



March 13, 2013

Policy Brief: Volume 13, Number 13

The Senator and the County Executive

In a dramatic announcement on March 8th, the President Pro Tem of the Senate revealed his intention to introduce legislation that will restructure the Port Authority of Allegheny County (PAT). It is important to bear in mind that PAT was created decades ago by state legislation, and as such is a creature of the state and therefore can be restructured by legislation.

The Senator's announcement contained a harsh condemnation of PAT as having been a significant strain on state and local taxpayers for "far too long and it is time the legislature address the issue." He further singled out the "fiasco surrounding the dismissal of the CEO" as making it clear the County Executive is not moving PAT in the right direction.

The Senator proposes to change completely the way PAT's governing board is appointed. Instead of all nine members being appointed by the County Executive, the Governor, Legislative Leaders, Allegheny County Council and the Mayor of Pittsburgh would have appointments. The County Executive would have only one appointee to the restructured board. The Senator stressed that with the increasing funding coming from the state, it is important for state officials to have a voice on the board. The Allegheny Institute wrote of the relationship of state funding and state appointees to transit agencies in light of efforts to reform the PAT board in 2007 (see *Policy Brief Volume 7, Number 9*).

Further, the Senator stated that, "Moving forward all options need to be on the table when discussing options to streamline operations and cut costs..." To that end, the Senator proposes creating a commission to examine remedies including regionalization, consolidation and privatization of services.

The Senator's proposed legislation, if enacted, would certainly bring a new approach and possibly major improvements in PAT management and operations. However, major and probably uncorrectable problems will remain if the Senator's reform legislation stops with the proposals contained in the March 8 announcement. PAT's tremendous legacy costs remain and will continue. And the principal underlying cause of the Authority's financial woes is not addressed by the reform proposal—namely, the right of the transit workers to strike. Unless and until that right is eliminated, there can be no permanent fix

of PAT's problems. Every step forward can be reversed in contract negotiations under the threat of a strike.

To be sure, a substantial outsourcing program that reduces the share of transit service under the control of the large transit union will go a long way toward curbing the impact of strike threats but will not eliminate it.

This is not to gainsay the importance of a change in board appointment powers. With the obvious arbitrary power that can be wielded by an official as demonstrated recently, a state created organization receiving massive amounts of state taxpayer funding to maintain operations simply must be more answerable to state taxpayers.

There will be push back by the County Executive and his friends in the Legislature. This will be the time for the business community that has so often sided with PAT in pushing the Legislature and Governor for more state money to support the reforms being recommended by the Senator. If these reforms and the others that are needed are not enacted, the day will surely come when legislators from other parts of Pennsylvania will simply refuse to approve the money requested by PAT and its friends. Indeed, we might be there already.

Important changes aimed at restructuring PAT in a manner that will improve efficiencies and lower costs will not come quickly or easily but they should be pursued vigorously. For one thing movement toward regionalization cannot proceed in a meaningful way until legacy costs, compensation costs and work rules are lowered dramatically at PAT. Nor can outsourcing occur as long as the union retains the ability to block such efforts.

While optimism must be tempered with realism, it is nonetheless a hopeful sign that the President Pro Tem of the Senate has taken such a keen interest in correcting some of the ills that plague the Port Authority.

Jake Haulk, Ph.D., President

*Policy Briefs may be reprinted as long as proper attribution is given.
For more information about this and other topics, please visit our website:
www.alleghenyinstitute.org*

<p>Allegheny Institute for Public Policy 305 Mt. Lebanon Blvd.* Suite 208* Pittsburgh PA 15234 Phone (412) 440-0079 * Fax (412) 440-0085 E-mail: aipp@alleghenyinstitute.org</p>
