

[**Chieppo: Outsourcing drives T’s cost cutting**](http://www.bostonherald.com/opinion/op_ed/2017/02/chieppo_outsourcing_drives_t_s_cost_cutting)

Bus repairs next stop en route to balanced budget

[**Charles Chieppo**](http://www.bostonherald.com/users/charles_chieppo) Tuesday, February 28, 2017

An historic renegotiation of the MBTA’s contract with its largest union will save $750 million over 25 years and drive productivity. But Boston Carmen’s Union President James O’Brien has said publicly that he would never even have come to the table if it weren’t for the T’s three-year exemption from the commonwealth’s anti-privatization law.

The exemption from the so-called Pacheco Law is one of the biggest reasons why, just two years after record snowfall laid bare the crisis at the MBTA, an operating deficit that started at $242 million for the current year has been whittled down to $50 million and an operating budget that is balanced without gimmicks or one-time revenue is within reach. It allowed the T to avoid $17 million in capital costs and save $160 million over the next decade by outsourcing its money room and warehousing/logistics operations.

The key to eliminating the remaining shortfall is privatizing bus maintenance. The MBTA had the highest bus maintenance costs per vehicle hour among the 425 U.S. bus transit agencies in 2013, the latest year for which data are available. Its costs were nearly double those of the five transit agencies that are most similar to the T. Lest you think 2013 was an anomaly, the authority would have saved $250 million had its bus maintenance costs been equal to the *average* of its peer agencies from 2004 to 2013.

Labor accounts for a huge part of bus maintenance spending. In fiscal 2015, the MBTA spent $66 million, or $127,000 per employee, on bus maintenance wages and benefits. The number of labor hours per vehicle at the T was almost two-thirds higher than at its peer agencies and it employs 60 percent more full-time bus maintenance employees than the average of the other five.

U.S. transit agencies routinely outsource bus maintenance, and private companies that do the work generally use union labor. You don’t have to go far to find an example.

Most of Massachusetts’ Regional Transit Authorities outsource bus maintenance; all of them to companies that use union labor. The savings are eye-opening: the average cost for the 11 RTAs that outsource is $1.09 per vehicle mile, while the T spends $3.85.

The MBTA estimates that it would save $30 million to $40 million per year by outsourcing bus maintenance. The Pioneer Institute estimated that it would be $50 million — the same amount the T needs to close its budget shortfall.

A logical place to start would be four maintenance garages that either need to be replaced or that require major rehabilitation. Outsourcing could turn them into laboratories of innovation where maintenance savings and the ability to use smaller buses for less-populated routes could be re-invested into expansion and providing affordable late-night service.

We have just begun the hard work of fixing the MBTA. Gov. Charlie Baker recently proposed extending the three-year term of the Fiscal and Management Control Board that has governed the T since the summer of 2015. Outsourcing bus maintenance is only the latest example of why it’s nearly as important to extend the authority’s Pacheco Law exemption.

*Charles Chieppo is a senior fellow at Pioneer Institute, a Boston-based think tank.*