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Washington Metro Needs Reform, Not a Federal Bailout

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Both the House and Senate will soon have an opportunity to vote on legislation introduced by Representative Tom Davis (R–VA) to divert $1.5 billion of federal revenues over 10 years to provide additional subsidies to the deeply troubled Washington Metropolitan Area Transit Authority (WMATA), which serves the nation's capital and his congressional district with buses and a metro rail system. Titled the "National Capital Transportation Amendments Act of 2007," both the Senate version (S. 1446) and the House version (H.R. 401) have been reported out of committee and now await action on the floor. These proposed subsidies, and the tax increases needed to fund them, would be in addition to the other subsidies and tax increases being sought to extend WMATA's metro rail service to Dulles Airport.

Defined as an earmark because of its location-specific applicability and the distribution of benefits to a small number of people in a limited number of communities, this massive earmark would be one of the largest ever passed—larger than even Alaska's infamous "Bridge to Nowhere," which Congress and the state of Alaska have since canceled. Congress should reject the bailout approach and instead link the continuation of existing federal subsidies to management and labor reforms at WMATA.

Overstepping Federal Bounds. As bad as this legislation may be from a federal budget perspective, the Davis bailout also promotes tax-and-spend policies at the state and local levels. Section 18 (d)(1)(A) requires jurisdictions in Metro's service area to raise local matching funds through a "dedicated funding source" in order to receive the federal funds. This, of course, implies the imposition of a dedicated tax. This 10-year, $1.5 billion commitment would be on top of the $671 million the local communities already provide WMATA each year.

Seduced by the federal largesse, legislators in Virginia recently enacted a controversial transportation law (HB 3202) that empowered a transportation taxing authority for Virginia's Washington suburbs. The authority's unelected board would be allowed to impose theses taxes, and would guarantee that the first $50 million in taxes raised by the authority each year would go to WMATA, despite the fact that only a small number of people in the region use the system. Widely unpopular among voters, the Virginia legislation is now the subject of court challenges based on its constitutionality, and some analysts believe that voters' adverse reaction may lead to a change in party control of the Virginia legislature.

Rewarding Poor Performance. Mr. Davis justifies the earmark on the grounds that "Metro, the public transit system of the Washington metropolitan area, is essential for the continued and effective

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performance of the functions of the Federal Government, and for the orderly movement of people during major events and times of regional and national emergency."

But Metro provides no such service. Unreliable and poorly run, the system is subject to frequent shutdowns and service interruptions due to equipment failure, bad weather, suicides, driver error, and passenger medical emergencies. During one recent setback, a Metro spokeswoman noted that "Because nearly half of Metro's daily commuters are federal government employees…delays could be less severe if large numbers of them take advantage of the unscheduled leave option and stay home." So much for it being "essential for…the Federal Government." Perhaps as a result of its low quality service, WMATA ridership has been stagnant over the past few years, declining from 2004 to 2005, but rising to slightly above the 2004 volume in 2006.

Despite decades of lavish subsidies from state, local, and federal authorities, WMATA is plagued by serious problems, chief among them being a legacy of mismanagement and high-cost operations. As a consequence of its many operating inefficiencies, the system is broke and has no funds to add to capacity, replace unreliable rolling stock, or make other necessary repairs and improvements. Although it has raised fares twice in the last few years, the modest increases were well below the cost increases incurred by local motorists due to soaring gasoline prices. A proposal by its director to increase them again was not supported by its board.

WMATA has avoided opportunities to save money and improve service through competitive contracting, due in part to management's unwillingness to confront opposition from its unionized workforce. The communities it serves do not share WMATA's fear of contracting. Private contractors operate virtually all of the newer public transit services in the Washington, D.C., area; the WMATA alternative is simply too expensive and unreliable.

Another troubling aspect of this legislation is the regressive nature of the spending policies it promotes. Notwithstanding the bill's contention that subsidizing the daily commute of civil servants is an essential national need, Washington-area workers are among the best paid in the nation. Whereas the median household income nationwide was $58,526 in 2006, it was $119,812 in Fairfax County, VA—the most populous part of Mr. Davis' congressional district. Also, the U.S. Bureau of the Census reports that only 9.4 percent of Fairfax County residents and only 4.2 percent of Prince William County residents use WMATA services or another form of transit to get to work.

Conclusion. This bill would do little more than reward poor performance with an unprecedented taxpayer bailout. Congress should force fundamental market-based reforms on Metro by linking the continuation of the system's existing federal subsidies to reductions in operating costs, improvements in service, and an aggressive program of competitive contracting similar to the successful reforms implemented elsewhere in several of the major metropolitan areas of Europe.

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