

MEMORANDUM

April 27, 2022

TO: Transportation and Environment Committee

FROM: Glenn Orlin, Senior Analyst

SUBJECT: Supplemental Appropriation to the FY22 Operating Budget, Montgomery County Government, Department of Transportation, Transportation Services Improvement Fund Fuel Relief Disbursement, \$75,000¹

PURPOSE: Develop Committee recommendations for Council consideration

Expected Participants:

- Christopher Conklin, Director, Department of Transportation (DOT)
- Emil Wolanin, Deputy Director, DOT
- Hannah Henn, Deputy Director for Transportation Policy, DOT
- Dan Hibbert, Chief, Division of Transit Services
- Brady Goldsmith, Chief, Management Services, DOT
- Gary Nalven, Office of Management and Budget (OMB)

This supplemental appropriation would provide relief to taxi operators in the County to help ensure the stability of the Medicaid and Call-n-Ride programs. In recent weeks, the price of gasoline has increased significantly, placing a further burden on the taxi operators in the County. DOT notes that without the ability to increase fares to offset this increase in costs, taxi operators are seeing a material decrease in their income due to this increased operating expense. The Executive's transmittal is on ©1-2 and a draft adoption resolution is on ©3-4. The impact assessment conducted by the Office of Racial Equity and Social Justice is on ©5-11.

This relief would be provided in the form of two \$150 payments to each registered taxi operator in the County that has participated in both the Call-n-Ride and Medicaid Transportation programs during the period of March 1, 2022, through April 30, 2022. It is estimated that these disbursements would total no more than \$75,000.

Council staff recommends concurring with the Executive's request.

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¹ Key word: #taxi




OFFICE OF THE COUNTY EXECUTIVE

Marc Elrich
County Executive

MEMORANDUM

April 15, 2022

TO: Gabe Albornoz, President
Montgomery County Council

FROM: Marc Elrich, County Executive 

SUBJECT: Supplemental Appropriation #22-82 to the FY22 Operating Budget
Montgomery County Government, Department of Transportation
Fuel Relief Disbursement, Transportation Services Improvement Fund (\$75,000)

I am recommending a supplemental appropriation to the FY22 Operating Budget in the amount of \$75,000. As the administrator of the Transportation Services Improvement Fund (TSIF), the Department of Transportation (DOT) is seeking to provide taxi operators in the County who participate in the Call-N-Ride and Medicaid Transportation program with a one-time disbursement of a total of \$300. This disbursement aims to help offset the reduced income driven by the rapid and unexpected increase in fuel costs and ensure the continued provision of stable transportation services to some of our County's most vulnerable citizens.

In recent weeks, the price of gasoline has increased significantly and unexpectedly, placing an undue burden on the taxi operators in the County. Without the ability to increase fares to offset this increase in costs, taxi operators are seeing a material decrease in their income due to this increased operating expense. Many have few, if any, means to offset this reduction in income in their business. As these operators provide a needed service to some of our County's most vulnerable residents, it is in the County's best interests to provide relief to these operators to assist in maintaining these vital County programs during trying economic times for the taxi industry. This relief will be provided in the form of two \$150 payments to each registered taxi operator in the County who has participated in both the Call-N-Ride and Medicaid Transportation programs from March 1, 2022, through April 30, 2022. It is estimated that these disbursements will total no more than \$75,000. In accordance with the Transportation Enhancements Section, Section 53.801.01.11, of Montgomery County Executive Regulation

Supplemental Appropriation #22-82 to the FY22 Operating Budget Montgomery County Government, Department of Transportation Fuel Relief Disbursement, Transportation Services Improvement Fund (\$75,000)
April 15, 2022
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Number 11-19, DOT has identified funding within the TSIF for this effort to help keep taxis on the road and in service to maintain vital transportation links for County residents.

It should be noted that according to current regulations (COMCOR 53.17.01.02), taxicab companies in Montgomery County are permitted to implement a surcharge on taxicab trips when the price of regular unleaded gas reaches at least \$5 per gallon and remains at or above that level for 30 consecutive days. MCDOT has been approached with requests to permit a surcharge or fee in line with these regulations due to the recent spike in gasoline prices. However, doing so would pass this cost on to the taxicabs' customer base, many of whom are medically vulnerable individuals living on fixed and/or limited incomes. The use of TSIF funds for the aforementioned purpose benefits all parties involved. It is in line with the letter and spirit of the regulations without causing any undue burden, fiscally or otherwise, to the TSIF, County, or its residents. Further, this project supports the goal of an easier commute by facilitating public transit options for County residents.

I recommend that the County Council approve this supplemental appropriation in the amount of \$75,000 and specify the sources of funds as Transportation Services Improvement Fund.

I appreciate your prompt consideration of this action.

ME:gn

Enclosure: Supplemental Appropriation #22-82

cc: Christopher R. Conklin, Director, Department of Transportation
Jennifer R. Bryant, Director, Office of Management and Budget
Tiffany Ward, Director, Office of Racial Equity & Social Justice

Resolution No: _____
Introduced: _____
Adopted: _____

COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND

By: Council President at the Request of the County Executive

SUBJECT: Supplemental Appropriation #22-82 to the FY22 Operating Budget
Montgomery County Government, Department of Transportation
Transportation Services Improvement fund Fuel Relief Disbursement \$75,000

Background

1. Section 307 of the Montgomery County Charter provides that any supplemental appropriation shall be recommended by the County Executive who shall specify the source of funds to finance it. The Council shall hold a public hearing on each proposed supplemental appropriation after at least one week's notice. A supplemental appropriation that would comply with, avail the County of, or put into effect a grant or a Federal, State, or County law or regulation, or one that is approved after January 1 of any fiscal year, requires an affirmative vote of five Councilmembers. A supplemental appropriation for any other purpose that is approved before January 1 of any fiscal year requires an affirmative vote of six Councilmembers. The Council may, in a single action, approve more than one supplemental appropriation. The Executive may disapprove or reduce a supplemental appropriation, and the Council may reapprove the appropriation as if it were an item in the annual budget.
2. The County Executive has requested the following FY22 Operating Budget appropriation increases for the Department of Transportation:

<u>Personnel</u> <u>Services</u>	<u>Operating</u> <u>Expenses</u>	<u>Capital</u> <u>Outlay</u>	<u>Total</u>	<u>Source</u> <u>of Funds</u>
\$0	\$75,000	\$0	\$75,000	Transportation Services Improvement Fund

3. The purpose of this supplemental appropriation is to provide needed relief to taxi operators in the County to help ensure the stability of the Medicaid and Call-N-Ride programs. In recent weeks, the price of gasoline has increased significantly and unexpectedly, placing an undue burden on the taxi operators in the County. Without the ability to increase fares to offset this increase in costs, taxi operators are seeing a material decrease in their income as a result of this increased operating expense. Many have few if any means to offset this reduction in income in their business. As these operators provide a needed service to some of our County's most vulnerable residents through the Call-N-Ride and Medicaid Transportation Programs, it is in the County's best interests to provide relief to these operators to assist in the maintenance of these vital County programs during trying economic times for the taxi industry. This relief will be provided in the form of two \$150 payments to each registered taxi operator in the County that has participated in both the Call-N-Ride and Medicaid Transportation programs during the period of March 1, 2022, through April 30, 2022. It is estimated that these disbursements will total no more than \$75,000. In accordance with the Transportation Enhancements Section, Section 53.801.01.11, of Montgomery County Executive Regulation Number 11-19, the Department of Transportation has identified funding within the Transportation Services Improvement Fund for this effort to help keep taxis on the road and in service to maintain vital transportation links for County residents.
4. The County Executive recommends a supplemental appropriation to the FY22 Operating Budget in the amount of \$75,000 and specify the source of funds as Transportation Services Improvement Fund.

Action

The County Council for Montgomery County, Maryland, approves the following action:

A supplemental appropriation to the FY22 Operating Budget of the Department of Transportation is approved as follows:

<u>Personnel Services</u>	<u>Operating Expenses</u>	<u>Capital Outlay</u>	<u>Total</u>	<u>Source of Funds</u>
\$0	\$75,000	\$0	\$75,000	Transportation Services Improvement Fund

This is a correct copy of Council action.

Selena Mendy Singleton, Esq.
Clerk of the Council



OFFICE OF RACIAL EQUITY AND SOCIAL JUSTICE

Marc Elrich
County Executive

Tiffany Ward
Director

MEMORANDUM

April 22, 2022

To: Jennifer Bryant, Director
Office of Management and Budget

cc: Gabe Albornoz, President
County Council

From: Tiffany Ward, Director
Office of Racial Equity and Social Justice

Re: Racial Equity Impact Assessment (REIA) for Supplemental Appropriation #22-82
Transportation Services Improvement Fund Fuel Reimbursement Disbursement

- I. **FINDING:** The Office of Racial Equity and Social Justice (ORESJ) finds that Supplemental Appropriation #22-82 Transportation Services Improvement Fund (TSIF) Fuel Reimbursement Disbursement is likely to prevent racial disparities from growing but is unlikely to address systemic inequities producing business disparities affecting taxi operators and disparities in financial security affecting the ridership of programs impacted by this funding. ORESJ therefore affirms the importance of this funding and suggests additional data collection (disaggregated by race and ethnicity) and analysis to better assess riders' satisfaction with program services as well as the contribution these transportation programs can make to reducing population-level disparities.
- II. **BACKGROUND:** The purpose of supplemental appropriation #22-82 is to provide a one-time reimbursement to taxi operators who participate in the County's Call-N-Ride and Medicaid Transportation programs. The reimbursement is intended to provide economic relief to these taxi operators who, without County approval, cannot increase fares to offset increased costs in gasoline. Existing regulations¹ state that

¹ COMCOR 53.17.01.02

Racial Equity Impact Assessment (REIA) for Supplemental Appropriation #22-82 Transportation
Services Improvement Fund Fuel Reimbursement Disbursement

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taxicab companies in Montgomery County are permitted to implement a surcharge on taxicab trips when the price of regular unleaded gas reaches at least \$5 per gallon and remains at or above that level for 30 consecutive days.

At the time of this analysis, the Department of Transportation (DOT) reported being approached with requests to permit a surcharge or fee in line with these regulations due to the recent spike in gas prices. To prevent surcharges, which would disproportionately burden residents with disabilities and Medicaid eligible residents, DOT is proposing a one-time reimbursement from the TSIF.

To assess the extent to which this funding advances racial equity and social justice in the County, ORESJ considered how two main groups of stakeholders are likely to be impacted by this funding—the 220 taxi operators participating in these programs and the residents who travel using these programs.

Available information suggests that 75% of taxi drivers in the County are foreign-born, first-generation immigrants. In the County, foreign-born residents experience disparities on a number of indicators of economic well-being. For example, median hourly wage among all US-born residents in the County in 2019 was \$38/hour, while the median hourly wage for all foreign-born residents was \$24/hour. Across all racial and ethnic groups, immigrant residents had lower median hourly wages in 2019². There is also a similar trend in housing cost burden³. Among all renters in the County in 2019, 54% of foreign-born renters compared to 46% of US-born renters were housing burdened.

In terms of homeownership and homeowner cost burden, the picture is somewhat more nuanced. The homeownership rate among foreign-born residents in 2019 was 59%, compared to 68% among US-born residents. For Asian Pacific Islander and Latino immigrants, rates of homeownership were somewhat higher than for US born residents of the same race and ethnicity. For Black residents the picture was different. The homeownership rate among Black immigrant residents was 39%, while it was 42% for US-born residents. It is important to note that the homeownership rate across all racial and ethnic groups, including both foreign and US-born residents, was lower than it was for White US-born residents in the County, for whom the homeownership rate was 76%. The starkest disparity was between Black immigrant residents and US-born White residents; the rate of homeownership is almost twice as high for White US-born residents as it is for Black immigrant residents⁴. Compared to renters, homeowner cost burden gap is larger; 30% of immigrant homeowners are housing burdened compared to 19% of US born residents. Together, these indicators suggest that foreign-born residents in the County experience a much different economic reality than their US born peers, particularly when nativity intersects with race and ethnicity. These disparities also suggest that prior to economic

² See data analysis section

³ See data analysis section

⁴ See data analysis section

Racial Equity Impact Assessment (REIA) for Supplemental Appropriation #22-82 Transportation
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shocks caused by gas prices, inflation, and the pandemic, foreign-born residents were facing a more precarious financial situation at home. As with other population-level disparities, systemic inequities in labor and housing markets as well as in education and health care are largely to blame.

Systemic inequities, particularly in the labor market, often draw people of color and immigrants into self-employment as a means of generating income⁵. In fact, nationally the group with the highest percentage of new entrepreneurs in 2021 was among immigrants at .58 percent, compared to native-born Americans at .32 percent⁶.

Despite the pace of entrepreneurship growth, firms owned by people of color face structural barriers in acquiring the capital, knowledge, and market access necessary for growth⁷. The consequence of these barriers can be seen in lower median revenues, profit margins, and fewer cash buffer days among Black and Hispanic firms⁸. These disparities affect the growth of firms owned by people of color and reduce the chances that they'll become a substantial source of wealth building for owners⁹. Research on the disproportionate effects of the pandemic on firms owned by people of color¹⁰ suggest that similar economic shocks in key business inputs like the price of fuel, for example, would also disproportionately impact entrepreneurs of color.

The other key stakeholder group related to this funding are residents who rely on Call-N-Ride and Medicaid taxi operators to get around the County. The purpose of the Call-N-Ride program is to provide curb-to-curb subsidized transportation for Seniors 65+ and people with disabilities ages 18-64 in Montgomery County. Similarly, the Medical Assistance Transportation Program provides transportation for residents with eligible, non-restrictive Medical Assistance (Medicaid) to medical services that are covered by Medical Assistance, and for which there is no other means of transportation¹¹. While the number and demographic characteristics of riders was not available at the time of this assessment, a

⁵ Sari Pekkala Kerr and William Kerr. Immigrant Entrepreneurship in America: Evidence from the Survey of Business Owners 2007 & 2012. Research Policy 49 (2020) 103918. Available at:

https://www.hbs.edu/ris/Publication%20Files/Kerr_Kerr-RP20-ImmEntr_0a5398db-9415-4fba-b553-6b626817ff3a.pdf

⁶ "Rate of new entrepreneurs reflects the number of new entrepreneurs in a given month," Robert Fairlie. Ewing Marion Kauffman Foundation. NATIONAL REPORT ON EARLY-STAGE ENTREPRENEURSHIP IN THE UNITED STATES: 2021. March 2022. Available at: <https://indicators.kauffman.org/wp-content/uploads/sites/2/2022/03/2021-Early-State-Entrepreneurship-National-Report.pdf>.

⁷ US Federal Reserve System. Small Business Credit Survey. 2021 Report on Firms Owned by People of Color. Available at: <https://www.fedsmallbusiness.org/medialibrary/FedSmallBusiness/files/2021/sbcs-report-on-firms-owned-by-people-of-color>

⁸ Farrell, Diana, Chris Wheat, and Chi Mac. 2020. "Small Business Owner Race, Liquidity, and Survival." JPMorgan Chase Institute. <https://www.jpmorganchase.com/content/dam/jpmc/jpmorgan-chase-and-co/institute/pdf/institute-small-business-owner-race-report.pdf>

⁹ Farrell, Diana, Chris Wheat, and Chi Mac.

¹⁰ US Federal Reserve System, Small Business Credit Survey.

¹¹ Montgomery County Department of Transportation. Transportation Services for Older Adults & Persons with Disabilities <https://www.montgomerycountymd.gov/DOT-Transit/seniors.html>

Racial Equity Impact Assessment (REIA) for Supplemental Appropriation #22-82 Transportation
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review of program eligibility indicates that riders are low-income seniors and adults with disabilities. Based on what is known about who is low-income in Montgomery County it is likely that a disproportionate number of riders are also people of color, who likely face higher levels of housing cost burden and lower levels of health insurance¹². The impact of race and income-based disparities is compounded for people with disabilities. The National Disability Institute's report *Financial Inequality: Disability, Race and Poverty in America* explains the complexity and depth of these disparities: "*Race and disability are not completely separate sources of disadvantage that parallel each other. Race and disability are overlapping identities that are both related to systemic inequality*"¹³. The report also highlights the cumulative impact of barriers to education and employment that people with disabilities and people of color face and the ways in which these barriers create higher levels of poverty, food insecurity, and financial insecurity¹⁴:

- The poverty rate for adults with disabilities is more than twice the rate of adults without disabilities. The gap between the poverty rates of non-disabled adults and disabled Black adults is 25 percentage points.
- Working-age adults with disabilities are four times more likely to live with significant low or very low food security than adults without disabilities.
- Barriers to financial security pile up with increased reliance on alternative financial services, growing debt and diminishing health and wellness, which further limits labor market participation.

This research makes clear that people with disabilities and people of color with disabilities are disproportionately burdened by systemic inequities that shape whether and how people access reliable, high-quality transportation. Therefore, any taxi fare increases would harm riders who are already disproportionately burdened by experiences of poverty and financial insecurity.

III. **DATA ANALYSIS:** The following charts illustrate wage, homeownership, and housing cost burden disparities between foreign-born and native-born residents, across race and ethnicity, in Montgomery County in 2019.

¹² See data analysis section.

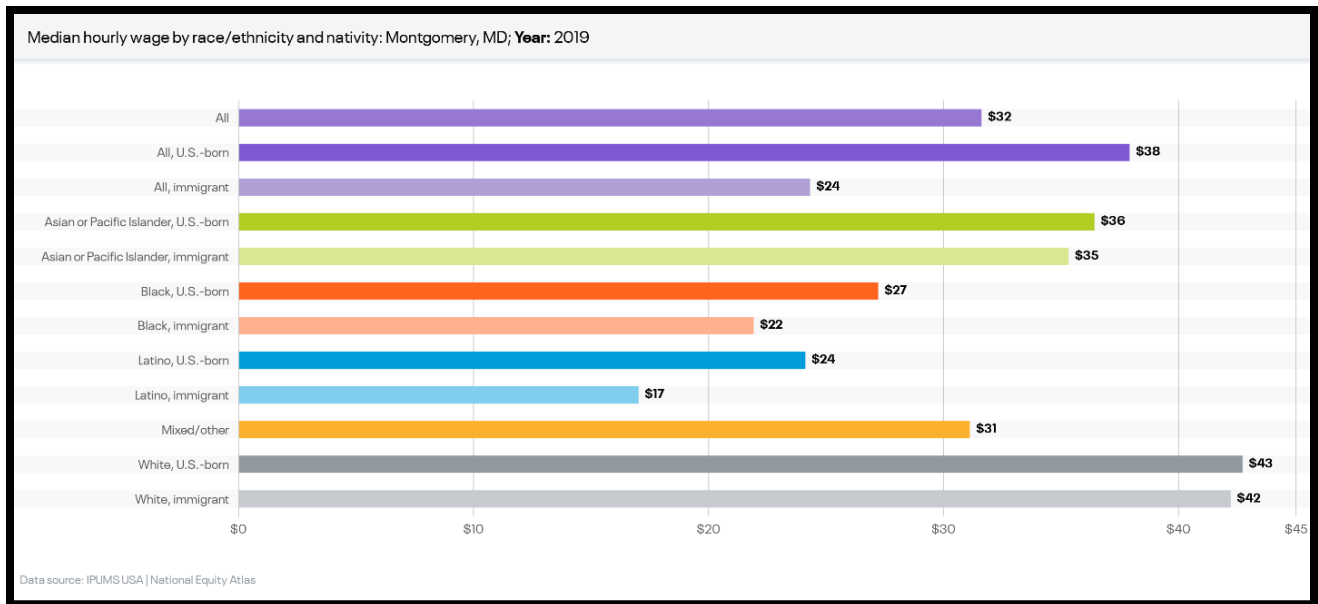
¹³ Nanette Goodman Michael Morris Kelvin Boston. The National Disability Institute. *Financial Inequality: Disability, Race and Poverty in America*. 2017. Available at <https://www.nationaldisabilityinstitute.org/wp-content/uploads/2019/02/disability-race-poverty-in-america.pdf>.

¹⁴ The following list is adapted from The National Disability Institute. *Financial Inequality: Disability, Race and Poverty in America*

Racial Equity Impact Assessment (REIA) for Supplemental Appropriation #22-82 Transportation Services Improvement Fund Fuel Reimbursement Disbursement

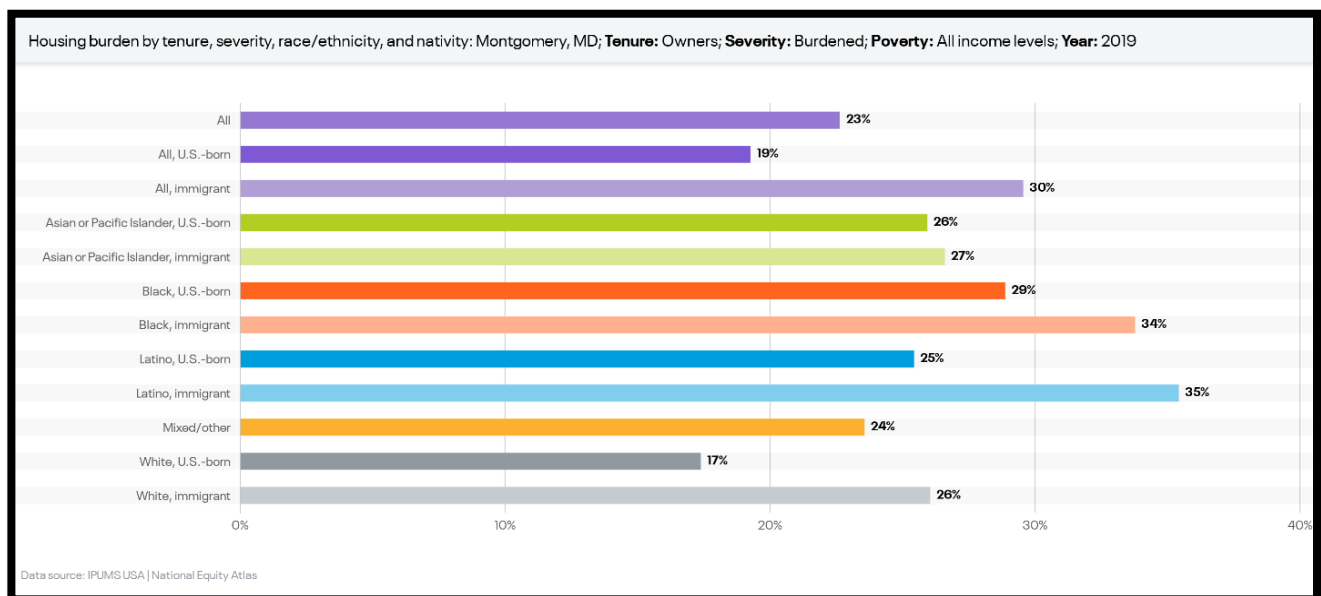
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Source: Policy Link. National Equity Atlas. Median hourly wage by race, ethnicity, and nativity: Montgomery, MD; 2019. Available at:

https://nationalequityatlas.org/indicators/Wages_Median#/?breakdown=5&geo=04000000000024031



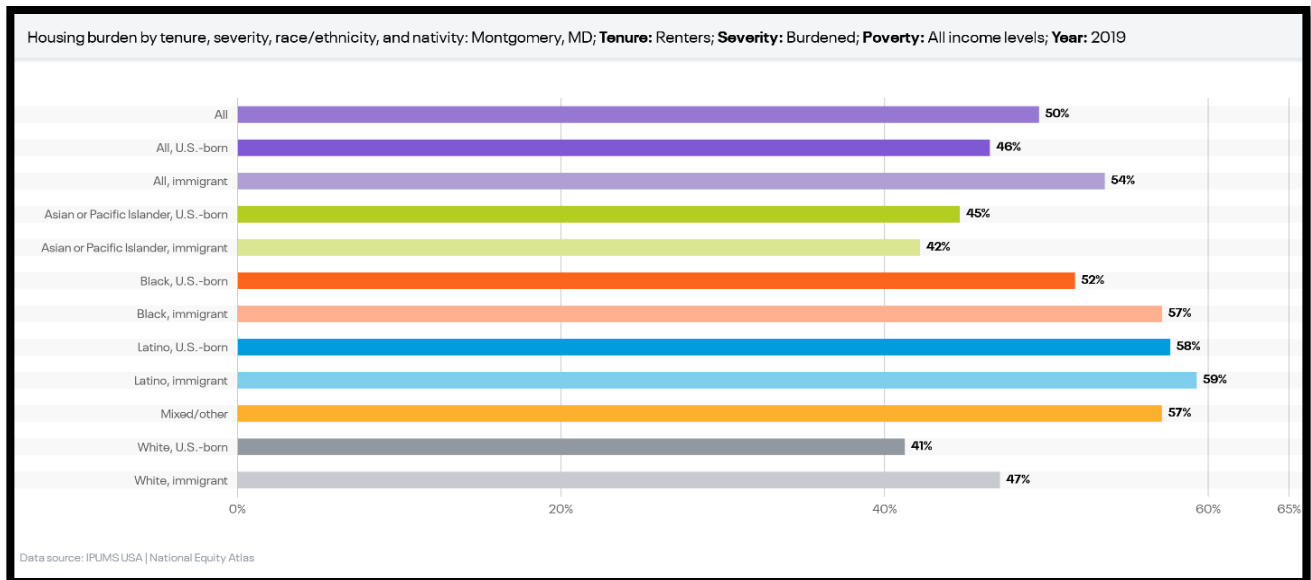
Source: Policy Link. National Equity Atlas. Housing burden (owner) by race, ethnicity, and nativity: Montgomery, MD; 2019. Available at:

https://nationalequityatlas.org/indicators/Housing_burden#/?breakdown=4&geo=04000000000024031&rentown01=2

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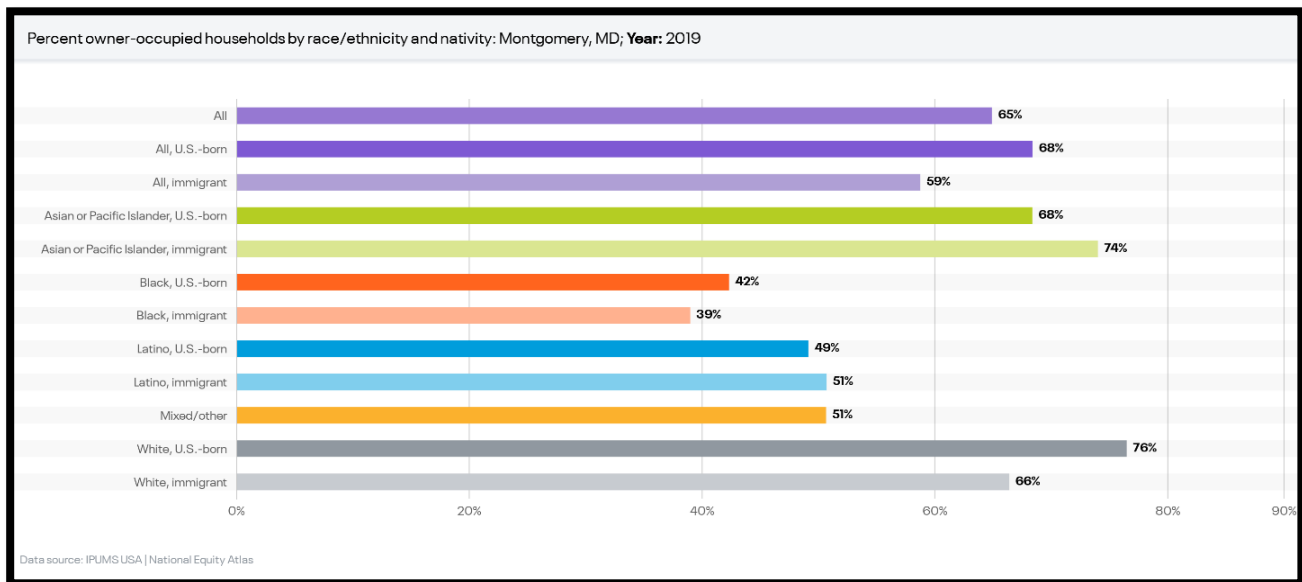
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Source: Policy Link. National Equity Atlas. Housing burden (renter) by race, ethnicity, and nativity: Montgomery, MD; 2019. Available at:

https://nationalequityatlas.org/indicators/Housing_burden#/?breakdown=4&geo=0400000000024031



Source: Policy Link. National Equity Atlas. Homeownership by race, ethnicity, and nativity: Montgomery, MD; 2019. Available at:

<https://nationalequityatlas.org/indicators/Homeownership#/?breakdown=4&geo=0400000000024031>

Racial Equity Impact Assessment (REIA) for Supplemental Appropriation #22-82 Transportation
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This chart illustrates the percentage of residents with “no health insurance” in Montgomery County in 2019. Notably Black and Latino residents were almost two and five times as likely to not have health insurance as white residents.

Race/ethnicity	% Residents with “no health insurance”
Asian	5.8%
Black	7.3%
Latino	19.4%
Other	26.6%
White	3.8%

Source: “No Health Insurance”. Montgomery County, Maryland Office of Legislative Oversight Montgomery County Racial Equity Profile. Available here:

<https://www.montgomerycountymd.gov/OLO/Resources/Files/2019%20Reports/RevisedOLO2019-7.pdf>

cc: Ken Hartman, Director, Office of Strategic Partnerships, Office of the County Executive
Chris Conklin, Director, Department of Transportation