

FINAL
Transit Farebox Recovery and US and International Transit Subsidization: Synthesis

Prepared for
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Transportation Synthesis Reports (TSRs) are brief summaries of currently available information on topics of interest to WSDOT staff. Online and print sources may include newspaper and periodical articles, NCHRP and other TRB programs, AASHTO, the research and practices of other state DOTs and related academic and industry research. Internet hyperlinks in the TSRs are active at the time of publication, but host server changes can make them obsolete.

Request for Synthesis

Katy Taylor, Director, WSDOT Public Transportation Division, requested a synthesis to identify the percentage or ratio of transit cost recovery from fareboxes in major cities in US and abroad. Farebox recovery ratio of a passenger transportation system is the proportion of the amount of revenue generated through fares by its paying customers as a fraction of the cost of its total operating expenses.

The synthesis also includes an identification of the states in the US and countries internationally that subsidize local/regional bus systems and the trends in state and local funding for transit systems.

Databases Searched

- TRIS Online
- TLCAT
- Research in Progress (RiP) Database
- FHWA
- FTA
- Google
- Wisconsin DOT Transportation Synthesis Reports
- All State DOT Websites

Summary

Farebox Recovery Ratios

In the literature reviewed few published sources document the percentage of transit costs recovered from fareboxes internationally. The American Public Transportation Association compiles transit data on many topics, and in the National Transit Database on the APTA website shows a chart on Table 26 of Farebox Recovery Ratios in U. S. transit agencies: <http://www.apta.com/resources/statistics/Pages/NTDDDataTables.aspx>. (Table 26 is sortable by agency size.)

The Federal Transit Administration reported the average farebox recovery ratio from 2002 to 2004 for all transit modes combined at 35 percent.

A Wikipedia entry gives farebox recovery figures for cities in the U.S., Canada, Europe, and Asia. The dates of the international numbers for some transit organizations are from 1991 to the present. In the U.S., the farebox recovery ratios range from 9.0 percent in Austin to a high of 60.6 percent in Washington D.C. The median farebox recovery ratio of major transit systems in the U. S. is approximately 35 percent, which compares with the reported FTA ratio for 2002-2004. A rough estimate of median farebox ratios, based on available data from different reporting years, for transit systems in Europe is 44 percent, in Canada 56 percent, and Asia 137 percent.

Most transit systems are not self-supporting, so advertising revenue and government subsidies are required to cover costs. Sources indicate the Hong Kong MTR Corporation and Singapore are two of the few self-supporting transit systems in the world.

The percentage farebox recovery rate reported in the Wikipedia entry is much higher in Asia than in Europe or North America. Since the year of the documented ratios vary so greatly, it is difficult to suggest an average farebox ratio. The data indicates that farebox recovery rates do not cover operating costs for most transit systems in the U.S. and Europe. The chart below summarized from the Wikipedia entry, gives some illustration of the farebox ratios to operating costs throughout the world. (Note: One unsubstantiated source claims the rates shown for Asia as not comparable against US fare box recovery numbers as the major source of income for transit in Asia, outside of subsidies and advertisements, is not fare box recovery, but rather commercial leases along the transit routes and within stations purchased at a discounted rate from the government.)

Ratio of fares to operating costs by available year for major public transport systems (%)

<u>Region</u>	<u>Ratio</u>	<u>Year</u>
<u>United States</u>		
Atlanta (MARTA)	31.8%	2007
Austin (CMTA)	9.0%	2007
Boston (MBTA)	43.7%	2002
Chicago (CTA)	50.0%	2009
Cleveland (GCRTA)	21.5%	2002
Detroit (DDOT)	13.9%	2002
Harrisburg, PA (CAT)	35.0%	2005
Las Vegas Monorail	56.0%	2006
Long Island (MTA)	26.6%	2009
Los Angeles (LACMTA)	30.6%	2004
Maryland	26.3%	2002
Miami	16.1%	2002
New York City (MTA)	36%	2009
New York/Connecticut (MTA)	36.2%	2009
New York/New Jersey (PATH)	41.0%	2002
New Jersey (NJT)	56%	2001
Orlando (Lynx)	26%	2006
Philadelphia (SEPTA)	58.6%	2002
Pierce County, WA	13.0%	2009
Philadelphia/New Jersey (PATCO)	61.4%	2002
Puget Sound Region (King County Metro)	19.1%	2006
Puget Sound Region (Sound Transit)	22.2%	2007
San Francisco Bay Area (BART)	45%	2007
San Francisco Bay Area (Caltrain)	41%	2006
Staten Island (MTA)	15.2%	2002
Washington, DC (WMATA)	61.6%	2002
<u>Canada</u>		

Edmonton (ETS)	39.4%	2007
Montreal (STM)	57.1%	2006
Ottawa (OC Transpo)	43.2%	2007
Toronto (TTC)	65.2%	2008
Toronto, Hamilton and area (GO Transit)	83.6%	2008
Vancouver (TransLink)	54.1%	2008
<u>Asia</u>		
Hong Kong (MTR)	149%	2007
Osaka (Hankyu Railway)	123%	1991
Osaka (OMTB)	137%	1991
Taipei (MRT)	119%	2006
Teito RTA (now Tokyo Metro)	170%	1991
<u>Europe</u>		
Brussels	28%	1991
Copenhagen	52%	1991
London Underground	100%	2004
Milan	28%	1991
Munich	42%	1991
Paris (RATP)	43%	1991
Stockholm	44%	1996
Vienna	50%	1991
Zurich	66%	1991

(The Wikipedia entry includes the sources for the percentages:

http://en.wikipedia.org/wiki/Farebox_recovery_ratio)

State Transit Subsidies

A survey of APTA transit agency members conducted in May of 2009, found the following:

- More than 80% of transit systems have flat or decreased funding from state sources. Among those systems facing a decrease, the average decline was more than 20% with several reporting the elimination of all state funding.
- Revenue decline is widespread, with more than 80 percent of public transit systems reporting flat or decreased local and/or regional funding. Revenue declines average more than 12% among agencies with a decrease in regional or local funding.
- Among transit systems facing decreased local, regional and/or state funding, nearly nine in ten (89%) had to raise fares or cut service; three in four (74%) have raised fares; more than 60 percent have cut service. Almost half, (47 percent) have both raised fares and cut service.
- Among those public transit systems reducing service, nearly two-thirds (65 %) have eliminated or reduced off-peak service and nearly half (48%) have reduced the geographic coverage of public transit service.
- More than 60 percent of participating agencies reported higher ridership in the first quarter of 2009 over the same period last year despite declining economic conditions, lower fuel prices, and in some cases higher fares and decreased service.
- One-half of the systems participating in the survey eliminated staff positions to address budget shortfalls with several systems individually reporting reductions of more than 400 staff positions.

The AASHTO *Characteristics of State Funding for Public Transportation 2007*, provides a summary of state transit funding for the 50 states and the District of Columbia (DC). Information includes funding sources, amounts, programs, eligible uses and allocation, and per capita state transit funding. Below is the list from the report of state funding for transit from 2002 to 2006.

State Funding for Transit 2002 - 2006

State	2002	2003	2004	2005	2006
Alabama	\$453,600	\$0	\$0	\$0	\$0
Alaska	\$1,128,607	\$0	\$0	\$59,850,000	\$80,830,400
Arizona	\$382,961	\$445,000	\$329,096	\$20,068,000	\$18,042,000
Arkansas	\$400,000	\$331,900	\$0	\$2,800,000	\$3,277,637
California	\$113,579,750	\$340,162,248	\$1,344,778,819	\$1,399,800,143	\$2,208,814,477

Colorado	\$0	\$0	\$0	\$0	\$21,800,000
Connecticut	\$87,614,575	\$113,241,041	\$163,266,135	\$206,440,541	\$225,605,428
Delaware	\$7,406,200	NR	\$35,685,145	\$72,600,000	\$67,180,200
DC	\$115,007,775	\$123,051,000	NR	\$212,050,288	\$212,146,507
Florida	\$23,214,100	\$89,510,720	\$92,724,263	\$149,738,231	\$176,391,501
Georgia	\$1,295,589	\$1,892,582	\$306,393,067	\$8,222,757	\$4,695,983
Hawaii	\$350,000	\$0	\$0	\$0	\$0
Idaho	\$0	\$0	\$136,000	\$312,000	\$312,000
Illinois	\$266,813,600	\$264,992,700	\$467,622,300	\$445,600,000	\$489,200,000
Indiana	\$16,623,895	NR	\$29,201,270	\$37,046,940	\$40,214,028
Iowa	\$5,367,893	\$7,464,513	\$10,411,432	\$10,140,000	\$10,842,863
Kansas	\$390,000	\$1,000,000	\$6,000,000	\$6,000,000	\$6,000,000
Kentucky	\$468,098	\$612,196	NR	\$1,400,000	\$1,700,000
Louisiana	\$3,000,000	NR	NR	\$4,962,500	\$4,962,500
Maine	\$1,949,042	\$392,000	\$420,000	\$1,555,000	\$505,000
Maryland	\$271,066,348	\$349,848,000	\$273,843,580	\$727,433,000	\$811,485,000
Massachusetts	\$357,508,623	\$531,895,787	\$771,356,465	\$1,197,137,541	\$1,217,790,879
Michigan	\$132,816,959	\$124,400,599	\$187,197,690	\$195,149,300	\$200,984,058
Minnesota	\$38,071,015	\$47,988,633	\$80,289,455	\$254,527,000	\$295,853,000
Mississippi	\$32,040	\$0	\$115,185	\$800,000	\$1,600,000
Missouri	\$0	\$1,495,000	\$17,029,357	\$6,600,000	\$6,800,000
Montana	\$71,250	\$75,000	\$75,000	\$415,197	\$740,891
Nebraska	\$1,500,000	\$1,529,843	\$1,539,135	\$1,500,000	\$1,500,000
Nevada	\$320,000	\$437,748	NR	\$95,000	\$92,000
New Hampshire	\$1,166,756	\$12,208	\$0	\$225,000	\$588,000
New Jersey	\$235,225,000	\$458,704,000	\$509,237,000	\$910,584,000	\$847,052,000
New Mexico	\$0	NR	\$0	\$2,830,000	\$35,650,000
New York	\$1,422,752,000	\$1,356,600,000	\$1,926,571,085	\$2,169,005,000	\$2,573,088,000
North Carolina	\$5,934,875	\$22,138,279	\$38,246,921	\$111,724,897	\$66,466,447
North Dakota	\$0	\$761,329	\$1,665,933	\$2,203,657	\$2,203,657
Ohio	\$32,350,882	\$29,232,523	\$42,348,466	\$18,300,000	\$16,300,000
Oklahoma	\$259,042	\$951,497	\$3,530,125	\$3,250,000	\$3,250,000
Oregon	\$6,933,258	\$44,689,000	\$15,553,262	\$26,140,529	\$35,983,883
Pennsylvania	\$425,666,677	\$628,400,000	\$731,800,000	\$835,223,000	\$822,826,000
Rhode Island	\$15,253,694	\$19,121,259	\$36,822,442	\$34,847,617	\$47,182,752
South Carolina	NR	\$4,140,384	\$4,234,189	\$5,943,000	\$7,400,004
South Dakota	\$0	\$300,000	\$397,061	\$1,891,229	\$750,000
Tennessee	\$9,860,000	\$12,458,000	\$22,291,000	\$34,196,000	\$38,050,000
Texas	\$8,831,085	\$17,200,000	\$27,945,051	\$29,741,067	\$28,741,067
Utah	NR	\$139,929	\$0	\$0	\$0
Vermont	\$668,644	\$860,917	NR	\$6,266,976	\$5,746,599
Virginia	\$73,555,000	\$78,248,186	\$163,959,344	\$157,600,000	\$267,556,000
Washington	\$2,220,900	\$6,434,900	\$84,455,509	\$30,423,000	\$39,338,803
West Virginia	\$1,261,903	\$1,537,898	\$1,395,489	\$2,258,342	\$2,258,342
Wisconsin	\$53,439,491	\$77,321,415	\$100,448,100	\$109,438,341	\$113,411,541
Wyoming	\$0	\$976,736	NR	\$2,955,511	\$2,388,281
TOTALS	\$3,742,211,127	\$4,760,994,970	\$7,499,314,371	\$9,517,290,604	\$11,065,597,728

According to the *Survey of State Funding for Public Transportation*, states' provided \$11.1 billion in funding for transit in Fiscal Year 2006. This compares to \$8.1 billion in funding provided by the Federal Transit Administration in the U.S. Department of Transportation that same year. The \$11.1 billion in state funding for FY 2006 is more than double the \$4.8 billion provided by the states in FY 1995. The most used sources of funding for transit in FY 2006 in the states and the District of Columbia included:

- Gas tax 19 states
- General fund 12 states
- Motor vehicle/rental car sales taxes 10 states
- Bond proceeds 10 states
- Registration/title/license fees 10 states
- General sales tax 9 states

About 57 percent of the state funding designated for transit in FY 2006 went for operating assistance only, about 21 per cent was for capital purposes only, and 16 percent could be used for capital or operating purposes. The remaining six percent went to other purposes.

State Transit Funding Trends

The total amount of funding states provided for transit increased by more than 195% between 1990 and 2006. This continues more than a 20-year trend. Since 1985, states have provided more annual transit funding than the federal government.

- State transit funding was \$2.9 billion greater than federal transit funding in 2006.
- Total state transit funding increased by \$1.5 billion from 2005 to 2006.
- 28 states increased their transit funding from 2005 to 2006.
- In 2006, 94% of the states provided state funding for public transportation.
- In 2006, 31 states used state general funds and/or state tax proceeds to fund transit programs.

Local Transit Funding

As for local funding of transit, the study, *Coping with Transportation Funding Deficits: A Survey of the States*, reported there were more local tax measures (173) than any other type of measure passed, and they were primarily devoted to funding public transit projects. Local sales tax referenda were by far the most numerous (99).

International Transit Subsidies

The report, *Size, Structure, and Distribution of Transport Subsidies in Europe*, by the European Environment Agency in March of 2007, provides an overview of European Union transportation subsidies. The report looks at the European Union as a whole and does not break out data by individual country. The report identifies the major types of subsidies for each transportation mode, and notes that a significant quantity of subsidies (EUR 30 billion in annual subsidies identified) provided to transport in the European Union could not be attributed to a single mode. The report, *Promoting Public Transportation: A Comparison of Passengers and Policies in the U.S. and Germany*, states that only cities in Germany provide subsidies to transit for operational expenses. The German government only provides subsidies for capital investments and never for operating expenses.

Literature Sources

Farebox Recovery Ratios

Farebox Recovery Ratio

From Wikipedia, the free encyclopedia

The farebox recovery ratio of a passenger transportation system is the proportion of the amount of revenue generated through fares by its paying customers as a fraction of the cost of its total operating expenses. Most systems are not self-supporting, so advertising revenue and government subsidies are usually required to cover costs. The Hong Kong MTR Corporation is one of the few self-supporting transit systems in the world.

http://en.wikipedia.org/wiki/Farebox_recovery_ratio

The American Public Transportation Association National Transit Farebox Recovery Ratios Database

APTA National Transit Data website, 2009

APTA compiles transit data on many topics. The National Transit Database on the APTA website contains a chart of Farebox Recovery Ratios in Table 26 on the APTA website. Table 26 is sortable by agency size.

<http://www.apta.com/resources/statistics/Pages/NTDDataTables.aspx>.

FTA New Starts Roundtable 2004

The New Starts Roundtables (NSR) were initiated in 1999 to facilitate communication, discussion, and information exchange among the various parties involved in the FTA's New Starts Program. In particular, the roundtables aim is to involve representatives of FTA Headquarters, FTA Regional Offices, and sponsors of transit projects seeking New Starts Funding.

. . . . Since fares typically cover only 25 to 30 percent of operating expenses, non-operating revenue is very important to the overall financial capacity of the system.

<http://www.fta.dot.gov/documents/nsroundtable02.pdf>

A Short History of San Francisco Bay Area Transit: Is Valley Transit the Worst Transit Agency in the U.S? Thomas A. Rubin, San Jose, CA, November 10, 2007

FTA "Top 20" + Valley Transit Association Bus Operators 2005

Slide 32: FTA's Top 20 Transit Agencies and Farebox Recovery Ratios

<u>Transit System</u>	<u>Farebox Ratio</u>
NYCT	42.4%
NJTC	39.9%
CTA	34.2%
SEPTA	34.1%
NYCDOT	32.8%
<u>Weighted Average</u>	<u>31.2%</u>
MARTA	30.6%
LA-MTA	30.0%
M-MTA	29.8%
MT	28.5%
MDT	28.1%
<u>Simple Average</u>	<u>26.7%</u>
WMATA	24.2%
OCTA	23.8%
PAT	23.5%
MBTA	22.0%
KC-DOT	20.5%
RTD	20.5%
AC	18.9%
Tri-Met	18.7%
MTA-HC	17.9%
SCVTA	14.0%
DART	12.7%

<http://americandreamcoalition.org/Rubin11-10-07.pdf>

State and International Transit Subsidies

Coping with Transportation Funding Deficits: A Survey of the States

Paul Coussan, Policy Intern and Matthew Hicks, Associate Legislative Director

Economic Development and Transportation Association, County Commissioners of Georgia, September 2009

Many states are wrestling with how to close a growing gap between transportation infrastructure investment needs and available resources. This report seeks to inventory the successes and failures of states to increase transportation funding since 2000, more closely examine the level – local, regional, or statewide – at which the revenue sources are enacted, and study the method – either referenda-based or legislative - used. In doing so, we hope to assist Georgia's policymakers as they develop a plan to meet the state's transportation funding needs.

Transportation Funding Referenda Nationally

A total of 210 referenda to increase revenues for transportation were brought to voters at the statewide, regional and local levels between 2000 and 2009, with varying levels of success.

- The use of referenda across the country dramatically increased after 2004.
- In no states did voters approve a statewide sales tax for transportation, and the only two statewide motor fuel tax referenda on ballots failed.
- There were more local tax measures (173) than any other type of measure and they were primarily devoted to funding public transit projects. Local sales tax referenda were by far the most numerous (99).
- There were 19 regional measures in states during the years studied. The majority were for sales tax increases (9 of 13 were approved), while a few were fee and property tax increase proposals.
- Seventeen statewide measures were on the ballot during this period. All but three were for bond approvals. Two measures, which were defeated, proposed increasing the statewide motor fuel

tax and/or statewide sales tax. A third approved measure, dedicated existing fees to transportation, but did not involve any tax increases.

Direct Action by State Legislatures

Rather than rely on public approval in referenda, some legislatures have directly increased financial resources for transportation by enacting fees, motor fuel taxes, and sales taxes.

- Between 2000 and 2009, six state legislatures enacted legislation to increase the motor fuel tax.
- Three state legislatures froze scheduled gas tax increases or decreases.
- One state converted the majority of its cent-per-gallon motor fuel excise tax into a percentage sales tax.
- Twelve state legislatures increased fees, primarily vehicle registration fees, and dedicated them to transportation improvements or related projects.
- Three states enabled regional sales taxes. Two were for their largest metropolitan regions. The third allows regions to form throughout the state voluntarily and call for referenda to approve a variety of taxes. A fourth state legislature extended an existing regional sales tax for 30 years.

http://www.accg.org/library/ACCG%20Transportation%20Funding%20Survey%20of%20the%20States_Fall%202009.pdf

Characteristics of State Funding for Public Transportation 2007

AASHTO, APTA, BST, 2007

This report provides a summary of state transit funding for the 50 states and the District of Columbia (DC). Information includes funding sources, amounts, programs, eligible uses and allocation, and per capita state transit funding. The report also includes an overview of the results of transit-related state and local ballot initiatives held in 2006. The Research and Innovative Technology Administration, Bureau of Transportation Statistics, Office of Survey Programs prepared this report.

(Document available through WSDOT Library)

Challenge of State and Local Funding Constraints on Transit Systems: Effects on Service, Fares, Employment, and Ridership

Survey Results, APTA, June 2009

Public transportation systems across the United States have faced a challenging year. Transit systems must cut service, raise fares, layoff employees and sometimes do all of these, despite continued demand for service. In the summer of 2008, budgets of public transit systems across the country felt effects as rapid increases in fuel prices resulted in increased demand for service and increased operating costs. More recently, as the financial collapse has affected economic conditions across the country, public transit systems confront budgetary pressures, made even more acute by declining revenue from local, regional, and state sources.

The intent of this report is to provide a national perspective on the extent to which systems are facing declining revenues and the effect these changes in revenue are having on system operations. This report basis is a survey of APTA transit agency members conducted in May of 2009 and focuses on actions taken within the past year. The survey found the following:

- The impacts of revenue decline are widespread, with more than 80 percent of public transit systems reporting flat or decreased local and/or regional funding. Revenue declines average more than 12% among agencies with a decrease in regional or local funding.
- More than 80% of transit systems have seen flat or decreased funding from state sources. Among those systems facing a decrease, the average decline was more than 20% with several reporting the elimination of all state funding.
- Among transit systems facing decreased local, regional and/or state funding, nearly nine in ten (89%) had to raise fares or cut service; three in four (74%) have raised fares; more than 60 percent have cut service. Almost half, (47 percent) have both raised fares and cut service.
- Among those public transit systems reducing service, nearly two-thirds (65 %) have eliminated or reduced off-peak service and nearly half (48%) have reduced the geographic coverage of public transit service.
- More than 60 percent of participating agencies reported higher ridership in the first quarter of 2009 over the same period last year despite declining economic conditions, lower fuel prices, and in some cases higher fares and decreased service. One-half of the systems participating in the survey have been forced to eliminate staff positions to address budget shortfalls with several

systems individually reporting reductions of more than 400 staff positions.
http://apta.com/resources/reportsandpublications/Documents/constraints_09.pdf

Comparative Review and Analysis of State Transit Funding Programs

TRB NCHRP Report 569, 2006

This report examines the levels and types of state funding provided for public transportation. The report provides supplemental analyses of information collected in the U.S. Bureau of Transportation Statistics' annual survey of state public transportation funding and explores a framework for conducting peer analyses and offers ideas on how to fund the annual survey of state public transportation so that states could conduct additional analyses.

The Survey of State Funding for Public Transportation is a primary resource for state-level data on transit funding used by states across the country to examine their public transportation funding programs in relation to other states. Prepared by the Bureau of Transportation Statistics (BTS) Office of Survey Programs under the auspices of AASHTO and APTA, the Survey presents an array of useful information on funding by state. Presentation of the data is not in a way that is easy to make comparisons between states for purposes of benchmarking or conducting peer analyses. Organization of the survey is mostly by state with two pages per state showing the sources and eligible uses for each state's transit funding. The Survey report also provides an overview of state and local ballot initiatives related to transit, and contains a set of summary tables displaying information on public transportation funding by state, including the following:

- Historical state and federal funding of public transportation
- Major sources of state transit funding
- Types of expenditures for state transit funding
- Changes in state transit funding levels

http://onlinepubs.trb.org/onlinepubs/nchrp/nchrp_rpt_569.pdf

Transit Farebox Recovery: Investments (Not Cutting Back) Yield Return over Time

Citizens Planning and Housing Association of Metropolitan Baltimore (CPHA), February 12, 2008

We the Citizens Planning and Housing Association of Metropolitan Baltimore (CPHA) are concerned that Maryland's 40 percent farebox recovery standard actually hinders the Maryland Transit Administration's ability to provide high quality transit service with higher farebox recovery over the long term. The following charts use 2006 data – the latest available nationally – to compare farebox recovery performance for Baltimore and the other 24 largest metropolitan areas in the United States.

<http://www.cphabaltimore.org/pdf/TransitFareboxFactSheet2.08.pdf>

Transit Ridership Efficiency as a Function of Fares for Public Transportation Systems in Washington State for 1994

By Gerrit R. Moore, Moore Planners and Consultants, Belfair, WA

The purpose of this study is to assist in the development of transit fares policies which exploit the benefits of public transit in the mix of transportation options for Washington State. The study relates fares to Ridership Performance and Farebox Recovery parameters. To estimate ridership efficiency of each transit system, multiply the ridership (unlinked trips) by the median income, and divide by the urban population of the service area and the service investment (peak seats) of the system. A mathematical model exists to relate fares to Ridership Efficiency. The Ridership Efficiency function follows a Weibull distribution with the tail being reached at \$0.41. Higher fares have little impact on Ridership Efficiency. An operating cost model is developed from the transit data in which the independent variables are ridership and revenue distance traveled. This model is used to estimate the farebox recovery and operating cost subsidy. Ridership and Farebox Recovery estimates are made for selected transits. Farebox Recovery reaches a maximum at \$0.30, then decreases to a minimum at \$0.50. With Urban systems, fares above \$0.30 appear to result in a nearly constant subsidy requirement. The conclusion of the study suggests that a significant percentage of urban trips can be captured by transit if appropriate fares policies are established. A reduced fare experiment is recommended for a congested service area or traffic corridor to determine the effect on traffic counts and ridership to form the basis of traffic management policies by government agencies.

<http://islandtransit.org/imgs/file/Transit%20Ridership%20Efficiency%20as%20a%20Function%20of%20Fares%20part.pdf>

About Public Transportation Funding

Washington State Municipal Research Services Center (MRSC), April 2009

Report includes the funding statutes for Public Transportation and funding data on public transportation systems by County. Special transportation benefit districts, which cover all or parts of 23 counties and include 132 cities, operate the majority of the public transportation systems in Washington State. There are three municipal systems, Everett, Pullman, and Yakima, and one metropolitan county system, King County Metro, which includes 28 cities. A regional transit authority provides transportation services between King, Pierce, and Snohomish Counties. Thirteen of the 39 counties have no transportation services serving unincorporated areas.

<http://www.mrsc.org/Subjects/Transpo/PubTransFin.aspx>

2006 C&P Findings: Current Transit Funding

Commission Briefing Paper 3B-01 Prepared by: Section 1909 Commission Staff, March 14, 2007

This paper is part of a series of briefing papers prepared for the National Surface Transportation Policy and Revenue Study Commission authorized in SAFETEA-LU, Section 1909.

The papers are intended to synthesize the state-of-the-practice consensus on the issues that are relevant to the Commission's charge outlined in Section 1909, and will serve as background material in developing the analyses to be presented in the final report of the Commission. This paper presents information on the findings from the 2006 Conditions and Performance Report with regard to current transit system revenue sources at the Federal, State, local and operator level and the types of transit expenditures.

Farebox Recovery Ratios

The farebox recovery ratio is calculated as farebox revenues as a percentage of total transit operating costs. It measures users' contributions to the variable cost of providing transit services and is influenced by the number of riders, fare structure, and rider profile. Low regular fares, the high availability and use of discounted fares, and high transfer rates tend to result in lower farebox recovery ratios. This paper represents draft briefing material; any views expressed are those of the authors and do not represent the position of either the Section 1909 Commission or the U.S. Department of Transportation. The average farebox recovery ratio from 2002 to 2004 for all transit modes combined was 35 percent.

http://transportationfortomorrow.org/final_report/pdf/volume_3/technical_issue_papers/paper3b_01.pdf

Calculating Model of Urban Public Transit Subsidy

Jixiu Hao, Wei Zhou, Haofeng Huang, and Hongzhi Guan

Highway College, Chang'an University, Xi'an, China Research Institute of Highway Ministry of Communications, Beijing, China, Key Laboratory of Transportation Engineering, Beijing University of Technology, May 2009.

Urban public transit financial subsidy is one of the key links, which promote public transit priority strategies. It is an important issue of urban traffic sustainable development to establish a specific operable subsidy calculating model and to improve the way to calculate urban public transit subsidy. This study establishes the game model among the income of residents, enterprises operating costs, and subsidies through utility theory. It shows the advantages of classification subsidy of public transit riders and establishes a specific operable subsidy calculating model. Then, the calculation of Beijing public transit subsidies in 2007 is taken as an example. The results indicate that the subsidy classification and the subsidy calculating model not only can fully satisfy the travel demands of public transit riders but also can effectively calculate the subsidy amount, which realizes the utility maximization of government subsidy. The proposed method is proved to be a new effective way to measure urban public transit subsidy.

http://www.sciencedirect.com/science?_ob=ArticleURL&_udi=B8H0W-4W75BWN-1&_user=10&_rdoc=1&_fmt=&_orig=search&_sort=d&_docanchor=&view=c&_searchStrId=1032773063&_rerunOrigin=google&_acct=C000050221&_version=1&_urlVersion=0&_userid=10&md5=ff7bc40c19dd2b8d1b82286348c4ad0e

(Document available for purchase through WSDOT Library)

APTA Primer on Transit Funding

The Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users, and Other Related Laws, FY 2004 through FY 2009, American Public Transportation Association, August, 2009

This report describes funding provisions of SAFETEA-LU, extension acts to TEA 21, and related laws that provide for transit funding. We provide no descriptions about laws not related to funding and provisions of regulations. Provisions of the following laws authorize and control transit funding:

- SAFETEA-LU authorizes the levels of transit and highway funding from FY 2005 through FY 2009 and describes the structure for newly created funding programs and changes to existing programs.
- TEA 21 extension acts extended the TEA 21 authorization period from October 1, 2003 through August 14, 2005. The TEA 21 extension acts authorized the transit program for FY 2004 and superseded for FY 2005 by SAFETEA-LU when it became law on August 10, 2005.
- Title 49, Chapter 53 of the United States Code, Mass Transportation, contains the permanent provisions of law for administering the federal transit program.
- Title 23 of the United States Code, Highways, contains the permanent provisions of law for administering the federal highway program. SAFETEA-LU also modified some of those provisions.
- The Internal Revenue Code of 1986, Subtitle I, Trust Fund Code, contains provisions governing collection and use of motor fuel taxes for highway and transit programs. SAFETEA-LU extended and modified the Internal Revenue Code.
- Previous authorizing acts indicated in the following text contains provisions continued in SAFETEA-LU but not codified in 49 USC.
- Funding for transit was included the American Recovery and Reinvestment Act of 2009.
- Funding eligible for transit uses was included in Department of Homeland Security appropriations from 2004 through 2009.

Annual budget and appropriation actions affect transit spending. Budget laws determine an overall level for transportation spending each year and appropriation laws specify the funding level for each transportation program and the purposes for which some funds may be used. Many other federal laws include provisions that affect the operation of transit services and govern the use of federal funds. These laws do not provide funding for transit and thus not described.

http://www.apta.com/gap/policyresearch/Documents/Primer_SAFETEA_LU_August_2009_Update.pdf

Should Urban Transit Subsidies Be Reduced?

Ian W.H. Parry and Kenneth A. Small, Resources for the Future, July 2007

This paper derives intuitive and empirically useful formulas for the optimal pricing of passenger transit and for the welfare effects of adjusting current fare subsidies, for peak and off-peak urban rail and bus systems. The basis of the formulas Implementation is on a detailed estimation of parameter values for the metropolitan areas of Washington (D.C.), Los Angeles, and London. Our analysis accounts for congestion, pollution, and accident externalities from automobiles and from transit vehicles; scale economies in transit supply; costs of accessing and waiting for transit service as well as service crowding costs; and agency adjustment of transit frequency, vehicle size, and route network to induced changes in demand for passenger miles. The results support the efficiency case for the large fare subsidies currently applied across mode, period, and city. In almost all cases, fare subsidies of 50 percent or more of operating costs are welfare improving at the margin, and this finding is robust to alternative assumptions and parameters. The paper provides a detailed report of positive effects across the board from increased transportation subsidies. Mathematical formulas illustrate the major findings. Documented resource list included along with a Chart of 20 largest US transit authorities subsidies at end of report.

<http://www.rff.org/RFF/Documents/RFF-DP-07-38.pdf>

Promoting Public Transportation: A Comparison of Passengers and Policies in the U.S. and Germany, Ralph Buehler, Ph. D., School of Public and Urban Affairs, VA., Technical Institute Paper not dated but resources as current as 2008. This report compares the U.S and German transportation systems and the amount of farebox recovery from subsidies. The report provides a

history perspective of subsidy use states that its efficient use as one of the major reasons German system is stronger. Chart on page 19 compares US vs. Germany.
http://www.nvc.vt.edu/uap/people/documents/Buehler_TRR_Transit_website.pdf

Size, Structure and Distribution of Transport Subsidies in Europe

European Environment Agency

March 2007

This report provides an overview of European Union transportation subsidies, but does not provide the portion of total cost financed through fare box recovery. The report also does not break out data by individual country, but looks at EU as a whole. The report identifies the major types of subsidies for each transportation mode. This report summarizes data on the size, structure, and distribution of transport subsidies in Europe. It collects, structures, and streamlines empirical findings from literature and expert knowledge, and puts them into context. In this way, the report improves transparency on the existence of transport subsidies, raises awareness on their financial and environmental relevance, and fosters efficient and consistent decision-making in transport policy. The information provided in this report is useful for everyone interested in sustainable transport and subsidies, especially for those working in transport, fiscal and environmental policy having direct or indirect influence on decision-making. This includes people in parliaments, governments, and ministries and their administration. It also includes those who provide advice for these policy decisions, in particular people in technical authorities, advisory boards and expert groups as well as transport experts, consultants and journalists. Furthermore, this report may encourage discussion and serve as a starting point for future work on transport subsidies.

http://www.eea.europa.eu/publications/technical_report_2007_3/at_download/file

Other Related Information

Public Transportation: Benefits for the 21st Century

APTA, 2007

This overview highlights the many benefits of public transportation for individuals and communities. The economic, environmental, and social benefits of public transit are detailed. It includes the latest statistics and examples to illustrate the benefits.

http://www.apta.com/resources/reportsandpublications/Documents/twenty_first_century.pdf