

Rise and Fall of Rural Public Transportation

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The long process of developing a viable program of federal aid to help overcome rural transportation problems is reviewed. Despite its successes, the Section 18 program (the Urban Mass Transportation Act of 1964) is now under attack. A series of proposals have been advanced that would effectively destroy the program's usefulness and, ultimately, the program itself. Unless the important decision makers can be made aware of crucial rural transportation interests, the Section 18 program may be emasculated by the budget cutters.

In many ways, rural public transportation faces the same issues in 1981 that were current in 1978 and appeared to be on their way to resolution in 1979. A significant difference between then and now is that the past situation involved reaching forward for new gains and new goals whereas the current situation represents a loss of hard-won achievements.

Those of us who have fought for years to bring dependable transit service to people in rural areas apparently have more battles to fight before we can relax. We have not yet been able to achieve a program with the necessary combination of flexibility, stability, innovation, and caring. Our major achievements have always been compromised by external forces and unrelated events. The current status of rural public transportation can still be characterized as one of substantial achievements, great potential, and an uncertain future. Our progress in technical areas is still greater than our progress in politics.

This situation will only change if we--acting as individuals and also jointly--make it change. We need a strategy for a process of action, and we need an agenda of achievable goals. In a step toward building both the strategy and the agenda, a brief review of recent history shows some of the events that should be avoided next time. The next step is to decide the key program attributes that we wish to create or protect. This paper presents a preliminary list. The final step would be the plan for action. This paper does not present that plan but is intended to stimulate those who are interested in developing one.

TRANSPORTATION PROBLEMS IN RURAL AND SMALL URBAN AREAS

The past few years have finally witnessed the recognition of the transportation accessibility problems of residents of rural and small urban areas. In particular, the lack of effective public transportation services is now recognized as a major barrier to the full development of rural America. Although many rural areas now have truly fine all-weather road systems, some persons and communities still remain isolated from the mainstream of modern American society because of their inability to travel. In some cases, this immobility is due to their inability to pay the price for existing transportation services; in other cases, transportation services are nearly nonexistent for them (especially if they do not own an automobile).

Relatively few transportation problems are faced by those in rural areas who are able to drive and can afford to maintain reliable private automobiles. Compared with this mobile segment, those who do not have access to an automobile or are not able to drive can be considered "transportation disadvantaged". For the transportation disadvantaged, the social and economic isolation fostered by dis-

tances between people and communities is compounded by the expense of traveling. As a result, they are often unaware of available measures for improving their living conditions or they are unable to take advantage of those they know about. This substantially decreases their opportunity to participate in the activities and transactions characteristic of our modern, complex, specialized society. In turn, this lack of opportunity is thought to maintain, if not produce, many of the cultural and economic problems of rural residents. Awareness of this complex causal chain has led some to regard transportation as a crucial resource in improving the quality of life in rural areas.

Rural transportation has always been difficult for the types of persons for whom it is now a problem. What has led to the recent acceptance of rural transportation as an issue worthy of official concern? The answer is as simple as it is disconcerting: The problem is getting worse. Whether or not the problem is worse in absolute terms may be arguable, but the fact that transportation is a relatively greater problem today than it was before is unquestionable in rural and small urban areas and, especially, for those without cars. By its focus on automotive transportation, our society has decreased the relative mobility of those without automobiles.

While the personal benefits of automobile ownership are increasing, the attractiveness and availability of alternatives to the automobile are decreasing. This is especially true in rural and small urban areas. Consider the following facts (1):

1. Rural and small urban areas contain about one-third of the nation's population but more than half of its poor.
2. Automobile ownership is generally low. Fifteen percent of rural households have no car, 57 percent of the rural poor have no car, 45 percent of the rural elderly have no car, and 52 percent of the households with cars have only one car (meaning that the family is often without transportation while the breadwinner is at work).
3. Many of the automobiles that are owned are in poor condition.
4. Less than 1 percent of rural workers working outside the home use or have access to public transportation.
5. Only 284 of the nation's 20 000 towns that have populations less than 50 000 are served by fixed-route, regularly scheduled public transportation (2).
6. Sixty percent of towns that have fewer than 2500 people have no taxi service.

In parts of rural America, the profound economic and social effect of this inadequate transportation is expressed in (a) a lack of cultural or social contact with the rest of society, (b) an inability to envision social or economic self-betterment, (c) a widening difference between the life patterns of the rural poor and those of better-accommodated urban or small-town residents, (d) an ignorance of employment opportunities, and (e) an inability to respond to those opportunities. Transportation is a critical element in our society, a society that has become increasingly complex, increasingly specialized. Many residents of rural and small urban areas cannot obtain the benefits of the larger society

because they do not have access to, and are in that sense not even a part of, that society.

GOVERNMENT ASSISTANCE TO RURAL AND SMALL URBAN TRANSPORTATION SYSTEMS

The year 1964 was a banner year for significant transportation legislation. Passage of the Urban Mass Transportation Act and the Economic Opportunity Act created the foundation for our current efforts. But neither piece of legislation specifically addressed the needs of the transportation disadvantaged. It was not until the McCone Commission report (3) following the Watts riots in Los Angeles in 1965 that transportation was seen as a means of combating poverty. Shortly thereafter, the U.S. Department of Housing and Urban Development sponsored demonstration projects in almost two dozen urban areas to meet the "transportation needs of the low income neighborhoods".

It took longer to recognize the connections between rural poverty and transportation, but by 1967 the Office of Economic Opportunity (OEO) had authorized the use of funds to obtain and operate surplus General Services Administration (GSA) buses in a number of rural localities. (Another agency involved in these early activities was the Appalachian Regional Commission.) But OEO did not program the funds to evaluate the effectiveness of these experiments; it was the Bureau of Public Roads that finally funded an investigation of the costs and benefits of rural transportation (4). OEO responded with a major planning study (5), and the number of local transportation projects it sponsored grew to more than 60. Interest then seemed to wane at the federal level, but after the enactment of Section 147 of the Federal-Aid Highway Act of 1973, studies by the Federal Highway Administration (FHWA) and others followed (6,7). Some states began to actively investigate and sponsor rural transportation projects (8).

Passage of Section 147, known as the Rural Highway Public Transportation Demonstration Program, began the long process of bringing rural transportation to the forefront of national attention. Not until 1974 did Congress appropriate the funds it authorized the previous year for the program. FHWA (chosen as the head agency for the program) issued administrative guidelines for the program after the funds were appropriated, and thus the regulations implementing the program did not appear until November 1974. These guidelines were revoked in February 1975 because Congress had changed the provisions of Section 147 in Section 103 of the Federal-Aid Highway Amendments of 1974. New regulations were issued in April 1975, and in September the first 45 project awards were announced. The first transportation operations of a Section 147 project began in March 1976. From the more than 500 applications received by FHWA, 102 grants (which resulted in 134 projects) were awarded by 1979. Total expenditures for the Section 147 program were nearly \$25 million, approximately the total amount Congress eventually appropriated (which was only one-third of the amended program authorization of \$75 million).

In the meantime, the National Mass Transportation Act of 1974 became law on December 10, 1974. This Act made available up to \$500 million (out of the total of \$11 billion authorized) for grants between 1974 and 1980 "exclusively for assistance [with capital expenses] in areas other than urbanized" (Section 101b). However, these nonurbanized areas were forced to use the procedures urban areas used to apply for these funds, eligibility was limited to public bodies only, and, although funds in the Act

could pay for operating expenses in urban areas, no such provision existed for areas other than urbanized. The Urban Mass Transportation Administration (UMTA) only allocated \$23 million of the \$500 million, and most of this money went to small urban areas; little was spent in rural areas (9). (Other sources say that up to \$30 million of the \$500 million was obligated between 1974 and 1978.) Use of these set-aside funds for rural areas was, in effect, terminated when the Section 18 program began. (On December 14, 1978, the Secretary of Transportation announced in a letter to the governors of the 50 states that, after 1980, Section 18 was intended to be the sole source of capital and operating assistance for nonurbanized areas, although rural areas would be allowed to compete with urban areas for Section 3 capital funds and Section 16b2 funds for a period of two years. Section 3 funds could be used in nonurbanized areas "after a state has demonstrated that the demands upon Section 18 will exceed the state's apportionment over the 4-year period of the legislation". The two-year limitation was later removed in congressional testimony by UMTA staff. Thus, while Sections 3 and 16b2 funds are still theoretically available to small urban and rural areas, the requirement that Section 18 funds be fully committed and the competition from urban areas effectively put Section 3 funds beyond the reach of nearly all nonurbanized areas. The allocation of Section 16b2 funds is decided by each state.)

The practical and political successes of the Section 147 demonstration projects led directly to creation of the non-urbanized-area public transportation program as part of the Surface Transportation Assistance Act of 1978, which was approved November 6, 1978. That program became Section 18 (Formula Grant Program for Areas Other than Urbanized) of the Urban Mass Transportation Act and now provides the first full-scale federal assistance program for public transportation in rural areas. On November 30, 1978, FHWA and UMTA executed a memorandum of understanding regarding the joint administration of the Section 18 program, and FHWA was designated as the lead agency. On December 13, 1978, an emergency regulation (23 CFR 825) was issued that implemented the program. That regulation is still in effect today.

SECTION 18: PHILOSOPHY AND FUNDING

The Section 18 program offers federal financial assistance for public transportation in rural and small urban areas. The states administer the formula grant program by establishing a state program of projects. The goals of the program are to "enhance access of people in nonurbanized areas for purposes such as health care, shopping, education, recreation, public services and employment by encouraging the maintenance, development, improvement, and use of passenger transportation systems." The program was authorized for a four-year period (FY 1979 through FY 1982).

The total funding for Section 18 is small in comparison with the overall funding needed to maintain and develop viable public transportation systems in rural and small urban areas. Because of the relatively low level of funding, major themes of the program include coordination with other funding sources by or with the Section 18 projects and simplicity and flexibility in administering the program.

The authorizations for the Section 18 program (the total amount that Congress legally allows to be spent on a program in a particular year) have never been matched by the actual appropriations for the program (the amount of money Congress actually provides). When the program was enacted, the budget

Table 1. Status of Section 18 program funds.

Fiscal Year	Authoriza- tion (\$000 000s)	Appropria- tion (\$000 000s)	Obliga- tions (\$000 000s)	Percentage of Appropria- tions Obligated
1979	90	75	7.9	10.5
1980	100	85	55.9	8.25
1981	110	72.5	73.0	58.7
1982	120	72.5	105.0 ^a	79.2

Note: Based on Section 313 of the Surface Transportation Act of 1978 and FHWA mimeo, "Section 18 Program Status for Fiscal Year 1981".

^aEstimate by FHWA.

authorizations showed a pattern of steady increases. However, the money actually made available by Congress has remained at about the same level, as given in Table 1. The FY 1982 appropriations were \$72.5 million, which is a far cry from the \$120 million authorization. Actual obligations by the states have ranged from approximately \$8 million in FY 1979 funds to \$73 million in FY 1981, and FHWA has estimated that the obligations for FY 1982 will total \$105 million. Although the program was criticized for starting slowly--perhaps unjustly, given the history of other programs--most of the funds appropriated have now been spent. These figures are also given in Table 1.

By the end of December 1980, more than 600 projects had been approved, including 500 or more projects for capital and operating expenses. As of late 1981, all states had initiated capital and operating assistance projects. Summaries of Section 18 obligations at specific points in time are available from FHWA.

Funds may be used for capital and operating assistance by state agencies, nonprofit organizations, and public transportation authorities operating services. For capital and administrative expenses, the federal share is 80 percent and the local share 20 percent; for net operating expenses, as much as 50 percent is supplied by the federal government. As much as 15 percent of the state apportionment may be used for state administrative and technical assistance activities; the federal share for these funds is 100 percent.

REVIEW OF RECENT HISTORY

It is said that those who refuse to learn from history are doomed to repeat it. What we can conclude from this should give us all a jolt or two.

First, it takes much longer than expected to get something going. At every step of the way--from OEO to the Section 147 program to the Section 3 non-urbanized funds to the Section 18 program--progress has been made very slowly at the beginning. Some programs have moved so slowly that they have been summarily terminated. This should speak to the precious nature of the current Section 18 program.

Second, you never get as much money as you were promised. The same litany of previous programs demonstrates the validity of this sad observation. This demonstrates the necessity of continually guarding against appropriations that fall far short of authorizations.

The third observation is a corollary of the second: What you get today may well be taken away tomorrow. Apparently the only feasible strategy is one of eternal vigilance.

Fourth, the substantial accomplishments of a handful of individuals wielding both positive and negative influence on rural transportation point out both the potential power of an organized advocacy group and the serious loss of opportunities due to

the lack of such a group. The challenge here is obvious. The lack of defined roles, power bases, and interest groups regarding this issue is, not surprisingly, reflected in a most tenuous commitment to the rural transportation program at the highest levels of the bureaucracy.

The fifth observation is a more positive one. There has been a slow but unmistakable growth in the recognition of rural public transportation as an issue worthy of concern and attention. Some states and localities have even committed dollars in excess of federal matching requirements. This one development is cause for significant hope and may constitute the foundation for future efforts.

STRATEGY FOR CHANGE

Our apparent operational consensus (did we choose this consciously or just slide into it by default?) has been that we will approach the problem of rural transportation with a governmental solution. To do that, we need executive, legislative, and bureaucratic commitment to rural transportation. At the moment, we have none of these. Rural problems and rural characteristics currently receive little attention.

If it is true that the squeaky wheel is the one that receives attention, then it is time for the wheel to squeak. The government agencies that could have provided effective leadership and have so far failed to do so need to be supported and stimulated by rural voters. Left to its own devices, the bureaucracy will move painfully slowly. To put it another way, without active support, the bureaucracy can really do very little alone. If rural transportation is to be more than rhetoric, it must achieve political importance. Political importance is achieved only by the activities and the votes of large numbers of persons at the local, state, and federal levels. Do not leave this up to someone else. The responsibility belongs to all of us.

There are two possible strategies, one involving our own individual efforts and the other involving collective action. The targets for the activities can be individual members of Congress, the Congressional Rural Caucus, various public interest groups, the U.S. Department of Transportation, FHWA, governors, state departments of transportation, and others. FHWA has been extremely receptive to instituting procedural changes that are within its power. However, some of the important decisions regarding the program have been made at a higher level than FHWA, and FHWA needs support to function effectively.

It has been said that there are three critical needs for public transit--money, management, and innovation--and that, until the first is confronted, efforts on the other two will not progress. Having temporarily made some progress on the first of these, we now must turn our attention to the second. It appears that the gains we have made in financial stability and funding continuity may be wiped out if we fail to pay attention to the management of the program. We need to develop a powerful public interest group that will advocate the needs for rural transportation to the appropriate decision makers.

ALTERNATIVE FUTURES FOR SECTION 18

A variety of changes could occur to the Section 18 program just as it has started to provide a framework for viable rural transportation systems. Some of the proposals may be nothing more than political posturing, but most of them deserve to be taken seriously because their implications could be quite

serious. Although some of these proposals have been presented in a combined fashion, we will deal with them separately.

Elimination of Authority for Operating Assistance

Most rural transit systems have a substantially more difficult time finding operating funds than finding capital funds. Operating costs are a higher proportion of total costs in rural systems than in urban systems. For this reason, the Reagan Administration proposal to eliminate transit operating assistance is quite serious. While UMTA Section 5 operating assistance funds are proposed to be phased out over five years, the Section 18 operating funds would be phased out much quicker--in just two years. Even if all operating assistance were to disappear, the rationale for doing it more quickly in rural areas is certainly not apparent. UMTA officials have said that elimination of operating assistance would not cause much damage because, in their analysis, they have found that New York City would only have to raise its transit fares by 5¢ to cover the loss. What do we have to do to show them that rural transportation is not like the New York subway system?

This proposal continues an interventionist policy on the part of the federal bureaucracy--telling state and local officials what federal funds can and cannot be used for. This proposal would also kill the demand for assistance for rural transportation.

Making Section 18 Part of a Transportation Block-Grant Program

One block-grant proposal is to meld Section 18 into Section 3. Another is to take that combination and mix it together with highway assistance and deliver both in one package to the governor of each state. Governors, being political animals, respond to political influence. The relative influence of highway interests versus transit interests and the relative influence of large-city transit interests versus rural transit interests should be apparent to everyone. Rural transportation gets a very small fraction of the pie now; the block-grant scheme would probably reduce the share drastically.

Eliminate Federal Assistance to Rural Transportation

The elimination of federal assistance to rural transportation is a distinct threat, but the threat may be not so much that this will actually happen as that the discussion of this possibility will eliminate the local support necessary to make rural transportation work. Local politicians are understandably reluctant to begin programs when they might suddenly be stuck with 100 percent of the costs of a program that initially cost them 25 percent. For example, in Wisconsin such fears are chasing county board members away from new transit systems in droves.

Elimination of the Section 18 program would mean that, with the exception of three or four state assistance programs, most of the persons in rural America who lack mobility would once again be stuck. The progress we have made would disappear overnight.

An Alternative

It is worth spending some time thinking about what we do want to have happen. Among some of the more obvious things are

1. At least maintain the current level of funding,
2. Continue the critically important operating assistance funds,
3. Do not allow rural transportation to be overwhelmed by larger transportation interests,
4. Maintain a program administration with maximum flexibility at the local level,
5. Strive for and reward outstanding projects,
6. Continue the learning process with regard to efficiency and effectiveness, and
7. Promote local commitment to and local responsibility for decision making and a share of the funding.

To convince the powers that be of the worthiness of these ideas will obviously take some effort and some organization.

SUMMARY

Rural transportation has been around long enough now that it ought to be obvious to its practitioners--if not so much to politicians--that the form and substance of federal actions will have a large influence on the future of rural transportation. Although the past has been marked (marred?) by the slowness and uneven nature of progress, progress has definitely been made. We are now faced with proposals that could seriously alter the Section 18 program as we know it. If anyone cares, this is the time to stand up and be heard.

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