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Throwing good money after bad at PRT

By Colin McNickle

Pittsburgh Regional Transit (PRT) could receive millions of dollars more in state funding for its fiscal 2024-25 budget. But scholars at the Allegheny Institute for Public Policy say that would be imprudent.

“PRT has been remarkably inefficient in the use of public dollars in comparison to transit agencies in other cities,” remind Eric Montarti, research director at the Pittsburgh think tank, and Scott T. Cross, a research assistant there (in *Policy Brief Vol. 24, No. 23*).

At the end of May, the PRT board approved an operating budget of $539.3 million. That’s up from fiscal 2023-24 by $3.9 million, or 0.7 percent.

“Although the less than 1 percent increase may seem restrained, this budget increase follows several years of hefty operating expense growth,” Montarti and Cross say.

“For FY 2023-24, gross operating expenses increased 11.5 percent, a move that [PRT] justified by the forecast of a large upturn in ridership due to the expectation of a rise in in-person activities that had been suppressed by the pandemic,” the researchers note. In fiscal 2022-23, the increase in gross operating expenses was 6.8 percent.

Do remember that PRT was the beneficiary of millions of dollars in federal pandemic aid to offset serious ridership losses, money that nearly has been all spent. But also remember that after a brief rebound for post-pandemic ridership, those numbers have stagnated.

Montarti and Cross say that new operating budget growth is due primarily to a $10.6 million (5.3 percent) increase in wages and salaries, pushing the total to $209.9 million.

“Note that PRT’s labor contract with its largest union expires in 2026 and workers will receive a 3 percent raise in January 2025,” the think tank scholars remind.

They also note that pension and employee benefits are set to decrease in FY 2024-25 to $170.2 million from $188.1 million in the previous fiscal year, due to actuarial reasons that PRT says stem from the 2008 financial crisis.

All this said, Montarti and Cross say budgeted operating expenses to operating revenues point to an operating deficit of more than $460 million in the coming fiscal year, with the shortfall being made up through various separate subsidies from federal, state, local and other sources.

"Since these subsidies were insufficient to balance PRT's fiscal 2024-25 budget, it will use $78.2 million in deferred state operating assistance from its reserve account to close the budget gap," they say.

And a proposal by Gov. Josh Shapiro, which has passed the state House and is pending in the state Senate, would send about $40 million more commonwealth aid to PRT. If adopted, PRT says it would revise its fiscal 2024-25 budget to include these additional dollars.

It's a move Montarti and Cross pan.

"Instead of seeking ways to expand the budget, PRT should be examining ways to reduce its spending and its need for subsidies, dramatically lowering the burden on the taxpayers who are shouldering more and more the cost of maintaining the system," they stress.

Lest we forget, PRT's cost structure often has surpassed both peer mass-transit agencies and those much larger.

"PRT should eliminate routes with unsustainably low ridership and look to shift vehicles to smaller, more fuel-efficient and cheaper options," the researchers argue.

"If these changes are not pursued, the same problems of rising costs will persist. And taxpayers will have to continue bailing out their overly expensive public transportation system.

"Directing more tax dollars to PRT would not be prudent," they conclude.

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