

**Testimony of First Transit  
New York Joint Legislative Public Hearings  
on the 2019-2020 Executive Budget Proposal  
Submitted February 8, 2019**

We thank the Legislature for the opportunity to put forth testimony and bring to light critical issues faced by rural counties and their respective public transportation providers, which prevent them from providing adequate public transportation services to the State's rural populations.

**New York Rural County Public Transportation Funding and Use Issues**

Since the takeover of Medicaid Non Emergency Medical Transportation (NEMT) coordination and administration by New York State Department of Health's vendor from the individual counties there has been an unprecedented and sustained decline in the use of public transportation by Medicaid and other human services recipients for their non-emergency medical transportation needs. This situation has created a major funding and service issue for the small poor upstate rural communities resulting in unprecedented service cuts, and even the complete disbandment of the public transportation system in Tioga County.

- **We respectfully request the \$4M supplemental funding for 2019 rural public transportation, agreed to as part of a 2 year funding allocation in the 2018 budget and cut by the Governor in his new budget proposal, be reinstated. This funding was originally agreed to for the purposes of sustaining rural public transportation systems with critical shortfalls due to the NEMT management processes.**

- **In addition, we request that Article 2-F: New York State Rural Transportation Assistance Program; Section 73-D Interagency Coordinating Committee on Rural Public Transportation be instituted with additional language requiring accountability and allowing for community stakeholder input, so that long term sustainable solutions for rural public transportation can be created.**

### **Who We Are - First Transit New York**

First Transit and our sister company, First Vehicle Services, currently operate in over 25 New York client locations. We have been doing business in New York since 1984. First Transit's employs 1,102 individuals in the State of New York, operating and maintaining 1,914 vehicles in the every day. Many of our New York 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 also provide public Transportation services in several other rural counties. Most recently our contracts include our service for Broome Developmental Disabilities in New Berlin and our Transit Management contract in Clinton County, both of which began in 2018.

First Transit manages public transit systems in many rural counties that have poverty rates well above the national and state averages, where stable public transportation systems are essential to the overall well being of the elderly, disabled and poor residents. Public transportation gets people to job opportunities, college and vocational courses, grocery shopping, medical appointments, senior centers and religious and civic events, etc.

These counties in which we operate do not have densely populated urban centers that create the volume of ridership necessary to support system efficiencies that large urban centers can which make operating and funding rural systems more challenging to sustain.

In fact in some instances public transportation in the rural counties can end up costing more per passenger to operate because of the geographical spread of the residents. As transit systems rely on passenger fares to help offset operational costs, having a more rural county makes it harder to provide adequate funds through this source.

**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 the States poorest at-risk populations—poverty level elderly, disabled veterans, unemployed and underemployed youth, and single parent families. Unlike New York counties with urban centers and 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.

The Federal government does not mandate public transportation service. However, access to Human Services Transportation for recipients of social services is required of the individual states, and therefor there is a responsibility at the state and local level to provide transportation access options to those recipients—Public Transportation being the most cost beneficial option long term.

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 social service 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. These 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—ridership never reached a level to support the systems independently and Medicaid remained the biggest funding source. In fact Medicaid remained between 25%-50% of the supporting revenue depending on the county.

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

The restructuring and consolidation Medicaid Non-Emergency Medical Transportation (NEMT) was one of the first recommendations to be implemented from Governor Cuomo's Medicaid Redesign group. Broad permissions were given to the Commissioner of Health, allowing for the takeover of responsibilities concerning transportation and other Medicaid funded related services from counties, without any required adequate feedback mechanisms or checks on impact or efficiency.

Without input from the counties or their transportation service providers, DOH divided the State into service region for the purposes of contracting with vendors for new NEMT transportation management. The reported purpose of these divisions was to allow for a "regional" approach to NEMT management; in an apparent attempt to lay aside the county fears that their community-based coordination would be undone. In the end 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.

In addition, although the contracts for the DOH NEMT Transportation Manager states that priority must be given to existing public transportation systems, in practice, it is neither done nor enforced, despite claims from DOH and their contracted vendor to the contrary. Ridership numbers are concrete, and those numbers year after year in rural counties continue to indicate that public transportation is not being utilized for NEMT rides.

The use of unregulated taxis is the easy and preferred choice for the transportation manager's call center, and continues to be a critical issue despite the counties best efforts to work with and help educate DOH's Transportation Management vendor to public transit options.

Oddly, this consolidation move was the opposite of the national trend to make transportation and other human services more coordinated and localized. This localization effort executed by most states was largely in response to United We Ride, and the Olmstead Act. Both policies aim to improve the quality of life and experiences for at-risk and disabled populations receiving social service benefits by allowing for funding coordination between agencies and providing services in the most 'integrated and community based setting possible'.

For the past few years there has been a funding agreement in the budget of \$4M supplemental that comes out of the Department of Health Budget for the rural counties adversely affected by the centralized transportation management system. However, the original understanding was the money was to assist these transportation systems while a more permanent solution was worked on at the State level. To date, all interested rural public transportation stakeholders have been unsuccessful in prompting the state to move forward with any solution based policies and no adequate and transparent assessment of the new NEMT centralized Transportation Management system in rural counties has been done. Each year the legislature has assisted in restoring the \$4M after the Governor removes it from his proposed budgets, but a longer-term solution has not materialized.

### **Sustainable Solutions**

Although the dependency on the relationship with Medicaid ridership is historical and legitimate, we have always been sensitive to the fact that DOH is committed to their centralized Transportation Management of NEMT and the supplemental funding for adversely affected counties would not go on indefinitely. As such we have always advocated for and supported a more comprehensive approach to finding solutions for the sustainable funding of rural transportation services. We are absolutely convinced that in order to maintain sustainable rural transportation operational models given the

economic realities of these counties, we need a process at the State level to facilitate discussion of problems and solutions.

Although the emergency revenue is desperately needed, equally necessary are finding sustainable solutions for rural public transportation. In order to advance beyond the struggle these rural counties continually face in their efforts to provide affordable public transportation—and in some places any public transportation at all—the Interagency Coordinating Committee on Rural Transportation must finally be instituted.

Those of us who live and operate in the rural areas of upstate New York understand first hand that these counties do not have a tax base that can afford any additional tax for public transportation. For this reason and others stated in this document, we are respectfully requesting that the Interagency Coordinating Committee on Rural Transportation currently in statute be utilized. This will give us, the other stakeholders we work with, and State agencies involved with transportation funding the opportunity to look for cost saving opportunities, such as redundancy of services, shared and coordinated service opportunities in a transparent and accountable forum.

Study upon study in several states and at the Federal level have all come to the same conclusion: In order for rural public transportation to be sustainable there must be coordination, not only at the state level but at the local level, and there must be buy-in from all the stakeholders.

The “State Coordinating Committee” solution has also been endorsed and tracked by the National Conference of State Legislatures:

*“This process, called “human services transportation coordination,” generally means better resource management, shared power and responsibility among agencies, and shared*

*management and funding. When key entities work together to jointly accomplish their objectives, they can achieve more effective, efficient and accessible transportation options for those who need it most: **effective**, in that they get people where they're going; **efficient**, in that they use public dollars economically; and **accessible**, in that services are easy for travelers to navigate and use."\* \*2014 State Human Services Transportation Coordinating Councils: Report.*

Without the Interagency Coordinating Committee on Rural Transportation we have no forum for this level of discussion to take place, and the information, decisions and actions remain segregated, non-transparent and completely ineffective.

The Interagency Coordinating Committee on Rural Transportation accomplishes the following:

1. Establishes an ongoing public forum for rural counties, agencies, and transportation stakeholder organizations to collaborate on rural transportation solutions;
2. Provides access to data and resources from participating agencies that will be critical to development of coordinated services that would lead to efficiencies and less dependency on subsidization
3. Require an annual report profiling accessibility to and use of public transportation across rural counties.
4. Direct that existing funds for which systems are eligible be identified, and evaluated for their efficient use by the systems.



**In conclusion, and as stated above, we respectfully request:**

- **As the purpose of the DOH supplemental funding is to provide assistance to counties for shortfalls from the previous year, the \$4M supplemental funding for rural public transportation systems from the Department of Health must be restored to the 2019 budget so that counties can meet their obligations for 2018.**
- **Article VII language be added to existing law that created the Interagency Coordinating Committee on Rural Public Transportation, requiring it to meet and allowing for representation from the community and public transportation service providers, in order to move forward with suitable process and forum that is specific to the unique challenges faced by rural counties in providing adequate public transportation.**

**For further information or questions please contact company representative:**

**Jennifer Carlson, Abraham Crown & Associates**

**JC@abrahamcrown.com**

**518-813-8735**