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Transit Labor Negotiations in Pittsburgh and Denver: Different Planets

In response to the ongoing strike by mass transit workers in Denver, the Governor of Colorado made this statement: “Public employees have a public responsibility. I urge them to return to work immediately. And, if not, and the strike continues, I encourage [Denver’s mass transit agency] to consider privatizing more of its bus routes”.

Strong words, indeed. But since there is a history of using private contractors to provide mass transit in the Mile High City with positive results, expanding privatization is an entirely possible option.

We have previously written on the valuable lessons Denver’s mass transit system could provide for the Port Authority and other systems in Pennsylvania. The Colorado Governor’s position on the strike could be added to that list of lessons.

In brief, the Denver Regional Transportation District (RTD) has contracted with private operators to drive a percentage of its fixed route bus service since 1988. After subsequent amendments to the state law that mandated privatization, Denver now contracts out about 50 percent of all “rubber tire” service. And, very importantly, the 45 percent of bus service provided by private contractors is still operating, much to the good fortune of Denver’s riders.

Besides the continuity of service, the savings and improvements in service generated by privatized service have been well documented. It is easy to see why. Recent newspaper articles have reported the average hourly wage for a contracted driver to be between $11 and $16. Conversely, the top hourly wage for an “in-house” RTD driver is $18.05. And that’s before the strike and the results of any settlement. Then too, the wage progression is much more rapid for the RTD drivers than for the contractors. Those wage differences, when combined with the other costs of operating the transit system, help to explain why the hourly operations cost of contracted service is more than $10 less than the RTD-provided service.

And, as noted by Colorado’s Independence Institute, the savings provided by contractors are achieved even though they are subject to pay taxes on fuel, sales, property, and fees that the RTD does not have to pay. Clearly, the need for contractors to compete for work requires them to meticulously focus on the bottom line, and that has resulted in substantial cost efficiencies.

However, the RTD is not immune from the same pressures as publicly-operated transit systems around the country. Thus, the strike over wages for drivers and mechanics in the publicly provided portion of service.

The Colorado Governor's statement is not just empty rhetoric owing to the fact that the RTD is free to privatize as much non-rail service as it likes. The 50 percent statutory requirement is not a maximum threshold. So when there is talk about moving more routes to the private sector, it could become reality.

True, the law does not allow the RTD to lay off drivers; all replacements through outsourcing must be done through attrition. Still, if the RTD board stays strong and resists giving away the store in the form of overly generous wage and benefit increases, it seems likely that retirements will increase, allowing an even greater percentage of service to be contracted out.

Compare that with the situation in Pittsburgh late last year. The Port Authority's contract offer called for outsourcing 20 percent of bus routes and maintenance. In true Pittsburgh and Pennsylvania fashion, the union characterized that as "giving away *their* work" and resisted. An impasse resulted and a strike appeared inevitable.

But that did not happen. At the eleventh hour Governor Rendell and County Executive Onorato arrived on the scene and, mirabile dictu, the contract impasse was resolved with the union getting virtually all it wanted including a no outsourcing provision in the new contract. Sadly, it is extremely doubtful that the issue will ever be broached again in future contract negotiations. Could we imagine a situation where either of these elected officials would have instructed PAT's board to increase the level of proposed outsourcing in the contract to force a settlement? The fact that we can't is the clearest imaginable indication of the gap between a successful state and one that is trapped in below average performance.

The legislature could make changes to the Port Authority act to forbid disruptive transit strikes and mandate privatization of portions of the system. But that would mean taking on the state's most powerful special interests whose continued political imperialism is undermining the Commonwealth's economic future. Indeed, the state looks more and more like France as public sector unions ride roughshod over taxpayers, both individuals and businesses.

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