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OPINION

More tax dollars doesn't mean more Metro riders

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By Veronique de Rugy

Today, 2.86-cents-per-gallon of the federal gas tax is deposited in the mass transit account of the Highway Trust Fund. However, the current surface transportation reauthorization bill would do away with this system.

The bill would end dedicated funding for public transportation from fuel tax receipts by deleting the Mass Transit Account in the Highway Fund. As a result, rather than a share of gas taxes, mass transit programs would rely entirely on appropriations from the general fund. Critics of the proposal argue that this potential reduction in spending will hurt transit systems at a time when ridership may see a boost as a result of higher gas prices.

This is unlikely. First, the proposal doesn't seem to slash the transit funding at all. In fact, the bill would set $40 billion aside immediately into a new "Alternative Transportation Account."

Second, if the proposal were actually cutting spending, it would be a good thing. The federal government is far too big already. And if we need to restrain the behemoth in Washington, it's appropriate to start with things that violate the Founders' vision of a limited central government. Why should federal taxpayers pay for transit system in Chicago or New York?

Third, even if funding were to go down, it wouldn't necessarily affect ridership. A look at the data doesn't seem to indicate a strong connection between spending on public transit and ridership rate.

In fact, despite huge increases in public transit funding over the past two decades, ridership has barely increased.

American Public Transportation Administration data reveals that ridership has barely changed as funding has drastically increased -- especially if you control for the increasing number of transit systems, and the level of population growth over time.

Although transit funding in 1995 was eight times more than it was in 1978 ($17.4 billion and $2.2 billion respectively), ridership increased only by about 2 percent.

Total ridership in 1978 (7.8 billion trips) was actually more than ridership in 1995 (7.7 billion trips) in spite of the large increase in funding. Between 1989 and 1996 ridership fell by 11 percent; again while funding increased by 42 percent.

These funding increases have included federal, state and local taxpayer assistance to transit. The data also reveals that an even smaller share of the funding today comes from taxes and other highway user fees pay.

The growing difference is now made up by taxes and fees not directly related to highway or transit use. These include revenue generated by sales and property taxes, general fund appropriations, investment income and various bond issues.

Cato Institute Senior Fellow Randal O'Toole claims that "because transit produces less than 5 percent of urban transport, while autos produce more than 90 percent, it is safe to say that most of the taxes supporting transit are subsidies from auto users to transit riders."
The reasons for the shortcomings in transit ridership have less to do with the amount of available funds than with the fact that rail lines are expensive to build, maintain and operate. Plus, most transit systems have at some point been forced to significantly raise fares and/or curtail services, often leading to the loss of transit riders.

According to O'Toole, "thanks in part to the high cost of rails, transit systems in Atlanta, Baltimore, Buffalo, Chicago, Cleveland, Philadelphia, Pittsburgh, St. Louis and the San Francisco Bay Area carried fewer riders in 2005 than two decades before. Los Angeles lost 17 percent of its bus riders when it began building rail transit." The fact that transit workers are generally members of public sector unions hasn't helped either.

None of this means that mass transit agencies will never be able to attract new riders. But it does mean that simply throwing more money at mass transit isn't the answer.
Besides, if mass transit authorities are correct that the current high gas prices will boost mass transit ridership, they will see their revenues go up as more customers by tickets. Unfortunately, the economic distortions induced by mass transit use under the current subsidy regime gives way for political opportunism through earmarks and budget gimmicks.

Furthermore, it is one thing to suggest that public transportation is an essential service that is critical to our economy, but it does not follow that such mass transit systems be funded by taxpayers.

Margins of improvement will occur once the system moves away from political influences that inhibit constructive change and instead expose it to more competition and market forces.
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