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Little Cheer for Taxpayers in Transit Contract

If the Port Authority (PAT) and Local 85 of the Amalgamated Transit Union (ATU) agree to sign off on a tentative agreement that will set contract terms through 2012, the two parties will be walking arm-in-arm in a march to create a national health care system.

That's right: according to provision #16 of the "Tentative Agreement for a New Collective Bargaining Agreement" (the Agreement) the Authority and the ATU "shall jointly issue a statement with regard to their support for national health care". No word on what the parties will do for world peace or poor academic performance in urban school districts.

On every other important issue of the negotiations—wage increases, health care, pensions, outsourcing—it is hard to see how the agency will look a great deal different than it does under the terms of the old contract. There is really no way to put it other than the County Executive and the leadership of PAT avoided a messy strike but did not get much in the way of savings. The spin will be that this contract deals with the legacy cost issue, but it is hard to see that very much progress was made on that score.

Compared with the August 2008 fact-finder's report, the Agreement is similar on some issues but very different on others. There had to be changes since the President of the union said a few months ago that the fact-finder's recommendations "would set [ATU] members back 50 years". Apparently, the intervention of the national unions persuaded the leadership of the local ATU to accept a tentative deal that contained some major sweeteners in the Agreement compared with the fact-finder's recommendations.

Bear in mind that the fact finder's recommendations already represented a major compromise between the two sides' positions. So any additional sweeteners from the fact finder's report represent a clear victory for the union. For instance:

- The fact-finder recommended a three year contract. The Agreement proposes a four year one.
- The fact-finder recommended 3 percent annual wage increases in 2009, 2010, and 2011. The Agreement proposes annual wage increases of 3, 2, 3, and 3 percent.

- The fact-finder recommended boosting the base pay contribution to health care for active employees to 3 percent in two steps: active employees would pay 2 percent in 2009 and 3 percent in 2010. The Agreement gets to that 3 percent level, but by 2011 after no increase in 2010.
- The fact-finder recommended eliminating a \$500 monthly pension supplement for employees with at least 25 years of service at retirement for those retirements after September 30, 2008. The Agreement states the \$500 supplement “remains as is”.

Both the fact-finder and the Agreement are silent on outsourcing or competitive contracting since PAT failed to get the 20 percent outsourcing they sought for the current contract, a win for the union. Since the identical language of “any provisions of the parties’ previous collective bargaining agreements not specifically changed herein shall remain as is” it is a sure bet that any requirement for competition is going to have to come from Harrisburg. In short, PAT management has bargained away one of the most powerful tools it could have in bringing down costs over the long term.

Last but not least, the critical issue of post-retirement health care is not where it needs to be. Both the fact-finder and the Agreement agree on the terms of eligibility: those retiring after the effective date of the new contract have to be EITHER (1) 65 years old with a minimum of ten years continuous service or (2) a minimum of 25 years of continuous service or (3) if hired subsequent to June 30, 2005 they have to be 55 years old with a minimum of 25 years of service.

From there both the fact-finder and the Agreement segments employees into various classes based on age and years of service. Suffice it to say, those of higher age with the most service get Authority provided health care at no cost, those with lower age and less service are treated like active employees, meaning they get Authority coverage and contribute at the rate of active employees (in steps up to 3% of base pay). When reaching Medicare eligibility, those with lower age or less years of service will be required to pay 1 percent of their final year’s wages for reimbursements and supplements.

Here is the critical point of the Agreement: “any employee who reaches 25 years of continuous service...by June 30, 2012 shall be entitled to receive Authority-provided single/family medical insurance then offered to active employees and shall pay the same amount for such coverage the same as actives (again, in steps up to 3% of base pay)” until they reach Medicare eligibility, and they then pay 1 percent of their final year’s wages. The fact-finder had a provision for those less than 65 years of age with 25-30 years of service, but those employees would have had to pay “100% of the premium cost” and at Medicare eligibility they could get the supplement at the retiree’s sole expense.

So what’s the overall message here? There are several: the ATU still holds all of the cards, namely, we will not see any real movement toward curtailing the union stranglehold on mass transit in the county; and we will be told that the hammer on legacy costs will “really fall” when 2012 comes around. Conveniently, that is the year the contract expires and renegotiations can begin. Of course if PAT and the ATU are

successful in getting nationalized health care passed, the health care bill for PAT can be sent to taxpayers across the country.

All this is rather amazing in the context of what is happening in the nation. A serious recession is underway, job losses are mounting in the private sector causing people to lose their health care benefits, many state and local governments are strapped and contemplating layoffs, and tax hikes are being discussed as a way to close deficits. And the Port Authority is getting ready to sign a contract that guarantees wage increases, maintains a very generous health care plan for both active and retired employees, and makes no real effort to assert management prerogatives. Stunning and preposterous.

The Legislature simply must address the issue of strikes and remove PAT's monopoly over transit in the County.

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