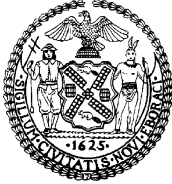


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## THE CITY OF NEW YORK INDEPENDENT BUDGET OFFICE

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### **New York City's Access-A-Ride Program: Costs and Funding Sources**

#### **The Legal Mandate for Paratransit**

The Americans with Disabilities Act (ADA) mandates that transit agencies make paratransit service available to individuals who are unable to use regular public transportation.<sup>1</sup> Access-a-Ride is the New York City paratransit program. Access-a-Ride was operated, through private transportation companies, by the city's Department of Transportation until 1993, when MTA New York City Transit (NYC Transit) assumed responsibility for the program pursuant to an agreement between the transit agency and the city. NYC Transit contracts with private transportation companies to deliver the service.

#### **Financial Profile**

The total expenses of New York City paratransit in 2000, the most recent year for which final figures are available, were \$85.2 million. This figure represented around 2 percent of NYC Transit's total operating budget. Expenses consisted of the cost of contracts (approximately \$69.2 million), administrative costs (\$3.8 million), the purchase of vehicles (\$4.2 million) and other operating expenses (\$8 million). Other operating expenses included the cost of the centralized reservation, scheduling and dispatching system that is operated by another NYC Transit contractor (known as the "Command Center"), and the cost of the Eligibility Determination Unit. Access-a-Ride provided roughly 1.7 million rides in 2000. Excluding administrative costs and vehicle procurement, the cost per ride was \$45.

While paratransit does not currently represent a large percentage of NYC Transit's budget, its share of the total budget has been increasing. As of December 2001, NYC Transit's projections were that the paratransit program would cost \$108 million in 2001, and would provide 2.1 million rides. Costs were projected to grow to \$141 million in 2002, and ridership to 2.5 million. NYC Transit states that this extraordinary growth in recent years is due to a 1998 interpretation by the Federal Transit Administration (FTA) that ADA paratransit regulations require paratransit service to be of sufficient capacity to meet all demand. Since this guidance was issued, applications for certification and demand for service have increased significantly beyond earlier projections.

Dedicated paratransit funding comes from paratransit fares, dedicated urban tax revenues, and direct payments from the city pursuant to its agreement with the transit agency. Because these sources are insufficient to cover all of the program's expenses, NYC Transit fixed-route fares and operating subsidies are used to fund the remaining balance.

Fares cover a very small fraction (3 percent) of the paratransit budget. NYC Transit collected \$2.5 million in fares in 2000 from paratransit users. Paratransit registrants and family or companions riding with them pay \$1.50 in cash or token per ride, equivalent to the nondiscounted fare on NYC Transit's bus and subway service. If the ADA-eligible rider needs a personal care attendant to travel, the aide rides for free. Although ADA allows the transit agency performing paratransit to charge up to double the regular conventional transit fare, a condition of the city's agreement to partially fund paratransit was that the fare be maintained at the same rate as for fixed routes. A proviso of the agreement permits the doubling of the fare only if both parties agree and the Federal Transit Administration determines, after an application by the parties, that the cost of paratransit has become an "undue financial hardship." FTA has yet to grant

such a waiver to any transit agencies, even those where the paratransit cost is a much larger percentage of their fixed route budget than is currently the case in New York.

The paratransit program receives 6 percent of two city taxes levied on sales of commercial property. The share of these revenues going to paratransit in 2000 was \$10.9 million. This is the so-called "urban tax" referred to above.

The direct city payments to paratransit is fixed in the city's agreement with the transit agency at one-third of the operating expenses, after deducting fare revenue, urban tax revenue, and the program's administrative expenses. However, there is an additional proviso that the year-to-year increase in the city's contribution cannot exceed 20 percent. In 2000, the city contribution would have been \$22.4 million without this cap. In fact, the contribution was \$11.9 million.

Of the \$85.2 million total cost of paratransit in 2000, only \$25.3 million was funded through the dedicated paratransit funding sources noted above. NYC Transit must fund the remaining \$59.9 million in cost from its fixed-route fares and subsidies. Because the state funds around 20 percent of NYC Transit's operating budget and the city an additional 8 percent, roughly 28 percent (\$16.8 million) of NYC Transit's own spending on paratransit can ultimately be attributed to state and city sources.<sup>2</sup> However, the subsidies used to fund paratransit had been intended for bus and subway service. There is no direct state funding, and no direct or indirect federal funding, for the paratransit program.

<b>NYC Paratransit Budget, 2000</b>		
<i>Millions of dollars</i>		
<b>Revenues</b>		
Fares	\$2.5	(3%)
Urban taxes	10.9	(13%)
New York City	11.9	(14%)
NYC Transit	<u>59.9</u>	(70%)
<i>Total</i>	<i>\$85.2</i>	
<b>Expenses</b>		
Contracts with providers	\$69.2	
Vehicle purchases	4.2	
Other operating expenses	8.0	
Administrative expenses	<u>3.8</u>	
<i>Total</i>	<i>\$85.2</i>	
SOURCE: IBO; NYC Transit		

#### NOTES

<sup>1</sup> Paratransit is generally defined as a demand-responsive, door-to-door transportation service provided in sedans or lift-equipped vans. Unlike fixed-route service in which the local jurisdiction determines the level of service based on many factors, including demand, fare revenues, availability of subsidies, other available transportation, etc., for paratransit ADA defines the service criteria that must be met, regardless of cost. Specifically, the ADA mandates that where a governmental jurisdiction has fixed route transportation (bus or subway), a paratransit service be operated that is "comparable" to the fixed-route service and is available to individuals who meet ADA paratransit eligibility requirements (i.e., individuals who are unable to use fixed route transportation because of their disabilities.)

<sup>2</sup> The state and city contributions to NYC Transit's operating budget take the form of direct grants, as well as revenues from taxes dedicated to transit.

*Prepared by Alan Treffeisen, senior budget and policy analyst  
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