



Tackle Highway Funding and Mass Transit Funding Separately

One of the reasons transportation funding bills are so hard to get passed is their complexity. They present political problems in trying to please too many constituencies simultaneously—or in trying not to anger powerful constituencies any more than is politically acceptable. To remove some of the complexity, the Legislature and the Governor ought to separate the highway and bridge funding from the mass transit funding. Keeping them together results in obfuscation and unnecessary confusion as to appropriate funding sources, amounts of funding and prevents appropriate focus being placed on non-funding transit issues.

The vital importance of dealing with the maintenance and rehabilitation of the state's roads and bridges should rank as the first and top priority. In order to insure that the work on a bill that makes major progress toward improving roads and bridges is successfully completed, it would be well to set aside for the time being efforts to get agreement on the sources and level of funding for public transportation. Higher taxes and fees statewide to support the very expensive Port Authority (PAT) for example, will meet with opposition unless largess is promised to many other legislative districts. It is also highly questionable whether it is appropriate to transfer funds from the Turnpike to PENNDOT to be used for public transportation that are derived from money borrowed under Act 44. And those borrowings force Turnpike officials to continually raise tolls.

When the Legislature does get around to grappling with public transportation, it needs to broaden the scope of its approach to look beyond simply finding more money for mass transit. More money, in and of itself, will not solve deep seated problems. Indeed, more money by itself is likely to perpetuate or worsen the problems at transit agencies.

The Legislature has had several proposals placed before it over the years that would go a long way to begin addressing expensive, inefficient service of transit agencies.

First: it is essential to recognize the costs and inefficiencies that have resulted from the right of public transit workers to strike. Fewer than a handful of states grant transit workers the right to strike and only a couple, including Pennsylvania, are actually threatened with or suffer strikes. Given the hardships transit strikes create, management is very loath to take a strike. There is no reason transit workers cannot be put in the same type of arbitration system afforded to police and fire unions. The arbitration system can be designed to guarantee taxpayers are protected by placing conditions on settlements such as requiring arbitrators to consider the financial condition of the employer and the compensation packages of comparably situated workers.

Second: as proposed in the Governor's Task Force in 2006, transit agencies should evaluate competitive contracting. A 20 percent outsourcing of bus service in five years is a reasonable

goal, with 35 percent in ten years. Bear in mind that outsourcing means that the transit agency takes bids and hires private firms or other public transit authorities that have met their outsourcing requirement. The agency contracting out its service would still receive state financial operating support based on total passengers served whether on their own buses or the contracting entity's buses.

Third: the Legislature needs to take into account the fact that the primary beneficiaries of mass transit are the residents, businesses and other employers in the areas being served. With passenger and other non-tax revenue accounting for only 30 percent or so of total (fare box is about 25 percent of total) and most of the remainder being subsidized by state taxpayers, there is an obvious need to have local sources come up with a greater share of the revenue. One possibility might be a local option add-on sales tax of some small percentage—or a redirection of a portion of a current local option tax. The objective should be to raise the local match for state dollars to 25 percent over a period of three years, that is, for each dollar of state aid, the local governing body (or bodies) would have to put up 25 cents.

Only general, broad based taxes should be permitted as revenue sources for the match. Further, any increase in any transit supporting revenue or the levying of a new dedicated tax should be required to meet voter approval through a referendum. The inability to make the local match would result in the appropriate reduction in state funds until the match is achieved.

It will be a lot easier to get agreement on roads and bridges if increased tax revenues and fees are solely for the purpose of roads and bridges. Funding mass transit needs to focus on benefits, beneficiaries and needed structural changes in separate negotiations. By linking transit and highways together the debates are murky and appeals to emotion and cries of unfairness serve only to make agreement far more difficult than it has to be.

Jake Haulk, Ph.D., President

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<p>Allegheny Institute for Public Policy 305 Mt. Lebanon Blvd.* Suite 208* Pittsburgh PA 15234 Phone (412) 440-0079 * Fax (412) 440-0085 E-mail: aipp@alleghenyinstitute.org</p>
