



Coronavirus' impact on counties in the Pittsburgh Metropolitan Statistical Area

Summary: Prior *Briefs* (*Policy Brief Vol. 20, No. 14 and 16*) analyzed the effects of the coronavirus on the City of Pittsburgh's and Allegheny County's revenues. This *Policy Brief* discusses the virus's impact on the six remaining counties that make up the Metropolitan Statistical Area (MSA)—Westmoreland, Washington, Butler, Beaver, Fayette and Armstrong.

The coronavirus and related government lockdown have wreaked havoc on the economy from mid-March through May and will likely have a significant effect over the next few months. The six county governments budget on a calendar-year basis which means their spending and revenues—taxes and non-taxes—were affected midstream. Only Westmoreland and Fayette increased their property tax millage rates for 2020 before the outbreak.

General fund revenue for Westmoreland was budgeted at \$122.4 million; Washington, \$89.2 million; Butler, \$68.1 million; Beaver, \$81.2 million; Fayette, \$41 million and Armstrong, \$24.5 million.

While no county in the Pittsburgh MSA other than Allegheny levies a sales-and-use tax (permitted by the state for the Regional Asset District), all counties collect property taxes that constitute a major portion of their general fund revenue. The share of total revenue accounted for by property taxes varies somewhat among the six counties. In Westmoreland, budgeted property taxes of \$85.1 million would provide just under 70 percent of total revenue; in Washington County, \$41.4 million or 46.4 percent was budgeted; in Butler, \$49.8 million or 74 percent; in Beaver County, \$56.9 million or 70 percent. Meanwhile, the smaller population counties of Fayette and Armstrong budgeted, respectively, \$27.1 million (66 percent) and \$14.6 million (60 percent).

Taxes other than property taxes, such as a sales-and-use tax or an income or wage tax, tend to be far more volatile and follow changing economic conditions. On the other hand, property taxes tend to be more stable. Keep in mind that the commonwealth limits the counties' taxing options.

Due to the effects of the pandemic and the government-ordered closings, five of the six counties opted to extend their property tax payment deadlines. Some prolonged it for only a few months while others extended it until the end of the year. Armstrong County was the lone holdout in keeping its payment schedule unchanged.

With looming budget uncertainties due to delays in revenue collection and possible revenue shortfalls, some counties furloughed employees. Westmoreland furloughed 475 employees (26 percent of its workforce). Since then, 30 employees have been recalled for part-time work. Washington furloughed 51 employees (total employee count not available), Butler furloughed 181 (29 percent) and Armstrong furloughed 66 (20 percent). By comparison, Allegheny County, the City of Pittsburgh and large county authorities furloughed no employees.

In late May, the Pennsylvania General Assembly passed Act 24 which allocates \$2.6 billion of its \$3.9 billion allocation from the CARES Act funds. Part of this money—\$625 million—will be distributed to the 60 counties that did not meet Cares Act population requirements and thus were not previously eligible for federal stimulus money. This means that these six counties (Allegheny already received money from the CARES Act directly) will receive funding from Act 24. According to the House Fiscal Note on the legislation, counties will receive funding “on or before July 15, 2020. No county shall receive a distribution less than \$1,000,000.”

A news article indicates the following allocations: \$31.5 million to Westmoreland, \$18.7 million to Washington, \$16.9 million to Butler, \$14.8 million to Beaver and \$11.6 million to Fayette County. The amount to be distributed to Armstrong County was not specified. Act 24 also lists specific purposes that the money can be used for such as business aid, assistance to local government entities and help for nonprofits. Revenue replacement, however, was not one of the allowable uses. How exactly these counties will allocate the funding remains to be seen.

As noted in *Policy Brief Vol. 20, No.16*, Penn State University analysts examined the governor’s industry-closing rules to identify essential business percentages by county. Of the six counties, the percentage of establishments deemed essential was highest in Armstrong at 63.7 percent while the lowest percentage of essential establishments occurred in Washington at 52.0 percent. Additionally, the biggest percentage of employment considered essential was in Fayette at 72.9 percent while the smallest percentage of essential employment occurred in Westmoreland at 56.1 percent.

County	Total # of establishments	% of essential establishments	Total # of employment	% of essential employment
Westmoreland	9,314	53.1%	118,542	56.1%
Washington	5,589	52.0%	70,106	56.3%
Butler	5,138	52.1%	72,872	61.1%
Beaver	3,718	56.2%	37,887	68.3%
Fayette	2,878	60.1%	29,828	72.9%
Armstrong	1,501	63.7%	10,141	71.8%

Meanwhile, year-over-year changes in the number of residents employed for April 2020 reveal a dramatically weaker economy due to the lockdown. In fact, gains in employment over the three-year period from April 2017 to April 2019 have vanished across these six counties.

From April 2017 to April 2019, Westmoreland experienced a 0.4 percent growth in household employment. However, from April 2019 to April 2020, those gains were erased and replaced by a 14.0 percent loss. Indeed, the number of people employed in April 2020 stood at only 148,204, which is 23,603 below the level in April of 2017 (171,807). The other counties follow a similar pattern, for Washington, Butler, Beaver, Fayette and Armstrong all too had an April year-over-year decline of about 14.0 percent from 2019-20.

Employment						
County	Apr-20	Apr-19	Apr-18	Apr-17	% change from '17-'19	% change from '19-'20
Westmoreland	148,204	172,420	171,602	171,807	0.4%	-14.0%
Washington	87,622	101,955	101,450	101,024	0.9%	-14.1%
Butler	82,164	95,547	95,064	94,382	1.2%	-14.0%
Beaver	68,715	80,013	79,610	79,943	0.1%	-14.1%
Fayette	46,061	53,561	53,290	53,565	-0.01%	-14.0%
Armstrong	26,228	30,450	30,290	30,438	0.04%	-13.9%

Because the mandated shutdowns in Pennsylvania occurred throughout all of April and through much of May, a fuller picture of the lockdown's effects will continue to reveal itself once May's numbers are released. Note that the national employment picture in May was far better than expected. But with all counties in the Pittsburgh MSA now in the "green phase" as of June 5 (except for Beaver which will remain in yellow until June 12), these figures should begin to improve as more establishments reopen and more employees head back to work.

One lesson to be learned from the pandemic and lockdown is that county government officials should closely examine their operations with an eye toward streamlining their functions and looking for ways to cut spending and payrolls such as outsourcing and privatization. Businesses are undoubtedly already looking very carefully at their cost structures as the economy recovers. Local governments should do the same.

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