



### Port Authority's spending grows while ridership is below pre-pandemic levels

**Summary:** Proposed operating and capital budgets for the Port Authority of Allegheny County (PAAC) are moving toward board approval. The budgets are reliant on federal stimulus dollars. While ridership has not returned to pre-pandemic levels, there will be a fare increase and new employees will be hired.

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The preliminary operating budget for Fiscal Year (FY) 2021-22 projects \$101.6 million in revenues, \$439.7 million in net expenses and \$338.1 million in government operating grants to achieve balance.

Revenues (fares, advertising, interest and other income) are expected to decrease \$2.6 million (2.5 percent) from FY20-21 with each category decreasing or remaining flat. Bus, light rail and incline fares provide the bulk of revenues and are budgeted at \$76.1 million. The single-trip fare for ConnectCard users is proposed to rise from \$2.50 to \$2.75 and the transfer charge is to be eliminated.

Net expenses (wages and salaries, pensions and benefits, materials, utilities, etc.), are expected to rise \$11.2 million (2.6 percent). With additional hires and the first wage increase under the new two-year ATU contract, wages and salaries are expected to increase but the performance of the stock market is expected to lower pension and benefits expense. The remaining expense categories vary in whether they are expected to increase or decrease.

A *Policy Brief* earlier this year (*Vol. 21, No. 3*) posed two questions in regards to PAAC staffing during the pandemic:

*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?*

*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?*

Based on the budget the answers are “yes” to both.

PAAC will add 32 employees, bringing salaried and hourly headcount to 2,803 over what was budgeted for FY20-21. Much of the increase will be for non-union salary and administrative employees (27 additional to bring total to 318). There will be no change in the number of operators (1,232) or off-board fare collectors (20). There will be one less maintenance position (bringing total to 859), which is presumably due to attrition.

These additions come despite the fact that ridership is not yet recovered (the preliminary budget notes “ridership will return” then queries “but when?”).

The latest data available for May 2021 show that bus and light rail ridership was up over May of last year, which was right in the middle of the shutdown. But pre-pandemic, using the May 2019 numbers, shows ridership is down anywhere from 47 to 79 percent based on mode and day.

**PAAC May Bus and Light Rail Ridership, 2019 to 2021**

Mode/Day	2019	2020	2021	% Difference, 2020 to 2021	% Difference, 2019 to 2021
Bus, Avg Weekday	184,684	62,357	69,447	11	-62
LRT, Avg Weekday	26,514	2,536	5,465	115	-79
Bus, Avg. Saturday	88,412	44,451	45,222	2	-49
LRT, Avg. Saturday	12,163	1,453	3,883	167	-68
Bus, Avg Sunday	56,063	32,368	29,793	-8	-47
LRT, Avg Sunday	6,631	1,105	2,677	142	-60

Operating grants overall will remain flat at \$281.6 million. Most of that comes from state operating assistance (\$243.9 million) with county drink and car rental taxes (\$33.9 million) and a grant from the Regional Asset District sales tax (\$2.9 million) providing the match.

After totaling revenues, expenses and grants the result is a deficit of \$56.5 million.

This shortfall will be covered by federal stimulus money from the CARES Act (\$40 million) and the American Rescue Plan (\$16.5 million). PAAC has or will receive over \$500 million from these two pieces of legislation and the CRRSA Act directly; Allegheny County gave PAAC \$23 million from its direct share of the CARES Act.

Federal money is also playing a big part in PAAC’s \$227 million capital budget as it counts \$99 million for construction of the Bus Rapid Transit project from Downtown to

Oakland. An additional \$19 million from the American Rescue Plan for the project was announced June 11.

The budget notes that “if ridership remains at current levels, the Authority will potentially exhaust its federal stimulus funding by FY2024,...Current operating levels would be sustained in FY2024 with Deferred Revenues.” If ridership grows 50 percent above where it is currently, the federal money would last a year longer. If it grows 75 percent, two years longer. No word on what happens if ridership falls from where it is currently.

While the preliminary operating budget makes projections on the federal stimulus money, there is a brief mention of the changes coming to state operating assistance. Under Act 89 of 2013, the \$450 million paid by the Pennsylvania Turnpike to the Pennsylvania Department of Transportation (PennDOT) for mass transit and highways and bridges is to fall to \$50 million next year, which the budget notes will have an effect on PAAC in FY2022-23.

Whatever the Legislature comes up with to replace the Turnpike money, the egregiously high costs at PAAC—as documented by Institute research, PennDOT performance reviews and PAAC annual service reports—must be taken into consideration.

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