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Bay Area transit agencies' economic pitch: Let's charge more for less

Having gotten a bailout in the latest California state budget, Bay Area Transit agencies are seeking further subsidies from bridge users. If the $1.50 toll hike is passed by state legislature, transit agencies will be able to return to business-as-usual despite carrying a fraction of the passengers they transported in 2019. Mark Joffe reports in this ***Opp Now exclusive.***

Under Senator Scott Wiener's SB 532, tolls on six state-owned Bay Area bridges would increase from $7.00 to $8.50. Tolls on the Bay Bridge would also increase by $1.50, varying based on the time of day and day of the week between $7.50 and $9.50.

This increase comes on top of a $1 voter-approved toll hike scheduled for 2025. Further, SB 532 calls for inflation-adjustments to the toll increase, which could push tolls on most bridges toward $10 by 2028 (and $11 at peak travel times on the Bay Bridge).

Admittedly, affluent Bay Area drivers can afford these tolls hikes. Tolls on Hudson River crossings between New Jersey and New York range up to $17, but well-heeled suburbanites continue to use them in large numbers.

On the other hand, the toll hike could deter some discretionary travel into San Francisco, where merchants are already struggling with lower patronage. The toll hike comes on top of store closures, stories of crime, and quality of life issues afflicting the city this year. For some East Bay drivers, the higher toll may be the last straw that convinces them to shop and recreate in Walnut Creek, San Ramon, or Livermore rather than making the trip to Union Square.

The toll hike will have a bigger impact on lower-income super-commuters who live in the far eastern portions of the Bay Area or in the Central Valley. These commuters may not have viable transit options and are already struggling with California's high gas taxes, which are scheduled to rise another three cents per gallon this weekend.

Is the Money Really Needed?

Wiener and his fellow travel advocates secured significant support for transit from Governor Gavin Newsom, who had originally proposed no operating support and reduced capital spending in his original 2023–24 budget.

Under the final budget agreement, California transit agencies will receive $1.1 billion in new operating support over the next four fiscal years. Newsom reversed his capital spending cuts, leaving $4 billion available over the same period. Further, agencies are being given the opportunity to "flex" this capital support, using it to cover operating expenses if they so choose.

BART Board Director Rebecca Saltzman tweeted that the state aid was welcome but insufficient, and that the toll hike was also needed. She specifically questioned the value of the new flex option for capital support, arguing that agencies needed to maintain their local capital spending to attract federal match funding. Saltzman stated, "BART for example would endanger more than $1 billion of federal funds for new train cars and a new train control system if we flexed our funds."

This claim appears to be false. While it is true the Federal Transit Administration granted BART $1.17 billion for its core capacity program, which includes money to purchase new "Fleet of the Future" cars and improve signaling in the transbay tunnel, this federal grant is not contingent on any further state capital support.

The federal grant agreement, reached in 2020, required the state to kick in $187 million toward the cost of these improvements. But the state had already granted the program a total of $425 million in 2018 and 2020. It kicked in a further $250 million earlier this year. So, the state has already far exceeded its obligations under the federal grant agreement, making a claw back of federal funds impossible.

Local transit agencies really want the state capital funding to attract new federal grants. Among the projects they hope to fund are the BART Extension to San Jose, an extension of Caltrain from 4th and King in San Francisco to the Salesforce Transit Center, and a second subway tunnel between Oakland and San Francisco. These three projects have an aggregate estimated cost of nearly $45 billion, and none of them will benefit Bay Area commuters in the current decade. Further, these projects cannot be justified using any reasonable cost-benefit analysis based on realistic ridership projections.

Rather than waste more state and local taxpayer money to attract federal funding for their overpriced capital projects, local transit agencies should flex the funding the state has now made available to support operations rather than impose further burdens on motorists. Longer term, they should be trimming wasteful spending and looking for ways to deliver their services in a less labor-intensive manner.

Marc Joffe is a federalism and state policy analyst at Cato Institute.