



## Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #712

### **Seniors and Individuals with Disabilities - Specialized Assistance and County Assistance Programs (Transportation -- Local Transportation Aid)**

[LFB 2019-21 Budget Summary: Page 414, #4]

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#### **CURRENT LAW**

The state has two SEG-funded programs that finance the improvement of transportation services for seniors and individuals with disabilities: a county assistance program (\$14,477,800 in base funding); and a specialized assistance program (\$912,700 in base funding). DOT also administers a tribal and elderly transportation grant program funded with tribal gaming revenues. These programs help to provide the benefits of transportation service to those people not otherwise having an available or accessible method of transportation. The state's seniors and individuals with disabilities county assistance and specialized assistance programs are funded from separate appropriations funded from the transportation fund.

#### **GOVERNOR**

Provide \$3,000,000 SEG annually for the seniors and individuals with disabilities specialized assistance program. This would increase funding from \$912,700 in base funding to \$3,912,700 annually.

#### **DISCUSSION POINTS**

##### **Background**

1. DOT currently administers two separate programs that assist in providing specialized transit services: (a) a specialized assistance program that supplements federal funding to aid eligible applicants in rural and small urban areas with transit capital and operating projects that serve seniors and individuals with disabilities, and (b) a county assistance program that provides counties with

financial assistance to provide transportation services to seniors and individuals with disabilities and is distributed on the basis of each county's share of the state's total seniors and individuals with disabilities population.

2. Under the specialized assistance program, in accordance with federal rules, all subrecipients must guarantee a 20% local match for capital projects and 50% of deficit for operating projects. Eligible projects include vehicle capital (minivans, minibuses, medium and large buses) and non-traditional expenditures (mobility management, operating, and non-vehicle capital projects). In 2018, DOT awarded 52 non-profit and public sector applicants a total of \$4,542,900 in state and federal funding for vehicle capital, operating, and mobility management projects.

3. Under the county assistance program, all 72 counties in Wisconsin receive funding. With this aid, a county may directly provide transportation services, subsidize other systems that provide transportation services, or directly subsidize seniors and individuals with disabilities for their use of existing services, such as taxis. Counties must apply for aid by February 1 of each fiscal year and expend funds on a calendar year basis. For example, the 2018-19 appropriation is spent by counties in calendar year 2019.

4. On May 1, 2019, DOA submitted an errata to the bill to provide the additional funding to the county aids program instead of the specialized assistance program. If the county assistance funding change had been included in the bill, it would have increased funding for the program from \$14,477,800 in base funding to \$17,477,800 annually for a 20.7% increase in the county assistance appropriation. The bill would have to be amended to include this modification. [Alternative 1]

5. Since 2009-10, the Legislature has provided five separate increases in the seniors and individuals with disabilities county assistance program. The amount appropriated for county assistance increased 9.7% over this 10-year period resulting in a 0.9% annual average growth rate. There have been no recent increases provided to the specialized assistance program. Table 1 provides the recent funding history for both programs.

**TABLE 1**

**Seniors and Individuals with Disabilities  
Transportation Aid**

<u>Fiscal Year</u>	<u>County Assistance</u>	<u>Specialized Assistance</u>
2009-10	\$13,196,000	\$912,700
2010-11	13,623,400	912,700
2011-12	13,623,400	912,700
2012-13	13,623,400	912,700
2013-14	13,623,400	912,700
2014-15	13,623,400	912,700
2015-16	13,768,800	912,700
2016-17	13,915,600	912,700
2017-18	14,193,900	912,700
2018-19	14,477,800	912,700

**County Assistance**

6. A county may not use seniors and individuals with disabilities county assistance to support regular transit service, but may use this aid to support subsystems that provide special services to seniors and individuals with disabilities. Priority may be given to trips made for medical or nutritional reasons or for work. Counties must either require a copayment by users of this service or provide the user with an opportunity to make a voluntary contribution to the cost of the service.

7. According to data from the Department of Health Services, it is projected that the proportion of individuals aged 65 and over will increase by 10 percentage points from 13.7% in 2010 to 23.7% by 2040. Given this population trend and the lack of federal funding available for county specialized transit programming, a funding increase for the county assistance program would help meet the current and projected demand for specialized transit service in the state.

8. According to DOT, if no increase is provided to the county assistance program, fewer rides and transit services such as mobility management and travel training will be able to be provided to senior residents and residents with disabilities in Wisconsin. Specialized transit services are especially crucial to seniors and individuals with disabilities located in rural areas with no other public transit service.

9. Under the bill, additional funding would be provided to fund a 10% increase to the calendar year general transportation aid payments and mass transit operating assistance payments for 2020 and thereafter. Also under the bill, funding would be provided to fund a 10% increase in 2020 for paratransit aid. The Committee could decide to provide a similar-sized funding increase (\$1,500,000 annually, or a 10.4% funding increase) for the seniors and individuals with disabilities county assistance program. [Alternative 2e.]

10. DOT establishes a minimum allocation of elderly and disabled aid for counties. This

currently equals 0.5% of the total available funding (\$72,389 for 2019). In 2019, 24 counties received the minimum aid level. If a funding increase is provided, this minimum aid level would increase. For example, under the alternative that would provide a 10.4% increase to the county assistance program, the minimum aid level would increase to \$79,889 annually.

11. Under current law and base level appropriations, the 2019-21 biennium ending balance in the transportation fund is estimated at \$82.1 million. Any decision to provide additional seniors and individuals with disabilities aid would have to take into account the available balance in the transportation fund, any additional revenues authorized as well as other transportation funding demands. In making decisions on transportation fund expenditures and revenues, the Committee could consider alternative funding levels for elderly and disabled county assistance. [Alternative 2a. thru 2e.]

### **Specialized Assistance**

12. Despite the administration's errata that would modify the bill to specify that a \$3.0 million annual increase in funding be provided to the county assistance program, the Committee could consider providing some of that funding to the specialized assistance program.

13. DOT combines state specialized assistance funding with Federal Transit Administration section 5310 funds to make grants to both public bodies and private non-profits in the state for vehicle purchases and mobility management projects. The Department indicates that there is competition for limited funding within the program and, in particular, vehicle capital projects are in high demand by sub-recipients. Between 2015 and 2019, the cumulative average annual vehicle purchase request under the combined federal and state program was \$4.2 million which was funded at an average annual level of \$2.4 million, resulting in an average "unfunded gap" of \$1.8 million annually over this period for vehicle purchase projects.

14. The existing funding gap for vehicle purchases has contributed to increasing the average age of transit vehicles providing specialized transit services in the state. According to the Department, a majority of the transit vehicles in operation have surpassed their useful life and are in need of replacement. For example, according to DOT, the useful life for a minivan, a typical vehicle among the specialized transit service providers, is four years, and currently the average age of minivans among this group is 6.3 years old.

15. DOA administers a transit capital assistance grant program to fund the replacement of eligible public transit buses under the Volkswagen Environmental Mitigation Trust. Also under the bill, DOT would administer a separate transit capital assistance grant program and be provided \$10,000,000 from the transportation fund in 2020-21. Although separately administered, both the DOT and DOA transit capital programs would only be permitted to provide funding to replace public transit vehicles that are eligible for replacement under the Volkswagen settlement guidelines. Eligible mitigation actions under the Volkswagen settlement only include the replacement of certain classifications of larger vehicles with diesel engines that were manufactured during a specific time (e.g. heavy-duty transit buses older than 2009). Many smaller urban and rural transit systems operate vans and shuttle buses and do not have any vehicles that would qualify for these funds. Therefore, an increase in specialized assistance program funding could provide these smaller systems with additional resources to fund capital projects that are currently ineligible expenses under the

Volkswagen settlement guidelines.

16. Given the aging specialized transit vehicle fleet and that existing program demand exceeds state and federal resources, the Committee could choose to increase state funding for the specialized assistance program to award grants for additional vehicle purchases. This funding would be available to assist public and private non-profit transit providers in rural and small urban areas. [Alternative 3a. thru 3e.]

17. As mentioned earlier, current law, transportation fund revenues available for above-base transportation programming are limited. Given the demands on both state and local highway infrastructure and the limited state resources currently available to meet those needs, one policy discussion that confronts the state is whether the state can afford to increase SEG funding for other non-highway program needs at this time. [Alternative 4]

**ALTERNATIVES**

1. Approve the Governor's recommendation, as modified by the DOA errata, to provide \$3,000,000 SEG annually to the county assistance program. Under this alternative, base funding for the specialized assistance program would remain unchanged at \$912,700 annually and base funding for the county assistance program would increase to \$17,477,800 annually (a 20.7% increase).

<b>ALT 1</b>	<b>Change to Base</b>	<b>Bill</b>
SEG	\$6,000,000	\$0

2. Provide one of the following increases to the annual SEG funding level for the county assistance program.

**County Assistance Funding**

	<u>Annual Change in Aid</u>	<u>Funding Level</u>		<u>Total Biennial Change to</u>	
		<u>2019-20</u>	<u>2020-21</u>	<u>Base</u>	<u>Bill</u>
a.	\$250,000	\$14,727,800	\$14,727,800	\$500,000	\$500,000
b.	500,000	14,977,800	14,977,800	1,000,000	1,000,000
c.	750,000	15,227,800	15,227,800	1,500,000	1,500,000
d.	1,000,000	15,477,800	15,477,800	2,000,000	2,000,000
e.	1,500,000	15,977,800	15,977,800	3,000,000	3,000,000

3. Provide one of the following increase to annual SEG funding level for the specialized transit program.

### Specialized Assistance Funding

	<u>Annual Change in Aid</u>	<u>Funding Level</u>		<u>Total Biennial Change to</u>	
		<u>2019-20</u>	<u>2020-21</u>	<u>Base</u>	<u>Bill</u>
a.	\$250,000	\$1,162,500	\$1,162,500	\$500,000	-\$5,500,000
b.	500,000	1,412,700	1,412,700	1,000,000	-5,000,000
c.	750,000	1,662,700	1,662,700	1,500,000	-4,500,000
d.	1,000,000	1,912,700	1,912,700	2,000,000	-4,000,000
e.	1,500,000	2,412,700	2,412,700	3,000,000	-3,000,000

4. Take no action. Base SEG funding for the specialized assistance program would remain unchanged at \$912,700 annually and base funding for the county assistance program would remain unchanged at \$14,477,800 annually.

<b>ALT 4</b>	<b>Change to</b>	
	<b>Base</b>	<b>Bill</b>
SEG	\$0	- \$6,000,000

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