

# **Opinion: Low-cost, high-quality public transportation will serve the public better than free rides**

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Public transit systems face daunting challenges across the U.S., from pandemic ridership losses to traffic congestion, fare evasion and



pressure to keep rides affordable. In some cities, including <u>Boston</u>, <u>Kansas City</u> and <u>Washington</u>, many elected officials and advocates see fare-free public transit as the solution.

<u>Federal COVID-19 relief funds</u>, which have subsidized transit operations across the nation at an unprecedented level since 2020, offered a natural experiment in free-fare transit. Advocates applauded these changes and are now pushing to make <u>fare-free bus lines</u> <u>permanent</u>.

But although these experiments aided <u>low-income families</u> and <u>modestly</u> <u>boosted ridership</u>, they also created new political and economic challenges for beleaguered <u>transit agencies</u>. With ridership still <u>dramatically below pre-pandemic levels</u> and temporary federal support expiring, transportation agencies face <u>an economic and managerial</u> <u>"doom spiral</u>."

Free <u>public transit</u> that doesn't bankrupt agencies would require a revolution in transit funding. In most regions, U.S. voters—<u>85% of</u> <u>whom commute by automobile</u>—have resisted deep subsidies and expect fare collection to cover a portion of operating budgets. Studies also show that transit riders are likely to prefer <u>better</u>, <u>low-cost service to free rides</u> on the substandard options that exist in much of the U.S.

### Why isn't transit free?

As I recount in my new book, "<u>The Great American Transit Disaster</u>," <u>mass transit</u> in the U.S. was an unsubsidized, privately operated service for decades prior to the 1960s and 1970s. In the 19th and early 20th centuries, prosperous city dwellers used public transit to escape from overcrowded urban neighborhoods to more spacious "<u>streetcar suburbs</u>." Commuting symbolized success for families with the income to pay the daily fare.



These systems were self-financing: Transit company investors made their money in suburban real estate when rail lines opened up. They charged low fares to entice riders looking to buy land and homes. The most famous example was the Pacific Electric "red car" transit system in Los Angeles that <u>Henry Huntingdon</u> built to transform his vast landholdings into profitable subdivisions.

However, once streetcar suburbs were built out, these companies had no further incentive to provide excellent transit. Unhappy voters felt suckered into crummy commutes. In response, <u>city officials</u> retaliated against the powerful transit interests by taxing them heavily and charging them for street repairs.

Meanwhile, the introduction of <u>mass-produced personal cars</u> created new competition for public transit. As autos gained popularity in the 1920s and 1930s, frustrated commuters swapped out riding for driving, and private transit companies like Pacific Electric began failing.

# **Grudging public takeovers**

In most cities, politicians refused to prop up the often-hated private transit companies that now were begging for tax concessions, fare increases or public buyouts. In 1959, for instance, politicians still forced Baltimore's fading private transit company, the BTC, to <u>divert US\$2.6</u> <u>million in revenues annually</u> to taxes. The companies retaliated by slashing maintenance, routes and service.

Local and state governments finally stepped in to save the ruins of the hardest-strapped companies in the 1960s and 1970s. Public buyouts took place only after decades of devastating losses, including most streetcar networks, in cities such as Baltimore (1970), Atlanta (1971) and Houston (1974).



These poorly subsidized public systems continued to lose riders. Transit's <u>share of daily commuters</u> fell from 8.5% in 1970 to 4.9% in 2018. And while low-income people <u>disprortionately ride transit</u>, a 2008 study showed that roughly 80% of the working poor <u>commuted by vehicle</u> <u>instead</u>, despite the high cost of car ownership.

There were exceptions. Notably, San Francisco and Boston began subsidizing transit in 1904 and 1918, respectively, by sharing tax revenues with newly created public operators. Even in the face of significant ridership losses from 1945 to 1970, these cities' transit systems kept fares low, maintained legacy rail and bus lines and modestly renovated their systems.

## **Converging pressures**

Today, public transit is under enormous pressure nationwide. Inflation and driver shortages are driving up operating costs. Managers are <u>spending more money on public safety</u> in response to <u>rising transit crime</u> <u>rates</u> and unhoused people <u>using buses and trains for shelter</u>.

Many systems are also contending with decrepit infrastructure. The American Society of Civil Engineers gives U.S. public transit systems a grade of D-minus and estimates their national backlog of <u>unmet capital</u> <u>needs at \$176 billion</u>. Deferred repairs and upgrades reduce service quality, leading to events like a 30-day <u>emergency shutdown of an entire</u> <u>subway line</u> in Boston in 2022.

Despite flashing warning signs, political support for public transit remains weak, especially <u>among conservatives</u>. So it's not clear that relying on government to make up for free fares is sustainable or a priority.

For example, in Washington, <u>conflict is brewing</u> within the city



government over how to fund a free bus initiative. Kansas City, the largest U.S. system to adopt fare-free transit, faces a new challenge: finding funding to expand its small network, which just 3% of its residents use

#### A better model

Other cities are using more targeted strategies to make public transit accessible to everyone. For example, "Fair fare" programs in San Francisco, <u>New York</u> and Boston offer discounts based on income, while still collecting full fares from those who can afford to pay. Income-based discounts like these reduce the political liability of giving free rides to everyone, including affluent transit users.

Some providers have initiated or <u>are considering fare integration</u> policies. In this approach, transfers between different types of transit and systems are free; riders pay one time. For example, in Chicago, rapid transit or bus riders can transfer at no charge to a suburban bus to finish their trips, and vice versa.

Fare integration is less costly than fare-free systems, and lower-income riders stand to benefit. Enabling riders to pay for all types of trips with a single <u>smart card</u> further streamlines their journeys.

As ridership grows under Fair Fares and fare integration, I expect that additional revenue will help build better service, attracting more riders. Increasing ridership while supporting agency budgets will help make the political case for deeper public investments in service and equipment. A virtuous circle could develop.

History shows what works best to rebuild public transit networks, and free transit isn't high on the list. Cities like Boston, San Francisco and New York have more <u>transit</u> because voters and politicians have



supplemented fare collection with a combination of property taxes, bridge tolls, sales taxes and more. Taking fares out of the formula spreads the red ink even faster.

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