

# A Look at the **10** LARGEST U.S. TRANSIT REGIONS

## National Implications of Transit Disinvestment

Global Competitiveness • Economic Growth • Livability • Equity • Sustainability



### The Top Ten Transit Regions

The Top Ten Transit Regions collectively represent a third of U.S. GDP, 24 percent of population, and are projected to grow by 26 percent or 19 million people in the next thirty years.

Over 70 percent of all U.S. transit ridership occurs in these ten metro areas and during the past 15 years (1996 to 2009) ridership increased by over 40 percent or over 2 million additional trips per year.

### A Transit Funding Crisis

In 2008, the FTA completed a study of the nation's seven largest transit systems that found that 30 percent of the capital assets of these systems were in either poor or marginal condition, and that we were spending about 10 percent (5.4 billion versus 5.9 billion) less than needed. Today, that number is probably close to \$60 billion for the Top Ten Largest U.S. Transit Regions.

A report released this summer by the American Public Transportation Association (APTA) found that most transit agencies, in response to the recent recession which reduced fare and tax revenues, had cut service and increased fares and that almost half of the agencies transferred funds from their capital budgets to cover operating expenses.



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capital budget of \$844M to maintain its system in a state of good repair (SGR), 30 percent above current funding levels (\$593M).

- In Boston, last year, debt service payments roughly equaled fare revenues; in other words, every cent collected at the fare box went straight to paying down debt. Additionally, the current MBTA Capital Investment Program lists \$4.5 billion in unfunded projects needed to maintain a state of the good repair, up from \$2.7 billion in a 2009 – a whopping 67 percent increase.
- In Atlanta, if the region does not pass a transportation referendum with adequate funding for capital state of good repair, MARTA will go from having a backlog of state of good repair from \$1.35 billion (out of a system whose net assets are valued at about \$6 billion), to around \$3 billion in ten years.

- In New York, the payroll mobility tax, which passed in 2009 with bi-partisan support to fund the first two years of the current MTA Capital program, is now under attack. Additionally, the MTA just put forward a funding proposal to support the final three years of its current capital program which requires an extraordinary amount of debt, equivalent to nearly 20 percent of the agency's operating budget, putting enormous pressure on both its capital and operating budgets. In the past the MTA's debt service was half as much, and only seven years ago it represented under 12 percent of the agency's operating budget.

### The Funding Challenges Of Four Large Metro Areas

Some properties are in particularly poor shape.

- In Chicago, approximately 40 percent of stations and 65 percent of rolling stock are in poor to marginal condition. The CTA has also determined it would need an annual

### What About New Starts? – The Status Of Federal Transportation Funding

In addition, there are approximately \$50 billion worth of transit projects that are in the federal pipeline for funding over the next 10 to 15 years. In the past, these projects received 50 percent of their funding from Washington, but over the past several years the federal match has been eroding.

	CHICAGO	BOSTON	ATLANTA	NEW YORK
population	9.6m	4.5m	5.4m	19m
annual ridership	593m	367m	159m	3.9b
annual operating budget	\$1.34b	\$1.68b	\$443m	\$10b
annual capital budget	\$649m	\$776m	\$320m	\$5b
	40% stations 68% railcars <i>past useful life</i>	debt service <i>now equals</i> fare revenues	\$1.3b <i>state-of-good-repair backlog and potentially more than 2X in 10 years</i>	unfunded capital plan 2012-2014

At current funding levels, it is likely we will have less than half of the federal funding needed to advance these projects, or approximately only \$10 -15 billion dollars. In addition, it will be a major challenge to fund the matching state and local share of these projects given the dire fiscal condition of most state and municipal budgets.

Federal funds for these projects may decline even more: the U.S. House of Representative has proposed a 36 percent cut to current transportation funding levels (~5 percent reduction in New Starts funding).

## Positive Developments

There are some positive stories as well. Across the country, voters consistently support ballot measures for improved and expanded transit services.

- In 2005, after some terrible initial polls, a highly collaborative campaign involving business, labor, and other stakeholders in New York State passed a major Transportation Bond Act by 55 to 45 percent which funded a significant portion of the last MTA and State Highway Capital program
- In Los Angeles, Measure R, a half-cent increase to the sales tax that passed by referendum in 2008 will be used to fund the development of 13 transit and 15 highway capital projects. Fifteen percent of the new revenue will also be given to local governments for infrastructure repair. It is estimated that the tax will create more than 210,000 new construction jobs and inject about \$32 billion back into the local economy. The tax increase has a 30 year sunset provision.
- In the 13-county MARTA service area, after initial poor polling there appears to be significant support for a transportation referendum that will reduce MARTA's SGR backlog from 2.9 to 2.3 billion.

- Part of Illinois Jobs Now a \$1.4 billion Transportation Bond Act, has been approved to help fund Chicago's transit systems. It will be distributed over a five-year period, subject to annual appropriations (not guaranteed). Chicago Transit has received its first distribution of \$253.7 million this year.

## A Call To Action

If we do not sufficiently invest funds to expand transit capacity in these regions the existing transit networks will not be able to accommodate projected population and employment growth in these places.

Instead, future development will be diverted to outer-ring suburban districts accessible only by highway, adding to congestion and energy consumption in these places.

The implications of this failure would be profound for the United States in terms of global competitiveness, job growth, livability, equity, and climate change.

We have seen this video before. In the 1980s, transit disinvestment had a devastating impact on the economy and mobility systems of number of cities. Unfortunately, our country's ability to deal with the impact from such disinvestment is even less robust today.

The problem and solution is not just at the federal level; solving it will also require political leadership at the state and local levels and leadership from the transit industry as well.

Over the next several months, Regional Plan Association, which has played a leadership role on these issues both in the New York metropolitan area and nationally over many years, will further examine the underlying causes and solutions to this challenge. RPA will also work with transit agencies, city and state officials and business and civic leaders in all 10 regions to help promote creative financing strategies for these systems. We will also help focus journalists and opinion leaders on this issue and educate members of Congress from the 17 states that would be affected by further reductions in service on these systems.