



"AFFORDABLE MASS TRANSIT FOR EVERY AMERICAN WHO NEEDS IT"

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HOW WE GOT HERE

Public transit is a subsidized service. This essential service is paid for with a combination of revenue streams consisting of passenger fares and local, state and federal subsidies.

The federal government began providing capital assistance to transit agencies in the early 1960's. In 1974 the grant program grew much larger and began providing operating assistance as well as capital. The federal government's investment and commitment to public transit began to unravel in the 1980's when operating funds were cut to cities with populations greater than 200,000 by President Reagan. Instead, funds were diverted to the expansion of roadways. Reagan's successor, President George H. W. Bush, continued the cuts as did President Clinton. It was under Clinton, with the passage of TEA-21 in 1998, that transit agencies serving large urbanized areas lost all federal operating assistance.

On March 23, 1994, Gordon J. Linton, then Administrator of the Federal Transit Administration, testified before the Senate Subcommittee on Housing and Urban Affairs about the President's FY1995 budget proposal, saying:

"I know that it will not be easy for our transit authorities to adjust to a reduction in Federal operating assistance, but the current economic climate presents a real opportunity to do so with less disruption. ... With the economy growing, transit revenues should increase."

In addition to the reduction or zeroing out of federal operating subsidies, state and local governments also followed suit and reduced their levels of operating subsidies. They shifted a higher percentage of the burden onto a number of regressive tax-supported revenue streams and onto passengers. The structural budget problems of transit agencies were masked by the tech boom, which became a bubble and burst, followed by the housing boom, again, becoming inflated and then crashing. With the economic realities having changing so radically, we are currently in the midst of the Great Recession and transit agencies are faced with huge budget deficits. With more than 8 out of 10 transit agencies saying they will need to cut service or raise fares, the National Transit Crisis is evident and widespread.