

TRANSIT FUNDING DISTRIBUTION FORMULA STUDY

STEERING COMMITTEE MEETING
IOWA LEGISLATIVE SERVICE BUREAU

December 1, 1988

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Barton-Aschman Associates, Inc.

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Transit Funding Distribution Formula Study

Remaining Issues

1. Unit of Service Differentials
2. Distinction Between Mature and Developing Systems
3. Recognition of Differences Between System Types
4. Rationale for the Regional Set-Aside
5. Level of Emergency/Special Project Funds

Transit Funding Distribution Formula Study

National Overview

Transit Funding Distribution Formula Study

National Overview: State Support for Transit

States Providing Both Operating and Capital Assistance for Transit	27
States Providing Only Operating Assistance for Transit	6
States Providing Only Capital Assistance for Transit	3
States Providing No Assistance for Transit	14

*NOTE: The amount of assistance varies widely by state for those states that do aid transit.
For example:*

- operating assistance ranges from \$70,000 in Montana to \$892,000,000 per year in New York;*
- capital assistance ranges from \$70,000 in Montana to \$135,000,000 per year in New Jersey.*

Transit Funding Distribution Formula Study

<u>Agency/Division</u>	<u>Distribution Method</u>
IDOT/Rail	<ul style="list-style-type: none">• Distributes funds using three programs: Fed. Sec. 130 Rail Funds, State Grade Crossing Surface Funds, State Grade Crossing Safety Funds.• Sec. 130 Federal Rail Funds disbursed: 60% to Line Segment Review Projects & 40% discretionary projects.• Line Segment Review Funds allocated by tiered formula using state "high exposure index" & federal rail accident index. Projects must exceed pre-set values on both indices to be eligible for funding. Discretionary projects funded using same indices.• State Grade Crossing Surface Funds allocated on first-come/first-served basis. Railroads & highway authority must each pay 20%, IDOT rail pays 60%. \$900,000 per year available.• State Grade Crossing Funds used to pay 75% of project cost. \$700,000 per year available.

Transit Funding Distribution Formula Study

<u>Agency/Division</u>	<u>Distribution Method</u>
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Human Resources	<ul style="list-style-type: none">• Funds distributed to local jurisdictions based 33% on prior-year allocation, 33% on local low income level, 33% on population.
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Transit Funding Distribution Formula Study

Summary of UMTA Transit Funding Allocations

Transit Funding Distribution Formula Study

Section 3 Funds

- Funds capital projects only on a discretionary basis.
- Matching ratios: 75% federal/25% state and local.

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Section 9 Funds

- Funds operations or capital projects based on a percent of 1982 Sec. 5 allocation. Percent of 1982 allocation tied to urban area size.
- Formula allocation using seven tiers based on varying percent of funds authorized by *Mass Transit Act* of 1987. The seven tiers are based on urban area size and mode of mass transit. Each tier has available between 1.29% and 39.31% of total funds in Sec. 9.
- Each tier uses different criteria to determine local allocation. Criteria used include:
 - fixed guideway route miles
 - fixed guideway revenue veh. miles
 - presence of commuter rail
 - fixed guideway pass.-miles/operating cost
 - bus revenue veh. miles
 - urban area population
 - urban area weighted pop. density
 - bus pass.-miles x bus pass.-miles/operating cost.
- Matching ratios for operating assistance = up to 50% less revenue. State and local share must exceed federal share.
- Matching ratio for capital assistance = 80% federal, 20% state & local.

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Section 16(b)2

- Funds capital equipment for private, nonprofit groups serving elderly and disabled, as well as state admin. costs.
- Formula allocation based on state's population of elderly and disabled. Fixed minimum for each state.
- Matching ratios = 80% federal, 20% state and local.

Iowa funded at ^{federal} 15%, 25%

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Section 18

- Funds operating and capital needs of providers outside urbanized areas.
- Formula allocation based on non-urban population of state. Funds come from same source as Section 9.
- Matching ratio - operating assistance = 50% of net cost not to exceed sum of state and local operating assistance.
- Matching ratio - capital assistance = 80% federal, 20% state and local.

75% / 25% ind.

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Section 18(h)

RTAP

- Funds rural transit program research, technical assistance, training, and support services.

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Interstate Transfer

- Funds transit capital projects only as a substitute for nonessential interstate highway construction.
- Formula formula: 50% at discretion of Secretary of Transportation, 50% in amounts approved by Congress.
- Matching ratio: 85% federal, 15% state and local. Funded from general revenues.

Waterloo some

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Formula Alternatives

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Formula Alternatives

or Modify

1. Eliminate the Regional Set-Aside

14% OTT

2. Additional Categories of Systems

*75% or more of cost
Other ways to break out
performance based*

➔ Three Classes

- Large Urban *50,000 and over 11*
- Small Urban *20 to 50k 9*
- Regional

0.00¢ pass/mile

➔ Four Classes (According to UMTA distinction)

- Urban 1: Greater than 200,000 population *4*
- Urban 2: Between 50,000 & 200,000 population *7*
- Urban 3: Less than 50,000 population *?*
- Regional

3. Additional Factors for Split Between Categories

- ➔ Passengers
- ➔ Operating Expenses *40%*
- ➔ LDI
- ➔ Population *10%*

revenue/mile

cost/pass. y./mile

4. Expand Emergency/Special Project Funds

\$200K

*part 100% funded
other 50/50*

5. Provide a Minimum Support Guaranteed to Each System

Transit Funding Distribution Formula Study

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<u>Issue</u>	<u>Alternative Addressing</u>
Unit of Service Differentials_____	Additional Factors for Split Between Categories
Distinction Between Mature And Developing Systems_____	Provide a Minimum Support Guaranteed to Each System
Recognition of Differences Between System Types_____	Additional Categories Of Systems
Rationale for the Regional Set-Aside_____	Eliminate the Regional Set-Aside
Level of Emergency/Special Project Funds_____	Expand Emergency/Special Project Funds

