Chairman Rouzer, Ranking Member Norton, and fellow Members:

My name is Baruch Feigenbaum. I am the Senior Managing Director for Transportation Policy at Reason Foundation, a non-profit think tank with offices in Los Angeles and Washington. I am a graduate of the Georgia Institute of Technology with degrees in public policy and transportation planning with a concentration in engineering.

<u>My Credentials on Today's Topic</u>
I have been studying transportation since my undergraduate capstone on freeway congestion. My master's thesis studied induced demand in growing areas and potential solutions. While in school, I wrote a special report for Cobb County, GA on the development of a vanpool system. With Reason, I have worked with more than 20 states to implement transportation policy and funding reform. I currently serve on three National Academy of Sciences Transportation Research Board Committees: Managed Lanes, Intelligent Transportation Systems, and—most relevant to my testimony today—Bus Transit Systems.

<u>Overview of Testimony</u>
Transit systems operate across the country from New York City to Cheyenne, Wyoming. They use different vehicles, have different ridership profiles, and serve vastly different communities. There is not a one-size-fits-all solution, but I want to highlight some trends that apply to most systems and then suggest some possible solutions.

COVID-19 dealt a serious blow to the transit industry. Five years later, transit agencies are facing at least five major problems. The most serious problem is crime. While some may feel perception of crime is worse than the actual problem itself, all it takes is one incident for some riders to never use the system again. Riders will return after an agency corrects other problems, like headways or lighting.

Los Angeles Metro provides a good example. Between 2020 and 2023, crime on its system increased 55%. After creating its own police force and a concerted effort to curb fare evasion, overall crime continued to increase—although violent crimes did decrease by 8%, but remains stubbornly high at 2,057 incidents per year. Just in the first six months in 2024, a rider was shot on a train platform, another was shot on a bus, one was stabbed on a bus, another was attacked with a wrench, another rider was stabbed inside an elevator, a bus was hijacked, a bus driver was stabbed in the chest, a train rider was shot dead, and an altercation on a bus spread into the street near the transit station leading to multiple stabbings. Certainly, this type of activity will not attract riders.

Ridership has been hard hit. While a few transit agencies in areas with fast-growing populations have recovered, transit use in most regions is down anywhere from 20-60% compared to 2019. And 2019 was far from the high-water mark for passengers. APTA's 2022 Public Transportation Fact Book shows transit ridership had declined approximately 20% across the country between 2014 and 2019. As a result, some public transit agencies have seen a ridership decline of approximately 80% in 11 years.

There are several reasons why ridership levels have declined. One is concern about crime. A second is the increase in people's ability to work at home. A third is convenience; many workers switched to driving during the pandemic and found it faster and more enjoyable. Even as traffic congestion worsened, many of these former riders chose to drive, carpool, or vanpool.

As a result, the farebox recovery rate—the percentage that rider's fares pay of operating costs—has slipped from 20-60% to 5-40%, depending on the system. That means taxpayers are now subsidizing the majority of the operating costs for almost every system in the country. Compared with other modes, transit is highly subsidized. Highways are almost self-sustaining, although there have been increasing transfers from general revenue recently. Commercial aviation is almost self-sustaining as well. Freight rail is nearly completely self-sustaining. Working from home requires no subsidies at all, although it is not a feasible option for many.

Given these high costs with limited ridership, it helps to examine who we are subsidizing. There are two types of transit riders: choice and dependent. Choice riders have access to a vehicle. These riders tend to like living near stations but tend to use transit less frequently. They also tend to ride rail far more than bus. Most of the decline in transit ridership has come from choice riders. Dependent riders do not have access to a vehicle and tend to ride transit more frequently. They tend to ride bus more than rail, and tend to have lower incomes. While dependent riders traditionally lived in the urban cores of metro areas, they now also live in suburban, exurban, and rural areas of the U.S.

Costs have increased substantially. For capital costs, there are several reasons. One reason is that agencies continue to outfit vehicles with modern technologies such as Wi-Fi that increase costs. Another is that many agencies continue to chase white elephant capital projects that don't increase ridership but are built for political reasons. But the greatest is the high costs to build transit in this country. As the Marron Institute noted, it costs 20 times as much to build a kilometer of rail in New York as in Seoul. This is due to three reasons: station costs, which are higher due to boring techniques, procurement costs that do not privatize risk, and labor, which is about 50% of the hard costs in unionized states compared to 25% in Turkey, Italy, and Sweden.

As noted, part of the cost escalation is the proliferation of new light-rail lines. A newer technology—bus rapid transit (BRT)—is one-third to one-ninth cheaper for roughly the same service. BRT is growing across the country, but many regions that cannot support light-rail service still choose light rail.

For operating and maintenance costs, often agencies wait too long to complete needed maintenance, resulting in some of the problems we've seen with the Washington Metropolitan Area Transit Authority (WMATA) the last decade. In one incident, the train caught fire, causing tragic loss of life. But delaying maintenance leads to higher costs, than if maintenance had been performed on a schedule.

Other agencies don't take fare evasion seriously. While fares may only cover 20% of an agency's costs, that 20% is nontrivial in agency budgets.

Given these challenges what should agencies be doing? Clearly, the same old approach is not going to work in a very new world.

- First, focus on your core customers: transit-dependent riders. These riders need transit and they tend to use it much more than choice riders. They are located all over the country—in urban, suburban, and rural areas. And no matter where they are located, some type of transit is the difference between them getting to a job or them being on government assistance programs. While I'm not a fan of extensive government welfare systems, subsidizing this type of transit user could save taxpayers money in the end.

  Right-size the type of transit service that is being used. Transit dependent customers use bus more than rail. In urban areas, focus on expanding your bus network. Make sure it is set up in a grid-design, not a radial-design. Operate service on a regular schedule, 18 hours a day, seven days a week. Do not build rail lines unless they are in corridors with extremely high density. In suburban areas, a mix of bus and on-demand options including microtransit, vanpools, employer shuttles, and ride-hail vehicles work best. In rural areas, limited bus service in towns and microtransit and ride-hail service everywhere else is the best option.

- Second, encourage agencies to focus on transit operations instead of new capital projects. Currently, the federal government incentivizes transit agencies to build systems that they do not have money to operate. Many systems have spent money building light rail systems for transit choice riders and gone over budget, resulting in them discontinuing bus lines for transit dependent riders, lowering ridership across the system. The share of federal funding for capital costs should be reduced from 80% to 50%. Operating and maintaining systems should be prioritized. If agencies want to build new capacity for fixed guideway (heavy rail, light rail, and some bus rapid transit) they should prioritize local funding.

- Third, focus on lowering costs and generating additional revenue. Adapt some of the reforms of other transit agencies across the world. Contract out service. Studies have shown that contracted service can cost up to 30% less and provide better service quality to riders. Contracting is not the best option in every situation, but it should be explored for all new routes.

Find secondary funding sources such as advertising by wrapping buses and placing more ads in rail cars. Use more transit-oriented development for new and infill rail and BRT stations. Lease property to ride-hailing companies and scooter sharing companies to operate.

- Fourth, deploy more officers to transit systems, prosecute criminals, and improve the station experience by increasing lighting and adding higher fare gates.

Thanks for the opportunity to testify. I am happy to answer any and all questions, either here or for the record.