

PITTSBURGH ECONOMIC QUARTERLY

University Center for Social and Urban Research

IF ACT 47 CAN TRUMP ACT 111, MAYBE PITTSBURGH CAN RETURN TO FISCAL HEALTH

by David Miller

“The fiscal dilemma facing the city of Pittsburgh is real and only gets worse with each passing year. During the decade of the 90s, city tax revenues grew, on average, 1.6% annually, adding about \$4 million to city resources. For the first decade of the 21st century, my projections indicate that, under the current revenue structure, the city’s revenues will grow, on average, 2% annually. This growth will add about \$5.6 million to the city’s resources and represents a significant increase in new revenues. On the positive side, this higher growth rate reflects the economic payoff to the city for its efforts to stimulate economic expansion. On the negative side, this growth rate reflects the inherent weakness in the city’s current inelastic revenue structure.

Unfortunately, during the decade of the '90s city expenses grew, on average, 2.3% annually. The city was adding \$7 million in new expenses while revenues only increased \$4 million. This mismatch between \$7 million in new expenses and \$4 million in new revenues is commonly referred to as a “structural deficit.” The 2.3% annual growth in expenditures, which seems modest on the surface, was made possible by an internal reallocation of expenses away from public works, sanitation, and community services toward rapidly rising costs of public safety and debt service expenditures. The city is now faced with pent-up demand to spend in those areas that were neglected in the '90s while continuing to feed the insatiable financial appetite of public safety services, particularly the cost of the fire department. As a result, my projections for the first decade of the 21st century are for city expenditures to grow at an average annual rate of 3.6%. Such a growth rate will add about \$13.6 million annually to city expenditures. With \$5.6 million in new revenues and \$13.6 million in new expenditures, the city’s “structural deficit” will increase to about \$8.0 million each and every year.”

I wrote the above words several years ago. The city of Pittsburgh now faces bankruptcy. It has entered into Act 47, Pennsylvania’s program to help fiscally distressed municipalities return to solvency. It has also come under a state oversight board to begin to set the city’s finances on track. The fact that Pittsburgh had to file for financial distress could easily have been deduced from “the tea leaves” of the financial track record of the 1990s.

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Socio-demographic Differences in Regional Perceptions

by Scott Beach

This is the second in a series of articles describing initial findings from the new UCSUR Pittsburgh Quality of Life Survey. Main areas of the survey include economic, environmental, political, transportation, and housing conditions, along with health, welfare, safety and other local neighborhood and community issues.

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Benchmark Findings on African Americans in the Pittsburgh Region

by Ralph Bangs

UCSUR continues its benchmarks series:

- African Americans in the Pittsburgh region are again among the most disadvantaged of Americans – 1990 and 2000 Census.
- Per capita income of African Americans was 54-61% that of whites in the region.
- African Americans in the region improved in education and living standards.

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Pittsburgh Can Return to Fiscal Health

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The problem for any recovery process such as Act 47 is that the structural deficit is understated. It ought also to include the difference between what the city's current tax structure yields and what the yield would be if the city's tax rates were more like other taxing jurisdictions in Allegheny County.

At the dawn of a new century, 117 of 128 municipalities have a lower wage tax than Pittsburgh. None have a higher business privilege tax and 99 do not even assess such a tax. Over 80 municipalities do not assess mercantile taxes and of those that do, none have a higher rate than Pittsburgh's. Pittsburgh has the highest property tax rate of any municipality in the county. The tax rates of the city school district only exacerbate the dilemma. Of 43 school districts in the county, none have a wage tax even close to that of the city's. Only three school districts have higher rates of mercantile taxes.

To complicate matters further, Pittsburgh is faced with a dilemma in that demand for resources to address perceived needs will always exceed the supply of resources to address those needs. Those demands include addressing the years of deferred maintenance that have left many parts of the city with an aging, antiquated, and broken infrastructure; expectations from neighborhoods that they will finally get their perceived "fair share" in order to make important improvements to where they live; a collective bargaining environment that seeks to maximize each unit's share regardless of the impact on the whole; and a reward structure for council members that measures how successful they are by how much they get for their district. Creating a bigger pie simply creates bigger pieces for those constituencies.

What has to change and in what order? Notwithstanding occasional noble efforts on the part of the city's police union, the current collective

bargaining law (Act 111) that governs relations with the public safety units of the city is so broken as to be the single biggest deterrent to resolution of the city's financial predicament. It creates an adversarial, hostile environment with police and, particularly, firefighters that permeates and poisons the rest of the organization. It places the decision-making process regarding collective bargaining in the hands of a faceless, nameless, albeit well-intentioned arbitrator primarily selected by the union.

No new resources in terms of tax restructuring ought to be provided to an arbitrator to parcel out. As an example, city firefighters currently work 10 to 12 hours a week less than 85% of their counterparts across the nation. This workweek is 12 hours a week less than what is recognized as a

normal "firefighter workweek" by the federal Fair Labor Standards Act (FLSA). Multiplying 900 firefighters by 12 hours a week equals 10,800 hours of lost manpower each week. That is the equivalent of 250 firefighters or \$20 million a year of unnecessary cost. Efforts to correct such an obvious inequity, given the city's weak financial position, have not been successful under the current law and indeed, have been summarily dismissed by supposed "neutral" arbitrators.

Act 47 has the power to temper Act 111 and return power and accountability to the elected representatives of the city. Although Act 47 has many procedural weaknesses, its ability to control Act 111 stands as its single biggest advantage. Let us hope the opportunity is not lost.

Additional Findings from the Pittsburgh Quality of Life Survey

Continued from page 1

The fall 2003 issue of PEQ introduced the survey and presented basic descriptive statistics for various quality of life domains from the pilot telephone survey of 443 Allegheny County residents conducted between February and April, 2003. Random-digit dialing methodology was used, which gives all telephone households (including unlisted numbers) in the county a chance of being selected. Areas with higher concentrations of African American residents were over-sampled to ensure enough cases for analysis of racial differences.

Respondents were asked to rate the Southwestern Pennsylvania region and their local community as 'excellent' 'very good' 'good' 'fair' or 'poor' places to live. As reported in the last issue, a vast majority – 87% – rated the region as a "good," "very good" or "excellent" place to live. Ratings of the local community were nearly as high, with 82% reporting that their community is a "good" or better place to live.

These results paint a positive portrait of perceived quality of life among Allegheny County residents.

This article builds on these findings by presenting initial data on socio-demographic differences in these overall ratings of the region and local community. We examine differences by sex, race, age, education, city vs. non-city resident status, marital status, and the presence vs. absence of children (under 18) in the household.

The figure on page 3 summarizes the results for rating the Southwestern Pennsylvania region as positive (good, very good, or excellent). Women rated the region positively at a rate slightly higher than men, though the difference was not statistically significant. The most dramatic difference was between White and African American residents. While over 90% of White respondents rated the region positively, less than two thirds of the African Americans did so. There was a slight, though non-significant, linear trend by age, with the youngest residents providing lower ratings of the region than their older counterparts.

There were also significant differences by level of education attained. The least educated respondents provided the lowest ratings

Pittsburgh Quality of Life Survey

Continued from previous page

of the region and the most educated the highest. In fact, residents with a college degree provided the highest ratings of any sub-group – 95% consider Southwestern PA a “good,” “very good” or “excellent” place to live.

Turning to residential and household status variables, non-city Pittsburgh residents rated the region significantly higher (93%) than city residents (76%). Finally, neither marital status nor presence versus absence of children in the household was significantly related to perceptions of the region as a place to live. However, married residents and those from households without children gave slightly higher ratings.

It should be noted that race, education level and city residence status are inter-correlated – African Americans are less likely to have college degrees and more likely to be city residents – which leads to questions about which factor is *really* driving perceptions of the region. A multivariate regression model in which all seven factors were entered simultaneously as predictors of ratings of the region showed that race, education, and city residence were *all* significant predictors, and thus appear to have *independent* effects.

The pattern of findings for ratings of the local community was very similar to those for the region as a whole – there were significant differences by race, education, and city residence. Two slight exceptions were that the youngest respondents (18–29) and single residents tended to rate their local neighborhood or community less positively than the region in general.

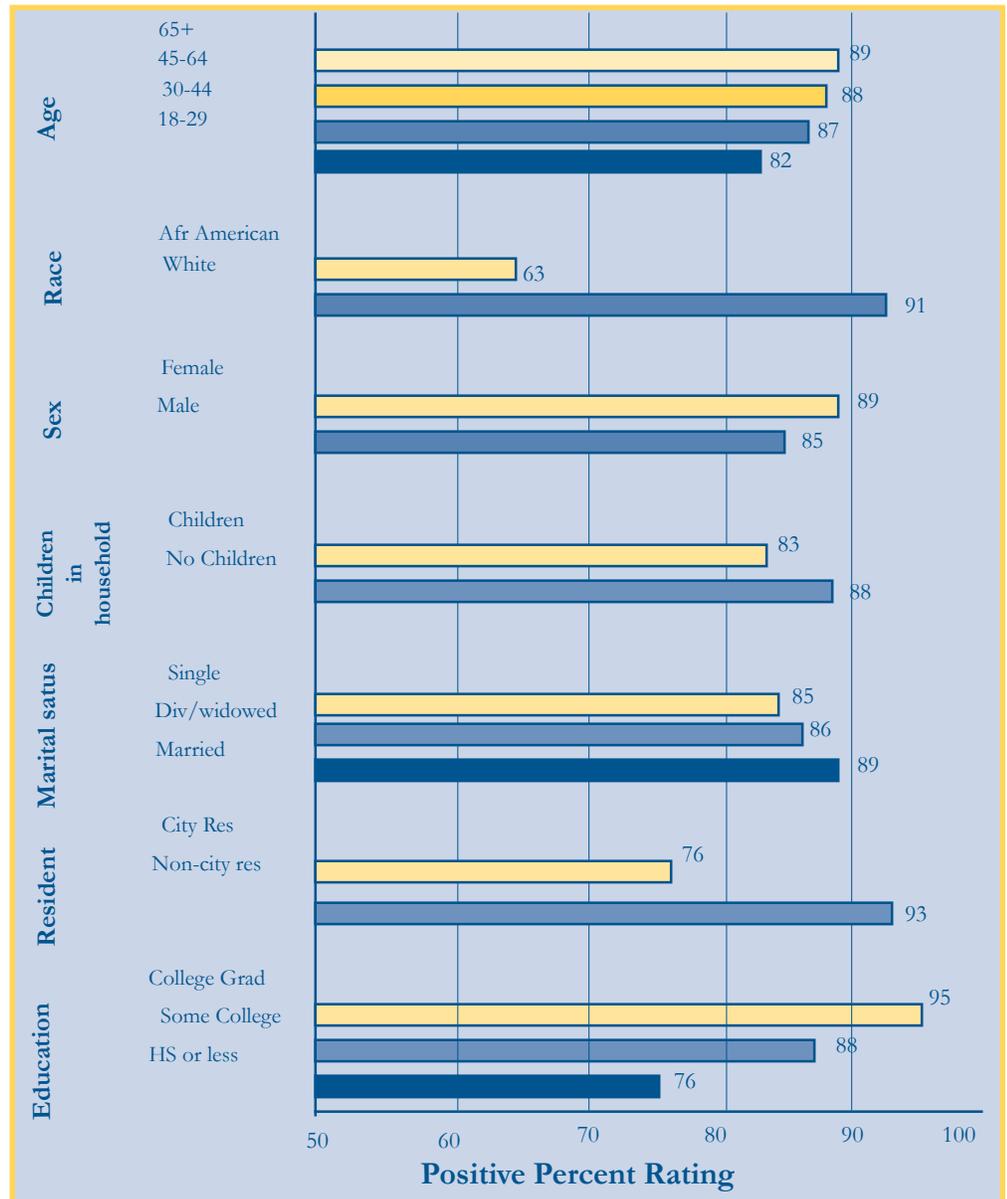
These findings illustrate potentially important sub-group differences in perceived quality of life. The racial differences are consistent with UCSUR Benchmarks reports examining secondary data sources, which show African Americans in the region as

disadvantaged on various economic and health indicators. The city/non-city resident differences have potentially important implications for regional migration in a climate of increased concern over a dwindling city tax base.

UCSUR is currently seeking funding to conduct: (1) 400 additional surveys with randomly selected Allegheny County residents; (2) 500 surveys of African Americans in Allegheny County; and (3) 800 surveys with randomly selected residents from

the 5-county region surrounding Allegheny County. This would allow for more sophisticated analyses involving breakdowns of the findings by race, sex, age, residence, and so on. The survey could also be conducted in smaller geographic areas, resulting in community-level quality of life profiles. Individuals or organizations interested in participating in or supporting such surveys should contact Dr. Scott Beach at UCSUR (412-624-7785).

Socio-demographic Differences in Allegheny County Residents Rating SWPA Region as an Excellent, Very Good, or Good Place to Live (%)



BENCHMARKS FINDINGS ON AFRICAN AMERICANS

by Ralph Bangs, Christine Anthou, Shannon Hughes, and Chris Shorter

UCSUR continues its benchmarks series with new 2000 data from the U.S. Census. In previous Benchmarks and Basic Living Cost reports (1994-1998), we analyzed quality of life and poverty conditions by race, gender, and age in the Pittsburgh area using 1990 census data. These reports found that African Americans in the city of Pittsburgh, Allegheny County, and the Pittsburgh region were among the most disadvantaged in America.

Our updated reports provide major findings on African Americans for three geographic levels: the city of Pittsburgh, Allegheny County, and the Pittsburgh Metropolitan Statistical Area (MSA). These reports assess the socioeconomic status of African Americans and non-Hispanic Whites in the Pittsburgh area by using 2000 Census data to compare conditions across the 70 largest cities, 50 largest counties, and 50 largest metro areas. In addition, the reports contain comparisons of Black and White conditions in 2000 and changes in conditions from 1990 to 2000.

Our first set of comparisons benchmarked African Americans in the city of Pittsburgh, Allegheny County, and the Pittsburgh metro area against the status of other African Americans in U.S. cities and regions. The Pittsburgh area's African American children, working-age adults, and elderly continue to be among the most disadvantaged in America. In 2000 the city, county, and region ranked poorly in the following areas:

Family Status of African Americans in the Pittsburgh Area:

2nd-4th highest share (62-70%) of families with children that were headed by a single mother.

2nd-5th lowest share (22-28%) of families with children that were headed by a married couple.

2nd-3rd highest percentage (54-56%) of elderly who lived alone.

Education of African Americans in the Pittsburgh Area:

23rd lowest percentage among cities and 12th lowest among counties and metro areas (38-41%) of children age 3-5 who were enrolled in nursery school or preschool.

Employment of African Americans in the Pittsburgh Area:

3rd-7th highest share (16-18%) of youth age 16-19 who were not in school or the labor force.

4th lowest among counties and 2nd lowest among metro areas (53-56%) for employment of women age 16-64 with at least one child under age 6.

10th-16th lowest rate (47-50%) for full-time jobs among employed women age 16 and over.

11th-13th lowest rate (52-56%) for full-time jobs among employed men age 16 and over.

24th lowest percentage among cities, 10th lowest among counties, and 7th lowest among metro areas (46-48%) for

employment of disabled adults age 21-64.

Housing of African Americans in the Pittsburgh Area:

17th-21st lowest percentage (36-39%) of households who owned their own home.

Lowest-2nd lowest median value of owned homes (\$47,000-52,000).

Second, we compared Pittsburgh area African Americans to the White population in Pittsburgh. We found that African Americans are much more disadvantaged than Whites in the Pittsburgh area. In the city, county, and metro area in 2000:

- The poverty rate for African American children (42-46%) was 3-5 times the white rate (9-14%).
- The poverty rate for African American working-age adults (26-30%) was 2-3 times the White rate (8-15%).
- The African American percentage of 16-19 year-olds who were neither in school nor in the labor force (16-18%)

Earnings and Poverty Rate for African Americans in the Pittsburgh Region

Earnings and Income of African Americans in the Pittsburgh Area:

16th lowest median earnings among cities and 9th lowest among counties and metro areas (\$27,000-29,000) for full-time male workers.

8th-11th lowest median earnings (\$23,000-24,000) for full-time female workers.

Lowest-5th lowest median household income (\$20,000-22,000).

5th-13th lowest per capita income (\$12,000-13,000).

Poverty of African Americans in the Pittsburgh Area:

3rd-7th highest poverty rate (31-34%) for all ages and for children <age 18 (42-46%).

4th-6th highest poverty rate (26-30%) among adults age 18-64.

15th-24th highest poverty rate (21-23%) among elderly age 65 and over.

10th-21st highest poverty rate (10-12%) among two-parent families with children <age 18.

2nd-5th highest poverty rate (31-36%) among single male-headed families with children <age 18.

2nd-9th highest poverty rate (49-50%) for single female-headed families with children <age 18.

was about 3.5 times the White rate (5%).

- The percentage of Black children living with their mother only (62-70%) was 3-4 times the White rate (16-22%).
- The percentage of African American households without a vehicle (39-49%) was 2-4 times the White rate (11-22%).
- The per capita income of African Americans (\$12,000-13,000) was 54-61% that of Whites (\$22,000-24,000).
- The median value of homes owned by African Americans (\$47,000-52,000) was 60-75% that of Whites (\$62,000-88,000).

Finally, despite the relative disadvantaged status of Pittsburgh area African Americans, there were many areas of improvement in African American conditions between 1990 and 2000 compared to conditions of the White population in the Pittsburgh region. Most significantly, these improvements occurred in the areas of education and living standards (see side bar).

In conclusion, although the new benchmarks reports show that African American conditions improved in the city, county, and region between 1990 and 2000, African Americans in the Pittsburgh area continue to be among the most disadvantaged in America. African American conditions are poor in part because the Pittsburgh region has had slow job, wage, and income growth in recent decades. However, this can't be the whole story since African Americans in the Pittsburgh area compared to African Americans in other urban areas are much worse off today than Whites are in the Pittsburgh area relative to Whites in other urban areas. This suggests the need to analyze the reasons for these disparities more fully and to determine public policy solutions to the problems.

Improvements in Conditions of African Americans in the Pittsburgh Region 1990-2000

- The number of African Americans in the Pittsburgh region aged 16-19 who were high school dropouts declined 18-30% (white dropouts declined 33-37%)
- The number of African American women age 25 and over with a bachelor's degree or higher increased 42-43% (the white increase was 11-35%)
- The number of African American men age 25 and over with a bachelor's degree or higher increased 12-28% (the white increase was 8-17%)
- The number of African Americans employed full-time increased 17-31% (the white change was -6 to +7.8%)
- Real per capita income of African Americans rose 16-26% (the white gain was 12%-14%)
- The number of African Americans in poverty declined 10-23% (the white decline was 13-16%)
- The number of African American female-headed families with children in poverty declined 11-24% (the white decline was 19-40%)
- African American and white homeownership rates increased 1-2- perc. points from 1990 to 2000
- The median value of homes owned by African Americans increased 5-8% (the white increase was 9-11%)

Solutions to the problems of African Americans in the Pittsburgh area are likely to include:

- Increasing regional job growth and better quality of jobs.
- Improving African American education at all levels.
- Providing more job apprenticeship programs in public schools.
- Reducing racial discrimination in housing, employment, and business contracting.
- Expanding work experience and job training.
- Increasing the rewards for work.
- Continuing and expanding latest efforts to promote home ownership programs for African Americans in the region.

A summary report, the new benchmarks reports, and prior reports are at www.ucsur.pitt.edu (go to publications). The Pittsburgh Foundation funded the new benchmarks reports.

UCSUR welcomes regional economist Chris Briem back to Pittsburgh. Chris spent the past year overseas in the Iraq war. He returns to UCSUR on April 1, 2004.

PITTSBURGH'S WOMEN: EDUCATED BUT UNDEREMPLOYED AND UNDERPAID

by Ralph Bangs, Sara Lichtenwalter, Shannon Hughes, Christine Anthou, and Chris Shorter

UCSUR has expanded its benchmarks reports to study women's conditions in Pittsburgh (see previous article). We have benchmarked the status of women in Pittsburgh to women's conditions in other places in the U.S.: the city of Pittsburgh to the 70 largest cities, Allegheny County to the 50 largest counties, and Pittsburgh Metropolitan Statistical Area (MSA) to the 50 largest metro areas.

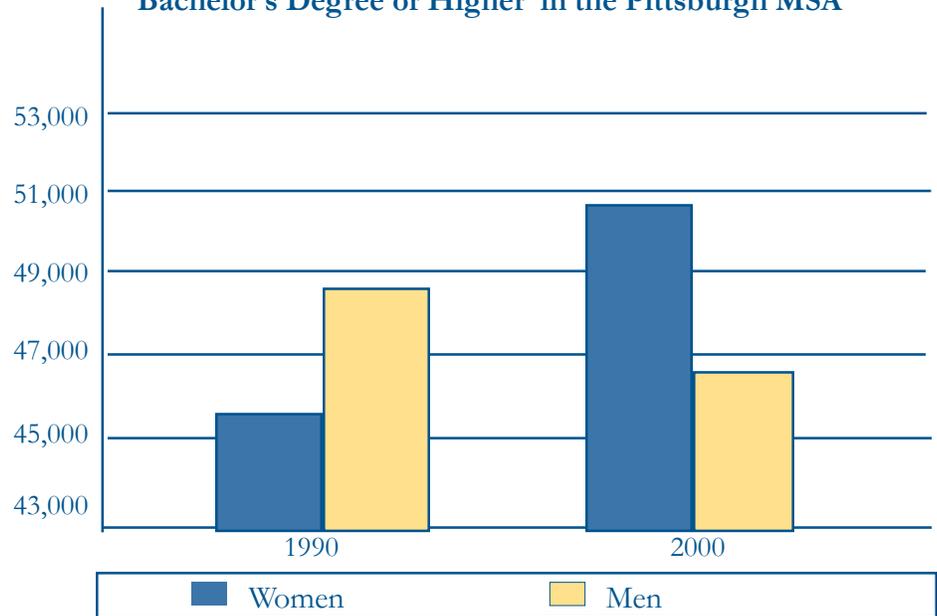
Women's Benchmarks uses 2000 Census data to assess the socio-economic status of women in the Pittsburgh area. Benchmarks also reports on changes in women and men's conditions from 1990 to 2000. This article summarizes the main findings.

Though there are more women than men in the region, this "strength in numbers" does not necessarily translate to comparable higher level positions in the workforce, social institutions, and politics. Adult women (age 18 and over) outnumber adult men by 17,000 (14%) in the city, 75,000 (16%) in the county, and 115,000 (14%) in the metro area. Despite a voting advantage, women hold a small percentage of elected positions (see report at www.ucsur.pitt.edu).

There are more working-age women (18-64) than men in the city, county and region. Working-age women outnumber working age men by 4,000 (4%) in the city, 25,000 (7%) in the county, and 35,000 (5%) in the MSA. Despite this advantage, women hold a small percentage of decision making positions (see reports on board diversity at www.ucsur.pitt.edu).

Women in the Pittsburgh area have higher levels of education, on average, than both women nationally and Pittsburgh area men. The percentage of women age 25-34 with a high school degree and the percentage with a bachelor's degree in the city (93% and 42%), county (95% and 41%), and region (94% and 35%) are among the highest in the nation.

Figure 1. Number of Women and Men Age 25-34 with Bachelor's Degree or Higher in the Pittsburgh MSA



Source: U.S. Census 1990 and 2000

Women made substantial gains in educational levels over the past decade. From 1990 to 2000, the number of women age 25-34 with a bachelor's degree or higher increased by 850 women, (9.5%) in the city, 452 (1.4%) in the county, and 4,983 (10.9%) in the Pittsburgh MSA. They've outpaced men in the region. The number of young men with a bachelor's degree or higher increased by 1,103 (11.6%) in the city, but decreased by 3,533 (-9.9%) in the county, and by 2,113 (-4.3%) in the region. Educated young women now outnumber educated young men in the region (see Figure 1).

The supply of locally educated women is also increasing. Twenty-one percent of women age 18-64 in the city are university students. More than 16% of women age 18-64 in the city of Pittsburgh are enrolled in an undergraduate higher education program, and about 5% are enrolled in graduate or professional degree programs. These are the first and second highest percentages,

respectively, among the 70 largest cities in the U.S.

By a number of indicators, women's contribution to the regional labor force continues to expand. Women in Pittsburgh have above average labor force participation and employment rates (see PEQ, Issue 8). Approximately 74% of women age 25-59 in the county are in the labor force, and 71% are employed. These rates rank 14th and 13th highest, respectively, among the 50 largest counties in the nation.

Women are the source of labor force growth in the Pittsburgh region. The number of women in the labor force increased by 26,000 (5.4%) from 1990 to 2000, while the number of men in the labor force declined by 11,000 (-1.9%) (see Figure 2). Women are also the primary source of full-time job growth. From 1990 to 2000, the number of women working full-time in the region increased by 42,000, while the number of men working full-time increased by only 25,000.

These gains have not necessarily translated into higher status and income for Pittsburgh area women.

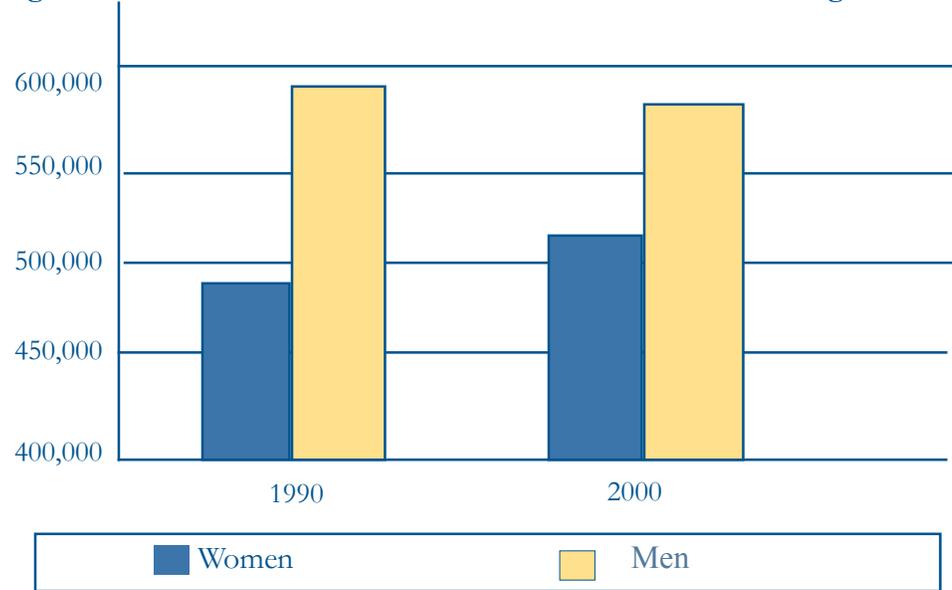
Pittsburgh area women have relatively low employment levels in non-traditional occupations compared to women nationally. For example, women here have the lowest share (10.1%) of jobs in architecture and engineering; 4th lowest share (9.6%) in firefighting, prevention, and law enforcement; 5th lowest share (2.0%) in construction trades; and 6th lowest share (4.1%) in installation, maintenance, and repair.

Women in Pittsburgh are more likely to be employed in traditional women's occupations, where they have the 2nd highest share (61%) of food preparation and serving jobs and the 10th highest share (75.5%) of office and administrative support jobs. They are also more likely to work part-time than women in most other large cities, counties, and metro areas.

The combination of concentration in traditional occupations and higher part time employment, along with other factors, contributes to relatively low pay levels for Pittsburgh women. Median incomes of women workers, single women with children, and women living alone in the Pittsburgh area are among the lowest in the nation. Median earnings of part-time women workers in the city, county, and region are the lowest among all large urban areas of the US. And low earnings of women here are not primarily reflective of the region's low cost of living — the cost of living in the majority of the 50 largest metro areas is no more than 5% above that of the Pittsburgh MSA.

Even for women who work full-time, there exists a significant gender gap in pay. Full-time women workers in the Pittsburgh region earn less than 70% of the annual earnings of full-time male workers. This earnings gap is the seventh largest among the 50 largest metro areas. This gender gap is even more startling considering that

Figure 2. Women and Men in the Labor Force in the Pittsburgh MSA



Source: U.S. Census 1990 and 2000

Pittsburgh area women have gained in income relative to men. The real median income of full-time female workers in the city and county increased from 1990 to 2000, while the real median income of male full-time workers declined over the same period.

In conclusion, women's Benchmarks has demonstrated that though women in the city of Pittsburgh and Allegheny County are among the most educated in urban America, they are among the lowest paid, face a larger gender gap in pay, are under-represented in non-traditional occupations, and are over-represented in low-paying occupations. These findings suggest that one of the greatest needs is to understand these issues more fully and provide means to address them. Government, foundation, corporate, and other leaders should focus attention on this and the other problems identified in the reports.

The Maurice Falk Medical Fund provided funding for this research. Women's Benchmarks consists of four reports: the city of Pittsburgh comparison, Allegheny County comparison, Pittsburgh MSA comparison, and a highlights report summarizing main findings from the other three reports. These reports can be found at: www.ucsur.pitt.edu (publications).

UCSUR
University of Pittsburgh
 121 University Place
 Pittsburgh, PA 15260
 Phone: 412-624-5442
 Fax: 412-624-4810
 Email: peq@pitt.edu

On the Web
www.ucsur.pitt.edu

TO:

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Editor
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