

IV. CONCLUSIONS

The primary purpose of this study was to determine if the City's relatively high earned income tax rate is causing City residents to relocate to suburban communities and also discouraging potential new residents from choosing to live in the City. The study results indicated fairly conclusively that the City's tax rates are causing City residents to relocate to suburban communities. The study surveyed 277 households that moved out of the City. Sixty-five percent of these respondents indicated that local taxes were involved in their decision to move and 21% indicated that taxes were a factor when they chose their new location. Only 15% of those who moved into the City indicated that taxes were a factor in the decision to leave their previous location.

The study did not provide an equally dramatic answer to the question regarding the impact of taxes on the decisions of households considering locating in the City. Relatively few of the respondents who moved to the region indicated that taxes were a factor in choosing their current location. However, only 20% indicated that they gave any consideration to locating in Pittsburgh. One fourth of this group mentioned taxes as the reason for rejecting a City location. Of the remaining respondents, 15% indicated that taxes were one of the reasons why they did not consider Pittsburgh.

Work-related and housing and neighborhood characteristics were also important in locational decisions. Although some respondents were attracted to suburban locations because of these factors, many respondents were also drawn to the City because of these factors. Tax-related issues only pushed people out of the City and did not draw anyone into the City.

In spite of the apparent importance of taxes, respondents tended to be poorly informed regarding taxes. Respondents were most likely to know their current earned income tax and those who left the City tended to also know the City's earned income tax rate. Other than the EIT, respondents did not have a good idea of the other taxes that they paid, although those who moved to the region were likely to know that they paid a property tax (PT). No one knew their total property tax millage and most respondents could not identify all the entities which received the revenues of either the EIT or PT or the activities supported by those revenues. Generally, those who moved to the City were the least knowledgeable of the groups regarding these issues.

Respondents were asked to evaluate several alternatives for generating revenue so that the EIT could be reduced. Not surprisingly, City residents favored an EIT for suburbanites who worked in the City, while the suburbanites favored a higher occupation tax on all who worked in the City.

There was also some support expressed for service reduction, particularly in the field of parks and recreation. There was strong support for stricter enforcement of the current tax laws.

The portrait which emerges from these findings is that the City becomes the location of choice only for those who are not concerned about taxes. These tend to be people who are still in the relatively early stages of their careers who have not yet chosen to marry and have children. Compared to the entire

group of respondents, this group of City dwellers tends to be made up of young, single, childless individuals who work in the City, rent rather than own their dwelling units, and who make relatively modest salaries.

The implications for the City are not rosy. First, the tax rates clearly are a concern to area residents. Second, based on a sample chosen from part-year residents in 1984, people leaving the City for the suburbs outnumber people moving into the City two to one.

The survey findings do not allow one to predict the impact of a decreased tax burden on the size of the City's population. It is clear that proximity to work is very influential in determining one's final location.

The survey's findings do indicate that the City could consider giving further study to the following issues:

- Reduce the earned income tax rate
- Encourage the Board of Education to analyze alternatives for reducing their portion of the earned income tax rate
- Increase efforts to insure compliance with existing tax laws
- Improve efforts to market the City and its neighborhoods particularly to people moving to the area from outside the region.

APPENDIX A

Table A-1 Respondent Claims Knowledge of Property Tax Rates

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Table A.1

Respondent Claims Knowledge of Property Tax Rates

<u>Respondent Knows Rate</u>	<u>Phase I</u>				<u>Phase II</u>	
	<u>In</u>		<u>Out</u>		<u>N</u>	<u>%</u>
	<u>N</u>	<u>%</u>	<u>N</u>	<u>%</u>		
Yes	3	(2)	11	(4)	3	(3)
No	105	(78)	200	(72)	79	(79)
Innapp./DK/NA	27	(20)	66	(24)	18	(18)
Total	135		277		100	

Table A.2

Was Respondent Able to Correctly Identify Property Tax Rate

<u>Respondent Knows Rate</u>	<u>Phase I</u>				<u>Phase II</u>	
	<u>In</u>		<u>Out</u>		<u>N</u>	<u>%</u>
	<u>N</u>	<u>%</u>	<u>N</u>	<u>%</u>		
Yes	0		0	(0)		
No	2	(1)	4	(1)	2	(2)
Not Applicable	133	(98)	273	(99)	98	(98)
Total	135		277		100	

Table A.3

Respondent Claims Knowledge of Previous Property Tax Rates

<u>Respondent Knows Rate</u>	<u>Phase I</u>				<u>Phase II¹</u>	
	<u>In</u>		<u>Out</u>		<u>N</u>	<u>%</u>
	<u>N</u>	<u>%</u>	<u>N</u>	<u>%</u>		
Yes	3	(2)	9	(3)	0	(0)
No	114	(84)	184	(66)	89	(89)
Inapp./NA	18	(13)	84	(30)	11	(11)
Total	135		277		100	

Table A.4

Was Respondent Able to Correctly Identify Former Property Tax Rate

<u>Respondent Knows Rate</u>	<u>Phase I</u>				<u>Phase II</u>	
	<u>In</u>		<u>Out</u>		<u>N</u>	<u>%</u>
	<u>N</u>	<u>%</u>	<u>N</u>	<u>%</u>		
Correct	0	(0)	0	(0)	0	(0)
Incorrect	0	(0)	5	(2)	0	(0)
Missing	135	(100)	272	(98)	100	(100)
Total	135		277		100	

¹ Phase II respondents were asked about Pittsburgh's tax rate.

Table A.5

Calculation of Average Rankings of Alternative Policies

Rank	Increase		Increase		Earned Income Tax		Increase		Current	
	Property Tax		Occupation Tax		On Suburbanites		Sales Tax		System	
	<u>In</u>	<u>Out</u>	<u>In</u>	<u>Out</u>	<u>In</u>	<u>Out</u>	<u>In</u>	<u>Out</u>	<u>In</u>	<u>Out</u>
1	12	30	35	97	51	47	16	60	17	26
2	20	41	39	52	34	58	21	46	17	62
3	23	54	19	45	23	46	25	45	40	70
4	33	57	27	48	8	50	33	55	30	49
5	43	77	11	17	15	59	36	54	27	52
Number of Respondents	131	259	131	259	131	260	131	260	131	259
Total Ranking ¹	468	887	333	613	295	796	445	777	426	816
Average Rank	3.57	3.42	2.54	2.37	2.25	3.06	3.40	2.99	3.25	5.15

¹Rank multiplied by the number of respondents and summed across respondents.

Table A.6

Support for the Reduction of Services

Reduce Services	Police			Fire			EMS			Parks and Recreation			Public Works			Housing			Economic Development		
	In	N	%	In	N	%	In	N	%	In	N	%	In	N	%	In	N	%	In	N	%
Yes	5	(4)	12 (4)	7	(5)	16 (6)	11	(8)	19 (7)	55	(42)	129 (48)	24	(18)	69 (26)	32	(26)	83 (31)	29	(22)	57 (21)
No	127	(96)	259 (96)	123	(95)	253 (94)	119	(92)	251 (93)	77	(58)	141 (52)	107	(82)	198 (74)	93	(74)	186 (69)	102	(78)	211 (77)
Total	132		271	130		269	130		270	132		270	131		267	125		269	131		268
Missing	3		6	5		8	5		7	3		7	4		10	10		8	4		9

Table A.7

Number of Respondents Supporting Service Reductions by Tenure

	<u>Owner</u>		<u>In Renter</u>		<u>Owner</u>		<u>Out Renter</u>	
	<u>N</u>	<u>%</u>	<u>N</u>	<u>%</u>	<u>N</u>	<u>%</u>	<u>N</u>	<u>%</u>
Police	3	(9.1)	2	(2.0)	5	(4.6)	7	(4.3)
Fire	3	(9.4)	4	(4.1)	10	(9.2)	6	(3.8)
Emergency Medical Service	6	(18.2)	5	(5.2)	10	(9.2)	9	(5.6)
Parks and Recreation	17	(51.5)	38	(38.4)	59	(55.1)	70	(43.2)
Public Works	6	(18.2)	18	(18.4)	34	(31.8)	35	(22.0)
Housing	8	(25.0)	24	(25.8)	41	(37.6)	41	(25.8)
Economic Development	9	(27.3)	20	(20.4)	28	(25.9)	29	(18.2)

Table A.8

Respondents with Children

<u>Number of Children</u>	<u>Phase I</u>				<u>Phase II</u>	
	<u>N</u>	<u>In %</u>	<u>N</u>	<u>Out %</u>	<u>N</u>	<u>%</u>
0	118	(88)	237	(86)	52	(52)
1 or More	17	(12)	40	(14)	48	(48)
Total	135		277		100	

¹Phase II respondents were not asked this question.

Table A.9

Marital Status of Respondent

<u>Marital Status</u>	<u>Phase I</u>				<u>Phase II</u>	
	In		Out		<u>N</u>	<u>%</u>
	<u>N</u>	<u>%</u>	<u>N</u>	<u>%</u>		
Single (Never Married)	84	(62)	146	(53)	19	(19)
Married	31	(23)	98	(35)	68	(68)
Divorced	17	(13)	25	(9)	9	(9)
Widowed	2	(2)	6	(2)	3	(3)
Separated	1	(1)	2	(1)	1	(1)
Total	135		277			

Table A.10

Household Size

<u>Size</u>	<u>Phase I</u>				<u>Phase II</u>	
	In		Out		<u>N</u>	<u>%</u>
	<u>N</u>	<u>%</u>	<u>N</u>	<u>%</u>		
1	63	(47)	113	(41)	23	(23)
2	45	(33)	105	(38)	29	(29)
3	17	(13)	32	(12)	17	(17)
4 or More	10	(7)	27	(10)	31	(31)
Total	135		277		100	

Table A.11

Occupation of Respondent

<u>Occupation</u>	<u>Phase I</u>				<u>Phase II</u>	
	In		Out		<u>N</u>	<u>%</u>
	<u>N</u>	<u>%</u>	<u>N</u>	<u>%</u>		
White Collar	99	(74)	220	(79)	86	(88)
Blue Collar	18	(13)	53	(19)	2	(2)
Student	16	(12)	2	(1)	2	(2)
Unemployed	1	(1)	2	(1)	6	(6)
Military	0	(0)	0	(0)	0	(0)
Total	134		277		98	
Missing	1		0		2	

Table A.12

Tenure

	<u>Phase I</u>		<u>Phase II</u>	
	In <u>N</u>	<u>%</u>	Out <u>N</u>	<u>%</u>
Own	34	(25)	112	(41)
Rent	101	(25)	164	(59)
Total	135		276	
Missing	0		1	

Table A.13

Job Location of Respondent

<u>Job Location</u>	<u>Phase I</u>				<u>Phase II</u>	
	<u>In</u>		<u>Out</u>		<u>N</u>	<u>%</u>
	<u>N</u>	<u>%</u>	<u>N</u>	<u>%</u>		
City of Pittsburgh	97	(75)	156	(58)	26	(27)
Allegheny County (Outside of Pittsburgh)	25	(19)	85	(32)	52	(54)
Not in Allegheny County	5	(4)	20	(8)	11	(11)
Combination	0	(0)	(6)	(2)	2	(2)
Unemployed	2	(2)	1	(1)	6	(6)
Total	129		268		97	
Missing	6		9		3	

Table A.14

Race of Respondent

<u>Race</u>	<u>Phase I</u>				<u>Phase II</u>	
	<u>In</u>		<u>Out</u>		<u>N</u>	<u>%</u>
	<u>N</u>	<u>%</u>	<u>N</u>	<u>%</u>		
Black	10	(7)	12	(4)	3	(3)
White	111	(82)	256	(92)	88	(91)
Asian	4	(3)	1	(1)	2	(2)
American Indian	2	(2)	(0)	(0)	(3)	3
Other	8	(6)	8	(3)	1	(1)
Total	135		277		97	
Missing	0		0		3	

Table A.15

Sex of Respondent

<u>Sex</u>	<u>Phase I</u>				<u>Phase II</u>	
	<u>In</u>		<u>Out</u>		<u>N</u>	<u>%</u>
	<u>N</u>	<u>%</u>	<u>N</u>	<u>%</u>		
Male	80	(61)	152	(55)	64	(67)
Female	52	(39)	122	(44)	32	(33)
Total	132		275		96	
Missing	3		2		4	

Table A.16

Education of Respondent

<u>Highest Level of Education Completed</u>	<u>Phase I</u>				<u>Phase II</u>	
	<u>In</u>		<u>Out</u>		<u>N</u>	<u>%</u>
	<u>N</u>	<u>%</u>	<u>N</u>	<u>%</u>		
Elementary/Junior High	1	(1)	2	(1)	1	(1)
High School/GED	14	(11)	46	(17)	6	(6)
Some College	20	(16)	46	(17)	13	(13)
College Graduate	45	(35)	96	(35)	43	(43)
Graduate School	45	(35)	64	(23)	36	(36)
Vo-Tech	4	(3)	19	(7)	1	(1)
Total	129		273		100	
Missing	6		4		0	

Table A.17

Household Income

<u>Income</u> <u>\$</u>	<u>Phase I</u>						<u>Phase II</u>	
	In			Out			<u>N</u>	<u>%</u>
	<u>N</u>	<u>%</u>	<u>%</u>	<u>N</u>	<u>%</u>	<u>%</u>		
Less than \$5,000	6	(5)		2	(1)		1	(1)
\$5,001-\$10,000 4	10	(8)	21	7	(3)	9	0	(0)
\$10,001-\$15,000	10	(8)		14	(5)		3	(3)
\$15,000-\$30,000 Unspec.	0	(0)		5	(2)		1	(1)
\$15,001-\$18,000	13	(10)		19	(7)		2	(2)
\$18,001-\$21,000 25	9	(7)	38	21	(8)	46	5	(5)
\$21,001-\$25,000	12	(9)		29	(11)		5	(5)
\$25,001-\$30,000	16	(12)		47	(18)		11	(12)
\$30,000+ Unspec.	2	(2)		4	(2)		3	(3)
\$30,001-\$35,000	15	(12)		33	(12)		7	(7)
\$35,001-\$45,000 70	24	(18)	43	12	(16)	47	21	(22)
\$45,001-\$55,000	5	(4)		16	(6)		13	(14)
Over \$50,000	9	(7)		28	(11)		23	(24)
Total	131			267			95	
Missing	4			10			5	

Table A.18

Previous Location of Respondents

Previous Location	Phase I - IV		Phase II	
	<u>N</u>	<u>%</u>	<u>N</u>	<u>%</u>
Allegheny County	55	(41)	0	(0)
Remainder of Pennsylvania	17	(13)	28	(28)
Out of State	55	(41)	61	(67)
Out of USA	6	(5)	5	(5)
Total	133		100	

Geographical Definitions of Study Groups

- Group I -- 15222, 15219, 15203, 15210, 15233, 15212, 15214, 15201, 15224
15206, 15208, 15232, 15213, 15217, 15207, 15211
- Group II -- 150xx, 151xx, 152xx (not in Group I), 153xx, 154xx, 155xx,
156xx, 16046, 16059, 16056, 16055, 16229 (where "xx"
indicates all 2 digit suffixes for that 3 digit prefix)
- Group III -- 4 clusters (selected from relatively high SES municipalities
in the region)
- "North" -- Bradford Woods (ct. 4100)
Hampton (ct. 4142)
O'Hara (ct. 4211, 4212)
- "West" -- Moon (ct. 4511.01, 4511.02)
- "South" -- Greentree (ct. 4690)
Upper St. Clair (ct. 4741.01)
Mt. Lebanon (ct. 4741.02)
Scott (ct. 4742.01)
- "East" -- Edgewood (ct. 5162)
Churchill (ct. 5190)
Monroeville (ct. 5214)