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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 is authorized through FY2014 as part of the Moving Ahead for Progress in the 21st Century Act (MAP-21; P.L. 112-141). Signed into law in July 2012, MAP-21 made significant modifications to the public transportation program, effective October 1, 2012. This report provides an introduction to the program as modified by MAP-21.

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 51% of public transportation trips are made by bus, 35% by heavy rail, 5% by commuter rail, and 5% by light rail. 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 10.3 billion trips in 2011.²

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 accompanying suburbs. About

¹ American Public Transportation Association, *Public Transportation Fact Book 2013: Appendix A* (Washington, DC, 2013), table 2, <http://www.apta.com/resources/statistics/Pages/transitstats.aspx>.

² *Ibid.*, table 1.

³ U.S. Department of Transportation, Bureau of Transportation Statistics, *Summary of Travel Trends: 2009 National Household Travel Survey* (Washington, DC, 20011), tables 9 and 25, <http://nhts.ornl.gov/2009/pub/stt.pdf>.

75% 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 York City urbanized area alone, an area that includes parts of New Jersey and Connecticut, accounts for about four of every 10 public transportation trips nationally.⁴

Funding the Federal Transportation Program

MAP-21 authorized \$10.6 billion for the federal public transportation program in FY2013 and \$10.7 billion in FY2014. Excluding funding provided in the American Recovery and Reinvestment Act (ARRA; P.L. 111-5) and the Disaster Relief Appropriations Act, 2013 (DRAA; P.L. 113-2), public transportation program funding has been between \$10 billion and \$11 billion since 2009 (**Figure 1**). ARRA provided an extra \$8.4 billion in FY2009. 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. 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. ARRA and DRAA funding for public transportation came exclusively from the general fund.

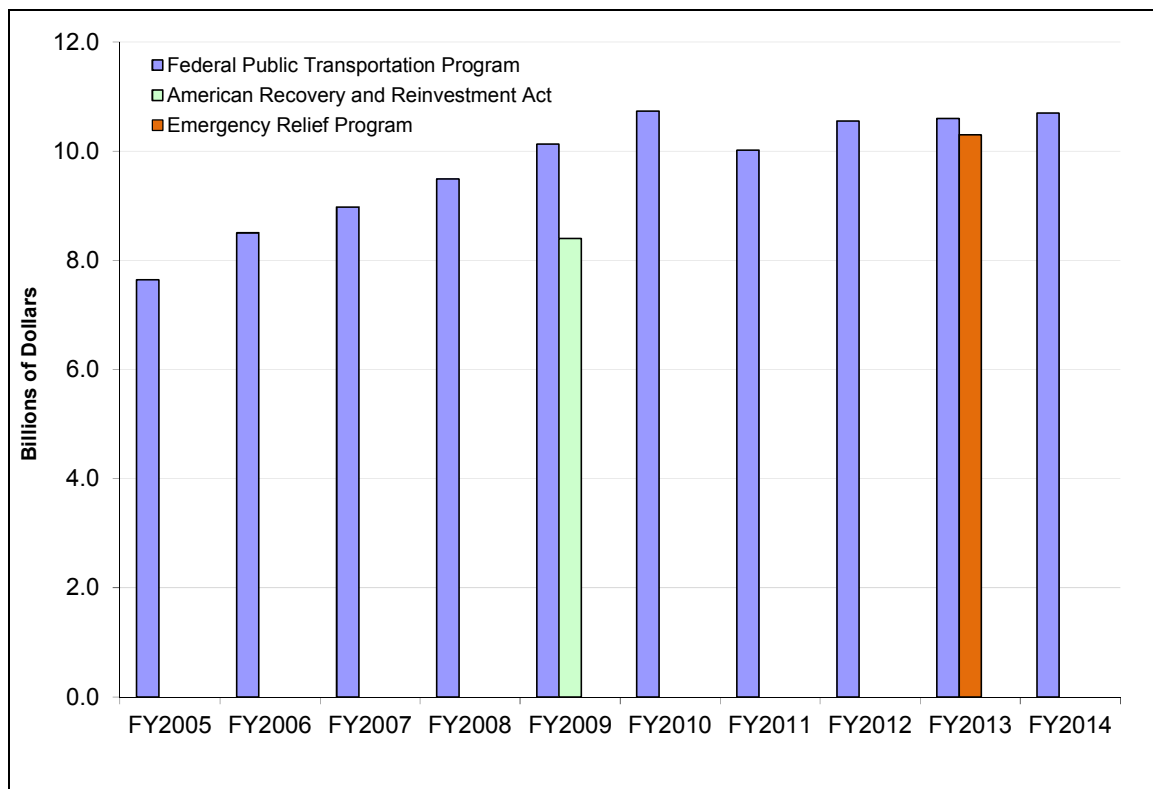
In addition to the federal public transportation program, federal funding is also available from several surface transportation programs that allow highway money to be spent on public transportation projects, and from non-transportation programs in areas such as health, education, and veterans affairs. Between FY1992 and FY2012, about \$1 billion a year on average was transferred (or "flexed") from highway programs to public transportation.⁵ The Government Accountability Office (GAO) has identified 73 federal non-transportation programs in which transportation is an eligible expense.⁶ 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 FY2010.⁷

⁴ CRS calculation based on U.S. Department of Transportation, Research and Innovative Technology Administration, Bureau of Transportation Statistics, *State Transportation Statistics 2012* (Washington, DC, 2013), table 4-3, http://www.rita.dot.gov/bts/sites/rita.dot.gov.bts/files/publications/state_transportation_statistics/state_transportation_statistics_2012/index.html.

⁵ American Public Transportation Association, *APTA Primer on Transit Funding*, Washington, DC, August 2013, p. 66, <http://www.apta.com/gap/policyresearch/Documents/APTA-Primer-Map-21-Funding.pdf>.

⁶ 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>.

⁷ *Ibid.*, pp. 8-10.

Figure 1. Federal Public Transportation Program Funding

Source: CRS, various Department of Transportation appropriations reports; Federal Transit Administration, *MAP-21 Fact Sheet: Funding Summary*, http://www.fta.dot.gov/documents/FTA_Funding_Summary_Fact_Sheet.pdf.

Notes: FY2005 through FY2013 is appropriated funding. FY2014 is authorized funding.

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, 2011

	Operating		Capital		Total	
	Percent	Millions of Dollars	Percent	Millions of Dollars	Percent	Millions of Dollars
Fares and Other Income	37.8	\$15,602	0.0	\$0	26.9	\$15,602
Local Government	28.2	\$11,632	43.4	\$7,238	32.5	\$18,870
State Government	24.3	\$10,048	13.2	\$2,199	21.1	\$12,247
Federal Government	9.8	\$4,028	43.4	\$7,246	19.4	\$11,274
Total	100.0	\$41,310	100.0	\$16,683	100.0	\$57,993

Source: American Public Transportation Association, *2013 Public Transportation Fact Book: Appendix A*, Washington, DC, 2013, Table 92, <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 Formula; and (6) Enhanced Mobility of Seniors and Individuals with Disabilities. These are discussed in more detail below. Funding for all of these programs, except New Starts, comes from the mass transit account of the highway trust fund. 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). Because MAP-21 provides significant new authority for FTA in safety, the Public Transportation Safety Program is also discussed in more detail below.

By far the largest program is the Urbanized Area Formula Program, accounting for 42% of the funding authorized (**Figure 2**). About 5% (\$519 million in FY2013 and \$526 million in FY2014) 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 Area Formula Program (49 U.S.C. §5307)

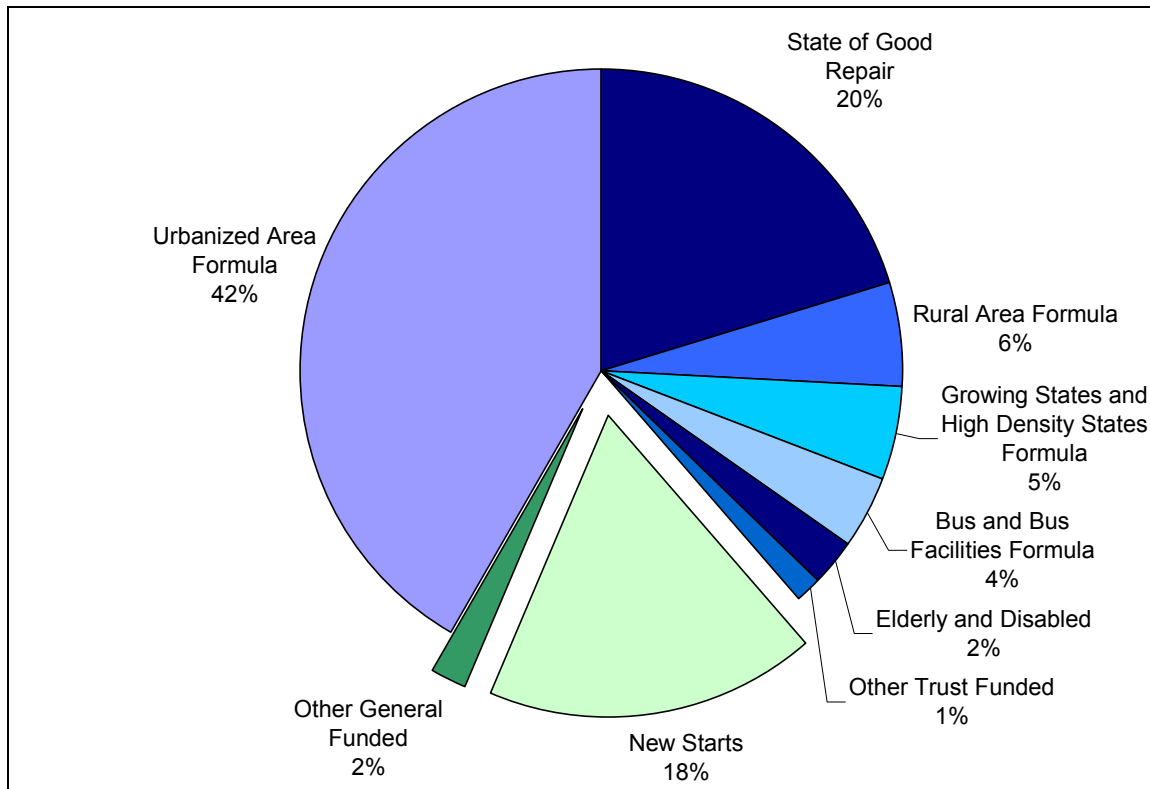
The Urbanized Area Formula Grants Program provides funding for public transportation in urbanized areas, places designated by the Census Bureau to have a population of 50,000 or more. Funding is authorized at \$4.398 billion in FY2013 and \$4.459 billion in FY2014. Funding made available in FY2013 amounted to \$4.389 billion. FY2013 Growing States and High Density States Formula funding distributed through the Urbanized Area Formula totaled \$443 million.⁸ Funding can be spent on capital, planning, job access and reverse commute projects, and, in some

⁸ Amounts made available in FY2013 are taken from Federal Transit Administration, "FY2013 Apportionment Tables," Table 1, http://www.fta.dot.gov/12853_14875.html.

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 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, FY2013-FY2014



Source: Federal Transit Administration, *MAP-21 Fact Sheet: Funding Summary*, http://www.fta.dot.gov/documents/FTA_Funding_Summary_Fact_Sheet.pdf.

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

The State of Good Repair (SGR) Program created by MAP-21 replaces the Fixed Guideway Modernization Program. The 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 \$2.136 billion in FY2013 and \$2.166 billion in FY2014, a good deal more than the \$1.667 billion allotted to the Fixed Guideway Modernization Program in FY2012. Funding made available in FY2013 was \$2.132 billion.

The new 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 \$1.907 billion for both FY2013 and FY2014, a slight reduction from the \$1.955 authorized in FY2012. Funding appropriated in FY2013 was \$1.855 billion. Most New Starts funding is available on a competitive basis in which project sponsors undertake a multi-step process to become eligible for funding. MAP-21 made several changes to New Starts to speed up this process, including reducing the number of major steps from four to three and eliminating the New Starts alternatives analysis that was separate from the alternatives analysis required by National Environmental Policy Act (NEPA).

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 \$600 million in FY2013 and \$608 million in FY2014. Funding made available in FY2013 amounted to \$598 million. FY2013 Growing States Formula funding distributed through the Rural Formula Program was \$74 million. The formula used to apportion Rural Area program funds, traditionally based on rural land area and population, now incorporates vehicle revenue miles and 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 Formula Program (49 U.S.C. §5339)

The Bus and Bus Facilities Program provides funding for capital expenses to purchase and rehabilitate buses and to construct bus-related facilities, such as maintenance depots. Funding for the program is authorized at \$422 million in FY2013 and \$428 million in FY2014. Funding made available in FY2013 was \$421 million. Formerly a heavily earmarked discretionary program, funding is now distributed by formula. After each state and territory receive a minimum allocation (\$1.25 million to states and \$0.5 million to territories), the remaining funds are 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.⁹ This program is authorized

⁹ This program combines the Elderly Individuals and Individuals with Disabilities Program and the New Freedom (continued...)

at \$255 million in FY2013 and \$258 million in FY2014. Funding made available in FY2013 was \$254 million. 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.

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

Prior to MAP-21, FTA had a limited role in public transportation safety.¹⁰ Under MAP-21, 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.

(...continued)

Program that existed under the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA; P.L. 109-59).

¹⁰ See CRS Report R40688, *The Federal Role in Rail Transit Safety*, by David Randall Peterman and William J. Mallett (available upon request).

Appendix. Public Transportation Funding Authorized by MAP-21

(Thousands of Dollars)

Program	FY2013	FY2014
Total	10,578,000	10,695,000
Trust Funded Programs	8,478,000	8,595,000
Urbanized Area Formula Program	4,397,950	4,458,650
<i>Passenger Ferry Boat Program (discretionary)</i>	30,000	30,000
<i>Operational Support of State Safety Oversight</i>	21,990	22,293
State of Good Repair	2,136,300	2,165,900
<i>High Intensity Fixed Guideway</i>	2,075,415	2,104,172
<i>High Intensity Motorbus</i>	60,885	61,728
Rural Area Formula Program	599,500	607,800
<i>Public Transportation on Indian Reservations</i>	30,000	30,000
<i>Appalachian Development Public Transportation</i>	20,000	20,000
<i>Rural Transportation Assistance Program (RTAP)</i>	11,990	12,156
<i>Projects of National Scope</i>	1,799	1,823
Growing States and High Density States Formula	518,700	525,900
Bus and Bus Facilities Formula	422,000	427,800
Enhanced Mobility of Seniors and Individuals with Disabilities	254,800	258,300
Planning	126,900	128,800
Pilot Program for Transit Oriented Development	10,000	10,000
National Transit Institute	5,000	5,000
National Transit Database	3,850	3,850
Bus Testing Facility	3,000	3,000
General Funded Programs	2,100,000	2,100,000
New Starts	1,907,000	1,907,000
FTA Administration	104,000	104,000
Research, Development, Demonstration, Deployment	70,000	70,000
<i>Low and no emissions buses</i>	45,500	45,500
<i>Low/no emissions bus facilities and equipment</i>	7,000	7,000
Transit Cooperative Research Program (TCRP)	7,000	7,000
Technical Assistance and Standards Development	7,000	7,000
Human Resources and Training	5,000	5,000
Emergency Relief Program	such sums as are necessary	

Source: Federal Transit Administration, *MAP-21 Fact Sheet: Funding Summary*, http://www.fta.dot.gov/documents/FTA_Funding_Summary_Fact_Sheet.pdf.

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