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Wednesday, April 7th, 2010.

MS. BLOOMER: Thank you for coming today to lovely Arlington, Texas. We wish you could have taken public transportation here, but again, it's lovely Arlington, Texas. So let's go ahead and get started. We will call the meeting to order and move on to Agenda Item No. 2, and I'll move turn it over to Eric.

MR. GLEASON: All right. Thank you.

Good morning. Each of you has in front of you a binder, and Ginnie Mayle -- I thank Ginnie for preparing this -- trying to put all in one place a lot of information that, as a member of this Committee, is helpful and hopefully useful to you in understanding the kind of scope and breadth of the potential issues that might come in front of the Committee. My only contribution in this are the three colored tabs at the top. We didn't have an opportunity to put page numbers on all of this information, and I'm sure all of you at one point or not in your career have realized half way through a presentation that you should have had page numbers. It's awfully difficult to tell people where you are at without them. So I'm not pretending that we are going to go through this thing in its entirely at this meeting. In fact, I'm just going to walk you
through it. Between this item and the third item on the
agenda, I'll manage to walk you through it and what's in
it, and then leave it for you to take and read at your
own time. And certainly if in doing that questions come
to mind, we can address those at future Committee
meetings.

I do want to welcome everyone to the
workshop. I have a number of folks here today in the
audience that are TxDOT staff. I will introduce those.
You all know Ginnie Mayle, she supports the Committee.
Cheryl Mazur is Section Director from Program Services.
Kelly Kirkland is Section Director of Planning and
Technical Support. We have the Dallas and Fort Worth
Public Transportation Coordinators with us, Anne Polk
and Alisha Wickens. Alisha joined us in December.

MS. WICKENS: Yes.

MR. GLEASON: Also with us today is Jay
Bond. Jay is from our Government and Public Affairs
Division. He is our point of contact within the
Department for all things legislative. So coming into
the next session, we will be working closely with Jay on
those issues. We invited Jay along to get exposed to
some of the things the Committee is working on. That's
everyone from TxDOT. Linda Cherrington from the Texas
Transportation Institute is here today for the morning
presentations.

Do you have staff?

MS. BLOOMER: Actually, I have two staff members that have joined us. Juanita Bridges and Nick Vale.

MR. GLEASON: All right. So the first item is a discussion on Committee rules and responsibilities. Beginning to page through this binder, the first section "PTAC Membership," I'll start here with that. Current membership is on the first page. I will let the Committee know we are still down one member. We should be a nine-member committee. We are still looking for a final member appointment from Speaker Straus' office. I'm sorry we didn't have that in time for today's meeting. Looking ahead toward later this year, we do have four current members whose terms do expire at the end of September this year, and then a fifth member has announced her retirement, in fact, at the end of this calendar year. So we will see some transition in the Committee in the latter half of the calendar year. There never seems to be a great time to do this kind of workshop because Committee membership seems to be changing so often, but we thought right now would be a good chance to get everyone on current Committee ground and on some important issues. We do have some
biographical information. Ginnie, do we have something
for everyone in here?

MS. MAYLE: No.

MR. GLEASON: No. If your biographical
information is not in here or when you read it, you
realize it needs to be different, you can send that to
ginnie and folks can update their binder with the new
information.

The first tab section, the yellow tab in
the binding, "Statutes Governing PTAC," this is just,
you know, where it exists in either Legislative Code or
Texas Administrator Code. This is where a description
of the Committee's roles and responsibilities exist.
And as you read down this page here with the yellow
highlighted section, we can see from the legislative
standpoint what their intent was in establishing this
Committee. I think, generally speaking, we spend most
of our time as a committee on one or two, and either
providing advice to the Commission on matters of policy
significance for public transportation or in the
function of reviewing rules that the Department does
from time to time. The Department updates or modifies
language in the Texas Administrator Code, which is where
you find descriptions of how we administer our programs
in the state. From time to time, the Department does
rule making that impacts public transportation, and when it does, those rules come before this Committee for their review and comment. Sometimes the rules are part of the portion of the Administrative Code that deals explicitly with public transportation, and sometimes, as they have recently, they actually come about because of other sections of the code governing compliance and grant sanctions and things like that. Other sections of the Administrative Code that apply more broadly have an impact on public transportation program, so we work with our Office of General Council to identify those situations and make sure those rules do come before this Committee before they get adopted as codes and before they get adopted as final by the Commission. So those are the two, I think, most basic functions of the Committee.

In terms of expectations for this group, I think the basic expectation we have of everyone on the Committee is each of you come from specific walks of life, specific circumstances, and specific, in some cases, agencies that you represent. For example, a public transportation provider. Our expectation as a Committee member is that in the issues that we engage in, that you -- you are able to put whatever individual agency perspective may be on the table at the time of
the discussion, we ask that you step out of that and
embrace a statewide role in terms of when you consider
issues and policy conversations that this Committee has.
So we ask that you step out of your own personal
environment, if it applies, and assume a statewide role
in that regard. Aside from that and attending the
Committee, we don't require a public presence at our
Committee meetings. People are able and many times do
listen in on a conference-call basis, so it's not always
possible to have everybody together. We recognize that
and we are capable of conducting meetings with people on
the phone. We do like to see Michelle because there is
an interaction between myself and herself that happens
during meetings which is helpful for us to be together,
but even that's not all the time possible.

Let's see. So you can read down this list
of what the Legislative Code and the Administrative Code
basically reflects. I'm not sure that adds too much
more to that. There's one -- if you turn to the next
page that is titled "Texas Administrative Code," if you
scan down to the bottom in yellow, and it goes on pretty
much reflecting the Legislative Code. Then there's a
section on technical committees, and we will talk about
that this afternoon when we talk about subcommittees and
things like that. The final piece that is in here, and
it's the largest section of this, is the Texas Open
Meetings Handbook. So I'm not going to go through that.
We are governed by the Open Meetings Law with this
group, but you can read through that on your own and get
a sense of some of the things that guide our
cussions here with respect to that.
Any discussion or conversation on No. 2?
DR. ABESON: What year was the Committee
established?
MR. GLEASON: What year was the Public
Transportation Advisory -- I do not know that. I can
certainly find that out. I do know that with respect to
appointment and who appoints members to the Committee,
that has gone back between being a legislature
responsibility and a Commission Council, and the last
session reestablished it as a legislative.
Any other questions on this first item?
Michelle.
MS. BLOOMER: Eric, can you give us a
little more information on Item 1, like what PTN
envisions those -- you said matters of policy? Can you
give some examples of how we go about advising the
Commission?
MR. GLEASON: Well, I think there's no sort
of set list of policies that the Committee is
responsible for advising the Commission on. I think we
tend to approach that on an issue by issue basis. Some
of the examples I think that are in the Committee's
current work program, for example, one of the items that
the Committee in the past has expressed an interest in
working on was the 5310 program and the extent to which
there are choices to be made when implementing that
federal program here in Texas. There are choices to be
made about how it's done and the approach to doing it,
then those would represent, I think, policy
consideration for the Committee to talk about and advise
the Commission on. Ultimately, all of these
conversations tend to find themselves (sotto voce) in
many cases.

THE REPORTER: I'm sorry, Eric. I'm having
a little bit of a hard time hearing you.

MR. GLEASON: Okay. Let me readjust this.

I mentioned the 5310 program as an example of a program
that has been an interest to this Committee in the past
in looking at and the extent to which we might be
considering changes and revisions to it, the extent to
which those changes and revisions were policy matters,
and that would be something that the Committee would
advise the Commission on and actually reflecting in
rule-making language. Another case in point is the
Transportation Development Credits and how they can be used and the process for how the Department goes about soliciting ideas and making awards for Transportation Development Credits. We've talked recently about the Department's strategic plan and trying to comment on that. So I don't -- Michelle, there's no sort of set of policies for the Committee to advise on. I suppose in thinking about that we could look at the strategic plan when it emerges as a final document. We could look at that and see if there weren't some specific policies and objectives and strategies in it that this Committee wanted to try and provide some ongoing comment on. That would certainly be something to look at.

MS. BLOOMER: Do we have an estimated time for adoption of the final strategic plan?

MR. GLEASON: I know that in April the Commission is going to adopt a proposed plan, and I believe they are looking at June. I believe they want to have that in place before July.

MS. BLOOMER: I guess my thinking would be that, you know, we build off of the strategic plan. Would we take some of the vision mission or strategic plan, identify those areas where there might be policy matters, and work towards enhancing the state's efforts in those areas they've identified in the strategic plan,
and then that would then sort of direct PTAC's work plan?

MR. GLEASON: Right.

MS. BLOOMER: So that it would lead into the state's strategic plan.

MR. GLEASON: Right. I think it's easy for this Committee to lapse into only being a rule-making committee. We only bring you together when we have rules to look at. And I think while that's a fundamental purpose of the committee, I think I am interested in seeing if we can't identify a handful of important policy areas to work on. That's a conversation for this afternoon, and ideally there will be things that converge and work well with the priorities and the work that we have in the Commission right now and are of interest and significance to the Committee.

MS. BLOOMER: Then maybe we can save the next item because the third item is advise the Commission on the implementation of Chapter 461. That's our regional coordination effort. Maybe we can save that for discussions on (sotto voce). I think that's also a very important rule of this Committee as well, and I don't know that we've played an active part in that in the past.
Are there any other questions, concerns, discussion?

MS. LANGGUTH: Just a comment. Thank you so much for putting this together. This is so helpful, and especially to have it all in one place. So thank you. We appreciate it.

MS. BLOOMER: We will move on to Item 3, overview of the department and division organizational structure.

MR. GLEASON: Turn to the second clear tab, the green clear tab in your binder, the section called "TxDOT Organization Chart." Again, I don't want to spend a tremendous amount of time on this, but if you look at this overall departmental organization chart, if you go to the right-hand side under the "Administrative Executive Director for Support Operation," you will find one of the six blue boxes down there is public transportation. So within the Department's organization at the present time, I do report to Steve Simmons, who is the acting Assistant Executive Director for Support Operation, and that individual is -- that is, when that position is filled on a permanent basis, that individual is a part of the Executive Director's management team.

And so the Department generally divides itself into groups. You can see there we have sort of
an engineering and operations group, which are largely
functions and divisions located here in Austin; Design,
Environmental Services, Planning and Programming, things
like that. We have a large field operations group,
which are all the districts reporting at an Assistant
Executive Director, as well as well as our traffic and
maintenance people. And then we have a CFO, Chief
Financial Officer, with the finance division. In the
Executive Director's Office itself, we have the Office
for General Council, the Audit Office, we have our
Government and Public Affairs Division, and we have a
Strategic Policy and Performance Group which is
relatively new, and an Internal Compliance Program. So
you can sort of see how the Department is organized and
where we fit with that.

If you turn the page, you will find a
division organizational chart, and you can see how we
are organized. Ginnie here is responsible for Division
Communications. Our Deputy, Bobby Killebrew, is back in DC
right now attending a meeting of the National Advisory
Committee. Kelly, over Planning and Technical Support.
Cheryl, over Program Services. Within the Program
Services, we have staff here in Austin that are best
thought of as program experts, if you will. So we have
a 5311 program expert, we have a 5310 program expert, we
have a New Freedom program expert here in Austin, and
they are responsible for understanding best what's in
the federal program or the state program and how they
are managed and what the intent is. Then in the field
located around the state we have field staff, our public
transportation coordinators who are responsible for
actually managing individual grant and project
agreements with the agencies we give money to.

And if you turn the page, you will see a --

it's called "PTN Coverage Map," and this will tell you
where in the state we have our public transportation
 coordinators located to help us manage this program on a
statewide basis. So those districts and all the
geographical entities you see here are TxDOT districts.
Those districts where we actually do not have someone
physically sitting in a district office have the slanted
lines, and what we do is we manage the programs in those
districts from an adjacent area. And we have divided
ourselves -- the Department has recently -- there are
four regions in the Department, north, east, west, and
south. So each of these colors here reflect the
boundaries for those departmental regions, and we reach
from within each region and manage programs in those
areas that do not have field staff located in them
directly.
MS. BLOOMER: Eric, you mentioned there were four regions. I only caught northeast, west, and south.

MR. GLEASON: North, east, west, south.

MS. BLOOMER: Oh, north, east. Not northeast.

MR. SALAZAR: Eric, is there any intent to bring a PTC to those areas that don't have one in place now?

MR. GLEASON: No, not at this point in time. We are going to try and manage from other areas. One of the things we are trying to do in doing that is to allow our coordinators to actually be located together so they can support each other in their work. It was only as of June of last year that these field staff reported to the division. Up until that time they reported to the district engineer in each of the district offices. And so as we made that decision, some of them elected to stay with the district, and that's why some of these districts have the slanted lines. In other cases, we have had retirements and we've not chosen to locate or have not replaced an individual in that district. By and large, we are going to try and manage from adjacent districts.

MR. SALAZAR: And I can say, speaking from
a transit provider perspective, there's a little area --
due to the fact that we lost all three of our PTC's in
our area and there was concern about how that was going
to work out. I will say that it has been successful in
the way it's worked out, and our PTC now in San Angelo
and Lubbock -- not Lubbock. It's Midland and --

MR. GLEASON: Odessa.

MR. SALAZAR: Yeah, Odessa. There you go.

So it has worked out. And just for everyone to know, we
were one of those who were in this shaded area. We were
wondering how it was going to work out, and it's worked
out well.

MR. GLEASON: Yeah, J.R. is in the brown
one, the Abilene kind of area in terms of his district.
And actually, you know, we've reached from both the Waco
district west into the Brownwood district for some
coverage of one provider, and then we are reaching from
San Angelo and Odessa up into Abilene and west Brownwood
area for other providers. So we are trying to cover
everything there, and I'm glad to hear it's working out.

MS. BLOOMER: Eric, can you -- since I'm
geographically challenged, north is blue, south is
orange?

MR. GLEASON: Yes, north is blue, green is
east, orange is south, yellow is west.
MS. BLOOMER: Thank you.

MR. GLEASON: Uh-huh.

MS. BLOOMER: And then can you explain just

a little bit how -- since you have four regions, I think

previously there was some talk about there might be a

lead PTC for the region. Is that how it's currently

structured or within say the green area which is --

that's not south. That's east. Is that the east

region?

MR. GLEASON: Uh-huh, yeah.

MS. BLOOMER: I told you I'm geographically

callenged.

MR. GLEASON: I'm sorry. We should have

color coded --

MS. BLOOMER: Are there three PTC's, one in

Beaumont, Houston, and Bryan?

MR. GLEASON: There are three PTC's and one

PTC assistant. There is a PTC assistant based in

Houston, and then we have a PTC in Beaumont and one in

Bryan.

MS. BLOOMER: And so do they each take

their own respective district and then share Lufkin

or...

MR. GLEASON: To a certain extent, yes, and

then each of them working as teams. We allow them to
make decisions among their team and recommendations to us about how best to manage those adjacent districts. So we are really trying to encourage these groups in these regions to think about how best to get the work done and to come up with solutions and recommendations that we can either say "yea" or "nay." We are really trying to go push that responsibility down to them.

MS. BLOOMER: Okay. And is it -- oh, sorry.

DR. ABESON: Eric, please pardon my ignorance here, but are the -- on the overall organizational chart, there are all these people that are in the field and direct operations. Are those the same people that we are talking about now that are PTC's?

MR. GLEASON: Not really, Al. They were at one point part of those district blue boxes as one individual or maybe two. Those represent the Department's district presence for maintenance, for construction, for all those things. So there are 25 districts with area offices and all that. So that's what that represents. And before June of last year, our public transportation coordinators belonged to one of those blue district boxes.

DR. ABESON: So now these PTC's report to
you and they are not these people?

MR. GLEASON: That's correct.

DR. ABESON: Okay.

MR. GLEASON: They are still based there, they still work there, they still have office space at the district headquarters, but they report directly to the Division.

DR. ABESON: Thank you.

MR. GLEASON: And Michelle, you had raised the point about the notion of a lead person in each. At the present time we have not done that. We are encouraging folks to work as a team. From time to time we will ask people to take a lead role. For example, for RFI projects we have an individual in those regions who is kind of a focal point for communication about that.

I think that's a pretty good description, isn't it, Cheryl?

MS. MAZUR: Communication.

MR. GLEASON: Yes.

We've asked these people to be our conduit for communication and things like that. So it's a flat organization. They all report to Cheryl. She does all their performance evaluations. But we are really encouraging them to function as a team and to make as
many decisions as they can in terms of how they get the work done.

DR. ABESON: Should we express condolences to Cheryl for having to do all of those performance evaluations?

MR. HUERTA: Eric, in different areas, do -- not just the shaded ones -- but do they interact? I know in our area, for example, we work with -- not specific to El Paso County but to adjacent counties. Does that happen in other --

MR. GLEASON: Absolutely. Absolutely. And the west region, the yellow part of the map, they have a long history of working together as an area. And so from that standpoint they have more history of working as a region and all their various providers than our other regions do. So you see a lot of that out there. And that's kind of a leading edge kind of thing, but it does happen in other places.

A little further on after the phone list, which is next, you will see we have provided you with the last piece of information in this section that all of the -- not all of the agencies we give money to but it's all of the rural transit districts, the inner city bus carriers, and the small urban folks that we give money to and which PTC or which region and which
district in PTC they are assigned to. So J.R., you should be able to look down here and find this is who your lead PTC is. And Vince, you may not -- I don't know if we listed you. I'm not sure we covered LULAC in our -- let's see. But El Paso County -- whoever provides the service for...

MR. HUERTA: Could we possibly get this list?

MR. GLEASON: Absolutely.

MR. SALAZAR: And Eric, have you seen any -- I don't want to say increased performance -- I don't know what the word is -- but have you seen an improvement since the PTC's have been shifted away from the engineer and answer directly to you?

MR. GLEASON: I don't know if I want to so much call it an improvement or not. I think from my standpoint, I feel as though the -- it's a much clearer relationship than it was before, and that's going to be a good thing. I feel as though there -- because we are all one division now, we can hold each other accountable for what we do and how we do our work. Whereas before, not being a part of the division but still relying on that relationship for the information, there was a bit of a disconnect, I think, in terms of the accountability. That's a two-way -- I mean, I held the
Austin office -- the central office in Austin -- when I say "accountability," it didn't just simply mean accountability issues were field staff. There were accountability issues with the Austin staff to the field as well. So it worked both ways.

I think the benefits are being seen in both cases. One of the things we are able to do is we have such a diversity of people doing this work and such a history of it being done differently among all the districts, what we are able to do over time is bring a more consistent experience to our programs in each of the areas. So that's one of our objectives. We are not trying to make each area be exactly the same, but we are trying to improve the consistency of the experience for everyone.

MS. BLOOMER: Eric, I think this is great. There's a lot of questions and I think it will become a resource. Would it be possible to get a little bit more information -- and we can send it out later -- the difference of what falls under Program Services versus what falls under Planning and Technical Support?

MR. GLEASON: Yeah, we -- we can do that. The rest of the notebook, if I can just kind of quickly flip through it, we have a section on maps. This will drive you crazy if you spend too much
time with it. There are all kinds of different maps
with different boundaries. The first map will give you
a sense from a state perspective looking at counties of
where there is some sort of public transportation
coverage. It may be that it's a specific program only.
It may only be the 5310 program. It may not include the
more general rural program. But from a just "do I have
public transportation somewhere in my county," the
yellow will say that to you. It also includes -- yeah,
the red dots are the city certified urban systems, and
the blue stars are metropolitan transit authorities.
And you will find as we go through this that we do not
necessarily directly provide the metro transit
authorities with anything other than some funds that
they get from their MPO that we provide funding. So the
Department does not have a direct relationship with the
metropolitan transit authorities aside from planning
funds. And there may be a few instances where that
large metro actually gets some 5310. I think that's
possible. But for the most part, we are focused almost
entirely on the rural program, the rural areas of the
state, and the small urban areas.

MS. LANGGUTH: So there's only one county
that is not served by public transportation?

MR. GLEASON: Newton County, yeah.
MS. BLOOMER: And how frequently is the map updated?

MR. GLEASON: Whenever something changes we try and update it. This map hasn't changed for some time. It will probably change with the next census in terms of red and blue stars and things like that.

MS. BLOOMER: Okay.

MR. GLEASON: And certainly if something were to happen in one of our programs or if one of the counties lost service completely, that would change the map.

The next map is the one that changes from time to time. This one shows you all of the rural public transportation systems for the state. There are 38 of them; each of them being one of the colored areas and then listed down below. From time to time we have counties either choosing to leave an existing transit system and join another, and sometimes we have two systems that decide to combine. Those kinds of things change this map.

MS. BLOOMER: If we have updates to the map, how is it best to communicate those?

MR. GLEASON: You can --

MS. MAYLE: Send it to me.

MR. GLEASON: Send it to Ginnie if
something changes.

MS. BLOOMER: Okay.

MR. GLEASON: We try to keep this as updated as we can.

MS. BLOOMER: Because I understand on that first map it's hard because there's so much going on up in the North Central Texas area. We are showing that's out in Jack, Wise, Palo Pinto, and Parker Counties --

MR. GLEASON: Uh-huh.

MS. BLOOMER: -- and they are actually in Tarrant County. So we kind of need to move them over a little bit. And I didn't know and maybe it's --

MR. GLEASON: Oh, okay.

MS. BLOOMER: -- and that's their -- it's that red dot that's kind of in the corner of Jack, Wise, Palo Pinto, and Parker. It should be right over where that --

MR. GLEASON: Sure.

MS. BLOOMER: -- Grand Prairie is. And then we are showing Denton in Lewisville, but those two cities have joined and they are now part of the Denton County transportation. I don't know if they rank a blue star or not.

MR. GLEASON: Possibly, yes. Good point.

Okay. Yeah, there should be eight of those. Okay.
And then we have a -- the third map you have in here is of all the regional planning areas of the state of which there are 24. And this map is important for two reasons. This is the map and these are the regions that we used to do our coordination planning work in the state. It's also the map that HHSC uses in its current procurement for Medicaid medical transportation services. They have a prime contractor in each of these 24 areas. Now, in some cases, some of those contractors have more than one of these areas, but the existing procurement was based on these 24 areas. Finally, you have -- and we do list for you the lead agencies associated with each of your regions currently. Sometimes those change.

The next section, again, I won't go through in tremendous amount of detail. Funding and grant programs. What we tried to do here is to really distill for you down to a single page a description of programs that the state administered on both the federal and the state side. And so if you page through here, you will see the 5310 program, the 5311 program, and so on. And so we attempted to really synthesize it at the top with the slide and then a little more information below each of those, trying to keep that description to one page. So I mean, I even learn things when I read through this.
So there's a lot here, and again, I don't think we want to take too much time today to go through each of these. But you can see each of the programs that the state is responsible for. And each of these programs is reflected in the Administrative Code in some fashion and how those programs are administrated in Texas.

The final part of this chapter -- well, I do want to point out these pages do actually have page numbers on them in the lower right-hand corner. If you will turn to page 18. This is actually something I think that was put out by the FTA United Right Office, and trying to -- this is what folks have to go through to try to understand how to get their transportation needs met.

DR. ABESON: Yeah, the little gentleman --

MR. GLEASON: Say again.

DR. ABESON: -- sitting in the box with the three question marks, his name is Joe.

MR. GLEASON: Oh, okay.

DR. ABESON: That's Joe Travel, and he's been trying to figure out for 20 - 25 years how to get out of that box. But we are making progress.

MR. GLEASON: Good.

DR. ABESON: We are making progress.

MR. GLEASON: Yeah. And then the final
piece here is just a history of funding levels for each
of the federal programs and then state funding levels.
And then this notebook gets really exciting. The next
chapter and the largest chapter is all the sets of
United States Code, Texas Legislative Code, and Texas
Administrative Code that apply to our programs. And we
have tabbed for you in purple and green the first piece
of the Federal Code. The purple tab is the Legislative
Code -- Transportation Code -- and then the green tab is
the Texas Administrative Code. So these are the -- and
the way this generally works is the Department uses the
Administrative Code as a way of describing to Texas --
Texas citizens or whatever -- how it administers federal
and state programs. So that Administrative Code is
supposed to be written in a way that explains how the
Department administers these programs. It's not
necessarily supposed to be a description of the federal
program or of the state program but of how the
Department will administer the program. This is the
stuff that puts these programs into action because it
guides the things we can and can't do with the program.
And when we look at rules, we are looking at changing
the Texas Administrative Code.
The next section on the green tab is rule
making information. If you turn to the second page, the
back of the first page of that, there is an example "Cycle for Ruling in PTAC." And this whole thing looks like -- yeah, it's a flowchart. It looks like this.

(Holds up page)

MR. GLEASON: This gives you a picture of the rule-making process, when this Committee is involved, what your function is, and how long it takes.

Then we have a glossary, and it is by no means intended to be extensive. You will also find in the Administrative Code, one of the first sections in the Administrative Code, the definitions and terms used in the Administrative Code. We try to make sure when these two overlap that they are consistent. And this is by no means extensive or exhaustive. This was an existing thing we had that we put in, in response to the Committee's interest in seeing this. And that is the notebook.

DR. ABESON: Thank you so much.

MR. GLEASON: Well, thank you. I hope it reflects what the Committee was looking for and more.

MS. LANGGUTH: Eric, I have a question about the federal appropriations. What caused a spike in 2009 for funding for urban programs?

MR. GLEASON: Probably the stimulus money would be my guess.
MS. LANGGUTH: Is that what it was?

MR. GLEASON: Yeah. Without looking at it, Claudia, I'm guessing probably the stimulus money. There's no other reason for it that I can think of.

MS. LANGGUTH: So we are probably going to go back down?

MR. GLEASON: Well, at this point, you know, the authorization conversation in Washington is, you know, a month or two at a time at best. We've got -- we are expecting to get the balance of the fiscal-year 2010 apportionments from FTA later this month, and we are expecting those amounts to be consistent with the '09 amounts. So far this year all we've gotten is the first five months worth of the federal (sotto voce) and, in fact, that ended in March. So it's now April and we are into the next 7/12s of the year, and we don't have apportionments yet. That's what we use to actually know how much money Texas got for each of these programs. We get apportionments from the Federal Transit Administration. You got this much money for this program, and that's what sets in motion our ability to actually make award the Commission for these programs. And we are positioned with our own processes to do that in May, at the end of May, to make a series of awards assuming we get the apportionments.
DR. ABESON: And that apportionment is for the remainder of the fiscal year?

MR. GLEASON: That's correct.

DR. ABESON: So you still -- as we all are -- waiting on the next generation of --

MR. GLEASON: Yes.

DR. ABESON: -- SAFETEA something?

MR. GLEASON: Yes.

MR. SALAZAR: And when you talk about where those five months were allocated and they expired in March --

MR. GLEASON: Well, the amount of money associated with that was representative of 5/12s of the federal fiscal year.

MR. SALAZAR: Well, I guess my question is has that negatively impacted the transit systems?

MR. GLEASON: Not that we are aware of.

MS. BLOOMER: Eric, would it be possible on the chart that Claudia mentioned maybe annotating the difference so we can see what the actual apportionment was to know what the actual stimulus amount was?

MR. GLEASON: To separate for '09?

MS. BLOOMER: Uh-huh.

MR. GLEASON: Okay. I think we can. I think for Michelle's purposes, for the integrity of the
In the sleeve of your binder is something that we produce every year, a PTN facts piece. And if you look at the middle column at the bottom there is a separate box for American Recovery Investment Act full of federal funds. This is representative of the rural and small urban program amounts, the 101 funding. It does not include the amount received by the large urbanized areas or the midsized urbanized areas. So from a federal standpoint, any urbanized area of less than 200,000 they call small urban. About 51 million of that 101 million is associated with those programs and just over 50 million came to the non-urban or rural areas of the state. So that's your total of 101.

MS. BLOOMER: Just go back to the point that J.R., you had mentioned. I've been here going on ten years in May. The federal fiscal year always starts October 1st. The earliest we've ever received the apportionments has been December 29th, I believe, if I'm correct. The latest has been into mid-March. And so it does -- it impacts down at the MPO, it impacts the transit providers, it impacts the Federal Transit Administration because what happens is you can't submit your grant -- or you can but for 5/12s. And so you are sitting around and waiting for the next and what's
happened -- it's better to get it in 5/12s and then get the remaining seven. A couple of years we have gotten maybe 3/12s, and then we got another month and then we got another month and it gets piecemealed. So it adds a lot of extra work as far as the grant admin process and delays receiving the funding from the providers. I've been trying to figure out a way that we can fix that. I don't know as PTAC if that is within our responsibility, but if we could get Congress to pass a budget on October 1st that would be the home run, grand slam out of the ballpark. But in lieu of that, in our region we have tried to work ways around that to get our processes as much done in the front end and so our providers aren't waiting on us. They are waiting on the federal (sotto voce). Once that comes out, my understanding is the President has signed it. We are just waiting for publication of the remaining 7/12s because it's been extended from March 28th through December 31st of 2010. So we are just waiting for the notice to come out.

MR. GLEASON: Right. It takes FTA a while to grind through all the mechanisms they need to, and they usually take longer than the federal highways to get their apportionments out. I can't speak to the why of that. We try as much as we can in the Department to -- there are two programs for which we do move ahead
even with only the partial apportionments, and that's
the 5311 program, the rural program. And for our 5310
program, we also move ahead in a more of a -- only the
5/12s. Actually on the rural side, the Commission
actually has approved an award to the rural program
assuming the balance of the appropriations. So when we
do get those apportionments, we don't need to go back to
the Commission for the balance of the formula award. We
do need to go back to the Commission to spend down what
we call the Rural Discretionary Fund, and then we have
also positioned ourselves from a process standpoint to
be ready to move on the competitive programs which are
New Freedom and city bus programs as soon as those
apportionments come available. So we've tried to front
end as much of this as we can as well and move as
quickly as we can.

That's all I have for Item 3 unless there
are other questions.

MS. BLOOMER: Everybody got all that and
adjusted it? Maybe at our next meeting we can leave
some time for questions regarding the binder once we all
get through it page by page and have read every page.

MR. GLEASON: Absolutely. I fully expect
to hear from Al, among others. But I had Al in mind
when I thought about putting this together thinking I'm
I am going to hear from him on all kinds of things.

MS. BLOOMER: I think all the information is extremely helpful. I especially really thank you. I think this will help me in the next time we have a rule-making process if Ginnie can just tell me, "Okay. We are here," I think that will be extremely helpful. I can pull this back out and say, "Okay. That's where we are in the process."

Seeing there are no questions, we will move to Item 4, which is discussion of the funding formula. I will turn it over to Linda.

MS. CHERRINGTON: Good morning and thank you for the opportunity. These next two presentations not only follow extremely well to what Eric has been presenting on the background for the Department and PTAC, but they also can link closely. I will firstly be talking about the Public Transportation Texas Funding Formula, and then we are going to talk about the Census 2010 and how it may affect that funding formula. And so all of this will link closely and I'll try to do my best to point out the relationships. I believe you have a black and white handout that you may want to have handy if you'd like to make some notes. Good fiscal responsibility prevents us from providing you colored copies, but Ginnie can provide them to you by e-mail if
you would like after the meeting today.
The implementation of the Texas Public
Transportation Funding Formula under its current genesis
goes back to the legislature in 2003, and I'm going to
review with you a little bit of the background of that
funding formula because I think it's important to a
number of the different elements of the formula. And
then we are going to talk about the data that we used
and how we determined calculations, take a look at the
'09 performance, which I think you will find interesting
the trend lines, and then finally I would like to spend
a little bit of time addressing the impacts the funding
formula has been over time to different transit
agencies. I have a show-and-tell in that regard.
First of all, as an overview -- and again,
this is going to reflect back to some of the
presentation that Eric has made. So please excuse the
repetition, but I think it helps to get us grounded.
First of all, the formula that we are going to be
discussing today is used to allocate state funds to both
small urban systems and to rural transit districts, and
it's also used to allocate Federal Section 4311, the
rural funding to the rural transit districts. Now,
under the Federal Authorization Bill, the State --
TxDOT -- is also responsible for decisions on the
allocating of Federal 5307 to small urban areas; however, the State of Texas has made the decision to pass directly through the allocation of small urban funds as it is stipulated by the Federal Government under their formula. So it goes directly through the state to the small urban areas according to that formula. This funding formula applies to the federal part of the rule funding. The funding applies to 30 urban transit districts, and they include the small urban areas under 200,000 that Eric spoke of a moment ago, but also two other subcategories that are important. It applies to systems that are over 200,000 population but do not have access to a local transit funding base -- the sales tax -- as transit authorities in Texas do. It also applies to four transit providers in the Dallas/Fort Worth area that limit their service to persons who are seniors and with disabilities. I will speak more about that later on. There are also 38 rural transit districts. Now, I provided for your records -- and again, this may supplement what you received earlier -- a list of the agencies that fall under each one of these categories. This gives me an opportunity to point out one anomaly. Midland/Odessa is listed as an urban transit district over 200,000. Midland/Odessa under the Federal Authorization is two
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1 different urbanized areas, each about 100,000. Under
2 the state funding, they are combined as one urban
3 transit district over 200,000. And the four limited
4 eligibility areas are Arlington, Grand Prairie, NETS,
5 which is the Northeast Transportation Service and
6 northeast Tarrant County -- a combination of 7 cities --
7 and Mesquite. The state funding that is allocated to
8 these urban systems is illustrated in this bar chart,
9 and it's about 10 million a year. It's actually
10 appropriated by the Legislature as a biannual
11 authorization that we've shown half and half for each
12 (sotto voce). And you will note something, it's flat
13 since 2006. The same amount of money has been
14 appropriated and is allocated under the funding program
15 to the urban areas.
16
17 We also use the funding formula to allocate
18 dollars, both federal and state, to the rural transit
19 districts. Again, a map which you've seen before. And
20 there are 38 of these districts in the state, and this
21 is an illustration -- a bar graph -- of the funding,
22 both the federal and the state funding. The state
23 funding is illustrated in blue. It is roughly 20
24 million -- excuse me. It's roughly $18 million a year
25 against state appropriation, and you will notice that
26 bar is also flat across since 2006. The yellow bar
represents the federal funding. These are the federal dollars that are allocated by the formula. Now, Eric mentioned a moment ago federal dollars come to the state for allocation to the rural transit districts. The formula is used to allocate 20 million of these each year. The remaining federal funds go into a discretionary pot that is allocated by -- that is then ordered by the Commission depending upon the decisions that are recommended by the Transportation Division. So it is a discretionary pot of money. Today we will be talking about this 20 million that's in the funding formula.

DR. ABESON: Linda?

MS. CHERRINGTON: Yes.

DR. ABESON: How are decisions then made about spending the discretionary dollars?

MS. CHERRINGTON: Would you like to answer that?

MR. GLEASON: The Administrative Code gives the Commission the ability on a pro rata or a competitive basis to distribute those funds in excess of $20.1 million. We call that the discretionary program, but it's not a true discretionary program. It's not truly something the Commission can simply decide to give the money to three of the 38 systems unless there has
been a competitive process and those three have been selected. Otherwise, it's on a pro rata basis.

Historically, we have done that distribution on a pro rata basis for fuel increases, for example, based on a revenue mile -- every system's proportional share of revenue miles. We've done it for general operating program purposes using revenue miles. We've done it for fleet purposes looking at the relative condition of everyone's fleet. So historically the Department, by and large, has distributed those funds on a pro rata basis. There has been a very limited use of those on a competitive basis. But -- but we call it discretionary but it is limited.

MS. CHERRINGTON: The chart on the diagram right now gives you just a little bit of information about how many -- what the population is in the urban and rural transit districts that are served by these funds, and this is a good link to later on when we talk about the impact of the census. A couple of things I want to point out. First of all, the dollars for the urban side are distributed -- the population for the urban side include the general population, that's the 3.4 million, and the limited eligibility persons that are served in the four small providers, that's 236,000. And you notice that that represents about 6.58 percent
of all the total urban population of the 3.6. The rural transit districts at 5.8 represent about 62 percent of population, where as the total urban represents about 38 percent of the total population served through state funded transit systems. And at the bottom, you will notice that about 45 percent -- the total population represents about 45 percent of the total state. So this just gives you a handle about how many people in the state are served by the funding formula. And again, this is going to become important in the next presentation when we talk about the 2010 census.

MS. BLOOMER: Linda, so is the other 55 percent, how are they served?

MS. CHERRINGTON: The other 55 percent are served 99 percent by the major transportation authorities and the eight cities that are not funded by state funds. So that includes DART, the T -- I go through this and I always forget one -- DART, the T, San Antonio, Austin, Corpus Christi, Houston, El Paso, and Denton/Lewisville County transportation. A small smidgen are the counties that are not provided transit -- rural parts of counties that are not provided transit service. It's a small piece of that. That's less than one percent.

Now, I would like to talk specifically
about the funding formula, and before we get into that, this is a little piece of history I would like to provide because I think it's important. In 2003, the Legislature passed some overarching legislation that affected a lot of the transportation in Texas and specifically about public transportation. There were two very significant pieces of the legislation. One is the requirement for regional coordination, which I heard Michelle talk about and which y'all can get into more depth on another day. But the other was about the decision that the Legislature delegated to the Commission -- the Transportation Commission -- decisions about how state and federal funding to small urban and rural systems would be distributed. Before the 2003 legislation, those decisions were actually in statute, and they had been historically billed with each session of legislature and the practice was that systems that got transit funding in one fiscal year got it the next fiscal year at the same level or a little bit more. And that trend had made it difficult as more and more systems got involved, it was harder and harder to allocate limited resources. The legislative process -- the decision was made to delegate that to the Commission. Through the Public Transportation Division and PTAC membership at that time, suggestions were made
to the Commission and a funding formula was adopted for application 2004 fiscal year. That process was not easy for anybody involved in it. And so the Public Transportation Division, after a couple of years at which the transition was not really going smoothly, asked that the PTAC, with facilitation by the Texas Transportation Institute, revisit the funding formula and relook at whether or not there should be some revisions and involve a more complete process both with PTAC and public transportation providers. Again, TTI is involved, and PTAC worked beginning of December of 2005 until recordations were made in May of 2006 through a process that went back and revisited from the beginning the decisions about the original funding formula, went out to reach out to transit authorities -- agencies, had workshops. It was quite a lot of effort, and many of you in the room were involved in that.

MR. GLEASON: If I may? I think one of my purposes today really -- I don't -- today's presentation isn't intended to be the only time you will ever hear about the formula. So I think one of my goals for this is to simply have you at the end of this presentation understand the depth and complexity of the issues that are a part of the formula, appreciate the significance of the former decision back in 2006 by the Committee
members at the time about all of those complexities without judging it being good or bad or right or wrong. It is a very complex instrument of policy in this state for the distribution of funds, and it is the single most important issue, I think, this Committee deals with. I think we probably have another rule-making process in our future because it's been since June of 2006 or May of 2006. We have the census coming. Whether it will be this Committee this year or next -- we don't have one scheduled yet -- I think it's important just to appreciate the complexity of this as Committee members. It often gets put in relatively simplistic terms as issues and problems with it are described, but it is a very complex, and as represented at the time, I think a very sophisticated level of understanding and compromise and collaboration on the part of the Committee to reach their conclusion.

MS. CHERRINGTON: One of the first steps in the process with PTAC was to talk with members and to develop goals and objectives for what they wanted represented in the funding formula. Remember, there was a funding formula on the table and it wasn't completely being thrown out. It was simply, "Let's set that aside for a moment and let's start from the beginning. What do we want PTAC to accomplish," and PTAC was guided by
the language in that legislation. Now, there were a few phrases that I think are very important to reflect in our goals. First of all, the language of the legislation used the word "waste." There was a perception that funds that were allocated to public transportation providers were not being used wisely. There was language in the legislation that spoke to the need to improve efficiency and it tied to the notion of performance rather than an allocation that is not expected to be tied to performance. And the third critical language in the legislation that was in mind was this emphasis on the time of coordination. Texas was actually ahead of the federal emphasis between public transit and client or community-based transportation, and Texas was already emphasizing that in this legislation in 2003.

The three goals of that PTAC adopted reflect this direction that came from the legislation. First of all, Goal No. 1 was to improve access to public transportation in Texas in a fiscally responsible manner. This speaks to the notion that transit providers, the perception, were not necessarily using fiscal responsibility, and that was a primary goal to insure that was an underlining intent of the formula. And also this notion that there needs to provide funding
in a way that gives assess across the state, the
perception at the time that some agencies were receiving
disproportionate amounts of funding and other agencies
were not receiving enough or not their fair share. So
that Goal No. 1 speaks to this, a fair way to distribute
funding and to insure that it's being used responsibly.
Goal No. 2 speaks to improving effectiveness and
efficiency of public transportation services. Keywords
in any provision of public dollars, especially transit,
effectiveness and efficiency. And that ties back to the
emphasis on looking at performance in addition to other
allocations of funds. Goal No. 3 was to improve
cooperation and coordination of services. These three
goals will be reflected back in the formula, and I will
reflect those as I go through.
First of all, this illustration is going to
start with state transportation funds because they go to
both urban and rural. I'll comment in a moment when
federal funding ties in. State transit funds --
remember that those are allocated on a biannual basis,
and then decisions are made each fiscal year in the
biannual -- are allocated 35 percent to eligible urban
providers and 65 percent to rural providers. That
decision was made as a PTAC decision. You may remember
that the population distribution was 38 percent urban
and 62 percent rural. There was a discussion about this decision amongst the providers that commented to PTAC and it was a little about the per capita dollars invested by the federal government were lower for rural, and it made some sense that there may be a slight consideration to rural because they were per capita need. So this doesn't tie directly to population, but it is indicative of the split of population.

The next step in the funding formula process on both sides is distribution based upon need, the need to have funding to be able to provide services, and performance. We will show then how that breaks out. Need is defined on the urban side as population. This is the sole determinate of population -- of need is population. You will see an underlying little note that perhaps -- hopefully you can see -- for cities over 200,000 it's capped as at a population of 199,999. Why is that? Remember that the state is responsible for public transportation in communities under 200,000, but yet state funds are supporting some systems that are over 200,000 because they can't get access to local funds through a sales tax. The state provides a way to leverage federal dollars, but you can't -- some of those entities get pretty big. You will see why in a minute. And so in order to make sure that the large systems
don't take away from the needs of the smaller, this cap is established and it's applied only to the need side of the formula. On the rural side, need is defined as both population, 75 percent, and land area, 25 percent. And that's in recognition of the fact that it's sometimes very demanding to provide transit services to a large service area. That becomes a part of need, and this is reflected of federal allocation as well. In the case of federal, it's 80/20. Texas being Texas, accounted at 75/25. Pardon me, I misspoke. The federal is 80/20; Texas is 75/25.

Then the next step is then to define how do you allocate performance, perhaps the most challenging part of the formula process. There are four measures used on the urban side and three on the rural. The three are the same for both. There's an extra one on the urban side. I want to point out that now I noted on the right on the green for the rural, this same allocation process applies to both state and to federal. Exact same allocation, need and performance. The next table gives you a little bit of the close-up view of what these performance measures are. First of all, remember the first three are the same on both sides. They are equally distributed on the rural side. There is a 30/20 split, first and third are 30 percent on the
But let's talk about that first one, local investment or operating expenses. This performance indicator takes local investment and divides it by the operating expenses; however, it's really important that local investment is very broadly defined in this case. This is not local share to make match a federal grant. That's a different definition. This is local investment for the allocation of the state funds and the Rule 5311. Local investment includes not only fares that are collected, revenues generated from contract services which may include medical transportation services, but it also includes any other program in which revenues are generated by the initiative of the transit agency including federal programs such as the 5310 Elderly and Persons with Disabilities, the 5316 Job Access Reverse Commute, and the 5317 New Freedoms. Why is it you would use federal grants and apply it then as a local investment? Remember that goal to encourage coordination, and this initiative is intending to provide an indicator that will reward transit agencies that take the initiative to get out and coordinate their transit services, get new dollars in order to provide services that better the whole. And so that was included as part of local investment. Another key
thing, local investment includes the local dollars generated by general revenues of the local community that are invested in both operating and capital. Now, that's important because it -- and it was very important at the time -- because lots of agencies were using their local dollars not necessarily to subsidize operating but to invest in capital. It was a very difficult period in getting equipment and providing facilities. Some cities elected to put their dollars in the capital side and allow the state to match federal dollars for operating. Well, that was a local decision that seemed perfectly appropriate but if it weren't included in the funding formula, you would be disadvantaged. So local investment includes local moneys that are put into capital. Why am I spending so much time on one indicator? This is the most volatile, by that I mean it goes up and down, by agency of all the indicators because it changes if you get a new contract or if you lose a contract. It changes if you have a major facility investment and then you finish that facility. So those decisions and their intent to encourage Goal No. 3 is important going forward. The second measure on both sides is revenue miles or operating expenses. This, by the way, is same, same, all same as cost per mile. It's reversed as a
performance indicator because we want the positive to go up. Cost per mile is negative if it goes up, so this is reversed. Miles per dollar, if you will. This is the efficiency measure to get to Goal No. 2. Passengers revenue per mile, the same for both, and this is the effectiveness measure to go also with Goal No. 2. And then on the urban side there is a fourth allocation -- excuse me -- a fourth performance measure, passengers per population for the urbanized area. This is the total population in the case of performance. Now, what that represents is to give a slight advantage to the urban areas that have a transit intensive. There's a federal program that also does this. And it's intensity because the community is serving a population that goes beyond its residential base. These are basically three kinds: An urban area with a very large university proportionate to its population, a border community that is serving persons that come across the border and use the transit system in disproportion to the population of the community, and the third is a tourist community in which the demands of transit service must serve a population that is in and out and is not part of the residential population. So this one indicator serves that. And package this set of indicators addresses the notion of a fair and reasonable allocation with
performance in mind of Goals No. 2 and 3.

Now, this may be the last year we need to particularly look at this slide, but another aspect of the PTAC decisions of the funding formula when we went through the crisis of 2006 was to phase in the importance of performance, and this speaks to the Goal No. 1. Remember that emphasis by the Legislature. We want our dollars to be used wisely and there is a perception of waste in the operation. Well, that was addressed by increasing the percentage of allocation for performance. The 2004 formula had 80/20. Eighty percent need and twenty percent performance. This part of the formula that was revised in 2006 increases over time, the emphasis on performance. Why was it done over time? First of all, it needed to kind of absorb this new emphasis on performance. Secondly, there was a concern about the quality of the data to be starting to calculate the performance measures and wanted to make sure everyone had a chance to get up to speed in that regard, and the other is that further changes the allocation between agencies. And there's a need for agencies that are higher performing to gather that new revenue while those at lower performing adjusted. So it was a phased-in adjustment on the urban side. In 2007, which is the first fiscal year after the revised formula
of 2006, the formula was 80/20. The same as the
previous year. Get used to this idea. In 2008, it went
to 65/35, increasing performance to 35, and that was for
two years -- settling that in. And then it went to
50/50 in 2010. The formula in 2010 allocates funding to
the urban areas 50/50. On the rural side, there were
two years of 80/20. The reason was because there was a
greater concern about the quality of the data to measure
performance in the rural areas. One or two years to
kind of get that into place. And then it changed to
65/35, where it is today, and that is by the PTAC
recommendations adopted by the Commission. I think
that's a point I haven't made sufficiently enough. PTAC
made recommendations. It was presented by PTN to the
Commission. It was adopted by the Commission. So this
is approved under the Administrative Code. The -- this
is the final, 65/35, because again, the perception that
need has to address -- rural areas have a harder time
meeting need and they need to be assured a larger share
of their funding from the need side.

There is one last step I need to illustrate
to you with regard to the funding point, and that is the
transition step. This new funding formula that was
approved by the Commission would have a major effect in
changing the distribution between those communities that
had been receiving a large amount of dollars under the previous methodologies and those that had not been. And if you did that overnight -- puff -- we just reallocated the funds. You knocked the knees out from under systems that had built up their transit over time because they were getting a good share of federal and state moneys, and they would be giving a whole bunch of moneys to communities that may not even be prepared. They didn't have equipment, they didn't have a plan, they didn't have management staff. So it wasn't good on either side. The decision to phase this in was this policy. No transit agency would receive a negative impact of greater than negative ten percent, so the most that any agency would lose in one year was ten percent. This illustration shows, at the bottom, if you cut the negatives nobody has to lose more than ten. Somebody has got to give some funds to the top side to help fund the bottom, so it effectively made a cap on the upside as well. And this transition has happened every year since the implementation in 2007, and it's slowly adjusting. I'm going to illustrate that to you at the end of this presentation. Remember the emphasis here is a slow progressive transition to moving moneys from those who have more than the formula indicated to those who did not have enough, and those change over time
because of the transition to more emphasis on performance. This transition phase also had an effect as the increase in performance became more and more important. So this is an important element and we will look at that again.

Urban limited eligibility providers. I've already introduced to you four providers that limit their service to seniors and persons with disabilities. By the way, each of those four defines these two things differently. The formula uses only one set. The formula defines seniors as persons 65 and older as defined by the census, and persons with disabilities as those that are reported by the census as persons with disabilities. So it's using census-based data. Trying to find an equitable way to deal with these four systems in which their population was not the total general population served, and their performance indicators are going to be very different than other urban systems. The formula decision, recommendation, and approved was that a piece of the urban funds is set aside first, and that piece is the percent of the persons who receive funds who are served by these four agencies are the total urban. That number is 6.58 percent. So when the ten million is allocated to urban, the first 6.58 percent, $658,000 roughly, is set aside for these four
and then the formula is applied. Performance indicators are compared just among those four because their performance is similar but very unlike the rest of the system. The last point is under statute and this goes back to the Transportation Code and the Legislative Directive. These four agencies are also capped at an amount of money not greater than what they received in 1997, and that's indicated here. So that's another check.

MS. BLOOMER: So Linda, to understand, that 341, 170, 142, and 116 is taken off the top, and then the remaining funds in the pot are allocated based on the formula to need?

MS. CHERRINGTON: No, no. Those first three bullets, the funding to those four agencies is allocated. The amount set aside is 6.58 percent of the urban funds, and then that 6.58 percent runs through the funding formula, including performance indicators, to allocate moneys to those four agencies. Then stop, check, is the amount of money allocated by formula within the statute limitation. If it is -- if it is greater than the statute limitation, then all this agency can get is the statute limitation. If it's less than the statute limitation, then -- then it's not significant. And I will tell you it differs year to
year, but NETS has run up against their max.

MS. LANGGUTH: Are these the only four limited eligibility providers in the state?

MS. CHERRINGTON: Good point. Yes, these are -- in fact, the last agencies that transitioned were about the time this was all happening. But as of about 2006 when these discussions were going on, the last of all the other urban systems went to general population transportation. These are the only four. Good question.

MS. BLOOMER: Just for some background, on the four providers limit eligibility, you mentioned they all defined "senior" as different. They all do. It's somewhere from 55 to 65. That has been identified as a strategy as part of this region's Regional Coordination Plan to address that issue as well as the fact that they are limited to elderly and disabled versus the general public. So we are working on it.

MS. CHERRINGTON: I'm going to move now to this question of data accuracy and consistency, which was a major concern in 2006. Any questions about the formula up to this point? I will go through this pretty quickly because I think the rural today and the rural in 2006 in this category is really different, and we are pleased to report that. I think J.R. and others at the
1 table can back me up on this. J.R. is one of our
2 shining stars on data accuracy and consistency. There
3 have been a number of initiatives that have gone into
4 improving the data that is reported. I'm not going to
5 go through each one of these bullets. But coming out of
6 the box in the fall of 2006, the first thing is that
7 with the support of PTN contracted with Texas
8 Transportation Institute to provide technical
9 assistance, and we went to the field. We provided
10 training throughout the state for all the transit
11 providers. It was a two-day training class that tried
12 to get folks up to speed on both the formula and this
13 whole notion of performance/performance indicators. The
14 approved data-collecting tool at the time was a
15 spreadsheet and worked with PTN staff that uses and
16 gathers this data -- especially Kelly and Mary, who
17 works with him -- tried to improve the quality of that
18 data tool to collect this information to calculate these
19 statistics. A change was made to require that all
20 providers, including those that receive Section 5310 and
21 the New Freedom and the JARC funds, they also report.
22 And there's also the Transit Authority's report basing
23 data into this. It's a smaller set of data, but there's
24 one place to report. It's consistently (sotto voce).
25 And then we made a transition about two years ago to a
Web-based system. So now all the information is loaded by Web, and it's into a central database. There's no longer these kinds of funky things that happen when your spreadsheet lost its connection, it no longer calculated, and somebody changed the number and didn't tell somebody else. It's now all in a Web base that allows a control as you close the data each year when everything is finished and provides us with a system basis. Prepared a reporting manual that is available from the Website and can be referred to. Developed tools to be able to get -- flash red lights when data doesn't make sense, blue lights if something is missing. Also developed some check tools for public transportation coordinators to use in reviewing their agencies, help to do that quality control. And then TTI is still working with PTN to do annual detailed assessments and evaluations of performance to look at them carefully. Trend lines as well as the comparisons to make sure the data is accurate. A couple of slides just to emphasize there is now -- if you have authorization, you can log into the PTN-128 program. The authorizations are done through -- this is all in the -- the TTI has this database on their Website and we give out the authorization. You log in. When you log in, you have a
choice of a number of things. This is a little small to be able to illustrate, but you can look up the manual. You can look up several years worth of data because it's historical. We now keep it. You can go back and look at previous years, you can look at current data to do data entry, or look at your historical data from several years past. There are a number of reports that are available. And these colors help me to emphasize that there's also some color coding in the data entry to help the person entering it realize something's not right here, and we get phone calls on a weekly basis from agencies who come up with questions. The data entry form, again, is on the Web base if you cannot see this -- perhaps you can -- in black and white. Every month you put in data. It is a whole lot of different rows of data for urban and rural transit providers. Not so many for the client provider systems under the 5310, JARC, and New Freedoms. And that data rolls up into quarterly reports. It rolls up into annual reports. You can also click on the front page and you can go to some reports. This particular spreadsheet or illustration shows that every agency can go back in and they can look at their historical data by all these indicators, both performance indicators for the funding and management statistics. They can compare themselves
to all other providers in their category in the state.

This is a great tool for self-evaluation, and you
shouldn't be surprised by the outcome of any funding
formula decisions because you can monitor how you're
doing and you can look at this information. Now, the
results of this is that I think we can tell you there is
a significant improvement in the quality, consistency,
and accuracy of the data. There continues to be a need
to monitor and evaluate, new staff comes on board, some
of the training begins to wear off, new issues come up.
It's a continuous process, but I think we can see that
there is a lot more consistency and (sotto voce) common
set of forms and common set of definitions of their
data. This is now roughly comparable to the National
Transit Database that urban systems have been using for
years and years in the federal level, and rural systems
are also now reporting. And we try to do our best to
make sure the state reporting and the federal reporting
is consistent. They aren't exactly alike because not
all the uses of the data is the same, but try to be
consistent in using the same definitions, same roles, et
cetera.

MS. BLOOMER: Linda?

MS. CHERRINGTON: Yes.

MS. BLOOMER: Did I -- I think I might have
heard incorrectly. Does a provider -- say you have a
provider that serves a rural and an urban area. Do they
report all of their services on a PTN-128 or just those
services that are funded by TxDOT?

MS. CHERRINGTON: They report all of their
services on PTN-128. If they serve both, they will
report in the urban and in the rural category. But both
the mechanisms by which you report ask that you report
all transportation services that you provide.

MS. BLOOMER: Okay.

MS. CHERRINGTON: And that is -- that means
that you report more in the state reporting system than
you do in the federal, by the way. The state does
include reporting medical transportation, for example.

Okay. I would like then to take a look at
performance. We just recently completed and reported to
PTN the fiscal year '09 performance data. I have some
diagrams that compare several years so you can see since
this funding formula was adopted in 2006 and implemented
for '07. This illustration is showing bar graphs that
show you local investment for operating expense. If you
look on both sides of this, the urban is on the left and
the rural is on the right. The local investment
property expense has gone up every year in both cases.
It's gone up roughly about 40-plus percent from where it
was in '06 to where it was reported in '09. Now, remember I told you before about local investment includes a broad definition of that term. And this reflects new funding that has come out for JARC and New Freedoms, but it is an indication that this element of the funding formula has certainly been achieving in the increase in the local investment.

The next one is looking at revenue miles per operating expense. Remember that this is the same difference as cost per mile. I want to point out on the urban side that that bar is roughly even. Now, this is four years of reporting, and essentially your cost per mile -- your efficiency measure -- is flat. This takes into consideration inflation, this takes into consideration rising fuel cost. I think this is a really, really positive indicator that the systems have not only stayed even, they have done so in spite of obvious increases in operating costs. On the rural side, there was a slight decrease, and now it's holding its own in the last two years. And any time you look at the rural data for the first couple of years, at least possibly a part of that is adjusting to better data reporting. So keep that in mind. But also rural systems, remember, are more affected by -- greater percentage of their cost of property goes into fuel than
does in urban system. So once again, I think you are
doing pretty good in light of the increases in fuel
cost, particularly in 2008.
The next indicator is passenger per revenue
mile. I'm going to start on the right this time.
You'll see that this is essentially flat for rural
systems. Now, this is -- even though miles of service
had increased, the passengers are also increasing at
about the same level. Urban not quite so much, and in a
minute I will look at another graph and comment on why I
think that is. None the less, it is a relatively small
variation. And the first year of the drop, again, may
be an improvement in the quality of the data reported is
a function of data consistency. And then this is for
the urban providers passengers per capita. This is an
increase each in 2008 and 2009; more passengers. Per
capita is flat. We are still using the 2000 census
population; more operation, more passengers per capita.
This is some data that gives you some
management statistics. These are not used in the
funding formula, but I think it's real important to have
as a background to look at what is different about urban
performance as compared to limited eligibility as
compared to rural. You will see in the top, urban
systems for cost per mile and cost per hour are higher
than they are in the other systems. Why would that be?

There are a few things. First of all, urban systems are much more intense operation. There is often additional administrative staff, sometimes some of the municipal systems that sponsor urban put some of their overhead allocation into that, and another factor is several of the urban systems contract out their contracts so those contracts are a more -- higher. You see that the urban limited and the rural are very, very similar, but look at cost effectiveness. Now the evaluation completely changes. The cost per passenger carried is lowest for urban systems. So for every one of those hours of service provided, they are carrying more passengers.

It's shown in the bottom statistic, 13.8 passengers per revenue hour for urban system as compared to 2.2 for the limited eligibility and 3.3 for rural. If you want to know how does that -- monetary -- a general rule of thumb I have always used is I think a minimum performance that you would want to achieve for urban systems probably about one passenger per revenue mile or ten passengers per hour. You will see that our systems are near one and above ten. Now, I'm not saying that's good. I'm saying that's kind of minimum. You want to go up from there. And limited eligibility, although the definitions aren't quite the same, if you compare this
to 88 per transit services -- and Al can certainly speak
to that -- but you would like to see 88 -- you like to
approach three passengers per hour. Two point two is
often seen in those systems. You try to achieve and
improve those to about three. And then rural systems
are usually -- probably -- these are so widely variant,
but you normally see those from about two -- and when
you're really getting into real systems that are in a
more urban environment -- on the edges of urban -- maybe
up to eight or ten. So these are all looking okay.
There's now room for improvement on performance now that
we have some of these other factors well in hand.
I told you I wanted to show the line
graphs. This is urban transit trend of passengers
compared to revenue miles. Remember that the federal --
excuse me -- the state money to urban systems hasn't
changed, but the local investment has gone up and so has
federal dollars to urban systems. That's showing an
increase in revenue miles in blue. There is also an
increase in passengers, but you will see it hasn't quite
gotten up to -- in the same as per mile. But the trend
line is in the right direction, and now I think the goal
would be to see these new programs start achieving more
and more ridership to that investment. There is a
similar line graph for the rural, and the rural is a
little closer. In fact, in 2008 the increase in
passengers in rural systems was faster than the increase
in revenue miles. It went down a little bit in 2009 as
a comparative, but that's still very, very close. And
when you consider the impact of the economy, it is
certainly something that should be taken into
consideration. But I think, again, you are seeing more
revenue miles of service and a comparable trend line of
passengers. Now just looking to get more passengers
with those miles. Positive indicators.

Now, the rest of what I want to show you,
you do not have in your handout because it is more
illustrative. I want to just run through for you since
the formula was implemented and the transition from year
to year so you can kind of see what's happened. There
are several factors that influence how this transition
occurs. First of all, I want to point out that the
total dollars available is a major factor because if
it's the same dollar every year and yet there is
adjustment going on, some have got to win and some have
got to lose because you're coming back to the same. I
don't care what your allocation formula was. If you are
still comparing systems by any indicator and you've got
to stay with the same total amount, some are going to go
up and some are going to go down. You also see changes
in service. Eric mentioned earlier that sometimes the
population changes between different providers, so that
makes a difference. And you will also see changes in
individual performance as the major factor and a
percentage of performance. And then lastly that
continuous adjustment not greater than negative ten
percent to any provider getting to the ultimate balance
according to the formula.

Here's the state funding 2007 to 2011. This is like one of those books, you know, where you
thumb it really fast and you see the diagram. I will go
through this pretty quickly. This was the change in the
first year. This was 2007 as compared to '06. You will
see the large upper bars are showing the systems that
got more money because they were so -- the funding was
not what the formula indicated, and a lot of systems at
the bottom had to give up funding. The next year not so
much. These are percentages now. The percents came
down. Still a lot of systems giving up ten percent in
order to fund the reallocation. And then we shifted,
and the second year of 65/35 you see it's smaller yet.
Not so many are giving up ten percent. Not such a high
increase in the other end. This is this year. This is
the adjustment this year, and we went to 50/50 for needs
and performance. So remember it threw everybody in a
kilter again, but the percentage differences are not quite so dramatic. And this is what we project for next year, essentially balanced. What those two little blips are is a trading of money between Arlington and Grand Prairie. It's about 2,000 each. And then we are in balance, all other things being equal. Not everything is ever equal. So something will throw us, and I will talk about that in a minute.

Now, let's look at the rural side. I'm going to look just at state funding. State funding had the most adjustment to do. Federal funding actually will come into balance next year, 2011. This is the state money. This is what happened in the first year 80/20 needs performance, and you will see how many of -- remember there's a lot more rural systems -- how many were getting negative ten percent -- that's the cap at the bottom -- in order to fund as many as they could to reallocate those funds. The year was still 80/20 but not nearly so many. It began to balance. But then we went to 65/35. Okay. Everything went out again, so more systems are giving money to fund more that are now earning more because their performance is better. In 2010 -- that's this year -- now you see the percentages a little higher. Why is that happening? It's because the cap has been quite a lot on the upside, but now as
some of the systems have a very high performance level, now there's -- the moneys are all going to be getting them caught up. This is 2011. You see the changes are much smaller. And '12. Why is '12 so high? This is one of the systems that has just come online. It's a part of this form. This is Fort Bend County. This is a huge percent. It's really $80,000. Now everybody else is in balance so finally the funds can go to getting this last agency essentially in balance. The other three that are going up are all systems that have a high performance relative to their population. Then in '13, this is the last year in which the final funding is -- and then this allocation. Again, just in time for changes in census population and to throw everything out. But this is the time in all these adjustments. One of the things you will notice that when you hear a lot about the funding formula adjustments, there are some systems that have received negative ten percent in funding every year and will until this year. So obviously this adjustment has been a difficult one for those systems. That's where this allocation, the ten percent, has taken time to get this accomplished.

We've covered an awful lot and we've taken a lot of time to do it. Are there any questions about this? None?
DR. ABESON: Eric, you said earlier that it's likely the formula will come up for discussion soon. Is that based on the census results or is there something else looming that we probably should know about?

MR. GLEASON: Well, I think it's both in senses. I think these last sets of slides that Linda showed really capture a lot of the conversation that has happened since the formula was adopted. She mentioned those systems that have been on the donor side of things, if you will, for three or four years now and going down, you know, getting ten percent less each year for each of those years. And honestly, I think most systems you can internalize a ten percent decrease, but doing that two, three, four years in a row, there has been significant challenges for those systems as their funding as gone down. So I think -- and because of the fluctuation from year to year, I mean, one of the things I think that people expect out of the formula is a certain amount of certainty and stability from one year to the next so they can manage their systems for more than one year at a time. And when you have that degree of change going on, it becomes difficult and it creates an environment where people don't feel confident from one year to the next of how much they are going to get.
So stability and certainty have been an issue. Linda used the term "winners and losers, ups and downs." Every year we do this we get a list of winners and losers, folks that went up and folks that went down. So that amount of change has been difficult.

The other thing that has been a source of conversation has been the size of this amount in excess of 20.1 million, the size of the discretionary fund. When we first put these rules in place, that amount was about $2.5 million. That has grown simply because of the increases in federal levels. This is not an issue on the state side. This is an issue on the federal side. There is no discretionary fund on the state side because state funds have remained flat. So all of those state funds are programmed through the (sotto voce). On the federal side, we've seen growth in each year of safety (sotto voce). And so at this point in time, the size of that discretionary fund is in excess of $7 million a year. That is -- and we would agree, that is larger than it needs to be for discretionary purposes -- put a quotation around that.

And so the other thing -- the other issue out there prompting perhaps a look at the formula would be the size of that (sotto voce). And that was something this Committee talked about in September or
October or November of last year, and it prompted the Department putting out two fliers, a description of how we intended to approach the 2010 triple program with a commitment on our part when those funds come through in their entirety to have a fairly large rural discretionary award to everyone for general program purposes. And so what the -- but the timeframe we are in is, you know, census results are expected to actually hit probably 2012 - 2013. So every time we open this formula up, as you can guess, it's a fairly sensitive conversation and there's a lot behind it. So when you open it up perhaps for just one issue, the risk you are running is that you end up with a lot more. And so when I say we may be looking at one in the future, I think that's largely perhaps driven around the size of the rural discretionary amount. And whether we can sustain an approach to those dollars in this timeframe and wait for the census to trigger the next look at the formula is something I think the Committee needs to deal with.

MR. SALAZAR: And I have a couple of comments as I solicited response to Eric's intent with your letter, and I was really surprised that there wasn't a whole lot of comments made either to me or Eric. I asked Eric myself how many comments he had and at the time there wasn't any, and so there was a lot of
talk of, you know, the excess discretionary moneys and,
you know, that pot getting bigger and bigger and bigger
and what are we going to do with it. But when it came
to allocate that money, there wasn't any comments that I
received on that. I did visit with some of the
providers, and a couple of them said, "I don't remember
getting the letter." I know we get so much throughout
the day -- we all do -- but I know that the letter did
go out and I know the intent of the letter. So there
wasn't a lot of response from the transit agencies with
regard to the discretionary. And I don't know if you
received any, either.

MS. BLOOMER: I only received one comment
and there was really -- the comment was -- was sort of
neutral. They were happy to see the issue being
addressed. The point they made that they weren't sure
that would help them because they need -- in order to
plan and budget, they need to know that in advance and
so they may have the additional money but they wouldn't
have the local funds to match it. But I think back to
your point, I was a little befuddled, I guess. I mean,
for the last three years that's all I've been hearing
from our rural providers, "The discretionary pot's
growing, the discretionary pot's growing, give it to us,
give it to us," and then come up with a solution, put a
letter out, and we didn't hear anything. And even at
the PTAC meeting or the semi-annual meeting, we reminded
them that we put it out, you know, "Please let us know
if you have a positive, negative, liked it, didn't, did
you get the letter." And again, haven't -- only heard
one comment. So I'm confused.

MR. GLEASON: Well, I think it's something
for the Committee to talk about, whether -- whether it's
enough of an issue to reopen the formula. You've heard
all the things that go into it and how, you know, on one
hand, how you would like this to be relatively simple
and transparent. You don't really like a big black box
on the table, but there's just a whole bunch of issues
that have to be addressed. And what will you have when
you are done? The performance -- and one of the things
that Linda did here, she projected out next year and the
year after that. Well, you can only use this year's
performance data to make those projections, and so the
actualls will be different because the performance is
different from one year to the next. You know, the
population and land area, until the census hits, stays
the same. We did this with the Committee in 2006. We
projected out until 2009 or '10. Well, when those
results didn't happen, we heard back from people. We
had to remind them we had to make an assumption about
performance data, and we had to hold it constant because there was no way to project it for those years.

DR. ABESON: The state funds have held constant at 10 million?

MS. CHERRINGTON: It's 10 for the urban side and 18 for the rural side. That's because they are 65/35.

DR. ABESON: Okay. The state is facing a bit of a fiscal crisis. Are there implications associated with that number as well?

MR. GLEASON: I don't know. I can't answer that for you, Al. I know from the Department standpoint we are beginning to prepare our legislative appropriations request, and I'm certainly not hearing or being asked to anticipate that. So I think the real issue is how do we grow these funds. Certainly that seems almost problematic in this session. We are focused on the census impact work, which is next -- and we will get into that now -- and making sure that, you know, we understand enough about the potential flow of money as it shifts. As the population numbers go up and down relative to each other, you are going to get this shift of funds. And as more areas become urbanized, you're going to have more urban folks at the table, perhaps. And so anticipating that for the 2012 - 2013
biannual is important.

So I think with that, we will go ahead and transition. I will remind folks, I don't know if we are going to actually take a break -- I leave that up to the Chair -- but feel free to get up and walk around. I do that because I can't sit for hours at a time. Help yourself and take your own break.

And Linda, I don't know if you need a break, but --

MS. CHERRINGTON: No, no, I'm fine.

MR. GLEASON: Are you sure?

MS. CHERRINGTON: I like this next session.

What we would like the opportunity to do is present you with what is actually very fresh research. This is research that we did for the Texas Department of Transportation, specifically the research program. It was sponsored by the Public Transportation Division. They submitted their request and they went through the competitive process, and the research was done by ourselves, Texas Transportation Institution, with the Institute for Demographic and Socioeconomic Research, often known as The State Data Center, at the University of Texas at San Antonio. So it's my honor to present what includes a whole lot of work and quality of the -- excuse me -- the projected numbers from UTSA.
The research objectives I want to just provide to you to emphasize that we had an assignment that we would be covering our material that included trying to take a look at projecting population to target impact on the formula, identifying what issues that meant, and trying to suggest what some possible strategies to approach. Today, what I specifically want to do, I'm going to give you a little overview of the census process and how it's significant. I will try to be very quick about it, but it's very significant to understand what's happening in the next two years. And then talk about what our projected 2010 population numbers might be. We've done some pretty detailed work on what the impact might be on the funding program we just spent the last hour talking about, and we will identify the issues for, perhaps, y'all to think about.

Okay. First of all, everyone has heard -- now we know because it's been on all the public information for the last six weeks, but we all know the census is extremely important because those population numbers are used to allocate federal money. Well, for us it's doubly important in the transportation arena because the Federal Transportation Program across all modes is in some way -- I should say all surface modes -- is based on the most recent decennial census.
So these numbers are going to last for ten years. But the FTA formula programs are based in large part on the use of population and/or land area defined -- and they are most particularly funded urbanized area, which I'm going to speak a little bit more to. So it's really important that we understand the significance on urbanized areas and that we know that's going to affect the funding formula under the current authorization. And we just saw that the Texas funding formula uses population as part of the definition of "need," and that it uses also the decennial census. So it's really important to us and all these funding discussions.

I want to draw a slight distinction between the term "urban" area under the census and what we all talk about when we talk about federal funding for public transportation. Under the census, an urban area is defined by population absolute and density, and there are two categories: Urban clusters, which are the communities of 2,500 or more and include small towns and small communities and it could be just a neighborhood that's developed in a rural area; and urbanized areas, which are over 50,000. And then under the census definition, rural areas are anything low density, less than 2,500 folks defined by census blocks and block groups and tracts. Now, under the Federal Transit,
there's a slightly different use of the term. Under transit funding formula, "urbanized" areas include any area over 50,000. That's consistent. And under the funding formula, they subdivide those by small urban and large urban. We've talked about that. Then everything else is non-urbanized, and that's anything under 50,000. So that includes census urban clusters and census rural areas. But we are included to say "rural" for all of that even though it includes urban clusters. Technically it's non-urbanized, but when I say "rural" regarding funding, I'm going to mean the non-urbanized area. Now, these urbanized areas are so critically important to have funding allocations made, particularly for the Federal Transit Administration and on some of the programs the Federal Highway Administration.

So I want to talk to you about how urbanized areas are defined. Urbanized areas are now analyzing population and population density in a very small sublevel in the census block, block group, tract level, and it's statistically calculated by the Census Bureau based upon their census counts. It is a process that you can read all about but it's quite detailed, and it's not something that you can politically influence. It also is defined by the census geography. It has nothing to do with jurisdictional boundaries. It
1 doesn't matter where the city limits are or the county
2 limits except to the extent that tracts are typically
3 within those areas. But the urbanized definition can go
4 across a city limits and often does, and it is defined
5 by the census data and approved through this process by
6 the Office of Management and Budget at the federal
7 level. It is not something that we influence, and
8 that's going to be important later on when I talk to you
9 about how often you can update this information. It's a
10 tedious process.

11 That brings us to the census schedule. You
12 know we are in the midst of the census. We had Census
13 Day April 1st. Folks are out calling on us to make sure
14 we have filled in our form. We should hear some initial
15 information before the end of the year on apportionment
16 data. That's going to be the big level. The total U.S.
17 population, this amount by state. It's going to be kind
18 of the big level with some information on smaller
19 community. April 1st, 2011, is a statutory date in
20 which they have to issue block level, census block level
21 data, and that's because that information has to be used
22 for the redistricting. So that's public law and that
23 date doesn't move. But that still doesn't give us what
24 we need for transportation. Subsequent to that, this
25 census and OMB goes through this physical process to
define how each census block, census block group falls in the definition of urbanized area, and those results are going to be out -- it's not specific but somewhere in 2012. In the spring of 2012 it's expected. So it will be in time, as Eric said, to influence 2013 appropriations. Now, a date that is still uncertain, and I can't believe I've been saying this since last August and I'm still saying this, is every decennial census the U.S. comes out with, it changes how it's going to define "urban" area. We heard mention of lots of possible changes last summer. We thought we would see them in the fall. We thought we would see them at the first of the year. We thought we would see them in April. Well, as of the time I checked my Blackberry before speaking, we still haven't seen those and that could be significant.

Everything I'm going to be talking to you about today assumes 2000 urban criteria because we have no official change in these urban areas. Now, there has been a discussion about a number of different possible changes. I attended a webinar back in the fall where we talked about these different areas. The later and later it gets to seeing these, the less and less likely there is going to be any major changes because there isn't time to get feedback and adjustment. This is a list
that includes both technical analysis as well as statistical, but I want to raise your attention primarily to the second bullet. What is very likely to happen population is that in addition to population and population density for residential population, it's likely that there could be a change in urban criteria based upon land use and employment, and that would reflect heavily commercial areas particularly in the periphery of major metropolitan areas. In the past, those would not have been urbanized because they didn't have residential population. But now with new ways to collect data and analyze land use with areal photography, it's likely that will change. And that will make a difference, especially around the perimeter of major metropolitan areas, not so much smaller areas. The other things are possible but again, as each week goes by and we don't hear these criteria, it's less and less likely there will be major changes, but possible.

Now, there's one change in the methodology of the census that I need to bring to the attention of this group and it's directly affected the PTAC formula. In the past, the census had a question in the decennial census that asked about "Do you have a disability," and that was a part of the short form that everyone filled out -- excuse me -- it was part of the long form that
everyone filled out and was statistically calculated and projected for the whole population. Now remember, now the decennial census just has a handful of questions, so this information is now collected through American Community Survey which has now had several years of data. We will get our first five-year results from the American Community Survey in December of this year. That will give us data on the demographics of a fairly small level, but the information on disabilities has undergone another change. The questions that were asked in the last decennial census were decided that they were too broad and they were getting too high of a number of what was defined as disability, so they redefined the question and launched that question in the American Community Survey for the first time in 2008 -- we got the first information in 2008. So we don't have but one year's worth of data so far. We are not going to have several years worth of data to able to look at it at the details of the city population for several more years, but that one year said data indicates to us that the percent is going to drop. There's going to be a smaller percent of population with disability as a function of this change, and that affects the source of the data and the data that we use in order to calculate the amount of money to set aside for limited eligibility providers.
It will lower it. Now, I want to remind you this has nothing to do with ADA paratransit services because that's a whole other process to go through for being eligible. This is simply talking about the demographic characteristics for different geographic areas for persons with disabilities.

Now, looking at some census numbers. Census 2000, the population in the state of Texas was about 20.9 million, and that's about 7.3 percent of the United States population; urbanized areas about 14.8 and the rural areas about 6.1. In a minute I'll compare this to what were projected in 2010. The urbanized areas in 2000, there were three of a million or more -- the ones that you know of -- Houston, Dallas/Fort Worth/Arlington -- Arlington was added last time around, y'all will remember, about ten years ago -- and San Antonio. There were six areas over 200,000, and those included the new areas in red. Denton/Lewisville were combined -- they were two combined into one large urban area -- and Lubbock. By the way, Lubbock went to 201,000. Barely over but it matters when it comes to funding for transit. Then there were 25 areas that were under 200,000. And there were three brand new areas in 2000 -- the three on the right -- all of which did not expect to be named as urbanized areas in 2000. So this
exercise, if it does nothing else, it gives us a source
of data so that we can give a heads up to communities
that are growing on what might happen so they can start
to think about it.

Here's a projection of 2010 as compared to
those other statistics. Expect the state population to
be about 25.4. The increase in the statewide population
is about 22 percent as projected. Urbanized area
population increase about 26 percent, about 18.6, and
the rural area increase almost 12 percent. In addition,
you will see that Texas' share of the United States
population in each of those categories is going up, and
that's an indication under current federal authorization
Texas should be getting more funds for transportation
under current federal authorization, which Eric
described is only extended through the end of this year.
So it's information to keep in mind.

The next slide is an interesting one, and
it is showing -- I believe your handout shows a map for
absolute change. I'm illustrating here the next slide
and that's the percent. I'm focusing on percent because
this is significant in the balance of where population
is for the different transit providers. It affects the
formula. I want to point out that the brightest blue
counties -- which my little indicator won't show -- but
the brightest blue counties are around the major metropolitan area. You will see big, bright blue north and east of Dallas, bright blue on either side of San Antonio and Austin, and bright blue north and south of Houston. Those are the fastest growing counties in the state. The other blue areas are growing very rapidly, and as a percentage of population, the only counties that actually have a less population are the red ones. Orange is basically no change. It's plus or minus 2.5 percent. Our methodology isn't good enough to be that precise. Orange is no change. Red is an expected loss of population greater than 2.5 percent. What's left, that green area, is growing about 10 percent to 20 percent. So an interesting look. If you kind of look back and squint your eyes, you will see those blues popping out at you in the urban triangle and along the border in South Texas.

Now, I think this slide is interesting. I like to take a look at what the growth rate is among the different major urbanized areas over 200,000. This includes all the major over 200,000. You will see that the greatest increase in actual population is actually -- if I can remember my math correctly -- it's Houston; absolute increase in population is just over a million. But the greatest percent increase is
Denton/Lewisville, and the second greatest is McAllen/Hidalgo County. So it's kind of interesting to see these and see the relative growth. And to provide just a point of information, the area that's grown -- it's just a little bit over that plus or minus 2.5 -- is Corpus Christi.

Now, this diagram is the change in population for state funded urban transit districts. The blue is the 2000 population, the yellow is the growth, the total bar is what is projected in 2010. Anybody want to guess at who that is in the middle? Frank, it's your home area. It's Hidalgo County. Hidalgo County is growing at 41 percent, and their total population is going to be over 700,000. It's going to be pushing 800,000. And their transit program is unifying compared to that population. The other growth areas -- if you can barely see that green bar -- the cities that we expect that may be pushing 200,000 include most assuredly Laredo, most likely Brownsville, maybe Amarillo, and maybe Killeen.

And this is the change in population -- percent change -- in the rural transit districts. Same color scheme. The fastest growing areas -- rural transit districts are blue, and they include the rural transits districts in the counties north and east of
Dallas and they include Webb County for Laredo and El Paso County. Also growing very rapidly are the areas Alamo Area Council of Governments and CARTS, as well as the rural transit districts just south of Dallas/Fort Worth and south of Houston. The transit districts that--there are three transit districts that are actually losing population by our calculation. They include the southeast region, and I think that's Aspermont and Rolling Plains, I believe.

We expect to see new urbanized areas, and this is based upon the projection of those. At the top you see Austin over a million. Not much question about that if you've been to Austin recently. I just mentioned to you the four cities that may very well go over 200,000; Amarillo, Brownsville, Killeen, and Laredo. I don't think there's much doubt about Laredo and probably not Brownsville. The other two are right at the edge. I'm going to talk a lot more about possibly five new urbanized areas over 50,000, and every one of those new urbanized areas is in one of those counties in the rapidly growing metropolitan area around Houston or Dallas or San Antonio.

So a summary -- and these all have significance to the funding formula as well. First of all, I mentioned to you that Texas is growing faster
than the nation at large in all categories. The fastest growing areas are around those metropolitan areas, and that's going to affect that urbanized area definition and whether or not they might be included in large urban areas. More areas over 500 -- over 50,000. And even despite these new urbanized areas, we still expect that the rural areas are increasing in population even after the urbanized population is addressed.

We looked at several scenarios and looking at what is the impact of this on the funding formula. We wanted to look at what would be the greatest impact, and that would be if there were a whole bunch of new urban cities; what would be the least significant impact, and that would be if urban population moved into the large urban areas which means they would no longer get state funding; and then we looked at what we call "most likely," and it's a mix of both. It's new urbanized areas and some areas around these major metropolitan growing into the major, and that's where we focused the rest of my discussion.

The possible five new urbanized areas and these are listed roughly in the order of probability. New Braunfels and San Marcos is pretty much a sure thing. Georgetown really looking like it. It's growing and doesn't seem to be effected negatively by the
economic downturn. Conroe, maybe, maybe not. Some development around Conroe may or may not be a part of the primary city, so that's on the edge. And Cleburne is right on the edge. That would probably be the least likely of these five. Now, if they don't become 50,000, what does that mean? That means they are still part of their rural transit districts. Mergers with large areas. We think there is a very, very good probability that McKinney will merge with the DFWA area. We think that there's almost assuredly part of Texas City that will merge into Houston. That's the area called Dickinson. It already happened last year -- last time with League City so it's likely to happen again. And then we are looking at the impact of the revised estimate of the percent disability for the limited eligibility.

Now, Scenario C shows you the change in the population that is served by state funded transit systems. I'll leave this for you to look at. A couple of things to point out, that the population increases in urban area and in rural area -- even after you've addressed the new urban -- the population that meets the limited eligibility criteria goes down for the four limited eligibility. So you see those changes in the population and you can kind of look at the percent
change. The other thing to take a look at is how has this been different and where is the shift in population relative to state and urban -- state -- urban and state rural-funded systems. And you will remember that last time it was 38/62. This projection will be 41/59. This is an illustration of what the impact would be -- this is taking current funding, this year's funding, if you looked at strictly the urban population that has changed. And this indicates the red -- the systems on the bottom would fund the increase in the systems on the top. We were sending no more state money assuming the current -- today's allocation of dollars. This is what it would be tomorrow with the new population. What are those big numbers at the top? Those are the five new urban areas. And you see a couple of little blips at the top going up. Those are the rapidly increasing urban areas, and this needs to include the Woodlands. The bottom, what is that big bar? That's McKinney. McKinney moved to D/FW, so now its use of state moneys is now available to reallocate to the top. But the bottom line, most urban systems -- all but one of current urban systems -- would be giving up dollars to help support funding in the new urban area.

This is looking at what is the percentage
of growth in the rural transit districts after we created the five new urbanized areas. I want to point out there's only three that changed. If you look right in the middle, middle, middle, those Alamo Area Council of Governments and CARTS were both blue in the previous version. Now they are light green. Blue meant they were over the state average, more than 21 percent. Here they are green. They are still between 10 and 20 percent. And this is particularly interesting in the case of CARTS. CARTS we are taking out, San Marcos we are taking out, and Georgetown, and yet their population in the rural area still increases over 10 percent. And the other one I'll point out is that little red one that popped up down south of Fort Worth. That's Cleburne County. Cleburne became an urbanized area. What's left in that county is obviously very small, and so it becomes red. And that's a consideration because then what do you do with a relatively small rural population? But the rest of this map looks exactly the same -- percentage growth -- under Scenario C.

Now, this is, therefore, how the dollars look. The scale is the same as you saw for the urban, so you can see for perspective. And you can see just a little bit of an adjustment. Basically, some systems lose dollars in order to support the systems that are in
the growth areas but it's not a whole lot. These are, by the way, dollars on the left column. But let me throw a ringer in this, and I know of what I speak here. I live in Galveston. We are doing our best to find everybody we can. There is a very good chance Galveston will not reach a 50,000 population because of the impact of Ike. Now, if it didn't and if Galveston, therefore, became a rural transit district -- there's lots of possibilities but if -- we wanted to take a look at what would that impact be on the rural areas because otherwise, it looked like changes were not so shaky. Now, it may be excepted, there may be an exemption, it may be grandfathered. Maybe it will make 50,000. Maybe they won't be a new rural district. But this is what might happen if there is another rural district, especially a rural district which has very high statistic performance as compared to other rural transit systems. Galveston has got to get funded. Everybody else has to put money into the pot for Galveston to get funded. The two exceptions are Collin County and -- sorry, I'll think of it in a minute. Two very rapidly growing transit districts. Everybody else has to give up money to support Galveston. It would be a whole lot better if we could just make 50,000, but it's a possibility.
Now, I want to talk about what some of these numbers and these statistics mean for issues, and these are just food for thought. Don't expect to debate them today. First of all, you saw from these bar charts that if you were to avoid actually taking money out of the coffers of transit systems that have been working so hard to get transitioned through this new funding formula and the importance on performance, then you would need dollars to essentially fill in that bottom half. So you would need additional dollars from the state on both the urban and rural side to avoid a loss of dollars despite an increase in population. Another way to look at this is you need additional dollars if you wanted to fund these new transit systems without affecting the systems that exist now. So simply add money -- just increasing for new funded areas.

Now, another point to make, I said over and other again funding is flat, population is increasing in every category no matter what. Well, simple math is transit investment per capita is going down and it's going down in every category. And so another approach is new funding in order to try to at least partially keep up or sustain per capita investment. And so these are considerations about what this may mean as a policy implication for the state and for funding. Again, food
for thought.

Still about the state -- and the next thing is to take a look at the policy implications for limited eligibility providers. We have already talked quite a lot about the change in the definition of disability and that implication is a lower total amount of urban dollars despite the fact that demand in these communities continues to increase as the population seniors and gets older, et cetera.

And lastly, this is kind of a particularly specific issue but something that PTAC might consider. In the past when a new entity had been created and became a part of the funding formula -- for example, Fort Bend County became a rural transit district right at the beginning -- there was no basis for performance, right? They hadn't had any service so how do you allocate performance? So they didn't. They only got a needs pot of money. And then as they gathered data, two years later there's performance statistics, and that throws one of these kilters, and they progressively get more of their dollars. You saw that big math try to get Fort Bend (sotto voce) funding. You have a lot of new urbanized areas. What is going to be the impact of these new funding adjustments if they start out with only need and later they get into performance? What is
that going to do to everybody over time? And oh, by the
way, they have all been part of the rural transit
systems. So is there some performance data that can be
applied? But is that data really comparable because you
saw the differences in statistics? While it may seem an
awfully specific thing to bring up, it's a big factor in
the planning. So something to consider.

On the federal side -- and this is federal
and it affects urban especially, not just rural -- and
that is that there's a lot planning that's required if
you are going to become a new urbanized area and are
prepared for the process to get federal funding for
transit and other programs. So these communities need
to be prepared for their status, thinking about the
metropolitan planning process, and doing some of that
homework. That homework should already be underway if
you are not already within a metropolitan planning area.
As it turns out, most of these new urbanized areas are
on the periphery of a major and so they are actually a
part of a large urbanized area. That means they are
going to have to consider the allocation of funding and
their larger PPO. That process is pretty well defined
and used for many years, and this community not so in
San Antonio, Austin, Houston. Another consideration is
any area that's going over 200,000 is not going to be
able to use their funding for operating. That was a real challenge for Lubbock. It's going to be for these new areas. If rapidly urbanizing areas on the periphery of large move into the large area -- like we said McKinney -- well, now they have to follow the federal rules for the funding coming to that area and there's limitation on how much you can use for operating. Also, if the area moves out of a rural transit district but maybe, maybe not, communities start thinking about an urban transit district or haven't decided. There's a new gap and a gap in how service is provided. And luckily, we have some research going on to try to identify those areas and think about how to fill that gap. Still something to be considered.

My last slide, the American Community Survey. I want to talk mostly about the fact that everybody is so excited we are got mid-census data, we're going to know what areas are growing, isn't it cool, and we've got data to update. It's not quite so simple. Yes, we are going to have updated information mid-census, but the urbanized are not going to get redefined. They are going to be defined -- announced in 2012 and they are not going to come up again for another ten years unless there's some major rewrite of the Department of Commerce Authorization. So that's not
going to solve that problem, and there's going to be continued interest in adjust the formula in light of growth areas. Special population reporting is different. We've talked about that with regard to persons with disabilities. And the last item is something I think those of you who are part of COGS and the Planning Commission are going to be most affected by. All of a sudden we are going to have numbers coming for one-year data, three-year data, five-year data. We are going to have it at the county level, we are going to have it at the block level, and we are going to have different numbers all the time. We are no longer going to have to tie everything down to a number in 2010. It's going to be a different number, and it's going to be a lot of need for attention to detail on where you are getting data from and how you are using it because we are going to have a great new resource with its own set of complications for statistical accuracy.

So that is all the information I wanted to share with you. Again, this is as much food for thought as anything else. Are there any questions I can answer?

DR. ABESON: Well, to say this made me dizzy understates the way I feel. However, under the limited eligibility providers, if the number of people with disabilities turns out to be smaller, is it
possible that will be offset by the number of people who
have become older adults?

MS. CHERINGTON: I did look at that, and
based upon the one year of data that we have to make
guesstimates from for disability, it doesn't make up the
total.

DR. ABESON: It doesn't?

MS. CHERINGTON: You are right, the
percentage of seniors in some communities goes up. It
doesn't for all. But see, if you look at -- these are
by city. If your community is growing also in new
family development, your senior population may be going
up but not as a percentage of total.

DR. ABESON: I would also suspect -- though
it's beyond the realm of this data gather -- that there
are a whole lot of older adults with disabilities who
will not acknowledge themselves as being people with
disabilities, which is an unknown variable.

MS. CHERINGTON: This is a whole
interesting thing, and if that's not the source of the
data, then where do we go for the data? And you above
everyone would be the expert to help guide us. It's not
easy, because you want a reliable source out of data
which you can pinpoint on and not something you are
reestimating all the time. It's a challenge.
MS. LANGGUTH: Since Texas is increasing in population in comparison to many other states, can we make the assumption that we will get more transportation dollars?

MS. CHERINGTON: That would be correct given current authorizations and programs. What we don't know is how much are they going to rewrite the Authorization Bill. The safety move was not a whole lot different than T21. The biggest difference was it added some new programs, like it gave more funding to JARC and added New Freedoms and added some parks, new programs. But the allocation, the urbanized area, that didn't change a lot. However, if you go back a ways, there were some pretty significant changes, and some folks are talking about some pretty significant changes again. And there is a real concerted effort from folks in the south and southwest to try to get more dollars for transit. So maybe it would be to our benefit. We just don't know how the Authorization Bill will change. We know enough to look at our numbers. So when you look at proposals -- that's the good thing about it -- we can look at proposals and we can anticipate what it may mean. I think that's a good use of this information.

MS. BLOOMER: And again, Linda, that's the federal level and not the state level?
MS. CHERRINGTON: Right.

MS. BLOOMER: And that might be one area of policy that PTAC might want to make a recommendation to increase the state level since the state of Texas is growing. Like you said, the per capita amount is declining because it's been flat. I think the other key point to make is, like you said, Linda, it's dizzying trying to -- but use McKinney as an example. There are entities that one day they are going to wake up in one pot, and the next day they wake up in another pot. And I don't know if that's an appropriate area for PTAC to address as well. Similar to the no more than 10 percent decline each year, that we look at a transitional thing. McKinney, you can see a sort of double whammy where they go from a small urban where they get -- they can use their federal money towards operating and they get state money to match it. They wake up the next day and they are in a large urban area. They can't use any of their money for operating and they can't get state money to match their money. So they have sort of gotten this double whammy. One day your are going along and keeping your head above water, and the next day you have got 250-pound weights dropped on you, an exponential population growth in that area. And I'm sure there are other areas in the state that are going to possibly do
that, but until we get the census definitions, we are all kind of guessing. And I don't know if that's something in our work plan portion that maybe we can discuss. Is that something that PTAC can pick up as far as a transition plan to address some of those issues?

MR. GLEASON: I think that's something that can come up this afternoon as a policy, absolutely.

MS. BLOOMER: Are there any other questions?

It's my understanding that lunch is here in the building. Do you think it would be okay if we took a fifteen-minute break and stretch and then come back, get lunch, and start again at 12:30?

MR. GLEASON: We have to -- if we formally recess for lunch, then as a committee we have to be careful of what we talk about because we can't engage ourselves in committee conversation while we are in recess. So one approach would be just to go into recess for a relatively short period of time and have lunch, relax, forgot about the committee work for a moment, and then come back into meeting capacity and push through the afternoon. We could propose to do a working lunch, but it gets complicated from a recording standpoint and all of that. So I guess my suggestion would be to take a break, the Committee can decide how long with you
would like to take lunch, and then formally recess.

MS. BLOOMER: Given the rest of the afternoon, if we were to come back at -- I eat my lunch at my desk every day in like five seconds flat. I'm sure maybe today we will take a little time. 12:40 or 12:45, does that give us enough time to get through the rest of the afternoon? Okay. Why don't we do that. Why don't we adjourn for 30 minutes and come back at 12:45.

MR. GLEASON: Do we need a motion?
MS. BLOOMER: I don't need a motion, do I?
DR. ABESON: I'll make the motion that we recess for lunch.

MR. SALAZAR: I'll second that.

MS. BLOOMER: Great. All those in favor, since we're all here in person?

(Committee unanimously says "aye")

MS. BLOOMER: Any opposed?

Hearing none, we are adjourned for lunch.

(Lunch recess)

MS. BLOOMER: We will go ahead and reconvene from lunch. I think what we would like to do is take things a little out of order here. We are going to take Item 7 first, discussion of requirements related to subgrantee program income and how it affects transit
grant funding and this is related to the Medicaid
program.

J.R., we are going to turn it over to you
and Vince at this time.

MR. SALAZAR:  Sure.  I just wanted the
whole committee be aware that the medical transportation
grants will expire in August.  We have four months left
in those contracts, and I wanted you-all to be aware of
the severe ramifications it may have if those current
contracts are not contracted back out to providers we
have in place now.  A while ago Linda spent quite a bit
of time talking about the local investment versus the
operating expense, and I know that I can speak from a
transit side being that we are one of the Medicare
providers, we use that on federal funds.  And if transit
systems across the state of Texas lose that ability or
lose that contract, I do think that we are in trouble.
There is a letter here from Sheryl Woolsey, the Texas
Health and Human Service Commission.  She talks about
that very process that I'm talking about.  They are
planning to procure the non-emergency medical
transportation services in all 24 transportation service
areas.  She talks about it will incorporate federal and
state statutory disclosure requirements additionally to
meet the requirements of Rider 55.  It talks about
Health and Human Service anticipates implementing the model in two transportation service areas, those service areas being 15 and 16. There's actually a map attached with that. It's -- I believe it's the last page on this section here that 15 and 16, I believe, is in the Houston area. Houston, Beaumont. What they plan on doing there is having a broker come out and broker out the medical transportation area there. What I believe is happening is this is going to be a pilot project, see how things go, and then that process may be implemented in the entire state. Again, I just wanted the Committee members to be aware that that is going to be happening and just how bad that may be for transit systems throughout the state.

MS. LANGGUTH: J.R.?

MR. SALAZAR: Yes, ma'am.

MS. LANGGUTH: I met with Sheryl Woolsey as part of our subcommittee and she indicated to me that, one, they really didn't have a choice but to go with a broker arrangement so that there would not be the potential for conflict between transportation providers and the entity actually running the broker model. So it may not be as dire as it turns out to be. I know where this has happened throughout the country where the providers that are currently providing services still
provide services. So I doubt that if you have good
service providers, there's no reason they shouldn't
continue to provide those services because the broker
themselves cannot actually provide the services. She
also indicated that the state was really being pushed
into this position by CMS, Centers for Medicare Medicaid
Services, so that there would not be that conflict.

MR. SALAZAR: Right. And we hope that is
the case and we will see what happens.

MR. HUERTA: If I can just add, I think
what some of J.R. is speaking to is -- especially
smaller systems -- broker system doesn't necessarily
work well. Through my research I found, for example, in
St. Louis there were some issues with the transferring
of individual providers to the brokerage system.
Certainly quality of service to some degree is lost
where you're looking for the quickest, simplest solution
as opposed to a provider such as ourselves who are in
the business, doing the business, you know, following
TxDOT -- not just state but federal regulations in
regards to training and type of vehicles and so on. So
there has been cases where the quality of the service
has declined, but I think also the biggest factor here
is certainly brokerage comes into play. There's
certainly a percentage that's going to be taken out.
There’s only so many dollars for this service to be provided, and in that process, I think there’s some dollars lost in that brokerage. And again, they are looking for the quickest, simplest solution for the trip. At the same time, providers like ourselves who are working with programs such as New Freedoms, JARC, being funded at 50 percent makes it very difficult where we are performing trips sometimes even hundred mile distance and we are funding a good portion of those trips through programs such as this. It’s certainly going to be -- the brokerage is still going to get a cut in this. We are breaking even, but now it’s certainly going to put a big burden on systems such as ours. So, you know, the -- certainly we hope that everything goes well and the conversion is made seamlessly as possible. I know that myself, J.R., and a regional group that represents at least half of the state -- is that correct, J.R.?

MR. SALAZAR: Yeah.

MR. HUERTA: And all of us seem to be on the same page, even exploring the possibility of creating a separate program system that is really not related to the providers themselves so that we can somehow try to channel that loss.

MR. GLEASON: Just a couple of points of
clarification. It's my understanding that there really are possibly two general things happening. That's that the current set of contracts that are in place in each of the 24 areas of the state are as a result of the procurement process that TxDOT actually ran back in 2005 and 2006, the current set of contracts were awarded back in June of 2006. And the -- those contracts awarded to 15 different agencies and/or private businesses the responsibility for non-emergency Medicaid services in these 24 areas of the state. And I say 15 because in some cases an agency got more than one service area. So one issue is that it's now time to re-procure all of those contracts. But in addition to that, they have a rider that directs them to do a demonstration of what's called a full capitated risk -- full risk capitated model -- and what that means is they are going to incorporate the call center function and responsibility into the broker/provider function. We have a broker in our current set of contracts. American Medical Response, AMR, is a broker and they are responsible for four areas of the state. The two that are being held up for the demonstration, 15 and 16, they have the San Antonio area and they have the Panhandle area, at least in my last recollection. So we have a broker model generally in place here already in a portion of the
state, and they go out and they subcontract with providers. But the distinction here and what the Rider suggested that they are going to go beyond that in two areas and actually ask that broker to also do the call function and the actual assignment of, you know, figuring out the trip, how it gets made, and all of that. And that's the real distinction here. So I think there's two things happening, the re-procurement of the entire state which is of interest to our transit providers who currently have, either as a prime or as a subcontractor, they have Medicaid service and that contributes to their bottom line performance. And in addition to that, we have this newer model that perhaps only a broker could do and that is include this call center function in its scope of responsibilities.

MS. LANGGUTH: The other -- I guess, Eric, you know more about this than anybody here because you used to run that program, but the other contributing factor is the Frew lawsuit --

MR. GLEASON: Yes.

MS. LANGGUTH: -- which requires the state to deliver a level of care that other states, frankly, do not have to worry about. There are some areas that have similar lawsuits like DC, for example. In addition to that, we are looking at -- because of healthcare
reform -- population increase in Medicaid, particularly in children, who will fall under Frew because they are ETS/DTS eligible. So that means 2.1 million more kids will need care. I can't see anything happening except for an increase in provider needs in the state. I would suggest, because this is so important to you, if you haven't done so already, sit down with Sheryl and say, "These are our concerns and these need to get addressed when this gets re-procured." But it is going to be a big deal.

MR. GLEASON: And I'll say that the issues around the Frew lawsuit have really constrained the ability, I think, for what a lot of our public transportation providers would normally be inclined to do, and that is to try to group and coordinate trips in a way that would improve their efficiency. And working against that is the Frew access issue -- Frew lawsuit and access issues -- that have pushed the Health and Human Service Commission to appoint where the parameters around the program and the response time requirements, and all of that are so strained. It's very difficult for our providers to sort of naturally group trips and coordinate trips and try and save the state a lot of money, quite frankly, because they can do that. So there's these -- but the Frew lawsuit issues are much
larger than the transportation program, and it's been difficult over years to try and make headway in that environment.

MS. LANGGUTH: Absolutely. Much less to say the issues with finding Medicaid providers.

MR. GLEASON: Yes.

MS. LANGGUTH: Because there are large areas that are totally unserved right now.

MR. GLEASON: Yeah.

MS. LANGGUTH: You are right. There's some huge issues.

DR. ABESON: When is the schedule for -- is the procurement process under way now?

MR. GLEASON: I don't know that exactly. We aren't doing it any longer and I have not seen a schedule.

MR. SALAZAR: Those contracts expire in August. I think there's a provision in there that you can renew the contract for an additional year, but as far as the degree of what they are doing now, Eric is correct. I don't think he can answer that and I can't either. So we really don't know.

DR. ABESON: So is the risk of people going unserved likely to occur?

MR. GLEASON: Well, I think that's probably
a small risk, Al. What I can tell you about our experience with the last procurement was, though, that there were a lot of issues right around the date itself for whatever reason became difficult but services were sustained. No one went without. But it meant that existing contractors maybe went a little further with the procurement that they knew they weren't going to then get. And there was just that transition timeframe between procurement that kept changing that was difficult, but there was a high level of commitment to make sure that every order was met.

MR. HUERTA: If I can just add to that. Recently the amendment was made. It did hit a point -- I don't know if you remember dates, J.R. -- but we came pretty close to a situation where some providers were not willing to do services if the agreement wasn't reached, and I think that was a good point where service may have been interrupted. I hope that doesn't happen with this next procurement.

DR. ABESON: So despite the fact that your division and TxDOT didn't (sotto voce) last time because of the legislative change, you have no role at all?

MR. GLEASON: That's correct.

MS. BLOOMER: What role, if any, does PTAC
have or the Commission have given the original coordination chapter?

MR. GLEASON: Well, I've thought about that, and my suggestion to the Committee would be that the Committee not try and advise HHSC on their procurement. What the Committee may continue to look at would be this notion of what kinds of things can be done to make trip coordination and things more possible, you know, because it is a big part of the overall coordination effort to be able to coordinate with agencies like Health and Human Services, and what kinds of things from a policy standpoint could be encouraged of Health and Human Services when they look at this. That would be my angle or my suggested angle for this Committee, that you continue to look at this -- at that program from that perspective.

DR. ABESON: Vince, you mentioned concern about quality. Quality of service?

MR. HUERTA: Yes, sir.

DR. ABESON: Are there any criteria that might relate to what Eric just said that we could potentially do something with?

MR. HUERTA: I think I would have to research specifics, but I think -- just off the top of my head -- I'm just thinking what -- I guess the
guidelines that were governed by the grants that we received through TxDOT are quite different from the service that we provide for MTP. I won't say it's night and day, but it is very different. And the guidelines over here are a little more stricter and, you know, even drug and alcohol, for example, a very sensitive area, is just different. Some of the research that I did do on other states, the quality of service has seriously declined. It doesn't get serious until something happens. Whatever type of service they are using where situations have occurred and then it becomes a big problem, a statewide problem.

MR. SALAZAR: If I can add to that. I think we have talked about quality of service or level of service, and you are talking about the brokerage model. There is some discussion that may need to take place, whether it's here or whether it's wherever. In the Auditor's Report -- and I know you are going to look at me when I bring this up -- but in the State Auditor's Report -- what year that was I'm not sure -- they talked about quality of service and those brokers that are providing service in the state were a very low performing brokerage or provider as opposed to an existing transit system that has drug and alcohol policies in place, that has all of these things lined
out, where we do this for a living as opposed to those
who just broker that out, we consistently provide a
better service than the brokers do in the state of
Texas. And that's not just me say saying that. That's
in the State Auditor's Report, and so there is some
concern with that.

MS. LANGGUTH: Maybe you need a different
broker.

MR. HUERTA: But I think to follow up on
what Claudia said, we were able to meet with Sheryl.
She actually came down to Midland/Odessa where the
regional group also met with her and where we had
questions and short discussion on the process. They did
mention they had been doing some research. I know that
people came to see us. So they are doing some research
on their upcoming procurement.

MR. SALAZAR: One thing. Right now, Al,
how we get paid for trip is if I take Claudia, I get
paid for that trip, and that's a unit rate. That's the
way it works. We do the same thing with our
subcontractors, we pay them a unit rate. And what they
are talking about here in this Rider 55, they are
talking about services eligible clients for an agreed
upon per month -- per member per month payment. And so
we have a little bit of a concern with that, too,
because we think that if you are going to get paid per trip, you would be able to -- obviously you are not going to get paid unless you provide that trip. And this model that they are talking about -- and I realize it's only 15 and 16 -- they are going to pay you for the amount of people that are on Medicaid in that county, which they know. They have those figures already. And they are going to negotiate with that broker, and they are going to provide you that amount that you've agreed upon. But that doesn't necessary mean you are going to get paid less or more for providing trips. You are going to get paid that same amount because it's an agreed rate.

DR. ABESON: I think that's the word, capitated.

MR. SALAZAR: Yes, capitated.

DR. ABESON: I know that from medical care.

MS. CRAIN: Just for my edification. I'm the new guy. Lawsuits have been mentioned several times. Can someone just give me a Cliff Note version about what the lawsuit is about and what it brought about?

MS. BLOOMER: Who would like to do that?

MS. CRAIN: Just very, very broad just so I understand.
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MR. GLEASON: Well, the lawsuit predates me coming to Texas. I think it was originally filed in the '90s, if I'm not mistaken, but it had to do generally with issues around access to health care.

MS. CRAIN: Okay.

MR. GLEASON: Inequitable disparate access to care and primarily focused on children, if I'm not mistaken.

MS. LANGGUTH: That's right, and it was Frew vs. Hawkins. Albert Hawkins was the petitioner.

MR. GLEASON: That had far-reaching ramifications in many respects, the least of which was the medical transportation program because it affected other parts of Health and Human Services that -- far much more money into your expense.

MS. CRAIN: Sure.

MR. GLEASON: Enormous issues. But it had just created a really heightened sensitivity around any -- any effort that would appear to somehow constrain choice and access.

MS. CRAIN: Was this federal court?

MS. LANGGUTH: Uh-huh.

MS. CRAIN: Was there oversight from the federal court on this?

MS. LANGGUTH: Uh-huh, there still is.
It's not just medical. It's dental, also.

MS. CRAIN: Okay. Thank you very much.

MS. BLOOMER: Let me just -- a little background, too. I'm not intimately involved with the MTP, but I do know back in 2004 when we started our regional coordination effort, this was a very big topic. And at that time Commissioner Andrade and Michael Morris, who was leading the statewide planning effort, asked that we sort of acknowledge that was an issue and put it aside because we weren't going to be able to impact it then because the RFP was going out on the street and that we focus on regional coordination and put things in place for the next time it come up. I think the concern I've heard is the next time is coming, and a lot of that work we had envisioned doing between the last RFP and the next one hasn't happened. I think, J.R., your issue of the new RP coming up -- the time to re-procure -- goes back to the certainty and stability of the providers -- the state's providers. That's -- for some of them that's a large source of contract services which then they use as local match. Given the census, and federal and state funding change, and possibly losing state local matching money, and here's another sort of monkey wrench that's going into the pot at the exact same time as everything else.
I think another issue is we talked about quality of service. One of the issues that came up as part of regional coordination is multiple federal entities find transportation but they all have different requirements. FTA has very stringent requirements, drug and alcohol, training requirements, et cetera. The Medicaid contract doesn't necessarily have those. So even if providers could compete -- but they can't because their regions are so large -- but even if they could compete, it's not a fair game. They are not playing on the same field. It's much easier to provide a lower cost of service when you don't have these 20 requirements to meet. The flip side of that is if the service isn't there and the customer is not getting the service they want, what we have seen in our region is they may go to the Medicaid-designated contractor. They aren't provided the service at a quality they want or they are used to from the public transit provider, and so they go back to using the public transit provider. And what happens is there's Medicaid funding available to provide that trip, but that provider isn't getting it. And so our state dollars are then subsiding those Medicaid trips because we are using our 5310, our 5311, or our 5307 to provide those trips and not using Medicaid money to provide those trips because the client
has decided they don't want to go through the designated MTP provider. And then I think we have the issue of non-dependent services. If the MTP designated contractor doesn't then subcontract with the provider in that area, you could literally have two vehicles showing up to two houses right next door to each other and picking up people and going to the exact same place which is completely in contrast to what we are trying to do at the statewide level to coordinate services. I don't know what the solution is, but those are sort of the issues that I see. And then I think your whole issue of 15 and 16 is a whole other issue. Given the current situation, I think those are a few of the issues we've seen starting in 2004. I don't know how we resolve them. Some providers have been very successful on a very local level resolving those issues. Some providers in our region have decided it's not worth their effort, and so they don't contract for that service. But again, they are forgoing potential local match when they have no other source for it. I think that's a big issue so far as funding, stability, and building a state system instead of building two state systems concurrently that are somewhat competing for the same clientele.

MR. GLEASON: If I can, I mean, technically
speaking, the non-emergency Medicaid Medical
Transportation Program is supposed to only fund those
trips that are not possible on the regularly provided
public transportation service program. What has
happened -- and some of it is because of Frew -- in our
experience in managing that program, we would try and
push this with Health and Human Services at the time
about the fact that -- particularly in metropolitan
areas that had well-developed public transportation
systems -- it seemed to us that a lot of the trips being
required of us to provide could have been provided by
the existing transit system. And we would push back in
those areas and it would come back to us to go ahead and
provide the service. And a lot of it was this
sensitivity around access and somehow restraining
someone's access. And so the coordination trip is to --
at the very beginning of the trip itself is to somehow
ascertain whether there is a public transportation
option already because that individual or that trip is
not supposed to be provided by this program if there is.

MS. BLOOMER: So then there's no money
associated with that trip?

MR. GLEASON: That's correct. The only
thing that Medicaid would reimburse for that trip would
be the fare. So that's, you know, I think an enormous
area of coordination is in the metropolitan areas where
the majority of the trips are taking place in the
program, generally, anyway. Where trips that could be
taking place on the already established public
transportation system either on their fixed route
services or on their ADA complimentary service is where
they should be happening. Now, that piece is an
enormous issue for the provider because that service is
very expensive and there's no mechanism in the federal
program to somehow allow for a reimbursement of the that
trip for any more than the fare. And I think it really
depresses, if you will, any interest on the part of the
large metros because it ends up under the ADA system and
that's typically cheaper than what is being provided by
the Medicaid provider. But they can only get reimbursed
for the fare, and that's an enormous return to encourage
coordination there. It's a complicated arena. A lot of
offsetting financial incentives that don't necessarily
work together to produce coordination.

MS. BLOOMER: And then so given the
statewide direction for regional coordination, what's
happening at the state level between the different state
agencies similar to maybe United We Ride to resolve some
of those issues?

MR. GLEASON: On the Medicaid?
MS. BLOOMER: Is that where it's got to happen?

MR. GLEASON: I don't think there's a lot of activity at the state level to try to address these issues statewide.

MS. BLOOMER: So if there's a rural transit provider in county and they serve the entire county and its demand response service, there should be no Medicaid trips paid for in that county other than those that are put on the system unless that provider can't make that trip? Because what I see happening is the contract is awarded to entity A, and then they go out and they subcontract with the providers in that area to provide the trips and they pay them a unit rate.

MR. SALAZAR: Well, again, I think, you know, whether that trip is a public transit trip or whether it's a Medicaid trip, again, there are separate guidelines for each one. The Medicaid -- the MTP guidelines are much more complex than the public transit side of it. So there are different issues that you are talking about, you know, that level of service with regard to MTP and public transit.

MS. LANGGUTH: J.R., is part of the concern that if the state does -- it sounds like they have to go with this pilot project or fully capitated program. Is
the concern that there will be some providers getting
into the business just offering a low-quality service,
is that part of the issue?

MR. SALAZAR: I think that's one of the
concerns. I mean, it has to be. Again, if you will
read the Auditor's Office Report, there is some concern
with level of service including brokerage models.

MS. LANGGUTH: I know that MGT just
completed a study. I haven't seen it yet, but perhaps
we could request that so that Sheryl could apply that on
the recommendations.

MR. GLEASON: What's that?

MS. LANGGUTH: Sheryl said she had MGT do a
study. I met with her a couple of months ago, but it
should be out. So if we could get a copy of that,
because I believe they are going to follow the
directions that the study recommended.

DR. ABESON: I'm sorry, I don't know what
the MGT is.

MS. LANGGUTH: It's a consulting group.

MR. CASTELLANOS: I think it would be
useful to get that study because it could tell us
whether the problem is in the process report or in the
strategy itself.

MR. GLEASON: I believe that study looked
more at their work processes than they have looked at this situation, if it's what I'm remembering. But we can try to get ahold of it. I don't think it directly addressed.

MS. LANGGUTH: I would guess from my conversation with Sheryl that they were probably getting fairly close to putting out a draft article. So if you want to have an impact on it -- you, individually, not PTAC -- but I would recommend making sure that your voice was heard.

MR. SALAZAR: And the main reason I wanted this brought out -- I understand your comments, Claudia, about things may not be as drastic as a change as what you think they may be, but I just want the Committee to be aware that it does happen. Whatever happens, there are some rural urban -- it includes urban providers as well -- that for whatever reason, if they lose that contract, it's going to impact them one way or another, including the public transit side of matching federal funds. So it is going to be something that needs to be addressed. That was just my main approach to this when we talk about this I just wanted the Committee to be aware the changes that are coming. Whether it's good or whether it's bad, we will see when the proposal comes out. We will see what happens. But if you do not...
receive your contract that you have in place now, it is
going to be hurtful towards your public transit side of
it as well.

MS. BLOOMER: Any other discussion or
questions? We may hold that for the next item.

Okay. Item 6 is review and discussion of
PTAC work plan and technical subcommittees. Eric, I
believe you were going to have Kelly and Cheryl go
first.

MR. GLEASON: Well, let me introduce it and
then we will go from there. I think well over a year
ago now, and Fred Gilliam was Chair of the Committee,
there was interest in developing a work plan for the
Committee that sort of went beyond its traditional role
of reviewing and commenting. So we went through a
process with the Committee of talking about different
topics that were of interest to the Committee to work
on, and the decision at the time was to form some
subcommittees to pursue those topics in more detail.
The idea was for the subcommittees to do work and bring
that work back to the full Committee when appropriate
for conversations around decisions and recommendations
that the Committee might want to make. So today is an
opportunity to take a look at what that initial effort
resulted in. Some of you on the Committee have been
involved in the subcommittee work and, you know, I guess I'll say it's not progressed as quickly or as smoothly or as completely as I think any of us thought it might. I'm not trying to suggest anything's to blame for that. Perhaps it's more difficult than imagined to get these subcommittees going and staying -- get ready the work product on their part, and feed that into the Committee. So today's conversation is, I think, perhaps two-fold. One is to talk generally about the work plan again and then what topics the Committee is interested in looking at say over the next six to eight months, and then having got those topics, to talk about how the Committee wants to get that work done. Do you want to continue to pursue the subcommittee work? Do you want try to work as a whole Committee? How do you want to go about doing that? I thought one place to start was to remind the Committee of the elements that were originally identified to be a part of subcommittee work. And Cheryl and Kelly are here. They helped to facilitate the subcommittee discussions, and I thought that each of them could provide the Committee with a real quick overview of the topics and what work, if any, had been done in this timeframe.

You guys want to come up to a microphone? Is there a microphone?
I think we can focus first on the topics and trying to decide what those should be. And then having gotten those, we can talk about -- or the Committee can talk about how they want to get the work done.

Kelly, are you going first?

MR. KIRKLAND: Good afternoon, Committee members. As Eric said, my name is Kelly Kirkland. I'm Director of the Planning and Technical Support section for the Public Transportation division of TxDOT, and I have the privilege of providing support to the Planning and Policy Subcommittee. As a recap on activities of the Planning and Policy Subcommittee, first off, the Subcommittee did adopt a goal, and that goal was to monitor and address funding issues, monitor and address regional coordination and coordination in general; and in light of that goal, there were four topics prioritized in this order including one looking at the Department's policy for awarding the so called discretionary funds -- that's the amount of federal 5311 funding in excess of the 21 million -- and look at potential cap on that amount that would be awarded as a discretion. Also look at the Transportation Development Credit awards, TDC's, formerly known as Toll Credits, as a way of matching federal funds in transportation
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1 programs. It's not a cash match, but it's a way of
2 leveraging the funds without using cash. The third
3 topic was looking at the coordinated calls for projects,
4 and the fourth one was looking at regional planning in
5 general.

6 MS. MAZUR: I am Cheryl Mazur, and I am the
7 Section Director for Program Management and like my
8 committee or the subcommittee that I work with is also
9 program management. We have met several times, and
10 probably the two topics that we have focused -- we have
11 discussed a lot of things. We kind of started at some
12 basics, we also talked about some Transportation
13 Development Credits, and I think the Committee
14 members -- and there are several of them who are here --
15 have a very basic and general understanding of
16 Transportation Development Credits. So we did some
17 education to start with. We also talked about the 5310
18 program, the elderly and disabled program, and we talked
19 about some of the policies and the processes that TxDOT
20 uses in the Administrative Code. We were kind of
21 looking at those in general, and we have considered sort
22 of a restructuring of that program. Some of the latest
23 things that we -- we also talked about the coordinated
24 call, which is also in the Program Management Section.
25 We manage that. And what that is, is a request for
proposals for competitive programs that we do every
year. Then we had talked about, in general, maybe
looking to see if the 5310 program could be incorporated
in the coordinated call for projects. It is not a part
of that. A separate process goes on right now at TxDOT.
So we had talked about some of those things. We also
took time to establish some goals, and the first one was
to promote and incentivize continued coordination with
others, including MTA's and HHSC. We wanted to review
objectives for the use of Transportation Development
Credits and develop new policy guidance for the 5310
program. We have looked at a variety of things. We
started at kind of a very basic level. Claudia is our
Chairperson. Michelle is your Chair, right?

MR. KIRKLAND: (Moving head up and down)

MS. MAZUR: That's kind of what we've been
working on.

MR. GLEASON: How do you want to do this?
Do you want to write down those topics on a flip chart,
and then we can -- people that have questions about what
each of those efforts were, then we can talk about that,
and then maybe we can add to it?

MS. BLOOMER: I think that would be a good
place to start. Start with what we already had on your
list.
MR. GLEASON: I think if you look at your handout packet, that should have that. Not the binder. It was in the packet.

MS. LANGGUTH: It really was -- I thought it was very helpful, Cheryl, because I learned a lot about the programs I did not know before, and I think our whole Committee did, too. I see one of the issues -- what happened to us was it was a start and stop process, so it was very difficult to keep momentum going and actually come up with the results that we had anticipated. For example, we looked at, as Cheryl said, adding the 5310 program to the coordinated call. Well, Cheryl very gently educated us about the 5310 program and what we could and could not do. We were quite ready to do something very different than what the law would allow. So it was an educational process. We looked at goals. One of the things we said we wanted was more transparency, and that was one of the issues that we saw. Those of us who are not part of the transportation infrastructure, it's really like learning a whole new language, right, Christina?

MS. CRAIN: Yes.

MS. LANGGUTH: And so I thought the subcommittees were very helpful for that. But as far as getting results, maybe we should make it part of a
bigger effort. I don't know. How did you feel,
Michelle.

MS. BLOOMER: I agree with you. It was
very hard to sustain. Like probably most of you, I wear
multiple hats and so it was an additional responsibility
on top of everything else. It was difficult to maintain
that momentum. It seemed what happened was it was wait
and hurry up, it was wait and hurry up, the meeting was
scheduled so hurry up and do something. So maybe there
could be a more methodical -- if it's monthly, it's
scheduled -- you know in advance -- and so three months
don't go by and then a lot of activity happens in a week
period. It seemed to help our subcommittee when we
focused at one issue at a time and brought that to
resolution. We sort of did that with Tier 1, Item 1 and
then petered out after that.

MR. SALAZAR: Well, I agree with what
Michelle's saying. It was somewhat strange in the fact
that we only had a couple of Committee members to begin
with, and so it seemed like it was a conversation
between Michelle and I. That was a little strange to
begin with. I don't mean the conversation. But our
main focus on Tier 1, No. 1 was the discretionary award
and the transparency that Al was talking about. That
was one thing we wanted to work on. And so whether we
actually accomplished that goal or not, I'm not sure that we did, but I do know with Eric's letter that we keep talking about with regards to discretionary, at least transit systems would know what they were going to get for that year. Now, we may -- did that for this year and what the intent is for the following years, we really haven't talked about that. I do think that whether we accomplished or not, we've got to...

MS. BLOOMER: Something happened. Give us some credit.

MR. SALAZAR: We got a letter.

MS. BLOOMER: And we got the issue addressed for 2010. But I do think you are right. There's a longer-term issue there. Maybe what would help, too, in addition to throwing new ideas up is I have heard transparency. Maybe some keywords that might help us in moving forward in the next year. I don't want to say like a vision, mission statement, but sort of something to maintain the momentum that we built today, how do we do that. Transparency, what do we mean by that. I think communication should probably be an item, too, but...

DR. ABESON: I would also propose that we put up there the validity of having two subcommittees for a committee of nine people. Particularly when I
look at the list when both committees were looking at the same topics. I wonder if there's merit in separating them, which in the final analysis, it reduces our total capacity when you have two people on a committee. So I would just propose putting that on the table as well.

MS. BLOOMER: I think that was one of the things we wanted to discuss. I think originally there were four of us, then we lost Donna Holstead, and then there were three of us. We also have a new member who isn't on a subcommittee yet. I think that's part of that issue, too. I also think getting back to when it's just me and J.R., we have a great conversation but it's nice to have more points of view. What would happen is we would discuss it, we think we are on the same page, then we come present it to the larger Committee and it would go a different direction. I know we were going to do our work task first, but it may -- how we structure may determine our work plan. One issue that did come up, though, I guess with the subcommittees because we weren't at the certain number of members, they weren't open to the public and didn't have to be posted and they weren't open meetings. So that might be one drawback with going to the full Committee. It would have to be posted and it would have to be open meetings. I don't
think that would significantly hinder any of the Committee's work. It might require a little bit more lead time on Ginnie's part with scheduling them. How is everybody feeling about either keeping the two subcommittees as is, going to something that looks like a subcommittee structure but maybe different with different ideas, or just going back to the committee of the whole all nine members?

DR. ABESON: Would you like a motion?

MS. BLOOMER: I don't think we need --

MR. GLEASON: I don't know that we scheduled this as an action or not.

DR. ABESON: Oh, that's right.

MS. BLOOMER: We probably just need a consensus.

MS. LANGGUTH: I like the larger committee. We also lost a subcommittee member, too, and it does make it more difficult when you don't have everybody involved.

MR. SALAZAR: I would agree, especially given the fact that there's four or five of us whose terms are expiring.

MR. GLEASON: Well, there are four whose terms are expiring at the end of September this year, and then we have one who is not here today who has
announced her retirement at the end of this calendar
year, so that's a fifth. So we are going to have some
turnover. Well, I shouldn't say that. We are going to
have some positions that will need to be filled for the
next several years. Whether current members will
continue to serve in that capacity or not...

MS. LANGGUTH: That's right, because now
they have to be appointed.

MR. GLEASON: They always had to be
appointed, but it's not the Commission's responsibility.

It's the Legislature.

MS. BLOOMER: That might be another reason
in support of the larger committee because if -- well,
darn. I would like to be gently educated on the 5310
program. I might have learned something new. Or if the
subcommittee were to talk about an issue like the MTP
program, you would get into the details and we may, as a
full committee, not grasp the entire issue or concept
because we didn't have that background. Okay. So we
will move forward as a committee. I think one of the
issues in the next item is doing what. We are all going
to move forward together, the issue is where.

MS. LANGGUTH: We never got around to
discussing transportation development risk. We never
had time for it, so that's still an open item.
MS. BLOOMER: And Eric, I think under funding formula, you may need to figure out a discretionary. I think we also have the issue of transition related to the census.

MS. LANGGUTH: And I think with Transportation Development Credits, because you also had that on your list, we didn't want to duplicate something you were already doing.

DR. ABESON: I think a strategic plan should be on the list as something we ought to be at least party to possibly. It's just a implementation or whatever. That may be too strong of a word, but we potential want to do something around moving the concepts or contents of the strategic plan forward.

MS. BLOOMER: I would agree. I think the difficulty we have right now is that we don't have an adopted strategic plan. So what we can try to do, though, is look at our work plan items. They should be consistent and in support of the strategic plan. Maybe once it becomes final there can be a little bit more detailed plan about how PTN's work plan or -- sorry -- PTAC's work plan fits into the Division's work plan which then feeds into the strategic plan. Because we don't want to be over here working on X and PTN is trying to move Y forward and the Commission is worried
about Z. Trying to line them all up if we possibly can.

Are there any other items that we've talked about today? We have regional coordination on there, and under that probably goes the coordinated call.

Under coordination planning, if we can put coordinating call. Both subcommittees had that item as a topic.

DR. ABESON: One of the other words that Claudia mentioned on the coordination is incentivization [sic], creating an incentive to move coordination further. I would hope that that would be included under coordination plan as a very discreet item.

MS. BLOOMER: Incentives to coordination?

DR. ABESON: For example, when proposals come in under the coordinated call, more points would be given. I don't know how you would do this rewarding points. More points would be given for certain initiatives that would relieve certain kinds of gaps.

That to me is an incentive.

MR. GLEASON: Yes.

MR. HUERTA: I believe in our Committee, you --

THE REPORTER: Vince, I can't hear you.

I'm sorry.

MR. HUERTA: I was just saying what Al is
referring to is he had mentioned in one of our Committee
meetings and I think that was an excellent idea.

MR. GLEASON: I think what I'm hearing is
there's a continuing interest in looking for ways to
promote coordination in the areas that the Department
goes about doing its business. I'm being vague, but I
think there are opportunities in the coordinated call
and there may be opportunities elsewhere. I've heard
coordination, and you heard Linda talk about how the
formula attempts to get at that. And so it could be
that the Committee takes on this notion of how do we
look at what the Department -- how we do our business
and things we do, and talk about opportunities to
encourage coordination in those activities. You know,
we are hearing different ideas, and maybe the Committee
wants to embrace the general notion of coordination and
somehow try to elevate that and emphasize that and, you
know, looking at strategic plan, looking at all kinds of
data.

MS. BLOOMER: I think -- and Eric, that
gets back to my question earlier on the Administrative
Code where it specifically says, "One of PTAC's roles is
to advise the Commission related to implementation of."
I guess I'm trying to figure out translating that
language in the Administrative Code to our work here
because pretty much a lot of that work went ahead based on the recommendations of the statewide Committee. So what's our role now that sort of a framework has already been set?

MR. GLEASON: I think one role the Committee could choose to embrace is to continue to sort of carry that forward, generally, with an overall focus on what other kinds of things -- what other kinds of opportunities exist to further the notion of coordination. Whether it be looking at how and, you know, to what extent coordination is possible in the Medicaid medical transportation. You know, we can't advise them on their pyramid, but we can communicate with them about things that are important to the industry, things about their policies that they are responsible for, their Administrative Codes that they are responsible for. That may or may not work in concert with coordination, and those aren't our decisions to make. Those aren't the Commission's decisions to make. But that kind of communication can certainly take place and I think that would be an appropriate area. I'm trying to be mindful of work the Committee does, like you said, Michelle, that actually fits in with what the Department is interested in and what the Division is interested in so that -- I mean, we
will all be successful. You won't be frustrated by working on something that, you know, may or may not be a priority to me because that makes my work hard. So there are all kinds of settlements and things that make sense and then I think we can all feel good about what we are doing. But it is -- it is the Committee's prerogative. You are set up to advise the Commission on issues of policy significance to public transportation. So we need to make sure that we respect that.

MS. BLOOMER: And just to follow up. I think two key ones that -- three -- we will say two and I'm going to lump one underneath. I think the funding is an issue, and then the coordinated call and regional coordination are probably two key ones. And then I would say a lot of the other items would fall underneath. I would see TDC's falling underneath funding. The same thing with the discretionary issue, the transition, and then pretty much everything else would fall under coordination as far as two main driving points.

MR. GLEASON: Well, I think it's probably also important for the Committee to become versed in development credits. The reason -- that seems a little specific but I think somewhere down the road the Department's going to be taking a bigger and broader
look at development credits and how they are used. We use them quite a bit in public transportation, and we use them to help -- to allow our providers to use whatever non-federal matched funds they do have. To allow them to use those, too, for operating purposes, we have over the past several years used development credit. What they do is they unlock the federal money for us. They are not money themselves. They don't represent money, but they allow you to draw down the federal funding. So as long as you draw down enough federal funding to cover your whole need as opposed to just 80 percent. As long as you draw down enough, it allows whatever local investment revenues, including the state funds that providers have, because the 50/50 match on the operating side, we're covered. So we've kind of been using the development credits to help allow the capital program without having to draw down local matching sources and, you know, perhaps kind of putting off this inevitable point where there's not enough match to draw down all the federal money that there is. And so we use them quite a bit, every once in a while our use of them perks a little bit interest on the part of either specific members of the Commission or within the Department. And so we may be getting to a point where the Department wants to look at this more holistically.
DR. ABESON: Could you just take a couple of minutes to explain to this dense human being how these credits are generated?

MR. GLEASON: Well, you know, there's a little piece here in this binder. If you turn to the "Funding and Grant Program Information" tab, which is going to be the yellow tab in the middle, and I think this has got a page -- let me see -- I think it's towards the back.

MS. BLOOMER: I think it was 16 or 17.

MR. GLEASON: Oh, you already found it?

MS. BLOOMER: 16.

MR. GLEASON: Yes, 16, page 16. This gives you just a glimpse, Al, and basically they are earned when non-matching funds are used in construction of transportation infrastructure; i.e., in Texas --

THE REPORTER: Eric, I'm having a really hard time hearing you. I'm sorry.

MR. GLEASON: We have used Transportation Development Credits in Texas to allow the drawdown of federal funds without the use of local match money so they can save the local match money for operating purposes. And then the Transportation Development Credits themselves, they are earned when non-matching funds are used in the construction of transportation
infrastructure. And in Texas, that’s basically toll roads. And we get a credit and they get -- they are calculated on an ongoing basis. So basically here in Texas, the regions of Dallas/Fort Worth, Houston, and now Austin -- and I think to a certain extent -- is there one of the bridges down in -- okay. One of the bridges down in the Mexican --

MR. KIRKLAND: Camino Colombia Bridge.

MR. GLEASON: We have a bridge down there that also generates that. So they are generated in specific areas of the state, and the current set of rules we have governing how this program is administered says that 75 percent of that will stay in the area that they are earned and that 25 percent of the amount will be given to a statewide pot. So these things accumulate over time, and they are earned and they have to be calculated and certified by the Federal Highway Administration from time to time to get an exact amount. And I think the last number I heard statewide, the last number I heard was in excess of eight hundred million. I know historically we’ve had trouble getting the Houston area to give us their numbers, so I don’t know if those included Houston or not. So there are a lot of these things out here. So we’ve used them to help on the capital side of things.
But one thing to keep in mind with development credits, because they aren't money, they require your federal program to do everything for a project. So you actually reduce the buying power of your federal program on a statewide basis when you use them. It works for the local agency receiving them, but you don't get as much out of the federal program as you would have otherwise because you can't build as many projects with the federal money because you have no 20 percent real cash being brought to the table. So there is a concern at a broader level that you are reducing the federal program buying power. But there is the benefit that you get to allow folks here to match their -- use their local money for match for the federal for offering.

DR. ABESON: Now, on the last line here it talks about a competitive process or at its discretion. Are both used?

MR. GLEASON: I described how 75 percent of the credits stay in the region. Within each of those regions, the Department is required to have a competitive call for projects for use of development credits. The 25 percent that is statewide, the Commission can award at their discretion. So the money we -- the development credits we've been using over the
past three or four years have come from that -- we've
drawn from the statewide pot. And so back in
December of 2006, the Commission passed an amended order
that expressed their intent to use development credits
in support of fleet, fleet replacement, and capital
projects supporting coordination. And we got them to
express an intent to use up to 12.5 million development
credits for those purposes, and we've awarded just about
12.5 million development credits since then. So we've
kind of completed what was envisioned with that intent
from a size of development credit. And we are -- we've
been talking over the last couple of months about
need to go back to the Commission to try to get
another express of intent.

DR. ABESON: Thank you very much.

MS. BLOOMER: This is an item that the
Committee wants to pick up and move forward. What might
be helpful is in the TDC 101 -- a white paper on TDC’s,
I know our staff has done something similar and I would
be happy to share it, but it basically goes through a
lot of the information that Eric shared in significantly
more detail and it has a code in the back that explains
it. We are very interested in the 75 percent since we
have a lot of toll roads in North Texas, and so we are
very interested in when the 75 percent would become
available and awarded competitively. And I think that
would be -- I'm sorry, Cheryl?

MS. MAZUR: We actually have a paper on our
Website, a white paper on it on our Website.

MR. GLEASON: On TDC's and how they are
used?

MS. MAZUR: Yes.

MS. BLOOMER: And I know that shortly
after -- internally, there has been sort of a working
draft of a policy that has been developed and circulated
in addition to the minute order that's never come out.
Is that something that PTAC could look to put some sort
of structure to the policy? I know the minute order,
I've read the minute order, but is there a role for PTAC
to put a little bit more meat maybe on -- or detail
behind the minute order? Who's eligible?

MR. GLEASON: Which minute order?

MS. BLOOMER: The December 2006 Minute
Order.

MR. GLEASON: So when we go back to the
Commission at some point, if we do with a minute order
to kind of renew their intent, can the Committee have --
yeah, I don't have a problem with that, bringing that
here and talking about it.

MS. BLOOMER: Developing the policy?
MR. GLEASON: I think it strengthens our position with the Commission.

MS. BLOOMER: And it might be something we can look at in light of both the items, J.R., you mentioned MPT and the funding uncertainty in the census. It may be a way -- I understand that it diminishes the buying power of the federal program, but given the state funding has been flat, it may be a way for the state to assist in sort of making up. If we are going to get additional federal money coming in and the state money stays the same, to sort of bump up the state contributions without providing real cash.

MR. GLEASON: One of the -- I agree. One of the -- an observation I would make on that is that in the context of seeking additional funding from the State Legislature for public transportation, sometimes when you offer up that you can use something like development credits, it can diminish the compelling nature of your need. So we just need to be careful, I think -- if I can say that -- on how we position ourselves with this. I think the issue for the state is optative, and I think it's the tremendous need to expand services and for that needing money -- real money -- to expand services. So development credits is on that is on the list. We've talked about coordination.
MS. LANGGUTH: And what about funding? Is that something that the Committee can get into, because I know that TxDOT is probably looking at developing or is in the process of developing your budget, but what about us, since we are representing the providers, looking at what are the needs and can we ask for more money? I mean, I think we can all see what's happening. State funding is remaining flat, we have much more of a need for public transportation, but there's no money.

MS. BLOOMER: We can add that under funding and TDC's and discretionary and transition.

MR. GLEASON: What I'm hearing -- and I want to make sure I'm hearing this right -- the funding -- or what you are talking about, Claudia, the funding is the overall amount --

MS. LANGGUTH: The overall amount.

MR. GLEASON: -- that is available. And understanding what might drive a case to be made for more, and it's a combination of it being flat for so long, we've got inflation reducing that buying power, we've talked about the per capita issue with growth, we've got the potential impact for the census, and above and beyond all that, we've got need for more. And that's always been the hardest piece to kind of get our arms around in terms of how much is that and what does
that mean when we say we need X. Well, what is that? Why? What are we trying to do with that? And then there's the if we have money, how do we allocate it, which is a formula question. That obviously is a funding issue for the individual agency, but that's an allocation issue. One of the areas the Committee could think about is having heard from Linda today about all of the things that go into the formula, without a rule-making process schedule yet, are there some conversations the Committee wants to have around some topics with respect to the formula outside of a rule-making process? So you can have some give and take perhaps without the pressure of the rule-making process hanging over your head. Because once you get into that, you kind of get into a series of events that you may not have as much control over as you would want. But I think the Committee could have conversations around some of the issues that were talked about this morning, generally, and position itself for a rule making or future method.

MS. LANGGUTH: Yeah, I think that would be great.

MS. BLOOMER: Yeah, I'm not sure we are ready to open the funding formula can of worms at this point. I also don't think it would be an appropriate
time to sort of open that can of worms given the
Provider State Waive just sort of started to see a
leveling out of the changes, and we know changes are
coming in the future. It's two trains of thought. One
is to minimize the variables that we throw at them or
just throw them all at them at once. But I think if we
left the funding formula as is through the census, that
would at least give them some level of stability and
then see how it impacts going forward with the 2010
census. But then I think we still have the issue of the
discretionary to address which might bring them some
additional stability and planning.

MR. GLEASON: Exactly.

MS. BLOOMER: And then maybe we can also
address the TDC's and then the amount of funding coming
in and trying to make the case that there are additional
needs in excess of what the current funding level is. I
think now is an opportune time given we are getting
ready to go into a legislative session in January. In
January, right?

MR. GLEASON: That's correct about the
legislative session in January. If it's an opportune
time or not, I don't know.

MS. BLOOMER: They will be determining the
buying amounts during that point so...
MR. GLEASON: That's exactly right. That's the significance of this upcoming session, for the 2012 and 2013 biannual. And so with or without complete information on the census, we have to try and gauge what we need.

MS. BLOOMER: And we might be able to make a fairly strong case given the information we currently already know based on the increased growth we've seen in the state, the purchasing power of the existing money due to inflation and fuel prices and everything else. But I think if we throw in some of the -- hopefully by the time we are ready to do that, some of the initial numbers will have come out that show Texas growth outpacing the nation's growth. I don't know. That sounds like a pretty daunting task if that's the first one we want to take out of the box. But if we are going to do it, I think we need to do it pretty soon so we have something prepared prior to January.

DR. ABESON: To what degree do you suspect that every other group like this one that's associated with Texas everything is having the same conversation about increased growth, cost, et cetera, et cetera and has the same kind of a list and is going to be going to the Legislature on money?

MS. LANGGUTH: Sure.
DR. ABESON: Right? So not to diminish the
importance of thinking strategically, is this the
time -- and I left out one element and that's the --
what does the governor estimate, between 11 and 22
billion shortfall -- is this the time to go over that
agenda? Are there other things that perhaps we should
be addressing that might have legislative consumption
that would build the credibility for the next session of
the Legislature? I really don't have an answer to that.

MS. BLOOMER: I think that's a good point. Maybe we are not -- the issue is -- and that may be the
reason we haven't gone since we've had flat since 2006.
It's never going to be an opportune time, and one
two-year period it actually got cut -- possibly
inadvertently -- and had to go back after the fact to
cut -- I think it was about 9 million each year added
back in. So maybe the tact is, I heard us saying, shoot
for the stars and if you miss, you at least...but aim
for the ground, you are going to hit. Maybe we go and
we ask for what we, you know, we realistically need
given. Nothing has changed since 2006, and if all you
do is factor in inflation and in 2006 gas costs X, today
it costs $2.85. All we are asking for is a cost of
living increase. We are not asking for any more money
because for the last six years we've been working on
coordination and we've been able to leverage our
existing resources better. But I think if we just go
and ask -- if we don't go and ask or if we don't go at
all or we don't go and at least ask for some increment,
we could end up somewhere less than where we are now.

MS. LANGGUTH: Absolutely. I totally agree
with you. And in my opinion, if you don't ask for
money, you will get cut because you obviously don't need
it for public transportation. And to me, we have such a
perfect case for increase in public transportation. If
we really say that we want to be a green state, if we
really mean that we want to save or cut gas consumption,
why not look at public transportation? Make it work,
make it work better, but put some money into it. We
have been flat. I think it's almost criminal.

MS. BLOOMER: And given the state doesn't
have billions and billions of dollars to build
infrastructure projects which costs -- instead of
spending $23 million on a one mile trolley ride, let's
put $23 million over in public transportation. It can
do the same thing. It can do more a lot more. It can
do the same thing or it can do it for a lot less cost.
So maybe that's one of the items we can put on the top
of our list. I think we've divided funding in two; sort
of the amount of money we have to work with, and maybe
the second part is what we do with the money we have, the formula, the allocation of the TDC's.

MS. LANGGUTH: And what are our most critical needs? There are some. If you look at the state of Texas -- 254 counties -- and you still have one county without public transportation, there's something wrong with that. This is one of the poorest counties in the state.

MS. BLOOMER: Do we know why there is no public transportation?

MR. GLEASON: I don't think I know why. I may have at some point in time. I don't know if anyone knows.

MS. BLOOMER: I think that's a good point because one of the things as a statewide committee we should be concerned about that everybody across the state has some access to public transportation, and we have one county that has no service. And I think once we get all of those red boxes gone, the next issue becomes what level of service do we have across the entire state. How do we improve that? Because what we have here as far as level of service varies between our 16 counties, which I'm sure varies between what's in J.R.'s service area and so...

MR. GLEASON: It's tricky. You can talk
about level of service, but inevitably where you end up
is that analysis is that some people have enough and
some people don't. In reality, everyone needs more and
has a legitimate case for more. I've been through this
in my head several times. It's like level of service,
yes, but we have to kind of anticipate where we go with
that and how do we build a case that, you know, everyone
needs more if that's what we truly believe is out there.
So it's -- I think it would be useful for us to hear
from the Committee, a conversation around how to look at
need, what are the different ways that y'all -- given
your experiences -- think about that, and how we might
look at that in an assessment of need for public
transportation.

MR. CASTELLANOS: I was thinking that when
Linda was making her presentation, she mentioned you,
Vince --

THE REPORTER: I'm sorry, Frank. I'm
having trouble hearing you.

MR. CASTELLANOS: She mentioned Vince and
his organization as the poster boy for the process that
she was talking about at that time. And I guess I'm
thinking that the Texas Transportation Institute has the
raw data behind the presentation she made to us this
morning and probably has some good examples of who is
done. But even more so, we can bring it to the Committee and have a presentation on it.

MS. BLOOMER: And getting back to your question of how to look at need. Has TxDOT, as an agency, or a public transportation division ever tried to sort of define or -- I mean, what is the real need?

MR. GLEASON: Well, I think, Michelle, the last -- there are two things going on. One, I would say that all the recent effort around regional coordination plans in each of the 24 planning areas of the state, to
a certain extent, they are identifying gaps in service
and need, and so we do have a fairly recent expression
of that in different shapes and forms around each of the
areas of the state. The last time that I know of that
the Department actually did that kind of assessment, I
think it was in a document -- and Kelly, you may need to
help me out here -- I think it was in 1996, and it was a
document that actually predefined three levels of
service and made an assessment, I think, for let -- we
may have let agencies self-certify what level of service
they offered. I'm not quite sure how we did that. But
there was a predefined three sets -- three levels of
service and each system was categorized as being in one
or the other.

MR. KIRKLAND: That's correct. I think you
are referring to the -- to what's called the Programs or
Practices or something like that. Profiles and
Practices of all the state's rural and small urban
transit agencies and that did include for each one
self-certification as to what level of service they were
providing in their member counties.

MS. BLOOMER: I guess what I'm trying to
get at is that's sort of individually. And I know
recently on the roadway side there was an effort done to
sort of capture the entire universe of needs on the
roadway side and ended up with this huge number. I guess what I'm thinking is we need to do something similar but on the transit side at a statewide level, and maybe there's different areas, like there's basic needs, are individuals able to get their basic needs met, can you get to medical appointments, can you get to dialysis. Those that if you don't have the transportation, it significantly impacts your health. And then there's sort of the -- all these trips are provided but the second stuff is for the quality of life. Can you go to church, can you go to here, can you go to your friend's house, how the providers feel they are able to meet those, and then what the people who rely on the services. What I would like to ask is how many people actually know what services are in their area? That's the biggest -- people don't know -- I don't think they know the service is there, and then trying to turn that expression of need into a dollar amount of funding that would be needed. And what we try to do with our policymakers, we tell them "If you award us X amount, we can provide this level of service. If you provide us X plus A, then we can give you this level of service," and give them options. And if they decide they are only going to provide X, they know that this is the level of service they are getting for that. And so
if I can't take your grandmother to bingo Monday,
Tuesday, Wednesday, Thursday, and Friday, you bought off
on that level of service based on the level of funding
you provided.

MR. GLEASON: And we may be venturing now
too far down the road on some of these. I think it
would be helpful for the Committee -- and I would like
to hear from the Committee -- all the various different
ways we might try and measure need or find a way to
express what need is, and what is it that we need to
look at because when we come up with these notions, we
will have to figure out how we will actually do that on
the statewide level. It becomes difficult to imagine
how to get at what you are getting at. So I think it
would be helpful, before we jump off and do a needs
assessment, to spend time. Maybe we can come up with
three or four or five categories of things that are
measurable -- relatively easily measurable -- that would
actually get us something that we can...

MS. LANGGUTH: So is that our homework for
the next meeting?

MR. GLEASON: I wasn't necessarily trying
to give y'all homework. In my mind, this would be a
topic, perhaps, at our next meeting where we can try and
get our arms around what would be a reasonable way to
measure need. And, you know, I think part of this is how do we express it in a way that means something to people other than ourselves, you know, people who don't live and breathe this stuff. The way I talk about this stuff doesn't necessarily mean anything to a state representative or a leader in Laredo. People like (sotto voce) in terms of the Work Force Committee might mean something more to the people who have to make the decision. So I think it's important. And we may have other sources of measured need that are beyond our thought process.

DR. ABESON: I'm just thinking that sitting at home is a draft of a study by North Dakota that went out to people who are self-described as people with disabilities, and it lays out all those items that you just mentioned; are these your activities, medical activities, all those life functions for which transportation becomes very important. And that was a statewide study. I don't know what the sample was, but it was a pretty significant effort. And when that was done, it will give the policy makers there a good sense of what the need is. I can't even imagine how you would do such a thing in the state of Texas. It's pretty good way to find out what need is.

MR. GLEASON: Okay. Any other?
MS. BLOOMER: Any other items up there that you want to make sure? I guess we asked our regional partners when we picked up our regional (sotto voce) if there is only one thing -- if we can only do one thing, what would that one thing be and that might help us because these are all great, but I'm only your Chair through September 2010. I would like to transition off with more than a letter. I'm happy with the letter, but now I'm setting my sights just a little higher. If there's only one thing we could do, maybe it's funding versus coordination or one particular item under funding or under coordination, but I think it would be helpful to sort of focus our efforts so we can have -- even if they are small incremental movements of success that will hopefully just continue to build. But I'll defer to the Committee on if you want to take them all on, if you want to try to focus in on one main area of concern or one specific topic of issue, and then I think that might help us direct how we go from April 7th to the end of the year.

DR. ABESON: I think Claudia's comments about the risk of not asking anything of the Legislature is very compelling. Do we have the authority as a body to communicate with the Legislature?

MR. GLEASON: Officially, you advise the
1 Commission.

2 MS. BLOOMER: And then they ask --

3 MR. GLEASON: My role with you is to help

4 you advise the Commission.

5 MS. BLOOMER: Who ultimately makes the

6 request for funding to the Legislature? Is that the

7 Commission?

8 MR. GLEASON: The Commission makes a

9 departmental request, and in that request we can -- we

10 can, you know, we can request funds that are not

11 currently within our departmental program. We can

12 request general revenue funds. That process has a life

13 of its own in the Legislature, but that's typical. You

14 know, the last session, for example, the Department, at

15 the request of the Texas Transit Association, put in a

16 general revenue request for additional -- approximately

17 $22 million a year for state funds for public

18 transportation. We didn't get it, but we put it in.

19 And so there is a vehicle. Obviously, the Commission

20 adopts the legislation appropriation request, so

21 potentially there's a vehicle there for an expression of

22 need.

23 MS. LANGGUTH: And that is in the directive

24 of the Transportation Code to advise the Commission of

25 the needs and problems of the state's Public
1 Transportation Department?
2 MR. GLEASON: Perfectly within the scope to
3 come up with a description of "need" and talk to the
4 Commission about that, absolutely.
5 MS. CRAIN: What about those -- or just me
6 at this point -- that are appointed by a specific
7 member, the Lieutenant Governor and then, of course, the
8 Speaker? I know I've been asked to keep the Governor's
9 office informed on what's going on, and I'm assuming
10 that the Speaker would do the same thing. So that gives
11 an automatic entree from that angle.
12 MR. GLEASON: As a member of the Committee,
13 you are advising the Commission.
14 MS. CRAIN: Right. I understand.
15 DR. ABESON: Well, then would it be a
16 legitimate priority for us to try to craft some kind of
17 communication to the Commission based on much of what
18 we've heard today as well as the discussion, get it
19 there in a timely fashion, and obviously you could just
20 pass that along to those who need it? I like to build
21 on success. The fact that we got a letter, I guess, is
22 a great thing, but if we got something to the Commission
23 that was more substantive in a timely fashion, I think
24 we might consider that a success for us.
25 MS. LANGGUTH: And I think Eric's point of
being able to say these are the needs, these are how we measure the needs, to put some numbers to it, is a much more compelling argument; to say, "Let's see where the need is."

MR. GLEASON: From a practical standpoint with this upcoming session and preparing for it, I would say if the Committee wishes to provide information to the Commission in its reconsideration of the Department's appropriations request that we need to do that sooner rather than later. And I'm not sure to what extent in any kind of an objective measuring way we are going to be able to get our arms around needs beyond being able to trace it to things like inflation, per capita, census, and then, you know, reaching beyond that to some quantitative assessment of need will be difficult from a practical standpoint. I would still like to have this conversation in the Committee because I think it's important in the long run, but in terms of getting something in a timely fashion, like you say, in front of the Commission, you may need to find another way to come up with that figure.

DR. ABESON: We can (sotto voce) some of the population data.

MR. GLEASON: We are perfectly prepared to come to the Committee at their next meeting and describe
inflation impacts, per capita impacts and we will have our arms around census facts as well so we can build a case on those things.

DR. ABESON: Do we also have enough information to say that since the formula was adopted in 2006, greater efficiency and greater performance has been achieved by public transit?

MR. GLEASON: Well, you saw some of the numbers there. I mean, it's kind of a nuance case to make because the real message is that it stayed flat in the face of growing demand and reduced buying power. So the fact that the numbers stayed relatively flat from a cost standpoint and an efficiency standpoint is good news.

DR. ABESON: If that can be used.

MR. GLEASON: Yeah, I think we can make some general assertions that are supportable with data. I don't know in the end how compelling the picture will be. I think the more compelling picture is to show a reduced buying power of state funds, and then you can tack on a per capita impact as well and that is a pretty steep drop off. Visually, it's fairly impressive. So those kinds of pictures are possible.

DR. ABESON: I feel it would be nicer if we can make this request somewhat unique. As I said
earlier, the competition is going to be ferocious. If we can say that public transit is using its money very wisely despite the fact that it's flat, look at what we've been able to accomplished. Now, that may be nuanced but how do we make ourselves unique? How do we make ourselves different from everybody else who is going to be asking for money, particularly if we have some decent data.

MS. BLOOMER: And maybe next time we can work on some of that, the population data, the inflation data, and work on drafting that or start forming that piece to send to the Commission. Maybe part of that is we use what we have now and then we tell them "Here's what we plan to do." We're going to come back. That's legislative session and we are going to have specific information to show you what the need is based on our homework -- how we think we can sort of capture that need and come back to them. But we know now -- we don't really know what the range of need is -- how big it is. We know it's bigger than we what we are needing now. But just given the increase in population and reduced buying power, and the per capita decline, we know that what we are getting now and what we would like to get in the future is bigger than what we are getting now, but maybe in two years we come back and it's times ten.
What do you think?

MR. GLEASON: Well, why don't you let us give it some thought on the other need side of all of this conversation. There may be some ways to recapture that.

DR. ABESON: Quick question that is somewhat related. Do you have the authority to just give money to TTI to do a study? How does that work?

MR. GLEASON: We are able to enter into an interagency contract with any member of the state university system for work. You know, obviously, we are mindful of the kinds of things we are doing with them on an ongoing basis and things like that, but we are able to do that, yes, Al.

DR. ABESON: So theoretically, if we define a study that needs to be done, it could be pursued through a university system?

MR. GLEASON: It could be.

MS. BLOOMER: So I think we know how we are moving forward as a group. I think we have generally what we are moving forward on, and it sounds to me just based on the last 20 minutes or so discussion it's revolved around funding, the amount of funding, and then how funding is allocated. I think my next question is who, what, where, when, why, how, how often. I know,
generally, our schedule is -- usually, it's based on an item that needs action or it's been a couple months. I don't know what the Committee's feeling is on do you want to stick to sort of ad hoc meetings, regularly scheduled meetings -- if so, by what schedule -- annually, quarterly, monthly, bimonthly, every third Friday?

MR. GLEASON: Well, what we have -- just for some guidelines. In the current fiscal year, I think we budgeted for the Committee to meet four times. In the upcoming fiscal year, I think we budgeted for six meetings, and those are just estimates on our part. They are not hard and fast. We do have requirements around publishing agendas ahead of time and things like that. These are formal meetings, and so it does take some lead time to bring the group together. And I do want to be mindful of making sure we meet only as often as we have useful information. I do know that we are going to need to have a meeting later this month or very early next month to go over some final rule-making that the Committee looked at prior to a proposed adoption. It will be coming final in, I think, the May meeting. Anyway, so just from a rule-making standpoint, we will need to draw the Committee together for next month. I think that is probably the time for us to try and
arrange a conversation where the Committee can put their
fingerprints on something around this funding and this
issue we are talking about. Just because the Department
scheduled (sotto voce) we are starting now, and my
guess is we will be getting in front of the Commission
with pieces of it throughout the summer. So this would
be the time to get as much done as we could on that.

MS. BLOOMER: So we are what -- in April?

Have we already exceeded our four meetings?

MR. GLEASON: We don't really -- we just
throw that into the budget. You don't really need to be
cconcerned about that.

MS. BLOOMER: So we could have blown the
budget today? Say no more.

MR. GLEASON: I just said that just as a
baseline in terms of trying to guess. When the
Committee was setting the formula, I think they met
eight or nine times in a six or seven month period. We
just met when we needed to.

MS. LANGGUTH: Well, because of the time
frame, it seems like we would need another meeting in
June before your legislative budget is fixed.

MR. GLEASON: Well, we can do that or we
can try and get as much work done as a committee at a
meeting in May. Although, my guess is we probably can
see if, you know, that meeting -- given the planned sanction rule -- probably simply a phone-call meeting.

    MS. MAYLE: If it's still on the agenda, yes.

    MR. GLEASON: Yeah, because there's really not a lot of controversy around that, and this would change that quite a bit. I know that we have not really thought of this next meeting too much, and we will have to go back and regroup around that. Where I was going with that, Claudia, if we can get enough work done, it may be that what needs to happen in June or just at the meeting is just we need to review and comment on some of these. And then the Committee would need to decide how they want to present that to the Commission.

    MS. BLOOMER: And then can we do this instead of reviewing the comment outside of a formal meeting?

    MR. GLEASON: Yeah, everything we do is a formal meeting. It's just that we may not try and bring them all here. We may just have a conference call.

    MS. BLOOMER: Well, I guess we will go ahead with the late April or early May. We will tack those items on to it. What I would like to do, if we are able to get enough work done at the late April or early May meeting and bring this issue to resolution, we
need to come back to provide comments on it, throw
another item on the plate at that time so we keep the
momentum.

MR. GLEASON: From this list.
MS. BLOOMER: From this list, right. We
can talk about that at the next meeting, you know,
what's the next item, is it TDC's, what is it. So we
keep that momentum going so we don't come back next
April -- hopefully it will be more towards October --
and have another workshop where we are talking about the
same issues that are still on the table.

MR. GLEASON: Okay.
MS. BLOOMER: Or you-all are because we may
not be here. Okay.

MR. GLEASON: And that makes today's
conversation easier as well because we don't have to do
anything but keep them on a list.

MS. BLOOMER: Right. Just keep them on a
growing list, and as other items come up we can always
add them. We will tackle one at a time. Apparently,
recent studies show that multitasking isn't really that
great for you. So we will go back to one at a time and
give it our full attention. Once we check one off, we
will move down to the next one. Great discussion.

Eric, do you want to go ahead and give the
division -- oops.

DR. ABESON: Can we take a short break?

MS. BLOOMER: We have a motion for a five minute break. Do I need a motion?

DR. ABESON: I'll just go by myself.

MS. BLOOMER: Let's take a five minute break and be back at five to 3:00.

(A break was taken)

MS. BLOOMER: We will go ahead and reconvene.

MR. GLEASON: Just really quickly. I wanted to let folks know that once every three years the FTA comes to visit, and they do a review of how well we as a state entity are managing their programs. This is a review of us and not of our needs. They call that State Management Review. They were visiting us in the first week of March, and we spent the better part of two months getting ready for it. The reminder of the month of March and early April we were tying up any loose ends from it. So it's quite an effort. And Cheryl's group in particular -- and Kelly's as well -- really did a tremendous amount of work here. This is a big deal. They came in, they covered 20 different general program topics with over 200 specific areas they looked at. Their draft had seven findings. We haven't seen the
final. We've been told we've closed six of those, so we are going to have one open finding out of a possible 200. So we feel pretty good about that, and we will be able to comply with that one finding by the end of June or first part of July. So we feel good about that. They went up and looked at the Hill Country transit district program just outside of Austin. They always do a site visit when they come out. They also looked at a faith-in-action group which -- in the Round Rock area -- which provides some 5310 service. So they made two stops, and they do that as a way of spot checking how well we are checking to make sure that our subrecipients have all the paperwork that they need, things like that. So they are building an administration facility with some of our funding, so they were interested in seeing that up there. It was a very successful review from our standpoint, and hopefully they won't come back for another three years.

Texas Transit Association has its annual conference in April -- April 16th through the 20th in Corpus Christi. Anybody who has not registered can still register, I'm sure.

MR. SALAZAR: We will take anybody's money.

MR. GLEASON: It's a good event. They have -- they have a lot of venders come in and bring in
buses, equipment, and things like that to have folks look at for some sessions that are planned. They look like they could be pretty good.

In March at the Commission meeting, the Commission did adopt the Internal Ethics and Compliance Program that we have talked about here in Committee. And based on this conversation here and some conversations we've had with our -- with the rural and small urban provider community, we will be -- the Department will be going out over the next several months to educate and assist folks in making sure that they are compliant with this program.

In April, as we mentioned, the Commission is scheduled to approve the draft text of the strategic plan. In May -- May is a big month for public transportation but all of the -- most of these assume that we get our federal apportionment numbers later this month, and I'm hoping for them next week.

But I'll go through these. The first bulleted item there, this is -- we have talked a little bit about the coordinated call. This is our award of funds to several subrecipients for fund from these programs. So this is -- this is a big thing. We were looking at over 40 proposals. So we are busy making decisions and talking to folks about those proposals.
We are intending to award the balance of our 5310 program. I mentioned earlier we have gone ahead and awarded the first portion of it that we got. This will complete that. This is the 5311 non-urbanized formula program. This is the discretionary award item that -- this is what we talked about earlier where we will be awarding for general program purposes based on revenue miles -- share of revenue miles -- that large discretionary fund that we've talked about. VCR is an acronym for Vehicle Capital Replacement. This is a really small one, and we have been -- over the last several years -- been spending down a grant that we had gotten back in 2004 to purchase vehicles. And we keep getting residuals as people complete the procurements and we keep reprogramming them. So that's what that is. Then finally, this final adoption of the contract management, the grant sanction rules that we talked about. So May is busy. That concludes my report.

We also use this timeframe of my report to -- as an option for members to bring up any issues or questions that they have, generally, at this time. That's it.

MS. BLOOMER: That's it. Any other items, thoughts for the day? We are doing good. It's 3:00. Nope? None? Do I have a motion to adjourn?
MS. CRAIN: Second.

MR. CASTELLANOS: Second.

MS. BLOOMER: Christian first, Frank second?

I'm going to take advantage since we are all here in person. All those in favor say "aye."

(Committee unanimously says "aye")

MS. BLOOMER: Any opposed?

All right. Meeting adjourned.

(Proceedings concluded at 3:01 p.m.)
REPORTER'S CERTIFICATE

THE STATE OF TEXAS  )
COUNTY OF TARRANT  )

This is to certify that I, Natasha Benchimol, a certified shorthand reporter in and for the State of Texas, reported in shorthand the proceedings had at the time and place set forth in the caption hereof, and that the above and foregoing 180 pages contain a full, true, and correct transcript of the said proceedings to the best of my ability.

Certified to on this 15th day of April, 2010.

Natasha Benchimol, Texas CSR 8514
Expiration Date: 12/31/2011
Tarrant County, Texas
Fort Worth, Texas