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4 must-dos for the next ACE

By Colin McNickle

Allegheny County voters go to the polls on Tuesday to choose the first new chief executive (ACE) in 12 years. Over the past year, the Allegheny Institute for Public Policy has made four key recommendations that the incoming ACE must entertain.

In 2024, the county government will use the budget proposed by the outgoing chief executive. Compared to 2023's operating budget, all departments are expected to spend more. Overall, spending is to increase 3.4 percent and the headcount will rise by 23 employees.

"While the budget for next year does not anticipate a tax increase, it will be difficult to see this continue if the county government grows spending and adds departments and headcount while property tax appeals and slow growth chip away at the property tax base," says Eric Montarti, the Pittsburgh think tank's research director (in *Policy Brief Vol. 23, No. 39*).

Here's what the Allegheny Institute recommends:

The next ACE should propose an ordinance to Allegheny County Council to conduct a property reassessment once every three years.

Without regular reassessments, inequities are allowed to fester and will only be exacerbated. Sans regular reassessments, an expensive proposition in its own right (and one whose costs should be shared by county, school and municipal taxing bodies) the specter of more and more expensive lawsuits grow that could result in another court-ordered reassessment.

The new chief executive also should lead the way to sharpen the focus on what might be alternative methods of delivering county services. The county manager's office carries out a sunset review to "evaluate the need for each County department, agency and function."

"Those that no longer meet the needs of taxpayers can be recommended for modification or elimination," Montarti says. "The emphasis should be on cost comparisons between the county and private vendors ... where there is a possibility of outsourcing or privatization."

The incoming county leader also should appoint no-nonsense Pittsburgh Regional Transit (PRT) board members that will push for changes to future labor contracts, service levels, fares and fleet that realistically align with ridership and with the taxes paid by county taxpayers.

“The county has made no effort to call for low-performing mass-transit routes to be discontinued or for changes to PRT’s pay and benefits, fleet or expansion plans,” Montarti notes.

PRT data for September 2023 shows average bus and light-rail ridership were 28 percent and 38 percent lower, respectively, than in September 2019.

“The cost per bus and light-rail rider have regularly been higher than peer transit agencies across the U.S. and low ridership pushed the costs higher,” Montarti adds.

PRT expects to spend its federal stimulus money in full by the end of June 2024 and deferred revenue reserves (any surplus of revenues and subsidies above expenditures) by the end of June 2028.

“There will be significant pressure for more state assistance which, in turn, could require more money from the existing levies or legislation to enable Allegheny County to levy additional taxes and fees for mass transit,” Montarti says. “The better way is to insist on cost reductions to lessen the impact on county taxpayers.”

Additionally, the county’s new chief executive should prioritize the creation of a benchmark set of counties to create a means of comparison for Allegheny County’s fiscal performance and to gain insight into improving operating practices to improve the efficiency and cost of county governance.

The shift to home rule and the current form of county government began with benchmarking other counties around the U.S.—ones considered “models of quality government and economic progress.”

“Most of those counties have outpaced Allegheny County on growth in population and employment in the years since,” Montarti notes. “Using a new set of counties and recent audited fiscal data, the Institute found that Allegheny County came in at the top for per-capita revenue and expenditure and second from the top on employees per 1,000 people.

Using Allegheny County’s estimated 2022 Census population of 1,233,253 against the 2024 proposed operating budget results in \$855 in per-capita revenue and spending. The fiscal plan forecasts two additional years of operating budgets, which are expected to grow.

“If population remains unchanged, per-capita amounts would be \$881 in 2025 and \$907 in 2026,” the think tank scholar says. “With 6,151 operating budget employees, the 2024 result would be 4.99 employees per 1,000 people.”

The bottom line:

“If Allegheny County wants to be a place that attracts population and jobs, these recommendations will contribute to those goals,” Montarti concludes.

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