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Allegheny Institute: Guiding Principles and Policy Prescriptions

2015 marked the 20th anniversary of the Allegheny Institute for Public Policy's founding. Over the past two decades, we worked tirelessly to promote the ideas of free enterprise, limited government, and common sense solutions to public policy questions in southwestern Pennsylvania.

As we move forward from recognizing our milestone, we would like to offer up a summary of our solutions that have been formed over the past two decades for broad issue areas affecting local government in southwestern Pennsylvania (counties, municipalities, authorities, and school districts) that will likely dominate the policy agenda in the coming years. In some cases where changes are recommended it will be up to the Commonwealth to take action, in others local governments can act without much direction from Harrisburg. The *Briefs* referenced are notated such as 3/24, which means *Volume 3, Number 24* and all are available on our website.

- Taxes—A growing economy should cause tax revenue to rise without a change to tax rates. Of course, there are times when the state authorizes new sources of taxation for local governments or local governments propose raising rates on existing taxes. Proposed new sources of taxation and increases to existing taxes should be subject to approval by taxpayers in a referendum.
Briefs referenced: 5/20, 5/44, 6/41, 7/47, 9/61, 11/4, 12/19, 13/28, 15/34, 15/48
- Spending—Spending should be tied to inflation and/or population changes. Benchmarking, sunset provisions for departments and functions, and zero-based budgeting should be used as well.
Briefs referenced: 3/24, 4/10, 5/25, 5/43, 8/49, 9/14, 9/18, 10/15, 13/14, 14/34
- Property Reassessments—Property revaluations should be done on a specific and regular cycle so that large gaps between market values and assessed values do not develop. This would greatly reduce the sticker shock created by new values and the need for taxing bodies to appeal properties that sell for an amount in excess of the assessed value.
Briefs referenced: 4/39, 7/45, 11/66, 12/20, 15/43

- Consolidation/Mergers/Privatization/Outsourcing—Where money can be saved by combining services between governments, paying another governing entity to perform a service, or contracting out non-core functions to private or non-profit entities, by all means those avenues should be explored and encouraged. Indeed, they should be mandatory.
Briefs referenced: 3/12, 3/27, 9/24, 10/58, 13/58
- Public Sector Pensions and Retiree Benefits—Newly hired government and school employees as of a certain date of beginning employment should be moved into defined contribution plans. For existing employees, retirement age, length of service, counting overtime into pensions, and payout multipliers should all be examined as areas where reforms could reduce unfunded liabilities.
Briefs referenced: 9/49, 10/18, 10/57, 13/8, 13/58
- Public Sector Directed Economic Development—Handing out subsidies to favored businesses is not good public policy. Moreover, monitoring of such programs is often lax, making it impossible to determine benefits. It is a counterproductive policy that undermines the marketplace and promotes business dependence on government. It should be discontinued.
Briefs referenced: 5/38, 7/51, 7/60, 9/22, 12/38
- Public Sector Mandated Wages—Economic forces in a competitive market place will compel employers to pay wages commensurate with the value of the workers' productivity and in line with the supply and demand factors for labor. When an employer is forced to pay more than an employee is worth in terms of their production value, they must either pass on the higher costs in their prices, try to improve productivity, severely reduce all other benefits, or cut back on the amount of labor used—possibly all four. Mandating wages above market wages is damaging to the economy and should be abandoned.
Briefs referenced: 1/52, 6/33, 8/52, 11/52, 15/42
- Public Sector Infrastructure and Capital Projects—To approve a public project, the present value stream of benefits from building projects needs to be greater than the present value of expenditures incurred for the projects. Care is often not exercised in calculating benefits with a bias toward overstating them while costs are very often understated. The North Shore Connector is a prime example.
Briefs referenced: 2/18, 6/22, 6/62, 10/42, 14/3
- Public Sector Bargaining—Changes to binding arbitration for public safety workers and coming up with a new method of settling school and transit labor impasses need to be enacted, beginning with eliminating the right of these employees to strike. Teacher and transit workers are forbidden to strike in all but

a small handful of states. Pennsylvania is out of step with most of its neighbors and the country as a whole in allowing these employees to strike.

Briefs referenced: 3/40, 5/9, 6/49, 7/28, 8/73

- Education Performance—Options are needed for students in failing public schools, including vouchers. There should be emphasis on discovering what low-spending, high-performance districts are doing right. More attention must be paid to the factors that undermine education such as high levels of absenteeism in many of the worst schools.

Briefs referenced: 2/24, 8/18, 11/45, 11/53, 15/7

Difficult as it is to sum up and distill two decades of research findings and development of solutions into a short statement, this *Brief* has attempted to restate some of the principles that guide our work. Obviously, any list covering twenty years of work must be severely truncated. Still, we hope this has been helpful to our readers—both new and long-term—in understanding how and what we think about important policy issues.

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