ALLEGHENY INSTITUTE FOR PUBLIC POLICY

March 13, 2024 **Allegheny Institute Op-Ed**

710 words

PRT not worthy of proposed funding increase

By Colin McNickle

Pittsburgh Regional Transit (PRT) would be in line for millions of new dollars in state funding in Gov. Josh Shapiro's proposed fiscal 2024-25 budget, about $40 million by one estimate.

But a scholar at the Allegheny Institute for Public Policy questions if such an increase is prudent.

"This is the wrong approach given PRT's costs relative to peer transit agencies and where ridership stands compared to pre-pandemic numbers," says Eric Montarti, research director at the Pittsburgh think tank (in *Policy Brief Vol. 24, No. 11*).

The funding boost would involve shifting a greater share of sales- and use-tax revenue to the special state funds for public transit. There are three recurring transfers of sales- and use-tax revenue, Montarti reminds:

The Public Transportation Assistance Fund (PTAF) receives 0.947 percent of total collections; the Public Transportation Trust Fund (PTTF) receives 4.4 percent of total collections along with another 3.28 percent of total collections derived only from motor vehicle collections.

The funds also receive revenues from vehicle fees, the Turnpike Commission and the Lottery. The money is then distributed to transit agencies. In FY 2022-23, the sales- and use-tax transfers to PTAF and PTTF totaled $1.34 billion.

"The proposed budget would direct an additional 1.75 percent of sales-and use-tax collections to the PTTF, resulting in $283 million in new dollars," Montarti says. A news report estimated that PRT would receive an additional $40 million.

State funding, in FY 2023-24, accounts for the majority of PRT budget dollars – 55 percent of the operating budget once mostly passenger fares are factored in and 71 percent of its capital budget.

No one should be surprised about the push for more state funding. After all, federal stimulus dollars were designed to offset seriously diminished fare revenues from fewer pandemic-era riders. And those ridership numbers simply have not recovered, given continuing hybrid work and changed commuting patterns.

To wit, Montarti reminds that PRT's January 2024 bus and light-rail ridership were down 43 percent and 53 percent, respectively, compared to pre-pandemic January 2020.

And he says the "big question" now "is how intently the focus on costs will be in upcoming budget deliberations." Montarti reminds that PennDOT has voluminous data given transit agencies are subject to performance reviews and have been since 2010.

There also was a performance audit in 2023 by the state Auditor General's Office. And PRT itself publishes an annual service report comparing its costs against peer agencies around the nation.

Previous Allegheny Institute research "has shown repeatedly, year-after-year, that PRT's costs on a revenue-hour basis are higher than most transit agencies across the nation, especially when adjustments are made for cost-of-living differences."

"The FY 2022-23 service report notes PRT costs are driven by 'an older system with significant legacy costs, significant congestion, long-standing collective bargaining agreements, and the region's unique topography which affects the efficiency of vehicles getting to and from places where it begins service, as well as vehicle maintenance costs,'" Montarti notes.

And while PRT cannot alter topography or roads, personnel, service and fleet are certainly under the transit agency's board and administration purview, he says.

"State law that allows for transit strikes when there is a bargaining impasse is a policy that significantly hinders the achievement of those necessary changes," the think tank scholar reminds.

"What further evidence do legislators, PRT board members and local officials have to see that PRT needs to get its fiscal house in order with its operating costs?" Montarti asks.

It was in *Policy Brief Vol. 22, No. 39,* that the Allegheny Institute argued that governing bodies funding PRT must become better stewards of those dollars to force the issue.

"The state proposal goes in the wrong direction," Montarti reiterates. "It is unlikely PRT will be excluded from receiving its share of the money or will have conditions upon its receipt, but that is a measure that should be given serious consideration until PRT's costs come closer in line with peer agencies.

"If cost-saving measures had been taken long ago, expenses would not be where they are now," Montarti concludes.

Colin McNickle is communications and marketing director at the Allegheny Institute for Public Policy (cmcnickle@alleghenyinstitute.org).

Allegheny Institute for Public Policy
305 Mt. Lebanon Blvd.* Suite 208* Pittsburgh PA 15234
Phone (412) 440-0079
E-mail: aipp@alleghenyinstitute.org
Website: www.alleghenyinstitute.org
Twitter: AlleghenyInsti1