

Farebox Recovery Ratios
for the
Maryland Department of Transportation
Maryland Transit Administration

A Report for the Maryland General Assembly
Senate Budget and Taxation Committee,
House Appropriations Committee,
and
House Ways and Means Committee

MSAR # 11173

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Maryland Department of Transportation
Maryland Transit Administration

Introduction

The Maryland Department of Transportation Maryland Transit Administration (MDOT MTA) offers this report in response to the requirements of §7-208 of the Transportation Article, Maryland Annotated Code, which states:

“(b) The Administration shall submit, in accordance with § 2-1246 of the State Government Article, an annual report to the Senate Budget and Taxation Committee, House Ways and Means Committee, and House Appropriations Committee by December 1 of each year that includes:

- (1) Separate farebox recovery ratios for the prior fiscal year for:
 - (i) Bus, light rail, and Metro subway services provided by the Administration in the Baltimore region;*
 - (ii) Commuter bus service provided under contract to the Administration in the Baltimore region; and*
 - (iii) Maryland Area Rail Commuter (MARC) service provided under contract to the Administration; and**
- (2) Comparisons of farebox recovery ratios for the Administration's mass transit services and other similar transit systems nationwide.*

The statute requires a similar report for the transit systems operated by Montgomery County and Prince George’s County. Montgomery and Prince George’s counties will file their reports separately.

Background

Historically, the MDOT MTA has been subject to requirements that a certain percentage of operating expenses for its system be recovered from farebox revenue. During the 2017 legislative session, the Maryland General Assembly passed legislation (Ch. 16 and Ch. 24) that was allowed to become law without the Governor’s signature repealing the MDOT MTA’s then 35 percent mandated fare recovery ratio. This legislation left in place the requirement for MDOT MTA to report to the General Assembly fiscal standing committees on its farebox recovery ratios by transit mode, and to compare its ratios to those of comparable transit agencies across the country.

Farebox Recovery Results

Table 1 shows Farebox Recovery for the MDOT MTA and Peer Properties by Transit Mode using FY 2019 National Transit Database (NTD) data. NTD data is calculated according to the Federal Transit Administration’s (FTA) annual policy manuals. The FTA defines fares as: actual payment to the seller, and/or any fares retained by the seller. Using these guidelines, it is possible to compare the MDOT MTA’s performance to peer agencies around the country.

Table 1- MDOT MTA (FY 2020) and Peer Transit Properties (FY 2019)

FY 2019 NTD Data	Bus	Light Rail	Heavy Rail (Subway)	Commuter Rail	Total Operating Expense (\$millions)
NYC (NYC Transit)	31.5%	N/A	66.9%	N/A	\$8,754.7
Atlanta (MARTA)	21.7%	N/A	37.3%	N/A	\$488.5
Seattle (King County)	23.0%	N/A	N/A	N/A	\$797.5
Pittsburgh (PAAC)	24.7%	9.1%	N/A	N/A	\$433.5
Washington D.C. (WMATA)	16.9%	N/A	47.9%	N/A	\$2,019.4
<i>Peer Average</i>	17.2%	11.8%	42.1%	23.4%	<i>\$1,517.6</i>
Baltimore (MDOT MTA)	12.9%	12.8%	13.4%	30.2%	\$809.7
Salt Lake (Utah Transit)	12.6%	24.8%	N/A	15.9%	\$311.0
Dallas (DART)	10.6%	12.0%	N/A	24.2%	\$568.4
San Jose (VTA)	10.1%	6.9%	N/A	N/A	\$418.6
Houston (Harris County)	8.5%	5.7%	N/A	N/A	\$574.3

For NTD reporting, the MDOT MTA uses the NTD Reporting Policy Manual. Operating costs are divided per mode into four categories: (1) Vehicle Operations, (2) Vehicle Maintenance, (3) Facility Maintenance, and (4) General Administration. The General Administration category, consisting of administrative costs, are allocated across all modes per modal expense ratios. NTD provides definitions of what expenses are included in these categories. Please note that at the time of reporting, peer agency data was only available for FY 2019.

For State reporting, the MDOT MTA uses gross expenses by mode and adjusts the expenses by including insurance, changes in inventory levels, pro-rated share of administrative costs per the proportional size of that mode, and excludes paratransit expenses, past pension service liabilities, new services for the first 36 months of service, and capital costs. As a result, NTD basis farebox recovery for the MDOT MTA may result in a different farebox recovery rate than reported in the MFR statement. The MDOT MTA believes that the budgetary method of calculating farebox recovery is more accurate in measuring total subsidy for individual MDOT MTA services. However, Transportation Article §7-208 requires that the MDOT MTA farebox recovery be compared to peer properties, for which only NTD spending and revenue data is available.

The MDOT MTA modal farebox recovery ratios are shown below in Table 2 for reference.

Table 2 – MDOT MTA 2020 Farebox Recovery by Mode

FY 2020	NTD Basis
Bus*	10.1%
Light RailLink	10.2%
Metro SubwayLink	11.3%
Core Service**	10.3%
MARC	23.1%

* Core service is Baltimore Local and Commuter Bus, Light Rail and Metro Subway.

** Revenue is apportioned between modes based on overall ridership which may not accurately reflect true farebox recovery.