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Boston and Pittsburgh: Who Knew?

It has become conventional wisdom in some circles that Boston is greatly outperforming Pittsburgh and that we ought to find out what they are doing and emulate them. A recent speech by a bank executive makes the claim that Boston is doing better than Pittsburgh and points to three factors that explain the difference-- immigration, local morale, and government structure. The problem with the whole speech is that the premise is factually incorrect. Boston is not running circles around Pittsburgh, at least not in recent years.

Since 2000, Boston has been losing population despite a steady influx of foreign-born residents. Pittsburgh has also lost population but has not experienced the same inflow of immigrants. Moreover, it is interesting to note that between 1970 and 2000 Boston's total population fell by 51,900 despite a gain of 68,000 of foreign-born residents. That means Boston experienced a net loss of 119,700 native-born (U.S.) citizens. Thus, it is reasonable to ask what is wrong with a city that has seen a 20 percent decline in its native-born population.

Could it be that faster job growth in the Boston metro area makes it a region we should be trying to learn from? That seems unlikely since private sector jobs in the Boston metro area are still six percent below their five year ago level while the job count in the Pittsburgh region is only one percent below the five year ago reading. Meanwhile, employment in the City of Boston, as measured by jobs covered by unemployment insurance, remains 6 percent below its five year ago level. The drop in jobs in the City of Pittsburgh, as measured by the number of people paying the occupation privilege tax has fallen by two percent at worst. It appears the Boston enthusiasts forgot to look at the jobs data for confirmation of how well that City is doing relative to Pittsburgh.

Are Bostonians financially better off than Pittsburghers? Median family income in Boston is 38 percent higher than the family income in Pittsburgh. However, the cost of living in Boston is 47 percent higher than Pittsburgh's. Thus, the purchasing power of Pittsburgh's family income is actually greater than in Boston. 52 percent of Pittsburghers own their homes. Only 32 percent of Bostonians own their homes. For those in Boston fortunate enough to be homeowners, the news is better. The median owner occupied home is valued at \$190,000 compared to \$60,000 in Pittsburgh.

Boston does run circles around Pittsburgh in one key area. They spend significantly less on public education per student. Per pupil budgeted operating expenditures in Boston are around \$11,500; while Pittsburgh's per pupil outlays are over \$16,000. But adjusted for cost of living differences, the numbers are even more dramatic. Boston's per pupil expenses would translate into an expenditure level of only \$7,800 in Pittsburgh, less than half the amount Pittsburgh actually spends. That represents a hefty savings to Boston's taxpayers compared to Pittsburgh.

A really big advantage Boston has over Pittsburgh is the fact that it is the state capital of Massachusetts. State capitals ordinarily have a built-in economic stability owing to the money and jobs attendant to being the seat of state government. Beyond that, Boston obviously faces many of the same problems as Pittsburgh— a strong public sector union tradition, a dominant political party and a big government oriented intellectual elite fostered by the many colleges and universities there.

To be sure, none of this is intended to create an impression that Pittsburgh's performance is satisfactory. It is not, as its distressed status testifies and a walk down Fifth Avenue will confirm.

However, if Pittsburgh truly wants to learn some lessons to help spur economic and job growth, it might want to take a look at cities that are doing well economically. It should be clear by now that feel good rhetoric, community visioning processes and meetings to contemplate marketing slogans are unlikely to lead to much progress. All that has been done ad nauseam.

Indeed, as long as the corporate and civic leadership refrains from putting real pressure on City government to act more responsibly, the government will, in all likelihood, be unwilling to consider, let alone enact necessary changes. If Pittsburgh is to ever launch a period of sound growth driven by the private sector, there is simply no substitute for cutting the size of government and school spending that will allow the burden of taxes on businesses to be reduced. Assistance from the state in the form of Act 111 reform and outlawing teacher strikes would be a very big help. City officials would do well to support such reforms.

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