Closing Metro's (WMATA's) Funding Gap Provides Big Benefits to DC, Maryland, and Virginia

Failure to Provide Additional Funding Would Mean a Transit "Death Spiral" with Big Costs to the Public and Economy

Goal:

DC, Maryland, and Virginia should provide the additional funding necessary to close WMATA's operating gap to avoid service cuts, minimize fare hikes, and minimize shifting capital preventative maintenance funds to operating needs.

The Budget Deficit and Impact of Cuts:

WMATA has a $750 million budget gap in FY25 and in FY26, but has identified $100 million in internal cost savings. This leaves a $650 million shortfall in FY25. The gap is due to inflation in materials and labor, some local funding not claimed during the pandemic, loss of ridership due to the pandemic and its aftermath, and failure to index existing funding sources to inflation. Yes, there have been recurring budget challenges, but these were predicted at Metro's founding due to the failure to provide a dedicated funding source or sources. WMATA is dependent upon annual funding allocations from Maryland, DC, Virginia and the localities in Northern Virginia.

Failure to close the operating budget gap would mean massive service cuts, fare increases, and deferral of preventative maintenance. Cuts would include cutting 67 of 135 bus lines and reducing service on 41 others; closing 10 Metro stations and closing each night at 10pm; and trains every 15 minutes rather than 6 or less on most lines today. Fare increases could be as high as 25%. This would mean a "transit death spiral" as service cuts and fare hikes lead to ridership and fare losses, followed by further service cuts, ridership and fare losses.

Unfortunately, the Virginia Secretary of Transportation and a highway-lobbying group, the Northern Virginia Transportation Alliance, are advocating cutting service "to match current ridership," which reflects a fundamental misunderstanding of the value of frequency. People leaving transit would drive – increasing traffic and pollution, and poor transit service would make it harder to attract companies and workers, and for workers to get to their jobs.

Good News about Metro:

The 2018 capital funding deal by Virginia, DC, and Maryland for $500 million per year, combined with federal funds secured by our Congressional delegation has resulted in major rehabilitation of the system and major improvements in maintenance, safety, and reliability. Bus ridership has recovered to near pre-pandemic levels, but rail ridership is down due to telecommuting.

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WMATA is adjusting to the decline in peak hour commuting by providing frequent all-day service and improved weekend service. Eighty-one (81) percent of Metrorail trips are now every 6 minutes or better. Rail rider satisfaction is now at 84% and bus rider at 71%.Frequent service combined with improved reliability is the industry standard for attracting riders, and will make Metro a preferred mode for convenient and safer access to jobs, services, and entertainment.

The Northern Virginia Transportation Commission report shows Metro and VRE generate $1.6 billion ($1B from Metro) in tax revenue for the State of Virginia, 5% of the general fund. Every $1 invested generates $1.6 in revenue. Without Metro and VRE, there would be a 64% increase in delays on Northern Virginia roads and the region could not support housing and job growth.

Metro has been a key factor in attracting corporate headquarters including Amazon, VW, Boeing, Nestle, Raytheon, Choice Hotels, Marriott, and Hilton, all of whom have chosen Metro station locations. Rents and sales prices for properties near Metro continue to exceed those of non-Metro sites. Metro is the key to attracting and retaining the next generation workforce who seek vibrant, walkable, transit-accessible communities and car-lite living, and is critical to cutting greenhouse gas emissions from our regional transportation system.

The Metropolitan Washington Council of Governments has committed to locating 75% of new jobs and housing at high-capacity transit stations, to make 75% of new housing affordable, and to cutting greenhouse gas emissions by 50% by 2030. None of these goals can be achieved without a fully funded, frequent, reliable and affordable Metrorail and Metrobus system.

How Will the $750 million Gap Be Closed?

WMATA has identified cost savings totalling $192 million that include $95 million in one-time savings, $50 million in recurring savings, $38 million via a wage/salary freeze, and $8 million due to reduced inflation at 3.5%. But if ridership doesn't grow enough in FY25, there could be another $67 million in lost revenue.

Metro also proposes to shift $193 million in preventative maintenance to operating costs. This could mean failing parts and breakdowns in the future. This leaves $433 million. Failure to close this remaining gap with new funding, would prompt massive service cuts and large fare hikes.

Maryland has offered an additional $150 million. Governor Youngkin in Virginia has offered 0 (zero), but two Virginia legislators are proposing $65 million in state funds to be matched by $65 million in Northern Virginia funds. DC has promised its matching share (we think this is about $170 million). The total provided would be about $450 million - enough to avoid service cuts and fare hikes, but not enough to avoid delays in preventative maintenance. This is good news, but we believe our jurisdictions can and should do more.

Sources – Briefings to the WMATA Board

- December – The doomsday budget if funding isn't identified, showing service cuts, fare hikes
- September – Cost savings measures and options for closing the gap
- June – Progress at WMATA, benefits, reasons for funding gap

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