



KANE COUNTY
LONG RANGE TRANSIT PLAN

APPENDIX G: FUNDING STRATEGIES

TECHNICAL MEMORANDUM #6



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Funding Strategies

Introduction and Overview

This technical memorandum provides a summary of the availability and uses of various federal, state, and local funding sources that are used in the RTA service area to support public and specialized transportation services.

Many of the available funding programs have been created for specific purposes. It is useful, therefore, to categorize funding programs into three discrete categories: Planning, Capital, and Transit Operations. In instances where a particular program overlaps the categories established here, it has been noted in the discussion of eligible uses of the funding source.

For each program identified, the following information is provided:

- Program name
- Program type (planning, capital, operating, other)
- Funding source (Federal, state, regional, local)
- Program duration (typical period of performance, e.g., start-up or seed funding, on-going, etc.)
- Award type (formula distribution, competitive, etc.)
- Typical program use
- Illustrative projects

In any discussion of transit funding, the key role played by the Regional Transportation Authority (RTA) must be recognized; thus, an overview of the role of the RTA precedes any discussion of specific programs. Moreover, significant changes were recently made by the Illinois General Assembly with the passage of the Mass Transit Funding and Reform Act in January 2008. Additionally, it should be noted that Federal legislation re-authorizing highway and transit funding will likely have some impact in Kane County. Additionally, while organized as a one of the Service Boards operating under the RTA, Pace, the suburban bus division of the Authority manages several programs that may be important to Kane County.

Regional Transportation Authority

Overview

The RTA is a regional agency established in 1974 through a referendum in the six-county service area encompassing Cook, DuPage, Kane, Lake, McHenry, and Will Counties. The RTA provides funding, planning, and fiscal oversight for regional bus, rail and paratransit operations. The RTA is authorized to impose taxes in the region and issue debt, and is responsible for the allocation of federal, state and local funds to finance the operating and capital needs of public transportation in the region. Services are delivered through three “Service Boards: the Chicago Transit Authority (CTA); Metra (commuter rail) and Pace (suburban bus and ADA paratransit services).

RTA Revenue Sources

General Funding¹

The RTA and the respective Service Boards utilize a combination of revenues derived from the following funding sources to support public transportation in the service area:

- **Farebox revenues** – A major source of revenue to the Service Boards are fares collected from riders. Each Service Board has its own fare structure and method for collection of fares. Under standards established by law, each Service Board must achieve specified revenue recovery targets for farebox collections. Fare collections are the single largest revenue source collected by the RTA.
- **RTA Sales Taxes** – The initial enabling act authorized the RTA to impose a series of taxes, including:
 - **Retailers' Occupation Tax (ROT)** - The ROT is imposed on the gross receipts from the sale of tangible personal property. The tax rate is 1.0 percent in Cook County and 0.75 percent in the collar counties. It should be noted that the RTA was excluded from the exemption extended to food and drugs, thus these tax rates are higher in the RTA service area (1.25 percent in Cook and 0.75 percent in collar counties) than the rest of Downstate Illinois.
 - **Service Occupation Tax (SOT)** - The SOT is imposed on the gross receipts from the sale of tangible personal property as an incident to the sale of a service. The tax rate and tax base are identical to the ROT.
 - **Use Tax (UT)** - The UT is imposed on persons living in the six-county service area for the privilege of using a vehicle (primarily automobiles) purchased outside the six-county area and that is required to be registered with the State of Illinois. The tax is imposed on the selling price of the property at the same rates as the ROT.

The RTA imposed these taxes at the maximum permissible rates allowed in 1979. The revenues are collected by the State and paid to the State Treasurer who disburses the proceeds on a monthly basis to the RTA.

- **Public Transportation Fund (PTF)** – In addition to the sales taxes described above, the State Treasurer is required to transfer monies from the General Fund to the PTF. Amounts transferred historically have equaled 25 percent of the net revenues realized from sales taxes. In 2009, these rates went to 30 percent of the sales tax and real estate transfer tax (RETT).
- **Federal and State Grants** – Public transportation is also supported through a series of Federal and state grants, described in detail in subsequent sections. Generally, these grants are provided through the Federal Transit Administration (FTA) and the Illinois Department of Transportation and include:
 - Urban Formula Grant
 - Discretionary Capital Program
 - Congestion Management/Air Quality (CMAQ)
 - Surface Transportation Program

¹ Most of the material presented in this section is summarized from the *RTA Annual Report 2008*.

- Job Access Reverse Commute
- New Freedom
- Free Fare Reimbursement Program
- Paratransit (State ADA funding)
- **Investment Income** – Each Service Board has its own investment policies consistent with the state statute. According to the 2008 Annual Report, a total of \$581 million of cash and investments was on-hand as of December 31, 2008. Some of these assets, however, are restricted or reserved to other obligations.
- **Miscellaneous Revenues** – This category includes all other lesser revenue sources not categorized elsewhere, including:
 - Additional State Assistance (ASA) – This funding source includes State supplemental financing for the RTA’s Strategic Capital Improvement Program (“SCIP”) bonds.
 - Additional Financial Assistance (AFA) – Another state funding source that pays for debt service requirements for SCIP bonds authorized under the Illinois First Program.

Mass Transit Funding and Reform Act

In January 2008, the Mass Transit Funding and Reform Act was passed by the Illinois General Assembly and signed into law by the Governor. The Act authorizes additional funds to be raised, primarily from the RTA region, to address operating funding shortfalls at Metra, CTA and Pace. The Act increased the RTA sales tax rate throughout the region, increased the real estate transfer tax (RETT) in the City of Chicago, and raised the portion of RTA sales tax revenues matched by the State Public Transportation Fund (PTF). The RTA sales tax rate was increased by 0.25% in Cook County and by 0.50% in the Collar Counties.

The Act also enhanced the RTA’s responsibilities and accountability with respect to regional planning, fiscal oversight, and fare and service coordination. These changes were effective April 1, 2008 and mitigated potential major service reductions, fare increases, and personnel layoffs across all Service Boards. Additionally the Act established the Seniors Ride Free program requiring transit agencies across the state to provide free trips for individuals 65 years and older with the state providing a partial reimbursement of lost revenues from this program.

Recent annual revenues resulting from the Act’s passage include²:

- \$237 million from the Part II sales tax
- \$109 million from the Part II PTF
- \$34 million Seniors Ride Free reimbursement

Proceeds of the sales tax increase in the collar counties (DuPage, Kane, Lake, McHenry, and Will) are divided evenly between the RTA and the county where the tax is collected. The 0.25

² Source: 2009 Estimates from the 2010 budget and operating plan for the Regional Transportation Authority (RTA)

percent sales tax increase in the collar counties can be used at their discretion for local road, transit, and public safety projects. The six counties received \$102 million from this tax in 2009³.

Bonds

RTA periodically issues various general obligation bonds to support major capital improvements. All the bonds are recorded as current and long-term liabilities and are general obligations of the RTA to which the full faith and credit of the RTA are pledged. The bonds are generally payable from all revenues and all other funds received or held by the RTA that lawfully may be used for retiring the debt.

Utilization

The sum of these various revenue sources, estimated at \$1.355 billion for FY 2010, are designed to be allocated to the respective Service Boards to support transit operations and support various capital improvements of the organization. In addition to support of the three Service Boards, the RTA engages in other activities designed to support regional, sub-regional, and local transit services. In addition to sponsorship of these initiatives, the RTA also has a small portion of FTA formula allocated grants that are generally used to support subregional and local transit services development and operations.

Thus, in looking at long-term transit development activities in Kane County, reliance on existing and future Pace and Metra services, combined with the development of local services, such as the recent Ride-in-Kane program, will provide the organizational infrastructure to undertake programmed improvements. Moreover, it appears clear that the General Assembly recognized regional services provided by the respective Service Boards may not be sufficient to meet mobility needs in the collar counties – hence the 0.25 percent dedicated allocation of tax revenues to each individual county, including Kane County. Discretion has been provided to these counties to program this funding with transit, highways, and public safety among the eligible uses.

As noted in the RTA's financial statements, revenues from sales and receipts are subject to expansion and contraction as the general economy of the region grows or contracts. Indeed, the FY 2010 budget reflects collections at approximately 11 percent less than FY 2008 collections. Thus, in looking at any long-term assessment of these revenues, general economic conditions and collection trends must be taken into account.

³ Source: State of Illinois Department of Revenue and the Regional Transportation Authority (2009 RTA Sales Tax and Real Estate Transfer Tax (RETT) Receipts)

Pace

Pace, the Suburban Bus Division of the Regional Transportation Authority (RTA), is a Service Board that works closely with suburban communities to assist with the design, planning, and funding for local mobility initiatives that support Pace's long-range vision plan (Vision 2020).

While these programs are financed through the RTA, because the programs are structured and administered by Pace, these programs are discussed separate in the next section. These programs include:

- Vanpool Incentive Program
- Employer Commuter Grants

Summary of Programs

The table in Figure 1 provides an overview of programs discussed in this Technical Memorandum.

Figure 1 Potential Funding Sources to Support Transit Improvements in Kane County

Program Fund Source	Administrative Agency	Description and Objectives	Use of Funds	Eligible Recipients	Matching Requirements	Comments
Planning Programs						
Subregional Planning Program	RTA	Competitive program that provides funding and planning assistance to complete transit and land use focused planning studies	<ul style="list-style-type: none"> Existing, underserved, or emerging market Transit component of a county or subregional transportation plan Corridor or subregional level integrated transit and land use improvement studies Transit-oriented development Coordinated paratransit studies at the county, subregional or corridor level 	<ul style="list-style-type: none"> Counties Townships Councils of Government/Municipal Associations Groups of two or more municipalities located in the RTA six-county service area, City of Chicago RTA Service Boards 	20%	Expanded in 2008 to embrace RTA Strategic Plan
Community Planning Program	RTA	Competitive program to provide funding and planning assistance to communities at the local level for planning projects that benefit both the local communities and the RTA transit system	<ul style="list-style-type: none"> Local transit and transit-related studies Transit-oriented development plans and guidelines Local transit improvement plans for bus and rail Detailed implementation studies 	Municipalities located within the RTA's six-county service region	20%	

Program Fund Source	Administrative Agency	Description and Objectives	Use of Funds	Eligible Recipients	Matching Requirements	Comments
Operating Programs						
Innovation, Coordination and Enhancement (ICE) Program	RTA	<p>Competitive program to enhance the coordination and integration of public transportation and to develop and implement innovations to improve the quality and delivery of public transportation.</p> <p>Program is not intended for ongoing operations with projects limited to two years of funding and is primarily for capital projects.</p>	<ul style="list-style-type: none"> • To enhance the coordination and integration of public transportation • To develop and implement innovations to improve the quality and delivery of public transportation • To provide attractive, high-quality, innovative transit choices that link people to jobs and facilitate the use of transit for other trips • To increase the amount of transit service provided • To serve more of the region's travel markets using innovative approaches as appropriate and increase the ease of connection between different transit providers by coordinating service, fares, information and physical connections 	<ul style="list-style-type: none"> • Service Boards • Entities that currently provide public transportation services in the RTA service area • Local government agencies that wish to augment existing services through the initiation of new, coordinated public transportation 	<p>20% for capital projects</p> <p>50% for operating projects</p>	Split into two categories of projects: Initiative Category and Open Category

Appendix G • Funding Strategies

KANE COUNTY 2040 LONG RANGE TRANSIT PLAN

Program Fund Source	Administrative Agency	Description and Objectives	Use of Funds	Eligible Recipients	Matching Requirements	Comments
FTA Section 5316 Job Access and Reverse Commute (JARC) Program	RTA	Completive program that finances local programs that offer job access services for low-income individuals	Capital projects and operations RTA limits vehicle acquisition	Public transit operators, nonprofit corporations, tribal governments.	20% for capital projects 50% for operating projects	Annual grant cycle JARC not intended as long-term funding source; projects should be incorporated into regular operating budget after successful implementation
FTA Section 5317 New Freedom Program	RTA	Supports <i>new</i> services and alternatives that provide transit beyond that statutorily required under the ADA. Program designed to enhance services for individuals with disabilities.	Capital projects and operations RTA limits vehicle acquisition	Public transit operators, nonprofit corporations, tribal governments.	80% for capital projects 50% for operating projects	Annual grant cycle New Freedom not intended as long-term funding source; projects should be incorporated into regular operating budget after successful implementation
Employer Commuter Grant Program	Pace	Establish or enhance existing employee commuter programs with goal to reduce the number of single occupancy vehicles on the road, free up valuable parking space, improve air quality, and support the attraction and retention of the valuable workforce	Employee incentives, marketing, and program administration	<ul style="list-style-type: none"> • An employer in Cook, DuPage, Kane, Lake, McHenry or Will County • A Transportation Management Association (TMA) • Other business organization 	50%	

Program Fund Source	Administrative Agency	Description and Objectives	Use of Funds	Eligible Recipients	Matching Requirements	Comments
Capital Programs						
Federal Transit Administration (FTA) Section 5309 Funds (Congressional Earmark on bus and facility projects; formula on fixed guideways)	FTA	Capital Projects for bus and bus-related facilities/fixed guideway modernization	Capital projects only	Public transit operators/designated recipients	Minimum 20%, but typically 50% for capital projects	Obtaining a Congressional earmark is in part dependent upon the "clout" of the local delegation and the funding amount can vary tremendously.
Federal Transit Administration (FTA) Section 5307 Funds (Urban Formula Program)	FTA	Capital projects, including capital maintenance	Capital projects only	Public transit operators/designated recipients	20% for capital projects; some projects may be funded at higher participation ratios (Clean Air, Bicycle, and Some ADA projects)	Annual funding
FTA Section 5310 Elderly and Disabled Specialized Transportation Program	IDOT	Capital projects (vehicles only in Illinois) that providing services to elderly persons and persons with disabilities	Capital projects only	Nonprofit agencies, public agencies	20% match	Typically vans or small buses are available to support nonprofit transportation providers. Annual grant cycle. Program administered by IDOT, Department of Public and Intermodal Transportation. Grants awarded through statewide competitive process.

Program Fund Source	Administrative Agency	Description and Objectives	Use of Funds	Eligible Recipients	Matching Requirements	Comments
Vanpool Incentive Program	Pace	Acquisition and provision of vans for employee, employer, or specified agency commuting and training	Pace provides vehicles under four separate subprograms to facilitate ridesharing in the six-county region.	Groups of employees, employers, nonprofit organizations, and human service agencies that provide supportive employment services	Monthly fees vary by program	
Other Federal Programs that Support Passenger Transportation – Designed for Specific Client Populations (May be Coordinated with Local and Regional Public Transportation Programs)						
Title XIX – Medicaid	Illinois Department of Healthcare and Family Services	Medical related transportation for individuals with low income, disabilities or senior who meet eligibility criteria	In Illinois, a brokerage system has been established to find the low cost, most appropriate mode to ensure client access to necessary medical services	Medicaid eligible clientele	Varies	Brokerage managed by a third party entity (First Transit), competitively selected by the state
Head Start	US Department of Health and Human Services/Administration for Children and Families	Program service children and adults participating in comprehensive child development and pre-school services	Transport of children to/from program and adults/families to program activities	Head Start eligible children and families		Unique transportation make this program difficult to coordinate with community transit programs
Veterans Medical Care Benefits	US Department of Veterans Affairs	Assist veterans access medical care at approved VA facilities	Mileage reimbursements and other subsidies to support clientele travel for medical purposes	Veterans who require transportation assistance		
Temporary Assistance to Needy Families (TANF)	IL DHS - Division of Human Capital Development	Provides temporary financial assistance for pregnant women and families with one or more dependent children. TANF provides financial assistance to help pay for food, shelter, utilities, and expenses other than medical.	Trips to assessment interviews, training or education, counseling, child care, and work	TANF eligible clientele		

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KANE COUNTY 2040 LONG RANGE TRANSIT PLAN

Program Fund Source	Administrative Agency	Description and Objectives	Use of Funds	Eligible Recipients	Matching Requirements	Comments
Title III-B	Illinois Department of Aging/Northeast Illinois Area Agency on Aging (NIAAA)	Provide access to services to promote priority services defined in an area plan	To provide access to services where other transportation is not available in order to access essential services and medical facilities	Individuals age 60 years or greater		

RTA and Pace Funding Programs

Overview

In this section, programs administered by RTA and Pace that may provide funding for Kane County transit improvements are addressed. Improvements undertaken by the Service Boards operating in Kane County will be supported through the general revenue streams identified in the previous section. This section will, therefore, generally focus on funding that is intended to support programs at the local or sub-regional levels.

For purposes of presentation, funding programs are organized as follows:

- Planning programs
- Operations programs, including both demonstration and long-term operating projects
- Capital programs

In instances where a particular program may fund one or more of these categories (i.e., both capital and planning), the program has been addressed in the category that represents the most typical use of the funding source.

Planning Programs

RTA Subregional Planning Program

Program Description and Objectives

The Subregional Planning Program is a competitive program that provides funding and planning assistance to complete transit and land use focused planning studies.

Eligible projects include service development studies for an existing, underserved, or emerging market, the transit component of a county or subregional transportation plan, corridor or subregional level integrated transit and land use improvement studies, and transit-oriented development and coordinated paratransit studies at the county, subregional or corridor level.

The Subregional Planning Program was expanded in 2008 to address recommendations from the RTA's Strategic Plan, which calls for the regional transit system to be "enhanced and expanded to respond to the changes in local work-trip patterns that have resulted from, and in anticipation of, the growth in jobs and residences in the suburban area." Studies completed through this program may also develop strategies for serving the traditional suburb-to-city and intra-urban markets as well as the non-traditional city-to-suburb market identified in the Strategic Plan. The Strategic Plan also states that Subregional Planning studies will generally provide useful data and analysis to support informed transportation investment decisions; ensure that regional and local governments understand mobility needs, transportation system deficiencies, and existing and emerging travel markets within the subregion; explore and assess a range of corridor transportation options and their impacts; and identify alternatives that offer the best net advantage to corridor communities and the region.

Through this program, the RTA also seeks projects that support the Strategic Plan and are consistent with the vision and four primary goals of that plan: provide transportation options and

mobility, ensure financial viability, enhance livability and economic vitality, and demonstrate value. Projects will support the RTA's Regional Transit Coordination Program goal of providing customers with a seamless regional transit system that most effectively takes people where they need to go by transit. This goal is supported specifically by planning projects that improve information, physical and service coordination. Additionally, the program funds projects that incorporate the following Subregional Planning principles:

- Plan for increased transit usage
- Plan for transit service to new or underserved markets
- Plan for improved mobility options
- Plan for reduced highway congestion through expanded transit ridership
- Plan for multi-modal improvements
- Develop transit-oriented development plans or principles at the county or subregional level
- Plan for improved job access
- Plan for improved mobility for seniors and people with disabilities
- Plan for enhanced or expanded transit service
- Plan for improved mobility by synchronizing connections between existing transit services
- Plan for improved physical connections between trains and buses at interagency locations
- Plan for a seamless and coordinated transit system

Eligible Recipients

The Subregional Planning Program, administered by the RTA, provides funding and planning assistance to counties, townships, Councils of Government/Municipal Associations and groups of two or more municipalities located in the RTA six-county service area, the City of Chicago and the RTA Service Boards (Chicago Transit Authority, Metra and Pace) to complete transit and land use focused planning studies.

Eligible Costs

Under the Subregional Planning Program, funds may only be used for planning; capital and operating expenses are not permitted.

Project sponsors must provide 20 percent match. This match must be made up of cash or cash equivalents; "in-kind" or contributed services are not recognized by the RTA as eligible matching funds. Further, contracts are based on a fixed sum; any overage in project costs must be borne by the applicant agency.

Illustrative Projects

Eligible projects include service development studies for an existing, underserved, or emerging market, the transit component of a county or subregional transportation plan, corridor or subregional level integrated transit and land use improvement studies, and transit-oriented development and coordinated paratransit studies at the county, subregional or corridor level.

RTA Community Planning Program

Program Description and Objectives

The Community Planning Program is administered by the RTA to provide funding and planning assistance to communities at the local level for planning projects that benefit both the local communities and the RTA transit system.

The Community Planning Program is a competitive funding program that offers municipalities an opportunity to participate in the planning of local transit and transit-related opportunities. Services offered include the creation of station area/transit-oriented development plans and guidelines, local transit improvement plans for bus and rail, coordinated paratransit plans and detailed implementation studies.

Through this program, the RTA seeks projects that are consistent with the vision and four primary goals of its Strategic Plan: provide transportation options and mobility, ensure financial viability, enhance livability and economic vitality, and demonstrate value. Services offered include the creation of transit-oriented development plans, transit-oriented development guidelines, local transit improvement plans for bus and rail and detailed implementation studies.”

This goal is supported specifically by planning projects that improve information, physical and service coordination. Additionally, the program funds projects that incorporate the following Community Planning principles:

- Plan for increased transit usage
- Plan for access and circulation improvements in and around transit facilities
- Plan for multi-modal improvements
- Develop transit-oriented development plans or principles
- Plan for improved job access
- Plan for improved mobility for seniors and people with disabilities
- Plan for enhanced or expanded transit service
- Plan for improved mobility by synchronizing connections between existing transit services
- Plan for improved physical connections between trains and buses at interagency locations
- Plan for a seamless and coordinated transit system

Eligible Recipients

Municipalities located within the RTA’s six-county service region are eligible to apply to the Community Planning program.

Eligible Costs

Under the Community Planning, program funds may only be used for planning; capital and operating expenses are not permitted.

Project sponsors must provide 20 percent match to Community Planning funds. This match must be made up of cash or cash equivalents; “in-kind” or contributed services are not recognized by the RTA as eligible matching funds. Further, contracts are based on a fixed sum; any overage in project costs must be borne by the applicant agency.

Illustrative Projects

The FY 2010 program of projects contains five projects for a total program cost of \$575,000; RTA contributions total \$460,000. The current range of projects consists of Transit Oriented Development (TOD) studies or station area development plans.

Operating Programs

RTA Innovation, Coordination and Enhancement (ICE) Program

Program Description and Objectives

The Innovation, Coordination and Enhancement (ICE) Program is a competitive funding program established as part of the Mass Transit Funding and Reform Act. This program is administered by the RTA. The purpose of the program is to enhance the coordination and integration of public transportation and to develop and implement innovations to improve the quality and delivery of public transportation.

RTA has established the following program objectives for ICE:

- To enhance the coordination and integration of public transportation
- To develop and implement innovations to improve the quality and delivery of public transportation
- To provide attractive, high-quality, innovative transit choices that link people to jobs and facilitate the use of transit for other trips
- To increase the amount of transit service provided
- To serve more of the region's travel markets using innovative approaches as appropriate and increase the ease of connection between different transit providers by coordinating service, fares, information and physical connections

The intent of the ICE program is to advance the RTA’s Strategic Plan goal of providing attractive, high-quality, innovative transit choices that link people to jobs and facilitate the use of transit for other trips. In addition, the ICE Program supports the Strategic Plan objectives to increase the amount of transit service provided and serve more of the region’s travel markets using innovative approaches as appropriate and increase the ease of connection between different transit providers by coordinating service, fares, information and physical connections. To accomplish these goals and objectives, the RTA selects (through a competitive selection process) cost-effective capital and operating projects that promote innovation, coordination and enhancement of the regional public transportation system. Selected projects support the RTA’s Regional Transit Coordination Program goal of providing customers with a seamless regional transit system that most effectively takes people where they need to go by transit.

Eligible Recipients

Eligible entities to apply and receive ICE funds includes any of the three Service Boards, entities that currently provide public transportation services in the RTA service area, or local government agencies that wish to augment existing services through the initiation of new, coordinated public transportation.

Eligible Costs

RTA will fund both capital and operating costs under the ICE program. RTA further will fund design and/or engineering projects that directly support the development of an ICE project. Capital and operating projects in the ICE program must demonstrate that they will enhance the coordination and integration of the existing regional public transportation system and/or lead to the development and implementation of innovations that improve the quality and delivery of regional transit service.

Beginning in FY 2010, RTA split the ICE program into two categories:

1. Initiative Category – The Initiative Category provides applicants with an opportunity to work with the RTA to implement projects that are directed at addressing specific issues.
2. Open Category – The Open Category allows applicants to apply for any project that meets the general eligibility requirements of the ICE program.

Each category was allocated fifty percent of the available funding under the ICE program. An applicant cannot receive ICE funding and JARC or New Freedom funding during the same fiscal year. If an applicant requests capital funding, the rate of ICE participation in project costs is 80 percent. If operating assistance is requested, the participation ratio is fifty percent. Finally, RTA imposes additional criteria on ICE projects. Projects are meant to be of limited duration; RTA expects that after receiving ICE for two years, the project sponsor(s) must determine whether it is desirable to continue the project. RTA anticipates that the project will be funded from local sources thereafter.

Illustrative Projects

The following represent a generic list of projects that would potentially qualify for ICE funding:

- Shuttle bus services from rail stations and/or bus transfer facilities to key regional destinations and major activity centers
- Rail and bus reverse commute, intra-community, and/or off-peak services that enhance regional mobility by facilitating interagency connections
- Creation of new interagency transfer opportunities at locations where services currently intersect (rail to rail, rail to bus, bus to bus)
- Physical modifications to facilitate transfers at existing interagency locations to enhance/improve critical local or regional connections
- Passenger amenities for customers that need to transfer, i.e. shelters, benches, kiosks, etc.

- Deployment of new innovative technologies and procedures to reduce operating and/or maintenance costs

FTA Job Access Reverse Commute (JARC)⁴

Program Description and Objectives

The Job Access Reverse Commute (JARC) portion of the program is a federally funded program that provides financial assistance for transportation services planned, designed, and carried out to meet the transportation needs of eligible low-income individuals and reverse commuters regardless of income.

Unlike other programs described in this section, funding for JARC grants awards is from the Federal Transit Administration. This program, first initiated as a national, competitive, limited program was gradually transformed over two re-authorization bills. With the passage of SAFETEA-LU, JARC funding is allocated by formula to States for areas with populations below 200,000 persons, and to designated recipients for areas with populations of 200,000 persons and above. The formula is based on the number of eligible low-income and welfare recipients in urbanized and rural areas.

Importantly, SAFETEA-LU included two key program elements: (1) projects must be selected through a competitive process; and (2) all selected projects must be derived from a locally developed, coordinated public transit-human services transportation plan.

In response to the SAFETEA-LU requirement, the RTA embarked on a thorough human service/public transportation planning process (HSTP), called *Connecting Communities through Coordination*, to identify strategies that encourage more efficient use of available service providers that bring enhanced mobility to the region's older adults, persons with disabilities and individuals with lower incomes.

The completion of the HSTP allows the northeastern Illinois region to access nearly \$7 million in federal funding available from the JARC and NF programs. The HSTP's goal is to maximize these two programs' collective coverage by minimizing the duplication of services and ensure the provision of efficient transportation services for the Northeastern Illinois region.

Eligible Recipients

Federal requirements stipulate that designated recipients and states are the only eligible direct recipients of JARC funding. RTA follows Federal guidelines on eligible subrecipients. The program is available to private non-profit organizations, state or local government authorities, and public and private operators of public transportation that are located in the RTA's six county service area or the urbanized portion of Kendall County.

Eligible Costs

A local match is required for all JARC projects. Local match requirements are 20 percent for capital projects and 50 percent of the net cost of service for operating projects. The potential for

⁴ While RTA discusses both the Job Access/Reverse Commute Program and the New Freedom Program on the same webpage, in reality these are two distinct programs; thus, they are discussed separately here. In practice, applicants need only submit a single application to the combined fund.

sustainability and self-sufficiency beyond the grant period will be a major determining factor for operating projects. In order to achieve the most benefit with available resources, project readiness will be considered for all project types.

RTA reports that for FY 2010, approximately \$4,079,855 was available in JARC funding.

Further, RTA, following the FTA lead, will permit mobility management projects to be funded at eighty percent Federal participation in both the JARC and New Freedom programs.

Due to the relatively small size of this program, RTA typically does not fund vehicle related capital projects; RTA steers projects seeking capital to other programs.

Illustrative Projects

RTA has published a list of illustrative projects that may be considered for JARC funding:

- Late-night and weekend service
- Guaranteed ride home service
- Shuttle service
- Expanding fixed-route mass transit routes
- Demand-responsive van service
- Ridesharing and carpooling activities
- Transit-related aspects of bicycling (such as adding bicycle racks to vehicles to support individuals that bicycle a portion of their commute or providing bicycle storage at transit stations)
- Local car loan programs that assist individuals in purchasing and maintaining vehicles for shared rides
- Promotion, through marketing efforts, of the:
 - Use of transit by workers with nontraditional work schedules
 - Use of transit voucher programs by appropriate agencies for welfare recipients and other low-income individuals
 - Development of employer-provided transportation such as shuttles, ridesharing, carpooling
 - Use of transit pass programs and benefits under Section 132 of the Internal Revenue Code of 1986
- Supporting the administration and expenses related to voucher programs
- Acquiring Geographic Information System (GIS) tools
- Implementing Intelligent Transportation Systems (ITS), including customer trip information technology
- Integrating automated regional public transit and human service transportation information, scheduling and dispatch functions
- Deploying vehicle position-monitoring systems

- Subsidizing the costs associated with adding reverse commute bus, train, carpool van routes or service from urbanized areas and non-urbanized areas to suburban work places
- Subsidizing the purchase or lease by a non-profit organization or public agency of a van or bus dedicated to shuttling employees from their residences to a suburban workplace
- Supporting new mobility management and coordination programs among public transportation providers and other human service agencies providing transportation. Mobility management activities may include:
 - The promotion, enhancement, and facilitation of access to transportation services, including the integration and coordination of services for individuals with disabilities, older adults, and low-income individuals
 - Support for short-term management activities to plan and implement coordinated services
 - The support of state and local coordination policy bodies and councils
 - The operation of transportation brokerages to coordinate providers, funding agencies and customers
 - the provision of coordination services, including employer-oriented Transportation Management Organizations' and Human Service Organizations' customer-oriented travel navigator systems and neighborhood travel coordination activities such as coordinating individualized travel training and trip planning activities for customers
 - The development and operation of one-stop transportation traveler call centers to coordinate transportation information on all travel modes and to manage eligibility requirements and arrangements for customers among supporting programs;
 - Operational planning for the acquisition of intelligent transportation technologies to help plan and operate coordinated systems inclusive of Geographic Information Systems (GIS) mapping, Global Positioning System technology, coordinated vehicle scheduling, dispatching and monitoring technologies as well as technologies to track costs and billing in a coordinated system and single smart customer payment systems (acquisition of technology is also eligible as a standalone capital expense)
 - Otherwise facilitating the provision of public transportation services to suburban employment opportunities

FTA New Freedom Funding Program

Program Description and Objectives

The purpose of the New Freedom Program is to provide new public transportation services and public transportation alternatives beyond those required by the Americans with Disabilities Act (ADA).

New Freedom is a brand new program that was established under SAFETEA-LU. Like the JARC program, this program is funded by the Federal Transit Administration. Funds are allocated to the states and designated recipients based on a formula. And again, like JARC, New Freedom projects must be (1) selected through a competitive process; and (2) derived from a locally developed, coordinated public transit-human services transportation plan.

In addition to the types of projects described below, RTA has awarded New Freedom funds to Pace to begin the first phase of a three-part plan to implement one of three regional call centers for Dial-A-Ride and ADA paratransit services. Funding from this program will support mobility management and dispatching functions for the estimated 10,000 disabled individuals expected to utilize the call center annually. The center will promote, enhance and facilitate access to transportation services, including the integration and coordination of services for individuals with disabilities, older adults and those individuals with low income.

Eligible Recipients

The program is available to private non-profit organizations, state or local government authorities, and public and private operators of public transportation that are located in the RTA's service area.

Eligible Costs

A local match is required for all New Freedom projects. The matching ratios are the same as used for the JARC program. Similarly, the potential for sustainability and self-sufficiency beyond the grant period will be a major determining factor for operating projects.

RTA reports that for FY 2010, approximately \$1,022,745 was available in New Freedom funding.

Illustrative Projects

Examples of public transportation services that go **beyond** the ADA requirements include projects that reduce advance reservation requirements, exceed current ADA requirements of origin to destination services, vehicles that exceed current 49 CFR part 38 requirements to accommodate larger or heavier mobility aids, feeder services; accessibility improvements at non-key stations; and travel training. New initiatives may include the purchase of accessible vehicles, ridesharing and/or vanpooling programs; administration of new voucher programs; the support of new volunteer driver/aide programs and; development of new mobility management and coordination programs among public transportation providers and other human service agencies providing transportation.

Pace Employer Commuter Grant Program

Program Description and Objectives

The Employer Commuter Grant Program is a small grant program administered by Pace designed to provide employers in Northeastern Illinois with funding to establish or enhance existing employee commuter programs. Funding for the program is provided by the Illinois Department of Transportation.

The aim of this grant is to reduce the number of single occupancy vehicles on the road, free up valuable parking space, improve air quality, and support the attraction and retention of the valuable workforce necessary to strengthen the region's employers.

Eligible Recipients

Employers who encourage employees to travel to work in the Northeastern Illinois region through ridershare or public transportation modes are eligible for grants up to \$20,000 to subsidize a qualified Employee Commuter Program.

Illustrative Projects

The applicant may be:

- An employer in Cook, DuPage, Kane, Lake, McHenry or Will County
- A Transportation Management Association (TMA)
- Other business organization

Eligible Costs

Pace requires the potential applicant to cover project development costs; the Employer Commuter Grant program will pay for up to 50 percent of the permissible expenditures incurred by the program.

Illustrative Projects

Permissible expenditures for the grant funds include (but not limited to) incentives to promote increased vehicle occupancy, marketing, and administration. Costs may include:

- Oil change gift card
- Gas cards
- Transit passes
- An Emergency Ride Home program
- Pace Vanpool monthly fares
- Raffle prizes
- Wages paid to a Transportation Coordinator (Pace limits staffing time to 25 percent of the total grant request)
- Marketing materials

Capital Programs

RTA is heavily invested in coordinated planning and service implantation throughout the northeastern Illinois service area. Funding to support the RTA is derived from a mix of Federal, state, and local sources. As noted in the previous section, the two largest local revenue sources are sales taxes and real estate transfer taxes. From the Federal perspective, two primary funding programs, administered nationally by the U.S. Department of Transportation, Federal Transit Administration, are the Section 5307 and Section 5309 programs, described in the next section.

Pace Vanpool Incentive Program

Program Description and Objectives

Pace manages a vanpool program that will assist a variety of entities with the provision of a vehicle for commuting and other purposes. The program is organized into four components, as follows:

- Traditional employee operated vanpool
- Employer shuttles
- Metra Feeders
- Advantage Van program

In the traditional employee operated vanpool arrangements, a group (between 5 – 13 participants) with similar commute patterns and schedules may organize a vanpool. Pace provides the van from among four types: minivan, ramped minivan, conversion van, lift-equipped conversion van.

Pace also has an employer shuttle program. This program provides vans to employer-operated commute programs. The difference between this program employee operated program is that the employer manages the program, rather than a primary driver. Under this arrangement, the employer pays Pace a fixed flat fee per month for the use of the vehicle, although it is permissible for the employer to charge riders/participants an administrative fee(s) to cover costs associated with the operation of the Shuttle Service.

In a third variation of this program, Pace also operates Metra feeders as part of its vanpool program. The Metra Feeder allows for the Pace van to be parked at a Metra station and train travel represents a second leg of a two-leg commute to work. Pace requires that at least half of the participants purchase a Metra monthly pass or 10-ride ticket.

Finally, the Advantage Program provides vehicles to private nonprofit human service organizations/workshops/agencies located in the six-county region.

Eligible Recipients

Pace has developed criteria for eligibility for drivers; these requirements include:

- The primary driver must be at least 23 years of age
- The primary driver must be employed by present employer for one year, or other indication of stable employment
- The primary driver must have current and unrestricted driver's license from Illinois, Indiana or Wisconsin, must have driven for at least three years, and must be free of previous felony convictions, license revocation due to driving under the influence of alcohol or controlled substances, driving while otherwise impaired, or concurring violations of illegal lane usage
- The primary driver must possess minimum Illinois collision and comprehensive insurance coverage for their own personal vehicle(s) and preferably be accident-free for at least three years
- The primary driver must be able to meet health standards applicable to Pace bus drivers
- The primary driver must pass a Pace-approved drug & alcohol test and consent to a credit check.

Under the employer shuttle program, any employer in Northeastern Illinois may participate in the program.

Like the employee operated vanpool, any group of employees can organize a Metra shuttle; Pace imposes driver requirements and the stipulation that some employees purchase Metra passes are part of the eligibility requirements.

To qualify for the Advantage Program, a human service agency must hold a current State of Illinois Developmental Training Certification or equivalent and provide work-related transportation service to persons with disabilities.

Eligible Costs

Pace provides the van and each participant pays a low monthly fare based on distance and number of participants. These fees cover all costs of the vanpool including fuel, maintenance, insurance, tolls, roadside assistance, and van washes. One of the participants volunteers to be the primary driver. He or she does not pay a fare and is permitted to use the van for up to 300 personal miles a month.

In the employer shuttle program, employers pay \$1,029 per month for van usage. If the employer is a non-profit organization, the rate is \$768 per month.

In the Metra shuttle program, each participant pays \$58 per month; this fee covers all costs associated with the van including fuel, maintenance, insurance, tolls, roadside assistance, and van washes. Metra fares and parking are not included in this rate.

In the Advantage program, a fee of \$401 per month per van is assessed to the nonprofit human service organization.

Illustrative Projects

The traditional vanpool program is designed to transport groups of employees to/from employment sites and generally include travel to work that is less than 160 miles round trip per day.

Employer sponsored shuttles are comparable in scope but are managed and administered by an employer, rather than a group of employees.

Metra Feeder van service is appropriate for any group that commutes to a Metra from a common origin in a two-leg commute (auto/train) trip.

The Advantage program is more limited and is designed to support sheltered for facilitated employment of persons with disabilities under sponsorship of a nonprofit organization.

Other FTA and Federal Programs

Overview

In this section, other programs – administered by a range of Federal and state agencies – are addressed. These programs include several notable programs administered by the Federal Transit Administration and typically allocated to designated recipients (in this case, RTA) for use on projects throughout the RTA service area.

Federal Transit Administration (FTA) Programs

Urban Formula Program (49 U.S.C. § 5307)

Program Description and Objectives

The Urban Formula program (49 U.S.C. § 5307) makes Federal resources available to urbanized areas for transit capital assistance and for transportation related planning. An urbanized area is an incorporated area with a population of 50,000 or more that is designated as such by the U.S. Department of Commerce, Bureau of the Census.

Eligible Recipients

Funds are apportioned via formula to designated recipients in urbanized areas throughout the United States. Additionally, designated recipients are obligated to adhere to a host of Federal and transit specific regulations ranging from civil rights to procurement to safety.

For areas with populations of 200,000 and more, the formula is based on a combination of bus revenue vehicle miles, bus passenger miles, fixed guideway revenue vehicle miles, and fixed guideway route miles as well as population and population density. In FY 2009, the RTA was apportioned \$247,951,415 in Section 5307 funding.

Eligible Costs

Eligible purposes include planning, engineering design and evaluation of transit projects and other technical transportation-related studies; capital investments in bus and bus-related activities such as replacement of buses, overhaul of buses, rebuilding of buses, crime prevention and security equipment and construction of maintenance and passenger facilities; and capital investments in new and existing fixed guideway systems including rolling stock, overhaul and rebuilding of vehicles, track, signals, communications, and computer hardware and software. All preventive maintenance, clean air enhancements, and some Americans with Disabilities Act complementary paratransit service costs are considered capital costs.

RTA determines the allocation of these funds to the respective Service Boards and each service board determines how best to use FTA formula funding.

Capital Investment Program (49 U.S.C. § 5309)—Fixed Guideway Modernization and Bus/Bus-Related Facilities

Program Description and Objectives

This program is commonly referred to as the Discretionary Capital Program provides capital assistance to urbanized areas for three primary purposes: new and replacement buses and facilities (Bus and Bus Related Facilities program); modernization of existing rail systems (Fixed Guideway Modernization program), and new fixed guideway systems (New Starts program and Small Starts).

This bus and bus related facilities program provides capital assistance for new and replacement buses, and related equipment and facilities. Funds are allocated on a discretionary basis, but are earmarked by Congress in their entirety in most years.

The program also supports capital projects to modernize or improve fixed guideway systems and can be used to purchase and rehabilitate rolling stock, track, line equipment, structures, signals and communications, power equipment and substations, passenger stations and terminals, security equipment and systems, maintenance facilities and equipment, operational support equipment including computer hardware and software, system extensions, and preventive maintenance.

The fixed guideway component of this program is allocated using seven tiers. The allocation of funding under the first four tiers is based on data used to apportion the funding in fiscal year 1997. Funding under the last three tiers is apportioned based on the latest available route miles and revenue vehicle miles on segments at least seven years old as reported to the National Transit Database. A threshold level of more than one mile of fixed guideway is required to receive these funds. In FY 2009, the RTA was apportioned \$173,603,836 in Fixed Guideway Modernization funds.

Elderly Individuals and Individuals with Disabilities (Section 5310)

Program Description and Objectives

This program (49 U.S.C. § 5310) provides formula funding to States for the purpose of assisting private nonprofit groups in meeting the transportation needs of the elderly and persons with disabilities when the transportation service is unavailable, insufficient, or inappropriate to meeting these needs.

Unlike most FTA funding programs apportioned to the states, where the Illinois Department of Transportation only funds projects in Downstate Illinois, the Section 5310 is the exception, since projects in the RTA service area are eligible to apply for funds.

Funds are obligated based on the annual program of projects included in a statewide grant application. IDOT ensures that local applicants and project activities are eligible and in compliance with Federal requirements, that private not-for-profit transportation providers have an opportunity to participate as feasible, and the project provides for maximum feasible coordination with other Federally funded transportation services in accordance with a locally derived public transportation human services transportation coordination plan.

Eligible Recipients

Eligible recipients of Section 5310 funding include private nonprofit organizations; governmental authorities that certify to the chief executive officer of a State that no nonprofit corporations or associations are readily available in an area to provide the service; and governmental authorities approved by the State to coordinate services for elderly individuals and individuals with disabilities.

Section 5310 is the third program in a trio of programs subject to FTA's competitive selection requirement and the mandate for the project to be derived from a locally developed coordination plan. In this program, IDOT, not RTA staff, makes that determination before including the project in a program that is ultimately submitted to FTA.

IDOT follows the following objectives in the management of this program:

- Within existing funding limitations, support and develop a safe fleet of vehicles to service the statewide transportation needs of the elderly and other mobility impaired persons
- Provide for the equitable distribution of capital assistance resources to enhance the continuation of existing services as well as the limited growth of new or expanded services as warranted
- Optimize the distribution and allocation of resources to strengthen regional coordination among grantees and other complementary transportation programs
- Promote local transportation initiatives which provide safe, efficient and accessible mobility options for targeted groups
- Support the local human services transportation planning process

Eligible Costs

Due to funding constraints, increasing demand, and a large base of specialized transit service providers, IDOT only funds rolling stock under this program. While FTA permits a wide range of eligible capital elements under the program, recipients may only receive grants for vehicles (all acquired through a state managed centralized procurement system).

Illustrative Projects

Generally, illustrative projects are those where a nonprofit organization provides specialized transportation using operating funds from a human service agency funding source and is located in an area where there are few public transit options. Thus, while organizations in Kane County are not categorically disqualified, a project would have to demonstrate that existing public and specialized services are unavailable, insufficient, or inappropriate to meeting these needs.

Other Types of Funding Sources that Support Passenger Transportation

With SAFETEA-LU's emphasis on coordination activities between public transportation services and other programs sponsored by the Federal government (primarily by branches of the Federal government that support human services), many transit systems, in large urbanized areas to remote rural areas, have learned that coordinating these services can introduce new revenue

streams into the public transportation system through provision of service under contract (demand response mode) or working directly with the organization to design client response fixed mode services.

A recent U.S. Government Accountability Office (GAO) report identified no less than 62 different Federal programs that will support transportation. Although nine of these programs are administered by the Federal Transit Administration, the remaining 53 programs are administered by seven different executive departments of the Federal government.

Subsequent research has shown that the top seven programs among these 53 programs account for more than 85 percent of the estimated expenditures. Medicaid is by far the largest of the non-FTA funded programs, with estimated expenditures in excess of \$1.5 billion nationally.

While these programs do not provide direct grants to a transit provider in most instances, various coordination strategies can yield funds for locally coordinated transit programs. Therefore, we have provided a summary of the key human service agency funding involved in transportation in Illinois in the sections below.

Title XIX (Medicaid) Funding for Non-Emergency Medical Transportation Administered by the Illinois Department of Healthcare and Family Services

Authorized under the Social Security Act, as amended (42 U.S.C. § 396a, 1396(e)(1)(A)), Medicaid is administered by the Centers for Medicare and Medicaid Services (CMS). In existence for more 40 years, Medicaid is a means-tested entitlement program that finances the delivery of primary and acute medical services as well as long-term care to more than 57 million people at an estimated cost to the federal and state governments of roughly \$300 billion. The Federal Medicaid statute (Title XIX of the Social Security Act) defines more than 50 distinct population groups as being potentially eligible. To qualify for Medicaid coverage, applicants' income (e.g., wages, Social Security benefits) and often their resources or assets (e.g., value of a car, savings accounts) must meet program financial requirements. These requirements vary considerably among states, and different rules apply to different population groups within a state. Medicaid eligibility is also subject to categorical restrictions – generally, it is available only to the elderly, persons with disabilities (as generally defined under the federal Supplemental Security Income Program, or SSI), members of families with dependent children, and certain other pregnant women and children. In recent years, Medicaid has been extended to additional groups with specific characteristics, including certain women with breast or cervical cancer and uninsured individuals with tuberculosis.⁵

In Illinois, the Department of Healthcare and Family Services (HFS) is one of the largest providers of transportation in Illinois. Included in its budget is Medicaid (Title XIX) funding and in particular, which provides non-emergency medical transportation (NEMT) services.

In June 2001, HFS implemented the Non-Emergency Transportation Service Prior Approval Program (NETSPAP) in Cook County and gradually expanded this brokerage demonstration statewide. In a brokerage service delivery model, the funding source typically secures the services of a third party contractor that is responsible for arranging for a network of transportation

⁵ Herz, Elisa J., *Medicaid: A Primer*, prepared for the Congressional Research Service, Library of Congress, Washington, D.C. (December 19, 2005).

providers to be available to deliver individually arranged transportation services on behalf of the covered population. This brokerage program is managed by First Transit, a private for-profit transit management company.

Head Start Administered by the US Department of Health and Human Services

The Head Start Program, funded through the U.S. Department of Health and Human Services, Administration for Children & Families, provides grants to local public and private nonprofit and for-profit agencies to provide comprehensive child development services to economically disadvantaged children and families, with a special focus on helping preschoolers develop the early reading and math skills they need to be successful in school. In FY 1995, the Early Head Start program was established to serve children from birth to three years of age in recognition of the mounting evidence that the earliest years matter a great deal to children's growth and development.

Head Start, while often viewed as a school program, is typically treated as human services transportation by most states. However, Head Start is one of the few agencies that has issued specific transportation operations and safety regulations. These regulations, promulgated in 2001, provide limited opportunity for coordination of services, particularly among seniors and persons with disabilities, due to the adoption of school bus type vehicle specifications.

Veterans Medical Care Benefits Program Administered by the US Department of Veterans Affairs

Administered by the U.S. Department of Veterans Affairs, Veterans Health Administration, the Veterans Medical Care Benefits program is estimated by the GAO to be fourth largest funder of client transportation in the U.S. Under this program, certain veterans may be provided special mode travel (e.g. wheelchair van, ambulance) or reimbursed for travel costs when traveling for approved VA medical care. Reimbursement is paid at 41.5 cents per mile and is subject to a deductible of \$3 for each one-way trip and \$6 for a round trip; with a maximum deductible of \$18 or the amount after six one-way trips (whichever occurs first) per calendar month. Two exceptions to the deductible are travel in relation to a VA compensation or pension examination and travel requiring a special mode of transportation. The deductibles may be waived when their imposition would cause a severe financial hardship.

Eligibility for VA sponsored travel is as follows:

- Veterans whose service-connected disabilities are rated 30 percent or more
- Veterans traveling for treatment of service-connected conditions
- Veterans who receive a VA pension
- Veterans traveling for scheduled compensation or pension examinations
- Maximum annual VA pension rate
- Certain veterans in certain emergency situations
- Veterans whose medical condition requires a special mode of transportation, if they are unable to defray the costs and travel is pre-authorized. Advance authorization is not required in an emergency if a delay would be hazardous to life or health.

- Certain non-veterans when related to care of a veteran (attendants & donors)

Temporary Assistance for Needy Families Administered by the Illinois Department of Human Services

TANF is designed to help needy families achieve self-sufficiency. To carry out its mission, the TANF Bureau: (1) develops legislative, regulatory, and budgetary proposals; (2) presents operational planning objectives and initiatives related to welfare reform to the Director; (3) oversees the progress of approved activities; (4) provides leadership and coordination for welfare reform within ACF; and (5) provides leadership and linkages with other agencies on welfare reform issues, including agencies within U.S. Department of Health and Human Services (DHHS), relevant agencies across the Federal, State, local, and Tribal governments, and non-governmental organizations at the Federal, State, and local levels.

In Illinois, this program is administered by the Department of Human Services, Division of Human Capital Development.

Title III-B Funding Administered by the Northeastern Illinois Area Agency on Aging⁶

Title III of the Older Americans Act of 1965 is divided into four programs: Supportive Services, Nutrition and Meals Services, Disease Prevention and Health Promotion, and the National Family Caregiver Support Program. Title III-B, Supportive Services, is a major funder of transportation for persons 60 years of age or greater. Under the Act, certain priority services must be funded on an annual basis, including:

- Legal assistance
- Access to services (transportation, outreach, information and assistance, and case management services)
- In-home services (homemaker and home health aides, visiting and telephone reassurance, chore maintenance)

In Illinois, Title III-B funding is distributed by the Illinois Department of Aging to 13 Area Agencies on Aging (AAAs) around the state. Each AAA is responsible for delivery of services to seniors in its area, including transportation services. Each AAA develops an Area Plan which details these services, noting that each Area Plan must be approved by the Illinois Department of Aging. Each AAA makes the decisions about what to fund and how to deliver the services.

Federal Title III-B funding requires a local match. In Illinois, this local match is provided partially by the state at about 5 percent, which is used for both administration match (at 65 percent) and service match at 35 percent. The greater portion of the local match that is required to deliver services is generated by local communities. By statute, rider donations cannot be used as part of the local match; instead, they are to be used for service expansion.

In Kane County, the AAA is the Northeastern Illinois AAA (NIAAA), which serves DuPage, Lake, Kane, Kendall, McHenry and Will counties. For over twenty-five years, NIAAA has developed and coordinated services such as home-delivered meals, case management, transportation, legal

⁶ Source: Interviews with CDOA, Suburban AAA, and NIAAA staff.

services, information and assistance, etc. to assist older persons. These services enable older persons to live independently in their own homes. The agency also serves as an advocate for the needs and interests of older persons to legislators and others.

NIAAA is not a direct service provider; rather, it contracts with community-based service providers for service delivery. The community-based agencies normally receive local funding in addition to the funds they receive from the Illinois Department on Aging and NIAAA. NIAAA works in partnership with local service providers to assure that the needs of older people are being met.

In an effort to decrease isolation and maintain independence, transportation services are provided that allow access to other services that older adults would be unable to use unless they were able to drive themselves or had other means of transport. Rides are provided transportation to congregate meal centers, medical offices and essential local facilities.

At the NIAAA, transportation services are subsidized for people 60 years of age and older in limited geographically designated service areas. Prioritized destinations include trips to nutrition sites, medical appointments, banking, pharmacies, employment, and shopping. NIAAA is working in collaboration with social service agencies, Case Coordination Units (CCUs), and local units of government to provide transportation services to seniors in their service area. Specialized services are necessary for seniors who are not able to walk to bus stops, or live in rural or otherwise isolated areas. Therefore, door-to-door service has been initiated when possible.

Potential Funding Strategies

Service Strategies

In a previous technical memorandum, a series of service design policies were developed based on the following types of services:

- High Frequency Fixed Route
- Moderate Frequency Urban Local Fixed Route
- Low Frequency Urban Local Fixed Route
- Community Shuttle Circulator
- Feeder Service
- Flexible Bus
- On-Demand (Dial-a-Ride)
- Employer/Commuter Rail/Bus
- Vanpools

Figure 2 identifies the potential funding sources, discussed in the previous sections of this memorandum, that apply to some of the service strategies presented in the System Strategies Technical Memorandum (Appendix F).

Non-Service Strategies

Non-service strategies identified in the System Strategies Technical Memorandum include development of transit-supportive planning activities, policies and programs and capital projects that create/improve transit facilities or improve access to transit. Figure 1 (above) identified funding sources for these types of strategies. In addition, the Kane/Kendall Council of Mayors compiled a brochure, titled “Transportation Funding Sources for Municipalities,” that describes a variety of funding sources that can be applied to non-service strategies.⁷ Examples of these programs at different levels of government include:

- Regional: The RTA’s Subregional and Community Planning grants can be used for station area and other types of plans and the RTA’s Innovation, Coordination, Enhancement (ICE) grants can be used for physical improvements and passenger amenities.
- State: The High Growth Cities program, administered by IDOT, is available for fast-growing cities (5% or more) over 5,000 people and requires no local match. The municipality has discretion over the use of the funds.
- Federal: The Transportation Enhancements Program (ITEP), administered by IDOT, can be used for bicycle and pedestrian facilities.

⁷ <http://www.co.kane.il.us/dot/COM/PUBLICATIONS/brochure.pdf>

Figure 2 Summary of Service Design Policy Guidelines

Route Type	Service Description	Mode of Service	Operating Entity	Primary Funding Strategy	Potential Other Sources
Productivity-Oriented Services					
High Frequency Fixed-Route	Frequent (15-minute or better), fast (limited number of stops), two-way service in densest corridors with quality anchors	Bus (Future Rapid Bus)	RTA Service Board (Pace)	Fares, Regional Sales Taxes, PTF	FTA Section 5309/5307 (Capital only)
Moderate Frequency Urban Local Fixed Route	All-day local service, 30-minute frequency of service	Bus	RTA Service Board (Pace)	Fares, Regional Sales Taxes, PTF	FTA Section 5309/5307 (Capital only) or Municipal funding
Coverage-Oriented Services					
Low Frequency Urban Local Fixed Route	60-minute frequency of service, primarily on weekdays	Bus	RTA Service Board (Pace) or Local Sponsor	Fares, Regional Sales Taxes, PTF	Municipal funding
Community Shuttle/Circulator	Local circulation	Bus, Vintage Trolley, Mini-Bus, Van	Local Sponsor	ICE	Municipal funding
Feeder	Local circulation with connection to regional transportation	Bus, Mini-Bus, Van	Local Sponsor	ICE, JARC, Vanpool Incentive Program	Municipal funding
Flex Bus	Local circulation with optional point-to-point service with curbside pickups/drop offs on demand	Bus, Mini-Bus	RTA Service Board (Pace) or Local Sponsor	ICE, JARC, New Freedom Local Sponsor	Municipal funding
On-Demand (Dial-a-Ride)	Point-to-point service with curbside pickups/drop offs on demand	Mini Bus, Van	Local Sponsor Nonprofit Organization	Fares Section 5310 – Capital, New Freedom	Municipal funding

Route Type	Service Description	Mode of Service	Operating Entity	Primary Funding Strategy	Potential Other Sources
Special Commuter Services					
Employer/Commuter Rail/Bus	Limited stop services providing express service for commuters	Rail, Bus	Service Board (Metra, Pace) Local Sponsor Private Provider	Fares, Regional Sales Taxes, PTF	Public/Private Partnerships
Vanpools	Shared ride, driven by one of the passengers, typically to place of employment	Van	Private employers Employees	Employer Commuter Grant Program Vanpool Incentive Program	Employee/Employer Contributions or Fees