Indiana Institute for Working Families
Research and Public Policy

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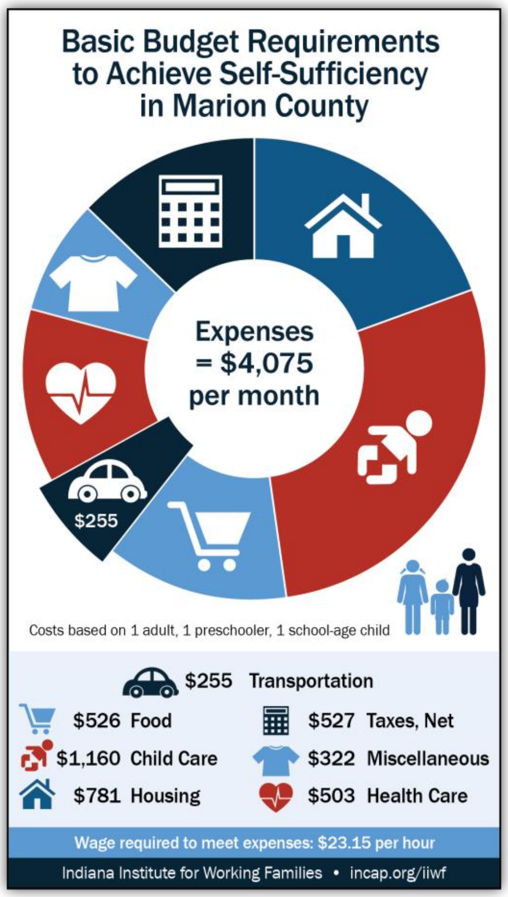
Central Indiana Public Transit and Self-Sufficiency

More than one in every three Marion County residents lives below economic self-sufficiency. These Hoosiers do not earn enough to afford basic needs, much less to build the assets and skills needed for long-term economic security. This, in turn, deprives Marion County employers from having enough skilled workers, as well as depresses the economic activity and tax base of the region. Because no county in Indiana currently provides public transportation to ensure sufficient county-wide commuting, a policy that brings reliable regional public transit would create savings for low-income families and expand economic opportunity across the entire Central Indiana region.

Transportation is a basic cost needed for families' economic self-sufficiency

According to the Institute's Self-Sufficiency Standard for Indiana 2016, transportation is one of the basic costs families must be able to afford in order to achieve and maintain economic self-sufficiency (see fig. 1).[1] Reliable transportation is essential in order for working adults to gain and keep employment, which in turn enables them to provide for other members of their families. Absent reliable public transit and without sufficient income to purchase and maintain a vehicle, a single interruption or breakdown can jeopardize a family's jobs, and therefore its access to food, shelter, healthcare, and other basic necessities. The mere presence of any public transportation is not enough to meet this need: without regular and sufficient access to a county's major concentrations of jobs, education, and service providers, residents cannot rely on transit for their family and economic opportunities. And because no county in Indiana meets the minimum threshold for commuting use of public transportation according to the Standard, each family must currently maintain their own private vehicle, a more expensive option than public transportation (see fig. 3). The private transportation cost covers the mileage and necessary upkeep to get to work, plus one shopping trip per week,

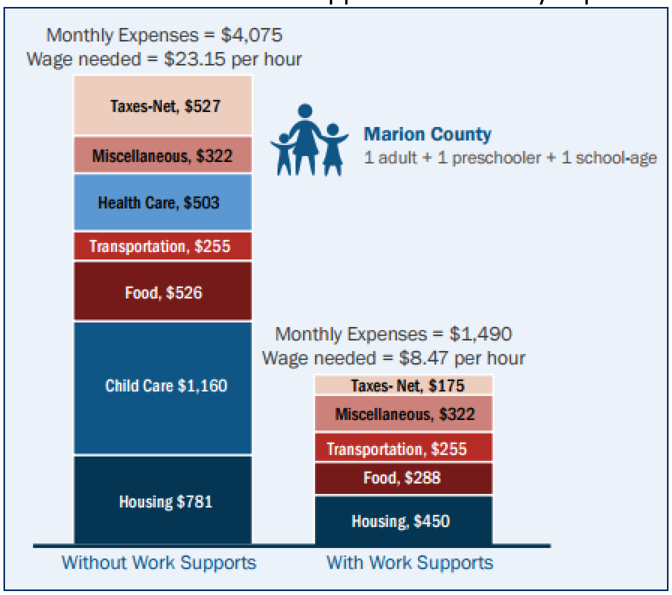
FIGURE 1. Basic costs needed for self-sufficiency



[1]Diana M. Pearce, "The Self-Sufficiency Standard for Indiana 2016," (2016): goo.gl/ZvWTBm

and a 'linking' trip to daycare if needed for the family. The average monthly cost for private transportation for a single adult in Marion County in 2016 is $247, which makes up 14.4 percent of the $1,720 needed in monthly income to be economically self-sufficient. For an adult with a preschooler and schoolage child, the monthly private transportation cost is $255, or 6.3 percent of the $4,075 needed for that family type. Because a vehicle is needed for each adult to get to work independently, the private transportation costs nearly double for a two-adult family: $478 per month, or 17.4 percent of the $2,743 income needed monthly. For two adults with a preschool and schoolage child, the monthly private transportation is $485 (reflecting the additional daily linking trip to childcare for one parent daily), or 10.4 percent of the $4,656 income needed monthly.

FIGURE 2. Effect of work supports on monthly expenses



Source: Self-Sufficiency Standard for Indiana 2016

Unlike other expenses such as health care, food, and housing, there is no way to subsidize the basic cost of transportation without adequate county-wide public transit that allows reliable daily commuting. A subsidized fare for the current system of infrequent buses on an inadequate grid of coverage does not meet the needs of working families. Without access to frequent or rapid transit (lines coming every 15 minutes or less) a working parent living on a bus line that runs every 30 minutes could spend two hours waiting to commute each day just to get to work and child care. Each potential additional stop (for a second job or training program, for example) adds another hour of waiting, serving as a disincentive for additional income or increased education or upskilling.

Only a transportation system that enables low-income working families to reliably commute would qualify as meeting the basic need for transportation. According to the Self-Sufficiency Standard, this threshold is reached when seven percent of workers use public transportation to commute to work. By increasing the coverage, frequency, and job access, particularly for low-income families, the Central Indiana Transit Plan will move Marion County towards becoming a community where public transit meets the needs of transportation for self-sufficiency. The remainder of this brief describes how low-income Marion County families could benefit from increased access to transit in general, and under the proposed plan in particular.

FIGURE 3. Methodology for calculating the basic cost of transportation

TRANSPORTATION. Public transportation is assumed if 7% or more of workers use public transportation to get to and from work. No counties meet this level in Indiana. Private transportation costs assume the expense of owning and operating a car. Per-mile costs are calculated from the American Automobile Association. Commuting distance is computed from the National Household Travel Survey. Auto insurance premiums are the average statewide premium cost from the National Association of Insurance Commissioners index by county using premiums from top market share automobile insurance companies. Fixed costs of car ownership are calculated using Consumer Expenditure Survey amounts for families with incomes between the 20th and 40th percentile. Travel is limited to commuting to work and day care plus one shopping trip per week.

Source: Self-Sufficiency Standard for Indiana 2016

Who would benefit most from increased access to public transit?

According to U.S. Census American Community Survey data, of 919,974 total Marion County residents, 191,237 lived in poverty in 2015, including 73,681 children under 18; 11,494 seniors over 65; and 106,062 in the working-age years between 18 and 64. In addition, 198,214 residents lived between 100 and 200 percent of the poverty line. In total, 389,451 residents lived below 200 percent of the poverty line, a basic measure for economic self-sufficiency. This means at least 42.3 percent of Marion County residents do not have a sufficient income to meet all of their basic needs. These low-income Marion County residents are those who stand to benefit most from the favorable cost savings of mass transit and the economic opportunities they unlock.

Low-income Marion County residents with low educational attainment would also particularly benefit from increased transit opportunities to attend school or training. Of individuals 25 years or older living below the poverty line, 91.6 percent had less than a bachelor's degree. 32.1 percent of Marion County residents without a high school diploma live in poverty, as do 18.3 percent of high school graduates and 15 percent of those with some college. Access to additional education and skills training is essential to pulling these working-age residents out of poverty. Without reliable transportation, low-income residents cannot access and complete needed education and training, and they may not be able to afford both reliable private transportation and the cost of attending post-secondary education.

In addition, the proposed transit plan would allow more low-income families to budget effectively and stretch their transportation dollars on high-quality, reliable public transit instead of volatilely-priced gas. Analysis by the Pew Charitable Trusts found that lower-income families spend an increasing percentage of their income on gas and transportation compared to middle- and higher-income families. In 2000, the lower third of families spent 10 percent of their income on transportation, compared to 15.7 percent in 2014; while the middle third also spent 10 percent on transportation in 1996 but only 11.2 percent in 2014; and the upper third spent 8.4 percent in 1996 and just 8.2 percent on transportation in 2014. Lower-income households also continue to spend more on gas: adjusted for inflation, the lower-third spent $918 on gas in 1996 but $2,095 in 2014.[2]

Inadequate Marion County transit results in more impoverished users, lower incomes

Like every other county in Indiana, Marion County does not provide adequate public transportation for economic self-sufficiency. But Marion County has a much higher rate of impoverished and low-income residents using public transportation compared to the rest of the state, and the median income of transit users is much lower than the statewide rate (see table 1). Nearly one in three commuters who uses public transportation in Marion County lives in poverty, compared to one in five statewide. The median income for Marion County public transit commuters is $12,925, just $843 above the federal poverty threshold for a single adult, and $7,712 less than the income needed for self-sufficiency for a single adult.[3] Furthermore, Marion County's public transportation commuters make $6,676 less per year than the statewide average for transit commuters. The current public transportation in Marion County is a method of last resort for working residents, as evidenced by the near poverty-level incomes of typical riders. Unless Central Indiana is willing to invest in public transportation that allows for economic mobility leading to self-sufficiency for its residents, the region will likely stay below the state average for commuters' incomes. Without an economically mobile workforce or sufficient transit, Central Indiana is likely to fall further behind other similar-sized regions that have seen improvements to transit result in gains in education, income, and economic development.

[2] Pew Charitable Trusts, "Household Expenditures and Income," (March 30, 2016): goo.gl/qATTak

[3] 2015 U.S. Census Poverty Thresholds and Self-Sufficiency Standard for Indiana 2016

TABLE 1. Income, Poverty, and Transportation Usage in Indiana and Marion County, 2015[4]

	Indiana				Marion County			
	Workers aged 16+	Drive Alone	Carpool	Use Public Transportation	Workers aged 16+	Drive Alone	Carpool	Use Public Transportation
Total	3,036,512	2,538,330 (83.1%)	263,437 (8.6%)	32,079 (1%)	444,694	366,276 (82.3%)	39,832 (9%)	8,028 (1.8%)
In poverty	7.2%	6.2%	10.4%	20.5%	10%	8.8%	12.5%	31.9%
100-149% poverty	6.5%	6.1%	9.2%	11.1%	8.3%	7.9%	12.1%	8%
Median earnings	$32,112	$34,365	$26,000	$19,601	$30,821	$31,911	$20,985	$12,925

Potential savings of public transportation for working families

Compared to Indianapolis, cities of similar size with public transit adequate for widespread commuting see reduced average transportation costs for working families. The introduction of sufficient mass transit in central Indiana would lower this basic cost and therefore put economic self-sufficiency within closer reach for low-income families. For comparison, Indianapolis, with 853,173 residents in 2015, has a transportation self-sufficiency cost of $247 per month for a single adult and $255 for one adult, one preschooler, and one schoolage child. However, in Denver, with 682,545 residents in 2015, the cost of transportation was only $140 per month for one adult and also $140 per month for an adult with a preschooler and a schoolage child, due to the presence of a mass transit system. Table 2 shows additional examples from cities with both a Self-Sufficiency Standard and mass transportation:[5]

TABLE 2. Comparison of the monthly basic cost of transportation for selected cities in 2015 dollars[6]

City & State	2015 Population	Transportation cost for 1 adult	Transportation cost for 1 adult, 1 preschooler & 1 schoolage child
Indianapolis, IN	853,173	$247	$255
Denver, CO	682,545	$140	$140
Washington, DC	672,228	$138	$138
Seattle, WA	684,451	$99	$99
San Francisco, CA	864,816	$76	$76

[4] 2015 U.S. Census American Community Survey
[5] Dollar amounts adjusted for inflation from year each Standard was last calculated into 2015 dollars using U.S. Bureau of Labor Statistics CPI Inflation Calculator
[6] Population data from 2015 U.S. Census American Community Survey; Transportation costs calculated using data from www.selfsufficiencystandard.org and U.S. Bureau of Labor Statistics CPI Inflation Calculator

While other basic costs in these cities may be greater, the reduction in monthly transportation costs needed for family self-sufficiency shows significant savings over the costs Marion County families face every month. Using Denver as a conservative example, expanding mass transit to meet the commuter threshold for all of Marion County would reduce basic monthly transportation costs by over one hundred dollars per working family, or over $1,200 per year.

More specifically, the current cost of a monthly pass is $60 for a single adult; $90 for a family of one adult ($60), a preschooler (free with adult) and a schoolage child ($30 at half fare); and $150 per month for a family of two adults ($60 each) a preschooler (free with adult) and one schoolage child ($30). Before taxes are considered, according to the Self-Sufficiency Standard, access to adequate public transit each month could save a single adult $187; a family with a single adult, a preschooler, and a schoolage child $165 a month; and a family with two adults, one preschooler, and one schoolage child $328 monthly (table 3).

TABLE 3. Monthly and annual savings of sufficient public transit on monthly transportation costs

Family Type	2016 Monthly Self Sufficiency Transportation Cost	2016 IndyGo Monthly Pass	Monthly Savings	Annual Savings
Single adult	$247	$60	$187	$2,244
One adult, one preschooler, one schoolage child	$255	$90	$165	$1,980
Two adults, one preschooler, one schoolage child	$478	$150	$328	$3,936

Benefits of transit include increased access to jobs, education, and economic mobility

Beyond reducing the monthly cost of self-sufficiency, improved transit would provide low-income families with increased access to jobs and to the education and skills training needed for economic mobility. The link between transportation and economic mobility is clear when comparing Marion County's rankings in these areas. An analysis by the Equality of Opportunity Project at Harvard University found that growing up in the lowest quartile of incomes in Marion County causes a negative 12.1 percent in adult income growth compared to the national median, ranking 90th among the 100 largest U.S. counties. This negative income effect results in low generational economic mobility: the same study found that a child raised in the bottom income quintile in the Indianapolis area stands just a 4.8 percent chance of rising to the top quintile during his or her lifetime.[7] The group's research also points to the benefit that rapid public transit could bring: "people with commute times less than 15 minutes on average increase a child's income by 2.317 (s.e. 0.353) percentiles for children in below-median income families, corresponding to a more than 7% increase in income."[8] By increasing the proportion of low-income families with access to rapid transit that decreases commute times to under 15 minutes, the Central Indiana plan stands to increase the future incomes of the children of low-income families.

Central Indiana's low economic mobility for low-income residents is further correlated with the low rates of access to jobs by public transportation. A 2011 study by the Brookings Institute placed Indianapolis 88th among the nation's 100 largest cities for the share of working-age residents covered by public transit; 62nd in the

[7] Harvard University, "Causal Effects of the 100 Largest Counties on Household Income in Adulthood" (2016): goo.gl/ThlfBY

[8] Raj Chetty and Nathaniel Hendren, "The impacts of neighborhoods on intergenerational mobility: Childhood exposure effects and county-level estimates," *Harvard University and NBER* (2015).

frequency of service; and 66th in job access by transit, with only 37.1 percent of jobs for low-income residents that can be reached by transit in 90 minutes.[9]

By contrast, the proposed Central Indiana transit plan aims to improve rates of coverage, frequency, and job access, particularly for low-income Marion County residents. The plan cites increasing access to the 'frequent network' of rapid transit for households in poverty from 10,517 (or 16 percent of the total impoverished population) in 2016 to a projected 32,770 (or 51 percent) in 2021. For low-income residents, the plan projects an increase from 29,063 (or 13 percent of the total low-income population) in 2016 to 90,223 (or 42 percent) in 2021. The plan projects to increase coverage of minority residents from 55,148 (14 percent of the minority population) in 2016 to 175,776 (or 45 percent) in 2021. The plan would nearly double the number and proportion of Marion County jobs served by transit, from 140,057 (27 percent of all jobs) in 2016 to 247,985 (48 percent) in 2021.[10]

Lack of access to transportation can also impact the health of a community, while reliable public transit can provide particular benefits to the well-being of low-income residents. Lack of transportation leads to missed or rescheduled appointments, delayed care, and missed or delayed medication use. Often, these add up to poorer health outcomes and more emergency room visits as patients wait to seek treatment until their health is seriously compromised.[11] This more often affects low-income patients and their children, with results across 25 studies finding up to 51 percent of patients reporting that transportation was a barrier to health care access. For the most part, studies focused on whether or not a person had access to a car or used public transportation, and found that car access correlated with higher use of care. Reliable public transit can provide benefits to the health and well-being of the entire community as well, with particular benefits to low-income residents.

For Central Indiana to improve its economic opportunity and well-being for its residents, the region will need to open more avenues to good-paying, high-quality jobs and the education and training for low-income residents to gain to the skills to make them competitive for them. If implemented, the proposed increases in coverage, frequency, and job access in the transit plan have the potential to yield significant improvements in income, jobs, and economic opportunity for Marion County's low-income residents.

Impact of the transit proposal on the taxes of working families

Including the savings on basic transportation costs brought by sufficient public transit, the tax cost of the proposed Central Indiana Transit Plan will result in net savings for Marion County's low-income working families who use the transit system. The majority of households in Marion County would pay less than $100 per year *before* the benefits of transit are included. According to an analysis of the proposal by the Institute for Taxation and Economic Policy (ITEP), before the savings on the self-sufficiency transportation cost, the proposed 0.25 percent tax increase (or $0.25 on every $100 of income) would have an average increase of less than $100 per year for all families in federal income groups below $50,000 per year (The Census finds 58.1 percent of Marion County households earned less than $50,000 per year in 2015.) Even for families making between $100,000 and $200,000 per year, the estimated average increase of $348 per year comes to $29 per month. Even including the proposed plan's impact on taxes, working families in Indiana are likely to see a savings above $70 per month in their basic transportation cost required for economic self-sufficiency.

[9] A. Tomer, E. Kneebone, R. Puentes, and A. Berube, "Missed Opportunity: Transit and Jobs in Metropolitan America," *The Brookings Institution* (2011): goo.gl/94rUiL
[10] IndyConnect, "The Central Indiana Transit Plan," [promotional poster] (2016): goo.gl/kwOIP5
[11] S. T. Syed, B. S. Gerber, and L. K. Sharp, "Traveling towards disease: transportation barriers to health care," *Journal of Community Health* 38 (2013).

A single adult making the bare annual self-sufficiency income of $20,637 would pay $38 per year; a family of one adult, one preschooler and one schoolage child making $48,897 would pay $82 per year; and a family of two adults with a preschooler and a schoolage child making $55,872 would pay $157.

TABLE 4. Impact of proposed 0.25 percent personal income tax increase as part of Central Indiana Transit Plan

IMPACT OF 0.25% PIT INCREASE IN MARION COUNTY, ADJUSTED 2013 SOI IRS DATA (7.9% income growth, 0.08% population growth)

Income Group (federal AGI)	Number of Returns	Income	Total Exemptions	Dependent Exemptions	Cost IN Exemptions	Taxable Income	**Tax Increase (0.0025)**	**Average Increase per Household**	**Change As Share of Income**	**Share of Increase**
Under $1	4,768	-332,626,567	6,421	998	7,917,840	(340,544,407)	(851,361)	(179)	0.26%	-2%
$1 under $10,000	77,102	460,731,921	86,990	25,452	125,168,400	335,563,521	838,909	11	0.18%	2%
$10,000 under $25,000	121,645	2,257,052,200	236,144	105,235	393,996,960	1,863,055,240	4,657,638	38	0.21%	8%
$25,000 under $50,000	121,645	4,696,027,037	250,891	104,318	407,368,080	4,288,658,957	10,721,647	88	0.23%	19%
$50,000 under $75,000	54,361	3,593,901,909	115,618	37,437	171,773,280	3,422,128,629	8,555,322	157	0.24%	15%
$75,000 under $100,000	29,948	2,793,347,570	71,518	21,319	103,496,400	2,689,851,170	6,724,628	225	0.24%	12%
$100,000 under $200,000	33,768	4,833,628,670	89,087	27,891	130,924,080	4,702,704,590	11,756,761	348	0.24%	21%
$200,000 or more	9,707	5,298,733,778	27,337	9,516	41,610,240	5,257,123,538	13,142,809	1,354	0.25%	24%
Total	452944.8	23600796518	884005.92	332166.24	1,382,255,280	22,218,541,238	55,546,353	123	0.24%	100%
				Revenue Raised (Taxable Income * 0.25% tax)			**55,546,353**			

Source: Institute for Taxation and Economic Policy analysis[12]

Net Value of the Transit Plan to Working Families

The value of public transit to low-income families reaches far beyond helping make dollars stretch on monthly bills: it also expands the map of economic opportunity, unlocking access to more and better jobs, education and training, health care, and social and civic resources that greatly add to the community's quality of life. Nevertheless, it is helpful to quantify the net financial benefits for the Marion County residents who currently struggle to reach self-sufficiency (table 5).

TABLE 5. Net monthly savings after Central Indiana Transit Plan on income needed for self-sufficiency

Family type	Current monthly income needed for self-sufficiency	New monthly income needed for self-sufficiency	Potential monthly transit savings (after 0.25 percent tax)
One adult	$1,720	$1,536	$184
One adult; one preschooler; one schoolage child	$4,075	$3,917	$158
Two adults; one preschooler; one schoolage child	$4,656	$4,341	$315

In sum, providing reliable public transit would make living in Marion County more affordable for the over a third of a million residents who currently live below economic self-sufficiency. Across the county, if each of those

[12] Distributional analysis was performed by the Institute for Taxation and Economic Policy on the impact of the proposed Personal Income Tax increase in Marion County, based on IRS Statistics of Income data. Data is based on all returns (not just resident returns) for latest 2013 tax year 2013, applied with BEA estimates of income growth in Indiana of 7.9% and population growth of 0.08%.

residents saved a conservative $53 per month (the average savings per member from one adult; one preschooler and one schoolage child); the county's low-income population would benefit by $246 million each year.

Indiana as whole and Marion County should invest in state and regional mass transit efforts in order to provide better pathways to self-sufficiency and economic security. The proposed Central Indiana transit plans moves towards this goal by providing an increased percentage of Marion County's low-income population with access to frequent and reliable public transportation options to work, childcare, health services, and education providers. Evidence from academic studies and independent analysis of the proposal show that low-income families stand to directly benefit from increased incomes, monthly budget savings, and long-term economic mobility. In turn, the economy of Marion County, the Central Indiana region, and the state stands to benefit from better-educated, higher-skilled, mobile and economically secure working families.

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