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Time to End Transit Unions' Right to Strike

Pennsylvanians have just witnessed another classic example of what elected officials almost always do when forced to decide between standing firm for taxpayers or capitulating to a public sector union with the state-granted power to strike. They capitulate to the union and abandon their responsibility to the taxpayers. The latest case in point, the Port Authority contract negotiations. Then the officials take credit for solving the problem of a threatened strike—a problem that should never have existed in the first place.

The contract settlement over the past weekend is a dream come true for the union. Guaranteed wage increases for three years, and a mere one percent contribution to health plan premiums that is more than offset by the wage increases—about \$500 per year in premiums against a near \$4,500 increase in annual pay after three years. Then too, there will be no service cuts, including the highly inefficient low ridership runs, and there will be no layoffs. But the real victory was a contract provision that prevents the Port Authority from competitively bidding or outsourcing any of its bus operations; something desperately needed to rein in personnel costs at the agency. Briefly stated, the Port Authority and taxpayers lost on virtually every important bargaining point. The fact that Pittsburgh and many other communities in Allegheny County are in distressed financial condition makes the settlement all the more atrocious.

Once again, a vital service provided by a public monopoly, was held hostage by the monopoly provider of mechanics and drivers. Unfortunately, the transit union confuses the state-granted power to strike and the bargaining leverage it creates with their actual economic value--a common misconception among public sector unions who are allowed to strike or have extremely favorable binding arbitration protections.

The imbalance in bargaining power between the union and the Port Authority is demonstrated by a simple observation. There were no transit user groups urging the union to make concessions. And for one basic reason: the Port Authority board will never shut the system down just because there is no contract in effect. Thus, there is no need to lobby the union to give up anything meaningful. All the give has to be on the Authority's side. The presence of the Governor and the Chief Executive provide the illusion of real bargaining as well as cover for the Authority when it capitulates.

Simply taking away the ability of the union to shut down transit service can rectify this situation. End the right to strike. Then these dramatic, last minute, Governor-led negotiations will be a thing of the past.

Over the years the right to strike by PAT workers and the resulting excessive bargaining power has led to a preposterous situation in terms of the compensation received by PAT drivers. In earlier *Policy Briefs* we have demonstrated that PAT drivers are among the best paid in the country. Indeed, adjusted for cost of living differences, PAT drivers' wages rank at the top in terms of real purchasing power among US cities. Then too, PAT drivers earn substantially greater wages (\$21 per hour) than drivers at other transit authorities in the Pittsburgh region (\$12 to \$14) and across the state, including Philadelphia (\$18).

It is also noteworthy that wages for PAT drivers are 25 percent higher than the average \$16.87 per hour earned by Pittsburgh area manufacturing workers. Moreover, the surprising wage gap difference with manufacturing is not the end of the story. Pennsylvania's over-the-road big rig drivers earn an average of \$17.07 per hour and delivery truck drivers make \$12.67. In both cases, PAT drivers are doing far better than hard working drivers who do not have the good fortune to work for a taxpayer-subsidized monopoly.

And PAT's union certainly cannot argue that their benefits are inadequate. PAT is now spending almost \$0.60 on benefits for each \$1 spent on wages and salaries, well above the benefit/wages ratio found in most industries. Even the Governor admits that PAT's pension plan is far too rich compared to other transit systems. Inexplicably however, he believes that now is not the time to address the problem. Obviously, difficulties presented by the "too rich" pension plan will only get harder and more expensive to fix down the road.

In short, PAT drivers have a compensation package—even before the latest guaranteed increases—that virtually every driver in the state and nation as well as Pittsburgh's manufacturing workers would love to have. As we have noted in earlier reports, the pay levels at PAT combined with the relatively low number of passenger trips per hour of bus operation have pushed PAT's labor cost per passenger to one of the highest in the nation. The inordinately high cost of its bus operations per passenger is one of the biggest reasons the transit agency faces a difficult financial situation.

The Port Authority must still attempt to rein in its personnel costs. Standing in the way is a powerful, recalcitrant union. The union, having enjoyed exceptional pay and benefits, is reluctant to make any concessions. However, they must be made to understand that Pennsylvanians can no longer afford to provide the heavy subsidies required to keep PAT drivers wages and benefits well above what other bus drivers in the state and nation earn and far more than the average manufacturing worker earns. There is no way the marketplace or the skill set of these workers can justify the pay and benefit gap between PAT drivers and other comparably skilled employees across the nation and the state.

Obviously, the compensation package reflects the raw political power wielded by unions, aided and abetted by favorable state law rather than market forces.

The time has come for the legislature to take away the right of transit workers to strike. Such strikes place a great hardship on people, many of whom are almost totally dependent on public transportation. They lead to overcrowding of the highways and traffic tie ups, causing people to be late or miss work. In sum, strikes are more than a nuisance; they are very costly to society. And there is no amount of special pleading by those enjoying excessively generous compensation that can outweigh the damage done by transit strikes.

If the state of Pennsylvania is going to create mass transit monopolies and provide a large share of their funding, it cannot continue to allow workers at the transit monopolies to use state-granted power to strike or threaten or strike in order to squeeze above-market wages and benefits out of the Commonwealth's taxpayers. A little reality and common sense is long overdue. Pennsylvania's government cannot afford to permit transit unions to unnecessarily burden state and local taxpayers, including the state's business community.

It is little wonder that Pennsylvania gets such low marks on its business climate. There is no rational balance of power between public sector workers and the taxpayers who pay their salaries and wages. Sadly, for the next three years, the die is cast. Costs at PAT will rise and the state's taxpayers will be on the hook to fund the unjustified higher expenses.

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