THE BOND BUYER

Redesigning mass transit amid the ridership crunch

By

Caitlin Devitt

Published

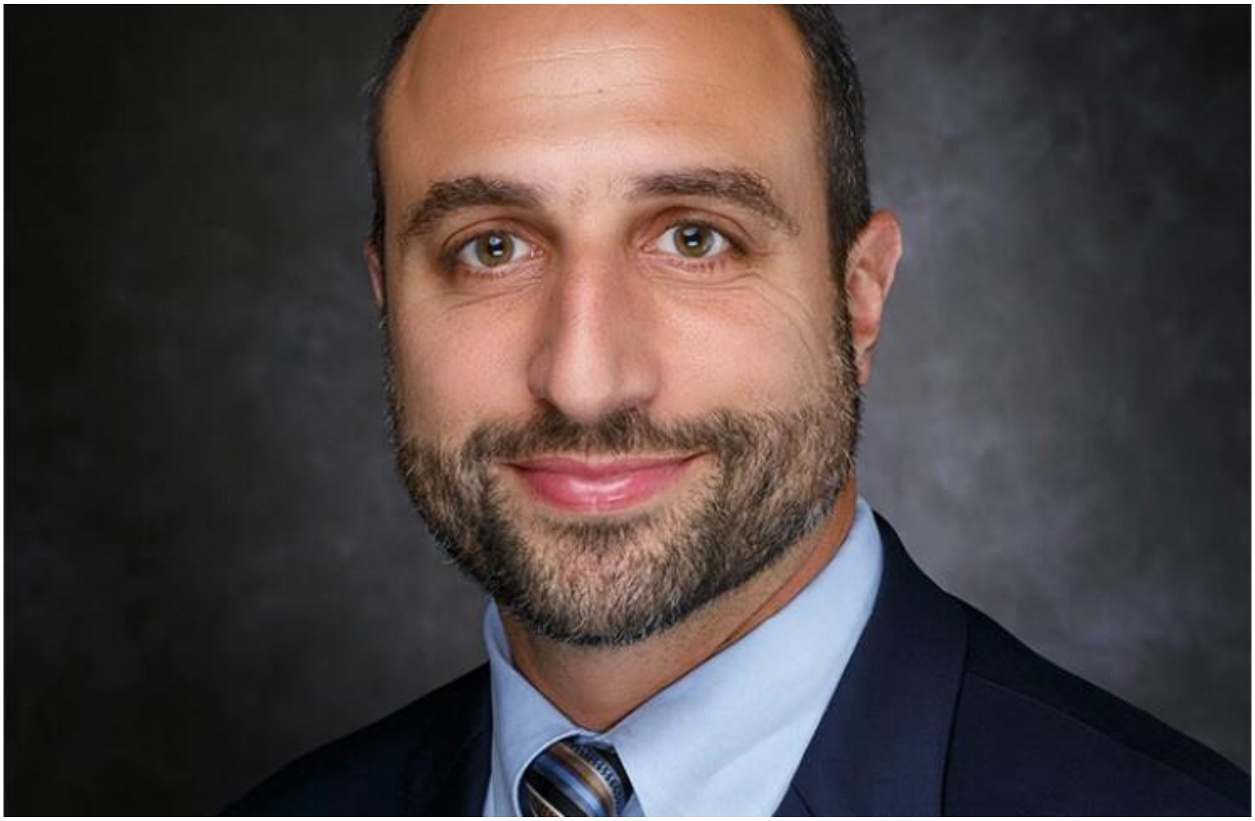
April 18, 2023, 2:12 p.m. EDT

Dedicated funding offers one solution for transit agencies facing a much-hyped looming fiscal crisis amid weak ridership and dwindling federal subsidies.

That's the view of transit expert Joshua Schank, a managing principal at InfraStrategies and formerly chief innovation officer of the Los Angeles County Metropolitan Transportation Authority.

"We can't continue down the same path and expect different results," Schank said last week at a transit conference in Chicago hosted by the Federal Reserve Bank of Chicago, the Civic Federation, and the Civic Committee of the Commercial Club of Chicago.

"Funding sources that are related to the actual purpose do help create accountability," Schank said. "When you tie things directly to their purpose, there is some greater acceptance."



Joshua Schank, a managing principal at transit consulting firm InfraStrategies, says transit agencies should seize the fiscal cliff crisis as an opportunity to reinvent themselves.

The conference comes as transit agencies across the country, particularly large urban ones that rely heavily on farebox revenue, face significant operating deficits amid anemic ridership trends and as they spend the last of their federal COVID aid that could be used for operations. Ridership was declining for years even before the pandemic, according to the American Public Transportation Association.

President Biden has floated a band-aid with a new budget recommendation that would allow large urban agencies to tap their federal capital improvement grants for operating costs in 2024.

Large agencies have said the move would be helpful, but doesn't address the longer term problem.

Meanwhile, the Federal Transit Administration last week detailed the $14 billion in formula funding that it's sending to states and transit agencies in fiscal 2023. The money represents the largest-ever annual investment in American public transportation due to the increase in transit support provided by the 2021 Bipartisan Infrastructure Law, the FTA said.

Despite the increased federal support and local sales tax revenue that many cities have passed to support transit, the best solution for ailing networks is new sources of dedicated funding, Schank said. Congestion pricing, vehicle registration taxes or creating so-called green zones where drivers pay an emission tax are some examples.

"People think [congestion pricing] is a stick, but it's a carrot," he said. "People hate it because they don't have it yet, but it works," he said, saying that the move has proved popular in cities like London and Sinapore that have installed it.

By being directly linked to goals, dedicated revenue would the mission of American mass transit, which many leaders are unclear about. Part of the problem is that the traditional transit political coalition wants mass transit to solve all sorts of social problems, like homelessness and inequity, which further erodes efforts to efficiently and safely move people around cities, he said.

"I'd like us to start with the funding source and go back to the drawing board and say what are we trying to achieve and then get funding for that," he said. "What problem are we trying to solve? That will help lead us to the answer."