



## Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #593

### **Employment Transportation Program (Transportation -- Local Transportation Aid)**

[LFB 2021-23 Budget Summary: Page 571, #5]

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#### **CURRENT LAW**

Under current law, the Department of Transportation (DOT) may award grants from the Department's transportation employment continuing appropriation to public and private organizations for the development and implementation of demand management, ride-sharing, and job access and employment transportation assistance programs. Currently, the Wisconsin employment transportation assistance program (WETAP) is funded with \$582,600 SEG in base funding from the transportation fund from this appropriation.

#### **DISCUSSION POINTS**

1. The Wisconsin employment transportation assistance program (WETAP) is a grant program that combines both state and federal funding for transit systems and organizations that assist low-income individuals in getting to work. The program was officially formed in 2000 as a joint effort between DOT and the Department of Workforce Development (DWD). Each year, DOT enters into a Memorandum of Understanding with DWD to fund WETAP. Funding for the program is comprised of \$582,600 SEG from the transportation fund, \$464,800 GPR from DWD's employment transit assistance grants appropriation, federal funding, and a required local match from awardees.

2. DOT awards WETAP grants through an annual competitive grant application process. Eligible applicants include public, private and non-profit transportation providers. WETAP projects must provide new or expanded service designed to fill transportation gaps for low-income workers. Types of projects which have been recently awarded WETAP funds include mobility management projects, which aim to increase coordination among existing transportation service providers, and vanpool service projects to connect individual with jobs that are not served by the current transportation network. WETAP also funds vehicle loan projects that offer 0% or low interest loans

to assist low-income individuals in purchasing or repairing vehicles used to maintain employment. All WETAP projects must provide a local cash or in-kind match, often in the amount of 25% to 50% of the total project cost.

3. Historically, the major source of funding for the WETAP program had been the federal Job Access Reverse Commute (JARC) program. As recent as 2010, DOT was able to use \$4.1 million in JARC federal funds to award WETAP grants. In 2012, MAP-21 (the federal reauthorization bill) repealed the JARC program and projects were instead made eligible for federal section 5311 (rural areas) and section 5307 (urbanized areas) transit assistance formula grant programs. The discontinuation of dedicated federal funding effectively means that WETAP now must compete with transit systems around the state for federal 5311 and 5307 funding.

4. The effect of the elimination of dedicated federal funding for the WETAP program can be seen in the below table. Total WETAP program awards declined every year between 2012 and 2016, from \$4.1 million in 2012 to \$1.0 million in 2016. Since 2017, total award amounts have increased as the state has allocated federal 5311 and 5307 monies to the WETAP program. In addition, the 2019-21 biennial budget provided \$250,000 SEG annually in additional base funding to DOT's appropriation used to fund the WETAP program, which increased total state funding for the WETAP program to \$1,047,400 (\$582,600 SEG from DOT and \$464,800 GPR from DWD). Despite the additional federal and state resources devoted to WETAP since 2017 (41.1% increase), the amount of unfunded project requests has increased during this period because program demand during the period also increased (69.4%).

**TABLE 1**

**Wisconsin Employment Transportation Assistance Program  
Requested Funding and Awards**

<u>CY</u>	<u>Requested Fed/State Funds</u>	<u>Awarded</u>			<u>Applicants</u>	<u>Award - Request</u>
		<u>Federal</u>	<u>State</u>	<u>Total</u>		
2012	\$5,159,605	\$3,318,905	\$754,592	\$4,073,497	23	-\$1,086,108
2013	5,723,728	2,824,793	814,664	3,639,457	16	-2,084,271
2014	1,550,102	785,243	627,034	1,412,277	5	-137,825
2015	1,561,249	467,958	930,257	1,398,215	5	-163,034
2016	1,378,761	0	955,885	955,885	4	-422,876
2017	2,463,957	950,000	961,635	1,911,635	14	-552,322
2018	3,552,909	1,450,000	345,225	1,795,225	10	-1,757,684
2019	4,660,506	1,254,643	573,199	1,827,842	10	-2,832,664
2020	3,454,091	700,000	1,048,581	1,748,581	11	-1,705,510
2021	4,173,095	1,649,070	1,018,735	2,667,805	13	-1,505,290

5. As mentioned, in the absence of a dedicated source of federal funding, DOT has relied on reallocating existing federal 5307 and 5311 funds to award WETAP grants. Under 5307 transit

formula funding, those systems serving a population of 200,000 or more receive their 5307 funds directly from the federal government. Therefore, DOT only administers federal 5307 funds for systems serving areas with less than 200,000 in population as well as the 5311 funds, which are dedicated to rural systems (50,000 or less). One concern with the use of federal 5307 and 5311 funds for WETAP awards is that it uses a portion of the federal funding that would otherwise be allocated by DOT to supporting the capital and operating expenses of smaller urban and rural transit systems. Recently, the Coronavirus Aid, Relief, and Economic Security (CARES) Act and the American Rescue Plan Act (ARPA) allocated supplemental formula funding to DOT through the federal 5307 and 5311 programs. Of the amounts apportioned to DOT from the CARES Act, \$1,488,600 was set aside by DOT to support WETAP awards and is available until fully expended. These CARES Act monies were used by DOT to support the entire \$700,000 federal contribution for 2020 WETAP awards and \$449,070 of the federal contribution for 2021 awards. DOT has yet to determine the amount of federal 5307 and 5311 funding to be set aside from ARPA for the WETAP program.

6. Lack of transportation can be a significant barrier to getting and keeping jobs for low-income workers. The WETAP program, by improving transportation services and options for these workers, can improve the economic outcomes among these workers and the state. WETAP projects assist nonprofits in providing service in 51 rural and urban counties; seven of the counties served by the WETAP program do not have any public transit service to assist residents in their transportation needs. In 2021, the Department received requests for state and federal funding under the WETAP program totaling \$4.2 million, but given the amount of federal and state funding available, only \$2.7 million was awarded. The attachment to this paper indicates the nonprofit awardee, the counties serviced and the amount of the award.

7. Assembly Bill 68/Senate Bill 111 (AB 68/SB 111) would provide \$4,000,000 SEG annually to the DOT's transportation employment and mobility continuing appropriation. This would increase base funding from \$582,600 to \$4,832,600 annually. According to DOT, this funding increase to the WETAP program would fund an expansion of program eligibility to include large urban public transit systems. Under the expansion, WETAP would be subdivided into two categories of grant recipients: traditional non-profit organizations and large urban public transportation systems. There are four large urbanized areas in Wisconsin: Milwaukee, Madison, Appleton and Green Bay. Funding within each applicant pool would be determined based on the requested amount of grants received, available funding, and past awards. All applications would be submitted using the existing process but applications would be considered separately within each category. For traditional non-profit organizations, the existing application process would remain unchanged. For large urban public transit systems, the grant program would support new or expanded transportation services that resolve the employment-related transportation needs of eligible low-income workers. For example, these strategies could include linking existing fixed-route transit service with ridesharing services to deliver workers to job sites that are beyond walking distance from the nearest fixed-route stop. The Committee could consider increasing SEG funding to support an expansion of the WETAP program to include large urban areas [Alternative 1].

8. As indicated by the program's demand, WETAP appears to be a popular program for employers and workers throughout the state (see Table 1 and the Attachment) and additional funding is needed to meet program demand. Given the absence of a dedicated federal funding source and demand for WETAP funding that has exceeded available funding, the Committee could increase SEG

funding by \$250,000 annually to assist the program in meeting existing demand for WETAP program funds [Alternative 2].

9. Under the base level funding currently included in the substitute amendment to AB 68/SB 111, expenditures from the transportation fund are significantly higher than under the Governor's recommendations. The Governor's recommendations reduced SEG funding to the state highway improvement program and replaced that funding with bonding. Further, while the 2019-21 budget increased revenues to the transportation fund, the coronavirus pandemic has dampened the impact of those revenue increases to the fund, as well as to ongoing base level revenues. The Committee already took action to reduce transportation fund appropriations, including adopting standard budget adjustments and reestimates of sum sufficient debt service appropriations that reduced appropriations by \$46.5 million in 2021-22 and \$31.4 million in 2022-23. Despite these actions and slightly higher estimated revenues, prior to Committee actions on the remainder of the transportation budget the estimated 2022-23 ending balance is -\$32.3 million. Thus, the availability of additional SEG funding for WETAP may be limited. [Alternative 3]

## ALTERNATIVES

1. Provide \$4,000,000 SEG annually to the transportation employment and mobility appropriation to provide additional funding to the WETAP Program. Under this alternative, funding for the program would increase to \$4,582,600 SEG annually from the transportation fund.

ALT 1	Change to Base
SEG	\$8,000,000

2. Provide \$250,000 SEG annually to the transportation employment and mobility appropriation for the WETAP program. Under this alternative, funding for the program would increase to \$832,600 SEG annually from the transportation fund.

ALT 2	Change to Base
SEG	\$500,000

3. Take no action.

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Attachment

## ATTACHMENT

### CY2021 Wisconsin Employment Transportation Assistance Program (WETAP) Awards

<u>Organization</u>	<u>County Served</u>	<u>Award</u>
Advocap Inc	Winnebago, Fond du Lac, Green Lake, Calumet	\$261,520
Couleecap	Crawford, La Crosse, Monroe, Vernon	80,537
DorTran	Door	30,410
Forward Service Corp.	Adams, Brown, Calumet, Columbia, Dane, Dodge, Door, Florence, Fond du Lac, Forest, Grant, Green, Green Lake, Iowa, Juneau, Kewaunee, LaFayette, Langlade, Lincoln, Manitowoc, Marinette, Menominee, Oconto, Oneida, Outagamie, Portage, Price, Richland, Rock, Sauk, Shawano, Sheboygan, Taylor, Vilas, Waushara, Winnebago, and Wood	420,638
Higher Expectations	Racine	38,131
Kenosha Achievement Center	Kenosha, Racine, Walworth	58,154
Lutheran Social Services of WI and Upper MI	Calumet, Outagamie, Waupaca, Winnebago	\$105,714
Milwaukee Careers Cooperative	Milwaukee	274,516
NEWCAP	Brown, Florence, Forest, Marinette, Oconto, Oneida, Shawano, Vilas	83,274
SWCAP	Brown, Dane, Grant, Green, Iowa, Lafayette, Marinette, Menominee, Oconto, Richland, Sauk	849,616
Western Dairyland EOC, Inc.	Buffalo, Eau Claire, Jackson, Trempealeau	85,012
WI Auto and Truck Education Assoc.	Marathon	172,055
YWCA - Madison	Dane	<u>208,228</u>
Totals		\$2,667,805