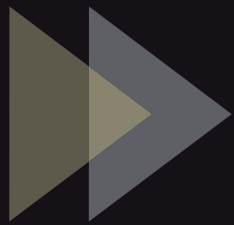




2013



PITTSBURGH

TODAY & TOMORROW

The facts and the future of our region



DEMOGRAPHICS



ARTS



TRANSPORTATION



ECONOMY



ENVIRONMENT

2013

PITTSBURGH

TODAY & TOMORROW



HOUSING



HEALTH



EDUCATION



PUBLIC SAFETY



GOVERNMENT



SUSTAINABILITY

The 30-year cycle



Thirty years ago, in 1983, Pittsburgh was in the midst of a massive upheaval. The mighty industrial engines were going quiet, and the metropolitan unemployment rate exceeded 18 percent. The following year, 50,000 people left the region, and most of them were young adults, forced to seek new futures elsewhere.

Then in 1985, Rand McNally named Pittsburgh America's "Most Livable City." That choice, however, was likely more of a provocative circulation-raiser than it was a reflection of the truth here. The reality was that Pittsburgh had been knocked to the mat. The identity of Pittsburghers and their sense of civic and economic "self worth" had been shaken to their foundations.

At the same time, work began to build a new Pittsburgh. And now, 30 years later, those efforts have produced dramatic results. In the 22 stories that follow in this report, we examine how Pittsburgh is doing compared with 14 other benchmark regions in 11 key quality-of-life categories. And in many respects, the news is very good.

During the Great Recession and subsequent recovery, Pittsburgh has been an anomaly among the nation's regions. Over the past five years,

Pittsburgh is the only one of our 15 benchmark regions to have experienced job growth and housing price appreciation. Our labor force is at an all-time high. Combine these and other economic indicators with our very low cost of living and crime rates, and it's no surprise that Pittsburgh has been at or near the top of numerous domestic and international quality-of-life rankings.

We have not, however, solved all of our problems. The region's public transit system is perennially endangered by the lack of a dedicated funding stream, something that threatens the ability of thousands of people to get to work. Our air and rivers are not as clean as they should be. And African Americans generally do not enjoy the same level of economic success or personal safety as their white counterparts.

At PittsburghTODAY, our mission is to provide reliable information so the region's citizens can understand where we are and use that knowledge to determine where we need to go. (For a fuller sense of how Pittsburgh compares with other regions, please go to PittsburghTODAY.org to view our regional indicators and in-depth reports.)

Pittsburgh's strength has always been its people—their commitment to civic improvement, their ability to innovate and their will to work until ideas become reality. Now, as we embark on another 30-year era, we have an unparalleled opportunity: to build on our strengths and to make our region the best place to live in the world. It is a goal that is worthy of our reach.

Douglas Heuck, Director

THE REGIONAL INDICATORS **PittsburghTODAY**

LAKE ELIZABETH, NORTHSIDE



LITTLE'S SHOES, SQUIRREL HILL



ECONOMY

ECONOMIC TRANSFORMATION



On a broad base, Pittsburgh now has one of the nation's strongest regional economies

FAVORABLE REVIEWS of the southwestern Pennsylvania economy continue to roll in, offering further support for what now is considered an undeniable conclusion: The highly diversified economic structure that took root in the wake of industrial decline decades ago is paying huge dividends.

The latest is a Brookings Institution study of metropolitan regions around the world that identified Pittsburgh as one of only three in the U.S. that has recovered from the deep recession that began in 2007. And a national report released last year found southwestern Pennsylvania to be one of the most affordable places to live for moderate-income families based on housing and transportation costs relative to what they earn.

Just as encouraging are forecasts that the region's economy should continue to grow in the coming years, barring a

steep national downturn or the failure of Washington policymakers to avoid damaging the fragile recovery when they confront the debt ceiling, spending cuts and other contentious fiscal issues. "I think our region is very well poised," said Stuart Hoffman, senior vice president and chief economist of the PNC Financial Services Group. "We have a broader and more balanced job market and economic structure in southwestern Pennsylvania than we have had in a long time."

The region has performed well compared with most others on several key economic measures after the recession and, in some cases, even during the recession. Jobs, for example, grew by a non-seasonally adjusted 1.7 percent in the seven-county Pittsburgh Metropolitan Statistical Area from December 2007 to December 2012. While not robust, it was better than any of the 14 other PittsburghTODAY benchmark regions, and Pittsburgh was the only region to post job growth over that period. Local gross domestic product also increased in each of the past 10 years with the exception of 2009.



MODEST IMPROVEMENT

The region experienced moderate job growth in 2012 with the rate slowing in the second half of the year, mirroring much of the rest of the nation. More than 12,000 local jobs were created.

Hiring was brisk in several of the largest employment sectors, including leisure and hospitality, education, health and financial services. Those gains took the edge off losses in other sectors, such as government and transportation. The unemployment rate inched up during the latter part of the year, but remained well below that of the nation as a whole.

The region's labor force grew again last year, suggesting continued confidence in local economic conditions. And while income growth slowed, it remains strong enough to fuel greater local spending, which subdued consumer price inflation continues to encourage, PNC economists report.

The region's labor force, in fact, achieved a milestone in 2012. It was 1,264,640 people strong by the end of October, making it the largest workforce ever to draw paychecks in the Pittsburgh MSA.

That accomplishment came at a time when most other regions

are still struggling to regain their footing. Pittsburgh, Knoxville, Tenn., and Dallas, are the only three metro regions in the U.S. in which employment and GDP per capita have recovered to pre-recession levels, according to a Brookings Institution report, *Metro GlobalMonitor 2012*. Only one in four of the world's largest metropolitan regions have managed similar recoveries.

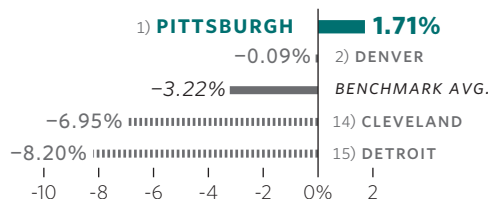
Housing is another encouraging sector. Building permits issued in the Pittsburgh MSA, for example, rose 14 percent over weak 2011 totals, preliminary data from the U.S. Census Bureau Building Permits Survey suggest. "The turn came in 2012 in terms of building permits," Hoffman said. "We think that will continue to rise solidly in 2013."

Having missed the housing bubble spared the region from the sharp market downturn that many others across the country experienced when it burst. That is a big reason why the Pittsburgh MSA saw home prices appreciate from 2007 to 2012 when prices declined in every other PittsburghTODAY benchmark region.

Housing and transportation costs account for an estimated 57 percent of the household budgets of moderate-income families in the Pittsburgh MSA,

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JOB GROWTH, 5-YEAR | DEC. 2007-2012



source: Bureau of Labor Statistics

Regional leaders weigh in on key needs for the future

PITTSBURGH TOMORROW

We need to take an international leap, versus a step forward. International companies respect our work ethic, traditions and medium-size city to conduct business. But as our small and medium-sized companies slug it out in an ultra-competitive economy, they don't have the international resources, capital and contacts to gain a competitive edge or grow as U.S. multinational companies do. We could benefit greatly from a web-based business "portal" that allows Pittsburgh and international companies to explore synergistic ideas and develop contacts in their respective industries.

James P. Bouchard
Chairman & CEO
ESMARK INC.



Two crucial facts are (1) China's economy will surpass the U.S. by 2019; and (2) China is sitting on \$3.5 trillion in foreign currency reserves. These represent opportunities, not threats for Pittsburgh. Like Japan in the 1980s, China is looking to invest in companies, joint ventures, commodities and commercial properties worldwide. Understanding exactly the unique wants and needs of the Chinese must be a top priority, otherwise we will miss out on the largest inbound investment trend in history.

Dennis Unkovic
Partner
MEYER, UNKOVIC & SCOTT LLP

Marcellus Shale can be compared to the Gold Rush... those who take advantage of the opportunities available can reap the rewards. The region's current economic environment is tailor-made for entrepreneurs who, by their nature, have the vision and willingness to take risks to expand their current businesses or start new ones. Entrepreneurs are key players in the creation of the 211,000 estimated new jobs in Pennsylvania resulting from Marcellus Shale.

Ann M. Dugan
Founder
INSTITUTE FOR ENTREPRENEURIAL
EXCELLENCE



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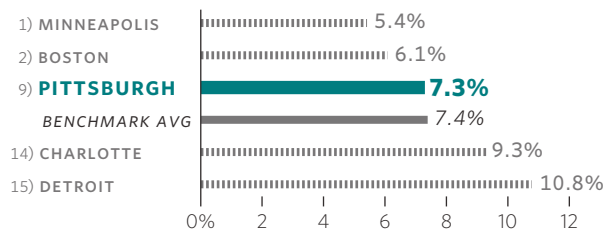
according to the Center for Housing Policy, the research arm of the nonprofit National Housing Conference. That cost burden is low enough to rank southwestern Pennsylvania among the five most affordable large metropolitan regions. The rankings, which are based on American Community Survey data, considered household incomes and costs such as mortgages, rent, utilities, car insurance and gasoline.

Other signs of improvement include a drop in bankruptcies, which for the third quarter of 2012 fell 18 percent from the previous year, the second steepest decline among PittsburghTODAY benchmark regions. And the tourism and entertainment sector continued to grow, becoming an increasingly important contributor to the region's economy in terms of jobs and revenue.

LOOKING AHEAD

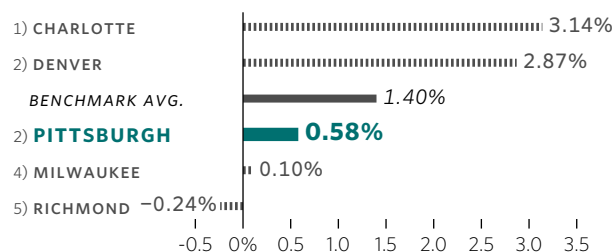
The region is not without economic challenges. Local and state governments continue to struggle with budget shortfalls and debt issues. With the aging of baby boomers comes concern over the breadth and depth of the future workforce. The region's workforce is one of the best educated in terms of young adults with at least a bachelor's degree. The concern is whether there will be enough workers with-

UNEMPLOYMENT RATE | DECEMBER 2012



source: Bureau of Labor Statistics, preliminary

JOB GROWTH, 1-YEAR | DECEMBER 2011-2012



source: Bureau of Labor Statistics

FRICK PARK MARKET, POINT BREEZE



out a college degree who are sufficiently educated to meet the demand for middle-skill labor, such as electricians, machinists, legal assistants and healthcare workers. And racial and ethnic diversity is a regional shortcoming at a time when diversity is a key selling point among corporations looking to expand.

Influencing what happens in the region's economy is what happens with the national economy. Hoffman expects the national economy will continue to grow modestly, assuming Washington can reach decisions on fiscal issues without inflicting serious damage. Jobs, consumer spending and business investment should all pick up in 2013, while trade will remain a drag on the U.S. economy as recession in Europe lingers.

Such an outlook would set the table for continued growth in the southwestern Pennsylvania economy. Hoffman expects a slight bump in local job growth, perhaps by 1 percent, and incomes should rise as the year goes on. Fewer foreclosures and bankruptcies are expected, and the housing market should slowly, but steadily, improve, as has been the recent trend.

Fewer southwestern Pennsylvania residents are struggling to rebuild wealth lost to the housing crisis than are many homeowners in other parts of the country, which should continue to help grow the economy beyond 2013. Marcellus Shale drilling operations, which slowed last year as natural gas prices dropped to their lowest levels in decades, still have room to grow. The region's major research universities continue to develop new ideas and technologies. And the broad, stable employment base hasn't shown any signs of serious weakness. "There are always challenges," Hoffman said. "But the challenges today are less daunting than they were 10 or 30 years ago. You can be quite optimistic about the region's economy." ■



Nice place to visit

Region's tourist trade soars

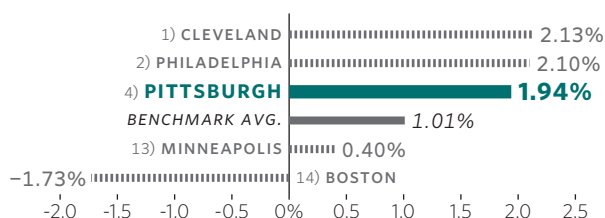
THEY ARE Marcellus Shale land workers, corporate clients, sports fans, consultants, convention-goers and casual vacationers, like those snapping photos from the starboard side of Miss Liberty or any of the other amphibious "duck" boats touring downtown Pittsburgh on summer afternoons. They're coming in ever-increasing numbers with money in their wallets that they are willing to spend. And they are driving a regional tourism industry that's never been better.

Visitors to southwestern Pennsylvania pumped \$8.1 billion into the local economy in lodging, recreation, retail, food and beverage, transportation and other spending during 2011, the latest full year of economic impact data reported by the Pennsylvania Tourism Office. That's a 9.6 percent increase in tourism revenue over 2010 and a record for the region.

Nearly \$5.3 billion of that revenue was spent in Allegheny County, the top travel destination in the seven-county Pittsburgh Metropolitan Statistical Area.

The impact of such spending is broadly felt, but no one has benefited more than the hospitality trade. Last October, for instance, the Pittsburgh MSA was second only to Philadelphia among the 15 PittsburghTODAY benchmark regions in year-to-date revenue per available room, which is considered a key barometer of success in the hotel industry.

% CHANGE IN AVERAGE WEEKLY WAGES | 2ND Q., 2011-2012



source: Bureau of Labor Statistics

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Nearly 112,000 people work in the region's leisure and hospitality industry, and those jobs grew by nearly 5.7 percent over the past five years. Among the benchmark regions, only Richmond experienced a greater rate of job growth in the sector.

Fueling the industry is an assortment of visitors, with the largest group being business travelers. Business has generally been good in southwestern Pennsylvania relative to other regions that have not weathered the recession and sluggish recovery as well. Healthcare, finance, gas and oil, and education and research are among the sectors of a diverse economy that are providing the tourism and entertainment industry with a steady stream of customers.

"Major corporations have consultants coming in every Monday and leaving every Friday," said Craig Davis, president and CEO of VisitPittsburgh. "That's almost like having a convention move in every week." Corporate clients tend to be the most lucrative, sought-after customers because they are typically on an expense account and usually not afraid of paying a little more for food, entertainment and a place to stay.

The surge in tourism is widespread. All seven counties in the Pittsburgh MSA experienced an increase in tourism revenue in 2011, according to the state data. Westmoreland County saw tourism spending rise 11 percent, for example. In Washington County, where Marcellus

Shale natural gas drilling is the most concentrated in the region, tourism revenue was up 15 percent.

It's no surprise that the impact of natural gas drilling operations on the tourism trade in places such as Washington County has been significant. But it is also being felt in Allegheny County, where there are few active gas wells, as well as in Downtown Pittsburgh, where there are none. As the drilling operations consume the available hotel and motel rooms in the suburbs, they are driving customers in search of lodging closer to the city, where

inventories are larger.

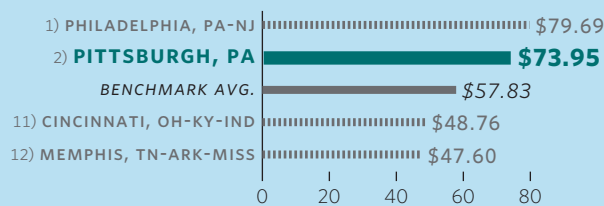
The Pittsburgh market is not without challenges. It doesn't have the Downtown room capacity close to the David L. Lawrence Convention Center to easily lure events that require a half-dozen or more hotels to accommodate those scheduled to attend. The entire Pittsburgh market

holds just over 24,000 rooms, which falls in the bottom third of PittsburghTODAY benchmark regions.

Otherwise, southwestern Pennsylvania's tourism and entertainment industry appears to be well positioned for an immediate future in which business will continue to be brisk.

"We are very fortunate to be in this situation," Davis said. "A lot of the demand drivers are very solid and, barring any disaster with the economy, will continue to be so." ■

REVENUE PER HOTEL ROOM | 2012



source: Smith Travel Research

OBSERVATION DECK, MT. WASHINGTON



PENN AVENUE GALLERY CRAWL, GARFIELD



DEMOGRAPHICS

GETTING YOUNGER



ALTHOUGH SOUTHWESTERN PA. is still one of the oldest regions in the nation, profound shifts in domestic migration and other factors are steadily washing away the gray, finally putting to rest the decades-old notion that it had become a place young people would rather flee than be.

The region's population of 20- to 34-year-olds grew by 7 percent over the past five years, and it is expected to grow another 8 percent by 2020, according to an economic forecasting model run by researchers at the University of Pittsburgh's University Center for Social and Urban Research (UCSUR).

It's a stunning reversal of fortunes for a region that three decades earlier was losing 50,000 more people than it was attracting each year, with young adults accounting for most of them.

When the One Young World summit came to Pittsburgh in October 2012, the 1,300 international millennials who attended

Growing young adult population transforms region they once fled

found a city and region that has steadily grown younger—a trend that has important implications for southwestern Pennsylvania today and in the future.

Several of the City of Pittsburgh's oldest neighborhoods are being transformed as young adults move in at impressive rates. More people are moving to the region than leaving each year, and most are young adults. The region's 25- to 34-year-old workforce has become one of the best educated in America, which is a competitive advantage when trying to grow an economy. And the surge in young talent is helping take the edge off concerns about the future depth and breadth of the workforce as more and more Baby Boomers age into retirement.

These young adults are also the most frequent users of the region's revenue-hungry public transit system. They're strong supporters of the arts at the box office. Nearly 60 percent live in homes either they or their families own. And nearly half of young adults in the region earn at least \$50,000 a year and 22 percent earn \$75,000 or more, according to the Greater Pittsburgh Regional Quality of Life Study, a joint project of PittsburghTODAY and UCSUR.

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The belief that southwestern Pennsylvania has a problem retaining and attracting young adults that's more severe than in other regions in the country had become a mantra, a local truism that is no longer true and hasn't been for quite some time.

A MYTH DEBUNKED

This misconception dates to the early 1980s when the catastrophic collapse of the steel industry triggered an exodus of young adults that was truly alarming. At its peak in 1984, some 50,000 residents left and more than 70 percent of them were under the age of 39. Not only did they leave, they also took their families and future families with them. In doing so, they reshaped the demographic makeup of the region in ways that continue to be seen today in a population that is older than most and experiences more deaths each year than births.

But the crisis was short-lived. In 1994, the region posted a net migration loss of fewer than 9,000 people, according to U.S. Census Bureau data. And young people made up a much smaller portion of those who departed, while retirees accounted for a larger share.

Southwestern Pennsylvania continued to recover. And after 2008, more people have moved into the region than have left—a trend that continues today and has helped stabilize the Pittsburgh MSA population, which continues to experience more deaths than births each year due to its still-oversized number of elderly residents.

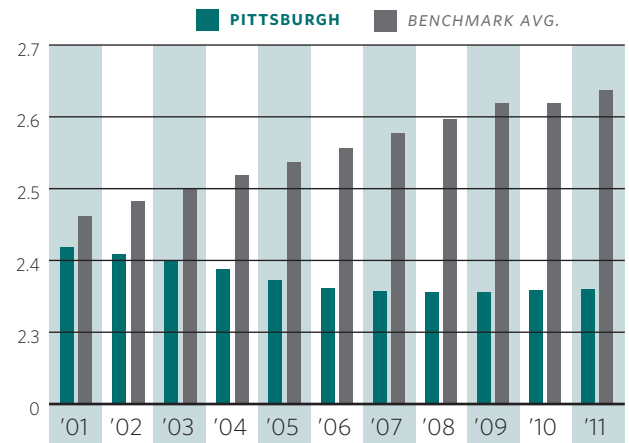
The majority of new arrivals are well under the age of 40 and the greatest numbers are leaving nearby metropolitan areas such as New York, Philadelphia and Washington, D.C., in favor of living and working in southwestern Pennsylvania.

"It's not a recent phenomenon that you can say it isn't true that young people are leaving Pittsburgh any more than you would expect," said Chris Briem, a regional economist at UCSUR. "But there's a persistence of memory in Pittsburgh. If you're older and have memories of when young people were streaming out you're

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POPULATION ESTIMATES | 2001-2011

(in millions)

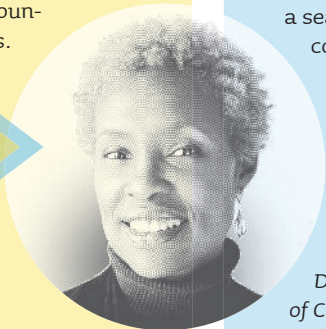


source: U.S. Census Bureau, Population Estimates Program

TOMORROW

A region's competitiveness depends on its rate of growth. With minorities representing more than 51 percent of workers entering the U.S. workforce, the Pittsburgh region's growth and prosperity depends on our ability and will to attract, retain and develop diverse talent for our growing opportunities. Yet, Pittsburgh is one of the country's least diverse regions. For a brighter future, it is in our economic best interest to band together to grow a more diverse and inclusive place.

Melanie Harrington
CEO
VIBRANT PITTSBURGH



We produce the best technological resources on the planet, namely our students; then we export them everywhere but here. That was a key motivation for founding Project Olympus, an innovation center at Carnegie Mellon where students explore the commercial potential of their great ideas and make essential community connections. Six years later, we've seen a sea change in students starting companies here. But will they stay? Initial risk capital is a key challenge. Secured locally, it helps attract partner funding into the region. Secured elsewhere, the flight continues.

Lenore Blum
Distinguished Career Professor
of Computer Science
CARNEGIE MELLON UNIVERSITY

Key needs for the future

I hear from young people in middle and high school who declare that they need to leave Pittsburgh for college and to get a job in the real world. We have been focused on wooing young professionals to, or back to, the region. Perhaps we need to expand our strategies to make the area relevant to all kids as a place to begin their working life, not just to return to later.

Margaret McCormick Barron
Executive Vice President for External Affairs
WEST PENN ALLEGHENY HEALTH SYSTEM

probably going to believe that until you die.”

OPPORTUNITY ATTRACTS

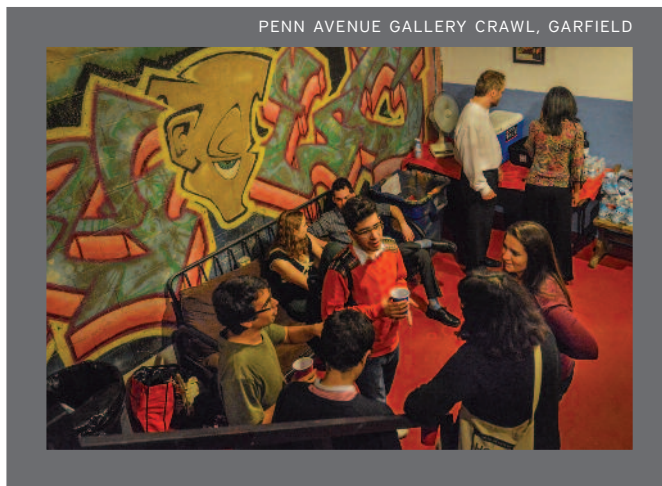
Employment opportunities lead most people to move from other places and settle in another. In southwestern Pennsylvania, a diverse economy led by medicine, technology, research and education that emerged in the wake of steel’s collapse is a key reason why more people are moving in than moving out. The fields attracting the most are the life, physical and social sciences; computer and mathematical; architecture and engineering; and healthcare, according to a UCSUR analysis of 2006–2010 American Community Survey data.

Moreover, the new arrivals filling those jobs are largely young workers. Some 70 percent of workers new to the region are under the age of 35 and more than 55 percent are between the ages of 22 and 34. Only about 4 percent of workers who lived outside the region a year ago are 55 or older.

Another important factor in the steady rise in young adults is the fact the region’s economy has weathered the recent recession and sluggish recovery better than most others. Job growth, while not robust, has been steady. And the Pittsburgh MSA is the only region among the 15 tracked by PittsburghTODAY to experience overall job growth over the past five years.

Much of that growth is in professions that demand a high level of education. And that is reflected in the region’s workforce. More than 48 percent of its workers aged 25-34 have a bachelor’s degree or higher. That’s fifth highest in the nation, behind Boston, San Francisco, Washington, D.C., and Austin, according to Current Population Survey data compiled by the Census Bureau and the U.S. Bureau of Labor Statistics.

“There’s no question that jobs and opportunity are what attract people,” said Timothy Parks, director of business development at the Pittsburgh law firm of Morgan Lewis, who during the 1990s was director of the Pittsburgh Technology Council and the Pittsburgh Regional Alliance. “People usually don’t move to a city just to try it out. What we’re seeing today is the result of Pittsburgh having become a multifaceted landscape of opportunity.”



A LUST FOR CITY LIFE

Young adults also find other characteristics of the region attractive. In focus groups held by PittsburghTODAY last summer, the region’s relatively low cost of living, universities, and cultural and recreational amenities were most

often identified as its strongest attributes by young adults, regardless of their level of education or whether they were natives of southwestern Pennsylvania or transplants from other cities and regions.

Transportation issues, such as access to buses and taxis when needed, topped the list of the most commonly mentioned weaknesses, which is not surprising. Residents aged 18 to 34 are twice as likely than other residents to use public transportation, according to data reported in the Greater Pittsburgh Regional Quality of Life Survey.

After leaving Washington, D.C., in 2012 for a job at the law firm Buchanan Ingersoll and Rooney, Celia Franklin, 26, chose to sign a lease at the Heinz Lofts on the North Shore. “I wanted a place on the bus line that was close enough to walk to work,” she said. “I also wanted to be in a young neighborhood, not in the suburbs. And being close to the river and trail is exciting.”

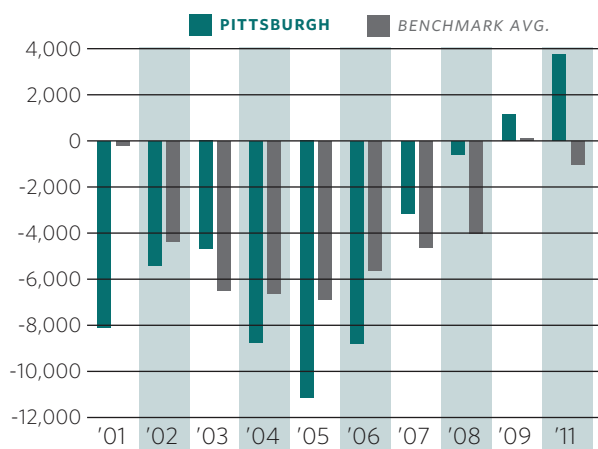
Studies suggest her generation is much more likely to prefer living in a walkable, vibrant, diverse urban community than older generations. And they are changing Pittsburgh’s neighborhoods. The city’s 18-to-24-year-olds rose 17 percent from 2000 to 2010. Fifty neighborhoods saw an increase. And in 32 of them, the

young adult population rose by 10 percent or more. “Most demographic shifts are pretty evolutionary. They happen over a long time and you tend to notice them a decade after they happen,” Briem said. “There is nothing subtle or slow about what we are seeing in some of these neighborhoods.”

For more about young adults in the region, see PittsburghTODAY’s Young Adults Report 2012, which can be found online at: www.pittsburghtoday.org/special_taya.html

DOMESTIC MIGRATION | 2001-2011*
(in thousands)

*2010 data unavailable



source: U.S. Census Bureau, Population Estimates Program

ONE PPG PLACE, DOWNTOWN



ENVIRONMENT

COMPLIANCE, FINALLY



SOUTHWESTERN PENNSYLVANIA has quietly reached an environmental milestone. After exceeding the Clean Air Act pollution limit for nearly four decades, levels of unhealthy microscopic particles in the sky above the region have fallen to within federal air quality standards for the first time.

Even the region's hottest air pollution hot spot—the handful of Allegheny County communities immediately downwind of US Steel's Clairton coke works—met federal standards for the largely invisible particles known as PM_{2.5} in 2011, according to the latest monitoring data available. “The air is the cleanest it’s been since the Industrial Revolution in terms of fine particulates,” said Jim Thompson, manager of the Allegheny County Health Department’s Air Quality Program.

Meanwhile, a plan to solve another pressing environmental problem—chronic sewage overflows into streams and rivers—was considered too expensive for rate payers in 2012, prompting the Allegheny County Sanitation Authority to come up with a less ambitious approach.

Our air quality improves, but a sewage solution remains elusive

CLEARING THE AIR

Finally complying with federal fine-particulate air pollution standards is one thing. Staying in compliance is another. In that regard, the region is expected to get help from the federal Cross-State Air Pollution Rule, if and when it is fully implemented. The rule, which is stranded in a federal appellate court, requires steep reductions in sulfur dioxide and nitrogen oxide emissions from coal-fired power plants.

In fact, the region is already feeling the impact, Thompson said. Stricter limits on the chemical compounds were first proposed five years ago. Some electric power utilities, realizing reductions would eventually be enacted, have already installed scrubbers or taken other steps to reduce plant emissions.

An estimated 70 percent of the fine particulate pollution measured in southwestern Pennsylvania is emitted from upwind sources beyond its borders, particularly power plants in

the Midwest.

While a reduction in PM_{2.5} from out-of-state sources is one of the reasons the region's annual pollution readings dipped below the 15 micrograms per cubic meter federal limit, recent local developments also contributed. Among them was the closing of three aged coke oven batteries at the Clairton works, which were replaced with a new, low-emissions battery that went online in late 2012. And construction of two low-emission quench towers at the plant should be completed this year.

Federal air quality standards tend to be moving targets that are adjusted as more is learned about the health effects of pollutants. PM_{2.5} limits are no exception. The U.S. Environmental Protection Agency is expected to soon consider lowering the annual standard that the region only recently managed to meet.

The region faces a similar challenge meeting standards for ozone, also known as smog, which forms when sunlight reacts with exhaust from cars, trucks, buses and other fossil fuel-burning sources.

Allegheny County finally managed to meet 1997 federal ozone standards in 2011. But it remained in violation of the more stringent 2008 limits of 75 parts per million.

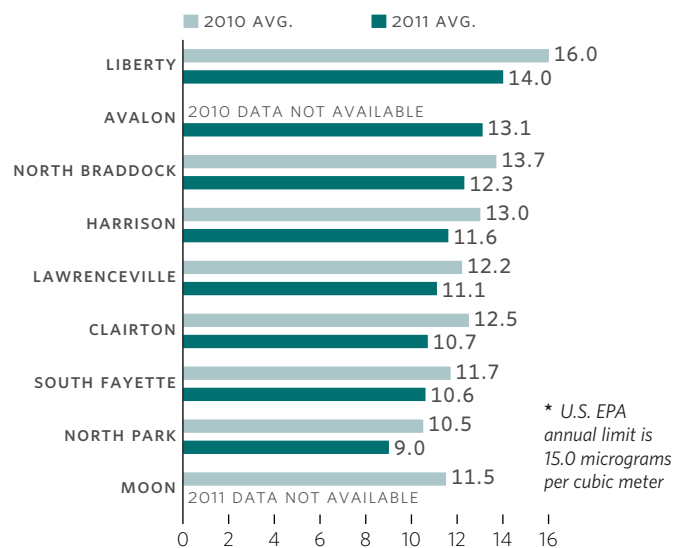
And the latest standard is expected to be revisited in 2013 with an eye toward ratcheting it down to between 60 and 80 parts per million, as recommended by EPA science advisors based on an assessment of health impacts. Short-term ozone exposure can trigger asthma attacks, while long-term exposure can lead to reduced lung function, pulmonary congestion and heart disease.

As with fine particulates, implementation of the Cross-

State Air Pollution Rule is expected to help lower ozone in the region by greatly reducing levels of nitrogen oxide, a key component of smog. Such help can't come too soon. Preliminary data suggest ozone levels increased in Allegheny County in 2012, which was a hot, dry year, particularly in the Midwest, where a significant amount of the region's ozone originates. "It's a tough nut to crack," said Thompson.

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ANNUAL FINE PARTICLE POLLUTION* (PM 2.5)
IN ALLEGHENY COUNTY, BY MONITOR SITE | 2010-2011
(in micrograms per cubic meter)



source: Allegheny County Health Department Air Quality Program

TOMORROW

Given our unrivaled coal and natural gas reserves, we are uniquely positioned to lead America's energy renaissance. We must cut through the "noise" from both sides of the energy debate. We must embrace our natural resources and seek innovative/collaborative approaches to reducing our environmental footprint.

If we do, we'll see thousands of new jobs, a revitalized manufacturing base, and economic and social advancements that will sustain our rich quality of life for our children and our grandchildren.

Nicholas J. DeIuliis
President
CONSOL ENERGY INC.



The natural gas resources in this region can provide clean, economical energy and tremendous growth for this area. By operating with high standards, we can produce this resource safely, protect the environment, and create good-paying jobs. We are actively working with industry, regulators and communities to raise the bar on performance, so that the Pittsburgh region can enjoy the benefits of natural gas development for decades to come.

Bruce Niemeyer
Vice President
CHEVRON

Slowing the unsustainable growth of healthcare costs is one of the region's greatest future challenges. Several steps are necessary to improve the healthcare delivery and financing system. All community segments must collaborate to ensure better coordination of patient care so patients receive the right care, at the right time, in the right setting. We must preserve provider competition and consumer choice. Maintaining a competitive health delivery system boosts the economic vitality of communities and keeps costs lower.

Dr. William Winkenwerder Jr.
President & CEO
HIGHMARK INC.



A RESOURCE AT RISK

Abundant annual rainfall leaves southwestern Pennsylvania in a fortunate position as much of the world grapples with the prospect of a shortage of fresh water. The region's challenge is not the availability of water, but effective stewardship to protect the quality of its rivers and streams—something that new PittsburghTODAY water quality maps suggest has not been its strong suit.

Pennsylvania has more impaired waterways than any other state in the nation, and the maps show that thousands of miles of them are in southwestern Pennsylvania. Allegheny County is crowded with streams and rivers that fail to meet federal Clean Water Act standards for reasons ranging from acid mine drainage and urban runoff to industrial and wastewater effluent. Dense pockets of non-attaining streams are also found in more rural parts of the region, such as Washington, Fayette, Westmoreland and Somerset counties.

The region's most pressing water problem is in Allegheny County, where even modest rainfall causes untreated sewage to overflow into the Allegheny, Monongahela and Ohio rivers from a 4,000-mile network of aging, overtaxed city and suburban lines, many of which were designed to carry both wastewater and storm water. The resulting high bacteria levels in rivers claims more than half of the recreational season each year, on average.

Treatment data illustrate just how inefficient the sewer system has become. ALCOSAN, the county sanitary sewer authority, treats roughly 200 million gallons a day, but only bills for about 80 million gallons. "Only about 40 percent of the flow is actually going through somebody's water meter," said John Schombert, executive director of 3 Rivers Wet Weather, a project created to help communities address the sewer problem. "The rest comes from the municipalities and is water that has gotten into the system because of pipe conditions and through direct connections like springs and creeks."

ALCOSAN and 83 county municipalities are under an EPA consent order to solve the problem by 2026. Doing so will require the largest public works program ever undertaken in the region.

The sanitary authority's first plan to remove most of the more than 5 billion gallons of storm water and sewage overflows that overwhelm its treatment plant each year included a series of deep underground storage tunnels that would temporarily hold the excess during storms and gradually release it when the system regains the capacity to handle it.

But sticker shock led ALCOSAN to reconsider in 2012. The \$3.6 billion cost, most of which would be borne by customers, would nearly triple the \$262 average annual rate they now pay. That would consume more than 2 percent of the median household income in the authority's service area, which, by the

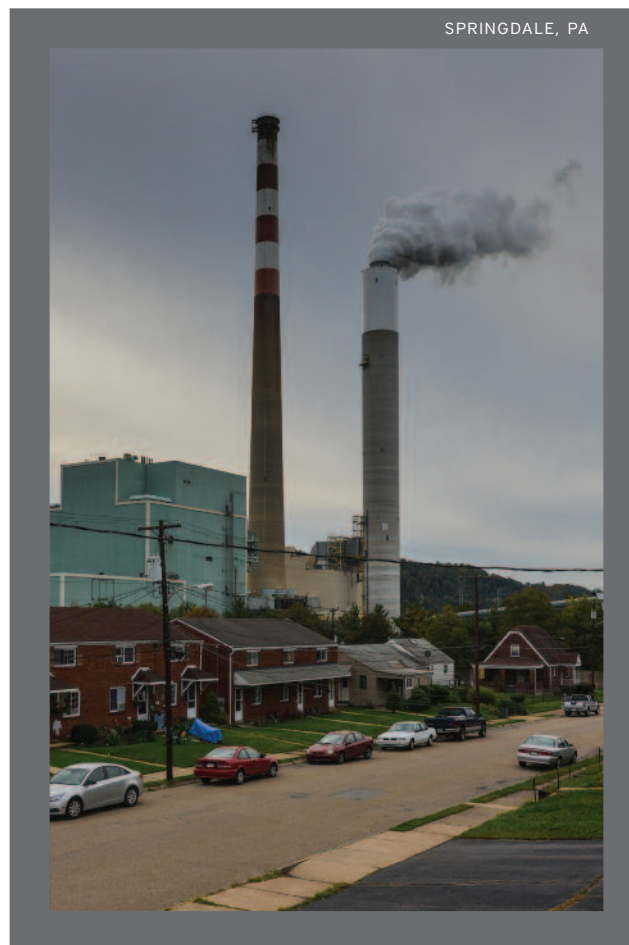
EPA's own affordability index, is considered a high burden.

In its place, the authority last year proposed a scaled-down plan priced at \$2.8 billion, which would still double the current water rates, but drop the burden on customers below 2 percent of the median household income. The latest plan would build smaller storage tunnels and fewer of them, eliminating those in the outlying communities in favor of containing overflows in or near the city of Pittsburgh, where volumes are the highest.

Whether the EPA will go along with Plan B is unclear. It would reduce sewage overflows into rivers and streams—perhaps capture as much as 85 percent near the city core—but uncontrolled overflows from outlying communities would pre-

vent it from meeting water quality standards overall. The EPA is expected to rule on the amended plan this year.

The revised plan would likely delay improvements in some communities outside of the urban core. It might also offer an opportunity to revisit the idea of installing green infrastructure, such as rain gardens and permeable pavement, to reduce storm



flow at its source—something that is missing from the current plan.

Source reduction also includes finding and fixing situations that contribute large volumes of water to the system. In some places, that includes creeks and springs that have been tied into sewer systems. In Pittsburgh, for example, the City-County Building stands on what was once a hill, which had been leveled. “If you look at the original maps, there were several streams that came off of that hillside,” said Schombert. “Well, there are no streams in downtown Pittsburgh. Those streams on the maps are now in the ground, in the pipe and being conveyed to ALCOSAN.”

New water quality maps for southwestern Pennsylvania are available on the PittsburghTODAY website at pittsburghtoday.org/view_BaseMap.html ■



Of two minds

Concerns over gas drilling temper support

ACROSS THE GREATER Pittsburgh region, far more residents are convinced of the economic potential of Marcellus Shale natural gas than support drilling for it. And one likely reason more haven't thrown their support behind the burgeoning industry is that more than half of them are worried that environmental damage and greater public health risks are the price they'll pay for new jobs and other economic benefits.

And nowhere are the contrasts sharper than in Washington County, where drilling is highly concentrated and more residents say they have signed a drilling lease than anywhere else in the region, according to the Pittsburgh Regional Quality of Life Survey conducted by the University of Pittsburgh's University Center for Social and Urban Research and PittsburghTODAY, which reports statistical indicators of regional importance.

“What this is reflective of is the opinion you often hear: ‘I think we should drill in the Marcellus Shale if it can be done safely,’” said Jill Kriesky, Ph.D., senior project coordinator at Pitt's Center for Healthy Environments and Communities, which analyzed the survey data related to Marcellus Shale issues.

The survey data were gathered in telephone interviews with some 2,200 men and women who live in the seven-county Pittsburgh Statistical Metropolitan Area and in 25 surrounding counties in Pennsylvania, Ohio, West Virginia and Maryland. Included were 403 residents of Washington County, which was over-sampled for the views of those living in a highly active drilling area.

Washington County was home to 656 natural gas wells as of July 2012. In contrast, Allegheny County, the most densely populated in the Pittsburgh MSA, had only 13 wells.

Across the region, more residents support drilling than oppose it by a margin of 45 percent to 25 percent, with the

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rest in neither camp. In Washington County, the rates of those who support and those who oppose drilling are higher and fewer people are without a strong opinion on the issue.

Belief in the potential of gas drilling to boost local economies is strong. Among residents in all 32 counties surveyed, more than 70 percent are of the opinion that extracting natural gas from the Marcellus Shale offers a significant or moderate economic opportunity for the region. Only 10 percent believe it has very little or no economic potential.

Those who live in Washington County express even greater faith in the economic potential of the extensive drilling activities developed in their communities in recent years. More than 76 percent of residents view the Marcellus Shale operations as a significant or moderate economic opportunity.

Washington County residents are also more likely to have experienced the financial benefits of drilling themselves or to have seen members of their family benefit from natural gas drilling. Nearly 32 percent report that

they have signed a drilling lease or that someone in their family has done so. That's the case for fewer than 14 percent of residents in other counties.

And 22 percent of Washington County residents say they have been personally affected in some way by activities related to extracting natural gas from the Marcellus Shale, compared with 10 percent of residents who live elsewhere.

Concern over drilling's potential for environmental damage is also high in the region where the legacy of industry and mining includes still-polluted waterways and air. Throughout the region, more than 8 in 10 residents believe drilling poses at least a slight threat to the environment and public health. And 55 percent consider drilling as either a significant or moderate threat. In Washington County, 58 percent feel the same way.

Only 17 percent of residents throughout the region believe drilling poses little or no threat to the environment and public health.

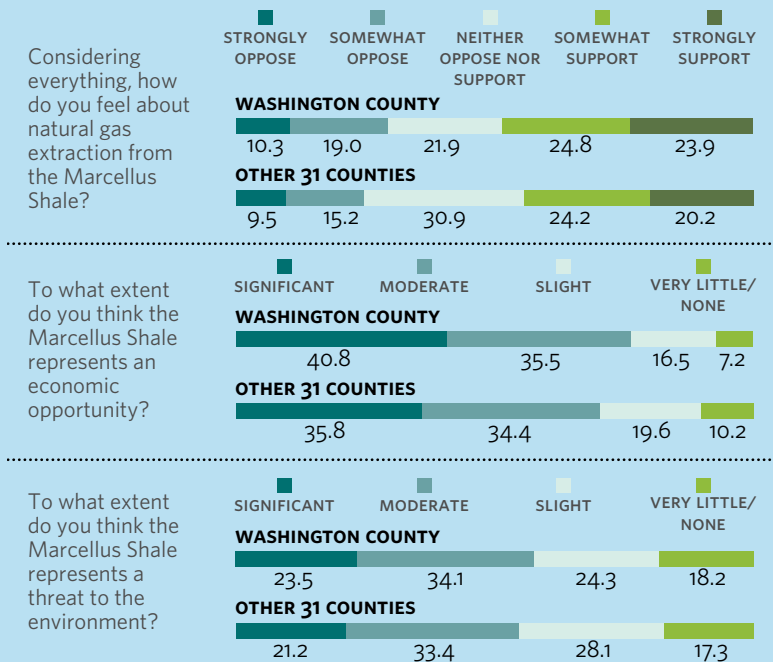
Where residents live is not the only factor influencing their views. The higher the level of their education, the more likely they are to believe drilling for natural gas offers substantial economic opportunities—and to see it

as a threat to the environment and public health. In fact, opposition to drilling is greatest among residents with a bachelor's degree or higher.

Regardless of their level of education or where they live, few in the region are unaware of the ongoing Marcellus Shale story. Only about 19 percent of residents overall say they do not follow Marcellus Shale developments and the percentage is even less in Washington County. ■

MARCELLUS SHALE SURVEY |

(Responses shown as percentages of residents)



source: The Pittsburgh Regional Quality of Life Survey, University Center for Social and Urban Research and PittsburghTODAY

CITY-COUNTY BUILDING



GOVERNMENT

AN OVERABUNDANCE



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Municipal cooperation gains foothold in fragmented region

HEN IT COMES TO governments, southwestern Pennsylvania has plenty. In fact, few regions in the nation are more fragmented. So it's not surprising that consolidation has been a popular topic of late. And, to some extent, the notion appears to be taking hold.

Just don't expect that to translate into significantly fewer municipal councils, boards, authorities and school districts.

"I've come to the conclusion that's not going to change much," said David Miller, a University of Pittsburgh Graduate School of Public and International Affairs professor, former city budget manager and past director of the Pennsylvania Economy League. "There are 130 governments in Allegheny County. Unless something remarkable happens, 25 years from now we are probably going to have 130 governments in Allegheny County."

most notably recent efforts to break down walls that discourage municipal cooperation, and collaboration on finding solutions to shared issues ranging from sewers to public transportation.

People who reside in the hills and valleys of the seven-county Pittsburgh Metropolitan Statistical Area are ruled by more than 900 distinct government entities. That's a lot by any measure. Only St. Louis among the 15 PittsburghTODAY benchmark regions has more.

Miller's Metropolitan Power Diffusion Index looks at government decentralization more closely. The measure gives each region a single score based on the number of local governments it has that provide 11 common services ranging from police to sewage and how much each of those governments spends to provide those services. The more local governments there are spending greater amounts of money, the higher the region's MPDI score.

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Chicago is the only region in the nation more decentralized than the Pittsburgh MSA, according to MPDI scores based on 2007 data, the latest available. Trends show government is becoming more fragmented in most regions across the country. Regions in the Northeast are, on average, the most decentralized but the slowest to become more fragmented. Regions in the West, on the other hand, are among the most centralized, but are becoming more fragmented and are doing so at a much faster pace than anywhere else in the country.

How many governments are too many is anybody's guess. Miller recalls the time when the topic came up in conversation with a municipal manager from Charlotte, N.C., at a national conference.

"He was saying there were so many governments in his area they couldn't get anything done. I asked how many governments he had to contend with. He said, six. And I thought as I sat there, 'I could spend the rest of my life trying to reduce the number of governments in Allegheny County from 130 to 60, and I would still have 10 times as many as this guy is complaining about.'"

Trimming the number of governments that exist in southwestern Pennsylvania is a notion that has failed to get much traction. But there is evidence that efforts to deal more effectively with some of the consequences of fragmentation are gaining momentum.

Fragmentation has many difficult-to-manage consequences. It lends to fiscal disparities among municipalities, and southwestern Pennsylvania has more than its fair share of

fiscally distressed boroughs, including several former steel towns in the Monongahela River valley. Fragmentation exacerbates segregation by race and class. It makes fiscal mercantilism more likely, raising the risk that tax jurisdictions will compete against each other to win over businesses by offering lower rates and better incentives than their neighbors.

And fragmentation can diminish the sense of regional unity, push collaboration down on the list of municipal priorities, and make solving large-scale problems that cross jurisdictions more difficult.

In that regard, at least, southwestern Pennsylvania is making some headway. Through the 4-year-old Congress of Neighboring Communities (CONNECT), for example, City of Pittsburgh officials work with officials in the 37 municipalities it shares a border with to address common issues, such as water and sewage, public transportation, emergency medical services, economic development, and blighted and abandoned property.

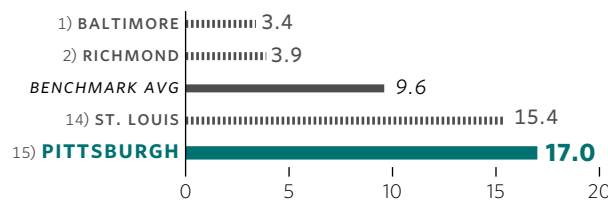
Few other U.S. regions have such a mechanism for collaboration within the urban core, though the data make a strong case for it. In southwestern Pennsylvania, the urban core communities are where the economic engine resides. Allegheny County is the most densely populated and wealthiest of the seven MSA counties, and

two of three Allegheny County jobs are found in the CONNECT communities. The urban core also holds 55 percent of the county's population, 14 of 15 county council seats, four of the six state senate districts, and all three congressional districts.

"CONNECT came together when the city and those municipalities that share a common border recognized that they have a lot more in common than they thought they had," Miller said.

Allegheny County is also

METROPOLITAN POWER DIFFUSION INDEX | 2007



source: The Center for Metropolitan Studies at the Graduate School of Public and International Affairs, University of Pittsburgh



home to the Regional Asset District, which allocates county sales tax dollars as part of one of the largest metropolitan revenue-sharing programs in the United States.

The coming years promise to test the strength of municipal cooperation in the region. One of the most critical tests is the reengineering of a 4,000-mile network of aged water and sewer lines in Allegheny County that the federal Environmental Protection Agency ordered be undertaken to resolve long-standing pollution issues. The region's largest public works project to date involves 83 municipalities, the City of Pittsburgh, and the Allegheny County Sanitary Authority. Each owns a piece of the storm and sewage system, the problem, and the legal obligation to solve it.

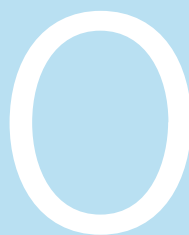
To date, municipal cooperation has produced the first digital map of the entire sewer network and saved an estimated \$12 million by jointly conducting a required flow-monitoring program.

But bigger challenges are around the corner, not the least of which is figuring out how to share the cost of billions of dollars worth of sewer fixes. "The real issue here is governance," said John Schombert, executive director of the nonprofit 3 Rivers Wet Weather, which was created to help municipalities address the sewer problem. "We can't go forward with a model of distributed ownership through 80-plus entities. We have to look at regionalization of the system, which, I think, will be easier to accept than something like the consolidation of fire and police services. With these wet weather plans there's no asset. It's all liability." ■

Saving money, changing lives

County agencies collaborate to reduce returns to jail

By Joann Cantrell



IN ANY GIVEN DAY, more than 2,300 people live in the Allegheny County Jail. Many will return at some point after they are released, placing a heavy burden on taxpayers, complicating their chances for rehabilitation, and putting the outcomes of their families and children at risk.

Recognizing the high human and financial costs of unbridled recidivism, officials in several Allegheny County government departments began collaborating more than a decade ago to address the problem. The Allegheny County Jail Collaborative they created has since gained national acclaim as an innovative approach to curbing recidivism and saving tax dollars.

The expense to taxpayers of incarcerating those convicted of crimes is substantial. In Pennsylvania, for example, the state correctional system budget increased by 295 percent to \$1.34 billion between 1995 and 2004. And recidivism only compounds the expense.

In the 1990s, the Allegheny County Jail experienced a rise in inmate population, and recidivism rates reached 71 percent. This led jail officials and directors of the Department of Human Services and Health Department to form the Collaborative to find ways to help inmates more successfully reenter the community, reduce the rate of repeat offenders and improve public safety. And the county's judges soon joined them.

Research suggests treatment, education and job training for inmates are keys to the successful reentry into society. But such support for jail inmates was lacking. The Collaborative began to coordinate their resources and, with support from local foundations, designed reentry programs for inmates and ex-offenders and diverted non-violent offenders to treatment.

Today, the Collaborative has evolved to include strategies for improving the jail system and devising alternatives to incarceration, such as a special court for non-violent offenders with mental health issues. But the centerpiece is its capacity to offer inmates comprehensive services aimed at reducing their chances of returning, such as drug and alcohol treatment, stress and anger management, GED preparation, and vocational, life and parenting skills training. In the past five years, supports were added for children of inmates and relatives who care for those children while their parents are in jail.

Evidence suggests the comprehensive approach is paying off. A study by the University of Pittsburgh School of Social Work's Center on Race and Social Problems found that 16.5 percent of inmates who take advantage of the services return to jail within a year of their release, which is

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PITTSBURGH CITY COUNCIL



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half the recidivism rate of those who don't participate. The five-year recidivism rate for inmates in the program was just over 34 percent, compared to 52 percent among inmates who didn't receive the services.

And the annual cost savings to Allegheny County for serving just 300 inmates in the program was estimated at \$5.3 million—a cost-savings ratio of \$6 saved for every \$1 spent, the study reported.

"The old-school mentality of 'lock 'em up and throw away the key' is a misconception that ignores the baseline issues of addiction and poverty," said Common Pleas Court

The Jail Collaborative is not only a cooperative that brings together the public sector, but also uses evidence-based practices which are well researched," said Frederick Thieman, president of the Buhl Foundation and former U.S. attorney for the Western District of Pennsylvania. "Working with inmates while they are in jail to give them skills and coping mechanisms reduces the likelihood that they will [return to crime and jail]."

Collaboration around improving inmate reentry extends beyond government agencies to include a wide range of community educational, nonprofit, health and religious organizations. And the Jail Collaborative's work has garnered the financial support of as many as 10 local foundations, as well

as grants from national foundations and the U.S. Department of Justice under the Federal Second Chance Act Prisoner Reentry Initiative.

Although those funds have helped expand the initiative's reach, it is still only able to offer services to a fraction of the jail population, and long-term funding remains in question.

"Right now, we have to limit programs to just a subset of everyone who could use them, and when the time-limited grants that fund these programs end, it will be fewer," said Marc Cherna, director of the Allegheny County Department of Human Services. "If we had a solid base of funding, we would serve more people with the great programs that local

nonprofit groups are bringing into the jail and community."

In the meantime, the Collaborative is gaining recognition as an innovative justice system model both in southwestern Pennsylvania and across the nation, including honors from the Ash Center for Democratic Governance and Innovation at Harvard University's John F. Kennedy School of Government.

"Leaders from business and the community immediately get that the Jail Collaborative is about improving public safety and saving money," said Common Pleas Court President Judge Donna Jo McDaniel. "Keeping people from going back to jail gives you both." ■

ALLEGHENY COUNTY JAIL, DOWNTOWN



Administrative Judge Jeffrey Manning. "The Jail Collaborative is a smart-on-crime, not soft-on-crime, effort that actually saves tax dollars by reducing recidivism."

The jail made fundamental changes to accommodate the program, which included building a Reentry Center where classes would be held and taking unprecedented steps of making many more family calls and visits available—both as a reward for inmates' progress and as a way of maintaining the critical connections with family and children. With support from the courts, a system for releasing inmates from the jail was revamped to ensure that they had adequate time to arrange for housing and transportation home.

RENOVATIONS, SOUTHSIDE



HOUSING

STEADY AS SHE GOES



City housing market strong as region's recovery continues

SOUTHWESTERN PENNSYLVANIA'S housing market, which missed the mid-decade boom experienced elsewhere across the nation, remains in the midst of a solid recovery, particularly in the City of Pittsburgh, where shifting demographics are turning many neighborhoods decidedly younger.

Evidence of steady improvement was again seen across a number of measures in 2012. Perhaps most important, the appreciation of home values in the seven-county Pittsburgh Metropolitan Statistical Area remained the envy of most of the 15 PittsburghTODAY benchmark regions.

Third-quarter home prices appreciated 5.8 percent in the Pittsburgh MSA from 2007 to 2012, ranking southwestern Pennsylvania at the top of all of the benchmark regions. In fact, it was the only region in which five-year housing prices rose. In Denver, which had the second-best five-year appreciation rate,

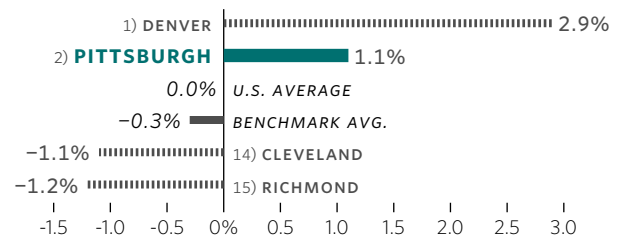
prices fell 1.8 percent. In Baltimore, Minneapolis and Detroit, housing prices dropped 20 percent or more.

Looking back 10 years, housing prices in the Pittsburgh MSA are up 26 percent, well above the 16.6 percent national appreciation rate.

One trademark of the region's housing market is that it has

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PRICE APPRECIATION, 1-YEAR | 3Q 2012



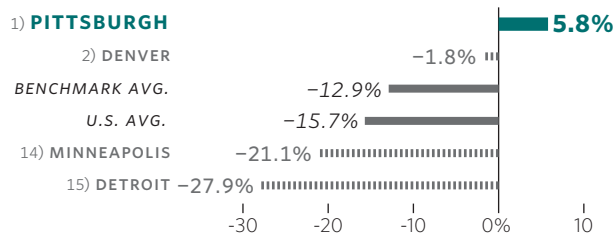
source: Federal Housing Finance Agency



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HOUSING

PRICE APPRECIATION, 5-YEAR | 3Q 2012



source: Federal Housing Finance Agency

long been short on drama, which has served it well in recent years. The region didn't experience much of a housing bubble in the first decade of this century and was spared the ruinous consequences of sharply contracting markets that other places endured after the bubble burst.

"It was slow and steady here," said Sabina Deitrick, director of the Urban and Regional Analysis Program at the University of Pittsburgh's University Center for Social and Urban Research (UCSUR). "Some people may have been upset that our prices weren't going up like other places. But we don't have many people who are underwater."

Low mortgage rates have helped home sales in the region and elsewhere. Region-specific factors have also helped keep southwestern Pennsylvania's post-recession housing market healthier than most, not the least of which has been a steady

economy, including higher job growth and a low cost of living. And more people have moved into the region than have left in recent years, and they tend to be better-educated young adults migrating to job opportunities.

RISING DEMAND IN THE CITY

Several City of Pittsburgh neighborhoods are emerging as desirable places to live, particularly among young adults, and the trend is having an impact on housing.

"Housing values in a lot of neighborhoods of Pittsburgh are strong," Deitrick said. "There isn't a lot of product in the city housing market, and when supply is less than demand, prices are stable or rising. That's the case in a lot of neighborhoods."

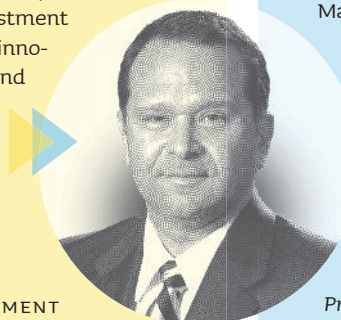
Demand is being driven by homebuyers and renters alike. The rental market, in fact, has recently gained strength—a trend that at long last includes downtown Pittsburgh, which is experiencing a surge in apartment development.

An UCSUR survey of people who recently moved to Lawrenceville offers a glimpse of what is attracting new residents to up-and-coming city neighborhoods. Nearly 53 percent listed the cost of living as a major draw, and 44 percent said living closer to work or school was a key attraction. About two-thirds of survey respondents were young adults between the ages of 18 and 34.

Lawrenceville is one city neighborhood that has undergone profound changes in recent years. After years of steep decline, its population has stabilized and gotten much younger. In 1990, more than 25 percent of its residents were 65 or older. Twenty

Pittsburgh continues to quickly and positively evolve. Have you had lunch or dinner in Market Square? Get there early and then take the new T line to the growing North Shore. Note all that is going on in energy, on our vibrant campuses and at our renowned hospitals. An area where we want to make continued progress in order to attract and retain a diverse and young population is transportation—continued investment in roads and bridges, innovative public transit and more flight options.

Vince Sands
Chairman
BNY MELLON OF
PENNSYLVANIA
& Deputy CEO
BNY MELLON INVESTMENT
SERVICING



To grow the \$5.3 billion in direct spending from visitors, Pittsburgh needs an additional hotel with 700 rooms connected to the David L. Lawrence Convention Center. Some meeting planners say that our lack of hotel rooms near the center prevents them from booking conventions here.

Many of our competitors have recently built large convention properties, making Pittsburgh increasingly uncompetitive. Until we build these rooms, we won't realize the true potential of our world-class convention center.

Craig Davis
President & CEO
VISITPITTSBURGH

TOMORROW

National and regional economies are slowly moving out of the recession. In these times, interest rates and credit are especially relevant for small businesses. Rates should stay at record low levels for at least the next year. Many small businesses report credit is still hard to find, and access to capital remains difficult. So during the best time ever to borrow money, many companies are finding it difficult to do so. Some banks, like Northwest, are still eager to lend.

Chris Martin
President, Southwest Region
NORTHWEST SAVINGS BANK

years later, seniors accounted for only 16 percent.

The demographic shift coincided with community development efforts ranging from business district improvements to reducing crime and blight. The neighborhood emerged as a choice residential and shopping destination. And housing values, driven by demand, have soared.

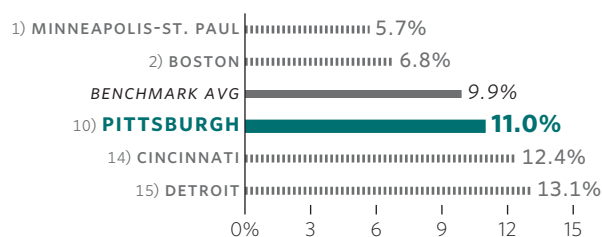
The average price for residential property in Lawrenceville has risen 104 percent since 1995. In the Lower Lawrenceville section, where demand is the highest, residential property values have risen 160 percent. The average housing price across the City of Pittsburgh increased 24 percent over the same period, by comparison.

The demographic shift is not confined to a few neighborhoods. The young adult population rose 17 percent in the city from 2000 to 2010, with 50 neighborhoods experiencing an increase. And nearly half of all neighborhoods lost more than a quarter of their residents aged 65 or older—a trend that is expected to reverse in the coming years as more baby boomers reach retirement age.

This aging trend will be felt across the nation and affect both

cities and suburbs. The impact on housing could be significant as greater numbers of empty nesters reconsider that four-bedroom home in the suburbs with a lawn to tend. While snowbirds will migrate to warmer climates, other aging boomers offer cities like Pittsburgh an opportunity to weather the change gracefully. “For the set of folks who are not ready to hit the retirement home and want to be in an urban place, but don’t want a high cost of living, places like Pittsburgh are attractive,” said Deitrick. ■

HOUSING VACANCY RATES | 2011



source: U.S. Census Bureau

‘Now we have a hammer’

Land bank law raises hopes in war on blight

VACANT HOME, MANCHESTER



THE FACE OF VACANCY and blight is grotesque: lifeless houses with paint flaking from rotted wood facades; rain gutters drooping from roofs; broken-out windows boarded with city-installed plywood; vacant lots strewn with garbage. It’s an epidemic, data suggest, a large-scale problem that municipalities and neighborhood groups

have been powerless to do much about, until now.

Land banking legislation quietly became law in Pennsylvania late in 2012, giving municipal governments, community development corporations, and others the most potent legal tool yet to attack vacant and blighted property on a scale big enough to make a difference.

For a decade, places such as Flint, Mich., and Cuyahoga County, Ohio, have used land banks to seize thousands of vacant, tax-delinquent properties and sell, rehabilitate or raze them following comprehensive re-use strategies that have yet to be negotiated in southwestern Pennsylvania.

“Imagine trying to hammer a nail without a hammer,” said Liz Hersh, executive director of the nonprofit Housing Alliance of Pennsylvania. “Now we have a hammer.”

COSTLY CRISIS

In southwestern Pennsylvania and across the state and nation, vacant and blighted property is denying local governments desperately needed tax revenues, consuming millions of tax dollars, eroding real estate values, posing health and safety risks, and complicating already challenging neighborhood revitalization efforts.

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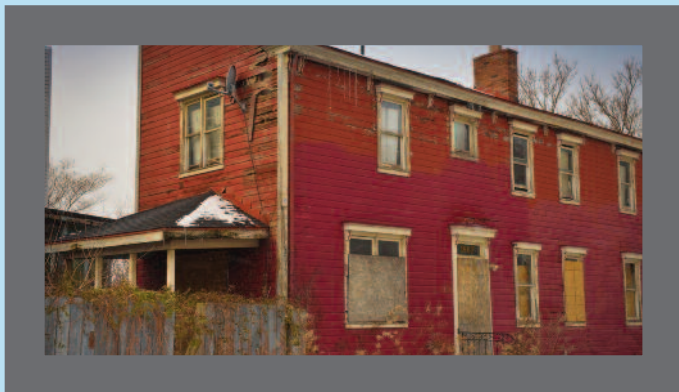


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Eleven percent of the houses and apartments within the seven-county Pittsburgh Metropolitan Statistical Area stood vacant in 2011, according to U.S. Census Bureau American Community Survey data. That's greater than the 9.9 percent average vacancy rate for the 15 benchmark regions tracked by PittsburghTODAY. And the Pittsburgh MSA vacancy rate has soared since 1990, when the decennial census reported 6.8 percent of housing as vacant.

Vacant and blighted property is particularly acute in poor urban neighborhoods, older industrial areas in decline, and places stung by high rates of foreclosure. In the Monongahela River valley, the exodus that followed the collapse of the steel industry three decades ago has left several communities with vacant housing rates double the 11 percent national average reported in the 2010 Census. In Pittsburgh, few neighborhoods are beset by vacancy and blight as severely as Homewood, where nearly 44 percent of the land parcels and 28 percent of the houses are vacant.

"It's just plain ugly to a degree that it sucks life out of your soul when you are surrounded by it," said Elwin Green, a longtime Homewood resident, whose story is part of the PittsburghTODAY special report, "Nobody Home: The Rise of Vacancy." "But what might be the most dangerous aspect of vacant and abandoned



property is that it can be easy to get used to—that it becomes part of the background of your life that you don't notice anymore," Green says. "So, a lot of us wind up accepting as normal stuff that should never be normal."

In recent years, vacant property has increasingly been seen as an opportunity to redesign certain neighborhoods in ways that are better suited to their down-sized populations, such as expanding narrow lots to accommodate fewer but wider and more marketable tracts, and trading abandoned lots and buildings for greenways, community gardens, recreational space and other appealing features that might help stimulate local housing markets.

That has been done piecemeal in southwestern Pennsylvania. Pittsburgh, for instance, takes some 300 tax-delinquent properties a year through treasurer's sales and sells them to residents and others with bona fide plans for turning them into neighborhood assets. In its first six years, the Allegheny County Vacant Property Recovery Program moved 500 vacant properties into the hands of

buyers interested in turning them into side yards and other neighborhood-friendly uses. But making a dent in vacancy is a question of scale. The county has more than 55,000 vacant houses alone, according to 2010 census data.

LONG-BOUGHT OPPORTUNITY

With the state's new land bank law, counties, cities and municipalities with populations of at least 10,000 have, for the first time, the opportunity to create comprehensive structures to proactively take vacant houses and lots through tax foreclosure on a larger scale, to streamline the title-clearing process, to assemble inventories of marketable properties, to draft land recycling strategies, and to work more aggressively to stabilize neighborhoods.

Under the Pennsylvania law, land banks can acquire property through tax-foreclosure, purchase, donation and other means, except for eminent domain. They can sell, lease, raze, rehabilitate or otherwise improve the properties acquired. They can raise money through bonds, sales and rent. They can recover taxes and return them to schools and municipalities that are owed. And land banks elsewhere have proven attractive to buyers, offering a central inventory of reasonably priced property free of the headache and cost of clearing the titles of parcels that interest them.

"For most municipalities, the problem wasn't whether they could get their hands on a property," said Hersh. "They didn't necessarily want to get their hands on the property because they didn't have a way to do anything with it."

Land banks in other states have led to establishing comprehensive land recycling strategies around revitalizing and re-engineering neighborhoods where vacant property is a problem. "More property will be available for resale," said Bethany Davidson, director of Pittsburgh Community Reinvestment Group's land use program. "But at the same time, you have to be thoughtful about reuse and disposition. At least now we have the opportunity to be thoughtful about reuse."

Creating land banks is not expected to be simple. For instance, because the law empowers a land bank to discharge taxes on the real estate it takes, creating a land bank requires approval of every government entity with a stake in local property taxes. A land bank encompassing all of Allegheny County, therefore, would need to win the approval of 42 school districts and 128 cities, boroughs and townships.

It's largely for that reason that Davidson expects that the region's first land bank will be confined to the City of Pittsburgh or perhaps the city and a handful of nearby municipalities.

The coming years will determine whether local government fragmentation and other challenges can be overcome to allow effective land banks to blossom in the region. What is clear is that local officials now have the most powerful tool they'll likely ever have for turning the tide of vacancy that has claimed more than one-in-10 houses across southwestern Pennsylvania.

For more about vacant and blighted property in the region, see the PittsburghTODAY special report, "Nobody Home: The Rise of Vacancy," which can be found online at: pittsburghtoday.org/Nobody_Home_The_Rise_of_Vacancy.html ■

FEDERAL STREET, NORTHSIDE



PUBLIC SAFETY

A SAFE PLACE TO BE



Pittsburgh's comparatively low crime rates continue to drop

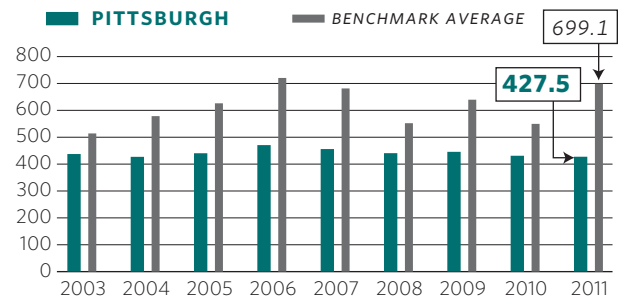
CRIME AGAIN DEFIED conventional thinking as rates across the nation continued to decline despite a sluggish economic recovery and stubbornly high unemployment. And few regions can boast lower violent and property crime rates than southwestern Pennsylvania.

Crime rates aren't supposed to behave this way in fragile economic times, particularly when so many Americans are still out of work. But even at the height of the past recession, rates of major crimes were falling across the seven-county Pittsburgh Metropolitan Statistical Area.

Burglaries in the region have steadily declined since 2006, reaching a low of 427 burglaries per 100,000 population in 2011, according to the latest FBI Uniform Crime Reporting data. That's the lowest burglary rate among the 15 benchmark regions tracked by PittsburghTODAY.

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BURGLARY RATE TRENDS | 2003-2011
(rate per 100K population)



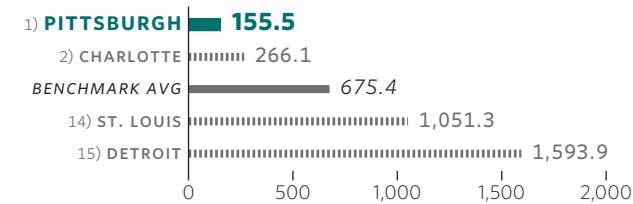
source: FBI Uniform Crime Reports



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MOTOR VEHICLE THEFT | 2011

(rate per 100K population)



source: FBI Uniform Crime Reports

Robbery and murder in southwestern Pennsylvania have been decreasing since 2008. Robberies dropped from 121 to 91 per 100,000 population, and the homicide rate fell from 5.2 to 3.8 per 100,000 population. Both rates were among the lowest reported among PittsburghTODAY regions.

As a rule, crime is higher in cities than across regions, and Pittsburgh is no exception. The city, however, has seen a much sharper drop in crime than the nation as a whole. Violent crime has fallen by 28 percent in the city since 2007. The rate of decline across the U.S. was 15 percent over the same period. Robberies in the city are down 29 percent, which is nearly twice the national rate of decline.

And motor vehicle theft, which has tumbled 43 percent since 2007 across the country, fell by a whopping 69 percent in the City of Pittsburgh.

Crime rates are influenced by many social and economic factors. Precisely what is driving the latest drop in major crime is unclear. But,

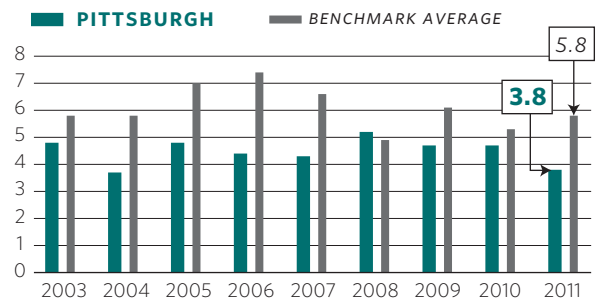
in some cases, recent developments offer a few clues.

Take the steady and precipitous drop in car thefts in recent years. The trend happens to coincide with technological advances in the design of motor vehicles that make it more difficult to jump-start an engine. "I suspect it is attributed to the greater hardening of automobile ignitions," said national crime expert Alfred Blumstein, the J. Erik Jonsson Professor of Urban Systems and Operations Research at Carnegie Mellon University. "My hunch is that professionals are not going to be daunted by that, but young kids who steal a car to go joyriding will be."

Southwestern Pennsylvania possesses certain characteristics that tend to encourage lower crime rates,

MURDER RATE TRENDS | 2003-2011

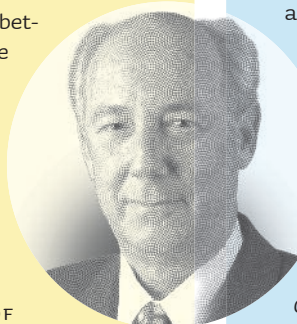
(rate per 100K population)



source: FBI Uniform Crime Reports

An uncertain economy means growing social service needs. But the big issues belong to all of us. Collectively, not-for-profits have the know-how and infrastructure to confront them. Our success depends on collaboration and honesty—about what we do well, and what we could be doing better. We must make brave decisions, take risks, and go forward in partnership for the benefit of our entire city and region.

Jeffrey H. Finkelstein
President & CEO
JEWISH FEDERATION OF
GREATER PITTSBURGH



Abundant future opportunities should be available, particularly for those with relevant knowledge and skills. However, inability of parents and public schools to improve educational outcomes will deprive too many of these opportunities. This may lead to untenable safety and security issues for the region. We must also improve public sector performance with better governmental services and updated infrastructure, at reasonable taxpayer cost. That may not be attainable without a better-educated and more demanding citizenry.

Charles C. Cohen
Chairman
COHEN & GRIGSBY PC

TOMORROW

Our region has outperformed the country because we have successfully transformed and diversified our economy. Whether it's our energy industry strength, our world-class healthcare and health insurance institutions, our preeminent universities, or our prominence in banking, Pittsburgh's greatest advantage is that we can seize opportunities in all of these areas and more. The challenge we face, and our opportunity, is to take advantage of this diverse economy by recalibrating our workforce for the economy of tomorrow.

Jack Barbour
CEO, Managing Director & Chairman
BUCHANAN INGERSOLL + ROONEY

which helps to explain the region's favorable ranking among U.S. metropolitan areas.

The southwestern Pennsylvania economy weathered the recession better than most regions and has outperformed others during the slow recovery. It has the highest rate of job growth over the past five years of the PittsburghTODAY benchmark regions and one of the lowest rates of unemployment. Only 8 percent of residents don't have a high school diploma, one of the lowest rates among major metropolitan areas. More people are moving into the region than leaving and most of them are better-educated young adults who are coming here for jobs.

Southwestern Pennsylvania is also a place where people tend to stay put. Nearly 90 percent of residents have lived here longer than 10 years, and 80 percent have been in the region for longer than 20 years, according to data from the Pittsburgh Regional Quality of Life Survey done by the University of Pittsburgh Center for Social and Urban Research and PittsburghTODAY. Such stability tends to limit the number of transients and encourage stronger connections among neighbors and other forms of social control. "That has been a characteristic of Pittsburgh for a long time and it helps keep our crime rates generally below those of the nation," Blumstein said. ■

The path to tragedy

Pittsburgh study profiles young killers and victims

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OLF LOEBER AND HIS COLLEAGUES didn't anticipate the magnitude of tragedy they would encounter when they began following more than 1,500 Pittsburgh boys from childhood into their adult years to study the developmental pathways that lead children to delinquency and crime.

Over the course of more than two decades, 39 of those boys were murdered. Another 37 were convicted of homicide. And 33 others were arrested on homicide charges, but not convicted.

"That was terribly unexpected. We had no idea that we would have so many killings," said Loeber, professor of psychiatry, psychology and epidemiology at the University of Pittsburgh and principal investigator of the Pittsburgh Youth Study.

The researchers knew the young men from their interviews. They knew the extent to which they had encountered difficulties in life, how they did in school, their family backgrounds, their psychopathology. It was a rare glimpse into the lives of murderers and victims that offered an opportunity to gain from tragedy a better understanding of the circumstances that lead to deadly outcomes, and how others might be diverted from those paths and avoid similar fates.

Their findings are detailed in a recent book, "Young Homicide Offenders and Victims: Risk Factors, Prediction, and Prevention from Childhood," written by Loeber and

David P. Farrington, O.B.E., professor of psychological criminology at Cambridge University.

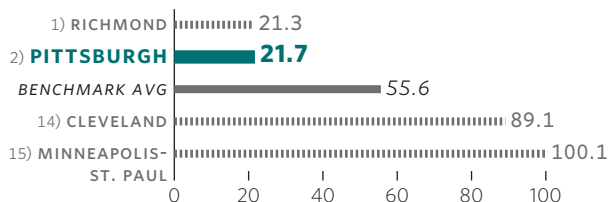
The researchers report that it's not a single circumstance but a culmination of certain negative life experiences that leads boys to kill or be killed. And the experiences most commonly shared among boys convicted of homicide range from having earlier committed other crimes to having been suspended from school and raised in a broken home.

The Pittsburgh Youth Study is one of three ongoing long-term investigations of the roots of delinquency and violence that were started with U.S. Department of Justice Office funding decades ago. The other sites are in Denver, and Rochester, N.Y.

TEC 9, CONFISCATED MURDER WEAPON



FORCIBLE RAPE | 2011 (rate per 100K population)



source: FBI Uniform Crime Reports

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Pittsburgh researchers began their study in 1987 by selecting 1,517 boys ranging in age from 7 to 13 from a randomly selected group of boys enrolled in the Pittsburgh Public Schools. About 56 percent of the boys in the study were African American. The rest were white.

The boys and their parents or caretakers have been regularly assessed, beginning in each boy's developmental years and continuing into adulthood. Researchers have done an estimated 50,000 assessments in the course of nearly 25 years, most of which have been face-to-face interviews.

Boys who become serious criminal offenders are not psychopaths who act unpredictably, the study shows. Instead, they tend to follow developmental pathways—very orderly progressions that lead them to delinquency and violence.

The Pittsburgh Youth Study identifies three such pathways. The “authority conflict” pathway begins with stubborn behavior, progresses to defiance and then to authority avoidance, such as truancy. The “covert” pathway begins with a boy committing minor covert acts, such as shoplifting, and gradually moving to more serious delinquent acts, such as car theft.

A third, known as the “overt” pathway, is particularly relevant to young homicide offenders and murder victims. Boys who follow it tend to start with acts of minor aggression, such as bullying, then graduate to gang fighting and physical fighting before committing severe acts of violence, including murder.

Researchers looked at the lives of the boys convicted of murder to learn what experiences and circumstances they shared that would help to predict such tragic outcomes. They looked at dozens of criminal factors—factors that reflect anti-social behavior—and “explanatory” factors, such as those related to a boy's family or neighborhood.

Prior criminal or delinquent acts most strongly predicted a

later homicide conviction. Among the boys convicted of murder, for example, 76 percent reported having carried a gun and 62 percent had engaged in gang fights, aggravated assault or robbery. Researchers were surprised to find that several types of property crimes committed up to age 14 also strongly predicted a homicide conviction, which suggested the boys had already become versatile criminal offenders.

Having been suspended from school was the most common behavioral risk factor found among the boys convicted of homicide, 78 percent of whom had been suspended at least once. More than half of boys convicted of murder were also found to have a positive attitude toward delinquency, to have a disruptive behavior disorder and to have committed a prior serious delinquent act.

Growing up in a broken home was also very common. Some 89 percent of boys convicted of murder had that experience. Other experiences the boys were most likely to share included living in a bad neighborhood, being raised by a young mother or an unemployed mother, and having a family poor enough to qualify for welfare.

Out of the more than 50 risk factors and acts of delinquency examined, seven were found to be the best at independently predicting a homicide conviction. They are: a prior simple assault arrest; conspiracy conviction; self-report of having carried a weapon; an attitude that favors delinquency; having a young mother; school suspension; and living in a bad neighborhood.

The more of those circumstances a boy experiences, the more likely he is to become a convicted homicide offender, the study suggests. For example, having experienced at least four of the risk factors identified 62 percent of the Pittsburgh Youth Study boys who were convicted of murder.

The study also found that boys who became murder victims shared many of the same experiences and circumstances as those who were convicted of murder. Boys convicted of homicide, for example, did not grow up more deprived or exposed to more negative life experiences than boys who were murdered. And both had histories of breaking the law.

Among murder victims, 56 percent had prior arrests. The most common crimes they committed included car theft, aggravated assault, receiving stolen property, drug offenses and conspiracy. And 44 percent had a conviction before they turned 14.

Such findings suggest the path to murder among young urban males often includes participating, to some degree, in an underground economy in which conflict and violence is not uncommon. If there is a glimmer of hope in such findings, it's that finding ways to weaken that underground economy or steer boys clear of it could lower their risks of becoming the perpetrators or victims of murder. In the meantime, as the Pittsburgh Youth Study makes clear, their disputes are too often being resolved by deadly means. ■

SMITH & WESSON MAGNUM, POLICE EVIDENCE



PARKWAY EAST, VIEW FROM GREENFIELD BRIDGE



TRANSPORTATION

THE YEAR OF RECKONING



Fate of region's commuters hinges on state funding decision

MAGINE IT'S A WEEKDAY MORNING in the fall of 2013. The dreaded 35-percent Port Authority of Allegheny County service cut has become reality. Those who took public transit to their Downtown jobs are now driving, adding tens of thousands of trips into the city each day. The weather is perfect and there are no fender-benders to jam traffic. Yet, the morning commute is hell—more cars, more creep, 11–16 minutes longer, on average. And when commuters arrive in town, finding a place to park becomes a brutally competitive event. There simply aren't enough spaces for everyone.

The new year began with the clock ticking as southwestern Pennsylvania moved closer to experiencing such a grim scenario, which is based on an analysis of the pending transit cuts and local transportation data conducted by the Southwestern Pennsylvania Commission, a regional planning agency.

The region won a reprieve from the steep proposed cuts in

Port Authority service in 2012, when contract concessions from the transit union, other cost savings, additional transit dollars from Allegheny County, and \$30 million in one-time supplemental funding from the state allowed the region's largest public

transportation agency to plug a \$64.9 million gap in its budget.

But it was another temporary fix to a long-term problem whose solution remained elusive when Harrisburg policymakers failed to craft a statewide transportation financing strategy. The lack of such a plan not only cloaks the future of public transit in uncertainty, but also the maintenance of roads and bridges, many of which are in desperate condition. A national report on structurally deficient bridges, for example, identified 1,133 such structures in the Pittsburgh Metropolitan Statistical Area, the most of any large metro area in the United States.

And as the new year began, how the Port Authority will balance its budget beyond the current fiscal year remained an open question. The deep service cuts it dodged in 2012 remain on the table and are scheduled to take effect in August unless a funding solution is found.

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THE PUBLIC TRANSIT CLIFF

Analysis of the impact of the pending 35 percent service cuts across the Port Authority system helps explain why businesses, local public officials, neighborhood organizations and others have joined forces to advocate for a statewide transportation funding solution that would preserve public transit in and around Pittsburgh, the region's job hub.

As many as half of the people who work Downtown rely on public transit to get to and from their jobs. The pending service cuts would eliminate more than 40 of the current 102 routes, making it more challenging for them to do so. The cuts would be the latest, and most severe, in a series of service reductions dating to 2007, when the Port Authority was operating more than twice as many routes. Fares have also been raised three times in the past five years.

Many of the earlier cuts eliminated routes that had poor ridership. The system was reconfigured with an eye toward becoming more cost effective. And service was added to capitalize on high-demand and emerging markets. Although the number of routes was whittled in half and service hours were reduced, ridership remained relatively stable and the region was spared from having large numbers of commuters abandon public transit and take to the road in their own cars.

But those days are over, transit experts warn. "We're rapidly passing the

point where we can tweak the system," said Port Authority Chief Executive Stephen Bland, who was interviewed for this article prior to being fired in January. "A 15 or 30 percent cut now will mean many employees will no longer have service. Certain neighborhoods will have no service. It won't be, 'I had three routes to choose from and now I have one.' It'll be, 'Now, I don't have any options.'"

Service in municipalities farthest from the City of Pittsburgh will be among the hardest hit, as will those who rely on public transit in the evenings, such as nightshift workers. But the inconvenience and expense of the pending transit cuts would be felt much more broadly.

The cuts are estimated to reduce the number of daily transit person trips by nearly 19 percent and add 23,400 more auto trips to Pittsburgh-area roads and highways each day, according to the Southwestern Pennsylvania Commission's analysis. And most commuters will feel the impact.

Peak period travel time in Pittsburgh, for example, will increase by an estimated 16 minutes. Not only is sitting longer in

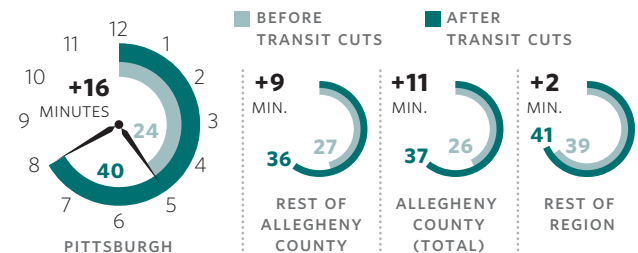
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WHAT IF?

When 2013 began, the Port Authority of Allegheny County still faced the possibility that another budget crisis could force a 35 percent cut in service this summer. Here's how it would affect commuter time:

INCREASED COMMUTE TIME |

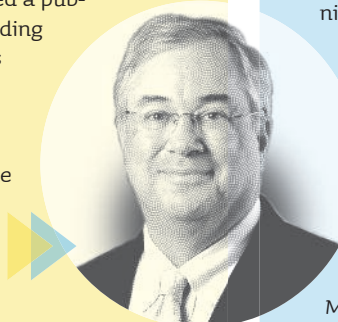
(average peak-period total time, in minutes)



source: Southwestern Pennsylvania Commission

Southwestern Pennsylvania commands a large portion of America's proven energy reserves and energy technology. Its universities and corporations are acknowledged engines of innovation and invention. We have an opportunity to leverage these strengths into a new industrial heyday if we can improve four areas: We need more flights at Pittsburgh International. We need a public transportation funding system that connects workers to jobs. We need to consolidate municipal services. And we must welcome diversity.

James E. Rohr
Chairman & CEO
THE PNC FINANCIAL
SERVICES GROUP



Leaders have worked hard for the past 40 years to overcome challenges created by the dramatic contraction of the heavy industry base that defined our region for over a century. We now have the opportunity to be a player in the world energy markets. It is critical that the region's business leaders and elected officials work together to develop this opportunity fully and responsibly and thereby restore the region as a center for commerce and industry.

Chester "Chip" R. Babst, III
Managing Shareholder
BABST CALLAND

TOMORROW

Pittsburgh continues to earn new global awards as a great place to live and work. What is missing is strong global air travel connections to make this recognition even more relevant. As a global company, Koppers operates on nearly every continent. We frequently fly to and from Europe and Asia, and our air connections to those regions are lacking. This must improve in order for Pittsburgh to truly enjoy a strong global future.

Walt Turner
CEO
KOPPERS

traffic annoying, it's expensive. A study by the nonprofit Pittsburgh Community Reinvestment Group estimates that Allegheny County drivers could pay as much as \$268 million more a year in additional fuel and other costs if congestion worsens as predicted.

The anticipated spike in congestion also would reverse a trend of declining traffic delay in the region. Since 2004, the annual delay per traveler in the Pittsburgh Metropolitan Statistical Area has dropped from 38 hours to 31—the average for the 15 Pittsburgh TODAY benchmark regions.

But commuters will experience a bigger headache once they make it Downtown. An estimated 90 percent of the 38,000 available parking spaces are already spoken for, leaving a scant 10 percent open to accommodate additional vehicles.

"If you work out the numbers, we will have only 3,800 spaces available to handle all of the additional trips coming into the city," said Kathleen Colbert-Gibson, a data analyst with the Southwestern Pennsylvania Commission. "Think about 20,000 additional trips coming into the city and fewer than 4,000 available parking spaces. Where are all those people going to go?"

If such a scenario can be avoided, there are reasons for optimism. The Port Authority has gotten costs under control. Its payroll is smaller and negotiated reductions in pensions and retiree health care are lowering legacy costs. Technological advances, such as smartcards that make paying fares more convenient, are being implemented. Population has stabilized in the region. And the city is attracting more young adults, who are the most frequent users of public transit.

Late in 2012, Gov. Tom Corbett announced his intention to put forth a transportation finance strategy this year. Whether a statewide plan is adopted, how reliable the sources of revenue are, and how the funds will be distributed among regional agencies are questions whose answers could define Pittsburgh's public transit future, said Bland. "I think [2013] is going to be the turning point, for better or for worse." ■

Traffic21

The smarter road ahead

By Susan Jacobs Jablow

DURING THE 2011 FILMING OF "The Dark Knight Rises," Pittsburghers got a glimpse of the Batmobile, Batman's robotic car that drives itself and responds to verbal commands. It relied on Hollywood special effects and professional drivers to create the illusion of speeding through Gotham City, but the notion of an autonomous car navigating the streets of Pittsburgh is not as far-fetched as it seems.

For several years, Carnegie Mellon University researchers and their General Motors partners have been working to develop autonomous vehicles, which rely on computers to sense traffic and road conditions in order to navigate without the help of humans. And they plan to test one on Pittsburgh roads soon.

It is perhaps the most ambitious of several ideas being explored as part of the university's multidisciplinary Traffic21 research initiative, which is helping Pittsburgh earn recognition as a center of innovative thinking around improving transportation.

Some are already making a difference. Adaptive traffic signals, for example, are showing they can intelligently manage traffic flow at several city intersections.

And in the not-too-distant future, researchers hope to introduce a GPS smartphone app capable of giving drivers directions that match their driving habits and information that allows them to avoid backups caused by accidents and construction.

Historically, transportation systems have been thought of in terms of infrastructure and vehicles. And improvements often focused on such things as inventing new materials, paving new roads, or designing sleeker automobiles. Traffic21 researchers, however, are relying on data analytics and new technologies and ideas to find better ways to manage existing roads and traffic patterns.

The inspiration came from venture capitalist and philanthropist Henry Hillman, an early Silicon Valley investor who for decades has been involved in leveraging technology to build new industries. Hillman approached CMU President Jared Cohon in 2008 and offered to give the university seed money to develop innovative transportation solutions with the goals of improving Pittsburgh's traffic congestion and turning the city into a global center of smart transportation. The Hillman Foundation gift of \$2 million was delivered with an imperative: build bridges between university researchers and government agencies, companies and community organizations engaged in transportation issues.

"He said, 'You guys need to find out where the opportunities are. Don't you think we need to ask the market what's needed?'" said Traffic21 Director Richard Stafford. "He knew that if you choose an area that people have to experience daily, people will get it faster."

Stafford met with public officials and private sector leaders, identified

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transportation needs, and invited CMU faculty with ideas on how to solve them to compete for funding. Fourteen research projects were under way by last summer, tackling everything from smarter bridge inspection to giving public transit users real-time information on wait times and seat availability. CMU was also named one of 22 federal University Transportation Centers, which earned it \$3.5 million for research to improve safety, vehicle efficiency and management of traffic flow. And Pittsburgh was chosen as one of the IBM “Smarter Cities” and given \$400,000 in consulting services to develop a comprehensive transportation plan.

A BETTER TRAFFIC LIGHT

In the world of smart transportation, the traditional traffic signal with its pre-programmed timing system is a dinosaur, incapable of responding to changes in volume due to such things as bad weather, accidents or public-event congestion. As a smarter alternative, CMU professor Stephen Smith and Robotics Institute students developed an algorithm that allows computers installed at traffic lights to analyze congestion and change the signals to better coordinate traffic flow. Nine city traffic lights on Penn

Avenue, Penn Circle and Highland Avenue in East Liberty were upgraded last year. “They’re telling the next intersection, ‘here’s the traffic you should expect coming at you,’” Smith said.

An analysis found the new system improved travel time by 25 percent and waiting time by 40 percent; it also reduced emissions by 26 percent.

In another project, professors at CMU’s Human Computer Interaction Institute are developing a smartphone application that learns drivers’ usual routes and preferences—local roads versus highways, for instance, or right versus left-hand turns. It alerts drivers to accidents, congestion or other obstacles and tailors alternate routes based on those preferences. “We drive differently, and we generally like how we drive,” said associate professor Anind Dey.

Thousands of Downtown motorists are already using another Traffic21 invention. For more than two years, they’ve remotely scouted parking options in the city’s Cultural District using Parkpgh.org, which shows them available spots with technologies ranging from a website to a smartphone app. It came about after William Benter of The Benter Foundation suggested that the Pittsburgh Cultural Trust develop a system to alert drivers of available parking during busy weekend evenings. The Trust contacted public and private parking garages, asking them to share parking availability data that was being electronically generated but not

shared publicly. They obliged, and Traffic21 developed a predictive algorithm to tell drivers where and when parking would likely be available. So far, the system has been used more than 750,000 times and users report it saves them anywhere from five to 20 minutes when hunting for a place to park.

HUMAN-MACHINE INTERACTIONS

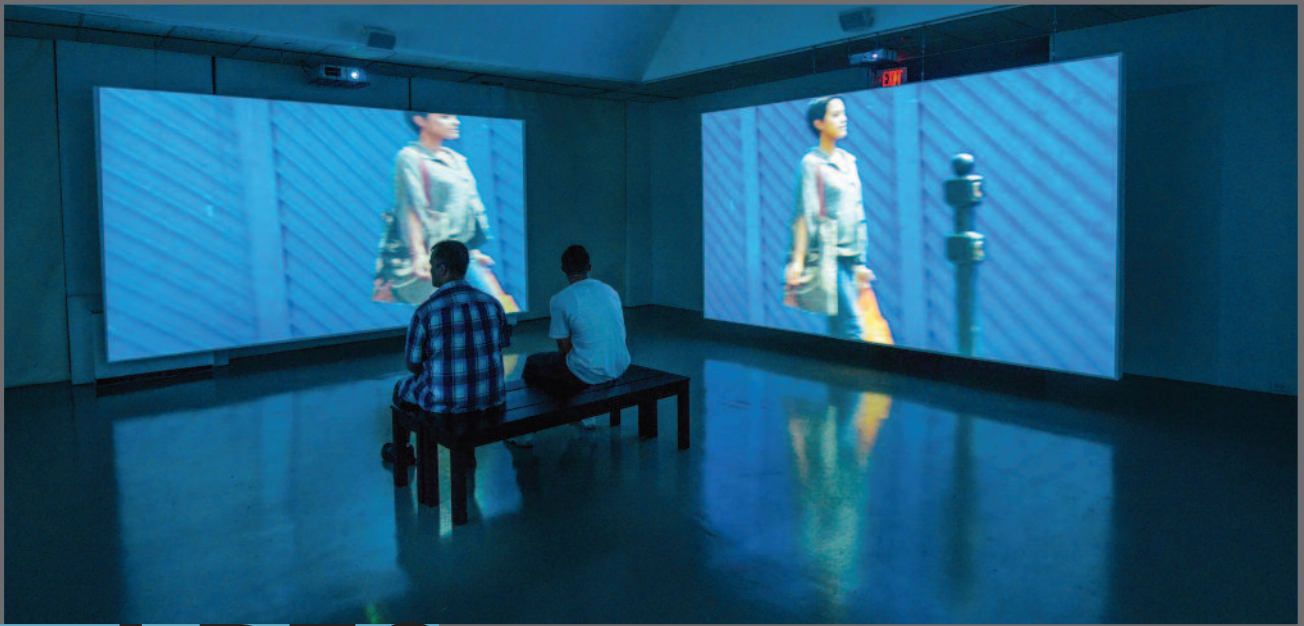
CMU researchers have earned national acclaim for developing autonomous vehicles, including taking top honors in the DARPA Urban Challenge at a retired California Air Force base, where a driverless Chevy Tahoe named Boss successfully navigated a 60-mile urban course that included traffic signals and other traffic. But refining the technology is only one of the remaining hurdles. New legislation, for example, will likely be needed before such vehicles are put to use.

Technologies that interact with drivers are expected to reach the market sooner. Researchers, for instance, are exploring the use of cameras, robotics and other technologies to make cars safer, including ways to analyze drivers’ alertness to avoid hitting pedestrians and other vehicles.

“We want to build Pittsburgh as a place that people think of for human-machine interactions,” said Stan Caldwell, associate director of Traffic21. “Our approach to transportation is not the traditional way of transportation centers. We are not solving this with concrete and steel. We are solving this with increasing capacity, getting more traffic out of the same road.” ■



WOOD STREET GALLERIES, DOWNTOWN



ARTS

DEFYING THE ECONOMY



A

Regional arts organizations
find ways to keep afloat

CLEARER PICTURE IS beginning to emerge of the challenges southwestern Pennsylvania's arts and cultural organizations faced to survive the economic instability of recent years and how they managed to remain a vital regional asset. Four-in-10 dealt with annual deficits, and more than a third lost subscribers. Most redoubled efforts to cultivate new donors and develop their audience. And many revisited strategic plans and took other steps likely to pay long-term dividends.

"Many organizations had to re-examine what they were doing and how they were doing it," said Mitch Swain, chief executive officer of the nonprofit Greater Pittsburgh Arts Council, which helps arts organizations expand their reach, influence and effectiveness. "It was hurtful that we lost some employees. But rethinking your marketing strategy,

finding ways to be more effective and forcing yourself to learn how low-cost social media can work for you are good things."

The seven-county Pittsburgh Metropolitan Statistical Area is home to 486 arts and cultural organizations large and small, according to Greater Pittsburgh Arts Council 2010 accounting. Some 350 of them are located in Allegheny County.

Even as the region climbed out of recession, 42 percent of arts organizations were experiencing annual deficits, according to a 2010 Arts Council survey, the latest data available. Another 42 percent reported breaking even. Only 9 percent expected their finances to improve in the next year.

The survey also suggests that as many as 34 percent of

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arts organizations lost subscribers, while memberships and subscriptions increased for 17 percent and stayed the same for the rest. About one in five saw overall attendance fall somewhat that year and 36 percent reported it stayed the same. Another 21 percent of organizations experienced an increase.

Smaller arts organizations are the most vulnerable during economic downturns. In southwestern Pennsylvania, 60 percent of nonprofit arts and cultural organizations operate with annual budgets under \$250,000, which is considered small. Few such organizations have endowments to rely on and most don't have much in the way of a cash reserve.

"They get squeezed hard," Swain said. "They depend on small amounts of money from many different sources and are able to make those investments go a long way. But as support has decreased over the last couple of years—government support, particularly—it's been more difficult for them to maintain capacity, maintain programming, be willing to take risks. It also makes it harder for new projects to emerge."

And yet most of the region's arts organizations, even those that on their best days operate on a shoestring, managed to survive the worst economic downturn in decades while sacrificing little in the way of quality. They did so in a number of ways. Some trimmed a performance or two from their schedules, left vacant positions open, or resisted hiring part-time help on a project. But their most pressing priorities included cultivating individual donors, audience development and corporate giving, building staff capacity, and strategic planning, according to the Arts Council survey.

NECESSARY ADJUSTMENTS

The focus on individual giving is not surprising. Southwestern Pennsylvania arts and cultural organizations have long benefited from strong and consistent foundation support, as reflected in PittsburghTODAY rankings that placed the Pittsburgh MSA third among 15 benchmark regions in per capita foundation giving in 2010. But it tends to lag other regions in individual donations.

There was encouraging news on that front in 2011, when arts organizations raised more than \$1.4 million in individual donations and \$475,000 in matching funds during the Pittsburgh is Art Day of Giving. The single-day Internet-based fundraising drive was sponsored by The Pittsburgh Foundation, based on a model that has been successful in boosting donations to a broad range of local nonprofits and steering them toward wider use of new technologies. Another arts-specific day of giving is scheduled for the fall of 2013.

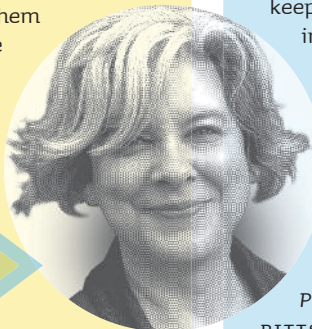
The recent financial crunch, Swain said, "forced us to catch up with the times in many ways and to get better."

That includes organizations integrating social media and other technologies into their day-to-day operations to accommodate a growing number of patrons who rely on their computers and smartphones to shop, donate and get information.

Arts organizations across the nation have embraced technology with a vengeance, according to a recent study by the Pew Research Center, a subsidiary of Pew Charitable Trusts. Nearly all arts organizations have websites and 97 percent have a social media presence on Facebook, Twitter,

I am a Pittsburgher who loves this place and its people. But in my field of culture, Pittsburgh has a challenge to overcome: its own cultural inferiority complex. If we want to put Pittsburgh on the cultural map nationally and internationally, we need to embrace our own artists and musicians and give them the confidence to venture out and share the idiosyncratic jewels they/we create right here at home, and not just promote imported work.

Jackie Dempsey
Co-Artistic Director
SQUONK OPERA



My focus is on building the audience of the future. A great city needs great art. But great art needs a great audience, and that requires investment. Our schools need to keep art—painting, poetry, singing, instrumental music, dancing, and theater—as part of the core curriculum. Art isn't an after-school hobby. It's as essential as our ABCs. It isn't a luxury for the privileged few; it's a right that belongs to all of us.

Ted Pappas
Producing Artistic Director
PITTSBURGH PUBLIC THEATER

TOMORROW

Our leaders should envision and create employment/training opportunities based on innovative green products—gravity-powered lamps, inexpensive cardboard bicycles, and low-cost computer tablets. Then even our lowest-income citizens would have access to basic information and transportation, while gaining forward-looking job experience. Libraries could become community centers where family healthcare, supplementary adult education and creative arts programs flourish. Cooperative gardens could proliferate, particularly in abandoned lots. We can transform our most blighted, underserved neighborhoods.

Penny Anderson Brill
Violist
PITTSBURGH SYMPHONY ORCHESTRA



YouTube and others. Tickets are sold online by 72 percent of organizations and 86 percent take donations online, the study reports.

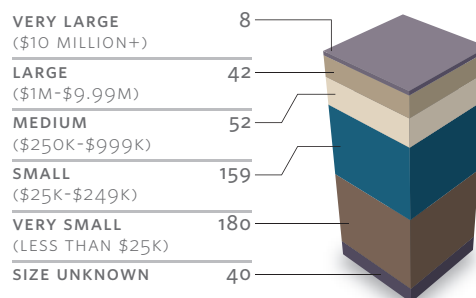
R.A.D. CONCERNS

Another local financial lifeline is money from the Regional Asset District's half of the revenues generated by a 1 percent Allegheny County sales tax. Arts and cultural organizations expressed concern over the future of those funds last year after the RAD board approved a record \$89.7 million budget for 2013 that included \$3 million for the cash-strapped Port Authority transit system. Until then, RAD funds had been limited to supporting parks, libraries, stadiums, the David L. Lawrence Convention Center, and arts and cultural organizations.

Higher sales tax revenues and the willingness of RAD to dip into its reserves enabled the board to give the Port Authority money without cutting funds to other organizations. In fact, some arts and cultural organizations saw an increase in funding. But what the future holds is unclear.

The Port Authority grant helped Allegheny County uphold its end of a deal that delivered additional state transportation dollars to plug a gap in the local transit system's budget and temporarily avoid a 35 percent cut in bus and train service. "We recognize the importance of transit. It supports getting our employees to work and getting people to events," Swain said. "Our larger concern is that this will become a long-term situation." ■

ARTS ORGANIZATIONS | 2010 (program sizes by annual expenses)



source: Greater Pittsburgh Arts Council



EDUCATION

AN EDUCATED POPULATION



The region's high school education rate remains higher than most; enrollment declines continue

HIGH SCHOOL GRADUATION rates have generally improved across southwestern Pennsylvania, though in a few school districts a third or more of the students failed to graduate on time. More important is whether they and others like them end up earning a diploma or equivalent degree sometime in their lives. And on that point, the region continues to stand out.

Graduation rates improved or stayed the same in about 70 percent of the school districts located in the seven-county Pittsburgh Metropolitan Statistical Area last year, which marked the first time year-to-year comparisons could be made with Pennsylvania's new graduation tracking method.

The methodology adopted in 2010 calculates the graduation

rate of students three years after their ninth grade year. But, unlike the previous method, it tracks the status of students and accounts for those who transfer in and out of schools and districts. The state released the first rates derived from that methodology in 2011.

Graduation rates in the region ranged from a low of 53 percent in the Wilkesburg School District to 100 percent in the tiny Cornell School District in suburban Allegheny County. At least 85 percent of seniors graduated on time in 78 of 102 districts, which is 15 percent more than in the previous year. The number of districts graduating at least 90 percent of their seniors rose from 50 to 55.

Wilkesburg, Uniontown and McKeesport were the only three districts in the region where a third or more seniors failed to graduate in 2011–2012. The previous year, five districts reported graduation rates of 66 percent or lower.

Dropping out of school or otherwise failing to earn a diploma puts students at much greater risk of being unemployed, relying on government assistance or cycling in and out of the prison system, studies suggest.



In southwestern Pennsylvania, for example, those lacking a high school diploma or General Educational Development (GED) credential accounted for 16 percent of the unemployed in the first half of 2012—the highest jobless rate among all education levels, according to a University of Pittsburgh University Center for Social and Urban Research analysis.

The new state graduation rates don't accurately reflect that population, measuring only the rate of students who graduate on time. In other words, not all students counted as failing to graduate are dropouts. Some may be held back a year and graduate with a later class. And even those who drop out may end up earning a GED at some point in their lives.

The Pittsburgh MSA, in fact, has the second highest rate of residents with at least a high school education among the 15 PittsburghTODAY benchmark regions. Nearly 92 percent of residents 25 years old or older have at least a high school diploma or GED. And an analysis by the Pittsburgh Regional Alliance finds that the rate rises to 93.5 percent among residents aged 18 to 44, which is the highest among the benchmark regions.

"We have many ways for people to become educated in this country, which is a strength of our system," said Jerry Longo,

Ph.D., visiting associate professor of education at the University of Pittsburgh and co-director of the Educational Leadership Initiative. "It's not a surprise that our demographics reflect that people are making those choices because we are a region rich in educational opportunities."

ENROLLMENT SLIPS

Both public and private school enrollment in southwestern Pennsylvania were lower last year than in 2010-2011, which is in line with statewide trends. Overall public school enrollment in the region, for example, dropped 0.9 percent, the same rate of decline seen across the state. Both trends reflect the fact that there are fewer school-age children in the region, state and nation.

Public school enrollment decreased in all Pittsburgh MSA counties last year except in Beaver, where it rose slightly due largely to the inclusion of the PA Cyber Charter School. This is not a recent trend. Public school enrollment in the region has fallen 8.8 percent since 2001.

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HIGH SCHOOL GRADUATION RATES* | 2010-2011 (by school district)

*Districts in bold have graduation rates of 97% or higher

SCHOOL DISTRICT	2010-11	2011-12
ALBERT GALLATIN AREA	80	80
ALIIQUIPPA	76	90
ALLEGHENY VALLEY	95	92
AMBRIDGE AREA	86	89
APOLLO-RIDGE	69	89
ARMSTRONG	83	87
AVELLA AREA	83	90
AVONWORTH	87	89
BALDWIN-WHITEHALL	95	93
BEAVER AREA	93	95
BELLE VERNON AREA	91	94
BENTWORTH	93	96
BETHEL PARK	88	95
BETHLEHEM-CENTER	83	78
BIG BEAVER FALLS AREA	83	84
BLACKHAWK	98	97
BRENTWOOD BOROUGH	95	84
BROWNSVILLE AREA	49	87
BURGETTSTOWN AREA	90	84
BURRELL	87	92
BUTLER AREA	90	92
CALIFORNIA AREA	92	80

SCHOOL DISTRICT	2010-11	2011-12
CANON-MCMILLAN	93	96
CARLYNTON	93	94
CENTRAL VALLEY	100	91
CHARLEROI	74	84
CHARTIERS VALLEY	97	95
CHARTIERS-HOUSTON	88	95
CLAIRTON CITY	80	77
CONNELLSVILLE AREA	76	72
CORNELL	98	100
DEER LAKES	86	95
DERRY AREA	93	94
EAST ALLEGHENY	82	86
ELIZABETH FORWARD	93	94
FORT CHERRY	81	78
FOX CHAPEL AREA	94	97
FRANKLIN REGIONAL	98	98
FRAZIER	84	93
FREEDOM AREA	94	95
FREEPORT AREA	95	97
GATEWAY	82	92
GREATER LATROBE	89	95
GREENSBURG SALEM	93	93
HAMPTON TOWNSHIP	97	99
HEMPFIELD AREA	93	93
HIGHLANDS	80	87
HOPEWELL AREA	95	94
JEANNETTE CITY	86	77
KARNS CITY AREA	92	91
KEYSTONE OAKS	91	87
KISKI AREA	82	87
LAUREL HIGHLANDS	69	80
LEECHBURG AREA	92	98
LIGONIER VALLEY	92	96
MARS AREA	96	95
MCGUFFEY	85	85
MCKEESPORT AREA	63	55
MONESSEN CITY	69	81
MONITEAU	78	94
MONTOUR	85	96
MOON AREA	93	93

SCHOOL DISTRICT	2010-11	2011-12
MOUNT PLEASANT AREA	89	89
MT. LEBANON	96	97
NEW BRIGHTON AREA	86	89
NEW KENSINGTON-ARNOLD	54	81
NORTH ALLEGHENY	99	97
NORTH HILLS	94	94
NORTHGATE	87	86
NORWIN	93	96
PENN HILLS	72	82
PENN-TRAFFORD	100	98
PETERS TOWNSHIP	98	99
PINE-RICHLAND	97	97
PITTSBURGH	69	68
PLUM BOROUGH	97	94
QUAKER VALLEY	96	97
RINGGOLD	92	90
RIVERSIDE BEAVER COUNTY	93	96
RIVERVIEW	88	94
ROCHESTER AREA	74	69
SENECA VALLEY	96	97
SHALER AREA	92	89
SLIPPERY ROCK AREA	88	87
SOUTH ALLEGHENY	84	89
SOUTH BUTLER COUNTY	83	96
SOUTH FAYETTE TOWNSHIP	85	90
SOUTH PARK	94	94
SOUTH SIDE AREA	84	82
SOUTHMORELAND	89	85
STEEL VALLEY	86	91
STO-ROX	66	73
TRINITY AREA	86	91
UNIONTOWN AREA	70	60
UPPER SAINT CLAIR	97	98
WASHINGTON	48	68
WEST ALLEGHENY	93	94
WEST JEFFERSON HILLS	93	96
WEST MIFFLIN AREA	89	89
WESTERN BEAVER COUNTY	82	94
WILKINSBURG BOROUGH	60	53
WOODLAND HILLS	78	81

source: Pennsylvania Department of Education



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The steepest 10-year decline has been in the Pittsburgh Public Schools, where enrollment is down 29 percent. Such a loss was not entirely unexpected given that residents have steadily been migrating from the region's urban core to the suburbs for decades.

Several steps were taken in the city public schools in recent years that were intended, in part, to help staunch the decline in enrollment. They included district-wide reforms to improve the quality of instruction and the Pittsburgh Promise, a privately funded scholarship program offering students who meet grade and attendance requirements up to \$40,000 to help pay for a post-secondary education. Enrollment has continued to fall over the past five years, but at a much slower rate of 3.7 percent.

OUTCOMES MATTER

Public school teachers throughout southwestern Pennsylvania and across the state will be evaluated differently this year with the adoption of new statewide standards that for the first time consider the academic outcomes of their students. And they will not only be judged on how well they do in their own classrooms, but on how students in their building do as a whole.

Previously, evaluations were largely based on classroom observations typically done by principals. Half of the new evaluation is based on student performance measures, including standardized test scores, attendance, promotion and progress on Individualized Education Programs (IEP).

Among the controversial aspects of the new system is that the economic diversity of students in a building or classroom is not considered. Studies suggest that certain groups of students, particularly those from low-income families, tend to perform more

poorly in school for a number of reasons and can be more challenging to teach.

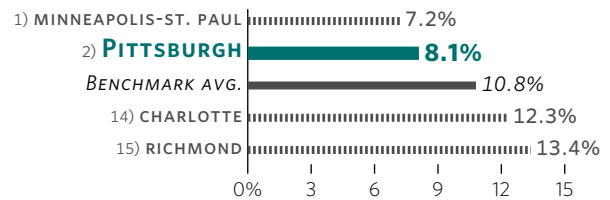
"Everyone is held to the same standard," said Longo. "But no one is dealing with central issues, such as poverty, as if that doesn't matter or you can overcome that. There are certainly cases in which that has been true. But on a broad scale it isn't."

Reducing teaching staffs is an issue more and more school districts are struggling with as they look for ways to make ends meet with fewer state subsidy dollars and other revenues. Whether the new statewide teacher evaluations will play a role in furloughing decisions is unclear.

School districts have long based layoffs on teacher certification area and seniority, and there is little evidence of that changing. Two years ago, the Pittsburgh Public Schools and its teachers union agreed on a rigorous new evaluation system that more thoroughly assesses teacher skills and student learning. But when faced with cutting some 300 teachers last year, they couldn't agree on a way to use the evaluations in deciding whom to let go, and seniority ruled again. ■

EDUCATIONAL ATTAINMENT | 2011

(% of population 25 and over with less than a high school degree)

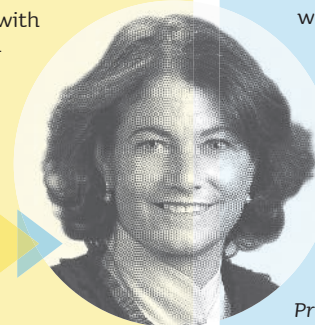


source: U.S. Census Bureau

TOMORROW

Building a diverse and opportunity-aligned workforce is critical to maintaining and growing the region's economy. We need to expand the alignment of education and training programs with jobs currently in high demand as well as with those industries with significant growth potential. Continued diversification of our industrial base is dependent upon attracting and retaining trained talent.

Julie Hughes
Affiliate President,
Western Pennsylvania
FIFTH THIRD BANK



Pittsburgh's future will be indelibly linked to its success in educating, developing and retaining the next generation workforce. This region is home to a world-class higher education system and global science and technology companies. The public and private sectors must continue working together to demonstrate the importance of science, technology, engineering and math education. Solid, well-paying jobs are—and will continue to be—in these fields, right here in western Pennsylvania.

Jerry MacCleary
President
BAYER MATERIALSCIENCE LLC

As a newcomer to Pittsburgh I can't help but to be impressed by the number of quality universities in this great city. The impact of these institutions is enormous. I also am witnessing a huge gulf between the high school student population we serve and these institutions. Our high school dropout rates are staggering, and we have to institute new educational techniques that build a permanent bridge between our public high schools and our universities.

Cheryl Hall-Russell
President & CEO
HILL HOUSE ASSOCIATION & HILL
HOUSE ECONOMIC DEVELOPMENT
CORPORATION

Creative spark

Regional network bringing innovation to the classroom

IT BEGAN IN A CORNER of The Children's Museum as a small space where children could get their hands on sewing machines, LED bulbs, swatches of cloth and other common and not-so-common materials and explore, discover and create. Today, the MakeShop is a permanent room-sized exhibit, the popularity and teaching potential of which have far exceeded Jane Werner's expectations.

Perhaps just as important is how the museum's executive director came up with the idea in the first place. She got it from a Carnegie Mellon University assistant professor of entertainment technology, Jesse Schell, whom she met while networking with southwestern Pennsylvania educators, researchers, computer experts and others interested in applying their skills to innovative ways of helping children learn.

"We stole the idea from Jesse," said Werner. "I had \$5,000. I decided we were going to take the do-it-yourself, hands-on movement we were interested in and combine it with technology and see what happens when they bump up against each other."

A lot of that has gone on over the last five years. What began within The Grable Foundation as a notion of bringing together the multidisciplinary talents of the region to rethink the way children are educated has blossomed into the Spark Kids + Creativity Network, an organized movement under the stewardship of the Sprout Fund.

Several metropolitan regions have rich cultural, civic and research institutions. But the idea in southwestern Pennsylvania is to get them to do what they typically haven't done on their own—collaborate in a strategic way to create imaginative learning opportunities that are relevant to the technology-savvy children of the 21st century.

The model that evolved includes a focus on formal and informal learning environments, research and development, and entrepreneurial support. The network of collaborators has grown from a loose, organic movement to include some 60 community organizations and more than 100 active members ranging from video game designers to school superintendents. "We're truly hitting our stride," said Cathy Lewis Long, The Sprout Fund executive director.

In recent years, the initiative has received national recognition, both for its collaborative model and the projects that have emerged from those partnerships.

In the post-industrial Monongahela River valley, for example,



the Elizabeth Forward School District teamed with CMU to create an Entertainment Technology Academy where students study the history of gaming and learn to design and program their own educational apps and video games. It's part of a broad effort to reinvent traditional learning environments in the district that includes a new interactive library. In the Pittsburgh Public Schools, a kindergarten teacher worked with an artist-in-residence from the CMU Robotics Institute to create a classroom program that teaches young students about electricity and how to express themselves with technology by taking apart electronic toys and reassembling the components into new circuits.

The Children's Museum MakeShop has become a blend of old and new technologies over the years, with simple robotics and circuit boards sharing table space with sewing machines and clock-making kits. But, as the museum discovered, the program's value lies not in the materials but in the relationships among children, parents and staff, which working with the materials inspires.

"It's remarkable," Werner said. "People will sit down around a table and they will be hand-sewing something or soldering blinking lights, and they'll work in parallel and feed off of one another—conversations you don't usually find in museums."

Those lessons, she said, are redefining the museum's approach to learning. "I've been in exhibit design and managing museums since the 1980s, and I have to say this is the most exciting I've been about the direction of the Children's Museum." ■

SMITHFIELD STREET, DOWNTOWN



HEALTH

UNHEALTHY BY ANY MEASURE



New study confirms region's poor health rankings

LIVING IN A REGION WITH AN abundance of top-flight hospitals, clinics and physicians is clearly no guarantee residents will embrace healthy lifestyles known to reduce the risk of disease, a recent re-examination of health data suggests.

That is particularly true in southwestern Pennsylvania, where a broad healthcare network and innovative practice are among the region's greatest assets. For years, the Pittsburgh Metropolitan Statistical Area has had higher-than-average rates of heart attack deaths, diabetes and obesity in PittsburghTODAY rankings of 15 benchmark regions, as well as lower ratings of self-reported general health.

At the same time, the region has ranked poorly in health-related behaviors such as physical activity rates among adults and mammography rates among women. And despite a recent

drop in the rate of smokers in the region, it remains higher than the national average.

A new analysis of U.S. Centers for Disease Control data offers nothing to suggest those findings paint an inaccurate picture of the overall health of the region's

residents. In fact, the analysis conducted by University of Pittsburgh researchers provides further evidence that southwestern Pennsylvania is anything but a haven of healthy living and that past efforts to steer residents down such a path are insufficient.

The new study looks at the same CDC Behavioral Risk Factor Surveillance Survey data used for PittsburghTODAY rankings, but it applies a methodology developed by the Commonwealth Fund that examines data from larger geographic samples based on hospital catchment areas rather than smaller metropolitan statistical areas. The Pittsburgh hospital referral region used in the analysis reaches beyond the seven-county MSA to include places in Pennsylvania as far north as Clarion, as well as areas outside the state, such as Wheeling, W.Va., and Steubenville, Ohio.



The Commonwealth Fund also offers a region-by-region composite score of self-reported health, which finds Pittsburgh near the bottom of the 15 PittsburghTODAY benchmark regions. Some 29 percent of residents assessed their health as fair or poor, and reported activity limitations and at least 14 bad mental health days during the year. Only Charlotte, N.C., and Detroit had more.

While Pittsburgh's ranking is affected to some degree by the fact the region has a larger elderly population than most, its rate is much worse than the best in the benchmark regions, which is reported in Minneapolis, where the health of 22.9 percent of residents is fair or poor.

Potentially preventable mortality is another indicator reported in the study. "Everybody is going to die. The question is to what extent do you have habits that are likely to lead to earlier deaths," said Bernard Goldstein, M.D., professor emeritus at the University of Pittsburgh Graduate School of Public Health.

Again, the results in southwestern Pennsylvania are discouraging, with the study finding a higher-than-average rate of preventable deaths, which are defined as those that result from causes considered to be at least partially treatable or preventable. Pittsburgh's rate of 101.6 deaths per 100,000 residents ranks 11 out of 15 benchmark regions ahead of only Detroit, St. Louis, Charlotte and Richmond. Minneapolis, again, had the lowest rate of 61 preventable deaths per 100,000 residents.

"It wouldn't take much for us to be better on these scores," said Dr. Goldstein. "We're

just not doing as well as we should. Why are we more like Detroit and Richmond than we are like Minneapolis?"

One reason is that Minneapolis-St. Paul is considered one of the most health-conscious places in the nation. It ranked as the healthiest and fittest of 50 U.S. cities on the American Fitness Index released by the American College of Sports Medicine, a sports and exercise research organization. The index measures factors such as smoking and obesity rates, percentage of people who exercise, and availability of parks, walking trails and farmers' markets.

"We have excellent healthcare when we are sick," Dr. Goldstein said. "What this suggests is that we don't have the processes that will convince people to act in healthier ways compared to other places." ■



FARMER'S MARKET, MARKET SQUARE, DOWNTOWN

TOMORROW

I speak on behalf of the severely disabled children and youth often overlooked in health policymaking. Their issues and those of their families are addressed not by pills or procedures, but by expert long-term treatment, care and education. Progress is measured in millimeters; sometimes simply not getting worse is a victory. When policymakers and payers acknowledge these realities, and help these amazing kids reach their potential, our region will be more mature, compassionate—and strong.

David K. Miles
President & CEO
THE CHILDREN'S
INSTITUTE OF PITTSBURGH



We're fortunate to have industries that matter in the 21st century. But an age-old issue often impacts our workforce: drug use. From recreational use to dependence to addiction, drugs and alcohol can cause problems for people seeking work. Yes, many jobs are open, but many more applicants can't pass the required pre-employment drug screening. Drug and alcohol problems are costly to employers and to our community. We must further this understanding so that people will get the help—and the jobs—they need.

Kenneth S. Ramsey
President & CEO
GATEWAY REHABILITATION CENTER

Spiraling healthcare costs threaten not only the health of our citizens but also our country's economic health. Fortunately, Pittsburgh won't have to wait for healthcare reform to see higher-quality, lower-cost care. The region's two integrated delivery-and-finance systems—combining providers and insurance businesses—will compete head to head to deliver effective, affordable care. Moreover, by harnessing advances in science and technology, the "eds and meds" partners in Pittsburgh will develop truly personalized medicine, transforming healthcare here and beyond.

Dr. Steven D. Shapiro
Chief Medical & Scientific Officer
UPMC



Bikers beware

Region's motorcycle fatality rate
up since helmet law repeal

THE DEBATE OVER whether Pennsylvania should require motorcyclists to wear helmets if they don't want to was settled in 2003 with repeal of the state's 35-year-old universal helmet law in favor of a weaker one that mostly applies to the youngest riders. The percentage of traffic deaths due to motorcycle accidents has risen across the state and in southwestern Pennsylvania ever since.

The motorcycle fatality rate in southwestern Pennsylvania is higher than the average among the 15 PittsburghTODAY benchmark regions, according to a University of Pittsburgh Graduate School of Public Health analysis of National Highway Traffic Safety Administration data.

Illinois, Iowa and New Hampshire are the only states without any kind of motorcycle helmet law on the books. But only 19 others enforce universal helmet laws that require all riders to wear protective headgear. The rest, including Pennsylvania, have conditional laws that are largely age-limited and affect only a fraction of the riders in the state.

Motorcycle fatalities have risen over the last 10 years throughout the United States, including in all PittsburghTODAY regions. The data suggest, however, the breadth of a helmet law can make a difference.

The only PittsburghTODAY benchmark regions with motorcycle fatality rates lower than the national average, for example, are Richmond, Boston, Charlotte and St. Louis. Every one of those regions enforces a statewide universal law that requires all riders to wear a helmet.

But the 11 other regions with rates higher than the national average—including the seven-county Pittsburgh Metropolitan Statistical Area—all have conditional laws, with the lone exception being Baltimore, which enforces Maryland's universal helmet law. Pennsylvania's law only requires motorcycle helmets for riders under the age of 21 and for older riders who've had a motorcycle license for less than two years or haven't completed a motorcycle safety course.

In the Pittsburgh MSA, 16 percent of traffic deaths were due to motorcycle accidents from 2008 to 2010,

according to the most recent federal traffic data available. That's the ninth-highest rate among the benchmark regions. It's also significantly higher than the 10 percent motorcycle fatality rate reported in southwestern Pennsylvania before the repeal of the state's universal helmet law, according to 2001–2003 data.

In the Philadelphia region, 18 percent of traffic deaths are from motorcycle accidents, according to the latest data. That region's average motorcycle fatality rate was 10.6 percent during the two-year period prior to the repeal of the state's universal helmet law.

Similar trends are seen beyond the benchmark regions. The U.S. Centers for Disease Control, for example, recently reported that in 2008–2010 an average of 79 percent of fatally injured motorcyclists were not wearing helmets in states with no motorcycle helmet laws, and 64 percent of the bikers killed in states with conditional helmet laws weren't wearing helmets. Only 12 percent of fatally injured motorcyclists weren't wearing helmets in states where the law required them to do so.

Wearing helmets saves money as well as lives, and states with universal laws save the most, the CDC also reports. In 2010, states with universal laws saved an estimated \$725 in medical costs and productivity losses per registered motorcycle—nearly four times the savings than in states that don't require all riders to wear helmets. ■



GRANT STREET, DOWNTOWN



SUSTAINABILITY

RACE MATTERS



Survey raises questions about social equity

SOCIAL EQUITY HAS LONG BEEN seen as a key aspect of sustainable communities. In 1996, for instance, the President's Council on Sustainable Development described a sustainable nation as one that includes a growing economy that provides equitable opportunities for satisfying livelihoods, and a safe, healthy, high-quality life for its citizens now and in the future.

If that's the case, southwestern Pennsylvania has work to do. Sharp racial disparities in quality-of-life measures ranging from household income to health insurance exist throughout the region, an extensive survey of residents reported in 2012.

Some 1,800 Greater Pittsburgh residents were interviewed for the Pittsburgh Regional Quality of Life Survey conducted by PittsburghTODAY and its research colleagues at the University Center for Social and Urban Research. And African Americans

accounted for more than 20 percent of them—an oversampling that was done to gain a statistically valid glimpse of the region through the lens of race.

The good news is that what residents have in common outweighs what divides them, even when race is considered. But

differences among races in some cases are troubling.

Nowhere is the racial divide more apparent than in household income and the ability to make ends meet. The survey data, for example, confirm the conclusion that U.S. Census Bureau and U.S. Department of Labor estimates have long suggested: African Americans in the region can expect to be unemployed at roughly twice the rate of other races.

Survey data show that the non-seasonably adjusted jobless rate among African Americans living in the seven-county Pittsburgh Metropolitan Statistical Area stood at 14.1 percent over the three months in late 2011 when interviews were conducted. The jobless rate among residents of other races at that time was 6.7 percent. Those residents were mostly white. The national unemployment rate estimated by the U.S. Census and

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Labor bureaus over the same period was 7.4 percent.

Stark differences also exist in household income. More African Americans report earnings in the lower income brackets than other races, and fewer African Americans in the region are earning enough to place them in the highest brackets. More than 36 percent earn less than \$25,000 a year, for example, compared with about 19 percent of other races. And more than 75 percent of African Americans earn less than \$50,000 compared to 49 percent of other races.

Given such disparities, it's not surprising that racial differences are also apparent when financial hardship is examined. Fewer than 37 percent of African Americans report never having trouble paying their monthly bills, while 55 percent of whites in the region never have difficulty. And nearly 18 percent of African Americans in the region say they often or always have trouble paying their monthly rent or mortgage, utilities and other bills for basic necessities. That's more than twice the hardship rate that residents of other races report.

The gap in homeownership among the races is wide. About 41 percent of African Americans report living in a home they or a family member own—about half the homeownership rate that whites and residents of other races report. African Americans are also more likely than other races to give low ratings to the structural condition of the houses or apartments they live in.

Residents of all races report satisfaction with the quality of the education their children receive throughout the 32-county survey region, which includes the Pittsburgh MSA and surrounding counties in Pennsylvania, and parts of Ohio, West Virginia and Maryland. But the similarities pretty much end

there. African Americans are twice as likely as other races to describe the financial resources available to support those schools as inadequate. And while more than half of white residents rate their schools as “very safe,” fewer than 15 percent of African Americans feel the same way about the schools their children attend.

The survey also reveals the extent to which equity is an issue in whether residents have access to health care. The vast majority of all races do. But nearly 16 percent of African Americans in the region report not having some type of public or private health coverage compared to 9.5 percent of residents of other races. And African Americans are much more likely to forgo care due to cost. More than 19 percent report that at least once during the previous year they needed to see a doctor but couldn't afford to do so.

The survey data are not all grim for African Americans. They are more likely than residents of other races to report that their household finances improved over the past three years. And they are more optimistic about what the future will bring. Two-thirds of African Americans believe their household finances will get much or somewhat better in the coming years, which is more than twice the rate of other residents who see better days ahead.

For further reading, see the PittsburghTODAY report on African Americans in Pittsburgh online at pittsburghtoday.org/African_Americans_in_Pittsburgh.html. The complete set of Pittsburgh Regional Quality of Life Survey data tables, including those that show racial differences among residents, can also be found online at pittsburghtoday.org/specialreports_qol_datatables.html ■

TOMORROW

The region needs to make greater use of the diversity that it presently has, namely African Americans. First, we should develop within the African American community a greater capacity to contribute more fully to the economic well-being of the region. Second, we should make greater efforts to promote those African Americans who are already in position to contribute their leadership, talent and skills to the region's social and economic progress.

Dr. Larry E. Davis
Director, Center on Race
& Social Problems
School of Social Work
UNIVERSITY OF PITTSBURGH



Key needs for the future

Pittsburgh has so much positive momentum right now, but we cannot afford to take it for granted. Our challenge is to keep moving forward while still demanding more and better of ourselves as a community. We have to keep working to create a region where prosperity is shared, the environment is valued and everyone matters.

Grant Oliphant
President & CEO
THE PITTSBURGH FOUNDATION

Uniquely, our region has leaders in business, labor, academia and the foundation community willing to set aside differences and come together to offer solutions for a bright future. Our main obstacles are ones I believe we have the power to overcome: realigning our education system to reflect the needs of employers; seeking additional solutions for reduced air service; and expanding focus on diversity by providing new ways for our current and future workforce to share in prosperity.

David J. Malone
President & CEO
GATEWAY FINANCIAL



Wealth management

In a water-rich region, sustainable approaches prove challenging

WITH SIX MAJOR RIVERS, thousands of creeks and streams, and an average of more than three feet of annual rainfall, southwestern Pennsylvania has one of the most abundant and reliable supplies of fresh water in a world getting thirstier by the day. It's an advantage that cannot be overstated. And how it is managed today could profoundly shape the quality of life in the region tomorrow.

Water is one of many issues critical to the sustainability of a region. But none is more complex, more important or more illustrative of the choices and challenges that southwestern Pennsylvania faces in engineering a sustainable future.

Although a precise definition of what it means to be a sustainable region remains elusive, the basic objectives include economic prosperity, equal opportunity and a quality environment for current and future generations. Economic issues, such as employment, come into play, as do education, governance, social justice and health.

A region's capacity to strategically address such issues is crucial, said Court Gould, executive director of the nonprofit Sustainable Pittsburgh. "At the heart of sustainability is the

ability to plan not just for today but for tomorrow. And one of the truest measures of sustainability is the degree to which you can adapt and change."

Water is essential to human survival. We drink it, cook with it, wash with it. Nearly 500 million gallons a day are consumed by the region's industries. Some 490 million gallons a year support agriculture and food processing. Our rivers carry 41 million tons of freight annually. Water-related services, products and components account for \$5 billion in direct economic activity. Without an abundant water supply the region could not sustain its \$13.7 billion-and-growing energy sector. And a burgeoning world water market is increasing the demand for water-related products, services and technical expertise, creating opportunities for the region's industry.

Yet the region has poorly protected its water resources, as illustrated by PittsburghTODAY water quality maps (pittsburghtoday.org/view_nonattainingstreams.html).

The Pittsburgh Metropolitan Statistical Area and eight surrounding counties hold 6,561 miles of streams and rivers that fall short of meeting federal Clean Water Act quality standards. Acid mine drainage, part of the region's mining and industrial legacy, remains a stubborn problem. Allegheny County, in particular, is crowded with impaired waterways,

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mostly due to a leaky, aged and overburdened network of storm and sanitary sewers that allows sewage to overflow into streams and rivers when a storm produces as little as one-tenth of an inch of rain.

A sustainable approach requires much better strategic thinking around water issues than what stream and river conditions suggest has taken place in the past. And to some extent, that is happening. A Water Economy Network was recently established, for example, to bring the collective expertise of businesses, university researchers and non-governmental organizations to bear on such issues as advancing water innovation, leveraging market opportunities, nurturing the region's competitive advantage in the water market, and preserving the resource.

But gaps in governance remain. Most of the watersheds that are found in southwestern Pennsylvania lack the regulatory oversight of a basin commission, such as those that govern the Susquehanna and Delaware rivers and their tributaries with the responsibility of protecting both the quality and quantity of water.

The closest the region comes is the Ohio River Valley Water Sanitation Commission, which is based in Cincinnati and has regulatory authority over issues related to water quality in the Ohio River basin, which includes the Allegheny, Monongahela and Beaver rivers and a few other tributaries that flow through southwestern Pennsylvania. The commission is moving to expand its regulatory reach to include oversight of water quantity issues. But most of the waterways in southwestern Pennsylvania remain outside its jurisdiction.

Drilling for natural gas in the Marcellus Shale is providing economic benefits today and has the potential to do so in the coming years while diversifying and strengthening the region's energy portfolio—factors that can help sustain a high quality of life. It also has the potential to cause harm to streams and rivers. And currently, there is no government mechanism to regularly monitor streams for contaminants that may result from accidents or unauthorized discharges. That job has largely been left to private conservation groups, such as the Isaak Walton League and Trout Unlimited, whose volunteers are only able to cover a fraction of the vulnerable waters.

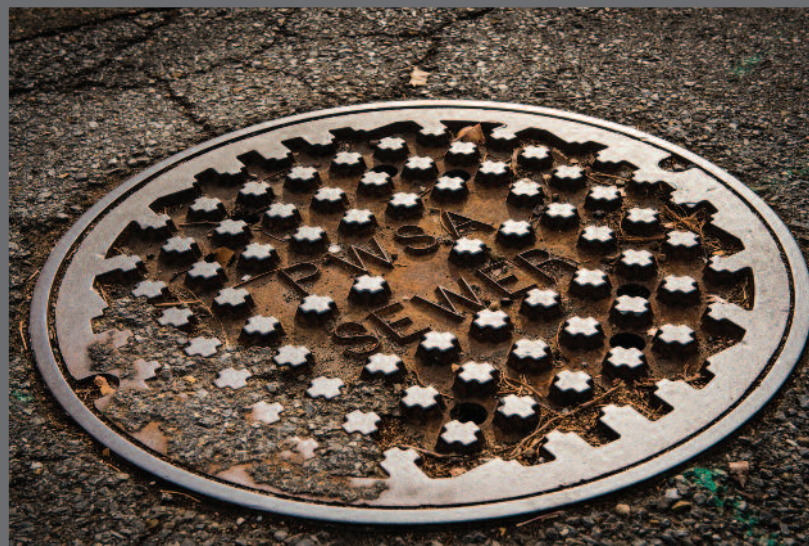
Sewage overflows in the past 10 years have resulted in recreational users of the region's three rivers being warned of unhealthy bacteria levels an average of 68 days during the 138-day boating season, according to Allegheny County Health Department data.

The good news is a solution is in the works. The U.S. Environmental Protection Agency has ordered the problem to be fixed, which requires re-engineering an outdated sewer network that accepts both stormwater and sewage but can no longer handle the volume that occurs when it rains. Last year, the Allegheny County Sanitary Authority put forth a plan to do so.

But the fragmented structure of the sewer network is presenting an obstacle to engineering a sustainable solution to the problem, which would include ways to reduce the amount of stormwater that enters the sewer system, preferably using green technologies to some degree, such as permeable pavement and rain gardens. ALCOSAN's primary responsibility is to treat sewage it receives at its plant along the Ohio River, while the infiltration of stormwater occurs at points along a collection system shared by 83 municipalities, where ALCOSAN jurisdiction is limited.

Given the governance structure, it's not surprising that ALCOSAN's \$2.8 billion solution to the overflow problem focuses on storing excess sewage in underground tunnels and expanding its capacity to treat it, Sustainable Pittsburgh's Gould said. "As a regional authority, it doesn't have jurisdiction over the headwaters so, predictably, it comes up with a stormwater plan that doesn't address upstream source reduction. It's an example of our government system being out of step with how the natural and engineered systems work and how that affects our capacity to be agile and adapt." ■

SEWER MANHOLE, NORTHSIDE



2013

PITTSBURGH

TODAY & TOMORROW

This report was written by **Jeffery Fraser**, except where otherwise noted. Photographs by **Jim Judkis**, graphics by **James Hilston**, and layout by **Jennifer McNulty**. Also contributing to this report were Milana Nick, Emily Craig, Isabel Orozco and Kylie Abegg.

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PittsburghTODAY was created to spark a more informed civic dialogue. By providing timely and accurate information about regional life, we hope to stimulate a discussion of where we are and where we hope to go. Comparing our region to other areas of the country lets us see how we measure up, and what our strengths and weaknesses are. It also gives us a way to measure progress as we move forward as a region. Our regional indicators can be viewed at pittsburghtoday.org.

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