

# **Appendix D:**

# **Title III Funding Sources**

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This appendix provides more detail information than the Plan could include in its description of the programs. More information can be obtained on Federal Programs on the FTA website [http://www.fta.dot.gov/funding/grants\\_financing\\_263.html](http://www.fta.dot.gov/funding/grants_financing_263.html). More information can be obtained on State Programs on the PennDOT website <http://www.dot.state.pa.us/Internet/Bureaus/pdBPT.nsf/TransHomepage?openFrameset>.

**Section 5307 - Urbanized Area Formula Program.** This program provides funds for planning, acquisition, construction, and preventive maintenance, improvement, operating costs, and associated capital maintenance items. Distribution of Urbanized Area Formula funds is by statutory formula to individual urbanized areas. A portion of the Urbanized Area Formula funding is derived from the Federal General Fund. The remainder is from the Mass Transit Account of the Highway Trust Fund. Urbanized Area Formula funds apportioned to urbanized areas with populations of 200,000 and over cannot be used for operating assistance. In smaller urban areas there is no limitation on the amount of available apportioned funds that can be used for operating assistance. In those small urban areas, operating assistance is available on a 50 percent federal/50 percent local matching ratio. Urbanized Area Formula assistance for most other allowable purposes is available on an 80 percent federal/20 percent local matching ratio. Projects that address requirements of the Clean Air Act Amendments of 1990 (CAAA 90) or of the Americans with Disabilities Act (ADA) may be funded at a 90 percent federal/10 percent local (or, in some instances, 95 percent federal/5 percent local) matching ratio. At least one percent of the Urbanized Area Formula funds apportioned to urban areas with populations of 200,000 and over must be expended for projects and project elements defined under the Urbanized Area Formula Program as “transit enhancements”. Each urbanized recipient must also certify that one percent of formula funds are spent on “public transportation security projects”.

**Section 5309 - Federal Capital Program.** A portion of the funding authorized through this program is provided on a formula basis to individual urbanized areas for modernization and rehabilitation of public transportation fixed-guideway facilities (Fixed-Guideway Modernization Program). The remainder of the Capital Program funding is distributed on a discretionary basis to provide capital assistance for (1) fixed guideway systems; (2) introduction of new technology; (3) projects that enhance the effectiveness of mass transportation; and (4) acquisition, construction and improvement of bus and rail facilities and equipment (buses and bus-related equipment and facilities are eligible only if they cannot be funded under the Urbanized Area Formula Program). All Capital Program funds are available at an 80 percent federal/20 percent local matching ratio. The source of all federal Capital Program funding is the Mass Transit Account of the Highway Trust Fund. SAFETEA-LU specifies a new category of projects to be funded separately out of the section 5309 New Starts program. This new category encompasses smaller scale projects, referred to as Small Starts, beginning in FY 2007. Projects requesting less than \$75 million in section 5309 New Starts funds with a total project cost less than \$250 million will be eligible to receive funds under the new Small Starts provision.

**Section 5310 - Elderly and Persons with Disabilities Program.** This program authorizes grants and loans to private, non-profit organizations and certain eligible public agencies to assist in the purchase and/or lease of wheelchair accessible vehicles and other equipment to provide needed transportation services for elderly and disabled persons who cannot be reasonably accommodated by existing transportation providers. Elderly and Persons with Disabilities Program funds are available on an 80 percent federal/20 percent local matching ratio. They are apportioned to individual states by formula from the Mass Transit Account of the Highway Trust Fund. Under SAFETEA-LU, this program must be coordinated with Section 5316 (JARC) and Section 5317 (NFI).

**Section 5311 - Non-Urbanized Area Formula Program.** This program provides funds to eligible project sponsors in rural areas for planning, acquisition, construction, improvement, operating costs, and associated capital maintenance items. Distribution of Non-Urbanized Area Formula funds is by statutory formula to individual states. A portion of the Non-Urbanized Area Formula funding is derived from the Federal General Fund. The remainder is from the Mass Transit Account of the Highway Trust Fund. Non-Urbanized Area Formula funding used for operating assistance is available on a 50 percent federal/50 percent local matching ratio. Non-Urbanized Area Formula assistance for other allowable purposes is available on an 80 percent federal/20 percent local matching ratio. In addition, each state must spend at least 15 percent of its Non-Urbanized Area Formula apportionment to develop and support intercity bus transportation.

**Section 5311 - Non-Urbanized Area Formula Program.** The public transportation funding program authorized by the Non-Urbanized Area Formula Program of the Federal Public Transportation Act provides for operating and capital assistance to eligible recipients in rural areas and provides for the development and support of intercity bus transportation.

**Section 5316 – Job Access and Reverse Commute Program.** The Job Access and Reverse Commute (JARC) program provides formula funding to States and designated recipients to support the development and maintenance of job access projects designed to transport welfare recipients and eligible low-income individuals to and from jobs and activities related to their employment, and for reverse commute projects designed to transport residents of urbanized areas and other than urbanized areas to suburban employment opportunities. States and designated recipients must solicit grant applications and select projects competitively, based on application procedures and requirements established by the designated recipient, consistent with the federal JARC program objectives.

Funds are available to support the capital and operating costs of transportation services that address the needs of welfare recipients and eligible low-income individuals that are not met by other transportation services. Federal JARC funds may be used for 80 percent of capital expenses and 50 percent of operating expenses. Funds provided under other federal programs (other than those of the U.S. DOT) may be used for local/state match for funds provided under section 5316, and revenue from service contracts may be used as local match. JARC earmarks carried over from TEA-21 are subject to the terms and conditions under which they were originally

appropriated. The local match for both capital and operating assistance remains consistent with the TEA-21 authorization as a 50 percent federal/50 percent local matching ratio.

**Section 5317 – New Freedom Program.** Established in SAFETEA-LU, The New Freedom program provides formula funding for new public transportation services and public transportation alternatives beyond those required by the Americans with Disabilities Act of 1990 that assist individuals with disabilities with transportation, including transportation to and from jobs and employment support services. States and designated recipients must solicit grant applications and select projects competitively, based on application procedures and requirements established by the recipient.

Funds are available to support the capital and operating costs of new public transportation services and public transportation alternatives that are beyond those required by the Americans with Disabilities Act. Federal New Freedom funds may be used for 80 percent of capital expenses and 50 percent of operating expenses. There is no limitation on the amount of funds that can be used for operating expenses. Funds provided under other Federal programs (other than those of the U.S. DOT) may be used as match for capital funds provided under section 5317, and revenue from contract services may be used as local match.

SAFETEA-LU states that Federal programs 5310, 5316 and 5317 must create a public transit – human services coordinated transportation plan before FY2007 grants can be approved. This plan will be consistent with SPC Long Range Plan.

Certain transit projects are also eligible for funding under Title I of the Highway program. Examples of the funding sources may be STP, CMAQ and are programmed on the Highway portion of the TIP.

The Commonwealth of Pennsylvania’s Bureau of Public Transportation provides the following funding to support transit operations and capital expenses.

**Bond Funded Capital Assistance.** State urban and rural bond-funded capital assistance is discretionary funding based on individual capital projects authorized in legislatively enacted state capital budgets. By policy, PennDOT annually releases approximately 70 percent of available state bond funding for SEPTA capital projects, 25 percent for Port Authority of Allegheny County capital projects, and the balance of 5 percent for all other public transportation system capital projects including passenger rail projects in other counties. The actual percentage shares vary from year to year based on project status and funding needs.

**Free Transit Program for Senior Citizens.** Pennsylvania State Lottery funds are distributed for this program based on senior citizen ridership during specified off-peak hours times the average or base fare (whichever is less) for fare-paying passengers. General funds are distributed based on senior citizen ridership during the specified off-peak hours times the average or base fare (whichever is higher) for fare-paying passengers, minus the Lottery funds.

**Shared-Ride Program for Senior Citizens.** Participating shared-ride transportation providers are reimbursed for up to 85 percent of the general public shared-ride fare for each senior citizen who rides and pays 15 percent of the general public shared-ride fare.

**State Urban Transit Operating Assistance Program.** This annual funding is primarily intended to help finance the portion of costs that cannot be recovered from either fare box revenue, including state Senior Citizen grants, or federal and local operating grants for the provision of public fixed route and demand response service in urbanized areas. These funds do not lapse and may also be used to fund capital projects, or carried forward for use in future years (e.g. furtherance of transportation funds) for either operating or capital assistance. Annual urban state operating assistance funds are not intended to cover a specific percentage of a transit system's deficit.

**Rural State Transit Operating Assistance Program.** This annual funding is intended to help finance the portion of deficit that cannot be recovered from either fare box revenue, including state Senior Citizen grants, or federal and local operating grants for the provision of public fixed route and demand response service in rural areas, served by Class 4 systems. Although annual Class 4 State operating assistance funds are not intended to cover a specific percentage of a transit system's deficit, they are included in the amount used to determine the maximum, (90%) state/federal program share.

**State Supplemental Urban Operating Assistance Program.** Beginning in FY 1997/98, the Pennsylvania General Assembly began to annually provide \$2 million of supplemental state operating funding. Of this amount, \$1,248,600 was annually provided to urban Class 3 systems and \$251,400 was annually provided to rural Class 4 rural systems. The remaining \$500,000 was provided to help fund the Department's Welfare to Work Program. Beginning in FY 2001/02 the amount of supplemental assistance was reduced by 50% due to state budgetary constraints.

**Rural Supplemental Operating Assistance Program.** Beginning in FY 1997/98, the Pennsylvania General Assembly began to annually provide \$2 million of supplemental state funding. Of these funds, \$1.5 million is provided exclusively for urban Class 3 and rural Class 4 state operating assistance, and \$500,000 is provided to help fund the Department's Welfare to Work Program. This later funding is discretionary, while the former funding is annually provided on a formula basis.

**State Urban PTAF Dedicated Fund Program.** Dedicated State PTAF funding comes from five different funding sources that are distributed monthly to the Department for capital assistance and asset maintenance. PTAF capital assistance funds may be used for all traditional capital purposes such as to procure vehicles, equipment and facilities that have a useful life of at least four years. Also PTAF funds may be used for asset leases, and debt service which are generally ineligible for state bond funding. The Department has developed a Cost Eligibility Matrix to provide guidance to urban grantees on which capital activities are eligible for the various sources of State capital funding.

PTAF asset maintenance funds may be used for the defined categories of vehicle maintenance, and non-vehicle maintenance activities specified in the National Urban Mass Transportation Statistics, 1989 Section 15 Annual Report (Report No UMTA-IT-06-0352-90-1). These funds may also be used for the categories of materials and supplies defined in code 504 of this same federal report. These State PTAF funds do not lapse; however if grantees desire to use these funds for asset maintenance, they must be used for this purpose in the fiscal year that they are provided. Otherwise these funds must be used for capital assistance. Generally State PTAF funds cover 1/6 (16 2/3%) of the total cost for 80% federal capital projects, or 96 2/3% of the total cost of asset maintenance projects and non-federal capital projects.

**Rural PTAF Program.** The program comprises dedicated State funding from five different funding sources that is provided monthly for capital assistance and asset maintenance. Capital assistance funds may be used for all traditional capital purposes such as to procure vehicles, equipment and facilities that have a useful life of at least four years. Also PTAF funds may be used for asset leases, and debt service, which are generally ineligible for state bond funding. Asset maintenance funds may be used for the defined categories of vehicle maintenance, and non-vehicle maintenance activities specified in the National Urban Mass Transportation Statistics, 1989 Section 53—35(a) Annual Report (Report No UMTA-IT-06-0352-90-1). These funds may also be used for the categories of materials and supplies defined in code 504 of this same federal report. These State PTAF funds do not lapse; however, if Grantees desire to use these funds for asset maintenance, they must be used for this purpose in the fiscal year in which they are provided. Otherwise these funds must be used for capital assistance. Generally State PTAF funds cover 1/6 (16 2/3%) of the total cost for 80% federal capital projects, or 96 2/3% of the total cost for asset maintenance projects and non-federal capital projects.

**State Urban Act 3 Revenue Enhancement Program.** The Act 3 Revenue Enhancement Program for urban public transit systems consists of (1) \$69 million of additional annual dedicated state funding for operating assistance, asset maintenance and capital assistance; (2) up to \$50 million of additional annual State bond funding for capital assistance; and (3) up to \$24.3 million of annual federal TEA-21 “flexed” highway funds for to public transit capital assistance. The Act 3 dedicated fund component is based on a legislative amendment to Act 26 of 1991 and is “ongoing”.

**Rural State Act 3 Revenue Enhancement Program.** The Act 3 Revenue Enhancement Program for public transit systems (Classes 1 through 4) consists of (a) \$75 million of additional annual dedicated state funding for operating assistance, asset maintenance and capital assistance; (b) up to \$50 million of additional annual State bond funding for capital assistance; and (c) up to \$25 million of annual federal TEA-21 “flexed” highway funds for public transit capital assistance. The Act 3 dedicated fund component is based on a legislative amendment to Act 26 of 1991 and is “ongoing”.