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LABOR RELATIONS IN URBAN TRASNSIT

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Prepared for:

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August 1977

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LABOR RELATIONS IN URBAN TRANSIT

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Prepared for:
Department of Transportation
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Industrial Relations Research Institute
University of Wisconsin-Madison

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16. Abstract

This study focuses on labor-management relations in the urban mass transit industry from 1960-1975, a period during which most of the major transit systems changed from private to public ownership and began receiving substantial funding from government. A major objective of this study was to evaluate how collective bargaining outcomes--transit wages, labor cost, and work rules--changed with the advent of public ownership and public subsidies.

Two chapters of this study examine the development of Amalgamated Transit Union (ATU) policies and how they affect practices in the urban transit industry. The political, legal, and economic factors shaping the collective bargaining relationship are explored. Special attention is directed toward such factors as: 1) the labor protection clause, Section 13 (c), of the Urban Mass Transportation Act, and 2) the reliance on "interest" arbitration for the settlement of the terms of new contracts during the past seventy years. Data on wage and selected fringe benefit changes in the 1960-75 period are reviewed. Because this is an exploratory study which relies in part on secondary data, conclusions, of necessity, are tentative.

The findings herein are based on several data collection and analysis techniques. Chapter X is based on data primarily from APTA's TRANSIT OPERATING REPORTS; and Chapters V and VI reflect information from ATU publications and interviews with the national leadership of that union. The other chapters consist of personal interviews with union/management spokesmen of 25 transit systems in the U.S.

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We are grateful for the cooperation of Bill Stokes, the Director of the American Public Transit Association (APTA) and for the assistance provided by Herb Scheuer and Dave Fox of his staff. The statistical data in Chapter X dealing with labor costs were taken from APTA records. Individual members of the APTA labor committee, chaired by John Aurand, and many other industry representatives who were included in the interview sample gave us generous amounts of their time and provided us with an understanding of the labor relations problems of the industry. The Labor Bureau of the Middle West and John Dash and Associates generously shared their extensive knowledge of the industry. In particular, we wish to thank Lou Olsen who stimulated our interest initially in this project.

Union spokesmen were equally helpful in the execution of this project. The Amalgamated Transit Union leadership, Dan Maroney, President, John Rowland, Executive Vice-President, Walter Bierwagen, Legislative Director and Earle Putnam, Legal Counsel supplied valuable advice and arranged for local union and regional international union officials to cooperate with us in our field interviews. Joe Madison, Research Director of the Transport Workers Union was also quite helpful. Individual local union and regional staff representatives, like their management counterparts, shared their knowledge of the industry with us and for this we are truly grateful.

Steve Rubenfeld did a major share of the research and initial drafts of Chapters II and V-IX; Cragi Olson bears the primary responsibility for Chapter X and Brian Heshizer for Chapters III and IV. James Stern and Richard Miller supervised the preparation of this report and wrote portions of it. Barbara Dennis edited the manuscript and Elena Herrera typed it. The authors collectively are to blame for any errors and deficiencies in the analysis of the data supplied so generously by government, management and union representatives.

The Authors

August, 1977

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I. INTRODUCTION AND DESCRIPTION OF THE STUDY

The study reported here focuses on labor-management relations in the urban mass transit industry from 1960 to 1975, a period during which most of the major transit systems changed from private to public ownership and began receiving substantial funding from government. This governmental commitment to maintain and improve urban mass transit resulted in part from the deteriorating economic position of the systems under private ownership and in part from environmental factors—air pollution, traffic congestion, the potential energy crisis—associated with the reliance on the automobile as the dominant mode of intraurban transportation.

Federal support has been expressed by the passage of legislation such as the Urban Mass Transit Act of 1964, which provides for transit equipment, operating subsidies, and the public acquisition of financially hard-pressed private transit firms. In recent years, the local transit industry has become a primarily public undertaking.

Although only approximately one-third of the transit systems were publicly owned by 1975, the 333 that were carried 90 percent of all revenue passengers and employed 86 percent of the 160,000 workers who made up the transit labor force.[1] Public funds today comprise the lion's share of capital investments in mass transit as well as more than two-

[1] American Public Transit Association, Transit Fact Book, 1975-1976 Edition (Washington: APTA, 1976), p.25 (hereafter cited as Transit Fact Book). As used here and throughout this report, the term "public transit" denotes local transit properties which are owned by governmental bodies in contrast to the usual usage in other contexts where "public" refers not to ownership but to consumer access.

fifths of operating expenses.[2] With increasing government expenditures has come greater government interest in the operation of the transit industry generally and in labor costs, in particular, which in 1975 accounted for more than 75 percent of the industry's operating budget.

This study was undertaken, therefore, because of the heightened interest in how labor relations in this industry have been affected by the shift to public ownership and the injection of substantial financial subsidies and, in turn, how, in this new environment, collective bargaining affects labor costs and worker security.[3] In the following sections of this chapter the reader will find a review of previous research, a description of the design of the study and the characteristics of the sample selected, and a brief statement of what will be covered in each of the following chapters.

Previous Research

There have been numerous studies and articles concerning specific elements of labor relations in the local transit industry, but only two

[2]Transit Fact Book, p. 27. APTA data indicate that federal operating assistance provides 8.73 percent of total transit revenue, while state and local operating subsidies contribute 11.77 and 20.24 percent respectively. A total of 40.74 percent of transit industry operating expense is met through governmental subsidy.

[3]In a separate report, the legal framework for bargaining in the urban transit industry is considered in some detail. If the reader is interested in the development of the national legal framework and a review of the different legal frameworks which exist in various states and under particular transit authority legislation, he can find this type of information in James L. Stern, Richard U. Miller, Stephen A. Rubenfeld, Craig A. Olson, and Brian P. Heshizer, The Legal Framework for Collective Bargaining in the Urban Transit Industry (Springfield, Va.: National Technical Information Service, 1976). Also available through the Industrial Relations Research Institute, University of Wisconsin, Madison, WI 53706.

comprehensive research efforts. A seminal work by Emerson Schmidt, Industrial Relations in Urban Transportation, appeared in 1937.[4] Schmidt's work chronicled the emergence of unionism and collective bargaining in transit and provided a rigorous examination of the contract-determination process and the terms and conditions of employment common to the day.

The other broad-based study of the labor-management relationship in transit was completed in 1972 by Darold Barnum. Barnum's work, Collective Bargaining and Manpower in Urban Mass Transit Systems,[5] expands on Schmidt's research and examines the development of the trend toward public acquisition of transit systems. It also includes the first attempt to determine the impact of public ownership on operator wage rates.

In addition to the research of Schmidt and Barnum, Robert Lieb recently prepared a report for the Office of Transportation Systems Analysis of the U.S. Department of Transportation.[6] This document, Labor in the Transit Industry, is a compilation of information and conclusions from previous studies, some of which may be obsolete because of the passage of time.

Other studies have focused on specific elements of transit labor

[4]Emerson Schmidt, Industrial Relations in Urban Transportation (Minneapolis: The University of Minnesota Press, 1937).

[5]Darold Barnum, Collective Bargaining and Manpower in Urban Transport Systems (Springfield, Va.: National Technical Information Service, 1972).

[6]Robert C. Lieb, Labor in the Transit Industry, a report to the Office of Transportation Systems Analysis and Information of the U.S. Department of Transportation (Washington, 1976).

relations. The phenomenon of arbitration in transit has been examined by Kuhn, by Kheel and Turcott, and by Platt, Sternstein, and Dash.[7] Transit wage issues were investigated by Lurie and Hamermesh,[8] as well as in annual studies conducted by the U.S. Department of Labor, Bureau of Labor Statistics, and the American Public Transit Association.[9] Questions concerning Section 13(c) of the Urban Mass Transit Act have been addressed by Jefferson Associates, Yud, and Barnum.[10] Provisions found in transit labor agreements have been examined in the APTA and TDS reports as well as in a recent study by a research team at the University

[7]Alfred Kuhn, Arbitration in Transit: An Evaluation of Wage Criteria (Philadelphia: University of Pennsylvania Press, 1952); Theodore W. Kheel and J.K. Turcott, Transit and Arbitration: A Decade of Decisions and the Path to Transit Peace (Englewood Cliffs, N.J.: Prentice-Hall, Inc., 1960); Harry Platt, Herman Sternstein, John A. Dash, et al., "Arbitration of Interest Disputes in the Local Transit and Newspaper Industries," in Proceedings of the 26th Annual Meeting, National Academy of Arbitrators (Washington: BNA Books, 1974), pp. 8-61.

[8]Melvin Lurie, "The Effect of Unionization on Wages in the Transit Industry," Journal of Political Economy 69 (1961), pp. 558-572; Daniel S. Hamermesh, "The Effect of Government Ownership on Union Wages: in Labor in the Public and Nonpublic Sectors, ed., Daniel S. Hamermesh, (Princeton, N.J.: Princeton University Press, 1975), pp. 227-255.

[9]The APTA inventory of wage rates and other contract provisions is included in an "in-house" document entitled "Labor Information Review." Similar information is also found in a confidential annual report known as "Transit Data Summaries" or "TDS." This report, coordinated by officials at the Greater Cleveland Regional Transit Authority, is based on information provided by a loose amalgamation of 21 transit systems.

[10]Jefferson Associates, The Administration of Section 13(c)--Urban Mass Transportation Act, a report to the U.S. Department of Labor, (Washington: 1972); Lary Yud, "Employee Protection Requirements in the Urban Mass Transportation Act," in Developing Mass Transit Systems, ed. Sally Ann Payton, Proceedings of a conference cosponsored by the New York Law Journal and the Urban Mass Transit Administration of the U.S. Department of Transportation, 1974, pp. 203-214; and Darold Barnum, "National Public Labor Relations Legislation: The Case of Urban Mass Transit," Labor Law Journal 27 (1976); pp. 168-175.

of North Florida.[11] Finally, among the case studies of individual transit systems are those by MacMahon, McGinnley, Sussna, Roberts, Young, and Freund.[12]

Study Design and Its Limitations

The research findings in this report are based on several data collection and analysis techniques. The quantitive analysis of the impact of public ownership and subsidies on labor cost developed in Chapter X is based on data that came primarily from APTA's Transit Operating Reports for various years. The two chapters (V and VI) about the Amalgamated Transit Union (ATU) reflect information obtained from ATU publications and interviews with the national leadership of that union.

The primary data sources for the findings presented in the other chapters were personal interviews with union and management spokesmen at 25 individual transit systems scattered across the United States. The interviews, based in part on standardized questions, were conducted in 1975 and 1976 by members of the research team, and conversations triggered

[11]Kenneth M. Jennings, J.A. Smith, Jr., and Earle C. Traynham, Jr., Study of Unions, Management Rights, and the Public Interest, a report prepared for the U.S. Department of Transportation, (Washington: 1976).

[12]Arthur M. MacMahon, "The New York City Transit System: Public Ownership, Civil Service, and Collective Bargaining," Political Science Quarterly 56 (1941), pp. 161-198; James J. McGinnley, Labor Relations in the New York Rapid Transit Systems, 1904-1944 (New York: Kings Crown Press, 1949); Edward Sussna, "Collective Bargaining on the New York City Transit System, 1940-1951," Industrial and Labor Relations Review 11 (1958), pp. 518-533; Thomas Roberts, "A History and Analysis of Labor-Management Relations in the Philadelphia Transit Industry," Doctoral dissertation, University of Pennsylvania, 1959; Dallas M. Young, "Fifty Years of Labor Arbitration in Cleveland," Monthly Labor Review 83 (1969), pp. 464-471; Peter Freund, "Labor Relations in the New York City Rapid Transit Industry, 1944-1966," Doctoral dissertation, New York University, 1964.

by open-ended questions frequently turned up interesting information that provided additional insights into labor relations in the industry beyond those provided in answers to standard questions.

During one of the first interviews, for example, in response to a question about the circumstances under which the union first obtained a cost-of-living clause in the agreement, it was learned that this clause was given by private management in the last set of negotiations before the system became publicly owned. In return for this clause, which turned out to have a significant impact on wages during the subsequent period when the system was public, the union agreed to forgo wage benefits which it otherwise would have demanded at that time. This information led interviewers in subsequent interviews to inquire more completely into what transpired during the negotiations just prior to the time that the system went public.

Another data source was the labor agreement at each of the 25 transit systems in the sample. Findings based on the agreements are reported in several chapters of this report, particularly Chapters VIII and IX. It should be noted also that knowledgeable individuals in the Department of Transportation and the Department of Labor were quite helpful in bringing to our attention other sources of information about facets of the industry in which we were interested. Details about the data relied upon in the multivariate analysis in Chapter X are presented in that chapter. A description of the basis for selection of the 25 sample transit systems is included in the next section of this chapter.

The study is clearly exploratory in nature and inductive in approach. The methodology is eclectic, relying on information garnered from personal interviews, standard questionnaires, and written documents, as well

as regression analysis of data collected by others and descriptive statistics based on any one of these methods. Subsequent scholars may be able to construct and test hypotheses; and it is hoped that this inquiry will be helpful in those tasks. It should be noted also that situational factors in this industry change rapidly and it will be difficult to isolate the impact of particular items such as operating subsidies. Operating subsidies are of relatively recent origin and, as is pointed out in Chapter X, their impact may not yet be measurable. Furthermore, the source of the subsidy (local, state, or federal) and the method of funding it (general revenues versus special assessment) may be as important as variations in the magnitude of the subsidy. For these reasons, this study should be viewed as a step along the road rather than the end of the search.

Systems Included in the Personal-Interview Sample

The publicly owned systems which submit annual operating data to APTA and which are located in urban areas of more than 100,000 inhabitants were stratified by number of employees, and 25 systems were then selected for the study on the basis of the following six criteria: year of public acquisition, identity of the labor organization holding bargaining rights, geographic region, size of population served, organizational structure (i.e., run by the city or by a transit authority), and whether or not a management firm is employed to direct the day-to-day operation of the system. With the exception of the population criterion, where the sample is intentionally upward biased, every effort was made to select a sample representative of the publicly owned segment of the local transit industry. The identity of the sample systems and their attributes are described in the following paragraphs and are listed in

Tables I-1 through I-6.

Year Public: Of the 333 transit systems which APTA reports as being publicly owned, the vast majority have entered the public sector since the passage of the Urban Mass Transportation Act in 1964. While it is impossible to say how many of these systems might have been taken over by municipalities in the absence of federal legislation making funds available for system acquisition and capital improvement, the fact is that the Act has been instrumental in funding the public purchase of most systems since 1964. In many cases, conditions of federal funding--particularly Section 13(c) of the Act which will be discussed in detail in Chapter IV--have affected labor-management relations. For this reason, an approximately one to two ratio of systems publicly acquired before 1964 to systems acquired following the passage of the Act are included in the sample. Information found in Table I-2 and summarized in Table I-3 indicate that eight of 25 (32.0 percent) of the sample systems were public prior to 1964. This is somewhat in excess of the industry figures estimated from information provided by APTA which indicate that 79 of the 333 public systems (23.7 percent) were publicly owned before 1964.

An effort was also made to choose systems that had become publicly owned at various times during the 1964 through 1976 period. Particular care was taken to limit the number of systems which have very recently come under public control because the full effects of public ownership may not be felt for several years following acquisition, as Hamermesh notes.[13] Too, labor agreements may not open for renegotiation for one

[13] Hamermesh, pp. 234-237.

TABLE I-1

SAMPLE SYSTEMS

LOCATION	SYSTEM
Albany, New York	Capital District Transportation Authority--System #1
Atlanta, Georgia	Metropolitan Atlanta Regional Transit Authority (MARTA)
Baltimore, Maryland	Mass Transit Administration--Metropolitan Transit System
Boston, Massachusetts	Massachusetts Bay Transit Authority
Buffalo, New York	Niagra Frontier Transit Metro System
Charlotte, North Carolina	Charlotte City Coach Lines
Chicago, Illinois	Chicago Transit Authority (CTA)
Cleveland, Ohio	Greater Cleveland Regional Transit Authority (RTA)
Dallas, Texas	Dallas Transit System
Denver, Colorado	Regional Transportation District--Denver Metro Division
Erie, Pennsylvania	Erie Metropolitan Transit Authority
Huntington, West Virginia	Tri-State Transit Authority
Los Angeles, California	Southern California Rapid Transit District (SCRTA)
Madison, Wisconsin	Madison Metro
Memphis, Tennessee	Memphis Transit Authority
Miami, Florida	Metropolitan Dade County Transit Authority
Milwaukee, Wisconsin	Milwaukee County Transit System--Milwaukee Transport Services, Inc.
Minneapolis, Minnesota	Twin Cities Area Metropolitan Transit Commission--Transit Operating Division
Omaha, Nebraska	Transit Authority of the City of Omaha (Metro Area Transit)
Oakland, California	Alameda-Contra Costa Transit District (AC Transit)
Philadelphia, Pennsylvania	Southeastern Pennsylvania Transit Authority (SEPTA)
Providence, Rhode Island	Rhode Island Public Transit Authority
San Diego, California	San Diego Transit Corporation
Tacoma, Washington	Tacoma Transit System
Washington, D.C.	Washington Area Metropolitan Transit Authority (WAMTA)

or more years following acquisition. Further, we found evidence that in some cases contract negotiations immediately preceding or following takeover have not been typical of subsequent bargaining interactions. Table I-3 provides specific information concerning the sample distribution by year of public acquisition.

Labor Organization and Region: Historically, there has been widespread union organization in the local transit industry. The Amalgamated Transit Union (ATU), the present name of the original Amalgamated Association of Street Railway Employees of America, traces its origins to the last decade of the nineteenth century. Over the years the ATU has evolved to occupy a dominant position among unions representing transit operating employees. Other labor organizations active in local transit include the International Brotherhood of Teamsters, Chauffeurs, Warehousemen and Helpers of America (IBT), the Transport Workers Union (TWU), and the United Transportation Workers (UTU).

Although a complete breakdown of labor organizations representing employees of the various publicly owned transit properties was not available at the time of sample selection, an examination of a sample of 100 public systems showed that the ATU held representation rights at 83, the TWU at seven, the UTU at four, and the IBT at four; no union represented employees at the remaining two properties. After consultation with union leaders, the following union distribution was selected: ATU-20 (80 percent), TWU-two (8 percent), UTU-two (8 percent), and IBT-one (4 percent). In choosing the sample, we also sought to achieve a geographical balance. The properties were categorized according to nine regional areas defined by the Bureau of Labor Statistics. Tables I-2 and I-3 provide a breakdown of the sample systems by union affiliation

TABLE I-2

SAMPLE, SYSTEM CHARACTERISTICS: YEAR PUBLIC, LABOR ORGANIZATION, REGION

LOCATION	YEAR PUBLIC	LABOR ORGANIZATION	REGION
Albany	1972	ATU	Middle Atlantic
Atlanta	1972	ATU	Southeast
Baltimore	1970	ATU	Border State
Boston	1947	ATU	Northeast
Buffalo	1973	ATU	Middle Atlantic
Charlotte	1976	UTU	Southeast
Chicago	1947	ATU	Great Lakes
Cleveland	1942	ATU	Great Lakes
Dallas	1964	ATU	Southwest
Denver	1971	ATU	Mountain State
Erie	1967	ATU	Southeast
Huntington	1972	ATU	Border State
Los Angeles	1958	UTU	Pacific
Madison	1970	IBT	Great Lakes
Memphis	1961	ATU	Southeast
Miami	1962	ATU	Southeast
Milwaukee	1975	ATU	Great Lakes
Minneapolis	1970	ATU	Great Lakes
Omaha	1972	TWU	Middle West
Oakland	1960	ATU	Pacific
Philadelphia	1966	TWU	Middle Atlantic
Providence	1966	ATU	Northeast
San Diego	1967	ATU	Pacific
Tacoma	1961	ATU	Pacific
Washington	1973	ATU	Border State

TABLE I-3

SAMPLE SYSTEM CHARACTERISTICS: SUMMARY

Year Public, Labor Organization, Region

A. Year Public:

Pre 1964 - 8	1968 - 1	1973 - 2
1964 - 1	1969 - 0	1974 - 0
1965 - 0	1970 - 3	1975 - 1
1966 - 1	1971 - 1	1976 - 1
1967 - 2	1972 - 4	

Pre 1964	8 systems	32 percent
1964-1970	8 systems	32 percent
1971-1976	9 systems	36 percent
	25 systems	100 percent

B. Labor Organization:

Amalgamated Transit Union	20 systems	80 percent
International Brotherhood of Teamsters	1 system	4 percent
Transport Workers Union	2 systems	8 percent
United Transportation Union	2 systems	8 percent
	25 systems	100 percent

C. Region

Northeast	2	Great Lakes	5
Middle Atlantic	3	Middle West	1
Border State	3	Mountain States	1
Southeast	5	Pacific	4
Southwest	1		
			25 systems

and region.

Population: The size of the population served was judged to be one of the most important factors in sample selection. Population tends to be correlated with and can serve as a proxy for a large number of factors including system size, job difficulty, cost of living, extent of union activity among the local labor force, system per capita ridership, and many other variables which influence labor relations.

Transit properties were ranked by urbanized area population rather than by city size because the jurisdiction of many transit authorities and the potential ridership often extend beyond city limits. Also, since it was thought that the path of influence in pattern-setting labor settlements runs downward from the larger, more visible systems, we have included systems from 14 of the nation's 20 largest urbanized areas.

The sample is limited to systems located in urbanized areas of more than 100,000 inhabitants. Of the 25 systems, seven (28.0 percent) are from urbanized areas of 100,000 to 500,000, and 18 (72.0 percent) are from larger areas. An upward bias in the sample is present within both categories, but is most evident in the larger size grouping where we have included six of eight urbanized areas with populations in excess of two million (see Tables I-4 and I-5).

Structure and Management: Two additional criteria for sample selection were also considered. First, an attempt was made to include systems with a substantial degree of independent control (transit authorities) as well as those whose operation was more directly controlled by the political jurisdiction served. The result was a final tally of 21 independent authorities and four city-dominated systems.

The second element examined was whether a private professional

TABLE I-4

SAMPLE SYSTEM CHARACTERISTICS: URBAN AREA POPULATION, MANAGEMENT, STRUCTURE

LOCATION	URBAN AREA POPULATION (1970)	MANAGEMENT COMPANY[a]	STRUCTURE
Albany	486,525	None	Authority
Atlanta	1,178,778	None	Authority
Baltimore	1,579,781	ATE	Authority
Boston	2,652,575	None	Authority
Buffalo	1,086,594	None	Authority
Charlotte	279,530	CCL	City
Chicago	6,714,578	None	Authority
Cleveland	1,959,880	None	Authority
Dallas	1,338,778	None	City
Denver	1,047,311	ATE	Authority
Erie	175,263	None	Authority
Huntington	167,583	None	Authority
Los Angeles	8,351,266	None	Authority
Madison	205,547	ATC	City
Memphis	663,976	None	Authority
Miami	1,219,661	NCM	Authority
Milwaukee	1,252,457	Other	Authority
Minneapolis	1,704,423	ATE	Authority
Omaha	491,776	None	Authority
Oakland	2,987,850	None	Authority
Philadelphia	4,021,066	None	Authority
Providence	795,311	NCM	Authority
San Diego	1,198,323	None	Authority
Tacoma	332,521	None	City
Washington	2,481,439	None	Authority

[a]NCM: National City Management, Inc.; ATE: ATE Management and Service Corporation; ATC: American Transit Corporation; CCL: City Coach Lines, Inc.

TABLE I-5

SAMPLE SYSTEM CHARACTERISTICS: SUMMARY

Urbanized Area Population, Structure, Management

D. Urbanized Area Population (1970):			
	Under 500,00	7 systems	28 percent
	500,000 - 999,999	2 systems	8 percent
	1,000,000 - 1,499,999	7 systems	28 percent
	1,500,000 - 1,999,999	3 systems	12 percent
	2,000,000 and over	6 systems	24 percent
		25 systems	100 percent
E. Structure			
	Authority	21 systems	84 percent
	City	4 systems	16 percent
		25 systems	100 percent
F. Management:			
	Self-managed	17 systems	64 percent
	Management company		
	ATC 1		
	ATE 3		
	CCL 1		
	NCM 2		
	Other 1		
		8 systems	36 percent
		25 systems	100 percent

management organization was employed to oversee the day-to-day operations of the system. Most of these firms provide management services in a number of cities throughout the country. This aspect of system operation is somewhat unique in the delivery of governmental services and, for this reason, was felt to be a potentially important influence on the nature of labor relations in public transit properties. Of our 25 systems, eight or approximately one-third make use of such services. Information on structure and management is provided in Tables I-4 and I-5.

Additional Criteria—System Size, Modes of Operation, and Bargaining History: Following the selection of our sample and as additional information became available, the systems were examined for distribution along three additional criteria felt to be germaine to our study: system size, modes of operation, and bargaining history.

The number of active buses was selected as a proxy for system size. Table I-6 shows that the mean number of buses reported was about 685 and that 17 of the 25 sample systems operate fewer than the mean average of buses.

The sample contains 20 systems which operate only motor buses. The remaining five properties—Boston, Chicago, Cleveland, Philadelphia, and Washington—operate light or heavy rail equipment in addition to buses. Two other systems, Atlanta and Baltimore, are in the process of appending a rail link to what are not totally bus systems, and several other systems are planning eventual rail modes.

In terms of bargaining history, three properties in the sample have not been involved in either a strike or arbitration involving the terms of a new labor agreement since at least 1960. Of the remaining 22 systems, 18 have been a party to one or more strikes in this period, and 11

have participated in one or more interest (new contract) arbitrations. A further breakdown is found in Table I-6.

While the sample is small and is neither randomly chosen nor statistically stratified, it is believed to be a reasonable approximation of the universe of publicly owned transit firms. As such, and given the exploratory nature of this study, in our judgement it provides an adequate basis for analysis of recent trends in the industry.

Contents of Subsequent Chapters

In Chapter II, the economic, political, and ideological settings for collective bargaining in the urban mass transit industry are examined. The legal framework within which bargaining is conducted is analyzed in Chapter III. In Chapter IV, the legislative background for Section 13(c) of the Urban Mass Transportation Act of 1964 is reviewed, as is the process of obtaining Section 13(c) agreements. Attention is focused upon the impact of Section 13(c) on the bargaining process.

Chapters V and VI are devoted to the history of the ATU, the development of its policies and its historic reliance on arbitration for the settlement of interest disputes. Also, there is a survey of ATU policies on matters of public concern outside of the traditional areas of bargaining, such as federal aid to transit and "no-fare" transit.

The organizational structure of bargaining is examined in Chapter VII including the procedure used in the strike and arbitration experience in the industry.

The results of bargaining are surveyed in Chapters VIII and IX. Chapter VIII examines wage changes and the effect of cost-of-living clauses. The impact of contractual guarantees concerning spread-time,

TABLE I-6

SUPPLEMENTARY SAMPLE CHARACTERISTICS: SUMMARY

System Size, Modes of Operation, Bargaining History

A. System Size—number of buses:		
0 - 249	8 systems	32 percent
250 - 499	7 systems	28 percent
500 - 999	5 systems	20 percent
1000 - 1499	2 systems	3 percent
1500 or more	3 systems	12 percent
	25 systems	100 percent
B. Modes of operation:		
Unimodal (bus only)	20 systems	80 percent
Multimodal	5 systems	20 percent
	25 systems	100 percent
C. Bargaining history:		
Strikes		
Never	7 systems	28 percent
1	12 systems	48 percent
2	5 systems	20 percent
3 or more	1 system	4 percent
	25 systems	100 percent
Interest arbitration		
Never	14 systems	56 percent
1	5 systems	20 percent
2	5 systems	20 percent
3 or more	1 system	4 percent
	25 systems	100 percent

and split-shifts, and related questions is analyzed in Chapter IX, along with a review of the changes in selected economic supplements.

A multivariate analysis of the determinants of changes in labor costs is presented in Chapter X, where attention is centered upon the impact of public ownership and subsidies. The findings of the study are summarized in Chapter XI as well as in the conclusions of most chapters.

II. THE COLLECTIVE BARGAINING ENVIRONMENT

Unionism and collective bargaining have long been a significant element in the operation of the local transit industry. Appearing in an era when organization and bargaining were not encouraged by statute, the Amalgamated Association of Street Railway Employees and other labor organizations were confronted by vigorous resistance from entrepreneurs opposed to participation in any system which would open aspects of the employment relationship to bilateral determination. The employee's quest for industrial governance was made more difficult by the fact that it was not afforded federal protection until 1944 when the courts ruled that local transit employees might qualify for coverage under the National Labor Relations Act.[1]

Nevertheless, aided in the early years only by the powers accruing to both collective and political action at the local level, transit unions in many cases were able to achieve recognition and the negotiated determination of the terms and conditions of employment. Protection under federal statutes and the invalidation of state enactments prohibiting or restricting union sanctions facilitated union activities in later years and contributed to making collective bargaining commonplace in the industry.

The change in the organizational ownership of individual properties

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[1] National Labor Relations Board v. Baltimore Transit Company, 140 F.2d 51 (CA-4, 1944), cert. den., 64 S. Ct. 847 (1944).

from publicly regulated private entities to direct public control during the past dozen years has made labor relations in transit a subject for renewed public debate. The questions being asked about local transit are of the same general nature as those which have arisen with the emergence of union organizations and collective bargaining among other employee groups in the public sector.

What makes the questions unique in the case of transit is that they are being asked about a long-standing collective bargaining relationship which has in most instances only recently been transplanted to the public sector. In the following sections of this chapter the economic, political, and ideological settings for collective bargaining are examined. The relatively complicated legal setting is analyzed separately, in Chapters III and IV.

The Economic Setting

Economic forces can be said to play a major role in shaping labor-management relations. General economic conditions influence expectations of the parties, the nature and magnitude of contract demands, and the outcomes of negotiations. At the same time, economic factors also impose contraints on the relationship by affecting the relative power of the participants in the bargaining interaction. Among such constraints are the threat of a disemployment effect arising from bargaining increases in labor costs and a more general effect through an employer's inability to fund escalating costs.

The transit industry is highly labor intensive and, as a result,

operating expenses show a high labor-to-total cost ratio.[2] Escalating labor costs, ceteris paribus, will require commensurate increases in revenue if disemployment effects are to be avoided. In private transit systems where passenger fares are the dominant revenue source, this would generally necessitate a fare increase. The increasing price of transit services would, in turn, cause reduced ridership and from this would result a diminished demand for labor.[3]

In addition, the likelihood for improvements in system productivity are severely constrained by a fixed technology and only minimal opportunities for altering the labor-capital mix. One might assume that given these conditions, the fear of reduced employment opportunities would have played a major factor in transit bargaining. This conclusion, however, is not supported by information collected as a part of this study.

Many respondents observed that in the past the threat of a disemployment effect from increasing labor costs has had only a marginal impact on the conduct and outcome of transit bargaining. At first glance this might seem an unlikely observation coming from participants in an industry where total employment declined by 42.9 percent from 1945-1970.[4] Several factors, however, make plausible the absence of a

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[2] Total industry labor costs (payroll, fringe benefits, and employer payroll taxes) amounted to 76 percent of total operating expenses in 1975. (Computed from data contained in American Public Transit Association, Transit Fact Book, 1975-1976 Edition [Washington: APTA, 1976], hereafter cited as Transit Fact Book).

[3] An alternative to increasing the fare might be to reduce service levels. In this case, an immediate reduction in the quantity of labor demanded would result.

[4] Computed from data contained in Transit Fact Book, p. 38.

serious disemployment threat.

First, reductions in passenger demand which might result from fare increases have not necessarily been met in the short run by reductions in the demand for labor. In private systems, regulatory agencies or franchise stipulations frequently restricted both increases in fares and reductions in existing levels of service. Administrative controls of this nature often had the effect of maintaining employment levels at the expense of profits or capital investment. Second, where service cutbacks were authorized, reductions in employment were gradual. Typically, labor force attrition was sufficient to meet desired employment levels and thus direct employee terminations were few. In fact, it appears that the fear of job loss was a significant factor in contract negotiations only when a total shutdown of the system was threatened.

Today, in publicly owned systems, the threat of increases in the wage bill resulting in diminished employment opportunities has all but disappeared. System resources are not exclusively dependent on ridership revenue, and determination of the levels of fares and service has increasingly become more political than economic decisions. In addition, many employer and employee representatives believe that the continuity of employment assurances found in agreements signed in fulfillment of Section 13(c) requirements limit capability to reduce the size of the labor force regardless of economic justification.[5] The impotency of the disemployment threat is indicated by the fact that only two of the 43 respondents (4.7 percent) expressed the belief that financial pressures

[5]Assessments of Section 13(c) by labor and management representatives are found in Chapter IV.

would force significant labor force reductions in the future.[6]

Even though management respondents do not believe that wage-increase demands will be greatly dampened by fears of job loss, most respondents expressed the belief that an employer's ability to pay can be particularly effective as a restraint on union power.

In the case of privately owned transit properties, ability to pay is a function of system revenues and ultimately of the profitability of operations. Constraints on a firm's capacity to fund an increasing labor bill include franchise or regulatory control of fares and service, and the price of elasticity of demand for transit services. To the extent that such financial limitations were perceived and accepted as accurate, a derivative effect was, in many cases, to diminish employee expectations. Union respondents made frequent references to the futility of negotiating with nearly insolvent employers.

Comments such as the following are typical of the attitudes expressed: "You can't get blood from a turnip," "What good would more strikes have done when there was no money in the till?" and "How far can you push when the well is dry?" This should not be interpreted to mean that transit employees did not pursue wage and benefit improvements. Rather, the major impact of the economic environment was that expectations were formed and negotiations were conducted amid an atmosphere of pessimism.

With public ownership has come a fundamental change in attitude.

[6]This response was generally premised on the assumption that there will be no fundamental change in the attitude of government toward urban mass transit. An additional nine respondents (20.9 percent) noted that a financial crisis might present itself, but they felt that additional governmental funding would be found where the alternative was a major service cutback.

The pessimism associated with a declining industry has dissipated and a positive view of the future has emerged. Much of this optimism stems from the fact that public transit systems are not completely dependent on ridership-generated revenues. Acceptance of the view that transit is a public service function has led to the introduction of government funds for capital investment from federal, state, and local sources. In addition, operating revenues have been supplemented by state and local funds, and recently by an emerging federal role in financing system operations through grants under Section 5 of the Urban Mass Transportation Act.[7]

Along with the introduction of external funding, public ownership brought with it several regulatory modifications which in theory at least could affect a firm's ability to pay. Regulation by an independent agency, formerly a major constraint on the capability of a private firm to increase revenues by raising fares, has been removed in most instances of public ownership. Decisions concerning fares are within the purview of 21 of the 25 authorities examined.[8] Nevertheless, fares have in most cases remained stable, and several systems have actually reduced fares

[7]The majority of enactments creating public transit systems did not specify that operations had to be self-sustaining and in most systems the introduction of operating assistance was in fact concurrent with public acquisition. However, there were several exceptions to this generalization. Until 1970, the Chicago Transit Authority had been able to finance operations from the farebox for almost 25 years. The Cleveland Transit System, until 1975, had operated without deficit for more than 30 years. In both cases these systems did have partial public funding of capital projects.

[8]Several other of the sample systems, though not subject to external regulation of fares, are restricted by charter or bond issue specification of fares.

under public ownership.[9]. In a similar vein, service requirements in most systems have become self-regulated. Rather than cutting back operations in the face of rising deficits, most public systems have expanded the scope and level of service to include many highly unprofitable routes.

Although complete information is not available, the majority of our respondents reported that tax-generated revenues and other external subsidies today contribute between 40 and 75 percent of total revenues.[10] In most systems this percentage continues to rise as cost increases outpace gains in passenger revenue. The central question for the labor-management relationship is whether the nature and magnitude of such funding has had influence on the conduct or outcomes of bargaining. Does public funding have the effect (or do the parties perceive it to have the effect) of removing ability to pay as a constraint on collective bargaining?

Conventional wisdom would have it that transit subsidies create a "bottomless pit" that lead to a publicly funded bonanza for organized labor. Although it is clear that subsidies provide sums that might not otherwise be available, our sample respondents did not generally support the notion that the presence of subsidies removed the employers' willingness or ability to resist union demands.

With respect to external funding of capital projects, 15 of 22

[9]Among the cases where fares were reduced are Albany, Atlanta, Buffalo, and Cleveland.

[10]Transit Fact Book, p. 27. These sources were broken down to show the federal contribution to be 8.73 percent, state operating assistance at 11.77 percent, and local assistance at 20.24 percent. The total amount involved is approximately $1.4 billion.

(68.2 percent) of management spokesmen felt that this type of subsidy did not affect bargaining. Of the seven responding affirmatively, only three saw a direct impact on outcomes. The remainder thought that possibly there was an impact but that it was only felt indirectly. Eighteen of 22 (81.8 percent) union officers polled saw capital grants as having no effect on the conduct or outcomes of bargaining.

Both management and union representatives indicated that operating assistance payments do have some impact on contract negotiations, but the significance of these responses is unclear. Answers were frequently tentative or qualified. Fifteen of 22 (68.2 percent) management spokesmen and 13 of 19 (68.4 percent) union representatives indicated that operating subsidies under some conditions have a substantial impact on labor relations. A number of respondents stated that their affirmative response was based on the fact that without such aid many systems could not function at current service levels and did not necessarily mean that they viewed collective bargaining as being "out of control." Others felt that the existence of public funding has given the union the upper hand in negotiations.

Responses of union and management personnel suggest that the source of the subsidy, the method of funding the subsidy, and the procedure for determining the magnitude of the subsidy greatly influence the impact that the subsidy has on collective bargaining.

Although subsidies may be made available by several levels of government, the feeling was expressed by unions and managers alike that funding limitations are more significant where funds are generated locally. The parties believed that all else being equal, pressures for restraint would arise most quickly at the local level where taxpayers

would directly and visibly bear the burden of transit subsidization.

Most management and union respondents indicated that funds raised by a specific and identifiable transit levy (e.g., sales tax, property tax, or special assessment) would be less likely to contribute to the "bottomless pit" perception than funds taken from general revenues. Here again the feeling was that the visibility of the public contribution is an important element of control. Also, the revenue generated from a specific tax will generally be of a constant amount or flunctuate at predictable rates. In this manner an effective ceiling is placed on public transit payments, and any change in the ceiling would in most cases require legislative action or a referendum and would thereby come under public scrutiny.

The procedure for determining the magnitude of public resources to be apportioned to specific transit properties was thought to have considerable impact on the perceptions and behaviors of the participants in negotiations—that is, whether funding levels are determined by total costs, service levels, deficits, consumer demand, or demographic characteristics. It is beyond the scope of this report to examine the attributes of each allocative method, but deficit subsidies based on total operating costs appear to have the greatest impact on bargaining. Where the parties believe that a public body will step in and fund any deficit remaining after all other revenue sources have been exhausted, it is

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[11] For an extensive discussion of these factors as they apply to the case of urban transit, see the comments of James Whittaker and David R. Miller in "Public Transportation in Urban Areas," in Issues in Public Transportation, Special Rep. No. 144 (Washington: Highway Research Board, 1972), pp. 40–43; and Walter Y. Oi, "The Federal Subsidy of Conventional Mass Transit," Policy Analysis 1 (1975), pp. 613–658.

likely that ability to pay will not impose as much restraint on the behavior of the bargainers as might be present with other types of subsidies.

In summary, the economic setting for transit bargaining has undergone a number of changes coinciding with the onset of public ownership. Most obvious is the availability of external sources of capital investment and operating funds. In addition, the level of fares and service provided are in most instances self-regulated. Despite differences in the origin, nature, allocation, and ultimate application of subsidy funds, none of the systems examined possesses an unlimited ability to pay. Even in cases where formal or explicit limitations are absent, the political realities of public budgeting impose certain constraints on the level of funding. While the degree to which the availability of financial resources is subject to manipulation varies from situation to situation, it may well be that the significance of funding modifications on transit bargaining has had impact more through changes in attitudes and behaviors than from any modification in the actual ability to meet increased costs.

There has been an arousal of guarded optimism among transit industry personnel and their employees. Regardless of the details of organizational structure or funding, there is broad acceptance of the premise that transit is today a direct public service function of the government. As a result (and despite protestations by employers) employees and their representatives have interpreted this to mean that there will always be someone willing to pay the bill where the alternative is loss of service. At the same time, a recognition that limits to public funding do exist has arisen from a growing understanding of the nature and mechanics of

various subsidy programs, the emergence of concern that the use of Section 5 funds may be restricted,[12] and the presence of other restraints on system funding.[13]

The Political Setting

Most observers of public-sector labor relations agree that the employment relationship of governmental bodies and their labor force is distinguished from its private sector counterpart by the political environment in which it functions. In this section, the impact of the political environment on transit bargaining is examined. Specifically, an investigation is made of the reasons why politics can play a role, the sources and nature of such intervention, the factors which influence the impact of the political setting, and its significance to the labor-management relationship.

Labor relations in transit, even among privately controlled systems, have never conformed precisely to the traditional private-sector bargaining model. The primary determinant of bargaining power in most private-sector union-management relationships is the relative abilities of the parties to impose (or withstand) economic pressures. In the case of private transit, however, the economic foundations of bargaining power

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[12] For example, there has been some discussion of limiting to 50 percent the portion of Section 5 funds which can be used to subsidize system operation. Other possibilities would include altering the current formula for allocation to reflect a system's economic performance to stimulate incentives for efficient operation.

[13] In several cases, fares and anticipated tax revenues have been specified by legislation or bond issue. In Atlanta, for example, a public referendum provided for a 1.0 percent sales tax (of which not more than one-half can be used to subsidize operating costs) which will diminish to a .5 percent in 1982. The basic MARTA fare of 15 cents must also be maintained.

have almost always been supplemented by a politically premised element of power.[14] Transit's public-welfare function along with its essentiality as the dominant intracity travel mode were important factors in the emergence of franchise-controlled service monopolies and the continued public regulation of fare and service levels.

As a result, it was not uncommon in transit labor relations for the public service commission or equivalent agency charged with rate and service regulation to hold the balance of power in contract negotiations. In numerous situations, action by the commission was necessary to provide the wherewithall to finance negotiated changes in the terms of employment. The result was that the regulatory body was often a behind-the-scenes third party to what otherwise was a bilateral bargaining relationship. Although ostensibly politically neutral, it was not unheard of for such commissions and their members to be influenced by public pressures, local politicians, and in some cases by transit unions.

Active political involvement in the bargaining process itself, though not common, did occur in a number of private systems. When such intervention took place, it most frequently began in earnest in situations where settlement prior to the contract deadline appeared unlikely or an impasse already existed. Here again, the public welfare functions and essentiality of transit services led elected officials (and mayors in particular) to view any potential interruption in operations as a political liability and prompted involvement in the bargaining interaction. In such cases the official's activist role was typically based on de

[14] David T. Stanley, Managing Local Government Under Union Pressure (Washington: The Brookings Institution, 1972), p. 19.

facto powers and not on legal entitlement.

With public ownership it would appear that both the logic of and potential for political involvement have increased. The political liability associated with interruptions in transit operations remains high,[15] but direct financial considerations have become an increasingly important determinant of the political impact of transit bargaining. An additional concern to some politicians may be the possibility that a transit settlement will establish a pattern for other public employee negotiations. The fear is that the magnitude and nature of the contract settlement will "spill over" and influence the expectations of other employees, thereby making negotiations more difficult and perhaps more expensive.

Thus, the involvement of politics in transit labor relations today is largely an outgrowth of public ownership and funding of mass transit systems. The specific intervention of politicians, on the other hand, is often discretionary and might be said to be underlain by the potential costs of noninvolvement. Political liabilities arising from service interruption as well as increasing financial obligations may result in direct or circuitous efforts to influence the conduct and outcomes of transit bargaining. Respondents indicated, however, that although political pressures are an integral part of the bargaining background and in this manner influence negotiating behaviors and perhaps outcomes, they

[15] Although the essentiality of transit to the community at large has diminished with the widespread ownership of the automobile, the potential impact of a transit strike is still considerable. The focus of a service interruption may have shifted from necessity to convenience among car owners, but even among these individuals the perceived essentiality often remains high. As a result, regardless of whether a direct organization or hierarchical link is evident, local politicians may be led to invervene by the desire to minimize political liabilities and possibly accrue political goodwill.

do not often explicitly enter into the process and are of secondary importance.

Eighteen of 24 (75.0 percent) management respondents felt that there was an inconsequential amount of interference in bargaining by elected officials. Eight of these individuals (33.3 percent) observed that unions have with some regularity undertaken activities with the intent of pressuring political figures to intervene on their behalf, but only three (12.5 percent) believed such behaviors to be functional. The absence of success was seen as a major factor in disuading "end-run" tactics and related political strategies. Admiration was expressed for politicians and transit board members who resisted this type of union pressure.

Three of the six respondents reporting political intervention in bargaining were representatives of properties classified as city systems rather than authorities. Political involvement is not unexpected in these cases. It also should be mentioned that several other respondents observed that when a strike occurs, elected officials may engage in public posturing to appear to involve themselves in the resolution of the impasse. In the majority of such cases it was felt that these behaviors were not significant in the bargaining interaction and in fact were directed more at the public than at the parties to the negotiation.

Union officers appeared to agree that politics were not a primary determinant of bargaining outcomes. Sixteen of 22 (36.4 percent) union spokesmen responding to this query viewed their bargaining relationship with the transit system as being largely independent of the local political infrastructure. Only four (18.2 percent) admitted using the "end-run," but several others who disavowed this tactic said they had made

their feelings known to mayors, councilmen, transit board members, and others. There was agreement with the prevailing management view that even where unions chose to undertake such behaviors, the likelihood of impact was slight. Most respondents, both union and management, indicated that bargaining remains essentially an activity between unions and transit management. In several systems union or management representatives made the interesting observation that public ownership of their system has actually contributed to a reduction in the level of political involvement in contract negotiations.

Although political intervention in the conduct of negotiations occurred in only four (16.7 percent) of our sample systems, considerable political activity was reported during transit strikes.[16] Except in cases where the property's purse strings were directly involved, both union and management representatives characterized the primary concern of mayors and city council members to be the avoidance of interruption in the service. Expressions of concern for escalating costs and potential spillover effects to other employee groups may reflect public posturing to placate taxpayers rather than worry about the magnitude of settlement. A low level of bargaining involvement was also found among transit board members. Although many system charters provide for the ratification of a proposed settlement by the governing board, only two of 24 (8.3 percent) management respondents reported attempts by board members to become involved with specific bargaining issues or tactics.[17]

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[16] Political involvement here refers to behind-the-scenes direction as well as active participation in the negotiation process itself.

[17] Board ratification of proposed settlements has been almost automatic, and transit management personnel do not feel their bargaining be-

Union political activities at the local level may be of three types: lobbying, the bargaining "end-run," and electoral activities.[18] The targets of such tactics may be the budget-determination process, the negotiation interface, the resolution of bargaining impasses or work stoppages, or the election of officials supportive of union objectives. Unions at most systems were found to be inactive in the budget-determination process. Union efforts in attempting to stimulate favorable political intervention in negotiations were in evidence in only a minority of systems. Use of the "end-run" at the point of impasse was somewhat more frequent albeit not generally assessed to be very effective. Finally, explicit electoral activities by transit unions in most systems are absent or at a low level.[19] Union officers interviewed in conjunction with this study exhibited keenness and insight with respect to the intricacies of the political environment. Nevertheless, the political tactics employed by transit unions play a much less significant role in bargaining than

haviors to be constrained by the need for subsequent board approval. However, there are a number of properties where settlements have been rejected. For example, in 1976 the directors of the Southern California Rapid Transit District turned down a contract proposal involving mechanics represented by the ATU as being too expensive.

[18]Definition and discussion of these tactics can be found in Sterline Spero and John M. Capozzola, The Urban Community and Its Unionized Bureaucracies (New York: Dunellen Publishing Co., Inc., 1973), pp. 81-91, and Jack Stieber, Public Employee Unionism: Structure, Growth, Policy (Washington: The Brookings Institution, 1973), pp. 193-211.

[19]The absence of an explicit and visible linkage between the transit system and the local political hierarchy may be a factor limiting electoral activity. Legal prohibition in some jurisdictions may also restrain political involvement of this type. For additional comment on this issue see Stanley, pp. 1-3, 136-138; Spero and Capozzola, pp. 90-105; Steiber, pp. 193-211.

is frequently the case with police, fire, and other public employee groups.

Although we have portrayed political activities to be of limited importance to transit's contract-determination process, there is a substantial amount of variation among the properties examined. Five factors have been identified as major determinants of the significance of the role of politics in transit:

1. Structure. Labor relations in the transit authority organization form, ceteris paribus, are less subject to political pressures than is the case in the departmental form. The extent to which an authority is selfcontained diminishes the multilateral nature of the organizational hierarchy and thereby limits the avenues for politics to enter the relationship.[20]
2. Scope of Coverage. Political pressures and activism are more apt to be present where the service area of the transit authority includes more than one political jurisdiction. The competitive aspects of funding, service levels, and utilization provide the basis for active intervention, usually through the transit

[20]The multilateral nature of public-sector organization has been cited by numerous scholars as a major determinant of the character of public-sector labor relations. This subject has been extensively examined by Thomas Kochan, Internal Conflict and Multilateral Bargaining, (Madison, Wis.: Industrial Relations Research Institute, 1972); Hervey Juris and Peter Feuille, Police Unionism (Lexington, Mass.: D.C. Heath and Co., 1973), pp. 45-50; and Kenneth McLennan and Michael Moskow, "Multilateral Bargaining in the Public Sector," in Collective Bargaining in Government. eds. J. Joseph Loewenberg and Michael Moskow (Englewood Cliffs, N.J.: Prentice-Hall, Inc., 1972), pp. 227-234. This work is derivative of an earlier

governing board.

3. Nature of Funding. Where deficits are raised by assessment to the community or communities served, the potential for political involvement in transit bargaining is considerable. Transit board members and elected officials may view increasing monetary contributions as a political liability and seek to minimize the rate of escalation in the system's budget. When funding is automatic (where the authority has the power to levy taxes or where there is a legislated ceiling to local funding) the costs of providing transit services are not readily identified with actions of city or county officials and the felt need for intervention is reduced.

4. Board Composition. Authorities which have locally appointed boards offer avenues for political involvement which may be absent in systems where board members are appointed by the governor or state legislature. This factor may be particularly significant in cases where the scope of coverage includes several political jurisdictions and funding is not automatic.

5. Situational Considerations.[21] The decision of whether or

work by these authors, "The Impact of Decentralization on Collective Bargaining in Urban Education," which appeared in the Proceedings of the Twenty-Second Annual Winter Meeting, Industrial Relations Research Association, (Madison, Wis.: IRRA, 1969), pp. 236-247.

[21]The significance of situational criteria to local bargaining has been examined by James A. Belasco, "Municipal Bargaining and Political Power," in Loewenberg and Moskow, pp. 242-243.

not to make use of political power assets may depend on a number of situational aspects of the particular bargaining interaction and the issues involved. The legitimacy of the union demands, the visibility of the issues, and the degree to which the issue is seen to be threatening to long-range goals or administrative control may determine degree and intensity of political involvement in bargaining. Other factors may include: the tax history or fiscal stability of local governmental bodies, previous bargaining experiences, and the proximity of the negotiations to local elections.

In summary, political pressures appear to play a somewhat smaller role in influencing the outcome of transit bargaining than is the case in other public-sector employment relationships. This is not to say that politics are insignificant to transit bargaining. Indeed, the distinction appears to be that the parties to transit bargaining in most cases do not overtly seek to exploit the political environment. The consensus of both management and union spokesmen is that despite the political implications of a strike or tax increase, economics remains the primary determinant of bargaining outcomes. The independent-authority form of organization and the nature of system funding were cited as the major reasons for the limited importance of local politics in transit bargaining.

Where intervention by politicians and overt political activities by unions have occurred, such behavior has typically emerged only after a cessation of operations. Furthermore, it appears that control of system funding by the political subdivision is a requisite for such tactics to

affect bargaining. Finally, there was agreement among respondents that active political involvement was generally detrimental to the conduct of negotiations.

The Ideological Setting

Among the many factors influencing the general environment for transit bargaining is the ideology of the participants. In general, union and management respondents exhibited a high degree of acceptance of collective bargaining. Most view bargaining as a legitimate exercise of employee rights, and the majority are reasonably satisfied with the tenor and conduct of the relationship. Particularly with respect to the attitudes expressed by transit managers, public employee bargaining has apparently won wider acceptance in transit than is the case with other public employee groups.

A number of factors were repeatedly mentioned as important influences on the attitudes of the participants. The age of the relationship between the parties, for example, was felt to contribute to the low degree of resistance to collective bargaining. The mean number of years that unions have represented operating employees at our sample properties is approximately 44.[22] In contrast to many other public employee groups in which unionism is in its infancy, the long tenure of unions in transit systems has, in part, been responsible for the assimilation of union activity as an integral part of the employment relationship.

[22]At two of the sample properties there have been changes in the union representing operating employees. The mean number of years that bargaining has been undertaken with the union presently representing employees is 41.8.

The fact that each of the sample systems was previously privately owned has been instrumental in fostering what at the very least is a toleration by managers of union activities which in many ways are in excess of the public-sector norm. Acceptance was particularly evident among transit administrators whose professional roots go back to private transit companies. At the same time, the private origins of today's public transit systems have helped to shape employee expectations of appropriate bargaining rights. That a change in ownership should reduce the right of employee representation or of permissible union activities is a bitter pill for union members to swallow.

The degree of legal entitlement which typically accrues to public employees may be viewed as a step forward by workers who previously possessed no rights, but to transit employees schooled in the private sector the view is often one of diminution rather than improvement. Similarly, the historical decline of the transit industry has made apparent the need for adequate employee protection.

The maturity of the bargaining relationship and its private-sector roots do not mean, however, that the parties accept the use of the strike as the normal means of resolving conflict. Historically, when transit systems were privately owned but publicly regulated service monopolies, there was considerable opposition to the idea that such employees should have the right to strike. Local transit was regarded as an essential service and interruption of this service had a substantial economic impact on the community. The essentiality of such services may have diminished somewhat with the increased dependence on automobiles, but the essentiality of the service is still relied upon by many management officials, politicians, and some union leaders as the basis for the opinion that the

strike is not an acceptable method of resolving bargaining impasses.

But even more important than the question of essentiality is the general perception of what sort of bargaining system is appropriate for use in the public sector. Although virtually all respondents were highly supportive of bargaining rights for private employees, the existence of comparable rights for public employees evoked a less enthusiastic response from transit managers (see Table II-1-(a)).

Beyond the general attitudes about the propriety of public-sector bargaining, additional concern was expressed by many of the management personnel about excessive union power in the public sector. More than half of the managers polled agreed or strongly agreed with the statement that labor unions tend to have more strength in situations of public ownership than in cases of private ownership. Only six of 24 (25 percent) of union respondents thought this was the case (see Table II-1-(b)). On the other hand, management representatives were less supportive than were union leaders of the assertion that there is little chance for efficient operation in the absence of the profit motive (see Table II-1-(c)).

Summary

The economic, political, and ideological settings are major determinants of the nature and quality of the collective bargaining system. Industrial relations in the publicly owned local transit industry differ from industrial relations in the public sector generally because of the following special environmental factors: (1) the recent turnabout of a dying industry brought about the introduction of tax-generated funds for system acquisition, capital improvement, and subsidized operations, (2)

TABLE II-1

ATTITUDES TOWARD PUBLIC SECTOR LABOR RELATIONS

	SA[a]	A	N	D	SD	Mean[b]	Standard Deviation	F
A. Public sector employees should have the right to bargain collectively.								
Management (N=24)	4	15	2	1	—	2.00	.69	4.73***
Union (N=22)	19	5	-	-	—	1.21	.41	
B. Labor unions tend to have more strength in systems under public ownership than under private ownership.								
Management (N=21)	4	7	6	3	1	2.52	1.12	2.79**
Union (N=24)	-	6	7	5	6	3.46	1.14	
C. Without the profit motive there is little chance for efficiency.								
Management (N=22)	1	4	1	8	8	3.82	1.26	1.97*
Union (N=24)	2	9	2	7	4	3.08	1.31	

[a]Response options were Strongly Agree (SA), Agree (A), Neither Agree nor Disagree (N), Disagree (D), and Strongly Disagree (SD).

[b]Calculated by assessing point values as follows: SA = 1, A = 2, N = 3, D = 4, and SD = 5.

*Significant beyond the .05 level
**Significant beyond the .01 level
***Significant beyond the .001 level

a long history of unionization of transit employees, (3) the transplanting into the public sector of an established collective bargaining relationship which emerged when systems were publicly regulated entrepreneurships, and (4) a unique legal environment in which labor relations are regulated by a complex interface of federal labor law, state labor law, transportation legislation, and extra-legal practices accepted by the parties. (Analysis of this fourth factor is continued in the next two chapters. It is enumerated here only to remind the reader that legal considerations supplement the factors discussed in this chapter.)

Transit's economic context is typified by a pervasive employee optimism emanating from access to federal, state, and local financing. Management spokesmen, though conscious of the stimulus provided by public funding, expressed concern about limited financial resources. Regardless of their source, subsidy funds were felt to be of little significance in bargaining when specifically allocated for capital investment. Although operating assistance supplements fare-derived resources, the relevant question for labor relations is whether these subsidies provide an unlimited ability to pay or at least the belief that there is an unlimited ability to pay.

Federal Section 5 subsidy grants are of a fixed amount which is distributed by formula. Since the level of such funding is not subject to local manipulation, the long-range impact on collective bargaining will be limited. Locally derived subsidies, on the other hand, to the extent that they are deficit related or capable of being influenced by local decisions, may possibly be a factor in the escalation in magnitude of new contract settlements. Overall, while employee expectations have been raised, both union and management representatives recognize that

...ed from ...

economic bounds do exist. Primary among these pressures are limits to the ability and willingness of governments to pay for transit services.

Politics have always entered into transit labor relations through service and fare regulation when systems were private and through direct control when they were public. In the case of private companies, the motive force for political involvement concerned the liability associated with strikes. Today, in public properties, questions of the public financial obligation (direct subsidy costs and fears of spillover of settlements to other public employee groups) have joined potential service interruptions as political stimuli. Nevertheless, political activities were found to be at a relatively low level at most properties. Where involvement has occurred, it most often has been at the point of an impasse in negotiations.

The ideological setting is characterized by a general acceptance of the practice of collective bargaining. This is attributable in part to the age and maturity of the labor-management relationship. The private-sector origins of the industry also fostered the legitimization of labor relations and at the same time served to increase employee expectations. Working in opposition to the complete acceptance of collective bargaining in transit (particularly with respect to the right to strike) are the essentiality of the service provided and the fact that most transit employees are now public employees.

III. LEGAL FRAMEWORK FOR TRANSIT BARGAINING

Private Transit

Historically, collective bargaining has been widely accepted on privately held transit properties. Although transit bargaining in many cases predated this legislation, passage of the National Labor Relations Act in 1935 provided the legal assurances that private employees could organize, seek recognition, and bargain collectively. The Supreme Court, in a 1944 decision, affirmed that private urban transit systems were within the jurisdiction of the Act.[1] With this ruling and where revenue standards established by the National Labor Relations Board (NLRB) were met,[2] most transit employees were legally free to exercise the full range of private-sector bargaining rights.

In the years following World War II, a number of states attempted to limit or prevent strikes by private employees providing what were deemed to be essential services. Industries most commonly covered by such antistrike laws were urban mass transit and public utilities such as telephone and power companies. These laws frequently mandated compulsory arbitration as a strike substitute, but in most cases did not otherwise challenge the rights of the affected employees to engage in collective

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[1] National Labor Relations Board v. Baltimore Transit Company 140 F.2d 51 (CA - 4, 1944), cert. den., 64 S.Ct. 847 (1944).

[2] The NLRB in 1950 asserted jurisdiction in transit cases having more than a de minimus effect. In 1954 a $3,000,000 revenue standard was established. The most recent standard was set in a 1958 case involving the Charleston Transit Company and the Amalgamated Transit Union. The Board's jurisdiction was extended to include local transit systems "doing a gross volume of business of at least $250,000 per annum." (123 NLRB 1296, 1297.)

bargaining.[3] Nevertheless, a legal challenge initiated by the Amalgamated Transit Union resulted in a Supreme Court finding that these statutes were in conflict with the basic guarantees provided by the National Labor Relations Act, as amended, and were therefore unconstitutional.[4] It should also be mentioned that a number of state legislatures had passed seizure laws which covered transit properties. These enactments were directed at assuring uninterrupted service and did not necessarily provide procedures for dispute resolution. As was the case with state arbitration laws, seizure laws in a number of cases were successfully challenged on the grounds that they conflicted with rights preempted by federal labor law.[5]

Thus, with the exception of the various attempts by state legislatures to restrict the right to strike through arbitration or seizure statutes, the labor relations of private transit systems have been within the purview and protection of federal labor legislation since at least 1943. Private transit employees have thereby had the right ". . .to self-organization, to form, join or assist labor organizations, to bargain collectively through representatives of their own choosing, and to engage in other concerted activities for the purpose of collective bargaining."[6]

[3]The subject of state strike control laws involving urban transit is discussed by Darold Barnum, Collective Bargaining and Manpower in Urban Transport Systems (Springfield, Va.: National Technical Information Service, 1972), pp. 166-173. A more comprehensive assessment is found in Herbert R. Northrup, Compulsory Arbitration and Government Intervention in Labor Disputes (Washington: Labor Policy Association, Inc., 1966).

[4]Amalgamated Association of Street, Electric Railway and Motor Coach Employees of America v. Wisconsin Employment Relations Board, 340 U.S. 383 (1951).

[5]One such case invalidated a Missouri seizure law: Division 2187 Amalgamated Association v. State of Missouri, 374 U.S. 74 (1963).

Public Transit - Before 1964

Prior to the passage of the Urban Mass Transportation Act in 1964, when a transit system was publicly acquired its labor relations practices fell from the jurisdiction of federal legislation. Typically, where state law was hostile to the concept of public employee bargaining or where no legislation existed, a complete loss of bargaining rights resulted. In other cases, transit employees were covered by state statutes that provided substantially fewer rights and protections than did the federal legislation.

An early example of the problems associated with public takeover is provided by the unification under public ownership of the New York City Transit System.[7] Because the National Labor Relations Act and the New York State Labor Relations Act both excluded public employees, transit employees faced a loss of collective bargaining rights. The Transit Workers Union (TWU) argued that transit was sufficiently different from other functions of local government to entitle transit workers to maintain private-sector rights in cases where municipalities purchased transit firms. The following is taken from a letter written by Philip A.

[6]National Labor Relations Act, 49 Stat. 449 as amended by 61 Stat. 136 and 73 Stat. 519. (29 USCA, Section 141 et seq.)

[7]For a complete discussion of the New York City transit situation see: James J. McGinnley, Labor Relations in the New York Rapid Transit Systems, 1904-1944 (New York: King's Crown Press, 1949); Arthur W. MacMahon, "The New York City Transit System: Public Ownership, Civil Service, and Collective Bargaining," Political Science Quarterly 56 (1941), pp. 161-198; Edward Sussna, "Collective Bargaining on the New York City Transit System 1940-1957," Industrial and Labor Relations Review 11 (1958), pp. 518-533; and Peter Freund, "Labor Relations in the New York City Rapid Transit Industry, 1944-1960," Doctoral dissertation, New York University, 1964.

Murray to New York's Mayor LaGuardia in 1941:[8]

> It seems to me that in denying employees on the city-owned transit lines the right to collective bargaining, you have lost sight of factors which should have led you to a different conclusion. The operation of transit lines is not like the maintenance of the Police or Fire Departments. The latter constitutes the performance of a governmental function. The operation of a transit line is a business enterprise. It is a commercial enterprise on which money may be made or lost. It renders a service for which each patron pays as he rides. No other municipal service is comparable to the transit service.

The city countered that the distinction between governmental and proprietary functions was spurious because in both cases the public was the beneficiary; only the method of funding differed. As was the case in most similar situations, the union argument in New York met with little success.[9] It was not until 1953, when the New York City Transit Authority was formed, that partial bargaining rights were restored.

Attempts were also made during this period to achieve a general liberalization of state statutes barring or limiting public employee bargaining. Arguments were advanced that in every employment relationship, whether in the private or public sector, some process exists through which the price of labor and the work-effort bargain are decided. Union advocates felt that in the public service, the absence of legal bargaining rights left employees without effective power to influence the outcome of this interaction. As an example, critics pointed to the

[8]Quoted in MacMahon, p. 189. For a more recent statement of this argument, see Joel Seidman, "Industrial Relations in Urban Transit," in A Report on Mass Transportation: Urban Transport (New York: Popular Library, 1968), p. 88.

[9]Bargaining did continue between the TWU and the public body even in the absence of legal entitlement. It should also be mentioned that in several instances legislation creating transit authorities did in fact distinguish transit employees from other public employees for purposes of labor relations.

fact that public employees were permitted no voice in the determination of compensation issues. The size and distribution of the municipal budget depends on the relative power of interest groups within the community and, as Clyde Summers has observed, public employees have few natural allies when economics are involved:[10]

> . . .the fact that economic interests of the voting public, both as taxpayers and as users of public services, runs directly counter to the economic interests of public employees in wages and working conditions suggests that public employees may need special procedures to insure their interests receive adequate consideration in the political process.

It is true that in some cases civil service procedures did offer protection from arbitrary treatment and provide public employees with job security, but unions responded that such procedures could not be considered an adequate substitute for collective bargaining. They concluded that the needs of private employees which justified the promulgation of federal legal guarantees were equally valid in the case of public employees.

Lobbying efforts to extend basic bargaining rights to public employees undertaken by the Amalgamated Transit Union and other organizations representing or seeking to represent public employees proved to be unsuccessful. Early objections to public-sector bargaining were based on claims that legal and constitutional barriers prohibited the government as an employer from engaging in shared decision-making with its employees. It

[10]Clyde W. Summers, "Public Employee Bargaining: A Political Perspective," Yale Law Journal 83 (1974), p. 1161.

was argued that the Constitution had delineated sovereign administrative units and that governments were thereby vested with final and absolute powers concerning the employment relationship. To the extent that a union served as a source of countervailing power in attempting to influence the terms and conditions of employment, its function, if not its existence, was illegitimate in this view. A derivative argument was also advanced that even if constitutional guarantees of freedom of association were sufficient to justify the existence of public-sector unions, government could not share or delegate certain of its received powers. To bargain over terms and conditions of employment which had cost implications would amount to an illegal dispersal of taxing powers.[11]

The latter argument was somewhat more accepting of public-sector unionism in that it implied that employee organization and bargaining were not inherently illegal but rather that the cost implications of union activities amounted to an infringement of the reserved rights of government. On this basis or perhaps owing to more pragmatic considerations such as the argument that public services are so vital that possible service interruptions would not be acceptable or that public-sector laws introduced during this period frequently stopped short of

[11] A summary of the case that sovereignty prohibited governmental subdivisions from engaging in collective bargaining can be found in Antone Aboud and Grace Sterrott Aboud, The Right to Strike In Public Employment (Key Issues Series No. 15) (Ithaca: New York State School of Industrial and Labor Relations, 1974). A similar and more recent contention is advanced by Harry H. Wellington and Ralph K. Winter, Jr., in The Unions and the Cities (Washington: The Brookings Institution, 1971). Their thesis alleges that allowing public employees full private-sector bargaining rights would interfere with the obligation of government to maintain the "'normal' American political process." With collective bargaining, public employees would possess a disproportionate share of effective power in affecting governmental decision-making.

permitting any real power to influence the outcome of negotiations. Economic sanctions including the strike were banned and only rarely were meaningful alternative impasse procedures provided.

In the absence of favorable state labor legislation, the transfer of transit services to the public sector almost always meant the loss of most or all of employee bargaining rights. Typical of such cases were the acquisition of properties in Miami, Florida, and Dallas, Texas. The major transit line serving Miami as well as a number of other properties in Dade County was acquired by the county in 1962. Dallas purchased its system two years later. In both situations state statutes prohibited collective agreements between the state or its subdivisions and labor organizations, and existing bargaining relationships were either severed or maintained on a meet-and-confer basis.[12]

The generalization that public takeover during this period was accompanied by a substantial loss of bargaining rights must be qualified in two ways. First, it should be understood that the loss of the legal entitlement to bargain or to strike does not mean that these practices will not continue to be used. Such de facto bargaining rights have existed in two types of situations, one power based and the other of mutual consent. Bargaining continued on the New York City Transit System (later, the New York City Transit Authority) in spite of lack of legal status because the TWU was able to present a credible threat of an illegal work stoppage and thereby force the employer to the bargaining

[12] In Miami the refusal of the governmental body to engage in bargaining was upheld in a court challenge by the ATU (Dade County v. Amalgamated Association of Street, Electric Railway, and Motor Coach Employees of America et al., 157 So.2d 176-185 (1963)). A description of the impact of the Dallas public takeover on labor-management relations is provided

table.[13] In Cleveland, on the other hand, bargaining was maintained not by virture of a power threat, but because the parties felt it to be mutually advantageous to do so. Following purchase of the Cleveland Transit System by the city in 1942, an Ohio court ruled that the determination of employment conditions was a unilateral responsibility of the transit board.[14] In practice, however, bargaining went on and interest (new-contract) arbitration continued to be employed in contract disputes.[15] The second exception to the earlier mentioned generalization involved a few situations in which legal bargaining rights for transit employees were continued after system acquisition by means of special enactments. In several cases where authorities were established to own and operate transit systems (e.g., the Chicago Transit Authority, the Boston Metropolitan Transit Authority, and the Southeast Pennsylvania Transit Authority) enabling legislation provided the entitlement to bargain collect-

by Ralph J. Flynn, Public Work, Public Workers (Washington: New Republic Book Company, Inc., 1975), pp. 1-5.

[13] See Sussna; Barnum, pp. 188-189.

[14] City of Cleveland v. Division 268 of the Amalgamated Association of Electric Railway and Motor Coach Employees of America et al., 30 O.O. 395-413 (Common Pleas Court) February 1, 1945.

[15] Interest arbitration could by law be only advisory, (City of Cleveland v. Division 268, 30 O.O., 309-310) but in virtually all instances the transit board unilaterally imposed conditions based on the arbitration award. This expectation of finality was satisfactory to both parties, and the process prevailed even in the absence of legal justification. The use of arbitration on the Cleveland Transit System is reviewed by Dallas M. Young, "Fifty Years of Labor Arbitration in Cleveland Transit," Monthly Labor Review, 83 (1960), pp. 464-471.

tively with employees. In several of these cases compulsory arbitration was specified as an acceptable method of impasse resolution.[16]

Public Transit - 1964 to the Present

The bargaining rights possessed by employees of properties which came under public ownership after 1964 were frequently more extensive than was the case in takeovers preceding this date, and in fact tended to approximate private-sector rights. Much of this liberalization of employee rights is attributable to the passage of the Urban Mass Transportation Act of 1964. The Act made federal funds available to facilitate system purchase and upgrading, but more importantly, Section 13(c) of the Act made the issuance of such funds contingent on the perpetuation of

[16] The legislation establishing the Boston Metropolitan Transit Authority had the effect of making mandatory arbitration of interest disputes. The statute, Chapter 544 of the Acts of 1947, Section 19, provided: "The trustees shall have authority to bargain collectively with labor organizations representing employees of the authority and to enter into agreements. . .The employees of the authority shall submit all grievances existing at the time of the creation of the authority or subsequently entered into with the authority, or, in the absence of such provisions, to the state board of conciliation and arbitration, or other board having similar powers and duties." An arbitration clause did exist in the ATU contract with the system and the Act thereby mandated its continuance. Similar language was provided in the 1964 act creating the MBTA. Although not making such procedures mandatory, the 1947 Act established the Chicago Transit Authority (Illinois Revised Statutes, Chapter 111 2/3 Section 28 (a)), did allow interest arbitration: "The Board may deal with and enter into written contracts with employees of the Authority through accredited representatives of such employees..... .In case of dispute over wages, salaries, hours, working conditions, or pension or retirement provisions the Board may arbitrate any question or questions and may agree with such accredited representatives or labor organization that the decision of a majority of any arbitration Board shall be final. . . . "

existing collective bargaining rights.[17]

Section 13(c) requirements in many cases proved to be the basis for legal dilemma: How could public employees be permitted to participate in collective activities in cases where such behavior was proscribed by existing state statute? If federal funds were to be utilized, some means would have to be found to bridge the apparent conflict between state and federal law. States and localities made use of a variety of mechanisms to maintain equivalent bargaining rights: special legislation was passed either in the form of enactments creating transit authorities or special state labor codes; private management companies employed to operate systems were designated the employer of record to permit transit employment to remain within the jurisdiction of federal labor legislation; or, as Darold Barnum observed, in some instances differences between state legislation and Section 13(c) requirements were resolved by the "diplomatic use of semantics."[18] Whichever route was taken, the result was often the

[17]Detailed discussion of the background and legislative history of this section can be found in the following: James L. Stern, Richard U. Miller, Stephen Rubenfeld, Craig Olson, and Brian Heshizer, The Legal Framework for Collective Bargaining in the Urban Transit Industry, a report prepared as a part of UMTA Grant Project No. WI-11-0004, 1976; Darold T. Barnum, "National Public Labor Relations Legislation: The Case of Urban Mass Transit," Labor Law Journal 27 (1976), pp. 168-176; and Jefferson Associates, Administration of Section 13(c) - Urban Mass Transportation Act, A report to the U.S. Department of Labor prepared under contract No. L-72-32, January 1972.

[18]Barnum, Collective Bargaining and Manpower in Urban Mass Transport Systems, p. 128. It is noted that some state laws prohibit public employee strikes as well as compulsory arbitration as a means for settling disputes in the employment relationship or in the interpretation of the Section 13(c) agreement. In some cases, the conflict between UMTA requirements and state law has apparently been resolved by agreeing that disputes "shall be settled by the Secretary of Labor."

creation of a special class of public employees possessing considerably broader freedoms than other public employees in their efforts to influence the terms and conditions of their employment relationship.

Special labor legislation affecting public transit employees took two forms. In the first, an entirely new law was enacted which applied only to employees of public transit operations. A Louisiana law regarding collective bargaining and employee rights in public transit systems, for example, in part provided:[19]

> Employees of such public transportation system hereafter acquired by any such municipality transit authority or other authority organized for the purpose shall have the right to self organization, to form, join or assist labor organizations, to bargain collectively through representatives of their own choosing, and to engage in other concerted activities for the purpose of collective bargaining.
>
> Whenever any labor dispute arises. . ., and collective bargaining does not result in an agreement, the aforesaid public authority shall offer to submit such dispute to arbitration.

The second approach, exemplified by a 1965 amendment to the Colorado Labor Peace Act, involves the modification of an existing state private-sector law to include coverage of public transit employees. According to the Colorado law, transit employees are provided with bargaining rights and a qualified right to strike:[20]

> Where the exercise of the right to strike is desired by the employees of any authority, the employees or

[19]Louisiana Statutes Annotated, Title 23, Chapter 8, Part V, "Public Transportation Facilities," Section 890 (d) and (e).

[20]Colorado Revised Statutes 1963, as amended July 1, 1965, Chapter 80, Article 4, "Labor Peace Act," Section 11.

> their representatives shall file with the industrial commission. . . .The industrial commission shall enter an order allowing or denying the strike based on the grounds of whether or not such strike would interfere with the preservation of public peace, health, and safety in accordance with rules and regulations of the commission. Any order denying a strike under this section shall include an order to arbitrate. . . .

In both of these situations, public transit employees were granted more extensive bargaining rights than were available to other municipal or state employees.

In most states, however, rather than enacting labor legislation as such, the bargaining rights of transit employees were specified in laws establishing transit districts or authorities. The State of Delaware, in an act establishing the State Department of Transportation, provided for the creation of local transit authorities and conferred on them the right to bargain collectively with employees:[21]

> A local Transportation Authority shall have authority to bargain collectively with labor organizations representing employees and may enter into agreements with such organizations relative to wages, salaries, hours, working conditions, health benefits, pensions and retirement allowances of such employees.
>
> In the case of any labor dispute between an Authority and its employees where collective bargaining does not result in a settlement, the same may be submitted at the written request of either party to final and binding arbitration pursuant to the provisions of any agreement entered into between the Authority and the employees so providing. . . .
>
> No employee of a Local Transportation Authority shall strike while in the performance of his official duties.

Similarly, labor provisions were frequently incorporated in legislation

[21] Delaware Code Annotated, Title 2, Chapter 16, "Local Transportation Authorities," Sub-chapter 1, Sections 1613 (a), (b) and (c).

authorizing the creation of individual transit authorities.

The request that public transit employees be given special consideration with respect to labor relations is certainly not new, but it was the need to satisfy requirements of the Urban Mass Transportation Act more than the persuasiveness of the argument that transit is a proprietary rather than governmental function that spurred the proliferation of such provisions. The impact of 13(c) requirements on the passage of these laws is perhaps most apparent in the New Mexico Public Employee law which covers only public transit employees:[22]

> Any municipality desiring to qualify for a grant under the Urban Mass Transportation Act of 1964. . .may in order to meet the requirements of Section 10 [13], paragraph (c) of that Act, recognize, and enter into collective bargaining with an appropriate union representing employees of such municipal transit system with regard to the preservation of employee rights, privileges and benefits under any existing collective bargaining rights.

The need to meet 13(c) requirements led to the passage of special labor legislation with provisions providing more extensive rights than were found in earlier legislation.[23] In many situations, however, the increased bargaining rights permitted by such legislation still were not sufficient to result in certification by the Secretary of Labor that

[22] New Mexico Statutes, Chapter 14, Article 53, "Municipal Transit Law," Section 15.

[23] A similar conclusion was reached by Barnum, Collective Bargaining and Manpower in Urban Mass Transport Systems, pp. 214-216. In a small sample of public authorities examined by Barnum, the proportion of those established after 1964 which provided for compulsory arbitration of interest disputes was substantially greater than was the case for authorities created prior to this date.

Section 13(c) requirements had been satisfied. The major stumbling block frequently was the absence of the right to strike or an acceptable substitute.[24] Conflicts in some cases also involved limitations on the scope of bargaining or union security provisions. The previously mentioned "diplomatic use of semantics"[25] as well as favorable court interpretations and attorney generals' rulings sometimes allowed certification despite apparent conflicts or deficiencies in state legislation. But elsewhere, in the absence of such legislation or where legal barriers were too substantial, it was necessary to find a way by which coverage by federal private-sector labor law could be continued. Contracting for private management of the transit system was one such device.

The use of a private management company as the employer of record is commonly known as the "Memphis Formula." Use of this approach by public bodies supposedly keeps transit labor relations under the National Labor Relations Act, as amended, and outside of the jurisdiction of state law. Although the "Memphis Formula" has been widely used, there is some uncertainty concerning its validity. Petitions for representation elections, the filing of unfair labor practice charges, and the raising of

[24]The only major modification of private-sector bargaining rights acceptable to the Secretary of Labor concerns the right to strike. Lary Yud, Chief of the Division of Employee Protection, U.S. Department of Labor, has written: ". . .the Department of Labor holds that loss of the right to strike, in itself, is not justification for denial of certification, provided that the overall arrangements provide some means for the impartial resolution of disputes," (from "Employee Protection Requirements in the Urban Mass Transportation Act," in Developing Mass Transportation Systems, Proceedings of a Conference cosponsored by the New York Law Journal and the Urban Mass Transportation Administration, ed., Sally Ann Payton, 1974, p. 210).

[25]See Footnote No. 18.

other issues before state and federal courts have brought into question whether this approach does in reality allow for the continuation of bargaining rights under the National Labor Relations Act, as amended.[26]

The legal issue simply stated is: Does the "Memphis Formula" as a procedural device satisfy the jurisdictional standards of the NLRB? The crucial factors are whether public ownership of system assets will in itself result in exclusion as a governmental subdivision, whether the public body grants the management firm sufficient independent control, and whether transit operations are so intimately connected with the basic function of the local government entity to result in exclusion from coverage under the Act.

On the basis of the consistency of NLRB decisions rendered in "Memphis Formula" cases and barring any fundamental policy changes, it is fair to say that the use of the "Memphis Formula" does not and will not in the future result in coverage under federal statutes. Nevertheless, a substantial number of situations currently exist where transit employees are exercising full private-sector rights on the basis of such arrangements. Although it is unlikely that such rights are enforceable in the face of legal challenge, the "Memphis Formula" is an important determinant of the bargaining rights of public transit employees.

The Current "De Facto" Legal Framework as Seen by Management and Union Representatives.

State labor laws, transit legislation, and, in some cases, the ability

[26]The origins of the "Memphis Formula" as well as the question of its sufficiency in allowing conformance with NLRB jurisdictional standards are examined in detail in James L. Stern et al., The Legal Framework. . . .

of unions to force (or management willingness to grant) basic rights were cited by the parties as the primary determinants of transit's legal context for bargaining. Five of 25 (20 percent) sample systems reported that employees possess bargaining rights equivalent to those available to private-sector employees. Representatives of 17 (68 percent) systems indicated that comparable bargaining rights prevail with the exception of the substitution of compulsory arbitration for the right to strike as an acceptable form of impasse resolution.

In six systems arbitration is mandated by state legislation and in two other cases arbitration is permissive according to state law and has therefore been incorporated into the labor agreement between the authority and the union. In the other nine systems in this category, arbitration is assured by Section 13(c) guarantees of ". . .the preservation of rights, privileges, and benefits. . .,and the continuation of collective bargaining rights. . . ." It should be noted that management respondents at two of these systems argued that state law supersedes 13(c) provisions, thereby negating what otherwise would be a union right to invoke arbitration as a method of impasse resolution in the absence of the right to engage in withholding.

In contrasting the current legal framework with its private-sector antecedent, the impact of the "loss" of the right to strike is often mitigated by a long history of impasse resolution by voluntary arbitration. At our 25 sample systems, 11 labor agreements provide for the arbitrated resolution of interest disputes. At least 10 of these provisions predated the transfer of the system to the public sector. On this basis, it may be concluded that the impact of the change in the legal environment on these systems (as well as on the five which claim full private-

sector rights) has been minimal.

An additional difference in bargaining rights found in several of these systems is that the permissible scope of negotiations is somewhat narrower than is typically found in private-sector labor relations. The most frequent exclusions are the right to negotiate union security arrangements (though union membership approaches 100 percent in most of these situations) and pensions in cases where coverage is provided under state or municipal plans.

Of the three remaining systems examined, two provide for the right to collective bargaining but allow only fact-finding or advisory arbitration in the case of impasse, and in one system virtually all bargaining dissipated with the shift to public ownership.

The legal environment for transit bargaining is somewhat unique to American industrial relations to the extent that there is a high degree of uncertainty concerning source and meaning of the law. The complex interaction of state law, special transit enabling legislation, Section 13(c), and the practices of the parties have resulted in considerable confusion about the legal basis for transit labor relations. Fourteen management spokesmen said their labor relations were regulated by state law, three indicated that the LMRA was applicable, two said Section 13(c) was the basis for all rights, three believed that a combination of state law and Section 13(c) governed, and two were unable to answer the inquiry.

Union respondents were confident in enumerating the rights they believed to apply, but almost one-third were not able to point to the law or laws which guaranteed these rights. Questions that arose (and apparent discrepancies between management and union responses) involved the breadth of the bargaining entitlement, how these rights could be enforced, the

legality of the "Memphis Formula" concept, the interaction of Section 13(c) and state laws, and how unfair labor practice charges would be processed where the NLRB did not assert jurisdiction. Symptomatic of such uncertainties is the fact that seven of the sample systems have been involved in litigation concerning the legal status of the strike or other bargaining practices.

The inability to process unfair labor practices was seen as a serious problem by spokesmen in systems where legislation does not provide for such procedures. On the basis of NLRB policies and previous rulings it appears that only one of the three systems claiming coverage under the LMRA actually meets all NLRB jurisdictional standards. In at least two other systems, attempts to file unfair labor practices have been informally rebuffed and were subsequently withdrawn.

In summary, bargaining rights approximate private-sector rights in the majority of systems with the exception of the substitution of compulsory interest arbitration for the right to strike. In states which have not enacted comprehensive collective bargaining laws, unions have no forum in which to file representation petitions or unfair labor practice charges. In a few cases, limitations also have been placed on the scope of negotiations. Although the conduct of transit labor relations has not been seriously hampered by problems arising from questions of legal prerogative, the potential for difficulties is ever present — particularly with respect to unfair labor practices and questions concerning strikes and compulsory arbitration. When assessing a labor relations interaction where there is a highly complex interrelation of law, regulation, and practice, one must be cognizant that a history of "success" may mask an inherently unstable legal basis for the relationship.

The detailed examination of Section 13(c) of the Urban Mass Transportation Act of 1964 is made in the next chapter. Although "13(c)" is an important element of the legal setting, it is considered separately because of the importance attributed to it by union and management spokesmen and by its psychological as well as legal implications.

IV. LABOR PROTECTION PROVISIONS OF THE URBAN MASS TRANSPORTATION ACT — 13(c)

Labor Protection - The Issues

Section 13(c) of the Urban Mass Transportation Act of 1964 was appended to the legislation at the behest of the labor movement. It furnishes assurances to transit employees that their bargaining rights and terms and conditions of employment will not be adversely affected as the result of federal grants under this Act. Section 13(c) provides:[1]

> It shall be a condition of any assistance under Section 3 of this Act that fair and equitable arrangements are made, as determined by the Secretary of Labor, to protect the interests of employees affected by such assistance. Such protective arrangements shall include, without being limited to, such provisions as may be necessary for (1) the preservation of rights, privileges, and benefits (including continuation of pension rights and benefits) under existing collective bargaining agreements or otherwise; (2) the continuation of collective bargaining rights; (3) protection of individual employees against a worsening of their positions with respect to their employment; (4) assurances of employment to employees of acquired mass transportation systems and priority of reemployment of employees terminated or laid off; and (5) paid training or retraining programs. Such arrangements shall include provisions protecting individual employees against a worsening of their positions with respect to their employment which shall in no event provide benefits less than those established pursuant to Section 5(2)(f) of the Act of February 4, 1887 (24 Stat. 379), as amended. The contract for the granting of any such assistance shall specify the terms and conditions of the protective arrangements.

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[1] Urban Mass Transportation Act of 1964 as amended, Section 13(c), 49 U.S.C.A., Section 1609 (1971).

The requirement that grants be contingent on "fair and equitable" arrangements. . .to protect the interests of employees affected by such assistance has led to numerous questions and allegations concerning its impact on various aspects of the labor-management relationship. In this portion of our report, we will examine elements of the legislative history, administration, and coverage of Section 13(c).

Before proceeding with our analysis of transit labor protections, it should be indicated that this has proven to be a difficult and elusive area in which to conduct research. Although participants were often adamant in their views of the implications of this element of federal transit policy, they were rarely able to cite specific examples or otherwise provide evidence to substantiate their claims. Indeed, much of the criticism of Section 13(c) was premised on the apprehension that its deleterious effects will be felt some time in the future. The record of 13(c) negotiations and agreements for capital assistance grants did allow some tentative conclusions concerning the impact of the labor protection requirements, but the recent implementation of the Section 5 grant program precluded amassing comparable information for 13(c) agreements for operating assistance grants. To supplement the limited available data, we have relied extensively on the perceptions of participants to this interaction.

Legislative Background[2]

The inclusion of labor protections in the Urban Mass Transportation

[2]In addition to the various hearings, reports and documents cited in the following pages, information pertaining to the legislative history of Section 13(c) draws on an unpublished summary made available by the Department of Transportation, and Jefferson Associates, The Administration of Section 13(c) - Urban Mass Transportation Act, a report to the U.S. Department of Labor under Contract L-72-32, (Washington: January 1972), pp. 5-19 and Appendix B, pp. 1-6.

Act of 1964 (UMTA) is most frequently said to be an outgrowth of the public takeover of the major transit firms serving Dade County, Florida, and the subsequent planning for public acquisition in Portland, Oregon. The public body in Dade County had taken the position that transit employees by virtue of public acquisition became employees of a political subdivision of the state. In the absence of a state public-sector bargaining statute, they argued, union representation, bargaining rights, and the freedom of transit employees to engage in concerted activities were invalidated.[3] The local of the Amalgamated Association of Street, Electric Railway and Motor Coach Employees (today the Amalgamated Transit Union) which until that time had represented most transit employees in the Miami area was thereby prohibited from being recognized as a labor organization and shortly disappeared from the scene. The loss of fundamental employee rights previously made available to private transit employees by the National Labor Relations Act, as amended, served as the springboard for ensuing efforts by organized labor to insure that any forthcoming federal legislation providing public funding for mass transit would offer protections to affected employees.

Organized labor's insistance on legislative assurances for transit employees dates back to hearings on House Bill 11158 in 1962. At that

[3]The county's position was supported by a decision of the federal district court (Dade County v. Amalgamated Association of Street, Electric Railway, and Motor Coach Employees of America, et al. 157 So.2nd 176-185 (1963).

time, Andrew Biemiller, legislative lobbyist for the AFL-CIO, referred to the "scandalous, disgraceful situation in Miami," and stated:[4] "Federal legislation to support public mass transit facilities should specifically authorize the union rights available to workers in private enterprises. We believe there must be some dispute settlement process if negotiations break down." Such protections were not added to the 1962 mass transit bill which emerged from committee and the resultant opposition by organized labor contributed to the failure of the 87th Congress to enact new transit legislation.

After the reintroduction of the Urban Mass Transit Bill in 1963, Senator Harrison Williams promised that the objectives of labor would be seriously considered:[5]

> I introduce this legislation in full recognition that in its present form it may not take due cognizance of matters brought to my attention only last week by the Amalgamated Association of Street, Electric Railway and Motor Coach Employees of America. I am particularly concerned that every effort be made in this legislation to provide safeguards for collective bargaining and arbitration to protect employees displaced by adverse effects of new transit facilities, to protect rights of employees displaced through automation, and to review the impact of advanced consent to transit compacts. I have written to officers of the Amalgamated Association assuring them of my desire to receive their full testimony at hearings on the bill and ask that they provide me with specific language embodying their proposals.

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[4] U.S. Congress, House, Subcommittee No. 3 of the House Committee on Banking and Currency, Hearings on House Bill 11158, 87th Congress, 2nd Session, 1962, p. 423.

[5] U.S. Congress, Senate, Congressional Record: Proceedings and Debates of the 88th Congress, 88th Congress, 1st Session, 109, p. 217.

Shortly afterward, Secretary of Labor Willard Wirtz, in an appearance before the Senate Banking and Currency Committee, recommended the addition of a protective labor provision. The major thrust of the Administration proposal as expressed by Wirtz was that a federal transit program would not ". . .result in the destruction of established collective bargaining rights."[6]

Labor representatives expressed dissatisfaction with the Wirtz proposal because it did not provide the degree of protection for transit workers that was desired. Their displeasure mounted with the Secretary's explanation to the committee that the Administration program would neither supersede state laws regulating public employee bargaining, nor create protections for employees hired subsequent to a grant of federal assistance.[7] Wirtz offered the opinion that the proposed amendment only required the consideration of employee rights and would not specify a particular level of collective bargaining rights as being necessary for the maintenance of equitable employee protections. In response, the House and Senate committees were presented with a joint labor proposal which spelled out the union position on the labor protection issue.[8]

The bill which finally emerged from the Senate committee contained a revised labor provision which offered considerably less protection than had been suggested in labor's proposal:[9]

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[6] U.S. Congress, Senate, Subcommittee of the Senate Committee on Banking and Currency, Hearings on Senate Bills 6 and 917, 88th Congress, 1st Session, 1963, p. 309.

[7] Ibid., pp. 311-312, 314, 317.

[8] Ibid., pp. 322-323.

[9] U.S. Congress, Senate, Senate Report No. 82, 88th Congress, 1st

> It shall be a condition of the granting of any assistance or the financing of any project under this Act that fair and equitable arrangements are made, as determined by the Administrator after consultation with and the concurrence of the Secretary of Labor to protect the interests of employees affected by such assistance or financing. Such protective arrangements shall include, without being limited to, such provisions as may be necessary for (1) the preservation of rights, privileges and benefits (including continuation of pension rights and benefits) under existing collective bargaining agreements; (2) the encouragement of the continuation of collective bargaining rights;. . .

The AFL-CIO, in a letter to John Sparkman, chairman of the Senate subcommittee, dated March 12, 1963, expressed its opposition to the lack of certainty provided by the words "encouragement of the continuation of collective bargaining rights."

In the Senate debate that followed, the committee proposal was replaced by the so-called Magnuson substitute. This in turn was modified by the Morse-McNamara-Williams amendment (hereafter referred to as the Morse amendment). After extensive debate, the Morse amendment which contained language similar to that found in the joint labor proposal was passed by the Senate on April 4, 1963. The Senate bill called for ". . .the continuation of collective bargaining in any situations where it now exists."[10]

The House version of the transit bill that emerged from committee did not incorporate language which was acceptable to labor interests. As a result, differences between the Senate bill and the proposed legislation in the House were not resolved for more than a year. The stalemate was finally broken when House Committee Chairman Albert Rains proposed amendments to the House bill that provided collective bargaining protections equivalent to those found in the Morse amendment. The House approved Rains's amendments, and House Bill 3881, as amended, was passed on June 25, 1964. The Senate subsequently accepted the language of the House bill and the Urban Mass Transportation Act, including the subsection now identified as 13(c),[11] was signed into law by President Johnson on July 9, 1964. The Labor Management Services Administration (LMSA) of the Department of Labor (DOL) was charged with responsibility for administering the labor protection provisions of the new legislation.

Session, 1963, pp. 49-50 (emphasis added).

[10] U.S. Congress, Senate, Congressional Record, 88th Congress, 1st Session, 109, p. 5675.

Negotiation and Certification of 13(c) Agreements

During the first years following the passage of the Act, the procedure for satisfying Section 13(c) requirements was merely to include a promise of compliance in the approved grant. With demonstration projects, where both the DOL and UMTA agreed there was little or no potential for adverse impact on transit employees, the following was appended to the grant contract: "The Public Body warrants that the undertaking of the project will not adversely affect the employment and working conditions of employees of any participating carrier or of any competing carrier within the service area of such participatory carrier." In the case of capital grants, this was supplemented by the following: "In the event that any such employees are adversely affected, appropriate protection shall be afforded under the provisions of Section 13(c) of the

[11] The text of Section 13(c) can be found on page 1 of this chapter.

Urban Mass Transportation Act of 1964." Some local bargaining did occur in these years, particularly in cases of system acquisition, but most of it did not involve the level of employment protections. More often, the issue of contention was whether the public body would agree to 13(c) requirements for the maintenance of employee bargaining rights and benefits.

Beginning in 1966 and 1967, the Amalgamated Transit Union (ATU), dominant among labor organizations representing transit employees, began to show increased concern about the specific protections which were to be guaranteed by these arrangements. With the expanded activism of the ATU came a gradual policy shift by the Department of Labor which resulted in a transfer of the responsibility for determining the substantive terms of Section 13(c) agreements to the local parties.[12] The reliance on local bargaining to determine the conditions of worker protection appears to conform with the intent of Congress,[13] and remains the basis of current DOL procedures for the development and certification of acceptable labor protection provisions.

The certification process typically begins with UMTA forwarding copies of grant applications to the Department of Labor for review and certification of "fair and equitable arrangements" to protect the inter-

[12]According to Norris Scharoff, former DOL Special Assistant for Urban Mass Transit, in the early years of the administration of the labor protection provisions of the Act, attention was focused almost exclusively on basic collective bargaining issues. Possibly because Section 5(2)(f) of the Interstate Commerce Act was referred to in Section 13(c), unions showed little interest in specifying the terms and conditions of labor protection. The beginning of local bargaining on these issues came with a 1966 New Jersey commuter rail grant application when the question of the impact of the proposed project on bus drivers was raised. (Interview conducted by Brian Heshizer, 6/8/76).

[13]See for example, U.S. Congress, Senate, Senate Report No. 82, 88th Congress, 1st Session, 1963; U.S. Congress, House, House Report No. 204,

ests of affected employees. Based on the DOL policy that wherever feasible the terms of protection are to be arrived at through local negotiations, the Department refers copies of the grant application to labor organizations representing transit workers within the service area of the applicant property.[14] The parties are then expected to initiate negotiations to reach an acceptable agreement which at minimum provides protections equivalent to those found in Section 5(2)(f) of the Interstate Commerce Act.[15] The Department rputinely provides technical assistance and will mediate disputes between the parties when necessary. The development of a local agreement is strongly encouraged, and only as a last resort will the Secretary exercise his authority to establish the terms of a 13(c) protection.[16] The DOL in its certification transmittal will extend the

88th Congress, 2nd Session, 1964. The House Report states that subject to the minimum standards enumerated in the Act, ". . .specific conditions for worker protection will normally be the product of local bargaining and negotiating."

[14]Although Section 13(c) of the Act does not distinguish between the various grant programs, research, technical, and training grants are frequently handled on a more informal basis that are capital, demonstration, or operating assistance grants. See Lary Yud, "Employee Protection Requirements in the Urban Mass Transportation Act," in Developing Mass Transit Systems, ed. Sally Ann Payton, Proceedings of a Conference cosponsored by The New York Law Journal and the Urban Mass Transit Administration of the U.S. Department of Transportation, 1974, p. 207.

[15]Section 13(c) states that 13(c) arrangements shall ". . .in no event provide benefits less than those established pursuant to Section 5(2)(f) of the Act of February 4, 1887 (24 Stat. 379), as amended." The text of the appropriate Section of the Interstate Commerce Act can be found in Footnote 23.

[16]Although the Secretary of Labor may as a last resort impose the terms of the labor protection mandated by the Act, the applicant retains the right to withdraw his application for assistance if the arrangement specified by the Secretary is deemed unacceptable. However, terms of a 13(c) agreement, once certified by the Secretary of Labor, are mandatory and not generally subject to court review. The court in Kendler, et al. v. Wirtz concluded: "We hold that it would not be appropriate for a court

coverage of an arrangement which has been negotiated to protect other groups of employees. If there are no union-represented employees for the project in question, the Secretary will specify the terms and conditions of protection which shall apply.

Although Department of Labor policy calls for the local determination of the terms of labor protection for each grant application, this does not necessarily mean that every 13(c) arrangement will be separately negotiated. Over the years, several mechanisms have evolved by which mutually acceptable language is voluntarily reemployed for subsequent grants. Known in the industry as "piggybacking," the reuse of a previously negotiated and certified 13(c) agreement can take a number of forms. First, and most common, is the situation where the decision to use the terms of an existing agreement is decided by the parties on a case-by-case basis. This has occurred with increasing frequency in recent years as the content of 13(c) agreements has moved toward uniformity both within and across systems. There are also forms of the "piggyback" procedure which specify its application in advance of individual grant applications. In Boston, for example, the MBTA and the involved unions negotiate a 13(c) agreement annually that will be applicable to all projects funded by UMTA during that year. A variant of this approach is used by one of the properties in our sample, Regional Transportation District (Denver). The collective bargaining agreement between this system and its union incorporates 13(c) language which serves as the basis for

to substitute its judgement for the Secretary's judgement that railroad employees are afforded fair and equitable protection by the arrangements that have been made for their benefits." (Harold Kendler et al. v. Willard Wirtz, Secretary of Labor and Robert C. Weaver, Secretary, Department of Housing and Urban Development.)

all subsequent 13(c) agreements during the term of the labor agreement.[17]

In addition to "piggybacking," another alternative to individually negotiating an agreement for each grant has emerged for operating assistance funds dispersed under Sections 3(h) and 5 of the Urban Mass Transit Act. Following the passage of the National Mass Transportation Assistance Act of 1974 which made these funds available, the American Public Transit Association (APTA), representing a large number of transit systems and the major transit unions, undertook the task of negotiating a standard 13(c) agreement which the Secretary of Labor could use to certify labor protections for operating-assistance grant applications. Such an agreement, variously referred to as the Model Agreement or the National Agreement, was reached on July 23, 1975. Its term runs from November 26, 1974 until September 30, 1977, but will automatically be extended on a year-to-year basis unless notice to reopen is served by one or more of the signatories. Both the designated applicant and the local union or unions must approve the terms of the agreement for it to become operational at the local level.

Although widespread ratification of the National Agreement was not assured, the existence of standard terms for Section 13(c) agreements has provided an element of pressure to either sign the agreement or fashion an alternative providing equivalent protections. Lary Yud, Chief of the Division of Employee Protection, who is responsible for UMTA's processing of requests for 13(c) certification, considers the National Agreement to

[17] In another of our sample systems, the contract between the Transit Authority of the City of Omaha and the Transport Workers Union, Local 223, provides that a "duly signed 13(c) Agreement executed July 1, 1972, is made a permanent addenda to this labor Agreement." The question of whether this is meant to apply to future grants is presently being contested by the TWU.

have been highly effective in facilitating rapid approval of operating assistance grants. For example, of 230 certifications in the first ten months of 1976 elegible for coverage under the National Agreement, 157 received automatic certification by use of this agreement, and a additional 15 were certified using the National Agreement with one or more locally negotiated modifications.[18]

As is shown in Table IV-1, statistics compiled by LMSA show a steady increase in the number of grant applications processed and certified annually by the Department of Labor since the inception of the program in 1964. The number of certifications has increased from 40 in the first full year of the program to 276 in fiscal year 1975. During the entire 11-year period, certification has been formally denied in only three cases: Springfield, Missouri; Yakima, Washington; and Amarillo, Texas. In each situation the grant applicant indicated it was unable or unwilling to comply with the Section's requirements.[19] It should be noted that omitted from this accounting is any consideration of the number of applications which were never submitted because of the labor requirements or submitted but subsequently withdrawn prior to formal action by DOL. An example of the latter situation was the decision by Delaware River Port Authority (PATCO) to withdraw its capital-grant application for the Lindenwold Line project because, along with other factors, there was an assessment that the costs of complying with 13(c) requirements would be

[18] Data provided by Lary Yud, Chief of the Division of Employee Protection, Department of Labor, Washington, D.C.

[19] Summaries of these cases can be found in Jefferson Associates, pp. 30-42.

TABLE IV-1

APPLICATIONS FOR GRANTS UNDER THE URBAN MASS TRANSPORTATION ACT

Reviewed and Certified by LMSA Fiscal Years 1965 through 1976

	Fiscal Years												
	1965*	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	FY-65 FY-76
Applications received for review	27	50	45	54	75	78	136	177	175	192	388	504	1901
Carried over from previous fiscal year	—	1	11	16	30	39	24	36	53	68	83	178	—
Total available for review	27	51	56	70	105	117	160	213	228	260	471	682	1901
Closed (inactive or withdrawn)	—	—	3	2	11	15	24	26	18	17	17	31	164
Applications reviewed	26	40	37	38	55	78	100	134	142	160	276	476	1562
CERTIFIED	26	40	35	37	55	78	100	134	142	160	276	476	1559
DENIED	—	—	2	1	—	—	—	—	—	—	—	—	3
Carried over to next fiscal year	1	11	16	30	39	24	36	53	68	83	178	175	—

*Program began January 1965.

Source: Data compiled and made available by Lary Yud, Chief of the Division of Employee Protection, Labor Management Services Administration, U.S. Department of Labor.

excessive.

The Chief of the Division of Employee Protection also indicated that cases requiring imposed terms and conditions of labor protection in the absence of local agreements have been "rare," amounting to only "several" cases per year.[20] In addition, information reported in Table IV-2 indicates that for all applications reviewed, the average processing time (elapsed from the date of referral to DOL until certification) has been decreasing in recent years. This reduction is apparent even when certifications involving the national 13(c) agreements are omitted from the calculation. Among the possible explanations for the increased efficiency in processing 13(c) arrangements are the increased familiarity of the parties with the negotiation and certification process, a greater uniformily in the content of negotiated agreements, and a decline in the proportion of Section 3 applications requesting funds for system acquisition.[21]

Available summary statistics pertaining to the number of arrangements certified annually, the small number of denials, the infrequent need for imposing conditions in the absence of local agreement, and the declining average processing time appear supportive of Yud's countention that current DOL procedures to insure compliance with Section 13(c) of the Act of 1964 are functioning efficiently. Although the record is impressive, it is recognized that sole reliance on summary statistics as

[20] Interview with Lary Yud, May 26, 1976.

[21] Historically, some of the most arduous 13(c) negotiations have involved situations where funds were to be used for purchase of a privately owned property. The inability or unwillingness of applicants to provide for the continuation of collective bargaining rights and benefits often delayed the approval of such applications until an acceptable solution could be achieved.

an evaluatory technique may hide the existence of significant underlying difficulties with the process. For this reason an assessment by the parties to the 13(c) interaction will be reported later in this chapter.

13(c) Agreements - Content and Coverage

As specified by Section 13(c), five major types of protection must be provided for employees affected by any grant issued under the Urban Mass Transportation Act of 1964 or its amendments:[22]

> (1) the preservation of rights, privileges, and benefits (including continuation of pension rights and benefits) under existing collective bargaining agreements or otherwise;
>
> (2) the continuation of collective bargaining rights;
>
> (3) protection of individual employees against a worsening of their position with respect to their employment;
>
> (4) assurances of employment to employees of acquired mass transportation systems and priority of reemployment of employees terminated or laid off; and
>
> (5) paid training and retraining programs.

The Act does not go further in the enumeration of particular protections, but rather it mandates that benefits provided by such arrangements ". . .shall in no event provide benefits less than those established pursuant to Section 5(2)(f) of the Act of February 4, 1887 (24 Stat. 379), as amended."[23] Because of the explicit reference to this section of the

[22] Urban Mass Transportation Act of 1964, as amended, Section 13(c). 49 U.S.C.A., Section 1609 (1971).

[23] This section of the Transportation Act of 1940 (49 U.S.C. Section 5(2)(f) (1971)) provides: As a condition of its approval, under this paragraph, of any transaction involving a carrier or carriers by railroad subject to the provisions of this chapter, the Commission shall require fair and equitable arrangement to protect the interests of the railroad

TABLE IV-2

APPLICATIONS FOR GRANTS UNDER THE URBAN MASS TRANSPORTATION ACT

Average Processing Time for Section 13(c) Referrals (Mean Days from Referral to Certification)

	Fiscal Years 1974		1975		1976	
	# of Cases	Processing Days	# of Cases	Processing Days	# of Cases	Processing Days
Capital-projects grants	154	105	191	119	216	89
Operating-assistance grants	—	—	70	21*	252	69
Demonstration-project grants	6	67	15	62	8	212**
Total cases	160	104	276	91	476	81

* The unusually low processing time here is attributed to the newness of the Sections 5 and 3(h) programs and reflects a willingness to "piggyback" labor protections because of funding deadlines.

** The dramatic increase with respect to demonstration project processing time does not necessarily reflect proglems in negotiating 13(c) protections. Due to the innovative nature of such projects, their grant applications may remain inactive for periods of time for technological, political, or economic reasons.

Source: Compiled from information and interpretive comments provided by Lary Yud, Chief of the Division of Employee Protection, Labor-Management Services Administration, U.S. Department of Labor.

Interstate Commerce Act, some discussion of the development and current status of 5(2)(f) is appropriate before moving on to an examination of the present level of labor protections found in arrangements negotiated and certified pursuant to the requirements of the Urban Mass Transportation Act.

The Language of Section 5(2)(f) gives a less detailed specification of the protections to be provided than is found in Section 13(c). However, the legislative history of the Transportation Act of 1940 indicates that the terms of the Washington Job Protection Agreement of May 1936 were meant to serve as the basis for 5(2)(f) guarantees. But as the authors of the Jefferson Report observed, Section 5(2)(f) has in practice been a "living document."[24] The Washington Agreement has been modified several times by Interstate Commerce Commission (ICC) decisions,[25] as well as by court decisions and arbitration awards which have redefined and often broadened the basic agreements. Briefly, the purpose of the

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employees affected. In its order of approval, the Commission shall include terms and conditions providing that during the period of four years from the effective date of such order such transaction will not result in employees of the carrier or carriers by railroad affected by such order being in a worse position with respect to their employment, except that the protection afforded to any employee pursuant to this sentence shall not be required to continue for a longer period, following the effective date of such order, than the period during which such employee was in the employ of such carrier or carriers prior to the effective date of such order. Such arrangement shall contain provisions no less protective of the interests of employees than those heretofore imposed pursuant to this subdivision and those established pursuant to Section 405 of the Rail Passenger Service Act (45 U.S.C. 565). Notwithstanding any other provisions of this Act, an agreement pertaining to the protection of the interests of said employees may hereafter be entered into by any carrier or carriers by railroad and the duly authorized respresentative or representatives of its employees.

[24] Jefferson Associates, p. 11.

[25] Among the ICC cases to which reference is most often made are the

Washington Agreement was to provide railroad employees affected by a carrier "coordination"[26] with assurances concerning the continuation of terms and conditions of their employment relationship. Monetary compensation was specified where reductions in earnings or benefits resulted, or in lieu of such payments, a separation allowance was to be paid in the case of severance. Section 6(a) of the Agreement in part provided:[27]

> No employee of any of the carriers involved in a particular coordination who is continued in service shall, for a period not exceeding five years following the effective date of such coordination, be placed, as a result of such coordination, in a worse position with respect to compensation and rules governing working conditions than he occupied at the time of such coordination. . . .

It was also made clear that application was restricted to effects emanating directly from such coordinations: ". . .the provisions of this agreement are to be restricted to those changes in employment in the Railroad Industry solely due to and resulting from such coordination."[28]

At the time of the passage of the Urban Mass Transportation Act of 1964, the prevailing level of 5(2)(f) protections were those specified in the 1952 New Orleans Union Passenger Terminal case. The "New Orleans conditions" for the most part embodied the terms of the Washington Agreement as modified by the conditions set forth by the ICC in its order

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Oklahoma Railway and the Chicago, Burlington and Quincy Railroad cases of 1944, and the New Orleans Union Passenger Terminal case of 1952.

[26] As defined in Section 2(a) of the Agreement of May 1936, Washington, D.C., "coordination" refers to ". . . joint action by two or more carriers whereby they unify, consolidate, merge or pool in whole or in part their separate railroad facilities."

[27] Washington Job Protection Agreement of May 1936, Section 6(a).

[28] Ibid., Section 1.

dated May 17, 1944 in the case of the Oklahoma Railway Company Trustees Abandonment of Operations. The order in the New Orleans case included the following coverage:

(1) protections extending four years from the effective date of the order approving the transaction;[29]

(2) payment of a monthly dismissal allowance equal to one-twelfth of the total compensation in the previous year of employment — as offset by earnings from alternative employment and any benefits received under unemployment insurance programs;

(3) maintenance of current earnings when transferred to a lower paying job;

(4) the continuation of all benefits attached to previous employment including free transportation, pensions, hospitalization, and relief;

(5) reimbursement of household moving expenses resulting from a required change in the place of employment including travel expenses, actual wage loss, and any losses suffered in the sale of the employees residence for less than its fair value; and

(6) the settlement by final and binding arbitration of any dispute arising from the interpretation of these conditions which cannot be settled by the carriers and the employees.

In addition, other provisions of the Washington Agreement which were not in conflict with these basic guarantees were referenced by this document. Although there was some variance in individual cases, the terms of the "New Orleans conditions" served as the basis for most 13(c) arrangements negotiated during the 1960s.

Following the passage of the Rail Passenger Service Act of 1970,

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[29] Subsequent cases in which the basic "New Orleans conditions" were prescribed protections extending from the date of adverse impact rather than from the effective date of the order approving the transaction.

the basic content of Section 13(c) arrangements evolved to incorporate provisions of the Amtrak Labor Protection Agreement promulgated in conjunction with that Act. Included among the Amtrak modification of previous standards were:

(1) protections were extended from four to six years;

(2) subject to the terms of a labor protection agreement, any employee qualifying for a dismissal allowance would receive any subsequent wage adjustements; and

(3) the burden of proof of effect was shifted from the grieving employee to the carrier.

Today, all 13(c) agreements certified by the Secretary of Labor (including those for operating-assistance grants) contain the major elements of the "Amtrak conditions." This has in fact been recently mandated by an amendment to the Interstate Commerce Act which incorporates the Amtrak level of protections into Section 5(2)(f).[30]

In recent years, at least in part because of the "Amtrak conditions" and the dominant role played by the Amalgamated Transit Union in coordinating and often conducting the 13(c) negotiations in which its divisions are involved, a substantial degree of uniformity has emerged in negotiated labor provisions. Where differences do appear they tend to reflect issues of interpretation and application more so than the level of benefits. Reproduced in the following paragraphs are exerpts from what was found to be typical capital-grant 13(c) language for each of the five areas of

[30]Public Law 94-219, Section 402(a) (February 15, 1976) states: "Section 5(2)(f) of the Interstate Commerce Act (49 U.S.C. 5(2)(f)) is amended by inserting a new sentence immediately preceding the last sentence thereof as follows: Such arrangement shall contain provisions no less protective of the interests of employees than those heretofore imposed pursuant to this subdivision and those established pursuant to Section 405 of the Rail Passenger Service Act (45 U.S.C. 565)."

protection specified in the Act.[31]

Assurances concerning the preservation of rights, privileges, and benefits, the continuation of collective bargaining rights, and the protection of individual employees against a worsening of their position with respect to their employment have frequently been provided with provisions such as these:

> All rights, privileges, and benefits (including pension rights and benefits) of employees represented by the Union (including employees having already retired) under existing collective bargaining agreements or otherwise, or under any revision of renewal thereof shall be preserved and continued, unless by collective bargaining and agreement of both parties hereto other arrangements are made; provided, however, that any such agreement or arrangements shall not be inconsistent either with this agreement or with the requirements of Section 13(c) of the Act as determined by the Secretary of Labor.
>
> The collective bargaining rights of employees represented by the Union, including the right to arbitrate labor disputes to maintain union security and checkoff arrangements, as provided by applicable laws, policies and/or existing collective bargaining agreements, shall be preserved and continued. The City agrees that it will bargain collectively with the Union or otherwise arrange for the continuation of collective bargaining, and that it will enter into agreements with the Union or arrange for such agreements to be entered into, relative to all subjects of collective bargaining with a private employer.
>
> Any employee covered by this agreement who is laid off or otherwise deprived of employment, or placed in a worse position with respect to compensation, hours, working conditions, fringe benefits, or rights and privileges pertaining thereto at any time during his employment as a result of the Project, including any program of

[31]These 13(c) excerpts are drawn from a number of different agreements. They are representative of provisions found in approximately 20 recent 13(c)s certified by UMTA for capital grant projects which were examined in conjunction with this study. These provisions are reproduced to illustrate the nature of typical labor protections. The exact language found in individual 13(c)s often reflects local preferences and is not necessarily uniform across all agreements.

> efficiencies or economies directly or indirectly related thereto, shall be entitled to receive any applicable rights, privileges, and benefits as specified in the employee protective arrangements (attached hereto and made a part hereof as Exhibit "A"); provided, however, that nothing in Exhibit "A" shall be deemed to supersede or displace any other provisions of this agreement, and in the event of any conflict or inconsistency between them, the other provisions of this agreement shall control.

The specific terms of employee protection, here referred to in Exhibit "A," in many agreements are itemized in the basic document. In either case, virtually all 13(c) agreements detail benefit levels equivalent to the previously discussed "Amtrak conditions,"[32]

The final two areas of protection concerning priority of employment or reemployment and paid training programs may be listed separately or in a single clause as is shown here:

> Any employee in the bargaining unit represented by the Union who has been terminated or laid off for lack of work, shall be granted priority of employment, or reemployment to fill any vacant position on the transit system for which he is, or by training or retraining can become, qualified. In the event training or retraining is required by such employment or reemployment, the Public Body shall provide or provide for such training or retraining at no cost to the employee, and such employee shall be paid, while training or retraining, the salary or hourly rate of his former job classification or the training rate of the classification for which he is training, whichever is higher.

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[32] Characteristic protections include: a protective period of six years or a period equivalent to length of service less than six years; when an employee is laid off or otherwise deprived of employment, a monthly dismissal allowance equal to the average monthly compensation over the last twelve months of employment; in lieu of the dismissal allowance, an elective separation allowance of a sum equal to three to twelve months pay as determined by length of service; a displacement allowance which maintains average monthly compensation which is payable if an employee is demoted or placed on a lower paying job as a result of the project, and payment of moving expenses (including travel, actual loss of earnings up to five days, and reimbursement of any losses suffered in the sale of the employee's home for less than its fair market value) incurred as a result of a required change of residence.

Some mechanism for enforcement of its component parts is also included in 13(c) arrangements. Most common is a provision for final and binding determination by an arbitrator or arbitration panel:

> In event of any labor dispute involving the Public Body and the employees covered by this agreement where collective bargaining does not result in agreement, the same may be submitted at the written request of either party to a board of arbitration.

Alternatively, in a few cases where restrictive state legislation prohibits the public body from submitting disputes to arbitration, the conflict between UMTA requirements and state law has been resolved by inserting language that disputes concerning interpretation ". . .shall be settled by the Secretary of Labor."

The model 13(c) agreement negotiated for use with applications for operating-assistance programs under Section 5 and 3(h) incorporates levels of protection that are substantially equivalent to the "Amtrak conditions." There are, however, a number of potentially significant differences in language with respect to the interpretation and application of these provisions. For example, the phrase "as a result of the project" as used with operating-assistance grants is somewhat more difficult to define than is the case with specific capital-grant projects. As an outgrowth of this difficulty, the parties elected to add the following proviso to the National Agreement:[33]

> . . .volume rises and falls of business, or changes in volume and character of employment brought about by causes other than the project (including any economies or efficiencies unrelated to the project) are not with the purview of this agreement.

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[33] "Model 13(c) Agreement" executed by the American Public Transit Association and transit employee labor organizations, July 23, 1975, paragraph 1.

Several other modifications can also be attributed to the vagueness of project definition with operating-assistance grants. Where the typical capital-grant clause refers to a retained employee placed in a worse position ". . .with respect to compensation, hours, working conditions, fringe benefits, or rights and privileges," the National Agreement provides more restrictive language that makes reference only to ". . .a worse position with respect to compensation."[34] A dismissed employee's reemployment rights have also been narrowed by including the requirement that any vacant position be ". . .reasonably comparable to that which he held when dismissed."[35] In addition, the commonly found stipulation that employees covered by the 13(c) agreement will be given the first opportunity for employment in any new jobs created as a result of the project is not present in the model 13(c).

The rights of grant recipients have also been affected. For example, a recipient's rights clause is included in the National Agreement:[36]

> Unless otherwise provided, nothing in this agreement shall be deemed to restrict any rights the Recipient may otherwise have to direct the working forces and manage its business as it deems best, in accordance with the applicable collective bargaining agreement.

At the same time the discretion of the grantee in dispersing Section 3(h) or 5 funds has been somewhat limited by the following restriction on the right to subcontract:[37]

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[34] Ibid., paragraph 6(a).

[35] Ibid., paragraph 18.

[36] Ibid., paragraph 3.

[37] Ibid., paragraph 23.

> The designated Recipient. . .shall be the sole provider of mass transportation services to the Project and such services shall be provided exclusively by employees of the Recipient covered by this agreement. . . .The parties recognize, however, that certain of the recipients signatory hereto,. . .have heretofore provided such services through contracts by purchase, leasing, or other arrangements and hereby agree that such practices may continue.

A certain amount of flexibility is available in the application of the National Agreement. At the time of the passage of this document the parties provided recommendations as to its use in individual cases. The recommendations were set forth in a memorandum from Lewis M. Gill, the mediator for the APTA-union negotiations. Of particular importance are paragraphs 5 and 6:[38]

> (5) Individual project review by the Secretary of Labor shall be given at the request of any interested party, to determine whether special circumstances are presented by the project which require changes in the master agreement or supplemental arrangements, as applied to the particular project.
>
> (6) In the event it is determined by the Secretary that changes or supplemental arrangements are required, there should be an opportunity to negotiate such arrangements and changes within existing case handling procedures prior to any Secretarial determination of the disputed issues.

Before leaving this discussion of 13(c) content and coverage, a caveat is warranted. Most 13(c) agreements provided extensive and detailed specification of the coverage provided. The excerpted language from capital-grant 13(c) agreements quoted in the preceding pages is not found in identical form in all 13(c) agreements; it is meant to be repre-

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[38] Memorandum dated July 18, 1975 to the Secretary of Labor from Lewis M. Gill, Special Mediator, paragraphs 5 and 6.

sentative of language typically found in such agreements. Moreover, any rigorous interpretation of these clauses can only be undertaken in the context of individual 13(c) agreements viewed in their entirety. Similarly, the distinctions between provisions of the National Agreement for operating assistance and typical capital-grant provisions which were presented should not be interpreted to be a complete enumeration of differences. Only by a careful examination of the total model agreement and a specific capital grant agreement can such a comparison be made.

Assessment of Section 13(c) by the Parties

In general, union and management representatives of the 25 properties at which interviews were conducted expressed satisfaction with current procedures for meeting Section 13(c) requirements. Complaints involving the content of labor protection agreements were somewhat more frequent, but few respondents could point to problems that have been caused by these provisions. In addition, an extensive search of the 13(c) correspondence and documentation contained in LMSA files for all grant applications submitted by ten of the sample systems tended to support the assessment that the negotiation and certification process has been sufficient to cope with a wide range of grant types and situations. The views of the respondents are summarized below under the following topical headings:[39] (1) The Requirement That 13(c) Protections Apply to All Grants; (2) The Adequacy and Impact of Procedures for Meeting the Labor

[39] A total of 27 management (24 local management representatives and three officers of national transit management firms) and 24 union interviews were conducted at 25 properties. Sample identification is provided in Chapter 1. The actual number of responses to individual questions pertaining to Section 13(c) ranged from 41 to 51.

Protection Requirements of the Act; and (3) The Content and Application of 13(c) Agreements.

(1) The Requirement that 13(c) Protections Apply to All Grants: As might be expected, all of the union respondents stated that 13(c) protections are a necessary and proper element of federal transit legislation. It was somewhat more surprising to find that 20 of 23 (87 percent) managers also believe that labor protection in some form is appropriate. Management's endorsement was qualified by the proviso that such guarantees should not be required for all types of grants. In addition, most complained that current 13(c) protections are excessive.

Although the majority were of the opinion that the right to strike is not acceptable for public transit employees, managers agreed that affected employees should be permitted to retain basic bargaining rights. Resolution of contract disputes by final and binding arbitration was seen as a workable alternative by most of those disapproving of the strike. Only two managers expressed the feeling that the conditioning of grant approval on the continuation of bargaining rights is an unwarranted intrusion into state's rights by the federal government. One asserted that although he had initialed a 13(c) providing interest arbitration in lieu of the right to strike (illegal for public employees in his state), he would not be a party to an arbitrated resolution of an impasse in negotiations. He said that it is clear from the legislative history of the Act that 13(c) provisions were not intended to supersede state laws.

Apparently the collective bargaining issue, a topic of heated congressional debate prior to the passage of the Urban Mass Transportation

Act of 1969,[40] has in most cases been defused with the passage of time. This is not to say that managers have welcomed collective bargaining with open arms or that they are necessarily pleased with its results. Rather, viewing themselves as practitioners and not policymakers, most expressed a pragmatic, "You can't fight city hall" attitude.

A similar position was taken in the case of employment guarantees in the takeover situation. Few management respondents took issue with 13(c) guarantees pertaining to job retention and assurances that transit workers would not be placed in a worse position with respect to compensation or other benefits as a result of the public takeover of a transit property. Here again, regardless of the degree to which managers accepted the premise itself, they saw little reason to oppose these guarantees. It was observed that public acquisition of the sample systems did not result in employment cutbacks or otherwise place employees in a worse condition. In any case, most of those interviewed considered issues relating to takeover as "water over the dam."

The necessity for extending comparable employee protections for nontakeover capital-assistance grants and demonstration projects was not widely accepted by transit system officials. The view was expressed that, as was the case with Section 5(2)(f) of the Interstate Commerce Act, the intent of Congress with Section 13(c) was to protect employees where mergers, consolidations, or acquisitions of systems were contemplated. It was said that, extending comparable protections where funds

[40] See Jefferson Associates, pp. 5-19.

are used to purchase buses and equipment, construct new facilities, or otherwise update an existing system, Congress effectively blocked improvements in system efficiency. Many offered as an example variations of a hypothetical case where the average age of a bus fleet is appreciably reduced through bus replacement made possible by federal funding. Managers complained that if the effect was to require fewer maintenance personnel, they should not be forced by 13(c) guarantees to retain or "buy out" employees made unnecessary be efficiencies resulting from the capital investment. Similarly, it was argued that if new or experimental service funded by a demonstration grant results in an expansion of the labor force, protections beyond those contained in a collective bargaining agreement between the parties should not be extended to such employees.

The complaint was also raised that 13(c) in these cases also has the effect of restricting necessary managerial prerogatives and inhibits the introduction of innovative policies. However, few managers were able to provide concrete examples of how their prerogatives have been limited or their ability to manage has otherwise been impaired. None could point to policy decisions which were not implemented or programs which were not instituted for fear of 13(c) implications. In the eyes of most, the problem is one of potential impact. Typical of this view was the observation: "It hasn't held us back yet, but it looms in the background of every decision."

The most scathing criticism of 13(c) requirements was reserved for operating-assistance grants under Section 3(h) and 5 of the Act. Here there was widespread agreement among employer representatives that employee protections are totally unnecessary and inappropriate. The absence of an identifiable project was cited as the major reason that

labor protections are unworkable in this situation.

Simply stated, the union position was that regardless of the grant program involved, or what the local system proposes to do with UMTA funds, transit employees must not be adversely affected. The labor-protection provisions of the Act provide the only available assurance that public funds will not be used to the detriment of transit employees.

(2) The Adequacy and Impact of Procedures for Meeting the Labor Protection Requirements of the Act: As was previously discussed, the Department of Labor is to ensure, whenever possible, that the specific conditions for employee protection are the product of local negotiations. As long as the bargained arrangement contains protections at least equivalent to those provided by Section 5(2)(f), the parties are free to fashion an agreement suited to local conditions or problems. One alternative to this procedure is to have the Secretary of Labor formulate a standardized set of terms to be used for all grants or, at his discretion, adapt this basic arrangement to suit particular situations. There is another possibility that is more in keeping with the current policy of bilateral determination. At an industry-wide level the parties could agree to a uniform 13(c) agreement for capital and demonstration projects similar to the existing National Agreement for grants under Section 3(h) and 5 of the Act.

A strong preference was expressed by both management and union respondents for the concept of local determination of the terms of labor protection: 17 of 23 (74 percent) of management and 13 of 21 (62 percent) of the union representatives responding felt that local determination was superior to any form of standardized arrangement. Among both groups

the most common reason for opposing uniform 13(c) terms was the belief that fashioning a single agreement for use in all situations meant the loss of flexibility to deal with unique local conditions. It was pointed out that because Section 13(c) specifies that labor protections cannot be less than those provided by Section 5(2)(f), local negotiations in practice tend to involve questions of application and scope more than variations in the level of protections. These interpretive issues were felt to be incapable of generalization and therefore appropriate for determination only at the local level. On the basis of the experience under the existing National Agreement, management respondents observed that even if they individually chose not to ratify any proposed standard agreement, the mere existence of such a document would in practice make it difficult, if not impossible, for meaningful and necessary modifications to be negotiated locally.

It should be noted that the proportion of responses supportive of the use of standard 13(c) terms was considerably higher if such agreements are for use only with Sections 3(h) and 5 grants. Here, 12 of 23 (52 percent) of management spokesmen, and 20 of 22 (91 percent) of union officers polled felt that the frequency and general application of operating-assistance grants made the use of a standard 13(c) agreement desirable. Among the management group, however, many affirmative responses were qualified by the explanation that this was not to be interpreted as reflecting satisfaction with the terms of the current National Agreement. Finally, even among the minority who did favor standardization of terms for grants other than those allocated under operating-assistance programs, the feeling was prevalent that such an agreement would not be appropriate where Section 3 grants were used for

acquiring existing properties or creating new transit systems.

Overall, the concept of local determination received strong endorsement from both union and management representatives interviewed in conjunction with this project. Although there was somewhat more acceptance of the idea of using a standard agreement for operating-assistance grants than for capital or demonstration grants, management respondents were generally of the opinion that the "lowest common denominator" of a generalized agreement was from their perspective inferior to agreements that could be locally negotiated. Most felt the potential benefits of local bargaining to be worth the risk that "whipsaw" tactics might lead to an escalation of terms. Union replies were generally more positive toward standardization than were those of management. However, agents of the smaller locals did tend to agree with the prevalent management view that local conditions justify special considerations in the determination of 13(c) terms. We turn now to the question of how effective the existing procedures for negotiation and certification have actually been.

In contrast to the general acceptance of the concept of local determination of a sizable number of industry spokesmen as well as several government officials have voiced concern that the process for arriving at acceptable labor-protection agreements has in practice been fraught with problems. Other assessments, including those of most local union officers, have been that the process has worked well, causing only minimal difficulties in the grant-application process and to other elements of the labor-management relationship. In an effort to examine some of the issues involved in the determination process, our sample respondents were polled to discover whether current procedures have resulted in

delays in funding, power imbalances in the local negotiation process, or other difficulties in meeting the requirements of Section 13(c). In addition the respondents were asked to comment on the relationship between the 13(c) determination process and the collective bargaining interaction.

Information solicited from the parties as well as UMTA records for ten of our sample properties indicated that there have been few serious problems encountered in reaching acceptable labor-protection agreements for nontakeover Section 3 projects and for operating-assistance grants. Project delays have been rare, and in the last several years it has been necessary for the Secretary of Labor to impose the terms of protection in only one of the sample systems. The issue in this case concerned the continuation of bargaining rights following a transfer of system ownership and has been resolved. Two of the sample properties are presently involved in disputes concerning the terms of protection for Section 5 grants. At issue in the first is an effort to modify the terms of the "National Agreement" for local application, and in the second a question of whether a labor agreement clause should be interpreted as requiring the "piggybacking" of the 13(c) for an operating-assistance grant. In both cases, however, it appears that once the immediate problems are resolved, they should not recur with future grants.

It was suggested by a number of transit managers that the dearth of instances where the parties have been unable to reach agreement and an absence of serious project delays should not be interpreted as meaning that the local determination process is working as it was intended. In fact several management respondents indicated that just the opposite is true; DOL policy has given the unions the ability to veto grant applica-

tions and, as a result, they now dictate rather than negotiate 13(c) terms. These managers argued that union dominance in the 13(c) process manifests itself in a number of ways, but the sharpest criticism was leveled at the role of the international unions in the negotiation process.[41]

Approximately one-third of the management respondents felt that the DOL was abetting the contradiction of its own policy of local determination by permitting international unions to coordinate and in many cases actually conduct 13(c) negotiations for their locals. Other managers observed that even if the role played by the internationals was not technically in conflict with DOL policy, it was contrary to the spirit of local determination and has resulted in an unequal bargaining relationship. In either case, they alleged, the net effect is that 13(c) arrangements are not determined locally, but rather are decided behind the scenes by the international union staff and the Chief of the Division of Employee Protection. According to this interpretation, the local union is little more than a puppet whose powers have been usurped by its parent organization.[42] At least one case was cited where a tentative settlement was rescinded when the international union refused to permit

[41] Underlying such complaints is a criticism of the DOL policy which permits the internationals to play an active role in 13(c) negotiations. Despite the critical views of several managers, transit managers generally are of the opinion that international unions, given their role as advocates, have behaved rationally and in most cases responsibly.

[42] Reference here was made to Section 32.2 of the Constitution and General Laws of the Amalgamated Transit Union (1975) which in part states: "When L.U.s [local unions] are seeking written agreements. . . with an applicant for Federal assistance under the provisions of Sections 3(e) and 13(c). . ., said agreements shall be submitted to the I.P. [International President] or his authorized deputy for approval before taking legal action."

its local to sign the agreement because it differed from the union's definition of minimally acceptable terms.

The response of local union officers to this scenario is multifaceted. First, the description of the international union playing a dominant role in 13(c) determinations was not disputed. International unions were involved to some extent in 13(c) negotiations at each of our 25 sample properties. Two of 23 (9 percent) local union officers said they would prefer to negotiate labor protections without at least the tacit involvement of their parent union. The majority of union respondents felt that the assistance provided by the international organizations was necessary and justifiable because of the complexity and legalistic nature of 13(c) issues. Many pointed to the fact that they had neither the educational preparation nor the familiarity with federal statutes to deal intelligently with the intricacies of 13(c) language. It was also claimed that most locals would be financially incapable of retaining the lawyers necessary to counter the stock of "free" legal services available to transit applicants.[43]

The view expressed by most locals was that the impact of international union involvement was not appreciably different than what would have resulted had the local elected to obtain legal assistance locally. They responded to the charge that 13(c) bargaining is in reality not local by arguing that the participation of international union repre-

[43] Mentioned were the availability of the grant applicants legal staff or the use of other public resources such as city attorneys. Several union respondents also indicated that with respect to legal services for individual 13(c) cases, the resources of the applicant were effectively boundless because these costs could be treated as general budget items and in this way were publicly subsidized.

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sentatives in negotiations has not led to the complete standardization of 13(c) aggeements. The union spokesmen claimed that where variances which are not in conflict with the basic assurances of Section 13(c) have been warranted, they have been incorporated into local agreements. In support of this view it was noted that a number of locals have recently agreed to Section 5 local protection agreements different in one or more ways from the National Agreement. Similarly, many capital-grants 13(c) provisions have been adapted to conform to local conditions and the needs of particular projects. In both situations it was said that management has been the party seeking such modifications. It was also contended that local unions are not without influence in the 13(c) process. Although ratification by the international is required (at least by the ATU), the local union cannot be forced to agree to 13(c) terms which it deems to be appropriate. At least one local in our sample resisted the advice of the international staff to sign proposed agreements for three successive grants. One respondent suggested that if management feels that the expertise or influence of the international union puts them at a disadvantage, nothing prevents them from centralizing their 13(c) activities with APTA or some other organization.

The charge that the international unions or their locals have limitless power to influence the terms of protection or that they have veto power over grant applications was also strongly disputed. Such claims were said by local union officials to reflect a lack of understanding of the 13(c) process or attempts to mislead the public. It was pointed out that irresponsible behavior by either party to 13(c) negotiations would likely result in the Secretary of Labor imposing the terms of labor protection. For this reason, they argued, neither side gains

by refusing to bargain in good faith or otherwise attempting to delay a grant. Their assessment was that virtually all delays or other problems with 13(c) negotiations are attributable to attempts by grant applicants to circumvent or dilute the prevailing level of employees protections required by law or to make demands for modifications in commonly used 13(c) terms based on spurious claims of unique local conditions.

An additional procedural issue examined was whether the local determination of 13(c) protections in any way influenced or interfered with the collective bargaining process. In particular, the parties were asked whether 13(c) negotiations had ever been used by the local union in an attempt to influence contract negotiations. Five transit managers replied in the affirmative (five of 24, 21 percent), but four of the five said this had occurred on only one occasion. In addition, only one respondent felt the union had actually been successful in influencing contract terms. The union in one instance was said to have demanded a quid pro quo for signing a 13(c) agreement while in the remaining situations the unions claimed either that existing 13(c) terms prohibited diminution of the labor agreement or alternatively that contract changes were required to bring the labor agreement into conformity with 13(c) provisions. These cases notwithstanding, all but two respondents felt that this type of conflict between 13(c) procedures and contract negotiations was not really a serious threat. One manager said that the best protection against such problems was to schedule grant submissions to avoid the necessity for 13(c) negotiations near the termination date of the labor agreement.

Only two union officials admitted ever attempting to use 13(c)

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negotiations to influence contract issues, and both said their efforts had been futile. Four others suggested they had no moral reservations about using such tactics and that if the timing was right they might attempt to gain some bargaining leverage in this manner. As was the case with management personnel, the majority of local union officers claimed this was not an important issue.

In summary, management representatives believed that the current procedure for negotiating and certifying 13(c) arrangements has functioned reasonably well; however, they were highly critical of current DOL policy which permits international unions to play a major role in 13(c) negotiations. Because of this, they argued, local determination has been supplanted by international union control of 13(c) content. They complained that it is almost impossible to get the union to consider any significant modification to its standard 13(c) terms -- even when such changes are completely justified by local conditions. Unionists deny this charge and point to numerous differences among 13(c)s to which they have agreed. Nevertheless, union spokesmen were adamant in their refusal to agree to terms which would have the effect of diluting basic 13(c) protections.

In spite of what were considered to be fundamental inequities in the determination process, few managers were able to suggest procedural modifications which would improve the process. Little interest was expressed in specifying time limitations for negotiations, requiring public hearings, or making other similar changes. Most felt that 13(c) content presents more serious problems than does the procedure by which such terms are determined. Union respondents were almost unanimous in the belief that current procedures were functioning well and did not suggest

changes.

(3) The Content and Application of 13(c) Agreements: In the face of their previously described protests about the procedures by which 13(c) arrangements are determined and the policy which requires labor protections for nontakeover capital grants, managers had surprisingly few specific complaints about the terms of protection commonly found in 13(c) arrangements for projects funded under Section 3 of the Act. In part this is symptomatic of a feeling that the die has been cast: that management will never be able to achieve significant modification of 13(c) content. The acquiescence to prevailing 13(c) terms for capital projects also reflects an almost total lack of serious problems with existing 13(c) agreements. Previous fears of massive 13(c)-related expenditures have failed to materialize. In addition, where a transfer of ownership is not involved, the continuation of bargaining rights is not an area of contention.

Payouts in the form of job displacement or dismissal allowances have been extremely rare,[44] and none of the respondents has been obligated to make substantial expenditures for retraining or employee's relocation. Job losses associated with reductions in fleet age, new maintenance facilities and equipment, or other changes resulting from capital investments have been slight. Attrition and transfers have proven sufficient to deal with labor force fluctuations which have resulted from such

[44] Only two of our 25 properties, Chicago and Providence, reported the payment of dismissal or displacement allowances. The Chicago case involved the competitive displacement of non-CTA employees, while in Providence an arbitrator ordered displacement and dismissal allowances for laid-off maintenance employees.

projects. Finally, future technological innovations of sufficient magnitude to necessitate layoffs or dismissals are not expected nor are other events anticipated which will alter labor force requirements to the extent that 13(c) costs would be incurred.

Nevertheless, there were two complaints that were repeatedly offered by managers. First, it was felt to be inappropriate that the grant applicant, the defendant in a 13(c) action, should be forced to bear the burden of proof once a claim has been filed. The second objection was that 13(c) agreements on the whole are unnecessarily complex and do not provide precise definitions of the pivotal terms and concepts on which rest the basis for these employee protections. For example, many said that further clarification of exactly what constitutes "rights, privileges and benefits" is needed. Reasons given for the desired increase in specificity of 13(c) language were to allow transit planners to better predict the impact of future programs and to reduce the discretion of the neutral in any interpretive arbitrations which might arise. It was hoped that a desirable byproduct of such changes would be the eradication of many of the misconceptions that local union officials were said to have concerning the scope and application of 13(c) guarantees.

The evaluation of the content of 13(c) agreements for operating assistance was similar to that described above. Criticisms, however, were more prevalent and more emphatically presented. Most or all employer objections to 13(c)s for operating subsidies can be traced to fears concerning project definition in these cases. In contrast to capital grants that are specifically allocated for the purchase of equipment or facilities and demonstration grants which are approved for particular projects, operating-assistance grants are made to applicants for the

general purpose of subsidizing the costs of system operation.[45] Experience has been limited with operating-assistance grants, but concern was expressed that the absence of an identifiable project will mean either that 13(c) will be of no value to unions or, conversely, that virtually every decision of management will be subject to 13(c) coverage. If the former interpretation prevails, the 13(c) requirement is purposeless; if it is the latter, the right to manage will be effectively destroyed.

Concern that arbitrators or the Secretary of Labor will permit an expansive definition of the project has apparently not been mollified by the proviso included in the National Agreement which excludes business fluctuations and economics not resulting from the project from coverage under 13(c) protections. They complain that this language provides insufficient guidance to distinguish between legitimate managerial prerogatives and those intended to be restricted by the protections of the 13(c) agreement.

Another criticism of 13(c) terms for Section 5 grants, an outgrowth of the issue of the uncertainty of project definition, involves the requirement for advance notice of changes resulting from federal assistance. Paragraph 5(b) of the National Agreement provides:[46]

> The Recipient shall give the unions representing the employees affected thereby, at least (60) days written notice of each proposed change, which may result in the dismissal or displacement of such employees or rearrangement of the working forces as a result of the Project. . . .

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[45] Section 5 funds can also be used to finance capital projects. Several management respondents observed that because of the uncertainty surrounding project definition, identifying these funds with specific projects in this manner is preferable to using these funds to subsidize operations.

[46] "Model 13(c) Agreement," paragraph 5 (b).

Here again the fear is that every change (including those affecting staffing and service levels) will require two-months' advance notice.

In summary, the management spokesmen assessed that because of the difficulty of isolating a discernable project, 13(c)s for operating-assistance grants as they are currently constituted place untenable constraints on their ability to manage.

As was the case with other areas of inquiry into 13(c) matters, union respondents were generally satisfied with 13(c) terms for both capital and operating-assistance projects. Knowledge and understanding of actual protections involved appeared to be superficial and at times at variance with prevailing interpretations. The favorable views of local officers most often were based on the assumption that their international union would not encourage them to sign any 13(c) agreements that did not contain adequate protections.

Labor Protection - Conclusions

On the basis of information and opinions solicited from the union and management respondents as well as from data provided by the Office of Employee Protection, some tentative conclusions have been reached concerning the administration and effects of the labor-protection requirements of the Urban Mass Transportation Act.

Neither the language of the Urban Mass Transportation Act nor its legislative history give any indication that Congress intended to distinguish between various types of grants in mandatory assurances for affected employees. There is no legal support, therefore, for the allegation that the Secretary of Labor has acted irresponsibly in requiring labor-protection arrangements for all grants regardless of the program

under which they are funded or the purpose for which they will be used.

Labor force requirements and the conditions of employment may be altered by virtually any type of capital expenditure, whether it be for system acquisition or expansion, the purchase of new buses, or the replacement of maintenance facilities. By the same token, operating-assistance grants may also be used in ways that could be detrimental to local employees.[47] It is essential to understand that a given project may or may not have an employment effect, depending on local circumstances. For this reason it is impossible to define, a priori, the types of projects which do not require 13(c) assurances.

The second management argument, that 13(c) protections are redundant with guarantees afforded by provisions of a local labor agreement, is also found to be deficient. While it is possible that an individual labor agreement might provide equivalent assurances to employees, this obviously cannot serve as the basis for satisfying requirements of the Act. Labor agreements negotiated between the parties vary widely and provide no guarantee that minimum standards will be met.

Contrary to claims made by industry spokesmen and some government officials, the 13(c) determination procedure does not appear to seriously interfere with the collective bargaining process. We did not find widespread attempts to use 13(c) negotiations to gain bargaining leverage in a collective bargaining interaction. Nor were 13(c) provisions used as the basis for extensive new union demands in contract negotiations.

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[47] To cite two examples, in the absence of 13(c) protections, these funds might allow for the expansion of the level or area of service and thereby reduce employment opportunity for competing employees, or operating assistance might be used to purchase by subcontract services currently provided by transit employees.

Overall, the local-determination process has functioned well. Only rarely has it been necessary for the Secretary of Labor to intervene and impose 13(c) terms. Similarly, there are few documented cases of grant applications being refused or withdrawn because of difficulties in arriving at acceptable labor protections. With the possible exception of the minority of projects involving the annexation of a property, the creation of a new transit system, or changes in ownership, 13(c) requirements have not often resulted in substantial project delays. The fear that unions would hold projects "hostage" has not materialized. Finally, the claim that current procedures have given unions veto power over porposed projects is true only in a superficial sense. As was noted previously, irresponsible behavior by either party to a 13(c) negotiation will result in action by the Secretary of Labor to impose the terms and conditions of protections.

V. THE AMALGAMATED TRANSIT UNION: HISTORICAL DEVELOPMENT, STRUCTURE, AND CHANGING RACIAL COMPOSITION

The Mahon Era, 1892 to 1946

In 1892, 50 representatives from 22 local unions of transit employees met and founded the Amalgamated Transit Union. This act culminated 30 years of effort by street railway workers to organize a permanent national union. The first recorded organization of street railway or car men occurred in New York City in 1861. Little is known about this organization except that it was led by a horsecar driver and that it disappeared during the Civil War. No records exist to indicate that any transit employee or benevolent societies existed between 1865 and 1882.[1]

With the emergence of the Knights of Labor in the 1880s, however, street railway unions once again began to appear. In 1883, the Knights organized Local Assembly 2878 representing New York transit employees, and in 1885, succeeded through several short strikes in reducing the work day from 16 and 18 hours to 12 hours.[2]

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[1] Information about the early organizing efforts among street railwaymen in this and the following paragraph is taken from W.D. Mahon, "History of Our Union," The Motorman Conductor and Motor Coach Operator (September 1942), pp. 6-12 and 72; and Emerson Schmidt, Industrial Relations in Urban Transportation (Minneapolis: University of Minnesota Press, 1937), pp. 106, 131. Mahon, Schmidt, and Selig Perlman and Philip Taft, in History of Labor in the United States, 1896-1932, (New York: Macmillan, 1935), p. 124, stated that no street railway employee labor unions existed from 1865 to 1883.

[2] Schmidt presented several examples of the extreme length of the transit employee's workday. For instance, Schmidt reported data from the Ohio Bureau for Labor Statistics that showed in 1876, car men in Cincinnati working 16 hours a day; in Columbus, 1881, 15 hours; in Cleveland, 1881, 15 hours. Schmidt also cited the Commissioner of Labor in New York

The success of the New York street railway employees led transit employees in other cities to organize after 1885.[3] The primary goals of those organizations were reducing the workday and improving working conditions. In most cases, although work stoppages succeeded in obtaining shorter hours, many locals disbanded once the 12-hour day was achieved.[4] Several locals remained active, however, and from this nucleus, the Amalgamated Transit Union was formed in 1892.

In the summer of 1892, Samuel Gompers, president of the American Federation of Labor, invited street railway workers with an interest in forming an international union to meet that fall in Indianapolis.[5] Besides electing officers and selecting a headquarters for the new union, the most important act of the convention was its decision not to affil-

who described street railway working conditions and hours among the worst in the state. However, Schmidt did not clearly indicate whether those figures included spread-time -- in other words, a car man might have to remain eligible for 16 hours to perform say 12 hours work. If this indeed was the situation, this helps explain those long workdays. In any event, the evidence Schmidt presented showed conclusively that street railway employees during this period worked extremely long hours which, as he indicated, made their organization by the Knights and the AFL easier. See Schmidt, pp. 102-106.

[3]The organizational efforts carried out by the Knights of Labor among street railway employees will not be described here in detail. More information on the Knights' activities with those workers is found in Mahon, pp. 6-7, and Schmidt, pp. 106-114. The history provided by Schmidt, it should be noted, dealt primarily with the Knights' organizations in New York City. Research failed to locate any other primary or secondary source materials that covered the development of street railway unions during the period 1865 to 1883.

[4]In Transit, September 1976, p. 11.

[5]Delegates were sent from locals in the following cities: Detroit; Toledo, Canton, Columbus, and Youngstown, Ohio; Colorado Springs, Colorado; Milwaukee; Terre Haute, Indiana; St. Louis; Wheeling, West Virginia; Topeka, Kansas; Duluth, Minnesota; Indianapolis; New Orleans, and Memphis. Forty of the 52 delegates were from the AFL. The Knights of Labor also had seven delegates representing employees from Cleveland and Chicago.

iate with the AFL. This development greatly surprised Gompers who attended the convention and later wrote that "my indignation can be imagined when. . .I had. . .request[ed]. . .the convention. . .and put the organization on the way. . .only to find that . . .two men [caused] the decision not to affiliate."[6] The two men referred to by Gompers were William Law, first president of the union, and Mortimer O'Connell, a New York delegate who claimed to represent 4,000 street railway employees. O'Connell and the Knights of Labor representatives from Chicago said that they opposed affiliation with the AFL. They were willing to join the newly formed ATU if it did not affiliate with the AFL. According to Mahon, who attended the first convention, that argument had considerable influence among the delegates and caused them to decide not to affiliate either with the AFL or Knights of Labor.[7]

This particular problem was rectified at the union's second national convention in 1893. The 19 delegates present voted unanimously to affiliate with the AFL and, equally important, elected William D. Mahon president of the union. Mahon, who remained in office until 1946, was the chief architect of the union's strike, arbitration, and welfare policies. Moreover, the union's survival and subsequent growth resulted primarily from his practical and cautious leadership.

During its first decade, the union faced several problems which threatened its existence. The most serious issue facing Mahon concerned

[6]Samuel Gompers, Seventy Years of Life and Labor (New York: E.P. Dutton, 1925), Vol. 1, p. 350.

[7]Schmidt, pp. 123-124.

strikes. Local divisions[8] often engaged in poorly planned strikes which ended in defeat and frequently led to the dissolution of the local organization. President Mahon said later that "the haphazard way of going on strikes. . .must be stopped."[9] To limit unwarranted strikes by locals, the 1894 convention amended the constitution to require local unions to consult with the international president or nearest vice-president during serious collective bargaining or grievance disputes.

In 1895, the convention further strengthened the international's power to restrict strikes by local unions. The amended constitution provided that members of the local must vote to strike by a two-to-one margin and, at that point, the international president or his deputy would join the local in trying to settle the dispute through negotiations. Only if negotiations with the company failed and if the company refused to arbitrate the dispute could the local strike. And even then, the international president and the local were required to obtain the approval of a majority of the executive board before a strike could be ordered. If the executive board did not affirm the local's strike vote, the local could appeal the case to a referendum of all divisions in the ATU. If the vote sustained the local, it was entitled to support. A local which failed to get strike approval as outlined and struck anyway was ineligible for strike benefits from the defense fund.[10] In this way, the international union attempted to discourage local divisions from ill-conceived strikes which had little chance of success. Nevertheless, by 1935 the

[8] Locals in the ATU have traditionally been referred to as divisions or local divisions.

[9] Schmidt, p. 133.

[10] Schmidt, p. 137-138, and 175.

ATU had engaged in over 1,000 strikes.[11] Thus, the Amalgamated did not eschew the strike as a tactic, but instead wanted to end spur-of-the-moment walkouts which had little chance of success.

As part of his strike policy, Mahon supported the arbitration of all labor disputes. As described by former ATU president A. L. Spradling, "Mahon came to the conclusion early. . .that strikes were destructive. . .and that in strikes both sides suffered. . . . [He] recognized that the peaceful settlement of disputes without interruption of work . . .was the ideal toward which to strive. Thus Mahon became a student of arbitration and encouraged its use by the ATU."[12] President Mahon recognized also that strikes made transit employees, as public servants, vulnerable to attacks by management for violating the public trust and welfare.[13]

Although Mahon strongly supported arbitration, critics of this policy attacked it at almost every international convention. In 1914,

[11] Ibid., p. 174.

[12] Amalgamated Transit Union, Proceedings of the Thirty-Sixth Convention, 1961, p. 137. There has been extensive discussion of the ATU's arbitration policy and whether it forces the procedure on local unions. The union position was that if the company accepts the union offer to arbitrate on mutually acceptable definitions of the points in dispute, then the union must accept arbitration! The key phrase, though is "mutually acceptable definitions of the points in dispute." Mahon frequently urged local divisions not to rush into arbitration unless the issues had been clearly defined and the rules of arbitration laid down in advance. If the arbitrator decided issues not referred to him, his decision, Mahon held, did not bind the union. See Schmidt, p. 197. This question, however, has also emerged in the union's recent past. A heated floor fight erupted at the 1963 convention over this issue. A subsequent section of this chapter will cover that dispute. See Footnote 27.

[13] Schmidt, p. 195.

the executive board reported that arbitration was "growing more arduous and perplexing . . . Employers are becoming skilled in this line and results satisfactory to the Association are becoming more difficult to obtain. . . . Experts are required."[14] To meet the growing sophistication of management representatives, the ATU in the 1920s began retaining attorneys and using the Labor Bureau of the Midwest, located in Chicago, to assist in important arbitrations. Prior to that time, ATU international officers represented the union in arbitration cases.

The Amalgamated's survival as a trade union during the first half of the twentieth century is attributable to the policies adopted under Mahon's leadership. He recognized that adverse public reaction, the negative attitude of courts, and the overall weakness of the union limited the effectiveness of street railway strikes. He believed that arbitration was preferable to strikes in most situations and, with this exception, adhered to the "pure and simple" philosophy of trade unionism which stressed improvements in wages, working conditions, hours, and employee security through collective bargaining.[15] These are policies to which the union still adheres today.

The ATU During the Decline of Urban Transit, 1946 to 1961

When President Mahon retired from office in 1946, the transit industry was still benefiting from the increased ridership of the war years. The

[14] Motorman and Conductor, October 1914, p. 22.

[15] Whether voluntary arbitration is within the purview of "pure and simple" unionism rests upon the particular judgments of the readers. Many trade unionists and academicians would disagree with a definition of "pure and simple" unionism that includes arbitration. For that reason, we exclude it here, but, as the ATU recognized, arbitration was the only realistic alternative it could advocate given the economics of the industry and the effect strikes had on ridership and public opinion.

secular decline of urban mass transportation systems which had begun in the 1920s, however, resumed in the postwar period as the automobile became the dominant mode of urban transportation and as the expansion of suburbs lowered the population densities of cities to the point where mass transit was no longer economically feasible. From 1946 to 1950, ridership declined at an annual rate of 6.5 percent, and during the years 1950 to 1972, the decline reached 2.7 percent per year. By 1960, transit ridership had declined over 62 percent from its 1946 level.[16] As would be expected, the transit labor force fell during this period from 240,000 in 1950 to 138,000 in 1970.

Because of the drastic reduction in transit employment, the main concern of President A.L. Spradling, who succeeded Mahon in 1946, centered on job protection and the maintenance of collective bargaining relationships. In addition to the deterioration of the industry, the growing sophistication of transit management made collective bargaining difficult for local divisions to handle. As a result, international officers began to play a larger role in negotiations in the 1950s. Though local divisions still have the power to formulate their own demands and to control the bargaining process, they now must rely on the expertise of national union officials to a much greater extent because of the complexity of the issues involved and the skill of management bargainers.

The national union could help locals in the negotiation process, but it could not overcome through collective bargaining the impact of the adverse economic condition of the transit industry. It appeared that

[16] This downward trend in ridership was reversed in 1973. Since that year, the number of revenue passengers has increased.

private transit systems would be forced to suspend operations unless the government provided financial aid. Despite the seriousness of the situation, the ATU, however, did not at first favor government aid to mass transit. The union feared that federal aid to transit might reduce the union's collective bargaining rights. The union, moreover, opposed local public ownership of transit systems, believing that cities would use public ownership to end employee collective bargaining.[17] This position was subsequently reversed.

While these developments were occurring in the industry, the Amalgamated itself continued to experience a period of internal political stability. Continuity and stability have been, in fact, characteristics of the union's leadership since its beginning. The Amalgamated has had only five presidents: William J. Law, 1892; W.D. Mahon, 1893 to 1946; A.L. Spradling, 1946 to 1959; John M. Elliott, 1949 to 1973; and Dan V. Maroney, the current president. Only two seriously contested elections for international president have occurred during the union's 84 years of existence — in 1893 and 1973 when incumbent presidents were defeated.

Both Mahon and Spradling groomed their successors. In the case of Spradling, President Mahon appointed him a vice-president in 1927, elevated him to the general executive board in 1936, and then made him special assistant to the president. When old age and declining health caused Mahon to retire, he persuaded the convention to elect Spradling

[17] See Schmidt, p. 252; this statement was also confirmed by Walter Bierwagen, Director of Public Affairs, ATU, and John M. Elliott, former ATU president, in private interviews with the authors. The union's policy toward public ownership changed in the 1960s, and this will be discussed in a subsequent section of this chapter and in the following chapter.

his successor. In a similar vein, in 1956, President Spradling appointed Elliott, then an international vice-president, as his special assistant. Again, when Spradling retired in 1959, he urged the convention to elect his chosen successor as president. Thus, transitions in union leadership have generally been made smoothly. This has provided the union with continuity in policy, but has also prevented the adoption of alternative policies not endorsed by these leaders. Clearly, the continuation of the union's fear of the consequences of government financial aid and public ownership during this period was in part attributable to the strong linkages between successive leaders of the union. In many respects, the ATU remained wedded to attitudes formed during the early years of its existence. In the 1950s this perpetuation of the ideas of its earlier leaders limited the union's flexibility in dealing with the economic decline of the transit industry and its effect on employment.

The ATU Since Urban Mass Transit Act of 1964

In 1961, as concern about the debilitated condition of the industry increased, Congress began drafting legislation to aid mass transit. Congress and the Kennedy Administration recognized that cities needed mass transit services to provide transportation for minorities, the poor, and the elderly, and to help alleviate traffic congestion. At this time, the ATU opposed government intervention in transit. President Elliott stated that the union favored private enterprise and preferred that the industry remain private. Local political interference especially worried Elliott. He feared that political involvement in transit would lead to too much regulation of the industry and that restrictive regulatory practices already had been, in part, responsible for the industry's fin-

ancial problems. There was also the feeling that a greater government role in transit might result in the union losing the right to strike.[18]

It should be noted, however, that the local government and state regulatory agencies were the focus of the union's criticism and concern. The ATU had not voiced opposition to a federal role in mass transit during the period 1958 to 1961. The union's first public reaction to federal aid was occasioned by the transit employees' strike in Dade County, Florida, in 1962.[19] In that instance, the county commission used the transfer to public ownership as justification for abolishing transit employees' collective bargaining rights.

The Dade County case awakened the ATU and the AFL-CIO to implications that the proposed federal mass transit act could have for collective bargaining. Labor spokesmen appeared before the House and Senate subcommittees hearing the legislation in 1962 and voiced labor's opposition to the proposed legislation, arguing it lacked adequate guarantees to protect employee collective bargaining rights.[20] Opposition from organized labor blocked passage of the transit bill in 1962. President

[18]The statements in this paragraph reflect the views of Mr. Elliott expressed to the author in a telephone interview, July 23, 1976.

[19]The information in the following paragraphs came from these sources: "Scab County, USA," In Transit, March 1962, pp. 4-8; "Miami Strike Continues," In Transit, April 1962, pp. 7-9; Amalgamated Transit Union, Report of the General Executive Board to the Thirty-Seventh Convention Amalgamated Transit Union; private interview at ATU headquarters, Washington, D.C., June 10, 1976.

[20]See statement by Andrew Biemiller, head of AFL-CIO legislative department in U.S. Congress, House, Committee on Banking and Currency, Hearings on House Bill 11158, Subcommittee No. 3 of the House Committee on Banking and Currency, 87th Congress, 2nd Session, 1962.

Elliott argued that labor opposed the bill because:

> A number of our states take the position that once a mass transportation system is acquired by a public agency, the public agency cannot lawfully bargain. . . with. . .employees or enter into arbitration agreements with the union. The situation in Miami offers a vivid illustration of a public agency which refuses to bargain collectively with our organization despite a situation in which collective bargaining. . . was in existence when the county took over the private corporation.[21]

In particular, the unions feared that many "communities. . .would favorably consider the taking over of [a] transportation system with one of the principal objectives of such the elimination of collective bargaining."[22]

At the insistence of labor, an employee-protection amendment was added to the new transit bill; this amendment subsequently became Section 13(c) of the Urban Mass Transit Act of 1964. The employee-protection section of UMTA has been, in the words of one union official, "our magna carta,"[23] and its inclusion in the law is one of the major accomplishments of the union and its leadership during the 1960s.

The enactment of the federal employee-protection clause, 13(c), and the changeover of most large urban transit systems from private to public ownership has had a substantial effect on the ATU. The ATU has had to adjust to a public-sector bargaining framework where the remedies and sanctions differ from those in the private sector. Though the union had avoided the strike, it had remained an alternative available in the;

[21]John M. Elliott, "Mass Transit Bill Threatens Your Union and Your Security," In Transit, February 1963, p. 6.

[22]Ibid.

[23]Walter Bierwagen, "A Discussion of the Urban Mass Transportation Act," In Transit, August-September 1968, p. 12.

private sector. In some states now the union no longer has this alternative.

The enactment of 13(c) has also increased the role of the national office of the ATU. Local divisions do not have sufficient understanding of 13(c)'s intricacies to handle negotiations for employee protection. The international staff, on the other hand, has participated in many 13(c) negotiations, has attorneys who deal almost exclusively with 13(c), and has several international officers who, having helped lobby for the regulation, are thoroughly familiar with it.

The procedure followed by the Department of Labor when it receives a grant application from the Department of Transportation further strengthens the international union's role, as the DOL passes along the applie cation to the ATU if an ATU Local is the bargaining agent for employees of the system. The international union then prepares a draft 13(c) and forwards it to the local for review and transmission to the employer.

The typical 13(c) negotiation is carried out between representatives of the transit property and the international union; local officers are called in only to sign the 13(c) clause when agreement has been reached. Though critics may suggest that centralization has stripped local unions of independence and has needlessly complicated local bargaining, centralization and greater uniformity in the 13(c) negotiations have actually made the process more efficient.

Another aspect of the impact of the Urban Mass Transit Act on the union arises from the infusion of federal funds and the inauguration of programs to increase transit ridership and to improve the delivery of transit services to the public. As a result, the post-UMTA period has been one of unprecedented experimentation in urban mass transit. While

benefitting from the industry's resurgence, the ATU has been concerned nonetheless with federal transit policies which it feels will eliminate jobs. In particular, the Department of Transportation's interest in capital-intensive, automated and fixed-rail systems has been seen by the union as a threat to transit labor.

Union officials have had to respond to these federal policies and develop counter programs of their own. This task has fallen on the international president, traditionally the chief spokesman for transit employees. Thus, international presidents in the last decade have become increasingly involved in overall transit policy beyond the ordinary collective bargaining issues of wages, hours, and working conditions.

It is difficult to say what effect the international president's greater preoccupation with transit policy will have on his role within the union. It has become evident since the passage of UMTA in 1964 that international executive officers now spend more time testifying before congressional committees and consulting with the Departments of Transportation and Labor than they formerly did. This development led one international officer to state that many officers and union members felt that former president Elliott strayed too far from the primary concerns of the union because of his activities in transit policy and planning.

In any event, the ATU has expanded the scope of issues being discussed in mass transit and through its international officers has taken a leading role in presenting the views of organized labor on a wide variety of transit issues.

Election of Maroney as ATU President and a New Direction for the Union

As noted earlier, the traditional path to the presidency of the ATU

has been for the retiring international president to select his successor and to urge the union at its biennial convention to elect that individual. However, in 1973, Dan V. Maroney defeated Elliott for the presidency in a bitterly fought election campaign. In order to understand the ATU's current policies, it is worthwhile to examine that election and the issues raised by Maroney in his campaign for the ATU's presidency.

In part, positions taken by Maroney reflect his particular experience in transit. Unlike most Amalgamated members, Maroney had an "over-the-road" background, working for the Greyhound Corporation. Instrumental in organizing his home local, he became chairman of the national Greyhound negotiating committee and in 1965 was elected an ATU international vice-president. Maroney's working experience was with the last privately owned sector of the industry. This sector has not experienced the changes that have been transforming urban mass transit. "Over-the-road" companies, for instance, have remained under the NLRA and have the right to strike.[24]

Like many other ATU members, Maroney strongly opposed the international union's arbitration policy. At the union's 1963 biennial convention, a group led by Maroney attempted unsuccessfully to amend the constitution so that upon a two-thirds vote by the local division's membership the local could strike without submitting the dispute to arbitration. In his view, the constitution's arbitration clause bound the local

[24] In 1975, Maroney estimated that 52,000 of the union's approximately 130,000 members still have the right to strike. "Over-the-road," Trailways, and Greyhound, and Canadian and California public transit systems make up most of that figure. The overwhelming number of public transit employees do not have the right to strike. Amalgamated Transit Union, International President's Report to the Forty-Third Convention, 1975, p. 18.

division to submit the dispute to arbitration if the company agreed to it. This meant that companies could bind the union to arbitration, and the local had no other recourse but to arbitrate. Maroney referred specifically to the situation in Greyhound where he accused the company of forcing locals to arbitrate in order to drain their financial reserves. Greyhound division employees, he argued, could not strike because the constitution forced them to arbitrate. Maroney wanted this policy changed so that local divisions could escape from being forced into arbitration by the company.

During the debate, President Elliott agreed that the constitution does require that the local offer to arbitrate the dispute before a strike sanction can be received. But, he continued, a local could forgo the step of offering to arbitrate and strike anyway, if it so desired. However, that local would then be ineligible for strike benefits since it did not follow the prescribed procedures for getting a strike authorization. Though the convention took no action on this issue, the proposal illustrates how Maroney felt about that policy.[25]

The second campaign theme of the Maroney faction was the need to steer the union in a new direction. Maroney believed that the union had become stagnant and had collaborated with management under Elliott's leadership. Other factors causing opposition to Elliott were the belief that the membership should choose a new president rather than having him selected by the retiring president, and the feeling that after 14 years a change in leadership was needed.

[25] See Amalgamated Transit Union, Proceedings of the Thirty-Seventh Convention, 1963, pp. 141-150.

After his close victory over Elliott at the 1973 convention, President Maroney promised to turn the union around.[26] This meant more emphasis on organizing, greater militancy, and a less accomodating attitude to management. As the next chapter will show, however, Maroney seems to have followed closely the policies laid down by his predecessors.

The Effect of Changing Racial Composition on the ATU

During the 1960s and 1970s, growing numbers of blacks have become transit workers. Although no current data give the black-white ratio in the transit workforce or in the ATU, the increase of minority employment in metropolitan areas with large black communities has been significant, and as a result predominantly white transit union leaderships are being challenged by blacks. As is pointed out in Northrup's study of Negro employment in transportation, "[The] ATU [is] faced with rising discontent among black members who want a greater share of union offices and more black representation at the top."[27]

The most dramatic example of intraunion racial conflict in the ATU occurred in its Chicago local, Division 241, in 1968-1969. In 1968, a dissident black group within the local, calling itself the Concerned Transit Workers (CTW), challenged the predominantly white leadership and

[26]The final presidential vote was: Elliott 302, and Maroney 216. A majority vote, 210, was needed to elect the president. Amalgamated Transit Union, Proceedings of the Forty-Second Convention, 1973, p. 77.

[27]Philip W. Jeffress, "The Negro in the Urban Transit Industry," in Negro Employment in Land and Air Transport: A Study of Racial Policies in the Railroad, Airline, Trucking and Urban Transit Industries, Studies of Negro Employment, Vol. V eds. Herbert R. Northrup, et al. (Philadelphia: Industrial Research Unit, Wharton School, University of Pennsylvania, 1971), p. 98.

attempted to take control of the local. The local's presidency and several executive board positions became vacant at that time, and to the dissidents this appeared to present a clear opportunity to act. The issue that precipitated the crisis was the provision in the constitution that permitted pensioners to vote in union elections.[28] The CTW claimed that the 3,500 white retired members of the division controlled the union. The CTW demanded that pensioners be stripped of voting rights, and when this was refused, a campaign was begun to discredit the local union leadership and undermine its bargaining status with the Chicago Transit Authority (CTA). The rebel group initiated two wildcat strikes against the system, one from July 2-5 and another from August 25 to September 10, 1968, in an effort to force the CTA to negotiate with them. The second strike resulted in 125 operators being dismissed. In addition, the local president requested that the international place Division 241 under trusteeship.

Under the leadership of general executive board member John W. Roland, the Chicago local set up an internal grievance committee composed of all elements within the local and offered to take to arbitration cases of all disciplined or discharged members involved in the wildcat strike. Eventually 26 discharge cases went to arbitration, all of which were lost.

In the summer of 1969, the local held new elections in which blacks won three positions on the executive board, two vice-presidencies, and the post of financial secretary. Since then black leaders have made

[28]This provision of the local's constitution is consistent with the international constitution, Sec. 21.24, which allows retired members in good standing to vote in elections for local union officers. ATU, Constitution and General Laws, 1975, Sec. 21.24, p. 71-72.

steady progress in increasing their strength on the local executive board and in other elective offices. By the mid-1970s blacks dominated the bargaining committee.

Although the problem is not discussed in ATU publications, there is a push by black memebers in many large city locals to gain union offices in numbers proportionate to their membership strength. In Washington, D.C., for example, there is allegedly considerable unrest among black members of the local.

At the national level, the ATU recently has appointed a black international vice-president—one of ten. The union also points to its constitution which pledges that members "will never discriminate against a fellow worker on account of race. . . ."[29] Despite these actions, however a potentially explosive situation still exists which will require skillful leadership and compromise as blacks gradually gain a greater voice in the control of the ATU.

Union Structure

It has become commonplace to describe the business of American trade unions as collective bargaining and in this regard the ATU is no exception It is to be expected, therefore, that the structure of the union will reflect the emphasis placed on bargaining activities. The remaining pages of this chapter will be devoted to an examination of the bargaining structure.

The basic structural unit in the union is the local division. Because of the stress on local bargaining, ATU locals have the power to

[29]ATU, Constitution and General Laws, 1975, p. 2.

formulate their own demands and to control the negotiation process. Where members working for the same company belong to different locals, the locals may form joint councils for bargaining and for taking strike action.[30] However, the small size of most locals and the complexity of issues has made it difficult for local officials to bargain effectively with more experienced managements. As a result, there has been a growing tendency for international officers to become involved in the local collective bargaining process. This practice has grown extensively, as indicated by one writer who has reported that over 90 percent of local negotiations now involve international officers.[31]

The international president, while possessing considerable administrative power, does not have any direct role in the local collective bargaining process. The two other international staff officers, the international secretary-treasurer and executive vice-president, also function primarily as administrators.[32] The union's international vice-

[30]ATU, Constitution and General Laws, 1975, Sec. 23, p. 78-79.

[31]Darold Barnum, Collective Bargaining and Manpower in Urban Mass Transport Systems (Springfield, Va.: National Technical Information Service, 1972), p. 76.

[32]To give the reader some idea of the duties of these officials, we offer this list taken from the ATU's constitution. The international president shall preside at meetings of the international union; decide all appeals and questions of locals, subject to an appeal to the general executive board; sign and issue charters; cancel, suspend or find locals for violations of the constitution; supervise publication of In Transit and appoint its editor; send international officers into a local whenever in his opinion the situation requires such action; shall be the chief organizer for the union; and supervise the entire work of the union. The secretary-treasurer shall keep accounts of convention proceedings; collect all per capita taxes; supervise the funeral and disability funds; disburse all union funds; and invest surplus union funds on advice of the general executive board and the president. The executive vice-president shall devote all his time to assisting the president in conducting the affairs of the union. ATU, Constitution and General Law, 1975, Sec. 8, 9, and 10.

presidents (IVP) have the primary responsibility for assisting local divisions in collective bargaining. In 1975, the international convention made several changes in the IVP position to further their bargaining effectiveness. First, it abolished the distinction between general executive board members and IVPs, making all IVPs members of the board. Second, it increased the number of IVPs to 19 by including all former executive board members as IVPs, and it allowed the convention to select up to five executive board members at large who will attend and vote at board meetings but are not full-time employees of the international union. According to President Maroney, these changes will make the governing body of the union more representative of the membership between conventions and assure more direct local union participation in executive board actions.[33] The convention also stipulated that the number of IVPs will be reduced by attrition so that the total number shall be no more than 14.[34]

All union vice-presidents are nominated and elected at the union's biennial convention. According to custom and practice, two IVPs are elected from the union's Canadian locals.[35] The remaining IVPs are elected at large by the convention from candidates proposed by American locals. Convention caucuses choose candidates to run for IVP, and as a result the distribution of the IVPs tends to take on a regional and occupational coloring. This is so because local divisions within the ATU

[33] ATU, International President's Report to the Forty-Third Convention, 1975, pp. 6-7.

[34] ATU, Constitution and General Laws, 1975, Sec. 7.11, 12, and 12.2.

[35] The information in this paragraph was provided by Walter Bierwagen, IVP and Director of Public Affairs, ATU.

are grouped in regional bodies, such as the Southern Conference of Amalgamated locals, and in over-the-road divisions.

The administration selects its candidate list after consultation with the various convention caucuses, and these nominees are elected as a matter of course by the whole convention. Thus, regional and occupational groups and large locals exert considerable, if not the deciding, influence over the selection of IVP nominees. Since the IVPs represent areas of the country, they spend most of their time assisting locals within that region. A local can, however, request a specific IVP, or the international may send a particular IVP from a different region because of the nature of the problem and the expertise of the IVP. International officers other than the IVP in that region therefore can be sent when the situation warrants it.

Factors Influencing the Evolution of ATU Policy

The main influences on the development of the ATU which we have identified here are the following: First, there is a tradition of strong, stable, and conservative leadership on the part of international union presidents. The tradition that retiring international presidents choose and "train" their successors encouraged continuity and a degree of rigidty in union policy. Two previously discussed examples illustrate this point. The union's arbitration policy stems in part from President Mahon's insistence that the union should arbitrate disputes. This policy has been followed by all succeeding ATU presidents even in the face of opposition from many members. Another example is the union president's attitude toward public ownership. From 1892 until 1970, the union opposed public ownership of transit systems, believing that under municipal

ownership, politics and political corruption would become involved in transit operations.[36] It was not until the precarious economic conditions of private transit systems threatened massive job losses that the union in 1970 changed its stand on public ownership.[37]

A second influence has been the industry's history of regulation. Since the nineteenth century, incorporation acts, prescribing conditions of operation and regulatory functions of municipalities, have been a common characteristic of the industry. The ATU recognized early that regulatory commissions could and often did place constraints on management's ability to operate at a profit. Thus, the union had to limit its demands on management because management lacked the unilateral authority to set rates that would yield higher revenues. Historically, the union has accepted the state as an overseer of the collective bargaining pro-

[36]The public ownership issue was a controversial topic during the ATU's early years. In 1903, a resolution was introduced but did not pass that called upon the union to form a capital stock company to buy transit companies. During the 1890s, the union actually favored public ownership of street railway companies. See Motorman and Conductor, February 1897, p. 7-8. However, by 1905, President Mahon and other union officials began growing skeptical about municipal ownership. Mahon believed that public ownership might weaken employee ties with the union, and thus he opposed it because it threatened the union. In 1913, Mahon remarked that public managements in Canada had "ruthlessly destroyed" Amalgamated local divisions. There also existed the possibility of placing public transit employees under civil service which ended the need for collective bargaining. The results of a 1914 European survey of transit employees intensified Mahon's opposition. The union investigation concluded that employees of public systems needed protection as much as did those in private ones, but that union organization was more difficult to achieve under public ownership. The union therefore did not see public ownership as a solution for labor problems but instead as a union busting tactic. See Schmidt, p. 251-254.

[37]Former ATU President John Elliott stated that the union preferred private ownership because of the belief that public ownership would bring more stringent regulation. He believed that regulatory bodies had restricted private companies from making profits by keeping fares too low

cess. Moreover, since transit is a public service, the ATU has had to consider how the public would react to its policy decisions. The union's conservative approach to change in the industry, therefore, may be attributable in part to the self-restraint that the union had to show as a result of public regulation.

The Urban Mass Transit Act has also been a major influence on union policy. As noted earlier, the Act has caused collective bargaining to become more centralized in both local contract negotiation and the 13(c) negotiation process where the international now handles the entire matter for local divisions.

A final determinant of union policy has been the economic state of the transit industry. Economic conditions in the industry have, for instance, restrained union wage demands and created a feeling among transit workers that their low wages were subsidizing the industry.[38] As more private systems terminated operation, transit employment declined and the problem of job security became a paramount issue for the union. Besides the general legal proscription against transit strikes, the union realized that striking against financially weak systems did not imporve the union's bargaining position. Strikes often resulted in permanent ridership losses as people continued to sue other modes of transportation rather than return to the buses. Further, the worsening economic state of the industry caused the union to reverse its long-

and that such bodies would constrain public systems even more. John M. Elliott, telephone interview, July 23, 1976.

[38]The attitude that transit employees have subsidized transit companies by their low wages was often expressed by union officials in our interviews.

standing opposition to public ownership.

Conclusion

It should be noted in conclusion that from its inception the ATU has adhered to traditional American trade union objectives of job control, employee security, and "more."[39] It can be distinguished from most other unions, however, by its historic reliance on the arbitration process instead of the strike. While still stressing traditional union goals, the Amalgamated since 1960 has gradually broadened its interests to accommodate the federal government's expanded role in mass transit.

[39]"More" is used with the traditional meaning attached to it by Gompers: better wages, hours, and working conditions.

VI. SURVEY OF AMALGAMATED TRANSIT UNION POLICIES

Current policies of the ATU concerning federal aid to transit automation, transit funding, paratransit, and no-fare transit, all matters of general public concern, were selected for analysis because of the attention directed to them by the ATU. The more traditional areas of union policy such as bargaining strategy, use of arbitration, and cost-of-living clauses are considered in subsequent chapters.

Federal Aid and Mass Transportation Legislation

Prior to 1960, the ATU had shown little interest in either state or federal legislation to aid mass transit. However, declining employment and the industry's unabated economic difficulties forced the ATU to abandon its opposition and, instead, to become a cautious advocate of a federal role. In testimony on the Federal Aid Highway Act before the House Subcommittee on Transportation in 1973, Walter J. Bierwagen, ATU Director of Public Affairs, made the Amalgamated's position on this point unequivocal when he stated that the union's "position on mass transit aid through limited use of the Highway Trust Fund is premised on the assumption. . .that if. . .Congress provides. . .such aid, . . .the employee protections contained in UMTA will be included."[1]

A year later, the union again made clear that federal funds without

[1]Transcript of "Statement of Walter J. Bierwagen for the Amalgamated Transit Union on Legislation to amend the Federal Aid Highways Act" before the Subcommittee on Transportation of the Committee on Public Works, U.S. House of Representatives, March 19, 1973. See also "ATU Urges Congress to Provice Highway Funds for Transit Systems," In Transit, May 1973, p. 2.

13(c)-type employee protections were unacceptable. The United Transportation Assistance Program (1974), a Nixon Administration proposal, would have provided $16 billion over six years for mass transit capital needs, for urban highways, or for operating assistance.[2] The ATU was particularly concerned that enforcement provisions for the employee-protection sections were too vague and would undercut 13(c) protections.[3]

The ATU has also been an advocate of adequate funding of mass transit to maintain or increase existing service levels. To achieve this end, the union has encouraged an activist role for the federal government and has criticized the executive branch when such a policy is not followed. For example, testifying in 1974 before the House Public Works Committee, ATU President Dan Maroney predicted that unless "the Administration. . . provide[s] a major financial commitment. . .for operating assistance . . . the economies of the industry will not permit. . .the [necessary] expansion of services" needed to meet the nation's goal of promoting greater mass transit usage.[4]

Shortly after this testimony, the union publicly expressed its dis-

[2]This proposal did not pass. For a description of the bill see "Administration Submits $16 Billion Transit Bill," In Transit, April 1974, p. 3.

[3]See Earle Putman, "Problems with the Proposed Unified Transportation Act of 1974, As Submitted to the Congress by the Administration," unpublished memorandum, Amalgamated Transit Union, March 14, 1974. The Nixon proposal was intended to combine the two present separate programs that provide federal transportation aid to urban areas: the Urban Highway Transportation Program from the Highway Trust Fund (1973), and the Urban Mass Transportation Administration's Capital Grant Program (UMTA, 1964 as amended). Putnam showed particular concern over redefinition of mass transportation and operating expenses, and procedural questions emanating from the greater state role in disbursing funds. See Putnam, pp. 4-5.

[4]"Maroney Urges Enactment of Federal Program to Meet Mass Transit Needs," In Transit, May 1974, p. 3.

enchantment with the Ford Administration's transit policy. The ATU newspaper commented unfavorably on President Ford's proposal to cut $9 billion from transit funding over a six-year period.[5] Maroney, commenting on the Ford proposal, said the President's spirit of compromise involved cutting support for mass transit in half. The President, moreover, had given approval to efforts in the House to weaken or to delete 13(c) from the proposed legislation. The job for the Amalgamated and labor in general, concluded Maroney, would be to use its influence in Congress to restore adequate support for transit in the proposed legislation and to protect employee interests.[6]

13(c) and ATU Policy

Since the passage of the amended Urban Mass Transportation Act in 1964, the main thrust of union policy regarding 13(c) has been to protect the integrity and enforceability of the employee-protection provision. Periodically, Congress is asked by transit managements and Department of Transportation personnel to amend 13(c) in ways which the ATU claims would weaken the provision. Writing in 1967, Earle Putnam, ATU general counsel, commented that 13(c) has come under heavy attack from those who claim that the union has used a veto power granted to it by the Department of Labor to delay federal transit grants until concessions have been granted to the union.[7] Denying this accusation and citing examples,

[5]"Editorials," In Transit, September 1974, p. 1.

[6]Dan Maroney, "Congress and the President: Seeking a Balance," In Transit, October 1974, p. 9.

[7]Earle W. Putnam, "Legislative Attack on 13(c)," In Transit, November-December 1967, p. 2.

Putnam said that the ATU has no veto power over federal transit projects.

The union has closely followed the periodic UMTA renewal acts and the efforts to amend 13(c) which often accompany these proposals. Commenting upon an abortive attempt to nullify 13(c) in 1968, the union paper urged ATU members to support those congressmen who had voted for retaining 13(c), since the 13(c) provisions would undoubtedly come under future attacks.[8]

A more recent example of the union's interest in this issue involved the extension of UMTA grants to include operating assistance. Although both management and labor wanted operating assistance, transit management opposed the extension of 13(c) coverage to operating grants. President Maroney, in responding to management, contended that eliminating or weakening 13(c) protections would be an affront to ATU members, and the union would oppose any such efforts.[9]

According to the ATU, some public transit authorities have not accepted 13(c) and on occasion have attempted to circumvent its requirements. For example, the Rhode Island Public Transit Authority allegedly signed a 13(c) agreement with no intention of living up to it.[10]

The Amalgamated fears that industry and local public authority offi-

[8]See "13(c) Barely Survives," In Transit, August-September 1968, p. 9.

[9]See "ATA, IRT Ask Legislators not to Extend 13(c)," In Transit, April 1974, p. 3; and John M. Elliott, "Transit Management Playing a Very Dangerous Game," In Transit, April 1973, p. 2. In 1974, UMTA operating assistance was approved, as was the use of Highway Trust Funds for mass transit capital and operating aid. A year later in June 1975, the transit unions and APTA signed the national 13(c) agreement for operating assistance to facilitate and hasten the grant approval process.

[10]Walter J. Bierwagen, "A Discussion of the Urban Mass Transportation Act," In Transit, August-September 1968, p. 9, 12. In violation of the 13(c) agreement, the Authority laid off, transferred, or forced into retirement 26 men.

cials may some day be able to repeal or weaken state 13(c)-type legislation. Threfore, the international has advised local divisions to promote special state legislation which would give transit employees bargaining right that other public employees in those states do not possess.[11]

Thus, ATU policy on 13(c) is primarily defensive in that it seeks to protect 13(c) from legislative attack and to ensure that signatories to 13(c) agreements abide by the provisions. Protecting 13(c) at the local level has made it necessary for the national union staff to monitor closely the 13(c) negotiating process.

The ATU, Automation, and Transit Employment

In 1961, in the face of significant job and membership losses, then ATU President Elliott instructed General Counsel Cushman to study the potential impact of automation on transit employment. The report concluded that government-sponsored research into automated transit systems posed a serious threat to the welfare of transit employees.[12] This consideration, along with the danger posed by public acquisition, led the ATU to propose protective labor provisions in the original Mass Transportation Act. The provisions of 13(c) would, the union felt, adequately protect employee's jobs.

However, difficulties in interpreting and implementing these provisions were experienced initially, and this situation led the general executive board of the ATU to recommend that local divisions have labor-

[11]See James L. Stern, et al., The Legal Framework for Collective Bargaining in the Transit Industry (Springfield, Va.: National Technical Information Service, 1976), Chapter III.

[12]"Automation: Battle of the Century," In Transit, July 1965, p. 6.

protection provisions included in their collective bargaining agreements. The board urged, as a minimum, negotiation of provisions to train displaced workers and to give them priority for new positions as they became available.[13] The problems involved in agreeing to labor-protection standards in the Bay Area Rapid Transit District (BART) illustrate some of the difficulties that have affected union policy on this issue.

The BART controversy began in late 1967 when officials in the system refused to guarantee the jobs of transit workers. BART claimed that it had to offer employment to the general public and minorities and, thus, could not transfer all previous employees to BART.[14] After threatening to submit the dispute to arbitration under the system's 13(c) agreement, BART agreed to offer available jobs to qualified present employees. Since the union could do little else, given the wording of its 13(c) agreement with BART, it accepted this solution.

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[13] ATU, Report of the General Executive Board to the Thirty-Ninth Convention, 1967, pp. 36-37. See also "G.E.B. Recommends Contract Provisions Be Negotiated to Protect Members When Automation Is Instituted," In Transit, May 1967, pp. 1-2. The general executive board listed nine provisions that would constitute an adequate adjustment program: (1) priority of employment for displaced employees; (2) paid training; (3) a 1 percent limitation on the number of positions in the workforce that can be abolished annually; (4) no workforce reduction except by attrition; (5) 90 days' advance notice of any reductions in workforce caused by automation; (6) guarantee of 2,080 hours work for each employee; (7) a specified percent up to 50 percent of money saved by the introduction of the technological change shall be used to mitigate the impact of automation upon employees; (8) workers displaced shall be assigned to any vacant position for which they qualify; and (9) no technological or organizational change shall be instituted unless adequate provisions have been made for any displaced employees or any employees whose wages, hours, or conditions of work have been adversely affected.

[14] "BART Refused Transit Employees the Right to Follow Work," In Transit, March 1968, p. 3.

The ATU left no doubt, though, that it considered the settlement unsatisfactory. Commenting on the BART situation, President Elliott said that "never again should our Local Division [sic] sit by and permit any new transit operation to be established in their community until and unless it is agreed, in writing, that all affected transit systems will be acquired and merged into the new system and all transit employees on these properties will be employed by the new system, with their full seniority, pensions and other rights. . . ."[15]

Automated rapid transit facilities, similar to BART, and automated above-ground, fixed-route delivery systems—people movers—have been targets of derisive union criticism. The union's argument against one such system in Margantown, West Virginia, illustrates transit labor's attitude toward these methods of mass transportation.[16] The ATU contends that the construction cost of these systems far outweighs the benefits received by transit users and the public. The Morgantown system, for example, which covers only a 2.2 mile guideway will cost $44 million to build. This high figure comes from construction costs for the fixed guideway, passenger stations, and the vehicles. Also, the union questions who will benefit from these systems.

The ATU claims that these systems do not reduce traffic congestion or help environmental conditions since only small numbers of people would use the system. It is not transit users who gain from these systems, according to the ATU, but, instead, equipment manufacturers, the steel

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[15] John M. Elliott, "Let BART Be A Lesson to All of Us," In Transit, March 1968, p. 2.

[16] John M. Elliott, "What a Price to Pay," In Transit, January 1973, p. 2.

and concrete industries, and construction contractors. The ATU also contends that these systems will not move people faster at less cost and greater safety than could be achieved through better bus service. At a conference of transit labor and management officials in 1976, President Maroney, whose home local is Morgantown, acerbicly described the people mover there as going "from noplace to nowhere with nobody."[17]

The BART experience and the threat to transit jobs posed by automated mass transit systems has made the Amalgamated especially sensitive to this issue. The union claims that it supports technological advances which will provide adequate, low-cost public transportation to entire communities but opposes capital-intensive commuter systems that provide corridor service only.[18] The ATU position is that the first priority of federal programs should be "to find better means of providing. . .service to entire communities at a price all can afford."[19]

In sum, the union has accepted automation provided that employment rights of transit workers are protected by written guarantees. However, the Amalgamated's position on this issue is not totally reactive. It vigorously questions the utility of automation as the best means of delivering transit services and has suggested instead that shorter-term, labor-intensive programs can more adequately meet this goal.

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[17] Remarks made by Dan V. Maroney, President ATU, at Conference on "Unions, Management Rights, and the Public Interest in Mass Transit," University of North Florida, Jacksonville, March 21-23, 1976.

[18] John M. Elliott, "The Transit Worker Looks at Tomorrow's Urban Transportation," In Transit, April 1969, p. 5. This was a speech given by Elliott at the Fourth International Conference on Urban Transportation, Pittsburgh, March 10-12, 1969.

[19] Ibid.

Transit Funding

The ATU has advocated three methods which it feels will improve service, increase ridership, and create more transit jobs. These include paratransit, no-fare transit, and public ownership. However, before beginning our discussion of these methods, it is important to consider the Amalgamated's view of transit funding. This has particular relevance for our next three topics since the philosophical basis for the union's stand on these issues flows directly from the ATU's position on how to meet transit costs.

The Amalgamated now believes that the historic attitude of looking at mass transit as a business—entitled to increase rates and cut service without consideration for the public interest—has contributed as much as the automobile to the decline of transit ridership. In almost every case, ridership losses have caused both private and public systems, which depend upon fare-box revenues to cover operating costs, to increase fares, to cut service, to lower maintenance standards, to allow capital equipment and physical plant to deteriorate, to lay off employees, and to pay substandard wages. The union's position is that mass transportation should be directed at providing service to all citizens and that the general public as a whole should share in supporting the system.

This system of cost-sharing, as the union calls it, would be in the form of tax supplements paid to the transit system. In return for this subsidy, the transit system would increase service and lower fares to attract more ridership. The goal of this ATU policy is to spread the costs of transit more equitably. Thus, the burden of paying these costs would be removed from present users of the systems, a disproportionate number of whom are poor, aged, and minorities who can least afford the

high fares now charged.

According to the union, the key issue confronting the industry is the need to rejuvenate public transportation as an economically viable institution.[20] Besides providing better service to the public, the ATU sees some very practical results from an economically sound industry: more jobs and higher pay. However, the union feels that both the government and transit management have failed to respond to the problem of declining productivity. Rather than providing funding to improve and support systems for mass transit, the federal government has spent much more money on freeways which encourage traffic congestion, foster urban sprawl, and add to environmental problems.[21]

From the ATU's viewpoint, the government has been insensitive to bus transportation and has instead focused on capital-intensive solutions such as automated-rail and fixed-route systems designed primarily for service to and from downtown areas. These solutions do not promise to increase transit ridership or lower the prohibitive level of fares in many cities. The Amalgamated, however, believes that revitalizing mass transit can realistically be achieved only by increasing transit ridership and lowering user costs. This line of reasoning underlies the union's paratransit and no-fare policies. Thus, these policies can perhaps best be understood as an expression of the union's interest in protecting the

[20]John M. Elliott, "Demand Responsive Transportation as Seen by the Transit Worker," address given at Third Annual Demand Responsive Transportation Systems Conference, Ann Arbor, Mich., June 13, 1972. The speech is reported in In Transit, November, 1972, p. 3.

[21]Ibid.

existing jobs of its members and expanding transit employment opportunities.

Paratransit

From the mid-1960s to the mid-1970s, the Amalgamated supported paratransit as a method to stimulate and capture ridership. Paratransit, as used here, means an organized ride-sharing activity in the range between pickup car pools organized by individual initiative and fixed-route bus service.[22] From the union's standpoint, paratransit systems were seen originally as a way to extend transit service to new groups of users, particularly suburbanites. One form of paratransit, Dial-a-bus, initially received the strongest ATU support.

Demand-responsive transportation such as Dial-a-bus was attractive to the union for several reasons. First, it is highly labor intensive involving minibuses carrying less than 20 passengers. A Dial-a-bus system added to an existing bus transit system would cause a substantial increase in employment. Second, Dial-a-bus holds some promise of being able to fill gaps left unserved by conventional mass transit systems, and thus can open up new markets in lower-population-density suburban areas. Third, Dial-a-bus is a concept attuned to the changing structure of our cities.

Suburban expansion has lowered population densities to the point where typical bus-based transit is not profitable. Today most urban

[22]The most significant forms of paratransit are: daily and short-term car rental, taxicabs, Dial-a-bus systems, jitneys, carpools, subscription and charter bus systems. See U.S. Department of Transportation, 1974 National Transportation Report (Washington; U.S. Government Printing Office, 1975), p. 140. The two most important forms of paratransit with implications for mass transit are Dial-a-bus and taxicabs. We will discuss both these paratransit methods here.

travel is directed at targets other than the central business district. Instead of one focal point where all routes cross, the destination of the urban passenger is, more likely than not, another location in the suburbs; Dial-a-bus can act as a feeder system, bringing commuters from the suburbs to focal points other than the central city. Commuters who have downtown destinations would transfer to conventional mass transit systems at the suburban centers.

Finally, Dial-a-bus attacks what the ATU considers the real economic problem in mass transit: the declining productivity of fixed-route transit systems which have been carrying less passengers per mile or hour of service. A Dial-a-bus system will, the union believes, increase ridership by opening up suburban markets for transit use and offers, besides, a potentially significant source of new transit employment.[23]

Although the Amalgamated has been a strong advocate of Dial-a-bus, it's support has been based on two conditions. First, Dial-a-bus operators should be ATU members, and, moreover, present employees should have the bidding rights to these jobs. Where this condition has not been guaranteed, transit unions have opposed capital grants for demand-responsive transportation.[24] The second condition is that under no circumstances should "the city transit worker who provides Dial-a-bus service . . .be asked to accept lower wages or more restrictive working conditions in order that Dial-a-bus can be made to pay its way, or to charge a lower

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[24]G.F. Fielding, "Demand-Responsive Transit: An Overview of Integrated Systems," in Paratransit, Special Report 164, Transportation Research Board, National Academy of Sciences, Washington, 1976, p. 51.

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The most difficult problem caused by paratransit, though, is the role of taxi service in mass transit. Industry statistics show that taxicabs carry half as many passengers as all forms of urban transit combined and employ three times as many people.[26] Thus, the significant role that taxis have in urban transit poses complicated questions for labor, management, and the federal government. These questions include the issues of direct taxi-transit competition, the legal and policy definitions of the term "transit" as used by the government, and the problem of how to incorporate taxicabs in transit planning and subsidy programs.

The ATU has not, to this time, promulgated an official position on the role of taxis in mass transit. The union has, however, publicly expressed its concern that the industry's failure to adopt innovative demand-responsive concepts could lead to the introduction of competitive transit systems.[27] From the union's standpoint, taxis pose a potential

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threat to bus mass transit. Therefore, the ATU opposes the inclusion of taxis under the definition of mass transit without 13(c) guarantees to transit employees who might be adversely affected by taxi service.

For several reasons, the Urban Mass Transportation Administration has proceeded cautiously in the paratransit area.. First, transit management has shown little interest in paratransit,[28] and, in particular, to Dial-a-bus because of the anticipated costs of using unionized labor for such service. Second, both transit management and labor are concerned that paratransit services provided by unorganized employers could successfully compete against existing mass transit systems, resulting in further ridership decline. Third, the implications of broadening 13(c) coverage to include paratransit and especially taxis has restrained UMTA from acting.

The ATU itself has retreated from its initial enthusiasm for Dial-a-bus. As mentioned above, the possible competition of paratransit with existing mass transit systems and the undermining effect of nonunionized workers on wages and working conditions have made the union more cautious in its advocacy of paratransit. The Amalgamated still supports Dial-a-bus, but its interest in other paratransit systems has waned.[29] An important factor too in the ATU's disenchantment with Dial-a-bus and paratransit has been the realization, contrary to its earlier beliefs, that these services will not stimulate large increases in ridership. This reason, perhaps more than any other, has made the union skeptical of paratransit and has led it to seek other solutions to the industry's

[28] See "Open Letter to the American Transit Association," In Transit, July 1970, p. 3.

[29] It is interesting to note that the last articles published in the union paper dealing exclusively with paratransit date from 1972. The first appeared in 1969.

economic problems.

No-Fare Transit and Public Ownership

As previously stated, the Amalgamated believes "the real cause of the industry's worsening economic position is not increasing labor costs, but the declining productivity of labor and equipment caused by the ever decreasing number of passengers" carried by transit systems.[30] In the ATU's view, "skyrocketing fares [have] diverted riders away from transit [and] are killing what is left of the. . .industry."[31] The general executive board of the Amalgamated has adopted two precedent-breaking policies which, it hopes, will "Save the jobs of our members by saving the industry itself"—no-fare transit and public ownership.[32]

Since these policies are the principal components of the union's position on mass transit today, they deserve close attention. Therefore, in this section, we will discuss the origins of no-fare transit and its purported effect on ridership.

As the union hastens to point out, the concept of no-fare transit

[30] John M. Elliott, "Problems in Transportation Labor Unions in Urban Areas," address given before the Conference on Public Transportation, July 10, 1972. (Reprinted in In Transit, August-September 1972, pp. 12-13).

[31] "Fare Free Transit — Right Answer," In Transit, April 1970, p. 1. (Taken from a presentation made by John M. Elliott before the Housing Sbucommittee of the House Banking and Currency Committee, March 11, 1970. Printed in full, In Transit, April 1970, p.5).

[32] Ibid.

did not originate from labor, but fron transit management.[33] The union reported that no-fare was first proposed as early as 1922 in Boston, but disappeared quickly. The no-fare concept did not surface again until the 1960s when a few transit industry officials began discussing fare-free transit as a way to reverse ridership trends.[34]

In 1969, the Amalgamated first went on record in opposition to transit fare increases. In a speech given before the Fourth International Conference on Urban Transportation, President Elliott called for "the revitalization of [transit]. . .on the basis of. . .cost sharing by all those who benefit from mass transit," which required rejecting the concept of "increasing cost. . .bring[ing] increases in fares."[35]

The first presentation of the ATU's case for no-fare transit and public ownership was made before the House Subcommittee on Banking and Currency in 1970. In his statement to the subcommittee, Elliott asserted that higher fares are a regressive tax which imposes an unfair burden on the poor, minorities, and working people and that low fares cannot be

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[33]As the result of hold-up murder of a Washington bus operator in May 1968, bus operators in the District refused to make change for patrons. The ATU proposed that fare collection machines be installed so that drivers would not have to handle money at all. Management called the union proposal "hare brained" and predicted that the riding public would never accept it. Union pressure resulted in the machines being installed in Washington, and their success in eliminating robberies caused most major metropolitan transit systems to convert to machine-collected fares. The skeptical reaction of industry management, however, made the ATU sensitive to the same criticisms being directed at the no-fare policy. For that reason, the union stated from the outset that transit management originated the idea. For a description of the events leading to the exact-fare system in Washington, see In Transit, June 1968, p. 2.

[34]"No-Fare Transit: A Workable Alternative," In Transit, October 1975, p. 11.

[35]See "Position Paper of Amalgamated Transit Union on Fares Increases and Public Ownership," In Transit, April 1970, p. 7 for the pertinent

maintained under privately owned systems operating for profit. In order to maintain both adequate service and increase ridership, and provided that employee collective bargaining rights are protected, the ATU favors public ownership and tax-supported no-fare transit.[36]

The Amalgamated has advanced several arguments in support of its no-fare and public ownership policies. Historically, the ATU has not taken a stand on fares, leaving the determination of fares to management. This policy, however, was changed because higher fares led to lower transit employment and have been blamed on excessive labor costs.[37] These developments have forced the union to abandon its neutrality and adopt a transit fare policy.

The union has argued that higher fares do not solve the industry's economic problems, and that management must realize increased fares will never generate enough revenues to cover costs while the same levels of service are maintained. The ATU estimates that a 1 percent increase in fares will result in passenger losses of .25 to .33 percent, and believes that the increase in average fares from 10 cents in 1950 to 32 cents in 1975 has been largely responsible for the precipitous ridership losses of the past 30 years.[38]

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sections of Elliott's speech. For the full text of the speech, see In Transit, April 1969.

[36]Statement by John M. Elliott, before the Subcommittee of the House Banking and Currency Committee, March 11, 1970. See In Transit, April 1970 for a transcript of the statement.

[37]In Transit, April, 1970, p. 6.

[38]In Transit, April 1970, p. 6; and April 1975, p. 9.

The union's advocacy of public ownership marked another change in the long-standing policy of noninvolvement in such issues. The Amalgamated now believes that privately owned transit systems are no longer able to operate at a profit, and that mass transit can survive only as a public service.[39] The union also believes that public ownership is necessary because communities are reluctant to provide tax support for private companies. However, the ATU also has repeatedly said that its support for public ownership is dependent upon adequate protection of existing collective bargaining, pension, and employment rights of transit workers.[40]

In the 1970s the union has proposed that public transit be on a completely fare-free basis, with the cost of the system prepaid by the taxpayer. Although no-fare transit fits the idea of mass transit as a public service which should be available to all, the ATU support for no-fare transit is clearly related to its assumption that no-fare transit will lead to a tremendous increase in ridership which, in turn, will permit more frequent service at lower cost. As a result of no-fare transit, bus productivity, defined as the number of passengers carried per mile, will increase, and commuting by car will decrease.[41] While candidly admitting that the union expects better job security and greater earnings under no-fare transit, the Amalgamated argues also that this program

[39]"No-Fares Make Progress," In Transit, May 1972, p. 12.

[40]"Fare Free Transit," In Transit, May 1970, p. 6.

[41]These arguments are covered in greater detail in "No Fare Makes Progress," In Transit, May 1972, p. 12; and In Transit, August-September, 1972, pp. 12-13.

offers the best chance of saving transit systems by making them attractive alternatives to the automobile.

The union sees its task as one of convincing the federal government that no-fare transit can work. To accomplish this goal, the union often reports the effects of fare decreases on ridership in different transit systems.[42] For example, the union has cited the case in Atlanta, Georgia, where the transit system cut fares from 40 to 15 cents and the result was an immediate and permanent increase in ridership. More recent support for the union's no-fare stand has come from the congressional Office of Technology Assessment.[43] The congressional report concluded that no-fare transit would increase transit ridership by 60 to 80 percent, more than any other method assessed by the study.[44] Since the union promulgated its no-fare policy in 1970, it has attempted to get the Department of Transportation to fund a no-fare demonstration project in a major city. According to the union, the failure to fund a demonstration to date is one of the last stumbling blocks in the way of the program.[45] For this

[42]See the following issues of In Transit for articles about the impact of fare cuts on ridership: January 1972,p. 5; February 1972, p. 10; November 1972, pp. 11-13; August 1973, p. 11; September 1973, p. 11; March 1974, p. 3; April 1974, p. 3; April 1975, p. 9; September 1975, p. 3; March 1976, pp. 8-9.

[43]U.S. Congress, Office of Technology Assessment, Energy, The Economy, and Mass Transit. Washington: U.S. Government Printing Office, 1975. A summary of the report's findings is contained in "No-Fare Transit: A Workable Alternative," In Transit, October 1975, pp. 12-13.

[44]Energy, The Economy, and Mass Transit, p. 102. The other methods include: new gasoline taxes to support major transit initiations, use of parking taxes to encourage a shift to transit, doubling transit service, and changing the highway program to give priority to transit.

[45]Dan V. Maroney, "Why No-Fare Transit," In Transit, October 1975.

reason, it is expected that the ATU, with AFL-CIO support, will pressure the federal government to begin a demonstration project.[46]

The salient points that emerge from the discussion of no-fare transit and public ownership are these: It is the most important public policy advocated by the union. The union will continue to press for a no-fare demonstration project which, it believes, will offer proof of the effectiveness of the concept. Finally, even on this vital issue, the ATU will not accept lower wages or inferior working conditions to make the project more economically attractive.

[46] In 1973, the AFL-CIO adopted a resolution supporting the no-fare and public ownership policies; the resolution also called upon the government to fund a no-fare demonstration project. See In Transit, December 1973, p. 13.

VII. ORGANIZATIONAL STRUCTURE OF BARGAINING AND REVIEW OF THE IMPASSE RESOLUTION PROCEDURE

The discussion in Chapters II,III, and IV of the economic, political, legal, and ideological determinants of the transit bargaining relationship serves as an introduction to the examination of the bargaining process. In the first sections of this chapter, the employer and union organization for bargaining are examined. Attention is then focused upon local bargaining arrangements and factors that influence bargaining outcomes. Finally, the bargaining record is examined. As a part of the latter examination, statistics showing the degree of reliance on strikes and interest arbitration are reviewed. Also, the views of management and union representatives about the arbitration of new contract terms are discussed.

The Employer Organization for Bargaining

Transit systems were represented in negotiations by bargaining teams composed for the most part of operating management personnel. The chief operating officer of the system was reported to be present at some or all of the negotiating sessions in approximately half of the systems. Elected officials in three of the city systems took an active public role in negotiations, but in only one of the 21 systems classified as transit authority systems did members of the agency's governing board actually sit at the bargaining table. Others frequently present in management bargaining groups were representatives of functional areas within the organization and, in several cases, staff legal counsel or attorneys re-

tained as advisers on labor matters. Specialists in transit bargaining, pensions and insurance, arbitration, and other fields often supplemented the local management team.

Systems operated by a private management firm tended to minimize dispersal of labor relations authority. The resident manager had primary responsibility for this function in all but one of the seven operated by a management firm. At the same time, however, the major management firms in the United States typically dispatch labor relations specialists as is necessary to supplement the expertise of the resident management staff. The American Public Transit Association (APTA) does not play an active role in the operations or the labor relations of its member affiliates.

Approximately one-third of the systems studied made extensive use of the expertise and services of transit labor consultants. In many cases, this function was performed by John Dash and Associates of Haverford, Pennsylvania. The consultant's role ranged from that of researcher and behind-the-scene adviser to chief spokesperson for the management group. In a number of systems, Dash or other consultants are engaged only when a specific problem has arisen in negotiations or where an impasse has necessitated an arbitrated resolution of differences. The actual degree of control that an outside labor relations specialist has on the conduct or outcome of negotiations varies widely by the situation and personalities involved. A sizable number of managers indicated that his expertise and the information resources he brings to the negotiation may indeed make such a consultant the most influential member of the bargaining team despite his lack of formal power.

Overall, considering both organizational attributes and information provided by interview subjects, effective control of system labor relations appears to rest almost exclusively with the general manager of the operating division or equivalent officer in at least 14 of the 25 systems examined. Regardless of whether he is a member of the bargaining team, the general manager makes almost all important decisions in negotiations. In the remaining 11 systems, although general managers were involved in decision making, designated labor relations personnel have considerable responsibility and latitude in dealing with transit unions.

The authority's governing boards (or the body politic in the case of municipal systems) does not usually consider individual bargaining issues or strategic decisions. Their participation most often is restricted to setting general cost guidelines and to giving formal approval of the ultimate agreement. In the event that an independent company is engaged to provide management services, however, the transit board or chief executive of the authority or city may give more direction with regard to the specific bounds of any proposed settlement. Even in these situations, however, the operating manager is not only influential in the determination of such guidelines, but also retains the primary responsibility for tactical considerations in bargaining and for decisions pertaining to specific union demands.

The Union Organization for Bargaining

The dominant union in both the transit industry as a whole and among the properties studied in the Amalgamated Transit Union. Other unions representing operators and maintenance employees are the Transport Workers Union, the United Transportation Union, and the International Brotherhood of Teamsters.[1] At all but one of the systems, the designated union

[1]The ATU represents operating personnel at 20 of 25 systems studied

represents both operators and most maintenance employees.[2] Coverage also extends to clerical employees in several cases.

Transit unions are well established with respect to both historical presence and employee support. The mean tenure of the unions currently representing operators at the sample systems is 41.8 years. The transit industry, like the transportation industry in general, is characterized by a high rate of union membership among its employees. Our sample systems are no exception, with labor agreements typically calling for some form of membership security for the union. But even in those situations where, because of legal prohibition, union membership cannot be compulsory, nearly all eligible unit employees have voluntarily affiliated with the unions.

The largest segment of the transit local's membership is made up of vehicle operators. Thus, the majority of local union members are employees performing essentially the same task, differentiated only by privileges accruing to seniority. Maintenance employees, although they include a wide range of jobs and occupational functions, constitute the second

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and maintenance employees at 21 of the 25. The TWU is the union of record at two properties, while the UTU represents drivers at two properties and maintenance personnel at one. (Owing to a number of factors, including the merger of two established systems, the UTU represents operators at Los Angeles' SCRTD, while the ATU claims most maintenance workers.). Finally, the IBT represents workers at one sample system as well as at the structurally independent Council Bluff's division of the Transit Authority of the City of Omaha.

[2]The broader range of maintenance functions associated with a multimodal system and the particular history of union evolution at a few properties (e.g., Boston, Chicago, and Philadelphia) has resulted in the presence of as many as 27 unions representing distinct groups of transit employees. In these cases, the majority of operators and maintenance employees are represented by the ATU or TWU. The remainder of the bargaining units involve relatively small numbers of craft workers.

identifiable interest group within the union. Where the union also encompasses clerical workers, these employees make up the third and least influential membership faction. Other bases for interest group activity within the union are age, race, and, to a lesser extent, sex. While there are numerous dimensions along which segments of the membership can identify and pursue their vested interests, the level of internal union rivalry appears to be relatively low.

Representatives of the local union form the core around which the union bargaining team is built. Most often, the union committee includes the president and one or more elected officers of the local. In those cases where the union's hierarchy includes a business agent, this individual plays a significant role in negotiations. Union office-holders are frequently supplemented by representatives of occupational or other interest groupings within the union. Bargaining committees typically include at least one "outsider," usually an international representative or other officer of the parent union. On occasion, the union team will also include independent labor consultants such as personnel of the Labor Bureau of the Middle West or legal advisers retained by the local.

The constitutional foundations of the local's existence as an independent subbody of an international union provide for the right of self-determination by the membership. Local union officials, as the designated representatives of the rank and file, thereby possess the responsibility for decision-making in the bargaining process. While local unions are granted the right to determine, through bargaining with individual employers, the terms and conditions of employment, the national union may retain some degree of control over the conduct and outcomes of negotiations. The ATU, for example, requires that all proposed local

settlements be scrutinized by the organization's national officers and that approval must be received for any strike or interest arbitration if these activities are partially or wholly paid for by the national union.

The freedom of action of local union officers is restricted by the political nature of the officer. On a day-to-day basis, the inputs of the rank and file may be primarily advisory (in the absence of issue-specific referenda), but the elected officials' range of discretion is influenced by the need for the continued support of the membership. Another factor limiting the union officials' independent control of the decision-making process stems from the need for extensive information resources and professional expertise in the conduct of negotiations. In providing such expertise, the international union representative or the labor relations consultant often usurps (albeit many times not publicly) the effective control of the bargaining committee.

Depending on the politics of the international union, the international representative may be the only "outsider" on the bargaining committee with any formal control over the negotiations, but even here the extent and visibility of the representative's influence is difficult to generalize. Twenty of 24 local union respondents indicated that representatives of their international unions were with some regularity involved in negotiations. Their functions ranged from behind-the-scenes adviser to spokesperson for the negotiating committee. Particularly among the larger systems, national officers of the TWU and UTU assumed a substantial degree of control over the conduct of negotiations. The role of the ATU representatives is more often situationally determined (e.g., a product of the climate of the labor-management relationship, the degree of political stability within the local union, the competence of

the local officers, and the historical role played by the international representative). At the very least, the behind-the-scenes influence tends to be considerable. Finally, in the one IBT system examined, the local business agent played a dominant role in negotiations, and there was no contact with other national union representatives.

As was the case with the management consultants discussed earlier, influence is not hierarchically specified, but, rather, rests on expertise in negotiations and familiarity with recent contract trends. Although there is not a great deal of turnover among local union officers, the political basis for tenure in office and the part-time nature of most such positions make the specialized talents of the international representative attractive and often necessary to the local union.

The overall assessment of the services provided by representatives of the national union in negotiations at individual systems were related to the extent of involvement. Where the presence was extensive, the local union spokesperson tended to be laudatory of the services provided. Where representatives were not used or played a minimal role, the assessment of such services tended toward indifference, and several respondents questioned the need for giving an outsider any substantial degree of input into local affairs. The most prevalent management view was that, while the presence of an outsider on the union bargaining team might encourage a greater emphasis on industry wage and benefit patterns than they might desire, the representative many times added an element of stability to what otherwise might be an emotion-charged situation. This was felt to be particularly important to compensate for the lack of negotiating experience that is common among recently elected local officers.

The same general conclusions apply to other sources of "outside" expertise, including the services of the Labor Bureau of the Middle West, local attorneys, and other consultants. Most of the sample locals have, at one time or another, retained specialists in some facet of labor relations. The Labor Bureau which serves primarily ATU affiliates, has been involved to some degree at eight of the 20 ATU locals examined.[3] Here again, experience serves as the basis for making one's voice heard. Particularly with respect to interest arbitration cases, the Labor Bureau exercises tremendous influence on local officers in defining ultimate goals and expectations and in shaping strategies.

In summary, the local union formulates bargaining demands and ostensibly controls the conduct of negotiations. During the negotiation process, however, the representative of the international union is often the most influential member of the union's committee, regardless of whether he actually sits at the bargaining table. In the case of interest arbitration, a comparable role is played by the Labor Bureau of the Middle West or other consultants engaged to represent the local in the arbitration process.

Local Bargaining in a National Context

The determination of employment terms through negotiations between a local union and an individual employer is the dominant form of bargaining

[3]Eight of the 20 ATU locals have made use of the services of the Labor Bureau of the Middle West in one or more contract negotiations since 1960. Five of these eight locals used the Labor Bureau only when arbitrating new contract terms, and the remaining three regularly involved this firm in the preparation for negotiations. Others indicated that they had consulted with the Labor Bureau at one time or another, or that if they were to go to arbitration, they would engage the Labor Bureau or a comparable organization to prepare and present their case.

in the urban transit industry. Local bargaining reflects both the historical development of unionization in the industry and the fact that the product and labor markets of this industry are local in nature. The transit firm or authority constitutes a local industry that is free from competition from purveyors in other locations. Within the service area, the availability of substitute transit services is minimized by the possession (through charter or happenstance) of an effective service monopoly.

The relevant labor market is similarly local in character. The staffing requirements of transit systems, for the most part, involve semiskilled positions (although a number of maintenance occupations are classified as highly skilled), and hiring is readily accomplished through the local labor market. Thus, the historical antecedents to bargaining structure and its economic underpinnings—particularly the absence of external product competition and the reliance on the local labor market—make a compelling case for bargaining between local unions and individual employers.

Despite the local structure of bargaining, the issue of the extent to which bargaining outcomes are actually influenced by local factors warrants examination. There is a strong indication in the literature and from sample respondents that wages and other employment terms are determined primarily by comparisons with other transit firms rather than with local public- and private-sector bargaining settlements.

Respondents were asked to evaluate eight occupational and industrial groupings on the basis of their influence on the outcome of bargaining at their properties. Each comparison group was rated on a scale from one to five: very important, important, neither important nor unimportant, unimportant, or very unimportant. Among both unions and management

spokespersons, comparisons with other transit firms were thought to have a more substantial influence on wage determination than comparisons with settlements in public employment, local trucking, and private industry. These results are reported in Tables VII-1 and VII-2.

In summary, while contract determination is undertaken locally, the parties indicated that transit industry comparisons (and particularly comparisons with specific properties) play a major role in the determination of wages, fringes, and work rules. At the same time, care must be taken not to overstate the impact of this phenomenon. Generalizations do not reflect the situation at every transit system, and, in a number of cases, only selected categories of contract provisions were reported to be influenced by industry trends. Finally, it should also be noted that despite emphasis that the participants placed on comparisons with other transit systems, basic underlying rational economic factors such as the rate of inflation may be far more significant in determining the magnitude of all wage increases in the industry.

Many transit managers expressed concern about the prevailing emphasis on industry comparisons. Their fear is that this practice results in more extensive contract benefits for transit employees than are possessed by other public employees. With escalating financial pressures, it may be expected that management will become increasingly insistent that local comparisons play a greater role in contract negotiations. Nevertheless, until transit management is able to muster sufficient bargaining power to force increased consideration of local factors or to convince arbitrators of the soundness of this view, industry comparisons will continue to play a substantial role in the negotiation process.

TABLE VII-1
COMPARISONS USED IN TRANSIT BARGAINING:
MANAGEMENT ASSESSMENT

		VI[a]	I	N	U	VU	Mean[b]	Standard deviation	Category mean	Standard deviation
Transit - national	N=22	9	8	3	2	0	1.91	.97		
Transit - regional	N=23	8	7	3	4	1	2.26	1.25		
Transit - particular system	N=23	15	3	2	2	1	1.73	1.21		
Transit comparisons									1.97	1.16
Private industry - national	N=22	0	3	8	6	5	3.59	1.00		
Private industry - local	N=23	2	11	6	2	2	2.61	1.07		
Private industry comparisons									3.09	1.14
Public employment - state	N=23	4	4	7	6	2	2.91	1.24		
Public employment - local	N=23	7	10	4	2	0	2.04	.93		
Public employment comparisons									2.48	1.17
Trucking - local	N=23	1	6	11	4	1	2.91	.90		
Local trucking comparisons									2.91	.90

[a] Response options were Very Important (VI), Important (I), Neither Important nor Unimportant (N), Unimportant(U), and Very Unimportant (VU).

[b] Calculated by assessing point values as follows: VI=1, I=2, N=3, U=4, VU=5.

The Bargaining Record: 1960-1976

In assessing the successes and failures of transit managements and unions in reaching agreement on the terms and conditions of employment, the record of negotiations for the period of 1960 through 1976 was examined. Information is presented about contract duration and the frequency with which contracts were reached by negotiations, or following strikes or arbitration.

Contract negotiation at sample systems is typically undertaken at two- or three-year intervals. The mean duration of the labor agreement in effect on July 1, 1976, is 2.26 years for the 23 systems examined. This is slightly longer than the average contract term in effect during the 1960-1976 period.[4]

The multiyear contract has been and continues to be the rule rather than the exception in transit labor relations. No statistically significant trend in the duration of labor agreements was evident in comparisons among averages computed for the first and second halves of the time period, or between private and public system contracts. It was observed that the specific date of contract expiration is distributed throughout the year, apparently a product of circumstance rather than design. There is no indication that, with public ownership, the parties have taken

[4]The average contract term was calculated by taking the time elapsed between the date of the first contract negotiations occurring after January 1, 1960, and the expiration date of the contract in effect on July 1, 1976 and dividing this by the number of negotiations (excluding negotiated contract extensions of less than six months) during the period. Data pertaining to Dallas and Miami have been deleted from these calculations and others reported in this section because contracts have not been negotiated in those cities since the systems went public. In addition, where different unions represent operators and maintenance employees (e.g., Los Angeles-SCRTD), the information pertaining to the maintenance contract is omitted. Where pensions are negotiated separately from other contract terms (e.g., Boston-MBTA), these data are also excluded.

TABLE VII-2
COMPARISONS USED IN TRANSIT BARGAINING:
UNION ASSESSMENT

		VI[a]	I	N	U	VU	Mean[b]	Standard deviation	Category mean	Standard deviation
Transit - national	N=21	6	12	3	0	0	1.86	.65		
Transit - regional	N=21	10	5	4	1	1	1.95	1.16		
Transit - particular system	N=21	13	5	1	0	2	1.71	1.23		
Transit comparisons									1.84	1.03
Private industry - national	N=20	1	3	5	10	1	3.35	.99		
Private industry - local	N=21	5	7	4	3	2	2.52	1.29		
Private industry comparisons									2.93	1.21
Public employment - state	N=20	2	9	2	4	3	2.85	1.31		
Public employment - local	N=21	7	8	3	2	1	2.14	1.15		
Public employment comparisons									2.49	1.27
Trucking - local	N=20	6	3	7	2	2	2.55	1.32		
Local trucking comparisons									2.55	1.32

[a]Response options were Very Important (VI), Important (I), Neither Important nor Unimportant (N), Unimportant (U), and Very Important (VU).

[b]Calculated by assessing point values as follows: VI=1, I=2, N=3, U=4, and VU=5.

steps to bring the expiration date into conformity with requirements of the budget determination process or other time constraints.

In our sample, there have been 184 contract determinations involving the dominant union since 1960. Bargaining resulted in negotiated settlements without strikes or arbitration in 133 cases (72 percent). At only two of the 23 properties have the parties negotiated all contracts during the period with neither strikes nor arbitrations. The number of bargaining impasses at individual sites ranged from zero to five.

There was a strike in 17 percent of the 184 negotiations; in 10 percent, the dispute was resolved by arbitration. The 32 strikes occurred at 19 properties, while the 19 arbitrations were distributed among 10 properties (see Table VII-3).[5] Transit strikes during this period were from less than one day to 270 days, with a mean length of 24.7 days.

Mean strike duration is calculated from available data on 30 of 32 strikes. When a nine-month strike by the employees of the Huntington system is omitted from this computation, the average strike length is reduced to approximately 17 days. Eleven of the strikes lasted five days or less, seven were from seven to 11 days, eight were 17 to 35 days, and five strikes had a duration of 45 or more days. Most of the more lengthy strikes occurred while systems were privately owned.

Looking at the sample properties for only the years of public ownership, we find that 102 contracts have been negotiated. Settlements were reached without strikes or arbitration in 65 percent of these negotiations. Nineteen percent of the negotiations were resolved by strikes, and 17

[5]Additional detailed information is contained in Appendix tables VII-1, VII-2, and VII-3.

percent by arbitration. A much larger proportion of negotiations were resolved by arbitration in public systems (16 of 102) than in private systems (3 of 82). Given that arbitration has been used more by public systems, and that private systems were becoming public during this period, the increased use of arbitration could mean either a decreased reliance on strikes or a decreased ability of the parties to reach settlements by direct negotiations without the use of strikes or arbitration. Table VII-3 shows that the latter is the case; the increased reliance on arbitration has not been accompanied by a decrease in the reliance on strikes but has been accompanied by a decrease in the percent of settlements reached by the parties without the use of arbitration or strikes. In the next section of this chapter, we examine the use of interest arbitration and present the parties' views about the impact of arbitration on the bargaining process.

The Importance of Interest Arbitration

Throughout its history, union-management relations in transit have occupied a unique position in American industrial relations. In addition to undergoing a wholesale shift to the public sector, the transit industry was among the few private-sector industries (along with newspaper publishing and more recently steel) to make use of voluntary arbitration as a means of resolving interest disputes.[6]

[6]For additional discussion of interest arbitration as a mechanism for resolving private sector disputes, see: Charles J. Morris, "The Role of Interest Arbitration in a Collective Bargaining System," in The Future of Labor Arbitration in America (New York: American Arbitration Association, 1976), pp. 197-304; Harry Platt et al., "Aribtration of Interest Disputes in the Local Transit and Newspaper Industries," in Proceedings of the 26th Annual Meeting, National Academy of Arbitrators (Washington: BNA Books, 1974), pp. 8-61; David Feller, "The Impetus to Contract Arbi-

The reliance on arbitration in transit bargaining can be traced to the early years of the Amalgamated Transit Union and to Willian D. Mahon who served as its president for more than a half-century. By 1905, the majority of ATU labor agreements provided for arbitration.[7] In excess of 700 cases (most voluntary rather than compulsory) have been recorded since 1900.[8]

While interest arbitration has played a major role in the transit industry and has commanded a position of high visibility, it has not, in fact, been the dominant mechanism for dispute resolution in the industry. Other unions active in transit, including the IBT, TWU, and UTU, have not as a general policy accepted arbitration as a substitute for the right to strike. Similarly, not all ATU locals have endorsed the concept of interest arbitration despite its constitutional mandate.[9] Arbitrations have been used to resolve only about one-quarter of the impasses occurring

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tration in the Private Area," in the Twenty-Fourth Annual New York University Conference on Labor (New York: Matthew Bender and Company, 1972), pp. 79-101.

[7]Emerson Schmidt, Industrial Relations in Urban Transportation (Minneapolis: University of Minnesota Press, 1937), p. 194.

[8]Alfred Kuhn, in Arbitration in Transit: An Evaluation of Wage Criteria (Philadelphia: University of Pennsylvania Press, 1952), p. 22, indicates there were 604 arbitrations between 1901 and 1949. Darold Barnum, "From Private to Public: Labor Relations in Urban Transit," Industrial and Labor Relations Review, 25 (1971): p. 108, identifies 89 arbitrations in the 1950-1969 period. There have been approximately 20 arbitrations in the years since 1969.

[9]Respondents indicated that in some cases where a local wished to strike, its constitutionally required offer to arbitrate was premised on "impossible" conditions. Also, numerous strikes were begun by the rank and file without regard to contract or constitutionally specified procedures.

TABLE VII-3

THE RECORD OF TRANSIT NEGOTIATIONS
The Bargaining History of 23 Transit Systems, 1960-1976, Combined and by Ownership Status

	ALL SYSTEMS				PUBLIC				PRIVATE			
	Contracts	N[b]	S	A	Contracts	N	S	A	Contracts	N	S	A
1976[c]	7	5	1	1	7	5	1	1	0	0	0	0
1975	10	4	3	3	10	4	3	3	0	0	0	0
1974	13	6	4	0	12	8	4	0	1	0	0	0
1973	12	8	3	1	11	7	3	1	1	1	0	0
1972	17	13	1	3	12	9	0	3	5	4	1	0
1971	10	6	3	1	6	3	2	1	4	3	1	0
1970	7	4	2	1	6	3	2	1	1	1	0	0
1969	15	11	2	2	6	2	0	1	9	9	2	1
1968	6	4	1	1	3	2	0	1	3	2	1	0
1967	14	7	6	1	6	4	1	1	8	3	5	0
1966	8	5	2	1	5	3	1	1	3	2	1	0
1965	14	12	0	2	5	2	1	2	9	9	0	0
1964	10	9	1	0	2	1	1	0	8	8	0	0
1963	9	7	1	1	3	2	1	0	6	5	0	1
1962	12	11	0	1	5	5	0	0	7	6	0	1
1961	10	9	1	0	5	5	0	0	5	4	1	0
1960	10	9	1	0	2	2	0	0	8	7	1	0
Totals	184	133	32	19	102	67	19	16	82	66	13	3
1960-67	87	69	12	6	29	20	4	5	58	49	8	1
1968-76	97	64	20	13	73	47	15	11	24	17	5	2

[a]Data from Dallas and Miami are excluded as are negotiated contract extensions of less than six months. In addition, where different unions represent operators and maintenance employees (i.e., Los Angeles), information pertaining to the maintenance contract is omitted. Where pensions are negotiated separately from other contract terms (i.e., Boston), these data are also excluded.

[b]N=bargaining terminated with a negotiated settlement, S=impasse situation-strike, A=impasse situation-arbitration

[c]1976 data is for January-June only

during the 1900 through 1970 period.[10] Looking at a breakdown by decade, we find that the percentage of disputes resolved by arbitration has ranged from 67 percent in the 1930s to 3 percent in the 1960s.[11] Nevertheless, the extent to which voluntary arbitration procedures were called upon in contract disputes has had a lasting imprint on transit labor relations.[12]

Cause of Disputes

The actual causes of impasses are not easily determined because the immediate recollection of the parties is often that "it just happened" or "'they' are being unreasonable." Suggested as factors contributing to an inability to reach negotiated settlements were: problems accruing to the newness of public ownership, strategic or tactical miscalculation, refusal to bargain in good faith, personality clashes, and loss of control of the rank and file by local union leaders.

Dollar costs were cited as the most frequent stumbling block to settlement. Almost all respondents specifically referred to wage demands, while eight management and ten union representatives mentioned cost-of-living provisions in this regard. Other contract issues said to have been a factor causing deadlocked negotiations were pensions, insurance, and sick-leave. Few respondents believed that desired changes in work rules

[10] Calculated from data found in Barnum, p. 108, and Kuhn, pp. 26-27.

[11] Ibid.

[12] Discussion of the reasons for the acceptability and success of arbitration in interest disputes (as well as a variety of criticisms of the process) can be found in the following: Kuhn, pp. 162-194; Schmidt, pp. 194-207; and Barnum, pp. 104-108.

(whether proposed by the union or management) were a major cause of impasses.

Employer and Union Dispute Resolution Preferences

In situations where impasses occur, the majority of respondents expressed a preference for resolution through final and binding arbitration (see Table VII-4). There was agreement on the desired method for resolving impasses at ten of the 22 properties where responses were garnered from both union and management. The parties at the remaining 12 sample systems expressed differing views on the propriety and desirability of strikes.

Aside from any general preferences for dispute resolution, it was noted that the details of a particular case might influence the relative attractiveness of either the strike or arbitration. Eleven management and 13 union respondents pointed to a number of circumstances where they believed that arbitration might yield more advantageous outcomes than a negotiated (or strike-pressured) determination. Most frequently mentioned by management were cases where fundamental changes were desired in existing work rules or reductions in cost-of-living provisions.

Some managers expressed the view that arbitration might yield favorable results in times of economic instability, when the local union leadership has lost control of the rank and file, and in a politically charged situation where "end-run" tactics might be successful. Among union respondents, improvement of an inferior cost-of-living agreement was the only issue repeatedly mentioned for which an arbitrated resolution might yield superior results to a strike or negotiated settlement. Similarly, only one situational criterion, the political environment, was thought by union leaders to increase the likelihood of a better settlement

through arbitration. Where concessions by management were viewed as a serious political liability, it was said that arbitration might alleviate such political pressures.

While the need for some method of impasse resolution was generally recognized by the parties, the effect of interest arbitration on the bargaining process concerned even those who believed this procedure to be superior to the strike. The responses of both union and management representatives indicate that almost half believe that mandated arbitration (regardless of whether specified by law or contract provision) serves to inhibit good-faith collective bargaining.[13] The predominant reason for affirmative replies was that this procedure led to "buck passing."

A similar response was evoked by the related question of whether the use of arbitration led to a continuing dependence on the process. Management views were generally mixed, while the majority of union respondents said that this was not a problem.[14] Those who believed that arbitration would tend to be a frequently recurring phenomenon thought that a perceived victory in arbitration would lead the winning party to prefer

[13]Among the 24 managers, 11 felt that the likelihood of reaching a negotiated settlement was diminished by the knowledge that disputes would be resolved through arbitration, nine said it would not be, three were not sure, and one failed to respond. Eight union spokesmen replied affirmatively, eight negatively, four were unsure, and four didn't respond.

[14]Five of 24 management representatives felt that once used, arbitration would increase the likelihood of future impasses. Six said this was not necessarily true, nine were uncertain, and four did not respond. Four union respondents felt this to be the case, 12 disagreed, three were unsure, and five did not reply. Several respondents pointed out that the "quality" of awards would be the single most important factor in determining whether an arbitration dependency would develop. It should be noted that with respect to both the "chill" and "dependency" phenomena, many of those who speculated dire results had no personal experience with arbitration.

TABLE VII-4

PREFERRED METHOD OF IMPASSE RESOLUTION
Expressed Preferences of Union and Management Spokespersons at 24 Sample Systems

	Total Responses	No Response	Arbitration	Strike	Indifferent	Neither Strike Nor Arbitration
Expressed Preference for Resolution of Interest Disputes						
Management respondents	24 (100%)	2 (8%)	14 (58%)	5 (21%)	0 (0%)	3 (14%)
Union respondents	24 (100%)	0 (0%)	12 (50%)	12 (50%)	0 (0%)	0 (0%)
Total respondents	48 (100%)	2 (4%)	26 (54%)	17 (36%)	0 (0%)	3 (6%)

	TOTAL RESPONSES	M: Strike U: Strike	M: Arbitration U: Arbitration	M: Arbitration U: Strike	M: Neither U: Arbitration	M: Neither U: Strike
Properties Where Union and Management Respondents Preferred the Same Method of Resolving Interest Disputes				**Properties Where Union and Management Respondents Preferred Different Methods of Resolving Interest Disputes**		
	22[a] (100%)	2 (9%)	8 (36%)	3 (14%)	6 (27%)	1 (5%) 2 (9%)

[a]Responses not available for one or both parties at three sample properties.

[b]M indicates management, U indicates union.

arbitration to a negotiated settlement in future contract determinations.

The erratic pattern of dispute resolution over the past few years seems to indicate that the hypothesized deleterious impact of interest arbitration on the bargaining process has not materialized in most systems. Although it is difficult to generalize, it would appear that arbitrations occur with greatest frequency in situations of instability, in politically sensitive cases, and where leaders are inexperienced or not in firm control of their constituencies. In these situations, where the probability of settlement would be low in any case, the specification of an arbitrated endpoint can be viewed as only one element of any explanation for the recurrence of interest arbitration.

Another concern, stimulated by the observation that most arbitrations have occurred at relatively large systems, is whether arbitration is really accessible to small union locals. Do the costs associated with preparation and presentation exceed the financial capabilities of small locals and, thereby, force capitulation in negotiations? Most union leaders thought that arbitration costs would not be a major factor in a decision to settle or to go to impasse. Also, small local unions could follow a less elaborate and less expensive procedure than that chosen by the larger locals.

Summary and Overview

Transit bargaining is today almost exclusively a public-sector phenomenon. Yet, in reality, transit labor relations have always been and continue to be somewhat atypical of both private- and public-sector union-management relationships. Included among its distinguishing characteristics are a political involvement in bargaining which predates

public ownership, an established bargaining relationship whose private-sector roots often extend back 40 or more years, an industry tradition of voluntary arbitration of interest disputes, and a legal environment which in most cases is somewhat more restrictive than is found in the private sector and, at the same time, more liberal than that which applies to other groups of public employees.

Bargaining remains essentially local, with contracts determined by and applicable to individual properties and local unions. National patterns in transit labor agreements continue to play a major role in negotiations, but it does appear that public management is making a substantial attempt to increase the reliance on local comparisons, at least with respect to wage rates and economic supplements. It is likely that as financial pressures escalate, these efforts will be expanded.

All of the systems examined have gained access to tax-generated revenues to supplement fare receipts and, thereby, have alleviated the financial pressures which historically plagued transit bargaining. However, in recent years, the original perception of boundless resources has been succeeded by a less optimistic view and a recognition of the new financial limitations that exist.

Any attempt to evaluate the relationship between transit systems and their employee organizations is complicated by the problem of defining the criteria on which to base this assessment. Two levels of analysis are appropriate: (1) an examination of the record of impasse situations and the procedures used to resolve these disputes, and (2) the impact of the bargaining history on the participants and the long-term implications for the union-management relationship.

When the success of bargaining is measured by the proportion of ne-

gotiations resolved without recourse to strikes or arbitrations, the conclusion would have to be that the results are mixed. While the record of individual properties varied considerably, the mean percentage of negotiated settlements has been approximately two-thirds. Although reliance on strikes and arbitrations may have been more extensive than critics would find desirable, the record is not bad when one considers the volatility of industry fortunes and structure during the period of examination. The ability to draw conclusions from the aggregated impasse data (including the mix of strikes and arbitrations) is made particularly difficult by the sometimes countervailing effects of the relatively recent public takeover of most sample systems. Even had the record of negotiated settlements versus impasse situations been appreciably different, the significance of these data would be uncertain. Looking only at the proportion of settlements achieved without impasse ignores much of the richness and complexity of labor relations which must be considered in any determination of the "quality" of a relationship.

There is a general reluctance to engage in work stoppages even among those who prefer the strike to arbitration. Reasons given include an absence of legal entitlement, the nature of the transit function, the propriety of public employee strikes, public opinion, forgone earnings, and the fear that the net effect of a strike (win or lose) would be inimical to the union-management relationship. However, where strikes have occurred, management and union representatives did not believe that these reduced the generally high "quality" of labor relations.

The use of compulsory arbitration in interest disputes has increased since 1960 as systems have moved to the public sector. This has resulted in a greater proportion of impasses being resolved by arbitration than

was the case in private-sector transit negotiations. In a large part, the continued success of arbitration will be dependent on its acceptability. Although some respondents express reluctance to allow an outsider to fashion contract terms, the majority of union and management personnel believe that arbitration will increase in importance in the future. Most union leaders were confident their members would accept arbitration it it were mandated by law or when local union officers recommended this course of action.[15] Overall, collective bargaining generally has been successful for dealing with the needs of both union and management in a rapidly changing environment.

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[15]Only at three properties did officers believe their members would refuse to accept arbitration, even if the only alternative was an illegal strike. Ten of 22 spokespersons said their membership would prefer arbitration or accept it without question, and the remaining nine felt there might be complaints, but that arbitration would be grudgingly accepted.

VIII. RESULTS OF BARGAINING: WAGES, COST OF LIVING, AND HOLIDAYS AND VACATIONS

Although the results of bargaining about selected economic supplements are also discussed in this chapter, the emphasis is on the changes in wages that have occurred in the 1960-1975 period. Cost-of-living escalator wage clauses receive special attention because they are more prevalent in this industry than in general and because the type of clause also is important in explaining wage changes. It would have been useful also to analyze changes in the fringe-benefit package, including pensions and insurance, but the limitations of this exploratory study are such that the analysis of fringes is confined to holidays and vacations. It is assumed that the total fringe packages of individual systems are similar and that wage-rate movements may be used as a proxy for comparing changes in total compensation among transit systems. Holiday and vacation pay trends within the transit industry are used as proxies for the fringe-benefit package when making external comparisons with other industries.

The maximum hourly base rate of bus operators plus the cost-of-living allowance is used as the measure of wages, the same measure that is used in a wide range of union, management, and government publications and in other transit research. Because a substantial majority of transit employees are vehicle operators, this rate is also the one most prevalent in a system's wage structure. Moreover, since progression to top rate is typically achieved in less than two years, most transit operators are compensated at the maximum base rate.

Further justification for the selection of the operator's top hourly

rate is provided by the fact that it is the key wage debated in almost all contract negotiations. Although data showing total hourly earnings and the value of fringe benefits are not available, there is rudimentary evidence that wage-rate comparisons are reliable indicators of differences in total compensation.

The base wage rate used here has been defined to include payment accruing from cost-of-living agreements negotiated by the parties. While cost-of-living payments usually do not become a part of base rate until a contract is renegotiated, comparisons of interim wage rates without consideration of these adjustments would be erroneous. The magnitude of negotiated wage increases is influenced by the presence and perhaps the details of an automatic wage-adjustment mechanism.

Transit data reported are the wage rates payable on July 1 of each year.[1] Data were collected from a variety of sources, including the Bureau of Labor Statistics, John Dash and Associates, the American Public Transit Association, and individual transit properties. Whenever possible multiple sources were consulted to insure the accuracy of reported wage rates. Unless otherwise noted, wage information reported for other groups of employees are based on Bureau of Labor Statistics data.

Wage Findings

The average wage rate of bus operators in our sample of 25 systems

[1]The use of July 1 data is consistent with wage and hour studies conducted by BLS. At the same time, the use of the July 1 wage does make point-in-time comparisons between individual systems somewhat suspect because the timing of wage adjustments may vary among systems. The potential for distortion is minimized when data are aggregated and where longitudinal comparisons are employed.

increased from $2.22 in 1960 to $5.74 in 1975. After adjusting wage gains for increases in the Consumer Price Index (CPI), the 1975 mean wage represents a real gain of 77 percent since 1960.[2] A comparison of wage movements at the sample systems with the BLS weighted and unweighted average wage received by transit industry employees reveals a similar pattern of escalation.[3] After adjustment for changes in the cost of living, the weighted industry wage increased by 81 percent between 1960 and 1975, and the unweighted average increased by 67 percent.[4] Year-to-year details of the absolute and percent changes in each system in the sample and the

[2]It should not be assumed, however, that real earnings have increased precisely the same rate as real hourly wages. Earnings reflect not only the wage rate, but the hours of work and contract-specified penalty payments. According to BLS figures, for instance, the standard workweek of transit employees has declined from 40.6 hours in 1960 to 40.1 hours in 1975. All else being equal, this would cause the rate of increase in earnings to lag somewhat behind the rate of wage increase. On the other hand, more restrictive rules governing the use of transit manpower may contribute to more rapidly rising earnings. For example, in most contracts there has been a gradual decline in the elapsed time on which spread penalty payments are based.

[3]The BLS weighted averages of the union hourly wage rate of local-transit bus operators were developed by weighting the top rate of the length-of-service progression for bus drivers in each contract by the number of unionized employees at that rate on the survey date. Annual comparisons are only approximate since weighting factors may vary to some extent year to year. Data are from BLS Bulletin 1903, Union Wages and Hours: Local-Transit Operating Employees, July 1, 1975, and previous annual bulletins. For a detailed discussion of the data sampling and estimating procedures used by BLS and the applications and limitations of the Bureau's union wage series, see BLS Bulletin 1910, BLS Handbook of Methods for Surveys and Studies, pp. 146-148.

[4]The sample of systems used in this study (enumerated and described in Chapter I) and the BLS unweighted transit sample are similarly biased to overrepresent systems in large cities. In addition, year-to-year comparisons using the unweighted BLS sample are only approximate due to minor modifications in sample composition in 1963, 1964, and 1969. Because of a radical revision in the BLS sample of properties in 1976, data for that year are not comparable to those of previous years.

BLS weighted and unweighted averages are shown in Appendix Tables VIII-1 and VIII-2. It appears from these data that wage changes in the sample systems are representative of changes in the industry as a whole.

Transit wages have generally kept pace with the average hourly wage received by unionized local truck drivers in our sample cities.[5] The mean wage of bus operators was 85 percent of the truck drivers' wage in 1960 and 1975, with only slight variations in the intervening years. Another relevant wage comparison, of bus operator wages with average earnings in manufacturing in the same geographic area,[6] shows that transit wages have risen from 95 percent of manufacturing earnings in 1960 and 114 percent of manufacturing earnings in 1975.

The comparison of bus operator wages with trucker wages and manufacturing earnings is shown in Table VIII-1 for the sample as a whole and separately for each of the 25 systems in the sample, for each year from

[5]This comparison was made because of the similarity of job requirements and the availability of historical July 1 wage data. The BLS union wage rate sample contains only 21 of the 25 sample cities and for this reason mean wage comparisons are only approximate. It is estimated that the net effect of the omitted data is to impose a slight upward bias to the reported mean wage. Data are from BLS Bulletin 1917, Union Wages and Hours: Local Truckdrivers and Helpers, July 1, 1975 and previous annual bulletins.

[6]As a part of the Current Population Survey, the Bureau of Labor Statistics collects a variety of information pertaining to employment structure and trends. Hourly earnings data for each of our sample cities are found in BLS Bulletin 1370-10, Employment and Earnings--States and Areas 1939-1974 and subsequent monthly issues of Employment and Earnings. A description of the collection, analysis, and limitationsof these data can be found in BLS Bulletin 1910, BLS Handbook of Methods, pp. 5-12, and 26-36. Comparisons with wage-rate data are of course only approximate since hourly earnings reflect premium pay for overtime work, shift differentials, and other pay supplements. Nevertheless, because the single most important determinant of the level of hourly earnings is the wage rate, it is felt that comparisons (and particularly trend comparisons) are meaningful.

1960 through 1975. Changes in the wage of the bus operator in the sample are deflated by changes in the CPI in order to show the change in the real wage over the 15-year period. The ratios of the bus operator rates to the weighted and unweighted BLS transit industry rates and the five traditionally high wage systems are also shown, as are the ratios of bus operators wages to trucker wages and manufacturing earnings in the same geographic areas as the 25 transit systems in the sample. In addition, Table VIII-1 indicates the year in which each system went public by underlining the data for that year. The absolute values from which Table VIII-1 data are derived are included in Appendix Tables VIII-1 and 2.

Figures in the table indicate clearly that transit wage increases had kept pace with increases gained by truckers in the same communities and had surpassed those made by workers in manufacturing. Closer inspection of these trends suggests that the gains relative to manufacturing occurred in the latter half of the 15-year period. If one hypothesizes that transit wage increases might lag behind manufacturing increases during the last years of private ownership and would tend to catch up when the systems became public and received substantial subsidies, the individual systems data in Table VIII-1 provide some supporting evidence. This possibility is examined in a more sophisticated fashion in Chapter X.

Examination of wage-rate changes in each system makes one aware of the many differences between the systems in the sample. For example, Cleveland wages have fallen from 94 percent of those paid in the five highly paid systems in 1960 to 81 percent in 1975. During this entire period, Cleveland had been a publicly owned system but it operated under a charter restriction that limited expenditures to the amount generated by fares. Thus the explanation for the decline is "situational,"

TABLE VIII-1, CONTINUED

		1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975
Atlanta	T	$2.09	2.17	2.26	2.34	2.42	2.48	2.63	2.74	2.84	3.16	3.40	3.66	3.97	4.36	5.32	5.74
	T/WTI	89	89	89	90	89	87	88	86	84	86	85	85	86	87	96	93
	T/UWTI	95	95	95	99	98	97	99	98	96	99	97	98	98	99	110	104
	T/5CT	85	84	83	83	82	81	82	80	77	77	75	74	75	79	83	80
	T/MFG	101	100	102	103	101	98	101	100	96	98	101	101	102	104	127	124
	T/TR	81	81	80	80	79	79	84	82	80	85	81	75	72	77	83	84
Baltimore	T	2.27	2.40	2.50	2.60	2.70	2.86	3.01	3.13	3.25	3.78	4.16	4.59	4.82	5.26	5.89	6.54
	T/WTI	96	96	98	99	99	100	101	98	96	103	104	106	104	105	106	106
	T/UWTI	103	105	106	110	110	112	113	112	110	118	119	122	120	121	121	119
	T/5CT	92	92	92	92	92	94	94	91	88	92	92	93	91	95	92	92
	T/MFG	95	97	98	100	100	104	105	106	104	113	118	122	118	120	123	125
	T/TR	95	96	96	95	93	95	96	94	92	101	99	93	88	87	92	94
Boston	T	2.54	2.70	2.79	2.91	3.01	3.11	3.34	3.55	3.89	4.22	4.62	5.02	5.45	5.54	6.42	7.20
	T/WTI	100	110	110	110	110	109	112	112	122	115	116	116	118	111	116	116
	T/UWTI	106	118	117	123	122	121	126	127	132	132	132	134	135	126	132	131
	T/5CT	95	104	103	104	103	102	106	105	106	104	102	102	104	100	100	101
	T/MFG	104	115	115	116	117	118	121	122	127	129	132	134	136	130	141	147
	T/TR	96	105	104	103	102	101	103	104	108	111	108	102	101	93	102	101
Buffalo	T	2.31	2.35	2.41	2.55	2.59	2.65	2.75	2.83	2.91	3.12	3.52	3.72	4.20	4.50	4.94	5.45
	T/WTI	98	96	95	97	95	93	92	89	86	85	88	86	91	90	89	88
	T/UWTI	105	103	102	108	105	104	103	101	99	98	101	99	104	103	102	99
	T/5CT	94	90	89	91	89	87	86	83	79	76	78	75	79	81	77	76
	T/MFG	86	85	85	87	86	85	86	86	83	84	90	87	91	90	91	92
	T/TR	87	84	82	83	81	79	79	75	73	74	78	69	75	81	76	79

TABLE VIII-1

ANNUAL TRANSIT WAGE COMPARISONS FOR SAMPLE SYSTEMS, 1960-1975

Top Transit Operators Wage Rate (Including Cost-of-Living Payments) Payable on July 1 (T),
Expressed as a Percentage of the Weighted Transit Industry Mean Wage (WTI),
the Unweighted Transit Industry Mean Wage (UWTI),
the Five City Transit Mean Wage (5CT),
the Sample City Unionized Manufacturing Hourly Earnings (MFG),
and the Sample City Unionized Truck Drivers Wage Rate (TR)

		OPERATORS WAGE AS A PERCENTAGE OF COMPARISON WAGE															
		1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975
Average of 24 Systems in Sample	T	$2.22	2.32	2.42	2.48	2.57	2.65	2.76	2.92	3.06	3.36	3.68	3.99	4.38	4.64	5.14	5.74
	In real wage	100	104	107	108	111	113	115	119	120	128	135	143	156	159	165	177
	T/WTI[a]	94	95	95	94	94	93	93	92	90	92	92	92	95	93	93	93
	T/UWTI[b]	101	101	102	105	105	104	104	105	104	105	105	106	108	106	106	104
	T/5CT[c]	90	89	89	88	88	87	86	85	83	82	81	81	83	84	80	80
	T/MFG[d]	95	96	96	96	96	96	97	98	97	100	103	105	108	107	111	114
	T/TR[e]	85	86	85	84	83	83	83	83	83	86	85	81	81	79	81	85
Albany	T	$2.14	2.18	2.22	2.22	2.30	2.37	2.45	2.53	2.66	2.85	3.46	3.40	3.71	3.92	4.47	4.98
	T/WTI	91	89	87	84	84	83	82	80	78	78	79	79	80	79	80	81
	T/UWTI	97	95	94	94	94	93	92	91	90	89	90	91	92	90	92	91
	T/5CT	87	84	82	79	79	78	77	74	72	70	70	75	75	71	70	70
	T/MFG	89	87	85	83	83	83	83	83	83	85	86	86	87	90	96	99
	T/TR	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

TABLE VIII-1, CONTINUED

		1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975
Denver	T	$2.14	2.20	2.32	2.40	2.50	2.58	2.65	2.88	3.00	3.23	3.57	4.13	4.43	4.87	5.32	5.78
	T/WTI	91	90	91	91	91	91	89	91	88	88	90	95	96	98	96	93
	T/UWTI	97	96	98	101	102	101	100	103	102	101	102	110	110	111	110	105
	T/5CT	87	85	86	85	85	84	83	84	81	79	79	84	84	88	83	81
	T/MFG	88	86	88	88	90	90	90	92	93	94	99	107	108	113	114	NA
	T/TR	89	89	88	88	88	86	83	86	86	88	89	91	92	90	90	91
Erie	T	2.15	2.24	2.31	2.35	2.39	2.45	2.54	2.62	2.70	2.85	3.05	3.21	3.42	3.64	4.01	4.38
	T/WTI	91	91	91	89	87	86	85	82	80	78	76	74	74	73	72	71
	T/UWTI	97	98	98	99	97	96	96	94	92	89	87	85	87	83	83	80
	T/5CT	88	86	85	84	82	80	79	77	73	70	67	65	65	66	63	61
	T/MFG	90	91	91	91	91	90	90	90	88	88	87	87	87	87	87	88
	T/TR	83	83	82	81	81	80	81	79	77	75	79	64	60	60	62	63
Huntington	T	1.72	1.75	1.78	1.84	1.90	1.95	2.00	2.05	2.10	2.15	2.20	2.37	NA	2.86	3.35	3.91
	T/WTI	73	71	70	70	69	68	67	65	62	59	55	55	NA	59	60	63
	T/UWTI	78	76	75	78	77	76	75	74	71	67	63	63	NA	65	69	71
	T/5CT	70	67	66	65	65	64	63	60	57	53	49	48	NA	51	52	55
	T/MFG	NA	NA	66	66	66	66	66	66	63	62	60	61	NA	63	68	71
	T/TR	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Los Angeles	T	2.37	2.45	2.72	2.75	2.87	2.91	2.95	3.25	3.40	3.75	4.00	4.20	4.58	5.21	5.32	6.25
	T/WTI	96	100	107	104	106	102	99	102	100	102	100	97	99	104	96	101
	T/UWTI	103	107	115	116	117	114	111	116	115	118	114	112	113	119	110	114
	T/5CT	92	92	100	98	98	95	92	95	92	92	88	85	87	94	83	88
	T/MFG	88	91	99	98	99	97	97	102	99	102	109	109	113	123	118	114
	T/TR	79	82	88	84	85	82	81	84	86	91	92	88	87	92	86	94

TABLE VIII-1, CONTINUED

		1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975
Charlotte	T	1.69	1.75	1.81	1.88	1.98	2.00	2.04	2.14	2.20	2.45	2.63	2.85	3.03	3.22	3.51	4.11
	T/WTI	72	71	71	71	72	70	69	67	65	67	66	66	66	65	63	66
	T/UWTI	77	76	76	79	81	78	77	77	75	77	75	76	75	73	72	75
	T/5CT	69	67	67	67	68	65	64	63	59	60	58	58	57	58	56	58
	T/MFG	101	102	103	103	107	105	101	101	97	101	106	103	103	107	107	119
	T/TR	66	66	66	67	67	66	65	61	60	63	60	57	NA	61	61	74
Chicago	T	2.61	2.67	2.76	2.86	2.98	3.09	3.23	3.41	3.70	4.10	4.55	4.95	5.29	5.63	6.54	7.13
	T/WTI	110	109	109	108	109	108	108	107	109	112	114	114	115	113	118	115
	T/UWTI	118	117	117	121	121	121	121	122	125	129	130	132	131	128	130	130
	T/5CT	106	102	102	102	102	101	101	94	100	100	100	100	100	102	102	100
	T/MFG	105	105	105	106	106	108	108	110	113	117	123	125	124	124	133	132
	T/TR	94	93	93	93	93	95	95	94	98	103	104	101	98	92	99	100
Cleveland	T	2.40	2.42	2.49	2.63	2.81	2.91	2.98	3.26	3.38	3.57	3.65	4.05	4.47	4.85	5.29	5.75
	T/WTI	98	99	98	100	103	102	100	103	99	97	92	94	97	97	95	93
	T/UWTI	105	106	105	111	114	114	112	117	115	112	104	108	111	111	109	105
	T/5CT	94	93	92	93	96	95	93	95	91	87	80	82	85	87	82	81
	T/MFG	87	89	88	91	95	95	94	101	97	96	95	97	99	100	101	101
	T/TR	83	85	84	86	89	90	89	90	89	90	83	81	82	81	83	84
Dallas	T	2.10	2.15	2.22	2.28	2.36	2.43	2.50	2.60	2.75	2.95	3.32	3.66	3.92	4.10	4.27	4.78
	T/WTI	90	88	87	86	86	85	84	82	81	80	83	85	85	82	77	77
	T/UWTI	95	94	96	100	96	95	98	93	93	93	95	98	97	93	88	87
	T/5CT	85	83	82	81	81	79	78	76	74	72	73	74	74	74	67	67
	T/MFG	107	106	106	109	108	106	105	103	100	102	110	117	120	118	112	111
	T/TR	82	80	78	76	76	76	76	73	75	76	66	66	61	66	65	68

TABLE VIII-1, CONTINUED

		1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975
Minneapolis	T	$2.56	2.61	2.66	2.73	2.84	2.88	2.98	3.05	3.28	3.49	3.89	4.20	4.49	5.00	5.62	6.04
	T/WTI	109	107	105	103	104	101	100	96	97	95	98	97	97	100	101	98
	T/UWTI	116	114	112	115	115	113	112	109	111	109	111	112	111	114	116	110
	T/5CT	104	98	98	97	97	94	93	89	86	85	86	85	85	90	88	85
	T/MFG	105	102	101	101	102	100	101	98	100	100	105	104	104	111	114	112
	T/TR	95	93	90	89	89	87	86	84	85	88	74	81	79	83	86	89
Oakland	T	2.40	2.55	2.69	2.81	2.91	3.16	3.31	3.51	3.71	3.99	4.50	4.93	5.20	5.54	6.85	7.22
	T/WTI	102	104	106	106	106	111	111	110	109	109	113	114	113	111	123	117
	T/UWTI	109	111	114	119	118	123	124	126	126	125	129	131	129	126	141	131
	T/5CT	97	98	99	96	99	104	104	103	100	97	99	100	98	100	109	102
	T/MFG	86	88	90	90	91	96	97	98	98	99	106	107	106	106	122	146
	T/TR	77	79	80	81	81	86	87	88	88	89	92	94	86	85	101	98
Omaha	T	2.20	2.24	2.28	2.32	2.37	2.43	2.51	2.76	2.86	3.01	3.21	3.56	3.86	4.26	4.41	4.51
	T/WTI	93	91	90	88	87	85	84	87	84	82	81	82	84	85	80	73
	T/UWTI	100	98	96	98	96	95	94	99	97	94	92	95	96	97	91	82
	T/5CT	90	86	84	82	81	79	79	81	77	74	71	72	73	77	69	63
	T/MFG	98	95	95	92	91	93	94	90	98	98	96	100	101	105	100	91
	T/TR	86	88	82	81	80	79	79	81	79	78	74	72	71	71	69	66
Philadelphia	T	2.31	2.43	2.55	2.65	2.75	2.85	2.96	3.11	3.26	3.66	3.81	4.28	4.43	4.98	5.13	5.88
	T/WTI	98	99	100	100	100	100	99	98	96	100	96	99	96	103	92	95
	T/UWTI	105	106	108	112	112	111	111	112	111	115	109	114	110	113	106	107
	T/5CT	94	94	94	94	94	93	93	91	88	90	84	87	84	90	80	82
	T/MFG	97	99	102	103	103	104	103	104	104	109	108	113	109	116	112	116
	T/TR	90	92	93	90	90	90	91	90	90	94	89	95	80	85	86	84

TABLE VIII-1, CONTINUED

		1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975
Madison	T	$1.86	2.10	2.19	2.24	2.34	2.38	2.48	2.68	2.93	3.01	3.88	4.01	4.21	4.49	4.86	5.20
	T/WTI	79	86	86	84	85	84	83	84	86	82	97	93	91	90	88	84
	T/UWTI	84	92	92	95	95	93	93	96	99	94	111	107	104	102	100	93
	T/5CT	76	81	81	80	80	78	78	78	79	74	85	81	80	81	76	73
	T/MFG	NA	84	83	82	83	82	82	81	86	82	95	92	96	94	93	90
	T/TR	NA	NA	NA	79	80	78	78	78	80	75	82	82	77	74	76	81
Memphis	T	2.12	2.19	2.25	2.33	2.41	2.50	2.59	2.67	2.77	3.12	3.32	3.42	3.99	4.32	4.98	5.74
	T/WTI	90	89	89	88	88	88	87	84	82	85	83	80	86	87	90	93
	T/UWTI	96	96	95	98	98	98	97	96	94	98	95	91	99	98	103	104
	T/5CT	86	84	83	83	82	82	81	78	75	76	73	69	75	78	78	80
	T/MFG	105	105	103	105	106	107	107	106	102	110	110	104	111	111	117	124
	T/TR	86	81	82	82	82	81	82	78	77	81	77	68	73	76	78	89
Miami	T	2.24	2.25	2.25	2.25	2.25	2.30	2.30	2.65	3.02	3.02	3.42	3.88	4.29	4.68	4.95	5.61
	T/WTI	95	92	87	85	82	81	77	83	89	82	86	90	93	94	89	91
	T/UWTI	101	98	95	95	92	90	87	95	102	95	98	103	106	107	102	102
	T/5CT	91	87	83	80	77	75	72	77	82	74	75	79	81	84	77	79
	T/MFG	120	117	113	112	110	110	107	118	125	116	122	134	138	151	140	153
	T/TR	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Milwaukee	T	2.48	2.53	2.66	2.74	2.83	2.90	3.05	3.24	3.43	3.69	4.02	4.33	4.67	4.92	5.49	6.02
	T/WTI	105	103	105	104	103	102	102	102	101	101	101	100	101	99	99	97
	T/UWTI	112	111	112	116	115	113	115	116	116	116	115	115	116	112	113	109
	T/5CT	101	97	98	97	97	95	95	95	93	90	89	88	88	89	86	84
	T/MFG	94	94	96	96	96	95	96	99	99	100	103	104	104	101	105	105
	T/TR	95	93	90	89	89	87	86	84	85	88	88	85	82	79	83	85

operators' top base rate (T) by the average union hourly wage rate of local transit operators as estimated by the BLS weighted sample of transit properties (WTI). Industry data are from BLS Bulletin 1903, Union Wages and Hours: Local Transit Operating Employees, July 1, 1975, and previous annual bulletins. Annual comparisons are only approximate since weighting factors used in formulating the industry mean may vary to some extent from year to year.

[b]Transit wage as a percentage of the unweighted BLS transit sample mean wage as calculated by dividing the bus operators' top base rate (T) by the raw average of the union hourly wage rate of local transit operators in the BLS transit sample (UWTI). Year-to-year comparisons are only approximate due to minor changes in sample composition in 1963, 1965, and 1969. Because of a major revision in the BLS sample of properties in 1976, data for that year are not comparable to those of previous years.

[c]Transit wage (T) as a percentage of the average of top hourly rates at five traditionally high-wage systems (5CT). This sample consists of the major transit properties in Boston, Chicago, New York, Oakland, and San Diego. Percentages for cities that are included in the 5CT sample are based on comparisons with the remaining four cities in this sample.

[d]Transit wage (T) as a percentage of the gross hourly earnings for manufacturing employees in the sample city (MFG). Data are from BLS Bulletin 1370-10, Employment and Earnings—States and Areas, 1939-1974 and monthly issues of Employment and Earnings.

[e]Transit wage (T) as a percentage of the average wage rate for unionized local truck drivers (TR). Data are from BLS Bulletin 1917, Union Wages and Hours: Local Truckdrivers and Helpers, July 1, 1975, and previous annual bulletins. Data are not available for four sample cities: Albany, Huntington, Miami and Tacoma.

[f]The underscored figures indicate the first July 1 comparisons involving transit wage rates negotiated subsequent to public acquisition of the system. Because successor public systems are frequently subject to existing labor agreements, the first comparison using a wage rate negotiated by the public employer may be one or more years after acquisition. The 1960 figures are underscored where wages have been negotiated with a public employer during the entire period, including those cases where public acquisition occurred prior to 1960.

		1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975
Providence	T	$2.12	2.15	2.26	2.40	2.45	2.48	2.60	2.70	2.80	3.03	3.27	3.47	3.86	4.20	4.56	5.00
	T/WTI	90	88	89	91	89	87	87	85	82	83	82	80	84	84	82	81
	T/UWTI	96	94	95	101	100	97	98	97	95	95	93	92	96	96	94	91
	T/5CT	86	83	83	85	84	81	81	79	76	74	72	70	73	76	71	70
	T/MFG	113	113	114	117	116	114	114	113	109	112	114	115	122	125	126	131
	T/TR	87	85	85	86	82	79	79	78	77	78	76	70	70	69	70	72
San Diego	T	2.47	2.52	2.61	2.70	2.80	2.83	2.88	3.04	3.42	3.97	4.54	4.88	5.28	5.53	6.06	7.41
	T/WTI	105	103	103	102	102	98	97	96	101	108	114	113	114	111	109	120
	T/UWTI	112	110	110	114	114	111	108	109	116	125	130	130	131	126	125	135
	T/5CT	101	96	95	95	95	91	88	86	91	97	100	98	100	99	93	105
	T/MFG	91	89	88	88	89	87	85	85	92	102	110	115	120	120	128	146
	T/TR	NA	NA	81	84	78	76	74	76	82	90	96	97	98	95	95	105
Tacoma	T	2.24	2.40	2.54	2.54	2.68	2.78	2.95	3.13	3.45	3.73	4.01	4.33	4.49	4.74	5.07	6.05
	T/WTI	95	98	100	96	98	98	99	98	102	101	101	100	97	95	91	98
	T/UWTI	101	105	107	107	109	109	111	112	117	117	115	115	111	108	104	110
	T/5CT	91	92	94	90	92	91	92	91	93	91	88	88	85	85	79	85
	T/MFG	87	90	92	89	90	91	93	95	98	99	100	101	97	97	95	105
	T/TR	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Washington	T	2.46	2.50	2.65	2.78	2.90	3.01	3.25	3.37	3.73	4.16	4.37	4.67	4.99	5.39	5.96	6.90
	T/WTI	104	102	104	105	106	106	109	106	110	113	110	108	108	108	107	117
	T/UWTI	111	109	112	117	118	118	122	121	126	130	125	124	123	123	123	125
	T/5CT	100	96	98	99	99	98	101	98	101	102	96	94	94	95	93	94
	T/MFG	99	98	101	102	105	107	110	110	114	118	117	112	110	112	115	125
	T/TR	111	109	113	114	115	114	118	115	120	125	120	116	118	117	113	115

[a]Transit wage as a percentage of the transit industry mean wage, calculated by dividing the bus

TABLE VIII-1, CONTINUED

[g]For 1974 and 1975 manufacturing earnings were not available for Chicago. Therefore manufacturing earnings for Illinois were used in calculating T/MFG for 1974-1975, probably creating a slight upward bias in the index.

as is the explanation for many of the existing variations.

Another example of a situational factor is found in the Dallas transit wage trends. There, contrary to most other systems, going public has meant loss of statutory bargaining rights, and Dallas transit wages have fallen relative to Dallas trucking wages. Even though Dallas transit wage increases have not kept pace with trucker increases, transit increases have exceeded wage increases in manufacturing in the area. In Chicago, on the other hand, transit wage increases have exceeded both trucker increases and increases in manufacturing.

Finally, it should be noted that the wage dispersion among systems was large in 1960 and became even larger by 1975. In 1960, the range in wages in the sample systems ran from $1.69 in Charlotte to $2.61 in Chicago; in 1975 it varied from $3.91 in Huntington to $7.41 in San Diego. The magnitude of wage gains over the 1960 to 1975 period ran from a low of 104 percent (a real gain of 22 percent) in Erie to 196 percent (a real gain of 114 percent) in San Diego. The largest single annual wage boost, 29 percent, was received by Madison bus operators in 1970.

Cost-of-Living Provisions

The inflation of the past ten years has made the presence or absence of a cost-of-living clause a significant factor in bargaining. Also, the type of clause and the degree of protection it provides has become a key issue in transit bargaining. In 1976, 21 of the 25 sample labor agreements included automatic cost-of-living escalator clauses. Most of these clauses were first negotiated in the 1960s and have been modified one or more times subsequently.

In 1960 only four of the 25 sample system contracts provided for

automatic adjustment of wage rates based on increases in the cost of living. Two of these specified full percentage protection (a percentage wage increase equal to the percentage increase in the cost of living), while the two remaining clauses provided one cent adjustments for 1.0 and .6 increases in the CPI. Sixteen years later, 21 of the 25 contracts examined were found to include escalator provisions. The particulars of such plans vary widely: five provide full percentage protection, two call for one cent increments for each .35 change, and three provide one cent for a .6 rise in the CPI. These plans also vary by the frequency of wage adjustment (e.g., one payment only, annual, semiannual, or quarterly) and in some cases by special conditions such as wage offsets and minimum or maximum payments.

The importance of the type of cost-of-living clause can be appreciated by looking in Table VIII-1 at the wage levels and the wage increases in the five cities in which the contract calls for percent wage increases equal to the percent increases in the CPI. These cities are Chicago, Boston, Oakland, San Diego, and Washington. Average wage rates in these cities in 1976 were $7.68/hour as compared to $6.07 in the other 20 systems. In 1960, average hourly wage rates in these five cities were $2.50 compared to $2.18 in the other 20 systems. Wage rates rose by $5.18 (307 percent) in the five cities as compared to $3.89 (278 percent) in the other 20 cities.

The evolution of cost-of-living protection in the sample system contracts has been dramatic, exceeding the development of these provisions in other industries. Eighty-four percent of the sample system contracts contained cost-of-living excalator clauses in 1976, as compared to only 38 percent of the 1550 major labor agreements examined by the BLS in

1974.[7] Furthermore, the presence of full percentage protection in a number of agreements in the transit industry is somewhat unique.

Holidays and Vacation

Although the formal observance of holidays has a long history, holiday pay for blue-collar workers first became important in the post-World War II period. By 1960, the mean number of paid holidays in the 19 of 25 systems which provided paid holidays was 6.3; the most common provision called for six days. These figures can be compared to BLS interindustry data in 1961 which showed that seven was the mean and modal number of holidays in major union contracts in private industry generally.[8]

In 1976 all of the sample transit systems provided for paid holidays. The number of paid holidays ranged from six to 12 and averaged 8.7 days. The modal number of holidays was eight. The BLS interindustry sample of contracts involving 1000 or more employees shows a mean of 9.4 holidays and a mode of nine.[9] It appears that holidays are slightly less

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[7] BLS Bulletin 1888, Characteristics of Major Collective Bargaining Agreements, July 1, 1974, p. 40.

[8] Paid Leave Provisions in Major Contracts, 1961, BLS Bulletin 1342 (Washington: U.S. Government Printing Office, 1962), p. 9. The reported mean is estimated from data presented in this document.

[9] "Characteristics of Major Collective Bargaining Agreements, July 1, 1974," BLS Bulletin 1888 (Washington: U.S. Department of Labor, Bureau of Labor Statistics, 1975), p. 60. The reported mean number of vacation days is estimated from information presented in Table 5.6 of this document. Because the calculated mean is based on 1974 data, it is likely that the comparison with 1976 transit data understates the present difference between the two.

extensive in the transit industry than in industry generally. Transit industry holiday provisions also were less generous than those specified in a sample of labor agreements covering state and county employees.[10]

On the other hand, vacation provisions in transit seem somewhat better than those to which employees in other industries are entitled. In 21 of 25 contracts, long-service employees are eligible for vacations of five or more weeks. These maximums exceed those reported in the BLS survey of vacation practices in major contracts,[11] and also are superior to those reported by the BLS in its survey of state and county labor agreements.[12]

Service requirements for vacations vary widely among contracts. As compared to the 23 of 25 (92 percent) sample transit agreements which specify two or more weeks after two years, only 59 percent of the BLS in interindustry sample agreements provide such a vacation entitlement.[13] Eligibility for a third week of vacation in transit ranges from three to

[10]"Collective Bargaining Agreements for State and County Government Employees," BLS Bulletin 1920 (Washington: U.S. Department of Labor, Bureau of Labor Statistics, 1976), p. 49. Of 199 agreements which had holiday provisions, more than 75 percent provided nine or more days. This compares with 13 of 25 (52 percent) of sample transit agreements.

[11]"Characteristics of Major Collective Bargaining Agreements, July 1, 1974," p. 57. Of the agreements surveyed, 54 percent specified five or more weeks of vacation. The difference observed between this figure and 84 percent of transit agreements providing five or more weeks is somewhat exaggerated by the fact that the BLS data are based on contracts in effect on July 1, 1974.

[12]"Collective Bargaining Agreements for State and County Government Employees," p. 47. Most of the 199 contracts included in this sample provided for a maximum vacation entitlement of four weeks.

[13]Calculated from data presented in "Characteristics of Major Collective Bargaining Agreements, July 1, 1974," p. 58.

ten years of service, with 64 percent of our sample agreements providing three weeks of vacation after five years as compared with only 18 percent of the contracts in the BLS interindustry sample.[14] Service requirements for the fourth and subsequent weeks of vacation are more widely varied, but in general are significantly lower than those reported in the BLS interindustry survey.

While holiday and vacation provisions are not necessarily representative of the full range of economic supplements found in labor agreements, the findings reported here suggest that the level of economic supplements in the transit industry will not differ greatly from the level found in large unionized plants throughout industry. In some instances, such as holidays, transit may lag slightly; in others, such as vacations, transit may lead.

Summary and Conclusion

There is a considerable range of wage rates among the sample transit systems varying from a low in 1975 of $3.91 (Huntington) to a high of $7.41 (San Diego). This is somewhat surprising, given the emphasis that management and union spokesmen place on intraindustry comparisons. A possible explanation for the dispersion is that wage rates in different localities are influenced by patterns set by unionized truckers and other strong unions in different localities as well as by settlements within transit.

An assessment of the rate of increase of transit wage rates shows that transit rates, which were about 15 percent below trucker rates in

[14]Ibid.

1960, have kept pace with trucker rates during the 1960-1975 year period and have maintained their relative position. Compared to earnings in manufacturing generally, however, transit wages have moved up from 95 percent of the average to 114 percent of manufacturing earnings. Like other unions in strongly organized industries, the ATU and other transit unions have raised real wages considerably more than has been the case in industry generally.

An important factor in the ability of the ATU to maintain and increase real wages, particularly during a period of relatively rapid inflation, has been the prevalence of cost-of-living wage escalator clauses in the transit industry. Not only are they about twice as common in transit as in other industries, but some transit cost-of-living clauses call for percent increases in wages equal to the percent by which the cost of living increases. This type of formula provides greater wage protection than is found in the usual clause in other union contracts.

Finally, it should be noted that the real wage gains of transit workers between 1970 and 1976 were considerably greater than in the 1960 to 1969 period. This may arise in part from the spread of cost-of-living clauses at a time when inflation accelerated, but it also coincides with the period when systems went public and started receiving substantial subsidies. The relative influence of each of these last two factors is considered in some detail in Chapter X. At this point, it should be noted only that transit wage rates increased equally with those in industries where unions were strongly entrenched and that it might not have been possible to make these gains without reliance on other than fare-box receipts. The restriction on wage gains occasioned

by the charter restriction in Cleveland limiting expenditures to fare-box income illustrates this possibility.

Although only a very limited inquiry was made into two economic supplements, it appears that transit industry fringes are similar to those in other industries if holidays and vacations can be taken as reliable proxies for the total fringe package. Transit holidays seem slightly inferior to holidays generally in industry, but transit vacation plans are superior. Before definite conclusions can be drawn about the size of transit fringes relative to those in other industries, data about insurance and pension plans must be analyzed. This task, however, was beyond the scope of this exploratory study.

IX. RESULTS OF BARGAINING: PAY AND HOURS GUARANTEES, LIMITATIONS, PREMIUMS AND PENALITIES

Transit industry labor agreements contain atypical provisions necessitated by the daily and weekly flunctuations in demand for transit services. Demand peaks in the early-morning and the late-afternoon on weekdays when local transit is used by many people in the area as a means of getting to and from work. Bus operators are needed, therefore, in far greater numbers at these peak hours than during off hours, and this in turn leads to split-shift arrangements and a variety of schedules and pay arrangements to compensate for working eight hours over a 10 to 12-hour period. An additional problem arises from the seven-day work schedule and the need to provide minimum service very early in both the morning and late evening hours. In this chapter, the bargaining arrangements to cope with these problems are examined.

Work Scheduling

Since the demand for transit services is closely linked to the early morning and late afternoon hours of most work-related commuter travel, the need to concentrate service at daytime extremes has made the split-shift or divided workday commonplace in transit.

According to management representatives, the elapsed time between the beginning of the morning peak service period and the end of the evening peak period may total 12 or more hours. At the same time, midday service demands are typically 50 percent or less of peak demands. It is argued that in this situation, the continuous eight-hour day is

feasible for only a portion of the workforce.

The difficulty of arranging all required segments or "pieces" of work into regular workdays and the need to cover all scheduled service has been responsible for designating a portion of the workforce as a labor pool (known as the "extra-board") which is called upon to fill in any gaps remaining in day-to-day scheduling. The resulting pattern of job assignments typically includes trips of three types: the straight-run, the split-run, and the tripper.

In most contracts a run is defined as any combination of scheduled pieces which constitute a full day's work. A straight run is any run which provides an uninterrupted period of pay. Except for the possibility of unpaid meal breaks, the operator remains on duty continuously for a period of eight or more hours. The split-run is also a regular day's work, but includes one or more unpaid breaks or periods of time when the operator is not on duty. Depending on the number of identifiable work segments, the split may also be referred to as a two-piece or three-piece run. A tripper is a short piece of work, usually included in the operating schedule, which is not a part of a straight or split run. Trippers may be performed by extra-board employees or by regular operators as overtime assignments.

Prior to the negotiation of contractual restrictions, the number of times an employee was required to report for work in a 24-hour period, the elapsed or "spread" time between the first report and the termination of the final piece of work, and other details of scheduling were determined unilaterally by management. Emerson Schmidt pointed out in 1937 that this frequently resulted in disjointed and otherwise unappealing work assignments:

> Before the platform men acquired control over schedules, many companies concerned themselves only slightly about the total time the men had to be on duty or available for duty. Thus a man might be required to perform services for the company three or four times within eighteen or twenty hours, each period of service lasting only two or three hours.[1]

A related problem, particularly acute for the extra-board driver, was the absence of assurances of the amount of work which would ultimately be assigned.

Union and management representatives interviewed during the course of this study stated that employees had been subject to scheduling abuses in the past and that it was understandable that contractual protection was negotiated. Although the legitimacy of these general objectives is widely accepted, the details and extensiveness of such contract provisions continue to be hotly disputed. Transit labor agreements in effect in 1976 incorporate a wide range of scheduling requirements, financial penalties for assigned work in excess of detailed standards, as well as absolute limitations on required hours and other aspects of work assignments. Although the terminology is not universal, these provisions are frequently referred to as contract-specified work rules. Contractual assurances of minimum hours of work and earnings are also common. Details of the more important provisions are discussed in the following sections of this chapter.

Split-Shift Limitation: The most direct approach to limiting the

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[1] Emerson Schmidt, Industrial Relations in Urban Transportation (Minneapolis: University of Minnesota Press, 1937), p. 239.

total span of the workday found in more than half of the sample contracts is the specification of a maximum permissible spread-time. In 1976, 14 of the 25 sample contract contained hours limitations with a mean maximum spread-time of 12.6 hours. The 1960 data show that 10 contracts specified maximum spread hours averaging 12.8 hours. While three of the provisions present in 1960 were modified subsequently and four additional maximum-hour clauses introduced, no changes were made in the remaining 19 contracts. The most frequently specified maximum spread-time in both 1960 and 1976 was 13 hours. Where changes have occurred they have been spread throughout the 16-year period and bear no apparent relationship to public ownership. In fact, most changes in maximum-hour provisions were negotiated while systems were privately held.

In addition to setting bounds on the time between the start and finish of all split-runs, a number of contracts also enumerate additional spread-time restrictions. As an example, the contract between the Buffalo system and Division 1342 of the Amalgamated Transit Union specifies that in addition to a 12-hour limit on split-runs, "The Company shall continue to schedule on a weekly basis at least twenty-five percent (25%) of the swing runs [split-runs] at each station to be completed within not to exceed ten and one-half (10 1/2) consecutive hours, except that. . .the Company may include one eleven and one-half (11 1/2) hour weekday swing in such weekly runs."

A more prevalent approach to spread-time restriction is found in the use of penalty-pay provisions. These are found in almost all labor agreements in both 1960 and 1976 and provide for the payment of wage premiums for all spread hours in excess of a designated standard. Twenty-four of 25 sample contracts contained such provisions applying to

regular operators in 1976, while 22 of 24 sample contracts for which data are available included similar provisions in 1960. Most clauses call for compensation at 150 percent of the normal rate of pay when the spread penalty is in effect. Spread-penalty provisions are somewhat less common for extra-board drivers. Eighteen of 25 agreements provided for spread penalty payments for extra-board drivers.

The mean spread-time at which premium rates become effective has declined slightly, from 11.0 hours in 1960 to 10.8 hours in 1976. Seventy-nine percent of these provisions become effective in 11 or fewer hours as compared with 68 percent in 1960, and 10 hours has replaced 11 hours as the most commonly required elapsed time to qualify for premium pay.

Changes have not been frequent or pervasive. The basic attributes of 14 spread-penalty provisions have not changed since 1960, and where modifications have been made, they usually involved a reduction of one-half hour or less and in no case did the reduction exceed one hour. A similar pattern was observed with spread-penalty provisions for extra-board operators. In addition, as was the case with changes in the maximum permissible spread-time, negotiated changes were scattered throughout the period and do not exhibit any obvious relationship to public acquisition or ownership.

The final category of provisions directed at the regulation of split-shifts specifies that only a limited proportion of scheduled runs can involve split-shifts. Limitations of this type are found in 22 of 25 recent labor agreements. Most of these provisions are defined in terms of the percentage of scheduled daily runs which must be completed in eight continuous hours. Very often the limitation on split-

shifts on the weekend is more restrictive than during the week. Minimum requirements for straight runs completed in eight hours range from 35 percent to 80 percent and average approximately 60 percent.

Current data reflect only minor modifications of the provisions contained in 1960 contracts. Straight-run requirements found in 21 of 24 1960 contracts averaged 55 percent and ranged from 25 to 80 percent. In 15 of 24 agreements for which data are available, the percentage requirements have been static for at least 16 years. Where changes have occurred they usually have involved increases of approximately five percentage points. Consistent with the findings reported elsewhere in this section, public ownership apparently has not had an impact on the content of these clauses.

Finally, it should be pointed out that many contracts also affect split-shift assignments by imposing limitations on three-piece runs. In some cases, split-runs having more than one unpaid break between pieces of work have been prohibited or limited to a fixed proportion of scheduled runs.[2] Similarly, a number of agreements provide that where the intervening time period between pieces of work is short, it will be considered to be time worked.[3]

Employment Guarantees: Aside from gaining restrictions on the hours

[2]A provision of this type is contained in the agreement between Milwaukee Transport Services, Inc., and Division 998 of the Amalgamated Transit Union: "The shortest off-time breaks between parts of regular three-piece runs shall be paid to transform such runs into two-piece runs."

[3]This type of provision is illustrated by a clause found in the agreement between the San Diego Transit System and Division 1309 of the Amalgamated Transit Union: "A split of one hour or less in a regular run shall be computed and paid as continuous time worked. . . ."

of work, transit unions have dealt with irregularities in the employment relationship by negotiating a series of provisions assuring employees of minimum hours or earnings. This need for contractual guarantees of employment stability is particularly acute for extra-board operators whoe assignments are often unpredictable.

Daily and weekly or biweekly guarantees are found in most labor agreements. While provisions applicable to both regular and extra operators are common, regular employees are more often covered by daily guarantees than are extra-board operators. Regular operators under 21 of 25 contracts are guaranteed eight hours of work, five days per week. In lieu of daily guarantees, the four remaining contracts assure regular operators of 40, 42, and 44 weekly work hours and 80 hours biweekly.

Employers have been reluctant to grant full daily guarantees to extra-board emoloyees because of the associated loss of flexibility in workforce assignments. As a result, less than one-third of the contracts surveyed provide eight-hour guarantees for extra-board operators. Four other agreements detail daily guarantees of less than eight hours, while 12 specify only weekly guarantees, and one contract contains no provision. In 14 of 25 cases, the extra-board employment guarantees present in current contracts are in excess of 1960 standards. In most instances these negotiated changes have been achieved gradually throughout the 16-year study period.

Another aspect of the transit operator's job for which minimum standards have been established is the mandatory "show-up" or report. Minimum pay hours for each required report to work are specified in 19 of 25 contracts. The major beneficiaries of this type of provision are extra-board operators, particularly those not covered by daily guar-

antees. In contrast to other guarantees directed at income stability, the goal of the reporting-pay provision is primarily to limit inconveniences arising from poor scheduling. Like call-in pay in other industries, it is compensation for reporting even if no work is assigned. Reporting gurantees at the sample systems range from one to six hours, with two hours being the most common minimum payment.

Special Pay Provisions: Most labor agreements contain a variety of additional pay provisions which are derivative of the specific requirements of the operator's job. These provisions are for the most part intended to provide compensation for the full time spent performing required functions and for certain inconveniences arising from scheduling. Although these provisions tend to be less costly than spread-time restrictions and employment guarantees, they do result in sizable annual expenditures. Three provisions, illustrative of different types of special pay provisions have been selected for discussion: "pull-out" and "turn-in" pay, premium pay for night or "owl" runs, and payment for "trippers." Other special pay provisions found in most labor agreements pertain to travel or "deadheading" time, hours spent instructing new employees, accident reports and court appearances, and work on days off or holidays.

"Pull-out" and "turn-in" allowances are meant to assure that employees are compensated for all required components of job assignments. Though not included in the calculation of run times, some minutes must be spent by drivers at the start of each run preparing their vehicles. Similarly, at the completion of a piece of work buses must either be garaged or transferred to other employees. Historically "turn-in"

also included an accounting of fare receipts, a task made absolete at most systems by exact-fare policies. All of the sample contracts incorporate allowances of a number of minutes of pay time for "pull-outs," "turn-ins," or both. Total daily allowances average 14 minutes and range from 10 to 30 minutes. While the range of these allowances has remained constant since 1960, the mean allowance time in 1976 is almost three minutes less than that paid in 1960. This is attributable to the reduction or elimination of "turn-in" payments as exact-fare policies reduced the administrative time required of operators at the completion of a run.

Another provision involving "trippers" (short, usually unscheduled pieces of work) is intended to impose costs on employers who require operators to work extra hours. When driven by regular operators, "trippers" usually supplement assigned runs and therefore compensated at the overtime rate. An operator accepting a "tripper" is also guaranteed that for pay purposes extra work will be of a minimum length under provisions found in 17 of 25 contracts. The most common minimum guarantee is two hours of pay regardless of the actual duration of the extra assignment. Regulations may also govern the elapsed time between a tripper and a scheduled run preceding or following it.

Night differentials fall into a category of provisions designed to penalize employers for calling upon operators to work undesirable or unscheduled hours. Most systems operate during night and weekend periods, though less frequently than daily midweek levels. This continuity of service means that a segment of the transit labor force is assigned to regular shifts which include night and weekend hours. While supplemental pay for Saturday or Sunday work when part of a regularly

scheduled week is rare, many contracts do provide a wage differential to compensate the employee for the inconvenience and disruptive aspects of night work.

Presently employees at nine of 25 sample systems receive pay increments for specified evening and night hours. Hourly supplements for night work average 17 cents and range from four to approximately 40 cents. The majority of individual provisions specify a fixed cents-per-hour differential, the highest being 15 cents. Other clauses call for hourly percentage differentials or shift differentials of a fixed amount.

Transit differs from many industries in that it is not covered by the federal Fair Labor Standards Act. Overtime premiums, therefore, are a matter of contract, not of law. Twenty-four of the 25 sample contracts contain provisions for daily and/or weekly overtime pay. Where no weekly standards are specified, daily overtime when combined with guarantees of a five-day workweek and overtime pay for work on scheduled days off in many cases yields an effective weekly overtime requirement for work in excess of 40 hours. These provisions calling for time and one-half payments are generally applied equally to both regular and extra employees.

Wage-Rate Spreads and Progression: It was earlier explained that the use of maximum base rate comparisons was appropriate because most transit operators eventually get to the top of the range and are compensated at this rate. However, the time taken to reach the top rate is a matter of some significance and is one area in which management has been able to win concessions from the union to offset the cost of

improving other wage and hour guarantees.

Most of the 1976 contracts provide for one to four wage increments in order to bring the employee to the maximum base rate in a 12 to 24 month period. In 14 of the 25 contracts examined, the service months currently necessary to reach the top base rate exceed the 1960 requirement. In 1976, only 11 provisions moved employees to the top rate in a year or less in contrast to 20 such provisions in 1960. Similarly, 10 contracts detailed wage progressions of 24 months or longer in 1976 as compared to only one in 1960. While a number of these contract modifications occurred during the 1960s, it is interesting to note that the changes in the majority of cases appeared in contracts negotiated subsequent to 1971. These findings represent a significant departure from the status of wage progression provisions in effect in 1960.

Not only has there been an increase in the time it takes a new employee to get to the top rate, but there has also been an increase in the differential between the starting and top rate in 1976 was 68 cents or approximately 11 percent of the mean top wage at the sample systems. In 1960, however, the average difference between the starting wage and the top base rate was only 9 cents or approximately 4 percent of the mean top wage among the sample systems. It appears, therefore, that the unions have been willing to accept longer wage progression and wider wage ranges as a means of offsetting the costs of other wage guarantees which they value more highly.

Conclusions

The impact of the guarantees, penalties, and conditions of payment outlined in the previous pages is difficult to assess for several

reasons. First, comparisons with contracts governing nontransit employment relationships are tenuous because many of the provisions discussed here are unique to transit either in form or application. Second, intercontract comparisons of provisions by dominant attrubutes introduces the possibility of distortion or misrepresentation of the facts since other language relevant to interpretation or application is frequently omitted. Moreover, transit labor agreements are situation specific and provisions will therefore reflect the conditions in a particular environment.

Also, the impact of provisions found in individual contracts can only be ascertained by a thorough analysis of the distribution of work requirements throughout the day and week. Intersystem contract comparisons can be misleading. For example, the dollar cost of a given spread-time penalty provision will vary between systems because of differences in the number and average length of split-runs.

Union officials are vociferous in their defense of these contractual protections and the propriety of seeking future improvements which will provide additional regularity to the transit operator's job. The justification is offered that guarantees and related provisions are not "just a way to make another buck," but necessary to limit excessive demands on the operator's time and to prevent losses of income caused by variations in the demand for bus service. While union representatives are aware of cost and scheduling implications, they argue that the impersonal concept of cost efficiency must be balanced against the quality of the transit employee's life. Neither the costs attributable to these provisions nor restrictions on management's ability to assign work are viewed by them as unreasonable in light of the working conditions facing vehicle operators.

In contrast to the arguments advanced by unions, managers tend to assess regulatory provisions from the perspectives of cost and implications for the direction of the labor force. There is no doubt that these provisions have resulted in diminished managerial discretion and considerable additional labor costs. Yet despite frequent references to "nonproductive pay hours" and "system inefficiencies," management respondents have for the most part come to accept these provisions as inevitable by-products of the nature of transit work.

The provisions found in today's labor agreements are the product of more than a half-century of negotiations between union and management. Changes since 1960 for the most part have been gradual and have involved incremental improvements. There is no evidence that either public acquisition or general economic conditions have had a demonstrable effect on this aspect of contract negotiations.

X. LABOR COSTS

Multivariate analysis is used to estimate the impact of labor costs of operating subsidies and the shift from private to public ownership. The model is tested with data for the period 1960-1973. As the study is exploratory, the findings should be considered tentative. However, the model should be useful in the design of future studies using more comprehensive data and extending over a longer period during which operating subsidies for public transit systems have been available to municipalities.

Studies of Transit Wage Rates

Using both cross-sectional and time-series analysis of transit wage rates, Barnum found no difference between the wages in public and private transit systems.[1] A more recent and methodologically superior study by Hamermesh, found that public ownership had an effect of from 3 to 8.6 percent depending on the year.[2]

Barnum's cross-sectional analysis contains numerous methodological errors that severely limit the findings. For example, he identified

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[1] Darold Barnum, Collective Bargaining and Manpower in Urban Mass Transport Systems (Springfield, Va.: National Technical Information Service, 1972), p. 277.

[2] These figures exclude spillover effects from public to private systems. When these effects are included, Hamermesh finds a slightly larger union effect. See Daniel S. Hamermesh, "The Effect of Government Ownership on Union Wages" in Labor in the Public and Non-Profit Sectors, ed. Daniel S. Hamermesh (Princeton, N.J.: Princeton University Press, 1975), pp. 227-255.

some of the factors that influenced wage rates, but he failed to control properly for their effects. In his study, Barnum divided the union wage rate for bus operators by local manufacturing earnings to "remove the effect on wages resulting solely from local conditions."[3] He then took this index and did a mean difference test between the index for public and private systems. When he compared a group of large public and private systems, he found the index to be 4.5 percent higher in the public organizations. However, the mean population for the private systems. Previously he had observed, based on descriptive statistics, that wages were higher in larger systems, and he therefore concluded that the 4.5 percent was due to the difference in system size and not to public ownership. Barnum should have regressed the wage index against both population and ownership, and from this regression, he could have determined the effects of public ownership while holding population constant.

This research can be criticized on numerous other grounds. At one point he states, ". . .union power may also be a function of the city's degree of dependence on its transit system. . .[but] it appears to this author that, with several exceptions, the cities' dependence on transit is so low. . .that any such functional relationship would be undetected if it exists at all."[4] The author provides no empirical evidence to support this contention. This assumption should be treated as a hypothesis and tested using a measure of dependence as an independent variable in a multiple regression model.

[3] Barnum, p. 270.

[4] Ibid., p. 275.

In attempting to determine what effects subsidies have had on wages, Barnum computed the simple correlation between the wage index calculated by dividing the union rate by manufacturing earnings and operating subsidies per employee. The correlation was not significant and Barnum concluded that for the years tested, 1969-1970, operating subsidies did not have an effect on wages. The fact that the simple correlation between the wage index and subsidies is insignificant does not necessarily support the conclusions he draws from his data. An omitted variable that has a positive (negative) coefficient and is negatively (positively) correlated with subsidy per employee would cause the correlation between subsidy per employee and wages to be biased toward zero.

Hamermesh corrected many of the problems in Barnum's study and specified the following model:

$$\ln(\text{bus operator wage rate/hourly manufacturing earnings})_1 = b_0 + b_1\text{Ownership} + b_2\text{Population} + b_3\text{Density} + b_4\text{Education} + b_5\text{Nonwhite} + b_6\text{Unionism} + e$$

Hamermesh deflated the bus operators' wage rate by hourly manufacturing earnings for a sample of about 50 properties for the years 1963-1971. Population and density served as proxies for job difficulty, extent of training, and other nonpecuniary aspects of the job. The last three variables, median education, percent of nonwhite in the population, and percent of manufacturing workers who are organized are included to control for the effects of these factors on manufacturing earnings. After allowing for transitory wage effects caused by the shift in ownership, Hamermesh found that public ownership had raised wages by 3.2 to 8.6 percent.

A problem in this study is that some of the measures may not reflect the theoretical idea they were designed to represent. For example, population and density which were included by Hamermesh as proxies for job characteristics may also reflect a community's dependence on the transit system. If this were the case, the greater the density and population, the more politically costly a work stoppage would be and the greater the power of the union in collective bargaining. Therefore we would expect this power to lead to higher wages without regard to job training or nonpecuniary aspects of the job.

Limited data also prevented Hamermesh from testing the impact of public subsidies on bargaining outcomes. The omission of this variable is a major shortcoming of the Hamermesh study. One hypothesis advanced about collective bargaining in the public sector is that it leads to high outcomes because most public services are supported exclusively from tax dollars and not through the direct payment of fees for services.[5] If the "extent of tax support" hypothesis is valid, we would expect higher outcomes in transit systems where taxes provide a higher percentage of the revenue necessary to cover operating expenses. A case study by Lurie supports this hypothesis.[6] He concluded that the Massachusetts statute which allowed the public regulatory authority to make up any deficit by imposing a tax on the communities served by the system was a contributing factor in explaining the higher than average

[5] Harry W. Wellington and Ralph K. Winter, Jr., The Unions and the Cities (Washington: The Brookings Institution, 1971).

[6] Melvin Lurie, "Government Regulation and Union Power: A Case Study of the Boston Transit Industry." Journal of Law and Economics III (October 1960), pp. 118-135.

wages enjoyed by Boston transit employees.

The operational definition of the dependent variable is a final shortcoming of the Hamermesh study. The bus operator wage rate does not include all aspects of employees' compensation and transit labor costs. Changes in work rules that occur as a result of public ownership may be as important as changes in the base wage rate.

Specification of the Model

Multiple regression is used in this study to isolate the impact of public ownership and operating subsidies on yearly labor costs from 1960 to 1973.

Since all of the systems included in this analysis are organized, we will not obtain any estimates of the union/nonunion labor cost differential. Implicitly, however, the increased wages associated with increases in subsidies and the transfer from private to public ownership reflect the increased power that unions are able to bring to bear because of the changes in the institutional setting in which they operate.

However, it should be noted that the effect of public-sector ownership and subsidization on bus operator labor costs is broader than the impact of unions on labor costs in publicly subsidized systems. With public ownership and subsidization, unions may increase transit labor costs by increasing either the negotiated wage rate, fringe benefits, premium payments, or payments for time not worked. In addition, however, public ownership and subsidization can increase bus operator labor costs further if public ownership and subsidies result in expanded bus service. The increase in total labor costs due to expanded service

must be distinguished from the changes in wage rates and in premium payments and allowances for time not worked that are caused by the shift to public ownership and the subsidy level. Therefore, for analytical purposes, variations in labor costs due to public ownership and subsidies are broken into three components: (1) the union wage rate, (2) the cost of various premiums, and (3) the supply of transit services.

In order to identify the public ownership and subsidy effects on total labor costs, three equations are developed where the dependent variables are the three components identified in the previous paragraph. The calculation of the effect of ownership or subsidies on total labor costs can be made by combining the effects of public ownership or subsidies on the three dependent variables.

The Dependent Variables

The emphasis of this study on collective bargaining leads to a focus on bus operators rather than all transit employees because bus operators negotiate their wages and working conditions in almost all systems, whereas bargaining is less prevalent among other worker groups such as clerical employees. Furthermore, although labor costs should include all fringe benefits, the unavailability of a comprehensive fringe-benefit cost figure for bus operators forced us to rely on a more narrow definition of labor cost. This measure, the item reported as "Drivers and Helpers' Wages" in the APTA Operating Reports, although not a comprehensive labor-cost figure, is believed to be a reasonable proxy for total bus operator labor costs. It is not a complete measure of the compensation to bus operators, however, because it excludes the cost of such benefits as health and life insurance and pension

contributions. However, it does include fringe benefits such as holiday pay, vacation pay, and other payments for time not worked.[8]

The formal analysis of labor costs begins by defining the following terms for the i^{th} system:[9]

C is the wages paid to operators.

H is the number of bus hours of service provided.

W is the average straight-time contract wage rate paid to bus operators for an hour of bus service.

P is the number of premium hours and payment for time not worked. "P" is the number of straight-time equivalent hours in excess of bus hours. For example, if an operator works for one hour beyond the spread-time limit and the penalty rate is one and a half times the hourly rate, we would call this a half hour of premium time. This number is not reported by the properties to APTA but is calculated for each observation and is equal to (C/W-H).

Total labor cost of compensation paid to bus operators in each system is equal to:

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[8]The 1974 operating statistics for a sample of systems slightly different from but larger than the sample used in most of the empirical analysis indicate that the APTA "Drivers and Helpers' Wage" statistics are a reliable estimate of labor costs in the transit industry. The 1974 Operating Report provides four labor figures: "payroll to bus operators," "payroll to all other employees," "employer payroll taxes," and "employer cost of fringe benefits." For this sample of properties, fringe benefits as a percentage of total compensation for all transit employees was 11 percent where payroll taxes are excluded from the calculations. When payroll taxes are included and treated as fringe benefits, the fringe benefits are 29 percent of total compensation. For the same sample of properties, operators represent 66 percent of all transit employees and receive 59 percent of the total compensation reported as "payroll." This percentage is applicable to bus operators in our sample only if the percentages are the same for operators and nonoperators and the proportion of fringe benefits to total compensation has remained the same over the period from 1960-1974. If these assumptions are reasonably correct, then the costs used in this analysis do represent most of the compensation received by operators and also most of the labor costs incurred by transit systems.

[9]Several other methods of analyzing labor cost were considered but rejected. See Appendix X-3 for a description of the other methods that were considered.

(1) $C_1 = W_1H_1 + W_1P_1$

Several simple algebraic steps give the following:

(2) $C_1 = W_1H_1(1 + P_1/H_1)$

If K_1 is defined as $(1 + P_1/H_1)$ then (2) is equal to:

(3) $C_1 = W_1H_1K_1$

K_1 is simply one plus the fraction of nonproductive hours and penalty hours to total bus hours. In the absence of measurement error in either bus hours or the union wage rate received by operators, we would expect K_1 to be greater than one.[10] A value greater than one reflects the

[10]Several factors could contribute to an observed value of less than one. Most systems have a wage progression for new operators which will place them at the full-time union rate only after a period of time ranging from six months to over a year. This means that the average actual straight-time rate paid to operators will be lower than the union rate used in our analysis if the system has operators who are through the wage progression. Since $P_1 = C/W - H$, we will underestimate P_1 and K_1 as the percentage of new operators to experienced operators increases. A second source of potential error in K_1 results from our use of the wage rate paid on the first of July for each year and not a yearly average weighted by the number of bus hours of service. If the magnitude of contract increases differs dramatically between the first and second half of the year or if the number of hours of service vary dramatically between the first and second half of the year, our measure of K_1 will be either too large or too small. The latter source of error is not likely to bias any of the regression coefficients since there is no reason to believe this error is correlated with any of the independent variables. However, the percentage of new bus operators will be correlated with public onwership if public systems have recently expanded service and added new bus operators. If we are unable to control for this effect, it will mean the coefficient on public ownership will be smaller than that which would exist if we were to control for its effect.

Finally, a reporting error in either compensation or bus hours could produce very large or very small values of K_1. This possibility allowed us to check the data before our analysis for observations which were clearly incorrect. If K_1 was "too small" or "too large," we could conclude that the data were not accurately reported and eliminate the observation from the sample for the particular year. The problem with this procedure is deciding what is "too small" or "too large." We want to make sure we did not eliminate observations which are outliers but nevertheless accurate values of K_1. We decided rather arbitrarily that a K_1 less than .75 or greater than 1.75 was impossible and could only be due to a gross error in reporting the information. A K_1 value of .75 implies that for every four hours of bus service, the system pays only three hours of wages at the union rate. A K_1 value of 1.75 implies that for every hour of bus service, the system pays one and three-quarters hours of wages at the union wage rate. We felt that these bounds were liberal estimates of the range of possible values. An examination of the data led us to eliminate three observations that had K_1 values much smaller than .75.

nature of the demand for service in the transit industry and the contract protections such as spread-time limits and penalties that have evolved to deal with the impact of this product demand on the bus operator's job.[11]

Equation (3) states that labor cost is the produce of the wage rate, K_1, and bus hours. This identity means that a one percentage increase in any of the components will produce a one percentage increase in labor costs.

Equation (3) can be written as follows and linear models can be specified for each component of labor cost (natural logs):

(4) $\log C_1 = \log W_1 + \log H_1 + \log K_1$

Each of the basic models used will be explained separately but are presented in summary form below:

$\log W_1$ = f(labor quality differences, cost of living, system essentiality, ownership, subsidy).

$\log(K_1)$ = f(system essentiality, ridership and community characteristics, work rules, ownership, subsidy).

$\log(H)$ = f(supply and demand for bus services, ownership).

Interpreting the coefficients from the equations in the model is straightforward. The semilog form allows the easy calculation of the

[11]An important characteristic of the transit industry is the complex set of contract provisions that have evolved to meet the unique service

percentage effect of each variable on the dependent variables. The percentage increase in a dependent variable associated with a one unit change in a dependent variable is equal to the antilog of the coefficient minus one. For small values of beta, this is approximately equal to beta. If the wage rate, bus hours, and penalty equation are correctly specified, the effect of a single independent variable on total labor cost will be equal to the effect of the variable on each of the three components of labor cost. Formally, the percentage effect of variable X_1 on total labor cost will be equal to:

$$[(\text{antilog}b_1^W)\ (\text{antilog}\ b_1^K)\ (\text{antilog}\ b_1^H)] - 1$$

where:

b_1^W = the estimated effect of X_1 on the wage rate.

b_1^K = the estimated effect of X_1 on K_1.

b_1^H = the estimated effect of X_1 on bus hours.

The Wage-Rate Equation

Factors that cause differences in wages across transit systems can be attributed to differences in worker productivity, cost of living, nonpecuniary aspects of the job, system finances, union power, and discrimination by employers or unions. The equation used to capture these effects is as follows:

$$(5)\quad \log W_1 = b_1 + b_2\text{Manuf Earnings} + b_3\text{Population} + b_4\text{Density} + b_5\text{Ridership} + b_6\text{Public} + b_7\text{OR/OE} + b_8(\text{OR/OE})(\text{pub-}$$

characteristics of the transit industry. See Chapter IX for a detailed description of these work rules.

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Wage or earnings functions have usually used formal education and work experience as measures of difference in productivity between workers. These proxies are not used in this study for several reasons. First, empirical measures of the education and experience of bus operators were not available for the sample. The second and more important reason is that formal education is a poor proxy for the productivity differences that exist for bus operators across systems. Any difference in training and productivity that do exist are probably due to differences in the length and difficulty of the routes that must be learned for the job. Hamermesh used population and density to represent these differences in on-the-job training, and we will adopt these same measures. Route difficulty and level of training as measured by population (in 1,000s) and density are expected to be positively related to wage rates.[12]

The effects of discrimination on the wages of minorities and women are well documented.[13] We would expect transit wages to be lower in

[12] For the years 1961-1969 population and density was estimated as the interpolated value based on the 1960-1970 Census of Population. For 1971-1973 the population figure used was the extrapolated value based on the 1960-1970 trend. Community income was calculated in a similar manner for the bus hours equation.

[13] See for example, Victor Fuchs, "Recent Trends and Long-Run Prospects for Female Earnings," American Economic Review 64(May 1974), pp. 236-242; Burton G. Malkiel and Judith A. Malkiel, "Male-Female Pay Differences in Professional Employment," American Economic Review 63 (September 1973), pp. 693-705; Jacob Mincer and Simon Polachek, "Family Investment in Human Capital: Earnings of Women," Journal of Political Economy (March-April 1974), pp. S76-S108; and Finis Welch, "Black-White Differences in Returns to Schooling," American Economic Review 63(December 1973), pp. 893-907.

transit systems that have a high percentage of minority or women operators. Because we lack data on the percentage of blacks and women working as operators in each system, we cannot test this hypothesis empirically. However, our observation of the industry, based on interviews with union and management officials, does not support extensive wage discrimination against women or blacks. While blacks and particularly women may be discriminated against at the hiring stage, if they are hired the wages they receive are the same as those received by male whites. Casual observation also reveals that the highest paying systems such as Chicago, New York, Washington, and Baltimore have a very high percentage of minority operators. While the omission of this variable may reduce the explained variance in wages, it is not likely to bias our ownership coefficients.

One factor that is expected to be important in explaining wage differentials is differences in cost of living across the various cities included in the sample. Controlling for cost-of-living differences presents a problem since there are no direct measures of intercity cost-of-living differences. We choose to use average manufacturing earnings in each city as a proxy for cost-of-living differences. This approach was followed by Hamermesh and is used here in a slightly different manner. Hamermesh deflated the union rate by the local manufacturing wage and then controlled for the effects of race, education, and unionization on manufacturing wages by including these as independent variables. In this study the local manufacturing wage rather than the deflated union wage rate is included as an independent variable.[14]

[14]For several communities average manufacturing earnings were not available. When this occurred, the average for the state or a nearby community was used.

This means that we do not have to control for community education level or racial mix because they directly affect transit wages.

Factors that influence a union's bargaining power relative to management will increase the union wage rate and should be included in the model. One major factor affecting union power is the essentiality of the system to the community. The greater the community's reliance on public transportation, the more disruptive a work stoppage. This pressure or potential pressure increases the political cost of a strike to the authority and increases the bargaining power of the union. The essentiality of the system to the community will be measured using yearly per capita ridership. The ridership figure used in this calculation will be revenue passengers.[15]

Three additional variables are included in the wage model to measure the public/private differential and the effect of operating subsidies on wages in public systems. One is a dummy variable which takes on a value of one for publicly owned systems, zero otherwise. The second variable is the ratio of operating revenue to operating expenses. If we assume that publicly owned systems do not operate at a deficit, then operating revenue/operating expenses (OR/OE) is a proxy for operating subsidies. As OR/OE decreases, operating subsidies increase for

[15]Although the community's dependence on transit may increase the bargaining power of the union, essentiality might not be important because of the historical reliance of the parties in many systems on arbitration. Reliance on arbitration may eliminate the threat of a work stoppage.

publicly owned systems, and we hypothesize that wages will increase.[16] For privately owned systems which do not normally receive government operating assistance, this variable serves as a rough proxy for profits so that if it is related to wages the relationship is likely to be positive.

Since OR/OE represents a different construct depending on the ownership of the firm, the last variable in the equation is the product of the ownership and OR/OE. This will permit the relationship between OR/OE to vary according to the ownership of the system. If collective bargaining produces larger settlements in the public sector than in the private sector, the public/private differential should be positive. We would also expect the coefficient to be positive for reasons peculiar to the transit industry. In most cities, prior to public takeover the private system was in poor financial condition, which may have seriously limited the gains a local union could achieve through collective bargaining. When public onwership occurred and public funds became available, the situation usually changed dramatically. This dramatic change may have led to "catch-up" wage increases in the first few years following public takeover. This catch-up will enlarge any general effect of public-sector bargaining.

Several points should be noted when interpreting the public/private differential. First, the coefficient does not represent the effect of

[16] In the empirical work OR/OE was used rather than (1-OR/OE) which is the estimate of the percent of operating expenses covered by subsidies. The estimated effect does not depend on which specification was used. The specification only changes the constant term and the sign on the OR/OE coefficient. We expect the sign to change because in one case increased subsidies are measured as a decline in the variable (OR/OE) and in the other instance increased subsidies occur when the variable (1-OR/OE) increases in size.

collective bargaining in public and private organizations. An insignificant coefficient does not mean unions have not raised transit wages; it means only that wages are not any higher in public organizations in our sample for the year in question.

The second caveat is that the model explains only cross-sectional differences in wage rates. The model and results do not apply to changes in transit wage rates over time and cannot be interpreted as evidence that the effect of transit unions on wages has changed over the time period.

We are also interested in the wage differential between public systems that differ in the extent to which their expenses are met by government subsidies. If increased subsidies increase union bargaining power or management's ability or willingness to make concessions to the union, we would expect $b_7 + b_8 < 0$.

The Equation for K_1

The fraction of penalty time to bus hours is a function of many variables including labor-contract provisions, characteristics of the community, ridership patterns, and the efficiency with which management runs the system.

The pattern of ridership is expected to be a key factor in determining the size of K_1. In systems where the peak to base ratio and length of time between morning and evening service peaks is large, we would expect a high ratio of penalty time to bus hours. Although these ridership patterns may be marginally influenced by management marketing policies that influence off-peak use of the system, they are to a very large degree uncontrollable and certainly outside the normal scope of

collective bargaining.

Differences in management efficiency in operating the system may also be very important in explaining differences in K_1. Route and run scheduling is a key management function which has a tremendous potential effect of K_1. Again, because of the peak levels of service in the morning and evening, the manner in which runs are scheduled and pieced together affects payment made under various contract provisions. Unfortunately, no simple measures of system management are available, and defining and measuring management efficiency is far beyond the scope of this study.

In order to attribute meaningfully the effects of contract work rules to differences in K_1, it is necessary to develop a measure of work rules which could be included as an independent variable. Here, too, we lacked the necessary contract information to construct this measure. Theoretically we would like an additive interval scale where a high score would denote extensive work rules. To do this, different types of work rules would have to be "weighted" according to their importance and then a gradation for each type of rule would have to be decided upon. This ranking would have to occur using such criteria restrictiveness or costliness to management or the degree of protection for union members. Rules requiring spread-time penalty would have to be ranked relative to rules dealing with the percentage of straight-time runs.[17] The reliability of models which include subjective judgments of this

[17] A study conducted by J. Smith, K. Jennings and E. Trayham at the University of North Florida entitled "A Study of Unions' Management Rights and the Public Interest in Mass Transit" may be able to overcome these problems. A portion of this study involved the collection and coding of contract work rules.

nature is not clear and results based on these judgments would be open to question.

Because of the limited empirical measures available for measuring the theoretical variables explained above, an admittedly oversimplified equation has been specified:

$$(6)\quad \log K_1 = b_0 + b_1 \text{Pop} + b_2 \text{Den} + b_3 \text{PeakBase} + b_4 \text{Ridership} + b_5 \text{Public} + b_6 \text{OR/OE} + b_7 (\text{OR/OE})(\text{Public}) + u$$

Differences in ridership and community characteristics are controlled by using SMSA population, density, and the peak-to-base ratio. We expect the coefficient on the peak/base ratio to be positive. A high ratio means more split shifts are required to meet the demand for service and larger payments under contract provisions governing spread-time. The relationship of population and density to K_1 is more difficult to predict. Large and dense metropolitan areas may have higher values of K_1 because of greater union bargaining power and stronger work rules. On the other hand, management in large systems may have greater flexibility in scheduling which will allow them to minimize K_1. These two conflicting possibilities make it difficult to predict the sign on these variables. The public, subsidy, and (subsidy)(public) variables are defined just as they were in the wage equation.

The public/private differential is difficult to predict. Some of the effects of omitted variables such as management efficiency and contract work rules will be picked up by public onwership if each of these variables is correlated with public ownership. If public systems are more (less) efficient, we would expect the coefficient on this variable to be larger (smaller). Several different scenarios could support either

a positive or a negative coefficient due to differences in management efficiency. If public ownership brings with it public managers who are unfamiliar with transit, we would expect K_1 to increase. However, if it allows the system to attract more qualified personnel or if it provides old personnel with additional resources which makes them more efficient, we would expect K_1 to increase. If more (less) costly contract rules exist in public organizations, we would expect the coefficient to be larger (smaller). It is also quite possible that some other factor caused by or correlated with public ownership will affect the sign on ownership.

Equation for the Bus Hours

The level of service provided by a transit system has an obvious impact on the labor costs incurred by the system. The level of service is jointly determined by the demand for and supply of transit services to the community. A single simple equation will be used to estimate the outcome of this supply and demand interaction:

$$(7)\quad \log(\text{Bus Hours}) = b_0 + b_1\text{Den} + b_2\text{Income} + b_3\text{Population} + b_4\text{Public} + b_5(\text{OR/OE}) + b_6(\text{OR/OE})(\text{Public}) + u$$

The level of service provided to a community is expected to be positively related to density and the population of the SMSA.

The expected sign on income is difficult to predict. Greater average income in a community means a higher value is placed on time by potential passengers. If public transportation is more time intensive than car ridership, this would mean the cost of transit relative to car travel would be greater in high-income communities and a substitution

away from transit and toward greater use of the automobile would occur. This argument would suggest a negative sign on the income variable. However, it may also be the case that where the system is publicly owned and subsidized with tax dollars, high-income communities may demand more and better bus service. This possibility would suggest a positive sign on income. Which effect prevails is an empirical issue that will be tested in this equation.

The greatest impact of public ownership on labor cost is probably through its effect on bus hours. Public ownership has been the method by which the transit industry has been able to expand and improve service. In most systems, prior to public ownership bus service had been severely limited to profitable runs and the few unprofitable routes required by regulatory bodies. We expect that public ownership brought expanded service with additional routes and more frequent service on existing routes.

The final variable in the bus-hours equation is our measure of subsidy level, the ratio of operating revenue to operating expenses. An interaction term between this variable and public ownership will also be added. We expect that a high subsidy level in public systems will mean that more hours of service are provided by the system.[18]

The Sample

The sample of transit properties used in empirical tests of the models is not a random sample of the population of transit properties. The dependent variable of interest in this study, labor cost and its

[18] Data sources for the independent variable are listed in Appendix X-2.

components, necessitated using a sample of properties for which these data could be obtained. A survey of transit properties was eliminated because of the high cost and time required to conduct it. Our interest in obtaining historical operating data since 1960 would require an inordinate amount of effort by the respondents, and would have undoubtedly produced a very low response rate. We also suspected that for systems that went public during the time period of interest, 1960-1973, the records for the period of private ownership could possibly have been lost in the transition or not turned over to the public authority with takeover. This suspicion was confirmed when we contacted several public systems and tried to fill in missing data for years prior to public takeover.

The most practical source for obtaining current and historical operating statistics of transit systems was the American Public Transit Association. The basic sample selected was those U.S. systems that are included in the 1973 APTA Transit Operating Report. This sample of properties is obviously not random. It is limited to APTA members and then only to those who responded for the year 1973.

This portion of the analysis was restricted to those systems in which the bus was the only transit mode. This was done because bus hours as a measure of the supply of transit services is used as a dependent variable. In systems where bus service is only one of several modes, bus hours supplied is not an accurate measure of transit service because the total supply of transit services includes those services supplied by other modes. Instead of developing a more complicated model incorporating the multimodal systems, the observations were dropped from the sample. This was done because the number of systems in the sample

that provide more than just bus service is small and because the emphasis in this study is on the labor relations problems of bus systems. The remaining 55 systems which met the criteria for selection are listed in Appendix X-1.

From this limited sample we then collected operating data from APTA records for each system for each year in the 1960-1973 period in which the property responded to the APTA survey. The sample was then narrowed down to those that reported the number of bus hours and total compensation paid to bus operators. This was done because information on bus hours and compensation paid to bus operators is required as the dependent variable for most of the models tested in this portion of the study.

The impact of ownership and subsidies could be analyzed using time-series data. Unfortunately, because systems did not consistently report the necessary data throughout the entire 14 years, we were confined to analyzing each year's data separately rather than as a time-series.

Limitations Placed on the Results by the Sample

Even if the model is properly specified, the results are limited by the sample of properties werwere able to include in the test of the model. The exclusion of multimodal systems from our sample means that results do not necessarily apply to systems in cities such as New York, Boston, Philadelphia, and Chicago. While these systems carry the vast majority of transit passengers, they represent only a small minority of the total number of systems in the U.S.

The second limitation of the sample of bus systems is that it is a nonrandom sample of properties that reported to APTA. The degree to which respondents are representative of the population is not known.

Also, this problem is compounded because the sample changes from year to year, depending on which systems reported the necessary data. For some years the sample analyzed may be a representative sample of the population; however, we cannot identify those years. Although the sample may not reflect the entire population of bus systems, it is unlikely that better historical data could be obtained.

Estimation Procedure and Hypothesis Testing

If we were to estimate each equation for each year using ordinary least squares, our estimates would be unbiased, but not as precise or efficient as the estimates obtained by using an alternative technique developed by Zellner.[19] For each year the model describes the behavior of a sample of transit properties. Since each equation refers to the same sample of properties, it is reasonable to assume that the disturbance terms across the equations are correlated. By taking advantage of this additional information, we can obtain estimates that are at least asymptotically more efficient than ordinary least squares. In addition, Kmenta and Gilbert have shown that in small samples under a set of fairly general conditions, this technique is more efficient than estimating each equation separately using ordinary least squares.[20]

We are interested in testing two major hypotheses. First, are there any wage, penalty time, or service differentials between public and

[19]Arnold Zellner, "An Efficient Method of Estimating Seemingly Unrelated Regressions and Tests for Aggregation Bias," American Statistical Association Journal (June 1962), pp. 348-368.

[20]Jan Kmenta and Roy F. Gilberg, "Small Sample Properties of Alternative Estimators of Seemingly Unrelated Regressions," American Statistical Association Journal (December 1968), pp. 1180-1200.

TABLE X-1

Population Statistics for SMSAs Served by the Sample of Transit Properties

(in thousands)

	All Systems			Private Systems				Public Systems				
Year	Mean	SD	N	Mean	Min	Max	SD	N	Mean	Min	Max	SD	N
1960	751.8	736.9	29	661.1	90.0	1727	464.3	27	1975.0	188.0	3762	2527.2	2
1961	827.2	807.0	30	670.9	90.7	1761.0	467.3	26	1843.3	188.0	3806.	1699.0	4
1962	852.9	805.3	31	716.4	91.4	1796.0	477.2	26	1562.5	188.0	3850	1640.0	5
1963	842.9	820.3	31	700.4	92.1	1830	485.0	26	1584.2	188.0	3893	3893.0	5
1964	870.6	817.8	32	722.6	92.8	1865	494.5	25	1399.2	188.0	3937.0	1435.2	7
1965	1101.7	1264.7	33	781.7	93.5	1899.0	501.9	24	1955.2	188.0	6537.0	2132.2	9
1966	1089.7	1269.6	34	761.6	94.2	1933	507.9	24	1876.9	188.0	6637.0	2067.7	10
1967	1096.5	1330.3	32	774.4	94.9	1968.0	514.9	22	1805.1	144.9	6737.0	2160.0	10
1968	936.5	829.7	35	783.1	95.6	2002.0	521.9	24	1271.3	147.6	4112.0	1238.7	11
1969	1159.1	1375.8	31	774.7	96.3	2037.0	544.2	17	1647.9	150.3	6936.0	1885.0	14
1970	1089.9	1294.5	38	672.6	97.0	1390.0	447.5	18	1465.5	153.0	7036.0	1664.4	20
1971	959.0	791.1	37	822.9	97.7	2947.0	785.1	16	1062.6	155.7	3356.0	798.2	21
1972	950.9	889.8	37	548.2	98.4	1357.0	424.3	10	1097.8	158.4	4288.0	975.2	27
1973	1063.9	1243.0	45	446.8	99.1	1158.0	332.5	10	1240.2	161.1	7335.0	1351.3	35

and private systems? Second, are there any differentials between public systems that differ in their subsidy level? Figure 1 illustrates the formal hypothesis that must be tested for each equation. Since the change in the dependent variable with respect to ownership is equal to $b_2 + b_3$(subsidy) to determine whether there is a public/private differential requires us to test the following hypothesis:

$$H_0: b_2 = b_3 = 0$$

The second hypothesis is rejected if the relationship between the dependent variables and subsidy levels for public systems is zero. This relationship is measured by the slope of the public line in Figure 1. Formally, the hypothesis to be tested is:

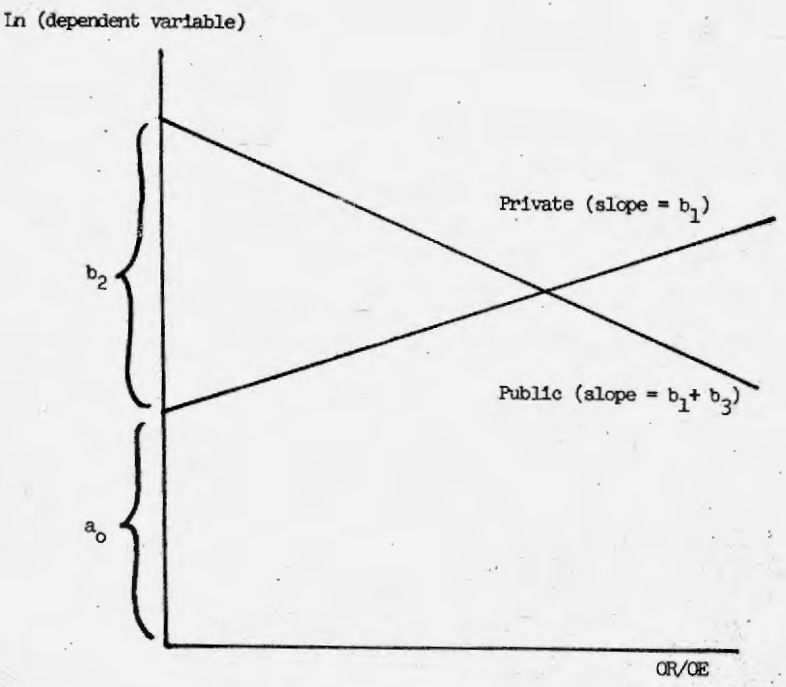
$$b_1 + b_3 = 0$$

which is equivalent to:

$$b_1 = -b_3$$

Each of the hypotheses for each equation is tested by running the three-equation multivariate system with the restrictions imposed on the equation. In each case the weighting matrix used in the restricted model is the same as that used in the unrestricted Zellner estimates. For the first hypothesis, the public and the public (subsidy) variables were excluded from the restricted model. For the second hypothesis, the coefficient on the (subsidy) variable was restricted to be the opposite of the (subsidy)(public) variable.

Our use of the Zellner estimation process assumes there is no simultaneity between the dependent variables and the independent variables. If this assumption is not valid, our estimated coefficients will be biased. The potential for this simultaneity is greatest between each of



ln (dependent variable) = $a_o + b_1$OR/OE + b_2Public + b_3(OR/OE)(Public)

the dependent variables and the subsidy level in public systems. We have hypothesized that increased subsidy levels lead to higher wages, more penalty, increased time, and more bus service. It is also possible that high wage levels, penalty time, and service levels lead to large operating deficits that require a high subsidy level.

If simultaneity exists between deficits and/or subsidy levels and each of the dependent variables, the direction of bias will be identical in each equation. For example, if simultaneity exists between wages and operating revenue/operating expenses, we would expect that as wages increase, operating revenue/operating expenses will decrease; therefore the negative sign that we predict on (operating revenue/operating expenses) in the wage equation will be biased away from zero.

Results for the Wage Equations

The results for the wage equations are shown in Table X-2.[21] We expected cost-of-living differences and the private-sector wage in the community to be a major factor in explaining transit wage differentials. This expectation was clearly supported by the behavior of average manufacturing earnings which was statistically significant in nine of the 14 years.

Per capita ridership was included in the model to serve as a proxy for the essentiality of the transit system to the community. However, it is significant in only the last two years.[22]

[21]The reader is reminded that although each equation for all the years are present and discussed separately, the estimation procedure used involved estimating the three equations for each year as a system.

[22]We may be underestimating the total effect of public ownership on wages by controlling for the effects of per capita ridership. The equation includes only the direct effect of public ownership on transit wages. If public systems also have more riders, then there is also an indirect effect of public ownership on wages through per capita ridership. This effect seems quite possible since public organizations can increase ridership by charging fares below those necessary to meet operating expenses. We tested for this indirect effect, but found no supporting evidence for it.

The effect of population is small but statistically significant in ten of the years. The estimated coefficients on SMSA density are never different from zero and are not always of the correct sign. These results differ slightly from those obtained by Hamermesh. His density coefficients were larger and marginally significant in many of the years. Several explanations for the conflicting results are possible. First, we used SMSA density and Hamermesh used central city density. Hamermesh felt this was a better proxy for job characteristics because most service is to the central city. We chose SMSA density because most public systems serve an entire metropolitan area. A second explanation is that Hamermesh used the union wage rate deflated by manufacturing earnings as the dependent variable. The effect of density he found may be attributed in part to its effect on manufacturing earnings and not to its effect on transit wage rates.

A third explanation depends on what density serves as a proxy for. Hamermesh contends that density is a proxy only for job characteristics, whereas, as we indicated earlier, it may also measure differences in union bargaining power. If this is true, we would expect that when an independent measure of essentiality is included in the model, the coefficient on density should become smaller. Since we included per capita ridership as a proxy for essentiality, this explanation is also consistent with our results.

Table X-2
Regression Results for the Wage Equations

Year	Constant	Manuf	Population	Density	Ridership	Public	OR/OE	(Public)(OR/OE)
	Independent Variables							
1960	.390*	.0855	.00016*	.000036	-.0011	2.527	.0525*	-2.806
	(.109)	(.0439)	(.000046)	(.000065)	(.00197)	(1.550)	(.0189)	(1.529)
1961	.406	.0975*	.00015*	-.00011	.0016	.808	.00634	-.840
	(.116)	(.045)	(.00005)	(.00009)	(.002)	(1.929)	(.0197)	(1.842)
1962	.470*	.0847	.00014*	-.0001	.0019	1.373	.0043	-1.370
	(.128)	(.047)	(.000047)	(.00009)	(.0022)	(.782)	(.0172)	(.773)
1963	.502*	.0862*	.00013*	-.00006	.0018	1.428	-.0129	-1.488
	(.200)	(.0414)	(.0004)	(.00008)	(.0019)	(.761)	(.206)	(.778)
1964	.671*	.0977*	.00012*	-.00006	.0016	1.10*	-.176	-1.135*
	(.165)	(.0345)	(.00004)	(.00007)	(.0015)	(.459)	(.175)	(.458)
1965	.598*	.104*	.00005*	.000005	.0015	.449	-.0743	-.461
	(.215)	(.047)	(.00002)	(.00007)	(.0019)	(.377)	(.215)	(.364)
1966	.611*	.091	.00004	.00005	.0009	.541	-.0326	-.538
	(.215)	(.046)	(.00002)	(.00007)	(.001)	(.373)	(.210)	(.385)
1967	.641*	.103	.00005	.00006	.0012	.277	-.073	-.3168
	(.285)	(.056)	(.00003)	(.00008)	(.0012)	(.427)	(.300)	(.438)
1968	.769*	.105*	.00014*	-.00007	.00098	.156	-.191	-.149
	(.250)	(.047)	(.00004)	(.00008)	(.0011)	(.366)	(.270)	(.372)
1969	.960*	.070	.00007*	-.00002	.00208	.233	-.242	-.210
	(.450)	(.048)	(.00003)	(.00008)	(.0013)	(.527)	(.466)	(.541)
1970	.737*	.132*	.00005	-.00001	.0017	-.138	-.146	.256
	(.300)	(.045)	(.00003)	(.00008)	(.0018)	(.364)	(.335)	(.391)
1971	.743	.151*	.00004	.00015	.0055	-.2758	-.286	.205
	(.782)	(.064)	(.0001)	(.00025)	(.0049)	(.881)	(.807)	(.923)
1972	1.196*	.058*	.00014*	-.00006	.00345*	-.0553	-.3085	.0861
	(.242)	(.029)	(.000036)	(.00007)	(.0015)	(.262)	(.2483)	(.278)
1973	1.089*	.107*	.00005*	-.000007	.00375*	-.1558	-.338	.242
	(.239)	(.027)	(.000019)	(.00005)	(.0015)	(.2539)	(.263)	(.280)

*Significant at .05 level
Note: Standard errors are in parentheses

The results of the F-tests of a public/private wage differential are shown in Table X-3. In only two years, 1960 and 1964, were we able to reject the null hypothesis and we are reluctant to place much weight on the results for these two years since there were only two and seven public systems in the sample in 1960 and 1964, respectively. Results for the other years indicate that after controlling for population, density, cost of living, and essentiality, public systems did not pay significantly higher wages than did private systems. Several reasons might explain why these results differ from those of Hamermesh who found a significant public/private differential.

A major possible explanation is differences in the sample. Hamermesh relied on published BLS statistics and we relied on properties included in APTA reports. Neither of the studies is based on a random sample of transit properties so it is difficult to compare the two sets of results. Another possible explanation for the differences is that Hamermesh tested for and found that the positive effect of public ownership occurred after several years of public ownership. We tested for this possibility in the later years using OLS and found no effects of public ownership in our sample.

The second major hypothesis examined in this chapter is whether or not the level of operating subsidies affects wages in the sample of public systems. If the sum of the OR/OE and the (public)(OR/OE) is negative and different from zero, we could conclude that increased subsidies lead to higher wages. The sums of the two coefficients are shown in Table X-4, in each of the years the sum is negative. However, the results of the hypothesis tests which are displayed in Table X-3 indicate these sums are not different from zero in 12 of the 14 years. The only con-

TABLE X-4

Impact of Operating Subsidies on Wages

Year	$B_{OR/OE} + B_{(OR/OE)(Public)}$
1960	-2.753
1961	- .834
1962	-1.366
1963	-1.501
1964	-1.311
1965	- .924
1966	- .570
1967	- .390
1968	- .340
1969	- .452
1970	.111
1971	- .080
1972	- .222
1973	- .096

TABLE X-3

Hypothesis Tests for the Wage Equation

			$H_o: B_{OR/OE} = -B_{(Public)(OR/OE)}$		$H_o: B_{Public} = B_{(Public)(OR/OE)} = 0$	
Year	N	SSEu	SSE_R	F	SSE_R	F
1960	29	2.93751	3.0853	3.220	3.94398	10.964*
1961	30	2.94617	2.95519	.205	3.0114	.742
1962	31	2.97255	3.10520	3.124	3.10715	1.585
1963	31	2.92954	3.09647	31989*	3.09093	1.928
1964	32	2.8981	3.27952	9.608*	3.17218	3.452*
1965	33	2.90066	3.03333	3.476	2.97325	.951
1966	34	2.88548	3.01102	3.4371	2.95730	1.9832
1967	32	2.90000	2.96398	1.6105	2.93279	.4127
1968	35	2.90101	2.97533	2.1007	2.09896	.1124
1969	31	2.89948	3.00887	2.6409	2.91756	.2182
1970	38	2.90297	2.91130	.2611	3.03826	2.1205
1971	37	2.62527	2.62600	.0245	2.63638	.1896
1972	37	2.87671	2.98036	3.1707	2.88330	.1773
1973	45	2.89321	2.91373	.7943	2.95291	1.1555

clusion that can be drawn from this evidence is that while the coefficients indicate a 1 percent subsidy increase is associated with a wage change ranging from -11.1 to 2.75 percent, the estimates are statistically insignificant so that it cannot be concluded that higher subsidies lead to higher wages.[23] A possible reason for these insignificant results is that we were not able to control for the government level from which the operating subsidies originated. It should be noted that the source of the subsidy may be as important as the amount in determining the subsidy's wage effect.

Results for the K_1 Equation

The results from the K_1 equation are consistently disappointing. Only a few of the coefficients in any of the equations are significant at even the .10 level (see Table X-5). Discussion of the coefficients for individual variables across years is of very limited value because of the poor performance of the equation. However, we did test whether there were any significant public/private differentials and whether there were any differentials within public systems that received different levels of subsidy support. The results of these hypothesis tests are displayed in Table X-6. In only one instance were we able to reject the null hypothesis.

There are possible reasons for the poor results: a theoretically deficient dependent variable, measurement error in the dependent variable,

[23] We also tested for possible wage differentials between different forms of transit management and organizational structure. For 1972 we tested whether there was a significant differential between public systems that were or were not managed by an outside management company; there were none. Using 1970 data we tested for wage differentials between transit-authority-operated systems and city-operated systems and found no significant wage differential.

Table X-5
Regression Results for the K_1 Equation

Year	Constant	Population	Density	Ridership	Peakbase	Public	GR/OE	(Public)(GR/OE)
	Independent Variables							
1960	.210*	.000015	.00005	.00084	-.0003	-1.150	-.0778*	1.125
	(.0549)	(.00004)	(.00003)	(.00157)	(.00022)	(1.369)	(.0161)	(1.344)
1961	.162*	.00003	.00005	.00122	-.0213	.310	-.0178	1.336
	(.0537)	(.00003)	(.00007)	(.00154)	(.0015)	(1.364)	(.0142)	(1.302)
1962	.125*	.00003	.00005	.00156	-.128	.233	-.0097	-.245
	(.048)	(.00003)	(.00006)	(.00157)	(.0121)	(.501)	(.0112)	(.496)
1963	.113	.00001	.00005	.00126	-.0012	.206	-.0038	-.206
	(.157)	(.00003)	(.00007)	(.00178)	(.0146)	(.582)	(.159)	(.596)
1964	.237	.00005	-.00001	.00255	-.0072	.211	-.149	-.241
	(.156)	(.00003)	(.00006)	(.00167)	(.0202)	(.430)	(.170)	(.430)
1965	.0322	.00001	.00007*	.0015	.0015	.283	.069	-.318
	(.118)	(.00001)	(.00004)	(.0012)	(.014)	(.202)	(.122)	(.195)
1966	.065	.00002	.00003	.00072	-.0006	.324	.077	-.353
	(.153)	(.000018)	(.00006)	(.00078)	(.015)	(.265)	(.154)	(.258)
1967	.242	.00002	.00005	.00077	.0146	-.0407	-.143	.0085
	(.189)	(.00002)	(.00005)	(.00089)	(.0163)	(.266)	(.200)	(.272)
1968	.153	.00003	.00002	.0016	.0004	.1951	-.041	-.232
	(.225)	(.0004)	(.00007)	(.0011)	(.0203)	(.304)	(.240)	(.311)
1969	-.176	.00002	.00003	.001	-.0049	.4434	.326	-.471
	(.303)	(.00002)	(.00005)	(.0009)	(.0147)	(.353)	(.324)	(.365)
1970	.519*	.00003	-.00001	.0023	.0334	-.3709	-.5114	.3745
	(.229)	(.00002)	(.00006)	(.0014)	(.0187)	(.278)	(.267)	(.303)
1971	.463	.00005	-.00002	-.0020	.035	-.203	-.389	.378
	(.801)	(.00012)	(.00003)	(.0049)	(.0273)	(.904)	(.843)	(.952)
1972	.200	.00004	.00001	.0009	.0441*	-.1013	-.2148	.120
	(.213)	(.00003)	(.00006)	(.0015)	(.0154)	(.239)	(.236)	(.257)
1973	.716	.00003	.00001	.0023	.0489*	-.6726*	-.8276*	.731*
	(.256)	(.00002)	(.00006)	(.0016)	(.0163)	(.278)	(.302)	(.314)

*Significant at .05 level

and omitted variables in the specified equation.

An obvious possible explanation for the poor results is that theoretically the dependent variable simply does not represent premium payments or payments for time not worked. A review of the derivation of the measure disclosed numerous measurement problems but no theoretical weakness in it. K_1 is simply one plus the percentage of penalty hours to total bus hours where penalty hours is calculated as total compensation divided by the average straight-time rate for the system minus bus hours of service. This measure multiplied by the average straight-time wage rate for bus operators is the average compensation paid to bus operators for one hour of bus service. Theoretically, this concept appears to be meaningful. The poor results are probably due to other reasons.

Since the dependent variable, K_1, is constructed for each transit property using three pieces of information—the union wage rate as of July, total wages paid to operators, and bus hours of service—any errors in the measurement of any of the three variables would result in errors in K_1. While it is almost impossible to check on the accuracy of the data provided by APTA, there can be little doubt that the bus hours and the compensation figure contain numerous inaccuracies probably due to the fact that reporting to APTA is done on a voluntary basis and there is only limited control over what is reported or who in the system completes the questionnaire. For example, some systems may only report an estimated compensation figure for bus operators, or one which includes bus operators and other transit employees. The probability of the latter occurring is high because the classification includes compensation paid to "helpers" and bus operators, and who is included as a "helper" is not entirely clear. Other sources of error in the variable may be

TABLE X-6

Hypothesis Tests for the K_1 Equation

H_o: $B_{OR/OE} = -B_{(Public)(OR/OE)}$ H_o: $B_{OR/OE} = B_{(Public)(OR/OE)} = 0$

Year	N	SSE_U	R^2	SSE_R	F
1960	29	2.93751	2.9652	.603	2.97193	.375
1961	30	2.94617	2.94942	.074	2.98505	.442
1962	31	2.97255	2.98377	.264	2.9887	.190
1963	31	2.92954	2.93479	.125	2.93585	.075
1964	32	2.8981	2.93517	.934	2.03551	.471
1965	33	2.90	2.99576	2.493	3.12125	2.890
1966	34	2.88548	2.94885	1.7350	2.99281	1.1777
1967	32	2.9000	2.91884	.4742	2.93196	.3281
1968	35	2.90101	2.96979	1.9441	2.94242	1.1705
1969	31	2.89948	2.92892	.7107	2.9074	1.7204
1970	38	2.90297	2.92656	.7395	2.97278	2.1883
1971	37	2.62527	2.62529	.0006	2.6618	1.1410
1972	37	2.87671	2.90124	.7504	2.88531	.2451
1973	45	2.89321	2.91241	.7433	3.04677	5.9445*

due to exactly which compensation items are included in "drivers' and helpers' wages." If some systems exclude vacation, holiday, or sick leave and other systems include these items, the calculated K_1 will vary dramatically. Although reporting errors in bus hours are probably less frequent than errors in compensation, they may also exist and distort K_1.

In our development of K_1, we indicated that the bus operator wage rate for experienced drivers on July 1 is not an error-free measure of the average straight-time rate paid to operators in the system for an hour of bus service. This also may lead to large errors in K_1. Although measurement error in the dependent variable will not bias any of the estimated coefficients, it can contribute to insignificant independent variables by increasing the error sum of squares.

Numerous variables that should have been included in the model were omitted because we lacked the necessary data. The discussion of the difficulty in measuring work rules points to one major group of omitted variables that could account for the poor results. Variables covering fringe benefits that were recorded as payroll were also omitted from the analysis. For most systems the items reported as payroll include the vacation and holiday pay received by bus operators, and this major fringe benefit item probably accounted for a major portion of "penalty time" in each system. Therefore, K_1 is heavily dependent upon the contract vacation and holiday provisions and the seniority distribution for bus operators in each system. Systems with either liberal vacation and holiday provisions or bus operators with high average seniority will have very large values for K_1. We do not know which of the included independent variables is correlated with contract vacation and holiday terms,

although some intercorrelation probably exists and is biasing the results.

Despite the poor results we experienced with K_1, it does have potential value for researchers interested in transit labor relations and labor and management practitioners in the industry, especially after more and better sources of data are available. Possibly the adoption of the standardized reporting scheme developed by Project FARE will remedy some of the problems associated with what is reported here.

While data problems prevented a meaningful analysis of K_1 for a cross-section of transit properties, the concept can have practical implications for union and management negotiators in those systems which maintain accurate historical data. With such data, it is possible to overcome the troublesome problems of determining the economic value of the productivity changes. This must be done if both labor and management are to share the benefits of the changes. In the transit industry, K_1 might be used to measure the impact of contract work rules and the savings resulting from changes in the rules.

Regression Results for the Bus Hours Equation

The results for the bus hours equation show that population is the major determinant of bus hours service (see Table X-7). Since it is expected that large metropolitan areas provide more hours of bus service, it is not surprising to find that SMSA population is significant in 12 of the 14 years. SMSA median family income is positively related to bus

[24] Project FARE was a cooperative project of the transit industry and the federal government for the development of a standardized accounting system. By the end of 1978 all major transit companies receiving federal grants will be required to use this system.

public ownership—improved management, customer service, and scheduling, changes that would improve transit services without increasing the number of bus hours of service. Unfortunately we cannot empirically verify any of these changes in the quality of service.

The last major public/private difference that may occur without any bus hours differential is lower fares in public systems. If one objective of public ownership is to provide low-cost service to its citizens, the major immediate effect of public ownership may not be to expand service but to ensure greater use of existing service by charging lower fares. This possibility can be tested using our data. Population, density, income, and ownership were regressed against average fare per revenue passenger. If the coefficient on ownership is negative, it supports the theory that public ownership results in lower fares and not greater levels of service. The regression was run for 1970 and the results indicate public systems do not charge lower fares than do private systems.

Another possible explanation for the finding that service levels do not increase with public onwership flows from the circumstance which led to the public takeover. When a private system is in greater financial difficulties than other private systems, its level of services probably will deteriorate, and when that system first become public, it still will provide a lower level of service than others, either private or public. After a few years, however, public funds might be used to increase service levels. This possibility is difficult to detect because many of the systems have been public for only a very few years. We can, however, provide some tentative evidence on this hypothesis by constructing dummy variables similar to those used by Hamermesh in his wage equations and adding them to our bus hours equation. When this is done, the coefficient

TABLE X-8

Hypothesis Test for the Bus Hour Equation

H_o: $B_{OR/OE} = -B_{(Public)(OR/OE)}$ H_o: $B_{(Public)} = B_{(Public)(OR/OE)} = 0$

Year	N	SSE_U	SSE_R	F	SSE_R	F
1960	29	2.93751	4.60484	36.326*	4.81205	20.42*
1961	30	2.94617	2.99193	1.041	3.02033	1.843
1962	31	2.97255	3.09274	2.830	3.09988	1.499
1963	31	2.92954	2.95322	.566	2.95780	.338
1964	32	2.8981	2.89819	.002	2.91702	.260
1965	33	2.90066	2.94696	77.213	2.91702	.214
1966	34	2.88548	2.89483	.2560	2.90333	.2444
1967	32	2.9000	2.90147	.0370	2.97361	.9265
1968	35	2.90101	2.92436	.6600	3.00667	1.3112
1969	31	2.89948	2.95530	1.3476	2.91560	.1946
1970	38	2.90297	3.04364	4.4096*	2.96917	1.0376
1971	37	2.62527	2.65780	1.0904	2.64616	.3501
1972	37	2.87671	2.94076	1.9593	2.88468	.1219
1973	45	2.89321	2.9203	1.0487	2.96638	1.4163

on public ownership is interpreted as the effect of three or more years of public ownership. We performed this analysis using 1972 data and found that the public ownership coefficient was not significantly different from zero, indicating that bus hours of service do not increase in public systems after a lag of several years.

All the evidence indicates that public systems do not provide less expensive service or more hours of bus service than do private systems, although there may be differences in the quality of service that could not be detected in our analysis. The only other explanation for the results could be measurement error in the reporting of bus hours of service. The data provided to APTA may be so inaccurate that we could not detect any significant public/private differential. This possibility is consistent with the poor results found for K_1. Large measurement error in bus hours could explain the results for both K_1 and the bus hours equation.

The second hypothesis questioned whether highly subsidized public systems provide more service than do less subsidized systems. The results of the hypothesis test for each of the years are shown in Table X-8. From this sample we are not able to conclude that increased subsidies lead to a greater number of hours of bus service. The sign of the sum of b_5 and b_6 is correct in only one of the years. We would expect their sum to be negative if there is a positive relationship between service level and subsidies.

Summary and Recommendations

After controlling for population, density, and other system and community characteristics, it was found that public systems do not pay

higher wages or more premium pay than do private systems, nor do public systems provide more bus hours of service. Various reasons for these results were discussed, including problems with the data.

The important policy issue addressed in this portion of the report was the impact of subsidy levels on wages, premium pay, payment for time not worked, and bus hours of service. While none of the results was statistically significant, they do merit careful consideration for future policy research. For example, in the wage model the signs on the coefficients suggest that as subsidy levels increase, wages also increase. Now that the federal government is providing operating assistance and states and localities have increased their support in recent years, the wage-subsidy relationship deserves close monitoring.

We would not be surprised if future research indicates that subsidies are linked with higher wages. It seems reasonable to permit labor to share the benefits of federal assistance, but policy-makers should know how the subsidy is being divided among the competing parties so that maximum benefits can be obtained from the program.

In this chapter a conceptual model that examined transit labor costs was developed and tested empirically. The empirical results were limited, probably because of data problems and not because of the limitations of the model. We recommend that as more information becomes available through the FARE project, the model introduced in this chapter be expanded to include the interrelationships between subsidies, fares, wages, service levels, premium payments, and fringe benefits. Developing and testing such a model is particularly important since our analysis is based on the years before the federal operating-subsidy program.

XI. CONCLUSION

The preceding chapters have examined the changes that have taken place in the structure and performance of urban transit labor relations between 1960 and 1976. Particular attention was focused on the impact of the shift from private to public ownership and the providing of federal and local subsidies. A major objective of the study was to evaluate how collective bargaining outcomes---transit wages, labor cost, and work rules---changed with the advent of public ownership and public subsidies. In this final chapter, the major findings of the research are reviewed and the implications of these findings for the future of labor relations in urban transit are considered.

Transit Labor Relations in Retrospect

If one were forced to attempt to identify the most salient development in American labor relations during the 1960s and 1970s, it would necessarily be the emergence of public sector collective bargaining. The mass transit industry has both contributed to this development and been affected by it. By 1975, publicly held properties carried 90 percent of the industry's revenue passengers and employed nearly the same proportion of transit's workforce. Most of the shifts to public ownership occurred after the passage of the Urban Mass Transportation Act in 1964. If transit systems have come to share the characteristics and problems of other units of the nonfederal public sector, they also differ in a number of respects.

First, the industry is in the midst of a renaissance induced by the

injection of tax-based revenues following a long and significant decline in the demand for mass transportation services. Second, unlike other parts of the public sector, transit has been unionized for many decades. Third, a consequence of this long history of unionization is that established patterns of collective bargaining have necessarily been carried forward by the parties into the public sector.

A fourth factor that differentiates transit from other units of government is the legal framework regulating the industry's labor relations. This framework is a tangled composite of statutes, judicial decisions, agency awards, and extra-legal practices produced by a variety of political jurisdictions and public authorities.

As the industry has moved into the orbit of government administration, the four factors enumerated above have had important consequences for both the fulfillment of public sector transit obligations and the continuance of historical patterns of labor-management interaction.

The Transition to Public Ownership

Government regulation of mass transit is not a recent phenomenon. Many of the incorporation acts of municipalities prescribed the conditions under which local transit systems would be permitted to operate. Subjects regulated included routes and times of operation, fare structure, and acceptable levels of profits. Thus, although the properties may have been owned and managed by private stockholders, there was a large public service component. The ATU historically has accepted the regulatory role of government in the industry, recognizing that it placed constraints on management's ability to raise fares to cover increased wages and labor costs. The union also was sensitive to the fact that

union bargaining demands and job actions, to the extent that they interrupted the delivery of transit services, would be subject to negative public reaction.

Historically, the ATU has opposed public ownership of the industry. The union believed that, under government ownership, transit management would be more vulnerable to political pressures and would adopt unsound policies because of local political expediency and corruption. It also feared that government ownership might lead to the extinction of collective bargaining. Thus, during the various efforts of Congress to enact programs of federal assistance to local transit, the ATU assumed a negative posture. The union supported the bill which ultimately became the Urban Mass Transportation Act of 1964 only after job protection and bargaining rights were inserted through section 13(c), and only after it was clear to the union that public ownership was the only way to avoid massive economic dislocation within the industry.

The union's concern over possible loss of bargaining rights at properties which went public was not entirely groundless as the experience in the early 1960s with Dade County, Florida, and Dallas, Texas, suggests. Hence, a strong case can be made that 13(c) was necessary. On the other hand, there is evidence to indicate that bargaining would have continued anyway in most transitions to public ownership, even without the addition of the job-protection clause. The cases of New York and Cleveland can be cited.

Moreover, as the field interviews carried out at the 25 properties in the study's sample reveal, the average bargaining relationship has existed for nearly 50 years. Employees have strong expectations that

bargaining will continue and managers, for the most part, are untroubled by that prospect. In fact, a majority of transit union leaders at the sample properties felt that under public ownership unions would be equally as strong or stronger than they were under private ownership.

The fear that public ownership would lead also to increased political interference in the labor management relationship has not been borne out as yet. Although it is logical that such would occur as direct public financial involvement in local transit has increased, the respondents at the sample properties indicate that politics, as such, is a secondary consideration in bargaining. At the time of an impasse, posturing by governmental authorities may occur, but this seems to have been directed more at the general public than at labor or management.

The parties themselves apparently have chosen not to attempt to draw political authorities into collective bargaining through "end-runs," lobbying, or electoral activities. Short of complete breakdown in the relationships, labor and management have preferred to insulate themselves from the political system and this has generally succeeded.

Public ownership, per se, seems to have had no impact on either the structure of bargaining in transit or on its substantive aspects (this generalization is not true of public subsidies which will be considered below.) As has historically been the case, collective bargaining is handled locally, with assistance when needed from labor and management consultants or international officers in cases involving the ATU. Although there has been a trend toward more control by the national office of the Amalgamated, the trend dates back to 1890 and did not begin with the passage of UMTA. The negotiation of 13(c) agreements has been handled primarily by the national officers of the ATU, and to that extent the

process of local control has been further reduced. Even so, transit labor-management relations are still basically a local activity in most cities.

Analysis of labor agreements, supplemented by interviews at the sample properties, indicates that the shift to public ownership has had no discernible impact on the content of contracts negotiated by the parties. Although changes have occurred on occasion, the manner in which such issues as spread-time, penalty payments, and run assignments are handled does not seem to be associated with public ownership. This aspect of the labor-management relationship remains on much the same basis at it has been since early in the twentieth century.

Finally, despite the importance of the public budgeting process to the capital and operating allocations of transit properties, neither labor nor management has attempted to realign contract negotiations to conform to general budget determination procedures of municipal or related governmental bodies. Labor agreement expiration dates continue to be distributed throughout the year, apparently without regard to the fiscal or monetary activities of the parent public body. Thus, in this respect also, the shift to public ownership has evoked no change in the parties' collective bargaining behavior.

If there is a direct impact of public ownership on transit labor relations, it is to be found within the new legal frameworks which replace the federal private sector labor law structure. From 1944 onward, private transit properties were under the jurisdiction of the National Labor Relations Board and as such were subject to certain protected rights including recognition, bargaining, and the right to strike. Efforts by the individual states to prescribe compulsory arbitration or

prohibit strikes were preempted by federal jurisdiction.

Although the transit systems of New York, Boston, and Cleveland became public properties in the 1930s and 1940s, the bulk of the systems in the United States "went public" in the years following the enactment of UMTA. Many of the states in which the public authorities had purchased transit systems either prohibited public employees from organizing and bargaining or at best had no applicable labor legislation. A case in point was Florida.

With the enactment of UMTA and 13(c), receipt of federal funds was contingent upon, among other things, continuation of preexisting bargaining rights. Thus, if local authorities were to receive financial assistance for acquisition of properties, purchase of capital equipment, or operating costs, conflict between federal law and state or municipal law had to be resolved.

The contradiction between federally protected bargaining rights and state proscriptions against them was handled several ways. First, special statutes were enacted which specifically provided such rights for local transit employees, on the one hand, or created transit authorities which could grant bargaining rights, on the other. Second, through the hiring of a private management company (the Memphis Formula) the public transit property would, arguably, still be subject to federal labor law.

In the case of special state enactment, if the local law were to satisfy 13(c) requirements, it must either grant the right to strike or provide an alternative means of "impartial resolution of disputes." In other words, the public authorities were virtually compelled to arbitrate negotiation impasses whether this was philosophically or politically palatable and in addition, regardless of the availability of such mechanisms to other state or local public employees.

The ATU historically has followed a policy of arbitration of interest disputes in preference to strikes. This policy was reinforced when the economic fortunes of the industry declined and job actions against systems became nonproductive. A prohibition on work stoppages accompanied by a stipulation that impasses be submitted to a neutral is therefore not a radical departure from previous transit collective bargaining experience, even under federal jurisdiction.

It would be inaccurate to conclude, however, that the shift to state legal frameworks in without importance for collective bargaining in the industry. In the first place, even though special statutes for labor relations may have been enacted, agencies for enforcement of such rights may not exist or procedures for handling such issues as allegations of unfair labor practices may not be specified.

Secondly, transit employees in some states are a priviledged class of public workers, possessing rights often in excess of those granted to municipal employees generally. Realization of this situation will become increasingly apparent to other local government employees in coming years. If municipal transit employees possess the right to organize, to bargain, and to resort to third-party resolution of disputes, it will be difficult to defend the denial of "equal protection" to sanitation workers, clerical employees, or teachers.

In the same vein, there is increasing likelihood that transit bargaining settlements may spill over into the negotiations of other unionized public employees. Wage levels in transit are already higher than those of most municipal workers and job-protection clauses in contracts are also more completely developed. Moreover, the use of cost-of-

living "escalator" provisions, while commonplace in transit labor agreements, is almost unknown in public labor-management bargaining.

Transit property managers in the sample generally felt that in the future less emphasis should be placed on national transit wage patterns and more on local settlements in the area in which the particular transit bargaining took place. Certainly, if local public sector conditions become important benchmarks, contract settlements in transit will take a different form. On the other hand, for the managers of other local governments already under heavy burdens of fiscal constraints, the prospect that transit settlements will become more influential in other local public sector negotiations may be most unwelcome.

The Impact of Public Subsidies

In 1975 public subsidies amounted to $1.7 billion, covering more than 40 percent of the transit industry's operating expenses.[1] Federal grants have been provided primarily for capital acquisition and demonstration projects, while the states and municipalities have supplied the bulk of the operating subsidies. It is not difficult to understand under the circumstances why the advent of public financing should generate considerable optimism among transit employees. The precarious economic nature of the industry under private ownership severely limited transit unions' bargaining power and left a residue of feeling among employees that, through low wages, they were subsidizing the operation of transit properties.

[1]American Public Transit Association, Transit Fact Book, 1975-1976 Edition (Washington: APTA, 1976), pp. 25-28.

Under the circumstances, concern has been expressed that access to public tax monies would create a "bottomless pit" mentality in bargaining. Critics opposed to federal capital and operating assistance programs have argued that operating subsidies, because of union power, would result in waste or dissipation of funds through union economic gains.[2] In addition, it was also contended that the unions' ability to raise wages would force transit managers to overcapitalize, seeking to lower labor costs with higher productivity.[3]

The impact of tax-based revenues, however, can be expected to affect collective bargaining in transit in different ways, depending on the purpose for which funds are to be allocated and the source from which they are received. Respondents at sample properties felt that funding of capital or demonstration projects would have little impact on collective bargaining. Further, operating assistance, to the extent that it is of a fixed amount and distributed by formula in the manner of federal Section 5 grants, also would have limited impact on transit collective bargaining.

On the other hand, funds derived from general tax revenues, whether local or federal, that are allocated simply on the basis of general operating deficits would provide the least constraint on bargaining and in turn on the development of unlimited-ability-to-pay mentalities. It is also clear, however, that locally derived subsidy funds carry the greatest

[2]See, for example, Lyle Fitch in Perspectives on Federal Transportation Policy, ed. James C. Miller,III (Washington: American Enterprise Institute for Public Policy Research, 1975), pp. 143-144.

[3]George Hilton, "The Urban Mass Transportation Assistance Program," in Ibid., p. 143.

portent for adverse public reaction and political intervention in bargaining. It does not seem unreasonable to speculate that perceived abuses of local public funds would bring relatively rapid retribution to transit labor and management.

Given the existing mix of public assistance programs, methods of financing, and sources of payment, it is difficult to arrive at an unequivocal assessment of the direct impact of such subsidies on labor relations in the industry. Any program, whether public or private, that improves the economic condition of the industry would have implications for the general level of transit employment and wages.

The magnitude of operating subsidies and the controversy surrounding their use compels us first to attempt to evaluate as precisely as possible whether differences exist between private and public systems with regard to wages, penalty time, and service levels. Second, within the public sector, it is appropriate to ask whether increased subsidies lead to increased wages, more penalty time, and increased service. Finally, what is the connection between wage levels and subsidies? That is, do high wages lead to high operating deficits that in turn require high subsidies?

Using 1960 to 1973 data for 55 systems, the study investigated these questions by means of a series of multiple regression models. The resulting analysis indicated consistently that there was no statistically significant difference attributable to public ownership in the aspects of labor cost included in the model. Further, no statistically significant relationships were found between subsidies and wages, hours of service, penalty payments, or fares. We reiterate, however, that data limitations may have prevented us from identifying significant relationships, and therefore these findings should be regarded as highly tentative. We believe, however, that if the necessary data are collected, as is contemplated under Project FARE, the model set forth in this study can be used as a basis for policy recommendations.

Thus, while the effects of public subsidy are difficult to measure in a direct and precise way, by inference we can identify changes in employment and wages that have occurred during the shift to public ownership and logically seem to be associated with the availability of tax-based supplements to transit income. For example, one very noticeable change is that in the late 1960s the falling level of employment in the industry bottomed out at approximately 138,000 (it had been 242,000 in 1945) and began to climb again, reaching nearly 160,000 in 1975.[4]

The shift to public ownership coincides with a rising real wage level for the industry's employees. Using as a measure the mean real maximum hourly wage rate of bus operators, the study found that wages were up 77 percent over the 1960 to 1975 period. The increase was particularly marked for the latter half of the 15-year period under study. In addition, bus operator wages kept pace with unionized truck drivers in the cities where sample properties were located and in fact surpassed the gains of manufacturing employees by a considerable margin.[5] The importance of public funds to these wage changes is suggested by the case of

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[4] Transit Fact Book, p. 38.

[5] Transit rates in the 25 sample cities were 5 percent lower than average earnings in manufacturing in those cities in 1960 but were 14 percent higher in 1975.

Cleveland in which fare box revenues by law could not be subsidized and wage levels for bus operators fell relative to comparable systems.

The Special Case of Section 13(c)

Any summing up of the impact of public ownership and subsidy must give particular attention to Section 13(c) of the Urban Mass Transportation Act of 1964. It was, of course, labor's price for support of UMTA and has been a lightning rod for controversy over public control of the industry. It was contended, as the review in Chapter IV recounted, that unions would use the provision to veto or delay receipt of federal assistance as "blackmail" for bargaining gains. Industry spokespersons also predicted that the U.S. Department of Labor would impose onerous labor-protection settlements on transit managers to the detriment of efficient system operation.

The study found that none of the fears was borne out by the experience of the parties involved with 13(c). Certifications were infrequently denied, the imposition of terms by the Department of Labor have been rare, and processing time for applications is being shortened. In fact, labor and management officials at the 25 sample properties visited expressed satisfaction with the procedures now in force for meeting 13(c) requirements.

From a substantive aspect, transit respondents could not identify extensive expenditures for job displacement, dismissal allowances, retraining, or relocation. This is not to conclude that all parties have come to accept the procedures and provisions of 13(c). Transit managers in particular have chafed under its rules and administration and have argued that there is no justification for applying 13(c) to nontakeover

capital grants and demonstration projects and especially to operating subsidies. The participation of national union officers in local negotiations of 13(c) agreements is a further sore point with management. Much of the concern over 13(c), thus, has taken the form of anticipated effects, most of which have yet to be realized.

In retrospect, the labor protection provisions of 13(c), perhaps unexpectedly, have been far less a factor in the relationships of transit labor and management than the requirements that continued collective bargaining rights. In the latter case, although the evidence is mixed, loss of such rights would have accompanied the conversion to public ownership in many cases. The consequence would have been a high incidence of labor conflict whose effects would have disrupted transportation services in many cities for years afterwards.

The Future of Transit Labor Relations

Urban mass transportation is an industry whose transition to full public sector status remains to be completed. At the present moment transit labor and management have succeeded in retaining many of the positive characteristics of their former private sector relationship while benefiting from access to public funding and support. As a consequence, transit's unique brand of private sector collective bargaining has been carried on within a governmental context almost unchanged in structure or process.

The magnitude and apparent intractability of social and fiscal problems of American cities suggest, however, that transit management and labor cannot for long remain insulated from other public sector bargaining pressures. As implied in the preceding section of the report,

the full transformation of transit institutions into governmental units has a number of potentially far-reaching implications.

First, transit labor relations may become just another aspect of local public sector bargaining and greater accommodation will have to be made by transit labor and management to local wages and working conditions. Second, the probability is high that, in turn, local public workers will themselves see the value of keying their own organizational status and bargaining demands to transit patterns as a new "orbit of coercive comparison." Downward pressures on transit settlement thus may increase while, at the same time, upward pressures on other local public sector employee settlements increase. These pressures may lead to higher levels of conflict unless greater reliance is placed on arbitration.

It should be emphasized that transit labor relations have featured the use of interest arbitration for many years. Only in recent years has this procedure been statutorily adopted for use in the settlement of disputes involving essential public services. In the past decade, about a dozen states have passed laws that provide for the arbitration of police, firefighter, and other essential-service disputes. Perhaps, in the future, these laws will be extended to cover local transit. Because of the historic ATU reliance on arbitration, the union probably would not oppose this development as strongly as might other unions which adhere more faithfully to the traditional private-sector-union right-to-strike ideology.

An alternative picture for the future is one under which national legislation is passed giving all local government employees full bargaining rights and the legal right to strike, subject to the constraint that the strike may be enjoined if it is shown to endanger the health or

safety of the community. If such legislation is passed, public sector bargaining generally may become more like private sector bargaining, and transit bargaining will seem less unique. Under those circumstances, the pressures to change transit labor relations may not be as great as has been suggested.

Also, if public sector bargaining is brought under the private sector statute, transit union reliance on Section 13(c) would be diminished because bargaining rights would no longer be endangered by the shift from the private to the public sector. At the present writing (late summer 1977), however, it seems unlikely that public sector bargaining will be brought under the private sector act within the next few years. It seems more likely that state public sector bargaining legislation will be enacted and that more groups, possibly including local transit workers, will be given the right to arbitrate their disputes about the terms of new agreements.

Third, in the future, contractually stipulated work rules may become much more salient in the relations between transit labor and management. Although the issues of work scheduling and penalty time have occasioned considerable rhetoric, they have not been a major cause of bargaining impasses. Even in the days of the industry's most dire financial straits, the parties were able to coexist under the rules. Today, however, when costs are increasing and highly touted technological advances cannot be applied immediately because of financial, political, and technical considerations, increased efficiency will have to come in the short run from better utilization of existing transit labor and not through substitution of capital for labor or the creation of parallel or

competing transportation systems.[6]

The ATU and other transit unions have already demonstrated they will not voluntarily forgo "hard won" job protection, wage levels, or union security. Therefore, approaches to productivity issues, if major conflict is to be avoided, may necessarily involve productivity bargaining and/or some form of the labor-management productivity and employment committees now the subject of experimentation in such industries as steel and retail food.

The fourth point which flows from the integration of transit into the public sector is the likelihood that politics will come to play an increasingly important role in the labor relations of the industry. The growing financial stake of the cities in their transit systems will make it increasingly difficult for the parties to insulate themselves from the local political process. Political criteria now play an important role in decisions involving fare setting, service levels, and financing. Given the close relationship between fares, financing, deficits, and wages, there is no logical reason to expect that politics will not become a more important factor in the relationship.

Finally, the uncertainty of forecasting accurately the future of transit labor relations is increased by forces which are beyond the control of labor, management, or even public authorities at the local level. On the one hand, the general performance of the U.S. economy has a direct and obvious impact on local transit labor relations. The rate of inflation is particularly important in bargaining in this industry because of

[6]The Paratransit or demand responsive schemes, also are unlikely to make more than marginal changes in the delivery of urban transit services.

the prevalence of cost-of-living clauses. Of importance also are levels of growth and unemployment which affect tax collections, priorities to be placed on other services provided by public authorities, and ultimately, revenue available to transit properties both through the fare box and subsidies.

An uncertain social climate in the major cities is an additional factor of major potential for transit labor relations. In many urban areas, the population and, in turn, the transit workforce have come to be composed largely of minorities. As yet transit labor organizations have only minimally adjusted their leadership and bargaining activities to this development. In the coming years the pressures for greater accommodation are likely to grow, particularly if general urban economic and social conditions worsen.

Finally, a major question mark is the future policies of the federal government. Thus, continued commitment to solving the general problems of urban housing, education, and welfare, but particularly energy and transportation, are crucial to maintenance of gains the industry has achieved since the late 1960s. Without federal support, one can only speculate what future awaits mass transit and its labor-management relations.

APPENDIX I-1

SAMPLE IDENTIFICATION: FIELD INTERVIEWS

SAMPLE SYSTEMS:

Albany, New York
- Edward Guire, Business Agent And Financial Secretary, Amalgamated Transit Union, Local 1321
- Robert Manz, General Manager, Capital District Transportation Authority

Atlanta, Georgia
- Curtis Jacobs, President, Amalgamated Transit Union, Local 732
- Donald Volkman, Assistant General Manager for Transit Operations, Metropolitan Atlanta Rapid Transit Authority

Baltimore, Maryland
- Elmer Stump, President and Business Agent, Amalgamated Transit Union, Local 1300
- Joe Garvey, General Manager, Mass Transit Administration of Maryland, Metropolitan Transit System

Boston, Massachusetts
- Americoa Curto, Business Agent, Amalgamated Transit Union, Local 589
- Albert Doherty, Employee Delegate, Amalgamated Transit Union, Local 589
- George O'Brien, Manager of Labor Relations, Massachusetts Bay Transit Authority

Buffalo, New York
- Robert Decker, Executive Vice-President, Niagara Frontier Transit Authority

Charlotte, North Carolina
- Al Warlick, Chairman, Committee of Adjustments, United Transportation Union, Division 1715
- Roger Mullis, Vice-Chairman, Committee of Adjustments, United Transportation Union, Division 1715
- T.E. Combs, General Manager, Charlotte Transit System

Chicago, Illinois
- Earl Barley, President and Business Agent, Amalgamated Transit Union, Local 241
- Charles Hall, Secretary-Treasurer, Amalgamated Transit Union, Local 241

Joseph Stevens
Special Assistant to the Chairman and Manager of Labor and Community Relations
Chicago Transit Authority

John Aurand
General Administrative Manager
Chicago Transit Authority

Cleveland, Ohio
Peter Albertino
President and Business Agent
Amalgamated Transit Union, Local 268

Leonard Ronis
General Manager
Greater Cleveland Regional Transit Authority

Dallas, Texas
Ike Thurman
President
Amalgamated Transit Union, Local 1338

Homer Eley
Secretary-Treasurer
Amalgamated Transit Union, Local 1338

Marvin Dodson
Vice-President
Amalgamated Transit Union, Local 1338

M.I. Smith
Presonnel Director
Dallas Transit System

Denver, Colorado
Charles Mosher
President
Amalgamated Transit Union, Local 1001

John Simpson
Executive Director and General Manager
Regional Transportation District

Hap Fay
Director of Personnel
Regional Transportation District

Erie, Pennsylvania
Oscar Lecker
Financial Secretary and Treasurer
Amalgamated Transit Union, Local 568

Thomas Burke
General Manager
Erie Metropolitan Transit Authority

Huntington, West Virginia
Luster Grubb
President
Amalgamated Transit Union, Local 1171

Hubert Foster
Financial Secretary
Amalgamated Transit Union, Local 1171

James Ayres
General Manager
Tri-State Transit Authority

Richard Bolen
Attorney
Retained by Tri-State Transit Authority

Los Angeles, California
Earl Clark
General Chairman
United Transportation Union, SCRTD Division

John S. Wilkens
Manager of Employee Relations
Southern California Rapid Transit District

Madison, Wisconsin
Merle Baker
Business Agent
International Brotherhood of Teamsters, Chauffeurs, Warehousemen and Helpers

Frank Matone
General Manager
Madison Metro

Thomas Drengson
Assistant Manager
Madison Metro

Memphis, Tennessee
Luther Hall
Financial Secretary
Amalgamated Transit Union, Local 713

Thomas Evans
General Manager
Memphis Transit Authority

Miami, Florida
Bernard Clarke
President
Transport Workers Union, Local 291

Andrew Hauer
General Manager
Metropolitan Dade County Transit Agency

Milwaukee, Wisconsin
John Konrad
President and Business Agent
Amalgamated Transit Union, Local 998

G.C. Larson
Vice-President and Assistant for Operations
Milwaukee and Suburban Transport

Minneapolis, Minnesota
Arnie Entzel
President and Business Agent
Amalgamated Transit Union, Local 1005

Richard Ryan
Assistant Business Agent
Amalgamated Transit Union, Local 1005

Harry W. Springer
General Manager
Metropolitan Transit Commission: Transit Operating Division

Louis B. Olsen
Assistant General Manager
Metropolitan Transit Commission: Transit Operating Division

John Cepell
Assistant for Labor Relations
Metropolitan Transit Commission: Transit Operating Division

Oakland, California
George Garcia
President
Amalgamated Transit Union, Local 192

LLoyd Hadden
Secretary-Treasurer
Amalgamated Transit Union, Local 192

Robert J. Shamoon
Manager of Personnel
A C Transit

Omaha, Nebraska
Gerald Carpenter
President
Transport Workers Union,
Local 223

Joseph Parco
International Representative
Transport Workers Union

John O'Connor
Attorney
Retained by Transport Workers
Union, Local 223

Robert Lager
Manager of Employee Relations
Transit Authority of the City
of Omaha

Philadelphia, Pennsylvania
Ned LeDonne
President
Transport Workers Union,
Local 234

Joseph Parco
International Representative
Transport Workers Union

Providence, Rhode Island
Henry Molloy
President and Business Agent
Amalgamated Transit Union,
Local 618

James Graebner
General Manager
Rhode Island Public Transit
Authority

San Diego, California
David Moore
President
Amalgamated Transit Union,
Local 1309

Thomas Prior
General Manager
San Diego Transit Authority

Tacoma, Washington
Donald Hansen
Business Agent and Financial
Secretary
Amalgamated Transit Union,
Local 758

Charles Walsh
Director of Transportation
Tacoma Transit System

Washington, D.C.
George Davis
President
Amalgamated Transit Union,
Local 689

J. Godfrey Butler
Assistant General Counsel for
Labor Relations
Washington Metro Area Transit
Authority

ADDITIONAL RESPONDENTS:

Walter Bierwagen
International Vice-President and
Director of Public Affairs
Amalgamated Transit Union

H. R. Biddle
Vice-President and Regional
Manager
American Transit Corporation
St. Louis, Missouri

John A. Dash
Industry Consultant
Haverford, Pennsylvania

David Fox
Staff Attorney and Legislative
Analyst
American Public Transit Association
Washington, D.C.

Thomas Hock
Attorney
ATE Management and Service Company,
Inc.
Cincinnati, Ohio

Joseph Madison
Research Director
Transport Workers Union
Washington, D.C.

Harry Platt
Arbitrator
Detroit, Michigan

Joseph Poquette
President
City Coach Lines
Jacksonville, Florida

Philip Ringo
President
ATE Management and Service
Company, Inc.
Cincinnati, Ohio

Thomas Roth
Labor Bureau of the Middle
West
Washington, D.C.

Herman Sternstein
Labor Bureau of the Middle
West
Washington, D.C.

Lary Yud
Chief of the Division of
Employee Protection
U.S. Department of Labor
Washington, D.C.

TRANSIT SURVEY

INDUSTRIAL RELATIONS RESEARCH INSTITUTE

PROJECT #WI-11-0004

1975 - 1976

SYSTEM: _____

RESPONDENT: _____

RESPONDENT'S POSITION: _____

OTHER PARTICIPANTS: _____

DATE: _____

INTERVIEW DURATION: _____

INTERVIEWER: _____

COMMENTS:

RESPONSE CARD #1:
(Question #7)

System Name: _____

BARGAINING HISTORY

New Contract Negotiations from 1958 to Present

Beginning with 1958, indicate year in which each new labor agreement took effect	Method by which New Contract Terms were Determined (check one for each contract)			
	Negotiated Settlement	Strike followed by Negotiated Settlement	Strike followed by Arbitration	Arbitration

RESPONSE CARD #2
(Question #8)

System Name: _____

UNION AND MANAGEMENT BARGAINING TACTICS

What tactics have the union and management used in negotiations while system haa been under public ownership? Please explain.

1. Strike, Lockout
2. Slowdown (work to rule), stringent enforcement of contract provisions or other system rules
3. Use of press or other media to influence public opinion
4. Direct appeal to politicians, political bodies, or the judicial system

RESPONSE CARD #3
(Question #9(c))

System Name: _____

Are there situations in which you feel that you could achieve a more favorable outcome with an arbitrated than a negotiated settlement?

—— in recession or periods of economic downturn.

—— in periods of inflation.

—— when for political reasons the other party to negotiations is taking a hard line in bargaining.

—— when seeking to introduce, substantially alter or remove a wage escalator (cost of living provision).

—— when attempting to introduce new contract provisions.

—— when attempting to substantially alter work rule provisions.

—— in the face of recent changes in management personnel.

—— in the face of recent changes in management personnel.

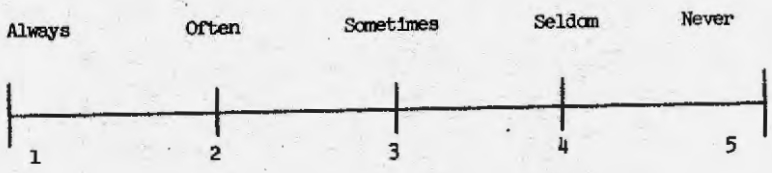
—— in periods of transition in local union membership.

—— other, please specify _____

_____

RESPONSE CARD #8
(Question

System Name: _____



APPENDIX I-2

TRANSIT MANAGEMENT INTERVIEW SCHEDULE

Industrial Relations Research Institute

UMTA Project WI - 11 - 0004

1975 - 1976

NOTE TO INTERVIEWER: Many of the questions in the attached interview schedule are followed by words or phrases in parentheses. This information is meant to be indicative of the desired type of response and should not be read to the respondent unless there is no alternative way to make clear the intent of the question.

****

INTRODUCTORY QUESTIONS:

1) How long have you been serving as (job title) ? Did you previously hold any other position in this system? (Follow-up with questions to discover any other job experience in transit or elsewhere) Are you currently involved in labor relations activities in any way? (Policy making, grievances, during bargaining, etc.)

2) (a) How long has a collective bargaining relationship existed in your firm?
   (b) How long has the present union represented operators? Other employees? (Are maintenance employees represented by same union?)
   (c) (If there has been a change of unions) What factors precipitated the change in unions?

3) (If maintenance employees are not in the same union) What impact, if any, does the fact that operators and maintenance workers are represented by different unions have on labor relations? Who is pattern setter?

4) How do you view your role as an employer in local mass transit:
   (a) Do you consider mass transit in your city to be an essential service?
   (b) What other local government functions would you consider to be of a similar degree of essentiality?

SECTION ONE:

The following questions pertain to collective bargaining and impasse resolution.

5) (a) What is the composition of your bargaining team?
   (b) Who makes the key decisions prior to and during negotiations? (i.e., who defines demands, makes wage decisions, is the tactician — where is the locus of power?) What role is played by the National Union?

6) (a) What role do local politics play in contract negotiations? (Who and how?) Do you view this level of involvement as legitimate? . . .constructive?
   (b) Has the union attempted to circumvent normal bargaining channels with direct appeals to politicians or political bodies? (Impact?)

7) (a) In the post-1960 period, how have labor agreements been achieved (e.g., negotiated settlement, strike, arbitration — use Response Card #1).
   (b) What have been the key issues to settlement or the issues remaining unresolved at the point of impasse? (e.g., last issue or issues on the table)
   (c) (If there has been a strike) Where strikes have occurred, how long did they last? . . .how were they resolved? (e.g., was there any political intervention or court involvement?)
   (d) Is the strike — or strike threat — an effective union sanction (weapon) in urban mass transit? (Re: bargaining power, outcomes)

8) Which of these tactics listed on this sheet have the union and management attempted to use to influence the outcome of negotiations? Explain. (while system was under public ownership — use Response Card #2)

9) (a) What is the "appropriate" method of impasse resolution for contract disputes in local transit?
   (b) (If the answer to (a) is arbitration) Are there any situations in which you feel the strike might be preferable?
   (c) Are there circumstances in which you feel you could achieve more with an arbitrated than a negotiated settlement? (Allow to answer, then use Response Card #3)
   (d) Does your current labor agreement contain an interest arbitration clause? (If no), Did it in the past?
   (e) Are you mandated by system charter or other legislation to arbitrate contract disputes?
   (f) Does (or would) the presence of a contractual or legislatively imposed requirement to arbitrate such disputes influence the likelihood of achieving a negotiated settlement?
   (g) Does the use of arbitration lead to reliance on arbitration in following negotiations? (Narcotic effect)
   (h) What role, if any, has mediation played in recent negotiations?

10) Omit

11) (a) Using this scale, how would you characterize the militancy of the union membership in the pursuit of bargaining objectives? (Use Response Card #4)

11) Continued
   (b) . . .the militancy of the local union leadership . . . (Use Response Card #4)

12) Please answer the next four questions (12 a-d) using this scale (Use Response Card #5)
   (a) How would you estimate that current operator's earnings compare with comparable local public employees? . . .with the earnings of local truck drivers? . . .with the average earnings of local manufacturing workers?
   (b) How does the current operator's wage rate compare with the wage rate received by operators in the transit industry as a whole? . . .with operators by systems of comparable size?
   (c) How do the current fringe benefits received by operators compare with other public employees? . . .with bus drivers in other systems? . . .with bus drivers in systems of comparable size?
   (d) How does the magnitude of recent contractual increases compare with gains made by these other groups? (e.g., annual % change) Local public employees? Local truck drivers? Local manufacturing workers? Bus drivers in general? Bus drivers in systems of comparable size?

13) (a) Do you consider your firm to be primarily a pattern-setter, independent, or a pattern-follower in contract negotiations?
   (b) In terms of having impact on the outcome of bargaining what group or groups of employees are the most important comparisons? (as to wages or benefits received). Please rate each according to its importance (use Response Card #6).

14) Does the current labor agreement contain a cost-of-living provision? (wage escalator) How and when was this achieved? Has the formula been changed since introduction? Do you anticipate any changes in the formula in forthcoming negotiations? (If no COLA,) Is cost of living protection an important union objective?

15) (a) Some have suggested that the level and scope of work rule provisions common in the transit industry take from management's hands the ability to make management decisions and has had serious effects on the system efficiency. How do you react to this statement?
   (b) Are there any contract provisions which you find particularly troublesome? (identify)
   (c) Can non-productive hours be reduced appreciably through negotiated contract changes? (or is the level inherent to characteristics of the industry?)

16) Are there any subjects which you view as inappropriate for bargaining? (identify and explain)

17) (a) What new issues have appeared in negotiations in recent years?
   (b) Are there issues you see gaining in prominance in upcoming negotiations? Do you have particular bargaining objectives for the future? Are there areas where you expect the union to

17) Continued
seek substantial contractual modifications?

18) How do you view the future of labor relations in your system? (any crises on the horizon?)

19) What recommendation or recommendations do you have for improving the quality of union-management relations in transit?

SECTION TWO:

The next set of questions relate to recent corporate history and particularly to the public acquisition of the system.

20) (a) What were the circumstances leading to public takeover? (What forces or critical events?)
(b) Omit

21) (a) What were the legal implications of takeover on employee rights? (i.e., bargaining rights)
(b) What ordinances, enabling legislation, statutes, or resolutions currently govern or influence labor relations? (process or outcomes)
(c) What rights do employees currently possess? (e.g., right to bargain, scope of bargaining, impasse resolution, union security?)
(d) Have these rights ever been tested or challenged by litigation (e.g., court, NLRB, 13(c)?)

22) (a) Did public acquisition affect the collective bargaining process?
(b) Did public acquisition affect bargaining outcomes? Specifically has public ownership resulted in higher, about the same, or lower wage settlements than would have otherwise occurred? (if higher or lower, explain).
(c) . . .higher levels of fringe benefits than would have otherwise occurred? (Examples, and explain)

23) Please indicate whether you strongly agree, agree, neither agree nor disagree, disagree or strongly disagree with each of the following statements. (Use Response Card #7)
(a) Public sector employees should have the right to bargain collectively.
(b) Public sector employees with the exception of those workers directly engaged in protecting public safety and health (police, fire, prison guards, etc.) should have the same right to strike possessed by private sector workers.
(c) Because the profit motive is absent in public systems, there is little chance for efficiency.
(d) Labor unions tend to have more strength in publicly owned systems than under private ownership.

24) (a) (If unknown) Is the _____(name)_____ system a municipal department, an independent transit authority, or an independent transit district with the ability to levy taxes?
(b) How does your system structure influence the bargaining process or bargaining outcomes compared to what would be the case under alternative forms? (City Dept., Transit Authority, Transit Authority with taxing power)

25) (a) (If unknown) Does an outside management company run your system?
(b) (If there is a management company) When and under what circumstances was a management company introduced? (Distinguish between 13(c) — Memphis Formula — and other reasons)
(c) Does the management company serve as the employer of record? . . .make employment decisions? . . .set policy concerning day to day operations? . . .have the authority to negotiate the terms of a collective agreement?
(d) Advantages and disadvantages for labor relations of using a management company as the employer of record.

26) Where and how is your annual budget derived? Who is involved in this process?

27) (a) What are your sources of funds other than the farebox? (not interested in dollar amounts) — revenue bonds, taxation, local government subsidies, other)
(b) (If receiving operating assistance) How long have you been receiving operating assistance?
(c) Has the percentage of costs met through the farebox changed appreciably in recent years? (How has increasing deficit been funded)
(d) Have UMTA capital assistance funds been received?

28) Has the receipt of capital assistance funds had any effect on the bargaining process or on bargaining outcomes? Specifically:
(a) Does receiving capital assistance funds influence wage levels to be higher than they would otherwise be? (If yes, how?)
(b) Are other bargaining outcomes influenced in any way?
(c) Is the bargaining relationship affected in any other ways? (e.g., bargaining process, the nature of arguments in negotiations?)

29) Same as previous question, but . . .operating assistance funds.

30) (a) What is the current fare and recent fare history? (briefly)
(b) Do the level of fares or fare changes influence bargaining in any way? (explain)

SECTION THREE:

This portion of the interview concerns the Labor Protective Provisions, Section 13(c), of federal capital and operating assistance.

31) Have you (or your system) ever negotiated a 13(c) agreement? When was the first agreement? Did this (or any other 13(c)) involve funds for system acquisition? Does the 13(c) governing system aquisition contain an interest arbitration clause as a substitute for the right to strike?

32) (a) Have 13(c)s negotiated recently differed appreciably from earlier agreements with respect to the pattern of negotiations, the time required, or the content of the agreement?
(b) Do any 13(c) negotiations stand out as being unusually difficult or creating any particular problems?
(c) Have you ever had difficulty or experienced delays in obtaining a 13(c) agreement? (Explain)

33) What is the current procedure for negotiating a 13(c) agreement? When is the union informed? How long do you anticipate a typical 13(c) negotiation will take? Who is involved in the negotiation?

34) Have you signed a 13(c) for operating assistance funds? Do you anticipate that 13(c)s for operating assistance will create any different or unique problems? Are you aware of the National Agreement for operating assistance grants? Has your system signed or do you anticipate signing this agreement? What is your assessment of the National Agreement?

35) (a) Have any of your 13(c) agreements in any way affected labor relations or system finances? (bargaining rights, payouts, etc.) Do you anticipate any effects?
(b) Has 13(c) resulted in changes in employee benefits?
(c) Has the grievance procedure of a 13(c) agreement in any way conflicted with the contrast procedure?
(d) Has the existence of a 13(c) agreement interfered in any way with managerial prerogatives?

36) (a) Have you felt pressured to sign a 13(c)? (If yes), By whom and in what manner?
(b) Have 13(c) negotiations ever been used by the local union in an attempt to influence contract negotiations in any way? (e.g., time pressure, inclusion of 13(c) language in contract, leverage in the collective bargaining relationship)

37) Has 13(c) been the source of any litigation or arbitrations? Explain.

38) How would you assess the role played by the following agencies or organizations in the 13(c) negotiations process?
(a) Department of Labor:
— Do they provide the appropriate amount of guidance, information, and/or assistance? (If no, explain)
— Have they been fair?
— How might the role played by the DOL be improved?
(b) Department of Transportation (UMTA):
— Do they provide the appropriate amount of guidance, information, and/or assistance?

38) Continued
— How might their involvement in 13(c) matters be improved?
(c) The local union
(d) The national union
(e) Omit

39) (a) How might the procedure for arriving at and gaining certification for 13(c) agreements be speeded up or otherwise improved?
(b) Is local bargaining over 13(c) guarantees appropriate or would you rather see either a uniform set of standards imposed by the Secretary of Labor or a standard agreement negotiated by the parties?

40) (a) Is it your expectation that employment in your system will increase, decrease or remain the same in the near future? . . . over the next decade? (impact of 13(c))
(b) Do you foresee any layoffs of personnel for any reason? (If yes, — within 5 years — explain and what implications will existing 13(c) guarantees have?)

41) Do you foresee technological advances having any affect on the number of workers or on job content? (e.g., articulated buses, Dial-a-Ride, light rail.) (If yes) What role will 13(c) play in this regard?

42) (a) Are the labor protection requirements of the Urban Mass Transportation Act necessary? (e.g., redundant, counterproductive)
(b) What changes in the content of 13(c) agreements would you advocate to make them more appropriate or more effective?

SECTION FOUR:

These last few questions concern your labor force and the role of the National Union.

43) (a) How would you assess the role played by the National Union in contract negotiations?
(b) What impact does the National Union control of strike funds and their partial funding of arbitration costs have on labor relations?

44) Omit

45) Omit

46) (a) Has the racial composition of your work force changed since 1960? Approximately what percentage of your work force is non-white? Has the change in racial composition affected collective bargaining in any way? (process or issues) Have caucuses formed within the union?
(b) Has the sex composition of your work force changed in the past ten years? (If yes, has this affected labor relations in any way?)

46) Continued
(c) Has the age distribution of your work force changed in the past decade? (If yes) Has this had any impact on labor relations?

47) Omit

48) Omit

49) Do you use or are you aware of the bargaining and arbitration services provided to many transit managements by consultants such as John Dash and Associates and to ATU locals by such organizations as Labor Bureau of the Middle West? (If yes), How do you view the role played by such consultants in the transit industry? (Necessary, constructive, harmful, too powerful, too expensive)

50) Are the current bargaining rights of your transit employees appropriate? What changes in the law would be beneficial and/or provide for better labor relations?

TRANSIT UNION INTERVIEW SCHEDULE

Industrial Relations Research Institute

UMTA Project WI - 11 - 0004

1975 - 1976

NOTE TO INTERVIEWER: Many of the questions in the attached interview schedule are followed by words or phrases in parentheses. This information is meant to be indicative of the desired type of response and should not be read to the respondent unless there is no alternative way to make clear the intent of the question.

****

INTRODUCTORY QUESTIONS:

1) How long have you been serving as (position in union) ? Did you previously serve the union in any other capacity? In how many contract negotiations have you been a member of the union bargaining team? How many years have you worked for the (name of system) ? What job or jobs have you held other than bus operator?

2) (a) How long has a bargaining relationship existed between your union and the system?
(b) Has any other union than the (name of union) represented operators during some period of the system's existence? Do you currently represent maintenance employees as well as operators? (If yes), Have maintenance employees always been in your local?
(c) (If there has been any change of unions) What factors led to the employees' decision to change their affiliation?

3) (If maintenance employees are not in the same union) What impact, if any, does maintenance employees being represented by a different union have on your bargaining? Who is the pattern setter?

4) (a) Do you view mass transit in your city as an essential service?
(b) What other local government functions would you assess to be of a similar degree of essentiality?

SECTION ONE:

The following questions pertain to collective bargaining and impasse resolution.

5) (a) What is the composition of your bargaining team?
(b) Who makes the key decisions prior to and during negotiations?

5) Continued
(i.e., who defines demands, makes wage decisions, is the tactician — where is the locus of power?) What role is played by the National union?

6) (a) What role do local politics play on contract negotiations? (Who is involved and in what way) Do you view this level of involvement as legitimate? . . .constructive?
(b) Omit

7) (a) In the post-1960 period, how have labor agreements been achieved? (e.g., negotiated settlement, strike, arbitration — use Response Card #1)
(b) What have been the key issues to settlement or the issues remaining unresolved at the point of impasse? (e.g., last issue or issues on the table)
(c) (If there has been a strike) Where strikes have occurred, how long did they last? . . .how were they resolved? (e.g., was there political intervention or court involvement?) Why was the strike route chosen rather than arbitration?
(d) Is the strike — or strike threat — an effective union sanction (weapon) in urban mass transit? (Re: bargaining power, outcomes)

8) Which of these tactics listed on this sheet have the union and management attempted to use to influence the outcome of negotiations? Explain. (while system was under public ownership — use Response Card #2)

9) (a) What is the "appropriate" method of impasse resolution for contract disputes in local transit?
(b) (If answer to (a) is arbitration) Are there any situations in which you feel the strike might be preferable?
(c) Are there circumstances in which you feel you could achieve more (a better contract) with an arbitrated than a negotiated settlement? (Allow to answer, then use Response Card #3)
(d) Does your current labor agreement contain an interest arbitration clause? (If no) Did it in the past? (Why was it dropped?)
(e) Is the (name of system) required by charter or other legislation to arbitrate contract disputes?
(f) Does (or would) the presence of a contractual or legislatively imposed requirement to arbitrate negotiating impasses influence the likelihood of achieving a negotiated settlement?
(g) Does the use of arbitration lead to reliance on arbitration in future negotiations? (Narcotic effect)
(h) What role, if any, has mediation played in recent negotiations?

10) To what extent do the costs of arbitration deter your union from using this procedure in contract negotiations?

11) (a) Using this scale, how would you characterize the militancy of your membership in pursuit of bargaining objectives? (Use Response Card #4)
(b) Omit

12) Please answer the next four questions (12 a-d) using this scale: (Give Response Card #5)
(a) How do current operator's earnings compare with comparable local public employees? . . .with the earnings of local truck drivers? . . .with the average earnings of local manufacturing workers?
(b) How does the current operator's wage rate compare with the wage rate received by operators in the transit industry as a whole? . . .with operators employed by systems of comparable size? (Note: urban mass transit, not transportation in general)
(c) How do the current fringe benefits received by operators compare with other public employees? . . .with local truck drivers? . . .with local manufacturing workers? . . .with bus drivers in other systems? . . .with bus drivers in systems of comparable size?
(d) How does the magnitude of your recent annual contractual wage increases compare with gains made by these other groups? (i.e., annual percent change) Local public employees? Local truck drivers? Local manufacturing workers? Bus drivers in general? Bus drivers in systems of comparable size?

13) (a) Do you consider your settlements to be primarily pattern-setting, independent of other settlements, or pattern-following of other settlements?
(b) In terms of having impact on the outcome of bargaining, what group or groups of employees are the most important comparisons? (as to wages or benefits received) Please rate each according to its importance (use Response Card #6)

14) Does the current labor agreement contain a cost of living provision? (wage escalator) How and when was this achieved? Has the formula been changed since introduction? Do you anticipate any changes in the forthcoming negotiations? (If no COLA) Is cost of living protection an important union objective?

15) (a) Some have suggested that the level and scope of work rule provisions common in the transit industry take from management's hands the ability to make management decisions and has had a serious effect on system efficiency. How do you react to this statement?
(b) Are there any current contract provisions governing the utilization of labor (e.g., guarantees, penalties, limitations) which you view as being inappropriate?
(c) Can non-productive hours be reduced appreciably through negotiated contractual changes? (or is the level inherent to characteristics of the industry?)

16) Are there any subjects which you view as inappropriate for bargaining? (identify and explain)

17) (a) What new issues have appeared in negotiations in recent years?
(b) Are there issues you see gaining in prominence in upcoming negotiations? Do you have particular bargaining objectives for

17) Continued
the future? Are there areas where you expect management to seek substantial contractual modifications?

18) How do you view the future of labor relations in your system? (any crises on the horizon?)

19) What recommendation or recommendations do you have for improving the quality of union-management relations in transit?

SECTION TWO:

The next set of questions relate to recent corporate history and particularly to the public acquisition of the system.

20) (a) What were the circumstances leading to public takeover? (what forces or critical events?)
(b) Did the union have any influence on the timing or nature of the takeover?

21) (a) What were the legal implications of takeover on employee rights? (i.e., bargaining rights)
(b) What ordinances, enabling legislation, statutes, or resolutions currently govern or influence labor relations? (process or outcomes)
(c) What rights do employees currently possess? (e.g., right to bargain, scope of bargaining, impasse resolution, union security)
(d) Have these rights ever been tested or challenged by litigation? (e.g., court, NLRB, 13(c))

22) (a) Did public acquisition affect the collective bargaining process?
(b) Did public acquisition affect bargaining outcomes? Specifically, has public ownership resulted in higher, about the same, or lower wage settlements than would have otherwise occurred? (If higher or lower, explain)
(c) . . .levels of fringe benefits than would have otherwise occurred? (Examples, and explain)

23) Please indicate whether you strongly agree, agree, neither agree or disagree, disagree or strongly disagree with each of the following statements. (use Response Card #7)
(a) Public sector employees should have the right to bargain collectively.
(b) Public sector employees with the exception of those workers directly engaged in protecting public safety and health should have the same right to strike possessed by private sector workers.
(c) Because the profit motive is absent in public systems, there is little chance for efficiency.
(d) Labor unions tend to have more strength in publicly owned systems than under private ownership.

24) (a) (If unknown) Is the (name) _____ system a municipal department, an independent transit authority, or an independent transit district with the ability to levy taxes?
(b) How does your system structure influence the bargaining process or bargaining outcomes compared to what would be the case under alternative forms? (City Dept., Transit Authority, Transit Authority with taxing power)

25) (a) (If unknown) Does an outside management company run your system?
(b) (If there is a management company) When and under what circumstances was a management company introduced? (Distinguish between 13(c) -- Memphis Formula -- and other reasons)
(c) Omit
(d) What are the advantages or disadvantages in labor relations of dealing with personnel of the management company as compared with "in-house" management?

26) Omit

27) Omit

28) Has the receipt of capital assistance funds had any effect on the bargaining process or on bargaining outcomes? Specifically:
(a) Does receiving capital assistance funds influence wage levels to be higher than they would otherwise be? (If yes, how?)
(b) Are other bargaining outcomes influenced in any way?
(c) Is the bargaining relationship affected in any other ways? (e.g., bargaining process, the nature of arguments in negotiations?)

29) (Same as previous question, but) . . .operating assistance funds.

30) (a) What is the current fare and recent fare history? (briefly)
(b) Do the level of fares or fare changes influence bargaining in any way? (explain)

SECTION THREE:

This portion of the interview concerns the Labor Protective Provisions, Section 13(c), of federal capital and operating assistance.

31) Have your (or your union) ever negotiated a 13(c) agreement? When was the first agreement: Did this (or any other 13(c)) involve funds for system acquisition? Does the 13(c) governing system acquisition contain an interest arbitration clause as a substitute for the right to strike?

32) (a) Have 13(c)s negotiated recently differed appreciably from earlier agreements with respect to the pattern of negotiation, the time required, or the content of the agreement?
(b) Do any 13(c) negotiations stand out as being unusually difficult or creating any particular problems?

32) Continued
(c) Have you ever had difficulty or experienced delays in obtaining a 13(c) agreement? (explain)

33) What is the current procedure for negotiating a 13(c) agreement? What is your estimate of the time necessary to reach a 13(c) agreement? Who is involved in this process?

34) Have you signed a 13(c) for operating assistance funds? Do you anticipate that 13(c)s for operating assistance will create any different or unique problems? Are you aware of the National Agreement for operating assistance grants? Has your union signed or do you anticipate signing this agreement? What is your assessment of the National Agreement?

35) (a) Have any of your 13(c) agreements in any way affected labor relations or system finances? (bargaining rights, payouts, etc.) Do you anticipate any effects?
(b) Has 13(c) resulted in changes in employee benefits?
(c) Has the grievance procedure of a 13(c) agreement in any way conflicted with the contract procedure?
(d) Omit

36) (a) Have you felt pressured to sign a 13(c)? (If yes) By whom and in what manner?
(b) Have 13(c) negotiations ever been used by the local union in an attempt to influence contract negotiations in any way? (e.g., time pressure, inclusion of 13(c) language in contract, leverage in the collective bargaining relationship)

37) Has 13(c) been the source of any litigation or arbitration? Explain.

38) How would you assess the role played by the following agencies or organizations in the 13(c) negotiations process?
(a) Department of Labor:
- Do they provide the appropriate amount of guidance, information, and/or assistance? (If no, explain)
- Have they been fair?
- How might the role played by the DOL be improved?
(b) Department of Transportation (UMTA)
- Do they provide the appropriate amount of guidance, information and/or assistance?
- How might their involvement in 13(c) matters be inproved?
(c) Omit
(d) The national union
(e) Local Transit system or transit authority

39) (a) How might the procedure for arriving at and gaining certification for 13(c) agreements be speeded up or otherwise improved?
(b) Is local bargaining over 13(c) guarantees appropriate or would you rather see either a uniform set of standards imposed by the Secretary of Labor or a standard agreement negotiated by the parties?

40) (a) Is it your expectation that employment in your system will increase, decrease or remain the same in the near future? . . .over the next decade?
(b) Do you foresee any layoffs of personnel for any reason?

41) Omit

42) (a) Are the labor protection requirements of the Urban Mass Transportation Act necessary? (e.g., redundant, counter-productive)
(b) What changes in the content of 13(c) agreements would you advocate to make them more appropriate or more effective?

SECTION FOUR:

These last few questions concern your union.

43) (a) How would you assess the role played by the National union in local contract negotiations?
(b) What impact does the National's control of strike funds and partial funding of arbitration costs have on labor relations?

44) How does your membership feel about relying on arbitration for resolving contract disputes? Have there been any undercurrents of dissatisfaction with the use or results of arbitration? (How expressed, what are origins)

45) (a) Do you feel the policies and actions of the National union adequately reflect the needs and beliefs of the membership?
(b) Is the National responsive to expressions of the membership's desires?

46) (a) Has the racial composition of your membership changed substantially in the past ten years? Approximately what is (and what was) the percentage of your membership that is nonwhite? Has the change in racial composition affected local union policy or collective bargaining in any way? Have caucuses formed within the union?
(b) Has the sex composition of your membership of your membership changed in the past ten years? Has this change affected local union policy or collective bargaining in any way?
(c) Has the age distribution of your membership changed in the past decade? Does this have any impact on local union policy or collective bargaining?

47) To what extend do the rank and file members of your local engage in the following activities? (Use Response Card #8)
(a) Challenge the leadership on bargaining strategy?
(b) Threaten to reject bargaining agreements they view as unsatisfactory?
(c) Form coalitions to oppose current leadership in local elections?

48) Earlier you mentioned that you have been _____ (union office) _____ for _____ (#) _____ years. Has there traditionally been high turnover in local union officers in your local? (If yes) Why?

49) Are you aware of the bargaining and arbitration services provided to many ATU locals by consultants such as Labor Bureau of the Middle West and to transit managements by such firms as John Dash and Associates? (If yes) How do you view the role played in transit industry labor relations by such consultants?

50) Are the current bargaining rights of your members appropriate? What changes in the law could be beneficial and/or provide for better labor relations?

APPENDIX TABLE VII-1
TRANSIT NEGOTIATIONS: A SUMMARY

Negotiated Settlements and Impasse Situations
Contract Determinations of 23 Transit Systems,
With Breakdowns by Time Period and System Ownership[a]

	Contracts Determined	Negotiated Settlement	Impasse-Strike	Impasse-Arbitration
All Systems 1960-1976[b]	184 (100%)	133 (72%)	32 (17%)	19 (10%)
All Systems 1960-1967	87 (100%)	69 (79%)	12 (14%)	6 (7%)
All Systems 1968-1976	97 (100%)	64 (66%)	20 (21%)	13 (13%)
Public Systems 1960-1976	102 (100%)	67 (65%)	19 (19%)	16 (17%)
Public Systems 1960-1967	29 (100%)	20 (69%)	4 (14%)	5 (17%)
Public Systems 1968-1976	73 (100%)	47 (64%)	15 (21%)	11 (15%)
Private Systems 1960-1976	82 (100%)	66 (80%)	13 (16%)	3 (4%)
Private Systems 1960-1967	58 (100%)	49 (84%)	8 (14%)	1 (2%)
Private Systems 1968-1976	24 (100%)	17 (71%)	5 (21%)	2 (8%)
Contract in Effect on July 1, 1976	23 (100%)	15 (65%)	3 (13%)	5 (22%)

[a]Data from Dallas and Miami are excluded as are negotiated contract extensions of less than six months. In addition, where different unions represent operations and maintenance employees (i.e., Los Angeles), information pertaining to the maintenance contract is omitted, where pensions are negotiated separately from other contract terms (i.e. Boston), these data are also excluded.

APPENDIX TABLE VII-3
IMPASSE FREQUENCY

Impasse Experience by method of Resolution for 23 Sample Systems 1960-1976[a]

	Number of Impasse Occurrences Per System					
	0	1	2	3	4	5
Impasses resolved through strikes	4[b]	11	5	2	0	1
Impasses resolved through arbitration	13	2	7	1	0	0
Total impasses: strikes and arbitrations	2	5	6	7	2	1

[a]There have been an average of 7.9 contract determinations per system 1960-1976. Data from Dallas and Miami are excluded as are data pertaining to negotiated contract extensions of less than six months. In addition, where different union represent operators and maintenance employees (i.e., Los Angeles), information pertaining to the maintenance contract is omitted. Where pensions are negotiated separately from other contract terms (i.e., Boston), these data are also excluded. 1976 data is for January-June only.

[b]Four systems experienced no strikes in the 16 year period.

APPENDIX TABLE VII-2
TRANSIT NEGOTIATIONS: IMPASSE SITUATIONS

Participation of Sample Systems in Strikes and Arbitrations, Participation of Sample Systems by Ownership Status in Strikes and Arbitrations[a]

	Sample Systems	Sample Systems-Years While Public Only	Sample Systems-Years While Private Only
Number of Contract determinations per system 1960-1976[b]	1-15 ($\bar{X}$=7.9, =1.7)	0-15 ($\bar{X}$=4.4, =3.4)	1-8 ($\bar{X}$=3.1, =2.7)
Systems completing all negotiations without impasse	2	6	6
Systems at which strikes have occurred	19	13	7
Systems at which arbitrations have occurred	10	9	3
Systems at which both strikes and arbitrations have occurred	8	6	0
Number of impasses per system (range)	0-5	0-3	0-3
Number of strikes per system (range)	0-5	0-3	0-3
Number of arbitrations per system (range)	0-3	0-3	0-1

[a]Data from Dallas and Miami are excluded as are data pertaining to negotiated contract extensions of less than six months. In addition, where different unions represent operators and maintenance employees (i.e., Los Angeles), information pertaining to the maintenance contract is omitted. Where pensions are negotiated separately from other contract terms (i.e., Boston), these data are also excluded.

[b]1976 data is for January-June only.

APPENDIX TABLE VIII-1, CONTINUED

	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976
BLS transit industry mean bus operator's wage—unweighted[c]																	
Wage rate	2.21	2.29	2.38	2.37	2.46	2.56	2.66	2.79	2.95	3.19	3.50	3.76	4.04	4.39	4.86	5.50	
Wage index	100	104	108	107	111	116	120	126	134	144	158	170	183	199	220	249	
Real wage index	100	103	106	104	107	107	111	114	116	121	127	133	142	149	153	167	
Annual % change	0	4	4	0	4	4	4	5	6	8	10	7	8	9	11	13	
Real annual % change	-1	3	3	-1	3	2	1	3	2	3	4	3	4	3	0	4	
Five city bus operators mean wage rate[d]																	
Wage rate	2.46	2.60	2.71	2.82	2.93	3.06	3.20	3.43	3.70	4.09	4.54	4.94	5.29	5.56	6.42	7.14	7.62
Wage index	100	106	110	115	119	124	130	139	150	166	185	205	219	230	265	294	310
Real wage rate	100	105	108	111	114	118	121	127	133	143	154	168	178	180	199	213	218
Annual % change	3	6	4	4	4	4	5	7	8	11	11	9	7	5	16	11	7
Real annual % change	1	5	3	3	3	3	2	5	4	5	5	5	4	-1	5	2	1
Manufacturing mean hourly earnings—sample cities[e]																	
Hourly earnings	2.35	2.43	2.52	2.59	2.67	2.75	2.85	2.97	3.16	3.35	3.56	3.80	4.07	4.32	4.64	5.05	NA
Earnings index	100	103	107	110	114	117	121	126	139	147	156	166	177	188	202	219	NA
Real earnings index	100	102	105	107	109	111	112	114	121	123	125	129	136	138	135	137	NA
Annual % change	NA	3	4	3	3	3	4	4	6	6	6	7	7	6	7	9	NA
Real annual % change	NA	2	3	2	2	1	1	2	2	1	0	2	4	0	-4	0	NA

APPENDIX TABLE VIII-1

MEAN WAGE COMPARISONS, 1960-1976

The Mean Bus Operators' Wage Rate of Sample Systems, of the Transit Industry as a Whole (BLS-Weighted and BLS-Unweighted), and of Five High-Wage Systems; Mean Hourly Earnings of Manufacturing Employees in Sample System Cities; and the Mean Wage Rate of Local Truck Drivers in Sample System Cities

	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976
Sample systems—mean bus operator's wage[a]																	
Wage rate	2.22	2.32	2.42	2.48	2.57	2.65	2.76	2.92	3.06	3.36	3.68	3.99	4.38	4.64	5.14	5.74	6.39
Wage index	100	105	109	112	116	119	124	132	138	151	166	180	197	209	232	259	288
Real wage index	100	104	107	108	111	113	115	119	120	128	135	143	156	159	165	177	196
Annual % change	NA	5	4	3	4	3	4	6	5	10	10	8	10	6	9	12	11
Real annual % change	NA	4	3	1	2	1	1	4	1	4	4	4	7	0	2	3	6
BLS transit industry mean bus operator's wage—weighted[b]																	
Wage rate	2.36	2.45	2.54	2.64	2.74	2.85	2.98	3.18	3.40	3.67	3.99	4.33	4.62	4.99	5.55	6.19	
Wage index	100	104	108	112	116	121	126	135	144	156	169	184	196	211	235	262	
Real wage index	100	103	106	109	111	114	117	122	127	132	138	147	154	161	169	181	
Annual % change	4	4	4	4	4	4	5	7	7	8	9	9	7	8	11	12	
Real annual % change	2	3	3	3	3	2	2	5	3	3	3	4	3	2	0	2	

earnings for 1961 and 1974 are based on available data from 24 of 25 sample cities. The averages for 1960 and 1975 are calculated from available data for 23 of 25 sample cities. The result is a slight upward bias in the reported results for 1960 and 1961, and a slight downward bias for 1974 and 1975. Data are from BLS Bulletin 1370-10, Employment and Earnings-States and Areas, 1939-1974 and monthly issues of Employment and Earnings.

[f]The average wage rate for unionized local truck drivers in 21 of 25 sample cities. The mean hourly wage for 1960 and 1961 is based on available data from 19 of 25 sample systems. The averages for 1962 and 1972 are calculated from available data from 20 of 25 systems. It is estimated that the net effect of the missing data is to impose a slight upward bias to the reported mean wage. Data are from BLS Bulletin 1917, Union Wages and Hours: Local Truckdrivers and Helpers, July 1, 1975, and previous annual bulletins.

	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976
Local truck drivers mean wage—sample cities																	
Wage rate	2.60	2.70	2.84	2.95	3.08	3.19	3.31	3.53	3.71	3.92	4.35	4.90	5.42	5.85	6.33	6.78	NA
Wage index	100	104	109	114	119	123	127	136	143	151	167	189	209	225	244	261	NA
Real wage index	100	103	107	110	114	116	118	123	125	127	136	152	167	175	177	179	NA
Annual % change	NA	4	5	4	4	4	4	6	5	6	11	13	11	8	8	7	NA
Real annual % change	NA	3	4	3	3	2	1	4	1	0	5	8	7	2	3	2	NA

[a]Unweighted average of top base rates at 25 sample systems. The reported man reflects wage rates (including any cost-of-living increments) in effect on July 1 each year. Data sources include: American Public Transit Association (APTA); BLS publications; John Dash and Associates; and individual transit properties.

[b]Average union hourly wage rate of local-transit bus operators as estimated by the BLS weighted sample of transit properties. Data are from BLS Bulletin 1903, Union Wages and Hours: Local-Transit Operating Employees, July 1, 1975, and previous annual bulletins. Averages were developed by weighting the top rate of the length of service progression for bus operators in each contract by the number of union members at that rate on the survey date. Annual comparisons are only approximate since weighting factors may vary to some extent year to year.

[c]Average of union top hourly wage rate (unweighted) of local-transit bus operators as calculated for the BLS sample of systems. Year to year comparisons are only approximate due to minor changes in the sample composition in 1963, 1964, and 1969. Because of a radical revision in the BLS sample of properties in 1976, data for that year are not comparable to that of previous years.

[d]Average of union top hourly wage rates of local-transit bus operators in five traditionally high-wage systems: Boston, Chicago, New York, Oakland, and San Diego.

[e]The gross average hourly earnings for manufacturing employees in 25 sample cities. Mean

APPENDIX TABLE VIII-2, CONTINUED

		1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976
Boston	Wage Rate	2.54	2.70	2.79	2.91	3.01	3.11	3.34	3.55	3.89	4.22	4.62	5.02	5.45	5.34	6.42	7.20	7.78
	Wage Index	100	106	110	114	118	122	132	140	153	166	182	198	215	218	253	284	307
	Real Wage Index	100	105	107	111	114	116	122	127	134	142	151	161	173	168	187	202	214
	Annual % Change		6	3	4	3	3	8	6	9	9	10	9	9	-5	16	12	8
	Real Annual % Change		5	2	2	2	2	5	4	5	3	4	5	5	-5	5	3	2
Buffalo	Wage Rate	2.31	2.35	2.41	2.55	2.59	2.65	2.75	2.83	2.91	3.12	3.52	3.72	4.20	4.50	4.94	5.45	5.92
	Wage Index	100	102	104	110	112	115	119	123	126	135	152	161	182	195	214	236	256
	Real Wage Index	100	101	102	107	107	108	109	110	109	111	121	124	141	145	152	144	164
	Annual % Change		2	3	6	2	2	4	3	3	7	13	5	13	7	10	10	9
	Real Annual % Change	-2	1	1	0	0	1	1	1	-1	2	7	1	10	1	-1	1	2
Charlotte	Wage Rate	1.69	1.75	1.81	1.88	1.98	2.00	2.04	2.14	2.20	2.45	2.63	2.85	3.03	3.22	3.51	4.11	4.50
	Wage Index	100	104	107	112	117	118	121	127	130	145	156	169	179	191	208	243	266
	Real Wage Index	100	103	105	109	110	112	111	113	113	121	125	132	138	140	141	162	174
	Annual % Change		4	3	4	5	1	2	5	3	11	7	8	6	6	9	17	10
	Real Annual % Change	1	3	2	4	4	-1	-1	3	-1	6	1	4	3	0	-2	8	3
Chicago	Wage Rate	2.61	2.67	2.76	2.86	2.98	3.09	3.23	3.41	3.70	4.10	4.55	4.95	5.29	5.63	6.54	7.13	7.76
	Wage Index	100	103	106	110	115	119	124	132	142	158	175	190	204	217	251	293	299
	Real Wage Index	100	102	104	106	110	113	115	119	125	134	144	153	162	167	191	188	207
	Annual % Change		3	3	3	4	4	4	6	8	11	11	9	7	6	16	9	9
	Real Annual % Change	2	2	2	3	3	2	2	4	4	6	5	4	4	0	5	0	3
Cleveland	Wage Rate	2.40	2.42	2.49	2.63	2.81	2.91	2.98	3.26	3.38	3.57	3.65	4.05	4.47	4.85	5.29	5.75	6.38
	Wage Index	100	101	104	110	117	121	124	136	141	149	156	173	190	206	213	240	266
	Real Wage Index	100	100	101	106	112	115	115	123	123	125	125	136	149	156	146	158	174
	Annual % Change		1	3	6	7	4	2	9	4	6	5	11	10	8	9	7	11
	Real Annual % Change	2	0	2	6	6	2	-1	7	1	0	-1	7	7	1	2	-2	5

APPENDIX TABLE VIII-2

TRANSIT WAGE RATES AND ANNUAL CHANGES FOR SAMPLE SYSTEMS, 1960-1976

Operators Top Hourly Base Wage (including any cost-of-living payments) Payable on July 1; Index of Operators Top Hourly Base Wage, 1960=100; Real Wage Index of Operators Top Hourly Base Wage, 1960=100; Annual Percentage Change in Operators Top Hourly Base Wage; and, Real Annual Percentage Change in Operators Top Hourly Base Wage

		1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976
Albany	Wage Rate[a*]	2.14	2.18	2.22	2.22	2.30	2.37	2.45	2.53	2.66	2.85	3.16	3.40	3.71	3.92	4.47	4.98	5.91
	Wage Index[b]	100	102	104	104	107	111	115	118	124	133	150	159	173	183	209	232	276
	Real Wage Index[c]	100	101	102	101	102	104	105	105	106	109	119	122	132	133	142	151	184
	Annual % Change[d]	NA	2	2	0	4	3	3	3	5	3	11	8	9	6	14	12	19
	Real Annual % Change[e]	NA	1	1	-1	2	1	1	1	1	-2	5	3	6	-1	3	2	13
Atlanta	Wage Rate	2.09	2.17	2.26	2.34	2.42	2.48	2.63	2.74	2.84	3.16	3.40	3.66	3.97	4.36	5.32	5.74	6.74
	Wage Index	100	104	108	112	115	118	125	131	135	151	162	174	189	207	252	273	321
	Real Wage Index	100	103	106	109	110	111	115	118	117	127	131	137	148	157	185	192	229
	Annual % Change	9	4	4	3	3	3	6	4	4	11	8	7	9	10	22	8	17
	Real Annual % Change	7	3	3	2	2	1	3	2	-1	6	2	3	5	4	11	-1	11
Baltimore	Wage Rate	2.27	2.40	2.50	2.60	2.70	2.86	3.01	3.13	3.25	3.78	4.16	4.59	4.82	5.26	5.89	6.54	7.15
	Wage Index	100	106	110	115	119	126	132	137	143	166	183	202	212	232	259	288	315
	Real Wage Index	100	105	108	112	114	119	122	124	125	142	152	165	171	182	192	206	223
	Annual % Change	0	6	4	4	4	6	5	4	4	16	10	10	5	9	12	11	9
	Real Annual % Change	-2	5	3	3	2	4	2	2	0	11	4	6	2	3	1	2	3

*See footnotes at end of table.

APPENDIX TABLE VIII-2, CONTINUED

		1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976
Madison	Wage Rate	1.86	2.10	2.19	2.24	2.34	2.38	2.48	2.68	2.93	3.01	3.88	4.01	4.21	4.49	4.86	5.20	5.64
	Wage Index	100	108	112	115	120	123	128	139	153	157	204	211	222	237	257	275	298
	Real Wage Index	100	107	110	112	116	116	118	126	135	133	172	174	180	187	190	193	206
	Annual % Change	NA	8	4	2	5	1	4	8	9	3	29	3	5	7	8	7	9
	Real Annual % Change	NA	7	3	4	3	-1	1	6	5	-3	23	-1	2	1	-3	-2	2
Memphis	Wage Rate	2.12	2.19	2.25	2.33	2.41	2.50	2.59	2.67	2.77	3.12	3.32	3.42	3.99	4.32	4.98	5.74	6.39
	Wage Index	100	103	106	110	114	118	122	126	131	147	157	161	188	204	235	271	301
	Real Wage Index	100	102	104	106	107	111	113	113	113	123	126	125	147	154	168	189	209
	Annual % Change	6	3	3	4	3	4	4	3	4	13	6	3	17	8	16	16	11
	Real Annual % Change	4	2	2	2	2	2	1	1	-1	7	1	-1	13	2	4	6	5
Miami	Wage Rate	2.24	2.25	2.25	2.25	2.25	2.30	2.30	2.65	3.02	3.02	3.42	3.88	4.29	4.68	4.95	5.61	5.96
	Wage Index	100	100	100	100	100	103	103	119	135	135	153	173	192	209	221	250	266
	Real Wage Index	100	99	98	97	96	96	93	107	117	111	122	136	150	159	155	169	174
	Annual % Change	NA	0	0	0	0	2	0	15	12	0	13	14	11	9	6	13	6
	Real Annual % Change	NA	-1	-1	-1	-1	1	-3	13	8	-5	7	9	7	3	-5	4	0
Milwaukee	Wage Rate	2.48	2.53	2.66	2.74	2.83	2.90	3.05	3.24	3.43	3.69	4.02	4.33	4.67	4.92	5.49	6.02	6.68
	Wage Index	100	102	108	111	115	118	125	133	142	153	168	181	196	207	232	255	284
	Real Wage Index	100	101	106	108	111	112	115	121	124	129	136	145	155	157	166	174	192
	Annual % Change	3	2	5	3	3	3	5	6	6	8	9	8	8	4	12	10	11
	Real Annual % Change	2	1	4	2	2	1	3	4	2	2	3	3	5	-2	1	1	5
Minneapolis	Wage Rate	2.56	2.61	2.66	2.73	2.84	2.88	2.98	3.05	3.28	3.49	3.89	4.20	4.49	5.00	5.62	6.04	7.14
	Wage Index	100	102	104	107	111	113	117	120	129	138	154	166	178	198	223	240	285
	Real Wage Index	100	101	102	103	107	106	107	105	112	114	123	129	137	148	157	159	192
	Annual % Change	3	2	2	3	4	1	4	2	8	6	12	8	7	11	12	7	18
	Real Annual % Change	2	1	1	1	3	0	1	0	3	1	6	4	4	5	2	2	12

APPENDIX TABLE VIII-2, CONTINUED

		1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976
Dallas	Wage Rate	2.10	2.15	2.22	2.28	2.36	2.43	2.50	2.60	2.75	2.95	3.32	3.66	3.92	4.10	4.27	4.78	5.11
	Wage Index	100	101	106	109	112	117	121	125	132	142	160	176	188	197	204	229	244
	Real Wage Index	100	100	103	106	108	110	111	113	115	118	129	139	146	146	137	147	152
	Annual % Change	8	2	3	3	4	4	3	4	6	7	13	10	7	10	9	9	7
	Real Annual % Change	6	1	2	2	2	2	0	2	2	2	7	6	3	-2	7	3	0
Denver	Wage Rate	2.14	2.20	2.32	2.40	2.50	2.58	2.65	2.88	3.00	3.23	3.57	4.13	4.43	4.87	5.32	5.78	6.65
	Wage Index	100	103	108	112	117	121	124	135	141	151	167	194	208	228	249	271	311
	Real Wage Index	100	102	106	109	112	114	115	122	123	128	136	157	166	178	183	189	219
	Annual % Change	4	3	6	3	4	3	3	9	4	8	11	16	7	10	9	9	15
	Real Annual % Change	3	2	4	3	3	2	0	7	0	2	5	11	4	4	4	-1	9
Erie	Wage Rate	2.15	2.24	2.31	2.35	2.39	2.45	2.54	2.62	2.70	2.85	3.05	3.21	3.42	3.64	4.01	4.38	5.23
	Wage Index	100	104	107	110	112	114	118	122	126	133	142	149	159	169	187	204	243
	Real Wage Index	100	103	105	106	107	109	109	109	108	109	111	111	118	119	120	122	151
	Annual % Change	1	4	3	2	2	3	4	3	3	6	7	5	7	6	10	9	19
	Real Annual % Change	0	3	2	1	0	1	1	1	-1	0	1	.1	3	0	1	0	13
Huntington	Wage Rate	1.72	1.75	1.78	1.84	1.90	1.95	2.00	2.05	2.10	2.15	2.20	2.37	NA	2.86	3.35	3.91	4.53
	Wage Index	100	102	104	107	111	113	116	119	122	125	128	138	NA	166	195	227	263
	Real Wage Index	100	101	101	104	106	107	107	107	105	101	97	101	NA	116	128	145	171
	Annual % Change	NA	2	2	3	3	3	3	3	2	2	2	8	NA	NA	17	17	16
	Real Annual % Change	NA	1	1	2	2	1	0	0	-2	3	-4	3	NA	NA	6	8	10
Los Angeles	Wage Rate	2.37	2.45	2.72	2.75	2.87	2.91	2.95	3.25	3.40	3.75	4.00	4.20	4.58	5.21	5.32	6.25	7.07
	Wage Index	100	104	106	108	113	114	122	129	135	146	156	165	181	207	212	251	286
	Real Wage Index	100	103	104	104	108	108	112	114	118	122	125	128	139	157	145	169	194
	Annual % Change	4	3	3	1	4	1	1	10	5	7	7	5	9	14	2	18	13
	Real Annual % Change	3	2	2	3	3	0	-2	8	0	2	1	1	6	8	-9	8	7

APPENDIX TABLE VIII-2, CONTINUED

		1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976
Tacoma	Wage Rate	2.24	2.40	2.54	2.54	2.68	2.78	2.95	3.13	3.45	3.73	4.01	4.33	4.49	4.74	5.07	6.05	6.64
	Wage Index	100	107	113	113	120	124	132	140	154	167	179	193	200	212	226	270	296
	Real Wage Index	100	106	111	110	115	118	122	127	127	143	148	156	159	162	160	188	204
	Annual % Change	NA	7	6	0	6	4	6	6	10	8	8	8	4	6	7	19	10
	Real Annual % Change	NA	6	5	-1	4	2	3	4	6	3	2	4	0	-1	4	10	4
Washington	Wage Rate	2.46	2.50	2.65	2.78	2.90	3.01	3.25	3.37	3.73	4.16	4.37	4.67	4.99	5.39	5.96	6.90	7.27
	Wage Index	100	102	108	113	118	122	132	137	152	169	178	190	201	219	242	281	296
	Real Wage Index	100	101	105	110	113	116	122	124	134	145	147	153	161	169	176	199	204
	Annual % Change	3	2	6	5	5	4	8	4	11	16	5	7	7	8	11	16	5
	Real Annual % Change	1	1	5	4	3	2	5	2	7	10	-1	3	4	2	0	7	-1

[a] Bus operators' top base rate (including any cost-of-living increments) rounded to the nearest cent in effect on July 1. Data sources include: BLS Bulletin 1903, Union Wages and Hours: Local Transit Operating Employees, July 1, 1975, and previous annual bulletins; The American Public Transit Association (APTA), John Dash and Associates; and, individual transit properties. The underscored wage is the first July 1 wage negotiated subsequent to public acquisition of the system. Because public systems are frequently successors to existing labor agreements, the first "public wage" may be one or more years after the date of acquisition. The 1960 wage is underscored where wages have been negotiated with a public employer during the entire period, including those cases where public acquisition occurred prior to 1960.

[b] Cumulative percentage change in the top base rate expressed as an index, 1960 = 100. Data is rounded to the nearest whole integer.

[c] Index of real wage gains, 1960 = 100. Cumulative percentage change in the top base rate adjusted for average annual increases in the cost-of-living (using the BLS Consumer Price Index). Data is rounded to the nearest whole integer.

[d] Annual percentage changes in the top base rate rounded to the nearest whole integer.

[e] Annual percentage changes in the top base rate adjusted for average annual increases in the cost-of-living (using the BLS Consumer Price Index). Data is rounded to the nearest whole integer.

APPENDIX TABLE VIII-2, CONTINUED

		1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976
Oakland	Wage Rate	2.40	2.55	2.69	2.81	2.91	3.16	3.31	3.51	3.71	3.99	4.50	4.93	5.20	5.54	6.85	7.22	7.66
	Wage Index	100	106	112	117	121	132	138	146	155	166	188	205	217	231	244	259	278
	Real Wage Index	100	105	110	114	117	125	129	134	137	158	156	169	175	181	177	178	185
	Annual % Change	6	6	6	5	4	9	5	6	6	7	13	10	6	7	6	5	6
	Real Annual % Change	5	5	4	3	2	7	2	4	2	2	7	5	2	0	5	-4	0
Omaha	Wage Rate	2.20	2.24	2.28	2.32	2.37	2.43	2.51	2.76	2.86	3.01	3.21	3.56	3.86	4.26	4.41	4.51	5.36
	Wage Index	100	102	104	105	108	111	114	126	130	137	146	162	176	194	200	205	212
	Real Wage Index	100	101	101	102	103	104	105	113	113	113	115	125	134	144	134	123	120
	Annual % Change	3	2	2	2	2	3	3	10	4	5	7	11	8	10	4	3	3
	Real Annual % Change	1	1	1	1	1	1	0	8	-1	0	1	7	5	4	7	-7	-3
Philadelphia	Wage Rate	2.31	2.43	2.53	2.65	2.75	2.85	2.96	3.11	3.26	3.66	3.81	4.28	4.43	4.98	5.13	5.88	6.38
	Wage Index	100	105	110	115	119	123	128	135	141	158	165	185	192	216	222	255	276
	Real Wage Index	100	104	108	111	114	117	119	122	124	135	134	149	151	166	156	173	184
	Annual % Change	4	5	5	4	4	4	4	5	5	12	4	12	4	12	3	15	9
	Real Annual % Change	2	4	4	3	3	2	1	3	1	7	-2	8	0	6	8	6	2
Providence	Wage Rate	2.12	2.15	2.26	2.40	2.45	2.48	2.60	2.70	2.80	3.03	3.27	3.47	3.86	4.20	4.56	5.00	5.87
	Wage Index	100	101	107	113	116	118	124	128	133	146	157	167	185	200	218	239	280
	Real Wage Index	100	100	104	110	111	111	114	116	116	122	126	130	144	151	151	157	188
	Annual % Change	2	1	5	6	2	1	5	4	4	8	8	6	11	9	9	10	17
	Real Annual % Change	0	0	4	5	1	-1	2	2	-1	3	2	2	8	3	2	1	11
San Diego	Wage Rate	2.47	2.52	2.61	2.70	2.80	2.83	2.88	3.04	3.42	3.97	4.54	4.88	5.28	5.53	6.06	7.41	7.91
	Wage Index	100	102	106	109	113	115	117	121	139	161	184	198	210	220	241	296	316
	Real Wage Index	100	101	103	106	109	109	107	108	121	137	153	161	168	170	175	214	214
	Annual % Change	NA	2	4	3	4	1	2	6	13	16	14	8	6	5	10	22	7
	Real Annual % Change	NA	1	3	2	2	-1	-1	3	8	11	8	3	3	-2	1	13	1

APPENDIX X-1

Sample of Cities for Which Transit Operating Data Was Collected

Akron, Ohio Metro Regional Transit Authority

Albany, N.Y. Capital District Transit System #1

Atlanta, Ga. Metro. Atlanta Rapid Transit Authority

Balitmore, Md Mass Transit Admin.

Binghamton, N.Y. Broome County Transit

Buffalo, N.Y. Niagara Frontier Transit System

Charleston, S.C. So. Carolina Elec & Gas Co.

Charleston, W.Va. Kanawha Valley Reg. Transpn Auth

Charlotte, N.C. Charlotte City Coach Lines, Inc

Cincinnati, Ohio Queen City Metro

Cleveland, Ohio Cleveland Transit System

Columbia, S.C. So. Carolina Elect & Gas

Dallas, Tex. Dallas Transit System

Denver, Colo. Denver Metro Transit

Detroit, Mich. Detroit Dept of Street Rwys

Durham, N.C. Duke Power Co.

Erie, Pa. Erie Metropolitan Transit Authority

Fitchburg, Mass. Fitchburg & Leominster Str. Rwy. Co.

Fort Worth, Tex. City Transit Service

Grand Rapids, Mich. Grand Rapids Transit Authority

Greensboro, N.C. Duke Power Co.

Greenville, S.C. Greenville, & City Coach Lines

Harrisburg, Pa. Harrisburg Railways Co.

Houston, Tex. Rapid Transit Lines, Inc.

Huntington, W.Va.

Indianapolis, Ind. Indianapolis Transit System, Inc.

Jacksonville, Fla. Jacksonville Transportation Authority

Kansas City, Mo. Kansas City Area Transpn. Authority

Los Angeles, Calif. Southern Calif. Rapid Transit Dist.

Memphis, Tenn. Memphis Transit Authroity

Miami, Fla. Metro. Dade County Transit Auth.

Milwaukee, Wis. Milwaukee & Suburban Transport Corp.

Minneapolis, Minn. MTC - Transit Operating Division

Mobile, Ala. City Dept. of Transportation

New Orleans, La. New Orleans Public Service, Inc.

Norfolk, Va. Tidewater Metro Transit

Oakland, Calif. & AC Transit (San Francisco Urbanized Area)

Omaha, Neb. Metro Area Transit

Oshkosh, Wis. City Transit Lines, Inc.

Portland, Ore. Tri-Co. Metro Transpn Dist of Ore.

Providence, R.I. Rhode Island Public Transit Auth.

Raleigh, N.C. Raleigh City Coach Lines, Inc.

Richmond, Va. Virginia Transit Co.

Rochester, N.Y. Regional Transit Service

San Diego, Calif. San Diego Transit

Savannah, Ga. Savannah Transit Authority

Springfield, Mo. City Utilities Transpn. Dept.

St. Louis, Mo. Bi-State Transit System

Stockton, Calif. Stockton Metro. Transit District

Tacoma, Wash. Tacoma Transit System

Toledo, Ohio. Toledo Area Reg. Transit Authority

Trenton, N.J. Mercer Metro

Tulsa, Okla. Metropolitan Tulsa Transit Auth.

Washington, D.C. Washington Metro. Area Transit Auth.

Wichita, Kan. Wichita Metropolitan Transit Auth.

APPENDIX X-2

Sources of Data for Chapter V

Bus hours, drivers' and helpers' wages, operating revenue, operating expenses, the peak to base ratio, ridership	APTA's Transit Operating Reports, various years
Bus operator's union wage rate, public	U.S. Department of Labor, Bureau of Labor Statistics, APTA, The Labor Bureau of the Middle West, John Dash and Associates, and the Amalgamated Transit Union, contact with individual properties.
Manufacturing earnings	U.S. Department of Labor, Bureau of Labor Statistics, Employment and Earnings: States and Areas 1939-1974 Bulletin 1370-11
Density, population and income	U.S. Bureau of Census, Census of the Population, 1960 and 1970.

APPENDIX X-3

Alternative Methods of Analyzing Labor Cost

Several other methods of analyzing labor cost were considered but rejected. One method would be to calculate labor cost per bus operator, thus changing the cost figure to an earnings figure for each bus operator which could then be compared with the earnings of other similarly situated workers in the labor market. We rejected this method because we had data only on the total number of employees per system. Although it would be possible to estimate the number of bus operators for each year, the information obtained would not be much greater than that obtained using just the union wage rate and K_1 as dependent variables. Total compensation per bus operator is equal to the following:

Total compensation = $W_1 K_1$ (bus hours/operator)

The only way the effect of a variable on compensation per operator and on W_1 and K_1 could be different is if the variable has an effect on bus hours per employee. If a variable has a greater (smaller) effect on compensation per operator than on wages and K_1, it is simply because operators drive more (less) bus hours and would be expected to earn more (less) money. Although it is true that contract work rules may lower cost by increasing "nonproductive" time, this effect will show up as an effect on K_1. It is also possible to specify labor cost as a function of passengers or passenger miles, and such a specification might be meaningful for some purposes. However, it is an inappropriate way of specifying labor cost when the primary emphasis is on assessment of the impact of institutional, environmental, and labor market factors on collective bargaining outcomes. Cost per passengers or passenger miles reflect system usage as well as level of service. A specification such as this would require us to include ridership as an endogenous variable. While this would be a more complete specification, it would not add much to our analysis of wages and penalty time. The level of bus service could have been measured using bus-miles instead of bus hours. We would not expect the effects of public ownership and other independent variables on bus miles to be the same as the effects on bus hours unless speed is uncorrelated with all of the independent variables. Since this is not the case, the model would have to be expanded to include route speed as a dependent variable. However, because bus hours is equal to bus miles divided by average route speed, the total effect of a set of independent variables on bus miles and bus speed is equal to their effect on bus hours only. This relationship allows us to use bus hours with only a slight loss of information. The equations for W_1 and K_1 would be exactly the same, the only information lost being how a variable effects speed and bus-miles of service separately. Because the identification of these effects are not important for our purposes, we used only bus hours as a measure of service.