

***POLICY BRIEF***  
An electronic publication of  
The Allegheny Institute for Public Policy

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January 17, 2007

Volume 7, Number 3

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**Management Flexibility Needed to Fix Port Authority Crisis**

By now, the scale and impact of the Port Authority's planned service cuts have had a chance to sink in for transit users. The elimination of 60 percent of bus routes is bound to bring hardship and inconvenience to people who regularly depend on those routes to get to work. That said, however, cutting expenses is an absolute must for an organization that has permitted its cost structure and efficiency to get far out of line with other transit systems around the country. Riders should be prepared to experience some inconvenience. Realistically, it is not possible to achieve the amount of needed savings without creating some hardship for transit users. Meanwhile, talk of and pleas for more state money or dedicated revenue should fall on deaf ears until the Port Authority addresses its spending problems.

Still, as we illustrated in a previous *Policy Brief* (vol. 7, no2) the service cut approach taken by the Port Authority seems a bit ham-handed and clearly lacked finesse. Granted, the Port Authority's management is working under a number of constraints imposed by labor contracts. Therefore, in light of the 400 planned job cuts there is no good reason for management not to ask the unions for a contract re-opener to address a number of issues to allow some flexibility that could produce a better outcome in terms of route eliminations.

Along with its severe and acute financial predicament, the Port Authority is faced with the same problem virtually every transit system must cope with; namely, rush hours. To provide enough service to handle rush hour demand requires having enough drivers and buses to do the job. Unfortunately, on most routes the rush hour peak is followed by a massive falloff in demand and a need to match the ridership decline with a drop in service. As matters now stand with a fleet made up almost exclusively of large and very large buses and a labor contract that has effectively taken outsourcing and smaller, more economical buses off the table, the Authority management is dealing with its problems primarily by eliminating routes it has deemed to have too few riders.

On the off chance it can get a contract re-opener, the Port Authority managers should ask for three things. First, wage and benefit concessions; second, the power to outsource routes slated for elimination, especially the longer, rush hour service only routes; third, the authority to switch some of the fleet of large buses to smaller vehicles that could serve lower volume routes and some of the off peak routes.

In exchange, maybe some driver and maintenance jobs could be saved. But even if PAT jobs cannot be saved, the unions must keep in mind that the currently planned cuts are not the end of the cost cutting process. The remaining problem of rapidly escalating legacy costs will almost certainly require further adjustments in the future. It would be far better if the unions stop waiting and hoping that the Governor or the legislature will step up with more money and remove the need for drastic cost savings.

Assuming the unions agree to meaningful contract changes, Port Authority management can begin to implement a more flexible plan that cuts spending sharply to address the looming \$80 million deficit while maintaining as much service as possible and certainly keeps some of the key rush hour commuter routes currently scheduled for elimination. Outsourcing the rush-hour only routes and allowing fares commensurate with the length of the trip would be an excellent place to start. Then too, the Port Authority should focus on keeping a meaningful rush-hour fare premium to discourage those who can travel outside the peak demand time window. This effort should also require those using a monthly or annual pass to pay more if they ride during rush-hour. As an example, a premium priced red pass could be used anytime while blue passes could only be used during non-peak periods unless the rider pays additional fare.

Further, the plan could include common sense changes such as using feeder buses into the light rail stops. These buses could be smaller as well as privatized. They would replace the routes running through neighborhoods that eventually work their way into the City. Indeed, operating small, privatized feeder shuttles into collection points for large buses headed into town should be also examined as a way of economizing while still maintaining a minimal service option for County neighborhoods now being threatened with a total loss of service.

For the intermediate and longer term, the single most important development that could give management the kind of operational prerogatives and flexibility they need would be for the Governor and the General Assembly to enact legislation taking away the right of transit workers to strike. One of the principal causes for the financial crisis facing the Port Authority is excessive union bargaining power created by the legally granted authority to shut down a government monopoly operated vital public service.

Failure of the legislature to put an end to strikes and threats of strikes by transit workers will virtually guarantee that the Port Authority will never be free of financial difficulties or operate with the kind of efficiencies found in other transit systems across the nation. The cry for more state money will be an annual ritual forever.

Of course, the Port Authority board and managers have made this problem worse than it should be by pressing ahead with plans to waste \$435 million or more building the North Shore Connector. Port Authority unions can reasonably argue that if the board has the money to spend so extravagantly on the Connector project, why must they lose jobs and Allegheny County residents lose so much bus service?

Indeed, one is forced to ask once again; “Where is the Federal Transit Administration?” In 2003, when it agreed to fund the Connector, the FTA found the operating financial condition of the Port Authority to be stable with small projected surpluses. The fact is that the Port Authority has been struggling financially ever since the FTA approval and has reached the point of desperate measures with more sure to come in the future. The FTA surely sees what is happening at PAT but chooses not to revisit its inscrutable “stable” financial rating.

This unconscionable dereliction of its stewardship duties by the FTA only adds to the pervasive notion among the workers that when push comes to shove the supply of dollars for transit is essentially unlimited and there is no need for restraint on their part. The Governor’s actions in shifting highway funds to the transit systems to avert the need for service cuts or fare hikes in recent years has added to the employees’ cynical belief that money will be found at the last minute if they just remain adamant and intransigent.

Obviously, fixing the problems at the Port Authority will be complex and difficult. Nonetheless, the board and managers owe it to taxpayers and transit users to fight for real, common sense solutions that provide the optimum amount of available service at the least possible cost. In short, make the available funds go further in terms of providing service.

All this will require that PAT’s management take a firm stand with the unions and ask the Governor and legislature for help in that effort.

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