



January 17, 2018

Allegheny Institute Op-Ed

590 words

Closing out Pittsburgh's ICA

By Colin McNickle

Government often acts in countervailing ways. As the convoluted case of future funding for Pittsburgh's Intergovernmental Cooperation Authority illustrates, researchers at the Allegheny Institute for Public Policy note.

It was in December that the Pennsylvania Department of Community and Economic Development (DCED) held a hearing to decide whether or not to rescind Act 47 distressed status for the City of Pittsburgh.

The city has operated under the Municipalities Financial Recovery Act since late 2003. A separate entity – the Intergovernmental Cooperation Authority, or ICA – also has monitored the city's efforts to stabilize its finances under terms of Act 11 of 2004.

However, a curious thing has happened on the way to ending at least part of that third-party oversight. Should the DCED formally end Act 47 oversight, it would remain under ICA oversight. But here's the kicker:

“The current state budget provides no funding for the ICA to pay its bills, threatening its viability,” say Eric Montarti, a senior policy analyst at the Pittsburgh think tank, and Jake Haulk, its president (*in Policy Brief Vol. 18, No. 3*).

Thus, after working diligently to correct past deficiencies – poor record-keeping and a lack of transparency – and its reserves exhausted, the ICA is seeking a financial lifeline to complete its statutory obligations.

To wit, the ICA first has asked the General Assembly to amend language stipulating that the ICA continue operations until Pittsburgh's Act 47 status is rescinded or until June 30, 2019, whichever is later. The idea is to have both oversight bodies dissolved at the same time.

Second, the ICA is asking the city to provide it with \$37,000 from slots revenues to, again, ensure that the authority can comply with Act 11's reporting requirements.

Those requests, contained in a Jan. 8 ICA resolution, are pending.

But Montarti and Haulk remind that all this begs a fundamental question: Why was the ICA not funded in the state budget despite being statutorily mandated to continue through at least June 30, 2019?

“If the state does not amend the statute to permit concurrent dissolution of Act 47 and the ICA ... is the ICA supposed to struggle along with no funding as best it can until it reaches the current statutory end date?” the think tank scholars ask.

How then would the ICA function for the 17 months with expenses to be paid, meeting minutes to be recorded, records to be maintained, audits to be conducted and sent to the Legislature and financial summaries to be prepared and submitted?

Unless the requests from the ICA to the General Assembly and city are honored – and quickly – its board members will have limited alternatives, say the Allegheny Institute researchers.

“They cannot be expected to pay out of their own pockets the expenses necessary to carry out the ICA’s legally mandated activities,” Montarti and Haulk say.

“Rather than face legal action or sanctions for failing to perform its duties, the board might well decide to resign *en masse*. And it would be justified in doing so.”

The bottom line: The Legislature and governor must decide whether the ICA is to go or stay and find the money to fund it until it is dissolved.

“If it is to go,” the scholars say, “the General Assembly should set a date certain within the next couple of months for the ICA to be dissolved.”

Colin McNickle is a senior fellow and media specialist at the Allegheny Institute for Public Policy (cmcnickle@alleghenyinstitute.org).

*Op-Eds may be reprinted as long as proper attribution is given.
For more information about this and other topics, please visit our website:
www.alleghenyinstitute.org*

<p>Allegheny Institute for Public Policy 305 Mt. Lebanon Blvd.* Suite 208* Pittsburgh PA 15234 Phone (412) 440-0079 * Fax (412) 440-0085 E-mail: aipp@alleghenyinstitute.org</p>
