Chapter 7

EXPANDING TRANSPORTATION SERVICES

Many communities need more transportation services than they now have but find it difficult to fund additional public transit services. One means of accomplishing service expansions can be coordinating with other agencies with different cost structures. By reducing per trip costs, coordinated transportation services can provide more trips for the same level of expenses.

Service expansions have been made possible for many communities through coordination. In southeastern Michigan, Suburban Mobility Authority for Regional Transportation's (SMART's) Community Partnership Program now provides as many daily trips as SMART's official paratransit services. By supporting local tax referenda, localities support both their own services and SMART's regional operations. In Riverside County, California, and Mesa, Arizona, volunteer transportation services have significantly expanded transportation options for older persons. In southwest Virginia, Mountain Empire Transit has used coordination to provide public transit services to an impoverished region that could not otherwise afford to pay the local matching funds required for Federal rural transportation funds. In Mississippi, the Delta Area Rural Transportation System provides transportation to a relatively impoverished, high unemployment region. The economic benefits have been substantial, both on personal and community-wide bases. Significant reductions in unemployment, welfare, and poverty have resulted from long-distance employment transportation.

EXPANDING TRANSPORTATION SERVICES THROUGH LOCAL GOVERNMENT PARTNERSHIPS

SUBURBAN MOBILITY AUTHORITY FOR REGIONAL TRANSPORTATION

Overview

SMART is the suburban transit operator for three counties in southeast Michigan, covering a service area of 1,200 square miles. SMART operates 419 vehicles in fixed route and paratransit service, taking people to and from Detroit to Wayne, Oakland, and Macomb counties. In addition, SMART helps fund transportation operated by 50 local communities with an additional 137 vehicles, which primarily serve people who are elderly or disabled. Service within the city of Detroit is provided by a separate system funded and operated by the city's DOT. The 50 local transportation services belong to SMART's Community Partnership Program. SMART coordinates with the communities by giving them local property taxes earmarked for transit and a percentage of the Federal dollars SMART receives. Its three ombudsmen develop unique plans with each community.

SMART considers the Community Partnership Program the third tier of its system, along with fixed route and paratransit. According to the Director of Service Development, SMART's paratransit vehicles and the vehicles operated by the Community Partnership Program make about the same number of trips per day — 2,000 daily trips in each system. Therefore, the Community Partnership Program has allowed SMART to double the mobility of riders in its three-county service area.

Program Evolution

SMART is the successor to SEMTA, the Southeast Michigan Transportation Authority, which was formed in 1967 to take over failing private transportation companies. An umbrella agency composed of the executive administrators of the three counties and the mayor of the city of Detroit pass Federal funding to SMART. Federal funds are supplemented by state funding and by a transportation property tax initiated in 1995.

In 1994, SMART was $20 million in debt. To address this crisis, voters were asked to pass a 0.3 mill property tax, amounting to $15 a year for each $100,000 of assessed valuation. The tax passed with 60 percent of the vote in the three counties. Communities were allowed to opt out of the tax. In Oakland County, for example, 22 of the 60 communities passed the tax and receive SMART service and a portion of the millage for their own local transportation. Communities that opted out no longer receive SMART service.

An incentive for passing the tax was the creation of the Community Partnership Program. Under this program, each community receives property tax funds to operate its own transportation services.

These local programs often were already in operation at senior centers. The property tax funds enable communities to operate and expand their programs as well as to pay the local share of new vehicles, which SMART procures for them using Federal funding.

According to state law, the transportation property tax must be renewed at least once every 5 years. (The alternative of a sales tax is not permitted under Michigan's Constitution.) In 1998, the tax received between 70 an 80 percent approval in the three counties, but in 2002, the referendum in Wayne County was only narrowly approved with a 54 percent affirmative vote. Factors such a depressed economy and an increase in the millage to 0.6 mills contributed to the close vote.

Community Partnership Program Structure

SMART contracts directly with municipalities because they are taxing districts. Although most communities operate their own local service with one to two vehicles from the Community Partnership Program, some choose to subcontract the service. The local plans developed for each community focus on niches that complement rather than compete with SMART service. For example, in Troy, the Troy Medigo Plus service provides door-to-door service with driver assistance to the frail elderly, whereas SMART's paratransit service is curb-to-curb only. SMART does some of the vehicle maintenance for some communities, whereas other communities do their own maintenance. SMART continues to provide group trips to sheltered workshops itself.

Most of the local services are free or rely on donations. Some collect a fare. Some also purchase bus tickets for SMART's regular service with their tax rebate.

All vehicles are painted in SMART's colors and inscribed with a statement that the service is a partnership between SMART and the local community. The local community can add its name and any logo it chooses. Because the vehicles are purchased with Federal funds, communities must follow Federal regulations, such as establishing a preventive maintenance program and drug and alcohol testing for drivers.

Some communities' services also provide feeder buses to and from SMART's fixed routes for work trips to employment sites. Because most of the local buses now serve seniors and people with disabilities, work trips for the general public do not conflict with the times that the buses are in use. To take advantage of this opportunity to expand feeder service for work trips, SMART has set aside $1 million of the transportation tax. Its staff is meeting with chambers of commerce and employers to encourage the local communities to add this additional service.

SMART purchased an unlimited license for scheduling software, which it provides to the local communities along with training and service planning. Five or six providers now log in to schedule their own trips on the centralized database. Riders benefit because SMART's reservation clerks, who are typically available for longer hours than are the local reservation clerks, can schedule the local trips when the local offices are closed. The long-term vision is to have a centralized reservation system as an electronic medium to coordinate public paratransit. Eventually, local communities could schedule riders either on their own buses or on SMART's paratransit buses.

Benefits of the Community Partnership Program

The Community Partnership Program has strengthened the relationship between SMART and the municipalities it serves. Benefits include

- Active participation by the communities in supporting the passage of a transportation tax;
- Responsiveness to its constituency by SMART, which must prove its value for the renewal of the tax every 5 years;
- Expansion of available transportation to seniors and persons with disabilities without increased demand on ADA-paratransit;
- Better utilization of each community's vehicles;
- Personalized service tailored to individual communities' needs; and
- Feeling of ownership by local riders.

The Community Partnership Program also has significant economic benefits to the municipalities themselves. According to SMART's Director of Service Development, about three-fourths of the programs would disappear without assistance from the dedicated property tax and the 80 percent Federal share of new vehicles that SMART contributes. He said that, because of budget cutbacks that are occurring from the downturn in the economy, municipalities would deem the transportation program expendable when measured against retaining police and fire services. In fact, one municipality that is in state receivership has indeed cut its transportation program because it has no staff to operate it. The director predicted that others would shut down without SMART's assistance because they would have no resources to replace worn-out vehicles. In societal terms, the loss of these programs could mean decreased mobility and higher medical costs without trips for preventive care, both of which would diminish the quality of life for citizens of these communities.

Quantifying Economic Benefits of the Community Partnership Program

SMART's 2002 budget for community transit — that is, the paratransit program operated by SMART — is $10,646,400. With this annual budget, it operates 124 vehicles carrying 504,100 customers over almost 3 million miles at a cost of $21.12 per customer. Service is Monday through Friday, generally from 6 a.m. to 6 p.m., with some night and weekend service for ADA-eligible passengers.

The Community Partnership Program is carrying 601,545 passengers over more than 2 million annual miles. The service hours vary from community to community, with some operating from 9 a.m. to 3 p.m. and others offering weekend trips. Because their service areas are contained within the municipalities, the Community Partnership providers can carry more passengers in fewer miles than SMART's paratransit service, which travels across all three counties.

SMART has allocated $3 million for the Community Partnership Program. The money can be used for both operating and capital expenses. In addition, the municipalities receive $4 million from the state, which can only be used for operating expenses. One of the reasons for the lower cost of the Community Partnership Program is that the administrative overhead costs of overseeing a one to two vehicle program can be absorbed within existing city budgets. Another reason is the use of part-time drivers (who receive few, if any, employment benefits such as health insurance).

For purposes of this analysis, the cost of the Community Partnership Program is estimated to be $7 million dollars. (Because some of the municipalities use their state funds to subsidize tickets on SMART's regular services, not all of the $4 million can be attributed to the Community Partnership services. On the other hand, costs of the administrative overhead contributed by the municipalities are not necessarily accounted for in the $7 million.) If this coordination of services between the municipalities and SMART did not exist, the cost to the public to provide this same level of service would be $9.7 million. This figure is found by multiplying the 601,545 passengers on the Community Partnership Program by SMART's $21.12 per passenger paratransit cost and subtracting the $3 million of the property tax program that SMART would instead keep and use for other purposes. (Note that SMART would not be eligible for the $4 million that the municipalities receive from the state to use toward the program.) Thus, the Community Partnership Program costs $2.7 million less than service provided directly by SMART would cost.

Absent an additional $2.7 million, SMART's alternative would be to serve fewer trips. Therefore, coordination between SMART and the municipalities through the Community Partnership Program has greatly increased mobility at substantially lower cost to the public than SMART would have been able to provide without its partners.

EXPANDING TRANSPORTATION SERVICES THROUGH HUMAN SERVICE AGENCY PARTNERSHIPS

ENABLING TRANSPORTATION—MESA, ARIZONA

Overview

Enabling Transportation is a mileage reimbursement and taxi subsidy program for seniors and adults with disabilities in Mesa, Arizona. Dubbed ET, the program was started in March 1999 to supplement sparse or nonexistent public transportation in rapidly growing Mesa, a city of 430,000 people located about 25 miles southeast of Phoenix. ET was created by Mesa Senior Services, Inc., a nonprofit agency whose goal is "to provide ET passengers with the ability to remain mobile and independent in their community." The city of Mesa funds the program.

ET participants must find their own volunteer drivers. Participants then submit mileage logs of their trips to Mesa Senior Services. Participants are funded at the rate of 34 cents a mile, which they use to pay their drivers for ET travel.

In FY 2000–01, the ET program served 344 clients, who took 15,870 one-way trips, an increase of 59 percent over the previous year. ET passengers were reimbursed for a total of 72,170 miles. By FY 2001–02, one-way trips had increased to 21,127. The average cost per trip was $4.50.

ET Coupons for Cabs, a user side subsidy taxi service, was added as a 6-month pilot program in July 2002. Participants can purchase up to four coupon booklets a month for a cost of $2.50 each. Each booklet contains $10 worth of taxi coupons.

Program Evolution

Mesa is served by East Valley Dial-a-Ride, which is a door-to-door van service, and by Valley Metro, a fixed route transit system operating in the greater Phoenix metropolitan area. The transit system has been unable to keep up with the population explosion that has occurred, especially within the last 10 years, according to Mesa Senior Service's Transportation Coordinator for the ET program. Many areas of East Mesa have limited or no public transportation available.

Mesa, which is Arizona's third largest city, has many retirement complexes for seniors, who compose 15 percent of the city's year-round population. While East Valley Dial-a-Ride serves those who are eligible under ADA as well as those who are not ADA-eligible, some of these riders experience long waits. In addition, the cost to the city for Dial-a-Ride is $19–20 a trip, the transportation coordinator reported. Consequently, the Executive Director of Mesa Senior Services spent 2 years researching other alternative transportation programs to serve the growing need for senior transportation.

ET Mileage Reimbursement Program

ET is modeled after the Transportation Reimbursement and Information Project (TRIP) in Riverside County, California, which began in 1993 (see next case study). Like TRIP, ET participants must find their own drivers. (TRIP has recently added a driver recruitment component by collaborating with service clubs to identify additional volunteer drivers, a new feature that ET does not have.) The trip is arranged between the rider and the driver, and the only involvement of ET is mileage reimbursement to the rider. The participant must provide the driver's name to Mesa Senior Services, and both the participant and the driver must sign in the appropriate sections of the mileage reimbursement form verifying the accuracy of the reported mileage.

The ET program has no income restrictions. There are no limits on the types of trips that can be taken within the area. Socialization is considered important to people's health, so trips to hair appointments, shopping, senior activities, and church are just as acceptable as trips to meals programs and doctors' appointments. Most seniors have difficulty walking the distance to a bus stop or waiting for a bus in the Arizona heat. Therefore, the ability to take public transit is not a criterion for eligibility.

Potential ET passengers must complete a written application and be preapproved before they can use the ET services. Approved passengers must be comfortable completing mileage logs or be able to rely on others for assistance. Eligibility is restricted to

- Mesa residents who cannot drive either temporarily or permanently;
- Persons who are 65 years or older;
- Disabled adults 18–64 years old who possess a current Valley Metro photo identification card; and
- Those who are able to provide a volunteer driver who is a friend, neighbor, or relative who does not reside in the same household.

The monthly reimbursement limit is 300 miles, and there is a limit of 40 miles for a one-way trip. The ET transportation coordinator can approve exceptions to the mileage limit on the basis of need, such as for daily dialysis treatments. ET passengers averaged 100 miles per month in the first quarter of FY 2002–03.

The average age of seniors participating in the program is 82 years old, and 78 percent are female. The most common disability of the senior passenger is low vision. Therefore, volunteer drivers are encouraged to offer assistance with the ET paperwork, which is very helpful to the passengers.

The mileage reimbursement concept was not easily understood initially by the seniors. However, as more seniors use the ET program, they have been able to explain it to others. Therefore, word of mouth has become a very successful marketing technique. In addition, publicity has been placed in two major newspapers and in newsletters targeted to seniors and adults with disabilities. A 3-minute video, developed by Mesa Senior Service's Transportation Coordinator in collaboration with the city of Mesa's video department, has been shown on Mesa's cable television channel. A 30-second Public Service Announcement was created in June 2002 to promote the Coupons for Cab program and to announce opening the ET program to adults with disabilities.

The transportation coordinator notices a difference between clients who use the ET program and the clients who use East Valley Dial-a-Ride. ET clients enjoy a relationship with their chosen drivers and find the program closer to the independence they had when they were able to drive themselves. They are also more comfortable managing their own transportation, including the paperwork involved for the mileage reimbursement program.

One of the initial goals of the ET program was to increase the efficiency of East Valley Dial-a-Ride service by reducing the overall demand in Mesa. This goal has been difficult to measure due to continued population growth in the area and improvements by East Valley Dial-a-Ride: newer vehicles have been added and the reservation system has been changed, resulting in improved service.

The transportation coordinator educates clients on how to best use all forms of transportation interchangeably—not only the ET mileage reimbursement and taxi subsidy programs but also East Valley Dial-a-Ride. For example, she advises clients on the hours when Dial-a-Ride has its lowest traffic volume or how to work with medical offices to accommodate the passenger's transportation challenges within the doctor's schedule.

ET Coupons for Cabs Program

Mesa Senior Services and the City of Scottsdale, Arizona, have collaborated on the design of their alternative transportation programs for seniors. Scottsdale modeled its mileage reimbursement program after the ET program, which was started first in Mesa. In turn, Mesa Senior Services modeled its Coupons for Cabs program after Scottsdale's Cab Connection service.

Scottsdale developed Cab Connection, a user side subsidy taxi program, in 2000. Vouchers are issued with the specified destination for each trip, including a percentage factored for a driver's tip. Mesa Senior Services modified the concept by allowing the coupons to be used by approved participants for any destination they choose. Coupons, which have a value of $1 each, may be also applied toward a tip.

Coupons for Cabs is funded as a pilot from July through December 2002. Only advance mail orders accompanied by a check are accepted for the coupons. Approved passengers can purchase up to four coupon booklets a month for a co-payment of $2.50 each. Each booklet contains $10 worth of taxi coupons. Mesa had about 40 applicants in the first 2 weeks. Clients who have registered for the ET Coupons for Cabs program are also informed of the mileage reimbursement program, which has resulted in a slight increase in applications for the reimbursement program as well. Passengers can participate in both programs simultaneously.

Six taxi companies are participating in Coupons for Cabs. Two have wheelchair accessible vans. In order to establish a direct partnership with the taxi companies, Mesa Senior Services called an initial meeting to explain the program to them and gain their input. Just as with the mileage reimbursement program, Mesa Senior Services has no further involvement with the cab drivers. It does not investigate or regulate the companies, drivers, or vehicles. Clients are given guidelines and advice, such as making sure that the taxi that arrives is one that is participating in the program and that it is from the same company the client called. Here again, the ET program's philosophy is to allow individuals to be responsible for managing their own transportation.

Benefits of ET Mileage Reimbursement Program

ET Coupons for Cabs is too new for evaluation. Demonstrated benefits of the mileage reimbursement program for volunteer drivers include the following:

- Expands available transportation to seniors and adults with disabilities;
- Fosters independence both by enabling people to manage their own transportation and by giving them an alternative that allows them to stay active in their community and remain in their own homes;
- Potentially lowers the cost of transportation to the city, compared with the cost to the city if East Valley Dial-a-Ride provided the same trips;
- Requires minimum administration, since the transaction is between the rider and the driver; and
- Avoids capital costs for vehicles.

Economic Benefits of the ET Mileage Reimbursement Program

The ET program is wholly funded by the city of Mesa, which also provides in-kind office space. The FY 2002–03 budget is $110,000, which includes one full-time coordinator and one half-time assistant. Budget categories are as follows:

- Staff support and administration-$50,000;
- Reimbursement and coupons-$50,500;
- Printing and postage-$ 6,000; and
- Marketing-$ 3,500.

In the first quarter of the 2002–2003 fiscal year, 200 people are enrolled in the ET mileage reimbursement program, and 134 people are enrolled in Coupons for Cabs.

If the ET program were not available, the city could pay East Valley Dial-a-Ride for the trips now provided by the volunteer drivers. The transportation coordinator indicated that the average senior adult would be unable to take public fixed route transit. Therefore, it can be assumed that most participants would be ADA-eligible.

If ET were not available, the 21,127 one-way trips it provided in 2001–02 would have cost the city $401,413 at the rate of $19 a trip for East Valley Dial-a-Ride. At ET's cost of $4.50 per trip, these same trips cost the city $95,072. The difference of $306,342 is the savings to the city of Mesa in FY 2001–02. It can also be assumed that there would be capital costs for the additional Dial-a-Ride vehicles that would have been needed to serve these trips. Therefore, the city of Mesa's investment in the Enabling Transportation mileage reimbursement program has substantial economic benefits for the city's budget, while providing a transportation-dependent segment of its population with increased mobility.

TRANSPORTATION REIMBURSEMENT AND INFORMATION PROJECT — RIVERSIDE COUNTY, CALIFORNIA

Overview

TRIP complements public transportation services in Riverside County, California, by reimbursing volunteers to transport individuals in areas where no transit service exists or in situations in which the individual is too frail to use other transportation. By using volunteers, a needed service is provided at a small fraction of what it would cost using more conventional methods.

There is an interesting nuance to TRIP's organization. Riders are supposed to recruit the drivers, and the program pays the rider, who is supposed to pay the driver. All this means there is no actual relationship between the program and the drivers. As described in an October 2000 Beverly Foundation report (2001), "As was mentioned earlier, one of the reasons TRIP developed as a rider-oriented driver recruitment program is because of liability concerns associated with the recruitment of drivers. Discussions with its insurance provider have reduced concerns to the point that TRIP is now gearing up to develop a driver recruitment program. Currently, 85 percent of riders have secured their own volunteer drivers; the remaining 15 percent have been referred to a volunteer driver."

Riverside County is located in Southern California west of Los Angeles. The county includes several cities, the largest of which is Riverside (population 255,000). Much of the county consists of sparsely populated rural areas. Nearly a third of the county's 1.5 million residents live in unincorporated areas.

The target populations for TRIP are the frail elderly and persons with disabilities. Only individuals who are unable to use public transportation are eligible for the program.

Applicants must be 60 years or older or have a verifiable disability. Seventy percent of the riders are 70 years of age or older and 100 percent have one or more health-related problems. The program addresses the need for transportation to medical providers and services, as well as transportation to meet other subsistence and quality of life needs.

TRIP is administered by the nonprofit Partnership to Preserve Independent Living for Seniors and Persons with Disabilities. In the western portion of the county, funding comes mostly from the Riverside County Transportation Commission and the county Office on Aging. In the eastern county, funding is provided by the Office on Aging, SunLine Transit Agency, and the City of Blythe. A very similar program has recently been initiated in neighboring San Bernardino County.

Participants are responsible for finding their own volunteer drivers, although the TRIP program does provide assistance in finding a volunteer in some cases. Volunteers are usually friends or neighbors of the client, but the program has a referral list of people interested in helping others. TRIP will also reimburse family members when the situation warrants. Clients are reimbursed for mileage at the rate of $0.28 per mile; the client is to pay this amount to the volunteer. The maximum reimbursement per client varies from 300 miles to 460 miles per month, depending on where the client lives.

Some indication of benefits to the participants is available from a 2001 survey of program participants. The survey found that

- 94 percent of the TRIP participants were not always able to travel to their doctor when needed before beginning use of the TRIP program;
- 93 percent said that it was difficult for them to get groceries and other needed things before being enrolled in the TRIP program;
- Before being enrolled in the program,13 percent said that they never left their residence and 49 percent said that they could only travel once or twice a month; and
- After enrolling in TRIP, 96 percent of the riders reported an increase in their ability to travel.

From a cost point of view, the reimbursement rate of $0.28 per mile is clearly much lower than the cost for other types of specialized transportation services.

Benefits

TRIP's FY 2000–01 expenses were $350,157. In a typical year, about 60 percent of the program's expenses are for mileage reimbursement; the balance covers office operations and customer information and referral. With these funds, TRIP provided 48,350 one-way trips in FY 2000–01 at a cost of $7.24 per trip, when 537 people participated in the program. (The average trip is 40 miles.)

Four demand-responsive programs in Riverside County operated by various cities had an average operating cost of $1.72 per mile in 1997–98. (To be conservative, no inflation factor was applied.) This cost, multiplied by the average 22.6 miles per trip for TRIP clients in 2000–01, equals a cost of $38.87 per trip if done by one of the city programs. Instead, TRIP's cost per trip was $7.24.

At the $1.72 per mile 1997–98 rate, the mileage covered by TRIP in 2001 would cost

1,090,876 x $1.72 = $1,876,307.

Based on these figures, the annual savings from TRIP is

$1,876,307–$350,157= $1,526,150.

Note that TRIP's services include a personalized escort, with help to and from destinations, which the city programs do not. TRIP's savings would be even greater if the 2000–01 public transportation costs were used and if the value of a personalized escort service were included.

In addition to quantifiable costs, other social service agencies benefit from the counseling and support TRIP staff provides to clients. This service not only reduces the amount of staff time other agencies would need to spend but also may defer or prevent costs of health care and institutionalization. TRIP also aids public transit marketing efforts by teaching seniors how to access public transportation.

EXPANDING TRANSPORTATION SERVICES BY COORDINATING AGENCY SERVICES

MOUNTAIN EMPIRE TRANSIT — BIG STONE GAP, VIRGINIA

Overview

Mountain Empire Transit is a private, nonprofit corporation that was founded in 1974 for the purpose of providing human service transportation in Southwest Virginia. Mountain Empire provides demand-responsive transportation to agency clients and the general public using a fleet of 43 vehicles. Services are available between the hours of 7:00 a.m. and 5:00 p.m., Monday through Friday, excluding holidays. For the fiscal year ending September 30, 2002, Mountain Empire provided approximately 122,322 one-way passenger trips at a cost of just more than $1,014,269. Even though its overall cost per trip figure of $8.29 has increased in recent years, it is still outstanding for a rural demand-responsive transportation system.

Mountain Empire Transit is recognized as the official Coordinated Transportation Provider in the Lenowisco Planning district, which includes the counties of Lee, Scott, Wise and the city of Norton. As the Coordinated Transportation Provider, it provides service for the following agencies:

- Local Mental Health Organizations (Community Service Board funds);
- Association for Retarded Citizens;
- Medicaid;
- Retired Senior Volunteer Program;
- Area Agency on Aging;
- Appalachian Agency for Senior Citizens;
- Department of Health;
- Department of Social Services;
- VIEW (Virginia Initiative for Employment, not Welfare); and
- Other local human service agencies.

In addition to contracting with these agencies, Mountain Empire also receives funding from the following sources:

- F.T.A. Section 5311;
- F.T.A. Section 5310;
- Virginia Department of Rail and Public Transportation (DRPT) public transportation funding; and
- Rural Transit Assistance Program (RTAP).

Each contract or funding source has its own set of requirements and regulations that govern how the money or resources can be utilized. Mountain Empire's Director likens coordinated transportation to a three-dimensional puzzle, in that it is very difficult to fit all of the pieces together and removing one piece can cause the entire arrangement to fall apart. The key, according to the director, is to find a way to balance or integrate the numerous sets of rules and then take advantage of the resulting economies of scale. Using a deliberate and strategic coordination of funding sources, Mountain Empire creates an overall funding effect that is greater than the sum of its components.

By coordinating funding, Mountain Empire has been able to qualify for the additional funds available to provide general public service, thus creating a significant expansion of persons served in their large rural area. The local governments in the Mountain Empire service area cannot support the 50 percent local match requirements for general public transportation funding. Mountain Empire uses contract revenues from human service contracts to generate the matching funds needed to pay for general public transportation service. With the introduction of the VIEW program and Welfare-to-Work transportation in 1998, Mountain Empire has broadened its human service base considerably, creating sufficient matching funds for general public service funding.

Another example of coordinated funding is found in the administrative staffing. Mountain Empire uses Section 5311 administrative funds to help pay for an accounts receivable clerk. This clerk primarily handles the billings and collections for Mountain Empire's general public passengers, which is a difficult and ongoing process. Even though fare collection involves some difficulties, Mountain Empire believes that the general public service is important for the persons in its service area. The accounts receivable clerk also spends approximately 2 days per month preparing the billing statements for the various agency contracts and serves as a back up dispatcher. Without the combination of funds from various sources, Mountain Empire could not afford a full-time billing clerk, and the general public service would have to be provided solely on a cash basis. This would be a serious financial problem for many Mountain Empire fixed route passengers. The local service area is one of the poorest areas in Virginia, sometimes referred to as a "mailbox economy" because the only income arrives in the form of Supplemental Security Income, disability, and TANF checks at the beginning of each month. Without monthly billing or punch pass service, ridership for the general public routes would all but disappear.

Although the benefits of such a complex juggling of funds are great, the risks are also great. Losing one funding component can ripple across the entire spectrum of services, causing difficulties at all levels. For example, Virginia's Department of Medical Assistance Services (DMAS) recently awarded a statewide contract through June of 2004 for Medicaid transportation to a large, private brokerage firm. Mountain Empire has not contracted with the brokerage firm because of disadvantageous cost provisions. Now that fewer Medicaid trips are coordinated through Mountain Empire's services, the system experienced a loss of 18,000 annual trips from FY 2001 to FY 2002. (Mountain Empire still provides 520 Medicaid trips per month.) Mountain Empire officials are currently making every effort to deal with the loss of Medicaid funding and the associated impacts. As indicated above, the loss of Section 5311 funding would be disastrous for its general public service and would also result in cutbacks for its agency service.

Benefits

In the fiscal year ending September 2002, Mountain Empire generated about $30,000 in contract revenues that were used to match Federal funds that support general public transportation services. Without the coordinated services that generate these funds, it is likely that there would be no public transit services in the region, as this "is a very impoverished area and has been for many years," according to Mountain Empire's Transit Director. Local governments do not have an additional $30,000 in general tax revenue to support public transportation, nor would they be likely to find other sources for matching Federal dollars.

Were Mountain Empire's 122,000 trips provided by another organization, its likely costs would be much greater. Using faith-based services in nearby Bedford, Virginia, as an example, Mountain Empire's likely savings over alternative providers is probably on the order of $7 per trip or more. On an annual basis, this would be about $854,000. Adding the $30,000 generated in contract revenue creates a total annual benefit of $884,000.

Mountain Empire's Transit Director believes that the system's greatest economic benefits lie in the multiplier effects of the Federal dollars used locally for transportation. He reports that 90 percent of the system's million-dollar budget is spent locally, and this expenditure creates about $3 million in additional revenues for the region as the effects of the Federal funds multiply through the local economies. (This project did not include detailed estimates of the multiplier effects of transportation expenditures in local economies.)

Coordination Issues

Although Mountain Empire has taken advantage of the various funding sources provided by state and Federal entities, it cited several barriers to coordination that have hindered its efforts in the past. It reports that the biggest hindrance to coordination comes from the overall fragmentation of the Federal transportation funding. Federal funds for programs such as Medicaid and TANF all flow through the states to localities, and each program includes money for transportation. The problem is that the final recipients are not *required* to spend any of the transportation funds on transportation, and this puts a budgetary squeeze on Mountain Empire. As mentioned previously, when one of its funding sources is removed, the ripple effect is felt in all areas of service.

Mountain Empire staff also pointed to Federal drug and alcohol regulations that are difficult for a rural system covering a large geographic area (most coordinated rural transit systems *have* to cover a large geographic area). These regulations require a drug/alcohol test within 1 hour of notification. With a service area of more than 1,400 square miles, it is often impossible for a driver to get to a test on time.

Looking toward the future, current state practices regarding Medicaid transportation services in Virginia present a challenge to Mountain Empire's coordinated funding effort. DMAS, the state Medicaid agency, is apparently willing to drop its support of coordinated community transportation services and contract with lower-quality providers (operators with lower-quality vehicles, less driver training, and lower insurance coverage) in order to obtain small cost savings in their program's transportation costs. Mountain Empire is also committed to making its service more "transparent" to its clients. Anyone who calls in for a ride should be able to get a ride and have it charged to the appropriate agency with all of the associated details handled behind the scenes by transit personnel. The major goal for the future is to deal with the various regulatory conflicts that arise from state and Federal funding sources and to come up with creative ways of addressing those conflicts.

DELTA AREA RURAL TRANSPORTATION SYSTEM — CLARKSDALE, MISSISSIPPI

Overview

The Mississippi Delta has traditionally been among the most impoverished regions in the United States. In spite of understated unemployment rates, official unemployment rates for counties in the Delta region frequently exceeded 30 percent until the 1980s.

The arrival of riverboat gambling created an enormous growth in employment. In 2000, Tunica (where several casinos were located) had 9,227 residents but provided 12,227 jobs, 11,500 of which were in the casinos. Tunica became the employment center for the entire Delta region, but there were serious questions about how to get casino workers to their jobs.

The Delta Area Rural Transportation System (DARTS), established in 1990, provides transportation services for employment, job-training, medical purposes, and personal purposes to residents of five counties. (See Burkhardt, Hedrick, and McGavock, 1998, for further details.) Since the introduction of riverboat gambling in the Delta area, the number and percentage of employment trips have increased sharply. In 1993, DARTS provided 4,051 employment trips, which was 17 percent of the total trips provided (23,355). In 1994, after the inception of casino gambling, DARTS provided 44,603 employment trips, which was 64 percent of the total trips provided for that year (69,810). Of the 109,930 trips provided by DARTS between October 1995 and September 1996, 87,513 (80 percent) were employment related. In the year 2000, DARTS provided approximately 194,000 trips, and 158,000 of them were employment related.

In addition to its regular employment transportation services, DARTS received a demonstration grant from the JOBLINKS program to focus on unemployed persons living below the poverty level in the northern Mississippi area, especially those without cars. It was intended to improve the availability and accessibility to coordinated community transportation services, especially for small communities, and to make improvements in efficiency. The project also included the development of a transit center, which would provide job training to unemployed individuals, and coordination with key public and private agencies in the region.

Benefits

The JOBLINKS program kept track of the number of riders and clients served. Therefore, benefit calculations will focus on those benefits realized through the JOBLINKS program.

In a 1-year period in 1997 and 1998, JOBLINKS transported a total of 347 clients for employment or job interviews. The program helped 283 persons find employment and provided nearly 18,000 passenger trips. DARTS officials estimate that its employment transportation clients earn an average of $15,000 per year. This amounts to a total annual earnings figure of $4,245,000 for the JOBLINKS clients. DARTS officials estimate that 60 percent of its JOBLINKS clients live below the poverty level. In addition, the average length of the employment trips (3–6 hours, round trip) and the cost of these trips, $50 prepaid for 2 weeks, provides a strong indication that the vast majority of DARTS employment transportation clients are captive riders. For the purposes of these calculations, assume that 90 percent of the employment transportation clients would become unemployed in the absence of DARTS services. This gives a figure of

($4,245,000 x 0.9) = $3,820,000

as the total earnings that would be lost in the absence of DARTS employment transportation.

Furthermore, persons who are employed through the JOBLINKS program are no longer taking AFDC/TANF payments, which amount to approximately $5,000 per person per year. If 75 percent of the JOBLINKS clients were taking welfare payments, the cost would amount to $1,061,000 each year.

Fares on the employment routes cover approximately one-third of the cost to provide the service, which means that DARTS provides approximately $10 for each passenger trip. Multiplying $10 by the total number of trips (18,000) provided by the JOBLINKS program gives a figure of $180,000 as the cost to provide transportation. In total, the earnings and welfare savings generated by the DARTS/JOBLINKS program add up to nearly 5 million dollars annually ($3,820,000 + $1,061,000). The cost to provide trips totals approximately $180,000 annually. Thus, the total benefits of the program amount to $4,881,000 minus $180,000 or $4.7 million per year.

Data on the current number of persons taking employment trips are not available. If, in the year 2000, all persons taking employment trips were employed full time, then DARTS would have been providing trips to and from work for about 3,600 persons. (Because it is likely that some workers were employed part time, DARTS could have provided work trips for 4,500 workers or more in 2000.) Because of the previously described employment conditions in the area, it is possible that 50 percent or more of those using DARTS's services for work trips could become unemployed if DARTS's services were no longer available. Using the previous figures

50% x 4,000 persons x $15,000 in wages person per year = $30,000,000

as the total annual earnings that might be lost in the absence of DARTS employment transportation. Based on the prior calculations, having these persons working instead of on public support programs would be worth about another $7 million. Therefore, the total year 2000 employment benefits derived from the presence of the DARTS program could be on the order of $35 million or more.

CONCLUSION

Service expansions to areas with little or no transportation services can be accomplished through coordination and can provide substantial economic benefits. With the use of examples from southeastern Michigan; Riverside County, California; Mesa, Arizona; southwest Virginia; and Clarksdale, Mississippi, significant economic benefits have been demonstrated. Even without including obvious economic development and multiplier benefits, the economic benefits from well-designed service expansions created through coordination are very large. In fact, it is likely that funding for these service expansions would not have been found if the much larger funding for noncoordinated operations were required. Using coordination strategies to achieve service expansions should be seriously considered in many communities.