



**Congressional
Research Service**

Informing the legislative debate since 1914

Federal Public Transportation Program: In Brief

William J. Mallett

Specialist in Transportation Policy

October 1, 2014

Congressional Research Service

7-5700

www.crs.gov

R42706

Contents

Introduction.....	1
What Is Public Transportation?.....	1
Funding the Federal Transportation Program	2
How Are Federal Dollars Spent?	3
Program Structure.....	4
Urbanized Area Formula Program (49 U.S.C. §5307)	4
State of Good Repair Grant Program (49 U.S.C. §5337)	5
New Starts Program (49 U.S.C. §5309)	6
Rural Area Formula Program (49 U.S.C. §5311)	6
Bus and Bus Facilities Formula Program (49 U.S.C. §5339).....	6
Enhanced Mobility of Seniors and Individuals with Disabilities Program (49 U.S.C. §5310).....	7
Public Transportation Safety Program (49 U.S.C. §5329)	7

Figures

Figure 1. Federal Public Transportation Program Funding	3
Figure 2. Federal Public Transportation Program Funding Shares.....	5

Tables

Table 1. Sources of Funding for Operating and Capital Expenditures in Public Transportation Provision, 2012.....	4
--	---

Appendixes

Appendix. Public Transportation Funding Authorized by MAP-21	8
--	---

Contacts

Author Contact Information.....	9
---------------------------------	---

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 through FY2014 as part of the Moving Ahead for Progress in the 21st Century Act (MAP-21; P.L. 112-141) and extended through May 31, 2015, as part of the Highway and Transportation Funding Act of 2014 (P.L. 113-159). MAP-21 made significant modifications to the public transportation program. This report provides an introduction to the program as authorized 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 (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 10.6 billion trips in 2012.²

¹ American Public Transportation Association, *Public Transportation Fact Book 2014: Appendix A* (Washington, DC, 2014), table 2, <http://www.apta.com/resources/statistics/Pages/transitstats.aspx>.

² *Ibid.*, table 1.

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 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 4 of every 10 public transportation trips nationally.⁴

Funding the Federal Transportation Program

MAP-21 authorized \$10.68 billion for the federal public transportation program in FY2013 and \$10.70 billion in FY2014. Funding made available for those years in appropriations bills was slightly higher, \$10.60 billion in FY2013 and \$10.75 billion in FY2014. The Highway and Transportation Funding Act of 2014 extends the FY2014 authorized funding level through May 31, 2015. 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 The Transportation Investment Generating

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>.

⁴ CRS calculation based on U.S. Department of Transportation, Research and Innovative Technology Administration, Bureau of Transportation Statistics, *State Transportation Statistics 2013* (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_2013/index.html.

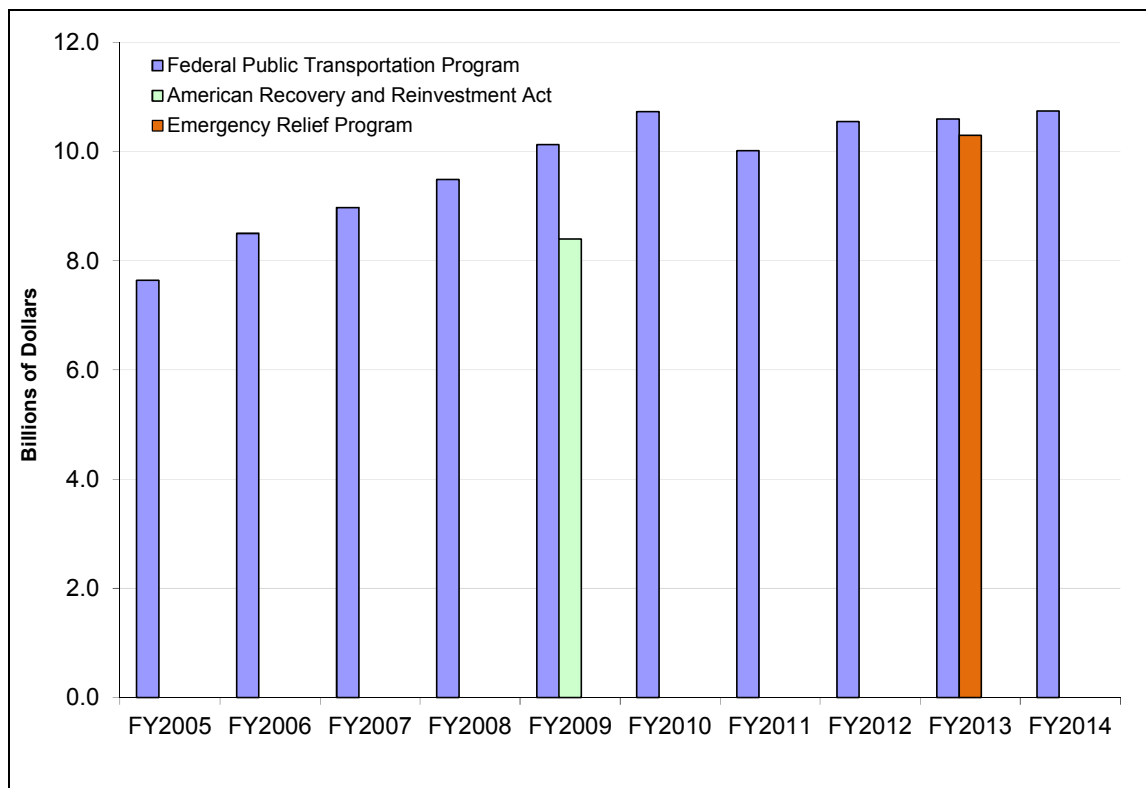
⁵ American Public Transportation Association, *APTA Primer on Transit Funding*, Washington, DC, August 2013, p. 66, <http://www.apta.com/gap/policyresearch/Documents/APTA-Primer-Map-21-Funding.pdf>.

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.

Economic Recovery (TIGER) program has been another source of federal funding for public transportation over the past few years.⁸

Figure I. Federal Public Transportation Program Funding



Source: Senate Appropriations Reports; CRS Report R43582, *Transportation, Housing and Urban Development, and Related Agencies (THUD): FY2015 Appropriations*, by Libby Perl and David Randall Peterman; CRS Report R43156, *Transportation, Housing and Urban Development, and Related Agencies (THUD): FY2014 Appropriations*, by Libby Perl, David Randall Peterman, and Maggie McCarty.

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

⁸ See <http://www.dot.gov/tiger>.

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, 2012

	Operating		Capital		Total	
	Percent	Millions of Dollars	Percent	Millions of Dollars	Percent	Millions of Dollars
Fares and Other Income	37.2	\$16,205	0.0	\$0	26.4	\$16,205
Local Government	28.4	\$12,371	43.7	\$7,770	32.8	\$20,141
State Government	25.6	\$11,139	11.9	\$2,123	21.6	\$13,262
Federal Government	8.9	\$3,863	44.4	\$7,907	19.2	\$11,770
Total	100.0	\$43,577	100.0	\$17,800	100.0	\$61,377

Source: American Public Transportation Association, *2014 Public Transportation Fact Book: Appendix A*, Washington, DC, 2014, Table 93, <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).

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)

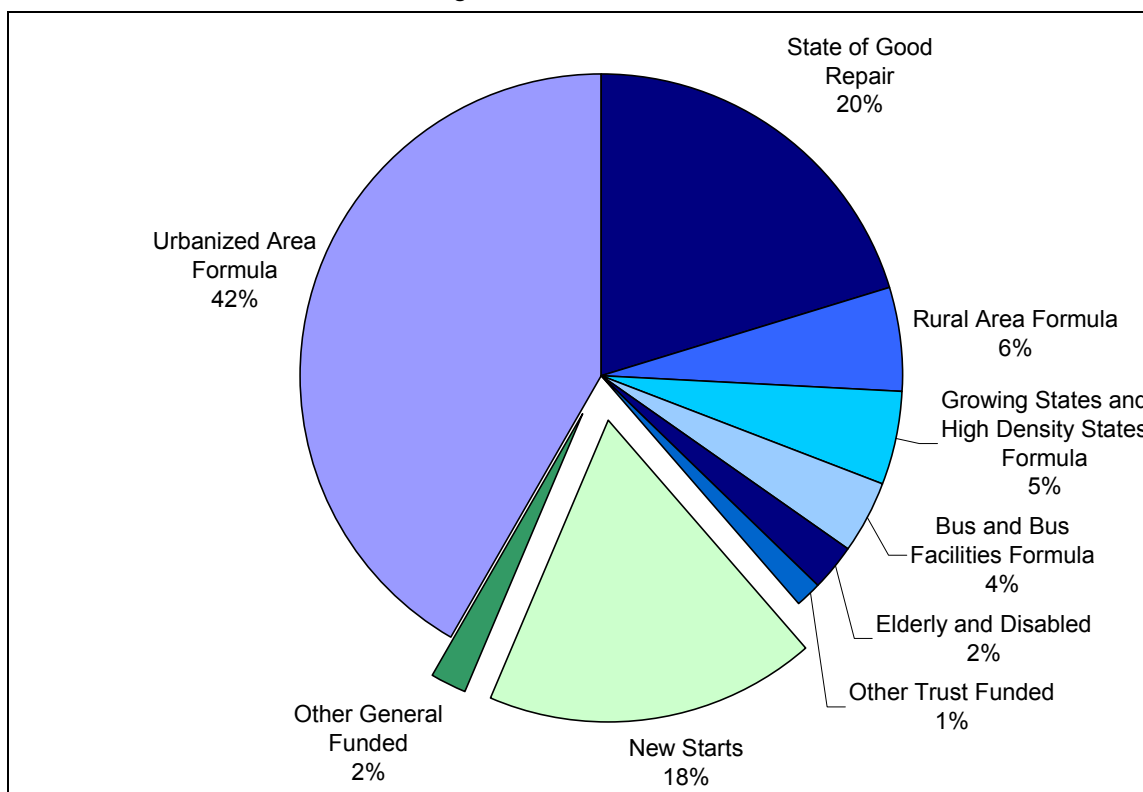
The Urbanized Area Formula Grants Program provides funding for public transportation in urbanized areas, places designated by the Census Bureau to have a population of 50,000 or more. Funding was authorized at \$4.398 billion in FY2013 and \$4.459 billion in FY2014. Funding made available was \$4.389 billion in FY2013 and \$4.459 billion in FY2014. Growing States and High Density States Formula funding distributed through the Urbanized Area Formula totaled \$443 million and \$451 million in FY2013 and FY2014, respectively.⁹ Funding can be spent on

⁹ Federal Transit Administration, "FY2013 Apportionment Tables," Table 1, <http://www.fta.dot.gov/> (continued...)

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 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 was created by MAP-21 to replace 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 and \$2.166 billion in FY2014.

(...continued)

12853_14875.html; Federal Transit Administration, "FTA Fiscal Year (FY) 2014 Apportionments, Allocations, and Program Information," 79 *Federal Register* 13462-13489, March 10, 2014.

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 \$1.907 billion for both FY2013 and FY2014, a slight reduction from the \$1.955 billion authorized in FY2012. Funding appropriated was \$1.855 billion in FY2013 and \$1.943 billion in FY2014. Most 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, those requesting \$75 million or less in federal assistance and costing in total \$250 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 was authorized at \$600 million in FY2013 and \$608 million in FY2014. Funding made available was \$598 million in FY2013 and \$608 million in FY2014. Growing States Formula funding distributed through the Rural Formula Program was \$74 million in FY2013 and \$75 million in FY2014. 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 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 was authorized at \$422 million in FY2013 and \$428 million in FY2014. Funding made available was \$421 million in FY2013 and \$428 million in FY2014. Formerly a heavily earmarked discretionary program, funding is now distributed by formula. After each state and territory receives 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.¹⁰ This program was authorized at \$255 million in FY2013 and \$258 million in FY2014. Funding made available was \$254 million in FY2013 and \$258 million in FY2014. 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)

FTA had a limited role in public transportation safety prior to MAP-21, but several provisions in the authorization expanded and strengthened that role. 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.

¹⁰ This program combines the Elderly Individuals and Individuals with Disabilities Program and the New Freedom Program that existed under the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA; P.L. 109-59).

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.

Author Contact Information

William J. Mallett
Specialist in Transportation Policy
wmallett@crs.loc.gov, 7-2216