Project No. 20-65, Task 58-62

DOCUMENTATION OF FTA SECTION 5310 RECIPIENTS AND PROJECTS BEFORE THE ENACTMENT OF MOVING AHEAD FOR PROGRESS IN THE 21ST CENTURY (MAP-21)

THE NATIONAL PERSPECTIVE – AN ASSESSMENT OF SECTION 5310 PROGRAM ADMNISTRATION UNDER MAP-21

"SECTION 5310 PROGRAM – THEN AND NOW"

FINAL REPORT

Prepared for
The National Cooperative Highway Research Program
Transportation Research Board
of
The National Academies

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Washington, D.C.

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Abstract

This report presents the results of an analysis on the impacts of the *Moving Ahead for Progress in the 21st Century Act's* (MAP-21) funding formula for, and administrative procedures of, the Section 5310 Enhanced Mobility of Seniors and Individuals with Disabilities program. MAP-21 directs that 60 percent of program funding be used in urbanized areas with a population over 200,000; 20 percent in urbanized areas of between 50,000 and 200,000 in population; and 20 percent in rural areas. Previously, under the *Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users* (SAFETEA-LU), Section 5310 funds were distributed to a single designated recipient in each state (typically the state DOT) that had discretion to award funds anywhere in the state where transportation needs for the elderly and disabled were deemed to be the greatest. This report presents Section 5310 funding allocations by state from FY 2010 through FY 2014 and compares their distribution to large urban, small urban, and rural areas under SAFETEA-LU and MAP-21. A survey of state DOTs was undertaken to collect historical data on states' allocation of Section 5310 for the last three years of SAFETEA-LU (FY 2010 – 2012). The data collected to support this research reveals the MAP-21 formula to be inconsistent with how states allocated Section 5310 funding under SAFETEA-LU. Specifically, every state that participated in this research directed more than 20 percent of their annual Section 5310 funding to rural areas in the final three years of SAFETEA-LU and, collectively, allocated almost 50 percent of Section 5310 resources to rural areas.

This report further finds that the practice of administering the Section 5310 program changed dramatically under MAP-21, particularly in larger urban areas. The absence of information on the program and associated training directed toward state and local stakeholder agenices – both in the months leading up to the enactment of MAP-21, and afterwards – proved to be a serious challenge in their ability to effectively deliver Section 5310 funding in a post-SAFETEA-LU environment.

Executive Summary

The *Moving Ahead for Progress in the 21st Century Act* (MAP-21) significantly impacted the use of federal funding for transit services in rural areas that serve seniors and disabled passengers. Although MAP-21 increased funding available under a broadened Section 5310 Enhanced Mobility of Seniors and Individuals with Disabilities program, this expansion largely reflected its absorption of the Section 5317 *New Freedom* program, which was established under the preceding authorization, *Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users* (SAFETEA-LU). More significantly, MAP-21 changed the way Section 5310 funds were distributed to areas within each state. Under SAFETEA-LU, the Section 5310 program was allocated by formula directly to state departments of transportation (DOT) or other designated state agencies based upon the number of elderly individuals and individuals with disabilities within each state. These funds could be used anywhere in the state, at the discretion of the recipient agency. MAP-21, on the other hand, directs that 60 percent of program funding be used in urbanized areas with a population over 200,000; 20 percent in urbanized areas of between 50,000 and 200,000 population; and 20 percent in rural areas. The purpose of the research supporting this report is to gain a better understanding of the extent to which the distribution of Section 5310 funds authorized under SAFETEA-LU corresponds to MAP-21's Section 5310 formula.

This report presents an historical analysis of funding levels by state under SAFETEA-LU and MAP-21. Its findings are based upon MAP-21 apportionments; a survey specifically prepared for and administered to all 50 states, the District of Columbia, and Puerto Rico; and interviews with several state DOT representatives. The information collected was used for an analysis of the allocation of funds under SAFETEA-LU as compared to the formula distribution under MAP-21. This report finds the MAP-21 formula to be inconsistent with how states allocated Section 5310 funding to their subrecipients under SAFETEA-LU. Further, historical funding levels do not appear to correlate to a state's share of urban or rural population, as the MAP-21 formula would suggest. Specifically, the research found that:

- Over the last three years of SAFETEA-LU (2010-2012), the 20 states that provided funding allocation data collectively distributed 49.6 percent of Section 5310 program funding to rural areas, 16.2 percent to small urban areas, and 34.2 percent to large urban areas. This contrasts significantly with the MAP-21 Section 5310 formula which provides only 20 percent of funding to non-urbanized areas, 20 percent of funding to small urban areas, and 60 percent to large urban areas.
- Over the three year SAFETEA-LU analysis period, every respondent state allocated more to rural areas than what is now allowed under MAP-21.
- States have historically distributed the greatest share of Section 5310 funding to rural areas. Between 2010 and 2012, FTA's Section 5311 Rural Formula program provided an average of $488.34 million for rural transit – approximately 10 percent of all "general purpose" federal formula public transportation resources. Yet, the 2010 US Census quantified the nation's rural population at 19.3 percent of all Americans.
- Only four states distributed 60 percent or more of their Section 5310 program funding to large urban areas in at least one of the last three years of SAFETEA-LU; most of these states also experienced years where their distribution to large urban areas fell well below that level. For example, Delaware allocated 53.8 percent of its Section 5310 funding to large urban areas in FY 2011 but only 28.6 percent

in FY 2012. Michigan allocated 68.4 percent of its funding to large urban areas in FY 2011 but only 37.0 percent in FY 2012. Florida distributed 60 percent or more of its Section 5310 funding to large urban areas for all three years, but during the same period of time, also allocated 27.6 percent of its Section 5310 funding to rural areas.

- Prior to MAP-21, state DOT's did not typically sub-allocate Section 5310 program funding according to population. State DOT's typically developed their own methodologies for determining where to spend Section 5310 funding and the resulting allocation does not appear to correlate to a states' share of urban vs. rural population. Of the states that provided information on their distribution of Section 5310 funding, only two featured rural populations that are greater than their urban populations (Mississippi and Vermont). This suggests that the remaining states would tend to direct the majority of their annual Section 5310 program funding towards urban, rather than rural, areas. However, of the 20 majority urban states that reported funding allocation information, 11 – or 55 percent – allocated more than half of their funding to rural areas.

In addition to changes in the distribution of funding, this report also examines changes to Section 5310 recipients' administration of the program resulting from the enactment of MAP-21. The intent of the research is to document administrative challenges associated with the statute, while identifying potential positive practices to ease program management delivery. Through focus groups, interviews, and surveys of Section 5310 program stakeholders, the research found that:

- The greatest changes to the administration of the Section 5310 program was experienced in larger urbanized areas (greater than 200,000 population), as MAP-21 required that the state Governor designate a local agency in such areas – rather than a state DOT - to administer it. This requirement therefore required the training of new recipients in program and grants management, project selection, and, in some cases, the development of new procurement processes. These new responsibilities ultimately led to delays in the delivery of funding and implementation of projects to serve elderly and disabled populations in many areas.
- Participants to the research indicated that there was a general lack of knowledge shared by stakeholders and funding recipients of the changes to the Section 5310 program being contemplated by Congress during the process for reauthorizing SAFETEA-LU, and very little information and guidance on addressing changes to program administration even after the enactment of MAP-21. Industry stakeholders interviewed or surveyed for this research indicated that they were therefore unable to plan for the changes ahead of time, and that having to react after the passage of MAP-21 caused further delays in program delivery.
- A challenge to administrating the Section 5310 program is that many subrecipients have a limited understanding of FTA programs and requirements. This is because Section 5310 subrecipients generally are not traditional FTA grantees. The most 5310 subrecipients only provide transportation services for a specialized clientele and thus generally receive most of their funding through non-transportation funders, such as mental health or aging programs. While this situation pre-dates the passage of MAP-21, the proliferation of new designated recipients – thus introducing more entities into the program administration and project selection process – complicated the transfer of knowledge and dissemination of guidance on the program.

- Most state DOTs that participated in a 2016 survey stated that MAP-21's statutory changes have had a particularly devastating impact in rural areas. Generally, those state DOTs that expended a large amount of their apportionment in rural areas under SAFETEA-LU are now finding that these areas have to do more with less.

1. Introduction

The *Moving Ahead for Progress in the 21st Century Act* (MAP-21) resulted in a significant impact on the use of federal funding for transit services in rural areas that serve seniors and disabled passengers. Although MAP-21 substantially increased funding available under a broadened Section 5310 Enhanced Mobility of Seniors and Individuals with Disabilities program, this expansion largely reflected its absorption of the Section 5317 *New Freedom* program, which was established under the preceding *Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users* (SAFETEA-LU). More significantly, MAP-21 changed the way Section 5310 funds are distributed to areas within each state. Under SAFETEA-LU, the Section 5310 program was allocated by formula directly to state Departments of Transportation (DOT) or other designated state agencies based upon the number of elderly individuals and individuals with disabilities within each state. These funds could be used anywhere in the state, at the discretion of the recipient agency. MAP-21, on the other hand, directs that 60 percent of program funding be used in urbanized areas with a population over 200,000; 20 percent in urbanized areas of between 50,000 and 200,000 in population; and 20 percent in rural areas.

These changes have prompted the National Cooperative Highway Research Program (NCHRP), on behalf of the American Association of State Highway Officials (AAHSTO) Standing Committee on Public Transportation (SCOPT), to commission two research activities on the past – and future – of the Section 5310 program that are combined and presented in this report. The first investigation - "*Documentation of FTA Section 5310 Recipients and Projects Before the Enactment of the Moving Ahead for Progress in the 21st Century Act (MAP-21)*" is intended gain a better understanding of the extent to which the distribution of Section 5310 funds authorized under SAFETEA-LU corresponds to MAP-21's Section 5310 formula. Based upon the data collected to support this research effort, it is evident that the MAP-21 formula is inconsistent with how states allocated Section 5310 funding to their subrecipients under SAFETEA-LU. Specifically, <u>every state which responded to a survey administered to support this research indicated that they directed more than 20 percent of their annual Section 5310 funding to rural areas between 2010 and 2012 (the final three years of SAFETEA-LU), and collectively allocated almost 50 percent of Section 5310 resources to rural areas during this period</u>. Indeed, this report shows – along with other recent research sponsored by NCHRP (for example, Research Results Digest 394 "*Estimating the Long Term Impacts of MAP-21 on the Nation's Local Rural Transit Bus Infrastructure")* - that some provisions of MAP-21 have resulted in a loss of funding for rural public transportation.

The second research effort – "*An Assessment of Section 5310 Program Administration Under MAP-21"* – is intended to summarize the issues and challenges in administering the Section 5310 program under MAP-21 (and, now, the Fixing America's Surface Transportation (FAST) Act, which maintains MAP-21's provisions), and to inform state and local Section 5310 program agencies and stakeholders of practices used by affected agencies to implement the program. The research indicates that many program recipients and subrecipients felt they had not been alerted to the changes about to be enacted with the passage of MAP-21. Moreover, large urban areas appeared to have had the most difficult time with the transition to MAP-21 because the law now required a local designated recipient to be identified, certified by the state, and readied for administering the program. Many program recipients further noted that their only knowledge of the Section 5310 program came from the state DOT and that additional training for their drivers and administrative training for their grants managers would be helpful.

Section 2 of this report begins with an explanation of the methods used to collect data and information for the research effort. Section 3 *Section 5310 Program Overview and History* continues with an introduction to the Federal Transit Administration's (FTA) Section 5310 Enhanced Mobility of Seniors and Individuals with Disabilities program, including program goals and objectives, eligibility and other requirements, and typical projects and recipients. It also traces the program's origins to the mid-1970s and describes its evolution across six surface transportation authorizations.

Section 4 *Use and Distribution of Section 5310 Funding* presents program apportionment and obligation data for FY 2010 through 2015 – the last three years of SAFETEA-LU, and the two years (plus a one year continuing resolution) authorized by MAP-21. Section 5 *Post SAFETEA-LU Section 5310 Administrative Challenges and Practices* presents findings on the administrative challenges of designated recipients, and subrecipients, as well as several "best practices" that Section 5310 administrators and service providers have adopted to most effectively deal with program administration requirements, most wisely utilize program funds, and coordinate with other operators of the special services for which the Section 5310 program is intended to support. Section 6 concludes the research with a summary of the primary research findings.

2. Research Methodology

The execution of this research relied on a variety of information sources and data collection approaches. Specifically, the research methodology included a review of federal law, FTA guidance, previous research, and published and unpublished grant information on the Section 5310 program, as well as two surveys prepared specifically for the research. In addition, a series of interviews and focus groups conducted to support parallel research on the former Section 5316 and Section 5317 programs – *"JARC and New Freedom Then and Now*" – provided additional information which was used in the development of this research and its findings. Each of these activities are described below.

2.1. Review of Program Documentation and Grants Data

The research team reviewed all Congressional surface transportation authorizations since the National Mass Transportation Act of 1974, when a federal transit program for transporting elderly and disabled individuals was first established. This documentation provided the basic program information presented in Section 4. A general understanding of the Section 5310 program was gained from a review of research sponsored by the Transit Cooperative Research Program (TCRP), NCHRP, the Community Transportation Association of America (CTAA), FTA, the Government Accountability Office (GAO), and the American Association of Retired Persons (AARP) Public Policy Institute.

Financial information on the Section 5310 program was derived from a number of sources. First, program funding and obligation data was collected from FTA's annual apportionments notices and Grant Statistical Summaries, available on the agency's website. Second, detailed information on the use of Section 5310 funding for the period of study was generated by FTA staff at the request of the research team. This information is provided in Sections 4 and 5 of the report.

2.2. Stakeholder Survey

This research benefits from two extensive surveys carried out in 2015 and 2016. These two survey efforts are described below

2.2.1. State DOT Survey on Section 5310 Expenditures

To supplement the information collected from FTA and previous research, the research team administered a wide ranging survey of state DOTs. The survey was intended to generate more refined information on where states used their Section 5310 funding under the last three years of SAFETEA-LU, as well as capture state experiences in and observations of the administration of the program. Questions on the Section 5310 program were combined with a series of questions on the former Section 5316 Job Access and Reverse Commute (JARC) program, which is the subject of parallel NCHRP research being performed by the research team.[i] Consolidating the two sets of questions into a single survey helped achieve economies of scale in the performance of the research while minimizing the burden on respondents in having to answer separate surveys. In fact, it was an overarching goal of the research team to minimize the time and effort required to respond to the survey. Therefore, only nine questions for each of the two programs was asked.

Among other things, the survey requested information on the amount of Section 5310 funding allocated by state DOT program recipients to subrecipients in each of three population categories: (1) large urbanized areas of over 200,000 in population; (2) small urbanized areas of between 50,000 and 200,000 in population; and (3) rural areas of less than 50,000 in population. This is information that the FTA does not track after the award of Section 5310 grants to states. However, state DOT's must prepare and submit to FTA with each grant application a Section 5310 "program of projects" (POP) which lists the projects to be funded, grant subrecipients, and the areas served by subrecipients, including rural areas. POPs (as well as other information electronically "paper clipped" to each state's Section 5310 grant applications for FY 2010-2012) were requested from and provided by FTA to the research team, as it was hoped that the subsequent transmittal of this information to each State along with the survey would relieve their reporting burden.

Unfortunately, the research team found that many state's POPs – as provided by FTA – were either unavailable or incomplete. Upon review of the FTA-provided POPs and other information, it was decided that the information was not usable for the purposes of facilitating survey responses. This was disappointing, as it meant that more effort would be required by most states to fully respond to the survey.

The survey was prepared and formatted for online administration. SCOPT was contacted to assist in transmitting the survey to each of its members, which includes DOT representatives from every state, the District of Columbia, and Puerto Rico. SCOPT transmitted the survey to its membership via email on February 23, 2015. Both the email and the introduction to the survey itself asked that the recipient agency transmit the survey to the appropriate non-DOT agency if the DOT does not administer the Section 5310 program.[ii]

Prior to March 17, only 10 states had completed the survey. Consequently, the research team extended the deadline for responding until April 6. However, only 18 states had submitted the online survey at its April 6 closure. Upon consultation with NCHRP and SCOPT staff, it was decided that the survey should be re-activated. On April 24, SCOPT notified survey non-respondents that the survey was being re-opened, with a new deadline of May 29. When the survey closed on that date, 29 states had responded – a 55.8 percent response rate. Table 2-1 on the following page lists those states that responded to the survey.

Table 2-1 Section 5310 Survey Respondents

Alabama	New Hampshire
Alaska	New Mexico
California	North Carolina
Colorado	North Dakota
Delaware	Oregon
Florida	Pennsylvania
Georgia	South Carolina
Illinois	South Dakota
Indiana	Texas
Michigan	Vermont
Minnesota	Virginia
Mississippi	Washington
Missouri	Wisconsin
Montana	Wyoming
Nevada	

While the overall response rate was disappointing, survey respondents reflected a variety of large, small, urban, and rural states, and it is the belief of the research team that the information collected provides insightful and valid information for the purposes of gaining a better understanding of how and where Section 5310 program funding was used prior to the enactment of MAP-21.

2.2.2. Section 5310 Program Stakeholder Survey

A second survey was administered to collect information regarding the challenges and benefits caused by the administrative changes of the Section 5310 program after the passage of MAP-21. These survey questions were reviewed and approved by the NCHRP/SCOPT Research Panel in February 2016. These questions were combined with questions supporting parallel research – "*JARC and New Freedom Then and Now*" - into a single Survey Monkey survey; as with the 2015 survey, it was the research team's hope that consolidating the two sets of questions into a single survey would achieve economies of scale in the performance of the research while minimizing the burden on respondents of having to answer multiple surveys.

Consistent with the 2015 survey, the SCOPT's contact list was not up to date for several DOTs, which required the research team to identify other means for reaching 5310 contacts. Finding accurate contact information for state DOTs and transit agencies proved to be a challenge. The research team found that FTA does not have an accurate contact list for recipients of the Section 5307, 5310, and 5311 programs. Concurrent with the present research effort, the research team learned that CTAA had been tasked by FTA to create a state DOT Section 5310/5311 program contact list. This list was provided to the Task 61 research team on February 12, 2016.

The research team prepared its own contact list of specialized transit service contacts at metropolitan planning organizations (MPOs) in order transmit the survey to an individual most likely to respond knowledgably about the transition to a local designated recipient and how that change impacted administration of the program.

The American Public Transportation Association of America (APTA) agreed to facilitate transmittal of the survey to its Mobility Management Leadership contact list. This list included representatives from 57 transit agencies that APTA identified as being directly responsible for administering funds or operating services using Section 5310, JARC, and New Freedom funding.

In the hopes of generating a higher response rate than the 2015 survey, the 2016 survey provided for anonymous responses, with the only identification being if the respondent was a state DOT or a service provider/administrator from a rural area, small urbanized area, or large urbanized area. The survey was transmitted by the research team on March 22 to state DOTs with a request that it be passed on to their sub-recipients, or that they provide the team with contact information for the team to transmit the survey directly to subrecipients. The survey was also transmitted to the team's MPO contact list on March 22. On April 19, APTA transmitted the survey to its Mobility Management Leadership contact list.

A reminder email was sent to survey recipients on April 28. Due to a disappointing response rate, another reminder was sent to all contact lists on May 31 (the original survey deadline) providing an extension for responding until June 17.

When the survey closed on June 17, 2016, the research team had received at least partial responses from 27 state DOTs, 130 rural transit agencies, 70 small urban operators or MPOs, and 59 large urban operators/MPOs.

2.3. State DOT Staff and Stakeholder Interviews and Focus Groups

The research team conducted a series of interviews with state DOT staff and Section 5310 program stakeholders in 2015 and 2016 to provide follow-up and additional depth to the information collected through the surveys.

The 2015 interviews focused on state DOT staff responsible for administering the Section 5310 program. Candidate participants identified themselves in the online survey as willing to take part in the follow-up interview. To select participants for the interview, the research team looked for a variety of experiences in the survey results, including:

- State DOTs that are experiencing funding challenges in rural areas as a result of MAP-21 changes,
- State DOTs that are experiencing funding challenges in small and large urban areas as a result of MAP-21 changes, and
- State DOTs that identified other unique challenges that were worthy of additional conversation.

In addition, other state DOTs that provided geographic diversity were added.

Interviews were conducted over the phone. Four questions were provided in advance to interviewees and were the focus of conversation during the interview:

1. How was Section 5310 program funding distributed statewide prior to MAP-21?

2. What was that funding generally used for?
3. Now that MAP-21 has required a specific distribution of Section 5310 funding to urban, small urban, and rural areas, is it consistent with how funding was being distributed before?
4. How is the state DOT managing changes to the administration of Section 5310 funding?

Individuals from the following state agencies were interviewed for this research.

Table 2-2 Individuals from State agencies Interviewed

Illinois DOT	North Carolina DOT
Michigan DOT	Pennsylvania DOT
Minnesota DOT	South Carolina DOT
New Hampshire DOT	Texas DOT

In 2016, the research team also facilitated a series of conversations with a broader pool of program stakeholders to gain even greater insights into Section 5310 program administration. Specifically, the team conducted two focus groups and 20 interviews. The first focus group convened state DOT transit managers as part of an AASHTO Multistate Transportation Assistance Program (MTAP) conference call on May 17, 2016. Eight state DOT officials participated in the May 17 focus group representing Alaska, Colorado, Florida, Michigan, Missouri, Nebraska, New Mexico, and Oregon. The group discussed the transition of designated recipients in urban areas from state DOT to a local entity and the changes in program administration due to limited funding in rural areas.

The second focus group was conducted during the CTAA Annual Expo in Portland, Oregon, on May 26, 2016. Participants were invited via email one week prior to the conference and reflected a broad representation of rural and urban and coverage of the United States. Eight participants represented the following agencies:

Table 2-3 Focus Group CTAA Participants

Arkansas State Highway and Transportation Department	Maricopa Association of Governments – Phoenix, AZ
Atlanta Regional Commission - Atlanta, GA	Minnesota DOT
Jerus County Council on Aging - Lewistown, MT	New River Valley Senior Services - Pulaski, VA
Lane Transit District - Eugene, OR	Sedgwick County Department on Aging – Wichita, KS

Each member of the group was asked to introduce themselves and their affiliation with the Section 5310 program, and was asked about their knowledge of changes to the Section 5310 program. The majority of the discussion was a general conversation about the administration of the Section 5310 program and best practices related to administration and ways to “tell the story” about program successes.

Finally, the research team conducted 19 interviews with stakeholders from across the country. The interviewees represented Section 5310 designated recipients and subrecipients, state DOT transit staff, FTA headquarters and regional staff, transit operator specialized transportation services staff, MPO staff and national interest group leaders. Table 2-4 identifies the organizations that participated in research interviews.

Table 2-4 Interview Participants

Arc of Acadiana - New Iberia, LA	Mid-America Regional Council - Kansas City, MO
Change, Inc. - Weirton, WV	Nashville MTA - Nashville, TN
Cooperative Alliance for Seacoast Transportation - Dover, NH	National Association of Area Agencies on Aging
Door County, Wisconsin	Ride Connection - Portland, OR
Easter Seals Project Action (2 Interviews)	South Carolina Department of Transportation
Federal Transit Administration Region VII – Kansas City, MO	Stark Area Regional Transit Authority – Canton, Ohio
Federal Transit Administration Headquarters	Sumter County, Florida
Iowa Department of Transportation	Texas Department of Transportation
Lewis and Clark MPO - Lewiston, ID	Tri-Met - Portland, Oregon
Metropolitan Washington Council of Governments Washington D.C.	

These interviews were conducted via conference call with two members of the research team. Questions were provided to the interviewees prior to the interview and were targeted to the type of participant – urbanized area, rural area, state DOT or national advocacy agency/FTA. Interviews generally lasted from 30 minutes to an hour.

Observations on the Section 5310 program gleaned from the interviews are presented in Sections 4 and 5 of this report.

3. Section 5310 Program Overview and History

49 U.S.C. Section 5310 provides for the *Enhanced Mobility of Seniors and Individuals with Disabilities* program. The program is focused on providing funding for transportation services that "meet the special needs of seniors and individuals with disabilities when public transportation is insufficient, inappropriate or unavailable."[iii] Since the program's inception in 1975, it has evolved from a small discretionary program to an established state distribution program with enhanced flexibility, coordination requirements, and sub-allocation of funds based on a region's population characteristics. Regardless of the changes, the tenets of the Section 5310 program have remained the same:

- Promoting the use of local human service agencies to provide services to elderly and disabled transit-dependent populations.
- Coordinating programming and services with other local human service agencies that receive federal funding to serve the elderly and disabled through agencies such as Health and Human Services (which administers the Older Americans Act Title III programs, Medicaid, and Medicare) and Veteran's Affairs.
- Coordinating with other FTA funding programs, most specifically the 49 U.S.C. Section 5311 Formula Grants for Rural Areas program, to provide comprehensive transportation services in the most cost effective way in underserved areas to underserved populations.

Prior to the passage of MAP-21, Section 5310 funding was most typically used by recipients to cover capital costs such as the purchase of vehicles, the construction of maintenance or storage facilities, or contracting for services – that is, the "acquisition of transportation services under a contract, lease, or other arrangement." Considered a capital cost, this eligible activity allows subrecipients to purchase rides from public transportation agencies, instead of purchasing their own vehicle.[iv] Up to 10 percent of program costs can be used by the state DOT or subrecipients for program administration, planning, or technical assistance.

Under SAFETEA-LU, most Section 5310 program funding was obligated to state DOTs (or another Governor-designated entity, such as a state human service agency) and then was sub-allocated to subrecipient nonprofit agencies and, less commonly, public agencies such as cities or counties at the discretion of the state. MAP-21 changed this funding distribution model by requiring large urbanized areas to establish a local designated recipient to administer the program. The process for identifying a designated recipient could be led at either the state or local level, but the formal designation must be certified by a letter from the state Governor to the FTA Regional Administrator.

Designated recipients are charged with disseminating funding to subrecipients throughout their service area (either statewide or region wide) that serve the elderly and disabled. Program eligibility for passengers is identified at the state and/or local level, as there are no definitions for the eligible subgroups (seniors, disabled) within 49 USC 5310. The designated recipient of FTA funds must verify that the eligibility process for an individual's inclusion in the *Enhanced Mobility of Seniors and Individuals with Disabilities* program by a subrecipient is conducted fairly and within FTA rulemaking and existing laws, including the *Americans with Disabilities Act of 1990 (ADA)* and Title VI of the *Civil Rights Act of 1964*. Because the funding requests for eligible projects are almost always larger than the amount of 5310 funding the designated recipient has to program, designated recipients develop their own project selection process in order to equitably distribute funds to providers in its jurisdiction. In general, the process for selecting projects is as follows:

- The designated recipient does a regular (annual or otherwise) call for projects. During SAFETEA-LU, this call would have been for capital costs, since that was the only eligible expense (other than in a few states that were participating in a pilot program to include operating expense as an allowable expense). After MAP-21, new eligible activities were allowed, including mobility management and operating expenses.
- Subrecipients (generally nonprofit organizations but also include transit authorities and municipal governments) submit applications to the designated recipient.
- The designated recipient follows their identified process for reviewing applications. This may be an internal review or it may include a committee of stakeholders.
- Selected subrecipients are awarded projects. Those who are awarded vehicles proceed into the vehicle ordering process with the designated recipient. Those who were awarded other types of funding, such as for contracting service or mobility management, go through the contracting process with the designated recipient.
- Once the contract period begins, the subrecipient either receives the vehicle once assembly and delivery is complete or bills the designated recipient regularly for costs already incurred on the grant.
- The subrecipient reports on activities of the grant to the designated recipient. The designated recipient is federally required to oversee the financial and operational quality of the subrecipient.

The Section 5310 program does allow designated recipients to transfer funding between areas. Under MAP-21, transfers are allowed between a state's small urban program and a state's rural program (in either direction). In order to be allowed to transfer funding, the designated recipient must certify that all specialized transportation needs that were identified in the Human Services Transportation Plan for the area have been met by funded services. Transfers are not allowed between large urbanized areas and other areas of the state (including other large urbanized areas).

3.1. National Mass Transportation Assistance Act of 1974 – the Transportation Equity Act for the 21st Century (TEA-21) (1974 - 2005)

The Urban Mass Transportation Administration's (UMTA) "Section 16(b)(2)" program was established by the *National Mass Transportation Assistance Act of 1974* as a discretionary capital assistance program which awarded grants to private non-profit organizations to serve the transportation needs of elderly persons and persons with disabilities. Annual funding under the program ranged between $20 and $35 million through the late 1970s and throughout the 1980s. UMTA apportioned funding to states by formula for distribution to local agencies, a practice made a statutory requirement by the *Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA)*, which also renamed UMTA the Federal Transit Administration (FTA). In the early years of the Section 16(b)(2) program, many of the subrecipient non-profit agencies used funding to purchase vehicles primarily for transportation of their own clients.

The passage of ISTEA significantly increased the size of the program, reaching $51.7 million in FY 1996. ISTEA also introduced the eligibility of public agencies under limited circumstances to facilitate and encourage the coordination of human service transportation. FTA guidance encouraged and required coordination of the program with other federal human service transportation programs. In addition to procuring vehicles, the acquisition of service in order to promote use of private sector providers, coordination with other human service agencies and public transit providers, and the costs to administer the program were made eligible expenses under ISTEA.

TEA-21, enacted in 1998, re-codified the program under Section 5310. TEA–21 increased Section 5310 program funding but made no significant program changes.

3.2. Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) (2006-2012)

In 2005, Congress enacted SAFETEA-LU. SAFETEA–LU introduced several changes to the program, including:

- A requirement that projects funded with Section 5310 funds be derived from a locally developed, coordinated public transit-human services transportation plan;
- Defined mobility management as an eligible federal capital expense supported with 80 percent federal public transportation funding. Mobility management consists of short-range planning and management activities and projects for improving coordination among public transportation and other transportation providers.
- Introduction of a seven state pilot program that allowed selected states to use up to one-third of the funds apportioned to them for operating assistance;
- Removal of the flexibility of transferring Section 5310 funds to the Section 5311 nonurbanized formula program during the fiscal year apportioned, if funds were not needed for Section 5310 program purposes; and
- Allowance of transfers to Section 5307 or 5311, but only to fund projects selected for Section 5310 program purposes.

SAFETEA-LU continued the previous federal transit law formula for allocating funding to states for distribution throughout urban and rural areas, at the discretion of each state, as shown in Figure 3-1 below.

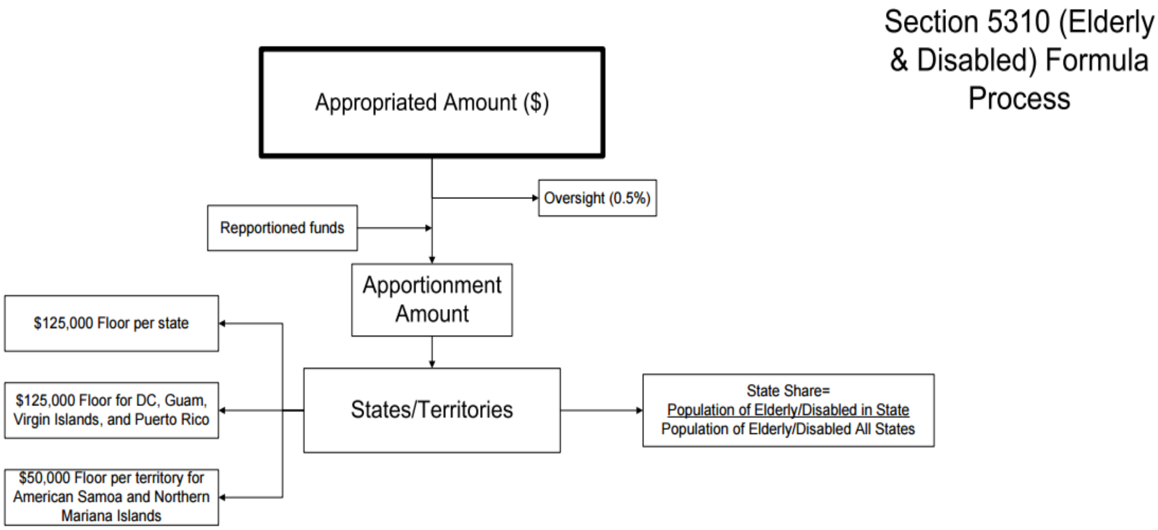

Figure 3-1 Section 5310 Formula under SAFETEA-LU

Source: U.S. Department of Transportation, Federal Transit Administration

In addition to the changes SAFETEA-LU brought to the Section 5310 program, it also introduced a new complementary program intended to specifically serve individuals with disabilities with the intention of removing mobility barriers. The Section 5317 New Freedom program grew out of the Bush Administration's 2001 *New Freedom Initiative,* introduced by Executive Order 13217 *Community-Based Alternatives for Individuals with Disabilities*. The Order directed six federal agencies, including the Departments of Justice, Health and Human Services (HHS), Education, Labor, Housing and Urban Development and the Social Security Administration to "evaluate the policies, programs, statutes and regulations of their respective agencies to determine whether any should be revised or modified to improve the availability of community-based services for qualified individuals with disabilities."[v] The Departments of Transportation and Veterans Affairs, the Small Business Administration, and the Office of Personnel Management, though not named in the Executive Order, also joined in the implementation effort. Together, these agencies and the goals and objectives of the Executive Order were incorporated into the *Coordinating Council on Access and Mobility* (CCAM), established in 1986 by USDOT and HHS, to promote coordination among federal transportation programs which support the mobility of disabled populations, including the FTA Sections 5310 and 5317 programs.

The Bush Administration included funds for the *New Freedom* program in each of its annual budget requests to Congress since FY 2003; however, it was not until the enactment of SAFETEA–LU that funding was authorized by Congress. Under the *New Freedom* program, the chief executive officer of each State must designate a public entity to be the recipient of Section 5317 funds. In urbanized areas with less than 200,000 in population and in non-urbanized areas, a state agency designated by the governor (usually the state department of transportation) was the designated recipient. In urbanized areas over 200,000 in population, the chief executive officer of the State must select a designated recipient in consultation with responsible local officials, and public transit providers in the urbanized area. The designated recipient was responsible for conducting a competitive selection process for *New Freedom* funds, applying to FTA for funding, passing through funds to subrecipients, and monitoring subrecipient activities.

Like the Section 5310 program, states may transfer Section 5317 funds to the Section 5307 and Section 5311 programs as long as funds are used for New Freedom program purposes – although this provision was rarely utilized. Matching funds can be provided from other federal programs, and states and designated recipients must select grantees competitively, while projects must be included in a locally-developed human service transportation plan. Unlike Section 5310, however, Section 5317 New Freedom funds can be used for operating assistance. As will be demonstrated shortly in this report, operating expenses accounted for the largest use, by purpose, of Section 5317 funds from FY 2010-2014.

3.3. Moving Ahead for Progress in the 21st Century (MAP-21) and the Fixing America's Surface Transportation (FAST) Act (2013-present)

The passage of MAP-21 in 2012 for fiscal years FY 2013 and 2014 – and extended into FY 2015 - made significant changes to the Section 5310 program, which were carried over into the FAST Act when it went into effect for FY 2016. Cosmetically, MAP-21's Section 5310 resulted in the replacement of the term "special needs of elderly individuals" to "the enhanced mobility of seniors." More notably, MAP-21 expanded eligibility of Section 5310 funds to be used for operating transportation services that address the needs of seniors and individuals with disabilities. Reflecting the absorption of the *New Freedom* program, MAP-21 permits up to 45 percent of a recipients' funding to be used for public transportation projects that exceed the requirements of the ADA; public transportation projects that improve access to fixed-route service and decrease reliance by individuals with disabilities on complementary paratransit; or alternatives to public transportation that assist seniors and individuals with disabilities. At least 55 percent of funds available for this program must be used on projects planned, designed, and carried out to meet the special needs of seniors and individuals with disabilities when public transportation is insufficient, inappropriate, or unavailable; these services are typically carried out by non-profit agencies. The acquisition of public transportation services remains an eligible expense under the program.

MAP-21 Section 5310 also includes a new requirement that FTA establish performance measures for the program concerning the geographic coverage, quality, and span of service; ridership; accessibility improvements; and other measures as determined by FTA. The development of these measures by FTA is ongoing, and their application to the program is expected to greatly improve the transit industry's ability to measure the effectiveness of the Section 5310 program.

Perhaps the most significant change to the program is how Section 5310 funding is allocated to meet the transportation needs of elderly and disabled populations. In contrast with a single statewide allocation based on each state's senior and disabled population for use anywhere in the state, MAP-21, as shown in Figure 3-2, apportions 60 percent of program funding to urbanized areas with a population over 200,000; 20 percent to urbanized areas of between 50,000 and 200,000 population; and 20 percent to state DOTs for rural areas.

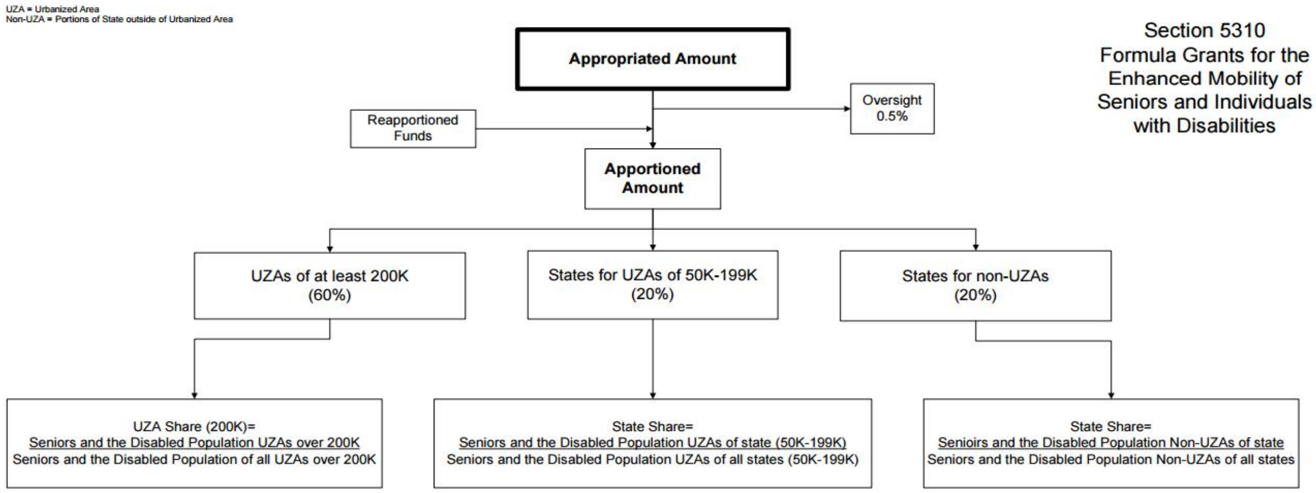

Figure 3-2 Section 5310 Formula under MAP-21

Source: U.S. Department of Transportation, Federal Transit Administration

How MAP-21's formula compares to states' allocation of Section 5310 funds under a statewide distribution scheme is the subject of Section 4 of this report.

3.4. SAFETEA-LU, MAP-21, and FAST Act Program Funding Levels and Distribution

MAP-21 significantly increased funding available under the Section 5310 program. Figure 3-3 presents Section 5310 program levels authorized under SAFETEA-LU, MAP-21, and the FAST Act.

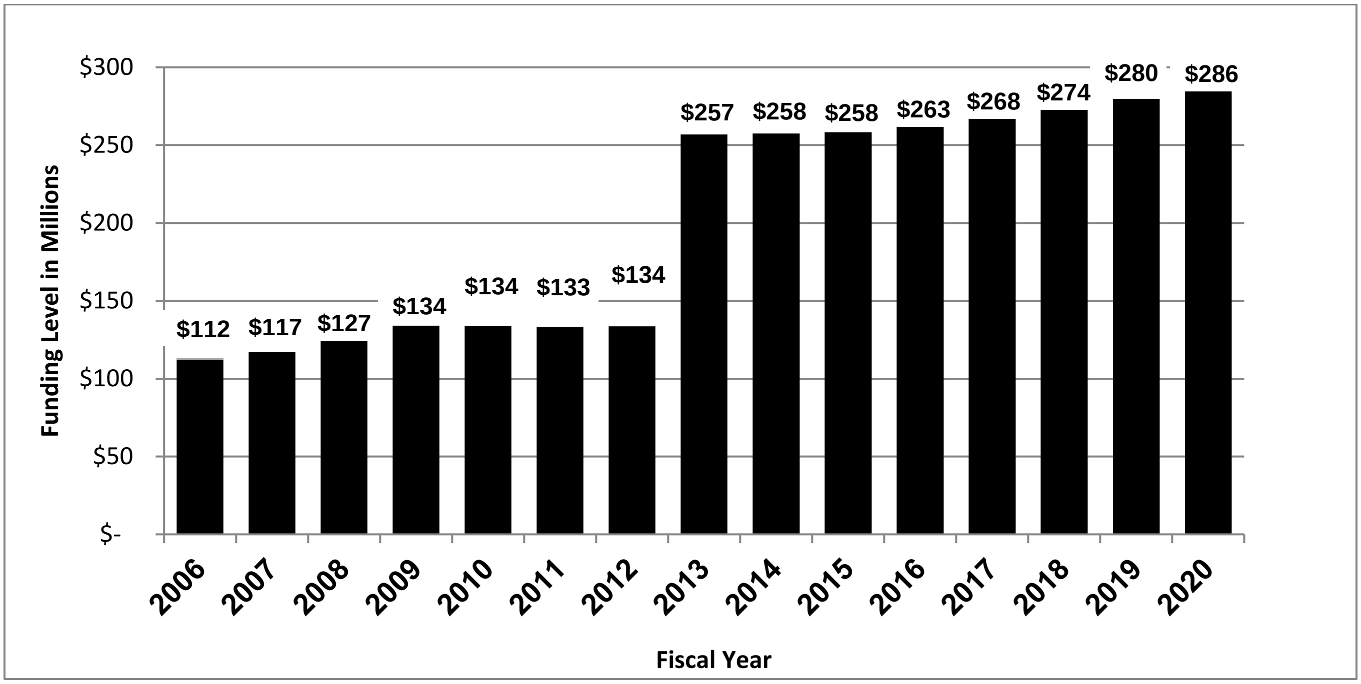

Figure 3-3 Authorized Funding Levels for Section 5310 Program by Year, FY 2006 – 2020

Source: U.S. Department of Transportation, Federal Transit Administration

The 90 percent increase in Section 5310 program resources between FY 2012 and FY 2013 includes MAP-21's consolidation of SAFETEA-LU's Section 5317 *New Freedom* program with Section 5310. Figure 3-4 presents FTA's actual annual apportionments for both the Section 5310 and Section 5317 program since FY 2010. Figure 3-4 shows that when accounting for the absorption of Section 5317, real growth of the Section 5310 program is only 9.7 percent above SAFETEA-LU levels (with a less than one-quarter percent annual growth rate between 2013 and 2014).

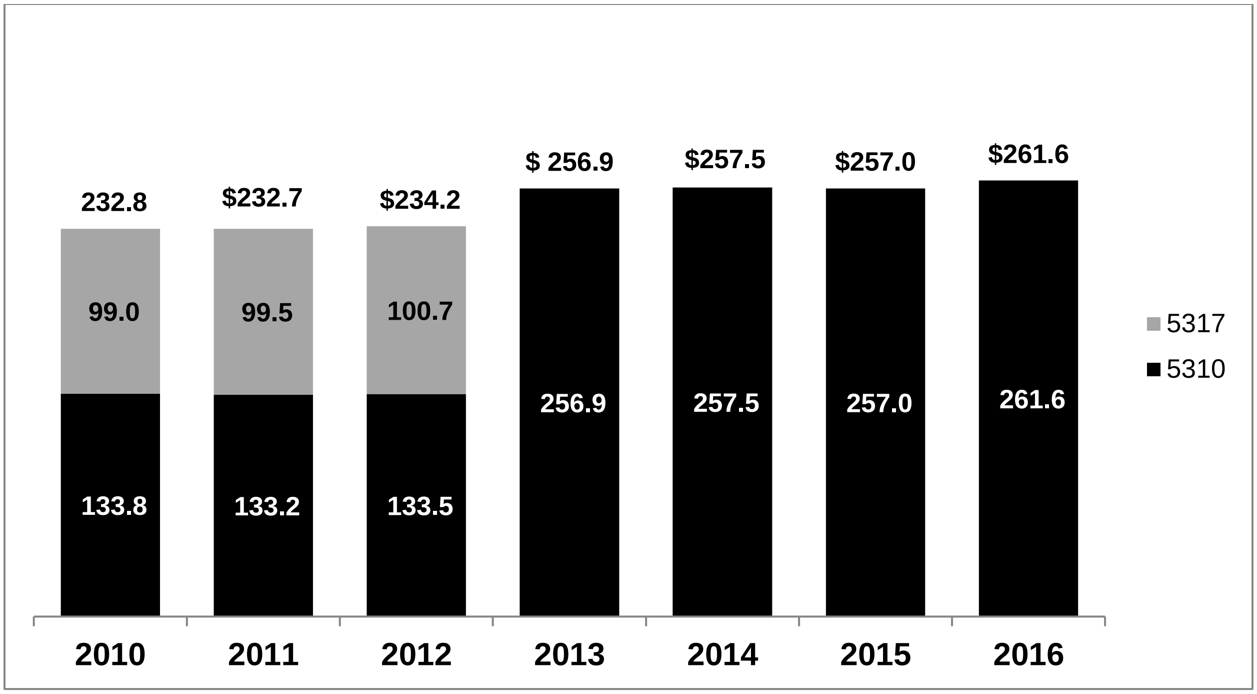

Figure 3-4 Annual Appropriations for Section 5310 and 5317 Programs, FY 2010 – 2016

Source: U.S. Department of Transportation, Federal Transit Administration

Table 3-1 on the following page provides the annual Section 5310 and 5317 apportionment for each state for FY 2010-2016.

5310 and 5317 FY 2010 - 2016 Apportionments/Allocations													
State	2010 Appropriated/Allocated			2011 Appropriated/Allocated			2012 Appropriated/Allocated			2013	2014	2015	State Total
	5310	5317	Combined	5310	5317	Combined	5310	5317	Combined	5310	5310	5310	
Alabama	2,334,007	1,691,582	4,025,589	2,323,674	1,700,319	4,023,993	2,327,856	1,720,081	4,047,937	4,178,668	4,200,592	4,193,149	**24,669,928**
Alaska	299,704	142,593	442,297	298,887	143,330	442,217	299,218	144,996	444,214	413,099	383,904	383,224	**2,508,955**
American Samoa	65,285	9,551	74,836	65,214	9,600	74,814	65,243	9,712	74,955	14,000	11,934	11,913	**262,452**
Arizona	2,439,952	1,726,782	4,166,734	2,429,123	1,735,701	4,164,824	2,433,506	1,755,877	4,189,383	5,094,464	5,573,987	5,564,111	**28,753,503**
Arkansas	1,496,036	989,852	2,485,888	1,489,622	994,965	2,484,587	1,492,218	1,006,530	2,498,748	2,477,713	2,484,168	2,479,766	**14,910,871**
California	14,312,954	12,515,775	26,828,729	14,246,585	12,580,419	26,827,004	14,273,447	12,726,654	27,000,101	28,610,097	28,417,819	28,367,467	**166,051,216**
Colorado	1,693,218	1,330,269	3,023,487	1,685,883	1,337,139	3,023,022	1,688,852	1,352,682	3,041,534	3,597,875	3,721,150	3,714,557	**20,121,625**
Connecticut	1,645,694	1,206,411	2,852,105	1,638,581	1,212,642	2,851,223	1,641,460	1,226,738	2,868,198	3,326,442	3,155,761	3,150,169	**18,203,899**
Delaware	470,450	247,377	717,827	468,834	248,655	717,489	469,488	251,545	721,033	767,041	812,641	811,201	**4,547,232**
District of Columbi	403,855	239,236	643,091	402,551	240,471	643,022	403,078	243,266	646,344	368,052	371,528	370,870	**3,042,907**
Florida	9,124,946	6,961,272	16,086,218	9,082,846	6,997,227	16,080,073	9,099,885	7,078,563	16,178,448	19,513,312	20,538,655	20,502,263	**108,898,969**
Georgia	3,413,890	2,689,965	6,103,855	3,398,505	2,703,859	6,102,364	3,404,731	2,735,288	6,140,019	6,299,429	6,821,580	6,809,493	**38,276,739**
Guam	173,830	27,866	201,696	173,601	28,010	201,611	173,694	28,335	202,029	52,997	45,182	45,102	**748,616**
Hawaii	657,049	379,620	1,036,669	654,560	381,581	1,036,141	655,567	386,016	1,041,583	1,178,250	1,131,633	1,129,628	**6,553,904**
Idaho	626,171	406,593	1,032,764	623,826	408,694	1,032,520	624,775	413,444	1,038,219	1,352,497	1,357,302	1,354,897	**7,168,198**
Illinois	5,278,490	3,950,878	9,229,368	5,254,383	3,971,284	9,225,667	5,264,139	4,017,446	9,281,585	9,795,127	9,754,684	9,737,400	**57,023,832**
Indiana	2,771,275	1,992,735	4,764,010	2,758,896	2,003,027	4,761,923	2,763,906	2,026,310	4,790,216	5,394,274	5,298,110	5,288,722	**30,297,256**
Iowa	1,421,779	810,172	2,231,951	1,415,713	814,357	2,230,070	1,418,168	823,823	2,241,991	2,468,056	2,391,748	2,387,510	**13,951,326**
Kansas	1,272,975	736,350	2,009,325	1,267,605	740,154	2,007,759	1,269,778	748,757	2,018,535	2,206,035	2,110,256	2,106,517	**12,458,427**
Kentucky	2,150,542	1,372,809	3,523,351	2,141,067	1,379,900	3,520,967	2,144,901	1,395,940	3,540,841	3,488,133	3,418,327	3,412,270	**20,903,889**
Louisiana	2,141,018	1,710,482	3,851,500	2,131,587	1,719,317	3,850,904	2,135,404	1,739,302	3,874,706	3,948,879	4,032,670	4,025,525	**23,584,183**
Maine	743,318	431,704	1,175,022	740,426	433,934	1,174,360	741,596	438,978	1,180,574	1,154,971	1,098,827	1,096,880	**6,880,634**
Maryland	2,277,270	1,779,217	4,056,487	2,267,202	1,788,406	4,055,608	2,271,277	1,809,195	4,080,472	4,410,833	4,507,980	4,499,992	**25,611,373**
Massachusetts	3,028,698	2,256,106	5,284,804	3,015,115	2,267,758	5,282,873	3,020,612	2,294,119	5,314,731	6,074,958	5,820,358	5,810,045	**33,587,769**
Michigan	4,388,466	3,366,869	7,755,335	4,368,522	3,384,259	7,752,781	4,376,594	3,423,598	7,800,192	9,219,070	8,773,154	8,757,609	**50,058,142**
Minnesota	2,005,339	1,197,870	3,203,209	1,996,543	1,204,058	3,200,601	2,000,103	1,218,053	3,218,156	3,630,843	3,662,853	3,656,363	**20,572,024**
Mississippi	1,500,353	872,138	2,372,491	1,493,919	876,643	2,370,562	1,496,523	886,833	2,383,356	2,139,649	2,071,076	2,067,406	**13,404,541**
Missouri	2,645,957	1,693,538	4,339,495	2,634,164	1,702,285	4,336,449	2,638,937	1,722,072	4,361,009	4,949,372	4,869,788	4,861,159	**27,717,272**
Montana	518,164	271,527	789,691	516,325	272,929	789,254	517,070	276,101	793,171	896,874	836,413	834,931	**4,940,334**
N. Mariana Islands	66,663	31,950	98,613	66,585	32,115	98,700	66,617	32,489	99,106	11,057	9,430	9,413	**326,319**
Nebraska	839,418	397,815	1,237,233	836,076	399,870	1,235,946	837,429	404,518	1,241,947	1,260,462	1,229,351	1,227,173	**7,432,112**
Nevada	1,029,467	742,170	1,771,637	1,025,236	746,004	1,771,240	1,026,948	754,675	1,781,623	1,822,693	2,065,015	2,061,356	**11,273,564**
New Hampshire	629,329	415,064	1,044,393	626,970	417,208	1,044,178	627,925	451,053	1,078,978	1,068,738	1,103,874	1,101,918	**6,442,079**
New Jersey	3,856,526	2,865,098	6,721,624	3,839,070	2,879,897	6,718,967	3,846,135	2,884,377	6,730,512	7,498,391	7,147,677	7,135,012	**41,952,182**
New Mexico	928,354	606,995	1,535,349	924,596	610,131	1,534,727	926,117	617,223	1,543,340	1,711,709	1,721,466	1,718,416	**9,765,007**
New York	9,164,702	7,106,540	16,271,242	9,122,416	7,143,246	16,265,662	9,139,530	7,226,278	16,365,808	16,353,355	15,699,698	15,671,880	**96,627,645**
North Carolina	3,820,085	2,741,538	6,561,623	3,802,800	2,755,699	6,558,499	3,809,795	2,787,731	6,597,526	6,615,056	7,220,284	7,207,491	**40,760,478**
North Dakota	406,405	200,772	607,177	405,089	201,809	606,898	405,621	204,155	609,776	592,911	577,433	576,410	**3,570,605**
Ohio	5,134,456	3,598,964	8,733,420	5,111,022	3,617,553	8,728,575	5,120,506	3,659,604	8,780,110	10,391,408	9,907,587	9,890,032	**56,431,132**
Oklahoma	1,766,535	1,078,794	2,845,329	1,758,857	1,084,366	2,843,223	1,761,964	1,096,971	2,858,935	2,951,703	2,894,587	2,889,458	**17,283,235**
Oregon	1,636,403	1,047,634	2,684,037	1,629,333	1,053,045	2,682,378	1,632,194	1,065,286	2,697,480	3,293,497	3,293,967	3,288,131	**17,939,490**
Pennsylvania	6,063,618	4,056,807	10,120,425	6,035,838	4,077,761	10,113,599	6,047,081	4,125,160	10,172,241	12,301,684	11,857,727	11,836,717	**66,402,392**
Puerto Rico	2,056,403	2,251,139	4,307,542	2,047,368	2,262,766	4,310,134	2,051,025	2,289,069	4,340,094	5,469,419	5,092,899	5,083,875	**28,603,963**
Rhode Island	637,134	388,360	1,025,494	634,738	390,366	1,025,104	635,708	394,904	1,030,612	1,039,077	964,763	963,054	**6,048,104**
South Carolina	2,031,483	1,467,816	3,499,299	2,022,565	1,475,397	3,497,962	2,026,174	1,492,547	3,518,721	3,663,673	3,984,845	3,977,784	**22,142,284**
South Dakota	449,709	210,645	660,354	448,191	211,733	659,924	448,805	214,194	662,999	657,500	645,224	644,081	**3,930,082**
Tennessee	2,836,901	2,053,404	4,890,305	2,824,215	2,064,010	4,888,225	2,829,350	2,088,002	4,917,352	5,252,678	5,368,914	5,359,401	**30,676,875**
Texas	8,488,068	7,219,839	15,707,907	8,448,947	7,257,130	15,706,077	8,464,781	7,341,487	15,806,268	16,881,598	18,049,095	18,017,114	**100,168,060**
Utah	833,072	585,541	1,418,613	829,759	588,566	1,418,325	831,100	595,407	1,426,507	1,601,144	1,698,570	1,695,560	**9,258,719**
Vermont	381,710	150,894	532,604	380,509	151,674	532,183	380,995	153,437	534,432	504,063	453,505	452,701	**3,009,488**
Virgin Islands	164,048	19,255	183,303	163,866	19,355	183,221	163,940	19,580	183,520	175,255	157,367	157,088	**1,039,754**
Virginia	2,992,765	2,175,535	5,168,300	2,979,350	2,186,772	5,166,122	2,984,780	2,212,191	5,196,971	5,620,067	5,892,348	5,881,908	**32,925,715**
Washington	2,543,110	2,060,153	4,603,263	2,531,798	2,070,794	4,602,592	2,536,376	2,094,864	4,631,240	5,758,927	5,734,353	5,724,193	**31,054,567**
West Virginia	1,123,999	758,200	1,882,199	1,119,326	762,112	1,881,438	1,121,217	770,971	1,892,188	2,235,692	2,017,998	2,014,422	**11,923,938**
Wisconsin	2,321,099	1,603,986	3,925,085	2,310,826	1,612,271	3,923,097	2,314,983	1,631,012	3,945,995	4,705,595	4,581,807	4,573,689	**25,655,268**
Wyoming	323,570	145,618	469,188	322,641	146,370	469,011	323,020	148,075	471,095	460,672	420,828	420,082	**2,710,876**
Unallocated	-	-	-	-	-	-			-	-	-		**-**
Subtotal	**133,825,717**	**98,987,665**	**232,813,382**	**133,231,746**	**99,498,940**	**232,730,686**	**133,472,142**	**100,655,514**	**234,127,656**	**256,919,033**	**257,464,692**	**257,008,500**	**1,471,063,949**

Table 3-1 State by State Section 5310 and 5317 Apportionments, FY 2010 – 2016

Table 3-1 demonstrates that although the Section 5310 program as a whole increased under MAP-21, its revised formula – in addition to removing the flexibility for states to utilize funding wherever they saw the greatest need – further disadvantaged 16 states and territories which saw their 5310/5317 (in FY 2012) and 5310 (FY 2013) apportionments decline. The Northern Mariana Islands experienced the largest percentage decrease in funding (approximately 89 percent), while the District of Columbia saw the largest net loss in funding (of over $278,000). On the other hand, Idaho experienced a 30 percent increase in funding for transportation services for the elderly, disabled, and which otherwise go beyond the ADA, and Florida's apportionment increased by over $3.3 million.

As noted previously, the Section 5310 program grew by less than one-quarter percent between FY 2013 and FY 2014. In fact, 34 states actually experienced a small decrease in Section 5310 funding between the two years.

Figures 3-5 and 3-6 present hypothetical distributions of funding across FY 2010 – FY 2012 (as well as the actual distribution of funding for FY 2013 –FY 2016) for the Section 5310 program and a combined Section 5310/5317 program if they were allocated consistent with MAP-21's (and the FAST Act's) formula for Section 5310.

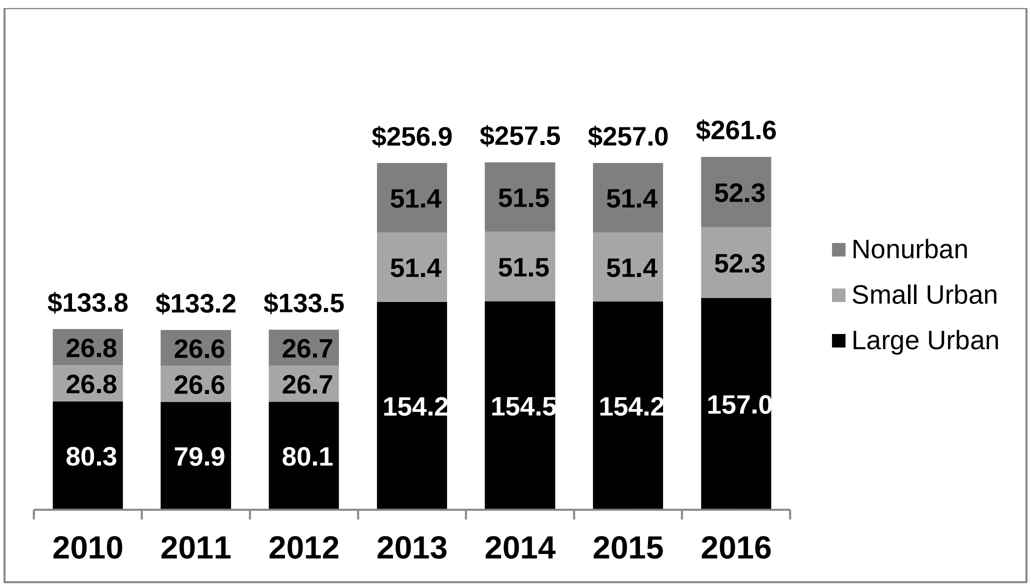

Figure 3-5 Allocation of Section 5310 Funds using MAP-21 Section 5310 Formula, FY 2010 – 2016

Source: U.S. Department of Transportation, Federal Transit Administration

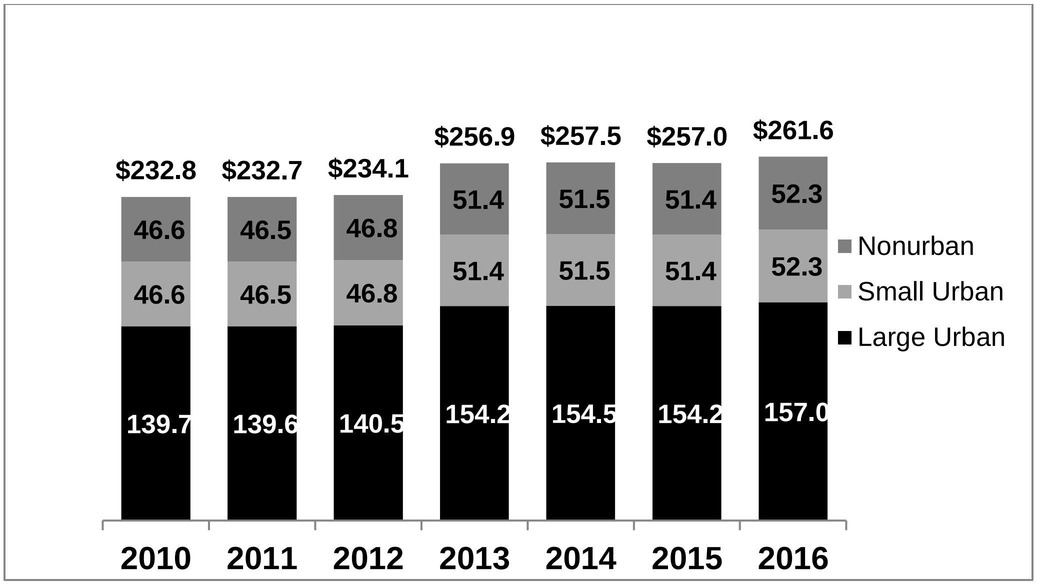

Figure 3-6 Allocation of Section 5310/5317 Funds using MAP-21 Section 5310 Formula, FY 2010 – 2016

Source: U.S. Department of Transportation, Federal Transit Administration

As noted earlier, the merging of the two programs was intended to streamline program administration; increase funding under Section 5310; and provide greater flexibility to state DOT's and recipients in urbanized areas in how they choose to use these resources. Respondents to the research survey generally favored the consolidation of the two programs, noting in particular the benefits of the enhanced flexibility of the combined program and the challenges that some states faced in identifying *New Freedom*-eligible projects. Eleven percent of the 2015 survey respondents, however, reported that program consolidation will result in fewer *New Freedom*-eligible projects in their states. Another 11 percent noted that overall funding for their states' combined program has decreased under MAP-21; as one respondent put it, "the funding decreased in total so not sure how this is considered more flexible," while another stated that "while folding them together was fine, it is inadequately funded to achieve both ends."

It should also be noted that MAP-21 sustains the provision of prior surface transportation authorizations that permit the transfer of FHWA Surface Transportation Program (STP) and Congestion Mitigation and Air Quality Improvement Program (CMAQ) funds to the federal transit program, including Section 5310. According to FTA's annual grant summaries, $348.2 million in STP and CMAQ funding was transferred from FHWA to FTA for purposes consistent with the Section 5310 program in FY 2010-2014 (the last year that published data on program-specific transfers is available), thus boosting funding for elderly and disabled transportation services by just over 50 percent. Transfers are made by agreement between state DOT's, transit agencies, and, in larger urbanized areas, the metropolitan planning organization (MPO) as part of the joint FTA/FHWA statewide or metropolitan planning processes.

4. Use and Distribution of Section 5310 Funding

The previous section presents information on overall program funding levels for fiscal years 2010-2016. A key – and unique – question of this research effort, however is how and where states utilized Section 5310 program funding during the last three years of SAFETEA-LU. To answer this question, it is important in order to understand the impact of MAP-21's changes to the program. The following presents the results of an analysis of information collected from FTA and state DOTs in 2015 on the use and distribution of pre-MAP-21 Section 5310 program funding.

4.1. Program Obligations by Purpose

FTA publishes annual summaries of the previous fiscal year's grant obligation activity for each program. Such obligation data is important for an analysis of if and how funds were actually used in any given year, as opposed to annual apportionment data that only provides the amount of funding available. However, because obligations may follow apportionments by two or three years, linking the uses of grant funds to specific apportionments is difficult. Because Section 5310 (as well as New Freedom) program funding is available for use by recipients in the year they were appropriated plus two additional years, FY 2012 funds authorized under Congress' extension of SAFETEA-LU are available for use through September 30, 2014 – that is, two years into MAP-21.

FTA's published data only distinguishes between large and small buses (over and under 30 feet), other vehicles, and "other purposes." In an effort to "dig deeper" into the broad range of eligible activities described in Sections 3 and 4 of this report, the research team requested of FTA more detailed information on program obligations. Table 4-1 presents this detailed obligation data for the Section 5310 program for FY 2010 through 2014. This data actually reflects program dollars apportioned as early as FY 2008, as FY 2010 would be their last year of availability. The entirety of the data through 2012 as well as most of the FY 2013 obligations reflect the SAFETEA-LU-authorized Section 5310 program as only a few grant recipients actually obligated their first year of MAP-21 program resources. The FY 2014 obligations, therefore, are the first to begin to capture MAP-21-authorized funding.

Table 4-1 5310 Program Obligations by Activity ($)

Categories	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	Grand Total
Full Size Bus Purchase	2,436,652	2,380,533	4,079,509	3,261,530	846,966	13,005,190
Medium Size Bus Purchase	1,593,525	2,229,741	2,805,682	2,081,450	2,131,455	10,841,853
Minivan or Small Vehicle Purchase	38,496,750	41,031,381	39,198,165	24,892,458	42,520,605	186,139,359
Cutaway Bus Purchase	55,369,303	55,306,824	70,128,872	40,811,385	58,182,673	279,799,057
Maintenance/Administration/ Storage Facility Construction	30,604	279,335	603,586	(245,564)	243,695	911,656
Equipment/Communications	1,704,792	2,355,681	2,211,797	2,248,149	3,644,067	12,164,486
Passenger Amenities (Facilities/signage/ADA)	244,471	124,247	37,135	116,849	156,249	678,951
Preventive Maintenance	2,630,030	4,897,240	6,311,543	7,006,840	4,931,151	25,776,804
Contracted Service	70,624,804	80,050,983	76,780,455	81,915,931	88,427,853	397,800,026
Mobility Management	3,113,845	3,983,006	2,878,142	5,241,104	10,126,001	25,342,098
State Administration	8,520,942	9,461,562	8,068,406	8,228,630	12,813,212	47,092,752
Operating (through the SAFETEA-LU Operating Pilot Program)	1,232,023	1,978,866	1,678,276	4,598,433	15,528,027	25,015,625
Other – Misc.	1,789,706	1,459,317	1,726,277	1,530,498	721,573	7,227,371
Grand Total	187,787,446	205,538,716	216,507,845	181,687,694	240,273,526	1,031,795,227

Source: U.S. Department of Transportation, Federal Transit Administration

As the FTA data shows in Table 4-1, contracted service was the most significant Section 5310 program use, accounting for 38.6 percent of program expenditures – 11.5 percent more than the next highest purpose, the procurement of cutaway chassis buses, and twice that of the third highest purpose (other small passenger vans and vehicles). Cutaways and vans are typically the most appropriate vehicle to serve the mobility needs of the elderly and physically challenged, in contrast with 30 and 40 foot buses typically found in operation in fixed route urban systems. Interestingly, the fourth most significant use of Section 5310 funding, accounting for 4.6 percent of the program's uses, was for offsetting the costs of administering the program. Although "state administration" is an eligible expense, the use of it consumes funding that might otherwise be put to use for capital or other expenses if the administrative burden of the program could be reduced. Note in particular the slight uptick in state administration expenditures in FY 2013, just as states were beginning to better understand the impacts of MAP-21 on the delivery of the Section 5310 program. The perceived administrative burden of the program is described in greater detail in Section 5 of this report.

Table 4-2 below page presents Section 5317 New Freedom program obligations since 2010.

Table 4-2 Section 5317 Obligations By Purpose ($)

	Bus	Maintenance Facility	Other Capital and Admin	Other	Planning	Operating	Total Obligation Amount
2010	9,472,193	3,345,762	35,844,891	4,872,302	(60,892)	36,666,737	90,140,993
2011	7,067,274	2,898,700	32,968,135	639,164	913,957	35,495,888	79,983,118
2012	10,521,958	2,100,098	31,492,342	9,469,139	474,946	47,320,475	101,378,958
2013	7,186,707	5,357,225	29,277,520	3,849,425	39,464	32,443,460	78,153,801
2014	16,069,309	(385,247)	1,369,850		77,244	19,258,195	36,390,071
Total	34,248,132	13,701,785	129,582,888	18,830,030	1,367,475	151,926,560	349,656,870

Source: U.S. Department of Transportation, Federal Transit Administration

Notable among the presented data is the share of overall program resources obligated for operating assistance for services that go beyond ADA requirements. Over 44 percent of Section 5317 funding was used for operations between FY 2010 and 2014.

4.2. Program Obligations by Population Category

Another constraint of FTA's published obligation data is that it is limited to the point of obligation; that is, the state-level grant recipient. Thus, FTA's administration of the Section 5310 program does not provide for any geographic specificity on where in a state Section 5310 funding was actually allocated. According to FTA, the agency has no easy way (e.g. query in its TEAM grants management system or database) to distinguish Section 5310 funds that were obligated to a state DOT for use in a rural, as opposed to urbanized, area. Yet this was the most critical question of the overall research effort.

As discussed in Section 2 of this report, a survey was administered to state DOTs in the Spring of 2015 to collect, among other things, geographic data directly from states on where they used their Section 5310 funding over the final three years of SAFETEA-LU. Specifically, state DOTs were asked "How much Section 5310 funding did your state allocate by population category for each of FY 2010 – 2012?" with the categories defined as those established by MAP-21 for the distribution of Section 5310 funding. Tables 4-3, 4-4, and 4-5 summarize how respondent states allocated their Section 5310 funding within each of the three population categories in FY 2010, FY 2011, and FY 2012, respectively.[vi]

Table 4-3 FY 2010 Distribution of Section 5310 Funding by Population Category

FY 2010							
State	Large Urban	Small Urban	Rural	Total	Large Urban	Small Urban	Rural
	($)				(%)		
Alabama	698,902	357,987	293,137	1,350,026	51.8	26.5	21.7
Alaska	299,704	9,600	260,134	569,438	52.6	1.7	45.7
Colorado	502,912	182,500	729,975	1,415,387	35.5	12.9	51.6
Delaware	314,307	139,692	69,846	523,845	60.0	26.7	13.3
Florida	5,552,296	1,013,283	2,251,896	8,817,475	63.0	11.5	25.5
Georgia	950,980	996,953	1,171,145	3,119,078	30.5	32.0	37.5
Michigan	1,635,155	434,594	3,043,188	5,112,937	32.0	8.5	59.5
Minnesota	1,032,240	432,398	480,491	1,945,129	53.1	22.2	24.7
Mississippi	268,281	396,507	1,350,065	2,014,853	13.3	19.7	67.0
Missouri	1,047,468	111,382	1,326,453	2,485,303	42.1	4.5	53.4
Montana	-	234,641	242,042	476,683	-	49.2	50.8
New Hampshire	-	28,742	198,980	227,722	-	12.6	87.4
New Mexico	379,377	119,109	717,754	1,216,240	31.2	9.8	59.0
Oregon	3,920	1,026,000	2,236,000	3,265,920	0.1	31.4	68.5
Pennsylvania	1,299,055	1,490,513	3,274,050	6,063,618	21.4	24.6	54.0
South Carolina	80,000	238,656	1,589,679	1,908,335	4.2	12.5	83.3
South Dakota	-	-	27,936	27,936	-	-	100.0
Vermont	-	68,000	312,000	380,000	-	17.9	82.1
Virginia	828,800	473,600	1,448,000	2,750,400	30.1	17.2	52.6
Washington	-	360,000	2,200,000	2,560,000	-	14.1	85.9
Wisconsin	40,234	357,411	739,450	1,137,095	3.5	31.4	65.0
Respondent Totals	14,933,631	8,471,568	23,962,221	47,367,420	31.5	17.9	50.6

Source: U.S. Department of Transportation, Federal Transit Administration

Table 4-4 FY 2011 Distribution of Section 5310 Funding by Population Category

FY 2011							
State	**Large Urban**	**Small Urban**	**Rural**	**Total**	**Large Urban**	**Small Urban**	**Rural**
	($)				**(%)**		
Alabama	30,000	164,775	1,585,521	1,780,296	1.7	9.3	89.1
Alaska	298,887	-	192,749	491,636	60.8	-	39.2
Colorado	619,624	349,648	931,156	1,900,428	32.6	18.4	49.0
Delaware	237,688	101,866	101,866	441,420	53.8	23.1	23.1
Florida	5,425,465	704,660	2,845,969	8,976,094	60.4	7.9	31.7
Georgia	987,700	985,241	1,099,560	3,072,501	32.1	32.1	35.8
Michigan	1,403,935	60,153	588,142	2,052,230	68.4	2.9	28.7
Minnesota	1,112,723	91,367	780,130	1,984,220	56.1	4.6	39.3
Mississippi	378,213	388,894	1,152,539	1,919,646	19.7	20.3	60.0
Missouri	1,152,476	118,125	1,112,958	2,383,559	48.4	5.0	46.7
Montana	-	405,471	65,886	471,357	-	86.0	14.0
New Hampshire	-	19,150	602,820	621,970	-	3.1	96.9
New Mexico	560,918	244,307	530,784	1,336,009	42.0	18.3	39.7
Oregon	3,920	1,026,000	2,236,000	3,265,920	0.1	31.4	68.5
Pennsylvania	2,051,038	738,312	3,246,488	6,035,838	34.0	12.2	53.8
South Carolina	45,000	293,292	1,562,042	1,900,334	2.4	15.4	82.2
South Dakota	-	-	23,119	23,119	-	-	100.0
Vermont	-	-	152,000	152,000	-	-	100.0
Virginia	886,400	505,600	1,364,800	2,756,800	32.2	18.3	49.5
Washington	-	360,000	2,200,000	2,560,000	-	14.1	85.9
Wisconsin	319,974	265,574	836,643	1,422,191	22.5	18.7	58.8
Respondent Totals	15,513,961	6,822,435	23,211,172	45,547,568	34.1	15.0	51.0

Source: U.S. Department of Transportation, Federal Transit Administration

Table 4-5 FY 2012 Distribution of Section 5310 Funding by Population Category

FY 2012							
State	**Large Urban**	**Small Urban**	**Rural**	**Total**	**Large Urban**	**Small Urban**	**Rural**
	($)				**(%)**		
Alabama	919,007	403,556	526,659	1,849,222	49.7	21.8	28.5
Alaska	299,218	-	201,972	501,190	59.7	-	40.3
Colorado	489,738	357,898	686,780	1,534,416	31.9	23.3	44.8
Delaware	125,027	187,541	125,027	437,595	28.6	42.9	28.6
Florida	5,098,734	1,195,023	2,135,210	8,428,967	60.5	14.2	25.3
Georgia	1,072,700	918,242	1,081,559	3,072,501	34.9	29.9	35.2
Michigan	1,271,257	103,992	2,057,551	3,432,800	37.0	3.0	59.9
Minnesota	801,618	54,272	640,906	1,496,796	53.6	3.6	42.8
Mississippi	229,281	630,571	1,199,723	2,059,575	11.1	30.6	58.3
Missouri	860,258	55,440	1,472,514	2,388,212	36.0	2.3	61.7
Montana	-	188,049	281,337	469,386	-	40.1	59.9
New Hampshire	-	79,613	548,312	627,925	-	12.7	87.3
New Mexico	498,203	155,200	378,464	1,031,867	48.3	15.0	36.7
Oregon	3,900,000	1,189,000	2,270,000	7,359,000	53.0	16.2	30.8
Pennsylvania	1,721,385	48,000	2,411,053	4,180,438	41.2	1.1	57.7
South Carolina	98,000	288,000	1,639,334	2,025,334	4.8	14.2	80.9
South Dakota	-	497,536	906,881	1,404,417	-	35.4	64.6
Vermont	-	117,738	491,280	609,018	-	19.3	80.7
Virginia	791,200	448,000	1,632,000	2,871,200	27.6	15.6	56.8
Washington	-	628,000	2,400,000	3,028,000	-	20.7	79.3
Wisconsin	81,246	184,464	418,226	683,936	11.9	27.0	61.1
Respondent Totals	18,256,872	7,730,135	23,504,787	49,491,795	36.9	15.6	47.5

Source: U.S. Department of Transportation, Federal Transit Administration

Broadly, each table tells a similar story: that is, amongst respondent states, approximately one-half of Section 5310 program funding was allocated to rural areas over the last three years of SAFETEA-LU. This contrasts significantly with the MAP-21 Section 5310 formula which provides only 20 percent of funding to non-urbanized areas. MAP-21 further allocates 20 percent of Section 5310 program funding to small urban areas and 60 percent to large urban areas. These percentages also differ from the needs experienced by respondent states, which allocated 16.2 percent of funding to small urban areas and only 34.2 percent to large urban areas during the three year analysis period.

Consistently, the only state that distributed 60 percent or more of its Section 5310 program funding to large urban areas was Florida. However, over the same period of time, Florida also allocated 27.6 percent of its Section 5310 funding to rural areas. In fact, over the three year analysis period only twice did a responding state allocate less than 20 percent of program funding to rural areas: Delaware in FY 2010 and Montana in FY 2011. For both states, the three year average allocation to rural areas exceeded 20 percent. To put it another way, every respondent state allocated more to rural areas than what is now allowable under MAP-21.

It should be noted that a few states exceeded a 60 percent Section 5310 allocation to large urban areas in a single year. But most of these states also experienced years where their distribution to large urban areas fell well below that level. For example, Delaware allocated 53.8 percent of its Section 5310 funding to large urban areas in FY 2011 but only 28.6 percent in FY 2012. Michigan allocated 68.4 percent of its funding to large urban areas in FY 2011 but only 37.0 percent in FY 2012. In fact, Michigan distributed 60 percent of Section 5310 funding to rural areas in FY 2012. These examples re-enforce the importance of the flexibility provided by SAFETEA-LU to states to direct resources where they were most needed in any given year.

Furthermore, the allocation of Section 5310 funding in FY 2010 – FY 2012 does not appear to correlate to a states' distribution of urban and rural populations. The table below presents the percentage of urban and rural populations within the states that responded to survey questions about their allocation of funding.

Table 4-6 Percentage of Rural vs Urban Population in Responding States

State	Percent Rural Population	Percent Urban Population	State	Percent Rural Population	Percent Urban Population
Alabama	41.0	59.0	**Montana**	44.1	55.9
Alaska	34.0	66.0	**New Hampshire**	39.7	60.3
California	5.1	94.9	**New Mexico**	22.6	77.4
Colorado	13.9	86.1	**Oregon**	19.0	81.0
Delaware	16.7	83.3	**Pennsylvania**	21.3	78.7
Florida	8.8	91.2	**South Carolina**	33.7	66.3
Georgia	24.9	75.1	**South Dakota**	43.4	56.6
Michigan	25.4	74.6	**Vermont**	61.1	38.9
Minnesota	26.7	73.3	**Virginia**	24.6	75.5
Mississippi	50.7	49.3	**Washington**	16.0	84.0
Missouri	29.6	70.4	**Wisconsin**	29.9	70.1

Of the states that provided information on their distribution of Section 5310 funding, only two featured rural populations greater than their urban population (Mississippi and Vermont). This suggests that the remaining states would tend to direct the majority of their annual Section 5310 program funding towards urban, rather than rural, areas. However, of the 19 majority urban states which reported funding allocation information, 11 states – or 58 percent – allocated more than half of their funding to rural areas. This indicates that the funding needs for the transport of elderly and disabled populations by transit is greater in rural areas than in urban areas.

This should not come as a surprise. Combined, FTA's Section 5307 (Urban) and Section 5311 (Rural) Formula programs provided an annual average of $4.89 billion of funding for transit across the US between FY 2010 and FY 2012. Of this amount, an annual average of $488.34 million was directed to rural areas under the Section 5311 program – or just under 10 percent of total formula resources. Yet, the 2010 US Census quantified the nation's rural population at 19.3 percent of all Americans. Consequently, the survey data shows that states have historically distributed the greatest share in Section 5310 funding to rural areas, in part to help offset this deficit.

4.3. Stakeholder Observations on MAP-21 Funding Allocation Formula

The research team interviewed several state DOT officials and asked them their states' process for distributing Section 5310 program funds prior to MAP-21. Every interviewee stated that they conducted an annual statewide call for projects. While different criteria was used by each state to evaluate projects, none used geography or population as an evaluation measure. One southeastern state initially established a process to distribute funding based on the elderly and disabled population in urban and rural areas, but rural areas requested significantly more funding than was provided based on the formula. Consequently, the state adopted a statewide call for applications. After this transition, most of the funding has gone to rural areas.

The 2015 survey also sought state DOT representatives' early impressions of the impact of the MAP-21 funding allocation formula on how states historically distributed Section 5310 program resources. Approximately 75 percent of respondents articulated that rural areas in their states will lose funding under MAP-21. It should be noted that this observation was expressed by a diversity of states (large, small, urban, and rural). For illustrative purposes, one respondent noted that

> "Competition for funding in rural areas is very competitive and only 70-85 percent of requests can be met. In large urban areas funding has far exceeded the amount requested by eligible applicants. Statutory and/or Circular changes are needed to allow funds to be moved from large urban to other categories."

Another respondent from a large western state stated:

> "The appropriation of funds to large urban areas that must be spent in each large urban area is creating problems. We have some large urban areas that are either having difficulty or simply cannot find enough projects to use up their appropriation. The past practice of one appropriation for our state worked better."

And this, from a large mid-western state:

> "The best way to administer the Section 5310 program would be to go back to one appropriation for the whole state and not divide into population areas."

One respondent from a large northwestern state noted that large urban areas benefit from having established regional transit agencies and are not reliant on non-profits to provide service, so Section 5310 funding was typically directed to rural non-profit entities. A mid-western state survey respondent commented that urban providers also already benefit from ADA complementary paratransit service, so Section 5310 funding addresses similar needs in rural areas. Both agreed that funding to support these objectives will be significantly curtailed under MAP-21. Another respondent from a medium-sized western state noted that it used Section 5310 funding to provide "closed" paratransit service in rural areas. Because of the reduced funding for these areas, they will need to provide service accessible to the general public to qualify for Section 5311 program funding in order to keep operating, which will negatively impact transportation for disabled passengers.

Two other 2015 survey respondents stated that unobligated SAFETEA-LU Section 5310 funds or other sources have so far maintained their 2012-level of investment in rural transportation for the elderly and disabled but that a funding shortfall is inevitable in the near future. A respondent from a small eastern state summed up the sentiment expressed by many (and corroborated by the data presented in Tables 5-3 through 5-5):

> "the needs of potential recipients change over time. Restricting spending/funding by location could create times when an agency with a greater need goes unfunded simply due to their location."

Another respondent articulated that large urban areas in their state have so far not moved very quickly with distributing Section 5310 funding, nor have reached out to previous recipients to continue service.

State DOT officials interviewed for this research were also asked to provide their observations of the MAP-21 formula. A representative of one large mid-western state noted that prior to MAP-21, it distributed more than 60 percent of Section 5310 funding to rural areas, and that smaller urban areas that had many legacy paratransit providers are receiving less under MAP-21 than SAFETEA-LU. An official of a nearby state, however, said that small urban areas are receiving far more funding under MAP-21 than under SAFETEA-LU; in fact, more than is needed. Another mid-western state official's observation was unusual in that the individual noted that in most years a majority of SAFETEA-LU went to urban areas and the MAP-21 formula is most hurting the smallest of the large (i.e. greater than 200,000 population) urban areas. One large southern state stated that funding available to rural and small urban areas is now one-half of what it was under SAFETEA-LU. Since many rural trips end in large urban areas (for medical services or shopping), this state is looking at classifying such trips as "urban" so subrecipients can have access to this funding.

Each state surveyed and interviewed reported different needs for different areas – certainly not "one-size-fits-all." Responses depended largely on the effectiveness of rural public transit (or funding/coverage of rural public transit) or urban paratransit to meet the needs of users. However, the interviewees spoke in unison that the distribution of Section 5310 funding should be left to the state's discretion, based on local needs.

Finally, the 2015 survey found that just over 20 percent of responding states "flexed" FHWA funding to the Section 5310 program. Of these six, four transferred FHWA funds for use in rural areas, while the other two flexed them to urban areas. Respondents commented generally that FHWA flexible funding was used to augment the limited funding available under the Section 5310 program.

5. Post SAFETEA-LU Section 5310 Administrative Challenges and Practices

The focus of the 2015 research was to determine how MAP-21's (and now the FAST Act's) Section 5310 funding allocation formula differed from states' actual distribution of program resources. With one more year of experience under the new Section 5310 requirements, the 2016 research attempted to collect information and insights – through surveys, interviews, and focus groups - into how recipients and subrecipients were administering the program. The following presents a summary of stakeholder challenges associated with the new program requirements. The four primary challenges include:

- Stakeholder Awareness/Education
- Challenges in Designating Recipients
- Challenges in Program Administration
- Addressing the Negative Impacts to Rural Areas

In addition, this section identifies and describes several positive practices employed by recipients and subrecipients to deliver the program, and the services it supports.

5.1. Stakeholder Awareness/Education

Although SAFETEA-LU had expired three years earlier, thus extending the opportunity for discussion of the next surface transportation authorization for the longest period since the National Mass Transportation Assistance Act of 1974 first established a program for senior and disabled mobility, information collected through the surveys and interviews suggested that stakeholders were surprised by and unprepared for MAP-21's changes to the Section 5310 program, as described below.

5.1.1. Lack of Information about the Change in Program Administration

A consistent finding gleaned from the research outreach was that program stakeholders believed that they received limited to no information about proposed changes to the Section 5310 program prior to the passage of MAP-21. Those who rely on FTA, their state DOT, or national interest groups for their information did not recall receiving any notice of the statutory changes. Even state DOTs, transit authorities, and MPOs who stated in interviews that they follow multiyear transportation legislation closely believed that they were caught unprepared by the scope of MAP-21 changes to the program. Because information on the changes in funding distribution and designation of grant recipients was not disseminated prior to authorization, program stakeholders did not contact their Congressional delegation regarding possible impacts.

Since most stakeholders were not aware of the potential changes to the Section 5310 program during the MAP-21 authorization process, these changes came as a surprise after MAP-21 was passed and FTA, CTAA, and APTA provided program information. A unifying theme amongst research participants was that the Section 5310 program was working well and that it was not in need of change. FTA staff at both headquarters and regional offices noted that the Section 5310 program had been one of its most successful programs because state DOTs are seasoned grant administrators and program funding rarely lapses.

With program stakeholders finding out about the program changes only after the authorization of MAP-21, it left them moving quickly to adapt to these changes in order to maintain services to the elderly and disabled and make certain that funding did not lapse. While MAP-21 required a local designated recipient, many state DOT's did not support this requirement and instead chose to maintain their status as the designated recipient in urbanized areas – either temporarily until a recipient could be identified without being rushed, or on a permanent status. In fact, of the 27 state DOT respondents to the survey, 20 maintained the designated recipient status for some or all of their urbanized areas.

Other DOTs developed a partner status with a local entity, where a local body (such as a MPO) selected projects and the state DOT performed some or all program administration duties. In still other states, a local body did everything but vehicle procurement, which was still managed by the DOT. In all of these cases, the 10 percent administrative allowance was shared in order to accommodate the work being done by all parties.

5.1.2. Lack of Knowledge, in General, About the Section 5310 Program

The research team found that, in general, Section 5310 funding subrecipients are uninformed about program provisions and available funding, and do not seek out additional information or education. In general, subrecipients rely on their designated recipient as their sole source of information about the program. A designated recipient from a large southern metropolitan area noted the challenges related to subrecipients' lack of knowledge about the provisions and requirements of the Section 5310 program, stating,

> "We have honed in on the importance of monitoring subrecipients and how much they lack the knowledge to support FTA grant reporting requirements."

A member of the National Aging and Disability Transportation Center (NADTC) - a new organization funded by FTA in 2015 to provide technical assistance specifically to Section 5310 subrecipients - reflected in an interview that many rural Section 5310 subrecipients don't necessarily know *where* their funding comes from (other than that is from the state DOT), don't know the difference between Section 5310 and other FTA funding programs, and don't generally seek out technical assistance. Most of these agencies are providing transportation to support services to seniors and the disabled, and are dissimilar to any other grantees in FTA's system of recipients and subrecipients. FTA hopes that the NADTC, which is a partnership of the Easter Seals Project Action and the National Association of Area Agencies on Aging, will generate new and unique strategies for reaching these transportation providers and deliver the training and technical assistance needed to optimize their use of Section 5310 funds.

One challenge that the NADTC has identified is that there is no single contact list of all the Section 5310 subrecipients in the country. Because Section 5310 subrecipients don't report to FTA's National Transit Database (NTD), and designated recipients do not need to identify subrecipients within a federal grant, there is no federal accounting of all of the local agencies that ultimately receive these funds and no way to contact them in a systematic way. All FTA contact with subrecipients must go through their designated recipients, which makes outreach to subrecipients for training and technical assistance challenging.

In rural areas, where the state DOT maintained designated recipient status, most subrecipients did not know that there were changes to the Section 5310 program, including new eligible activities, nor that – due to the MAP-21 funding allocation formula - the state DOT may have fewer resources to expend in rural areas. Several interview and focus group participants identified reasons why Section 5310 subrecipients lack information. For subrecipients who receive capital grants for vehicles, those agencies may only participate in the project selection process every three to four years. In those years when they are not participating, they may have very limited interaction with the state DOT. Rural area survey respondents further noted that the state DOT used terms like “less money to spread around” or “we may cut back in future years” to warn Section 5310 subrecipients to be more frugal in their budgeting, but the subrecipients didn’t receive background from the state DOT on what these statements meant.

While subrecipients in urbanized areas may be more savvy about the Section 5310 program due to regional coordination at the MPO level; the research found that most large urbanized MPOs which participated in surveys or interviews had some form of specialized transportation forum prior to MAP-21 changes - but most didn’t understand the reasons why the changes in designated recipient occurred and were not formally engaged in the selection of the new recipients.

5.2. Challenges in Designating Recipients

The most significant feedback received from surveyed and interviewed stakeholders was related to the transition of the designated recipient status from state DOTs to an entity in a large urbanized area. Specifically, over one-half of the urbanized area survey respondents stated that they encountered moderate to significant issues in transitioning from the state to a local designated recipient.

The following represents the most often voiced challenges.

5.2.1. Many State DOTs Resisted Giving Up the Designated Recipient Status

MAP-21 required that a local designated recipient be identified in each large urbanized area. Many state DOTs found this to be in conflict with their long-standing strategy for managing the Section 5310 program and chose to retain the right to be the designated recipient. While FTA rules require that a Governor certify a designated recipient for urbanized areas, many state DOTs chose not to follow through with this process. In one southwestern state, the one large and four small urbanized areas came to a consensus that administration would be too complicated to do locally and requested that it be maintained at the state DOT. In Iowa and Oregon, where the DOT has a mature coordination approach, changing the system to allow a local designated recipient would not work with the management approach because the DOTs had developed intrastate regions and funding structures that pieced together available funding in a way that required that the state be the organizer and administrator of the program. Of the 27 state DOT respondents to the survey, 20 state DOTs stated that they retained the large urbanized designated recipient status for some or all of their large urbanized areas.

FTA headquarters and regional staff interviewed for this research chose not to push the issue of a local designated recipient because state DOTs are seen as effective grant managers, and that maintaining the program under their supervision meant that a new designated recipient would not need to be trained.

Some urban areas were pleased that the state DOT maintained the designated recipient status. One survey respondent stated,

> "(The transition to MAP-21) went well - because most if not all MPOs in our state passed resolutions designating the (state DOT) as the designated recipient!"

Another urbanized area respondent stated,

> "Transit agencies and MPO's don't want to manage 5310. Oversight is too onerous, especially anything other than rolling stock purchases."

There were occurrences when the urbanized areas had to pressure the state DOT to continue as the designated recipient. One survey respondent stated,

> "Transition itself was not difficult, but getting the state DOT to agree to continue to be the designated recipient was a difficult process."

On the other hand, a few urban area survey respondents shared some frustration at state DOT's maintaining the designated recipient status. One respondent stated

> "The MPO process is ignored or forgotten about by the state. The state had to change laws/policies to allow urban transit access to 5310 funds."

5.2.2. Many Urbanized Areas Could Not Come to Consensus on a Designated Recipient

Research participants identified the process for selecting a designated recipient in an urbanized area to be complicated. According to the industry feedback received through the research outreach, state DOTs had some involvement in the designation process, but more typically it was a partnership of local area transportation leaders who made the decision, which was then transmitted to the state Governor to certify. In some cases, an urbanized area could not come to consensus on a local designated recipient. There were many reasons for this. One reason given by research interviewees is that the local transit authority - generally the designated recipient for other FTA funds in the urbanized area - was resistant to becoming the designated recipient, citing the administrative burden. On the other hand, some Section 5310 subrecipients were resistant to giving project selection authority to an agency that could itself apply for Section 5310 funds, citing a conflict of interest. Where this conflict resulted in a transit authority being ineligible to serve as a designated recipient, the MPO was typically the next option. However, in some urban areas it was argued that MPOs had no experience administering FTA funds (other than metropolitan planning resources) and lacked the staff capacity to administer the Section 5310 program. One multistate MPO that was interviewed for the research had this concern when it took over the Section 5310 program for its region. To add staff capacity, they hired the Section 5310 program manager from one of their state DOTs to manage the program.

There is no singular process for how a designated recipient is chosen in an urbanized area. The only unifying feature is that the choice must be certified in a written letter by the state Governor to the FTA Regional Administrator. In general, the designated recipient in large urban areas is the transit authority or the MPO. When choosing between a transit authority and MPO, there are pros and cons with either option. Some metropolitan areas leveraged the experience of both organizations through a cooperative approach. In one bi-state urbanized area it was determined that the regional transit authority would be the designated recipient but the MPO would manage the project selection process, thereby allowing the transit authority to submit project applications for Section 5310 funds without any fear of conflict of interest. The two entities share the 10 percent administrative funding allocation.

The 10 percent funding set-aside for administrative purposes was a key benefit to some designated recipients, but some found that it wasn't worth it in the end. As an example, in a large urbanized area in the western US, the transit provider became a designated recipient, recognizing the benefit of the 10 percent administrative funding to support program management. However, after just one year the agency decided it was too arduous to administer the Section 5310 program so it transitioned the role back to the state DOT.

Unfortunately, conflicts between organizations or municipalities within an urbanized area can lead to distrust that can be manifested when decisions need to be made. Such was the case in a large mid-western urbanized area, in which the state DOT maintained the designated recipient status because the entities within the urbanized areas could not come to consensus on a designated recipient. A southern large urbanized area still hasn't selected a local designated recipient and is in danger of lapsing funds. Some state DOTs reported that they were pressured by FTA regional offices to negotiate and defuse this decision-making process. These state DOTs reflected that, since this entity was becoming a designated recipient, it should have been FTA's job to manage the process of identifying the appropriate entity.

Even those urbanized areas that were able to come to consensus somewhat quickly saw delays in moving forward due to the process of getting certified by their state DOT. One survey respondent stated,

> "As a bi-state MPO, we had a little trouble obtaining one of our state letters confirming our chosen designated recipient due to a delay in our state liaison being able to determine the appropriate office of the state from which the letter needed issuance."

Another respondent agreed, stating, "It took some time to get a MOU in place with our transit agency and also to get the state to officially make the designations."

While some urbanized areas are just now getting the recipient designated, one southern state DOT is looking ahead to the 2020 US Census with concern. The interviewee reflected,

> "We have a lot of cities transitioning from small to large urban in the next census and I think they will be overwhelmed with the change in responsibilities."

5.2.3. Training of the New Designated Recipient Caused Project Selection Delays

Several urbanized area stakeholders identified delays to project selection as a frustration with the administrative changes resulting from MAP-21. In an interview with FTA regional staff, it was noted that training new designated recipients took time and that MPOs specifically were not set up for the administration of FTA funds. Transit authorities were typically more adept at program administration, but were not generally used to working with subrecipients, particularly nonprofit organizations. The training of these agencies caused substantial delays at the beginning of the Section 5310 project selection process

– slowing the program down by as much as two years in some areas and putting funding at risk of lapsing. Additionally, some stakeholders reported that the new designated recipients were not proactive in reaching out to existing state DOT Section 5310 subrecipients in the region and were not responsive to maintaining the services that they provided.

New designated recipients shared the following challenges in surveys and in stakeholder interviews:

- Lack of Communication with their State DOT: Many new designated recipients reported that they instigated coordination with their state DOT to seek assistance regarding the transition of current subrecipients to a new administrator, but that state DOTs were unresponsive.
- Lack of Communication and Training from FTA: Many new designated recipients reported a lack of interest from FTA in their requests for training and some were told by FTA to seek training from their state DOT. Most new designated recipients had limited training or ability to use TrAMS (FTA's new grants management system) when it was necessary to program the first year of projects.
- No Templates for Cooperate Agreements or Memorandum of Understandings (MOUs): Some designated recipients reported that the creation of MOUs and Cooperative Agreements between transit authorities and MPOs (and in some cases with elderly and disabled transportation consortiums) took months to develop. These designated recipients were frustrated that templates/best practices were not available to assist new designated recipients in streamlining their processes.

5.2.4. Bi-State Metropolitan Areas Found Challenges Coordinating with Different Approaches to the Section 5310 Program

Bi-state urbanized areas experienced extra coordination steps because they had to work with two state DOTs. In many instances, one state DOT had kept the designated recipient process while the other allowed localities to select a recipient, which made coordination of project selection within a region difficult. The following examples illustrate this challenge.

- Iowa DOT shared the regionalism challenge faced by some of their urbanized areas due to two neighboring DOTs maintaining the designated recipient status at the state level, while not encouraging regional coordination at the local level. Iowa, who also maintains its designated recipient status, funds agencies through their 35 coordinated transit districts, with the sole purpose of regional coordination of all transit programs. The Bi-State Regional Commission, which includes the Quad Cities of Moline and Rock Island in Illinois and Bettendorf and Davenport in Iowa (along with many other smaller cities) must manage the Section 5310 program separately in Illinois and Iowa because the Illinois DOT conducts a separate state-wide call for projects while the Iowa Section 5310 funding goes to River Bend Transit, which serves a five county area which includes a portion of Illinois. In the Omaha/Council Bluffs area, the challenge is the same. The Nebraska Department of Roads maintains the designated recipient status for the Nebraska side of the area, while the Iowa funding goes to the Southwest Iowa Transit Agency.
- The Lewis and Clark Valley MPO serves a small urbanized bi-state area in Idaho and Washington. In Idaho, the states' MPOs came together after the passage of MAP-21 to develop a strategy for

designating Section 5310 recipients and for coordinating the use of funding. Washington DOT has established Rural Transportation Planning Organizations (RTPOs) for every county responsible for coordinating the provision of transportation services, including those funded under Section 5310. Because of the two approaches by the state DOTs, coordination of the uses for the Section 5310 program is not optimized.

- The Kansas City urbanized area is a large metropolitan area that includes Kansas and Missouri. Both states allowed a local designated recipient to manage funds in their region. The official designated recipient and administrator of Section 5310 funding is the Kansas City Area Transportation Authority (KCATA), while the MPO, the Mid-America Regional Council, leads project selection. This arrangement allows for a pooling of money, with projects that are selected based on needs that cover the entire region without consideration of boundaries.

5.2.5. In Many Areas, Vehicle Procurement was a Specific Challenge for the New Designated Recipient

Prior to MAP-21, aside from contracted service, the majority of Section 5310 program funding was utilized for vehicle purchases. One of the complications related to the transition from a state DOT designated recipient to a local designated recipient is the procurement of vehicles. MPOs that became urbanized area designated recipients noted that they were alerted by FTA staff late in the subrecipient project selection process that, because they were not a governmental entity, they were not allowed to procure vehicles on behalf of Section 5310 subrecipients. Because of this, designated recipients had to identify open bids that could be used to “piggyback” on existing contracts, which were generally held at the state DOT or the transit agency. This caused the vehicle procurement process to fall behind (since the large urbanized area is handcuffed by the timing of another agency’s bid) and puts funding at risk of lapsing. One survey respondent stated,

> “Overseeing subgrantees can be a bit problematic, especially for nonprofits, and especially for vehicle purchases. As a result the MPO will no longer allow vehicle purchases by subgrantees.”

5.2.6. In Many Urbanized Areas, Subrecipients were not Informed and Engaged in the Designated Recipient Selection Process

Some current and future Section 5310 subrecipients in urbanized areas reflected that they were not engaged in discussions about the selection of the local designated recipient. Oftentimes the decision was between the state DOT, the transit authority, and the MPO, and subrecipients felt that the conversations were held between only those entities instead of asking external partners about their opinion.

In areas where there was an inclusive process, survey respondents stated that it was because there was an existing MPO process that served as the forum for discussion. One respondent noted,

> “Decision on 5310 designated recipient in the urban area was discussed among all MPO members, which includes representation of the local transit authority and the state DOT.”

Generally, an MPO Board includes elected officials from municipalities and, as of MAP-21, an official from the local transit agency. Not typically included are members of the specialized mobility community. Some

MPOs, such as the Atlanta Regional Commission, the MPO for the Atlanta metropolitan area, have an existing forum for specialized services that discussed the designated recipient selection process.

In some situations, the speed at which a designated recipient needed to be selected in order to keep the program moving without disturbance led to lack of engagement from subrecipients and other stakeholders. One urbanized area survey respondent stated,

> "MAP-21 was signed into law in the midst of a funding competition for special needs transportation funds. The MPO and the state quickly discussed the implications of changes to this program in the midst of our competition (which included FY 2013 - the first year of MAP-21 funding). The decision was vetted through the MPO Board, which concurred. And the Governor's Office prepared the designated recipient letter that reflected the agreement between the MPO and the state."

5.3. Challenges in Program Administration

As described in Section 5.1, new designated recipients typically encountered challenges in learning how to administer the Section 5310 program, including using TrAMS, managing the project selection process, ordering vehicles, and overseeing subrecipients (including performing subrecipient reviews, invoicing, and FTA reporting). This learning curve has caused delays in the expenditure of program dollars and has been taxing on FTA regional staff.

5.3.1. Delays in Project Selection

In asking urban stakeholders about the project application process, most found that it went smoothly, but some were frustrated. One noted that Section 5310 projects have not been selected since the transition to a designated recipient. Another stated,

> "(there was a) delay of a year in getting the existing FTA designated recipient to agree to (continue to) be the 5310 designated recipient. (Then a) delay in approval by state and FTA, (and a) delay in the initial Call for Projects. (We) still have no contract for (our) initial application approved a year ago or second application process conducted last fall. Non-profits have little or no connectivity to MPO, the state DOT, FTA, and (had to) depend on other resources to find out (about the) process."

Others found the program to move much more smoothly with a local designated recipient:

> "When the program moved to the local designated recipient, the funds have been more predictable and the application process has been faster as they have released the funding faster."

5.3.2. Training Requirements

Subrecipients reported that the Section 5310 program has many administrative requirements that are complicated for a small organization, particularly if it isn't a dedicated transportation provider and has no experience with FTA grants or reporting. An interviewee from a small municipal Section 5310 subrecipient reflected on the series of audits he had received from the state DOT related to the Section 5310 program, and that doing these audits separately takes away from his ability to administer his program.

Many agencies described the challenges related to training for small agencies. The representative from a large southeastern MPO noted that a volunteer driver voucher program left the Section 5310 program in their region because of the perceived onerous requirements related to driver training for volunteer drivers. A representative from a large nonprofit Section 5310 subrecipient in the south reported that many of the smaller Section 5310 subrecipients in surrounding areas found it to be a financial burden to provide driver training, so his nonprofit has begun inviting the smaller nonprofits to participate in their own training.

5.3.3. Calls to Innovate

National interest groups reported during interviews for this research that FTA is interested in seeing new approaches to specialized transit and mobility through the Section 5310 program – such as using more technology, coordination, and potentially considering partnerships with ridersharing companies such as Uber and Lyft. The interest groups noted that these opportunities may provide value to the industry, but there still isn't enough funding in the Section 5310 program overall for agencies to do much more than meet basic needs. With the inclusion of operating expenses and mobility management as eligible costs in the Section 5310 program, the program is already over-subscribed. Technology, coordination approaches, and partnerships may provide efficiencies that could allow for more to be done with less, but it also may require designated recipients to make difficult decisions about removing existing subrecipients from the program that are not able to implement technology enhancements or that do not choose to participate in coordination approaches. One southern state DOT reported that the reduced resources in rural areas due to MAP-21's and the FAST Act's funding allocation formula has required it to think differently about how to distribute resources. The DOT now requires all recipients of Section 5310 funding to coordinate with other Section 5310 subrecipients in the area. Those who refuse to coordinate will not receive funding. Another state DOT conducted a Section 5310 statewide capital inventory to determine and prioritize capital asset expenditures in the future. These types of approaches create systems that allow state DOTs to make more informed decisions with limited funding, and allows services on the ground to best serve people in need.

5.3.4. Staffing

An issue that was consistently raised during the stakeholder interviews is the lack of dedicated staffing for Section 5310 program administration and service delivery.

Most transit operators in the Section 5310 program are driving the vehicle as part of another job, whether as a case worker at a developmental disability organization, an administrative assistant at a senior center, or a grants manager at a small nonprofit agency. Those managing the grants are also doing many jobs. An interviewee from a large multistate metropolitan planning organization stated,

> "The biggest burden of subrecipients is wrapping their heads around all the requirements. It's not uncommon in the human service agency to be one or two people teams who are really doing everything, so it can be information overload."

On the administration side of the Section 5310 program, staff turnover is a substantial challenge. A common response in the interviews and surveys was "I was not with the agency when that occurred." Many staff members are reaching retirement age in the transit industry and the attrition is leading to a brain drain in the field. Newer staff members do not have the institutional knowledge to describe how decisions were made.

5.4. Negative Impacts to Rural Areas

Section 4 of this report assessed the spending patterns of state DOTs in the Section 5310 program during SAFETEA-LU and found that almost 50 percent of program funding nationwide went to rural areas. MAP-21 and the FAST Act allocates Section 5310 funding based on population, with 60 percent of the program allocated to large urbanized areas, 20 percent allocated to small urbanized areas, and 20 percent allocated to rural areas. As a result, the distribution of funding in most states has changed under MAP-21 significantly.

In the 2015 survey administered to state DOTs, many respondents expressed concern about the availability of funding in rural areas and the inability to transfer resources between large urbanized areas and rural areas. State DOT respondents also noted that the increase in eligible activities under MAP-21 has only made this issue more challenging because informed Section 5310 subrecipients (and former Section 5317 subrecipients) are seeking operating costs and mobility management expenses from an already over-subscribed Section 5310 program. The 2016 survey suggested dissention among state DOT's of the perceived impacts to rural areas. Of the DOT's who responded to the survey questions regarding rural areas, one-third (9) stated that MAP-21 is negatively impacting rural areas while 15 percent (4) perceived that rural areas are benefitting from MAP-21 and the FAST Act. Over one-half of survey respondents stated that rural areas were neither better nor worse off under the new Authorization

A southern DOT that was interviewed is illustrative of several state's experiences. The DOT's interviewee reported that the MAP-21 formula has drastically changed the state's ability to administer the program successfully in rural areas. Five new large urbanized areas were established after the 2010 census and have been unable to spend their entire Section 5310 allocation on specialized services. These funds have been transferred to complementary paratransit services, which also receive funding through the Section 5307 program. In order for a public agency to use Section 5310 funding for complementary paratransit, it must certify that there are no nonprofit organizations in the region that have provided a reasonable request to deliver services to the elderly and disabled. Additionally, only capital expenses toward complimentary paratransit are eligible activities under the Section 5310 program.

Similarly, an extremely rural western DOT reported that the reduction of Section 5310 resources for rural areas has caused it to stop funding new services and procure expansion vehicles all together. The DOT now only funds bus replacement, and often far past the vehicle's useful life.

A southern DOT indicated that its reduction in Section 5310 funding for rural areas has caused it to be more strategic in allocation decisions, even as it has been able to re-allocate unused small urban funding for the past three years. The DOT identified the following priorities for funding:

1) Continuing services
2) Vehicle capital
3) Mobility management

This DOT is now also requiring that candidate recipient agencies show proof of operational coordination, which is causing fewer agencies to apply overall. One DOT is also transitioning to two-year application cycles instead of awarding funds every year.

A mid-western DOT reported limited concerns in rural areas related to the Section 5310 program, mostly due to their project management and administration structure. This DOT provides all FTA funding to 35 subrecipients who administer all programs: Section 5311/5307, Section 5310 and the former 5316 and 5317 programs. All of their transit services are open to the public. Because of the coordination of the federal funding programs, gaps can be filled by another program if one program loses funding.

A western DOT that was interviewed reported that it has a long history of supporting elderly and disabled program beyond funding available in the Section 5310 program. Both it and local subrecipients acknowledged that the MAP-21 funding allocation changes took money away from rural areas. The agency therefore made the choice to use FHWA Surface Transportation Program (STP) funding to bolster elderly and disabled transportation above and beyond Section 5310. Doing this allowed the program to maintain consistency in funding after the changes enacted with MAP-21.

5.5. Best Practices

Through the survey and interview process, the research team sought to collect information on "best practices" in Section 5310 program administration that might be replicated in other areas. Several of these practices are summarized below.

5.5.1. Identifying Designated Recipients

California Department of Transportation, Transit Department (CalTrans) - CalTrans determined that the state would maintain the designated recipient status, but wanted to develop a structure that provided for local decision-making. As such, CalTrans identified a hybrid approach in which they maintained the designated recipient status and managed reporting and vehicle procurement, but allowed local entities (usually the MPO) to conduct the project selection process. This model provided for an inclusive and regionally aware project selection process while leveraging CalTrans' years of knowledge and experience as a designated recipient.

Mid-America Regional Council (MARC) - Some subrecipients think that a transit authority has a conflict of interest because they are eligible for Section 5310 funding. One way that conflict has been resolved in the Kansas City metropolitan area is that the Kansas City Area Transit Authority maintains the designated recipient status for the bi-state region, but the Mid-America Regional Council (the MPO) conducts the project selection process, which is inclusive of a broad array of subrecipients. The decision of how to designate the recipient of Section 5310 funding was also determined through a process that was open to the subrecipients. The MPO and the transit authority share Section 5310 administrative funding to pay for their specific functions.

5.5.2. Supporting Small Subrecipients

Lane Transit District (LTD) - LTD is the fixed route transit provider in Eugene, Oregon. As the largest agency in the area, LTD compiles and submits all required Oregon DOT and FTA reporting for their smaller partner

Section 5310 agencies. This allows LTD an opportunity to review the activities of the small agencies and to streamline the overall reporting process.

Arc of Acadiana – This large Section 5310 program in New Iberia, Louisiana, conducts all required trainings for smaller agencies in the surrounding counties, providing them with a cost savings over providing the trainings individually..

The Maricopa Association of Governments - The MPO for the Phoenix, Arizona region offers a Transportation Ambassador Program, which developed a train-the-trainer program so that a trainer is available at each Section 5310 agency.

Metropolitan Washington Council of Governments (MWCOG) - MWCOG has started conducting site visits to Section 5310 providers, which at first a caused anxiety for some subrecipients. After a series of visits with the purpose of technical assistance, finding out more about their programs, and putting faces to names, these visits have instead strengthened relationships. The site visits further help subrecipients prepare for potential audits, while giving MWCOG staff the ability to build a rapport with grantees that they generally only hear from on the phone or email.

5.5.3. Strategic Use of Limited Funding

South Carolina Department of Transportation - In order to determine the best use of limited Section 5310 funds in rural areas, the South Carolina DOT utilized Statewide Planning funds to conduct vehicle assessments of all FTA-funded vehicles and develop a future strategy for vehicle expenditures statewide. Ten percent of the state fleet was inspected, which included a review of maintenance records, titles, and vehicle inspections. All vehicles were catalogued to identify capital replacement needs. A strategy was then established for future funding of vehicles based on available resources and a training program was developed that included preventative maintenance, understanding that vehicles would need to be kept in service far past their useful life.

Colorado Department of Transportation (CDOT) - Instead of conducting one call for projects for the Section 5310 program each year, CDOT conducts two calls – one for operations/mobility management and another for capital projects. Separating the two types of projects into different solicitations makes evaluating applicant projects easier.

Montana Department of Transportation and their Partner MPOs – In an effort to make the most of their small apportionments, the MPOs in the state of Montana came together with the Montana Department of Transportation to develop a strategy for expending the Section 5310 funding. This included forecasting needs in each urbanized area against available funding and developing a year-by-year strategy, which included having some MPOs give up funding in certain years so that others could make larger capital purchases. This lost funding would be made up in a subsequent year.

5.5.4. General Coordination Approaches

Iowa Department of Transportation – Iowa DOT (IDOT) has 35 designated transit systems in the state that are the only recipients of FTA funding. Because of this, there has been limited change since MAP-21, other than with those urbanized areas that are bi-state (such as Omaha/Council Bluffs and the Quad

Cities). Because IDOT has a history of designating these systems, IDOT has remained the designated recipient.

Oregon Department of Transportation - Oregon DOT (ODOT) uses Federal Highway Administration Surface Transportation Program (STP) funding to bolster its Section 5310 program. With the passage of MAP-21, ODOT chose to transfer more STP funding to hold harmless the level of investment for specialized services in rural areas. Because ODOT receives substantially more funding from other federal and state resources than from Section 5310 for elderly and disabled transportation, the State continues to manage and administer the program.

Ride Connection- In the Portland, Oregon urbanized area, a mature mobility management agency called Ride Connection serves as the partner network for the region's Section 5310 program, working with Tri-Met and ODOT. Ride Connection provides 500,000 rides per year to seniors and people with disabilities and is the Section 5310 brokerage for 30 other providers. The brokerage process requires that all applications for Section 5310 funding in the region be directed to Ride Connection first, and then Ride Connection submits the final application to ODOT.

The Ride Connection service model is extremely personalized. When new customers have an initial contact with the agency, travel option counselors informally interview them to identify their residence and what their needs are, and then they guide them to the most appropriate option.

Ride Connection owns all its vehicles and dispatches for smaller operators. There is centralized screening and training for all paid - and over 300 volunteer - drivers. The travel-training program is extremely personalized; the trainer will work with a client one on one until the client feel comfortable travelling by themselves. The travel trainer will then shadow the client to make sure they can move independently. Ride Connection has also established informal groups called "Riders Clubs" that train individuals to try public transit, specialized for people who may need to soon transition away from using a car.

As a way of showing the value of Ride Connection to the region, the organization conducted an analysis of cost avoidance to Tri-Met. This entailed detailing the cost savings of not having clients ride Tri-Met paratransit, which cost $32 per ride to deliver. Ride Connection's door-to-door cost per ride is $15.84. Ride Connection was able to show an annual savings of $4.2 million by providing this service instead of Tri-Met; for the life of the travel-training program, Ride Connection has saved Tri-Met $26.9 million over ten years.

Door County, Wisconsin - Door County is a rural Section 5310 program that uses funding for mobility management in order to coordinate varied services for their residents. These include a half price travel voucher program to use with local for-profit taxies (including intercity taxi services), subsidized medical ferry transportation for residents of nearby Washington Island (with rides provided on either side if needed), vehicle loan programs, and gas voucher programs.

6. Conclusions

The two research efforts summarized in this report have identified a number of findings related to MAP-21 changes in the distribution and use of Section 5310 funding, and in the practice of administering the program. The following section concludes the research by summarizing these key findings.

6.1. SAFETEA-LU Spending is Inconsistent with the MAP-21 Funding Formula

This research analyzed spending patterns during SAFETEA-LU to determine if it was consistent with the MAP-21 funding formula and found that:

- The new MAP-21 funding formula is inconsistent with how states have traditionally allocated 5310 funds. Over the last three years of SAFETEA-LU (FY 2010-2012), the 20 states that provided funding allocation data collectively distributed 49.6 percent of Section 5310 program funding to rural areas, 16.2 percent to small urban areas, and 34.2 percent to large urban areas. This contrasts significantly with the MAP-21 Section 5310 formula which provides only 20 percent of funding to non-urbanized areas, 20 percent of funding to small urban areas, and 60 percent to large urban areas. Further, when asked whether the MAP-21 Section 5310 formula was consistent with how their state DOT spent money during SAFETEA-LU, the majority of states interviewed for this research said "no."
- Over the three year SAFETEA-LU analysis period, every respondent state allocated more to rural areas than what is now allowed under MAP-21.
- States have historically distributed the greatest share of Section 5310 funding to rural areas, in part to help offset a deficit in funding for rural transit needs overall. Between 2010 and 2012, FTA's Section 5311 Rural Formula program provided an average of $488.34 million for rural transit – approximately 10 percent of all "general purpose" federal formula public transportation resources. Yet, the 2010 US Census quantified the nation's rural population at 19.3 percent of all Americans.
- FHWA flexible funding was also used to augment limited funding available under the Section 5310 funding. According to FTA's annual grant summaries, $348.2 million in STP and CMAQ funding was transferred from FHWA to FTA for purposes consistent with the Section 5310 program in FY 2010-2013, thus boosting funding for elderly and disabled transportation services by nearly 40 percent. Twenty-two percent of survey respondents "flexed" FHWA funding to the Section 5310 program.
- Only four states distributed 60 percent or more of their Section 5310 program funding to large urban areas in at least one of the last three years of SAFETEA-LU; most of these states also experienced years where their distribution to large urban areas fell well below that level. For example, Delaware allocated 53.8 percent of its Section 5310 funding to large urban areas in FY 2011 but only 28.6 percent in FY 2012. Michigan allocated 68.4 percent of its funding to large urban areas in FY 2011 but only 37.0 percent in FY 2012. Florida distributed 60 percent or more of its Section 5310 funding to large urban areas for all three years, but during the same period of time, also allocated 27.6 percent of its Section 5310 funding to rural areas.
- Prior to MAP-21, state DOTs did not typically sub-allocate Section 5310 program funding according to population. State DOT's typically developed their own methodologies for determining where to spend Section 5310 funding and the resulting allocation does not appear to correlate to a states' share of urban vs. rural population. Of the states that provided information on their distribution of Section 5310 funding, only two featured rural populations exceeding urban populations (Mississippi and

Vermont). This suggests that the remaining states would tend to direct the majority of their annual Section 5310 program funding towards urban, rather than rural, areas. However, of the 20 majority urban states that reported funding allocation information, 11 – or 55 percent – allocated more than half of their funding to rural areas.

6.2. Section 5310 Stakeholders Have Limited Understanding of the Program

Surveys, interviews, and focus groups conducted for the research indicate that many stakeholders struggle to understand Section 5310 program provisions. Specifically:

- Program stakeholders who participated in the research believed that they received very limited information about proposed changes to the Section 5310 program prior to the passage of MAP-21. Since most stakeholders were not aware of the potential changes to the Section 5310 program during the MAP-21 authorization process, these changes came as a surprise after MAP-21 was passed. With program stakeholders finding out about the program changes only after the authorization of MAP-21, it left them unprepared to quickly adapt to these changes in order to maintain services to the elderly and disabled and make certain that funding did not lapse.
- Beyond program changes, the research found that, in general, Section 5310 funding subrecipients are uninformed about basic program provisions and available funding. Many rural Section 5310 subrecipients don't necessarily know where their funding comes from (other than that is from the state DOT), don't know the difference between Section 5310 and other FTA funding programs, and don't generally seek out technical assistance. Subrecipients often did not know that there were changes to the Section 5310 program, including new eligible activities, nor that – due to the MAP-21 funding allocation formula - the state DOT may have fewer resources to expend in rural areas.
- Because Section 5310 subrecipients don't report to FTA's National Transit Database (NTD), and designated recipients do not need to identify subrecipients within a grant, there is no federal accounting of all of the local agencies that ultimately receive these funds and no way to contact them in a systematic way. All FTA contact with subrecipients must go through their designated recipients, which makes outreach to subrecipients for training and technical assistance challenging.

6.3. Designating Recipients in Urbanized Areas was the Greatest Administrative Change to the Section 5310 Program under MAP-21

- The greatest changes to administration of the Section 5310 program occurred in larger urbanized areas, which were required by MAP-21 to identify a local designated recipient of funds. Interview and survey findings showed that the majority of state DOTs maintained their status as the designated recipient, either as a policy decision; because no local agency wanted to be the designated recipient; or because there was an impasse at the local level in deciding which agency would serve the designated recipient role.
- For those urbanized areas that did identify a local designated recipient, the transition was oftentimes challenging. In some cases, the local transit operator was resistant to becoming the designated recipient, citing the administrative burden. On the other hand, some Section 5310 subrecipients were resistant to giving project selection authority to an agency that could itself

apply for Section 5310 funds, citing a conflict of interest. Where this conflict resulted a transit authority being ineligible to serve as a designated recipient, the MPO was typically the next option. However, in some urban areas there was a concern that MPOs had no experience administering FTA funds (other than metropolitan planning resources) and lacked the staff capacity to administer the Section 5310 program.

- A lack of training on project administration from FTA or the state DOT was also noted as an obstacle to an efficient designation process. Once designated, many program recipients lacked training in managing subrecipients. When a MPO was the designated recipient, there was a lack of experience in the FTA grants management software, FTA requirements, and an inability to procure vehicles on behalf of subrecipient agencies. These challenges and many others led to delays in programming projects and the risk of funding lapses.

6.4. Section 5310 Program Administration and Training was Identified as a Major Need

A lack of training on program administration from FTA or the state DOT was also noted as an obstacle to an efficient designation process, and effective program management.

- Once designated, many program recipients lacked training in managing subrecipients. When an MPO served as the designated recipient, it often lacked experience in FTA grants management requirements and was unable to procure vehicles on behalf of subrecipient agencies. These challenges and many others led to delays in programming projects and the risk of funding lapses.
- Subrecipients also reported a lack of training by designated recipients or limited funding to provide training. A new national resource center has been funded by the FTA that is specifically focused on supporting Section 5310 programs. This center will be identifying strategies for reaching out to subrecipients, identifying trainings that can support program growth and developing innovative strategies and best practices that can be used nationally.

Endnotes

2. **Research Methodology**

[i] Libberton, S.G. 2015. NCHRP 20-65 Task 59. The Determination of How Federal Section 5316 Funds Were Used Under the Safe, Accountable, Flexible, Efficient Transportation Act: A Legacy for Users (SAFETEA-LU) and the Transportation Equity Act for the 21st Century (TEA-21).

[ii] The research team was informed by the Research Panel that there may be two or three states where the Section 5310 program is administered by the State Health and Human Service agency, rather than the DOT. The team later learned that those two states are Georgia and Oklahoma. Georgia DOT did transmit the survey to their counterpart agency, who responded. It is unknown if Oklahoma DOT did the same, as no response was received from Oklahoma.

3. **Section 5310 Program Overview**

[iii] Federal Transit Administration. Undated "Fact Sheet: Enhanced Mobility of Seniors and Individuals with Disabilities – Section 5310" http://www.fta.dot.gov/documents/MAP-21_Fact_Sheet_-_Enhanced_Mobility_of_Seniors_and_Individuals_with_Disabilities.pdf

[iv] Federal Transit Administration. *Fiscal Year 2000 Trends Report on the Use of Section 5310 Elderly and Persons with Disability Program Funds.* 2000. Washington, DC.

4. **Section 5310 Program History**

[v] United States White House. EO 13217. Community Based Alternatives for Individuals with Disabilities. 2001.

5. Use and Distribution of Section 5310 Funding

[vi] The State of California is excluded from this summary as it did not distinguish its urban allocation between large and small urban areas. For informational purposes, the California respondent estimated that its Section 5310 funding was distributed evenly between urban and rural areas.