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Fixing PRT: a crucial policy issue for chief executive candidates

Summary: Pittsburgh Regional Transit (PRT) is the mass-transit provider for Allegheny County, created by state law by the Second Class County Port Authority Act (Act 465 of 1956). Costs for providing bus and light-rail service consistently rank near the top in the country among mass-transit agencies. Ridership has not yet returned to pre-pandemic levels. What can the next Allegheny County chief executive do to lower costs and boost ridership at PRT?

In October 2021, PRT's CEO stated "the ridership world we had on March 13, 2020, is not coming back. Ridership may continue to grow somewhat, but it will look different. We don't even know what that might look like yet."

The data for May 2023 shows average bus and light-rail ridership were 35 percent and 45 percent lower, respectively, than in May 2019. This same data demonstrate that, of 96 bus routes, 30 were functioning at or below 50 percent of May 2019 ridership. In many cases, certain routes were operating substantially below 50 percent. Average ridership across all bus routes and three light-rail routes ranged from 3.2 percent to 85 percent below May 2019.

A 2022 *Policy Brief (Vol. 22, No. 39)* compared August 2019 ridership to August 2022 ridership, 10 weekday bus routes were found to be the worst-performing routes. Since that time, there has been little change: nine of those maintained their status as among the 10 worst performing in May 2023.

With minimal change to service, vehicle fleet and the long-standing factors PRT identifies as driving its cost structure, the cost per bus rider in fiscal year (FY) 2021-22 was $11.94 and per light-rail rider $33.64 and have regularly been higher than peer transit agencies.

What actions can the next chief executive take to directly or indirectly lower costs at PRT? Note that two of the county's key roles in relation to PRT are appointing board members and making the local match for state subsidies.

Between 2000 and September 2013, appointments to the nine-member board of directors were made by the chief executive with confirmation by County Council. Until 2008, the county provided the local match for state funding from general fund revenues.

Due to amendments to the board's makeup (Act 72 of 2013) and to state transportation funding (Act 44 of 2007), the chief executive now appoints six members of an 11-member board (the governor and legislative leaders appoint the other five) and the county levies taxes on alcoholic beverages and vehicle rentals to make the local match. In addition, since 2013 the Regional Asset District has made a $3 million annual grant to PRT from its share of the county's sales tax revenue.

Both board appointments and the local match deserve serious deliberation by the next chief executive if the situation at PRT is to change.

State law requires that the six appointees be residents of Allegheny County and that they have experience or background in finance, budgeting, economic development, transportation or mass transit. Two of the six must also be recommended by community organizations named in the law and are subject to confirmation by County Council. Appointees are limited to three consecutive terms. It takes the vote of seven appointees to move business forward.

Based on state law and information from PRT and Allegheny County, and assuming current appointees serve a full four-year term, the next chief executive would make two appointments in September 2024 and four appointments (including the two from recommendations and with council approval) in September 2027.

Consider by the time 2027 arrives, the current PRT-Amalgamated Transit Union contract will have expired (in 2026), the last of federal COVID relief money could be spent (the FY 2023-24 budget includes the final piece) and the Bus Rapid Transit project could be complete. The labor contract will be of critical importance, as most of PRT's expenses are personnel-related, but also includes the limitation on how PRT can utilize small transit vehicles in fixed-route service.

Paying wages that are near the top nationally (previous Institute research has shown PRT had much higher transit operating expenses per vehicle revenue hour than agencies in metropolitan areas with a higher cost-of-living and that bus operator wages and fringe benefits were much higher on a per vehicle mile basis than peer agencies) and building new projects increases the need for ever more subsidies since fares cover only a fraction of expenses. The 7 percent alcoholic beverage tax and the $2 per day vehicle rental tax are budgeted at $49.5 million this year. The revenue from the taxes is sent to PRT as part of its operating and capital subsidy. The most recent change in these taxes was in 2008 when the rate of the alcoholic beverage tax was reduced from 10 percent.

As noted in a recent *Policy Brief (Vol. 23, No. 17),* legislation to permit counties, including Allegheny County, to impose a variety of taxes, surtaxes and fees to fund transit and transportation is under consideration. As federal COVID aid diminishes, the pressure to find revenue for PRT will be intense. If the legislation were to pass and Allegheny County chose to enact any or all of the levies, it would not only add to the county's tax burden but it would enable PRT to avoid making hard decisions on its costly service. That is the wrong direction to go. The next chief executive should not support additional county levies.

One critical provision in the Commonwealth's Port Authority Act remains in effect: transit workers can strike when there is a bargaining impasse and fact-finding recommendations and mutual binding interest arbitration are not agreed to. Pennsylvania is virtually unique in allowing public transit workers to strike. It creates enormous bargaining power—because of the ability to cripple travel to work and appointments—that over time, has allowed the union to receive wages and benefits that are far above peer agencies around the country and drive operation costs to levels much higher than peer agencies. The result is a woeful misallocation of resources. The chief executive's appointees should request that state-level board appointees communicate the importance of ending transit strikes to state policymakers.

When will PRT move from being an authority with expansionist tendencies to one that efficiently operates the mass transit service it has? Much of that attitude shift has to come from the board. The chief executive should also be vocal about not pursuing major building projects in the face of declining ridership.

There are significant negative economic implications of high cost public services that require funding through taxation. It is important that the next chief executive appoint no-nonsense board members that will push for changes to future labor contracts, service levels, fares and fleet that realistically align with ridership and with the taxes paid by county taxpayers.

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