



SUSTAINABLE FUNDING FOR COORDINATED DEMAND-RESPONSE TRANSPORTATION

Final Report

November 2016

SUSTAINABLE FUNDING FOR COORDINATED DEMAND-RESPONSE SERVICES | FINAL REPORT
Regional Transportation Authority

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1 INTRODUCTION

Community-based coordinated demand-response transportation services are a vital component of mobility for older adults, people with disabilities, and other residents of the Regional Transportation Authority's (RTA) northeastern Illinois region. Such services provide access to employment, health care, education, and opportunities to participate fully in community life. Financial stability is necessary for the continued operation of the services that are relied on by so many individuals in the region, yet piecing together sufficient funding each year from a variety of federal, state, regional, and local sources remains a challenge for municipal, county, and nonprofit transportation partners.

The goal of this project was to identify ways to work toward the goal of a more sustainable funding system for such community-based transportation services. The purpose of this report is to inform agencies, the Human Services Transportation Plan—Project Advisory Committee (HSTP-PAC) and other stakeholders of strategies that they may consider in pursuit of sustainable funding for these needed services.

The project focused on the coordinated demand-response services operating in DuPage, Kane, Kendall, Lake, McHenry, and Will Counties, which are supported in part with funding from Federal Transit Administration's (FTA) Section 5310 program administered through RTA. Other services that are funded in whole or in part with Section 5310 funds granted to subrecipients¹ by RTA, together with the required non-federal match to those funds, also include services operated by nonprofit agencies for their clients or program participants, and mobility management activities.² These services make up only a portion of the demand-response services in operation in northeastern Illinois. Approximately \$4.6 million is spent annually from federal and local sources.

Municipal Dial-A-Ride services that are funded by regional and local sources were also considered. Federally mandated complementary ADA paratransit services were not included in the scope of this project.

In the first phase of the project, the consultant team, composed of Nelson\Nygaard Consulting Associates and RLS & Associates, undertook the following activities:

- Collected information from RTA grantees through a brief online survey
- Conducted site visits with managers and key stakeholders of coordinated demand-response systems, followed up by phone interviews with other stakeholders

¹ FTA's term for an organization that receives a grant of Section 5310 funds from a state or other entity that receives an allocation of Section 5310 funds by formula directly from FTA.

² Mobility management activities are an eligible use of federal Section 5310 funds, and encompass a wide range of programs and services that are designed to facilitate coordination among separate transportation services, help customers identify and access the most effective options for their individual mobility needs, and incorporate technology into coordinated transportation services.

- Interviewed representatives of several municipal Dial-A-Ride systems that do not currently receive funding for those services through RTA
- Researched models of funding for coordinated transportation systems from other states
- Developed alternative future ridership scenarios to establish a context for the analysis of future funding sources in the next phase of the project

Members of RTA's the HSTP-PAC provided input and guidance throughout the project.

The following chapters summarize the results of the online survey and interviews with coordinated demand-response systems, and present and discuss possible paths to more stable and sustainable funding for demand-response services in the RTA region.

2 FINDINGS

This chapter presents the highlights of the online survey of RTA grantees, interviews with the managers of coordinated demand-response systems and other stakeholders, and estimates of future funding needs for these services.

CURRENT RIDERSHIP AND COSTS

To learn about the current ridership and sources of funding on which coordinated demand-response systems and other RTA grantees rely, and to determine approximate levels of annual cost and ridership among the providers, the consultant team conducted a brief online survey of organizations that receive funding through the RTA and collected more detailed funding data from the coordinated demand-response systems in DuPage, Kane, Kendall, Lake, McHenry, and Will Counties. RTA also supplied data on the recent amounts of federal funding it has awarded to subrecipients, and the required local match to those funds.

County-operated coordinated demand-response systems utilize approximately \$10.4 million in federal, state, and local revenues annually. That amount includes a portion of the \$4.6 million spent on Section 5310 services in the region.

Overall, the public and private entities that receive Section 5310 funding in the region and combine those funds with other federal, state, and local revenues provide as many as 600,000 one-way passenger trips per year in Northeastern Illinois.

KEYS TO FUNDING SUCCESS

Interviews with coordinated demand-response system representatives, as well as three municipal Dial-A-Ride services that operate in Northeastern Illinois and do not receive federal funding through RTA, revealed a number of factors that have already proven to have a positive effect on the financial viability of coordinated services. These keys to success include the following:

- Each coordinated system came into being in large part due to the ongoing efforts of a **champion at the county or municipality level**—a leader of a major human service organization, head of a department of county government, elected county official, or county board member.
- **Local leaders who recognize the value of transportation services** to residents and communities and are committed to supporting them financially.
- **Loyal and supportive sponsor or partner organizations**, whether public or nonprofit.
- **An advisory group or coordination council** is important to maintain momentum and provide a forum for resolving issues and maintaining continuity within the coordinated system.

- **Active participation by the county Division of Transportation or other department** to provide leadership, public transportation/human services transportation expertise, and perhaps funding.
- **A lead agency** that is willing to be a subrecipient of federal funds and administer the coordinated system.
- **Ongoing education of local elected officials and potential sponsor organizations** about transportation services and the value of coordination.
- **RTA's role as administrator of federal funds**, particularly Section 5310 funding, enables counties and their partners to leverage those federal funds to make local resources go farther.
- **A standard level of subsidy from Pace to all partner municipalities** within a coordinated system is more equitable and easier to understand than the legacy system of varying subsidy amounts for certain communities.
- **A clear, equitable process for allocating system costs** among partner or sponsor organizations is critical for attracting and maintaining participation.
- **The County Share of the 2008 RTA Sales Tax** can be used to fund coordinated services. The 2008 RTA Act increased the RTA sales tax levied in the collar counties (DuPage, Kane, Lake, McHenry, and Will) from 0.25% to 0.75%. A third of the total RTA tax is retained by those counties for public safety and transportation uses. Some counties (McHenry and DuPage) have chosen to apply those funds to local demand-response services.
- **Local dedicated funding sources**, such as McHenry County's levy on property taxes for services for seniors, are very helpful.
- **Title IIIB funding from the Illinois Department of Aging and Area Agencies on Aging**, which federal regulations allow to be used to support transportation services for seniors, and are widely used in other states for such a purpose, has increased recently.

COMMON FUNDING CHALLENGES

Interviews also identified several funding challenges that affect coordinated demand-response systems and other RTA grantees, as well as municipal Dial-A-Ride services. These challenges include:

- Local match to federal grants is difficult to justify annually.
- Funding (and services) has a patchwork nature—not all communities choose to receive service or contribute to the cost of coordinated systems.
- Regional funding partnerships are needed to facilitate the regional trips residents want/need to make across service boundaries. These are currently not allowed by most coordinating bodies due to funding constraints.
- The current state fiscal environment is having an adverse impact on most coordinated system partners/sponsors because organizations are not received funds from state agencies on which they depend to support the coordinated systems.
- All areas have unmet transportation needs that cannot be addressed due to funding constraints in general.
- Changes to federal transit grant programs (Job Access and Reverse Commute, or JARC; New Freedom; and Section 5310) have affected the types of services that can be offered to

different eligible riders. For example, elimination of the JARC program leaves no federal resources among those that are administered by RTA that are specifically targeted to work and training trips.

- More entities now must compete for 5310 funding.

FUTURE FUNDING NEEDS

Looking ahead to the future of demand-response transportation services in Northeastern Illinois and the funding that will be needed to support them, there are several possibilities.

The first is that:

- **Federal grant programs continue to provide more or less the same amount of funding** as they do at present. FTA's Section 5310 program has been in place, although not constructed exactly as it is today, since 1975. Annual funding nationwide total \$262 million in federal fiscal year 2017. The current version of the program is authorized to grow by about 2% per year until the expiration of the FACT Act in federal fiscal year 2021.
- **County, regional, and municipal sources of non-federal match continue at present levels.** Coordinated system managers and other RTA subrecipients noted that county and municipal funding match is difficult to obtain annually in many communities.
- The result of level funding will be that **transportation providers are able to serve no more than the number of riders they carry today.**

Despite the fixed funding transportation providers may experience increased pressure to expand services due to one or more of the following factors:

- **Population increases** in their service areas. Forecasts for the region developed by the Chicago Metropolitan Agency for Planning (CMAP) show a population increase for Cook, DuPage, Kane, Kendall, Lake, McHenry, and Will Counties of 14% by 2026 and 29% by 2040 over 2010 levels.³
- **A higher percentage of older adults and people with disabilities** among the population. CMAP anticipates an increase in the proportion of adults age 65 and older from 11% in 2010 to 18% by 2040. In addition, CMAP expects there to be an increased proportion of adults with disability over the same period, however there are no identified projections for the growth of this population at this time.⁴
- **Expansion of service** to include new geographic areas that are currently without mobility options, new eligible riders or types of trips, and/or intercounty or regional trips.

CONCLUSIONS

Points to keep in mind as alternatives for increased funding stability for demand-response services in the RTA region are considered include the following:

³ The population projection used The Chicago Metropolitan Agency for Planning *2040 Forecast of Population, Households and Employment*

<http://www.cmap.illinois.gov/data/demographics/population-forecast>

⁴ <http://www.cmap.illinois.gov/documents/10180/348337/2014-12-08-HCD-7.0-Plan-Development-Aging%26Disability.pdf/381dd7be-0677-4e6e-b9a5-e828dfc1c722>

- While the chief focus of this project was coordinated demand-response systems operating in several counties in Northeastern Illinois, Section 5310 funding is used for different types of service by different types of subrecipients, primarily county departments and their partner agencies and organizations, and private nonprofit organizations
- Section 5310 funds plus the required non-federal match is only one component of the financial support used by coordinated county demand-response systems
- Pace's financial involvement in coordinated county demand-response systems is not reported consistently—in some systems, Pace funding is identified separate from other local matching funds while in others, the Pace contribution is considered as the local contributions from participating communities, and may not be called out separately
- Federal funding is important to all the services funded with Section 5310 funds through RTA, but county/local contributions make up a greater proportion of funding
- All coordinated demand-response systems have unmet needs to be addressed if additional resources can be found
- More funding, and more sustainable, sustainable funding, as well as better use of existing funds is needed if future demand increases are to be met

3 FUNDING FOR COORDINATED DEMAND-RESPONSE SERVICES IN OTHER STATES

This section presents research on funding sources and policies that support coordinated paratransit systems in other states, including mobility management. Information for this section was gathered through internet research and phone interviews with staff at the organization/agency that oversees transportation coordination in each state.

The states included in this review include Florida, Iowa, Kansas, and North Carolina. Figure 1 provides a summary of the information found during the state model review.

Figure 1 State Model Summary

State	Legal Impetus	Total Funding	Major Funding Sources	Matching Funds
Florida	State Legislature	\$252.2 million (FY 2015)	State highway and transportation trust funds, state public transit block grant, motor vehicle fees, other state funds, Commission for the Transportation Disadvantaged (CTD);federal funding	Varies; CTD requires 10%
Iowa	State Legislature	\$77.7 million (FY 2016)	State transit assistance and infrastructure programs, other state funds, federal funding	State grants vary between no match requirement to 20%
Kansas	State Legislature	\$21.1 million (FY 2015)	Federal funding; state match for federal operating grants	KDOT provides 20% for 5311 operating and up to \$10,000 for 5310 projects
North Carolina	Governor's Executive Order	\$94.2 million (FY 2014)	Local funds and contract revenue; state funding for rural transportation and services for seniors and people with disabilities; federal funding	Varies; state provides 20% match for 5311 operating

FLORIDA

Program Description

The Florida Legislature created the Commission for the Transportation Disadvantaged (CTD) in 1989 to coordinate transportation services for people with disabilities, seniors, and people with low income. The Commission is a state-level policy board responsible for the oversight of the implementation of coordinated transportation services. Its authority is derived from Chapter 427, Florida Statutes, and Chapter 41-2, Florida Administrative Code. Although located within the Florida Department of Transportation, the Commission operates independently and administers the Transportation Disadvantaged Trust Fund (TDTF), which funds the Commission.

As shown in Figure 2, the Commission’s largest funding source is the Florida Highway Safety and Motor Vehicle (HSMV) Registration fee which provides \$1.50 per transaction. The Commission is also funded through state block grants, legislative appropriations, FDOT trust fund, the HSMV parking permit (\$5.00 per permit), and a small portion by a voluntary HSMV donation.

Figure 2 Commission for the Transportation Disadvantaged (CTD) Revenues FY 2016-2017

Program	Amount	Percentage
HSMV Registration Fee	\$20,804,896	41%
FDOT Public Block Grant	\$13,676,356	27%
Senate Bill	\$10,000,000	20%
FDOT Trust Fund	\$6,000,000	12%
HSMV Parking Permit	\$307,707	1%
HSMV – Voluntary	\$9,716	0%
Total	\$50,798,675.00	100%

Program Structure

The seven CTD members include business leaders, people with disabilities, and older adults. An ex-officio advisory committee composed of state human service agency representatives and a county manager or administrator.

The Commission for the Transportation Disadvantaged designates a Community Transportation Coordinator (CTC), with the assistance of a designated planning agency, to coordinate public and human service agency paratransit services in each of Florida’s 67 counties. A Local Coordinating Board (LCB) in each county oversees the CTC. CTCs can be a single designated service provider/operator, a non-profit agency, a coalition of organizations, or a for-profit entity. The CTC provides transportation services directly, contracts with local transportation operators, or does both. It also should be noted that many of the CTCs make use of the public transit system to the extent possible.

Under Florida law, local and state agencies are required to participate in the appropriate coordinated transportation system if they receive local, state or federal funds for the transportation of transportation-disadvantaged persons.

Individuals are considered to be transportation-disadvantaged if they are unable to transport themselves or purchase transportation because of age, disability, income, or other reasons, and

are therefore dependent on others for access to health care, employment, education, shopping, social activities, and so forth, or are children considered to be at risk. In order to receive subsidies from the state Transportation Disadvantaged Trust Fund, individuals must be transportation-disadvantaged and not be sponsored by an agency for the particular trip that they need to make.

State agencies such as the Departments of Transportation, Elder Affairs, Health, Children and Families, Community Affairs, Education, and Juvenile Justice, and the Agency for Workforce Innovation all purchase trips from each CTC. Originally, the Florida Agency for Health Care Administration (Medicaid) was also a participant in the coordinated system. However, Florida transitioned to a managed care model for Medicaid services, including NEMT, in 2014. Managed care organizations are now responsible for providing necessary transportation for Medicaid recipients, and typically contract with brokers to provide those services, who may or may not purchase trips from the coordinated services provided by the CTCs.

Mobility Management

Florida's CTCs may not be referred to as Mobility Managers, but as the coordinators of human service transportation in their areas they typically perform mobility management functions such as:

- Operating centralized call centers
- Determining rider eligibility and assigning trips to the most appropriate provider
- Purchasing bus passes from local transit systems
- Utilizing less traditional sources of trips such as volunteer driver programs and vanpools
- Pursuing coordination opportunities between county systems
- Identifying and addressing coordination barriers

Funding

In the fiscal year 2014-2015, the coordinated transportation system provided approximately 17.7 million trips. Funding for the coordinated system totaled \$252.2 million for fiscal year 2014-2015, which was a decrease of \$72.7 million from the previous fiscal year. As shown in Figure 3, local funding makes up almost half of the coordinated system's funding at \$119 million (52%), the Commission funds the next largest portion at \$41 million (16%) and the state provides about \$27 million (10%). Federal funds make up only about 6% of the coordinated systems' funding.

The Commission requires a 10% local match for its transportation funding. All other funding sources have varying local match requirements. Local funding sources are primarily from municipal and county sources.⁵

⁵ Source: John Irvine, Florida Department of Transportation

Figure 3 Florida’s Coordinated Transportation Funding – FY 2014-2015

Type	Amount	Percent
Federal		
<i>Federal</i>	\$14,630,423.27	6%
State		
Agency for Health Care Administration	\$11,603,439.14	4.6%
Department of Elder Affairs	\$6,810,714.28	2.7%
Commission for the Transportation Disadvantaged	\$41,116,534.35	16.3%
Florida Department of Transportation	\$26,990,608.44	10.7%
Department of Children and Families	\$17,657,407.39	7%
<i>Total State</i>	\$104,178,703.60	41%
Local		
Local	\$119,313,624.22	47%
Farebox	\$12,107,936.50	4.8%
<i>Total Local</i>	\$131,421,560.72	52%
Other		
<i>Other</i>	\$2,017,989.42	0.8%
Total	\$252,248,677.00	100%

Impacts

In 2008, Florida State University assessed the value of investing in the coordinated transportation system to state agencies and local governments. The study estimated the indirect benefits generated by the top five types of trips provided by the coordinated system and calculated the following returns on investment (ROI):

- **Medical trips:** \$11.08 per dollar invested, due to avoided hospital and nursing home stays, positive health outcomes, and lower Medicare/Medicaid expenses. Note that this study was conducted prior to the implementation of managed care and separate NEMT in Florida. Today’s investments in medical transportation will have lower rates of return.
- **Employment trips:** \$5.71 per dollar invested, generated by lower welfare costs and increases in local sales taxes paid by employed individuals.
- **Education trips:** \$5.85 per dollar invested. Similar to employment trips, access to educational opportunities increases incomes and tax revenues and also decreases unemployment benefits.
- **Nutrition trips:** \$12.52 per dollar invested, due to reduced hospital trips and lower Medicare/Medicaid expenses.
- **Life-Sustaining/Other trips:** \$4.62 per dollar invested, generated by sales tax revenue from shopping trips and reduced need for assisted living facilities.

A 2003 assessment of Florida’s NEMT program conducted by the University of Florida documented substantial savings to the state’s Medicaid program as a result of its participation in the coordinated system overseen by the CTD. Using several different methods of analysis and both statewide and county-level data, the researchers found that the waiver program reduces the

cost of NEMT in a statistically significant way. Estimates of annual savings range from \$23 million to \$41 million. Estimates of the reduction in cost per NEMT trip due to the waiver program range from 19 percent to 38 percent.

IOWA

Program Description

Iowa was the first state in the nation to adopt transportation coordination legislation in 1976, called Iowa Code Ann. §324A.5. The legislation requires the Iowa DOT to include in its annual report to the state legislature information about the coordination of planning for transportation services at the urban and regional levels by all agencies or organizations that receive public funds and that are purchasing or providing transportation services. The legislation also compels the Iowa DOT to analyze human service transportation programs and recommend methods to avoid duplication and increase the efficacy of services. It establishes several evaluation criteria, including elimination of administrative and service duplication, efficient use of resources, and coordination of planning for transportation services.

In 1992, the Iowa Transportation Coordination Council (ITCC) was formed to develop administrative rules for coordination. The ITCC includes the following members: The Department of Transportation, the Department of Human Services, IA Workforce Development, Department on Aging, and the officers and agents of other state and local governmental units, the IA Mobility Managers Network, and others with a statewide interest in transportation coordination. In 2005 a United We Ride Action Plan was created for transportation coordination in the state.⁶

Mobility Management

A statewide mobility manager position was created in 2011 to educate public transit agencies, planning organizations, and other statewide organizations about the benefits of mobility management. The statewide mobility manager also provides trip planning assistance for individuals who live in areas not served by regional Mobility Coordinators. Originally contracted, the position has been housed in the Iowa DOT Office of Public Transit since 2014.

In addition to the statewide mobility manager, Iowa DOT funds nine regional Mobility Coordinators utilizing JARC and New Freedom Funding. Mobility Coordinators are 80% funded with federal and state funds and 20% local match from the community being served.

Funding

As shown in Figure 4, total funding for the coordinated transportation system is approximately \$77.7 million for FY 2016, approximately \$44 million (56%) in federal funds, \$16 million (21%) in state funds, and \$17 million (23%) in local funds. Federal grants – primarily Section 5310 and 5311 grants – are allocated by formula. Section 5310 grant funded programs must be included in a coordinated plan (called a Passenger Transportation Plan).

State funding is primarily provided through the State Transit Assistance (STA) grant program, which is allocated through a formula and does not require a local match. The Public Transit

⁶ <http://www.iowadot.gov/transit/itcc/index.html>

Infrastructure Grant program has a 20% local match requirement. The remaining federal funding for coordinated transportation follow federal guidelines.

There are no statewide fare requirements; public transit agencies are able set fares as needed. Iowa DOT also has a State Transit Assistance Special Project grant program transit systems can apply for to start new services. As part of the application, if transit agencies coordinate with local human service agencies, their application is given extra points during evaluation. Local funding is primarily provided through municipal and county taxes, as well as advertising revenues.⁷

Figure 4 FY2016 Iowa's Coordinated Transportation Funding

Program	Federal	State	Local Match	Total
State Transit Assistance		\$13,951,761		\$13,951,761
Public Transit Infrastructure Grant Program		\$1,643,807	\$328,761	\$1,972,568
Intercity Bus Assistance Program	\$1,814,572		\$1,331,066	\$3,145,638
Iowa's Clean Air Attainment Program	\$626,052		\$156,515	\$782,567
Surface Transportation Program	\$490,200		\$146,300	\$636,500
Federal Transit Administration (FTA) Formula Fund Allocations	\$33,108,056		\$9,819,842	\$42,927,898
FTA Bus and Bus Facilities Fund Allocations	\$5,237,812		\$1,016,891	\$6,254,703
Totals	\$41,276,692	\$15,595,568	\$12,799,375	\$69,671,635

KANSAS

Program Description

Transportation coordination in Kansas was first legitimized by the passage of the 1992 Kansas Coordinated Transit District Law, which allowed KDOT to develop Coordinated Transit District (CTDs) throughout the state for the purpose of providing an administrative structure for facilitating coordination and collaboration. This law required that all transit providers funded by KDOT participate in a local Coordinated Transit District (CTD). Through the law, great strides toward improving transportation coordination in the state were made; however, there were still some locations with redundant service and/or missed opportunities for providing service to those without access.

In 2009, a governor-appointed task force (called T-LINK) made several recommendations for better addressing the inefficiencies and service gaps created by a network of many independent transportation providers. These recommendations included one-call dispatching administered by one transit agency in each region, designation of transit jurisdictions, and allowing lead transit agencies to subcontract with other transit providers to provide transit coverage within their respective region. The task force developed a small number of pilot projects to address these recommendations were created through a partnership with KDOT, the Kansas Association of

⁷ Source: Kristin Haar, Iowa Department of Transportation Office of Public Transit

Counties, and the League of Kansas Municipalities, and with technical support from the University of Kansas Transportation Center (KUTC).

In 2010, a program called Transportation Works for Kansas (T-WORKS) ushered in this new approach to rural transit program management and operation across the state, as well as an enhanced funding plan to implement the desired changes. T-WORKS provides the financial opportunity to advance ideas of coordination beyond localized efforts. T-WORKS provides approximately \$11 million annually for projects for older adults and individuals with disabilities in both rural and urban areas.

Program Structure

In Kansas, transportation coordination started by identifying each CTD region through a broad market analysis of trip generators and destinations, including:

- Journey-to-work patterns
- Major employers
- Population density
- Regional medical centers and other medical care services (or their absence)
- Colleges, trade schools and educational centers

The process establishes a transit “catchment area” of communities in a region with similar travel patterns and identifies the communities that may benefit from coordinated transit in the pilot areas. The KU Transportation Center provides data collection and analysis to support this process and stakeholders are involved to provide a more localized point of view.

Historically there were 15 CTD districts, but recently KDOT has consolidated the coordinated system into 10 CTDs. Each CTD is given the latitude to operate as they see fit. KDOT provides fare analysis assistance for regional routes that run between two or more CTDs.

Funding

As shown in Figure 5, annual funding for coordinated transportation in Kansas totals approximately \$21 million. Local match fund requirements are based on the individual program. KDOT provides a 20% local match for 5311 operating projects. The state does not provide matching funds for 5311 capital projects; the 20% match is provided through local funding. KDOT also provides a small portion of operating funds for 5310 projects based on how many vehicles the program has; for example, programs operating ten vehicles receive \$10,000 and programs operating five vehicles receive \$5,000. Local funding is primarily provided by municipalities, counties, or non-profits. These funds are not tracked by the state. Revenues from contracted services are also collected by many CTDs; however, they do not make up a significant amount of the funding for coordinated transportation.⁸

⁸ Source: Cory Davis, Kansas Department of Transportation

Figure 5 FY 2015 Coordinated Transportation Funding in Kansas

Source	State Funds	Federal Funds			Total
	Operating	Operating	Capital	Other	
Rural	\$3,125,217	\$8,423,378	\$3,871,145	\$0	\$15,419,740
Urban	\$5,491,200	\$0	\$0	\$0	\$5,491,200
Other	\$0	\$0	\$0	\$248,552	\$248,552
Total	\$8,616,417	\$8,423,378	\$3,871,145	\$248,552	\$21,159,492

NORTH CAROLINA

Program Description

Coordination of human service transportation in North Carolina was mandated by an Executive Order in 1978, which required that existing transportation resources be coordinated before additional resources would be funded. The Executive Order further mandated that a transportation plan be prepared as a prerequisite for funding under any state-administered transportation program.

The original Executive Order also established two committees: the Public Transportation Advisory Council (PTAC) that served as a policy making body for public transportation issues, and the Interagency Transportation Review Committee (ITRC), a technical committee that reviews all funding applications.

In 1981 the state enacted the North Carolina Act to Remove Barriers to Coordinating Human Service and Volunteer Transportation, which intended to facilitate the coordination of human service transportation for seniors, people with disabilities, and residents of rural areas and small towns. The Act clarified definitions and insurance requirements and prevented local jurisdictions from imposing special taxes. Through the Act, human service agencies are able to purchase insurance for people who provide volunteer transportation.

The ITRC continued until 1991 when it was replaced by the North Carolina Human Service Transportation Council (HSTC) which was authorized by another Governor’s Executive Order. The Council served in an advisory capacity to the NCDOT, NCDHHS, and other state agencies and also undertook studies and demonstration projects to enhance the state’s coordination efforts.

The most recent Governor did not renew the Executive Order on coordination; without the Executive order the HSTC is no longer active, and has not conducted any meetings in the last five years. Additionally, the state has recently reduced its financial support for public and specialized transportation.

Funding

Funding for all reporting community transportation programs in North Carolina totaled \$94.1 million in FY 2014, as shown in Figure 6. Local revenues make up more than 54% of the total, a large portion of which is contract revenue. Federal funding makes up about 23% of the total, and state funding is about 24%. Fare policies differ by community; there is no universal state policy.

There are two current state funding programs:

- **Elderly and Disabled Transportation Assistance Program (EDTAP):** EDTAP was enacted by the legislature in 1989 to help fund transportation programs for seniors and people with disabilities. This assistance has primarily been in the form of providing a portion of the local match share to Federal grants and is appropriated for use by counties on a formula basis. To receive EDTAP funding, counties must have an approved Community Transportation Services Plan (CTSP), a transportation advisory board that includes representation from agencies and programs that serve the transportation-disadvantaged, and operate in a coordinated manner consistent with the local CTSP.
- **Rural General Public (RGP) Program:** NCDOT also makes RGP funds available to community transportation systems that serve the general public. This program is funded entirely from state funds and is available to community transit systems that service the general public.⁹

Figure 6 FY 2014 Coordinated System Funding Sources in North Carolina

Funding Source	Amount	Percent
Federal		
Section 5310	\$2,209,223	2%
Section 5311	\$12,973,608	14%
Section 5316	\$1,151,098	1%
Section 5317	\$172,938	0%
Other Federal	\$4,744,117	5%
<i>Total Federal</i>	\$21,250,985	23%
State		
Elderly and Disabled Transportation Assistance Program	\$2,013,566	2%
Rural General Public	\$17,176,471	18%
Other State	\$2,951,277	3%
<i>Total State</i>	\$22,141,316	24%
Local		
Local Admin Match	\$2,371,279	3%
Local Operating Match	\$9,169,157	10%
Contract Revenue	\$35,058,509	37%
Fare/Donation	\$2,606,963	3%
Proceeds from Sale	\$383,075	0%
Interest	\$26,124	0%
Advertising Revenue	\$160,776	0%
Other Local Funds	\$971,183	1%
<i>Total Local</i>	\$50,747,068	54%
Total Funding	\$94,139,370	

⁹ Source: An Overview of North Carolina's Community Transportation System, North Carolina Public Transit Association, May 2015

CONCLUSIONS

The four case studies presented above show varying ways that coordinated transportation can be funded and organized at a statewide level. Key points are summarized below.

Coordination Authority

Only North Carolina utilized a Governor’s Executive Order to legitimize coordinated transportation state-wide; Kansas, Iowa, and Florida’s coordinated systems were brought about by legislation, which takes a longer and more labored governmental process, but also has more staying power since the Executive Order needs to be renewed each new gubernatorial term. Indeed, North Carolina’s Executive Order was not renewed with the most recent governor, which deactivated North Carolina’s transportation council.

Funding Shares

The share of total coordinated transportation funding that is supplied by federal, state, and local sources varies quite a bit in the four states. Figure 7 below shows the reliance on the different levels of funding in each state. Note that only federal and state funding shares are shown for Kansas, where local funds are not tracked at the state level.

Federal funds are the major funding source in Iowa and Kansas and provide a small share of funding in Florida. Local funds contribute over half of total funding in Florida and North Carolina and are the major funding source in those states. State funds support coordinated services in all four states, making up roughly a quarter of funding in Iowa and North Carolina, but over 40% in Florida and Kansas.

Figure 7 Share of Total Coordinated Transportation Funding

State	Federal Funds	State Funds	Local Funds	Total
Florida	6%	41%	52%	100%
Iowa	59%	22%	18%	100%
Kansas	59%	41%	NA	100%
North Carolina	23%	23%	54%	100%

Sources of State Funding

Specific sources of state funding for coordinated transportation services are shown below:

Florida

- State public transit block grant
- Transportation Trust Fund
- Highway Safety Operating Trust Fund
- Transportation Disadvantaged Trust fund
- Motor vehicle fees
- Appropriations

Iowa

- State public transit assistance program
- State transit infrastructure program

Kansas

- State match for federal transportation grants

North Carolina

- State assistance programs for transportation in rural areas and for older adults and people with disabilities

Leadership

Coordination in two of the states studied—Florida and Iowa—is directed by a state-level coordinating body. North Carolina’s coordinated transportation system also included a state-level coordinating council until the repeal of the executive order that created it by a subsequent administration. In Kansas, direction and leadership for transportation coordination is provided at the state level, although not by a formal coordinating body.

Impacts

The value of transportation coordination in Florida has been the subject of two recent studies. Significant savings to the Medicaid non-emergency medical transportation program have been attributed to Florida’s coordinated system, as well as substantial indirect benefits and returns on investment for specific types of trips provided to individuals who use the system. Florida’s experience may indicate the value of coordinating transportation services in other states.

4 ALTERNATIVES FOR IMPROVING FUNDING STABILITY

Changes to funding sources and methods for demand-response services supported with federal funds administered by RTA—both coordinated systems and individual municipal or agency programs—that may help to make funding more sustainable and sustainable for such services are presented in this chapter. Suggestions were provided by coordinated demand-response system managers and other HSTP-PAC members, research into coordinated demand-response services in other states, and consultant team experience.

Alternatives fall into several categories:

- Changes to the use or distribution of funds from federal grant programs, including but not limited to Section 5310
- State-level funding options
- Approaches that would be implemented at the regional or county level
- Local actions to expand funding sources or utilize complementary, cost-effective services
- Regulatory or administrative improvements to complement funding source/structure changes

Funding alternatives are summarized in Figure 8 and described in more detail below.

FEDERAL GRANT PROGRAMS

There are two major alternatives in this category:

1. **Revise the process and/or criteria by which Section 5310 funds are awarded** to grantees. Possible changes to the 5310 distribution process include awarding some or all funds on the basis of a formula rather than on a competitive basis, or creating incentives for desired outcomes or service characteristics that are of importance to stakeholders in the region, such as provision of more than the required non-federal share (overmatch), coordination among grantees, desired levels of service performance, or the provision of regional service, by scoring projects with those outcomes or characteristics higher in the distribution process.

Several managers of coordinated demand-response systems and other RTA grantees indicated during interviews that formula funding would increase their financial stability, while other stakeholders felt that a formula distribution alone might discourage innovation or the eligibility of new 5310 grantees or projects to receive funding. Other suggestions included distributing funds by formula but also requiring grantees to meet performance standards, allocating funds based on service performance but not on a formula basis, and a hybrid process that would make use of a formula and required

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Figure 8 Sustainable Funding Options

Option Level/Type	Examples	Description
Federal	Tweak 5310 distribution	Use formula or formula/competitive mix to award funds to projects
		Incentivize priorities: coordination, overmatch, service performance, regional service
	Utilize additional sources	Medicaid reimbursement for eligible trips, as with Pace ADA trips in Chicago
State	New state subsidy program	Sustainable source of local match
	Utilize additional sources	Medicaid reimbursement for eligible trips (would also use state Medicaid dollars)
Regional/County	Dedicated transportation funding source	Example: McHenry County's senior property tax levy
	Greater county participation	RTA sales tax increase funds, general funds
	Standardized level of Pace subsidy	All participating municipalities receive same subsidy
	Expand service to general public in rural areas (pop. under 50K)	Expanded service would be eligible to receive Section 5311 funding for rural areas
Local	New partner organizations	Developers of new senior housing and other facilities
		Human service agencies whose clients use services
		Community colleges
		Hospitals
		Employers
	New service delivery methods	Volunteer driver programs
Subsidize Uber/Lyft services		
Regulatory/Administrative Improvements	Eligible matching funds	Title IIIB funds as match to 5310
	Cost allocation technical assistance	Educate partner organizations, facilitate regional coordination
	Access to Pace's trip data for timely budget/service monitoring	Kane and McHenry counties have access now or are planning to; add other coordinated systems and all counties
	Educational materials	Joint sharing or development of tools to inform local officials, potential sponsors

performance standards, but also reserve a portion of the region's 5310 funds for distribution on a competitive basis for desired types of projects.

2. The second alternative involves making greater use of other federal funds to support transportation services for older adults and people with disabilities, particularly by **seeking Medicaid reimbursement for eligible non-emergency medical trips provided to Medicaid recipients** by RTA grantees.

Pace is currently receiving Medicaid reimbursement for the Medicaid-eligible trips it provides to ADA paratransit customers in Chicago. Reimbursement is a level higher than the fare for the service, but lower than the fully allocated trip cost, so additional revenues would be generated for providers who employ this approach. Pace noted, however, that receiving Medicaid reimbursement places additional requirements on providers in the areas of enrollment, licensing, billing and recordkeeping, and training.

STATE-LEVEL PUBLIC TRANSPORTATION SUBSIDY

Several managers of coordinated systems suggested that a **dedicated state-level subsidy for public transportation services in the region** would greatly improve funding stability by providing a reliable source of matching funds for federal grants, and would address perceived equity issues between the downstate region and Northeastern Illinois (outside of Cook County).

To avoid the potential for loss or reduction of funding to which the current Downstate Operating Assistance Program (DOAP) is subject, the new subsidy program would need to be based on a relatively sustainable, dedicated funding source rather than general state revenues.¹⁰ This alternative is the most comprehensive and perhaps challenging option for increasing funding stability among those identified.

In the states reviewed in Chapter 3, state funding sources for coordinated transportation services include a mix of programs and sources:

- General transit assistance for operating or capital needs (Florida, Iowa, Kansas)
- Assistance for transportation services for specific user groups, such as older adults or people with disabilities (Florida, North Carolina)
- Dedicated transportation trust funds (Florida)
- Fees (Florida)
- Legislative appropriations (Florida)

These state funding options may provide guidance for the RTA region if a state-level transit assistance program for the member counties is pursued.

REGIONAL/COUNTY ALTERNATIVES

Actions that could be taken at the regional or individual county levels include the following:

¹⁰ DOAP, funded with annual appropriations from the Illinois General Assembly and administered by the Illinois Department of Transportation's (IDOT) Division of Intermodal and Public Transportation (DPIIT), provides operating funding for public transportation providers in all parts of Illinois outside of the six counties in northeastern Illinois that are part of the RTA region. DOAP funds may be used to cover up to 65% of eligible operating expenses, net of federal assistance and other revenues annually. Each transit agency's DOAP appropriation is required by law to increase by 10% a year. Due to the state's current fiscal environment, transit providers' DOAP funds are several quarters in arrears.

1. **Development of a dedicated public transportation funding source** to provide local matching funds or underwrite expanded transportation services. For example, a senior service levy on property taxes in McHenry County is used to support coordinated demand-response services (although most funds currently go towards other services for seniors, due to the present state budget environment).
2. **Use of county general funds or the County Share of the 2008 RTA Sales Tax** to increase a county's financial participation in the services provided to its residents. Sales tax increase funds, which may be used to finance public transportation services as well as roads and bridges, are used for public transportation expenses in McHenry County.
3. **Elimination of the "legacy subsidies" that are in place for some communities** that receive support from Pace and institution of a flat, or more equitable, rate of subsidy for all communities that participate in a coordinated system. Such an arrangement would address the disparity in levels of financial support, and therefore, in the level of service provided across communities, that is seen in some coordinated systems and remove obstacles to attracting new coordination partners to those systems.

In McHenry County, a negotiated flat subsidy for all communities replaced the legacy subsidy and all municipal and township partners pay fixed rates annually, regardless of the ridership generated by the community. This arrangement is viewed as equitable, sustainable, and predictable for the communities but is supported with financial guarantees and upfront coverage of a portion of partners' monthly expenses by McHenry County. In addition, this option is not attractive to communities that currently receive large subsidies from Pace.

4. **Expansion of coordinated demand-response service to include members of the general public** as well as older adults and people with disabilities to serve more mobility needs and create the potential for use of federal Section 5311 funding for public transportation in rural areas (through IDOT). Kendall Area Transit (KAT) is the only coordinated system involved in this project that receives Section 5311 funding. (KAT also receives DOAP funds, which are provided to all counties except for the six RTA member counties). KAT managers noted that about 20% of the system's riders are members of the general public while the rest are older adults and people with disabilities whose trips are sponsored by human service agencies. Similarly, about 23% of the users of McHenry County's MCRide service are members of the general public; the remainder are older adults and people with disabilities.

LOCAL REVENUE SOURCES

Actions that could be taken at the local level to improve funding stability are focused on diversifying revenue sources and/or service delivery methods.

1. In most if not all coordinated demand-response systems, a number of entities benefit from the services provided without making a financial contribution. Such entities include developers of new senior housing communities and other facilities, human service agencies, community colleges, employers, and hospitals and other health care organizations whose residents/clients/customers use the transportation services. Some systems have brought such entities onboard as **sponsor organizations**; for example, a medical provider in the Ride DuPage service area is subsidizing trips for specific patients.

- Advance Transit, which operates in Vermont and New Hampshire, receives contributions from such entities in the form of sponsorship of routes or portions of service rather than a funding contribution.
2. Adding cost-effective service providers, such as volunteer drivers or subsidized Uber/Lyft services, to handle some trips is a way to stretch the resources of a coordinated system. Volunteer drivers can provide rides in hard-to-serve areas or for individual customers more cost-effectively than a demand-response ride, while services such as Uber and Lyft may be an economical way to meet first-mile/last mile trip needs. MCRide subsidizes trips provided by volunteer drivers as part of a program run by the Senior Care Volunteer Network, and is working on a pilot subsidy of Uber and Lyft services.

REGULATORY AND ADMINISTRATIVE CHANGES

In addition to substantive changes in funding sources or mechanisms, there are several regulatory or administrative improvements that could help to address funding challenges.

1. Federal transportation regulations allow federal funds from agencies other than U.S. DOT, such as Title IIIb funds from the Older Americans Act, may be used as match to Section 5310 and other FTA grant program funding, and FTA encourages such use of other federal funds. In Illinois, however, there appears to be a prohibition at the state level against use of Title IIIb funds to match FTA dollars. **Use of Title IIIb funds as match to 5310 grants** would expand the sources of local match for RTA grantees and contribute to increased funding stability.
2. Interviews with coordinated system managers indicated the importance of a) a clear, equitable allocation of costs among partner organizations and b) ongoing education of local elected officials and potential sponsors to the attraction of partners and their financial participation. Development of several **technical assistance tools**, including materials demonstrating how to accurately develop a transportation budget and allocate costs, access to Pace trip data for timely monitoring of services and budgets by partner organizations, and joint development (or sharing) of effective educational materials would make these tasks easier for coordinated systems to achieve.

5 STRENGTHS, WEAKNESSES, OPPORTUNITIES, AND CHALLENGES (SWOC) ANALYSIS

This chapter offers an evaluation of the sustainable funding alternatives described in Chapter 3 by identifying the strengths, weaknesses, opportunities, and challenges associated with each alternative.

SWOC ANALYSIS ELEMENTS

Six criteria were selected to encompass key strengths, weaknesses, opportunities, and challenges associated with the various funding alternatives. They are:

- **Ability to generate revenue:** this includes not only the capacity to match current revenue needs, but also the ability to meet future needs
- **Stability:** expected continuity of the funding source or action; the degree to which the source or action is subject to future fluctuations
- **Local responsibility or control:** this criterion includes the degree to which local entities would have responsibility for implementation and/or control over the design, features and revenues generated by the alternative
- **Benefit to all RTA grantees/subrecipients:** does the alternative generate benefits for individual agency recipients of federal funds through RTA as well as the coordinated county demand-response systems?
- **Political feasibility:** how difficult would it be to implement the alternative? How many entities would be involved in its adoption and implementation?
- **Implementation time:** is the alternative something that would require a long lead time to plan or implement, or could it be developed and implemented in the short or medium terms?

Rating scales, designed to measure the relative pros and cons among the alternatives, were assigned to each criterion. The scales, and where negative and positive values are located along each scale, are defined below.

- Ability to generate revenue
 - Low—not much potential to generate additional resources for transportation services; negative
 - Medium—more potential to generate additional resources; positive
 - High—potential to generate relatively significant additional resources; very positive

- **Stability**
 - Low—the alternative could be curtailed or altered by outside influences or entities; negative
 - Medium—once implemented, the alternative would not be subject to many outside influences that would affect its continuance or performance; positive
 - High—once implemented, the alternative would be subject to little if any outside influences but could be altered for the better by RTA, its grantees, or other stakeholders; very positive
- **Local responsibility/control**
 - Low—the alternative would be implemented at the regional or state level, with relatively little control over the implementation by county or local-level entities; negative
 - Medium—county or local entities would have more responsibility for the design and implementation of the alternative; positive
 - High—county or local entities would have primary responsibility for the design and implementation of the alternative and control over additional resources it would generate; very positive
- **Benefit to all RTA grantees**
 - Low—the alternative would apply to only some RTA grantees for limited equity; negative
 - Medium—the alternative would offer a relatively higher degree of equity—positive
 - High—the alternative would affect all RTA grantees for the highest degree of equity—very positive
- **Political feasibility:**
 - Low—support would require extensive effort to achieve and could not be relied upon, or many entities would be involved in approving the alternative; negative
 - Medium—support would require some effort to achieve; positive
 - High—support can be expected; very positive
- **Implementation time:**
 - Low—can be implemented in 6-12 months; very positive
 - Medium—can be implemented in 12-24 months; positive
 - High—would require more than 24 months to plan and implement; negative

SWOC RATINGS

The results of the SWOC analysis are shown in Figure 9. The ratings shown reflect comments by HSTP-PAC members.

After discussion of the various alternatives with HSTP-PAC members, a number of alternatives seemed attractive and feasible enough to consider further. There was particular interest in delving into potential changes to the way in which 5310 funds are distributed among grantees, pursuit of more

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Figure 9 SWOC Ratings

Examples	Description	Ability to generate revenue	Stability	Local responsibility/control	Benefit to all RTA grantees	Political feasibility	Implementation Time
Tweak 5310 funding distribution	Use formula or formula/competitive mix	Low	Medium	Low	High	High	Low
	Incentivize priorities: coordination, overmatch, service performance, regional service	Low	Medium	Low	Medium	High	Low
Utilize additional sources	Medicaid reimbursement for eligible trips	Medium to high	Medium	Low	Low	Medium	Medium
New state subsidy program	Sustainable source of local match	High	High	Low	Medium	Low	High
Dedicated local transportation funding source	Property tax or senior levy, for example	Medium	High	High	Low	Medium	Medium
Greater county participation	RTA sales tax increase funds, general funds	High	High	High	Low	Medium	Medium
Standardized level of Pace subsidy	All participating municipalities receive same subsidy	Medium	High	Medium	Medium	Medium	Low
New partner organizations	Contributions from organizations that benefit from services	Medium	Low	Medium	Low	High	Medium
New service delivery methods	Volunteer driver programs	Low	High	High	Low	High	Medium
	Subsidize Uber/Lyft services	Low	Low	Medium	Low	Medium	Medium
Eligible matching funds	Title IIIB funds as match to 5310	Medium	High	Low	Medium	Low	Medium
Cost allocation technical assistance	Educate partner organizations, facilitate regional coordination	Low	High	Low	High	High	Low
Access to Pace's trip data for timely budget/service monitoring	Add all coordinated systems to DuPage and McHenry	Low	High	Low	Medium	High	Low
Educational materials	Joint sharing or development of tools to inform local officials	Low	High	Low	High	High	Low

standardized Pace subsidies to communities participating in coordinated systems, and bringing new types of partner organizations and cost-effective service providers into coordinated systems.

Sustainable funding alternatives are categorized in several summary groups below to assist RTA and its grantees in evaluating further actions.

Alternatives that are relatively quick and/or easy to implement, and would benefit all or many RTA grantees

- Changes to the 5310 funding distribution process
- Pursuit of a standard Pace subsidy for coordinated system communities
- Pursuit of financial contributions from new types of partner organizations
- Use of more cost-effective service providers
- Development of technical assistance tools

Alternatives that may have a longer implementation timeframe but offer a relatively higher potential for improving funding stability

- Medicaid reimbursement for eligible trips
- Dedicated local sources of funding
- Greater county financial participation in coordinated systems

Alternatives that offer the highest potential for improving funding stability, but require relatively more time to implement and may face the most political opposition

- New state public transportation subsidy program

6 POTENTIAL ROLES OF REGIONAL AND LOCAL AGENCIES IN SUPPORTING FUTURE FUNDING SUSTAINABILITY

Some of the options for improving sustainable funding for transportation services in the RTA region would be best suited for development at the regional level, led by RTA with participation by HSTP-PAC members and other RTA grantees, while others would be pursued more appropriately at the county level.

For a number of the alternative strategies, particularly those that could best be advanced at the county level, HSTP-PAC members have knowledge and experience that would be useful to other grantees who are interested in pursuing those strategies. That experience should be used as a resource as efforts to develop more sustainable funding sources throughout the region move forward.

Next steps for each group of strategies are suggested below.

REGIONAL EFFORTS

There could be a leadership role for RTA to play in advancing a number of sustainable funding alternatives, not only regional-level alternatives but regulatory/administrative improvements and further exploration of a new state-level subsidy program as well.

Revise 5310 distribution process

RTA's role in potential revisions to the current process of distributing 5310 funds among projects could include the following actions:

- Convene and facilitate an RTA grantee committee to discuss the pros and cons of different alternatives for a combination formula/competitive funding distribution process and develop revised application and award processes.
- Participation from both coordinated demand-response systems and other RTA grantees—municipalities and private non-profit human service agencies—will be important to ensure that issues of equity are addressed in any changes to the grant application and award process.
- Issues to consider include those summarized in Chapter 4: balancing the stability provided by a formula allocation with the ability to fund new or innovative projects; use of performance standards to make funding decisions or as a way to monitor funded services, and performance measures that would be most equitable and appropriate;

regional priorities and use of funding decisions to provide an incentive for developing desired services (e.g., regional services) or characteristics (e.g. coordination among providers, local overmatch to federal funds).

- Aim to implement any changes to the funding distribution process by the time of the 2018-2019 call for 5310 applications, expected in Spring 2017.

Utilize additional federal sources of funding

RTA and/or Pace could act on behalf of grantees to investigate the potential for receiving reimbursement from Medicaid funds for eligible trips by facilitating a discussion between the coordinated county demand-response systems and Pace regarding Pace's experience with use of Medicaid funding to cover the cost of eligible trips provided by Pace to Medicaid recipients—include the process for becoming an authorized provider of NEMT service, rates paid by Medicaid, and other requirements.

If the use of Medicaid funds still seems attractive to coordinated demand-response systems and/or other RTA grantees, contact the Illinois Department of Healthcare and Family Services to discuss steps involved in use of Medicaid funds for eligible trips coordinated systems and other RTA grantees provided by coordinated systems and other RTA grantees to Medicaid recipients.

Eligible matching funds

Non-U.S.DOT funds are eligible sources of non-federal match for FTA grants according to federal regulations (see Section III 16a of 9070_1G-Final, June 16, 2014, FTA's current Section 5310 circular), although the Illinois Department of Aging appears to prohibit Title IIIb funds allocated to Area Agencies on Aging in Illinois to be used in that manner.

RTA could also facilitate a possible change to this policy by approaching the Illinois Department of Aging on behalf of grantees to discuss the use of Title IIIb funds as match to federal transit funding provided to local grantees through RTA. An important step would be to enlist the support of coordinated systems affected by this issue, such as Kendall Area Transit, in conversations with IDoA.

New service delivery efforts

RTA could take several steps to help grantees develop and implement cost-effective alternative transportation modes to complement traditional transit and paratransit services and make resources go farther:

- Share resources on volunteer driver programs (Appendix B) and flexible voucher programs (Appendix C) with interested grantees.
- Share results of pilot projects, such as that under development in McHenry County with RTA's assistance, that demonstrate the use of Uber, Lyft and other shared mobility options to provide first mile/last mile services or complement public transit/paratransit services with RTA grantees.
- Monitor the availability of FTA grant opportunities that would suit the development of new cost-effective service delivery options, such as the recent Mobility On Demand Sandbox and Rides to Wellness funding initiatives.

New state transportation subsidy program

This approach to improving funding sustainability for the services provided by coordinated county demand response systems and other RTA grantees is likely to be a longer-term sustainability option, due not only to the lead time needed to plan and implement a new subsidy program, but also to the current fiscal environment in the state, which is not conducive to the success of a new funding program.

Exploring this strategy and moving it forward at the appropriate time should be a regional effort undertaken by a variety of regional player including coordination bodies such as the HSTP-PAC.

TCRP Report 129, *Local and Regional Funding Mechanisms for Public Transportation* provides guidance on how this issue may be addressed.

Technical assistance

RTA's role in technical assistance could be to compile existing resources related to the topics below and disseminate them to interested grantees.

Cost allocation assistance

- Assemble existing sources of guidance on developing an accurate transportation budget and fully allocating costs to either partners in a coordinated system or to a transportation cost center within an organization (see Appendix D) and distribute to grantees. This topic may be of particular interest to nonprofit organizations that have limited experience with the provision of transportation services, or to coordinated systems that may need to explain cost allocation to potential sponsor/partner organizations.

Educational materials

- Collect materials used by the coordinated county demand-response systems to educate local elected officials, potential partner organizations, and others about the value of transportation services, especially coordinated services, to local communities. Materials could include items such as brochures, PowerPoint presentations, new partner welcome kits, and/or other items that coordinated systems have found effective in their local outreach and education efforts.
- Share among coordinated systems and other grantees for their use. Consider developing standardized materials that present the same message but can be tailored to include specific information about a county's services and their impact on served communities or individuals, utilize a county's logo and/or color scheme, and otherwise reflect the unique environment in each county.

LOCAL EFFORTS—COORDINATED SYSTEMS

Steps that coordinated county demand-response systems could take to develop and implement sustainable funding strategies are summarized below. RTA could take the lead on convening HSTP-PAC meetings to discuss the advantages and challenges associated with these potential sustainability strategies, based on the experiences of counties that have already adopted them.

Standardized level of Pace subsidy

Pace and McHenry County successfully negotiated a flat rate of subsidy across all the communities participating in MCRide that have historically received subsidies from Pace. Kane and Lake Counties have expressed interest in or begun to discuss a similar approach for Ride in Kane and Ride Lake County. Those counties, together with Pace, could have more detailed conversations with McHenry County DOT staff about several issues: the county actions that made a move to a standard subsidy from Pace and a standard contribution across municipal partners less risky and more attractive to the partners; challenges experienced by McHenry County as the new system was developed and implemented and the solutions that helped address them; time and resources required for planning and implementing the new funding arrangement; and the expected and actual impacts on the coordinated system of the new funding arrangement.

Knowing more about the McHenry County experience will help the other counties determine whether to pursue similar funding changes in their coordinated systems, and to initiate discussions with Pace, local elected officials and partner organizations.

Greater county participation in coordinated demand-response systems

McHenry and DuPage Counties have both taken a strong role in providing financial support for their coordinated systems, using different approaches. McHenry County uses the county's share of the 2008 RTA Sales Tax to cover any funding shortfall experienced by MCRide each year (because the flat subsidies paid by partners may not cover the cost of trips that are provided), and pays about 50% of each month's invoice for service from Pace up front, thus relieving some of the financial burden for partner organizations. DuPage County is not only the lead agency for Ride DuPage but also its largest single local funder. A number of DuPage County departments use the system to provide transportation for their customer groups.

While county participation in the funding of coordinated transportation services is undoubtedly dependent on the political environment and leadership in the county at any particular time, the factors that led to the strong roles played by McHenry and DuPage Counties will be instructive for the participants in coordinated systems in other counties.

Dedicated county funding source

McHenry County can also share its experience with the passage of a property tax levy for senior services, which has been used to varying degrees to support MCRide. In addition, Kane County has pursued a 1% earmark of gas sales tax revenue to support Ride in Kane. The potential for a dedicated local funding source to support coordinated demand response services, and the most appropriate revenue mechanism, will vary by county, but the experiences of counties that have pursued this strategy will be useful for other counties considering this approach.

New partner organizations

A variety of organizations that benefit from the services provided by coordinated systems represent potential new partners in those systems, including: health care facilities, senior residential communities, employers, community colleges, grocers and other retailers, and human service agencies.

DuPage County reported at the August HSTP-PAC meeting that Ride DuPage would be partnering with a health care provider to provide service to specific patients with subsidies from that provider. Kane County has identified several new senior housing developments that are using Ride in Kane services as a selling point with potential residents. Similar, and more opportunities to engage non-traditional partners are likely to exist in all counties.

After identifying potential new partners, interested counties could work together to develop informational packages or presentations for meetings with those organizations, particularly private businesses, which could be tailored to each county but present a unified message.

Materials should:

- Stress the benefits of transportation services to the potential new partners, such as the customers, clients, and patients who will be brought to their offices, stores, residences, and programs
- Relay stories from current riders
- Describe the coordination that is built into the systems and the funding arrangements that support them and explain the need for subsidies
- Provide examples of similar partnerships that are in place in the region, sharing successes and offering a current list of non-traditional partners
- Offer the possibility of signs promoting the business or organization inside or outside vehicles in exchange for sponsorship, similar to the route or service sponsorships utilized by Advance Transit, a nonprofit transit provider serving Wilder, VT and Hanover, NH
- Describe the benefits of cost savings through pooling resources

New service delivery methods

Using cost-effective providers of trips as a complement to more traditional demand-response services could also be explored and developed at the local level by coordinating councils or Mobility Managers, using the resources provided in the appendices to this report as a starting point.

APPENDIX A

Volunteer Driver Program Resources

Volunteer Driver Program Resources

1. National Center for Volunteer Transportation

<http://web1.ctaa.org/webmodules/webarticles/annviewer.asp?a=3767>

2. Ride Connection

Ride Connection is a very successful, longstanding volunteer program in the Portland, OR area. Ride Connection is a source of best practices and also offers consulting services to help organizations set up and operate volunteer driver programs.

<https://rideconnection.org/>

3. ITN

ITN is a nationally franchised, membership –based nonprofit program that connects volunteer drivers with people with disabilities and older adults. ITN was first established in Portland, Maine as a means of providing seniors with rides in exchange for trading in the cars they rarely used. The value of the donated car is credited to the senior’s debit account, which is drawn on each time a ride is requested. The account can be contributed to by family members or friends through cash donations, volunteering their time or donating their own cars. According to the organization the average charge for the service is \$11 per trip, while an annual membership fee of \$50 is also required or \$60 for a family.

Seniors who are still able to drive may volunteer and receive credit for future rides when they are no longer able to drive themselves, functioning as a sort of transportation savings account. The rides may be used for medical appointments, shopping trips or social visits or events. Maine has enacted legislation that enables ITN to sell its surplus vehicles and reinforces an earlier law prohibiting insurance companies from raising premiums for volunteer drivers.

This organization is funded by community supported private donations, as well as the fare payments from users.

At least 15 ITN affiliates are now in operation.

<http://www.itnamerica.org/>

4. TRIP Volunteer Driver Program Model (also an example of a voucher program)

TRIP, located in Riverside, California is the original TRIP program (Transportation Reimbursement and Information Program), providing a low-cost, low maintenance, customer-driven approach for providing transportation to older adults. The TRIP program reimburses volunteers to transport individuals where no transit service exists or

when an individual is unable to use public transit. TRIP participants recruit their own volunteers from friends and neighbors. The participant rides for free. At the end of each month, participants send in their requests for mileage reimbursements for their volunteer drivers, including the following information: dates of travel, reasons for travel, origin, destination, miles driven, driver identification, and length of trip. These details are entered into the program software, TripTrak, which will then calculate the amount needed for reimbursement. The TRIP program has been replicated in at least eight other locations in California, Illinois, Kansas, Massachusetts, and Michigan. The model is successful because it does not rely on program staff to recruit drivers or schedule rides, and the agency administering the program does not need to own any vehicles or charge fees to users. It creates a system of self-management and self-esteem among participants because they are responsible for recruiting their own drivers and managing trip information. Riders and drivers have a mutual agreement regarding scheduling rides to specified destinations. In addition, riders are comfortable with drivers because they already know them. The model also separates the sponsor agency from the driver, which lowers liability and insurance costs.

One approach to implementing a flex voucher program would be to replicate the TRIP model, with the assistance of the program's creator, Independent Living Partnership (ILP). ILP recommends a two-day training with staff of the original program in Riverside, CA at a cost of \$375 per person; most organizations send two staff members to the training. An annual TripTrak software subscription costs \$2.50 per service day, for which ILP provides database management and administration and automatic program updates. Use of TripTrak also requires a start-up license fee of \$275, renewable for \$125 annually.

APPENDIX B

Transportation Voucher Program Resources

Voucher Program Resources

1. Overview of flexible voucher programs:

Flexible vouchers (also called flex vouchers) can be issued or sold to eligible individuals and used to purchase trips from public or private transportation providers, taxicabs, or to reimburse friends/family members and volunteer drivers. Typically, sponsoring agencies subsidize the cost of the trips, so that riders are able to receive service at a reduced cost. Eligibility is based on age, disability, income criteria, or the need for a specific type of trip, such as employment transportation.

Flex voucher programs, particularly those that may be used with any type of service and recognize family members as eligible providers of service, could fill temporal and geographic gaps in fixed-route and demand-response service by providing an affordable and convenient option for older adults and persons with disabilities, or expand the number of volunteer drivers that are available to provide rides for eligible individuals.

Similar to other types of programs that provide subsidies to individuals rather than to transportation providers, flex voucher programs are consumer-driven, and allow consumers to control resources directly and make their own decisions about service providers. Other advantages include low start-up and administrative costs, support for existing transportation providers and services, and the flexibility to adapt to a variety of local conditions.

Typically, a lead agency will implement and manage a voucher program through a Mobility Management program.

Benefits

- Voucher programs maximize use of existing volunteer driver programs
- Programs can allow volunteers to be reimbursed to expand transportation options
- Voucher programs offer an affordable option for long-distance trips
- Users have their choice of transportation provider
- Low start-up costs

Potential Obstacles and Challenges

- Voucher programs require a lead agency to assume responsibility for day-to-day administration
- Measures must be implemented to prevent fraud

2. National Center for Mobility Management resources and examples of voucher programs

<http://nationalcenterformobilitymanagement.org/by-topic-voucher-programs/>

APPENDIX C

Budgeting and Cost Allocation Resources

Budgeting and Cost Allocation Resources

1. **TCRP Report 144, Sharing the Costs of Human Services Transportation, Vol. 1: The Transportation Services Cost Sharing Toolkit, 2011**

<http://www.trb.org/Publications/Blurbs/165015.aspx>

2. **TCRP Report 144, Sharing the Costs of Human Services Transportation, Vol. 2: The Research Report, 2011**

http://onlinepubs.trb.org/onlinepubs/tcrp/tcrp_rpt_144v2.pdf

3. **Presentation by Rich Garrity, RLS & Associates, at 17th Rural Public and Intercity Bus Transportation Conference, 2006**

<http://www.kutc.ku.edu/pdffiles/trb06/FFM41Garrity.pdf>

