

is likely to appeal to many rural operators.

Thus, it is not surprising that interest in the postal bus concept is growing, as demonstrated by the number of recent studies and planning efforts as well as increasing concern on the part of rural operators over future funding sources. Although it is difficult to predict demand for such service, the results of current systems suggest that there is certainly some demand, however modest, for even a very low level of service in low-density areas. Permutations of the various institutional and operational issues may impede efforts to implement a postal bus operation, but none of these issues should constitute major barriers, at least in a cooperative institutional setting (i.e., referring to the state PUC and the regional postal facility). Plans for implementing postal bus service to date (except for the existing operations, of course) have been thwarted by uncooperative Postal Service officials and/or inappropriate scope of service. In the proper setting, a modest effort (i.e., covering only one or two routes to start with) would seem to have a good chance at successful implementation and operation.

In summary, this paper has examined the feasibility of the postal bus concept as a means of improving the rural transportation situation. Based on the evidence to date, it would seem that the integration of mail and passenger transportation functions can potentially play a role in providing rural transportation, at least in certain areas and institutional settings. This last point is the

key: The regulatory requirements and restrictions, operational environment, and nature of demand vary considerably from one area to the next, and the feasibility of the postal bus varies accordingly. Therefore, demonstrations and attempts in several diverse settings are necessary to enable a true assessment of the applicability and potential of the concept.

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Abridgment

Section 13c Labor Protection: A Review of Its Effectiveness and Impacts

JOSEPH W. HARRISON AND LONG H. PHAM

The impacts of the Section 13c special warranty and waiver procedures on the nonurbanized transportation program, which were authorized by Section 18 of the Urban Mass Transportation Act of 1964, as amended, are assessed. The study found that warranty procedures at the state level caused significant initial program delays. Once the warranty was accepted by the state department of transportation, however, little delay was observed. Conversely, rural transit operators and government officials expressed their concern over the unknown liabilities implied in the warranty. Most operators signed the warranty to fulfill grant requirements only, not understanding fully their obligations under the warranty. Generally, transit employees as a group were not aware of the protections offered them. The study uncovered no evidence indicating that labor rights would have been violated in the absence of the warranty. Furthermore, the lack of understanding by transit managers and employees of the warranty provisions seriously constrains the effectiveness of the Section 13c labor protections in the Section 18 program even if labor rights were violated.

The Surface Transportation Assistance Act of 1978 added a new Section 18, Formula Grant Program for Areas Other Than Urbanized Areas, to the Urban Mass Transportation Act of 1964. Section 18 authorized funds for capital improvement and operating subsidy for public transportation projects in small urban and rural areas. As with urban transportation projects, the labor protection provisions under Section 13c have been extended by the Urban Mass Transporta-

tion Administration (UMTA) to all grants under Section 18 programs.

Section 13c requires that fair and equitable arrangements be made to protect the interests of existing transportation employees who may be affected by such assistance. Such arrangements shall include provisions as necessary for (a) preservation of rights, privileges, and benefits under existing collective bargaining agreements or otherwise; (b) continuation of collective bargaining rights; (c) protection of employees against a worsening of their positions with respect to their employment; (d) assurances to employees of acquired mass transportation systems and priority of reemployment for employees terminated or laid off; and (e) paid training or retraining programs. Anticipating cases in which Section 13c requirements may not be necessary, the law provides that the Secretary of Labor may waive the Section 13c provisions.

Initial efforts by the U.S. Department of Transportation (DOT) to press for a liberal waiver of the Section 13c requirements proved unsuccessful. Months of negotiation between DOT and the U.S. Department of Labor (DOL) followed. In June 1979, DOL finalized the special warranty and waiver procedure

for exclusive application of Section 13c to the Section 18 program. This procedure avoids case-by-case negotiation of Section 13c provisions used in urban areas by furnishing ready-made labor protection arrangements. However, DOL ruled that a waiver may be granted by the Secretary of Labor only if there are no transportation employees who might be affected (adversely or otherwise) by the project. To date, all four waiver requests have been denied by DOL.

DOT and transit advocates feel that the lengthy Section 13c special warranty document is overregulatory and overprotective. It increases paperwork and significantly delays the implementation of the Section 18 program. DOL and labor advocates, on the other hand, believe that the special warranty and waiver procedures successfully meet statutory requirements for labor protection with a minimum of red tape. The different views stem primarily from their different interpretations of legislative intent concerning the application of the waiver. The purpose of our research, however, was not to re-evaluate the congressional intent concerning the waiver. Rather, we attempted to empirically assess the successes and problems with the Section 13c special warranty requirement in the Section 18 program and to evaluate the effectiveness of the warranty in protecting rural transit workers.

STUDY DESIGN

Two approaches were used to obtain information for the study. First, existing information sources were reviewed, including published reports, congressional records, testimonies, unpublished letters, memoranda, and data available from DOT and DOL files. Second, unstructured interviews were conducted with officials from DOT, DOL, state, and local transportation agencies; managers, employees, and union representatives of rural public transportation systems were also contacted. (Time and funds available for this project did not permit the use of scientific sampling and survey methods. The information obtained is considered to be indicative but should not be extrapolated to all similar programs.) In all, representatives of 17 states covering many regions throughout the United States were interviewed. The interviews were designed to solicit the opinions of labor advocates (i.e., DOL, transportation labor unions, and employees) as well as transportation advocates [i.e., Federal Highway Administration (FHWA) division offices, state administrators of Section 18 programs, and rural transit operators].

EFFECTIVENESS IN ACCOMPLISHING LABOR PROTECTION GOALS

The effectiveness of Section 13c in accomplishing labor protection was evaluated in terms of the ability of the warranty and waiver procedures (a) to prevent possible job displacement and (b) to preserve benefits and privileges of workers that might be affected by Section 18 programs. We were unable to find evidence that job displacement was avoided due to the inclusion of the labor protections under the Section 18 programs. Most of the operators contacted felt that Section 13c provisions had done little to protect employees. Rather, employees were protected naturally by the fact that the rural systems were in a growth mode. New buses or vans were purchased with Section 18 funds; thus, more employees were needed. Although Section 18 grants might be used to increase automation and displace workers, no operators contacted in our interviews would cite a case in which this would occur in their operations.

Even if some workers were adversely affected, the usefulness of the Section 13c warranty is limited by

the lack of effective enforcement procedures. For example, the notice required by DOL to inform employees of their rights under the warranty was rarely (if ever) posted in the operator facilities visited. State administrators were aware that the technicalities of Section 13c were not being followed by operators; however, efforts to enforce compliance were rare. State administrators neither had the time nor believed that employees would benefit from such actions.

Even if the notice was posted and an employee was aware of a possible adverse effect, the employee may not have known how to initiate a Section 13c claim. State administrators were also unclear about what action to take if a claim is made. For example, one state official erroneously believed that he could make a final determination on the possible Section 13c violation if the complaint was addressed to him. In some cases, the claim has to be settled in court; however, the legal fees may be too costly for rural transit employees who are not union members.

The special warranty does not seem to be an effective deterrent to violation of labor rights because neither rural transit operators nor their employees seem to understand it adequately. Some local administrators and operators simply signed the warranty in order to receive funding. They knew that a labor protection document was signed but had little knowledge or memory of the particular protections they had accepted. The lack of knowledge among local administrators and operators may account for the general lack of knowledge found among employees. Very few employees were aware of any protections offered them by Section 13c.

We also found no evidence to indicate that Section 13c has helped to preserve the benefits and privileges of employees. Where unions do not exist, Section 13c provides a minimum coverage and a method for settling labor disputes. Thus, one might expect an increase in employee protection in areas where unions are not prevalent. We found no support for this assumption. In most instances, neither employees nor operators perceived changes in labor protections due to Section 13c. Whether the system was a union or nonunion shop had no bearing on the response received. The notion that the special warranty had no impact on the extension of labor protections to employees was also suggested by state DOT officials and field representatives from FHWA.

Positive statements about the effectiveness of Section 13c and the special warranty came from DOL representatives and union officials. Both of these groups stressed the importance of the warranty as a means of resolving disputes and setting up minimum rights and standards. They viewed the significance of Section 13c as a mechanism for enforcing protections. If this is the major purpose of the special warranty, then its usefulness might be measured in terms of the number of violations submitted for grievance. For Section 18 programs, only one labor violation claim had been filed, yet no determination had been reached. The DOL and the unions view this as an indication that the warranty is working effectively: It has served as a deterrent to violations of labor rights. Although this may be true, neither warranty advocates nor state administrators and transit operators were able to document that labor protections would have been violated without the warranty.

In brief, we found no evidence that labor violations would have occurred without the warranty. Furthermore, if violations did occur, the warranty might not have been effective because employees did not know they were protected or how to initiate a grievance. In addition, the warranty does not seem to be an effective deterrent against violation of

labor rights because few transit operators in rural areas understand the document adequately.

IMPACT ON RURAL TRANSPORTATION PROGRAMS

The special warranty and waiver procedures have been criticized for causing adverse impacts on the Section 18 program, such as delaying implementation of Section 18 programs, promoting unionization of workers in the rural transit industry, and reducing the operational efficiency of rural transportation systems. These issues are examined below.

Program Delays

The first perceived impact of the Section 13c special warranty was the delays experienced at the state level when the program first started. These delays were particularly significant where a state constitution prohibited the state DOT from accepting the liabilities implied in the warranty. Despite DOL assertions that it did not intend to make the state the ultimate guarantor of Section 13c claims, these states did not feel adequately protected by the DOL interpretation. Delays attributed to Section 13c ranged from a few weeks to about a year. However, about four-fifths of the states were estimated to have experienced little or no delay because the state DOT was unable to accept the special warranty. Budget and coordination requirements delayed many state applications for the Section 18 grants. This finding contradicts the widespread belief that delays in initiating the Section 18 program were due mostly to the special warranty requirement.

Our study also revealed that there would have been little or no program delay at the state government level if the DOL had not required the state to serve as a party to the warranty. This requirement, implied in the language of the warranty and the state Section 13c certification letter, was interpreted differently between the states and DOL and among the states. Once accepted by the states, the warranty caused little processing delay by state and FHWA administrators.

A few counties and municipalities refused to apply for Section 18 grants because of the concern about the warranty requirements. Generally, the warranty was accepted, although the operators were unanimous in opposing it. They feared the warranty's "unlimited liabilities" and argued that the requirement is inapplicable to rural areas. Rural operators accepted the warranty because others did and because no claim had been successful. For these reasons, state administrators and FHWA personnel agreed that a few successful claims may create panic among operators and seriously delay Section 18 programs. Most of the local problems with Section 13c were matters of perception, not actual experience. Operators were fearful of unknown liabilities associated with the warranty. Nevertheless, this perception strongly influenced the decisions of the operators and caused many of them to postpone the submission of applications for Section 18 grants.

State administrators and transit operators generally regarded the Section 13c labor protection requirements as another burden. The Section 13c protections caused changes in structures and procedures that affected Section 18 recipients. In Virginia, Utah, and some other states, public corporations were formed to implement Section 18 and the protections of Section 13c. Where constitutional barriers were encountered in Texas, a certification by legal counsel was required to release Section 18 funds. In both cases, administrative layers and paperwork increased. In general, significant delay was experienced only at program

start-up, when many state representatives and operators had difficulty at first selling Section 13c to local elected officials.

Unionization

The study found no evidence indicating that acceptance of the warranty would promote the unionization of rural transit workers in the area. In fact, unionization is not even a concern of Section 18 grant recipients in most cases. Only in the state of Washington, state administrators and transit operators were strongly concerned about the effects of Section 13c on unionization. In all other states, administrators and operators believed that the Section 13c warranty had no effects on creating an environment favorable for unionization.

Operational Efficiency

Transit advocates contended that the application of the Section 13c warranty to rural transportation led to interference with transit coordination, competitive contracting procedures, and the general operational efficiency of transit systems. To gauge such impacts, we examined the following measures:

1. Service--Were the number of routes, runs, or hours of operation extended or reduced due to Section 13c?
2. Performance--Has the level of service (quality) provided by the system changed because of the implementation of Section 13c protections?
3. Coordination--Has the state's efforts to coordinate with human service organizations or other transit providers for more efficient transit systems been hampered because of Section 13c?
4. Contracting procedures--Has the ability to contract for services been affected by Section 13c protections?
5. Innovative practice--Has the institution of Section 13c protections affected innovation in transit system practices?

The results of our interviews indicated little connection between efficiency and Section 13c. Changes in service and performance were due entirely to the availability of Section 18 funds. Without the federal assistance, at least three-quarters of the systems examined would have folded or would not have been initiated. The remainder would have to curtail their operations substantially, and many will eventually discontinue all services if federal assistance is lost.

None of the 17 states contacted planned to coordinate and reorganize their rural systems in a way that would require the discharge of some employees. Therefore, the Section 13c protection was seen to have neither perceived nor actual impacts on the coordination. Similarly, our interviews revealed no case where transit managers expected to change their plan to adopt new technologies or innovative practices because of Section 13c provisions.

DOL did not clarify whether employees of a provider that loses a competitive bid or negotiation for continued service are protected by the warranty. DOT officials were concerned that such a protection would reduce the competitiveness of transit management companies. However, with the phasing out of operating subsidies in the Section 18 program, possible Section 13c effects on contracting procedures will no longer exist.

CONCLUSIONS

The net impacts of Section 13c on employment condi-

tions, compensation, and operational efficiency have been small. On the negative side, the Section 13c warranty has caused some initial delays in the Section 18 program. It has also caused considerable uneasiness among operators because of the "unlimited liability" requirement. However, from the overall perspective, operational efficiency has not been significantly affected and no major and lasting harm could be found. On the benefits side, no evidence was found that Section 13c has made a significant contribution to labor protection in the Section 18 program. Thus, although the warranty requirement has no serious negative impacts, it adds little, if any, measurable benefits.

Obviously, certain Section 13c benefits are not measurable in this study. These include the effects of Section 13c as an assurance to transit employees that their rights and interests are recognized and protected. In addition, it is possible that some employees who may have benefited from the Section

13c warranty were not detected in our investigation. From our interviews and the lack of Section 13c claims, we believe those employees to be very few. Their possible benefits may not compensate for the perceived or actual problems involved in implementing and maintaining the Section 13c protections in the Section 18 program.

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Abridgment

Using a State Management Plan Option for Section 18

DAVID E. SMITH

An overview of experiences of the Kentucky Department of Transportation with the federal Section 18 program for public transportation in nonurbanized areas is presented. The difference in administrative philosophy between urbanized-area and non-urbanized-area transit programs is given as one reason for the success of Section 18 in Kentucky. Kentucky's first state management plan was short and concise and drawn from existing transit programs. The revised management plan gives Kentucky the authority to administer the Section 18 program with little federal interaction after receiving federal approval of a list of potential grants. The intent of the new management plan is to shift the administration of the Section 18 program in Kentucky closer to a block-grant program. The major benefit to both the local systems and the state is in the time and effort saved in getting grants approved.

The first comprehensive federal transit assistance for communities of less than 50 000 population became a law on November 6, 1978. The non-urbanized-area public transportation program, or Section 18 as it is more commonly known, was signed into law after several years of strong lobbying by the smaller transit systems across the country. Ever since Section 5 of the Urban Mass Transportation Act of 1964 established an operating assistance program for urbanized areas in November 1974, the smaller systems had been asking for equal consideration. Nonurbanized areas were eligible to apply to the Urban Mass Transportation Administration (UMTA) for capital grants under Section 3 of the Act, but operating assistance was unavailable.

Although the Section 18 program that emerged from Congress offered the same types of assistance as the Section 5 program, it was quite different in many respects. These differences had a lot to do with the success of the Section 18 program in Kentucky.

For example, the funds were apportioned to the states and the states were given an active role in administering the program. In the Section 5 program, the states were given the option of taking a strong role for cities between 50 000 and 200 000 population. The Kentucky Department of Transportation (KYDOT) decided against assuming such a role

because there were only five eligible cities and three different UMTA regional offices to deal with. KYDOT did, however, believe that it could serve a legitimate role as the administrator of the Section 18 program. For the smaller systems (those with fewer than 10 vehicles), it made a lot more sense to have the state capital, Frankfort, serve as the focal point for the Section 18 program rather than have each small operator deal individually with an UMTA regional office many miles away.

Another important difference relates to the decision to permit three funding categories: capital, operating, and administrative. KYDOT has always felt that the most critical aspect of operating an efficient and effective transit system, especially in small urban and rural areas, was good management. KYDOT wholeheartedly endorsed the administrative grant category at the higher 80 percent/20 percent funding ratio. This funding option has served as an incentive for some of the smaller urban systems to hire full-time managers and for some agencies to join together and establish regional public transportation coordinators to manage the existing services better and increase public awareness of the benefits of public transportation.

Still another major difference was in the agency selected at the federal level to administer Section 18. When the Federal Highway Administration (FHWA) was first being talked about as the federal agency responsible for Section 18, everyone was a little apprehensive. KYDOT, obviously, had a long history of involvement with FHWA in its highway programs. The public transportation staff of KYDOT had a little experience with FHWA in the Section 147 Rural Highway Public Transportation Demonstration Program of the Federal-Aid Highway Act of 1973, but staff was much more accustomed to dealing with UMTA on transit planning, Section 16b2 (Urban Mass Transportation Act of 1964), and other public transportation