



# ALLEGHENY INSTITUTE

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## What does Allegheny County's budget mean for Institute recommendations?

**Summary:** The Allegheny Institute published five *Policy Briefs* (Vol. 23, Nos. 9, 14, 20, 25 and 29) on crucial issues and recommendations for Allegheny County chief executive candidates. In 2024 the county government will use the budgets proposed by the outgoing chief executive. The operating budget provides baseline data on the issues and recommendations for the next chief executive.

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The county's Home Rule Charter requires the chief executive to "appear before County Council to present the budget message and to submit the comprehensive fiscal plan no later than 75 days before the end of each fiscal year." On Oct. 10, the council was presented operating (\$1.05 billion), capital (\$116 million), grants (\$1.71 billion) and special accounts (\$160 million) budgets totaling \$3.04 billion.

Comprised of general, debt service, liquid fuel, transit support and infrastructure support funds, the operating budget's revenue comes from \$705.1 million in taxes or other local monies, \$252.2 from state and federal dollars and \$97.3 million from miscellaneous receipts and transfers.

Next year is the final year Allegheny County will be able to utilize federal American Rescue Plan dollars. As of Oct. 30, \$190.5 million of the \$381 million (50 percent) the county received had been spent; \$86.9 million is "to stabilize the operating budget and provide services that otherwise would have been cut due to lack of funding."

Examining spending by program area, the three largest operating budget areas are health and welfare at \$407.1 million (39 percent), public safety at \$311.8 million (30 percent) and general government at \$90.5 million (9 percent). There are 6,151 budgeted employees.

Compared to 2023's operating budget, all departments are expected to spend more. Overall, spending is to increase 3.4 percent and headcount by 23 employees.

The following section summarizes the Institute's recommendations and provides baseline data from the 2024 operating budget.

- *Propose an ordinance to County Council to conduct a reassessment in Allegheny County once every three years:* Property tax revenue is budgeted at \$397.2 million and is the single largest source of revenue in the operating budget. With no increase to the millage rate, revenue is projected to grow 0.2 percent over 2023's budgeted amount.

Within the Administrative Services Department (proposed budget of \$22.4 million and 212 employees), the Office of Property Assessments has a proposed budget of \$6.7 million. It maintains the values for the close to 583,000 taxable and exempt parcels. Its 2024 initiatives are a "policy and procedure revision" and "quality assurance and control," two areas that are no doubt highlighted due to the litigation over the calculation of the common level ratio (see *Policy Brief Vol. 22, No. 27*). The State Tax Equalization Board has set the county's 2022 common level ratio (used in appeals from July 1, 2023, to June 30, 2024) at 54.5.

In addition, the Law Department (proposed budget of \$3.6 million and 58 employees) and the Court of Common Pleas (proposed budget of \$93.3 million and 830 employees), specifically the Board of Viewers, as well as Court Records (proposed budget of \$8.9 million and 129 employees), specifically the Civil/Family division, have to manage assessment appeals, the number of which will likely climb without a reassessment.

- *Lead the way to sharpen the focus on what might be alternative methods of delivering county services:* The county manager's office (proposed budget of \$2.5 million and 20 employees) carries out a sunset review to "evaluate the need for each County department, agency and function." Those that no longer meet the needs of taxpayers can be recommended for modification or elimination.

With the schedule currently in place, in 2024 the aforementioned Administrative Services Department along with the Departments of Facilities Management (proposed budget of \$26.8 million and 221 employees); Information Technology (proposed budget of \$10.8 million and 129 employees); Parks (proposed budget of \$24.9 million and 169 employees); Public Works (proposed budget of \$32.1 million and 224 employees) and Sustainability (proposed budget of \$0.8 million and 6 employees) are to be reviewed.

The emphasis should be on cost comparisons between the county and private vendors in the sunset review where there is a possibility of outsourcing or privatization.

- *Appoint no-nonsense [Pittsburgh Regional Transit (PRT)] board members that will push for changes to future labor contracts, service levels, fares and fleet that realistically align with ridership and with the taxes paid by county taxpayers:* The alcoholic beverage and vehicle rental taxes match state subsidies for PRT and are expected to raise \$56.2 million.

The county has made no effort to call for low-performing mass-transit routes to be discontinued or for changes to PRT's pay and benefits, fleet or expansion plans. PRT data for September 2023 shows average bus and light-rail ridership were 28 percent and 38 percent lower, respectively, than in September 2019. The cost per bus and light-rail rider have regularly been higher than peer transit agencies across the U.S. and low ridership pushed the costs higher. The Pennsylvania Auditor General's performance audit noted that PRT expects to spend its federal stimulus money in full by the end of June 2024 and deferred revenue reserves (any surplus of revenues and subsidies above expenditures) by the end of June 2028.

There will be significant pressure for more state assistance which, in turn, could require more money from the existing levies or legislation to enable Allegheny County to levy additional taxes and fees for mass transit. The better way is to insist on cost reductions to lessen the impact on county taxpayers.

- *Prioritize the creation of a benchmark set of counties to create a means of comparison for Allegheny County's fiscal performance and to gain insight into improving operating practices to improve the efficiency and cost of county governance:* The shift to home rule and the current form of county government began with benchmarking other counties around the U.S.—ones considered “models of quality government and economic progress.” Most of those counties have outpaced Allegheny County on growth in population and employment in the years since.

Using a new set of counties and recent audited fiscal data, the Institute found that Allegheny County came in at the top for per-capita revenue and expenditure and second from the top on employees per 1,000 people.

Using Allegheny County's estimated 2022 Census population of 1,233,253 against the 2024 proposed operating budget results in \$855 in per-capita revenue and spending. The fiscal plan forecasts two additional years of operating budgets, which are expected to grow. If population remains unchanged, per-capita amounts would be \$881 in 2025 and \$907 in 2026.

With 6,151 operating budget employees, the 2024 result would be 4.99 employees per 1,000 people.

While the budget for next year does not anticipate a tax increase, it will be difficult to see this continue if the county government grows spending and adds departments and headcount while property tax appeals and slow growth chip away at the property tax base. If Allegheny County wants to be a place that attracts population and jobs, these recommendations will contribute to those goals.

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**Eric Montarti, Research Director**

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Allegheny Institute for Public Policy  
305 Mt. Lebanon Blvd.\* Suite 208\* Pittsburgh PA 15234  
Phone (412) 440-0079  
E-mail: [aipp@alleghenyinstitute.org](mailto:aipp@alleghenyinstitute.org)  
Website: [www.alleghenyinstitute.org](http://www.alleghenyinstitute.org)  
Twitter: [AlleghenyInstil](https://twitter.com/AlleghenyInstil)