Statement of the Amalgamated Transit Union (ATU) Local 689 on SB 136
Senate Budget and Taxation
February 5th, 2020

About ATU
The Amalgamated Transit Union (ATU) is the largest labor organization representing transit workers in North America, with more than 200,000 members in the transit, school bus, and over-the-road bus industries. Our International headquarters is located in Silver Spring, MD.
Here in Maryland, ATU Local 689, based in Forestville, represents more than 10,000 workers at the Washington Metropolitan Area Transit Authority (WMATA). Local 1764, in Silver Spring, has nearly 2,000 members who work as paratransit workers at WMATA. In addition, Local 1300 in Baltimore represents about 3,000 transit workers at the MTA.

Remove WMATA's Handcuffs
ATU strongly supports SB 136. This bill repeals an unnecessary and unsustainable requirement that the Secretary of Transportation, for any fiscal year in which the total Maryland operating assistance provided in the approved Washington Metropolitan Area Transit Authority budget increases by more than 3% over the total operating assistance provided in the prior fiscal year's approved WMATA budget, withhold 35% of funds provided for annual grants to the Washington Suburban Transit District for a share of the operating deficits of the regional transit system.
In 2018, the General Assembly made history by passing the Maryland Metro Transit Funding Act. For the first time in its 40 year history, WMATA finally received substantial, dedicated, long-term funding. This legislation came not a moment too soon, as WMATA was in the midst of a giant meltdown. Our trains and buses were routinely being placed out of service, inconveniencing and driving away our customers. In recent years, we suffered several catastrophic incidents on the rail side that forever changed the lives of several unlucky passengers and their families.

Almost two years after the passage of the bill, things are already on the upswing at WMATA. On time performance has drastically improved. Fewer people are getting sandwiched like sardines on platforms due to train problems. Customers are generally better satisfied with our service, and morale has picked up.

However, we still have a long way to go. While ridership is returning, we're coming off of twenty year lows. Average weekday ridership was 595,000 in the last half of 2018. The last time it was that low was in 2000, when weekday ridership averaged about 577,000. It's going to take years to restore public confidence in our system. A lot of damage was done. At the same time, we have significant opportunities ahead. Amazon is coming to Crystal City. The company says that the presence of WMATA played a large role in their decision. How are we going to respond to the ridership plunge as well as the challenge of providing service to approximately 25,000 new workers (including many Maryland residents) with the constraints of the 3% cap hanging over the agency's head? The arbitrary 3% cap serves as a hammer over WMATA management. It stifles growth and ensures that our riders will continue to deal with deep service cuts and steep fare hikes. Our existing customers have been through enough pain, and there's no way that we can entice our old customers to come back or attract new riders if we continue to force the agency to limit its necessary growth.

3% Cap = Outsourcing, Poor Service Quality

The most glaring result of the 3% cap was WMATA's attempted outsourcing of bus operations and maintenance. In August of 2018, the agency announced an unprecedented privatization scheme at its new Cinder Bed Road facility in Lorton, VA. Ninety privately operated buses serving 13 bus lines -- about 5% of Metro's overall bus service -- now come out of Cinder Bed. The facility can hold 160 buses. Metro has entered into an agreement to pay Transdev, a French transportation company, $89 million over five years to operate and maintain the buses to serve the areas of Alexandria, Pentagon station, Franconia-Springfield station, Burke Centre and Fort Belvoir.

The outsourcing at Cinder Bed was directly tied to the 3% cap in the 2018 funding bill. Just a few months after the 3% cap was passed by the Legislatures in Maryland and Virginia, Metro's General Manager and CEO Paul Wiedefeld publicly justified the privatization at Cinder Bed Road, claiming that it will help "…to meet the legal mandate to hold subsidy growth for operating trains and buses for taxpayers at three percent." The agency claims that by contracting out, it can save $15 million over five years.

By August of 2019, more than 120 workers at the Cinder Bed bus garage went on strike. The strike lasted almost 90 days. It was ultimately resolved by a historic WMATA collective bargaining agreement that halted the transit authorities push for privatization along with a plan to bring the workers back in house. Service disruption on that scale had not been seen in over 40 years, since the WMATA strike of 1978. This strike was the direct result of the 3% cap.

If the name Transdev sounds familiar to Marylanders, it should. In September of 2018, Baltimore filed a lawsuit against Transdev alleging the company overcharged the city more than $20 million over the past eight years for the operation of the Charm City Circulator. The dispute began when a consultant for the city noticed Transdev had billed the city more than $2 million for more than 29,000 hours during which the free bus was not operating over a two year period. Baltimore soon after dumped Transdev, and the case has gone to arbitration.

WMATA also contracts out to Transdev for paratransit services at its Hubbard Road location in Hyattsville. According to internal ATU surveys, 30% of the workers at Hubbard Road say they have been forced to operate unsafe vehicles. Drivers of these vans are typically behind the wheel between 12 and 14 hours per day, forced to work to the point of exhaustion. They are entrusted with providing safe transportation for our friends and family members with disabilities.

In fact, Transdev, which has a consistent history of offering poverty wages to employees and a firm company policy to deny any North American-based transit worker with a pension, has wreaked havoc on public transportation throughout the Washington, D.C. area in recent years. Transdev is responsible for providing 50% of WMATA's MetroAccess service for the elderly and people with disabilities. Customers have endured hours-long waits for rides, spent entire afternoons in vans traveling nonsensical routes and watched as fellow riders soiled themselves on unreasonably long trips. Blind people and their dogs have been stuck in vans for up to three hours. Mentally disabled people have been seen crying after drivers following computer-generated schedules pass their street to drop off someone else miles way. Although Metro fined Transdev almost $1 million in contract damages in 2017, WMATA admits to cutting the company a financial break to help them hire more drivers. In fact, Metro had to actually pay Transdev “slightly" more so they could raise wages to attract additional workers. "It's very difficult for them to put out the extra cash to pay drivers at a higher wage scale if, simultaneously, we're taking the money back from them in damages," said a Metro spokesman about the largest transportation company in the world as if they could not afford to pay nominal fines supposedly designed to keep the company accountable to riders.

In addition, a lawsuit alleges that Transdev steered taxpayer-funded paratransit service to favored firms and subcontractors, resulting in longer trips and more expensive rides for the region's most vulnerable commuters. Transdev allegedly assigned taxi trips to a service it owns and in other cases directed passengers to MetroAccess vans unnecessarily for its own financial benefit -- 'double dipping ' and paying itself twice.

Unintended Consequences
ATU is certain that Maryland lawmakers, with a long history of progressive roots and strong support of safe, reliable, and convenient public transportation, would never intentionally enact policies that would have such a detrimental impact on transit workers and riders. Unfortunately, the 3% cap was used by WMATA as an excuse to outsource bus service to a bottom-feeder company whose only purpose is to make a profit from the agony of their workers with no regard for customer satisfaction.

As many cities across North America have found out the hard way, transit privatization results in deteriorating service, fare hikes, and serious safety issues. When transit systems privatize operations, they lose control of their ability to respond to riders’ concerns about quality of service issues, even as foreign companies like Transdev drive service into the ground. Lower wages and reduced benefits are the open game plan of private transit providers, leading to dissatisfied workers. This culminates in major turnover issues, resulting in training problems, safety issues, etc. These companies are motivated only by profit rather than the provision of quality, affordable service for people who rely on transit.

In addition, this current funding mechanism doesn’t recognize that there are many things outside of WMATA’s control that have a major impact on its operating budget. Fluctuations in the price of steel or tariff wars can dramatically raise the price of repair parts for railcar maintenance. Even events like the government shutdown, which dramatically impacted fare revenue for several weeks, cuts into the agencies ability to avoid hitting the 3% cap.

Planning for Future and Avoiding Congestion
We must also come to terms with the fact that the DC Metro area is poised to add over a million new residents by 2045 according to the Metropolitan Washington Council of Governments. This level of growth is completely incompatible with the 3% cap as it is currently envisioned.

We must be expanding transit service offerings, decreasing headways, and exploring ways that we can get people out of their cars and into mass transit. The three percent cap is functionally equivalent to traffic denial. We do not have the space on existing roadways to support another million cars in this region. The only way that we can deal with this growth is to expand the availability of mass transit. But under the existing 3% system any expansion of service offerings has to be met with service cuts elsewhere.

Conclusion

While almost every state in the nation provides some level of funding for public transit, we are not aware of any state that withholds a staggering 35% -- or any percent for that matter -- of annual grants to their transit agencies if their operating costs grow. It is equivalent to shooting yourself in the foot.

The 3% cap was a poison pill that originated in the Virginia General Assembly which Maryland reluctantly swallowed after it became clear that no regional dedicated funding would flow without this provision. Now, after recognizing the damage it has done in just the first two years and seeing the writing on the wall as far as future service is concerned, it is appropriate to remove the handcuffs and repeal this ill-conceived provision. It is poor public policy.

We appreciate your consideration of our views and would be pleased to answer any questions.