

Department of Legislative Services
 Maryland General Assembly
 2017 Session

FISCAL AND POLICY NOTE
 Third Reader - Revised

Senate Bill 1149

(Senator Oaks, *et al.*)

Finance

Appropriations

Baltimore City - Maryland Transit Administration - Transit Services for Public School Students

This bill requires the Maryland Transit Administration (MTA) to provide ridership on transit vehicles to any eligible Baltimore City Public School (BCPS) student from fiscal 2019 through 2021. MTA may not collect fees or reimbursement for these services, and the services must be provided between 5 a.m. and 8 p.m. for school-related or educational extracurricular activities. MTA may adopt rules and regulations to implement the bill and must work with BCPS to adopt regulations that establish the eligibility criteria for students receiving a smart card to use the services. Additionally, the bill requires Baltimore City and the Baltimore City Board of School Commissioners to submit an annual report to the Governor and the General Assembly by December 1 of each year, beginning in fiscal 2019.

The bill takes effect July 1, 2018, and terminates June 30, 2021.

Fiscal Summary

State Effect: Transportation Trust Fund (TTF) revenues decrease by at least \$6.0 million annually from FY 2019 through 2021 due to the prohibition on collecting fees or reimbursement for the required transit services. Because MTA advises that it plans to establish eligibility requirements for ridership that are similar to the requirements established under the current contract, TTF expenditures are not affected.

(in dollars)	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
SF Revenue	\$0	(\$6,000,000)	(\$6,000,000)	(\$6,000,000)	\$0
Expenditure	0	0	0	0	0
Net Effect	\$0	(\$6,000,000)	(\$6,000,000)	(\$6,000,000)	\$0

Note: () = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: BCPS expenditures decrease by approximately \$6.0 million annually from FY 2019 through 2021 due to no longer being required to pay MTA for student ridership services under the bill. Local revenues are not affected.

Small Business Effect: None.

Analysis

Bill Summary: The annual report prepared by Baltimore City and the Baltimore City Board of School Commissioners must include information regarding the financial condition of the school system, the impact of the services provided by MTA under the bill, whether there is a need to maintain those services, and whether there is a need to maintain the prohibition on the collection of fees and reimbursement by MTA for services provided.

Current Law/Background: Generally, recipients of Federal Transit Administration (FTA) grants cannot provide transportation for students and school personnel if that transportation excludes the general public or competes with private school bus operations. However, public transportation vehicles can be used to transport students and school personnel if they ride the regularly scheduled mass transportation service that is open to the general public. FTA allows such services to be designed or modified to accommodate the needs of school students and personnel using various fare collection or subsidy systems.

In compliance with FTA requirements, MTA currently provides services similar to those required by the bill for BCPS students through a contract with the Baltimore City Board of School Commissioners. Students participating in the ridership program are issued nontransferable monthly passes, which allow the use of MTA buses, metro, and light rail systems at no cost, from 5 a.m. through 6 p.m. on school days. Under the current contract, BCPS must develop eligibility requirements for free ridership for students. For example, MTA advises that students who live within walking distance of their schools are generally not eligible for ridership, and BCPS advises that elementary school students are generally not eligible but may be provided free ridership if traveling with an older, eligible sibling or with a parent/guardian.

The amounts paid by BCPS to MTA for the ridership program from fiscal 2013 through 2016 are summarized in **Exhibit 1**. BCPS advises that it budgeted approximately \$7 million for these services in the 2016-2017 school year (fiscal 2017); however, total costs for the current school year are anticipated to be approximately \$6 million.

Exhibit 1
Amount Paid by BCPS for Student Ridership
School Year 2012-2013 through 2015-2016
(\$ in millions)

<u>School Year (Fiscal Year)</u>	<u>Amount Paid by Baltimore City</u>
2012-2013 (fiscal 2013)	\$5.9
2013-2014 (fiscal 2014)	\$5.4
2014-2015 (fiscal 2015)	\$5.2
2015-2016 (fiscal 2016)	\$5.5

Source: Maryland Transit Administration

The Budget Reconciliation and Financing Act of 2017, as passed by both houses, requires MTA to allow BCPS students to ride MTA transit vehicles at no charge for school-related or educational extracurricular activities during the 2017-2018 school year (which falls within fiscal 2018). MTA is authorized to charge Baltimore City no more than \$5.5 million for the costs associated with students riding transit vehicles in that year, and Baltimore City is authorized to use highway user revenues to pay these costs.

State Fiscal Effect: MTA is required to work with BCPS to adopt regulations that establish eligibility criteria for students receiving a smart card to use the services required by the bill. MTA advises that the eligibility standards established under the bill will likely be substantively similar to the current standards used by BCPS. Therefore, TTF expenditures are not affected because only the students that currently receive free transit service in Baltimore City receive free transit service under the bill.

Because the bill does not take effect until fiscal 2019, there is no fiscal effect in fiscal 2018. For fiscal 2019 through 2021, the bill is anticipated to reduce TTF revenues by at least \$6 million annually. This estimate is based on MTA's most recent projection of the cost of providing the transit services for BCPS students that are eligible under the current contract. Under the current contract, BCPS reimburses MTA for these services on a quarterly basis. Thus, the bill's prohibition on charging BCPS for the services reduces TTF revenues MTA would otherwise receive in reimbursements. The estimate also reflects the expansion of service hours for which students can ride MTA transit for free; the current contract ends free service for BCPS students at 6 p.m., but the bill extends it to 8 p.m. for eligible rides. Accordingly, students who currently pay for transit services during that two-hour period are no longer required to do so under the bill. A reliable estimate of any such loss in fare revenue cannot be determined, but MTA advises that it is likely minimal.

Additional Information

Prior Introductions: None.

Cross File: HB 1132 (Delegates Ali and Oaks) - Environment and Transportation.

Information Source(s): Judiciary (Administrative Office of the Courts); Maryland Department of Transportation; Federal Transit Administration; Baltimore City Public Schools; Department of Legislative Services

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