Economic Impact *of* Public Transportation Investment

2020 Update

APTA

AMERICAN PUBLIC TRANSPORTATION ASSOCIATION

Cost savings for users who take transit in the increased funding scenarios but take a TNC or taxi in the no growth funding scenario are estimated to range from **$3.3 billion** (in the increased funding scenario) to **$8.2 billion** (in the higher increased funding scenario. These cost savings are significant, and they underlie the fact that for many transit riders, driving is not a potential alternative. According to recent on-board surveys, 68 percent of bus riders and 50 percent of rail riders reported that they did not have a car available for their transit trip.[21] In the absence of transit, many car-poor households are expected to rely on TNCs and taxis.

Cost Savings from Reduction in Automobile Ownership. With significant transit system improvements, some drivers would choose to eliminate a household vehicle. Research team analysis of 2017 U.S. Census data found that metro level transit mode share was a strong predictor of metro level car ownership (defined as cars per household). The analysis found that a 1 percent increase in transit mode share correlated with approximately 0.02 fewer cars per household, or the equivalent of two of every hundred households giving up a car.

In the future, the ability of households to rely primarily on public transit and give up a car may increase, as modes such as TNCs, carsharing, and micromobility, which can act as complements to transit become increasingly available. A recent TransitCenter study found that for each additional transit trip taken, transit users made an additional 0.24 taxi or TNC trips, supporting the hypothesis that taxis and TNCs complement transit.[22] Surveys by Uber and Lyft provide further evidence of an evolution towards use of those modes as a feeder for high volume transit services as well as a factor reducing car ownership.[23] A such, the relationship between transit mode share and car ownership from the 2017 metro analysis is likely a conservative estimate of the extent to which public transit investment can reduce car ownership in the future.

Individuals who shift from driving to transit save an estimated $9,797 per year.[24] The cost of owning and using a car includes fixed costs, such as license and registration, and variable costs, such as fuel and maintenance. Variable costs were considered in the cost per trip of driving, described under the "Travel Cost Savings" header above. The analysis of car ownership costs considers only the fixed costs, to avoid double counting. The fixed costs of car ownership are estimated as $6,202 per year.

Exhibit 3-4: Car Ownership Fixed Costs

Annual Cost Per Car	
Insurance	$1,232.00
License and Registration	$690.00
Depreciation	$3,580.00
Finance Charge	$700.00
Total Annual Fixed Cost	**$6,202.00**

Source: AAA Your Driving Costs 2018

Transit mode share in 2040 is projected to increase by 0.4 percent in the increased funding scenario and by 1.3 percent in the higher increased funding scenario, compared to the no growth scenario. Based on the relationship estimated by the research team, this is expected to correlate, conservatively, with a decrease in car ownership from 1.88 cars per household to 1.872 in the increased funding scenario and from 1.88 to 1.860 in the higher increased

[21] APTA. "Who Rides Public Transit?" (2017)

[22] TransitCenter. Who's On Board 2019: How to Win Back America's Transit Riders (2019).

[23] Uber's Economic Impact in the United States, 2018 (https://www.uber.com/newsroom/uber-in-the-economy/); Lyft Economic Impact Report, 2019 (https://www.lyftimpact.com/stats/national)

[24] APTA Transit Savings Report, June 2017.

[25] Wallace et al., Cost-Effectiveness of Access to Nonemergency Medical Transport