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Fumbling Transit Cost Containment

It appears that the Allegheny County Executive does not shy away from controversial battles. Having spent nearly all of 2005 on the contentious property assessments issue, he now plans to use his energy to prevent the looming Port Authority transit strike. Word is that the Governor will also help out with the negotiations here as he did with the SEPTA strike in Philadelphia. That strike lasted a week and caused major headaches for the people using the system.

The four-year SEPTA contract guarantees three percent annual wage increases and employees will enjoy a no-layoff clause, a holdover provision from the previous contract.

The board of the Port Authority, the County Executive, and the Governor should avoid a similar course with the negotiations here. PAT management has made competitive contracting of 20 percent of bus routes and vehicle maintenance a key demand in the current contract negotiations. On the other side, the transit union is adamantly opposed to any contracting of drivers or mechanics jobs. Zeal to reach a contract should not come at the cost of trading away competitive contracting.

Unfortunately, it is a good bet that competitive contracting will be ruled out of the new PAT contract. After all, Executive Onorato has said "I will do everything I can to avoid one [a strike]". Members of the Amalgamated Transit Union will point out that it would be unfair to subject their jobs to competition along with the possibility of layoffs while SEPTA workers are exempt from layoffs. With the Governor involved in both PAT and SEPTA negotiations, it seems likely that he will push to have outsourcing and layoffs removed from the negotiations in order to be evenhanded. This points to a real problem with negotiations where the outcome in one negotiation can be used to achieve leverage in another.

This is all occurring against the backdrop of the work of the Governor's Task Force on public transportation. Those who will push to "avoid a transit strike at all costs" will no doubt suggest that the Task Force is the place where discussion of outsourcing and competitive contracting should take place. The findings of the panel aren't due for another year. Therefore, if PAT inks a four-year contract that specifically takes competitive contracting off the table, the Task Force will have one of its best options for dealing with public transportation costs essentially removed from discussion. The focus will then shift to how to come up with the money to fund public transit. Pennsylvania's

transit systems will not be on the road to a cost effective future, and the taxpayers will continue to be soaked to pay for the inefficiency.

And that is a real shame. As we documented earlier in the year, improvements in costs and performance achievable from competitive contracting can be substantial. The Regional Transportation District (RTD) in Denver has used competition to improve its transit operations since 1988. Per-hour costs are much lower for the service operated by private vendors, and the competition has likely kept costs down for the entire system. Starting wages for private sector drivers and mechanics are lower than those of the RTD's union employees, and the progression in wages is not as rapid. Contracting has been achieved through attrition of current employees with no layoffs required. The level of contracting has been increased incrementally to the current level where qualified private operators provide 50 percent of all non-rail service.

Furthermore, there is a strong tradition of contracting service by the smaller public transit providers in the Pittsburgh region, such as the Westmoreland County Transit Authority and the Mid-Mon Valley Transit Authority, which use private operators as a way to control costs. Allowing SEPTA and PAT to avoid making competitive contracting part of their service decisions trivializes the efforts these agencies have made.

The undeniable facts facing the Port Authority are that its drivers make more per-hour than drivers at other large transit agencies and its per-hour operating costs are also higher. This is traceable, in large part, to the fact that PAT has a monopoly on transit service in the County and the transit workers have a monopoly in supplying drivers and mechanics. Not a very healthy system for those who must pay for the operations and maintenance of the system.

People are understandably on edge about the prospects of a transit strike, especially the folks that have to depend on transit to get around. Still, local officials and the Governor must resist the temptation of getting too little out of the negotiations simply to avoid a work stoppage. Sure, political interests will be served if a strike is not taken. But the taxpayers and the public at large won't be well served if competitive contracting provisions are successfully excluded from the new contract due to the efforts of high ranking elected officials.

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