A bold voice for transportation workers

MASS TRANSIT SYSTEMS NEED SPENDING FLEXIBILITY TO AVOID DAMAGING SERVICE AND JOB CUTS

Transit systems in hundreds of communities face a crisis fueled by the devastating recession, the budget cutting it inspired and inaction in Washington on a long-term surface transportation reauthorization bill. Transit providers of all sizes – urban, suburban and rural – have already slashed service and jobs and many more are executing major plans to downsize service at a time when transit ridership has soared 35 percent since 1995 and this industry is helping to address critical energy and environmental policy challenges. The most effective relief from this crisis is to follow the lead of President Obama who wants to significantly increase federal transit investments and provide flexibility to operators so they can spend portions of capital funds on operations. Transportation labor endorses this approach and will push vigorously for its enactment in 2011.

Currently, mass transit systems in urbanized areas with populations over 200,000 can only use federal transit funds to pay for capital costs, such as equipment purchases. Costs associated with operations, such as fuel, employee expenses, maintenance and other costs, must be paid for with non-federal funds. Such sources include fare box revenues, non-federal taxes, state support and local assistance. But when non-federal funding sources are constrained or fall off the cliff as we've seen during the recession, transit agencies cut operating costs which means jobs are eliminated, service is abandoned and fare hikes are imposed.

This flaw in federal policy is squeezing communities around the country. King County Metro in Seattle cut services, increased fares and negotiated contracts with salary freezes during the summer of 2010. Chicago has abandoned critical transit services and cut or laid-off almost 2,000 workers. MARTA in Atlanta has increased fares, reduced service, furloughed workers and frozen salaries. Valley Metro in Phoenix has increased fares and cut service. Fares were also increased in Austin, Texas; the Des Moines Area Regional Transit Authority; New Jersey Transit; the New York City MTA; and the Port Authority of Allegheny County in Pittsburgh. This list is just a sampling of a crisis that has taken hold across the country.

Fortunately, the President's Budget delivers on the statement made last year by the Secretary of Transportation: "I will work with members of the House and Senate this year to see if we can allow transit agencies more flexibility to use a portion of their federal funds to cover operating costs during these tough economic times." And during the 111th Congress, Rep. Russ Carnahan (D-MO) and Sen. Sherrod Brown (D-OH) introduced legislation to provide local flexibility to transit systems to deal with these operating budget shortfalls. Rep. Steve LaTourette (R-OH) proposed appropriations language to provide flexibility in how transit systems use their capital dollars. While these initiatives address this crisis differently, they are all designed to grant transit agencies the local flexibility they need to maintain critical services and limit fare increases and job cuts during times of economic distress. These bills do not require new taxes but simply provide transit systems with long overdue relief from the devastating impact of budget cuts and weak economies.

This isn't just an academic debate. If Congress fails to act, it will be a major setback for the nation as Americans want more, not fewer, transportation options. And for millions of working Americans, bus, rail and subway transit services offer their only hope for affordable transportation. Already stories are surfacing of men and women who work the late shift being forced, due to canceled transit services, to sleep in commercial buildings awaiting resumption of early morning bus service. This is not only a national disgrace but it should also concern the nation's employers that expect safe, reliable and on-time transit services for their employees. If our leaders in Washington fail to act, these problems will multiply and our economy will be harmed.

Providing local flexibility to use portions of capital budgets for operating costs offers a proven solution to mass transit systems' budget shortfalls. The Supplemental Appropriations Act of 2009 included a provision allowing public transit agencies to use up to 10 percent of funds provided in the Recovery Act to cover public transportation operating costs. In total, more than $700 million was made available for this purpose but of course this relief was temporary and didn't even remain in effect throughout the entire recession. The President's proposal would continue on this policy track by increasing the 10 percent cap and providing multi-year relief based upon unemployment rates.

We support the Administration's effort to expand the percentage of capital dollars that can be used for operating needs when certain economic conditions are present. But we do want to be sure that the "triggers" accurately capture the economic challenges transit agencies face, and that unworkable limits are not placed on this flexibility. And we specifically support targeted and temporary operating assistance flexibility based on a dual action trigger tied to unemployment rates and gas prices.

An urban transit spending flexibility measure must accomplish three things:

1) Recognize as a matter of federal policy that transit systems and their employees provide vital services that will continue to vanish without new spending flexibility rules.
2) Permit the use of previously firewalled capital funds for operating expenses to avert service and job cuts and fair increases; and
3) Adopt new spending flexibility as a permanent reform to the multi-year surface transportation reauthorization.

America faces a severe transit crisis that is threatening thousands of jobs and the continuation of reliable and affordable transportation for millions of Americans in cities of all sizes. Transportation labor calls on the President and Congress to enact a permanent solution that provides transit spending flexibility to help manage the ebbs and flows of the economy and the vagaries of budgeting and federal and state funding.

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