Funding Rural Public Transit

Older adults living in rural communities need public transportation services to ensure they can live independently, safely and with a reasonable quality of life. The days when public transportation could support itself from passenger fares alone are long gone, swept out with the advent of the automobile and the ability of individuals to travel wherever they wished, when they wanted.

Public subsidies are critical to support public and private transportation services required by rural areas.

Public transit in both rural and urban settings alike rely heavily upon public subsidies to augment modest passenger fares. Funding from the federal government is limited in rural areas, and often provided primarily for capital vehicle replacement rather than operating funds needed to pay for drivers, vehicle maintenance and fuel.

To access federal transit funding that is available, local match dollars must be secured. Local state and county funding exists in some parts of the country, but is somewhat less available to transit in others. Local transit support is critical to providing the matching funds necessary for some federal grant sources. Well-integrated funding streams help to make local funding available to transit and are aided by the Coordinated Public Transit-Human Services planning process.

Messages for Policy Makers on Funding Rural Public Transit

Explore a Mix of Funding Options. Rural public transit, more than other settings, is assembled through a mix of funding resources. As each source can provide limited dollars, having multiple sources becomes ever more key to ensuring optimal provision of rural public transit.

State and Local Funding Critical. Although federal funding is available to help support rural public transit, it does require local match. Funds generated at city, county or state levels can be used for match dollars.

Endorse the Use of Human Services Funding to Support Public Transit. Because so many trips in rural settings serve human services clientele or destinations operated by social service agencies, it is critical to tap into their funding sources, many of which provide for transportation assistance.

Promote Support for Public Transit as Part of Rural Investment. In considering other rural investments, related to roads, land use and other infrastructure issues, be sure to include support for public transit, including various transportation options.

Encourage Local Transit to Compete for Discretionary Funding. Since significant rural transit funding is available through competitive opportunities, it is important that rural transit providers are encouraged and supported in developing grants for special funds.

Promote Capacity Building/Training for Rural Transit. Rural transit providers have limited staff who must “wear many hats,” so training, conferences, workshops and other capacity building opportunities are very valuable to these small operators.
What Funding Sources Exist?

The more common rural transportation funding is summarized below by federal transit, state and local sources, partnerships with private organizations, and human service funding. Some funding comes by formula to rural areas; some are competitively sought. And some must be developed through local and regional partnerships. These are not ALL available funding sources but those most frequently used.

1. Federal Transit Funding

- **SAFETEA-LU Formula Funding for Rural Public Transit Programs**
  - **5311 Non-urbanized Area Formula Funding**: supports public transit in non-urbanized areas with a population under 50,000 as designated by the Bureau of the Census. Funds are apportioned to rural and small urbanized areas based upon population.

- **SAFETEA-LU Other Transit Funding**: Federal regulations provide for the following programs. States vary in how they make the funds available at the local level: some by population-based apportionment and others through competitive offerings.
  - **5310 Vehicle Capital Grants**: providing 80% federal funds for vehicles and vehicle-related equipment for programs serving seniors and persons with disabilities. Some states use 5310 for operating expenses.
  - **5316 Job Access and Reverse Commute Program**: providing 50% federal funds for operating expense and 80% for capital expense, including mobility management. Projects must focus on work and work-related trips for persons of low-income.
  - **5317 New Freedom Program**: providing 50% federal funds for operating expense and 80% for capital expense, including mobility management. Projects must be focused on persons with disabilities and “going beyond the ADA.”
  - **5311(c) Tribal Transit Programs**: providing federal operating and capital support for tribal transportation services, usually secured through competitive offerings open only to tribal groups.
  - **5311(f) Rural Intercity Transportation**: providing funding support exclusively for the transit mileage associated with linking a rural transit service to the inter-state, over-the-road coach transportation services, such as Greyhound and Trailways.

- **5309 Discretionary Programs**: Recent Community Livability and Veterans One-Call/ One-Click Information projects were among recent offerings. A creative rural setting could develop a competitive proposal and secure start-up funds. Funding eligibility varies by the offering.

- **TIGER Discretionary Grants** are a second round of infrastructure grant funding originating with the American Reconstruction and Recovery Act (ARRA). Eligible projects can be in areas of: highway and bridge improvements; public transportation; passenger and freight rail transportation; and, port infrastructure investments. Given that funds have now been appropriated for these similar programs in three separate statutes, DOT is referring to the grants for National Infrastructure Investments under the FY 2011 Continuing Appropriations Act simply as “TIGER Discretionary Grants.” As with the TIGER and TIGER II programs, funds for the FY2011 TIGER program are to be awarded on a competitive basis for projects that will have a significant impact on the nation, a metropolitan area or a region.

The Tribal Transit Program, FTA 5311(c), is a new funding program with the federal transportation legislation of 2005 known as SAFETEA-LU. This provides funds to federally-recognized tribes to support tribal public transportation in rural areas. The Menominee Tribe of Wisconsin, located in northeastern Wisconsin, expanded its local transit service and began new regional service with funding from the Tribal Transit Program. The tribe now operates 13 buses, increasing frequency with daily service to Green Bay and other urban centers. The Tribe has also partnered with the local Menominee Tribal Clinic to increase transit service to the clinic facilities as well as those of the Menominee Aging Division, important destinations for the Tribes’ older adults. Increased ridership on the transit service attests to the benefits of federal funding.
2. Federal Human Services Funding

Funding from various Health and Human Services systems often supports rural transportation programs. Although there are many, common sources include:

- **DHHS Social Security Administration**
  - Medicaid, Title XIX of the Social Security Act, is a major funding source for non-emergency medical transportation in many states, with rules of its use varying widely. This low-income health care program is administered within each state and guided largely by state rules. In some states, there are significant transportation benefits, sometimes paid to the public transit provider on a trip-by-trip basis.

- **DHHS Administration on Aging**
  - Older Americans Act, Title III Funding Allocating funds for transportation is a decision made at the regional Area Agency on Aging level, based upon their annual needs assessment process. Transportation funds are very limited and often help to support nutrition trips to senior centers.

- **Dept. of Housing and Urban Development (HUD)**
  - CDBG (Community Development Block Grants) This is a flexible program providing communities with resources to address a wide range of unique community development needs and is often used to help support local transportation. One of the longest continuously run programs at HUD, annual grants are provided on a formula basis to local government and states.

3. State and Local Funding

- **County, City or Town General Fund Contributions:** These vary greatly among states and counties. Some local communities also allocate general funds from town and city budgets for transportation services often focused on needs of older adults.

- **Other sources can include:** gas taxes, bond proceeds, vehicle registration fees and car sales taxes.

- **Local Sales Tax:** Some local governments have a local sales tax that is dedicated to public transit and other transportation improvements, which have been voted on by local voters. These local funds help to provide a stable and relatively secure local funding base for public transit for what have been called “self-help” counties or jurisdictions.

4. Public and Private Funding Partnerships

A creative funding mix will involve some type of private funding. **Commercial grocery stores** have contributed to dial-a-ride services bringing groups regularly to shop. **Non-profit hospitals** have helped to pay for non-emergency medical transportation. Some cities and towns require **developer fees** upon construction of subdivisions or new housing to offset transit costs. **Kiwanis, Rotary and other service groups** have made small contributions to community transportation services.

**Rural Transit Service (RTS)** utilizes a breadth of funding sources to provide transportation in rural **Erie County, New York**. Based in Brant, NY which has a population just over 2,000 residents, RTS is funded in part by **U.S Department of Housing and Urban Development** and **Erie County Community Development Block Grant Consortium**. Funding support is also provided by the towns and villages of Erie County, rider donations, and volunteers who serve as drivers, dispatchers, and drivers’ aids. RTS provides transportation in both rural and suburban for older adults, individuals with disabilities, and persons of low-income. Although medical trips take priority, eligible riders can also use the service to go shopping, to the bank and for socialization activities, among other trip purposes.

**Pulaski Area Transit (PAT)**, a small non-profit transit agency in **rural Pulaski, Virginia** serves the small towns of Dublin and Pulaski by **successfully leveraging a mix of funding and strategic partnerships**. PTA secured a $5311 grant and has obtained funding from the local Area Agency on Aging, New River Community College, the City of Pulaski and Pulaski County. **Local businesses**, including WalMart and a local fast food spot, have also contributed to PTA’s transportation program. PAT has sponsored an annual golf tournament to help raise match funding.

Page 3 of 4, 3/1/2012
Since 1994, Care-A-Van has provided trips in and around Hemet, a rural region of California’s Riverside County, to low-income, underserved populations “allowing them access to critically needed resources and services that enhance their quality of life.” Trip destinations include medical appointments, social service agencies, education and job training programs, employment services, shopping assistance and social activities. Many of these trips involve door-to-door and even door-through-door assistance by the driver. **All Passengers are older adults ages 60 and above**, with disabilities or of low-income or are escorts/companions accompanying those individuals who require door-through-door assistance. Care-A-Van received Measure A—Riverside County Local Sales Tax funding—grant to purchase an accessible mini-van to accommodate passengers with mobility impairments. Care-A-Van also operates the HOPE BUS – Hemet Opportunity Project Express, the result of a partnership between the Care-A-Van Transit with California Family Life Center (CLFC) and Riverside Transit Agency (RTA).

A $2.00 donation per trip is suggested of riders. Care-A-Van’s additional operating revenues are a mix of local fundraising, including CDGB Grants and local tax dollars, Veterans Administration support and human service agency contracts.

**More information?**
- AARP National and State Offices: [www.aarp.org](http://www.aarp.org)
- AARP Public Policy Institute: [http://www.aarp.org/research/ppi/](http://www.aarp.org/research/ppi/)
- Federal Transit Administration (FTA) [www.dot.fta.gov](http://www.dot.fta.gov)
- Federal Highway Administration
- Rural Transportation Planning [www.ruraltransportation.org/](http://www.ruraltransportation.org/)
- FTA Circulars on Sections 5316, 5317, 5310 and 5311 Programs
- State Departments of Transportation
- State and County Departments of Aging
- County Transportation Commissions
- Councils of Governments and Regional Planning Agencies
- Regional Area Agencies on Aging
- National Cooperative Highway Research Program: “Research Results Digest 354 A Review of Human Services Transportation Plans and Grant Programs” July 2011
- Community Transportation Association of America Medicaid Non-Emergency Transportation Resources: Webinar Playback and Documents

---

**Rural Transportation Toolkit**

*Meeting Older Adults’ Mobility Needs –*

1. Public Transit in Rural Communities
2. Transportation Planning and Coordination in Rural Communities
3. Additional Transportation Options for Rural Communities
4. Funding Rural Public Transit
5. Transit's Role in Livable Rural Communities
6. Health Care and Transportation in Rural Communities