

**Testimony of First Transit
New York Joint Legislative Public Hearings
2020-2021 Executive Budget Proposal
Transportation– January 28, 2020**

We thank the Legislature for the opportunity to put forth testimony and bring to light critical issues that continue to plague public transportation systems in New York’s rural communities. These issues, which negatively impact the vulnerable disabled, elderly, and economically disadvantaged populations in rural communities, can be addressed if the State employs a Human Services Transportation Coordination model to address coordination and cooperation barriers that are particularly challenging to rural transportation ‘formula’ counties that are not part of the authorities.

** Due to the broad impacts of public transportation on the mobility of disadvantaged populations in rural communities and the necessity of coordination, as outlined in this testimony, between several agencies needed to achieve Olmstead and Social Determinates of Health policy goals, this testimony has been submitted for the Transportation, Health/Medicaid, Human Services, and Mental Hygiene Joint Legislative Budget Hearings.

Typically transportation discussions are divided between upstate and downstate. Upstate transportation authorities and the 31 individual counties with county run public transportation systems (classified as ‘formula’ systems for purposes of funding) are lumped together as if they are like entities needing the same type of solutions to solve the same kinds of problems. However, the individual rural systems face very different operation and funding realities than the upstate authorities.

Economic conditions, major demographic shifts due to rural flight and the growth of the aging population, lack of densely populated urban centers, transit deserts due to the large geographic areas of rural counties, and the increased number of Medicaid enrollees resulting from The Affordable Care Act are a unique combination of factors that create challenges specific to rural counties and their public transit systems. Therefore, solutions designed to address rural county public transportation problems must be designed taking into account their unique rural ecosystem.

Below we briefly elaborate on the specific factors contributing to the challenges of maintaining rural public transportation systems and offer a suggested path forward in order to work toward proven solutions that will to help build and maintain sustainable and resilient rural public transport systems that support the vulnerable disadvantaged populations of rural New York. In addition we provide a short summary of who First Transit is and our connection to New York Communities.

Lastly, we have included an addendum providing a condensed version of the creation of rural public transportation and why there is such an impactful link between the viability of rural public transits systems and the utilization of those systems by recipients of human services assistance. This information was included as part of budget testimony in years past. However, the information simply serves as background for the current situation faced by rural counties and is intended only to educate Legislators and staff who may be new to the issues specific to rural public transportation.

Rural Communities Facing Difficult Economic and Demographic Realities

Rural New York counties have struggled with resiliency in the face of the economic shift from manufacturing and agricultural based economies to the service based economy. Now with the 'digital revolution' changing how service businesses operate, these counties face an ever more challenging situation as they try to navigate through the demise of small service based business that managed to take hold for a time in rural communities. The changes in the travel, insurance, and retail industries are examples of what the economic landscape of rural communities will look like in the future. Online travel and insurance sites able to aggregate choices and provide savings, have replaced the once brick and mortar small businesses of travel agents and insurance brokers. Deserted malls and shopping centers litter the suburban and rural landscapes as online shopping now dominates consumer choice.

Rural flight resulting from the economic changes has caused major demographic shifts such as loss in total population numbers, and of those remaining, lower income and education levels, higher unemployment and underemployment numbers. In addition, as is the national trend, continued growth in the aging population, and increased enrollment numbers and associated cost of Medicaid due to The Affordable Care Act are all factors that seem to have caused a cycle of economic decline that continues to hinder economic turnaround in many of the rural communities. These trends in the rural landscape are expected to continue and many rural counties will be faced with increased funding problems and difficulties in providing the most basic services as more residents become partially or fully dependent on human services, and outnumber residents who are able to contribute to the tax base and overall economic health of those communities.

Robust Public Transportation - Fundamental to the Economic Health of Rural Communities

We believe there are many ways to lessen the impact and severity of this impending 'economic health deficit' in rural New York communities. Obviously, this will require a multifaceted policy approach, much of which will include topics well beyond our scope of expertise. However, in one area, the sustainability of public transportation and robust mobility that is fundamental to the health and vitality of rural communities is a policy and service area to which our experiences and expertise can be of help.

Every study supporting major policy issues and initiatives having to do with Human Services, community resiliency, and economic development in the last two decades has cited **the necessity of effective, efficient and accessible public transportation in order to achieve policy goals from the federal level down to the local level.** In the past few years this focus has been included as **part of the 'Social Determinants of Health' issue (SDH).** In fact, Governor Cuomo established a Bureau of Social Determinants of Health in 2017 to focus on such issues. **Preventative care and disease management participation, workforce mobility, advanced education opportunities, community integration of the disabled and veteran populations, and preventing elderly isolation are just a few of the policy initiatives in response to the SDH and Olmstead, that require robust coordinated public transportation systems** in order to be successful. This is why **healthcare experts have identified transportation as one of the top three interventions necessary to address SDH issues.**

Understanding the socioeconomic conditions of rural NY communities coupled with the fact that robust public transportation has been specifically identified as an area that can create a better quality of life for members of those communities reinforces our position that **rural public transportation requires solutions specific to rural communities** and not be lumped in with the Transportation Authorities that service upstate urban and suburban centers.

Unfortunately, attaining the level of **cooperation and coordination between** the necessary stakeholders—**human service agencies, providers of rural public transit and specialized transportation services, and other community transportation specialists**—so that rural public transportation can be maximized by regional and county to county collaboration and shared services that would support SHD policy efforts, has **remained an obstacle for rural ‘formula’ transportation systems.**

Human Services Transportation Coordination – Opportunity to Avoid Wasted Resources and Create Shared Services

Our many years of providing public transportation services in rural counties across the country has taught us that **constructing sustainable policy solutions and robust public transportation services for rural communities requires state, regional and local coordination of resource use, shared services, and community based creative solutions in order to efficiently and effectively utilize the limited existing resources for the good of the communities to which we serve.**

Of course, the funding structures for rural public transportation need to be discussed, and in some instances updated, in order to keep pace with increased costs and capital needs, just like any other public transportation system in the state. However, we cannot stress enough that **funding discussions alone will not ensure resilient rural public modes of mobility for the transportation dependent** as we move into the future. We **need to be creative and find ways to provide services with limited resources** to serve a growing transportation disadvantaged population.

To this point, since the early 2000’s when the federal government began to focus on the **essential role mobility plays in the social integration of the disabled and disadvantaged populations, and the need to break down barriers to agency coordination of funding, services and interaction with state level government actors**, the National Conference of State Legislatures (NCSL) has tracked and analyzed individual state efforts to maximize transportation options for the ‘mobility challenged’ populations. In 2009/2010 they published their findings and a list of state level policy recommendations for improved public transportation services.

The **pillar of those recommendations was the implementation of ‘Human Services Transportation Coordinating Councils’ at the state and or regional level.** Their study found that states which implemented some version of the federally recommended ‘Human Service Transportation Coordinating Council’ achieved great success by providing a forum that fosters interagency collaboration at the state and local level along with cooperation and coordinated transportation efforts with providers of public transportation and specialty transportation services,

mobility managers, county transportation planners, and other community stakeholders involved with transportation services. Although each state with active councils have objectives specific to their needs, the core of the work centers on:

- *“Developing an inventory of existing transportation programs and resources.*
- *Identifying inefficiencies or gaps in service,*
- *Participating in coordinated planning efforts,*
- *Working toward meaningful solutions that improve mobility for system users.”*

NCSL has continued to track states progress in subsequent studies, and in their last comprehensive published study in 2014/2015 they renew their recommendation for states to implement Coordinating Councils.

“By coming together to solve common, state- wide challenges, these organizations can help make state policies and programs more consistent, help address service gaps or duplication, identify opportunities for collaboration and streamlining, widely disseminate information and best practices, and recommend policy changes. Coordination also can raise awareness of available funding and other assets across member agencies and can foster discussions and policies to efficiently use limited resources.”

-NCSL: Human Service Transportation Coordinating Councils: An Overview and State Profiles

Although New York State’s entire public transportation ecosystem would not benefit from a statewide all-inclusive Coordinating Council, given the unique funding mechanisms and operational autonomy of the authorities, a coordinating council specific to the rural formula counties would be greatly beneficial. In fact, **NYS in response to the federal recommendations, created in transportation law the Interagency Coordinating Committee for Rural Public Transportation, Article 2-F; Section 73D. for the express purpose of doing exactly what the Coordinating Councils were designed to do.** Unfortunately, that is as far as the effort got and to date **the Committee has never been constituted or utilized in any form.**

At-Risk Small Rural Public Systems – Non-Emergency Medical Transportation Management

In addition to the above-mentioned rural conditions, **rural public transportation systems continue to struggle to regain their ridership** lost after the DOH takeover of NEMT management, leaving the continued viability of many smaller rural systems in peril.

The catastrophic impact of Medicaid NEMT centralized transportation management system on rural public transit is an **unintended consequence** of a policy designed to produce cost savings. However, well intended the policy aims were, the **negative impacts continue to be very real and the cost savings remain to be seen in rural counties.** First Transit, other transportation providers, organizations such as rural chapters of The Arc New York who work to provide community based services and lifestyles to the disabled, and many other rural community stakeholders including county transportation planners and mobility managers have made great efforts to devise solutions and attempt to create coordination on a county by county basis with the

NEMT Transportation Manager. However, to date, **moving into the 8th year of NEMT takeover from the upstate counties, there has been very little improvement concerning the utilization of public transit systems** by the Medicaid NEMT Transportation Manager.

By way of example, **the Medicaid NEMT/ Public Transportation utilization difficulty is exactly the type of policy and program execution problem that could be addressed and worked out within the framework of the States *Interagency Coordinating Committee on Rural Public Transportation* if the forum existed beyond paper.**

Recommended Solutions

In response to current realities of rural counties and rural public transportation systems outlined above, we respectfully request the Legislature and Governor include the following components into the 2020-2021 final budget, so that we all may begin to work towards sustainable solutions for resilient and robust rural transit systems

- **\$4M supplemental funding for upstate transportation rural counties** (defined as the 'formula' transportation systems) for the purposes of sustaining rural public transportation systems with critical shortfalls due to the ridership losses caused by the DOH Medicaid NEMT takeover and centralized transportation manager system.
- **Article VII language added to the current Transportation law, Article 2-F: New York State Rural Transportation Assistance Program; Section 73-D: Interagency Coordinating Committee on Rural Public Transportation, so that it can be formally constituted, with additional language allowing for:**
 - Transportation service providers and community stakeholder membership and participation so that impactful Human Transportation Service Coordination can be established and grow within the rural communities.
 - Establish accountability of the Committee by way of a specific reporting timeframe, clarified direction, and scope of work so that long-term sustainable solutions for rural public transportation can be created.
 - Built in transparency by the inclusion of required analysis of the efficacy, efficiency, and quality of service under DOH's Medicaid NEMT Management in rural upstate counties so that benchmarks can be established using real data and efforts to improve service coordination and public transportation use by the NEMT Transportation Manager can improve.
- **State Transportation Operating Assistance (STOA) - We request that the current proposed Upstate STOA increase of 4.2% for transportation systems reflect a more equitable increase in proportion to the proposed 16.3% increase for downstate non MTA systems.**
 - The 4.2% STOA increase for upstate transit systems funded by the upstate auto rental surcharge will be helpful. However what that means in real numbers for the rural 'formula' systems, comprised of 31 rural counties not serviced by the upstate transit authorities, equates to only \$1.89M of the \$9.6M generated by the new surcharge. Unfortunately the \$1.89M divided among 31 counties does not have a substantial impact on operating expenses. For those individual counties.

In addition, we would like to take this opportunity to ask for the Governor and Legislatures assistance on:

- **The release of the \$4M supplemental funding approved in the 2019-2020 budget, intended to fill rural public transportation funding gaps in 2018.**
 - Each year the funding release gets pushed out farther and farther making it nearly impossible for appropriate transportation planning at the county level when funding gaps exist from the previous 2 years.
By way of example: In the first year of the supplemental funding, it was released in September of the budget year it was approved in. In contrast, the funding approved in 2018 for the funding gap from 2017 was not released until June of 2019.

First Transit New York: Beyond Business – Our People are Part of NY Communities

First Transit has a long and deep commitment to our people, communities, and clients in New York State, and we have the privilege of providing mobility services to very diverse segments of the population. We have been part of the New York business community and operating in New York since 1984, with our NY operations headquartered in Horseheads, New York. In fact, Brad Thomas the President of First Transit and First Vehicle, our sister company, grew up in the Finger Lakes region and has a special focus on our community support and philanthropic projects in New York. We provide varied transportation services in New York, from Western New York to New York City, and the North Country to the Southern Tier

First Transit and First Vehicle Services currently operate in 36 New York client locations, employing several hundred people, and operating and maintaining thousands of vehicles and other operated equipment every day. Many of our New York public transportation clients have been with First Transit for decades, including our Allegany County partnership, which began in 1999, and the Chemung County operation that began in 1988. We have also provided inmate transportation services to the New York Department of Corrections and Community Supervision for nearly 20 years. First Vehicle provides the maintenance and repair services for NYC Parks and Recreation throughout the 5 Boroughs of New York City. Most recently First Transit has added to its client roster transportation for Broome Developmental Disabilities in New Berlin, and our Transit Management Services in Clinton County, both of which began in 2018.

First Transit is the largest university and campus shuttle operator in the US, responsible for over 30 campuses nationwide, including University of Buffalo, Rochester Institute of Technology, and the College of Staten Island. First Student, our other sister company provides school bus services to many public schools around the state, and is the largest provider of these services in the country.

Addendum – Background

Brief History - Creation of New York Rural Public Transportation Systems and the Inherent Interconnected and Dependent Relationship with Medicaid and DOH

Forty years ago, most upstate rural counties went without a public transportation option because the upfront capital costs of building a system and the operating costs of such systems in these communities were cost prohibitive. Rural counties, with some of the highest unemployment rates are home to some of NY's poorest at-risk populations—poverty level elderly, disabled veterans, unemployed and underemployed youth, and single parent families. Unlike New York counties with urban centers that had dense population clusters, the low population of the rural counties meant that the volume of ridership necessary to help support fare-based funded public systems was not there, nor was there a tax base that could support a new tax to assist with the capital and operating costs. With the expansion of Medicaid funded programs, came the associated federal mandates, which included access to Human Services Transportation for recipients of social services.

Consequently, in order for the State to meet its responsibility, rural counties set up cost sharing agreements with New York State Department of Health and Human Services (DOH) to fund and provide public transportation. As such, many of the rural counties without a public transportation option entered into the following type arrangement, and in these counties, public transportation was created to serve, first and foremost, residents receiving Medicaid benefits.

- Using the individual counties' Department of Social Services as the coordinating agencies, and based on the individual counties' Medicaid recipient numbers, an estimation of public transportation usage was calculated. NYS DOH provided the counties' Medicaid NEMT funding typically as yearly lump sums. This method served to provide counties the necessary transport usage and funding information needed to adequately plan and budget for in their respective county budgets. This funding provided the necessary operational funding for the counties to provide public transportation.
- The counties contracted with private transportation service providers for public transportation. Contracts were structured so that the private company provided, owned and operated the modes of transportation, thereby alleviating the need for the counties to come up with the capital to buy the fleet of vehicles necessary to create transportation systems.

Under these circumstances rural public transportation in New York was born. The systems have remained interconnected and dependent upon Medicaid ridership and the corresponding NYS Department of Health funding over the years, as most of the counties' economic situations have not improved. Although ridership of the general public grew over the years, for all the reasons previously stated—lack of densely populated areas, high numbers of poverty level residents without the tax base to handle additional county funding, and large geographic territories difficult to cover with sustainable routes—ridership never reached a level to supplement operating costs independently and Medicaid remained the biggest funding source. In fact, Medicaid remained between 25%-50% of the supporting revenue depending on the county.

Addendum - Background (continued)

Medicaid Redesign Impacts – Unintended Consequences to the Health of Rural Public Transportation Systems

The restructuring and consolidation of Medicaid Non-Emergency Medical Transportation (NEMT) was one of the first recommendations to be implemented from Governor Cuomo’s Medicaid Redesign group. The Legislature gave broad permissions to the Commissioner of Health, allowing for the takeover of responsibilities concerning transportation and other Medicaid funded related services from counties, without any built-in feedback mechanisms or transparent monitoring to assess the efficacy and impacts on rural transportation systems.

Originally DOH divided the NEMT Transportation Management service areas to allow for a “regional” approach to NEMT management. Ultimately though, each regional contract was given to the same vendor, allowing for the upstate-wide consolidation of NEMT Transportation Management and consequently making the continuation of local transportation coordination impossible.

Although the contracts for the DOH NEMT Transportation Manager state that priority must be given to existing public transportation systems, in practice, it is neither done nor enforced. Ridership numbers are concrete, and those numbers year after year in rural counties continue to indicate that public transportation is not being utilized for Medicaid NEMT rides.