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AN ASSESSMENT OF FEDERAL AND STATE ADMINISTRATION OF UMTA'S SECTION 16(B)(2) FUNDING PROGRAM

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16. Abstract

This study assesses Federal and state administration of the 16(b)(2) program, a program which channels money through the states to private non-profit organizations (PNPs) to assist them in purchasing vehicles to transport elderly and/or handicapped (E&H) persons. These funds, which pay 80% of the costs of vehicles, accessories, and related equipment, are allocated to states by formula, but are awarded to the PNPs on a discretionary basis.

The report traces the history of the program as it has evolved through legislation and through policy and procedural guidance. The authors point out that this guidance has been issued in a piece-meal and ambiguous fashion, making it difficult for the state agencies to administer the program.

The application process by which a PNP obtains funds is explained. The process is often an arduous one, lasting up to two years. UMTA requires most of the clearances and approvals that are required for much more large-scale enterprises. After surviving the scrutiny of the state designated agency, the PNP application is forwarded to the UMTA Regional Office, where it may wait for long periods of time before being processed. The study revealed that UMTA approved 99% of the PNP applications.

Finally, reporting practices are outlined, and it is suggested that they are excessive. Rather than sampling trips, PNPs believe that they must record every trip of every day in every vehicle all year round. The authors uncovered no evidence that this information has been used for any purpose for which sampling would not suffice.

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16. Abstract

This report presents the results of a study which assesses Federal and State administration of UMTA's 16(b)(2) funding program. This section of the Urban Mass Transportation Act authorizes grants to private non-profit (PNP) organizations to assist them in purchasing vehicles to transport elderly and/or handicapped persons. UMTA is considering reform and streamlining of the 16(b)(2) program. To this end, a Red Tape Reduction Task Force has already made a number of recommendations for increasing the program's efficiency. The funds, which pay 80% of the costs of vehicles, accesories, and related equipment, are allocated to states by formula, but are awarded to the PNPs on a discretionary basis. This report traces the history of the program as it has evolved through legislation and policy and procedural guidance. This guidance has been issued in a fragmentary and ambiguous manner, making it difficult for the State agencies to administer the program. The application process by which a PNP obtains funds is explained in the report. The process is often an arduous one, lasting up to two years. UMTA requires most of the clearances and approvals that are required for much more large-scale enterprises. After enduring the scrutiny of the State designated agency, the PNP application is forwarded to the UMTA Regional Office, where it may wait for long periods of time before being processed. This study revealed that UMTA approved 99% of the PNP applications. Finally, reporting practices are outlined, and this study suggests that they are excessive. Rather than sampling trips, the PNPs believe that they must record every trip of every day in every vehicle all year round. The authors uncovered no evidence that this information has been used for any purpose for which sampling would not suffice.

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Preface

This report presents the results of a study assessing Federal and state administration of UMTA's 16(b)(2) funding program. This study was conducted by the staff of the Evaluation Branch of the Transportation Systems Center's Urban and Regional Research Division under PPA UM-060 sponsored by UMTA's Office of Program Evaluation.

During the course of this study, we benefited from the assistance of a great many individuals. In particular, the authors wish to acknowledge the insightful guidance provided by Ann C. Macaluso, Director of UMTA's Office of Program Evaluation and by Jack Bennett, also of that office. Valuable data was obtained for several states from Peat, Marwick, Mitchell and Company who have been investigating the state role in transit assistance.

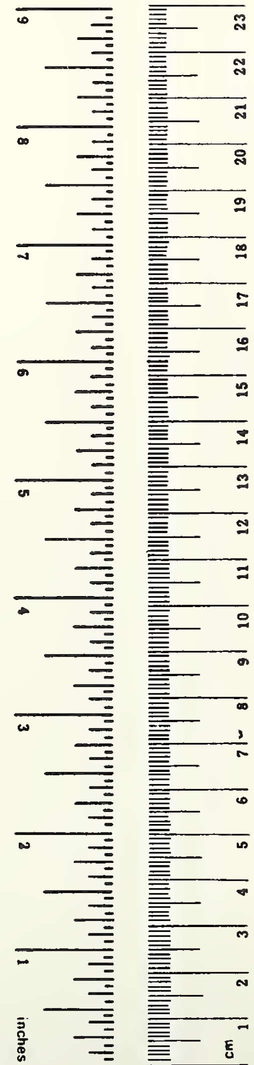
Finally, we wish to thank the many individuals from the State DOTs and the UMTA Regional Offices who lent their time and knowledge to provide the essential data upon which this study was based.

METRIC CONVERSION FACTORS

Approximate Conversions to Metric Measures

Symbol	When You Know	Multiply by	To Find	Symbol
		LENGTH		
in	inches	*2.5	centimeters	cm
ft	feet	30	centimeters	cm
yd	yards	0.9	meters	m
mi	miles	1.6	kilometers	km
		AREA		
in^2	square inches	6.5	square centimeters	cm^2
ft^2	square feet	0.09	square meters	m^2
yd^2	square yards	0.8	square meters	m^2
mi^2	square miles	2.6	square kilometers	km^2
	acres	0.4	hectares	ha
		MASS (weight)		
oz	ounces	28	grams	g
lb	pounds	0.45	kilograms	kg
	short tons (2000 lb)	0.9	tonnes	t
		VOLUME		
tsp	teaspoons	5	milliliters	ml
Tbsp	tablespoons	15	milliliters	ml
fl oz	fluid ounces	30	milliliters	ml
c	cups	0.24	liters	l
pt	pints	0.47	liters	l
qt	quarts	0.95	liters	l
gal	gallons	3.8	liters	l
ft^3	cubic feet	0.03	cubic meters	m^3
yd^3	cubic yards	0.76	cubic meters	m^3
		TEMPERATURE (exact)		
°F	Fahrenheit temperature	5/9 (after subtracting 32)	Celsius temperature	°C

*1 in = 2.54 (exactly). For other exact conversions and more detailed tables, see NBS Misc. Publ. 286, Units of Weights and Measures, Price $2.25, SD Catalog No. C13.10:286.



Approximate Conversions from Metric Measures

Symbol	When You Know	Multiply by	To Find	Symbol
		LENGTH		
mm	millimeters	0.04	inches	in
cm	centimeters	0.4	inches	in
m	meters	3.3	feet	ft
m	meters	1.1	yards	yd
km	kilometers	0.6	miles	mi
		AREA		
cm^2	square centimeters	0.16	square inches	in^2
m^2	square meters	1.2	square yards	yd^2
km^2	square kilometers	0.4	square miles	mi^2
ha	hectares (10,000 m^2)	2.6	acres	
		MASS (weight)		
g	grams	0.035	ounces	oz
kg	kilograms	2.2	pounds	lb
t	tonnes (1000 kg)	1.1	short tons	
		VOLUME		
ml	milliliters	0.03	fluid ounces	fl oz
l	liters	2.1	pints	pt
l	liters	1.06	quarts	qt
l	liters	0.26	gallons	gal
m^3	cubic meters	35	cubic feet	ft^3
m^3	cubic meters	1.3	cubic yards	yd^3
		TEMPERATURE (exact)		
°C	Celsius temperature	9/5 (then add 32)	Fahrenheit temperature	°F

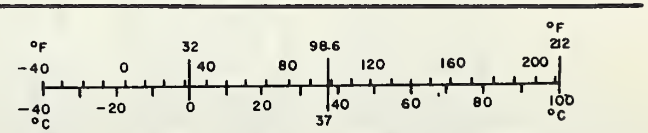


TABLE OF CONTENTS

PAGE

Appendices

I. INTRODUCTION AND SUMMARY

Section 16(b)(2) of the Urban Mass Transportation Act authorizes grants to private non-profit (PNP) corporations or associations to provide transportation services for the elderly and handicapped. Since FY75, UMTA has made available about $20 million per year for capital purchases under this program. UMTA allocates these funds to the states, which in turn solicit applications from PNPs and administer the program. Over 2600 vehicles have been purchased under this program (See Appendix D).

UMTA is considering reform and streamlining of the 16(b)(2) program. To this end, a Red Tape Reduction Task Force has already made a number of recommendations for increasing the program's efficiency. This report has been prepared to assist in this effort by examining how the program is currently administered by Federal and state governments.

The report is based on available data and discussions with representatives of state governments and UMTA Regional Offices who are responsible for 16(b)(2) program administration. Information collected was analyzed to form general conclusions, where possible, or to describe differences in approach in other instances. Conclusions were often based on information from a sample of the Regional Offices or states since contacted parties did not provide information on every item discussed in this study.

Institutional Issues

Since initiation, the 16(b)(2) program has given rise to some varied institutional issues. The Section 16 authorizing legislation is itself somewhat of an enigma. The legislation provides for elderly and handicapped transportation needs to be met by services of two different types -- mass transportation services, to be provided by public bodies (16(b)(1)), and other transportation to be provided by PNPs when mass transportation service is unavailable, insufficient, or inappropriate (16(b)(2)). The legislation therefore makes an ambiguous distinction between public mass transportation services for the elderly and handicapped (such as would be required by the UMTA 504 regulations), and other service which the legislation evidently viewed as the province of PNPs only. There is no provision under this Section for the granting of funds to public bodies for these other forms of elderly and handicapped transportation services, even when such services would be more efficient. There has never been a separate UMTA funding program for Section 16(b)(1).

Another institutional perplexity is the relationship between Section 16(b)(2) and the Section 18 program. Many rural states see the two programs as inextricably linked. Since the market group for rural public transportation is heavily, but not exclusively, elderly and handicapped, there is good reason for rural states to funnel both 16(b)(2) and Section 18 to the same operators or to similar types of programs. Some states have given both sources of funds to the same operator. However, there has been no apparent effort on the part of the Federal Government to coordinate these programs.

Other institutional issues which surfaced in this study included the restrictions on leasing of vehicles to public and private for-profit operators and the tendency for 16(b)(2) vehicle grants to be awarded disproportionately to rural areas. In addition, the requirement that grantees be private non-profit agencies is, in some cases, at odds with state initiatives to consolidate services or to place elderly and handicapped transportation responsibility with the most appropriate agency. Some states or localities prefer to have their elderly and handicapped services provided by a public agency. This cannot be done with 16(b)(2) vehicles.

Leasing restrictions embodied in the 16(b)(2) regulations reduce local flexibility, and may inhibit the ability to coordinate services in those cases in which public or private for-profit agencies are involved in the effort. Finally, rural areas receive a disproportionate share of the grants. About 60% of all vehicles have been awarded to non-urbanized areas although less than 30% of the U.S. population lives in non-urbanized areas.

Overall Program Administration

UMTA Headquarters, in Washington, establishes overall 16(b)(2) policy and sets the state funding allocations. The program has now been decentralized so that the UMTA Regional Offices approve or disapprove the state-wide consolidated applications. Each state's administering agency must select the recipients, oversee vehicle procurement, and monitor on-going compliance with regulations. Individual private non-profit agencies receive and operate the vehicles.

There has been criticism of UMTA's program administration. Policy and procedures have been promulgated by UMTA Headquarters in piecemeal, draft fashion. At least twelve different documents have been issued which contain some information on the program. No single document contains all the program guidance that has been issued and no official regulations have ever been published. This situation has created confusion at the state level; also, Regional Office staff are sometimes uncertain concerning program policies. Policy interpretations have been confusing and vague in certain cases. States have complained about the difficulty in obtaining answers from the Regional Office; often, these answers are verbal, not written, and somewhat subject to change. Regional Office staff complain of the lack of approved guidelines and of the difficulty in obtaining answers from Headquarters. States have also complained about lengthy delays in grant processing and approval.

State Organization and Management

About two-thirds of the states have designated a state DOT as the administering agency. Most of the others have designated a highway department or some other transportation agency. Only four states appear to have designated a non-transportation agency. No appreciable difference in program administration could be shown to arise from the choice of agency.

In addition to the designated agency, other state agencies are usually involved in the program. Many states utilize a state purchasing agency to buy the vehicles. State level social service agencies are usually represented on an ad hoc committee which reviews and selects (or recommends selection of) PNP applications. Metropolitan Planning Organizations (MPOs) or Regional Planning Agencies prepare planning documents, give project approvals (A-95), and in some cases assist in overall program management.

Estimates of the staff effort, and cost, for the administering state agency average about 1.6 person-years per state, at a cost of about $43,370 per year. Resources from other cooperating agencies are not included in these estimates. Some 40% of the states estimated that the 8% allowance of program funds which can be used for administration did not cover their costs.

The Application and Selection Process

States generally go through a process of soliciting applications and then choosing the best ones to submit to UMTA for funding. (A few do not. These states have designated a limited number of eligible recipients, in some cases with regional or county allocations, and thereby eliminated part of the competitive process.) Other states delegate some or all of the selection process to regional agencies, such as MPOs. Many states have adopted a pre-application or letter of intent procedure, which is designed to eliminate ineligible or very weak applicants early in the process.

Completion of a full application by a hopeful PNP agency requires a number of reviews and assurances, including private operator sign-off, public transit operator sign-off, successful A-95 review, and inclusion in appropriate planning documents (Transportation Improvement Program (TIP) in urbanized areas, Transit Development Plan (TDP) in non-urbanized areas). The planning agencies responsible for these documents often require substantial changes and consolidations in the PNP applications.

Many states receive more legitimate, complete, eligible applications than can be funded with their allocation. Applications are generally evaluated by a state-level multi-agency ad hoc committee. Points are awarded to each applicant depending on how well it demonstrates coordination, need, managerial capability, vehicle utilization, and other factors. The exact criteria have been developed by the individual states, based on general guidance sent by UMTA with the FY76 Governor's letters. Applicants are ranked on these criteria, and the strongest applications are included in the state-wide application. However, a few states, particularly rural ones, have not had enough requests in the past to make full use of their allocation. In these instances, virtually all eligible applications are funded, but the selection process may serve to modify, strengthen, and combine some of the PNP applications.

The entire applicant selection process averages 9.8 months from receipt of the Governor's letter to submission of the state-wide consolidated application. The UMTA approval process averages about 5 months. (Only 1% of the individual PNP applications have been rejected by UMTA.) The procurement cycle, subsequent to grant approval by UMTA, tends to take 6-9 months. The entire 16(b)(2) cycle usually takes over 2 years, although there may be significant variation from this average timetable.

State Assistance

States generally provide assistance to PNP agencies, although the amount and type varies widely. Vehicle procurement, technical assistance, and planning assistance are three major areas in which help is provided.

About 80% of the states perform vehicle procurement for the agencies. The administering agency usually develops the specifications in conjunction with the successful applicants. Some states have developed a limited list of vehicles and require agencies to choose from that list. Some states also have prior state contracts with vendors and require PNPs to purchase from that vendor. In about 20% of the states, the PNP agency purchases the equipment. Procurements must be made in accordance with applicable procurement provisions of state law and the Federal procurement standards as set forth in the Office of Management and Budget Circular A-102, Attachment "O".

Technical assistance offered to agencies by the states consists primarily of information on the 16(b)(2) application and monitoring process, rather than advice about transportation operations. States generally react to problem situations, however, particularly if state/Federal regulations are not being followed.

Planning assistance is needed to prepare TIPs and/or TDPs. In urbanized areas, these documents are the responsibility of the MPOs. In rural areas, the planning process is carried out by one of three kinds of agencies, namely, locally organized regional planning agencies, which are not state agencies, regional officials of a state planning agency, or district officials of the planning division of the state DOT or highway department. In most cases, the planning process is in place and is not the responsibility of the 16(b)(2) applicant. Only in some rural areas have TDPs been needed solely for the 16(b)(2) program.

Funding

Eight state administering agencies pay for some or all of the required 20% matching fund requirement. They do this presumably to effect easier purchase of the vehicles because the private non-profit agencies have difficulty in obtaining these funds from other sources. Wisconsin has its own program which is similar to the 16(b)(2) program. The Wisconsin program pays for both the 16(b)(2) match and additional vehicles as well. Other sources of matching funds primarily come from direct local sources, other state funds, revenue sharing, or donations/fares. No Federal funds may be used.

Two states experimented with the provision of a portion of the operating funds for 16(b)(2) vehicles. Both states have discontinued this practice as counterproductive as it would only be replacing other sources of funds. Most 16(b)(2) operating funds continue to come from a wide variety of Federal, state and local social service programs. Some operating funds come from Section 18, and a small amount comes from Section 5 through contracts between 16(b)(2) agencies and Section 5 recipients.

State Monitoring and Evaluation

The states are responsible for monitoring the 16(b)(2) services. All states have a data reporting system which covers passengers, vehicles, operating expenses, and sources of revenue. Agencies are usually required to fill out forms on a daily basis, summarize these forms on a monthly basis, and submit them to the state. UMTA has provided a suggested data collection system including the forms to be used by the agencies. The state prepares a six-month state-wide summary for UMTA using the "Six month State Report" form specified by UMTA. Sampling procedures are not generally used although this could reduce the amount of data collection considerably.

States are also responsible for tracking procurements, keeping a permanent state vehicle record, obtaining annual certifications from agencies, handling requests for changes in ownership or operation of the vehicles, and repossessing vehicles or otherwise dealing with cases of mismanagement. Apparently, vehicle repossession is sometimes required, but not very often.

Comments on Administration

This study gathered many comments from designated state agencies concerning UMTA's administration of the 16(b)(2) program. As background, it should be understood that UMTA's administration of the program is confounded by the program's unique nature. It is one of UMTA's smallest grant programs ($20-25 million per year) with very small average grants ($20-40 thousand per agency), yet is subject to many of the same requirements as the larger programs. It is UMTA's only grant program targeted specifically at the elderly and handicapped and is the only program involving significant participation by private non-profit agencies. UMTA's normal grant process is not geared to this type of program. These factors have made program administration a challenging task. Nevertheless, the states, as evidenced by some of the comments cited below, feel that there could be substantial improvement in UMTA's performance of this task. The states expressed concern over some of the policy and administrative guidance. The major issue raised was the lack of a single, definitive set of program management guidelines. The very nature of the 16(b)(2) program creates many anomolous situations which need policy interpretation; the states feel that the regulations are vague and that UMTA guidance is sometimes difficult to obtain.

The UMTA approval process is viewed as overly time-consuming and of questionable necessity. States feel that a direct block grant to them, without UMTA review of individual PNP applications, would be an efficacious improvement. States often attributed the lengthy approval delays to the small size of the 16(b)(2) program, feeling that the UMTA Regional Offices were too preoccupied with larger programs. Some states commented that the Section 18 program has significantly easier administrative requirements.

Comments were also received about the excessive paperwork required. The many assurances and the large number of PNP applicants combine to create voluminous state applications. In turn, this volume of paperwork contributes to the lengthy administrative process. Several states felt that an enhancement of their own role would help to streamline the process.

The reporting requirements were viewed as excessive by several states. The data collected was felt to be unused and unneeded.

Rural states tended to see a similarity beteen the 16(b)(2) program and the Section 18 program. The general feeling was that closer coordination between the two programs should be accomplished.

Many states commented on the Section 504 regulations, and were confused about the preparation of transition plans. They felt that the regulations did not take adequate account of the 16(b)(2) program. Other issues brought up by the states were the confusion over the useful life of the vehicles, the lack of information on life-cycle costing, the impact of the new Minority Business Enterprise (MBE) regulations, the prohibition on use of left-over money in the states allocation, and the late arrival of the Governor's Letter.

In summary, the state comments indicated that the 16(b)(2) program suffers from a lack of clear and definitive policy guidance. The program, as now structured, is very time-consuming to implement and results in excessive paperwork. Several of the existing policies trouble the states, particularly the requirement that recipients be PNPs, the leasing restrictions and the private operator restrictions. From the point of view of most states, streamlining and simplification of the program, as advocated by the Red Tape Reduction Task Force, would be beneficial to the program.

Characteristics of New England Projects

As an adjunct to the national analysis, the FY78 projects from all of New England (Region I) were analyzed to determine the type of project and agency, financing arrangements and project justification. Conclusions from this sample were:

- Almost 90% of the agencies were experienced transportation providers, and the vehicles they were requesting were generally either replacement vehicles or were for service expansion.
- Most agencies were locally independent (not affiliated with a national organization) or religious or fraternal organizations.
- Of the vehicles requested, 92% were 9-16 or 17-24 passenger vans/buses, and about 81% were equipped with lifts.
- Most applicants requested only 1 or 2 vehicles.
- About 80% of the projects did not intend to limit transportation to their own clients, but to share their vehicles or service with other organizations.
- Vehicles were to be used primarily for demand-responsive and subscription services.
- The most prevalent trip purposes were medical, social/recreational, and nutrition.

- Common sources of funds for the local match were non-profit organizations and local and state governments.
- A variety of operating funds were used.
- Major justifications for projects were unmet demand for transportation and the inaccessibility of alternative services.
- Interestingly, in each project area, there were an average of 5.7 other transportation operations, which the applicants said were non-duplicative.

II. THE UMTA 16(b)(2) PROGRAM

A. Introduction

Section 16(b)(2) of the Urban Mass Transportation Act of 1964 as amended authorizes UMTA to make capital grants and loans to private non-profit organizations for the specific purpose of meeting the transportation needs of elderly and handicapped persons for whom existing transportation services are unavailable, insufficient, or inappropriate. In order to understand the role of the 16(b)(2) program it is useful to examine the program's legislative history, relationship to other UMTA programs, structure, and funding.

B. Legislative History

Section 8 of the Urban Mass Transportation Act of 1970 (Public Law 91-453) added Section 16, "Planning and Design of Mass Transportation Facilities to Meet Special Needs of the Elderly and Handicapped," to the Urban Mass Transportation Act of 1964. Section 16(a) declared that national policy requires that special efforts be made to assure that mass transportation is available to elderly and handicapped persons. Section 16(b) set aside 1 1/2% of Section 3 funds (Discretionary Grant or Loan Program), as specified by Section 4(c)(3) (Authorizations), to provide capital grant funds to public agencies for purchasing vehicles and related equipment in order to provide specialized transportation services to elderly and handicapped persons.

In 1973, Section 16(b) was amended by Section 301(g) of the Federal-Aid Highway Act (Public Law 93-98). This amendment incorporated the existing provisions of Section (b) and designated this as clause (1). It also added clause (2), i.e., 16(b)(2), which extended the capital grants to private non-profit corporations and associations. In addition, the portion of Section 4(c)funds set aside was increased from 1 1/2% to 2%. FY75 was the first year in which 16(b)(2) grants were made.

Section 16(b) was amended slightly in 1978 by the Surface Transportation Assistance Act (Public Law 95-599, Section 311). This amendment eliminated the definition of the term "handicapped person" and also involved a "housekeeping" modification in order to conform to the new subsection of the Act from which funds are to be appropriated. Section 16 legislation, as amended through 1978, is reproduced in Appendix A.

C. Program Structure

There are three principal institutional entities involved in the 16(b)(2) program--UMTA, the states, and the private non-profit agencies. UMTA has overall program responsibility. UMTA establishes program policy, procedures and requirements, sets the annual allocation for each state, reviews the consolidated state applications, and issues the grants. The states bear the heaviest responsibility and workload in their role as grantee. The states advertise for and screen the applicants, prepare the grant application to UMTA, in most cases procure the vehicles, and monitor the services provided. The private non-profit agencies prepare their applications, in some cases procure the vehicles, operate the services, and record operating data.

Some deviations from the standard procedures have been noted. In some states, preliminary review of private non-profit applications has been delegated to another organization, for example, a county or a metropolitan planning organization. In some cases, the state chooses not to procure vehicles on behalf of the private non-profit agencies, and in others, state law prohibits it from doing so.

In the first year of the program, the UMTA Office of Capital Assistance, in addition to developing program policies and guidelines, reviewed and approved the state applications. The Regional Offices were involved only after the grant was approved to provide technical assistance. In FY76 the Regional Offices were given the responsibility of reviewing the state applications and preparing an approval package for Headquarters signature. By FY77 the approval authority had been completely delegated to the Regional Offices. Program policy, procedures and funding allocation continue to be the responsibility of UMTA Headquarters.

D. Relationship to Other UMTA/FHWA Programs

Two UMTA programs have a special relationship to the 16 (b)(2) program. Section 3, which authorizes the Capital Assistance Program, provides capital grants to state and local public bodies or agencies for general and specialized transportation services. Section 16(b)(2) funds are available only to private non-profit organizations providing transportation services to those elderly and handicapped persons for whom mass transportation services planned, designed and carried out under Section 3 are unavailable, insufficient or inappropriate. Section 16(b)(2) funds are set aside from the total amount of money available under Section 3.

Section 18 (Formula Grant Program for Areas Other Than Urbanized Areas) provides capital and operating funds for public transportation projects in non-urbanized areas. This program is administered by the Federal Highway Administration. Since eligible recipients include both public and private organizations, this program and the 16(b)(2) program overlap to some extent. Rural 16(b)(2) fund recipients are eligible to receive Section 18 capital and operating funds. In fact, some rural non-profit organizations have utilized capital grants from 16(b)(2) and operating grants from Section 18.

The goals of these programs, as reflected in their respective criteria for project selection, are easily distinguished. The focus of Section 18 is clearly on the transportation needs of the general public in rural areas, while the focus of 16(b)(2) is on the needs of elderly and handicapped persons. In actuality, it is often difficult for a private non-profit agency to get grants under Section 18 because of the limited funding available and the priority given by states to public agencies for use of these funds. Nevertheless, some private non-profits have received both capital and operating grants under Section 18.

Table II-1 summarizes the differences and similarities among these four capital and operating assistance funding programs. Rural private non-profit organizations can seek capital funding under 16(b)(2) or Section 18 and operating funding under Section 18. Urban private non-profit organizations are eligible for 16(b)(2) capital funds. Public organizations are eligible for grants under Sections 3, 5 and 18.

TABLE II-1. UMTA PROGRAM DIFFERENCES

Program	Eligible Areas		Types of Grants		Types of Organizations	
	Rural	Urbanized	Capital	Operating	Public	PNP
Section 16(b)(2)	X	X	X			X*
Section 3	X	X	X		X	
Section 5		X	X	X	X	X**
Section 18	X		X	X	X	X*

* Through the states.
** Through contracts with Section 5 grantees.

E. Institutional Relationships and Issues

The special nature of the 16(b)(2) program has tended to give rise to a unique set of institutional relationships and issues. One of the major institutional issues arises directly from the authorizing legislation, Section 16(b) of the UMTA Act. Section 16(b)(1) authorizes grants "to states and local public bodies and agencies for ... providing mass transportation services which are planned, designed, and carried out so as to meet the special needs of elderly and handicapped persons..."

Section 16(b)(2) authorizes grants "... to private non-profit corporations and associations for ... providing transportation services meeting the special needs of elderly and handicapped persons for whom ... services ... under 16(b)(1) are ... unavailable, insufficient or inappropriate..."

This statute indicates that elderly and handicapped transportation needs are to be met by services of two different types -- mass tranportation services, to be provided by public bodies, and other transportation to be provided by PNPs when mass transportation service is unavailable, insufficient, or inappropriate. The legislation therefore makes an ambiguous distinction between public mass transportation services for the elderly and handicapped (such as would be required by the UMTA 504 regulations), and other service which the legislation evidently viewed as primarily the province of PNPs. There is, therefore, no explicit provision for the granting of 16(b)(2) funds to public bodies for other elderly and handicapped transportation services, even when such services would be more efficient.

There has never been a separate UMTA funding of Section 16(b)(1). Of course, many conventional transit operators can and do use Sections 3 and 5 funds to support and/or subsidize elderly and handicapped transportation services.

UMTA draft "Guidelines for Post Approval Management "(see Chapter III) clearly state that leasing of 16(b)(2) vehicles to public bodies is not permitted. Nor can vehicles be leased to private for-profit operators within the service area of a public transit operator. Both of these restrictions have evidently proved to be onerous to the states in some cases. The first restriction inhibits coordination, in the case in which coordination is to take place under the aegis of a public body. One state (Pennsylvania) suggested that UMTA differentiate between public bodies who receive other UMTA funds (and are subject to 13(c) requirements), and those which are formed specifically to provide elderly and handicapped service when that service is not provided by a regular transit operator. In the latter case, this state suggested, leasing should be allowed, as long as the public body gives the original PNP adequate assurances as to carrying out the project purposes. This policy would enhance, not detract from, coordination efforts according to Pennsylvania.

The second restriction mentioned above, on leasing to private for-profit operators, seems equally onerous. Pennsylvania commented that, if the transit operator has already signed off on the 16(b)(2) grant (a condition of award), it is not clear why a private firm shouldn't be able to lease the vehicle and/or operate the service. Pennsylvania feels that this prohibition runs counter to the policy of encouraging private operator participation. Further, as public transit services are extended into rural and suburban areas, the sphere within which this restriction applies will constantly expand. Pennsylvania pointed out that to discontinue an agency/private operator lease in a rural area simply because of the formation of a public transit authority would be "totally unacceptable."

Other institutional issues arise in connection with the Section 18 program for rural public transportation. Many rural states see the two programs (16(b)(2) and Section 18) as inextricably linked. (Several even suggested they be combined into one program.) Since the market group for rural public transportation is heavily, but not exclusively, elderly and handicapped, there is a natural tendency for rural states to funnel both 16(b)(2) and Section 18 to the same operators or to similar types of programs. Some states have given both sources of funds to the same operator. For instance, the Older Americans Transportation System (OATS) in Missouri has a very large network of rural services covering most of the state. OATS has been awarded approximately 114 16(b)(2) vehicles in the six years of the program, and also receives Section 18 funding. Iowa DOT has designated 16 regional transit agencies which blanket the state. Six of these are PNPs and are the only allowable 16(b)(2) recipients in the state. The other 10 regional transit agencies are public and must rely on Section 18 funds for both capital and operating funds. Once the capital needs of the public agencies have been met, Iowa expects to be able to provide Section 18 operating funds to 16(b)(2) agencies as well.

The real issue, as illustrated by these examples, is the placement of the 16(b)(2) program within the growing public framework for special transportation services. As a result of wording which was penned before the public sector became so involved in elderly and handicapped transportation, the 16(b)(2) delivery system is in some cases outside of, and counter to, public efforts to consolidate and/or streamline the provision of transportation services. Although these cases are infrequent today, they tend to occur in the states or regions which are the most innovative, and thus the PNP requirement can run counter to another avowed goal of UMTA - coordination of services.

In contrast, some states did feel that 16(b)(2) ought to be targeted at the PNPs, who are viewed as small operators meeting a specialized demand. If 16(b)(2) vehicles were not restricted to PNP agencies, it is felt that the public agencies would swallow up all or most of the funds. The PNP agencies would be hurt by this, and the public agencies would not be able to address the myriad needs now met by the PNP agencies.

Important differences between transportation supply in urbanized and non-urbanized areas also impacts the 16(b)(2) program. Urbanized areas have publicly funded transit services receiving other UMTA funds, whereas most rural areas do not. Private (for profit) operators, such as taxi or chair car operators, who can delay, obstruct, and potentially block a 16(b)(2) grant, are much more prevalent in urbanized than in non-urbanized areas.

All 16(b)(2) applicants must obtain public and private transit operator sign-offs or give these operators a chance to "comment" on the application, and make some showing of "need" for the vehicle. These criteria tend to reduce the flow of 16(b)(2) vehicles into urbanized areas somewhat. Although these factors could occur in non-urbanized areas, they are less likely. Some states have interpreted "need" to mean some kind of priority for rural areas. In other cases, the existence of handicapped paratransit services in urbanized areas operated with transit funding has reduced the perceived "need" for 16(b)(2) vehicles. In Houston, private operator complaints and objections have resulted in that urbanized area never getting any 16(b)(2) vehicles. In Toledo, Ohio, the transit operator and MPO for several years blocked all 16(b)(2) grants on the grounds that the program encouraged proliferation of separate services.

Data on the rural/urban split indicate that rural areas get more 16(b)(2) grants than do urbanized areas. For example, a breakdown of all 3094 grants through FY79 (Table II-2) showed that 60.5% of the projects were in non-urbanized areas. In 1970 the U.S. population was distributed with 73.7% in urbanized areas. Thus, slightly over 60% of the projects are operating in areas comprising less than 27% of the population.

Finally, the issue of private for-profit operator involvement represents a potentially thorny institutional problem. Most selection criteria favor applicants who have involved private operators in planning for the service. In many cases, it is encouraged that a private company be a contractor to the PNP to operate the service. It is a standard requirement that sign-offs from private firms be obtained or that public notices directed at them be published. Most states will give serious consideration to the objections of a private firm, and a variety of ways have been employed to compare PNP versus private costs and resolve objections. Some states, such as Texas, will not award a grant over the objection of a private operator. In Houston, private

TABLE II-2. 16(b)(2) GRANTS TO PRIVATE NON-PROFIT ORGANIZATIONS IN URBANIZED AND NON-URBANIZED AREAS (FY75 - FY79)

FY	# Orgs in UZA's	% of Orgs in UZA's	# Orgs in Non-UZA's	% of Orgs in Non-UZA's	Total # Orgs
'75	244	30.2%	564	69.8%	808
'76	54	54.0	46	46.0	100
'77	174	38.9	273	61.0	447
'78	292	42.3	399	57.7	691
'79	450	42.9	598	57.1	1048
	1214	39.5%	1880	60.5%	3094

operator complaints and objectious have resulted in that urbanized area never getting any 16(b)(2) vehicles. Yet opportunities for private operators to contract with 16(b)(2) recipients are limited in some ways. The policy of prohibiting private operator involvement in running 16(b)(2) services in public transit areas seems restrictive, as discussed earlier. This study did not, unfortunately, obtain data on the prevalence of, or reasons for, private firm operation of 16(b)(2) vehicles, but this merits further investigation.

F. Funding

According to the Urban Mass Transportation Act as amended through December 1978, Section 16(b) funding can equal up to 2% of the amount authorized to be appropriated pursuant to Section 4(c)(3). Table II-3 shows tha maximum possible allocation, the amount acutally allocated and the amount obligated by fiscal year.

TABLE II-3. ALLOCATIONS AND OBLIGATIONS (in millions of dollars)

	Maximum Possible Allocation	Actual Allocation (% of Section 3 Budget)	Obligations
FY75	$20.0	1.387	$20.8*
FY76+T	$22.0	1.394	$ 0.5
FY77	$25.0	1.293	$10.6
FY78	$28.0	1.455	$16.3
FY79	$25.0	1.250	$26.7
FY80	$27.6	1.710**	$29.9

* In FY75 $20.8 million, or $0.8 million more than the set aside, was issued in grants.
**Including supplemental allocation.

In FY75 no carryover of unspent funds was allowed. Since FY76 apportioned funds for a given fiscal year were available until August or September of the next year.

The justification for the reduced allocations in FY79 and FY80 was the availability of capital and operating funds for transportation services in small urbanized and rural areas under the Section 18 formula grant program. UMTA's rationale, expressed in the FY79 Governor's Letter, is that some elderly and handicapped persons will be able to use transportation services established with Section 18 funds and that private non-profit organizations can apply for Section 18 funds.

G. State Allocation

The proportion of the total annual 16(b)(2) set aside which each state receives is based on a formula developed for the distribution of FY75 16(b)(2) funds. Theoretically, the distribution should be based on the unmet transportation demands of each state's elderly and handicapped population. Since this latent demand is difficult to estimate, the total population of elderly and handicapped in the state was used as a surrogate. The elderly population data was obtained from the 1970 census. Estimates of handicapped population for each state were also obtained from a source we have not been able to ascertain. The proportion of each state's combined elderly and handicapped population to that of the nation as a whole was used to allocate the 16(b)(2) program funds.

In the first year of the program, if a state did not use its entire allocation, another state was allowed to use the balance. This resulted in several states receiving grants in excess of their allocations with five states exceeding their allocations by 50 to 100%. Some states were upset that extra money was granted to others. This practice was discontinued after the first year. However, in FY76, five states still received grants in excess of their allocations. These five states had the additional funds subtracted from their FY77 allotments. Beginning in FY77, no state has received more than its allotment including carryover from previous years.

III. UMTA PROGRAM ADMINISTRATION

A. Overview of the 16(b)(2) Delivery System

The notification of the amount of money available to each state, district, or territory under the current fiscal year's Section 16(b)(2) Program is contained in a letter, which is sent by UMTA to the Governor of each state. These letters have often included guidelines or requirements for administration of the program at the state level. In the past three years, the letters to the Governors have been sent in February, March or April, well into each fiscal year.

The first action taken by the states is a notification to eligible agencies that applications are being solicited for capital expenditures that qualify for Section 16(b)(2) funding. Each state screens all submitted applications for eligibility and completeness. If the requests combined in all acceptable applications exceed the amount of the UMTA allotment, a selection of the applications to be forwarded for UMTA approval is made according to criteria established by the state. The state is responsible for the preparation and submittal of a consolidated application which contains assurances that all requirements for application review and submittal have been met. The consolidated application is submitted to the UMTA Regional Office.

Once the state application is received at the UMTA Regional Office, a prescribed series of steps are to be followed in accordance with the "Internal Procedures for the Section 16(b)(2) Capital Assistance Program" document (cited below). The state application is to receive a preliminary review to determine whether all necessary elements are included. The checklist used in this preliminary review is reproduced in Appendix C. If the application is incomplete in any way, a letter is sent to the state listing the items needed to complete the review process. When the state application is complete, the Regional Office performs an in-depth review to determine whether the state has ensured that all UMTA's statutory, administrative and technical requirements have been satisfied. Each individual private non-profit application receives a brief review for eligibility and qualification. The consolidated applications are then reviewed by the Civil Rights Office for PNP status assurance and for the state's efforts on behalf of minority groups and by the Chief Counsel's Office for project scope and legality of each grant application.

After all reviews are completed, an approval package is prepared and approved by the Regional Director. Appropriate documentation of the grant is forwarded to the UMTA Office of Public Affairs. A press release is then issued from the appropriate Congressional Office concerning the grant. The Regional Director then sends the grant approval letter to the state, whereupon the state can begin obligating money against the grant.

B. National Policy and Procedural Guidance

Policy and procedural guidance for the 16(b)(2) program have always been the domain of UMTA Headquarters and are the responsibility of the Associate

Administrator for Transit Assistance. Initial guidance to the states consisted principally of sample forms that had to be submitted to UMTA. As program policy guidance was minimal during the first year or two, a number of issues and questions arose concerning procedures and requirements. In response, UMTA Headquarters provided additional guidance and clarified previously specified procedures. The last of this supplemental procedural guidance to the states was incorporated in the FY77 letters to the Governors. A limited amount of policy guidance has also been incorporated in the last two letters to the Governors.

Briefly, UMTA policy and procedural guidance to the states was conveyed in the following list of documents:

- A "PROCEDURES" document (one page), consisting of state administration instructions, and 14 sample forms with instructions on how to complete them - June 1974.

- A "STATE RESPONSIBILITIES" document (one page), sent to the states in 1975 with the grant approval letters, outlining state responsibilities, with attachments containing procurement standards, requisition requirements and some reporting forms.

- An "IMPLEMENTATION PROCEDURES FY75 GRANTS" memorandum (eight pages) to states clarifying or modifying procedures or responsibilities previously established, with attachments containing other sample reporting forms - October 1975.

- A "FY76 PROCEDURES" document (sixteen pages), attached to the FY76 letter to Governors, containing planning requirements and revised procedures for state administration - February 1976.

- An "ADDITIONAL IMPLEMENTATION PROCEDURES FOR FY75 GRANTS" memorandum (two pages) to states transmitting the "PROGRAM AUDIT GUIDE" and check-lists for project record maintenance, and clarifying tax and vehicle disposition issues - May 1976.

- The "FY77 GOVERNORS LETTER," which contained an attachment clarifying issues that had arisen in the FY76 program.

- The "FY79 GOVERNORS LETTER," which stressed the coordination requirement - April 1979.

- The "FY80 GOVERNORS LETTER," which reemphasized the coordination requirement and stated the requirements for complying with the Section 504 of the Rehabilitation Act - March 1980.

UMTA headquarters has also been the source of guidance to the Regional Offices, both prior to and following decentralization of the program. Two draft documents were sent to the Regional Offices for comment in 1978, and a revision to one of these documents was circulated within Headquarters for comment in 1980. However, no procedures or guidelines developed solely for management of the program by the Regional Offices have ever been distributed in other than draft form.

Documents uncovered relative to UMTA managment of the program are as follows:

- "PROCESSING SECTION 16(b)(2) GRANTS AT HEADQUARTERS" - (fourteen pages) consisting of procedures for processing and approval of grant applications, with appendices containing sample letters, forms and contract - undated.

- "GUIDELINES" FOR POST-APPROVAL MANAGEMENT" - draft (twenty-six pages) covering administration, financial aspects and reporting requirements, and containing sample state reporting forms - circulated for comment in July 1978.

- "INTERNAL PROCEDURES FOR THE SECTION 16(b)(2) CAPITAL ASSISTANCE PROGRAM" - draft memorandum (forty-nine pages) from the Associate Administrator for Transit Assistance to the Regional Directors covering general program information, the state role, contents of private non-profit applications, contents of state applications, application review procedures, and project approval - circulated for comment in September 1978.

- "MANAGEMENT GUIDELINES, SECTION 16 (b)(2) PROGRAM" - revised draft of the "GUIDELINES FOR POST-APPROVAL MANAGEMENT" - circulated for comment at Headquarters in March 1980.

The manner in which policy guidance and administrative procedures have been disseminated has resulted in consternation and confusion in the states and the UMTA Regional Offices. There are no official guidelines or procedures on program administration as no document of this type has been put through the rulemaking process. The guidelines that have been given to the states have been provided in bits and pieces over a period of several years, with some of it changing guidance previously transmitted. There is no single document to which the states can refer which contains all the information provided to the states for their administration of the 16(b)(2) program. This has caused difficulty, particularly in instances where there has been staff turnover in the position responsible for administering the program in the state. Personnel turnover has occurred frequently and has often resulted in incomplete or ineligible applications being submitted to UMTA. However, even if all the guidelines and requirements were contained in a single document, it would not be adequate to answer all states' questions. For example, there is considerable uncertainty concerning eligibility of specific types of private non-profit agencies, 504 compliance requirements, coordination requirements, and useful life of vehicles. In many instances, the states claim to be unable to get clarification of issues in writing, or even verbally, from UMTA. This will be discussed further in later sections of this report.

Headquarters guidance to the Regional Offices has also been lacking. No approved set of procedures or guidelines has been given to the Regional Offices, only draft versions on which comments were requested. Even though accompanying language states or implies that the draft documents should be used until final versions are prepared, there is uncertainty and apprehension concerning their use. Some Regional Offices are not following all parts of the draft guidelines. This may be the reason that states claim to have been given instructions from Regional Offices that are different from instructions given to other states. this may even happen in the same region if more than one person within the Regional Office is handling the 16(b)(2) program. The Regional Offices complain not only about the lack of an approved set of guidelines and procedures but also about the lack of detailed instructions on elements such as coordination and 504 compliance. Another complaint is there is no longer any clear staff responsibility in Washington for the program; there is no one to call to get answers to questions. Letters to Headquarters requesting resolution of specific issues may go unanswered for months.

C. 16(b)(2) Program Management Organization in the Regional Offices

The ten UMTA Regional Offices are organized in diverse ways depending on their size. All carry on the functions of planning assistance, transit assistance and project management. Section 16(b)(2) activities fall under both transit assistance (up to grant approval) and project management (after grant approval) functions. In some offices one person handles the 16(b)(2) grant application process (and all other UMTA grant applications) for a single state in the region and another person handles the 16(b)(2) project management function in that state. Elsewhere, one person handles both the 16(b)(2) grant application and the project management functions for all states in the region. In all, there are at least five different ways in which the 16(b)(2) program responsibility is distributed within the Regional Offices.

D. Regional Office Program Responsibilities

1. Policy

Although the program is decentralized, the Regional Offices provide very little in the way of direct policy guidance to the states. They primarily disseminate Headquarters policy statements. They do interpret policies where they feel the intent is clear, but issues of significance, where there is legitimate doubt, are normally submitted to Headquarters for resolution or clarification. The Regional Offices have expressed frustration concerning the elapsed time in awaiting Headquarters response to some requests. In spite of these frustrations, it seems appropriate for policy to be established at Headquarters so that all states will be operating under the same set of guidelines.

Not all states are operating under the same guidelines. the useful life of a vehicle. UMTA retains a financial interest in the 16(b)(2) vehicles throughout their useful life. The useful life of a van, which is the most common type of 16(b)(2) vehicle purchased, was originally defined by UMTA as five years. The 1978 draft "Guidelines for Post-Approval Management" used three years or 100,000 miles. The Regional Offices are generally using three years as the useful life, but some are doing so with trepidation. One Regional Office has asked Headquarters for clarification of this issue and has been awaiting a response for nearly six months. One Regional Office still uses the five-year useful life period.

Another example of conflicting guidance occurred in Wisconsin. Wisconsin officials stated that UMTA would not allow them to allocate their funding to regions or counties on a formula basis. Milwaukee officials have clamored for formula allocation, in order to assure that they will receive a share commensurate with their large elderly and handicapped population. State officials, sympathetic to this line of reasoning, asked the UMTA Regional Office to permit them to allocate to sub-state regions by formula, and to rely on evaluation criteria and discretion only within each region. UMTA's Chicago Office replied that this was not allowable. However, our study revealed at least three states that use formula allocation, including one within the jurisdiction of the Chicago Office.

Another example of lack of uniformity occurs in the enforcement of the coordination requirement outlined in the FY79 Governor's letter. Specifically, this letter requested that the states include as part of the project selection criteria: (1) written agreements with other agencies to cooperate in the mutual provision of transportation services; (2) evidence that the agency is willing to strucutre its activities to affect coordinated transportation; and (3) demonstrate that equipment purchased by public bodies is being fully utilized and that 16(b)(2) vehicles are required to provide special services that are needed but not available. In addition, the state should require the applicants to describe how the service it proposes will be coordinated with existing services. Several of the Regional Offices stated that they felt hampered by the lack of detailed guidance on what constitutes a satisfactory coordination effort on the part of a private non-profit agency. A complicating factor is that coordination is difficult to define and even more difficult to achieve. Consequently, this requirement receives varying amounts of attention at the Regional offices and is, therefore, enforced unevenly. In some instances the Regional Offices accept the states' assurance that coordination was achieved to the extent possible, while in other instances the Regional Offices actually attempt to ascertain this themselves.

A fourth example concerns a Regional Office which declared ineligible an application from an alcoholic treatment center, an agency which would be eligible according to the draft 1978 "Internal Procedures" memorandum. If program administration is to be continued in the current manner, the Regional Offices should be provided with more definitive guidance to pass on to the states.

2. Application Processing and Approval

The program functions which occupy the largest amount of Regional Office staff time are the review of state applications and the answering of inquiries concerning the application process. Estimates of the amount of staff time spent on this activity ranged from 6 to 18 person weeks in the different regions. Most of this effort occurs towards the end of the fiscal year.

The application review process consists of a number of steps which are outlined in the draft 1978 "Internal Procedures" memorandum. When a 16(b)(2) grant application is received, the Regional Office assigns a number to it, enters it onto the computer system, assigns it to one of the transportation representatives, and acknowledges the receipt of the application. The transportation representative then performs a preliminary review to determine whether all necessary items have been included. These items consist of the state application letter, OMB Circular A-95 affirmative review, standard Form 424 (financial assistance), project approval information, state consolidated budget, interagency agreements, state selection criteria, budget by individual organization, the individual private non-profit applications, and the state's assurance that the individual applications are in compliance with the statutory provisions and other applicable Federal regulations. The transportation representative sends a letter informing the applicant of the status of the application. If elements are missing or incomplete, specific instructions for correcting the application are included in the letter.

Once the state application is complete, the transportation representative reviews the elements that the state prepares in more detail to determine whether the state has ensured that all UMTA's statutory, administrative and technical requirements have been satisfied. The items screened in the preliminary review mentioned above are examined closely for sufficiency and accuracy. The transportation representative generally does not perform an in-depth review of the individual private non-profit agency applications but accepts the state's certification that they are valid.

When all application items have been reviewed and accepted, the transportation representative signs a review checklist and sends it on for review by the Office of Civil Rights and the Office of Chief Counsel. After all reviews have been completed, an approval package is prepared consisting of an approval memorandum to the Regional Director, an award letter to the grantee, the project budget, a contract cover, OMB circular A-102, and the financial assistance form (Form 424). The approval package is circulated to the Civil Rights' and Chief Counsel's Offices for signoffs before being approved by the Regional Director. One copy of the approval memorandum together with the Proposed Award of Contract and the Request for OST Grant Concurrence is submitted to the Office of Public Affairs in Washington. The grant is then released and issued according to standard UMTA procedures.

All the Regional Offices claim to follow these procedures in reviewing and approving state applications. In discussions with various transportation representatives, it was evident that some spent more time than others in reviewing the applications. It was also clear that the application review process is not a rubber stamp affair. In some instances the long period of time between initial state submittal of an application and the grant approval is due to the fact that the state submitted an application which was not accepted by the transportation representaive due to missing elements or ineligible appplicants. Some applications are cut back due to UMTA's discovery of ineligible non-profit applicants. This happens very infrequently, however. When it does happen, the state replaces it with another applicant, if one is available, and still receives its full allocation. However, there are states that do not have sufficient applications to apply for their full allocations. These states receive less money if any of the individual applications are rejected.

Several Regional Office staff have commented that a frequent complaint of the states concerns the long time taken in processing the applications. Many of the applications have taken six months or more to approve. However, it is not known how many of these applications were incomplete or contained ineligible applicants. Nevertheless, it appears that applications submitted closer to the end of the fiscal year are more likely to receive quick approval than applications submitted earlier.

There was strong sentiment expressed by several Regional Office staff members that the 16(b)(2) grant application and review process should be streamlined. Many complained that it took too much of their time. Some suggested a block grant type approach in which the states would manage the program and UMTA would perform little review. In this approach, interim or closeout audits would be the certification and settlement mechanism. There appears to be some risk in this approach since some states have filed consolidated applications which included ineligible applications.

UMTA is currently working on streamlining the application and review process. The Administrator has instructed the Office of Transit Assistance to accomplish this objective by following the recommendations of a Red Tape Reduction Task Force which was set up to review administration of the 16(b)(2) program. This task force recommended that the 16(b)(2) program <u>officially</u> be converted into a state-managed discretionary program. Under this new management approach, each state would submit a State Management Plan for approval by UMTA. This submission would be a onetime submission to be updated by the state as major changes occur. UMTA would authorize the expenditure of formula-apportioned funds based on the procedures contained in each state's approved management plan. The management plan would include a description of the state's organization and procedures for managing the program; the criteria to be used in approving project applications submitted to the state, etc. Under this approach, UMTA would continue to notify each state of its apportionment through an annual Governor's letter. Each state would announce the availability of funds to potential applicants, would receive and review project applications, select recipients, and award the UMTA apportioned 16(b)(2) funds. The task force recommended that a simplified application be submitted by each state for its annual application for its apportioned funds. UMTA staff would <u>not</u> conduct a second review of the applications or supporting justification, since this information would be held by each state. The justification would, however, be maintained on file and be available for UMTA audit and evaluation review.

The task force also recommended that UMTA develop and publish a Notice of Proposed Rule Making (NPRM) for the Section 16(b)(2) program which would include a description of the purpose of the program, the management approach and procedures, a definition of eligible applicants, a description of eligible activities, and the requirements and contents of the state application.

There was general concurrence in the Red Tape Reduction Task Force recommendations by representatives of the Regional Offices. It is understood that many, but not necessarily all, of the task force recommendations will be included in the NPRM that UMTA is preparing.

3. Post-Approval Management

Regional Office management following grant issuance consists primarily of reviewing the semi-annual progress and financial reports and the annual certification of use report, amending the grants, processing state requisitions for reimbursement, and answering inquiries from the states on a variety of 16(b)(2) program matters. None of these activities occupies much Regional Office staff time. The processing of requisitions, which has generally consumed more staff time than the other actitities, is becoming less of a burden now that some states have converted to a letter of credit arrangement and others have applied for conversion. Under this arrangement UMTA puts money into the Treasury Department's Regional Disbursing Office for the state to draw against. In neither case does the Regional Office receive detailed invoices that would allow it to check whether ineligible costs are invoiced for reimbursement.

The Regional Offices do not take an active role, nor are they expected to do so, in the vehicle procurement process. This is a state responsibility. At their own discretion, some Regional Office staff have reviewed vehicle specifications. However, this is not a prescribed function. The states must assure UMTA that all procurements are consistent with provisions of state laws and OMB Circular A-102.

Project monitoring of equipment and services normally consists of review of the semi-annual and annual reports. If this review turns up problems, these are investigated further. Problems may also be brought to a Regional Office's attention by complaints from non-16(b)(2) funded agencies, private operators, or public operators. In rare instances a staff member may pay an unannounced visit to a funded agency. This normally occurs only if the staff member happens to be in the area and has some available time.

If the state wishes to add or substitute a new private non-profit organization to the application after the grant has been approved, the Regional Office must process a grant amendment. However, if an approved organization can no longer use grant vehicles and they are transferred to another 16(b)(2) funded organization, no grant amendment is required unless the dollar amount or scope of the state's grant is changed by such transfer. This situation does occur, but not very often.

The Regional Offices report the most frequent inquiries to be on useful life and disposition of vehicles and on Section 504 compliance. As mentioned previously, the Regional Offices are not all in agreement on the useful vehicle life issue. Nor are they satisfied with their guidance from Headquarters on the 504 issue. Consequently, this has sometimes led to states in different regions being given different answers to their questions.

IV. STATE ORGANIZATION AND MANAGEMENT

A. Assignment of Responsibilities

1. Designated Agencies

Each state has designated an agency to administer the 16(b)(2) program. Usually, this is a state Department of Transportation (DOT). Table IV-1 shows the actual distribution of the designated agencies. There are 34 states in which a DOT has been designated and 7 more in which the highway department has been designated. All of these seven (Alaska, Arkansas, Nebraska, Nevada, New Mexico, North Dakota, and Wyoming) are primarily rural states. In some cases the 16(b)(2) program is administered by a public transportation or transportation planning section within the highway department.

TABLE IV-1. STATE AGENCIES DESIGNATED TO ADMINISTER THE 16(b)(2) PROGRAM

Transportation Related Agencies	Number
State DOT	34
State Highway Dept.	7
State Transportation Authority (NH)	1
State DOT/Transit Agency jointly (NJ)	1
Dept. of Highways & Public Transportation (TX & VA)	2
Dept. of Administration & Finance (Public Transportation Div.) (WV)	1
State Planning Service Agency (Div. of Public Transp.) (IN)	1
Motor Vehicle Division and Governor's Office of Economic Development & Transportation (SC)	1
	48
Non-Transportation Related	
Commission on Aging (OK, AL)	2
Council on Aging (MS)	1
Dept. of Community Affairs (MT)	1
	4
TOTAL =	52

Eight other states have designated some other type of transportation agency, such as the New Hampshire Transportation Authority, or the West Virginia Public Transportation Division of the Department of Administration and Finance. In New Jersey, the program is a joint effort of NJ DOT and NJ Transit. Another joint effort occurs in South Carolina, where most, but not all, of the program responsibility has been transferred from the Division of

Motor Vehicles to the Governor's Office of Economic Development and Transportation. Two states have designated an agency called the Department of Highway and Public Transportation, which is presumably similar or equivalent to a state DOT.

Four states designated agencies which did not appear to be responsible for transportation matters. These included Commissions on Aging in Alabama and Oklahoma, and the Mississippi Council on Aging. Also designated was the Department of Community Affairs in Montana. In Alabama and in Mississippi there are efforts to shift program responsibilities to state transportation agencies.

By and large, this study could not uncover any real differences in program administration due to the type of designated agency. No matter what state agency was involved, the 16(b)(2) program seemed to be administered by a small group of people ranging from about one to ten in number, who concentrated on this and other state-administered public transportation programs. The FHWA Section 18 program was often, but not always, administered by the same or a closely related group. If the state had its own state-funded public transportation assistance program (such as Michigan or Iowa), this would typically also be administered by the same organization.

2. Involvement of Other Agencies

Other state and regional agencies are involved in administering the 16(b)(2) program to varying degrees. Vehicle procurement is a specialized area of responsibility that is often handled by a state purchasing agency or department. This stsate purchasing agency either purchases the vehicles directly or assists recipient PNP agencies if the latter do the purchasing. This point is discussed in more detail in Section VI. Sometimes a state highway or motor vehicle department inspects or checks vehicles in the field, especially if the vehicle titles are held in the state's name.

Primary involvement on the part of state social service agencies is usually encountered in the form of an ad hoc committee of individuals from these agencies, created for the express purpose of reviewing and selecting PNP applications. (Evidence indicates that these committees have not evolved into standing committees, nor have they taken any role besides their mandate.) The committees typically involve state agencies handling aging, mental health, development disability, vocational rehabilitation, welfare, and other human service programs. Numbers of people or agency representatives range from three to a dozen. In some states the committees do not have final authority, but rather are advisors to the state secretary of transportation or other designated official who has the final decision-making power. However, this study indicated that committee recommendations are rarely overruled.

About one-third of the states, including, for example, Illinois, do not have an interagency committee, and the entire applicant selection process is performed by the designated agency. In Illinois' case, they provide for social service agency input by requiring local applicants to include comments in their applications from relevant administering social service agencies, such as the Area Agency on Aging for their regions. Other states leave some or all of the applicant selection process up to regional agencies, such as Metropolitan Planning Organizations (MPOs). For example, Missouri DOT requests that East-West Gateway Coordinating Council (the St. Louis MPO) rank all 16(b)(2) applicants from its urbanized area. Although advisory only, this ranking is heavily weighted. Ohio has recently delegated full managerial responsibility for the program in most of its urbanized areas to the MPOs.

In other cases, this partial delegation of administrative responsibility for the program occurs at the regional level of the state agency. In both Texas and California, district offices of the state DOT play a major role in soliciting and accepting applications. These district offices assign priorities to the applications for their districts and eliminate potential applicants who are obviously ineligible. Generally, this form of program decentralization is found in the larger states and is also associated to some extent with the presence of large urbanized areas.

3. Role of the Metropolitan Planning Organization

Every urbanized area which receives Federal transportation funds has an agency which has been designated as the metropolitan planning organization (MPO). This agency is responsible for approval of the transportation planning process and the TIP, and for allocation of regional transportation funds if there are multiple transit operators. Generally, the MPO is also the A-95 review agency. Every 16(b)(2) application from an urbanized area has to receive a favorable A-95 review and be written into the TIP. Thus, each 16(b)(2) applicant in an urbanized area has a direct relationship with the MPO.

The manner in which the 16(b)(2) program is included in the TIP varies substantially. Some MPOs in large urbanized areas may place the 16(b)(2) program itself in the TIP, rather than the names of specific agencies. Other MPOs add names of applicants after successful selection by the state agency. Some MPOs add PNP agencies to the TIP before the state-wide selection, although this may require deletion of agencies which are ultimately unsuccessful. Usually a certification form must be submitted to the state agency by the MPO which states that the project is consistent with the TIP and has been placed in the TIP. Some states ask that a copy of the TIP actually be submitted. (In a non-urbanized area, these steps are repeated for a TDP, which can be prepared by a Regional Planning Commission, other local unit of government or the state itself.)

Enhancement of the MPO role beyond TIP certification has occurred in some cases. The State of Ohio, for example, has almost completely decentralized administration of the program to the MPOs. Ohio DOT's procedures are as follows:

1) Each MPO will receive an allocation of federal dollars which will be the maximum amount that will be available for utilization within its urbanized area.

2) Each MPO will identify and inform eligible private nonprofit agencies within its urbanized area of the program availability.

3) Each MPO will review all applications for grants from private nonprofit corporations within its transportation planning boundary for conformance with eligibility requirements.

4) Each MPO will assist applicants in obtaining a regional A-95 review.

5) Projects reviewed and selected by the MPOs must be identified in their Transportation Improvement Program (TIP). Documentation to this effect must be forwarded to ODOT by the appropriate MPO along with the approved projects.

   Those projects identified in the TIP narrative must be shown as essential elements in improving transportation for the elderly and handicapped, by responding to the travel needs identified in the plan and taken from the elderly and handicapped planning element.

   Additionally, it will be necessary as part of the planning process to review each applicant's overall transportation program and make a determination of its status in obtaining system accessibility as mandated by Section 504 of the Rehabilitation Act of 1973.

6) In addition to the evaluation criteria established by ODOT and approved by UMTA, MPOs may have evaluation criteria which will be used to ensure that the project proposed by the applicant meets the needs of the community and is consistent with the area transportation plan.

7) Each MPO will select local applications which are consistent with their local transportation plan and who best qualify and conform to the selection criteria. These applications will be forwarded to ODOT for inclusion in the consolidated application to UMTA.

Ohio's procedures are atypical. Nevertheless, at the very least, the MPO plays a significant role in the 16(b)(2) program for urbanized areas in each state by virtue of its TIP approval responsibility. In some states the MPO role is greatly expanded by its inclusion in the 16(b)(2) applicant selection process.

B. Staff Resources

This study was able to gather estimates of the staff resources utilized to administer the 16(b)(2) program. Typically, more than one person works on the program, and staff time may be distributed between 16(b)(2) and other programs, such as Section 18. The estimates generally cover only central office staff of the designated agency. Staff time from other cooperating regional, state and local agencies is not easily estimated. Also, state purchasing agency staff time is generally excluded.

Table IV-2 shows a frequency breakdown. The range of estimated staff effort went from zero person-years in Delaware (no 16(b)(2) program) to an estimated seven person-years in New York. Twenty states estimate one or less person-years. The average level of effort in all of the states is 1.6 person-years. These estimates of staff resources applied in program administration are consistent with the costs of program administration, which is discussed next.

TABLE IV-2. LEVEL OF EFFORT IN STATE 16(b)(2) PROGRAM ADMINISTRATION

Staff Resources in Person-years	Number of States	Percent
0	1	2%
<1	13	26%
1	11	22%
>1, <2	8	16%
2	6	12%
>2, <3	2	4%
3	4	8%
>3	3	6%
No Answer	1	2%

Total = 49.

Average = 1.6 person-years

C. Cost

Most state representatives could provide only rough estimates of the costs of administration of the 16(b)(2) program. Again, these estimates usually pertained to the costs of the central office staff of the designated state agency. The staff time from other agencies - state social service agencies, regional agencies, purchasing divisions and division offices - could not be estimated but is probably, in many cases, not very large.

UMTA allows up to 8% of the state's allocation to be used for 16(b)(2) program administration, and this amount figured prominently in the estimates of state costs.

Table IV-3 shows the FY79 allocation for each state, 8% of that amount, and the estimated actual cost of administration. Only 29 states provided any cost information. The amounts ranged from $0 in Delaware to about $250,000 in California. Of the 22 states which gave an estimate, the average was $43,370 (per year).

TABLE IV-3. STATE ADMINISTRATIVE COST

	FY 79, 80 Allocation ($)	Maximum Allowable State Administrative Charge: 8% of Allocation ($)	Estimated State Cost ($)
Massachusetts	465,000	37,200	32,000
Connecticut	261,000	20,880	NA
Maine	173,000	13,840	13,840
Rhode Island	158,000	12,640	NA
Vermont	129,000	10,320	NA
New Hampshire	144,000	11,520	NA
New York	1,312,000	104,960	208,000
New Jersey	523,000	41,840	48,000
Puerto Rico	480,000	38,400	NA
District of Columbia	158,000	12,640	>12,640
Delaware	129,000	10,320	0
Maryland	319,000	25,520	26,000
Pennsylvania	888,000	71,040	-
Virginia	407,000	32,560	NA
West Virginia	261,000	20,880	16-17,000
Alabama	407,000	32,560	20,000
Florida	728,000	58,240	<58,000
Georgia	465,000	37,200	NA
Kentucky	329,000	26,320	<26,000
Mississippi	348,000	27,840	-
North Carolina	494,000	39,520	>25,000
South Carolina	304,000	24,320	24,000
Tennessee	436,000	34,880	30-40,000
Illinois	801,000	64,080	50,000
Indiana	421,000	33,680	NA
Michigan	626,000	50,080	NA
Minnesota	348,000	27,840	27,000
Ohio	757,000	60,560	NA
Wisconsin	377,000	30,160	NA
Arkansas	304,000	29,320	29,000
Louisiana	421,000	33,680	NA
New Mexico	173,000	13,840	12,900
Oklahoma	334,000	26,720	20,000
Texas	932,000	74,560	NA
Iowa	304,000	24,320	<19,000
Kansas	261,000	20,880	30-35,000
Missouri	465,000	37,200	37,200
Nebraska	217,000	17,360	NA
Colorado	231,000	18,480	30,000
Montana	144,000	11,520	26,000
North Dakota	144,000	11,520	14,000
South Dakota	158,000	12,640	NA
Utah	158,000	12,640	25,000
Wyoming	115,000	9,200	NA
Arizona	231,000	18,480	NA

California	1,385,000	110,800	250,000
Hawaii	129,000	10,320	NA
Nevada	129,000	10,320	NA
Alaska	115,000	9,200	NA
Idaho	144,000	11,520	6,200
Oregon	246,000	19,680	>20,000
Washington	319,000	25,520	>25,000
		TOTAL	$954,140

Average (22 states) = $43,370

A comparison of the estimated actual state cost with the allowable charge of 8% of the allocation revealed the following findings:

11 states estimated their cost at less than 8%

7 states estimated their cost at about equal to 8%

12 states estimated their cost at more than 8%

Some states, particularly rural states, commented that the 8% allocation was quite adequate. (Many states never use any cf the allocation for administration; others always charge the maximum 8%. Apparently this choice depends on the availability of state funding for state agency staff.) Other states claimed that the 8% did not cover costs. Both California and New York, the two largest states, made explicit statements that the 8% came nowhere near covering their cost of administering the program. Some other states were worried about monitoring each vehicle over its entire useful life, fearing that as vehicle fleets grew larger, their staff effort would also increase. An increase in the percentage of the state allocation which could be used for 16(b)(2) program administration would allow more states to recover the cost of administering the program. On the other hand, if larger amounts were expended for program administration, there would be less money available for purchasing vehicles and related equipment. By comparison, the Section 18 program allows up to 15% for grant administration.

D. Institutional Issues

A major institutional problem arises when the required PNP status of a 16(b)(2) recipient is at odds with a state or regional drive to consolidate, unify, expand, or enhance transportation services, and to do so in the public sector. Some examples may help to clarify the nature of this problem. Delaware, which has a state-wide public authority for elderly, handicapped, and social service agency client transportation (DAST), has never received any 16(b)(2) vehicles. Since DAST is a public agency, it is ineligible. When Delaware submitted an application for 16(b)(2) vehicles for several PNPs in 1976, the UMTA Regional Office rejected the entire application on the grounds that Delaware had not adequately demonstrated that DAST services were "unavailable, insufficient, or inappropriate." However, many social service agencies feel that they cannot afford to contract with DAST, and Delaware DOT is supportive of their search for a less costly alternative. Nevertheless, discussions between state and UMTA officials at the time of the 1976 application failed to win a favorable decision for the state and Delaware has not applied for 16(b)(2) vehicles since that time.

In Michigan, a newly funded "county incentive program" makes grants to counties to establish unified county-wide transportation programs which serve the public, including the elderly and handicapped. The state has determined that each county beginning such a program must consolidate all state-funded transportation programs, including 16(b)(2) vehicles. This requires that any 16(b)(2) vehicles in that county be given up by the original PNP recipient and turned over to the county. Since this is counter to UMTA policy, the Michigan DOT administering (and paying for) the county incentive program, has actually bought out the UMTA share of some 16(b)(2) vehicles so they could be turned over to county programs. As a result, Michigan does not favor the PNP restriction.

In Tennessee, there are 9 regional Human Resource Agencies which blanket the state. They are empowered to deliver social services, including transportation, and some are large operators of consolidated transportation systems. Some of these designated regional agencies are Community Action Program (CAP) agencies, which under Tennessee law are considered public, not private agencies. Thus they are ineligible to receive or lease 16(b)(2) vehicles. (UMTA draft guidelines prohibit an eligible recipient from leasing the vehicle to a public body.) Some PNP agencies with 16(b)(2) vehicles have desired to lease their vehicle to a CAP agency leading a consolidation effort, but were prohibited from doing so because of the UMTA guidelines.

An institutional solution adopted by some states was the designation of one recipient 16(b)(2) agency per "area", however defined. For example, the District of Columbia awarded all FY 77-78 funds to a single recipient. In Rhode Island, most (but not all) of the vehicles have gone to Senior Citizens Transportation, Inc., a state-wide PNP consolidated transportation provider. In Maine, 8 large regions covering the state have been established and there is a single designated 16(b)(2) recipient for each. In Georgia, each county is required to designate one non-profit agency for the 16(b)(2) program. In most states, however, this designation is not formal, but is part of the competitive application selection process. This designation and restriction process can also take place in the urbanized area. For example, Columbus, Ohio put together a consortium of PNPs to be the only allowable recipients in its urbanized areas. Also, the state of Kentucky designated a limited number of PNPs as the only eligible 16(b)(2) recipients. Their rationale for this approach is that it cuts down on application reviews, allows the designated recipient agency to count of future deliveries of 16(b)(2) vehicles, and, hopefully, helps to institute some type of coordination in that area by cutting down on fragmentation.

V. STATE APPLICATION SELECTION

A. Program Implementation Schedule

The 16(b)(2) program is implemented by time-consuming procedures. There is generally a set sequence of steps in the implementation process, each of which is subject to delay. Generally each step must be completed before going on to the next one. Due to the multiple grantees, assurances, approvals and jurisdictions involved (MPOs, states, Regional Offices), it is perhaps, not surprising that the process may take two to three years from the time of receipt of the Governor's letter to vehicle delivery. Also, the length of time needed to complete each step can vary quite widely. For example, the state may delay its application deadline to allow a tardy applicant more time. Many states take a great deal of time in waiting for successful applicants to complete A-95 reviews, prepare a TDP, or produce other required assurances. Finally, UMTA may request to the applicant agency. All of these actions lengthen the grant-making process.

In the course of this study, it was possible to track the implementation process from Governor's letter through UMTA approval for a number of states' funding cycles. Complete information could not always be gathered, but enough data was available to give a useful picture of the overall time-frame for program implementation. This information is summarized in Table V-1, which shows the elapsed time between various important processing milestones.

The implementation process typically begins when the states notify the PNP agencies that 16(b)(2) funds are available. Usually, this occurs at about the same time as the Governor's letter. A few states either anticipate the letter, or continuously solicit applications, but most begin the process immediately after receiving the letter. Unfortunately, adequate data could not be gathered on elapsed time between Governor's letter and notification to agencies.

Many states employ a pre-application or letter of intent procedure. Basically, this allows the state to reject ineligible applications, or to encourage others to work together. The procedure avoids excessive paperwork. Some states conduct screening at a state regional office, at the MPO level, or have only a few designated 16(b)(2) recipients, thus removing the need for pre-applications. Final applications are usually distributed to all who successfully pass the pre-application. Following the final PNP application deadline, state selection of projects and compilation of the state-wide consolidated application ensue. The total elapsed time from receipt of the Governor's letter to submittal of state-wide application averaged 9.8 months, with a range of 4.5 to 18 months. A total of 33 data points provided by the states indicated an average of 5.7 months, with a range of 1 to 13 months, from submission of the state-wide application until UMTA approval. These times are not additive since they are based on different samples. Since a lengthy procurement and vehicle delivery process must usually be added, the entire cycle can easily take 2 years or more. Exact data on the length of procurement cycles were not gathered.

Data on the timing of state application submittals and UMTA approvals were examined in an attempt to determine whether UMTA approval time varied from region to region. However, not enough data points were available to make a determination on this point.

The length of the implementation process was often described by state officials as devastating to the program. Operating funds which were available at the time of application are often unavailable at the time of vehicle delivery. In other cases, applicants drop out of the process in frustration. Often, by the time the state goes out for bids, vehicle costs have risen to the point where the grant money is not sufficient to make the intended purchases.

B. Volume of Applications

In most states, the potential demand for 16(b)(2) vehicles is higher than can be supplied under the state's allocation. Various means are employed to reduce the volume of requests. There is gradual attrition as hopeful agencies are eliminated in various stages of the application process. Some are ineligible, some are told to coordinate with other agencies, some cannot produce the relevant match or assurances, and some are possibly deterred by the paperwork and/or length of the process. Nevertheless, states usually end up with more eligible, complete and worthwhile applications than they can fund, and therefore must perform some ranking process. there are, however, a minority of states, many in rural areas, that have not had enough PNP applications in some fiscal years to use their full allocation.

Some data was gathered in this study on the rate at which the volume of applications is reduced. From a sample of 32 states, it was determined that 690 eligible and complete PNP applications were reduced to 473 in the statewide applications to UMTA. This yields on approval rate of 68.5%. Not all unsuccessful applications are discarded, however. Some are submitted by the states in the next fiscal year. A similar analysis showed the approval rate on requested vehicles to be only 60.6%. The vehicle approval rate is less than the project approval rate because states sometimes approve projects for fewer vehicles than the applicants requested.

A significant amount of project attrition occurs prior to submission of a complete, eligible application to the state. Attrition occurs in states which have pre-applications or letters of intent and in those states with some preliminary or regional review process. For example, New Mexico received pre-applications from 150 agencies, but mailed final application packages to only 120 of them. Only 22 agencies responded with full applications. In Illinois, over 120 pre-applications were received, but only 40 agencies completed final applications. In Tennessee, there were 70 pre-applications and 42 final applications. Further, states such as California, Texas, Ohio, New Jersey and Georgia, each of which has a district/regional screening or ranking process, eliminate a number of projects which are not reflected in the state figures. There are also states, such as Maine and Iowa, which essentially reject no applications since they have designated 16(b)(2) vehicle recipients.

During their review, the UMTA Regional Offices appear to reject few applications. In a sample of 467 projects included in 32 state-wide consolidated applications, only 5 or 1.1% were not approved by UMTA. This amounted to 11 vehicles, or 1.3% of the 843 requested by the states. Exact reasons for UMTA disapproval were not determined in this research. Also not determined was the number or percent of projects for which UMTA requested additional documentation before making an approval.

In summary, there is a substantial reduction in the volume of applicants as a result of the application review process. Much of this screening occurs prior to final submission of a complete and eligible application to the state, although it is not known how many of these projects would be eligible and worthwhile if completed. States generally reject or hold over about 1/3 of the completed applications. UMTA approves 99% of the projects and vehicles in the state-wide consolidated applications. The low rejection rate would seem to reinforce the recommendations of the Red Tape Reduction TAsk Force which would eliminate UMTA review of the state applications.

C. Selection Criteria

In its "FY76 PROCEDURES" document, attached to the FY76 letter to Governors, UMTA directed the state designated agencies to develop criteria for the selection of PNP agencies reflecting the following elements:

(1) The degree of coordination and cooperation among local organizations and existing transit and paratransit operators.

(2) Financial and management capabilities of the proposed 16(b)(2) applicants, particularly in assuring that adequate operating funds exist.

(3) Quality and thoroughness of the operating plan.

(4) Vehicle utilization, ridership projections, and trip purposes.

(5) Extent and urgency of local needs.

The directive did not specify the relative importance of these factors, and in general the states were afforded a good deal of flexibility in their interpretation. The following paragraphs illustrate the evolution of selection criteria at the state level.

Coordination is the single most important quality sought by the States in the PNP proposal. The degree of vehicle utilization was also mentioned by many states as critical to the evaluation process. In states where competition is stiff, the agency which seems likely to use the vehicle most is usually selected.

Most rural states place primary emphasis on the capabilities of the transportation providers. Weighing heavily in the decision are evidence of financial, management, and transportation skills, quality and thoroughness of the operating plan, prior experience in providing transportation, and reliable sources of operating funds. In this regard, a letter which guarantees operating funds (for example, from Title XX), is often a crucial determinant in the selection process.

A related indication of the importance of various selection criteria is the number of states using each criterion. Of the 32 states which have selection criteria and were able to provide the information, 29 (all but 3) included coordination, 22 included "extent and urgency of local needs," 21 included experience in or demonstration of capabilities in transportation, finance, and management, 18 included vehicle utilization, 13 included reliability of operating funds, 13 included lack of alternate transportation for the client groups, and 12 included "quality or thoroughness of the operating plan." The last two seem to be included less frequently because they can be incorporated in the more universal criteria. For example, "lack of alternate transportation" can be considered part and parcel of "extent and urgency of local needs," and hence is sometimes not mentioned specifically. Also, many states do not wish to rely on the theoretical soundness of the operating plan, preferring instead to examine the demonstrated capabilities of the applicant.

Although most States mentioned "extent and urgency of local needs," and/or unavailability of alternate transportation, one gets the impression that these criteria are not pivotal in the selection process due to the fact that, outside the largest cities, nearly all applicants can amply demonstrate both a need and a lack of alternatives.

Some states require the applicants to submit large amounts of evidence in support of their applications. The kind of evidence required varies from simple assurances to detailed plans and contracts. As evidence of coordination, for example, some states require only copies of a public notice inviting the comments of interested parties. Other states require letters of support from other PNPs and from public and private transit and taxi operators. Wisconsin asks for written agreements to supply transportation to other agencies serving the elderly and handicapped, agreements which automatically become binding upon delivery of the vehicle(s). The Wisconsin committee also seeks evidence that the applicant is willing to restructure its schedule of activities to allow coordinated transportation service.

In addition to the basic requirements and assurances, over one hundred questions have been developed by the Alabama Commission on Aging (ACoA) for the purpose of ranking their PNP applicants. Most of the questions require short objective answers which can easily be verified. Interpretations and conclusions are made by the ACoA rather than by the applicant. The questions are designed to be factual so that the applicant is not asked to evaluate itself.

Alabama is a prime example of a state which emphasizes the capabilities of the applicant organization. For example, as evidence of organizational stability and growth, the applicant is asked for the date of its incorporation, and for the number of employees and volunteers on the first corporate anniversary date and on the most recent corporate anniversary date. General organizational efficiency is measured by comparing the number of volunteers and part-time employees to the number of full-time employees. Financial security is measured by determining the funding sources and by examining the rate of change of the corporate budget from year to year. Responsiveness to various client groups is addressed by the question of what fraction of the corporate board members are elderly, handicapped, or members of minority groups.

The Alabama application then asks about thirty factual questions about the transportation service currently being provided. As a result, an applicant which already provides a good and efficient service has a substantial advantage over a similar applicant who has never provided transportation services. These questions concern ridership profiles and trip purposes, as well as operating characteristics, costs, and revenues. Finally, there are thirty-three questions, each ending with, "Attach documentation of agreements to insure this involvement," which ask how local governments, elderly and handicapped interest groups, community organizations, public transit operators, and private transportation providers have been involved in determining the types of services to be provided, eligibility and fares, driver selection criteria, and coordination with other transportation and with community activities.

In spite of UMTA's directive to develop criteria for the selection of PNP applicants, a few states with a low volume of applications have not done so. Mississippi is beginning to develop criteria at the time of this writing. Montana, Wyoming, and Maine officials declared that they had none.

D. Evaluation Procedures

The majority of states have developed a numerical scoring system by which to rate their applicants. Typically, four to six categories are used, with a different weight or value assigned to each. Within each category, there are three to five gradations to distinguish stronger applications from weaker ones. Rarely are applications rated on only two gradations such as satisfactory or unsatisfactory. Often, the applicants have been made aware of the evaluation criteria as well as their relative weights, so that they can prepare their applications accordingly. This practice may lead to rather misleading applications; on the other hand, it might be even less desirable to keep the scoring information under lock and key, given the potential of "leaks" to certain applicants and not to others.

In a few states, applications are evaluated by a single individual, but more often, there is a group of people from the designated agency, or a committee representing several agencies. The committee decision process is usually numerical -- the score of an application is simply the sum of the points received from all committee members. But in at least one state, the process is one of consensus -- each disagreement on the rating of a single applicant in a single category is discussed until agreement is reached as to whether the application deserves a "3" or "4" in that category.

Although the majority of state agencies evaluate the applications entirely at the central office, with no input from sub-state regions other than required by the TIP/TDP process, many states do delegate major selection responsibility to transportation districts and local governments. In Colorado and in Georgia, for example, the state requires that each county select one lead agency as the only 16(b)(2) applicant in the county. Both states have generally included all the lead agencies in their consolidated applications to UMTA. Maine has allocated its 16(b)(2) funds to each of its eight transportation regions and has designated a single provider for each. If a new PNP applies in response to a public notice or other information source, the DOT refers the PNP to the appropriate regional provider.

Two other states, New Jersey and Florida, delegate selection responsibilities to sub-regions, though they do not require the selection of a single provider. Once the regions have ranked the applicants, there is no screening remaining for the state office to do, since, in New Jersey, each county has a formula allocation, and in Florida, there has always been sufficient funding for all eligible applicants. Finally, eleven other states require the regional governments, COG's, or transportation districts to provide substantial input to the state selection process.

VI. STATE ASSISTANCE TO AGENCIES

A. Vehicle Procurements

Every state agency gives extensive assistance in procuring the vehicles and other capital equipment (primarily radios) acquired under the 16(b)(2) program. In about 80-85% of the states, a state agency actually does the vehicle procurement through a state purchasing agency or other organization. Only in a minority of cases, 15-20%, does the recipient 16(b)(2) agency itself do the procurement. In these cases, the agency is required to adhere closely to established state procurement procedures.

In almost all cases, the state agency and the recipient agency work closely to develop the vehicle specifications. Typically, the actual specifications are written by the administering state agency (e.g., the state DOT), with input from the selected recipients about the vehicle sizes desired, options, seating arrangements, etc. The state DOT may then pass the specifications to the state purchasing body which will solicit bids. Although low qualified bid procedures are always used, states vary as to how many different procurement packages are let. Some states award the entire purchase as a package, but a somewhat more prevalent practice is to let each different type of vehicle as one package, i.e., all 10-16 passenger vans will go to one bidder.

Level and detail of vehicle specifications vary from state to state, depending on practice and regulations. Some of the larger states, which have had to purchase a large number of vehicles, have attempted to simplify and streamline the process. They do this, generally, by developing specifications for a limited number of vehicle types and allowing recipient agencies to choose from these types. For example, Massachusetts only offers two types of vehicles - an 8-12 passenger van with raised roof and lift and a 15-20 passenger vehicle with lift. Other states with this type of limited choice include Wisconsin, North Carolina, and New York (not a complete list).

Some states attempt to simplify the procurement process itself by obtaining an on-going state contract with a vendor to supply some or all of the anticipated 16(b)(2) equipment. That is, a vendor is selected under low-bid procedures long before final UMTA approval of any particular 16(b)(2) grant. Thus, when approval is finally granted, a recipient agency may purchase immediately under the existing contract. The advantages of this are that procurement delays are reduced, a low price may be obtained, and the individual recipient agency is assured that all federal and state procurement regulations have been met. The disadvantages are less choice of equipment by the grantee and no choice of vendor.

Some states have shifted back and forth, trying different procurement procedures in an effort to discover the best approach. Tennessee is a somewhat extreme case of a state which has changed its approach each year. Initially, the agencies purchased vehicles through the state, but were evidently dissatisfied with the delays and standardization encountered. The next year the state bought the vans, but the individual agencies bought their own lifts. The third year, each agency purchased its own vehicles but this proved to be an "administrative nightmare," according to Tennessee DOT staff. Now they are attempting to break the state into three regions, and within each region to have one contract for lift-equipped vehicles and one for non-lift equipped vehicles. This will help to eliminate one of the big problems with having a single state-wide vendor -- namely, that many agencies of necessity located long distances from the vendor, complicating their maintenance and warranty procedures.

North Carolina has one of the most interesting procurement arrangements. Each recipient agency has a choice of three ways to obtain its vehicle. It can purchase on an existing state contract, which provides for a variety of state equipment including 15-passenger vans. If this is what the recipient wants, this approach is fast, easy, and assures a low price. However, the recipient has no choice of model or brand item and must deal with the one pre-selected supplier. Alternatively, the recipient agency can request a special state purchase via competitive bid if their desired equipment is unavailable under the first option described above. The recipient agency gains the experience of the state in procurement and in writing vehicle specifications. This approach is appropriate for specialized vehicles or complex equipment. However, the process is somewhat rigid, can be lengthy, and the agency must accept the low bidder. Finally, NCDOT will assist the recipient to purchase its own equipment if desired. This approach yields the greatest flexibility to the recipient but requires the most work and probably does not shorten the procurement process.

By and large, the recipient agency will hold title to the vehicle. This is the case in about 80-90% of the states. The state will always retain a lien on the vehicle, however, to ensure that the Federal and state interest can be enforced. Some examples where the state holds title are California, Maryland, District of Columbia, and New Jersey. In the latter case, NJ Transit actually holds title, and the vehicles have NJDOT license plates. In Washington, DC, the vehicles have DC government plates. In Florida, the state now holds the title, but is considering giving it to the recipients. In general, it is probably more onerous to have state ownership because of the potential for additional restrictions, such as higher insurance coverage.

The procurement process from UMTA approval of the 16(b)(2) grant to delivery of the vehicle can be lengthy. In general, the process takes a year or more, with few states managing to shorten this time. The efficiency of the state procurement process is a prime factor in this. The length of the bid process itself can be about 3 months, due to specification development and notification procedures for bids. This assumes a skilled purchaser, such as a state agency. Apparently, one of the drawbacks to having individual agencies procure their own vehicles is that many of them are unfamiliar with state/Federal procurement procedures, and thus the process becomes more lengthy for them. Only in those cases of an existing state contract or in a purchase of off-the-shelf equipment (e.g., unmodified station wagons) can there be much hope of shortening this lengthy process.

Actual delivery of the vehicles, once a vendor contract has been let, is typically accomplished in six to nine months except where an existing contract is used to purchase unmodified vehicles. This is because vehicles must usually be specially manufactured or modified, and because there is a three or four month period every year between model years, when vans are not manufactured. Many vehicle procurements have a way of occurring during or before this change-over, thus necessitating extra delays.

B. Technical Assistance

Some states make significant efforts to help agencies in dealing with the 16(b)(2) program. Some, such as Ohio and New York, have sponsored regional meetings around the state at which the program is explained. Usually, this is in conjunction with the application process, and is designed to assist people who want to apply. Also, many states have put out booklets, pamphlets, guides, brochures, etc. on the program. Some of these are short; some are lengthy. (For example, the Ohio package of instructions for applicants, including application forms, is over 100 pages long.) State information deals with the application itself, vehicle procurement, planning requirements, reporting requirements, private provider sign-off or public notice, etc. Section 8 funds are sometimes used to provide this assistance.

A number of state agencies have initiated general technical assistance programs. For example, the Iowa DOT, Public Transit Division, has prepared 12 assistance packages which are of use to transit managers and decision-makers. The newest is an 18-minute audio-visual presentation called "Yes, We Can," addressing the coordination and consolidation issue. The Louisiana DOT holds annual regional workshops designed to explain transportation issues. Georgia's DOT has developed efficiency standards for 16(b)(2) services. State-level and district-level personnel cooperate to assist the PNPs in achieving or surpassing these standards. Monthly reporting forms are submitted by the PNPs to the state office, which processes them by computer to determine the efficiency of each operation. This information is then passed to the district offices, which in turn contact the PNPs to discuss the findings and remedy problems.

However, most state agencies do not have a rigorous mechanism set up to ensure that technical information and advice is transmitted to 16(b)(2) agencies. Particularly when this technical data regards actual transportation system operation, there is little in the way of a structured approach. On the other hand, state agencies almost always provide informal advice and assistance to agencies when they request it. That is, state agencies will respond as well as they can to telephone (or personal) inquiries about transportation matters. We can assume that much of this informal assistance is primarily related to the regulations and requirements of the 16(b)(2) program itself; that is, how to apply for and receive vehicles.

One reason for the lack of technical assistance is that state agencies are generally required only to administer the 16(b)(2) program, not to supervise or oversee the recipient agency's transportation services. State agencies generally do their best to see that recipients meet 16(b)(2) guidelines (primarily through the selection process), but this does not usually extend to upgrading or changing prior transportation service through technical assistance.

The 16(b)(2) program covers an enormously wide gamut of recipient agencies, who have an equally wide variety of skill levels. In contradistinction to the initial years of the program, it is probably harder now for an agency with no experience as a transportation provider to get a grant. (Many 16(b)(2) vehicles from FY79 and FY80 grants are being used to replace earlier 16(b)(2) vehicles, thus showing that the eligible agency has been in business for a number of years.) To no small extent, these changes are the result of UMTA's emphasis on coordination and managerial competence, and on the growing size, permanence, and sophistication of the social service agency transportation industry.

The need for technical assistance on the part of 16(b)(2) recipient agencies is changing. No longer does the typical recipient need to be told how to operate a single vehicle. Rather, more and more of the recipients are skilled, experienced transportation operators, some of whom can be considered to be expert in this field. Their needs for technical assistance now encompass multi-vehicle management strategies, regional operations, negotiations with transit authorities, and integration of Federal funding sources. Unfortunately, most states are not set up to provide this type of assistance.

C. Planning Assistance

UMTA draft guidance basically required that all 16(b)(2) projects be included in the on-going transportation planning process. In non-urbanized areas, a community-wide Transit Development Plan (TDP) is required, including the needs of the public at large, not just the elderly and handicapped. In urbanized areas, the services proposed by the applicant must be a part of the Annual Element of the Transportation Improvement Program (TIP/AE). In both cases, the appropriate document would usually be prepared by someone other than the applicant PNP agency, thus making the entire 16(b)(2) process somewhat subject to agencies other than the applicants themselves. (This is, of course, one of the purposes of the planning requirements).

Since all urbanized areas have TIPs, it is not too difficult to comply with the regulations. During the A-95 review process, all potential 16(b)(2) applications come to the attention of MPOs. They can make a finding that any particular applicant's proposed project is or is not in compliance with regional transportation policy. Those that are, and which become successful applicants at the state level, can be added to the TIP/AE.

The process is not dissimilar in non-urbanized areas, except that in many rural areas there is, or was, no TDP in existence. The instigation of this planning requirement, in fact, led to the preparation of the first TDP for many rural areas. Preparation of the TDP required some work, and this was often provided by the state administering agency--the state DOT or highway department--who would charge a planning division therein with completion of this task. In other cases, a rural regional planning or development agency would prepare the TDP, possibly with the assistance of the state agency. In some instances 16(b)(2) projects have been approved with the stipulation that they will be included in TDPs within one year.

The planning requirement and to some extent the state-level review, has resulted in the combination and strengthening of some individual PNP applications. In urbanized areas, MPOs usually receive far more PNP applications than are likely to be funded. Hence, they often insist on complicated inter-agency agreements to ensure the highest possible vehicle utilization. In rural areas, the regional or state planning agencies are often faced with worthy but weak applications prepared by financially strapped non-profits with little expertise in transportation. Hence, the planning agencies, rather than merely discarding weak applications, often revamp and revise them. Thus, the applications arriving at the state designated agency, both from urbanized and from rural areas, are sometimes altered and improved due to the planning review requirement. Similarly, the PNP applications submitted to UMTA as part of the state consolidated applications, often have been strengthened, not merely selected, by the state review process.

In summary, planning activities are carried out by the state agency or by regional planning groups. Generally, the planning process is in place, and the 16(b)(2) requirements can be met fairly easily within the current framework. Only in very rural areas has it been necessary to prepare special plans to include a 16(b)(2) application. In these cases, the planning activities have been funded not under Section 16(b)(2), but under Section 8 (formerly called Section 9) and, more recently, under Section 18. Overall, the planning process seems to be working out fairly well in terms of including 16(b)(2) projects in TIPs and TDPs.

VII. LOCAL FUNDING SOURCES

Recipient 16(b)(2) PNP agencies must secure all operating funds plus 20% of the capital-cost of the equipment. Operating funds can be obtained from Federal, state and local sources, and user payments or donations. Capital funds cannot be obtained from Federal sources, however. Typically, state administering agencies are not responsible for providing these funds, although they are responsible for ascertaining that the recipient does have the necessary matching funds and that the vehicles are kept operational in accordance with the application. However, in some instances the states do provide funds which are used in conjunction with the 16(b)(2) program.

Many Federal programs can be used for transportation. At last count, there were (about) 114 such sources, including Titles III and VII of the Older Americans Act, Titles XIX and XX of the Social Security Act, Community Development Block Grants, and many others. Agencies providing social service transportation utilize many of these sources in operating both 16(b)(2) vehicles and vehicles purchased with other funds.

A. Capital Funds

A few states do have state-funded programs which can be used directly in conjunction with the 16(b)(2) program. There are eight states listed below which are now providing or have in the past provided some or all of the 16(b)(2) capital match aside from the 8% administration allowance:

- Kentucky DOT pays for 10% of the capital purchase, (i.e., 50% of the required match funds) for all 16(b)(2) grants.
- Georgia DOT also pays 50% of the matching funds for all 16(b)(2) grants.
- Louisiania DOT provided all of the matching funds in FY79, but none in other years.
- Connecticut DOT provides all of the matching funds.
- New Jersey DOT provided all of the matching funds in all years except FY76, when it provided none.
- Illinois DOT paid 2/3 of the matching funds in FY75-78, and now provides all of the match. (See Illinois statutes chapter 127, section 49.19.)
- Wisconsin DOT provided all of the matching funds in FY76-79, but not in FY75 and 80, due to lack of revenue. (see below)
- Rhode Island DOT supplies all of the matching funds for Senior Citizen's Transportation (SCT) Inc., a state-wide consolidated provider, but not for other recipients.

Thus, about 16% of the states have assisted the PNP recipients in obtaining the local matching funds. In many other cases, a recipient may have used some state funds, but these are the cases in which funds specifically for the 16(b)(2) matching requirement were made available. The exact reason for these decisions (i.e., to make matching funds available) were not recorded in this study. However, it is reasonable to assume that the matching funds are difficult for some potential recipients to generate, especially since the funds must be in cash, and because they cannot come from other Federal funds.

Because social service agencies are so dependent on federal funds, the required matching funds, while not as large, could be more difficult to secure than the operating funds. State provision of matching funds, therefore, would make it easier for PNP agencies to begin or continue programs. In Rhode Island, the state funds are targeted for only one PNP (SCT) which provides state-wide consolidated service. SCT is supported heavily by the state (it is almost a quasi-state agency) and is, therefore, treated somewhat more favorably than other recipients.

Wisconsin operates a state-funded 16(b)(2) - like program of its own which is called 85.08(6) after the state legislation. The funds can only be used to make capital purchases for PNPs for elderly and handicapped transportation. The 85.08(6) funds are not only used for the 16(b)(2) match, but also to buy additional vehicles beyond the state's 16(b)(2) allocation. Depending on yearly 85.08(6) allocations (from gas tax revenues), a substantially greater number of vehicles may be purchased and distributed than would be possible under 16(b)(2) alone.

In all other cases, recipient agencies themselves generate the match. Exact nation-wide data on sources of matching funds was not gathered in this research but could be compiled from state-wide consolidated applications. Due to the restriction on the nature of matching funds, sources are somewhat different than for operating funds. Common sources include city, county, or town direct appropriations, donations, revenue sharing, and other state agencies.

B. <u>Operating Funds</u>

There are many sources of operating funds including HEW and other Federal departments. States have reacted, by and large, by not making any direct provision for operating funds for 16(b)(2) vehicles. Two exceptions to this generalization should be noted, however. Michigan DOT gave special grants of $5,000/vehicle/year for operations to each holder of a 16(b)(2) vehicle during the first four years of the program. Michigan discontinued this practice, evidently because of its new county incentive program which conflicts with the 16(b)(2) program (discussed earlier). In FY76 & 77, WISDOT allowed $5,000/year per 16(b)(2) vehicle in operating funds, but subsequently this practice was also abandoned. Apparently, WISDOT found that these funds were displacing other sources of funds.

In addition to the above two cases of state operating assistance targeted specifically for 16(b)(2) vehicles, many other states have transit and/or paratransit assistance programs, which may fund a 16(b)(2) operator, if it provides the appropriate type of service. An illustrative program is Missouri's Elderly and Handicapped Transportation Assistance Program. Under this program, Missouri DOT provides funds to the State Department of Social Services to match Title XX money, which is then given to Older Adults Transportation Service (OATS) and Southeast Missouri Transportation Service (SMTS), both large multi-county providers. Since these two agencies have many 16(b)(2) vehicles, there is no doubt that these funds eventually support operating costs for 16(b)(2) vehicles; however, there is no direct one-to-one correspondence between the operating assistance funds and the 16(b)(2) capital funds.

Still other states which have operating assistance programs with potential for supporting 16(b)(2) vehicles include:

- Minnesota DOT, with a large paratransit demonstration program,
- Wisconsin DOT, with an elderly and handicapped operating assistance program provided to counties,
- Iowa DOT, which funds 33 designated transit agencies of which 6 are the only 16(b)(2) recipients in the state.

Of the 41 state officials who provided information on the use of Federal operating funds, seven were aware of the use of Section 18 monies, and three (Alabama, Connecticut, and Utah) mentioned Section 5 dollars. Because Section 5 grantees must be public agencies, a 16(b)(2) vehicle can be operated with Section 5 dollars only if a recipient of Section 5 dollars passes some of those funds to the PNP under a contract for general elderly and handicapped transportation. Since such contracts are negotiated at the local level, it may be that this arrangement occurs in states other than the three mentioned above.

Most operating funds come from a variety of sources. As one example, sources of operating funds for all of the North Dakota 16(b)(2) vehicles for the period January - June 1980 are as follows.

Local Funds	34.5%
Title III	20.5%
Rider donations	20.0%
CETA(staff wages)	16.6%
Section 18	4.0%
Bismarck Public Schools	3.4%
U. of No. Dakota	1.0%
Total	100.0%

As another example, sources of operating funds for all of the Wisconsin 16(b)(2) vehicles purchased with FY75 funds for the second half of 1979 are shown below:

State E/H Transportation Operating Assistance (given to counties only)	6.7%
Title III	5.8%
Title VII	1.0%
Title XIX	14.3%
Title XX	4.3%
Division of Vocational Rehabilitation (DVR)	7.1%
Wis. Dept. of Health & Social Services (This source 86% state, 14% Title XX)	35.5%
CETA (salaries)	5.0%

Donations (fares)	5.6%
Other	14.8%
Total	100.0%

The above examples form only a small portion of the overall experience with 16(b)(2) vehicles. There is obviously diversity in the source of program funds among agencies and states.

In summary, eight states have made funds available specifically for the local share of the 16(b)(2) grant. Presumably, this is due to the somewhat greater difficulty of obtaining the cash matching funds from non-Federal sources. No states currently offer operating funds specifically for 16(b)(2) vehicles, presumably because of the large number of funding sources already available. Some states do have funding programs for transit and/or paratransit, which may support the operations of 16(b)(2) vehicles. However, these sources are only one of many typically used by social service agencies in supporting transportation programs.

VIII. STATE MONITORING AND EVALUATION

Monitoring of 16(b)(2) activities constitutes an on-going state responsibility which must be carried out by the state from the time of vehicle award until the end of the useful life of the equipment. States are responsible for establishing monitoring procedures, compiling data as submitted by agencies, obtaining an annual certification, and submitting semi-annual reports to UMTA regional offices. There is a strong element of comparability between states because of the requirements outlined in the "State Responsibilities" document distributed with the FY75 grant approval letters and in the "Implementation Procedures, FY75 Grants" memorandum sent to the states. On the other hand, where latitude is possible in designing the exact data formats and procedures, states have exercised their own discretion.

The basic elements of state monitoring usually consist of the following:

- Keeping track of the status of vehicle procurement activities.
- Periodically collecting and compiling data on operations, vehicles and costs from agencies.
- Obtaining an annual certification that the equipment is being used in accordance with the state/agency contract and is being maintained properly.
- Maintaining a permanent state vehicle record.
- Soliciting and evaluating any requests for changes in the operation and/or ownership of vehicles.
- Evaluating data received from agencies to see if all federal and state requirements are being met.
- Repossessing vehicles or otherwise dealing with cases in which vehicles are not being handled properly.

Most of these basic activities arise out of requirements defined by UMTA. States have reacted to the UMTA guidelines in basically similar ways. For example they often use reporting forms which are exact copies or close copies of forms distributed by UMTA. Although many states have slight variations, generally the data reporting does flow according to Figure VIII-1.

The trip by trip record (in Figure VIII-1) records the trip purpose for each passenger-trip and whether the person is elderly or handicapped, and ambulatory or non-ambulatory. This record is filled in by the driver; there is one form for each vehicle each day. The sample form provided by UMTA (and used by many states) also records the origin and destination (O-D) of each passenger-trip. However, the O-D data is not compiled at the higher levels of aggregation.

Trip by trip records are collapsed in the next step to a passenger record. Essentially, the same data is shown with the (possible) addition of total fares collected. There is one line on this form for each vehicle-day. The whole form covers one entire vehicle-month. A similar record, called the vehicle record, is also kept for each vehicle-month. Each line of the vehicle record records the mileage, vehicle-hours, gas and oil consumed, and preventive maintenance for each vehicle-day.

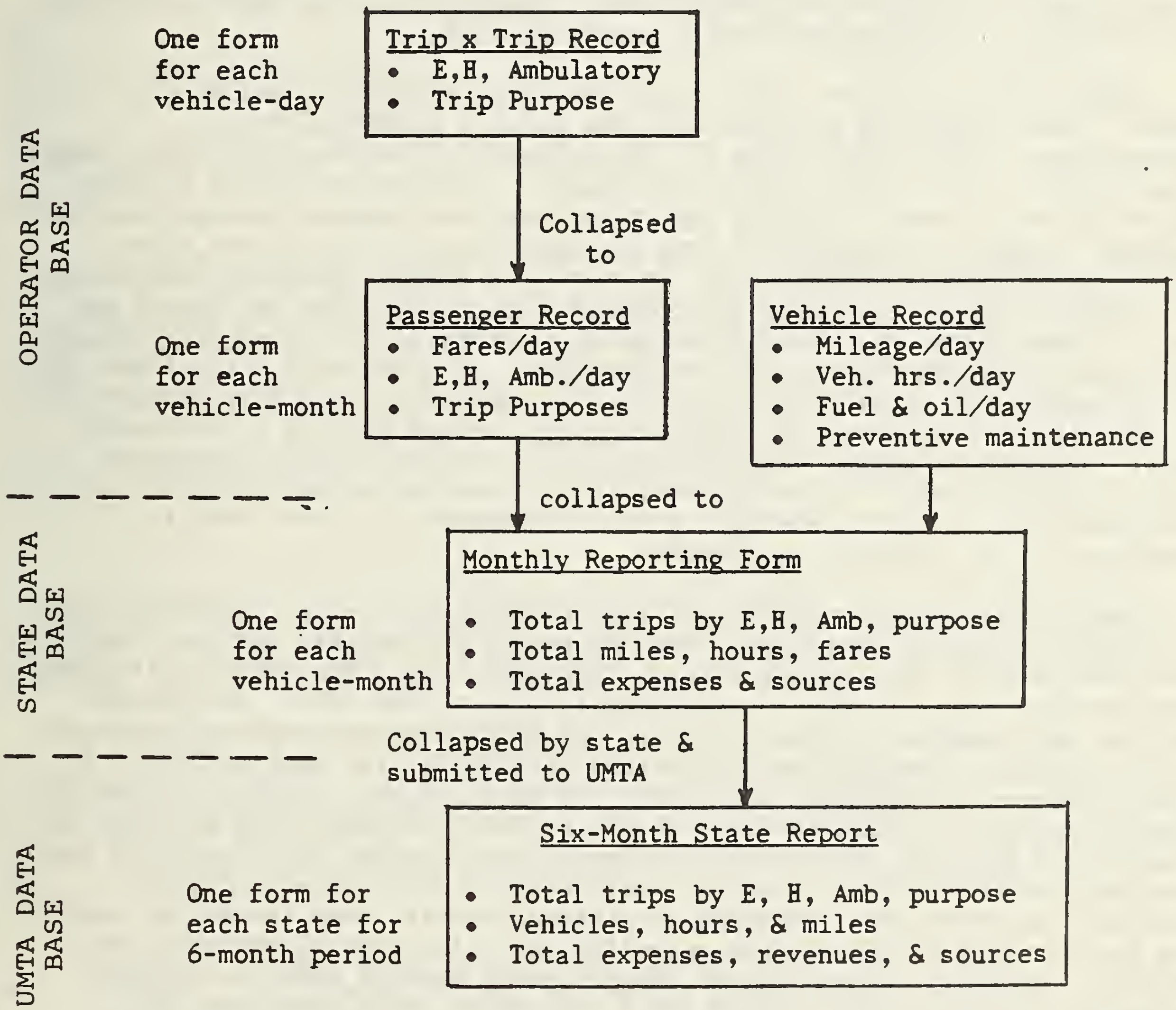


FIGURE VIII-1. OVERALL FLOW OF DATA

Passenger records and vehicle records are summarized by the agency in a monthly reporting form, and submitted to the state agency. This form lists the total monthly passenger trips, broken down by purpose, elderly, handicapped and non-ambulatory; the total miles, vehicle-hours, and fares; and total monthly expenses and sources of revenue. There is one form for each vehicle-month.

Finally, the state agency aggregates all of the monthly reports for all of the 16(b)(2) vehicles in the state and generates a six-month state report, which is sent to the UMTA Regional Office. Essentially, the same data items are covered as on the agency monthly reporting form.

The process described above is typical, but is not followed by all states. Some states add extra data on the monthly reporting form. Massachusetts, for example, asks for the number of unduplicated riders, number of new riders, and a trip frequency breakdown. Illinois and North Carolina apparently do not have a monthly reporting form, but instead require that the passenger records and vehicle records be submitted directly to the state. Expense and revenue information is, in these two states, gathered only yearly on a separate annual operating expenditures report form (one per agency per year). Pennsylvania has reduced the monthly reporting to a quarterly report form, which contains essentially the same data. Pennsylvania also allows the data on percentage elderly, handicapped, non-ambulatory, and trip purpose to be collected by a two-week per quarter survey, rather than on a continuous basis. Sampling is a much more efficient way to gather data on passenger characteristics than by tracking every trip. Iowa is another example of a state which has recently developed and is disseminating a data sampling procedure for its 16(b)(2) recipients.

Most states make some effort to look at and evaluate the assembled data. For example, Georgia, Oregon and Kentucky review the monthly reports, identify PNPs which seem to display operational problems. The state then investigates these problems and provides technical assistance to the PNPs. Georgia and Kentucky use computer systems to aid in the monitoring and problem detection, and Ohio plans to computerize its monthly reports for the same purpose. In general, however, evaluation activities are unstructured. In fact, it would probably be fair to characterize much of the detailed monitoring activity as "reactive". That is, all states will react when problems are brought to their attention, but most do not have the resources to search effectively for problems. Nevertheless, depending on staffing levels, some states are able to make field visits or other agency-specific investigations of vehicles and/or programs. At least sixteen states inspect every vehicle annually or more frequently. Six of these inspect every vehicle at least twice per year. However, these states are in a minority. Generally, states depend on the reporting forms submitted by agencies, the annual certification, and on written and telephone contact for service monitoring.

This research did not gather specific data on the types of problems encountered by the state in their monitoring or on corrective actions that were taken. Some comments indicated that the quality and reliability of the reported data was sometimes suspect, particularly the data on costs and sources of revenues. Persons familiar with social service agency transportation are aware of the difficulties usually encountered in identifying expenses and revenues. The typical maze of Federal, state, and local funding sources, and the difficulties of allocating shared resources to transportation services make much of the 16(b)(2) expense and revenue data collection effort somewhat quixotic. Passenger and vehicle data probably are more accurate, on the whole, but may be suspect if the local agency finds the reporting requirements to be onerous.

Actual instances of vehicle misuse or mismanagement appear to be infrequent. Again, specific data on this topic was not gathered. Some states have, however, repossessed or transferred vehicles when needed, but the frequency of such occurrences could not be estimated. States almost always hold a lien, or other type of interest in the vehicle, which allows them to take over control of the vehicle if warranted. This is the state administrative remedy for inappropriate actions on the part of the recipient agency.

Few states reported having rigorous standards by which the voluminous amounts of operating data were to be judged. The primary standard is the original 16(b)(2) application and the project description itself. If the agency's operation deviates too substantially from what was originally estimated, the state may attempt to determine the reason for the discrepancy. However, states usually have no formal procedures by which they evaluate the operations. To a great extent, the wide variations and dissimilarities in agency transportation militate against the adoption of uniform service standards.

In light of the absence of standards, it is difficult to ascertain what the states do with the operating and vehicle data that is collected. Aside from preparing the UMTA semi-annual reports, there are grounds for suspecting that much of it is unused. However, this research could not objectively determine how much is used for what purposes.

A discrepancy was revealed regarding states understanding of UMTA reporting requirements. One state official declared that it was sufficient to keep operating and ridership statistics <u>on file</u> for inspection by UMTA; it was not necessary to send them in. A state in another region collects no reports from the PNPs except accident reports, and submits no reports whatsoever to UMTA.

In summary, state monitoring efforts appear to be tailored to meet UMTA requirements. In the area of data reporting, a great deal of data on passengers and vehicles is collected and successively compiled by the agency and state. This research did not uncover any published justifications or reasons for collecting this data. Actually, many of the data items could be collected at a fraction of the effort, through sampling techniques, yet these techniques have not been advocated by UMTA, nor have they been implemented by most states.

IX. COMMENTS ON UMTA'S PROGRAM ADMINISTRATION

This study gathered many comments from designated state agencies concerning UMTA administration of the 16(b)(2) program. Only major issues are discussed here, due to the difficulty of summarizing the numerous issues which have arisen during the six year history of the 16(b)(2) program. It should be noted that the states' comments are not always valid or correct, but they are included to represent the states' perceptions.

As background information, it should be emphasized that the Section 16(b)(2) program is unique in several ways. First, the yearly funding level of $20 million makes 16(b)(2) one of UMTA's smallest programs. At the same time, 16(b)(2) is subject to many, but not all, of the regulations required of the larger grant programs. Second, 16(b)(2) funds are used for extremely small projects; the average grant, at the recipient PNP level, averages about $20,000 - $40,000, a sum which would attract little notice at a major transit authority. Nevertheless, considerable paperwork is required in conjunction with each grant. Third, the PNP recipients tend to be outside the conventional public transportation infrastructure. Although a new social service agency transportation infrastructure is now arising, there have been growing pains affecting the 16(b)(2) program. Fourth, the 16(b)(2) program covers both urbanized and non-urbanized areas. Lastly, elderly/handicapped transportation policy is a controversial subject. Several significant shifts or modifications of national policy have occurred. The 16(b)(2) program, UMTA's only grant program targeted specifically at the elderly and handicapped, has been affected by the controversy and the changing Federal policies.

Comments by state agencies must be taken within the context of this background. Administration of the program would probably be challenging under any circumstances due to the factors cited above.

The state agencies listed a number of policy and procedural issues which they felt were of major importance. These included: establishment and publication of a simple, uniform set of 16(b)(2) program guidelines; reduction in the time or elimination of the need for UMTA approval of the state-wide consolidated applications; removal of the PNP requirement for recipients; reduction of paperwork; enhanced role for the state agency; reduction of the reporting requirements; relationship with the FHWA Section 18 program and with other Federal transportation programs; the Section 504 regulations; and other issues. Each of these matters is discussed below.

Program Guidelines

The major state concern with UMTA's administration of the program is that there has never been a definitive set of procedures, guidelines or regulations published for the program. Since 1975, UMTA guidance has consisted mainly of memos and draft guidelines, as documented earlier in this report. In most cases, the available materials have been augmented by letters and/or phone calls interpreting these guidelines and answering questions. The major problem is that this "set" of guidelines, developed in piecemeal fashion, is neither clear nor comprehensive. Many states commented that they had often requested a final and permanent set of guidelines, and in some cases had been promised such by their UMTA Regional Office. As a result of this situation, numerous questions constantly arise in the administration of the program, many of which are referred to UMTA Headquarters. However, some questions would undoubtedly arise even if there were published, permanent guidelines. The nature of the program (small capital grants to agencies outside the transportation infrastructure) is bound to create many anomalous situations.

The states have come to depend upon a great deal of telephone advice and guidance on the 16(b)(2) program. While most states feel the Regional Office staff try to be helpful, the states were very emphatic that policy interpretation should be consistent and in written form. Many respondents commented on the difficulty in getting written interpretations from the UMTA Regional Offices. A corollary to this problem was that the telephone guidance could vary from person to person or from day to day. Many state officials did not ascribe these problems solely to the UMTA Regional staff. The states tended to believe that the Regional staff did not know the answers, presumably due to lack of guidance from Headquarters, or that they were too busy attending to larger UMTA programs. In many cases, state staff believed that problems were created by the issuance of general UMTA grant procedures or regulations which did not take into account the unique nature of the 16(b)(2) program. A case in point the UMTA 504 regulations, which are discussed separately below.

At least one state commented that they had been required to add items to the consolidated state application after submission, over and above what they thought had initially been requested. Another state mentioned that they were forced to rewrite a contract several times because of ongoing confusion over UMTA requirements. The Iowa DOT pointed out that new minority business enterprise (MBE) regulations have recently been issued which, they believe, apply to both 16(b)(2) recipients and to their vendors. Iowa DOT is not sure how to deal with the MBE regulations as they pertain to the 16(b)(2) program.

In summary, most states feel that the regulations are not so much complicated as they are vague. The need for a coherent, comprehensive, and official set of guidelines was mentioned by practically every state. States feel that the 16(b)(2) program is neglected due to its size and is assaulted by UMTA/DOT regulations which are written without consideration of the program. They generally give credit to UMTA Regional staff for trying hard and being helpful, but feel that in many cases the Regional Offices are not in a position to help.

UMTA Approval Process

A prime complaint of most states was the length of time required for the UMTA Regional Offices to process and approve consolidated grant applications. States questioned the need for UMTA review and approval of the state application in the first place, and stated that the delays encountered were excessive. Many states related a story of at least one grant which had taken six months to a year or longer to be processed, usually without any changes.

A few states did feel, however, that the approval process was not excessively lengthy or that the approval process had been expedited in recent years. Approval times of one to four months were mentioned, and were generally viewed in favorable terms. Even in these situations, some of this processing time was consumed in waiting while states responded to UMTA requests for additional information or missing documentation.

Most states were quite explicit in attributing excessive UMTA grant approval delays to the small size of the 16(b)(2) program compared to other UMTA programs. Some states thought that UMTA was uninterested in the program. A few mentioned that they found it necessary to enlist the help of their Congressional delegation in prodding the Regional Office to process the grant.

Several states commented on the damaging consequences of the lengthy application and procurement process (including but not limited to the UMTA approval.) The delays increase the cost of the equipment because of inflation. In some cases, extra costs must be borne 100% by the PNP receipient or taken out of the state's administrative fund. Long delays tend to dampen enthusiasm for the program at the local level. Applicant agencies have been known to refuse the vehicle when it arrived, because their priorities or capabilities had changed during the two-year grant application to vehicle delivery period.

The major solution suggested by the states was to streamline the UMTA review process or to eliminate it altogether. The states feel that, since the funds are allocated to the state, and ought to be assured, the approval process is a wasteful and duplicative one, particularly since UMTA usually does not require substantive changes in the content of the application. These general feelings parallel the recommendations of the UMTA Red Tape Reduction Task Force, which suggested elimination of the UMTA review process and its replacement by a one-time state management plan for the 16(b)(2) program. Based on the comments of the states, it would seem that most would heartily approve of this recommendation.

PNP Requirement

The stipulation that 16(b)(2) vehicles must go to PNP agencies bothers many of the states. This requirement interferes, in some cases, with the desired state-wide approach to meeting elderly and handicapped transportation needs. This point was discussed earlier. The requirement is viewed as unduly restrictive, incompatible with the policies of some states, and difficult to justify, i.e., no one can demonstrate a definite benefit arising from this restriction. Montana, as an example, would like to give more 16(b)(2) vehicles to Indian reservations. The Indians do not wish to incorporate under state law, since, by so doing, they lose their (recognized) autonomy. But unless they incorporate, they cannot receive a 16(b)(2) grant, even though recognized as needing transportation assistance.

Some states even suggested a complete restructuring of the program. These suggestions included block grants to the states for elderly and handicapped transportation, extension of 16(b)(2) eligibility to public bodies, and loosening of the rules concerning leasing. The restrictions on leasing permit recipient PNP agencies to lease their vehicles to private (for-profit) groups only outside of public transit areas, and prevent them from leasing their vehicles to public agencies at all. Quite a few examples were reported of local agencies that wanted to lease their 16(b)(2) vehicle to a public agency, usually in conjunction with a coordination effort, but who were prohibited from doing so.

Reduction of Paperwork

There can be little question that the 16(b)(2) program results in a great deal of paperwork. This is apparent both from the comments by the respondent state agencies and by review of documents obtained from states in the course of this study. As noted earlier, the nature of the 16(b)(2) program results in many small grants. A 16(b)(2) grant to a PNP recipient generates less paperwork than a Section 3 or 5 grant to a transit operator, but paperwork generated per dollar granted is substantially higher for the 16(b)(2) program.

Some states made very pointed comments about the amount of paperwork which needed to be submitted or compiled for UMTA. Ohio described a "3 foot stack" of documents. In Colorado, the DOT contrasted their 720 page consolidated state-wide 16(b)(2) application with their 20 page Section 18 program submitted to FHWA. The necessity for so many separate assurances, repeated for each individual applicant, is one reason that the state-wide applications are so large. Obvious ways to reduce this volume of paperwork are to reduce the number of recipients, eliminate UMTA approval of individual recipients, or reduce the number of assurances.

Enhanced Role of the State Agency

Some states felt that many of the delays and problems could be alleviated by enhancing their own role. They felt that, although they administered the program and had to deal with individual recipients, they were not really in charge. UMTA was making the decisions, with attendant delays and confusion, as mentioned earlier. Since the money is allocated on a state-by-state basis, states felt that they should be permitted to spend it as they desired, within general guidelines established by UMTA, without having to get Regional or Headquarters approval on a myriad of specific issues. These ideas seem to be consistent with the state management plan approach espoused by UMTA's Red Tape Reduction Task Force. Other ideas included block grants to states, and single state-wide assurances that specific issues, such as legal status, were being monitored, rather than submitting assurances from each recipient.

Reduction of Reporting Requirements

The 16(b)(2) reporting requirements constituted a special case of burdensome paperwork. Many states emphasized the large amount of work required to constantly collect passenger and vehicle data. They felt that the data was excessive and, worse, that it was collected for no useful purpose. State officials claim that the Regional Office does nothing with the data.

Only a few states employed sampling techniques. Some states were not sure that this was allowable. One state commented that technical assistance in sampling would be quite valuable. Since paratransit data sampling procedures are an established part of the Section 15 uniform data collection system, it seems odd that sampling procedures have not diffused into the 16(b)(2) program.

A deeper issue concerns use of the data. Despite having a data collection system which generates voluminous amounts of data (because of the large numbers of projects and vehicles), UMTA has never justified the need for the data nor are there indications that the data are used. In this study we did not investigate the purposes for which the detailed trip logs maintained for each 16(b)(2) vehicle are, or might be, used by the operating agencies. If the data are not used by the operating agencies, it would appear that significant reduction in data collection would be appropriate.

Relationship with Section 18 and Other Programs

Many states discussed the relationship of the 16(b)(2) program to the FHWA Section 18 program and to other Federal programs. In rural areas, Section 18 and Section 16(b)(2), are the only major DOT-funded public transportation programs. These two programs have different sources of money, different sets of regulations, and different sets of reporting requirements. Rural states, particularly, feel that the two programs ought to be more closely coordinated as their target markets partially overlap. However, urbanized states do not, as a rule, see the programs in the same light, since urbanized areas are not eligible for Section 18 funding.

Other Federal programs with transportation components provide many of the operating funds for 16(b)(2) vehicles. Coordination of these funding sources has relevance to the 16(b)(2) program. There are many Federal, state, and regional efforts to effect coordination, and there have been a number of studies on the subject. When coordination efforts are considered, any involved 16(b)(2) vehicles must be carefully managed to insure that UMTA regulations are not violated. For example, Louisiana stated that the 16(b)(2) regulations were in conflict with their Title XX regulations regarding reimbursement for passengers and that this fact obstructed their coordination efforts.

Section 504 Regulations

DOT's Section 504 regulations require a transition plan from all UMTA grantees. There was some confusion expressed about whether one single statewide transition plan was acceptable or whether each PNP agency (including prior fiscal years) must prepare one. The general feeling would be be that this was needless paperwork for a 16(b)(2) recipient. Confusion was also expressed about the amount of detail required, and about the 504 paratransit requirements.

Most states had concluded that the 16(b)(2) projects were paratransit and that each recipient needed enough accessible vehicles to provide "equal" service to those in wheelchairs. One common way of enforcing this was to require wheelchair accessibility for each recipient agency's first vehicle and for some percentage of succeeding vehicles, based on demand. A few states, such as Massachusetts, have a policy that all 16(b)(2) vehicles must be accessible.

Complaints concerning the purchase of lifts were relatively muted, despite the cost and low utilization of this equipment. Only one or two cases were reported of a local agency dropping out of the program because of the lifts. In quite a few states, ramps were used frequently to reduce costs. Missouri, for example, reported using detachable ramps which could be left off the vehicle when not needed.

Other Issues

Several other issues were raised which will be briefly noted here. Several states commented that UMTA should never let the 13(c) provisions apply to the 16(b)(2) program, as it would ruin the program. Another comment was that new regulations covering life-cycle costing are apparently applicable to 16(b)(2) recipients, but that no real data is available to the states on comparative life-cycle costs for vans and other small vehicles.

Many states mentioned the "useful life" provision. Some stated that they were not sure what useful life period UMTA was currently using. Some commented that the administrative procedure for ensuring UMTA interest in a vehicle was cumbersome. Some agencies wanted to sell or transfer their vehicles when little monetary value was left in them, and getting the UMTA share of the money to UMTA was viewed as another administrative nightmare. Also, OMB Circular A-102 was not generally understood.

Several states wanted to be able to carry-over unspent money indefinitely. Indiana questioned the value of having low bid procedures if they were not permitted to use the money saved to buy additional vehicles. Another state complained about not being able to transfer the vehicles between grantees without UMTA permission.

Some states commented that the Governor's letter indicating funding availability tends to arrive erratically and late. This prevents them from planning for a definite time schedule and sequence of events. The uncertain future of the program was also mentioned, and although UMTA has now announced the continued availability of 16(b)(2) funds, past pronouncements have left the states wondering about the future of the program.

In summary, this study uncovered a wide variety of views concerning the 16(b)(2) program and its administration. It would not be practical to list all of the comments received. This report concentrated on the most important ones as perceived by the states. The research approach adopted would be expected to elicit primarily negative comments. However, positive comments about UMTA staff members and about the overall purpose of the 16(b)(2) program were also received. Nevertheless, there does appear to be sufficient dissatisfaction to consider fundamental changes in the current program administration policies, procedures, and practices.

Planning and Design of Mass Transportation Facilities to Meet Special Needs of the Elderly and the Handicapped[89]

SECTION 16. (a) It is hereby declared to be the national policy that elderly and handicapped persons have the same right as other persons to utilize mass transportation facilities and services; that special efforts shall be made in the planning and design of mass transportation facilities and services so that the availability to elderly and handicapped persons of mass transportation which they can effectively utilize will be assured; and that all Federal programs offering assistance in the field of mass transportation (including the programs under this Act) should contain provisions implementing this policy.

(b) In addition to the grants and loans otherwise provided for under this Act, the Secretary is authorized to make grants and loans—

(1) to States and local public bodies and agencies thereof for the specific purpose of assisting them in providing mass transportation services which are planned, designed, and carried out so as to meet the special needs of elderly and handicapped persons, with such grants and loans being subject to all of the terms, conditions, requirements, and provisions applicable to grants and loans made under section 3(a) and being considered for the purposes of all other laws to have been made under such section; and

(2) to private nonprofit corporations and associations for the specific purpose of assisting them in providing transportation services meeting the special needs of elderly and handicapped persons for whom mass transportation services are planned, designed, and carried out under paragraph (1) are unavailable, insufficient, or inappropriate, with such grants and loans being subject to such terms, conditions, requirements, and provisions (similar insofar as may be appropriate to those applicable to grants and loans under paragraph (1)), as the Secretary may determine to be necessary or appropriate for purposes of this paragraph.

Of the total amount authorized to be appropriated pursuant to section 4(c)(3) of this Act, 2 per centum may be set aside and used exclusively to finance the programs and activities authorized by this subsection (including administrative costs).[90]

(c) Of any amounts made available to finance research, development, and demonstration projects under section 6 after the date of the enactment of this section, 1½ per centum may be set aside and used exclusively to increase the information and technology which is available to provide improved transportation facilities and services planned and designed to meet the special needs of elderly and handicapped persons.[91, 92]

APPENDIX B. THE CHARACTERISTICS OF THE 16(b)(2) PROGRAM IN NEW ENGLAND - REGION I

In evaluating the 16(b)(2) delivery mechanism, it is important to examine the projects actually selected for implementation. To clarify the impact of these projects and of the program as a whole, this appendix addresses the following six questions:

1) What types of agencies were funded?
2) What vehicles were purchased for the projects?
3) How was the money spent?
4) What services will the agencies provide?
5) How are the projects financed?
6) How are the projects justified?

In order to answer these questions, the FY78 16(b)(2) projects of five New England states and the FY79 projects of New Hampshire have been studied as examples of the outcomes of the 16(b)(2) process.

The state applications, which include the applications of the individual non-profit organizations, were the data base for this study. A total of 61 projects were included in the state applications. However, applications of eight of the Massachusetts non-profit organizations were unavailable. Consequently, detailed information was only available on 53 projects.

AGENCIES FUNDED

The agencies selected for funding can be characterized in terms of:

1) their experience as transportation providers,
2) their organizational affiliations, and
3) the areas they serve.

In the 53 projects studied, 48 of the non-profit agencies are experienced transportation providers. These agencies were funded to replace vehicles (31 projects), add a new type of service (4 projects), and/or expand their existing service (28 projects). In the other five projects, the 16(b)(2) program funded two agencies that had experience with volunteer transportation systems and three newly incorporated, and therefore, inexperienced agencies.

Most of the agencies are not affiliated with a national organization, hospital or church. The 39 local independent agencies include transportation organizations, sheltered workshops, community action agencies, senior centers, and senior service agencies (Table B-1).

TABLE B-1. TYPE OF AGENCY

39	local independent organizations
	12 transportation organizations
	11 sheltered workshops/adult day care
	7 community action agencies
	6 senior service agencies
	3 senior centers
7	affiliated with a national organization such as the United Way, Red Cross, or Easter Seals
4	area agency on aging
1	hospital organization
1	church organization
1	ethnic organization
53	

In the aggregate, the projects are fairly evenly divided between rural and urban areas, with 28 urban projects and 33 rural projects. At the state level, however, the distribution of urban and rural projects is very different (Table B-2). Vermont and Maine only selected rural projects because all of Vermont and most of Maine is classified as rural by the 16(b)(2) program. Similarly, the entire state of Rhode Island is classified as urban.

TABLE B-2. PROJECT LOCATIONS

State	Number of Urban Projects	Number of Rural Projects
Connecticut	7	1
Vermont	0	12
New Hampshire	3	7
Massachusetts	13	5
Maine	0	8
Rhode Island	5	0
Total	28	33

VEHICLES PURCHASED

For the 61 projects in the 6 New England states, 118 automobiles, vans and buses were purchased. Most of the vehicles (92%) were 9-16 passenger vans or 17-24 passenger vans or small buses. Of the 112 vans and buses, 91 (81%) were equipped with handicapped lifts. Figure B-1 exhibits the distribution among the types of vehicles. In some cases, the type of vehicle requested by the non-profit organization was changed at the state level to simplify purchasing. Most projects only received one or two vehicles with an average of 1.9 vehicles per project. Figure B-2 shows the distribution among the projects of the number of vehicles purchased.

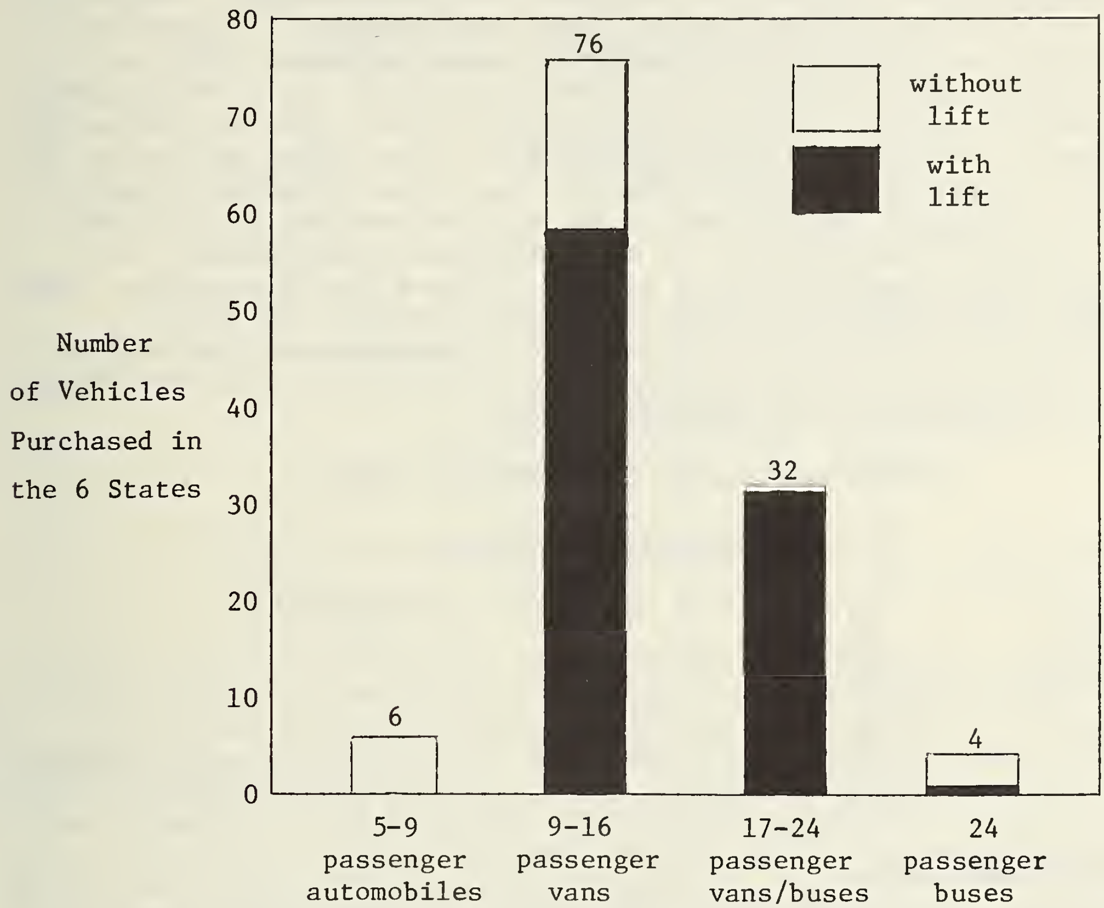


FIGURE B-1. VEHICLES PURCHASED

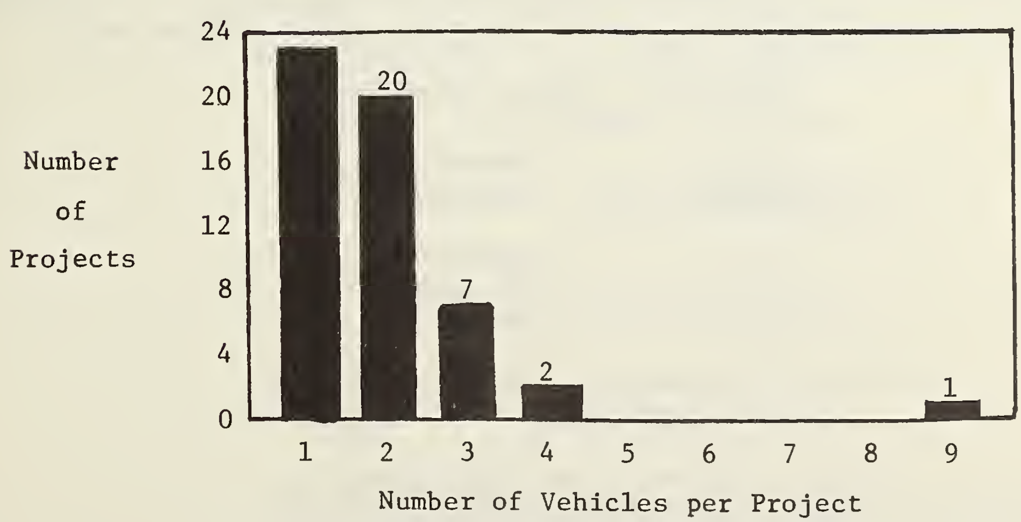


FIGURE B-2. VEHICLE DISTRIBUTION

EXPENDITURES

The gross project cost for the 61 projects was $2,178,750. Of this amount, $2,029,868 was budgeted for equipment and contingencies. The rest, $148,882, was allocated for the cost of grant administration. According to the UMTA Draft Internal Procedures Memorandum dated September 1978, the maximum acceptable grant administration cost is equal to 8% of the equipment and contingencies costs. In their applications, however, the six states did not consistently request this amount (Table B-3). Two states applied for 5% of the cost of equipment and contingencies. Two states requested slightly less than 8%. The last two applied for 8%, but one used the total project cost while the other used the cost of equipment plus contingencies. In effect, the former requested and was granted .7% more than the maximum. Four states either deliberately requested less than the maximum for grant administration costs or they were misinformed or misunderstood the policy. Overall, 7.3% of the sum of the equipment and contingencies costs for the six states, was allocated for grant administration.

TABLE B-3. GRANT ADMINISTRATION COSTS

State	Administration Cost
Rhode Island	5% of cost of equipment + contingencies
New Hampshire	5% " " " " " "
Massachusetts	7.7% " " " " " "
Vermont	7.9% " " " " " "
Connecticut	8% " " " " " "
Maine	8.7% " " " " " "(8% of total project cost)

TRANSPORTATION SERVICES

In the selection of these agencies, a central consideration is the proposed transportation service. Who will be served? What type of service will they receive? What travel needs will be fulfilled?

Obviously, the projects serve the elderly and handicapped. Only 72% of the projects, however, explicitly serve both these groups (Table B-4).

TABLE B-4. PROJECT CLIENTELE

% of Projects	Population Served
11	elderly*
17	handicapped**
72	both

*This includes a few elderly who are also handicapped

**This includes a few handicapped persons who are also elderly.

The target population is limited by the recipient agencies. In 11 of the 53 projects studied, the agency restricts its transportation services to its clients. The other 42 agencies share their vehicles with other organizations, in some cases, through specific contractual agreements (Table B-5).

TABLE B-5. AVAILABILITY OF 16(b)(2) VEHICLES TO OTHER AGENCIES

# of Projects	Type of Service/Coordination With Other Agencies
11	transportation for their clients only
20	transportation for their own clients and contracted service for other organizations
10	general transportation which clients of other organizations can use without a specific contractual agreement
12	general transportation and contracted service for other organizations
53	

The 16(b)(2) vehicles will be used primarily for demand-responsive and subscription service, rather than a conventional fixed route service (Table B-6). Clients will be regularly transported to senior centers, sheltered workshops and nutrition sites by the subscription services. Much of the demand responsive transportation is for medical and shopping/personal trips. Of the 29 agencies that described their demand-responsive service, 27 offer many-to-many service and 2 offer many-to-few service. Only six of the agencies described their reservation procedure. Of these, five require more than 24 hours advance notice; one requires less than 24 hours advance notice. A few agencies provide free public transit tickets to clients who are able to use public transit.

TABLE B-6. TYPE OF SERVICE

% of Projects*	Type of Service
66%	demand responsive
45	subscription service for agency's own clients
34	subscription service for contracted clients
25	charter/special events
23	fixed route

*the percentages sum to greater than 100% because some agencies offer more than one type of service.

The mobility provided by the 16(b)(2) vehicles will fulfill many different travel needs. The trip purpose most frequently mentioned by the agencies in their applications is medical trips, followed closely by social/recreational, nutritional, and shopping/personal business (Table B-7). The recipients will provide service for an average of a little under four different trip purposes. Only three projects proposed single-purpose systems. Two limit their service to medical trips. The other only serves church activities.

TABLE B-7. TRIP PURPOSE

% of Projects	Trip Purpose Allowed
81%	medical
72	social/recreational
62	nutritional
62	shopping/personal
45	educational
34	employment
11	therapy
6	adult day care
2	other

FINANCING

The private non-profit organizations are responsible for obtaining funding for the 20% local match and operating expenses (Tables B-8, B-9). The most frequently listed source of the local share was non-profit organizations. Local governments contributed to the local share in 30% of the projects and were the most common funding source for operating expenses. State government was only listed by 25% of the projects as a source of a portion of operating funds. In Connecticut, the State was the sole source of the 20% match for all 8 projects. In Massachusetts, New Hampshire, and Maine, however, the state government did not contribute to any of the projects' 20% match. As to the federal government, cumulatively, Title III (Special Programs for the Aging), Title XX (Social Services for Low-Income Public Assistance Recipients), Title VII (Nutrition Programs for the Elderly), Title XIX (Medical Assistance Program - Medicaid), and CETA (Comprehensive Employment Training Act) are

TABLE B-8. SOURCES OF 20% LOCAL MATCH

% of Projects Funded by this Source*	Funding Source
47%	non-profit organizations
30	local government
21	state government
19	donations/fundraising
6	Other

*some projects utilized more than one source of local funding.

TABLE B-9. SOURCES OF OPERATING FUNDS

% of Projects Funded by this Source*	Funding Source**
43%	local government***
40	Title III - special programs for the aging
32	private contributions
30	Title XX - social services for low-income public assistance recipients
26	fees for service
26	other
25	state government
15	Title VII - nutrition programs for the elderly
15	CETA - Comprehensive Employment Training Act
13	fares
13	Title XIX - medicaid
11	voluntary contributions from passengers
4	applicant (income)

* most projects utilized more than one source of funds

** in some cases, a recipient operated a nutrition program funded by Title III or Title VII and transported the participants, but did not list it as a source of operating funds

***in some cases the local government contribution consists of money from the school department which is paying the 16(b)(2) agency to transport handicapped students significant sources of operating funds. Fares were only listed by 13% of the projects. Another 11% receive voluntary contributions from passengers. Clearly, the federal, state and local governments and donations from non-profit organizations are the major funding sources for the 16(b)(2) agencies.

JUSTIFICATION

Aside from describing the benefits of increased mobility to the elderly and handicapped, the agencies justified their requests for vehicles (Table B-10) with three basic lines of reasoning. First, the expansion of service is justified by either unmet demand (47% of the agencies mentioned that requests for service are being denied or that the frequency and range of service is limited by capacity) or increases in demand (11% mentioned), caused by changes in the demographics of the population or the opening of a new social service facility. Second, the replacement of vehicles is justified because current vehicles have high mileage (30% mentioned), are not accessible to the handicapped (11% mentioned), are inappropriately sized for the type of service offered (9% mentioned), and/or are too expensive to operate (9% mentioned). Third, the existing or proposed service does not duplicate other services because alternative transportation is inaccessible (38% mentioned), not available for the specific trips involved (36% mentioned), unable to handle additional riders (19% mentioned), prohibitively costly to the user (19% mentioned), and/or restrictive in its clientele (15% mentioned). In each project area, there are an average of 5.7 other transportation operations which the applicants attempted to prove were non-duplicative (Figure B-3). Only 9% of the agencies claimed that there is no other transportation in the area.

CONCLUSION

Having addressed the six issues of agency type, vehicles, expenditures, service type, financing, and justification, the following conclusions regarding the 16(b)(2) program in New England are apparent.

- Section 16(b)(2) is not funding many new transportation services. It is mostly sustaining or expanding existing operations.
- In most of the 16(b)(2) project areas, alternative transportation exists, whether it is public or private.
- Most states, deliberately or because of misinformation or a misunderstanding, did not request the maximum amount for grant administration.
- Governments, not fares, are the major source of operating funds.
- A substantial number of the agencies share their vehicles, informally or contractually, with other organizations.
- Section 16(b)(2) is primarily funding demand responsive and subscription service.
- Most, but not all, of the requested vehicles are lift-equipped.

TABLE B-10. JUSTIFICATION

% of Applicants that Mentioned this Justification	Justification
47%	unmet demand/increase the number served
38	alternative transportation is not accessible (no lifts, or not door-to-door)
36	alternative transportation is not available for the specific trips involved
30	present vehicles have high mileage and need to be replaced
19	alternative transportation does not have adequate capacity
19	alternative transportation is prohibitively costly to the user
15	alternative transportation has a restricted clientele
11	demand is increasing
11	present vehicles are not accessible to the handicapped
9	present vehicles are inappropriately sized
9	no other transportation exists
9	present vehicles are too expensive to operate (leased or high repair costs)
8	provides for a more coordinated transportation system

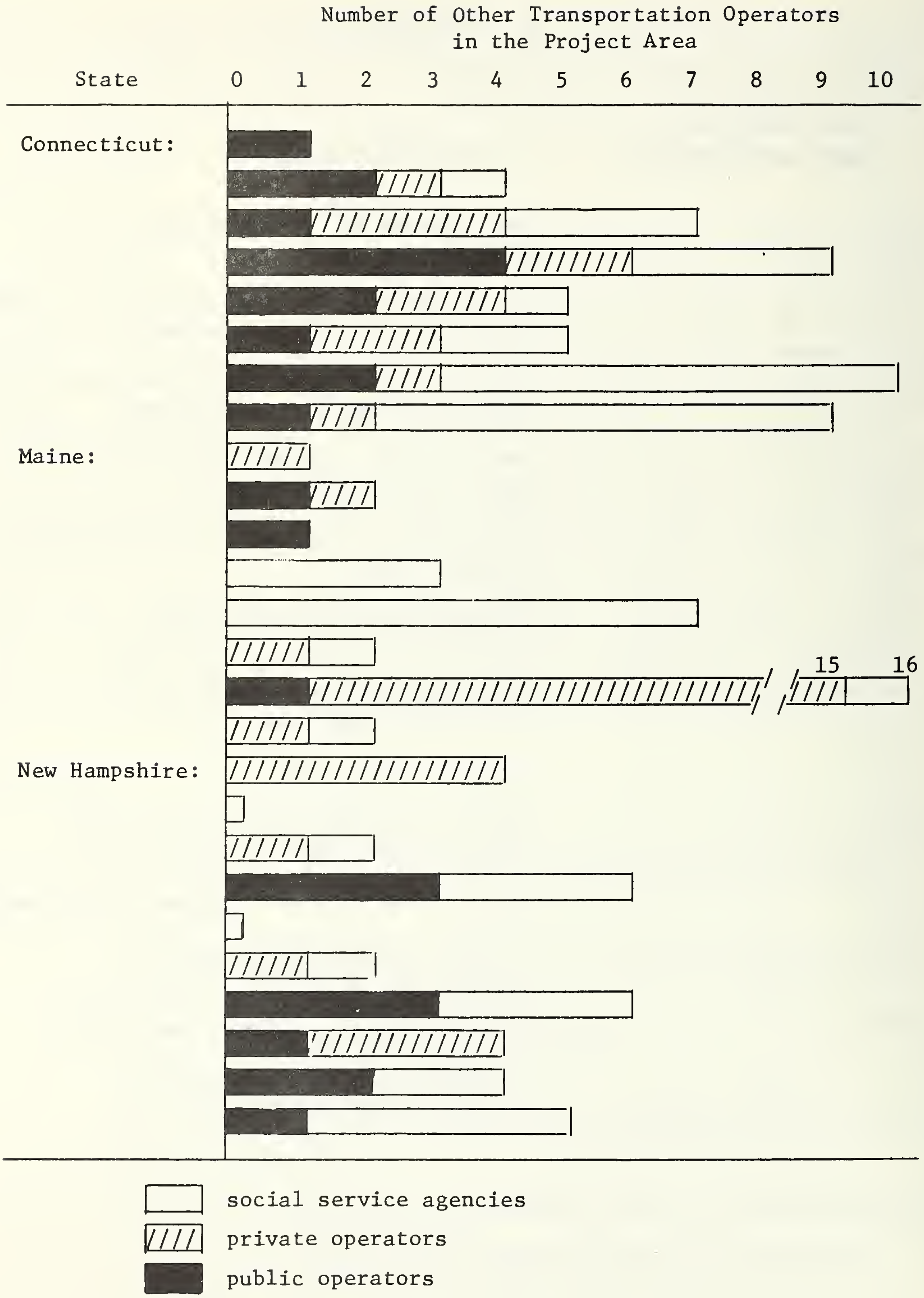


FIGURE B-3. OTHER SERVICES IN THE AREA

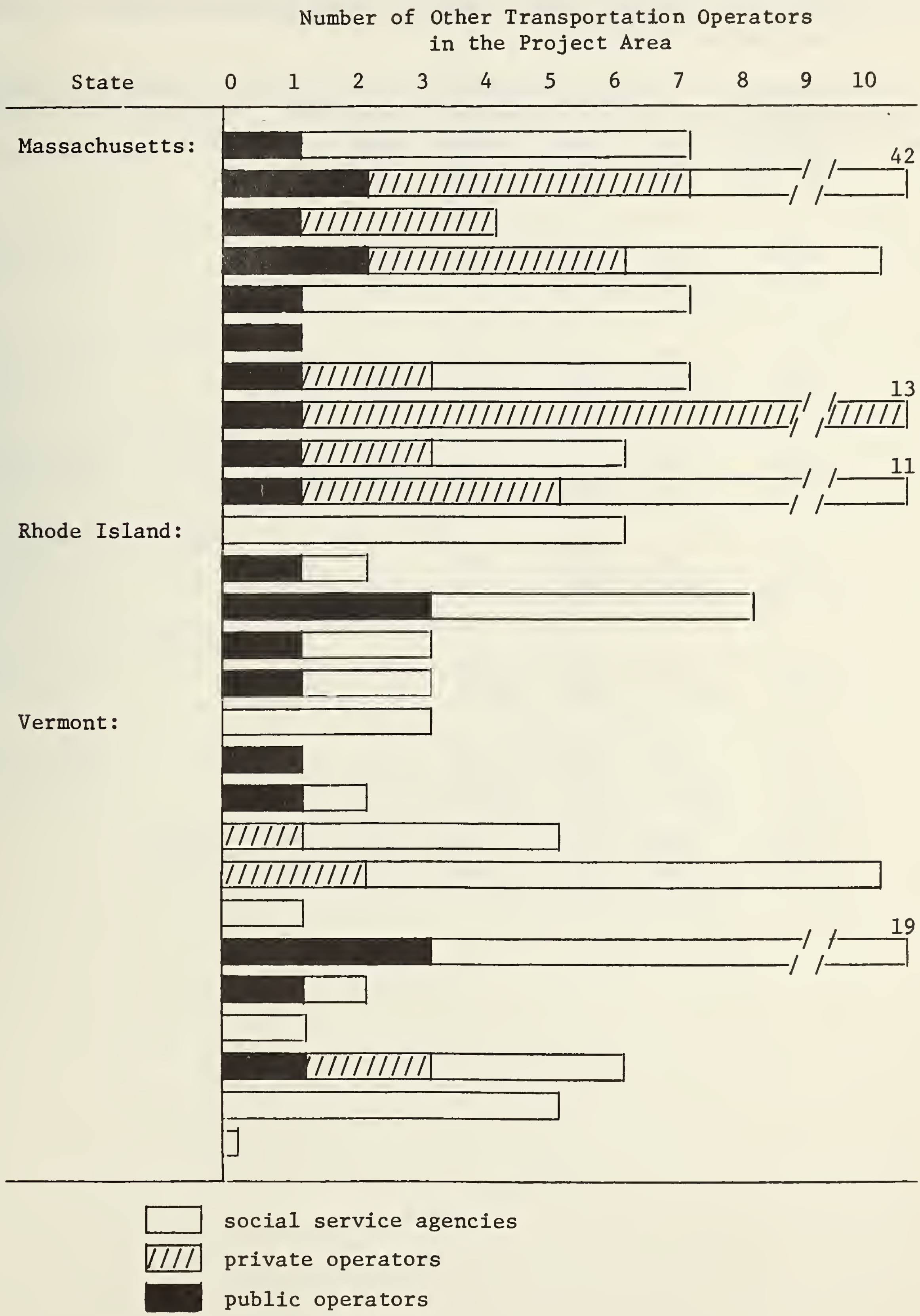


FIGURE B-3. OTHER SERVICES IN THE AREA (Continued)

- Most, but not all, of the projects are targeted for both the elderly and the handicapped.

The transferability of these conclusions to other regions is unknown; regional variations may or may not be significant. Regardless, this study reveals the type of program that the 16(b)(2) funding process can produce.

APPENDIX C. SUMMARY OF NATIONWIDE 16(b)(2) GRANTS BY TYPE OF RECIPIENT FY75-FY79

	Number of Recipient Agencies in Fiscal Year					
Type of Recipient	FY 1975	FY 1976	FY 1977	FY 1978	FY 1979	Total FY 75 - 79
Aging Organizations						
# Agencies	132	23	78	143	247	623
% Total FY	16.3%	23%	17.4%	20.7%	23.6%	20.1%
Health Organizations						
# Agencies	238	25	109	158	233	763
% Total FY	29.5%	25%	24.4%	22.9%	22.2%	24.7%
Religious Organizations						
# Agencies	35	2	21	44	37	139
% Total FY	4.3%	2%	4.7%	6.4%	3.5%	4.5%
Gen'l Comm. Serv. Orgs.						
# Agencies	340	43	197	313	480	1,373
% Total FY	42.1%	43%	44.1%	45.3%	45.8%	44.4%
Transportation Only Orgs.						
# Agencies	13	0	15	14	34	76
% Total FY	1.6%	0%	3.3%	2.0%	3.2%	2.5%
Undetermined						
# Agencies	50	7	27	19	17	120
% Total FY	6.2%	7%	6.0%	2.7%	1.6%	3.9%
Total #	808	100	447	691	1,048	3,094
Total %	100%	100%	100%	100%	100%	100%

APPENDIX D. UMTA SECTION 16(b)(2) GRANTS BY TYPE OF VEHICLES OR EQUIPMENT FY75 - FY79*

Description of Item	Total Cost-Federal plus Local shares ($Thousands)	# of Units
Small Vehicles or Vans	$24,408	1,206
School Buses	13,907	1,065
Buses	3,556	359
Support Vehicles	408	61
Wheelchair Ramps	605	359
Wheelchair Lifts	3,912	1,697
Fare Collection Equipment	117	65
Communications Equipment	989	645
Alarms/Security Equipment	3	-
Capital Tools/Equipment	139	-
Equipment Renovation	132	107
Spare Bus Components	18	-
Shelters	12	9
Grant Administration	7,571	-
Contingencies	7,532	-
TOTAL	$ 63,309	

*Based on an analysis of 197 state program grants

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