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A Solid Plan to Cut Government Spending

Allegheny County Manager Bob Webb recently submitted the Sunset Review Report as required under the Home Rule Charter. While the report did not recommend that any departments or functions be phased out (“sunset”), it did contain some very powerful recommendations that have the potential of producing substantial cost savings for the County. Namely, the Report calls for a wide ranging look at privatization of County operations.

Privatization has been used extensively across the country and has generated savings of up to 30 percent for outsourced government services. Allegheny County already employs privatization and outsourcing in many areas including health care at the jail, social services, and concession services at recreation sites, among many others. The time has come to broaden the range of functions that should be put out for competitive bids. Indeed, that is exactly what the Sunset Review Report has recommended.

The Report argues that as long as the privatization of a function is legally permissible and ultimate accountability continues to reside with appropriate government officials, the County should look at additional opportunities to contract out services to private firms. If sufficient cost savings, service quality and consideration of current employees are achievable, then there is every reason to pursue potential privatizations.

Some areas recommended for possible privatization by the Report include: information technology; purchasing; payroll and benefits; the County parking garage; building and parks maintenance; security; records administration; fleet management; and budget forecasting and debt management. The Report also suggests examining the creation of an independent entity to manage the Kane Regional Centers.

These are all great possibilities and should be pursued forthwith. In view of budget strains resulting from state cutbacks and the difficulty in raising tax revenues, any substantial cost savings will be welcomed by hard-pressed taxpayers. Moreover, a County government push to privatize a significant number of the services listed above could have a salutary effect on other municipal governments and school districts in the County and encourage them to follow suit. The total savings to be realized from a massive round of privatizations throughout the County could easily be in the tens of

millions of dollars. Undoubtedly, that would be very helpful in forestalling more tax increases.

Finally, it is very interesting and instructive that the direction of fiscal responsibility and concern for spending control exhibited in the Sunset Review Report reflect a vast difference in the sound way the County's finances are currently being managed in comparison to the fiscal irresponsibility the City of Pittsburgh has shown over the past decade. Pittsburgh's policy makers should take a look at the efforts in the County and reconsider their knee jerk opposition to privatization. It also wouldn't hurt if they would follow the County's lead in not spending money they don't have.

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