

Investments in Human Capital Pay Big Dividends for Transit Agencies

Analyzing the connection between quality investments in human capital and a transit agency's overall performance is one of the Center's ongoing research priorities. There is a considerable body of evidence that under-investment in human capital relative to physical capital undermines economic performance in a number of ways. At the level of the firm, these inefficiencies are found both in ongoing operations and in unnecessary costs of capital equipment – equipment that may never run at all, may not function properly or may have to be replaced prematurely due to inadequate human capital for maintaining or operating it.

Cost impacts directly on the capital stock side include costs of replacing structures or equipment before the end of their expected life span and costs of purchasing excess equipment needed as backups to chronically unreliable equipment. Maintenance cost impacts from inadequate skill development include repeat maintenance for work improperly performed due to lack of knowledge, increased cost of carrying out maintenance tasks due to lack of diagnostic knowledge and waste of time and parts in "rip and replace" trial-and-error repair methods. Increased operating costs to service industries include service disruptions and delays due to replacing equipment that should be reliable (but isn't) and below-standard quality of service. Lost revenues from vehicle breakdowns and subsequent loss of ridership in the long run exacerbate the situation. Firms producing goods with inadequate human capital suffer production costs from reductions in quality, flexibility, productivity and innovation compared to what they could produce with high levels of workforce skill.

In addition to costs to firms and the economy, the work force bears significant costs as well. Reduced skill levels lead to lower productivity and, almost by definition, lower compensation. Through under-investment in their human capital, workers are left in the position so well described by W. Edwards Deming: Almost all workers want to do an excellent job at work, but most feel they aren't given an opportunity to do so.

To learn more about the Center's research on human capital investments email Research Director Xinge Wang at xwang@transportcenter.org.

Maintenance Custodian/Maintenance Custodian Driver Study

The Center will soon publish a report on the Maintenance Custodian/Maintenance Custodian Driver (MC/MCD) training program at the Southeastern Pennsylvania Transportation Authority (SEPTA) that was established through a partnership between SEPTA and the Transport Workers Union (TWU) Local 234.

The findings in this report show the value of youth recruitment, mentoring and the potential for high-skill/high-wage green jobs to help economically disadvantaged communities in close proximity to large urban/suburban public transportation systems. Entry level programs, like the MC/MCD training, are the first rung on a ladder that can lead to a lifetime of learning, skills growth and employment security.

The SEPTA/TWU training program was funded by the Commonwealth of Pennsylvania through the Philadelphia Workforce Development Commission. Tech-prep training was provided by District 1199C. Between 2000 and 2005, the program grew from an informal training exercise to a formal, structured program. Retention was very good among the new MC/MCD recruits.

Weekly Update

 TRANSPORTATION LEARNING CENTER

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DR. BEVERLY A. SCOTT GENERAL MANAGER/CEO MARTA

Supporting labor and management training partnerships in transit has been a major part of Dr. Beverly A. Scott's philosophy throughout her career. Dr. Scott is not only the General Manager/Chief Executive Officer of the Metropolitan Atlanta Rapid Transit Authority (MARTA) and Chair of APTA's Board, she also is an active member of the Center's Board of Directors.

Dr. Scott has been a leader in the transit industry for three decades. She has served at the helm of some of the largest transit agencies, including her recent position at MARTA, the ninth largest transit system in the US. Prior to joining MARTA she served as general manager of the Sacramento Regional Transit District and general manager of the Rhode Island Public Transportation Authority.

In each of her leadership roles, Dr. Scott has acted on the insight that when labor and management work together on issues of common concern, such as training, both parties can create a more efficient transit agency. Dr. Scott also played a leadership role in APTA's Workforce Development Initiative, a project that encouraged transit agencies to invest in workforce training.

Dr. Scott has revitalized MARTA's system of training. Worker skills were not up to par simply because the agency had failed to provide adequate training. Upon taking over as MARTA CEO, Dr. Scott made it clear that a labor-management training partnership would be a priority. Labor and management at MARTA now have a strong and active partnership focused on developing solid training through consensus. Benita West, President of ATU Local 732, explains that under Dr. Scott the labor-management training program has been a "positive experience for all involved."

TRANSIT PARTNERSHIPS IN ACTION

Keystone Transit Career Ladder Partnership

High school students in Philadelphia will have the opportunity to jumpstart their transit careers through a summer training program launching this summer. Transport Workers Union Local 234, the Southeastern Pennsylvania Transportation Authority (SEPTA), the Keystone Development Partnership, Philadelphia Academies and two high schools in Philadelphia, West Philadelphia and Mastbaum, jointly developed the program. The program will run from July 9 to August 28, 2009



Metropolitan Atlanta Rapid Transit Authority & Amalgamated Transit Union Local 732

Over 50 mechanics in the Automatic Train Control classification received refresher training in Standard Operating Procedures in the spring, and a second round of training on Preventive Maintenance for Switch Machines is currently taking place. Over 200 rail car electronic technicians and mechanics have begun a training course on Troubleshooting Friction Brake Systems which will continue throughout the remainder of the year until everyone has an opportunity to participate.

CHICAGO TRANSIT AGENCY & IBEW LOCAL 9

The successful labor-management training partnership between the Chicago Transit Authority (CTA) and the International Brotherhood of Electrical Workers (IBEW) Local 9 began in 1992, when labor and management saw a need to bolster training for traction power workers.

A joint training program was quickly identified as the best solution to CTA's training needs. The first traction power training courses began in 1993 with classes offered at an IBEW training facility. Devising training through a labor-management agreement proved to be a sound strategy for CTA and IBEW Local 9. Training quickly expanded to include signals technicians in the mid-1990s.

Establishing trust between management and workers was essential to launching the joint training programs. Workers were hesitant to support a joint training partnership because they did not want to hear that they did not know how to do their job. Local 9 assured its members that participating in training would give them job security and a promotional path.

Labor and management are equal partners in every step of this training endeavor. The governing committee of the partnership and the specialized committees for various occupations are all comprised of equal numbers labor and management. Furthermore, labor and management have an equal voice in the partnership.

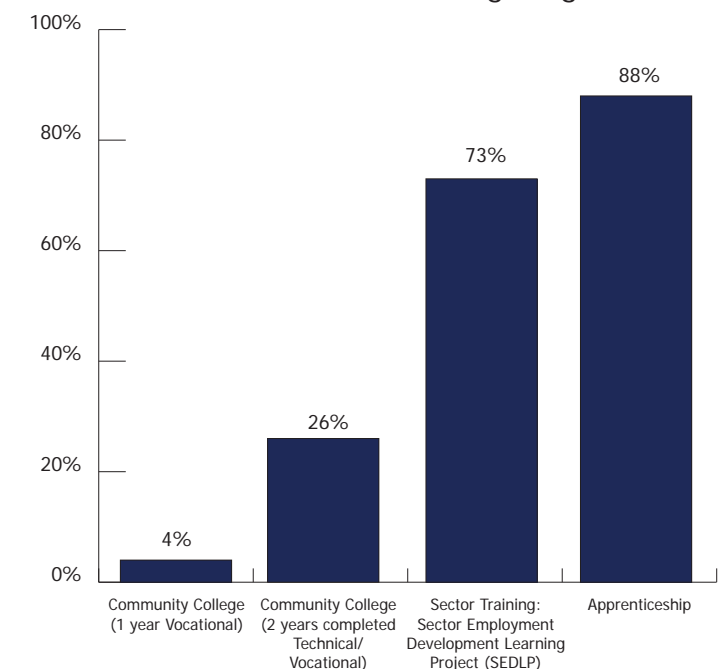
Partnering for education is critical to protecting our jurisdiction. It is in our interest as well as the company's, not to mention the employee's interest, to have the best educated and most productive and safe worker.

John Burkard
Business Representative
IBEW Local 9

ISSUE BRIEF: BUILDING EFFECTIVE EDUCATION AND TRAINING FOR AMERICA'S WORKERS

President Obama has challenged the American workforce to complete one year of education or training beyond high school. Workplace based training provides a strong alternative educational system for workers not seeking a four-year college degree. Workers have not only a better opportunity to enhance their skills, but they can significantly increase their wages. Participation in an industry or sector based training program on average increases a worker's annual earnings by 73 percent over workers with only a high school diploma. A graduate of a joint labor-management apprenticeship program sees a wage gain of 88 percent; this is 11 times the gain experienced after one year of community college and more than 2.5 times the gain from receiving a community college degree. See the chart, Annual Earnings Gains from Education and Training Programs.

Annual Earnings Gains from Education and Training Programs



For the full brief visit our website.