



# Economic Benefits of Public Transit

putting research to work

# BRIEF

RESEARCH  
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TRANSFER

Wisconsin's 69 public transit systems provide an estimated 99 million rides each year. Approximately 48% of Wisconsin transit riders are headed to work, 23% to school, 18% to retail, tourism or recreational destinations, and 10% to health care services. Transit systems, which include buses and shared-ride taxis, provide affordable mobility to state residents while easing traffic congestion.

## What's the Problem?

Historically, the benefits of transit service have been described through qualitative reports. This research focuses on the quantification of transit benefits as a valuable tool to describe the return on expenditure and compare alternative capital investment options.

## Research Objectives

The primary objective of this study was to identify and measure the benefits of transit to other economic sectors in Wisconsin. Employment, health care, education and service (retail, recreation and tourism) were chosen as transit-dependent sectors. A secondary objective was to measure the impact of public transit on congestion management in urban areas.

## Methodology

Researchers began with an extensive literature review of the social and economic benefits of transit, and obtained transit statistics from service providers and government agencies. A key component of the research was an onboard survey of 3,035 transit users in six Wisconsin communities, in which riders were asked about the purpose of their trips, their motivation for using transit, and what type of transportation they would use if transit were not available. Data from this survey was analyzed and reviewed by a panel of Wisconsin transportation experts, and adjusted according to the panel's recommendations.

Consumer cost savings over more expensive modes of transportation were estimated based on three generalized costs: out-of-pocket costs, time costs and accident costs. Savings to the community at large were also calculated, based on the proportion of transit users who would become dependent on public assistance and home health care without transit. In addition, an economic impact assessment modeling system was used to estimate the impacts of consumers reinvesting out-of-pocket savings in other sectors of the economy.

## Results

Public transit use saves Wisconsin riders and taxpayers an estimated \$730.2 million annually—\$597 million in out-of-pocket savings to transit riders, which is then re-invested in the state's economy, and savings of \$74.3 million in public assistance spending and \$58.9 million in home health care costs.

- Work-related trips account for the largest proportion of transit ridership, and save an estimated \$6.96 per trip over other modes of transportation.
- Riders make the fewest health care-related trips, but those trips are the most valuable, generating \$18.52 in benefits per trip. Transit systems in small communities have the highest proportion of trips for health care purposes.
- As riders spend their out-of-pocket savings elsewhere, the estimated total indirect effect on the economy includes \$1.1 billion in total output, \$163.3 million in tax revenue, and 11,671 new jobs created.

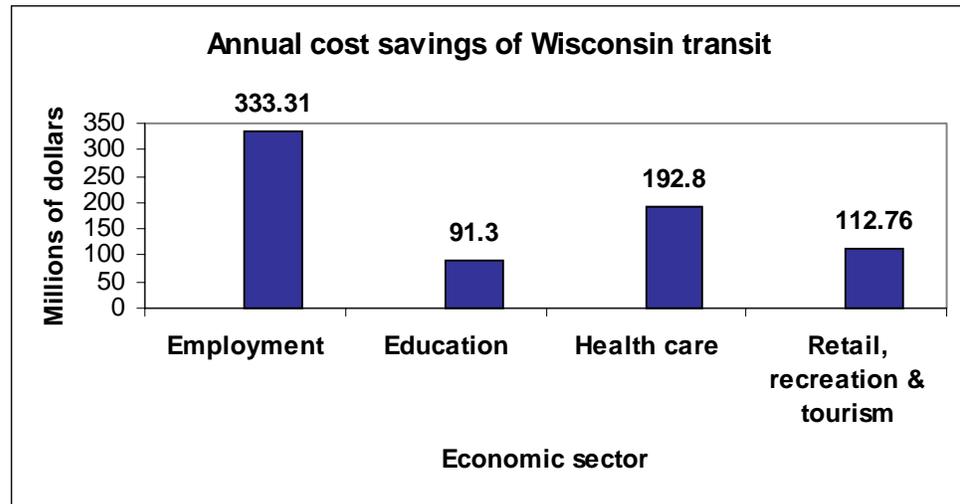
**Investigators**  
Khalid Bekka,  
Vice President,  
HLB Decision  
Economics Inc.

**The Wisconsin  
Department of  
Transportation**

*Public transit contributes significantly to these sectors of Wisconsin's economy.*

**“This research demonstrated that public transit benefits both transit users and the state's economy in general.”**

- John Etzler,  
WisDOT Bureau of  
Transit and Local  
Roads



In addition, the existence of public transit contributes to the overall quality of life in a community. Transit provides low-cost travel opportunities to many lower-income households, which in turn influences their contribution to the economy. If public transit were not available, alternate transportation would be used for some trips, and some trips would be forgone.

- Widespread access to jobs translates to an increase in employment, which contributes to lower crime rates.
- Greater access to medical care, including preventive care trips that might otherwise be forgone, results in a healthier population.
- Easier access to schools leads to a more educated workforce and community. Where transit is available, younger students have lower rates of absenteeism and more opportunities to participate in after-school programs and field trips.
- Access to retail, recreation and entertainment opportunities makes communities more attractive to both residents and tourists.

Transit also reduces some of the negative effects associated with automobile use, such as traffic congestion, delays, productivity losses, accidents and pollution.

- In 2002, transit reduced congestion-related costs by an estimated \$23.6 million in Madison and by nearly \$100 million in Milwaukee.

The completed study includes a comprehensive list of transit systems in Wisconsin communities, and quotes from riders interviewed in the on-board surveys.

## Implementation

This research will help WisDOT educate legislators and other decision-makers about the economic benefits of public transit. Toward that end, the study findings have been compiled into a white paper and a searchable database. A CD-ROM model will aid in further research and simulations of the economic benefits of public transit.

## Benefits

This research provides an evaluation and planning tool for the state, and for communities with existing transit systems and those considering establishing them. Because of its quantitative nature, this research will be valuable in demonstrating the merits of transit in cost-benefit analyses and budget discussions.

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### For more information, contact:

John Etzler: john.etzler@dot.state.wi.us

Wisconsin Department  
of Transportation  
RD&T Program  
4802 Sheboygan Ave.  
Madison, WI 53707  
Nina McLawhorn  
Research Administrator  
608-266-3199

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