

***State of New York
Office of the State Comptroller
Division of Management Audit
and State Financial Services***

DEPARTMENT OF TRANSPORTATION

**OVERSIGHT OF PARATRANSIT
SERVICES IN NEW YORK STATE**

REPORT 97-S-48



H. Carl McCall

Comptroller



State of New York Office of the State Comptroller

Division of Management Audit and State Financial Services

Report 97-S-48

Mr. Joseph H. Boardman
Commissioner
New York State Department of Transportation
State Office Building Campus - Building #5
Albany, NY 12232

Dear Mr. Boardman:

The following is our audit report on the Department of Transportation's oversight of paratransit services in New York State during the period January 1, 1992 through May 15, 1998.

This audit was performed according to the State Comptroller's authority as set forth in Section 1, Article V, of the State Constitution and Section 8, Article 2, of the State Finance Law. Major contributors to this report are listed in Appendix A.

*Office of the State Comptroller
Division of Management Audit
and State Financial Services*

October 8, 1998

Executive Summary

Department of Transportation Oversight of Paratransit Services in New York State

Scope of Audit

The Federal American Disabilities Act of 1990 (ADA) requires all public transportation agencies that operate fixed-route systems to provide comparable services, known as paratransit services, to disabled and handicapped individuals who are unable to use fixed-route service. In 1996 (the period for which the most current data was available at the time of our audit), paratransit expenditures, as reported to the New York State Department of Transportation (Department), totaled \$42.4 million for the State's 19 major urban transit systems. This represented an 18 percent increase over 1995 spending levels. In 1996, the average cost per revenue passenger was approximately \$25 for paratransit passengers, while the average cost for the fixed-route system was approximately \$2 to \$3 per passenger. Since providers may not charge more than double their normal fixed-route fare for a paratransit trip, the total fares paid by patrons of paratransit are significantly less than the providers' total costs to operate their paratransit programs. In addition, although the fixed-route bus system ridership has remained relatively steady, paratransit ridership continues to grow.

The Department is responsible for coordinating and developing policies and plans to provide adequate, safe, and efficient public transportation facilities and services at a reasonable cost. Therefore, the Department is responsible for ensuring that paratransit services are being provided efficiently. This is particularly important since the Federal government does not provide direct operating assistance for paratransit programs. Instead, transit systems must pay for such costs primarily through fares and State assistance.

Our audit addressed the following questions relating to the Department's oversight of paratransit services in New York State during the period January 1, 1992 through May 15, 1998:

- Are paratransit programs in the State operating efficiently?
- Has the Department provided adequate oversight and guidance to public providers of paratransit service to help ensure that services are provided efficiently and effectively?

Audit Observations and Conclusions

We found indications that the overall efficiency of paratransit services is decreasing and that transit providers may not be taking sufficient action to maximize the efficiency of their operations. In addition, we determined

that the Department has not taken the steps necessary to ensure that paratransit services are being provided efficiently and effectively.

The demand for paratransit services is growing substantially. The 19 major urbanized transit providers in New York State experienced a 42 percent increase in service demand from 1993 to 1996. Nevertheless, the overall efficiency of providers is decreasing based on certain measures of efficiency. By their very nature, paratransit services cannot be provided as efficiently as fixed-route services, and thereby pose a significant burden on the operating budgets of providers. Despite the heavy emphasis on State funding of paratransit services and the significant increase of program costs, the Department devotes little attention to assessing the economy and efficiency of paratransit service. The Department collects a significant amount of operational statistics and performance indicators for transit systems, but has not devoted the resources necessary to analyze this information. The Department has also done little to investigate the feasibility of utilizing technology and encouraging the implementation of innovative paratransit practices. We recommend that the Department use available data to analyze the effectiveness of paratransit operations, identify opportunities for improvement, and encourage the use of available technology to enhance efficiency. (See pp. 6-11)

Paratransit represents a significant cost for local and State taxpayers. As such, service coordination is critical to ensure that paratransit programs are operating efficiently. There are opportunities for coordination to take place; however, the Department's efforts to improve paratransit service coordination have been limited. Many State agencies operate large scale transportation programs for their respective clients, and related expenditures can be significant. For example, Medicaid expenses for transportation totaled \$235 million in fiscal year 1996-97. The various transportation programs operate in both urban and rural areas, and the potential for improved efficiency and effectiveness through better coordination is significant. Although New York has taken some steps to increase coordination, it lags behind efforts made by other states. We found that any successful coordination efforts that exist today in the State occurred primarily because of the willingness of local administrators to coordinate their service efforts. The Department, in its role as developer of transportation policy for the State, needs to take a more active role in fostering effective coordination. (See pp. 11-15)

Comments of Department Officials

Department officials stated that the recommended actions largely reflect the course that the Department has been following. However, they disagree that the Department is responsible for ensuring that paratransit services are provided efficiently. Rather, they believe Federal legislation makes the provision of paratransit services a local issue over which they have no jurisdiction.

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Introduction

Background

The Federal American Disabilities Act of 1990 (ADA) requires all public transportation agencies that operate fixed-route systems to provide comparable services, known as paratransit services, to disabled and handicapped individuals who are unable to use fixed-route service. The purpose of the ADA was to provide a national mandate for eliminating discrimination against individuals with disabilities and to ensure that the Federal government plays the central role in enforcing these standards. According to the ADA, individuals who are eligible for paratransit services include disabled persons who are unable to board, ride or disembark from any vehicle that is accessible to the disabled, and disabled persons who are unable to travel to a fixed-route location.

The ADA has had a profound impact on the way communities across the country provide public transportation. Mandating that persons with disabilities cannot be denied full access to transportation, public facilities or employment, the ADA set standards to ensure that public and private transportation operators provide comparable transportation services for persons with disabilities. The ADA required all public transportation agencies to be in full compliance with ADA provisions by January 26, 1997. The challenge was how to provide these Federally-mandated services -- whether adding a new paratransit service, or acquiring accessible vehicles -- all during a time when existing sources of public funds were being cut.

According to the New York State Department of Transportation's (Department) 1997 Annual Report on Public Transportation Assistance Programs, all major transit systems in the State, with the exception of the Metropolitan Transportation Authority - Long Island Bus (MTA/LIB), met the January 26, 1997 deadline. MTA/LIB's noncompliance results from its inability to find sufficient space for the large fleet it needs to fully comply with the ADA. Consequently, MTA/LIB cannot provide paratransit service that fully complements its fixed-route service. MTA/LIB submitted a waiver request to the Federal Transportation Authority (FTA) in April 1997. At the time of our review, MTA/LIB officials advised us that Nassau County had investigated over 30 possible locations in search of a permanent location, but have not been able to identify an acceptable site. MTA/LIB officials further indicated that they have received permission from the FTA to expand use of their temporary site and expect to be in full compliance with FTA requirements in 1999.

The Department's Passenger Transportation Division is responsible for overseeing public transit operations within the State. The Department is responsible for coordinating and developing policies and plans to provide adequate, safe and efficient public transportation facilities and services at a reasonable cost. Sections 15-b and 15-c of the State Transportation Law (which predate the ADA) require the Department to monitor the transportation agencies' development and implementation of the systems necessary to ensure that persons with disabilities have access to transportation facilities and services. Specifically, Sections 15-b and 15-c require each agency to establish committees to develop the plans necessary to institute accessible fixed-route transportation and paratransit services. Therefore, the Department is responsible for ensuring that paratransit services are being provided efficiently and effectively. To fulfill this requirement, the Department took on an advisory role and had representatives from the Department on each transit agency's committee. However, once a transit agency was deemed to be in compliance with the ADA, the Department's oversight role essentially ended.

According to the Department, the overall goal of State Mass Transportation Operating Assistance (STOA) is to assist in providing adequate transit service at a reasonable cost to the transit rider and government. STOA supports public transit services that are provided by some 130 transit operators across New York State, contributing \$1.4 billion in State fiscal year 1997-98. The Federal government in recent years has diverted its resources from operating assistance to capital improvement and preventive maintenance programs. Thus, the Federal role in support of paratransit services has been limited to investment in paratransit buses and other capital improvements including bus shops and technology. Paratransit operating costs themselves amount to an unfunded Federal mandate that the State indirectly supports through STOA, which flows into the general fund of individual transit systems. In effect, local transit officials are required to provide paratransit services without a direct subsidy, placing a significant financial strain on public transit budgets.

In 1996 (the period for which the most current data was available at the time of our audit), paratransit expenditures, including administrative costs (as reported to the Department), totaled \$42.4 million for the State's 19 major urban transit systems, as detailed in Exhibit A. This represented an 18 percent increase over 1995 spending levels. In 1996, the average cost per revenue passenger was approximately \$25 for paratransit passengers, while the average cost for the fixed-route system was

approximately \$2 to \$3 per passenger. Since ADA laws allow providers to charge no more than double their normal fixed-route fare for a paratransit trip, the total fares paid by patrons of paratransit are significantly less than the providers' total costs to operate their paratransit programs.

Although the fixed-route bus system ridership has remained relatively steady, paratransit ridership continues to grow. Urbanized area transit systems reported a total of 76,629 persons registered for complementary paratransit service by the close of 1996, which represented a 22 percent increase over the previous year. Also, in 1996, the total amount of paratransit rides provided exceeded 1.5 million, an 11 percent increase over 1995 levels.

In its transportation plan, *The Next Generation: Transportation Choices for the 21st Century*, the Department indicated that consolidating and coordinating transit services offered by transit operators, and social, health, and educational agencies will result in providing more transit service to more people at less taxpayer expense. Many human service agencies are using public funds to provide their clients with transportation to and from their agencies, but not to other destinations. Some school districts provide specialized service for their students when public transit service exists and has available capacity. The Department's transportation plan indicated that developing an incentive program for consolidating the delivery of such services could be beneficial.

Furthermore, our prior audit of the Department's mass transit operations (Report 91-S-107, issued in December 1992) indicated that significant savings in STOA could be achieved if the Department assumed a more assertive leadership role in transit operations. (The Department sees its role as supportive, rather than assertive.) The report indicated that insistence on economy, efficiency and effectiveness at transit systems should reduce operating costs and related deficits, which should lower the amount of State assistance needed by transit operators.

Audit Scope, Objectives, and Methodology

We audited the Department's oversight of paratransit services during the period January 1, 1992 through May 15, 1998. The objectives of our performance audit were to determine whether paratransit programs in New York State are being operated efficiently, and to determine whether the Department has adequately monitored and guided transportation providers

with their effort to implement paratransit services efficiently and effectively. To accomplish our objectives, we evaluated the Department's internal control framework, interviewed Department management, and reviewed and analyzed pertinent records and reports. We also visited four transit systems that provide paratransit services (Capital District Transportation Authority, MTA/LIB, Rochester-Genesee Regional Transportation Authority, and Westchester County Department of Transportation) to interview paratransit officials and review the performance of their operations. We also obtained information from the Central New York Regional Transportation Authority (CNYRTA).

We conducted our audit in accordance with generally accepted government auditing standards. Such standards require that we plan and perform our audit to adequately assess those Department operations which are included within our audit scope. Further, these standards require that we understand the Department's internal control structure and its compliance with those laws, rules and regulations that are relevant to the operations which are included in our audit scope. An audit includes examining, on a test basis, evidence supporting transactions recorded in the accounting and operating records and applying such other auditing procedures as we consider necessary in the circumstances. An audit also includes assessing the estimates, judgments, and decisions made by management. We believe that our audit provides a reasonable basis for our findings, conclusions and recommendation.

We use a risk-based approach to select the activities for audit. We focus our audit efforts on those operations we have identified through a preliminary survey as having the greatest probability for needing improvement. Consequently, by design, we use finite audit resources to identify where and how improvements can be made. We devote little audit effort reviewing operations that may be relatively efficient or effective. As a result, we prepare our reports on an "exception basis." This report, therefore, highlights those areas needing improvement and does not address activities that may be functioning properly.

Response of Department Officials to Audit

A draft copy of this report was provided to Department officials for their review and comment. Their comments have been considered in preparing this report and are included as Appendix B.

Within 90 days after final release of this report, as required by Section 170 of the Executive Law, the Commissioner of the Department of Transportation shall report to the Governor, the State Comptroller, and the leaders of the Legislature and fiscal committees, advising what steps were taken to implement the recommendation contained herein, and where recommendation was not implemented, the reasons therefor.

Oversight of Paratransit Operations

Taxpayers rightly expect government agencies, such as the Department, to regularly review operations to determine if there are better ways to deliver services and value to taxpayers. The public holds government officials accountable for handling government funds properly and for managing government programs cost effectively. Therefore, Department management should continuously review its business and operating practices and explore options for delivering services more efficiently and effectively. After conducting a thorough and objective review, management can make an informed and supportable decision about how best to go about delivering services in the most cost effective way.

The need for accountability has caused a demand for more information about government programs and services. Further, public officials entrusted with handling public resources are responsible for applying those resources efficiently, economically and effectively to achieve the purposes for which the resources are furnished. A mechanism that would help the Department to achieve this objective is cost analysis. Cost analysis provides an opportunity to understand how a service is delivered or how a selected operation functions. It also includes documenting the total cost to provide a function or service and helps identify opportunities to improve services and operations or add to their value. Moreover, cost analysis can be used to develop indicators of a program's efficiency. We found that the Department has not taken an active role in overseeing paratransit operations, including analysis of efficiency indicators. In addition, the Department has done little to investigate the feasibility of using technology and other management improvements to enhance the economy and efficiency of paratransit operations statewide, including fostering effective coordination of services.

Analysis of Efficiency Indicators

The demand for paratransit services is growing substantially. The 19 major urbanized transit providers experienced a 42 percent increase in service demand from 1993 to 1996. However, these increases have not necessarily improved the operational efficiency of paratransit providers. One measure of efficiency is the number of revenue passengers per revenue vehicle hour. According to Department officials, a level of 2.5 passengers per revenue vehicle hour is generally considered a good indicator that a paratransit provider is operating efficiently. However, we

found that even though the number of paratransit trips is increasing annually, the overall efficiency of providers is decreasing.

For example, revenue passengers increased from 1.2 million in 1994 to 1.5 million in 1996 for the 19 urbanized providers. However, we found that the number of revenue passengers per hour decreased from 1.88 in 1994 to 1.69 in 1996, a 10.1 percent reduction. Furthermore, 12 of the 19 providers failed to achieve a level of 2.5 revenue passengers per hour in 1996. Passengers served per hour ranged from a low of .13 in Orange County to a high of 4.4 in Broome County (see Exhibit A). Initiatives such as utilizing specialized software to schedule and optimize paratransit trips could lead to improved efficiency. The use of such software was cited by the Capital District Transportation Authority (CDTA) as the reason for the CDTA's 22 percent improvement in revenue passengers per hour from 1994 to 1996.

The increasing cost of providing paratransit services is also a concern. Operating costs for paratransit services are increasing at a significant rate. For example, between 1995 and 1996 paratransit costs grew 18 percent. Part of this growth is attributable to the continued phase-in of expanded paratransit services in several areas within the State. According to the Department's annual report, the cost of providing paratransit services for the 19 major providers averaged nearly \$49 per hour in 1996. The cost of paratransit constitutes a significant strain on the operating budgets of providers because revenues are collected from less than two passengers per hour, thereby creating substantial operating deficits. Consequently, most of paratransit operating expenditures are met out of the providers' general operating funds, a significant portion of which is funded by STOA.

The ratio of paratransit revenues to operating expenses clearly illustrates the financial burden paratransit places on the budgets of public transportation providers. For each of the six programs operated by public transportation authorities, revenues amounted to less than 20 cents for every dollar spent on paratransit. Operating revenues ranged from a low of four cents on the dollar of expense for the Metropolitan Transportation Authority - New York City (MTA/NYC) operation to a high of 18 cents on the dollar for the Rochester-Genesee Regional Transportation Authority (RGRTA).

The low ratios of revenues to expenses for paratransit are significantly attributed to the limitation that the ADA places on the fares that providers

may charge riders. The ADA specifies that providers may charge no more than double the normal fixed-route fare for paratransit service. However, there are other factors that influence the overall efficiency of paratransit service. For example, idle driver time, trip cancellations and passenger no-shows can have a significant impact on the overall efficiency of a paratransit operation. Our site visits indicated that although policies call for penalties for paratransit riders who repeatedly cancel or fail to appear for scheduled trips, transit providers have not consistently enforced these policies.

We obtained information on cancellations and no-shows for five providers (CDTA, CNYRTA, MTA/LIB, RGRTA, and Westchester County). For these providers cancellations ranged from a low of 10 percent of trips at MTA/LIB to a high of 25 percent in Westchester County. No shows ranged from a low of 1 percent at CNYRTA to a high of 6 percent at CDTA. Westchester County did not track no-shows, but officials there indicated that one of the problems associated with no-shows and cancellations is that many ADA-eligible individuals are also eligible for transportation services provided by other human service agencies. Officials indicated that these individuals will often book trips on the same day with more than one provider and use the service of the first provider who shows up at their residence.

Despite the heavy emphasis on State funding of paratransit services and the significant increase of program costs, the Department's Passenger Transportation Division (Division) staff devote little attention to assessing the economy and efficiency of paratransit service. Division officials indicated that they view their role in paratransit as one of an advisor to the transit providers, and do not believe their role is to actively monitor the efficiency of paratransit operations. Nevertheless, the Division collects a significant amount of statistical information on the operations of transit providers. This information is summarized and disclosed in the Department's annual report on Public Transportation Assistance Programs. This report provides many useful operating statistics that can be used to assess the economy and efficiency of paratransit services. However, the Division is not using this data to identify opportunities for improvement. Division management indicated that they do not devote much attention to detailed analysis of paratransit operations because they believe operational issues of this nature are the responsibility of the providers. Moreover, Division officials indicated that the annual report satisfies their oversight responsibility.

We also determined that the Division does not use available data resources to assess the economy, efficiency and effectiveness of transit providers. The Division collects a significant amount of operational statistics and performance indicators for transit systems receiving STOA. Exhibit A includes some of these statistics for the 19 major providers of paratransit service. The cost of providing paratransit service, the revenue passengers per revenue vehicle hour, and the paratransit expenditures per revenue vehicle hour are a few examples of the types of information the Department currently collects.

Moreover, as noted in Exhibit A, there were wide ranges in the ratios of revenue passengers per revenue vehicle hour and cost per revenue vehicle hour among the 19 major providers. Although some variation would be expected due to differences in geography, the needs of clientele, and regional cost factors, there is considerable risk that some of the differences are attributable to operational inefficiencies, which we discuss later in this report. Although the Department has established a good system to collect data on paratransit performance measures and outcomes, we believe that the Division needs to strengthen its efforts to analyze such data in the future.

Currently, the Division does not formally analyze data reported by paratransit providers when reviewing paratransit operations. Thus, providers are not being alerted of potential operational inefficiencies and areas of improvement. For example, as previously indicated the number of revenue passengers is often cited as a critical measure of a paratransit program's efficiency. However, revenue passengers per hour declined by about 10 percent, cumulatively, for the 19 major providers from 1994 to 1996.

This trend should be of some concern to the Department. With the demand for paratransit services increasing annually, along with the cost to provide such services, the decline in revenue passengers per hour indicates that transit providers may not be taking sufficient actions to maximize the efficiency of their operations. Cumulatively, paratransit providers have been unable to realize any economies of scale. For example, between 1995 and 1996 MTA/NYC reported significant growth in its paratransit operations. The number of passengers served increased 10 percent (from 522,654 in 1995 to 575,210 in 1996), vehicle miles increased over 20 percent (from 3,685,178 in 1995 to 4,442,813 in 1996) and vehicle hours increased by 32 percent (from 338,661 in 1995 to 447,102 in 1996).

However, the number of revenue passengers per revenue vehicle hour decreased 16 percent, from 1.54 in 1995 to 1.29 in 1996.

Division officials advised us that the cumulative efficiency indicators may have fallen during the period of our audit because many of the major public transportation providers were in program transitions to comply with ADA provisions. This included adding more (but comparatively lower volume) operating hours to existing paratransit schedules. These lower volume hours would tend to decrease the number of revenue passengers per hour. We maintain, however, that Division officials should review the performance indicators, as referenced previously, to identify programs that have the most apparent need for improvement. The Division could also use these outcome measurements to identify issues that warrant attention on a statewide basis.

Technology and Other Management Improvements

Technology and innovative practices provide opportunities to improve the efficiency of paratransit service. Automated scheduling software, mobile data terminals which would replace the present voice communication system between vehicles and dispatch, and the use of automatic vehicle locators which use global positioning system technology can all be used to improve the efficiency of paratransit service. This technology should optimize all scheduling and allow for the reshuffling of service to maximize vehicle efficiency.

In addition, implementing feeder service to the extent practical is a mechanism that can be used to improve service. This involves picking up riders and transporting them to a central location where they board another paratransit bus or a fixed-route bus. This minimizes duplication of service and frees up buses to be used on other routes. Instead of having several buses with only a few passengers traveling to the same location, one bus operating at or near capacity will transport all passengers to a common location. Also, deviating from a fixed route (route deviation) can be used in place of the full complementary paratransit service as a cost-cutting measure. When using route deviation, fixed-route buses leave the designated route to pick up paratransit riders. Once these riders are picked up, the driver returns to the fixed route and completes the route.

At the time of our review, however, we found that the Department's efforts to investigate potential improvements in technology and to encourage the implementation of innovative practices were limited. Once local transit providers were deemed to be in compliance with the ADA

requirements, the Department relaxed its oversight of paratransit providers. Consequently, the Department has not actively participated in paratransit planning and policy development.

The Department should be in a position where providers can come to officials for information and direction relating to paratransit service. However, providers do not generally recognize the Department as a source for this type of information. Consequently, economies and efficiencies achieved by some providers through technological advances and innovative practices may be unknown to other providers. Many providers only find out about these advances to the extent that they talk to other providers. This condition should no longer continue. Currently, there is no Federal aid to support paratransit operations. The Department is ultimately funding a large share of paratransit operations through STOA appropriations. The continued increase of paratransit demand and cost warrants the Department taking more of a leadership role in paratransit operations with a focus on economy and efficiency of operations.

Coordination of Paratransit Service

The disabled often have impairments that impede their ability to drive a car. Thus, many disabled people need transportation to their jobs, for medical appointments, and for other activities. Paratransit service satisfies the transportation needs for many disabled individuals. However, there are many other providers of transportation service within any community, including the State Office for the Aging (SOFA), the Office of Vocational and Educational Services for Individuals with Disabilities (VESID), various human service agencies, the Office of Mental Retardation and Developmental Disabilities (OMRDD), and the Office of Mental Health (OMH), which all fund transportation programs of significant size for their respective clientele. These agencies fund programs that also operate in the same areas where paratransit services are provided. For example, in the Buffalo area alone, there are 29 different providers of transportation service, all of whom have their own clientele. With this many providers of transportation service, we believe there is significant opportunity to improve efficiencies by coordinating services. In many instances, clientele served by other agencies are also eligible for paratransit service, resulting in overlapping services.

The number of transportation service providers (and their associated operating costs) can represent a significant burden on local and State taxpayer resources. The State, in general, and the Department with its

responsibility for developing transportation policy on a statewide basis, need to encourage and facilitate the most efficient and economical transportation service network. Coordination is a cost effective and logical method of providing transportation services. In fact, the Department started a program to explore the potential benefits that can be gained through coordination. In June 1993, the Department issued a report entitled the “Statewide Study to Coordinate Human Service Agency Transportation” (SCOTS). SCOTS identified several objectives that should be achieved through better coordination, as follows:

- Improved operational efficiency and effectiveness.
- Improved service to riders.
- Reduced human service agency transportation management needs.
- Reduced total government costs.

There are opportunities for coordination to take place in New York. As previously indicated, the 19 major providers of paratransit service incurred \$42.4 million in operating costs in 1996. The State Office for the Aging expended \$13.6 million in fiscal year 1995-96 to provide transportation services to 55,000 people and \$14.3 million in 1996-97 to serve 58,000 individuals. Human service programs also provide transportation service. Medicaid expenses for transportation totaled \$235 million in fiscal year 1996-97 and the Welfare-to-Work program had budgeted expenditures of \$8 million for fiscal year 1997-98. The State Education Department also administers funds for transportation programs operated by VESID. OMRDD and OMH operate large-scale transportation programs for their respective clients. All of these programs operate in both urban and rural areas and the potential for improved efficiency and effectiveness exists through better coordination of services. Moreover, the absence of coordination among these providers creates an environment that enables program participants to request services from multiple providers for the same dates and times that result in the “no shows” and the corresponding wasted costs, as previously detailed in this report.

However, we found that the Department has made limited progress in increasing service coordination in most major urban and suburban areas, despite having identified coordination as a means to increase efficiency and effectiveness of human service agency transportation more than a decade ago, as indicated in SCOTS. The Department, through its SCOTS

initiative, has commenced two pilot programs at RGRTA and CDTA. Special funding was provided to both of these authorities to implement their demonstration projects. Both projects are relatively new initiatives and the Department plans to use the outcomes from these two endeavors to illustrate the need for better coordination in New York.

RGRTA is in the process of merging its paratransit operation with a local not-for-profit provider of transportation services. RGRTA used the funding from the SCOTS initiative to purchase automated scheduling software. RGRTA management plans to incorporate the software into its scheduling and dispatching process, and plans are underway to utilize the same software in the not-for-profit corporation. When fully operational, these changes are expected to produce savings in the maintenance of the fleet, an intermingling of clients on the service provided by both parties, and less duplication of service to the same locations. RGRTA is currently training employees from the not-for-profit corporation to use the software. Tentatively, plans are to merge with a third transit provider depending on the success of this initial effort.

Unlike RGRTA, the CDTA initiative to coordinate service is in its infancy. CDTA established a new subsidiary corporation which will serve as a transit coordinator for a three-county area (Albany, Rensselaer and Schenectady). When fully operational, CDTA's initiative will handle Medicaid transportation requests and determine the most efficient way of fulfilling these requests. At the time of our review, there were no plans to integrate CDTA's paratransit program into this initiative because paratransit is already operating at or near capacity. Therefore, the benefits of coordination are not as evident with the CDTA initiative as they are with the RGRTA project. Nonetheless, both of these initiatives are steps in the right direction. Coordination of transportation services should increase simply because it makes sense to do so from an efficiency and economical perspective.

Coordination of transportation services is an area where New York lags behind efforts made by other states. New Jersey, Florida, Maine, Iowa and California have all taken legislative action to increase the level of coordinated transportation service. Pooling existing transportation resources, along with the use of new computerized technology cited previously in this report, can aid a locality's efforts to implement cost efficient paratransit service.

For example, California has been a supporter of statewide coordination since the 1970s. California's Social Service Transportation Act of 1979 mandated improvement to social services transportation, and led to the designation of Consolidated Transportation Service Agencies (CTSAs). These agencies are responsible for providing cost-effective and efficient transportation by minimizing the duplication of administrative and operational services. By law, CTSAs identify and consolidate all funding sources and maximize the services of all public and private transportation providers. The law also requires combined purchasing of vehicles, as well as centralized dispatching, vehicle maintenance, and administration.

In Fresno, California, the passage of the ADA has had little effect on the service the transit system was providing because of the already existing cooperative effort between social services and public transit, as called for by California State Law. In Fresno, there is a special county agency, the Fresno County Rural Transit Agency (RTA), which provides transportation services in which coordination and accessibility go hand-in-hand. In addition to contracting with 11 social services agencies, the RTA coordinates with 12 community-based public transit systems. Acknowledging that transportation providers (e.g., senior centers, developmental disabilities groups, employment training programs, public transit agencies, etc.) very often have the same clients and travel the same routes, the county works to provide accessible services that are not duplicative and to deploy vehicles, drivers and money most effectively.

California's efforts could also be replicated here in New York. An effort similar to the Fresno initiative is underway in the Buffalo area. This initiative, called HUBLINK, has been introduced as a concept for a comprehensive coordinated public transportation system in Western New York which is envisioned to optimize mobility in the region. HUBLINK builds upon existing public transportation resources and the private and not-for-profit providers. The Niagara Frontier Transportation Authority will serve as the mobility coordinator and oversee the entire initiative. The HUBLINK plan calls for better use of existing resources through voluntary coordination among 29 interested providers of transportation services in the Buffalo area. Efficiencies and savings should be achieved through competitive procurement, combining trips sponsored by different providers, and reducing the collective administrative expenses.

More efforts of this nature are needed to ensure that transportation service in New York is efficient and effective. The Department, in its role as developer of transportation policy for the State should take an active role

to ensure that transportation services are being delivered in an economical and efficient fashion. We found that any successful coordination efforts that exist today, such as those ongoing at RGRTA and potentially the plans in Buffalo, occurred primarily because of the willingness of local administrators to coordinate their service efforts. These administrators have been successful in breaking down the barriers that preclude effective coordination.

However, other areas we visited during our audit, such as the Westchester County Department of Transportation and the MTA/LIB, have not been successful in breaking down these barriers. Local officials advised us that efforts to effect coordination would be unsuccessful in their service areas because of local opposition by various human service agencies which over time established their own transportation systems. Therefore, they are not pursuing coordination. The Department needs to take a more active role in fostering coordination efforts in these areas and act as a clearinghouse of information. Successful coordination efforts, like the RGRTA initiative, should be shared with other providers and replicated to the extent practical. The Department should take a more active role to foster better coordination within the State. This could include proposing legislation to mandate coordination among human service transportation providers and taking steps to minimize the barriers that presently exist which preclude effective coordination.

Recommendation

Coordinate and develop policy and plans to provide efficient paratransit services at a reasonable cost, including:

- Utilizing available data to analyze the effectiveness of paratransit operations, identifying opportunities for improvement;

(Department officials acknowledged that paratransit providers could improve their programs by implementing best practices. They added that the Department fosters best practices through Department-sponsored conferences and by requiring staff to routinely communicate with public transportation providers. Officials further noted that the Department has to achieve results through consensus because it cannot mandate the activities of local providers. Officials, however, did not respond directly to our recommendation, which addressed the use of data analysis to identify providers whose cost rates were comparatively high. We maintain that Department staff should perform such analysis to help identify those providers most in need of the Department's oversight and guidance.)

- Investigating the feasibility of utilizing technology and encouraging the implementation of innovative practices; and

(Department officials responded that they have already investigated the feasibility of utilizing technology, including providing computers and software to aid in paratransit scheduling. Officials added that the Department has funded the development of new paratransit dispatching software that is being provided to all interested parties. We would note, however, that at the outset of the audit Department officials told us that they were not involved in any technology development projects for para-

Recommendation (Cont'd)

transit. Subsequently, officials advised that they had acquired dispatching software; however, this software would likely benefit only the smaller paratransit providers. Moreover, officials advised us that no paratransit providers are using Department software. Department officials also stated that they have used statewide meetings as a forum to disseminate and exchange information on innovative practices. However, they provided no examples of technology or other innovative practices for which information was shared at such meetings.)

- Ensuring that transportation services provided by public and private providers are coordinated to the extent practical, including taking steps to break down any barriers that presently exist which might preclude effective coordination.

(Department officials stated that they have encouraged coordination to the extent possible, although they also indicated that there is no data available to demonstrate that coordination improves efficiency and effectiveness. Moreover, officials assert that they do not have a responsibility for ensuring that coordination takes place because none of the applicable statutes specifically authorize the Department to ensure program coordination. We maintain, however, that Department officials are responsible for ensuring that public funds, including STOA, are spent economically and efficiently, without having specific statutes to that effect. Consequently, since provider fragmentation increases the risk of program inefficiencies, the Department should expedite efforts to encourage coordination among paratransit providers.)

**Paratransit Costs and Operating Statistics
For Major Systems
1994 - 1996**

Transit Provider	Paratransit Expenditures (Including Administrative Costs)			Ratio of Revenue Passengers Per Revenue Vehicle Hour			Paratransit Expenditure Per Revenue Vehicle Hour		
	1994	1995	1996	1994	1995	1996	1994	1995	1996
Authorities									
MTA/NYC	\$14,500,000	\$18,600,000	\$23,200,000	1.33	1.54	1.29	\$45.49	\$54.92	\$59.04
MTA/LIB	1,492,252	2,306,699	3,503,990	1.13	1.18	1.13	54.57	58.82	45.74
CDTA	2,256,799	2,463,844	2,485,701	1.79	1.94	2.19	40.43	41.83	42.89
CNYRTA	1,563,984	1,518,867	1,576,914	3.33	3.01	2.99	61.66	60.29	61.10
RGRTA	2,003,329	2,255,086	2,509,034	3.00	3.01	3.33	45.51	48.87	48.25
NFTA	357,994	679,645	804,444	0.90	1.20	1.18	39.49	34.63	38.82
Downstate Suburban									
Suffolk	280,609	1,221,602	1,312,984	0.40	0.70	0.77	48.22	40.20	32.82
Huntington	289,515	284,603	273,078	2.42	1.97	1.91	90.99	91.57	96.66
Westchester	2,878,042	3,019,845	3,011,745	1.93	1.44	1.52	40.22	28.03	29.27
Rockland	976,835	879,588	997,524	2.43	2.71	2.36	60.93	56.87	60.82
Dutchess	446,938	389,865	473,227	5.33	4.70	3.73	69.71	51.35	49.50
Orange	N/A	N/A	109,421	N/A	N/A	0.13	N/A	N/A	443.00
Putnam	13,409	57,145	74,974	1.95	2.06	1.60	48.23	57.03	44.89
Upstate Small Urbanized Areas									
Broome/Binghamton	504,952	564,473	422,285	3.49	3.74	4.40	25.78	34.56	29.43
Chemung/Elmira	794,841	822,337	936,591	4.09	4.03	4.17	40.32	34.17	42.05
Glens Falls	57,846	50,117	47,050	1.50	1.67	1.55	30.03	27.66	24.82
Tompkins/Ithaca	520,093	323,845	146,810	3.56	3.49	N/A	340.15	31.59	12.40
Rome	43,426	159,536	160,272	N/A	N/A	3.80	14.72	54.06	46.69
Utica	<u>354,080</u>	<u>385,274</u>	<u>377,861</u>	<u>1.75</u>	<u>2.15</u>	<u>2.18</u>	<u>27.17</u>	<u>30.69</u>	<u>30.22</u>
Statewide Total	<u>\$29,334,944</u>	<u>\$35,982,371</u>	<u>\$42,423,905</u>	<u>1.88</u>	<u>1.86</u>	<u>1.69</u>	<u>\$45.66</u>	<u>\$47.28</u>	<u>\$48.89</u>

Major Contributors to This Report

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JOSEPH H. BOARDMAN
COMMISSIONER

September 14, 1998

GEORGE E. PATAKI
GOVERNOR

Mr. Frank J. Houston, Audit Director
Office of the State Comptroller
Division of Management Audit and State Financial Services
270 Broadway, 19th Floor
New York, NY 10007

Re: Draft Audit Report 97-S-48, *Department of
Transportation - Oversight of Paratransit
Services in New York State*

Dear Mr. Houston:

Attached is the Department of Transportation's response to the Office of the State Comptroller's Draft Report 97-S-48, "Oversight of Paratransit Services in New York State."

Sincerely,

A handwritten signature in black ink, appearing to read "Leslie H. Mikalson".

LESLIE H. MIKALSON
First Deputy Commissioner

Attachment

cc: Deirdre A. Taylor, DOB
Ron Rock, DOB
Brian Mason, OSC

DEPARTMENT OF TRANSPORTATION RESPONSE TO OSC AUDIT REPORT 97-S-48
OVERSIGHT OF PARATRANSIT SERVICES IN NEW YORK STATE

GENERAL COMMENTS

Public policy objectives for paratransit services are defined in Federal law, specifically the Americans with Disabilities Act (ADA), which requires that certain levels of paratransit services be provided. The audit correctly points out that all major transit systems in the State, except one met ADA requirements. This is a significant accomplishment considering the limited time and resources available. We believe the audit supports the conclusions that New York State's transit operators are meeting the ADA requirements with increasingly effective paratransit services.

The Department is proud of its record, and the record of the State's transit operators, in meeting ADA requirements and in providing effective services. These services are evidently meeting needs as shown by increasing ridership. In site visits to paratransit operators, the auditors found no serious problems with any of the operations. These facts are obvious evidence of the adequacy of Department oversight. In fact, the audit recommendation largely reflects the course that the Department has been following for some time.

COMMENTS TO RECOMMENDATION

Recommendation: "Coordinate and develop policy and plans to provide efficient paratransit services at a reasonable cost, including:"

- "Utilizing available data to analyze the effectiveness of paratransit operations, identifying opportunities for improvement;"

Comments: We agree with the possibilities for making improvements based on best practices of paratransit systems. As an ongoing effort, the Department currently does this by sponsoring informational conferences and by requiring staff to routinely communicate with public transportation providers. It is important that the Department continue to achieve results through consensus since it cannot mandate activities of local paratransit providers.

- "Investigating the feasibility of utilizing technology and encouraging the implementation of innovative practices; and"

Comments: We agree with this recommendation and have already investigated the feasibility of utilizing technology. The implication of this recommendation is that the Department is not actively engaged in technology transfer or in supporting innovation. This is not the case and in fact, for example, the Department has provided computers and software to aid in paratransit scheduling. Additionally, the Department has used Statewide meetings as a forum to disseminate and exchange information on innovative practices.

DEPARTMENT OF TRANSPORTATION RESPONSE TO OSC AUDIT REPORT 97-S-48
OVERSIGHT OF PARATRANSIT SERVICES IN NEW YORK STATE (CONT)

- **"Ensuring that transportation services provided by public and private providers are coordinated to the extent practical, including taking steps to break down barriers that presently exist which might preclude effective coordination."**

Comments: The Department does encourage coordination to the extent practical. However, we disagree that the Department is responsible for ensuring coordination among all providers. Our efforts to ensure coordination takes place is limited by the recognition that the direct responsibility for oversight of transit operations rests with the boards of regional transportation authorities and locally elected officials of non-authority paratransit providers. Neither Federal ADA nor State laws provide the Department with the authority to require coordination of services. Accordingly, the Department will continue its role of encouraging and supporting coordination.

The Department believes that the best course of action is to try to build an attitude among all transportation providers that coordination is in the best interest of the locality. Additionally, until the Statewide Coordinated Transportation Study (SCOTS) demonstration projects are completed at the Capital District Transportation Authority (CDTA) and the Rochester Genesee Regional Transportation Authority (RGRTA), we will have limited data to show the results of coordination. The SCOTS program is in the final year of a three-year demonstration project. An objective of this project is to collect and compile data necessary to document experience with coordination in urbanized areas which can then be used, if appropriate, to develop a statewide transportation coordinated policy.

The perception that there are barriers precluding effective coordination is erroneous. Through its constant interaction with localities (such as in the Herkimer-Oneida Counties Transportation Study) the Department provides assistance in planning transportation improvements and helping local officials to change incorrect perceptions about barriers to coordination.

COMMENTS TO REPORT TEXT

1. Executive Summary, Scope of Audit, Paragraph 2: "...the Department is responsible for ensuring that paratransit services are being provided efficiently."

Comments: Federal legislation makes the provision of paratransit a local issue and the Department does not have jurisdiction over local mandates.

2. Page 1, Paragraph 3: "...all major systems in the State, with the exception of the Metropolitan Transportation Authority-Long Island Bus (MTA/LIB), met the January 26, 1997 deadline."

Comments: The report tends to gloss over the importance of the Department's efforts to bring systems throughout the State into compliance. It should not be overlooked that many other states are engaged in litigation and have not reached system compliance.

DEPARTMENT OF TRANSPORTATION RESPONSE TO OSC AUDIT REPORT 97-S-48
OVERSIGHT OF PARATRANSIT SERVICES IN NEW YORK STATE (CONT)

3. Page 2, 1st Full Paragraph: "Sections 15-b and 15-c of the State Transportation Law (which predate the ADA) require the Department to monitor the transportation agencies' development and implementation of the systems necessary to ensure that persons with disabilities have access to transportation facilities and services."

Comments: The Department complied with the noted State legislation. The succeeding Federal ADA legislation has taken precedence over the State legislation which made the service provision a local issue.

4. Page 2, 1st Full Paragraph: "Specifically, Sections 15-b and 15-c require each agency to establish committees to develop the plans necessary to institute accessible fixed-route transportation and paratransit services. Therefore, the Department is responsible for ensuring that paratransit services are being provided efficiently and effectively."

Comments: There is a difference between assisting in the development of plans to provide accessible service and being ultimately responsible for efficiency and effectiveness. The latter are the responsibility of the service provider.

5. Page 3, Paragraph 2: "...coordinating transit services...will result in providing more transit service to more people at less taxpayer expense."

Comments: While this statement seems intuitively correct, the auditors offer no data to support their position. The Department believes that it is too early to make this conclusion and that actual data first needs to be obtained and analyzed. To this effect, under the SCOTS program, the Department has sponsored demonstration projects at CDTA and RGRTA to gather actual data for analysis for urbanized areas. In order to gather data for rural areas, the Department has sponsored the Rural Public Transportation Coordination Assistance Program (RPTCAP) which has been the catalyst for nine rural county-coordinated public transportation services that are currently in operation.

6. Page 3, Paragraph 3: "Furthermore, our prior audit of the Department's mass transit operations (Report 91-S-107, issued in December 1992) indicated that significant savings in STOA could be achieved if the Department assumed a more assertive leadership role in transit operations."

Comments: The Department did not agree with OSC's position in the previous review. The current audit does not introduce any additional evidence to refute the Department's response for the prior audit. Consequently, using the 1991 audit in an effort to support current audit conclusions does not provide adequate justification for those conclusions.

DEPARTMENT OF TRANSPORTATION RESPONSE TO OSC AUDIT REPORT 97-S-48
OVERSIGHT OF PARATRANSIT SERVICES IN NEW YORK STATE (CONT)

7. Page 6, Paragraph 3: "However, we found that even though the number of paratransit trips is increasing annually, the overall efficiency of providers is decreasing."

Comments: The audit report should consider that the audit period was a time of transition when the operators were moving toward ADA compliance. While systems were reviewing client lists to redefine those that met stringent passenger criteria they were also required to provide additional service to complement those of the fixed route system. While total ADA ridership increased, the amount of services mandated by law grew at a faster rate - hence a decrease in the passengers per hour. A more appropriate measure for the audit would have been to track passengers per hour after all systems came into compliance.

8. Page 9, Paragraph 3: "Cumulatively, paratransit providers have been unable to realize any economies of scale..."

Comments: The primary objective of paratransit is to provide basic mobility as a civil right to a portion of the community that cannot avail themselves of other forms of transit because of special physical conditions. We want to emphasize that the goal of paratransit is to provide an equal measure of service to people with disabilities.

9. Page 10, Paragraph 2: "In addition, implementing feeder service to the extent practical is a mechanism that can be used to improve service."

Comments: Inherent in "feeder service" is the need for passengers to embark and disembark vehicles. Even with vehicles that are designed to be as user friendly as possible, boarding is uncomfortable and inconvenient for many riders. The challenge of transferring is magnified for users with special needs.

10. Page 10, Paragraph 3: "...we found that the Department's efforts to investigate potential improvements in technology and to encourage the implementation of innovative practices were limited."

Comments: On the contrary, the Department has funded the development of new paratransit dispatching software that is being provided to all interested providers.

11. Page 13, Paragraph 2: "Coordination of transportation services is an area where New York lags behind efforts made by other states. New Jersey, Florida, Maine, Iowa and California have all taken legislative action to increase the level of coordinated transportation service."

Comments: The report's citation of a few communities in other states does not support the report's broad generalization. Nonetheless, the Department has encouraged and clearly supported coordination of transit services for many years. First, through the Rural Public Transportation Coordination Assistance Program (RPTCAP), and currently through demonstration projects at CDTA and RGRTA.