

- SUBJECT:** Consolidating state public transportation in the Transportation Department
- COMMITTEE:** Transportation — committee substitute recommended
- VOTE:** 5 ayes — Krusee, Hamric, Edwards, Garza, Harper-Brown
0 nays
4 absent — Phillips, Hill, Laney, Mercer
- WITNESSES:** For — Glenn Gadbois, Texas Citizen Fund and Just Transportation Alliances; Tom King, East Texas Just Transportation Alliance

Against — David Lee Marsh, Capitol Area Rural Transportation System; (*On original version:*) Brent Black and Michael Plaster, Texas Transit Association

On — Margot Massey and Ric Williamson, Texas Department of Transportation; Jerry Prestridge, Texas Bus Association; Jonas Schwartz, Advocacy, Inc.
- BACKGROUND:** Several state health and human services (HHS) agencies offer transportation services to elderly or disabled Texans on a program-specific basis. For example, the Texas Department of Mental Health and Mental Retardation (MHMR) may offer transportation services in an area to community residents with mental retardation, and the Texas Department of Human Services (DHS) may offer transportation services in the same area for disabled residents.

The Texas Transportation Commission (TTC) is the appointed governing body for the Texas Department of Transportation (TxDOT), which manages public transportation grant programs along with its primary function of contracting highway construction and repair and performing maintenance.
- DIGEST:** CSHB 3343 would require contracting for public transportation between TxDOT and 10 other state agencies: MHMR, DHS, Texas Department of Health, Health and Human Services Commission, Department of Protective and Regulatory Services, Texas Rehabilitation Commission, Texas Commission on Alcohol and Drug Abuse, Commission for the Blind,

Department on Aging, and Texas Workforce Commission. TxDOT would become the central contract manager for transportation services available for these agencies' eligible clients. TTC by rule could require any state agency responsible for ensuring public transportation services to contract with TxDOT to assume all the agency's transportation service responsibilities.

TxDOT could contract with any public or private transportation provider for public transportation services. TTC could increase or reduce grants to public transportation providers (PTPs) according to their compliance with the bill. TTC also could consider whether providers in geographic areas were in full compliance with the bill in fulfilling their other responsibilities to that area of the state.

TTC by rule could require any PTP to submit detailed information on its services, including revenues, routes, maps, categories and numbers of customers served, and equipment use and condition. TxDOT could require that all or part of the vehicles used to provide services meet specified emissions standards, which could vary geographically. However, TTC could not direct transportation authorities' planning or operations except with regard to state-funded health and human services programs.

TxDOT would have to identify service gaps and overlaps, including more effective privately funded resources, underused publicly owned equipment, and inefficient service provision. TxDOT would have to encourage providers to agree on allocating services and service areas to eliminate waste and to maximize efficiency. TxDOT could develop an interim service plan in the absence of an agreed plan.

The bill would require TTC, rather than the governor, lieutenant governor, and House speaker, to appoint the nine-member Public Transportation Advisory Committee. Four members would have to represent a diverse cross-section of PTPs, three would represent diverse users, and two would represent the public. The current composition — five public members and one each representing rural PTPs, large and small urban municipal transit systems, and providers for the elderly and disabled — would be eliminated. The committee would have to advise TTC on implementing the bill, as well as on service providers' needs and problems, including fund allocation.

The bill would define “public transportation providers” as any governmental entity or entity receiving government financial assistance to provide public transportation services. The definition would exclude private carriers not receiving public funds. Public transportation services would not include intercity rail or bus service, commercial air and water transportation, or nonstop service to or from another state.

By January 1, 2005, TxDOT would have to report to the Legislature on the bill’s implementation, including its effects on users, overall service levels, and cost effectiveness.

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2003.

**SUPPORTERS
SAY:**

CSHB 3343 would provide a blueprint for coordinating public transportation services in Texas, leading to a cost-effective and efficient system of public transportation that could save the state millions of dollars in the future.

Public transportation services are fragmented among a wide array of entities. Funding can be federal, state, local, or some combination of the three and can be allocated among many agencies. These conditions have resulted in waste, inefficiency, lost opportunities, and consumer confusion. Functions such as contract management and funding allocation are duplicative and fragmented. Consequently, service to riders is well below optimum levels.

Transportation is an area of significant duplication among HHS agencies. Many different programs offering transportation to their target populations may visit the same geographic area. It would be more efficient for one service provider to visit a neighborhood and pick up all HHS clients than to do so by agency. The comptroller has estimated that outsourcing the management of TDH’s medical transportation program to a transportation “broker” could save the state about \$4.3 million in general revenue related-funds during the next biennium. The coordination proposed by CSHB 3343 is essential to make these savings a reality.

TxDOT should coordinate this type of centralized service delivery because it already serves these clients, works with some of the same providers, and

manages public transportation grant programs. TxDOT's status as a large agency with vast resources would enable it to bring economies of scale to public transportation services. Individual agencies must contract with providers separately. TxDOT could combine health-related transportation services into its existing contract structure at considerable cost savings to the state and with much less geographic overlap.

TxDOT foresees no service interruptions during the transition period. Consumers would benefit from easier access to services. Instead of having to contact agencies, await eligibility verification, and then schedule services with providers, riders could call TxDOT once and have all those functions performed at the same time.

While the risk of user fraud in these services is low, the opportunity for fraud is greater among providers, whose health-related service contracts total about \$56 million. The exact total spent on public transportation is not known, because the current system is extremely difficult to account for. Consolidating services under TxDOT could be valuable for accountability alone.

**OPPONENTS
SAY:**

CSHB 3343 would give TTC and TxDOT too much discretion and authority over an area in which they lack sufficient experience and expertise.

The Public Transportation Advisory Committee is an independent body statutorily charged with the responsibility to advise TTC, including methods for allocating state public transportation money and rules involving public transportation, before and after their adoption by the TTC. This bill would change the body to a committee appointed by the people they were created to advise — a classic example of the fox guarding the henhouse.

The bill would allow TTC to increase or decrease grants to providers based on whether they were complying fully with the law, as amended by the bill. TTC's control would extend over small urban and rural providers, but not over metropolitan and other transit authorities. The result would be instability and unpredictability for rural and small urban transportation providers in providing transit services to local communities. Small urban and rural transit districts, but not metropolitan and other transit authorities, would be affected adversely by these provisions. Metropolitan transit authorities have local, dedicated sales taxes and receive their federal funding directly.

The bill would codify TTC actions of the previous two years allowing it to require that transit vehicles meet specific air-emission standards, for areas served by small urban and rural transit districts, that are higher than those allowed by state law for air-quality nonattainment areas as administered by the Texas Commission on Environmental Quality. The bill would exempt metropolitan and other transit authorities, where pollution is usually greatest, from the air pollution reduction requirements. It would offer no protection to rural and small urban transit providers that TxDOT would not place more stringent air pollution standards on them than are required now for all transit vehicles. Such a requirement could force the rural and small urban transit providers to ground some of their fleets or to spend considerable capital to retrofit those vehicles.

NOTES:

The committee substitute changed the original bill by allowing TTC to appoint the Public Transportation Advisory Committee and by altering its composition; allowing private provider contracting; exempting public transportation authorities from TxDOT emission standards; removing TTC's accounting standards authority and ability to direct transportation authorities' planning or operations; authorizing TxDOT to develop an interim service plan; and redefining "public transportation provider."

The fiscal note for CSHB 3343 projects that the state would save \$1.4 million in general revenue in fiscal 2004 and \$2.9 million each year thereafter, with an equal savings of federal funds, due to a reduction of 76.5 full-time employees (FTEs) in 2004 and 153 FTEs in subsequent years.

HB 2292 by Wohlgemuth and Heflin, approved by the House on April 28, contains provisions similar to those of CSHB 3343. The bill is scheduled for a public hearing in the Senate Finance Committee on May 12.

The companion bill, SB 1927 by Ogden, was considered in a public hearing by the Senate Infrastructure Development and Security Committee on May 2 and left pending.