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### Recommended Action Steps for the Incoming Mayor

In 2005 and in 2009 when voters in the City of Pittsburgh went to the polls to elect a new Mayor the Allegheny Institute put together a series of recommendations on the budget, inter-government cooperation, public education, economic development, and legacy costs.

As the next administration is soon to take the governmental reins we extend our best wishes for a successful tenure. We also would like to revisit and elaborate on the suggestions we made earlier this year as part of the “one big idea” series in a newspaper editorial.

*Get fiscally fit: In order to get the City on track to permanent employment reductions and cutting spending and the tax burden by 10 percent over the next four years the incoming administration should take the following actions:*

- 1) **Institute a one-year hiring freeze**—Currently the City’s full-time equivalent employment per 1,000 residents is 10.3. That’s roughly 30 percent higher than better performing cities that comprise our composite Benchmark City, though there has been a closing of the gap since our first undertaking of the study in 2004 (it was 42% higher then). City government is a labor-intense undertaking with salaries, wages and employee benefits representing 70 percent of the total operating budget. The 2014 budget shows that 36 new full-time positions are being proposed, so in order to keep headcount level with 2013 these new hires must be offset elsewhere by the same number. Growing the employee count is heading in the wrong direction. A hiring freeze in which any new hire must receive approval of the Mayor would allow retirements and normal attrition to begin the process of slowly lowering the employee count—a key to long term fiscal stability and lower tax burdens on City residents and businesses.
- 2) **Examine all departments for increased efficiencies**—There are 21 operating departments listed under the City’s budget, from police and fire to animal control and various commissions. Taken together the budgeted expenditures for these departments next year tops \$480 million. Asking departments for an across the board 5 percent reduction would save \$24 million, but an examination of each department might reap more. It could result in improved work flow and productivity. The Mayor-elect is to be saluted for his statement regarding his proposed performance based and results driven budgeting.
- 3) **Create a bonus program for employees who suggest implementable cost or labor savings**—This allows employees who have years of experience and knowledge of the jobs they perform to come up with improvements on service delivery.

- 4) **Outsource functions such as garbage collection and building maintenance**—These are both public works functions that would be housed in the Department’s Environmental Services, Transportation and Engineering, and Properties bureaus. The City was to undergo a controlled “test” of managed refuse competition a few years ago under the direction of the amended Act 47 plan but that directive was scuttled. It is time to give this test a fair opportunity. There could be considerable cost savings.
- 5) **Contract with the County government to perform functions the County can do more efficiently**—This was a recommendation made in 2009 after the proposal of a merged City-County government had crumbled except in the circles of the most steadfast proponents. Rather than undertaking a merger, we suggested the City approach the County with a list of services the City would be interested in contracting out. If the County could take over the service, they would do so and would have managerial latitude to see the function carried out. At a time when the City and County have new leadership this could be a propitious moment to look again at the possibilities for the County to manage and operate some City functions at a significant savings to the City. The City would retain ultimate responsibility for the functions or services and could take the operation back if the County fails to perform.

There are many other areas where the Mayor could be a positive force that we have written of before, including; championing a Taxpayer Bill of Rights amendment to the City’s Home Rule Charter, changing the approach to economic development and using the “bully pulpit” to call for meaningful reforms of public education in the City.

To be sure, the City has made strides in addressing its legacy costs. Since we issued our “common sense” steps in 2009, the state passed Act 44 and the City has committed additional revenues over the next three decades to pensions and it has adopted a formal debt policy setting a target of debt levels as a percentage of general expenditures. Changes to retiree health benefits for new hires in the police and fire bureaus are gradually slowing the growth in that post-employment benefit total.

Those positive developments notwithstanding, successful implementation of our recommendations outlined above will demonstrate the long term commitment to sound fiscal practices necessary to convince the Legislature and Governor to eliminate financial oversight of Pittsburgh. A goal the Mayor and Council presumably want to achieve.

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