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Allegheny County's finances: a review of 2025's results

Summary: The Allegheny County acting controller (controller) presented the Annual Comprehensive Financial Report (ACFR) on June 1, summarizing results from 2025. A 36 percent property tax increase from 4.73 mills to 6.43 mills went into effect, the first since 2012. The controller's news release stated the increase offers "only a brief respite from considerable fiscal concerns."

The tax increase was originally pitched as a 46.5 percent hike and attracted plenty of attention and debate in the fall of 2024. On a modified accrual basis, property taxes raised \$521.1 million, 36 percent more than the \$382.6 million collected in 2024.

At the beginning of 2025, taxable value was \$84.88 billion. Property taxes were dedicated to both the general fund (5.677 mills) and debt service fund (0.753 mills). The \$460 million in the general fund represented 45 percent of that fund's revenues. Property taxes represented almost all the revenues in the debt service fund.

State revenues and charges for services and facilities were the next largest sources of general fund revenue, and, together, those accounted for \$91 million less than property tax collections.

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 all increased over the previous year. As these are reported and audited, they will be informative in determining the fiscal impact of the NFL Draft held in April 2026. Total general fund revenues were \$1.02 billion. This was \$161.8 million (18.9 percent) above the previous year's total.

General fund spending on health and welfare, general government and public safety, along with other functions, totaled \$976.2 million—an increase of \$73.3 million (8.1 percent) over the previous year. These three functions, along with public works, culture and recreation and education spending increased over 2024.

The difference in revenues and expenditures resulted in a surplus of \$42.7 million. After accounting for other financing (technology, leases and transfers in and out of the fund)

the net change in general fund balance was a positive \$27.6 million. This increased the year-end fund balance to \$88.6 million, \$81.8 million of that was unassigned.

**Statement of Revenues, Expenditures and Changes in Fund Balances,
2025 Governmental Funds (\$, millions)**

Item	General	County Grants	Human Services Grants	Capital Projects	Other Governmental	Total
Revenues	1,018.9	179.9	892.2	34.6	129.4	2,254.9
Expenditures	976.2	194.5	908.8	99.8	132	2,311.3
Excess/(Deficiency)	42.7	(14.6)	(16.6)	(65.3)	(2.6)	(56.3)
Other Financing Sources/(Uses)	(15.2)	15.7	16.6	5.8	(12.4)	10.5
Net Change in Fund Balance	27.6	1.1	0	(59.5)	(15)	(45.8)

An additional \$1.3 billion in spending occurred in the remainder of governmental funds the county administers—county grants, human services grants, capital projects and other governmental. The human services grants fund was second largest behind the general fund.

All had a deficit, with the capital projects fund the largest. There was an overall deficit of \$56.3 million which, after other financing, lowered the governmental fund balance by \$45.8 million.

Changes in Fund Balances, Governmental Funds (\$, millions)

Item	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenues	1,613	1,640	1,723	1,768	2,004	2,094	2,284	2,137	2,089	2,254
Expenditures	1,635	1,680	1,763	1,819	2,024	2,148	2,240	2,210	2,214	2,311
Excess/(Deficiency)	(21.1)	(40.1)	(39.6)	(51.6)	(19.7)	(53.8)	44.3	(72.9)	(124)	(56.3)
Other Financing Sources/(Uses)	81.4	0	95.3	0	131.3	0	(2.3)	16.2	173.7	10.5
Net Change in Fund Balance	60.3	(40.1)	55.7	(51.6)	111.6	(53.8)	42	(56.7)	48.8	(45.8)

From 2016 to 2025, there were five years with a negative net change in governmental fund balance, a pattern of every other year. Last year's \$45.8 million was fourth largest. In 2022 the county recorded an excess of revenues over expenditures in its governmental funds. In 2020, the unassigned general fund balance fell from the prior year.

The controller's news release on the results and what they mean going forward should provide county policymakers plenty to think about. "[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.

Those two departments rank first and second in expenditures in this year's \$1.19 billion operating budget. Human services will spend \$293 million and the department has a total of 565 positions. There were 101 unfunded positions removed this year. The 2023 sunset

review of human services stated that the county was “the most effective agent” to provide services.

The jail has a \$122.8 million budget and 727 positions. There were 76 unfunded positions eliminated. In 2021, the sunset review stated that unless the state took over the jail “there is no other level of government that would have the resources to provide this service.”

The ACFR noted that the county rebid contracts, audited benefits and eliminated rent in addition to cutting vacant positions. What actions have been taken in 2026? Two include the county manager’s issuance of an overtime policy in February “governing the use, approval, and oversight of overtime across all departments under the jurisdiction of the County Manager ... 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.

A July 2 news article noted the county would 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, taken as “part of a broader effort to cut spending, avoid layoffs and prevent another property tax increase.” There is more to be done if fiscal results are expected to be close in the coming years.

Growing population and jobs are key. 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.

There are pending policy issues that could affect finances. The reassessment issue is one. 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 is the funding of the county’s pension plan. A county task force is working on recommendations to deal with “an unfunded liability of \$1.4 billion” and noted “though the county’s contributions were sufficient to meet the requirements of the pension law, they have been insufficient to make a dent in the unfunded liability for the past 22 years.” Recently, oral arguments in a lawsuit filed in 2024 over the funded status of the pension plan were heard. The Common Pleas Court is to rule on “the legislative intent of [state law governing the County’s pension] ... whether it imposes a duty on the County of Allegheny and its Retirement Board to eliminate or reduce the unfunded liability of the County’s Employee Retirement Plan.”

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. The ordinance was not signed by the county executive. Now, due to “recently received information regarding the condition of the County’s retirement fund and general budgetary outlook for 2027,” a new ordinance to repeal the ordinance that would have permitted the ballot question was on the council’s July 14 agenda.

It is imperative for Allegheny County to utilize the tools in the 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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