

Massachusetts governor begins privatization of public transportation

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Massachusetts Governor Charlie Baker has plans to begin privatizing public transportation in the state, using last winter's MBTA (Massachusetts Bay Transportation Authority) crisis as a pretext. Baker, a Republican, has the support of the Democratic-controlled state House and Senate in this attack on one of the largest public transportation systems in the country. A series of articles this summer in the *Boston Globe* and other news outlets have exposed the modus operandi of these privatization plans.

As part of the fiscal year 2016 budget passed at the beginning of July, an unelected Fiscal Management and Control Board (FMCB) was established for the MBTA and the transit system was exempted for three years from a state law that puts strict limits on the privatization of government services. Democrat Robert DeLeo, Massachusetts speaker of the house, had pushed for a five-year exemption in a bit of play acting that allowed room for the Senate to "bargain."

The governor has been aided in his planning by the right-wing Pioneer Institute, a think tank whose two biggest contributors in 2013 were David Koch and the Walton Family Foundation. Baker was a codirector of Pioneer before becoming the state secretary of Health and Human Services in 1992.

This past February, record snowfall caused a systemic breakdown of public transportation in eastern Massachusetts. In reaction, Baker created a Special Panel to Review the MBTA. On April 8, that panel released a report blaming worker absenteeism for the crisis. Against this backdrop, Baker is now seeking to privatize bus routes while lying about plans to layoff workers.

Suspension of the anti-privatization Pacheco law, named after the state senator who championed it, was mentioned in the Special Panel's report. It was

included in a bullet point that also recommended changes to the system's construction management procedures, implying that privatizations would occur in construction. In a May 14 letter to the legislature accompanying a bill to create the FMCB, Baker and Lieutenant Governor Karyn Polito repeated the request for changes in construction management practices, while stating explicitly that "we neither want to privatize the MBTA nor want to cut services nor jobs."

Once their legislation passed, however, they sang a different tune. On July 20, Baker told talk radio hosts Margery Eagan and Jim Braude that "the goal here is definitely not to lay off scores and scores and scores of people," but that the opportunity to privatize is a "prove-it moment for us."

On August 20, the *Boston Globe* reported that the MBTA is "exploring" the privatization of as many as 30 late night, express and low ridership bus routes. The paper speculated earlier in the summer that Bridj, a start-up company that adjusts its bus routes based on the number of tickets purchased in each neighborhood, could do the job. The MBTA has about 170 bus routes.

Demonstrating that privatization trumps cost savings in the governor's agenda, the *State House News Service* noted that any private company running these bus routes would still need subsidies from public funds. "The bus routes with fewer passengers have a net subsidy of \$3.51 per ride and the routes cost \$8.9 million annually while they bring in only \$1.9 million in revenue annually," *State House News* reported, quoting unnamed MBTA officials.

The dishonesty of Baker's approach is evident in a Winter Resiliency Overview released by the state Department of Transportation last month. For \$82.7 million—less than 20 percent of the amount of debt service owed by the MBTA in fiscal year 2016—DOT

plans to carry out system-wide fixes that would have prevented much of February's crisis if they had been previously installed. Included are third rail heaters on the Orange and Red Lines, snowplows and a larger stock of spare traction motors for the commuter rail, new air valves and better couplings for green line trolleys, and a larger stock of maintenance parts for buses. The \$82.7 million also covers a new Emergency Operations Center and weather sensors at strategic rail locations to "provide real time and future temperature, humidity, precipitation, and wind info/forecasts."

The MBTA's preliminary budget for the year beginning July 2015 is \$1.567 billion. Of this amount, about \$750 million covers all wages and employee benefits for nearly 6,700 workers, while more than \$450 million goes to debt service.

The underfunding of State of Good Repair budgets that led to the MBTA's February breakdown is part of a national crisis. A 2009 Rail Modernization Study by the federal government estimated that the SGR backlog for the seven largest US rail operators was \$50 billion. At the end of its 2014 fiscal year, Philadelphia's SEPTA system had a backlog of \$5 billion. As of 2010, Chicago's systems—including CTA, Metra, and Pace—had a backlog of \$12.9 billion, with an estimated \$8.5 billion of additional needs over the next 10 years.

Estimates of the MBTA's backlog range from \$6.7 billion to \$7.3 billion, with only \$610 million budgeted for fiscal 2016. Incredibly, at current capital spending rates the backlog would still be at least \$2 billion in 2040. The money needed to fund SGR will be borrowed from predatory lenders with the interest paid from the operating budget. The deficit in the operating budget that Baker is using as a pretext for attacks on workers is forecast to be \$170 million in 2016, or less than 40 percent of the cost of debt service.

Baker and the legislature also seek to attack existing laws that afford some protection for collective bargaining by transit workers. A federal law signed by Lyndon Johnson in 1964 requires that federal funding not be released until the US secretary of labor certifies that a public transportation authority is respecting collective bargaining rights. A 1974 agreement between unions and the MBTA, which has been used since then for certification purposes, mandates that disagreements be settled according to arbitration procedures in union contracts. The contract between Boston Carmen's

Local 589 and the MBTA requires binding arbitration.

The *Boston Globe* reported recently that California has also sought to undermine this law, and other states will no doubt follow suit.

Unions representing MBTA workers, which for decades have thrown all their support behind Democratic politicians, are increasingly helpless in the face of betrayals by the legislature. After the suspension of the Pacheco law, the president of the state AFL-CIO complained, "I tossed and turned, I was literally out on the couch" that night. Yet the only action organized by the unions so far has been a poorly attended protest last Monday outside the Greater Boston Labor Council's Labor Day breakfast, which was attended by President Obama.

Obama has been doing his part to attack public transportation workers. In Philadelphia last year, management of the SEPTA system sought deep cuts in the pensions and health coverage of more than 5,100 workers. After a one-day strike by SEPTA workers in June 2014, Obama signed an executive order that established a mediation board and prohibited striking for 240 days.



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