

The Antiplanner

Dedicated to the sunset of government planning



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The Transit-Industrial Complex

Everybody knows that transit saves energy and protects us from climate change. Everybody knows that transit helps the poor. Everybody knows that transit generates economic development. None of these things are true, but many people believe them because public transit is backed up by a powerful lobby.

Wikipedia has an entry on the [highway lobby](#), but no entry on a transit lobby. In fact, the transit lobby is much bigger than the highway lobby even though highways move a hundred times as many passenger miles as transit, not to mention far more freight. The transit lobby is nonetheless bigger for good reason: most federal and state highway funds come from user fees, so the only thing the highway lobby has to do is protect those user fees from being diverted to other uses, whereas less than a quarter of transit costs come from user fees, so the industry has to scramble for every last transit dollar it can get.

The transit lobby is also bigger because it's more profitable for private businesses. Building roads is pretty basic: make a smooth grade, put in a layer of gravel, and top it with asphalt or concrete, possibly with reinforcing bars. Lots of people have the expertise to build roads, which means there is lots of competition, and the resulting construction costs are fairly low: roughly a [million dollars per lane mile](#) for a street or rural road, and two to three times that for a limited-access highway.

Transit is far more expensive because its costs are based on built-to-order vehicles and specialized guideways for many of those vehicles. While automobiles are manufactured on mass production lines by the thousands, most transit vehicles are made in small batches, often with custom layouts and designs for each order. A 40-passenger bus may have eight times as many seats as your Toyota Corolla, but according to [numbers](#) published by the American Public Transportation Association, it costs 20 to 30 times as much. Light-rail cars may have almost twice as many seats as typical buses, but they cost 10 times as much, and 100 to 200 times as much as a typical automobile.

Rail lines are far more expensive to build than roads because they must be made with a much greater degree of

precision. If a street or highway is supposed to be 12 feet wide, it won't matter much if it is 11 feet 10 inches or 12 feet 2 inches, whereas trains fall off the tracks if the tracks are an inch too wide or too narrow. This is one reason why light-rail construction costs currently average \$200 million a mile for two tracks, or \$100 million per rail mile, which is roughly 50 to 100 times the cost of road construction.

Anything that costs that much is going to produce a lot more profit than something that costs less. Combine this with the fact that most highway materials—steel, concrete, electronics, just about everything but asphalt—can be adopted to rail construction, and most of what was once the highway construction lobby has defected to the transit lobby.

The American Public Transportation Association

At the center of the transit-industrial complex is the [American Public Transportation Association](#) (APTA), a membership organization located in Washington DC. APTA doesn't divulge its membership list, but Wikipedia says it has [1,500 members](#) of which just 320 are transit agencies. Most of the rest are contractors that profit from transit subsidies.



**AMERICAN
PUBLIC
TRANSPORTATION
ASSOCIATION**

APTA's annual budget, as reported by [Guidestar](#), is more than \$30 million a year, which means that it alone is around twice as big as the entire DC-area highway lobby. The main members of the highway lobby in the nation's capital are the [National Asphalt Pavement Association](#), which (according to IRS form 990s downloadable from Guidestar) spends about \$11 million per year; the [American Highway Users Alliance](#) (AHUA), which spends about \$1 million per year; and the [Road Information Program](#) (TRIP), which also spends about \$1 million per year.

Of course, companies like General Motors and Ford also hire lobbyists to work in Washington, DC. But they don't lobby for roads; they are focused on legislation affecting them as manufacturers, such as taxes, air pollution rules, and motor vehicle safety laws. As far as they

are concerned, most of the highways America needs have already been built, and they aren't worried about taxpayer subsidies to transit because those subsidies have a fifty-year track record of utterly failing to put a dent on automobile and truck sales.

In fact, none of the highway lobby groups seriously challenge funding for transit. Instead, they are content to [support](#) proposed legislation that massively increases transit funding just so long as it also provides some funding for roads. Meanwhile, many members of the transit-industrial complex [actively lobby against roads](#).

Some idea of the value of a lobby group to its members can be estimated by how much the group pays its CEO. APTA's president earns around \$700,000 a year and the group has at least seven vice-presidents who earn more than \$200,000 per year. APTA's previous CEO is also listed on the payroll as earning \$400,000 despite the fact that he was reported to work zero hours per week for the organization. For comparison, the president of the National Asphalt Pavement Association earns around \$500,000 a year, while AHUA's CEO earns less than \$300,000 a year and TRIP's is right at \$200,000.

Even after paying its executives so well, APTA has plenty of money for organizing conferences where it trains transit agency leaders to, among other things, be more effective in getting money from taxpayers. It also churns out an endless stream of [press releases](#) most of which focus on one point: increasing transit subsidies. When transit ridership was growing between 2010 and 2014, APTA insisted that meant subsidies should grow so agencies could carry all of the new passengers. With ridership shrinking between 2014 and 2019, APTA asked for more subsidies to help turn around the decline. With ridership in the toilet in 2020 due to COVID-19, APTA successfully obtained an additional \$25 billion in subsidies and is seeking \$32 billion more so transit agencies can continue running empty trains and buses.

Transit Agencies

In most states it is illegal for government agencies to lobby the public, particularly for passage of a particular ballot measure. But that hasn't stopped agencies from doing "public education" campaigns that just happen to coincide with elections. When light rail was on the ballot in Salt Lake City in 2000, the Utah Transit Authority ran television commercials showing someone driving on an otherwise empty freeway followed by a message that light rail relieved congestion. The ads didn't ask anyone to ride transit but neither did they ask people to vote for the ballot measure, so they weren't considered lobbying.

A few days before officially putting a \$5 billion light-rail measure on the ballot in 2004, Denver's Region-



al Transit District sent out a lengthy brochure to almost every household in the area explaining why light rail was so much better than any alternative. The brochure, which cost taxpayers at least half a million dollars, never mentioned the ballot measure so it wasn't considered lobbying.

State Transit Associations

In addition to lobbying, excuse me, doing public education themselves, transit agencies in many states have created lobbying organizations that are the state equivalents of APTA. The Minnesota Public Transit Association, for example, says that it "speaks out for transit systems and transit riders across the state of Minnesota and advocates for high-quality transit service." The Arizona Transit Association says that it "wants to establish a permanent statewide transit funding source."



Others include the [California Transit Association](#), the [New York Public Transit Association](#), and the [Pennsylvania Public Transit Association](#). Similar organizations can be found in Arkansas, Colorado, Florida, Georgia, Idaho, Illinois, Iowa, Kentucky, Michigan, Mississippi, Missouri, New Hampshire, North Dakota, Ohio, Oklahoma, Oregon, Texas, Virginia, Washington, West Virginia, and even Wyoming. Most of these have budgets in the hundreds of thousands of dollars, though California's is nearly \$2 million and Florida's, Pennsylvania's, and Washington's are over a million (data not available for New York's).

Virtually all of the money these groups, from APTA on down, spend on lobbying for more transit funding comes from your tax dollars. Transit fares aren't enough to cover the operating costs of any transit agency, so the funds they have to join associations, attend conferences, and pay for advertising come exclusively from tax dollars. (A few private operators such as the [Atlantic City Jitney](#) and [New York Waterway](#) earn a profit, but if they are members of APTA or state associations, their dues are an insignificant portion of the total.)

Transit Unions

Transit unions have even more money than APTA and state transit associations. The [Amalgamated Transit Union](#) in Washington DC has an annual budget of about \$35 million, but the union also has locals in [every state](#) which typically have budgets in the millions. The unions are unabashed about their support for Democratic candidates who favor bigger transit subsidies not to mention the subsidies themselves. When transit agencies need or want



more money, it is often transit unions, not transit riders, who go to state legislatures to lobby for it.

As Franklin Roosevelt [pointed out](#) in 1937, public employee unions are a problem because the unions can control both sides of the bargaining table. On one side, the unions represent union workers, but on the other side are managers who are elected or appointed by elected officials who depend on union votes to get elected.

When the recession that followed the 2008 financial crisis led to a shortfall of transit operating funds, some transit agencies asked Congress to allow them to spend federal capital grants on operations. But New York's Metropolitan Transportation Authority and Washington's Metro warned that this would ["reduce their leverage"](#) when negotiating with transit unions, which would use the increased operating funds to demand higher pay.

This problem is doubled by a federal law that requires transit agencies to stay in the good graces of their unions to be eligible for federal grants. When Portland's TriMet wanted a grant to build a new light-rail line in 1995, it negotiated a union contract that was so generous that a member of TriMet's board resigned in protest. Under the agreement, someone could get a job as a bus driver at age 45, work for 10 years, and then retire with a full pension and health-care benefits. Years later, TriMet's general manager warned that, if the contract wasn't changed, it would have to [cut transit service by 70 percent](#) by 2025. The union was unsympathetic.

It's not surprising that most transit agencies have huge unfunded pension or health-care obligations. New York's MTA alone has a \$20 billion unfunded obligation.

Another thing unions advocate for is overtime. Thanks to overtime, the average pay of a New York transit worker is close to \$90,000 a year, and thousands of them earn more than \$100,000 a year. The logical response to having to pay so much overtime is to hire more union workers, but when the Los Angeles and Minneapolis transit agencies proposed to do so, they suffered crippling strikes and finally gave in.

Transit unions are part of the transit-industrial complex lobbying for more transit subsidies. But they are also active in making transit less efficient. One measure of transit efficiency is the number of riders carried per operating employee each year. When transit was mostly private in the 1950s, it carried around 60,000 riders per operating employee. Today, this number is well below 30,000.

Transit Contractors

When transit agencies report the costs of building a new transit line, they only include the actual construction costs and ignore the costs of planning, designing, and engineering the line. This can often be in the hundreds of millions of dollars. As revealed in a case in Portland, this cost can also cover up some of the money spent on lobbying.

A bridge over the Columbia River north of Portland is old and some say it needs to be replaced. TriMet is anx-

ious to extend its light-rail empire into Vancouver, Washington. So TriMet insisted that any new bridge over the Columbia accommodate rail. This effectively doubled the cost of the proposed bridge.

The states of Oregon and Washington created a joint team to plan the new bridge. In a no-bid contract, the team hired a consultant called David Evans & Associates to write the environmental impact statement for the project, paying the group more than \$100 million. That's a lot for an environmental impact statement.

Meanwhile, lobbyists worked the Oregon and Washington legislatures to get them to fund each state's share of the project. One of the lobbyists, Patricia McCaig, never registered as a lobbyist and when asked she said she was a "special advisor" to Oregon's governor. In fact, it turned out, she was [paid by David Evans & Associates](#), which helped explain why the environmental impact statement cost so much money.

Consultants such as HDR, Parsons Brinckerhoff (now known as WSP USA), and others are often asked to do feasibility studies for some transit project. In the private sector, a feasibility study asks, "will this project make money?" In the public sector, the study should ask, "will the benefits be greater than the costs?" Instead, the question becomes, "how can we sell this expensive turkey to the public?" The consultants know that, if the project is funded, they are likely to get more contracts, so they bias their analysis in every way possible.

Parsons Brinckerhoff was once asked to study a proposed commuter-rail line in Madison, Wisconsin. The firm first developed three alternatives: no action, improvements to bus service, and bus improvements plus commuter rail. To the consultants' dismay, their computer model projected that bus improvements alone would attract more transit riders than bus improvements with the commuter rail. Instead of saying, "don't build the rail line," they went back and crippled the improved-bus alternative by deleting some routes. The result was that, at a huge increase in costs, the commuter-rail alternative was projected to have a few more riders than the bus alternative.

HDR encouraged cities across the country to build streetcar lines. It hired Portland city commissioner Charles Hales to tell city officials that Portland's streetcar generated billions of dollars in economic development even though Hales knew that that development only took place because the city gave developers hundreds of millions of dollars of subsidies. HDR consultants did studies, paid for by each city, that found the transportation benefits of streetcars were only a fraction of their costs. But when HDR added in the supposed value of new development generated by the streetcars, it was able to persuade Atlanta, Cincinnati, Kansas City, Salt Lake City, and Tucson, among others, to build streetcar lines with HDR's help.

The logo for HDR, consisting of the letters 'HDR' in a large, bold, serif font.

Meanwhile, actual construction costs have exploded. In 1981, San Diego built the nation's first modern light-rail line at a cost of less than \$20 million per mile (in today's dollars). Today, the average cost of light rail is more than \$200 million per mile, and many light-rail lines are costing well over \$300 million per mile.

When Denver's RTD asked voters to support light rail, railcar manufacturers such as Siemens and construction companies such as Kiewit Construction contributed millions of dollars to the campaign, often in chunks of **SIEMENS** \$50,000 or more. Siemens, a German company, contributed more than \$100,000. A local company called Colorado Railcar contributed only \$5,000. When voters approved the program, RTD awarded Siemens a no-bid contract for more than \$100 million, which was the largest order for light-rail cars up to that date. That's a pretty good return for a \$100,000 investment. Colorado Railcar received no orders from RTD and soon went out of business. So much for buying local.

Another indication of how lucrative transit work is can be seen by comparing transit capital budgets with the capital budgets of private railroads. In 2018, transit agencies operated trains on about 14,000 miles of track and its capital expenditures on those existing rail lines totaled to \$9.1 billion (this excludes the cost of building new rail lines), or about \$650,000 per mile. Meanwhile, BNSF, Norfolk Southern, and Union Pacific operate more than 86,000 miles of track and their **total capital budgets** were about \$8.5 billion, or about \$100,000 per mile each year.

Despite the lower expenditure, private railroads are in better shape than public transit systems, which are estimated to have a \$100 billion state-of-good-repair backlog, most of which is due to older rail transit systems. Nearly all of that \$9.1 billion finds its way into the hand of private contractors who are only too happy to divert a portion of it to lobbying for more transit subsidies.

Transit Advocates

A network of non-profit groups who lean on the claim that they are protecting the environment provides considerable support to the transit-industrial complex while they oppose new roads and support reducing existing road capacities. Some of these groups have received funding from the Environmental Protection Agency and Department of Transportation to promote their anti-automobile agendas. Other funding comes from liberal foundations such as Surdna and Rockefeller.

One of the first of these groups was the **Surface Transportation Policy Project** (STPP), which was created in about 1989 with support from a variety of foundations to influence federal transportation law. The group was successful in persuading Congress to pass the Intermodal Surface Transportation Efficiency Act of 1991, which hugely increased funding for rail transit and promoted transit in general.

During the 1990s, the Environmental Protection Agency gave STPP and other pro-transit groups millions of dollars of public funds through its "**transportation partners**" program, which was explicitly designed to fund supposedly grassroots groups that promoted transit and opposed auto driving. STPP alone received at least a million dollars.

When Congress let the EPA know it should stop funding political groups, the Department of Transportation gave out close to \$100 million through its "**transportation community**" program in the early 2000s. Under this program, funds would be granted to government agencies who were expected to "share" them with "non-traditional partners," meaning non-profit advocacy groups. In many cases, 100 percent of the grants were simply passed on to the non-profit groups. These grants ceased in about 2005, but major foundations continued to fund groups like STPP.

More recently, STPP was folded into **Smart Growth America**, which currently has an annual budget of around \$6 million per year. Smart Growth America advocates for transit, compact cities, and walkable neighborhoods while it works against highways and automobiles. Smart Growth America controls a number of other groups including Transportation for America, National Complete Streets Coalition, and the Form-Based Code Initiative, which promotes density though zoning codes.



Other groups advocating for transit include Streetsblog, a collection of groups with pro-transit, anti-auto websites running under that name. Streetsblog New York is run by a group called **OpenPlans**, which receives about \$600,000 in annual funding, mostly from foundation grants but also from public agencies. Streetsblog California has a budget of close to \$400,000 a year while Streetsblog Chicago spends about \$100,000 a year.

All of these groups provide the illusion that there is strong grassroots support for transit subsidies when in fact the groups get most of their funding from a few foundations and public agencies. They form an important part of the transit-industrial complex because they promote the idea that transit subsidies exist for noble causes, such as protecting the environment and helping the poor, when in fact those subsidies are mainly to transfer wealth from taxpayers to selected special interest groups.

The transit-industrial complex represents a formidable team. It is well funded (nearly all from taxpayer money), has seemingly noble goals (even if it can't achieve them), and makes political contributions in all of the right places. It may be that the only thing that will defeat it is the fact that hardly anyone actually wants to ride transit.

*Randal O'Toole, the Antiplanner, is a land-use and transportation policy analyst and author of **Romance of the Rails**: Why the Passenger Trains We Love Are Not the Transportation We Need.*