

An aerial photograph of a city street, likely in Birmingham, Alabama. The street is wide and multi-laned, with a few vehicles visible. To the right of the street are several sets of train tracks. In the background, there are several tall skyscrapers, including the Bank of America Tower and the Regions Bank Tower. The sky is a clear, light blue.

Alternate Route

New Pathways to Better Jobs in Alabama through Public Transit

By Marc Bayard, Allan M. Freyer, Ph.D.,
and Dev Wakeley

June 2026



Institute for
Policy Studies

ALABAMA



Arise

Alternate Route

**New Pathways to Better Jobs in
Alabama through Public Transit**

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About Alabama Arise

Alabama Arise is a statewide, member-led organization advancing public policies to improve the lives of Alabamians who are marginalized by poverty. Our membership includes faith-based, community, nonprofit and civic groups, grassroots leaders, and individuals from across Alabama. Alabama Arise is a nonprofit organization, and our work is funded by private foundations and members. Our members select our annual legislative agenda, focusing on the issues that matter most to alleviate poverty and its effects.

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Executive Summary

Alabama’s leaders are throwing the kitchen sink at the state’s workforce shortage, but they are still missing one critical tool in the race to bring enough people into the job market to remain competitive with surrounding states. Public transit plays a crucial role in connecting people to jobs, especially in places where a person lacks reliable access to a motor vehicle makes it virtually impossible to find and keep employment.

Alabama has a timely opportunity to boost the state’s economy and invest in Alabamians’ well-being through investing in public transportation. The state can gain up to \$100 million in federal matching funds by providing a \$25 million investment, which will ripple through other sectors and provide significant gains across the state. At the same time, significant detriments to Alabama’s workers result from the state’s refusal to invest in public transit. Alabamians spend a greater portion of their income on gas than people in Georgia, Tennessee, or Florida. In 2025, Alabamians spent around 3% of their income just on gas to get where they need to go. And recent cost increases of fuel have hit Alabamians harder than residents of other states. Gas prices in the state remain drastically higher year over year because of international instability due to the war in Iran. Alabama gas prices in June 2026 sit a full dollar per gallon more than the same time last year.

Because Alabamians drive more than most other states’ residents and have lower incomes, price increases affect people in Alabama more than residents of other states.¹ A one-dollar price increase would cost Alabamians more than \$600 per year in direct fuel costs alone. The statewide lack of viable public transit options has left Alabamians particularly vulnerable to unexpected increases in necessary expenses.

And from a historical lens, policy choices that squeeze Alabama’s workers are the rule, not the exception. The choice to support dependence on private transportation is bolstered by the 1950s reaction against the growing Civil Rights Movement. Amendment 93 to the state constitution prohibits using gas tax funds to support mass transit. This restriction leaves Alabama behind our neighboring states, which all fund public transportation.

This disinvestment in transit, combined with political fragmentation and segregation, results in particularly poor outcomes for Black Alabamians. Black workers are more likely to lack access to a vehicle, which correlates with worse outcomes financially. Intercity lines are sharply limited, even among suburbs, and numerous white flight suburbs have refused connectivity with existing, though limited, transit options in the state’s cities.

¹ Institute for Taxation and Economic Policy. “These States Are Most Impacted by the Spike in Gas Prices.” 23 March 2026, <https://itep.org/gas-prices-states-most-impacted-by-spiques/>. Accessed 15 June 2026.

The state cannot afford to continue economic policy choices that were outdated and regressive in the 1950s. Alabama’s economic future and the well-being of all people in the state require a sensible public transit policy. The return on investment from transit investment would connect workers to jobs, decrease avoidable workforce churn, and provide good jobs across the state in both operations and manufacturing.

The primary and extended benefits of investing state dollars into the Public Transportation Trust Fund would create a significant economic boost in the short and long term. This report will explore how localities can benefit from transit investment that would build a stable transit system that sufficiently supports the needs of all Alabamians and their communities.

Alabama’s workforce shortage

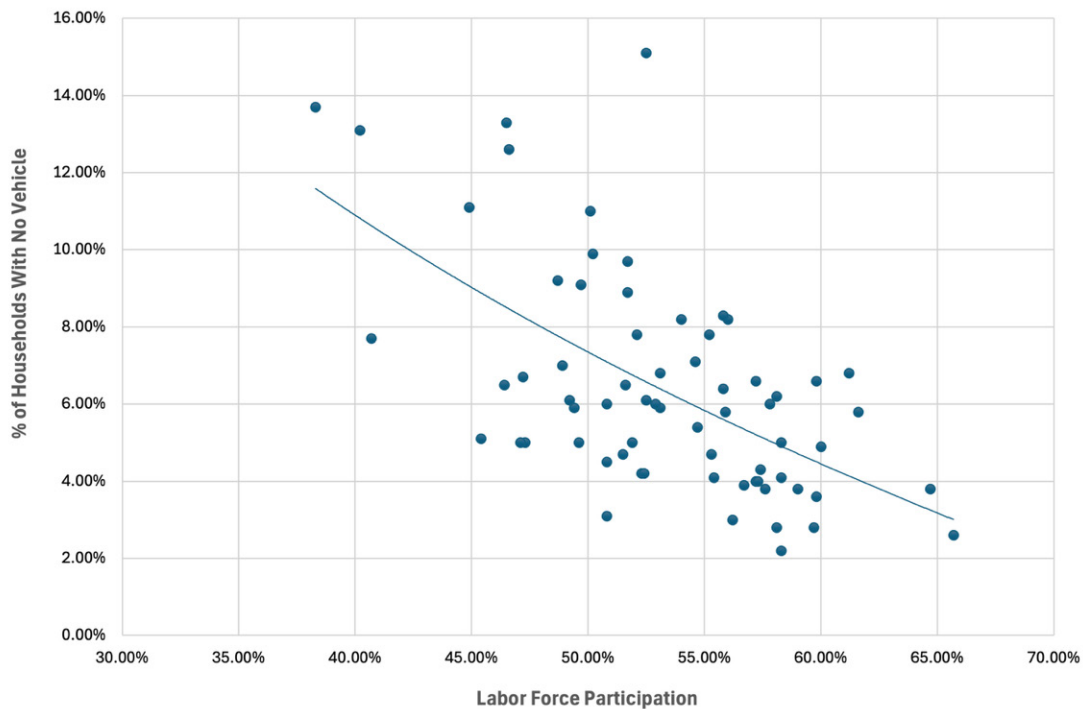
- » **Alabama faces a long-term worker shortage that is holding back business growth and remains unlikely to go away even if the economy dips into a recession this year.** Though the number of available workers has risen over the past year, the workforce shortage itself has only grown, increasing from 80,000 unfilled jobs in 2024 to 105,000 in 2025, a missing workforce almost equal to the entire population of Tuscaloosa. In the long term, the problem will only get bigger: Gov. Kay Ivey has set a postsecondary education attainment goal of adding 500,000 credentialed workers to the workforce by 2030 to meet the needs of Alabama employers, who need a skilled labor pool to compete with businesses in other states.
- » **Not enough working-age people in Alabama are able to find a job or even enter the workforce.** As the Lieutenant Governor’s Commission on 21st Century Workforce highlighted, the root of the workforce shortage is Alabama’s ultra-low labor force participation rate, the share of Alabama’s workers who have a job or are looking for one. The state’s labor force participation rate of 57.3% remains significantly lower than the national average of 61.8% (April 2026), making Alabama second to last in the Southeast (after Mississippi) and 47 out of 50 nationally.
- » **Even these rankings obscure the geographic challenge facing Alabama’s workforce: Most of the state’s labor force participation and employment are concentrated in a handful of the state’s urban areas.** Just seven counties accounted for more than half the state’s total employment in April 2026. Even worse, 53 out of Alabama’s 67 counties have labor force participation rates below the state average. In some rural counties, less than half the population has a job or is able and available for work.

Public transit: The missing piece to solving Alabama's workforce shortage

- » **The Workforce Commission pointed to the lack of accessible transportation as a significant barrier to closing the state's workforce shortage.** Alabama is the most auto-dependent state in the nation. Without adequate public transit alternatives, people in Alabama's rural communities and big city neighborhoods are shut out of the job market if they do not have a car or truck.
- » **People cannot get jobs if they cannot get to work, and too many Alabamians lack the reliable personal transportation options they need to find and keep a job.** In a recent survey conducted by the state agency Safe Home Alabama, families reported that transportation is the second-largest household expenditure after housing.² Moreover, Alabamians surveyed cited a lack of transportation access as the number one reason why unemployed Alabamians could not find or hold a job, according to a recent Alabama Survey of the Unemployed and Underemployed.³ As Figure E1 shows, those counties with the lowest access to vehicles also have the lowest labor force participation. Black families, in particular, face transportation-related barriers to finding work—4 out of 10 Black households lack reliable—or any—access to a car or truck.

Figure E1

Counties with the lowest access to vehicles also have the lowest labor force participation



2 Average Household Spending on Transportation – Safe Home Alabama. n.d. <https://www.safehomealabama.gov/analysis-data/average-household-spending-on-transportation/>.

3 <https://aldailynews.com/survey-31-of-underemployed-cite-transportation-issues-as-barrier/>

» **When private transportation fails, broadly available public transit can fill the gap.**

Evidence from around the country shows that funding public transportation specifically boosts labor force participation and employment for those previously excluded from the labor market, in big cities, small towns, and rural areas. In particular, creative use of micro-transit, flexible, on-demand public transportation using smaller vehicles such as vans and shuttles has provided dynamic, on-demand transit to the most car-dependent places in the state. Transit connects people to jobs they otherwise could not access; reduces reliance on public assistance; helps economically distressed residents whose finances often keep them from accessing a car. In turn, better transportation options and shorter commute times help parents provide better outcomes for their kids who, in turn, show higher incomes when they grow up compared to families with less transportation.

Fixing the workforce shortage means fixing public transit

» **Public transit is the missing tool for economic developers to use in closing the workforce shortage.**

The state's economic development agencies have experienced significant success in recruiting new business and industry to the state, often by preparing the physical infrastructure of industrial sites with improvements like rail, roads, water and sewer lines, power lines and shell buildings. They often also focus on the human capital side of industrial development through customized job training, and pathway-based occupational education, apprenticeships, and other workforce development efforts.

» **As the workforce shortage reveals, the state still faces a critical gap in its site improvement process—physically connecting people to jobs once they exist.**

In line with the Workforce Council's recommendations, Alabama's economic development strategy needs to focus on this missing piece and pursue improvement of Alabama's public transit system with the same intensity as other aspects of site preparation.

» **Alabama's public transit system, however, is not up to the challenge, largely because the legislature has neither invested any state dollars in transit, nor leveraged available federal funds.**

In most places in the United States, the gas tax is the largest dedicated source of transit funding.⁴ Unfortunately, Amendment 93 to Alabama's constitution, passed in 1953, prohibits the state from using gas tax dollars for any transportation improvement other than roads, bridges, and highways.⁵ Without this source, local governments do not have the dedicated, permanent revenue source needed to fund transit sufficiently. This has led to a short-sighted focus on highways, worsening the state's auto dominance, and resulting in insufficient local funds to meet federal matching requirements.

4 <https://www.brookings.edu/research/fueling-transportation-finance-a-primer-on-the-gas-tax/>

5 <https://law.justia.com/constitution/alabama/CA-245936.html>

- » **If the Legislature invested just \$25 million in state appropriations for public transit, these funds would leverage up to another \$100 million in federal funding to support local transit.** Alabama is leaving money on the table by not fully utilizing available federal funds. Over the past fifty years, local Alabama communities have lost hundreds of millions in federal transportation dollars, including funds secured by Sen. Richard Shelby but then lost because of legislative failure to match the federal investment.
- » **Lack of transit funding has hit rural Alabama the hardest.** Nearly 30% of the state's rural population lost access to intercity transportation between 2005 and 2010. Intracity bus lines in Alabama still exist, but rural access to cities is limited and transit within rural communities is even more hit-or-miss.
- » **Can Uber fix the problem?** While rideshare services such as Uber and Lyft are widely available within more populated areas, they are not a sensible solution to the workforce shortage. They cost too much, especially for low-income workers who are least likely to afford a vehicle, and for local governments that cannot afford to pay for rideshares on a scale large enough to reach the thousands of people disconnected from the labor market. Moreover, private rideshare services often provide low or zero service in areas where the labor force participation is lowest, particularly in low-growth and rural counties.

Funding transit will boost Alabama's economy

Public transit is the missing link in Alabama's economic development strategy. Fully funding it would put people back to work, grow the paychecks of Alabama workers, and boost the overall economy. By putting \$25 million in state funds into the Public Transportation Trust Fund, state leaders would draw down as much as \$100 million in federal funds to expand local transit across Alabama. These funds would support both capital improvements, like purchasing new vans or buses, at an 80% match rate, and operational expenses, such as hiring new drivers and increasing transit service areas at a 50% match rate.

Regardless of how local transit authorities will mix their capital and operational spending, leveraging new federal funds will have an enormous impact on Alabama's economy in two different ways:

- » **New direct investment from federal transit dollars.** The federal funds spent by transit authorities on new buses, more bus drivers, added bus maintenance, and expanded bus routes will flow directly into the state's businesses, who would, in turn, see higher revenues, hire more workers, and pay out more wages. This investment can include direct purchases from in-state bus, van, and parts suppliers. As seen in Figure 5.1, all this new spending will ripple across the state's economy, creating 2,561 new jobs, improve workers' paychecks by a combined \$120 million, and generate \$207 million in new GDP. (See Methods Appendix for details on our analysis using IMPLAN).

» **Putting people back to work by increasing transit access.** Aside from the separate effects of the injection of direct federal spending into the state’s economy, Alabama will also see an additional economic benefit arising from increased transit access. Workers who were previously unemployed or outside the labor force altogether because they do not have a car or live close to existing transit options will now enter the workforce and become employed. These new workers would earn new wages, and their collective spending would ripple through the economy. One recent study found that \$1 billion in new transit investment nationally would create 17,900 jobs and generate \$1.2 billion in new wages in a single year, in 2026.⁶ Because of capital backlogs and the compounding nature of long-term annual investment, this would increase to \$2.6 billion in new wages and almost 50,000 new jobs in 2046 in the nation as a whole. (Note that the long-term investment numbers are not cumulative from 2026-2046. Rather, they reflect the overall spending needs in 2046 based on long-term annual investment.)

Using this same logic, if Alabama were to invest \$100 million in new federal transit funding (10% of this national spending), this would directly create an estimated 2,561 new jobs, improving workers’ paychecks by a combined \$120 million, and contributing \$207 million to the state’s GDP.

The indirect ripple effects of new labor force entrants spending their wages would generate 450 new jobs and \$95 million in new labor income, and it would grow Alabama’s GDP by \$150 million in the short run (in 2026). In the long run (in 2046), it would generate almost 1,000 new jobs, \$250 million in new labor income and \$370 million in GDP growth.

Figure 5.1

Public transit grows Alabama’s economy: Estimated direct and indirect economic benefits of a \$100 million investment in the state’s public transit system

	Jobs	Labor Income	GDP
Direct federal investment	2,561	\$119,567,430	\$206,590,539
Putting people back to work (Short-Term, 2026)	450	\$95,095,864	\$150,148,884
Putting people back to work (Long-term, 2046)	974	\$249,893,288	\$369,174,831
Short-term total	3,011	214,663,293	356,739,423
Long-term total	3,536	369,460,717	575,765,371

⁶ American Public Transit Association. (2020). Economic Impact of Public Transportation Investment: 2020 update. Washington, DC.

Adding together the impacts from direct federal spending and increasing transit, investing in Alabama's public transit would create more than 3,000 jobs, boost workers' paychecks by \$215 million and add \$357 million in GDP in the first year. Over the long term, these impacts would grow to 3,500 new jobs, \$370 million in new wages and \$575 million in new GDP in 2046.

Policy recommendations

Given the important role transit can play in closing the workforce shortage, increasing workforce participation and boosting economic development, Alabama's policymakers should adopt the following policy recommendations:

- » **Increase state funding.** Alabama should commit \$25 million in statewide funds for public transit. These funds can then be used for \$100 million in federal grant matches that are available and already being paid by Alabama taxpayers.
- » **Distribute transit dollars equitably across Alabama—especially in rural counties.** Policymakers should ensure that statewide transit funding via the Alabama Department of Economic and Community Affairs is distributed equitably among local transit agencies. Distribution should account for needs based on deferred maintenance, ridership and local population utility, including education, healthcare, and ability to connect to other services and activities of daily life.
- » **Give local communities and transit authorities control over the funding they receive.** Transit agencies understand the areas they serve. The expenditure of transit funds should be at the discretion of each agency depending on the area's needs.
- » **Ensure new transit jobs come with living wages, health insurance, retirement savings, and other key benefits.**

1. Introduction

Alabama’s leaders are throwing the kitchen sink at the state’s workforce shortage, but they are still missing one critical tool in the race to bring enough people into the job market to remain competitive with surrounding states. Public transit plays a crucial role in connecting people to jobs, especially in places where a person’s lack of reliable access to a motor vehicle makes it virtually impossible to find and keep employment.

By some measures, Alabama is the most auto-dependent state in the nation. Without adequate public transit alternatives, people in Alabama’s rural communities and big city neighborhoods are shut out of the job market if they do not have a car or truck. Primarily for this reason, the Lieutenant Governor’s Commission on 21st Century Workforce pointed to that lack of accessible transportation as a significant barrier to closing the state’s workforce shortage.

The good news is that when private transportation fails, public transit can help fill the gap. In communities across Alabama and the nation, transit is playing a key role in bringing people into the labor market by bringing them closer to jobs, in turn meeting the immediate workforce needs of employers by expanding the pool of available workers. As a result, Alabama’s economic development officials should pursue transit funding as an essential complement to the location and development of new industrial sites, along with existing strategies like industrial infrastructure and job training.

Unfortunately, Alabama’s policymakers have never invested even a single state dollar in this critical economic development strategy, and local governments are constitutionally prohibited from using gas tax dollars to fund transit in and between their communities. In most places in the United States, the gas tax is the largest dedicated source of transit funding.⁷ Because of overly restrictive wording in Amendment 93, passed more than 70 years ago, Alabama is not allowed to use gas tax dollars for any transportation improvement other than roads, bridges, and highways.⁸ Without this source, local governments do not have the dedicated, permanent revenue source needed to fund transit sufficiently. This has led to a short-sighted focus on highways, enhancing the state’s auto dominance while coping with insufficient local funds to meet federal matching requirements. Without state funding, Alabama communities have lost hundreds of millions in federal transportation funds, including major funding secured by former Sen. Richard Shelby during his time in office, but then was lost because of the state’s failure to match the federal investment.

7 <https://www.brookings.edu/research/fueling-transportation-finance-a-primer-on-the-gas-tax/>

8 <https://law.justia.com/constitution/alabama/CA-245936.html>

Taking all this together, the key to fixing Alabama’s workforce shortage involves fixing its broken transit funding model so that transit reaches more workers in the times, places and modes they need to find and get to work. Fortunately, the key to fixing funding is relatively straightforward. If the state appropriates \$25 million into its Public Transportation Trust Fund, local transit authorities across Alabama can leverage up to \$100 million in new federal transit funds. This will help local communities from the Wiregrass to the Shoals and everywhere in between to expand transit access significantly and bring thousands of new workers into the workforce.

This investment in Alabama’s public transit would create between 3,000 and 3,500 jobs, bolster workers’ paychecks between \$215 million and \$370 million, and increase the state GDP between \$357 million and \$575 million, according to our economic impact assessment. Alabama would reap these benefits in two ways, the direct injection of new federal dollars into the local economy and the resulting ripple effects putting more people back to work as transit puts employment in easier reach for thousands more workers.

In addition, Alabama has examples of homegrown local public transit improvements from across the state—including urban, suburban and rural areas—that provide lessons for success in closing the workforce shortage, highlight statewide challenges and demonstrate the importance for federal funding to make transit work. The solutions are already here. But they are not broadly implemented because the localities creating them are starved for funding.

2. Alabama’s workforce shortage

To address the state’s current workforce shortage and meet key business hiring targets for the future, Alabama will need to increase the number of residents who are able to access job opportunities. Despite experiencing historically low unemployment over the past two years (for example, Alabama’s jobless rate in August 2025 equaled 2.9%),⁹ the state’s workforce does not have enough workers to meet the needs of Alabama employers. In a recent survey, the U.S. Chamber of Commerce reported that Alabama only offers 65 available workers for every 100 job openings (August 2025).¹⁰ Though the number of available workers has risen over the past year, the workforce shortage itself has only grown from 80,000 unfilled jobs in 2024 to 105,000 in 2025¹¹—a missing workforce almost equal to the entire population of Tuscaloosa. This suggests that Alabama’s worker shortage is likely a long-term issue that will not go away, even if the national economy enters recession and unemployment rises. Reinforcing the long-term nature of the problem, Gov. Kay Ivey has set a postsecondary education attainment goal of adding 500,000 credentialed workers to the workforce over the next five years to meet the needs of Alabama employers, who need a skilled labor pool to compete with businesses in other states.

Alabama’s policymakers, including the Lieutenant Governor’s Commission on 21st Century Workforce and the special House Labor Shortage Commission, have correctly sourced the problem to the state’s ultra-low labor force participation rate—the percentage of Alabamians who either have a job or are looking for one. By the numbers, the state’s labor force participation rate in April 2026 was 57.3%, lower than the national average and making Alabama second to last in the Southeast (after Mississippi) and 47th out of 50 nationally in terms of workforce participation.

Even these rankings obscure the geographic challenge facing Alabama’s workforce—a majority of the state’s labor force participation and employment are concentrated in a handful of the state’s urban areas. Just seven counties account for more than half the state’s total employment in April 2026. Even worse, 53 out of Alabama’s 67 counties have labor force participation rates below the state average. In some rural counties, less than half the population has a job or is able and available for work. Although many of the counties with the lowest labor force participation are in the historically distressed Black Belt (counties such as Wilcox with 42.5%, Lowndes at 49.0%, and Bullock at 49.6%), many lie outside the region as well, including Clay (52.0%), Coosa (49.8%), and Monroe (42.8%). In other counties, just 4 of 10 people are in the labor force, including Conecuh (43.6%), Greene (39.5%), and Perry (36.2%). This unfortunately shows that transportation shortcomings are a statewide issue, not a problem restricted to certain areas or regions.

9 BLS, LAUS, October 2024

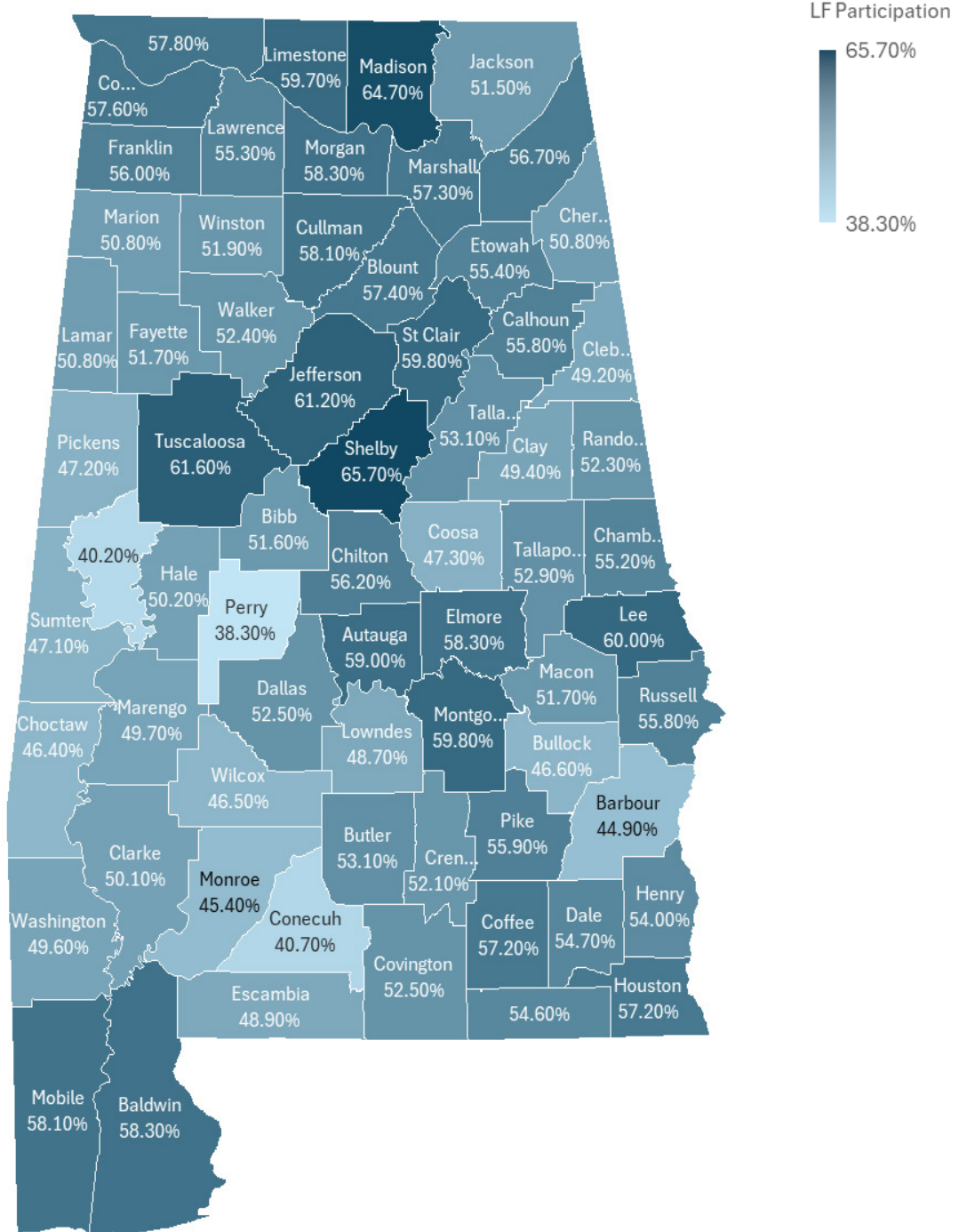
10 Labor Shortage in Alabama: Analysis and Outlook Released by USIQ, Nov. 25, 2024, <https://www.barchart.com/story/news/29758120/labor-shortage-in-alabama-analysis-and-outlook-released-by-usiq>.

11 <https://www.uschamber.com/workforce/the-states-suffering-most-from-the-labor-shortage?state=al>

Figure 2.1

Alabama's labor force participation rates lowest in rural counties

Labor Force Participation Rates: Alabama Counties



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3. Public transit: The missing piece to solving Alabama’s workforce shortage

People cannot get a job if they are unable to get to work, and too many Alabamians lack the reliable transportation options they need to find and keep a job. In recent surveys, Alabamians cited a lack of transportation access as the number one reason why unemployed Alabamians could not find or hold a job in a recent Alabama Survey of the Unemployed and Underemployed.¹² In addition, families also reported that transportation is the second-largest household expenditure after their rent or mortgage, costs which also have skyrocketed since the pandemic.¹³ Recognizing this challenge, the House Labor Shortage Commission named transportation as a key policy priority to support labor force participation in 2023, along with childcare and job training.¹⁴

As with the broader national affordability crisis, these rising transportation costs hit lower-income Alabamians the hardest—especially those who cannot afford a motor vehicle at all. Kelley Blue Book reports that buying a car in 2026 now costs 40% more than it did in 2020,¹⁵ while the average costs for maintenance and repair have climbed 25% since 2020. These costs are unaffordable for low-income Alabamians who can no longer afford to keep a car, which in turn cuts them off from finding and keeping a job.

The logic is inescapable: Alabama is the most auto-dependent state in the nation¹⁶. The overwhelming majority of families in the state need cars to get to work and go about their daily lives. Without access to a car, work and life become much more difficult. As a result, it comes as no surprise that the counties in Alabama where the most people have no vehicle access and no way to get to work are also the counties with the lowest labor force participation (Figure 3.1), the lowest percentage of their population employed (Figure 3.2), and highest rates of overall joblessness (Figure 3.3).

12 <https://aldailynews.com/survey-31-of-underemployed-cite-transportation-issues-as-barrier/>

13 *Average Household Spending on Transportation – Safe Home Alabama*. n.d. <https://www.safehomealabama.gov/analysis-data/average-household-spending-on-transportation/>.

14 https://www.al.com/news/2023/11/commission-seeks-solution-to-alabamas-workforce-shortage.html#:~:text=The%20Alabama%20Legislature%20has%20a%20number%20of,to%20staff%20them%20*%20Poor%20health%20outcomes

15 <https://www.kshb.com/news/local-news/car-costs-soar-40-higher-than-2020-forcing-drivers-to-extend-vehicle-lifespans>

16 <https://www.copilotsearch.com/posts/the-most-car-dependent-states/>

Figure 3.1

Counties where more people have no access to vehicles also have lower labor force participation than counties where more people have vehicle access

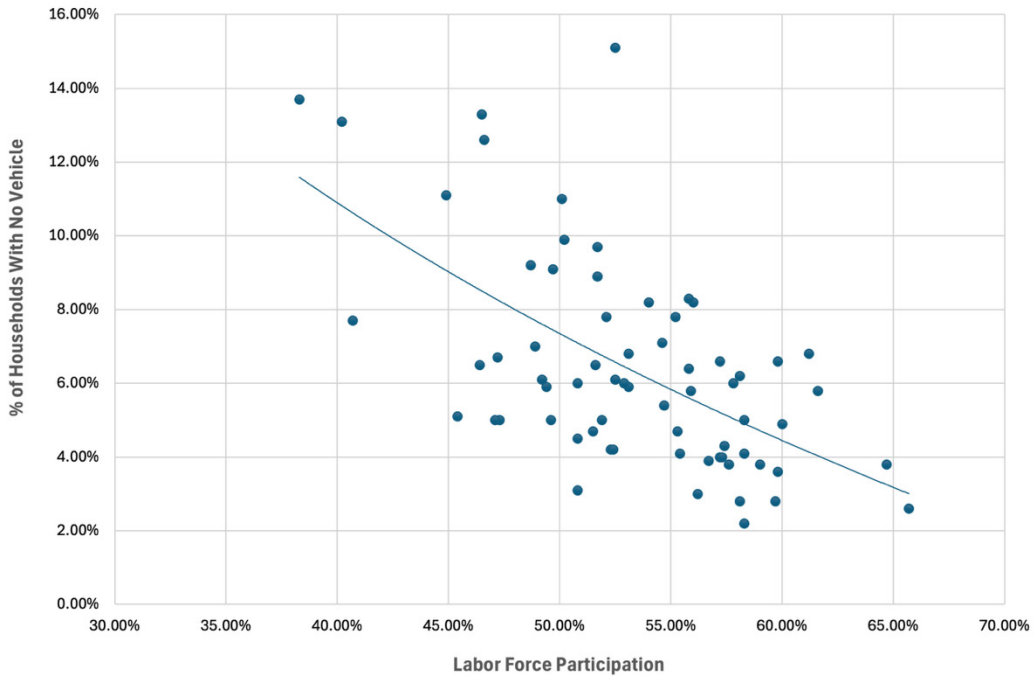
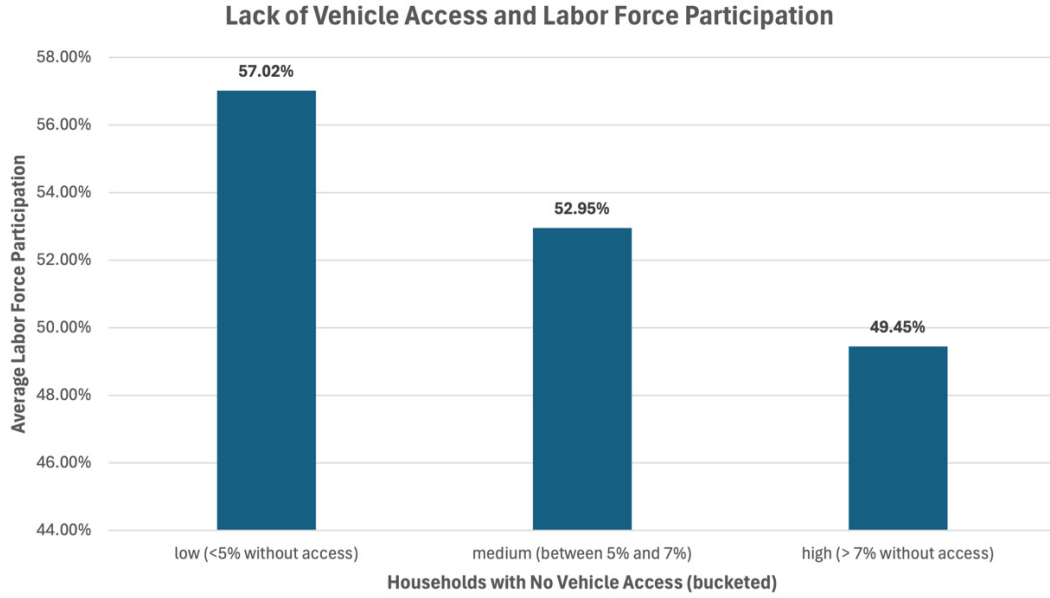


Figure 3.2

Counties where more people have no access to vehicles also have less of their population employed than counties where more people have vehicle access

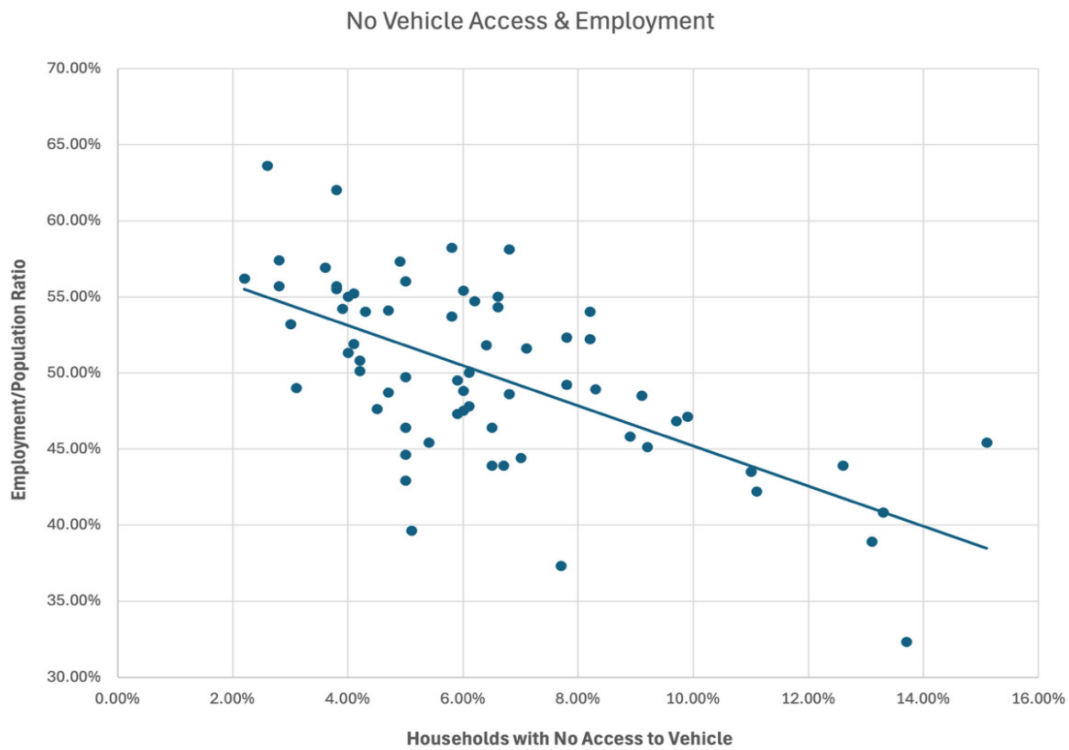
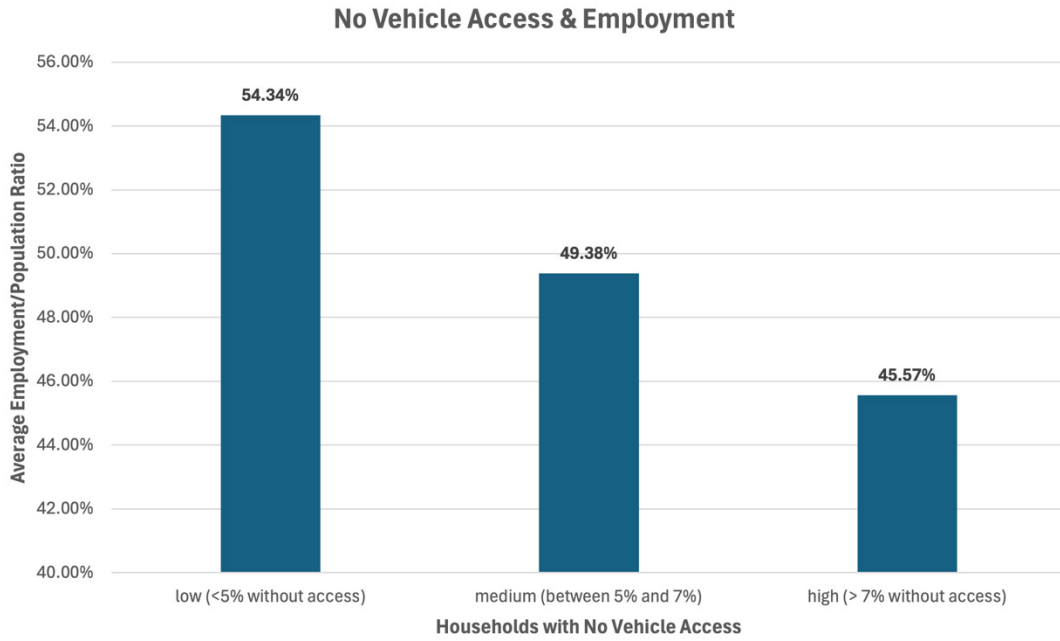
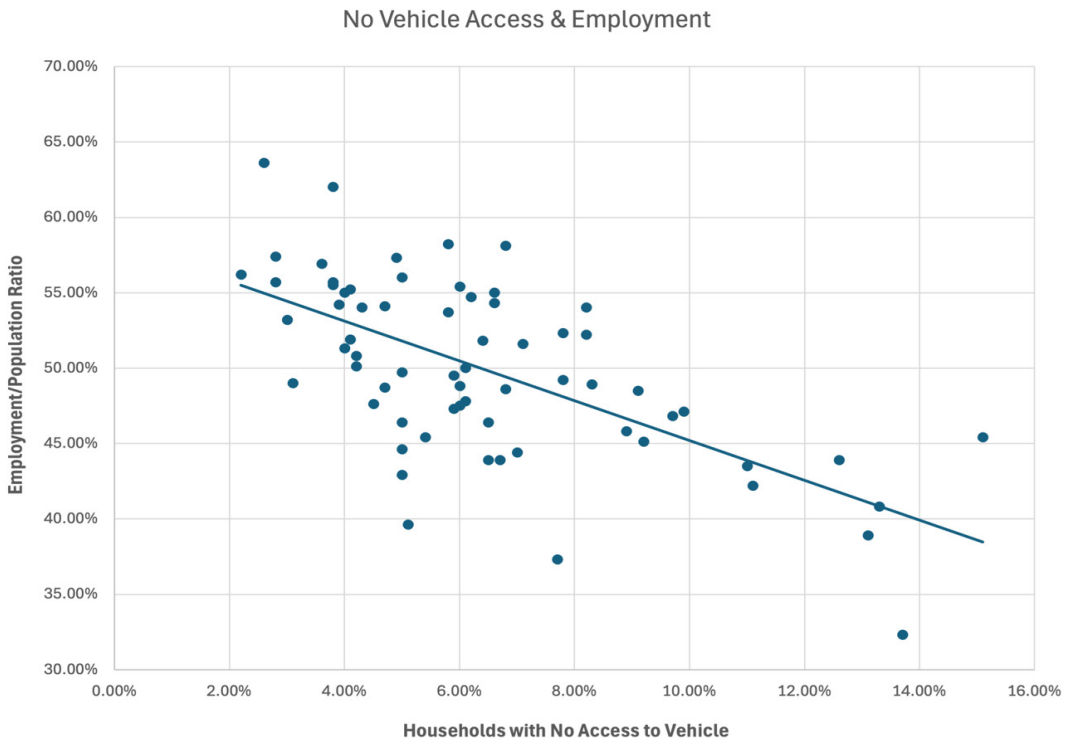
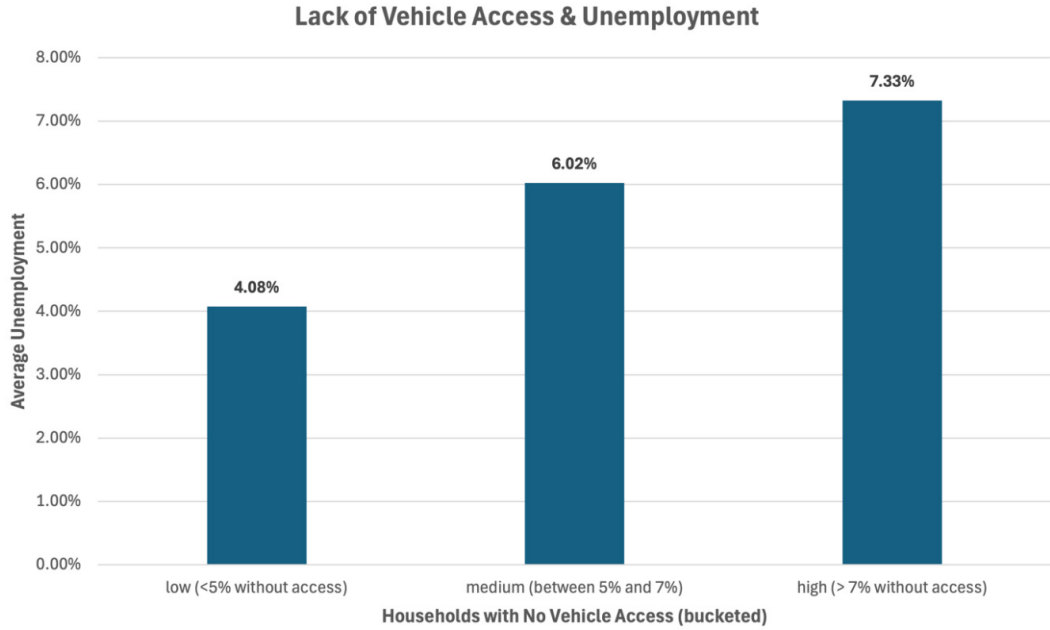


Figure 3.3

Counties where more people have no access to vehicles also have more unemployment than counties where more people have vehicle access



Public transit plays a key role in getting people back to work

When private transportation fails, broadly available public transit can fill the gap. Evidence from around the country shows that funding public transportation specifically boosts labor force participation and employment for those previously excluded from the labor market—in big cities, small towns, and rural areas.

- » **Expanding transit connects people to jobs.** Public transit puts jobs in reach of people who otherwise would not be able to work.¹⁷ In particular, creative use of micro-transit—flexible, on-demand public transportation using smaller vehicles such as vans and shuttles—has provided dynamic, on-demand transit to the most car-dependent places in the state. For example, in Wilson, North Carolina, new micro-transit services expanded the percentage of jobs reachable by transit from 5% to 80%, particularly making employment accessible for late night and early morning shift workers.¹⁸ One of five of these micro-transit riders reported that they would not have been able to get to work without the service. Closer to home, public micro-transit in Birmingham boosted the percentage of jobs available via transit from 5% to 90%.¹⁹
- » **Transit brings residents into the labor force and boosts employment.** In New York City, neighborhoods with high levels of transit access experienced an average unemployment rate (8.1%) four points lower than neighborhoods with worse transit access (12.6%).²⁰ In Los Angeles, census tracts with new public transit stops saw their share of the population with jobs rise by almost a full point, just a year after implementation—and even more for Black and female residents who would otherwise face greater barriers to entering and staying in the labor force.²¹
- » **Transit reduces reliance on public assistance and especially helps economically distressed residents.** People on public benefits tend to work in entry-level jobs with nonpeak-hour work shifts in the evenings or on weekends when public transit services are often limited or unavailable altogether.²² This is particularly the case in Alabama, where no public transit line in the state operates until midnight, even on weekends.

17 https://www.al.com/news/2023/11/commission-seeks-solution-to-alabamas-workforce-shortage.htm#:~:text=The%20Alabama%20Legislature%20has%20a%20number%20of,to%20staff%20them%20*%20Poor%20health%20outcomes

18 Manyu Jiang, “How Microtransit Helps People Get to Work,” *Via Transportation*, July 21, 2024, <https://ridewithvia.com/resources/how-microtransit-helps-people-get-to-work>

19 <https://www.copilotsearch.com/posts/the-most-car-dependent-states/>

20 Sarah M. Kaufman et al., *Mobility, Economic Opportunity and New York City Neighborhoods* (NYU Rudin Center for Transportation, updated November 2015), <https://wagner.nyu.edu/files/faculty/publications/JobAccessNov2015.pdf>.

21 Maysen Yen, *Does Rapid Transit and Light Rail Infrastructure Improve Labor Market Outcomes?* CES-WP-24-22 (Washington, DC: U.S. Census Bureau, Center for Economic Studies, April 2024), <https://www2.census.gov/library/working-papers/2024/adrm/ces/CES-WP-24-22.pdf>

22 <https://www.sciencedirect.com/science/article/abs/pii/S0965856408000359>

Second-shift workers, even if able to get to work on a bus, cannot get home on one. Coupled with long commute times, the absence of accessible transit makes it more difficult for residents to maintain employment long-term and move off public benefits. As a result, putting transit in high-unemployment communities where residents rely more on public benefits can have an enormously beneficial effect, creating as many as 2.5 as many jobs in high-distress communities than putting transit in less distressed places.²³ In turn, by increasing job access and employment in the hardest hit areas, transit access significantly reduces the likelihood of families in those communities being in poverty and therefore on public assistance.²⁴

- » **Children in neighborhoods with more transit and shorter commute times grow up to earn higher incomes as adults.** Recent research by the Equality of Opportunity Project shows that reducing commute times by 10 minutes in the areas in which a child is raised is associated with a 7% increase in income in adulthood.²⁵
- » **Investing in transit generates more in economic benefits than it costs in public spending.** Transit investment stimulates \$5 in new economic growth for every \$1 in public investment.²⁶ Redirecting a portion of Alabama’s spending on roads and bridges to public transit would create 20% more jobs than now exist in the state. For example, in rural Illinois, rural transit investment benefits significantly exceeded state costs, generating nearly \$4 for every dollar spent.²⁷ These benefits were particularly pronounced when calculating economic benefits of increased access to healthcare and employment.

Even with limited transit access and auto dependency, Alabama is already seeing the way public transit helps residents enter the workforce and gain jobs. As seen in Figure 3.4 and Figure 3.5, those counties with the highest rates of public transit use are also the counties with the highest labor force participation rates and percentage of the population who are employed.

23 <https://smartgrowthamerica.org/new-report-reveals-smart-transportation-spending-creates-jobs-grows-the-economy/>

24 Sanchez, T. W., Shen, Q., & Peng, Z.-R. (2004). Transit Mobility, Jobs Access and Low-income Labour Participation in US Metropolitan Areas. *Urban Studies*, 41(7), 1313-1331, <https://journals.sagepub.com/doi/10.1080/0042098042000214815>, Li, F., & Wyczalkowski, C. K. (2023). How buses alleviate unemployment and poverty: Lessons from a natural experiment in Clayton County, GA. *Urban Studies*, 60(13), 2632-2650. <https://journals.sagepub.com/doi/10.1177/00420980231159569>

25 <https://opportunityinsights.org/paper/neighborhoodsii/>

26 <https://www.apta.com/research-technical-resources/research-reports/economic-impact-of-public-transportation-investment/>

27 P. S. Sriraj, Jin Jang, and Lucas Sreniawski, “Return on Investment for Rural Demand-Response Transit in Illinois,” *Urban Transportation Center, College of Urban Planning and Public Affairs, University of Illinois Chicago*, 2024–2025, accessed December 11, 2025, <https://utc.uic.edu/research/return-on-investment-for-rural-demand-response-transit-in-illinois/>

Figure 3.4

Counties with higher public transit use also have higher labor force participation

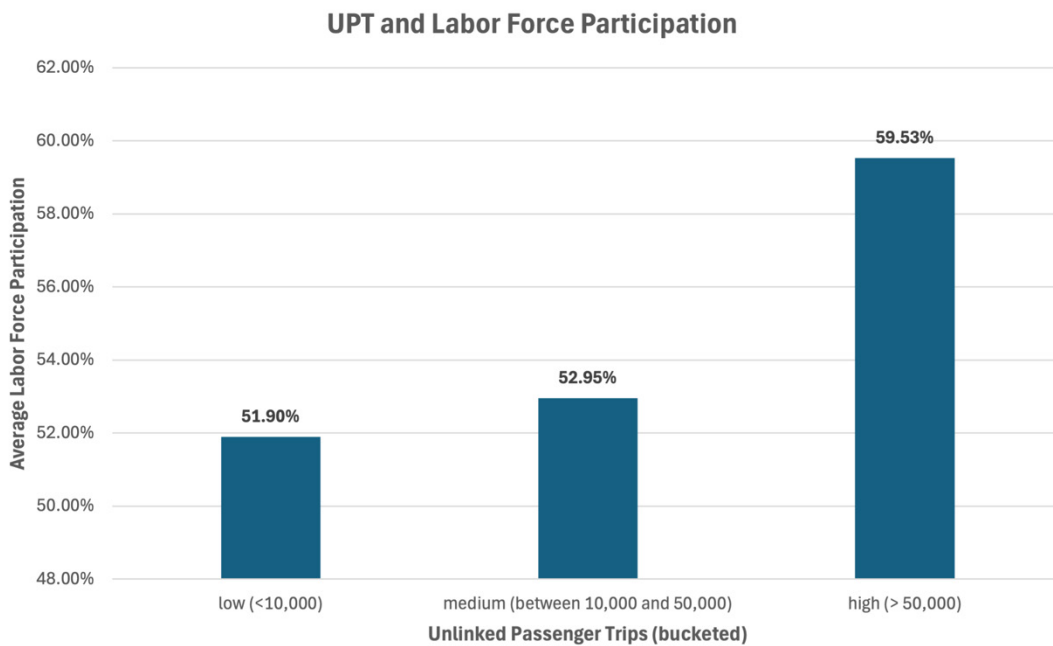
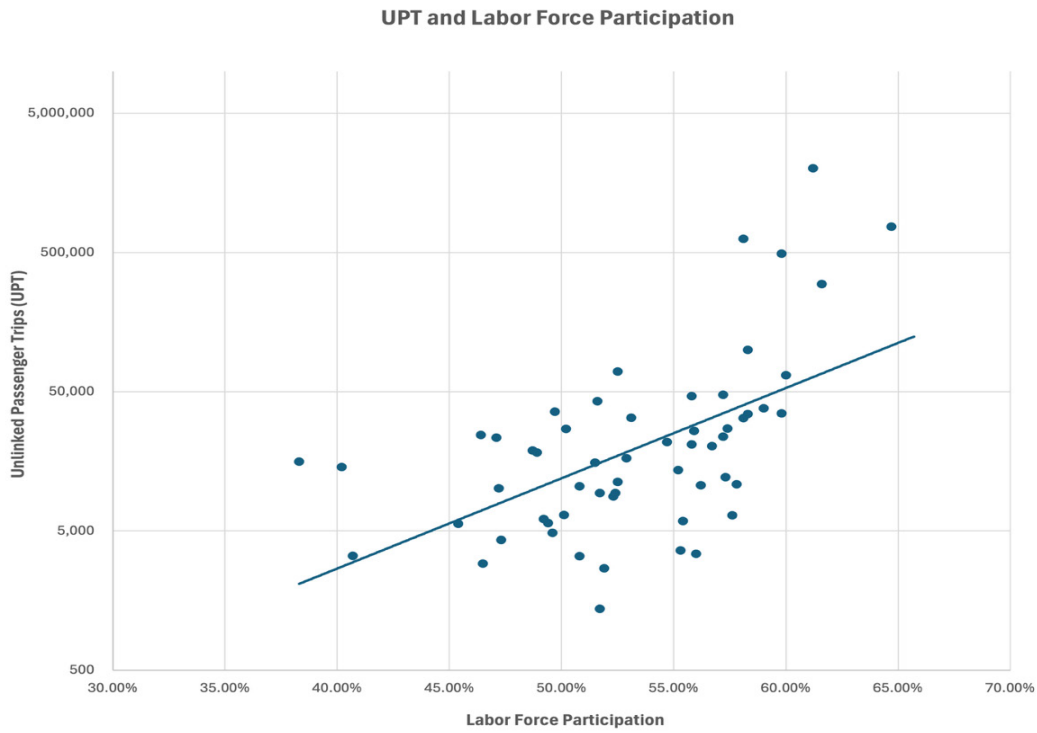
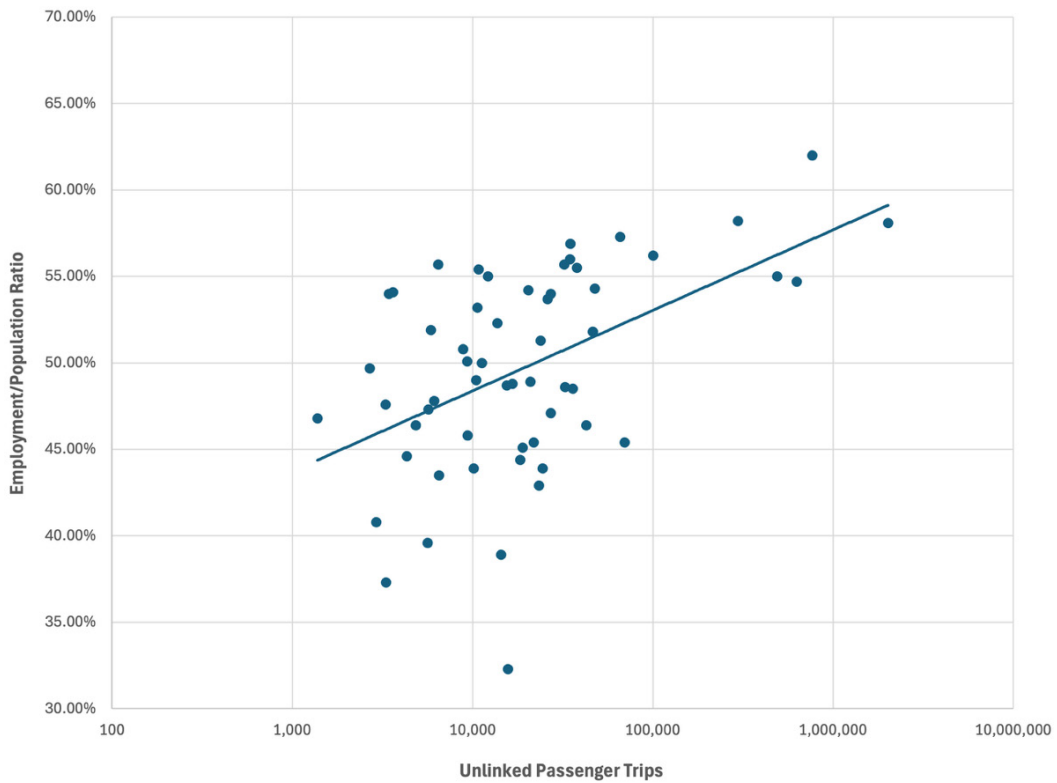
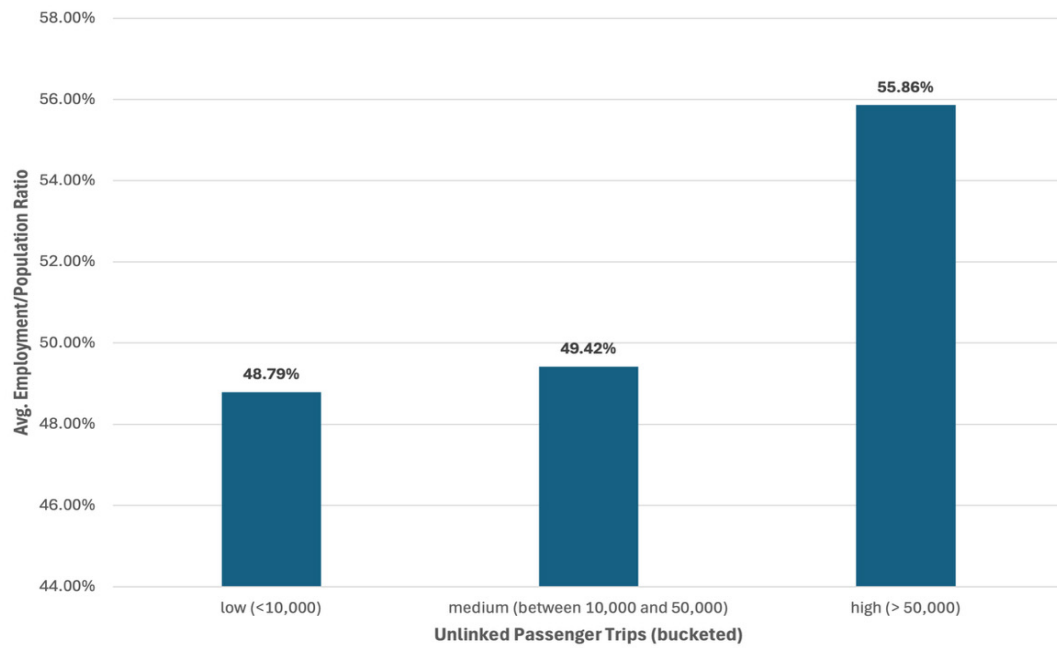


Figure 3.5

Counties with higher public transit use also have a greater share of their population employed



UPT & Employment





Public transit will make it easier for everyone to find work — especially Black Alabamians

Solving Alabama’s workforce shortage will require state leaders to proactively remove the specific barriers holding back residents from finding work in their particular communities. Black Alabamians living in the Black Belt and urban neighborhoods across the state face critical transportation challenges related to a widespread lack of regular access to a car or truck—a significant factor behind the lower labor force participation rates in these communities. As a result, boosting public transit access in these places will connect more Black workers to jobs and close the overall workforce shortage.

By the numbers, Black Alabamians have significantly lower access to personal vehicles than white Alabamians in the most auto dependent state in the nation, where no car often means no job. Almost 1 of every 10 Black households in Alabama have no car or truck at all (compared to 2% of white families), and more than one-third of all Black families have only one car, which means not every working person in the family has access to a car or truck when they need to get to work. Taken together, this means that almost 4 of 10 Black households in Alabama face a significant transportation-related barrier to finding and keeping a job.

As a result, it is unsurprising that overall Black employment sits at 52% of the working-age population, as compared to 55% for white workers. In the Black Belt, it is even lower—in the

census estimates that cover Autauga, Dallas, Lowndes, and Perry counties, Black households exhibit a labor force participation rate of 49%, compared to 56% for white households. This holds true across the state—counties with a higher share of Black residents without vehicles consistently exhibit even higher unemployment rates and lower labor force participation.

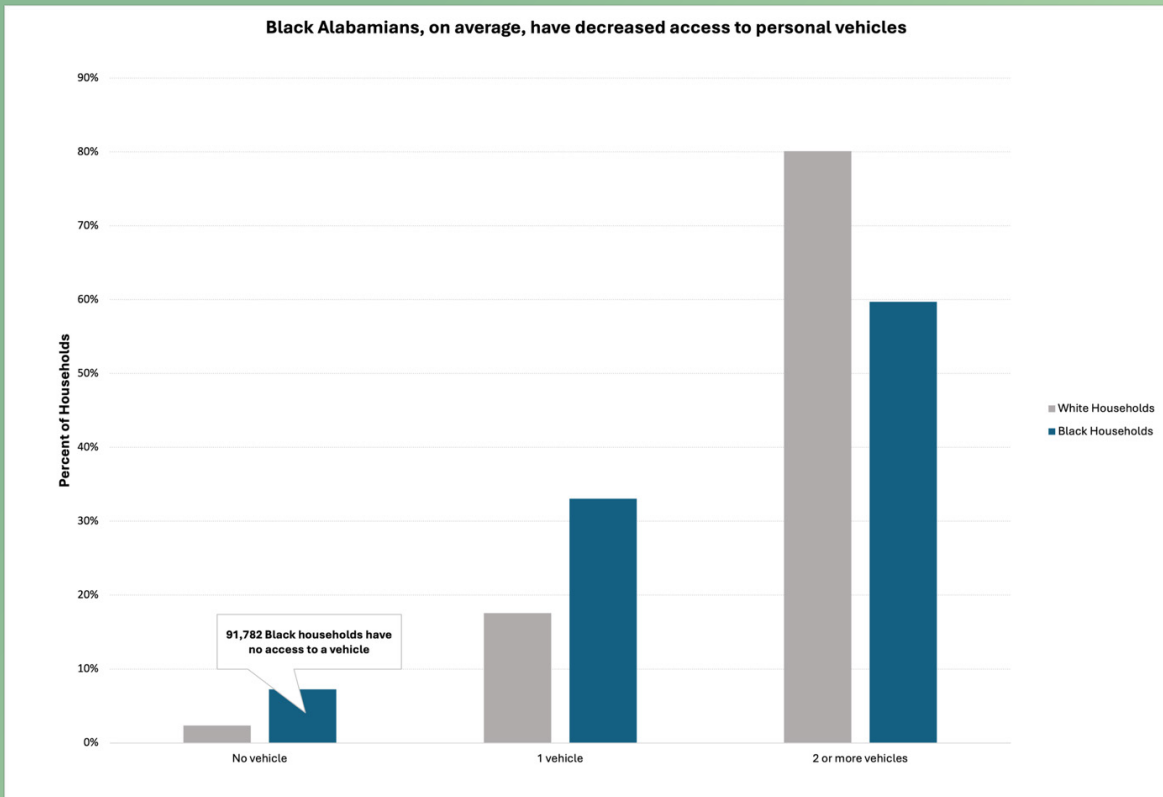
These trends reflect the historic racial inequities in income, housing patterns, access to credit and investment in transportation infrastructure that benefits car owners. And these trends are no accident: State lawmakers approved Amendment 93, which forbids using gas tax revenue to support public transit, in the 1950s. It passed just a few years after the federal government called for an end to segregation in public infrastructure.

Moreover, the Truman administration specifically named transportation access as a vital component of equal opportunity in “To Secure These Rights,” a publication analyzing U.S. policy needs to achieve parity in socioeconomic opportunities. Coupled with other federal desegregation efforts, such as military integration, this modernization effort significantly cut against the racist plantation socioeconomic structure of former Confederate states and resulted in overt hostility to these federal policy shifts.

Alabama’s decision to starve public transit of funding (regardless of the resulting economic damage) was an attempt to forestall growing federal efforts to desegregate public institutions. Most predominantly white Alabama suburbs and exurbs still lack adequate and, in some cases, any transit connectivity with the limited urban transit systems. This reinforces isolation of municipalities, increases traffic jams, and worsens health and economic outcomes across demographics.

And this trend holds true across all of Alabama’s major cities: Birmingham’s northern white flight suburbs remain entirely disconnected from the BJCTA metro area bus system. Huntsville suburb Madison is largely unserved by Huntsville’s bus lines. Satsuma and Saraland lack service from Mobile’s transit system. And Pike Road, a Montgomery suburb incorporated in 1997, lacks connectivity with Montgomery transit.

Lack of vehicle ownership is a structural barrier to employment in a state where jobs are widely dispersed and public transit options are limited outside of urban hubs. Closing this transportation gap will mean increased economic prosperity for the whole state: Increased access to work boosts state GDP, productivity, and living standards for everyone.



Note. Author's analysis of ACS microdata extracts.

4. Fixing the workforce shortage means fixing public transit

Public transit is the missing tool for economic developers to use in closing the workforce shortage. The state’s economic development agencies have experienced significant success in recruiting new business and industry to the state, often by preparing the physical infrastructure of industrial sites with improvements such as rail, roads, water and sewer lines, power lines, and shell buildings. They often also focus on the human capital side of industrial development through customized job training, pathway-based occupational education, apprenticeships, and other workforce development efforts.

As the workforce shortage reveals, however, the state still faces a critical gap in its site improvement process—physically connecting people to jobs once they exist. In line with the Workforce Council’s recommendations, Alabama’s economic development strategy needs to focus on this missing piece and pursue improvement of Alabama’s public transit system with the same intensity as other aspects of site preparation.

Alabama provides zero state funding for public transit

“You cannot talk about public transit in Alabama without talking about the fact that the state provides no funding for it.” — **Birmingham City Councilor Darell O’Quinn**

Alabama’s public transit system is not up to the challenge, largely because the legislature has neither invested any state dollars in transit nor leveraged available federal funds. As a result, transit in Alabama is woefully underfunded. A small state appropriation of \$25 million would leverage an additional \$100 million in federal funds, which would flow into local transit authorities to use for a range of transit projects. Depending on the approach of local transit authorities, federal funds (along with the state matching dollars) would support both capital improvements, such as purchasing new vans or buses, at an 80% match rate, and operational expenses, such as hiring new drivers and increasing transit service areas, at a 50% match rate.

While most states fund public transportation through gas tax revenue, Amendment 93 to Alabama’s constitution in 1953 prohibits gas tax revenues from being used to fund public transportation.²⁸ The state can only use gas tax revenues to fund road, highway, and bridge projects. The state budget has not allocated a single dollar to public transportation since this legislation was passed. Because of this funding restriction, several counties in Alabama have no public transportation coverage at all, and many counties must combine funds with surrounding

28 Alabama League of Municipalities, *Municipalities and State-Shared Fuel Taxes and Inspection Fees*, revised February 24, 2025 (Montgomery, AL: Alabama League of Municipalities), https://almonline.org/Assets/Files/LegalSelectedReadings/31.Municipalities-and-State-Shared-Fuel-Taxes-and-Inspection-Fees_REVISED-02-24-2025.pdf.

areas to ensure minimal levels of service (e.g. West Alabama and Wiregrass Transit). These areas, largely concentrated in the southeastern portion of the state, may have some level of dial-a-ride service through nonprofit agencies, but they do not have formal transit agencies as defined by the FTA. This means that transportation in these counties is not supported by federal formula grants at all. These counties are Barbour, Bullock, Butler, Crenshaw, Elmore, Geneva, Henry, Lamar, and Randolph.

Because of this, counties and municipalities must rely solely on local tax, philanthropic, or private dollars to support their transit systems. Federal funds can match these dollars, but only to the extent that localities can provide the seeded funding, which many counties lack the revenue to do. Alabama is leaving money on the table by not fully utilizing available federal funds, and the state loses access to grants by not providing any state funding for public transportation projects. In addition, Alabama's Department of Transportation chiefly focuses on releasing federal grant funds to local agencies focused services for seniors and people with disabilities. As a result, local agencies are unable to expand service to address job access issues without funding from the state.

This puts Alabama at a competitive disadvantage with other states. Alabama is 1 of only 3 states to provide no state dollars for public transportation. The others are Hawaii and Nevada.²⁹ By leaving this money on the table every year, Alabama gas tax dollars that would otherwise be used in Alabama go to its competitors, Georgia and Tennessee. Every time an Alabama resident pumps a gallon of gasoline into their own vehicle, 18.4 cents goes to Washington, D.C., to be added to the Highway Trust Fund (HTF). There are two accounts in the HTF: the Mass Transit Account and the Highway Account. Out of all 50 states, Alabama receives the least money from the HTF compared to its contributions³⁰ because it sends money to the Highway Account but receives virtually no money back from the Transit Account. As a result, Alabama ends up subsidizing public transportation funding for other states without reaping the benefits of federal matching dollars from the HTF.³¹

In 2018, the Alabama Legislature took a step towards addressing this imbalance by creating a Public Transportation Trust Fund, but appropriators have yet to put any state dollars into it.³² In 2023, legislators sought to address this by using increased vehicle tag fees as a dedicated revenue source, but the bill failed to move through the Legislature.³³

29 Marianne Lavelle, "Birmingham Public Transit Inches Forward with Federal Help and No State Funding," *WBHM* 90.3, July 22 2023, <https://wbhm.org/2023/birmingham-public-transit-inches-forward-with-federal-help-and-no-state-funding>

30 "Even Counting Mass Transit, There Are No More HTF 'Donor States.'" *The Eno Center for Transportation*, October 23, 2025. <https://enotrans.org/article/even-counting-mass-transit-there-are-no-more-htf-donor-states/>.

31 "The Highway Trust Fund Explained." *Peterson Foundation*, n.d. <https://www.pgpf.org/article/budget-explainer-highway-trust-fund/>.

32 Justia Law. "2024 Code of Alabama :: Title 41 - State Government. :: Chapter 23 - Department of Economic and Community Affairs. :: Article 12 - Alabama Public Transportation Act :: Section 41-23-193 - Creations; Functions; Fee." <https://law.justia.com/codes/alabama/title-41/chapter-23/article-12/section-41-23-193/>.

33 Rocha, Alander. "Bill Aims to Generate \$26 Million Annually for Alabama Public Transportation." *Alabama Reflector*, December 27, 2024. <https://alabamareflector.com/2024/12/27/bill-aims-to-generate-26-million-annually-for-alabama-public-transportation/>.

Lack of state funding pushes transit costs onto local communities

In Alabama, public transportation is contingent on local communities' ability to leverage funding. Alabama's Department of Transportation (ALDOT) identifies the importance of public transportation in its [2040 Statewide Transportation Plan](#), and it also identifies the fact that ALDOT's inability to fund public transportation statewide results in a heavy burden for localities:

“The burden of funding transit falls heavily on local jurisdictions, and the lack of available local funding for transit services has a profound impact. The lower population densities and dispersed trip origins/destinations characteristic of many areas in the state result in higher operating costs, further exacerbating the funding difficulties.”

A lack of state investment has left local governments and nonprofit agencies to patch together transportation services from limited federal grant money that depends on local funding capacity. Consequently, local agencies are serving their communities to the extent that they have the funding to do so and transportation access looks vastly different across the state.

As a result, different areas of Alabama have different mobility and transportation needs. In urban areas, fixed route bus systems support commuting and economic activity within dense business corridors. In rural regions, demand response and coordinated human-service transportation programs provide essential access to medical care, education, and relatively dispersed employment opportunities. These operational differences reflect the geographic and demographic diversity of Alabama and the decentralized way that transportation services have developed over time.

Lack of public transit funding hits rural Alabama the hardest

The lack of transit funding is especially acute in the state's rural areas, where almost half of Alabamians live. Over the past two decades, connection between rural and urban areas has decreased significantly. From 2005 to 2010, 3.5 million rural residents in the United States lost access to scheduled intercity transportation, meaning modes of transportation capable of taking passengers to urban centers and between cities. Though this trend was national, nowhere was it as pronounced as it was in Alabama, with nearly 30 percent of the state's rural population losing access to intercity transportation between 2005 and 2010.³⁴ Intracity bus lines in Alabama still exist, but rural access to cities is limited.

Under-resourced public transit and the increased cost of vehicle ownership makes Alabamians overburdened and overreliant on personal vehicles to travel. Alabamians, especially in areas

34 Broadway, Jon A., and Stephen Stetson. 2014. *Connecting Our Citizens for Prosperity: Alabama's Successes and Needed Improvements in Transportation Infrastructure*. Montgomery, AL: Center for Leadership and Public Policy, Alabama State University, and Arise Citizens' Policy Project. <https://alarise.org/wp-content/uploads/2018/11/Public-transportation-study-ASU-Oct-2014.pdf>

with little to no transit access, must rely on their personal vehicles to travel. Unfortunately, the costs of owning and maintaining a vehicle are only increasing. Inflation, rising insurance costs, rising costs of parts and equipment due to a worsened international trade atmosphere, and rising maintenance costs all contribute to Alabamians' transportation burden increasing.³⁵

What does transit look like in Alabama?

Fortunately, federal funds support a flexible range of transit options, allowing local transportation authorities to develop transit projects that best fit their particular community. Urban areas like Birmingham offer fixed-route bus service, but due to issues of both demand and funding, even large urban centers are cutting down on bus routes in favor of demand-response, or micro-transit, service.³⁶

In most areas of Alabama with a transit system, these micro-transit services are the primary mode of public transportation. This typically looks like dial-a-ride service, where a person using the system calls a number to schedule a pickup and drop-off. Considering that 55 of Alabama's 67 counties are rural, and 42.3% of the state's population lives in rural areas, dial-a-ride is cost effective when a county's population is spread out.³⁷

While it is true that rideshares such as Uber and Lyft are widely available, they are often too expensive to address the workforce shortage. They cost too much both for individual people, especially low-income workers who are the least likely to afford a vehicle, and for local governments, which cannot afford to pay for ride-shares at a scale large enough to reach the thousands of people disconnected from the labor market. Moreover, private rideshare services often provide low or zero service in areas where labor force participation is lowest, particularly low-growth and rural counties.

35 Visual Capitalist, "Charted: U.S. Car Ownership Costs Skyrocket (2020–2023)," December 20, 2023, Visual Capitalist, accessed October 20, 2025, <https://www.visualcapitalist.com/charted-car-ownership-costs/>

36 Brooks, Gillian. "BJCTA Rolls out 70/30 Plan, City Leaders in Birmingham Voice Concerns." <https://www.wbrc.com>, June 11, 2025. <https://www.wbrc.com/2025/06/11/bjcta-rolls-out-7030-plan-city-leaders-voice-concerns/>.

37 "At A Glance | Alabama Department of Public Health (ADPH)." <https://www.alabamapublichealth.gov/ruralhealth/at-a-glance.html>.

5. Funding transit will grow Alabama's economy and close the worker shortage

Public transit is the missing link in Alabama's economic development strategy. Fully funding it would put people back to work, grow the paychecks of Alabama workers, and boost the overall economy. By putting \$25 million in state funds into the Public Transit Trust Fund, state leaders will draw down as much as \$100 million in federal matching funds to expand local transit across Alabama. These funds would support both capital improvements, such as purchasing new vans or buses at an 80% match rate, and operational expenses, such as hiring new drivers and increasing transit service areas at a 50% match rate.

Regardless of how local transit authorities mix their capital and operational spending, leveraging new federal funds will have an enormous impact on Alabama's economy in two ways:

- » **New direct investment from federal transit dollars.** The federal funds spent by transit authorities on items such as new buses, more bus drivers, added bus maintenance, and expanded bus routes would flow directly into the state's businesses, which would, in turn, see higher revenues, hire more workers, and pay out more wages. This investment can include direct purchases from in-state bus, van, and parts suppliers. As seen in Figure 5.1, all this new spending would ripple across the state's economy, creating 2,561 new jobs, improving workers' paychecks by a combined \$120 million, and generating \$207 million in new GDP (See Methods Appendix for how we conducted our analysis using IMPLAN).
- » **Putting people back to work by increasing transit access.** Aside from the effect of direct federal spending into the state's economy, Alabama would also see an additional economic benefit arising from increased transit access. Workers who were previously unemployed or outside the labor force altogether because they do not have a car or live close to existing transit options would enter the workforce and become employed. These new workers would earn new wages, and their collective spending would ripple through the economy as well. One recent study found that \$1 billion in new transit investment nationally would create 17,900 jobs and generate \$1.2 billion in new wages in a single year, in 2026.³⁸ Given capital backlogs and the compounding nature of long-term annual investment, this would increase to \$2.6 billion in new wages and almost 50,000 new jobs in 2046 in the nation as a whole. (Note that the long-term investment numbers are not cumulative from 2026-2046. Rather they reflect the overall spending needs in 2046 based on long-term annual investment.)

38 American Public Transit Association. (2020). Economic Impact of Public Transportation Investment.: 2020 update. Washington, DC.

Alabama’s \$100 million in new federal transit funding (10% of this national spending) would translate into 1,790 jobs in the short-term, in 2026, and 4,970 jobs in the long-term, in 2046. Because Alabama’s workers earn on average \$40,170 per year, putting 1,790 new people to work thanks to increased transit access would result in a total of \$72 million in total new labor income into the state’s economy in 2026 and \$200 million in 2046. As seen in Figure 5.1, the collective impact of workers spending their new wages would generate 450 new jobs, \$95 million in new labor income, and grow Alabama’s GDP by \$150 million in the short run (in 2026) and almost a thousand new jobs, \$250 million in new labor income, and \$370 million in GDP growth in the long run (in 2046).

Figure 5.1

Public transit grows Alabama’s economy

	Jobs	Labor Income	GDP
Direct Federal Investment	2,561		\$206,590,539
Putting People Back to Work (Short-Term, 2026)	450	\$95,095,864	\$150,148,884
Putting People Back to Work (Long-term, 2046)	974		\$369,174,831
Short-term Total	3,011	214,663,293	356,739,423
Long-Term Total	3,536	369,460,717	575,765,371

Adding together the impacts from direct federal spending and increasing transit, investing in Alabama’s public transit would create more than 3,000 jobs, boost workers’ paychecks by \$215 million, and add \$357 million in GDP in the first year. Over the long term, these impacts would grow to 3,500 new jobs, \$370 million in new wages, and \$575 million in new GDP in 2046.

6. Lessons learned from Alabama’s local transit efforts

As Alabama works to close its labor shortage, state policymakers can look to homegrown examples of strategic local transit across the state that provide best practices for success, highlight statewide challenges, and reinforce the need for federal funding to make transit work.

A few examples from around Alabama include:³⁹

- » Birmingham Metro: In 2024, Birmingham’s public transit agency, MAX, provided more than 2 million trips, and ridership increased by 61% from June 2024 to May 2025. Residents rely on public transit every day, and increased funding could meet the city’s goal of establishing “mobility hubs” for two neighborhoods experiencing persistent poverty. These mobility hubs will connect micro transit zones to fixed-route bus service, ensuring that transit-dependent residents can get to work.
- » Huntsville: The City of Huntsville operated more than 760,000 trips in 2024, and service operates solely within 68 square miles of the city to accommodate the majority of households and businesses, through 17 fixed-route buses and 19 demand response vehicles. Compared to Montgomery or Mobile, Huntsville carries approximately 200,000 more rides a year. With increased funding capacity, the city can reach its goal of a bus rapid transit system along its busiest corridor—University Drive.
- » The Wiregrass Region: The Wiregrass Transit Authority (WTA) represents rural and small-city transit in southeast Alabama. In 2024, the agency operated more than 90,000 trips, all provided via demand-response service. The majority of WTA trips transport rural residents of Houston County into Dothan or Enterprise, but with increased state funding, residents living in Dale, Coffee, and other surrounding counties would be able to “buy in” to the system, improving ridership and access to major employment hubs.
- » Sylacauga: Public transit in Sylacauga is operated by the Sylacauga Alliance for Family Enhancement (SAFE), a nonprofit that provides a multitude of other public services including childcare and workforce development. SAFE leverages funding from the larger East Alabama planning division, but it also receives funding from the state for ride-to-work transportation through Alabama’s JOBS program.^{40,41} This program has allowed rural residents to access work, and a larger source of public funding could expand these efforts both in Sylacauga and in other rural areas of Alabama.

39 All data sourced from the National Transit Agency Database: United States Department of Transportation, Federal Transit Administration, “National Transit Database (NTD),” Federal Transit Administration (official webpage), accessed January 27, 2026, <https://www.transit.dot.gov/ntd>

40 Alabama Department of Human Resources, “JOBS Program,” Family Assistance page, accessed January 27, 2026, <https://dhr.alabama.gov/family-assistance/jobs-program/>

41 SylacaugaNews.com Digital Team, “Sylacauga Public Transportation Offers Affordable, Accessible Rides,” Sylacauga News, April 16, 2025, <https://www.sylacauganews.com/local/sylacauga-public-transportation-offers-affordable-accessible-rides>

These examples also provide the following lessons to Alabama’s economic development policy makers:

- » **Workforce access is a consistent, unmet need.** Across our examples, early morning and night shift work, as well as weekend work, are incompatible with current service models. These models are restricted by a lack of resources and adequate funding. Rural riders cannot reach job centers or job training programs because demand-response services in these areas are already operating at a maximum capacity over large areas. However, Huntsville’s recent push for expansion, Birmingham’s bus rapid transit (BRT) system and Sylacauga’s successful ride-to-work initiative show that ridership increases when agencies have the capacity to meet workforce needs.
- » **Public transportation success is possible in Alabama.** Strategic investment from Alabama can improve workforce outcomes, as seen across these cases. Public transportation agencies are knowledgeable when it comes to their residents’ needs, and they understand the need for service expansion. As the Wiregrass example shows, additional funding can have a real impact on workforce outcomes when properly aligned with transit system capabilities, needs, and goals.
- » **Funding stability determines service provision and feasibility.** In all of our examples, local governments in Alabama shoulder a disproportionate cost of transportation to ensure any service provision at all. State policymakers and local transit authorities recognize that transportation requires improvement, but cannot happen under the current funding model where local budgets are already stretched thin with other key municipal priorities like infrastructure, public safety and social services. In every case, the largest barrier for expansion of services was funding.
- » **Service needs far outweigh service area availability.** Particularly for transportation agencies that serve multiple counties, there are large geographic areas where the labor force cannot access public transportation. If someone lives a mile outside of a service area but works inside that area, they cannot access public transportation that serves that area. Each agency has its own way of determining service locations—whether residency data or existing demand—but in all cases, there are areas of unmet need for service that only additional funding can meet.
- » **Quality gaps erode public confidence.** While quantity of transportation is important, ensuring high quality for existing riders is also integral. Riders across all our cases pointed to quality issues like timeliness, weekend service, and communication between agencies and riders as key challenges that needed improvement to better meet the needs of workers. In this case, Huntsville’s focus on improving the rider experience with newer buses and updated stops provides a helpful example of how to use funding in a way that both met service goals and made it easier to advocate for more funding to keep the improvements flowing.

» **Fragmentation weakens performance and provision of services.** Regional planning commissions serve large geographic areas with minimal local involvement, which in our cases created a mismatch between demand and governing capacity. Due to a lack of consistent state funding, Alabama also lacks coordination across cities and counties to provide service across jurisdictions. Each locality needs to provide for its own residents, so the motivation to pool resources is low when funding and services are siloed. For example, Huntsville and Madison each plan public transportation separately, despite sharing a labor market. On the other hand, Birmingham provides a counterexample, recently moving its micro-transit service under the jurisdiction of the Birmingham Jefferson County Transit Authority (BJCTA) instead of the city, indicating realization that multi-jurisdictional structure leads to inconsistent service areas.

7. Policy recommendations

Given the important role transit can play in closing the workforce shortage, increasing workforce participation and boosting economic development, Alabama’s policymakers should adopt the following policy recommendations:

- » **Increase state funding.** Alabama should commit \$25 million in statewide funds for public transit. These funds can then be used to secure \$100 million in federal grant matches that are available and Alabamians are paying for already.
- » **Distribute transit dollars equitably across Alabama, especially in rural counties.** Policymakers should ensure that statewide transit funding via the Alabama Department of Economic and Community Affairs is distributed equitably among local transit agencies. Distribution should account for needs based on deferred maintenance, ridership and local population utility, including education, healthcare, and ability to connect to other services and activities of daily life.
- » **Give local communities and transit authorities control over the funding they receive.** Transit agencies understand the areas they serve. The expenditure of transit funds should be at the discretion of each individual agency depending on the area’s needs.
- » **Repeal Amendment 93.** This restriction is serves only to handcuff localities and prevent investment in transit. Increasing the flexibility cities and counties have to invest in people and local economies would result in more local control. A more responsive local government would both increase citizen engagement and allow quicker response to need that arise within those communities.
- » **Ensure new transit jobs are good jobs, with living wages, health insurance, retirement savings, and other key benefits.** This includes both operational jobs and the manufacturing jobs creating the capital improvements agencies need to modernize. Agencies should implement robust wage standards for vendor purchase agreements and should condition eligibility for contracts on companies implementing protections for workers and benefits that support career-long tenure at the same workplace. Those benefits should cover several areas shown to better community well-being through broad community benefit agreements. Specific local hiring provisions, such as targeted hiring from local school districts and community-integrated training programs through labor unions and community colleges, should be priorities. Further, these agreements should include stability-enhancing provisions such as child care, broad and sufficient paid family

medical leave, and pensions. The protections should also enable workers to advance and improve their situation while at the same employer through educational credits and internal promotional targets.

- » **Existing workers must be protected, in number and in job quality.** Expansion of demand-response services must not come at the expense of fixed-route service workers and route availability. Fixed-route service supports predictability, which lets workers, and the community know where transit will be available. These jobs are also predictable in the hours available to drivers and maintenance workers. Demand-response services should not use public-private partnerships at the expense of full-time agency employee positions. These agreements lack safeguards available to public workers and introduce the unnecessary risk of abusing a contract worker model. To the extent that fixed-line service is not yet efficient in all geographical areas, the workers providing on-demand service should receive the same pay and benefits as fixed-route drivers, along with training opportunities, if necessary, to prepare them for driving larger fixed-route vehicles.

The case for public transit investment is clear. Public transportation provides excellent return on investment economically and societally. Transit knits communities together and ensures opportunity and resilience: \$25 million invested that can bring \$100 million in federal investment toward a more economically robust, healthier, connected Alabama is a bargain. Ensuring that this investment is permanent and serves all Alabamians will provide the greatest return possible, both economically and in overall quality of life measures.

Methods Appendix

Using IMPLAN to Assess Economic Impacts

We used IMPLAN, the proprietary economic impact analysis software package, to estimate the economic impact of increasing transit spending and transit access in Alabama. IMPLAN is an input-output modeling program that permits researchers to estimate the projected effects of an exogenous change in demand, such as increase in federal transit spending, in a specified geographic region, such as the state of Alabama. The software is typically used by economic developers looking to assess the impacts of new plant locations or tax changes, but it has also been used to model the impacts of minimum wage changes, and so is well suited to assessing changes in earnings like those we examine.

Specifically, we used IMPLAN to estimate the impacts of three different scenarios:

1. The injection of \$100 million in federal transit funding into Alabama's economy.
2. The increase in collective labor income earned by new workers entering the workforce and gaining employment thanks to the increased transit access made possible by the direct federal spending in Scenario 1—in the first year (2026), which we call the short-term impact.
3. The increase in collective labor income earned by new workers entering the workforce and gaining employment thanks to the increased transit access made possible by the direct federal spending in Scenario 1—in the 20th year (2046), which we call the long-term impact.

For Scenario 1, we simply modeled the impacts of \$100 million in new public transit funding, using IMPLAN's default inter-industry purchasing settings to capture both the capital and operations components of federal transit spending.

For Scenarios 2 and 3, we used research produced by the American Public Transit Association, which estimated that \$1 billion in new transit investment nationally would create 17,900 jobs and generate \$1.2 billion in new wages in a single year, in 2026. Given capital backlogs and the compounding nature of long-term annual investment, this would increase to \$2.6 billion in new wages and almost 50,000 new jobs in 2046 in the nation as a whole. (Note that the long-term investment numbers are not cumulative from 2026–2046, rather they reflect the overall spending needs in 2046 based on long-term annual investment.)

We then found Alabama’s “share” by dividing Alabama’s \$100 million in new federal transit investment by the total \$1 billion in Federal investment from the APTA report, which equaled 10%. We then took 10% of APTA’s 17,900 in projected national jobs created and multiplied that by 10% to find Alabama’s share of new employment resulting from new transit spending. Given APTA’s analysis, our core assumption is that these newly employed people gained their jobs because of new transit access; they would not be employed in without the access to transit created by this new investment.

Once we found Alabama’s share of employment (1,790 in 2026 and 4,970 in 2046), we then multiplied it by the average earnings of Alabama employees (\$40,170 in 2024 dollars, according to the Bureau of Labor Statistics) to calculate Total Labor Income, which equaled \$71,904,300 in 2026 and \$199,644,900 in 2046. We did this for both the 2026 and 2046 scenarios (note that APTA’s analysis adjusted for inflation, so we did not adjust it a second time) and used these values as our inputs.

We then ran these two scenarios as labor income events using 2023 data adjusted to 2024 dollars to produce the results we reported in Figure 5.1.