Public Transit: The Funding Crisis and A Need for Action

November 25, 2008
Southeastern Wisconsin Needs a Good Public Transit System

- To meet the travel needs—work, education, healthcare, shopping—of the significant portion of the population (11% of households) without an automobile.

- To provide a necessary and desirable alternative in heavily traveled corridors and areas.

- To support higher density and infill development and redevelopment, which results in efficiencies for public infrastructure and services, including transportation.
Southeastern Wisconsin Needs a Good Public Transit System (continued)

- To contribute to efficiency in the transportation system, including reduced highway traffic and congestion, air pollution and energy consumption.
- To enhance economic development/quality of life
  - To connect workers with jobs
  - To access opportunities for higher education
  - To provide choice
  - To reduce household expenditures on transportation, permitting greater savings, other expenditures, and higher standard of living
Existing Public Transit System

- 8 existing public transit systems
- Compared to their peers, very efficient and effective
  - Milwaukee County Transit System
    - Total operating cost per rider
      - 31% below average of their 22 peers
      - 5th lowest
    - Net operating cost per rider
      - 32% below average
      - 4th lowest
Improvements Needed in Southeastern Wisconsin Public Transit

- SEWRPC regional plan and local plans outline the needs
  - New routes and route extensions
  - Longer service hours
  - Both direction service
  - Convenient service frequency
  - Faster service—express and rapid service
  - Service improvements—signal priority and reserved lanes
  - Major improvements and initiatives
Major Transit Improvements and Initiatives

- Milwaukee City – County Bus Rapid Transit Proposal
- City of Milwaukee Streetcar Circulator Proposal
- Kenosha – Racine – Milwaukee Commuter Rail Connection
Public Transit Funding Crisis

• Last 7 years

<table>
<thead>
<tr>
<th>Service Reductions</th>
<th>Fare Increases</th>
</tr>
</thead>
<tbody>
<tr>
<td>Milwaukee County</td>
<td>16%</td>
</tr>
<tr>
<td>Waukesha County</td>
<td>40%</td>
</tr>
<tr>
<td>Waukesha City</td>
<td>17%</td>
</tr>
<tr>
<td>Racine City</td>
<td>25%</td>
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<tr>
<td>Kenosha City</td>
<td>10%</td>
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</tbody>
</table>

• Projections for next five years

• 35% reduction – Milwaukee County
• 20-25% reductions for other systems

• Funding crisis is major reason why major transit initiatives have not been implemented
Public Transit Funding Crisis – Why?

- Federal and State funding provide 70 to 80% of transit annual operating funding
  - Have not increased with inflation
- No ability to replace Federal and State funds with local property taxes
Public Transit Funding Crisis – Why? (continued)

- Nearly 100% of Federal funds intended for capital projects are being spent on operating funding
  - Milwaukee County has spent down a $40 million bank of Federal capital funds
- Milwaukee County needs to replace 30% of its bus fleet around 2010—$60 million capital cost
Nearly Every Other Metro Area Has Dedicated Local Transit Funding

<table>
<thead>
<tr>
<th>Name</th>
<th>2000 Population (in millions)</th>
<th>Source of Local Dedicated Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>St. Louis, MO</td>
<td>2.08</td>
<td>0.25% Sales tax</td>
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<tr>
<td>Denver, CO</td>
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<td>0.6% Sales tax</td>
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<tr>
<td>Cleveland, OH</td>
<td>1.79</td>
<td>1.0% Sales tax</td>
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<td>Pittsburgh, PA</td>
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<td>Sales tax</td>
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<tr>
<td>Portland, OR</td>
<td>1.58</td>
<td>0.6218% payroll tax</td>
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<td>Cincinnati, OH</td>
<td>1.50</td>
<td>0.3% payroll tax</td>
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<td>Norfolk, VA</td>
<td>1.39</td>
<td>-</td>
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<tr>
<td>Sacramento, CA</td>
<td>1.39</td>
<td>0.5% Sales tax</td>
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<td>Kansas City, MO</td>
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<td>0.375% Sales tax</td>
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<td>San Antonio, TX</td>
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<td>0.5% Sales tax</td>
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<tr>
<td>Las Vegas, NV</td>
<td>1.31</td>
<td>0.25% Sales tax</td>
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<tr>
<td>Milwaukee, WI</td>
<td>1.31</td>
<td>-</td>
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<tr>
<td>Indianapolis, IN</td>
<td>1.22</td>
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</tr>
<tr>
<td>Providence, RI</td>
<td>1.18</td>
<td>6.25 cents per gallon gas tax</td>
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<tr>
<td>Columbus, OH</td>
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<td>New Orleans, LA</td>
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<td>Memphis, TN</td>
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<td>Austin, TX</td>
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<td>1.0% Sales tax</td>
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<td>Salt Lake City, UT</td>
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<td>Sales tax</td>
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<td>Jacksonville, FL</td>
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<tr>
<td>Louisville, KY</td>
<td>0.86</td>
<td>0.2% payroll tax</td>
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<tr>
<td>Charlotte, NC</td>
<td>0.76</td>
<td>0.5% Sales tax</td>
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</table>
Comparison of Milwaukee and Portland

- **Similar** Metro areas
  - Population size and characteristics
- **Different** Public Transit Systems
  - 65% more service and 100% more ridership
- **Why?**
  - Dedicated funding
  - Portland transit operating budget – 79% from local dedicated funding
  - Milwaukee transit operating budget – 18% from local funding
Need for Regional Transit Service

- Transit service needs are regional.
- The corporate limits of existing transit operators do not meet these needs.
Need for Dedicated Transit Funding

- **Without dedicated transit funding**
  - Transit service may not be maintained or expanded
  - Major transit initiatives may not be possible

- **Addressing this issue will require**
  - Acknowledging the funding crisis
  - Achieving the necessary State legislation
    - State Budget
      - 2009 – 2011 State Budget
Critical Decision Points to Achieving Dedicated Transit Funding

- Milwaukee County November 4 advisory referendum on a 1 percent sales tax for public transit, parks, and emergency medical services

- Southeastern Wisconsin Regional Transit Authority (RTA)
  - Report to Governor and State Legislature—November 15, 2008
    - Need for a permanent RTA
    - Need for public transit dedicated funding

- Wisconsin State Legislature Legislative Council Special Committee on Regional Transportation Authority
  - Draft Legislation for consideration and action in January 2009
Summary

• Compelling reasons for a good transit system
• The existing system needs improvement and expansion
• Have a serious funding crisis which may only be expected to get worse
• Our Metro Area peers are ahead of us with local dedicated transit funding (sales tax)
Summary (continued)

• **Without dedicated transit funding**
  - Transit service may not be maintained or expanded as needed
  - Major transit initiatives may not be possible

• **Addressing this issue will require**
  - Acknowledging the funding crisis
  - Achieving the necessary State legislation
    - Dedicated funding
    - 2009-2011 State Budget