

# ***POLICY BRIEF***

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## **Commiserating with the Commission**

We feel for the Governor's Transportation Funding and Reform Commission (TFRC). The nine-member panel is charged with finding long-term solutions to the problems plaguing the state's mass transit systems and highway and bridge infrastructure. Convened in 2005, it recently issued an interim report and is taking public comment this month before making final recommendations in November, one week following the general election. That means the lame duck legislature may likely deal with it.

All signs point to tax and/or fee increases. The commission has identified levels of additional investment needed for 2008. For public transit, it will require nearly \$500 million just to stabilize the system and \$850 million to significantly upgrade the system. For roadway infrastructure, preservation of the existing system will require an additional investment of \$536 million and a significant upgrade calls for \$1.5 billion additional.

The special interests are lining up to get the TFRC to do its bidding. At the public meeting taking place in Pittsburgh on September 12, transit advocates and highway lobbyists alike came to the podium presenting a variety of funding ideas, many of which were mentioned in the interim report.

If there seemed to be a sense of urgency on the part of transit riders, it could be due in large part to the news report earlier in the day by the Port Authority that a doubling of the base fare to \$2.50, route cuts, and layoffs would be reality if the state fails to act. Call the Port Authority a lot of names, but they are certainly shrewd when it comes to applying heat on the commission. We mentioned in an earlier *Policy Brief (Volume 6, Number 37)* that they passed a budget with a \$31 million shortfall while noting they needed "growing, dedicated, and predictable" funding. Releasing talk of a fare increase on the same day of the hearing was strategic.

A proposed fare increase and service cuts are the issues that bring the transit advocates and transit dependent out. And they let the commission know that they want the state to pay for transit. Their pleas take the heat off of PAT, who is viewed as a victim of the funding formula, and its drivers, who are at the top of the pay scale among their peers.

In other words, transit advocates are not only pro-subsidy, they want the subsidy to ensure that PAT can remain overly expensive, with very high cost labor, even if workers

who make much less than PAT drivers have to dig deeper. So much for social responsibility. Of course, consistency of positions is not a requirement for those who believe the taxpayers are a bottomless pit.

Meanwhile, hardly any mention was made about the bad investment decisions made by PAT—the decision to proceed with the North Shore Connector, the Wabash Tunnel, the South Hills parking garage, or the underutilized West Busway. Any mention of the need to achieve efficiency was likely drowned out by the calls for funding. And that is a shame. Just consider that the totally unjustified and wasteful Connector is using state and local tax dollars for construction, and future dollars will be grabbed to run the extension.

The effects of the 2004 amendment approved by the Southwest Pennsylvania Commission that shifted \$71 million from other uses to the Connector bear repeating. That total was comprised of money that PAT “would have used for light rail related work”, some for bus purchases, and other discretionary dollars that could have been used for unspecified purposes. Those dollars are gone now. How utterly ironic and stupefying that PAT, which is in virtual bankruptcy, is using precious Federal, state, and county funds that could be used to help shore up the authority’s finances to build the absurd Connector. Those who fostered this fiasco should have to explain to the TFRC at a public meeting just what they were thinking before any proposal for a bailout is approved.

Even when there is any talk of reining in costs, it is hard to give it much credibility. It is often hyped by those whose actions prove they are not really serious. For instance, the County Executive was quoted in the newspaper stating “if public funding of transit at the state level doesn't get fixed and the costs of the authority [aren't reduced]--it's both sides of the equation -- tweaking the fares is not going to fix the problem”. It is too little too late for the Executive to press for cost reductions. He failed in doing his part of reducing the costs of the authority by not pushing the concept of competitive contracting of routes when he was involved in negotiating the most recent contract. That was a real opportunity to change the direction of PAT, but it was lost. Who really expects any meaningful steps to cut costs at PAT?

Clearly, there is some pain on the way for taxpayers and vehicle owners if fees are a large part of the transportation solution. Is it too much to ask for PAT riders, who have been paying a base fare of \$1.75 since 2002, to see an increase? After all, drivers have seen gas prices double (based on regular conventional retail prices for the Atlantic region) from \$1.29 to \$2.60 today. There are people who can't use public transit for their transportation needs. Those who use transit might need to put more into the farebox if they value the service they receive.

If there is concern about working poor who use transit, the state could start a voucher program to subsidize those workers.

What an unfortunate position for the commission to be in. Campaigning legislators and gubernatorial candidates play wait and see, just like PAT and SEPTA. Meanwhile, taxpayers are left in a lurch wondering how hard they will get hit.

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**Eric Montarti, Policy Analyst**

**Jake Haulk, Ph.D. President**

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Please join us for a conference on *Improving The Western Pennsylvania Economy* on Thursday September 28th. Panel discussions will address the problems of the state's pro-union laws, tax problems faced by Pennsylvania's business, and how business leaders can help advance important initiatives. Speakers will include Pat Toomey from the Club for Growth, national public sector union expert David Denholm, and Jim Roddey, the first elected Chief Executive of Allegheny County. The conference will be held at the Pittsburgh Athletic Association in Oakland from 8:30AM to 12:30PM. For more information please contact us at 412.440.0079.

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<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: <u><a href="mailto:aipp@alleghenyinstitute.org">aipp@alleghenyinstitute.org</a></u></p>
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