



U.S. Department
of Transportation

**Federal Transit
Administration**

Headquarters

1200 New Jersey Avenue, SE
Washington, DC 20590

July 5, 2022

Dear Colleague:

Intercity bus providers are eligible to be reimbursed for net operating costs¹ under Section 5311(f), including COVID-19 supplemental funding administered under Section 5311(f) made available under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, the Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (CRRSAA), and the American Rescue Plan Act of 2021. Consistent with section 5311(f) of title 49, United States Code, each State is required to spend 15 percent of its COVID-19 Section 5311 apportionment “to carry out a program to develop and support intercity bus transportation” unless the governor certifies that “the intercity bus service needs of the state are being met adequately.” In implementing this provision, some States have requested guidance from FTA on how this applies to intercity bus providers that request to use a nationwide allocation model to allocate costs.

Intercity bus providers that allocate net operating costs on a nationwide basis are eligible to have those costs reimbursed, provided they can confirm that specific expenses are not being reimbursed by multiple State Departments of Transportation (State DOTs). A nationwide allocation model is one way of confirming that. A nationwide allocation model is a methodology developed to invoice net operating costs incurred during a specific period of time. This methodology allows an intercity bus provider to request a percentage of the company’s overall actual net operating costs from each state in which it operates.

If approving such a model for its Section 5311 funding, a State should consider the following:

State DOTs are the direct recipients of Section 5311 funding and, as specified in FTA Circular 9040.1G, the entities ultimately responsible for determining the eligibility of and compliance with project activities. When a State DOT enters into a funding agreement or contract with an intercity bus provider on the basis of a nationwide allocation of net operating costs, the State DOT retains the responsibility to ensure that all costs are eligible for reimbursement under Section 5311(f), as well as the individual subrecipient agreement or contract. State DOTs have the right to request additional details as needed in order to determine the eligibility of the intercity bus provider’s proposed operating expenses.

If any costs in a nationwide model are found to not be eligible for reimbursement under any single subrecipient agreement or contract, the intercity bus provider is responsible for determining if those costs need to be removed from the nationwide model for all States in order for the model to function accurately.

Under Section 5311(f), eligible activities must support intercity bus service in rural areas. Section 5311(f) specifies eligible intercity bus activities to include “planning and marketing for

¹Net operating costs are those costs that are not funded by revenues or other State and Federal sources.


intercity bus transportation, capital grants for intercity bus shelters, joint-use stops and depots, operating grants through purchase-of-service agreements, user-side subsidies and demonstration projects, and coordination of rural connections between small public transportation operations and intercity bus carriers.” This listing does not preclude other capital and operating projects to support rural intercity bus service. Among the various types of projects in which private intercity bus operators may wish to participate are: the purchase and maintenance of vehicles; improvements to existing intercity terminal facilities for rural passengers; modifications to transit facilities to facilitate shared use by intercity bus, intercity rail, and rural transit operators; operating assistance to support specific intercity route segments; and applications of intelligent transportation systems (ITS) technology for coordinated information and scheduling.

In addition, funds provided by FTA must not duplicate funds received from other Federal funding sources, such as the Coronavirus Economic Relief for Transportation Services (CERTS) Grants. CERTS and other Federal funds must be applied to net operating costs prior to FTA funds. It is the responsibility of the intercity bus provider to ensure that FTA funds they request do not duplicate other Federal funding sources.

FTA encourages the participation of private companies that provide public transportation to the maximum extent feasible in this and other FTA programs. To support these efforts, future FTA communications related to Section 5311(f) will be available at <https://www.transit.dot.gov/rural-formula-grants-5311>. Frequently asked questions related to COVID-19 supplemental funding can be found at <https://www.transit.dot.gov/frequently-asked-questions-fta-grantees-regarding-coronavirus-disease-2019-covid-19>.

Sincerely,

**BRUCE A
ROBINSON**

 Digitally signed by BRUCE A
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Date: 2022.07.05 14:01:05 -04'00'

Bruce Robinson
Associate Administrator
Office of Program Management
Federal Transit Administration

The contents of this document do not have the force and effect of law and are not meant to bind the public in any way. This document is intended only to provide clarity to the public regarding existing requirements under the law or agency policies. Grantees and subgrantees should refer to FTA’s statutes and regulations for applicable requirements.