POLICY BRIEF

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Regional Asset District Now Outspending Tax Revenues As Mission Creeps

Recently the Pittsburgh Post-Gazette reported, “The Allegheny Regional Asset District’s six-year hot streak is over” as RAD revenues produced directly and indirectly by the added one percent sales tax in Allegheny County declined nearly $2.4 million in 2001 from 2000 levels. And this year, RAD will provide more funding to its dependents than will be available from tax revenues plus earnings on the “surplus” it has built over the last seven years. Can you say cultural deficit?

We warned of this when the RAD trap was being hatched. Rather than providing an impetus to greater Pittsburgh’s cultural amenities to reorganize their operations and become self sufficient, we understood RAD would have entirely the opposite effect. Perception of RAD as an ever-growing revenue stream, we suggested, would encourage expansion of existing cultural venues and fuel the start up of additional taxpayer dependent entities until RAD was outspending its income.

The best examples? First, there was the replacement of one RAD recipient, Three Rivers Stadium, with two new stadiums at a cost of 30 percent more RAD funds plus $150 million in state funds. More recently, millions of RAD dollars have been allocated to the Mellon Arena to provide assistance for the Penguins--still more corporate subsidy. None of this was anticipated or publicly discussed at the time the RAD tax was enacted.

A comparison of the RAD 2002 budget against figures for 2000 reveals the following:

- Funding by RAD in 2002 is budgeted at $74.3 million vs. $74.2 million in 2000, exclusive of administrative costs. “Total income” available is projected to be about $71.9 million leaving a deficit of nearly $3 million when administrative costs are considered.

- Of 73 organizations funded in 2000, 22 (30%) received less funding in 2002; another 41 (56%) received greater funding. Only nine organizations funded in 2000 did not receive RAD funding in 2002. However, 12 new organizations were added. Sometime between 2000 and 2002 the Pittsburgh Civic Garden Center was absorbed into Phipps Conservatory, which received $2.2 million in RAD funding in 2002. Significant new 2002 beneficiaries of RAD monies include: the

Bookmobile Project ($400,000), the proposed African-American Cultural Center ($200,000), and the Pittsburgh Civic Light Opera ($90,000).

- RAD will provide funds to no fewer than 27 musical organizations, including eight orchestras, ranging from the Pittsburgh Symphony to the Edgewood Symphony. There are three "youth" orchestras, including the Pittsburgh Youth Symphony, Pittsburgh's Phoenix Youth Festival Orchestra, and the Three Rivers Young Peoples Orchestra.

The Allegheny Land Trust, in another variation of mission creep, has passed through more than $600,000 of RAD dollars to various "Rails to Trails" groups around the region. We wonder what a truly close examination of RAD spending would discover; and, just how the taxpayers would react to knowing exactly where RAD dollars are spent--largely on groups, organizations and activities, we suspect, most taxpayers neither benefit from nor utilize.

Zoos and libraries are one thing, they have an educational purpose. But with RAD, as with all such taxpayer funded programs, mission creep has moved it into areas never envisioned by the original intent. Politically, there is no way to prevent it.

RAD's mission seems to be moving inexorably toward support for ever more entities that survive only so long as their welfare checks don't end. Whether they enhance the cultural climate of Pittsburgh and environs is debatable; however, there is no doubt whatsoever that these charities on life support divert tax dollars that otherwise might fund true public works such as highways and bridges.

We recognize that those who support RAD can't conceive of ever doing without the tax dollars--much less fewer of them. But look at this way. With the RAD Board's cash flow, Allegheny County could finance revenue bonds to the tune of $800 to $900 million. With matching state and federal monies, the County could develop perhaps as much as $4 billion in true infrastructure projects that would indeed have a positive effect on the region's economy to the point, perhaps, that the economy is robust enough to finance its culture privately.

The private sector can finance culture and recreation. However, it is very limited in its ability to provide highways, bridges and other public infrastructure. That role has historically fallen to government.

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