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QuickPoint! – The Case of the Missing Transit Money

By John A. Charles, Jr.

Last week the TriMet Board adopted a budget for fiscal year 2018, which begins on July 1.

As usual, the budget shows no correlation between the levels of subsidies given to TriMet and the amount of service provided to customers.

For example, in 2008, TriMet had a total of $397 million to pay for operations of bus and rail service. In 2018, the agency predicts it will have $600 million, a 51% increase. Yet bus service—which carries two-thirds of all passengers—has barely improved.

In 2008 the “revenue-miles” of bus service (those miles where buses were in operation) totaled 22,574,030. If service increases in 2018 as planned, the total is likely to be 22,597,927—only a 0.1% increase.

Where did all the money go?

TriMet claims that increased light rail service made up the difference, but between 2008 and 2016 the revenue-miles of MAX only went up 14%. No service increase in 2018 will make up the difference between 14% and 51%.

Moreover, ridership is not growing along with the increased funding. In fact it is shrinking. During 2008 the total number of “originating rides” (which excludes transfers) was 77.6 million. Ridership peaked in 2012 at 80 million, and then dropped to 77.2 million in 2016.

TriMet is also losing market share, especially at peak hours. According to the Portland city auditor, in 2008 an estimated 15% of all Portland commuters used TriMet. By 2016, that had dropped to just 10%.

The steady rise in TriMet’s revenue is almost entirely due to tax subsidies, not passenger fares. In fact, next year passenger fares will only account for 10% of TriMet’s all-funds budget—likely the lowest level of passenger support in TriMet history.

Nonetheless, the Oregon legislature is considering a bill that would authorize a new, statewide employer tax that would generate even more subsidies for transit. The Portland experience shows that this is a bad idea. The more we subsidize monopoly transit, the more the employees divert funds for their own use.

Last year TriMet spent $1.23 on employee benefits for every $1.00 expended in wages. That largely explains why service levels have been stagnant.

In 1969 the Portland City Council put Rose City Transit out of business because Councilors believed that a government-run monopoly would be much more efficient than a private-for-profit company. The TriMet experience has shown that the City Council was wrong.

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