

# ***POLICY BRIEF***

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## **Pittsburgh: Time to Declare Independence from Politics as Usual**

As we approach the 227<sup>th</sup> birthday of our great nation, we celebrate the document that declared our independence from oppressive rule. It proclaimed that government "derives its power from the consent of the governed" and that "it is the right of the people to alter or abolish it".

Sadly, recent history indicates that the message of the Declaration has largely been lost on many of our local elected officials as well as a great deal of the public. Both are often eager to expand or accept government involvement without taking into account the accompanying decrease in personal and economic freedom. The current debate over the fiscal crisis in the City of Pittsburgh provides us with a good opportunity to see if its citizens are ready and willing to exercise their rightful power to rein in their City's government.

The City is facing a shortfall of roughly \$60 million for the coming fiscal year. To compensate for the deficit, the political and corporate leadership of the City recently endorsed a financial plan that involves new and increased taxes, spending reductions, and an oversight board that will monitor City finances going forward. Despite the fact that higher taxes will do further damage to an already high-taxed City, the leadership has said that spending cannot be cut enough to close the gap.

Approval of the Mayor's package depends on the General Assembly, and that does not seem to be forthcoming soon, if ever. As the summer proceeds, we will be subject to numerous proclamations from the City's policymakers that things will get worse. Impassioned claims about the harm any cutbacks will do to the ability of the City to attract investment will no doubt be repeated. The misguided assertion of "free-riding" commuters and visitors will be raised once again, despite the fact that their contributions to City tax coffers far outweigh what they consume in City services. What the City residents actually believe is unknown. That is because up until now, there has not really been a direct assessment of what the residents want.

This is not to say that the residents of the City of Pittsburgh have had no input on the direction of the City. However, their record to date does not inspire confidence as they have elected and re-elected officials who have, among other things,

- Pursued publicly funded development projects that have yet to deliver the benefits they promised
- Removed taxable private property from tax rolls in order to facilitate development
- Made egregious promises to public sector unions, who have come to view job security and increasing salaries as more important than the public they serve
- Raised school taxes to support an uncompetitive and expensive system that does not focus on outputs

- Refused to undertake realistic cost-saving measures to public services that would deliver savings to the taxpayers
- Refused to look at non-tax revenue enhancements such as property and asset sales
- Discouraged the unfettered growth of the private sector by not addressing the tax burden, instead laying the problem at the feet of state legislators, commuters, and non-profits

To be sure, City voters typically have candidate choices whose philosophies of government run the gamut from A to B, so it really makes little difference to the way the City approaches budget and tax matters which candidate gets elected or re-elected. Thus, the voter usually cannot vote for real change through the normal electoral process. What is needed now is a direct vote of the people on the fiscal direction the City ought to go.

To that end, we recommend that a referendum be placed on the November ballot that allows the City residents to take charge of Pittsburgh's fiscal direction. Residents would be asked to vote for an increase in property taxes by a rate that would raise roughly \$50 to \$60 million (about 5 mills). The question would be written in such a way that failure to endorse the rate hike would require the City to cut spending, sell assets, and out-source City services sufficient to balance the budget.

Campaigning for and against the referendum question will provide the voters with an opportunity to evaluate how the City got into its current dilemma and weigh the likely long term effects of higher taxes as contrasted to the probable effects of reducing the size and cost of City government. City unions, economic development groups, elected officials, and other interested groups and individuals will all have the chance to weigh in. Then the vote will be taken, and the clear choice of what the voters want will be known. Whatever happens, the voters will have no one to blame later but themselves.

Recalling the purpose of the Declaration of Independence, it is time for the residents of the City of Pittsburgh to be given the opportunity to set directly the course of its long-term governance. Do they want to continue the current level of public services and staffing and the higher taxes needed to support these services? Or do they want to try a different approach that could move the City toward greater freedom and prosperity? We argue the City's voters should demand a referendum to decide.

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Remember to celebrate Freedom--what is left of it anyway--on Independence Day.

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