



**ALLEGHENY INSTITUTE**  
FOR PUBLIC POLICY

*Municipal Spending and Taxation in  
Allegheny County:  
A Study of Twenty Municipalities*

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## Key Findings

This paper examines government spending and revenues, on a per capita basis, for a sample of twenty municipalities in Allegheny County. The municipalities are geographically dispersed and wide ranging in population size. The most recent data available (2008) from audited financial statements were used in the analysis. This study finds that for the twenty municipalities:

- Average per capita general fund expenditures were \$616. By comparison the City of Pittsburgh spends \$1,440.
- Public safety spending averaged \$235 per capita and includes spending on police, fire and other safety functions. The City of Pittsburgh spent \$325 per capita on police and \$243 on fire.
- In other spending categories, the municipal average was \$120 per capita spent on public works—highways and streets, \$57 on recreation, and \$71 on debt service.
- The average per capita general obligation debt is \$531. The City of Pittsburgh's per capita debt burden is over \$2,100.
- Per capita revenue averages \$633. Findlay Township, home of Pittsburgh International Airport and a solid waste facility reports the highest (\$1,466).
- The per capita total tax collections are \$485 while Pittsburgh tops \$1,100. Non-tax revenues were \$128 per resident.
- Per capita property tax revenue is nearly \$200 while in Pittsburgh it is \$424, more than double the municipal average.
- Pension plans at the municipal level are generally well funded as of the latest official state report from 2008. Plans covering uniformed personnel are, on average, funded at 102 percent. The lowest funded ratio was 71 percent. Non-uniformed plans are on average funded at 105 percent, the lowest at 61 percent. By comparison the City of Pittsburgh's pension plans are currently only 30 percent funded.

## **Introduction**

Over the last decade or so there has been a strident chorus emanating from Pittsburgh's establishment elite calling for the City and County to merge. These folks argue a combined City-County government would be more effective, efficient and a better promoter of economic growth. Their reasoning is that 130 municipalities—with all the different rules and procedures regarding economic development—are a major obstacle to growth. Of course this thinking blithely ignores the City and County's unfriendly business climate resulting from the powerful influence of unions, high City taxes, and very high school taxes across the County as well as top down government driven economic development strategy. It also cannot explain how it was that the County enjoyed spectacular economic and population growth many decades ago when it already had "too many" municipalities.

Of late, in reaction to overwhelming public rejection of the merger idea and the inability of the advocates to make the case for a merger, they are shifting their thrust to looking for opportunities for municipalities to cooperate in providing government services.

Which prompts the question: What is the financial condition of municipalities in Allegheny County? For example: on a per capita basis, how much are they spending and how much money are they bringing in? What is their debt burden? Are their pension plans adequately funded? How do municipalities stack up against each other and the City of Pittsburgh?

## **The Data Set**

To answer these questions, we have assembled a sample group of twenty municipalities from across the County representing every region and size. The sample of twenty municipalities represents about fifteen percent of municipalities in the County. We contacted them and asked for a copy of their most recent audited financial statements (2008) if one was not available on their website. Pension information was gathered from the Commonwealth of Pennsylvania's Public Employee Retirement Commission<sup>1</sup> (PERC). The twenty municipalities in alphabetical order are: Brentwood, Elizabeth Township, Findlay, Forest Hills, Forward, Fox Chapel, Franklin Park, Frazer, Harrison, Indiana, Mt. Lebanon, Monroeville, North Fayette, Penn Hills, Pine, Ross, South Park, Swissvale, Wilkins, and Wilmerding.

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<sup>1</sup> Most recent data available is for 2007:  
[http://www.perc.state.pa.us/portal/server.pt/community/perc\\_home/2513/recently\\_published\\_reports/49132](http://www.perc.state.pa.us/portal/server.pt/community/perc_home/2513/recently_published_reports/49132)

## *Demographic Information*

In 2009, the municipalities in this sample have an average population of 13,146<sup>2</sup> according to Census estimates. The largest population in the sample is Penn Hills (44,055) while the smallest is Frazer (1,197). The total sample population count is 262,916—or more than 21 percent of the County’s population. All budget items are compared on a per capita basis.

Economic well-being of a municipality depends to a large extent on the incomes of its residents. The appendix contains tables of median income of each municipality. Unfortunately, the latest income data for many municipalities is from the 2000 Census. When the new Census is completed in 2010 and the results are made available in 2011, the new figures will be incorporated in an update of this report. Nonetheless the 2000 data does provide a reasonable approximation of the relative incomes in the sample. Average median per capita income for the 20 municipalities is \$26,799<sup>3</sup> well above the \$22,941 median per capita income for the County in large part as the result of the inclusion of Fox Chapel which had by far the highest median per capita income at \$80,610; the lowest was Wilmerding’s \$14,330.

Another useful economic variable is the municipality’s median home value. For many municipalities the latest data is from 2000. Again the median home values for the municipalities are included in a table in the appendix. Because real estate taxes are levied by municipalities, the median home value becomes an important measure of the municipality’s ability to raise revenue from this source. The average of 2000 median home value for this sample is \$117,000<sup>4</sup>. For Allegheny County as a whole, the median home value is much lower at \$84,200. Much of the difference is again attributable to the average boost provided by Fox Chapel’s extraordinarily high \$411,500. Wilmerding was lowest at \$44,300.

Table 1 below shows the population of the 20 municipalities in the study sample. All population data are from Census estimates for 2009 except Monroeville, which, for some reason has not been updated since 2000.

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<sup>2</sup> Population information has been taken for Census population estimates for 2009.

<sup>3</sup> Median per capita income and home value data for each municipality was obtained from the U.S. Census Bureau through the Pennsylvania State Data Center.

<sup>4</sup> The sample average is found by summing all of the median home values in the sample and dividing by 20, for each municipality in the sample.

**Table 1: Population**

Municipality	Population	Municipality	Population
Brentwood	9,511	Mt. Lebanon	30,482
Elizabeth Twp.	12,931	North Fayette	13,212
Findlay	5,072	Penn Hills	44,055
Forest Hills	6,484	Pine	10,388
Forward	3,503	Ross	30,658
Fox Chapel	5,430	South Park	14,018
Franklin Park	12,368	Swissvale	8,760
Frazer	1,197	Wilkins	6,509
Harrison	9,997	Wilmerding	2,016
Indiana	6,976	<i>Sample Average</i>	<i>13,146</i>
Monroeville	29,349	<i>Countywide</i>	<i>1,218,494</i>

## Expenditures

Specific expenditures of interest were obtained from each municipality’s general fund budget documents. In addition to total expenditures for each municipality, this analysis looks at general government spending, public safety, sanitation, roads, and recreation. We calculated and examined the mean per capita level of each expenditure category and note the high and low values.<sup>5</sup> Some miscellaneous outlays account for the difference in the sum of the itemized expenditures and the total general fund spending. For the overall sample per capita averages, we use a weighted average with the total sample population. The results are in the following table.

**Table 2: Per Capita General Fund Spending for 20 Municipalities**

Expense Type (per capita)	Sample Average
General Government	\$86
Public Safety	\$235
Public Works--Sanitation	\$37
Public Works--Highways and Streets	\$120
Recreation	\$57
Debt Service	\$71
Total Expenses	\$616

### *Total Expenditures*

The sample of twenty municipalities has average total expenditures of \$616. Note for comparison purposes that Pittsburgh’s per capita total spending is almost \$1,400 (Pittsburgh data shown in the appendix). Nine municipalities had spending levels above this amount and the remaining eleven below. Those above were Findlay, Pine, Fox Chapel, Forest Hills, Monroeville, Mt. Lebanon, Frazer, North Fayette, and Franklin Park. The spending ranges from a low of approximately \$319 (Forward) to a high of \$1,360 (Findlay).

<sup>5</sup> Per capita values were calculated by taking a municipality’s total spending in that category and dividing by its 2009 Census estimate of population.

**Table 3: Total General Fund Expenditures**

<b>Municipality</b>		<b>Municipality</b>	
Findlay	\$1,360	Swissvale	\$575
Pine	\$1,014	Indiana	\$555
Fox Chapel	\$993	Harrison	\$482
Forest Hills	\$887	Brentwood	\$451
Monroeville	\$839	Ross	\$445
Mt. Lebanon	\$801	Penn Hills	\$432
Frazer	\$745	Elizabeth Twp.	\$401
North Fayette	\$657	Wilmerding	\$395
Franklin Park	\$617	South Park	\$385
<i>Sample Average</i>	<i>\$616</i>	Forward	\$319
Wilkins	\$612		

*Public Safety*

In the majority of cases, the largest component of a municipality’s budget is public safety. Public safety includes among others, payment for police protection, fire department<sup>6</sup>, code enforcement, and planning and zoning. For this sample the average amount spent per capita on public safety is \$235. Eight municipalities spent above the sample average on public safety. The per capita spending range on public safety runs from a low of \$86 (Wilmerding) to a high of \$593 (Findlay).

**Table 4: Public Safety Expenditures**

<b>Municipality</b>		<b>Municipality</b>	
Findlay	\$593	Swissvale	\$214
Monroeville	\$351	Pine	\$203
Mt. Lebanon	\$317	Ross	\$177
Frazer	\$308	South Park	\$177
Wilkins	\$292	Indiana	\$171
Fox Chapel	\$257	Harrison	\$140
Forest Hills	\$247	Franklin Park	\$132
North Fayette	\$246	Elizabeth Twp.	\$130
<i>Sample Average</i>	<i>\$235</i>	Forward	\$120
Penn Hills	\$223	Wilmerding	\$86
Brentwood	\$221		

*Public Works—Highways and Streets*

The second largest expenditure item for municipalities is public works—highways and streets. This item includes winter maintenance (snow removal), traffic control devices, street cleaning, and maintenance and repairs of roads and bridges as well as highway construction and rebuilding projects. This item also includes any maintenance on buildings, grounds or equipment owned by the municipality. The municipalities in this sample spent an average per capita amount of \$120.

<sup>6</sup> All municipalities in the sample have volunteers handling fire fighter duties. Only two, Mt. Lebanon, and Swissvale, have paid firefighters.

Eleven municipalities in the sample spent more than the average—Fox Chapel, Pine, Findlay, Franklin Park, North Fayette, Wilkins, Elizabeth Twp., Ross, Frazer, Forest Hills, and Mt. Lebanon. The highest per capita amount was spent in Fox Chapel (\$288) and the lowest amount was spent in Penn Hills (\$57).

**Table 5: Public Works—Highways and Streets**

Municipality		Municipality	
Fox Chapel	\$288	<i>Sample Average</i>	\$120
Pine	\$235	Harrison	\$116
Findlay	\$222	Indiana	\$108
Franklin Park	\$186	Monroeville	\$82
North Fayette	\$160	Swissvale	\$80
Wilkins	\$157	South Park	\$73
Elizabeth Twp.	\$153	Forward	\$67
Ross	\$148	Wilmerding	\$66
Frazer	\$141	Brentwood	\$64
Forest Hills	\$132	Penn Hills	\$57
Mt. Lebanon	\$132		

*Culture and Recreation*

Culture and recreation and sanitation round out the list of expenditures collected for the sample. The average per capita amount spent on culture and recreation, which includes parks, libraries, and senior citizen centers, was \$57 in this sample. The range runs from \$1 (Harrison and Forward Townships) to \$320 (Pine). Pine Township was in the process of building a new recreation center and this amount may represent a short term anomaly<sup>7</sup>. Excluding this outlier, the average falls to \$46. The only other municipality to spend more than \$100 per capita on recreation was Monroeville (\$112). Half of the sample spent \$20 or less on a per capita basis on recreation.

**Table 6: Recreation**

Municipality		Municipality	
Pine	\$320	Fox Chapel	\$20
Monroeville	\$112	Ross	\$19
Mt. Lebanon	\$88	Wilkins	\$9
Findlay	\$86	Indiana	\$6
Franklin Park	\$81	Wilmerding	\$6
Forest Hills	\$69	Elizabeth Twp.	\$4
Brentwood	\$57	Swissvale	\$3
<i>Sample Average</i>	\$57	Frazer	\$2
North Fayette	\$35	Forward	\$1
Penn Hills	\$34	Harrison	\$1
South Park	\$28		

<sup>7</sup> Phone conversation with Pine Township official Amy Pampiks July 27, 2010.



*Public Works—Sanitation*

Sanitation expenditures were the smallest in the sample. Sanitation includes recycling collection and disposal, weed control, solid waste collection and disposal, and wastewater treatment and collection. On average the sample of municipalities spent \$37 per capita from the general fund. The largest amount spent was \$156 (Fox Chapel) and a few spent \$0 from the general fund (Elizabeth, Findlay, Forward, Ross, and Swissvale). Since most municipalities use the Allegheny County Sanitation Authority for wastewater treatment and contract out their solid waste and recycle collections, these costs are often passed directly to the consumer and not to the municipality themselves. In other cases, expenditures for this category may come from sources other than the general fund, such as a sewage fund. Nine municipalities in our sample had per capita expenditures, from the general fund, on sanitation of \$2 or less.

**Table 7: Public Works—Sanitation**

<b>Municipality</b>		<b>Municipality</b>	
Fox Chapel	\$156	Indiana	\$20
North Fayette	\$108	Brentwood	\$2
Forest Hills	\$76	Franklin Park	\$2
Wilmerding	\$66	Pine	\$2
Mt. Lebanon	\$62	Frazer	\$1
Penn Hills	\$56	Elizabeth Twp.	\$0
Wilkins	\$52	Findlay	\$0
Monroeville	\$37	Forward	\$0
<i>Sample Average</i>	\$37	Ross	\$0
South Park	\$36	Swissvale	\$0
Harrison	\$22		

To find out which area of expenditures has the greatest importance in the municipal budget, the correlations were tested between each category and total expenditures. The results are in table eight.

**Table 8: Correlations**

<b>Correlation with Total Expenditures</b>	
Public Works--Highways and Streets	0.81
General Government	0.79
Public Safety	0.79
Culture and Recreation	0.68
Public Works--Sanitation	0.01

All correlations are positive, that is as the expenditures on each individual item rises, total expenditures will rise as well. The area with the strongest correlation (a value of 1 indicates perfect correlation and 0 indicates no relation) is highways and streets (0.81). The category with the weakest relationship to total spending is sanitation (0.01). General government spending and public safety and highways and streets are equally correlated with total spending (0.79), while recreation's correlation is slightly weaker (0.68).

### Long Term Debt

To look at the long term general debt for each municipality, we were interested in the item “general obligation bonds and notes” from the financial reports. The total balance gives the amount still owed at the end of 2008. The average per capita long term debt in the sample is \$531. The highest debt per capita belongs to Pine (\$947), Monroeville (\$937) and Penn Hills (\$889) were not far behind. The lowest debt level on a per capita basis was \$0 (Fox Chapel, Frazer, and Wilmerding).

**Table 9: Debt Per Capita**

Municipality		Municipality	
Pine	\$947	South Park	\$274
Monroeville	\$937	North Fayette	\$238
Penn Hills	\$889	Ross	\$143
Mt. Lebanon	\$808	Swissvale	\$92
Forest Hills	\$747	Wilkins	\$82
Findlay	\$738	Elizabeth Twp.	\$41
Brentwood	\$660	Harrison	\$10
Indiana	\$571	Fox Chapel	\$0
<i>Sample Average</i>	<i>\$531</i>	Frazer	\$0
Franklin Park	\$406	Wilmerding	\$0
Forward	\$382		

### Debt Service

While not all municipalities carry long term general obligation debt, they may have debt in other funds such as a sewer fund, highway fund, or other governmental funds. We looked at each municipality and the amount they paid per capita not only in interest on these debts but retired principal as well. The results are in table 10. Penn Hills has the highest amount (\$171) while Wilmerding is without any long-term debt<sup>8</sup>.

**Table 10: Debt Service**

Municipality		Municipality	
Penn Hills	\$171	Wilkins	\$30
Findlay Twp.	\$158	South Park	\$25
Harrison	\$116	Forward	\$22
Monroeville	\$86	Elizabeth Twp.	\$20
Mt. Lebanon	\$86	Frazer	\$19
<i>Sample Average</i>	<i>\$71</i>	Ross	\$16
Franklin Park	\$65	North Fayette	\$14
Pine	\$58	Fox Chapel	\$3
Brentwood	\$53	Indiana	\$2
Forest Hills	\$42	Wilmerding	\$0
Swissvale	\$35		

<sup>8</sup> Fox Chapel has debt from the Sanitary Authority and Frazer is making payments on equipment.

## Revenues

Of course, to cover their expenditures, municipalities need revenue. The revenue categories of interest consist of tax collections (all sources), property taxes, earned income taxes, business privilege and mercantile taxes, non-tax revenue and total revenues. We have calculated and examined the mean per capita level of each revenue category and note the range of high and low values<sup>9</sup>. Again, we used the same weighting system to calculate the sample averages. The results are in the following table.

**Table 11: Per Capita Revenues for 20 Municipalities**

Revenue Type (per capita)	Sample Average
Tax Collections (all sources)	\$485
Property Taxes	\$198
Earned Income Taxes	\$186
Business Privilege and Mercantile Taxes	\$33
Other Tax Collections	\$69
Non-Tax Revenues	\$128
Total Revenues	\$633

### *Total Revenues*

The municipalities in the sample have an average per capita revenue level of \$633. There are nine municipalities with per capita total revenues greater than this amount and eleven below. The eight above are Findlay, Forest Hills, Fox Chapel, Frazer, Monroeville, Mt. Lebanon, Pine and Wilkins. The highest per capita total revenue was \$1,466 (Findlay) and the lowest was \$293 (Forward). The sample of twenty municipalities had just two with per capita levels of total revenue above \$1,000 and four with levels at or below \$400.

**Table 12: Total Revenues**

Municipality		Municipality	
Findlay	\$1,466	Indiana	\$580
Fox Chapel	\$1,003	Franklin Park	\$543
Mt. Lebanon	\$969	Penn Hills	\$511
Pine	\$844	Brentwood	\$500
Monroeville	\$818	Harrison	\$475
Wilkins	\$780	South Park	\$410
Frazer	\$746	Ross	\$400
Forest Hills	\$730	Wilmerding	\$384
<i>Sample Average</i>	\$633	Elizabeth Twp.	\$347
North Fayette	\$624	Forward	\$293
Swissvale	\$583		

<sup>9</sup>See note 5.

### *Total Tax Revenues*

Revenues at the municipal level can be classified into one of two categories—tax and non-tax revenue. Total tax collections include property, earned income, business privilege, and others such as parking tax collections. For the twenty municipality sample, the mean per capita total tax revenues is \$485. The most collected in 2008 was \$941 (Fox Chapel) and the smallest amount collected was \$197 (Forward). The table below details all the municipalities in the sample.

**Table 13: Total Tax Revenue**

<b>Municipality</b>		<b>Municipality</b>	
Fox Chapel	\$941	Brentwood	\$410
Findlay	\$936	Penn Hills	\$410
Mt. Lebanon	\$745	Frazer	\$383
Monroeville	\$711	Swissvale	\$376
Pine	\$636	Ross	\$318
Forest Hills	\$498	South Park	\$304
<i>Sample Average</i>	<i>\$485</i>	Harrison	\$290
Wilkins	\$480	Elizabeth Twp.	\$266
North Fayette	\$430	Wilmerding	\$220
Franklin Park	\$428	Forward	\$197
Indiana	\$425		

### *Real Estate Taxes*

For most municipalities the real estate tax provides them with their greatest revenue stream. Of course the real estate tax is dependent upon the property assessment system which is conducted by Allegheny County<sup>10</sup> and the millage rate imposed by each municipality. The average amount of per capita real estate taxes collected by the municipalities in this sample is \$198. The largest amount is \$358 (Mt. Lebanon) and the lowest amount is \$110 (Forward). Table 14 shows the real estate tax collections per capita of each municipality in the sample.

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<sup>10</sup> Allegheny County currently operates under a base-year assessment system, using the property values from 2002. For more information about Allegheny County's property assessment system, please visit the Allegheny Institute website: <http://www.alleghenyinstitute.org/taxes/propertytax.html>.

**Table 14: Real Estate Taxes**

<b>Municipality</b>		<b>Municipality</b>	
Mt. Lebanon	\$358	Elizabeth Twp.	\$158
Fox Chapel	\$355	Penn Hills	\$156
Forest Hills	\$344	Ross	\$148
Brentwood	\$295	Wilmerding	\$147
Swissvale	\$251	Monroeville	\$146
Wilkins	\$241	South Park	\$143
North Fayette	\$216	Pine	\$132
Indiana	\$203	Frazer	\$120
<i>Sample Average</i>	<i>\$198</i>	Franklin Park	\$118
Harrison	\$179	Forward	\$110
Findlay	\$172		

Table 15 shows the millage rates for each municipality in the sample<sup>11</sup>. The highest millage rate is 9.1 (Swissvale) and the lowest is 1.20 (Pine). The sample average is 4.0181. Five municipalities have millage rates at 5.0 or better while ten have millage rates at 3.0 or lower.

**Table 15: Millage Rates**

<b>Municipality</b>		<b>Municipality</b>	
Swissvale	9.1000	Indiana	3.0000
Brentwood	8.5000	Forward	2.9500
Forest Hills	8.3500	North Fayette	2.9000
Wilmerding	6.0500	Monroeville	2.2000
Harrison	5.2500	Fox Chapel	2.0000
Mt. Lebanon	4.9700	Ross	1.9671
Penn Hills	4.6000	Findlay	1.9500
Wilkins	4.5130	Frazer	1.5500
Elizabeth Twp.	4.4290	Franklin Park	1.2830
<i>Sample Average</i>	<i>4.0181</i>	Pine	1.2000
South Park	3.6000		

### *Earned Income Taxes*

Another revenue stream for municipalities is the earned income/wage tax. The earned income tax is dependent upon the total amount of wages citizens of the municipality earn and the rate of the tax imposed. The rate is capped by state law at 0.5 percent. There is an exception for municipalities under home rule of which there are three in this sample—Monroeville (1.0 percent), Mt. Lebanon (0.8 percent) and Penn Hills (1.25 percent). The average amount of per capita earned income tax collected in this sample is \$186. The most collected per capita is \$539 (Fox Chapel) and the least collected is \$37 (Wilmerding). Table 16 shows the results.

<sup>11</sup> Millage rates are also from 2008. One mill generates one dollar for every \$1,000 in assessed value. Thus a house assessed at \$100,000 in our sample average municipality, with the rate of 4.0181, would pay \$401.81 in real estate taxes.

**Table 16: Earned Income Tax**

<b>Municipality</b>		<b>Municipality</b>	
Fox Chapel	\$539	Ross	\$122
Mt. Lebanon	\$312	South Park	\$119
Pine	\$299	Frazer	\$114
Franklin Park	\$262	Elizabeth Twp.	\$95
Monroeville	\$225	Wilkins	\$94
North Fayette	\$215	Forward	\$87
<i>Sample Average</i>	<i>\$186</i>	Brentwood	\$83
Indiana	\$182	Swissvale	\$80
Penn Hills	\$180	Harrison	\$78
Findlay	\$133	Wilmerding	\$37
Forest Hills	\$133		

*Business Taxes*

Not all of the municipalities in the sample levy business taxes such as a business privilege or mercantile tax on the businesses within their borders. Of the twenty municipalities in the sample, only six did so. The six municipalities and their per capita amounts are: Monroeville (\$240), Wilkins (\$85), Ross (\$36), Frazer (\$12), Wilmerding (\$12), and Swissvale (\$2).

*Other Tax Collections*

The final tax category, “other”, encompasses all other categories of taxation that a municipality may impose such as the local services tax (formerly known as the emergency services tax), amusement/admissions tax, real estate transfer taxes and parking taxes. For this category, the average per capita amount in the sample is \$69. The high amount is \$630 (Findlay<sup>12</sup>) and the lowest per capita amount is \$1 (Forward). Table 17 shows the results for the sample.

**Table 17: Other taxes**<sup>13</sup>

<b>Municipality</b>		<b>Municipality</b>	
Findlay	\$630	Swissvale	\$44
Pine	\$206	South Park	\$42
Frazer	\$137	Indiana	\$39
Monroeville	\$88	Harrison	\$33
Mt. Lebanon	\$74	Wilmerding	\$24
Penn Hills	\$73	Forest Hills	\$21
<i>Sample Average</i>	<i>\$69</i>	Ross	\$18
Brentwood	\$63	North Fayette	\$13
Wilkins	\$59	Elizabeth Twp.	\$12
Fox Chapel	\$47	Forward	\$1
Franklin Park	\$47		

<sup>12</sup> Findlay Twp., home to Pittsburgh International Airport, has parking tax revenue that tops \$2.5million.

<sup>13</sup> Removing the outlier, Findlay, lowers the sample average to \$56.

## Local Services Tax

The local services tax, formally known as the emergency municipal services tax, is the state option allowing municipalities to levy a flat tax of \$52 per year on anyone working within their borders. While generally lumped together in the “other taxes” category, municipalities send this information to the Pennsylvania Department of Community and Economic Development<sup>14</sup>. Table 18 details the amount of the local services tax collected by each municipality<sup>15</sup> in the study and provides an approximation of how many people work in each by dividing the total amount of the tax by \$52<sup>16</sup>. This measure gives a glimpse into the vibrancy of the municipality’s business community.

**Table 18<sup>17</sup>: Local Services Tax**

<b>Municipality</b>	<b>Total Amount of Local Services Tax Collected</b>	<b>Number Employed</b>
Brentwood	\$61,166	1,176
Elizabeth Twp.	\$12,887	248
Findlay Twp.	\$427,696	8,225
Forest Hills	\$76,699	1,475
Forward	\$4,169	80
Fox Chapel	\$4,775	92
Frazer	\$124,885	2,402
Harrison	\$217,316	4,179
Indiana	\$76,175	1,465
Monroeville	\$1,288,207	24,773
Mt. Lebanon	\$353,700	6,802
North Fayette	\$355,169	6,830
Penn Hills	\$266,529	5,126
Pine	\$74,574	1,434
Ross	\$539,436	10,374
South Park	\$87,446	1,682
Swissvale	\$34,715	668
Wilkins	\$172,066	3,309
Wilmerding	\$31,285	602
<i>Sample Average</i>	<i>\$221,521</i>	<i>4,260</i>

As can be seen from the table, Monroeville has the most people working within its borders (24,773) and thus collects the most in local services tax (nearly \$1.3 million). The municipality with the smallest number of people working in its community is Forward (80 and \$4,169). The sample average of \$221,521 is skewed by the highest value, thus if the outlier is removed, the sample average falls to \$162,260 in local service tax collected and just over 3,100 workers.

<sup>14</sup> <http://munstatspa.dced.state.pa.us/Reports.aspx>

<sup>15</sup> Franklin Park did not provide DCED with a breakout of this tax.

<sup>16</sup> The maximum amount allowable by law is \$52. Some municipalities may charge less.

<sup>17</sup> The number employed is an approximation made by dividing the amount collected by the \$52 tax.

## Non-Tax Revenue

The category of non-tax revenue includes revenues derived from fines and forfeits, licenses and permits, interest, rents, and royalties, charges for service, and intergovernmental transfers (to the general fund). In this sample the average per capita amount of non-tax revenue is \$128. The highest amount is \$380 (Findlay) and the lowest is \$13 (Franklin Park). Findlay is host to a solid waste facility and as a result in 2008 collected a host fee of more than \$1.3 million.

**Table 19: Non-Tax Revenue**

Municipality		Municipality	
Findlay	\$380	Wilmerding	\$102
Wilkins	\$300	Penn Hills	\$101
Forest Hills	\$228	Forward	\$96
Mt. Lebanon	\$224	Brentwood	\$89
North Fayette	\$193	Harrison	\$88
Indiana	\$156	Swissvale	\$83
Pine	\$143	Ross	\$82
Frazer	\$140	Elizabeth Twp.	\$81
<i>Sample Average</i>	<i>\$128</i>	Fox Chapel	\$61
Monroeville	\$107	Franklin Park	\$13
South Park	\$105		

The final look at revenues will be to check the individual categories and their relationship with total revenue. A calculation of correlations will determine the strength of this relationship. As mentioned earlier, correlations have a range from 1 to -1 (a value of 1 indicates perfect correlation and 0 indicates no relation). As can be expected, all correlations are positive, that is as they increase so will total revenue. For revenue the strongest relationship is with the category “other taxes” (0.79) and the weakest relationship occurs with the category “business taxes” (0.11). Earned income taxes have a stronger relationship to total revenues than do property taxes (0.57 vs. 0.36). It comes as no surprise that “all tax collections” have a much stronger correlation to total revenues than does “non-tax revenue” (0.94 vs. 0.12). Interestingly enough when calculating correlations among the categories themselves, it was shown that business taxes have a negative correlation (-0.16) with property taxes—perhaps indicating that increases to property taxes, which businesses also pay, tends to discourage firms from operating in the municipality.

**Table 20: Correlations**

Correlation with Total Revenue	
Property Taxes	0.36
Earned Income Taxes	0.57
Business Taxes	0.11
Other Taxes	0.79
Non-Tax Revenue	0.12
All Tax Collections	0.94



## Pensions

Long term obligations such as pensions can be a major factor in a municipality's financial picture. As has been well documented for the City of Pittsburgh, unfunded pension liabilities can put serious financial strain on a municipality. Pittsburgh's tremendous pension funding shortfall is often cited as a main reason for preventing a merging with the County.

The health of the pension plans of the municipalities in this sample will be examined by looking at their funded ratios and by how many active to retired employees they have for both uniformed and non-uniformed personnel. Pension information for the municipalities in this sample came from the Pennsylvania's Public Employee Retirement System (PERC)<sup>18</sup>. The most recent data available is for 2008, matching the financial data used elsewhere in this report. The following table shows the funding rates for each municipality's pension system (uniformed and non-uniformed).

**Table 21: Pensions**

Municipality	Percent Funded		Active/Retired Members	
	Uniformed	Non-Uniformed	Uniformed	Non-Uniformed
Brentwood	104	103	15/10	13/1
Elizabeth Twp.	114	103	15/10	24/25
Findlay	80	82	16/1	20/0
Forest Hills	115	110	11/9	13/9
Forward	134	118	5/1	3/4
Fox Chapel	144	119	11/11	15/9
Franklin Park	113	111	11/3	25/2
Frazer	na	94	na	2/2
Harrison	104	119	13/5	14/15
Indiana	90	61	10/8	7/1
Monroeville	76	89	49/37	108/74
Mt. Lebanon <sup>^</sup>	104, 101	128	43/46, 13/17	71/72
North Fayette	71	100	19/5	34/0
Penn Hills	87	107	46/59	65/51
Pine	102*	**	*	**
Ross	110	134	42/30	39/25
South Park	101	**	16/7	**
Swissvale <sup>^</sup>	100, 78	80	14/10, 3/4	5/2
Wilkins	81	92	11/9	12/7
Wilmerding <sup>^^</sup>	124	141	0/3	3/2
<i>Sample Average</i>	<i>102</i>	<i>105</i>	<i>18/14</i>	<i>26/17</i>
Notes: <sup>^</sup> police, fire pension funds				
<sup>^^</sup> Contracts police duties to neighboring municipality				
* Member Northern Regional Police				
** denotes defined contribution plan				

As table 21 shows, the average funded ratio of the uniformed pension plans for the municipalities in this sample is 102 percent. The average funded ratio of the non-uniformed pension plans is 105 percent. While this data represents the funded ratio before the recession of late 2008 through much of 2009, they are nonetheless funded at a healthy rate. The lowest funding rate for uniformed personnel is 71 percent (North Fayette) and for non-uniformed is 61 percent (Indiana).

Furthermore most municipalities operate with more active employees than retired. The lone exceptions for uniformed pension plans are Mt. Lebanon (43/46—police, and 13/17—fire), Penn Hills (46/59), Swissvale (3/4—fire), and Wilmerding (0/3)<sup>19</sup>. For the non-uniformed pension plans, only Forward (3/4), Harrison (14/15), and Mt. Lebanon (71/72) have more retirees than actives. The consequence of having more retirees than actives is that those taking out of the plan outnumbers those contributing to the plan thus placing a greater burden on the municipality to make up any shortfall.

## Summary

The municipalities in this sample have an average per capita expenditure level of \$616, far less than the per capita level in the City of Pittsburgh of almost \$1,400. On average these municipalities spent less than the City on public safety and had much lower debt levels. They did collect less revenue than the City, in large part due to Pittsburgh being the business, financial, legal, and cultural center of the area. The municipalities in the sample do not have the pension funding problems facing the City and in fact are on average well funded. Thus it is not hard to see why there is little public support for a merger of the City of Pittsburgh with the municipalities of Allegheny County.

It is important to note that the per capita numbers used in this report were based on Census population estimates from 2009 that will need to be revised when more accurate numbers are available from the 2010 Census. However, the 2009 population estimates do provide a snapshot of the spending and revenue levels among the municipalities in the sample.

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<sup>19</sup> As noted in the table, Wilmerding contracts its police protection to neighboring North Versailles.

## Appendix

<b>Municipality</b>	<b>Median Home Value</b>	<b>Median Per Capita Income</b>
<i>Brentwood</i>	\$108,700	\$25,883
<i>Elizabeth Twp.</i>	\$83,900	\$20,904
<i>Findlay</i>	\$110,300	\$21,417
<i>Forest Hills</i>	\$86,700	\$26,505
<i>Forward</i>	\$79,000	\$19,860
<i>Fox Chapel</i>	\$411,500	\$80,610
<i>Franklin Park</i>	\$198,000	\$37,924
<i>Frazer</i>	\$84,900	\$18,937
<i>Harrison</i>	\$76,500	\$18,011
<i>Indiana</i>	\$128,900	\$27,068
<i>Monroeville</i>	\$92,000	\$24,031
<i>Mt. Lebanon</i>	\$145,000	\$33,652
<i>North Fayette</i>	\$102,600	\$26,139
<i>Penn Hills</i>	\$69,100	\$20,161
<i>Pine</i>	\$217,500	\$35,202
<i>Ross</i>	\$108,700	\$25,883
<i>South Park</i>	\$103,000	\$21,583
<i>Swissvale</i>	\$54,000	\$19,216
<i>Wilkins</i>	\$71,500	\$24,515
<i>Wilmerding</i>	\$44,300	\$14,330
<i>Sample Average</i>	<i>\$117,030</i>	<i>\$26,799</i>
<i>Countywide</i>	\$84,200	\$22,491

## Appendix B: City of Pittsburgh Data<sup>20</sup>

<b>Variable</b>	<b>Pittsburgh</b>
Per Capita Spending	\$1,440
Per Capita Police Spending	\$325
Per Capita Fire Spending	\$243
Per Capita Debt	\$2,176
Per Capita Property Taxes	\$424
Per Capita Total Taxes	\$1,113
Pension Plan Funded Ratio	43%

<sup>20</sup> Data from Allegheny Institute report: *Pittsburgh and the Benchmark City: 2010 Update*.  
[http://www.alleghenyinstitute.org/administrator/components/com\\_reports/uploads/10-02.pdf](http://www.alleghenyinstitute.org/administrator/components/com_reports/uploads/10-02.pdf)