Public Transit

Report to the Rebuilding Our Transportation Vision Workgroup

October 2026



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Updated 11/09/2026

Without additional funding, 20% of transit service in Oregon will be eliminated over the next 10 years.

- Around 94,000 Oregonian's who rely on transit today, won't be able to take the bus in the future[i]
- Many of these people have no other option to get to work or medical appointments.
  - 40% of Oregon transit riders earn less than $25,000 per year and cannot afford a car
  - In Rogue Valley, 70% of their riders do not have access to a working vehicle.
- Rural services would be eliminated or fares increased to the point people could not afford.
  - Without additional funds, the Burns-to-Bend/Redmond connection would increase to $35 or more. For an individual traveling from Burns to Bend three times a week for dialysis, that adds up to $420 a month and over $5,000 a year.

These reductions are on top of services that have already been cut today because transit costs are rising faster than federal and state revenue. Over the past 10 years:

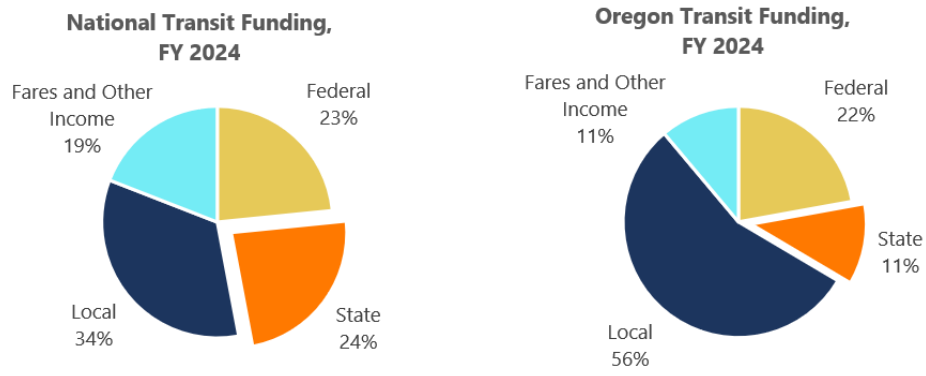
- Gas prices have nearly tripled, from around $2.50 for diesel in 2016 to $6.80 today
- The cost of buying a transit bus has doubled and maintenance costs skyrocketed, with Harney Hub Transit reporting a 296% cost increase to maintain their vehicles.
- Required vehicle, liability, property and cybersecurity insurance costs have more than doubled, with agencies like Cascades East Transit seeing a 106% increase.

Transit agencies have become as lean as possible to absorb cost increases, but these expenses are for base operations that cannot be avoided. Costs are expected to continue to rise over the next decade at around 5.8% per year while state payroll tax funding is only increasing at 4.4% and federal funding is flat.

Compared with other states, Oregon contributes a smaller share of state dollars to transit.

Nationally, state revenue accounts for 24% of public transit spending. In Oregon, it accounts for 11%. Increasing state transit funding is necessary to avoid service cuts and would bring Oregon closer to the national share.

Figure 1 - Oregon transit funding compared to national transit funding.[ii]



Transit in Oregon Today

Transit provides a lifeline for one in three Oregonians who cannot drive because of age, affordability, disability or lack of access to a vehicle.[iii]

Oregonians use transit regularly:

- About 11% of households use it at least once a week.[iv]
- Use is higher among low-income households (23%), adults ages 18 to 24 (17%) and people with disabilities (13%).
- Riders most often take the bus to work or school (25%).
- They also use it to shop, eat or socialize (21%) and run errands (7%).

Oregon Public Transportation Plan Vision

In 2045, public transportation is an integral, interconnected component of Oregon's transportation system that makes Oregon's diverse cities, towns and communities work. Because public transportation is convenient, affordable and efficient, it helps further the state's quality of life and economic vitality and contributes to the health and safety of all residents, while reducing greenhouse gas emissions.

Overall transit ridership has been rebounding since COVID, when it took a steep decline. Several agencies – including Salem Area Mass Transit District, Klamath Tribes, the City of Lebanon and Coos County Area Transit – have reached and even exceeded pre-pandemic levels.

Transit agencies use ridership data, demographics and rider surveys to understand whom they serve and how to meet their needs. Although overall use matters, agencies should not rely too heavily on ridership as the sole measure of success.

Transit is not just about people in seats; it is about access and mobility. Rural services, for example, travel longer distances and may carry fewer riders. Per mile service delivery costs are higher in rural areas but these services are essential, as rideshare like Uber or Lyft, or taxis are limited, cost prohibitive, or unavailable and frequently no other options exist to get patients to the doctor or workers to jobs.

The importance of access and mobility in all parts of the state was foundational to Oregon's state transit funding legislation in House Bill 2017, which did not focus on ridership but instead focused on increased access for low-income households and improving services for students in grade 9 to 12 and older adults and people with disabilities.

Transit connects people to places and services they cannot otherwise reach. It also offers an important transportation option that reduces demand on congested roads and provides other statewide benefits.

Benefits

Transit directly benefits people who depend on or choose the service. It also provides value to nonriders and the state as a whole:

- **Transit supports affordability by providing transportation to people who do not have enough money to own a vehicle.** Sixty-six percent of Oregon households that use transit at least once a week earn less than $50,000 a year and 40% earn less than $25,000.[v] In urban areas, transit connects residents to affordable housing, which is increasingly located outside urban cores.
- **Transit keeps healthcare costs low for all Oregonians.** A multistate study found that providing nonemergency medical transportation saved Medicaid $9,504 per enrollee each year.[vi] Oregon has 1.3 million Medicaid enrollees.[vii]
- **Transit supports jobs, businesses and local economies.** Estimates show that every $1 invested in transit generates $5 in economic returns.[viii] These returns include connecting workers and employers and supporting transit vehicle and equipment manufacturing and other industry jobs.
- **Transit trips keep cars off the road, reducing wear, congestion and safety risks.** Each year, transit in Oregon prevents an estimated 100 million vehicle-miles of travel, reducing air pollution, greenhouse gas emissions and congestion.[ix] Without transit, Oregon's roads would be more congested and dangerous, slowing people and freight. TriMet data, for example, show that rush-hour traffic in the Vista Ridge Tunnel

Problem Statement

Transit and passenger rail provide essential connections for people traveling to jobs, school, health care and daily needs, while offering alternatives to driving that can reduce congestion, improve air quality and improve safety.

Nearly one in three Oregonians cannot drive because of age, disability, income, or other barriers, making reliable transit and passenger rail especially important for access to daily needs.

However, many riders still face limited schedules, long waits between trips and few evening, weekend, rural or intercity options.

As costs rise, almost all transit providers across the state have already made cuts. Without stable funding, additional service reductions, fare increases, delayed vehicle replacement and declining reliability could leave many Oregonians with fewer safe and affordable travel options.

would be 50% higher without MAX light rail service.[x] Research studies have found that transit use reduces crashes, serious injuries and roadway deaths.[xi]

- **Transit plays a vital role in emergency preparedness and response.** During emergencies such as wildfires, floods and earthquakes, transit can move many people quickly, particularly those without vehicles.

Buses Help During Emergencies

Lane Transit District helped evacuate communities along the McKenzie River corridor during the 2020 Holiday Farm Fire.

In summer 2026, **Kayak Public Transit** assisted with wildfire evacuations in northeast Oregon.

Funding

Transit funding varies across Oregon by source and agency budget size. Today, federal funding accounts for about 22% of Oregon transit funding, state funding 11%, local funding 56% and fares and other agency revenue 11%.[xii] However, those statewide shares vary widely by agency.

For example, state funding accounts for 7.5% of TriMet's budget but 70% of Wallowa County's transit budget (2025). Agency budgets also differ greatly in scale: TriMet's annual budget is $990 million, while Wallowa County's is $282,200.[xiii]

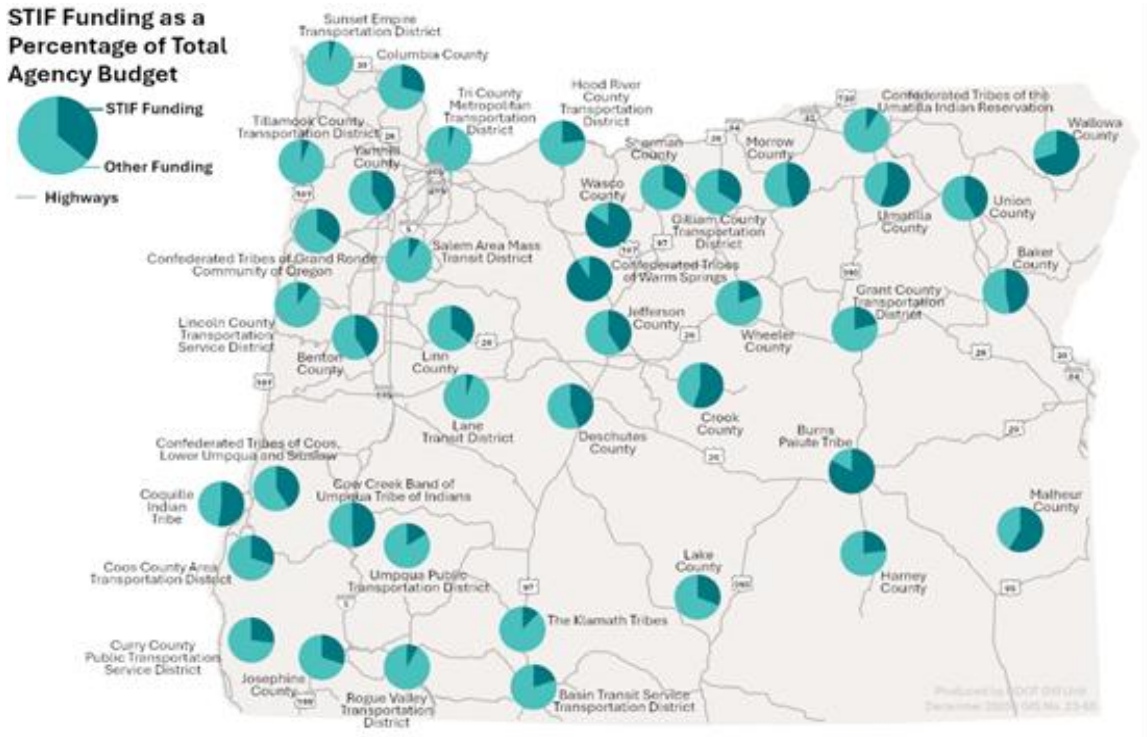


Figure 3 – This shows all 42 Qualified Entities (QEs) throughout the state. QEs distribute funds to other Public Transportation Service Providers (PTSPs). This map does not show all transit providers in the state.

Federal Funding

Federal funding comes from the Federal Transit Administration (FTA). It primarily supports capital purchases in urban areas, services for older adults and people with disabilities and operations and capital investments in rural and small communities. Excluding one-time COVID-19 relief funds, federal funding has remained flat for years and has not kept pace with increasing costs. The federal government also offers discretionary grants, but Oregon agencies compete nationally for those funds and cannot rely on them. Current proposals to reauthorize the federal Surface Transportation Act would reduce discretionary grants and keep formula funding flat.

Local Funding

Local taxes and fees provide 56% of Oregon's public transit funding, although the amount and source vary by agency.

- Of the 45 transit agencies that reported 2024 spending to the FTA, all but six reported some local funding.[xiv]
- Among agencies with local funding, the share ranged from 0.4% to 80%; the median was 12%.
- Common sources include general funds, employer or employee payroll taxes, utility fees and property taxes.

Agencies face different opportunities and challenges to generating local funds. Counties, mass transit districts, transportation districts, tribes and special districts have different legal authorities and limitations for raising revenues. Additionally, because population density and economic conditions vary greatly across the state, there is significant variation in revenue raising capacity.

State Funding

Until about 10 years ago, Oregon's state transit dollars came only from the Special Transportation Fund, or STF. Cigarette and identification card fees supported the fund, paying for transit services for older adults and people with disabilities.

In 2017, state funding for transit significantly increased with the establishment of the Statewide Transportation Improvement Fund (STIF), which created an employee payroll tax of 0.1% (or $1 for every $1,000 in income). That tax equates to about $85 per year, or 23 cents a day for the average Oregon household.[xv]

In 2023, the STF was merged with the STIF. The former STF funds comprise about 5% of all STIF funding and the payroll tax the rest. The Oregon Department of Transportation, or ODOT, administers the STIF.

Approximately 90% of STIF funds go to the areas where they are generated. Of the remaining amount, 9% goes to competitive funding programs for transit statewide and 1% to provide technical resources to rural providers.

Costs

Although the revenue from the STIF payroll tax increases annually as wages increase, costs are rising at a faster pace than the additional money coming in. On average, the Statewide Transportation Improvement Fund (STIF) brings in about 4.4% more revenue every year, while costs are increasing by about 5.8% per year.

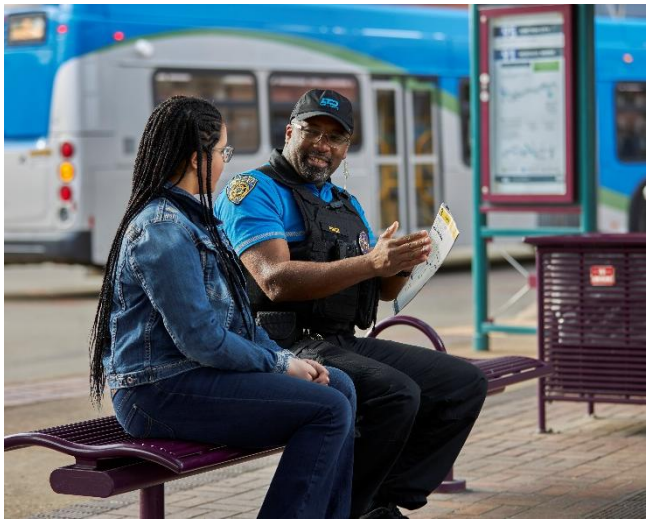


Figure 4 – Helping riders learn about taking the bus can make it feel easier to choose transit. *Photo by Lane Transit District*

Transit agency costs are heavily influenced by operational expenses, comprising 79% of budgets in Oregon. Within operations, nearly three-fourths of expenses are for labor, which for TriMet, as an example, increased by 56% since 2019.[xvi] Between labor and fuel costs,[xvii] the Rogue Valley Transit District reports that per mile costs have increased by 59% over the same timeframe.[xviii]

Transit providers are also experiencing major increases in insurance costs (healthcare, liability, vehicle, property, cybersecurity), vehicle costs, preventive maintenance and parts replacements. Similar cost increases are occurring nationally, with Oregon's cost per revenue mile for transit ($22.25) closely mirroring the national average ($22.24).[xix]

Local funds keep better pace with rising costs, but the buying power of state (STIF) and federal funding dollars fall short. Because of the mix of funding sources in Oregon, overall transit revenues have fallen behind expenditures and rising costs.

Agencies and Services

There are 100 transit agencies operating service in Oregon. In 2024, transit agencies provided 85 million rides — nearly 20 per Oregonian — and traveled well over 300 million miles.

State (STIF) dollars helped bring Oregon transit service to baseline levels, especially for rural agencies.

Most transit agencies expanded service and provided new transportation options to more Oregonians. Washington County, for example, was able to increase the number of people served by over 40%.[xx].

While STIF enabled improvements in many areas, in others it helped to cover increasing costs. Some areas actually lost service, meaning the overall miles of transit service in Oregon has remained relatively flat statewide.

Cuts would have been more widespread and deeper if it were not for STIF. Based on those who responded to a 2026 survey of Oregon transit providers: **45% of transit agencies have cut service in the last 5 years**; and nearly half of agencies have tapped into their funding reserves to stave off service reductions for now, but those will soon be exhausted.

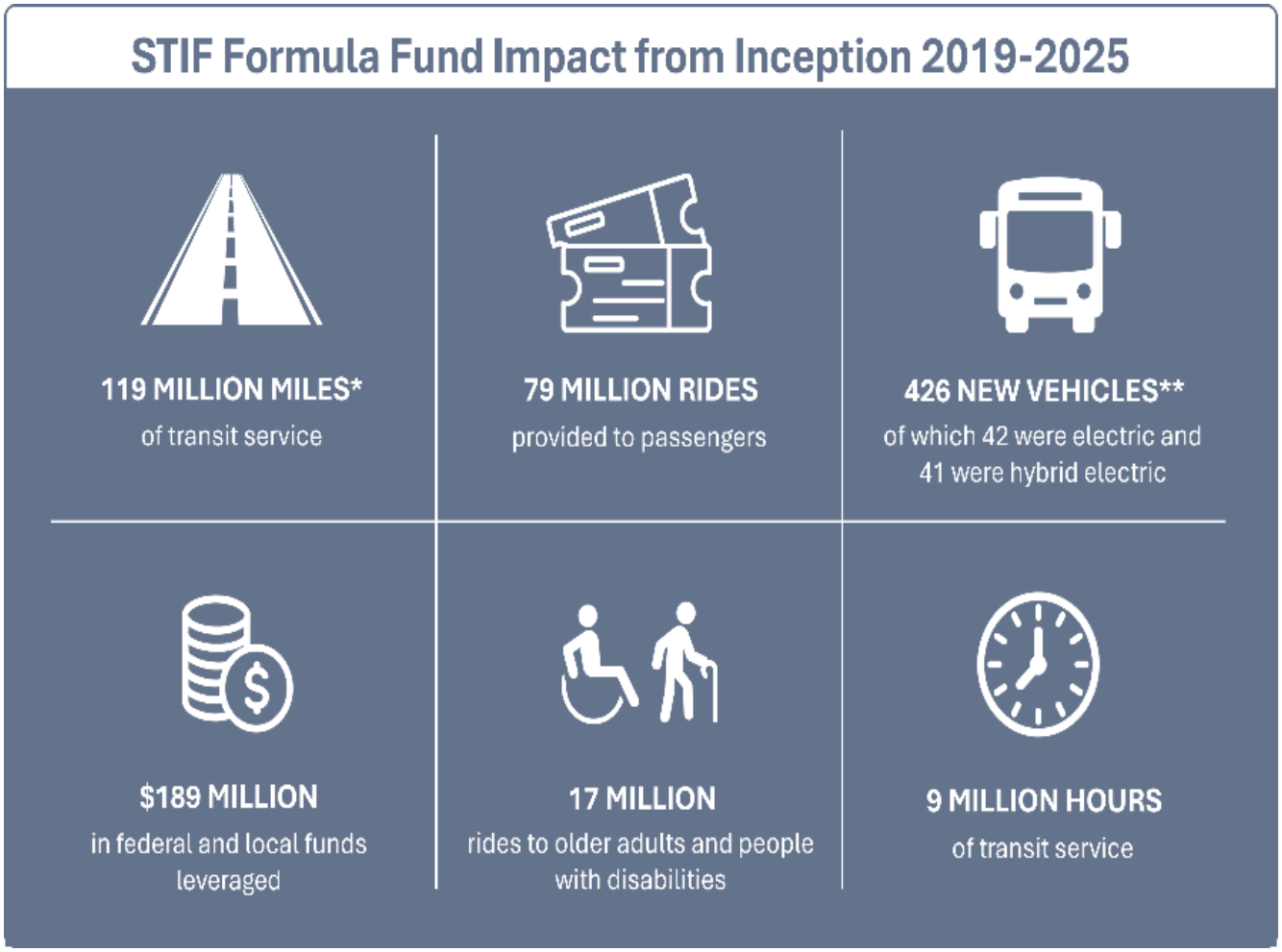


Figure 5 – Benefits of STIF investments.

Oregon's Transit System Tomorrow

Scenario 1: No Additional Funding

Within the next 10 years, transit agencies will cut service. Some funding sources will grow, but others will not and costs will outpace revenue. Table 1 shows how well each funding source keeps pace with inflation (assumed at 5.8% annually) over the next 10 years. Although revenue from most sources is projected to increase, rising costs will reduce its purchasing power.

Table 1 – Funding source purchasing power changes, FY 2028-37.

Local	Federal	STIF Payroll Funds (Payroll tax)	STIF Population Funds (Former STF: cigarette tax, ID card fees)	Fares and Other Income
+3%	-36%	-11%	-47%	-20%

Agencies that rely most on local funds will be better insulated than agencies that rely most on federal funds.

Service Impacts:

- Around 20% of transit service in Oregon will be eliminated over the next 10 years.
  - Within two years, 38% of transit agencies report that they will cut service.
  - Within four years, 62% say they will cut service.
- Around 94,000 Oregonian's who rely on transit today, won't be able to take the bus in the future.[xxi]
  - Service miles will drop from 60 million miles to 48 million miles.
  - These miles represent trips to jobs, medical appointments and access to shopping and education for many people who do not have other travel options.
- Rural and tribal agencies are likely to eliminate fixed-route service and demand-response rides for seniors and people with disabilities.
  - These agencies are more susceptible because they operate on smaller budgets from more limited sources of funding. People taking these routes have no other option to get to critical medical services.

Agencies that have already reduced service have generally exhausted the least disruptive options, so future route and service reductions will have more significant effects.

Examples of service cuts across Oregon

- The Burns/Hines deviated fixed route operated by **Harney Hub Transit** would be eliminated, leaving the only available transit as a demand response system. This system has more limited capacity and is more costly to operate per rider.
- The Diamond Express, which is a primarily STIF-funded route operated by **Lane Transit District** and is the only service connecting Oakridge to Eugene/Springfield, would face major reductions and possible elimination.

As costs continue to outpace revenue, Oregon transit agencies will make reductions, focusing on the least impactful first using the hierarchy in Table 2. With 45% of transit agencies reporting they have cut service already, most of the lower impact solutions have *already* been exhausted, meaning **cuts in the next 10 years will have a significant impact on transit users**.

Table 2 - Escalating effects of cost reductions.

Reduction	Impact / Risk
Deferred Maintenance and Bus Purchases	Buses could break down more, making travel times less reliable and therefore transit less usable. If a bus cannot be repaired or replaced, fewer buses will be available to operate, leading to service cuts.
Deferred Facility Improvements	Maintenance facilities and office spaces cannot be adjusted to accommodate workforce or equipment needs.
Cancelling Night and Weekend Service	These cuts make it impossible for shift-work employees to use transit. Late-shift work is growing in the US and often are lower paying jobs where affordability is an issue.[xxii] Cutting these services also means that people cannot take the bus to the doctor or grocery store outside of standard working hours.
Less Frequent Service	Fewer people take transit because it no longer meets their needs. Cutting the number of times per day that a bus runs along a route reduces the ability of users to take the bus to-and-from work depending on their hours, or for quick trips to shopping or other destinations.
Eliminating Routes	Eliminating routes means total loss of access to critical destinations for geographic portions of the population.

As transit agencies move further down the list of cuts, service becomes less reliable and less available. Thus, **the overall usability of transit will diminish for Oregonians**. When transit can no longer meet their needs, people will find another way to travel or skip trips. Studies have found that riders who buy vehicles after losing usable transit service rarely return, even if service later improves.[xxiii] For example, many people who bought cars during the COVID-19 pandemic because of service changes did not return to transit. Any service reduction now will result in immediate ridership losses that will be lasting.

Outcomes

Oregon's loss of transit service and diminished usability will have visible and dramatic impacts on users and the state as whole, resulting in:

- **Decreased Affordability for Oregon Households**
  National research has found that riding transit versus owning a car can save riders more than $13,000 on average each year.[xxiv] A high proportion of Oregon's transit riders are low-income. In urban areas, low-income people make up 30-40% of riders. In smaller urban and rural areas, the percentage of low-income riders is much higher. A recent user survey by the Rogue Valley Transit District found that 70% of their riders have no access to a working vehicle.
- **Economic Loss to Businesses**
  Transit provides a vital connection to businesses, bringing customers and clientele. In 2025, Lane Transit District redesigned and expanded its service to the downtown area of Eugene, creating the Downtown Loop. Coupled with a joint marketing campaign with local businesses, in the first year of service, ridership increased 84% on the Loop, meaning LTD transit has delivered more customers to downtown local businesses. Cuts in this service would negatively impact the economic vitality of downtown Eugene.



People can't get to work and businesses lose access to a skilled workforce

Housing affordability has shifted more workers outside of Bend and Redmond. Dependable regional transit is required for employers to have access to a reliable workforce. **Cascades East Transit** Community Connector provides an average of 9,600 passenger trips each month linking communities throughout Central Oregon to employment. Cuts in service will reduce worker and employer access.

Within **TriMet's** service area, 30 million rides were provided to people traveling to work. A projected 33% reduction in TriMet's service will result in lost connections of workers to employment. Reductions will also result in a loss of employer access to workers, as 95% of TriMet's current routes are within a half mile of a fixed transit route.

"I work in the Northwest Industrial area and despite the two lines that go out there being lower ridership, people like me rely on those lines to get to work. Without them, I have zero alternative."
– TriMet Rider

- **Job Loss and Reduced Employer Access**
  Transit dependent workers will not be able to get to work without a car. People who cannot afford a car are likely to lose their job if it is not within walking distance. Additionally cutting transit routes will mean businesses have less access to skilled workers.

- **Increased Cost Burden of Accessing Critical Health Care**
  Many Oregonians depend on transit to reach lifesaving treatment facilities such as dialysis centers. Without additional funding, transit providers will change services in ways that reduce access and affordability. Harney Hub Transit's Burns-to-Bend/Redmond route, for example, could change from free service to a fare of $35 or more each way. A person traveling from Burns to Bend three times a week for dialysis would pay about $455 a month, or more than $5,400 a year. Private taxi would be well over $100 per one-way trip. In some areas taxis or rideshare services are not available.

When funding fails to keep pace with costs, service cuts affect riders, transit agencies and the state. Agencies may lay off employees and delaying maintenance and vehicle purchases may increase future costs. Some agencies may also lose federal funding because they lack sufficient state matching funds.



Oregon is leaving money on the table

In 2026, the Klamath Tribes did not apply for an FTA discretionary grant because they did not have enough state matching funds. The grant could have helped pay **Quail Trail Public Transit** operating costs, which have nearly doubled since the COVID-19 pandemic.

Additional Funding Needs

Oregon needs additional funding simply to maintain today's transit service. The purchasing power of transit revenue is projected to decline significantly over the next 10 years. Except for local tax revenue, all other sources of transit funding – federal, STIF revenue, fares and other directly generated funds – will be able to buy less over time. Without it, agencies such as Kayak Public Transit, which serves rural northeast Oregon and the Confederated Tribes of the Umatilla Indian Reservation, will return to pre-STIF service levels.

Two scenarios were created, representing modest increases in funding that, at most, sustain today's service levels:

- **Scenario 2** would increase state transit funding but not enough to sustain today's service. Instead of a 20% statewide decline, service would fall 12%. While agencies would work to sustain services for those most in need, cuts would still be felt for all riders.
- **Scenario 3** would provide enough funding to keep pace with inflation and maintain the current number of service miles. At most, Scenario 3 would maintain service for people served today.

Scenario 2: Sustain Core Services

Scenario 2 results in service cuts and a managed decline. Scenario 2 represents a mid-point between sustaining today's service and substantial reductions.

Objective

Keep critical connections for transportation disadvantaged populations.

Outcomes

- Managed decline in service, while minimizing impacts to the most transit-dependent users.
- Eliminates 12% of service, which is about half of the cuts that would otherwise occur with no new funding.
- Service reductions would include deferred maintenance, vehicle replacement and facility improvements, as well as reductions in the frequency of routes and some route elimination.



Figure 6 – Seniors are especially dependent on transit as they age and have fewer options to get around town. *Photo by Cherriots*

Additional Revenue Need

Oregon would need to provide an additional $143 million annually (in 2027 dollars) to help manage decline of the transit system. The average state share of transit revenue nationwide is 24%, compared with 11% in Oregon. Increasing state revenue by this amount would bring Oregon closer to the national average.

Scenario 3: Critical Investments

Scenario 3 sustains existing service. Additional revenue would keep pace with inflation. As noted earlier, this level still falls short of the lowest level of investment envisioned in the Oregon Public Transportation Plan.

Objective

Sustain current service levels.

Outcomes

- Same revenue miles as the FY 2024.
- While this scenario maintains transit miles, it does not grow service miles as population increases, thus serving fewer people per capita.

Additional Revenue Need

Oregon would need to provide an additional $321 million annually (in 2027 dollars) to sustain today's service levels and not make any cuts.

Meeting the Full Needs

Neither scenario puts Oregon on track to achieve the vision in the Oregon Public Transportation Plan (OPTP).

Neither scenario fulfills the vision in the 2019 OPTP and address only a small share of the plan's minimum need. At minimum, the statewide plan calls for Oregon to maintain 2015 service levels as the population grows. Meeting that goal would require a significant increase in state funding. Achieving the plan's full vision would require substantially more.



Figure 7 – Oregon's transit providers connect people on state highways and local roads. *Photo from Oregon Department of Transportation*

Policies, Regulations and Other Efficiencies

Agencies across the state have taken action to become lean and efficient. Examples of these and potential future efficiencies include:

- **Coordination Across Agencies**
  Community Connection of Northeast Oregon has worked to align and provide services across Baker, Wallowa and Union Counties. Kayak, in Umatilla County, has expanded services by taking on responsibility from other providers. Similarly, Cascades East Transit partners with the Confederated Tribes of the Warm Springs, Deschutes County, Jefferson County and Crook County to provide integrated services across the territories of the four STIF Qualified Entities.

- **Network Design Review**
  The cost of transit service is driven by the design of the system. To maximize efficiencies in design, Lane Transit District (LTD) conducted route-by-route performance reviews and developed a new performance monitoring framework as part of a Fixed Route Service Policy update completed in 2026. The review resulted in updated standards, metrics and a decision-making framework LTD will use to evaluate and optimize service over time.

- **Cooperative Purchasing Contracts**
  There are efficiencies and cost savings that can be gained through cooperative purchasing contracts. ODOT has negotiated a statewide price agreement for vehicle purchases to simplify the procurement process for transit agencies. Many agencies throughout Oregon use the price agreement to purchase new vehicles as opposed to writing and negotiating agreements individually. This centralized approach helps save time and money statewide. A centralized approach is also being explored for cooperative purchasing opportunities for insurance and fuel.



Figure 8 – Several service providers across the state work to connect between communities and organizations, to make it easier for riders to reach critical destinations such as jobs and healthcare.

- **Technical Assistance**
  ODOT provides technical assistance to smaller transit agencies and is exploring

options for providing centralized consultant support to entities who do not have staff for or need help with accounting, planning and other services. ODOT is also making process improvements to ensure funding reaches recipients quickly and agencies use resources appropriately, supporting timely flow of funds and accountability.

- **STIF Rule Revisions**
  In 2025, ODOT significantly revised STIF program rules to address long-standing concerns about administration and oversight. ODOT is also revising quarterly reporting requirements to simplify the process and collect more actionable data. The department will continue evaluating STIF investments and oversight and will adjust the program as needed.

These and other cost-saving measures help, but fuel, insurance and other operating expenses drive the largest gap between revenue and spending and continue to rise rapidly.

Limitations to Local Funding

The Oregon Legislature should support and enable local jurisdictions to generate local funding to augment state funding and avoid establishing barriers, preemptions or moratoriums.

While many agencies have local funding mechanisms for transit in-place (e.g., vehicle registration fees, property taxes, local payroll taxes, etc.), options for revenue mechanisms remain relatively limited. Additional statewide funding is needed to maintain baseline services and local funding will be needed for supplementing community-specific needs.

Revenue Sources and Considerations

To meet the additional transit funding needs in Oregon, we can look at increases to existing sources or turn to new sources. Increasing the STIF payroll tax remains one option, but other states have adopted a broad range of funding mechanisms that should be considered. At the same time, it's important to recognize that transit funding in Oregon faces significant constitutional and legal constraints that are not present in other states.

Nationally, the most frequently reported statewide funding sources for transit are:

- Motor fuel tax revenues (25 states).
- Vehicle registration/license/title fees (19 states).
- Motor vehicle sales tax fees (16 states).
- General sales tax revenue (15 states).

While a motor fuels tax is the most frequent source of state funding, sales tax is the largest source of state and local transit funding. Around 47% of state and local transit funding comes from sales taxes.[xxv]

In Oregon, the state Constitution restricts the use of the motor fuel tax and vehicle fees to on-road highway spending, meaning most transit operations and capital expenditures are ineligible. Additionally, Oregon does not have a sales tax. Therefore, Oregon's revenue source options are much more limited than other states. That is why Oregon is an outlier in the use of an employee payroll tax to fund public transit.

Whether Oregon considers increasing the employee payroll tax, adopting new taxes or fees, or both, it will be important to consider the existing constitutional and legal constraints among other factors.

Transit Fares

Transit agencies could consider increased fares but must balance affordability for users and impacts on agency operations. In 2024, Oregon's transit agencies reported $88M in total fare revenue.[xxvi] In terms of farebox recovery – fare revenue as a percentage of operating expenses – that puts Oregon right in the middle nationwide. Across all states, the median farebox recovery in 2024 was 9%, which was the same as Oregon's. Farebox recovery ranged from 2% (New Mexico) to 44% (New Hampshire).

If fare revenue were doubled to $176M, it would cover a little more than half the funding gap under Scenario 2 and less than a third of what is needed under Scenario 3. However, most fare revenue is generated by a small number of large transit agencies. TriMet and the Lane Transit District account for 89% of all fare revenue in Oregon. Therefore, **doubling revenue from current sources of fare revenue would only benefit a small number of agencies across Oregon**.

Additionally, fare increases do not result in a one-to-one increase in revenues. Estimates vary but research finds that a 10% fare increase typically increases revenue by 5-8% over the short run and 1-4% over the long-run, suggesting that revenues tend to decline over time due to ridership loss.[xxvii] Farebox revenue is frequently offset by reductions in federal funding. For any project that receives federal funding, the federal grant is reduced by the amount of farebox revenue it generates.

For instance, the eligible federal grant amount for an operations project is the cost of the service minus any generated farebox revenue. Because operating a fare system requires staff time and expense and agencies must reduce their federal grant award by the amount they receive in farebox revenue, the net revenue potential of fares for small agencies is often very small or in some circumstances could be negative.

Overall Recommendations

Transit funding in Oregon does not keep pace with costs. Within the next 5 years, most transit agencies will make cuts unless additional new revenue is provided. These cuts would negatively impact affordability to Oregon households, the statewide economy and reduce access to jobs and workers. In many cases, this will mean cutting services that were created with STIF funding. Oregon should sustain existing transit service by keeping pace with inflation.

Scenario 3 is recommended. Increasing funding to the level envisioned in Scenario 3 would bring Oregon into better parity with how much other states contribute to funding their transit systems.



Figure 9 – Transit provides an important connection between Oregon's cities as well as within local communities. *Photo by Lane Transit District*

Subgroup Members

ODOT and the Governor's Office would like to thank the Public Transit and Passenger Rail Subgroup for dedicating their time and expertise to this memo.

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Chase Kitchen, Amtrak

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Consultant Support: Brandy Steffen, JLA Public Involvement

[i] According to the 2024 Oregon Household Activity Survey, 11% of households use transit at least once per week. 11% of Oregon's households is 189,026. The average household size is 2.49 people per house, meaning 470,093 people. Assuming a 20% reduction in transit service, 94,081 people would be impacted

[ii] Federal Transit Administration, "TS1.1 - Total Funding Time Series," National Transit Database, 2025, www.transit.dot.gov/ntd/data-product/ts11-total-funding-time-series-2

[iii] Samantha Henningson, *Who Doesn't Have a Car?* (Natural Resources Defense Council, 2025), www.nrdc.org/resources/who-doesnt-have-car. Includes total population over 10 years of age 1) who are of driving age in households where there are 2 or more people than drivers, 2) with disabilities (18+) who either do not drive or do not have access to a car, 3) are 75+ in a car household with constraints on their driving but without a "travel limiting" disability, 4) young people 10-15 and 5) 16 and older and in a household without a car.

[iv] Oregon Department of Transportation. 2025 Oregon Household Activity Survey. Analyzed by ODOT 2026.

[v] Oregon Department of Transportation. Oregon Travel Survey. Analyzed by ODOT 2026.

[vi] Nicholas Manetto, *Study Reveals Non-Emergency Medical Transportation (NEMT) Is Extremely Cost-Effective and Life-Saving to Medicaid Program* (2018), https://mtaccoalition.org/study-reveals-non-emergency-medical-transportation-nemt-is-extremely-cost-effective-and-life-saving-to-medicaid-program

[vii] U.S. Centers for Medicare & Medicaid Services. Accessed online at: Data.Medicaid.gov (2026).

[viii] American Public Transportation Association, *Economic Impact of Public Transportation Investment* (2026), www.apta.com/research-technical-resources/research-reports/economic-impact-of-public-transportation-investment

[ix] Estimated based on number of public transit passenger miles reported to the National Transit Database in 2024 and mode shift factor cited in McGraw et al (2021). Estimate does not include avoided vehicle miles due to transit's contribution to efficient land use. As a result, 100 million miles is likely an underestimate. Federal Transit Administration, "TS2.2 - Service Data and Operating Expenses Time Series by System," National Transit Database, May 8, 2026, www.transit.dot.gov/ntd/data-product/ts22-service-data-and-operating-expenses-time-series-system-0; Jen McGraw et al., *An Update on Public Transportation's Impacts on Greenhouse Gas Emissions*, no. 226, Transit Cooperative Research Program (Transportation Research Board, 2021), 11, www.nationalacademies.org/publications/26103.

[x] TriMet, June 2026.

[xi] American Public Transportation Association, *The Hidden Traffic Safety Solution: Public Transportation* (2016), www.apta.com/wp-content/uploads/2026/02/APTA-Hidden-Traffic-Safety-Solution-Public-Transportation.pdf

[xii] Federal Transit Administration, "TS2.2 - Service Data and Operating Expenses Time Series by System," National Transit Database, 2025, www.transit.dot.gov/ntd/data-product/ts11-total-funding-time-series-2

[xiii] Calculated based on Wallowa County's and TriMet's fiscal year (FY) 2025 adopted budgets. Since FY 2025, TriMet's budget has decreased and as a result STIF funding has increased in proportion. In FY 2027, STIF funding was approximately 8% of TriMet's budget.

[xiv] Federal Transit Administration, "TS1.1 - Total Funding Time Series," National Transit Database, 2026, www.transit.dot.gov/ntd/data-product/ts11-total-funding-time-series-2

[xv] Today, a household earning the statewide median income of about $85,000 pays about $85 a year, or 23 cents a day in STIF taxes.

[xvi] TriMet. Accessed online at: https://trimet.org/budgetcuts/. (2026)

[xvii] According to the American Automobile Association (AAA), current Oregon diesel prices average $5.50. Average costs in 2019 were around $3.15. Accessed online at: AAA Fuel Prices. (2026)

[xviii] RVTD. Accessed online at: RVTD Measure 15-240 – Rogue Valley Transportation District. (2026)

[xix] Calculated based on data reported in Federal Transit Administration, "TS1.1 - Total Funding Time Series"; Federal Transit Administration, "TS2.2 - Service Data and Operating Expenses Time Series by System."

[xx] Federal Transit Administration, "TS2.2 - Service Data and Operating Expenses Time Series by System."

[xxi] According to the 2024 Oregon Household Activity Survey, 11% of households use transit at least once per week. 11% of Oregon's households is 189,026. The average household size is 2.49 people per house, meaning 470,093 people. Assuming a 20% reduction in transit service, 94,081 people would be impacted

[xxii] U.S. Bureau of Labor Statistics, 2022. Accessed online at: "Planning and Operations Initiatives to Support Nighttime Transit Ridership" at NAP.edu

[xxiii] Michael Manville et al., "Vehicle Access and Falling Transit Ridership: Evidence from Southern California," *Transportation* 50, no. 1 (2023): 303–29, https://doi.org/10.1007/s11116-021-10245-w

[xxiv] American Public Transportation Association, *Economic Impact of Public Transportation Investment*, 14.

[xxv] Grace Truslow, *Mass Transit: Pandemic Ridership Recovery and Agency Adaptions* (The Eno Center for Public Transportation, 2026), https://enotrans.org/article/pandemic-ridership-recovery-and-agency-adaptions

[xxvi] Federal Transit Administration, "2024 Funding Sources: Directly Generated," 2024, www.transit.dot.gov/ntd/data-product/2024-funding-sources

[xxvii] Todd Litman, *Local Funding Options for Public Transportation* (Victoria Transport Policy Institute, 2026), www.vtpi.org/tranfund.pdf