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An Updated Look at Municipal Spending in Allegheny County

Local government is perhaps the most important to its residents, yet many are unaware of how much their municipality collects in revenues and spends on services. In 2010 we started the first of a series that takes a look at the per capita spending and revenue levels of Allegheny County's municipalities. Last year we looked at the 2008 Municipal Annual Audit and Financial Reports to compare the per capita values and noted the highs and lows. This year we look at the 2009 Reports, the most recent available, to provide an update. This year's report covers 123 of the 129 smaller municipalities that comprise Allegheny County. We also update the population data from the 2009 estimates to the 2010 Census count¹.

The full report and all the individual municipality data for revenues and spending are available on the Allegheny Institute web site.

The weighted average per capita value for total general fund spending for 2009 is \$638². This is slightly higher than the \$629 figure for 2008. At the high end of spending are Rosslyn Farms and Sewickley Heights, each above \$2,000 per capita, and Findlay, Leetsdale, and Ohio, all over \$1,500 per capita. Ten other municipalities spent between \$1,000 and \$1,500 per resident. By way of comparison, the City of Pittsburgh per resident outlays were just under \$1,500.

At the bottom end of the spectrum for per resident spending, the lowest occurred in Liberty Boro at \$268. Three others—Brackenridge, South Versailles, and West Elizabeth—spent less than \$300 per capita. Overall, 39 municipalities (30 percent of total) spent less than \$500 per capita for general fund purposes.

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. The weighted average per capita amount for public safety is \$220—higher than 2008's average of \$216. In all, ten municipalities spent more than \$400 per capita on public safety while seven spent less than \$100 per capita.

¹ For the 2008 financial year ten municipalities did not submit a report to DCED. This year six municipalities did not have an annual report on file (East Deer, Etna, McDonald, Trafford, Wall, and Wilmerding). Once again we omit the City of Pittsburgh since it is frequently the object of analysis elsewhere.

² The weighted average is found by taking the total amount in each category and dividing by the total population in the sample.

Of course spending is only half the picture.

On a per capita basis, the weighted average amount of total general fund revenues in 2009 is \$628, which is less than total spending but slightly higher than 2008's revenue of \$621 per resident. Sewickley Heights had the greatest per capita general fund revenues at \$2,016 followed by Rosslyn Farms at \$1,784. Sixteen municipalities had per capita revenues larger than \$1,000. However, at the lower end of the spectrum the bottom five municipalities collected less than \$300 in per capita general fund revenues.

Not surprisingly, property taxes are the largest component of general fund revenues for most municipalities. The weighted per capita average of real estate tax revenue in this sample is \$214, slightly higher than 2008's \$207. Only two municipalities collected more than \$1,000 per capita in real estate taxes—Rosslyn Farms (\$1,087) and Sewickley Heights (\$1,029). There is substantial variation among the municipalities in the sample. The top ten municipalities collected more than \$500 per capita while half of the municipalities in the sample collected less than \$220 in real estate taxes per capita.

The study also included demographic information, population and median household income, for each municipality. Updating the population figures from the 2009 estimates to the 2010 Census count showed that 57 percent of the municipalities in Allegheny County (excluding the City of Pittsburgh) had an increase in their population count.

Interestingly enough, the median household income had a small correlation with total expenses and total revenues. This small coefficient for median household income points to a degree of fixity in spending and revenue on the major categories that is somewhat independent of incomes.

The analysis above provides only a snapshot of the range of per capita spending and revenues for municipalities in Allegheny County. In six of the revenue categories we examined the weighted averages increased slightly from 2008 to 2009 in four (Total Revenue, Real Estate Taxes, Local Services Tax, and Non-Tax Revenue) and declined in Total Taxes collected and the Earned Income Tax. However, of the six spending categories we looked at, only two increased (Total Expenses and Public Safety), the rest (General Government, Highways and Streets, Recreation, and General Obligation Debt) had small decreases.

The full report, as well as the complete data set, is available on our website:
www.alleghenyinstitute.org.

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