

# Making Public Transport Financially Sustainable: Lessons from Germany

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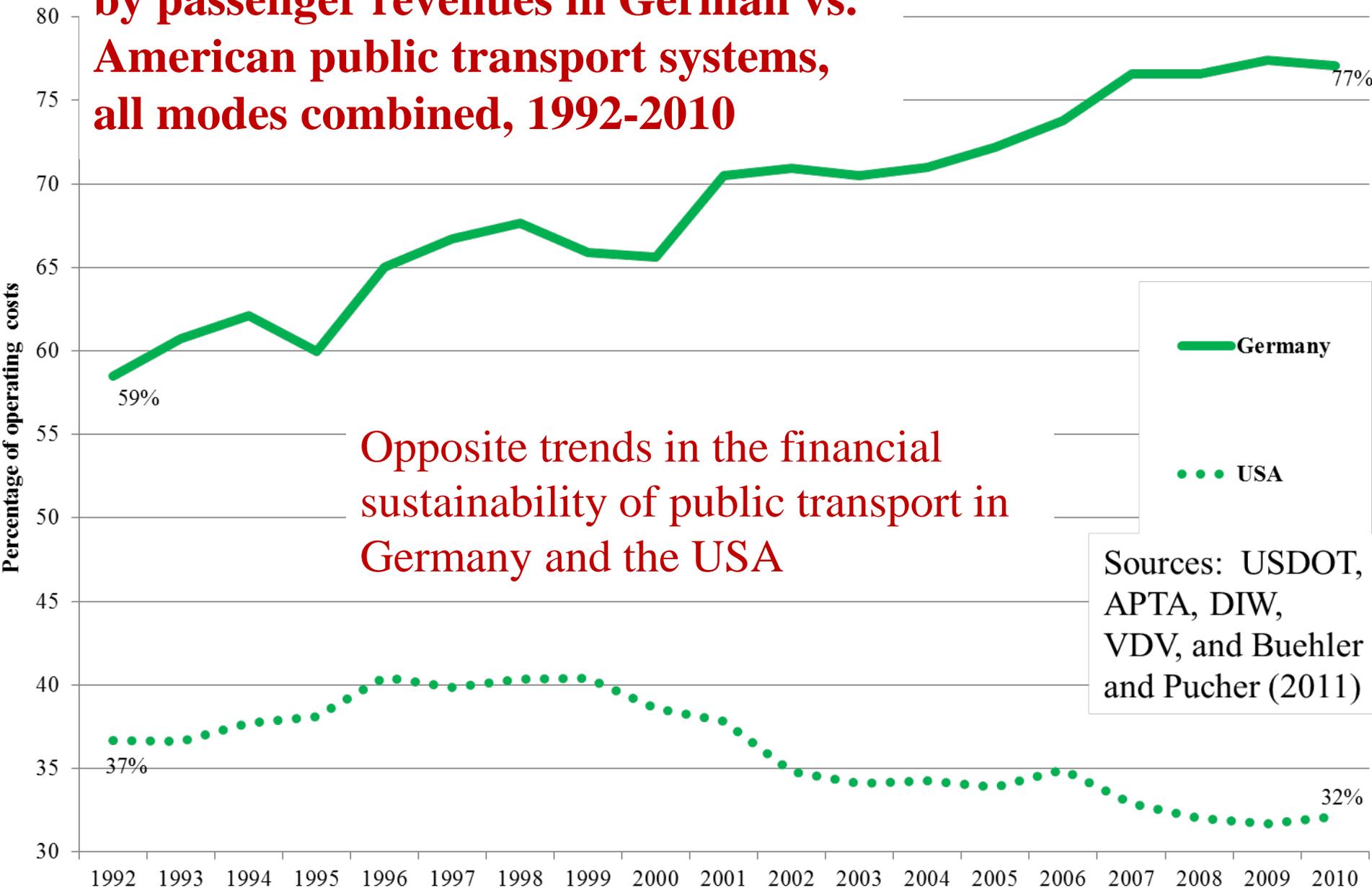
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**For presentation at the UCLA Lake Arrowhead conference  
Financing the Future, Oct. 28-30, 2012**

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**Source:** Based on Buehler and Pucher (2011), “Making Public Transport Financially Sustainable,” *Transport Policy* 18,1: 126-138; and Buehler and Pucher (2012), “Demand for Public Transport in Germany and the USA,” *Transport Reviews* 32,5: 541-567.

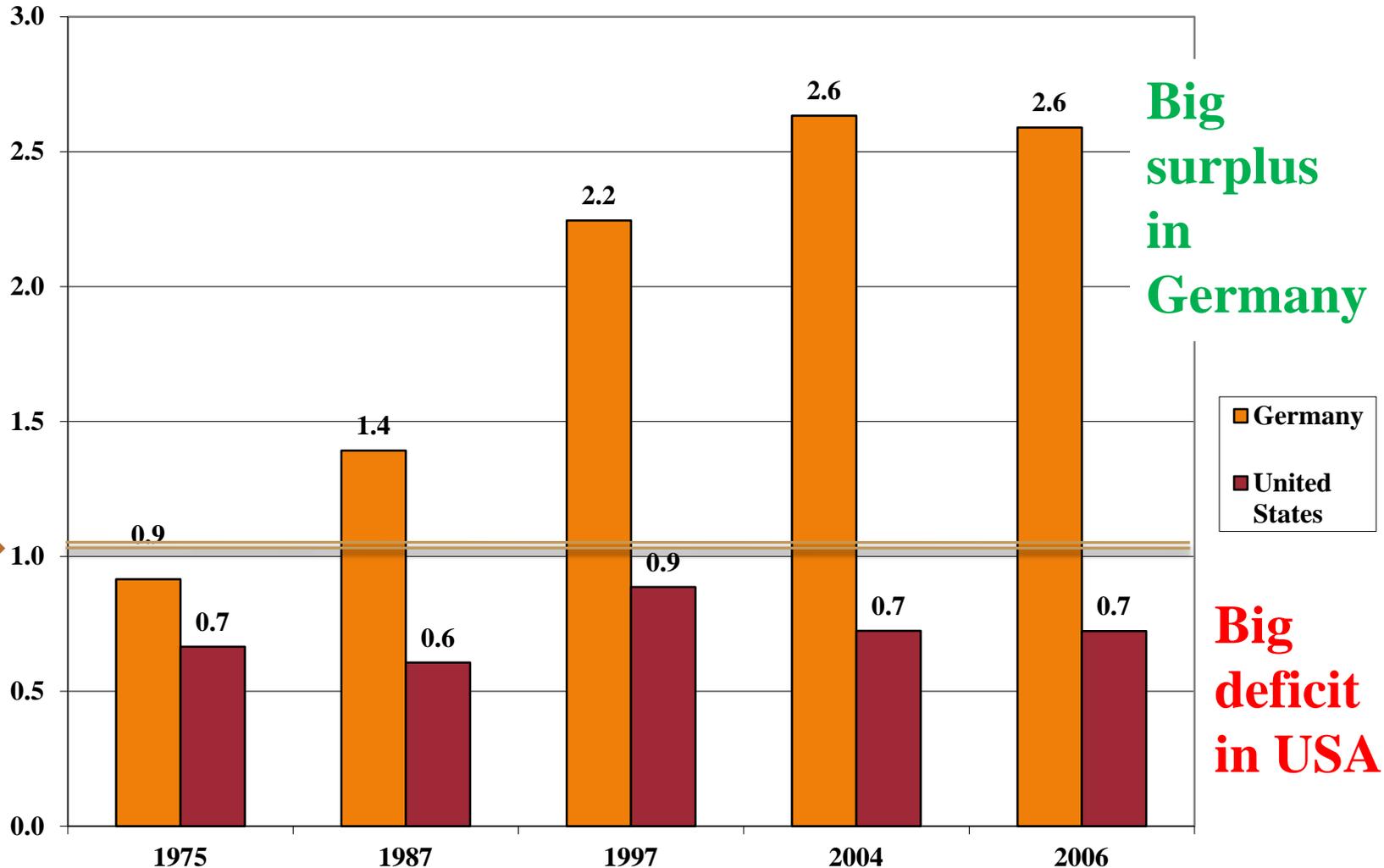
# Percentage of operating costs covered by passenger revenues in German vs. American public transport systems, all modes combined, 1992-2010



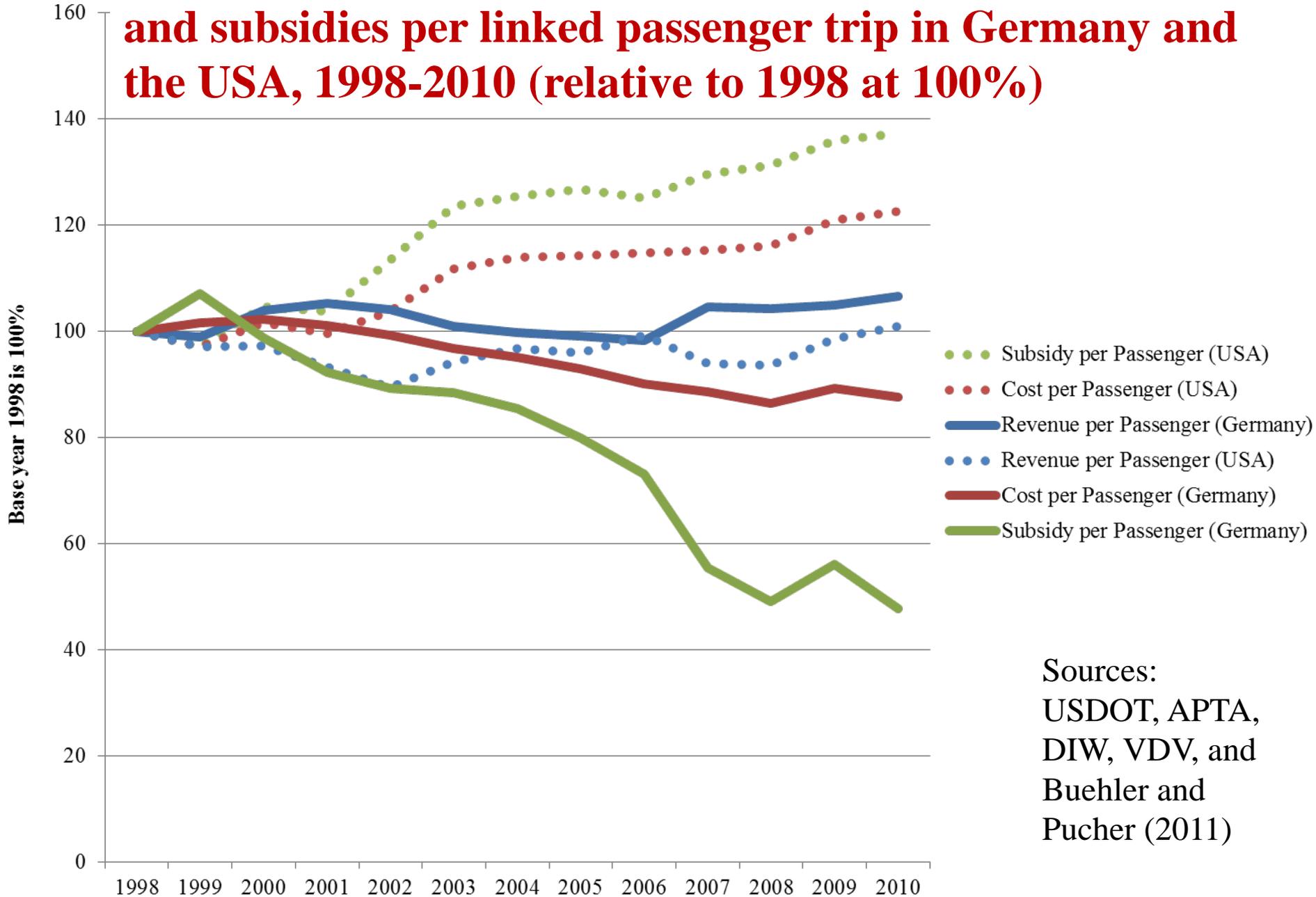
Opposite trends in the financial sustainability of public transport in Germany and the USA

Sources: USDOT, APTA, DIW, VDV, and Buehler and Pucher (2011)

# Highway user taxes and fees as share of road expenditures by all levels of government (combined) in Germany and the United States

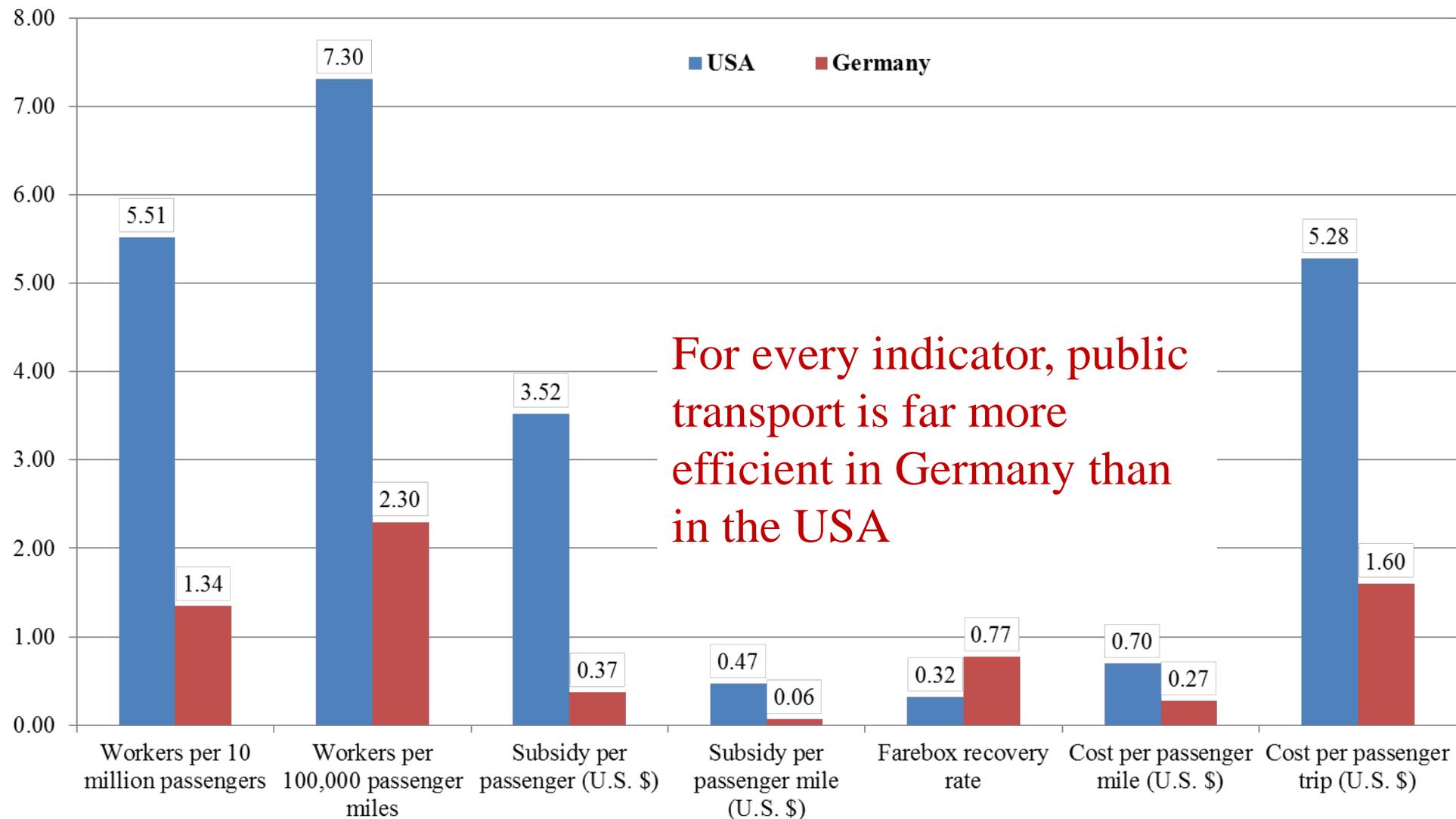


# Divergent trends in transit operating costs, revenues, and subsidies per linked passenger trip in Germany and the USA, 1998-2010 (relative to 1998 at 100%)



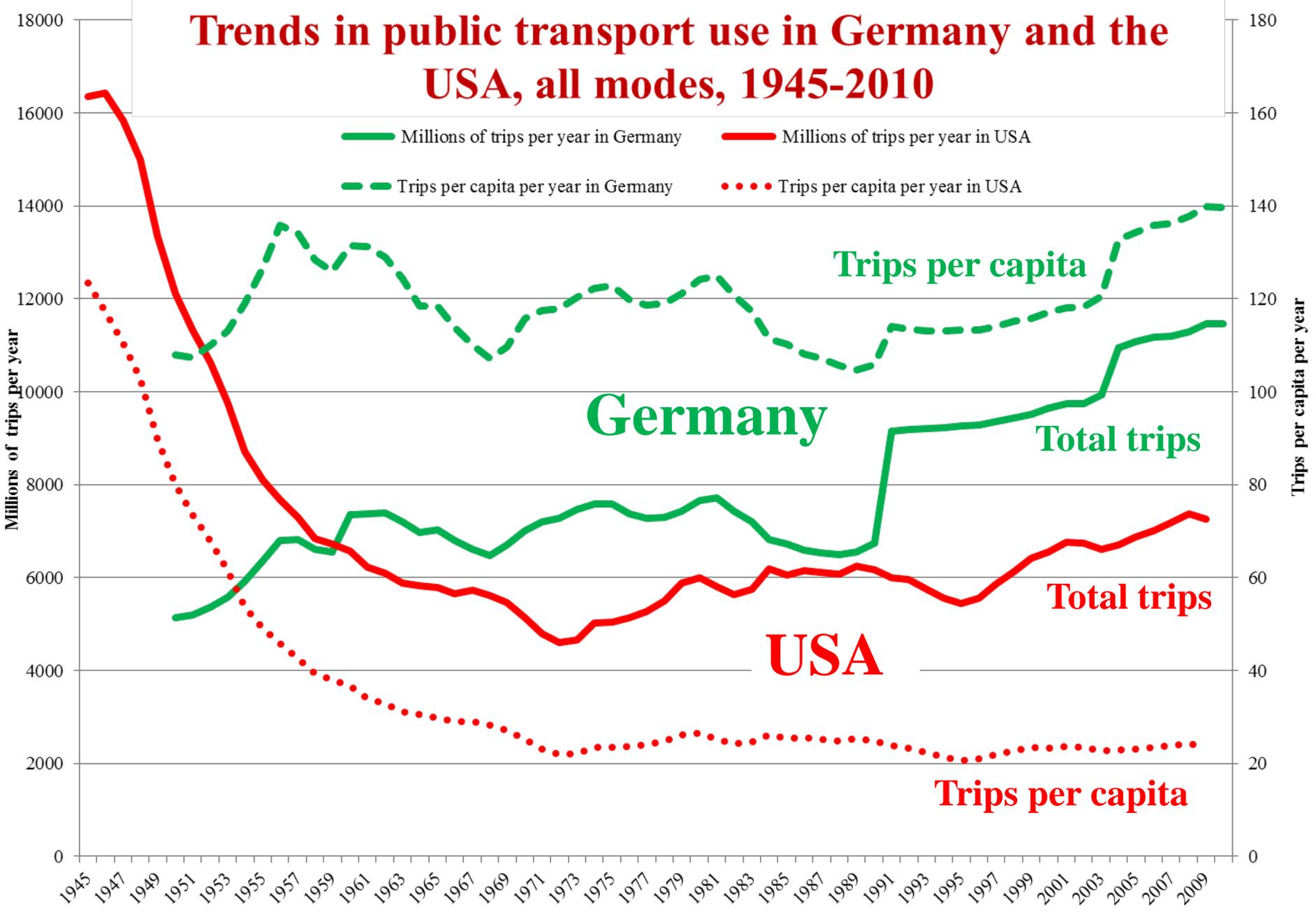
Sources:  
 USDOT, APTA,  
 DIW, VDV, and  
 Buehler and  
 Pucher (2011)

# Productivity, cost, and subsidy indicators for public transport in Germany and the USA, all modes, 2010



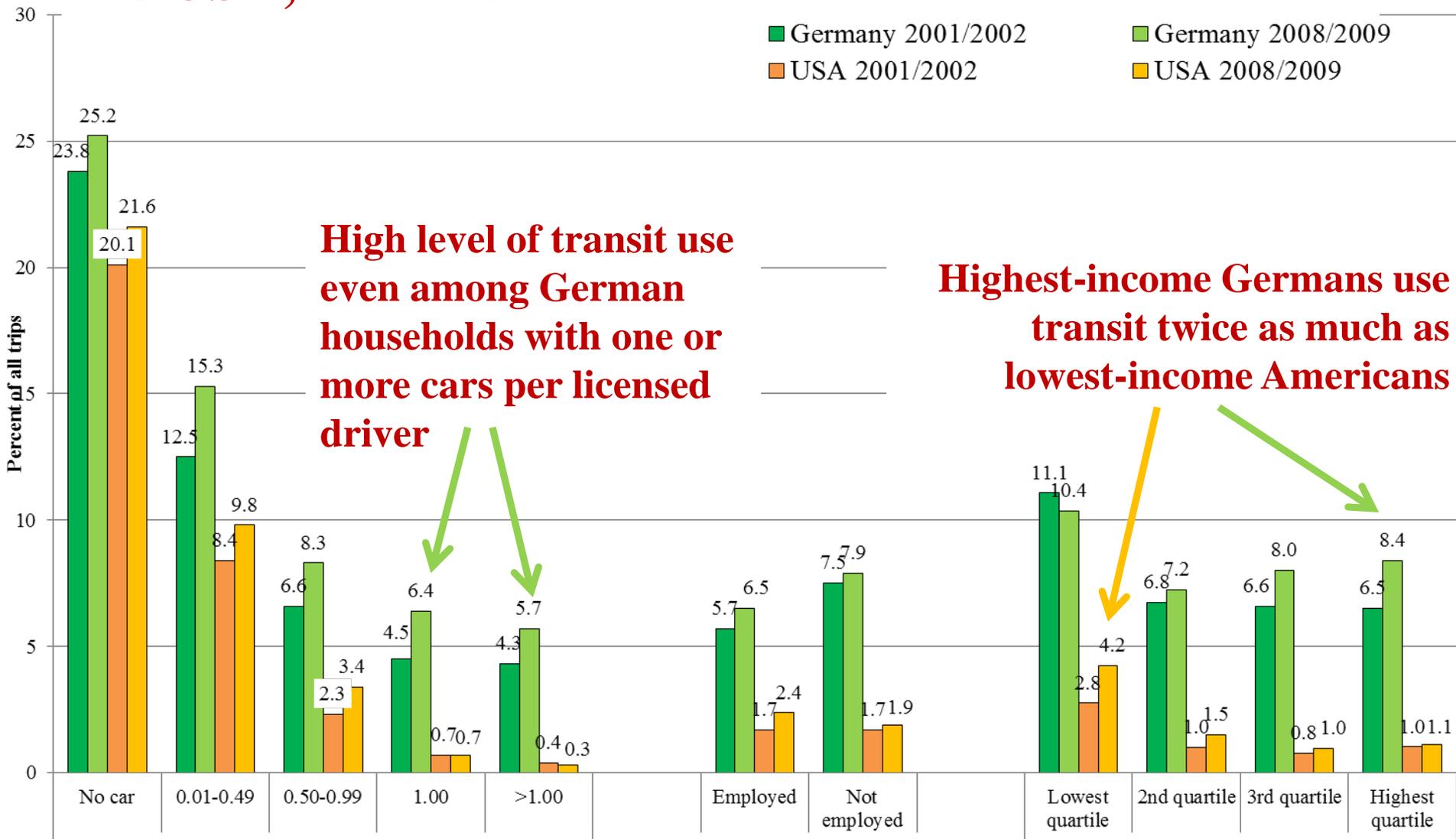
Sources: USDOT, APTA, DIW, VDV, and Buehler and Pucher (2011)

# Trends in public transport use in Germany and the USA, all modes, 1945-2010



Sources: USDOT, APTA, DIW, VDV, and Buehler and Pucher (2012)

# Socioeconomics of Transit Riders in Germany and the USA, 2001-2009

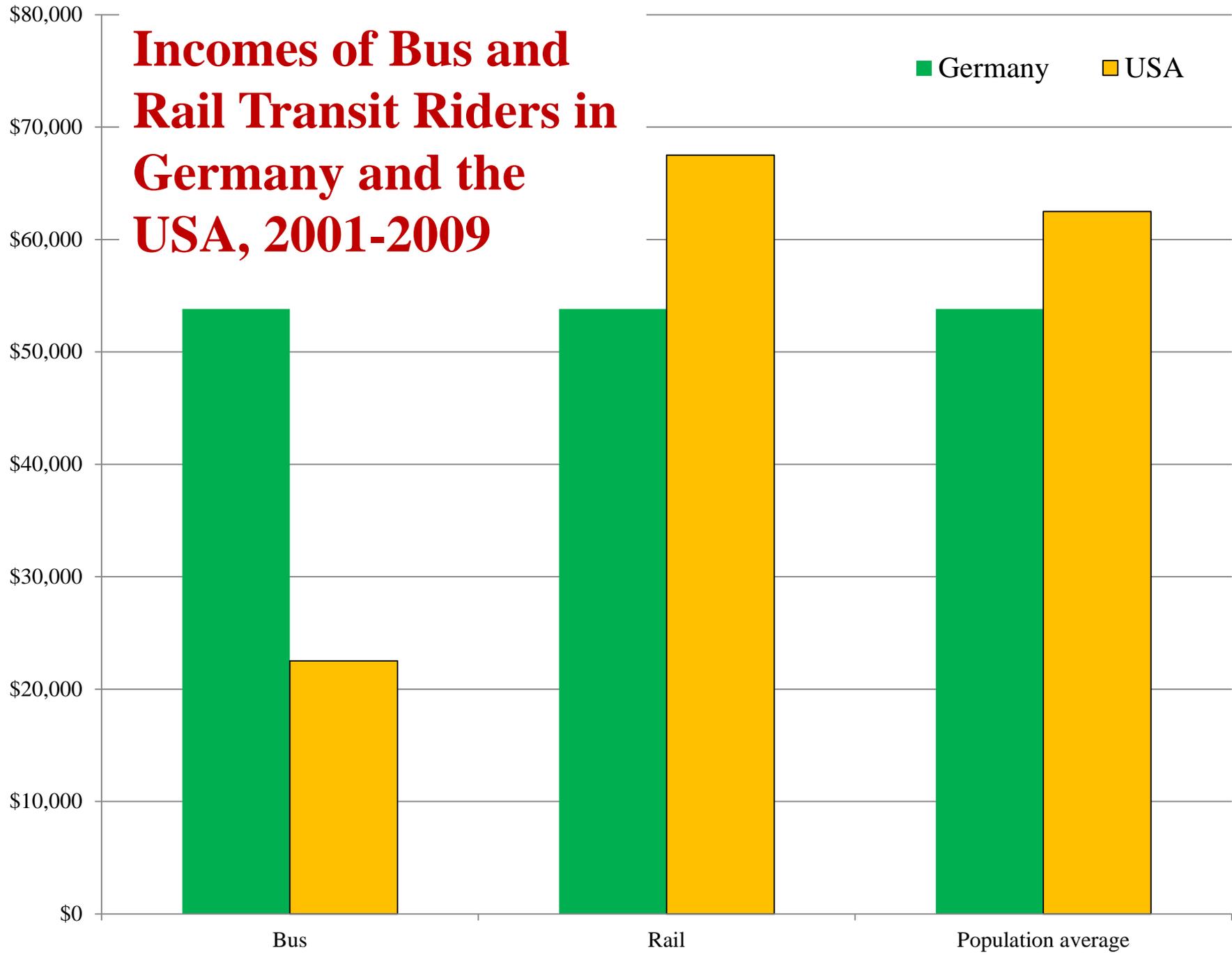


Source: Buehler and Pucher (2012)

# Incomes of Bus and Rail Transit Riders in Germany and the USA, 2001-2009

Germany USA

2009 U.S. \$



# **Summary of measures taken by German public transport to increase productivity and reduce costs**

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- **Organizational restructuring**
- **Outsourcing to newly founded subsidiaries**
- **Cutting employee benefits**
- **Increased work hours**
- **Salary freezes**
- **Early retirement programs**
- **Cooperation agreements with other agencies to share employees, rolling stock, and facilities**
- **Cutting underutilized routes and shifting resources to the most profitable services**
- **Evaluating long term operating and maintenance costs resulting from any planned investments before making them**

# **Summary of measures that have increased revenues of German public transport systems**

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- **Largest fare increases for single-fare tickets used by infrequent riders**
- **Region-wide monthly, semester, and annual tickets that provide deep discounts compared to single trip fares**
- **Increased ridership from improved and expanded service, with customer-oriented focus to attract choice riders**
- **Regional, multi-modal coordination of timetables, fares, ticketing, and policies in metropolitan areas**
- **Full integration of public transport with walking and cycling to increase access rail stations and bus stops**

# Lessons from Germany

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- **Competition and private sector involvement can help reduce costs**
- **Limited federal and state subsidies force local governments to be innovative, pursuing greater productivity and cost-effectiveness**
- **Focus on profitable services and eliminate underutilized services**
- **Cooperate with labor unions to achieve productivity gains and ensure fairness for workers**
- **Coordinate services and fares among all transit systems in region**
- **Provide safe and convenient pedestrian and cyclist access to rail stations and bus stops**
- **Cluster new development around transit stops, with neighborhood community centers, while sharply restricting new suburban development.**
- **Raise price—and reduce convenience—of car ownership, parking, and use to limit car use while increasing demand for public transport**

# And now for your questions . . .

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**For more details, see the following two journal articles: Buehler and Pucher (2011), “Making Public Transport Financially Sustainable,” *Transport Policy* 18,1: 126-138; and Buehler and Pucher (2012), “Demand for Public Transport in Germany and the USA,” *Transport Reviews* 32,5: 541-567.**

**URL: [http://policy.rutgers.edu/faculty/pucher/PublicTransport\\_JTRP\\_BuehlerPucher.pdf](http://policy.rutgers.edu/faculty/pucher/PublicTransport_JTRP_BuehlerPucher.pdf)**

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