



Highlights of GAO-05-358T a Statement for the Record for the Committee on Government Reform, House of Representatives

February 18, 2005

MASS TRANSIT

Information on the Federal Role in Funding the Washington Metropolitan Area Transit Authority

Why GAO Did This Study

In recent years, the Washington Metropolitan Area Transit Authority (WMATA) has faced serious financial and budgetary problems as well as continuing challenges related to the safety and reliability of its transit services. At the same time, ridership is at an all-time high, and WMATA continues to provide critical services and considerable benefits to the Washington region's economic well-being and to the federal government.

This statement is based on preliminary results of our work on WMATA that GAO is performing at the request of the Chairman, House Committee on Government Reform, as well as on GAO's previous review of WMATA and other studies of WMATA's financial condition. It discusses (1) the extent to which WMATA relied on federal funding to build its Metrorail subway system and the federal government's rationale for providing that funding, (2) the extent to which WMATA has relied on other federal funding for capital improvements in recent years, and (3) the current funding challenges that WMATA faces and options that have been proposed to address those challenges.

What GAO Found

WMATA relied on federal funding to pay for over 60 percent of the costs to build its Metrorail subway system. From 1969 through 1999, the federal government provided about \$6.2 billion of the approximately \$10 billion that WMATA spent to construct the original 103-mile system. About two-thirds of this federal funding, or \$4.1 billion, came from direct appropriations. The remaining federal funding, about \$2.1 billion, came from unused federal Interstate highway funds. In addition, nonfederal entities provided about \$2.1 billion for Metrorail's construction, and about \$1.7 billion came from revenue bonds, and other sources. Beginning in the 1960s, Congress and the Executive Branch supported federal funding for building the Metrorail system, citing several reasons including (1) the federal government's large presence in the area, (2) the attraction of the nation's capital for tourists, (3) the overlapping needs of adjacent jurisdictions, and (4) the limitations faced in raising other revenue for transit needs.

WMATA has relied on other federal funding to cover over 40 percent of its capital improvement costs over the last 10 fiscal years. Of about \$3.5 billion in total funding that WMATA received from all sources for capital improvements from fiscal year 1995 through fiscal year 2005, about \$1.5 billion, or about 43 percent, came from the federal government, and about \$2.0 billion, or about 57 percent, came from the state and local jurisdictions that WMATA serves and from other sources. Most of the federal funding has come through grants administered by the Federal Transit Administration. Over the last 10 fiscal years, the federal grant funding has generally increased, but the nonfederal funding has varied. WMATA has combined and used its federal grant and nonfederal funds for eligible rail modernization, new construction and extensions, and bus rehabilitation programs and projects. WMATA also received and used about \$49.9 million for congressionally designated projects during fiscal years 1995 through 2005.

Over the years, WMATA has faced funding challenges, and options have been proposed to address them. Although WMATA has taken steps to improve its management, such as prioritizing its planned capital improvements, it lacks a dedicated funding source and must rely on contributions from local, regional, and federal organizations. These contributions can vary and have not been sufficient in recent years to fully fund WMATA's planned capital improvements. Proposed options would provide a dedicated funding source, such as a regional sales tax, and would include federal funding, particularly for capital maintenance and enhancement. This federal funding would be in addition to the federal grant funding that WMATA currently receives.

www.gao.gov/cgi-bin/getrpt?GAO-05-358T.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Kate Siggerud at (202) 512-2834 or siggerudk@gao.gov.