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Airport effects this economy more than most

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AIRPORT ECONOMICS

Every 100 airport jobs in Allegheny and Beaver counties ...

| Are associated with 223 total jobs. Forty-three of the jobs directly support the aviation industry, and 80 cater to employees' personal needs, such as housing, health care, retail and food.

| Generate \$14.2 million in annual wages.

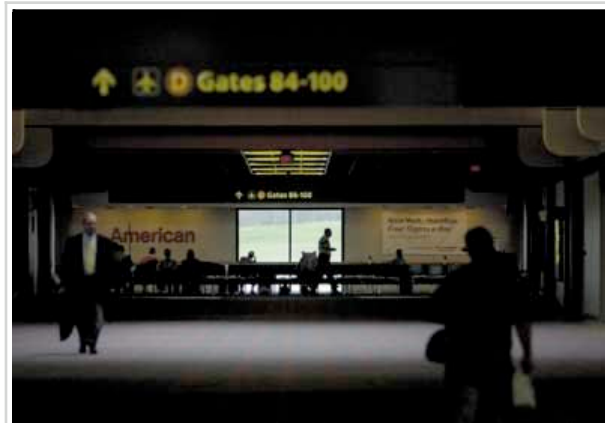
| Generate \$832,000 in annual property taxes.

Source: Penn State Economic and Workforce Brief

DID YOU KNOW

| Every 100 airport jobs in Allegheny, Beaver and Philadelphia counties — which include the state's two largest airports — are associated with 385 total jobs that generate \$20.1 million in wages and \$1.2 million in property taxes.

| That pales in comparison to the gas and oil extraction and refining industry in rural McKean County, where every 100 industry jobs are associated with 555 total jobs that generate \$25.4 million in wages and \$2.1 million in property taxes.



The Times/LUCY SCHALY American Airlines passengers wait for their flights on Concourse D at the Pittsburgh International Airport.

Source: Penn State Economic and Workforce Brief

US AIRWAYS CUTS

US Airways has eliminated 34 daily flights at Pittsburgh International Airport this month and intends to cut four more daily flights in February. When the cuts are complete, US Airways will operate just 76 daily flights in Pittsburgh, down from more than 550 early this decade.

Pittsburgh's busiest carrier has also laid off 450 ground workers this month, three-quarters of whom worked for the express carrier PSA Airlines, and intends to close its Pittsburgh flight-crew base in March and transfer more than 500 pilots and flight attendants to bases elsewhere.

FINDLAY TWP. — The loss of nearly 1,000 locally based airline jobs this year will suck \$142 million in annual wages from the economies of Beaver and Allegheny counties, according to a Penn State University analysis.

That's chump change compared with the \$1.4 billion that has been lost this decade as a result of US Airways' job cuts at Pittsburgh International Airport, the analysis shows.

US Airways had more than 12,000 Pittsburgh-based employees prior to the Sept. 11, 2001, terrorist attacks. After its latest job cuts take effect this year, it will be left with just 1,800.

"That doesn't mean the counties are going to go to hell in a handbasket," said David L. Passmore, director of Penn State's Institute for Research in Training and Development, of the lost jobs and wages.

But Randy Nutter, an airline expert who chairs the business department at Geneva College, said the airport losses are eerily reminiscent of the steel industry's collapse here in the 1980s. That sucked an estimated \$2.5 billion a year from the Beaver County economy alone.

"I feel like we've been here before," Nutter said.

ECONOMIC ENGINE

The latest job cuts at Pittsburgh International, announced by US Airways last fall, prompted Penn State researchers to study the economic impact of airports in the region. The university has performed nearly 50 similar studies on other industries across the state.

Not surprisingly, the researchers found that airports are a major economic engine here.

Every 100 airport jobs are associated with 223 total jobs in Allegheny and Beaver counties, the analysis said. That included 43 jobs directly supporting or supplying the aviation industry and 80 jobs catering to the employees' personal needs, such as housing, health care, retail and food.

Those jobs generate \$14.2 million in income and \$832,000 in property taxes, according to the analysis.

"The region's airports are on the same level as a large manufacturing firm. They need a lot of people to supply them, and most of their workers tend to live in Allegheny or Beaver County and spend their money there," said Rose M. Baker, manager of Penn State's Workforce Assessment Center.

By comparison, across the state in Philadelphia County, home of Philadelphia International, every 100 airport jobs are associated with just 162 total jobs that generate \$5.9 million in wages and \$335,000 in property taxes.

That doesn't make Pittsburgh International a more powerful economic engine than Philadelphia International, a major US Airways hub with more than 30 million passengers a year, three times as many as Pittsburgh.

Passmore noted that many workers whose jobs are tied to Philadelphia International live in suburban counties in Pennsylvania, New Jersey and Delaware or commute from other parts of the country, including hundreds from Pittsburgh.

But Pittsburgh International is more important to the region surrounding it than Philadelphia International is to its surrounding area, Nutter said.

"Pittsburgh is a much smaller city and surrounding area, so it doesn't take much of a bad event to waterfall into much more. The loss of 100 jobs, or 10,000 jobs as we've seen here, is a much more severe event for us than it is in a place like Philadelphia that's four times as large," Nutter said.

FILLING THE GAP

While 1,000 lost airport jobs would suck \$142 million in wages and \$8.3 million in property taxes out of the economies of Allegheny and Beaver counties, according to the Penn State analysis, Passmore noted that "those numbers in the grand scheme of things are only a small portion of the region's economy."

"Economies have a lot of resilience. They're always growing and changing. One business leaves, another one takes its place. There are fewer airport jobs today, but some more manufacturing and service jobs are coming in," Passmore said.

The concern is that new, lower-paying jobs might erode the region's income tax base, he added.

Gary Klingman, manager of Findlay Township, where Pittsburgh International is located, agreed.

Findlay adopted a \$6.1 million budget last month that reduced spending for the first time in a decade,

froze employees' wages and suspended its road improvement program for at least a year. The township took the drastic measures because it anticipated collecting less property tax revenue from AirMall businesses, several of which have closed in now-empty concourses formerly occupied by US Airways, as well as less parking revenue and personal taxes, Klingman said.

At the same time, Klingman said, the township of 5,200 people has been growing thanks to residential and commercial development projects, particularly around the airport.

"It's a situation we're monitoring day by day, hour by hour, really," Klingman said of the unknown impact US Airways' job and flight cuts will have on the township.

Brad Penrod, executive director of the Allegheny County Airport Authority, is doing the same thing.

The airport authority raised landing fees and terminal and ramp rental rates 33 percent to 64 percent this year to make up for anticipated lost revenue, but it's encouraged by the ongoing development of four large business parks around the airport and the potential of a proposed air-cargo route between here and China.

"Those are big numbers," Penrod said of the impact of the airport job losses. "But the airport remains a significant economic generator and community asset. It's the front door of the region."

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