September 2009

TRANSIT COOPERATIVE RESEARCH PROGRAM
Sponsored by the Federal Transit Administration

Subject Areas: IA Planning and Administration, VI Public Transit

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Research Results Digest 93

RURAL TRANSIT ACHIEVEMENTS: ASSESSING THE OUTCOMES OF INCREASED FUNDING FOR RURAL PASSENGER SERVICES UNDER SAFETEA-LU

This digest summarizes the results of TCRP Project J-6, Task 71. The research was conducted by KFH Group, Bethesda, Maryland. The final report is available as *TCRP Web-Only Document 46* at www.trb.org.

INTRODUCTION

For decades, Federal Transit Administration (FTA) programs have supported transit services that provide residents in rural areas with vital links to jobs, goods, medical care, and other essential services. These services are widespread with over 77% of U.S. counties having some type of rural public transit within their communities. These programs provide a great deal of service, for example:

- In 2007, the Section 5311 program provided almost 130 million public transit trips to rural residents.
- The Section 5310 program has facilitated the purchase of 10,000–14,000 vehicles that are currently being used to serve the elderly and persons with disabilities (in both urban and rural areas), as well as the purchase of service in selected states. It is estimated that these vehicles are used to provide about 20–28 million trips annually.
- In 2007, Section 5311(f) intercity operators provided almost 3 million unlinked passenger trips and 20.4 million vehicle miles.
- Grantees under Section 5316 reported a total of 645 active Job Access Reverse Commute (JARC)-funded services for FY 2006 (25% in rural areas) that provided 22.9 million one-way trips.

Since its authorization in August 2005, SAFETEA-LU has provided a significant increase in funding for the FTA programs serving rural areas. The increase included both additional funds for FTA rural programs that existed pre-SAFETEA-LU (see above) and funding for a number of new programs established through the federal legislation.

The objective of this research report is to provide useful data and information on the changes in rural public and intercity bus transportation that have resulted from the increases in funding made available through the SAFETEA-LU.

The project research was aimed at answering the following questions, which are further explored in this digest:

1. How has federal funding for passenger transportation in rural areas grown since SAFETEA-LU was passed?
2. How has the increased funding affected rural public and intercity bus transportation? How have services improved?
3. What has been the impact on local communities?

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4. What do states and local operators identify as the major barriers to development of new or expanded transit services in rural areas?

It should be acknowledged that in meeting the research objectives, the team encountered a number of data gaps. There is currently little readily available (online) information on the service levels provided with New Freedom, Indian Tribal Transportation, and Transit in the Parks programs. More data are available on Section 5311 and JARC program impacts, possibly because monitoring and reporting systems for these programs were already in place before the passage of SAFETEA-LU. Even so, there is no comprehensive set of service data that can be used to describe achievements attributable to SAFETEA-LU since there is no "before" data to compare to the "after" data. While detailed information throughout the life of the JARC program are available, data from the rural National Transit Database (NTD) are only available for 2006 and 2007 ("after") and only cover the S.5311 and S.5311(f) services, and service data on S.5310 are not collected (although they will be in the future). Further, because of the lag time between the availability of new funding and when it is spent, detailed data on service improvements for both existing and new programs are limited to only a few years.

HOW FUNDING FOR RURAL PASSENGER TRANSPORTATION HAS GROWN WITH SAFETEA-LU

The report uses a combination of national, state, and local data and information to show how funding has grown. Table 1 presents the federal *apportionments* for the programs that benefit rural transit since the passage of SAFETEA-LU. As shown, authorized levels for FTA programs that existed pre-SAFETEA-LU increased substantially:

- **Section 5311—**The S.5311 program increased 74% from $239M in 2004 to almost $416M in 2008.
- **Section 5311(f)—**The data on actual obligations show that the intercity bus, Section 5311(f), portion of Section 5311 increased from $22M in 2004 to over $45M in 2007.
- **Section 5310—**Funding for S.5310 increased 40% from $90M in 2004 to almost $127M in 2008.
- **Section 5316 (JARC)—**In addition to being allocated by formula for the first time, the funding for JARC increased from $104M in 2004 to $156M in 2008. Twenty percent, or $27M–31M, was made available for services in non-urbanized areas.

New programs created under SAFETEA-LU were funded at the following levels:

- **Section 5311(c) (Tribal Transit Program)—** This new program was funded at $8M in 2006, increasing to $12M in 2008.
- **Section 5317 (New Freedom Program)—** This program was funded at $77M in 2006, increasing to $87.5M in 2008. As with JARC, 20% or $15M–17.5M is available for service in non-urbanized areas.

Table 2 presents the funds *obligated* for these programs from FY 2003 through FY 2007. It should be noted that although funds were available in 2005, obligations did not increase significantly until 2006.

HOW THE FUNDING INCREASE HAS BEEN USED

Funding for rural transit programs has allowed local communities to provide more trips—to both communities and more people—with better quality equipment. States have undertaken a variety of initiatives since SAFETEA-LU was enacted. Most states are both increasing funding for existing programs and creating new services. The data indicate that services have been created to serve people who did not have access to transit prior to SAFETEA-LU. It is important to keep in mind that while funding has grown, it has taken a number of years to initiate the grants so that only a few years of service improvements are available for review.

Additional Trips Are Being Provided

Existing operators have used the increase in funding to provide additional trips, primarily to persons who are dependent on public transit to meet their mobility needs. Under the S.5311 program, NTD data indicate that, between 2006 and 2007, there was a 13% increase in the number of trips provided. Based on the researchers' survey of states, from 2005 to 2008, there was a 13% increase in the number of passenger trips provided and a 16% increase in the number of vehicles being operated under their Section 5311 programs.

New Services Have Been Created

As a result of this additional funding, new services have been created. Examples of new services include expanded dial-a-ride service, new public information and outreach materials and activities, mobility management activities, employment transportation, medical transportation, increased accessibility to a community food bank vehicle, accessible taxi vehicles for a voucher program, expansion of existing specialized services, and travel attendant and travel training services. In some cases, these new services have been initiated by existing transit operators or agencies but, as will be discussed below, in many instances states have been able to support new operators and serve geographical areas previously unserved.

New Operators Are Emerging

States report that they have been able to fund new operators under their existing S.5311, S.5311(f), and S.5310 programs. New operators are also emerging under the newly created programs even with the gap between the time that SAFETEA-LU funds were authorized and services were on the streets (this was especially true for New Freedom and Transit in the Parks). The S.5311(c) Tribal Transit program started more quickly than the state-administered programs, partly because the program was not included in the new Coordinated Planning requirements in SAFETEA-LU [in 2006, the program funded 63 projects ($7.92M), 65 projects in 2007 ($10M), and 71 projects in 2008 ($12M)].

More Geographical Areas Are Being Served

Clearly, with the new SAFETEA-LU funding, additional non-urbanized areas have rural transit services being supported by the S.5311 program. While data on the number of counties served prior to SAFETEA-LU are not available, the FTA program performance measurement document indicates that the 1994 baseline was 60% of all counties with rural transit service. According to the NTD, after SAFETEA-LU funds were available, there were 1,326 rural transit operators in 2006 and 1,325 rural operators in 2007 serving 2,233 and 2,275 counties, respectively. This represents about 71–72% of all counties in the United States.

The research team prepared a list of counties with rural public transit which shows an increase in 2008 to 2,421 counties served under the S.5311, S.5316, and S.5317 programs (over 77%). Figure 1 includes a map of the counties with rural transit services that identifies those counties with rural public transit funded under S.5311, S.5316, S.5317, and state rural transit programs.

New Vehicles Have Been Purchased to Expand Services and Replace Aging Fleets

Table 3 presents a history of the number of vehicles purchased with funds from each federal program. Under S.5311, a significant number of new vehicles were purchased after SAFETEA-LU with 1,039 in 2006 and 1,211 in 2007—up from an average annual purchase of 629 vehicles from 2003–2005. Under S.5309, the number of vehicles purchased in rural areas increased 12% from 1,077 vehicles in 2004 to 1,201 vehicles in 2006. While the states used their increases in S.5310 for a variety of purposes, most replaced existing vehicles. Again, SAFETEA-LU funding increases allowed the states to reduce the age of the S.5310 fleets. According to the survey of states, most states also used some funding to replace existing vehicles, thereby using some of their increased funding to decrease the age of the transit fleet in their state. Most states used some portion, albeit a small portion, on improving transit facilities.

More People Can Reach Jobs

Unquestionably, the JARC program benefited its intended users. Based on the survey of the states, there was a 62% increase in JARC ridership from 2005–2008. The most recent analysis of FY 2005 grantee data estimated that JARC-funded services provided access to approximately 95,400 employment sites and provided 14.1 million one-way trips. Grantees reported a total of 645 active JARC-funded services for FY 2006 (25% in rural areas). For FY 2006, it was estimated that JARC-supported services provided 22.9 million one-way trips. These trips can have a significant impact on the lives of the users and the community as a whole. For example, the *Economic Benefits of Employment Transportation* (University of Chicago for FTA, June 2008) showed that every dollar of program costs returned $1.90 in net economic gain to users and returned $3 to society as a whole. Further, the report also indicates that employment transportation programs are likely to jump-start a wage growth trajectory that may persist over the individual's lifetime; a potential net return on $1 equates to $15 in the future over the individual's work life.

More Intercity Service is Being Provided

Spending for intercity bus transportation service under Section 5311(f) also has grown under SAFETEA-LU. The Section 5311(f) spending grew from $22M obligated in 2004 to $40M in 2006 and $45M in 2007. From the survey of the states, dollars spent on Section 5311(f) increased 67% since SAFETEA-LU (2005–2008) while trips increased 28% and vehicles purchased increased 34%. This growth may be attributable to the fact that the increase in funding enabled many states to create new intercity bus services without taking funds from rural public transit.

Some states have created new state intercity bus programs where none existed before while others have expanded existing programs. Some states report changing or restructuring their Intercity Bus programs. It should be noted that in addition to providing additional funding, SAFETEA-LU also strengthened the Intercity Bus Program by reinforcing the requirements for states to consult with the intercity bus industry during the planning process. Thus, the increase in intercity bus services under S.5311(f) may have resulted from a combination of renewed interest in the provision of intercity buses, the increase in funding, and the reinforcement of the consultation process under SAFETEA-LU.

Other Benefits of Increases in Funding

According to the states, other benefits resulting from the increased funding have included the following:

- Improved salaries for vehicle drivers, resulting in lower turnover and more professional staff (lower turnover rates have been linked to higher quality services and better cost efficiency).
- Increased coordination with human service programs—having something to offer, such as additional funding and services has brought more agencies together.
- Allowed for states to use more federal Section 5311 funds for state administrative expenses. Increases in Section 5311 funding have allowed states to increase support for administrative functions and still increase operating subsidies to rural operators. This is important because research conducted under the NCHRP 20-65 project[1] series indicates that some of the most important challenges facing state transit program managers involve their expanding role in managing FTA programs, particularly with implementation of SAFETEA-LU. The research concludes that increased workloads associated with these expanding roles and responsibilities are coupled with current staff shortages in the transit sections of most state DOTs. Overall, most states do not believe they have the staff needed to adequately manage the federal transit programs. Further, state options for hiring staff are limited and constrained.
- Increased state funding for training and improved service planning. Most states have been involved in the preparation of locally developed coordination plans required in the law—by initiating the planning effort and training local entities.

Full Impact of the Funding Increase Not Yet Realized

The time that elapses from the authorization of additional federal funds to the improvement of local transit services may be a year or more. At the end of FFY08, there were still significant unobligated funds for rural transit programs. This was especially true for the new funding programs. Many states were not able to spend all of their funding in the first years of the new programs and are carrying over funds from one year to the next. It appears that factors contributing to this lag time include the following: (1) state DOT staffing levels of the transit divisions are limited; (2) states need to create new program guidance, application, and project selection procedures; (3) states and local operators need to comply with Coordinated Planning requirements in SAFETEA-LU; and (4) state and local governments lack funding to match the increase in federal dollars.

Finally, a few states used a substantial portion of their increased funding to maintain existing transit services, covering the increased operating costs for fuel, insurance, and so on.

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[1]NCHRP Project 20-65(7), "State DOT Staff Resources for Administering Federal Public Transportation Programs" and NCHRP 20-65(11), "Current State Issues with Implementing FTA Section 5310 and 5311 Programs." See also *NCHRP Research Results Digests 314* and *320* respectively, published by TRB.

IMPACT ON LOCAL COMMUNITIES

Interviews were conducted with managers of 19 transit agencies that created new service or expanded existing service with the new funding under SAFETEA-LU. Increased funding from SAFETEA-LU helped these rural transit agencies become more efficient, offer better services, and serve more people, because they were able to do the following:

- Acquire new vehicles and hire additional drivers, improve accessibility, and reduce fleet age;
- Increase number of trips provided;
- Create new routes;
- Increase service frequency;
- Extend hours and days of service;
- Serve new communities and more people;
- Serve new employment-related destinations; allow people to reach higher-paying jobs;
- Provide service to communities that Intercity Bus operators no longer serve;
- Improve customer services;
  - add new dispatchers to reduce wait time and telephone hours;
  - shorten travel times;
- Pay increasing fuel and insurance costs;
- Provide competitive salaries and better training for drivers;
- Take cars off the road—improving safety, saving users money, and helping to reduce carbon-based emissions;
- Increase coordination; mobility managers; and
- Expand volunteer driver program.

CHALLENGES TO DEVELOPMENT OF NEW OR EXPANDED SERVICES

Even with the increase in funding under SAFETEA-LU, state program managers and local operators have a number of challenges as they attempt to provide needed passenger transportation service in rural areas.

Two major financial barriers cited include (1) increases in operating costs (fuel, insurance) and (2) lack of state and local matching funds. First, to some extent increases in existing program funds have been offset by increases in fuel, insurance, and other operating costs (fuel alone increased 2- to 3-fold in the past 4 years); decreases in JARC funding in some states; and loss of capital earmarks. These circumstances have curtailed the ability of states and local operators to increase services with the additional funding.

Second, even with the increase in federal funding, many states and local areas are having difficulty raising the funds to match the increased federal funds. Availability of state and local funding for transit in rural areas is highly dependent on the economy (e.g., sales taxes, property taxes, real estate transfer taxes, auto tag fees) or the consumption of gas (e.g., gas tax). The current economic conditions and lower than anticipated revenues in many areas have decreased the amount of revenue available to states and local communities to support rural transit initiatives.

Another constraint from the state perspective is the shortage of state staff to manage the increases in existing programs and new programs. Some of the most important challenges facing state transit program managers involve their expanding role in managing FTA programs, particularly with implementation of SAFETEA-LU. State DOTs have taken on new and expanding roles in the administration of transit programs and funding over the past two decades. These have included expansion of their responsibilities for administering the federal transit programs as well as expansion of many of the state-sponsored programs. Increased workloads associated with these expanding roles and responsibilities are coupled with current staff shortages in the transit sections of most state DOTs. Further, state options for hiring staff are limited and constrained, even with the availability of additional federal funds.

One final challenge for some states has been with the Section 5316 (JARC) program. Under SAFETEA-LU, the S.5316 program was allocated by formula with a specific set-aside for rural areas (20%). As a result of this change, JARC funding for rural areas actually decreased with SAFETEA-LU.[2] In addition, by moving JARC from a discretionary program (largely funded through earmarks) to a formula-based program, SAFETEA-LU also produced a shift in funding among the states; those states with highly funded JARC programs prior to enactment of SAFETEA-LU lost funding when funding began to be distributed by formula, while other states gained.

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[2]Funding for JARC apportionments as a whole increased 50% from 2004 to 2008 ($104M to $156M). However, funding for rural areas is set at 20% of the total. In 2004 and 2005, rural areas were obligated an average of about $31M annually, which is equivalent to the rural apportionment for 2008. Obligations for JARC in rural areas decreased from $44M in 2005 to $26M in 2006.

Table 1 SAFETEA-LU apportionments of benefit to rural transit programs

		Section 5310: Special Needs for Elderly Individuals & Individuals with Disabilities	Section 5311: Non-urbanized Area Formula Program	Section 5311(c): Indian Tribal Transportation
FY 2002	Apportionment	$84,930,000	$226,411,000	n.a.
FY 2003	Apportionment	$90,167,000	$238,955,000	n.a.
FY 2004	Apportionment	$90,361,000	$238,501,111	n.a.
FY 2005	Authorized	$94,527,000	$250,890,000	n.a.
FY 2006	Total Available	$110,880,000	$368,517,600	$7,920,000
	Less oversight	$554,400	$1,920,600	$0
	Reapportioned	$0	$0	$0
	Total Apportionment	$110,325,600	$366,597,000	$7,920,000
FY 2007	Total Available	$117,000,000	$385,920,000	$10,000,000
	Less oversight	$585,000	$2,020,000	$0
	Reapportioned	$244,554	$2,277,688	$0
	Total Apportionment	$116,659,554	$386,177,688	$10,000,000
FY 2008	Total Available	$127,000,000	$417,240,000	$12,000,000
	Less oversight	$635,000	$2,190,000	$0
	Reapportioned	$358,652	$943,489	$0
	Total Apportionment	$126,723,652	$415,993,489	$12,000,000

Section 5316: Job Access and Reverse Commute Program (JARC)		Section 5317: New Freedom Program		Section 5320: Transit in the Parks
Total	Nonurbanized	Total	Nonurbanized	Total
$125,000,000	n.a.	n.a.	n.a.	n.a.
$104,318,000	n.a.	n.a.	n.a.	n.a.
$104,381,000	n.a.	n.a.	n.a.	n.a.
$124,000,000	n.a.	n.a.	n.a.	n.a.
$136,620,000	$27,324,000	$77,220,000	$15,444,000	$22,000,000
$0	$0	$0	$0	$0
$0	$0	$0	$0	$0
$136,620,000	$27,324,000	$77,220,000	$15,444,000	$22,000,000
$144,000,000	$28,800,000	$81,000,000	$16,200,000	$23,000,000
$0	$0	$0	$0	$115,000
$0	$0	$0	$0	$0
$144,000,000	$28,800,000	$81,000,000	$16,200,000	$22,885,000
$156,000,000	$31,200,000	$87,500,000	$17,500,000	$25,000,000
$0	$0	$0	$0	$125,000
$0	$0	$0	$0	$0
$156,000,000	$31,200,000	$87,500,000	$17,500,000	$24,875,000

Table 2 Obligations by program

Program	FY 2004	FY 2005	FY 2006	FY 2007
Section 5310*	$173,454,751	$152,329,940	$162,826,924	$157,195,598
Section 5311	$242,371,125	$284,333,073	$416,178,446	$486,891,662
Section 5311(c) - Tribal				
Section 5311(f) - Intercity	$21,790,920	$20,620,728	$40,375,974	$45,338,853
Section 5316 - JARC**	$17,336,086	$43,928,404	$25,988,157	$28,005,616
Section 5317 - New Freedom*			$1,269,027	$9,323,916
Section 5320 - Transit in Parks			$1,423,639	$8,825,000
From Table 5-200X:				
RURAL AND UNDER 50,000				
Capital Program	$94,401,953	$209,355,575	$245,421,746	$208,719,159
Non-urbanized Area Formula	$242,371,125	$284,333,073	$422,650,544	$493,714,436
Alternative Analysis	not included	not included	$990,000	$500,000
Planning (Metro, State, Alter. Analysis)	not included	$129,204,258	$134,169,236	$153,829,829
Clean Fuels	not included	not included	$226,710	$6,687,500
New Freedom	not included	not included	$288,226	$3,051,233
National Research	-	-	-	$2,506,552
Emergency Supplemental	$1,027,287	$30,555,000	$41,014,569	-
JARC	$17,410,649	$43,928,404	$25,988,157	$28,005,616
Alt. Transportation/Parks & Public Land	not included	not included	$1,273,639	$4,125,000
Misc. FHWA Transfer Projects	$6,365,115	$8,943,500	$3,560,965	$2,980,500
RTAP (Rural Transit Assistance Program)	$4,471,197	$5,291,243	not included***	not included****
SUB-TOTAL	$366,047,326	$711,611,053	$875,583,792	$904,119,825

*Includes both urban and rural obligations.
**Rural obligations only.
***Though not included in Table 5-2006, Table 38-2006 indicates FY 2006 RTAP was $6,470,098.
****Though not included in Table 5-2007, the FTA website indicates FY 2007 RTAP was $7,884,805; included under S.5311

Table 3 Number of vehicles purchased by program

Program	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Section 5310*	1,998	1,837	2,220	2,200	2,204
Section 5311	746	419	722	1,039	1,211
Section 5311(c) - Tribal	na	na	na	na	na
Section 5311(f) - Intercity	***	***	***	***	***
Section 5316 - JARC*	108	23	76	49	87
Section 5317 - New Freedom*	0	0	0	3	23
Section 5320 - Transit in Parks	0	0	0	5	14
Section 5309 - Capital Program**	***	1,077	1,155	1,201	NA
TOTAL	2,852	3,356	4,173	4,497	

*Includes both urban and rural purchases.
**Rural and under 50,000 purchases only *(per Tables 19-200X)*
***No breakout.

	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Total Rural or State DOTs *(per Tables 11-200X)*	3,811	3,334	4,460	4,468	4,222
Section 5311 - Commuter Intercity Bus	18	4	4	10	NA

Per Tables 36-200X, included within total Section 5311 - may or may not be attributable to Section 5311(f) - these funds could also purchase smaller vehicles.

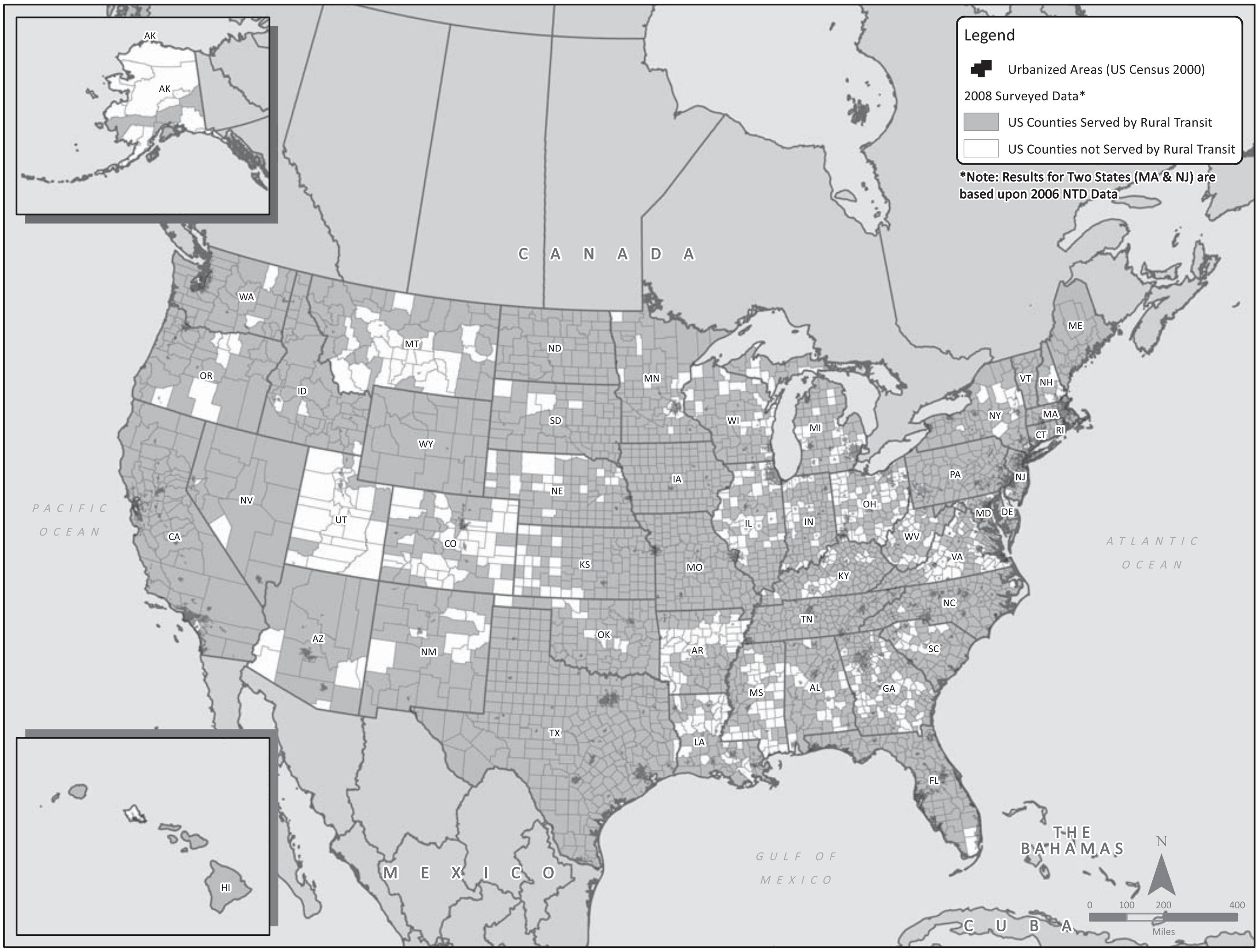

Figure 1 Counties in the United States with rural transit (2008) (Source: KFH Group).

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