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Federal Public Transportation Program: In Brief

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Introduction

Federal assistance to public transportation is provided primarily through the public transportation program administered by the Department of Transportation's Federal Transit Administration (FTA). The federal public transportation program was authorized from FY2016 through FY2020 as part of the Fixing America's Surface Transportation (FAST) Act (P.L. 114-94). This report provides an introduction to the program as authorized by the FAST Act.

Major federal involvement in public transportation dates to the Urban Mass Transportation Act of 1964 (P.L. 88-365). Prior to the mid-1960s there was very little public funding of public transportation. With much lower ridership than existed at the end of World War II and mounting debts, however, many private transit companies were reorganized as public entities. Federal funding was initially used to recapitalize transit systems. Today, the focus of the federal program is still on the capital side, but the program has evolved to support operational expenses in some circumstances, as well as safety oversight, planning, and research.

What Is Public Transportation?

Public transportation (also known as public transit, mass transit, and mass transportation) is defined in federal law (49 U.S.C. §5302) as "regular, continuing shared-ride surface transportation services that are open to the general public or open to a segment of the general public defined by age, disability, or low income; and … does not include—(i) intercity passenger rail transportation …; (ii) intercity bus service; (iii) charter bus service; (iv) school bus service; (v) sightseeing service; (vi) courtesy shuttle service for patrons of one or more specific establishments; or (vii) intra-terminal or intra-facility shuttle services."

The main forms of public transportation are bus, heavy rail (subway and elevated), commuter rail, light rail, paratransit (also known as demand response), and ferryboat. About 50% of public transportation trips are made by bus, 36% by heavy rail, 5% by commuter rail, and 5% by light rail (including streetcars). Paratransit accounts for about 2% of all public transportation trips, and ferries less than 1%.[1]

Since the end of the Second World War providers of public transportation have struggled to maintain ridership due to a number of interrelated factors, particularly rising incomes, growing automobile availability and use, and residential and employment decentralization. Despite the long-term trend, ridership has risen over the past two decades from a low in 1995 of 7.8 billion trips to a high of 10.8 billion trips in 2014. Ridership has dropped in the last few years to about 10.1 billion trips in 2017.[2]

Public transportation accounts for about 2% of all daily trips and about 5% of commute trips.[3] Ridership is heavily concentrated in a few large cities and their surrounding suburbs. About 73% of all public transportation trips are made in 10 large urbanized areas: New York, Los Angeles, Chicago, Washington, San Francisco, Boston, Philadelphia, Seattle, Miami, and Atlanta. The New

[1] American Public Transportation Association, *Public Transportation Fact Book 2017: Appendix A*, Washington, DC, 2018, table 2, http://www.apta.com/resources/statistics/Pages/transitstats.aspx.

[2] Ibid., table 1; American Public Transportation Association, *Transit Ridership Report, Fourth Quarter 2017*, http://www.apta.com/resources/statistics/Pages/ridershipreport.aspx.

[3] U.S. Department of Transportation, Bureau of Transportation Statistics, *Summary of Travel Trends: 2009 National Household Travel Survey*, Washington, DC, 2011, tables 9 and 25, http://nhts.ornl.gov/2009/pub/stt.pdf.

York City urbanized area alone, an area that includes parts of New Jersey and Connecticut, accounts for about 4 of every 10 public transportation trips nationally.[4]

Funding the Federal Transportation Program

Excluding funding provided in the Disaster Relief Appropriations Act, 2013 (DRAA; P.L. 113-2), public transportation program funding was between $10 billion and $11 billion in the period FY2010 through FY2015, but has risen to $13.5 billion in FY2018 (**Figure 1**).[5] Appropriations in FY2017 and FY2018 have been above the FAST Act authorized levels. Typically, about 80% of federal public transportation program funding comes from the mass transit account of the highway trust fund and 20% comes from the general fund of the U.S. Treasury. The FY2018 Consolidated Appropriations Act (P.L. 115-141) provided additional general fund money for several programs typically only trust funded, thereby raising the general fund share to about 28% in that year. DRAA funding for public transportation came exclusively from the general fund.

In addition to the federal public transportation program, federal funding is also available from several surface transportation programs that allow highway money to be spent on public transportation projects, and from non-transportation programs in areas such as health, education, and veterans affairs. Between FY1992 and FY2015, about $1.1 billion a year on average was transferred (or "flexed") from highway programs to public transportation.[6] The Government Accountability Office (GAO) has identified 73 federal non-transportation programs in which transportation is an eligible expense.[7] Although GAO could not estimate the transportation spending in all of these programs, in 21 programs for which data were available transportation funding amounted to $2.3 billion in FY2010.[8] The Better Utilizing Investments to Leverage Development (BUILD) Transportation Discretionary Grants program, previously known as the Transportation Investment Generating Economic Recovery (TIGER) program, has been another source of federal funding for public transportation over the past few years.[9]

[4] CRS calculation based on American Public Transportation Association, *Public Transportation Fact Book 2017*, Washington, DC, 2018, table 3, http://www.apta.com/resources/statistics/Pages/transitstats.aspx.

[5] DRAA provided $10.9 billion in FY2013 for FTA's Public Transportation Emergency Relief Program in response to Hurricane Sandy, particularly to repair the damage to the public transportation systems of New York and New Jersey. About 5% of the $10.9 billion—approximately $545 million—was subject to sequestration, leaving about $10.3 billion for emergency relief.

[6] American Public Transportation Association, *APTA Primer on Transit Funding*, Washington, DC, April 2016, p. 85, http://www.apta.com/gap/legissues/authorization/Pages/default.aspx; Federal Transit Administration, *FY2015 Statistical Summary*, Table 49, https://www.transit.dot.gov/funding/grants/fy-2015-statistical-summary.

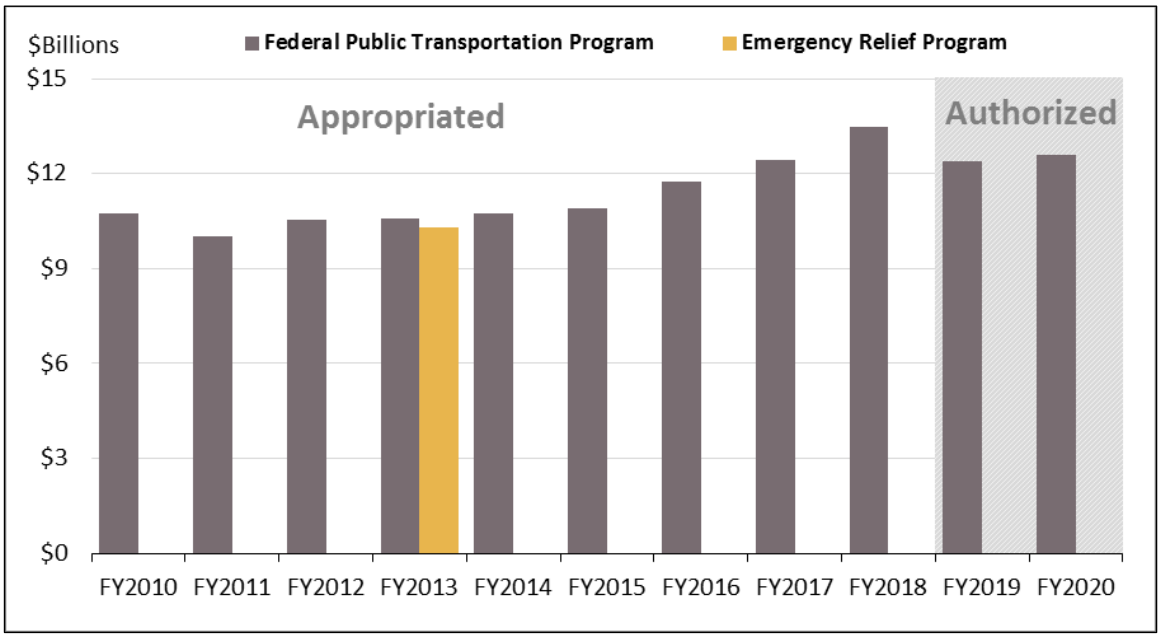
[7] U.S. Government Accountability Office, *Transportation-Disadvantaged Populations: Federal Coordination Efforts Could Be Further Strengthened*, GAO-12-647, Washington, DC, 2012, http://www.gao.gov/assets/600/591707.pdf.

[8] Ibid., pp. 8-10.

[9] See https://www.transportation.gov/BUILDgrants.

Figure 1. Federal Public Transportation Program Funding

FY2010-FY2020



Source: Senate Appropriations Reports; Federal Transit Administration; Consolidated Appropriations Act, 2018 (P.L. 115-141).

How Are Federal Dollars Spent?

The costs of providing public transportation service fall into two main categories, operating expenses and capital expenses. Operating expenses include vehicle operation and maintenance, maintenance of stations and other facilities, general administration, and purchase of transportation from private operators. Capital expenses are related to the purchase of equipment, such as buses, rail lines, and rail stations. In general, federal public transportation programs allow an 80% maximum matching share for capital projects and a 50% maximum share for operating expenses.

Operating costs account for about two-thirds of all costs for public transportation and capital expenditures for about one-third. Fares and other operating revenues cover only one-quarter of the total cost, with the remainder provided by federal, state, and local governments. The federal government supports less than 10% of operating expenditures, but more than 40% of capital expenditures (**Table 1**).

Table 1. Sources of Funding for Operating and Capital Expenditures in Public Transportation Provision, 2015

	Operating		Capital		Total	
	Percent	Millions of Dollars	Percent	Millions of Dollars	Percent	Millions of Dollars
Fares and Other Income	37.4	$18,105	0.0	$0	26.5	$18,105
Local Government	31.1	$15,054	41.9	$8,376	34.3	$23,430
State Government	23.2	$11,197	14.6	$2,914	20.6	$14,112
Federal Government	8.3	$4,011	43.5	$8,692	18.6	$12,703
Total	100.0	$48,367	100.0	$19,982	100.0	$68,350

Source: American Public Transportation Association, *2017 Public Transportation Fact Book: Appendix A*, Washington, DC, 2017, Table 95, http://www.apta.com/resources/statistics/Pages/transitstats.aspx.

Note: Local government outlays include funds from local taxes, toll transfers, and bond proceeds.

Program Structure

There are six major programs administered by FTA: (1) Urbanized Area Formula; (2) State of Good Repair (SGR); (3) New Starts; (4) Rural Area Formula; (5) Bus and Bus Facilities; and (6) Enhanced Mobility of Seniors and Individuals with Disabilities. These are discussed in more detail below. Typically, funding for all of these programs, except New Starts, comes from the mass transit account of the Highway Trust Fund.[10] New Starts funding comes from the general fund. There are also a number of other much smaller programs (see the **Appendix** for a full listing).

By far the largest program is the Urbanized Area Formula Program, accounting for 39% of the funding authorized (**Figure 2**). About 5% of the public transportation program funding is authorized for the Growing States and High Density States Formula. This is not a program per se, but provides additional money to some places and is distributed through the Urbanized and Rural Area Formula Programs. The Growing States apportionment is based on forecasted state population growth, and the High Density apportionment is to states with a population density greater than 370 persons per square mile. Urbanized areas in all states received some funding from the Growing States formula in FY2018, whereas urbanized areas in only seven states received High Density funding: Connecticut, Delaware, Maryland, Massachusetts, New Jersey, New York, and Rhode Island.

Urbanized Area Formula Program (49 U.S.C. §5307)

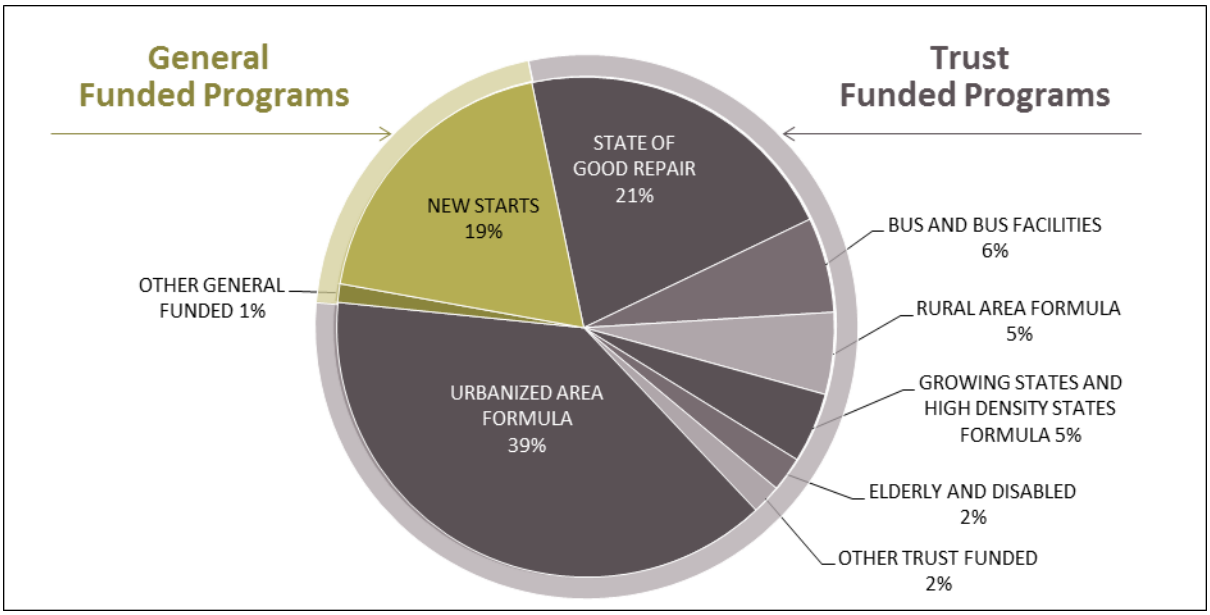
The Urbanized Area Formula Grants Program provides funding for public transportation in urbanized areas, places designated by the Census Bureau as having populations of 50,000 or more. Funding was authorized at $4.5 billion in FY2016, an amount rising to $4.9 billion in FY2020. Funding can be spent on capital, planning, job access and reverse commute projects, and, in some circumstances, operating expenses. For urbanized areas under 200,000 the distribution of funds is based on population, population density, and the number of low-income individuals. In addition to these factors, in urbanized areas over 200,000 the formula is also based

[10] The FY2018 appropriations bill provided $400 million from the general fund for each of the Bus and Bus Facilities Program and the State of Good Repair Program.

on bus revenue vehicle miles, bus passenger miles, fixed guideway revenue miles, and fixed guideway route miles.

Figure 2. Federal Public Transportation Program Funding Shares

Funding Authorized, FY2016-FY2020



Source: Federal Transit Administration.

State of Good Repair Grant Program (49 U.S.C. §5337)

The State of Good Repair (SGR) Program provides funding primarily for repairing and upgrading rail transit systems, but also other fixed-guideway systems (such as passenger ferries and bus rapid transit) and bus systems that use high occupancy vehicle (HOV) lanes. Funding for the SGR Program is authorized at $2.5 billion in FY2016, an amount rising to $2.7 billion in FY2020.

The State of Good Repair program has two components:

- The **High Intensity Fixed Guideway SGR Program** distributes 97.15% of the funding for maintaining fixed guideway transit systems in a state of good repair. The new formula for distributing these funds uses fixed guideway vehicle miles and route miles for facilities that have been operating for at least seven years.
- The **High Intensity Motorbus SGR** program distributes the remaining 2.85% of the funds for bus service provided on a high occupancy vehicle (HOV) facility. Funding is distributed by a formula that uses high-intensity bus vehicle miles and route miles for revenue services that have been operating for at least seven years.

New Starts Program (49 U.S.C. §5309)

The New Starts Program provides funding to support construction of new rail, bus rapid transit, and ferry systems and to expand existing systems. Funding comes from the general fund and is authorized at $2.3 billion for each year FY2016 through FY2020. New Starts funding is available on a competitive basis in which project sponsors undertake a multistep process to become eligible for funding. A New Starts project must go through three distinct stages: project development,

engineering, and construction. For Small Starts projects—generally those requesting $100 million or less in federal assistance and costing in total $300 million or less—there are just two phases: project development and construction.

Rural Area Formula Program (49 U.S.C. §5311)

The Rural Area Formula Program provides funding to states and Indian tribes for public transportation outside of urbanized areas. Capital, operating, and planning are all eligible expenses. Funding is authorized at $620 million in FY2016, an amount rising to $673 million in FY2020. The formula used to apportion Rural Area program funds includes rural land area, population, vehicle revenue miles, and the number of low-income individuals. Funds from the program are set aside for the Rural Transit Assistance Program, the Public Transportation on Indian Reservations Program, and the Appalachian Development Public Transportation Assistance Program.

Bus and Bus Facilities Grant Program (49 U.S.C. §5339)

The Bus and Bus Facilities Grant Program provides funding for capital expenses to purchase and rehabilitate buses and to construct bus-related facilities, such as maintenance depots. The FAST Act added a new competitive discretionary component to the existing formula program, increasing program funding by about $300 million per year. In FY2016, the Bus Program is authorized at $696 million in FY2016, with $428 million (61%) for formula grants and $268 million (39%) for discretionary grants. Bus Program funding increases to $809 million in FY2020, with $465 million (57%) for formula grants and $344 million (43%) for discretionary grants. The formula portion of the grant program provides each state and territory a minimum allocation ($1.75 million to states and $0.5 million to territories), with the remaining funds distributed according to population and service levels.

Enhanced Mobility of Seniors and Individuals with Disabilities Program (49 U.S.C. §5310)

The Enhanced Mobility of Seniors and Individuals with Disabilities Program provides funding to support specialized public transportation for these population groups. This program was authorized at $263 million in FY2016, an amount that increases to $286 million in FY2020. Under the law, 60% of the funds are apportioned to large urbanized areas, 20% to small urbanized areas, and 20% to rural areas. Within these categories, funds are distributed to specific areas based on the relative size of their elderly and disabled population. The program requires that projects come from a locally developed, coordinated human services transportation plan. The FAST Act also creates a new pilot program for innovative projects to improve the mobility of seniors and individuals with disabilities. This new program is authorized at $2 million in FY2016, an amount increasing to $3.5 million in FY2020.

Public Transportation Safety Program (49 U.S.C. §5329)

FTA's role in public transportation safety was expanded significantly in 2012. FTA is required to develop a national public transportation safety plan, with safety performance criteria for all modes of public transportation and minimum performance standards for public transportation vehicles (except commuter rail vehicles, which are regulated by the Federal Railroad Administration, or FRA). FTA is also required to establish a certification training program for federal, state, and local employees who conduct safety audits or are responsible for safety

oversight. Recipients of urbanized and rural formula funds may use up to 0.5% of their apportionment, with an 80% federal share, to pay for the training program. Each public transportation agency and state is required to establish a comprehensive safety plan. Additionally, each state with a rail system not regulated by FRA must have a state safety oversight (SSO) program. Formula funding for the SSO program is set aside from the Urbanized Area Formula Program and is provided with an 80% maximum federal share. FTA has authority to inspect and audit the equipment and operations of transit agencies and may issue directives, require more frequent agency oversight, and require that federal funding be spent to correct safety deficiencies.

The FAST Act clarified that FTA has the authority to temporarily administer a SSO program if it considers a state-run program inadequate. The FAST Act also authorized $199 million in FY2017 for costs associated with the installation of positive train control by public transportation agencies. Positive train control, a safety system, is mandated to be installed on all commuter rail lines by the end of 2018.

Appendix. Public Transportation Funding Authorized by the FAST Act

	FY2016	FY2017	FY2018	FY2019	FY2020
Total	**11,789,406,942**	**12,175,508,346**	**12,175,155,710**	**12,381,182,333**	**12,592,150,765**
Trust Funded Programs	**9,347,604,639**	**9,733,706,043**	**9,733,353,407**	**9,939,380,030**	**10,150,348,462**
Urbanized Area Formula Grants	4,538,905,700	4,629,683,814	4,726,907,174	4,827,117,606	4,929,452,499
Operational Support of State Safety Oversight	*22,694,529*	*23,148,419*	*23,634,536*	*24,135,588*	*24,647,262*
Passenger Ferry Boat Program	*30,000,000*	*30,000,000*	*30,000,000*	*30,000,000*	*30,000,000*
State of Good Repair Grants	2,507,000,000	2,549,670,000	2,593,703,558	2,638,366,859	2,683,798,369
High Intensity Fixed Guideway Formula	*2,435,550,500*	*2,477,004,405*	*2,519,783,006*	*2,563,173,403*	*2,607,310,115*
High Intensity Motorbus State of Good Repair	*71,449,500*	*72,665,595*	*73,920,551*	*75,193,455*	*76,488,254*
Bus and Bus Facilities Grants	695,800,000	719,956,000	747,033,476	777,024,469	808,653,915
Bus and Bus Facilities Formula Grants	*427,800,000*	*436,356,000*	*445,519,476*	*454,964,489*	*464,609,736*
Competitive Grants	*268,000,000*	*283,600,000*	*301,514,000*	*322,059,980*	*344,044,179*
Formula Grants for Rural Areas	619,956,000	632,355,120	645,634,578	659,322,031	673,299,658
Public Transportation on Indian Reservations Formula	*30,000,000*	*30,000,000*	*30,000,000*	*30,000,000*	*30,000,000*
Public Transportation on Indian Reservations Competitive	*5,000,000*	*5,000,000*	*5,000,000*	*5,000,000*	*5,000,000*
Appalachian Development Public Transportation Assistance Program	*20,000,000*	*20,000,000*	*20,000,000*	*20,000,000*	*20,000,000*
Projects of National Scope	*1,859,868*	*1,897,065*	*1,936,904*	*1,977,966*	*2,019,899*
Rural Transportation Assistance Program	*12,399,120*	*12,647,102*	*12,912,692*	*13,186,441*	*13,465,993*
Growing States and High Density States Formula	536,261,539	544,433,788	552,783,547	561,315,120	570,032,917
Enhanced Mobility of Seniors and Individuals with Disabilities	262,949,400	268,208,388	273,840,764	279,646,188	285,574,688
Planning Programs	130,732,000	133,398,933	136,200,310	139,087,757	142,036,417

	FY2016	FY2017	FY2018	FY2019	FY2020
Public Transportation Innovation	28,000,000	28,000,000	28,000,000	28,000,000	28,000,000
Pilot Program for Transit Oriented Development Planning	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
Technical Assistance and Workforce Development	9,000,000	9,000,000	9,000,000	9,000,000	9,000,000
National Transit Institute	*5,000,000*	*5,000,000*	*5,000,000*	*5,000,000*	*5,000,000*
National Transit Database	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
Bus Testing Facility	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Pilot Program for Enhanced Mobility	2,000,000	3,000,000	3,250,000	3,500,000	3,500,000
Positive Train Control	0	199,000,000	0	0	0
General Funded Programs	**2,441,802,303**	**2,441,802,303**	**2,441,802,303**	**2,441,802,303**	**2,441,802,303**
Capital Investment Grants	2,301,785,760	2,301,785,760	2,301,785,760	2,301,785,760	2,301,785,760
Administrative Expenses	115,016,543	115,016,543	115,016,543	115,016,543	115,016,543
Safety Oversight	*5,000,000*	*5,000,000*	*5,000,000*	*5,000,000*	*5,000,000*
Transit Asset Management	*2,000,000*	*2,000,000*	*2,000,000*	*2,000,000*	*2,000,000*
Research, Development, Demonstration, and Deployment Program	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000
Technical Assistance and Training	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Emergency Relief			such sums as are necessary		

Source: Federal Transit Administration.

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