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Where do Institute recommendations for Allegheny County stand?

Summary: Allegheny County's 2027 Comprehensive Fiscal Plan (Plan) was introduced on Oct. 6. Concurrently, the issues of a reassessment and pension reform are under court supervision and the once-a-decade Government Review Commission meets. This *Policy Brief* revisits recommendations made for the county in 2023.

Allegheny County's chief executive presented the Plan, outlining proposed budgets for operations ($1.25 billion); capital projects ($153.2 million); grants ($1.54 billion) and special accounts ($179.2 million). The grand total comes to $3.12 billion. Taxes and local revenue would provide $1.08 billion, federal and state revenue $1.82 billion and other sources $216 million. County Council is deliberating on the Plan.

The operating budget would grow $56.9 million (4.8 percent) over this year. Full-time headcount would decrease from 5,491 to 5,419, or by 72 positions (1.3 percent) but there are no layoffs.

Comparing year-over-year spending on a department level (including County Council and row offices) shows that there are 20 departments that would see spending increase and eight departments that would see spending decrease. For full-time employees, six of the departments would increase, 14 departments would decrease while eight would have no change. Over half of the county's proposed operating budget expenses and headcount are represented by Human Services, the Kane Regional Centers, the jail and the Common Pleas Court.

Policy Brief Vol. 23, No. 39, summarized recommendations made for chief executive candidates. This *Brief* updates the recommendations following the introduction of the 2027 Plan and other developments.

- *Reassessments:* In 2026 an ordinance was introduced by members of County Council to carry out a reassessment every three years beginning in 2028. That is a positive development and there was a series of public hearings on the ordinance over the summer. However, a court ruling mandating a reassessment to be implemented by 2032 has changed the timeline; if the ordinance was in place, the

county would have brought regularity to the process and be further along than it is now. If it should pass, it is possible the first reassessment carried out under it would be for 2035.

The Plan's capital budget shows a $3 million expense under the category of equipment "… for the initiation of the court-ordered countywide reassessment project." In 2027, the county is to select a contractor and have the reassessment underway by July. At an Oct. 21 public hearing on the budget, the county manager noted the downside of not doing regular reassessments is the expense and a bond is going to pay for the design of the contract for the third-party assessor and data modeling in the initial year. Doing reassessments on a regular basis would allow for the costs to be operating expenses, according to the manager.

The property assessment division's budget, within the Administrative Services Department, is proposed to increase from $6.99 million to $7.37 million. The Plan projects a decline in property tax revenue from $538.7 million to $536.7 million.

- *Sunset review:* The Plan's press release notes cost savings (eliminating vacant positions, centralizing functions, refinancing debt and others) and cost drivers (debt payments, wage increases, overtime and others) for 2027.

  We recommended sunset reviews compare the costs between the county and private vendors where there is a possibility of privatization or outsourcing. The most recent sunset review available online is from 2024. The six departments reviewed are proposed to spend a combined $127 million in 2027. Where the review mentioned services could be outsourced, there was no cost comparison with the county. Where the review mentioned that departments have compared themselves to outside vendors or had to utilize outside companies, there was no dollar figure for savings.

  With tight fiscal results projected, there should be an exploration of what alternative service delivery might do for the county's bottom line.

- *Pittsburgh Regional Transit (PRT):* The county proposes sending $56.9 million as an operating and capital match for state and federal subsidies to PRT, an increase over this year's $52.6 million. This comes from alcoholic beverage and vehicle rental taxes.

  PRT is building a bus rapid-transit project, is redesigning its bus network to modify, add and discontinue routes and is using capital dollars to fund operations this year and last under a plan approved by the state.

  A new four-year contract was approved by the union and the board last month; a recent news article indicates both will act in unison to request increased state

funding. Ridership is still below pre-pandemic numbers and 2025 bus operating expense per vehicle revenue hour was $260.89, above the average of peer agencies ($219.75) PRT utilized in its annual reports. The emphasis should be on getting costs to be more in line with what taxpayers can afford.

- *Benchmarking:* The Government Review Commission mentioned benchmarking Allegheny County against other counties at two of its meetings this year. Whether that becomes a regular tool in decision making for county officials once the commission issues its report and dissolves remains to be seen.

  Benchmarking was utilized in the 1996 study "Preparing Allegheny County for the 21st Century." When we updated job and population data in the two decades since the study, Allegheny County lagged many of the other counties. The question that should be asked three decades later is "what are these counties doing to attract population and jobs and what can Allegheny County do to correct its course?"

An issue not covered in our 2023 recommendations was the county's pensions. A September court ruling gives county and state policymakers a year to craft a solution to make the pensions "actuarially sound." There will be a hearing in December to discuss " … each and every concrete action thus far taken by the parties, particularly the County and the Retirement Board, in seeking a legislative resolution of the problems described in this Court's Opinion filed on September 3, 2026." The Plan shows an expenditure of $45.2 million toward the pension fund in 2027, up from $43.4 million this year.

Under County Council's section of the Plan it is noted "Council will continue to actively work with the County Executive, County Manager, and the Department of Economic Development to bring new businesses and jobs to Allegheny County, with the goal of creating long term, stable, well-paying jobs for County residents. This will also generate new sources of revenue for the County, which will in turn ease the tax burden on the County's currently existing taxpayers."

Are county policymakers achieving the goal of growing businesses and jobs? Is it happening without the use of tax incentives and subsidies and are regulations that deter new businesses being avoided? Policymakers should strive to make county government more efficient and less costly. That will go a long way in improving the business climate.

Eric Montarti, Research Director

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Allegheny Institute for Public Policy
305 Mt. Lebanon Blvd.* Suite 208* Pittsburgh PA 15234
Phone (412) 440-0079
E-mail: aipp@alleghenyinstitute.org
Website: www.alleghenyinstitute.org
X (Twitter): AlleghenyInsti1