Public Transit Funding

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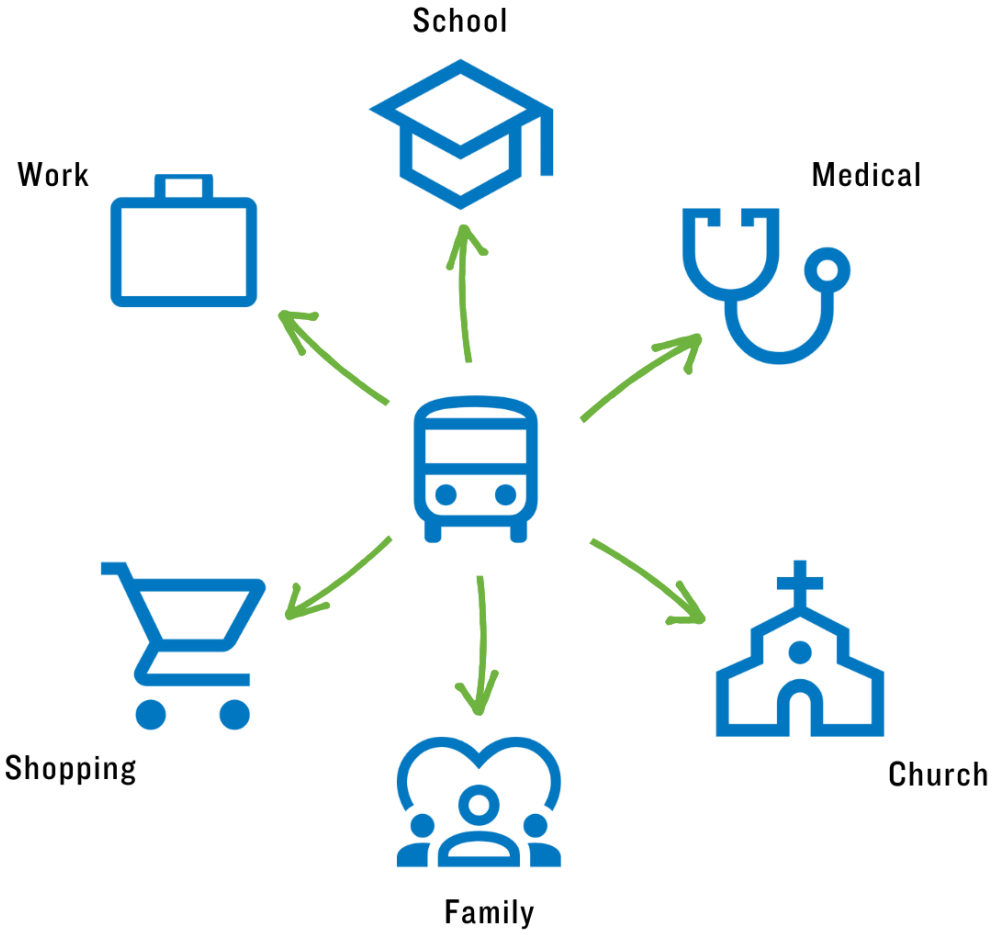
Transit Basics

Michigan provides some level of public transportation in all 83 counties, provided by more than 75 public transit agencies and other service providers

Despite lacking major rail systems, Michigan's transit providers average more than 125,000 rides every day – more than 47 million rides a year

More than 6 percent of all households in Michigan do not have a car; that number is 10% in Grand Rapids & Lansing and more than 20% in Detroit

Demand for transit services is growing among both older and younger populations



Michigan Transit Types

Buses & Vans

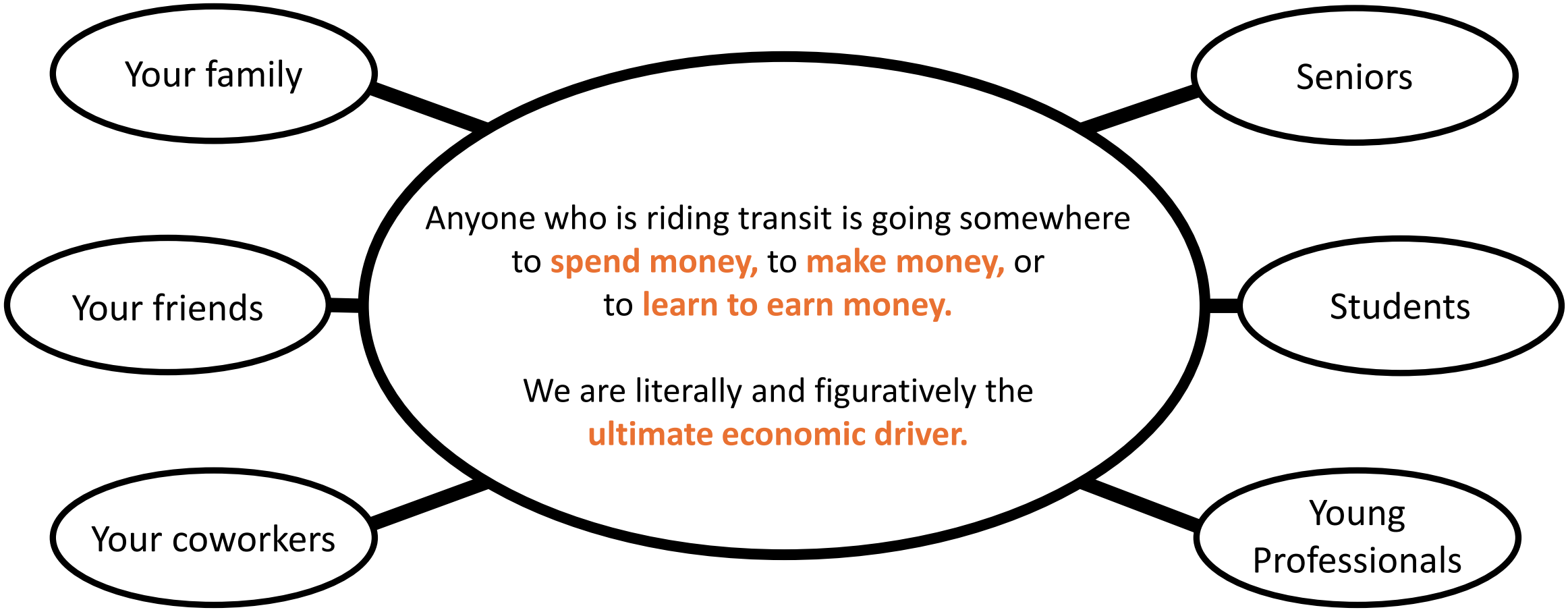
Ferries

Fixed Guideway

Who is contributing to transit funding?

- Federal Funding
  - Focused on capital needs (buses, facilities)
- State Funding
  - Provides 20% match to federal capital projects
  - **Local Bus Operating or LBO**
- Local Funding
  - General funds
  - Millages
  - Rider fares
  - Service contracts

Who Depends on Transit?



Roscommon County Transportation Authority

- No hospital in Roscommon County
- Seniors are 35% of population
- LBO funds transportation for seniors who are discharged from hospitals or need a ride to a specialist throughout Michigan
- Added two more vehicles last year for out-of-county medical trips
- Over 65,000 rides in 2024

Oakland County

- In 2022, Oakland County approved a countywide transit millage
- **Funding helped expand service in more rural Northern and Western townships that didn't have readily available transit**
- NOTA and WOTA both operate 7 days a week, provide free rides to veterans, and have grown their vehicles, staff, and technology
- **Ridership increases since 2023:**
  - **NOTA - 155%**
  - **WOTA - 177%**
  - **People's Express - 192%**

Holland/Zeeland - MAX

- Over 240,000 rides given in 2024
- Recent study found that 51% of frequent riders are employed full time
- 45% of frequent riders do not have a drivers license
- Based on community feedback, MAX has expanded its weekday hours to accommodate earlier shift workers
- Still, weekend service, longer hours, and more frequent buses are contingent on funding – and staffing

Ann Arbor – The Ride

- Washtenaw Express route started in May 2024
- New service connects Ypsilanti and Ann Arbor and opens the door for new job opportunities
- 84,000 rides since launch
- An effective, common-sense solution to the transportation barrier for workers

Battle Creek & Calhoun County

- Battle Creek & Calhoun County created a yearlong pilot program to demonstrate on-demand countywide transportation to education, healthcare, and work
- **33,000 trips were provided – but 150,000 trips were requested**
- New transit authority board determined service needs and proposed a new millage
  - Voters supported 2.66 mills in November 2024 with nearly 60% of vote

SMART – Metro Detroit
Impact of Local Bus Operating and Millages

- SMART was able to expand routes in all three counties it serves creating new access to jobs, schools, and food
- The routes provide **new access to transit for 118,000 additional residents** of metro Detroit
- Transit now reaches **90,700 additional jobs**
- Added **310 new bus stops** to improve rider safety and experience
- Developed a plan to continue expansion over next several years

Michigan Transit Funding Crisis

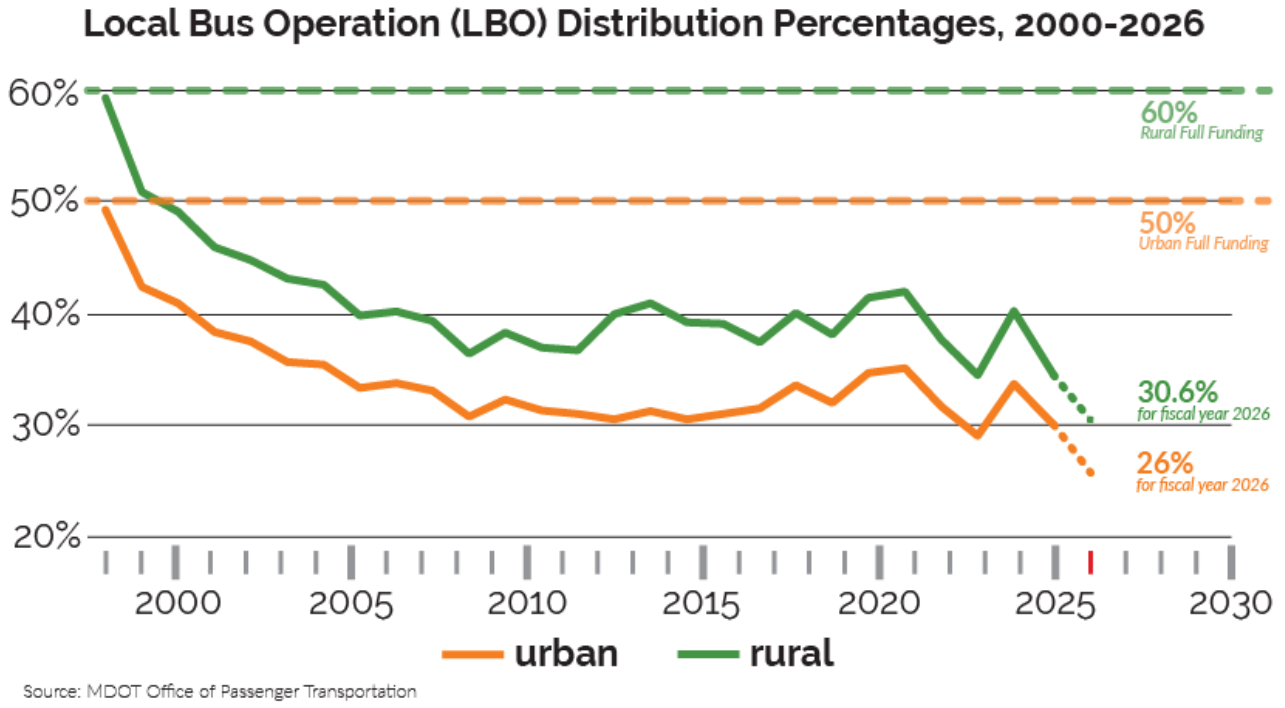
Many local transportation systems are deteriorating as much as our roads

Unfortunately, the level of state operating support is at an all-time low

Next year's projections are destabilizing for many systems

Alongside historic underfunding, many systems are facing rising costs and confronting cuts to critical staffing & services.

Other local transportation services (medical, education, seniors, taxis) are all cutting back and looking to public transit to step forward.



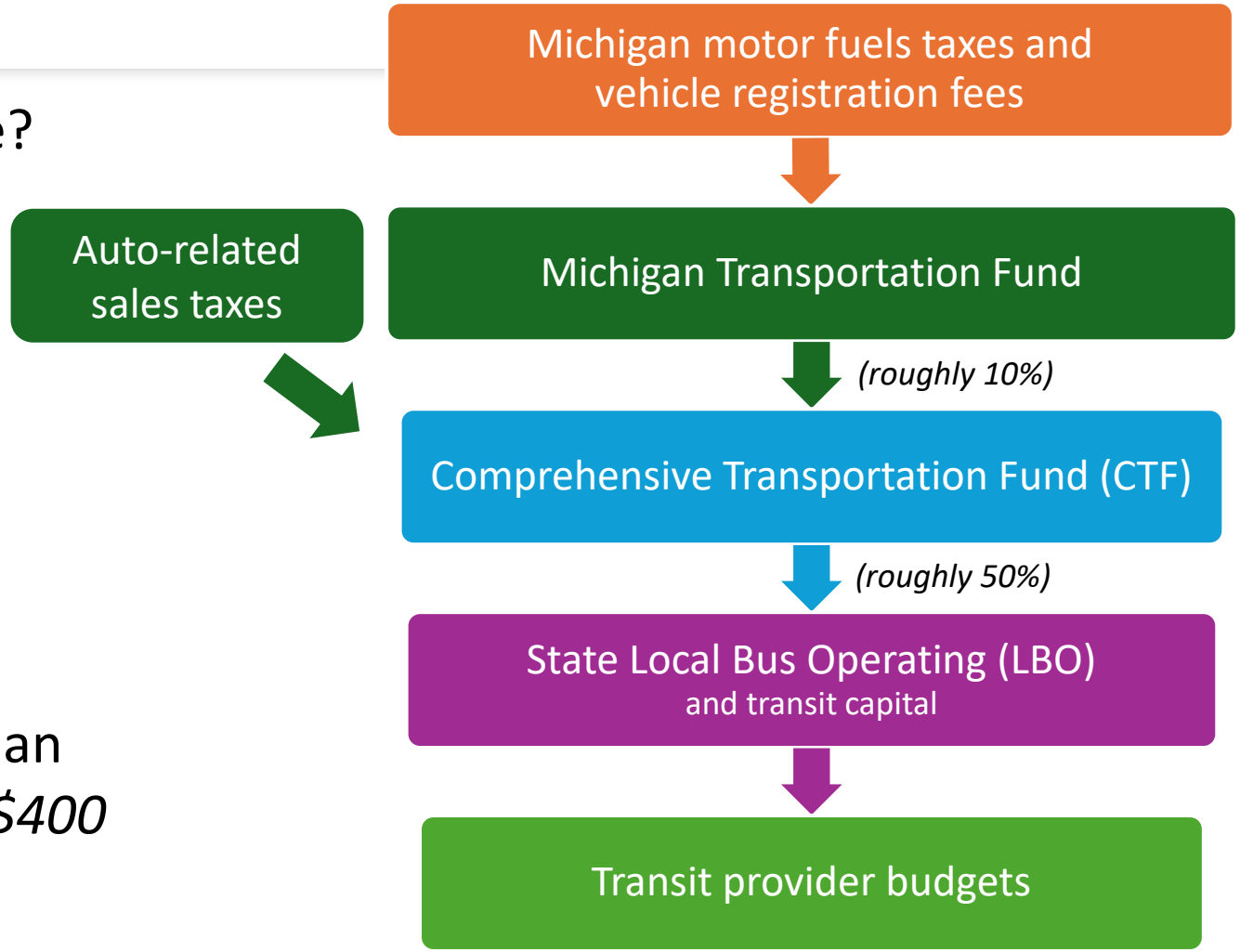
Source: MDOT Office of Passenger Transportation

Michigan Transit Funding

What does a transit funding crisis look like?

- Reduced service days/hours
- Longer waits for buses
- Less-than-reliable service
- Smaller service areas
- Prioritizing who can ride

We estimate that full Local Bus Operating funding as provided by law would require an additional $200 million per year *(approx. $400 million CTF)* for <u>our current system</u>



Initial Road Funding Package

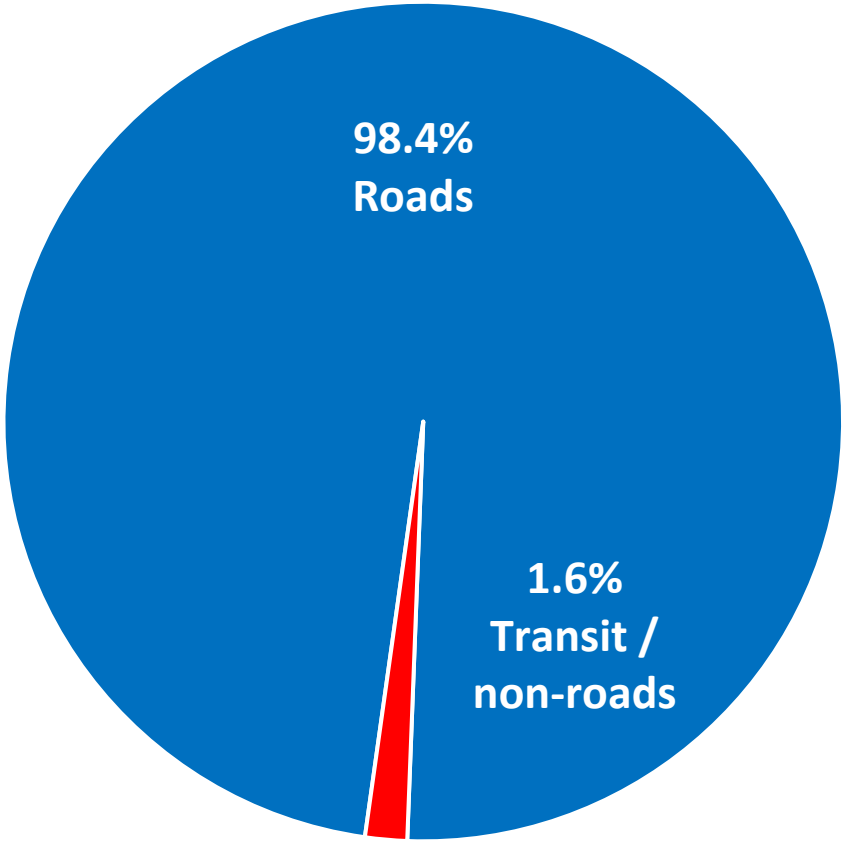
HB 4183 would increase funding by dedicating all taxes paid at the pump through the traditional formula that allocates 10% to the CTF

Unfortunately, this is only a $50 million net increase for CTF due to eliminating sales taxes on fuels

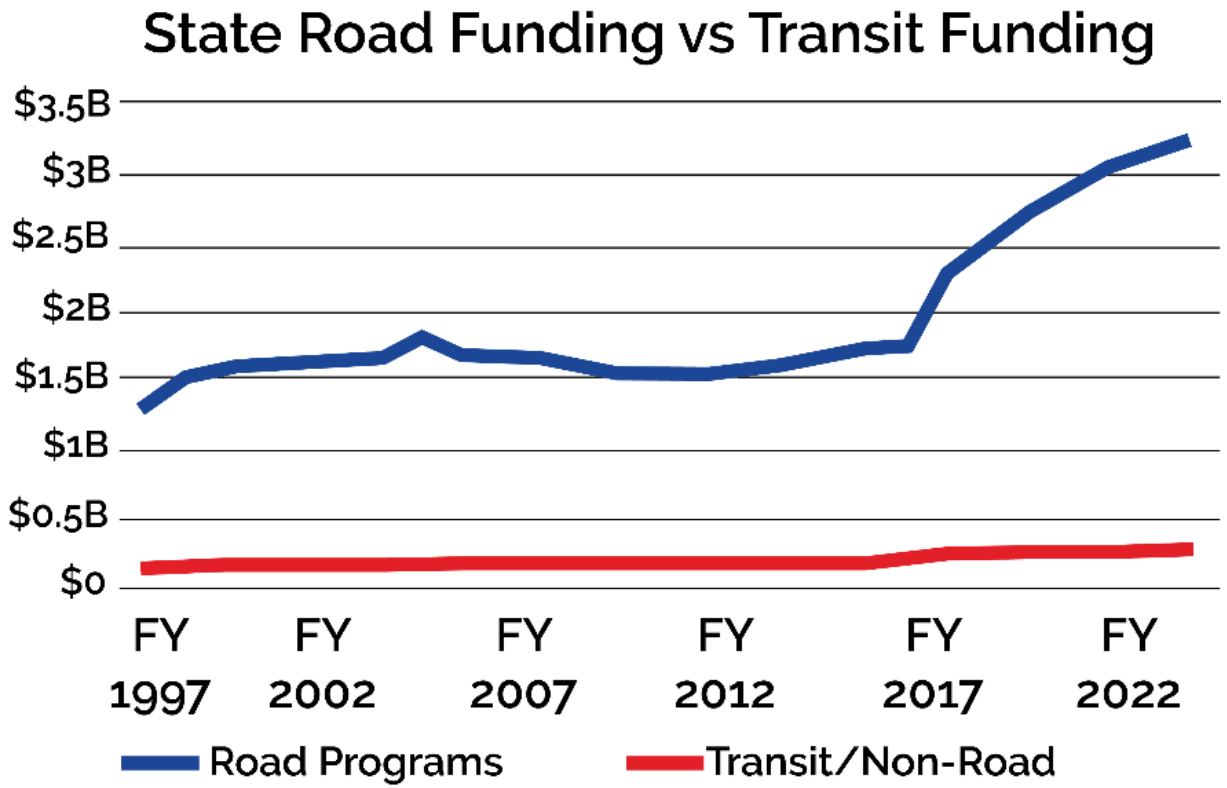
- This amount is further divided between aviation, ports, freight rail, passenger rail, intercity bus, and transportation planning, along with local transit capital and local bus operating

The rest of the package excludes transit funding, and $50 million is nowhere near the amount needed

HB 4180-4187 Funding Breakdown



Local Transit has not received prior increases



We support fixing local roads, but local transportation systems have likewise been underfunded for years

Local transit has been excluded from:

- 1997 gas tax increase
- 2015 income tax earmark
- 2018 marijuana taxes
- 2020 state bonding program

= nearly a billion dollars each year ALREADY go straight to roads/bridges without any transit share

Solutions

- Ensure that any transportation funding package also includes a share for Local Bus Operating and other comprehensive transportation modes
- Ensure that local transit systems are held harmless *(about $45 million per year)* if the sales tax on fuels is eliminated
- Increase the distribution of auto-related sales taxes to the CTF – **revenue neutral**
  - HB 4210 could provide significant additional revenues for the CTF

- Michigan voters continue to overwhelmingly support public transit: more than 90% of local millage questions (27 out of 29) passed in 2024 – consistent with a long history of 90%+ passage rate

Thank you & questions?

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