Paratransit Regulatory Revisions: What Are We Learning?

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This session consists of six presentations in which the effects are debated of the relaxation of regulations affecting taxicabs and other paratransit modes, particularly in regard to allowing open entry and removing restrictions on setting fares. The first presentation provides the results of a theoretical and empirical analysis of paratransit regulation, concluding that there is no economic justification for many of the existing regulations. The following three presentations examine the recent real-world experience with relaxation of regulations in Seattle, San Diego, and Arizona, finding mixed results. In the fifth presentation it is concluded that the results of regulatory revisions have often been disappointing and ways are suggested in which planners and decision makers considering regulatory reform can set and achieve more realistic goals. In the final presentation, a representative of the taxicab industry argues against open entry and market-determined fares, but in favor of more flexible entry and fare standards.

We have six presentations this morning on the subject of revisions in local regulations affecting paratransit modes, particularly taxicabs and jitneys. This, as I am sure many of you know, has been a subject of debate over many, many years, going back to the early part of the century. The battle has been joined again with some vigor over the last 10 or 15 years as interest has grown in the potential of paratransit modes, particularly jitneys and taxis, to play a larger role in the public transportation system.

It has been suggested that jitneys could perform much of the fixed-route service along heavier corridors and help relieve some of the serious problems with subsidies for conventional transit modes and that taxis could do more in terms of providing shared-ride service and service for the handicapped. It has also been suggested that one of the major factors limiting participation by taxis is regulations, mostly at the local government level but in some cases at the state government level, that actually restrict the number of taxis or jitneys that are allowed to operate and the services that they are allowed to provide and that set the fares that they are allowed to charge. Many cities have a fairly high value on taxicab medallions, with medallions changing hands for thousands of dollars—tens of thousands sometimes—which suggests that there is considerable potential for additional supply.

Until recently, this discussion had been to a large degree based on theory and anecdote. Over the last few years, however, several U.S. cities have made substantial changes in paratransit regulations: relaxing entry controls in some cases, relaxing price controls as well in other cases, and relaxing virtually all controls in a few cases. Fortunately, the federal government has been sufficiently interested in these changes to provide support to monitor their impacts.

We have several researchers here today who have been able to study the effects of these changes, and they are going to present their finds to date. The views, as you will see, are by no means unanimous. The interesting thing for us as researchers is that a lot of well-informed and well-trained people are looking at the same sets of information and arriving at somewhat different conclusions. This is the background for the discussion at this session.