

**Appendix 1**  
Glossary of Terms

## Glossary

**Capital expenses:** The expenses related to the purchase of long-term tangible assets such as facilities, revenue vehicles (rolling stock), and property.

**Casualty and liability:** An object class expense related to insurance premiums for physical damage and public liability and property damage, recoveries of physical damage losses, payouts and recoveries for public liability and property damage settlements, and premiums for other corporate insurance, such as fidelity bonds.

**Charter bus:** A bus hired on contract for the exclusive use of a group of people and not available to the general public for use as fixed route bus service.

**Cost per passenger:** An efficiency ratio that measures the cost of providing for one passenger boarding. This cost is computed by dividing the annual operating expense by the number of annual passenger trips.

**Demand response service:** A non-fixed route transportation service that is provided in response to calls from customers requesting door-to-door service. A car, van, or bus with fewer than 25 seats is dispatched to a specific location for transportation to a specific destination. This service is also called paratransit.

**Depreciation and amortization:** The changes that reflect the loss of the service value of a transit agency's assets. Assets can include physical facilities such as guideways, tracks and roadbeds, passenger stations, parking facilities, revenue vehicles, operating stations, power generation facilities, data processing, revenue collection and processing, and other general administration. Amortization of the intangible costs includes organization costs, patents, franchises, goodwill, and other intangible assets.

**Directly operated service:** Transportation service that is provided directly by the transit agency in contrast to purchased transportation.

**Fare recovery rate:** An efficiency ratio that measures the proportion of operating costs that are reclaimed through passenger fares. The fare recovery rate is computed by dividing the annual passenger fares revenue by the annual operating cost.

**Fixed route:** Transportation service provided on a repetitive, fixed schedule along a specific route that serves the same origins and destinations.

**Fringe benefits:** An object class expense related to additional compensation beyond the cost of labor that is provided by the transit agency to its employees. Fringe benefits can include: retirement and pension plans; medical, dental, and life insurance; workers compensation and unemployment insurance and short-term disability plans; sick, holiday, vacation, and other paid leave; and uniform and work clothing allowances.

**High occupancy vehicle (HOV):** Vehicles used to transport two or more passengers. HOVs such as buses, vans, and carpools, have exclusive use of barrier-restricted traffic lanes called HOV lanes, transitways, busways, and commuter lanes.

**Mass transit:** The transportation of passengers by any means of surface, overhead, or underground transportation, other than an aircraft or taxicab.

**Materials and supplies:** An object class expense related to the purchase of tangible items such as gasoline, diesel fuel, propane, lubricating oil, transmission fluid, and grease.

**Miscellaneous expenses:** An object class expense related to expenses that do not fit into any of the other major expense categories, such as local meetings, travel and training, dues and subscriptions, employee awards, bad debt expenses, advertising and promotion media, and vehicle inspections.

**Nonoperating revenue:** Revenue generated by the collection of sales and use taxes, federal and state grants, interest income, and the sale of assets. Nonoperating revenue excludes revenue earned by providing a transit service.

**Operating expense by cost center:** A group of expenses that identifies the cost of transportation service by mode, such as fixed route bus, paratransit, and charter.

**Operating expense by function:** The expenses associated with the operation of a transit agency. It is the sum of vehicle operations, vehicle maintenance, nonvehicle maintenance, and general administration as compared to the sum of various object class expenses.

**Operating expense by object class:** A grouping of expenses based on the purchase of goods and services by a transit agency. Object class expenses include salaries and wages, fringe benefits, services, materials and supplies, utilities, casualty and liability insurance, purchased transportation, and other expenses. Expenses can alternatively be classified by function.

**Operating revenue:** Revenue generated when a transit service is provided to a paying customer. Operating revenue, as defined by the American Public Transit Association, includes all passenger fares from buses, paratransit, charter, and other transportation services and also includes income generated by advertising.

**Other (object class) expense:** An object class expense related to taxes, miscellaneous expenses, and expense transfers. Tax expenses can include taxes on fuel, lubricants, electric propulsion power, income, property, vehicle licensing, and registration fees. Miscellaneous expenses are those that fall outside the major expense categories. Expense transfers are accounts used for reporting adjustments and reclassifications of previously reported expenses.

**Paratransit:** A transportation service using accessible cars, vans, and buses that is designed to meet the needs of disabled clients.

**Passenger fares:** The revenue earned from carrying passengers on a regularly scheduled service.

**Purchased transportation:** Transportation service that is performed by an outside transportation provider who is contracted to assist the transit agency in meeting demands for transportation services. An object class expense related to payments for services performed by a provider who is under contract.

**Revenue vehicle:** A vehicle operated by a transit authority or an outside transportation provider that is used to transport paying passengers.

**Ridership:** The number of rides taken by people using a public transportation system in a given period of time. In this report, all ridership numbers are unlinked.

**Salaries and wages:** An object class expense related to the pay earned by employees in exchange for work services provided to the transit agency.

**Services:** An object class expense related to the labor provided by outside organizations. Services can include management service fees, professional and technical services, advertising fees, temporary help, contract maintenance services, security services, and custodial services.

**Subscription service:** A commuter bus express service operated for a guaranteed number of patrons from a given area on a prepaid, reserved seat basis. An employer, for example, may purchase this service for its employees.

**Utilities:** An object class expense related to the purchase of electricity, gas, water and sewer services, telephone service, and garbage collection services. Utilities include purchased propulsion power from an outside utility company for use in propelling electrically driven vehicles.

**Vanpool:** An arrangement in which a group of passengers share the use and cost of a van to travel to and from a prearranged destination.

**Vehicle revenue hours:** The number of hours revenue vehicles are operated while providing a transit service, exclusive of charter and school bus services, operator training, and maintenance testing.

**Vehicle revenue miles:** The number of miles a vehicle travels while providing a transit revenue service. Vehicle revenue miles exclude miles associated with charter services, school bus service, operator training, and maintenance testing.

**Sources:**

1. Texas Legislative Council, *Profiles of Texas Mass Transit Authorities*, October 1998.
2. Chapters 451 and 452, Transportation Code.