of work life. Two programs at our foundation's Center for Philanthropy, the New Philanthropic Leaders group for younger professionals, and our Corporate Philanthropy Initiative for companies, are examples of programs that help profitable workplaces serve as community building spaces.

**Yvonne Maher, executive vice president, The Pittsburgh Foundation**

We live in a rapidly changing world of increasing complexity that is colliding with 19th and 20th century ways of thinking and doing. We must shift from a "silos" to a "systems" perspective, with closer alignment among universities, industry, government, and the community—all with a stronger sense of purpose and humility. Few regions have Pittsburgh's density of world-class knowledge, technology, and humanities resources. We should establish Pittsburgh as the gold standard for knowledge ecosystems that spawn exponential innovation in the new Knowledge Age.

**James R. Martin, dean, Swanson School of Engineering, University of Pittsburgh**

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It's a bird.  
It's a plane.  
**It's a big idea for Pittsburgh!**



## **CONTEST:** PITTSBURGH TOMORROW

Have a great idea to improve Pittsburgh?  
Here's your chance to make it a reality.

How would you like to have a private audience with the Mayor, County Executive and a group of potential funders to explain your idea to make Pittsburgh a better place? That's what the winners of our Pittsburgh Tomorrow contest will get: a chance to make a lasting contribution and help make Pittsburgh the greatest city in the world.

### **HOW TO ENTER**

Email your idea to [pghtomorrow@pittsburghquarterly.com](mailto:pghtomorrow@pittsburghquarterly.com). In under 500 words, describe your idea, why it's needed, how it would improve Pittsburgh and any other pertinent details. If you have back-up materials, including any visuals, please attach them to the email.

We will notify you if your idea is chosen as a finalist. Finalists may have their idea published in future issues of Pittsburgh Quarterly. The winners will be notified of their date with destiny, and the Mayor and County Executive.

**Deadline:** April 3, 2019

**Together, we can make Pittsburgh the best city in the world. Send us your idea!**

PITTSBURGH  
**QUARTERLY**



# PITTSBURGH TODAY & TOMORROW 2019

A shared vision and strong partnerships between the business and university communities is critical, not only to provide students highly sought-after experience, skills, and competencies, but also to create clear pathways to jobs that retain our graduates in the region. Working together, we must assure that Pittsburgh continues to grow as a leader in innovation, has rich career opportunities for young people, while keeping Pittsburgh a highly desirable place to live.

**Suzanne K. Mellon, president, Carlow University**

As we work to bring great tech companies to the region, we must deploy our intellectual resources to understand the policy implications (good and bad) of a technology-based economy. To be truly successful, artificial intelligence must be grounded in ethics, morality and the long-term good of the people it serves.

**Ken Gormley, president, Duquesne University**

Like Covestro, the Pittsburgh community has embraced the U.N. Sustainable Development Goals as a roadmap for creating a more sustainable future. I'd like to see our city engage the next generation in taking ownership of the U.N. goals and finding new, innovative ways to put the goals into action locally.

**Jerry MacCleary, chairman & CEO, Covestro**

Making a better Pittsburgh, to me, is all about believing in the notion of community and being a good neighbor. Community is all about giving and receiving. As a good neighbor, you give when you can and ask when you need. When we honor the courage of those who ask and open our hearts to meet the need, we make Pittsburgh better.

**Lisa Scales, president & CEO,  
Greater Pittsburgh Community Food Bank**

Pittsburgh's "most livable" status is alive and well. We're among the best cities for jobs, talent, safety, affordability, with great universities, culture, food and breweries. Hipsters love it here, too. What's missing on Pittsburgh's growing list of ranking accolades? Being a great place to start, relocate or headquarter a company must be next!

**Donald C. Bluedorn II, managing shareholder,  
Babst Calland**

I would love to see a commuter rail line along the I-79 corridor. I believe it would bring prosperity to the region and transform Pittsburgh from a large city to a true metroplex area, allowing for reasonable commutes from as far away as Erie. The synergy that would be created could be truly dynamic.

**William J. Behre, president, Slippery Rock University**

## Morgan Lewis

### REGIONAL STRENGTH, GLOBAL REACH

Our Pittsburgh office has a broad regional client base and also serves multinational companies located in the United States and abroad. Our lawyers have deep roots in Pittsburgh, benefiting clients in navigating the local business landscape and helping them grow. We serve many of the region's most successful entrepreneurial ventures, as well as global industry leaders in the financial services, energy, life sciences, technology, manufacturing, ecommerce, and retail sectors. Clients benefit from our seamless work across offices in North America, Asia, Europe, and the Middle East—delivering strategic legal advice on both a local and global scale.


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The Pittsburgh region can be a vast canvas for public art—demonstrating our core assets in creativity and the creative industries. Students, elementary and secondary, can produce works of public art, under the supervision of teachers and teaching artists, not only as robust project-based learning experiences, but also to instill a sense of civic engagement from an early age on. The Rural Arts Collaborative is doing just this with schools in small towns around western PA, but the model can be replicated in urban neighborhoods and public greenspaces. There can be competitions among schools and celebrations of the creativity and contributions of all students.

**Jim Denova, vice president, Benedum Foundation**

We need to grow our state economy in order to fund the many things we want to achieve. Pennsylvania should adopt a unitary tax system for greater fairness and to encourage business investment and entrepreneurialism. Currently, while large companies use complex maneuvering to avoid taxation, small businesses and startups bear the full weight of the state's high corporate tax rate, essentially subsidizing big business. A unitary tax system would enable the state to lower the tax rate—without negatively affecting tax revenues—thereby lifting the unfair burden off of small businesses and startups.

**Bill Demchak, Chairman, president & CEO,  
PNC Financial Services Group**

I would like to see dedication across the city to mentoring young people. We thrive as a city of artists, researchers, innovators and so much more.

At MWRI, we are committed to mentoring the next generation of scientists, helping them harness their talent. If our diverse city leaders incorporated mentorship into their organization's goals, Pittsburgh could become one of the best cities in the world.

**Michael J. Annichine, CEO, Magee-Womens Research Institute**

Diverse groups inspired us by standing in solidarity with the Jewish community after the anti-Semitic shooting Oct. 27. We strengthen these bonds further through shared experiences. Leaders from Jewish and black communities should together visit the National Museum of African American History and Culture and the U.S. Holocaust Memorial Museum.

**Jeffrey Finkelstein, CEO of the  
Jewish Federation of Greater Pittsburgh**

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## PITTSBURGH TODAY & TOMORROW 2019

Pittsburgh's future rests on the health and well-being of our region's children, teens and young adults. We have the opportunity and responsibility to come together as a region to develop a shared agenda that puts children first. With a culture of collaboration, innovation, and transformation, Pittsburgh can invest in our own future through our children and serve as a model for communities across the nation.

**Rachel Petrucelli, president, Children's Hospital of Pittsburgh Foundation**

Living, dining and playing downtown has amped up significantly in the past decade. To complete the city's transformation to a fully realized urban hub, an investment in a new retail corridor would complete the picture. Bring in stores that appeal to a broad demographic. If you build a Target, they will come.

**Lou Castelli, managing director,  
Pittsburgh Public Theater**

To maintain a vibrant economy, our region needs more affordable housing for individuals and families. In tandem, we also need an efficient and broadly available public transportation system. This combination, successfully implemented and maintained, will assist in attracting a more diverse and skilled workforce.

**Jim McQuade, President & CEO, Dollar Bank**

One generation of citizen leaders is readying to pass the torch to another. We must bring them together for conversations about daring to dream, setting priorities and harnessing the power of people pulling in the same direction for the long haul. This year, we're marking 75 years of such transformative public-private partnerships and focusing on the next 75 and tomorrow's leaders who can finish the good work to create an economy for all in our region.

**Stefani Pashman, CEO, Allegheny Conference  
on Community Development**



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Pittsburgh would be an even better place if more people could experience its stellar, bustling arts scene more often. Providing Pittsburghers, especially those in underserved neighborhoods, with greater access to singing and music lessons, musical instruments, and more opportunities to perform and/or attend performances will pay lifelong dividends.

**Christopher Hahn, general director, Pittsburgh Opera**

As outlined in Mayor Peduto's OnePGH Resilience Strategy, sustainable cities thrive because they offer all residents equal access to resources and opportunities. At Bank of America, we believe that increased investments in workforce development strengthen communities and give residents the power to improve their job performance by providing greater access to education, job training and skill-building activities.

**Brian Ludwick, Bank of America market president,  
Merrill Lynch market executive**

Pittsburgh provides a world-class quality of life and access to a skilled workforce. This is why PPG calls Pittsburgh our global home. But we can be stronger. Pittsburgh and the state government must provide a more business friendly environment, including a competitive tax structure to attract additional companies.

**Michael McGarry, chairman and CEO, PPG**

Invoke a rapid expansion incentive program, including fast-track permitting, identification of employee housing and securing grants, for all Pittsburgh-based companies that are growing quickly and require additional resources to facilitate job expansion in the city.

**Vincent J. Delie Jr., chairman, president & CEO,  
F.N.B. Corporation, First National Bank**

Expanding commuter train service along the I-79/I-80 corridors would widen opportunities for employment and economic expansion for Pittsburgh and the region and lighten the environmental and infrastructure burdens on existing roadways. Pittsburgh should take its cue from the decline in single-vehicle ownership/use among young adults and offer a responsive option.

**Kathy Brittain Richardson, president, Westminster College ■**



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# High times for cannabis

## AS TABOO FADES, LEGAL POT BECOMES BIG BUSINESS

written by Jeffery Fraser

Solveo Wellness opened its doors as Pittsburgh's first medical marijuana dispensary in February 2018 to customers young and old who braved the cold in a line that wrapped around its Squirrel Hill building. It was warmer in August, but the scene was the same when the dispensary added cannabis flower to its menu. If that wasn't enough to jolt pot's illicit image, Pennsylvania's auditor general went public as an advocate for legalizing it for all adults, ailing or healthy, as a way to reap nearly \$600 million a year in taxes to apply against the state's chronic budget deficit.

Public attitudes about marijuana have dramatically softened in recent years, despite the fact it remains an illegal drug of the highest order in the eyes of federal law enforcement and the U.S. Food and Drug Administration hasn't approved it as a treatment for most medical conditions.

And legalization is on the fast track. Medical marijuana is now legal in 33 states, and 10 states and the District of Columbia have legalized pot for recreational use among adults.

Most of the states that have legalized pot have done so in the past few years. Legalization, as a result, has outpaced research into the medical use and benefits of cannabis, as well as answers to important public health and safety questions, such as how it affects the rate of pot use among Americans and whether it poses a safety hazard on roads and highways.

Meanwhile, the young legal cannabis industry is booming, generating billions in tax revenue with the promise of more to come. "When we look at the metrics to see where this is going, it's clear that it's going to be very difficult to put the genie back in the bottle," said John Kagia, executive vice president of New Frontiers Data, a Washington, D.C., business analytics firm specializing in the cannabis industry.

### SURGING AHEAD

In states where it is currently legal, the cannabis market is expected to mature at a 14.7 percent annual growth rate and expand an \$8.3 billion industry into a \$23 billion industry by 2025, a New Frontier analysis suggests. And that's assuming no other states legalize marijuana, which defies current trends.

One reason is that cannabis is emerging as a golden goose for revenue-strapped states.



Washington, a full-legalization state, collected \$319 million in excise and sales taxes in 2017, its cannabis control board reports. Pennsylvania, with a 70 percent larger population, hasn't made recreational marijuana legal, but could earn \$581 million a year if it did, the state auditor general estimates. The estimate is based on a 35 percent state cannabis tax. If a 1 percent local sales tax is added, Allegheny County could expect \$3.8 million.

Pennsylvania's medical cannabis program registered 62,000 patients in the first eight months, which is on the high end of expectations. "We're farther along than states like New York and Illinois were when they were two years into their programs because we haven't had issues with registration," said Patrick Nightingale, executive director of the Pennsylvania Medical Cannabis Society and Pittsburgh chapter of the National Organization for the Reform of Marijuana Laws.

Cannabis is also a hyper-local industry, adding to its attraction among states. Federal drug laws prohibit shipping it outside of a state where it is legal. As a result, it has to be grown, processed, distributed and sold within each state, sustaining local jobs and investment. In Colorado, the first state to legalize recreational marijuana, cannabis employment accounts for 5.4 percent



of all job growth since 2014, according to a Kansas City Federal Reserve analysis.

Allegheny County residents were convinced that full legalization is the route to take even before the auditor general's July report. A month earlier, 62 percent said they favored making cannabis legal for recreational use among adults and only 32 percent opposed it in a Pittsburgh Today-University of Pittsburgh University Center for Social and Urban Research survey.

The findings echo national sentiment. An August Quinnipiac University poll found American voters support full legalization of marijuana by a margin of 63 percent to 33 percent. The survey also reported that 43 percent of voters have used marijuana recreationally.

This softening of views comes at a time when police across the U.S. arrest 599,000 people a year for marijuana possession—21 percent more than arrests for murder, robbery, rape and aggravated assault combined, according to the latest FBI data. Arrest data also underscore the argument that legalization could narrow racial disparities in drug arrests. African Americans are 3.7 times more likely than whites to be arrested on marijuana charges even though pot use among races is about the same.

## A CHALLENGING INDUSTRY

As arrest data suggest, enthusiasm for legalizing marijuana isn't rising everywhere.

U.S. drug policy is holding fast on classifying pot with drugs such as heroin and LSD as a Schedule 1 controlled substance with no accepted medical use and a high potential for abuse. The stricter schedule lets the Drug Enforcement Administration more tightly restrict access to cannabis, making it difficult to research and posing several hurdles that slow growth of the legal cannabis industry.

Major banks balk at serving the industry, concerned that doing so exposes them to possible prosecution under federal racketeering laws. About 400 financial institutions are working with cannabis businesses nationwide, but most are small credit unions or state-chartered banks. Legal cannabis is largely a cash business

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Isn't it time for

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with limited access to capital available to other industries.

With interstate commerce off-limits, cannabis businesses must set up production in every market they serve, greatly increasing the cost of expansion. Federal law also makes it tough for cannabis companies to claim standard business deductions, increasing their tax burden.

## ILLCIT COMPETITORS

Cannabis taxes are a critical factor for an industry under pressure to keep prices competitive. Unlike most industries, legal cannabis competes with a well-established black market that consumers are familiar with and that is exempt from the taxes and the cost of licenses, quality control, reporting and other regulatory requirements that apply to legal growers and sellers.

California's recent slump in cannabis tax revenues is blamed in part on high taxes. The state levies a 15 percent excise tax on retail cannabis sales and a weight-based tax on cultivation; cities and counties add a local sales tax as high as 20 percent on pot; and it is subject to a state sales tax. In Washington, state officials reduced a 25 percent tax on each of the three steps in the supply chain to a flat 37 percent retail tax after the price of legal recreational marijuana proved too steep to lure consumers away from the black market.

National legalization, although crucial for industry growth, would likely come with additional taxes to meet the federal government's desire for a piece of the pie. If pot were legal in all 50 states, a 15 percent federal sales tax alone would generate a total of \$46 billion in new revenue for the U.S. Treasury by 2025, a New Frontier analysis suggests.

Still, the outlook remains positive for the emerging industry. "As cannabis has become a kitchen table issue, there's been greater interest in its medical use, even among people who might not be cannabis enthusiasts by any stretch but are suffering from a condition and looking for some relief," Kagia said.

## TREATING WHAT AILS YOU

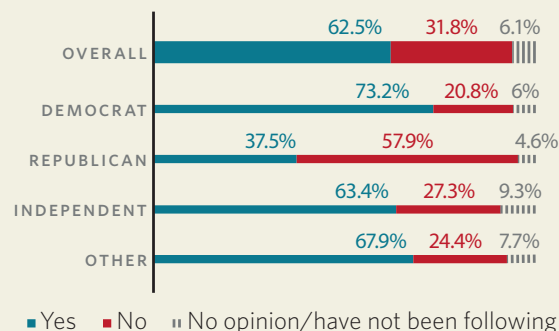
Antoine Douaihy is intrigued by the use of marijuana to treat chronic pain. As an addiction specialist, he's keenly aware of the value of safe and effective alternatives to prescribing opioids. Several studies suggest pot could be one, at least with some patients, and pain is one of 21 state-approved conditions that get you a medical marijuana card in Pennsylvania. But as a doctor, he's troubled by the missing pieces of the puzzle. And there are many, including answers to basic questions, such as how much relief does pot offer, for what type of pain and at what dose?

This story is similar for most other conditions

## Government: Marijuana

Do you support legalizing the sale of marijuana for recreational use in Pennsylvania?

Allegheny County residents, percentage of population by political party affiliation



SOURCE: Pittsburgh Regional Quality of Life Survey, June 2018

covered under state medical marijuana programs. "You have the potential for marijuana to help in certain conditions, but we don't have enough studies and strong evidence to know for sure," said Dr. Douaihy, professor of psychiatry and medicine at the University of Pittsburgh and academic director of addiction medicine services.

American voters favor legalizing marijuana for medical use by a 93 percent to 5 percent margin, according to a 2018 Quinnipiac University poll. And the chief reason why is the potential they see in marijuana as a treatment for people with conditions ranging from chronic pain, arthritis and epilepsy to insomnia and the effects of chemotherapy.

But largely due to marijuana being classified as a federal Schedule 1 controlled substance, doctors are left with an anemic body of research that examines its effectiveness. As a Schedule 1 drug, the U.S. Drug Enforcement Agency tightly restricts access to cannabis and how it is used, making research challenging and resulting in few clinical studies involving patients.

Anecdotal evidence and existing research, however, suggest its potential to help patients with certain conditions. Small-scale studies, for example, have reported that cannabis helps reduce diabetic neurop-





athy pain. Research, including clinical trials, found certain types of childhood epilepsy could be effectively treated with cannabidiol (CBD), a chemical compound unique to marijuana. The FDA approved CBD as an epilepsy treatment in June 2018.

RAND, in the largest study of pot's role in reducing opioid deaths, found that deaths fell in states where dispensaries made buying medical marijuana easy for patients, but didn't decline in states where rules for sales were tightened. In Illinois, patients with a doctor-certified condition that could warrant prescribing opioids, such as pain, now automatically qualify for the state medical marijuana program to explore pot as an alternative treatment.

### MISSING PIECES

Marijuana contains more than 400 chemicals and 66 unique chemical compounds. The best known, tetrahydrocannabinol (THC), is the primary psychoactive ingredient that gets users "high." CBD on the other hand is not intoxicating. In total, there are nearly 800 marijuana strains, each having different chemical profiles and effects.

With such a complex plant and so few clinical studies, its effectiveness in treating even state-approved conditions remains unclear. One is opioid addiction, which Pennsylvania was the first state to add to its medical marijuana program.

"We have medications that are effective for the treatment of opioid addiction. We can't say we are going to use medical marijuana as a first-line treatment," Dr. Douaihy said. "The evidence is weak, anecdotal. You hear of people using marijuana to wean themselves off of opioids, but others don't do well at all. Keep in mind, marijuana has its own addictive potential, which can complicate its usefulness as a treatment for opioid addiction. So, we just don't know."

Pennsylvania this summer approved eight universities to conduct clinical research on the medical use of marijuana, including the University of Pittsburgh.

What is clear is that for marijuana users, legalization has led to a better quality, safer and more transparent product than what's on the street. "An advantage

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patients have is they know when the product was cultivated, processed and who did it," Nightingale said. "They know it's fresh, tested, pesticide-free and what is on the label is what's in the product. You don't get that in the black market."

## PUBLIC SAFETY CONCERNS

Whether legalizing marijuana makes roads and highways less safe for motorists is a critical public safety question that has yet to be conclusively answered.

A recent study published in the American Journal of Public Health reports that three years after recreational marijuana was legalized in Washington and Colorado, changes in the overall number of traffic fatalities in those states were not statistically different than in other states where pot was not legalized. But Washington and Colorado have each seen an increase in traffic fatalities that involve drivers with traces of pot in their body.

Public officials in both states, however, acknowledge it's difficult to know precisely how many of those accidents were caused by marijuana intoxication. In many cases, alcohol or other drugs were involved. Also, finding traces of marijuana in the body doesn't always indicate a driver was intoxicated or impaired by pot. While marijuana intoxication can last a couple of hours, traces of pot can be detected long afterward, sometimes for weeks or a month or longer. And police don't have a roadside test for drivers to determine marijuana intoxication as they do for alcohol.

Another concern is whether legalization will increase the number of people who use it, particularly adolescents who may be inclined to try it but whose brains are still developing and the risk of harm is greater.

Marijuana use among adults has risen in states following legalization. But RAND researchers report those trends haven't generally been seen among younger populations. In Washington, the state's youth health surveys suggest that from 2002 to 2016, marijuana use rose slightly from 25 percent to 26 percent among 12th graders, but fell from 18 to 17 percent among 10th graders and from 10 to 6 percent among 8th graders. Pot was legal for both medical and adult recreational use during the last four years of that period.

Legalizing pot for adult recreational use, however, is a recent experiment that 40 states have yet to attempt. As with questions about medical cannabis, definite answers about how Americans will handle it are elusive, and for the same reason. "It's too early to determine whether full legalization will lead to more widespread use," Dr. Douaihy said. "We don't have the data." ■

# More people are leaving the region. Does it matter?

written by *Jeffery Fraser*

S ometime in 2008, more people began moving into the cities and suburbs of southwestern Pennsylvania from other parts of the country than were leaving for places and opportunities elsewhere. It was a watershed moment, the long-awaited reversal of a decades-long trend of being on the losing end of U.S. migration patterns. It proved to be short-lived.

Within five years, the region fell back to losing more residents than it was attracting, raising concern that the trend is a deep-rooted threat that the region cannot shake.

But is it?

It turns out that recent migration gains and losses in southwestern Pennsylvania are more of a reflection of hiring trends in a single industry, demographic and labor data suggest. The boom in Marcellus Shale natural gas production some 10 years ago kicked off a five-year trend during which the region attracted more people than it lost. When shale gas employment flattened in 2014 then declined, the region's migration gains disappeared.

"That's the reason. There is no mystery here," said Chris Briem, regional economist at the University of Pittsburgh University Center for Social and Urban Research.

## Largest migration to Pittsburgh, 2015-16

FROM	INFLOW	OUTFLOW	NET
Morgantown, W.Va.	510	220	+290
Erie	648	428	+220
New York, NY Newark, NJ	1,289	1,110	+179

## Largest migration from Pittsburgh, 2015-16

TO	INFLOW	OUTFLOW	NET
Dallas-Ft. Worth, Texas	235	792	-557
Tampa-St. Petersburg, Fla	199	682	-483
Houston, Texas	224	535	-311

SOURCE: Internal Revenue Service, 2015-2016 data  
Analysis courtesy of the University of Pittsburgh University Center for Social and Urban Research



The Pittsburgh Metropolitan Statistical Area is also not alone in losing more residents than it gains from other places in the country. Only four of 16 Pittsburgh Today benchmark regions posted domestic migration gains in each of the last 10 years. And the biggest loser among U.S. metro areas year in and year out is New York City, hardly the definition of a failing region.

### TRAUMATIC PAST

It's not that concern over the region's ability to attract and retain more people than it loses to other U.S. cities has never been unwarranted. The collapse of Pittsburgh's steel industry in the 1980s triggered a mass exodus.

Domestic migration is the flow of people into and out of cities and regions within a country. That flow includes a high rate of young adults, who typically move for employment or education. And when they leave, they take their future families with them.

The severe hemorrhaging that southwestern Pennsylvania endured in the wake of steel's decline slowed to a trickle within a few years. But the loss of tens of thousands of young adults over that brief period profoundly reshaped the demographic makeup of the region in ways that continue to be seen.

It also led to lingering anxiety over the migration trends and extraordinary efforts to staunch the flow of young adults to other places. They included Border Guard Bob, the fictional star of an aborted ad campaign whose idea of retaining young adults who couldn't be persuaded to stay was to attach a bungee cord to the back bumper of their cars and proclaim, "They'll be back."

But recent migration losses pale in comparison with those the region endured in the 1980s. In 1984, during the height of the exodus, southwestern Pennsylvania lost 50,000 more residents than it gained; roughly 70 percent were 18 to 39 years old. The single-year loss was more than six times greater than the net loss of residents in 2017, which was the region's worst year in more than a decade, according to U.S. Census Bureau data.

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## PITTSBURGH TODAY & TOMORROW 2019

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### PEAKS AND VALLEYS

Migration in southwestern Pennsylvania over the past 10 years is characterized by steady gains from 2008 to 2013, followed by a string of net losses in subsequent years.

Employment trends were behind those peaks and valleys, particularly in the shale gas industry, which blossomed when energy companies were able to extract tremendous volumes of natural gas from the Marcellus Shale formation that lies beneath the region.

Unemployment in the Pittsburgh MSA was lower—sometimes much lower—than the national rate from January 2007 to March 2015. Hiring was brisk in the shale gas industry for much of that period, especially early on when companies drilling at a feverish pace were importing thousands of workers from Texas and other more mature oil and gas regions to supplement a local gas and oil workforce too lean to meet the demands of rapid expansion.

But by 2016 the number of active gas rigs in Pennsylvania was down 80 percent from its peak in 2011, rig count data show. By 2017, the number of gas

extraction workers the industry employed had fallen 15 percent from its peak three years earlier, according to U.S. Bureau of Labor Statistics data. Unemployment in the region had climbed above the national rate. And the brief trend of attracting more people than the region lost each year did an about-face.

Other evidence underscores the impact of shale gas employment on the region's migration flow. In 2015-2016, the largest net losses were to Dallas-Fort Worth and Houston, two oil-and gas-rich Texas regions, and Tampa-St. Petersburg, Fla., which reflects the fact that 19.5 percent of the Pittsburgh MSA population is old enough to retire—the highest such rate among benchmark regions.

Drilling operations have regained their footing over the past 18 months. But changes in the industry temper expectations that greater activity in the gas fields will fuel future regional migration gains. The once-insufficient local natural gas workforce has grown more capable of meeting demand after a decade of development.

Advances in technology and practice and other factors have led to stunning efficiencies in shale gas



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## Mingled Visions

The Photographs of  
Edward S. Curtis  
& Will Wilson

An intriguing comparison of two photographers  
capturing Native American life.

March 30 – June 30, 2019

Top: Edward S. Curtis (1896-1952). Hinnon-Walpa Snake Priest, with Totipka Day Painting, 1921. Collection of the Schenker Museum of Art, Schenker, Pa. Gift of the Schenker Cultural Preservation Committee. Bottom: Will Wilson (b. 1962). Inurgent Hinnon-Walpa Snake Priest, 2015. Critical Indigenous Photographic Exchange, 2015. Courtesy of the artist.

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extraction that also apply downward pressure on the industry's labor force. The reach of a single well has greatly expanded, lessening the need to drill more. Production has steadily increased, even during recent years when natural gas prices slumped. Today, for example, Pennsylvania produces about 1 billion cubic feet of gas per extraction worker—a volume that took 2,300 workers to produce 10 years earlier.

"If you compare production to the rig count, it shows they're much more efficient than they've previously been, which might explain why we haven't seen as big of an employment bump that some might have expected, especially of late," said Corey Young, director of the Center for Energy Policy and Management at Washington & Jefferson College.

### 'AN EMOTIONAL ISSUE'

Whether shale gas or another economic factors conspire to steer southwestern Pennsylvania on a course toward gaining residents or whether the region continues to lose them to other places in the country remains to be seen. But domestic migration flow will likely remain a concern, if history is a guide. "It's an emotional issue," said Jim Russell, a northern Virginia-based geographer who studies migration flow, including its impact on south-

western Pennsylvania. "Our sons and daughters are leaving. Why would someone want to leave a great place?"

Migration flow alone tends to be a fickle indicator of the health and potential of a place. No U.S. metro region loses more U.S. migrants than it attracts than New York City. From 2016 to 2017, its net losses totaled 209,000 residents. Yet, the metro area was a winner in the fiercely competitive bidding for Amazon's second headquarters late last year.

New York grows its population by having more births than deaths each year and large numbers of immigrants arriving on its shores—two characteristics lacking in Pittsburgh. Moreover, it's a place where people go to acquire human capital to be successful. "New York is an engine of prosperity," Russell said. "People move

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there in large numbers and move out in a better station. It's an escalator city: You move in, up and out. I think that's a marker of vibrancy."

Boston and Philadelphia are among Pittsburgh Today benchmark regions that have found themselves on the losing end of domestic migration in the past four years.

In some cases, the circumstances that lead people to leave are far from an indictment of the region. People with higher levels of education tend to be more mobile. And Pittsburgh does a good job educating its citizens compared with other regions. Nearly 94 percent of the Pittsburgh MSA population has at least a high school degree, one of the highest rates in the nation. More than 46 percent have at least a bachelor's degree, up from 31 percent five years ago.

Even much-coveted gains in domestic migration can be misleading economic measures. Reading, Pa. recently reversed a long trend of losing more residents than it gained, largely by attracting sizable numbers of people struggling to live in New York. But in Reading, only 66 percent of the city's population has a high school degree or higher. In the city of Pittsburgh, it's more than 92 percent. In Reading, the median household income is \$28,755 a year. In Pittsburgh, it's \$44,092. In Reading, nearly 40 percent of the population lives in poverty. In Pittsburgh, the poverty rate is almost half of that, according to 2013-2017 Census data.

Keeping residents is less of an issue for southwestern Pennsylvania than attracting them. Tepid job growth over the past 10 years has been a considerable headwind when it comes to drawing workers from other places. And while the region's attributes are many, word hasn't reached large numbers of highly mobile young workers, Russell said.

Low crime, housing that's more affordable than in many other major cities, increasingly vibrant city neighborhoods and a growing innovation economy are assets that catch the eye of young workers. "Being able to own a house is attractive to some with advanced skills who can't afford to buy in a growing region where prices have escalated. But you have to get on their map. They go to cities that are on the map for them."

It's that appeal that Duolingo, maker of a popular language-learning platform, exploited to lure Silicon Valley talent to Pittsburgh when it leased a billboard along San Francisco's Highway 101 last year with the simple message, "Own a home. Work in tech. Move to Pittsburgh." ■

## Never-ending gap

### IN PITTSBURGH, BLACK-WHITE INCOME DIFFERENCES ARE STARK

written by *Julia Fraser*

**T**he wide gap between incomes earned by white and black workers is a national phenomenon that won't go away. And it's particularly severe in southwestern Pennsylvania.

African Americans living in the seven-county Pittsburgh Metropolitan Statistical Area earn 48 percent less than white residents on average, 2017 U.S. Census Bureau median income data suggest.

Income influences many facets of people's lives, ranging from their ability to make ends meet to the quality of their housing. It also influences how they view of the quality of life a region has to offer, and in southwestern Pennsylvania those views are vastly different among races. Only 29 percent of African Americans in Allegheny County rate the quality of life as "very good" or "excellent" compared to 74 percent of residents of other races, a survey by Pittsburgh Today and the University of Pittsburgh University Center for Social and Urban Research finds.

Differences in education, whether people work in higher or lower-wage sectors, the decline of union membership, and discrimination all play roles in the persistent black-white pay gap, experts say. And there are no quick fixes to the complex, systemic problem.

#### STUBBORNLY WIDE

The income gap separating whites and blacks in the Pittsburgh MSA is wider than the national average.

White residents in the region earned a median income of \$59,044 in 2017. African Americans earned \$30,440, according to U.S. Census Bureau American Community Survey data. That's an average of 52 cents for every dollar white residents in the region earned, or 48 percent less. Across the U.S., African Americans earned 62 cents for every dollar white residents earned, or 38 percent less.

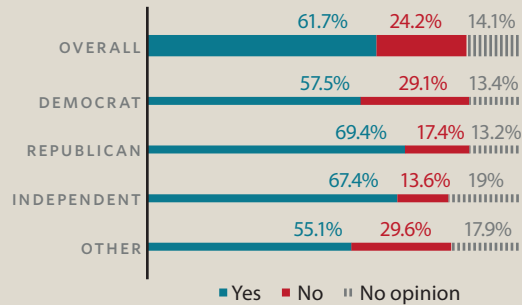
The gap hasn't moved much in southwestern Pennsylvania over the past 10 years or more. In 2007, blacks in the Pittsburgh region earned 51 cents for every dollar whites earned, or 49 percent less. Since 2000, black women, particularly young black women with 0-to-10 years of work experience, have been the most vulnerable, according to a report by the nonprofit Economic Policy Institute, a nonpartisan Washington, D.C. think tank.

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## Government: State Store Blues

Do you support the abandoning of the PA state store system?  
Allegheny County residents, percentage of population  
by political party affiliation

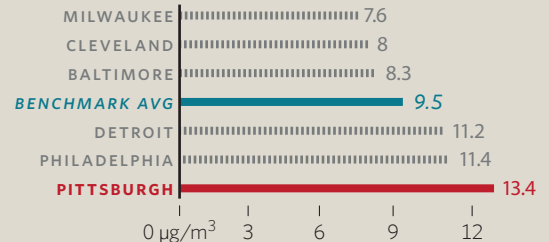


SOURCE: Pittsburgh Regional Quality of Life Survey, June 2018

## Environment:

PM 2.5, Fine Particulate Air Pollution

Average annual concentration of fine particulate air pollution (PM 2.5) in micrograms per cubic meter, 2017.  
U.S. standard = 12 or below



Highest, lowest and average among 16 Pittsburgh Today benchmark metropolitan statistical areas. (Data does not reflect compliance with EPA standards, which are based on three-year average.)

SOURCE: U.S. Environmental Protection Agency, Monitor Values Report

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Black women working full-time in the Pittsburgh MSA saw their earnings fall 1.2 percent from 2007 to 2017, according to the Census, using 2017 inflation-adjusted dollars. But white men, white women and black men saw their earnings rise over the same period.

Today, the gap between races in the U.S. is wider than it was in 1979. It hasn't followed an even trajectory and significant differences once seen among regions have faded. The gap grew in the 1980s, when union membership began to rapidly decline and unemployment was high. And it narrowed during the late 1990s, when labor markets tightened and Congress raised the minimum wage, which disproportionately affects black workers.

"Starting in 1979, the black-white wage gap was actually the smallest in the Midwest," said Valerie Wilson, director of the Program on Race, Ethnicity and the Economy at the Economic Policy Institute. "The region was heavily industrial and a lot of people working in those industries were in unions. Fast-forward to 2015, the advantage in the Midwest had gone away and regardless of what region in the country you lived in, the gap was about the same."

## NO SINGLE CAUSE

Certain factors tend to influence the income people earn more than others. Their education, for example, often defines the range of job options they have. The job sector they work in sets the range of pay they can expect.

African Americans, the largest minority population in southwestern Pennsylvania, are most concentrated in some of the lowest-paying job sectors in the region, such as administrative and support and waste management, and the accommodation and food services industry, according to the U.S. Census Bureau Longitudinal Employer-Households Dynamics data.

And there is a sizable black-white education gap in the Pittsburgh MSA. While whites and blacks each have high rates of having earned a high school diploma, only 19 percent of African Americans have a bachelor's or more advanced degree compared to 34 percent of whites.

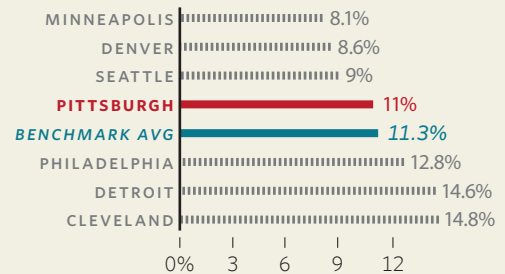
But higher education doesn't guarantee wage equality among races. Census data suggest, for example, that black women with a bachelor's degree earn about 40-cents-on-dollar less than a white man with a bachelor's degree.

"Education doesn't deliver as much for black people as it does for white people," said Larry Davis, dean emeritus at the University of Pittsburgh School of Social Work and director of the Center on Race and Social Problems. "White men without an education are more likely to be employed than black people with an education. This is not just a function of training. People have to hire them and pay them. People in the black community see a friend spend money and go to school and still not have a job. And they think, 'He's a fool. Why would I do that?'"

Education, job sector and other available data don't

## Demographics: Poverty

Percentage of population in poverty, 2017



Highest, lowest and average among 16 Pittsburgh Today benchmark metropolitan statistical areas.

SOURCE: U.S. Census, American Community Survey, one-year estimates

fully explain the nation's widening gap, Wilson said. "All the things we can observe don't explain it, so our conclusion is that most of the expansion of the gap has been due to discrimination."

Discrimination and the degree it affects hiring is difficult to measure, but has long been a quiet factor.

"We still see stereotypes in [human resources]," said Vera Krekanova, chief research officer at the Allegheny Conference. "Intentionally or unintentionally, there are a lot of glass ceilings for minority workers. We see the effect of that on the out-migration [population] data. Compared to our peer regions, we are losing minority population at a higher rate. A lot of people who are leaving are in that middle-class space. I think that could be attributed to lack of economic opportunities or advancement, and wages are part of it."

Anti-discrimination laws have been enacted, but are only a hedge against discriminatory hiring when enforced and allegations can be proven. But proving employment discrimination is difficult, Wilson said. Limited access to information on hiring decisions, pay and advancement within companies also makes it challenging to understand discrimination and the pay gap and how to solve it. "We don't really know what goes into their hiring decisions. It becomes incumbent on employers to be proactive about attracting more diverse candidates, hiring a more diverse workforce and showing what their pay looks like across the company."

The income gap between races defies a quick, simple solution. And narrowing it requires the will of the broader community, Davis said. "Pittsburgh has a chance. I think people are more aware of the problem and we have some good local leaders. But we have to increase the number of people who are really willing to go to work and engage in the process with us and keep this issue front and center." ■

*Julia Fraser is a Pittsburgh Today staff writer and research specialist.*



# Slow and steady

## PITTSBURGH'S ECONOMY WILL GROW IN 2019

written by Jeffery Fraser

Pittsburgh's spirited bid fell short of landing Amazon's second headquarters and the 50,000 jobs it promised in 2018, but the southwestern Pennsylvania economy continued encouraging trends in job growth, wages and unemployment on its own.

Such gains helped the region open 2019 with a solid economy that is expanding opportunities for businesses and workers alike, although not in dramatic fashion.

And among those optimistic about the region's economic prospects are the consumers who'll play a big role in determining them. More Allegheny County residents are bullish about this year's economy than in 2011, when they were last asked their near-term predictions, a recent survey suggests.

### MAKING JOBS AGAIN

Pittsburgh, Allegheny County and the state tried to lure Amazon to southwestern Pennsylvania with what was perhaps the largest package of incentives offered by the more than 200 cities that competed

for the company's second headquarters. Amazon in November chose New York City and northern Virginia, instead. Each is expected to gain 25,000 jobs apiece—a prize akin to hitting the lottery for southwestern Pennsylvania, where local job creation has been a lingering concern for much of the decade.

Without the jolt of such a stimulus, the region's hopes are pinned on creating jobs with the companies that already call it home, which it did for the second consecutive year in 2018.

Monthly year-over-year job counts suggest that only retail, wholesale and financial services shed jobs in 2018. Jobs grew about 1 percent in 2017, which was celebrated for bucking a four-year trend of stagnation and lit hope that it was a sign of a period of sustained growth, however unspectacular it might be compared to high-octane metro areas, such as Seattle and Austin.

About three-quarters of the job gains last year came in the construction, health care, and leisure and hospitality industries. Construction, in particular, is booming with the Shell Appalachia ethane cracker complex in Beaver County requiring thousands of workers, local hospitals beginning major capital projects and the energy industry building out its infrastructure.

Retail workers had little to cheer about, however, and shouldn't have been surprised, as consumer behavior continued to shift in favor of online buying, causing stores to slash jobs across the U.S.

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But at the same time retail jobs are disappearing, consumers are spending more on entertainment, dining and other leisure activities, stimulating jobs in that sector. "As we see retail decline, it's not unusual to see leisure and hospitality increase," said David Ruppertsberger, president of the Pittsburgh Regional Alliance. "If people aren't buying things, they are doing things."

Jobs were even added in manufacturing for the first time since 2012. "One nice thing about manufacturing is that it's more geographically dispersed and more likely to benefit the entire region," said James Futrell, vice president of market research and analysis at the Allegheny Conference on Community Development.

There is good reason to be concerned about where jobs are being created. Six of the nine counties surrounding Allegheny County have continued to lose jobs since 2010, when the U.S. economy began expanding in earnest.

### FATTER PAYCHECKS

Unemployment in southwestern Pennsylvania dipped below 4 percent at times last year, falling to within striking distance of the national rate, which it still trails. Only during a red-hot national economy, such as the dot-com boom in the 1990s, has local unemployment been so low.

As jobs were added and unemployment crept lower, the labor force tightened even more, heating up the competition for workers. "The low unemployment rate is something you see nationwide," Futrell said. "As the labor market gets tighter here, where do the workers come from to fill the job?"

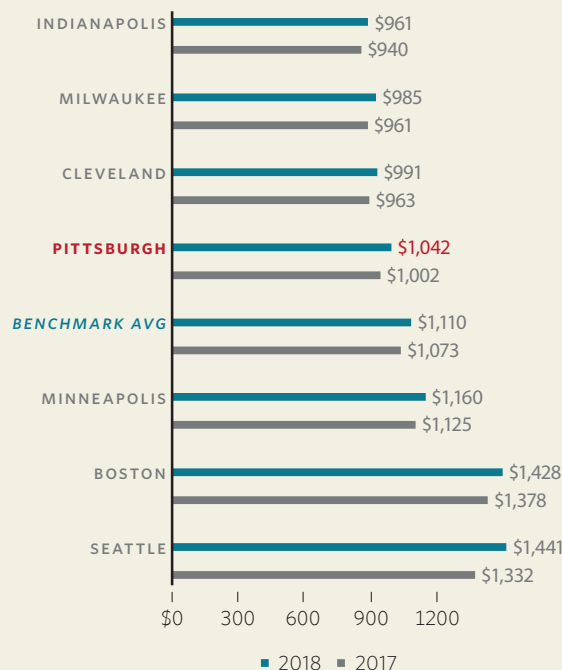
The cost of doing business is rising in that climate, particularly in southwestern Pennsylvania, where wage growth last year outpaced most of the Pittsburgh Today benchmark regions, partial-year U.S. Bureau of Labor Statistics suggest. "Businesses face an environment where they have upward pressure on their labor costs, putting pressure on their bottom lines," said Kurt Rankin, vice president and economist for PNC Financial Services Group. "But we have jobs being created. Jobs bring incomes and Pittsburgh residents have been spending those incomes."

The spike in wages could help businesses convince workers to move to the region, which has the additional disadvantage of being surrounded by states with a higher minimum wage than what's offered in Pennsylvania. The average weekly wage in the Pittsburgh MSA has climbed higher than six Pittsburgh Today benchmark regions, including Cleveland and Cincinnati. But it's still lower than eight others, including Baltimore, Detroit and Philadelphia.

"The increase is long overdue. We've been a low-wage region for far too long," said Vera Krekanova,

### Economy: Average Weekly Wages

Average weekly wage in dollars, 2nd quarter 2017 to 2nd quarter 2018



Highest, lowest and average among 16 Pittsburgh Today benchmark metropolitan statistical areas

SOURCE: U.S. Bureau of Labor Statistics, 2nd Quarter 2017-2018

chief research officer at the Allegheny Conference on Community Development. "Honestly, the growth should be higher in terms of reflecting what is happening in the labor market. It's good news, but it's not extraordinary. We are just catching up."

Any worker drawn to a job in the region would help bolster the flagging local labor force, which contracted for the third consecutive year.

### LOOKING AHEAD

PNC economists expect the national economy to pick up steam and grow during the first half of the year, perhaps by around 3 percent on an annualized basis, before slowing. Unemployment is expected to drop further, keeping the labor market tight and job growth is likely to slow under those conditions.

It's widely expected that the impact of last year's tax cuts will begin to fade as consumers return to familiar spending patterns. And tariffs, trade war rhetoric, market turbulence and political unrest at home and abroad are among the headwinds the U.S. economy will face.

Southwestern Pennsylvania's economy is influenced by national trends, but the highs and lows tend to be



mutated in the region. "Pittsburgh is going to ride along those waves as opposed to being on the crest of them," Rankin said.

Challenges the region faces from within include demographic trends. Another year of shrinking population wasn't good news for businesses tied to consumer spending. "For anything that is consumer-facing, the decline in population is a trend that's hard to beat," Ruppertsberger said.

But with major building projects blooming, construction is expected to remain a strong source of local jobs along with the leisure and hospitality industry, a stalwart in recent years. Expansion in the health care industry offers hope that jobs in one of the region's largest employment sectors will continue to grow. Manufacturing also enters 2019 on a positive note, although it is one of the local sectors most sensitive to the behavior of global markets.

The region's labor force might even get some help from new state policies, such as the Clean Slate law, which eases some of the restrictions that tend to keep nonviolent criminal offenders from getting jobs.

Confidence in the local economy is higher than usual in Allegheny County. Residents expressed as much in a quality of life survey conducted by Pittsburgh Today and the University

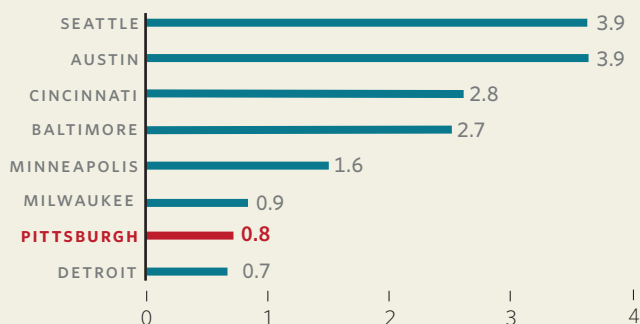
Center for School and Urban Research at the University of Pittsburgh. Some 38 percent of county residents said their personal finances improved over the last three years, up from 30 percent in 2011. That might help explain why 40 percent expect the local economy to improve this year compared to the 32 percent in 2011 who thought the coming year would be better. That number, however, falls to 29 percent among African Americans.

Still, only 16 percent of people living in the population and employment center of southwestern Pennsylvania expect 2019 to be a down year. ■



## Job Growth

Percent change in jobs from December 2017 through December 2018



Highest/lowest metro areas among Pittsburgh Today benchmark regions  
SOURCE: U.S. Bureau of Labor Statistics

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# The Pittsburgh flip

WITH THE INFLUX OF YOUNG, AFFLUENT NEWCOMERS,  
RENTERS NOW OUTNUMBER HOMEOWNERS IN THE CITY

written by *Julia Fraser*

**T**om Maiden has been renting in the city of Pittsburgh for decades. He has a well-paid job as manager of user services at the Pittsburgh Supercomputing Center, and while he's never shut the door on the idea of buying a home, the ease and convenience of renting is too compelling.

"While renting might be slightly more expensive, it allows me not to be concerned about any major thing," said the 46-year-old Bloomfield resident. "I don't have to worry if the roof goes, the walls fall in—that's all on the landlord. I'd much rather spend my time socializing or traveling. If your sewer line goes, that's three or four vacations."

He is not alone. Homeownership rates have slipped so much over the past decade that renters now outnumber homeowners in the City of Pittsburgh. In 2007, nearly 54 percent of city residents owned their homes. Today, less than 49 percent do, U.S. Census Bureau data show.

It's a trend that has played out in most major U.S. cities since the 2007-2008 financial crisis. More young people are being drawn to urban living. More highly educated people are choosing to rent and rent longer in urban markets. The change is transforming some neighborhoods, with an influx of newcomers and rising rents that some long-time residents struggle to afford.

## THE DECLINE OF URBAN HOMEOWNERS

While homeownership in the City of Pittsburgh is no longer the norm, it remains high in the region. Nearly 70

percent of housing is owner-occupied in the seven-county Pittsburgh Metropolitan Statistical Area, according to 2017 Census Bureau data. But even the regional homeownership rate is lower than it was 10 years earlier, when nearly 77 percent of southwestern Pennsylvanians owned their home.

Homeownership is not a trivial matter for the fabric of communities, regardless of their size or setting. "It's really important in terms of building equity and accessing wealth," said Dave Breingan, executive director of community development group Lawrenceville United. "It's part and parcel with the American dream. Giving people access to homeownership can open up a variety of economic opportunities. And they're less at risk from the whims of landlords and protected against displacement."

Home ownership rates among young adults and black households nationally have fallen to near 30-year lows, according to a 2018 report by the Joint Center for Housing Studies of Harvard University. Slow income growth among low-to-moderate-income households and young adults has been a factor, Harvard researchers report. The median income of the quarter of the



population with the lowest earnings rose only 3 percent between 1988 and 2016 and 25-to-34-year-olds saw only a 5 percent bump.

## WHO'S RENTING

In Pittsburgh, African Americans are more likely to rent than white residents. In Allegheny County, they're more than twice as likely than whites to do so, according to the Pittsburgh Regional Quality of Life Survey conducted last year by Pittsburgh Today and the University of Pittsburgh's University Center for Social & Urban Research (UCSUR).

An increasing number of renters are better-educated and simply choosing to rent rather than buy.

More than 48 percent of city renters had at least a bachelor's degree in 2017. Ten years earlier, only 32 percent had a college degree.

And more are young adults. The city's 18-to-35-year-olds accounted for 54 percent of the population in 2017, up from 41 percent 10 years earlier.

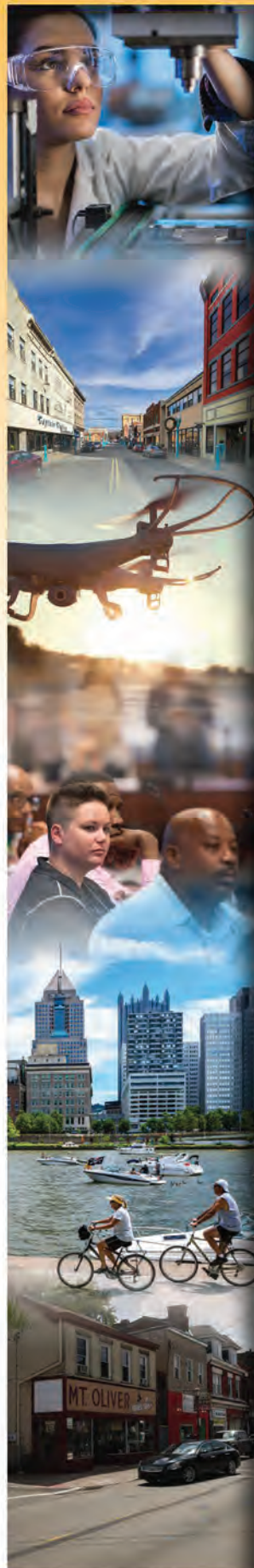
"There is a bulge of millennials," said Sabina Deitrick, co-director of UCSUR's Urban and Regional Analysis program. "Young people have been increasing in numbers in the city since 2000 and younger people tend to go into a rental market first. An increase in the number of rental units, an increase in the number of people and a shift in preference for staying in the city all point to growth in city's rental market."

Harvard researchers suggest some young adults rent because they value its flexibility, others because they are paying down student loans that, even with a sizable paycheck, can leave them short of cash for a down payment on a house.

Whatever the reason, developers recognize a market when they see it. And the increase in multi-unit apartments in city of Pittsburgh neighborhoods is one way they've responded. High-end multi-unit apartments may still be a minority player in the city's rental stock, but they account for the bulk of new rental construction since 2014, Census data suggest.

"There are a lot more rental apart-

>>



## ALLEGHENY COUNTY ECONOMIC DEVELOPMENT ...COORDINATING SUCCESS

It seems like nearly every week Allegheny County and the Pittsburgh region are named to a new top-10 list or receives another accolade for its amenities and overall quality of life. Just recently, National Geographic Traveler magazine ranked us No. 3 among the top destinations to visit on the planet, and BBC chose us as the seventh-best area for food in the world. Considering all that we have to offer and the positive attention we've been getting, it's no wonder we boast a diverse, thriving economy and have become a magnet for new and expanding businesses, entrepreneurs, travelers, students, and young people.

Allegheny County Economic Development has played a big part in that success by helping to create vibrant places for our residents and visitors. Its Allegheny Together program assists municipalities with revitalizing their main street corridors, and recent contributions have gone to extensive streetscape projects in Bellevue, Sharpsburg, and Stowe. Significant investments also are being made — \$10.5 million in 2017 alone — in the rehabilitation and development of brownfield sites, turning once-blighted areas into places of opportunity. And Economic Development offers services to small-business owners, including planning and site-search assistance as well as low-interest gap financing. Recent loans have supported our emerging food scene by helping Superior Motors purchase furniture, fixtures, and equipment; Tazza D'Oro expand to a new location; and Black Forge Grounds acquire real estate and furniture.

Additionally, Economic Development has made it easier to get to our new community destinations and has added recreation options in the process. Through the Active Allegheny program, the department has provided financial support for the planning, design, and funding projects that connect this region's growing bicycle and pedestrian infrastructure to jobs, transit routes, parks, trails, schools, and other important locations. Now in its third year, the program has awarded \$581,667 to 24 different projects.

We're extremely proud of those efforts and accomplishments, but we know that none of it would be possible without this area doing what it does best — working together. Through collaborative efforts, we expect to see continued progress that puts us in the spotlight and makes Allegheny County an even more attractive place to live and visit.



Rich Fitzgerald  
County Executive

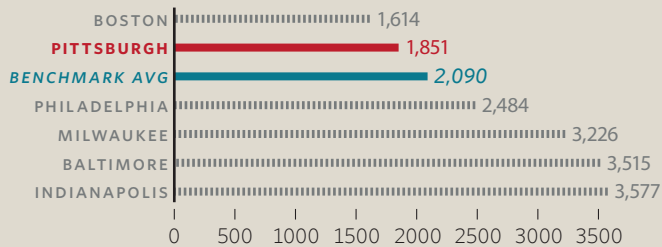


Lance Chimka, Director Economic Development  
One Chatham Center — 112 Washington Place — Pittsburgh, PA 15219  
412.350.1000 — [www.alleghenycounty.us/econdev](http://www.alleghenycounty.us/econdev)



## Public Safety: All Crimes

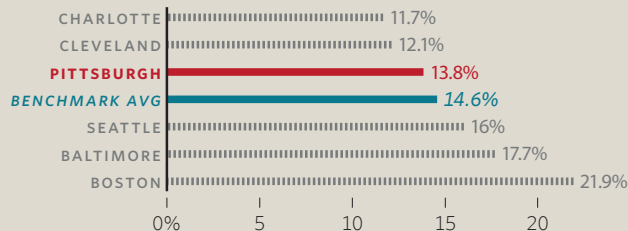
Rate per 100,000 residents, 2017



Highest, lowest and average among 16 Pittsburgh Today benchmark metropolitan statistical areas. SOURCE: FBI Uniform Crime Reports

## Education: Graduate or Professional Degree

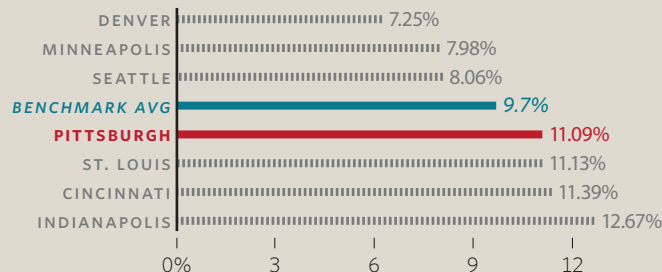
Percentage of population with a graduate or professional degree, 2017



Highest, lowest and average among 16 Pittsburgh Today benchmark metropolitan statistical areas. SOURCE: U.S. Census Bureau

## Health: Adult Diabetes

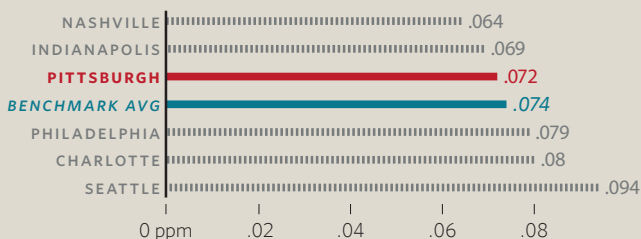
Percentage of adult population with self-reported diabetes, 2016



Highest, lowest and average among 16 Pittsburgh Today benchmark metropolitan statistical areas. SOURCE: Centers for Disease Control and Prevention, Behavioral Risk Factor Surveillance System

## Environment: Ozone Levels

8-hour annual ozone level in parts per million, single-year data, 2017  
U.S. standard = .070 ppm



Highest, lowest and average among 16 Pittsburgh Today benchmark metropolitan statistical areas. (Data does not reflect compliance with EPA standards, which are based on three-year average.) SOURCE: U.S. Environmental Protection Agency, Air Quality Statistics Report

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ments since the Great Recession and most of new construction coming out of those years was rentals,” Deitrick said. “That’s where builders were building, that’s where banks were lending and that’s where demand is.”

Walnut Capital’s Bakery Square properties in the city’s Larimer neighborhood were early entries in the city’s high-end rental market when built in 2014. “We started seeing that it was possible to make new properties within the city,” said Todd Reidbord, president of Walnut Capital. “In 2014, we saw this bubble of 50 years burst. It had been very difficult to build new apartments in the city because the cost to build them was in excess of the rent you could get. That shifted and we were able to build new apartments. And when we build them, they’re for the new Pittsburghers, not the old Pittsburghers.” At least 80 percent of tenants in Walnut Capital’s new apartments are not from Pittsburgh.

For affluent residents, some of the shift to renting may be due to convenience and amenities. “In the past,” Reidbord said, “you had a two-bedroom apartment in Squirrel Hill that was large and spacious. Now someone will pay just as much to live in a 600-square-foot studio apartment with a swimming pool, a weight room, a huge lobby, package delivery and free coffee. That’s the changing market.”

Such trends contribute to higher rents. The national median rent rose 20 percent faster than inflation from 1990 to 2016, according to the Harvard report. And new high-end units in Pittsburgh aren’t cheap. A one-bedroom in Walnut Capital-owned Bakery Living Blue, for example, goes for \$1,626 to \$2,151 a month.

## POCKETS OF CHANGE

The housing shift and its impact are not evenly experienced throughout the city. The shift is most apparent



in neighborhoods experiencing a surge in popularity. And rent can vary widely from neighborhood to neighborhood—sometimes even from block to block—due to demand, quality and other factors. For example, a one-bedroom apartment on the South Side costs \$1,124 a month; a few miles away in Brookline, a one-bedroom averages \$748.

Greater apartment demand pushes up rents and reduces the number of units for those who can't afford to keep up with rising prices. The most vulnerable are extremely low-income households whose earnings are 30 percent or less of median income locally. For every 100 such households in the Pittsburgh MSA, there are only 45 affordable housing units available, according to a recent National Low Income Housing Coalition report. And for Pittsburghers earning half the median income or less, the city has 17,300 fewer units than it needs, according to the city's Affordable Housing Task Force.

"There is high demand in the rental market," said Gale Schwartz, program manager, Housing Alliance of Pennsylvania. "We need naturally occurring affordable housing and more subsidized housing. But what's being built is luxury."

Lawrenceville is one city neighborhood that has seen its popularity soar in recent years, which has led to business growth, widespread revitalization and a profound shift in its housing market. It's also led to a shortage of housing for long-time residents less affluent than the newcomers. In 2010, median rent for a one-bedroom apartment there was \$913 a month, according to Census numbers. Today, it's \$1,300, according to rentometer.com estimates.

"Over the course of the past 10 years, there have been pockets of high appreciation throughout the city," said Mekael Teshome, vice president and senior regional officer of the Pittsburgh Branch of the Federal Reserve Bank of Cleveland. "It's a feature of our housing market. We don't have a huge supply of housing. But we have pockets of appreciation that create demographic shifts within those neighborhoods." **PQ**

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