PEAT MARWICK

TEXAS TRANSIT ASSOCIATION

TEXAS TRANSIT
-BENEFITS
-NEEDS AND
-FUTURE PUBLIC POLICY

FINAL REPORT

NOVEMBER 1986

TABLE OF CONTENTS

LIST OF FIGURES AND EXHIBITS

LIST OF FIGURES AND EXHIBITS (Continued)

EXECUTIVE SUMMARY

STUDY BACKGROUND AND PURPOSE

The evolving role and policy of the State of Texas with respect to its public transit systems is at a crossroads. As a result of State and local actions over the last few years, public transit has begun to meet the critical mobility needs of Texans--both urban and rural. Tremendous progress has occurred--since 1982, transit usage has increased by over 40 percent. Metropolitan transit authorities (MTAs) have been created in six of Texas' largest metropolitan areas (San Antonio, Houston, Fort Worth, Dallas, Austin, and Corpus Christi). Significant investments have been and are being made by the State in joint highway and transit projects that will improve mobility in urban areas. Rural public transit programs have been implemented in about 75 percent of the State's counties. Assistance has been provided to help transit systems make capital investments.

While public transit and the State have made great progress in meeting Texas' mobility needs, critical challenges still lie ahead. Public transit programs in Texas' middle size cities (from 50,000 to 230,000 population) and rural counties are in jeopardy because of severe financial constraints. In several of the largest cities, significant investments must be made now to ensure the continuing mobility and quality of life in these cities as they grow and prosper in the future. Finally, rapidly rising insurance costs--and in some cases the unavailability of insurance at any price--is posing a major threat to many transit agencies.

Texas' public transit systems need continued State support and encouragement if they are to meet the challenges of the future. As citizens of Texas, they are keenly aware of the current financial pressures faced by the State and its local communities.

It is in this context of critical transit industry needs and financial pressures that the Texas Transit Association (TTA) undertook this study of "Texas Transit: Benefits, Needs, and Future Public Policy." The study has three principal objectives:

- to describe in quantitative terms the importance and benefits of Texas' public transit systems
- to describe the needs of Texas' transit systems over the next four years
- to suggest appropriate roles for the State of Texas in fostering the continued development of its public transit systems

TTA is the voluntary member organization of the transit industry in Texas. Membership in the TTA is open to all transit systems and planning agencies in the State. Members of the TTA include all of the major transit providers in the State.

This study was directed by a steering committee composed of representatives of a wide range of Texas transit systems--from small to large agencies. A representative of the State Department of Highways and Public Transportation served as a member of the study steering committee. The Association engaged the firm of Peat, Marwick, Mitchell & Co. to undertake this objective assessment of Texas' transit needs.

IMPORTANCE OF PUBLIC TRANSIT IN TEXAS

Public transit comprehensively serves the State of Texas as shown in Exhibit E-1. The portions of the State served by public transit are shown in white on the map. There are about 20 fixed-route transit systems located throughout the State serving cities as small as 50,000 population to the largest urban areas in the State.

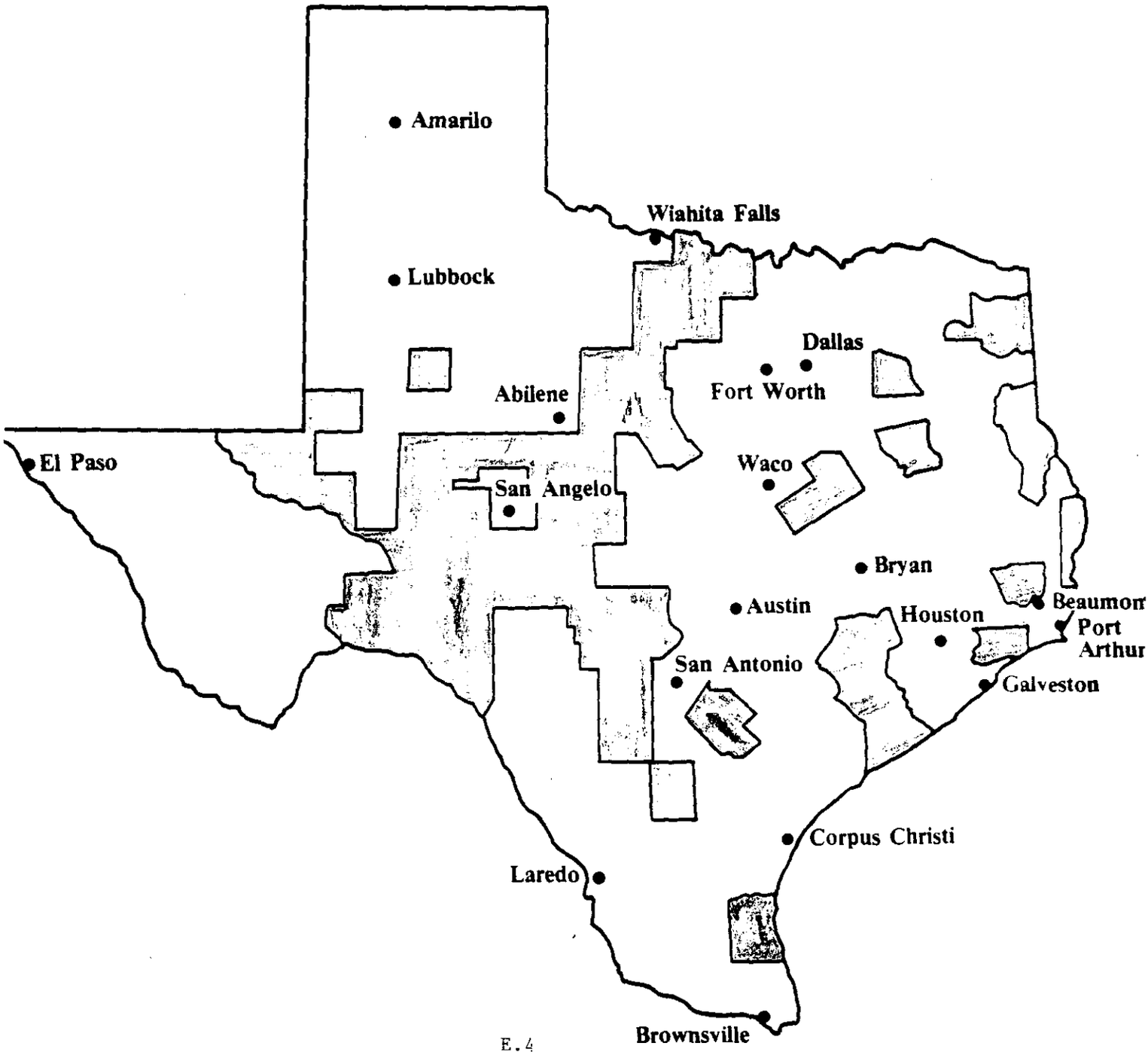
Public transit--in urban and rural areas--is critically important to serving the mobility needs of Texans. Texas' urban transit systems currently serve:

- A population of over 8,500,000 persons--(over 50 percent of Texas' population)--this service area would by itself be the eighth most populous state in the United States
- An employment base of 3.1 million jobs (or about 43 percent of all jobs in Texas)
- A geographic area of 5,000 square miles

Transit is also important in rural areas of Texas. The rural public transit program currently serves about 75 percent of the State's counties. Rural transit serves the vital mobility needs of special users such as those who do not have access to an automobile or cannot drive.

EXHIBIT E-1

GEOGRAPHIC COVERAGE OF TRANSIT



TRANSIT DEMAND

Texans use their public transit system. Transit ridership is significant and growing as illustrated in Exhibit E-2.

As a result of State and local initiatives undertaken over the last few years, demand for transit increased significantly between 1982 and 1986:

- Fixed-route passengers increased by 41 percent, from 138 million passengers in Fiscal Year (FY) 1982 to 194 million passengers in FY 1986--an increase of 10 percent per year.

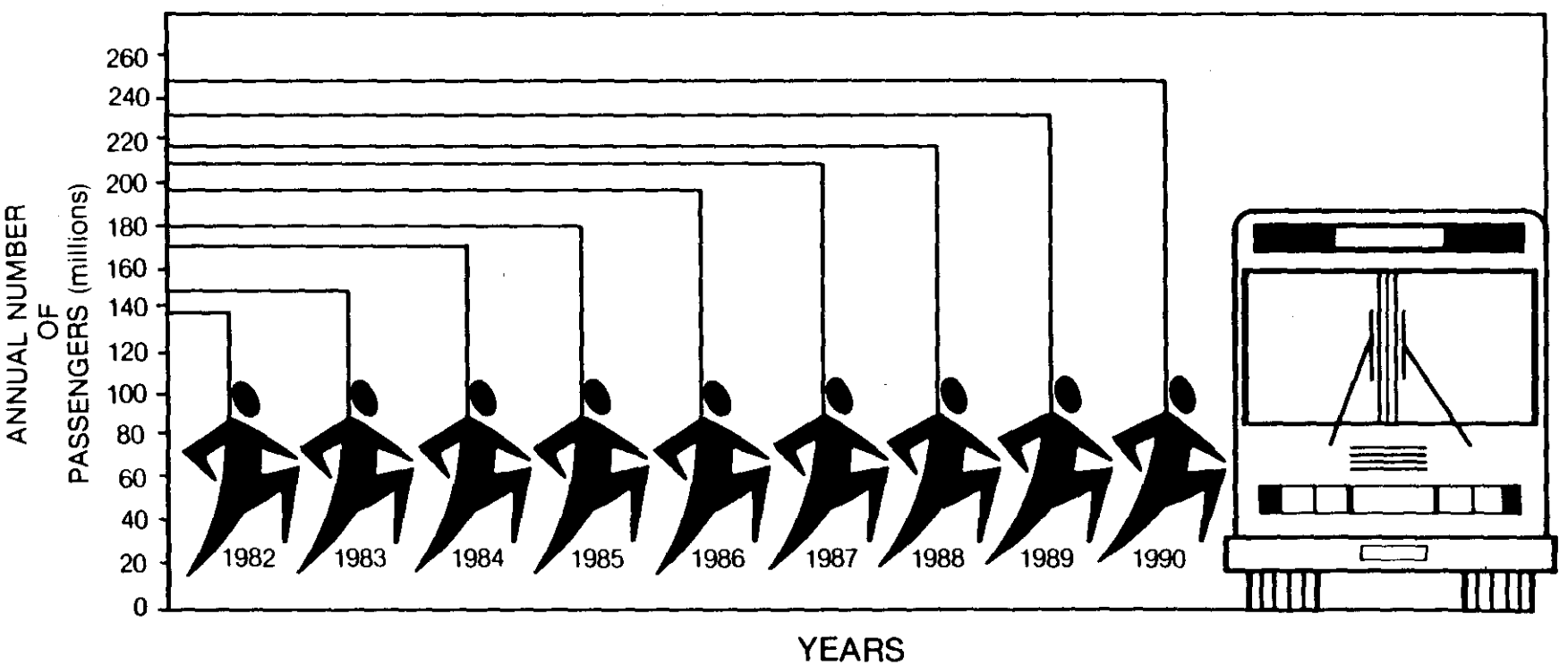
- Rural public transportation demand increased by 193 percent between 1982 and 1986.

If State and local support for transit continues in the future--as recommended in this report--demand for transit will continue to increase in the next four years. Fixed-route passengers will increase by 20 percent from 194 million passengers in FY 1986 to about 240 million passengers in FY 1990--an increase of five percent per year. Rural public transportation passengers will increase by 51 percent between 1986 and 1990--an increase of about 13 percent per year.

Thus, demand for transit has increased and is projected to continue to increase steadily.

DEMAND FOR FIXED-ROUTE BUS SERVICE

HISTORIC AND PROJECTED



TRANSIT'S ECONOMIC BENEFITS TO THE STATE

Texas' transit industry is a large business which provides major economic benefits to the State. Transit industry expenditures for wages and salaries and purchases of goods and services have an impact on the Texas economy. These expenditures provide direct employment opportunities to support transit activities and other employment which is generated by direct expenditures flowing through the economy. This results in additional economic activity and jobs.

The economic analysis undertaken in this study demonstrates that in FY 1986, the Texas transit industry will generate:

- o $552 million in household income
- o 33,400 full-time equivalent jobs
- o $10 million in State sales tax revenue
- o $3 million in diesel fuel tax revenues

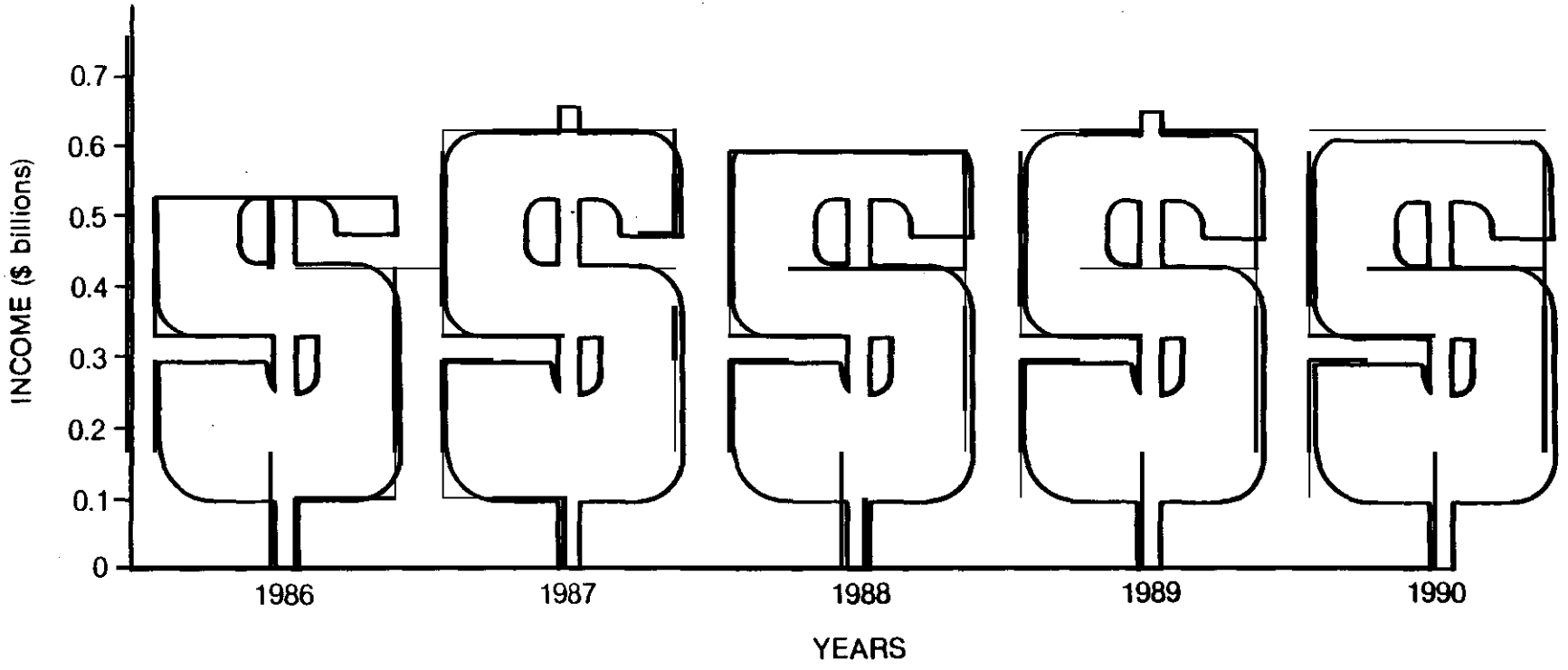
If State and local support for transit continues in the future--as recommended in this report--the transit industry will continue to make a major contribution to the economic vitality of Texas. The study's economic analysis projects that for the period of 1986 through 1990, Texas' transit industry will generate through its operations and capital investment a total of about:

- o $3 billion in household income
- o 33,400 to 41,000 full-time equivalent jobs per year
- o $75 million in State tax revenues

The household income and State tax revenue projections are illustrated in Exhibits E-3 and E-4, respectively. In a State experiencing economic problems, the productive employment and resulting tax revenues attributable to transit are significant--and as important--stable.

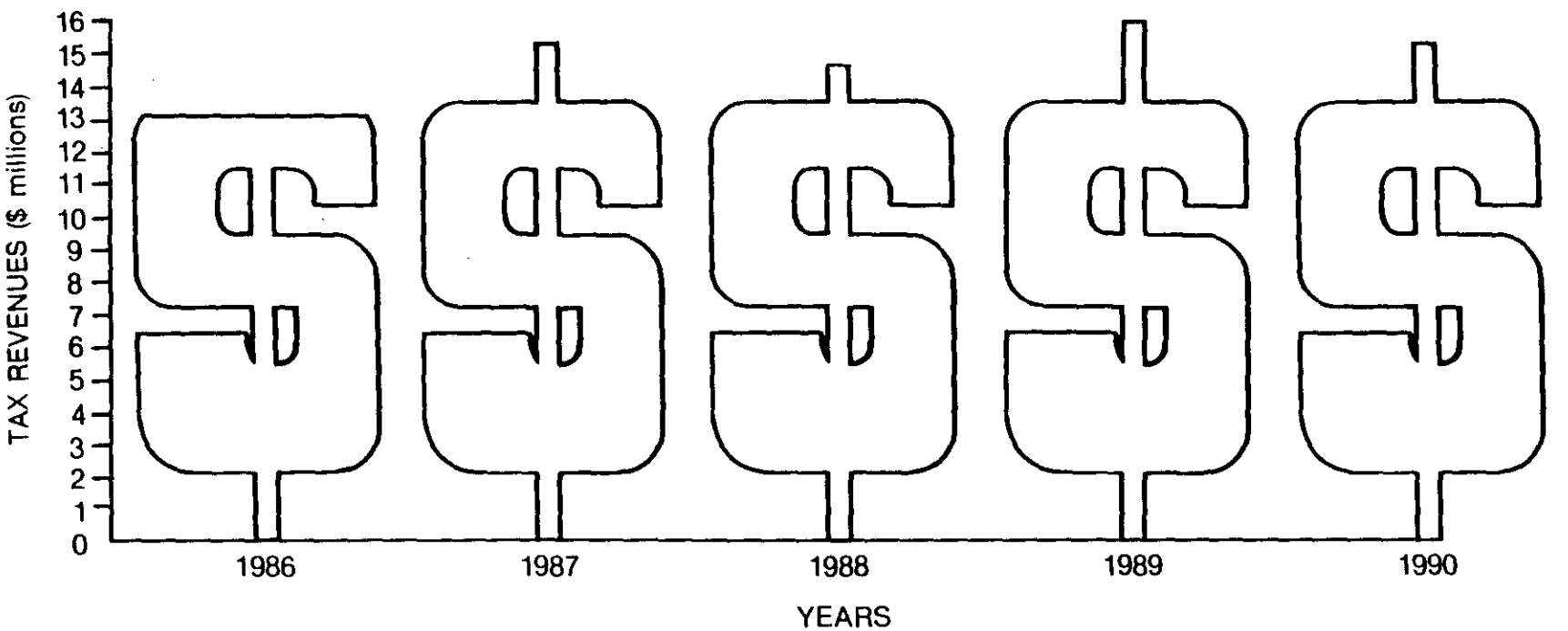
ECONOMIC BENEFITS FROM TRANSIT

INCOME FOR RESIDENTS



ECONOMIC BENEFITS FROM TRANSIT

STATE TAX REVENUES



TRANSIT IMPROVES TEXAS' QUALITY-OF-LIFE

Transit provides significant quality-of-life benefits to the State of Texas in addition to its major economic benefits. These benefits include:

- Safety - Public transit is eight times safer than the private automobile. This results in reduced traffic fatalities, injuries, property damage, and accidents.

- Air Quality - The carbon monoxide emissions per passenger mile for transit are significantly lower than those for the private automobile. The existing transit service levels result in a 40,000-pound weekday reduction in carbon monoxide emissions in Texas' urban areas. Reduced emissions result in improved air quality, reducing the risk of respiratory-related discomfort and illness. Reduced emissions also help the State attain air quality standards that have been mandated by law.

- Reduced Urban Congestion - Transit is a far more efficient mode for serving travelers in congested urban corridors than is the private automobile. The single High Occupancy Vehicle (HOV) lane on I-45 in Houston serves about as many persons in the peak hour as the total served by the three adjacent freeway lanes filled predominantly with single occupant private automobiles. Transit can reduce highway congestion on existing facilities, reduce the need for new freeway construction in congested urban areas, and allow valuable urban land to be kept on the city's tax rolls rather than devoted to highways.

- Mobility - Transit provides improved mobility for all Texans. Texans who do not have access to an automobile can use transit to travel to jobs, schools, medical facilities, and other destinations. These riders depend on transit for their mobility. Over 50 percent of the passengers using some transit systems in Texas are transit dependent.

NEEDS ASSESSMENT

Texas' transit systems provide significant benefits to all sectors of the State's economy and population. To continue receiving these benefits, a State and local partnership must respond to the needs of Texas transit. Transit systems have the following general types of capital needs:

- Replacement and/or rehabilitation of capital assets that have reached the end of their useful life
- Expansion and improvement of existing transit services to meet growing demands
- Major infrastructure investments to improve the travel time and quality of service of today's transit travelers and to provide a high quality mobility option as these areas continue to grow and become more congested in the future

The following transit capital investments are needed during 1986 and over the next four years to serve the mobility needs of Texas:

- The purchase of 1,600 buses will require $230 million.
- Transit centers and park-and-ride facilities will cost over $100 million.
- Maintenance and operating facilities will require $100 million.
- Initiating work on the rail system for Dallas will require $400 million.
- HOV lanes and transitways will require $360 million in Houston and $250 million in Dallas.
- Joint projects with local governments will cost $125 million in Houston and $40 million in San Antonio.

Failing to make these needed capital investments will jeopardize the significant progress which Texas has made in recent years in meeting its mobility needs. The population of the State is increasing and is projected to continue increasing for the next two decades. These transit investments are needed to meet the mobility needs of Texas' increasingly urbanized population.

In addition to capital investments, Texas' transit systems will require funds for operations. Operating support is provided by the federal government and by local jurisdictions--either through a dedicated sales tax in those jurisdictions with metropolitan transit authorities (MTAs) or by general fund revenues. Current trends in federal policy and local financial circumstances severely threaten transit operations in those communities without an MTA.

The current national Administration has consistently advocated the elimination of federal operating support for transit. While federal operating support has not been eliminated, it has been significantly reduced in the last few years as a result of Administration policy and pressures to reduce the federal deficit.

General fund support for transit is also under severe pressure in those Texas communities without an MTA and a dedicated sales tax supporting transit. Texas communities are facing a $450-million decrease in federal grant revenues because of the projected elimination of federal revenue sharing (a $250-million annual loss to Texas communities) and Federal Community Block Grants (a $200-million annual loss to Texas communities.) In addition, these communities face increased demands for services and costs and reduced revenues as a result of the recent downturn in the Texas economy. Thus Texas' communities do not have the financial resources needed to provide adequate levels of general fund financial support for public transit.

In summary, operating support requirements for Texas' transit systems continue to modestly increase. At the same time, the historical sources of operating support are severely threatened for those systems who do not have a dedicated sales tax revenue base.

To ensure the future mobility of Texans and the economic vitality of the State, a way must be found to meet the needs of Texas' transit systems. A financial summary of the capital and operating needs of Texas' transit systems is provided in Exhibits E-5 and E-6, respectively.

EXHIBIT E-5

TRANSIT NEEDS

CAPITAL REQUIREMENTS

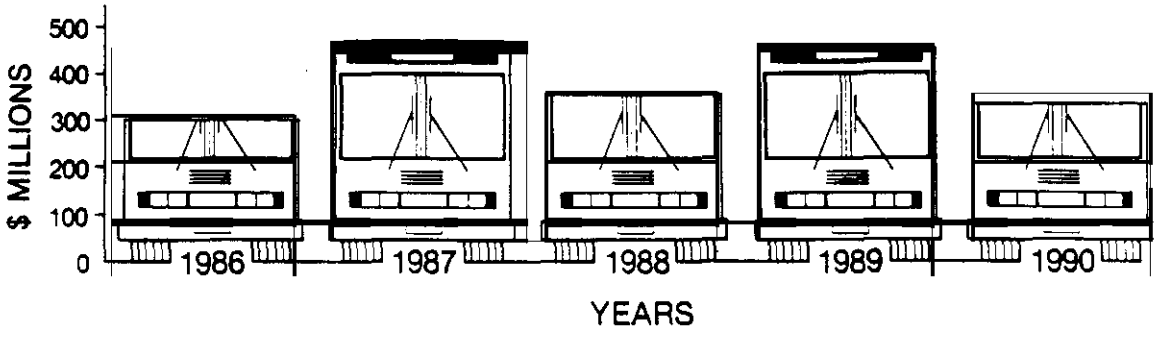
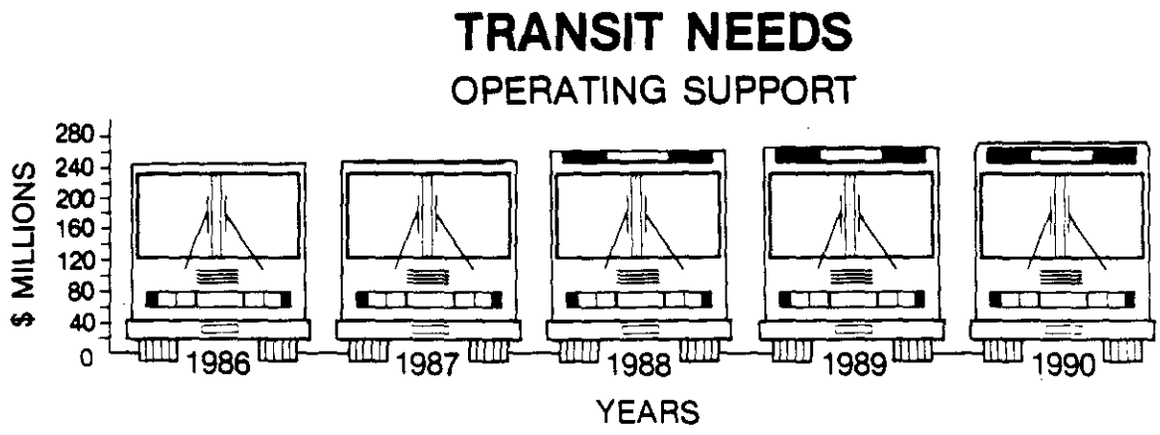


EXHIBIT E-6


TRANSIT NEEDS
OPERATING SUPPORT
$ MILLIONS
280
240
200
160
120
80
40
0
1986
1987
1988
1989
1990
YEARS

FINANCING TRANSIT IN TEXAS:
THE HISTORICAL STATE ROLE

The State of Texas has undertaken three important initiatives to finance its public transit systems:

- o Transit Authority Enabling Legislation - Texas enacted legislation which enables metropolitan areas with a population of 230,000 or above to implement metropolitan transit authorities funded by a dedicated local option sales tax. Under this legislation, MTA's have been established in San Antonio, Houston, Dallas, Fort Worth, Austin, and Corpus Christi. The second 1986 special session with the Texas legislature passed a bill that would allow cities with a population of 50,000 to 230,00 to use up to a one-half cent sales tax to fund transit.

- o Joint Highway/Transit Projects - Working with cities and transit authorities, the State Department of Highways and Public Transportation (SDHPT) is developing and funding transit projects that are supportive of the highway system. These include transitway planning and construction, right-of-way reservation for future transit development, joint utilization of highway right-of-way, and park-and-ride facilities. To date SDHPT has committed about $200 million to this program, of which $35 million has been expended.

- o Public Transportation Fund - The State established a Public Transportation Fund in 1975 to provide capital assistance to local transit agencies. Since the inception of the program, the State has expended $58,000,000 from its Public Transportation Fund--or about $5,000,000 per year.

Texas' pioneering MTA legislation has provided a stable and secure local source of transit financing for eligible Texas cities. Six of the seven cities that are eligible under prior State legislation have established an MTA. With voter approval in a referendum, each of these six cities has committed itself to a long-term transit development program. The record 1986 special session of the Texas legislature pased a bill that would allow cities with a population of 50,000 to 230,000 to use up to a one-half cent sales tax to fund transit. Texas' MTA legislation is a powerful statement of State support for public transit in those cities authorized to establish MTAs.

The SDHPT joint highway/transit projects program constitutes a major commitment of the State to the construction of highway related transit facilities in the metropolitan areas of the State. As such, this program has a significant impact on improving mobility in the highly congested urban areas that need relief from increasing traffic congestion.

With about $200 million in State funding already devoted to the joint project program and $35 million expended, it is by far the largest program

of direct state financial support of transit. In addition to its funding level, the joint project program is important in several other respects:

- It greatly facilitates the construction of transit facilities in conjunction with highway projects--thereby offering significant potential for reducing the total cost of the transit facilities.

- In some cases, it constitutes a portion of the local "match" of capital funding for transit projects from the federal Urban Mass Transportation Administration (UMTA)--thereby leveraging the transit agency's "local" contribution to the capital cost of constructing the project.

- It has been used to "advance fund" long lead time capital items when the local transit agency did not have the financial resources to do so--for example, advance acquisition of transit right-of-way.

While its contribution has been important and should not be understated, the joint project program does not currently address several critical financial needs of Texas' transit agencies:

- The joint project program is focused upon providing high capacity transit facilities in larger urban areas. Hence, it does not provide help to address the needs of small to medium sized cities that are confronting severe financial pressures.

- The joint project program provides transit facilities--typically in association with the construction of highway projects. It does not provide capital support for:

  - bus acquisition
  - construction and/or upgrading of operating bases

  These are the typical transit capital needs in most urban areas. The joint project program cannot take the place of funding for these types of projects which are eligible under current State and federal law.

- The joint project program focuses on providing capital funding--it does not provide operating support. While the transit agencies without an MTA require assistance with regard to the local share of both operating and capital support--their greatest financial needs are for operating support.

In contrast to the strong State support as manifested in the two programs noted above, State support of the Public Transportation Fund has been both limited and erratic. The history of the Public Transportation Fund is summarized in Exhibit E-7.

From 1975 to 1981, the State appropriated $15 million per year to support the Fund. Fund obligations increased much more slowly than the funds available during this period, and fund expenditures increased even more

slowly than fund obligations. This was due to constitutionally mandated financial management procedures for grants from the Public Transportation Fund that do not reflect the nature of the transit procurement process and the fact that most major capital purchases had already been made by transit systems when the Fund was created in the mid-1970s. In 1981, $30 million was removed from the Fund and Fund obligations approached the level of funds appropriated. Although additional funding was provided in FY 1983, no new appropriations have been provided since that time and fund obligations now exceed the appropriations limit. At this time, the Texas Public Transportation Fund is effectively out of business for any new projects.

To date, direct capital assistance provided by the State of Texas to its public transit agencies through the Public Transportation Fund and the joint projects program has been limited. Texas provided less capital assistance per capita of urban population to transit than seven of the states with the largest urban populations (see Exhibit E-8). One might expect Texas to be somewhat lower because of its MTA legislation; however, transit agencies have significant unmet financial needs for both capital investment and operating support in this era of reduced federal and local funding.

STATE PUBLIC TRANSPORTATION FUNDS AVAILABLE FOR FINANCIAL ASSISTANCE TO TEXAS TRANSIT SYSTEMS

AS OF JUNE 30, 1986

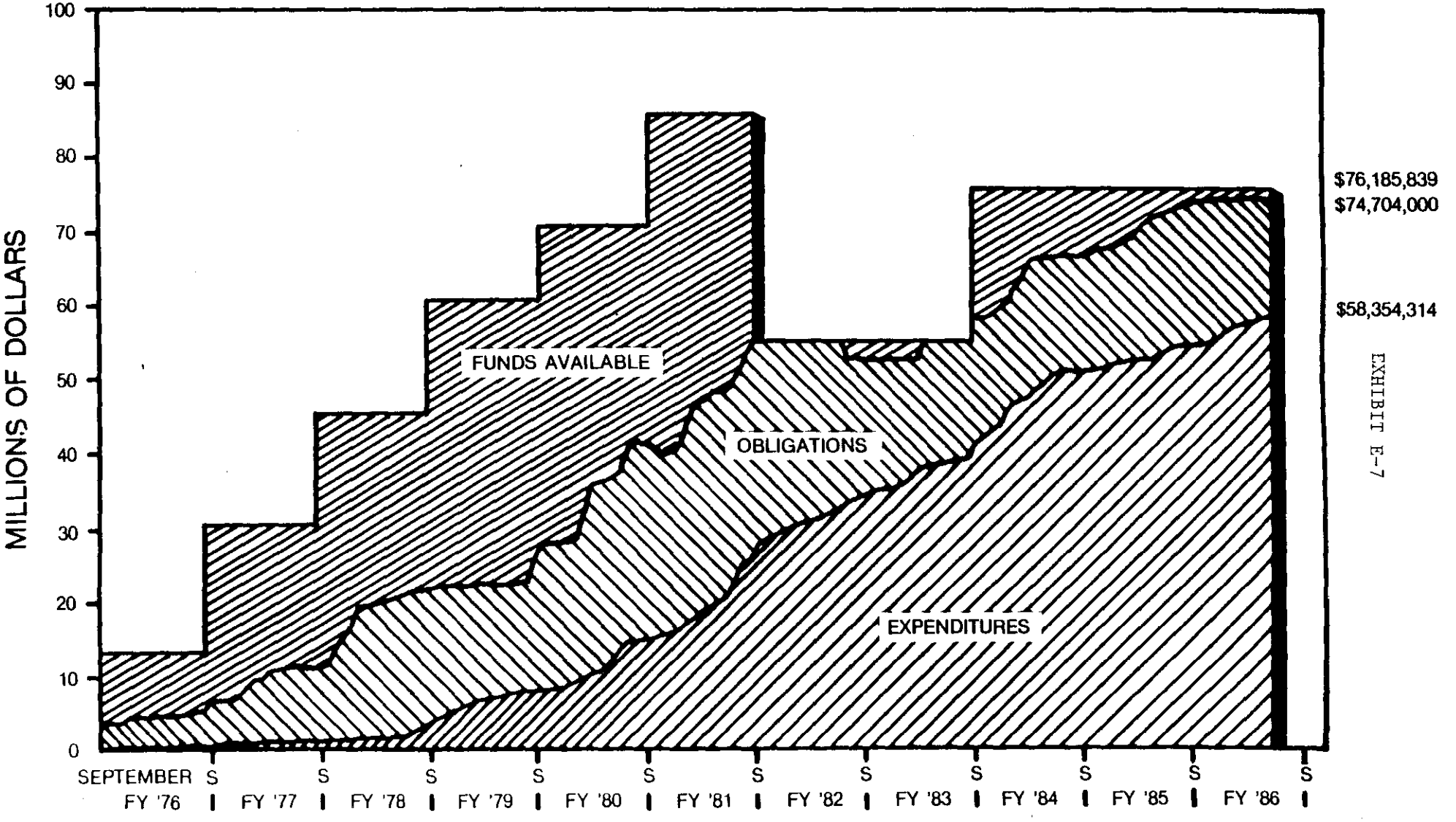
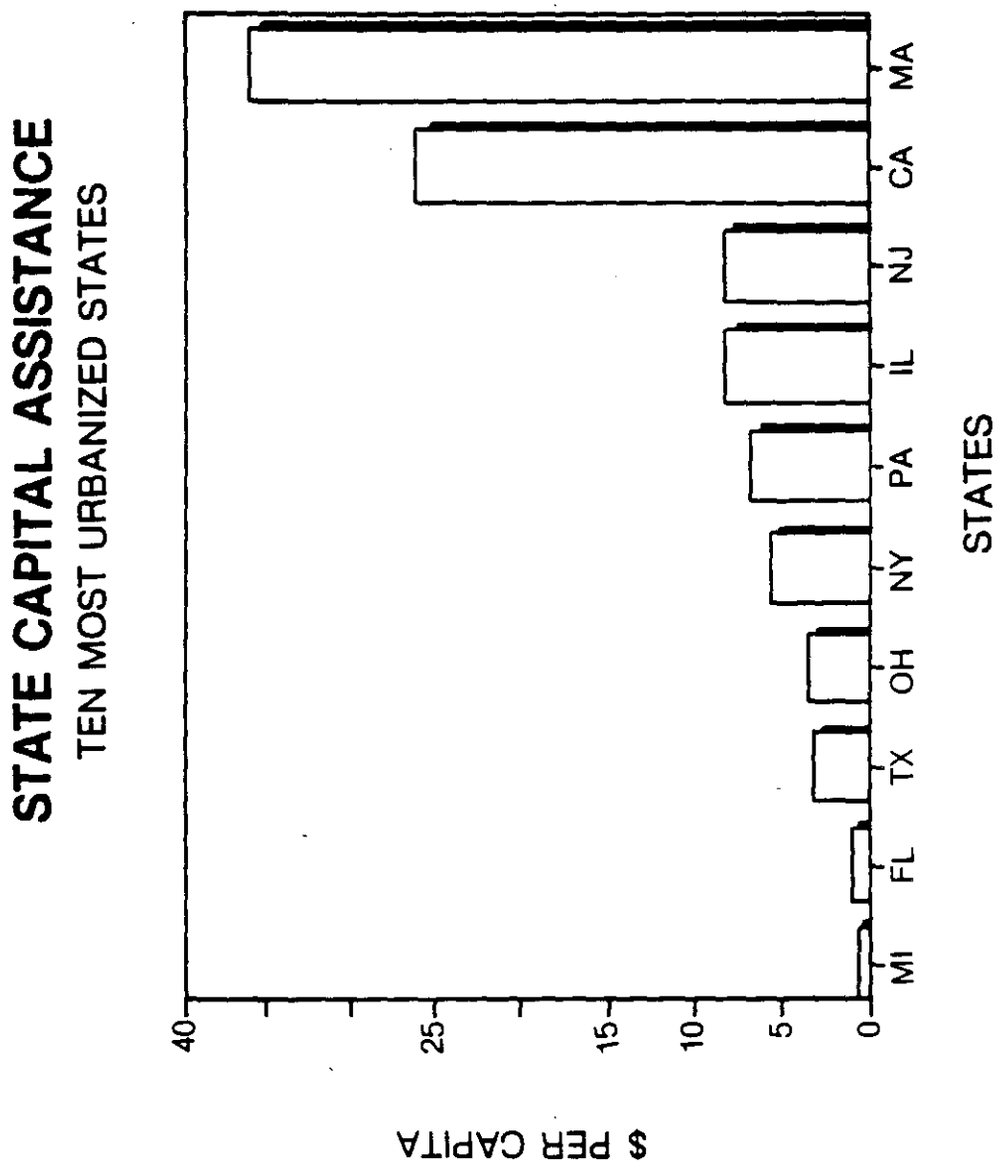


EXHIBIT E-7


STATE CAPITAL ASSISTANCE
TEN MOST URBANIZED STATES
$ PER CAPITA
40
25
15
10
5
0
MI
FL
TX
OH
NY
PA
IL
NJ
CA
MA
STATES

ROLES FOR THE STATE OF TEXAS WITH RESPECT TO ITS PUBLIC TRANSIT SYSTEMS

The preceding discussion has emphasized that public transit in Texas:

- is critically important to improving the mobility of Texans
- contributes significantly to the economic vitality of the State of Texas
- has experienced steady increases in passenger demand for the last four years and that further increases in passenger demand are expected for the next few years

Further, the discussion has shown that:

- State initiatives to date have significantly benefited transit agencies in six of the largest metropolitan areas in the State which have established Metropolitan/Regional Transit Authorities (MTA) and receive joint projects funding from the SDHPT.
- The State's transit systems will continue to require significant capital investment and operating support for the next four years.
- Transit agencies serving metropolitan areas without an MTA will confront severe financial pressures in the immediate future as federal operating support for transit declines and local general fund sources of support diminish or are not increased because of reductions in federal transfer payments and increases in other operating costs resulting from current economic conditions.
- The Public Transportation Fund of the State of Texas is not achieving its potential of providing a significant portion of the non-federal match for transit capital investment because of reduced State appropriations and unresponsive financial management procedures which appear to be beyond the control of SDHPT.

In the context of these findings and conclusions and fully recognizing the significant financial pressures confronting the State of Texas, we recommend the following for the State of Texas with respect to its public transit systems. The recommended roles recognize ongoing State efforts and request modest extensions of these efforts. They ask nothing more than continuation of excellent State programs, like the MTA legislation and the joint projects program, while modestly extending the State's overall role to address the unmet needs identified in this study. This extended role emphasizes self-help for smaller cities through comprehensive MTA-enabling legislation and funding for the Public Transportation Fund at levels that reflect need, are less than previous appropriations, and return a portion of the State revenues generated by transit systems. Specifically, these recommendations are:

- MTA legislation should be created so that metropolitan areas with a population of 50,000 to 230,000 are authorized to

establish MTAs with a dedicated sales tax funding source--following a referendum and other appropriate local actions. The second 1986 special session of the Texas legislature passed a bill that would allow these cities to use a one-half cent sales tax to fund transit.

- The authority, organization, and revenue base of the existing MTAs should be maintained.

- Annual appropriations for the State's Public Transportation Fund should be approximately equal to the incremental State revenues derived from the public transit industry (about $13 million per year in 1986), and a more flexible and responsive set of financial management procedures should be adopted for the Public Transportation Fund.

- The role of the public transportation unit within the State Department of Highways and Public Transportation should be enhanced so that it allows for development of a more comprehensive program of support to the public transit industry in the State.

- The Texas Tort Claims Act should be amended to limit the damages which transit systems are liable for from civil litigation actions. This action will serve to mitigate the severe increases in insurance costs and reduced coverages that Texas' transit agencies currently face.

State efforts have been beneficial and forward thinking, but not comprehensive or coordinated enough to meet the critical need of Texas' transit systems. Collectively, the legislative actions proposed above will greatly enhance the capacity of Texas' transit agencies to meet the mobility needs of all Texans--while not imposing a significant financial burden on the State.

I. INTRODUCTION

STUDY BACKGROUND AND PURPOSE

The evolving role and policy of the State of Texas with respect to its public transit systems is at a crossroads. As a result of State and local actions over the last few years, public transit has begun to meet the critical mobility needs of Texans--both urban and rural. Tremendous progress has occurred; since 1982, transit usage has increased by over 40 percent. Metropolitan transit authorities (MTAs) have been created in six of Texas' largest metropolitan areas (San Antonio, Houston, Fort Worth, Dallas, Austin, and Corpus Christi). Significant investments have been and are being made by the State in joint highway and transit projects that will improve mobility in urban areas. Rural public transit programs have been implemented in about 75 percent of the State's counties. Assistance has been provided to help transit systems make capital investments.

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This document constitutes the Final Technical Report of "Texas Transit: Benefits, Needs, and Future Public Policy"; it describes the study methodology and detailed study findings.

STUDY METHODOLOGY

The study utilized numerous sources of data. The primary source was a survey of Texas' transit systems, which was initiated during May 1986 and completed in June 1986. The questionnaire used to solicit the data is presented in Appendix A of this report. Survey responses were received from the following 21 Texas transit systems:

Beaumont Municipal Transit
Brazos Transit System
Brownsville Urban System
Capital Area Rural Transportation System (CARTS)
Capital Metro (Austin)
Caprock Community Action Association (Crosbyton)
Citibus (Lubbock)
City of Arlington
City of Port Arthur
Corpus Christi Regional Transit Authority
Dallas Area Rapid Transit
El Paso Transit
Fort Worth Transportation Authority
Hill Country Transit (San Saba)
Island Transit (Galveston)
Metropolitan Transit Authority of Harris County (Houston)
Midtran (City of Midland)
Palo Pinto County Transportation Council
San Angelo Transit
VIA Metropolitan Transit (San Antonio)
Waco Transit

The transit systems which provided data include the state's largest systems such as Houston Metro and Dallas Area Rapid Transit; mid-sized systems such as Citibus Lubbock and Waco Transit; and some of the state's smaller transit operators, such as Caprock Community Action Association (Crosbyton) and Brazos Transit System. As a result, the data provided by the transit systems are representative of the variety of transit systems throughout the state. The 21 transit systems that provided data represent approximately 97 percent of the fixed route bus service in the state as measured by annual vehicle miles and vehicles in peak period service.

Peat Marwick compiled and summarized the data supplied by these Texas transit systems to produce historical and projected data with respect to:

- o service demand indicators
  - population of service areas
  - employment within service areas
  - retail sales within service areas
  - size of service areas (square miles)
- o demand and service characteristics
  - transit demand characteristics
  - transit service characteristics
- o financial needs
  - capital needs
  - operating needs

Responses to the questionnaire were reviewed by Peat Marwick before their use in this study. In cases where supplemental data were provided by a transit system, the data entered on the questionnaire were compared to the data contained in the supplemental data source.[1]

Benefit estimates were developed using three methods. The economic impacts attributed to transit operating and capital expenditures were estimated using the Texas Input-Output Model which is a statewide model developed and maintained by the Texas Water Development Board. This model has the capacity to trace the economic impacts resulting from the three major expenditure categories relevant to transit systems:

- o expenditures for operations and maintenance are tracked through Sector 120 of the model, local and suburban transportation
- o expenditures for bus additions and replacements are tracked through sector 105 of the model, motor vehicles and parts
- o expenditures for other capital investments, e.g., transitways, repair/replacement of offices and garages, transit centers, park and ride lots, are tracked through Sector 25 of the model, facility construction

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[1] Where projected data were unavailable, the projections assume no change from the current or most recently reported fiscal year. This process most likely understates measures of transit service and benefits to the state. In cases where transit systems could not supply projected (or historical) data on levels of investment, the projections omit, and thus understate, any future investment that may take place.

The benefits the State derives from transit fuel purchases were estimated from a recent analysis conducted by the State Comptroller's office. Projections of fuel tax revenues were developed from measures of vehicle miles traveled.

The estimates of quality-of-life benefits attributable to transit operations in Texas were derived from parameters developed by the American Public Transit Association and ridership surveys conducted by and/or for transit systems. The application of these parameters to Texas conditions provided estimates of transit's benefits in terms of:

- o safety considerations
- o environmental effects
- o reduced highway congestion and construction and conservation of urban land devoted to the transportation network
- o mobility for all Texans

The data used to compare Texas' involvement in transit to that of other states was taken from a 1985 survey of state involvement in public transportation conducted by the American Association of State Highway and Transportation Officials (AASHTO).

Other data and information specific to Texas were provided by the Department of Highways and Public Transportation of the State of Texas.

OVERVIEW OF REPORT

The remainder of this report consists of four sections.

- o Section II presents the benefits analysis that provides estimates of the economic impacts and quality-of-like benefits attributable to transit operations and investments in the State of Texas.
- o Section III addresses the historical, current, and projected service demand indicators, demand and service characteristics, and financial needs of Texas' transit systems.
- o Section IV provides a comparative assessment of the involvement of various states in responding to the needs of their transit systems and discusses the historical role of the State of Texas in assisting its transit systems.
- o Section V summarizes the study findings and provides recommendations regarding future state involvement in assisting Texas' transit systems.

II. BENEFITS ANALYSIS

INTRODUCTION

This section discusses the economic impact benefits of public transportation. Quality-of-like benefits attributable to transit operations are also measured and estimated from established parameters.

Transit expenditures to finance operations and investments create economic benefits in the form of jobs and income. These jobs and the incomes that result provide the basis for consumer spending which yields state sales tax revenues. State tax revenues are also derived directly from fuel purchases by transit systems.

Recently, unemployment has become a major concern for Texas and it has now become one of the top priorities for the state's leaders. Public transit helps solve the state's unemployment problem, because transit creates and sustains jobs. Investments in transit activities provide: (1) employment for those who build, maintain, and operate the systems; (2) job accessibility to those otherwise unable to provide their own transportation; and (3) jobs in secondary industries that supply and service transit and other business.

These economic benefits to the state are especially important because transit is a relatively stable industry. The health of the transit industry and the benefits it generates are not subject to large swings on a cyclical basis or determined by the action of cartels halfway around the world. In a state experiencing double-digit unemployment, the productive employment and resultant tax revenues attributable to transit are significant and, as important, stable.

ECONOMIC BENEFITS

Public transportation generates quantifiable benefits from:

- o expenditures associated with transit operations
- o expenditures associated with transit investments

The economic benefits that result are quantified using input-output analysis, and from estimated purchases of diesel fuel.

Methodology and Assumptions

Input-output (I-O) analysis was used to quantify the economic benefits resulting from direct expenditures by Texas transit systems. The major advantage of using I-O techniques is that it allows estimation of both the direct and indirect economic effects that are generated from an expenditure stream. For example, the construction of a transitway or a bus garage requires an increase in the output of the construction industry. The construction requires more production of steel, among other materials.

Higher steel production requires more chemicals, iron ore, limestone, etc. Another input of construction is gravel, and the gravel industry in turn requires inputs of its own. I-O tables trace these input chains back through the economy to arrive at the total requirements needed to support a given increase in the final demand for construction. The multiplier effects include both the direct input needed to build the transitway or garage and the indirect input from supply industries needed to support the direct input.

These direct inputs and multiplier effects are further stated in terms of a wage bill that accrues to the benefit of resident Texas workers. Use of direct coefficients and earnings multipliers allow estimates of total wages that are generated from all types of transit expenditures.

I-O tables specific to the State of Texas have been developed by the Water Development Board.[1] These tables and coefficients are developed on a statewide basis which is the relevant geographical unit for assessing the dollar quantified benefits arising from transit operations and capital expenditures.

Because the State economy does not produce the same composition of goods and services that the national economy does, it is likely that, for a given change in final demand, the State will have to import some of the inputs needed to meet the demand change. Such imports represent "leakages" from the state economy, since their impacts occur outside the region. In this case, the region consists of the State of Texas and leakages occur to the benefit of the national economy to the extent that the State of Texas is not self-sufficient across all input sectors.

The impacts resulting from the increased earnings of workers are estimated through earnings multipliers. Workers spend a portion of their increased earnings on additional goods and services, and these consumer demands generate further multiplier effects. The I-O tables take the impacts of these induced earnings into account by treating households as a separate sector of the economy.

The I-O analysis was conducted using expenditure data provided by the transit systems. By applying I-O coefficients to the expenditure data, three key benefit measures of interest to the state were estimated:

- o direct, indirect, and induced wage income generated from transit system expenditures
- o direct, indirect, and induced employment generated from transit system expenditures
- o state sales tax revenues derived from expenditures of wage income

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[1] The Texas Input-Output Model, 1979 Mickey L. Wright, Albert H. Glasscock, and Roy Easton, Texas Department of Water Resources, March 1983.

The logic of the I-O model is illustrated in Figure II-1. Direct impacts are generated by the direct resource requirements stemming from transit operating and capital expenditures. This creates incomes for other sectors in the economy. These incomes are spent, generating economic activity accounted for as indirect impacts. Finally, through the cycle of business transactions, the economy is bolstered to the extent that economic growth is generated, which is defined as an induced impact.

The economic impacts generated from the expenditure stream of Texas transit systems to provide operations and fund capital investments were estimated from financial data provided by transit systems. The economic impacts were estimated using nine years of expenditure data--current fiscal year, four prior fiscal years, and four projected fiscal years. The expenditure data and estimates of transit economic impacts on the state apply to the transit systems that participated in the survey. The respondents to the survey operate about 97 percent of the total transit service in the State of Texas.[1]

Estimates of statewide economic impacts were derived by aggregating transit expenditures for all Texas Transit systems and separating the expenditures according to the following major categories:

- operating and maintenance
- vehicle additions and replacements
- facility construction

The economic impacts of transit operating expenditures were traced through Sector 120--local and suburban transportation--of the Texas Input-Output Model. This sector of the Texas model contains Standard Industrial Classification Code (SIC) 4111, which is local and suburban transit. To estimate the impacts of capital expenditures, two sectors of the Texas Input-Output Model were used: Sector 105--motor vehicles and parts--which accounts for fleet additions and replacements--and Sector 25--facility construction--which tracks capital expenditures for all types of construction, e.g., transitways, bus garages, administrative offices, transit malls.

The economic impact multipliers used in this analysis took into account the effects of household spending upon the Texas economy. Thus, the analysis explicitly considers the economic impact generated by the spending of personal incomes.

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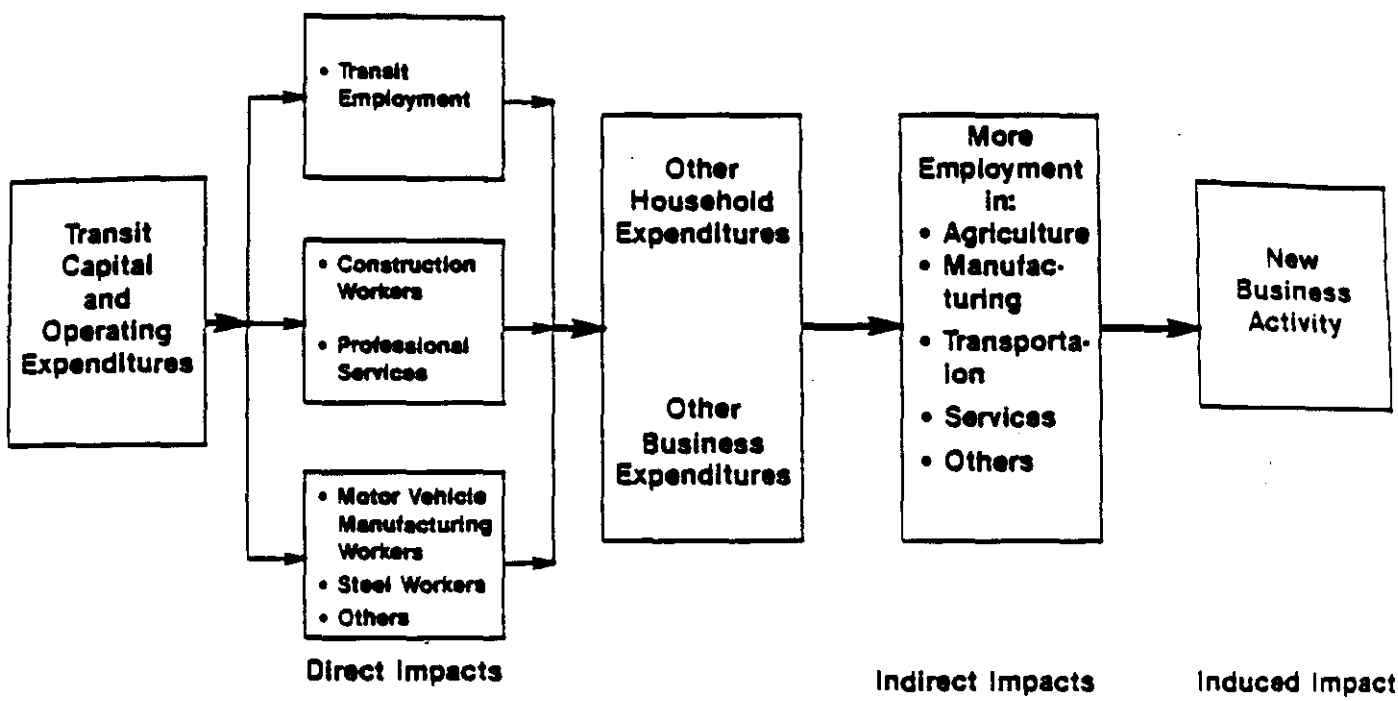
[1] The data understate transit's economic impact to the extent that transit operating expenditures and capital investments were not reported for inclusion in this study and this economic impact analysis. Therefore, the reported data should be increased by about 3 percent to reflect the expenditures by transit systems that did not participate in the survey.

FIGURE II-1

JOB CREATION FROM TRANSIT OPERATION AND INVESTMENT



Transit operating expenditures and capital investment provides direct employment opportunities to support transit activities and indirect employment generated by initial investment dollars flowing through the economy.

Income and Employment Multipliers

Two types of multipliers were calculated. Direct, indirect, and induced incomes are calculated by applying the income multiplier to the yearly operating expenditures reported by the transit systems. The multiplier of 1.784195 can be interpreted in two ways. First, one dollar of wage income from the transit agency creates a total of $1.78+ in incomes throughout the State of Texas. Second, working from the I-O tables as was done in this study, direct labor and wage requirements, calibrated as $.496123 for every dollar of transit expenditures, generate $.885181 in total household income. The multiplier is calculated by dividing the total effect by the direct effect (.885181/.496123 = 1.784195).

The second type of multiplier is termed an employment multiplier and is used to estimate the number of jobs created by transit expenditures. The employment multiplier is stated as 1.851551, meaning almost two jobs are created as a result of one full-time equivalent job in transit. The number of full-time equivalent jobs in transit were calculated from expenditure data provided by the transit systems. Direct transit employment per $1 million in transit expenditures was derived by applying the direct effect coefficient from the I-O table. The total effect is estimated by applying the employment multiplier to the direct employment.

Economic Impacts from Transit Investments

The economic impacts generated by transit investments were also estimated. Eleven transit systems, including the seven largest in the state, supplied detailed documentation of planned capital expenditures through 1990. These capital expenditures were classified as vehicle procurement or facility construction. This classification scheme enables use of Sectors 105 and 25 of the Texas Input-Output Model, which refer to motor vehicles and parts, and facility construction, respectively.

Vehicle procurement constituted 12 percent of planned capital expenditures, and facility construction made up the remaining 88 percent. These percentage factors were applied to the total capital expenditures reported by all transit systems that responded to the survey. This was necessary because of the different resource requirements and resultant coefficients and multipliers among sectors of the economy.

The direct income effect for motor vehicles is .188127 per $1 of expenditure. The total effect is .428538 (multiplier of 2.277919). Facility construction has a direct effect of .258035 per $1 and a total effect of .683165 per $1 of expenditure (multiplier of 2.647567).

The partitioning of capital expenditures provides a more accurate estimate of the economic impact of transit. Using coefficients solely from the local and suburban transit sector would overstate impacts. Capital expenditures have a lesser impact because some of the materials and labor that are used in the production of the capital asset, e.g., a bus, is sourced outside Texas.

The employment effects were also differentiated according to the percentages of capital expenditures allocated to vehicle procurement and facility construction. The employment impacts for facility construction approach those for local and suburban transit because of the labor-intensive nature of construction activities. Employment impacts from vehicle procurement are less because many of the requirements of bus production are met outside the State of Texas.

The income multipliers are especially relevant because the resulting estimates of total income created by transit expenditures can be used to derive estimates of taxable sales and state tax revenues from the sales tax.

Sales Tax Revenues

According to the latest estimates, Texas had total retail sales of $94,797,004,000 in 1984, and the effective buying income (EBI) for the State was $172,873,159,000.[1] Adding back taxes to EBI results in a total income of $201,483,680,000. Thus taxable sales of $.47 are generated from every $1.00 of income ($94,797,004,000/$201,483,680,000).[2] Tax revenues were derived by applying the 4-1/8 percent state sales tax rate to taxable sales.

State Fuel Tax Revenues

The state also derives tax revenues from the purchase of diesel fuel by transit systems. The State Comptroller's office estimated that transit systems paid taxes on 19,587,549 gallons of diesel fuel in 1982.[3]

The estimates of gallons of diesel fuel used between 1986 and 1990 were developed by relating transit vehicle miles in 1982 to the later years, which provided an estimate of gallons used. The state diesel fuel tax rate of 9 1/2 cents per gallon was applied to derive an estimate of yearly state tax revenues. The 9 1/2 cents per gallon tax rate was extended through 1990 without escalation.

Assumptions

The economic impact analysis is based on the following assumptions:

- The impact region is the State of Texas.

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[1] 1985, Survey of Buying Power, Sales and Marketing Management, July 22, 1985.

[2] Survey of Current Business, U.S. Department of Commerce, Bureau of Economic Analysis, April 1986, Vol. 66, No. 4, p. S-1.

[3] "State Fuel Tax 1982," State Comptroller's Office, memo that details gallons of fuel sold by type and by user category.

- The expenditure streams of capital and operating costs were provided by transit systems throughout the state.

- Direct coefficients, income multipliers and employment multipliers were applied from the latest Texas Department of Water Resources I-O tables for the State of Texas.

- The following industry sectors were used for the I-O analysis:

  - 120 - local and suburban transportation
  - 105 - motor vehicles and parts
  - 25 - facility construction

- The impacts are stated in current dollars and full-time equivalent employment.

- Sales tax revenues are estimated using the current state base rate of 4 1/8 percent through 1990.

- Fuel tax revenues are estimated using a rate of 9 1/2 cents per gallon through 1990.

Economic Benefits to the State

Transit operations and capital investments create jobs and incomes that, through spending, result in state sales tax revenues. During the current year (FY 1986) transit systems in Texas generate an estimated:

- $522,220,000 in household incomes

- 33,400 in full-time equivalent jobs

- $10,124,000 in state sales tax revenues

- $2,958,000 in diesel fuel tax revenues

Exhibit II-1 shows detailed yearly estimates of income generated and state sales tax revenues projected through 1990. The data in the exhibit combine the economic impacts generated by transit operations and capital investments. The impact estimates understate the effects on the Texas economy to the extent that the data do not reflect the expenditure streams of all transit systems in the state.[1]

Employment data are not shown on a yearly basis because the employment numbers are not additive. Based on the projected transit operating expenditures and investment, direct employment and employment attributed to transit is projected to peak in 1989 at over 41,000 jobs within the state.

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[1] The data reflect approximately 97 percent of transit expenditures for transit systems based on the measures of vehicle miles traveled and number of vehicles in operation during peak period service.

EXHIBIT II-1

PROJECTIONS OF INCOME AND STATE TAX REVENUES
ATTRIBUTABLE TO TRANSIT

	FY1987	FY1988	FY1989	FY1990
Income Generated	$654,610,000	$583,305,000	$650,785,000	$606,006,000
State Sales Tax Revenues	12,691,000	11,309,000	12,617,000	11,749,000
State Fuel Tax Revenues	3,088,000	3,219,000	3,423,000	3,591,000

The state sales and fuel tax revenues attributable to transit for the five-year period, FY 1986 through FY 1990, are about $75 million.

QUALITY-OF-LIFE BENEFITS

Quality-of-life benefits, other than economic benefits, are generated as a result of public transportation. These quality-of-life benefits--difficult to express in dollar terms--include:

- o safety considerations
- o environmental effects
- o reduced highway congestion and construction and reduction in urban land devoted to highways
- o mobility

Although these benefits may not be quantified in dollar terms, they are important benefits of public transit to the State of Texas.

These other benefits include:

- o Safety - Public transit is eight times safer than the private automobile. This results in reduced traffic fatalities, injuries, property damage, and accidents.
- o Air Quality - The carbon monoxide emissions per passenger mile for transit are significantly lower than those for the private automobile. The existing transit service levels result in a 40,000-pound weekday reduction in carbon monoxide emissions in Texas' urban areas. Reduced emissions result in improved air quality, reducing the risk of respiratory-related discomfort and illness. Reduced emissions also help the State attain air quality standards that have been mandated by law.
- o Reduced Urban Congestion - Transit is a far more efficient mode for serving travelers in congested urban corridors than is the private automobile. The single High Occupancy Vehicle (HOV) lane on I-45 in Houston serves about as many persons in the peak hours as the total served by the three adjacent freeway lanes filled predominantly with single occupant private automobiles. Transit can reduce highway congestion on existing facilities, reduce the need for new freeway construction in congested urban areas, and allow valuable urban land to be kept on the city's tax rolls rather than devoted to highways.
- o Mobility - Transit provides improved mobility for all Texans. Texans who do not have access to an automobile can use transit to travel to jobs, schools, medical facilities, and other destinations. These riders depend on transit for their mobility. Over 50 percent of the passengers using some transit systems in Texas are transit-dependent.

III. NEEDS ASSESSMENT

This section of the report provides a needs assessment of Texas' transit systems. The needs assessment presents data on transit systems:

- o service demand indicators
- o demand and service characteristics
- o financial needs

Service demand indicators presented are the primary variables that relate demands for transit service; population, employment, retail sales, and size of the geographic area served by transit. For the period 1980 through 1984 Texas registered the fourth highest population growth among the states, an increase of 11.7 percent to a total population of 16,167,600. This growth is especially relevant for transit because 80 percent of Texans reside in urbanized areas.[1] The demands for transit service are directly related to the size of the urbanized population.

This is followed by a presentation of the demand and service characteristics of Texas' transit systems. These service characteristics data describe how the transit systems have responded to the demands for service.

Finally, the financial needs of transit systems are estimated. These financial needs are for:. (1) operating and maintenance costs and (2) investment programs, and are directly related to the levels of service demanded and provided.

The organization of the needs assessment is illustrated by Figure III-1. Demands for transit are satisfied by transit service which has operating and capital cost requirements. If the financial needs are satisfied to the extent that service levels can meet the demands for service, then the benefits discussed in the prior section of this report will be generated.

Failure to meet the financial needs, therefore, has significant implications beyond stranding would-be transit passengers. The failure to meet financial needs, as shown in the prior section of this report, means job losses, reductions in incomes, losses of state tax revenue and deterioration of the quality-of-life in terms of environmental degradation, adverse safety impacts, highway traffic congestion effects, and reduced urban mobility.

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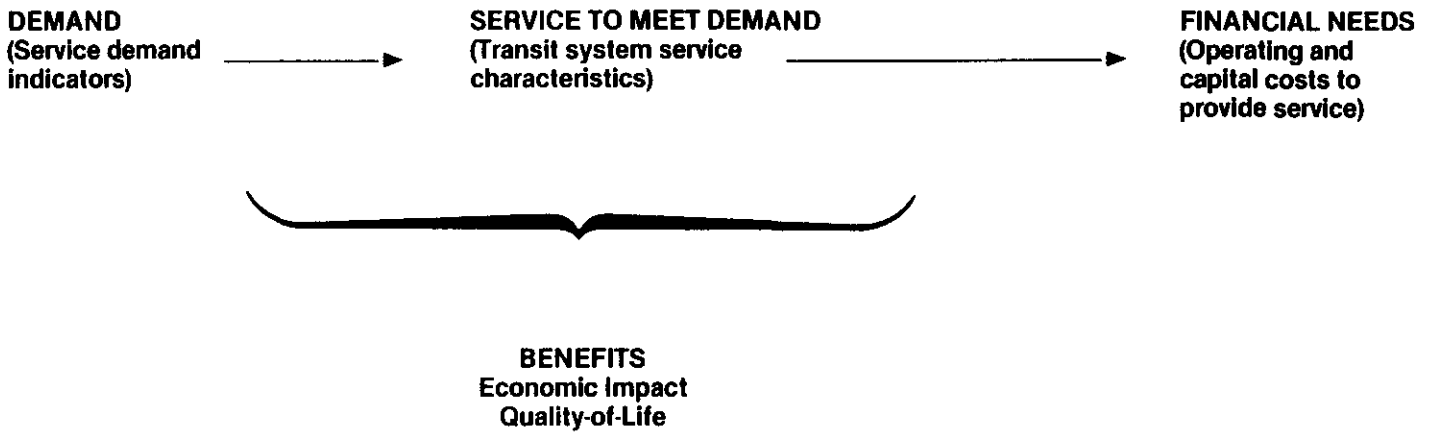
[1] Population statistics obtained from 1985 -Survey of Buying Power, July 22, 1985.

FIGURE III-1

NEEDS ASSESSMENT



SERVICE DEMAND INDICATORS

The number of potential trips and thus the demands for service are related to:

- o population
- o employment
- o retail sales
- o size of service area

In Texas, a rapidly expanding population places an increasing strain on the transportation network. Population projections for Texas suggest that the state's population will exceed 20 million by the year 2000. The state's population is increasingly urbanized. About 77.8 percent of the population resided in urban areas in 1970, whereas 80.2 percent resided in urban areas in 1980.[1]

People use transit for many types of trips. Employment opportunities generally require a journey to the place of work. Public transportation accommodates both those with no feasible alternative for travel (captive riders) and those with alternatives (choice riders), and in so doing also reduces traffic congestion.

Transit also enhances shopping opportunities. The retail sales trend in an area is a specific trip generation indicator that is reflected in demand for transit and, correspondingly, the needs requirements to serve the demand.

The size of the transit service area, as measured in square miles, directly influences the needs of a transit system to serve the area. As a service area expands, existing routes must be expanded and new routes added. This creates the need for more vehicle-miles of service, which in turn increases operating, administrative, and maintenance costs.

Service demand indicators were compiled for the geographic areas in Texas served by transit. These indicators are discussed below.

Population

During the current fiscal year, Texas' transit systems serve a population of approximately 8,500,000--over one-half the total population of the state. The population served by Texas' transit systems is projected to increase by varying levels depending upon the areas served. This will place increased demands on transit service as well as heighten the importance of transit in the transportation network. The relationship between population and

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[1] U.S. Bureau of the Census
Statistical Abstract of the U.S.: 1986
106th Edition, Washington, D.C. 1985

ridership is evidenced by the 42 percent increase in ridership on fixed route bus service between 1982 and 1986, a time period when urbanized areas in Texas experienced rapid population growth.

The following are the anticipated population increases in selected cities between FY 1986 and FY 1990.

- Dallas (Dallas Area Rapid Transit) - 12 percent
- San Antonio (VIA Metro Transit) - 11 percent
- El Paso (El Paso Transit) - 7 percent
- Fort Worth (Fort Worth Transportation Authority) - 7 percent
- Corpus Christi (Corpus Christi Regional Transit Authority) - 10 percent
- Lubbock (Citibus) - 4 percent
- Galveston (Island Transit) - 19 percent

Exhibit III-1 shows population for the current fiscal year for the service areas of Texas transit systems with populations of 50,000 and above.

Employment

Public transit serves both captive and choice riders for work-related trips. For captive transit riders earning at or near the minimum wage, few, if any, alternatives to public transportation exist. Neither private auto ownership nor work trips by cab are affordable by these persons. Therefore, without public transit, such persons might not be able to work.

For choice riders, transportation alternatives do exist, all of which have significant cost disadvantages in comparison with public transportation. The choice rider may be financially able to purchase a second car or use cabs, but instead exercises the transit option because it is the least costly or is more preferred due to travel speed, safety, convenience, or other reasons.

Transit service also facilitates the journey to work for those using automobiles by reducing overall traffic congestion. During weekdays, an additional 200,000 automobiles would be using Texas' highways if transit service were not available.

During the current fiscal year, Texas' transit systems serve areas throughout the state that have a substantial employment base (see Exhibit III-1). The exhibit shows area employment for the current fiscal year for the service areas of Texas' transit systems with populations of 50,000 and above. These transit systems serve areas that have an employment base of over 3.1 million jobs--about 43 percent of all jobs in Texas.[1]

EXHIBIT III-1

FISCAL YEAR 1986 ESTIMATES OF POPULATION
EMPLOYMENT, AND RETAIL SALES IN URBAN AREAS
SERVED BY TRANSIT SYSTEMS

Transit System	Location	Population	Employment [2]	Retail Sales ($ Thousands)
Dallas Area Rapid Transit	Dallas	1,752,000	584,900	12,000,000
MTA-Harris County	Houston	1,723,600 [1]	861,400	14,122,233 [3]
VIA Metro Transit	San Antonio	1,128,840	374,900	6,307,841
City of El Paso	El Paso	493,700	170,500	2,944,508
Fort Worth Transportation Authority	Fort Worth	424,800	218,800	8,464,000
Capital Metro	Austin	404,200 [1]	248,600	3,301,823 [3]
Capital Area Rural TS	Austin	367,848	NR	NR
City of Arlington	Arlington	230,000	105,900	1,569,863 [3]
RTA-Corpus Christi	Corpus Christi	266,738	105,600	1,344,609 [3]
Citibus	Lubbock	189,505	83,200	1,342,716 [3]
Amarillo Transit System	Amarillo	162,700 [1]	42,900	1,062,142 [3]
Beaumont Municipal Transit	Beaumont	120,491	46,100	827,761 [3]
Abilene Transit System	Abilene	109,500 [1]	31,600	608,550 [3]
Transit Company of Laredo	Laredo	107,700 [1]	19,600	367,071 [3]
Waco Transit	Waco	105,800 [1]	30,700	417,304 [3]
Brownsville Urban System	Brownsville	102,046 [1]	25,200	429,463 [3]
City of Wichita Falls	Wichita Falls	97,500 [1]	44,100	938,748
City of Port Arthur	Port Arthur	62,524	79,700	1,289,119
Island Transit	Galveston	62,000	32,900	864,483
Brazos Transit System	Bryan	56,100 [1]	38,800	749,820

NR indicates no data reported by the transit system or available from secondary sources.

1/ Population estimates taken from 1985 - Survey of Buying Power, July 22, 1985.

2/ Employment data from Texas Employment Commission, June 1986.

3/ Retail sales data from 1985-Survey of Buying Power, July 22, 1985.

Retail Sales

In addition to work trips, transit enables other activities, such as shopping trips. It is reasonable to attribute some retail sales to transit, because the transportation service provided is the only available mode or the preferred mode for a number of shoppers.

During the current fiscal year, retail sales exceeded $58 billion in the areas where Texas transit systems provide service. This is sixty-two percent of the total retail sales in the State of Texas.

Exhibit III-1 shows retail sales for the current fiscal year, for the service areas of Texas transit systems with populations of 50,000 and above.

Size of Service Area

Fixed route transit services are provided in the urban areas in Texas. Specialized services are provided in both rural and urban areas. Fixed route bus operations have a route network that currently covers a statewide service area of almost 5,000 square miles. Demand response bus operations, i.e., specialized services, currently cover about 75 percent of the geographic area of the state.

The areas served by transit are projected to increase over the next four years in response to anticipated population growth and continuing real estate development. Service area increases of seven percent are projected for fixed route bus service, and four percent for demand response operations.

Data on service area size are shown for individual transit systems in Exhibit III-2. The exhibit shows the square miles of each service area for the current year with projections through 1990 grouped by fixed route bus and demand response operations.

The data shown in Exhibit III-2 and the exhibits that follow include those transit systems that participated in the survey. For fixed route bus operations, the survey coverage and the data reported reflect about 97 percent of the State's transit service.

The service demand indicators all suggest that enormous demands are placed on Texas' transit systems, and that these demands for service will increase. Texas' transit systems provide fixed route bus service to an area larger than the state of Connecticut. These service areas contain a growing population that today would make it the eighth largest state in the U.S. The retail sales in this service area would place it fifth in the U.S. relative to the 50 states. The employment, just in the defined limits of fixed rate service areas, represents 43 percent of all jobs in Texas.

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[1] Texas Employment Commission, Economic Research Analysis Division, Employment data for June 1986.

EXHIBIT III-2

SIZE OF SERVICE AREAS BY TRANSIT SYSTEM
(SQ. MILES)

Transit System	Location	FY1986	FY1987	FY1988	FY1989	FY1990
Fixed Route Bus Operations:						
MTA-Harris County	Houston	1,275	1,275	1,275	1,275	1,275
VIA Metro Transit	San Antonio	1,097	1,097	1,097	1,097	1,097
Dallas Area Rapid Transit	Dallas	900	900	900	900	900
Capital Metro	Austin	478	478	478	478	478
Fort Worth Transportation Authority	Fort Worth	266	276	281	286	290
City of El Paso	El Paso	240	240	240	240	240
RTA-Corpus Christi	Corpus Christi	119	119	119	119	119
Citibus	Lubbock	104	104	104	104	104
Beaumont Municipal Transit	Beaumont	74	74	74	74	74
Island Transit	Galveston	60	60	60	60	60
San Angelo Transit	San Angelo	45	45	45	45	45
City of Port Arthur	Port Arthur	40	40	40	40	40
Brownsville Urban System	Brownsville	30	30	30	30	30
Brazos Transit System	Bryan	10	10	10	10	10
Capital Area Rural TS	Austin	25	60	100	160	200
Demand Response Operations:						
Capital Area Rural TS	Austin	7,298	7,298	7,298	7,298	7,298
VIA Metro Transit	San Antonio	1,199	1,199	1,199	1,221	1,230
Dallas Area Rapid Transit	Dallas	900	900	900	900	900
RTA-Corpus Christi	Corpus Christi	847	847	847	847	847
Brazos Transit System	Bryan	650	715	786	864	950
MTA-Harris County	Houston	375	400	425	450	475
Fort Worth Transportation Authority	Fort Worth	266	276	281	286	290
City of El Paso	El Paso	240	240	240	240	240
Citibus	Lubbock	104	104	104	104	104
City of Arlington	Arlington	91	91	91	91	91
Beaumont Municipal Transit	Beaumont	74	74	74	74	74
Waco Transit	Waco	74	74	74	74	74
City of Port Arthur	Port Arthur	47	47	47	47	47
Brownsville Urban System	Brownsville	30	30	30	30	30

DEMAND AND SERVICE CHARACTERISTICS

The demand for transit service directly affects the service characteristics of transit systems. There are a number of measures to characterize the demand for and service provided by a transit system; these include:

- o Annual Passengers - Total annual number of passengers who board public transportation vehicles. Passengers are counted each time they board a vehicle even though it may be on the same journey from origin to destination.

- o Annual Passenger Miles - Annual total of the distances traveled by all revenue passengers on board a vehicle in revenue service.

- o Vehicles in Peak Service - The maximum number of vehicles operated during peak service.

- o Operating Bases - Facilities from which buses are dispatched.

- o Annual Vehicle Revenue Miles - Total annual miles traveled by revenue vehicles while in revenue service. Vehicle revenue miles exclude miles traveled to and from storage and maintenance facilities and other deadhead travel. Vehicle revenue miles do not include miles operated while in charter service that is not available to the general public.

- o Annual Vehicle Revenue Hours - Total annual number of scheduled hours that a vehicle is in revenue service. Vehicle revenue hours exclude hours consumed while traveling to and from storage and maintenance facilities and during other deadhead travel.

Transit system demand and service characteristics were compiled for the previous four years, the current year, and were projected through 1990.

Transit Demand Characteristics

The following data show historical ridership since 1982, with projections to 1990. The ridership projections through 1990 continue the significant growth trend exhibited between FY 1982 and FY 1986.

Annual Passengers
(millions)

	Fixed Route Bus Transportation	Demand-Response Transportation
1982	137.5	0.5
1983	144.7	0.6
1984	168.7	0.9
1985	180.1	1.4
1986	194.4	1.5
1987	206.7	1.9
1988	218.4	2.1
1989	230.1	2.2
1990	241.1	2.3

The following data providing selected profiles of transit riders in Texas emphasize the many important social purposes served by transit. Transit provides mobility for various trip purposes. As the data in the following table show, work trips are the most prevalent trip purpose for the transit systems that were able to provide information of transit use by trip type.

Transit System	Trip Purpose			
	Work	Shop	School	Other
Abilene	47%	12%	39%	2%
Brownsville	22	30	12	36
Dallas	75	4	7	14
El Paso	45	--	22	33[1]
Fort Worth	55	8	12	25
Houston[2]	37	6	9	48
San Antonio	28	7	12	53

Transit is frequently the only means of transportation available to many riders. The next table shows the percentage of riders with no vehicle and the percent riding the bus five or more days per week. These two statistics are important because they show not only the degree of dependence on transit for mobility, but the intense use (that is, five or more days per week), thereby implying that many of the riders traveling to work rely exclusively on transit to travel to and from their job.

Transit System	Rider Profile	
	Transit Dependent[3]	Frequent Transit Use[4]
Abilene	47%	N/A
Brownsille	62	40%
Dallas	35	80
El Paso	54	65
Fort Worth	51	63
Houston	72	71
San Antonio	75	N/A
Waco	11	60

[1] Includes trips for shopping.

[2] Data for Houston is for City routes only and does not include commuter/express services.

[3] Transit dependent refers to those riders with no vehicle available for their trip.

[4] Frequent transit use is defined as riding the bus five or more days per week.

Transit provides efficient, convenient, and scheduled transportation services to a segment of the population that has restricted mobility because of limited financial resources. While many of the riders use transit to travel to and from work, the jobs they hold are lower paying than average. This is reflected in the income level of transit riders. While the income levels are low, it is important to view transit in the context that it provides the transportation service necessary that allow these riders access to their place of employment.

Transit System	Rider Income Level: Less Than $10,000	Rider Income Level: $10,000 to $20,000
Abilene	40%	34%
Brownsville	85	12
Dallas	14	23
El Paso	72	18
Fort Worth	49	27
Houston	31	29
San Antonio	52[1]	21[2]

The following paragraphs describe how transit systems have responded to these demands for service. The discussion of transit system service characteristics shows how Texas transit systems have increased service levels and how they plan to respond to increased service demands in the future.

Transit Service Characteristics

Exhibit III-3 shows fleet size and new vehicle purchases for the current fiscal year and projections for the next four years for each transit system reporting. These purchases reflect vehicle replacements and increases in fleet size.

The data for transit system service characteristics are summarized in Exhibits III-4 and III-5. The measures shown in Exhibit III-4 refer to all transit systems reporting data on fixed route bus service. Exhibit III-5 shows similar data for demand response services.

Transit service is projected to increase from the present year (fiscal year 1986) by the percentages shown in Exhibit III-6 and III-7, respectively, for fixed route bus operations and for demand response operations. These significant increases in transit service clearly demonstrate the commitments of transit systems across the state to respond to the mobility needs of the residents of Texas. Annual increases in service levels of about five percent per year are projected for the next four years.

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[1] For San Antonio, less than $15,000.

[2] For San Antonio, $15,000 to $25,000.

EXHIBIT III-3

FLEET SIZE AND VEHICLE PURCHASES

Transit System	Area Serviced	Fleet Size FY 1986	Vehicle Purchases FY1986	FY1987	FY1988	FY1989	FY1990
Dallas Area Rapid Transit	Dallas	1003	230	133	69	0	70
MTA-Harris County	Houston	1089	213	0	0	0	0
Capital Metro	Austin	271	100	113	100	0	0
City of El Paso	El Paso	161	20	0	23	6	100
Brazos Transit System	Bryan	54	15	26	0	17	0
RTA-Corpus Christi	Corpus Christi	58	12	10	17	17	18
Fort Worth Transportation Authorityy	Fort Worth	156	3	36	40	22	0
City of Arlington	Arlington	7	3	2	2	0	0
Citibus	Lubbock	47	2	2	0	0	0
Capital Area Rural TS	Austin	56	2	NR	NR	NR	NR
Via Metro Transit	San Antonio	461	0	40	89	34	38
City of Port Arthur	Port Arthur	10	0	0	5	0	0
Island Transit	Galveston	17	0	0	0	0	0
Caprock Community Action Assn.	Crosbyton	27	0	NR	NR	NR	NR
Beaumont Municipal Transit	Beaumont	28	0	0	0	0	0
Brownsville Urban System	Brownsville	26	0	NR	NR	NR	NR
Waco Transit	Waco	15	0	NR	NR	NR	NR
San Angelo Transit	San Angelo	10	0	NR	NR	NR	NR
Hill Country Transit	San Saba	34	0	NR	NR	NR	NR
TOTALS		3,530	600	362	345	96	226

Note: NR indicates no data available.

EXHIBIT III-4

TRANSIT SYSTEM SERVICE CHARACTERISTICS
Fixed Route Bus Operations

Service Characteristics	FY1982	FY1983	FY1984	FY1985	FY1986	FY1987	FY1988	FY1989	FY1990
Annual Passengers	137,475,632	144,720,867	168,739,193	180,130,868	194,408,603	206,654,532	218,409,180	230,065,463	241,121,930
Annual Passenger-Miles	351,031,269	429,890,051[1]	806,439,941	829,743,296	876,317,312	928,870,265	977,503,892	1,008,921,426	1,046,060,845
Number of Vehicles in Peak Service	1,634	1,721	1,940	2,288	2,556	2,704	2,876	2,974	3,079
Number of Operating Bases	53	65	67	67	68	65	67	67	67
Annual Vehicle Revenue Miles	52,859,916	57,655,568	68,844,151	78,607,339	88,130,262	88,373,823	92,652,909	99,599,330	104,601,912
Annual Vehicle Revenue Hours	3,474,398	3,818,110	5,041,546	5,281,110	5,632,884	5,898,634	6,061,052	6,466,139	6,975,359

6.47 6.15

[1] Some transit systems did not compile data for annual passenger-miles in FY 1982 and FY 1983.

EXHIBIT III-5

TRANSIT SYSTEM SERVICE CHARACTERISTICS
Demand Response Services

Service Characteristics	FY1982	FY1983	FY1984	FY1985	FY1986	FY1987	FY1988	FY1989	FY1990
Annual Passengers	526,775	554,559	854,233	1,419,495	1,543,840	1,922,124	2,075,039	2,198,257	2,326,107
Annual Passenger-Miles	1,300,728	1,337,580	3,388,292	5,611,151	6,449,468	6,996,132	7,557,340	7,938,514	8,215,048
Number of Vehicles in Peak Service	158	151	374	456	488	579	606	634	653
Number of Operating Bases	57	64	80	101	98	102	111	115	123
Annual Vehicle Revenue Miles	3,739,863	4,839,938	6,338,373	9,161,177	10,519,066	11,251,730	11,730,861	12,239,329	12,582,319
Annual Vehicle Revenue Hours	437,558	287,612	365,505	556,778	638,378	686,040	712,340	735,611	760,293

EXHIBIT III-6

ESTIMATED GROWTH IN TRANSIT SYSTEM DEMAND AND SERVICE CHARACTERISTICS
Fixed Route Bus Operations

Service Characteristics	Percentage Change 1986-1990	Percentage Change Annualized 1986-1990
Annual Passengers	24.03	5.53
Annual Passenger-Miles	19.37	4.53
Service Area Size (Square Miles)	6.97%	1.70%
Number of Vehicles in Peak Service	20.46	4.76
Number of Operating Bases	-1.47	-0.37
Annual Vehicle Revenue Miles	18.69	4.38
Annual Vehicle Revenue Hours	23.83	5.49

EXHIBIT III-7

ESTIMATED GROWTH IN TRANSIT SYSTEM DEMAND AND SERVICE CHARACTERISTICS
Demand Response Operations

Service Characteristics	Percentage Change 1986-1990	Percentage Change Annualized 1986-1990
Annual Passengers	50.67	10.79
Annual Passenger-Miles	27.38	6.24
Service Area Size (Square Miles)	3.71%	0.92%
Number of Vehicles in Peak Service	33.81	7.55
Number of Operating Bases	25.51	5.84
Annual Vehicle Revenue Miles	19.61	4.58
Annual Vehicle Revenue Hours	19.10	4.47

Increased transit service is being efficiently provided. In FY 1983, Dallas Transit System with operating expenses of $24.90 per vehicle revenue hour was the most efficient in its size class of 11 national systems. VIA Metro Transit, San Antonio, ranked second in its size class of 22 national systems, with an operating cost of $19.60 per vehicle revenue hour. The Fort Worth Transportation Authority also ranked second in its class of 47 similar-sized systems across the nation, with an operating cost of $17.20 per vehicle revenue hour.[1]

FINANCIAL NEEDS

Increased service to accommodate increased demands creates capital needs that are reflected in investments to improve and/or increase service levels and operating needs to fund operations on a day-to-day basis. The subject of transit system financial needs is addressed below.

Capital Needs

Transit systems have the following general types of capital needs:

- o replacement and/or rehabilitation of capital assets that have reached the end of their useful life
- o expansion and improvement of existing transit services to meet growing demands
- o major infrastructure investments to improve the travel time and quality of service of today's transit travelers and to provide a high quality mobility option as these areas continue to grow and become more congested in the future

The following transit capital investments are needed during 1986 and over the next four years to serve the mobility needs of Texas:

- o The purchase of 1,600 buses will require $230 million.
- o Transit centers and park-and-ride facilities will cost over $100 million.
- o Maintenance and operating facilities will require $100 million.
- o Initiating work on the rail system for Dallas will require $400 million.
- o HOV lanes and transitways will require $360 million in Houston and $250 million in Dallas
- o Joint projects with local governments will cost $125 million in Houston and $40 million in San Antonio.

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[1] National Urban Mass Transportation Statistics, U.S. Department of Transportation, Urban Mass Transportation Administration, Dec. 1984.

Failing to make these needed capital investments will jeopardize the significant progress that Texas has made in recent years in meeting its mobility needs. The population of the State is increasing and is projected to continue increasing for the next two decades. These transit investments are needed to meet the mobility needs of Texas' increasingly urbanized population.

The projected capital needs of Texas' transit systems are based on planning that identifies specific programs phased over a defined time period. The largest single recurring item in most transit capital programs is coach replacements and additions. Buses are replaced on a cycle to ensure that a system's fleet contains new equipment that continuously replaces obsolete coaches that would create unmanageable maintenance expenditures and threaten the reliability and convenience of service. Additions to the fleet are related to service improvements and/or a response to increased demand for transit.

The Urban Mass Transportation Administration funds bus replacements after 12 years of service. Some Texas transit systems have managed to extend the life of a portion of their fleets to 20 years. A number of systems have buses in their fleets that were manufactured in 1966 or earlier.

Prudent management to extend the life of buses is another reflection of the efficient operations of Texas transit systems. The increased demands for service, and the planned response to accommodate these demands require more than extending the useful life of equipment. As shown in Exhibit III-4, over 500 more buses will be needed over the next four years, just to respond to increased demands at peak service times. Total fleet requirements including replacements and additions are estimated at 1,600 buses throughout the period, fiscal year 1986 through fiscal year 1990.[1]

Many other items contribute to the physical plant and thus the efficient operation of transit systems. These include:

- o park and ride facilities
- o development of transit centers at locations experiencing heavy transfer volume to improve the quality and reliability of the transfer
- o joint projects with cities to improve passenger amenities, e.g., bus shelters, traffic flow, exclusive bus lanes
- o repair/replacement of facilities such as garages and offices at operating bases and administrative offices

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[1] Complete details on fleet size and vehicle purchases are contained in Exhibit III-3.

- joint projects with the State Department of Highways and Public Transportation (SDOT) to build high occupancy vehicle (HOV) transitways

Capital expenditures by transit systems were over $430 million for the period 1982 through 1985. Projected capital expenditures for the current fiscal year 1986 are $299 million. The capital expenditures projected for 1987 through 1990 are:

- 1987 - $492 million
- 1988 - $362 million
- 1989 - $445 million
- 1990 - $350 million

Postponing or otherwise ignoring the capital needs of Texas' transit systems is not realistic. In no growth geographical areas, it may be feasible to "get by" for a few years by depleting the existing capital assets. Texas is not a no growth (or even slow growth) area. For the period 1980 through 1984, Texas experienced the fourth highest growth rate in population among the 50 states, with a net population increase of 11 and one-half percent.[1]

The existing capital assets of Texas' transit systems are already strained by the need to accommodate service demands brought about by this continuing rapid growth. Investments in transit are required both to replace obsolete existing assets and to expand the systems to meet current and future growth.

Local jurisdictions do not have the financial capacity to provide for all the future capital needs of transit without help from the state. The state can provide help in two ways:

- direct program of state financial assistance
- providing local communities with the capacity to adequately fund transit at the local level

Direct state assistance would decrease reliance on local sources of funds. Second, the State should enact legislation to extend the MTA legislation and its dedicated sales tax option to all areas providing transit at and above a population threshold of 50,000. This would provide the option of a needed funding source to all urbanized areas providing transit within the state. Fortunately, this action was just taken by the second 1986 special session of the Texas legislature.

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[1] Sales & Marketing Management, 1981 and 1985 Survey of Buying Power

Transit systems that currently have the local option sales tax use the revenues for both operating the systems and short-term investing of funds for planned capital purchases. These investments are necessary to assure that the long-term capital needs of these systems can be met.

Many capital programs such as transitways are long-term. For instance, development of transitways in Houston is programmed through 1990, requiring planning activities and expenditures over a number of years. Accumulating cash is one way transit systems can meet future needs requiring major capital expenditures. Indeed, the financial plan for a major transit investment program frequently requires the use of both accumulated fund balances and borrowing, particularly if federal aid is limited.

Operating Needs

In addition to capital investments, Texas' transit systems will require funds for operations. Operating support is provided by the federal government and by local jurisdictions--either through a dedicated sales tax in those jurisdictions with metropolitan transit authorities (MTAs) or by general fund revenues. Current trends in federal policy and local financial circumstances severely threaten transit operations in those communities without an MTA.

The Reagan administration has consistently advocated the elimination of federal operating support for transit. While federal operating support has not been eliminated, it has been significantly reduced in the last few years as a result of administration policy and pressures to reduce the federal deficit.

General fund support for transit is also under severe pressure in those Texas communities without an MTA and a dedicated sales tax supporting transit. Texas communities are facing a $450 million decrease in federal grant revenues because of the projected elimination of federal revenue sharing (a $250 million annual loss) and Federal Community Block Grants (a $200 million annual loss). In addition, these communities face increased demands for services and costs, and reduced revenues as a result of the recent downturn in the Texas economy. Thus Texas' communities do not have the financial resources needed to provide adequate levels of general fund financial support for public transit.

Operating support requirements are the difference between operating costs and the sum of farebox revenues and other operating revenues, for example, bus charter revenue and advertising revenue. The sources and uses of operating funds for Texas transit systems are shown in Exhibits III-8 and III-9. The exhibits show farebox and other revenues, and operating costs for the last four years, the current fiscal year and projections to fiscal year 1990 for fixed route bus operations and demand response operations, respectively. Operating costs net of farebox and other revenues for fixed route and demand response transit service for the upcoming four years are projected as:

EXHIBIT III-8

SOURCES AND USES OF OPERATING FUNDS
Fixed Route Bus Operations[1]

Sources of Operating Funds:	FY1982	FY1983	FY1984	FY1985	FY1986	FY1987	FY1988	FY1989	FY1990
Passenger Fares	$ 57,709,034	$ 58,566,962	$ 63,257,159	$ 76,884,284	$ 83,063,478	$ 86,770,778	$ 92,709,292	$ 95,868,409	$ 100,148,067
Other Operating Revenue	33,285,929	29,988,571	36,453,141	42,403,665	43,920,959	44,157,075	44,983,190	46,917,360	50,256,034
Total Revenue	90,994,963	88,555,533	99,710,300	119,287,949	126,984,437	130,927,853	137,692,482	142,785,769	150,404,101
Operating Costs	231,575,995	215,863,972	285,674,105	321,532,452	368,786,729	375,897,471	390,910,295	406,043,320	425,733,710
Needs Shortfall	140,581,032	127,308,439	185,963,805	202,244,503	241,802,292	244,969,618	253,217,813	263,257,551	275,329,609

NOTE: [1] Includes Systems with both Fixed Route and Demand Response Operations.
Data for Houston projected to 1990 using flat trend of historical data.

EXHIBIT III-9

SOURCES AND USES OF OPERATING FUNDS
Demand Response Operations

Sources of Operating Funds	FY1982	FY1983	FY1984	FY1985	FY1986	FY1987	FY1988	FY1989	FY1990
Passenger Fares	$ 111,349	$ 91,559	$ 103,81	$ 91,060	$ 83,000	$ 85,000	$ 87,000	$ 89,000	$ 91,000
Other Operating Revenue	2,000	10,000	27,000	19,000	24,000	27,000	27,000	27,000	27,000
Total Revenue	113,349	101,559	130,811	110,060	107,000	112,000	114,000	116,000	118,000
Operating Costs	847,349	983,559	1,058,811	1,081,000	1,095,850	1,127,000	1,127,000	1,149,000	1,171,000
Needs Shortfall	734,000	882,000	928,000	1,051,000	974,000	983,850	1,013,000	1,033,000	1,053,000

- o $245 million - Fiscal Year 1987
- o $254 million - Fiscal Year 1988
- o $264 million - Fiscal Year 1989
- o $276 million - Fiscal Year 1990

Through 1990, farebox and other revenues will cover approximately thirty-five percent of operating costs. Based on the experience of Texas transit systems historically and other transit systems nationally, this farebox recovery ratio of thirty-five percent is ambitious but attainable. The remaining 65 percent of operating costs constitute the needs that must be met from other sources to sustain operations.

These needs must be met from funds provided by federal, state and/or local sources if projected service levels are to be sustained. In the past, UMTA's Operating Assistance Program has supplemented local support of operating costs requirements. Current policy at the federal level stressing budget deficit reductions and user charge recovery schemes calls into question future federal support of transit operating assistance.

The ability of local jurisdictions to provide the necessary operating assistance will be severely tested in the next few years. Local jurisdictions without dedicated sales tax revenues must rely on other sources--typically the General Fund--for extending financial assistance to transit systems.

Until the most recent session of the legislature, state legislation had limited the local sales tax option to systems serving populations of 230,000 or more. Thus, only seven transit systems in Texas had the potential for securing a dedicated funding source. The second 1986 special session of the Texas legislature passed a bill that would allow metropolitan areas with a population between 50,000 and 230,000 to use up to a one-half cent sales tax to fund transit.

Further compounding the problem of limited local financing sources are the impending large reductions in the federal intergovernmental grants to local governments. A portion of previous local financial assistance has been tied to federal revenue sharing and community block grant funds. These sources of revenues to local jurisdictions are decreasing and their elimination has been proposed.

Loss of revenue sharing funds would imply a reduction in local budgets of Texas jurisdictions of over $250 million annually. Full elimination of the Community Development Block Grants would mean an additional loss to Texas local governments of $200 million annually. It would appear that Texas transit systems have but two alternatives for meeting operating costs. First, service levels could be reduced, whereas transit travel demands are increasing. Second, new sources of revenues could be drawn upon to replace reduced levels of revenues stemming from reductions in direct UMTA operating assistance and dwindling local revenue sources affected by the loss of revenue sharing and Community Development Block Grant funds.

The first alternative, reducing service levels, is unwise. It literally means consciously restricting the mobility of Texans with regard to their pursuit of employment, education, shopping, recreation, medical care, etc., at a time when demand for transit service is increasing.

The second alternative, drawing on new sources of revenue, can be accomplished. The State has several choices for providing increased state and/or local funding. Either the State can provide direct financial assistance or it can permit broader-based local funding. Broader-based local funding can be accomplished through implementing legislation that extends the MTA enabling legislation to transit systems serving urban areas with populations of 50,000 and greater. As noted above, this approach was adopted by the second 1986 special session of the Texas legislature, which passed a bill that would allow cities in the 50,000 to 230,000 population range to use up to a one-half cent sales tax to fund transit.

The issue of tort liability and securing insurance coverage is a special problem affecting transit operations and their operating costs. Obtaining adequate liability insurance continues to pose a major challenge to transit systems. The cost of insurance coverage has increased dramatically, and finding a underwriter at any price can be almost impossible.

Several Texas transit systems have been especially affected by this crisis. Premiums for liability coverage have doubled and tripled in spite of the fact that many transit systems have excellent safety and loss control programs.

The impact of the insurance crisis is felt differently in different cities because of inconsistent state laws. While many systems experienced the same situation as Fort Worth, several had no change in their costs because they were able to successfully claim immunity under the Texas Tort Claims Act.

The insurance issue is directly related to the potential tort liability of transit systems. The Texas Tort Claims Act and other state laws do not consistently recognize transit systems in limiting the dollar amount of claims arising from tort liability. This requires insurance coverage that considers the unlimited nature of transit systems' financial liability.

In summary, operating support requirements for Texas' transit systems continue to modestly increase. At the same time, the historical sources of operating support are severely threatened for those systems who do not have a dedicated sales tax revenue base.

IV. STATE INVOLVEMENT IN TRANSIT

This section of the report discusses the various roles that states have assumed to assist their transit systems. Comparisons to involvement by the State of Texas are developed to show how Texas relates to the other states. The section concludes with a description of the three Texas programs that assist transit.

STATE ROLES IN TRANSIT

States have recognized the varied benefits that transit provides and have assisted public transportation in at least ten distinct ways. The following discussion defines each area of state involvement and contains data that provide order of magnitude estimates of state assistance. The data presented was obtained from the 1985 Survey of State Involvement in Public Transportation conducted by the American Association of State Highway and Transportation Officials (AASHTO). The experience of other states is suggestive of the potential roles for the State of Texas in assisting local transit.

Direct State Financial Assistance

Direct state financial assistance is provided by 39 states. This financial assistance is generated by a state-level tax and transferred to transit providers through intergovernmental grants. This assistance is dependent on an annual or biennial appropriation by the state legislation.

Those states providing significant direct financial assistance for Fiscal Year 1984-85 are shown below together with the dollar amounts transferred to substate entities.

State	Direct Financial Assistance, FY 84-85
New York	$805,000,000
Pennsylvania	345,000,000
New Jersey	224,000,000
Maryland	200,000,000
Massachusetts	193,000,000
California	182,000,000
Illinois	175,000,000

To place these data in perspective, 11 states provided no direct financial assistance and 13 states provided less than $1 million in Fiscal Year 1984-85. During the 1983-85 biennium, Texas provided $28 million or $14 million per year from the Public Transportation Fund. Direct financial assistance by the State of Texas during FY 1985 was only $5 million.

States provide direct financial assistance to transit systems for a variety of reasons:

- o enhance the ability of systems in the state to successfully compete for federal funds
- o provide reliable service
- o improve and expand service
- o replace vehicles
- o provide specialized transit service to the elderly and handicapped

Indirect State Financial Assistance

Indirect state financial assistance consists of revenues generated by a state-level tax that is retained at the local level. For example, indirect state financial assistance consists of a portion of a sales tax allocated to local jurisdictions for public transportation purposes. This is distinguished from a local option to increase the sales tax and allocate the revenues raised from the increment for special purposes.

Eleven states provide indirect financial assistance for public transportation. California provided $463,000,000 for Fiscal Year 1984-85 followed by New York and Georgia with $179,000,000 and $133,000,000, respectively. The other eight states provided from $200,000 to $62,000,000.

Direct and/or indirect financial assistance can be structured to differentiate state aid by:

- o urbanized areas
- o nonurbanized areas
- o operating expenditures
- o capital expenditures

Texas does not provide indirect financial assistance.

State Capital Assistance

Capital assistance to transit is provided to varying extents by 34 states. Exhibit IV-1 relates capital assistance to urban population on a per capita basis for the ten largest states ranked by urban populations. The exhibit shows:

- o total urban populations

EXHIBIT IV-1

STATE CAPITAL ASSISTANCE AMONG HIGHLY URBANIZED STATES
Fiscal Year 1985

State	Urban Population[1] (thousand)	Urbanization[2] Index	Capital Assistance[3]	$/Capita (urban population)
California	24,531.5	.95	$645,000,000 [4]	$26.29
New York	16,151.8	.90	91,200,000	5.65
Texas	12,923.0	.80	39,960,130	3.09
Florida	10,157.7	.91	8,150,000	0.80
Pennsylvania	10,090.9	.84	69,000,000	6.84
Illinois	9,434.9	.82	78,149,000	8.28
Ohio	8,492.8	.79	29,168,000 [5]	3.43
New Jersey	7,545.8	1.00	64,000,000	8.48
Michigan	7,355.2	.80	3,000,000	0.41
Massachusetts	5,551.6	.96	201,000,000 [6]	36.21

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[1] Estimated as of December 31, 1984, 1985 Survey of Buying Power, Sales & Marketing Management.

[2] Urbanization index is the ratio of the states urban population to total state population.

[3] 1985 Survey of State Involvement in Public Transportation, American Association of State Highway and Transportation Officials, October 1985.

[4] California includes $602,000,000 in unrestricted funds used for capital or operating expenses some of which may be diverted to streets and roads if all public transportation needs are met.

[5] Ohio includes $17,959,000 in unrestricted funds used for capital or operating expenses.

[6] Massachusetts includes $201,000,000 in unrestricted funds used for capital or operating expenses.

- o ratio of urban population to total state population, i.e., urbanization index
- o capital assistance
- o capital assistance per capita for the state's urban population

Texas is among the lowest of the states in terms of dollars of capital assistance per urban resident and total dollar volume of capital assistance extended to transit systems. The $4,960,130 in capital assistance from the Public Transportation Fund provided by the State of Texas to its transit systems in FY 1985 is equal to $0.38 per year for each urban resident. When the State support for joint highway transit projects is factored in, capital assistance for fiscal year 1985 becomes $39,960,130, which is equal to $3.09 per year for each urban resident.

The sources of state funds for capital assistance to transit systems are shown in Exhibit IV-2. States frequently use sources other than general fund appropriations to fund transit capital assistance programs.

Texas does provide significant support to joint highway transit projects, as discussed below.

State Operating Assistance

Results of the AASHTO survey indicate that states provide significant direct and/or indirect financial assistance for transit operating expenditures. For Fiscal Year 1984-85, state financial assistance to transit systems in urbanized areas across the country was 17.6 percent of the operating cost for all systems. During the same time period, state financial assistance to transit systems in nonurbanized areas covered 11 percent of operating costs.[1]

Peat Marwick has developed data for the Urban Mass Transportation Administration (UMTA) describing state assistance for transit operating expenditures in Fiscal Year 1983. Exhibit IV-3 depicts the relationship of state general fund expenditures to state operating assistance for public transit. Other data shown in this exhibit provide indicators of transit operating expenses and revenues and the amount of local financial support.

The Texas operating assistance program is authorized and described under the discretionary program of the Public Transportation Fund provisions. It applies to nonprofit corporations organized before September 1, 1985, that coordinate the public transportation services of state agencies in a regional rural area and provide public transportation in a county or

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[1] 1985 Survey of State Involvement in Public Transportation, American Association of State Highway and Transportation Officials, October 1985.

EXHIBIT IV-2

SOURCES OF STATE FUNDS FOR CAPITAL ASSISTANCE
AMONG HIGHLY URBANIZED STATES

State	Source of State Funds
California	Sales tax, fuel tax
New York	General fund
Texas	General fund
Florida	General fund, fuel tax, vehicle registration fees
Pennsylvania	General obligation bonds
Illinois	General obligation bonds, general fund
Ohio	General fund
New Jersey	General obligation bonds, bridge/tunnel tolls
Michigan	Sales tax, fuel tax, revenue bonds, vehicle registration fees
Massachusetts	General fund, vehicle registration fees

EXHIBIT IV-3

TOTAL STATE GENERAL FUND EXPENDITURES AND PUBLIC TRANSIT OPERATING ASSISTANCE

IN FISCAL YEAR 1983

(thousands of dollars)

STATE	TOTAL (1) STATE GENERAL FUND EXPENDITURES	TRANSIT OPERATING EXPENSES	TRANSIT OPERATING REVENUES	LOCAL TRANSIT OPERATING ASSISTANCE	STATE TRANSIT OPERATING ASSISTANCE	STATE OPERATING ASSISTANCE AS % OF STATE GENERAL FUND EXPENDITURES
Alabama	$1,935,000	$13,149	$6,176	$3,324	$0	0.000%
Alaska	$3,859,000	$10,146	$1,368	$5,787	$4,770	0.124%
Arizona	$1,588,000	$35,946	$9,018	$8,357	$8,823	0.556%
Arkansas	$1,146,000	$3,847	$1,203	$1,302	$55	0.005%
California	$21,821,000	$1,205,271	$405,539	$672,647	$65,803	0.302%
Colorado	$1,543,000	$82,558	$26,379	$72,509	$0	0.000%
Connecticut	$3,242,000	$50,350	$20,537	$2,478	$18,596	0.574%
Delaware	$689,000	$8,846	$3,677	$27	$2,678	0.389%
District of Columbia	$1,778,000	$161,542	$73,702	$0	$80,939	4.552%
Florida	$5,130,000	$149,863	$55,365	$62,930	$1,254	0.024%
Georgia	$3,658,000	$108,252	$57,087	$56,948	$2	0.000%
Hawaii	$1,345,000	$55,451	$18,691	$42,193	$0	0.000%
Idaho	$416,000	$2,022	$464	$744	$39	0.009%
Illinois	$8,514,000	$799,532	$423,217	$296,870	$7,077	0.003%
Indiana	$2,200,000	$39,439	$14,114	$7,411	$7,671	0.349%
Iowa	$1,858,000	$15,336	$5,303	$5,580	$630	0.034%
Kansas	$1,413,000	$5,667	$1,937	$1,822	$0	0.000%
Kentucky	$2,262,000	$32,333	$10,944	$14,744	$122	0.005%
Louisiana	$3,957,000	$78,392	$35,671	$22,171	$12,041	0.304%
Maine	$714,000	$2,494	$1,052	$856	$85	0.012%
Maryland	$3,227,000	$185,155	$79,160	$75,488	$48,596	1.506%
Massachusetts	$4,659,000	$401,594	$132,346	$112,614	$176,607	3.791%
Michigan	$4,903,000	$188,423	$59,604	$21,032	$65,083	1.327%
Minnesota	$3,728,000	$100,516	$39,168	$40,354	$14,710	0.395%
Mississippi	$1,217,000	$2,816	$1,187	$779	$0	0.000%
Missouri	$2,225,000	$109,655	$36,328	$52,185	$5,541	0.249%
Montana	$333,000	$2,139	$461	$1,349	$43	0.013%
Nebraska	$731,000	$17,282	$6,287	$5,025	$2,665	0.365%

EXHIBIT IV-3 (Continued)

STATE	TOTAL (1) STATE GENERAL FUND EXPENDITURES	TRANSIT OPERATING EXPENSES	TRANSIT OPERATING REVENUES	LOCAL TRANSIT OPERATING ASSISTANCE	STATE TRANSIT OPERATING ASSISTANCE	STATE OPERATING ASSISTANCE AS % OF STATE GENERAL FUND EXPENDITURES
Nevada	$438,000	$6,260	$4,620	$2,516	$232	0.053%
New Hampshire	$329,000	$2,011	$860	$731	$0	0.000%
New Jersey	$4,655,000	$366,075	$189,540	$356	$124,135	2.667%
New Mexico	$1,385,000	$7,675	$1,830	$3,790	$0	0.000%
New York	$17,513,000	$3,485,625	$1,601,910	$785,678	$919,127	5.248%
North Carolina	$3,441,000	$21,103	$8,639	$6,130	$529	0.015%
North Dakota	$419,000	$1,117	$315	$401	$0	0.000%
Ohio	$7,049,000	$221,590	$78,597	$115,209	$14,638	0.208%
Oklahoma	$1,883,000	$13,272	$3,051	$5,213	$99	0.005%
Oregon	$1,588,000	$82,919	$25,912	$46,121	$1,555	0.098%
Pennsylvania	$7,604,000	$523,643	$257,616	$61,081	$194,924	2.563%
Rhode Island	$858,000	$19,294	$7,160	$0	$6,334	0.738%
South Carolina	$1,956,000	$980	$334	$402	$6	0.000%
South Dakota	$276,000	$781	$195	$286	$0	0.000%
Tennessee	$1,840,000	$35,548	$17,548	$10,475	$1,068	0.058%
Texas	$6,487,000	$222,608	$102,851	$200,365	$93	0.001%
Utah	$966,000	$23,098	$5,971	$17,211	$112	0.012%
Vermont	$325,000	$1,481	$779	$552	$0	0.000%
Virginia	$3,141,000	$131,890	$59,114	$46,404	$18,797	0.598%
Washington	$3,972,000	$240,025	$101,003	$107,240	$65,251	1.643%
West Virginia	$1,291,000	$8,413	$2,856	$3,080	$218	0.017%
Wisconsin	$4,074,000	$94,788	$42,149	$10,661	$27,930	0.686%
Wyoming	$350,000	$0	$0	$0	$0	0.000%

Notes: State transit financial data is the summation of 1983 UMTA Section 15 data unless otherwise noted.

(1) Total State General Fund Expenditures are the sum of FY 1983 general fund expenditures and transfers, taken from the Fiscal Survey of the states, FY 1985 Update, National Association of State Budget Officers.

multi-county rural area. The department may grant funds to a corporation described by this subsection only if the department determines that the corporation has set rider fees at an amount that indicates the corporation's intent to eventually become totally self-supporting. The funds may be used for applications for any available federal matching grants, capital expenditures, operating expenses, and administrative costs.

In Exhibit IV-4, the data are rearranged to compare Texas to states with similar levels of general fund expenditures. This exhibit indicates that Texas provides the least financial support for operating assistance on an absolute and percentage basis when compared with states that had similar sized general fund expenditures during Fiscal Year 1983.

The eight other states listed in Exhibit IV-4 provided an average of $76,456,000 in operating assistance compared to Texas' operating assistance of $93,000. These states allocated 1.312 percent of general fund expenditures to transit operating assistance. Texas allocated 0.001 percent (one-thousandth of one percent).

State Funding for Specialized Transit for Elderly/Handicapped

Eight states provide direct financial assistance for a reduced fare elderly/handicapped program. Pennsylvania, which provided $85,000,000 in Fiscal Year 1984-85 is by far the most active state in supporting a fare reduction program and is not typical of the financial support provided by other states. Other states reporting direct financial assistance ranged from $141,000 to $5,000,600. Texas does not fund a program for reduced fares for elderly/handicapped.

State Funding for Intercity Bus

Direct financial assistance for intercity bus service is provided by nine states. Four of these states, however, provide only token support ranging from $930 to $57,000 for Fiscal Year 1984-85. Massachusetts and New York provided the most funding in Fiscal Year 1984-85--about $5,000,000. Texas does not have a program at the state level to provide financial assistance for intercity bus service.

State Funding for Rideshare Programs

Rideshare programs receive direct support from 17 states. Virginia provided $770,00 for rideshare programs followed by Michigan which provided $475,000. Most other states that support rideshare programs provide financial assistance in the range of $100,000 and less. Texas can provide financial assistance for ridesharing through its discretionary program. The state can provide 80 percent of the cost of capital expenditures to carry out ridesharing activities.

State Matching Funds for UMTA Section 8

State financial support for UMTA Section 8 research and demonstration is widespread, but of small dollar value. The Section 8 program consists of grants provided to urban areas of more than 50,000 population to conduct

EXHIBIT IV-4

TOTAL STATE GENERAL FUND
EXPENDITURES AND PUBLIC
TRANSIT OPERATING ASSISTANCE
IN FISCAL YEAR 1983

(thousands of dollars)

STATE	TOTAL STATE GENERAL FUND EXPENDITURES	STATE TRANSIT OPERATING ASSISTANCE	STATE OPERATING ASSISTANCE AS % OF STATE GENERAL FUND EXPENDITURES
Florida	$5,130,000	$ 1,254	0.024%
Illinois	8,514,000	7,077	0.083
Massachusetts	4,659,000	176,607	3.791
Michigan	4,903,000	65,083	1.327
New Jersey	4,655,000	124,135	2.667
Ohio	7,049,000	14,638	0.200
Pennsylvania	7,604,000	194,924	2.563
Texas	6,487,000	93	0.001
Wisconsin	4,074,000	27,930	0.686

planning of alternative transportation system management and investment strategies to make more efficient use of existing transportation facilities.[1] State matching funds for Section 8 projects were provided by 41 states in Fiscal Year 1984-85. Only two states provided more than $100,000 (Pennsylvania, $283,000 and Virginia, $115,000). Texas supported the Section 8 match program with $75,000 in state matching funds for Fiscal Year 1984-1985.

State Matching Funds for Research and Demonstration Projects

States provide financial assistance for research and demonstration (R&D) projects through state matching funds for federally sponsored programs and through state demonstration and research programs, independent of UMTA. Matching funds for federally sponsored R&D programs were provided by eight states in Fiscal Year 1984-85. Five states funded efforts independent of UMTA. State support ranged from $8,000 to $620,000. Texas reported $50,000 to the AASHTO survey in matching funds for federally sponsored R&D projects.

Technical Assistance

States take an active role in assisting transit in addition to providing financial support. The scope of this support role is varied and includes:

- o technical assistance
- o program management
- o grants management
- o planning
- o research and demonstration

Texas has received quality technical assistance through its university-related centers. Additionally, the SDHPT administers both the Section 16b(2) and Section 18 programs throughout the state. SDHPT also sponsors an annual transit conference that brings together all public transportation providers for networking and education purposes. A transit advisory committee is supported by SDHPT. The committee is used to advise the staff and Commission on transit issues.

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[1] Urban Mass Transportation Act of 1964, as amended through May 1983 and related laws, U.S. Department of Transportation, Urban Mass Transportation Administration.

TEXAS INVOLVEMENT IN TRANSIT

The State of Texas has undertaken three important initiatives to finance its public transit systems:

- Transit Authority Enabling Legislation - Texas enacted legislation which enables metropolitan areas with a population of 230,000 or above to implement metropolitan transit authorities funded by a dedicated local option sales tax. Under this legislation, MTAs have been established in San Antonio, Houston, Dallas, Fort Worth, Austin, and Corpus Christi. The second 1986 special session of the Texas legislature passed a bill that would allow metropolitan areas with a population of 50,000 to 230,000 to use up to a one-half cent sales tax to fund transit.

- Joint Highway/Transit Projects - Working with cities and transit authorities, the State Department of Highways and Public Transportation (SDHPT) is developing and funding transit projects that are supportive of the highway system. These include transitway planning and construction, right-of-way reservation for future transit development, joint utilization of highway right-of-way, and park-and-ride facilities. To date SDHPT has committed about $200 million to this program, of which $35 million has been expended.

- Public Transportation Fund - The State established a Public Transportation Fund in 1975 to provide capital assistance to local transit agencies. Since the inception of the program, the State has expended $58,000,000 from its Public Transportation Fund--or about $5,000,000 per year.

Transit Authority Enabling Legislation

Texas' pioneering MTA legislation has provided a stable and secure local source of transit financing for eligible Texas cities. Six of the seven cities that are eligible under prior State legislation have established an MTA. With voter approval in a referendum, each of these six cities has committed itself to a long-term transit development program. At the time that this report was prepared, the seventh city --El Paso --was planning a transit authority referendum in 1987. The second 1986 special session of the Texas legislature passed a bill that would allow cities with a population of 50,000 to 230,000 to use up to a one-half sales tax to fund transit. Texas' MTA legislation is a powerful statement of State support for public transit in these cities authorized to establish MTAs.

Joint Highway/Transit Projects

The SDHPT joint highway/transit projects program constitutes a major commitment of the State to the construction of highway related transit facilities in the metropolitan areas of the State. As such, this program has a significant impact on improving mobility in the highly congested urban areas that need relief from increasing traffic congestion.

In contrast to the limited capital assistance channeled through the Public Transportation Fund, the State of Texas, through the SDPHT, is committed to ambitious programs for joint highway/transit projects. The progress of this program is especially evident in Houston and San Antonio where the following facilities have received State support:

- o Houston - Transitways
  - North (I-45 North)
  - Katy (I-10 West)
  - Gulf (I-45 South)
  - Northwest (U.S. 290 North)
  - Southwest (U.S. 59 South)
- o San Antonio - Park and Ride Lots
  - Fratt (I-35 & Loop 10) built by State, leased to VIA
  - I-10 & FM 1604, built by State, leased to VIA
  - Kel-Lac, built on State right-of-way

As of March 1986, the status of Houston's transitway program was as follows:

- o In operation - 15.8 miles
- o Under construction - 16.3 miles
- o Under design - 31.0 miles
- o Proposed - 5.6 miles

The total program has an estimated cost of $458 million. Financial support from the State Department of Highways and Public Transportation is projected at $134 million. This is funded by general highway funds and not from the state's Public Transportation Fund.

With about $200 million in State funding already devoted to the joint project program and $35 million expended, it is by far the largest program of direct state financial support of transit. In addition to its funding level, the joint project program is important in several other respects:

- o It greatly facilitates the construction of transit facilities in conjunction with highway projects, thereby offering significant potential for reducing the total cost of the transit facilities.
- o In some cases, it constitutes a portion of the local "match" of capital funding for transit projects from the federal Urban Mass Transportation Administration (UMTA), thereby leveraging the transit agency's "local" contribution to the capital cost of constructing the project.

- It has been used to "advance fund" long lead time capital items when the local transit agency did not have the financial resources to do so--for example, advance acquisition of transit right-of-way.

While its contribution has been important and should not be understated, the joint project program does not currently address several critical financial needs of Texas' transit agencies:

- The joint project program is focused upon providing high capacity transit facilities in larger urban areas. Hence, it does not provide help to address the needs of small to medium sized cities that are confronting severe financial pressures.

- The joint project program provides transit facilities--typically in association with the construction of highway projects. It does not provide support for:

  - bus acquisition
  - construction and/or upgrading of operating bases

  These are the typical transit capital needs in most urban areas. The joint project programs cannot take the place of funding for these types of projects which are eligible under current state and federal law.

- The joint project programs focuses on providing capital funding; it does not provide operating support. Although the transit agencies without an MTA require assistance with regard to the local share of both operating and capital support, their greatest financial needs are for operating support.

The State of Texas has been and continues to be a national leader in supporting joint development projects. This is a clear demonstration on the part of the State, recognizing that transit is a key player in serving the mobility needs of all Texans.

Public Transportation Fund

In contrast to the strong State support manifested by the two programs noted above, State support of the Public Transportation Fund has been both limited and erratic.

Legislation

The history of Texas' involvement with transit effectively dates from legislation dated June 20, 1975, when all programs, contracts, assets, and personnel of the Texas Mass Transportation Commission were transferred to the State Department of Highways and Public Transportation. This act also created a public transportation fund and directed appropriations of $15,000,000 per year on September 1, 1975, and September 1, 1976.

Funds administered through the state program are allocated at an eighty percent/twenty percent ratio for urbanized and rural areas

respectively. The formula program, eighty percent of the transportation fund, is used to provide for the local share requirement for federally funded projects for capital improvements by urbanized areas. The funds are allocated on the basis of population and population density. Funds allocated for use in the formula program which remain unencumbered and unexpended at the close of a fiscal year are transferred to the discretionary program.

The discretionary program, funded by 20 percent of the monies appropriated to the public transportation fund, are also used for the local share requirement of federally funded projects for capital improvements. While the formula program applies to urbanized areas, the discretionary program is intended for rural and small urban areas of the state. Funds allocated under the discretionary program are on a project basis using evaluations that take into consideration the need for fast, safe, efficient and economical public transportation. Funds from the discretionary program not expended and encumbered in a fiscal year are available to all transit providers (urban and rural) on a first-come, first-served basis.

Funding

The history of the Public Transportation Fund is summarized in Exhibit IV-5.From 1975 to 1981, the State appropriated $15 million per year to support the Fund. Fund obligations increased much more slowly than the funds available during this period, and fund expenditures increased even more slowly than fund obligations. This was due to constitutionally mandated financial management procedures for grants from the Public Transportation Fund that do not reflect the nature of the transit procurement process and the fact that most major capital purchases had already been made by transit systems when the Fund was created in the mid-1970s. In 1981, $30 million was removed from the Fund and Fund obligations approached the level of funds appropriated. Although additional funding was provided in FY 1983, no new appropriations have been provided since that time and fund obligations now exceed the appropriations limit. At this time, the Texas Public Transportation Fund is effectively out of business for any new projects.

It should be emphasized that the Public Transportation Fund is the only program providing State capital support to transit agencies serving El Paso and metropolitan areas below 230,000 in population.

To date, direct capital assistance provided by the State of Texas to its public transit agencies through the Public Transportation Fund and the joint projects program has been limited. Texas provided less capital assistance per capita of urban population to transit than seven of the states with the largest urban populations (see Exhibit IV-1). One might expect Texas to be somewhat lower because of its MTA legislation; however, transit agencies have significant unmet financial needs for both capital investment and operating support in this era of reduced federal and local funding.

STATE PUBLIC TRANSPORTATION FUNDS AVAILABLE FOR FINANCIAL ASSISTANCE TO TEXAS TRANSIT SYSTEMS

AS OF JUNE 30, 1986

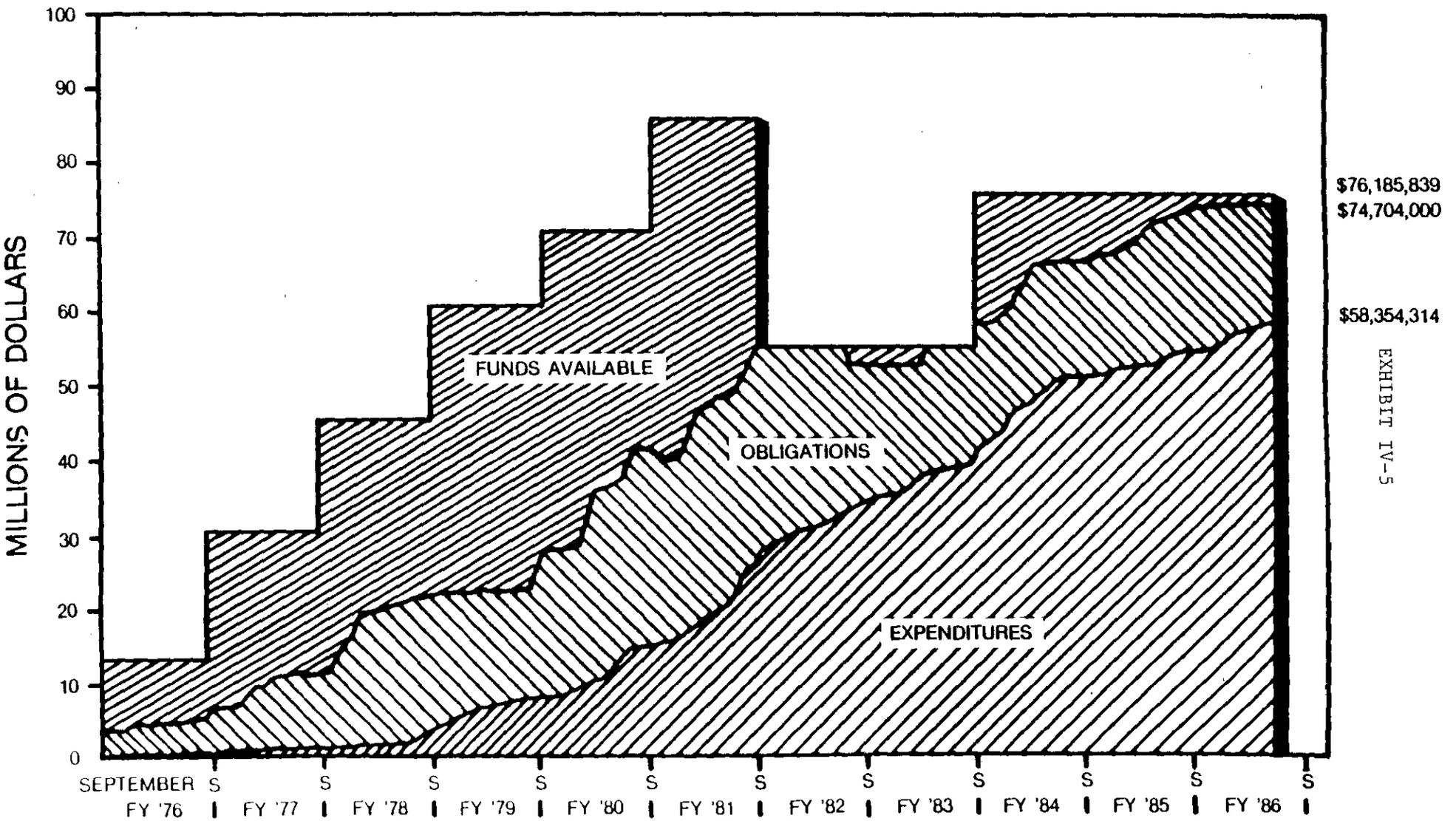

EXHIBIT IV-5

To date, direct capital assistance provided by the State of Texas to its public transit agencies through the Public Transportation Fund and the joint projects program has been limited. Texas provided less capital assistance per capita of urban population to transit than seven of the states with the largest urban populations (see Exhibit IV-1). One might expect Texas to be somewhat lower because of its MTA legislation; however, transit agencies have significant unmet financial needs for both capital investment and operating support in this era of reduced federal and local funding.

Additionally, in Fort Worth the State has reserved two and a half miles of right-of-way in the West Freeway for a future HOV lane. While still in the planning stage, Dallas has a tentative HOV lane/transway program that will require significant State support.

Issues and Prospects

Funding for the Public Transportation Program was provided by appropriations from the General Fund. Texas has a constitutional requirement that program expenditures match the funds appropriated within 365 days or the end of the biennium, whichever occurs first.

The implementation of this requirement poses a significant problem for transit agencies in the State of Texas. It is frequently difficult for a transit agency to issue the RFP for a capital item subject to state assistance, complete the procurement action, and receive delivery of the capital item within this relatively restricted time frame. The State will not transmit payment for its capital assistance until after the capital item has been delivered. Even though all of the parties involved are acting in good faith, the effect of this financial management policy is that a transit agency may lose state capital assistance during the course of a capital project, even though it had embarked on the capital project with the understanding that it would receive state transit capital assistance.

A further problem arises when a transit system seeks unobligated funds. Regardless of the merit or amount of the request, the State Department of Highways and Public Transportation can promise to provide funding, but only for the remainder of the current biennium. The Department follows this funding policy because it has no assurance that the necessary funds will be appropriated in the following biennium.

The capital needs of individual transit systems are variable with more or less capital funding required than the formula allocation in any given year. Thus, a transit agency may, in a given year, need more or less funds than the formula allocation.

Concerns about the State's involvement when viewed from the perspective of transit systems in Texas are thus twofold. First, the commitment from the state to provide capital assistance has vanished because funds have not been appropriated in recent years. Second, even with a new appropriation, the funding process is restrictive to the extent that transit systems cannot always accomplish capital spending programs that satisfy the requirement of closing accounts in 365 days or the end of a biennium, whichever comes first.

V. ROLES FOR THE STATE OF TEXAS WITH RESPECT TO ITS PUBLIC TRANSIT SYSTEMS

STUDY FINDINGS

The preceding discussion has emphasized that public transit in Texas:

- o is critically important to improving the mobility of Texans
- o contributes significantly to the economic vitality of the State of Texas
- o has experienced steady increases in passenger demand for the last four years and that further increases in passenger demand are expected for the next few years

Further, the discussion has shown that:

- o State initiatives to date have significantly benefitted transit agencies in six of the largest metropolitan areas in the State which have established Metropolitan/Regional Transit Authorities (MTA's) and receive joint projects funding from the SDHPT.
- o The State's transit systems will continue to require significant capital investment and operating support for the next four years.
- o Transit agencies serving metropolitan areas without an MTA will confront severe financial pressures in the immediate future as federal operating support for transit declines and local general fund sources of support diminish or are not increased because of reductions in federal transfer payments and increases in other operating costs resulting from current economic conditions.
- o The Public Transportation Fund of the State of Texas is not achieving its potential of providing a significant portion of the nonfederal match for transit capital investment because of reduced State appropriations and unresponsive financial management procedures which appear to be beyond the control of SDHPT.

STUDY RECOMMENDATIONS

In the context of these findings and conclusions and fully recognizing the significant financial pressures confronting the State of Texas, the following recommendations for the State of Texas with respect to its public transit systems. The recommended roles recognize ongoing State efforts and request modest extensions of these efforts. They ask nothing more than continuation of excellent State programs, like the MTA legislation and the joint projects program, while modestly extending the State's overall role to address the unmet needs identified in this study. This extended role emphasizes self-help for smaller cities through comprehensive MTA-enabling legislation and funding for the Public Transportation Fund at levels that

reflect need, are less than previous appropriations, and return a portion of the State revenues generated by transit systems. Specifically, these recommendations are:

- MTA legislation should be created so that metropolitan areas with a population of 50,000 to 230,000 are authorized to establish MTAs with a dedicated sales tax funding source--following a referendum and other appropriate local actions. The second 1986 special session of the Texas legislature passed a bill that would allow these cities to use a one-half cent sales tax to fund transit.

- The authority, organization, and revenue base of the existing MTAs should be maintained.

- Annual appropriations for the State's Public Transportation Fund should be approximately equal to the incremental State revenues derived from the public transit industry (about $13 million per year in 1986), and a more flexible and responsive set of financial management procedures should be adopted for the Public Transportation Fund.

- The role of the public transportation unit within the State Department of Highways and Public Transportation should be enhanced so that it allows for development of a more comprehensive program of support to the public transit industry in the State.

- The Texas Tort Claims Act should be amended to limit the damages which transit systems are liable for from civil litigation actions. This action will serve to mitigate the severe increases in insurance costs and reduced coverages that Texas' transit agencies currently face.

These recommendations are discussed in greater detail below.

MTA Legislation

Urbanized areas in Texas with populations of 230,000 and over have for several years been permitted with voter approval to create and operate a regional transit authority. These special transit districts are accorded independent revenue-raising powers much like local governments and may levy local sales taxes up to one percent for transit purposes.

This concept of funding for a regional transit authority has four major positive attributes:

- The revenue source has greater stability because it is specifically dedicated to transit and is protected from diversion to other uses.

- Special districts are more responsive to area needs because they foster coordination of services between neighboring local government units.

- The districts provide a focal point for transit policy and decision-making.

- The decision to form a district and levy taxes to support transit is directly controlled by residents through a local referendum.

Legislation should be enacted to protect and extend the regional transit authority concept. The legislation to continue the regional transit authorities would protect funds raised through dedicated taxes for transit purposes. This protects fund balances that are allowed to grow for meeting future capital needs and contingencies. Transit systems should not be punished for planning and financially providing for a future where they may have to rely more and more on locally generated funds.

The prior state legislation to enable establishment of a regional transit authority should be extended to include all urbanized areas with populations of 50,000 or over. Although the prior population cutoff of 230,000 restricts application of the regional transit authority concept to only seven systems, the needs of Texas' transit system are not limited to those systems serving the seven largest urban areas. The smaller systems also have financial needs, and although on an admittedly smaller scale, those needs will grow in the future as an increasing population demands service improvements and expansion. Furthermore, these smaller systems are now typically supported by General Fund revenues from their local communities, and this source of funds is under severe pressure--even though it is supporting only minimal levels of transit service. The second 1986 special session of the Texas legislature passed a bill that would allow cities with a population of 50,000 to 230,000 to use up to a one-half cent sales tax to fund transit.

Public Transportation Fund

It is not unreasonable to establish a goal that the State's annual capital assistance to transit agencies in the state at least return those tax revenues attributable to transit expenditures for operations and capital investment. This would entail a state capital assistance program of about $13 million to $14 million per year. In essence, the state should reactivate its Public Transportation Fund at about its historic funding level.

This would still leave Texas among the lowest of the highly urbanized states in terms of transit capital assistance per capita. Nevertheless, it would equalize tax revenues to the State from transit State financial assistance to transit.

The timing of capital assistance relative to capital needs creates problems for transit systems beyond the issue of the overall dollar magnitudes of the state's program. The capital needs of individual transit systems vary from year to year with more or less capital funding being required than their formula allocation in any given year.

Unless the transit system can program an appropriate capital requirement, the unused formula funds go into a second discretionary pool of funds that are distributed on a first-come, first-served basis. This inflexibility creates both planning and procurement problems for units of local government operating transit systems.

Thus, changes in state policy regarding the administration of the financial assistance are also highly desirable. Specifically, the requirement that the capital project be completed before the funds are released and that the entire procurement action take place within a period of 365 days or the end of the biennium (whichever is less) needs to be revised to provide greater flexibility.

SDHDT Public Transportation Role

The preceding discussion offered selected recommendations for the State to continue assisting its transit systems. These recommendations regarding the State's role were directed towards addressing pressing issues. Equally important is the development of a State policy that calls for an active partnership between the State and its transit systems.

As recognized by some of the excellent programs started by the state, transit systems are a vital part of an efficient transportation network. To adequately recognize the importance of transit and to develop an institutional response to transit needs, the State should consider enhancing the role of the public transit unit within the State Department of Highways and Public Transportation (SDHDT).

Just as SDHPT is an advocate for Texas highways, it should be an advocate for transit. Current programs and statutes are a beginning for this role. More can be done, in an efficient way, if a productive action strategy is implemented. Working cooperatively with the transit industry and the legislature, SDHPT should take the lead in reforming currently restrictive financial management procedures that are a hindrance to full use of the State's Public Transportation Fund. Through development and education of staff and Commission action, an enhanced role for the SDHPT in supporting transit, in accordance with the recommendations contained in this report, can be implemented.

Texas Tort Claims Act

Obtaining adequate liability insurance continues to pose a major challenge for transit systems. The cost of insurance coverage has increased dramatically and finding an underwriter at any price can be almost impossible.

The insurance issue is directly tied to the potential tort liability of transit systems. The Texas Tort Claims Act and other state laws do not consistently recognize transit systems in limiting the dollar amount of claims arising from tort liability. This requires insurance coverage that considers the limitless nature of transit systems' financial liability.

Transit systems in other states have encountered a similar problem regarding liability and insurance coverage. Rates in some states have increased 1400 percent in one year alone. Several states are currently taking action to address this critical issue. These actions include:

- Maryland and Virginia are conducting risk-management and joint insurance procurement feasibility studies for their transit systems.

- Montana conducted an insurance inventory for transit in Montana. Because of inadequate coverage in some instances and prohibitive premium costs in others, the state is soliciting insurance coverage through the Montana Transit Association on behalf of all transit properties in the state.

- New York undertook a review of transit liability insurance costs and available underwriters. Development of a statewide liability insurance program is under consideration.

The State of Texas could assist its transit agencies in addressing the insurance issue by amending the Texas Tort claims Act to provide liability limitations for all transit systems. Other state laws (i.e., VATCS 1118y) should also be amended to clearly extend governmental immunity to Texas transit operations. Of course, any actions the State would take to reform its tort system and limit liability should be to the benefit of transit systems.

Conclusion

State efforts have been beneficial and forward thinking, but not comprehensive or coordinated enough to meet the critical needs of Texas' transit systems. Collectively, the legislative actions proposed above will greatly enhance the capacity of Texas' transit agencies to meet the mobility needs of all Texas without imposing a significant financial burden on the State.

TEXAS TRANSIT NEEDS - 1986
STUDY QUESTIONNAIRE

PLEASE REPLY NO LATER THAN MAY 16, 1986 TO:

Roger Figura
Manager
Peat, Marwick, Mitchell & Co.
1990 K Street, N.W.
Washington, D.C. 20006
Telephone: (202) 223-9525

1. Transit Agency: _____

   Address: _____

   _____

   _____

   Telephone Number: _____

2. Specify a point of contact to confirm and elaborate the data submitted:

   Name/Title: _____

   Telephone Number: _____

3. Transmit copies of the documents requested in Exhibit I attached and indicate on the exhibit whether:

   - Items are being transmitted
   - Item are not available.

4. Complete and transmit the attached exhibits describing the operations of your transit agency for the current year, the preceeding four years, and your projections for the next four years:

   - Exhibit IIA - Fleet Size
   - Exhibit IIB - Fixed Route Bus Operations
   - Exhibit IIC - Demand-Response Bus Operations
   - Exhibit IID - Exclusive Busway Bus Operations (cities over 200,000 population only)
   - Exhibit IIE - Rail Operations (cities over 200,000 population only)

5. Please rate potential roles for the State of Texas in assisting its public transportation systems with respect to:

   - Exhibit IIIA - Importance of Each Potential State Role to Your Transit Agency

   - Exhibit IIIB - Your Assessment of the Political Feasibility of Implementing the Suggested State Role

6. Complete and transmit the attached exhibits describing the historical and projected financial status of your transit agency:

   - Exhibit IVA - Financial Status - Sources and Uses of Operating Funds

   - Exhibit IVB - Sources and Uses of Capital Funds and Other Data

7. Please provide any additional comments that are pertinent to this study (use additional pages if necessary).

EXHIBIT I
DOCUMENTS TO BE TRANSMITTED
FOR TEXAS TRANSIT NEEDS - 1986

TRANSIT AGENCY:

DOCUMENTS:	Being Transmitted	Not Available	Comments
A. Financial statements for the last four fiscal years	☐	☐	----------
B. Budgets for the last four fiscal years, the current year, and planned for the next four years	☐	☐	----------
C. Section 15 Report or Section 18 Quarterly Report for the last four years	☐	☐	----------
D. Current Transportation Improvement Plan	☐	☐	----------
E. Current Service Plan	☐	☐	----------
F. Current Capital Improvement Program	☐	☐	----------

EXHIBIT IIA
FLEET SIZE (ALL VEHICLES)

TRANSIT AGENCY:			Fourth Prior Fiscal Year (mo/yr) ___/___ to (mo/yr) ___/___	Third Prior Fiscal Year (mo/yr) ___/___ to (mo/yr) ___/___	Second Prior Fiscal Year (mo/yr) ___/___ to (mo/yr) ___/___	Prior Fiscal Year (mo/yr) ___/___ to (mo/yr) ___/___	Current Fiscal Year (mo/yr) ___/___ to (mo/yr) ___/___	Projections			
Series Identification	Year of Manufacture	Number of Seats						FY 1987 (mo/yr) ___/___ to (mo/yr) ___/___	FY 1988 (mo/yr) ___/___ to (mo/yr) ___/___	FY 1989 (mo/yr) ___/___ to (mo/yr) ___/___	FY 1990 (mo/yr) ___/___ to (mo/yr) ___/___
e.g.: Flexible	1973	45	100	100	100	100	100	65	27	—	—

EXHIBIT IIB
FIXED ROUTE BUS OPERATIONS

TRANSIT AGENCY:	Fourth Prior Fiscal Year (mo/yr) ___/___ to (mo/yr) ___/___	Third Prior Fiscal Year (mo/yr) ___/___ to (mo/yr) ___/___	Second Prior Fiscal Year (mo/yr) ___/___ to (mo/yr) ___/___	Prior Fiscal Year (mo/yr) ___/___ to (mo/yr) ___/___	Current Fiscal Year (mo/yr) ___/___ to (mo/yr) ___/___	Projections			
TRANSIT SYSTEM CHARACTERISTICS						FY 1987 (mo/yr) ___/___ to (mo/yr) ___/___	FY 1988 (mo/yr) ___/___ to (mo/yr) ___/___	FY 1989 (mo/yr) ___/___ to (mo/yr) ___/___	FY 1990 (mo/yr) ___/___ to (mo/yr) ___/___
Service Area Size (Square Miles)									
Number of Vehicles in Peak Service									
Number of Operating Bases									
Annual Vehicle Revenue Miles									
Annual Vehicle Miles									
Annual Vehicle Revenue Hours									
Annual Vehicle Hours									
Annual Passengers									
Annual Passenger-Miles									

EXHIBIT IIC
DEMAND RESPONSE BUS OPERATIONS

TRANSIT AGENCY: / TRANSIT SYSTEM CHARACTERISTICS	Fourth Prior Fiscal Year (mo/yr) ___/___ to (mo/yr) ___/___	Third Prior Fiscal Year (mo/yr) ___/___ to (mo/yr) ___/___	Second Prior Fiscal Year (mo/yr) ___/___ to (mo/yr) ___/___	Prior Fiscal Year (mo/yr) ___/___ to (mo/yr) ___/___	Current Fiscal Year (mo/yr) ___/___ to (mo/yr) ___/___	Projections			
						FY 1987 (mo/yr) ___/___ to (mo/yr) ___/___	FY 1988 (mo/yr) ___/___ to (mo/yr) ___/___	FY 1989 (mo/yr) ___/___ to (mo/yr) ___/___	FY 1990 (mo/yr) ___/___ to (mo/yr) ___/___
Service Area Size (Square Miles)									
Number of Vehicles in Peak Service									
Number of Operating Bases (for Demand Response Operations Only)									
Annual Vehicle Revenue Miles									
Annual Vehicle Miles									
Annual Vehicle Revenue Hours									
Annual Vehicle Hours									
Annual Passengers									
Annual Passenger-Miles									

EXHIBIT IID
EXCLUSIVE BUSWAY OPERATIONS

TRANSIT AGENCY: BUSWAY OPERATIONS CHARACTERISTICS	Fourth Prior Fiscal Year (mo/yr) ___/___ to (mo/yr) ___/___	Third Prior Fiscal Year (mo/yr) ___/___ to (mo/yr) ___/___	Second Prior Fiscal Year (mo/yr) ___/___ to (mo/yr) ___/___	Prior Fiscal Year (mo/yr) ___/___ to (mo/yr) ___/___	Current Fiscal Year (mo/yr) ___/___ to (mo/yr) ___/___	Projections			
						FY 1987 (mo/yr) ___/___ to (mo/yr) ___/___	FY 1988 (mo/yr) ___/___ to (mo/yr) ___/___	FY 1989 (mo/yr) ___/___ to (mo/yr) ___/___	FY 1990 (mo/yr) ___/___ to (mo/yr) ___/___
Directional Route-Miles of Busway									
Number of Vehicles Using Busway in Peak Service									
Annual Revenue Vehicle Miles									
Annual Vehicle Miles									
Annual Revenue Vehicle Hours									
Annual Vehicle Hours									
Annual Passengers									
Annual Passenger-Miles									

EXHIBIT IIE
RAIL OPERATIONS

TRANSIT AGENCY:	Fourth Prior Fiscal Year (mo/yr) ___/___ to (mo/yr) ___/___	Third Prior Fiscal Year (mo/yr) ___/___ to (mo/yr) ___/___	Second Prior Fiscal Year (mo/yr) ___/___ to (mo/yr) ___/___	Prior Fiscal Year (mo/yr) ___/___ to (mo/yr) ___/___	Current Fiscal Year (mo/yr) ___/___ to (mo/yr) ___/___	Projections			
RAIL OPERATIONS CHARACTERISTICS						FY 1987 (mo/yr) ___/___ to (mo/yr) ___/___	FY 1988 (mo/yr) ___/___ to (mo/yr) ___/___	FY 1989 (mo/yr) ___/___ to (mo/yr) ___/___	FY 1990 (mo/yr) ___/___ to (mo/yr) ___/___
Directional Route-Miles of Rail									
Number of Trains in Peak Service									
Annual Train Revenue Miles									
Annual Passenger Car Revenue Miles									
Annual Train Miles									
Annual Passenger Car Miles									
Annual Train Revenue Hours									
Annual Passenger Car Revenue Hours									
Annual Train Hours									
Annual Passenger Car Hours									
Annual Passengers									
Annual Passenger-Miles									

EXHIBIT IIIA
POTENTIAL STATE ROLES: IMPORTANCE
TO YOUR TRANSIT AGENCY

TRANSIT AGENCY:

_____

POTENTIAL STATE ROLE:	Very Important	Important	Neither Important Nor Unimportant	Unimportant	Very Unimportant	No Opinion
1. Make an adequate appropriation for the State Public Transportation Fund	☐	☐	☐	☐	☐	☐
2. Provide additional flexibility in the administration of the State Public Transportation Fund	☐	☐	☐	☐	☐	☐
3. Implement operating assistance programs	☐	☐	☐	☐	☐	☐
4. Implement enabling legislation so that so that any community in the state can establish a transit service authority	☐	☐	☐	☐	☐	☐
5. Establish a separate division solely with public transportation responsibilities in the State Department of Highways and Public Transportation	☐	☐	☐	☐	☐	☐
6. Implement an insurance assistance program for transit systems	☐	☐	☐	☐	☐	☐
7. Actively pursue changes in state law regarding claims liability and tort reform	☐	☐	☐	☐	☐	☐
8. Actively pursue changes in state worker's compensation laws	☐	☐	☐	☐	☐	☐
9. Implement a program to pool vehicle procurements	☐	☐	☐	☐	☐	☐
10. Provide an active state program of technical assistance (e.g. computer systems, marketing programs, vehicle specifications) to transit agencies	☐	☐	☐	☐	☐	☐
11. Fully exempt transit from the state fuel tax	☐	☐	☐	☐	☐	☐
12. Other (please specify in as much detail as possible)						
A._____	☐	☐	☐	☐	☐	☐
B._____	☐	☐	☐	☐	☐	☐

EXHIBIT IIIB
POTENTIAL STATE ROLES: YOUR ASSESSMENT
OF POLITICAL FEASIBILITY

TRANSIT AGENCY:

_____

POTENTIAL STATE ROLE:	Very Feasible	Feasible	Neither Feasible Nor Infeasible	Infeasible	Very Infeasible	No Opinion
1. Make an adequate appropriation for the State Public Transportation Fund	☐	☐	☐	☐	☐	☐
2. Provide additional flexibility in the administration of the State Public Transportation Fund	☐	☐	☐	☐	☐	☐
3. Implement operating assistance programs	☐	☐	☐	☐	☐	☐
4. Implement enabling legislation so that so that any community in the state can establish a transit service authority	☐	☐	☐	☐	☐	☐
5. Establish a separate division solely with public transportation responsibilities in the State Department of Highways and Public Transportation	☐	☐	☐	☐	☐	☐
6. Implement an insurance assistance program for transit systems	☐	☐	☐	☐	☐	☐
7. Actively pursue changes in state law regarding claims liability and tort reform	☐	☐	☐	☐	☐	☐
8. Actively pursue changes in state worker's compensation laws	☐	☐	☐	☐	☐	☐
9. Implement a program to pool vehicle procurements	☐	☐	☐	☐	☐	☐
10. Provide an active state program of technical assistance (e.g. computer systems, marketing programs, vehicle specifications) to transit agencies	☐	☐	☐	☐	☐	☐
11. Fully exempt transit from the state fuel tax	☐	☐	☐	☐	☐	☐
12. Other (please specify in as much detail as possible)						
A._____	☐	☐	☐	☐	☐	☐
B._____	☐	☐	☐	☐	☐	☐

EXHIBIT IVA
FINANCIAL STATUS: SOURCES AND USES OF OPERATING FUNDS

TRANSIT AGENCY: TRANSIT FINANCIAL DATA	Fourth Prior Fiscal Year (mo/yr) ___/___ to (mo/yr) ___/___	Third Prior Fiscal Year (mo/yr) ___/___ to (mo/yr) ___/___	Second Prior Fiscal Year (mo/yr) ___/___ to (mo/yr) ___/___	Prior Fiscal Year (mo/yr) ___/___ to (mo/yr) ___/___	Current Fiscal Year (mo/yr) ___/___ to (mo/yr) ___/___	Projections			
						FY 1987 (mo/yr) ___/___ to (mo/yr) ___/___	FY 1988 (mo/yr) ___/___ to (mo/yr) ___/___	FY 1989 (mo/yr) ___/___ to (mo/yr) ___/___	FY 1990 (mo/yr) ___/___ to (mo/yr) ___/___
SOURCES OF OPERATING FUNDS:									
Passenger Fares									
Other Operating Revenue									
Federal Operating Assistance									
State Operating Assistance									
Dedicated Sales Tax Revenues									
Local Operating Assistance									
TOTAL									
USES OF OPERATING FUNDS:									
Labor									
Employee Fringe Benefits									
Other Operating Costs									
SUBTOTAL									
Reconciling Items									
TOTAL									

EXHIBIT IVB
FINANCIAL STATUS: SOURCES AND USES OF CAPITAL FUNDS AND OTHER DATA

TRANSIT AGENCY: TRANSIT FINANCIAL DATA	Fourth Prior Fiscal Year (mo/yr) ___/___ to (mo/yr) ___/___	Third Prior Fiscal Year (mo/yr) ___/___ to (mo/yr) ___/___	Second Prior Fiscal Year (mo/yr) ___/___ to (mo/yr) ___/___	Prior Fiscal Year (mo/yr) ___/___ to (mo/yr) ___/___	Current Fiscal Year (mo/yr) ___/___ to (mo/yr) ___/___	Projections			
						FY 1987 (mo/yr) ___/___ to (mo/yr) ___/___	FY 1988 (mo/yr) ___/___ to (mo/yr) ___/___	FY 1989 (mo/yr) ___/___ to (mo/yr) ___/___	FY 1990 (mo/yr) ___/___ to (mo/yr) ___/___
SOURCES OF CAPITAL FUNDS:									
Federal Capital Assistance									
State Capital Assistance									
Local Capital Assistance									
Other Contributions									
TOTAL									
USES OF CAPITAL FUNDS:									
Capital Fund Expenditures									
OTHER DATA:									
Number of Full-Time Equivalent Employees									
Population of Service Area									
Employment Within Service Area									
Retail Sales in Service Area									
Per Capita Income of Service Area Population									

GLOSSARY

Annual Passengers - The total annual number of passengers who board public transportation vehicles. Passengers are counted each time they board a vehicle even though it may be on the same journey from origin to destination. (Section 15 Form 406 for non-rail modes; Form 407 for rail modes)

Annual Passenger Car Hours - The total annual hours of travel by rail passenger cars including scheduled hours in passenger service and deadhead travel. (Section 15 Form 407)

Annual Passenger Car Miles - The total annual miles traveled by rail passenger cars, including both revenue miles and deadhead miles (Section 15 Form 407)

Annual Passenger Car Revenue Hours - Total annual number of scheduled hours that a rail passenger car is in revenue service. Excludes hours consumed while traveling to and from storage and maintenance facilities and during other deadhead travel. (Section 15 Form 407)

Annual Passenger Car Revenue Miles - Total annual miles traveled by rail passenger cars while in revenue service. Excludes miles traveled to and from storage facilities and other deadhead travel. (Section 15 Form 407)

Annual Passenger Miles - The annual total of the distances traveled by each revenue passenger on board a vehicle in revenue service. (Section 15 Form 406 for non-rail modes; Form 407 for rail modes)

Annual Train Hours - The total annual hours of travel by trains including scheduled hours in passenger service and deadhead travel. (Section 15 Form 407)

Annual Train Miles - Total annual miles traveled by trains, including both revenue miles and deadhead miles. (Section 15 Form 407)

Annual Train Revenue Hours - Total annual number of scheduled hours that a train is in revenue service. Excludes hours consumed while traveling to and from storage and maintenance facilities and during other deadhead travel. (Section 15 Form 407)

Annual Train Revenue Miles - Total annual miles traveled by trains while in revenue service. Excludes miles traveled to and from storage facilities and other deadhead travel. (Section 15 Form 407)

Annual Vehicles Hours - The total annual hours of travel by revenue vehicles including scheduled hours in passenger service and deadhead travel. (Section 15 Form 406)

Annual Vehicle Miles - The total annual miles traveled by revenue vehicles, including both revenue miles and deadhead miles. Vehicle miles do not include miles operated while in charter service that is not available to the general public. (Section 15 Form 406)

Annual Vehicle Revenue Hours - Total annual number of scheduled hours that a vehicle is in revenue service. Vehicle revenue hours exclude hours consumed while traveling to and from storage and maintenance facilities and during other deadhead travel. (Section 15 Form 406)

Annual Vehicle Revenue Miles - Total annual miles traveled by revenue vehicles while in revenue service. Vehicle revenue miles exclude miles traveled to and from storage and maintenance facilities and other deadhead travel. Vehicle revenue miles do not include miles operated while in charter service that is not available to the general public. (Section 15 Form 406)

Dedicated Sales Tax Revenues - Sales tax revenue generated through the transit system's own taxing authority which has been granted by the State. (Section 15 Form 201 or 202)

Directional Route Miles - The total miles over which public transportation vehicles travel while in revenue service. If vehicles travel in both directions on a two-way roadway both sides of the roadway are included. The measure is taken without respect to the number of traffic lanes or rail tracks existing in a given segment of right-of-way. (Section 15 Form 403)

Employment Within Service Area - Actual or projected number of persons employed within the service area.

Federal Capital Assistance - Funds obtained from the Federal government to help cover capital expenditures (Section 15 Form 103)

Federal Operating Assistance - Funds obtained from the Federal government to help cover the cost of providing transit services. (Section 15 Form 201 or 202)

Fringe Benefits - Payments or accruals to others (insurance companies, governments, etc.) on behalf of an employee and direct payments or accruals to an employee arising from something other than his performance of a piece of work. (Section 15 Form 301, 310 or 315)

Full-Time Equivalent Employees - Number of employees working for the transit system measured by labor years (2080 hours). (Section 15 Form 404)

Labor - The pay and allowance due to employees in exchange for the labor services they render on behalf of the transit system. Includes operators' salaries and wages and the salaries and wages of other transit system employees. (Section 15 Form 301, 310 or 315)

Local Capital Assistance - Funds obtained from local government units to help cover capital expenditures. (Section 15 Form 201)

Local Operating Assistance - Funds obtained from local government units to assist in paying the cost of operating transit services or to help cover the difference between full adult fares and special reduced fares. (Section 15 Form 201 or 202)

Operating Bases - Facilities from which buses are dispatched.

Other Contributions - Funds obtained from other sources to cover capital expenditures (e.g., developer contributions).

Other Operating Costs - The sum of operating costs other than labor and fringe benefits. Includes the costs of services, materials and supplies, utilities, casualty and liability costs, taxes, purchased transportation services, miscellaneous expenses and expense transfers. (Section 15 Form 301, 310 or 315)

Other Operating Revenues - Revenue earned other than passenger fares and federal, state or local government assistance. Includes:

- other transportation revenue - revenue earned other than passenger fares from the operation of passenger service such as special transit fares and school bus and charter service revenue

- non-transportation revenue - revenue earned from activities not associated with the transit system's transit service such as contributed services and services from other sectors of the transit company's operations

(Section 15 Form 201 or 202)

Passenger Cars in Peak Service - The maximum number of rail passenger cars operated during peak service. (Section 15 Form 407)

Passenger Fares - Revenue earned from carrying passengers along regularly scheduled routes. Includes revenue earned from passengers who pay full adult fares as well as from passengers who pay special reduced fares such as senior citizens, students, children or handicapped persons. (Section 15 Form 201 or 202)

Per Capita Income of Service Area - Actual or projected income per person within the service area.

Population of Service Area - Actual or projected population within the service area.

Reconciling Items - Expense items such as interest expenses, leases and rentals, depreciation, purchase lease payments, related parties lease payments and other expense items which are generally not treated uniformly within the transit industry. (Section 15 Form 301, 310 or 315)

Retail Sales in Service Area - Actual or projected amount of retail sales within the service area.

Service Area Size - The size (square miles) of the transit district as defined by law or otherwise defined by the transit system.

State Capital Assitance - Funds obtained from state government(s) to help cover capital expenditures. (Section 15 Form 103)

State Operating Assistance - Funds obtained from state government(s) to assist in paying the cost of operating transit services or to help cover the difference between full adult fares and special reduced fares. (Section 15 Form 201 or 202)

Trains in Peak Service - The maximum number of trains operated during peak service. (Section 15 Form 407)

Vehicles in Peak Service - The maximum number of vehicles operated during peak service. (Section 15 Form 406)

Note

Under the Urban Mass Transportation Administration's (UMTA's) Section 15 program, transit agencies report virtually all of the historical data requested in this questionnaire. The few exceptions are service area size, population, employment, per capita income, retail sales, and contributions. Where a Section 15 reported item is requested in this survey, definition of the item is identical to the Section 15 definition. Section 15 definitions are provided in the Urban Mass Transportation Industry Uniform System of Accounts and Records and Reporting System, Volume II Uniform System of Accounts and Records.