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MTA Fat, Union Waste Are Both to Blame

By JONATHAN E.D. RICHMOND

Don't believe that from the MTA's perspective the transit strike is about saving money. It is about protecting a bloated and dysfunctional bureaucracy incapable of offering either quality or efficiency. This is partly a function of the bureaucracy itself, but it also is the fault of the unions that hold the Metropolitan Transportation Authority captive and don't want to let go, even in the name of cost savings and efficiency.

Smaller transit operations tend to run at lower costs than larger ones. Santa Monica's Municipal Bus Lines is a model case because not only are its costs lower but its service is excellent. The comparison with the MTA is not entirely straightforward because some of the difficult conditions under which the MTA must operate--through high-crime areas, for example--drive up costs, but overall Santa Monica's operations are more efficient and point a way to reform at the MTA.

Ask MTA headquarters managers what it costs to run a division from which buses actually operate, and they have little or no idea. A division manager I interviewed said he'd asked headquarters for a breakdown of allocated overhead costs but never received it. Those who managed those costs had no incentive to discuss them. "I think they fear losing their jobs," he said. He also told me that he had been reprimanded for using his initiative to cut corners and get a broken-down bus back on the road rather than following the required steps through an unresponsive and wasteful official procurement process.

By contrast, the general manager at Santa Monica runs that operation with private sector efficiency and with quick common-sense decisions unhampered by bureaucratic fat. The small-scale environment also permits him to know everyone, and he encourages individual initiative.

The case for devolving the MTA into smaller public organizations such as Santa Monica's has been lost given the polarized political debates over transportation zones. Those to the political right want to bring the private-sector in to replace supposed governmental inefficiency, while those to the left--supported by the unions--want the MTA to hold on to the full extent of its empire.

The privatized Foothill Transit has repeatedly been cited as a success by zone adherents. There is no question that Foothill provides high-quality, innovative service. But Foothill has upset the unions with its low driver wages. While some drivers at Foothill can earn up to \$12.40 an hour with eight years' experience, most drivers at

Foothill contractor First Transit get a maximum rate of only \$8.49, together with a limited benefits package.

By comparison, Santa Monica's drivers earn from \$11 to \$18 an hour and also receive a superior benefits package. The general manager sings the virtues of all his staff and receives, in turn, complete loyalty. While Santa Monica offers far higher compensation than Foothill, its cost per hour for providing service is only slightly higher and far less than the cost at the MTA.

Union opposition to transportation zones has been focused in Sacramento, where Gov. Gray Davis is deciding whether to sign the union-sponsored SB 1101. The bill ostensibly protects union members should new transportation zones take over MTA services. In fact, it forces the transfer of all the MTA's worst restrictive practices while setting so many infeasible conditions that it would likely kill the zones movement altogether. The bill has won the approval of Democrats who collect money and support from organized labor and who know or care little about the plight of their many constituents who depend on the MTA's low-quality and inefficient bus service. Davis should veto SB 1101, a bill that would preclude the Santa Monica small-public organizational model with its efficient practices and healthy labor relations.

The current strike, like the battle over transportation zones, focuses unduly on cutting pay rather than improving efficiency. Driver pay at the MTA is not that high and not the key to solving the MTA's problems. While rates of more than \$20 per hour often are quoted, these only apply to drivers hired before July 1997 and grandfathered from an earlier contract. MTA drivers hired since then earn from \$10 to \$14 per hour, hardly enough for a lavish lifestyle in Los Angeles, even with overtime. Successive contracts have seen increasing pressures to take away the lifestyle of those who have reached out of poverty to a decent standard of living. This is what the union most fears, and it is what explains its current actions.

To end this tragedy, MTA management must refocus its efforts from cutting wages to organizational reform, including development of a transportation zones system that promotes efficiency as well as a fair work environment. In the short term, demands for contractual reduction of overtime should be dropped. The MTA instead must find ways to deploy staff more efficiently, gradually reducing current excessive use of overtime. As part of contract negotiations and in return for abandoning the overtime reduction proposal, MTA management should demand that the union allow flexibility in redeployment efforts aimed at increasing efficiency.

As part of a needed exercise in self-criticism, the MTA must confront its inefficiencies and waste. Reforming how service is delivered and managed both through internal change and the devolution of services to well-managed smaller agencies promises far greater savings than taking a few dollars away from its hard-working front-line employees.

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Jonathan E.d. Richmond's Study on Transit Privatization, Completed at Harvard University's Taubman Center, Will Be Released Shortly

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