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As Ridership and Revenues Plunge, Transit Agencies Seek Financial Aid.

The coronavirus has far fewer people riding buses and trains. Tax revenues going towards transit are in line to take a hit as well.

Public transit agencies across the U.S. are looking to the federal government for billions of dollars of financial help as the coronavirus outbreak causes ridership and fare revenues to plummet.

Large transit agencies in New York City, San Francisco and Washington, D.C. all issued dire warnings about their finances in recent days, describing tens of millions of dollars in anticipated monthly losses that they say will pressure their budgets.

“As more people stay home following the advice of medical experts, the MTA is now facing financial calamity,” said Patrick Foye, who leads New York’s Metropolitan Transportation Authority, which operates the subway, trains and buses in the New York City region.

Foye made a plea to his state’s congressional delegation in a letter sent earlier this week.

MTA ridership has been down about 60% on subways and 49% on buses, the letter says. The authority projects that its finances could take an over $4 billion hit by the end of 2020. That calculation doesn’t include an expected drop in state and local taxes dedicated to the MTA.

Foye is asking for about $4 billion in federal aid to cover losses of $3.7 billion, assuming ridership trends this week continue for six months, along with coronavirus-related expenses.

Bus and subway ridership, like many other normal day-to-day activities across the country, has collapsed as government officials have ordered businesses closed and events cancelled and told people to stay home as much as possible to help slow the virus’ spread.

Transit operators have continued to run service, in part, so that employees like medical professionals, child care providers, first responders, utility employees and those involved in the transportation of goods can continue to get to work.

But ridership from those workers alone can’t keep fare revenues afloat near usual levels.

The nation’s 14 largest mass transit systems rely on fares for about 30% of their operating revenue, while government subsidies provide another 23% and taxes make up about 40%, according to a brief that credit rating agency Moody’s Investors Service published on Thursday.

Like fare revenues, state and local tax collections are also expected to fall as the coronavirus, and efforts to bring the disease under control, put a severe drag on the economy.

There’s a huge degree of uncertainty over how bad the toll will be for public budgets, as nobody knows how long the health crisis will continue and how severe the economic damage will be.

But the American Public Transportation Association says it anticipates a 75% drop in public transit farebox revenue over the next six months for a total loss of $6 billion. Additionally, the group estimates that sales tax revenues dedicated to transit will fall by about $4.8 billion.

Citing these revenue losses and additional costs tied to the virus, like the extra cleaning of facilities and vehicles, APTA is calling on Congress to provide $12.8 billion for public transit.

About 220 elected officials, transit agencies, advocacy groups and others signed a letter sent to congressional leaders on Wednesday urging lawmakers to allocate a similar sum, at minimum.

“Some agencies may have more slack than others,” said Scott Goldstein, policy director for Transportation For America, the group that drafted the letter. “But every agency is at risk.”

Transportation For America is warning against a “spread-the-peanut-butter” approach to distributing funding, where smaller amounts are distributed to a large number of places. Instead, the group argues that aid should be targeted toward places that need it most.

“If your funding source is a local sales tax that evaporates, that may have an effect on how much you need,” Goldstein said.

He added that even before the coronavirus took hold, many transit agencies around the U.S. had stretched budgets, maintenance and capital project backlogs and underfunded expansion plans. “A lot of them are struggling,” he said. “This is just adding fuel to that fire.”

Transportation for America and others are making a case that current “formula funding” programs, which the federal government use to distribute money that flows to transit agencies, are ill-suited for helping to solve the financial difficulties these agencies are now facing.

One issue is that those funds are typically directed towards capital expenses rather than operating costs.

Last week, the Federal Transit Administration did announce that it would give agencies in states where the governor has declared an emergency related to the coronavirus greater flexibility to use federal formula funds for operating costs, in addition to capital expenses.

The FTA also raised the cap on what share of those expenses could be covered with federal funds to 80% from 50%.

Goldstein said that these changes are a good initial step. But he also pointed out that using funds that were earmarked for capital projects to pay for emergency operating costs isn’t a real solution. In general, he said, transit agencies are already short on funding for capital costs—like buying new buses, or making station upgrades

Foye, with the MTA, said in his letter that, “flexing federal funds currently allocated for capital projects cannot be the solution.”

The U.S. Department of Transportation has found that an estimated 40% of buses and 23% of rail transit assets are in marginal or poor condition, with a backlog of deferred maintenance and needed equipment replacement that is in the ballpark of $98 billion.

“What we need is additional funding,” Goldstein said. “And we need it for operating.”

Congressional lawmakers and the White House are currently considering plans for massive federal

stimulus measures, with the aim of bolstering the nation's economy as the virus outbreak has effectively shut down or dramatically slowed many sectors.

There's talk of a relief package that could be in the $1 trillion range.

Senate Majority Leader Mitch McConnell on Thursday unveiled his plan, which would include cash payments for many Americans, along with billions in "loans and loan guarantees" for industries like the airlines and cargo air carriers.

It's in this context, that transit agencies are seeking aid for themselves.

Paul Wiedefeld, general manager and CEO of the Washington Metropolitan Area Transit Authority, said in a letter sent to congressional lawmakers from the nation's capital region, that the agency is expecting losses of about $52 million a month.

At the same time, WMATA—which runs the subway system that serves the D.C. area—has over the past two months or so spent $17 million on costs like special equipment to protect workers from the virus, and additional cleaning of vehicles and equipment, he said.

"Traditional transit formulas are not designed to address our unique circumstances," Wiedefeld wrote. "We need immediate operating funding."

In New York, Foye noted that the MTA had already committed to finding $2.8 billion in savings in the years ahead. "No agency of our size can find additional billions in savings equivalent to the damages we have and will sustain as a result of this pandemic," he added.

Leaders for San Francisco's Bay Area Rapid Transit system, which moves over 400,000 people on a typical weekday, are describing a similar situation. BART's Board President Lateefah Simon and General Manager Bob Powers have both been pushing state, local and federal officials to provide the agency with emergency funding.

Much of the Bay Area is now under a "shelter-in-place" order, intended to help slow the spread of the virus by drastically cutting down on the number of people going outside of their homes.

By Wednesday, BART ridership had fallen to about 48,000, down by around 365,000 or 88% compared to a February four-week average.

The agency says that a sustained ridership loss of 85%, combined with a slump in economic activity affecting other revenues, could erode its monthly income by about $55 million.

BART says that it has looked at methods to cut costs, but that most of its operating expenses are related to labor. Options for reducing these costs are limited, the agency says, as it continues to provide service and maintains a ramped-up cleaning program.

On Thursday, the agency did say it would temporarily curtail service hours. Beginning Monday, it plans to stop running weekday trains at 9 p.m., instead of midnight. Weekend hours will be dialed back as well. BART says it is also taking other cost-saving measures, like placing restrictions on overtime, hiring and employee travel.

"This is a financial crisis for BART," Simon, the agency's board president, said in a statement. "This level of catastrophic revenue loss is not sustainable and threatens future service."

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BY Bill Lucia

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