POLICY BRIEF

Impact of COVID-19 on Public Transit Agencies

Key Takeaways

1. Transit agencies are taking action to protect the public from COVID-19 by purchasing extra supplies, implementing additional vehicle and facility cleaning, and providing employees and the public with guidance on how to protect themselves.

2. Some agencies have already seen ridership decreases in excess of 70 percent. Ridership is likely to drop further as local travel is restricted.

3. Three in four agencies anticipate cutting service in the coming days and weeks, as they respond to state and local directives, closure of schools and businesses, and potential increases in employee absences from COVID-19.

On Thursday, March 12, APTA surveyed its transit agency members on the impact of COVID-19 on their operations. The survey was sent to 323 APTA transit agency members, and the results below are based on the responses of 174 agencies.

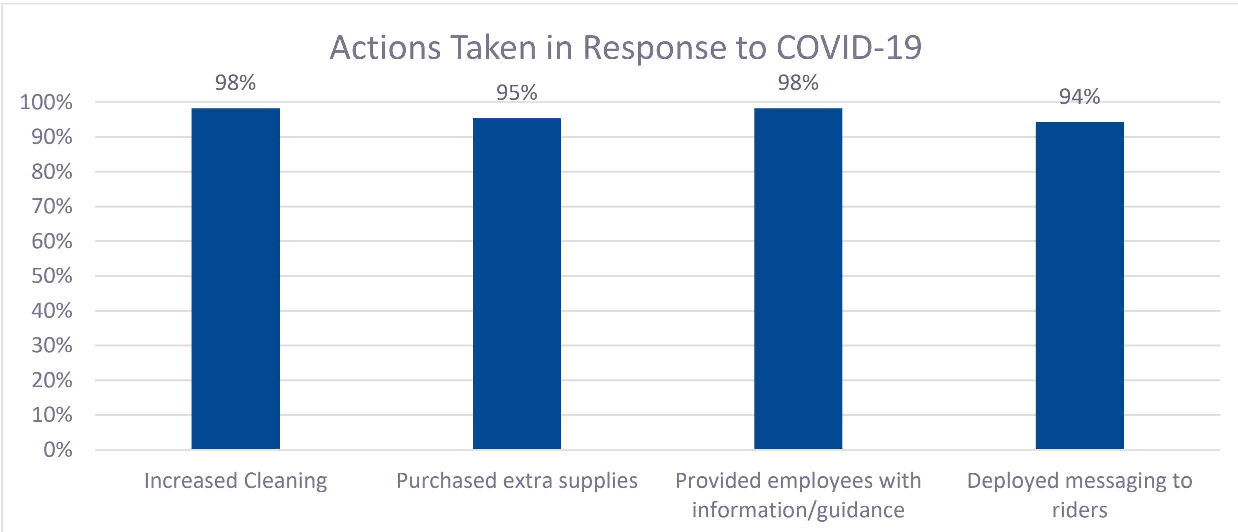
The respondents were broken up into groups based on annual operating expenses reported to the 2018 National Transit Database (NTD). APTA received responses from all categories, covering a representative percentage of the agencies each group.[1] The number of respondents for each group are:

Agency Group	Annual Operating Expenses	Survey Respondents	NTD Reporters	Percent of NTD Reporters Responding
Large	More than $100 million	43	65	66.2%
Medium	$30-100 million	42	86	48.8%
Small	$10-30 million	47	155	30.3%
Very Small	Under $10 million	42	1,905	2.2%

[1] Note that one-half of the agencies in the "Very Small" group have operating expenses under $1 million per year and operate only a handful of vehicles.

Transit Agency COVID-19 Response

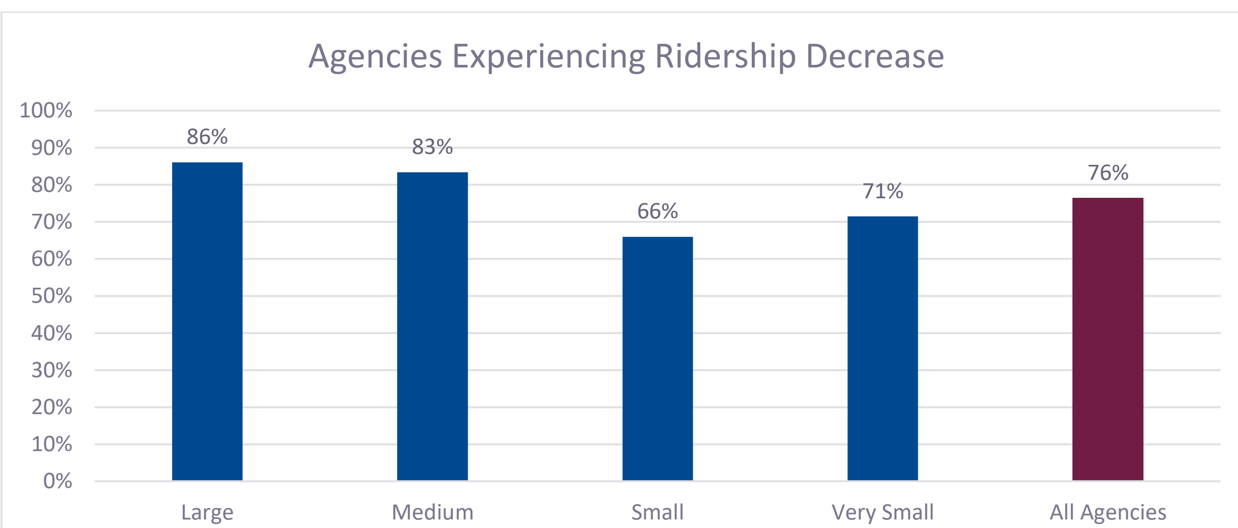
Nearly all agencies are taking action in response to the COVID-19 outbreak, including purchasing extra supplies, implementing additional vehicle and facility cleaning, and providing employees and the public with guidance on how to protect themselves. Ninety-eight percent of agencies responded that they had increased cleanings of their vehicles and facilities, and 95 percent have purchase extra cleaning supplies. Responses were similar across agency size groups.



The costs of these measures are likely to increase in the coming weeks due to increased overtime and scarcity of supplies. Agencies will likely increase overtime hours for transit agency employees who cover for those employees that stay home due to illness, fear of illness, or childcare issues.

Ridership Decrease

Overall, 76 percent of agencies indicated that they have experienced a ridership decrease. Large and medium-sized agencies were more likely to have seen ridership decreases because larger cities have seen more directives for people to shelter in place. In addition, larger systems have a higher percentage of their ridership as commute trips, and many workers are staying home or working from home.

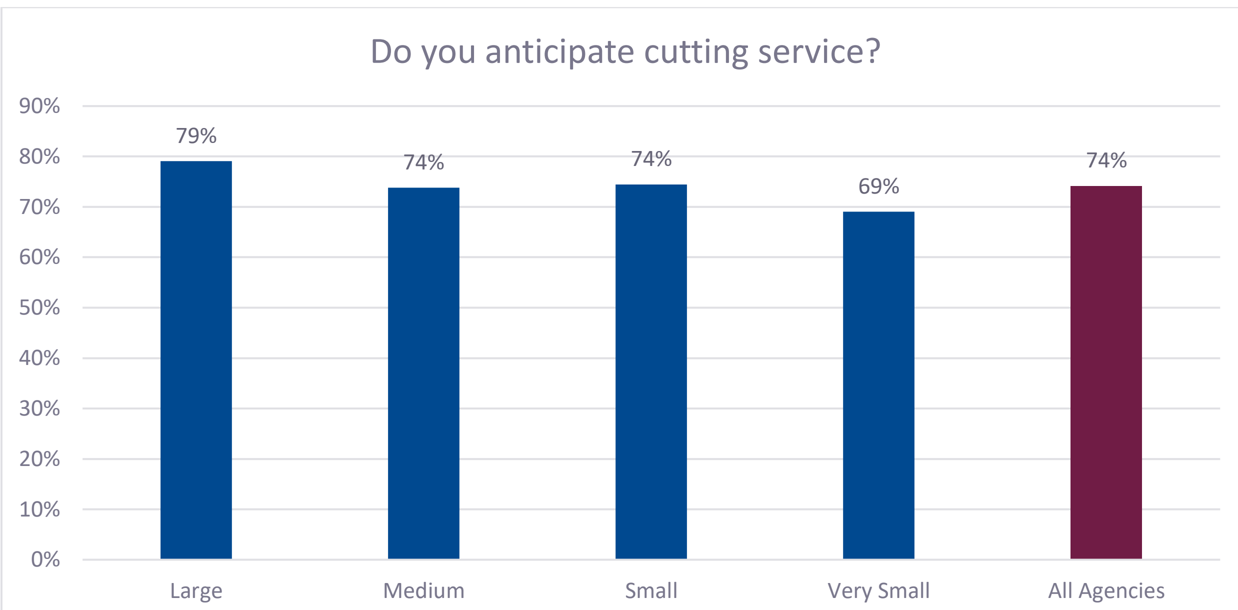


Some agencies reported ridership decreases of 70 percent or more. Agencies that rely more on commuter traffic were more susceptible to decreases as schools have closed and businesses have allowed for teleworking alternatives for their employees. We expect to see further ridership decreases over the coming days and weeks. States and localities are continuing to implement more stringent travel restrictions, including restrictions on local travel.

Ridership drops of this magnitude are unprecedented and will have major impacts on transit agency budgets. For example, the Chicago Transit Authority (CTA) estimates its ridership loss at 61 percent so far, with $1 million per day in lost farebox revenue. Other large agencies who responded to the survey indicated similar declines in of ridership and farebox loss.

Potential for Service Cuts

Nearly three in four agencies (74 percent) anticipate cutting service in the coming days or weeks due to COVID-19. Seventy-seven percent of those agencies state that they will likely have to cut service as employees become sick, must care for someone who is ill, or otherwise cannot report to work. Transit agencies also report that they are working hard to continue to serve vulnerable populations in their areas to ensure needed access to food, shelter, and medical appointments.



Lessons from the Last Recession: Sales Tax Revenue, Service Cuts and Downgraded Bond Ratings

The impact of coronavirus-related disruption is reverberating throughout the economy, with significant increases in jobless claims,[2] as well as projections that the U.S. economy has entered a recession.[3] All indications point to a downturn steeper than recent recessions (2001, 2008), but an analysis of the impact of prior recessions illustrate the scale of challenges facing transit operators today.

[2] https://www.dol.gov/ui/data.pdf

[3] https://www.universityofcalifornia.edu/news/ucla-anderson-forecast-announces-arrival-2020-recession-revision-earlier-forecast

Work commissioned by APTA analyzed the yield, adequacy, and stability of funding sources during the last two recessions, 2001 and 2008.[4] The study found that sales and property taxes are the lynchpin of local funding sources for public transportation but are particularly susceptible to economic downturns.

During the last two recessions, sales tax revenue cratered, and transit agencies had to cut transit service and lay off workers while pursuing an array of alternative funding sources, many of which failed to offer the yield and adequacy of sales tax revenue. Furthermore, agencies often face difficulty in developing a balanced funding portfolio because of legislation limiting access to other sources. Therefore, falling sales tax revenue requires a fiscal intervention.

Without fiscal intervention, some transit agencies experienced downgraded bond ratings during the last recession. For example, CTA and Metro St. Louis had their bond ratings downgraded in 2009. For CTA, bonds were downgraded by Moody's from Aa3 to A1, in part due to sales tax and real estate transfer tax revenue volatility during the recession. The bond rating for Metro St. Louis debt was downgraded in 2009, and more recently again in January 2012 by Fitch (from A- to A), also due to the economic uncertainty of sales tax revenues.[5]

[4] http://onlinepubs.trb.org/onlinepubs/tcrp/docs/TCRPJ-11Task14-FR.pdf
[5] http://onlinepubs.trb.org/onlinepubs/tcrp/docs/TCRPJ-11Task14-FR.pdf

The American Public Transportation Association (APTA)

The American Public Transportation Association is a nonprofit international association of 1,500 public and private sector organizations that represents a $74 billion industry that directly employs 435,000 people and supports millions of private sector jobs. APTA members are engaged in the areas of bus, paratransit, light rail, commuter rail, subways, waterborne services, and intercity and high-speed passenger rail. This includes transit systems; planning, design, construction, and finance firms; product and service providers; academic institutions; transit associations and state departments of transportation. APTA is the only association in North America that represents all modes of public transportation. APTA members serve the public interest by providing safe, efficient and economical transit services and products.

Authors

Matthew Dickens
Senior Policy Analyst
202.496.4817 | mdickens@apta.com

Darnell Chadwick Grisby, MPP
Director, Policy Development and Research
202.496.4887 | dgrisby@apta.com

For General Information

Policy Development and Research
Darnell Grisby, Director
202.496.4887 | dgrisby@apta.com
www.apta.com/research-technical-resources/research-reports/

APTA Vision Statement

APTA leads public transportation in a new mobility era,
advocating to connect and build thriving communities