



## Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #713

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

[LFB 2019-21 Budget Summary: Page 414, #5]

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#### **CURRENT LAW**

Under current law, DOT may award grants from the Department's transportation employment and mobility 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 from this appropriation. WETAP is an annual competitive grant program that combines both state and federal funding for transit systems and organizations that assist low-income individuals in getting to work.

#### **GOVERNOR**

Provide \$500,000 SEG annually to the Department's transportation employment and mobility continuing appropriation. This would increase funding from \$332,600 in SEG base funding to \$832,600 SEG annually.

#### **DISCUSSION POINTS**

1. The Wisconsin Employment Transportation Assistance Program (WETAP) is an annual competitive 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 Wisconsin Department of Workforce Development (DWD). Base funding for the program is comprised of \$332,600 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. Examples of projects include late-night and weekend transit service, transportation to suburban employment opportunities, car loan and repair programs, ridesharing, transportation coordination, and demand-response van service. 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 of WETAP from JARC funds, effectively has meant that programs like these that were previously eligible for JARC funding now must share 5311 and 5307 funding with transit systems around the state.

4. The effect of the elimination of federal JARC 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, project award amounts have increased as the state has diverted additional 5311 and 5307 federal monies to the WETAP program, but the amount of unfunded projects has also increased during this period as demand for funding has nearly doubled between 2017 and 2019.

**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

5. 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 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.

6. 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 removes a portion of the federal funding previously dedicated to supporting the capital and operating expenses of smaller urban and rural transit systems. From 2017 and 2019, DOT transferred \$3.7 million of these funds to WETAP recipients. The Department anticipates the continued use of these federal funds for WETAP projects in the future.

7. Through 2017, DWD contributed approximately \$460,000 GPR annually to DOT for WETAP program awards, a contribution that was roughly half of the total state allocation in any given year during the period shown in the table above. In 2018, DWD discontinued its annual GPR contribution to WETAP, resulting in a significant decline in overall state funding for the program. In that year, DWD elected to instead use funds that would have previously been allocated for WETAP awards, to fund a newly created DWD-administered employment transportation program called "Commute to Careers." According to DWD, the Commute to Careers program was based on the Department's previous WETAP program collaboration with DOT and was targeted at similar grantees. For the 2019 WETAP program cycle, DWD has not partnered with DOT and, according to DOT, it is uncertain whether DWD will contribute funding to WETAP projects in the future. Given the uncertainty in funding levels for the WETAP program and considering that the DWD program was based on the WETAP model, the Committee could choose to require DWD to annually transfer monies from the Department's employment transit assistance grants annual GPR appropriation to DOT for the WETAP program. This alternative would increase state funding for the WETAP program by \$464,800 annually. [Alternative 4]

8. 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. According to DOT, WETAP projects are active in 49 counties and serve approximately 2,000 residents per year. Eight of the counties served by the WETAP program do not have any public transit service to assist residents in their transportation needs. In 2019, the Department received requests for state and federal funding under the WETAP program totaling \$4.7 million, but given the limited federal and state funding available, only \$1.8 million was awarded. 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 \$500,000 annually, as recommended by the Governor, [Alternative 1] or another amount [Alternative 2 or Alternative 3] to help meet existing demand for WETAP program funds.

9. Transportation fund SEG resources have been somewhat limited, and a strong demand for state and local highway program funding exists. Therefore, depending on the other transportation revenue and programing decisions that are made, the state may not be able to commit additional

transportation fund resources to WETAP programming at this time. [Alternative 5]

## ALTERNATIVES

1. Approve the Governor's recommendation to provide \$500,000 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. A SEG funding increase to the WETAP program could result in DOT having additional federal funding available to support the capital and operating expenses of smaller urban and rural transit systems.

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

2. Provide \$250,000 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 \$582,600 SEG annually from the transportation fund. A SEG funding increase to the WETAP program could result in DOT having additional federal funding available to support the capital and operating expenses of smaller urban and rural transit systems.

ALT 2	Change to	
	Base	Bill
SEG	\$500,000	- \$500,000

3. Provide \$1,000,000 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 \$1,332,600 SEG annually from the transportation fund. A SEG funding increase to the WETAP program could result in DOT having additional federal funding available to support the capital and operating expenses of smaller urban and rural transit systems.

ALT 3	Change to	
	Base	Bill
SEG	\$2,000,000	\$1,000,000

4. In addition to the selection of any prior alternative, require DWD to annually transfer all appropriated amounts from the Department's employment transit assistance grants annual GPR appropriation to DOT for the purposes of awarding grants under DOT's WETAP program. Under the bill, as recommended, DWD is appropriated \$464,800 annually. Under this alternative, \$464,800 would be required to be transferred annually from this DWD appropriation to DOT for the purposes of funding the WETAP program.

5. Take no action.

<b>ALT 5</b>	<b>Change to</b>	
	<b>Base</b>	<b>Bill</b>
SEG	\$0	- \$1,000,000

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