

## 2021 Budget Address

December 21, 2020

2020 found America and our city affected by dual crises: the Covid-19 pandemic and an economic crisis; and a racial and social equity crisis sparked by the documented deaths of Black people at the hands of police. Both crises have affected this year's budget and will have long lasting impacts.

Due to the national pandemic, the City of Pittsburgh has \$52 Million less in revenue than what was anticipated last year. In fact, due to the impact of the Covid-19 pandemic we are slated to lose over \$130 million in anticipated revenue over years 2020 and 2021, and more than \$240 Million in the 5-year plan.

However, while vacant positions are eliminated in this budget, there are no layoffs of employees contemplated until July 1st. Although the elimination of these unfilled but needed positions will limit management's delivery of services, unfortunately it has become fiscally necessary as a result of our current reality.

Despite the loss of revenue due to the pandemic, City Council, along with the support of the Mayor, has attempted to address the racial and social equity crisis that faces our city.

To start, \$5.3 Million has been transferred from the police budget to fund the newly created Office of Community Health and Safety, and to similarly fund the Office of Equity, which was established in 2019. This will begin to change how we look at public safety with a focus on prevention by addressing mental health, homelessness and other circumstances that should lie outside of policing in the City of Pittsburgh. We look forward to working with the administration and the community in developing these vital efforts.

Residents have spoken loud and clear to Council that the budget is a reflection of our moral values. That our city's moral values needed to address the crises affecting our city. I believe this year's budget begins to do just that. While not easy, this year's budget demonstrates our ability to see the light amidst the darkness.

Today, City Council passed a \$564 million-dollar operating budget and a \$125 million dollar capital budget. To be clear, the budget passed today is a stop gap measure to assure we can pay our bills beginning January 1, 2021, and continue a minimal level of services to the citizens of Pittsburgh. Having a balanced budget in place by December 31st is our legal requirement.

The budget is currently balanced by the elimination of hundreds of employees City-wide beginning July 1st. If there is not federal or other revenue assistance by June those reductions will have to be implemented. This would include a reduction of \$8.8 Million in Police salaries and other vital Public Safety services. Cuts of this magnitude will be untenable for Pittsburgh city government and its citizens.

Despite this, our gut feelings and popular narratives, we should be thankful. For if not for the fiscal responsibility of this and previous councils and administrations, the potential July 1st layoffs would have begun January 1st. The strong fiscal policies and best practices City Council put in place has allowed Pittsburgh to accumulate a healthy fund balance. This fund balance enabled the city to continue to pay our bills and provide services even with a large negative impact on our revenue due to the corona virus pandemic.

We remain hopeful that the federal government and incoming President Elect Joe Biden will help to provide some level of assistance to state and local government including the City of Pittsburgh. However, regardless of the level of assistance, or if assistance does not arrive at all, we will have to work with the Mayor again by re-opening this budget and substantially changing and adjusting line items prior to July 1, 2021.

During this year's budget process residents rightfully demanded action to address the many issues we face. However, there are limitations to what can be done within our system. For example, residents have repeatedly requested that we tax our large non-profits. Unfortunately, state law prohibits us from doing so. Moreover, although the City did ask the state to include non-profits in the Payroll Preparation Tax in 2004, this request was denied.

Many residents also asked us to eliminate police positions. While there is merit to the ask, the City's ability to cut positions is limited not only by state statutes like section 239 and Act 111, it is also limited by court precedent, arbitration decisions and collective bargaining agreements. The significance of these state statutes, among other reasons, is we are forbidden to fire police unless for budgetary reasons. Given we voted on a balanced budget, the state statute does not allow us to currently eliminate police positions. Towards this end, and in addressing other issues limited to us by the state, we encourage those passionate residents to assist us in lobbying for the needed change in Pennsylvania state law. To be clear, this Council is supportive of the many demands placed upon us by residents. However, in order to make the necessary change being asked for, we need your active support. We have been and will continue to lobby Harrisburg for these necessary changes. We ask you to work with us in doing so.

Residents also requested the city to do the job of other agencies, such as providing affordable housing, adequately funding public education, and other social services. This Council has and continues to allocate what we can to these important functions and will continue to work with entities such as the County, School Board, Housing Authority, Urban Redevelopment Authority and others to enhance services and meet our municipal obligations as well.

As an example, Council moved more than \$2 Million dollars to supplement the \$10 Million Housing Opportunity Fund created by Council that has been essential to sustain many residents, small businesses and homeowners during the pandemic. Which to date has kept close to 200 homeowners in their home, or help acquire an affordable home.

Again, while we just had our final vote on the 2021 budget, we will be revisiting this budget to make significant changes within the next few months. Hopefully, that will be to add additional revenue, positions and programs back into a new amended budget.

Despite the economic crisis exacerbated by the racial and social equity crises, all members of this Council have demonstrated their commitment to the economic and social wellbeing of all our residents. This year's budget proves that. More so, this year's budget proves we are able to provide one of the most important things we all need during these trying times - compassion.