



*AMERICAN
PUBLIC
TRANSPORTATION
ASSOCIATION*

Rising Fuel Costs: Impacts on Transit Ridership and Agency Operations

Survey Results

September 2008

**APTA
1666 K St. NW
Washington, DC 20006
202-496-4800**

Rising Fuel Costs: Impacts on Transit Ridership and Agency Operations September 2008

Executive Summary and Key Findings

Public transportation systems across the United States have faced an unprecedented increase in fuel costs and a huge increase in the demand for service. Public transportation ridership in 2007 hit its highest level in 50 years and the rate of ridership growth more than doubled in the first half of 2008.

This report is a follow-up to the APTA report “Impact of Rising Fuel Prices on Transit Service” released in May 2008. It is based on a survey of APTA transit agency members conducted in July 2008 whose purpose was to better understand how agencies are coping with rapidly increasing fuel costs and growing ridership. The survey found the following:

- The vast majority of public transportation agencies (86 percent) report an increase in ridership over the past year – ranging from 2 percent to 30 percent - with two-thirds reporting increases during both peak and off-peak periods.
- Public transportation agencies are taking a wide range of actions in response to increased ridership with four out of ten (42 percent) increasing service on existing routes.
- Fully 85 percent of transit systems report capacity constraints on at least portions of their system – with almost four out of ten of these reporting that they are now turning away passengers.
- Virtually all agencies (91 percent) are constrained in their ability to add service – with two-thirds reporting insufficient revenue or budget to operate additional service as the most significant constraint.
- More than half of all agencies reported stable or declining local and state financial assistance over the past year.
- In response to rising fuel prices, more than 60 percent of public transportation systems are considering fare increases (in some cases additional increases) and 35 percent are considering service cuts.
- Virtually all respondents see additional federal support for fuel and vehicle purchases and greater flexibility in the use of existing federal aid as essential to meeting increased ridership demand.

On July 11, 2008, an online survey was sent to all APTA U.S. transit agency members. The survey was open to member responses through July 28, 2008. A total of 115 members responded to the survey, approximately one-third of all APTA U.S. transit agency members.

Profile of survey respondents

Respondents included agencies operating all public transportation modes and are representative of a range of size indicated by the number of vehicles reported in operation. About half operate more than 100 vehicles.

Table 1 – Number of Vehicles in Operation

Number of Vehicles	Number of Respondents	Percent of Total
Less than 50	31	27%
50-100	31	27%
101-250	20	17%
251-1000	24	21%
1000+	9	8%

Ridership Changes

As a result of rising gas prices, public transit systems across the country are reporting significant increases in ridership. Eighty-six percent of public transit systems report increased public transportation ridership over the past year with increases ranging from 2 percent to 30 percent. The majority of agencies report ridership increases during both peak and off-peak hours (62 percent) with two out of ten observing an increase primarily during peak hours. Among the small number of systems reporting a decrease in ridership, well over half have increased transit fares, cut service or both (8 out of 13).

Figure 1 - Agencies with Ridership Increases Over the Past Year

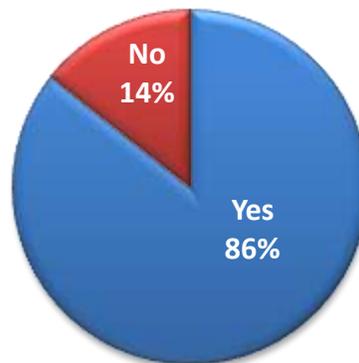
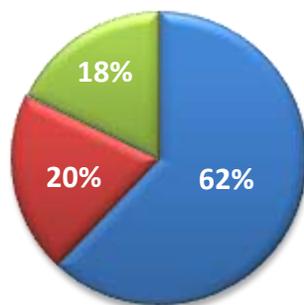


Figure 2 - Ridership Increase by Time of Day *



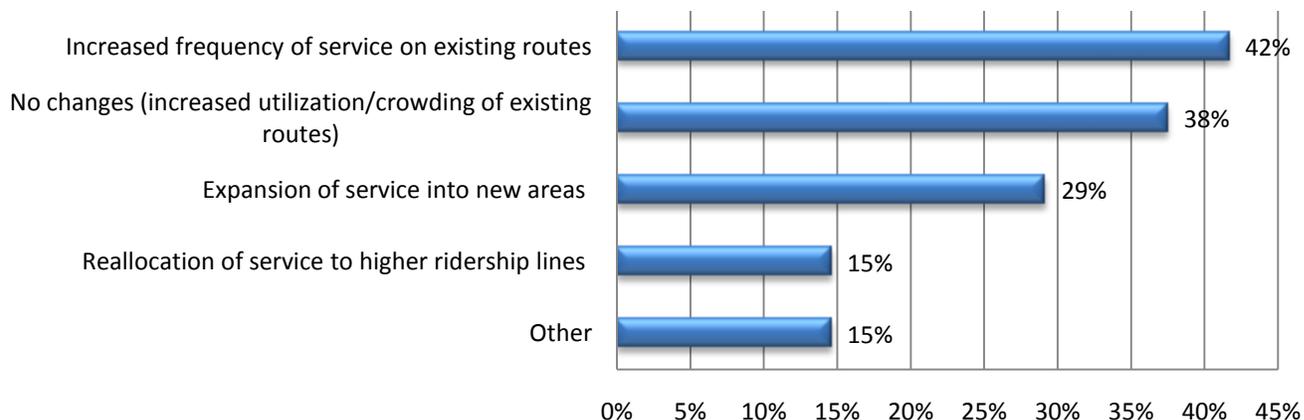
- Ridership increases occurring during peak and off peak hours (62%)
- Most ridership increases occurring during peak hours (20%)
- Unable to determine time period of ridership increase (18%)

*Includes only agencies reporting a ridership increase

Agency Response to Ridership Increases

Public transportation agencies are taking a wide range of actions in response to increased ridership. Four out of ten (42 percent) have increased service on existing routes. Many of those adding service on existing route have also expanded into other areas, with three in ten (29 percent) reporting they have expanded service into new geographic areas. Although many agencies have responded with specific changes, almost four in ten (38 percent) have made no changes to service and as a result, are experiencing increased crowding on existing routes. As outlined later in the report, many agencies are not able to take action to respond to increasing ridership and, in some cases, are even cutting service.

Figure 3 - Actions Taken Over Past Year to Address Increased Transit Ridership*

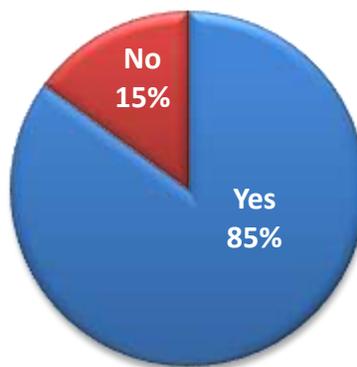


*Includes only agencies that experienced a ridership increase

Increasing Ridership Straining System Capacity

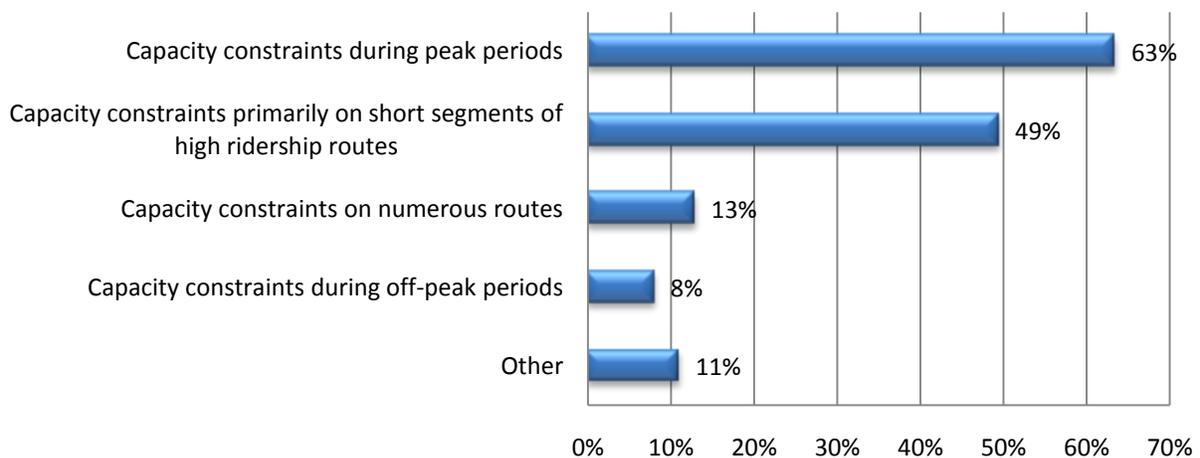
Increases in public transportation ridership over the past few years are resulting in relatively widespread capacity constraints. While some systems continue to add capacity to carry new riders, the recent surge in demand appears to have increased ridership levels to a point where agencies are reaching capacity. More than eight out of ten (85 percent) transit systems are currently experiencing capacity constraints on at least portions of their systems.

Figure 4 - Experiencing Capacity Constraints on Portions of the Transit System?



Six out of ten of these transit agencies (63 percent) are experiencing capacity constraints during peak periods. Half of agencies (49 percent) report capacity constraints on short segment high ridership routes, while 13 percent report constraints on numerous routes.

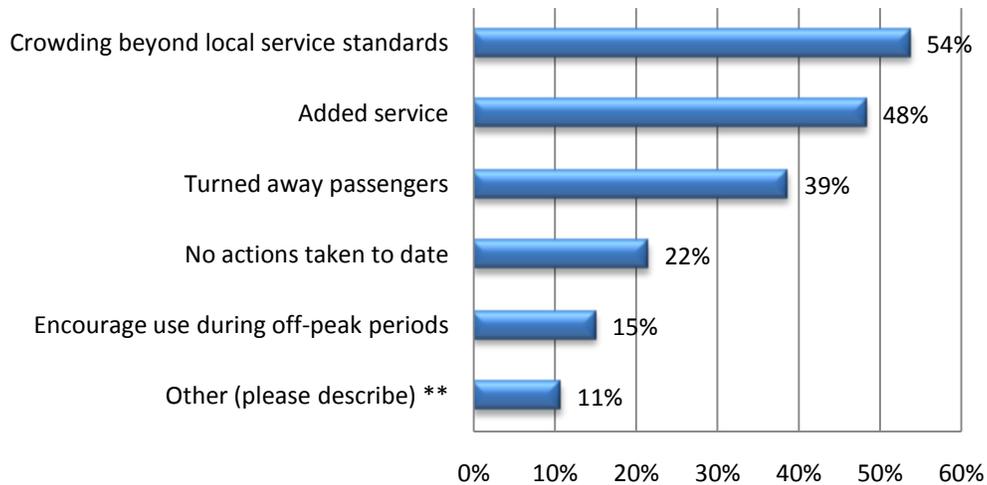
Figure 5 - Occurrence of capacity constraints



* Based on 93 agencies that experienced capacity constraints on portions of their system

Public transportation agencies facing these capacity constraints are taking actions to address the issue, though many agencies report they are not able to respond as needed. While almost half of agencies report they are adding service to address capacity constraints, in some cases this additional service is still not meeting surging demand. More than half report they are allowing crowding beyond local service standards and almost four out of ten (39 percent) report they are now turning away passengers.

Figure 6 - Response to capacity constraints

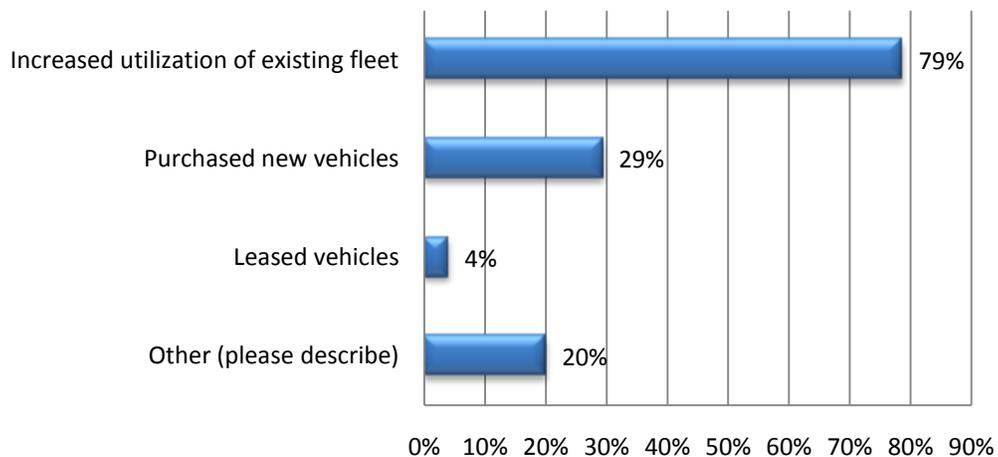


* Based on 93 agencies that experienced capacity constraints on portions of their system

** Most common response - "placed larger buses in service"

Among those adding service, most public transportation systems are increasing the utilization of their existing fleet (79 percent), while three in ten have purchased new vehicles (29 percent).

Figure 7 - Method of adding service



*Based on 75 agencies that responded to this question

Availability of Resources to Add Service

Nearly all agencies (91 percent) report they are facing limitations in their ability to add service to meet increased ridership demands. The most common limitation is budgetary, with two-thirds of agencies reporting insufficient revenue to operate additional service. One-third of agencies do not have vehicles available to add service.

Figure 8 - Facing Limitations in Ability to Add Service to Meet Increased Ridership Demand?

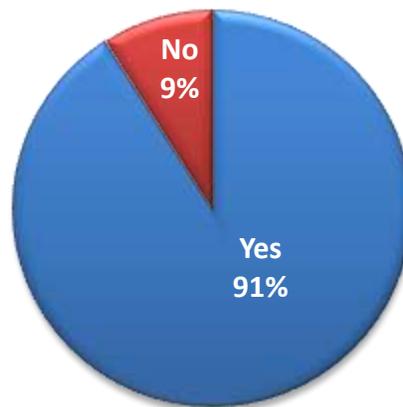
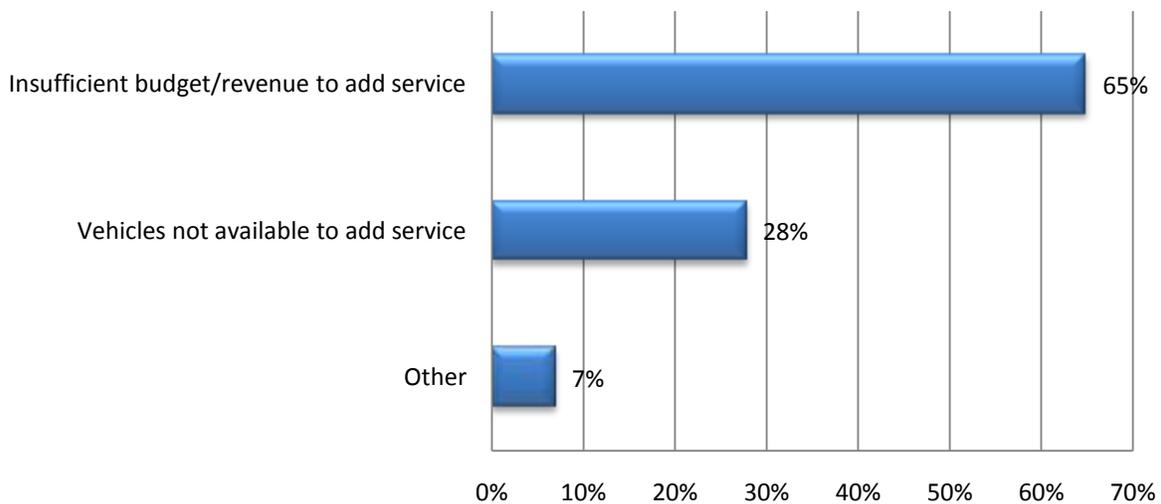


Figure 9 - Most Significant Limitation to Adding Service*



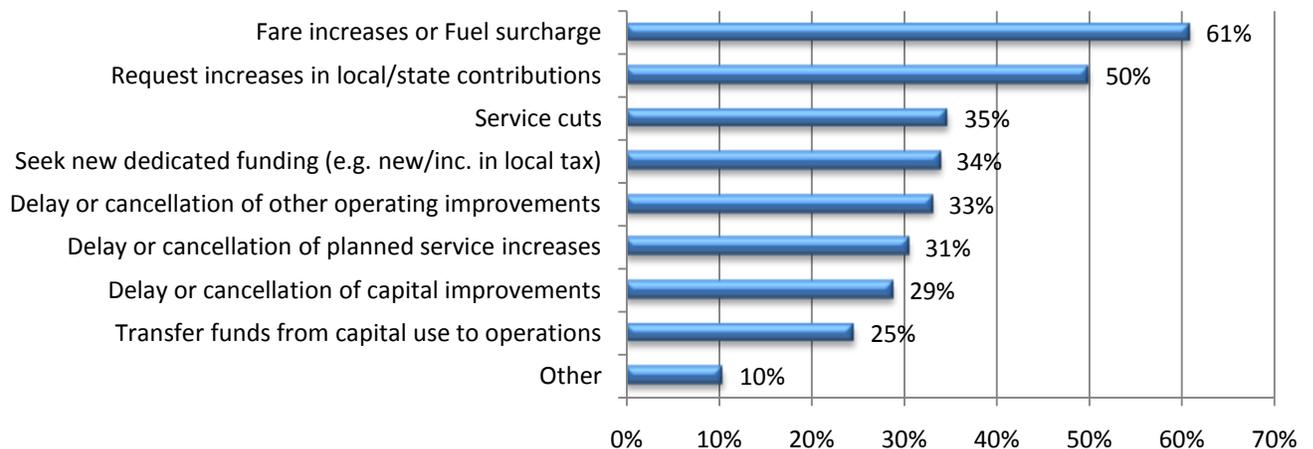
* Based on 97 agencies that experienced limitations in adding service

Future Actions under Consideration to Address Rising Fuel Prices

Public transportation systems are facing the additional challenge of rising fuel and electricity prices. In APTA's May 2008 report, "Impact of Rising Fuel Prices on Transit Services", members reported that diesel fuel prices increases of 166 percent in just four years, from \$1.25 to \$3.32 per gallon. In this same survey, members reported they have taken a wide range of actions to address rising fuel costs including fare increases, delays in service improvements, shifting funds from capital to operations, and even cutting services.

To better understand additional future actions, members were asked to provide details on other actions under consideration to address rising fuel prices. Responses suggest many members are considering significant actions with more than six out of ten agencies considering a fare increase or "fuel surcharge". In some cases, an increase would represent an additional increase in fares. Half of the agencies are seeking increases in local/state contributions and one-third intend to seek new revenue sources. Despite surging ridership, one-third of agencies are considering service cuts.

Figure 10 - Additional Actions Under Consideration to Address Increased Fuel Costs*

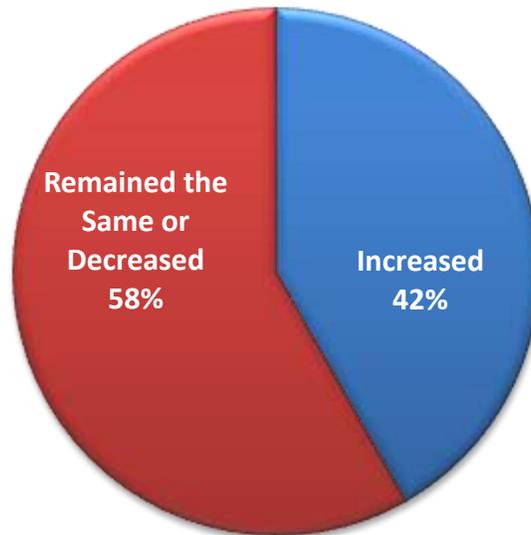


*Systems may report more than one action.

Local and State Support

Despite recent increases in fuel costs and a widespread surge in transit ridership, many agencies face limited available resources from state and local sources to provide additional service. More than half of all agencies reported declining or stable local and state financial aid over the past year. Financing approaches vary among transit systems, but general declines in property values and sales tax revenue is likely contributing to flat and declining revenue sources.

Figure 11 - Local and State Financial Assistance Over the Past Year



*Based on ALL respondents

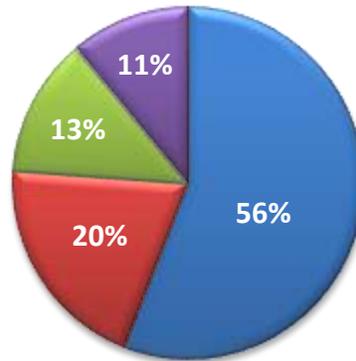
Desired Federal Action

Transit systems across the country are seeking support to provide needed mobility in communities struggling with increased fuel costs. Agencies need assistance as they attempt to meet the surging ridership demand, while still protecting existing service. Limited local and state financial resources are making it difficult for agencies to respond with increased and expanded service. Thirty-five percent of agencies are resorting to service cuts and 61 percent fare increases or fuel surcharges in order to balance their budgets.

Virtually all agencies believe that federal action is essential. More than half believe the most effective short-term federal action to assist in this challenge would be new federal financial support for fuel purchases¹. Agencies also report the need for additional capital support with two out of ten indicating a preference for increased federal capital investment to add new vehicles. One in eight would like to change the current law to allow existing federal funds to be used for fuel purchases. The implication of this response is that agencies are facing the most immediate challenge within operating budgets as they attempt to meet surging demand.

¹ Public transportation agencies may currently use federal funds for operations only in urbanized areas with a population of less than 200,000.

Figure 12 - Federal Action Most Effective in Helping Address Increase in Fuel Price and Ridership*



- Provision of federal financial support for fuel purchases (56%)
- Increased federal capital investment to add new transit vehicles (20%)
- Change in current law to allow existing federal funds to be used for fuel purchases (13%)
- Other (11%)

* Based on ALL respondents

Conclusion

The results of this survey clearly show transit systems across the country are severely challenged in their ability to meet surging ridership. Increases in fuel prices together with flat or declining state and local tax revenue are making it very difficult for transit systems to add new service to meet growing demand. Public transportation systems are seeking help to enable them to meet the public's growing demand for public transportation services.