

## POLICY NOTE

# Ben Franklin Transit officials increase spending as ridership declines

By Mariya Frost, Director, Coles Center for Transportation

September 2018

### Key Findings

1. Ben Franklin Transit officials continue to collect taxes and increase spending as total ridership declines.
2. Between 2009 and 2017, total ridership at BFT declined by 40 percent. Population grew 15 percent over the same period.
3. Between 2009 and 2017, bus ridership declined 41 percent, vanpool ridership declined 48 percent, and demand response ridership declined 23 percent.
4. Despite large ridership losses, between 2009 and 2017, operating expenses increased 20 percent, and sales tax revenue collections increased 44 percent.
5. When BFT operates a demand response vehicle, it costs more than twice as much as a privately-contracted taxi.

### Introduction

Ben Franklin Transit (BFT) is a Public Transportation Benefit Authority that serves the growing Tri-Cities region (Richland-Pasco-Kennewick Metro) by providing fixed route bus, demand response, and vanpool services.

This study presents the third comprehensive review of BFT conducted by Washington Policy Center over the past decade. The previous two studies showed concerning trends at the transit agency from 1996 to 2009, and again between 2009 to 2013, providing a multi-decade outlook on BFT's services. Agency officials said increasing costs were a result of inflation and federal safety regulations, while ridership was cyclical and that most transit agencies were starting to see ridership "rebound from the economic downturn."<sup>1</sup>

Five years later, however, new research shows serious problems still plague the agency. Declining ridership has not stabilized or improved as officials promised. Ridership has plummeted while BFT officials continue to collect increasing amounts of sales tax and to increase the agency's spending.

Instead of downsizing in line with a declining customer base, the agency introduced free Wi-Fi, new routes, and extended hours in 2017 in an effort to attract ridership.<sup>2</sup> Though these services likely improve the experience of those on the BFT system – which is important – agency leaders should ask whether increasing spending while ridership continues to freefall is the best way to spend public dollars.

This study finds that rather than continuing to expand a failing system using public money with the hope that it will "work" once it reaches a certain size or aesthetic, BFT should instead scale back the existing 0.6 percent sales tax they impose on the public, reducing costs, and becoming a leaner, more cost-effective public agency for those who depend on and use transit for mobility.

1 "Guest columnist: Ben Franklin Transit responds to opinion column," by Mid-Columbia Voices, August 18, 2015, at <https://www.tri-cityherald.com/opinion/opn-columns-blogs/article32250945.html>.

2 "Tri-City transit buses add Wi-Fi, quicker routes," by Wendy Culverwell, September 18, 2017, at <https://www.tri-cityherald.com/news/local/article174060096.html>.

## Policy Analysis

### Falling ridership

Between 2009 and 2013, Ben Franklin Transit’s ridership declined across all travel modes, while both tax revenue and spending by agency officials increased.

Since Washington Policy Center’s last report, total ridership declined an additional 20 percent between 2014 and 2017. In total, since 2009, total ridership at BFT declined by a remarkable 40 percent.<sup>3</sup> Population grew only 15 percent for the same period.<sup>4</sup>

The trend continued in 2018. The National Transit Database released transit ridership

BFT RIDERSHIP: ANNUAL UNLINKED TRIPS	2009	2010	2011	2012	2013	2014	2015	2016	2017	2009-2017
Demand Response	617,640	508,139	478,673	472,777	466,614	495,848	509,488	503,149	474,627	-23.2%
Bus	3,678,714	3,289,127	3,177,236	3,020,031	2,789,196	2,824,121	2,652,058	2,419,818	2,184,099	-40.6%
Vanpool	1,232,194	1,261,398	1,295,002	1,190,334	861,586	828,189	794,579	709,319	643,216	-47.8%
Total Ridership	5,528,548	5,058,664	4,950,911	4,683,142	4,117,396	4,148,158	3,956,125	3,632,286	3,301,942	-40.3%

data for the first six months of 2018.<sup>5</sup> Comparing the first half of 2018 to the first half of 2017 for BFT specifically, total ridership declined six percent, almost double the national average decrease of 3.1 percent.<sup>6</sup> Demand response ridership decreased 5.8 percent, while vanpool ridership increased 8.6 percent. Bus ridership dropped a staggering 10.1 percent.

BFT H1 (1st Half of Yr.) UNLINKED TRIPS	2017	2018	2017-2018
H1 Demand Response	241,416	227,451	-5.8%
H1 Bus	1,148,128	1,032,490	-10.1%
H1 Vanpool	320,813	348,479	8.6%
H1 Total	1,710,357	1,608,420	-6.0%

The bus program, which represents the bulk of BFT’s system, carried 35 percent fewer passenger trips in 2016 (2,419,818) than it did in 1996 (3,727,713), the earliest year used in our previously-released studies. Meanwhile, bus operating costs increased 46 percent in the same period, from \$9,277,977 in 1996 to \$13,583,483 in 2016. As we have pointed out before, some growth in operating expenses was a natural result of annexing new service areas, but this has not translated to higher ridership, which peaked in 2008 and has been largely declining ever since.

### Sales tax revenue and operating expenses

Meanwhile, total sales tax revenue and operating expenses continue to increase, despite the agency serving fewer and fewer customers.

Using the Washington State Summary of Public Transportation for years 2009 to 2016 and BFT’s operating and capital budget for year 2017, between 2009 and 2017, sales tax revenues increased by 43.5 percent to \$32.7 million.<sup>7</sup> In their financial report, BFT

3 Annual Ridership Data (2009-2016), National Transit Database, at <https://www.transit.dot.gov/ntd/ntd-data>.

4 “April 1 Official Population Estimates,” Office of Financial Management, 2018, at <https://ofm.wa.gov/washington-data-research/population-demographics/population-estimates/april-1-official-population-estimates>.

5 “Monthly Ridership Time Series,” National Transit Database, September 17, 2018, at <https://www.transit.dot.gov/ntd/ntd-data>.

6 “Transit Death Spiral Continues: June Report,” by Randal O’Toole, August 8, 2018, at <https://ti.org/antiplanner/?p=14908>.

7 Years 2009-2016: “Washington State Summary of Public Transportation,” Washington State Department of Transportation, at <ftp://ftp.wsdot.wa.gov/public/PubTranSummaries/>. Year 2017: “Ben Franklin Transit 2017 Operating and Capital Budget,” November 16, 2016, at [https://www.bft.org/assets/1/6/2017\\_operating\\_\\_\\_capital\\_budget1.pdf](https://www.bft.org/assets/1/6/2017_operating___capital_budget1.pdf).

officials attribute the growth in revenue to improvements in the local economy, increases in construction costs, and auto sales.<sup>8</sup> The agency projects it will collect \$34.8 million in 2018.<sup>9</sup>

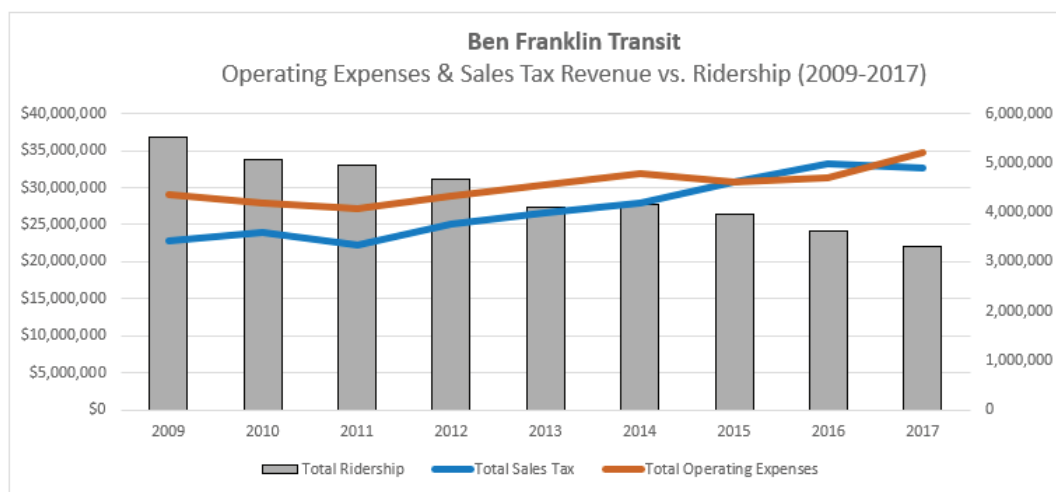
For the same period, operating expenses increased by 19.5 percent to \$34.7 million.<sup>10</sup> The agency projects it will spend \$40 million on operations in 2018, a 15 percent increase over 2017.<sup>11</sup>

BFT TOTAL OPERATING EXPENSES	2009	2010	2011	2012	2013	2014	2015	2016	2017	2009-2017
Amount	\$29,070,139	\$27,939,971	\$27,178,478	\$28,882,993	\$30,360,274	\$31,975,413	\$30,771,354	\$31,323,962	34,748,662	19.5%

BFT TOTAL SALES TAX	2009	2010	2011	2012	2013	2014	2015	2016	2017	2009-2017
Amount	\$22,773,709	\$23,897,058	\$22,297,092	\$25,112,677	\$26,650,429	\$27,864,444	\$30,667,384	\$33,218,130	32,687,814	43.5%

Thus, the relationship between ridership and total sales tax and operating expenses continues to be inverse.



Within operating expenses, salaries and wages increased by 14.6 percent between 2009 and 2016, although with some modest fluctuation, as shown below. Fringe benefits, which are a major part of the agency’s expenses, increased by 20.5 percent in the same period (2017 data is not yet available).

BFT SALARIES/WAGES/BENEFITS	2009	2010	2011	2012	2013	2014	2015	2016	2009-2013	2014-2016	2009-2016
Salaries & Wages	\$11,237,076	\$10,887,132	\$10,805,348	\$11,933,816	\$11,889,102	\$12,647,605	\$12,256,915	\$12,882,604	5.8%	1.9%	14.6%
Fringe Benefits	\$6,769,242	\$6,396,727	\$6,718,994	\$6,742,940	\$7,667,453	\$8,262,679	\$8,178,645	\$8,156,317	13.3%	-1.3%	20.5%
Total	\$18,006,318	\$17,283,859	\$17,524,342	\$18,676,756	\$19,556,555	\$20,910,284	\$20,435,560	\$21,038,921	8.6%	0.6%	16.8%

To assess these cost increases, we compared the rise in salaries, wages and benefits year-over-year to inflation, using the annual average for the western region.<sup>12</sup> In 2012, 2013 and 2014, total compensation increased at notably higher rates than inflation. For

8 “Ben Franklin Transit Comprehensive Annual Financial Report Year Ended December 31, 2016,” Ben Franklin Transit, June 30, 2017, at [https://www.bft.org/assets/1/6/2016\\_bft\\_comprehensive\\_annual\\_financial\\_report.pdf](https://www.bft.org/assets/1/6/2016_bft_comprehensive_annual_financial_report.pdf).

9 “Ben Franklin Transit 2018 Operating and Capital Budget,” Ben Franklin Transit, January 6, 2018, at [https://www.bft.org/assets/1/6/2018\\_operating\\_\\_\\_capital\\_budget.pdf](https://www.bft.org/assets/1/6/2018_operating___capital_budget.pdf).

10 Years 2009-2016: “Washington State Summary of Public Transportation,” Washington State Department of Transportation, at <ftp://ftp.wsdot.wa.gov/public/PubTranSummaries/>. Year 2017: “Ben Franklin Transit 2017 Operating and Capital Budget,” November 16, 2016, at [https://www.bft.org/assets/1/6/2017\\_operating\\_\\_\\_capital\\_budget1.pdf](https://www.bft.org/assets/1/6/2017_operating___capital_budget1.pdf).

11 “Ben Franklin Transit 2018 Operating and Capital Budget, Ben Franklin Transit, January 6, 2018, at [https://www.bft.org/assets/1/6/2018\\_operating\\_\\_\\_capital\\_budget.pdf](https://www.bft.org/assets/1/6/2018_operating___capital_budget.pdf).

12 “Seattle-Tacoma-Bellevue Consumer Price Index, All Items,” US Department of Labor, Bureau of Labor Statistics, 2018, at [https://www.bls.gov/regions/west/data/consumerpriceindex\\_seattle\\_table.pdf](https://www.bls.gov/regions/west/data/consumerpriceindex_seattle_table.pdf).

example, in 2012, total compensation increased by 6.6 percent over the previous year, which is 4.1 percent higher than inflation over the same period.<sup>13</sup>

At first glance, these increases appear uncontroversial, perhaps due to cost-of-living adjustments and natural step progression. However, when viewed alongside declining ridership, they are concerning.

In the same period, although salaries, wages, and benefits increased, FTEs across all modes were decreased by 12 percent.

Below is a summary of the data findings:

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2009-2017	2009-2016
Unlinked Trips: Demand Response	617,640	508,139 ↓	478,673 ↓	472,777 ↓	466,614 ↓	495,848 ↑	509,488 ↑	503,149 ↓	474,627 ↓	-23.2%	-18.5%
Unlinked Trips: Bus	3,678,714	3,289,127 ↓	3,177,236 ↓	3,020,031 ↓	2,789,196 ↓	2,824,121 ↑	2,652,058 ↓	2,419,818 ↓	2,184,099 ↓	-40.6%	-34.2%
Unlinked Trips: Vanpool	1,232,194	1,261,398 ↑	1,295,002 ↑	1,190,334 ↓	861,586 ↓	828,189 ↓	794,579 ↓	709,319 ↓	643,216 ↓	-47.8%	-42.4%
Unlinked Trips: Total Ridership	5,528,548	5,058,664 ↓	4,950,911 ↓	4,683,142 ↓	4,117,396 ↓	4,148,158 ↓	3,956,125 ↓	3,632,286 ↓	3,301,942 ↓	-40.3%	-34.3%
Operating Expenses	\$29,070,139	\$27,939,971 ↓	\$27,178,478 ↓	\$28,882,993 ↑	\$30,360,274 ↑	\$31,975,413 ↑	\$30,771,354 ↓	\$31,323,962 ↑	\$34,748,662 ↑	19.5%	7.8%
Sales Tax	\$22,773,709	\$23,897,058 ↑	\$22,297,092 ↓	\$25,112,677 ↑	\$26,650,429 ↑	\$27,864,444 ↑	\$30,667,384 ↑	\$33,218,130 ↑	\$32,687,814 ↓	43.5%	45.9%
Salaries & Wages	\$11,237,076	\$10,887,132 ↓	\$10,805,348 ↓	\$11,933,816 ↑	\$11,889,102 ↓	\$12,647,605 ↑	\$12,256,915 ↓	\$12,882,604 ↑	N/A	N/A	14.6%
Fringe Benefits	\$6,769,242	\$6,396,727 ↓	\$6,718,994 ↑	\$6,742,940 ↑	\$7,667,453 ↑	\$8,262,679 ↑	\$8,178,645 ↓	\$8,156,317 ↓	N/A	N/A	20.5%
Year over year % change in total											
Salaries, Wages, Benefits		-4.0%	1.4%	6.6%	4.7%	6.9%	-2.3%	3.0%			
Inflation (CPI over-the-year % increases, annual average)	0.6%	0.3%	2.7%	2.5%	1.2%	1.8%	1.4%	2.2%			
FTE's (Bus, DR, VP)	256.9	257.7	236.4	260.1	236	235	226	226			-12.0%

## Performance

With ridership falling and expenses rising, the public's cost per passenger trip aboard a Benton Franklin Transit bus rose 61.2 percent between 2009 and 2016, from \$3.48 to \$5.61.<sup>14</sup> The cost per trip for vanpools increased 49.1 percent for the same period, from \$2.26 to \$3.37.<sup>15</sup> Yet unlike BFT's other services, the average vanpool rider covers nearly 89 percent of operating costs, which has interestingly risen in the last few years since our last report.

BFT also contracts out and directly operates demand response services. Demand response services include Taxi Feeder (operated under contract with Tri-City Taxi) and Dial-A-Ride, a door-to-door transit service primarily used by the elderly and disabled. In 2016, the cost for demand response services that were contracted out was \$2.16 per passenger mile.<sup>16</sup> The cost for demand response services that were directly operated by BFT was \$4.79 per passenger mile.<sup>17</sup> In other words, when BFT operates a demand response vehicle, it costs more than twice as much as a privately-contracted taxi.

## Policy recommendations

### 1. Re-allocate funds

To get rising costs under control and to respond to declining ridership, Ben Franklin Transit officials should restructure their system to operate more efficiently. Costs at BFT continue to rise despite a significant and consistent fall in customer demand.

<sup>13</sup> Years 2009-2016: "Annual Operating Expenses," National Transit Database, <https://www.transit.dot.gov/ntd/ntd-data>.

<sup>14</sup> "Ben Franklin Transit Comprehensive Annual Financial Report Year Ended December 31, 2016," Ben Franklin Transit, June 30, 2017, at [https://www.bft.org/assets/1/6/2016\\_bft\\_comprehensive\\_annual\\_financial\\_report.pdf](https://www.bft.org/assets/1/6/2016_bft_comprehensive_annual_financial_report.pdf).

<sup>15</sup> Ibid.

<sup>16</sup> Ibid.

<sup>17</sup> Ibid.



**Mariya Frost** is the Director of the Coles Center for Transportation at Washington Policy Center. Born in Russia, she and her family came to the United States in 1993 and she grew up in Washington state. She is a graduate of the University of Washington with a degree in Political Science. Mariya completed a studies program in the Dominican Republic, Spain and northern Africa through the University of Nations, and has completed courses in accounting and business administration at Saint Martin's University. She spent ten years working in the private sector and as a staff member at the U.S. House of Representatives and the Washington state senate.

Mariya has lived in both Eastern and Western Washington, and believes strongly in the freedom of mobility for all Washingtonians. She is on the Board of Directors for the Eastside Transportation Association, a member of the Jim MacIsaac Research Committee, and a member of the Women of Washington civic group.

*Washington Policy Center is an independent research organization in Washington state. Nothing here should be construed as an attempt to aid or hinder the passage of any legislation before any legislative body.*

*Published by*  
Washington Policy Center  
© 2018

**washingtonpolicy.org**  
**206-937-9691**

While some ridership losses may be unavoidable, like the closing of the Umatilla Munitions Station, changes at Hanford due to a reduction of federal funding levels, or service reductions in 2010, officials should respond not by expanding, but by allocating funds differently.

The agency projects it will collect \$34.8 million in sales tax revenue in 2018, 90.5 percent of which will be spent on the operating budget, and 9.5 percent spent on the capital budget.<sup>18</sup>

## 2. Contract out more services

BFT can save taxpayers' money by contracting out all, rather than some, demand response services, which are the costliest but the most valued by those who depend on them for transportation. As previously mentioned, the cost for demand response services that were contracted out in 2016 were more than twice as cheap as those that were directly operated by BFT.

Ben Franklin Transit should contract out bus service to gain the same cost savings. Agency officials could use the savings to temporarily increase service, which might generate more fare revenue. If that does not occur and ridership continues to decline, officials should then consider cutting underutilized bus routes.

## 3. Cut the sales tax

Lastly, with the steep decline in ridership over the last decade, BFT should cut the sales tax rate the public pays and match service to current, rather than wishful, public demand. If the agency is taking steps to reduce the cost of its services and save money, the sales tax reduction will be more manageable. Not doing so, while operating expenses as well as salaries and benefits grow despite declining ridership, raises serious questions about the fairness of BFT's taxing authority.

## Conclusion

BFT officials should not continue to expand simply because sales tax revenue is growing, while the public's need for its services has declined 40 percent in nearly 10 years. Instead, BFT officials should cut the sales tax and reduce the financial burden they place on the community to pay for a service that is being used less and less.

Ben Franklin Transit's policy of increasing operational spending as ridership declines underscores our primary policy recommendation that the agency should not continue to collect current levels of sales tax revenue from the public, and instead should reduce the tax burden on the community and allocate funds differently to match remaining ridership demand.

18 "Ben Franklin Transit 2018 Operating and Capital Budget," Ben Franklin Transit, January 6, 2018, at [https://www.bft.org/assets/1/6/2018\\_operating\\_\\_\\_capital\\_budget.pdf](https://www.bft.org/assets/1/6/2018_operating___capital_budget.pdf).

