

POLICY BRIEF

An electronic publication of
The Allegheny Institute for Public Policy

April 25, 2006

Volume 6, Number 21

They're Still Leaving Allegheny County

It has become an article of faith in some quarters that Western Pennsylvania's sluggish economy could be quickly energized if we would focus on getting foreign migrants to move here. Meanwhile, no one bothers to explain why getting U.S. residents to migrate to Allegheny County and the region would not be just as good a boost to the area. Maybe that's because attracting U.S. residents is such a daunting task as demonstrated by the fact that the County continues to lose a significant number of its residents to the rest of the state and country.

According to recently released estimates from the Census Bureau (census.gov/popest/eval-estimates/county/c8/county-2000c8.html), Allegheny County suffered a net loss of around 43,000 citizens to other counties and states between April 2000 and July 2005. During the same period, the surrounding counties of Butler, Washington and Westmoreland together added about 12,500 net domestic migrants. All other Southwest Pennsylvania counties showed net outflows of domestic migrants. Thus, even if all the net migration increases in Butler, Washington and Westmoreland counties came from Allegheny County, it would mean that approximately 30,000 of Allegheny County's net domestic outmigration left the region.

Where did they go? The data do not tell us directly, but looking at parts of the country that have experienced large gains in domestic migrants it would be reasonable to surmise that many went to Florida, North Carolina, Georgia, South Carolina, Arizona, Texas or Nevada. All states that had very substantial inflows of domestic migrants.

It is also important to note that every county in Southwest Pennsylvania (except Butler) had more deaths than births over the last five years so that, absent in-migration, population would fall. Part of the explanation is that, in an older population such as Allegheny County's, there are a lower percentage of people in their childbearing years. Thus, even with its small gain of foreign immigrants, Allegheny County's population continued its decades long slide.

Of the 43,000 net decrease in domestic residents resulting from losses due to migration, a substantial number are undoubtedly young and of workforce age. And that raises the obvious question. Why does the County not attract as many working age people as it loses? It is extremely likely that the same factors that cause people to leave the County would also dissuade residents of other areas from moving to the County.

For Western Pennsylvania residents the principal deterrent would, in all probability, be property taxes since they are so much higher in Allegheny than in surrounding counties. For out-of-region residents, the main obstacle is undoubtedly the paucity of quality, good paying jobs that offer career opportunities in the region. In the broadest terms, if Allegheny County wishes to return to healthy growth, it must do two things. Cut government spending so that taxes can be lowered and create a business climate that will encourage private sector investment and quality job creation.

Specifically, the County needs to tackle the following list of items to foster a better climate for private investment. (1) Abandon the use of TIFs for retail. Retail will take care of itself. In all likelihood, the TIFs for shopping centers that have already been granted are actually hurting the County's tax base by harming existing businesses and lowering the value of existing commercial buildings that pay taxes while the County collects only a portion of the taxes paid by TIFed structures.

(2) The County Executive and municipal officials should lobby the legislature to reform Act 111, the binding arbitration law for public safety employees. This law creates a serious imbalance in bargaining power between elected officials and unions with the unions holding the upper hand. Overly generous contracts have financially crippled Pennsylvania municipalities including the City of Pittsburgh

(3) County and municipal officials should ask the legislature to eliminate Pennsylvania's prevailing wage law. This law requires that construction of projects using tax dollars or taxpayer funded subsidy schemes must pay workers the prevailing wage. Bear in mind that about 80 percent of Pennsylvania's construction workers are non-union. Thus, it is ridiculous to require, as the state does, that the prevailing wage should be willy-nilly set at the union level. Prevailing wage laws were passed years ago to protect local workers from low wage, out of state workers coming and taking the jobs. But that makes no sense in today's environment where the non-union wage is the prevailing wage in the state. All the law does is force taxpayers and companies getting any form of assistance to pay 20 percent or more for projects than they should have to. The time has come to end this taxpayer rip-off.

(4) County, municipal and school officials should ask the legislature to end the right of teachers to strike. Simply adopting the New York practice of reducing strikers' compensation by two days pay and benefits for every day on strike would go a long way to keep teachers on the job. In the present situation, teachers can inconvenience parents and the public for many days with no real cost to themselves since the 180-day school year must be completed. Given the fact that school taxes are the principal reason total property taxes are so high in Allegheny County, reining in school spending by reducing the bargaining power of teachers and other unionized employees is an absolute must. Over the past few years, Pennsylvania has accounted for a very large share of all days lost to teacher strikes across the nation. And, we have very high per pupil expenditures to show for it.

There are other important steps the County could take, but acting on these recommendations would send a very positive signal to the business community that Allegheny County understands its predicament and is acting forcefully to deal with it.

Jake Haulk, Ph.D. President

Policy Briefs may be reprinted as long as proper attribution is given.

For more information about this and other topics, please visit our website:

www.alleghenyinstitute.org

<p>Allegheny Institute for Public Policy 305 Mt. Lebanon Blvd.* Suite 208* Pittsburgh PA 15234 Phone (412) 440-0079 * Fax (412) 440-0085 E-mail: aipp@alleghenyinstitute.org</p>
