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Updating Municipal Spending in Allegheny County

Recently the Allegheny Institute released its annual report on municipal spending in Allegheny County ([Report 15-03](#)). This year, the data has been updated by looking at 2013 spending reports submitted to the Pennsylvania Department of Community and Economic Development. All data are available on the Institute's website.

We examined the annual financial reports of 125 municipalities in Allegheny County. The City of Pittsburgh is excluded, as it is frequently analyzed in other *Briefs* and *Reports*; neither Springdale Township nor Wall Borough submitted an annual report for 2013; McDonald and Trafford Townships straddle two counties and cannot be considered solely in Allegheny County. We analyzed only general fund accounts and present a weighted average for each category for comparison purposes. Since we focus on per capita amounts, we used data from the U.S. Census Bureau for the most recent population counts.

For these municipalities, the weighted average expense per capita for the year 2013 was \$696 with the weighted average revenue per capita of \$712. The range for total expenditures went from a low of \$221 per capita in South Versailles to nearly \$2,500 in Sewickley Heights. The range for total revenues was a low of \$216 per capita in South Versailles to \$2,489 in Sewickley Heights. From 2008-2012 municipal expenditures increased each year—rising from \$629 in 2008 to \$699 in 2012. Thus the current level represents a slight drop of less than one half of one percent. The weighted average per capita total revenue figure had also experienced an upward trend over this time frame rising from \$621 in 2008 to \$720 in 2012—an increase of 16 percent. However, this trend was also broken in 2013, with a decrease of one percent. It is worth keeping in mind that this time frame covers the national recession and subsequent sluggish recovery which undoubtedly played a role in a municipality's ability to raise revenue.

Among the expenditures categories, public safety represents the largest outlay. The weighted average per capita spent on public safety for 2013 by the municipalities was \$245, an increase from \$242 and \$239 in 2012 and 2011. This category covers specific areas like police, fire, ambulances, and zoning. Twelve municipalities spent more than \$400 in these areas and four municipalities spent less than \$100. Public safety also had the strongest correlation to total expenditures of any of the individual categories in the 2013 study. Spending in this category exceeded spending in other notable categories including: sanitation, recreation, administration costs, and public works.

Public works are also a major expense item in municipal budgets. This category references all expenses put towards cleaning of streets, winter maintenance, bridge/road repair, street lighting, and virtually anything else that has to do with highway and road maintenance. The weighted

average per capita spent by municipalities in Allegheny County on public works in 2013 was \$126. Nine municipalities spent over \$300 per capita in this category, with two spending over \$700. On the reverse side of the spectrum, six municipalities spent under the \$50 mark, and forty-seven were under \$100.

On the revenue side, property tax was the largest source of income for Allegheny County's municipalities. The average amount collected per person from the property tax in 2013 was \$238, an increase from \$229 and \$228 in 2012 and 2011. In addition, eleven municipalities brought in over \$500 per person in revenue by using this tax. Unlike public safety, property tax did not have the highest correlation to total revenue. The earned income tax has the highest correlation with total revenue.

The earned income tax brought in a weighted average of \$183 per person across this sample for 2013. The municipalities collected \$167 million in revenue through this tax and twenty-eight municipalities collected over \$200 per person. On the reverse side of the spectrum thirty-three municipalities collected less than \$100 per person showing a large range throughout Allegheny County.

Our report also found a continued increase in the average debt per person in these municipalities. Weighted average per capita debt is up to \$716 per person in Allegheny County. This is an eight percent increase from 2012 (\$663) and a 39 percent increase since 2009 (\$514). It is important to note that debt per person has increased each of the past five years, and unlike the average revenue and average expenditure trends, this one has continued unbroken.

In total, the municipalities in our study raised more money than they spent. However, of the 125 municipalities, forty-seven did not have a balanced budget for 2013, spending more than they received in revenue.

The key findings mentioned above provide a brief snapshot of the municipal finance situation in Allegheny County. Local government is often overlooked by many citizens, yet it is the closest to them. It is responsible for providing many of the basic services, such as public safety and public works, which enable residents to function on a day-to-day basis. It requires revenues to carry out these functions through sources such as property and earned income taxes. Our report and the data, available on our website, chronicle the spending and revenue for 125 municipalities within Allegheny County. It is hoped this will help residents better understand the financial performance of their local government.

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