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It is widely recognized that insufficient funds are being generated by the users of urban transit systems to cover operating expenses and capital improvements. Unless additional outside sources of funding are developed, urban transit systems will gradually disappear. If there is justification for continuing the existence of urban transit systems in American cities, mechanisms are needed for implementing an operating expense subsidy. A combined federal and local funding program already exists for subsidizing capital improvements for transit.

Some of the foremost issues addressed in the fol-

lowing papers involve whether the federal government should also be involved in the operating expense and how deeply it should be involved. The fact that local governments are in a severe cost-revenue squeeze is generally recognized by all authors, but one takes the position that it still makes more economic sense for transit financing to compete with all the other local needs.

Specific topics discussed in the papers include management postures associated with federal programs and their delivery systems; role of state and local governments in setting standards, funding, and administering a subsidy program; effect of subsidies on the bargaining process with labor; deficiencies in present subsidy efforts; interrelation of the service cost and the quantity and quality of the service; and public versus private ownership.

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The subtopics suggested for discussion under the general subject of financing public transportation are varied and permit some choice of favorite topics by the authors. I will discuss in general terms some of the administrative issues associated with major federal public transportation programs and their delivery systems; what objectives, standards, and management postures are appropriate and can be effectively applied; and the role of the states with respect to the administration of the programs. Let me first cite the programs of the Urban Mass Transportation Administration, in the order in which they were authorized by legislation:

1. A research, development, and demonstration program providing grants to develop, test, evaluate, and demonstrate new ideas and techniques for the improvement of transit services and equipment;

FINANCING PUBLIC TRANSPORTATION