



Memorandum

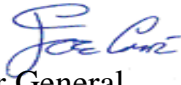
**U.S. Department of
Transportation**

Office of the Secretary
of Transportation

Office of Inspector General

Subject: **INFORMATION:** Audit Announcement --
Effect of FTA's Charter Bus Service Regulation on
Transit Services
Federal Transit Administration
Project Number 10M3006M000

Date: October 25, 2010

From: Joseph W. Comé 
Assistant Inspector General
for Highway and Transit Audits

Reply to JA-40
Attn of:

To: Federal Transit Administrator

The Office of Inspector General (OIG) is initiating an audit of the Federal Transit Administration's (FTA) implementation of the charter bus regulation. This regulation generally prohibits a transit agency that receives Federal transit grant funds from providing charter service, such as shuttle buses to sporting events, when a private charter operator is interested in providing the service. Both public transit agencies and private charter companies have expressed concerns about the impact of the charter bus regulation. Some public agencies view the regulation as an administrative burden, while private companies claim that if the regulation is not enforced, publicly funded operators will force them out of business.

In August 2009, the Senate Committee on Appropriations directed the Inspector General to complete a study of the regulation's effect on the quality and price of transit services.¹ Accordingly, our audit objectives are (1) to assess the impact of the charter bus regulation on the cost, availability, and quality of charter services related to specific events and markets and (2) to evaluate FTA's oversight of the charter service regulation. We will conduct the audit at FTA Headquarters offices, motor coach and bus associations, private charter companies, public transit associations, public transit agencies, and event organizers at selected locations.

¹ S. Rep. No. 111-69 at 92 (2009) (Senate committee report accompanying H.R. 3288, the bill making fiscal year 2010 appropriations for the Department of Transportation, Housing and Urban Development, and Related Agencies).

We plan to begin this audit in October 2010 and will contact your audit liaison to schedule a formal entrance conference. If you have any questions, please contact me at (202) 366-5630 or Gary Middleton, Program Director at (202) 366-0625.

cc: Audit Liaison, OST, M-1
Audit Liaison, FTA