



Executive Memorandum

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PUBLIC TRANSIT SYSTEMS: THE HIGH COST OF FALSE PROMISES

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As the nation's urban highways have become more crowded, urban rail systems have been proposed to alleviate the traffic congestion, but results in city after city reveal that this approach is both costly and ineffective. Indeed, in many cases, it would be cheaper to provide new rail-transit riders with a Lexus or a BMW than to build the costly light rail lines that attract so few riders. Most discouraging of all, data from the Texas Transportation Institute show that traffic delays have *increased* 24 percent more in the urban areas that have built new rail systems than in those that did not.

The false promise of "congestion relief" is the calling card rail proponents have used to seduce voters into paying higher taxes. In 1994, residents of St. Louis agreed to a tax increase to build six new urban rail lines, accepting the misrepresentation that the federal government would pay for most of the system. In fact, the government would not do so, and now there is scarcely enough money to build the one line that is not yet under construction. Recently released U.S. Census data indicate that the number of transit commuters dropped by 4,100 during the past 10 years, despite the opening of the area's first light rail line in 1993. During the same period, employment increased by 95,000.

Recently, voters in Cincinnati astutely rejected a proposal that would have levied taxes of approximately \$60 million to build just part of a regional light rail system. Despite expenditures of more than \$500,000 to promote the proposal, it was defeated

by a ratio of more than two to one, and with good reason: The goal of the \$2.6 billion plan was to raise transit's projected share of trips in 2030 from 0.6 percent to 0.7 percent—a decrease from today's 0.8 percent. (Undaunted, transit authority officials declare that they are still "very committed" to the plan.)

Investment Without Impact. St. Louis is not alone in experiencing the disappointing results of the false hope of rail transit. Recently released U.S. Census Bureau work-trip data reveal that many new urban rail systems have fallen far short of producing promised benefits.

- Dallas, Texas, which opened three light rail branches and one commuter rail line in the 1990s, experienced a net decline of 3,100 transit commuters during a period when employment increased by 96,000.
- Portland, Oregon, with the nation's most aggressive "smart growth" policies and two new light rail lines, has seen the share of commuters using transit decline 20 percent since 1980 (the census before the first light rail line was

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opened). Admittedly, Portland made modest transit gains in the 1990s, with a ridership gain of 1.3 percentage points. However, that gain did little to alleviate Portland's deteriorating traffic conditions, which ranked third worst in the nation from 1990 to 2000 according to Texas Transportation Institute data.

- In Washington, D.C., after more than \$10 billion in rail expenditures, the area's transit work-trip market share has declined from 15.2 percent—which is where it was before the extensive subway system was opened—to 10.9 percent.

Transit officials have discounted these statistics, noting that work trips represent just 20 percent of urban travel. Yet it is the concentration of work trips in the morning and evening peak periods that causes the daily traffic congestion that rail alternatives were intended to relieve.

Massive Per-Rider Expenditures. The magnitude of the waste involved in these rail-transit failures can best be appreciated through a comparison with alternative uses of the money involved. Planning reports submitted to the U.S. Department of Transportation's Federal Transit Administration indicate that, in many cases, it would be less costly to lease a car for each new daily commuter. For example:

- Cincinnati's proposed light rail system would have cost \$15.50 per new one-way ride, totaling \$6,975 annually for each new commuter who takes two trips a day for 225 work days. In contrast, the same commuter could lease a \$30,000 Lexus IS-300 for less than \$5,500 annually.
- The Minneapolis "Hiawatha" light rail line, now under construction, will cost \$19.00 per new rider. This amounts to \$8,550 annually per new commuter—enough to lease a BMW X-5 Sport Utility Vehicle.
- San Francisco's proposed Third Street light rail line will cost \$40.50 per new ride, which is

equal to \$18,225 annually per new commuter. For the same money, each new commuter could lease a new Pontiac Grand Am throughout the "life" of the rail system *and* pay for more than 100,000 miles of air travel at the average ticket rate each year. Alternatively, one could lease the Grand Am and use the remainder of the annual subsidy for the average mortgage payment in the nation's most expensive housing market.

Such measures of transit waste have been making the rounds across the country for years; but though these comparisons have had an impact, it is not the one rail-transit critics had hoped for—a reassessment of the costly and ineffective rail alternative. Instead, the transit industry has become so embarrassed that the Federal Transit Administration will soon stop reporting the "cost per new trip" that each new system will incur. While hiding the bad news is one strategy to deal with failure, it will do nothing to alleviate the worsening congestion—a situation that is aggravated as scarce resources are squandered on delusional nostrums rather than invested in cost-effective solutions to urban mobility problems.

Identifying authentic solutions will require that policymakers rise above the current debate and its limited choice between two 19th century technologies—road and rail transportation. During the 1990s, while transit use declined by 23,000 riders, working at home (telecommuting) increased more than 775,000 and car-pooling increased by 256,000. Efforts to encourage telecommuting receive virtually none of the federal transit largess, but perhaps they should. It would be useful to explore ways of encouraging employers and workers to increase working at home, or car-pooling, at a cost per commuter that could be as low as 25 percent of the \$4,000 that has been typical for transit rail programs. Taxpayers' dollars should be used wisely—or returned.

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