Boston mass transit privatization scheme proceeds through bullying and tricks

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The Massachusetts Bay Transportation Authority (MBTA, or "T") is rapidly moving toward the privatization of more than 400 bus maintenance jobs as the unelected Financial and Management Control Board continues to blame workers for the system's chronically poor service.

The MBTA is the fifth largest mass transit system in the US by ridership and serves a total census area of nearly 5 million people in 176 cities and towns.

As many as 200 in-station Customer Service Agent jobs are also included in the current privatization plans and come in the wake of the outsourcing of jobs in the money-counting facility and spare parts warehouses.

In December the FMCB and Acting General Manager Brian Shortsleeve used the threat of privatization to impose a wage freeze on thousands of MBTA workers in Local 589 of the Boston Carmen's Union even though their contract was not up for renewal. Union leaders agreed to a freeze for this year and reduced raises in future years in return for a promise from management that no existing jobs would be privatized.

Because the bus maintenance workers are represented by Machinists Union District 15 rather than the Carmen's union, they are not covered by the December agreement and therefore vulnerable to attack. Management is also discussing plans to create "new" bus routes which would be contracted out to for-profit vendors with the excuse that they didn't exist at the time of the agreement. Opportunities for MBTA workers to make overtime are being slashed, with the FMCB considering the use of private bus companies, such as Peter Pan, to provide shuttle service when subway lines are closed for repairs.

In addition, the building of a new public-private facility in Springfield, Massachusetts for the manufacture of hundreds of Orange and Red Line trains will give the FMCB an excuse to privatize subway car maintenance.

The FMCB was created after record snowfalls in February 2015 shut down the subway, commuter rail, and bus systems. The enabling legislation also suspended an anti-privatization measure called the Pacheco law after the state senator who had championed it. According to a report presented to the FMCB at its February 13, 2017 meeting, the Pacheco waiver is expected to save less than $400 million over ten years, or less than $40 million per year on average. This amount includes privatization of the parts warehouses and money room, which has already been rammed through, along with the cuts agreed in December.

A similar amount would be cut in the next round of privatizations, with spending on bus maintenance decreasing between $30 and $40 million per year and customer service spending $11 million.

These cost reductions would not be put toward additional service because the MBTA is trying to close a structural deficit in its operating budget. Management has talked about putting the money toward the system's capital budget but the amounts being cut in the operating budget pale in comparison to the more than $7 billion of deferred maintenance which has caused dangerous fires in subway trains, hundreds of delays blamed on switch problems, dropped bus and commuter rail trips, and the February 2015 crisis.

While the Governor and FMCB blame the operating budget deficit on worker salaries and benefits, it in fact stems from a history of inadequate funding. In 2000 the state legislature ended its previous practice of funding the MBTA at the end of each fiscal year based on actual expenses. As part of the new "forward funding" model, a percentage of state sales tax revenues were dedicated to the MBTA. This law not only makes the transit system reliant on a regressive tax, but resulted in much lower revenues than anticipated after the dot.com bubble burst and the Great Recession hit.

The sales tax stream accounted for slightly more than half of the system's revenue in fiscal year 2016, while fares paid about a third. Large employers, including State Street Bank, Fidelity Investments, Partners Healthcare, and as many as 70 universities benefit from public transportation but pay nothing towards its operation.

Recent reports from the FMCB boast that workers' wages, benefits, and payroll taxes have increased by only 0.2 percent in the current fiscal year because of the Carmen's wage freeze and cuts to overtime. Total wages, benefits and payroll taxes in fiscal year 2017 are forecast to be $767 million, or less than one tenth of one percent of the US military budget.

A February 13 FMCB "Budget Recast" presentation for 2017 predicted a structural deficit of $427 million by 2020 if wage and benefit cuts aren't extracted from workers. This amount is about equal to the current yearly cost of debt service, which will continue to benefit predatory investors while workers suffer. The FMCB has shaved about $15 million from this year's debt service through the cancellation of rate swaps and renegotiation of bonds, but predicts that the cost will increase by more than $50 million next year as principal is paid down.

The deferred maintenance crisis will add significantly to future debt service costs because under capitalism the money for capital projects is almost always borrowed. The more than $7 billion needed to bring the system back to a state of good repair cannot be found in the operating budget, which has revenues of less than $2 billion per year.

Shortsleeve made a presentation to the FMCB on February 13 in which he promised that $214 million will be spent on capital projects in the current quarter (January, February, and March) and an additional $256 million next quarter. However, the T spent less than $250 million on such projects in the first six months of 2017 and less than $225 million in the last six months of 2016.

Brinks Corporation is already profiting from the privatization of the MBTA's money counting facility, and companies like TransDev will line up at the trough. Commuter rail riders have already had bitter experience with Keolis, which was fined a paltry $1.7 million for its role in the February 2015 crisis only to see nearly half of those fines forgiven in a secret deal.

A February 2017 report to the FMCB titled "FY18 Focus" and marked "proprietary and confidential" proposes that the MBTA continue to own the buses and maintenance facilities while for-profit companies provide bus maintenance service. In other words, money being taken from MBTA workers would turn into profits for vendors which provide less overtime and inferior health insurance to their workers.

While MBTA workers are now dragged through an annual ritual of seeing their individual wages published in the *Boston Globe* and *Boston Herald,* management is clamoring for more money. The FMCB's second annual report, submitted to the legislature in December, complained that "attracting talent" is difficult when the general manager makes only $175,000 per year. An annual salary of least $300,000 is needed for the MBTA to be considered "competitive" with other transit systems.