October 16, 2024 Policy Brief: Volume 24, Number 36

Benchmarking performance: a crucial tool for Allegheny County budget deliberations

Summary: Included in the proposed 2025 comprehensive fiscal plan submitted by the Allegheny County chief executive is a 2.2 mill increase in the property tax (a 46.5 percent increase) and a $3,000 increase in the homestead exemption. The plan is now under consideration by County Council, and from published reports it appears the tax increase does not have the support "of two-thirds of the seated Members" of the council as required by the Home Rule Charter. As some members of the council have publicly expressed a desire to look at cost savings, we update recent work on benchmarking the county's finances as a way to analyze Allegheny County's fiscal performance.

The county's 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. 8, the council was presented operating ($1.2 billion), capital ($130.6 million), grants ($1.6 billion) and special accounts ($168.1 million) budgets totaling $3.1 billion. Comprised of general, debt service, liquid fuel, transit support and infrastructure support funds, the operating budget includes the first property tax increase since 2012. Millage would rise from 4.73 mills to 6.93 mills (again, 46.5 percent), more than double the 21 percent increase in 2012. The increase is proposed in order to close a deficit in the operating budget and build the fund balance.

As noted in *Policy Brief Vol. 23, No. 29,* benchmarking was a central component in the shift to home rule and the executive-manager-council form of government. In the 1996 study, "Preparing Allegheny County for the 21st Century," six counties were selected to serve "as models of quality government and economic progress." The study noted that the counties were either places known to be competing with Allegheny County for jobs, had a reputation as an exemplary government or presented a different form of county government.

It is worth updating population and job growth data in the counties in the study. After all, those two factors are critical to tax base. Allegheny County was the second-largest county of the benchmarks in 2000 with a population of 1.281 million, second only to King County (Seattle, Wash.). From the 2000 Census to the 2023 Census estimate, Allegheny County saw a population decrease of 4.4 percent and stood at 1.224 million in 2023, placing it third largest behind King and Hennepin County (Minneapolis, Minn.), which increased 30.8 percent and 12.8 percent, respectively.

Those two counties, along with three others in the benchmark group—Davidson County (Nashville, Tenn.), Mecklenburg County (Charlotte, N.C.), and Montgomery County (Rockville, Md.)—had double-digit percentage growth between 2000 and 2023, with Mecklenburg leading the way at 67.3 percent, Davidson at 25 percent and Montgomery at 21.2 percent. The remaining benchmark, Milwaukee County (Milwaukee, Wisc.), saw a decrease of 2.5 percent, which placed it ahead of Allegheny County in terms of population change.

Based on the Bureau of Labor Statistics' Local Area Unemployment Statistics tool, Allegheny County's job growth from 2000 through 2023 was a *negative* 0.1 percent. This was far outpaced by increases in Mecklenburg (67.4 percent), King and Davidson (both at 36.4 percent). The only benchmark county to post a worse job-growth performance was Milwaukee, a decrease of 1.7 percent.

If the 1996 study were to be revisited, what conclusions could be drawn regarding the modernization of Allegheny County's government and keeping competitive with these benchmark counties?

Another very good group of peer counties for benchmark comparisons to Allegheny County includes the counties that encompass the cities in the Benchmark City that the Allegheny Institute has used to measure Pittsburgh's fiscal performance. Franklin County (Columbus, Ohio: Columbus is situated in three counties in Ohio, but Franklin is the primary county and thus used in the sample), Salt Lake County (Salt Lake City, Utah) and Douglas County (Omaha, Neb.) are used, as well as Hillsborough County (Tampa, Fla.) for purposes of a comparative county analysis.

Between 2010 and 2023, the average percentage growth in population of the four counties was 17 percent to Allegheny's 0.1 percent. With the exception of Douglas, all counties exceeded 1.1 million population in 2023.

The table below compares Allegheny County to the benchmark counties on per-capita revenues, expenditures and county government employees per 1,000 people. The analysis used audited data for the fiscal year that ended in 2023.

Allegheny County and Peer Group Counties

County (State)	2023 Census Estimate	Revenue per Capita	Expenditure per Capita	Employees per 1000 citizens
Allegheny (PA)	1,224,825	$1,745	$1,805	5.1
Douglas (NE)	589,540	$739	$807	3.7
Franklin (OH)	1,326,063	$1,367	$1,297	4.6
Hillsborough (FL)	1,535,564	$1,859	$1,632	6.6
Salt Lake (UT)	1,185,813	$1,277	$1,190	4.8
County Avg. (Not Including Allegheny)	**1,159,245**	**$1,310**	**$1,232**	**4.9**

On per-capita revenue—which takes into account taxes, fees, intergovernmental revenue and all other sources across all governmental funds—Allegheny County ranked second highest and was 33.2 percent above the peer-group average.

On per-capita expenditure, which measures general government functions, public safety, health and others, Allegheny County ranked highest and was 46.5 percent above the peer-group average.

On full-time equivalent employees per 1,000 people, Allegheny County ranked second-highest and was 4.1 percent above the peer-group average.

Moving forward from audited data to the proposed operating budget, the proposed increases to millage and the homestead exemption would result in an additional $182 in property taxes for the median assessed home value of $110,400. Of course it would be higher the higher the assessed value. For a property at the median assessed value that does not qualify for a homestead exemption the additional taxes would total $243. The increase in the millage rate, offset by the increase in the homestead exemption totaled together with all other property tax collection line items, would raise $167 million more for the operating budget.

At the 2023 population estimate, operating budget spending equates to $981 per capita. Consider that of the county's departmental appropriations by program area only health and welfare administration, court records and juvenile court placement would see spending decreases in 2025 over this year.

While the budgeted headcount of 6,151 is the same as the 2024 operating budget total, there are 11 departments that are budgeted for additional headcount, offset by decreases in six departments.

Benchmarking, along with the tools in the Home Rule Charter—particularly the sunset review of departments and next year's once-in-a-decade Government Review Commission—are vital to making sure that county operations are efficient and affordable for taxpayers. Savings must be found in other departments and functions in the 2025 budget deliberations. That's a far more fiscally responsible course to take as opposed to a property tax increase.

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