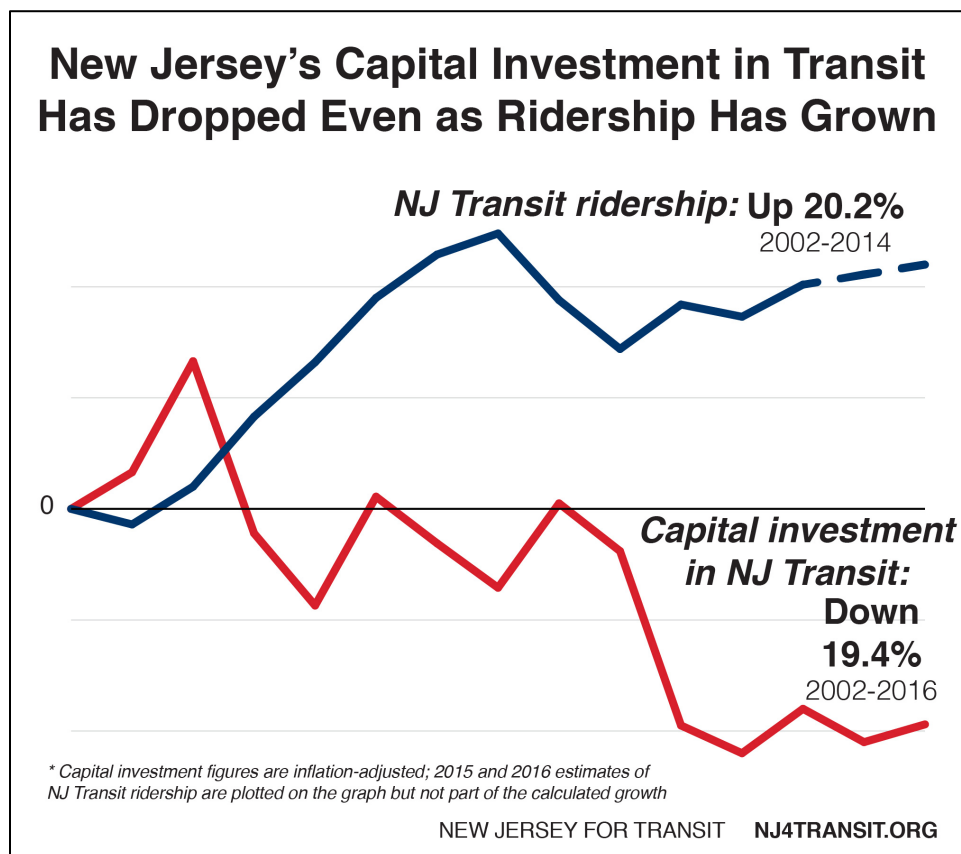


Stuck at the Station

15 Years of Declining Investment Has Harmed New Jersey's Ability to Deliver High-Quality Transit Service

By Ryan R. Hall
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Public transit is more than just getting from Point A to Point B – it's the future engine of success for our state, with the potential to create a stronger economy, cleaner environment and more equitable transportation options for low- and moderate-income residents. Yet despite transit's clear benefit to New Jersey, the state has systematically shirked its responsibility to invest the dollars necessary to create a world-class public transit system that is reliable and affordable.



Since 2002, New Jersey's annual investment in maintaining, repairing and expanding its core public transit assets has dropped by an inflation-adjusted 19.4 percent,¹ even as ridership has

grown by 20.2 percent.² (Ridership will likely continue to grow in 2015 and 2016, but data lags by a few years.) This drop in *capital* funding for NJ Transit has been made worse by meager state support of NJ Transit's *operating* costs, which has led the agency to continually use capital funds to literally keep the trains and buses running.

With systemwide ridership rising to over 272 million,³ NJ Transit is facing enormous growing pains as it struggles with declining funding. The lack of investment in maintaining and improving trains, rails, buses and other transit assets has led to infamous delays and frequent system breakdowns for which riders pay a growing share of the cost, thanks to fare hike after fare hike.

To begin putting New Jersey back on the right track, the state needs to adequately fund public transit to ensure NJ Transit maintains a robust *capital budget*.

New revenue sources to shore up the Transportation Trust Fund – including increasing the gas tax, which is the second lowest in the nation and has not been increased in 26 years – are necessary to stabilize and expand NJ Transit through capital projects.

Once funding is in place, New Jersey needs to increase the size of NJ Transit's capital program. New Jersey needs to accommodate the growing demand for public transit by prioritizing capital spending on transit over road expansion; this will allow NJ Transit to take on more projects.

In addition, dedicated, stable annual revenues are necessary to adequately support NJ Transit's *operating budget*. Lawmakers should consider a variety of options, including congestion pricing, value capture strategies and taxing businesses that disproportionately benefit from transit, much like New York's Metropolitan Transit Agency does. Ensuring stable and adequate support for operating expenses will prevent NJ Transit from needing to raid its own capital funding just to pay for day-to-day service.

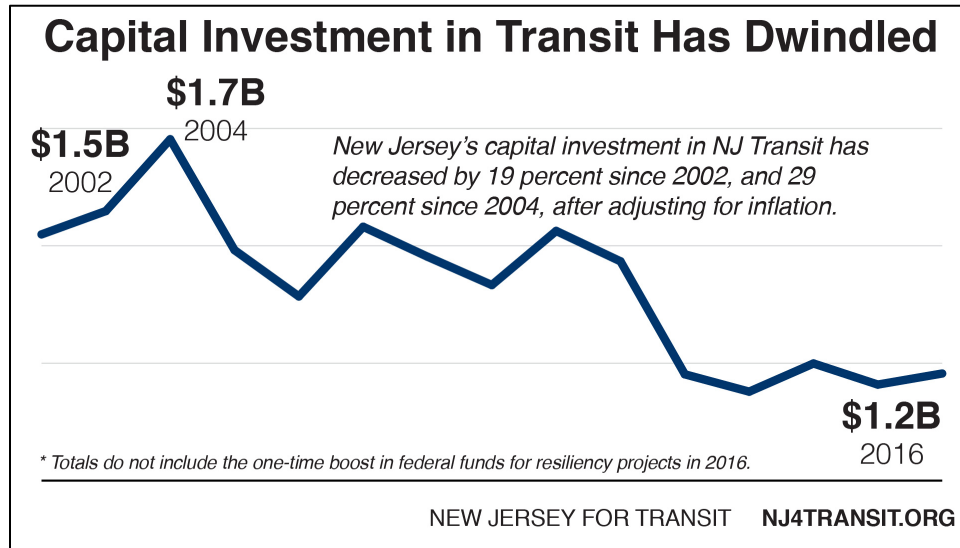
With new, dedicated revenue streams, there will be no need to keep robbing Peter to pay Paul. NJ Transit can move forward with long delayed capital expansion plans all over the state, including the extension of the Hudson-Bergen Light Rail, the Glassboro-Camden Light Rail, and bus rapid transit systems across the state.

Funding for Capital Projects Has Fallen Dramatically

Since 2002, NJ Transit has dedicated more than \$18.3 billion towards capital improvement of its assets. Most of that – \$12.1 billion – has gone to rail projects, while \$4.6 billion has gone to bus projects, \$831 million has gone to projects to improve mixed bus/rail service and \$845 million has gone to other administrative expenses.

- **Investment in transit capital projects has declined by nearly 20 percent** over the past 15 years and **by nearly 30 percent since 2004 alone**, after adjusting for inflation, from over \$1.5 billion in 2002 and more than \$1.7 billion in 2004 to about \$1.2 billion today.²

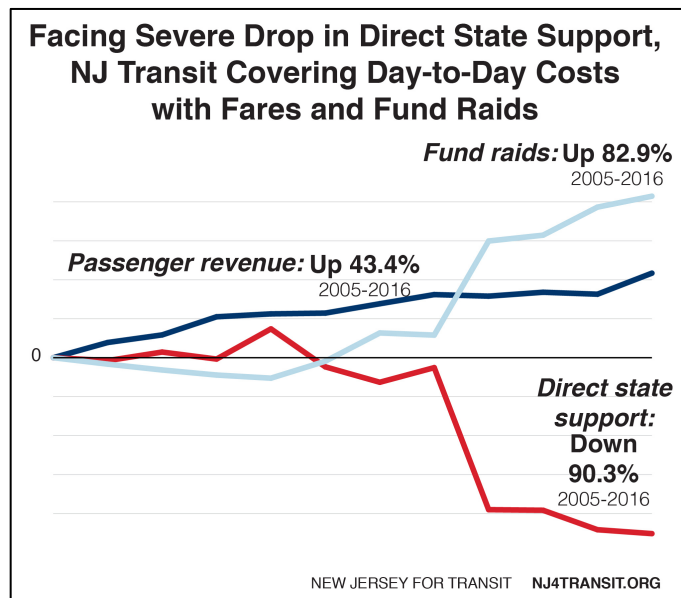
- **Investment in rail projects declined by 34 percent** (from \$1.2 billion to \$800 million) between 2003 and 2016, after adjusting for inflation. Investment in **bus projects rose 21 percent** over the same period from \$250 million to \$308 million.³



Fund Raids Have Exacerbated Declining Support for Capital Projects

Investment in capital projects isn't the only area in which New Jersey is failing to adequately fund public transit. Direct state operating support for NJ Transit – which is funded through the annual budget – has also declined dramatically, when adjusted for inflation, from \$350 million in 2005 to just over \$33 million today.⁴

The lack of stable and adequate state operating support has forced NJ Transit to balance its operations budget by raising fares (which it has done five times since 2002), by using state budget funds that were dedicated to other purposes (such as the Clean Energy fund) and by using dollars set aside for major capital improvements to cover the day-to-day costs of running transit service instead. This internal raiding of funds is a quick-fix solution that borrows against the long-term needs of New Jersey residents.



Since the first time NJ Transit employed this gimmick in 1990, the agency has raided **more than \$6.5 billion** from its capital fund – **including \$5.1 billion in the last 15 years.**⁵

That could have easily paid for many vital new transit projects all over New Jersey. For example, it would have covered the cost of:

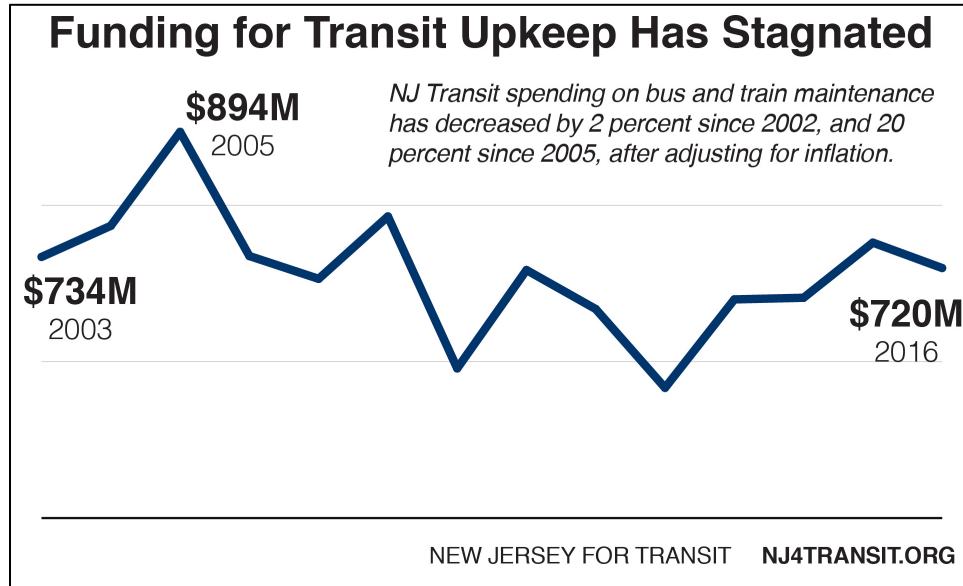
- The new Glassboro-Camden Light Rail, a proposed 18-mile light rail line extending crucial public transit access between those two cities. The line has been projected to serve at least 18,000 new daily riders once complete.⁶ It was first proposed in 1996 after a major study of the region's transit needs,⁷ and the project was announced in 2009,⁸ but it has stalled due to lack of funding.⁹
- An extension of the Hudson-Bergen Light Rail into Bergen County via the Northern Branch Corridor. This nine-mile extension of the state's most successful light rail line would add seven new stations and end at Englewood Hospital in Tenafly. The extension alone has been projected to serve at least 10,000 new riders each day, adding to the nearly 50,000 riders who already use the line.¹⁰ Like the Glassboro-Camden rail line, the Northern Branch Corridor was announced in 2009 but has stalled due to a lack of funding.¹¹
- Implementing Bus Rapid Transit (BRT) throughout New Jersey. Worthy BRT projects, which would help ease congestion and grow the economy, are planned throughout the state – but they will sit on the shelf unless funding is identified. With nearly 60 percent of county residents commuting locally, BRT is a no-brainer to heavily congested Bergen County. In Central Jersey, the Route 1 corridor – especially between Lawrence and Plainsboro – currently offers limited mobility options beyond the personal automobile. As congestion continues to grow, BRT on Route 1 is a viable alternative to expensive road widening, which does little to address congestion in the long term. In South Jersey, BRT between Gloucester and Camden Counties would provide essential service in the transit deprived area and help better link transit from those counties to Philadelphia.

Even after tackling these three priority projects, **NJ Transit would still have approximately \$3 billion left over from the initial \$6.5 billion.**

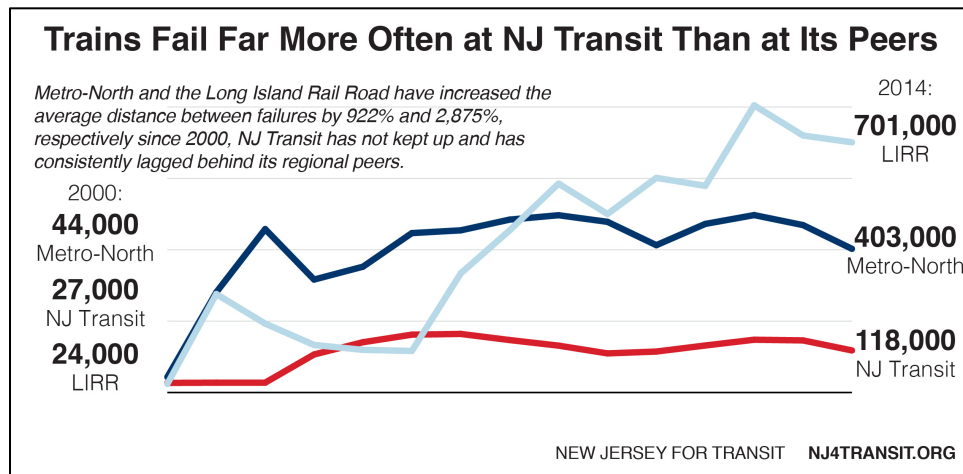
Funding for Maintenance Has Stagnated

While the most visible result of this falling capital investment is the lack of major new transit projects, the dwindling funding has also shortchanged the *basic maintenance* required for the nation's 7th largest transit system and its fleet of 15 rail lines, 322 locomotives and light rail vehicles and 3,040 buses.

Money specifically tied to rail and bus maintenance has remained essentially flat since 2003, and dropped dramatically since 2005, after adjusting for inflation.¹² This anemic support is not enough support to increase the reliability of the current transit system.



Frequent Breakdowns Hobble the System



NJ Transit riders experience the end result of this lack of investment every day. While some of the infamous delays, cancellations and breakdowns on the rails are also tied to the federal government's failure to adequately fund transit, it's without question that if NJ Transit were able to spend more on maintenance, it would have fewer failures. And its failures are among the worst in the nation.

In 2014 alone, NJ Transit reported 533 major mechanical rail failures that prevented the start or completion of a run, according to the National Transit Database. That's more than 12 times higher than the national commuter-rail average of 44, and much higher than the Long Island Rail Road (95) and Metro-North (169).¹³

But that's only the most visible way to measure system failure. A more accurate way to measure it is looking at the *average distance between failures*; this helps adjust the total number of failures for the overall size of the transit system.

NJ Transit trains suffer four times as many failures per mile as Metro-North trains and seven times as many failures per mile as LIRR.

And as riders can attest, it is not getting any better. While Metro-North and LIRR have increased the average distance between failures by 922% and 2,875%, respectively since 2000, NJ Transit has not kept up and has consistently lagged behind its regional peers.

Methodology

The New Jersey Department of Transportation's (NJDOT) yearly transportation capital program lays out the agency's planned investments for the state's transportation-related capital projects. Examining the projects in the program provides insight into the agency's transportation priorities including the state's transit agency, NJ Transit.

For analysis of the NJ Transit portion of the NJDOT capital program, we classified each project as a rail, bus, rail and bus, or other. We then assigned each project to as many of the categories listed below as the project warranted.

Rail Maintenance	Rail station maintenance, rail car maintenance and track work.
Rail Expansion	Expansion of the rail network.
Rail Maintenance and Expansion	Rail projects that have both maintenance and expansion of rail network.
Debt Service	Payment for borrowing.
Access to Transit	Improvements that help people use transit, such as park and rides, ADA projects and programs serving vulnerable populations such as the elderly or disabled.
New Buses	New bus purchases or new bus leases.
New Rolling Stock	New rolling stock purchases or leases.
Bus Maintenance	Necessary maintenance for buses.
Bus Expansion	Expansion of bus service.
Bus Maintenance and Expansion	Bus projects that have both maintenance and expansion of service.
Bus Enhancements	Improvements that are not required maintenance, but additions that improve bus riders' experiences.
Rail Enhancements	Improvements that are not required maintenance, but additions that improve rail riders' experiences.
Rail and Bus Enhancements	Improvements that are not required maintenance, but additions that improve rail and bus riders' experiences.

Endnotes

¹ New Jersey For Transit analysis of the New Jersey Department of Transportation (NJDOT) Transportation Capital Program, Fiscal Years 2002 to 2016. The analysis does not include money dedicated to NJ Transit for post-Sandy resiliency repairs and maintenance projects. This money is dedicated through the federal government specifically for repairing transit infrastructure in the wake of natural disasters. Therefore, it is unlikely that this source of funding will be available in the future. The decision to not include this funding in the analysis was made in order to better reflect the availability of funds for the capital budget over the years.

² New Jersey For Transit analysis of NJ Transit annual reports

³ Ibid 2

⁴ This money only includes direct state subsidies for NJ Transit, not any of the fund raids (from the Turnpike Authority or the Clean Energy fund, for example) that have helped to fill the gaps in recent years.

⁵ New Jersey For Transit analysis of the NJ Transit Executive Director's Report, Fiscal Year 2005 to 2016.

⁶ Glassboro-Camden Line Project Study Team website

(<http://glassborocamdenline.com/involvement/faq#q14>)

⁷ Philadelphia Inquirer, *NJ Transit Study Explores S. Jersey Rail-line Options*, July 1996

(http://articles.philly.com/1996-07-26/news/25619935_1_rail-options-light-rail-light-rail-system)

⁸ Tri-State Transportation Campaign, *South Jersey Transit Improvements on Tap*, May 2009

(<http://blog.tstc.org/2009/05/22/south-jersey-transit-improvements-on-tap/>)

⁹ South Jersey Times, *Glassboro-Camden Light Rail Still on Hold*, February 2015

(http://www.nj.com/gloucester-county/index.ssf/2015/02/glassboro-camden_light_rail_still_on_hold_with_no.html)

¹⁰ U.S. Department of Transportation and NJ Transit, *Northern Branch Corridor Project*

(<http://www.northernbranchcorridor.com/>)

¹¹ NJ Spotlight, *Explainer: Will NJ Transit Hudson-Bergen Light Rail Ever Get to Bergen County?*

(<http://www.njspotlight.com/stories/15/03/23/explainer-will-the-nj-transit-hudson-bergen-light-rail-ever-make-it-to-bergen-county/>)

¹² Our analysis does not include a categorical funding breakdown of NJ Transit's 2002 capital program because the document detailing these projects is missing project descriptions as well as funding allocations. We requested a revised copy from NJDOT but were not provided one.

¹³ New Jersey For Transit analysis of data from the Federal Transit Administration's National Transit Database (<http://www.ntdprogram.gov/ntdprogram>)