A History of FTA's Funding Formulas

This document summarizes the history of and changes to the public transportation program funding formulas from the National Mass Transit Act (1974) to the Fixing America's Surface Transportation (FAST) Act (2015). The document notes under which surface transportation authorization the formula was codified and specific changes to the formulas included in subsequent authorizations. More detailed information about FTA's funding formulas can be found at http://www.fta.dot.gov/apportionments

The Section 5303 Metropolitan Transportation Planning Formula

Prior to the Intermodal Surface Transportation Equity Act (ISTEA) (1991) funds under the Metropolitan Planning Program were allocated via a formula developed by FTA. ISTEA codified the FTA formula which allocates funds to states on the basis of urbanized area population data and includes a funding floor ensuring that no state receives less than .5% of the total amount. No changes to this formula have been enacted in the authorizations since ISTEA.

The Section 5304 Statewide Transportation Planning Formula

ISTEA (1991) created both the Statewide Planning Program and the statewide planning formula, where funds are allocated to the states on the basis of urbanized area population data and there is a funding floor to ensure that no state receives less than .5% of the total amount. No changes to this formula have been enacted in the authorizations since ISTEA

The Section 5307 Urbanized Area Formula

The earliest precursor to what is now the Urbanized Area formula dates back to Section 5 of the Urban Mass Transportation Act as added by the National Mass Transit Act (NMTA) (1974) which allocated funds to urbanized areas on the basis of urbanized area population and population density.

The Surface Transportation Assistance Act of 1978 (STAA) (1978) expanded the Section 5 formula to add tiers for urbanized areas over 200,000 in population as well as tiers to allocate funds on the basis of commuter rail data in addition to the existing allocation tiers based on population and population density.

The Surface Transportation Assistance Act of 1982 (STAA) (1982) created the Urbanized Area Formula Program as Section 9 of the Urban Mass Transportation Act and for the first time included allocation tiers based on transit service data from the National Transit Database (NTD) including fixed guideway directional route miles and vehicle revenue miles and bus vehicle revenue miles. The formula also included incentive tiers where funds were allocated on the bases of passenger miles traveled and operating costs.

The STAA of 1982 formula has remained unchanged in subsequent surface transportation authorizations (except for the addition of the Virgin Islands as an urbanized area under SAFETEA-LU (2005)) until the passage of Moving Ahead for Progress for the 21st Century (MAP-21) (2012), when Congress included new takedowns for a passenger ferry discretionary program and state safety oversight. Congress also included a new funding tier based on each urbanized areas' low-income population. (The low-income population tier incorporated the formula from the Job Access and Reverse Commute (JARC) program, which was enacted under SAFETEA-LU (2005) but discontinued under MAP-21). The MAP-21 formula also included a methodology for allowing (and setting a cap on) operating assistance for transit agencies with 100 buses or fewer in their fleet in urbanized areas over 200,000 in population.

Under FAST (2015) Congress included a new area with a population over 200,000, the Lake Tahoe Region, to include funds under the formula. Congress also made changes to the 100-Bus Rule methodology.

The Small Transit Intensive Cities Formula

The origins of the STIC program date back to TEA-21 (1998) which required FTA to examine expanding investment in small urban transit systems generating disproportionate levels of ridership.

The STIC formula was included in SAFETEA-LU (2005) and the formula provides fixed amounts to urbanized areas under 200,000 in population that exceed the service averages for selected transit service factors for urbanized areas over 200,000.

Under MAP-21 (2012) funding for the Small Transit Intensive Cities (STIC) increased from 1% to 1.5% of the overall allotment and under FAST (2015) Congress increased the STIC takedown from 1.5% to 2% beginning in Fiscal Year 2019.

The Section 5310 Enhanced Mobility For Seniors and People with Disabilities Formula

The STAA of 1982 (1982) created the Section 5310 program and funds were allocated via a formula based on the population of older adults and people with disabilities established by FTA. ISTEA (1991) codified this formula and it was unchanged in subsequent surface transportation authorizations up until MAP-21 (2012), when Congress changed the formula from a statewide distribution to a three-tiered formula with 60% of the funds going directly to urbanized areas over 200,000, 20% allocated to states for urbanized areas under 200,000 and 20% to states for non-urbanized areas. (This change modified the formula to reflect the structure of the formula for the New Freedom Program, which was enacted under SAFETEA-LU and discontinued in MAP-21).

Under FAST (2015) Congress included a new area with a population over 200,000, the Lake Tahoe Region, to include funds under the formula. No other changes were made to this formula.

The Section 5311 Rural Formula

This formula originated in STAA of 1982 (1982) and funds were allocated to states on the basis of non-urbanized population in each state.

Under the Safe Affordable Flexible and Efficient Transportation Equity Act, a Legacy for Users (SAFETEA-LU) (2005), Congress expanded the formula to allocate funds on the basis of non-urbanized land area as well as population and capped each state's amount of funds allocated on the basis of land area to no more than 5% of the total amount under this tier.

Under MAP-21 (2012), Congress expanded the formula to include a second tier based on non-urbanized land area, a new tier based on Vehicle Revenue Miles attributable to non-urbanized transit agencies, and a new tier based on each States' non-urbanized low-income population (to incorporate the rural tier of the SAFETEA-LU JARC program formula). Congress also established a $20,000,000 set aside for states in the Appalachian Region, with amounts apportioned on the basis of the Appalachian Regional Code.

FAST (2015) did not include any changes to this formula.

Section 5311 Rural Transit Assistance Program (RTAP) Formula

The RTAP program was created under the Surface Transportation and Uniform Relocation Assistance Act (STURAA) (1987) as a discretionary program and FTA allocated funds using an administrative formula. SAFETEA-LU (2005) established a 2% takedown from the 5311 program for RTAP (as well as a set-aside from this amount for the National RTAP program).

No changes to this formula were made in subsequent authorizations.

FTA continues to use the administrative formula it has been using since prior to SAFETEA-LU with funds allocated to states on the basis of non-urbanized population with funding floors for states and territories.

The Section 5311 Tribal Transit Formula

This formula was first included as part of MAP-21 (2012). No changes were made to the formula under FAST (2015).

The Section 5329 State Safety Oversight Formula

This formula was first included under MAP-21 (2012). Congress did not provide a specific formula but left most of the details up to U.S. DOT to implement. FTA published a final formula in the spring of 2013 after conducting notice and comment.

FAST (2015) did not include any changes to this formula.

The Section 5337 State of Good Repair Formula

Under ISTEA (1991) Congress created a four-tiered formula with set amounts allocated to specific urbanized areas as well as funds allocated to any urbanized area that reported fixed guideway directional route miles and vehicle revenue miles in 1997.

Under Transportation Equity Act for the 21st Century (TEA-21) (1998) Congress expanded the formula into a seven-tiered formula including the original four tiers and three additional ones where additional funds were made available to urbanized areas in the first tier and funds were made available to any urbanized area with fixed guideway systems over seven years old and based on the most recently available NTD data on vehicle revenue miles and directional route miles. This formula was included in the Section 5309 Fixed Guideway Modernization program.

Under MAP-21 (2012) Congress transformed the Section 5309 Fixed Guideway Modernization (FGM) formula into a formula with a high intensity fixed guideway (HIFG) tier and a high intensity motorbus tier (HIMB). Fifty percent of the HIFG tier was based on the Section 5309 FGM formula at the MAP-21 reauthorization levels and with an NTD data set modified to exclude High Occupancy Vehicle Miles. The remaining 50% was allocated on the basis of fixed guideway Vehicle Revenue Miles and Directional Route Miles. The HIMB portion of the formula was allocated on the basis of high intensity motorbus Vehicle Revenue Miles and Directional Route Miles.

Under FAST (2015), Congress increased the oversight takedown from .75% to 1% and moved the takedown to the overall program allotment instead of a takedown off of the HIFG allotment only. No other changes were made to the formula.

The Section 5339 Bus and Bus Facilities Formula

This formula was first included as part of MAP-21 (2012). Under FAST (2015), Congress established a .75% oversight takedown off of the overall program allotment (both the formula amounts and the new discretionary program amounts). Congress also increased the national distribution amount from a total of $65,500,000 to $90,500,000. Each States' distribution amount increased from $1,250,000 to $1,750,000 (the territories' distribution amount remained at $500,000). Congress also included a new area with a population over 200,000, the Lake Tahoe Region, to include funds under the formula.

The Section 5340 Growing States/High Density States Formula

This formula was first included as part of SAFETEA-LU (2005). No changes were made under MAP-21 (2012). Under FAST (2015) Congress provided specific funding levels to use for the Growing States and High Density States amounts to use instead of allocating 50% of the total program amount to the Growing States and 50% to the High Density States. Under the FAST funding amounts, the Growing States portion is slightly more than 50% of the total amount.