



Florida Department of Transportation Research

A Tool for Assessing Economic Impacts of Public Transit Spending

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Good public transit systems are important community amenities because they increase the mobility options for residents at all income levels and abilities, they reduce congestion on roadways and in parking facilities, and they help to reduce pollution and greenhouse gas emission. However, public transit requires a significant investment for establishment, operation, and maintenance. Part of this investment is offset by fares, but substantial contributions are required from government at all levels. These costs are often justified by the economic benefit transit brings, for which, agencies and other stakeholders frequently need current, objective, and community-specific information.

Data needed to explain the economic contribution of public transit can be difficult to obtain for local agencies, which have limited resources to study the services they are stretching dollars to provide. Therefore, the Florida Department of Transportation contracted with University of South Florida researchers to develop a tool that demonstrates the economic impact of the public dollars spent on public transit, while balancing accuracy and accessibility.

Checking for existing tools, the researchers did not find the desired tools in use in Florida, and those from other states were too restrictive in scope or closely tailored to a specific locale. Rather than re-engineer and virtually rewrite existing software, the researchers decided to design and develop a new tool for Florida based on an Excel spreadsheet, a widely used and understood software.

The tool relies on the Regional Input-Output Modeling System (RIMS II) for multipliers needed to estimate direct, indirect, and induced economic impacts of public transit spending. Multipliers are numbers that show how various economic activities and industries in a region are related; they can be used to build a mathematical model of an area's economy. By using RIMS II multipliers,



Public transit is important to most communities, but it is important to understand how its economic impact is related to public spending.

the tool can be customized to a locale through data that are standardized and readily available. Use of RIMS II multipliers restricts the tool to county-level or contiguous multicounty analysis.

The tool's output shows economic impacts of spending on an annual basis. Users can explore many issues: net vs. gross impacts; capital projects vs. operations and maintenance; impact types – output, value added, earnings, and jobs; total impacts vs. unit impacts (total impacts per dollar investment); and unit impacts as a function of funding source. The tool gives users a powerful way of examining spending on public transit and the return on those investments.

The researchers' report completely describes use of the tool, its inputs, outputs, and capabilities. Application of the tool to eight counties that have either urban or rural transit services is also presented as a demonstration of the tool's use.

With this new tool, local agencies will be better able to explain the impact of public transit spending on local economies; local governments will be able to make better informed decisions about public transit spending; and local constituencies will have more confidence in the handling of public dollars.

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For more information, visit <http://www.dot.state.fl.us/research-center>