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Allegheny County faces steep financial challenges

By Colin McNickle

Allegheny County's comprehensive financial report for 2025, as prepared by the county controller, is a sobering document that should provide local policy makers with plenty to think about, says a researcher at the Allegheny Institute for Public Policy.

Per the controller's news release, "[I]t will be challenging to do much more than break even this year" and "[s]tability and growth will be key to reestablishing the County's financial footing, but belt-tightening is also likely to be necessary."

The controller "recommended particular scrutiny of spending within the [departments of] Human Services and the County Jail" due to their share of growth in overall spending since 2019.

And even with a 36 percent property tax increase -- from 4.73 mills to 6.43 mills – that went into effect (the first since 2012), the controller's release stated the increase (originally proposed as a 46.5 percent hike) offers "only a brief respite from considerable fiscal concerns."

While the county has taken some steps to promote economy, it has taken others that are anathema to belt-tightening, says Eric Montarti, research director at the Pittsburgh think tank (in *Policy Brief Vol. 26, No. 25*).

Among the encouraging 2025 financial results were higher collections of the county's share of the sales and use tax, the hotel room rental tax and levies on alcoholic beverages and vehicle rentals. And total general fund revenues were $1.02 billion -- $161.8 million (18.9 percent) above the previous year's total.

Additionally, Montarti notes the 2025 financial report says the county rebid contracts, audited benefits and eliminated rent in addition to cutting vacant positions.

And among two positive developments in 2026, overtime approval across all county departments has been placed under the sole jurisdiction of the county manager, that, according to the new policy, governs “the use, approval, and oversight of overtime across all departments … ensur[ing] that overtime is used efficiently, pre-authorized appropriately, and monitored regularly to promote fiscal responsibility, transparency, and operational effectiveness.”

“If that had not been the standard operating procedure that is troubling,” Montarti says.

Additionally, the county will require spouses of county employees to utilize primary health care coverage from their own employer if possible, a move estimated to save $4 million annually.

But Montarti says there’s more to be done.

“Growing population and jobs are key,” Montarti stresses. “The significant property tax increase did not help. Opting to divert future property tax revenues to spur development or using subsidies and incentives has been tried and has failed to produce meaningful results.

“The proposal for paid parental leave (which also expands existing paid sick leave) negatively impacts these efforts,” the think tank researcher cautions.

And there are other pending policy issues that could affect finances.

“The reassessment issue is one,” Montarti reminds. “The county is involved in lawsuits at the Common Pleas Court and Commonwealth Court levels, the General Assembly has one piece of legislation, and possibly a second, that would mandate a schedule of reassessments and County Council is hearing from the public on its own ordinance that would put into place a reassessment schedule of every three years.”

Another serious issue is funding for the county’s pension plan, now with an unfunded liability of $1.4 billion.

“The budget and pension issues may affect a County Council-approved ordinance for a ballot question that would remove language in the Home Rule Charter on how much the council can spend on its annual operations,” Montarti says.

“The ordinance was not signed by the county executive,” he reminds. And now, due to what the council says is “recently received information regarding the condition of the County’s retirement fund and general budgetary outlook for 2027” – and public backlash -- a new ordinance to repeal the original ordinance that would have permitted the ballot question was adopted by County Council on Tuesday. A companion ordinance authorizing a second ballot question that would allow council members to hire staff and receive health and pension benefits remains intact.

Montarti’s bottom line: “It is imperative for Allegheny County to utilize the tools in the [Home Rule] Charter—such as sunset review and its government review commission—to focus on core services and provide them efficiently and economically and work diligently to eliminate the unfunded pension liability."

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