Analysis Brief

Transit Ridership Trends

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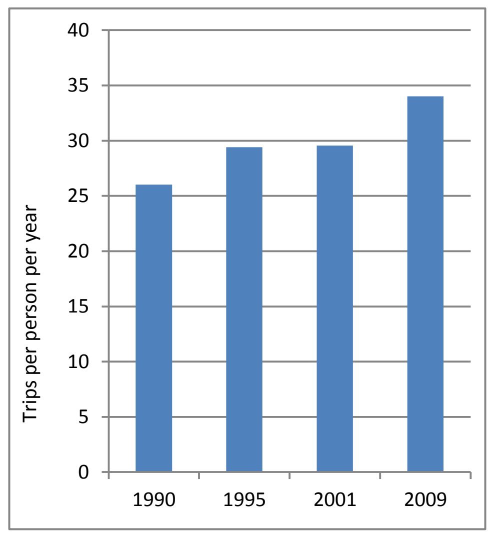
The Intermodal Surface Transportation Efficiency Act of 1991 (called ISTEA) designated that a portion of the moneys raised by the gas tax could be used by local agencies for intermodal development—such as transit. This brief analyzes some of the available data on funding and ridership trends for the country as a whole. These trends do not necessarily indicate a cause and effect (e.g. more transit funding will result in higher ridership), and individual areas may differ—seeing greater or fewer riders in their transit operations. But the overall national picture shows higher transit funding, more transit use, and direct and indirect economic benefits to areas investing in transit.

In the two decades since the passage of ISTEA, total transit expenses increased from 21 billion to 55 billion dollars or 160 percent while total government contributions nearly doubled (from 14 billion to 42 billion). Agency contributions (primarily from passenger fares) more than doubled from 6.7 billion to 14.7 billion[1].

In the same period ridership increased nearly 70 percent (from 4.8 billion linked trips to 8.1 billion), while transit passenger miles increased 30 percent[2]. According to the National Household Travel Survey (NHTS)[3] between 1990 and 2009 per capita transit trips increased 24 percent, as shown in Figure 1 (per capita measurement includes people who use transit and those who don't, but importantly adjusts for changes in population size).

Figure 1 – Transit Trips per Capita



Source: NHTS Data series, people 16 years and older, all transit trips/total population (those riding transit and those who don't)

Nationwide, about 10 percent more people reported using transit 'sometimes' in 2009 compared to 1990, and recently a surge of new younger riders have been noted in many cities.

Millenials (the age cohort of people 16-27 years old in 2009 when the last NHTS was collected) are more likely to take transit than people in other age cohorts. For example, the NHTS shows that on average in the US millenials take 80 percent more transit trips per year than seniors (people 65 and older) and 30 percent more than baby-boomers (people aged 45-63 in the 2009 NHTS).

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1 APTA Factbook 2012 at: http://www.apta.com/resources/statistics/Documents/FactBook/2012-Fact-Book-Appendix-A.pdf

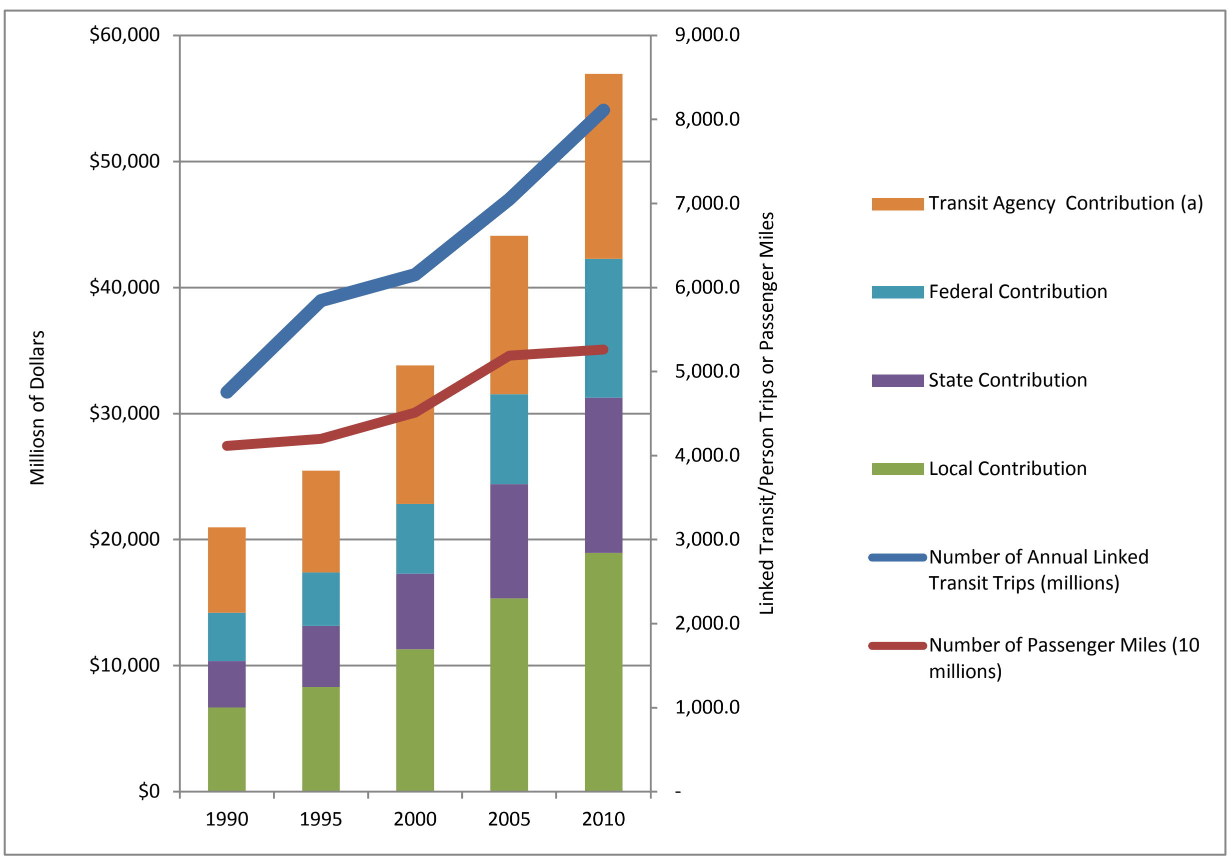
2 U.S. Department of Transportation, Federal Transit Administration, *National Transit Database*, available at http://www.ntdprogram.gov/ as of June 2012.

3 U.S. Department of Transportation, Federal Highway Administration, 2009 National Household Travel Survey. URL: http://nhts.ornl.gov.

In terms of transit funding, in 2010 a relatively larger share came from state governments compared to 1990 while a relatively smaller percent came from transit agencies (primarily from passenger fares). Figure 2 shows the trends in total contributions from federal, state and local governments and the proportion from each source, for the transit industry as whole[4]. Since these data only include transit agencies in urbanized areas that report into the National Transit Database, the true financial contribution of all transit agencies would be higher than that shown.

States and localities provide the majority of transit funding. In addition to jobs, states and local areas invest in transit because it provides associated economic benefits—for example, new development near a transit station or better access to a convention center. Transit-oriented development includes not just bus and rail enhancements, but improving sidewalks and planting trees to draw pedestrian traffic and boost the value of nearby commercial and residential properties. Investments such as these energize city centers and increase employment and tax revenues. Other economic benefits, such as workers' access to new job markets or enhanced service areas for local businesses are harder to quantify.

Figure 2 - Trends in Total Transit Funding by Source and Transit Ridership 1990 -2010



[4] Figure 2 combines data from Table 9-A Transportation Revenue by Level of Government, Type and Mode, Table 2-B A Summary of Transportation Revenue and Expenditure, Table 1-40: U.S. Passenger-Miles (Millions), and ridership from: U.S. Department of Transportation, Federal Transit Administration, National Transit Database, available at http://www.ntdprogram.gov/ as of June 2012.