

Lexus Lines? Subsidies for Transit Riders in High-Income Areas; and its impact on structural financial problems for U.S. public transportation systems, published by 3G Mobility, 1/13/2010

I happen to ride the Orange Line from Northern Virginia from time to time. Generally, the service is good, quite crowded in rush hour. I mention this simply because it is not my intent here to question transit. Rather, the intent is to point out some of the structural financial problems and in doing so start the conversation toward solutions to those problems.

As we enter 2010, it is a flat-out fact that transit agencies across the U.S. are in trouble. The Washington Metro system has had very public problems.¹ New York City had to approve “massive service cuts”.² And the BART system in the San Francisco-Oakland area has raised fares to attempt to cover financial problems.³ All of this despite huge federal subsidies for operating expenses. Given the long history of operating subsidies, in the form of government funding merely for the operations of transit, it is becoming an open question: Are the transit systems we are building financially sustainable?

One problem with some transit systems is that people are not paying their fair share. In the case of the Orange Line in Northern Virginia, taxpayers from around the country are subsidizing some of the nation’s richest people to take the Metro subway! The estimated average household income in Fairfax County, Virginia is \$107,448 as of 2008.⁴ In Arlington, VA the average household income is \$101,171. These are astounding income levels. These figures are double the national average. In August 2008, the Census Bureau reported 2007 national median household income was \$50,233.⁵

Many Americans might be surprised to find out that these subway riders along the Washington Metro system on the Orange Line in Northern Virginia are receiving taxpayer subsidies to make their trips. They subsidies come in the form of pre-tax purchases, corporate subsidies, and federal government employee subsidies.^{6,7}

Do the “Lexus Line” riders on the Orange Line really need subsidies? What this ultimately might mean is that transit problems might be even bigger than we realize. In addition to all the direct subsidies to the transit system for operating expenses in 2009 we increased subsidies to affluent riders. Still, the Metro is having a difficult time staying afloat. So if riders are asked to pay market fares, would they stop riding?

We have tough problems. They require frank conversations. I enthusiastically support all modes of transportation as a means to boost our mobility, and I ride the Orange Line in Northern Virginia—in fact, rode it yesterday. The question is simply, how can we do this in a financially sustainable manner? Is this a fair, or fare, question?

¹ <http://www.news8.net/news/stories/0110/694788.html>

² http://www.downtownexpress.com/de_347/busandsubway.html

³ http://www.mercurynews.com/top-stories/ci_14167702?nclick_check=1

⁴ http://www.city-data.com/county/Fairfax_County-VA.html

⁵ http://www.census.gov/Press-Release/www/releases/archives/income_wealth/012528.html

⁶ For example, up to \$230/month can be used for transit pre-tax. Drivers who park receive \$80/month tax break.

⁷ http://www.wmata.com/about_metro/news/PressReleaseDetail.cfm?ReleaseID=2474