

FUNDING PUBLIC TRANSIT AND IMPROVING SERVICE

THE PROBLEM

Cities need to foster and support strong and vibrant communities to compete in the global marketplace. For working families and local businesses to prosper, they need easy and reliable access to the places where they live, work, shop, and play. The *only* way to provide such access sustainably, efficiently, and equitably is through a publicly funded, operated, and maintained mass transit system.

According to a groundbreaking study, the typical metropolitan resident can reach only about 30 percent of jobs in their area via mass transit within 90 minutes.¹ The percentage is even lower for workers in growing low-income suburban communities.

Unfortunately, most American cities and states are struggling to:

- identify ways to reliably fund the transit they have or want,
- properly maintain and expand the transit systems they have, and
- interpret the impact of new providers and technologies on their cities.

These problems will only grow more acute and complex in the years to come. The percentage of Americans who call major metropolitan areas home is expected to grow by a third by 2050.² Yet many of the cities experiencing rapid growth have no substantial transit service to speak of, and the historically large cities that do are seeing their transit systems fall into disrepair.

THE SOLUTION

Municipalities can reverse these devastating trends. But doing so requires leaders to champion two fundamental principles: 1) that transit is a priority public service that requires priority funding, and 2) that priority public services cannot be devolved into private-profit centers.

In most urban areas, the voters are already accepting these fundamentals. Since 2000, more than 70 percent of public-transportation funding measures on state

and local ballots have passed, regardless of region.³

In cities like New York where transit was once taken for granted, service failures are transforming public transit into a major state and local election issue.

Rather than treating transit funding and service as burdensome budget line items, local leaders must recognize this spending for what they are: critical infrastructure investments and high-value economic incentives. By centering public-transit funding and service as an economic and civic priority, cities can make significant progress toward reducing income inequality, desegregating communities, shrinking carbon footprints, and encouraging investment and economic growth.

POLICY ISSUES

There are a series of specific actions local leaders can take to fund transit and improve service while keeping control of systems in public hands. These include:

EMBRACE CREATIVE AND DIVERSIFIED LOCAL FUNDING OPTIONS

Because federal funds generally cannot be used for operating expenses, transit systems of all sizes need funding from local governments to survive. Funding options can include:

- **Establishing transit-assessment districts** to generate predictable funding in an equitable manner: Land is more valuable when located near high-quality public transit infrastructure. Therefore, it is reasonable to require those property owners seeing asset appreciation contribute some of those gains back into the system that is creating value.
- **Dedicating nominal rental-car taxes**—usually paid by visitors—to support transit operations
- **Flexing Federal Transit Administration (FTA) funds for preventive maintenance** and advocating for the changes in federal law to **allow FTA funds to be used for operations** in crisis situations
- **Embracing congestion pricing** in cities with dense and congested central business districts: Congestion pricing both generates significant revenue and

discourages automobile use where transit is widely available.

- **Joining leading municipalities in adding or increasing fees on for-hire vehicles**, especially transportation network companies like Uber and Lyft, and dedicating the revenue to transit operations

MAKE RIDERSHIP EASIER AND MORE AFFORDABLE

Besides funding initiatives, cities can also adopt policies to get more people to ride public transit. These can include:

- **Supporting model legislation that requires certain employers offer federal tax-free commuter benefits** to their employees: Under the Federal IRS Code, private employers, nonprofit organizations, and public agencies can provide transit commuter benefits to employees, tax-free. Employees do not pay federal income or payroll taxes on transit commuter benefits, except on the amount (if any) in excess of \$260 per month.
- **Implementing discount fare programs for low-income households**, which can increase ridership and help deter fare evasion while alleviating income inequality by assisting residents with transportation costs, one of the highest household expenses
- **Investing in bus infrastructure at the street level**, including off-board fare payment systems and level boarding platforms, both of which drastically reduce delays and streamline bus travel

IMPLEMENT AND PROTECT TRANSIT LABOR STANDARDS

A frequent cause of service decline in paratransit and fixed-route bus systems is high employee turnover. This is especially true in privatized systems, which pay drivers far less and offer fewer benefits than public agencies.⁴ The result is annual employee turnover as high as 40 percent,⁵ meaning fewer experienced operators behind the wheel, agencies using a smaller workforce that requires high overtime and insurance costs, and bloated budgets for recruitment and training. Local officials can reduce costs and improve service by implementing higher labor standards. These could include:

- **Avoiding use of or winding down agreements with private contractors** and directly managing public transit agencies
- **Using prevailing industry wage and benefit standards** that create career jobs so that transit workers can afford to stay working in the system where they were trained
- **Procuring safe buses** that include pneumatic shields and limited blind spots to protect operators from assaults and crashes: Incidents like these cost rider, pedestrian, and worker lives. They also create extraordinary costs, including turnover when traumatized workers are unable to return to the job.

CITY AND COUNTY MODELS

In Seattle, King County Metro launched the Orca Lift program to offer reduced fares to low-income riders in 2015.⁶ To qualify for the discounted fare, a rider must live in a household with an income less than twice the federal poverty level (\$24,276 annually for an individual in 2018). The reduced fare cards are distributed across a countywide system of more than 40 community colleges, food banks, human service providers, nonprofit organizations, and health centers. A study conducted a year after the program began found that 42 percent of passengers took more frequent bus and light-rail trips after receiving their ORCA Lift card.⁷

In London, congestion pricing covering an eight mile heavily trafficked business district was instituted in 2003. Motorists entering central London between 6 a.m. and 6 p.m. are charged an additional five pounds per day, thus generating an influx of additional revenue for the city. In its first decade, the city grossed over £2.6 billion, half of which was invested in public-transit and infrastructure improvements.⁸

Cities like Chicago, New York, Portland, and Philadelphia have instituted fees on ride-sharing services such as Uber and Lyft to pay for transit improvements. In 2017, the city ride-share fee in Chicago was increased by 15 cents and the millions of dollars in extra revenue designated to help the Chicago Transit Authority improve and repair its aging rail lines.⁹ Washington, D.C., is also currently considering a ride-share fee.

LANDSCAPE AND RESOURCES

Americans for Transit (A4T) is a national nonprofit dedicated to creating, strengthening, and uniting grassroots transit rider organizations and advocacy campaigns across the country. In addition, A4T offers an online organizing directory and a rider organizing manual to help guide rider-led initiatives.

The Eno Center for Transportation is a non-partisan think tank that promotes research and policy aimed at improving public transit. Its website features a list of comprehensive research reports that examine transportation issues and provide policy-based recommendations.

The Texas A&M Transportation Institute offers a robust collection of research on a wide range of transportation related issues. The Institute offers an expansive catalog of publications by field experts that can be ordered for reference.

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