



UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

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RESOURCES AND ECONOMIC
DEVELOPMENT DIVISION

MAY 20 1976

Mr. Robert E. Patricelli
Administrator, Urban Mass
Transportation Administration 29
Department of Transportation

Dear Mr. Patricelli:

We have been making a survey of the Urban Mass Transit Formula Grant Program authorized by section 5 of the Urban Mass Transportation Act of 1964, as amended, at the Urban Mass Transportation Administration (UMTA) headquarters, Washington, D.C. Because UMTA is taking action in an important area which we had identified as warranting further work, we have decided to terminate our survey of the program at this time. However, we would like to bring the results of our survey to date to your attention, with the view that they might be helpful in making the program more effective.

As you know, prior to amending the Urban Mass Transportation Act of 1964 in November 1974, at which time section 5 was added to the act, the transit industry had expressed an urgent need for Federal financial assistance to offset operating losses many transit operators were experiencing. Despite this apparent need, 81 of the 279 urbanized areas determined eligible under the act for such assistance had not applied as of April 30, 1976.

Considering that the program is now 18 months old, we had planned to contact the 81 urban areas to determine (1) the reasons why they have not applied and/or (2) the problems they might be experiencing in applying for funds. We understand, however, that UMTA is currently undertaking a project which will involve contacting all eligible urban areas that have not applied for section 5 funds to obtain information similar to what we had planned to obtain. We consider this to be an important endeavor for finding ways to improve the program and urge that the project be carried forward in a timely manner.

Until this effort is completed, we do not believe it would be appropriate for us to do further survey work on the program at this time. We plan, however, to closely follow UMTA's efforts in assessing this aspect of the program. Because of our continuing interest in mass transit programs, we would appreciate being advised of the results of this project.

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In addition, we reviewed selected pending application files for section 5 funds to get an overview of the type of information contained in the files and to determine the length of time it takes to process and approve applications. We observed that some applications were being delayed in getting approved. According to UMTA officials, the most prominent reason for these delays was that the applicants had not submitted adequate financial data on their operations. Although we did not look into this matter in depth, it would seem to suggest that applicants need more specific guidance on the type of data UMTA needs to expeditiously process applications.

We appreciate the courtesy and cooperation extended to our representatives during the survey.

Sincerely yours,



Hugh J. Wessinger
Associate Director