



Public Transportation Faces Post-Pandemic Challenges

April 18, 2022

The Coronavirus Disease 2019 (COVID-19) pandemic has had an unprecedented effect on public transportation agency [budgets](#). Public transportation agencies have kept many buses and trains running, especially to support the travel of “essential workers,” but ridership and fare revenues have plummeted. Public transportation agency budgets have been supported by [federal supplemental appropriations](#) totaling \$69.5 billion, about five times the pre-pandemic \$12 billion in annual [federal public transportation support](#) and more than three times the \$19 billion coming from fares and other operating revenue annually.

While the pandemic is challenging the public transportation industry nationwide, its financial effects are pronounced most on agencies that operate the [15 subway and 32 commuter rail systems](#) in the United States, the largest of which are located in the New York metropolitan area. This is because subways and commuter rail have lost a greater share of ridership than bus systems due to the pandemic and are typically more reliant on fares to cover operating costs. These trends, if they hold, have implications for federal public transportation policy.

Ridership Trends

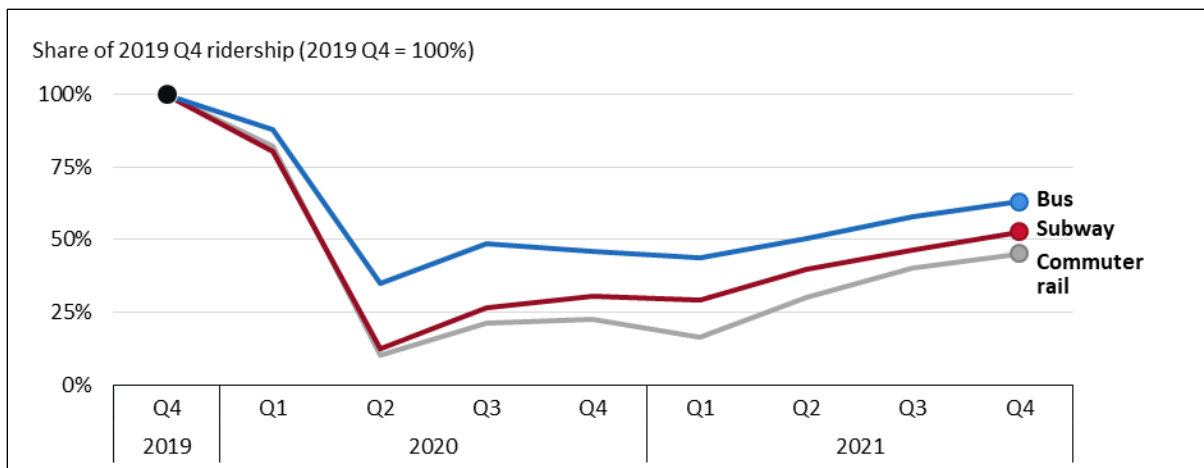
Nationally, public transportation ridership in 2020 and 2021 was less than half of what it was before the pandemic—about 4.7 billion and 4.9 billion trips, respectively, compared with about 10.0 billion trips in 2019. Subway and commuter rail ridership declined more than bus ridership, particularly early in the pandemic. Patronage of all three modes has recovered to some extent, but in the final quarter of 2021, ridership was far lower than in the final pre-pandemic quarter at the end of 2019 (**Figure 1**). Commuter rail ridership, 45% of the pre-pandemic level, has been slowest to recover, while subway ridership was at 53% of the late 2019 level.

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IN11913

Figure 1. Quarterly Public Transportation Ridership by Mode



Source: American Public Transportation Association (APTA), *Public Transportation Ridership Report*.

Note: Data are subject to revision.

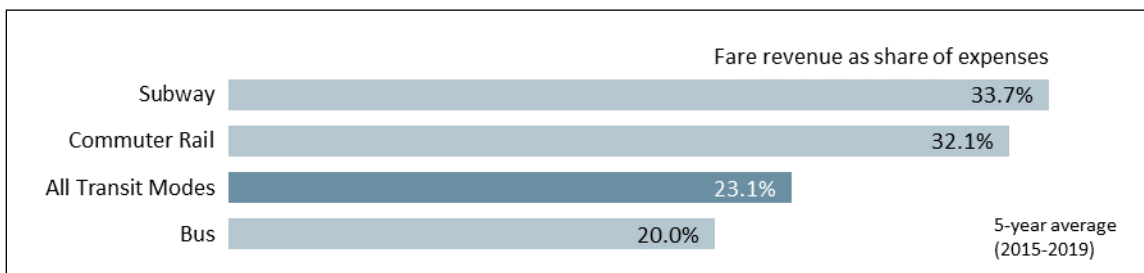
Travel patterns, including [commuting](#), are complicated. The disruptions caused by the pandemic, particularly full-time telecommuting for many office workers, had a larger effect on subway and [commuter rail ridership](#) than on bus ridership. While bus systems are widespread and serve many trip destinations and [purposes](#), most subway and commuter rail lines are oriented to commuting trips into downtown employment centers of large metropolitan areas. The effect of greater telecommuting on demand may have been compounded by [population losses](#) in some of these places, such as New York and San Francisco, in 2020 and 2021.

Fare Revenues

With fewer riders, transit agencies have collected much less [fare revenue](#). Prior to the pandemic, fares and other operating revenues covered about [one-quarter](#) of the total cost of providing public transportation, about \$19 billion out of total capital and operating costs of \$80 billion in 2019. Most of the rest was provided by taxpayers at the federal, state, and local levels. While the five-year average (2015-2019) of fare revenue as a share of total costs for buses was 20%, the shares of total costs for subway and commuter rail coming from fares were 34% and 32%, respectively (**Figure 2**).

Figure 2. Fare Revenue as a Share of Total Expenses by Mode

5-Year Average, 2015-2019



Source: APTA, *2021 Public Transportation Fact Book: Appendix A*, Washington, DC, 2021, Tables 62, 68, and 92.

Note: Expenses used in the calculations are the total of capital and operating expenses.

The share of bus costs coming from fares is lower because buses provide service on many low-demand routes and times of day to provide geographic and temporal coverage, whereas rail is typically deployed on select routes and at times of the day that have high demand. Rail riders, moreover, have [higher incomes](#) on average and may be willing to pay relatively higher fares to avoid peak period traffic and parking costs. With comparatively lower incomes, bus riders are generally more sensitive to fares.

Policy Issues

Public transportation ridership [declined](#) by about 7% in the years before COVID-19 due to a combination of factors, including the relatively low cost of driving, the rise of shared ride and micromobility options, and the continued decentralization of jobs and housing. This trend was reinforced by the much larger drop in ridership precipitated by the pandemic. On the other hand, higher [gasoline prices](#) and future efforts to [decarbonize the surface transportation system](#) to combat the effects of climate change may encourage greater use of transit.

Public transportation agencies, especially those with subways and commuter rail systems, are likely to need additional support from taxpayers to avoid having to reduce service dramatically. One question is to what extent such support can come from the federal government versus state and local government. Another is whether additional support should be predicated on reducing costs and initiatives to increase demand. One such [initiative](#) would reorient commuter rail systems away from rush-hour suburb-to-downtown commutes to offer more frequent service throughout the day in both directions, including on weekends. Another [initiative](#) being advanced in some places involves improving connections, including coordinating schedules and providing free transfers among transit systems.

A longer-term policy issue is how transit agencies should adapt if ridership and fare revenues do not return to pre-pandemic levels. One [study](#), for example, estimates that 20% of full workdays will be done from home post-pandemic, compared with 5% pre-pandemic. This outlook poses challenges for subway and commuter rail systems that require long-term capital investments and for the federal programs that fund such investments. The main such program, the [Capital Investment Grant program](#), originally was created to fund construction of new rail transit projects, but it now funds bus rapid transit (BRT) and projects to increase the capacity of existing rail and BRT systems. An issue is whether future federal funding should focus on buses, which last about 10 years and can be redeployed as demand changes, rather than on rail systems that last 30 years or more and are far more efficient at transporting large numbers of passengers in dense corridors but are not easily reconfigured in response to changing travel patterns.

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