



Public Transit Saves American Families Money

Executive Summary

Public transit is one of the most affordable and reliable transportation options available to American families. As household costs continue to rise, families that use public transit can save more than \$14,100 a year. These savings help cover the cost of housing, healthcare, groceries, and other essentials. The analysis that follows examines the costs of owning and operating a car—including gas, insurance, and maintenance—alongside the household savings that public transit can deliver for families.

Key Takeaways

1. **Public transit saves American families money.** Households that choose public transportation can save more than **\$14,100 a year**.
2. **The cost of car ownership has risen sharply.** New and used car prices are up, and financing, insurance, gasoline, and maintenance costs remain high.
3. **Global economic pressures are driving higher household costs.** Tariffs, supply chain disruptions, and conflicts abroad are all placing upward pressure on the prices families pay to own and operate a car.

The Rising Cost of Car Ownership

In recent years, global economic pressures have increased the cost of owning and operating a vehicle for many American families. Households are paying more for cars, gas, insurance, and other transportation-related expenses. Higher costs are driven by many factors, including:

Increasing Car Prices

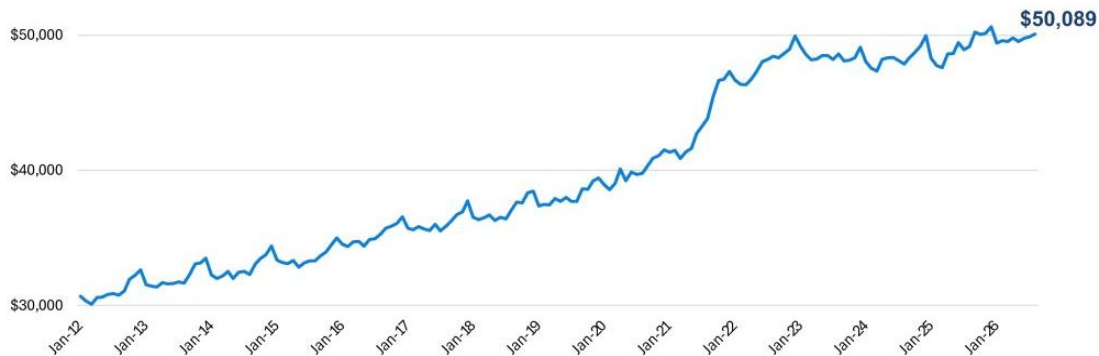
Car prices have climbed to new record-breaking levels across both the new and used markets. According to Kelley Blue Book,¹ the average transaction price for a new vehicle hit an all-time high of \$50,612 by the end of 2025 and remained high at \$50,089 by August 2026. The used car market faces a similar issue, with Edmunds² reporting that the average used vehicle price reached a record \$32,461 by the end of Q2 2026. The average new car now costs over \$13,000 more than it did in Q1 2019, a 36 percent increase. Meanwhile, used car prices climbed by more than \$12,000, a 60 percent increase over that same period.

About APTA

The **American Public Transportation Association (APTA)** is a nonprofit international association representing more than 1,700 public transit agencies, transportation-related businesses, and organizations in over 3,000 locations. APTA is the leading advocate in Washington, DC, for the public transportation industry and works directly with Congress, the White House, and Federal agencies to advance Federal investment in public transportation infrastructure. APTA members represent more than 90 percent of transit riders in North America, and the association's positions on Federal legislative and regulatory issues reflect the consensus of the transit industry. Public transportation is a \$102 billion industry that employs over 450,000 people and supports millions more jobs in the private sector.



This graph illustrates the trend of new-vehicle transaction prices since January 2012.



As new car prices, tariff uncertainty, financing, and supply chain problems continue, more buyers are looking to the used car market which is driving up demand for these vehicles. At the same time, fewer people are trading in their vehicles or buying new ones, shrinking the supply of used cars and pushing the prices even higher. This market has become a cycle that is a burden to consumers on both sides, and there is little indication that prices are going down anytime soon.

Tariff Burdens

Tariffs imposed in April 2025 have kept prices high, and the burden has shifted onto buyers. Auto manufacturers initially absorbed these additional costs during most of 2025, but that ended as 2026 models arrived with higher sticker prices directly tied to tariffs.³ In February 2026, the U.S. Supreme Court ruled in *Learning Resources Inc. v. Trump* that the International Emergency Economic Powers Act (IEEPA) does not allow the executive branch to unilaterally impose tariffs.⁴ While this decision effectively struck down broad emergency tariffs, alternative measures were quickly invoked to replace them. Kelley Blue Book⁵ estimated a large price increase when the Trump administration used Section 122 of the Trade Act of 1974,⁶ a temporary import surcharge, while simultaneously expanding its use of two other laws, Section 301 of the Trade Act of 1974⁷ and Section 232 of the Trade Expansion Act of 1962.⁸ Although Section 122 expired in July 2026, the other two laws are still active and continue to affect prices today.⁹ After the Supreme Court ruling, U.S. Customers and Border Protection began accepting refund applications from businesses, but processing delays have left auto manufacturers with limited financial relief. With no clear path toward reductions, vehicle prices are expected to stay high.

Interest Rate Issues

High inflation continues to make buying a car difficult by pushing financing costs to historic levels. The Federal Reserve has maintained elevated target interest rates compared to the past decade, causing average auto loan rates to remain high at roughly 7.0 percent for new vehicles and 7.5 percent for used vehicles.¹⁰ These rates represent a steep climb from 2022 levels. Elevated interest rates have significantly increased the overall cost of financing a car, making vehicle ownership far less affordable and driving monthly loan payments to near-record levels.

Supply Chain Issues Persist

Car manufacturers continue to face supply chain disruptions that are reshaping the global automotive industry. Global suppliers are passing along their own higher costs for diesel fuel, logistics, shipping, and labor directly to auto makers, which in turn forces vehicle prices up. At the same time, the broader semiconductor shortage that began in 2020 has evolved into a long-term structural supply shortage.¹¹ These supply chain challenges led to a shortage of new cars several years ago, which means there is a smaller inventory of used cars today.



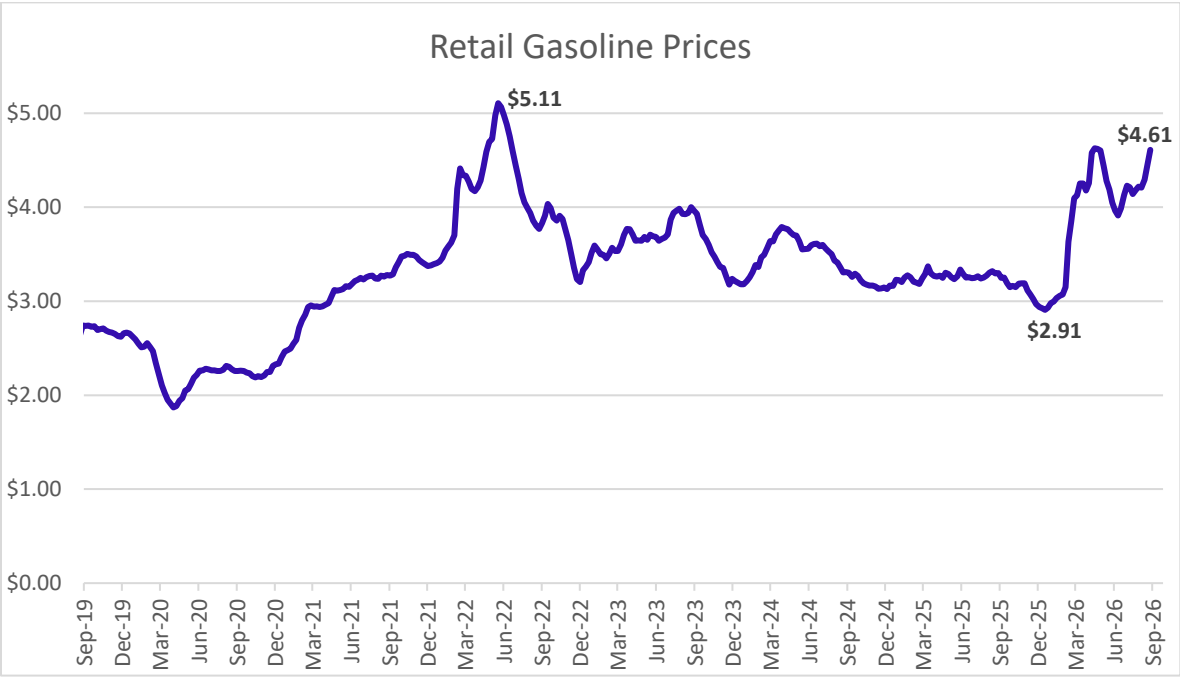
The chip shortage now puts auto makers in direct competition with the rapid growth of artificial intelligence (AI). Chip manufacturers are shifting their production capacity toward High-Bandwidth Memory (HBM) for AI data centers, leaving auto makers waiting for leftover supply. To secure necessary chip volumes, car manufacturers must match competitive tech industry pricing, which is projected to drive memory costs up by 70 percent to 100 percent.¹² Industry experts warn this shortage adds significant manufacturing costs to each software-driven or electric vehicle. Unlike the sudden, temporary demand shock seen in 2020, today's shortage represents a lasting shift in manufacturing priorities with no slowdown in sight.

Increasing Gasoline Prices

2022 brought the most significant surge in gasoline prices ever recorded, primarily due to increased demand and U.S. and European sanctions on Russian energy imports tied to Russia’s invasion of Ukraine. After peaking at \$5.11 per gallon in mid-2022, gas prices declined over the last few years to a low of \$2.91 per gallon in January 2025.¹³

Since then, **gas prices have risen sharply to an average of \$4.61 per gallon as of late September 2026**, due to the Strait of Hormuz Crisis. Iranian attacks on ships in the Strait in response to U.S. strikes on Iran have led to a marked decrease in oil tanker traffic from the Persian Gulf. This conflict has increased crude oil and gasoline prices around the world.

This chart illustrates the trend of U.S. All Grades All Formulations Retail Gasoline Prices since September 2019:¹³



Public Transit Saves Families Money

Millions of Americans rely on public transit every day to get to work, take their children to school, and reach medical appointments. It remains one of the most affordable transportation options available.

Households that use public transit instead of owning a car save an average of \$14,130 a year or \$1,178 every month. This is a larger savings than in prior years, driven by the sharp increase in the cost of owning and operating a car, including gas, insurance, maintenance, and parking. By comparison, public transit offers families a more predictable monthly cost. According to APTA's Fare Database, monthly public transit fare prices at most agencies have not increased since 2022.¹⁴

Sidebar: Calculating Public Transit Savings

On average, families who use public transit save **\$14,130 a year**. This amount is based on a comparison of transit fares against the full cost of owning and operating a car, including:

- State gas prices
- Median city monthly parking
- Car prices and financing
- Car insurance
- Car license and registration
- Car maintenance
- Car depreciation

The table below compares public transit fares across 20 cities against the full cost of owning and operating a vehicle, based on AAA's *Your Cost of Driving 2026*¹⁵ report and downtown parking data. The savings from choosing public transit are significant; depending on the city, people can save anywhere from over \$12,000 to more than \$18,400 per year.

Potential Savings from Using Public Transit Top 20 Cities by Ridership		
City	Monthly Savings	Annual Savings
San Francisco	\$1,536	\$18,437
New York	\$1,533	\$18,394
Boston	\$1,460	\$17,521
Houston	\$1,297	\$15,559
Honolulu	\$1,288	\$15,455
Chicago	\$1,283	\$15,397
Los Angeles	\$1,281	\$15,371
San Diego	\$1,278	\$15,341
Seattle	\$1,272	\$15,264
Philadelphia	\$1,261	\$15,130
Portland	\$1,257	\$15,089
Denver	\$1,195	\$14,337
Baltimore	\$1,180	\$14,163
Minneapolis	\$1,178	\$14,141
Miami	\$1,150	\$13,795
Washington DC	\$1,131	\$13,567
Las Vegas	\$1,094	\$13,128
Phoenix	\$1,070	\$12,838
Dallas	\$1,060	\$12,724
Atlanta	\$1,029	\$12,352
National	\$1,178	\$14,130

Conclusion

The findings in this Policy Brief point to a broader conclusion: **Public transit plays an important role for families facing rising household costs. By offering an affordable and reliable transportation option, public transit can help families reduce expenses and stay connected to jobs, school, medical care, and other important services. Sustained Federal funding for public transit can help preserve these benefits for American families.**

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- ¹ [Kelley Blue Book Report: Average New-Vehicle Transaction Price Moves Back Above \\$50,000 in August](#), Cox Automotive Inc. (September 10, 2026).
 - ² [The Vanishing Affordable Used Car: 3-Year-Old Used Vehicle Prices Top \\$32K Average in Q2](#), Edmunds (August 18, 2026).
 - ³ [New-vehicle prices surge from impact of tariffs](#), Dealership Guy (May 6, 2026).
 - ⁴ [Supreme Court strikes down tariffs](#), SCOTUSblog (February 20, 2026).
 - ⁵ [The Latest Car Tariff Information](#), Kelley Blue Book (February 25, 2026).
 - ⁶ [Section 122 of the Trade Act of 1974 | Congress.gov | Library of Congress](#).
 - ⁷ [Section 301 of the Trade Act of 1974 | Congress.gov | Library of Congress](#).
 - ⁸ [Section 232 of the Trade Expansion Act of 1962 | Congress.gov | Library of Congress](#).
 - ⁹ [Tariff update for manufacturers: What's the state of tariffs in mid-2026?](#), Wipfli (August 18, 2026).
 - ¹⁰ [How The Fed Affects Auto Loan Rates](#), Bankrate (September 17, 2026).
 - ¹¹ [Supply Chain Issues and Market Shifts Challenge Automakers](#), Supply Chain Digital (January 2, 2025).
 - ¹² [DRAM makers prioritize AI data center demand, sparking automotive semiconductor shortage](#), Mobility Global (December 2025).
 - ¹³ [U.S. All Grades All Formulations Retail Gasoline Prices](#), U.S. Energy Information Administration (September 2026).
 - ¹⁴ [Fare Database - APTA](#).
 - ¹⁵ [Your Driving Costs](#), AAA (September 15, 2026).