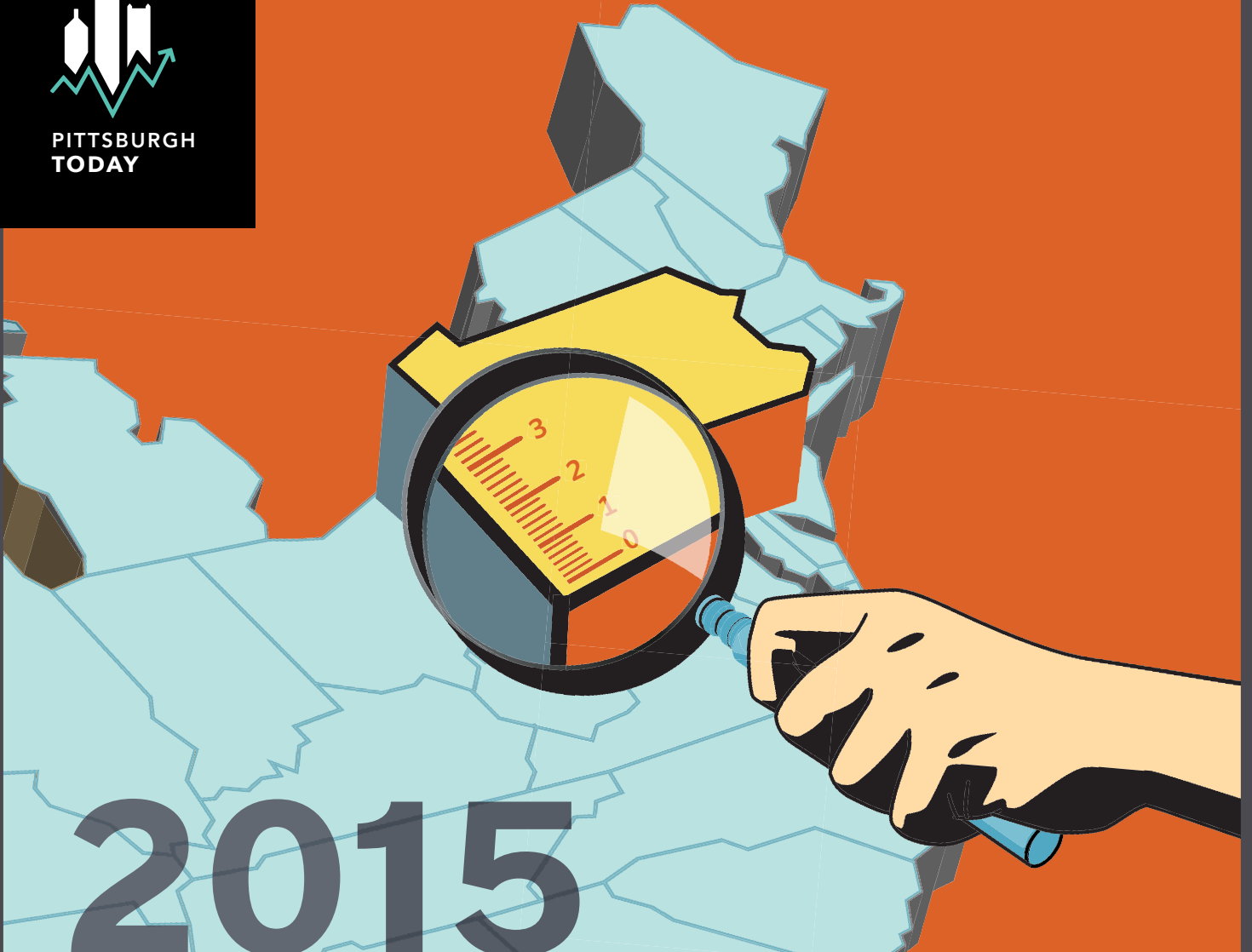




PITTSBURGH
TODAY



2015

PITTSBURGH

TODAY & TOMORROW

REGIONAL ANNUAL REPORT



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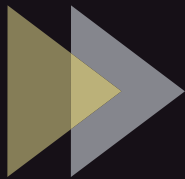


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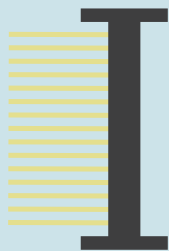


35 SUSTAINABILITY

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THE FACTS AND THE FUTURE OF OUR REGION

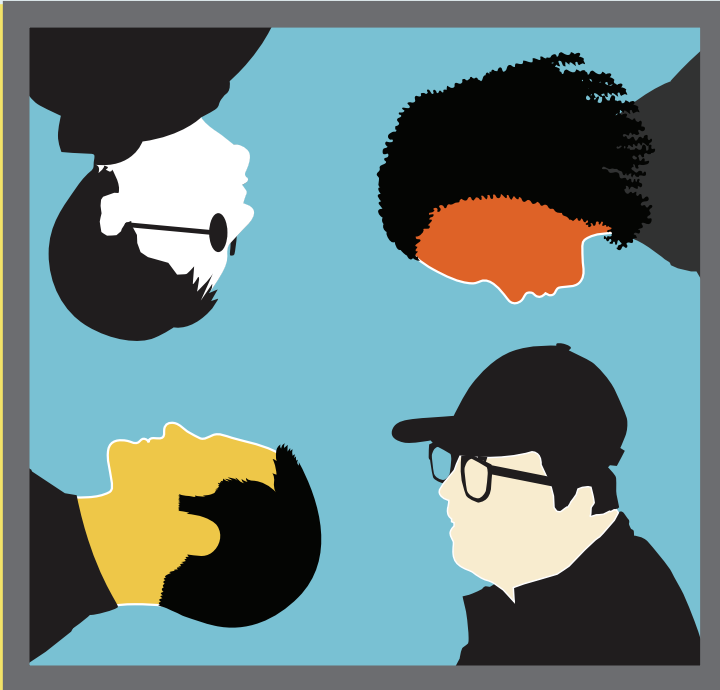


IN ORDER FOR CITIZENS TO MAKE THE BEST POSSIBLE decisions about the future of their region, they need a foundation of reliable information and a clear understanding of the issues facing their region.

Providing that information—through statistical comparisons and in-depth journalistic reports—is the mission of Pittsburgh Today, one of the nation’s oldest regional indicators projects which is part of the University of Pittsburgh’s University Center for Social & Urban Research.

In this annual report—Pittsburgh Today & Tomorrow—we assess how Pittsburgh is doing compared with 14 other regions in 11 categories: arts, demographics, economy, education, environment, government, health, housing, public safety, sustainability and transportation. We also examine key issues affecting Pittsburgh, and we’ve asked a group of regional leaders to respond to this question: *What obstacles do we need to overcome and/or what opportunities do we need to seize in order to ensure a strong future for the region?*

To view Pittsburgh Today’s regional indicators and journalistic reports, please visit pittsburghtoday.org



DEMOGRAPHICS



POPULATION SHIFTS AGAIN WITH AGING BABY BOOMERS

SOUTHWESTERN PENNSYLVANIA'S DEMOGRAPHIC landscape is once again changing in profound ways. After decades of slowly recovering from the exodus of young adults in the 1980s, the region is again seeing older adults command a growing share of the population as more baby boomers age.

More people moved into the region than left to live elsewhere for the fifth consecutive year in 2013, according to the most recent U.S. Census Bureau population data available. And migration patterns suggest as many as 7-in-10 of the newcomers are young adults.

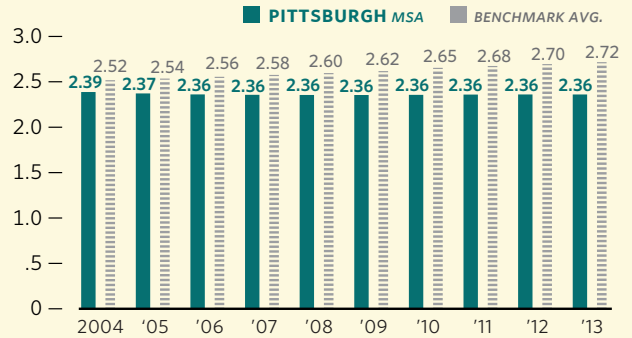
Yet, the region's total population barely budged in a year's time to stand at 2.36 million people. What has changed is aging trends, which have influenced the region's population for decades.

Few regions have been affected by economic misfortune as severely as Greater Pittsburgh in the 1980s, when the collapse of heavy industry triggered a catastrophic loss of jobs and the flight of large numbers of residents under the age of 39. With them, the region also lost their families and future children. By 1995, seniors accounted for 18 percent of the population of Allegheny County, keeping it near the top of the list of the oldest U.S. counties until the proportion of residents aged 65 or older began to slowly drop, bottoming out at 16.8 percent in 2010.

BY THE NUMBERS:

ANNUAL POPULATION ESTIMATES | 2004-13

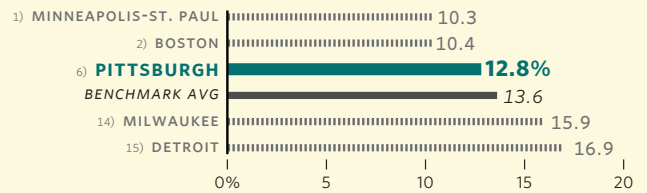
Total population, in millions



DATA SOURCE: U.S. Census Bureau, Population Estimates Program

POVERTY | 2013

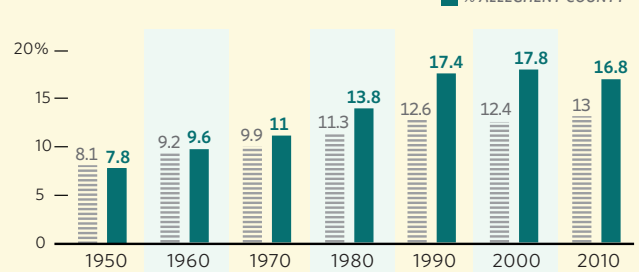
Percentage of population in poverty, by MSA



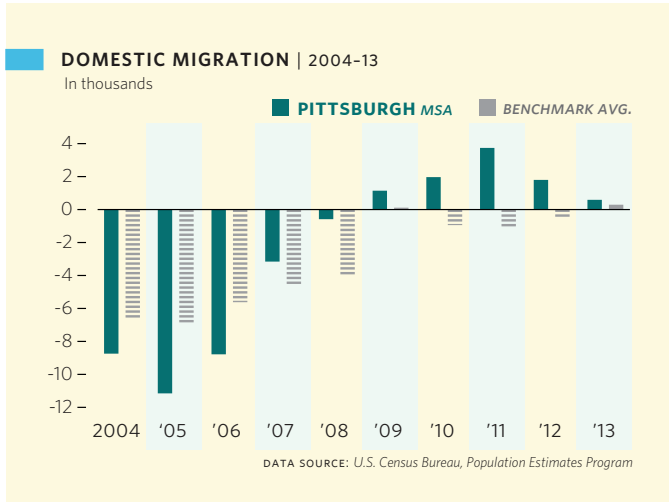
DATA SOURCE: U.S. Census Bureau, American Community Survey

POPULATION AGE 65+ | 1950-2010

Proportion age 65 and older, Allegheny County and U.S.



DATA SOURCE: U.S. Census Bureau, Decennial Census, various years



Now, seniors account for a larger share of the local and national population. Forecast models suggest that by 2040, some 21 percent of the U.S. and Allegheny County populations will be 65 or older—and more than 1,000 Allegheny County seniors are expected to live to celebrate their 100th birthday, according to a report on aging published last year by the University of Pittsburgh University Center for Social & Urban Research and Pittsburgh Today.

But forecasts indicate a rapidly shrinking pool of younger family members and others whose help is critical in caring for a growing elderly population. In Allegheny County, data suggest that by 2050, the ratio of people available to provide care versus those who need it will shrink from 6:1 (caregivers for every person in need) to 3:6.

To read the *State of Aging in Allegheny County* report and survey data tables, visit pittsburghtoday.org/state-ofaging2014.html ■

KNOW YOUR REGION

pittsburghtoday.org

“One of the greatest opportunities for the Pittsburgh region is talent acquisition. “Diversity is a key driver of innovation and is crucial for companies that want to attract and retain top talent.” (Forbes Insights, 2013). For the Pittsburgh region to grow and be innovative, companies must recruit, develop, cultivate and retain a diverse workforce. Pittsburgh must explore our new generation of talent and transfer our knowledge, skills and abilities to move this region from better to best.”

— **Robert Agbede**, *President & CEO, CHESTER ENGINEERS*



“In order to be truly vibrant, Pittsburgh needs to do three things: 1) embrace diversity, working proactively to attract a wide variety of individuals—races, politics and ages—to our city; 2) increase the educational attainment of all our citizens, old and young; and 3) realize that this is a great city. Pittsburghers have a lower opinion of their city than outsiders do—let Pittsburgh shine and let’s celebrate who we are!”

— **Tori Haring-Smith**, *President*
WASHINGTON & JEFFERSON COLLEGE

“At Bayer, we know that a strong science, technology, engineering and math education for today’s students means a strong, economically viable southwestern Pennsylvania tomorrow. Tapping into the talent of our region’s young people is our biggest challenge and opportunity. For the last two decades, through our company-wide Making Science Make Sense® initiative, Bayer is helping to develop that talent, particularly among those traditionally under-represented in STEM—women, African Americans, Hispanics and Native Americans.”

— **Sarah Toulouse**, *Head of Corporate Social Responsibility, BAYER CORPORATION & Executive Director, BAYER USA FOUNDATION*





Behind the times

LACK OF DIVERSITY IN THE REGION'S WORKFORCE RAISES CONCERNS

RAYFIELD LUCAS HAD HEARD there were well-paying jobs to be had in the shale gas industry; jobs that offered the opportunity to earn his way to a future more secure than the maintenance and warehouse work he'd done in the past could ever promise. He went for it.

A little more than a month after investing in a ShaleNET training program, he had a commercial driver's license, basic knowledge of shale gas operations and a job with energy giant Halliburton.

"I figure I only have 20 more years to work," says Lucas, 47, of Hopewell. "From what I hear, the gas industry will be around a lot longer than that."

His hiring is exceptional not for how quickly he landed a job with no previous experience, but for the fact that he joins a local mining, gas and oil industry in which African Americans like him claim only 2 percent of the jobs.

It's not much better in several other industry sectors across southwestern Pennsylvania.

A year-long examination of national employment data reveals a southwestern Pennsylvania workforce struggling to look like the rest of the nation and enable racial and ethnic minorities to claim a greater share of

the jobs, careers and wealth the regional economy has to offer.

The share of jobs held by African American, Asian American and Hispanic workers in southwestern Pennsylvania is so small that it ranks dead last among 15 regions benchmarked by Pittsburgh Today and a coalition of organizations convened by the nonprofit Vibrant Pittsburgh to explore regional solutions to diversity issues.

Several employment sectors where minorities tend to cluster, such as food services, are found at the bottom of the average pay scale. At the same time, minority employment is strikingly low among some of the best-paying employers, such as utilities and the oil and gas industry that Lucas recently joined.

And while minority participation in the workforce has risen in recent years, it's grown at a pace slower than in many other regions.

Such trends are not broadly quoted economic measures. Yet, the lack of diversity threatens the supply of workers ready to fill jobs vacated by retiring baby boomers and segregates the benefits of gainful employment. It diminishes the region's appeal to companies looking to relocate or expand. And it makes it more difficult to convince talent of all races and ethnicities to consider southwestern Pennsylvania as a land of promise worth considering for relocation.

"Diversity begets diversity," says Melanie

by *Jeffery Fraser*

Harrington, president and chief executive officer of Vibrant Pittsburgh. “Part of the challenge of becoming more diverse is our current lack of diversity.”

A long road ahead

▶ Acclaim for Pittsburgh’s rebirth from the collapse of its industrial economy went global in 2009 when some 4,000 journalists descended on the city to cover the G20 Summit it was hosting.

“Pittsburgh’s transformation has captured the attention of other communities now confronted with economic crises of their own,” wrote the Financial Times of London, predicting the summit would “only highlight the city’s progress, signaling to cities such as Detroit and Cleveland that they can once again become vibrant.”

Southwestern Pennsylvania’s decades-old recovery has been nothing short of remarkable. But such accolades ignore the lingering weakness of a regional workforce short on minority workers.

In fact, Pittsburgh trails both Detroit and Cleveland when workforce diversity is the measure.

African American, Asian American and Hispanic workers hold 11 percent of the jobs in the Pittsburgh Metropolitan Statistical Area, according to 2013 data from the U.S. Census Bureau Longitudinal Employer-Household Dynamics (LEHD) program’s Quarterly Workforce Indicators, which includes wage and employment data reported by employers covering 98 percent of U.S. jobs. The rate is more than double in Detroit, where minorities hold 24 percent of the jobs. In Cleveland, they hold 21 percent.

The local pool of minority jobholders is even shallower by comparison than those data suggest. It’s much smaller than the average among benchmark regions, across which minorities hold 25 percent of the jobs. In nearby Baltimore, they claim 37 percent of the jobs. And they hold 44 percent of the jobs in Atlanta, which has the most diverse workforce of any benchmark region.

To be sure, employers find a smaller minority population to hire from in southwestern Pennsylvania, where 86.4 percent of the region’s general population is white. Even so, data suggest local minorities find it tougher to get jobs compared to those living in peer regions. Rates of employment within the region’s African American, Asian American and Hispanic populations all fall below benchmark averages, according to 2013 U.S. Census Bureau American Community Survey data.

And such low rankings come despite the fact that the share of the jobs held by minorities has risen 2 percent in southwestern Pennsylvania since 2002.

The jobs minorities work

▶ Every industry sector has employers with minorities on the payroll. But minority workers tend to concentrate in some industries more than others. And in several industries, the jobs they’re most likely to work earn them below-average incomes.

Minorities, for example, hold 20 percent of the jobs in the administrative and support services sector, making that sector the most diverse in the region. These jobs range from marketing, office work and information technology to security, maintenance, cleaning services and waste disposal. Minority workers in that sector have an average monthly income of \$2,761—one of the lowest of all employment sectors, according to LEHD estimates.

The average income for minority workers across all North American Industry Classification System employment sectors was \$4,007 a month in 2013.

The lowest incomes are seen among workers in the accommodation and food services industry, where the second-highest concentration of minorities is found. They hold 16 percent of those jobs and have an average income of \$1,442 a month. Minority workers do better in the healthcare and social assistance sector, where they claim 14 percent of the jobs and their average income is \$4,560, which is higher than the average among white co-workers.

But they are least likely to work in many of the highest-paying industries. Minority workers as a group comprise only 5 percent of the mining and oil and gas industries, where their incomes average more than \$8,300 a month. They hold only 8

percent of utility jobs that afford them an average income of more than \$7,200 a month.

“When you see the potential for occupational segregation or clustering into lower-wage jobs that don’t have

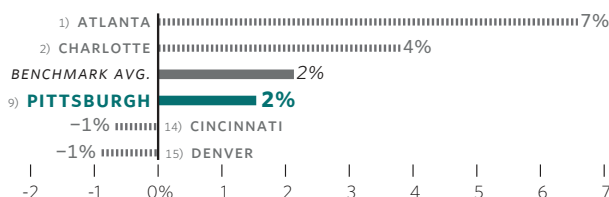
a career trajectory, then you are going to see little growth in income and wealth through time for certain populations,” says RAND sociologist Gabriella Gonzalez. “These trends could have repercussions for those specific families and the economic growth of the region as well.”

It also raises the risk that children of workers whose incomes are low and opportunities few will adopt a dim view of their own chances of success in the economy and will be left



GROWTH IN MINORITY SHARE OF JOBS | 2002-13

by MSA



DATA SOURCE: U.S. Census Bureau, Longitudinal Employer-Household Dynamics data

<<

with little knowledge of the range of jobs and careers available—and the paths that lead to them. “It promotes an intergenerational cycle of clustering into certain types of jobs, which doesn’t have to happen,” Gonzalez says. “That is potentially what we are seeing in Pittsburgh.”

Such consequences fall more heavily on some minority workers than others.

Stark differences

▶ While the region’s African American, Hispanic and Asian American populations each occupy a thin share of the workforce, the jobs they’re more likely to work and the incomes they’re more likely to earn can vary, and the differences can be significant.

For example, 67 percent of the region’s Asian American adult population are in the workforce, which is higher than among adult whites. And some of the best-paying jobs are

found in the industries in which they are more concentrated, such as professional, science and technology, management, wholesale trade and healthcare. But they are not immune from economic disparities. Like all minorities in the region, their rate of poverty is higher than that of whites.

Hispanic residents make up only 1.5 percent of the general southwestern Pennsylvania population. And about 65 percent of Hispanic adults are employed. The industries where they tend to concentrate the most range from education to accommodation and food service. While Hispanic workers earn less than whites in most job sectors, their incomes are higher than their white co-workers in a few, including mining, oil and gas, education, healthcare, and in hotel and food service jobs.

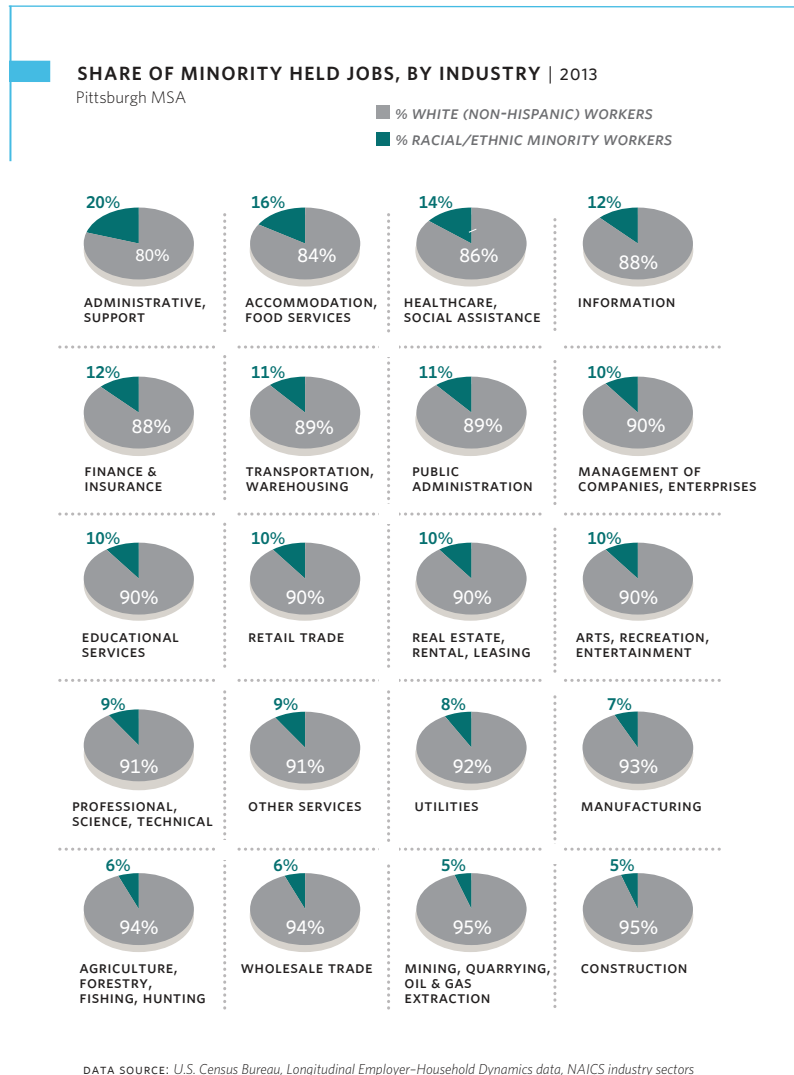
African Americans are the largest single racial and ethnic minority group, making up 8.2 percent of the general population in southwestern Pennsylvania. They also have the deepest roots in the region and a long history of struggling to claim their share of jobs, good jobs and career opportunities.

They are, for example, the only minority workers with average incomes lower than their white co-workers in every industry. An estimated 59 percent of African American adults are in the regional labor force. They claim their largest share of jobs in administrative, support and waste management services, where workers earn some of the lowest monthly incomes. They are also heavily concentrated in the hotel and food service industry, where the average employee income is the lowest.

Another industry where a high concentration of African Americans is found is healthcare and social work, where the jobs allow for better-than-average incomes. Even then, the income for African American workers in those jobs is much lower than what their white co-workers earn.

And nowhere is the racial divide in southwestern Pennsylvania more apparent than in household income and the ability to make ends meet. More African Americans report earnings in the lower income brackets than other races, and fewer African Americans earn enough to put them in the highest brackets, according to data from the 2011 Pittsburgh Regional Quality of Life Survey done by Pittsburgh Today and the University Center for Social & Urban Research at the University of Pittsburgh.

Nearly 18 percent of African Americans in the region say they often or always have trouble paying monthly bills for basic needs such as housing and utilities—more than twice the hardship rate residents of other races report. African Americans are much less likely to own a house. They are more likely to have skipped a doctor visit in the past year because they couldn’t afford it and to live in neigh-



borhoods they consider to be less safe than others.

“The quality of life is so very different, and that’s because of the jobs we are working. African Americans are not well represented in the [industry sectors] where there are opportunities for growth and high incomes,” says Esther Bush, president and CEO of the Urban League of Greater Pittsburgh. “Every time they come out with a study that says Pittsburgh is the most livable city, we say, ‘Most livable for whom?’ That is an honest question.”

Roadblocks to prosperity

▶ The possible reasons why the workforce in southwestern Pennsylvania is short on diversity

are numerous. Among them is whether levels of education and skills align with requirements of available jobs. Others include minorities’ awareness of available jobs and career paths and the availability of reliable transportation. Another is the demographics of southwestern Pennsylvania, which find minority and foreign-born residents claiming a smaller share of the general population than in any other Pittsburgh Today benchmark region.

In recent years, for example, employers have been concerned with what is seen as a growing shortage of workers able to fill high-skill professions, such as engineering, as well as workers who can step into middle-skill jobs, which demand a high school education and some additional training, but less than a bachelor’s degree.

The issue is particularly acute in southwestern Pennsylvania, where there has been a profound shift from an industrial economy and the blue-collar jobs that sustained generations to an economy that benefits those trained for vastly different occupations in medicine, research, education, finance, technology and energy. And it hasn’t been kind to those whose skills, training and opportunities have not kept pace, particularly long-time minority workers and their families whose livelihoods and experience were tied to declining industries in the region.

>>

IDEAS FOR BUILDING

PITTSBURGH’S

TOMORROW...

“ We need more jobs and more young people. Two of the keys: Return vitality to our economically struggling communities and improve our underperforming K-12 schools. The trigger is community leadership, a plan, and the belief that positive change can result. Then outside help is possible. Take Wilksburg, which is experiencing investment in businesses and housing. Its schools are improving. Residents are leading the way, and success is now attracting support from the region’s business and foundation communities.”

— **Bill Schenck**, Vice Chairman
TRISTATE CAPITAL BANK

“ We see the clear payoff in leveraging our philanthropic resources and investments for broad community impact. That’s why we created the BNY Mellon Social Innovation Challenge in partnership with The Forbes Funds. We’re linking the innovators and entrepreneurs with our nonprofit assets to find and address critical social challenges, then crowdsource technical solutions. This type of “catalytic philanthropy” will produce better ideas, solutions and community involvement—making Pittsburgh a great place to live, work and play.”

— **Kenya Boswell**, President
BNY MELLON FOUNDATION OF SOUTHWESTERN PENNSYLVANIA



“ The Pittsburgh region is clearly poised for tremendous growth. But who will benefit? Too many Pittsburghers are wondering if all this growth and development will mean anything for them. The challenge is whether Pittsburgh will grow in a way that is inclusive—across races, across neighborhoods—or whether it will grow in a way that exacerbates gaps between the haves and the have-nots.”

— **Jeremy Resnick**, Executive Director
PROPEL SCHOOLS FOUNDATION



The lack of diversity in the workforce itself tends to limit the job options of minorities, denying them the awareness of a wide range of occupations, what they'd do in those jobs, the skills they need and a network of people they know who are working in those fields.

"Connection to jobs is no minor point," says Larry Davis, dean of the School of Social Work and director of the Center on Race and Social Problems at the University of Pittsburgh. "So much of what happens to us in life has to do with social capital. How are they going to find someone to teach them how to lay concrete or know someone with a nephew who can help them get a job doing that? They aren't, because they are out of the network."

"I had a kid in my house the other day who had never seen a black lawyer. This is 2015. This kid was 18 years old. You don't know what's possible if you never see it. And it's hard to be what you've never seen."

Rayfield Lucas spent most of his working life in maintenance and warehouse jobs before he decided to retool for the shale gas industry. "That was what I knew and it was convenient for me," he says.

"We know from research and data that to imagine new careers and pursue them, it is critical to get a realistic preview of what life could be like in those careers," says Vera Krofcheck, director of strategy and research with the Three Rivers Workforce Investment Board, which directs \$12 million a year in workforce development funding. "But we don't have enough of the cross pollination across careers that happens more organically when you have diversity in the workplace."

Searching for solutions

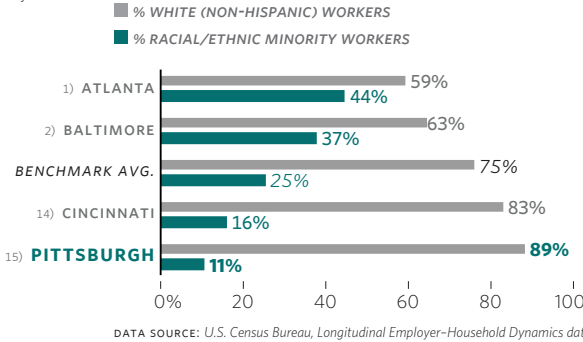
▶ Human resources departments, economic development groups, foundations and others have tried for years to build diversity in the

local workforce through individual programs and investment.

Recent, more coordinated efforts led by organizations such as Vibrant Pittsburgh, the Allegheny Conference on Community Development and Global Pittsburgh have focused on attracting and keeping

SHARE OF JOBS HELD BY MINORITY WORKERS | 2013

by MSA



DATA SOURCE: U.S. Census Bureau, Longitudinal Employer-Household Dynamics data

minority workers from outside the region to help ease concerns of a manpower crisis in industries such as manufacturing, energy, finance and technology.

Of particular interest has been attracting foreign-born workers. As a group, the region's foreign-born residents are among the most highly educated in the nation. But they are few in number, claiming only 3.8 percent of the population. Conditions for convincing more to come have improved with growth in

job opportunities and the continued strength of local universities.

¡Hola Pittsburgh!, for example, was launched more than two years ago to attract skilled Latino workers to the region and has drawn support from private and public sector partners ranging from corporations and city and county government to economic development, cultural, tourism and arts groups.

"The attraction piece is an awareness issue—making people aware of the opportunities and quality of life in Pittsburgh," says Dennis Yablonsky, chief executive officer of the Allegheny Conference on Community Development. "We have a large number of international and minority college students. The more we

ABOUT THE DATA:

This article is based on data collected by a coalition of organizations—the Workforce Diversity Indicators Initiative—to investigate workforce diversity in southwestern Pennsylvania, identify issues and promote a framework for regional solutions. Led by Vibrant Pittsburgh, the organizations include RAND, Three Rivers Workforce Investment Board, Allegheny Conference on Community Development, the University of Pittsburgh Center for Race and Social Problems, Pitt's University Center for Social & Urban Research and Pittsburgh Today.

The first round of data focused on workforce participation, job sector

employment and worker income. Local data were benchmarked against 14 peer regions. The data are largely drawn from the Longitudinal Employer-Household Dynamics (LEHD) program, which combines U.S. Census Bureau and state data to produce the most comprehensive data sets available on wages and employment. Primary sources include state unemployment insurance records and the Quarterly Census of Employment and Wages reported by employers that covers 98 percent of U.S. jobs.

Other sources include employment-related data from the 2013 U.S. Census Bureau American Community Survey, an annual survey of U.S. households. ■

can do to keep them here after they graduate, the better off we're going to be. And there are populations on the move. Puerto Rico is an example where a lack of economic opportunity causes young people to leave the island every year. They're educated. They speak English. And they are trained in our areas of need."

How to help more minorities with generations of history in southwestern Pennsylvania claim a larger share of the workforce and opportunities for more fulfilling jobs is a complex question the region has not been able to answer.

Several examples of efforts to address a piece of the puzzle can be found throughout the region.

Lucas broke into the shale gas industry with training from the region's ShaleNET program at Westmoreland County Community College, where, in the first eight months of 2014, close to one-in-five roustabout training graduates were minority students. The Three Rivers Workforce Investment Board finds that a significant share of those who use placement services, such as CareerLinks, are minority job seekers, although such services are not specific to them.

More targeted efforts include programs run by The Urban League intended to promote science, technology, engineering and mathematics education among minority students. At Point Park University, the Urban Accounting Initiative goes into middle schools and high schools and organizes summer programs to expose minority and female students to a field that few know about and even fewer tend to enter.

"For these students to get meaningful employment and join the middle class, they're going to need to be in a white-collar profession," says Edward Scott, who heads the initiative as Point Park's George Rowland White Endowed Professor in Accounting and Finance. "And it's all about whether there is anyone who looks like me that I can relate to; who can show me the possibilities. Just not enough of that has been done."

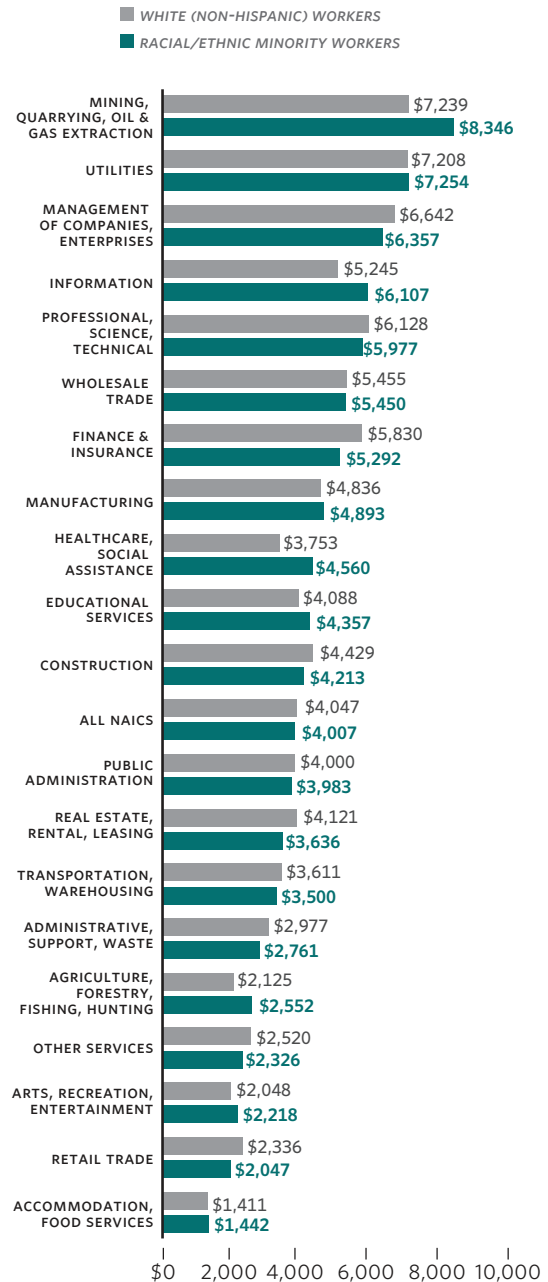
Such efforts are small in scale compared to the breadth of the challenge of building the capacity of minorities to succeed, which includes addressing issues ranging from education and poverty to transportation and neighborhood disinvestment.

"We talk about wanting diversity, wanting minorities to come to Pittsburgh. That's fine," says Pitt's Davis, "but the bottom line is: Pittsburgh needs to invest more in the capacity of its own people to take advantage of opportunities that are being created—in its black population, to be candid. You can't expect anything to grow if you don't plant the seeds and do the plowing."

Broad data that vividly depict a workforce woefully short on diversity lend little insight into why that is the case—a full understanding of which remains a work in progress. What is clear is that the issue is pervasive and has been for decades, suggesting that a more coordinated, community-wide strategy

**MINORITY WORKERS:
AVERAGE MONTHLY INCOMES | 2013**

Pittsburgh MSA, by industry



DATA SOURCE: U.S. Census Bureau, Longitudinal Employer-Household Dynamics data, NAICS industry sectors

involving disparate stakeholders is needed to make southwestern Pennsylvania a place better known for diversity and inclusion than the lack of it. **PQ**

Jeffery Fraser is the Pittsburgh Today senior editor.



ECONOMY



THE 2015 ECONOMIC OUTLOOK

by Stuart Hoffman

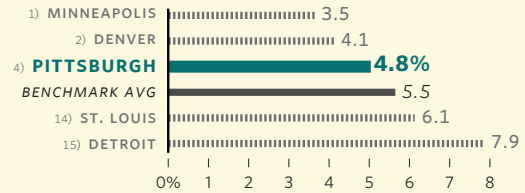
SOUTHWESTERN PENNSYLVANIA IS IN SOLID economic shape entering 2015. Employment is holding near all-time highs, and the seven-county unemployment rate has fallen to just under 5 percent—with the historic low of 4.1 percent in sight for 2016. But stalled labor force growth since late 2012 should temper excitement regarding the unemployment rate's descent, as a lack of new labor-force entrants will inevitably slow regional business expansion. Regional employment will manage gains of 10,000–15,000 this year, slower than the national pace but still allowing existing consumer spending trends to support economic health and moderate expansion.

The mix of recent regional industrial growth lends credence to an optimistic 2015 outlook. The broad professional and business services industry, our largest in employment, has provided a steady flow of new jobs since the recovery began in 2010. The education and health services industry ended 2014 as the strongest of our industrial pillars at 1 percent job growth over 2013—demonstrating that the economy's key drivers are on firm ground. Even consumer spending-dependent businesses finally showed signs of life, with hiring topping 2 percent in 2014, and catching up with the national pace for the first time during this recovery. Natural resources development (Marcellus Shale drilling and related activities) remains a small, but fast-growing

BY THE NUMBERS:

UNEMPLOYMENT RATE | NOV. 2014

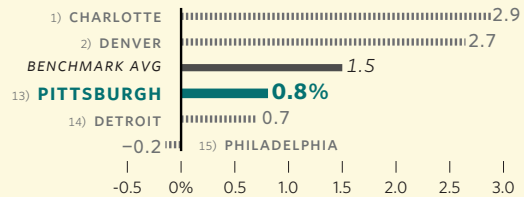
by Metropolitan Statistical Area (MSA)



DATA SOURCE: Bureau of Labor Statistics, seasonally adjusted rates

JOB GROWTH | NOV. 2013-14

% change in jobs, total non-farm, by MSA



DATA SOURCE: Bureau of Labor Statistics

WAGES | NOV. 2013-14

Wages as a measure of cost of living, by MSA

	3RD Q 2014 COMPOSITE C.O.L.	2013 AVG. ANNUAL PAY	WAGES/COST OF LIVING
1) DETROIT	95.0	\$52,476	\$55,238
2) CHARLOTTE	95.3	\$49,938	\$52,401
5) PITTSBURGH	98.8	\$49,593	\$50,195
13) CLEVELAND	101.4	\$47,738	\$47,079
14) MILWAUKEE	101.9	\$47,611	\$46,723

DATA SOURCE: U.S. Bureau of Labor Statistics (2013 annual average pay); Council for Community and Economic Research (3rd quarter 2014 composite cost of living index)

industry here, though it looks to slow in 2015-16 with the recent plunge in natural gas prices. But this industry is only in its infancy here, with positive longer-term projections outweighing concerns about near-term weakness.

On the downside, our manufacturing, transportation and utilities industries have shed jobs for two years. The declines have been marginal, but losses in these relatively high-paying industries apply the brakes to income growth, and therefore to consumption-driven business expansion. Yet, 2015 brings some upside potential. The Federal Reserve is likely to raise interest rates from their near-zero level by mid-year. While higher rates would normally discourage business expansion through more costly borrowing, businesses across the U.S. are simultaneously inching toward a capacity utilization rate that his-

torically triggers the need for expansion. So businesses could find the reality of soon-to-rise interest rates incentive enough to act now, taking advantage of still-low borrowing costs and putting saved corporate profits of the past five years to productive use. Faster national economic growth in 2015 would be good news regionally, where manufacturing industries are tied to business expansion prospects. Pittsburgh's manufacturing is most concentrated in metals, machinery, and computers and electronics, which all need business expansion to make meaningful progress.

By the end of 2014, Greater Pittsburgh's housing market had cooled appreciably, setting the stage for a more traditional slow growth rate in 2015. Average existing regional home prices are nearly 11 percent above their pre-recession peak in 2006, compared with Pennsylvania and U.S. averages of 6 and 19 percent, respectively, below pre-recession peaks. So, while our 2015 house price gains won't be eye-catching, we'll still see the "wealth effect" benefits of a healthy housing market, leading to consumer confidence and spending potential.

Pittsburgh's new residential permitting activity slowed in the second half of 2014 and finished marginally below the prior year's pace. But, again, the pace of construction permitting here for new single-family homes is closer to equilibrium than it is in Pennsylvania or the nation. In housing markets, as with job creation, our region's 2015 outlook is one of continued steady gains, as opposed to attention-grabbing recovery or acceleration.

Nonresidential construction is likely to remain strong with the completion of several major projects and groundbreaking for new ones.

Southwestern Pennsylvania's long-time trend of population decline is in the early stages of a turnaround. With new industrial development, housing market stability, and broad urban development ongoing, we should retain and attract young workers and families for years to come. Reliable education, healthcare and financial industry employers are firmly entrenched and will support workforce development for the foreseeable future. Pittsburgh is well positioned to benefit from Marcellus gas drilling activity over the longer term. Skilled workers in this industry will find our low living costs attractive, and, as a result, migration trends are likely to see a boost over the coming decade. ■

“ Our region will have a competitive advantage if we don't only address employee's technical skill gaps, but if we additionally create specialized learning tracks for critical interpersonal skills. This is because of an important ratio—technical skills are only one-third of what creates success at work.

The remaining two-thirds are interpersonal skills such as communication and being a contributing member of a team. Without these skills teams suffer from waste—defects, underutilized resources, and low productivity.

— **Tacy M. Byham, Ph.D.**,
Senior Vice President

DEVELOPMENT DIMENSIONS
INTERNATIONAL



“ The Pittsburgh six-county region has shown remarkable growth since the early 1980s. However, in order to continue that improvement and secure a strong future for our region, we need to: improve the education of our young people to ensure responsible citizens and a skilled workforce; establish an improved business climate to encourage more manufacturing job creation; invest in transportation including rail, air and public transportation; and consolidate many government services to improve regional efficiency.”

— **Dr. G. Alan Yeasted**, Senior Vice President & Chief Medical Officer
ST. CLAIR HOSPITAL

“ We have an excellent opportunity to make Pittsburgh the region of choice for individuals and businesses by building a globally competitive workforce, fostering business partnerships, attracting new investments and helping existing businesses grow as we work to further improve our infrastructure and transportation assets. By capitalizing on some of our region's greatest advantages—its people, education, energy resources and water supplies—we will continue to make our region a choice place to live, work and invest.”

— **Laura Karet**, CEO
GIANT EAGLE





ENVIRONMENT



WHEN BETTER IS NOT GOOD ENOUGH

LAST SPRING, THE SHENANGO, INC. COKE PLANT on Neville Island was fined \$600,000 for 330 air pollution violations and ordered to fix the problems that led to them. It was a familiar pattern in southwestern Pennsylvania in which pollution violations are detected, fines negotiated and fixes ordered—a process that has helped reduce pollution over decades, yet not enough for the region to shed its ranking as having some of the worst air in the nation.

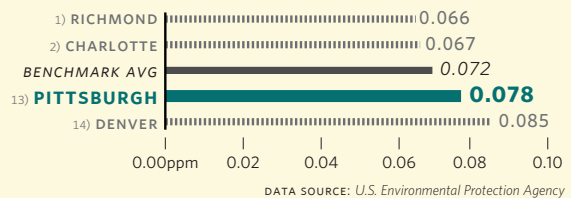
Air quality in the region has improved due to tighter regulations and enforcement, technological advances, industry investment, advocacy and other factors. The U.S. Environmental Protection Agency's three-year monitoring period from 2011 to 2013 shows the region and much of Allegheny County at or below the 12 micrograms-per-cubic-meter annual federal limit for fine particulate pollution known as PM2.5. In the region's worst air pollution pocket downwind of the U.S. Steel Clairton Plant, it has fallen from 23 micrograms per cubic centimeter to 13.4.

Still, PM2.5 levels in that hot spot remain above the three-year federal limits for the pollutant created from industry, power plants, vehicle and other emissions. And the region also fails to meet the latest standards for ground-level ozone, or smog.

BY THE NUMBERS:

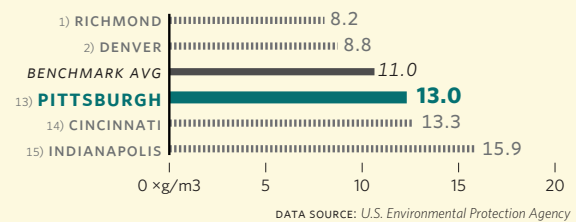
OZONE LEVELS | 2013

Daily 8-hour average, parts per million, by MSA



PM2.5 | 2013

Average annual mean concentration of fine particulate air pollution (PM2.5), micrograms per cubic meter, by MSA



As a result, Pittsburgh and the rest of southwestern Pennsylvania find themselves on the wrong end of air quality rankings of U.S. cities and regions—a competitive disadvantage in attracting talent and businesses and a signal of greater local health risks. Health studies increasingly report stronger evidence tying lower levels of air pollutants to serious health problems, including respiratory ailments, cancer and cardiovascular disease.

Public perception of air quality is another challenge. Nearly 65 percent of residents in the seven-county Pittsburgh Metropolitan Statistical Area describe the region's air quality as a "minor problem" or "not a problem at all," the findings of the Pittsburgh Today Regional Environment Survey suggest. ■

For a more comprehensive look at regional air quality issues, see our 2014 report: "Is Better Good Enough," which can be found online at pittsburghtoday.org/isbettergoodenough.html.



Reimagining public health

ALLEGHENY COUNTY
HEALTH DEPARTMENT
TAKES A NEW APPROACH
TO SOLVE OLD PROBLEMS

DR. KAREN HACKER arrived at the town hall meeting in Turtle Creek to find it crowded with TV news crews. The director of the Allegheny County Health Department had come that October evening to discuss the state of chronic disease in the community, which includes high rates of obesity and heart disease. Reporters came for a comment on the Ebola virus, a raging media topic that week despite the fact that only two people had been infected in the United States.

The meeting was one of 13 public forums held across Allegheny County last fall as part of a new public health campaign to inform and engage residents in local health issues that had attracted little media attention. And after Hacker assured reporters her department was monitoring Ebola developments in the country, they left the building, taking their camera crews with them.

Had they stayed, they would've been briefed on chronic diseases and which ones pose widespread health threats in the neighborhood. They

would've heard residents and community health organizations confess their health needs. And they would've caught a glimpse of how a new focus on improving local health data and community engagement is changing the way public health is practiced in Allegheny County.

*Not
business
as usual*

▶ Using data to drive decisions, seeking public input, assessing local health needs and engaging communities to improve their well being are a departure from the way

public health has been practiced in the past, not only in Allegheny County, but in many places throughout the nation. Historically, public health departments were created to control infectious diseases, many of which are now contained, such as polio and whooping cough.

Plenty of serious health concerns, such as rising rates of obesity and access to adequate healthcare, are found in communities across America today. And chronic disease and other issues are well documented nationally by data gathered with instruments such as

by *Julia Fraser*

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the Behavioral Risk Factor Surveillance System of the Centers for Disease Control and Prevention.

But local health departments and their data systems have been slow to adapt. “It’s a change in what the nature of public health is all about,” says Donald Burke, dean of the University of Pittsburgh’s Graduate School of Public Health. “Our emphasis has to be on chronic diseases: smoking, cardiovascular disease, cancers. Things like that are not the same discrete events like infectious diseases. Public health has changed to where we are more acutely aware of obesity, diabetes and chronic disease, and we still don’t have systems in place to deal with them. [Hacker] has made them priorities even though the resource base she inherited didn’t allow for doing that well.”

The Health Department had struggled for years to maintain good statistical databases, which made it difficult to make informed decisions on public health priorities based on firm local data, says Burke. It didn’t, for example, have an epidemiologist or a chronic disease unit—basic infrastructure needed to effectively address serious illnesses such as cancer and cardiovascular disease.

“I was not happy with the direction of the health department,” says Allegheny County Chief Executive Rich Fitzgerald. “That’s why we did a national search to try to bring someone to the health department who could really transform it and be active in the community in addressing personal health, environmental health and all the aspects of public health that the health department is tasked to do.”

Hacker took the job midway through 2013. And the former Harvard Medical School professor and executive director of a public health research organization in Boston considers her hiring as evidence of the county’s willingness to embrace reform. “There are plenty of health departments around that want the health director to do what health directors have done for years, which is: nothing creative, just take care of the business that shows up on your front door. I was very clear about my vision and my intention to not do business as usual, and everyone has supported that.”

Lingering concerns

▶ When Hacker came into office in September of 2013, the most recent and relevant county-level health data she had to work with came from a 2009–10 University of Pittsburgh School of Public Health survey of 5,000 residents modeled after the CDC’s national survey system.

The data revealed that there are parts of Allegheny County that are much healthier than others. And there are pockets of under-resourced communities where nearly all

of the indicators of chronic disease are high.

“It became pretty evident very quickly for me that there were some absolute obvious priorities, and those include disparities. We have very evident disparities or health inequalities in our county,” Hacker says. “They’re racial, but they’re also geographic.”

Many of the indicators for chronic disease also remain high in the region.

Some 23 percent of county residents still identified themselves as current smokers, which is much higher than the 19.6 percent national rate, according to the latest CDC data.

Obesity and physical inactivity levels remain high in a region that celebrates pierogies and sandwiches overflowing with French fries. Some 62 percent of Allegheny County residents are obese or overweight.

And while some measures of air quality have improved in recent years, the county fails to meet federal Clean Air Act standards for ground-level ozone, which exacerbates asthma and other respiratory ailments.

Prevention drives reform

▶ As troubling as some county health indicators are, the problems they identify are preventable, and Hacker spent her first year in office reforming the department in ways

she believes will better address them.

She created bureaus to focus on specific aspects of public health in a department that previously had none. She expanded the capacity of the Office of Epidemiology and Biostatistics to better provide timely and accurate county-specific health data critical to identifying priorities, informing intervention and measuring progress. And when she found that the department of 370 people was supervised by a single deputy, she hired four more.

The Health Department is also working toward earning certification by the Public Health Accreditation Board, which for the first time would require the county to adopt national public health standards.

Updating and improving the department’s data collection and analysis is another initiative. The department analyzed and compiled existing data specific to each district in the county and presented the data in the series of community meetings as part of its recent “Our Health, Our Voice” campaign. The meetings, such as the October gathering in Turtle Creek, allowed residents to see community-specific data and talk about their health concerns and needs with public health officials. The data and public input will inform the first large-scale community needs assessment done in the county.

And in January of last year, the health department took the reins of a “Live Well” public health campaign launched by Fitzgerald with a diverse group of nonprofits, community health organizations and other stakeholders as partners. The campaign hopes to engage communities large and small in improving the health of residents by creating wellness strategies and events around evidence-based practices for increasing physical activity.

Changing health-related behaviors is a tall order, but one Hacker says is possible with the right support. “I find partnerships and team building to be successful strategies. The energy that they bring makes a difference.”

Local foundations have expressed a willingness to lend their resources to the cause. Local research universities have shared their expertise and shown interest in collaborating. The region’s hospitals and others in the healthcare delivery network have been supportive. And none have bristled at the notion of working with a newcomer from Massachusetts.

“I think the potential for change is very high,” Hacker says. “There are almost always challenges as an outsider. But I haven’t experienced that, and I think that speaks to the desire to improve and change. Are the ingredients here? I think they’re here.” PQ

Julia Fraser is a Pittsburgh Today staff writer and research specialist.

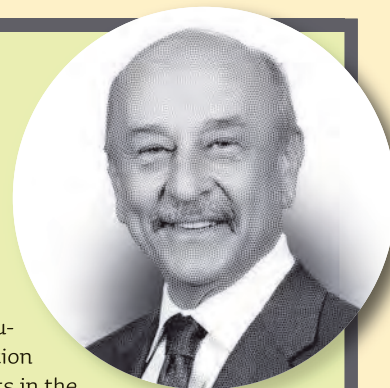
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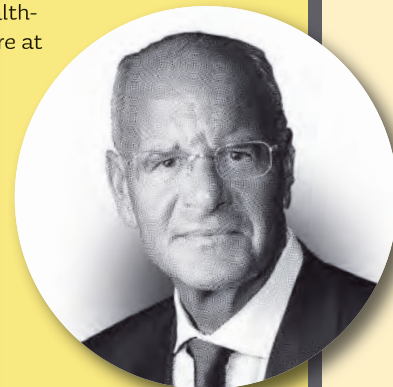
The future health of western Pennsylvania will be predicated on population growth and our ability to incentivize business development by capitalizing on the considerable strengths of the region, including its favorable cost of living, its outstanding assets in medicine and education and its vibrant cultural, arts and sports institutions. We must focus our collective attention and energy around the critical investments in the region’s infrastructure that are necessary to support and strengthen these vital resources for generations to come.”

— **John Paul**, *President and Chief Executive Officer*
ALLEGHENY HEALTH NETWORK



Our region, led by UPMC, has become a national showcase for what’s possible in healthcare: the world’s most advanced care at some of the lowest insurance costs in the nation. By integrating the healthcare payor and provider—while partnering with an academic leader, the University of Pittsburgh—UPMC is widely recognized as a model for the nation. The region should embrace this change and the competition that ultimately will spark even higher levels of quality, customer service and health at the lowest cost.”

— **Jeffrey Romoff**, *President & CEO*
UPMC



In 2015 and into the future, there will be a much more competitive healthcare marketplace, with a growing emphasis on consumer choice. This new level of empowerment puts responsibility on individuals to understand the choices that best meet their needs, and healthcare companies to create products and services to meet a range of needs. It’s an exciting time as we have an opportunity to create a new, high-quality and affordable healthcare model.”



— **David Holmberg**, *President & CEO*
HIGHMARK HEALTH



HEALTH



HIGH RATES OF CHRONIC DISEASE, UNHEALTHY BEHAVIORS PERSIST

SOUTHWESTERN PENNSYLVANIANS FIND themselves in the middle of the pack when self-reported health status is measured across the 15 Pittsburgh Today benchmark regions. More than 83 percent of residents in the Pittsburgh Metropolitan Statistical Area (MSA) describe their health as good or better, and 16.6 percent rate it fair or poor, according to U.S. Centers for Disease Control and Prevention national survey data.

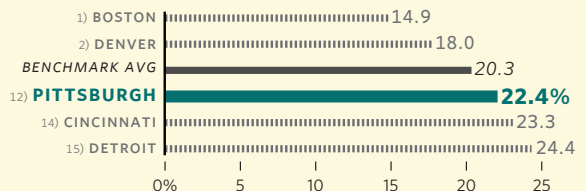
Smoking remains a major health issue in the region, despite its well-documented relationship to cancer, heart disease and other serious illnesses. Some 22.4 percent of residents in the Pittsburgh MSA are smokers—higher than the national average. And in only four other benchmark regions is there a greater percentage of smokers.

Nearly 1-in-4 southwestern Pennsylvanians also report not doing any kind of physical activity in the past month. Only residents of Philadelphia, Indianapolis and Detroit are less active among the benchmark regions. And the Pittsburgh MSA finds itself at the top of the benchmark regions with the highest rate of people who are overweight, which puts them at greater risk for diabetes and other diseases. Nearly 11 percent of the southwestern Pennsylvania population has diabetes.

BY THE NUMBERS:

CURRENT SMOKERS | 2012

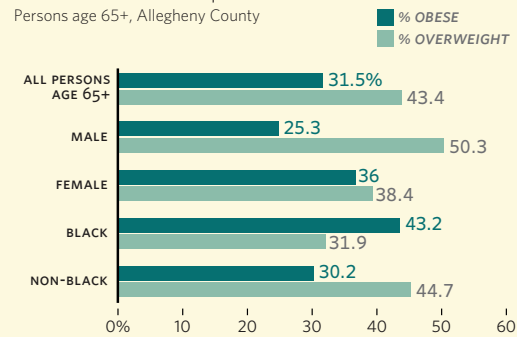
% of population, by MSA



DATA SOURCE: Centers for Disease Control and Prevention

BODY MASS INDEX | 2014

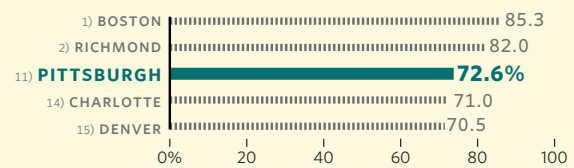
Persons age 65+, Allegheny County



DATA SOURCE: 2014 Survey of Older Adults in Allegheny County, UCSUR

MAMMOGRAMS | 2012

% of women (40+) who have mammograms, by MSA



DATA SOURCE: Centers for Disease Control and Prevention

Weight is a particular problem among people aged 65 and older, according to a 2014 survey of Allegheny County seniors conducted last year by Pitt's University Center for Social & Urban Research and Pittsburgh Today. About 3-in-4 county seniors are either obese or overweight as measured by their body mass index. The survey also reveals racial disparities in senior health. Obesity rates, for example, rise to 43 percent among older African American adults, compared to 30 percent among whites, and are significantly higher among women of all races. ■



A lingering hunger

AS DEMAND RISES, FOOD BANKS
FACE THE CHALLENGES OF CHANGE

NONE WAITING AT NORTH Hills Community Outreach's food pantry in Hampton wore dirty or tattered clothing. The children playing in the parking lot while their parents lined up for a few bags of groceries attended stable suburban schools.

Several of the adults visiting the food pantry that October evening had at least a part-time job. All have incomes that, while not always below federal poverty levels, are low enough that they struggle to provide enough food for their families.

They are the subtle face of hunger in America.

"Hunger is a serious problem. It's much more pervasive than people realize," says Lisa Scales, chief executive officer of the Greater Pittsburgh Community Food Bank. "Hunger is a hidden issue.

by Julia Fraser

People who struggle with it are not always willing to ask for help. They're ashamed. It's not something they readily share, even with family, friends."

The number of families in southwestern Pennsylvania who turn up at food pantries like the one in Hampton continues to rise long after the last national economic recession.

If rising demand weren't enough, changes in the food industry have slashed the amount of surplus product companies donate to food banks. And government funding for food banks has steadily declined, requiring food banks to raise an increasing share of their budgets from private donors.

A quiet crisis

▶ About 1-in-7 U.S. households are "food insecure," meaning they routinely skip meals or

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don't know where their next meal is coming from, according to a recent U.S. Department of Agriculture report. The demand for food from such households has steadily increased in southwestern Pennsylvania. In the 11 southwestern Pennsylvania counties it serves, the Greater Pittsburgh Community Food Bank distributes food to 359,800 people annually. And that's only a third of the people in the region who are eligible for assistance, according to local data reported in "Hunger in America," a 2014 report on food distribution by the nonprofit Feeding America.

Those who are hungry often must decide between buying food and paying for another need, such as housing, medical care or transportation. Some 62 percent of households served by the Greater Pittsburgh food bank reported that they had to choose between paying for food and utilities in the past year, and 59 percent chose between paying for food and transportation.

An estimated 69 percent of households reported using strategies such as eating food past its expiration date, pawning or selling personal property and watering down food or drinks in order to get enough food.

"It's a struggle. Without the [food] pantry, I don't know how we'd manage everything," says Deidra Vaughn, 34, of Shaler, who uses the food pantry run by North Hills Community Outreach in Hampton. She has held several jobs since moving to Pittsburgh in 2000, mostly in fast food management and in grocery stores. More recently, she relies on Social Security disability assistance and her husband's income from side jobs to support themselves and five children. "I rely on the Outreach especially at the holidays, because I have so many children. It takes a lot of the stress away."

Hunger cuts across demographic groups and affects many working Americans. According to the Feeding America report, 1-in-3 households who use the Greater Pittsburgh food bank have someone working full time. Still, their incomes fall below 150 percent of the federal poverty threshold, the income eligibility level required to receive food distributed by the Greater Pittsburgh and Westmoreland County food banks. For example, the federal poverty threshold for a family of four is \$23,850 a year. To qualify for food bank support, the annual income of such a family can't be greater than \$35,775, or 150 percent of the poverty threshold.

And the number of people eligible for food assistance is increasing the most in the suburbs.

"Out here, the stigma is a huge deal," says Brandi Rukovena, food pantry coordinator for North Hills Community Outreach. "To come to a place in your community is a big deal, because you have to see other people from your community. With a lot of families, the first thing out of

their mouths is: 'I used to donate to you.' Or, 'I never thought I'd have to come here.' It's not a population that's used to looking for help. Their kids are going to schools where the percentage of the kids getting free and reduced lunches is miniscule."

In the suburbs and in rural communities, simply getting to a food pantry can be a problem if families don't have a car. And many who need food assistance are among the region's most vulnerable populations.

Almost half of the people who use a food bank are children and senior citizens. Among those served by the Greater Pittsburgh Community Food Bank, at least 21 percent are children under age 18, and 26 percent are seniors, most of whom live on a fixed income.

Shifting landscape

▶ Feeding the hungry has grown more challenging in recent years. Food banks have seen a steady decline in government support they had relied on for years. As a result, increasingly they've had to turn to raising money through private donations to maintain funding levels and feed the growing number of people in need.

In December 2013, for example, the Pittsburgh Foundation issued an emergency appeal for donations to help food banks meet a surge in demand, which coincided with a \$5 billion cut in the federal Supplemental Nutrition Assistance Program (SNAP). An estimated 61 percent of those served by the Greater Pittsburgh food bank receive food stamps.

About 60 percent of the Westmoreland County Food Bank's revenues were from private donations last year, up from about 10 percent a decade earlier, says Chief Executive Officer Kris Douglas. The food bank serves about 43,000 people in the county. "Nobody is seeing any increase in government funding. So, I think we will continue to rely more and more on private donations. That said, foundations are hesitant to step in too much because they know that once they step in, the government will never step back in."

Food banks are also dealing with changes in the food industry that deeply cut into the amount of food companies donate. Such donations traditionally were a major source of the food they distributed. But industry practices, such as just-in-time inventory, have resulted in increased efficiency, fewer product overruns and labeling errors, and less surplus product to donate.

The consequences of shifting funding streams and fewer donated goods have not all been negative. Greater purchasing power, for example, gives food banks greater latitude to choose more of the food they distribute. And food banks are

increasingly offering healthier choices, such as fresh produce.

"I've seen a significant change and improvement in the nutritional quality of the food we're distributing" says Scales. "When I started at our food bank in the mid-to-late '90s, about 10 percent of distribution was fresh produce. Now it's almost 25 percent, and I see it as high as 50 percent in just the next three or four years."

Army of volunteers

▶ Food banks have long relied on volunteers to fulfill their missions. Tight

budgets and high demand place an even higher premium on their help. The Westmoreland County food bank has seen the ranks of its volunteers swell annually. And some 18,000 volunteers give their time to help the Greater Pittsburgh Community Food Bank each year.

Bud Baker is one of them. The 65-year-old Hampton resident started volunteering at the North Hills Community Outreach Hampton food pantry five years ago and has done so ever since. "There's a tremendous need that people don't see in an affluent area. People don't realize there are people around you, neighbors who don't have enough to eat or can't pay their bills. When people come here for help, they're really desperate. But they're grateful." **PQ**

Julia Fraser is a Pittsburgh Today staff writer and research specialist.

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pittsburghtoday.org



— **Susan Everingham**, Director
RAND CORPORATION PITTSBURGH OFFICE

“Our region is exhibiting many signs of burgeoning growth and a bright future, but this is no time for complacency. It is an opportunity for disruptive innovation. We must not only use information to identify gaps and assets, but democratize data to help ideas flourish and aid creative collaboration. Let's deliberately develop a vision and data-driven strategy for building the Pittsburgh of our dreams—one that is inclusive, focused on well-being, opportunity-rich, and pioneering in how we address policy challenges.”

“To attract and keep our best and brightest (of all ages), we need to continue to build, maintain and offer an appealing lifestyle. Key areas of focus: Enhance the vibrancy of our neighborhoods; this might include master leasing by development agencies and promoting low-cost retail spaces. (See “Everyday Squares” by Urban Design Associates). Provide clean air and water, support the arts community including local music, increase the number of bike-friendly initiatives, grow the local food supply and associated restaurant experiences, keep greening our buildings and provide more responsive public transit.”

— **Ernie Sota**, President
SOTA CONSTRUCTION SERVICES INC.

“The future always begins now and it always begins with us. As a society, what we need for the region's future is to engage in true dialogue. Argument and even debate fails us when it is grounded in private agendas. Individually and as a community, we need often to suspend our beliefs and truly listen and learn from each other. This is when we have always reinvented ourselves. This is when Pittsburgh is at its best.”

— **Morgan O'Brien**, President & CEO
PEOPLES NATURAL GAS COMPANY





GOVERNMENT



**IN A FRAGMENTED REGION,
BIG PROBLEMS ENCOURAGE
COOPERATION**

FEW REGIONS HAVE AS MANY DISPARATE LOCAL governments as southwestern Pennsylvania. While that is not likely to change soon, recent approaches to several chronic problems suggest an era of cooperation is rising among cities, boroughs and townships that lack the means to solve them on their own.

In Allegheny County, nudging some 83 municipalities to join in finding a solution to their aged, overburdened sewage systems resulted in several modest, yet noteworthy, results—not the least of which was the first comprehensive inspection and mapping of the 4,000 miles of sewer pipe that runs beneath every municipality in the Alcosan system.

Last year, three councils of government in the eastern suburbs of Pittsburgh drafted a business plan for a land bank, which has emerged as a promising legal tool for reclaiming vacant and blighted property on a large scale. The jurisdiction of the land bank includes 41 municipalities.

And through the five-year-old Congress of Neighboring Communities, Pittsburgh officials are working with 37 municipalities that touch city borders to address common issues ranging from economic development to public transportation.

Such initiatives belie the fact that the region is ruled by no

fewer than 900 local governments—a level of fragmentation that invites inefficiencies and complicates broad collaboration. Only St. Louis among the 15 Pittsburgh Today benchmark regions has more local governments.

Creditworthiness & transparency

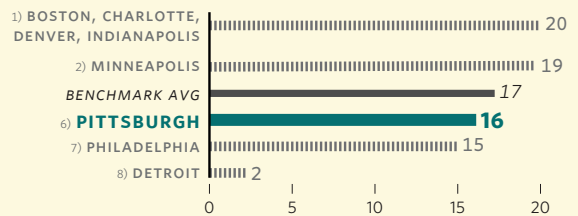
Bond ratings are a key indicator of a government's creditworthiness. Southwestern Pennsylvania earns relatively low marks in that regard among the benchmark regions.

Our Regional Bond Rating Index based on Moody's Investor Services rating scales shows only Philadelphia and Detroit with ratings lower than the Pittsburgh Metropolitan Statistical Area. On a scale from 0-20, Pittsburgh's score is 16, which is slightly below a benchmark average driven upward by perfect scores earned by Boston, Charlotte, Denver and Indianapolis.

Pittsburgh does better on measures of government transparency among the benchmark cities. Only Baltimore, Cincinnati and Denver were more open in matters related to spending public dollars, according to a recent analysis by the U.S. Public Interest Research Group. The city scored well above the benchmark average of scores based on the range of spending-related information available to the public and how easy it is to access. ■

BY THE NUMBERS:

REGIONAL BOND RATING INDEX | 2014



DATA SOURCE: Moody's Investor Services



HOUSING



SLOW, STEADY GROWTH IS IN LINE WITH TRADITION

THE REGION'S HOUSING MARKET IS ANYTHING but dramatic. It has long been the tortoise in the race: Slow, but reliably steady. Little has changed in a year's time.

Third-quarter 2014 housing prices, for example, rose 4.3 percent over the previous year, a rate slower than seven of the 14 Pittsburgh Today benchmark regions and below the 5.7 percent national rate of price appreciation. New building permits have risen every year since 2011, but still lag most comparable metro regions.

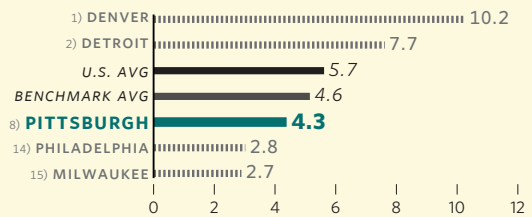
Sometimes, slow and steady pays off. Never having experienced much of a housing bubble in the first place, southwestern Pennsylvania's market felt less pain and recovered more quickly than most metropolitan areas when the bubble burst in 2008. The local population has slowly stabilized. And more people—most of them young adults—have moved into the region than left it over the past five years.

Taking the long view, the region's housing market shines. Prices have risen 23.7 percent in the Pittsburgh Metropolitan Statistical Area over the last 10 years. That's the highest appreciation rate among Pittsburgh Today benchmark regions and 2.5 times higher than the national 10-year appreciation rate of 9.1 percent.

BY THE NUMBERS:

PRICE APPRECIATION | 3RD QUARTER 2014

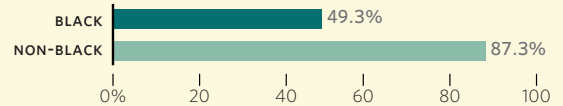
1-year appreciation rates, by MSA



DATA SOURCE: Federal Housing Finance Agency (FHFA)

HOME OWNERSHIP | 2014

Age 55+, in Allegheny County, by race



DATA SOURCE: 2014 Survey of Older Adults in Allegheny County, UCSUR

Homeownership is another trademark of Pittsburgh living. Nearly 7-in-10 residents own their home—a rate that keeps the Pittsburgh MSA at the top of our benchmark regions. The region's housing market is not without its blemishes. Its housing stock is the oldest among benchmark regions. And the rate of vacant housing is higher than in all of our benchmark regions except Indianapolis, Cleveland and Detroit.

Wide racial disparities also exist in housing indicators that extend into the oldest segments of the population. In Allegheny County, for example, significantly fewer African Americans aged 65 and older own a home than white seniors, Pittsburgh Today and Pitt's University Center for Social & Urban Research reported last year. And while 65 percent of white seniors give the conditions of their houses high marks, that's the case for only 40 percent of African Americans. ■

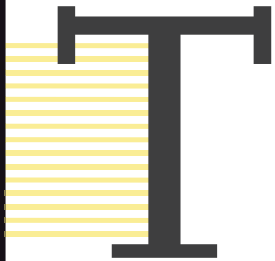


PITTSBURGH
TODAY



Banking against blight

LAND BANKS EMERGE WITH HOPES
OF TURNING BACK THE TIDE
OF VACANT PROPERTIES



HEY WERE AWARE OF THE problem. How could they not be? The ghostly abandoned houses and weed-choked vacant lots in their municipalities numbered in the thousands. Vacancy, tax delinquency and blight had emerged as widely recognized cancers exclusive to no neighborhood. The crisis even resonated in Harrisburg, where

lawmakers were drafting legislation to help fight its spread.

What the Steel Valley, Twin Rivers and Turtle Creek Valley councils of government didn't know back in 2012 was the cost of doing nothing about it. They decided to find out and commissioned a study to determine the financial impact of vacancy and blight in the 41 municipalities they represent in the east suburbs of Pittsburgh.

The answer was enough to give officials in even the wealthiest of communities sticker shock: Vacant lots and blighted structures are collectively costing cities, boroughs and townships nearly \$255 million a year in municipal services, lost tax revenue and eroded property values.

"That changed the way we discuss vacant, blighted and abandoned properties," says Turtle

Creek Valley Council of Governments Executive Director Amanda Settelmaier. "The decision-makers understand what it's costing them."

Last summer, the three councils of government finished a business plan for creating a land bank. It's one of the first to emerge in southwestern Pennsylvania in the wake of a state law that allows municipalities, community development corporations and others to use what is considered to be the most promising tool yet for dealing with vacant and blighted property on a large scale.

Last April, a new ordinance also opened the door for the City of Pittsburgh to establish a land bank to address its vacancy-related issues, not the least of which is how to turn around the 7 percent of city residential property that is both tax-delinquent and abandoned.

Scaling up

▶ Local governments and community groups have long waged war against blight. But the means for doing so—usually traditional tax foreclosure processes—are cumbersome and have

limited land recycling to a few hundred parcels a year in a region where tens of thousands stand vacant.

by Jeffery Fraser

One obstacle is the tedious process that's often necessary for a buyer to acquire a property. In Pittsburgh, for example, it can take two or more years for the title of a single property to be cleared before it can go to treasurer's sale. Even then, buyers have no guarantee they won't be outbid at auction after investing time and money to pursue it.

The lack of an effective means of packaging, marketing and selling vacant and abandoned properties also has led local governments to shy away from acquiring parcels without a committed buyer attached to avoid the risk getting stuck with them.

Land banks are gaining in popularity across America as a way to address such obstacles after early experiments showed some success in places struggling to stem the rise of vacancy and blight, such as Flint, Mich., and Cuyahoga County, Ohio.

A land bank has the potential to streamline the buying process by assembling portfolios of ready-to-sell, reasonably priced properties with titles cleared and back taxes forgiven under agreements with school districts, municipalities and other taxing authorities. Land banks in other states also have been coupled with land recycling strategies tailored to neighborhoods.

"They have to be thoughtful about all of those pieces, and there is a community revitalization role in what they do," says Bethany Davidson, who works with local governments and others on land recycling issues as deputy director of the nonprofit Pittsburgh Community Reinvestment Group. "A land bank might own 100 properties in a neighborhood, but putting all 100 up for sale is not always the best idea. That could flood the market and depress values, which wouldn't help lift up the people who live there now or improve their equity and property values."

Pennsylvania law allows land banks to acquire property in several ways, including tax foreclosure, purchase and donation. They can then sell, rent, raze or rehabilitate those properties. To sustain themselves, land banks can raise money through bonds, sales, rent and by sharing tax revenues with local governments once the properties shed their delinquency status.

But land banks are complex, and creating one is not simple. A key challenge is navigating local politics, sometimes across municipal borders, to gain cooperation and set policies and procedures for acquiring and disposing of vacant and abandoned properties, financing operations, sharing revenues and forgiving delinquent taxes to make vacant parcels more attractive to buyers.

Exposing the hidden cost of derelict property proved to be an important selling point when the Steel Valley, Twin Rivers and Turtle Creek Valley councils of government, through their Tri-COG collaborative, went on the road last year to convince 41 municipalities and a half-dozen school districts that creating and joining a land bank is the way to go.

Cost of blight

▶ Vacant and blighted properties corrode neighborhoods in many ways. The eyesores that blighted properties become are the most noticeable. Less apparent are costs ranging from dysfunctional

housing markets, lost tax revenues and municipal costs to health and safety risks and the burdens they impose on the already challenging job of revitalizing depressed neighborhoods.

The Tri-COG assessment of those costs in the east suburbs of Allegheny County, one of only a handful done in the state and nation, offers insight into the impact of vacant, tax delinquent and abandoned property in southwestern Pennsylvania.

More than 20,000 vacant lots and nearly 7,200 blighted structures were identified in the COGs' municipalities. Their financial impact is realized in both direct and indirect costs estimated at more than a quarter of a billion dollars each year.

The derelict properties cost the municipalities \$10.7 million a year for police and fire, code enforcement, public works and demolition services. Lost tax revenue robs municipalities of another \$8.6 million.

But the biggest losses are seen on the value of the properties closest to blight. More than 28,000 properties were found to be within 150 feet of blight, and their total value dropped by \$218 million, according to estimates based, in part, on studies that suggest having a blighted neighbor lowers property values by 15–17 percent. If that isn't bad enough, depressed property values cost the municipalities more than \$8.5 million in real estate taxes each year.

Local governments stand little chance of making a dent in such numbers, given the time and money it takes to do so. In Clairton, for example, it was determined that addressing the 247 vacant properties identified in a single neighborhood meant having to deal with more than 150 different property owners and incur costs of up to \$5,000 per property to clear the titles.

"It comes down to site control," says Steel Valley Council of Governments Executive Director An Lewis. "You need an entity with the time and resources to assemble properties for redevelopment. That's what a land bank does. Many of our municipalities are small. They don't have the capacity to do that on their own."

Few places have been untouched by the spread of vacant, abandoned and blighted properties.

Some 10.2 percent of housing is vacant in the seven-county Pittsburgh Metropolitan Statistical Area, according to 2013 U.S. Census Bureau data, a measure of homeowner and rental vacancy that doesn't include condemned houses. That's the fourth highest vacancy rate among the 15 Pittsburgh Today benchmark regions. Armstrong County has the highest rate in

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the MSA with 11.7 percent of its housing vacant. And in Allegheny County, more than 55,000 housing units were vacant when the 2010 decennial census was taken.

Those data also identify 12.8 percent of the housing in Pittsburgh as vacant, with much higher rates found in many of the city's most distressed neighborhoods.

Nearly 1-in-5 houses in Hazelwood stood vacant in 2010; the median sales price of a home had fallen to \$5,700; and 41 percent of taxable property was tax-delinquent—twice the citywide average. In Homewood, nearly 44 percent of the land parcels and 30 percent of houses were identified as vacant in a University of Pittsburgh University Center for Social & Urban Research study.

Land banks take root

▶ Once the cost of blight was documented in the east suburbs, Tri-COG staff spent the better part of 18 months drafting a business plan with legal support

from a local attorney with land banking expertise. Municipal officials were consulted. Draft ordinances were written. And municipalities began signing on as early as last fall.

Pittsburgh's land bank was slow getting out of the gate. The city's land bank ordinance named an interim board and charged it with drafting policies and procedures, but did not designate how it should function. The board didn't hold its first meeting until about halfway through its 90-day term. And it was unable to convene enough members for a quorum on several occasions.

By year's end, most of the details necessary to launch the land bank had not been fleshed out. "We couldn't get the train out of the station on something as important as this," says Jerome Jackson, executive director of the Homewood community organization, Operation Better Block, and one of the interim land bank board members.

The land banks being created in both the city and Allegheny County's eastern suburbs are expected to begin operations sometime this year.

And the timing is right for taking an aggressive approach to combat blight, says John Kromer, a land-banking expert with the University of Pennsylvania's Fels Institute of Government and a former Philadelphia housing director. "This is an exciting time in Pennsylvania, in part, because real estate in depopulated, disinvested cities and towns is becoming more valuable. It wasn't that long ago when you couldn't give away lots and buildings that are now in demand." **PQ**

Jeffery Fraser is the Pittsburgh Today senior editor.



Blueprint of a landbank

Land banks are seen as a promising way to stem the spread of vacant and abandoned property. A recent business plan by the Steel Valley, Twin Rivers and Turtle Creek Valley councils of government offers a glimpse of what a local land bank might look like. Here are the highlights:

What it does...

The land bank will acquire vacant, abandoned and tax-delinquent properties for the purpose of returning them to productive use, such as side lots, parks and owner-occupied and rental housing.

Participation...

The land bank is open to all 41 municipalities in the east suburbs of Allegheny County that fall within the

three councils of government. But it is limited to only those where all taxing bodies, including school districts, legally agree to abide by land bank policies and procedures.

Governance...

Operations are guided by a nine-member board of directors and performed by a staff. Represented on the board are municipalities, school districts, the county, community organizations and professionals, such as real estate and finance experts. The board sets policy and procedures.

Acquiring property...

Property is acquired by donation, estate administration, tax foreclosure and purchase. Reasons for acquiring parcels include renovating, selling or placing them in inventory for future use. The land bank consults with municipalities when acquiring land and settles title and tax issues.

Disposing of property...

The land bank is responsible for the sale or transfer of the properties it acquires. It's expected to follow a pricing policy that's flexible enough to accommodate different pricing options based on land-use strategies. And it develops disposition plans with municipalities, when possible.

Land bank financing...

The first-year land bank budget is \$536,000. Operations are financed by sales revenues, 50 percent of the tax revenue recaptured from repurposed parcels for five years, and a 5 percent annual share of all delinquent taxes collected by its members. Start-up grants are also being sought. ■

“As a technology-driven business, we recognize the importance of fostering a passion for the STEM (Science, Technology, Engineering and Math) fields in younger generations, and we are proud to support education initiatives that do just that. Additionally, it's time to put in place a robust and sustainable plan to address essential transportation infrastructure needs, especially in western Pennsylvania. Safe, reliable and efficient transportation services are critical to our region's commerce, productivity and the quality of living for every citizen.”

— **Henry Maier**, *President & CEO*
FEDEX GROUND



“We must assure, first, that people of all racial and ethnic communities participate in the benefits of living and working in a thriving city. This means intentionally monitoring and addressing racial disparities in housing, education, health, political engagement, and the like. Then we must embrace the principles sometimes described as “new urbanism,” with their emphasis on walkability, preservation, sociality, transit, and mixed-use and mixed-income development. And of course a strong cultural sector!”

— **Jo Ellen Parker**, *President & CEO*
CARNEGIE MUSEUMS OF PITTSBURGH

“Our diverse local economy—including financial and business services, manufacturing, energy, healthcare and life sciences and communications and technology—has us well-positioned now and for the future, and our region's institutions of higher learning will continue to be catalysts for innovation and economic growth. To realize our full potential, we need to develop our local workforce and attract and retain talent, and we need to address the transportation issues that are holding us back.”

— **George Stewart**, *Managing Partner,*
Pittsburgh Office
REED SMITH LLP





PUBLIC SAFETY



LOW CRIME RATES ARE A TRADEMARK OF THE REGION

CRIME VARIES BY NEIGHBORHOOD, but southwestern Pennsylvania’s overall crime rate is the envy of Pittsburgh Today benchmark regions. And only Boston has a lower crime rate than the City of Pittsburgh in the ranking of benchmark cities.

Crime rates in the seven-county Pittsburgh Metropolitan Statistical Area fell across every major category except rape and motor vehicle theft in 2013, the most recent year for which FBI Uniform Crime Index data are available. Still, the region’s rates of rape and car theft are the lowest among our 15 benchmark regions.

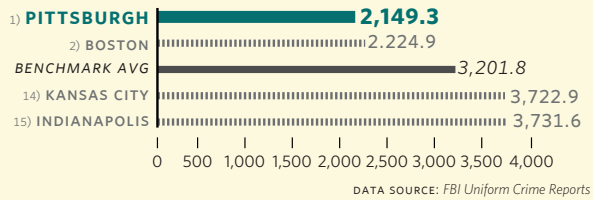
In the Pittsburgh MSA, for example, 15.5 forcible rapes per 100,000 population were reported. Nine other regions had rates at least twice as high, with Denver and Detroit reporting rates three times higher.

As a rule, crime is higher in cities than across regions, and Pittsburgh is no exception. Crime rates in Pittsburgh, however, remain in decline. Benchmarked against other cities, the differences are sometimes stark. Rape is five times higher in St. Louis. The 200 motor vehicles stolen per 100,000 people in Pittsburgh is a fraction of the nearly 1,700 reported in Detroit. Homicide rates in Baltimore, St. Louis and Detroit are at least twice as high.

BY THE NUMBERS:

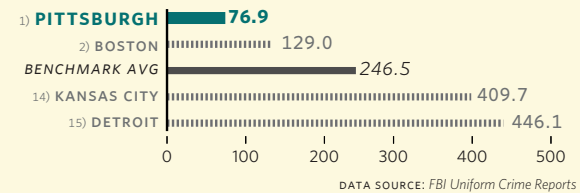
ALL CRIMES | 2013

Rate per 100,000 population, by MSA



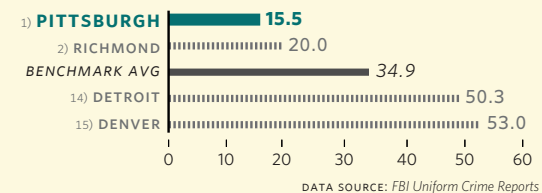
MOTOR VEHICLE THEFT | 2013

Rate per 100,000 population, by MSA



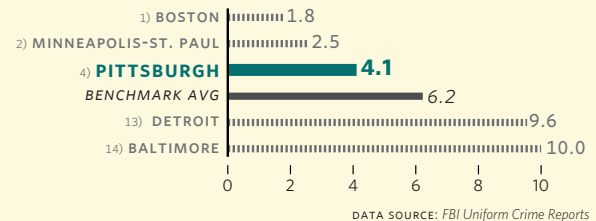
FORCIBLE RAPE | 2013

Rate per 100,000 population, by MSA



MURDER | 2013

Rate per 100,000 population, by MSA



Southwestern Pennsylvania’s relatively low crime rates are likely influenced by several social and economic factors, including low unemployment, a high rate of high school graduates and a large share of long-time residents who lend stability to their neighborhoods. ■



TRANSPORTATION

**BADLY NEEDED REINVESTMENT
EXPECTED SOON**

THE LONG-AWAITED REINVESTMENT in transportation statewide can't come too soon in southwestern Pennsylvania, where neglected roads and bridges leave no doubt there is plenty of work to be done with the region's share of the \$2.3 billion in state transportation funding approved more than a year ago.

The Federal Highway Administration reports that 24.4 percent of Pennsylvania's bridges are structurally deficient—the highest rate in the nation. The seven-county Pittsburgh Metropolitan Statistical Area is no

exception with nearly one in five bridges deemed structurally deficient.

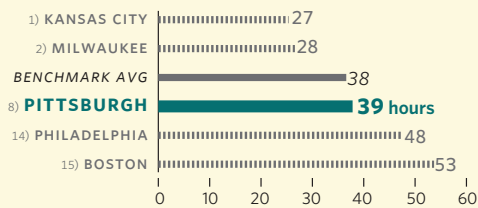
And nearly half of the roads in the Pittsburgh MSA are in mediocre or poor condition, according to the federal data. As high as that rate is, it's lower than the national average and lower than the average rate of poor or mediocre roads found among Pittsburgh Today benchmark regions.

Those bumps prove costly to the region's motorists, who spend an estimated \$432 a year in repairs and maintenance due to poor road conditions. ■

BY THE NUMBERS:

**ANNUAL TRAFFIC DELAY
PER TRAVELER | 2011**

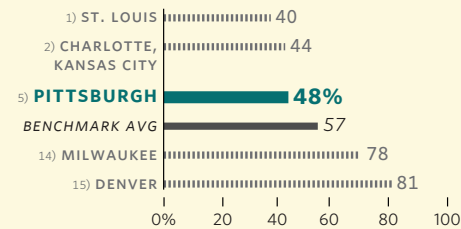
In person-hours, by MSA



DATA SOURCE: Texas A&M Transportation Institute

ROAD QUALITY | 2011

% of roads that are mediocre or poor, by MSA



DATA SOURCE: TRIP



EDUCATION



COLLEGE GRADUATES INCREASE, BUT REGION STILL LAGS

EARNING A HIGH SCHOOL EDUCATION IS THE building block of success. Southwestern Pennsylvanians shine in that regard. Where they come up short is in building on that foundation. And the consequences of not earning a college degree can be significant, local survey data show.

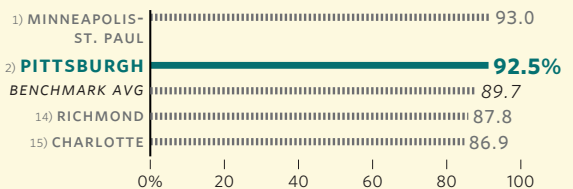
Only 7.5 percent of residents aged 25 or older don't have a high school diploma. That's better than all but one of the 15 Pittsburgh Today benchmark regions. And, since 2011, southwestern Pennsylvanians with a bachelor's degree or higher have claimed a greater share of the population—from 29 percent to 32 percent.

Yet, that's below the benchmark average and well shy of the 45 percent of Boston residents with at least a bachelor's degree. And the findings of the Pittsburgh Today Regional Quality of Life Survey show why that's important. Southwestern Pennsylvanians without at least a bachelor's degree are less likely to own a home and more likely to be unemployed than those with a higher education. They are three times more likely to have trouble paying their monthly bills—and to avoid going to the doctor because they can't afford it. They are twice as likely to report being a victim of violent crime. And they give their level of happiness the lowest rating of any age group. ■

BY THE NUMBERS:

ATTAINMENT: HIGH SCHOOL | 2013

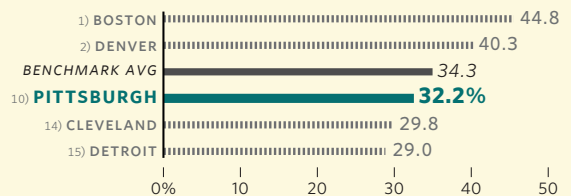
% of population with high school degree or higher, by MSA



DATA SOURCE: American Community Survey by the U.S. Census Bureau

ATTAINMENT: BACHELOR'S DEGREE | 2013

% of population with bachelor's degree or higher, by MSA



DATA SOURCE: American Community Survey by the U.S. Census Bureau



A teachable moment

SPOTLIGHT SHINES ON PITTSBURGH'S BUMPY RIDE TO TEACHER EVALUATION REFORM

IT'S A SATURDAY NIGHT IN EARLY November. A jazz band plays near a rocket simulator in the Carnegie Science Center where a line snakes toward the bar. People in cocktail attire chat over hors d'oeuvres. It's not often that city public school teachers are at the center of a gala celebrating their work.

But these are uncommon times in the Pittsburgh Public Schools. The teachers honored that night for excellence were identified through a rigorous new performance evaluation process—one that administrators and union officials have collaborated and clashed over for years as educators and scholars across the nation watched.

The new evaluation system has attracted its share of controversy, particularly over the issue of how to use student outcomes to rate teacher performance. But when the first official scores were posted last year, teachers across the district shined.

Teachers matter

▶ A growing body of research shows that a child's education is strongly related to the quality of

his or her teachers. Researchers find, for example, that Pittsburgh Public Schools students who have a teacher rated in the top 10 percent of the staff gain an extra year of learning over students taught by teachers whose work is rated in the bottom 10 percent, according to a 2012 report on teacher effectiveness by Mathematica Policy Research.

"The bottom line is that being an effective teacher means that the students in your charge learn and grow," says Jerry Longo, a clinical associate professor in the School of Education at the University of Pittsburgh "Having a good teacher makes a difference, but there's also a lot of research that shows that having consistently good teachers makes a difference. If you have a bad teacher one year, you can actually lose some ground."

Effective teachers make a big difference, including being critical to closing the achievement gap among races, a 2010 Mathematica study reports. But determining who the quality teachers are and determining the factors that distinguish great teachers from good ones, as well as fair teachers from the weakest teachers has long been problematic for schools.

Traditional evaluation methods have largely failed to help as schools struggle to

by *Julia Fraser*

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recognize the individual competencies of teachers and realize that they're not interchangeable parts, according to a report by the New Teachers Project, a national nonprofit focused on education inequities. As a result, excellence often goes unrecognized, chronic poor performers are kept on staff, and appropriate professional development fails to reach all teachers who could use it to improve their classroom skills.

Such reports have led to policies and strategies to reform the way teachers are evaluated and to promote their professional growth.

Sweeping change

▶ In 2012, Pennsylvania adopted Act 82, requiring all school districts to evaluate teachers based half on observation and half on student performance measures using a model drawn

from research on practices that promote professional development and improvement.

While most districts began making the changes only last year, the Pittsburgh Public Schools have been working on sweeping evaluation reform since 2009 supported by federal dollars and a \$40 million grant from the Bill and Melinda Gates Foundation.

The model emerged from the collaboration of school administrators and the Pittsburgh Federation of Teachers, the union representing the district's teachers. It's an attempt to fashion a system of teacher evaluation aimed at creating opportunities for professional growth, a modified career ladder for teachers, financial incentives for distinguished teachers and multiple measures for determining effective classroom teaching.

The Pittsburgh work on teacher effectiveness has been applauded for developing and implementing best practices related to teacher evaluation in national studies, including a 2014 study by the National Council on Teacher Quality.

"What we can do with this system is learn over time to support teachers in different ways and make sure that the teachers who are doing well on all these things, have the opportunity to lead and share their practice, and feel valued and recognized," says Sam Franklin, executive director of the Pittsburgh Public Schools' Office of Teacher Effectiveness.

The model uses teacher observation, student surveys and measures of student outcomes to rate teacher quality as distinguished, proficient, needs improvement, or failing.

Teachers are observed by principals and other teachers under the district's "Research-based Inclusive System of Evaluation" (RISE), which evaluates them on 24 teaching components to help inform their professional development. Student perceptions are solicited through surveys that ask them about their teachers' control of the classroom, whether

teachers challenge them, whether they feel teachers care about them, and other aspects of teaching.

The third and perhaps the most controversial measure links teacher effectiveness to student outcomes. To do so, the district uses "value-added measures" (VAM) based on a formula developed by Mathematica Policy Research to assess growth in student standardized test scores while taking into account factors like Individual Education Plans and attendance. The student outcome measure, implemented during the 2011-12 school year, was the last component to be added to the evaluation process.

A work in progress

▶ For Donna Ervin, a kindergarten teacher at Pittsburgh King K-8 school, the new evaluation model has meant balancing concerns about how it will affect her work with its

potential to promote professional growth—something she's experienced as one of the district's teachers recruited to help train and support classroom colleagues.

"Before this evaluation system, you couldn't say 'This is good teaching,'" says Ervin, who has taught for 11 years and was recognized for distinguished work at the Carnegie Science Center gala in November. "I couldn't go into a classroom and say, 'Here's where I see a weakness, let me help you.' RISE has been a tremendous asset to teachers and supporting teachers."

But the system is not without controversy. From the beginning, adding student outcomes to teacher evaluations raised concern among teachers. Student performance hinges on many factors, including some which teachers have little or no control over, such as family stability, household income and health.

Moreover, the formula for accommodating student outcomes in teacher evaluations has grown complex.

"How we developed RISE in the beginning was so close to my heart," says Nina Esposito-Visgitis, president of Pittsburgh Federation of Teachers, "It was true collaboration. Our evaluation system had been broken for so long. It was beautiful to watch this grow from the ground up. But now the system has become too overwhelming. It's become so huge. The transparency isn't always there. With something like VAM, people say, 'Let me see the formula.' The formula is on the website but who understands it? It's difficult to be rated on something when you don't understand how they did it."

Tensions also have risen between the union and school district over the benchmark scores that determine whether teachers need improvement or are failing. These so-called "cut scores" are generally considered more rigorous than those used in the statewide system. The dispute peaked after a dry run of the evaluation system in 2013 showed that more than 9 percent of the district's teachers fell into those categories.

But data released late last year told a surprisingly different story.

Nearly 97 percent of the more than 1,700 teachers evaluated earned scores high enough to rate their performance as either distinguished or proficient during 2013-14, the first school year the district used multiple measures in the report that informed what, if any, actions would be taken to improve teacher performance.

Of the top performing teachers, 22.5 percent were identified as distinguished—the highest rating they can receive. As such, they are eligible to be promoted to leadership positions in the district that include financial incentives.

Only 1.6 percent of all teachers were given unsatisfactory ratings, a much smaller share than was identified as unsatisfactory during the dry run the previous year. The evaluation system offers teachers getting such poor ratings the chance to participate in an individualized improvement plan during which their progress is monitored and they are subject to additional observation and feedback from principals and others.

High-performing teachers were identified in schools throughout the city, in all grades, in schools with low-income students and in schools with the most low-achieving students. How the evaluations and emphasis on quality teaching will affect such high-need schools remains unclear. Like distinguished teachers, those who rated less than proficient were spread across the district. But schools with the most students needing academic improvement also had a greater proportion of teachers with unsatisfactory ratings.

Perhaps the final test of the new system of teacher evaluation and professional development unfolding in Pittsburgh is whether it can be sustained.

“It takes an infrastructure to maintain these tools with integrity, and it takes time for principals and teachers to invest in this,” says Franklin, “The evaluation system has components that are deeply focused on professional growth. What we do with that information and how the information is used will go a long way to determine the sustainability.” PQ

Julia Fraser is a Pittsburgh Today staff writer and research specialist.



ATI is a global leader in specialty materials with operations throughout the U.S., including the Pittsburgh area, and outside the U.S. We believe in the future of Pittsburgh, as evidenced by our \$1.2 billion investment in a new advanced manufacturing facility a few miles from Downtown Pittsburgh. The historic and current strength of Pittsburgh is its people, and their ability to work together to change, adapt and grow. These traits will help ensure Pittsburgh's successful future.”

— **Richard J. Harshman**, *Chairman, President & CEO*

ALLEGHENY TECHNOLOGIES INCORPORATED



Our greatest challenge is the need to develop and attract the human talent to capitalize fully on Pittsburgh's economic good fortune of having both raw materials (energy) and the knowledge well of our world-class universities and medical centers. We must match our educational and workforce training efforts to the demands of this new world and we must tell the world that Pittsburgh is a vibrant and welcoming destination for the world's best minds and most determined entrepreneurs.”

— **Timothy E. Parks**, *Senior Director, Business Development*
MORGAN, LEWIS & BOCKIUS LLP



With more than 70 quality undergraduate majors, a growing number of master's and doctoral programs and endless internship placement possibilities, Waynesburg students graduate to ensure a strong future. This year, two communication students received prestigious national scholarships in public relations, while our counseling and nursing students achieved 100 percent pass rates on national exams. The American Chemical Society Chapter at Waynesburg received an Outstanding Award and students excelled in internships across the nation. We're preparing a new generation of leaders.”



— **Douglas G. Lee**, *President*
WAYNESBURG UNIVERSITY



ARTS & CULTURE



THE ARTS EMERGE AS A DRIVER OF REVITALIZATION

THE WEIGHT OF SUPPORT THE ARTS ENJOY in Pittsburgh was on public display last fall when local foundations bought the August Wilson Center for African American Culture, rescuing it from debt, troubled management and a suitor with designs for turning it into a Downtown hotel.

Four foundations raised \$5.8 million of the \$7.9 million price to give the center another chance to become the hub for African American arts they envisioned when it opened five years ago. The city and Allegheny County agreed to cover the rest of the cost through the Urban Redevelopment Authority and Regional Asset District (RAD). They prevailed over a New York developer who saw the center accommodating a hotel, made a strong offer to buy it and nearly succeeded.

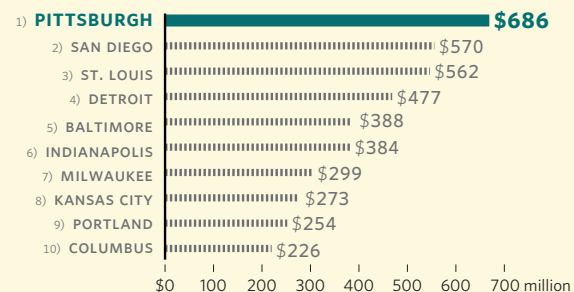
Such support and a healthy share of RAD tax revenue have bolstered the more than 300 arts and cultural organizations in southwestern Pennsylvania that have emerged as major attractions and significant contributors to the region's economy.

Local arts and cultural organizations fed \$686 million into the regional economy in 2010, the most recent Americans for the Arts' Arts and Economic Prosperity data suggest. That's the highest level of spending reported among the Greater

BY THE NUMBERS:

TOTAL ARTS SPENDING | 2010

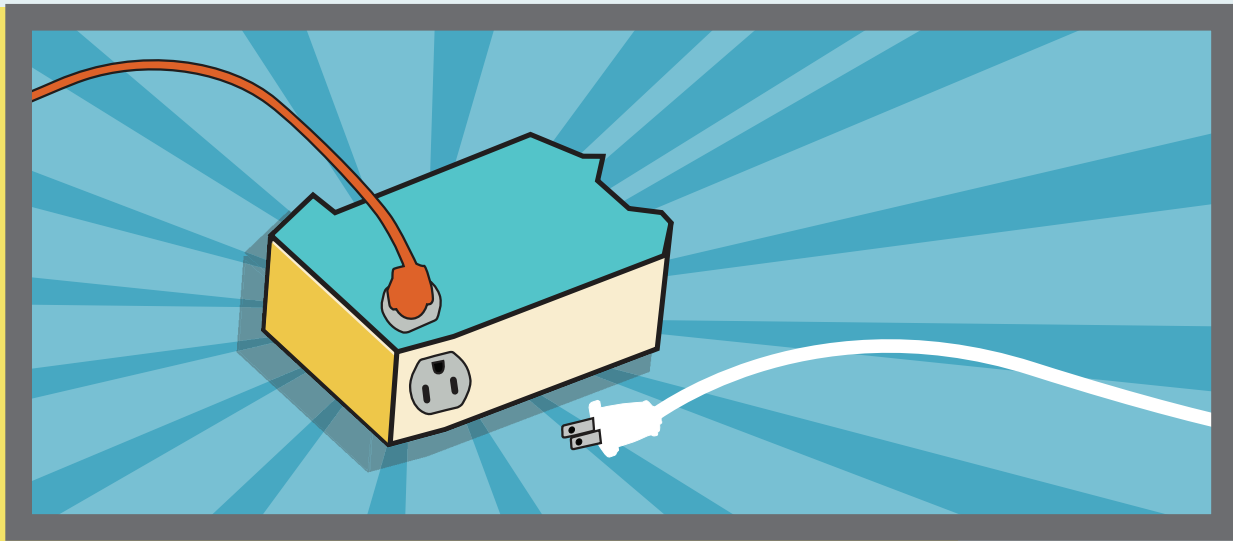
Spending by arts and cultural organizations and audiences, in millions of dollars



DATA SOURCE: Greater Pittsburgh Arts Council

Pittsburgh Arts Council's benchmark regions, which include San Diego, St. Louis and Baltimore. Pittsburgh is ranked at the top in arts-related tax revenue and jobs as well.

The arts also play a key role in the revitalization of Downtown Pittsburgh, where restaurants and urban living have blossomed around the Cultural District. For example, the immediate success of The Encore apartments, a Pittsburgh Cultural Trust investment, helped awaken a Downtown residential market that has seen the number of units rise 45 percent since 2000. And late last year, Point Park University announced construction of the new Pittsburgh Playhouse, adding a \$74 million theater and arts education complex to its urban campus and Downtown arts scene. ■



SUSTAINABILITY

THINKING REGIONALLY
ABOUT ENERGY

SOUTHWESTERN Pennsylvania has long been an energy center. The nation's oil industry rose from the derricks of Titusville. Ample coal seams have been mined for centuries. Natural gas in the Marcellus Shale formation is helping to achieve energy independence. Yet, until now, there's been little effort to draft a regional strategy covering production, consumption, health and environmental impacts and the reliance on coal, an energy source with an uncertain future.

The notion of crafting a regional energy strategy gained momentum last year, attracting partners ranging from economic development and environmental organizations to universities and the Power of 32, a project to develop a shared vision for Pittsburgh and the 32 counties around it.

"Energy production, distribution and conservation should be at the core of national debate. But that's not the case. Regions like ours can't wait for the federal government to address the issues and the opportunities," Greg Babe, the Power of 32 implementation committee chairman, told a December conference held in Pittsburgh to begin the planning process.

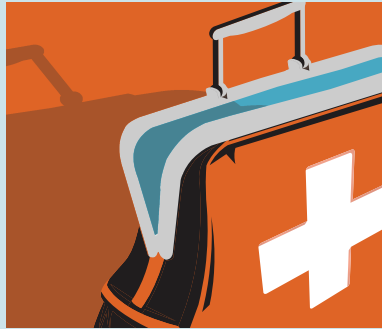
Such strategies are taking root in a few other states to address energy policy, the mix of sources in their portfolios, efficiency measures and other issues. New Jersey, Connecticut and New York, for example, began rethinking how they get and use energy in the aftermath of Hurricane Sandy, which disrupted power across the coastal region in 2012.

And the Mid Ohio Regional Planning Commission convened 12 counties to develop an energy plan addressing a number of issues. Chief among them is lost and wasted energy—an issue that also haunts the 32-county Pittsburgh area, where 40 percent of the energy generated goes unused each year due to thermal losses on the utilities' end and inefficiencies on the consumer side, according to data compiled by Sustainable Pittsburgh.

That amount of lost and wasted energy is enough to power 14.8 million households a year. "It's high time that we get down to the business of crafting a regional plan and strategy," Babe said. "The stakes are high and the pace of change is accelerating." ■



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PITTSBURGH TODAY AND THE BENCHMARK REGIONS: In order to zero in on opportunities for progress, the journalists and researchers of Pittsburgh Today compare our region with the 14 metro areas listed above. We chose the competitor regions because of a variety of sometimes overlapping similarities: geography, demographics and industrial mix. We compare these 15 regions in 440 regional indicators, which can be viewed at pittsburghtoday.org. In most of these indicators, we define the Pittsburgh region as the Pittsburgh Metropolitan Statistical Area (MSA), which includes Allegheny, Armstrong, Beaver, Butler, Fayette, Washington and Westmoreland counties. But in many of our reports, we take a broader view of the region, including counties surrounding the MSA in Ohio, Pennsylvania and West Virginia.

Pittsburgh Today is part of the University of Pittsburgh's University Center for Social & Urban Research. Pittsburgh Today believes that the best decisions about Greater Pittsburgh's future can only be made when we first understand the region's current strengths and weaknesses. We augment this statistical portrait with explanatory journalism—including this Pittsburgh Today & Tomorrow report—which gets behind the numbers to help further an in-depth understanding of key topics for Pittsburgh's future. ■

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