

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

SENATE, No. 3441

STATE OF NEW JERSEY
219th LEGISLATURE

DATED: DECEMBER 22, 2021

SUMMARY

- Synopsis:** Requires DHS to establish payment programs for purchase of transportation services from private sector and government transportation service providers.
- Type of Impact:** Potential annual impact on State and County expenditures and revenues.
- Agencies Affected:** Department of Human Services, Division of Developmental Disabilities. New Jersey Transit Corporation. County governments.

Office of Legislative Services Estimate

Fiscal Impact	<u>Annual</u>
State Cost Impact	Indeterminate
State Revenue Impact	Indeterminate
County Cost Impact	Indeterminate
County Revenue Impact	Indeterminate

- The Office of Legislative Services (OLS) finds that the bill will have an indeterminate impact on State and local costs and revenues. The provision of individual travel budgets to persons diagnosed with autism spectrum disorder and persons with intellectual and developmental disabilities is unlikely to impact annual Department of Human Services (DHS) expenditures on transportation services, but will likely require State expenditures to develop and establish the individual travel budgets and payment structure. It will also likely change the trip distribution among transportation providers. Depending upon the level of State or local subsidy for trips provided by DHS funded providers, the New Jersey Transit Corporation (NJ Transit), and county paratransit agencies, this change in trip distribution could result in an indeterminate increase or decrease in State and local revenues (ridership) and costs (trip subsidies). The magnitude will depend on future choices made by persons about how they utilize their individual travel budgets that cannot be known at this point.
- The cost of creating individual travel budgets will likely include some reliance on additional federal Medicaid/Medicare funds, a reallocation of State DHS funds, and possibly additional

State funding to develop the system. The magnitude of these costs and impacts cannot be known due to a lack of knowledge about how the individual payment system will be designed and the internal capacity or reliance on outside vendors by the DHS in order to enact individual travel budgets.

BILL DESCRIPTION

This bill requires the Commissioner of Human Services to develop a payment program that provides persons with autism spectrum disorder or intellectual and development disabilities individual travel budgets. The program is to permit individuals to use the travel budget to pay for travel on the NJ Transit regular route bus, rail, and light rail network, pay-per-ride trips provided through county transportation agencies, and transportation network company and taxi services with drivers that have completed Passenger Assistance, Safety, and Sensitivity (PASS) training.

The bill also requires the commissioner to develop rules and regulations that encourage the utilization of county transportation agency services for travel to and from day programs and employment sites, and for the department to coordinate with county transportation agencies to establish service to day programs and employment sites that are not currently served by county transportation agencies.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS finds that the bill will have an indeterminate impact on State and local costs and revenues. The provision of individual travel budgets to persons diagnosed with autism spectrum disorder and persons with intellectual and developmental disabilities is unlikely to impact annual DHS expenditures on transportation services, but will likely require State expenditures to develop and establish the individual travel budgets and payment structure. The cost of creating individual travel budgets will likely include some reliance on additional federal Medicaid/Medicare funds, a reallocation of State DHS funds, and possibly additional State funding to develop the system. The magnitude of these costs and impacts cannot be known due to a lack of knowledge about how the individual payment system will be designed and the internal capacity or reliance on outside vendors by the DHS in order to enact individual travel budgets. It may be possible to utilize enhanced federal assistance and reallocate existing DHS resources to make this change with no impact on State costs, but will likely require some level of increased State expenditure initially in order to establish the new system.

While the total spending on actual travel trips is unlikely to change, a shift from a model where the DHS makes decisions about funding travel for individuals with developmental disabilities to a model where those individuals make choices for themselves will likely have a notable impact on the distribution of trips among travel modes. It cannot be known at this point how the distribution will change, but presumably any services newly offered under such a model such as ridesharing

services, would take trips away from existing services funded under the DHS. The net fiscal impact of such mode shifting is not clear.

Most trips provided for individuals with developmental disabilities are not provided profitably, but rather require some level of public subsidy. If a modal shift away from one of those subsidized trips permits the trip to no longer be provided such as those provided via a taxi service or an NJ Transit Access Link trip, then those service providers would realize savings because the reduction in their cost of providing that trip is greater than the payment that they would have received through the DHS. If a trip still needs to be provided regardless, such as through a fixed bus route, then the loss of incremental fare revenue would represent a loss of revenue with no offsetting cost reduction. NJ Transit and county government transportation providers will both be impacted by these mode shifts in positive and negative ways since both operate fixed route services that could be harmed and per-trip services that would potentially benefit financially. The net impact cannot be known due to a lack of ability to accurately predict how individuals will utilize their DHS provided individual travel budgets.

A requirement in the bill for the DHS to encourage the utilization of existing county transportation agency services for travel to and from day programs and employment sites is expected to result in increased county revenues, but the magnitude of the impact will depend upon the effectiveness of DHS efforts, which will depend upon future decisions by the DHS.

Section: Authorities, Utilities, Transportation and Communications

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This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).