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Port Authority must reorder its disorderly fiscal house

By Colin McNickle

The Port Authority of Allegheny County could find itself between a rock and hard place given its rising budget, higher employee count, still-flagging ridership but higher fares and uncertain future funding, concludes an analysis by the Allegheny Institute for Public Policy.
"(T)the egregiously high costs at (the Port Authority) … must be taken into consideration," says Eric Montarti, director of research at the Pittsburgh think tank (in *Policy Brief Vol. 21, No. 24*).

The bill of particulars facing the mass-transit agency is daunting. To wit:

In preliminary operating budget calculations for Fiscal Year 2021-22, revenues are projected to decrease by $2.6 million (2.5 percent). That's even with the single-trip fare for ConnectCard users rising from $2.50 to $2.75.

But net expenses are predicted to rise by $11.2 million (2.6 percent). Fueling the increase – additional non-union salary and administrative hires and the first year of a new two-year union labor contract.

And do remember, that the Port Authority has laid off no employees, even at the height of the coronavirus pandemic and as ridership tanked. Ridership has been painfully slow to recover; some wonder if it ever will reach pre-pandemic levels again considering the staying power of remote work.

Lest we forget, another large chunk of Port Authority income could be lost, at least on paper, when its share of a $450 million annual state kitty conveyed to the Pennsylvania Department of Transportation by the state Turnpike Commission drops to $50 million next year.

That will affect the Port Authority's budget beginning in fiscal 2022-23. It will be up to the state Legislature to explore funding replacement options.

Calculating total revenues and grants, minus expenses, the Port Authority would be facing a fiscal 2021-22 budget shortfall. But that will be more than made up with $56.5 million in federal recovery money. The authority has or will receive more than $500 million in federal stimulus money.

"Federal money is also playing a big part in (the authority's) $227 million capital budget as it counts $99 million for construction of the Bus Rapid Transit project from Downtown to Oakland," Montarti notes. An additional $19 million from the American Rescue Plan for the project was announced June 11.

Just how long those "excess" federal dollars last depend in large part on the Port Authority's ridership numbers. The agency estimates it could exhaust the federal rescue money by fiscal 2024. But it could last until FY2025 and 2026 if ridership increases from current levels by 50 percent and 75 percent, respectively.

But the elephant in the room remains one that the mass-transit agency refuses to acknowledge – its extraordinarily high costs (specifically, its bus per revenue mile and per revenue hour operating costs -- when compared with peer agencies and even those much larger).

All these budget numbers stated and analyzed, any other arm of government asked for financial help to keep the Port Authority afloat must insist that the authority first get its high-cost house in order.

Failure to do so will only enable the agency to continue its clearly, and increasingly, unsustainable financial ways.

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