



APTA Misses the Bus

On November 18th the American Public Transportation Association (APTA) released a study claiming that Pittsburgh area commuters who drive to work could save \$9,201 per year by purchasing a monthly pass and taking the bus or light rail to work. According to APTA, this savings number is based on a comparison of an average monthly transit fare to the average cost of driving.

So far, so good. But as usual, the devil is in the details. APTA uses AAA formulas for calculating the average cost of driving, including fixed and variable costs. Fixed costs include insurance, license registration, depreciation and finance charges. Variable costs are comprised of gas, maintenance, tires—and presumably parking. Commuters are assumed to drive an average 15,000 miles per year—implying a 60 mile round trip commute.

Before tackling some of the problems with this seemingly straightforward analytical approach, it is unfortunately necessary to demolish the entire set of APTA results. The analysis is based on an individual commuter in a two-person household saving money by taking public transportation and living with one fewer car. So, even before the comparison can get started, the game is rigged. How many two person households are there with more than one car and only one member drives to work when public transit is readily available and convenient? For many people in the suburbs buses do not come near their neighborhoods and they would have to drive to a park and ride in order to take transit. In a two worker household whose jobs are not close, two cars might still be a necessity. In a two worker household riding to work together, all costs are halved per rider. Or for riders who carpool, the costs are shared according to the number of pool participants. Finally, in a one person household in the suburbs with one car, eliminating a car would be extremely problematic.

In any event, eliminating the fixed costs of a car as part of the savings creates a bloated savings number. How much bloat? Consider a modestly priced automobile—say \$14,000—with an \$11,000 loan that has been financed for three years. Depreciation for the three years could easily run to a \$1,000 per year. Finance charges would run over \$3,500 per year and insurance could easily cost \$800 to \$1,000 annually depending on the driver. In short, half of APTA's annual savings can be easily accounted for by the assumption that the fixed expenses associated with having a second car can be eliminated. While this assumption might work for a small segment of the population, it does not reflect the vast majority of commuting worker situations.

Moreover, there are problems with other assumptions in the APTA analysis, both implicit and explicit. Consider the assumption that the average commuter drives 15,000 miles per year with

the implied 60 mile round trip. A 60 mile round trip average would require a large share of commuters to travel even farther. In the Pittsburgh region that means coming in to Allegheny County from surrounding counties. And while there are many commuters from outside Allegheny County, the bulk are almost certainly from within the County and have a round trip of far less than 60 miles. The question for the APTA is, how much is their savings estimate lowered if a more realistic assumption of average round trip commute is used?

Bear in mind too that for many commuters who drive, there is no practical alternative. Bus or light rail stops are too far away to be convenient. This is especially true for many in the more distant suburbs. And it is truly ironic in the case of Pittsburgh where substantial service cuts have been made in recent years, making bus service much less convenient for many who have been forced to find other ways to get to work.

Then too, many who drive might need the flexibility of having access to their vehicle during the day or have after work commitments that do not lend themselves to using public transportation. Or, their jobs might not be close to a bus route and stop and would require a very long walk if public transit were used.

Two key points need to be made. First, taking public transit, if it is convenient, is often more economical in the sense that out of pocket expenses are lower. However, it must be borne in mind that public transit receives a hefty subsidy from the government in order to hold down fares. Thus, while the private individual cost of driving might be higher than riding the bus, it is not clear that driving costs are greater than the total public cost that includes taxpayer subsidies.

Second, people who have access to readily available, nearby public transit and still choose to drive are making a rational decision in terms of their own preferences of allocating their time and money. Perhaps the bus schedule is not to their liking. Maybe they like the time to listen to the radio, talk on their cellular phones, smoke a cigarette or any number of activities that riding a bus would not permit. Obviously, as the cost of driving goes up relative to income or the cost of riding the bus goes down, there will be some shifting from cars to public transit. But one thing is clear: the average driver in the Pittsburgh region is unlikely to save \$9,201 per year by riding the bus.

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