

Senator Lloyd Smucker
Testimony – Act 47 Hearing
December 8, 2011

It is not every day that a Republican state Senator pinchhits for a Democratic mayor. The message that matters is not a partisan one – we all have ownership of the serious financial problems afflicting nearly all of our urban centers. As the Harrisburg mess shows starkly, we cannot cordon things off, imposing a quarantine to prevent city problems from pulling in, and perhaps pulling down, surrounding communities.

Not here to read the testimony Mayor Rick Gray had ready, or to endorse a set of bills, or to urge specific actions to launch next week. Rather, my purpose is to describe how severe the problems confronting cities are, how much city leaders have done to forestall fiscal pressures, and how the prospect of a budget heading over a cliff compelled city officials, business leaders, and community-minded individuals to combine efforts and craft a report titled “Prosper or Perish.”

The testimony delivered at these hearings underscores the necessity of fixing weaknesses in Act 47. We need to do that, but accomplishing it will leave important work uncompleted.

The thrust of Lancaster’s push is for us to take steps to enable cities to avoid distressed status. Just because a city has not yet become officially financially distressed does not mean it is fiscally healthy. Serving as mayor these days must seem a bit like being the skipper on the Titanic, desperately asking state legislators if we would mind moving the looming fiscal icebergs.

State government habitually tells cities to take care of their problems. Just be more responsible. Just cut, cut, cut. Such advice is easily given. Their power to accomplish it, however, is constricted by law, Constitution, and revenues. Most cities cannot chalk up their budget difficulties to a colossal miscalculation such as the Harrisburg incinerator. Most have ancient infrastructure that fails frequently and that they are under order to upgrade, at ruinous cost. Most lack sufficient developable acreage to expand the tax base substantially. Many are bumping up against tax limits. Most have watched school districts turn the property tax – their chief revenue raiser – into a toxic option. Most fear arbitrator decisions that will aggravate pension funding and other cost concerns.

Do not want to give the impression that city officials have become professional panhandlers grubbing for funding. Lancaster has a lot of success stories, of rehabilitation and redevelopment, of commercial and residential investment, of cornerstone institutions expanding

and contributing to rising economic vitality. Yet, it is not enough, even if the various situations described to me by officials from Altoona and other cities seem much more dire.

Contrary to the perception that all budget woes are the result of spending sprees and giveaways, Lancaster has taken a series of sound steps to control costs. Cutting the workforce. Freezing salaries. Increasing employee contributions for benefits. Forging cooperative agreements to share services. Assessing fees tied to the actual cost of service delivery. Still, with all of that, there have been tax increases, the reserves are being chewed through, and the structural deficit deepens.

What do they need from us? High-degree-of-difficulty stuff, including changing the local tax structure, changing the binding arbitration law, changing prevailing wage, giving consolidation of services a stronger push, offering historic tax credits, laying out incentives for regionalizing services and consolidating pension plans. By this time, none of these ideas has any novelty left. The question is whether any of them work their way onto the legislative agenda this session.

It does no good to give city officials another lecture about being realistic and tempering expectations. They well understand that every item on their shopping list involves policy difficulty and political hazard. So does every wrenching budget decision they are forced to make, choosing among progressively ugly alternatives. Our mayor finds himself at odds with natural allies – firefighters, police, construction workers – folks key to public safety and the quality of life. People who we depend on to work as a team in our best interests are too often divided in bitter disputes over pay and benefits and staffing ratios.

So there is the difficulty – the good news of progress gets overwhelmed by the bad news of out-of-kilter budgets. The city of Lancaster is a rebounding commercial, cultural, entertainment center. They market extensively assets and attractions old and new, and the response by visitors, commuters, and new residents is encouraging. Nothing in the look of Lancaster screams “financial distress.” It is only when you look at the books that the problem becomes unavoidably apparent. Business leaders have looked, and do not see a city run recklessly or money spent wantonly.

So we must repair Act 47. But we should also be in the business of creating new act numbers, containing real remedies for Lancaster and the other 50-some cities in our commonwealth not named Philadelphia or Pittsburgh. City leaders and advocates have submitted a blueprint for action. They now need our commitment to responsible action.