

Federal Grants

Typically, transit agencies receive federal grant funds from several categories, including Section 5307 – Urbanized Area Formula Grants; Section 5309 – Capital Investment Grants; Section 5310 – Enhanced Mobility of Seniors and Individuals with Disabilities; Section 5337 – State of Good Repair, Section 5339 – Bus and Bus Facilities; Congestion Mitigation/Air Quality Improvement Program (CMAQ); and Surface Transportation Block Grant Program (STBG). Federal Highway Administration (FHWA) CMAQ and STBG funds are highway funds that can be transferred from highways to transit to fund projects that will improve air quality, reduce congestion, or improve regional mobility. In FY2020 and FY2021, transit received additional grant funding from:

- The Coronavirus Aid, Relief, and Economic Security (CARES) Act
<https://www.transit.dot.gov/cares-act>
- The Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (CRRSAA)
<https://www.transit.dot.gov/funding/grants/fiscal-year-2021-crrsaa-act-supplemental-public-transportation-apportionments-and>
- The American Rescue Plan Act of 2021 (ARP) to help compensate for reduced revenues from sales tax and fares and cover additional coronavirus-related costs.
<https://www.transit.dot.gov/funding/american-rescue-plan-act-2021>

These funds are typically shown as sources of funds.

When programmed by the Metropolitan Planning Agency of the metro area, the CMAQ grant program may be applied by the transit agency to capital projects and to support operations of some transit services; the STBG funds may be applied to transit capital projects.

Federal Transit Administration Grants

The FTA plays an essential role in funding capital projects and certain operating expenses through two types of grant programs: formula grants and discretionary grants. Formula grants are awarded based on demographics, service levels, and ridership. Discretionary grants are awarded based on meeting application requirements and selected using criteria specific to each program. The following FTA grant programs links are to the FTA website which provides program descriptions.

Accelerating Innovative Mobility

FTA's Accelerating Innovative Mobility (AIM) Initiative highlights FTA's commitment to support and advance innovation in the transit industry. AIM will drive innovation by promoting forward-thinking approaches to improve transit financing, planning, system design and service. The AIM Initiative also supports innovative approaches to advance strategies that promote accessibility, including equitable and equivalent accessibility for all travelers.

<https://www.transit.dot.gov/AIM>

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Section 5307 – Urbanized Area Formula Grants

The Urbanized Area Formula Funding program (49 U.S.C. 5307) makes federal resources available to urbanized areas and to governors for transit capital and operating assistance in urbanized areas and for transportation-related planning. An urbanized area is an incorporated area with a population of 50,000 or more that is designated as such by the U.S. Department of Commerce, Bureau of the Census. Often used for capitalized preventive maintenance of buses.

<https://www.transit.dot.gov/funding/grants/urbanized-area-formula-grants-5307>

Section 5309 – Capital Investment Grants

This FTA discretionary grant program funds transit capital investments, including heavy rail, commuter rail, light rail, streetcars, and bus rapid transit. Federal transit law requires transit agencies seeking CIG funding to complete a series of steps over several years. For New Starts and Core Capacity projects, the law requires completion of two phases in advance of receipt of a construction grant agreement: Project Development and Engineering. For Small Starts projects, the law requires completion of one phase in advance of receipt of a construction grant agreement: Project Development.

<https://www.transit.dot.gov/CIG>

Section 5310 – Enhanced Mobility of Seniors and Individuals with Disabilities

This program (49 U.S.C. 5310) provides formula funding to states for the purpose of assisting private nonprofit groups in meeting the transportation needs of older adults and people with disabilities when the transportation service provided is unavailable, insufficient, or inappropriate to meeting these needs. Funds are apportioned based on each state's share of the population for these two groups. Formula funds are apportioned to direct recipients; for rural and small urban areas, this is the state Department of Transportation, while in large urban areas, a designated recipient is chosen by the governor. Direct recipients have flexibility in how they select subrecipient projects for funding, but their decision process must be clearly noted in a state/program management plan. The selection process may be formula-based, competitive or discretionary, and subrecipients can include states or local government authorities, private non-profit organizations, and/or operators of public transportation.

<https://www.transit.dot.gov/funding/grants/enhanced-mobility-seniors-individuals-disabilities-section-5310>

Section 5324 – Public Transportation Emergency Relief Program

Helps states and public transportation systems pay for protecting, repairing, and/or replacing equipment and facilities that may suffer or have suffered serious damage as a result of an emergency, including natural disasters such as floods, hurricanes, and tornadoes. It provides authorization for Section 5307 and 5311 funds to be used for disaster relief in response to a declared disaster.

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<https://www.transit.dot.gov/funding/grants/grant-programs/public-transportation-emergency-relief-program-5324>

Section 5337 – State of Good Repair

The State of Good Repair Grants Program (49 U.S.C. 5337) provides capital assistance for maintenance, replacement, and rehabilitation projects of high-intensity fixed guideway and bus systems to help transit agencies maintain assets in a state of good repair. Additionally, SGR grants are eligible for developing and implementing Transit Asset Management plans.

<https://www.transit.dot.gov/funding/grants/state-good-repair-grants-5337>

Section 5339 – Bus and Bus Facilities

Provides funding to states and transit agencies through a statutory formula to replace, rehabilitate and purchase buses and related equipment and to construct bus-related facilities. In addition to the formula allocation, the Grants for Buses and Bus Facilities program (49 U.S.C. 5339) includes two discretionary components: the Bus and Bus Facilities Discretionary Program and the Low or No Emissions Bus Discretionary Program.

<https://www.transit.dot.gov/funding/grants/busprogram>

Flexible Funding Programs - Congestion Mitigation and Air Quality Program - 23 USC 149

CMAQ provides funding to areas in nonattainment or maintenance for ozone, carbon monoxide, and/or particulate matter. States that have no nonattainment or maintenance areas still receive a minimum apportionment of CMAQ funding for either air quality projects or other elements of flexible spending. Funds may be used for any transit capital expenditures otherwise eligible for FTA funding as long as they have an air quality benefit.

<https://www.transit.dot.gov/funding/grants/grant-programs/flexible-funding-programs-congestion-mitigation-and-air-quality>

Flexible Funding Programs - Surface Transportation Block Grant Program - 23 USC 133

Provides funding that may be used by states and localities for a wide range of projects to preserve and improve the conditions and performance of surface transportation, including highway, transit, intercity bus, bicycle and pedestrian projects.

<https://www.transit.dot.gov/funding/grants/flexible-funding-programs-surface-transportation-block-grant-program-23-usc-133>