



### Livability rankings tell us very little

**Summary:** Livability rankings are very subjective. The notion of livability will vary from person to person depending upon circumstances or individual tastes and preferences. Yet they are big news in a city or region when the results are favorable. This *Brief* examines two recent livability rankings to show just how different they can be.

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In late August, The Economist Intelligence Unit (EIU), and its sister company The Economist newspaper, released a ranking of the most livable cities on earth. Pittsburgh media and officials were giddy to learn that the city landed as the 32<sup>nd</sup> most-livable city in the world and was the second-highest-ranked American city behind Honolulu.

Bear in mind, however, in the spring of 2018, U.S. News & World Report ranked the 125 most populous metro areas in the United States. According to this ranking, the Pittsburgh area ranked 57<sup>th</sup> (Honolulu ranked 35<sup>th</sup>). Not a lot of media attention, if any, was paid to this ranking of the Pittsburgh area. So, can anything useful be gleaned from these rankings? Or are they essentially meaningless exercises?

In the EIU's methodology each city was evaluated based on qualitative (non-numeric) measures and quantitative (numeric) measures. The qualitative measures were based on the judgment of an in-house expert on that country and a *field* correspondent in each city. For quantitative variables, the rating was based on the relative performance of a location using external data sources such as the World Bank or Transparency International. Of the 30 categories listed, only four, (13 percent), were quantitative or data driven, meaning that the other 26 (87 percent) were based on the judgment of individuals. Thus, the EIU ranking methodology is extraordinarily subjective rather than based on objective, verifiable facts. Which is appropriate since the whole notion of livability is very subjective.

The EIU based its ranking on five main categories: stability (25 percent of total); healthcare (20 percent); culture and environment (25 percent); education (10 percent) and infrastructure (20 percent). The ratings were on a 100-point scale with anything in the 80-to-100 range meaning "there are few, if any, challenges to living standards."

Pittsburgh's best score was in the education category (100, or ideal). There are three sub-categories to this measure: availability of private education; quality of private education and public education indicators. The first two were qualitative while the latter was adapted from World Bank data. No mention as to what levels of education were evaluated—k-12, higher education, or both.

For livability the most important educational level is, or ought to be, k-12. And for that group our work has demonstrated many times that the Pittsburgh Public School District consistently underperforms academically and has seen drastic declines in enrollment despite spending well above \$20,000 per student. Indeed, poorly performing public schools have long been a motivation for parents with school-age children to leave the city or put them in other schools. How could a reasonable, knowledgeable observer possibly give Pittsburgh a 100 percent rating on education? Consider that just over a year and a half ago the district was excoriated by the Council of the Great City Schools (*Policy Brief, Vol. 17, No. 4*) for not improving student achievement since its previous report 10 years earlier. Anyone following Pittsburgh schools should have known about that extremely critical study. In short, the EIU ranking on education is bogus.

Infrastructure was the city's second next highest rated category (96.4). The sub-categories are: quality of road network; quality of public transportation; quality of international links; availability of good quality housing; quality of energy provision; quality of water provision and quality of telecommunications. All are qualitative variables and interpreted subjectively. The standout sub-category here is the quality of water provision. As was documented in *Policy Brief, Vol. 17, Nos. 14, 29 and 49*, the Pittsburgh Water and Sewer Authority (PWSA) is beset by major problems with water main breaks in the 100-year old system and does not have the funds to do necessary repairs and replacements (\$5 billion) to update the system. It now is under the oversight of the state Public Utility Commission.

Obviously, the judgment of the EIU experts did not include "cost of provision" of public transportation. As was shown in *Policy Brief, Vol. 18, No. 18*, the cost of Port Authority bus operations is the second-highest in the country. Only New York City bus operations are more expensive. Perhaps they were impressed by the tunnel under the river to the North Shore. But that was built with a hefty half-billion dollar price tag (*Policy Brief, Vol. 12, No.10*) and offers free rides despite additional operating costs.

Nor did the judgment of the experts factor in the use of public subsidies to prop up the new international flights at Pittsburgh International Airport in the quality of international links. Subsidies have been doled out to WOW, Condor, British Airways and Delta Airlines the only U.S. carrier. And Delta recently canceled its service to Paris. Without taxpayer handouts, the flights to Iceland, Germany and England would likely not have happened as the demand for unsubsidized travel from Pittsburgh to these destinations is just not adequate to justify the service.

Interestingly, the lowest scoring category was culture and environment (87.7). There are nine sub-categories in this section of which only two are quantitative

(humidity/temperature rating and level of corruption). The others include discomfort of climate to travelers; sporting and cultural availability; food and drink; availability of consumer goods and services and social or religious restrictions. Given the amount of money the taxpayers have ponied up for world-class sporting facilities, not to mention the Regional Asset District subsidies handed out to cultural amenities, city officials must undoubtedly believe they were short-changed on this category. And as for climate discomfort for travelers, how is that remotely connected to livability?

Given that the EIU relied mostly on qualitative, or observational, data to compile their scores the City of Pittsburgh obviously looks good to those on the outside. But the façade belies the extraordinarily high cost of city government and the high tax burden placed on its residents, which is often the primary reason for the outflow of residents. In a national comparison of city management, Pittsburgh ranked among the very highest in taxes and government cost per resident (*Policy Brief, Vol. 16, No. 34*).

Contrast the EIU ranking with that of U.S. News & World Report's "Best Places to Live" ranking which looks at the seven-county metropolitan statistical area (MSA) and not the city proper. The methodology relies more on quantitative, or numeric, data. The five categories are: job market index (20 percent of total); value index (25 percent); quality of life index (30 percent); desirability index (15 percent) and net migration (10 percent). Pittsburgh's MSA score was 6.5 (on a 0-10 scale), good for 57<sup>th</sup> place on the list.

The highest score was with the value index (7.8) which looks at the median annual household income for both homeowners and renters (blended together) and compares that to the annual cost of living in the MSA. The annual cost includes an estimated cost for housing—mortgages, utilities and taxes for homeowners and utilities and rental prices for renters.

The lowest score came in net migration (5.6) which took data from the U.S. Census on those moving in and out of an area, adjusted for deaths and births. The underlying premise is that migrants vote with their feet and will choose the best areas in which to live. Top ranked Austin, Texas, scored a 9.4 on this measure.

The area's job market index was the second-lowest score (6.1). It measured the 12-month moving unemployment rate from the U.S. Bureau of Labor Statistics (BLS) with the purpose of seeing whether or not the area's job market is growing, struggling or remaining stable. The other part of the index looks at the average salary in the MSA (according to BLS data). We have commented frequently on the area's labor market (*Policy Brief Vol. 18, No. 23*) and have found it to be stagnating at best with low growth in the goods-producing sector (mining, manufacturing and construction) while experiencing moderate growth in service-providing sectors (especially leisure and hospitality along with education and health).

The metro also did not fare well in the quality of life index scoring just 6.2 of 10. This index is comprised of five measures: crime rates; quality and availability of health care; quality of education; well-being and commuter index. What stands out here is the quality

of education which is worth 25 percent of the score. It uses data from the U.S. News Best High Schools rankings which calculated the average college readiness score for all schools in the metro area and compared it to those of all the other metro areas. The Pittsburgh area scored 5.4 out of 10. This low score happened despite some very good high schools in the area.

Clearly the two livability rankings offer a stark contrast in methodology and approach and produce widely varying results on the city and area. The EIU ranking looks mostly at the city through a subjective and possibly very biased observer lens and determined Pittsburgh to be the second-most livable city in the U.S. It doesn't take into account any of the hard data on the cost of providing government services including education and transportation where Pittsburgh is woefully lacking when compared to other cities.

The U.S. News rankings do take into account more hard data from the U.S. Census and BLS to draw its far from glowing ranking of the metro area. The economy of the metro and the city (as we have demonstrated in *Policy Brief Vol.16, No.42*), as measured by jobs, have been weak to stagnant from quite some time. Meanwhile, Census data show net migration to be another area of weakness for both the city and MSA. Weak job gains and little or no net in migration are undoubtedly related.

The city and the MSA's poor business and regulatory climate are key elements in the comparatively weak economic performance. And unfortunately are likely to continue to be a drag on the economy.

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