

Transit Means Business:
Study of Economic Impacts and Benefits
of Public Transportation in Hampton Roads

Summary of Findings

HRT services support over 20,300 jobs and \$548 million in employment income across Hampton Roads.

Transit supports a total of \$1.5 billion in regional economic output (includes direct, indirect, and induced effects).

Q: Are these numbers annual?

A: Yes, these numbers are annual in 2015.

Q: What is included in these numbers?

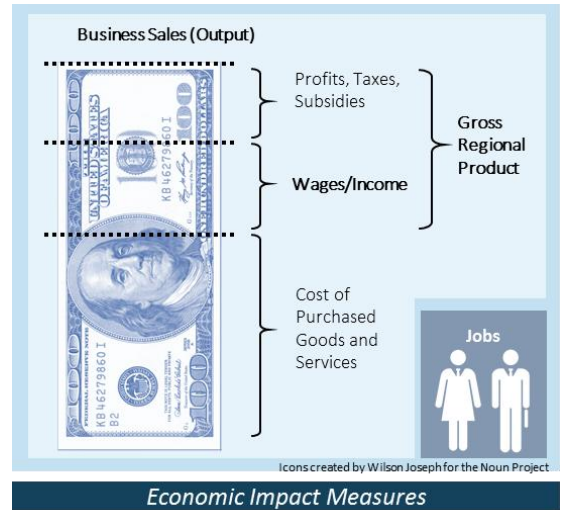
A: Hampton Roads Transit connects regional employers with their transit-using workforce. These numbers represent the economic activity in the current Hampton Roads Economy that is supported by transit commuters, as well additional multiplier effects associated with upstream effects at industry suppliers and consumer spending effects for work done by those who commute to jobs on transit. The numbers are derived from data on (a) the number of people who commute using HRT services, (b) the industries in which these people are employed, and (c) the relationship between industries that depend on transit for access to their workforce and the rest of the Hampton Roads regional economy. (This number does not include the stimulus effects of expenditures by HRT on operations, maintenance, and capital investments).

Q: Would these 20,300 jobs and associated wages and economic output disappear if transit did not exist?

A: Not necessarily. These numbers represent a “snapshot” of the *current* role of transit within the economy with respect to workforce participation. If transit were unavailable, some people would continue to get to work using less convenient or more expensive modes, while others would be precluded from participating in the workforce. Based on survey data, approximately 26% of the current transit-using workforce is 100% dependent on HRT services and would no longer be able to get to work if transit were unavailable.

Q: What is regional economic output?

A: Output is a measure of the total value of production in the regional economy. It is roughly equivalent to the value of all business sales and includes within it the costs of purchased goods and services, employment income, and profits, taxes, and subsidies (see figure below). Output, jobs, and employment income all represent different ways of describing the *same* economic activity and as such can never be added together.



Transit supports consumer spending of \$93 million dollars every year in Hampton Roads.

Q: What is included in this number?

A: In addition to directly supporting companies by providing employees a means of travelling to work, HRT also supports the regional economy by facilitating consumption of various goods and services. This number represents the scope of the transit-enabled consumer economy. The analysis is based on reported transit trips made for the purpose of accessing goods and services in the HRT origin-destination survey.

Specifically, the spending number includes an estimate of total spending by transit users on retail, arts, entertainment, recreation, & food/beverage, and health services as a result of trips accessed by transit.

The analysis assumes that people using transit in the instances captured in the survey will also use transit for other similar trips throughout the year and that therefore their spending patterns are in general facilitated by HRT services.

The amount spent on health services includes all spending on health services including insurance premiums, co-pays, and deductibles. As such, the spending represents the value spent in the economy as result of a transit trip, regardless of whether or not an expenditure is made out-of-pocket by the participating individual.

Q: Would these \$93 million in spending disappear if transit did not exist?

A: Not necessarily. These numbers represent a “snapshot” of the *current* role of transit within the economy with respect to facilitating consumer expenditures, without hypothesizing about the effects to individuals if transit services were unavailable.

Q: Can the \$93 million of consumer spending be added to the \$1.5 billion above?

A: No, these two number represent two different ways of describing the economic activity currently supported by transit and there is some overlap between them.

The workforce participation analysis focused specifically on the segment of the economy associated with people who are able to maintain gainful employment through use of the transit system. The analysis included a quantification of induced effects derived from spending of earned wages on consumer goods in the Hampton Roads economy. These consumer spending effects are traced either to transit commuters themselves, or to employers at businesses that serve as suppliers to the industries where transit commuters work (regardless of whether this second tier of employees ever uses HRT directly). The consumer economy analysis, on the other hand, focuses on anyone who uses transit to go shopping, regardless of employment status. Because some of the people who use transit to go shopping are also those who earn their income in jobs they access by means of HRT services, there is some overlap between the two populations.

Q: Is the \$93 million margined? [Note: this is a technical question that might come from an economist]

A: No, the \$93 million is the gross expenditures by consumers enabled by transit. Margined, this spending results in \$85 million in direct business output in the region.

In 2015, HRT services allowed the region to avoid 45 million vehicle miles traveled on roads.

If HRT services were not available, commuters would spend an additional \$13.5 million on vehicle operating costs annually.

HRT services provided more than \$8.8 million in safety and environmental benefits to Hampton Roads in 2015.

Q: How were these numbers calculated?

A: These numbers were calculated by comparing current trip-making patterns in the Hampton Roads region with the situation that would occur if transit services were unavailable. The estimation process builds off survey responses by riders indicating what mode they would use if transit service were unavailable. The range of responses includes: driving alone, carpooling, and walking or biking.

It is assumed that transit riders who would be forced to carpool will travel with drivers already on the road system today, but that these vehicle trips would be twice as long to access the additional carpool passenger destinations.

Vehicle operating costs include per-mile fuel costs as well as maintenance and depreciation costs.

Q: Can the \$13.5 million in vehicle operating costs savings and the \$8.8 million in safety and environmental benefits be added to the \$93 million or \$1.5 billion in economic activity reported above?

A: No. The different analyses are conceptually distinct and should not be added or in any way combined into a single impact number.

While the \$93 million in consumer expenditures and \$1.5 billion in output supported by transit commuters are descriptions in economic terms of the markets currently supported by transit (without making assumptions regarding the effect to the region were transit not available), the \$13.5 million and \$8.8 million in reported operating costs savings and safety and environmental benefits represent the additional costs that would be imposed on society, were transit service absent.

Moreover, the \$13.5 an \$8.8 million are *societal benefit* figures, meaning they capture society's willingness to-pay for certain changes in performance. Dollars of benefit are not the same thing as actual money flowing through the economy in the form of output or wages. Some benefits, like safety and environmental benefits, are valued by society but do not directly affect the flow of money in an economy or the scale of economic production occurring in a region.

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