"Fixing" Transit Finances Isn't Just a Transit Issue

Policy Perspectives
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With the passage of federal and various state legislation, the immediate operating crisis facing public transit in the U.S. has been averted. But, while the "fiscal cliff" tied to COVID-related ridership and revenue losses may have been pushed out, it's still there—and some fundamental changes are needed to keep us from going off the edge.

COVID didn't cause the fundamental financial problems we see with public transit; more so, it exposed underlying issues and accelerated their impact. Those issues start with a lack of clarity from a policy and budget perspective as to what transit really is—a public service? A utility? A business? That lack of clarity has contributed to chronic underfunding. Compounding this is the reality that transit is held to a different standard than other publicly funded transportation systems.

How often have you heard someone who's just returned from a trip to Europe or Asia rave about how wonderful and easy it is to get around on the public transit and rail systems there, and then bemoan the challenges of doing so here? Why is that? There's nothing in the drinking water systems abroad that makes people use transit. Transit is a viable and even preferred way to travel there because government policies make it so. Conversely, single passenger automobiles are the preferred mode of travel in the U.S. because that's what government policy made happen through the creation of the interstate highway system and all the cascading programs flowing from it.

The increasingly apparent realities of climate change are driving home (pun intended) one of the consequences of that policy and budget focus on roads. Nationally, the transportation sector is the single largest emitter of greenhouse gases (GHG).[1] In California, transportation accounts for almost half of all GHG emissions.[2] The numbers say that we cannot battle the effects of climate change without major changes in the transportation sector, including making the policy and funding changes necessary for transit to play a much larger role.

The movement of large numbers of people, whether to work, school, appointments, leisure events, vacations, or anything else, is critical to the functioning of society and our economy. With limited exceptions, it's also a reality that the mass transportation of people, whatever the mode of travel, must be publicly supported to achieve the broad societal goals of mobility, economic activity, equity, and environmental quality. Our primary mode of transportation, the automobile, is heavily subsidized and becoming more so every year. On top of the gas tax, more than $140 billion in general taxpayer funds have been spent on the federal highway system in the last 15 years, projected to approach $200 billion in the next few years.[3] Airlines are private businesses, but the system they depend on is not—more than a quarter of the Federal Aviation Administration budget for overseeing aviation is from general taxpayer funds and the air traffic control system is staffed by federal government employees.[4] These subsidies are not an indicator of failure, but the reality of what it takes to build, maintain, and operate a balanced transportation system to support the broader economy. Every time we get in our car to go somewhere or board a plane for a trip, our travel is being subsidized. Yet, for reasons that are largely political and tied to urban-rural divides, those subsidies are largely ignored—and certainly not demonized the way they are for transit. As a starting point for policy and budget decisions, we need to recognize that transit is a public service that needs to be available and viable as part of our social fabric. Recover from the myth that it's inherently inefficient and different than highways and aviation.

The long-term solution to the transit fiscal cliff won't be easy, and it certainly is not simple. Here are some thoughts on how it can take shape.

- First, the transit funding issues cannot be seen and acted on in a vacuum. Short-term, stopgap measures are one thing, but a long-term real solution must be broad-based, focusing on overall mobility needs, not on one mode at a time. Transit agencies and advocates can't be forced to find a solution to "their" problem. Additionally, we can't allow the highway funding problem to be solved on its own. A transportation network of roads, rails, subways, and even airways needs to work together; the pieces must complement each other to allow us to travel the way we need and want to. The over-emphasis on highways has proven its limitations; the realities of congestion have demonstrated that the more roads you build, the more roads you have to build. We need complementary systems and alternatives. That will take investment. Back in 1991, the Intermodal Surface Transportation Efficiency Act (ISTEA) took important steps to break down some of the funding barriers between highways and transit. MTI's founder, Norm Mineta, was a champion of ISTEA in Congress, and I was proud as a (relatively) young Senate staffer to support its development. We need to get back to the principles of ISTEA and take them to their logical conclusion.

- Federal funds should support transit operations. Public transit tends to be seen as a local issue, but it has much broader statewide and national impacts as part of the integrated transportation network. Put the planning, development, operation and maintenance of transit on comparable footing with what we do for highways. We can't fix the problems created by decades of policy and funding bias with baby steps. The Bipartisan Infrastructure Law took important steps to rationalize the investment in transit and rail compared to highways. At the same time, well-intentioned federal and state policies pushing the conversion to zero emission fleets will only compound transit's funding challenges, as operating costs will grow without any support. Unlike highways, federal funding for transit remains limited to capital and maintenance – for medium and large systems, which carry the vast majority of riders, federal funds cannot be used to operate the systems that those funds paid to build. Instead, local funding must be generated to operate these federal investments. Dating back to the Reagan Administration, this ban on operating assistance is a situation that we've come to accept but that just doesn't make sense – any more than it would make sense to prohibit funding of highway operations. This is especially true when we, as a nation, need transit to play a much larger role if we are going to be successful in fighting climate change.

- Transit agencies need to make real changes, also—adjusting to changing travel patterns, employing flexible approaches and technologies, and becoming more efficient. Transit agencies need to re-think how they provide services and to whom. Their systems have largely been built and operated to serve a traditional Monday-Friday 9-5 commute market. That market has changed and isn't likely to come back in full. But the overall demand for

> travel remains. The fact that most agencies are seeing weekend and off-peak traffic rebound faster than weekday commute is a strong indicator of the need to adapt to new realities and provide service to match demand. But, there's a big, big difference between being more *business-like* where appropriate and being a business. Public transit is no more a business than is firefighting.

Decades of highway-oriented policies have helped create the underlying funding and operating challenges facing public transit. Policies can change. If we're going to be serious in tackling climate change and making communities thriving places, we must revisit polices on transit and its critical role within the broader transportation network.

Endnotes

1. https://www.epa.gov/ghgemissions/sources-greenhouse-gas-emissions#:~:text=Transportation%20(28%25%20of%202021%20greenhouse,ships%2C%20trains%2C%20and%20planes.

2. https://ww2.arb.ca.gov/our-work/programs/clean-miles-standard/about

3. https://www.taxpolicycenter.org/briefing-book/what-highway-trust-fund-and-how-it-financed

4. https://www.aopa.org/advocacy/advocacy-briefs/financing-the-federal-aviation-administration

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