Kyle Wingfield (http://blogs.ajc.com/kyle-wingfield)

Special series: MARTA put itself in red before recession hit

6:39 pm May 18, 2010, by Kyle Wingfield

(Note: This is the third in a special series examining MARTA. Read Part 1 here and Part 2 here. The final part will be posted Wednesday evening.)

When the economy went bust a couple of years ago, tax revenue fell everywhere. But at MARTA, passenger fares and other income meant that the agency's total revenue actually rose between 2007 and 2009 by 1 percent, or about $5 million.

On the other side of the ledger, however, apparently no one got the memo. Operating expenses jumped by more than $60 million, or 19 percent, over those two years.

Transportation — that is, passenger service: Up 12 percent.

Maintenance — Up 21 percent.

Administrative — that is, overhead: Up 33 percent.

When looking at MARTA's finances, we tend to examine the budget gap in terms of revenue — the transit agency's lack of state funding, or its disappointing sales-tax proceeds due to the recession.

As with many public entities, however, expenses tell the real story. Deficit spending was the plan all along.

Look, no one foresaw the housing crash, financial panic and deep recession. Budgets aren't made with the benefit of hindsight.

But by mid-2008, when the fiscal 2009 budget was approved, MARTA knew things were getting bad. Its sales-tax forecasts had already been revised downward by $24 million (in reality, shoppers would deliver $54 million less than that).

Next missteps

So, what did the agency do? It planned to boost spending even as revenue declined — to make 2009 the third straight year in which spending growth would outpace revenue growth. And it planned to do the same in 2010.

Even before the bottom fell out, then, MARTA planned to run a $44 million deficit in 2009 and expected to lose another $49 million in 2010. That was the *optimistic* scenario.

MARTA's explanation goes like this: After cutting service and personnel three times between 2002 and 2005, the agency's board "made a conscious decision [in 2006] to invest in service improvements," says Ted Basta, the agency's chief of business services.

The plan called for adding some 600 positions by mid-2009. (Neither Basta nor the agency's general manager, Beverly Scott, worked at MARTA when the plan was made.)

Then came the bust. About half of the new positions were never filled. In fact, MARTA reported to the Legislature last year that it actually had six *fewer* workers in 2009 than in 2007. Nevertheless, the agency said its salary costs were $27 million higher and benefits $18 million greater — making up three-quarters of the $60 million increase I mentioned at the outset.

Making up for losses

All of this was done in the name of expanding service as much as possible. "This is not a profit and loss" operation, Basta says. "If it were, you would not run the services you run."

He's right. MARTA is not a profit and loss.

It's a loss and loss. And loss.

At this point, some reader(s) will respond, "But all types of transportation are subsidized. Roads don't build themselves, you know."

That's true, but it's a question of magnitude. Randal O'Toole, a senior fellow at the libertarian Cato Institute, estimates that American taxpayers subsidize personal cars each year to the tune of 1 cent per passenger mile.

For transit, including operations and capital, O'Toole says, the taxpayers' bill comes to 70 cents per passenger mile.

MARTA operates less expensively than many of its peers nationally, but its taxpayer subsidy still amounted to almost 41 cents per passenger mile in 2008.

Whether you want metro Atlanta to relieve congestion through additions or improvements to our road network or through transit, whether you drive or park and ride, surely you can agree that we can do better than this.

Next: A cheaper solution for MARTA

Previously:

- It's time to end MARTA's boom-and-bust budgeting
- Ending 50-50 split is no salvation for MARTA

Send us your suggestions about this page.

Send a feedback technical issue

Your e-mail address (will r

Send Feedback

Subscribe »

The Atlanta Journal-Constitution

Customer Care »

Vacation stops, manage subscriptions and more

AJC Services

- Staff contacts
- Reprints and permission
- Contests
- Submit event listings
- Send us news tips
- Careers at AJC
- Careers at Cox
- AJC Store
- AJC Conversation

Sections

- News
- Sports
- Entertainment
- Travel
- Business
- Lifestyle
- Obituaries

Other Editions

- Sign up for newsletters
- Sign up for ajcMobile
- RSS and Widgets
- Today's news | A1 image
- Archives

Guides