

# ***POLICY BRIEF***

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## **Municipal Spending in Allegheny County: The High and the Low**

With municipalities across Allegheny County setting their budgets for the upcoming year, several are patting themselves on the back for not raising taxes. That is a good thing but it would be even better if taxes could be reduced, especially in communities where per resident spending is much higher than the municipality average in the County. To see which communities are high spenders and which are comparatively low spenders we obtained data from each municipality's Municipal Annual Audit and Financial Report and use that to compare per capita spending across the County<sup>1</sup>. The most recent municipal data available is for 2008 and a full list of the municipal spending categories can be viewed on our website. Population data is taken from the Census Bureau's 2009 estimates.

By way of background, the average total expenditures per capita among the 119 municipalities for which recent data is available stands at \$686. The five municipalities with the highest spending are mostly in the western part of the County; Leetsdale (\$2,727) leads followed by Sewickley Heights (\$1,854), Rosslyn Farms (\$1,673), Edgeworth (\$1,530), and Findlay (\$1,360). There are fifteen municipalities with total general fund spending of more than \$1,000 per capita.

By contrast there are 38 municipalities with expenditures under \$500 per capita. The lowest five spenders come in at less than \$330. That list includes South Versailles (\$245), West Deer (\$289), Forward (\$319), Haysville (\$327), and Glenfield (\$328).

Not surprisingly, there is a very close correlation between municipal spending and tax revenues, although it is not a perfect correlation because there is considerable variation in non-tax revenues among municipalities. On average these 119 Allegheny County municipalities collect \$464 per capita in taxes.

Among the highest spending municipalities Sewickley Heights has the largest per capita tax bite at \$1,564 followed by Rosslyn Farms (\$1,486), Edgeworth (\$1,422), Leetsdale (\$1,172) and Findlay (\$936). In each case property taxes are the largest single source of tax revenue. In the lowest spending municipalities Forward has the lowest per capita tax revenues at \$209 followed by South Versailles (\$215), West Deer (\$222), Glenfield (\$254) and Haysville (\$483).

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<sup>1</sup> Ten municipalities did not submit this report to DCED (Duquesne, Etna, Harmar, Jefferson Hills, Leet, McDonald, Moon, Trafford, Wall, and West Elizabeth). We also omitted the City of Pittsburgh since it is frequently the object of analyses elsewhere.

Interestingly, except for Findlay and West Deer, all the highest and lowest spending municipalities are small in terms of population, with six having less than 1,500 people. Findlay is an anomaly in spending and revenues because of the impact of the airport and a landfill.

Undoubtedly, income levels and property values play a key role in the variations in spending and revenues. According to the Census Bureau's American Community Survey's five year estimate (2005-09) for the median value of owner-occupied homes, Sewickley Heights (\$956,700), Edgeworth (\$457,400), and Rosslyn Farms (\$244,400) have high values that will correspond to high property tax revenues. Meanwhile Forward (\$89,800), Haysville (\$82,500), and South Versailles (\$81,100) have lower values and will generate smaller property tax revenue per mill of tax.

And of course the same scenario plays out in per capita income levels with Sewickley Heights (\$90,914), Edgeworth (\$77,661), and Rosslyn Farms (\$49,049) generating more in earned income tax receipts for each percentage point of the earned income tax rate than Forward with \$21,363 in per capita income, Haysville (\$20,103), and South Versailles (\$29,571).

The largest component of total general fund spending is public safety. The category of public safety includes payment for police, fire, code enforcement, planning and zoning. It is important to note that very few municipalities have a paid fire department, as most rely on volunteers for this service. For this sample of 119 municipalities, the average amount spent per capita on public safety is \$214. The top five municipalities in public safety spending per capita are Sewickley Heights (\$757), Findlay (\$593), Leetsdale (\$515), West Homestead (\$467), and Rosslyn Farms (\$453). They all spent more than double the sample average.

The ten lowest spending municipalities all spent less than half the sample average on public safety. The bottom five spent less than \$100 per capita: Aleppo (\$6), Glenfield (\$25), South Versailles (\$42), Haysville (\$75), and Chalfant (\$84).

The analysis above provides a snapshot of the range of spending and tax levels for municipalities in Allegheny County. The range of per capita spending and tax revenues is little short of astounding. We now need to gain a better understanding of how efficiently municipalities are functioning with spending variations so far from the County norm.

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