



Reviewing 2023 and looking ahead to 2024

As 2023 draws to a close, we wish our readers a healthy and prosperous New Year. 2023 provided a wealth of policy topics for us to analyze and write about. The following are some of the key highlights.

- K-12 School Funding—A February [Commonwealth Court ruling](#) declared the state’s method of school funding unconstitutional, primarily because of the enormous differences in per student spending across school districts. Nonetheless, the 2023-24 state budget passed with the same components of basic education funding in place. To address the court ruling the state Basic Education [Funding Commission](#) held hearings and is to make recommendations to the General Assembly. This complex and contentious issue, with a mix of state and local funding in 500 school districts of various sizes and ability to generate local school tax revenue, might become part of the governor’s next budget presentation. The Institute has studied the issue thoroughly and has offered possible solutions which will require major changes in the state’s approach to creating an equitable funding scheme across districts. To be sure, any substantial change will almost certainly meet with strong resistance from the most affected districts.
- Recommendations for new Allegheny County chief executive—Allegheny County will have its first new chief executive since 2012. We made recommendations on critical county issues, including instituting regular property [reassessments](#), appointing members to the [Pittsburgh Regional Transit Board](#) who will make adjustments to service and fleet due to the high costs of the authority and the many low-performing routes that have yet to return to pre-pandemic levels, improving the sunset review and utilizing benchmarking to [lower county government costs](#).
- We continued to document the struggles with downtown Pittsburgh’s vacancy rate as workers are slow to return to the office. Firms are downsizing space requirements and/or moving to buildings with better amenities. We cautioned that the sluggish economy and Pittsburgh’s poor business and labor climate, and now higher crime, homelessness and panhandling, will continue to weigh heavily on the [office market vacancy rate](#). This will become a more pressing issue as building owners begin to appeal their property assessments and school, city and county property tax revenues begin to fall.

- We examined a proposal at the state level to raise Pennsylvania's [minimum wage](#) from the current federal minimum of \$7.25 per hour to \$15 per hour by 2026. We presented the cost-of-living differences between three states and the District of Columbia that have a minimum wage at or greater than \$15. We concluded that if Pennsylvania enacts a \$15 minimum wage it would, on a cost-of-living comparison basis, be the highest wage in the nation. It would have substantial impacts on the economy and make the state even more uncompetitive than it already is. There would be disproportionately harsher damaging effects on lower-income counties and low-wage industries.
- We continue to report on the weakness in the region's [employment growth](#) which, in turn, affects important sectors such as the airport that has yet to return to [pre-pandemic passenger](#) and operations counts. This, despite giving subsidies to carriers to provide service. Slow growth in the Pittsburgh area compared to metro areas in other states points to the dramatic effect of Right-to-Work on jobs creation.

We also examined other issues such as the need for Pittsburgh Public Schools to move forward on a [school-closure and downsizing plan](#), Pittsburgh's challenge to charitable properties, the impact of the reduction to the state's [corporate net income tax](#), and how school vouchers would affect school districts in Allegheny County.

Op-eds, based on our research, are regularly placed in newspapers across the state. We frequently make media appearances on television and radio as well as many presentations to community groups in response to requests.

For each *important policy* topic we offer insights and challenges to conventional thinking. In 2024 we will analyze the policy challenges that arise and offer approaches to problem-solving that emphasize the principles of free markets and good governance.

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