

Prioritizing Maintenance in Federal Transit Programs

In recent decades, approximately 20% of the funding in each surface transportation reauthorization bill has been allocated to mass transit. The federal government typically allows transit capital projects (such as those funded by the New Starts, Small Starts, and Core Capacity programs) and transit maintenance projects (State of Good Repair program) to be funded with 80% federal money and 20% local money.

Many of the mass transit systems across the country are in poor shape, in part because they direct money to costly new capital projects rather than needed maintenance. When Congress writes and passes the next surface transportation reauthorization bill it should encourage maintenance projects by lowering the maximum federal share for capital projects.

State highway systems are in generally good condition. Reason Foundation's most recent Annual Highway Report found that of the nine categories focused on performance, the states made significant progress in six of them. In contrast, many rail transit systems are increasingly in poor condition. Major mass transit agencies are using federal funding for new capital projects that should not be priorities due to the major backlogs in maintenance and other system needs.

For example, the Washington Metropolitan Area Transit Authority built the Silver Line in largely low-density suburban Virginia and is studying a new \$40 billion line connecting National Harbor with Rosslyn. Meanwhile, its existing rail network has been plagued by collisions, derailments, and increased crime in recent years. Similarly, New York's Metropolitan Transportation Authority (MTA) has had a series of service breakdowns and faces major public safety problems. Many other major transit systems are encountering similar problems.

Unfortunately, many transit agencies prioritize capital projects over ongoing maintenance needs. Part of this problem is structural. Most of the mass transit agency boards across the United States are composed of political appointees, who often favor big new projects that enable ribbon-cuttings and photo opportunities. As a result, there is often a built-in bias towards building new rail projects over improving existing transit services. This dynamic helps explain why there have been more than 20 new light-rail lines added over the last 20 years, despite many of the rail projects failing to increase transit ridership.

Additionally, new rail expansions can sometimes mean cuts in bus service. When the Dallas Area Rapid Transit (DART) Authority and Houston Metro added new light-rail services, for example, they cut existing bus service. This resulted in fewer riders using public transit after adding rail service at great cost.

With reduced transit ridership due to the COVID-19 pandemic, this is not the time to add costly new capacity. As of January 2025, ridership on U.S. rail transit systems is at 78% of 2019 levels. Prior to the pandemic, many systems had seen ridership declines over the preceding decade. Rail transit ridership is increasingly unlikely to recover to 2019 levels within the next decade, if ever. Remote work remains several multiples above transit's share

of commuting and is likely to persist at high levels. Long-term trends in ride-hailing services and the future availability of automated vehicles are also likely to reduce transit ridership.

Given these circumstances, Congress should prioritize maintenance over capital expansion projects by capping funding for New Starts, Small Starts, and Core Capacity grants at a 50% maximum federal share. The maximum federal share for the State of Good Repair grants should remain at 80%.

Recommended legislative reform text:

- (a) Section 5309(l)(1)(B) of title 49, United States Code, is amended--
- (1) in clause (i), by striking "80 percent" and inserting "50 percent";
 - (2) in clause (iii), by striking "80 percent" and inserting "50 percent"; and
 - (3) in clause (iv), by striking "80 percent" and inserting "50 percent".