



# ***Public Transit: The Funding Crisis and A Need for Action***



***November 13, 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***



# ***Improvements Needed in Southeastern Wisconsin Public Transit***

- ***Regional 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***



# ***Public Transit Funding Crisis***

- ***Last 7 years***

	<b><u>Service Reductions</u></b>	<b><u>Fare Increases</u></b>
<b><i>Milwaukee County</i></b>	<b>16%</b>	<b>30%</b>
<b><i>Waukesha County</i></b>	<b>40%</b>	<b>10-75%</b>
<b><i>Waukesha City</i></b>	<b>17%</b>	<b>75%</b>
<b><i>Racine City</i></b>	<b>25%</b>	<b>50%</b>
<b><i>Kenosha City</i></b>	<b>10%</b>	<b>- -</b>

- ***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***
  - ***May not be expected to increase with inflation***
- ***No potential 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

<b>Name</b>	<b>2000 Population (in millions)</b>	<b>Source of Local Dedicated Funding</b>
<b>St. Louis, MO</b>	<b>2.08</b>	<b>0.25% Sales tax</b>
<b>Denver, CO</b>	<b>1.98</b>	<b>0.6% Sales tax</b>
<b>Cleveland, OH</b>	<b>1.79</b>	<b>1.0% Sales tax</b>
<b>Pittsburgh, PA</b>	<b>1.75</b>	<b>Sales tax</b>
<b>Portland, OR</b>	<b>1.58</b>	<b>0.6218% payroll tax</b>
<b>Cincinnati, OH</b>	<b>1.50</b>	<b>0.3% payroll tax</b>
<b>Norfolk, VA</b>	<b>1.39</b>	<b>--</b>
<b>Sacramento, CA</b>	<b>1.39</b>	<b>0.5% Sales tax</b>
<b>Kansas City, MO</b>	<b>1.36</b>	<b>0.375% Sales tax</b>
<b>San Antonio, TX</b>	<b>1.33</b>	<b>0.5% Sales tax</b>
<b>Las Vegas, NV</b>	<b>1.31</b>	<b>0.25% Sales tax</b>
<b>Milwaukee, WI</b>	<b>1.31</b>	<b>--</b>
<b>Indianapolis, IN</b>	<b>1.22</b>	<b>--</b>
<b>Providence, RI</b>	<b>1.18</b>	<b>6.25 cents per gallon gas tax</b>
<b>Columbus, OH</b>	<b>1.13</b>	<b>0.25% Sales tax</b>
<b>New Orleans, LA</b>	<b>1.01</b>	<b>1.0% Sales tax</b>
<b>Buffalo, NY</b>	<b>0.98</b>	<b>0.125% Sales tax</b>
<b>Memphis, TN</b>	<b>0.97</b>	<b>--</b>
<b>Austin, TX</b>	<b>0.90</b>	<b>1.0% Sales tax</b>
<b>Salt Lake City, UT</b>	<b>0.89</b>	<b>Sales tax</b>
<b>Jacksonville, FL</b>	<b>0.88</b>	<b>1.0% Sales tax</b>
<b>Louisville, KY</b>	<b>0.86</b>	<b>0.2% payroll tax</b>
<b>Charlotte, NC</b>	<b>0.76</b>	<b>0.5% Sales tax</b>



# ***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 Dedicated Transit Funding***

- ***Without dedicated transit funding***
  - ***Transit service will not be maintained or expanded***
  - ***Major transit initiatives will 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 will not be maintained or expanded as needed***
  - ***Major transit initiatives will not be possible***
- ***Addressing this issue will require***
  - ***Acknowledging the funding crisis***
  - ***Achieving the necessary State legislation***
    - ***Dedicated funding***
    - ***2009-2011 State Budget***