

Circular 9040: Formula Grants for Rural Areas

Session 2 – Program Development and Management

FTA Office of Program Management



U.S. Department of Transportation
Federal Transit Administration



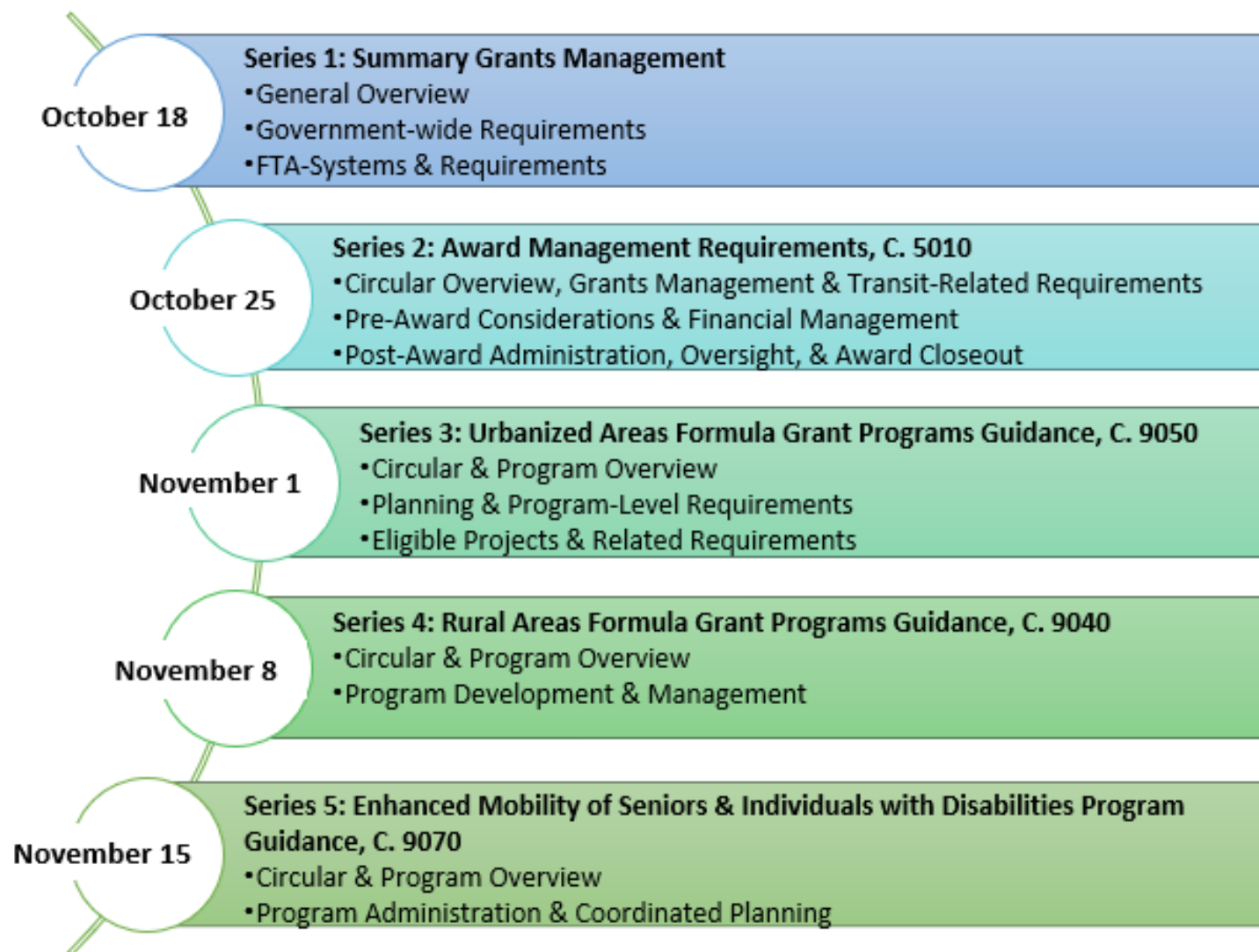
Disclaimer

The contents of this presentation do not have the force and effect of law and are not meant to bind the public in any way. This presentation is intended only to provide clarity to the public regarding existing requirements under the law or agency policies. Recipients and subrecipients should refer to FTA's statutes and regulations for applicable requirements.



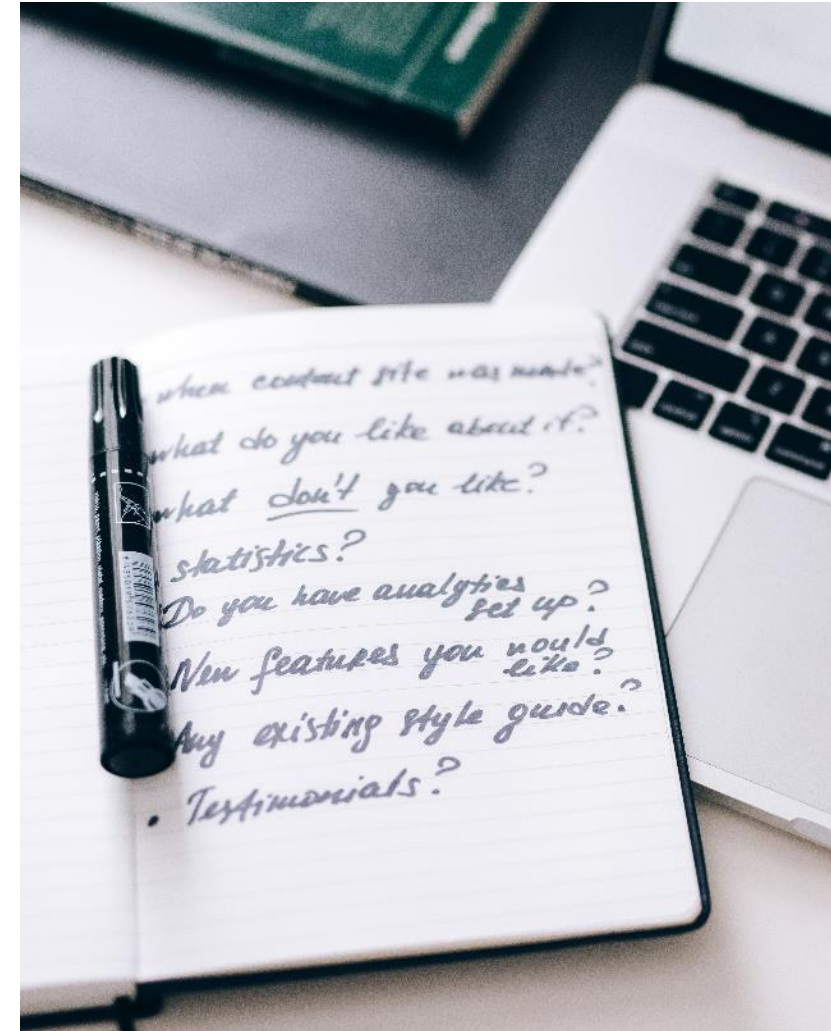
Circular Rollout Video Release Schedule

Each Friday from October 18 through November 15, 2024, FTA will post a series of prerecorded videos addressing summary grants management information and highlight the requirements outlined in each of the revised circulars - 5010, 9050, 9040, and 9070.



The “Route” Ahead

- Chapter V – Planning and Program Development
- Chapter VI – Program Management and Administration Requirements
- Chapter VII – State Management Plan
- Chapter VIII – Appalachian Development Public Transportation Assistance Program
- Chapter IX – Intercity Bus
- Chapter X – Rural Transportation Assistance Program
- Chapter XI – Public Transportation on Indian Reservations
- Appendix A – Procedures Related to Flexible Funding



Slide Key



Pertains to Section 5311 – Rural Formula



Pertains to Section 5339(a) - Bus Program



Update to Circular 9040.1H



Citation in Circular 9040.1H



Link to another FTA resource



Contact FTA regional office



Chapter V – Planning and Program Development



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Planning Requirements

- Projects proposed for Section 5311 and 5339(a) funding must be a product of the Statewide and non-metropolitan transportation planning process and/or the metropolitan planning process specified in the joint FHWA/FTA planning regulations
- With limited exceptions, States must include all Section 5311 and Section 5339(a) funds to be used for transit projects in a STIP.
- For purposes of the STIP, the State may group its planned expenditures of Section 5311, Section 5339(a), and RTAP funds into broad Statewide projects, such as vehicle acquisition for rural transportation services, operating assistance, etc.
- The State also may show the Section 5311 and Section 5339(a) apportionments as one aggregate project.

POP and Annual POP Status Report

- The Program of Projects (POP) identifies the projects and subrecipients for which the State is applying for financial assistance in a given fiscal year. The Section 5311 and Section 5339(a) annual POP the State submits to FTA for approval must:
 - Indicate the total number of projects and funding source (i.e., Section 5311 or Section 5339(a) or both);
 - Indicate the total number of subrecipients;
 - Identify each subrecipient and indicate whether they are governmental authorities, private nonprofit agencies, operators of public transportation, or intercity bus service; and
 - Identify any that are Indian tribal governments or tribal transit agencies (including both federally recognized and other tribal governments).
- The POP must show, for each project, a brief description of county or Tribal needs served, total project cost, and the Federal share.

POP and Annual POP Status Report (cont.)

- FTA allows States to separate projects and funds included in its POP into two different categories, depending on how completely the subrecipients have met Federal requirements.
 - **Category A** - Projects that the State has certified as having met all the Federal statutory and administrative requirements for approval.
 - **Category B** - Projects that the State anticipates approving during the current year, but that have not yet met all Federal statutory and/or administrative requirements.
- Funds may be reallocated among projects in an approved POP without prior FTA approval if the change does not modify the total amount of funds in the original POP by more than 20 percent. All other POP changes require prior approval by FTA.



More information on POP revisions can be found in **Chapter V.5.b**

Transit Asset Management (TAM)

- FTA's regulations for development of TAM plans define two tiers of public transportation providers:
 - **Tier I** providers are recipients that own, operate, or manage either (1) 101 or more vehicles in revenue service during peak regular service across all fixed route modes or in any one non-fixed route mode, or (2) rail transit.
 - Tier I providers must develop and carry out their own TAM plan
 - **Tier II** providers are recipients that (1) own, operate, or manage 100 or fewer vehicles in revenue service during peak regular service across all non-rail fixed route modes or in any one non-fixed route mode, (2) are a subrecipient under the 5311 Rural Area Formula Program, (3) or are any American Indian Tribe.
 - Tier II providers may either develop their own TAM plan or participate in a group TAM plan



For more information on the responsibilities of recipients for developing required TAM plans, see FTA's TAM Plans [webpage](#).

Environmental Considerations

- All projects seeking FTA funds must comply with NEPA implementing regulations, and numerous other environmental laws, regulations, and orders such as Section 106 of the National Historic Preservation Act, the Clean Water Act, and the Endangered Species Act.
- Project Sponsors **may not** move forward with any steps to develop the project that would preclude the fair consideration of alternatives until FTA concludes the NEPA process.



Project Sponsors should consult with the FTA Regional Office early in project development to identify the appropriate class of action for the NEPA review and any other environmental requirements.

Pre-Award Authority

- FTA allows recipients to incur costs before grant award for formula programs.
- In order for the pre-award costs to be eligible for subsequent reimbursement, the project must be:
 - approved in the STIP,
 - outlined in the grant application,
 - specific pre-award costs included in the initial FFR, and
 - qualified as a Category A project in the POP.
- Reimbursement is subject to the availability of funds and grant agreement.



Recipients should contact their FTA Regional Office before proceeding with Pre-Award Authority.

Chapter VI – Program Management & Administration Requirements

Administrative Requirements

- **Satisfactory Continuing Control and Responsibility**
 - When capital equipment or facilities are acquired, built, or improved for use by any entity in rural area public transportation or intercity bus transportation with FTA funds, the FTA recipient must ensure satisfactory continuing control of that capital equipment and facilities.
- **State Financial Records**
 - Financial records, supporting documentation, and all other records pertinent to an award must be retained by the designated State agency and by each subrecipient(s) and must be made readily available to authorized representatives of the US Department of Transportation
- **Construction Management and Oversight**
 - The responsibility for construction management and oversight lies with the State.

Reporting Requirements

- When an Award is active, the recipient must comply with post-award reporting requirements. FTA's policy for reporting requirements may vary based on risk, including the size of the recipient or the type or amount of Federal assistance the recipient receives, past performance, and experience.
- Annual Program of Projects Status Reports:
 - By October 31 each year, the State shall submit to FTA a Program Status Report for each active grant, covering the twelve-month period ending September 30.
 - Status reports are intended to meet minimal program information needs at the regional and national levels.
 - Reports should include an updated POP for each approved grant that contains active projects.



Recipients should contact their FTA Regional Office with questions on reporting requirements

State Management Review

- To ensure Section 5311 program objectives are being carried out, the FTA Regional Office, with contractor assistance, conducts State Management Reviews every three years or as circumstances warrant.
- The review includes an inspection of documentation on file at the FTA Regional Office, a visit to the State offices to examine the procedures the State uses in administering the program, and local subrecipient site visits.
- While the focus of the review is compliance with Section 5311 requirements, the reviews may include Section 5339(a) grants and other grant program funds obligated to a State.



Recipients should contact their FTA Regional Office with questions on State Management Reviews

Chapter VII – State Management Plan



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State Management Plan

- The SMP is a document that describes the State's policies and procedures in administering the Section 5311 and Section 5339(a) programs.
- All States are required to have an SMP approved by and on file with the FTA's Regional Office.
- Additions or amendments to the SMP must be made and submitted to FTA whenever a State significantly changes its management of the program, or when new program management requirements are imposed by FTA.
- Changes may be required as the result of a State Management Review by FTA.



While FTA does not prescribe a format for the SMP, the plan should address the topics listed in **Chapter VII.3**

State Management Plan Revisions

- FTA strongly encourages the State to issue timely revisions to the SMP, particularly when information helpful to disadvantaged communities, subrecipients, and third-party contractors is involved.
- When the State proposes significant revisions to the SMP, it should give an opportunity to comment to potential subrecipients, potential service providers, other State agencies and representatives of other funding sources, and any relevant State associations and professional organizations.
- If revisions are substantive but not pervasive, the State may submit changes and additions in the form of page changes that FTA can approve and incorporate into the SMP on file. If the State changes the SMP significantly, however, it should submit the entire revised plan to FTA for approval.
- The State is responsible for ensuring that FTA has a complete electronic copy of the current SMP.

Chapter VIII – Appalachian Development Public Transportation Assistance Program (ADTAP)



U.S. Department of Transportation
Federal Transit Administration



Appalachian Development Public Transportation Assistance Program (ADTAP)

- FTA apportions ADTAP funds to designated States by a statutory formula based on the guidelines established under section 9.5(b) of the Appalachian Regional Commission Code.
- All requirements and eligibilities for Section 5311 apply to ADTAP funds.



Table VIII-1 lists the eligible States and counties in the Appalachian region.

Chapter IX – Intercity Bus

Program Summary and Objectives

- A State is required to spend 15 percent of its annual Section 5311 apportionment to support intercity bus transportation, unless the governor certifies, after consultation with intercity bus providers, that the intercity bus service needs of the State are being met adequately.
- The intercity bus program (Section 5311(f)) supports:
 - The connection between rural areas and the larger regional or national system of intercity bus service.
 - Services to meet the intercity travel needs of residents in rural areas.
 - The infrastructure of the intercity bus network through planning and marketing assistance and capital investment in facilities.
 - Priorities determined by the State.

Program Summary and Objectives (cont.)

- FTA encourages the State to look at the intercity bus transportation needs of the entire State and to work with neighboring States to adopt a program that will support a network of intrastate services and provide connections with a national network of interstate service.
- The State is encouraged to work with private providers of intercity bus transportation for potential use of the program.
- A recipient of Federal transportation assistance may not deny reasonable access for a private intercity or charter transportation operator to federally funded public transportation facilities, including intermodal facilities, park and ride lots, and bus-only highway lanes.
 - In determining reasonable access, capacity requirements of the recipient of assistance and the extent to which access would be detrimental to existing public transportation services must be considered.



Eligible Activities

- Eligible activities under Section 5311(f) must support intercity bus service in rural areas. Examples include:
 - Improvements to existing or new intercity terminal facilities for rural passengers;
 - Modifications to transit facilities to facilitate shared use by intercity bus, intercity rail, and rural transit operators;
 - Operating assistance to support specific intercity route segments; and
 - Applications of intelligent transportation systems (ITS) technology for coordinated information and scheduling.
- Transportation plans and transportation improvement programs must provide for intermodal facilities that support intercity transportation, including intercity buses and intercity bus facilities.

Eligible Activities (cont.)

- **Feeder Service**
 - Section 5311(f) funds may be used for the coordination of rural connections between small transit operations and intercity bus carriers and may include the provision of service that acts as a feeder to intercity bus service and makes meaningful connections with scheduled intercity bus service to more distant points.
- **Capital projects in urban areas**
 - Use of Section 5311(f) funds for capital projects in UZAs is limited to those aspects of the project that can be identified as directly benefiting and supporting service to and from rural areas.

In-Kind Match

- In the case of an intercity bus project that includes both feeder service and an unsubsidized segment of intercity bus service to which the feeder service connects, the local match may be derived from the costs of a private operator for the unsubsidized segment of intercity bus service, including all operating and capital costs of such service.
- The unsubsidized private operator costs can be used as the local match only if the private operator agrees in writing to the use of the costs of the private operator for the unsubsidized segment of intercity bus service as an in-kind match.
- In order to be eligible to be used as in-kind match, a cost must be allowable under the project and must connect a rural community to further points.



An example calculation of in-kind match can be found in **Chapter IX.6.d**



When applying to use in-kind match, the State must provide supplemental information with its Section 5311 grant application outlined in **Chapter IX.6.f**

Governor's Certification

- A State certifying that its needs are adequately met must demonstrate that it has assessed Statewide intercity mobility needs no more than four years before the date of the certification.
- In the SMP, the State must document its consultation process and any process that it develops for periodically assessing Statewide needs.
- The governor of the State or an authorized designee must sign a certification letter addressed to the relevant FTA Regional Administrator. The letter should include sufficient information regarding the consultation process and needs assessments in order to demonstrate that the certification is supported by the results of the process.

Governor's Certification - Consultation Process Requirements

- The State's intercity consultation process must include the following elements:
 - Identification of intercity bus providers in the State;
 - Activities the State will perform as part of consultation with identified providers and intercity bus organizations;
 - An opportunity for intercity bus providers to submit proposals for funding as part of the State's distribution of its annual apportionment;
 - A direct correlation between the results of the consultation process and a determination that the State's intercity service needs are being met adequately;
 - Transparency as to the State's intercity bus plans and processes required by and an opportunity for intercity bus operators to be involved in the development of those plans.



In developing the consultative process elements mentioned above, FTA suggests considering the options listed in **Chapter IX.5.c**

Chapter X – Rural Transportation Assistance Program (RTAP)

RTAP Program Objectives

- To make grants and contracts for transportation research, technical assistance, training and related support services in rural areas.
 - **State program** - provides an annual allocation to each State to develop and implement training and technical assistance programs in conjunction with the State's administration of the Section 5311 formula assistance program.
 - **National program** - provides for the development of information and materials for use by local operators and State administering agencies and supports research and technical assistance projects of national interest.
- The State administers State RTAP funds in conjunction with its management of the Section 5311 formula assistance program.
- Application procedures, program administration, and management requirements must correspond to those for Section 5311 as described throughout the circular.

National RTAP

- The purpose of the National RTAP is to support the State programs and develop information resources about rural public transportation.
- The national program currently includes the following elements:
 - Development and maintenance of training materials, management and operational tools for use by rural and Tribal transit operators, and other information resources;
 - A [national resource center](#), including a toll-free hotline for information and technical assistance (1-888-589-6821), [online information resource center](#), and a [peer-to-peer technical assistance network](#);
 - Regional and national meetings and workshops that support the State RTAPs; provide direct, in-person training for rural and Tribal transit operators; and promote information exchange about rural public transportation;
 - Management of the [Transportation Technical Assistance Coordination Library \(TACL\)](#) a sustainable methodology and platform for access and findability of coordination resources across a diverse range of transportation technical assistance centers and the FTA.



Other Technical Assistance Resources

- Other national programs and projects also provide valuable technical assistance resources for State and rural transit providers.
- A current list of FTA-funded technical assistance centers is available on the [FTA-Sponsored Technical Assistance, Training, and Research Resource Programs web page](#).
- Additional Federal technical assistance resources are available on the [CCAM website](#).
- FHWA's [Tribal Transportation Assistance Program](#) (TTAP) Centers offer additional resources to Tribes and transit providers.

Chapter XI – Public Transportation on Indian Reservations (Tribal Transit)

Program Summary and Objectives

- The Tribal Transit Program (TTP) provides direct funding to federally recognized Indian Tribes to provide public transportation service on and around Indian reservations or Tribal land in rural areas.
- Funds set aside for the Indian Tribes are not meant to replace or reduce funds that Indian Tribes receive from a State's Section 5311 funds.
- The TTP funds are meant to complement any other 5311 funds or other FTA Award funds that applicants may receive.

Eligible Recipients



- Eligible recipients under both the competitive and formula program include [federally recognized American Indian or Alaska Native Tribes as identified by the U.S. Department of the Interior Bureau of Indian Affairs \(BIA\)](#). A Tribe must have the legal, financial, and technical capabilities to receive and administer Federal funds.
- Public transportation funded under this program must serve the public, and not just Tribal members.
- Service funded under this program must serve areas with a population of less than 50,000.

TTP Program Eligibility

- **Formula Program** - The Tribal Transit formula program is distributed to federally recognized Indian Tribes providing public transportation on Indian reservations and Tribal lands . In order to receive formula funds, a Tribe must report to the NTD on an annual basis.
- **Competitive Program** - Funds will be allocated for grants to Indian Tribes for purposes eligible under Section 5311. The Notice of Funding Opportunity (NOFO) will describe specific funding priorities. Eligible projects include:
 - Planning;
 - Capital; and
 - Operating assistance.

Eligible Services

- Funds may be used for:
 - public transportation capital projects and purchase of transit capital items, including vehicles
 - operating costs of equipment and facilities, and operating expenses, including fuel, driver dispatcher salaries, fringe benefits and licenses.
 - start-up transit service, and
 - enhancement of existing and expansion services, and
 - Planning projects



Full details on Section 5311 are found in **Chapter IV.3**

Matching Requirements

- **Formula Program** – No local match is required for the formula program.



- **Competitive Program** - Starting with the FY 2024 Notice of Funding Opportunity, no local match is required for the competitive program. Local match requirements under previous competitions vary by allocation year. Please refer to the corresponding NOFO to verify local match amount.

Indirect Cost Rate

- **Formula Program** - FTA will apply the indirect cost rate as identified in a Cost Allocation Plan approved by a cognizant Federal agency, or an approved agreement with a cognizant agency pursuant to FTA's guidance on charging indirect costs to awards in [FTA Circular 5010.1F](#).
- **Competitive Program** - Please refer to published NOFOs for the indirect cost rate to apply to Tribal Transit competitive funding.



National Transit Database (NTD)

- Tribal Transit providers **must** report to the NTD to be included in the Tribal Transit formula apportionment.
- Recipients and subrecipients of Section 5311 Awards are required to submit data to the NTD as a condition of the Award.
- Specific reporting requirements are included in the NTD reporting instructions manual issued each year.



The most recent reporting manuals are available on the NTD's [manual web page](#).

Tribal Transportation Self-Governance Program

- Grant funding made available through the Section 5311 program, the TTP, and other FTA programs may be included in a Tribal Transportation Self-Governance funding agreement if there is an existing Self-Governance compact in place between the Tribe and the U.S. Department of Transportation.
- If funds are administered under a Tribal Self-Governance funding agreement, the funds will be subject to the requirements and provisions of the Tribal Transportation Self-Governance Program regulation at 49 CFR Part 29 and may be used only for the purpose for which they were awarded.
- For more information, please visit the [USDOT Tribal Transportation Self-Governance Program webpage](#)



Appendix A – Flexible Funding

Flexible Funding

- Flexible funding is available for those programs authorized under the Federal-Aid Highway Program that are permitted to be used for either transit or highway projects.
- The funds may be transferred to FTA for any capital projects, including preventive maintenance and operational expenses, eligible under FTA's Urbanized Area Formula Funding Program (Section 5307), the Enhanced Mobility of Seniors and Individuals with Disabilities Program (Section 5310), and the Formula Grants for Rural Areas Program (Section 5311).



Planning resources for Flexible Funding can be found at the USDOT [webpage](#).

Next Steps

Additional Trainings: GovDelivery notices will be distributed through FTA email

Shared Mailbox

FTACircularUpdate2024@dot.gov

Resources

Learn More:

- [Award Management Requirements \(5010\) Circular](#)
- [Urbanized Areas Formula Grant Programs Guidance \(9050\) Circular](#)
- [Rural Areas Formula Grant Programs Guidance \(9040\) Circular](#)
- [Enhanced Mobility of Seniors and Individuals With Disabilities Program Guidance \(9070\) Circular](#)

FTA Mission, Vision, Values



Mission

Improve America's Communities through Public Transportation



Vision

A Better Quality of Life for All Built on Public Transportation Excellence

Values

Service

Provide reliable, transparent, responsive, and anticipatory services to meet stakeholder needs

Integrity

Commitment to the highest professional and ethical standards

Innovation

Foster new ideas, concepts, and solutions for improved outcomes

Sustainability

Optimize decisions, resources, and systems to make long-term positive impacts on the environment, infrastructure, and safety

Equity

Remove barriers for systemically underserved communities to access all aspects of economic, social, and civic life

Thank you!

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