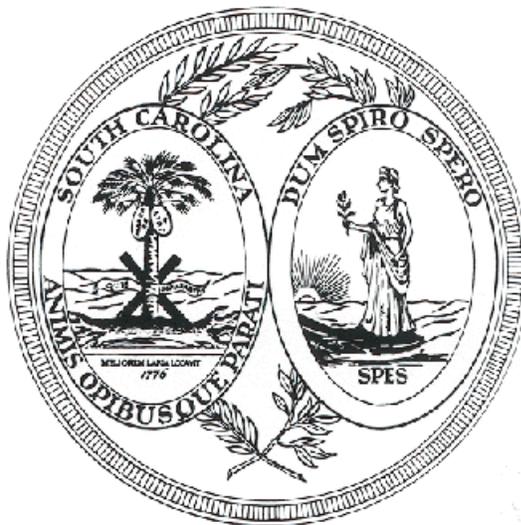


LAC

Report to the General Assembly

January 2001

A Review of Transportation Services Provided by State Agencies



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A Review of
Transportation Services
Provided by
State Agencies

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Synopsis

Members of the General Assembly requested that we conduct a review of state agencies that provide transportation to their clients. The requesters were concerned about transportation costs incurred by these agencies and their use of professional staff to drive clients. The requesters also asked us to develop a formula to calculate agency transportation costs. Our findings are summarized as follows:

- ❑ Generally, state agencies have not tracked their transportation costs and the South Carolina Department of Transportation (SCDOT) has made little effort to collect cost data from agencies. Without adequate cost data, the state cannot make informed decisions about the cost-effectiveness of agency as compared to contracted transportation services.
- ❑ We concluded that a full resource cost allocation method should be used to calculate agency transportation costs. Under this method, all costs associated with client transportation would be accounted for, regardless of whether they are actually incurred by the agency. At a minimum, the following costs would be included — labor, fringe benefits, administrative overhead, capital costs, maintenance, insurance, and gas, oil, and tires.
- ❑ Agencies use different methods to bill their transportation cost. The use of different methodologies does not allow a comparison of transportation costs among offices within the same agency or between different agencies. In addition, the rate at which agencies reimburse individuals for the use of personal vehicles varies both among and within agencies.
- ❑ Although some state agencies use staff whose duties do not primarily involve driving to transport clients, the agencies do not know the extent to which staff is used. When agencies do not account for staff time spent driving, transportation costs are not accurate, and a comparison of costs is not possible.

- SCDOT has not complied with state requirements to coordinate transportation services. SCDOT has not required entities to submit data necessary for coordination planning, and has not analyzed the results of demonstration projects implemented to assist in statewide coordination efforts. The lack of coordinated services may result in higher costs. Therefore, it is possible that many people who need transportation services may not receive them.
- Based on available information, we were unable to determine if a statewide transportation authority would be more beneficial than the present regional transportation authorities (RTAs) which generally serve particular counties. South Carolina does not have transportation coverage in every county and the counties with some degree of coverage may not necessarily be served by an RTA.
- SCDOT has not monitored the expenditure of federal mass transit funds distributed to transit providers as required by federal and state law.
- From FY 97-98 to FY 00-01, based on unverified self-reported data, SCDOT awarded approximately \$7.5 million to transit operators who provide services in rural areas. The agency's reliance upon self-reported information provides minimal assurance that the data is accurate.
- As of April 2000, SCDOT had used only \$12,328 of \$285,173 (4%) of federal funds allocated to train transit providers in rural areas. Because the agency did not use these funds, additional training funds of \$208,081 were withheld from SCDOT.
- As of April 2000, the mass transit division of SCDOT had met only one of its four primary goals. The agency had not reached the other three goals, and had revised the completion dates.
- Three (20%) of the 15 employees in SCDOT's mass transit division do not meet minimum education requirements for the positions they hold. In addition, SCDOT does not require documentation to verify applicant or employee educational credentials.

Introduction

Background

This audit focuses on transportation services provided by state agencies to their clients. The South Carolina Department of Transportation is responsible for assisting the state in meeting its transit needs. SCDOT is not involved in the selection of transportation providers for state agencies. State agencies select their own transportation providers. Services are furnished by the agencies themselves, contracted out, or provided through a combination of these methods.

We reviewed the role of the South Carolina Department of Transportation (SCDOT) in coordinating transportation services. In addition, we contacted five state agencies that transport their clients to examine their transportation operations. These agencies were the:

- Department of Disabilities and Special Needs (DDSN).
- Department of Health and Human Services (HHS).
- Department of Mental Health (DMH).
- Department of Social Services (DSS).
- Department of Vocational Rehabilitation (VR).

The transportation services offered by these agencies are summarized below.

South Carolina Department of Transportation

The South Carolina Department of Transportation's mass transit division is to work with state agencies and other providers who receive state or state-administered funds to develop a statewide coordination plan. Also, the division is to distribute and monitor state and federal funds to providers in South Carolina. The division's oversight of these providers is limited to administration of these funds.

In FY 00-01, the mass transit budget totaled \$16 million, consisting of approximately \$9 million in federal grant funds and \$7 million in state funds. During the year, federal grant funds are distributed by the United States Department of Transportation's Federal Transit Administration to SCDOT, which then distributes funds to transit providers in the state. The recipients of federal funds include public transit operators who offer rural transportation services and 100 human service agencies which generally use the funds to purchase vehicles.

As of June 2000, the mass transit division had 15 full-time employees. Staff members monitor grantee activities to ensure that funds are used as intended and that grantees comply with government regulations. According to division

staff, state funds are primarily used to meet the “state match” to receive federal grant funds.

Department of Disabilities and Special Needs

The Department of Disabilities and Special Needs provides transportation for clients served at its five residential care facilities. In addition, DDSN contracts with the 37 local disability and special needs boards to provide services, including transportation, to disabled individuals living in the community. Local boards primarily transport clients to and from work activities. According to DDSN officials, the local boards determine whether transportation services will be provided directly or by a private provider.

Department of Health and Human Services

The Department of Health and Human Services does not provide transportation services directly, but reimburses human service agencies that provide services to medicaid clients and the elderly. HHS contracts with a provider in each county for transportation services to medicaid clients. These providers transport clients to and from medical appointments.

Transportation for the elderly usually involves taking clients to and from group meal sites. HHS contracts with ten area agencies on aging which, in turn, subcontract with local agencies (primarily Councils on Aging) for a variety of services, including transportation.

Department of Mental Health

The Department of Mental Health provides client transportation services at 3 regional campuses and 17 mental health centers and their satellite offices. Clients are transported to and from center programs, medical and court appointments, job sites, and recreational activities. DMH provides these services through the use of its own vehicles and staff and through contracts with private providers.

Department of Social Services

The Department of Social Services provides a wide range of transportation services using various methods. The agency transports medicaid clients to and from medical appointments, individuals seeking employment under the

family independence program to and from job search and employment activities, and students who participate in DSS's Teen Companion program to various activities.

According to DSS officials, the agency prefers to make use of general public and private transportation providers. In addition, DSS uses its own staff and vehicles, and also reimburses individuals for the use of their personal vehicles.

Department of Vocational Rehabilitation

The Department of Vocational Rehabilitation transports clients to and from 23 work centers that are located throughout the state. VR primarily provides transportation services directly using a fleet of 100 vehicles. It uses part-time drivers who receive no fringe benefits. In addition, the agency has two contracts with private providers and, like DSS, reimburses individuals for the use of their private automobiles.

Audit Objectives

Members of the General Assembly requested that we conduct an audit of state agencies that provide transportation to their clients. They were concerned about the costs incurred by these agencies as well as their use of professional staff to drive clients. The requesters asked us to develop a formula to calculate agency transportation costs. Our specific audit objectives are listed below.

- Examine individual agency capabilities to determine their transportation costs.
- To the extent possible, develop a formula to calculate agency transportation costs.
- Determine the extent that SCDOT has coordinated transportation services.
- Determine whether a statewide transportation authority would be more beneficial to the state than the current Regional Transportation Authority (RTA) structure organized by county.
- Determine the adequacy of SCDOT's oversight of mass transit and rural federal funds.

- Review SCDOT's funding methodology for mass transit.
- Examine SCDOT's mass transit plans to determine if goals have been met.
- Determine if employees within SCDOT's mass transit division meet minimum education and experience requirements.

Scope and Methodology

Our review was limited to administrative operations of SCDOT's mass transit division and mass transit services offered by state and local agencies. We specifically reviewed operations at five state agencies including the Department of Disabilities and Special Needs (DDSN), the Department of Health and Human Services (HHS), the Department of Mental Health, (DMH), the Department of Social Services (DSS), and the Department of Vocational Rehabilitation (VR). We did not review other activities of the Department of Transportation or of the five agencies. In addition, we did not review transportation operations at other state agencies which transport the population they serve, such as the Department of Education and the Department of Corrections. The period of our review was generally FY 97-98 and FY 98-99.

We reviewed several types of records:

- Agency and local office transportation data.
- Transportation studies.
- Federal audits.
- Meeting minutes.
- Personnel files.

State and federal laws and regulations were used to evaluate SCDOT's performance. We assessed the department's management controls regarding oversight of mass transit funds and employee qualifications. Operations in other states were reviewed to assess SCDOT's coordination efforts. We interviewed SCDOT staff, officials of other agencies in South Carolina, and officials of transportation organizations in other states.

In most cases, we did not rely upon computer-generated data to meet our audit objectives. This audit was conducted in accordance with generally accepted government auditing standards.

Transportation Cost Issues

One of our audit objectives was to determine the ability of state agencies and their local offices to account for their client transportation costs. Overall, we found that these entities do not track their transportation expenses. We were also asked to develop a formula for agencies to calculate their costs. We recommend that agencies use a full resource cost allocation method. We also concluded that there is little consistency in the factors considered as transportation costs among providers.

Calculation of Costs

State agencies generally do not know the full extent of their client transportation costs, and do not track costs as a separate item. Additionally, the Department of Transportation has made little effort to obtain information on the total cost of transportation services provided by state agencies.

State agencies provide transportation services to their clients including transportation to and from medical appointments, work sites, and day treatment programs. We contacted five state agencies that are involved in the delivery of transportation services (see p. 1).

We interviewed state office personnel and obtained transportation data from the five agencies. We found that agencies were unable to account for all of their transportation costs.

. . . agencies were unable to account for all of their transportation costs.

- DSS staff could not provide complete data on transportation costs. The agency could not account for the use of professional staff, such as caseworkers, who drive clients to and from appointments (see p. 13). Staff also could not provide information on the costs of operating the agency’s approximately 150 passenger vans. According to agency officials, “No funding is appropriated specifically for transportation It is difficult for us under our current systems to distinguish costs for transportation alone.”
- VR does not include all expenditures related to transportation in its costs. The agency does not consider insurance, depreciation, gas, and maintenance in calculating its costs.
- Neither DMH nor DDSN maintain transportation data at the state level.

Although these agencies were not able to provide their exact costs, we were able to identify a minimum of \$38.7 million spent on client transportation in FY 98-99. Estimated cost data by agency is presented below.

Table 2.1: Estimated Transportation Costs for the Five Agencies in FY 98-99

AGENCY	COSTS
DSS	\$2,600,000
VR	1,286,000
DMH	3,000,000
DDSN	8,800,000
HHS	23,000,000
TOTAL	\$38,686,000

Source: State agency data.

For the five state agencies that we reviewed, transportation is central in meeting agency objectives, but is not the main agency mission. For example, according to a DSS official, “Transportation remains a barrier among an overwhelming majority of welfare recipients” However, DSS does not see any benefit in collecting transportation cost data. According to agency staff:

We do not believe that the information would be beneficial in the decision making process. . . . If these (transportation) services are not available and client transportation needs must be met, the agency has to provide the necessary transportation. This decision will not be affected by any formulas, methodologies, or analysis.

Since at least 1996 agencies have been aware of the need for improved tracking of transportation costs. In October 1996 officials of both DDSN and VR commented that transportation costs in those agencies were not easily identified. The DDSN official noted that time spent by staff driving was not captured. In a January 1997 report to the House Education and Public Works Committee, the division of mass transit recommended that a uniform accounting and record-keeping system be developed “because it is so difficult to capture the true costs of transportation.”

State provisos require SCDOT to collect cost data from transportation providers who receive state and state-administered funds. According to SCDOT officials, the agency has provided training to some agencies on identifying costs. However, complete data on how much the state is spending for client transportation services is still not available.

Cost Formula

One method that can be used to calculate costs is full resource cost allocation.

We were asked to develop a formula that state agencies can use in calculating their transportation costs. We contacted state agencies, private providers, and consultants to determine what expenditures should be considered in determining transportation costs.

One method that can be used to calculate costs is full resource cost allocation. Under this method, all the costs associated with client transportation are accounted for, regardless of whether they are actually incurred by the agency. Thus, donated or cost free goods and services (such as volunteer drivers or donated equipment) would be given a value even if the agency did not pay for them directly. Using this method will allow agencies to better manage their transportation services. By accounting for all costs, the agencies can ensure they are recovering the total cost of the transportation services they provide. In addition, they will be better able to compare the cost of service among providers. The factors generally agreed upon as transportation costs and considered in a full resource cost allocation method include the following.

Labor Costs

Costs, such as drivers' salaries, are considered the single largest cost element in client transportation. It has been estimated that labor costs account for over one-third of the total cost of transporting clients. Labor costs can vary significantly from agency to agency and from county to county. For example, the Department of Vocational Rehabilitation pays its drivers \$5.50 an hour while the Pee Dee Regional Transportation Authority pays drivers an average salary of \$9.20 an hour. Some agencies do not include staff time spent transporting clients (see p. 13).

Fringe Benefits

The benefits for personnel driving clients should be included as costs. Some agencies avoid the cost of fringe benefits by hiring part-time drivers. For instance, VR employs 91 part-time drivers, and does not provide any fringe benefits. Lexington County Mental Health Center employs 7 full-time drivers, and estimates the fringe benefit expenses at 28% of the salary amount. While hiring part-time drivers can lower costs, it also can affect driver quality and make recruiting drivers more difficult.

Administrative Overhead

This includes time spent by personnel in supervising the transportation operations. Some agencies do not include this cost when calculating transportation costs. In May 1998, VR estimated the total operating cost for a 15-passenger van to be \$13,750 per year or \$4.60 per round trip. This compares to costs ranging from \$5.89 to \$7.19 per trip by a private provider. However, VR's figure did not include any administrative overhead costs, which were included in the provider's rate.

Gas, Oil, and Tires

It has been estimated that these items account for approximately 16% of the total transportation costs. Under IRS regulations, governmental agencies are exempt from the 18.4¢ federal gas tax, which can result in significantly lower fuel costs for government compared to private contractors.

Capital Costs

This would primarily include the cost to replace vehicles. This cost can be affected by how long the agency keeps the vehicle.

Maintenance

Some agencies maintain their own vehicles while others lease them. Maintenance costs can vary by agency. DMH reports its maintenance cost for a 15-passenger van at 11.7¢ per mile while the Budget and Control Board's Division of State Fleet Management reports a maintenance cost of 3.9¢ per mile for the same type of van.

Insurance

State agencies that insure their vehicles through the Insurance Reserve Fund can pay significantly less in insurance costs than private, for-profit transportation providers. DMH reported spending approximately \$330 per vehicle for liability insurance for the 194 15-passenger vans it owns. One private, for-profit provider reported spending approximately \$3,500 per vehicle.

Additional Considerations

Accurate usage data is also needed to compare state agency costs to those of other providers. Even if an agency is able to identify all of its costs, incorrect usage data can result in inaccurate cost per mile figures. In 1999, the Lexington County Mental Health Center (LCMHC) began providing transportation services to medicaid clients. The center did not have accurate usage data when calculating its cost per mile. LCMHC estimated the number of passenger miles at 1 million, resulting in a cost of 49¢ per passenger mile. In 2000, LCMHC lowered the number of passenger miles to 545,000. This

contributed to an increase in the cost per passenger mile to 66¢, an increase of 35% over the previous year.

LCMHC's cost per mile rate is still lower than the private provider's charges for medicaid transportation. However, LCMHC officials stated that some costs are still not included in their FY 99-00 rate.

Finally, service requirements may impact client transportation costs. For example, HHS's guidelines specify medicaid clients cannot have a travel time of longer than an hour. Vocational Rehabilitation and DMH have contracts that do not have any guidelines on travel time. Tighter time requirements can increase travel costs while a lack of requirements can result in longer travel time for clients.

Conclusion

We found that providers in this state are using different methods to determine costs and that some providers do not track costs. Without adequate data on transportation costs, the state cannot make informed decisions about the cost-effectiveness of agency as compared to contracted services. A standard cost formula would allow agencies to better account for their costs and allow for comparison of costs among providers. In addition, accurate cost data could further assist the state in meeting its efforts to coordinate transportation services (see p. 16). According to an FTA official, South Carolina could use federal funds to pay for training in how to calculate transportation costs (see p. 28).

Recommendations

1. The Department of Transportation, with input from state agencies that provide client transportation services, should implement a full cost resource allocation method to calculate transportation costs. At a minimum, the following cost elements should be included — labor costs, fringe benefits, administrative overhead, capital costs, maintenance, insurance, and gas, oil, and tires.
2. When using a full cost resource allocation method, the Department of Transportation should ensure that usage data is accurate and that service requirements are specified.
3. In January 2002, the Department of Transportation should issue a report to the House Education and Public Works Committee and the Senate Transportation Committee on its progress in developing and implementing this formula.

Local Offices

We found that local offices have not considered all transportation costs when selecting providers. In addition, local offices differ in the methods they use to bill for transportation and in their reimbursement rates for the use of personal automobiles. Varying methodologies make cost comparisons difficult and may create additional administrative costs.

We examined the basis of local office decisions regarding the selection of providers in Aiken, Florence, and Lexington counties. These counties were primarily selected based on their geographic location. The services in these areas are furnished by the local office directly, an outside provider, or a combination of both.

Selection of Provider

The transportation providers used by the local offices vary by county.

Lexington County

The local offices of DDSN, VR, and Aging transport clients using their own separate fleet of vehicles while DSS uses private providers. HHS has a contract with a private, for-profit provider to transport medicaid clients, and a separate contract with the local DMH office to transport that agency's medicaid clients. DMH uses its own fleet of vehicles for this purpose.

Aiken County

The local offices of DDSN, DMH, and Aging provide transportation services directly while VR uses a combination of its own vehicles and a private provider. DSS uses several different private providers.

Florence County

The local Aging agency provides services to the elderly population directly. DMH uses a combination of its own vehicles and the local regional transportation authority (RTA). DDSN and VR use the RTA while DSS uses a variety of private providers including the RTA.

We concluded that many local offices do not track their transportation costs, and are unable to compare their costs to those of a private provider or an RTA. For example, transportation costs for a county DDSN board do not include driver salaries because the agency uses staff as drivers. A local VR training center and a local mental health center also do not track their client transportation costs.

Local offices maintain that it is not always feasible to use an outside provider for transportation services. An official of the local DDSN office in Aiken county stated that the use of outside providers is not feasible due to the special needs of its clients. Nevertheless, the Spartanburg county DDSN office makes extensive use of a private provider to transport its clients.

Local offices have also expressed concerns about the reliability of private providers. Officials stated that these providers have not transported their clients in a timely manner. The providers have noted that similar problems can occur when the offices themselves transport clients. Further, according to the private providers, the local offices sometimes want them to provide a “taxi service” for clients, which creates additional expense.

Problems regarding the reliability of outside providers can be addressed through several means. In contracting transportation services, it is important that local office personnel monitor provider services. Oversight may prevent or keep problems to a minimum. In addition, when outside providers do not adhere to contract provisions, the use of penalties and sanctions may help to eliminate problems with reliability.

When local offices do not track their expenses, they are unable to compare the costs they incur to those of other providers. Thus, there is no assurance that services are being provided in the most cost-effective manner. Also, inconsistent practices among local offices, especially those involving the same state agency, do not promote efficiency.

Billing Methods

Some . . . offices use different billing methods which may result in higher costs.

Some of the local offices that contract for transportation services use different billing methods which may result in higher costs. The most common methods are defined below:

- Passenger mile — taking one passenger one mile in a vehicle.
- Vehicle mile — driving a vehicle one mile, regardless of the number of passengers on board.
- Vehicle hour — a vehicle used for transportation service for one hour.

We found cases where local offices of the same agency used different billing methods for client transportation services. The VR training center in Florence has a contract with Pee Dee RTA to provide client transportation services for 65¢ per *passenger mile*. The Hartsville training center has a contract with Pee Dee RTA for \$36 per *vehicle hour*. The Sumter training center has a contract with Santee Wateree RTA for 72¢ per *vehicle mile*.

In addition, all five of the agencies that we reviewed contract with Pee Dee RTA. These agencies use three different billing methods. HHS uses passenger mile for medicaid clients. DMH uses one-way trip billing and DDSN uses vehicle mile.

Another private provider reported having to use a more complicated billing system due to billing several agencies using different methods. Finally, Aiken county DSS reported that the office is billed in vehicle miles which must then be converted to passenger miles to enter the data into DSS's computer system. According to an Aiken county DSS official, this process can create difficulties in tracking transportation costs.

The lack of a standardized billing system may result in higher costs and increase the likelihood of data errors. In addition, without a standard system, it is more difficult to compare the costs of providing transportation services among different providers.

Reimbursement Rate for the Use of Personal Vehicles

We found that the rate at which agencies reimburse individuals for the use of their personal vehicles varies both among and within agencies.

- The Spartanburg VR training center has four travel zones and the personal reimbursement rate ranges from \$1 to \$5 per trip. The VR training center in Marlboro County has five travel zones and the personal reimbursement rate varies from \$3 to \$7 per trip.
- HHS reimburses medicaid clients at 32¢ per mile based on the number of miles driven. However, HHS does not reimburse clients or volunteers for the use of their personal automobiles to transport clients of the aging program.
- DSS reimburses its volunteer drivers at the rate established for state employees, currently 32.5¢ per mile.

When the reimbursement rate for the use of personal vehicles differs among offices, clients may not be treated in an equitable manner. Also, agencies may be paying more than necessary for transportation, or they may be understating their actual transportation costs.

Recommendations

4. Local agencies should monitor contracts for performance. Agencies which contract for transportation services should include specific service requirements (such as maximum waiting and travel times) and penalties in their contracts.
5. The Department of Transportation, with input from state agencies, should develop a standardized billing unit and system for transportation providers.
6. State agencies should work with their local offices and with other state agencies to establish a standard rate for reimbursement of personal vehicles used to provide client transportation.

Use of Staff as Drivers

We were requested to review the use of agency staff whose duties do not primarily involve driving, but who are used to transport clients. While we found that several agencies allow their staff to transport clients, some agencies do not know the extent that staff is used to drive clients. As a result, staff time is not considered in calculating transportation costs.

Our review of the use of staff to drive clients in three counties showed that practices differ among local offices of the same agency. In Aiken and Florence counties, DSS staff do not normally transport clients while staff is used in the Lexington county DSS office. An official in the Aiken office stated that such a practice is not an effective use of staff time.

Some local DDSN boards also use staff to drive clients. An employee of a local DDSN board stated that staff must remain with clients to provide supervision and to address any physical or behavioral problems that may arise. However, while most local DDSN boards provide transportation services directly, several boards often use private providers to transport clients with physical and mental disabilities.

. . . some agencies do not know the extent that staff is used to drive clients.

Also, time spent by staff driving clients reduces time spent on primary responsibilities such as counseling clients. In addition, when agencies do not account for staff time in calculating transportation costs, actual costs are not presented and it is not possible to compare costs among providers.

Recommendation

7. State agencies should include the cost of using staff as drivers when calculating transportation costs and, where feasible, make greater use of full-time drivers or contract with private providers.

Coordination of Transportation Services

The mission of SCDOT's mass transit division is to assist the state in meeting its mass transit needs including coordination of services on a statewide basis. The division has not adequately coordinated transportation services.

We also examined the benefits of a statewide transportation authority as compared to the present regional transportation authorities (RTAs) which generally serve particular counties. We found one state, Rhode Island, that has a statewide transportation authority and contacted nine other states which have transportation structures that are similar to South Carolina's.

SCDOT Coordination Efforts

One of our objectives was to determine the extent that SCDOT has coordinated transportation services in South Carolina. We concluded that there has been little coordination of services on a statewide basis.

Section 69.14 of the FY 96-97 appropriations act required the South Carolina Department of Transportation to consolidate all sources of transportation funding throughout state government and to operate a transportation system with those funds. The proviso was then revised in FY 97-98 to focus on coordination rather than consolidation of services. Since that time, appropriations acts have required SCDOT to carry out and enhance the coordination planning and demonstration process for public transportation funding and resources.

SCDOT has not complied with requirements that it take the lead in coordinating transportation services. The agency has not required all entities to submit cost data which is necessary for coordination planning. In addition, the interagency steering committee, which functioned under the direction of SCDOT for approximately three years, did not implement measures to promote coordination efforts. Finally, SCDOT has not utilized the results of transportation demonstration projects to develop a state coordination plan.

. . . there has been little coordination of services on a statewide basis.

Data on Transportation Services

SCDOT has not required transportation providers who receive state or state-administered funds to submit information for coordination and planning purposes. The department may withhold transportation funds from any entity which does not comply with these requirements.

The FY 96-97 proviso required transportation providers (including non-profit agencies and excluding the Department of Corrections, the Department of Education, school districts, and institutions of higher education) to submit specific information to SCDOT. Subsequent provisos did not specify what information was to be submitted. Providers were to submit data “requested by the Department of Transportation . . . in a format specified by the Department of Transportation . . . and show evidence of progress toward the development of or participation in a coordination plan.” The data was to be used for planning purposes.

In 1996, transportation providers were required to submit information to SCDOT including:

- Cost of providing transportation.
- Number of vehicles used to transport passengers.
- Number of passenger seats in passenger vehicles.
- Number of passenger miles provided.
- Sources of funds.

According to a department official, the providers either did not respond to this request or indicated that they did not maintain this data. In subsequent years, SCDOT did not determine what information the providers should submit to the department.

SCDOT does require some cost data from the state’s 17 public providers, but not from the more than 100 human service agencies that also receive state and/or state-administered funds. According to SCDOT officials, the cost data required is not used by the department to coordinate transportation services.

Department officials do not consider any entity to be in non-compliance with reporting requirements, and the department has not withheld funds from the providers. Therefore, transit operators have little incentive to supply information to the department.

Interagency Steering Committee

In planning and developing mechanisms for coordination, state provisos require SCDOT to ensure input from transportation providers. In January 1996, the agency created the Interagency Steering Committee on Coordinated Transportation (ISCCT). The ISCCT, a consortium of state government and other transportation organizations, was to analyze critical issues affecting public transportation services and to promote coordination among providers. ISCCT members are shown below.

Table 3.1: ISCCT Membership

MEMBERS
Association of Council on Aging Directors
Department of Disabilities and Special Needs
Department of Education
Department of Health and Human Services
Department of Mental Health
Department of Social Services
Department of Transportation
Department of Vocational Rehabilitation
House Education and Public Works Committee*
Human Services Coordinating Council
League of Women Voters
Office of Senior and Long Term Care Services (HHS)
Office of the Governor, Division of Constituent Services
Senate Transportation Committee*
Transportation Association of South Carolina
ASSOCIATE MEMBERS
Center for Gerontology*
Chesterfield County Coordinating Council*
Transportation Management Services, Inc. (Private Provider)*

*Non-voting members.

Source: SCDOT.

We reviewed minutes of ISCCT meetings from January 1996 to August 1999 which showed that the committee recognized the difficulty in calculating transportation costs as far back as 1996. The minutes also included various assignments to SCDOT's Division of Mass Transit intended to assist in coordination efforts. In March 1996, the ISCCT instructed the division of mass transit to determine what coordination existed. The division was to determine duplication of transportation efforts and categories of transportation. In May 1996, the committee asked the division to research cost allocation factors such as methods to calculate costs. The minutes stated that this measure would allow an "apples to apples" comparison of costs. Furthermore, the ISCCT requested that the division formulate a coordination matrix.

Despite discussion among the transportation entities that made up the ISCCT, the minutes do not show that the committee or the mass transit division pursued coordination measures. Our review found that agencies are still not tracking their transportation costs, including time spent by staff driving (see p. 13).

In December 1999, SCDOT's executive director disbanded the ISCCT based on the lack of involvement by agency heads. According to the director, participation at the agency head level is needed to ensure successful coordination of transportation services. The SCDOT director held a meeting in February 2000 and requested that agency heads attend. However, no agency heads attended the meeting. Instead other agency representatives involved in transportation services were sent. As of October 2000, a second meeting had not been scheduled.

Demonstration Projects

SCDOT selected five demonstration projects for coordination purposes. The department planned to use the results of these projects to develop a statewide model coordination program.

In November 1996, SCDOT's mass transit division and the ISCCT sought proposals for demonstration projects to test models for coordination of transportation. In February 1997, five demonstration projects were funded with lead agencies including a human service agency, two regional transportation authorities (RTAs), and two county coordinating councils.

Table 3.2: SCDOT Demonstration Projects for Coordinated Transportation

PROJECT	DESCRIPTION OF SERVICE	FUNDING PERIOD	FUNDING AMOUNT
Abbeville County Memorial Hospital / Abbeville Coalition for a Healthy Community	Implement a fixed route system throughout the day in Abbeville and implement and monitor a test program with at least three human service agencies. ¹	02/97 – 06/97	\$49,520
Bamberg County DDSN	Develop a plan for eliminating duplication and establish information and communications systems to assist with routing, scheduling, and tracking riders. ¹	03/97 – 08/97	37,757
Chesterfield County Coordinating Council ²	A flex route system including door-to-door trips and fixed route schedules which provided for the sharing of seats by agencies.	02/97 – 12/00	219,851
Lowcountry Regional Transportation Authority ²	Established cooperative agreements for transportation between two local health organizations and a human service agency.	02/97 – 06/99	168,956
Santee Wateree Regional Transportation Authority "The Kershaw Connection" ²	A flex route system for hospital and medical appointments; intended to provide regular transportation to rural areas that were previously unserved.	02/97 – 12/00	401,084
TOTAL			\$877,168

1 Service descriptions based on contract.

2 These projects were approved for continued funding.

Three of the demonstration projects have experienced some success. However, according to a SCDOT official, agency staff have not analyzed the project results to determine what practices would benefit the state's coordination efforts. This official stated that funding for the two remaining projects will end in December 2000.

Coordination Structures in Other States

The need to use transportation funds in an efficient and cost-effective manner has led to coordination efforts in many states. Our review identified the use of measures in three states that may be beneficial to South Carolina. In these states, coordination begins at the local level and there are penalties against providers who do not promote coordination. The structures in these states are described below.

Florida

In 1979, the Florida Legislature created the Commission for the Transportation Disadvantaged. The commission designates a local planning agency which, in turn, monitors a Community Transportation Coordinator (CTC). The coordinator contracts with operators to provide services for the disadvantaged population. State agencies are required to purchase services from the coordinator unless a more cost effective provider is identified or a provider is not available.

North Carolina

Coordination efforts began in North Carolina in 1978. In 1995, an executive order required “the most cost effective and efficient use of transportation resources.” Each of the counties in North Carolina must have a four-year transportation plan that has been approved and implemented. In addition, each of the 84 rural transportation systems in the state must have a lead agency which funds and coordinates transportation at the local level. These systems must maintain a minimum level of coordination to receive public transportation assistance funds.

Iowa

In Iowa, any agency spending public funds for the purchase or provision of passenger transportation services is required to consolidate or coordinate those services with a locally designated public transit system. Counties within regional planning areas determine who will administer the transit system. Any provider who does not comply with coordination requirements is subject to penalties and sanctions including withdrawal of funds.

Conclusion

In South Carolina, agency and other transportation officials have not taken advantage of opportunities to develop standards needed to coordinate transportation services. The SCDOT has not complied with state laws intended to promote statewide coordination. The lack of coordinated services may result in higher transportation costs. Therefore, it is possible that many people who need service may not receive it.

Recommendations

8. The Department of Transportation should implement policies and procedures to collect cost information from all transportation providers who receive state and/or state-administered funds. The department should develop a format for provider information.
9. The Department of Transportation should reestablish a committee of transportation providers, including agency heads, staff, and others, in an attempt to develop transportation standards.
10. The Department of Transportation should analyze the results of agency demonstration projects to determine if the practices used could benefit other transportation providers in the state.
11. The Department of Transportation should review coordination structures in other states to determine what practices may be beneficial in South Carolina. In this effort, the department should work with local entities to examine coordination strategies.

RTA Structure

One of our objectives was to determine if a statewide transportation authority would be more beneficial than the state's current regional transportation authority (RTA) structure. We found that 24 of South Carolina's 46 counties have no RTA coverage. The RTAs that exist have experienced financial instability. However, we found only one state, Rhode Island, with a statewide transportation authority. Other states that we contacted have transportation systems that are similar in structure to South Carolina's.

Administration of an RTA is the sole responsibility of its governing board. The board must have at least five members with membership proportionate to the member municipalities' and counties' populations. The board has the authority to hire an executive director, acquire any real property needed to operate, sue and be sued, establish routes for public transportation, and contract with other government agencies.

RTA Coverage

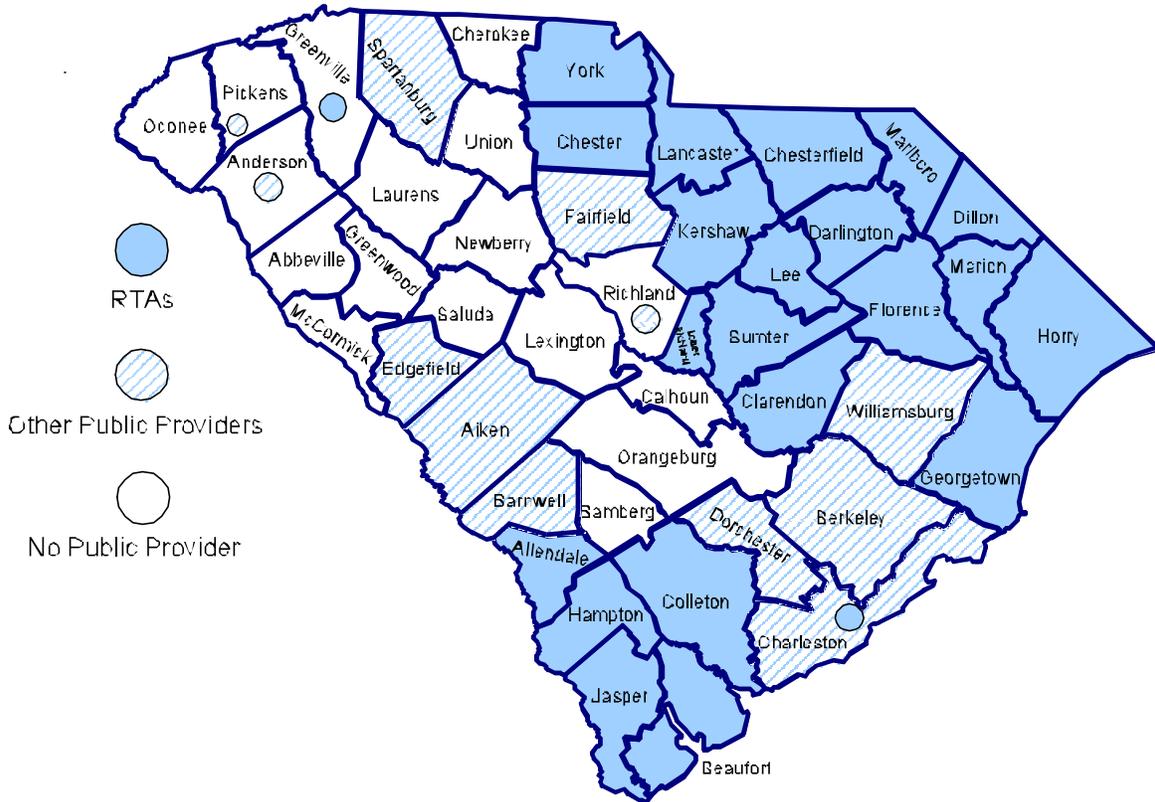
All of South Carolina's RTAs were created prior to July 1985. At that time, S.C. Code of Laws §58-25-40 allowed for the creation of an RTA by two or more counties, municipalities, or other political subdivisions within a regional transportation area.

Currently, there are 6 RTAs along with 11 other public providers that receive funding from SCDOT. These providers represent a mixture of governmental entities, non-profit agencies, and public utilities. Thirteen counties do not belong to an RTA or have a public provider and four others have very limited public transportation coverage in rural areas (see map on p. 23).

Although two of the RTAs have the authority to provide countywide coverage, they only provide urban services. In addition to transportation for the general public, the RTAs also contract for medicaid transportation services. These service areas extend beyond the boundaries of the RTA and may overlap with other RTAs.

. . . 24 of South Carolina's 46 counties have no RTA coverage.

Public Providers in South Carolina



RTAs and other providers furnish limited transportation coverage in some counties.
Source: SCDOT

Financial Instability

Most of the RTAs were established in the early 1970s when the legislation became effective. Three of the RTAs have experienced financial difficulties. The Upper Piedmont RTA has ceased operations due to mismanagement. The Lowcountry RTA has had financial difficulty, and has been taken over by Beaufort county. The Greenville Area RTA is rebuilding after experiencing financial problems in previous years.

The SCDOT provides federal and state funds to public providers, including the RTAs, to assist in the acquisition of capital equipment and supply operating assistance. These funds are not properly monitored (see p. 25), and may not be used as efficiently as possible. In FY 98-99 SCDOT provided \$7,174,227 in assistance to public providers.

Systems in Other States

We contacted nine states with transportation systems similar to South Carolina. They were Alabama, Florida, Georgia, Iowa, Mississippi, North Carolina, Ohio, Tennessee, and Virginia.

Eight of the states we contacted administer public transportation through a division of their DOT. Only Virginia has a separate state agency for public transportation, the Virginia Department of Rail and Public Transportation. A majority of the states that we contacted have a mixture of multi-county, countywide, and local systems. Some of the providers have governing boards, but the level of state oversight varies. In addition, according to a Community Transportation Association of America (CTAA) official, only Rhode Island has a statewide transportation authority, made possible by the small size of the state.

Conclusion

Based on available information, we were unable to determine whether a statewide transportation system would be more beneficial than the current structure in which regional transportation authorities serve particular counties. South Carolina does not have transportation coverage in every county and the counties with some degree of coverage are not necessarily served by an RTA. Services may be furnished by other public providers and may overlap. Three of the RTAs have experienced financial difficulty and the RTAs do not have a dedicated funding base.

Recommendation

12. The Department of Transportation should work with the public providers to ensure transportation coverage in every county.

SCDOT Operations

We reviewed the administrative operations of SCDOT's mass transit division. A recent federal review found that the division has not adequately monitored the expenditure of funds. In addition, our review indicated that the mass transit division has not verified data from transit providers which is used to determine the amount of rural service funds received by these providers.

Oversight of Federal Mass Transit Funds

SCDOT has not monitored the expenditure of federal mass transit funds distributed to mass transit providers as required by federal and state laws. An April 2000 Federal Transit Administration (FTA) review found deficiencies in nine areas involving oversight of funds. Our review focused on measures taken by SCDOT to resolve the primary problems cited in the FTA report.

The FTA provides funds to designated state transportation agencies for rural service (Section 5311 funds) and elderly and disabled services (Section 5310 funds). In FY 97-98 and FY 98-99, SCDOT received approximately \$5.6 million in rural service funds and \$1.6 million in elderly and disabled funds. SCDOT is responsible for oversight of these funds.

SCDOT Monitoring Procedures

SCDOT does monitor rural and elderly and disabled services grants through on-site visits, invoice reviews, and reporting requirements. Program managers of the mass transit division conduct on-site reviews of the transit providers. These reviews examine provider operations, furnish technical assistance, and address other problems which may arise. Also, finance staff within the mass transit division conduct a random check of provider documentation submitted to the department for reimbursement.

SCDOT awarded one provider \$235,204 . . . for rural service when the provider did not offer this service.

Despite these measures, FTA found that SCDOT awarded one provider \$235,204 over three years for rural service when the provider did not offer this service. Following the FTA review, SCDOT recouped and redistributed the funds to other providers. Further, the FTA review revealed that SCDOT did not monitor the balances in these grants from year to year. The agency did not close grants in a timely manner.

According to a department official, mass transit staff have limited accounting experience. As a result, SCDOT on-site reviews of providers have focused on program rather than finance areas.

An FTA official stated that measures, including a thorough checklist and a financial review of providers, would assist SCDOT in meeting its monitoring responsibilities. In September 2000, a financial review checklist was developed by the agency's contract audit services, a branch of the external audit area. Staff from the area is to participate in on-site visits and conduct a full financial review of providers. As of December 2000, SCDOT had not updated its policies and procedures to include this review.

Recommendation

13. To help ensure compliance with expenditure of federal mass transit funds, SCDOT should update its policies and procedures to include a full financial review during on-site visits.
-

Rural Service Funds

From FY 97-98 to FY 00-01, SCDOT awarded public providers approximately \$7.5 million based on self-reported data. The state's public transportation providers submit data to SCDOT which is used to determine the amount of rural service funds they receive. SCDOT has not verified the accuracy of this data.

Funds for rural services are dispersed by FTA to SCDOT and then distributed to public providers who offer these services. SCDOT requires the 17 public providers to supply information on their operations on a standard form. This form contains data such as the provider's revenues and expenditures, the gallons of fuel consumed, and passenger boardings. A person employed by the provider signs the form to verify its accuracy.

Self-Reported Data

Prior to FY 00-01, SCDOT used a formula which equally considered five factors in determining the yearly rural services allocation. Data for two of these factors, ridership and vehicle revenue miles, were furnished by the providers on the forms. Ridership is the number of passenger boardings; vehicle revenue miles are actual miles traveled with passengers on board. These factors accounted for a total of 40% of the rural services allocation (see Table 4.1).

Beginning in July 2000, SCDOT implemented a new formula in which four factors are considered. The new formula still uses ridership and vehicle revenue miles data. The other factors considered are the cost per revenue mile (the provider's cost to transport a passenger one service mile) and local support (any revenue not from federal, state, farebox, or contractual sources). Data on all of these factors are furnished by the public providers and determine 100% of the rural services allocation. Thus, the accuracy of provider information has an even greater impact.

Table 4.1: Factors Considered In Determining the Rural Service Allocation

FORMULA FACTOR CATEGORY	% USED IN DETERMINING ALLOCATION PRIOR TO JULY 2000	% USED IN DETERMINING ALLOCATION AS OF JULY 2000
Ridership	20%	40%
Vehicle Revenue Miles	20%	30%
Cost Per Revenue Mile	(not used)	20%
Local Support	(not used)	10%
SUBTOTAL	40%	100%
Other Factors ¹	60%	0%
TOTAL	100%	100%

¹ Other factors included county population (20%), a minimum allocation awarded to all counties (20%), and the provider's service area (20%).

Source: SCDOT documents.

According to an SCDOT official, information from the providers is verified during on-site visits at provider locations. We reviewed on-site visits conducted in FY 99-00. We found evidence in only 1 of the 25 on-site visits that staff verified ridership data. Also, another employee stated that while a desk review was implemented to compare historical information from providers, this review was discontinued after one year.

An FTA official told us that other states use different methods to allocate rural services funds. These methods include distributing funds based on formulas, need, and by an application process. This official stated that the approach used in South Carolina is acceptable. However, SCDOT should implement measures to ensure that data used to determine rural allocations is accurate.

The division's reliance upon unverified self-reported information from transit operators provides minimal assurance that data is accurate. The development of policies and procedures, including random checks during on-site visits and staff reviews comparing provider information, may enhance data reliability.

Recommendation

14. SCDOT should implement policies and procedures to verify that the data used to determine the rural service allocation to public providers is accurate.

RTAP Funds

As of April 2000, SCDOT had used only \$12,328 of \$285,173 (4%) of Rural Transportation Assistance Program (RTAP) funds allocated from FY 96-97 to FY 98-99 (see table below). State transportation agencies like SCDOT receive yearly RTAP funds to design and implement training, technical assistance, and support services for providers in rural areas.

A Federal Transit Administration (FTA) review found that SCDOT did not have an active rural transportation assistance program and maintained substantial balances from previous years. Because the department did not use these funds, the FTA withheld additional RTAP allocations in FY 99-00 and FY 00-01 from SCDOT amounting to \$208,081.

Table 4.2: SCDOT RTAP Funds as of April 2000

FISCAL YEAR	FUNDS		
	ALLOCATED	EXPENDED	BALANCE
96-97	\$94,272	\$12,328	\$81,944
97-98	94,196	0	94,196
98-99	96,705	0	96,705
TOTAL	\$285,173	\$12,328	\$272,845

Source: Federal Transit Administration audit.

RTAP funds can be used for expenses including equipment, consultants, and SCDOT personnel training to assist rural service providers. However, SCDOT has allowed reimbursement to providers for training registration fees only. Funds could not be used for travel, food, or lodging expenses. In its April 2000 review of SCDOT, FTA concluded that this practice may have

resulted in providers not taking advantage of training opportunities. According to an SCDOT official, RTAP funds may now be used for other expenses.

In July 2000, SCDOT entered into a one-year contract with South Carolina State University. The university is to survey providers to determine their needs, to provide training in specific tasks such as safety, and to develop and implement a statewide certification program. Also, in May 2000, the department created an RTAP advisory committee.

According to an FTA official, many training options are available to states. For example, in North Carolina, RTAP monies are used to fund a training position. The individual in this position works with rural operators on a statewide basis to provide technical assistance and training.

Recommendation

-
15. The Department of Transportation should improve its use of RTAP funds for training.
-

Mass Transit Objectives

. . . only one of four objectives had been reached.

The South Carolina Department of Transportation's division of mass transit is responsible for developing, coordinating, and administering a general mass transit program for the state. The division assists local governments in maintaining balanced urban and non-urban services. Targeted populations include elderly persons and persons with disabilities.

SCDOT has established one primary goal for the mass transit division — to improve and expand modes of transportation in South Carolina. This goal includes four primary objectives. We reviewed the department's progress towards completion of these objectives. As of April 2000, only one of the four objectives had been reached. The agency had not reached the other three objectives and had revised its projected completion dates.

Table 4.3: Status of Primary Mass Transit Objectives

OBJECTIVE	PROGRESS AS OF APRIL 2000	COMPLETION DATE ¹
Adopt a mass transit transportation plan for allocating all state and federal transit funds.	A formula for rural service funds was approved in December 1999; however, a plan for allocating all funds had not been developed.	Initial – 01/99 Revised – 07/02
Adopt a plan for multi-modal transportation in the state.	Per SCDOT officials, improvements were being discussed with officials of state agencies and other transportation entities.	Initial – 06/99 Revised – 06/01
Implement training programs for grantees.	The department was working with South Carolina State University and the Transportation Association of South Carolina to provide training. ²	Initial – 07/99 Revised – 09/00
Implement phase I of the Virtual Transit Enterprise Project (the use of computer technology by transit providers).	Phase I, including the design and research for this project, had been implemented.	Initial – 01/99 Completed 02/00

¹ Initial completion dates were set in SCDOT's 1998 strategic plan; dates were revised in the 2000 strategic plan.

² In July 2000, the department entered into a contract with SCSU.

Source: SCDOT documents.

In its 1997 performance audit of SCDOT, KPMG Peat Marwick recommended that the agency establish an on-going strategic planning process and a strategic business plan to guide decision making, resource allocation, and improve accountability. In 1998, the department developed its first strategic plan which required each SCDOT unit to develop a business plan. This plan was to identify the strategies that would be used in meeting the agency's goals and objectives. The mass transit division developed its business plan in 1999, which included the four primary objectives for the unit as shown above.

In 1999, a management study of the mass transit division found that the objectives established in the strategic plan did not assign responsibility for implementation. In May 2000, the division of strategic planning, finance and administration was created within SCDOT. This division is responsible for overseeing development of a strategic plan as well as monitoring the progress towards accomplishing each goal and objective.

Recommendation

16. The Department of Transportation's division of strategic planning, finance, and administration should ensure that the primary objectives of the mass transit division are reached in a timely manner.
-

Employee Qualifications

SCDOT has not ensured that employees meet the minimum qualifications for their positions. We reviewed the personnel files of 15 employees in the mass transit division who were hired, promoted, reassigned from another division, or reclassified between September 1997 and August 2000. We found that three (20%) of these employees did not meet the minimum education and experience requirements for their positions. In one case, an individual was required to have a master's degree, but did not. Two other employees did not have a bachelor's degree as required. Another employee's file did not contain sufficient information to determine if the individual met minimum requirements.

According to an SCDOT official, an applicant's experience in the department has been considered in lieu of minimum education requirements. However, this was not indicated on the current position descriptions that we reviewed.

We also found that the agency does not require documentation to verify applicant or employee educational credentials. While documentation of technical training was found for one position requiring such training, copies of transcripts or other documents were not found in the remaining 14 files reviewed.

We found that three . . .
employees did not meet
education and experience
requirements

SCDOT staff stated that the agency's human resources office is not always consulted to confirm that applicants or employees meet minimum qualifications for positions. When the department does not verify that persons are qualified, there may be a perception of inconsistent and unfair hiring and promotion practices. Also, the acceptance of self-reported information about education does not provide an adequate control to ensure that individuals are qualified.

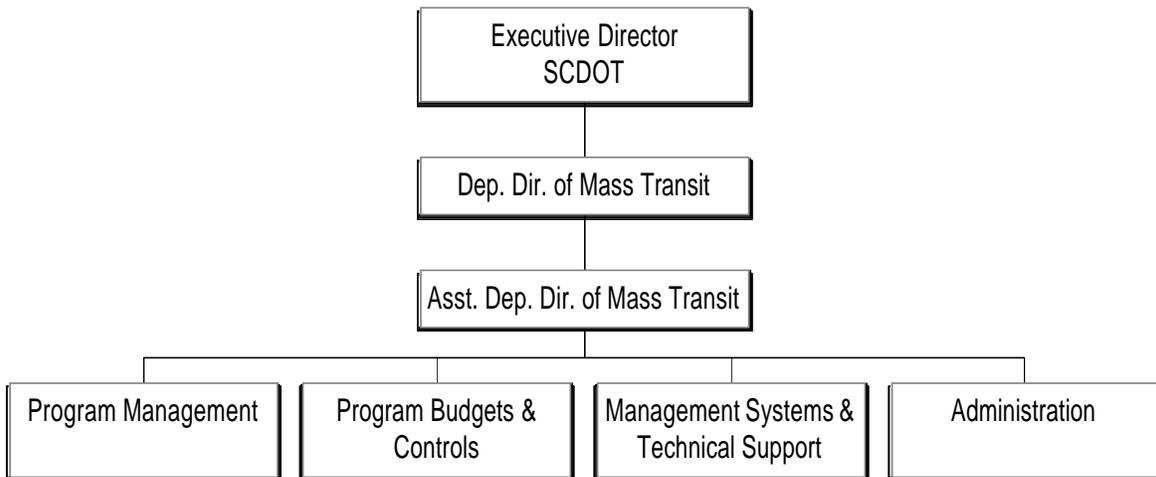
Recommendations

17. The SCDOT human resources office should screen all applications to ensure that individuals meet minimum training and experience requirements for the positions.
18. SCDOT should require transcripts or official school documents to verify the educational attainment of applicants.

Appendices

Appendices

SCDOT Mass Transit Division Organizational Chart



Appendix A
SCDOT Mass Transit

Agency Comments

Appendix B
Agency Comments



South Carolina
Department of Transportation

January 24, 2001

Mr. George L. Schroeder, Director
Legislative Audit Council
1331 Elmwood Ave., Suite 315
Columbia, South Carolina 29201

Re: Review of SCDOT's Mass Transit Office

Dear Mr. Schroeder:

The South Carolina Department of Transportation (SCDOT) would like to thank the Legislative Audit Council (LAC) for their professionalism throughout the audit process. The purpose of this letter is to transmit the response to the final audit report entitled, "A Review of Transportation Services Provided by State Agencies".

As outlined in our response, SCDOT supports all mass transit programs with well-trained and competent employees. The mass transit office was restructured to streamline and address many of the processes identified in the report, and on July 2, 2000, the Mass Transit Office was placed under new management. In addition, a full-time staff person was hired to handle transportation coordination issues as outlined in the Coordination Proviso of the General Appropriations Bill for 1999 (Sec. 53.13) and the "Transportation Coordination Bill" dated July 7, 2000 (HR-4960).

The SCDOT continues to make improvements in several areas within the Mass Transit Office with great success. A detailed response to each of the findings by the LAC is also enclosed. If you have any questions or need additional information, please feel free to contact Ms. Arlene Prince, Deputy Director of Mass Transit or me at (803) 737-1302.

Sincerely,

Elizabeth S. Mabry
Executive Director

ESM/tm/desktop/mass transit/LAC

cc: Ms. Arlene Prince, Deputy Director

Enclosure: Response to LAC Report

File: MT/TM



**South Carolina Department of Transportation
Response to Findings and Recommendations
January 24, 2001**

- 1. Recommendation:** The Department of Transportation, with input from state agencies that provide client transportation services, should implement a full cost resource allocation method to calculate transportation costs. At a minimum, the following cost elements should be included – labor costs, fringe benefits, administrative overhead, capital costs, maintenance, insurance and gas, oil and tires.

Corrective Action: SCDOT has programmed funds for development of a Cost Allocation Plan for public transit providers. Also, transit providers and SCDOT staff persons attended a Cost Allocation Training Course during November 2000. SCDOT plans to offer additional training in this area. The Department will continue to pursue training for all grantees and Mass Transit staff in cost allocation.

- 2. Recommendation:** When using a full cost resource allocation method, the Department of Transportation should ensure that usage data is accurate and that service requirements are specified.

Corrective Action: SCDOT will address this issue during the state agency head meetings.

- 3. Recommendation:** In January 2002, the Department of Transportation should issue a report to the House Education and Public Works Committee and the Senate Transportation Committee on its progress in developing and implementing this formula.

Corrective Action: SCDOT's progress on developing and implementing a cost allocation formula will be included in the "Interim Report to the House Education and Public Works Committee" during January 2002.

- 4. Recommendation:** Local agencies should monitor contracts for performance. Agencies which contract for transportation services should include specific service requirements (such as maximum waiting and travel times) and penalties in their contracts.

Corrective Action: N/A

- 5. Recommendation:** The Department of Transportation, with input from state agencies, should develop a standardized billing unit and system for transportation providers.

Corrective Action: The Executive Director of the Department of Transportation will encourage support from the state agency directors to develop and implement a statewide coordination plan. As part of the planning process, the department will coordinate with

state agencies to explore the feasibility of developing a standardized billing unit and system for transportation providers.

- 6. Recommendation:** State agencies should work with their local offices and with other state agencies to establish a standard rate for reimbursement of personal vehicles used to provide client transportation.

Corrective Action: SCDOT will explore this recommendation.

- 7. Recommendation:** State agencies should include the cost of using staff as drivers when calculating transportation costs and, where feasible, make greater use of full-time drivers or contract with private providers.

Corrective Action: SCDOT will explore this recommendation.

- 8. Recommendation:** *The Department of Transportation should implement policies and procedures to collect cost information from all transportation providers who receive state and/or state-administered funds. The department should develop a format for provider information.*

Corrective Action: The Department of Transportation currently receives information from providers who are currently funded by the department and from providers who submit applications for future funding of transportation needs. With the assistance of the respective state agencies, the Department will expand on data collection efforts to include agencies other than those funded by SCDOT.

- 9. Recommendation:** The Department of Transportation should reestablish a committee of transportation providers, including agency heads, staff, and others, in an attempt to develop transportation standards.

Corrective Action: SCDOT Executive Director will continue to schedule periodic meetings with the directors of other state agencies who expend state and state-administered funds for delivery of transportation services. SCDOT will encourage support from the agency directors for developing and implementing a statewide coordination plan. SCDOT released correspondence to each State Agency Head expressing the importance of their attendance at future meetings in an effort to plan a course of action and discuss important decisions that impact transportation in South Carolina.

- 10. Recommendation:** The Department of Transportation should analyze the results of agency demonstration projects to determine if the practices used could benefit other transportation providers in the state.

Corrective Action: Upon completion of the remaining demonstration projects, it is the department's intention to analyze all data collected during the course of the project. Once the analysis is complete, information will be shared and utilized as appropriate.

11. **Recommendation:** The Department of Transportation should review coordination structures in other states to determine what practices may be beneficial in South Carolina. In this effort, the department should work with local entities to examine coordination strategies.

Corrective Action: Over the past several months, the department has been in contact with other state DOTs such as Ohio, Wyoming, Florida, and North Carolina to gather information, brochures, pamphlets, and "How to" Manuals on Transportation Coordination. SCDOT has been very successful in the search for information to further coordination efforts.

12. **Recommendation:** The Department of Transportation should work with the public providers to ensure transportation coverage in every county.

Corrective Action: SCDOT is currently pursuing this option by partnering with local Council of Governments to explore public transportation needs within their perspective region.

13. **Recommendation:** To help ensure compliance with expenditure of federal mass transit funds, SCDOT should update its policies and procedures to include a full financial review during on-sight visits.

Corrective Action: The SCDOT has recently updated its on-site review process to include a more in-depth review of the transit agencies financial, procurement, safety and programmatic related areas. This process includes the guidance of the Department's External Program Evaluation and Procurement units. We feel this process has streamlined the overall monitoring of our grants and contracts and also provides better guidance of our federal and state dollars.

In efforts to further improve the day-to-day efficiency and accountability of our mass transit funds, the mass transit office has currently: revised the federal and state Funding Announcements for all programs. This also includes requiring public providers to furnish service area maps reflecting urban and rural routes, and more program specific training for employees.

14. **Recommendation:** SCDOT should implement policies and procedures to verify that the data used to determine the rural service allocation to public providers is accurate.

Corrective Action: The Executive Director of each transit agency certifies data submitted to SCDOT. A staff person will contact an agency if the data appears suspect or discrepancies are reflected. This is the same method that agencies in other states use. The Department has also implemented a more stringent performance data verification process that will be used

to determine rural service. The performance data collection, reporting, and verification process has been submitted to the Research and Development staff of SCDOT to identify possible improvements to the overall process.

15. **Recommendation:** The Department of Transportation should improve its use of RTAP funds for training.

Corrective Action: In efforts to improve the RTAP training program, the department has implemented several phases of training in which RTAP funds can be utilized over the next fiscal year. The revisions to the RTAP program will allow the department to expend a larger portion of the allocated funds to a variety of categories (i.e. travel, food or lodging). SCDOT has provided funding to the Transportation Association of South Carolina (TASC) to sponsor training opportunities during annual conferences each year. SCDOT's RTAP program has been active for several years. The department submitted a revised budget to the FTA and began implementation of activities to ensure RTAP expenditure of funds over the next fiscal years. All RTAP funds have been approved and released by FTA for immediate use.

16. **Recommendation:** The Department of Transportation's Division of Strategic Planning, Finance, and Administration should ensure that the primary objectives of the Mass Transit Division are reached in a timely manner.

Corrective Action: The original strategic deadline dates for objectives were revised due to a new focus and agency direction. A tracking process has been implemented to follow up on the progress of SCDOT's goals and objectives.

17. **Recommendation:** The SCDOT human resources office should screen all applications to ensure that individuals meet minimum training and experience requirements for the positions.

Corrective Action: The SCDOT Human Resources Office will continue to screen all applicants for vacant positions and only refer those considered qualified. The Mass Transit Office has examined position descriptions of staff and is currently in the process of updating documents to ensure individuals meet minimum training and experience.

18. **Recommendation:** SCDOT should require transcripts or official school documents to verify the educational attainment of applicants.

Corrective Action: The SCDOT's Human Resource Office does not have a standard policy requiring a transcript or official documentation verifying a degree or any other professional or technical position unless specifically stated in the Position Description. There is no state regulation that requires agencies to verify educational history; however, the Department is currently in the process of evaluating this practice.

Stanley J. Butkus, Ph.D.
State Director
Robert W. Barfield
Deputy State Director
Administration
Brent H. Koyle, Ph.D.
Deputy State Director
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January 22, 2001

Mr. George L. Schroeder
Director
Legislative Audit Council
1331 Elmwood Avenue, Suite 315
Columbia, SC 29201

Dear Mr. Schroeder:

Thank you for sharing the final draft of the report, A Review of Transportation Services Provided by State Agencies.

We have reviewed the report and have no recommendations for additions or changes to the document. Your staff were very cautious and deliberate during this process. If we may be of further assistance, please let me know.

Sincerely,

Stan Butkus, Ph.D.
Director

SB/msr

cc: Sam Davis

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MIDLANDS REGION
Regional Office - Phone: 803/935-7412
8301 Farrow Road, Columbia, SC 29203
Midlands Center - Phone: 803/935-7500

PEE DEE REGION
Regional Office - Phone: 843/664-2601
PO Box 3209, Florence, SC 29502-3209
Pee Dee Center - Phone: 843/664-2600
Saleeby Center - Phone: 843/332-4104

PIEDMONT REGION
Regional Office - Phone: 864/938-3101
PO Box 230, Clinton, SC 29325
Whitten Center - Phone: 864/833-2733



State of South Carolina
Department of Health and Human Services

Jim Hodges
Governor

William A. Prince
Director

January 24, 2001

Mr. Perry Simpson, Senior Auditor
Legislative Audit Council
1331 Elmwood Avenue - Suite 315
Columbia, South Carolina 29201

Dear Mr. Simpson:

The South Carolina Department of Health and Human Services (DHHS) has received your request for written comment on the findings identified in the report entitled "A Review of Transportation Service Provided by State Agencies". The DHHS has no comment regarding the factual interpretations or conclusions of the report as submitted.

If we can be of further assistance, please do not hesitate to contact Mr. MuMin AbdulRazzaq or me at 898-2655.

Sincerely,

A handwritten signature in cursive script that reads "Caroline Carman".

Ms. Caroline Carman, MSW, LISW
Department Head
Department of Ancillary Health Services

CC/mc

cc: Ms. Joanne Metrick
Mr. Stan Thompson

Division of Preventive and Ancillary Health Services
P. O. Box 8206 Columbia South Carolina 29202-8206
(803) 803-898-2655 Fax (803) 803-898-4552

MISSION STATEMENT

The men and women of the S. C. Department of Mental Health, in partnership with consumers, families, and their diverse communities, will assist citizens with mental disorders to improve the quality of their lives.

January 22, 2001

George L. Schroeder, Director
Legislative Audit Council
1331 Elmwood Avenue, Suite 315
Columbia, SC 29201

Dear Mr. Schroeder:

I am in receipt of your letter of January 16, 2001 concerning the final draft report *A Review of Transportation Services Provided by State Agencies*. Thank you for the opportunity to review this draft.

Attached you will find comments provided by the Department of Mental Health. As you indicated in your letter, we will be emailing this information to panderson@sclac.state.sc.us.

Should you require any additional information, please let me know.

Yours very truly,


R. Brooks Galloway
Director, Support Services

RBG/ccc
Attachment

DEPARTMENT OF MENTAL HEALTH

Comments on a Review of Transportation Services Provided by State Agencies

In Chapter 2, page 8, maintenance cost per mile for DMH was compared to State Fleet Management. Due to budget constraints on the purchase of new vehicles, DMH has been forced to retain vehicles past the disposal criteria set forth by the S. C. Budget and Control Board. Information provided in this audit was taken from a computer run dated June 12, 2000. At that time, DMH had 194 fifteen passenger vans ranging from 1975 models to a few 2000 models. Of those 194 vans, approximately 60% met disposal criteria. Mileage on some of these vans may be upwards of 200,000 miles. Many of these vehicles have had major components replaced, such as engines and transmissions. At times, when the budget does allow for new vehicle purchases, the vans designated for traveling long distances are replaced first. The used vans are reassigned for local use. It is not unusual for this same van to be reassigned a third time for campus use only, such as in support services (plumbing, locksmiths, housekeeping, etc.). The operation of used vehicles with very high mileage will obviously drive up the maintenance cost dramatically.

Fortunately, State Fleet Management's budget allows replacement of vehicles when the disposal criteria is met. SFM vehicles on average are less than six years old. During the first three years, these vehicles are under factory warranty; therefore, the only maintenance cost incurred is preventive maintenance (oil changes, brake checks, etc.). The vehicles are then replaced before major repairs are needed and, in some cases, may be disposed of with the original tires on the vehicle.

In Chapter 2, page 5, under **calculation of cost**, it is stated that, "DMH does not maintain transportation data at the state level." DMH Vehicle Management does not provide data for client transportation at the state level. DMH does provide all data required by the State Budget and Control Board for vehicle costs through the Maintenance Certification Program and the Management Review, both of which are required annually.



SOUTH CAROLINA DEPARTMENT OF SOCIAL SERVICES

Elizabeth G. Patterson, J.D., State Director, P.O. Box 1520, Columbia, S.C. 29202-1520

January 22, 2001

Mr. George L. Schroeder, Director
Legislative Audit Council
1331 Elmwood Avenue, Suite 315
Columbia, SC 29201

Dear Mr. Schroeder:

Thank you for the opportunity to respond to Chapters 1 and 2 of A Review of Transportation Services Provided by State Agencies, January 2001. While we are in general agreement with the report, we wish to clarify our position regarding transportation costs. In Chapter 2, page 6, the following statements are attributed to the Department of Social Services:

"...However, DSS does not see any benefit in collecting transportation cost data. According to agency staff:

'We do not believe that the information would be beneficial in the decision making process...If these (transportation) services are not available and client transportation needs must be met, the agency has to provide the necessary transportation. This decision will not be affected by any formulas, methodologies, or analysis.'

While we were quoted accurately (though not in entirety), it appears from the way that our remarks are presented that we do not recognize the benefit of cost analyses. Certainly when there are transportation options available to meet a client's need, the costs associated with the options should be reviewed to determine which would be the most efficient and economical means of transport. We did not intend to imply that cost information does not serve a purpose in making management decisions. We were attempting in our original comments to emphasize that the client's need for transport takes precedence over cost determinations when options are not available.

We appreciate the cooperation and professionalism of your audit staff during this review.

Sincerely,

A handwritten signature in cursive script that reads "Wendell Price".

Wendell Price
Deputy State Director
Administration and Program Support

WP/ww

South Carolina Vocational Rehabilitation Department

P. CHARLES LAROSA JR., COMMISSIONER

Enabling eligible South Carolinians with disabilities to prepare for, achieve and maintain competitive employment

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January 23, 2001

Mr. George L. Schroeder, Director
Legislative Audit Council
1331 Elmwood Avenue, Suite 315
Columbia, S.C. 29201

Dear Mr. Schroeder;

We have reviewed the Legislative Audit Council's final draft report on transportation services provided by state agencies and we have no comments to offer on the report.

If you have any question, please call me at 896-6506

Sincerely,

A handwritten signature in black ink, appearing to read 'Rick Elam', written over a horizontal line.

Rick Elam
Admin Program Manager

This report was published for a total cost of \$556; 210 bound copies were printed at a cost of \$2.65 per unit.