

# THE PATH TO BETTER PUBLIC TRANSIT

## PUBLIC TRANSIT IS A PUBLIC GOOD

Public transit is a lifeline for many communities and an economic driver for the Commonwealth of Massachusetts. It provides transit riders with opportunities to succeed by connecting them with education and employment. It provides good jobs and career pathways that enable transit workers to provide for their families. Public transit also protects against the degradation of our environment through reduced carbon emissions<sup>1</sup> and gasoline consumption.<sup>2</sup> Investing in public transit is essential to building and strengthening the economic and environmental well-being of our communities today and for future generations.

The Baker Administration has proposed troubling legislation that would roll back many of the gains recently won by a broad set of stakeholders who have been committed to seeing a robust, affordable, and accessible public transit system in the Commonwealth. Governor Baker seeks to privatize our public transit system by placing the blame of the MBTA's failures this past winter on poor management, employee costs, and the current fare structure. The fact is the problems of our Commonwealth's public transit system are the inevitable result of long-term neglect and underinvestment. For example, several Orange line trains have not been given any major overhaul since 1979, and on average the newest Red line trains are older than New York's oldest trains.<sup>3</sup>

There are serious challenges ahead for the MBTA that will not be fixed by privatization.

Public transit riders and workers will not be fooled by band-aid solutions like raising fares, cutting services, and gutting wages. It has always been clear to those that use public transit that the best long-term solutions will come from working together with our legislators to find ways to invest more concrete resources in our public transit system.

## PITFALLS OF PRIVATIZATION

Privatization creates an incentive structure driven by profit instead of by the needs of the community. This can result in serious consequences for public transit, one of the Commonwealth's most important economic drivers. Public transit increases access to education and employment, which leads to opportunities for people to become more financially stable and to contribute to the economy without depending on social services. Privatization would prioritize profit over these vital benefits.

The oft-stated aim of privatization is to increase competition in order to drive down costs and increase efficiency, but the markets for service contracts do not behave like idealized competitive markets. Instead, evidence shows that the strategies of private contractors consist of "establishing monopolies, influencing public officials, and obtaining hidden subsidies...to enrich private investors at public expense."<sup>4</sup> The Commonwealth of Massachusetts cannot afford to allow private companies to get rich off of our most vulnerable residents.

### **Cutting Costs at Workers Expense**

In many industries, including transit, privatization can result in lower wages and fewer to no benefits for workers. A national survey of 463 transit agencies shows that cost savings are largely derived by private contractors stripping wages and benefits for their employees.<sup>5</sup> For example, the North County Transit District in San Diego contracted out their BREEZE bus service in 2009 and starting wages for bus drivers dropped from \$14 to \$10.50 an hour.<sup>6</sup> These wage cuts directly hurt the local economy by reducing the purchasing power of workers and increasing reliance on public assistance in order to stabilize families.

### **Families are destabilized**

When workers bring home a smaller paycheck they are less able to provide for their families' needs. This results in fewer dollars being put into the economy and a higher rate of dependency on social services, so that taxpayers are essentially "subsidizing these companies by filling in income gaps through public assistance programs."<sup>7</sup> In California, taxpayers subsidize contracted school cafeteria workers with an annual average of \$1,743 in public assistance for each worker.<sup>8</sup> When private contractors slash wages and benefits, they place the burden on taxpayers, and threaten the livelihoods of workers, their families, and the neighborhoods they live in.

### **Service quality suffers**

Privatization can also result in a decline in the quality of service. Nassau County in New York contracted out its public transit in 2012 to Veolia Transportation. "Within two months the company publicly announced \$7 million in route and service cuts for the renamed Nassau Inter-County Express (NICE) service" and "overall customer satisfaction dropped

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18 percentage points – from 47 percent to 29 percent...according to NICE survey findings."<sup>9</sup>

When private companies save money on the backs of workers they drive out experienced and skilled workers creating a high rate of turnover.<sup>10</sup> Knowledgeable workers move on to try to recover lost wages and are replaced by workers with less experience, resulting in a lower quality of service and decreased customer satisfaction.<sup>11</sup> When we don't invest in our workers, we all suffer the consequences.

The Commonwealth has seen poor service quality from a contracted service first hand. Keolis took over the commuter rail in July 2014, and has struggled to meet the needs of riders ever since. Even prior to the extreme winter weather, Keolis was fined a total of \$2.4 million for poor performance including late trains, cleanliness, staffing, and fare collection.<sup>12</sup> The experience with Keolis has not delivered quality service to Massachusetts residents and raises concerns that outsourcing more of our public transit system to private contractors might have similar consequences.

## A STORY TO BE RETOLD, A SAFEGUARD TO BE DEFENDED

The Taxpayer Protection Act (known as the Pacheco Law) was the legislature's response to Governor Weld's aggressive and accelerated initiative to privatize state services. In Weld's first two years in office, over thirty privatization initiatives were executed without sufficient attention to maintaining the level and quality of service provided, or even to whether any savings were actually realized.<sup>13,14,15</sup> One initiative involved the closure of eight state-run healthcare facilities (including hospitals for patients with mental illness, patients with intellectual disabilities, and patients requiring long-term care for chronic conditions) followed by a contracting out of the health services to private firms.<sup>16</sup> Thousands of public employees lost their jobs<sup>17</sup> and those that were hired back by the private contractors received lower wages and fewer benefits.<sup>18</sup> Service quality suffered, the consequences of which were documented by "reports of a dramatic post privatization increase in the number of suicides and deaths among those under the care of the Department of Mental Health (Bass 1995)."<sup>19</sup>

In addition to the devastating effects of Weld's slapdash privatization surge on job quality and service quality, reports came to light of private contractors conspiring to overbill the state as well as using public contract funds to support luxury lifestyles. A private contractor for the state Department of Correction used state money "for a leased Lincoln Continental and a part-time driver."<sup>20</sup> A private contractor for the state Department of Developmental Services was charged with overbilling the state by \$588,000 over four years (almost \$1 million in 2015 dollars) and "creating a separate company that charged the state for the cost of a \$43,000 BMW driven by the company president."<sup>21</sup> Audits of nearly 60 private contractors for state human services agencies between 1988 and 1994 revealed "executives and employees used state money for luxury automobiles, parties, theater and sports tickets, law school tuitions and loans" adding up to more than \$25 million dollars of misused

public funds<sup>22</sup> (almost \$40 million in 2015 dollars). Furthermore, there was a public outcry over "revolving door" collusion as it was discovered that private contractors were hiring the state officials previously tasked with awarding and overseeing private contracts.<sup>23</sup>

In response to Governor Weld's privatization initiatives and the troubling implementation and negative consequences associated with them, in early 1993 Senator Marc Pacheco and Assistant House Majority Leader Joan Menard proposed the Taxpayer Protection Act. The act required private contract bidders to show through a cost-benefit analysis that the services to be privatized could be provided at a lower cost, without compromising the quality of service. In promoting the bill, Pacheco said "before we hand over public tax dollars to someone who will be making a profit from those tax dollars, we have to be sure there's accountability."<sup>24</sup> Angered by the loss and degradation of good public jobs, unions and their allies embarked on a campaign to protest Weld's privatization push and to support the Taxpayer Protection Act. They engaged in several massive protests, including a march of about 1,000 workers representing several public employee unions in May 1993,<sup>25</sup> and an action with hundreds of public employees outside the State House calling out Governor Weld to protest privatization in August 1993.<sup>26</sup>

The state Legislature passed the Taxpayer Protection Act of 1993, establishing "a uniform process for evaluation and a set of benchmark criteria to which all bidders must conform" which require that proposals "ensure the quality of service be maintained; be free of conflicts of interest; maintain the level wages and benefits afforded to current workers; and be approved by a uniform oversight process performed by the State Auditor."<sup>27</sup> The bill was immediately vetoed by Governor Weld<sup>28</sup>, and then reaffirmed when the veto was overridden in December 1993 by two-thirds supermajorities in both the state Senate and House.<sup>29</sup>

## RECOMMENDATIONS

Massachusetts has a long history of positive change to be proud of, making sure investments result in a more equitable and accessible public transit system for all riders throughout the state. Such change has not come easily or without a fight. In 1972, leaders in the community organized to shift funding from the Southwest Expressway project to improvements for the Orange line.<sup>30</sup> The movement was successful in securing the funding for the T, a victory that is now commemorated at Roxbury Crossing.

More recently in 2013, the Public Transit Public Good (PTPG) Campaign worked with the Legislature to pass the Transportation Finance Bill, which dedicates an average of \$600 million each year to public transit

## THE COMMONWEALTH NEEDS TO CONTINUE TO FIND WAYS TO INVEST MORE CONCRETE RESOURCES IN OUR PUBLIC TRANSIT SYSTEM.

over the next five years. While there were many other groups involved in this fight, PTPG mobilized thousands of riders and workers throughout the state to ensure increased investment in public transit across the state.

However, the T still faces numerous problems due to long-term neglect and underinvestment. The PTPG campaign has been working towards an affordable and efficient public transportation system that invests in workers and meets the needs of riders. First and foremost, the Commonwealth needs to continue to find ways to invest more concrete resources in our public transit system, and PTPG understands that the best solutions will come from working together with our legislators and other important stakeholders. In that spirit, we offer the following recommendations:

### *Uphold the Pacheco Law*

The Taxpayer Protection Act (also known as the Pacheco Law) is an important safeguard to ensure that when a public contract is awarded, it is done thoughtfully and with a thorough analysis of its impact on workers, riders, and taxpayers of the Commonwealth. The Act requires private contractors seeking to replace public provision of a service to demonstrate they can provide that service at a lower cost without reducing wages. This standard protects taxpayers by requiring companies to demonstrate real cost savings without sacrificing quality service. Governor Baker is seeking a five-year waiver of the Pacheco Law, which would open the door to allow unscrupulous contractors to slash wages and benefits, threatening the livelihoods of MBTA workers, their

families, and the neighborhoods they live in. Without the Pacheco Law, there would be little to no competition when awarding contracts and private vendors would be able to exploit taxpayer money for their own profits.

### *Maintain the fare cap*

The Transportation Investment Act of 2013 limited MBTA fare increases to no more than five percent every two years, providing both the T and riders a sense of financial security. This was in response to massive fare increases in 2012, including MBTA's proposals at the time to double the price of student passes and raise the cost of paratransit services nearly 150 percent. The Public Transit Public Good Campaign worked with the Legislature to prevent unpredictable and destructive increases from threatening riders again,

but Governor Baker has now proposed to go around this law.

A special panel commissioned by Governor Baker issued a report that included misleading comparisons of MBTA fare recovery with fare recovery by other cities' transit systems. Another independent analysis showed that the MBTA is "one of a very few transit agencies in the United States that provides a full range of transit service – light rail, subway, commuter rail, bus, ferry, etc. – at both a local and regional scale" and its fare recovery should not be compared in aggregate with transit systems that run only some of the same services or that operate only at a local level.<sup>31</sup>

Fare increases are a highly regressive method of raising revenue for a public transit system that bestows substantial benefits on car drivers as well as the entire economy. Instead of raising revenue on the backs of the working families that can least afford it, the state must work with all stakeholders to find alternative funding options, just as we all did in 2013.

### *Respect the voices of riders*

Including the voices and lived experiences

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of public transit riders is essential to creating a public transit system that best serves the needs of the entire community. The Legislature understood this when they worked with the Public Transit Public Good Campaign to include an important amendment to the 2013 Transportation Finance Bill. This amendment gave a voting seat specifically to a rider of public transit on every Regional Transit Authority Board, which has already made a tremendous impact on service delivery and ridership

Bus Riders United is coalition of unions and community groups working to increase and expand public transportation in Southeastern Massachusetts. New Bedford's local economy was once rooted in a strong textile industry, but has since changed and now thrives from its seafood industry. The bus routes, however, did not change with the industry shift. This left many workers walking or biking to their homes from the closest bus stop. With the unpredictable work schedules and late nights common in the seafood processing industry, just getting to and from work became a dangerous affair.

Bus Riders United surveyed workers in New Bedford and found numerous stories of stabbings, muggings and attacks that left some workers hospitalized. One worker who was violently robbed while walking home from work after staying late to clean machinery at the fish processing company said, "These robberies happen all the time, to so many people. When someone comes to work with a black eye, I don't have to ask them what happened; I know what happened."<sup>32</sup> Using their new regional transit authority board seat, along with strategic coalition organizing, Bus Riders United called attention to these issues and effectively changed routes and extended evening service. This in turn helped reduce the fear and violence workers were experiencing, and helped strengthen the regional transit system to serve the needs

of the local community.

### ***Utilize the expertise of workers***

One of the best ways to invest in our public transit system is by investing in the public transit workers themselves. The evidence is piling up to affirm what workers know intuitively: frontline workers and their “vast institutional and working knowledge of a service,”<sup>33</sup> if given the opportunity, can be valuable partners in any effort improving efficiency and saving taxpayer money. Investing in workers means not only providing living wages and broad benefits, but also respecting and unlocking worker knowledge and expertise.<sup>34 35</sup>

The Minnesota Department of Transportation public striping crew paints stripes on Minnesota highways with exceptional quality of service. They “ensure that the paint truck is moving at the right speed, turning corners tightly, and that lanes are painted smoothly and accurately. One of the stripers even invented innovative bead guns that allow the truck operator to directionally adjust the stream of paint beads to compensate for wind conditions.”<sup>36</sup>

Everyone benefits when workers have concrete and accessible opportunities to improve their skills, when workers are encouraged and enabled to engage in problem solving, and when workers feel comfortable sharing knowledge with one another to improve coordination. Labor organizations have so far played a critical role in advocating for and helping to establish these “high-performance” workplace strategies. We should look to public transit unions and workers as essential partners on the path towards the best possible public transit system for our Commonwealth.<sup>37</sup>

**The Public Transit Public Good Campaign** is a statewide partnership of transit workers and riders throughout Massachusetts that is focused on developing a fully functional, affordable and accessible public transit system that increases equity across race, class, region, and citizenship status. PTPG is convened by Community Labor United. For more information, contact Executive Director Darlene Lombos at [darlene@massclu.org](mailto:darlene@massclu.org) and visit our website at: [www.publictransitpublicgood.org](http://www.publictransitpublicgood.org)

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Riders, Workers, and Communities  
UNITED FOR TRANSIT JUSTICE



**GREEN JUSTICE COALITION**