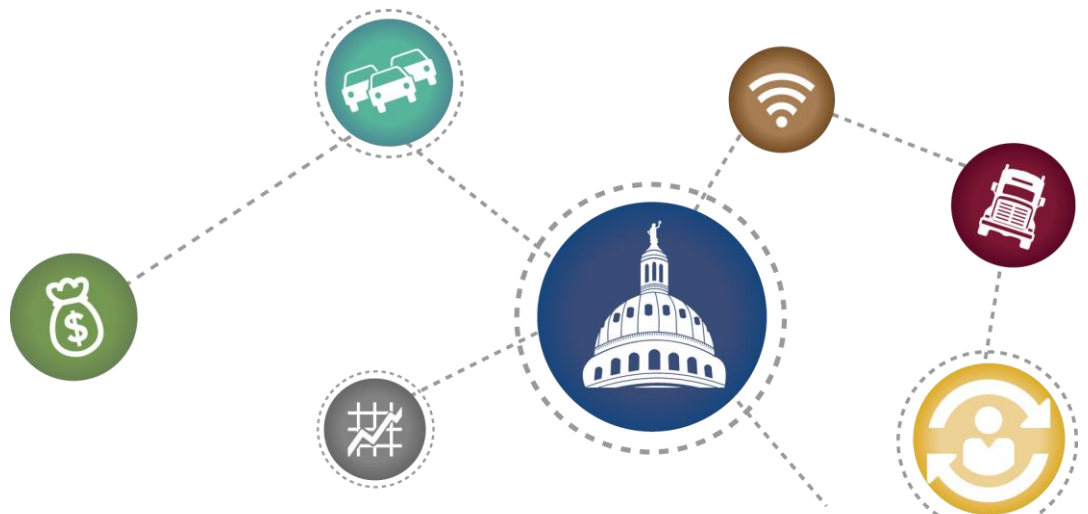


# Sources of Funding Transit in Texas

## *Final Report*

PRC 15-11.3



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Texas A&M Transportation Institute

PRC 15-11.3

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## **Authors**

Linda Cherrington

Shuman Tan

Todd Hansen

Michael Walk

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## Introduction

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This report provides information on the sources of revenue to fund transit in urban and rural areas in Texas—through federal, state, and local sources. All public transit systems are eligible for federal funds from the Federal Transit Administration (FTA). The state agency responsible for allocating state transit funds is the Texas Department of Transportation (TxDOT).

The report is organized by four topics:

- An explanation of the three categories of transit systems in Texas:
  - Transit authorities and municipal transit departments.
  - Urban transit districts.
  - Rural transit districts.
- A discussion of each of the FTA federal funding programs to support transit in urban and rural areas.
- An explanation of the formula used to allocate state transit funds appropriated by the Texas Legislature each biennium to urban and rural transit districts.
- A description of sources of local revenues. In Texas, transit authorities and municipal transit departments are authorized by voters to impose a sales tax dedicated to transit. Urban and rural transit districts do not have access to a dedicated local funding source and must generate local revenues from other sources.

The report provides a summary of the revenues applied for operating and capital expenses in fiscal year (FY) 2016.

## Transit Systems in Texas

---

Texas has three categories of transit systems:

- **Transit authorities and municipal transit departments:** Texas has six metropolitan (regional) transit authorities, two municipal transit departments, and one county transit authority. Each authority or municipal transit department is authorized by voters to impose a sales tax dedicated to transit. The authorities and one municipal transit department are not eligible to receive state public transportation funds. The second municipal transit department is eligible to receive state funds (the Laredo municipal transit department) (1, 2, 3, 4).
- **Urban transit districts:** An urban transit district is a local governmental body or political subdivision of the state that operates a public transportation system in an urbanized area. In January 2017, Texas had 29 urban transit districts. Urban transit districts receive state public transportation funds but do not have a local tax dedicated to transit as a source of local funds (5, 6).
- **Rural transit districts:** A rural transit district is a political subdivision of the state that provides and coordinates rural public transportation in its territory. In January 2017, Texas had 37 rural transit districts. Rural transit districts receive state public transportation funds but do not have a local tax dedicated to transit as a source of local funds (5, 6).

Laredo is a municipal transit department with a local sales tax dedicated to transit and is also eligible to receive state public transportation funds. Laredo had a population less than 200,000 when voters approved the municipal transit department and a 0.25 percent sales tax dedicated to transit in 1991. By statute, Laredo is eligible to continue receiving state public transportation funds (7, 8).

### Transit Authorities and Municipal Transit Departments

In Texas, large urban areas are eligible under state statute to ask voter approval for a local option general sales tax dedicated to transit. The Texas state sales and use tax rate is 6.25 percent, but local taxing jurisdictions (cities, counties, special purpose districts, and transit authorities) may also impose local sales and use taxes up to 2 percent for a total maximum combined rate of 8.25 percent.

Voters in nine urban areas in Texas have approved a local option sales tax for a transit authority or municipal transit department. Table 1 shows the metropolitan area or county and the tax rate for the local sales tax dedicated to transit. The references to the Texas Transportation Code identify the statutory authority for each local government entity.

**Table 1. Texas Metropolitan Areas with Approved Local Option Sales Tax for Transit.**

| Type of Authority or Governmental Entity   | Principal City or County             | Agency  | Sales Tax Rate (Percent) |
|--|--------------------------------------|---|--------------------------|
| Metropolitan rapid transit authorities (Texas Transportation Code, Chapter 451)      | Houston                              | Metropolitan Transit Authority of Harris County (Houston METRO)           | 1.00%                    |
|  | San Antonio                          | VIA Metropolitan Transit<br>San Antonio Advanced Transportation District* | 0.50%<br>0.25%           |
|  | Austin                               | Capital Metropolitan Transportation Authority                             | 1.00%                    |
|  | Corpus Christi                       | Regional Transportation Authority   | 0.50%                    |
| Regional transportation authorities (Texas Transportation Code, Chapter 452)         | Dallas                               | Dallas Area Rapid Transit (DART)  | 1.00%                    |
|  | Fort Worth**                         | Fort Worth Transportation Authority                                       | 0.50%                    |
| Municipal transit departments (Texas Transportation Code, Chapter 453)               | El Paso                              | El Paso Mass Transit Department   | 0.50%                    |
|  | Laredo                               | Laredo Transit Management, Inc.   | 0.25%                    |
| Coordinated county transportation authority (Texas Transportation Code, Chapter 460) | Denton County–<br>Denton, Lewisville | Denton County Transportation Authority                                    | 0.50%                    |

\* Revenues generated from the 0.25 percent sales tax in San Antonio are dedicated to advanced transportation projects in that city.

\*\* The City of Grapevine dedicates a part of the municipal sales tax (0.375 percent) to fund the TEX Rail commuter rail service in Grapevine. The City of North Richland Hills provides funding from available sources to equal to 0.375 percent municipal sales tax to fund TEX Rail commuter rail service in that city.

Source: (9)

## Urban Transit Districts

An urban transit district is a local governmental body or political subdivision of the state that operates a public transportation system in an urbanized area with a population of 50,000 or more but less than 200,000. An urban transit district also includes a small urban transportation provider under Texas Transportation Code, Chapter 456, that on September 1, 1994, received public transportation money through TxDOT (10). This statutory provision means that urban transit districts that were small urbanized areas with a population of 50,000 or more but less than 200,000 in 1994, but that equaled or exceeded 200,000 population in a later decennial census, continue to be eligible to receive state funds.

Table 2 lists the 29 urban transit districts that receive state funding.



**Table 2. Texas Urban Transit Districts That Receive State Funding.**

| Type of Authority or Governmental Entity                         | Urban Transit Districts |  |                  |
|--|-------------------------|--|------------------|
| Urban transit districts (Texas Transportation Code, Chapter 458) | Abilene                 | Lake Jackson–Angleton                  | San Marcos       |
|  | Amarillo                | Longview                               | Sherman          |
|  | Arlington               | Lubbock                                | Temple           |
|  | Beaumont                | McAllen                                | Texarkana, Texas |
|  | Brownsville             | McKinney                               | Texas City       |
|  | College Station–Bryan   | Mesquite                               | Tyler            |
|  | Conroe–The Woodlands    | Midland–Odessa                         | Victoria         |
|  | Grand Prairie           | Northeast Transportation System (NETS) | Waco             |
|  | Harlingen               | Port Arthur                            | Wichita Falls    |
|  | Killeen                 | San Angelo                             |                  |

Source: (11)

Of the 29 urban transit districts that receive state public transportation funds:

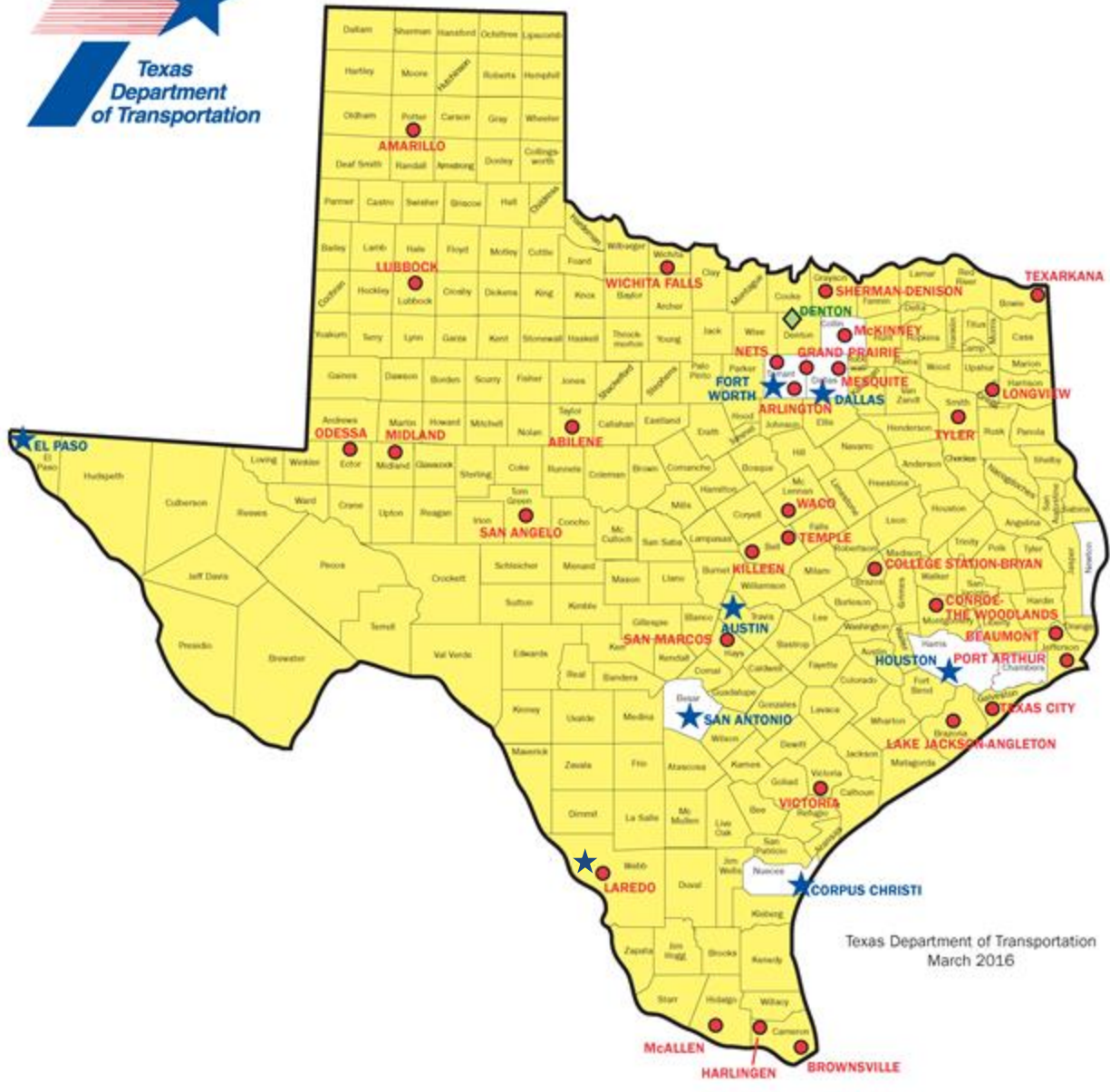
- 19 urban transit districts are in small urbanized areas (population of 50,000 to 199,999).
- 10 urban transit districts are in large urbanized areas (population of 200,000 or more), authorized to receive state public transportation funds.

The 10 urban transit districts in large urbanized areas fall into three groups:

- Five districts are in urbanized areas with a population 200,000 or more: Brownsville, The Woodlands (now Conroe–The Woodlands), Killeen, Lubbock, and McAllen urbanized areas. These urban transit districts are eligible to receive state funds because each was a small urban transportation provider on September 1, 1994, that received public transportation money through TxDOT (10).
- Midland and Odessa are included in one urban transit district with a total population 200,000 or more, even though each urbanized area is less than 200,000 in population.
- Four urban transit districts are in the Dallas–Fort Worth–Arlington urbanized area (population over 1 million): Arlington, Grand Prairie, Mesquite, and NETS. These urban transit districts are eligible to receive state funds as “recipients not included in a transit authority but located in an urbanized area that includes one or more transit authorities and that received state transit funding during the biennium ending August 31, 1997” (12).

Harris County in the Houston urbanized area (which includes a transit authority) also provides public transit services; however, Harris County was not a transit district that received state transit funding during the biennium ending August 31, 1997, and is therefore not eligible to receive state transit funds and is not classified as an urban transit district.

Figure 1 illustrates transit authorities and urban transit districts in Texas.



- ★ Cities served by metropolitan transit authorities
- ◆ Cities/Counties served by coordinated county transportation authority
- Cities served by urban transit systems

Source: (11)

Figure 1. Map of Transit Authorities and Urban Transit Districts in Texas.

## Rural Transit Districts

A rural transit district is a political subdivision created pursuant to the provisions of Texas Transportation Code, Chapter 458, to provide and coordinate rural public transportation in a rural area. A rural transit district also includes a rural public transportation provider within the meaning of Texas Transportation Code, Chapter 456, that on August 31, 1995, received public transportation money through TxDOT (13).

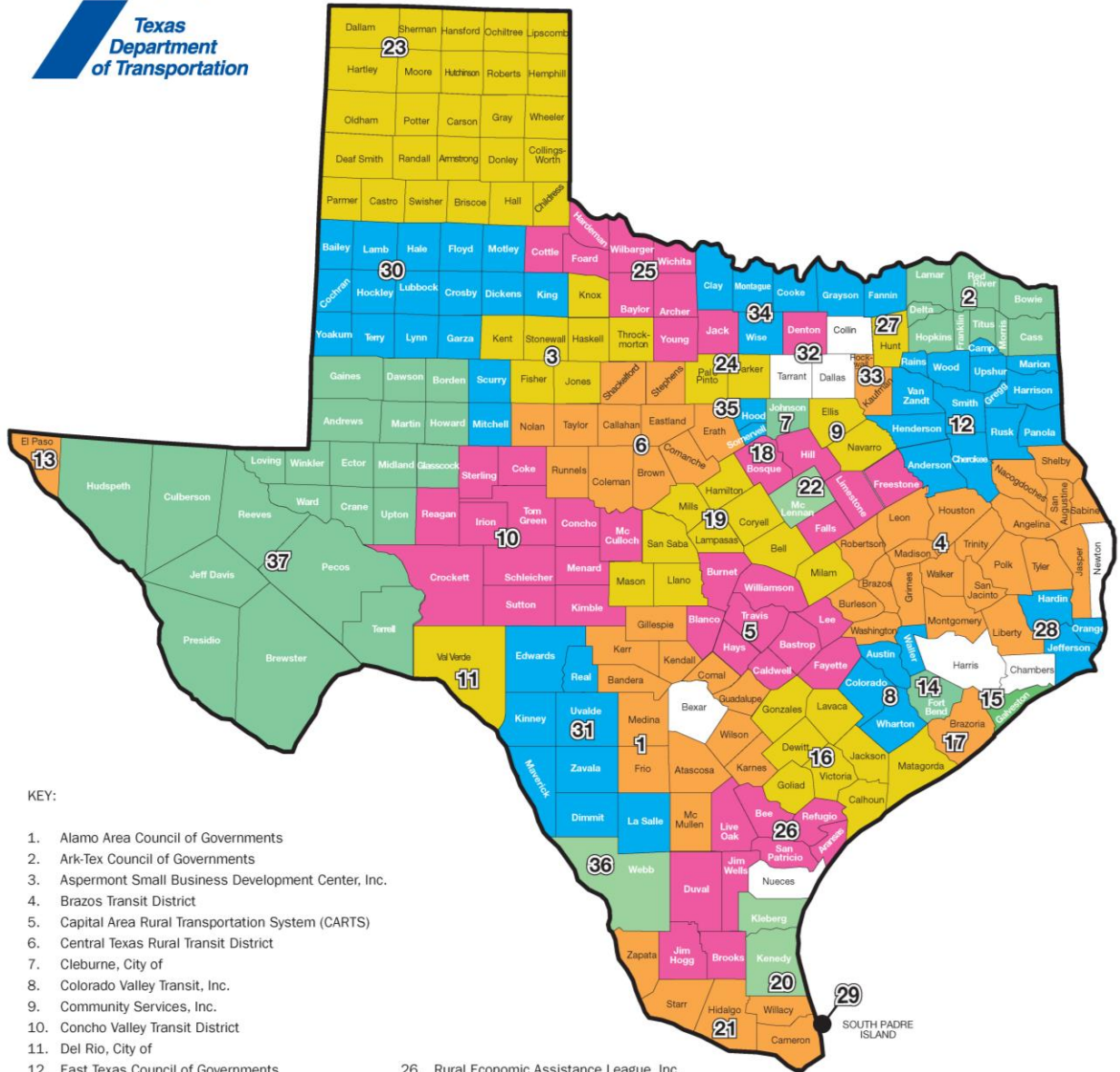
Table 3 lists the 37 rural transit districts as of January 2017.

**Table 3. Texas Rural Transit Districts That Receive State Funding.**

| Type of Authority or Governmental Entity                         | Rural Transit District                            |  |
|--|---|--|
| Rural transit districts (Texas Transportation Code, Chapter 458) | Alamo Area Council of Governments                 | Kleberg County Human Services                    |
|  | Ark-Tex Council of Governments                    | Lower Rio Grande Valley Development Council      |
|  | Aspermont Small Business Development Center, Inc. | McLennan County Rural Transit District           |
|  | Brazos Transit District                           | Panhandle Community Services                     |
|  | Capital Area Rural Transportation System          | Public Transit Services                          |
|  | Central Texas Rural Transit District              | Rolling Plains Management Corporation            |
|  | Cleburne, City of                                 | Rural Economic Assistance League, Inc.           |
|  | Colorado Valley Transit District, Inc.            | Senior Center Resources and Public Transit, Inc. |
|  | Community Services, Inc.                          | South East Texas Regional Planning Commission    |
|  | Concho Valley Transit District                    | South Padre Island, City of                      |
|  | Del Rio, City of                                  | South Plains Community Action Association        |
|  | East Texas Council of Governments                 | South West Regional Transit District             |
|  | El Paso, County of                                | SPAN, Inc.                                       |
|  | Fort Bend, County of                              | STAR Transit                                     |
|  | Galveston County Transit District                 | Texoma Area Paratransit System, Inc.             |
|  | Golden Crescent Regional Planning Commission      | The Transit System, Inc.                         |
|  | Gulf Coast Center                                 | Webb County Community Action Agency              |
| Heart of Texas Council of Governments                            | West Texas Opportunities, Inc.                    |  |
| Hill Country Transit District                                    |   |  |

Source: (11)

Figure 2 shows counties served by each of the 37 rural transit districts.



KEY:

- |   |  |
|---|--|
| <ol style="list-style-type: none"> <li>1. Alamo Area Council of Governments</li> <li>2. Ark-Tex Council of Governments</li> <li>3. Aspermont Small Business Development Center, Inc.</li> <li>4. Brazos Transit District</li> <li>5. Capital Area Rural Transportation System (CARTS)</li> <li>6. Central Texas Rural Transit District</li> <li>7. Cleburne, City of</li> <li>8. Colorado Valley Transit, Inc.</li> <li>9. Community Services, Inc.</li> <li>10. Concho Valley Transit District</li> <li>11. Del Rio, City of</li> <li>12. East Texas Council of Governments</li> <li>13. El Paso, County of</li> <li>14. Fort Bend, County of</li> <li>15. Galveston County Transit District</li> <li>16. Golden Crescent Regional Planning Commission</li> <li>17. Gulf Coast Center</li> <li>18. Heart of Texas Council of Governments</li> <li>19. Hill Country Transit District</li> <li>20. Kleberg County Human Services</li> <li>21. Lower Rio Grande Valley Development Council</li> <li>22. McLennan County Rural Transit District</li> <li>23. Panhandle Community Services</li> <li>24. Public Transit Services</li> <li>25. Rolling Plains Management Corporation</li> </ol> | <ol style="list-style-type: none"> <li>26. Rural Economic Assistance League, Inc.</li> <li>27. Senior Center Resources &amp; Public Transit, Inc.</li> <li>28. South East Texas Regional Planning Commission</li> <li>29. South Padre Island, City of</li> <li>30. South Plains Community Action Association</li> <li>31. Southwest Area Regional Transit District</li> <li>32. SPAN, Inc.</li> <li>33. STAR Transit</li> <li>34. Texoma Area Paratransit System, Inc.</li> <li>35. The Transit System, Inc.</li> <li>36. Webb County Community Action Agency</li> <li>37. West Texas Opportunities, Inc.</li> </ol> |
|---|--|

Texas Department of Transportation  
April 1, 2016

Source: (11)

Figure 2. Map of Rural Transit Districts in Texas.

Several public transportation providers in rural transit districts also provide service for the urban transit district(s) within the rural service area or by contract to an urban transit district outside the rural service area. Table 4 lists the transit providers that operate service in both rural and urban transit districts. In the case of the McLennan County Rural Transit District, the urban transit district for Waco provides transit in the rural area.

**Table 4. Transit Providers That Operate Service in Both Urban and Rural Transit Districts.**

| <b>Transit Provider (Rural Transit District)</b> | <b>Urban Transit District</b>                                   |
|--|---|
| Ark-Tex Council of Governments                   | Texarkana, Texas  |
| Brazos Transit District                          | College Station–Bryan   |
|  | The Woodlands<br>(trolley service in The Woodlands Town Center) |
| Capital Area Rural Transportation System         | San Marcos  |
| Concho Valley Transit District                   | San Angelo  |
| Golden Crescent Regional Planning Commission     | Victoria  |
| Gulf Coast Center                                | Texas City  |
|  | Lake Jackson–Angleton   |
| Hill Country Transit District                    | Killeen   |
|  | Temple  |
| Lower Rio Grande Valley Development Council      | McAllen   |
|  | Harlingen   |
| STAR Transit                                     | Mesquite  |
| Texoma Area Paratransit System, Inc.             | Sherman   |
| <b>Transit Provider (Urban Transit District)</b> | <b>Rural Transit District</b>                                   |
| Waco Transit                                     | McLennan County Rural Transit District                          |

Source: (11)

## Sources of Revenue Applied for Transit in Texas

Table 5 provides a summary of the sources of revenue applied for capital and operating expenses in state fiscal year 2016 by each of the categories of transit systems in Texas. Transit authorities (including municipal transit departments), urban transit districts, and rural transit districts report these data to the PTN-128 reporting system managed by TxDOT, Public Transportation Division.

**Table 5. Sources of Revenue Applied for Transit in Texas FY 2016.**

| Sources of Applied Revenues FY 2016 Capital and Operating | Transit Authorities (9) |                           | Urban Transit Districts (29) |                           | Rural Transit Districts (37) |                           |
|---|-------------------------|---------------------------|------------------------------|---------------------------|------------------------------|---------------------------|
|   | Revenues                | Percent of Total Revenues | Revenues                     | Percent of Total Revenues | Revenues                     | Percent of Total Revenues |
| Federal FTA Funds   | \$258,640,000           | 10.8%                     | \$58,326,000                 | 47.5%                     | \$48,058,000                 | 47.5%                     |
| Other Federal Funds                                       | \$244,000               | 0.01%                     | \$7,000,000                  | 5.7%                      | \$14,177,000                 | 14.0%                     |
| State Public Transportation Funds*                        | \$577,000               | 0.02%                     | \$9,655,000                  | 7.8%                      | \$18,144,000                 | 17.9%                     |
| Other State Funds**                                       | \$252,000               | 0.01%                     | \$0                          | 0.0%                      | \$0                          | 0.0%                      |
| Local Sales Tax Dedicated to Transit                      | \$1,783,274,000         | 74.8%                     | \$0                          | 0.0%                      | \$0                          | 0.0%                      |
| Other Local including Local Government                    | \$146,854,000           | 6.2%                      | \$36,464,000                 | 29.7%                     | \$16,300,000                 | 16.1%                     |
| Fare Revenue  | \$194,337,000           | 8.2%                      | \$11,432,000                 | 9.3%                      | \$4,509,000                  | 4.5%                      |
| <b>Total Revenues 2016</b>                                | <b>\$2,384,178,000</b>  | <b>100%</b>               | <b>\$122,877,000</b>         | <b>100%</b>               | <b>\$101,188,000</b>         | <b>100%</b>               |
| Percent of All Transit Systems                            | 91.4%                   |                           | 4.7%                         |                           | 3.9%                         |                           |

\* Laredo is the only transit authority or municipal transit department that is eligible to receive state public transportation funds.

\*\* DART reported receiving Texas Mobility Funds in state FY 2016.

Note: Data reported by each transit district for state FY 2016 to the TxDOT PTN-128 Database reporting system between September 2015 and August 2016.

Source: (14)

## Federal Funds for Transit

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Federal funds for transportation come primarily through the U.S. Department of Transportation (USDOT) and are administered by agencies according to mode of transportation. The agency responsible for transit funding is FTA. The Federal Highway Administration (FHWA) also administers flexible funding programs that can benefit transit. Authorization bills passed by Congress authorize federal funding for surface transportation investments. Other non-USDOT federal departments make funds available that are eligible to be used for transportation, including public transportation.

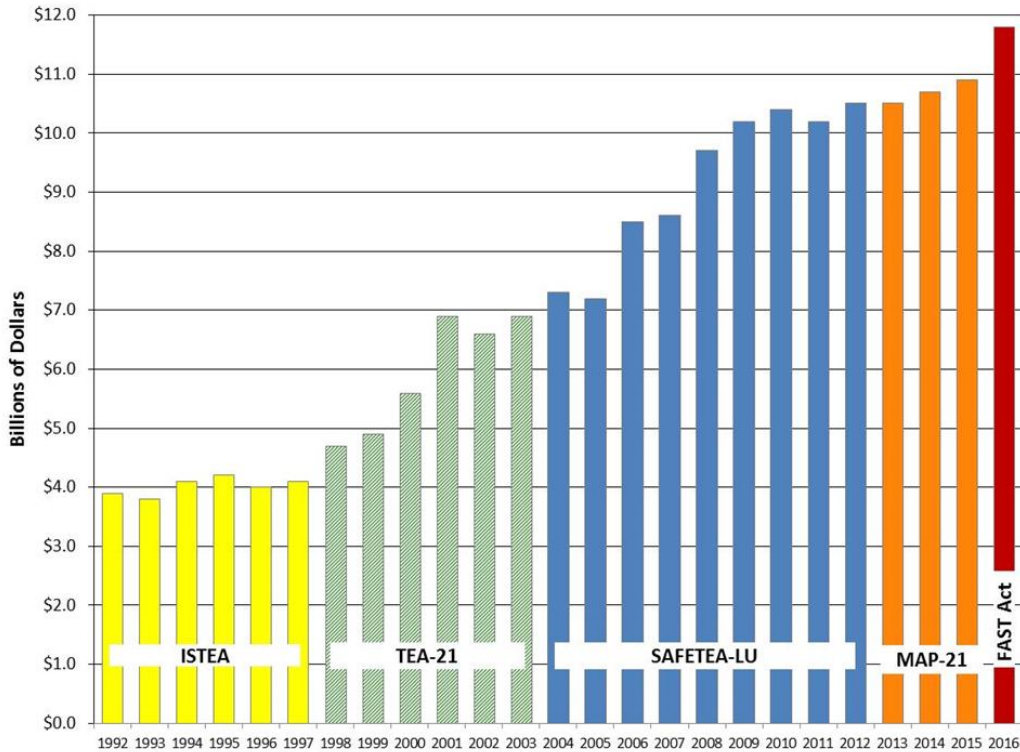
### History of Federal Authorization for Surface Transportation

The umbrella legislation known as the Intermodal Surface Transportation Efficiency Act (ISTEA) of 1991 established many of the current major USDOT funding programs. ISTEA authorized funding levels and programs for transit and highway projects and institutionalized the ability to shift funds from one program to another depending on local priorities. ISTEA expired at the end of FY 1997 and was replaced by new legislation. The Transportation Equity Act of the 21st Century (TEA-21) maintained the previously established programs while generally raising the overall funding levels. TEA-21 was in effect for six years, with specific spending levels established each year as part of the federal budgeting process (15).

The Safe, Accountable, Flexible, and Efficiency Transportation Equity Act—A Legacy for Users (SAFETEA-LU) was signed into law in 2005 to fund federal surface transportation programs through FY 2009. The legislation authorized \$286.4 billion in surface transportation funding over six years (2004 through 2009), including \$52.6 billion (18 percent) for federal transit programs. The funding authorization for transit under SAFETEA-LU represented a 46 percent increase over transit funding guaranteed in the previous TEA-21 authorization bill and more than double the funding provided in ISTEA. The original SAFETEA-LU legislation was a six-year bill, but Congress extended the authorization bill three additional years through 2012 (15).

The federal authorization bill Moving Ahead for Progress in the 21st Century (MAP-21) reauthorized surface transportation programs through FY 2014. MAP-21 took effect on October 1, 2012. When another transportation authorization had not been passed in time for FY 2015, Congress extended MAP-21 for an additional (third) year (15).

The current federal authorization bill was signed in December 2015. The Fixing America's Surface Transportation Act (FAST Act) reauthorizes surface transportation programs for five years through FY 2020. The FAST Act furthers USDOT goals for safety, state of good repair, performance, innovation, and program efficiency. The FAST Act expands FTA's authority to strengthen the safety of public transportation systems and emphasizes restoring and replacing the nation's aging public transportation infrastructure (16). Figure 3 displays the annual total apportionment for FTA federal funding by authorization bill (15).



Source: (15)

**Figure 3. Annual FTA Apportionments by Federal Authorization Bill.**

## Federal Transit Funds under the FAST Act

Federal authorization bills identify specific dollar amounts for each major funding program. Each year Congress provides an annual appropriation that funds the programs. Upon receiving the annual appropriation, FTA apportions these funds according to formula programs and competitive discretionary programs (17).

Table 6 shows the last year of MAP-21 (FY 2015), each of the five years of FAST Act funding, and the sum of FAST Act funds for FY 2016 through FY 2020 by transit funding program (18).



**Table 6. FAST Act Transit Authorization Levels by Program in Millions of Dollars.**

| Programs under Section (§) of 49 USC                         | MAP-21          | FAST Act           |                    |                    |                    |                    |                 |
|--|-----------------|--------------------|--------------------|--------------------|--------------------|--------------------|-----------------|
|  | FY 2015 Enacted | FY 2016 Authorized | FY 2017 Authorized | FY 2018 Authorized | FY 2019 Authorized | FY 2020 Authorized | 2016–2020 Total |
| Total all programs   | 10,858.43       | 11,789.40          | 12,175.51          | 12,175.15          | 12,381.18          | 12,592.15          | 61,113.40       |
| Programs funded from the Mass Transit Account                | 8,595.00        | 9,347.60           | 9,733.71           | 9,733.35           | 9,939.38           | 10,150.35          | 48,904.39       |
| § 5305 Transportation Planning Programs                      | 128.80          | 130.73             | 133.40             | 136.20             | 139.09             | 142.04             | 681.46          |
| § 5307 Urbanized Area Formula                                | 4,458.65        | 4,538.91           | 4,629.68           | 4,726.91           | 4,827.12           | 4,929.45           | 23,652.07       |
| § 5310 Seniors and Individuals with Disabilities             | 258.30          | 262.95             | 268.21             | 273.84             | 279.65             | 285.57             | 1,370.22        |
| § 5311 Rural Areas Total                                     | 607.80          | 619.96             | 632.36             | 645.63             | 659.32             | 673.30             | 3,230.57        |
| § 5312 Public Transportation Innovation**                    | **              | 28.00              | 28.00              | 28.00              | 28.00              | 28.00              | 140.00          |
| § 5314 Technical Assistance and Workforce Development**      | 5.0             | 9.00               | 9.00               | 9.00               | 9.00               | 9.00               | 45.00           |
| § 5318 Bus Testing Facility                                  | 3.0             | 3.00               | 3.00               | 3.00               | 3.00               | 3.00               | 15.00           |
| § 5335 National Transit Database                             | 3.85            | 4.00               | 4.00               | 4.00               | 4.00               | 4.00               | 20.00           |
| § 5337 State of Good Repair                                  | 2,165.90        | 2,507.00           | 2,549.67           | 2,593.70           | 2,638.37           | 2,683.80           | 12,972.54       |
| § 5339 Buses and Bus Facilities Formula Program              | 427.80          | 427.80             | 436.36             | 445.52             | 454.96             | 464.61             | 2,229.25        |
| § 5339 Buses and Bus Facilities Competitive Grants*          | *               | 268.00             | 283.60             | 301.51             | 322.06             | 344.04             | 1,519.22        |
| § 5340 Growing States  | 262.95          | 272.30             | 279.13             | 286.13             | 293.31             | 300.67             | 1,431.54        |
| § 5340 High Density States                                   | 262.95          | 263.96             | 265.30             | 266.65             | 268.00             | 269.36             | 1,333.29        |
| § 3006(b) Coordinated Access and Mobility*                   | *               | 2.00               | 3.00               | 3.25               | 3.50               | 3.50               | 15.25           |
| § 3028(a) Positive Train Control*                            | *               | 199.00             |                    |                    |                    |                    | 199.00          |
| § 20005(b) Program for Transit Oriented Development Planning | 10.00           | 10.00              | 10.00              | 10.00              | 10.00              | 10.00              | 50.00           |
| Programs funded from general revenues                        | 2,263.43        | 2,441.80           | 2,441.80           | 2,441.80           | 2,441.80           | 2,441.80           | 12,209.01       |
| § 5309 Fixed Guideway Capital Investment                     | 2,120.00        | 2,301.78           | 2,301.78           | 2,301.78           | 2,301.78           | 2,301.78           | 11,508.91       |
| § 5312 Transit Research**                                    | 33.00           | 20.00              | 20.00              | 20.00              | 20.00              | 20.00              | 100.00          |
| § 5314 Technical Assistance and Workforce Development**      | 4.00            | 5.00               | 5.00               | 5.00               | 5.00               | 5.00               | 25.00           |
| § 5322 Human Resources and Training** (included in § 5314)   | 0.50            |                    |                    |                    |                    |                    |                 |
| § 5324 Emergency Relief                                      | ***             | ***                | ***                | ***                | ***                | ***                | ***             |
| § 5327 Project Management Oversight                          | ****            | ****               | ****               | ****               | ****               | ****               | ****            |
| § 5334 FTA Administration                                    | 105.93          | 115.02             | 115.02             | 115.02             | 115.02             | 115.02             | 575.10          |

\* New program under the FAST Act

\*\* Modified program under the FAST Act

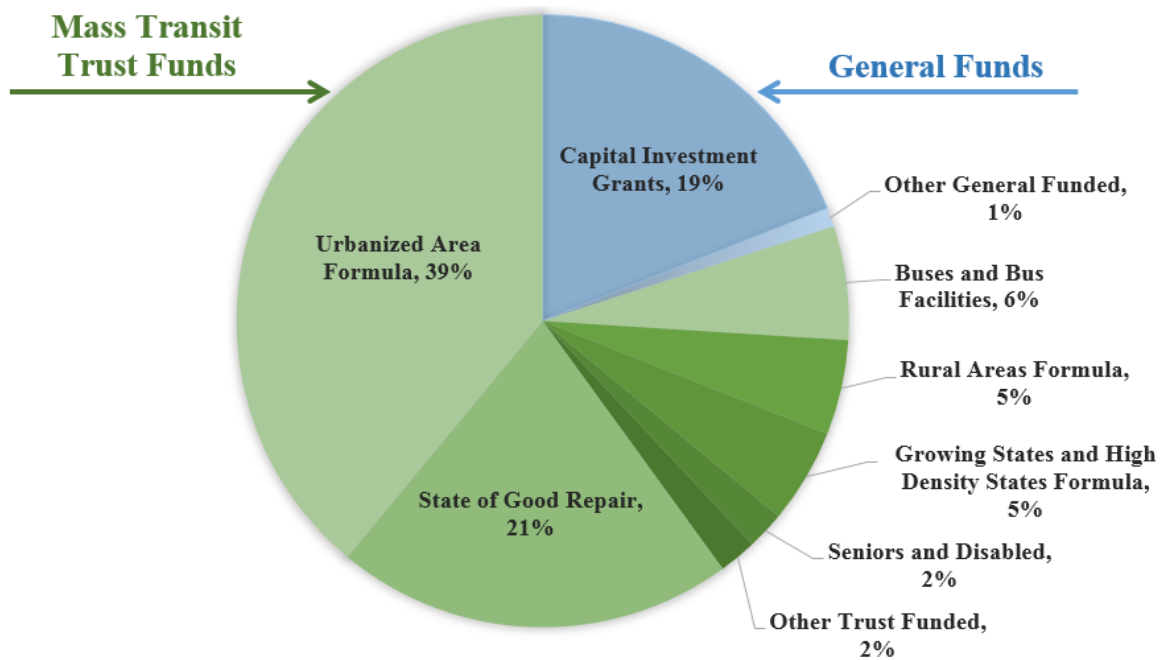
\*\*\* Such sums as are necessary in the case of an emergency.

\*\*\*\* Project Management Oversight funds are a percentage takedown from capital grant programs.

Source: (18)

Federal funds for transit are appropriated from either the Highway Trust Fund or the general fund. Receipts for the Highway Trust Fund are derived from federal excise taxes on motor fuels and truck-related taxes. All tax revenues are deposited into the Highway Trust Fund and are then distributed to one of two accounts: the Highway Account or the Mass Transit Account. About 15 percent of revenues from the taxes on motor fuels go into the Mass Transit Account (15).

Figure 4 shows FTA funding by program according to FAST Act authorizations in FY 2016 through FY 2020. Eighty percent of funds are provided from the Mass Transit Trust Fund, and 20 percent are provided from the general fund, primarily for competitive Capital Investment Grants (CIGs).



Source: (19)

Figure 4. Distribution of FTA Funds by Program for 2016–2020.

### FTA Federal Funding Programs

All transit districts, transit authorities, and municipal transit departments receive funds from FTA federal funding programs. FTA federal funds require match from state and/or local funds. Local funds are local government revenues and other funds generated from transit and non-transportation sources. Transit agencies may use revenues from non-USDOT federal programs as match for FTA federal funds.

Under the FAST Act, FTA administers the following programs that provide funding for transit in Texas:

- **Sections 5303–5305 Metropolitan, Statewide, or Nonmetropolitan Transportation Planning Programs:** Provides formula funding and procedural requirements for multimodal transportation planning in metropolitan areas and states.
- **Section 5307 Urbanized Area Formula Program:** Provides formula funding to public transit systems in urbanized areas with a population of 50,000 or more for public transportation capital, planning, and job access and reverse commute (JARC) projects, as well as operating expenses for public transit systems that meet specific criteria.
- **Section 5309 Capital Investment Grants:** Provides discretionary funds for major capital investments for new and expanded rail, bus rapid transit (BRT), and streetcars. The law requires that transit systems seeking CIG funding for a project complete a series of planning steps over several years to be eligible for funding.
- **Section 5310 Enhanced Mobility of Seniors and Individuals with Disabilities:** Provides formula funds to states and large urbanized areas for the purpose of meeting the transportation needs of seniors and people with disabilities.
- **Section 5311 Rural Areas Formula Program:** Provides formula funds to states to provide capital, planning, and operating assistance to support public transportation in rural areas with a population of less than 50,000.
- **Section 5337 State of Good Repair Grants Program:** Provides funding through a formula-based program for maintenance, replacement, and rehabilitation of the nation’s rail transit systems and high-intensity motor bus systems that use high-occupancy vehicle (HOV) lanes, including BRT.
- **Section 5339 Buses and Bus Facilities Grants Program:** Provides funding through a formula-based program and competitive grant programs to fund bus-related projects. The formula program is to replace, rehabilitate, and purchase buses and related equipment as well as to construct bus-related facilities. The competitive allocation provides funds for major improvements to bus transit systems that would not be achievable through formula allocations.
- **Section 5340 Growing States and High-Density States Formula Program:** Apportions additional funds by formula to Section 5307 and Section 5311 programs in Growing States and High-Density States. Eligible grant recipients in Texas receive funds for Growing States.

### *Sections 5303, 5404, and 5305 Metropolitan, Statewide, or Nonmetropolitan Transportation Planning Programs*

FTA and FHWA jointly administer planning programs that provide funding and procedural requirements for multimodal transportation planning in states and metropolitan areas (20).

#### ***Eligible Recipients***

Eligible recipients of funds for planning include state departments of transportation (DOTs) and metropolitan planning organizations (MPOs). Federal planning funds are first apportioned to state DOTs (in Texas, TxDOT), which are direct recipients of funds. State DOTs then allocate planning funding to MPOs.

#### ***Eligible Activities***

Funds are available for planning activities that:

- Support the economic vitality of the metropolitan area.
- Increase the safety of the transportation system.
- Increase the security of the transportation system.
- Increase the accessibility and mobility of people.
- Protect and enhance the environment, promote energy conservation, improve the quality of life, and promote consistency between (1) transportation improvements and (2) state and local planned growth and economic development patterns.
- Enhance the integration and connectivity of the transportation system, across and between modes, for people and freight.
- Promote efficient system management and operation.
- Emphasize the preservation of the existing transportation system.

#### ***Apportionment of Funds***

Of the funds authorized in Section 5305, 83 percent is made available to the Section 5303 Metropolitan Planning Program, and 17 percent is apportioned to the Section 5304 State Planning and Research Program.

Eighty percent of the Section 5303 funds are apportioned on a statutory basis to the states based on each state's urbanized area population. The remaining 20 percent is provided to the states based on an FTA administrative formula to address planning needs in larger, more complex urbanized areas. Federal planning funds are first apportioned to state DOTs. State DOTs then allocate planning funding to MPOs.

FTA apportions the Section 5304 funds to states based on the state's urbanized area population as compared to the urbanized area population of all states.

### ***Funding Availability***

Funds are available for four years.

### ***Federal Share***

The federal share is not to exceed 80 percent of the cost of the projects funded under the program, with a required 20 percent match.

### ***Changes under the FAST Act***

The performance-based planning process established in MAP-21 continues in the FAST Act. The FAST Act requires MPOs and states to establish performance targets that address national performance measures based on goals outlined in law. The MPO should establish these performance targets in coordination with states and transit providers. MPOs in urbanized areas designated as transportation management areas (populations of 200,000 or more) must include transit officials on policy boards.

Transportation improvement programs (TIPs) must include a description of the anticipated progress toward achieving the targets brought about by implementing the TIP. Additionally, MPOs may undertake scenario development exercises in preparing the long-range transportation plans that consider alternative demographic growth, revenue options, and other factors.

### ***Section 5307 Urbanized Area Formula Program***

The largest of FTA's grant programs, the Urbanized Area Formula Program, provides grants to urbanized areas to support public transportation. An urbanized area is an urban area with a population of 50,000 or more that is designated as such by the Bureau of the Census after each decennial census. FTA apportions urbanized area formula funds to designated recipients, which then suballocate funds to state and local governmental authorities, including public transit providers (21).

### ***Eligible Recipients***

Section 5307 funding is available to designated recipients that must be public bodies with the legal authority to receive and dispense federal funds. Governors, responsible local officials, and publicly owned operators of transit services are responsible for designating a recipient to apply for, receive, and dispense funds for urbanized areas with a population 200,000 or more. For urbanized areas with a population 200,000 or more, FTA apportions Section 5307 funds directly to the designated recipient(s) in each urbanized area.

For urbanized areas with a population of 50,000 to 199,999, FTA apportions Section 5307 funds to the governor or governor's designee as the designated recipient. In Texas, the governor's designee is TxDOT. TxDOT allocates funds to urban transit districts and authorizes each FTA direct recipient to apply for the funds.

### ***Eligible Activities***

Eligible activities include:

- Planning, engineering, design, and evaluation of transit projects and other technical transportation-related studies.
- Capital investments in bus and bus-related activities such as replacement, overhaul, and rebuilding of buses; crime prevention and security equipment; and construction of maintenance and passenger facilities.
- Capital investments in new and existing fixed guideway systems including rolling stock, overhaul and rebuilding of vehicles, track, signals, communications, and computer hardware and software.
- Associated transit improvements and certain expenses associated with JARC and mobility management programs.

All preventive maintenance and some complementary paratransit to meet requirements of the Americans with Disabilities Act of 1990 (ADA) are considered capital costs.

For urbanized areas with populations less than 200,000, operating assistance is an eligible expense. Urbanized areas of 200,000 or more may not use funds for operating assistance unless identified by FTA as eligible under the Special Rule.

### ***Apportionment of Funds***

The formula for apportionment of funding is based on the following:

- For areas of 50,000 to 199,999 in population (small urban), the formula is based on population and population density.
- For areas with populations of 200,000 or more (large urban), the formula is based on a combination of bus revenue vehicle miles, bus passenger miles, bus operating cost, fixed guideway revenue vehicle miles, and fixed guideway route miles, as well as population and population density.
- FTA apportions 3.07 percent of the Section 5307 funds to urbanized areas based on the ratio of the number of low-income individuals in each urbanized area to the total number of low-income individuals in all urbanized areas of that state.
- FTA apportions funds for Small Transit Intensive Cities (STIC) to small urban transit systems (in urbanized areas less than 200,000 population) that operate at a level of service equal to or above the industry average level of service for all urbanized areas with a population of at least 200,000 but not more than 999,999. FTA allocates STIC funds (1.5 percent of total Section 5307 in FY 2016, increasing to 2 percent in FY 2019) based on level of service and performance in one or more of six categories: passenger miles

traveled per vehicle revenue mile, passenger miles traveled per vehicle revenue hour, vehicle revenue miles per capita, vehicle revenue hours per capita, passenger miles traveled per capita, and passengers per capita.

### ***Special Rule under the FAST Act***

MAP-21 introduced the Special Rule for operating assistance in large urbanized areas:

- Transit systems in large urbanized areas (population of 200,000 or more) that operate 100 or fewer buses in fixed-route services during peak periods may use Section 5307 funds for operating within certain specifications. The FAST Act expanded the eligible modes to include fixed-route and demand-responsive transit. Demand-responsive transit excludes ADA complementary paratransit.
- Transit systems operating between 76 and 100 buses in fixed-route or demand-responsive service during peak service hours may use up to 50 percent of the attributable share of funding for operating expenses.
- Transit systems operating 75 or fewer buses in fixed-route or demand-responsive service during peak service hours may use up to 75 percent of the attributable share of funding for operating expenses.

Attributable share refers to the share of the urbanized area's apportionment that is attributable to a transit system based on the transit system's share of vehicle revenue hours in the urbanized area.<sup>1</sup> Federal operating assistance requires a 50 percent local match.

### ***Funding Availability***

Funds are available the year appropriated plus five years.

### ***Federal Share***

The federal share is not to exceed 80 percent of eligible capital costs. The federal share may be 90 percent for the cost of vehicle-related equipment attributable to compliance with the ADA and the Clean Air Act (CAA). The federal share may also be 90 percent for projects or portions of projects related to bicycles.

The federal share may not exceed 50 percent of the net project cost of operating assistance.

### ***Changes under the FAST Act***

Designated recipients in urbanized areas with populations of 200,000 or more are no longer required to expend 1 percent of the Section 5307 funds apportioned to the urbanized area for associated transit improvements.

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<sup>1</sup> Public transportation systems may execute a written agreement with one or more other public transportation systems within the urbanized area to allocate funds by a method other than by measuring vehicle revenue hours.

The FAST Act increases the spending cap for ADA paratransit service to 20 percent of a recipient’s annual formula apportionment under certain conditions (previously up to 10 percent under MAP-21).

### *Section 5309 Capital Investment Grants*

The Section 5309 program provides competitive grants for new and expanded rail, streetcars, BRT, and ferry systems that reflect local priorities (22).

#### *Eligible Recipients*

State and local government agencies, including transit agencies, are the eligible recipients of Section 5309 funds.

#### *Eligible Activities*

Under the FAST Act, this program now includes four types of eligible projects:

- **New Starts:** projects with a total estimated capital cost of \$300 million or greater or that are seeking \$100 million or more in Section 5309 funds.
- **Small Starts:** projects with a total estimated capital cost of less than \$300 million and that are seeking less than \$100 million in Section 5309 funds.
- **Core Capacity:** projects that expand capacity by at least 10 percent in existing fixed guideway transit corridors that are already at or above capacity today, or are expected to be at or above capacity within five years.
- **Programs of Interrelated Projects:** any combination of two or more New Starts, Small Starts, or Core Capacity projects. The projects in the program must have logical connectivity to one another.

Each type of project has a unique set of requirements under the FAST Act. Funds are allocated on a discretionary basis. All projects must successfully complete steps in the process defined in the Section 5309 Final Interim Policy Guidance and obtain a satisfactory rating under the statutorily defined criteria to become candidates (23).

The FAST Act specifies that proposed New Starts projects must be new fixed guideway projects or extensions to existing fixed guideway systems. The FAST Act defines fixed guideway projects as projects “using and occupying a separate right-of-way for the exclusive use of public transportation; using rail; using a fixed catenary system; for a passenger ferry system; or for a bus rapid transit system” (23).

This definition eliminates bus service operating on HOV lanes or high-occupancy toll (HOT) lanes from qualifying as fixed guideway service. Under the definition in law, eligible New Starts projects can include heavy rail, light rail, commuter rail, streetcars, trolleybuses, fixed guideway BRT, and ferries.



The FAST Act does not allow corridor-based BRT projects without a separated right of way dedicated for public transportation along the majority of the route to be eligible as New Starts projects. To qualify as a fixed guideway BRT project, the FAST Act specifies that the BRT service must include the following elements (23):

- The majority of the project operates in a separated right of way dedicated to public transportation use during peak periods.
- The project represents a substantial investment in a single route in a defined corridor or subarea.
- The project includes features that emulate the services provided by rail fixed guideway public transportation systems including defined stations, traffic signal priority for public transportation vehicles, and short headway bidirectional services for a substantial part of weekdays.

### ***Funding Availability***

The FAST Act changes the period of funding availability for Section 5309 from five years to four years.

### ***Federal Share***

The FAST Act limits the maximum Section 5309 CIG program federal share to:

- 60 percent for New Starts projects.
- 80 percent for Small Starts projects.

The maximum contribution from all federal sources to a New Starts or Small Starts project is 80 percent.

### ***Changes under the FAST Act***

The FAST Act made noticeable changes to the Section 5309 program:

- The FAST Act defines New Starts projects as projects with a total capital cost of \$300 million or greater or that are seeking \$100 million or more in Section 5309 funding. The FAST Act defines Small Starts projects as projects with a total capital cost less than \$300 million and that are seeking less than \$100 million in Section 5309 funding. Previously, these thresholds were \$250 million and \$75 million, respectively.
- Joint public transportation and intercity passenger rail projects are qualified as New Starts or Core Capacity projects.
- The FAST Act removed the requirement to provide substantial, bi-directional service on weekends for corridor-based BRT projects.

- Small Starts projects now qualify for the Program of Interrelated Projects. The FAST Act amends Section 5309 to define a Program of Interrelated Projects as the simultaneous development of two or more New Starts projects, Small Starts projects, or Core Capacity projects or any combination thereof. The projects in the program must have logical connectivity to one another, and construction must begin on the projects in the program in a reasonable timeframe. FTA is required to evaluate and rate a Program of Interrelated Projects as a whole rather than rating the individual projects in the program.

### *Section 5310 Enhanced Mobility of Seniors and Individuals with Disabilities*

The Section 5310 program provides formula funding to increase the mobility of seniors and individuals with disabilities. Section 5310 funds can be used for both capital and operating assistance (24).

#### *Eligible Recipients*

Eligible recipients include designated recipients in large urbanized areas (population of 200,000 or more), states, and a state or local governmental entity that operates a public transportation service and is a direct recipient under Section 5307 or Section 5311.

In Texas, TxDOT is the Section 5310 recipient for all areas less than 200,000 in population. Subrecipients may be local government authorities, private nonprofits, or private operators of public transportation receiving the grant indirectly.

#### *Eligible Activities*

At least 55 percent of Section 5310 funds must be used on capital or traditional projects such as:

- Buses and vans.
- Wheelchair lifts, ramps, and securement devices.
- Transit-related information technology systems including scheduling/routing/one-call systems.
- Mobility management programs.

The remainder is for additional traditional or other nontraditional projects, such as a project eligible under the former Section 5317 New Freedom Program.

Projects selected for funding under the Section 5310 program must be included in a locally developed, coordinated public transit–human services transportation plan.

#### *Apportionment of Funds*

Section 5310 funds are apportioned on the following basis for the targeted population:

- 60 percent is apportioned among designated recipients for urbanized areas with a population of 200,000 or more.

- 20 percent is apportioned among the states for their urbanized areas with a population of 50,000 to 199,999.
- 20 percent is apportioned among the states for their rural areas with a population less than 50,000.

### ***Funding Availability***

Section 5310 funds are available to the states during the fiscal year of apportionment plus two additional years.

### ***Federal Share***

The federal share of eligible capital costs may not exceed 80 percent, and the federal share of operating assistance may not exceed 50 percent. The 10 percent that is eligible to fund program administrative costs including administration, planning, and technical assistance may be funded at 100 percent federal share.

### ***Changes under the FAST Act***

The FAST Act made the following changes to the Section 5310 program:

- Under the FAST Act, a state or local governmental entity that operates a public transportation service and is eligible to receive direct grants under Section 5307 or Section 5311 is eligible to be a direct recipient for Section 5310 funds.
- Section 3006(b) of the FAST Act creates a new discretionary pilot program for innovative coordinated access and mobility. The pilot program is open to all Section 5310 recipients and subrecipients to improve the coordination of transportation services and non-emergency medical transportation services.
- Section 3006(c) of the FAST Act includes coordinated mobility, which requires FTA to implement the Interagency Transportation Coordinating Council on Access and Mobility's recommendations including creating an updated strategic plan on transportation coordination across federal agencies and developing a cost-sharing policy.

### ***Section 5311 Rural Areas Formula Program***

Section 5311 provides capital, planning, and operating assistance to support public transportation in rural areas (defined as areas with less than 50,000 residents). Section 5311 also provides funding for state and national training and technical assistance through the Rural Transportation Assistance Program (25).

### ***Eligible Recipients***

Eligible recipients include states and federally recognized Indian Tribes. Subrecipients may include state or local government authorities, nonprofit organizations, and operators of public transportation or intercity bus service that receive funds indirectly through a designated recipient.

Funds are apportioned to the state's designated recipient to allocate to providers of public transportation in non-urbanized (rural) areas. In Texas, TxDOT is the designated recipient for Section 5311 funds. TxDOT allocates funds to rural transit districts and operators of public transportation or intercity bus service.

### ***Eligible Activities***

Activities eligible for funding are:

- Planning for rural area needs.
- Capital.
- Operations.
- JARC projects, which provide transportation to jobs and employment opportunities for welfare recipients and low-income workers.
- Acquisition of public transportation services.

### ***Apportionment of Funds***

Each state must spend no less than 15 percent of its annual apportionment for the development and support of intercity bus transportation, unless it can certify, after consultation with affected intercity bus service providers, that the intercity bus service needs of the state are being met adequately.

FTA apportions the remaining Section 5311 funds by a statutory formula in two tiers:

- **Tier 1:** 83.15 percent of rural formula funds are apportioned based on land area and population.
- **Tier 2:** 16.85 percent of remaining rural formula funds are apportioned based on land area, vehicle revenue miles, and low-income individuals.

### ***Funding Availability***

Section 5311 funds are available to the states during the fiscal year of apportionment plus two additional years.

### ***Federal Share***

The federal share is 80 percent for capital projects, 50 percent for operating assistance, and 80 percent for ADA paratransit service (up to 20 percent of a recipient's apportionment).

### ***Changes under the FAST Act***

The FAST Act made the following changes to the Section 5311 program:

- Revenue from the sale of advertising and concessions may be used as local match.
- All operating and capital costs, with no revenue offset, of an unsubsidized portion of privately provided intercity bus service that connects feeder service can be used as in-kind local match for the intercity bus projects.
- Under MAP-21, recipients that are in compliance with the requirements of the ADA may use 10 percent of their annual formula apportionment for ADA paratransit service, funded at 80 percent federal share. The FAST Act increases the spending cap for ADA paratransit service to 20 percent of a recipient's annual formula apportionment.

### ***Section 5337 State of Good Repair Grants Program***

The Section 5337 State of Good Repair (SGR) Grants Program provides capital assistance for maintenance, replacement, and rehabilitation projects of existing high-intensity fixed guideway and high-intensity motorbus systems (including BRT) to maintain a state of good repair (26).

#### ***Eligible Recipients***

State and local government authorities in urbanized areas with fixed guideway public transportation facilities operating for at least seven years are eligible to receive Section 5337 funds. SGR projects need to be included in recipients' transit asset management plans.

#### ***Eligible Activities***

SGR Grants Program funds are available for capital projects that maintain a fixed guideway or a high-intensity motorbus system in a state of good repair, including projects to replace and rehabilitate:

- Rolling stock.
- Track.
- Line equipment and structures.
- Signals and communications.
- Power equipment and substations.
- Passenger stations and terminals.
- Security equipment and systems.
- Maintenance facilities and equipment.

- Operational support equipment, including computer hardware and software.
- Implementation of transit asset management plans.

### ***Apportionment of Funds***

Of the funds appropriated to the SGR Grants Program by Congress, 97.15 percent is apportioned among urbanized areas with fixed-guideway systems, and 2.85 percent is apportioned among urbanized areas with high-intensity motorbus systems.<sup>2</sup>

Fifty percent of the high-intensity fixed-guideway funds are allocated based on the revenue miles and route miles reported by the transit system to the National Transit Database (NTD). The other 50 percent of the apportionment is determined by using the current fixed-guideway definition in the calculation of what the urbanized areas would have received in FY 2011.

The high-intensity motorbus funds are allocated based on the revenue miles and route miles reported to the NTD.

### ***Funding Availability***

Section 5337 SGR Grants Program funds are available to FTA for obligation during the fiscal year of appropriation plus three additional years. Any SGR funds that remain unobligated at the end of the period of availability are added to the next year's program apportionment and are reapportioned under the SGR Grants Program's statutory formula.

### ***Federal Share***

The federal share is 80 percent for SGR projects.

### ***Changes under the FAST Act***

Under the FAST Act, high-intensity motorbus funds are to be used only for vehicle state of good repair costs and may not be used for roadway state of good repair costs.

### ***Section 5339 Buses and Bus Facilities Grants Program***

The Section 5339 program provides funding to replace, rehabilitate, and purchase buses and bus-related equipment, and to construct bus-related facilities. This program renames the former Section 5339 Bus and Bus Facilities Program to Section 5339(a) Buses and Bus Facilities Formula Program, and includes two discretionary programs—the Section 5339(b) Buses and Bus Facilities Competitive Grant Program and the Section 5339(c) Low or No Emission Bus Competitive Grant Program (27).

### ***Eligible Recipients***

Eligible recipients include direct recipients that operate fixed-route bus service or that allocate funding to a fixed-route bus operator, state or local governmental entities, and federally

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<sup>2</sup> High-intensity motorbus systems are transit systems that use highway lanes that are exclusive to transit vehicles at some, but not all, times; lanes that are restricted to transit vehicles; and HOV or HOT lanes.

recognized Indian tribes that operate fixed-route bus service that are eligible to receive direct grants under Section 5307 and Section 5311.

In Texas, TxDOT is the Section 5339(a) designated recipient for all areas less than 200,000 in population.

Eligible recipients that receive grant funding under the formula or discretionary programs may allocate amounts from the grant to subrecipients that are public agencies or private nonprofit organizations engaged in public transportation.

### ***Eligible Activities***

Eligible activities are projects that maintain, rehabilitate, and replace capital assets, as well as projects to implement transit asset management plans.

### ***Apportionment of Funding***

FTA apportions the Section 5339(a) formula funds to states, territories, and designated recipients based on a statutory formula. The Section 5339(a) formula funds are apportioned in three categories:

- Large urbanized (population of 200,000 or more).
- Small urbanized (population of 50,000 to 199,999).
- Non-urbanized (population less than 50,000).

The amount of Section 5339(a) funds for each area is apportioned as follows:

- **Large urbanized:** FTA apportions the large urbanized amount to each large urbanized area. Funds are distributed by a formula based on population, population density, bus vehicle revenue miles, bus passenger miles, and bus operating costs for each large urbanized area.
- **Small urbanized:** FTA apportions the small urbanized amount to each state as a lump sum. Funds are determined by formula based on population and population density for each small urbanized area.
- **Non-urbanized:** FTA apportions the non-urbanized amount to each state as a lump sum. Each state receives a fixed \$1.75 million for all non-urbanized areas in the state.

In Texas, TxDOT receives the Section 5339(a) funds for small-urbanized and non-urbanized areas. TxDOT allocates the Section 5339(a) funds to urban transit districts in small urbanized areas and rural transit districts by formula. The formula is based on each transit district's relative share of fleet decrepitude. *Decrepitude* is defined as the condition of being old, worn out, or in poor working order. Decrepitude is measured by the reported mileage for each vehicle compared to the industry-accepted mileage for that vehicle type.

### *Federal Share*

The federal share of eligible capital costs is 80 percent of the net capital project cost, unless the grant recipient requests a lower percentage. The federal share may exceed 80 percent for certain projects related to the ADA, the CAA, and certain bicycle projects.

### *Changes under the FAST Act*

The FAST Act made major changes to the Buses and Bus Facilities Program:

- Under MAP-21, transit agencies and states did not have the ability to pursue discretionary funding for specific projects. The FAST Act amends Section 5339 to include two discretionary programs for buses and bus facilities, and low or no emissions vehicle and related facilities.
- Under MAP-21, FTA apportioned Section 5339 formula funds directly to large urbanized areas with populations of 200,000 or more and to states for all areas with populations less than 200,000. Under the FAST Act, a local governmental entity that operates fixed-route bus service and is eligible to receive direct grants under Section 5307 is also eligible to be a direct recipient for Section 5339 formula funds.
- FTA establishes a pilot program to allow designated recipients in urbanized areas between 199,999 and 1 million in population to elect to pool their Section 5339(a) formula allocations with other designated recipients within their respective states.
- Under the FAST Act, designated recipients are no longer required to obligate grants on behalf of entities that are eligible direct recipients of Section 5307 funds.

### *Section 5340 Growing States and High-Density States Formula Program*

SAFETEA-LU established the Growing States and High-Density States Formula Program to apportion additional funds by formula to Section 5307 and Section 5311 grant recipients. The program continued in MAP-21 and now the FAST Act.

Under the Section 5340 formula, funds are made available under the Growing States factors and under the High-Density States factors. The funds are apportioned as follows:

- **Growing States:** The Growing States funds are apportioned based on state population forecasts for 15 years beyond the most recent decennial census (2025). Each state receives a share of Growing States funds based on the ratio of projected 2025 population to the nationwide projected 2025 population. Amounts apportioned for each state are then allocated to urbanized and rural areas based on the state's urban/rural population ratio.
- **High-Density States:** The High-Density States factors distribute funds to states with population densities equal to or greater than 370 people per square mile.



Texas is eligible for the Growing States factors. As required by statute, FTA apportions Section 5340 funds with the Section 5307 Urbanized Area and Section 5311 Non-urbanized Area Programs.

## **Responsibility as a Designated Recipient**

FTA sets requirements for designated recipients of Section 5307, Section 5310, Section 5311, Section 5337, and Section 5339 funds.

### *Large Urbanized Areas*

For urbanized areas with 200,000 or more in population, Section 5307, Section 5310, Section 5337 (if eligible for SGR grants), and Section 5339 funds are apportioned and flow directly to a designated recipient(s) selected locally to apply for and receive federal funds. The governor, responsible local officials, and publicly owned operators of transit services jointly designate the recipient to apply for, receive, and dispense funds.

The designated recipient (or recipients) in each urbanized area must be a public body and have the legal authority to receive and dispense federal funds in the urbanized area. The Dallas–Fort Worth–Arlington urbanized area has three designated recipients:

- DART.
- Fort Worth Transportation Authority (FWTA).
- North Central Texas Council of Governments (NCTCOG) (for all cities and unincorporated areas in the urbanized area but not part of DART or FWTA).

Other large urbanized areas in Texas have only one designated recipient. For example, VIA Metropolitan Transit is the single designated recipient for the San Antonio urbanized area. Houston METRO is the single designated recipient for the Houston urbanized area.

### *Small Urbanized Areas*

For urbanized areas with a population of 50,000 to 199,999, Section 5307 funds are apportioned to the governor of each state for distribution. The governor or the governor’s designee(s) is the designated recipient(s) for small urbanized areas. TxDOT is the designated recipient in Texas. TxDOT allocates funds to the 20 urban transit districts with a population of 50,000 to 199,999 (small-urbanized areas) and has approved a local governmental entity as the FTA direct recipient for Section 5307 grants. In most cases, the direct recipient is also the urban transit district. Under MAP-21, TxDOT retained designated recipient status for Section 5339 Buses and Bus Facilities Grants Program for small urbanized areas.

Under the FAST Act, a local governmental entity that operates fixed-route bus service and is eligible to receive direct grants under Section 5307 is also eligible to be a direct recipient for Section 5339 formula funds.

TxDOT is the Section 5310 designated recipient for all areas less than 200,000 in population.

### *Rural Areas*

Funds are apportioned to the state's designated recipient to allocate to providers of public transportation in non-urbanized (rural) areas. In Texas, TxDOT is the designated recipient. TxDOT allocates Section 5311 and Section 5339 funds to rural transit districts and to operators of intercity bus service for eligible Section 5311 funds.

TxDOT is the Section 5310 designated recipient for all areas less than 200,000 in population.

### *Direct Recipients and Subrecipients*

A designated recipient may authorize another public agency to be the direct applicant for Section 5307. This authorization may be made on a one-time basis or at the time of each application submission, at the option of the designated recipient. Under the FAST Act, a state or local governmental entity that operates a public transportation service and is eligible to receive direct grants under Section 5307 or Section 5311 is eligible to be a direct recipient for Section 5339 funds. TxDOT elects to serve as the Section 5310 designated recipient for all areas less than 200,000 in population.

A designated recipient or direct recipient may choose to pass its grant funds through to another agency to carry out the purposes of the grantee's agreement with FTA (subrecipient). To do this, the grantee must enter into a written agreement with the subrecipient that assures FTA that the grantee will be able to comply with its obligation to satisfy the requirements of the grant agreement. A pass-through arrangement does not relieve the grantee of its responsibilities to carry out the terms and conditions of the grant agreement.

In those urbanized areas with more than one designated recipient, FTA expects local officials, operating through the MPO, and designated recipients to determine the allocations together. The subarea allocation should be determined fairly and rationally through a process agreeable to the designated recipients. FTA may request a written agreement signed by a representative of each entity involved. In North Central Texas, for example, NCTCOG administers the allocation process, and the fund allocation is subject to approval by the Regional Transportation Council.

## **USDOT Flexible Sources of Funding for Transit**

In addition to FTA grant programs, the USDOT sponsors a discretionary grant program and FHWA administers programs that provide the flexibility to transfer funds to FTA for transit projects. This section highlights four of these programs:

- **Transportation Investment Generating Economic Recovery (TIGER) Program:** provides a unique opportunity for the USDOT to invest in road, rail, transit, and port projects that promise to achieve national objectives (28).
- **National Highway Performance Program (23 USC 119):** used for transit capital projects that will reduce delays or produce travel time savings on certain highways (29).

- **Surface Transportation Program (23 USC 133):** provides flexibility in the use of funds (as capital funding) for public transportation capital improvements (30).
- **Congestion Mitigation and Air Quality Improvement (CMAQ) Program (23 USC 149):** provides federal funding for projects that improve air quality and reduce congestion in areas that are in nonattainment of air quality standards (31).

### *TIGER Grants*

The TIGER discretionary grant program provides a unique opportunity for the USDOT to invest in road, rail, transit, and port projects that promise to achieve national objectives. Since 2009, Congress has dedicated nearly \$4.6 billion for seven rounds of TIGER to fund projects that have a significant impact on the nation, a region, or a metropolitan area (28).

In each round of TIGER, the USDOT receives hundreds of applications. Applicants must detail the benefits their project would deliver for five long-term outcomes: safety, economic competitiveness, state of good repair, quality of life, and environmental sustainability. The USDOT also evaluates projects on innovation, partnerships, project readiness, benefit cost analysis, and cost share.

The eligibility requirements of TIGER allow project sponsors at the state and local levels to obtain funding for multimodal, multijurisdictional projects that are more difficult to support through traditional USDOT programs. TIGER can provide capital funding directly to any public entity, including municipalities, counties, port authorities, tribal governments, MPOs, or others in contrast to traditional federal programs that provide funding to very specific groups of applicants (mostly state DOTs and transit agencies).

In 2015, the TxDOT Public Transportation Division won a TIGER award for \$20.8 million to fund the Texas Rural Transit Asset Replacement Project (R-TARP). The R-TARP project replaces transit vehicles and assists in funding maintenance and passenger facilities for rural transit districts throughout Texas. In 2016, The City of Brownsville won a TIGER award for \$10 million to rehabilitate a regional bus maintenance facility that will also serve as a new passenger transfer station, purchase eight hybrid transit replacement buses, and renovate bus stops to include sidewalks, curb ramps, and benches. The grant will also fund an innovative 2.4-mile long causeway, which will be one of the longest dedicated pedestrian/bike bridge facilities of its kind in the United States and the first of its kind in Texas (28).

### *National Highway Performance Program*

The FAST Act continues to allow funding from the National Highway Performance Program to be used for transit capital projects if the following criteria are met (29):

- A transit project is in the same corridor as, and in proximity to, a fully access-controlled highway designated as a part of the National Highway System.

- The transit construction or improvements will reduce delays or produce travel time savings on the fully access-controlled highway and improve regional traffic flow.
- The construction or improvements are more cost-effective, as determined by benefit-cost analysis, than an improvement to the fully access-controlled highway.

### *Surface Transportation Program*

The Surface Transportation Program (STP) provides the greatest flexibility in the use of funds. These funds may be used as (30):

- Capital funding for public transportation capital improvements, carpool and vanpool projects, fringe and corridor parking facilities, bicycle and pedestrian facilities, public sidewalks improvements to comply with the ADA, and intercity or intracity bus terminals and bus facilities.
- Funding for planning for surface transportation planning activities; wetland mitigation; transit research, development, and technology transfer; and environmental analysis.
- Funding for other eligible projects, including transit safety improvements and most transportation control measures. Transportation control measures are strategies intended to reduce vehicle use or improve traffic flow. These measures include, but are not limited to, improved public transit, traffic flow improvements and HOV lanes, shared ride services, pedestrian/bicycle facilities, and flexible work schedules.

STP funds are distributed among various population and programmatic categories within a state. In Texas, STP Metropolitan Mobility funds are made available to transportation management areas (metropolitan planning areas containing urbanized areas with a population of 200,000 or more). TxDOT programs the STP funds that are set aside for areas with a population less than 200,000 (small urban areas and rural areas).

### *Congestion Mitigation and Air Quality Improvement Program*

Areas that do not meet National Ambient Air Quality Standards for selected air pollutants (carbon monoxide, ozone, and particulate matter) are called nonattainment areas. The U.S. Environmental Protection Agency designates these areas as having air pollution levels that are at times unhealthy for human beings according to standards set by the CAA. When air quality in a nonattainment area improves and meets these federal air quality health standards, the area is no longer designated as nonattainment and becomes a maintenance area. Maintenance areas must continue to take actions to ensure that measured air quality does not become worse and the area continues to meet federal clean air standards (31, 32).

#### ***Eligible Recipients and Activities***

The CMAQ program provides federal funding to state DOTs for projects that improve air quality and reduce congestion. The CMAQ program improves air quality by funding transportation projects and programs that reduce air emissions from cars, trucks, and buses (mobile sources) in

air quality nonattainment and maintenance areas, which are the only areas eligible for CMAQ funding. Congress authorizes and appropriates funding for the CMAQ program, and FHWA then distributes CMAQ funds to state DOTs based on populations living in air quality nonattainment and maintenance areas. The distribution formula takes into account the severity of regional air quality problems. State DOTs are responsible for distributing CMAQ funds.

In Texas, various transit authorities and transit districts in non-attainment areas receive CMAQ funds for transit projects. For example, El Paso County initiated a vanpool program supported by CMAQ funds. Other transit agencies use CMAQ dollars to fund purchase of clean-fuel vehicles and to demonstrate the air quality benefits of commuter bus routes.

### ***Changes under the FAST Act***

The FAST Act reauthorized the CMAQ program. The FAST Act continues eligibility for electric vehicle and natural gas vehicle infrastructure and adds priority for infrastructure located on the designated corridors. The reauthorization adds eligibility for verified technologies for non-road vehicles and non-road engines that are used in port-related freight operations located in ozone, PM10, or PM2.5 nonattainment or maintenance areas funded in whole or in part under 23 USC or Chapter 53 of 49 USC. The act also specifically makes eligible the installation of vehicle-to-infrastructure communications equipment. The FAST Act adds the new exemption from PM2.5 set-aside for states with low population density.

## **Non-USDOT Federal Revenues**

In addition to USDOT grant programs, other sources of funding for transit come from a variety of federal agencies, such as:

- Food Stamp Employment and Training Program from the U.S. Department of Agriculture, Food and Nutrition Service.
- Vocational Rehabilitation Grants from the U.S. Department of Education, Rehabilitation Services Administration.
- Medical Transportation Program (Medicaid) for non-emergency medical transportation from the U.S. Department of Health and Human Services, Centers for Medicare and Medicaid Services.
- Grants for Supportive Services and Senior Centers (Title III B) from the U.S. Department of Health and Human Services, Administration on Aging.
- Community Development Block Grants from the U.S. Department of Housing and Urban Development, Office of Community Planning and Development.

- Workforce Investment Act programs from the U.S. Department of Labor, Employment and Training Administration.
- Veterans medical care benefits from the U.S. Department of Veterans Affairs, Veterans Health Administration.

In most cases, other sources of funding for transit are available only to the extent that transportation is supportive of the primary purpose of the federal agency. Most of these funds flow from the federal department to a Texas state agency for allocation to programs to fund public transportation services.

Under the FAST Act, federal funds from non-USDOT agencies are eligible as local match for Section 5307, Section 5311, and Section 5310 funds.

## State Funds for Transit

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Authority for the Texas Transportation Commission to allocate state and federal funds is provided in the Texas Transportation Code, Chapter 456, which was most recently amended in 2017 by the Texas Legislature to differentiate state funds for small urban and large urban transit districts (33). Eligible recipients for Texas state transit funds are urban and rural transit districts, as provided in the Texas Transportation Code, Chapter 458. The administrative procedures for the allocation of funds are described in the Texas Administrative Code, Title 43 Transportation, Part 1 Texas Department of Transportation, Chapter 31 Public Transportation (34).

### Texas Transit Funding Formula

The Texas Legislature appropriates state funding levels each biennium. The amount to which the transit funding formula applies is \$69,982,134 per biennium (\$34,991,067 per fiscal year) or less as appropriated by the Texas Legislature. TxDOT then allocates these funds according to the Texas transit funding formula, per the Texas Administrative Code. Table 7 provides the values available for each transit district category. State funding is allocated \$42,863,386 to rural transit districts (\$21,431,693 per fiscal year), \$20,118,748 to small urban transit districts (\$10,059,374 per year), and \$7,000,000 to large urban transit districts (\$3,500,000 per fiscal year). Fixed amounts are allocated from the small urban funds to the four urban transit districts in the Dallas–Fort Worth–Arlington urbanized area: Arlington, Grand Prairie, Mesquite, and NETS. The amount allocated to these urban transit districts is \$1,541,672 (\$770,836 per fiscal year).

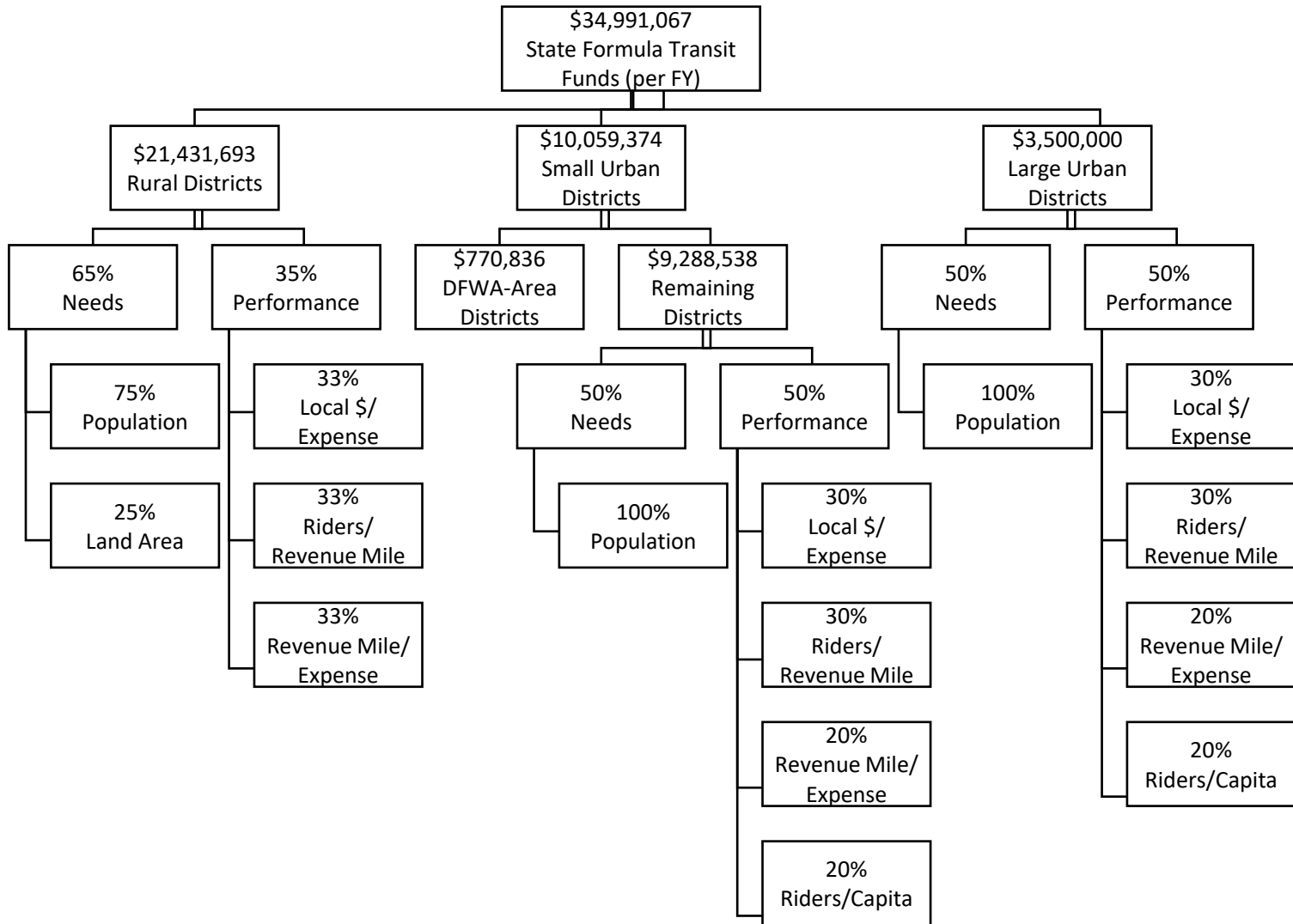
**Table 7. Texas State Formula Funding per Biennium and Fiscal Year**

| <b>Transit District Category</b> | <b>Per Biennium</b> | <b>Per Fiscal Year</b> |
|----------------------------------|---------------------|------------------------|
| <b>Rural</b>                     | <b>\$42,863,386</b> | <b>\$21,431,693</b>    |
| <b>Small Urban</b>               | <b>\$20,118,748</b> | <b>\$10,059,374</b>    |
| DFWA Urban                       | \$1,541,672         | \$770,836              |
| Remaining Small Urban            | \$18,577,076        | \$9,288,538            |
| <b>Large Urban</b>               | <b>\$7,000,000</b>  | <b>\$3,500,000</b>     |
| <b>Total</b>                     | <b>\$69,982,134</b> | <b>\$34,991,067</b>    |

*Source: Texas Administrative Code, State Financing of Public Transportation (34).*

TxDOT allocates a portion of federal Section 5311 funds to rural transit districts using the same formula as the rural state formula. The remaining federal Section 5311 funds are allocated based on the transit district’s proportion of vehicle miles out of the total vehicle miles operated by rural transit districts.

The Texas Transit Funding Formula is illustrated in Figure 5.



Source: (34)

Figure 5. Texas Transit Funding Formula.



## Measures of Need and Performance

The formula allocates funds to each transit district according to need and performance:

- For urban transit districts, the allocation is 50 percent for need and 50 percent for performance.
- For rural transit districts, the allocation is 65 percent for need and 35 percent for performance (34).

### *Need*

The portion of the formula attributed to need is allocated based on:

- For urban transit districts, the population in each urbanized area (100 percent).
- For rural transit districts, the population (75 percent) and land area (25 percent) in each rural transit district.

### *Performance*

Funds for performance are allocated based on how well a transit district performs according to specific criteria.

#### ***Rural Transit Districts***

For rural transit districts, each of three performance measures is weighted equally:

- Passengers per revenue mile: 33.3 percent.
- Revenue miles per operating expense: 33.3 percent.
- Local investment per operating expense: 33.3 percent.

#### ***Urban Transit Districts***

The same performance measures apply to urban transit districts, and a fourth measure is added: passengers per capita. The four performance measures for urban transit districts are weighted differently:

- Passengers per revenue mile: 30 percent.
- Revenue miles per operating expense: 20 percent.
- Local investment per operating expense: 30 percent.
- Passengers per capita: 20 percent.

The total urban transit district population is used for the passengers-per-capita measure.

## Sources of Local Revenue for Transit

FTA federal funds require match from state and/or local funds. Transit authorities and municipal transit departments have access to a local sales tax dedicated to transit as a source of revenue for local match. Urban and rural transit districts may use state funds as match for federal funds; however, the state funds are not sufficient for required match. Urban and rural transit districts do not have access to a local sales tax and must find local funds from other sources.

This section explains the funding sources for local revenues for transit in Texas for state FY 2016. Table 8 summarizes the sources of local revenues reported by transit authorities and transit districts in Texas. The percent represents the portion of total revenues (see Table 5).

**Table 8. Summary of Local Revenues by Source in State FY 2016.**

| Sources of Local Revenues       | Transit Authorities<br>(9) |                           | Urban Transit Districts<br>(29) |                           | Rural Transit Districts<br>(37) |                           |
|---------------------------------|----------------------------|---------------------------|---------------------------------|---------------------------|---------------------------------|---------------------------|
|                                 | Revenues                   | Percent of Total Revenues | Revenues                        | Percent of Total Revenues | Revenues                        | Percent of Total Revenues |
| Fares                           | \$194,337,000              | 8.1%                      | \$11,432,000                    | 9.3%                      | \$4,509,000                     | 4.5%                      |
| Local Contributions (Cash)      | \$20,223,000               | 0.8%                      | \$19,987,000                    | 16.3%                     | \$6,045,000                     | 6.0%                      |
| Contributed Services (Non-cash) | \$0                        | 0.0%                      | \$7,507,000                     | 6.1%                      | \$1,730,000                     | 1.7%                      |
| Sales Tax Dedicated to Transit  | \$1,783,274,000            | 74.8%                     | \$0                             | 0.0%                      | \$0                             | 0.0%                      |
| Auxiliary Transit Revenues      | \$23,810,000               | 1.0%                      | \$1,291,000                     | 1.0%                      | \$83,000                        | 0.08%                     |
| Other Transportation Revenues   | \$6,107,000                | 0.3%                      | \$505,000                       | 0.4%                      | \$38,000                        | 0.04%                     |
| Non-Transit-Related Revenues    | \$82,475,000               | 3.5%                      | \$1,212,000                     | 1.0%                      | \$237,000                       | 0.2%                      |
| Other Contracts                 | \$14,239,000               | 0.6%                      | \$5,962,000                     | 4.9%                      | \$8,167,000                     | 8.1%                      |
| <b>Local Revenues</b>           | <b>\$2,124,465,000</b>     | <b>89.1%</b>              | <b>\$47,896,000</b>             | <b>39.0%</b>              | <b>\$20,809,000</b>             | <b>20.6%</b>              |

Note: Data reported by each transit district for state FY 2016 to the TxDOT PTN-128 data reporting system.

Source: (14)

## Types of Local Revenue

### Fares

Fare revenues are revenues earned from carrying passengers, reflecting the amount of fare the passengers pay on their own behalf. Passenger fares include special programs such as reduced passes or ticket prices for students, the elderly, or individuals with disabilities.

Passenger fares do not include subsidies or passenger fare assistance from other entities, such as local governments, to provide a reduced fare or free fare. Subsidies are provided to support the general provision of transit service. Passenger fare assistance is targeted to help specific classes of users (e.g., senior citizens and students) and helps to offset the reduced or free fares offered to these users. Subsidies and fare assistance are reported in the appropriate state and local government source of funds.

### *Local Contributions (Cash)*

Local contributions are funds allocated to transit out of general revenues of another entity. These funds are often part of the government's annual budgeting process from general revenues rather than dedicated funds for transit. These funds assist with paying the operating and capital costs of providing transit.

### *Contributed Services (Non-cash)*

Contributed services are receipt of non-cash assets or services from another entity that benefit the transit operator. In-kind services are a type of contributed services, reported as contributed services only if there is no obligation to pay for the services. Contributed services include physical assets or services that the agency has objective control of and that have value that benefits people outside the contributor's organization, such as building space or staff time.

### *Sales Tax*

If a transit agency is an independent political entity and has the legal authority to impose a dedicated tax, this tax is called a directly levied tax. If the legal authority of the local or state government levies the tax for transit use, the tax is reported under local or state government sources of funds.

Laredo is the only urban transit district with a local sales tax dedicated to transit.

### *Auxiliary Transit Revenues*

Auxiliary transit revenues are generated from the byproducts of the transit service, such as advertisements on vehicles, concessions in station areas, fees paid for transit identification cards, or fines paid for fare evasion.

### *Other Transportation Revenues*

Other transportation revenues include transportation services that are not open to the general public, such as:

- **Charter service:** a vehicle hired for exclusive use that does not operate over a regular route on a regular schedule and is not available to the general public.
- **Exclusive school bus service:** the use of buses to carry children and school personnel to and from their schools or school-related activities.

Specific FTA approvals are required if a public transit agency seeks to provide transportation services not opened to the general public.

### *Non-Transit-Related Revenues*

Non-transit-related revenues are funds earned from activities not associated with the provision of transit service. The sources of these funds can include investment earnings, sales of maintenance services, rentals of revenue vehicles, rentals of transit agency buildings and property, parking fees, non-specified donations or grants, development fees, or rental car fees.

### *Other Contracts*

Other contracts include funds earned from non-federal or state contracts. The contracts are typically from a local governmental authority such as a city, county, or other transit agency. Contracts can also be from a privately funded source. As opposed to charter or special service provided through other transportation revenues, other contracts include revenues from a regularly provided transit service or route(s).

## **Examples of Applied FY 2016 Revenues**

This section documents significant sources of applied revenue other than fares and local government and non-government cash contributions.

### *Urban Transit Districts*

Table 9 illustrates the sources of revenue applied for operating and capital expenses by urban transit districts in Texas in state FY 2016. In total, urban transit districts reported 39 percent of all revenues applied from local sources, including 9.5 percent from fares. Following are some examples of sources of revenue other than fares and local government and non-government cash contributions.

#### ***Brownsville***

**Non-Transit-Related Revenues.** Brownsville generated revenues from leasing space in the international/intermodal terminal.

**Other Contracts.** A contract for service with The University of Texas Rio Grande Valley-Brownsville and Texas Southmost College brought in other contract revenue.

#### ***College Station-Bryan Brazos Transit District***

**Contributed Services (Non-cash).** The Brazos Transit District reported Texas A&M University Transportation Services as a contributed service revenue and expense for the College Station–Bryan urban transit district.

#### ***Longview***

**Non-Transit-Related Revenues.** Longview generated revenues from maintenance services performed through its regional maintenance agreement with the rural transit district in East Texas.

#### ***Lubbock***

**Auxiliary Transit Revenues.** Lubbock Citibus earned revenues from advertisements on board vehicles.

**Other Contracts.** Citibus reported revenues for contracted services for Texas Tech University.

### ***McAllen***

**Non-Transit-Related Revenues.** The City of McAllen generated revenues from leasing space in the international/intermodal terminal.

**Other Contracts.** Lower Rio Grande Valley Development Council (LRGVDC) reported receiving funds from Community Development Block Grants (CDBG). Both the City of McAllen and LRGVDC reported receiving funds from the United Way.

### ***Waco***

**Auxiliary Transit Revenues.** Waco Transit reported revenues from advertisements on board vehicles.

**Other Contracts.** Waco Transit reported revenues from contract services for the Baylor University Shuttle.

### ***Wichita Falls***

**Auxiliary Transit Revenues.** Wichita Falls reported revenues from advertising on buses.

**Other Transportation Revenues.** Wichita Falls received revenues from Midwestern State University to operate a shuttle route transporting students from apartment complexes to the campus.

**Table 9. Revenues for Urban Transit Districts—Applied for Operating and Capital Expenses (State FY 2016).**

| Applied Revenues<br>2016<br>Urban Transit Districts | FTA<br>Total<br>Revenues | Other Federal<br>Total<br>Revenues | State<br>Total<br>Revenues | Fares               | Local Cash<br>Contributions | Contributed<br>Non-Cash | Sales Tax   | Auxiliary<br>Transit | Other<br>Transp  | Non-<br>Transit    | Other<br>Contracts | 2016<br>Total<br>Revenues |
|---|--------------------------|------------------------------------|----------------------------|---------------------|-----------------------------|-------------------------|-------------|----------------------|------------------|--------------------|--------------------|---------------------------|
| Abilene   | \$1,550,943              | \$0                                | \$530,963                  | \$394,218           | \$1,410,460                 | \$0                     | \$0         | \$17,345             | \$13,357         | \$21,213           | \$85,576           | \$4,024,075               |
| Amarillo  | \$2,501,095              | \$0                                | \$575,148                  | \$189,295           | \$1,338,064                 | \$0                     | \$0         | \$0                  | \$0              | \$0                | \$0                | \$4,603,602               |
| Arlington   | \$1,163,802              | \$0                                | \$262,945                  | \$196,888           | \$1,002,956                 | \$0                     | \$0         | \$0                  | \$0              | \$0                | \$0                | \$2,626,591               |
| Beaumont  | \$2,066,526              | \$0                                | \$357,529                  | \$477,477           | \$2,454,921                 | \$0                     | \$0         | \$0                  | \$0              | \$1,230            | \$0                | \$5,357,683               |
| Brownsville   | \$4,215,887              | \$0                                | \$523,708                  | \$1,322,287         | \$2,486,418                 | \$212,335               | \$0         | \$112,192            | \$0              | \$595,725          | \$408,181          | \$9,876,733               |
| College Station--Bryan                              | \$2,288,361              | \$1,054,229                        | \$828,028                  | \$266,565           | \$843                       | \$7,181,255             | \$0         | \$0                  | \$0              | \$38,140           | \$2,298            | \$11,659,719              |
| Conroe-The Woodlands                                | \$2,323,525              | \$0                                | \$130,980                  | \$3,922,513         | \$317,494                   | \$0                     | \$0         | \$0                  | \$0              | \$0                | \$496,202          | \$7,190,714               |
| Grand Prairie                                       | \$362,029                | \$18,000                           | \$211,141                  | \$2,007             | \$202,638                   | \$0                     | \$0         | \$0                  | \$0              | \$0                | \$0                | \$795,815                 |
| Harlingen   | \$2,845,679              | \$0                                | \$275,584                  | \$36,092            | \$249,563                   | \$0                     | \$0         | \$0                  | \$0              | \$0                | \$0                | \$3,406,918               |
| Killeen   | \$3,050,409              | \$1,523,785                        | \$388,570                  | \$318,608           | \$261,715                   | \$0                     | \$0         | \$0                  | \$0              | \$0                | \$0                | \$5,543,087               |
| Lake Jackson-Angleton                               | \$594,959                | \$0                                | \$228,001                  | \$63,414            | \$211,329                   | \$0                     | \$0         | \$0                  | \$0              | \$0                | \$0                | \$1,097,703               |
| Longview  | \$1,562,198              | \$0                                | \$273,962                  | \$190,089           | \$266,982                   | \$0                     | \$0         | \$0                  | \$0              | \$98,753           | \$0                | \$2,391,984               |
| Lubbock   | \$3,230,847              | \$498,788                          | \$630,416                  | \$919,904           | \$2,359,403                 | \$0                     | \$0         | \$448,969            | \$206,906        | \$0                | \$3,721,879        | \$12,017,112              |
| McAllen   | \$6,270,643              | \$0                                | \$719,679                  | \$471,734           | \$1,611,395                 | \$58,542                | \$0         | \$0                  | \$0              | \$345,230          | \$174,357          | \$9,651,580               |
| McKinney*   | \$0                      | \$0                                | \$0                        | \$11,947            | \$0                         | \$0                     | \$0         | \$0                  | \$0              | \$0                | \$16,666           | \$28,613                  |
| Mesquite  | \$718,399                | \$0                                | \$160,163                  | \$0                 | \$177,636                   | \$0                     | \$0         | \$0                  | \$0              | \$0                | \$0                | \$1,056,198               |
| Midland-Odessa                                      | \$3,928,260              | \$0                                | \$420,210                  | \$329,251           | \$1,064,244                 | \$0                     | \$0         | \$65,420             | \$0              | \$62,796           | \$88,500           | \$5,958,681               |
| NETS  | \$1,012,464              | \$0                                | \$116,134                  | \$60,633            | \$88,751                    | \$0                     | \$0         | \$0                  | \$0              | \$0                | \$0                | \$1,277,982               |
| Port Arthur   | \$907,341                | \$0                                | \$299,065                  | \$131,145           | \$733,628                   | \$0                     | \$0         | \$0                  | \$0              | \$0                | \$0                | \$2,071,179               |
| San Angelo  | \$2,054,660              | \$185,986                          | \$254,661                  | \$112,588           | \$0                         | \$0                     | \$0         | \$0                  | \$47,300         | \$28,965           | \$60,965           | \$2,745,125               |
| San Marcos  | \$2,210,427              | \$19,992                           | \$187,441                  | \$50,756            | \$441,666                   | \$0                     | \$0         | \$0                  | \$0              | \$0                | \$0                | \$2,910,282               |
| Sherman-Denison*                                    | \$320,848                | \$0                                | \$2,797                    | \$15,744            | \$465,643                   | \$0                     | \$0         | \$0                  | \$0              | \$0                | \$0                | \$805,032                 |
| Temple  | \$1,138,904              | \$1,403,369                        | \$241,432                  | \$143,604           | \$198,657                   | \$0                     | \$0         | \$0                  | \$0              | \$0                | \$0                | \$3,125,966               |
| Texarkana, TX                                       | \$2,017,782              | \$0                                | \$240,667                  | \$143,176           | \$195,171                   | \$54,792                | \$0         | \$7,989              | \$0              | \$0                | \$71,144           | \$2,730,721               |
| Texas City  | \$2,486,903              | \$0                                | \$270,427                  | \$335,007           | \$972,794                   | \$0                     | \$0         | \$0                  | \$0              | \$0                | \$0                | \$4,065,131               |
| Tyler   | \$1,656,908              | \$0                                | \$511,090                  | \$150,959           | \$561,329                   | \$0                     | \$0         | \$362                | \$0              | \$0                | \$0                | \$2,880,648               |
| Victoria  | \$1,515,816              | \$312,091                          | \$259,518                  | \$162,835           | \$434,290                   | \$0                     | \$0         | \$0                  | \$0              | \$0                | \$21,727           | \$2,706,277               |
| Waco  | \$2,987,073              | \$1,983,692                        | \$416,554                  | \$730,770           | \$247                       | \$0                     | \$0         | \$519,148            | \$174,497        | \$19,917           | \$814,722          | \$7,646,620               |
| Wichita Falls                                       | \$1,343,798              | \$0                                | \$338,280                  | \$282,487           | \$478,435                   | \$0                     | \$0         | \$119,726            | \$62,614         | \$0                | \$0                | \$2,625,340               |
| <b>Total Urban Districts</b>                        | <b>\$58,326,486</b>      | <b>\$6,999,932</b>                 | <b>\$9,655,093</b>         | <b>\$11,431,993</b> | <b>\$19,986,672</b>         | <b>\$7,506,924</b>      | <b>\$0</b>  | <b>\$1,291,151</b>   | <b>\$504,674</b> | <b>\$1,211,969</b> | <b>\$5,962,217</b> | <b>\$122,877,111</b>      |
|   | <b>47.5%</b>             | <b>5.7%</b>                        | <b>7.86%</b>               | <b>9.3%</b>         | <b>16.3%</b>                | <b>6.1%</b>             | <b>0.0%</b> | <b>1.1%</b>          | <b>0.4%</b>      | <b>1.0%</b>        | <b>4.9%</b>        | <b>100.0%</b>             |
|   |                          |                                    |                            |                     |                             |                         |             | <b>\$47,895,600</b>  | <b>39.0%</b>     |                    |                    |                           |

\* Transit service in FY 2016 reported by Texoma Area Paratransit System, Inc. Data reported for Sherman-Denison are for five months, April through August 2016, Data reported for McKinney are for two months, September and October 2015.

Note: Data reported by each transit district for state FY 2016 to the TxDOT PTN-128 Database reporting system between September 2015 and August 2016.

Source: (14)

### *Rural Transit Districts*

Table 10 illustrates the sources of revenue applied for operating and capital expenses by rural transit districts in Texas in state FY 2016. In total, rural transit districts reported 20.6 percent of all revenues applied from local sources, including 4.5 percent from fares. Following are some examples of sources of revenue other than fares and local government and non-government cash contributions.

#### *Alamo Area Council of Governments*

**Auxiliary Transit Revenues.** The Alamo Area Council of Governments earned auxiliary revenue from Kerrville Greyhound.

**Other Transportation Revenues.** The Alamo Area Council of Governments earned revenue for approved charter service.

**Other Contracts.** The cities of Cibolo, Garden Ridge, Marion, New Braunfels, and Selma, and the McQueeney area wholly or partially became a part of the San Antonio urbanized area in Census 2010. The Alamo Area Council of Governments continues to provide demand-responsive service to these cities under agreements with VIA Metropolitan Transit, and the cities provide the local share match.

#### *Southwest Area Regional Transit District*

**Auxiliary Transit Revenues.** The Southwest Area Regional Transit District earned auxiliary revenue in from the auction of vehicles, bus advertisement, etc.

**Non-Transit-Related Revenues.** The Southwest Area Regional Transit District received non-transit-related revenue from leasing office space.

#### *STAR Transit*

**Other Contracts.** STAR Transit entered into interlocal agreements with three cities in eastern Dallas County—Balch Springs, Seagoville, and Mesquite—to provide transit services. STAR Transit also contracts with Kaufman County Senior Citizens Services, Terrell State Hospital, and other private organizations.

**Table 10. Revenues for Rural Transit Districts—Applied for Operating and Capital Expenses (State FY 2016).**

| Applied Revenues<br>2016<br>Rural Transit Districts | FTA<br>Total<br>Revenues     | Other Federal<br>Total<br>Revenues | State<br>Total<br>Revenues   | Fares                      | Local Cash<br>Contributions | Contributed<br>Non-Cash    | Sales Tax           | Auxiliary<br>Transit     | Other<br>Transp          | Non-<br>Transit          | Other<br>Contracts         | 2016<br>Total<br>Revenues      |
|---|------------------------------|------------------------------------|------------------------------|----------------------------|-----------------------------|----------------------------|---------------------|--------------------------|--------------------------|--------------------------|----------------------------|--------------------------------|
| Alamo Area Council of Governments                   | \$1,666,424                  | \$388,872                          | \$868,123                    | \$167,069                  | \$23,581                    | \$24,890                   | \$0                 | \$13,222                 | \$3,784                  | \$0                      | \$465,216                  | \$3,621,181                    |
| Ark-Tex Council of Governments                      | \$1,479,800                  | \$197,801                          | \$570,672                    | \$71,268                   | \$13,534                    | \$310,045                  | \$0                 | \$0                      | \$0                      | \$12,415                 | \$37,145                   | \$2,692,680                    |
| Aspermont Small Business Dev. Center                | \$392,155                    | \$200,320                          | \$251,735                    | \$16,761                   | \$184                       | \$0                        | \$0                 | \$0                      | \$0                      | \$0                      | \$0                        | \$861,155                      |
| Brazos Transit District                             | \$2,514,144                  | \$795,283                          | \$1,543,240                  | \$120,076                  | \$0                         | \$162,367                  | \$0                 | \$0                      | \$0                      | \$0                      | \$30,679                   | \$5,165,789                    |
| Capital Area Rural Transportation System            | \$3,101,924                  | \$2,011,774                        | \$733,257                    | \$162,308                  | \$225,563                   | \$0                        | \$0                 | \$0                      | \$0                      | \$0                      | \$1,067,603                | \$7,302,429                    |
| Central Texas Rural Transit District                | \$3,427,531                  | \$1,584,148                        | \$600,015                    | \$116,407                  | \$50,000                    | \$0                        | \$0                 | \$33,915                 | \$7,520                  | \$70,179                 | \$242,523                  | \$6,132,238                    |
| City/County Transportation                          | \$424,951                    | \$62,071                           | \$282,625                    | \$78,971                   | \$261,097                   | \$0                        | \$0                 | \$0                      | \$0                      | \$0                      | \$10,200                   | \$1,119,915                    |
| Colorado Valley Transit                             | \$791,306                    | \$82,464                           | \$401,531                    | \$64,030                   | \$55,946                    | \$9,000                    | \$0                 | \$0                      | \$26,169                 | \$0                      | \$0                        | \$1,430,446                    |
| Community Services, Inc.                            | \$429,063                    | \$5,216                            | \$290,730                    | \$69,972                   | \$90,245                    | \$0                        | \$0                 | \$8,000                  | \$0                      | \$200                    | \$382                      | \$893,808                      |
| Concho Valley Transit District Rural                | \$512,603                    | \$82,394                           | \$387,772                    | \$19,608                   | \$442,104                   | \$0                        | \$0                 | \$0                      | \$0                      | \$4,897                  | \$29,138                   | \$1,478,516                    |
| Del Rio, City of                                    | \$324,771                    | \$165,225                          | \$278,344                    | \$92,888                   | \$280,182                   | \$0                        | \$0                 | \$0                      | \$0                      | \$0                      | \$12,000                   | \$1,153,410                    |
| East Texas Council of Governments                   | \$1,655,712                  | \$370,537                          | \$1,120,045                  | \$168,897                  | \$136,030                   | \$8,401                    | \$0                 | \$9,200                  | \$0                      | \$0                      | \$57,000                   | \$3,525,822                    |
| El Paso, County of                                  | \$1,328,936                  | \$0                                | \$241,443                    | \$669,316                  | \$764,340                   | \$10,056                   | \$0                 | \$0                      | \$0                      | \$0                      | \$1,141,720                | \$4,155,811                    |
| Fort Bend County                                    | \$6,283,150                  | \$0                                | \$95,094                     | \$773,723                  | \$162,555                   | \$0                        | \$0                 | \$0                      | \$0                      | \$0                      | \$300,989                  | \$7,615,511                    |
| Galveston County Rural                              | \$4,480,921                  | \$0                                | \$753,060                    | \$268,592                  | \$953,933                   | \$0                        | \$0                 | \$0                      | \$0                      | \$0                      | \$1,513,039                | \$7,969,545                    |
| Golden Crescent Regional Planning Comm.             | \$472,163                    | \$68,631                           | \$315,500                    | \$16,269                   | \$774,020                   | \$0                        | \$0                 | \$0                      | \$0                      | \$0                      | \$0                        | \$1,646,583                    |
| Gulf Coast Center                                   | \$457,918                    | \$0                                | \$327,474                    | \$19,277                   | \$135,622                   | \$0                        | \$0                 | \$0                      | \$0                      | \$0                      | \$0                        | \$940,291                      |
| Heart of Texas Council of Governments               | \$1,141,672                  | \$13,188                           | \$402,762                    | \$48,383                   | \$0                         | \$0                        | \$0                 | \$0                      | \$0                      | \$0                      | \$807,111                  | \$2,413,116                    |
| Hill Country Rural Transit District                 | \$323,788                    | \$2,229,172                        | \$514,499                    | \$69,174                   | \$8,603                     | \$53,536                   | \$0                 | \$0                      | \$0                      | \$0                      | \$0                        | \$3,198,772                    |
| Kleberg County Human Services                       | \$358,448                    | \$0                                | \$240,014                    | \$20,839                   | \$97,078                    | \$0                        | \$0                 | \$0                      | \$0                      | \$0                      | \$226,864                  | \$943,243                      |
| Lower Rio Grande Valley Dev. Council                | \$835,296                    | \$0                                | \$687,774                    | \$77,902                   | \$127,438                   | \$0                        | \$0                 | \$0                      | \$0                      | \$0                      | \$0                        | \$1,728,410                    |
| McLennan County Rural                               | \$318,412                    | \$0                                | \$62,993                     | \$34,805                   | \$307,913                   | \$0                        | \$0                 | \$0                      | \$0                      | \$0                      | \$0                        | \$724,123                      |
| Panhandle Community Services                        | \$1,211,813                  | \$1,146,552                        | \$840,870                    | \$158,727                  | \$0                         | \$0                        | \$0                 | \$0                      | \$0                      | \$0                      | \$381,705                  | \$3,739,667                    |
| Public Transit Services                             | \$1,061,383                  | \$383,054                          | \$404,888                    | \$80,722                   | \$189,916                   | \$0                        | \$0                 | \$0                      | \$0                      | \$0                      | \$8,733                    | \$2,128,696                    |
| Rolling Plains Management Corp.                     | \$853,252                    | \$312,223                          | \$394,489                    | \$36,974                   | \$0                         | \$0                        | \$0                 | \$0                      | \$0                      | \$0                      | \$0                        | \$1,596,938                    |
| Rural Economic Assistance League, Inc.              | \$965,736                    | \$0                                | \$739,425                    | \$107,583                  | \$0                         | \$55,723                   | \$0                 | \$0                      | \$0                      | \$0                      | \$66,544                   | \$1,935,011                    |
| Sr Center Resources & Public Transit Service        | \$369,578                    | \$158,757                          | \$281,957                    | \$103,211                  | \$83,831                    | \$323,242                  | \$0                 | \$0                      | \$0                      | \$0                      | \$0                        | \$1,320,576                    |
| South East Texas Regional Planning Comm.            | \$891,261                    | \$0                                | \$369,064                    | \$72,155                   | \$214,660                   | \$0                        | \$0                 | \$0                      | \$0                      | \$0                      | \$0                        | \$1,547,140                    |
| South Padre Island, Town of                         | \$1,779,137                  | \$0                                | \$551,280                    | \$0                        | \$246,934                   | \$0                        | \$0                 | \$0                      | \$0                      | \$0                      | \$0                        | \$2,577,351                    |
| South Plains Community Action Assoc.                | \$1,089,341                  | \$835,108                          | \$797,175                    | \$196,994                  | \$0                         | \$0                        | \$0                 | \$0                      | \$0                      | \$0                      | \$170,945                  | \$3,089,563                    |
| Southwest Area Regional Transit District            | \$895,598                    | \$669,242                          | \$486,591                    | \$147,476                  | \$0                         | \$0                        | \$0                 | \$15,520                 | \$0                      | \$76,440                 | \$32,462                   | \$2,323,329                    |
| SPAN, Inc.  | \$957,242                    | \$252,833                          | \$258,618                    | \$76,179                   | \$73,100                    | \$0                        | \$0                 | \$2,900                  | \$0                      | \$13,433                 | \$238,902                  | \$1,873,207                    |
| STAR Transit  | \$2,269,705                  | \$1,329,681                        | \$310,075                    | \$179,230                  | \$176,811                   | \$0                        | \$0                 | \$0                      | \$0                      | \$59,353                 | \$1,309,403                | \$5,634,258                    |
| Texoma Area Paratransit System, Inc.*               | \$259,438                    | \$0                                | \$331,079                    | \$8,732                    | \$0                         | \$0                        | \$0                 | \$0                      | \$0                      | \$0                      | \$0                        | \$599,249                      |
| The Transit System, Inc.                            | \$439,671                    | \$181,396                          | \$215,145                    | \$32,361                   | \$50,232                    | \$11,989                   | \$0                 | \$0                      | \$0                      | \$0                      | \$16,222                   | \$947,016                      |
| Webb County   | \$344,115                    | \$0                                | \$238,533                    | \$100,273                  | \$39,781                    | \$61,896                   | \$0                 | \$0                      | \$943                    | \$0                      | \$0                        | \$785,541                      |
| West Texas Opportunities, Inc.                      | \$1,949,725                  | \$651,090                          | \$955,981                    | \$61,914                   | \$59,360                    | \$699,301                  | \$0                 | \$0                      | \$0                      | \$0                      | \$0                        | \$4,377,371                    |
| <b>Total Rural Districts</b>                        | <b>\$48,058,083</b><br>47.5% | <b>\$14,177,032</b><br>14.0%       | <b>\$18,143,872</b><br>17.9% | <b>\$4,509,066</b><br>4.5% | <b>\$6,044,593</b><br>6.0%  | <b>\$1,730,446</b><br>1.7% | <b>\$0</b><br>0.0%  | <b>\$82,757</b><br>0.08% | <b>\$38,416</b><br>0.04% | <b>\$236,917</b><br>0.2% | <b>\$8,166,525</b><br>8.1% | <b>\$101,187,707</b><br>100.0% |
|   |                              |                                    |                              |                            |                             |                            | <b>\$20,808,720</b> | <b>20.6%</b>             |                          |                          |                            |                                |

\* Texoma Area Paratransit System, Inc. reported data for five months in FY 2016, April through August 2016.

Note: Data reported by each transit district for state FY 2016 to the TxDOT PTN-128 Database reporting system between September 2015 and August 2016.

Source: (14)



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