

RAIL TRAVEL PROGRAM

FINAL REPORT

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PREFACE

This study was undertaken with the cooperation of the Consolidated Rail Corporation, prior to the recently proposed budget restrictions. The results of this study, although based upon existing New Jersey - Conrail reciprocal agreements, are not constrained by any one passenger rail service operator. At present, it appears that the business future of Conrail in the State of New Jersey may be on a somewhat precarious footing. If, in the future, the State of New Jersey can no longer conduct business with Conrail, the implementation program outlined in this report could just as easily work with another replacement passenger rail service.

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SUMMARY

The standard means by which State employees arrange for rail transportation for business trips are either tedious and costly to the State and rail companies (AA-100 form with Travel Form B) or detrimental to the State's public image and contrary to the goals of the rail subsidy program (free railroad certificates). A special rail travel program was designed to encourage State employees to ride Conrail trains in lieu of driving State vehicles on a regular basis. The program includes a mechanism for simplifying rail travel arrangements, thereby reducing the associated accounting costs and yet at the same time increasing accountability. It also offers a means for replacing free railroad certificates, effectively reducing the Department's associated rail subsidy burden and the extent of publicly acknowledged rail travel abuse.

This rail travel program was conducted as a pilot study in cooperation with Conrail and the New Jersey Department of Human Services, providing approximately 80 welfare inspectors closely-monitored rail travel forms to be used to and from their temporary work stations in North Jersey. The pilot program was originally designed to run for six months from January, 1980 but has been extended and rail travel forms are currently still in use by these welfare inspectors.

Rail travel forms (see Appendix A) were completed by the employee requiring transportation for business trips, then approved by the appropriate supervisor's signature and dated. Records of each travel form issued were maintained by the Department of Human Services and copies were forwarded to the Department of Transportation, Division of Research and Demonstration

Upon presentation of each rail travel form and the proper State identification to the Conrail ticket agent, the employee would be issued two, one-way tickets, dated and stamped ID-CR. Conductors aboard Conrail trains were instructed to request identification upon accepting tickets stamped ID-CR. Conrail's accounting department also maintained records of each travel form accepted and forwarded copies of the rail travel forms to the Division of Research and Demonstration

This Division monitored the effectiveness of the program by investigating the following:

1. Comparative costs to standard travel modes
2. Comparative energy consumption to standard travel modes
3. Potential areas of rail travel form abuse
4. Evaluating the pilot program in terms of potential expanded use throughout interested State agencies

In the six-month trial period covering the pilot rail travel program, approximately 3,250 rail travel forms (RES-18) were processed by Conrail. To date, May 15, 1981, 12,000 RES-18 forms have been issued. The results of the six-month research study indicate that this experimental rail travel program has succeeded in increasing the use of public transportation by State employees. From an economic perspective, State government can realize a net savings for every rail travel form used. The conservation of energy, as gasoline, is also greatly enhanced by the increased use of rail transportation. The results of the survey show that the abuse of rail travel forms can be successfully minimized if care is taken within the departmental distribution system.

CONCLUSIONS

1. Review of the existing rail travel legislation indicates that a great many rail certificate holders are not legally entitled to free rail transportation. This situation is contrary to the standard operating policies held by the State. Public consternation resulting from the use and apparent misuse of these certificates has at times been expressed vocally through the news media.

2. The current alternative to free rail certificate distribution is the use of AA-100 invoices, which provides for payment for rail travel and departmental accountability. The AA-100 invoice system is, however, unnecessarily cumbersome and expensive to manage, both to the railroad companies and to the State. The inherent inefficiencies in this system serve as a deterrent to State employees to use rail transportation for business trips.

3. Several alternatives to the free railroad certificate and AA-100 invoice systems were conceptually explored. The hypothetical "best choice" was selected for trial application in a six-month pilot program with the Department of Human Services. The Department of Transportation incurred all costs of this field trial. This pilot rail travel program, with few revisions, can be effectively utilized in the Department of Human Services in place of the use of State vehicles, free railroad certificates and AA-100 invoices.

4. From a cost-effectiveness standpoint, the pilot rail travel program is not the best transportation choice for the Department of Human Services' budget. To the State as a whole, operating within the bounds of the Rail Subsidy Program, it is the best economic choice available.

5. The conservation of energy is greatly enhanced by any rail travel program which encourages State employees to use public transportation as opposed to personal or State vehicles. In the six month period covered by the pilot rail travel program, the use of fifteen State vehicles and 4,654 gallons of gasoline was no longer required, with no additional energy consumed by Conrail

6. It has been sufficiently demonstrated that Conrail can be counted on to cooperate fully with the simplified rail travel format and will encourage any similar expansion of this pilot program.

7. A program similar to that covered in this study can work effectively, successfully encouraging State employees to use rail transportation for business trips. The program can tolerate breakdowns in several of the proposed security measures and still function with a minimum of abuse, provided issuing officers maintain a high degree of control over the distribution of rail travel forms. The simplified format, economic benefits and conservation of energy associated with the pilot study are conducive to its success

RECOMMENDATIONS

A number of issues should be resolved before the continuation of this rail travel program is approved. Some of these problems can be eliminated by simply clarifying the proper procedures to all parties involved. However, some revisions to the procedures should be implemented in order to secure the integrity of the program. In the meantime, until the details of the program are worked out, primary consideration should be given to the following:

- 1 High-level decisions in the Commissioner's Office, on the fate of the ongoing pilot rail travel program in the Department of Human Services must be made quickly. The pilot program has been arbitrarily extended an additional eight months for their convenience. The Department of Human Services anticipates a need for the continuation of some type of mass transportation for their employees temporarily assigned to North Jersey work locations for an indefinite period. The pilot program must be officially extended for this period of time or the Department of Human Services must be notified to make other budgetary and travel arrangements for their employees.

2. An expanded rail travel program, similar to the pilot program ongoing in the Department of Human Services can adequately replace the use of the standard AA-100 voucher format and the use of "free railroad certificates" on Conrail trains. It is recommended that the potential for State-wide expansion of this program be thoroughly investigated and presented to the Office of the Governor for legislative action. Simplified into a conceptual framework, the following outline lists the key stages for implementation of an expanded rail travel program:

- I. a. Repeal N.J.S.A. 48:12-109 through 116. This would terminate all rail certificates presently issued by the Secretary of State. This would abolish the entitlement of certain State officials and employees of free transportation on railroads operating within the borders of this state. Senate Bill No. 479 currently before the State Legislature would serve this purpose.
 - b. The Department of Transportation should pursue an agreement with Amtrak which would prompt the institution of a similar rail travel program on Amtrak trains. This would preclude State travelers from circumventing the new rail travel program by using Amtrak tickets. The present AA-100 form would only be used for trips on Amtrak trains until such agreement is reached with Amtrak.
 - c. NJ TRANSIT to be instructed to oversee a new rail travel program. RES-18 forms to be printed and distributed to State agencies at their request
- II. The proposed rail travel program would be administered according to the following procedures:
 - a. Conrail (presumably via computer) will bill State departments on a monthly basis according to the amount of train fares attributable to them. Each State department will write off the travel expense from the budget of the appropriate office or bureau. The State of New Jersey will pay Conrail from the travel budget appropriations of those departments.

- b. In the future it is anticipated that NJ TRANSIT will serve as an accounting intermediary between Conrail and those State agencies using RES-18 forms.
- c. Rail passes issued by the Consolidated Rail Corporation and by NJ TRANSIT will continue to be valid.

If it is determined that the pilot rail travel program should be continued in the Department of Human Services or that an expanded program should be implemented, it is recommended that the following points are incorporated in the program.

1. Rail travel forms should be issued by a centralized authority in each State agency. Issuing officers should be chosen carefully, for it is ultimately their performance which will determine the success or failure of the rail travel program. These officers must be sufficiently impressed with the importance of maintaining a high degree of control over rail travel form distribution and receipt collection.

2. Revise the RES-18 form, capitalizing the heading "FOR BUSINESS TRANSPORTATION ON SUBURBAN (COMMUTER) TRAINS OPERATED BY CONRAIL."

3. Revise the RES-18 form to indicate an "EXPIRATION DATE" rather than "DATE OF USE".

It has been suggested by the Department of Human Services and Conrail that the option of obtaining multi-trip tickets with rail travel forms be incorporated into this program. Conrail already has a mechanism to issue ten-trip tickets and encourages New Jersey to adopt their mechanism into the rail travel program. However, this option would serve to decrease accountability, would be extremely difficult to monitor and could be an open invitation for commutation abuses.

INTRODUCTION

The Commissioner of the New Jersey Department of Transportation, in response to the Office of the Governor, requested the Division of Research to develop a system to encourage increased use of public transportation by State employees while conducting State business. Currently, State business requiring travel within the Northeastern Metropolitan area has generally been accomplished through the use of:

1. State vehicles
2. Personal vehicles
3. Public transportation

In the shadow of the most recent energy crisis, it has been clearly demonstrated that State business at times may need to be conducted without the availability of gasoline, thus restricting the use of State and personal vehicles. In fact, in order to stretch the country's and state's energy resources, it is necessary to reduce gasoline consumption at all times. This leaves, as the most viable transportation alternative, the use of public transportation.

Conrail or Amtrak have often been used by State employees to travel on State business. However, the methods available for State employees to travel by rail have not proved to be the most efficient. The first method, and the most common one in use by State employees, is simply to pay their own travel expenses out of their own pocket. Reimbursement takes place some time in the future after travel voucher forms are filed with the State department involved. The second method

used to purchase rail tickets is through the use of a "Travel Form B" "Request for Travel Authorization", filed with the New Jersey Department of the Treasury and AA-100 invoices submitted to Conrail or Amtrak (see Appendices B and C). These two systems, although quite safe in screening out travel abuses, do not encourage the use of public transportation and also incur numerous costs in processing paperwork. The third method, used in relatively few cases, requires the possession of a "free railroad certificate". This certificate provides no means for controlling unauthorized use and only flagrant abuses are detected. This system has also generated much adverse reaction by the public and press from time to time

As the New Jersey Department of Transportation and now NJ TRANSIT is responsible for providing and accounting for rail operating subsidies, it is important that the Department monitor the use of State rail passes, and ascertain that procedures are aligned with broader State operating and policy goals. In 1980, a total of 1,221 railroad certificates were issued to government officials by the Secretary of State, and in 1981, so far 1,126 certificates have been issued. It is becoming increasingly apparent that certain departments within State government are using certificates for purposes beyond the intent of the legislation. The continued proliferation of railroad certificates increases the tax burden that the State's rail subsidy program demands, and erodes the credibility of the State in the eyes of the public. It is questionable whether the existing system is providing the desired accountability for State-related travel. There is also a need for a system which will reflect the amount and cost of transportation for each agency within State government.

In addition to the need for accountability for State employees, it is in accordance with State policy to encourage the use of public transportation for State business. This sets a favorable example for other employers in terms of minimizing energy expenditure and environmental impacts. It is evident that an expanded usage of rail for the business trips of State employees could be implemented at little or no cost to the State Treasury. This is true because all expenses that State agencies incur on State subsidized rail transportation, in effect, go toward reducing the rail operating deficit financed by the State. On the other hand, costs associated with usage of State vehicles are not recovered.

This study was intended to take a fresh and comprehensive look at the problems of the existing rail travel procedures for State business trips, and to recommend an alternative program. This report gives an analysis of the following issues:

1) What is the history and scope of the present rail-certificate program? What was the intent of the State Legislature at the time of enactment? What are the legitimate uses for these certificates within the statutory framework? Do the laws themselves, the legislative history of those laws, or any other applicable State law restrict the use of these certificates?

2) To what extent have practices extended beyond the intent of the statutes? How has the environment changed? How have abuses occurred? Do existing procedures provide a reasonable degree of accountability to taxpayers? How does the system rate in terms of encouraging increased use of public transportation for State business? What are the advantages and disadvantages of the other existing procedures for rail transportation?

3) An experimental application of an alternate system to provide for State employee usage of rail transportation.

4) Does this alternative system better achieve the previously identified objectives? What procedures would this new system involve? In terms of control, cost and energy, how would this system be more efficient than other alternatives? What steps are necessary for the implementation of the program? Could the program be easily administered and monitored? If so, where and by whom? How will the State's rail operating subsidy be affected? What would Conrail's role be in such a program? What ideas are possible for Amtrak and/or interstate rail transportation?

LEGAL HISTORY

The Secretary of State is authorized in N.J.S.A. 48:12-109 to issue railroad certificates to certain designated State employees. Conditions and limitations on the use of State certificates are described in N.J.S.A. 48:12-109 through 114.

Briefly, 48:12-109 provides that certain State officials and employees may ride in regular coach service, free of charge, on all railroads operating passenger service within New Jersey, and specifies the agencies and personnel who may use State certificates; 48:12-111 provides that certificates shall be shown upon the request of the conductor; 48:12-112 specifies fines to be levied for illegal use or transference of State certificates; 48:12-113 provides for the taking up certificates that are illegally used; and 48:12-114 provides for the returning of certificates when the bearer's term of office or employment expires.

The original rail certificate legislation was enacted as a part of the General Railroad Act of 1873. This Act granted charters to certain railroad companies operating in New Jersey. The legislation also provided rail certificates to State officials to "pass and repass the rails of the State pursuant to the discharge of their duties in office". During the late 19th century, railroad companies had been giving free trips as a favor to public officials, and the legislation was an attempt to spell out specifically who should be granted the privilege of free rail transportation for the conduct of State business within the state. A 1909 amendment substituted the phrase "during their respective terms in office",

thus significantly limiting the legal usage of the certificates. Numerous amendments throughout the history of the statutes have added positions to the list of eligibles. These amendments were often opposed by the railroad companies under the grounds that this was taking property without due process of law. In each instance, the courts limited their review to the issue of the amendments.

It should also be noted that in their present form the statutes are dated and unprecise, such as referring to the "State Highway Commissioner" and other titles that no longer exist.

OTHER RAIL PASS STATUTES

N.J.S.A. Title 48 contains two other statutes which concern free transportation to certain individuals. These statutes have also been examined as part of our current review.

N.J.S.A. 48:12-116 authorizes railroad companies to issue free transportation passes to police officers of the municipalities of New Jersey and to county detectives. The purpose of this Act was to encourage police officers to ride trains on a voluntary basis. This could act as a deterrent to crime while promoting public safety to buses operating in New Jersey. The statute stipulates that such transportation passes shall display the picture of the person to whom it is issued, but does not require that such officers be in uniform or restrict their use to the conduct of duties.

N.J.S.A. 48:12-105 authorizes railroad companies to offer special or reduced rates to "...ministers of religion and sisters or nuns who may be members of any religious order or community engaged in charitable or educational work...". The statute does not identify any means of enforcement or identification.

As both of these statutes state only that railroad companies "may" offer free or reduced rate transportation to certain individuals, the actual decision becomes a matter of operating policy. It is not known to what extent either of these statutes are utilized, though they are recognized by Conrail.

INTERSTATE RAIL TRANSPORTATION

New Jersey statutes relative to rail certificates state that they shall be good "within the borders of this state". Similarly, Conrail specifies in CRC Notice No. 65 that "New Jersey State Certificates are valid only on Conrail trains within the State of New Jersey. They are not valid for any part of a continuous ride to or from any point outside of New Jersey." Free rail passage across the borders of a state was prohibited under the Interstate Commerce Act. A provision of this act strictly limited the use of rail certificates for interstate travel in order to avoid problems with railroad undermining the rate control powers of the Interstate Commerce Commission, and to prohibit the railroads from offering free transportation to shippers and politicians. U.S. 49 I.S.C. 190f prohibited interstate rail trips without charge except under limited circumstances (e.g., employees of the railroad).

A plan designed to charge the State regular fares for the rail transportation related to State business would not be in violation of the Interstate Commerce Act.

OVERVIEW OF EXISTING PROCEDURES

Each year the Secretary of State sends memos to all cabinet officers, and to members of the State Senate, Assembly, and Judiciary requesting a listing of personnel who qualify for rail certificates according to statute. In practice, however, each specific agency has been free to adopt its own in-house criteria, and, until last year, lists submitted to the Secretary of State have not been questioned or screened. (Last year, each new issuance was investigated by the Governor's Office.) A corresponding number of certificates are sent to the agencies, normally in March of each year. State agencies do not budget funds to account for the cost of trips taken via rail certificates with the ultimate expense covered by the rail operating subsidy payment funded through the State Department of Transportation.

Under existing procedures, passengers need only display their certificate to the train conductors. The color of the certificate is changed each year to facilitate enforcement by Conrail. There have been instances in the past where individuals have been caught while attempting to use expired or fraudulent certificates, or of State officials and employees lending railroad certificates to others, but railroad officials in general have not been steadfast in their enforcement of procedures, as they often do not have time to check for the identity of the bearer. Ticket counts, revenue counts, and one-day counts made by Conrail do not segregate State certificate-holders. Thus, there are no records available indicating the number of people using State certificates nor how far a certificate holder travels. Similarly, it is not possible to determine the amount of lost revenue Conrail experiences since certificate-holder ridership statistics are not available.

ABUSES OF THE PRESENT SYSTEM

Abuses of the practice of providing for and the use of rail certificates have gradually evolved since the inception of the program. Although N.J.S.A. 48:12-109 specifically designates a limited number of State officials and employees who shall be entitled to rail certificates, as many as 1,600 certificates are said to have been issued in the past, 1,221 were issued in 1980, and 1,126 as of May 15, 1981. While the statutes do include certain provisions which are, in fact, open-ended (i.e., the State Attorney General and his "legal assistants" are entitled), a vast majority of the holders of certificates are not entitled under the law to free rail transportation. Several State agencies issue certificates to all staff who must travel to other parts of the state in the conduct of their work. This is not in accordance with the intent of the rail certificate legislation, as the normal procedure calls for the use of AA-100 travel forms. In addition, rail certificates are often used as "fringe benefits" to the job with the unstated but clear implication being that they could be used for commutation purposes. State agencies have been known to offer rail certificates as an extra to help convince a prospective employee that he would not have to relocate in order to take a State job away from his or her home. While usage of rail certificates for commutation purposes is not prohibited under existing laws, the continued use of certificates for this purpose is detrimental to the State's credibility rating with the public.

A third abuse of the system occurs when holders of certificates allow others the use of the certificate. This abuse has not been adequately

policed in the past as conductors and trainmen do not ask everyone for identification when they flash a free railroad certificate.

All of these abuses detract from the image of the State in the eyes of the citizenry. An important objective of the program thus becomes instituting an alternative program which has the necessary checks and balances to maintain accountability.

ALTERNATIVES FOR RAIL TRAVEL

As is the current practice with AA-100 forms, vouchers must be exchanged for train tickets through ticket agents at railroad stations. This procedure precludes the use of AA-100 forms at any rail station facility that does not have a ticket window, or stations at which such services are not open. A second, more serious disadvantage concerns paperwork. Although paperwork for Conrail ticket agents has been kept to a minimum, the handling and processing of AA-100 forms has brought complaints from both Conrail and State employees.

In order to address these and other issues, several alternatives to the AA-100 form method have been considered as a means of better serving the objectives of the plan. One suggested alternative would allow travelers to board trains and present a completed but slightly abbreviated travel voucher directly to the conductor, who could check for the appropriate State I.D. The conductor could hand in all voucher forms at the end of the run, where appropriate personnel would forward copies to the State. This procedure essentially allows the State to type its own Conrail tickets. This function could be centralized, if it is determined that it would enhance control. The disadvantages of this procedure is that train conductors may not have sufficient time to carefully enforce this type of voucher program (witness, their ineffectiveness in enforcing rail certificate policies), and may not faithfully perform the responsibility of transmitting voucher forms.

A second method of circumventing the ticket windows would involve issuance of "coupons" to State agencies, corresponding with its budgeted rail travel needs. Coupons would be marked according to the length of the trip, and would have a corresponding value. The cumulative value of these coupons would then be assessed to the State by Conrail. While the coupon concept is ideal in terms of eliminating waiting lines and reducing paperwork, it is obvious that, as in the previous case, the desired level of accountability and control could not be achieved via this plan.

A third alternative, and the one chosen for the pilot implementation introduced in this report, is the expanded use of simplified rail travel forms (in place of all State rail certificates). The AA-100 form is essentially a purchase order billing State agencies for the rail transportation costs attributable to them. The significant difference between the AA-100 form and the proposed rail travel program is the requirement for State employee identification, simplified format and processing. The idea behind the rail travel program is to couple specific authorizations for State travel with reasonable evidence that such travel is by a State employee. If it is determined that the benefits of requiring State identification photos are outweighed by the costs of producing them, and the inconvenience of showing them; an expanded use of AA-100 forms could easily substitute for the proposed simplified rail travel program. If the proposed rail travel form is adopted, AA-100 forms will remain in for all trips on Amtrak trains only until such time as a procedural agreement on the use of rail travel forms can be reached with Amtrak.

A fourth alternative actually combines several of the ideas discussed previously. If it is determined that a select number of State officials and/or employees shall continue to receive State rail certificates, legislation could be proposed which would reduce the number of certificates issued by specifying exactly who is to receive them. All other State business travel would be either by rail travel forms, AA-100 forms, or in another suitable manner.

The State's rail certificate program is not to be confused with rail passes issued directly by Conrail. Numerous NJDOT employees possess these passes by virtue of their rail-transit oriented responsibilities (e.g., line inspectors). A second type of travel pass will be issued to all employees of NJ TRANSIT. These passes will be issued annually and will be good for both bus and rail. Transit passes will include a photo of the NJ TRANSIT employee to guard against transferability of the pass. Precedent for transit passes has been set nationwide, where almost all employees of transit companies ride free of cost: this is intended to insure that they remain familiar with the transit system and its problems. The Transit pass will be good for rail transportation within state borders.

SCOPE OF PILOT PROGRAM

The pilot rail travel program, which was limited in scope, was implemented in January, 1980 and continued through the following six months. Three distinct agencies were involved in the execution of the program: Conrail, the New Jersey Department of Transportation, and the New Jersey Department of Human Services. The Department of Transportation's responsibility was to design and arrange for the printing and distribution of 8,000 rail travel forms and to monitor the effectiveness of the program, by investigating the following.

- Comparative costs to standard travel modes
- (b) Comparative energy consumption to standard travel modes
- (c) Potential areas of rail travel form abuse

Evaluating the pilot program in terms of potential expanded use throughout interested State agencies

All costs incurred in this trial program were absorbed by the Department of Transportation.

The 8,000 forms were printed by a bonded ticket printing establishment, Printing and Publications Corporation, 2230 Clements Avenue Pennsauken, New Jersey 08110 at a cost of \$435.00. (A copy of the form used is shown in Appendix A.) These forms were then delivered to the New Jersey Department of Human Services to be distributed for use by their employees as needed throughout the duration of the pilot program. Although their permanent work station is located on Quakerbridge Road in Hamilton Township, New Jersey, approximately 80 welfare inspectors are temporarily assigned to work stations in Essex and Hudson Counties, as follows:

Field Office 1
796 Broad Street
Newark, New Jersey

Field Office 2
15 Bell Street
Orange, New Jersey

Field Offices 3 & 7
449 Central Avenue
Newark, New Jersey

Field Offices 5 & 6
505 S. 15th Street
Newark, New Jersey

Food Stamp Office
1015 Broad Street
Newark, New Jersey

Field Office 4
275 Clinton Avenue
Newark, New Jersey

Hall of Records
469 High Street
Newark, New Jersey

Field Office 8
1006 Broad Street
Newark, New Jersey

Hudson County Welfare Board Office
John F. Kennedy Office Building
100 Newkirk Street
Jersey City, New Jersey

These employees were instructed to use the rail travel forms to travel to their temporary work stations on Conrail trains in place of carpooling in State vehicles from Hamilton Township each day. Rail travel forms were dated and signed by the appropriate supervisory personnel. Records of each travel form issued were maintained by the Department of Human Services and copies were forwarded to the Department of Transportation, Division of Research and Demonstration. Upon presentation of each rail travel form and the proper State identification to the Conrail ticket agent, the employee would be issued two, one-way tickets, dated and stamped ID-CR. Conductors aboard Conrail trains were instructed to request identification upon accepting tickets stamped ID-CR.

Conrail's accounting department also maintained records of each travel form accepted, recorded the full price of each ticket issued as a refund, so that their net take totalled zero, and forwarded copies of the rail travel forms to the NJDOT Research and Demonstration Division.

The NJDOT Research and Demonstration Division, upon receipt of the Department of Human Services' records and Conrail's records, compiled and compared the quantitative cost and energy factors, noted any discrepancies between the two sets of RES-18 usage records, and acting as an intermediary between the two parties, assisted in resolving operational problems and thoroughly investigated any apparent attempt to disrupt the program or misuse the rail travel forms.

These results, presented in depth in the following section of the report, indicate that this pilot rail travel program has succeeded in increasing the use of public transportation by State employees. From an economic perspective, State government can realize a net savings for every rail travel form used. The conservation of energy, as gasoline, is also greatly enhanced by the use of rail travel forms. The results of this survey tend to show that abuse of rail travel forms can be successfully minimized if care is taken in their distribution.

EXPERIMENTAL PROCEDURE

a. Department of Human Services

Eighty employees within the New Jersey Department of Human Services participated in the six month pilot program. These employees were instructed to use the rail travel forms (RES-18), four days per week to travel to and from their temporarily assigned work stations in Hudson and Essex Counties.

At the beginning of each two-week period, each participating employee was issued eight blank RES-18 forms. They were instructed to complete the appropriate sections: station-to-station, date of intended trip, name, social security number, and signature. These items completed properly, the issuing officer would then affix his(her) signature, title, department and division name in the designated sections.

At this time, the New Jersey Department of Human Services also maintained a record of each rail travel form issued to its employees. The pertinent information included in the log were as follows:

1. Employee's name and home address
2. Bureau
3. Reason for trip
4. Alternate mode of transportation, if any
5. Date of trip
6. Station-to-station identification

In order to exchange these completed rail travel forms for the actual Conrail tickets needed to travel on a train, the employee was directed to present the forms at a convenient Conrail ticket agent window.

b. Conrail

The Conrail ticket agents were instructed by Conrail's Circular 78 in the following procedures:

Examination of the RES-18 and identification: "Ticket agents must check to see that the order is properly prepared and signed by the issuing officer or his representative and the traveler and that it not have alterations or erasures. A state identification card must be requested. Users are instructed on the reverse side of Form RES-18 to sign the back of the ticket before presentation to the conductor. the original of Form RES-18 (which is white with a light blue screen overprint) may be accepted."

Ticket agents most often issued two, one-way tickets per round trip order. They were instructed to make the following endorsements on each ticket:

(a) "ID-CR" on the front of the ticket to indicate to the conductor aboard the train that the ticket is good only on Conrail trains and that identification is required.

(b) "RES-18, No. ()" on the reverse side of the ticket. The ticket agent was also to complete the applicable sections on the RES-18 form: applicable fare, form and ticket number for tickets issued, and to apply his(her) dater. The ticket agent would then retain the original RES-18 form to be used in reporting orders to Conrail's accounting department, and return to the traveler the appropriate tickets and the pink and yellow RES-18 copies.

At the end of each two week period, the participating employee was instructed to return to the issuing officer the pink and yellow RES-18 copies. The pink copies were forwarded to the New Jersey Department of Transportation for analysis. The yellow copies were retained by the New Jersey Department of Human Services. Conrail also forwarded the original RES-18 forms to NJDOT to be used in their analysis.

RESULTS

In the six month trial period covering the pilot rail travel program, approximately 3,250 RES-18 forms were used by the New Jersey Department of Human Services' employees to make 3,250 round trips within the State of New Jersey on Conrail trains. To date, May 15, 1981, these same employees have continued to use RES-18 travel forms on a regular basis. Conrail has processed 12,000 forms since January, 1980, exclusively from the New Jersey Department of Human Services. Additional supplies of rail travel forms have been obtained for their use in this interim period.

Of these trips, the great majority were of the type Trenton to Newark to Trenton, approximately 79 percent of the total. Approximately 15.5 percent of the trips were from Princeton Junction to Newark to Princeton Junction. Table 1 shows the complete breakdown of trip patterns.

As stated previously, eighty New Jersey Department of Human Services employees participated in the pilot program. Sixty-one of these (76%) are assigned to the System Analysis and Development Unit, and are temporarily needed to work in either Hudson or Essex County four days per week, utilizing the pilot rail travel program for daily travel. The remainder of the employees involved in the pilot program required the use of rail travel on a more sporadic basis.

TABLE 1

ROUND TRIPS MADE USING RES-18 FORMS

	<u>Number Used</u>	<u>% of Total</u>
Trenton-Newark	2570	79.0%
Princeton-Newark	504	15.5
Roselle Park-Newark	38	1.2
Bayhead-Newark	31	0.9
W. Trenton-Newark	24	0.7
Edison-Newark	22	0.7
Long Branch-Newark	20	0.6
Metuchen-Elizabeth	14	0.4
Rahway-Newark	14	0.4
Trenton-Jersey City	4	0.1
Elberon-Elizabeth	1	0
Trenton-New York City		0
Princeton-New York City	1	0
Little Falls-Hoboken	4	0.1
Newark-Little Silver	3	0.1
Metuchen-Newark	1	0
Hoboken-Newark	1	0
TOTAL ROUND TRIPS MADE		

ANALYSIS OF RESULTS

The following topics are discussed in this section of the report:

- a. Cost Analysis compared to using alternate modes of transportation,
- b. Energy Analysis compared to using alternate modes of transportation,
- c. Evaluating potential for expanded use by other State agencies, and
- d. Potential areas of rail travel form abuse.

a. Cost Analysis

In light of the unique relationship between Conrail and the State of New Jersey by virtue of the rail subsidy program, it may be somewhat misleading to compare the overall costs to the State of using rail transportation as opposed to some alternate mode of transportation. However, regardless of the overall flow of money between Conrail and the State of New Jersey, individual costs and benefits will continue to be measured in each State department's budget. In the future it is anticipated that New Jersey Transit will serve as an accounting intermediary between Conrail and those departments using RES-18 forms. Until this billing mechanism is implemented, it is proposed that Conrail utilize its own system to bill individual departments via AC-100 forms adapted to show accumulated values for rail travel forms received within its normal billing period.

In the trial period covering the rail travel pilot program, approximately 3250 round trips were made on Conrail trains covering a

total of 297,854 miles. The cost of these trips, using Conrail's 1980 fare schedule, totals \$26,011.

Comparing these figures to the costs of making the same trips by State vehicle at \$0.28* per mile accountable, the total cost comes to \$84,293. There seems to be a considerable monetary savings demonstrated here by using Conrail as opposed to State vehicles. However, this calculation did not account for the fact that the total mileage needed for a State vehicle may be cut in four if employees are directed to carpool, four people in a car. If this is the case, the total cost to the Department of Human Services may be cut to \$21,073.

In the specific case of the Systems Analysis and Development Unit in the New Jersey Department of Human Services, this is indeed the case. Sixty employees traveling between Trenton and Newark twice simultaneously could be accommodated in a slightly more cost-effective manner by carpooling in State cars or buses than in Conrail trains. But this is not always the case. In other bureaus of the New Jersey Department of Human Services it was found that travel accommodations were often needed for only one or two employees at the same time. In these situations, utilizing Conrail transportation proves the most cost effective.

For some of the more commonly traveled routes during the rail travel pilot program, the tabulated cost comparisons are listed in Table 2 on the following page.

The accounting costs associated with the various modes of arranging travel accommodations are more difficult to determine. At the present

*These 1979 costs for owning and operating a standard (less than 4000 lb.) automobile tabulated by the USDOT, FHWA Office of Highway Planning, Highway Statistics Division, increased by 15% to reflect 1980 cost of living increases.

time, Conrail estimates the total processing costs for a "typical" AA-100 form to be ten dollars, and anticipates no significant change if a billing mechanism was implemented for RES-18 forms. Between the New Jersey Department of Treasury's Accounting Office and the individual Department's Accounting Office, the total State processing costs for a "typical" AA-100 form would be ten dollars. The proposed conversion to RES-18 forms may decrease these amounts appreciably. Probably the most significant change in processing costs would result from the reduced time and effort in completing and handling the abbreviated forms. However, any effect from altering accounting procedures would be insignificant compared to the savings realized by the reduction in accounting-related subsidy payments to Conrail.

TABLE 2

COMPARATIVE COSTS - CONRAIL VS. STATE VEHICLES

<u>Route</u>	<u>Round Trip Distance (miles)</u>	<u>1980 Conrail Fare (\$)</u>	<u>1980 State Vehicle Cost (\$)</u>	<u>Conrail Cost Per Person-Mile (\$)*</u>	<u>State Vehicle Cost/Person-Mile Driver Only(\$)</u>	<u>4 Per-sons(\$)</u>
Trenton-Newark	98	8.40	27.73	.086	.28	.07
Princeton Jct.-Newark	72	6.80	20.38	.094	.28	.07
Roselle Park-Newark	10	1.60	2.83	.160	.28	.07
Bayhead-Newark	110	9.80	31.13	.089	.28	.07
W. Trenton-Newark	94	8.80	26.60	.094	.28	.07
Edison-Newark	20	4.20	5.66	.210	.28	.07
Long Branch-Newark	76	8.00	21.51	.105	.28	.07
Metuchen-Elizabeth	28	2.40	7.92	.086	.28	.07

*Not including \$.05/rail travel form for printing costs.

b. Energy Analysis

This section compares the amount of energy consumed by traveling on Conrail trains versus the amount of energy consumed by using an alternate mode of transportation. In the pilot rail travel program, the number of New Jersey Department of Human Services' employees traveling on Conrail trains was insufficient to necessitate altering the normal load carrying capacity of any single commuter train. In essence, the energy consumption per Conrail train remains the same with or without the additional rail travel form travelers. No real additional energy consumption resulted from the pilot rail travel program.

However, if the New Jersey Department of Human Services' employees had traveled in State cars rather than on Conrail trains, there would have been additional energy consumption from the use of gasoline. In effect, the pilot rail travel program results in a net energy savings, i.e., all the gasoline saved by not using State vehicles.

In order to quantify this energy savings, assume the most fuel efficient mode of alternate transportation available to the New Jersey Department of Human Services' employees, i.e., carpooling in full vehicles. In this manner, assuming an average 16 miles per gallon vehicle consumption, approximately 4,654 gallons of gasoline would have been consumed during the pilot program. If this relatively small amount of energy conservation could be recognized by all New Jersey State agencies, the overall savings to the State would certainly be substantial.

c. Evaluating Expansion Potential of Rail Travel Form

At this point it is appropriate to take a look at the potential impact an expanded statewide rail travel program could produce on the energy and cost factors presented previously. According to figures obtained from the New Jersey Department of the Treasury, during FY'80, travel expenses paid to Amtrak totalled \$336.00. The amount paid to Conrail for the same period totalled \$467.75. In addition, there were 1,221 free rail certificates in use in 1980. One of the major aims of the rail travel program is to induce Amtrak riders and rail certificate users to adopt the use of RES-18 rail travel forms for Conrail trips. If, in fact, the program is successful in this attempt, the additional yearly revenues to be realized by Conrail would be somewhere between \$300,000 to three million dollars*. Consequently, the rail subsidy would be reduced by the same amount. This additional revenue can be generated without increasing Conrail's operating costs, energy consumption, or the addition of passenger cars. Merely by luring Amtrak riders onto Conrail trains and replacing rail certificates with RES-18 rail travel forms, a substantial savings can be realized by Conrail and the State of New Jersey. Even greater savings in energy and subsidy payments can be realized by the State of New Jersey if the rail travel program succeeds in encouraging State employees to use Conrail in place of State vehicles. To what extent this could effect Conrail's operating expenses is unknown at this time. Further study should be conducted to determine this impact.

*Based on the assumption that 1,221 rail certificates, if replaced by RES-18 forms, would generate one dollar to ten dollars per day, 5 days per week, 50 weeks per year, in additional revenue for Conrail.

d. Potential Areas of Rail Travel Form Abuse

One of the major aims of this rail travel program was to encourage accountability within State departments for the cost of each Conrail trip made by their employees. The pilot program was thus designed to minimize the potential for abuse, including as many checks on the system as were realistically enforceable. Participating New Jersey Department of Human Services' employees were instructed as to the proper use of the RES-18 rail travel forms and were informed that the use of the forms would be closely monitored. Guidelines illustrating the proper procedures for handling the RES-18 forms were issued to the Conrail employees affected.

Checks were established at each rail travel form exchange and ticket exchange points as follows:

1. Issuing officers were directed not to authorize rail trips without the following RES-18 items completed to their satisfaction:

- a. Date of use
- b. Station-to-station names
- c. One way or round trip
- d. Employee name and social security number

2. Two copies of the RES-18 form were returned to the issuing officer after use

3. Ticket agents were instructed to check State identification, to issue no tickets for RES-18 forms which were improperly completed or which contained alterations or erasures, and to mark issued tickets ID-CR.

4. Employees were instructed to sign the reverse side of all tickets received by ticket agents, and to board Conrail trains only

5. Conductors aboard Conrail trains were directed to check signatures on tickets marked ID-CR compared to State identification.

6. Original RES-18 forms were forwarded to NJDOT from Conrail to be compared with copies received from the New Jersey Division of Human Services.

In spite of this extensive network of checkpoints, upon analysis of the rail travel forms and copies received by NJDOT, a number of errors have been discovered.

Points 1a, 3, 4 and 5 were only occasionally taken seriously by Conrail and State employees. Only four reported trouble spots resulted from these departures from program procedure.

1. In one case, a State employee attempted to redeem his RES-18 form while already on board a Conrail train. Appropriately, the conductor refused to accept the form, confiscated it, collected a cash fare from the employee and reported the incident to Conrail authorities.

2. In many cases, expired RES-18 forms were presented to and redeemed by Conrail ticket agents.

3. In one case, a State employee boarded an Amtrak train with a Conrail ticket stamped ID-CR. The conductor accepted the ticket, collected the cash difference from the employee, and reported the incident to Amtrak and Conrail authorities.

4. Twice, an employee from the New Jersey Department of Transportation field-tested the rail travel program and found that out-of-state travel to New York City, was easily accessible. In accordance with procedures outlined by Conrail to their ticket agents, these trips should not have been permitted.

For the most part, these errors cannot be classified as abuses of the rail travel program, since they were committed innocently due to lack of familiarity with the new procedures, or as test cases. It is important, however, to point out these problem areas and to clarify the procedures so that the minor errors do not propagate into major abuses.

The following procedures have not been consistently adhered to and should be clearly reiterated to all those participating in the rail travel program, should it be continued.

1. Expired RES-18 forms should be voided. RES-18 forms are not valid for use past the "date of use" authorized.

2. RES-18 forms which contain any alterations or erasures are not valid for exchange at ticket offices.

3. RES-18 forms are not valid for daily commutation.

4. Issuing officers should not authorize, with their signature, incomplete RES-18 forms.

5. State identification must be presented at ticket offices and to conductors aboard Conrail trains.

6. Tickets issued in exchange for RES-18 forms must be endorsed ID-CR by ticket agents, and are not acceptable on Amtrak trains.

7. RES-18 forms are not valid for out-of-state trips.

DIFFICULTY IN DISTINGUISHING BETWEEN BUSINESS AND COMMUTER TRIPS

The adoption of a voucher or coupon procedure would induce State employees to pay the full cost for commutation. A problem arises in that it is often difficult to precisely define what is, in fact, a business trip and what is a commutation trip. For example, if an individual commutes daily from Manasquan to Perth Amboy on the North Jersey Coast Line, and on a particular day is assigned to work in Elizabeth, how should the trip be treated? Similarly, what should the policy be when an individual reports to several different locations each week? It is not difficult to envision many instances where the distinction between business trips and commutation is unclear.

The experimental rail travel program has addressed this issue with generally favorable results. The State Department of Human Services was required to provide the address and work station of all of its employees. New Jersey Department of Transportation staff then compared the residence and work station information of each individual with travel origin and destination data included on each travel voucher. This audit was primarily to monitor the uses of vouchers, and to detect any potential for abuse. Few commutation abuses have thus far been reported from the Department of Human Services experimental program.

As this auditing function requires staff time and attention, the Department is not in a position to suggest that we assume this type of role. The logical alternative is to assign to each agency a self-regulating responsibility. In order to minimize staff effort, this monitoring could be done on a sampling rather than a continuing basis.

While self-regulation does leave an avenue for abuse, giving each agency accountability for itself means that abuses detectable, at least at the middle management level within the agency, would most likely not occur. At this level accountability for travel budgets would tend to promote a harsh attitude toward misuses of the rail travel program. The central issue is thus explaining the intent of the new procedures, and obtaining their sincere commitment that they will abide by the business trip concept.

It has been clearly demonstrated during the pilot rail travel program that, ultimately, success or failure of the program rests on the State department personnel serving as issuing officers. For example, one of the most common "abuses" noted during the pilot program was in using expired rail travel forms, days, weeks and months after the authorized "date of use". The reason given for this discrepancy was that the employees were unable to use some RES-18 forms as authorized due to public transportation strikes. Rather than voiding those forms and reissuing new forms, issuing officers instructed their employees to use the old voucher form on whatever date their next rail trip was to take place. In other instances, employees have altered station-to-station names for the sake of convenience (changing Trenton-Newark to Princeton Junction-Newark). Most of these examples are of a trivial nature, executed without intent to defraud. However, in one instance, the apparent abuse is of a more serious nature. One employee repeatedly and deliberately falsified copies of RES-18 forms submitted to her issuing officer, in actuality using an entirely different Conrail route several days per week.

The employee and issuing officer were called to account for their alleged irresponsible conduct and misuse of RES-18 forms.

In each of these examples the potential for more serious abuse is evident. If the issuing officer is neglect in his/her duties to closely monitor the rail travel forms issued to their employees, maintaining control over the use of these rail travel forms will become increasingly difficult, abuses more frequent, and accountability suspect.

APPENDIX A

STATE OF NEW JERSEY RAIL TRAVEL FORM (RES-12)

for Business Transportation on
Suburban (Commuter) Trains Operated by Conrail

No. 29

To Conrail Ticket Agent
This will be your authority to furnish transportation

on _____
Date of Use

between _____

and _____ on Conrail trains.

DW RT

APPROVED BY _____
(Signature)

Title _____

Department _____

Division _____

EMPLOYEE SECTION: I hereby certify that I have received a Conrail ticket for the above trip.

Signature _____ SS# _____

Print Name _____

(Upon request, employee must present identification)

TICKET AGENT

Applicable fare \$ _____

Ticket issued Form _____ # _____

Agent's stamp

ALL SECTIONS OF THIS FORM MUST BE FILLED OUT. SEE CONDITIONS OF USE ON BACK.

WHITE - ORIGINAL YELLOW AND PINK - DUPLICATES. (FOR OFFICE USE ONLY)

By issuing officer or traveler

By issuing officer

By traveler →

By issuing officer →

By agent

← State ID. card must be presented

STATE OF NEW JERSEY INVOICE

INVOICE NO.

38-43

OBLIGATION NO.
(TRANS. CODE 50 ON
44-49)

BATCH NUMBER

1-7

8-9

10-15

16-17

PA 30
UA 54

ACCOUNT NUMBER 18-31			
PROGRAM	ORGANIZATION	FUND	OBJECT

EXTENDED ACCOUNT NUMBER 32-37

TRANSACTION CODE

INTM, DAY, YEAR)

FISCAL YEAR

PAYEE - SEE INSTRUCTIONS ON REVERSE SIDE • INSERT CARBON AND COMPLETE ITEMS BELOW

PAYEE NAME AND ADDRESS

2 SEND COMPLETED INVOICE TO:
DEPARTMENT/AGENCY

STREET, CITY, STATE, ZIP

50-148

PAYEE REFERENCE NUMBER

149-158

COMMODITY CODE

159-162

4 PAYEE IDENTIFICATION NUMBER

163-175

5 TERMS

6 BILLING DATE

MONTH DAY YEAR

QUANTITY	UNIT	DELIVERY IS <input type="checkbox"/> F.O.B. DESTINATION <input type="checkbox"/> F.O.B. SHIPPING POINT	DESCRIPTION	UNIT PRICE	AMOUNT

PAYEE DECLARATION:

I certify that the within invoice is correct in all its particulars, that the described goods or services have been furnished or rendered, and that no duplicate has been given or received on account of said invoice.

PAYMENT DUE DATE

MONTH DAY YEAR

ANNUAL CONTRACT NO.
176-181

8 TOTAL AMOUNT

PA182-190 • UA 179-19

PAYEE SIGNATURE

TITLE

DATE

FOR ACCOUNTING BUREAU USE ONLY

ALLOW EXCESS 191

LAST INV. 192

SERIES

193

CHECK NUMBER

194-199

FOR ACCOUNTING BUREAU ONLY

200-204

CERTIFICATION BY RECEIVING AGENCY

I certify that the above articles have been received or services rendered as stated herein.

SIGNATURE

DATE

CERTIFICATION BY FISCAL OFFICER

I certify that this Voucher is correct and just, and payment is approved.

AUTHORIZED SIGNATURE

TITLE

STATE OF NEW JERSEY
DEPARTMENT OF THE TREASURY
DIVISION OF BUDGET AND ACCOUNTING
BUDGET BUREAU

(DO NOT WRITE
IN THIS SPACE)

REQUEST FOR TRAVEL AUTHORIZATION

No. _____

TO THE GOVERNOR:

I request authorization to incur reimbursable travel expenses as follows:

Name of employee _____ Department _____

Title _____ Division _____

Departing _____ A.M. P.M. Bureau _____

Returning _____ A.M. P.M. Account No. _____ Amount _____

Departing from _____ Destination _____

Reason for travel:

Will employee receive an honorarium or be paid from outside sources in connection with this assignment?

Yes Amount \$ _____ No

Names and titles of other employees traveling on same mission:

Estimate of total charges to be incurred:

ITEM AMOUNT

(DO NOT WRITE
IN THIS SPACE)

TOTAL

I certify that the charges to be made pursuant to this authorization will be in accordance with the State Travel Regulations currently in effect and will be limited to those required in an official capacity to carry out the purpose of the request. I further certify that funds are now available in the travel account of this agency for the amount required by this request as well as all travel expected for the balance of this fiscal year and that the information furnished herein is true and correct to the best of our knowledge and belief.

DATE _____

(DEPARTMENT OR INSTITUTION)

By _____
(NAME AND TITLE)

TO AGENCY REQUESTING TRAVEL AUTHORIZATION:

Approved in a sum not exceeding \$ _____

Disapproved

FOR THE GOVERNOR