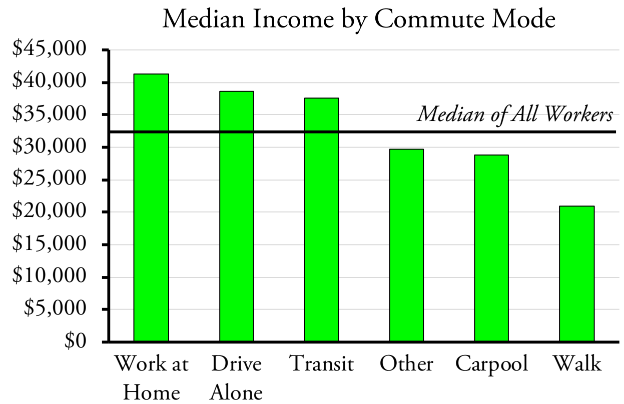
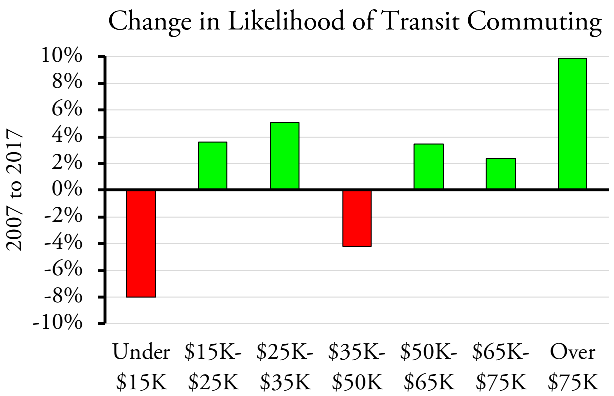
Transportation Policy Brief Number 1 *April 30, 2019*

Transit's Growing Costs Drive Away Low-Income Commuters



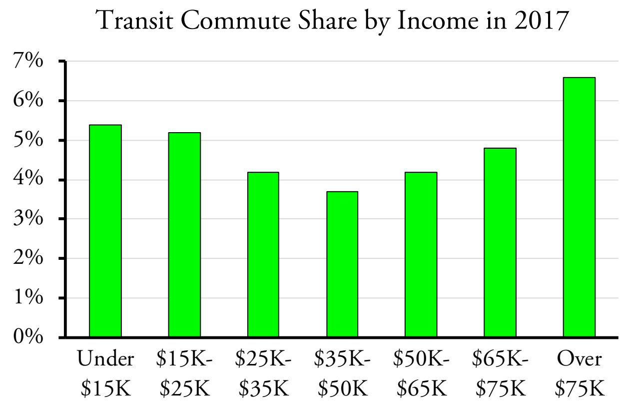
Source: 2017 American Community Survey, table B08121

The Census Bureau's 2017 American Community Survey revealed that, for the first time since the Census Bureau began keeping track of such data in 1960, the median income of transit commuters has risen above the median income of all American workers.



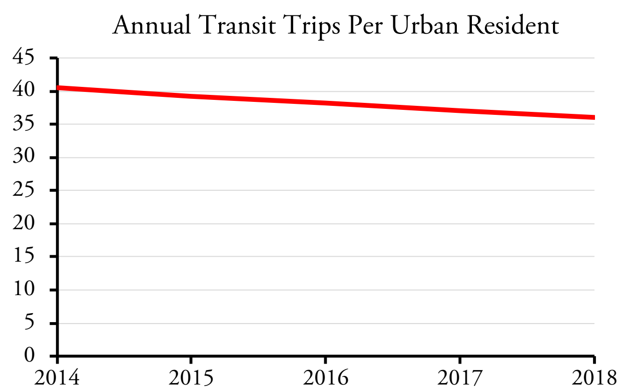
Source: 2007 & 2017 American Community Survey, table B08119

One reason transit commuter incomes have risen is that low-income transit riders are giving up on transit. Thanks to a growing economy, the number of people who earn less than $15,000 a year has declined, but the number of transit commuters who are in that income bracket has declined even faster, so that low-income commuters are 8 percent less likely to use transit than they were a decade ago. Meanwhile, people earning more than $75,000 a year were 10 percent *more* likely to commute by transit in 2017 than in 2007.



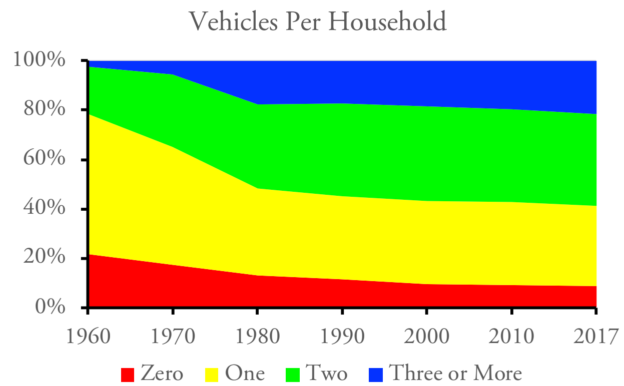
Source: 2017 American Community Survey, table B08119

By 2017, people who earned more than $75,000 a year were considerably more likely to take transit to work than people in any other income bracket.



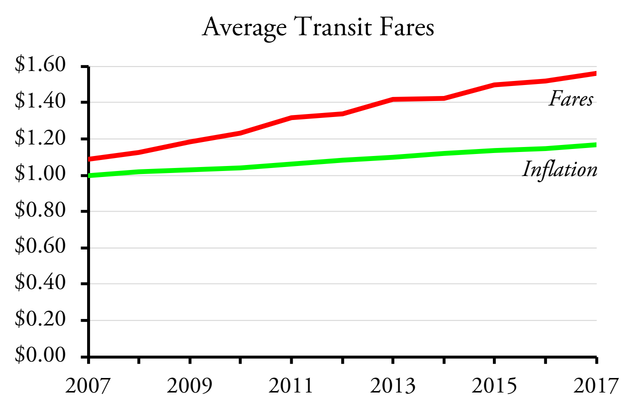
Source: National Transit Database, Census Bureau population estimates

Transit ridership has been declining since 2014, mostly because of the rise of ride-hailing companies such as Uber and Lyft. But few low-income commuters are likely to substitute Uber or Lyft for transit.



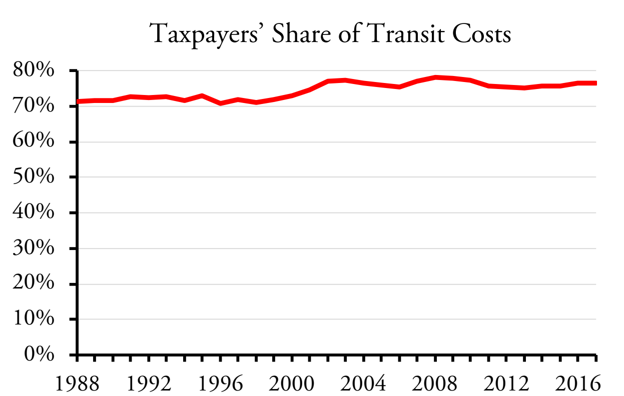
Source: Census Bureau

Instead, they are buying cars. Census data show that [auto ownership continues to grow] and now [96 percent of American workers] live in a household with at least one car. Since so few workers lack cars, a small increase in auto ownership can mean a large decrease in the share of people who are dependent on transit.



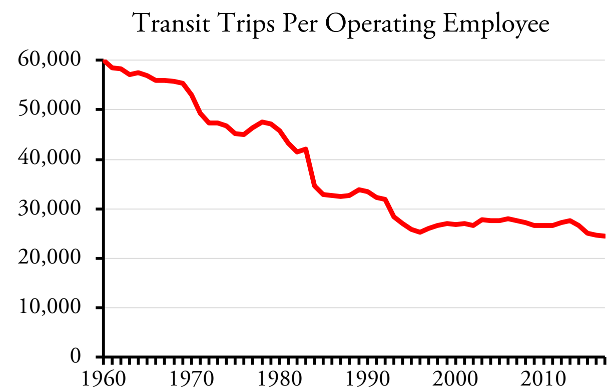
Source: APTA 2019 Transit Fact Book, Appendix A, tables 1 & 92

A major reason low-income workers are turning away from transit is rising fares. In the last decade, average fares have risen from [$1.09 to $1.56], growing 2.1 percent faster than inflation each year.



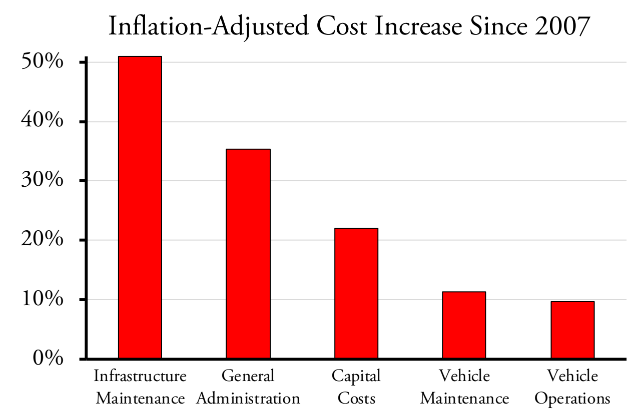
Source: APTA 2019 Transit Fact Book, Appendix A, tables 75, 80, & 92

Fare increases aren't due to a decline in subsidies. Taxpayer subsidies to transit have grown [at least as fast as fares]. In 1988, subsidies covered 71 percent of costs, but by 2017 this had grown to 77 percent.



Source: APTA 2019 Transit Fact Book, Appendix A, tables 1 & 19

Part of the reason for the growth in costs is an [increased number of employees]. Since 2007, the number of transit employees has grown more than 12 percent even though transit ridership has declined. In 1960, when most transit agencies were private, transit carried more than 60,000 trips per operating employee each year. Today it is less than 25,000. In an era in which employee productivity in most industries is rapidly growing, in transit it is declining.



Source: APTA 2019 Transit Fact Book, Appendix A, tables 75 & 80

In addition to employees, one of the [biggest increases in costs] is administrative overhead, which grew 35 percent faster than inflation in the last decade. Even bigger is infrastructure maintenance, which grew by 51 percent net of inflation. As ridership has declined, transit bureaucracies have become bloated and transit's increased reliance on obsolete, infrastructure-heavy modes has increased costs.

The transit industry has gotten away with this taxpayer-supported bloat because it has persuaded voters and appropriators that transit helps poor people. But that's no longer true, and people should be skeptical of transit's claims the next time agencies ask for more subsidies.

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