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Out of Service: The Impact of Transit Cuts on Access to Jobs in Metropolitan Milwaukee

Center for Economic Development

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The Impact of Transit Cuts on Access to Jobs in Metropolitan Milwaukee

Prepared by:

Center for Economic Development
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ABOUT THIS REPORT

In 2004, the University of Wisconsin-Milwaukee Center for Economic Development (CED) produced a study that examined how well public transit in Milwaukee, Ozaukee, Waukesha, and Washington Counties provides low-income residents of the 4-county region with access to job opportunities. CED's research confirmed the presence of a significant spatial mismatch between low-income residential communities and job opportunities in the Milwaukee region, the latter of which are frequently located in suburban areas not served by transit. The present study extends this research to examine the impact of transit service reductions since 2001 on access to employment in the Milwaukee metro area.

This report was written by Joel Rast, associate professor of political science and urban studies and director of CED. All GIS analysis was done by Peter Armstrong, Catherine Madison, and Qiang Zhou. Additional research assistance was provided by Lisa Heuler Williams and Celeste Jantz. We are grateful for the assistance of Milwaukee County Transit System, Waukesha Metro Transit, the Washington County Commuter Express, and the Southeastern Wisconsin Regional Planning Commission in the preparation of this study.

CED is a unit of the College of Letters and Science at the University of Wisconsin-Milwaukee. The College established CED in 1990 to provide university research and technical assistance to community organizations and units of government working to improve the Greater Milwaukee economy. The analysis and conclusions presented in this report are solely those of CED and do not necessarily reflect the views and opinions of UW-Milwaukee, or any of the organizations providing financial support to the Center.

CED strongly believes that informed public debate is vital to the development of good public policy. The Center publishes briefing papers, detailed analyses of economic trends and policies, and "technical assistance" reports on issues of applied economic development. In these ways, as well as in conferences and public lectures sponsored by the Center, we hope to contribute to public discussion on economic development policy in Southeastern Wisconsin.

Further information about the Center and its reports and activities is available at our web site: **www.ced.uwm.edu**

Executive Summary

For the past eight years, public transit in the Milwaukee metropolitan area has been in a state of retrenchment. Lacking dedicated local funding sources and facing escalating operating costs, both of the region's main transit providers—Milwaukee County Transit System (MCTS) and Waukesha Metro Transit—have responded with a series of service reductions that reduced total bus route miles by nearly 20 percent between 2001 and 2007. Analysts expect that even more drastic reductions will be required during the next several years if new revenue sources are not identified.

This study examines the impact of these recent transit service reductions on economic development in the 4-county Milwaukee region (Milwaukee, Ozaukee, Waukesha, and Washington counties). We do so specifically by examining how access to job locations in the region has been affected by cutbacks in regional transit service. We find that 1,713 fewer employers were located within walking distance of a bus stop in 2007 than in 2001. The percentage of employers in the 4-county region located within walking distance of a transit stop decreased from 63 percent to 55 percent during the same period. Finally, we estimate that, *at a minimum*, 40,507 jobs became inaccessible by transit between 2001 and 2007 due to transit service cuts.

This study also considers the impact of potential future service reductions on job accessibility in the region. Using a projected bus route structure for the year 2010 developed by the Southeastern Wisconsin Regional Planning Commission (SEWRPC) and MCTS, we find that the number of job locations served by transit could fall by an additional 4,125 employers from 2007 to 2010 if current budgetary trends continue. This would reduce the percentage of employers in the 4-county region accessible by transit from 63 percent in 2001 to 45 percent in 2010. We estimate that *at least* 101,066 jobs in locations formerly accessible by transit would become inaccessible under this scenario. Such an outcome would be disastrous for the regional economy. Transit-dependent workers would be unable to reach many job locations. Poverty and unemployment would likely increase, and employers would face an increasingly constricted labor market.

Reversing this downward spiral will most likely require a dedicated local funding source for public transit. Currently, local funding for both MCTS and Waukesha Metro Transit comes

from a county property tax levy under which transit competes with other county-run services during each budget cycle for a share of property tax revenues. This arrangement, particularly for a large transit system like MCTS, is highly unusual. With few exceptions, major metropolitan transit systems in the U.S. are funded through dedicated sources, the most common of which is a regional sales tax.

This study's principal policy recommendation is that both Milwaukee and Waukesha counties should follow the examples of other metropolitan areas around the country and implement a county sales tax to provide a dedicated source of funding for public transit. However, we qualify this recommendation in two ways. First, the sales tax should be modified to make it less regressive. We urge policymakers to carefully examine sales tax rebate programs in states such as Washington and Wyoming and to create a similar offset mechanism for low-income residents of Milwaukee and Waukesha counties. Second, a sales tax to fund transit should be linked to property tax relief. That is, property taxes should be lowered by the amount of the current property tax levy used to support public transit.

The choices are clear. We can maintain the status quo, avoid making tough decisions, and allow public transit to further deteriorate, perhaps to the point where it is beyond rescue. However, this scenario would be disastrous, not simply for the thousands of residents who depend on transit, but for the regional economy. We can do better than that. State and local policymakers should act now to follow the examples of other forward-looking regions around the country and create a regional transit system that can propel us into the 21st century. Our economic welfare depends on it.

I. Introduction

For the past eight years, public transit in the Milwaukee metropolitan area has been in a state of retrenchment. Lacking a dedicated local funding source and facing rapidly escalating operating costs, the region's principal transit provider, Milwaukee County Transit System (MCTS), has responded with a series of service reductions including the elimination and shortening of bus lines, longer wait times for buses, and the elimination of evening and weekend service on some bus lines. Service reductions, accompanied by several significant fare increases since 2000, have caused ridership to fall by 20 percent during this period.[1] Analysts have warned of an impending MCTS budget crisis which could result in a shortfall of more than $20 million by 2011, threatening the long-term viability of the system.[2] Meanwhile, the region's other principal transit provider, Waukesha Metro Transit, has faced budgetary pressures of its own, reducing service by 48 route miles between 2001 and 2007.

This study examines the impact of these recent transit service reductions on economic development in the Milwaukee metropolitan area. We do so specifically by examining how access to job locations in the region has been affected by cutbacks in regional transit service. Using data from the Wisconsin Department of Workforce Development, we identify the locations of all employers in the 4-county region (Milwaukee, Ozaukee, Waukesha, and Washington counties) in the years 2001 and 2007. We then determine which of these employers were accessible by transit in 2001, and which employers were accessible in 2007 following the service reductions implemented during the previous seven years. We find that 1,713 fewer employers were located within walking distance of a bus stop in 2007 than in 2001. The percentage of employers in the 4-county region located within walking distance of a bus stop decreased from 63 percent to 55 percent during the same period.

This study also considers the impact of future service reductions on job accessibility in the region. Using a projected bus route structure for the year 2010 developed by the Southeastern Wisconsin Regional Planning Commission (SEWRPC) and MCTS, we find that the number of workplaces served by transit could fall by an additional 4,125 employers from 2007 to 2010

[1] Public Policy Forum, *Milwaukee County's Transit Crisis: How Did We Get Here and What Do We Do Now?* (2008).
[2] Ibid.

unless new revenue sources are identified. This would reduce the percentage of employers in the 4-county region accessible by transit from 63 percent in 2001 to 45 percent in 2010.

There is a growing national consensus that strong, healthy public transit systems are essential to the economic well-being of metropolitan regions. As evidence of this, local business leaders in cities around the country—including Milwaukee—are some of the most vocal champions of public transit. Good public transit systems are necessary to attract footloose capital in today's global economy. In making decisions about where to locate corporate headquarters or new production facilities, businesses routinely include a region's public transit system among the factors to be evaluated.[3] Transit helps connect workers to jobs, a function particularly important in cities like Milwaukee with large low-income populations lacking access to automobiles.[4] Transit reduces traffic congestion that can impose substantial costs on business through increased employee absenteeism, shorter workdays, and lower worker productivity. Transit also improves accessibility to traditional employment centers, particularly downtown business districts, helping to maintain these areas as vibrant business locations despite the decentralizing effects of urban sprawl.

While several recent studies have examined the challenges facing public transit in the Milwaukee region, none has focused directly on the impact of the transit crisis on regional economic development.[5] This study brings empirical evidence to bear on the aspect of the crisis which we believe will ultimately have the greatest impact on the regional economy—access to employment opportunities. We argue that the region's economic future hinges in no small part on a successful resolution of this crisis.

II. Overview of Regional Transit Service

There are two principal public transit providers in the Milwaukee region: MCTS and Waukesha Metro Transit. MCTS operates bus service within Milwaukee County. It also operates the Ozaukee County Express, which provides limited bus service (one bus route) between the

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[3] Joel Rast and Virginia Carlson, "When Boeing Landed in Chicago: Lessons for Regional Economic Development." *State and Local Government Review* 38 (2006): 1-11.

[4] See Joel Rast, *Transportation Equity and Access to Jobs in Metropolitan Milwaukee.* Milwaukee: UWM Center for Economic Development (2004).

[5] Recent studies focusing on public transit in Milwaukee include Public Policy Forum, *Milwaukee County's Transit Crisis*; Southeastern Wisconsin Regional Planning Commission, "SEWRPC Community Assistance Planning Report No. 279: Milwaukee County Transit System Development Plan: 2009-2013, Preliminary Draft" (2007); and Thomas A. Rubin, *Milwaukee Transit Study: Preliminary Phase I Findings* (2008).

cities of Milwaukee and Port Washington. Waukesha Metro Transit serves the city of Waukesha and outlying areas of Waukesha County. Several bus routes operated by Wisconsin Coach Lines for Waukesha Metro Transit provide service between Waukesha County and downtown Milwaukee. In addition, MCTS Route 10 provides a link between the MCTS and Waukesha Metro Transit systems at Brookfield Square, allowing MCTS passengers to reach destinations in the city of Waukesha, and vice-versa. The other transit provider in the region is the Washington County Commuter Express, which provides limited service (one bus route) between Washington County and the city of Milwaukee.

MCTS operates the largest transit system in the region, and it is MCTS which implemented the most extensive service reductions from 2001-2007, although both Waukesha Metro Transit and the Washington County Commuter Express also reduced service during this period. Map 1 shows the transit system for the 4-county Milwaukee region during the year 2001, the year in which the recent series of service reductions began. Map 1 includes MCTS, Waukesha Metro Transit, the Ozaukee County Express, and the Washington County Commuter Express. As Map 1 shows, bus service in 2001, prior to the recent service reductions, was largely concentrated in Milwaukee County and the City of Waukesha. All bus routes combined covered a total of 1,273 miles, including 957 miles operated by MCTS, 265 miles operated by Waukesha Metro Transit, and 51 miles operated by the Washington County Commuter Express (see Appendix A for detail).[6]

From 2001-2007, MCTS experienced a combination of revenue shortfalls and increased operating expenses that resulted in major service reductions. The key causes behind the MCTS budget crisis have been detailed elsewhere.[7] However, they will be briefly recounted here. Since 2000, MCTS has experienced a substantial increase in operating expenses, driven in large part by a rise in fuel and employee benefits costs during the past several years. MCTS revenues—which include state and federal funding, a county property tax levy, and farebox revenues—have increased at a slower pace than operating expenses, forcing MCTS to reduce service in order to close the budget gap. MCTS has also deferred new bus purchases and other capital investments in recent years to make additional funds available for bus operations.

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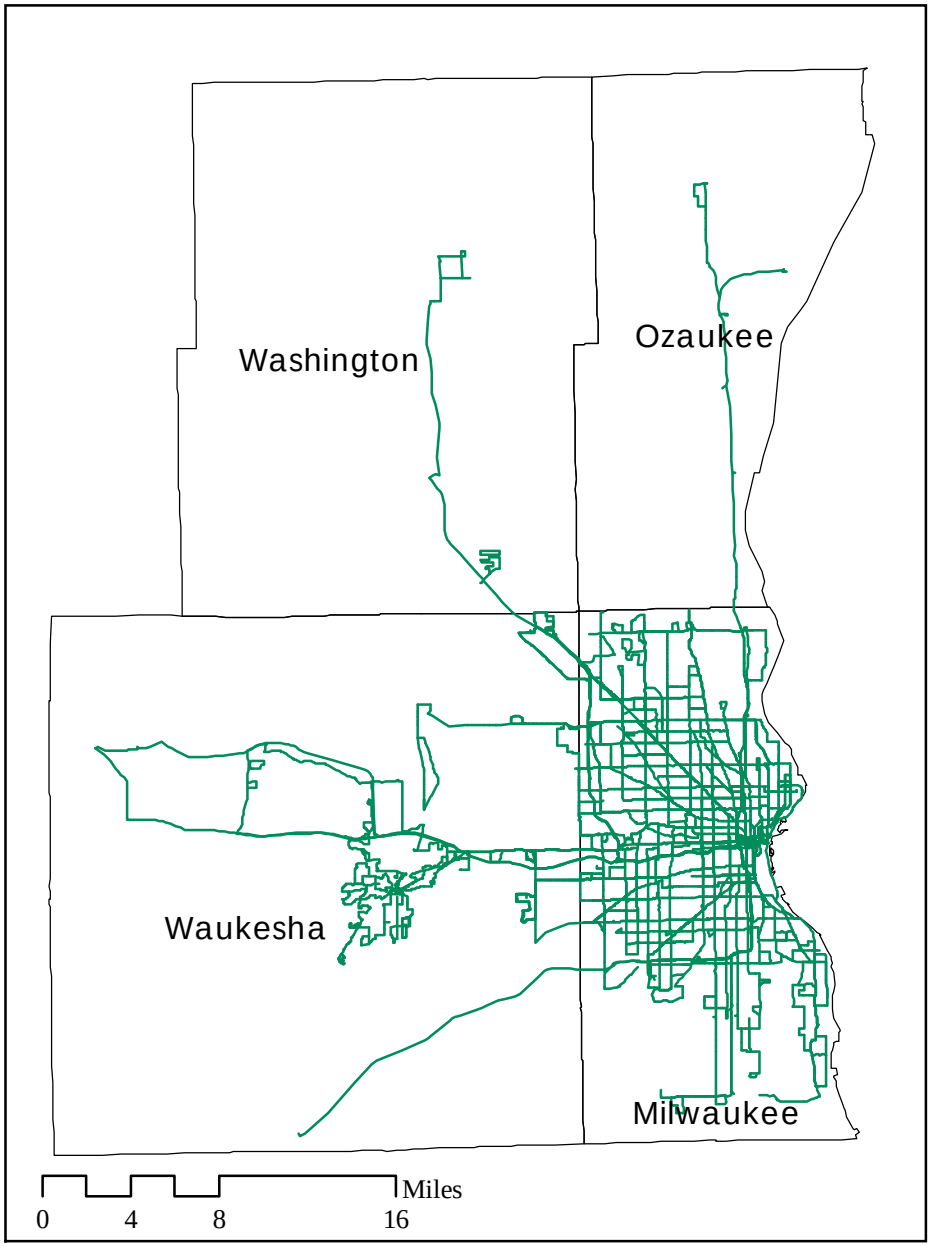
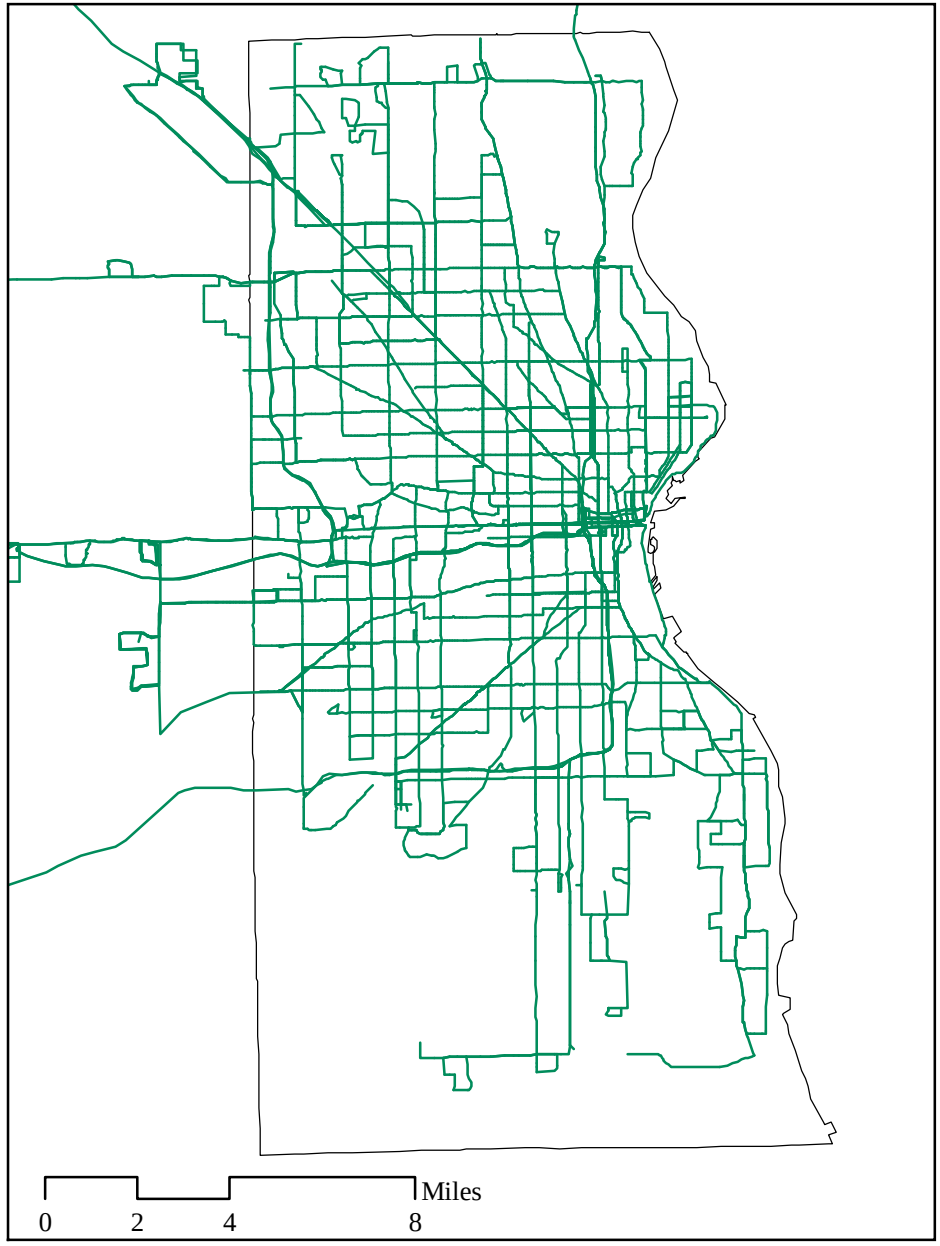
[6] Bus route mileage for all transit providers represents the sum total of all bus lines combined for each system, as calculated by CED.

[7] For an exhaustive analysis of the MCTS budget crisis see Public Policy Forum, *Milwaukee County's Transit Crisis*. See also "SEWRPC Community Assistance Planning Report No. 279."

Map 1. Bus Routes for the Milwaukee Metropolitan Area in 2001





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Bus Routes

County Boundaries

Source: Milwaukee County Transit System, Waukesha Metro Transit, Washington County Commuter Express.
Created by UW-Milwaukee Center for Economic Development, 2008

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Map 2 shows the regional transit system during the year 2007 after service reductions by MCTS, Waukesha Metro Transit, and the Washington County Commuter Express had been implemented. Total bus route miles fell from 1,273 in 2001 to 1,037 in 2007, a decrease of 18.5 percent. This includes a reduction of 180 miles by MCTS, a reduction of 48 miles by Waukesha Metro Transit, and a reduction of 8 miles by the Washington County Commuter Express.[8] MCTS alone eliminated 23 bus routes during this period (see Appendix A).

III. Job Locations Served by Transit, 2001 and 2007

How have these reductions in transit service affected access to job locations in the 4-county metropolitan region? To answer this question, we first created GIS maps of all bus routes, including bus stops, in the regional transit system for two separate years: 2001 and 2007. Next, we identified the locations of all employers in the 4-county region for each of those years, 2001 and 2007, using SNAP data from the Wisconsin Department of Workforce Development. The SNAP database contains the addresses of all Wisconsin employers covered under the state's unemployment insurance laws. This includes private business establishments, nonprofit organizations, and government agencies. Maps 3 and 4 show the locations of employers and bus lines for the years 2001 and 2007. According to the SNAP data for those years, there were a total of 38,837 employers in the 4-county region in 2001. By 2007, that figure had risen to 41,450 employers.

Our final step was to determine how many employers were located within walking distance of bus stops in 2001, and how many were located within walking distance in 2007 following the service cuts of the previous six years. The general guideline for transit planning is that most people will walk ¼ mile to get to a bus stop.[9] While some people are willing to walk further than this, transit use declines significantly as distances exceed ¼ mile. In this study, we follow standard industry practice and use ¼ mile as our measure of accessibility. Using GIS analysis, we drew ¼ mile buffers (or circles) around each bus stop in the regional transit system.

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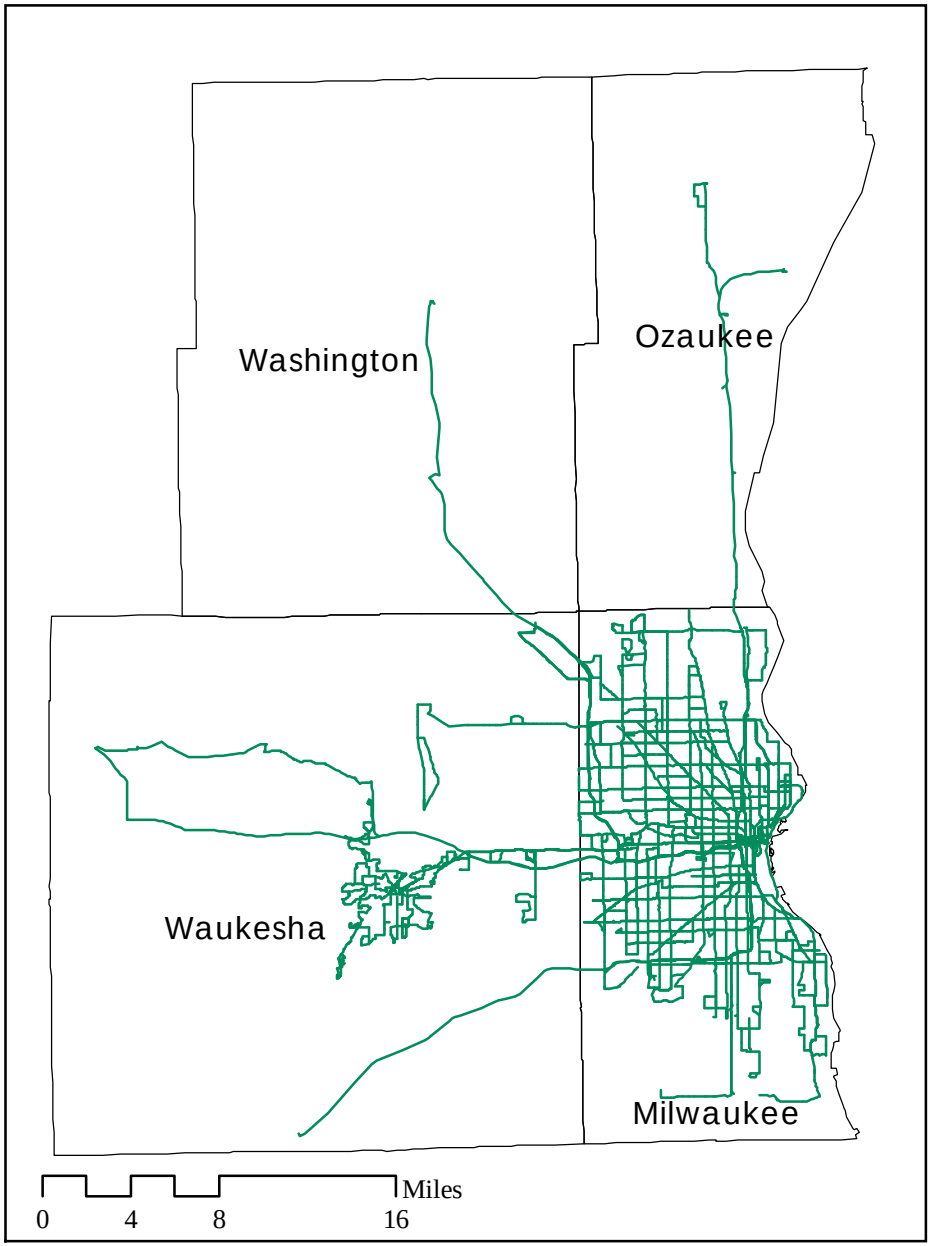
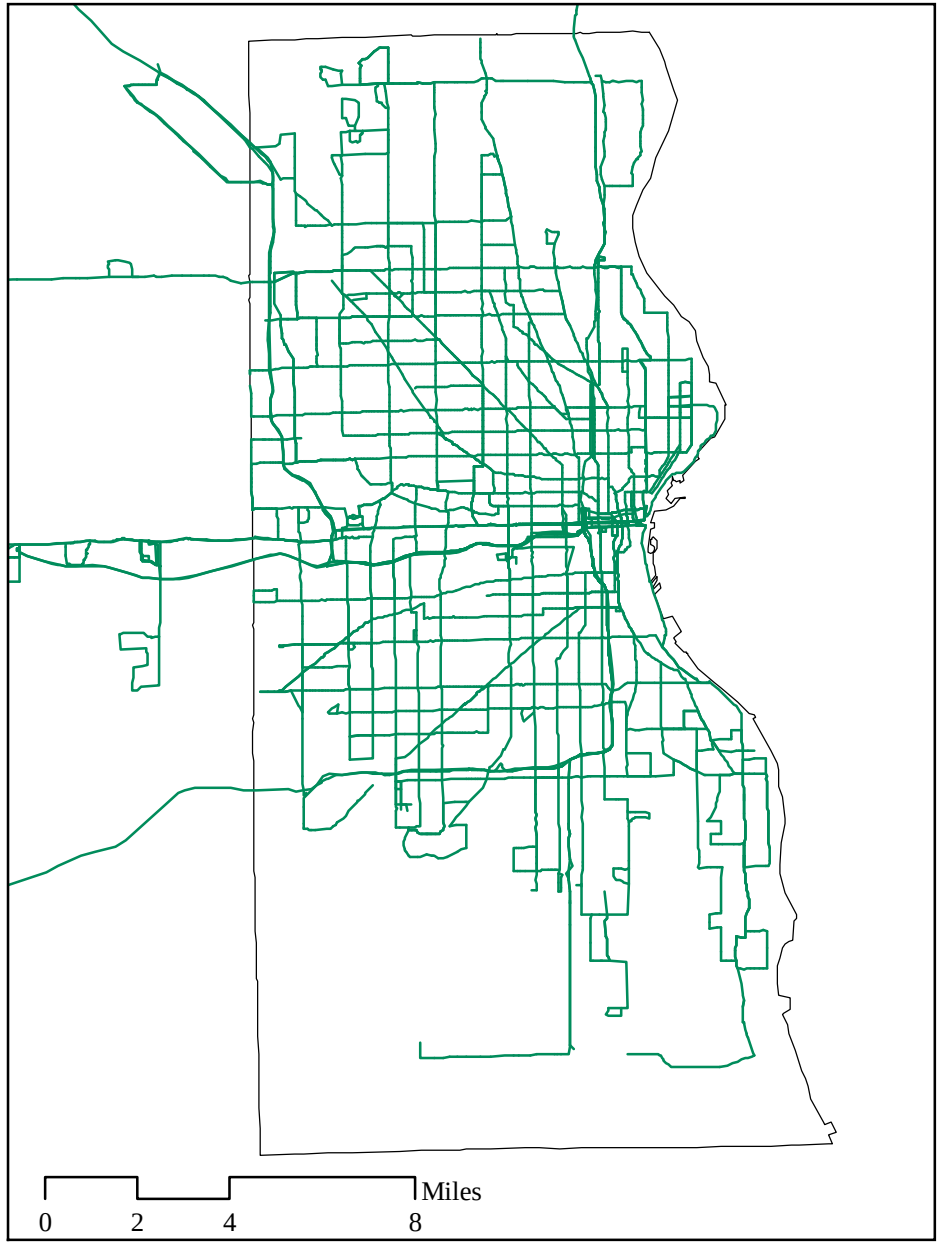
[8] All of the service reductions in Waukesha County involve the elimination or shortening of bus lines operated by Wisconsin Coach Lines for Waukesha Metro Transit.

[9] See Sean O'Sullivan and John Morrall, "Walking Distances to and from Light-Rail Transit Stations." Transportation Research Record 1538. Transportation Research Board, Washington, DC (1995): 19-26; and Fang Zhao, Lee-Fang Chow, Min-Tang Li, Albert Gan, and Ike Ubaka, "Forecasting Transit Walk Accessibility: A Regression Model Alternative to the Buffer Method." Paper presented at the annual meeting of the Transportation Research Board, Washington, DC (2003).

Map 2. Bus Routes for the Milwaukee Metropolitan Area in 2007





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Bus Routes

County Boundaries

Source: Milwaukee County Transit System, Waukesha Metro Transit, Washington County Commuter Express.
Created by UW-Milwaukee Center for Economic Development, 2008

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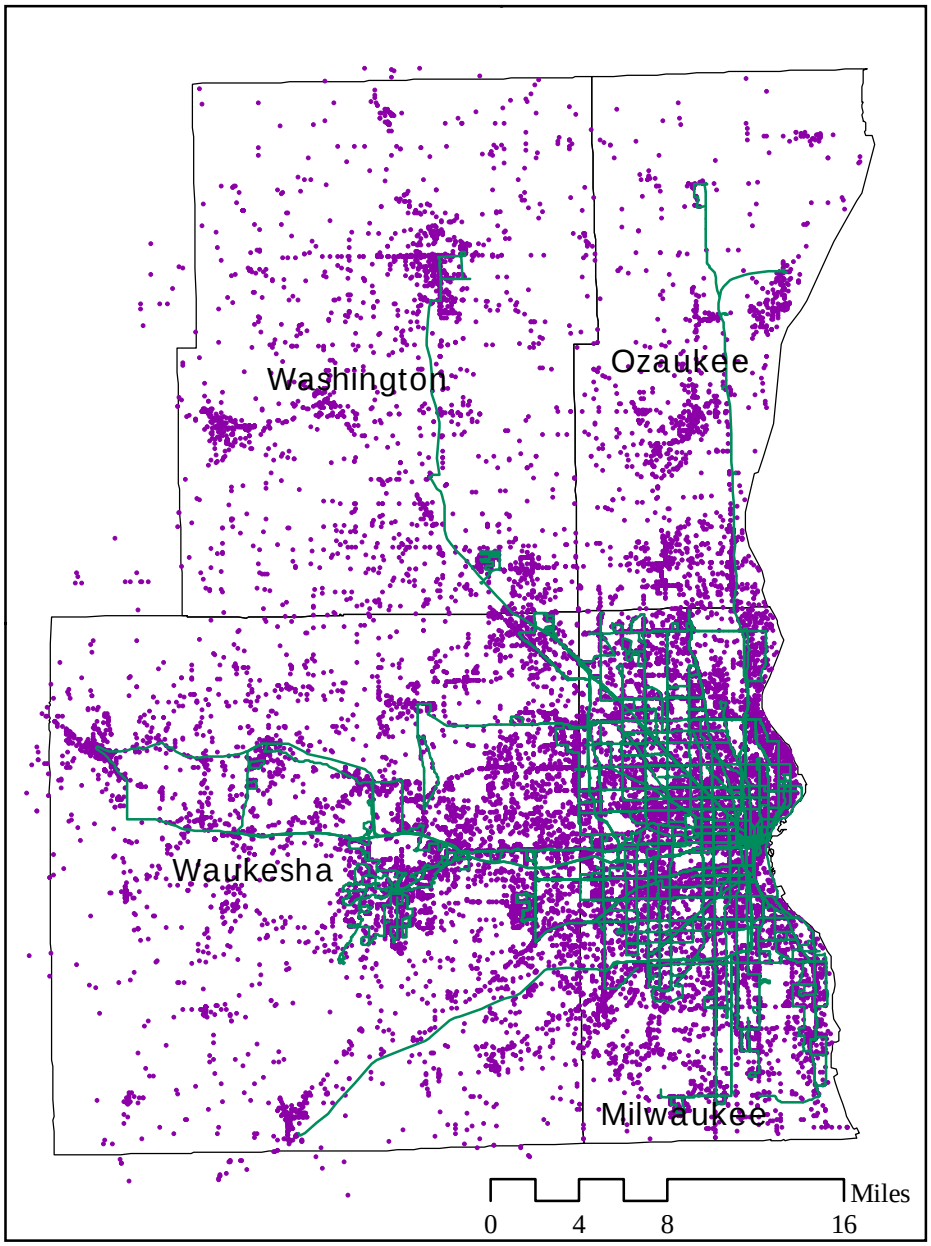
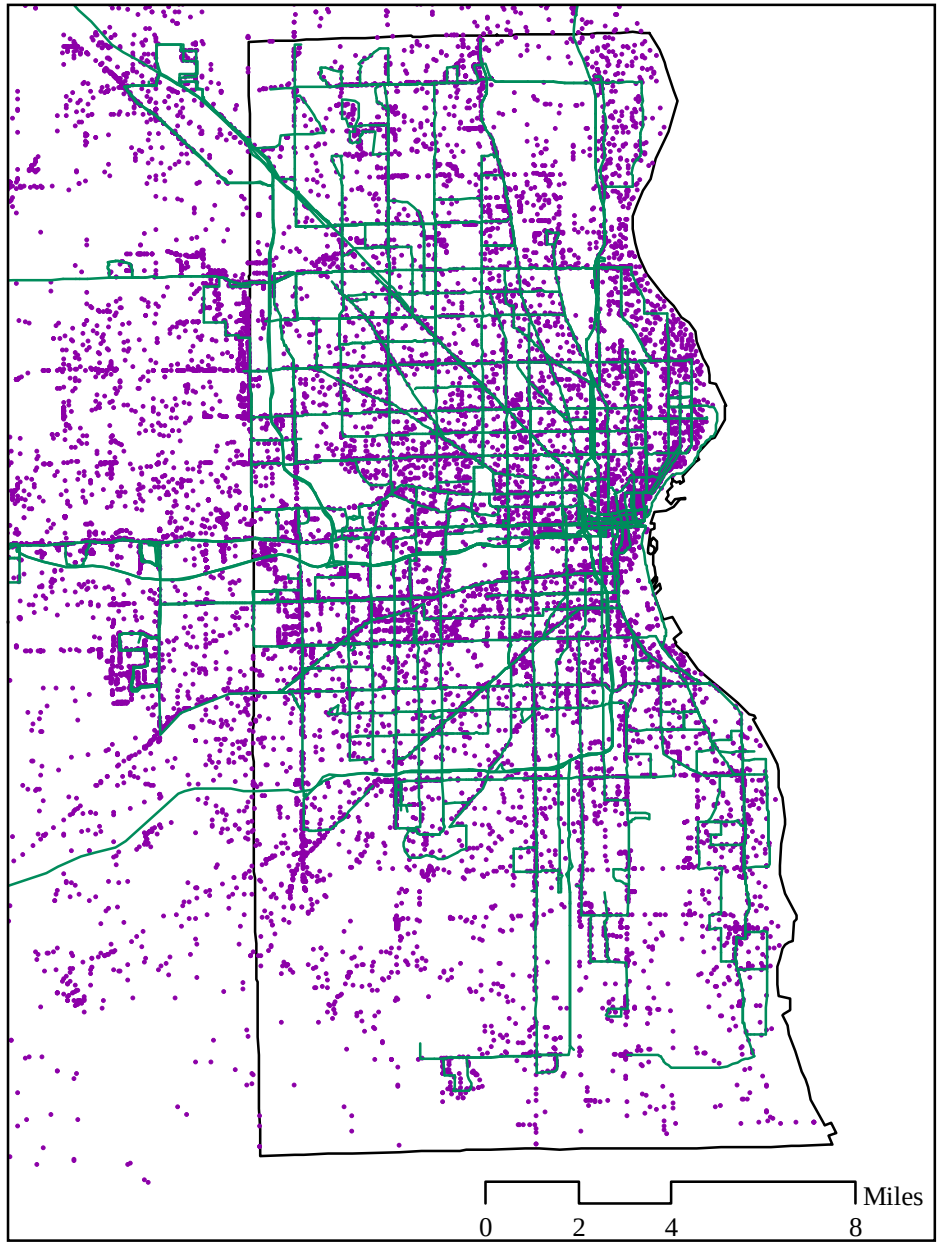
Map 3. Employer Locations and Bus Routes for the Milwaukee Metropolitan Area in 2001





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- **Employer Locations**
- **Bus Routes**
- **County Boundaries**

Source: Milwaukee County Transit System, Waukesha Metro Transit, Washington County Commuter Express, and Wisconsin Department of Workforce Development.
Created by UW-Milwaukee Center for Economic Development, 2008

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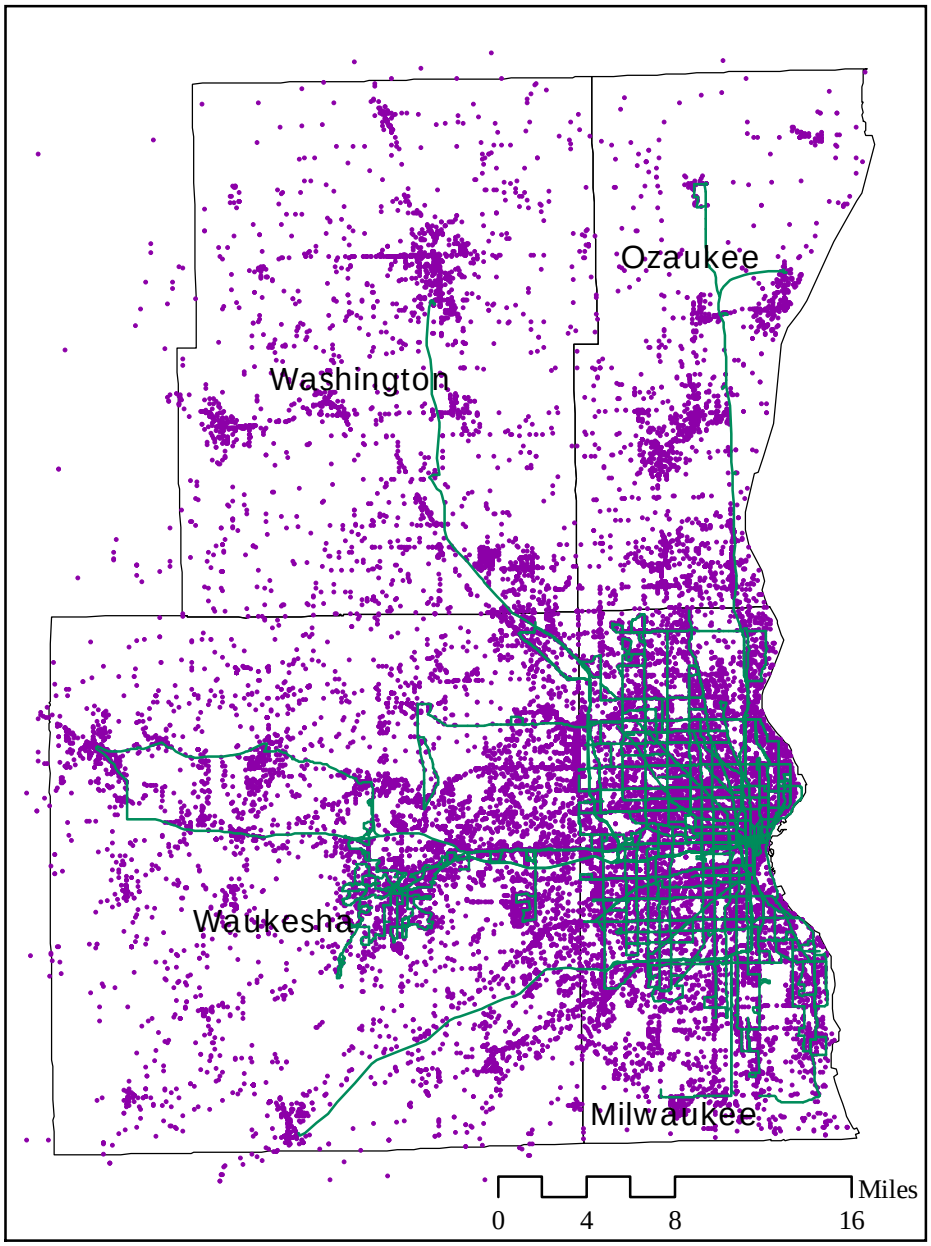
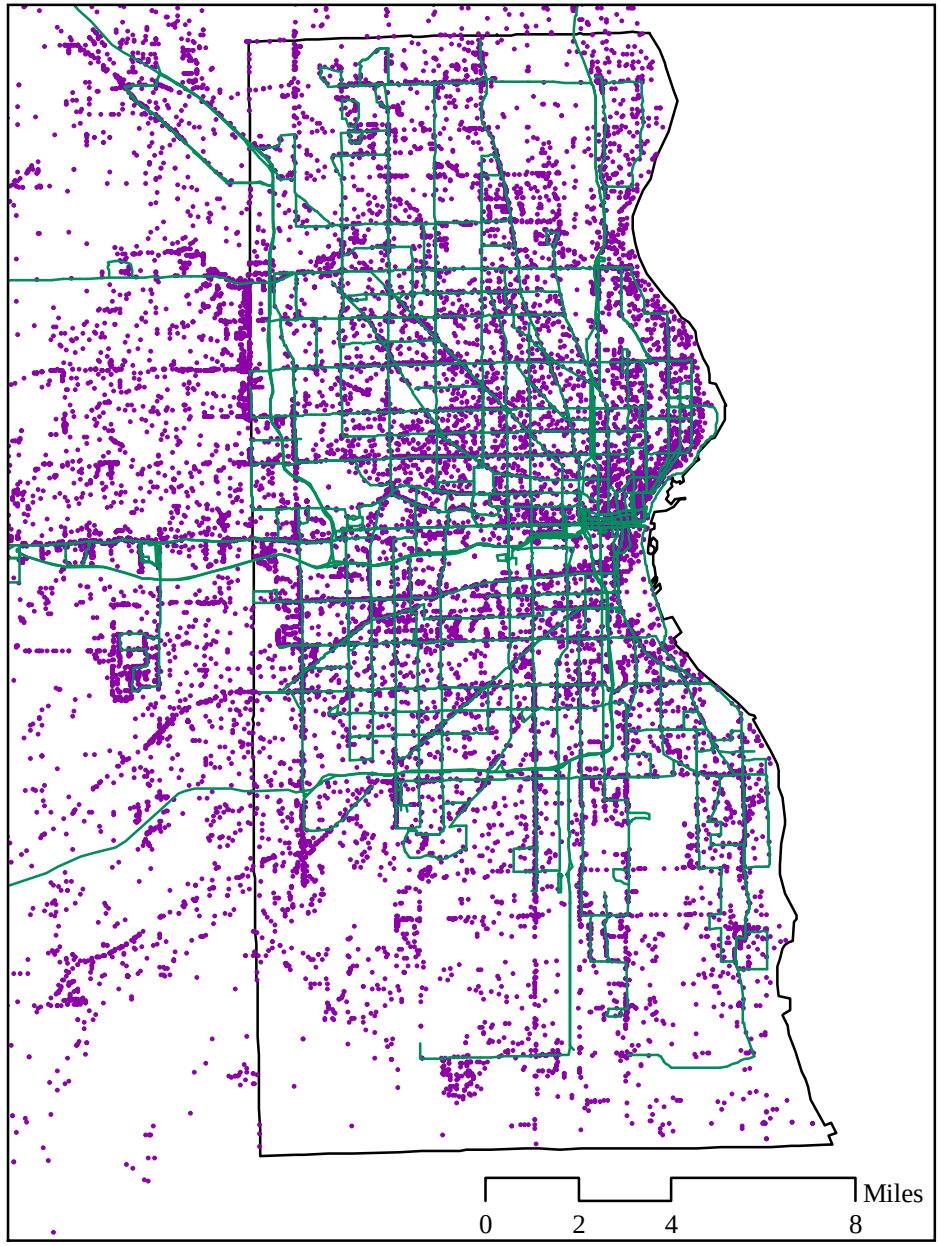
Map 4. Employer Locations and Bus Routes for the Milwaukee Metropolitan Area in 2007





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- Employer Locations
- Bus Routes
- County Boundaries

Source: Milwaukee County Transit System, Waukesha Metro Transit, Washington County Commuter Express, and Wisconsin Department of Workforce Development.
Created by UW-Milwaukee Center for Economic Development, 2008

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All job locations within the buffers were designated as accessible by transit, while those located outside of the buffers were designated as inaccessible.

Using this measure of accessibility, our analysis shows that:

- In 2001, 24,457 employers (63 percent of all employers in the 4-county region) were located within walking distance of a bus stop.
- In 2007, 22,744 employers (55 percent of all employers in the 4-county region) were located within walking distance of a bus stop.

Due largely to transit service reductions, 1,713 fewer employers were located within walking distance of a bus stop in 2007 than in 2001.

Considering that the overall size of the regional transit system—measured in total route miles—shrank by nearly 20 percent between 2001 and 2007, it may seem surprising that the number of employers accessible by transit did not fall by an even greater amount than it did during this period. This is explained by the fact that employers, particularly those located in densely populated areas like the city of Milwaukee, are sometimes served by more than one bus route. In such cases, the elimination of a bus line does not result in the loss of bus service to the employer. It does, however, curtail transit options available to employees.

In addition to examining how access to job locations has been affected by transit service reductions, we also gathered data on the number of workers at each job location currently or formerly served by transit in order to determine the employment impacts of transit cuts. Unfortunately, SNAP data does not include precise information on the number of employees at individual workplaces. Rather, it provides a range (1-4 workers, 5-9 workers, etc.) for each employer.

This information, while less precise than we would like, is nevertheless useful in getting a sense of the employment impacts of transit service cuts from 2001-2007. To do so, we examined employment figures for workplaces located in areas that had transit service in 2001 but which had lost service by 2007. Table 1 provides employment ranges for all such establishments. Thus, for example, in 2007 there were 792 employers with between 1 and 4 workers located in areas formerly served by transit. Likewise, there were 487 employers with between 5 and 9 workers, and so on. These figures indicate that the employment impacts of transit service reductions have

been substantial. Using the lowest end of our employment range, Table 1 indicates that, *at a minimum*, 40,507 jobs became inaccessible by transit between 2001 and 2007 due to service cuts. The actual number is, in all likelihood, substantially higher.

Table 1. Employers Located in Areas No Longer Served by Transit, 2007

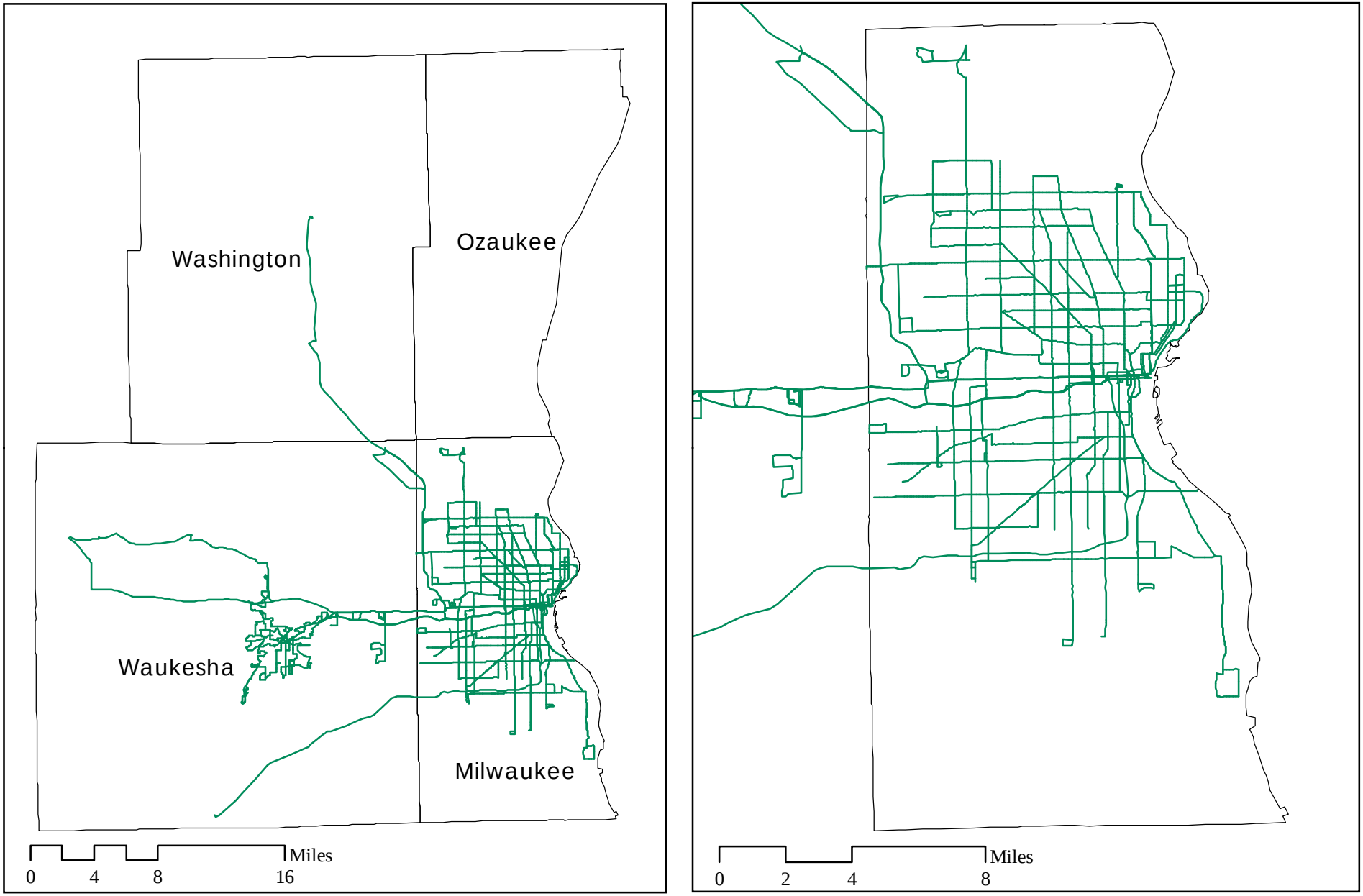
Number of Employers	Number of Workers	Minimum Total Workers
792	1-4	792
487	5-9	2,435
441	10-19	4,410
356	20-49	7,120
133	50-99	6,650
81	100-249	8,100
20	250-499	5,000
8	500-999	4,000
2	1000+	2,000

IV. Job Locations Served by Transit, 2010

While the service cuts implemented by regional transit providers from 2001-2007 are already substantial, analysts predict that considerably more drastic reductions will be required during the next several years if new revenue sources are not identified. In a 2007 report, SEWRPC estimated that MCTS alone would need to reduce total vehicle hours of service from 1,433,500 hours in 2005 to 894,000 hours by 2010, a 35 percent service reduction.[10] Based on these calculations, MCTS recently developed a projected bus route structure for the year 2010.[11] Map 5 shows the 2010 route structure developed by MCTS, along with the 2007 route structures of Waukesha Metro Transit and the Washington County Commuter Express.[12] Under this scenario, regional bus service—measured in total route miles—would be cut in half, falling from 1,273 miles in 2001 to just 579 miles in 2010. All freeway flyers operated by MCTS would be eliminated, along with the Ozaukee County Express. Most areas of Milwaukee County outside Milwaukee city limits would no longer be served by transit. Table 2 shows bus route miles by individual transit provider for 2001, 2007, and 2010.

[10] See "SEWRPC Community Assistance Planning Report No. 279."
[11] The projected route structure developed by MCTS is a modified version of one of two scenarios developed by SEWRPC in "Community Assistance Planning Report No. 279." See p. 28.
[12] Our projected 2010 route structure for the regional transit system does not include service reductions by Waukesha Metro Transit and the Washington County Commuter Express from 2007-2010 because no 2010 forecasts have been developed for either system.

Map 5. Projected Bus Routes for the Milwaukee Metropolitan Area in 2010



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- **Bus Routes**
- **County Boundaries**

Source: Milwaukee County Transit System, Waukesha Metro Transit, Washington County Commuter Express.
Created by UW-Milwaukee Center for Economic Development, 2008

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Table 2. Bus Route Miles, 2001, 2007, 2010

Transit System	2001 Miles	2007 Miles	2010 Miles (Projected)
MCTS	957.1	777.3	319.0
WMT	264.9	216.6	216.6
WCCE	50.8	42.9	42.9
Total	1,272.8	1,038.8	578.5

Given the virtual certainty of additional service cuts by MCTS if new revenue sources are not tapped, we wanted to examine how future reductions in regional transit service could impact access to job locations. To do so, we used the projected bus route structure developed by MCTS for the year 2010, as described above. Again, this scenario assumes that transit service will have to be reduced by 35 percent between 2005 and 2010 if current budgetary trends continue.

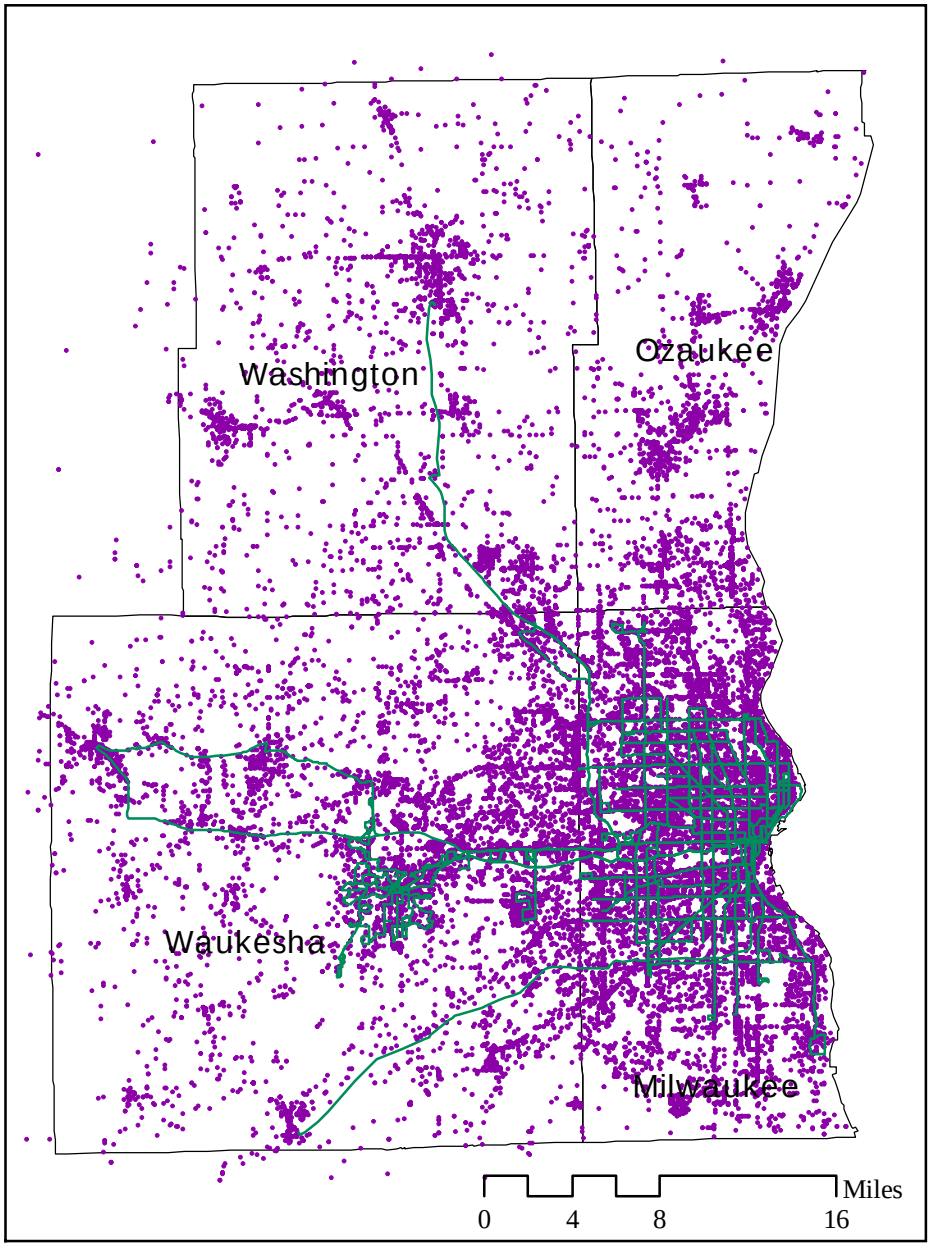
By combining the 2007 SNAP regional employer data with the projected 2010 bus route structure, we were able to forecast transit service for individual employers for the year 2010 in the same way we did for the years 2001 and 2007. That is, we drew ¼ mile buffers around each bus stop in the projected 2010 transit system and determined the number of employers located both within these areas and outside these areas. Map 6 shows the locations of employers and projected bus lines for the year 2010.

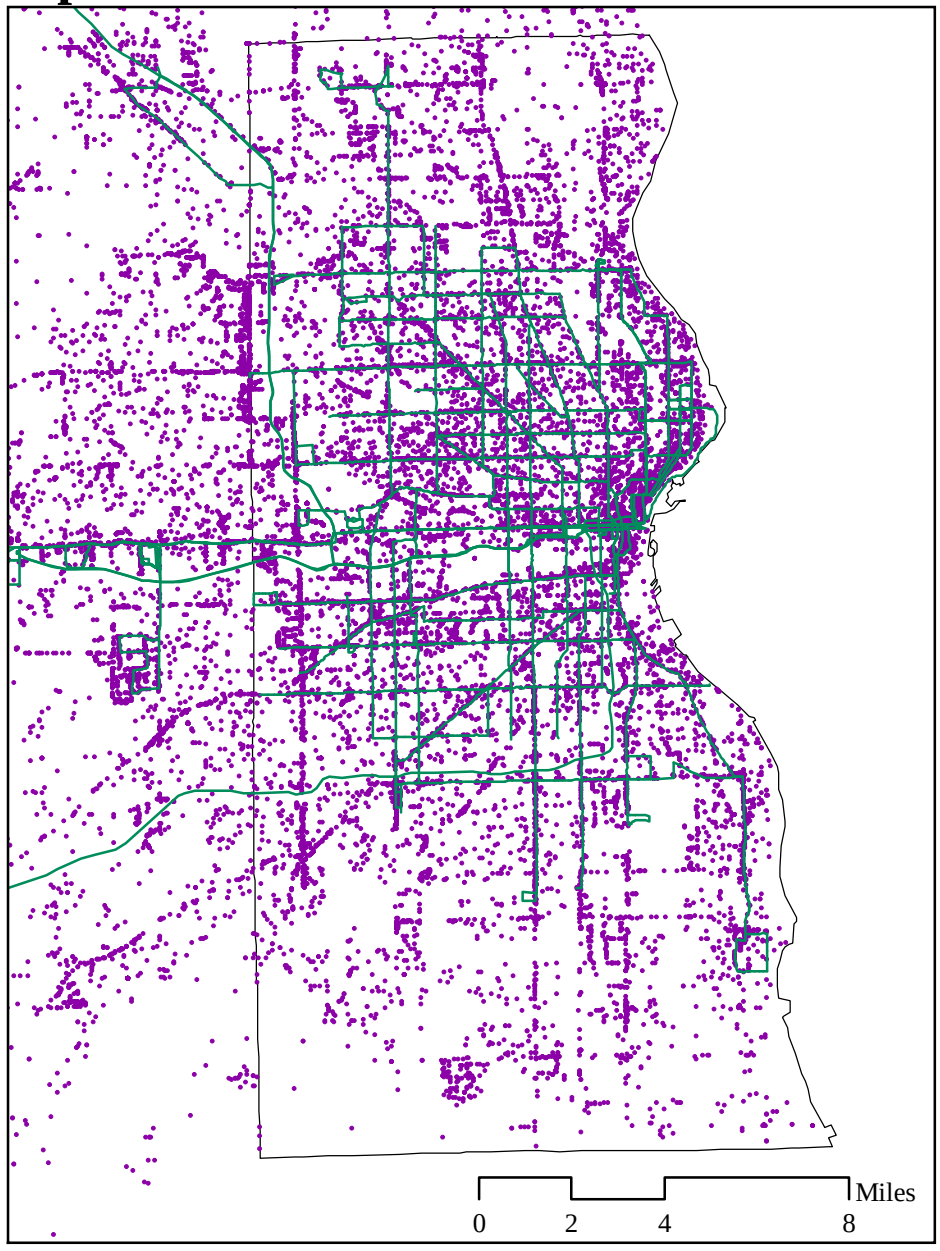
Our analysis forecasts that under this scenario:

- 18,619 employers (45 percent of all employers in the 4-county region) will be located within walking distance of a bus stop in 2010.

Table 3 combines our projections of transit service to employers for the year 2010 with our analysis of service in 2001 and 2007 detailed above. As Table 3 shows, we expect that the number of employers within ¼ mile of a bus stop will fall from 24,457 in 2001 to just 18,619 by 2010, a drop of 24 percent. Under this scenario, a total of 5,838 fewer employers will be served by transit in 2010 than in 2001. This assumes, of course, that predictions of a 35 percent MCTS service reduction from 2005 to 2010 are accurate. Map 7 displays this information visually, highlighting bus routes or route segments that have already been discontinued or that may be discontinued by 2010.

Map 6. Employer Locations and Projected Bus Routes for the Milwaukee Metropolitan Area in 2010





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- Employer Locations
- Bus Routes
- County Boundaries

Source: Milwaukee County Transit System, Waukesha Metro Transit, Washington County Commuter Express, and Wisconsin Department of Workforce Development.
Created by UW-Milwaukee Center for Economic Development, 2008

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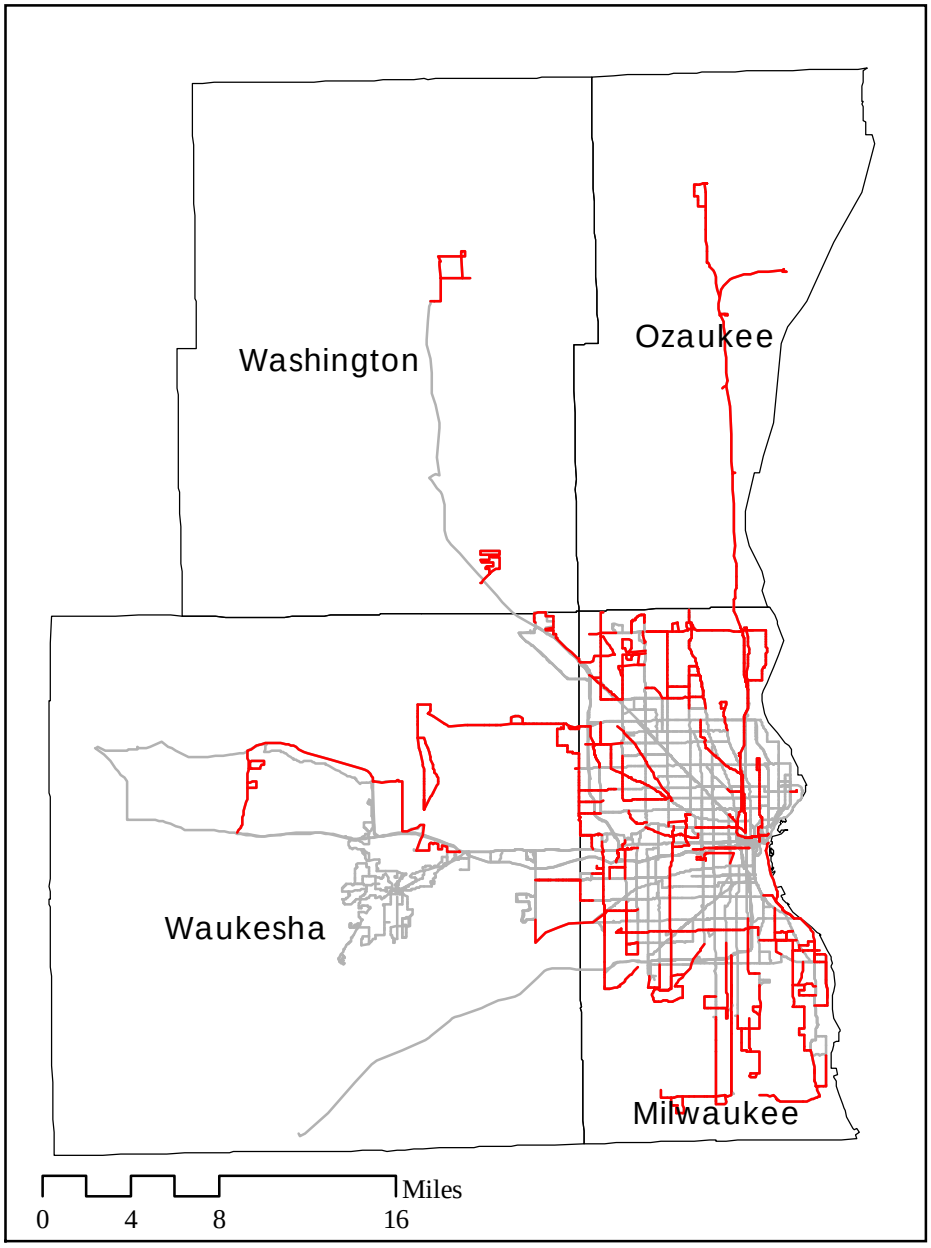
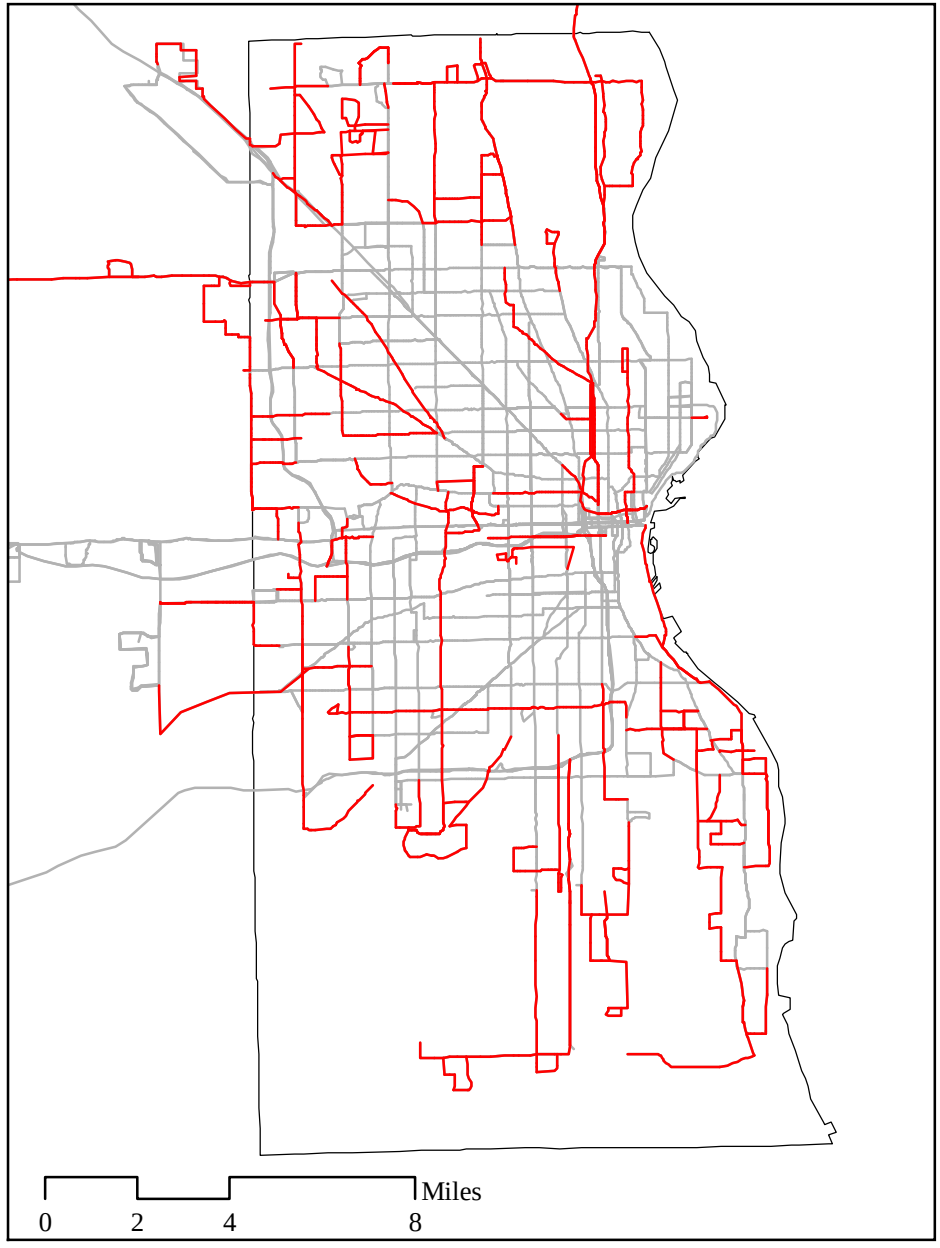
Map 7. Regional Transit System, 2001 and 2010 (Projected)





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- Discontinued Bus Routes Under 2010 Projection
- Bus Routes in 2001
- County Boundaries

Source: Milwaukee County Transit System, Waukesha Metro Transit, Washington County Commuter Express.
Created by UW-Milwaukee Center for Economic Development, 2008

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Table 3. Employers Served by Transit, 2001, 2007, 2010

Year	Number of Employers within ¼ Mile of Bus Stop	Percent of Employers within ¼ Mile of Bus Stop
2001	24,457	63 percent
2007	22,744	55 percent
2010	18,619	45 percent

These service cuts, should they be implemented, will have far-reaching effects on access to jobs in the 4-county region. Table 4 provides employment data for workplaces located in areas which were served by transit in 2001 but which have either already lost service or would lose service by 2010 under the above scenario. Again, using the lowest end of our employment range, Table 4 shows that *at least* 101,066 jobs in locations formerly accessible by transit will become inaccessible if the anticipated service cuts are implemented. Once again, because our data source provides a range rather than a precise figure for numbers of workers at individual establishments, the actual figure is quite likely to be far higher than this.

Table 4. Employers Located in Areas No Longer Served by Transit, 2010 (Projected)

Number of Employers	Number of Workers	Minimum Total Workers
2,186	1-4	2,186
1,234	5-9	6,170
1,048	10-19	10,480
829	20-49	16,580
336	50-99	16,800
211	100-249	21,100
55	250-499	13,750
16	500-999	8,000
6	1000+	6,000

V. Route-Specific Analysis

In addition to identifying the overall number of employers who lost transit service between 2001 and 2007, we also examined bus routes individually to see where service reductions had the most pronounced effect on access to job locations. Each bus route that was no longer in service by 2007 was examined to determine the number of employers that were affected. Table 5 lists the bus routes whose elimination had the greatest impact on access to job locations. As Table 5 indicates, the elimination of Waukesha Metro Transit Route 302 had the greatest impact on access to employment, resulting in the loss of transit service to 502 job

locations.[13] A total of 1,175 employers lost transit service between 2001 and 2007 through the elimination of the six bus routes listed in Table 5.

Table 5. Service Impacts of Eliminated Bus Routes

Eliminated Bus Route	Number of Employers within ¼ Mile of Former Bus Stop
WMT No. 302	502
MCTS No. 9	172
WMT No. 304	142
MCTS No. 227	126
MCTS No. 106	117
MCTS No. 104	116

VI. Policy Recommendations

What can be done to reverse the downward spiral of public transit in the Milwaukee region and restore service to at least what it was in 2001? As others have argued, absent an unlikely infusion of federal or state transit funds, a dedicated local funding source for transit will need to be identified.[14] Currently, local funding for both MCTS and Waukesha Metro Transit comes from a county property tax levy. This means that transit competes with other county-run services during each budget cycle for a share of property tax revenues. In Milwaukee County, intense competition for local revenues, coupled with several years of steadfast opposition by the county executive to an increase in the property tax levy, has prevented the local portion of the MCTS budget from rising to help pay for growing operating costs.

This arrangement, particularly for a large transit system like MCTS, is highly unusual. With few exceptions, major metropolitan transit systems in the U.S. are funded through dedicated sources. Funding sources include motor vehicle taxes, gasoline taxes, parking taxes, income and payroll taxes, and sales taxes. Table 6 identifies sources of transit funding for Milwaukee and peer regions.

As Table 6 suggests, the most common local funding mechanism for transit in major metropolitan areas is a regional sales tax. The use of sales taxes to raise dedicated funds for public transit is advantageous for a number of reasons. First, it distributes the tax burden widely. In Milwaukee County, for example, the use of property taxes to fund public transit places the

[13] Route 302 was operated by Wisconsin Coach Lines for Waukesha Metro Transit.
[14] See Public Policy Forum, *Milwaukee County's Transit Crisis*.

entire local tax burden for transit on a relatively narrow segment of the regional population—property owners in Milwaukee County. A county sales tax, by contrast, would redistribute that burden to include residents of neighboring counties, tourists, and others who benefit from the transit services MCTS provides but do not currently pay local taxes to support them.

Table 6. Sources of Transit Funding, Selected Cities

City	Local Transit Revenue Source	Amount Dedicated to Transit	Overall Sales Tax
Atlanta	Sales tax	1 percent	8 percent
Baltimore	Vehicle tax, state general fund	None	5 percent
Boston	Sales tax	1 percent	5 percent
Cleveland	Sales tax	1 percent	7.75 percent
Dallas	Sales tax	1 percent	8.3 percent
Denver	Sales tax	1 percent	7.6 percent
Detroit	Appropriations from state/city	None	6 percent
Houston	Sales tax	1 percent	8.25 percent
Milwaukee	County property tax	None	5.6 percent
Phoenix	Sales tax	.4 percent	8.1 percent
Pittsburgh	State transit fund, general funds	None	7 percent
Portland, OR	Payroll tax	.66 percent	None
St. Louis	Sales tax	.75 percent	6.1 percent
San Diego	Sales tax, gas tax	.42 percent (sales tax)	7.8 percent
San Francisco	Sales tax, gas tax, parking tax	1.05 percent (sales tax)	8.8 percent
San Jose	Sales tax, gas tax	.75 percent (sales tax)	8.25 percent
Seattle	Sales tax	.8 percent	8.8 percent

Source: Transit for Livable Communities, "Sources of Funding for Public Transit in Peer Regions" (2008). http://www.tlcminnesota.org/

Because of its broad base, a regional sales tax has the additional advantage of raising substantial revenues even with a very small increase in the tax rate. A sales tax increase of just .5 percent in a metropolitan-area county can produce annual revenues of between $50 and $75 per capita.[15] In Milwaukee County, a 1 percent sales tax increase would generate an estimated $130 million in additional revenues per year.[16]

The main disadvantage of a sales tax is that, unless it is modified in some way, it is highly regressive. Wisconsin already modifies its sales tax to exclude such necessities as

[15] See Todd Goldman and Martin Wachs, "A Quiet Revolution in Transportation Finance: The Rise of Local Option Transportation Taxes." *Transportation Quarterly* 57 (2003): 19-32.
[16] Steve Schultze, "Milwaukee County Board Approves Referendum on Sales Tax Increase." *Milwaukee Journal-Sentinel*, June 26, 2008.

groceries. Other states have gone further than this, developing programs to provide tax rebates for low-income residents to offset the regressive impacts of sales taxes. For example, the state of Washington passed legislation in 2008 under which low-income persons who qualify for the federal Earned Income Tax Credit can apply for a state rebate of 5 percent of their federal credit. The amount increases to 10 percent in 2011. Funding for the program must be approved by the legislature during each budget cycle. The state of Wyoming operates a similar rebate program for low-income elderly and disabled residents.

We believe that the advantages of a regional sales tax outweigh the disadvantages. Our principal policy recommendation is that both Milwaukee and Waukesha counties should follow the examples of other metropolitan areas around the country and implement a county sales tax to provide a dedicated source of funding for public transit. However, we qualify this recommendation in two ways. First, the sales tax should be modified to make it less regressive. We urge policymakers to carefully examine sales tax rebate programs in states such as Washington and Wyoming and to create a similar offset mechanism for low-income residents of Milwaukee and Waukesha counties. Second, a sales tax to fund transit should be linked to property tax relief. That is, property taxes should be lowered by the amount of the current property tax levy used to support public transit.

A county sales tax for transit would require action by county officials and approval by the governor and the state legislature. We urge officials to take such steps. While few people welcome tax increases, the reality is that they are sometimes necessary to provide vital services. We do not believe that a small increase in the sales tax would represent an unacceptable burden for Milwaukee-area residents and businesses, particularly if it is modified along the lines we suggest and linked to property tax relief. Despite Wisconsin's reputation as a high-tax state, Milwaukee-area residents currently pay less in sales taxes than residents of many other regions. As Table 6 indicates, a 1 percent increase in the sales tax rate would still leave consumers here comparatively better off than many of their counterparts elsewhere. The alternative—to rule out consideration of new local revenue sources and allow regional transit to continue its free fall—would ultimately inflict far greater economic damage on the region.

VII. Conclusion

As we argued early in this report, good public transit is vital to the economic health of metropolitan regions. When a region such as ours allows its transit system to decline, the link between workers and job locations is weakened. Businesses located in areas where transit service has been reduced or eliminated are confronted with an increasingly constricted pool of qualified employees. Many workers find their access to job locations similarly curtailed.

Transit service reductions do not affect all population groups equally. Car ownership is high among middle-income and wealthy residents, freeing such individuals from dependency on public transit to reach workplaces. Many such individuals commute to and from work by bus, but they also have other options. By contrast, low-income residents are far less likely to own a vehicle. In the 4-county Milwaukee region, 42 percent of households below the poverty line do not have access to an automobile.[17] When a job location loses transit service, that establishment no longer represents an accessible workplace for many low-income workers and job seekers.

The role played by transit in connecting low-income residents to jobs is particularly important in the Milwaukee region. Milwaukee currently has the 7th highest poverty rate among major cities in the country, above that of Newark, NJ, Philadelphia, and Cincinnati.[18] Studies show that regions as a whole may suffer economically when their central cities fall into decline.[19] As one such study argues, "The blight of the inner city casts a long shadow. Companies will not grow or thrive in, or move to, a declining environment."[20] Transit could play a key role in reducing the poverty rate in Milwaukee by opening up currently inaccessible job locations for low-income city residents. Such a scenario would both improve prospects for low-income residents and help restore confidence in the regional business climate.

The choices are clear. We can maintain the status quo, avoid making tough decisions, and allow public transit to further deteriorate, perhaps to the point where it is beyond rescue. However, this scenario would be disastrous, not simply for the thousands of residents who depend on transit, but for the regional economy. We can do better than that. State and local

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[17] Joel Rast, *Transportation Equity and Access to Jobs in Metropolitan Milwaukee*, p. 11.
[18] U.S. Bureau of the Census, Income, Earnings and Poverty Data from the 2007 American Community Survey.
[19] See, for example, L. C. Ledebur and W. R. Barnes, "Metropolitan Disparities and Economic Growth: City Distress and the Need for a Federal Local Growth Package." Washington, DC: National League of Cities (1992), and H. V. Savitch, David Collins, Daniel Sanders, and John P. Markham, "Ties that Bind: Central Cities, Suburbs, and the New Metropolitan Region." *Economic Development Quarterly* 7 (1993): 341-357.
[20] Savitch et al., "Ties that Bind," p. 347.

policymakers should act now to follow the examples of other forward-looking regions around the country and create a regional transit system that can propel us into the 21st century. Our economic welfare depends on it.

Appendix A - Bus Routes and Route Changes in 2001, 2007, and 2010

Milwaukee, Wisconsin 4-County Metropolitan Area

(Milwaukee, Ozaukee, Washington, and Waukesha Counties)

	2001	2007			2010 (Projected)a		
Bus Route	Distance (miles)	Distance (miles)	Change (miles)	Code(d)	Distance (miles)	Change (miles)	Code(b)
Milwaukee County Transit System (MCTS)							
1	26.9	0.0	-26.9	X	0.0	-26.9	X
2	10.7	0.0	-10.7	X	0.0	-10.7	X
4BV	10.2	0.0	-10.2	X	0.0	-10.2	X
4H	12.0	0.0	-12.0	X	0.0	-12.0	X
6	16.1	0.0	-16.1	X	0.0	-16.1	X
8	32.2	32.2	0.0	O	0.0	-32.2	X
9	5.1	0.0	-5.1	X	0.0	-5.1	X
10	19.6	19.6	0.0	O	19.6	0.0	O
11	11.7	11.7	0.0	O	9.9	-1.8	S
12	19.5	19.5	0.0	O	14.5	-5.0	S
13	3.9	0.0	-3.9	X	0.0	-3.9	X
14	20.2	20.2	0.0	O	14.1	-6.1	S
15	29.5	29.4	-0.1	S	20.8	-8.7	S
17	0.0	5.2	5.2	N	0.0	0.0	X
18	13.8	13.8	0.0	O	13.6	-0.2	S
19	19.1	19.1	0.0	O	23.0	3.9	L
20	10.8	10.8	0.0	O	0.0	-10.8	X
21	11.1	11.1	0.0	O	13.4	2.3	L
22	6.7	6.5	-0.2	S	6.5	-0.2	S
23	21.7	30.7	9.0	L	16.7	-5.0	S
27	15.7	18.6	2.9	L	14.3	-1.4	S
28	15.3	15.3	0.0	O	0.0	-15.3	X
30 & 30x	18.6	18.6	0.0	O	18.6	0.0	O
31	15.9	15.9	0.0	O	10.6	-5.3	S
35	15.3	17.2	1.9	L	10.0	-5.3	S
39	10.4	10.4	0.0	O	0.0	-10.4	X
40	14.4	14.4	0.0	O	0.0	-14.4	X
42	16.2	0.0	-16.2	X	0.0	-16.2	X
43	16.6	16.6	0.0	O	0.0	-16.6	X

44	11.5	11.5	0.0	O	0.0	-11.5	X
45	13.1	8.6	-4.9	S	0.0	-13.1	X
46	13.0	13.0	0.0	O	0.0	-13.0	X
47	11.5	11.5	0.0	O	0.0	-11.5	X
48	17.8	17.8	0.0	O	0.0	-17.8	X
49	20.6	20.6	0.0	O	0.0	-20.6	X
50	10.4	10.4	0.0	O	0.0	-10.4	X
51	9.9	9.9	0.0	O	9.9	0.0	O
52	2.8	0.0	-2.8	X	0.0	-2.8	X
53	9.6	9.6	0.0	O	7.7	-1.9	S
54	7.2	10.3	3.1	L	7.2	0.0	O
55	10.8	10.8	0.0	O	8.7	-2.1	S
57	14.6	10.2	-4.4	S	5.9	-8.7	S
58	13.0	0.0	-13.0	X	0.0	-13.0	X
59	9.4	8.6	-0.8	S	0.0	-9.4	X
60	12.9	12.9	0.0	O	9.9	-3.0	S
61	8.1	8.1	0.0	O	0.0	-8.1	X
62	11.7	11.7	0.0	O	11.7	0.0	O
63	8.2	8.2	0.0	O	8.2	0.0	O
64	8.5	8.5	0.0	O	0.0	-8.5	X
65	3.8	0.0	-3.8	X	0.0	-3.8	X
67	22.7	25.5	2.8	L	18.1	-4.6	S
68	14.2	10.7	-3.5	S	3.1	-11.1	S
76	28.1	28.1	0.0	O	19.5	-8.6	S
79	24.6	24.6	0.0	O	0.0	-24.6	X
80	23.0	30.5	7.5	L	3.5	-19.5	S
84	7.9	0.0	-7.9	X	0.0	-7.9	X
85	10.6	12.0	1.4	L	0.0	-10.6	X
86	4.5	0.0	-4.5	X	0.0	-4.5	X
87	7.5	7.5	0.0	O	0.0	-7.5	X
88	7.5	7.5	0.0	O	0.0	-7.5	X
89	6.6	6.6	0.0	O	0.0	-6.6	X
101	10.2	0.0	-10.2	X	0.0	-10.2	X
102	6.6	0.0	-6.6	X	0.0	-6.6	X
104	12.5	0.0	-12.5	X	0.0	-12.5	X
106	9.3	0.0	-9.3	X	0.0	-9.3	X
137	17.9	17.9	0.0	O	0.0	-17.9	X

143	43.8	43.8	0.0	O	0.0	-43.8	X
218	8.9	0.0	-8.9	X	0.0	-8.9	X
219	3.6	3.6	0.0	O	0.0	-3.6	X
227	9.2	0.0	-9.2	X	0.0	-9.2	X
258	4.4	0.0	-4.4	X	0.0	-4.4	X
263	5.9	0.0	-5.9	X	0.0	-5.9	X
Total	**957.1**	**777.3**	**-180.2**		**319.0**	**-638.1**	

Washington County Commuter Express (WCCE)

WCCE	50.8	42.9	-7.9	S	42.9	-7.9	S
Total	**50.8**	**42.9**	**-7.9**		**42.9**	**-7.9**	

Waukesha Metro Transit (WMT, includes Routes Operated by Wisconsin Coach Lines)

1 & 1x	13.0	12.5	-0.5	S	12.5	-0.5	S
2 & 2x	6.6	6.7	0.1	L	6.7	0.1	L
3 & 3x	5.0	5.5	0.5	L	5.5	0.5	L
4 & 4x	7.4	7.8	0.4	L	7.8	0.4	L
5 & 5x	7.9	8.3	0.4	L	8.3	0.4	L
6 & 6x	9.0	10.7	1.7	L	10.7	1.7	L
7 & 7x	7.4	7.2	-0.2	S	7.2	-0.2	S
8 & 8x	5.9	5.7	-0.2	S	5.7	-0.2	S
9 & 9x	13.1	12.7	-0.4	S	12.7	-0.4	S
15 & 15 x	0.0	9.2	9.2	N	9.2	9.2	N
218	8.9	7.9	-1.0	S	7.9	-1.0	S
302	11.9	0.0	-11.9	X	0.0	-11.9	X
303	26.6	0.0	-26.6	X	0.0	-26.6	X
304	16.4	0.0	-16.4	X	0.0	-16.4	X
901	39.2	35.8	-3.4	S	35.8	-3.4	S
904/905	56.9	56.9	0.0	O	56.9	0.0	O
906	29.7	29.7	0.0	O	29.7	0.0	O
Total	**264.9**	**216.6**	**-48.3**		**216.6**	**-48.3**	
4-County Total	**1272.8**	**1036.8**	**-236.4**		**578.5**	**-694.3**	

Codes

X=Eliminated S=Shortened O=No Change L=Lengthened N=New Route

a 2010 bus route distances for MCTS were derived by CED through analysis of a map of proposed 2010 bus routes created by Milwaukee County Transit System (MCTS). 2010 bus route distances for Waukesha and Washington Counties assume the same bus route structure for those two systems as existed in 2007.

b The code for 2010 describes the change taking place between 2001 and 2010 for each bus route.

d Some bus routes with codes of S or L may not have changed significantly, if the corresponding change in miles is close to 0.

Data Sources: Milwaukee County Transit System, Waukesha Metro Transit, Southeastern Wisconsin Regional Planning Commission, UW-Milwaukee AGS Collection
Analysis by UW-Milwaukee Center for Economic Development, 2008