



### Reviewing Allegheny County's 2020 finances

**Summary:** Monthly revenue and expenditure reports from the Allegheny County Controller's Office show that in 2020 the county collected \$900.1 million in revenue and spent \$885.8 million—a positive result of \$14.3 million. Official audited results will be made clear when the Comprehensive Annual Financial Report is released.

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#### *Revenue detail*

On the revenue side, \$900.1 million is 95.1 percent of the \$946.4 million budgeted. By revenue type this includes taxes in the year they are levied as well as delinquent collections and penalties and interest. There are numerous licenses and permits, charges for services, money from other governments, etc.

Just over half of total revenue comes from taxes and the totals raised show mixed results when compared to the budget.

Property tax collections totaled \$376.3 million. That came in very close to the \$382.4 million budgeted (98.4 percent). Due to the effects of the coronavirus the county twice delayed the date on which property tax payments would be considered delinquent. In April, \$284.5 million in property taxes were received.

The only other tax with more than 90 percent of budget collected was the share of the sales tax (25 percent of the 1 percent Regional Asset District tax). The county received \$51.3 million of the \$52.9 million budgeted (96.9 percent).

Taxes associated with traveling, visiting bars and restaurants, holding events and gambling fell short as those activities were curtailed by shutdowns and restrictions.

The county gets a small share of the hotel tax—most of it goes for debt service on the convention center and to promote tourism—and received \$492,431, significantly lower than the \$6.3 million budgeted (7.8 percent).

The county receives 2 percent of slot machine gross terminal revenue from the Rivers Casino, which was closed for nearly a third of the year. The county budgeted \$5.9 million but collected \$3.4 million (57.5 percent).

The county’s tax on vehicle rentals underperformed where \$5.0 million of the \$7.8 million budgeted (64.7 percent) was raised.

The county’s tax on alcoholic beverages that are served at bars and restaurants (state store and beer distributor sales are not taxed by the county) raised \$20.6 million compared to the \$45.1 million budget (45.6 percent). These two latter taxes provide the local match for state assistance to the Port Authority.

**County Controller Reports of Monthly Revenues (\$000s)**

Revenue Type	2020 Budget	2020 Actual	Actual - Budget	Actual / Budget (%)
Taxes	496,739	455,950	-40,789	91.8
Licenses and Permits	3,542	3,060	-482	86.4
Fines and Forfeitures	4,105	2,579	-1,526	62.8
Interest Earnings	4,339	2,010	-2,329	46.3
Miscellaneous	5,743	4,722	-1,021	82.2
Charges for Services and Facilities	162,661	133,911	-28,750	82.3
Intergovernmental Revenue	260,367	246,389	-13,978	94.6
Other Financing/Bond Activity	8,948	51,504	42,556	575.6
Total	946,444	900,125	-46,319	95.1

The remainder of revenue comes from non-tax sources—due to the county’s large role in health and human services it receives money from the federal and state governments to administer programs. Federal revenue was \$62.6 million, which exceeded the budget amount of \$54.7 million (114 percent). The county was a direct recipient of \$212 million in CARES Act money from the federal government; this money was placed into the county’s grants budget before the county identified uses for it.

State revenue came in lower than budget—\$161.5 million of \$183.6 million (87.9 percent). Local government revenue, which is funding for county parks from the Regional Asset District and its share of the sales tax, was greater than budget, \$22.3 million of \$22.1 million (101 percent).

The revenue for specific services and permits were down in 2020. Licenses and permits were budgeted for \$3.5 million but \$3.1 million (86.4 percent) was raised. Charges for services and facilities were budgeted for \$162.7 million but that, too, was off with \$133.9 million (82.3 percent) raised.

Economic activity impacts revenue. The Bureau of Labor Statistics (BLS) household survey for Allegheny County (which counts residents who are working, regardless of where their place of employment is located, as well as those looking for work) shows that

for 2020 the monthly average of county residents employed fell by 43,576 from 2019 with April the hardest hit at 91,927 fewer residents working.

While the unemployment rate dropped from a high of 15.7 percent in April to 6.3 percent in December, bear in mind that the labor force (persons working or looking for work) actually fell more dramatically in November (31,591) and December (31,979) from the year-earlier reading than it did in April (15,070). For the five months following the declines in labor force from the year earlier dropped substantially, averaging about 13,000. Then in October, much larger drops in the labor force occurred through year end.

The BLS estimate shows 39,294 people listed as unemployed in December 2020, less than half of April's count. But the big drop in labor force was a big part in that improvement. Dropping out of the labor force means a person is no longer employed or looking for work and may be discouraged about finding work.

#### *Expenditure detail*

On the expenditure side, the \$885.8 million was 91.6 percent of the \$966.9 million budgeted for the year. By expenditure type, personnel compensation, which includes salaries, seasonal/part-time pay, overtime and other items related to compensation totaled \$326.7 million, lower than the budgeted \$346.8 million (94.2 percent).

Fringe benefits were \$124.5 million of the \$140 million budget (88.9 percent). Personnel compensation and fringe benefits combined account for half of the year's expenses. The county did not lay off or furlough employees. Perhaps attrition accounted for the lower amounts for these items.

Expenses for services—professional, financial, legal, contracted, etc.—is a large expenditure with \$355.4 million budgeted. However, the county spent \$291.5 million (82 percent). Debt service expense was also lower—\$59.7 million of \$72.2 million budgeted (82.7 percent).

Based on expenses for the 29 office and department budgets, only information technology exceeded 100 percent of its budget in 2020. In a detailed description provided by the controller's office showing expenditure components (personnel, benefits, supplies, services, etc.) it saw an adjustment to its budget for services of an additional \$1.4 million. This could have been related to services for employees working at home. Nine other offices and departments spent over 90 percent of the budgeted amount.

**County Controller Reports of Monthly Expenditures (\$000s)  
Ten Highest Actual Spending as % of Budget**

Department/Office	2020 Budget	2020 Actual	Actual - Budget	Actual / Budget (%)
Information Technology	7,049	7,387	338	104.8
Human Services	206,961	198,259	-8,702	95.8
District Attorney	20,358	19,035	-1,323	93.5
County Manager	1,951	1,810	-141	92.8
Facilities Management	23,321	21,602	-1,719	92.6
Sheriff	20,769	19,218	-1,551	92.5
Administrative Services	21,916	20,228	-1,688	92.3
Medical Examiner	11,320	10,436	-884	92.2
Court of Common Pleas	83,301	76,746	-6,555	92.1
Human Resources	2,249	2,034	-215	90.4

As a sample of other departments/offices that spent less than the budget amount, County Council spent 61.8 percent of its budget and expenses related to administration and council expenses were down. The Court of Common Pleas has 11 separate divisions/functions and all had actual expenses that were lower than budget. The same held for the Health Department and its five divisions. Council is proposing to return to “regular attendance practices” after utilizing teleconferencing, livestreaming and accepting public comments online. The courts issued a declaration of judicial emergency and were closed to the public from mid-March through June, utilized videoconferencing and held trials at the convention center in 2020. Perhaps department and office heads will be able to encapsulate how they achieved savings when it comes to future budget years so that county taxpayers won’t see tax or fee increases.

*2021 budget*

The county is nearly four months through its 2021 fiscal year. It adopted an operating budget of \$942 million, which was a 1.8 percent decrease from 2020. In a recent action the county approved delaying the delinquent date for property taxes.

The county is to receive \$383 million from the latest federal stimulus legislation. The money is permitted to be used for revenue replacement and can be utilized through 2024.

This is unlike the CARES Act money which was divided among vulnerable populations, medical expenses, county operations, regional assets, agency support and local government and had to be spent by the end of last year.

The Home Rule Charter requires a projected two-year operating budget. In the 2021 budget the county projected expenses to climb in 2022 (by 2.7 percent) and 2023 (by 1.6 percent). Again, it is worth asking if the results from departments and offices where spending fell can be applied as the budget deliberations for those years begin.

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