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## **Allegheny County's budget: savings following a tax hike?**

**Summary:** On Dec. 3, Allegheny County Council approved operating, capital and grants/special/agency budgets for 2025. Totaling \$3.1 billion, the budgets were signed by the chief executive on Dec. 11. The operating budget contains a property tax increase of 1.7 mills (36 percent), the first increase since 2012. The hike is slightly lower than the one initially proposed by the chief executive. The 2025 operating budget represents an 11.4 percent increase over 2024's budget.

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The operating budget presented by the chief executive on Oct. 8 was \$1.2 billion, an increase of \$146.4 million (14 percent) over 2024's approved budget. The property tax increase was accompanied by a \$3,000 increase in the homestead exemption to \$21,000. The exemption reduces the assessed value of a qualified property before the county's millage is applied.

The 2.2 mill increase was never embraced by County Council. Nearly two months of debate, proposals, counter-proposals and hearings followed. Then on Dec. 3 a press release from the chief executive's office announced that a deal had been reached for a budget and a tax hike of 1.7 mills. The homestead exemption would not be increased. The operating budget approved that evening was \$1.17 billion, \$26.4 million (2.2 percent) lower than what the executive proposed.

The budget resolutions for the executive's proposal and the council-approved budget show expenses for 32 departments (in the resolutions, the council, the four row offices, debt service, non-departmental expenditures and miscellaneous agencies are counted as departments). In order to arrive at the \$1.17 billion budget, there were reductions to 18 departments.

Due to a smaller tax increase—property tax revenue fell from \$558.1 million in the proposed budget to \$532.7 million in the adopted budget—the line item for “contingency” under non-departmental expenditures—essentially the fund balance—fell by \$9.6 million to \$23.4 million. Combined with moving a \$4 million software purchase in information technology from operating to capital, \$13.6 million of the \$26.4 million savings was met.

That left reductions in other operating departments. Reviewing the proposed and approved 2025 line item operating budgets shows that most of the reductions from the proposal came from salaries, medical allocations and contracted services.

**Allegheny County Budgets, 2024 and 2025 (\$, millions)**

<b>Budget</b>	<b>2024 Approved</b>	<b>2025 Proposed</b>	<b>2025 Approved</b>
Operating	\$1,054.6	\$1,200.9	\$1,174.5
Capital	\$116.3	\$130.6	\$130.6
Grants/Special/Agency	\$1,856.4	\$1,812.5	\$1,793.1
Total	\$3,027.3	\$3,144.0	\$3,098.2

When comparing the approved operating budgets for 2024 to 2025, however, only four departments will see reductions: chief executive, the council, juvenile court placement and court records—nearly \$6.5 million combined—and almost all of that from juvenile court placement. Interestingly, both the chief executive and the council were reduced from the 2024 approved budget and the 2025 initial proposal. Overall spending will increase \$119.9 million (11.4 percent). Seven departments will outstrip the percentage growth for the operating budget overall. These include children initiatives, sustainability, county manager, county solicitor and human services.

The Dec. 3 press release noted the principles for the budget agreement: no layoffs; no cuts in public works, public safety, and human services; funding emergency rental assistance and childcare; and bolstering the fund balance. The release noted there would be “a commitment from both the Administration and Council to work together through 2025 to continue to identify efficiencies and ensure long-term financial sustainability.”

There are plenty of opportunities over the next year to follow through on that commitment and to show taxpayers what is being done.

First is the sunset review. In 2025, reviews are scheduled for the medical examiner, jail, police and emergency services. Those four departments total \$184.7 million in the 2025 budget and all saw their budget grow from the 2024 adopted plan. Does County Council scrutinize the reviews, especially where mentions have been made of alternative methods of carrying out services? If not, the commitment to efficiency and financial sustainability might begin there.

In addition, the Government Review Commission, which occurs once every decade, is scheduled for 2025. Both the council and executive make the commission’s appointments—people who are committed to carrying out the 2025 goals of efficiency and financial sustainability should be on the commission.

Finally, there is the pending reassessment lawsuit brought by Pittsburgh Public Schools. The county should drop the challenge to the lawsuit, save on the legal expense, do a reassessment and then commit to regular reassessments to stabilize the tax base and avoid the experience of the past three decades that resulted in court-ordered reassessments in 2001 and 2013.

Dashboards that populate the county website show monthly and year-to-date revenues, expenditures and headcount; how to estimate property tax payments; and how the county has spent pandemic relief and opioid settlement dollars. The council has proposed online tools to show opportunities to serve on boards and commissions (this has since been approved by the Chief Executive) and to show the status of property reviews of purely public charities exempt from property taxes.

Why not a dashboard that shows the monthly activities undertaken by elected officials and the progress to identify efficiencies, perhaps with cost comparisons between what the county spends and what a private, non-profit or other level of government would charge to carry out the service?

Significant departmental savings would be beneficial for taxpayers and could perhaps result in the new 6.43 millage rate being reduced when the 2026 budget year rolls around.

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