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Port Authority challenges increase

By Colin McNickle

Concrete steps must be taken to reduce the Port Authority's costs but also to find a better dedicated funding stream for the mass-transit agency, concludes an analysis by the Allegheny Institute for Public Policy.

"Whatever the Legislature comes up with, the egregiously high costs at the Port Authority of Allegheny County (PAAC) must be taken into consideration," says Jake Haulk, president-emeritus of the Pittsburgh think tank (in *Policy Brief Vol. 21, No. 3*).

There can be no doubt that the coronavirus pandemic has had disastrous consequences for the Port Authority. During the eight-month April-through-November 2020 period, average total passenger count fell 64 percent compared to the same months of 2019.

Compared to that same period in 2019, weekday bus passengers were down 67.5 percent while the light rail weekday count plunged 85 percent.

Not surprisingly, passenger revenue has closely tracked the sharp drop in ridership, falling 67 percent over the first four months of fiscal year 2021 (July to October 2020) compared to the same period a year earlier. October figures are the latest financial data available.

Had state and federal subsidies not been so large, the massive drop in ridership would have been devastating to the authority's financial picture. And, clearly, there is a critical need for the Port Authority to pare its employee count and make cost adjustments.

"In short, (the Port Authority's) costs are far above its peers and near the top for all transit agencies in the country, even the large cities with far higher costs of living," notes Haulk, a Ph.D. economist.

And while it was in March 2020, at the start of the pandemic, that the Port Authority announced a 25 percent reduction in service, there have been no accompanying employee cuts as increases in wage and salary expenses and benefit expenses during fiscal year 2020 and over the last several months show.

"Given ongoing raises at PAAC there is little chance that the authority's very high cost structure relative to other agencies has changed very much or will change appreciably in the future," Haulk says. "Thanks to the collective bargaining power the unions possess in having the right to strike, the situation is not likely to improve."

Now, to that dedicated funding issue.

Funding for mass transit in Pennsylvania will face a huge challenge after fiscal year 2022. That's when the requirement that the state Turnpike Commission contribute $450 million to PennDOT for mass transit and road and bridge work each year will be reduced to $50 million.

"The Legislature will need to come up with a major source of funding to replace the Turnpike Commission's contribution, and quickly, or the enormous burden will fall on riders and affected local governments," the think tank scholar says.

"With Pennsylvania's fuel taxes already among the highest in the country, raising them further is not an option," he adds.

Neither is extending the requirement for the commission to pay the $450 million per year, given the agency's resulting massive debt load and continuous toll increases are not sustainable.

Of course, there is the possibility the federal government, if asked, could provide the necessary funding if the state is unable to find a solution.

But there remain two significant bottom-line questions:

"Is it reasonable to continue indefinitely the rationale that very expensive public transit is such an essential service that no employees should ever be laid off even if ridership remains 50 percent—or more—below its pre-pandemic levels for another year or more?" asks Haulk.

"In light of the pains being suffered by many in the private sector as a result of COVID-19, is every municipal government and authority employee in the county so absolutely necessary that none will ever be laid off?"

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