

# More “don’t ask, don’t tell” transit funding, or a new Pennsylvania solution (California-style)?

*If you don’t demand accountability when you fund it, you won’t get it. We can learn from the west coast record: dedicated transit funding that has worked there for over one-third century!*

By David Tessitor, Project Director, the American Town & Country Alliance

In Allegheny County and much of the rest of the state, the quality of public transit has languished and steadily deteriorated over the years as Harrisburg has annually batted around its operating funding. The good news is that now we have a governor who is committed to dedicated funding for transit. The bad news is that none of the proposals to date does anything to address the real, underlying problems with transit. If anything, by removing the handle of funding, these proposals significantly reduce an already limited accountability and could actually make matters worse.

All is not right with public transit, but not just from insufficient funding. It’s not a lack of money that has caused the Allegheny County Port Authority’s non-vehicular maintenance costs to be double those of comparable systems elsewhere or that causes PAT to add new infrastructure with significant new operating costs. It’s rather that the public hasn’t been keeping a close eye on PAT’s management and accounting practices. Moreover, in rejecting a citizen’s request to give public comment last summer, PAT General Counsel Dennis L. Veraldi determined that PAT is exempt from part of the state Sunshine Law, making public accountability even harder under the status quo. Passing guaranteed funding without significant structural changes would enable PAT to drop below the legislature’s radar where it could more easily restrict opportunities for public oversight.

Rural and suburban legislators are rightly concerned. Accountability cannot be divorced from funding considerations.

Putting aside matters of failed transportation policies, undue influence of speculators, agency mismanagement, and the debates they raise, the crux of the crisis before us boils down to two issues: accountability and effective funding.

## Tested Solutions

As intractable as the problem seems, years ago I came across real, tested solutions which could be readily applied here. In the mid 1990’s I sought to address the mismanagement and corruption in southwestern Pennsylvania’s transportation, first organizing state and federal court cases to

stop massive waste of public money on the so-called Airport Busway and then later as chair of the Citizen Advisory Panel of the Southwestern Pennsylvania Regional Planning Commission. Early on I had occasion to consult with Senator James R. Mills, former president pro tem of the California Senate. During his tenure, Sen. Mills was responsible for two pertinent milestones in American transit history: 1) he initiated this country’s modern light rail transit movement which began in San Diego, so successfully addressing the issue of accountability that to this day San Diego remains the most efficient and effective light rail transit in the United States; and 2) among his successes in arranging transit funding in California, Mills orchestrated the implementation of dedicated transit funding under much the same circumstances we have in Pennsylvania now and he has consulted with other states in structuring their transit funding.

**Structural Accountability:** In San Diego, Sen. Mills saw that there are fundamental differences and conflicts among the various aspects of public transit (e.g. management of rail operations is markedly different than for buses). As Mills described it, “We had a bus company, and I could see that no matter what we did, it was always going to be a bus company. So we set up a separate, independent rail company. Then over both of them we have the Metropolitan Transit Development Board, which tells each where to go, when to be there, and what to charge, and plans all transit construction. Outside of that, bus and rail are left to manage their own operations independent of one another, each doing what it does best.” — Mills structurally ensured accountability and eliminated the inherent problems of competition while still obtaining competitively induced efficiencies which no combined transit systems in the country can match.

**Effective funding:** Reliable, dedicated transit funding has one major obstacle. Early in the last century, most states — including California and Pennsylvania — incorporated model provisions into their state constitutions which restricted the use of state gasoline taxes to construction and maintenance of highway infrastructure, effectively prohibiting its use for public transit.

Governor Rendell's approach has been to pursue a less protected source of revenue by increasing the deed transfer tax. This may seem to be a "progressive tax" because the purchasers of more expensive properties, which tend to be in suburban and rural areas, have more money. But it's a lose-lose proposition. The affluent who pay the most will experience little or no benefit. In the poorer, transit dependent communities, a higher deed transfer tax raises the bar for low income buyers and could push some totally out of the market. Others may be forced to choose even lower priced, lower quality properties. Regardless, even though it may be an unintended consequence, anything which hinders real estate sales undermines property values and hurts distressed urban neighborhoods most, possibly more than having no new transit funding.

California had all the political pressures that we have in Pennsylvania today, but their greater dependence upon automobiles severely compounded their problems. Highly subsidizing transit, even to the point of making it free, might keep their systems going, but few new people would ride and most drivers wouldn't pay any attention; subsidies alone would be flushing hard earned tax moneys down a transit drain. On the other hand, a heavy tax on driving, by itself, could get people out of their cars. But, if the money raised couldn't be spent on transit, what would they ride? Neither option was salable! If only they could put a moderate tax on driving and use it to fund higher quality transit, they could alleviate some congestion while significantly increasing transit ridership without taxing or subsidizing either excessively.

**A successful implementation strategy:** Senator Mills' political genius was in getting past that constitutional hurdle which stymied them in California just as it has us here. Since transit needs two kinds of funding, one for annual operations, the other for capital projects (construction, long term purchases, etc.), Mills divided the problem. Transit operations desperately needed dedicated funding, capital projects could wait. Sen. Mills was able to convince the California legislature to extend the state's sales tax to cover gasoline sales (theirs were previously exempt, just as in Pennsylvania now). The revenue raised in large urban counties was dedicated entirely to funding transit operations, but, to get the necessary votes, the small suburban and rural counties were allowed to also use their new proceeds for roads (currently, though, most rural collections are used for buses). — It has proven effective since 1971, presently providing over one billion dollars annually to operate transit in California, and it didn't take a constitutional amendment!

Later, Mills turned to California's constitutional amendment process, which is similar to ours, here. In earlier battles, the main argument against using the gas tax for transit was that vehicle owners cover their own operating costs; the gas tax was for things such as highways, bridges, etc. Mills sidestepped the issue, obtaining passage of an amendment to

allow the use of gas tax revenues for transit infrastructure (bridges, track, etc.) but not for transit operations.

After Mills retired from the Senate, the accountability and efficiency of transit operations in San Diego helped to convince voters there to support an additional local tax for transportation, part of which goes to transit.

*When we spoke eight years ago, Senator Mills offered to come to Pennsylvania and, as he had with a number of other states, work with our elected officials to resolve our transit dilemma. Unfortunately, nobody was interested then.*

## The Pennsylvania solution

So what needs to be done to implement such effective solutions in Pennsylvania, today?

First and foremost, structurally increased accountability must accompany dedicated funding. The San Diego model can be more simply and most readily implemented in southwestern Pennsylvania where rail is a relatively minor part of PAT's operations. In Allegheny and its surrounding counties, bus operations could remain under their current agencies with all rail transit operations and "fixed guideway" infrastructure placed under a new, independent, regional rail agency which would be able to extend higher quality, more efficient rail transit throughout the region. The natural choice to coordinate transit operations and plan construction of all new transit infrastructure is the Southwestern Pennsylvania Commission (SPC); as the 10 county region's official metropolitan planning organization, its primary purpose is already regional transportation planning. The legislation needed for such restructuring should be crafted to also enable application of the model elsewhere (including possibly to SEPTA in the Philadelphia region), offering the benefits of regional rail and improved transit throughout the state.

With the above's potential for enhancing accountability, the legislature would be in an excellent position to extend the retail sales tax to gasoline sales. As in the state of California, the revenue raised in Pennsylvania's metropolitan regions would need to be dedicated exclusively to transit operations while the less populous rural counties could be allowed to also use their proceeds for roads.

By providing dedicated funding, increased accountability, and the potential for spreading the benefits of rail transit to more of the state, such a package should garner the widest possible support. It may require more legislative effort, but anything less is to be stamped into a bad solution. 

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*Senator James R. Mills remains active in his retirement and is still willing to confer with Pennsylvania's legislative leaders (though he would now prefer to do so by phone).*

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