



ALLEGHENY INSTITUTE
FOR PUBLIC POLICY

*Allegheny County Workforce, Spending,
and Taxes in the Home Rule Era*

*Eric Montarti, Senior Policy Analyst
Allegheny Institute for Public Policy*

*Allegheny Institute Report #16-02
October 2016*

© by Allegheny Institute for Public Policy. All rights reserved. Note: Nothing written here is to be construed as an attempt to aid or to hinder the passage of any bill before the Pennsylvania General Assembly.

305 Mt. Lebanon Blvd. ♦ Suite 208 ♦ Pittsburgh, PA 15234
Phone: 412-440-0079 Fax: 412-440-0085 www.alleghenyinstitute.org

Table of Contents

Introduction	2
Methodology	3
The Overall Picture	4
Expenditures	5
<i>General Government</i>	
<i>Public Safety</i>	
<i>Public Works</i>	
<i>Health and Welfare</i>	
<i>Culture and Recreation</i>	
<i>Economic Development</i>	
<i>Economic Opportunity and Education</i>	
<i>Capital Projects and Debt Service</i>	
Revenues	10
<i>Property and Sales Taxes</i>	
<i>Other Taxes</i>	
<i>Revenue from Other Governments</i>	
<i>Other Non-Tax Revenue</i>	
Summary	13

Introduction

On January 1, 2000, Allegheny County began governing under the terms of the Home Rule Charter approved by the voters of the County in 1998. The most notable change as a result of the Charter came at the top of the organizational chart—instead of legislative and executive functions being carried out by a three member board of commissioners, that office was abolished and the functions were split between an elected Chief Executive and a 15 member Council.¹

Two Charter-related requirements that were established to help gauge the effectiveness of the Charter and County government took place within the last two years.

First, in 2014 the most recent Sunset Review was completed. The Charter’s preamble calls for “...every County function and department be evaluated every four years, and be eliminated unless specifically renewed”. This review is carried out by the County Manager. Three full sunset reviews have been performed (2003, 2010, and 2014) and a partial review of departments of functions under a staggered arrangement was published for 2015. The 2014 review—as far as it pertained to reorganizing County government—recommended that the Department of Real Estate be folded into the Department of Administrative Services, which has been carried out.²

Second, in 2016 the recommendations of the Government Review Commission were released. The Charter tasks the Commission with the responsibility to “...periodically evaluate County government and the Charter”. Possibly the most far reaching recommendation made by the Commission was for a task force to study the possibility of consolidating the Department of County Police with the Sheriff, an independently elected row office.³

Those are critical mechanisms in determining the effectiveness of Allegheny County government under home rule. But they don’t specifically examine trends over time. For instance, how many people worked for the County when home rule began, and how many work for the County now? Are there departments that have grown faster than others? Are there ones that are smaller now than in 2000? How much has spending changed? What about revenues and taxes?

¹ There are six other home rule counties in Pennsylvania, with most adopting home rule charters in the 1970s: Delaware (1976), Lackawanna (1977), Erie (1978), Lehigh (1978), Northampton (1978), and Luzerne (2012). In terms of elected forms of leadership, Erie, Lehigh, and Northampton have an Executive-Council form; Delaware, and Luzerne have larger (meaning greater than the traditional three members) elected Councils with no separate elected Executive; Lackawanna maintains a three member board of commissioners. A 2008 study by David A. Latzko of Penn State, York Campus, titled “Home Rule and the Size of County Government in Pennsylvania” in the Journal of Regional Analysis and Policy <http://ageconsearch.umn.edu/bitstream/132347/2/08-1-8.pdf> examined the fiscal characteristics of the home rule counties versus other non-home rule counties.

² Allegheny County Manager’s Office, Sunset Review Reports <http://www.alleghenycounty.us/county-manager/reports/index.aspx>. Allegheny County Home Rule Charter preamble and Article VII, Section 11 <http://ecode360.com/8453332>

³ Allegheny County Government Review Commission <http://www.alleghenycounty.us/commissions/government-review/index.aspx>. Allegheny County Home Rule Charter preamble and Article XIII, Section 5 <http://ecode360.com/8453332>

Methodology

The Allegheny County Controller's Comprehensive Annual Financial Report was utilized for two years: 2000, the first year of home rule, and 2015, the most recent audited year and fifteen years after the effective date of the Charter. Financial data comes from the Combined Statement of Revenues, Expenditures, and Changes in Fund Balance for all Governmental Funds, which totals general, special revenue, grants, capital projects, etc. Workforce data is contained in the table of Full-Time Equivalent Government Employees (FTE) by Function/Program.⁴

Obtaining population data from the U.S. Census for 2000 (official count) and for 2015 (estimate). Using population for spending and revenue produces a per capita amount, and for FTE a measurement of FTE per 1000 people.

⁴ Allegheny County Controller's Office 2000 Comprehensive Annual Financial Report (CAFR), Exhibit 2, Combined Statement of Revenues, Expenditures, and Changes in Fund Balances, All Governmental Fund Types and Discretely Presented Component Units. 2005 CAFR, Table XVI, Full-Time Equivalent County Government Employees by Function and Program, Last Ten Years—table covered 1995 through 2004. 2015 CAFR, Exhibit 4 and Table XVIII.

The Overall Picture

The table below presents the overall picture for the County in the year 2000 compared to the year 2015. Population fell 4 percent; the Consumer Price Index (CPI) for the Pittsburgh metro area increased 43 percent. Total expenditures increased 46 percent, not much greater than the change in the CPI over the time period; when adjusted for population, on a per capita basis expenditures increased 52 percent.⁵

On the revenue side, total revenues increased 40 percent, and on a per capita basis the increase was 46 percent.

When looking at FTE, the total count has remained virtually unchanged since 2000. It is important to note here that two significant changes to County workforce occurred right before the transition to home rule. In 1995, a year in which total FTE stood at 8063.5, a new majority took control of the board of commissioners and separations (retirement buyouts and layoffs) reduced the FTE by almost 900 employees by 1996 (7210). FTE remained roughly the same in the next few years until 1999, when the creation of the Allegheny County Airport Authority removed employees who were part of the County's Aviation Department and transferred them to the employment of the Authority. After those two changes the County FTE stood at 6863.5 and has largely remained close to that amount since. On a per 1000 person basis, FTE increased 4 percent.⁶

Expenditures, Revenues, and FTE

Year	Population	Consumer Price index	Total Expenditures (000s)	Per Capita	Total Revenues (000s)	Per Capita	Total FTE	FTE per 1000
2000	1,281,795	168.0	\$1,046,879	\$817	\$1,080,883	\$843	6863.5	5.4
2015	1,230,459	240.6	\$1,524,688	\$1,239	\$1,513,939	\$1,230	6831.5	5.6
% Change	-4	43	46	52	40	46	0	4

⁵ U.S. Department of Labor, Bureau of Labor Statistics, Consumer Price Index, Pittsburgh, PA <http://data.bls.gov/pdq/SurveyOutputServlet>

⁶ According to the Airport Authority, there are currently 442 FTE employed by the Authority.

Expenditures

In order to analyze these trends at a deeper level, the County's finances and FTE for specific areas of expenditures was examined. The FTE section of the CAFR contains the following categories of segmenting County employees: general government, public safety, public works, health and welfare, culture and recreation, and economic development.

General Government

The functions under general government include the Executive, Council, Manager, most operating departments related to law and finance, the Court of Common Pleas, and the independently elected row offices.

The most significant change in general government occurred as a result of a 2005 referendum to eliminate the row offices of Jury Commissioners, Recorder of Deeds, Register of Wills, Clerk of Courts, and Prothonotary. That referendum was approved and the Jury Commissioners were eliminated and became a function of the Court of Common Pleas, Recorder of Deeds became the Department of Real Estate, and the remaining three offices became the Department of Court Records.⁷

Here is how that reorganization played out, via the FTE count contained in the CAFRs. In 2007, Clerk of Courts reported 57 FTE, Register of Wills 48.5 FTE, and Prothonotary 75 FTE, for a total of 180.5 FTE. The following year the new Department of Court Records reported 153 FTE, a decrease of 27.5 FTE from the row offices absorbed into it. The Recorder of Deeds office had 46 FTE in 2007, and the Department of Real Estate reported 54 FTE the following year, an increase of 8 FTE. The Jury Commissioners reported 6 FTE and we will assume all 6 FTE went to Court of Common Pleas. By that accounting, the reorganization resulted in a net decrease of 19.5 FTE.

In 2013, the Department of Facilities Management was created from parts of Public Works (which is not counted under general government and will be discussed later) and Administrative Services and in 2015 the Department of Real Estate was folded into Administrative Services.⁸

⁷ Jerome Sherman "6 Elected Row Officers Become 3 Appointed" Pittsburgh Post-Gazette, May 18, 2005 <http://www.post-gazette.com/news/politics-counties/2005/05/18/6-elected-row-officers-become-3-appointed/200505180274>

⁸ The row office referendum and changes are summarized in the 2010 Sunset Review Report from the County Manager's office <http://www.alleghenycounty.us/county-manager/reports/index.aspx> Facilities Management creation discussed in the 2014 Sunset Review report <http://www.alleghenycounty.us/county-manager/reports/index.aspx> and the suggestion that Real Estate be folded into Administrative Services was discussed in this report as well. In terms of the other home rule counties, based on their home rule charters and their enumeration of elected officials, there is variety in what row offices have been made appointed rather than independently elected. Luzerne and Northampton only have Controller and District Attorney as elected; Delaware has District Attorney, Sheriff, Controller, and Register of Wills; Erie has District Attorney, Sheriff, Controller, Clerk of Records, and Coroner; Lehigh has District Attorney, Sheriff, Controller, Clerk of Judicial Records, and Coroner;

General Government

Year	Population	Expenditure (000s)	Per Capita	FTE	Per 1000
2000	1,281,795	\$164,384	\$128	2,547.0	2.0
2015	1,230,459	\$233,384	\$190	2,650.0	2.2
% Change	-4	42	48	4	8

Over the fifteen year time frame, per capita expenditure on general government grew slightly faster than the CPI and slightly slower than the overall total expenditure change. The FTE per 1000 grew faster than the overall County change of 4 percent.

Public Safety

Under public safety are the Departments of Jail, County Police, and Emergency Services (the CAFR refers to this in the FTE section as Emergency Management/911 and Fire Academy). The most significant change in the time period came with the consolidation of 911 centers and dispatching services in the mid-1990s.⁹ FTE under Emergency Management/911 and Fire Academy increased from 87 to 212.5 from 2004 to 2005.

Public safety per capita expenditures and FTE per 1000 far outpaced the change in the CPI, the overall change in total expenditures and on the County's total FTE per 1000 change.

Public Safety

Year	Population	Expenditure (000s)	Per Capita	FTE	Per 1000
2000	1,281,795	\$59,280	\$46	817.5	0.6
2015	1,230,459	\$133,583	\$109	1,204.5	1.0
% Change	-4	125	135	47	53

Lackawanna has District Attorney, Sheriff, Controller, Clerk of Judicial Records, Coroner, Treasurer, Recorder of Deeds, and Register of Wills.

⁹ 2010 Sunset Review Report

Public Works

The Department of Public Works is contained in its own category and has been involved in two reorganizations during the time period 2000 to 2015. First, prior to home rule and ending in 2002, the Parks Department (covered under Culture and recreation below) was folded into Public Works. This ended in 2003 and maintenance employees for Parks stayed in Public Works. Then, in 2013, as mentioned above, part of Public Works was spun off into the new Department of Facilities Management. Thus, Public Works was a larger department in 2000 than it was in 2015. Its per capita expenditure growth over the time period was in the single digits, and its FTE per 1000 fell 60 percent from where it stood when it was at the midpoint of its Parks consolidation.

Public Works

Year	Population	Expenditure (000s)	Per Capita	FTE	Per 1000
2000	1,281,795	\$21,121	\$16	542.0	0.4
2015	1,230,459	\$22,161	\$18	208.0	0.2
% Change	-4	5	9	-62	-60

Health and Welfare

In dollar terms, health and welfare is the largest category of County expenditure as it represents 60 percent of total spending. Under Health and Welfare is the Department of Health, the Kane Regional Centers, Shuman Center, aging programs, children, youth and family services, and other health and welfare responsibilities.

On spending, Health and Welfare grew more slowly than the CPI and the overall County change on a per capita basis (as well as overall expenditure, which went up 34%). The FTE count fell, and thus on a per 1000 basis FTE fell 12 percent.

Health and Welfare

Year	Population	Expenditure (000s)	Per Capita	FTE	Per 1000
2000	1,281,795	\$657,220	\$513	2,895.0	2.3
2015	1,230,459	\$877,985	\$714	2,451.5	2.0
% Change	-4	34	39	-15	-12

Culture and Recreation

Under Culture and Recreation is the Department of Parks and the Cooperative Extension (an extension of Penn State University). As mentioned above in 2000 Parks was combined with Public Works, thus only leaving the employees of the Cooperative Extension under the category of Culture and Recreation.

The rate of growth in expenditure was just under the total expenditure change for the County and slightly higher than the change in the CPI.

Culture and Recreation

Year	Population	Expenditure (000s)	Per Capita	FTE	Per 1000
2000	1,281,795	\$11,168	\$9	2.0	0.0
2015	1,230,459	\$15,947	\$13	244.5	0.2
% Change	-4	43	49	12125	12635

Economic Development

Under Economic Development, which includes the Department of Economic Development and the related economic development authorities (which the Department staffs) per capita expenditure increased 65 percent (in excess of the CPI and the overall expenditure change) and its FTE per 1000 increased 19 percent.

Economic Development

Year	Population	Expenditure (000s)	Per Capita	FTE	Per 1000
2000	1,281,795	\$23,509	\$18	64.0	0.0
2015	1,230,459	\$37,217	\$30	73.0	0.1
% Change	-4	58	65	14	19

Economic Opportunity and Education

The expenditure areas of economic opportunity and education are related to the County's Minority/Women/Disadvantaged Business Enterprises and the County's funding of the Community College of Allegheny County. The FTE for M/W/DBE is counted in General Government and thus not recorded separately in the CAFR's FTE total as Economic Opportunity. And since the College is a separate entity there is no FTE on the County's books.

The County's Economic Opportunity expenditure grew 40 percent on a per capita basis (slower than the overall expenditure and slower than the CPI) and Education grew significantly, but one

has to wonder if some recording anomaly in 2000 accounts for the very low amount for that fiscal year.¹⁰

Economic Opportunity and Education

Year	Population	Economic Opportunity (000s)	Per Capita	Education (000s)	Per Capita
2000	1,281,795	\$11,751	\$9	\$806	\$18
2015	1,230,459	\$15,780	\$13	\$24,604	\$30
% Change	-4	34	40	2953	65

Capital Projects and Debt Service

The final two categories of expenditure are capital projects and debt service. Both expenditures increased in total, but on a per capita basis capital projects nearly doubled while debt service grew much more slowly by comparison.

Capital Projects and Debt Service

Year	Population	Capital Projects (000s)	Per Capita	Debt Service (000s)	Per Capita
2000	1,281,795	\$33,309	\$26	\$64,325	\$50
2015	1,230,459	\$62,423	\$51	\$72,517	\$59
% Change	-4	87	95	13	17

¹⁰ The County also records an expenditure for Transportation, which is the County’s local match for the Port Authority’s mass transit system and was \$29,082,188 in 2015, but this line did not appear in the 2000 financials for some unexplained reason. Based on communication with the Controller’s Office, it appears that expenditures related to Education and Transportation were held over until the 2002 audited year due to Governmental Accounting Standards Board (GASB) changes that occurred around that time. The amount for Transportation was \$19,800,000 and the amount for Education was \$12,151,939.

Revenues

In order to carry out the functions of County government the County levies tax and non-tax revenues and receives funding from other levels of government including the state and Federal government. In 2000, revenue stood at just over \$1 billion. Fifteen years later revenues topped \$1.5 billion. On a per capita basis, revenue grew 46 percent, about 6 percentage points less than expenditures.

This section looks at the individual components of total revenues for the County.

Property and Sales Taxes

The last fifteen years have been quite eventful for the County's property tax levy and assessment system. A reassessment in 2001 and another in 2002; plans to do one in 2006, which was abandoned; that was proposed to be replaced with a cap system; a defeat at the Commonwealth Court level, and then an appeal to the Pennsylvania Supreme Court, which rendered a decision in 2009 that ordered a reassessment; more battles over the timeline at the County Court of Common Pleas level; a millage hike in December of 2011; a delay in the implementation of new values in 2012; and finally, the certification of new values for use in 2013 and the mailing of property tax bills with the new values.

It would not be an understatement to say that a majority of the last fifteen years has been dominated by the reassessment issue in one way or another.¹¹

In all, the per capita property tax collection rose 54 percent, faster than the CPI and the overall change in revenue.

Property and Sales Taxes

Year	Population	Property Tax (000s)	Per Capita	Sales and Use Tax (000s)	Per Capita
2000	1,281,795	\$231,202	\$180	\$35,930	\$28
2015	1,230,459	\$342,824	\$279	\$47,559	\$39
% Change	-4	48	54	32	38

Decidedly quieter was the County's share of the sales and use tax levied under Act 77 of 1993, the Regional Asset District (RAD) law. The county receives 25 percent of the total collected by the 1 percent local add on tax. On a per capita basis, sales tax rose 38 percent—slightly slower than the CPI change and the overall change in revenue.

¹¹ The Allegheny Institute chronicled the planned reassessment of 2006, subsequent proposals, all court proceedings, implementation of new values for 2013, and has monitored the years since the reassessment in its *Policy Briefs*

Other Taxes

The County is collecting three taxes in 2015 that it did not in 2000, but they don't have anything to do with the switch to home rule. First, when the state legalized casino gaming in Act 71 of 2004, it specified that municipalities and counties where the casinos were placed would receive a host fee, which is a percentage of the gross terminal revenue of the casino. This varies based on the class of casino and the class of the municipality and county; for Allegheny County, it means 2 percent of the gross terminal revenue of the Rivers Casino.¹²

Second, Act 44 of 2007, which addressed state transportation funding, permitted Allegheny County to impose taxes on alcoholic beverages and vehicle rentals. The revenues from these levies are used to provide for the County's local match for state revenue that funds mass transit operated by the Port Authority. It should be noted that in 2015 the County was given a rather large back payment from a rental car company that had been sending payments to the state rather than the County.¹³

Other Taxes

Year	Population	Drink, Hotel, Car Rental taxes (000s) *	Per Capita	Gaming Host Fee (000s)	Per Capita
2000	1,281,795	\$0	\$0	\$0	\$0
2015	1,230,459	\$51,822	\$42	\$5,494	\$4
% Change	-4	n/a	n/a	n/a	n/a

*The County gets 5% of the 5% portion of the hotel tax (the tax is 7% total) for administration (collecting) and that share was counted in miscellaneous until 2010 when it moved to the Drink, Hotel, and Vehicle Rental section.

Since these taxes did not exist in 2000 we cannot compare their growth to the CPI or the overall change in County revenue.

¹² PA General Assembly, Act 71 of 2004, 1403,c,ii,B

¹³ PA General Assembly, Act 44 of 2007, 8602

Revenue from Other Governments

The County receives funding from the Federal government and state government, largely for carrying out health and welfare services, and counts revenue from local government (this is from the asset share of the Regional Asset District and is likely for parks).

Revenue from Other Governments

Year	Population	Federal Revenue (000s)	Per Capita	State Revenue (000s)	Per Capita	Local Revenue (000s)	Per Capita
2000	1,281,795	\$249,401	\$195	\$442,551	\$345	\$15,141	\$12
2015	1,230,459	\$206,892	\$168	\$699,450	\$568	\$20,716	\$17
% Change	-4	-17	-14	58	65	37	43

On a per capita basis, Federal revenue declined, state revenue increased 65 percent (outpacing both inflation and the overall change in revenue), and local government unit revenue grew 43 percent (same as the change in the CPI, slower than the overall change in revenue).

Other Non-Tax Revenues

The remainder of the County’s revenue is made up of fines, permits, interest, etc. On a per capita basis charges far outpaced the change in the CPI and the overall change in revenue. Interest and miscellaneous revenue fell on a per capita basis, and licenses and permits grew slightly faster than the change in the CPI.

Other Non-Tax Revenues

Year	Population	License and Permits (000s)	Per Capita	Charges (000s)	Per Capita	Fines (000s)	Per Capita
2000	1,281,795	\$1,985	\$2	\$59,523	\$46	\$3,333	\$3
2015	1,230,459	\$2,774	\$2	\$118,364	\$96	\$4,085	\$3
% Change	-4	40	46	99	107	23	28

Year	Population	Interest (000s)	Per Capita	Misc (000s)	Per Capita
2000	1,281,795	\$17,014	\$13	\$24,800	\$19
2015	1,230,459	\$1,178	\$1	\$12,776	\$10
% Change	-4	-93	-93	-48	-46

Summary

Summary of Expenditure Categories Compared to Overall Change and CPI

<i>Change in County Per Capita spending, 2000-15</i>	52%
<i>Change in Pgh Area CPI, 2000-15</i>	43%
<i>Expenditure Categories</i>	
Public Safety	135%
Capital Projects	95%
Economic Development	65%
Education	65%
Culture and Recreation	49%
General Government	48%
Economic Opportunity	40%
Health and Welfare	39%
Debt Service	17%
Public Works	9%

Summary of Revenue Categories Compared to Overall Change and CPI

<i>Change in County Per Capita revenue, 2000-15</i>	46%
<i>Change in Pgh Area CPI, 2000-15</i>	43%
<i>Revenue Categories</i>	
Charges	107%
State Revenue	65%
Property Tax	54%
Licenses and Permits	46%
Local Government Revenue	43%
Sales Tax	38%
Fines	28%
Federal Revenue	-14%
Miscellaneous	-46%
Interest	-93%

Summary of FTE Categories Compared to Overall Change

<i>Change in County FTE per 1000, 2000-15</i>	4%
<i>FTE Categories</i>	
Culture and Recreation	12635%
Public Safety	53%
Economic Development	19%
General Government	8%
Health and Welfare	-12%
Public Works	-60%