

The Future of Urban Public Transportation: The Problems and Opportunities of a Changing Federal Role

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I. INTRODUCTION

The decade of the 1970's was considered by many transit officials as the turning point in recent history of transit in U.S. urban areas. Not only was the declining ridership trend of the previous two decades reversed, but in many cities transit service was expanded, the quality of service improved, and new mass transit systems were constructed. The Federal gov-

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ernment, through policy support and funding subsidies, played an important role in achieving much of this growth. However, the Reagan administration has proposed significant changes in this Federal role which will significantly impact the future of public transit in the U.S. in terms of the costs for service, the type of service provided, and the ability of local governments to meet the needs of its citizens.

This paper will examine the past characteristics of the Federal role in urban transit, the current proposals for changing this role, the likely implications of these changes, and the opportunities these changes present to local officials for restructuring the provision of public transit in urban areas. Although the legislation for changing the Federal transit program has yet to pass Congress, the general characteristic of the eventual program modifications are sufficiently well known to serve as the basis of analysis.

II. THE FEDERAL ROLE IN PUBLIC TRANSPORTATION: HISTORY OF ACTIVE INVOLVEMENT

Since 1964, when Congress passed the Urban Mass Transportation Act,¹ the Federal government has steadily increased its participation in the finance and planning support of public transportation services. In fiscal 1970, for example, Federal transit obligations totalled \$108 million, whereas by fiscal 1978, this obligation had reached \$3.2 billion.² Since 1964, the total Federal outlay for capital and operating costs of local transit systems has climbed beyond \$18 billion.³ Surprisingly, this tremendous growth in the Federal transit program received its greatest boost during the Republican administrations of Presidents Nixon and Ford.⁴ Although many of the social programs of their Democratic predecessors were an anathema to the Republicans, the transit program was embraced by both Republican administrations as the cornerstone of their urban policies.⁵ Thus, during the decade of the 1970's, with both Republican and Democratic administrations, the Federal transit program flourished.

From a local perspective, this Federal role has become an important component of transit funding and planning activities. On the average, the Federal government provides about twenty-two percent of local operating

1. 49 U.S.C. §§ 1601 (1976 & Cum. Supp. 1979).

2. FISCAL 1970: OBLIGATIONS FROM EXECUTIVE OFFICES OF PRESIDENT, UNITED STATES, U.S. BUDGET, APPENDIX, FISCAL YEAR 1972, p. 761 (1970).

3. *Id.* at 707. Fiscal Year 1978 was estimated.

4. Major legislation enacted during these administrations included: Uniform Relocation Assistance & Real Property Acquisition Policies Act of 1970, 42 U.S.C. §§ 4601-4602 (1976); Federal-Aid Highway Act of 1973, Pub. L. No. 93-87, 87 Stat. 253 (codified in scattered sections of 1, 23, 33, 49 U.S.C.); and National Mass Transportation Assistance Act of 1974, Pub. L. No. 93-503, 88 Stat. 1565 (codified in scattered sections of 42, 49 U.S.C.).

5. See generally A. ALTSHULER, THE URBAN TRANSPORTATION SYSTEM: POLITICS AND POLICY INNOVATION (1979).

subsidy needs in the nation's largest cities.⁶ Even more significant, the Federal government covers eighty percent of the cost for new vehicles and transit system construction.

Federal regulations relating to the planning of the urban transportation systems have also influenced local decision-making. Two regulations in particular have had considerable impact on transit planning activities. The first states that each urbanized area must have a programming document that outlines its transportation investment strategy.⁷ This requirement was an outgrowth of the 1962 Congressional mandate in the Federal-Aid Highway Act that each urban area be required to have a regional transportation planning process that provided a comprehensive, continuing, and coordinated approach to transportation investment decision-making.⁸ Although first aimed at highways, a similar concern spread to transit. The second regulation requires each major transit investment (that will require Federal funds) under consideration by local officials to undergo an "alternatives analysis." Such analysis must use Federally determined guidelines that will result in the selection of the most cost-effective investment strategy.⁹

Most of the Federal funding support and related planning regulations have come from the U.S. Department of Transportation, the Cabinet department created by Congress in 1967 to coordinate the transportation policies and programs of the U.S. government.¹⁰ In recent years, however, other Federal agencies have begun to view the Federal transit program as a means of meeting their mandates. For example, both the U.S. Environmental Protection Agency and the U.S. Department of Energy have been active in encouraging local officials to consider transit investment as a way of improving air quality and conserving energy, respectively.

The Federal presence in public transit over the past two decades has thus evolved from pre-1964 minimal participation, to a Federal transit program in 1981 where a major portion of the capital and operating funds of local transit are provided by the Federal government, where much of the Federally-sponsored transportation planning activities in urban areas are devoted to transit investment, and where other Federal agencies are viewing transit as a means of attaining goals other than the mobility-related objectives usually associated with transit investment. Currently, the major program areas which form the basis of Federal transit support include:

Capital Funds ("Section 3"): Part of the original Urban Mass Trans-

6. J. Pucher, *Transit Subsidies in the 26 Largest U.S. Metropolitan Areas, 1973-1976*, Technical Report No. 3, Center for Transportation Studies, Massachusetts Institute of Technology (1978).

7. 23 C.F.R. § 450 (1981); 49 C.F.R. § 613 (1981).

8. 23 U.S.C. 134(a) (1976).

9. 41 Fed. Reg. 41512-41514 (1976).

10. 33 Fed. Reg. 6965 (1968).

portation Act of 1964, Section 3 authorizes Federal grants (eighty percent of the costs) for the construction of new fixed guideways and the acquisition and/or improvement of mass transit facilities including rolling stock.¹¹ These funds are allocated at the *discretion* of the Secretary of Transportation. At the end of fiscal year 1980, approximately \$11.3 billion had been obligated from this fund.

Operating and Capital Funds ("Section 5"): This formula grant program was created in 1974 to provide funds that could be used for capital (eighty percent cost coverage) or operating assistance (fifty percent cost coverage).¹² The grant program consisted of four major components:

Tier I—Grants apportioned to all urban areas on the basis of population and population density. The most recent authorization levels were \$900 million a year for fiscal years 1979 through 1982.¹³

Tier II—Similar to Tier I except eighty-five percent of the funds go to urbanized areas with populations greater than 750,000. Authorization levels were \$250 million a year for fiscal years (FY) 1979-1982.¹⁴

Commuter Rail-Fixed Guideways—Grants apportioned on the basis of fixed guideways and commuter rail route mileage and commuter train mileage. Authorization levels were \$115 million for FY 1979, \$130 million for FY 1980, \$145 million for FY 1981, and \$160 million for 1982.¹⁵

Bus Purchase—Grants for the purchase of buses or construction of bus-related facilities apportioned on the basis of population and population density. Authorization levels were \$300 million each for FY's 1979, 1980, \$370 million in FY 1981 and \$455 million in FY 1982.¹⁶

Although these grants can be used to cover capital or operating costs of transit service, since the inception of Section 5, over eighty percent of its funds have been used by local officials for operating assistance.¹⁷

Interstate Transfer and Urban Systems: Other major program areas for transit are the Urban Systems Highway program¹⁸ and the Interstate Transfer program.¹⁹ In the first program, \$3.2 billion was authorized for funding up to seventy-five percent of the local cost for small-scale highway or transit projects, whereas the second program allowed state and local officials (until 1983) to transfer funds for non-essential urban segments of Interstate high-

11. 49 U.S.C. §§ 1602(a) & 1603(a)(1) (1976 & Cum. Supp. 1979).

12. National Mass Transportation Assistance Act of 1974, Pub. L. No. 93-503, 88 Stat. 1565 § 103(a), (codified in 49 U.S.C. §§ 1601-1605 (1976 & Cum. Supp. 1979)).

13. Surface Transportation Assistance Act of 1978, Pub. L. No. 95-599, 92 Stat. 2689, § 304 (a)(1)(B), (codified in 49 U.S.C. § 1604(a), (b) (Cum. Supp. 1979)).

14. *Id.* § 304(a)(2)(c).

15. *Id.* § 304(a)(3)(B).

16. *Id.* § 304(a)(4)(B).

17. Calculated from: APTA TRANSIT FACT BOOK 67-8 (1981).

18. Pub. L. No. 93-87, 87 Stat. 260-61, § 121(a), (codified in 23 U.S.C. § 142 (1976 & Supp. IV 1980)).

19. Federal-Aid Highway Act of 1973 P.L. 91-605, 84 Stat. 1716, § 106(b)(1), (codified in 23 U.S.C. §§ 101, 103, & 139 (1976 & Supp. IV 1980)).

ways either to transit or highway projects. Of the \$5 billion worth of projects that have been withdrawn in this fashion, approximately \$2.9 billion have been obligated to transit projects.

A substantial amount of Federal funding has gone into the support of local transit operations (see Table 1). In the next section, we will briefly review the Federal role in the transit program as it will likely evolve during the next three years, and then explore the implications of this role on urban areas.

III. CHANGING PERSPECTIVES ON THE FEDERAL ROLE IN PUBLIC TRANSIT

Although recent proposals from the Reagan administration to change the Federal transit program have drawn attention to the "crisis" in public transit, other political and economic trends have contributed to the problems of transit finance. Even without the Reagan proposals, it is likely that these other trends would have forced a re-examination of transit investment and the appropriate Federal role.

The first trend is a growing political pressure on local officials to reduce government expenditures. This pressure has decreased the willingness of local officials to advocate increased transit investment. The most visible manifestation of this changing attitude of local public officials has been the large number of strikes and transit system shutdowns that have recently occurred throughout the country.²⁰ During the mid-1970's, local officials were hesitant to accept a strike because disruption of service was considered politically unacceptable. Now, however, with public tax cutting referenda such as Proposition 13 in California and 2½ in Massachusetts, local officials can accept a strike and create an image of holding down public spending.

Second, rapidly increasing costs combined with high inflation, made transit operation an extremely expensive undertaking. Between 1972 and 1978, the price of diesel fuel increased four times more quickly than inflation while the cost of a bus increased at 2½ times the inflation rate.²¹ The cost of operating a transit vehicle a single mile increased sixty-three percent in constant 1978 dollars (from \$1.42 to \$2.32), while the average fare decreased from 40.7¢ to 38.1¢.²²

These two trends have considerably reduced demands from local constituencies for Federal transit programs. When the Reagan administration took office and proposed major cutbacks in the Federal transit program, it was apparent to many local officials that some changes were needed in the

20. During the past 18 months transit strikes and/or shutdowns have occurred in Birmingham (Alabama), Boston, Chicago, Dallas, Madison (Wisconsin), New York, and Philadelphia.

21. APTA TRANSIT FACT BOOK 78 (1978).

22. *Id.* at 33.

program. The most important area of debate was what aspects of the program needed to be changed. Three major program alternatives have been proposed for changing the Federal transit program:

- 1) Phase out Section 5 operating assistance and transfer the responsibility for operating support entirely to the local level, (major proponent: the Reagan administration).
- 2) Create a unified block grant that could be applied to capital or operating assistance, (major proponents: the American Public Transit Association and the U.S. Conference of Mayors).
- 3) Modify current programs to increase productivity and reduce bureaucratic procedures (major proponent: the U.S. General Accounting Office).

In that these proposals reflect the basic characteristics of any future Federal role in public transit, each will be discussed below. The first two will receive greater attention because they appear to be the most serious proposals at this time.

Phase Out Federal Operating Assistance—The Reagan administration has produced a bill, the Transit Assistance Act of 1981, that clearly reflects its philosophy toward government, in general, and transit specifically. As stated in the transferral letter,

Primary responsibility for the operation of mass transportation should rest with state and local governments. Accordingly, the Department is proposing a gradual phase-out of Federal operating subsidies. In addition, Federal assistance for new rail construction (other than that currently underway) will be postponed until the national economy and the condition of the Federal budget improve. Federal emphasis will be concentrated on capital expenditures which maintain existing transit systems that have proved effective and are an essential part of a large urban transportation network.²³

The main provisions of the bill are:

- *the phasing-out of Section 5 operating assistance* as outlined in Table 2. The phasing-out of sections authorizing operating assistance, Sections 5(a)(1) to 5(a)(3), would occur from FY 1982 through FY 1984. Section 5(a)(4), which does not authorize operating assistance and can be used only to purchase buses or to build facilities, would gradually be increased.

- *the elimination of several existing regulations*. Specifically, this bill would:

- eliminate the required half-fare for elderly and handicapped persons at off-peak hours.
- eliminate federally dictated procedures for public review and allow a locally determined process for public comment on transit-related decisions.
- allow a local option for transit service to the handicapped, as opposed to

23. U.S. Secretary of Transportation to the President of the U.S. Senate and the Speaker of the House of Representatives, a proposed bill entitled The Transit Assistance Act of 1981, submitted March 17, 1981.

the currently required approach of fully accessible bus service to meet Section 504 requirements.²⁴

—eliminate federally mandated criteria governing the basis of contracts awarded for rolling stock.

- a *minor increase in discretionary Section 3* funds for system modernization. Concurrent with this increase and the phasing-out of Section 5 assistance, steps would be taken to ensure that vehicle and facility maintenance is properly performed and not deferred so that operating costs are not quickly turned into capital costs.

Overall, the administration's proposal represents a radical departure from the existing Federal role in transit and, if adopted, would create significant problems for local officials who would have to fund transit operations.

Create A Unified Block Grant—This proposal would maintain an important Federal role in transit by continuing local use of Federal funds for operation assistance. The major change in this proposal is the combination of the current Section 3 and Section 5 programs into one unified program allocated to local jurisdictions as a block, which could then be used for whatever transit-related purposes as deemed necessary by local officials. Such a position was advocated by several speakers at recent hearings held by the House Committee on Public Works and Transportation examining the financial crisis of public transportation. As stated by one participant:

Instead of having separate discretionary programs and separate programs for capital and operating assistance, I would urge instead that the Congress establish a flexible Block Grant Program which would provide some local autonomy. A general Block Grant Program would give us an opportunity to make our own decisions as to whether or not we would want the bulk of those monies going to capital costs or to operating costs, or to a combination of both.²⁵

The purpose of this approach is to increase the simplicity of the Federal transit program, and to increase local flexibility and responsibility, while avoiding some of the harsh implications for transit with elimination of Federal operating assistance. These implications were described by another speaker before the House Committee,

- 46 percent of U.S. cities with transit would face substantial fare increases;
- 20 percent of U.S. cities with transit would face moderate fare increases;
- 65 percent of U.S. cities with transit would suffer significant ridership decrease;
- 57 percent of U.S. cities with transit would reduce services.²⁶

24. Rehabilitation Act of 1973, 29 U.S.C. §§ 794-794(a) (1976).

25. Remarks of Thomas J. Volgy, Vice-Mayor, Tucson, Ariz. to U.S. House of Representatives Committee on Public Works and Transportation, Subcommittee on Investigation and Oversight, June 23, 1981, p. 6.

26. Statement of Richard Arrington, Jr., Mayor, Birmingham, Ala., to U.S. House Committee on Public Works and Transportation, Subcommittee on Investigation and Oversight, June 23, 1981, p. 7.

The unified grant approach is favored quite strongly by mayors and transit managers over the Administration's proposal. In August 1980, the U.S. Conference of Mayors surveyed 132 cities concerning a variety of issues relating to transit funding.²⁷ At that time, prior to the Reagan election and prior to the proposed phasing-out of Federal operating assistance, already sixty-three percent of the respondents supported a unified grant program. Because opposition to the idea stemmed mainly from a fear of losing funds (compared to then existing appropriations), it can be assumed that the percentage of supporters would be much greater today in view of proposed cutbacks.

Whatever the eventual form of a block grant program, local officials seem to agree that local responsibility for transit should be expanded. However, these officials are equally convinced that the Federal government has an important role to play in transit, even with decreasing funding levels.

Modification of Current Programs—This proposal is based on recommendations made by the U.S. General Accounting Office (GAO) to the U.S. Department of Transportation (DOT) that would result in only minor modifications to the current Federal transit program.²⁸ The GAO recommendations included:

—*Improving transit productivity.* Actions should be taken to improve transit productivity, such as requiring management evaluations of all major systems and monitoring steps taken as a result of these evaluations, requiring preventive maintenance programs, actively encouraging the use of part-time labor, and helping transit systems assess the cost effectiveness of service expansion into suburban areas.

—*Placing more emphasis on passenger fares.* In general, the GAO felt that not only were fares too low (a policy that should be reversed), but that they were highly inequitable, with long distance and peak riders being very heavily subsidized relative to other passengers. The DOT should require transit agencies to establish fare policies and to examine alternative fare structures that might better reflect equity and cost.

—*Improving administration of the Federal operating assistance program.* Various recommendations were made to improve the efficiency of UMTA's handling of operating assistance grants, including better guidelines, formal training for regional staff, timely processing of grants, and improved automation of grant processing.

The GAO approach envisions a high level of Federal involvement in the provision of transit, equivalent to the current role since it would be trading

27. UNITED STATES CONFERENCE OF MAYORS, *THE TRANSIT FINANCING AGENDA FOR THE 1980'S: STATUS REPORT AND VIEWS OF THE NATION'S MAYORS*, p. 46 (April 1981).

28. COMPTROLLER GENERAL OF THE UNITED STATES, *SOARING TRANSIT SUBSIDIES MUST BE CONTROLLED*, REPORT TO THE CONGRESS CED-81-28, (February 26, 1981).

off some regulations now considered inefficient for new ones mandating certain actions (preventive maintenance, cost-effectiveness criteria, fare policies, fare rationalization).

In summary, the current proposals for changing the Federal transit program represent a wide range of consequences for local officials. The two most serious proposals—the phase out of Section 5 operating assistance and the creation of a unified grant program—recognize that there will be less money in the future for transit. However, they differ in how that money may be used at the local level, and also in the fundamental question of what is the role of the Federal government in supporting local transit.

In the next section, we will examine the implications of reduced Federal transit support on local transit services. Although an elimination of Federal operating assistance would represent a more immediate threat to transit, it is obvious that no matter which legislative program is finally enacted, the Federal funding support for transit is to be reduced.

IV. IMPACTS OF CUTBACKS IN THE FEDERAL TRANSIT PROGRAM ON LOCAL COMMUNITIES

The immediate impact of cutbacks in Federal operating assistance will vary from region to region, depending to the extent that local communities have provided alternative funding sources for covering transit costs. In many cities, sales, gas and employee taxes have been dedicated to fund public transit, whereas other cities rely on operating assistance from state or local governments. However, only twelve states have established such an assistance program, and only one-third to one-half of U.S. transit systems have local dedicated taxes. Thus, a large number of transit systems are vulnerable to cutbacks in Federal operating assistance.

A recent survey of the general managers of 30 U.S. transit systems provided the first indication of how most transit systems will respond to Federal cutbacks.²⁹ Raising transit fares was suggested most often as the first step in responding to financial pressures. Not only did the general managers feel that transit fares were too low, but they felt that in today's fiscally conservative political environment raising fares was more acceptable to local officials than cutting service. The significance of this response is found in the fact that seventeen of the thirty transit systems surveyed had already increased their fares in the first seven months of 1981.³⁰ Of these seventeen, eleven had also raised fares in 1980.³¹ There was little doubt from

29. B. Hemily & M. Meyer, PUBLIC TRANSPORTATION IN THE 1980'S: RESPONDING THE PRESSURES OF FISCAL AUSTERITY, CENTER FOR TRANSPORTATION STUDIES, Massachusetts Institute of Technology, (Aug. 1981).

30. *Id.* at 22.

31. *Id.* at 23.

those interviewed that much of the burden on increased local funding support for transit was being shifted to transit riders.

The second, most often, cited strategy for responding to financial pressure in the short-term was reducing service. From August, 1980 to August, 1981 ten transit systems of those contacted had significantly reduced service, and another five had made minor cutbacks. In one instance, the transit system was facing a twenty-five percent reduction in service by the end of 1981. An interesting characteristic of these cutbacks is the pattern that most cities are following—first, elimination of night service, then Sunday service, and finally Saturday service. In short, service cuts were designed to preserve the service offered during the peak weekday hours.

The third option available to local officials was seeking revenues from new sources, for example, state governments. Nine of the thirty systems surveyed had recently lost referenda or legislative battles to change their sources of income. Six transit systems were hoping for increased state aid, three others were hopeful about changes in state gas taxes, and four others were counting either on new state operating assistance or on a local option tax.

The results of this survey provide some ominous indications of how transit systems will respond to cutbacks in Federal operating assistance.

First, the impact of major Federal cutbacks will exacerbate the differences in relative financial positions that exist today. Large disparities already exist between those systems that are financially stable and those that are already severely constrained. The properties that are in the healthiest situation, often because of large revenues from a sales tax, tend to depend the least on Federal aid, and will have the most flexibility to survive Federal cutbacks without much change.

Second, it is apparent that few local officials have examined the longer term implications of Federal cutbacks. Even in those cities where state revenues or local dedicated taxes will "cushion" transit service from declining Federal assistance, the long-term future of transit finance is still in doubt.

Third, all of the actions recently taken, which would be accelerated in the event of major Federal cutbacks, directly harm those who can least afford it. Fare increases, increases in taxes, and cuts in off-peak service fall disproportionately on the poor.³² Service cutbacks most significantly affect those not having an automobile, or those unable to drive, i.e., the poor, elderly, or handicapped. From an equity perspective, Federal cutbacks are likely to produce a local response that is highly inequitable.

32. See, Altshuler, *Transit Subsidies: By Whom, For Whom?*, 35 J. AM. INST. PLANNERS 84 (Vol. 2, 1969); Whol, *Users of Urban Transportation Services and Their Income Circumstances*, 24 TRAFFIC Q. 21 (Vol. 1, 1970); Webber, *The BART Experience—What Have We Learned?*, 45 THE PUB. INTEREST 79 (1976); Pucher & Hirschman, *Distribution of the Tax Burden of Transit Subsidies in the United States*, 29 PUB. POLICY 16 (Vol. 3, 1981).

Finally, the other benefits that could possibly come from transit, e.g., reduced highway congestion, improved air quality, decreased fuel consumption, and improved land accessibility, have not been seriously considered in the debate surrounding transit finance. If these benefits are not considered, the calculus of cost effectiveness might be heavily biased against maintaining even a basic public transit system.

V. PUBLIC TRANSIT IN THE 1980'S: SOME CONCLUDING REMARKS

The next few years will likely be most significant for the future of public transit in the U.S. No matter what changes to the existing Federal transit program are adopted by Congress or made by the U.S. Department of Transportation, the characteristics of the program seem clear—decreased Federal operating assistance, increased local funding responsibility, reduced Federal regulations, and few opportunities for major new construction starts. From the local perspective, these changes produce pressures for key decisions on the future of transit in urban areas. These pressures provide opportunities for local officials to improve transit system productivity and service effectiveness. Specifically, the following characteristics of a local response seem most appropriate:

1. Transit service must be considered as *just one component* of the urban transportation system. All too often, the debate on transit funding is conducted as an "either-or" situation: either transit is funded and you have service, or it is not funded and there is no service. There are many alternative transportation services that can supplement or complement transit, for example, car pools, van pools, subscription bus service, jitneys, and demand-responsive transportation services. These alternatives must be considered when discussing the types of public funded services that should be provided, and the most effective structure of the public transit system.

2. The focus of the debate on local transit financing must be on the *equity* implications of each alternative. All of the funding alternatives being considered by local officials have significant impacts on the poor, elderly, and handicapped, the groups in an urban area often having the least access to the political process. It thus becomes the responsibility of local officials to raise these issues, and to provide a forum for their resolution.

3. The *community benefits* that come from transit service must also be clearly articulated, and considered in the possible actions to fund the service. For example, transit investment, when combined with private development funds, have provided an important catalyst for developing new and older areas of U.S. cities. Many city officials have also used transit investment and the resulting commuter shift to transit services as a means of reducing street congestion and improving air quality.

These benefits, and to whom they accrue, have increasingly become

an important consideration in identifying possible funding support for transit service. For example, in many cities, the business community has become more active in supporting the local transit service because of the important role transit plays in its economic survival.³³ It thus becomes necessary for local officials and transit management to point out to local groups the importance the survival of a transit service has for their own future.

4. Local officials should view the current problems with transit finance as an opportunity to improve *service productivity* and *internal management efficiency*. The financial pressures on transit systems should provide an incentive for local officials, transit management, and labor representatives to reach agreement on cost-saving measures such as limiting Cost of Living Adjustment (COLA) escalators or using part-time labor. Other actions that could be considered to improve efficiency of operations include: management information systems, preventive maintenance programs, improved driver participation, employee incentive structures, increased control of absenteeism, and closer monitoring of costs and revenues. Finally, network structures and route performance could be evaluated in light of financial pressures to ensure that service is efficient and effective in obtaining stated goals.

5. Although the immediate concerns of maintaining a viable transit system in the face of cutbacks in Federal operating assistance will occupy much of the time of local officials concerned with public transportation, the *longer-term considerations* of what role transit should play in their communities, the type of stable funding source necessary to support this role, and the equitable distribution of costs must also be addressed. Ideally, such an image of the future role of transit should influence the more immediate steps taken to support the transit system. At the very least, the longer term options that become available, and those foreclosed by adopting specific actions to support transit in the short term must be understood.

33. M. Meyer & S. Gordon, *An Emerging Public/Private Partnership in Urban Transportation*, (1981) (unpublished private paper).

TABLE 1

ACCUMULATED FEDERAL FINANCIAL SUPPORT FOR TRANSIT
(through FY 1980)

(Millions \$)

CAPITAL ASSISTANCE

• Section 3 (Discretionary)	\$11,283
• Section 5 (Formula)	818
• Urban Systems	193
• Interstate Transfer	<u>2,893</u>
Total	\$15,187

OPERATING ASSISTANCE

• Section 5 (FY 1975-1980)	3,801
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TABLE 2

PROPOSED SECTION 5 AUTHORIZATIONS

Section (UMT Act of 1964 as amended)	Purpose (Formula Basis)	Current Authorization FY 1981 (set by Surface Transportation Act of 1978)	Proposed Authorizations -millions-				
			FY 1982	1983	1984	1985	1986
Section 5(a)(1)	Constr. or Operating Asst. (Population & Pop. Density Basis)	900	850	480	110	-0-	-0-
Section 5(a)(2)	Constr. or Operating Asst. (85% for cities over 750,000)	250	165	165	165	-0-	-0-
Section 5(a)(3)	Constr. or Operating Asst. Involving Commuter Rail as Fixed Guideway (Train Miles, Route Miles)	145	90	90	90	-0-	-0-
Section 5(a)(4)	Purchases of Buses or Constr. of Bus Related Facilities (Population Density)	370	375	400	450	500	550

