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How Pittsburgh stacks up to its peers

Summary: In 2004, the Allegheny Institute published its first Benchmark City Report. Every three years since, the Institute has updated the comparison between Pittsburgh and four geographically dispersed hub cities (Salt Lake City, Columbus, Charlotte and Omaha) that, when averaged together, form the "Benchmark City."

These cities were selected for their varied size and role as a center of regional economic activity. Collectively, they provide a benchmark for assessing the City of Pittsburgh's relative performance.

The 2019 update of the benchmark is the first since Pittsburgh's Act 47 financial distressed status was rescinded in February 2018. More recently, the state terminated the separate Intergovernmental Cooperation Authority.

The data was collected from the respective cities' Comprehensive Annual Financial Reports (CAFR). For this update, 2018 CAFRs were available for all cities except Omaha. Thus, for the purpose of this study, figures from Omaha's 2017 CAFR are being used instead. Census population estimates for 2018 were also utilized.

For comparison purposes, the following four areas consisting of 13 variables were analyzed: (1) city demographics, including population, school enrollment and school enrollment per 1,000 residents; (2) city revenues and expenditures, including total revenues, total taxes, total expenditures, debt service, capital outlay and total expenditures excluding debt service and capital outlay, all on a per capita basis; (3) city workforce, which includes total employees as well as total police and total fire on a per 1,000 person basis; and (4) per capita general obligation debt.

Pittsburgh's population has continued to decline while the benchmark city has been climbing. Pittsburgh's estimated population in 2018 was 301,048 (down from 305,704 in the 2010 Census) and less than half the estimated population size of the benchmark city's 608,471 (up from 534,002 in the 2010 Census).

Similarly, school enrollment was also down in Pittsburgh to 23,331 students in 2018, a drop of 1,995 since 2010. With a total of 75,412 students in the benchmark city, Pittsburgh's enrollment was lower by almost 70 percent. However, and more startling, Pittsburgh's school enrollment was only 77 students per 1,000 residents compared to the benchmark's 129 students per 1,000 residents meaning Pittsburgh was 40 percent lower than the benchmark figure.

Total city revenue per capita in Pittsburgh stood at $2,111 in 2018, which was 50 percent higher than the benchmark's $1,406. Revenue primarily consists of taxes but also includes additional categories such as licenses, permits, grants, charges and earnings from interest or investments.

On a per capita basis, Pittsburgh's total taxes were almost 70 percent higher than the benchmark city's taxes ($1,611 in Pittsburgh versus $953 in the benchmark city) and accounted for just over 76 percent of Pittsburgh's total revenue. Similarly, taxes in the benchmark city accounted for 68 percent of collected city revenue. (With the exception of Columbus, all cities in the benchmark raise most of their taxes through levies on real estate.) Overall, Pittsburgh's tax contribution as a share of total city revenue was 8 percentage points higher than the benchmark's share, indicating that Pittsburgh relies more heavily on taxes for revenue than its peer cities.

Meanwhile, total expenditures per capita in Pittsburgh were 51 percent higher than the benchmark, standing at $2,238 in Pittsburgh compared to $1,478 in the benchmark city. Pittsburgh's per capita debt service was 35 percent higher than the benchmark's—$269 compared to $200. Capital outlay costs per capita amounted to $62 in Pittsburgh and $185 in the benchmark city, a difference of 66 percent. Subtracting debt service and capital outlay costs puts Pittsburgh's expenditures per capita at $1,907—a staggering 75 percent higher than the benchmark city's expense of $1,092 per capita. (In 2005, Pittsburgh's expenditures per capita were only 30 percent higher.)

Workforce data continue to show major differences between Pittsburgh and its peer cities. Pittsburgh's total employees per 1,000 people stood at 11.0, which was 47 percent higher than the benchmark's 7.5. Total police and fire employees per 1,000 followed suit as Pittsburgh had 40 and 38 percent more employees, respectively.

In terms of city debt, Pittsburgh's debt per capita in 2018 was $1,330 while the benchmark city's was $1,123, an 18 percent difference.

Overall, although per capita revenues, taxes and expenditures have generally increased in all the cities since 2005, the City of Pittsburgh's revenue and spending have grown faster than its peers.

Workforce data indicate that since 2015 there have been no significant changes in the count of police or fire employees per 1,000 residents in both Pittsburgh and the benchmark city.

The gap in debt per capita, on the other hand, has changed dramatically. Pittsburgh's debt per capita has been falling while the benchmark city has had the opposite experience. Previous benchmark reports have seen differences of 169, 128 and 47 percent in the debt per capita ratio (in 2005, 2010, 2015, respectively), indicating that the gap has narrowed substantially. Pittsburgh has managed to lower its debt through major decreases in borrowing.

In addition, year-over-year changes for Pittsburgh from 2005-18 indicated a 21 percent decrease in total school enrollment per 1,000 people. Meanwhile, the benchmark city experienced an 11 percent decline during the same period. Over a shorter span from 2015-18, however, Pittsburgh's total enrollment per 1,000 remained steady while the benchmark city's enrollment per 1,000 decreased by just over 5 percent. In this case, a rising population may have aided in boosting the benchmark city's total school enrollment. But on a per 1,000 person basis, both Pittsburgh and the benchmark city have experienced overall decreases since 2005.

Thus, while Pittsburgh has made notable strides in lowering its debt per capita, the city's extraordinarily high levels of spending and taxation along with its poor schools that depress enrollment are major hindrances to generating population and business growth.

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