

O'Toole: Don't blame ride-hailing for transit's poor performance

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An article in last week's *New York Times* joins others in asking us to sympathize with the beleaguered transit industry, whose ridership has dropped every year since Uber and Lyft arrived on the scene. The article notes that Uber and Lyft subsidized the 5.6 billion rides they carried last year to the tune of \$2.7 billion, or almost 50 cents a ride.

"The risks of [transit] privatization are grave," the *Times* article warns. Uber and Lyft are taking "a privileged subset of passengers away from public transit systems" which "undermines support for public transportation."

What the article doesn't say is that, in order to carry 9.6 billion riders last year, public transit demanded more than \$50 billion in subsidies from taxpayers, or more than \$5 per ride. In other words, transit subsidies per rider are more than ten times greater than Uber and Lyft subsidies.

I shouldn't have to say this, but there is also a crucial difference between ride-hailing subsidies and transit subsidies: the money Uber and Lyft are spending is voluntarily given to them by investors who hope to eventually make a profit. Tax subsidies are taken involuntarily from taxpayers to support systems that, as long as they are publicly owned, will never come close to making a profit.

This isn't stopping some from suggesting that Uber and Lyft actually be forced to further subsidize public transit. A Denver mayoral candidate and urban planner, Jamie Giellis, has suggested a fee on every rideshare (as well as a sales tax increase) as part of her local transit expansion plan.

Denver's regional transit agency is already caught in the "transit death spiral," with ridership having fallen 7 percent since 2015. Further trying to expand local transit by punishing private-sector services that are actually working for people isn't going to change that.

Instead of bemoaning the loss of transit riders to ride-hailing services, we should be celebrating the fact that a fast, convenient, and affordable service is taking away the need to subsidize slow, inconvenient, and expensive transit systems. It should be added that Uber and Lyft might not be losing \$2.7 billion a year if they didn't have to compete with a transit industry that gets \$50 billion in annual subsidies.

Further, the argument that ride hailing is stealing well-off passengers away from transit doesn't stand up to the facts. As I show in a recent [policy brief](#), census data show that low-income people are buying cars and reducing their use of transit for commuting.

According to the Census Bureau's American Community Survey (table B08141), the share of Denver-area workers who live in households without cars declined from 3.3 percent in 2007 to 2.8 percent in 2017. Much of the decline was among low-income workers.

A 2017 report from the University of Minnesota Center for Transportation Studies finds that the average Denver-area resident can reach almost twice as many jobs in a 20-minute auto drive as in a 60-minute transit ride.

The American Community Survey also shows (table B08119) that Denver-area workers who earn less \$15,000 a year were 30 percent less likely to ride transit to work in 2017 as they were in 2007, while workers who earn more than \$75,000 a year were 18 percent more likely to ride transit to work than in 2007.

In other words, transit's biggest growth market is higher-income people, who don't need other taxpayers, or ride-hailing companies, to subsidize their commutes.

Congress will revisit the federal government's role in these issues next year when it has to reauthorize federal highway and transit spending. The Cato Institute [today published](#) a new report urging Congress to put transportation programs on a pay-as-you-go basis, with funding mainly out of user fees rather than tax dollars.

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