Impacts of the Recession on Public Transportation Businesses

Survey Results

Published: July 2011
Data Collected: March 2011
Introduction

In March 2011, APTA conducted a survey of its private-sector business members on the effects of the economic downturn on their business. A total of 130 APTA business members responded, representing a response rate of over 16%. The results show that businesses experienced decreased business in the public transportation sector, and as a result businesses have had to take action in order to survive.

Flat or Declining Business

APTA business members reported that they have seen flat or declining business in the public transportation sector in the past year. Nearly three in four (74%) businesses reported that their public transportation business activity decreased or remained the same in the past year. Among those businesses that saw a decrease, the average decrease was 25%. Over half of businesses (56%) lost business from their public sector transit clients.

Businesses Taking Action to Address Lost Business

APTA business members are being significantly affected by lost business and are taking actions in order to try to stabilize their businesses. Nearly three in ten businesses (27%) said that they expect to lay off employees in the coming year, as shown in the table below. Over two in five businesses (42%) indicated that they were cutting back hiring of new employees, and over half (52%) said they expected to do either of those.
Business members were also asked to provide feedback on how various factors were influencing their business revenue. Two-thirds (67%) of business members reported that the current strength of the US economy was having a negative effect on their business revenue. Members also indicated a need for more state and local funding: nearly six in ten business members (58%) reported that the current level of state and local capital investment was having a negative impact on their business.
Funding at All Levels Crucial for Public Transportation Business Success

In addition, the survey asked business members to identify the most important factor that influences the success of their public transportation business. Nearly half of businesses (45%) indicated that the Federal Funding program is the most important factor influencing their business. One quarter indicated that state and local funding levels were most important. Two in five (21%) indicated that the status of the economy influences their business the most.

![Most Important Factor Influencing Business Success](chart)

**Conclusion**

Public transportation businesses are facing challenges just as transit agencies are. The economic slump, combined with declines in state and local funding, are hurting public transportation business revenues. Businesses are predicting layoffs and cutbacks in hiring at a time when unemployment around the country is already high. The case for more investment in public transportation applies not only to public sector agencies, but also the private sector businesses that support them.