

CALIFORNIA'S SHARE OF FEDERAL TRANSIT FUNDS

May 2004

In 2003, California received \$761 million in federal transit grants

The Transportation Equity Act for the 21st Century (TEA-21) authorized \$41 billion for transit programs between 1998 and 2003, although only \$36 billion (the guaranteed amount) was spent. Formula programs accounted for \$25.8 billion of this amount, and California received \$3.8 billion (14.8%) of the formula grant total. Surface transportation laws expired on September 30, 2003, but extensions have kept funds flowing, and Congress is considering TEA-21 renewal proposals.

Higher shares of transit formula grants compensate somewhat for California's relatively low share (9%) of the nation's highway receipts

The bulk of transit grants are geared toward states with populations concentrated in urbanized areas (UZAs) and high population densities. The Urbanized Area Formula (UAF) Program, accounting for half of all transit assistance to states, uses population figures and transit usage statistics to determine state shares. Not surprisingly, California – a heavily urbanized state – benefited considerably from UAF grants, receiving 17 percent of TEA-21's UAF totals.

UAF funds for small urbanized areas flow to state governors

UZAs with populations between 50,000 and 200,000 receive transit assistance as a pass-through from the state. Larger UZAs receive funding directly from the Federal Transit Administration (FTA). Under TEA-21, FTA uses only population data, not transit usage statistics, to distribute small UZA funds. The House and Senate bills would require usage statistics to reward transit-intensive small UZAs.

California receives substantially less from nonurbanized or elderly and disabled formula programs

Whereas 91.23 percent of formula grants are assigned to UAF, 6.37 percent of formula totals are directed to Nonurbanized Area Formula (NAF) Program grants; the remaining 2.4 percent goes to the Elderly and Persons with Disabilities (E&D) Formula Program. States derive their share of funds for these programs based on their proportion of target populations. California consequently received a 10.5 percent share of E&D funds and a 4.3 percent share of NAF apportionments under TEA-21. Updating formula input data to reflect census 2000 figures would have increased California's E&D receipts to 11.7 percent.

California's Capital Investment Grants returns are mixed

Capital Investment Grants (CIGs) constitute most of the rest of FTA's budget. Two of the three CIG programs established by TEA-21 are discretionary in nature – the New Starts and the Bus and Bus Facilities programs. California received 18 percent of New Starts allocations; the state's share of bus discretionary earmarks was starkly smaller, at 6.7 percent. A third CIG program, known as the Fixed Guideway Modernization (FGM) Program, is actually another formula grant. Under the FGM formula, California received 12.4 percent of the U.S. total.

California "flexes" funds from highways to transit at higher rates than other states

TEA-21 gave states the authority to transfer funds originating from core highway grant programs – such as the Congestion Mitigation and Air Quality (CMAQ), National Highway System (NHS), and Surface Transportation Program (STP) – to the FTA for transit

expenditures. California used flex-funding authority to transfer funds from highways to transit through the 1990s at a higher rate than any other state.

House and Senate proposals would expand NAF funding at the expense of UAF

The House TEA-LU proposal would alter the transit formula grant scheme by increasing NAF's share of the formula pie from 6.37 percent to 8 percent, while reducing UAF's from 91.23 percent to 89.5 percent. The Senate proposal would go further, reducing UAF funds to 86.8 percent of the formula total, while boosting NAF's share to 9 percent. California's 1.4 percent relative reduction in UAF funds would be the second largest among states under the House plan. The Senate's proposal would reduce California share's of UAF funds by twice as much as TEA-LU, resulting in a 2.9 percent reduction in formula funds for urbanized areas – \$25 million for one year.

The House's low-density formula feature would reduce state's funds slightly

The House reauthorization bill's low density formula adjustment feature attached to NAF, E&D, and the newly created New Freedom Initiative programs would increase formula apportionments to states housing fewer than 30 persons per square mile. Ten states qualify for this added benefit.

Senate's high-density and high-growth programs don't help California

The Senate's plan to create a new \$2.2 billion UAF tier, splitting funds evenly between high population density states and high population growth states would not advantage California. The high-density program would provide \$1.1 billion only for 10 mostly Northeastern states with high population densities. The high-growth program would provide \$1.1 billion based on population projections for 2015, but even the nation's slowest-growing states would benefit.

The Senate would limit states to one university research center; California has three

A restriction on the total number of centers would favor small states.

**Transit: Federal Transit Assistance Apportionments Under ISTEA (1992-1997) and TEA-21 (1998-2003), California
Total Dollars (1,000s) and Percentage Share**

	ISTEA (1992-1997)		TEA-21 (1998-2003)		Total, ISTEA & TEA-21		FY 2003	
	CA Total	% of US	CA Total	% of US	CA Total	% of US	CA Total	% of US
Fixed Guideway Mod.	1,284,136	13.96	823,819	12.03	2,107,955	13.13	146,247	12.24
Metropolitan Planning (5303)	35,228	17.15	51,578	17.20	86,806	17.18	9,509	15.73
Urbanized Area (UAF)	1,766,761	14.60	2,835,378	16.73	4,602,139	15.84	583,623	17.11
Rural Transit Assistance	0		899	2.93	899	2.93	145	2.78
Nonurbanized (NAF)	33,142	4.22	53,239	4.50	86,381	4.39	10,269	4.30
Elderly/Disabled	25,155	9.49	45,630	10.14	70,785	9.90	10,075	11.17
State Planning and Research	5,474	6.73	9,557	14.80	15,031	10.30	1,850	14.63
Transit Formula Total	3,149,896	13.92	3,820,100	14.79	6,969,996	14.38	761,718	15.19