



## Legislative Fiscal Bureau

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April 26, 2005

Joint Committee on Finance

Paper #727

### **Elderly and Disabled Transportation Aids (Transportation -- Local Transportation Aids)**

[LFB 2005-07 Budget Summary: Page 475, #3]

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#### **CURRENT LAW**

The elderly and disabled county assistance program assists counties in providing transportation services to those people not otherwise having an available or accessible method of transportation. In 2004-05, the state provided \$8,373,000 in elderly and disabled county assistance and \$921,900 in capital assistance through separate, transportation fund appropriations.

#### **GOVERNOR**

Provide \$2,000,000 SEG in 2005-06 and \$4,000,000 SEG in 2006-07 for county assistance in the provision of elderly and disabled specialized transportation services. Total state funding would equal \$10,373,000 SEG in 2005-06 and \$12,373,000 SEG in 2006-07.

#### **DISCUSSION POINTS**

1. Elderly and disabled county assistance is distributed on the basis of each county's share of the state's total elderly and disabled population. With its state aid, the county may directly provide transportation services, subsidize other systems that provide transportation services, or directly subsidize elderly or disabled persons for their use of existing services, such as taxis. Counties must apply for elderly and disabled transportation aid by February 1 of each fiscal year. Counties expend funds on a calendar year basis. For example, the 2004-05 appropriation is spent by counties in calendar year 2005.

2. A county may not use elderly and disabled aid to support regular urban mass transit service, but may use this aid to support subsystems that provide special services to the elderly and disabled. 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.

3. In 2003, the county assistance program helped fund an estimated 3.4 million trips for elderly and disabled citizens. These trips provided elderly and disabled individuals access to medical services, nutritional services, jobs, education and training programs, and other social and personal business engagements.

4. Since 1999-00, the Legislature has provided annual increases in the elderly and disabled county assistance program. The following table provides the recent funding history for the county assistance program.

### **Elderly and Disabled County Assistance Funding**

<u>Fiscal Year</u>	<u>County Assistance</u>	<u>Percent Change</u>
1995-96	\$5,749,600	
1996-97	5,749,600	0.0%
1997-98	6,439,600	12.0
1998-99	6,439,600	0.0
1999-00	6,890,400	7.0
2000-01	7,441,600	8.0
2001-02	7,667,400	3.0
2002-03	7,925,100	3.4
2003-04	8,146,300	2.8
2004-05	8,373,000	2.8

5. Providing an additional \$2,000,000 in 2005-06 and \$4,000,000 in 2006-07 would result in a 23.9% increase in 2005-06 and an additional 19.3% increase in 2006-07. Using the most current elderly and disabled populations available, the attachment to this paper provides an estimate of the payment increases each county would receive under the Governor's recommendations.

6. DOT establishes a minimum allocation of elderly and disabled aid for counties. This currently equals 0.5% of the total available funding (\$41,865 for 2005). In 2005, 22 counties received the minimum aid level. Under the bill, the minimum level would increase to \$51,865 in 2005-06 and \$61,865 in 2006-07, with the same 22 counties being on the minimum.

7. Each county must provide a match equal to 20% of its state aid amount. Given the required match under the program, the necessary increase in the local match amounts for all

counties will equal \$400,000 in 2005-06 and \$800,000 in 2006-07. While current data is not available, the most recent comprehensive study on statewide elderly and disabled transportation expenditures found that local governments contributed nearly 25%, on average, toward these expenditures.

8. The funding increase for the elderly and disabled program would be used to assist counties with the increasing costs of providing existing services, especially higher fuel costs, and in meeting any unmet demand for transportation services among the eligible population. While DOT collects data on what counties spend in total for elderly and disabled services related to its program, data collection on the statewide amount of unmet demand for elderly and disabled transportation services is not available. Testimony before the Committee supported increases in the program to expand service to those currently unserved and to allow those currently using these services to have greater flexibility in obtaining rides.

9. Under the bill, other DOT local assistance programs, such as the general transportation aids program, the mass transit operating assistance program, and the local road improvement program would receive a 2.0% annual increase in funding in the biennium. The proposed increases to these programs are considered inflationary increases aimed at covering the costs of providing existing services. The following table shows the funding amounts associated with several annual percentage rate increases for the elderly and disabled aid program.

<u>Annual % Increase</u>	<u>Above-Base Increase</u>	
	<u>2005-06</u>	<u>2006-07</u>
1.0%	\$83,700	\$168,300
2.0	167,500	338,300
3.0	251,200	509,900
4.0	334,900	683,200
5.0	418,700	858,200
6.0	502,400	1,034,900

### **Regional Brokers of Transportation Services**

10. In recent years, considerable effort and new program initiatives have been aimed at coordinating the efforts of programs that provide transportation services to elderly, disabled, or poor individuals. A recent U.S. Government Accountability Office (GAO) study found 62 federal programs that fund a variety of transportation services for the elderly, disabled, and indigent persons. The federal Departments of Health and Human Services, Labor, Education, and Transportation administer most of these programs. The GAO study found several examples of overlapping, fragmented, and confusing services resulting from the lack of coordination among service providers. For example, the study found that one service area in South Dakota had seven different agencies serving the same area and providing overlapping service and routes. The study found that more effective coordination of these programs could help local units of government

avoid duplication of effort and reduce inefficiencies. The study found that some jurisdictions realized significant benefits, such as improved customer service and lower unit costs, through better coordination of efforts, such as sharing vehicles, consolidating services under one provider, or sharing information among programs.

11. Since the GAO study, a federal executive order directed 10 federal agencies to join the federal Council on Access and Mobility. The order required the Council to eliminate the duplication of services being provided by overlapping programs and to coordinate federally-supported transportation services at the federal, state, and local levels.

12. Wisconsin administers several state and federal programs that provide funding at the county or municipal level to support elderly and disabled transportation services, including the medical assistance program and DOT's elderly and disabled aid and mass transit operating assistance programs. In addition, the Veterans Administration provides funding for transportation for elderly and disabled veterans.

13. Several states have recently initiated transportation service broker systems aimed at consolidating federal, state, and local transportation program efforts for elderly, disabled, or low-income individuals. Under a broker system, brokers typically provide centralized vehicle dispatch, record keeping, vehicle maintenance, and other services under contractual arrangements with state agencies, municipalities, and other organizations. In order to lower their costs and provide for some profit under their contract, brokers identify the needs of a rider and match those needs with the appropriate, lowest cost service provider. Under the current system, low-cost riders often receive service that carries a higher cost than the service that is necessary for that rider. Brokers also coordinate services by scheduling trips and grouping riders into a smaller number of separate trips, which can further reduce the costs of the service. Program savings are generated when the state or local government, due to these efficiencies, is able to contract with a broker for the provision of transportation services at a lower cost than the amounts they are currently appropriating for the program services.

14. The State of Kentucky provides transportation services to its elderly, disabled, and medical assistance population under a statewide brokerage system that divides the state into 15 regions, with each region serviced by a single broker. Many of the brokers are public transportation service providers. These 15 brokers contract with the state under a flat rate per rider, which creates an incentive for the broker to reduce costs per rider. A study by the Kentucky Legislature found that the program appears to be saving the state money. In addition, the total number of rides provided each year has increased significantly since the broker system was established. The legislative report also indicated that overall satisfaction of riders appeared high. However, the study noted that the quality assessment system for determining rider satisfaction might be insufficient.

15. The Governor's budget proposal estimates savings of \$6,658,100 (\$3,083,900 GPR and \$3,574,200 FED) in 2006-07 associated with the implementation of a transportation management (broker) program for state medical assistance recipients. The bill authorizes the Department of Health and Family Services (DHFS) to audit and pay allowable charges on behalf of medical assistance recipients to obtain appropriate, nonemergency medical services provided

through a broker with which DHFS has contracted to manage transportation services for the medical assistance program. In the past, DOT proposed a transportation services broker system pilot project with DHFS that was similar to the type of system that would be established under the Governor's recommendation. Department of Administration budget staff have indicated that because transitioning to a broker type system for medical assistance recipient transportation services was new to the state and would likely involve a significant amount of program effort and user education, DOT's elderly and disabled aid program was not incorporated in the Governor's recommendation at this time.

16. Having a regional broker system for providing transportation services to the elderly and disabled in the state could mean that counties would be required to use their county assistance funds to contract with their designated regional broker for the provision of transportation services in their county. Alternatively, it could involve amending the program to allow DOT to use the program funds to contract directly with regional brokers for the provision of services in each county. Some counties may object to this type of change due to a loss of local control over the use of program funds.

17. Broker systems may also impact the type and level of services currently being provided to riders. For example, in order to generate cost savings, and thus generate a profit on their contract, a broker may schedule trips that maximize the number of passengers by using van pools, by doubling-up of passengers, or by limiting the days on which non-emergency trips are offered. While such practices may save the state and federal transportation service programs money, the practice may also limit the convenience of, or access to, the services currently available to riders.

18. If the Committee is interested in developing the regional broker type system for transportation services for medical assistance recipients in the state, the Committee could provide some incentive for DOT to move its program in that direction. One mechanism available to the Committee would be to appropriate half of the 2006-07 elderly and disabled program increase to the Committee's supplemental SEG appropriation. The release of these funds for the program could be made contingent on DOT submitting a plan to the Committee to transition its program to a regional broker type program and, if possible, to consolidate its efforts with DHFS's broker system. The Committee could also specify that the plan must include any statutory changes necessary to implement the program change, and could require DOT to submit the changes as part of its 2007-09 biennial budget request. DOT could also be directed to incorporate any program cost savings associated with a regional broker system in the Department's 2007-09 biennial budget request.

## **ALTERNATIVES**

### **A. Funding Level**

1. Approve the Governor's recommendation to provide \$2,000,000 SEG in 2005-06 and \$4,000,000 SEG in 2006-07 for county assistance in the provision of elderly and disabled specialized transportation services

2. Modify the Governor's recommendation by providing annual elderly and disabled aid increases (SEG) for 2005-06 and 2006-07 at one of the following percentages:

Annual % Increase	Change to Bill	
	2005-06	2006-07
1.0%	-\$1,916,300	-\$3,831,700
2.0	-1,832,500	-3,661,700
3.0	-1,748,800	-3,490,100
4.0	-1,665,100	-3,316,800
5.0	-1,581,300	-3,141,800
6.0	-1,497,600	-2,965,100

3. Delete provision. (Base level funding of \$8,373,000 SEG would be provided in both 2005-06 and 2006-07).

<u>Alternative A3</u>	<u>SEG</u>
<b>2005-07 FUNDING</b> (Change to Bill)	- \$6,000,000

**B. Brokers of Transportation Services**

1. Appropriate one-half of the funding increase provided under A1 or A2 in 2006-07 for the elderly and disabled county assistance program to the Joint Finance Committee's supplemental SEG appropriation. Specify that the release of these funds would be contingent on DOT submitting to the Committee a plan to transition its elderly and disabled county assistance program to a regional broker type program and, if possible, to consolidate its efforts with any of DHFS's efforts to create a regional broker system for medical assistance recipients. Specify that the plan must include any statutory changes necessary to implement the program changes. Require DOT to submit the statutory changes outlined in the plan as part of its 2007-09 biennial budget request. Direct DOT to incorporate any program cost savings associated with a regional broker system in its 2007-09 biennial budget request.

2. Maintain current law.

Prepared by: Al Runde  
Attachment

## ATTACHMENT

### Estimated Increases in Elderly and Disabled Aid Payments Under Assembly Bill 100

	2005	2006	Change from 2005		2007	Change from 2005	
	<u>Allocation</u>	<u>Allocation</u>	<u>Allocation</u>	<u>Percent</u>	<u>Allocation</u>	<u>Allocation</u>	<u>Percent</u>
Adams	\$44,148	\$54,688	\$10,540	23.9%	\$65,233	\$21,085	47.8%
Ashland	41,865	51,865	10,000	23.9	61,865	20,000	47.8
Barron	82,878	102,682	19,804	23.9	122,480	39,602	47.8
Bayfield	41,865	51,865	10,000	23.9	61,865	20,000	47.8
Brown	288,164	357,002	68,838	23.9	425,835	137,671	47.8
Buffalo	41,865	51,865	10,000	23.9	61,865	20,000	47.8
Burnett	41,865	51,865	10,000	23.9	61,865	20,000	47.8
Calumet	52,805	65,416	12,611	23.9	78,029	25,224	47.8
Chippewa	93,000	115,216	22,216	23.9	137,431	44,431	47.8
Clark	58,868	72,930	14,062	23.9	86,991	28,123	47.8
Columbia	85,816	106,318	20,502	23.9	126,817	41,001	47.8
Crawford	41,865	51,865	10,000	23.9	61,865	20,000	47.8
Dane	479,943	594,586	114,643	23.9	709,228	229,285	47.8
Dodge	133,695	165,630	31,935	23.9	197,565	63,870	47.8
Door	57,630	71,388	13,758	23.9	85,153	27,523	47.8
Douglas	72,002	89,196	17,194	23.9	106,394	34,392	47.8
Dunn	52,740	65,344	12,604	23.9	77,943	25,203	47.8
Eau Claire	131,912	163,426	31,514	23.9	194,936	63,024	47.8
Florence	41,865	51,865	10,000	23.9	61,865	20,000	47.8
Fond du Lac	154,112	190,915	36,803	23.9	227,725	73,613	47.8
Forest	41,865	51,865	10,000	23.9	61,865	20,000	47.8
Grant	85,018	105,331	20,313	23.9	125,639	40,621	47.8
Green	56,672	70,208	13,536	23.9	83,745	27,073	47.8
Green Lake	41,865	51,865	10,000	23.9	61,865	20,000	47.8
Iowa	41,865	51,865	10,000	23.9	61,865	20,000	47.8
Iron	41,865	51,865	10,000	23.9	61,865	20,000	47.8
Jackson	41,865	51,865	10,000	23.9	61,865	20,000	47.8
Jefferson	107,899	133,674	25,775	23.9	159,448	51,549	47.8
Juneau	47,328	58,625	11,297	23.9	69,929	22,601	47.8
Kenosha	206,680	256,042	49,362	23.9	305,409	98,729	47.8
Kewaunee	41,865	51,865	10,000	23.9	61,865	20,000	47.8
La Crosse	152,467	188,892	36,425	23.9	225,312	72,845	47.8
Lafayette	41,865	51,865	10,000	23.9	61,865	20,000	47.8
Langlade	43,097	53,388	10,291	23.9	63,681	20,584	47.8
Lincoln	53,929	66,813	12,884	23.9	79,695	25,766	47.8

**ATTACHMENT (continued)**

**Estimated Increases in Elderly and Disabled  
Aid Payments Under Assembly Bill 100**

	2005	2006	<u>Change from 2005</u>		2007	<u>Change from 2005</u>	
	<u>Allocation</u>	<u>Allocation</u>	<u>Allocation</u>	<u>Percent</u>	<u>Allocation</u>	<u>Allocation</u>	<u>Percent</u>
Manitowoc	\$142,187	\$176,153	\$33,966	23.9%	\$210,117	\$67,930	47.8%
Marathon	185,565	229,890	44,325	23.9	274,215	88,650	47.8
Marinette	83,924	103,970	20,046	23.9	124,016	40,092	47.8
Marquette	41,865	51,865	10,000	23.9	61,865	20,000	47.8
Menominee	41,865	51,865	10,000	23.9	61,865	20,000	47.8
Milwaukee	1,428,906	1,770,225	341,319	23.9	2,111,540	682,634	47.8
Monroe	66,570	82,466	15,896	23.9	98,366	31,796	47.8
Oconto	61,731	76,470	14,739	23.9	91,213	29,482	47.8
Oneida	78,470	97,215	18,745	23.9	115,959	37,489	47.8
Outagamie	204,125	252,888	48,763	23.9	301,646	97,521	47.8
Ozaukee	114,494	141,838	27,344	23.9	169,185	54,691	47.8
Pepin	41,865	51,865	10,000	23.9	61,865	20,000	47.8
Pierce	42,399	52,533	10,134	23.9	62,662	20,263	47.8
Polk	72,677	90,039	17,362	23.9	107,400	34,723	47.8
Portage	84,083	104,175	20,092	23.9	124,261	40,178	47.8
Price	41,865	51,865	10,000	23.9	61,865	20,000	47.8
Racine	267,561	331,464	63,903	23.9	395,373	127,812	47.8
Richland	41,865	51,865	10,000	23.9	61,865	20,000	47.8
Rock	225,882	279,834	53,952	23.9	333,789	107,907	47.8
Rusk	41,865	51,865	10,000	23.9	61,865	20,000	47.8
Saint Croix	77,695	96,252	18,557	23.9	114,810	37,115	47.8
Sauk	92,651	114,783	22,132	23.9	136,914	44,263	47.8
Sawyer	41,865	51,865	10,000	23.9	61,865	20,000	47.8
Shawano	76,060	94,229	18,169	23.9	112,398	36,338	47.8
Sheboygan	175,920	217,934	42,014	23.9	259,953	84,033	47.8
Taylor	41,865	51,865	10,000	23.9	61,865	20,000	47.8
Trempealeau	50,029	61,985	11,956	23.9	73,936	23,907	47.8
Vernon	52,820	65,440	12,620	23.9	78,058	25,238	47.8
Vilas	54,389	67,379	12,990	23.9	80,370	25,981	47.8
Walworth	138,481	171,554	33,073	23.9	204,631	66,150	47.8
Washburn	41,865	51,865	10,000	23.9	61,865	20,000	47.8
Washington	151,048	187,122	36,074	23.9	223,201	72,153	47.8
Waukesha	486,150	602,268	116,118	23.9	718,391	232,241	47.8
Waupaca	96,070	119,021	22,951	23.9	141,969	45,899	47.8
Waushara	51,268	63,514	12,246	23.9	75,760	24,492	47.8
Winnebago	222,345	275,452	53,107	23.9	328,561	106,216	47.8
Wood	<u>127,667</u>	<u>158,165</u>	<u>30,498</u>	23.9	<u>188,660</u>	<u>60,993</u>	47.8
<b>Total</b>	<b>\$8,373,000</b>	<b>\$10,373,000</b>	<b>\$2,000,000</b>	<b>23.9%</b>	<b>\$12,373,000</b>	<b>\$4,000,000</b>	<b>47.8%</b>