Measuring the Economic Benefits of Rural and Small Urban Transit Services in Greater Minnesota

What Was the Need?
Public transportation plays a crucial role in the well-being of a community, but funding has been a challenge to secure in part because the benefits of public transit services are abstract and difficult to quantify in the 80 counties outside the seven-county Twin Cities metropolitan area.

While MnDOT provides the largest share of funding for the 35 public transit systems in Greater Minnesota, each system must also seek an operations budget from the local governments of the communities it serves.

With limited resources available at the local level, rural and small urban transit systems must compete with other interests for much-needed funds. Lacking quantified data, these transit systems struggle to demonstrate their value—and the very real economic and public health care costs communities will eventually pay if service is reduced or eliminated.

What Was Our Goal?
The project aimed to identify and calculate the economic benefits that public transit systems in Greater Minnesota provide for their local communities. With demonstrable financial evidence, these systems will be better-equipped to argue their value and provide decision-makers with data to make better-informed investment decisions.

What Did We Do?
Researchers began by reviewing other studies that had sought a similar understanding. Although the transit systems that had previously been examined did not yield results scalable for Greater Minnesota, the methodologies and benefits measured proved useful. Next, working with experts familiar with the intricacies of user needs in Greater Minnesota, investigators created a Minnesota-specific list of benefits. Researchers then developed a method for measuring each benefit in actual dollars whenever possible and determined other metrics to account for less-quantifiable benefits.

With the framework established, investigators selected six Greater Minnesota public transit providers to serve as case studies:

• Paul Bunyan Transit, which serves three rural counties in northern Minnesota.

• Trailblazer Transit, serving a three-county region adjacent to the Twin Cities metro area.

• Southern Minnesota Area Rural Transit (SMART), which provides demand-response for riders in a four-county area in southern Minnesota.

• Timber Trails Public Transit, which serves east-central Minnesota.

• Minnesota River Valley Transit–City of St. Peter, offering demand-response service for southern Minnesota.

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Public transit provides a critical service for riders who might otherwise not be able to reach their destination.

- St. Cloud Metro Bus, which provides fixed-route service to the area surrounding St. Cloud.

Researchers created a survey that the six transit agencies distributed to their riders over a seven-day period. Intending to learn how often and why riders use public transit services, researchers sought to learn transit's value from a user's perspective. They applied the calculation parameters developed earlier to the survey findings to determine each agency’s estimated economic contribution. The results can be applied generally to all public transit agencies in Greater Minnesota.

Finally, researchers created a spreadsheet user tool that will allow transit agencies across Minnesota to load their individual data to receive a customized cost–benefits calculation.

**What Did We Learn?**

Across all six transit agencies studied, researchers discovered that the benefits of public transit services are consistently greater than the cost. On average, for every $1 spent on public transit services, the return to the community served is at least $1.50, and in some cases as much as $4.20.

Additionally, the research results provided valuable insight into public transit users and their reasons for using these services. At the time the survey was conducted:

- Nearly 75% of those who responded to the ridership survey in rural areas did not have a driver’s license.
- The majority of respondents lived in low-income households, did not have access to a vehicle and considered themselves to have a disability.
- 50% of St. Cloud users and 31% of those using rural transit said they would miss at least some health care trips if public transit were not available.
- More than 60% of respondents said they would not be able to keep their job if they could not use transit.

Other benefits for users that were quantified as part of this project include improved mental health; the ability to live independently longer; and more equitable access to activities, amenities and opportunities.

**What’s Next?**

The new user tool will allow transit agencies in Minnesota to calculate their own economic impact as they request funding from the cities and counties they serve.

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“Public transit helps out the health care system by giving people access to preventive services, thereby reducing the odds of long-term, more expensive health care issues later on.”

—Sara Dunlap, Planning Coordinator, MnDOT ADA Policy and Implementation

“As transit agencies compete for funding at the state and local levels, understanding the benefits and impacts of transit services will help inform local investment decisions for years to come.”

—Jeremy Mattson, Assistant Professor, North Dakota State University Department of Transportation, Logistics and Finance

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