

# ***POLICY BRIEF***

An electronic publication of  
The Allegheny Institute for Public Policy

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November 30, 2007

Volume 7, Number 64

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## **Will the County Executive Shut Down Mass Transit?**

Allegheny County Chief Executive Dan Onorato signed an Executive Order on November 26 that backs up his promise to withhold money from the Port Authority (PAT) unless the transit agency reduces costs. Since providing local money is necessary to unlock \$180 million in state funding, executing this Order would almost guarantee a shut down of the transit system. An obvious question is; can the Chief Executive withhold funding once it has been approved through the budget process? Furthermore, why go through the political hassle of getting Council approval of two new taxes only to sit on the funds? Not only would the economy be damaged, the transit system could be shut down, making matters even worse.

The Executive has made contradictory statements about the issue. On one hand, he says the funds will not be released unless the union makes major concessions. On the other hand, he says, “we’re not going to let Port authority shut down.” And there is no surprise he would say that given the hardships a shut down would create for many residents and businesses.

However, unless he is willing to make a credible threat to do just that, he gives up any real negotiating leverage. In light of the past record of officials caving in rather than risk a strike on virtually every occasion when the two sides are at loggerheads over a contract, the union is unlikely to make concessions until their jobs are on the line because the system has actually been shut down. And they do not believe that will happen.

Indeed, the Legislature’s recent addition of \$55 million more funding to its annual allocation to the Port Authority prior to the agency adopting needed cost reductions and efficiency improvements as called for by the Governor’s Task Force, simply served to reinforce once again the conviction unions have that in the end, public officials will not allow mass transit to be shut down whether through lack of funding or a strike. And therein lies the heart of the problem. In this arrangement, piecemeal efforts to cut costs through route and service reductions are the only avenue open to the Authority. Sweeping remedies to address legacy costs and service inefficiencies that require union approval keep getting put off.

Moreover, if the County’s subsidy to PAT is duly appropriated and approved by the Council and the Executive through the budget process, doesn’t that require the money to be remitted to the Authority? Or, more pointedly, if the money has been appropriated does the Executive have the legal power to impound the money? On the other hand, can—or would—the County pass a contingent budget appropriation, especially one that must be in place to receive \$180 million in state matching funds?

According to Allegheny County's Home Rule Charter, there is no provision; explicit or implied, allowing an Executive to impound an appropriation (Article V, powers of the Executive, and Article VII, budget and finance). Further, it is extremely likely that impoundment of PAT's appropriation will spur legal action by the transit union either seeking an injunction to prevent impoundment or to obtain release of the funds if it has occurred. In the event that happens, and he loses, the Executive's threat to withhold the money is void and the union has no incentive to give in to his demands. Obviously, the union's attorneys must have considered this as well and are probably already looking at how they can attack any possible impoundment of Port Authority funding.

This is no way to run a railroad—or transit system. There are much better, more direct ways to deal with the problem of union intransigence. These solutions will require state legislation to carry out and they will need support from the Executive and Council. First, remove the Port Authority's monopoly status as a mass transit provider in Allegheny County. Allow other regional transit authorities to offer service on routes where they can do so economically. Allow private companies to offer service where there are gaps in PAT service. Second, institute a total hiring freeze at the Port Authority and, as staff is reduced by attrition, outsource service commensurate with the employee reductions. Eventually, a significant share of service could be provided by private carriers.

These steps, and the competition they would engender, would have a powerful attention-getting impact on the PAT union. The threat of substantial and ongoing job losses might well produce a willingness to bargain realistically. Something which is currently missing but badly needed.

And, for the future, the Legislature needs to be more tight-fisted in its allocations for the Port Authority. Lavishing money on an outrageously expensive public agency merely perpetuates wasteful practices.

For good measure, the Legislature needs to ban strikes by transit workers as injurious to public welfare. That excessively powerful bargaining tool, granted by the state, and the threat of its use have been employed too often and for too long in Pennsylvania. Taxpayers and transit users should not be subject to the double power of a monopoly transit system combined with a monopoly controlled labor supply. Common sense dictates that the state act to rein in those powers.

Certainly, levying new taxes has to be the worst way to address years of excessive spending and inefficient delivery of service at the Port Authority. Better to tackle the problem head on. It would redound beneficially to the County in many ways and for a long a time.

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