



## **TRANSIT FUNDING: \$30B BAILOUT IS NOT APPROPRIATE**

### **Democrats claim that an additional \$30B bailout for transit is reasonable**

- However, since March 2020, in response to COVID, Congress has provided \$39B for transit. \$14B of that was appropriated less than 2 months ago on 12/27/20.
- Additionally, in 2020, NY's MTA (nation's largest transit system) borrowed over \$3.3B at very attractive rates from the Fed's CARES Act Municipal Liquidity Facility.

### **Democrats claim transit needs more federal funding for COVID-related issues**

- In fact, taxpayers will be paying for bloated labor & pension costs unrelated to COVID.
- Transit agencies' financial woes pre-date COVID-19. 50-70% of big city transit agencies' operating expenses are fixed for labor and pensions.
- In 2019, labor costs [accounted](#) for 74% of NY MTA's operating costs.
- In 2021, the average NY MTA employee is [expected](#) to make over \$123,000 per year in wages and healthcare benefits.
- A recent Reason Foundation [analysis](#) found the country's 30 largest transit agencies had a combined \$49B in unfunded pension and retirement funding liabilities in 2019.
- In 2018, GAO [reported](#) that pension contributions for the DC region's WMATA had increased at an average rate of 19% annually between FY06 and FY17.

### **Democrats claim states and local governments are unable to support transit**

- Despite COVID, states and local governments can provide support to transit.
- State and local government finances were resilient in 2020. Total state and local tax [collections](#) were up \$21B over 2019.
- State and local governments can use their taxing, borrowing, and spending authority to support transit. After all, over 50% of transit funding comes from states, local governments, and taxes.
- Federal bailouts shield state and local officials and transit agencies from accountability for contributing to transit's financial woes through business shutdown orders, state funding reductions, fiscal mismanagement, and exorbitant labor contracts.

### **Democrats claim this unprecedented federal intervention in transit is temporary**

- Federal funding is traditionally a limited source of funds for transit. In 2018, it [was](#) only about 8% of transit operating expenses and 35% of capital expenses.
- But since March 2020, the 6 largest transit agencies have received nearly \$20B for operating expenses, which is equivalent to 75% of their 2018 operating expenses.
- According to [Moody's](#), transit ridership will not approach pre-pandemic levels until 2023 and may never return to the pre-pandemic levels.
- As a result, Democrats will want to send billions more to transit well beyond COVID.
- Taxpayers should not be forced to bailout transit agencies for years to come to maintain excess capacity indefinitely, especially when agencies fail to reform the structural issues that contributed to their financial woes, such as bloated labor contracts.