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Access-A-Ride: With More Riders, Costs Are Rising Sharply

SUMMARY

THE COST OF RUNNING ACCESS-A-RIDE, the transit authority's door-to-door transportation program for the city's disabled, has more than doubled between calendar years 2000 and 2005. Over this six-year span, operating expenses increased from \$85.2 million to \$189.8 million. This year, MTA New York City Transit expects costs to grow \$50 million and reach \$239.8 million. Though still a comparatively small portion of the transit authority's budget, Access-A-Ride has become one of the agency's fastest-growing costs.

Driving the increase in spending has been a surge in the number of passengers taking Access-A-Ride, not the cost per passenger. Since 2000, the number of people approved to use the service due to physical or mental disability has increased by more than 50 percent. At the same time, these registered users are taking more Access-A-Ride trips. Registered users took an average of 37 trips each in 2005, compared with 28 in 2000.

Among IBO's other findings in its review of the Access-A-Ride budget:

- Fares, which are the same as for subways and buses, cover a small fraction of the program's operating expenses—less than 4 percent in 2005.
- MTA New York City Transit covers about two-thirds of the program's costs, a subsidy that has grown from roughly \$60 million in 2000 to a projected \$160 million this year.
- If not for an annual cap on how much New York City's subsidy of the program can grow, the city's \$29.6 million share in 2005 would have been \$16.7 million higher.

Access-A-Ride receives 6.0 percent of two taxes levied on large commercial real estate transactions in New York City. Because of the city's booming real estate market, revenue from these taxes has been extremely strong in recent years. Revenue from these taxes dedicated to paratransit increased from \$10.9 million in 2000 to \$37.2 million in 2005, an average annual increase of 27.8 percent. MTA New York City Transit projects that revenues from these taxes will decline slightly in 2006, to \$36.2 million.

INTRODUCTION

The cost of running Access-A-Ride, the transit authority’s door-to-door transportation program for the city’s disabled, has increased sharply in recent years. Operating expenses more than doubled between calendar years 2000 and 2005, increasing from \$85.2 million to \$189.8 million. MTA New York City Transit (NYC Transit) projects costs to rise by \$50 million in 2006 and reach \$239.8 million.¹ Passenger fare revenues have increased at a somewhat faster rate than expenses, but by 2005 still only covered 3.7 percent of costs. New York City contributed approximately 15 percent of the cost, dedicated tax revenues provided another 20 percent, and the transit authority covered the balance—nearly two-thirds of total operating expenses.

The growth in the paratransit budget since 2000 is due primarily to an increase in the number of passengers carried, not the cost per passenger. The number of times Access-A-Ride vehicles were boarded by passengers registered to use the service, plus aides and guests, more than doubled between 2000 and 2005 (compared to a more modest 5.4 percent increase in subway and bus riders during the same period). In contrast, operating expenses per boarding increased 9.7 percent.

Two reasons explain the rise in paratransit riders. First, the number of registered users—persons who have been approved to use the service because physical or mental disability makes them occasionally or permanently unable to use public buses or subways—has increased by over 50 percent since 2000. Second, registered users are using Access-A-Ride more frequently. Registered users took an average of 37 trips each in 2005, compared with 28 in 2000. These numbers suggest that despite the dissatisfaction of some riders with the quality of service, paratransit has in recent years become a more feasible transportation option for individuals with disabilities.

The Legal Mandate for Paratransit. Paratransit is generally defined as a demand-responsive transportation service provided in sedans or lift-equipped vans or minibuses. The Americans with Disabilities Act (ADA) of 1990 mandates that transit agencies provide “comparable” paratransit service to individuals who are unable to use regular public transportation. In general, “comparable” service means that paratransit must be provided within three-fourths of a mile of existing bus routes and rail stations, during the same hours and days as conventional transit.

Access-A-Ride is the paratransit program in New York City. Access-A-Ride was originally managed by the city’s Department of Transportation. In 1993 the program was taken over by NYC Transit, under an agreement between the transit agency and the city. NYC Transit contracts with private transportation companies to deliver the service.

REGISTRATION AND RIDERSHIP TRENDS

Total paratransit ridership in New York City more than doubled between 2000 and 2005, from 2.3 million to 4.7 million trips. In each of these years, registered users made up just under three-fourths of the passenger total. Aides (who do not pay) and guests (who do) made up the remainder. The sharp increase in ridership has been propelled by such factors as increases in service capacity, a reduction in the advance notice required for trip requests, and greater outreach by social service organizations, advocacy groups, and others.

Increased paratransit ridership results from growth in both the number of registered users, and in the number of trips taken per user. The number of registered paratransit users increased by over 50 percent between 2000 and 2005, to 91,953 from 59,721. Even with this recent growth, the number of registered paratransit users in New York City is quite small compared with the number of disabled city residents. Based on the American Community Survey conducted by the federal Bureau of the Census, IBO estimates that there were roughly 850,000 disabled adults residing in the city in 2005.² Some of these individuals are able to use public transit without limitations. At the other extreme, some disabled will never be able to use conventional transit, no matter how accessible it becomes. In the middle is a group that can use regular transit in some circumstances or with a certain amount of difficulty. They will make their modal choice based on factors such as travel time, relative convenience and accessibility, and their health condition on a particular travel day.

In addition to the increase in the number of users, the average number of trips taken by each user rose as well. The average

	2000	2001	2002	2003	2004	2005
Ridership (<i>in millions</i>)						
Registered users	1.70	2.02	2.23	2.58	2.88	3.41
Aides and guests	0.60	0.69	0.8	0.99	1.11	1.26
Total Ridership	2.30	2.71	3.03	3.56	3.98	4.66
No. of registered users	59,721	64,902	73,411	80,647	83,844	91,953
Trips per registered user	28	31	30	32	34	37

SOURCES: IBO; MTA New York City Transit.

registered user took 37 trips in 2005, about one-third more than the 28 trips taken in 2000. Trips made by aides and guests increased by a similar proportion.

Changes in paratransit policy have made Access-A-Ride a more viable travel option

for individuals with disabilities. Initially NYC Transit operated Access-A-Ride with a “planned denial rate” of 6 percent. This meant that the amount of service available was insufficient to meet peak periods of demand. In 1998 the Federal Transit Administration determined that ADA regulations require paratransit capacity be sufficient to meet all anticipated demand. NYC Transit achieved a 0 percent denial rate in March 2003, and has continued to increase the amount of service available. The agency has also reduced the amount of advance notice required for trip requests, from two to four days to one day.

FINANCIAL PROFILE

Total paratransit operating expenses increased from \$85.2 million in 2000 to \$189.8 million in 2005, an average annual increase of 17.4 percent. The operating expense per trip (boarding) was around \$56 in 2005, and has been relatively stable over the six-year period. (A boarding consists of a registered paratransit user, plus any aides or guests who travel with him or her.) Operating expense per passenger carried (including aides and guests) was almost \$41.

Although dedicated tax sources have grown rapidly to help fund the increase in costs, the growth rate in the city’s contribution is capped, meaning that NYC Transit must provide the balance of funding for Access-A-Ride operations. In 2005 paratransit operating expenses represented about 4 percent of NYC Transit’s total operating expenses, up from 2 percent in 2000.

Costs. The principal component of paratransit costs consists of service contracts with the private companies that actually provide the service. NYC Transit has long-standing contracts with eight companies: Atlantic Paratrans, American Paratransit, Maggie’s Paratransit, MV Transportation, PTM Management, TFM Paratransit, Star Cruiser Transportation, and RJR Paratransit.³

Access-A-Ride Costs							
	2000	2001	2002	2003	2004	2005	2006^a
Annual Operating Costs (in thousands)							
Carrier Contracts	\$69,139	\$86,910	\$103,830	\$109,228	\$121,787	\$143,957	\$170,926
Vehicle Purchases ^b	4,179	5,620	376	260	171	0	4,740
Other Operating	8,043	12,129	19,858	28,780	31,316	39,251	55,651
Administrative	3,811	4,599	5,794	5,988	6,287	6,560	8,434
Total Operating Costs	\$85,172	\$109,258	\$129,858	\$144,256	\$159,561	\$189,768	\$239,750
Capital Vehicle Purchases ^b	\$0	\$0	\$0	\$12,991	\$14,385	\$4,851	\$0
Operating Costs							
per boarding	\$50.21	\$54.16	\$58.29	\$55.99	\$55.45	\$55.72	n.a.
per passenger	\$37.11	\$40.31	\$42.86	\$40.48	\$40.06	\$40.70	n.a.
SOURCES: IBO; MTA New York City Transit. NOTES: ^a Calendar year actual spending through 2005; 2006 is budgeted spending. ^b Vehicles with a value greater than \$50,000 are purchased through the transit authority’s capital budget.							

Four additional carriers, TransCare New York, Progress Transit, ALL Transit, and Advance Transit Co. are expected to begin providing service by the end of this year. NYC Transit has negotiated a price per vehicle service hour for each one of these companies, based on the expected characteristics of that firm’s trips. Actual payment for service takes place monthly, based on documentation that the companies submit to NYC Transit. The total value of the contracts was \$144.0 million in 2005, more than twice the 2000 level. Due to cost of living adjustments and a projected increase in demand, NYC Transit expects contract costs to reach \$170.9 million in 2006.

NYC Transit purchases the vehicles that are used by paratransit providers, generally minibuses or vans. Since 2003 almost all vehicle purchases have been classified as capital spending. Expenditures on paratransit vehicles vary greatly from year to year, but the overall trend has been upward. After two years of relatively large spending for new vehicles, expenditures fell in 2005. In 2003 the transit authority spent \$13.0 million in capital funds on new vehicles and \$14.4 million in 2004 (along with a small amount of operating funds in both years). Spending on new vehicles dropped to \$4.9 million in 2005, and this year NYC Transit plans to spend \$4.7 million in operating funds to purchase Crown Victoria sedans. These sedans, similar to the city’s yellow taxis, will be used for passengers who do not require a wheelchair-accessible vehicle.

Other operating expenses include the cost of the centralized reservation, scheduling, and dispatching system (known as the “Command Center”), the cost of the Eligibility Determination Unit, and fuel. The Command Center is operated by First Transit, an Ohio-based company, with some additional support staff from NYC Transit. The Eligibility Determination Unit certifies individuals as qualifying for paratransit. The unit is operated by NYC Transit, although some applications are reviewed by a third party.

Access-A-Ride Funding							
	2000	2001	2002	2003	2004	2005	2006^a
Annual Revenues (in thousands)							
Fares	\$2,549	\$3,026	\$3,709	\$5,056	\$6,024	\$7,109	\$8,393
Urban Tax	10,914	12,343	11,168	10,819	22,509	37,163	36,207
NYC reimbursement	11,915	14,298	17,158	20,589	24,706	29,648	35,580
<i>Total Dedicated Revenue</i>	<i>25,378</i>	<i>29,667</i>	<i>32,035</i>	<i>36,464</i>	<i>53,239</i>	<i>73,920</i>	<i>80,180</i>
NYC Transit contribution	59,794	79,591	97,823	107,792	106,322	115,848	159,570
Total Funding	\$85,172	\$109,258	\$129,858	\$144,256	\$159,561	\$189,768	\$239,750
Funding as a Percent of Cost							
Farebox	3.0%	2.8%	2.9%	3.5%	3.8%	3.7%	3.5%
Urban Tax	12.8%	11.3%	8.6%	7.5%	14.1%	19.6%	15.1%
NYC reimbursement	14.0%	13.1%	13.2%	14.3%	15.5%	15.6%	14.8%
NYC Transit contribution	70.2%	72.8%	75.3%	74.7%	66.6%	61.0%	66.6%
SOURCES: IBO; MTA New York City Transit.							
NOTES: ^a Calendar year actual spending through 2005; 2006 is budgeted.							

the private bus lines in the city in 2006.)

Because of the city's booming real estate market, urban tax revenues have been extremely strong in recent years. The urban tax revenues dedicated

Administrative expenses are the costs incurred directly by NYC Transit as the overseer of the Access-A-Ride program. These costs increased from \$3.8 million in 2000 to \$6.6 million in 2005.

Funding. The paratransit operating budget is funded from fares, dedicated tax revenues, and direct payments from the city pursuant to its agreement with NYC Transit. Because these sources are insufficient to cover all of the program's expenses, NYC Transit pays for the remaining balance—typically about two-thirds of total operating costs—out of its own budget.

Fares. Fares cover a small fraction of paratransit operating expenses—3.7 percent in 2005. NYC Transit collected \$7.1 million in fares from paratransit users in 2005, up from \$2.5 million in 2000. Under an agreement between the city and NYC Transit, registered paratransit customers and guests (family or friends who accompany them) pay the equivalent of the cash fare on NYC Transit subways and buses—currently \$2 per ride. Personal care attendants who aid disabled passengers travel for free. (Individuals with a qualifying disability may ride conventional transit for half the normal fare, whether paying cash—on buses only—or using a pay-per-ride or unlimited-ride MetroCard.)

Urban Taxes. Access-A-Ride receives 6 percent of two taxes levied on large commercial real estate transactions in New York City. These taxes are referred to as the “urban taxes.” They consist of a 0.625 percent tax on commercial mortgages of \$500,000 or more, and a 1.0 percent tax on commercial property sales over \$500,000. NYC Transit receives 96 percent of urban tax revenue: 90 percent for its subways and buses, and 6 percent for paratransit. (The remaining 4 percent of revenue is used to fund MTA Bus, the MTA subsidiary that completed a takeover of

to paratransit increased from \$10.9 million in 2000 to \$37.2 million in 2005, an average annual increase of 27.8 percent. Revenues are projected to decline slightly in 2006, to \$36.2 million. Based on its forecast of slower real estate activity, the transit authority projects that paratransit will receive \$23.2 million from the urban taxes in 2007, down by more than one-third from this year.

City Subsidy Cap. Under its agreement with the transit authority, the city subsidizes paratransit with a payment equal to one-third of operating expenses, after deducting fare revenue, urban tax revenues, and the program's administrative expenses. There is an additional proviso that the year-to-year increase in the city's contribution cannot exceed 20 percent. This cap has been effective every year since New York City Transit took over the program in 1993, and as a result the increase in the city's contribution has been exactly 20 percent each year since 2000. The city provided \$29.6 million in funding for Access-A-Ride in 2005, but without the cap, it would have been obligated to provide \$46.3 million.

NYC Transit Contribution. Of the \$189.8 million in total operating expenses for paratransit in 2005, \$73.9 million (39 percent) was funded through fares, urban taxes, and the city contribution; there is no direct state or federal funding for the paratransit program. The remaining \$115.8 million was paid through NYC Transit's operating budget, which is in turn funded by subway and bus fares, surplus bridge and tunnel tolls, state and local operating subsidies, and state and local dedicated taxes. Combining subsidies and dedicated taxes, around one-third of NYC Transit's contribution to paratransit can ultimately be attributed to state and local sources.

The NYC Transit capital program for 2005-2009 commits

\$73.2 million for the purchase of 948 vehicles. Money for these vehicles comes from the transportation authority's own funding sources—principally bonds—rather than a dedicated federal or state grant.

ENABLING MORE TO RIDE CONVENTIONAL TRANSIT

Driven by the increase in demand, Access-A-Ride has become one of the fastest-growing parts of NYC Transit's operating budget. The subsidy paid by NYC Transit to support the program is expected to reach almost \$160 million in 2006, compared with \$60 million in 2000.

One way to reduce the cost of paratransit would be to enable as many users as possible to use conventional transit. The Americans with Disabilities Act mandates wheelchair accessibility on transit buses and at "key" rail stations. As part of an out-of-court settlement of a suit brought by the United Spinal Association (formerly Eastern Paralyzed Veterans), NYC Transit has agreed to make 100 key subway stations accessible by 2020. According to a recent statement by the MTA, 53 key stations and 15 non-key stations are now accessible.⁴ Currently, all NYC Transit buses are wheelchair-accessible, and MTA Bus (the successor to the former private franchise bus routes) is moving toward complete accessibility.

Given that the number of disabled passengers is such a small fraction of total city subway and bus ridership, NYC Transit would not have to add service even if significant numbers of disabled riders switched to conventional transit service. If all of the 4.7 million passengers who used paratransit in 2005 had instead used city subways and buses, ridership on these modes would have increased an imperceptible 0.2 percent. An increase so small would not warrant more transit service.

Clearly, not all current paratransit users could make the switch to conventional transit, even if the system were made far more accessible than at present. When riders do shift from Access-A-Ride to conventional transit, there are net operating savings to NYC Transit as a whole. One obstacle to this happening is the lack of accessibility of the subway system. Barely more than one-tenth of all subway stations are wheelchair accessible, and disabled individuals who do not use wheelchairs often find that the amount of walking and climbing required to enter and leave stations is excessive.

The capital investment required to make subway stations accessible is very high. NYC Transit is committing \$192.9 million in its 2005-2009 capital program to provide ADA accessibility at 15 key stations—an average of almost \$13 million per station. Extrapolating from these numbers, making every subway station ADA accessible might cost \$4 billion or more. Moreover, even with a totally accessible subway system, the need for paratransit would remain. Some registered Access-A-Ride users can never use conventional transit, while others can use it only under limited circumstances.

Written by Alan Treffeisen

ENDNOTES

¹ In 2002 the Independent Budget Office released an analysis of the expenses and revenues of Access-A-Ride based on data from the year 2000, "New York's Access-A-Ride Program: Costs and Funding Sources." This fiscal brief updates that report.

² Assuming that the age distribution of disabled New Yorkers mirrors the distribution of the population as a whole, then about five-sixths of the disabled population are adults age 18 or over. Because the survey does not include individuals who are institutionalized or otherwise living in group quarters, this estimate of the disabled population tends to be on the low side. The 2000 census reported a much higher number of disabled New Yorkers—1.8 million.

³ The companies are listed by the size of their current contract, from largest to smallest.

⁴ Alberts, Hana. "MTA responds to suggestions for change." *New York Newsday*, August 20, 2006.

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