POLICY BRIEF

An electronic publication of
The Allegheny Institute for Public Policy

November 15, 2004 **Volume 4, Number 44**

PAT Answers Won't Do

Pennsylvania transit authorities, their employees and mass transit advocates are leaning on the legislature to find a permanent, dedicated funding stream and increase subsidies to eliminate budget shortfalls. The Port Authority of Allegheny County (PAT) claims it faces a shortfall of $30 million in 2005 and without additional state funds, will have to increase fares and curtail service to avoid a deficit. However, before the legislature willy-nilly hands PAT dedicated future revenues, it might want to take a look at PAT's operating costs and efficiency.

One of the best ways to evaluate a system's operating efficiency is to compare it with other systems. Using data from 22-transit systems across the nation, a comparison was developed for driver costs and total operating costs per trip. The table below shows a representative sample of cities and the 22 system averages. For the complete 22-city comparison table, see the appendix at the end of the Brief. Clearly, the Port Authority does not stack up well compared to the 22-city average.

Transit System	Bus Driver Wages per Hour	Passenger Trips per Hour	Driver Costs per Passenger Trips	Operations per Passenger Trip
Port Authority (PAT)	$19.05	24.32	$0.78	$2.59
Atlanta	16.01	31.81	0.50	1.83
Cleveland	18.77	25.22	0.74	2.83
Milwaukee	19.19	45.59	0.42	1.39
New York City	19.85	60.31	0.33	1.28
Seattle	12.50	13.02	0.96	3.10
22-System Average	*16.70*	*31.81*	*0.57*	*2.11*

For example, among the 22 cities examined, only Seattle has a higher driver cost per passenger trip than PAT's bus operations. PAT's driver cost per trip at $0.78 is 37 percent higher than the 22-system average. This disparity is a result of two key factors. First, PAT buses carry 23.5 percent fewer passengers per hour of bus operation than the average of the 22-systems. Secondly, PAT bus drivers earn an average of $2.35 (14 percent) more per hour than drivers across the country ($19.05 compared to $16.70). Only New York City and Milwaukee drivers earned more—and not much more—while Cleveland drivers were fairly close at $18.77.

The difference in driver cost per passenger trip means that the Port Authority was paying $14 million more in driver wages than it would have had it matched the national average cost of $0.57 per passenger trip.

Taking a broader look at operations costs per trip, the Port Authority ranks sixth highest on the list with costs of $2.59 per trip and was $0.48 or 18.5 percent above the system average. The Port

Authority also ranked among the top six most expensive systems on both major operating sub-categories—vehicle operations and vehicle maintenance. Again, if PAT buses had operated at the 22-city average cost per trip, they would have been able to reduce expenditures by $32 million.

These two indicators suggest two important types of changes that need to be undertaken at the Port Authority to lower costs and reduce the need for taxpayer funding.

Recommendations

In order to minimize budget shortfalls and thus the need for further taxpayer subsidies, the Port Authority must raise the number of bus passenger trips per hour of service. That can be done by cutting out many of the daytime, evening, and weekend routes that carry few passengers per hour of operation. And contrary to the Port Authority's claims, it does not require totally eliminating evening and weekend service. It does mean running fewer buses at non-peak hours in order to boost the number of riders per bus hour of operation to create more cost efficiency.

The Authority should also look at allowing private firms to carry passengers on smaller more efficient vehicles to provide service to areas and at times the Port Authority cannot operate efficiently with its highly paid drivers and large buses. Threats of eliminating evening or weekend service are scare tactics and indicate an unwillingness to manage in a way that makes the system more efficient.

In addition, PAT needs to ask for concessions from its drivers and other employees to bring wage rates more in line with other systems around the country. It is simply not appropriate for PAT employees to be paid more than most of their fellow drivers across the country and ask taxpayers to pay more to underwrite their favored position. It is almost a certainty that the fringe benefits they enjoy are well beyond those of most comparably situated and similarly skilled private sector workers in Pennsylvania.

Only after these steps have been undertaken should the Commonwealth contemplate enacting a permanent dedicated revenue stream for the Port Authority. Delivering a dedicated revenue stream before PAT addresses its operating inefficiencies costs will remove the pressure for the Authority to act responsibly and serve the public efficiently.

PAT's unfavorable cost comparison with other bus systems is symptomatic of Pittsburgh's problems. As is well known, the City government and the school district spend too much while continually asking for more revenue from taxpayers. All three entities have one important thing in common. They are public sector monopolies unrestrained by competition and not compelled to hold the line on costs, relying instead on their ability to squeeze more money from taxpayers. Perhaps someday elected officials will decide the taxpayers deserve some relief and will insist on real accountability from these government entities.

Jake Haulk, Ph.D. President **Frank Gamrat. Ph.D. Sr. Research Assoc.**

For more information about this and other topics, please visit our website:
www.alleghenyinstitute.org

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

Appendix

City	Bus Driver Wages Per Hour	Passenger Trips/Hour	Driver Costs Per Passenger trip	Operations Per Passenger Trip	Buses
Atlanta	$ 16.01	31.81	$ 0.50	$ 1.83	603
Baltimore	$ 17.32	41.97	$ 0.41	$ 1.64	630
Broward County (FL)	$ 17.06	31.83	$ 0.54	$ 1.68	203
Buffalo	$ 15.78	22.91	$ 0.69	$ 2.40	277
Charlotte	$ 14.89	22.57	$ 0.66	$ 1.79	192
Chicago	$ 18.14	42.94	$ 0.42	$ 1.55	1,627
Cincinatti	$ 15.86	31.24	$ 0.51	$ 2.06	348
Cleveland	$ 18.77	25.22	$ 0.74	$ 2.83	614
Columbus	$ 16.13	32.64	$ 0.49	$ 2.84	282
Dallas	$ 15.75	29.15	$ 0.54	$ 2.18	447
Denver	$ 16.02	27.58	$ 0.58	$ 2.35	598
Detroit	$ 14.52	26.40	$ 0.55	$ 3.06	389
Kansas City	$ 16.38	22.28	$ 0.74	$ 2.64	233
Los Angeles	$ 18.21	40.97	$ 0.44	$ 1.53	1,891
Milwaukee	$ 19.19	45.59	$ 0.42	$ 1.39	453
New Jersey Transit	$ 18.32	26.90	$ 0.68	$ 2.48	1,704
New York City	$ 19.85	60.31	$ 0.33	$ 1.28	3,887
Orange County (CA)	$ 16.47	37.28	$ 0.44	$ 1.62	411
Philadelphia	$ 18.08	39.31	$ 0.46	$ 1.75	1,098
Phoenix	$ 13.13	23.65	$ 0.56	$ 1.80	286
Port Authority (PAT)	$ 19.05	24.32	$ 0.78	$ 2.59	848
Seattle	$ 12.50	13.02	$ 0.96	$ 3.10	976
Averages	*$ 16.70*	*31.81*	*$ 0.57*	*$ 2.11*	*818*

Note: Data from the 2001, 2002 National Transit Database and includes only bus information.
http://www.ntdprogram.com/NTD/NTDData.nsf/DataTableInformation?OpenForm&2001