



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #772

Elderly and Disabled Transportation Aids (DOT -- Local Transportation Aids)

Bill Agency

[LFB 2007-09 Budget Summary: Page 536, #3]

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 2006-07, the state provided \$12,373,000 in elderly and disabled county assistance and \$921,900 in capital assistance through separate, transportation fund appropriations.

GOVERNOR

Provide \$265,900 SEG in 2007-08 and \$537,100 SEG in 2008-09 for county assistance in the provision of elderly and disabled specialized transportation services. Total state funding would equal \$12,638,900 SEG in 2007-08 and \$12,910,100 SEG in 2008-09.

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 2006-07 appropriation is spent by counties in calendar year 2007.

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. Aid may be used for trips that provide elderly and disabled individuals access to medical services, nutritional services, jobs, education and training programs, and other social and personal business engagements. 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. 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>
1997-98	\$6,439,600	
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
2005-06	10,373,300	23.9
2006-07	12,373,000	19.3

4. In the 2005-07 biennium, the elderly and disabled aid program received a significant increase in funding to assist in the increasing costs of providing transportation services. The program received increases of \$2,000,000 annually in 2005-06 and 2006-07, which, as indicated in the table, resulted in a 23.9% increase in 2005-06 and an additional 19.3% increase in 2006-07.

5. DOT establishes a minimum allocation of elderly and disabled aid for counties. This currently equals 0.5% of the total available funding (\$61,865 for 2007). In 2007, 22 counties received the minimum aid level. Under the funding level provided in the bill, the minimum aid level would increase to \$63,195 in 2008 and \$64,551 in 2009.

6. Elderly and disabled aid is just one of several state transportation aid programs that assist local government with their transportation-related expenditures. Increases in any of these aid programs could be seen as a means to mitigate the impact of providing limited increases in other

state aid programs that provide funds to counties. In addition, providing an elderly and disabled aid increase could help offset the impact of any local levy limit imposed on counties.

7. Some have contended that because revenues to the transportation fund are paid from citizens who travel roads throughout the state, a consistent portion of those revenues should be redistributed to local units of government to assist in maintaining their transportation programs. In 2006-07, local transportation aid programs, including the general transportation aid, local road improvement, mass transit assistance, and elderly and disabled aid programs and other transportation programs that provide assistance to local units of government, were funded at a level equal to 38.5% of net transportation fund revenues. Under the bill, as introduced, these programs would receive a smaller percentage share of net transportation fund revenues, estimated at 35.4% in 2007-08 and 34.6% in 2008-09.

8. 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. Any above-inflation (forecast at 2.1% in 2008 and 1.9% in 2009) funding increases for the elderly and disabled program would assist counties with the increasing costs of providing existing services, especially higher fuel costs, and in meeting any unmet or increasing demand for transportation services among the eligible population.

9. The proposed increase in elderly and disabled aid would provide a 2.0% annual increase for elderly and disabled transportation, based on the combined SEG funding for county assistance and capital aids, but would provide the total increase in the appropriation for county assistance. The following table shows the funding amounts associated with several annual percentage rate increases for the elderly and disabled aid program.

Annual % Increase	Above-Base Increase	
	<u>2007-08</u>	<u>2008-09</u>
1.0%	\$132,900	\$267,200
2.0 (Bill)	265,900	537,100
3.0	398,800	809,600
4.0	531,800	1,084,900
5.0	664,700	1,362,700
6.0	797,700	1,643,300

10. Another option that the Committee could consider was also considered by the Joint Legislative Committee on Transportation Needs and Financing, commonly known as the "Road to the Future Committee." In December, 2006, that Committee issued its final report. The report included a list of revenue options for future consideration, including that the elderly and disabled county assistance and capital aid programs be converted from the transportation fund to GPR funding. This would reduce transportation fund expenditures and increase GPR funding by the same amount. At a minimum, the amount involved would be \$13,294,900 annually (base level funding for the two programs).

ALTERNATIVES TO BILL

1. Approve the Governor's recommendation to provide \$265,900 SEG in 2007-08 and \$537,100 SEG in 2008-09 for county assistance in the provision of elderly and disabled specialized transportation services. Total state funding would equal \$12,638,900 SEG in 2007-08 and \$12,910,100 SEG in 2008-09.

ALT 1	Change to Bill Funding	Change to Base Funding
SEG	\$0	\$803,000

2. Modify the Governor's recommendation by providing annual elderly and disabled county aid increases (SEG) for 2007-08 and 2008-09 at one of the following percentage increases to total elderly and disabled aid funding:

% Annual Increase in Aid	County Aid Funding Level		SEG Change to Base		SEG Change to Bill	
	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09
a. 1.0%	\$12,505,900	\$12,640,200	\$132,900	\$267,200	-\$133,000	-\$269,900
b. 3.0	12,771,800	13,182,600	398,800	809,600	132,900	272,500
c. 4.0	12,904,800	13,457,900	531,800	1,084,900	265,900	547,800
d. 5.0	13,037,700	13,735,700	664,700	1,362,700	398,900	825,600
e. 6.0	13,170,700	14,016,300	797,700	1,643,300	531,800	1,106,200

3. Beginning in 2007-08, as considered by the "Road to the Future Committee", convert the funding source for the elderly and disabled aid county assistance program (\$12,373,000 annually) and the capital aid program (\$921,900 annually) from the transportation fund (SEG) to the general fund (GPR). *[The amount converted from SEG to GPR equals base funding for the programs and could increase depending on the Committee's decision on the level of county assistance provided.]*

ALT 3	Change to Bill Funding	Change to Base Funding
GPR	\$26,589,800	\$26,589,800
SEG	<u>-26,589,800</u>	<u>-26,589,800</u>
Total	\$0	\$0

4. Delete provision (no increase to base level funding would be provided).

ALT 4	Change to Bill Funding	Change to Base Funding
SEG	-\$803,000	\$0

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