Funding the T in TOD:
The Transit Funding Crisis
Transit in 2012: When good news is bad news
Transit ridership is up
And is likely to continue increasing
But funding isn’t keeping up

![Cumulative Government Capital Investment in Transit and Highways Since 1956 (2006 dollars)](image)

Table 1-9. Reported Total Investment for 50 States and DC

<table>
<thead>
<tr>
<th>State</th>
<th>Population</th>
<th>FY 2008 Transit Funding</th>
<th>FY 2008 Per Capita Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>New York</td>
<td>19,467,139</td>
<td>$3,013,441,916</td>
<td>$154.99</td>
</tr>
<tr>
<td>California</td>
<td>36,545,271</td>
<td>$2,299,376,875</td>
<td>$62.86</td>
</tr>
<tr>
<td>Massachusetts</td>
<td>6,534,359</td>
<td>$1,182,785,342</td>
<td>$180.75</td>
</tr>
<tr>
<td>Pennsylvania</td>
<td>12,669,346</td>
<td>$1,145,597,000</td>
<td>$91.10</td>
</tr>
<tr>
<td>New Jersey</td>
<td>8,864,709</td>
<td>$919,477,344</td>
<td>$109.52</td>
</tr>
<tr>
<td>Maryland</td>
<td>5,658,455</td>
<td>$844,417,244</td>
<td>$149.25</td>
</tr>
<tr>
<td>Illinois</td>
<td>12,842,544</td>
<td>$519,870,000</td>
<td>$40.43</td>
</tr>
<tr>
<td>Maine</td>
<td>5,730,572</td>
<td>$290,925,000</td>
<td>$64.90</td>
</tr>
<tr>
<td>DC</td>
<td>740,674</td>
<td>$272,374,274</td>
<td>$382.16</td>
</tr>
<tr>
<td>Connecticut</td>
<td>3,503,852</td>
<td>$567,400,345</td>
<td>$164.56</td>
</tr>
<tr>
<td>Virginia</td>
<td>7,765,424</td>
<td>$228,045,823</td>
<td>$29.37</td>
</tr>
<tr>
<td>Michigan</td>
<td>10,602,486</td>
<td>$200,086,810</td>
<td>$19.00</td>
</tr>
<tr>
<td>Florida</td>
<td>18,422,878</td>
<td>$1,146,238,770</td>
<td>$7.84</td>
</tr>
<tr>
<td>Wisconsin</td>
<td>5,657,430</td>
<td>$125,179,500</td>
<td>$22.24</td>
</tr>
<tr>
<td>Alaska</td>
<td>640,125</td>
<td>$68,914,875</td>
<td>$12,14.64</td>
</tr>
<tr>
<td>Delaware</td>
<td>76,316</td>
<td>$85,332,800</td>
<td>$119.42</td>
</tr>
<tr>
<td>North Carolina</td>
<td>8,247,124</td>
<td>$73,465,947</td>
<td>$8.74</td>
</tr>
<tr>
<td>Indiana</td>
<td>6,466,209</td>
<td>$55,393,374</td>
<td>$8.62</td>
</tr>
<tr>
<td>Rhode Island</td>
<td>1,053,020</td>
<td>$47,330,065</td>
<td>$449.53</td>
</tr>
<tr>
<td>Tennessee</td>
<td>6,240,456</td>
<td>$41,537,000</td>
<td>$6.66</td>
</tr>
<tr>
<td>Oregon</td>
<td>3,782,891</td>
<td>$39,929,000</td>
<td>$10.55</td>
</tr>
<tr>
<td>Washington</td>
<td>6,566,973</td>
<td>$39,751,000</td>
<td>$6.05</td>
</tr>
<tr>
<td>Texas</td>
<td>24,364,580</td>
<td>$23,741,597</td>
<td>$1.18</td>
</tr>
<tr>
<td>Ohio</td>
<td>11,526,872</td>
<td>$15,816,982</td>
<td>$1.37</td>
</tr>
<tr>
<td>Iowa</td>
<td>3,953,067</td>
<td>$13,280,543</td>
<td>$4.44</td>
</tr>
<tr>
<td>Arizona</td>
<td>6,495,977</td>
<td>$11,780,500</td>
<td>$1.81</td>
</tr>
<tr>
<td>New Mexico</td>
<td>2,806,703</td>
<td>$9,388,726</td>
<td>$4.68</td>
</tr>
<tr>
<td>Missouri</td>
<td>5,056,535</td>
<td>$9,921,541</td>
<td>$1.96</td>
</tr>
<tr>
<td>South Carolina</td>
<td>4,763,180</td>
<td>$9,400,000</td>
<td>$2.42</td>
</tr>
<tr>
<td>Georgia</td>
<td>8,987,858</td>
<td>$9,141,497</td>
<td>$1.83</td>
</tr>
<tr>
<td>Louisiana</td>
<td>4,451,515</td>
<td>$9,970,530</td>
<td>$2.23</td>
</tr>
<tr>
<td>Vermont</td>
<td>610,040</td>
<td>$5,899,044</td>
<td>$95.90</td>
</tr>
<tr>
<td>Kansas</td>
<td>2,787,375</td>
<td>$5,781,630</td>
<td>$2.06</td>
</tr>
<tr>
<td>Oklahoma</td>
<td>3,644,075</td>
<td>$5,750,000</td>
<td>$1.58</td>
</tr>
<tr>
<td>Arkansas</td>
<td>3,067,564</td>
<td>$4,513,157</td>
<td>$1.47</td>
</tr>
<tr>
<td>New Hampshire</td>
<td>1,731,875</td>
<td>$4,474,350</td>
<td>$2.38</td>
</tr>
<tr>
<td>Kentucky</td>
<td>4,387,021</td>
<td>$3,501,731</td>
<td>$0.82</td>
</tr>
<tr>
<td>West Virginia</td>
<td>1,814,873</td>
<td>$2,023,242</td>
<td>$1.17</td>
</tr>
<tr>
<td>Nebraska</td>
<td>1,781,140</td>
<td>$2,800,000</td>
<td>$1.63</td>
</tr>
<tr>
<td>North Dakota</td>
<td>641,421</td>
<td>$2,000,000</td>
<td>$3.12</td>
</tr>
<tr>
<td>Wyoming</td>
<td>352,981</td>
<td>$2,305,456</td>
<td>$6.56</td>
</tr>
<tr>
<td>Mississippi</td>
<td>2,040,712</td>
<td>$1,600,000</td>
<td>$0.49</td>
</tr>
<tr>
<td>Maine</td>
<td>1,710,601</td>
<td>$1,527,855</td>
<td>$1.17</td>
</tr>
<tr>
<td>South Dakota</td>
<td>804,332</td>
<td>$770,000</td>
<td>$0.95</td>
</tr>
<tr>
<td>Montana</td>
<td>806,235</td>
<td>$414,820</td>
<td>$0.51</td>
</tr>
<tr>
<td>Idaho</td>
<td>1,257,396</td>
<td>$312,000</td>
<td>$0.20</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>288,121,173</strong></td>
<td><strong>$212,244,363,786</strong></td>
<td><strong>$42.06</strong></td>
</tr>
</tbody>
</table>
Transit systems are deferring maintenance

<table>
<thead>
<tr>
<th>Mode</th>
<th>SGR Backlog</th>
<th>Average Annual Normal Replacement Needs</th>
<th>Annual Investment to Attain SGR over (including normal replacement):</th>
<th>Annual Investment to Eliminate SGR Backlog over:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>6 Years</td>
<td>12 Years</td>
<td>20 Years</td>
</tr>
<tr>
<td>Rail</td>
<td>$59.2</td>
<td>$18.1</td>
<td>$13.2</td>
<td>$11.2</td>
</tr>
<tr>
<td>Non-Rail</td>
<td>$18.4</td>
<td>$9.2</td>
<td>$7.7</td>
<td>$7.1</td>
</tr>
<tr>
<td>Total</td>
<td>$77.7</td>
<td>$27.3</td>
<td>$20.9</td>
<td>$18.3</td>
</tr>
</tbody>
</table>

Exhibit ES-2
National SGR Backlog and Annual Normal Replacement Needs (Billions of $2009)

2010
National State of Good Repair Assessment
And transit condition will get worse
The transit funding crisis is everywhere
2012 fare increases and service reductions

Source: Transportation for America
Transit agencies face Hobson’s choice

Source: APTA
Investment is being affected

Changes in Capital Funding in Current Year

- Stay the Same: 58%
- Decrease: 27%
- Increase: 15%

Source: APTA
Transit advocates are split on how to respond
Responding to the funding crisis
Efforts are underway to increase funding

• “Blue Ribbon” commissions
• Ballot initiatives
  • Sales tax
  • Other taxes
• Legislative efforts
  • State
  • Local
Win some, lose some

http://www.northeastern.edu/dukakiscenter/matransportationfinance/
Getting the conversation going

MassDOT – Your Vision, Our Future: A Transportation Conversation

The Massachusetts Department of Transportation (MassDOT) will hold a series of statewide discussions this fall to engage the public in a conversation about the transportation system they want and what we need to do to achieve that vision. The purpose of these meetings is to hear from customers and residents in order to generate ideas and help prioritize agency initiatives now and in the future. Please join Secretary Richard A. Davey and other Commonwealth leaders in this important discussion that will shape our transportation system for future generations.

http://www.northeastern.edu/dukakiscenter/matransportationfinance/
The communications challenge: investment vs. subsidy
Transit needs our
Americans for Transit: Organizing Riders, Saving Transit

Greg LeRoy
Executive Director
Good Jobs First

Rail~Volution Conference
October 16, 2012 ~ Los Angeles
Good Jobs First: Accountable Development and Smart Growth for Working Families

- Website, Tools @ www.goodjobsfirst.org
- Model Research and Publications
- Training and Speaking
- Technical Assistance
- Testimony, Legislative Analysis
How Can It Be?

- Federal aid to transit set records in 2009 and 2010 (especially stimulus $)

- Yet transit service cuts, route abandonments, fare hikes and layoffs have also set records the past three years
News Flash! New ATU President

Larry Hanley, dynamic reform leader, is hell-bent on transit rider organizing.
Short-Term Solution: Federal Flexibility

- Now, big agencies cannot spend federal $ on operations (only capital)
- Local revenues (sales and property taxes) are depressed, driving cuts
- We need FLEXIBILITY on federal $ during this Great Recession
Long-Term Solutions

- Federal support that mirrors local enthusiasm
- Higher gasoline tax/VMT formula, greater share to transit
- Other pro-transit reforms advocated by T4America: more local control/more flexibility, and fix it first
Reality: 27-Month Reauth

- No new $ for transit
- No new flexibility for operations
- Keeps transit benefit below parity with parking benefit
- Pro-privatization language for transit
- Funding cuts for pedestrian and cycling safety
Fight-back for Rider Respect
Good Jobs First & ATU

- Community-Labor “Boot Camps”
- Transit Rider Organizing Manual
- New 501(c)(3): Americans for Transit
Community-Labor
“Boot Camps”
Rider-Organizing Manual
Announcing Americans for Transit

Mission: To create, strengthen and unite transit rider-organizing campaigns
Executive Director

Andrew Austin, former field director, Transportation Choices Coalition, Washington State
Transit: Sweet Spot for Jobs

- Transit (and Urban Highway) Construction Jobs (Stimulus evidence)
- Ripple-Effect Construction Jobs
- Transit Operating and Maintenance Jobs
- Transit Vehicle Manufacturing Renaissance
Urban Density and TOD Create More Construction Jobs Than Sprawl

The Jobs Are Back In Town
Urban Smart Growth & Construction Employment

Sprawl

Smart Growth

Good Jobs First
November 2003
Contact Us!

Greg LeRoy
Executive Director
Good Jobs First
goodjobs@goodjobsfirst.org
www.goodjobsfirst.org
202-232-1616 x 211
Not your father’s DOT – Progressive trends in transportation reform

Rail-Volution

October 16, 2012

Los Angeles, California
Overview

• Introduction
• Crisis? What crisis?
• What people want
• SGA’s state transportation program
• The Innovative DOT
• Demonstration projects
• Questions
Smart Growth

**Smart growth** means building urban, suburban and rural communities with housing and transportation choices near jobs, shops and schools.

These strategies **support thriving local economies** and protect the environment.
What I hear about smart growth
Smart growth is ugly.

Riomaggiore, Italy
We have no history with it.
Nobody would want to live there.
It just doesn’t work here.

Pearl District, Portland, OR
Shut up and drive!
Crisis? What crisis?

Wilkinsburg, PA
The Crisis
Federal Funding Landscape

- American Reinvestment & Recovery Act (ARRA) funding spike followed steep declines for most modes
- Long-term growth jeopardized by increasing federal budget constraints and related deficit reduction efforts
- Biased toward capital over O&M
- Little desire to charge users the true cost of transportation
What people want

Wilkinsburg, PA
Survey timing and sample

• Conducted November 16-22, 2010
• 1,000 voters nationwide
  – 37% Democrat
  – 34% Republican
  – 29% Independent
• Voting Patterns:
  – 27% vote Democrat most of the time
  – 23% vote Republican most of the time
  – 50% swing voters
Maintenance and repair are the top priority for state transportation funding

Q. Which one of these should be the top priority for state transportation funding?

Maintaining and repairing roads, highways, freeways, and bridges

- All voters: 51%
- Democrats: 45%
- Republicans: 56%
- Swing voters: 52%

Expanding/improving bus, rail, van service, biking, walking, transportation choices

- All voters: 33%
- Democrats: 42%
- Republicans: 22%
- Swing voters: 32%

Expanding and building new roads, highways, freeways, and bridges

- All voters: 16%
- Democrats: 13%
- Republicans: 22%
- Swing voters: 16%
Priorities for transportation funding align with perceived value for the cost

Percentage of voters who believe each would be a good value for the cost

<table>
<thead>
<tr>
<th>Priority</th>
<th>All voters</th>
<th>Democrats</th>
<th>Republicans</th>
<th>Swing voters</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repair/maintain existing roads/bridges</td>
<td>76%</td>
<td>78%</td>
<td>78%</td>
<td>74%</td>
</tr>
<tr>
<td>More choices: bus, carpool, light rail,</td>
<td>64%</td>
<td>78%</td>
<td>47%</td>
<td>66%</td>
</tr>
<tr>
<td>van, commuter rail</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expand biking/walking opportunities</td>
<td>45%</td>
<td>54%</td>
<td>37%</td>
<td>46%</td>
</tr>
<tr>
<td>Build new roads and bridges</td>
<td>37%</td>
<td>36%</td>
<td>44%</td>
<td>38%</td>
</tr>
</tbody>
</table>

All voters
Democrats
Republicans
Swing voters
Regardless of party, most agree that now is the time to invest in transportation

*Views of state investing in transportation*

- Now is the time for state government to invest in transportation, because if we do it right, these investments will create jobs and attract new business.
- Now is not the time for state government to invest in transportation, because budgets are too tight, and in this bad economy, there are more important needs the state should address.
SGA’s state transportation program
Fiscal crisis as lever for reform

- Across the country, transportation revenue sources are falling, creating fiscal difficulties for many state Departments of Transportation and financial crises for others.
- In the current climate of budget shortfalls and rising deficits, tolerance for wasteful spending of taxpayer money is low.
- Smart Growth America sees this as an excellent opportunity to show state and federal leaders that fiscally responsible DOT policy and transportation reform are one and the same.
Themes

• **Save Money by Taking Better Care of What You Have**
  – Maintain and repair existing roads and bridges

• **Grow the Economy by Making Your Transportation Investments More Strategic**
  – Fund the biggest job creator: public transportation
  – Spark innovation and cost-savings through a competitive transportation solutions program
  – Revisit near-term spending decisions and long-term project selection process
Save money by taking better care of what you have

- SGA and Taxpayers for Common Sense
- National Report June 1, 2011
- 50 State profiles on SGA website
Repair Priorities

- 57 percent of funds spent on just 1 percent of the nation’s roads
- 43 percent spent on the 99 percent of the system that already existed
Condition of existing roads

• 52% of major roads (732,500 lane-miles) in “fair” or “poor” condition

• ASCE Report Card
  – 2001: D+
  – 2005: D
  – 2009: D-

• $43 B/yr needed for preservation and repair

• More then we spend on all road projects today
Fund the biggest job creator
Transit investment creates more jobs
Transit investment catalyzes economic development

- Hudson-Bergen (NJ) LRT - $5.3 billion
- Dallas, TX LRT - $4.2 billion
- Portland Streetcar - $4 billion
Spark innovation and cost savings
Connect Oregon
Revisit project selection process
Headline news

“Bay Area transportation projects to be judged on benefits vs. costs” – Silicon Valley Mercury News
Headline news?

“Talk to any business person about not having a benefits-vs.-cost discussion and they'll say, 'Duh, you mean you don't do that?'" said the commission's executive director, Steve Heminger. "They insist on it, but in the transportation profession it is not all that common. ... This levels the playing field."
The Innovative DOT
The Innovative DOT: A handbook of policy and practice

A new resource for state transportation officials

Developed by Smart Growth America and the State Smart Transportation Initiative

September 2012
The Innovative DOT: A handbook of policy and practice

- Describes strategies states can use to achieve the greatest outcomes at the least cost with transportation investments.

- Documents innovative approaches state leaders are already using to make systems more efficient, government more effective and constituents better satisfied.

- Provides information on 31 policies and practices
  - The benefits of each policy
  - Steps for implementation
  - Cases studies
  - Resources for further information
Process for Developing the Handbook

Advisory Committee of Experts
Provided feedback at various stages throughout the process.

• Allen Biehler (Chair), Former Secretary, Pennsylvania Department of Transportation
• Paul Morris, Deputy Secretary, North Carolina Department of Transportation.
• Adetokunbo “Toks” Omishakin, Assistant Commissioner/Chief of Environment and Planning, Tennessee Department of Transportation.
• Lynn Peterson, Transportation and Sustainability Policy Advisor to Oregon Governor John Kitzhaber.
Policies must address the current funding reality and provide a means for getting the best outcomes out of transportation investments:

- Improved access to destinations, with greater choice for users
- More prosperous states and regions
- Preservation of existing infrastructure
- Reduced environmental impacts
- Healthier communities
- More transparent and accessible governance
What’s in the Handbook?

Eight Focus Areas

1. Revenue Sources
2. Revenue Allocation and Project Selection
3. Pricing
4. Increasing Transportation System Efficiency
5. Improving Options for Mobility and Access
6. Providing Efficient, Safe Freight Access
7. Integrating Transportation and Land Use Decision-Making
8. Improving DOT Processes
Demonstration Projects

WPA Mural – Wilkinsburg, PA
Results – Oregon

- Over 60 funding sources studied
- 12 Consensus funding sources
- 4 consensus financing measures
- 2013 Legislative Session
## Ranking Criteria and Weighting

<table>
<thead>
<tr>
<th>Ranking Criteria</th>
<th>Evaluation metrics</th>
<th>Provisional Weighting Factor</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Funding Potential</td>
<td>How large is the funding base? Is it expanding or declining? Stable or Volatile?</td>
<td>2</td>
</tr>
<tr>
<td>2. Ease of Implementation</td>
<td>Does it require a new entity? Is collection, enforcement easy? If it flexible across modes?</td>
<td>2</td>
</tr>
<tr>
<td>3. Economic Effects</td>
<td>How does it affect behavior in target sectors? Is there a strong nexus? Is it equitable (i.e. be income, geography, sector)?</td>
<td>1</td>
</tr>
</tbody>
</table>
Interpreting Survey and Ranking Results

• Survey indicated that the range of existing authority local funding options had broad support—these can be acknowledged and promoted
• “Top priority” State funding options not likely to be adequate to fund the non-roadway funding needs
• None of “top priority” State funding options provides substantial funding for transit operations
• Additional scaling and analysis of the State funding options will be necessary
• It may be necessary to consider “deferred funding options” to generate adequate funding
Results – Tennessee

1. Develop new metrics to measure and prioritize all proposed projects against broad system goals
2. Audit the current project list for opportunities to better achieve system goals
3. Establish a system for identifying public and private transportation/land use planning partners
4. Effectively articulate a full range of benefits tied to broad system goals
5. Identify new funding partners based on benefits
6. Broadly communicate flexible design standards for context sensitive solutions
Results – Hawaii

- Issue a State of Hawaii Executive Policy identifying TOD as a priority
- Identify a lead agency to advance TOD, along with a cluster of state agencies whose mission would most directly relate to TOD implementation
- Analyze and prioritize state-owned properties and assets
- Target resources to support TOD
Putting the Policies and Practices into Action

Smart Growth America

• **Vermont:** Conducting a review of VTrans policies and programs to identify strategies for strengthening Vermont’s economy through better alignment between transportation investments and the state’s smart growth policy.
Putting the Policies and Practices into Action

Smart Growth America

- **Michigan**: Partnering with MDOT, the Michigan Economic Development Corporation Executive and the Michigan State Housing Development Authority to develop mobility management strategies for five regions in the state.
We have the freedom to make informed, humane, and intelligent choices about the kind of world we want to leave for our children and grandchildren. We also have the freedom to make uninformed, selfish, and stupid choices. Which will it be?

- Greg Pahl
Thank you!

rmillar@smartgrowthamerica.org

www.smartgrowthamerica.org
Contact Us!

Greg LeRoy
Executive Director
Good Jobs First
goodjobs@goodjobsfirst.org
www.goodjobsfirst.org
202-232-1616 x 211