

# State Investment in Local Bus Operating (LBO) is Essential!

Tens of thousands of Michiganders depend on public transit every day to get to work, school, church, doctors, shopping, and other essentials.

Many more people wish they could ride, if only they had reliable, convenient options near them.

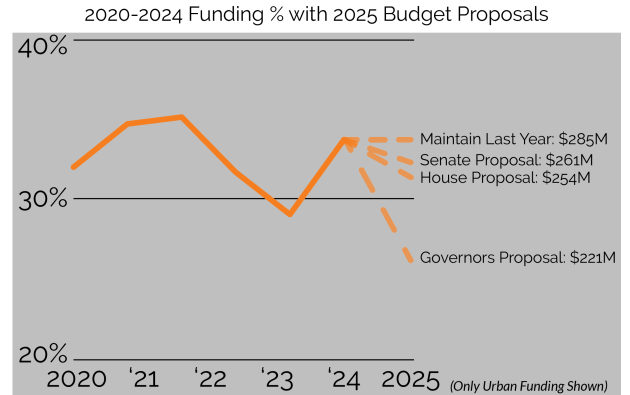
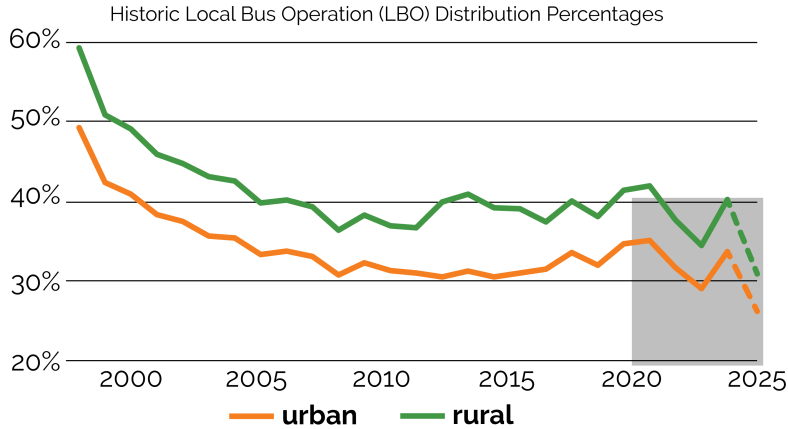
Yet for decades Michigan has failed to properly fund transit.

**Michigan leaders need to improve transit by increasing state investment in Local Bus Operating. In FY25, LBO needs at least \$281M to not move backwards; yet Gov. Whitmer proposed just \$221M.**

**Ultimately, to expand transit, provide high frequency transit, and develop cross-state rail, Michigan leaders need to double transit investment to at least \$400M for LBO and \$1 billion a year in overall transit and rail funding.**



## Local Bus Operation (LBO) Distribution Percentages with FY2024-25 Budget Proposals



**TRU supports the Senate budget proposal for \$261M AND urges leaders to move an additional \$20 million into LBO from the Governor's proposed \$30M "Transit Innovation grants" to bring LBO up to the \$286 million it needs."**

Michigan's 77 local transit agencies depend on Local Bus Operating funds from the state to match local investments—including fares, taxes, and ads. The state reimburses each agency a set percentage of their eligible operating costs—primarily paying drivers, mechanics, fuel, and insurance. The percentage depends on how much the state budget allocates to LBO. (Federal funds only pay for vehicles, construction, rural areas, and emergencies, like COVID.)

Yet LBO investments have failed to keep up with inflation, let alone enable investments for improvement, thus failing Michiganders.

History: In 1998, state funds covered nearly half of urban transit expenses and almost 60% of rural agency needs, the max the law permits.

For the next twenty years, LBO funding was mostly flat as transit agency costs grew substantially, especially in the last few years. Last year's \$261M invested in LBO started back in the right direction.

### FY2025 Budget Proposals:

The costs of operating transit increased by 9% last year.

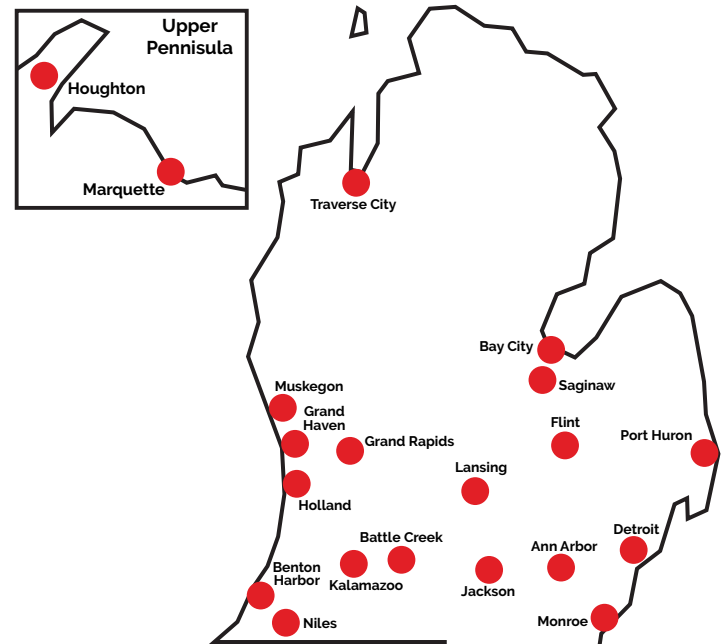
**Michigan's FY2025 budget must invest at least \$285 million in LBO for transit agencies to not fall backwards.**

**Governor Whitmer proposed just \$221 million for LBO, which would drop state transit funding to the lowest reimbursement rate ever.**

**The House proposed \$254 million for LBO, a much needed increase of \$37M.**

**The Senate proposed \$261 million for LBO, maintaining last year's dollar levels, but still failing to account for inflation.**

### Michigan Metropolitan Areas with Fixed Route Transit



There are 77 transit agencies in Michigan, covering our largest urban areas and countless small rural towns. To find an agency in your area, go to: <https://www.michiganpublictransit.com/>