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Crime, Grime, and Greed at BART:
Key Recommendations to Improve
the Bay Area Rapid Transit System

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The *California Golden Fleece® Awards* shine a spotlight on waste, fraud, and abuse in California government to give valuable information to the public, enabling them to provide needed oversight and demand meaningful change.

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CRIME, GRIME, AND GREED AT BART: Key Recommendations to Improve the Bay Area Rapid Transit System

By [Lawrence J. McQuillan](#) and [Hovannes Abramyan](#)

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Overview

As the Bay Area Rapid Transit (BART) system approaches its fiftieth-year anniversary, an investigation of BART’s operations by researchers with the *California Golden Fleece® Awards* has found a scandal-ridden, undependable, dangerous, and excessively costly public transportation system serving the San Francisco Bay Area. For those reasons, BART has received the Independent Institute’s twelfth *California Golden Fleece® Award*, a dishonor given to California state or local agencies or

government projects that swindle taxpayers or break the public trust. This report offers key recommendations to improve the performance of BART.

BART proclaims a [mission](#) of providing “safe, reliable, clean, quality transit service for its riders.” Based on those measures, the transportation system fails on every count. Instead, BART has proven to be unsafe, unclean, and deficient in various areas of performance, such as reliability. It is also financially reckless, suffering massive losses despite being propped up by billions of dollars in special government subsidies. Stories abound of mismanagement and outrageous scandals involving BART employees and officers.

A lack of market discipline—specifically, vigorous competition and a profit motive—has allowed BART to disregard the needs of customers and mismanage costs. BART should not be permitted to continue failing Bay Area residents. A comprehensive accounting of its problems demonstrates the need for fundamental reforms and greater transportation options for Bay Area residents.

For more successful approaches, Bay Area residents should look to the East, specifically Hong Kong and Tokyo. Both cities have private for-profit subway systems

that are clean, safe, and reliable, with near-perfect on-time performance. Fares, which are not subsidized by the government, are typically lower than BART's fares because of greater efficiencies. They are also innovative in pursuing new revenue sources through a diversified portfolio of business services. Rather than spending revenue on excessive compensation, these subway systems spend money on customer satisfaction.

In addition, BART riders would benefit from greater competition among an array of transportation options, such as ride share, shuttle buses, shuttle vans, water buses, water taxis, ferries, seaplanes, walking, and biking. If BART faced more vigorous competition from alternatives, it would be forced to provide a better overall customer experience at competitive prices to attract passengers and flourish financially. Finally, changes in work patterns and high-tech transportation innovations could make BART less significant—even obsolete—in the long run, casting doubt on today's plans for expansions of the system.

Background

[BART](#) began as a proposed solution to emerging growth problems in the San Francisco Bay Area following World War II. Population growth increased automobile congestion, especially on the San Francisco–Oakland Bay Bridge, which connects the two cities. The trajectory of growth threatened to make the region dependent on freeways and personal automobiles, which was widely viewed to be unsustainable.

Development of an alternative transit system was not a smooth process. The idea for an underwater high-speed train connecting Oakland and San Francisco came initially from local interests. By 1951, however, a California state commission was created by the California legislature to examine the feasibility of constructing a transbay tube network and to create a plan for building the system.

In 1957, at the commission's recommendation, the legislature created a five-county district, known as the San Francisco Bay Area Rapid Transit District, and authorized the special district to impose new

taxes to support its operations. To facilitate approval of the taxes, the legislature lowered the voter approval requirement from two-thirds to 60 percent.

Plans were quickly met with opposition from local voters in two counties, Marin and San Mateo, largely because of the high expected construction cost. By 1962, the district was downsized to three counties: Alameda, Contra Costa, and San Francisco. Voters in the revised district approved the project with 61.2 percent of the votes, barely exceeding the 60 percent threshold that was required. The total projected cost of the project at the time of approval was nearly \$1 billion, which equates to about \$9 billion today.

Construction costs were not the only source of resistance. [According to BART](#), the legitimacy of the election that approved the bond and the legality of the three-county district were both challenged in court by taxpayers, which resulted in months of construction delays. Ultimately, however, the court ruled in favor of the special district, and construction proceeded.

The construction of BART faced many financial problems, demonstrating a failure to accurately anticipate the true cost of the project from its inception. BART sought an additional \$150 million in the form of a bond against a newly authorized half-cent sales tax for counties within the BART district. And federal money was rapidly injected into the project to expand it beyond its original plans and to fund nearly two-thirds of BART's original 450-car fleet.

On September 11, 1972, roughly 20 years after inception, BART opened for passenger service. Today, nearly 50 years later, it is the fifth largest American rail rapid transit system by volume of passengers, behind the New York City Subway, Washington Metro, Chicago "L," and Boston Metro MBTA subway. On an average weekday, pre-COVID-19, BART had more than [410,000 passenger rides](#). And annually, BART typically has more than [125 million passenger rides](#).

BART trains travel underground in parts of its service

area, primarily under San Francisco, and above ground in the East Bay, South Bay, and the Peninsula. Today it has [50 stations, 131 miles of track](#), and [916 train cars](#), of which 630 are early “legacy cars.” BART is funded by a combination of passenger fares, sales and property taxes, bridge tolls, state government assistance, and federal government grants. In theory, oversight is provided by a nine member board of directors. Each elected board member serves a four-year term and is paid \$18,037 a year.

A Mismanaged “Gravy Train”

BART’s problems did not end when construction was finished. To the contrary, since it began offering rides to the public, BART has been a hallmark of waste and mismanagement. With its history of disruptive labor union strikes and grossly overpaid workers, BART’s operating costs are excessive.

Compensation for BART employees is extremely generous. On average, its employees receive [40 percent more than](#) the national average for government workers; historically they receive [more than other Bay Area transportation agencies](#); and they are [among the most highly compensated transit workers in the country](#). But you would never know that based on BART’s history of strikes by angry workers.

One of the most disruptive strikes occurred in 2013. BART workers who were members of the Service Employees International Union and the Amalgamated Transit Union [staged a set of massive strikes](#) to push for a 23.5 percent wage increase and more favorable retirement and health benefits. At the time, they were already [among the highest-paid transit workers in the country](#) and enjoyed relatively unheard-of benefits, such as [\\$92 per month](#) that BART employees paid for healthcare insurance (in 2013, the national average was \$360 per month) and no personal contribution toward their generous pensions. Nevertheless, with little concern for public inconvenience, BART’s striking workforce shut down operations twice within a four-month period and eventually won big. [Workers secured](#) a pay increase of more than 15 percent over four years, in exchange for

minor concessions such as a 4 percent contribution to their own pensions.

Put plainly, BART overcompensates its employees. For example, train operators receive anywhere between [\\$72,000 and \\$93,000 per year in base pay](#) for a job that requires only a high school diploma and does not actually require driving the self-operating trains. Benefits are also [extremely generous](#), with employees receiving low-cost or no-cost health, dental, and vision insurance, a lifetime pension, additional retirement contribution, no paycheck deduction for Social Security, and retirement healthcare insurance. According to [data collected by Transparent California](#), in 2019, the highest-grossing BART train operator received \$213,073 in total annual pay, equivalent to \$259,346 after including the value of benefits.

Perhaps the most egregious example of financial mismanagement and failed oversight is the case of Liang Zhao Zhang, a BART janitor who was paid \$271,000 in 2015. The incident was [first reported](#) by Transparent California, which revealed that Zhang was paid for allegedly working an average of 114 hours per week in 2015, allowing him to earn more than three times his base salary in overtime pay. For reference, his regular annual salary was \$57,945 and 114 hours is nearly three times the full-time work week of 40 hours. Follow-up reporting by Bay Area television station KTVU [found video surveillance](#) showing [Zhang disappearing into a storage closet for hours during the workday](#), with no indication that he was actually working.

Zhang’s story was jarring, but not unique. Forty-nine other BART janitors [received more than \\$100,000](#) in 2015. BART confirmed the information to reporters and acknowledged that no auditing had been conducted. But rather than admit failure, BART defended Zhang’s compensation. [According to Michael Cabanatuan with the San Francisco Chronicle](#), BART officials said that “Zhang legitimately earned his pay by working long and hard.” Eventually, in response to widespread public criticism, BART decided to halt and then reduce overtime hours it made available, but that was short lived. By 2017,

BART paid [more than \\$52 million](#) in overtime pay. And in 2018, BART employees were again [exploiting a lack of oversight and generous overtime policies](#), with one station agent claiming to have worked 361 days in the year, racking up more than \$114,000 in overtime pay. Union contract work rules facilitate excessive overtime.

Employees have learned how good they have it and how to game BART's compensation system. On Glassdoor, a website that provides insight on employment at different companies, the BART reviews from current and former employees are telling. Among the [most common positives](#) is this: "Alot [sic] of Overtime [sic], great benefits package."

Another egregious example of overcompensation occurred in 2016 and 2017 when BART paid employees to staff the Warm Springs/South Fremont Station [even though the station had no trains or riders](#). The vacant station had not yet opened for service, but it was staffed by eight paid employees for seven months.

The COVID-19 pandemic highlighted the significant problems with BART's expensive operations. Approximately 30 percent of BART's operating costs are fixed; thus [operating expenses have not declined at nearly the rate that ridership has fallen](#). Projected [operating deficits](#) (base case ridership scenario), excluding federal subsidies, from fiscal year 2022 through fiscal year 2025 will total a staggering \$992 million, with deficits averaging \$248 million each year.

To help cut losses, BART has not filled some open job positions and it [approved a retirement buyout plan](#) called the District Retirement Incentive Program (DRIP). But relatively few workers (287) accepted a buyout. And those who did were often in key positions, which has required filling the job again.

BART [extended contracts](#) with its three largest unions in December 2020, keeping pay and overtime-inducing work rules essentially unchanged for the next three years despite ridership being far below pre-pandemic levels and not expected to recover until

Table 1. Unfunded Liabilities Pile Up for BART's Post-Employment Benefit Plans

	Unfunded Liability (millions of dollars)	% Fully Funded
Retirement Pensions with CALPERS:		
<i>Miscellaneous Employees</i>	678	74
<i>Safety Employees</i>	155	59
Retiree Health Benefits	193	67
Life Insurance	39	0
Survivors Benefits	27	23
Total	1092	

Source: BART Board of Directors, [Quarterly Report of the Controller-Treasurer, Period Ending 03/31/2021](#), released June 24, 2021.

near the end of the decade. Layoffs were desperately avoided, and some scheduled pay raises went into effect.

All told, huge deficits due to excessive staffing and employee overcompensation appear to be locked in for the foreseeable future.

Reckless financial mismanagement is also evident in BART's pension plans, retiree healthcare benefits, and other post-employment benefits. Table 1 reveals that unfunded liabilities for those plans total \$1.092 billion. None of the plans are even 75 percent funded. Some argue that a funding ratio of 80 percent or more is adequate, but the American Academy of Actuaries [calls](#) this a "myth": "Pension plans should have a strategy in place to attain or maintain a funded status of 100 percent or greater over a reasonable period of time." By this standard, BART is financially irresponsible given that it is on the hook to pay off these obligations based on past promises made to its employees.

Most BART officials have been silent on the financial mismanagement. But BART Board Director Debora Allen, who represents an area in central Contra Costa County, confronted the problems publicly, [writing](#) in 2020 for the Bay Area News Group that "BART's failure to cut operating expenses will continue to worsen its grave financial condition and cause irreparable harm to the long-term sustainability of

the system.” She noted that BART’s budget is “fiscal insanity” for not addressing “spiraling labor, benefit, or pension costs.”

Over the years there have been other scandals, as well, such as [union member sabotage of BART facilities and an FBI sting operation investigating BART managers who took kickbacks in exchange for awarding vendor contracts](#).

Unlike Director Allen, most BART officials have demonstrated a lack of concern for taxpayers and riders who are on the hook to pay for the excessive compensation and operating costs at BART. But these high costs have not translated into exceptional service; in fact, as the next sections reveal, spending on excessive compensation “crowds out” spending on reliability, cleanliness, and safety. A 2013 BART Board of Investigation report [warned](#), “If BART doesn’t normalize its benefit packages, the public will feel the consequences in reduced train service and less reliability.” That time has come.

Poor Performance

Excessive compensation crowds out other objectives. And government subsidies skew priorities (more on subsidies below). Both of those factors have caused BART to provide unreliable service. Key performance indicators tell the story.

BART’s own “on time” performance data show that service has been getting much worse during the past decade. According to its trend data for both trains and passenger on-time arrivals, there has been a [steady long-term drop in dependability](#). In 2012, for example, approximately 95 percent of trains and passengers arrived on time, meeting the agency’s target of 92 percent. By 2015, however, that target was missed for train arrivals; only 88 percent of trains arrived on time. And by 2016, on-time passenger arrivals dropped to 91 percent. By 2018, about 1 in 10 BART riders failed to arrive at their destination on time, whereas 15 percent of trains were delayed.

The January–March 2021 [Service Performance Review](#) also highlights benchmarks that BART fails to meet.

Year to date, (1) ridership is less than half the adjusted COVID-19 standard set by the agency; (2) complaints per 100,000 passenger trips are nearly five times higher than its standard of acceptability; and (3) crimes against riders are more than 10 times the agency standard (more on crimes below).

While the agency boasts high on-time performance in its most recent quarterly overview, during this period the [number of trains was reduced and the time between trains was increased](#). Undoubtedly, those actions were in response to [much lower ridership](#) because of the COVID-19 pandemic. But they also make it easier to meet on-time performance metrics by changing the operations on which they are based.

The satisfaction of riders is arguably the best metric to judge BART performance, and that, too, demonstrates a failure to meet expectations. Consider the agency’s own *Customer Satisfaction Survey*, which it has conducted every two years since 1996 and is presented to BART’s Board of Directors. The [most recent survey](#) in 2020 was released on January 28, 2021. Its findings were favorably spun by agency officials, but it actually suggests a continuation of a downward trajectory in rider satisfaction.

BART satisfaction ratings have been dropping over time. In the three satisfaction studies preceding the January 2021 report, the [share of customers](#) who were “very” or “somewhat” satisfied with BART services was 74 percent in 2014, 69 percent in 2016, and 56 percent in 2018. The share of customers saying they considered BART a good value also dropped in each study, hitting 54 percent in the 2018 report. So, it comes as a surprise that the most recent study, the [2020 report](#), finds satisfaction back at 2014 levels, with 72 percent saying they are either “very” or “somewhat” satisfied and about two-thirds saying they consider BART a “good value for the money.” There are reasons why the recent results cannot be compared to past results.

Rather than question the results, BART circulated a [press release](#) proclaiming the recent increase in satisfaction. BART Board President Mark Foley called satisfaction levels in the survey “very encouraging,” and associated the increase with efforts taken specifically

to improve rider experience. But the 2020 sample is markedly different from that of the previous reports, making simple comparisons uninformative. The recent study was fielded during a three-week period in October 2020, in the middle of the COVID-19 pandemic that saw a severe decline in ridership that skewed the sample toward those who are already most likely to consider BART essential to their transportation needs.

Consider how ridership demographics changed since the previous report. According to the 2020 study, “current riders are more likely to have lower household incomes,” “not have a car,” and be somewhat older, compared to those in previous reports. Those are important shifts in the sample, since the [report acknowledges](#) that older age and lower income were correlated with more positive feelings toward BART in previous reports. In other words, the sample was narrowed very strongly to riders who were already more likely to view BART favorably. In contrast, people with alternative modes of transportation or an ability to avoid using BART during this time opted out of using the service and were not interviewed.

It is difficult to know exactly how much of the apparent “increase” in satisfaction is a methodological artifact of the heavily skewed sample. But it is also unlikely to be the only change masking an overall decline in satisfaction.

The biggest and most noticeable effect of an enormous decrease in ridership is reduced crowding. As the most recent report notes, ridership during the fielding of the survey was at 12 percent of typical levels due to the pandemic. And previous low satisfaction scores were impacted largely by complaints about crowding. The reduction in crowding, therefore, which was the result of exogenous events (namely fear about public gathering during a global pandemic and lockdowns imposed by state and local governments), can hardly be attributed to efforts specifically undertaken by BART to alleviate its long-standing crowding problem.

All things considered, it is not surprising that aggregate satisfaction ratings in the 2020 report increased relative to previous reports, but it is hugely misleading. The samples, and therefore the results, cannot be

compared in the straightforward fashion suggested by the BART press release. And the fact that it took an 88 percent decrease in ridership (primarily of the BART disaffected), resulting from a global pandemic and statewide lockdowns, to elevate satisfaction to 2014 levels, speaks poorly to the trajectory that BART has been on during the past decade and its misplaced priorities.

As the economy reopens and BART resumes some of its halted services, it is expected that performance, too, will return to normal. Unfortunately, this means more delays, continued missed performance metrics, crowding, and low and declining levels of customer satisfaction—not surprising given persistent “crime and grime” problems at BART.

Unsafe at Any Speed

Despite serious performance problems, the top complaints from BART riders in recent surveys concern a lack of safety and unsanitary conditions on trains, in stations, and on BART properties. [“Crime and grime” issues](#) have led to a drop in ridership for years, well before the COVID-19 pandemic, especially among would-be night and weekend riders.

At the top of the list of rider concerns is [safety](#), as demonstrated by the number of policing-related complaints. Even among the respondents to the 2020 [Customer Satisfaction Survey](#)—a narrow sample that skews favorably to BART—personal security and presence of BART police were among the lowest rated attributes of the system.

Numerous lawsuits against BART allege a breach of duty to keep riders safe. These relate to incidents of robbery, assault, and even murder. One lawyer, representing a plaintiff in a lawsuit against BART, [summarized](#) the situation as a “free for all on BART to rob people, to kill people, [and] to assault people” that is known to any potential criminal. Indeed, [even children](#) have been targeted by armed robbers while using BART.

For its part, BART accepts responsibility for passenger

safety only within a narrow set of circumstances, which typically does not even include a [passenger standing on a BART platform](#), despite it promising that “[your safety is BART’s top priority](#)” and having its own law enforcement department dedicated to policing the transit system.

Unsurprisingly, news of violence on BART trains and property crimes never ceases, with women frequently the targets. In [one recent incident](#), a female passenger was verbally harassed while on a Pleasanton-bound train, then had a beer can thrown at her, and was nearly pushed off a platform onto the train tracks. Another woman, who was riding BART on her way to work in the morning, was [repeatedly punched and robbed](#) in front of bystanders. She [told](#) news reporters that, even before her attack, she resorted to dressing like a boy to avoid being targeted while riding BART. And another woman was [kidnapped](#) on BART property in San Leandro, then sexually assaulted before being robbed.

Perhaps the most disturbing and chilling recent crime on BART was the July 2018 [attack](#) on 18-year-old Nia Wilson and her older sister, Lahtifa, who were both stabbed in the neck with a knife from behind while exiting a train at the MacArthur Station in Oakland. Nia bled to death on the platform. The assailant, who had been riding the same train car as the sisters, was a fare evader and a parolee, and he continued riding BART trains back and forth after the attack, until he was captured about a day later. Wilson’s death was the [third in less than a week](#) resulting from attacks on the BART system. Hours after Wilson’s funeral, [two more people were stabbed](#) at the same MacArthur Station.

The attacks demonstrate that BART has become a magnet for criminals, and a danger for law-abiding Bay Area residents. In the four years between 2014 and 2018, [violent crimes on BART more than doubled](#), as approval ratings dropped and ridership fell. In fact, the instances of violence on BART are so numerous that keeping up with them can be challenging. The tag “[BART attack](#)” brings up countless other recent stories, including an attack

on a train with a box cutter, mob attacks, and a story of an elderly woman being kicked in the head.

For a transit agency that pledges “your safety is BART’s top priority,” Bay Area residents were also shocked to learn in January 2016 that [a majority of train car security cameras were fake](#), decoys designed to make it appear that security measures were greater than they were. Even [some BART board members](#) were unaware of the dummy cameras. And other actual cameras were broken.

The public became aware of the fake cameras after a passenger was shot and killed on a BART car just feet from what appeared to be a surveillance camera capable of providing video of the killing. The following month, the [fake cameras were also no help in locating a missing man](#). In an interview, however, BART Police Chief Kenton Rainey said that BART’s security system is “very robust,” despite BART officials later admitting that [77 percent of its train car cameras were fake or did not work](#).

BART also [estimates](#) that fare-gate jumpers cost the system \$25 million each year. Others say the actual revenue loss from fare evasion, the “gateway crime,” is two or three times more. Replacing existing gates with modern gates would eliminate gate-jumping fare evasion.

There was also a [vigorous debate](#) in 2019 among BART board directors and the public on whether to ban panhandling, busking, and other forms of solicitation throughout the system. Director Allen, and others, argued that such activities lower ridership, reduce revenue, and harm service quality. The board [did not approve](#) the ban on a 5-4 vote.

Even if BART provided a safe passenger experience, which it clearly does not, it would still have to contend with its notoriously filthy train cars and facilities to win back passengers. Consider that one-third of its riders at the beginning of 2021 [complained](#) specifically about train interior cleanliness, and biohazard concerns jumped 54 percent from the previous quarter. Those complaints came during a time of unprecedented low ridership, just over a

tenth of its normal average weekday volume, and no crowding.

The [biohazard complaints](#) are well founded. For example, BART has had to close escalators for repair due to an extraordinary [build-up of human feces](#). An [analysis of the bacteria](#) content of BART seats showed “fecal and skin-borne bacteria resistant to antibiotics,” including one that “causes potentially lethal infections” growing in the fabric previously used in train cars. Upgrades to its seats to rid them of the fabric helped to a degree, but [complaints](#) about drug needles, vomit, urine, and other human waste persist.

Though BART cleans its facilities daily, by its own admission BART has engaged in “[hygiene theater](#)” during the past year, which diverts resources away from traditional issues that affect the cleanliness of its trains. The effort to do such things as wiping down ticket machines has been ineffective in combating the coronavirus and is contrary to guidelines by the Centers for Disease Control and Prevention (CDC) about [how the virus is spread](#), but it has [cost BART \\$500,000 each month](#) to perform.

Despite the abundance of evidence about the unsafe and unsanitary conditions that have turned away riders and caused satisfaction ratings to plummet, BART officials have offered excuses that minimize responsibility. For example, BART Board Director Bevan Dufty [said](#) that they were “doing the right things,” and instead he said riders are harboring lingering “negative experiences” from the past.

BART’s ridership numbers will continue to be sensitive to crime and grime issues. Unfortunately, BART does not need to prioritize those concerns because it does not rely solely on customer-based revenue. Governments bail out BART continually by funneling taxpayer money to the failing system.

The Pathologies of Government: Propping Up Failing Public Transit

By all appropriate measures, BART has failed to fulfill its mission of providing safe, clean, and

reliable transportation to San Francisco Bay Area residents. And, unfortunately, the problems have been getting worse over time as costs increase and riders choose other options. Though many of the problems with BART are unique to its situation, such as the high-profile overtime pay scandals, other problems are emblematic of government responses to failing urban transit more broadly.

Across the United States, urban transit systems have experienced large declines in ridership. For example, since 2014, there have been [double-digit percentage decreases](#) in public transit ridership in Chicago, Los Angeles, and Miami. And similarly, public transit has sharply fallen out of favor in 40 of the 50 largest American urban areas, as alternatives become more attractive. Nevertheless, taxpayer subsidies for public transit have increased.

Politicians provide concentrated benefits (subsidies) to special interests (public transit riders and employees) in exchange for votes and campaign contributions, while the costs of such schemes (taxes) are dispersed widely among unorganized taxpayers. Between 2017 and 2018, [subsidies increased more than \\$3.7 billion nationally](#), with money being roughly split between operating costs and capital costs. These massive subsidies led one researcher to call transit systems the “[urban parasite](#).” More than half of increased operating costs were for labor benefits (\$700 million) and salaries and wages (\$235 million). This is consistent with BART’s greedy compensation structure discussed earlier. (At the time that this *Golden Fleece* report went to press, the much-debated infrastructure bill had not been passed by Congress nor signed by President Joe Biden. Based on [earlier drafts of the legislation](#), the bill is expected to provide [more federal taxpayer subsidies for passenger and freight rail and for public transit](#). It is likely that BART will receive additional subsidies from the final bill, particularly funds to [expand its system](#).)

In response to a clear shift away from public transit use, many progressive lawmakers have proposed [eliminating fares entirely](#). Los Angeles, for example,

is moving toward [waiving Metro fares completely](#) for students and low-income riders, which comprise more than 70 percent of its passengers. And Kansas City's [\\$8 million free-fare pilot program](#) is often cited as an archetype for big city implementation, despite a funding gap. In support, some proponents [argue](#) that zero-fare public transit is an “investment for social justice” that improves quality of life, and costs should not factor into the decision. Others [argue](#) that subsidizing transit fees comes with a positive financial return by increasing economic activity. Several significant counterpoints, however, undermine these arguments.

The first counterpoint is that there is no such thing as a free lunch. Taxpayers will ultimately pay for the cost-shifting schemes designed to increase ridership. Los Angeles's \$7 billion public transit system is already heavily subsidized, with fares comprising only about [4 percent of the operating budget](#). Eliminating fares will eliminate about \$280 million in revenue, which will need to be made up elsewhere, such as by [imposing new freeway tolls on drivers](#). In other cities, where transit operating budgets are more reliant on money collected from riders, eliminating fares will require more expansive and expensive tax hikes.

In recent years, BART has moved in the same dangerous direction to prop up its own failing train system. It has suffered huge losses in ridership, particularly during “off-peak” times, and implemented costly schemes to try to bring its numbers back up. From 2015 to 2019, night and weekend ridership fell by about [10 million passengers total](#), despite population growth in the Bay Area. Put bluntly, when people do not have to ride BART to commute to work, a growing number of Bay Area residents prefer to stay away from its trains. But BART wants to remain relevant, so it [resorts to providing](#) discounted rides for low-income residents and senior citizens, runs various promotions, and gives away free weekend rides.

All options to “lure” riders come at a cost, however, given that traditionally about [half of BART's](#)

[operating budget comes from fare revenue](#). At an [operating budget of roughly \\$1 billion](#), implementing a zero-fare system, if it were to happen, would cut roughly \$500 million from BART's revenue and result in more crimes by problem riders, the need for more transit police, and a more unpleasant rider experience overall. Free fares would attract more people experiencing homelessness, a problem that BART has [already acknowledged it has](#).

The second counterpoint to cost-shifting schemes and subsidies is that decreased ridership signals problems with public transit systems that should be directly addressed, rather than shielding the systems from accountability. In a truly competitive market, private companies must be responsive to their customers' needs to stay in business. When a business fails to deliver a price and quality combination that consumers want, another business will capture its customers and revenue by offering better, and oftentimes cheaper, goods and services. But public agencies do not confront the same budget constraints nor the same pressures to provide quality service or risk losing their revenue.

BART and other public transit systems incur [massive losses, and then taxpayers bail them out](#). As BART hides the true cost of its service to its riders through subsidies, free rides, and other measures, at the same time BART lowers its service quality through less safety, dirtier cars, slower service, and so on, such that ride quality per fare dollar stays roughly the same. Riders “pay” for the subsidies with a slower, dirtier, and more dangerous travel experience. More subsidies bail out BART financially, but the taxpayer assistance results in more of the same: substandard performance, poor cleanliness, and less safety, thereby pushing riders away and decreasing customer-based revenue. BART officials have become more focused on pleasing politicians offering bail outs than on pleasing customers—this is a corrupting influence of subsidies.

Finally, benefits associated with greater use of public transit are actually benefits largely attributable to *increased mobility*, which can be achieved in ways

other than by subsidizing poor-performing and poorly managed public transit. The next section discusses key recommendations that would result in increased mobility that is responsive to the needs of the public without heavy-handed government involvement.

Key Recommendations to Improve BART Service

Nearly 50 years after BART operations began, the downward trajectory of the system's reliability, safety, cleanliness, and overall value makes clear that fundamental reforms are needed. BART, once viewed as the solution to changing times, is now a persistent problem in need of permanent solutions that reflect today's realities.

1. End government subsidies to BART.

BART should not receive government subsidies. If subsidies ended, BART would no longer be beholden to politicians, and instead it would be forced to focus on satisfying its customers. BART would become accountable to its riders, who demand reasonable operating costs, safety in stations and on trains, clean cars, and on-time performance. Ending taxpayer subsidies would also help promote economic growth by lowering tax burdens.

Typically, about 42 percent of BART's roughly \$1 billion operating budget is funded by taxpayer subsidies. These funds come primarily from sales and property tax proceeds (\$328 million in fiscal year 2020), as well as state transit assistance (\$39 million). The total budgeted financial assistance for fiscal year 2020 was \$402 million. From July 2020 to June 2021 (fiscal year 2021), BART received an additional \$298 million in federal funding—mostly from the Coronavirus Aid, Relief, and Economic Security (CARES) Act—to make up for lost fare revenue due to responses to COVID-19. Subsidies, therefore, comprise [80 percent of BART's total operating budget](#) for fiscal year 2021. In addition, about 95 percent of BART's current capital budget of \$1.42 billion is [funded by taxpayers](#), either by General Obligation Bonds or direct subsidies.

Hundreds of millions of dollars of more subsidies will be needed in the future to keep BART afloat.

The local, state, and federal subsidies should end because they drive a wedge between BART's revenue and BART's customers and their priorities. Ending the subsidies would empower passengers in the long term. BART would have to improve the quality of service out of pure necessity. Making BART reliant on passenger fares and other customer-based revenue, such as advertising and parking, means that it could not survive unless it kept enough passengers satisfied with the service to pay for it at true cost. Ending subsidies would bring riders back over time as service improved. By contrast, reliance on subsidies makes transportation providers such as BART [responsive to politicians who control the subsidy purse strings](#), not its customers.

Subsidies operate against the interests of Bay Area residents who want safe, clean, reliable BART service because the bail outs reduce pressure to perform. Free or reduced fares, which are made possible by taxpayer subsidies, allow BART to continue falling short of its own performance standards and customer expectations of safety and cleanliness. Put plainly, a passenger may be willing to arrive late to their destination on a dirty train with problem passengers when their ride costs \$5 out of pocket with subsidies, but not when they pay the full cost of \$10.

Relying on user fees to fund BART operations means exposing riders to the true cost of the service and allowing them to decide whether BART provides value commensurate with those costs. It would force BART to provide clean and safe operations, mobilize resources in favor of routes that are in greater demand, and meet customer expectations of timeliness and reliability; otherwise, it would lose its revenue source and ability to operate. User-based revenue would force BART to more closely mimic a private-market business model and assume a [greater level of accountability](#) than it currently does.

Furthermore, ending subsidies to BART would save taxpayers millions of dollars each year that could

otherwise be directed toward more productive economic activity than overcompensating BART employees for poor service. Lower sales and property taxes, for example, would keep more money in the hands of Bay Area residents to spend on growing their local economies. In contrast, empirical studies consistently show that [greater taxation hurts economic growth](#). Thus, maintaining BART's reliance on tax revenue is harmful to the economy.

2. Sell BART to a private for-profit entity.

Requiring BART to operate without subsidies would improve service for passengers compared to the status quo. But a better alternative is to sell the transit system to private stewards. This would force BART to operate under market pressures that favor innovation, cost cutting, improved performance, and greater value-added services for its customers.

There are examples of more successful and better rated rail systems operated by for-profit companies. For example, Hong Kong's MTR, which is run by a private publicly traded corporation, is often [touted as a model of self-sustainability](#). One news outlet [calls](#) it "the world's most envied metro system." The MTR relies on [no government subsidies, makes profits from its property developments, and boasts an on-time rate of nearly 100 percent](#). MTR fare box collections [routinely exceed](#) 100 percent of operating costs.

In Japan, the privately operated Tokyo Metro is widely recognized as [more efficient and punctual](#) than its state-run counterpart, the Toei Subway, which has historically operated at a financial loss.

A common objection to private for-profit provision of transit services is that low-income people cannot afford a private system. In reality, Hong Kong's MTR fares are typically lower than BART's fares. For example, the fare is [\\$0.52 to travel a few stops](#) on MTR. The fare is [\\$2.10](#) to go from the Embarcadero to Civic Center Plaza in San Francisco, a few stops on BART. Residual claimants to any profits put pressure on for-profit transit systems to properly

manage costs and to innovate for greater efficiency. The days of paying BART janitors hundreds of thousands of dollars to sit in closets would be over.

A [2017 study](#) in the *Journal of Public Economics* found that full privatization of bus transit in the United States would cut operating costs by about 30 percent, without a loss in service quality. As the researchers explained, "Our findings are consistent with private enterprises operating at a lower cost and higher efficiency relative to their public counterparts. Private entities hire fewer workers and engage in less 'featherbedding' relative to public transit agencies." In addition to improving quality, therefore, privatizing mass transit lowers operating costs.

Importantly, a large portion of the savings comes from "a disconnect between unionized transit employees and the transit authority responsible for budgeting and planning." In other words, private transit companies do not suffer from a conflict of interest inherent in contract negotiations between publicly owned transit operators and public sector unions. Private ownership results in fairer labor agreements and lower operating costs.

If BART were a for-profit company, it could also more easily expand its portfolio of services, thereby diversifying its revenue sources. Why must a subway system only operate subways? For example, BART could have its own fleet of ride-share taxis, shuttle vans, shuttle buses, and ferries that could feed passengers to its stations (more on those transportation options below). It could sell naming licenses for its stations and train cars.

The incentives associated with private for-profit ownership of BART would force it to tighten its belt, spend on features that customers prioritize such as safety and cleanliness, and become more efficient through innovation. Private ownership would also allow BART to better diversify its revenue sources. Over time, BART would provide higher-quality service at lower cost than it currently provides to its passengers.

3. **Allow transportation alternatives, new and old, to flourish and compete vigorously against BART.**

Vigorous competition among mobility options would pressure BART to provide higher quality service at competitive prices. Transportation services aided by new technology are one source of competition. Recent innovations in on-demand ride share and private bus services provide more flexibility and efficiency than BART.

Ride share and private buses have an established history in the San Francisco Bay Area. Uber, for example, [launched its service first in San Francisco in 2010](#) as a smartphone-based platform to connect drivers and ride seekers in a more convenient and transparent way than traditional taxis. And a system of private employer-sponsored shuttle buses, catering to commuters for employees in various locations, have [proliferated in the Bay Area during the past decade](#). Today there are hundreds of shuttle vehicles. More express lanes on Bay Area freeways with variable peak-load pricing would reduce congestion and travel times, while also reducing air pollution as fewer vehicles sit in traffic.

Futurists, such as Elon Musk and Richard Branson, also envision [vehicles zooming along in underground highways](#) and [people riding in high-speed hyperloops](#). Proof-of-technology research is far along. Over time, those innovations and others could make BART an uncompetitive relic or even obsolete.

Private ride-share automobiles and buses are more capable of meeting the demands of riders with their decentralized structure and flexible routes and times. Traditional mass transit, with its set routes, frequent stops, and scheduled pickup times offers less convenience for customers and [less access to jobs compared to automobiles](#). The efficiency of ride sharing makes it a more cost-effective alternative to buses and trains. As a comparison, per passenger mile, [transit costs more than four times](#) as much as automobiles, on average.

That was the realization of the Livermore Amador Valley Transit Authority (LAVTA), which decided to end an unpopular bus route in west Dublin, California, that was costing taxpayers \$15 per ride, in favor of subsidizing the use of Uber and Lyft, [a move that saved money](#). The program, which was piloted in 2016, is [still in effect for rides within Dublin](#). In addition to regular on-demand private rides, both Uber and Lyft offer pooled-ride options that enable multiple passengers riding similar routes to share a vehicle and cut costs even more.

When given the option to use ride share, many Bay Area residents demonstrate a clear preference for it over BART. In 2014, when Uber and Lyft were finally allowed to fulfill trips to and from San Francisco International Airport (SFO), BART ridership dropped significantly on the SFO line. According to Carter Mau, executive manager of BART's office of planning and budget, competition from the private ride-share companies led to a nearly 10 percent revenue hit on that line in 2016, as Uber and Lyft saw a near [sixfold increase in ridership](#) in the two years after 2014.

Similarly, BART's Coliseum–Oakland International Airport line suffered almost immediately after it began operations in November 2014 due to lower-than-expected ridership, as travelers opted for ride-share alternatives. This resulted in an [\\$860,000 net loss in its first two years](#), rather than the \$2 million net profit BART anticipated.

One mobility advantage that the Bay Area has is the large bodies of navigable water in the middle of the region—the San Francisco Bay to the south and the San Pablo Bay to the north. The area once had a thriving ferry industry, beginning in 1850, which provided service around the region. At the [industry's peak in 1935 and 1936](#), 50 to 60 million people crossed the San Francisco Bay each year on almost 50 ferries, with 250,000 people passing through San Francisco's Ferry Building each day. A series of state laws put all Bay Area ferries out of business by 1958. Today the industry is a shadow of its past glory.

Ferry service, water buses, and water taxis should

be allowed to flourish by removing government obstacles to starting and operating private service wherever customer demand will support it. And for those who can afford a pricier option, seaplane taxis are another alternative that should be unleashed. For the more adventurous traveler, [flying taxis](#) could one day be the next big thing in urban mobility. Airbus, one of the world's largest airframe manufacturers, recently announced that it has [entered the electric air taxi race](#). Mobility options that create more competition will improve BART's service because it would have to innovate to maintain and grow its customer base and its revenues.

Regulations driven by environmental groups and NIMBY ("Not-In-My-Backyard") groups have made it [nearly impossible to build affordable housing in California](#). Thus, home prices in the Golden State continue to set [new records](#). If regulatory impediments were relaxed or dismantled, new housing could be built where people want it. More housing close to jobs would make walking and biking more attractive options for many people, thereby creating substitutes for longer BART rides. E-scooters, bike sharing, and other forms of "micromobility" are already popular options in the Bay Area. For example, nearly [100,000 people have unique accounts](#) with powered scooter companies offering service in San Francisco. (To learn more about barriers to housing development in California and key solutions, read the Independent Institute report [How to Restore the California Dream: Removing Obstacles to Fast and Affordable Housing Development](#).)

Improving the transportation experience for Bay Area residents means allowing vigorous competition to emerge organically among private approaches to mobility—both new and old technology. If BART finds it difficult to compete now, it will have a much bigger hurdle once driverless ride-share fleets, some pooled or operating in congestion-priced express lanes, become widely available. This could happen soon based on recent headlines: "[Hyundai Motor Unveils IONIQ5 Robot Taxi to Be Run in 2023](#)"

and "[Aurora Unveils Autonomous Toyota Sienna for Ride-Hailing with Uber](#)."

4. Put the brakes on BART expansions.

BART passengers want safe, clean, on-time transportation at competitive prices. But what do politicians want? Typically, politicians want ribbon-cutting ceremonies for visible new assets, such as stations and lines. These long-term capital expansions allow politicians to have photo opportunities with the media and to take credit for the projects from inception to opening to operations for decades, boosting their name-brand capital among voters and the public more broadly.

There are no ribbon-cutting ceremonies, however, for repairing track or doing other day-to-day basic maintenance of facilities and equipment. Thus, BART has deferred much of this needed work, creating looming safety hazards and reliability problems. BART's own modeling [concludes](#), "The share of [BART's] assets in 'poor' and 'very poor' condition is expected to increase by 90 percent by 2030." Despite the need for critical maintenance and repairs, BART's massive expansion plans move forward, even in the face of demand uncertainties.

A reality of the modern economy is that remote work, or "telecommuting," is increasingly common, especially in the San Francisco Bay Area. And given that remote work obviates the necessity for a traditional daily commute, BART and other transportation systems will increasingly find themselves less necessary. BART should adapt by eliminating less-popular routes and reconsidering plans for grand multibillion-dollar expansions.

Before COVID-19, California had the [largest number of remote workers](#) in the country, and the Bay Area boasted the highest number of workers eligible to work remotely in all of California, [nearly 1.8 million](#). According to the Bay Area Council Economic Institute, up to [45 percent of Bay Area jobs](#) were eligible for remote work. This includes more than half of all jobs in San Francisco and Santa Clara.

COVID-19 made remote work even more acceptable and more widely available going forward for Bay Area workers. It has reduced demand for BART services and made future demand highly uncertain. Many companies, especially in San Francisco and Silicon Valley, have signaled a commitment to “remote first” or a hybrid alternative allowing for both in-office and work from home. Those companies [include](#) Adobe, Dropbox, Facebook, Google, Quora, Reddit, Salesforce, Slack, and Twitter, among others.

Salesforce [announced](#) that its “9-to-5 workday is dead.” Twitter [announced](#), “[I]f our employees are in a role and situation that enables them to work from home and they want to continue to do so forever, we will make that happen.” And other companies are following in that direction after [figuring out the logistics of remote work during the COVID-19 pandemic](#).

BART has ignored the implications of this social and economic sea change, instead expanding connections to San Francisco and Silicon Valley. With fewer workers commuting to San Francisco or even living in the Bay Area, the [need for BART’s current transbay tube, not to mention a second tube, should lessen significantly](#). And research demonstrates that the “hub and spoke” nature of most public transit systems, including BART, make transit economically viable only when [jobs concentrated downtown are thriving](#).

BART has ignored the remote work trend and, instead, continues planning for the completion of a [second underwater transbay tube crossing by 2040](#) linking Oakland and San Francisco, as well as plans to connect San Francisco with Silicon Valley and Sacramento. The second tube alone would cost an estimated [\\$29 billion](#), and currently lacks a funding source. BART is also currently designing a six-mile \$6.9 billion expansion in [collaboration with the Santa Clara Valley Transportation Authority](#) (VTA) to connect Bay Area residents with Silicon Valley jobs via San Jose and Santa Clara. Those plans, which have been decades in the making, fail to recognize today’s reality, much less the need 10 or 20 years in the future.

As mentioned previously, entrepreneurs are rapidly developing futuristic transportation technology that could render BART obsolete.

The expansion of BART to accommodate a presumed growing work-commute need is wrongheaded. Studies demonstrate that increases in remote work can reduce traffic congestion at peak times, improve overall traffic flow, reduce energy consumption, improve air quality and reduce the need to spend on public transportation (see, for example, [here](#) and [here](#)). This is the emerging trend in the San Francisco Bay Area and signals a wider social change that transforms the need for traditional commutes and strategies to deal with it through conventional mass transit. Rather than embark on massive expansions in the face of declining commutes and promising new technologies, BART should focus on improving the performance of its current system and performing proper maintenance—“fix it first.”

Conclusion

The Bay Area Rapid Transit (BART) system, which serves the San Francisco Bay Area, has received the *California Golden Fleece® Award* because of its excessive employee compensation, reckless financial mismanagement, poor on-time performance, unsanitary conditions, and failure to prevent the system from becoming a magnet for criminals. Based on its own metrics and performance standards, BART has failed on every count.

Government subsidies, paid for by taxpayers, shield BART from the need to become customer focused and more efficient through innovation and belt tightening. It took BART about 50 years to install a more efficient [train control computer system](#). And the initial roll out was plagued by software glitches. A lack of a profit motive has allowed BART to squander revenue on excessive pay and benefits, rather than spending money on the features that matter most to customers. Fixing crime and grime problems would bring riders back and increase revenue.

BART should not be permitted to continue failing Bay Area residents. Fundamental reforms are

needed: (1) end all government subsidies to BART, (2) sell BART to a private for-profit entity, (3) allow vigorous competition among transportation alternatives, and (4) fix BART first and scrap grand expansion plans costing tens of billions of dollars. These projects are unlikely to be economically viable in the future given the trend toward greater telecommuting and the ongoing development of promising new transportation technology.

Hong Kong and Tokyo provide more successful approaches. Both cities have private for-profit subway systems that are clean, safe, and reliable, with near-perfect on-time arrivals. Fares, which are not subsidized by the government, are typically lower than BART's fares because of greater efficiency.

Those reforms would impose market discipline on BART, which has been lacking for too long. Robust competition, a profit motive, and innovative customer-based revenue would improve service delivery while keeping costs manageable and revenues healthy. The reforms would mobilize the expertise and resources of the private sector, reduce taxpayer risk, increase efficiency, and lower fares while improving

service. BART would be one part of a competitive transportation environment in the Bay Area featuring robust ride share, shuttle vans, shuttle buses, ferries, water taxis, water buses, seaplanes, new futuristic alternatives, and old-fashioned walking and biking. Congestion pricing of express lanes throughout the Bay Area would help alleviate gridlock and air pollution.

These changes will not be easy to implement because BART is a large bureaucracy influenced by interest groups that benefit from maintaining the status quo, primarily labor unions and officials at multiple levels of government. Change will require acknowledgment of the problems discussed in this report, a vision for BART and transportation more broadly that puts competition and customers first, and the political will to implement the reforms detailed here.

If these changes are implemented, BART would provide high-quality service to its riders at competitive prices and finally fulfill its mission, which began nearly 50 years ago.

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