

“The Impact of Bus Transit on Employee Turnover: Evidence from Quasi-Experimental Samples”

Presenter: Dagney Faulk, Ball State University, Center for Business and Economic Research

Dagney Faulk is director of research in the Center for Business and Economic Research (CBER) at Ball State University. Her research focuses on state and local tax policy and regional economic development issues and has been published in *Public Finance Review*, the *National Tax Journal*, the *Review of Regional Studies*, *State and Local Government Review*, and *State Tax Notes*. She has worked on numerous Indiana-focused policy studies on a variety of topics, including the regional distribution of state government taxes and expenditures, senior migration, and local government reform. She is coauthor (with Michael Hicks) of the book *Local Government Consolidation in the United States* (2011). Prior to joining the CBER, she was associate professor of economics at Indiana University Southeast. She has also worked at the World Bank, the U.S. Department of Housing and Urban Development, and the Indiana Legislative Services Agency. She received her PhD in economics from the Andrew Young School of Policy Studies at Georgia State University.

Coauthor: Michael Hicks, Ball State University

Summary and Findings: This analysis investigates the relationship between fixed-route bus transit and employee turnover using data from quasi-experimental samples. We expect that counties with fixed-route bus transit will have lower turnover rates because transit offers an affordable means of transportation to workers without automobiles, allowing these workers to reach job sites. Panel regression models and county-level data from Illinois, Indiana, Michigan, Ohio, Pennsylvania, and Wisconsin are used to test this hypothesis. We find that the size of the fixed-route bus system (measured as real per capita operating expenditures) is negatively related to employee turnover rates, and an increase in bus systems' per capita operating expenditures is associated with a decrease in employee turnover.

Implications for Policy and Practice: The implications of these results are that businesses receive benefits from public bus systems that should be further explored. Decreases in employee turnover represent cost savings to businesses by reducing the costs associated with training new workers and rebuilding firm-specific knowledge. These results suggest that access to fixed-route bus transit should be a component of the economic development strategy for low-income communities not only for the access to jobs that transit provides low-income workers but also for the benefits provided to businesses that hire these workers.