
Chapter 6. Funding Sources

INTRODUCTION

Identifying funding to implement transit coordination and initiation of fixed route service in the region is an essential step in the planning process. Coordination of services entails significant financial and institutional commitment. This chapter outlines funding from a variety of sources, including the Federal Transit Administration (FTA), the NH Department of Transportation (NH DOT), the NH Department of Health and Human Services (NHDHHS), local sources, the Office of State Planning, private foundations, and the Corporation for National Service. The chapter also analyzes the applicability of the different funding sources for this specific project.

Some of the funding programs listed below are more appropriate than others for the start-up phase of a coordination project, but most could eventually prove to be applicable. Depending on the type of service adopted and its stage of implementation, appropriate funding types and amounts will change. For example, a broader range of funding sources is likely to be available for demand response service than for regular fixed route transit service, which is typically supported with FTA funds.

An important factor common to nearly all the funding programs listed below is that they require non-federal (local, state, or private) matching dollars. Securing adequate matching funding is a challenge for all transit systems in New Hampshire. With this in mind, potential sources of matching funding are analyzed.

It should also be stressed that **the successful implementation of either the coordinated demand response or fixed route components of this plan will require ongoing funding commitment from local governments.** Member communities currently contribute less than half of the money for the operation of the Regional Transportation Council (RTC). In order for service to continue, a greater financial commitment from the towns will be required. If town funding does not increase, it is a real possibility that RTC van service will not be able to continue.

The New Hampshire Department of Health and Human Services is in the process of reevaluating how it funds Medicaid transportation, and exploring various options including channeling funding through regional brokerages as called for in the 1995 statewide brokerage study conducted by the Office of State Planning. The state budget situation and the transition to a new Governor and a new Commissioner of DHHS lend a degree of uncertainty to this process. A change in funding resulting from this evaluation is likely several years out. As such, the likelihood of state funding in the short term is somewhat limited, so attention must be paid to securing private foundation support or other flexible sources, at least for the initial phases of the project. While foundations are unlikely to provide ongoing operating support, they will likely be a critical source of funding during the start-up phase.

FEDERAL DEPARTMENT OF TRANSPORTATION*Federal Transit Administration (FTA) Urbanized Area Formula Program (Section 5307)*

In New Hampshire, Section 5307 funds are allocated to the state and distributed to transit systems based on a formula including population, population density, and route miles of transit service. Funds are distributed to transit systems designated as FTA recipients by Metropolitan Planning Organization (MPO). Small Urbanized Areas (SUZAs) – areas 50,000 to 200,000 in population – can use funds for capital, maintenance, and operating expenses. In urbanized areas (UZAs) with populations greater than 200,000 these funds may be used only for eligible capital and preventative maintenance expenses. Apportionment of funding is based on a combination of population, population density, and route miles of service.

The 2000 Census redrew the boundaries of the three urbanized areas that are part of the project's study area. Based on the 1990 Census, Salem was part of the Lawrence-Haverhill, Massachusetts urbanized area. Based on the 2000 Census, this region has been incorporated into the greater Boston urbanized area (UZA), such that FTA funding for southern NH is channeled through the Massachusetts Bay Transportation Authority (MBTA). FTA funding available to the Southern NH portion of the Boston UZA totals \$511,000 for FY 2003. As the population of the region is greater than 200,000, this 5307 funding may only be used for capital purchases and preventative maintenance. The Nashua urbanized area and the Manchester urbanized area, on the other hand, are classified as SUZAs, and are thereby entitled to use 5307 funding for capital, maintenance, and operating purposes.

For FY 2003 New Hampshire received an increase in FTA 5307 funding based on population growth in the urbanized areas of the state. Where this FTA funding will be allocated is a decision to be made by formula distribution by NHDOT. One option is formation of a new Regional Transit District including the 11 towns in the study area. This transit district could be designated as an independent recipient of FTA funds. There appears to be interest in the region in forming a new transit district, but establishing such a district is likely to take 1-2 years. Transit service could likely be in place on a shorter timeline if funding is channeled through an existing transit system. Contracting for service with a private provider is also an option. A service contract would be required under FTA regulations to be put out to bid. NHDOT will make a decision on allocation of the new FTA funding in collaboration with the state's MPO's early in 2003.

In the interest of consolidating FTA funding available to the region under one management structure, funds apportioned to Salem and other towns in the Boston urbanized area should be transferred to the entity selected by NHDOT to receive the other FTA funds discussed above, whether that is a new transit district or an existing transit system. FTA funds from the Boston UZA will be used for capital and preventive maintenance costs, while FTA funds allocated to the NH SUZAs will be used for operating costs.

FTA Capital Grants (Section 5309)

These funds for capital purchases offer long-term funding potential for vehicles and facilities. The process of seeking a capital earmark can be lengthy and requires cooperation of the Congressional delegation, as earmarks are made by Congress. To the extent that such capital requests will be made by the State as part of the reauthorization of TEA21, or as an individual budget appropriation request, the region should be sure to make its need known to both the NHDOT and the state's Congressional delegation.

FTA Capital Assistance Program for Elderly & Disabled Persons (Section 5310)

This program provides formula funding to states with the purpose of assisting private-nonprofit groups and certain public bodies in meeting the transportation needs of elders and persons with disabilities. Funds may be used only for capital expenses or purchase-of-service agreements on an 80%/20% matching basis. The NHDOT prioritizes vehicle replacement over fleet expansion with this funding program, and requires that applicants participate in regional coordination efforts where they exist.

Current recipients of 5310 funding in the region include the Kimi Nichols Center, the Lamprey Health Care Senior Transportation Program, the Pelham Senior Van, the Salem Senior Center, and Special Transit Service. The exact amount of 5310 funding available to the region is unclear, though the region can reasonably expect funding for a new handicapped-accessible van every 2-3 years. The next application cycle for 5310 funding will be in early 2003, and a joint application for funds to replace one or more of the older vehicles currently operated by participating providers should be prioritized.

FTA Job Access and Reverse Commute (JARC) Program (Section 3037)

Successful Job Access and Reverse Commute applications require significant coordination between transit, employment services and other local agencies. Funds are given directly to transit systems, and require a 50% non-federal share. State Temporary Aid to Needy Families (TANF) funds are often used as match, and could likely be secured for a project in this region. The primary beneficiaries of this program are low-income families that otherwise would have a difficult time getting to jobs and related services, such as childcare and training.

The JARC program actually authorizes two kinds of grants: *Job Access* grants and *Reverse Commute* grants. Job Access projects are aimed at developing new transportation services for low-income workers and/or filling in gaps in existing services. This program is designed to serve eligible low-income individuals whose family income is at or below 150 percent of the poverty line. Reverse Commute projects are intended to provide transportation to suburban jobs from urban, rural and other suburban locations – but not necessarily just for low-income people. The grants must provide *actual* services. They may not be used for planning or coordinating activities. In addition, these grants must fund new transportation services or fill gaps in existing services. In other words, JARC funds cannot supplant existing sources of funding that already finance a transportation service or program. The administration's proposed FY2004 budget reduces funding to the JARC program substantially, so the level of JARC funding available in the coming funding cycle is uncertain at present.

The project area is well-suited for a JARC project: the largest concentration of TANF recipients in the region is located in Derry, while Salem is the major employment center for the region. The JARC program would be a good source of funding for either a fixed route or demand response linkage between these two centers.

JobLinks

The JobLinks program was established by Congress in 1995 as a demonstration project to test alternate means of filling the gap between employment transportation needs and available services for individuals underserved by public transportation. The program uses FTA and Department of Labor funding, and is administered by the Community Transportation Association of America (CTAA). Funding is available for pilot projects for a period of one year on a 50%/50% matching grant basis. Funds may be used for a range of approaches to improving employment transportation, including coordination of demand response service, and specific fixed route services targeting workers. Project budgets are typically in the range of \$100,000-\$150,000.

Rural Transit Assistance Program (RTAP)

State RTAP funds are intended for education, staff development and technical assistance for rural transit operators. In New Hampshire, these funds are used to support rural transit activities by way of training, technical assistance, research, and support services. As such, this program does not fund operational or capital expenditures. This program does not require a matching share. In 2002, New Hampshire received \$80,834 from RTAP. Even though much of the study area is within an urbanized area, some of it is not. As such, the study area could potentially qualify for this assistance.

Federal Highway Administration (FHWA) Surface Transportation Program (STP)

These funds are typically used for highway construction and are handled by the NHDOT. However, they may be used for any capital project, including transit. Nationally, 4 to 5 percent of STP funds are used for transit projects such as bus procurement or transit facilities, and the vast majority paying for highway projects. States or MPOs may elect to transfer (or “flex”) a portion of STP funding for any projects eligible for funds under FTA programs except urbanized area formula operating assistance. The program requires a non-federal share of 20%.

The New Hampshire Department of Transportation has flexed FHWA funds for transit use once in the past, but it is not common practice in the state. Extensive lobbying would be necessary to secure any of these funds.

Congestion Mitigation and Air Quality (CMAQ) Program

These funds are available to states for programs that reduce traffic congestion and improve air quality. All states receive CMAQ funds. Those states without non-attainment areas (regions with excessive levels of air pollution) transfer their CMAQ allocation to their Surface Transportation Program fund allotment. A non-federal share of 20% is required.

CMAQ funding for transit is typically spent in the following ways: to purchase buses, vans or rail cars; for transit passenger facilities; or for operating support for transit service. Funding may be used for all projects eligible under FTA programs including operating assistance for up to three years. There is a long turnover period in the application process, and CMAQ funding for demand response service would be difficult to justify, as this type of service does not necessarily remove traffic from the roads, nor result in fewer trips.

One could readily justify CMAQ funds, however, for fixed route service, as it does not serve only transit dependent populations. Also positive is the fact that the Salem-Plaistow-Windham MPO has not requested high levels of CMAQ funding in recent rounds. Since regional equity is considered in the granting of CMAQ monies, a CMAQ application for fixed route service in the region could be successful.

DEPARTMENT OF HEALTH AND HUMAN SERVICES (DHHS)

Many federal programs, apart from traditional transit programs, include funds that can be used for transportation. These funds are typically reserved for addressing the transportation needs of the population served by the program, and often can be used only for transportation related to that program, not for the general transportation needs of the participants. In some cases, program funds can be used for general access or to expand overall service in a coordinated system. The Medicaid program accounts for the largest share of NH Department of Health and Human Services (DHHS) transportation expenditures. DHHS is making a concerted effort to better coordinate the transportation services offered by its various divisions both internally and with the Department of Transportation, the results of which should be visible in a few years.

Temporary Assistance for Needy Families (TANF)

TANF is the current name for the federal welfare program, formerly called Aid to Families with Dependent Children. TANF funds are administered by the DHHS Division of Family Assistance (DFA). Of the four main purposes of the TANF program, transit service meets two: providing assistance to needy families and ending dependence of needy parents by promoting job preparation, work, and marriage. There are different ways TANF funds may be used: "assistance" and other types of benefits. Assistance activities are defined in 45 CFR Part 260.31 of the TANF final rule and are subject to a variety of spending limitations and requirements – including work activities, time limits, child support assignment, and data reporting. A State may also choose to fund activities that are not considered "assistance". These latter activities do not have the same requirements associated with them.

"Assistance" includes benefits directed at basic needs (e.g. food, clothing, shelter, utilities, household goods, personal care items, and general incidental expenses) even when conditioned on participation in a work activity or other community service activity. In NH, All able-bodied TANF adults must participate in the NH Employment Program. Appropriate NHEP activities include employment, job search, On-the Job Training (OJT), job readiness, alternative work experience (AWEP), adult basic education, vocational skills training, post secondary education and barrier resolution. TANF provides many support services to facilitate participation in the above activities. Support services may include child care, mileage reimbursement, bus passes, books, fees and supplies, tuition and reimbursement for other services to remove barriers to

participation in activities. TANF funds may also be used for grants to develop or expand services that promote the major goals of TANF. TANF funds have been committed as match for JARC applications elsewhere in the state and may be a key component of a funding solution for the region.

New Hampshire Employment Program

One of the expected expenses of the project is the funding of drivers. Through the state's Employment Program, this could be achieved at a low cost. The New Hampshire Employment Program On-The-Job Training Program (NHEP OJT) offers an incentive to employers to hire and train eligible applicants. This program reimburses the employer up to 50% of the employee's wages up to a maximum of \$3,500 for the duration of the contract; the training cannot exceed a 26-week period.

The Alternative Work Experience Program (AWEP) is a community service program designed to provide individuals in the New Hampshire Employment Program with work experience opportunities in public and not-for-profit agencies. Agencies interested in providing unpaid work activities to NHEP participants which will help them to upgrade job skills, develop good working habits, establish a recent work history, and gain a better understanding of the employer/employee relationship, are eligible. Employers participating in this program provide a vital community service.

Older Americans Act, Title III

The funding that emerges from this legislation supports the network of agencies and organizations needed to provide home and community based care; it also leverages resources from other federal, state and local entities. One of the permitted uses of the funds (of Title III B: Supportive Services) is transportation for eligible citizens. To receive services, one must be 60 years of age or older. Preference is given to minorities and those with low incomes. The DHHS Department of Elderly and Adult Services (DEAS) administers Title III-B funding in New Hampshire.

Health Care Fund - Community Grant Program

The Community Grant Program supports local health care initiatives statewide by providing grant funding to local organizations through the Health Care Fund (formerly the Health Care Transition Fund). Local recipients have used the grant funds for a variety of innovative projects to promote access to health care, improve its quality and cost-effectiveness, foster the integration of health and social supports in communities, and expand consumer involvement in health care. The Community Grant Program provides a vehicle to pilot improvements in the health care system at the local level and then evaluate their broader application to statewide system change.

Head Start

This is a program of comprehensive services for economically disadvantaged children. Funds are given to local public and nonprofit agencies for various development and education

services, including supporting services such as transportation (coordination is a real possibility here – a local Head Start could seek funding for a vehicle that could be used additionally to serve other needs in the community, or a local transportation provider could be included in a local Head Start proposal as the transportation provider).

Ryan White CARE Act

This act provides funds to urban areas, states and U.S. territories to establish a comprehensive community-based continuum of care including primary medical care and support services for people with HIV infection and AIDS. Title I provides grant funds to eligible metropolitan areas (EMAs) while Title II provides formula grant support to states and territories.

Transit bodies can provide transit or paratransit for their clients. For those not eligible for Medicaid, Ryan White funds can be used to pay for medical transportation as well as transportation to other necessary services such as food shopping, support groups or legal assistance. For those patients who are Medicaid recipients, Medicaid transportation can pay for medical appointments and Ryan White funding can pay for transportation for necessary non-medical trips. The rate of HIV and AIDS infection is quite low in New Hampshire, so it is likely that funds would not be a priority here.

Facilitating Lifespan Excellence (FLEX)

Developed collaboratively by the disability and aging communities within the state, this grant intends to improve health and long-term care service systems and supports for people with disabilities and long-term illnesses to live in the community. One of the suggested solutions in the grant is to reorganize the public transportation system. The University of New Hampshire's Institute on Disability is playing a lead role in this \$2.3 million grant, awarded to the NH DHHS from the Centers for Medicare and Medicaid.

Community Transportation Assistance Project (CTAP)

Sponsored by the U.S. Department of Health and Human Services and administered by the Community Transportation Association of America (CTAA), this project is intended to help improve coordination of human services transportation and public transit resources. It strives to help human service transit providers meet their obligations under the Americans with Disabilities Act (ADA), and to encourage coordination between DHHS-funded transportation with other community public transit services. This program offers technical information and assistance to human service transportation providers, ensuring safe, successful, and cost efficient transportation.

OTHER SOURCES OF STATE AND FEDERAL FUNDS

Community Service Block Grants (CSBG)

These grants are designed to provide a range of services and activities that will have measurable and major impacts on the causes of poverty in New Hampshire communities or those areas of the community where poverty is a particularly acute problem. The Governor's

Office of Energy and Community Services provides the funds for these block grants. Grants are given to the six NH Community Action Agencies to carry out the purposes of the CSBG Act. Five percent of the funds may be reserved for special Community Services Projects, which are innovative and can demonstrate a measurable impact on the causes of poverty in New Hampshire.

Corporation for National Service - AmeriCorps and VISTA Programs

For 35 years, AmeriCorps VISTA has been helping bring communities and individuals out of poverty. Today, nearly 6,000 AmeriCorps VISTA members serve in hundreds of nonprofit organizations and public agencies throughout the country -- working to fight illiteracy, improve health services, create businesses, increase housing opportunities, or bridge the digital divide. The possibility of including a VISTA volunteer in the planning or operations side of the project could be a useful and cost-effective approach.

LOCAL SOURCES

The long term success of transit in the region will depend largely on securing ongoing local funding to match FTA dollars. A summary of current municipal spending on transportation services is included in **Figure 6.1** below. The right hand column shows total spending on transportation services as indicated by town managers and welfare officers in each town. These numbers include funding to the RTC, as well as other organizations such as Lamprey Health Care and the Derry and Salem Caregivers groups. Budgets for town-run senior vans are noted where applicable. Funding to the RTC is broken out in the center column.

Figure 6.1 - Existing Local Funding for Transportation Services

<u>Town</u>	<u>RTC</u>	<u>Total Transit Funding (includes RTC)</u>
Atkinson	\$1,000	\$ 8,700 (includes \$6,000 for senior van)
Chester	\$1,000	\$ 1,400
Danville	\$1,000	\$ 1,000
Derry	\$4,000	\$ 6,000
Hampstead	\$1,000	\$ 6,500
Londonderry	\$3,000	\$ 8,000
Pelham	\$1,250	\$13,250 (includes senior van)
Plaistow	\$1,000	\$ 7,100
Salem	\$5,000	\$20,000 (plus \$54,450 for senior van + taxi)
Sandown	\$1,250	\$ 1,750
Windham	\$1,000	\$ 1,000 (plus Windham senior van)

Source: Spring 2002 survey of Town Administrators and Town Welfare Coordinators

Local General Fund Appropriations

Securing additional town funding is unlikely for the 2003 budget cycle, but should be a focus of efforts in the coming year to secure additional funding in 2004 budgets. This will involve presenting the plan and proposed service improvements to boards of selectmen, welfare

officers, housing authorities, and other and town officials in the coming months. Municipal budgets are perennially tight, and expected budget cuts at the state level are likely to make them tighter. However, municipalities are the main source of matching funding for most transit systems in the state, and a higher commitment will be necessary from each town - especially those that will receive fixed route service. Many towns in the state that are less wealthy than those in the study area fund transit at higher levels than shown below.

Local Option Fee For Transportation Funding

One means of generating local funding is local vehicle registration fees. A New Hampshire law passed in 1998, commonly referred to as HB 648, allows a municipality to collect an additional motor vehicle registration fee of up to \$5.00 for the purpose of supporting a municipal transportation improvement fund. Communities in the study region are not yet taking advantage of this funding source. Of the amount collected, up to 10 percent, but not more than \$0.50 of each fee paid, may be retained for administrative costs. The remaining amount will be deposited into the municipal transportation improvement fund to fund improvements in the local or regional transportation system including roads, bridges, bicycle and pedestrian facilities, parking and intermodal facilities and public transportation.

Figure 6.2 – Funding Potential from HB 648 Local Option Fees

Town	Registrations	Total Funds @ \$5.00 fee
Plaistow	7,978	\$39,890
Salem	29,867	\$149,335
Sandown	4,803	\$24,015
Windham	10,923	\$54,615
Atkinson	6,634	\$33,170
Chester	4,202	\$21,010
Danville	3,606	\$18,030
Derry	28,281	\$141,405
Hampstead	7,797	\$38,985
Londonderry	24,180	\$120,900
Pelham	11,422	\$57,110
REGION	139,693	\$698,465

Figure 6.2 shows the level of local funding that could be raised through adoption of these local registration fees in each of the 11 study area communities based on the number of vehicles registered locally in each town in 2001. If the allowable \$0.50 administrative cost is removed from the total, the net funding potentially available drops 10% to \$628,619.

This amount would more than cover the matching funding needed to implement both the fixed route service and brokerage components of this plan.

Use of the local option fee has several advantages as a local funding source for public transportation. First, it is established as a dedicated source of funds for transportation. Second, it is stable from year to year and not subject to an annual appropriations process. Third, it has the capacity to raise sufficient amounts of money to fund the local match obligation of both an expanded and coordinated demand response system and the fixed route service recommendations in this report.

PRIVATE SOURCES

Business Support

One suggestion from the advisory committee was to approach local chambers of commerce for funding. This avenue should be explored, though chambers' financial situations are typically very limited. Chambers may be able to play a key role in approaching large employers, such as hospitals, supermarkets, higher education institutions and retailers who want the business of the riders and need transportation for workers may be willing to pay for part of the cost of delivering those riders to their doors.

FREDericksburg Regional Transit (FRED) in Fredericksburg, VA has a creative public-private partnership. Starting in 1996 with its initial public transportation survey, businesses and public agencies have been integral funders of FRED. Each partner retail business, hospital or college – provides annual operating funds to ensure that bus routing will include their facility. Partners also place a member on the FRED advisory board, helping to assure that transit planning is integrated into community planning. Together the partners now contribute \$125,000 per year to the transit authority.

Sales of Services and Products

Many transit systems bring in additional dollars through the sale of products and services. One of the most common sources of such income is the sale of advertising space inside or outside the vehicles.

Private Charitable Foundations

Foundation support has been, and will continue to be, vital to the success of transit in the region. Foundation funding allowed the initiation of the RTC's service in the region, and given the probable delay in securing funding from NHDHHS or NHDOT, private foundation funding will likely be critical if coordination is to be established in the coming year.

Key to securing further foundation funding will be the ability to place funding requests in the broader context of this regional plan and the support of the stakeholders who have been involved in its development. Similarly important will be identifying other sources of funding to match foundation commitments. Finally, the RTC will need to demonstrate that following an initial period of foundation support that the project can be sustained through other funding sources.

In general, foundations show a strong preference for financially supporting pilot projects or offering matching funding, and are often unwilling to fund ongoing operating costs. As such, foundation support for pilot project funding should be pursued aggressively for the next two to three years, with the assumption that a stable financing source from the state or federal level could emerge by that point.

In the past, several foundations have been supportive of the Council's work, and these should remain a focus of future funding proposals. These donors, as well as other promising foundations, are listed below:

- The Alexander Eastman Foundation
- The Endowment for Health
- The New Hampshire Charitable Foundation
- The Robert Wood Johnson Community Initiatives
- The Public Health Foundation
- Health and Safety Council
- The Fuller Foundation
- The Agnes Lindsay Trust: Crotched Mountain Foundation

These different foundations provide varying levels of funding for various types of projects; some are more relevant than others. The Alexander Eastman Foundation (AEF), for example, has been vital to the RTC's operation: since 1998, it has provided more than \$117,000. Discussions with the AEF have confirmed that they may be willing to continue to participate if they were part of a leveraged relationship, that is, if their contribution were to be used as matching funds. It must be noted that the AEF cannot be relied upon for long-term funding (as they are not operational funders); the support that the RTC receives from them may be discontinued in two to three years.

The Endowment for Health (EFH) is similar to the AEF in terms of selecting funding recipients. The EFH, however, may be better able to contribute more substantive implementation funding for a comprehensive regional solution. These two specific funders, by way of their preferences and limitations, illustrate the need to continually and aggressively pursue foundation support.

