



# Funding a Transit Transformation

Quantifying the community impacts of new, ongoing resources for public transit in the Twin Cities



# Introduction

From Brooklyn Park to Cottage Grove, from Minneapolis to Woodbury, transportation connects us to our friends and family. It gives us access to jobs and school, the doctor's office, and the grocery store.

For decades, though, policymakers have starved public transit and funneled our tax dollars toward car-based infrastructure that widens inequities based on race, age, income, and ability; depletes our public coffers and personal budgets; and accelerates the climate crisis.

## Now, transformation is on the horizon.

While most major public transit systems are facing crippling budget gaps,<sup>1</sup> fueling the cycle of reduced service and declining ridership, Minnesota is rewriting the playbook on what's possible.

**Thanks to decades of advocacy from community members and bold leadership from legislative champions, starting October 1, Metro Transit will benefit from a 0.75¢ metro-area sales tax, providing abundant resources to invest in our region's future.**

In concert with other policy wins, this dedicated funding has the potential to make the Twin Cities public transit system a national leader. With bold leadership and strategic investments, these resources will change the lives of every metro resident—saving families money, supporting our public health, protecting our climate, and giving us greater choice and freedom in how we get around.

# How we got here

While there were nearly 6.2 billion transit passenger trips in the United States in 2022,<sup>2</sup> people who rely on buses and trains are often overlooked in policy making spaces. That's because big auto companies and the fossil fuel industry have spent unfathomable fortunes<sup>3</sup> trying to mislead our policymakers to believe that streets are exclusively for cars and climate pollution isn't a threat. Political interest groups with deep pockets have vilified public transit and the people who use it, widening Minnesota's nation-leading racial disparities and making transit an inconvenient or inaccessible option for so many of us.

In Minnesota, Move Minnesota, Move Minnesota Action, and our Transportation Forward coalition partners have been building power for more than a decade to reshape that false narrative and redirect resources to make our transportation system serve people of all backgrounds.



Together, we have organized and mobilized thousands of bus riders, advocates, and organizational supporters across climate and environment, racial justice, labor, faith, and public health interests. We've built relationships with legislators, testified before state committees, secured critical capital investments in new transit projects, and developed a vision—and an associated budget—for the future of fast, frequent, well-connected transit in the Twin Cities. We've also made progress outside of the capitol, partnering with the Minnesota Department of Transportation to develop the state's first vehicle miles traveled (VMT) reduction goal<sup>4</sup> to create a less car-dependent transportation system. All of this work set the stage for a landmark legislative session.

In 2023, Minnesota made history by passing arguably the most progressive transportation bill in the United States—addressing both sides of the transportation dilemma that keeps so many Americans trapped in car ownership and complicit in climate pollution. This ground-breaking legislation mandates that state and regional planning stop engineering our lives around cars and freeways, **and** codifies massive, dedicated, and ongoing investments in extensive, high-frequency public transit options.

On October 1, 2023, a key piece of that policy went into effect: a 0.75¢ metro sales tax that will raise more than \$450 million annually<sup>5</sup> for Twin Cities public transit. This ongoing investment is a game-changer for transit—and every current and future transit rider in the Twin Cities.

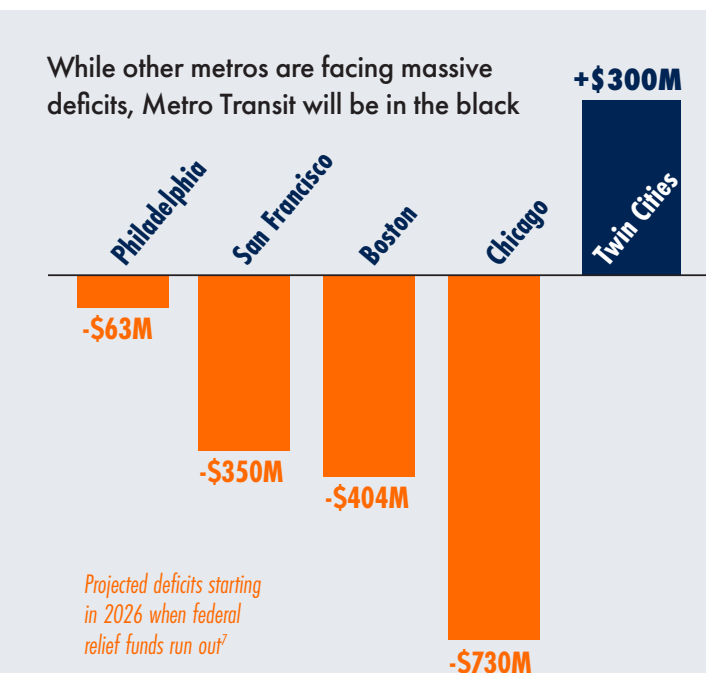


## What it means for our transit system

Just months ago, Metro Transit faced a projected \$150 million annual operating shortfall.<sup>6</sup> Now, projected to receive upwards of \$450 million annually in new, ongoing funding, Metro Transit's unprecedented financial footing is bucking the national norm and setting a new precedent for cities across the country.

Even before COVID caused ridership to plummet, transit agencies were struggling to make ends meet. The impact of the pandemic spurred the federal government to step in, but many metros are facing an imminent fiscal cliff. According to TransitCenter,<sup>7</sup> many cities are anticipating crippling budget deficits in coming years. Thanks to advocates and state legislative champions, the Twin Cities is facing a fundamentally different future.

With strategic implementation from regional leaders, that future can include 5-10 minute bus frequency, a complete bus rapid transit network, an electric bus fleet, better suburban service, plus well-resourced operations and maintenance to keep the whole system running smoothly. It also includes up to \$60 million annually for new connections for biking, walking, and rolling, from the sales tax and other funding sources.



# A Vision for the Future of Twin Cities Public Transit

With wise and strategic deployment of these resources, we can build and maintain a system that serves people like it should: with fast, frequent, and convenient bus service throughout the metro.



in new, ongoing funding can close the budget gap and provide...



**5-minute headways:** \$43 million annually for 5-minute headways at peak, 10 minutes off-peak, on 20 lines<sup>8</sup>



**50 miles of red bus lanes:** \$30 million annually to maintain dedicated bus lanes<sup>9</sup>



**Fully electric fleet:** \$93 million annually to electrify the full Metro Transit bus fleet in 12 years<sup>10</sup>

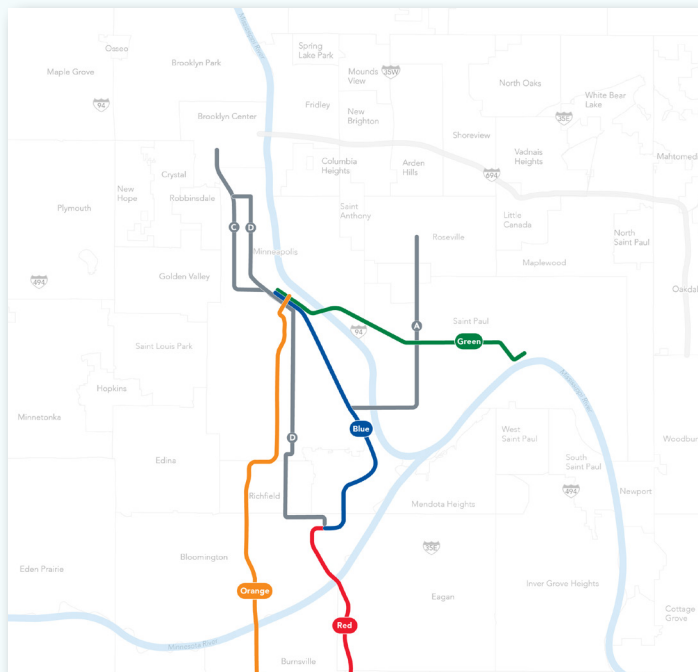


**Green lights for buses:** \$4 million in one-time costs and \$750,000 annually to provide signal priority for core-route buses<sup>11</sup>

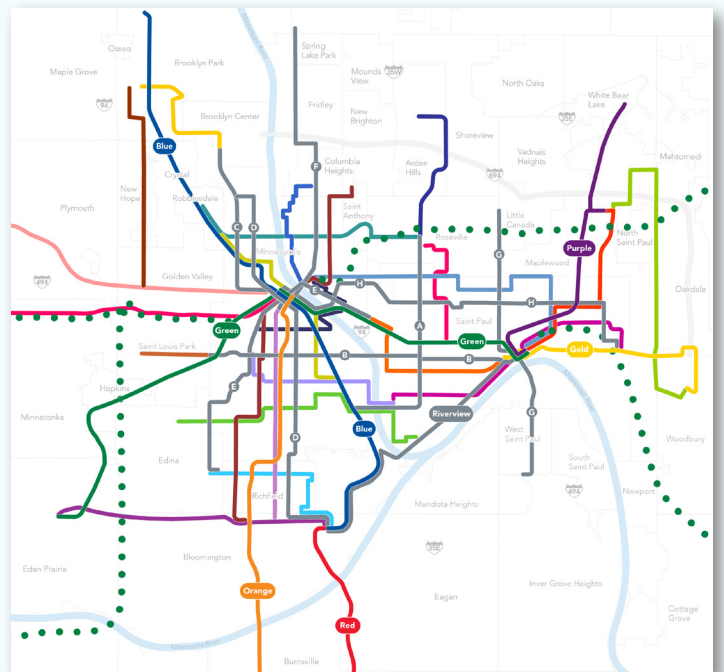


**Complete network of bus rapid transit:** \$130 million to build out two bus rapid transit lines to serve core and suburban communities per year<sup>12</sup>

**CURRENT** BRT network with decades of underinvestment



**FUTURE** BRT network with dedicated funding



# How it impacts our families and communities

Improving public transit improves the lives of everyone in the region, saving our families time and money and supporting our goals for a healthy climate.

## Increase Choice

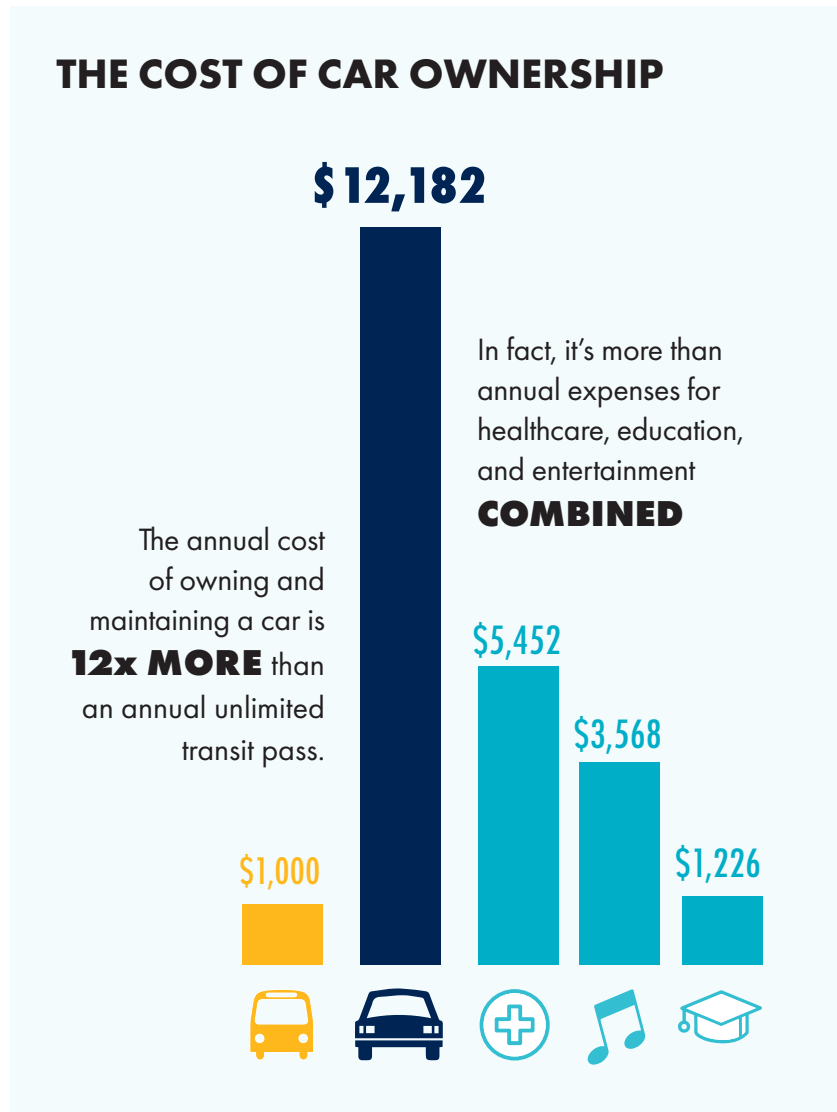
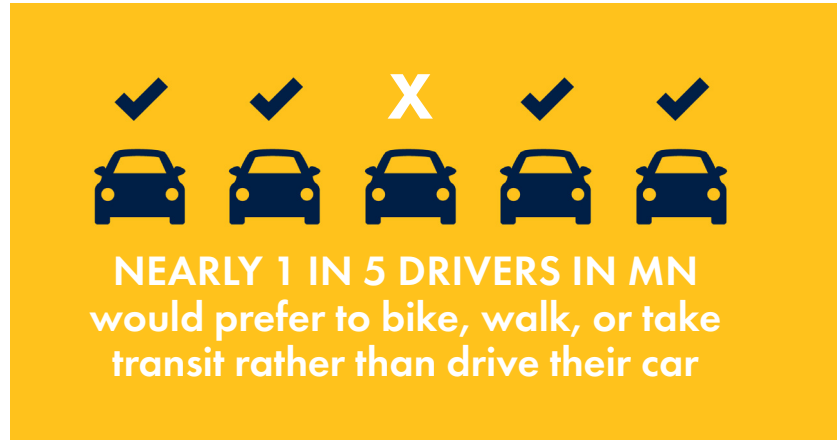
These investments and improvements move us closer to the statewide transportation system Minnesotans want—one that provides more options than sitting behind the wheel of a single-occupancy vehicle. Last year, our statewide poll<sup>13</sup> found that one in five drivers would prefer to travel by another mode and nearly one-third of Minnesotans would be more likely to use buses and trains if there were greater access to transit where they lived. With dedicated funding, we can make that happen in the Twin Cities.

## Reduce Costs

Increased transportation options can save metro-area residents thousands of dollars every year—because reliance on cars is a massive expense. Just last month, AAA announced that the annual cost of owning and operating a new car rose to \$12,182 in 2023.<sup>14</sup> This ever-increasing burden constitutes the second-highest household expense for U.S. families, second only to housing and more than the combined costs of healthcare, education, and entertainment, according to the federal government.<sup>15</sup>

Significant new transit investments, and the associated improvement in service, will allow many metro-area households to go from two cars to one, or from one car to none. Right now, even without a reduction in fares or the benefit of an employer or residential transit pass,<sup>16</sup> a year of unlimited transit rides costs just over \$1,000 per year.<sup>17</sup> And the average per-person cost of all the new transit investments? Just \$146 per year, or \$0.40 per day.<sup>18</sup>

All of these savings add up. This spring, RMI, a national research institute, calculated the savings for Minnesotans if the state meets its vehicle miles





traveled reduction goal of 20% per capita by 2050.<sup>19</sup> Meeting this goal is significantly more likely with the kinds of transit improvements that will flow from the new sales tax. RMI found a likely \$35 billion in cumulative savings by 2050 attributable to an average of \$500 in annual vehicle ownership cost reductions from lower maintenance and gas expenditures. Additional savings will flow from health and other social improvements, adding up to a total of \$91 billion in savings. Even for those who cannot give up a family car, increased transit use—and reduced car trips—can save money.

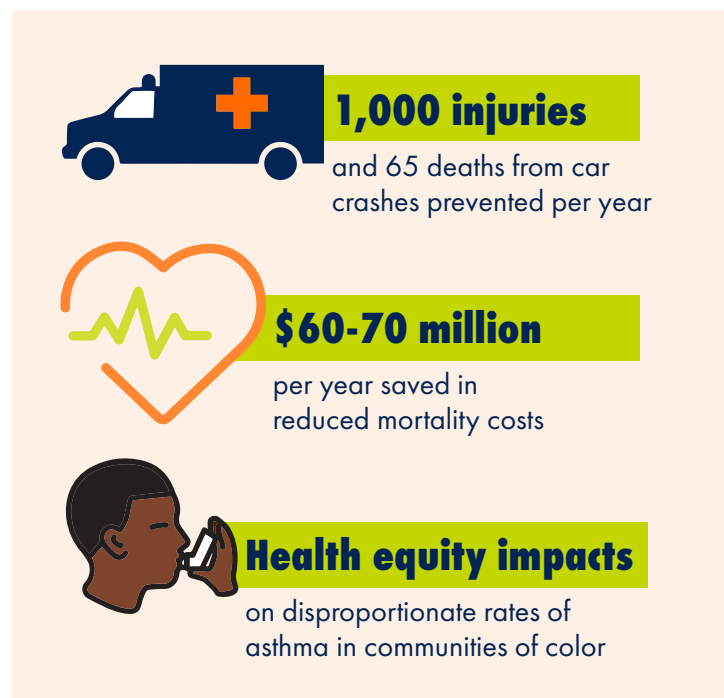
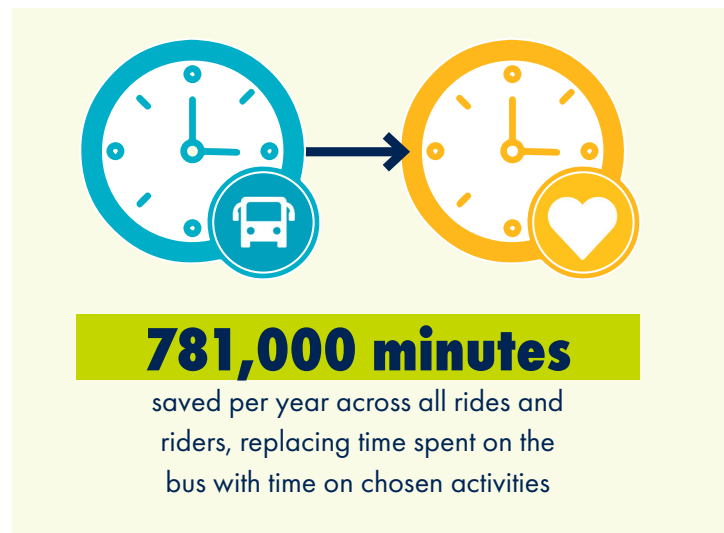
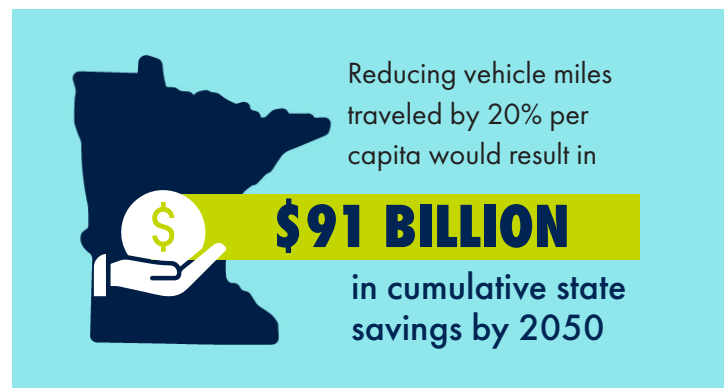
## Save Time

These investments provide major improvements for existing transit riders, too. According to previous Move Minnesota analyses, simple improvements in traffic light signal priority and bus lane striping on the Twin Cities core network of routes would result in remarkable time savings of 781,000 minutes per year across all rides and riders.<sup>20</sup> That's 89 years worth of time savings every year! That's time with family, cooking a meal, seeing friends, all gained through simple improvements in bus speed. And, with full Bus Rapid Transit upgrades, these time savings increase even more.<sup>21</sup>

## Improve Health

These investments and improvements will deliver incredible benefits for public health and health equity. For instance, Transportation Equity Priority Areas—neighborhoods in Minneapolis with more people of color and people with lower incomes—include 28% of Minneapolis residents. But 43% of severe and fatal crashes occurred in those areas from 2017-2021.<sup>22</sup> In its 2023 analysis, RMI found that an expansion of transportation choices will prevent 65 deaths and 1,000 injuries per year from car crashes.

Communities of color also experience disproportionate health impacts from our polluting transportation system. For instance, kids living in the predominantly BIPOC neighborhoods of North Minneapolis and East Phillips experience 5 times the asthma hospitalizations rates of Minnesota overall.<sup>23</sup> RMI's analysis found that more transportation choices could save up to 500 lives per year from improved cardiovascular health from active living investments—resulting in \$60-\$70 million per year in reduced mortality costs.



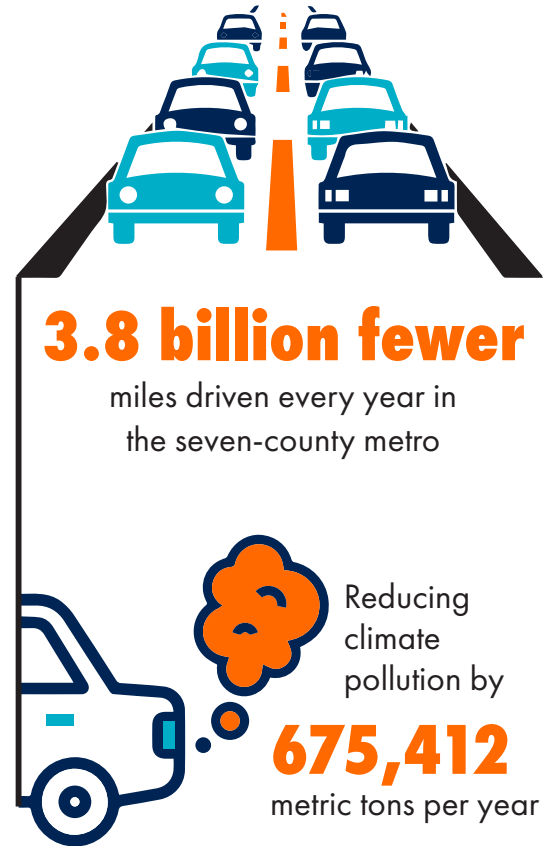
## Meet Climate Goals

Because public transit investments in the metro region will allow Twin Cities residents to shift how they get around, greenhouse gas emissions from car traffic could drop significantly.

Currently, Minnesotans in the seven-county metro area, the area where sales tax investments will occur, drive about 26.8 billion miles each year.<sup>24</sup> Increases in transit service and service quality are correlated with VMT reductions.<sup>25</sup>

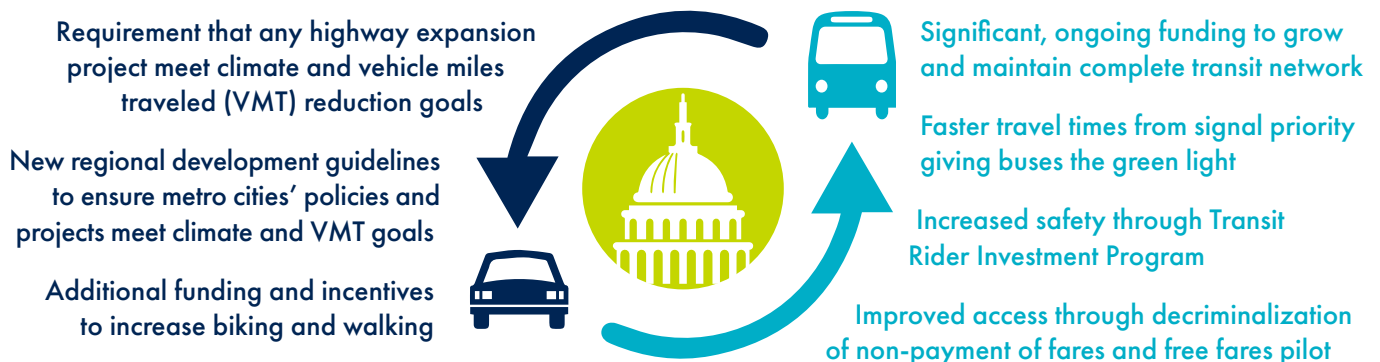
For example, transit improvements that expanded access to jobs produced a 14% decrease in household VMT in a national study.<sup>26</sup> Using this national data, significant improvements in transit service in the Twin Cities, now possible with the transit sales tax, would be expected to reduce miles driven in the seven-county metro by 3.8 billion miles every year.

Even at a highly optimistic average fuel economy of 50 miles per gallon in 2030,<sup>27</sup> 3.8 billion fewer miles driven would reduce total greenhouse gas emissions by 675,412 metric tons each year.<sup>28</sup> That's the equivalent of taking 122,802 cars off the road every year... because that's exactly what it's doing!<sup>29</sup>



## How these changes work together

Changing our collective transportation habits is like a puzzle with many pieces. Reducing car trips is only possible if we make other options, like public transit, convenient and affordable, while also making our communities more connected. The transportation bill passed this year by the Minnesota Legislature includes some of the most substantial gains for public transit in more than a decade. From curbing highway expansion to introducing transit ambassadors, these different pieces work together to create a virtuous cycle here in the Twin Cities that can radically improve residents' daily lives and our collective futures.



# RECOMMENDATIONS

These changes come at a critical time. Climate action has never been more urgent. Years of service cuts and underinvestment have taken a toll on regular transit riders and their ability to get where they need to go. A transportation system heavily based on fossil fuels and car ownership has compromised Minnesotans' health, prosperity, and wellbeing, especially for many Black and brown families, people with lower incomes, and people with disabilities.

**Now we have a tremendous opportunity to put Minnesota on a different path.**

In addition to the metro sales tax, new funding will flow to Greater Minnesota transit, to new statewide biking, walking, and rolling investments, and to new intercity rail initiatives here in Minnesota. And new state resources will combine with significant new funding in the federal Infrastructure Investment and Jobs Act to support local, state, and federal climate and equity initiatives.

## Begin investments now

Many short-term investments can make a big difference quickly, benefiting current riders. With interventions like bus lanes and signal priority (see page 6 of this report), transit speeds could increase dramatically in the near-term.

## Plan and build transit to grow ridership

Minnesota needs to reach its VMT targets to deliver health, climate, and economic benefits. To do this, transit ridership needs to increase.

## Increase the frequency of major capital investments

Historically, the region has built one BRT line at a time and one rail line at a time. We have the funds to allow investments in multiple new capital projects each year—critical for our climate, health, and economy.

Delivering on these recommendations will require visionary leadership. At every level of government, our elected officials and decision-makers have both the opportunity and the responsibility to make sure the potential of this transformative new funding is realized in our streets, in our communities, and on our buses and trains. Together, we must continue to push for a sustainable, equitable future and hold our leaders accountable for the transit transformation we all need and deserve.



# Sources

1. [transitcenter.org/transits-fiscal-cliff-why-we-need-a-new-funding-paradigm](https://transitcenter.org/transits-fiscal-cliff-why-we-need-a-new-funding-paradigm)
2. [www.apta.com/research-technical-resources/transit-statistics/ridership-report/](https://www.apta.com/research-technical-resources/transit-statistics/ridership-report/)
3. [www.statista.com/statistics/261767/advertising-spending-of-selected-automobile-manufacturers-in-the-us/](https://www.statista.com/statistics/261767/advertising-spending-of-selected-automobile-manufacturers-in-the-us/)
4. [www.movemn.org/a-milestone-for-statewide-vmt-reduction/](https://www.movemn.org/a-milestone-for-statewide-vmt-reduction/)
5. [www.house.mn.gov/comm/docs/7Jiizl22EGBUKTNP29Hw.pdf](https://www.house.mn.gov/comm/docs/7Jiizl22EGBUKTNP29Hw.pdf)
6. Met Council Board Chair Zelle testified before the Minnesota State Senate in the 2023 legislative session that Metro Transit faced a \$130M annual shortfall. However, this figure was based on a reduced-service model so Move Minnesota adjusted that figure to \$150M per year.
7. [transitcenter.org/transits-fiscal-cliff-why-we-need-a-new-funding-paradigm/](https://transitcenter.org/transits-fiscal-cliff-why-we-need-a-new-funding-paradigm/)
8. Estimate based off of Feb. 3, 2021 memo from Metro Transit and inflation adjusted to Aug. 2023 dollars.
9. Estimate based off of Feb. 3, 2021 memo from Metro Transit and inflation adjusted to Aug. 2023 dollars.
10. Estimate based off of Feb. 3, 2021 memo from Metro Transit and inflation adjusted to Aug. 2023 dollars.
11. Estimate developed using per-intersection cost estimates provided by the City of Minneapolis and Metro Transit's Transit Advantage and Signal Priority Working Group.
12. \$450M annual funding minus \$150M O&M gap closure, \$43M for frequency, \$30M for lanes, \$93M to electrify, \$1M for signal priority = \$167M remaining per year.
13. Minnesotans Want a Transportation System that Works for Everyone, [www.movemn.org/wp-content/uploads/2023/05/move-mn-polling-report.pdf](https://www.movemn.org/wp-content/uploads/2023/05/move-mn-polling-report.pdf)
14. [newsroom.aaa.com/2023/08/annual-new-car-ownership-costs-boil-over-12k/](https://newsroom.aaa.com/2023/08/annual-new-car-ownership-costs-boil-over-12k/)
15. [www.bls.gov/opub/reports/consumer-expenditures/2021/home.htm](https://www.bls.gov/opub/reports/consumer-expenditures/2021/home.htm)
16. See [www.metrotransit.org/passes](https://www.metrotransit.org/passes).
17. A monthly peak local pass is \$90/month, or \$1080 per year. A monthly unlimited express pass is \$120/month, or \$1440 per year. Prices last viewed Sept. 27, 2023.
18. Seven County Metro population in 2022 was 3.197M (<https://mn.gov/admin/demography/data-by-topic/population-data/our-estimates/pop-finder1.jsp>). Estimated sales tax receipts that will go to transit in 2025, the first full year of funding, are \$465.462M (7Jiizl22EGBUKTNP29Hw.pdf (mn.gov) line 630).  $\$465.462/3.197=\$145.59$ .
19. [rmi.org/analysis-minnesotans-would-save-up-to-91-billion-from-climate-smart-transportation/#:~:text=In%20total%2C%20these%20savings%20reach,capita%20VMT%20reduction%20by%202030.](https://rmi.org/analysis-minnesotans-would-save-up-to-91-billion-from-climate-smart-transportation/#:~:text=In%20total%2C%20these%20savings%20reach,capita%20VMT%20reduction%20by%202030.)
20. [www.movemn.org/wp-content/uploads/2021/05/Boost-the-Bus-in-the-Twin-Cities\\_Move-Minnesota\\_051221.pdf](https://www.movemn.org/wp-content/uploads/2021/05/Boost-the-Bus-in-the-Twin-Cities_Move-Minnesota_051221.pdf); [www.movemn.org/wp-content/uploads/2021/05/Boost-The-Bus\\_Technical-Fact-Sheet.pdf](https://www.movemn.org/wp-content/uploads/2021/05/Boost-The-Bus_Technical-Fact-Sheet.pdf).
21. Upgrades from local service to BRT can save an astounding 490K hours per line as ridership rebounds. Estimated time savings for the B and D lines calculated in [www.movemn.org/wp-content/uploads/2020/10/Time-Savings-and-ROI-from-B-and-D-BRT-Line-Investments-071620.pdf](https://www.movemn.org/wp-content/uploads/2020/10/Time-Savings-and-ROI-from-B-and-D-BRT-Line-Investments-071620.pdf). The combined figure on page 4 was divided by two.
22. [www.minneapolismn.gov/government/programs-initiatives/visionzero/vz-data-stats/](https://www.minneapolismn.gov/government/programs-initiatives/visionzero/vz-data-stats/)
23. [www.minnpost.com/race-health-equity/2022/09/environmental-justice-advocates-continue-fight-against-east-phillips-public-works-hub/](https://www.minnpost.com/race-health-equity/2022/09/environmental-justice-advocates-continue-fight-against-east-phillips-public-works-hub/)
24. [www.dot.state.mn.us/roadway/data/reports/vmt/22\\_crs.pdf](https://www.dot.state.mn.us/roadway/data/reports/vmt/22_crs.pdf)
25. [t4america.org/2021/12/14/reducing-emissions-with-better-transit-part-two-improve-transit-access/](https://t4america.org/2021/12/14/reducing-emissions-with-better-transit-part-two-improve-transit-access/)
26. [t4america.org/2021/12/14/reducing-emissions-with-better-transit-part-two-improve-transit-access/](https://t4america.org/2021/12/14/reducing-emissions-with-better-transit-part-two-improve-transit-access/) (Household VMT was 19,040 miles per year in locations where transit could provide access to 10% of a region's jobs, and 16,380 miles per year in regions where transit provided access to 20% of a region's jobs.).
27. An average fleet fuel economy standard of 49 miles per gallon will go into effect for 2026 models, but this fleet average requirement will not apply to the millions of less efficient vehicles already on the road. [www.cnn.com/2022/04/01/energy/fuel-economy-rules/index.html](https://www.cnn.com/2022/04/01/energy/fuel-economy-rules/index.html)
28. Assuming 8.887 kilograms of CO<sub>2</sub>e per gallon of gasoline burned. [www.epa.gov/greenvehicles/greenhouse-gas-emissions-typical-passenger-vehicle](https://www.epa.gov/greenvehicles/greenhouse-gas-emissions-typical-passenger-vehicle)
29. The U.S. federal government's car-equivalency figures are here: [www.nrc.gov/docs/ML1123/ML112351010.pdf](https://www.nrc.gov/docs/ML1123/ML112351010.pdf)

**Sam Rockwell, Jennifer Harmening Thiede, and Carolyn Szczepanski contributed to this report.**



Move Minnesota is a leader in the movement for an equitable and sustainable transportation system that puts people first. We are passionate about connecting communities, ending the climate crisis, expanding access to jobs and resources, and improving daily life for Minnesotans of all ages, races, incomes, and abilities.