ABANDONING PARATRANSPORT SERVICE TO SAVE IT?

How Partnering with Lyft and Uber Undermines the Mission of Transit Agencies

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Introduction

Recently the Brookings Institution published a “study” purporting to show how transit agencies could save money by partnering with transportation network companies (TNCs) to provide demand response (DR) service. Its title, “How Lyft and Uber can improve transit agency budgets,” promised a solution to cash-strapped transit agencies looking for ways to cut paratransit costs without sacrificing service.

Surprisingly, nowhere in the 1,100-plus word article is there any estimate of what these savings might be or precisely how they could be achieved. Moreover, much of the report relies on assuming similarities between federally-mandated demand response service and TNC service that quickly collapse upon closer examination.

Specifically, Brookings fails to:

• identify the sources of demand response services’ high costs;
• examine the factors essential in enabling companies like Uber or Lyft to keep costs low;
• consider the recent history of privatization experiments with paratransit service, or;
• consult with the experts who work in and rely on demand response services today.

Instead, the think tank advocates for a shallow and dangerous solution to addressing a serious crisis facing a public service and civil right. In doing so, they unwittingly promote the segregation of transportation for people with disabilities and the elimination of labor protections for an already devastated workforce.

Brookings is not the first, nor will it be the last, to sell this snake oil to desperate agencies, but its work will frequently be cited as independent research. As a labor union that represents thousands of paratransit workers in the United States and Canada and works closely with disability justice advocates to advance transit for all, the Amalgamated Transit Union is compelled to respond to the report’s ignorant, inaccurate, and ill-advised recommendations.

Why is Demand Response Required, and Why Does It Cost So Much?

The 1990 federal civil rights law, which Brookings neglected to identify, that mandates demand response service is the Americans with Disabilities Act (ADA). The ADA requires transit agencies to provide paratransit service to persons not able to access an existing fixed-route service, i.e. persons with physical or mental disabilities. While some agencies go further and offer generalized DR services to other populations (or to all residents), these are not mandated by federal law and are far less common.

The ADA’s regulatory requirements for accessible service – which, it should be noted, are considered less-than-robust by disability advocates – contribute to paratransit’s higher costs per trip. Drivers have to be specially-trained in assisting passengers, who are not the monolithic community often referenced in agency meetings or news reports but diverse in race, gender, age, medical condition, and type of disability. Drivers must be trained to secure specific wheelchair models and to operate specialized paratransit vehicles. These are not simply “vans,” but complex machines with specialized lifts, doors, seating, GPS, dispatch systems, etc.

Furthermore, agencies must purchase scheduling and dispatching technology to ensure reliability of the service and to coordinate the efficient use of the vehicle stock. All of these factors add up to high costs but are necessary to ensure that an entire group of American citizens have the freedom of movement necessary to lead their own lives. While there are a variety of ways to lower costs, seeking savings through weaker regulation or a more transitory workforce only imperils the provision of quality service.

Now that we have an idea of where the costs of DR services originate, it is easier to analyze how effective TNCs would be in reducing them.

Wouldn’t TNCs like Uber/Lyft Be Able to Provide Service at a Lower Cost?

Despite the study’s assertion that DR services can be seen as the “progenitor” of TNCs, the two models have little in common with each other.
TNCs are cost effective, for the companies at least, largely for three reasons:

1) Their drivers are generally treated as independent contractors¹ with few barriers to entry. If you are 21 years old, have a relatively new car, a driver’s license, a smartphone, and can pass a background check, you can drive for Uber and Lyft.²

2) They operate in dense urban environments with extensive smartphone penetration, and where large pools of potential drivers and customers reside.

3) They make use of idle, traditional vehicle stock which they neither own nor maintain.

None of these cost-saving factors are applicable to the paratransit market. Any attempt to run a paratransit service like a TNC would quickly result in service disruption.

For instance, if a TNC were given a paratransit contract it would have to ensure reliable service according to ADA standards. It is one thing to rely on an army of casual drivers with their own vehicles to transport people during their spare time. It is quite another to ask these workers to retrofit their vehicles to be ADA-accessible or to purchase new ones outright and ensure that they provide service to this market segment. The TNC or the public agency would have to absorb costs that it currently relies on drivers to pay, including subsidizing the costs of purchasing and maintaining ADA-accessible vehicles. It would have to pay the costs of training sufficient numbers of drivers to serve DR customers.

TNCs’ other source of cost savings is density. TNCs rely on connecting customers with nearby drivers to keep wait times brief and maintain operational cost efficiency. DR services, on the other hand, operate primarily in less-dense areas where intensive transit is not available.³ For DR services in rural or suburban areas, lack of density

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Density in the Washington, D.C. MetroAccess Service Area

In the Washington, D.C., region, for example, we see how the demand for MetroAccess overlaps significantly with areas with lower population density.

The most significant overall increases in MetroAccess ridership since 2003 have occurred in Prince George’s County, Maryland; the District of Columbia; and Fairfax County, Virginia, with ridership doubling for each of these jurisdictions. Fairfax County has a population density of only 2,767 people per square mile, and in Prince George’s County only 1,789 people per square mile, compared to DC’s density of 9,857 people per square mile.

The increase in demand is explained by the so-called “gray tsunami” of aging Baby Boomers. The oldest Boomers turned 65 in 2011, and tens of thousands more are now reaching the age of 65 each year. Forty-nine percent of all MetroAccess customers are 65 years of age or older, and the average age of a MetroAccess user is 62. The American Community Survey reports that, among residents of the Washington Metropolitan Area Transit Authority (WMATA) service area age 65 or older, 29.8 percent have a disability.²

These older riders tend to be concentrated in areas with the least population density. Only 16% of those 65 and up live in the District, compared to 29% who live in Montgomery County in Maryland, 26.2% who live in Fairfax County, and 20% who live in Prince George’s County.³

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² Versel, MetroAccess: A Study for a Sustainable Regional Approach to Specialized Transportation
³ Versel, MetroAccess: A Study for a Sustainable Regional Approach to Specialized Transportation
is a serious factor influencing service efficiency, and the necessary density to be cost effective may not exist.\textsuperscript{4}


As seen from a basic look at the D.C. region, the savings of the TNC model would be eliminated when adapted to providing DR service outside of the urban core that meets basic civil rights guidelines. Unfortunately, that hasn’t stopped many cities and agencies from chasing the trend.

Quick Look: AbilitiesRide Proposal in Washington, D.C.

WMATA recently put out a proposal for a new type of TNC-provided Demand Response service, cringingly-dubbed “AbilitiesRide.” Prior to this proposal, the District of Columbia had experimented with “offloading” some MetroAccess trips onto accessible taxicabs. That system, TransportDC, allowed for significantly shorter reservation times and became popular among riders. The impact on the workforce – independent contractors in a regulated taxi industry – has not been thoroughly evaluated. Its popularity among riders led other WMATA jurisdictions to demand replication. Instead of researching further and extending their seemingly-successful TransportDC initiative, WMATA invented AbilitiesRide to attempt to lower costs even further.

AbilitiesRide provoked strong reaction from disability advocates, who organized the Transit Equity and Accessibility Movement (TEAM) to oppose or, at the very least, shape WMATA’s misguided efforts. Here is a sample of their more than 25 recommendations in memos to WMATA leadership:

- “The current proposal neglects to require compliance with the Americans with Disabilities Act (ADA) of 1990…Require an explicit reference to the ADA and require alternative service providers comply with ADA standards to ensure access for all.”

- “The current proposal does not include enforcement measures or complaint procedures for instances where customers may feel that they have been discriminated against or that service has not met the quality standards… Establish clear enforcement measures to ensure all standards are met…”

- “The current proposal requires service providers to include some wheelchair accessible vehicles to complement the service. Wheelchair accessible vehicles should not be considered a complement to any transportation provider’s fleet…Allowing for providers to provide lesser service, or longer wait times, to wheelchair users sends the message that customers who require wheelchair accessible vehicles are not a priority. This will result in a two-tiered segregated system, whereby wheelchair users are forced to rely on traditional MetroAccess service that requires 24-hour advance notice and a shared ride.”

- “The language suggests that service providers will not be required to provide service via telephone, which would leave MetroAccess customers without a mobile phone, personal computer or Internet access unable to utilize the innovative alternative being offered. WMATA should ensure that all customers can benefit from the program, by requiring that the providers can be contacted by standard, landline telephones and TTY…”

Were WMATA to incorporate these and the other two dozen recommendations from TEAM, which it should, the proposed cost savings of partnering with a TNC would evaporate.

In several cities, TNCs are partnering with local governments to provide some limited paratransit service. In Gainesville, Florida, for instance, the city government is working with Uber on a six month pilot program called “Freedom in Motion” to provide DR service to senior citizens. In Baltimore, Maryland, the MTA issued an RFI for proposals for a TNC pilot program to provide some DR services from “residential areas to major employment centers.” And in Washington, D.C., an RFI for a new TNC run paratransit service tentatively named “AbilitiesRide” has also been issued.

The tacit admission from these proposed programs is that TNCs actually cannot provide full paratransit service. In all of the cases above, the common thread is to segregate existing DR ridership by handing over the perceived easiest-to-transport customers to a TNC provider. They can only provide a premium service for a select group of customers, leaving the rest of DR users — those that require the most assistance and are thus the most expensive for agencies to serve — to rely on deteriorating traditional paratransit.

By their own actions, TNCs have shown that the costs of accessibility are too much for them to bear. Uber is currently in settlement negotiations in a lawsuit filed by the National Federation of the Blind, alleging it committed “systemic civil rights violations” against its blind customers. Uber has also been named alongside Lyft as a defendant in a similar lawsuit in Texas. Uber and Lyft both continue to insist the ADA does not apply to them.

Wouldn’t Some Kind of Private Service Be More Efficient?

Let us imagine a hypothetical situation in which a paratransit contract was given to a TNC that had agreed to comply with ADA requirements for customer service and vehicle standards. This TNC would need to provide trained drivers in specially-designed vehicles to transport customers with disabilities. In other words, this TNC would provide a service very similar in overhead costs to the kind already supplied by private paratransit operators like First Transit or MV Transportation, and thus unrecognizable as a TNC service.

Would this model create significant cost savings? The Brookings Institution has already provided an answer. The three agencies listed in their study that saw their paratransit costs quadruple from 2000 to 2014 (the Massachusetts Bay Transportation Authority, NJ Transit, and the Denver Regional Transportation District) already contract out their services to private providers and have for the entire 14 year period that their costs climbed. The same is true for D.C.-area MetroAccess service, which began contracting out to private operators in the mid-1990s and has since balkanized the service among several different multinational corporations and one locally-based provider.
Where Does Brookings Find Its Proposed Cost Savings?

Brookings estimates that transit agencies could save $1.1 to $2.2 billion per year using TNCs. How? They estimate that a demand response trip provided by Uber or Lyft may cost $13 to $18 per ride, based on estimates of the average costs of current, inaccessible Uber and Lyft trips. In other words, they estimate the costs of a TNC-run paratransit service based on fare structures from a completely different business, service, and employment model!

While Brookings does not explain its rationale, buried near the end of their study in a single sentence is the true source of their estimated cost savings:

Organized labor may oppose the transition from unionized staff to independent contractors, and disability advocates contend that companies like Uber are already in violation of federal laws mandating equal access.

The real recommendation from the Brookings Institution, and why no effort was made to explain how “efficiency” and “cost savings” would be realized, is that their proposal reduces the cost of service provision by reducing the wages and benefits of working class employees.

Looking again at the D.C. region, the hourly starting wage of a MetroAccess worker varies among private contractors – an absurdity given that they perform the same work in the same city – but averages $14 an hour across the system. According to the Massachusetts Institute of Technology Living Wage Calculator, one adult with one child would need to earn $30.42 an hour to make ends meet in the Washington, D.C. metropolitan area.

While these MetroAccess workers recently gained union representation and hold employee status, unlike TNC workers, their employers cover a small fraction of healthcare costs and provide almost no retirement savings options, at least not ones to which employees can afford to contribute with the poverty wages they are paid. MetroAccess workers also lack basic sick leave protections, which have been nearly impossible to negotiate without legislative precedent. The result? Paratransit workers report to work alongside passengers, many of whom have compromised immune systems or other medically-sensitive conditions, while sick with communicable diseases.

Despite obliterating labor standards, wages, and benefits to justify their underbidding on paratransit contracts, these providers still admit privately that they struggle to turn a profit. The CEO of one D.C.-area provider, locally-owned Diamond Transportation, admitted to Governing Magazine that he feels pressured to keep wages low to avoid being outbid by larger, multinational competitors.

When think tanks like Brookings use phrases like “cost savings” and dismiss potential concerns by DR workers and clients, they reveal a shallow understanding of a deeply-felt reality. They seem to genuinely believe that agencies could magically provide paratransit service at a discount rate with no consequences. The truth is that their proposal would be

12 Kane, “How Lyft and Uber Can Improve Transit Agency Budgets.”
13 Kane, “How Lyft and Uber Can Improve Transit Agency Budgets.”
14 Average of starting rates among MetroAccess workers covered by ATU 1764-Transdev CBA (September 16, 2015), ATU 1764-MV CBA (August 27, 2015), ATU 689-First Transit CBA (October 5, 2015)
very costly and paid for in miserable working conditions, broken lives, rider abandonment, and community decay. It would be paid for in stories like this: https://www.youtube.com/watch?v=NybIVVvrwaA

The video shows MetroAccess driver Karen Reed as she explains to D.C. Mayor Muriel Bowser how she and her daughter ended up homeless for three months in the prior year. At the time, she was working as a driver for MetroAccess private contractor First Transit, often pulling 12-hour shifts and 60-hour weeks to provide door-to-door transportation to people with disabilities. Reed showed up for work every day but could not afford a place to live. Her pay was so low that she needed food stamps and Medicaid to stay afloat.

Her story is not an outlier. A recent University of California-Berkeley study found that at both the state and federal levels, more than half of total spending on Medicaid/CHIP, TANF, EITC, and food stamps went to working families. In D.C., Maryland, and Virginia, where Karen works, an average of 50% of those jurisdictions’ public assistance program expenditures go to working families. That means that District and state taxpayers are subsidizing the cost of healthcare, food, and housing for fellow tax-paying workers like Karen, whose employers refuse to pay liveable wages.

The UC study is consistent with a growing body of evidence that finds that outsourcing of public services does not reduce city, state, or federal costs but simply shifts them to a different budget line. Given the source of the cost savings from the proposed TNC paratransit model, and the record of previous attempts at outsourcing paratransit services, it is safe to assume that savings to local paratransit budgets would also paid for in higher costs elsewhere in state budgets.

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TNC Discrimination Goes Beyond Disability

TNCs might not just be reinforcing discrimination on the basis of disability but also on the basis of race. Nearly a third of people with disabilities are people of color who face systemic discrimination on the basis of their race and their disability. Ironically enough, the TNCs that Brookings touts as a solution to our transit needs provide good examples of both forms of discrimination. In addition to the aforementioned attempts by TNCs to avoid their responsibilities under the ADA, a recent analysis of Uber data in the D.C. region showed disturbing evidence of racial discrimination.

An analysis of a month’s worth of Uber data throughout D.C. matched with census tract data showed that the neighborhoods getting better Uber service — defined as those places with consistently lower wait times — were whiter. The association between poor service and people of color held true even when household income, poverty rates, and population density were considered.

If this is what paratransit service looks like now, imagine what it might look like with an even less stable pool of workers, with less training, with less income stability, fewer accessible vehicles, and fewer prospects for a career in the industry.

**Shouldn’t Service For Riders Outweigh Labor Concerns?**

Even non-union sources, like the Federal Transit Administration and the Government Accountability Office, have linked abysmal labor conditions to a decline in service quality for paratransit riders. Poverty wages and no hope for upward mobility create a vicious cycle that transforms paratransit work from a professional career into a part-time, precarious gig. Like other low-wage workplaces, paratransit operations suffer from a high turnover rate. With few long-term, professional paratransit drivers to be found, expertise, experience, and the personal relationships key to providing individualized service for people with disabilities are less and less common.

That the Brookings Institution can look at an underfunded and inadequate industry and suggest that the solution is to “make it cheaper” without investigating how costs might be saved indicates a complete disconnect that is already too common among “disrupters” who view public transit as a profit center, not a public service.

It is also an insult to the diverse communities of people with disabilities. It suggests that a service that is an essential part of their lives – and in fact a federally-protected civil right – is overvalued and needs to be “offloaded.”

The current system is deeply flawed, leading to hours-long trips for simple errands, extended time in crowded vans, and unreasonable scheduling policies that mean someone has to reserve a trip more than 24 hours in advance.

Instead of addressing these major concerns, Brookings asks riders and the workers who serve them to subsidize companies who are actively undermining their civil and labor rights and killing other ADA-compliant services.

Finally, the presentation of organized labor and disability advocates as “roadblocks” – and at odds with each other – would be confusing to any disability advocate or paratransit employee. After all, much of the ADA’s legislative language is devoted to the employment struggles that people with disabilities face.

The national unemployment rate for persons with a disability was 12.5% in 2014, about twice the figure of 5.9 percent for those with no disability. A large proportion of persons with a disability—about 8 in 10—were not in the labor force in 2014, compared with about 3 in 10 of those with no disability.

As D.C.-area advocate Carol Tyson said during a transit forum in September, 2015, “The system that encourages privatization and discourages ensuring workers are paid living wages and benefits is intertwined with the system that denies the supports and services that people with disabilities need to remain in the community.”

In short, paratransit workers and riders are overlapping constituencies with deeply-shared political and economic interests.

**If Current Service is Bad and Costly, and TNCs Would Make It Worse Without Saving Money, What Should We Do?**

This is the conversation that the Amalgamated Transit Union and its allies in the disability justice and paratransit research communities have been having for the past two years.

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25  Kane, “How Lyft and Uber Can Improve Transit Agency Budgets.”
How can we combine the convenient, on-demand service model of TNCs with the regulated fleet availability of accessible taxi services and the employee-employer relationship of traditional paratransit providers, all under the umbrella of a public transit agency whose mission is to provide an affordable public service for all?

The unsatisfying truth is that there is no silver bullet, yet. There is no shortage of proposals for better service, but they cost more to the taxpayer. There is no shortage of proposals for less-costly service, but they impoverish workers and abandon riders as a consequence. The answer, of course, is to examine our broader spending priorities as agencies, cities, counties, states, and a nation. But short of a political revolution, that long-term “cultural change” approach does not and should not satisfy people who deserve better service and better jobs now.

ATU has worked with advocates across the country to propose paratransit service improvements. In Atlanta, Georgia, and Washington, D.C., workers and riders teamed up to propose basic recommendations to improve service for riders without costing individual agencies more. Here is a sample of some of them:

- Develop a publicly-owned and maintained demand response scheduling and dispatch system. There is no reason that a national consortium of agencies or the Department of Transportation could not develop a mobile application with the customer service advantages that Uber and Lyft’s apps pioneered. A robust public option is necessary to dismantle the monopoly that the much-maligned Trapeze system has over the industry. Major systems, like MARTA, rely on software that is nearly a decade old. TNC-like technology could help alleviate two major concerns of riders – trip length and advanced scheduling requirements – by incorporating multiple real-time sources of geolocation data and more sophisticated scheduling algorithms.

- Establish a procedure for human review of all automated schedules to ensure route efficiency and reduce on-board time for riders.

- Reduce deadheading – the movement of a vehicle without passengers – by implementing flexible zone systems so more passenger trips are provided per revenue hour, empty vehicles cover fewer miles, and individual riders travel shorter distances with less unnecessary time on board vehicles. In Los Angeles, CA, implementation of a zone system reduced empty miles by 17%.²⁸

- Invest in travel training programs that assist those riders who desire access to fixed route service but are not comfortable or able to navigate the system, instead relying on wheelchair-accessible vehicles they may not need. In cities like Seattle, this approach costs agencies $160,000 annually but reduces by $400,000 the cost of providing wheelchair-accessible vehicles to people who do not require them.²⁹

- Develop, with the involvement of riders with disabilities, an agency-wide or national disability sensitivity training standard for fixed route and paratransit workers. Likewise, develop a reservation training program to ensure reservationists and dispatchers are trained and understand the traffic patterns and streetscapes in their cities.

- Reduce turnover and create a career path for paratransit workers by raising their hourly wages and providing the basic health and sick leave benefits necessary to protect themselves, their families, and their demand response clients.

These recommendations are a sample of what people who actually work in and rely on demand response service see as critical to improving service and making it more efficient.

Demand response service, a job that trained professionals dedicate their lives to and a public good that others rely on, is not just a relic of the old economy waiting to be disrupted. Demand response transit provides independence for people with disabilities. It should be operated to ensure transit access for all, not to earn private profits. The best role that TNCs could play in improving paratransit is to assist agencies in developing their own 21st-century scheduling and dispatch software.

A transit agency’s mission is not to “improve their budgets” by outsourcing their responsibilities and segregating their services, as Brookings suggests, but to provide high-quality service for their riders, the wages and working conditions necessary to train and retain professional, career-path employees, and, where resources for these priorities are lacking, to advocate alongside riders and workers for more funding.