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FLIGHT CHECKS

PG INVESTIGATION: Airport Authority spent \$2.6M over 8 years for severance payments to some departing employees

By Mark Belko Pittsburgh Post-Gazette

Over the last eight years, the Allegheny County Airport Authority under the leadership of Christina Cassotis has spent \$2.6 million severing ties with employees.

The authority has doled out

severance pay to 96 employees, including top managers and other key contributors, since Ms. Cassotis took the chief executive job in 2015, a Post-Gazette review has found.

The \$2.6 million in payments have ranged from a high of \$187,200 to the authority's former chief operating officer to a low of

\$5,340, with the average being \$27,506. One employee received what was described as a "health care continuation."

Employment experts say such payments are a commonly used tool when management wants to make personnel changes and doesn't want pushback from unhappy employees. In the case of the airport authority, some payments made in recent years helped it downsize when the industry was crushed by the

SEE SEVERANCE, PAGE A-4



Lucy Schaly/Post-Gazette

The Allegheny County Airport Authority under CEO Christina Cassotis has made broad use of severance pay as a way to make personnel changes. She became chief executive in 2015.

Election 2024

AI's THREAT TO '24 VOTE STIRS ANGST

Spread of misinformation using the technology raises concerns in Pa., beyond

By Mike Wereschagin Pittsburgh Post-Gazette

The messages burst onto social media feeds just as a heated election was coming to a head.

Beneath the stark, black-and-white photo of a weary coal miner, the graphic's message slammed President Barack Obama and called on voters to gather in support of then-candidate Donald Trump.

"Where: Steel Plaza, Pittsburgh," it said.

Though the rallying cry appeared to come from a political coalition called Coal Miners for Trump, federal

investigators later discovered it was part of a sprawling election-interference campaign by the Russian government — an operation that upended U.S. politics and raised troubling questions about crucial weaknesses in America's democratic process.

Now, eight years after the Russian intrusion into the U.S. presidential race, election watchers and technology experts say the rise of publicly available artificial intelligence will present an even greater threat to the ability of voters to separate truth from fiction as a vital election draws closer.

It can come in the form of the mimicked voice of a familiar candidate spouting misinformation. It can appear as a damning video of a politician doing something that, in reality, never happened. It can pop up as a text message or email that looks nearly identical to an urgent message from the government, but is just a lie told by a

SEE AI, PAGE A-8

EAST PALESTINE DERAILMENT, ONE YEAR LATER



Sebastian Foltz/Post-Gazette

Courtney Miller, 36, tightly hugs her daughter, Ellie, 6, as she watches video of the burn-off of chemicals in Norfolk Southern tanker cars three days after they derailed in East Palestine, Ohio, on Feb. 3, 2023. The two, plus her son, Mathias, 10, at left, fled their home after the derailment and have been living with relatives. The family attended a year-after event Saturday in Columbiana, Ohio. More coverage, A-5 and C-1

Uncertainty engulfs Respiroics' local workforce

With CPAP sales halted in U.S., key questions abound

By Kris B. Mamula and Michael Korsh Pittsburgh Post-Gazette

As Pittsburgh's economy cratered and jobless counts soared four decades ago, an entrepreneur spent years developing medical devices, using his kitchen oven as a kiln.



Gerald McGinnis founded Respiroics Inc., which helped spark the region's life sciences turnaround and paved the way to economic recovery. Respiroics became Western Pennsylvania's homegrown economic juggernaut after introducing the first continuous positive airway pressure device, or CPAP, in the nation in 1985.

Today, the company is the largest medical device maker in the region, employing

more than 1,000 people.

But the future of Respiroics, now part of Dutch health industry giant Royal Philips, is uncertain after the company said on Monday it would halt sales of its signature breathing machines in the U.S. as part of a consent decree reached with the Department of Justice.

The pause may last years while the company takes on quality issues with its devices, used to treat obstructive sleep apnea and other breathing problems, that led

SEE PHILIPS, PAGE A-7



Benjamin B. Braun/Post-Gazette

The sprawling Respiroics manufacturing center on Alvin Drive in New Kensington was one of the world's largest manufacturers of sleep apnea machines. Royal Philips purchased it in 2008.

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SCAN ME



Election 2024

Biden wins South Carolina Democratic primary

By Will Weissert
and Meg Kinnard
Associated Press

COLUMBIA, S.C. — President Joe Biden easily won South Carolina's Democratic primary on Saturday, clinching a state he pushed to lead off his party's nominating process after it received his then-struggling White House bid four years ago.

Mr. Biden defeated long-shot Democrats on South Carolina's ballot, including Minnesota Rep. Dean Phillips and author Marianne Williamson. His re-election campaign invested heavily in driving up turnout in what it saw as a test drive of its efforts to mobilize Black voters, a key Democratic bloc central to Mr. Biden's chances in a likely November rematch against former President Donald Trump.

"In 2020, it was the voters of South Carolina who proved the pundits wrong, breathed new life into our campaign, and set us on the path to winning the presidency," Mr. Biden said in a statement. "Now in 2024, the people of South Carolina have spoken again and I have no doubt that you have set us on the path to winning the presidency again — and making Donald Trump a loser again."

His win comes after he led a Democratic National Committee effort to have South Carolina go first in the party's primaries, citing the state's more racially diverse population compared to the traditional first-in-the-nation states of Iowa and New Hampshire.

South Carolina is reliably Republican, but 26% of its residents are Black. In the 2020 general election, Black



Alex Brandon/Associated Press
President Joe Biden, with first lady Jill Biden, waits to speak Saturday at Biden campaign headquarters in Wilmington, Del.

voters made up 11% of the national electorate, and 9 in 10 of them supported Mr. Biden, according to AP VoteCast.

Mr. Biden pushed for a revamped primary calendar

that will see Nevada go second, holding its primary Tuesday. The new order also moves the Democratic primary in Michigan, a large and diverse swing state, to Feb. 27, before the expansive

field of states voting on March 5, known as Super Tuesday.

New Hampshire rejected the DNC's plan and held a leadoff primary last month anyway. Mr. Biden didn't campaign and his name wasn't on the ballot, but still won by a sizable margin after supporters mounted a write-in campaign on his behalf.

South Carolina, where Mr. Biden has long held deep relationships with supporters and donors, also played a pivotal role in his 2020 campaign, where a big win helped revive a flagging effort in other early-voting states and propelled him to the nomination.

Mr. Biden was aided by South Carolina Rep. Jim Clyburn, whose 2020 endorsement served as a long-awaited signal to the state's Black voters that Mr. Biden

would be the right candidate to advocate for their interests.

Mr. Clyburn said Saturday night that he believed New Hampshire's delegates should be seated at the party's convention this summer and that Democrats should avoid any further infighting.

Both Mr. Biden and Vice President Kamala Harris have consistently thanked the state's Democrats for their support. Mr. Biden a week ago told attendees at a state party fundraiser that "you're the reason I am president." He also argued to an audience of hundreds of party faithful that they were "the reason Donald Trump is a loser. And you're the reason we're going to win and beat him again," framing the likely general election matchup with the GOP's current front-runner.

Questions abound over future of Philips Respironics

PHILIPS, FROM A-1

to one of the largest recalls of its kind more than two years ago.

A Post-Gazette and ProPublica investigation found that the company held back thousands of complaints for years about industrial foam inside the devices that was breaking down and capable of spewing cancer-causing particles and fumes into the masks of patients.

"It's a sad day — not only for Respironics, but also for the legacy of technology in Pittsburgh," said Eric Kulikowski, the company's former director of operations.

As Philips shrinks its global workforce by 13% by 2025 in cuts announced in prior years, it remains uncertain how many of those staff reductions will be made locally.

The halt in production of breathing machines in the U.S. could impact operations in Westmoreland County, where the company has three facilities, including a manufacturing complex in Upper Burrell and product distribution center in East Huntingdon.

"That Murrysville factory is the legacy of Respironics," said Mr. Kulikowski. "That has been the cornerstone factory of the products they're going to be discontinuing. And it makes me wonder if that factory has a long-term future or not."

What's not clear is what ultimately happens to the company as a result of the ongoing federal criminal investigation by the DOJ and the FBI's Philadelphia office and how it impacts Philips's future decisions in the medical device industry.

Amid the company's announcement of the consent decree, which has not yet been released to the public, Philips's stock plunged 7% and remains down.

"It's even beyond the value of the stock today. It's not a happy place for the people who were there," said Mr. Kulikowski.

Gene Scarberry, the company's former technical director, said he fears there is potential for significant layoffs in the region from the stoppage in production.

"It's almost like Philips has abandoned sleep medicine," said Mr. Scarberry.

A company spokesman told the Post-Gazette that he did not have any details on how the halt in the manufacture of breathing machines in the U.S. will impact the Pittsburgh operation.

Philips said it will continue to make machines for its markets outside the U.S., but it's not clear if the work will be performed at the Pittsburgh-area facilities.

Six miles from the Murrysville plant, at the leather seats of Dick's Diner — a mainstay among Philips Respironics employees — Bruce Turnage, 67, said he's seen countless manufacturing jobs flee the area in recent decades.

"It used to be all manufacturing," he said. "But so much of it has gone bye



Benjamin B. Braun/Post-Gazette
A Phillips Respironics manufacturing plant in Murrysville. The company is the largest medical device maker in the region, employing more than 1,000 workers.

-bye."

Mr. Turnage said his brother-in-law worked at the company's facilities under both Respironics and Philips, and recalled stark differences in the companies' approaches to labor.

"When it was Respironics, they took very great care of the workers. With Philips, it became this foreign company," he said.

Industry heavyweight

At one time, Respironics was among the most successful health manufacturers in the Pittsburgh area with growth that reached as high as 70% in some years, said Mr. Kulikowski, who joined in 1990.

Respironics was repeatedly put on Forbes magazine's list of one of the 200 best small companies in the country.

And while it reported more than \$1 billion in sales with 4,900 employees by 2007, it was a far more streamlined company than Philips, said Mr. Kulikowski, who worked for both corporations.

"We had the flexibility and nimbleness, I would say, of a \$300 million company," he said.

Even after the company's acquisition by global conglomerate Philips in 2008 — under threat of a hostile takeover — it remained a heavyweight in the sleep apnea and ventilator markets, according to an analysis by iData Research.

Between 2008 and 2020, the company's estimated share in the U.S. sleep apnea market swelled from \$568 million to \$632 million, while its share of the ventilator market nearly quadrupled, the data shows.

In 2020, Philips wielded 37% of the sleep apnea market — behind only one competitor: medical device maker ResMed.

That same year, as the COVID-19 pandemic struck the nation, the company controlled nearly a quarter of the nation's ventilator market, data shows.

As other countries raced to gather ventilators to meet pandemic-era demand, Philips boosted its production and aggressively marketed its devices made with the problem foam.

Over the course of that year, operating profits from its breathing machines soared to about \$800 million — more than double the year before, according to reports by Philips' parent company.

Though the ongoing case with the DOJ has led to the halt for now of the company's breathing machines in the U.S., the legacy of Mr. McGinnis — who founded the company from his suburban Pittsburgh kitchen in 1976 — made an indelible impact on the culture and executive leadership throughout the corporation, said Mr. Kulikowski.

At a company reunion Jan. 26, held in light of Mr. McGinnis' death the previous night, Mr. Kulikowski said former employees commiserated over the business acumen and people skills he displayed while leading the company.

"The impact that the culture of Respironics had — the values that Respironics had — you can see it all over the country and all over the world," he said. "Had they not made this stop at Respironics, they may not be who they are today," he said.

Job growth, new factories will help weather slowdown, officials say

A tightening labor market in Westmoreland County — 3.4% unemployment in December, down from 4.1% a year ago — combined with new advanced manufactur-

ing and warehouse projects in the county, means displaced Philips workers may stand a chance of landing other opportunities, said Westmoreland County Commissioner Ted Kopas.

"Whether it's one job or 200, we never want to see workers lose their jobs," said Mr. Kopas, a Democrat. "Respironics has been a pretty important part of our economy, so it's certainly a blow, but not one that I believe we couldn't absorb."

Data from last year shows Philips was the seventh largest employer in the county, trailing supermarket chain Giant Eagle, Independence Health System and county government, according to the state Bureau of Labor & Industry.

Don Smith Jr., president of the private nonprofit Regional Industrial Development Corp., which has two industrial parks totaling 3.5 million square feet in Westmoreland, said the county is well prepared to weather a Philips slowdown.

"There's a reason why it's been such a successful manufacturing area," Mr. Smith said, citing lower taxes than many other states and easy access by rail, the Pennsylvania Turnpike and interstate highways. "Westmoreland County is really well-run."

Some 18,000 people, or 14% of the total workforce in Westmoreland County, were in manufacturing — jobs that paid an average annual wage of \$68,693 in 2022, according to the state. Westmoreland's employment in the manufacturing sector was 4.3 percentage points higher than in Pennsylvania overall.

Westmoreland County Planning and Development Director Jason Rigone pointed to a public-private investment of \$81 million for an advanced manufacturing center in New Kensington that is expected to create 300

jobs, and plans by a German building products company to erect a 228,000-square-foot manufacturing center in Sewickley Township, creating up to 150 jobs — both projects announced since May.

In addition, Amazon put the finishing touches on a 1-million-square-foot distribution center in New Stanton in August.

"There are opportunities out there; companies are doing well," Mr. Rigone said.

The year after Philips acquired Respironics for \$5.1 billion, it opened a \$32 million highly automated manufacturing plant in Upper Burrell.

The building had 172,000 square feet for production and a two-story atrium with floor to ceiling windows overlooking the heart of the plant that erased boundaries between administration and production. The building featured an 85-foot-long chain-driven conveyor with trays attached to it, designed for lean manufacturing techniques with flexible work teams and mixed model assembly lines.

Then, in 2016, Philips paid \$2.6 million for a 260,000-square-foot building in East Huntingdon to house a device repair operation and consolidate product distribution.

The center, which put six acres under roof, employed about 250 people when it opened, but the staff was reduced to about 150 people in 2021 after the repair work was discontinued at the center.

In 2017, Philips leased 14,000 square feet of office space on Bayard Street in Oakland while inking a working agreement with the nearby University of Pittsburgh.

The office was consolidated in 2021 at Philips' new corporate headquarters in Bakery Square, where the company inked a long-term

lease for 200,000 square feet in the upscale East End development.

The terms of the agreement require lease payments to be made, regardless of whether the company occupies the space, but the space can be sublet to other tenants. In the wake of the massive recall, Philips sublet about 37,000-square-foot to Management Science Associates.

But by March 2023, Philips had emptied more than half its originally leased space, or 111,164 square feet, as the company said it was adapting to office workspace needs post-COVID-19.

Though the company dominated the sleep apnea market for decades, several former employees who worked at Respironics and later, Philips, said the larger multinational company was not known for the kind of rigorous approach to quality control and safety that was advanced by Mr. McGinnis throughout his leadership at Respironics.

"Inspectors in the Pittsburgh region knew that when they came to Respironics, we would be prepared. And when they came to Respironics, it wasn't going to be a game," said Mr. Kulikowski.

To Mr. Kulikowski, the news has touched a personal nerve: 34 years ago, he led the design and development of the facility that built the company's breathing machines.

"It does punch me in the heart a bit. What was created here in the United States — not just in Pittsburgh, but in the United States — is going to have minimal value now," he said.

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