

T privatization survives key union challenge

Arbitrator rejects ‘get out of jail free’ card

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THE MBTA’S BUDGET SHORTFALL, once pegged at $335 million for the current fiscal year, is now down to $30 million.  That’s good news for riders, taxpayers, employers, and legislators—really everyone except the T’s unions.  Much of the savings is the result of a three-year exemption from the Commonwealth’s anti-privatization law that the authority was granted in the wake of its 2015 winter implosion.

In June the MBTA unions got even worse news when an arbitrator ruled against them on a grievance they brought under Section 13(c) of the federal Urban Mass Transit Act.

For years, the T unions have used 13(c) as a “get out of jail free” card when faced with even the most modest reform proposal.  Its words have been twisted beyond recognition, to the point where today it is interpreted to offer mass transit workers up to six years of full pay and benefits if they are displaced or “adversely affected” as a result of a federal grant.  That’s an unheard-of level of protection, one that far surpasses protections for teachers, nurses, social workers, police, or firefighters.  When it comes to opposing privatization proposals, 13(c) is the transit unions’ weapon of choice.

Two decades ago the MBTA put the cleaning and maintenance of commuter rail cars out to bid.  Three bids came in between $175 million and $191 million.  The then-incumbent provider, Amtrak, bid $291 million.  Amtrak’s powerful unions revolted and by the time the dust settled on their 13(c) claim, the T re-upped with Amtrak.  The alternative would have meant forfeiting all federal funding.

So, it’s not surprising that MBTA unions have again turned to 13(c) when faced with the reforms and privatizations that have led to massive savings and quality improvements at the T.

In February, a contractor took over the MBTA’s warehouse operations.  Annual costs of more than $12 million are on track to fall to just over $7 million, the time it takes to fulfill parts requests has dropped from an average of more than 68 hours to 10, and shipment accuracy has improved dramatically.

The T’s privatization of its money room will reduce annual costs from $11.8 million to $3.6 million.  The time from collection to bank deposit has shrunk from more than 120 hours to 24 hours.

Contracting out bus maintenance in three MBTA garages promises even greater savings.  In 2015, the MBTA had the nation’s highest maintenance costs per hour of bus operation.  Both costs and maintenance labor salaries are about 70 percent higher than the average of the five US transit agencies most similar to the T.  Two independent assessments have pegged annual savings from bus maintenance privatization at 30-40 percent, which would bring costs more in line with the T’s peers and save about $11 million annually at the three garages.

In a last-ditch effort to put an end to this efficiency epidemic, the MBTA’s largest union filed a grievance claiming that procedures the T used to privatize the money room and another smaller operation violated 13(c).  But the Carmen’s Union’s luck finally ran out.  The arbitrator stated the obvious: Privatizing the money room was unrelated to any federal grant and no one was adversely affected anyway, since the workers would get other T jobs at the same pay, seniority, and benefits.

Time will tell whether the unions can turn back the clock on reforms implemented by the MBTA’s Fiscal and Management Control Board.  But, thanks to the arbitrator in this case, the chances just got a lot better that the interests of taxpayers and the T’s riders will rise above those of its unions.

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