

**ISTEA and TRANSIT**

**A Topical Guide to**

**Funding Provisions of the Intermodal Surface  
Transportation Efficiency Act and Related Laws,  
Including FY 1998 Appropriation Act and  
FY 1998 Six-Month ISTEA Extension Act**

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## ISTEA and TRANSIT

### A Topical Guide to

#### Funding Provisions of the Intermodal Surface Transportation Efficiency Act and Related Laws

#### OVERALL PROVISIONS

**General:** The Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA) is authorizing legislation that establishes authority to appropriate general revenues and to spend trust funds through budget authority on an annual basis. ISTEA also amends the provisions of existing surface transportation laws that control the use and distribution of federal funds.

The two major laws amended by ISTEA are Title 23: Highways, and Title 49, Chapter 53: Public Transportation, of the United States Code. Other provisions of ISTEA change tax laws related to the Highway Trust Fund, modify transportation research programs, establish an Office of Intermodalism, and create or change other provisions of federal transportation law.

**Authorization Period:** The Intermodal Surface Transportation Efficiency Act is authorized for six years, from Fiscal Year (FY) 1992 through FY 1997. The authorization of funds from ISTEA expired on October 1, 1997. Public Law 105-130 provided for a six-month extension of ISTEA effective from October 1, 1997 through March 31, 1998.

#### TRANSIT FUNDING PROVISIONS

**General:** Transit agencies receive funds through the provisions of Title 49, Chapter 53 of the United States Code as amended by ISTEA. Transit funds for FY 1992 through FY 1997 are authorized by ISTEA. Each year new appropriation legislation must be passed to (1) appropriate general revenues that will fund transit programs and (2) set an obligation limitation that allows funds from the Mass Transit Account (MTA) of the Highway Trust Fund to be used for transit programs.

Transit funds are distributed through both formula and discretionary programs. After funds are appropriated, amounts that are available for states and urbanized areas in the formula grant programs are published in an apportionment. For discretionary programs, amounts earmarked in legislation are also published and discretionary funds that are not earmarked are made available to the Federal Transit Administration (FTA) for distribution.

In order to obtain transit funds a government agency must submit a grant application to the FTA. When the grant is approved the funds are "granted" or obligated to that agency and the agency proceeds with its capital procurement process or receives reimbursement for operating expenditures. Federal funds pay for a portion, termed the "federal share," of a project's costs. State or local funds, termed "matching funds," must also be expended on a project. Normally the federal share of a capital project is no more than 80 percent and the federal share of an operating expenditure project is no more than 50 percent. Transit funding programs include the following:

#### FORMULA FUNDING PROGRAMS

**Urbanized Area Formula Program, 49 USC 5307** (formerly section 9 of the Federal Transit Act): Urbanized area formula funds are apportioned through six formulas based on Bureau of Census population data and transit service data collected by the FTA. Funds for urbanized areas over 200,000 population go directly to a

"designated recipient" public agency selected by agreement of all appropriate government agencies in the urbanized area. Funds for urbanized areas with populations less than 200,000 go to them through the state's governor.

The Urbanized Area Formula Program is intended to provide regular, predictable funding for all urbanized areas to meet regular, recurring funding needs, both capital and operating.

**Urbanized Area Formula Program Funding Levels (Millions of Dollars):**

Year	Authorization	Appropriation
1992	\$ 1,823.6	\$ 1,822.8
1993	2,604.1	1,560.5
1994	2,624.6	2,226.6
1995	2,642.6	2,283.9
1996	2,642.6	1,891.2
1997	3,741.0	1,978.0
1998	Partial Year Only	2,303.7

Although the formulas used to apportion Urbanized Area Formula funds are based on either fixed-guideway or bus data, the apportioned funds can be used for any mode. Funds that are apportioned to an area based on fixed-guideway data for light rail, for example, can be spent on bus projects or any other mode in the urbanized area. The six formulas used for distribution of Urbanized Area Formula funds are:

(1) Bus Basic Funding for urbanized areas over 1,000,000 population: This formula apportions 40.31 percent of the Urbanized Area Formula appropriation. The formula is 50 percent bus revenue vehicle miles, 25 percent urbanized area population, and 25 percent urbanized area population density weighted by population.

(2) Bus Basic Funding for urbanized areas from 200,000 to 1,000,000 population: This formula apportions 14.61 percent of the Urbanized Area Formula appropriation. The formula is 50 percent bus revenue vehicle miles, 25 percent urbanized area population, and 25 percent urbanized area population density weighted by population.

(3) Bus Basic Funding for urbanized areas less than 200,000 population: This formula apportions 9.32 percent of the Urbanized Area Formula appropriation. The formula is 50 percent urbanized area population and 50 percent urbanized area population density weighted by population.

(4) Bus Incentive Funding for urbanized areas over 200,000 population: This formula apportions 5.57 percent of the Urbanized Area Formula appropriation. The formula is the number of bus passenger miles traveled multiplied by the number of bus passenger miles traveled per dollar of operating cost.

(5) Fixed-Guideway Basic Funding for urbanized areas over 200,000 population: This formula apportions 28.87 percent of the Urbanized Area Formula appropriation. The formula is 60 percent fixed-guideway revenue vehicle miles and 40 percent fixed-guideway route miles. Urbanized areas over 750,000 population that have commuter rail operations receive a minimum of 0.75 percent of the apportionment from this formula.

(6) Fixed-Guideway Incentive Funding for urbanized areas over 200,000 population: This formula apportions 1.32 percent of the Urbanized Area Formula appropriation. The formula is the number of fixed-guideway passenger miles traveled multiplied by the number of fixed-guideway passenger miles traveled per dollar of operating cost. Urbanized areas over 750,000 population that have commuter rail operations receive a

minimum of 0.75 percent of the apportionment from this formula.

**Urbanized Area Operating Limit:** The operating limit sets a cap on the amount of each urbanized area's apportionment that can be used for operating expenditures. Any apportionment in excess of the operating limit may be used only for capital projects. The operating limit is not an apportionment of additional funds, it is only a limitation on the use of Section 9 funds.

The FY 1998 Department of Transportation and Related Agencies Appropriation Act altered ISTEA provisions of the use of formula funds. Urbanized areas with populations less than 200,000 persons are able to use formula apportionments for both operating and capital purposes. Urbanized areas with populations of 200,000 or more are able to use formula apportionments for preventive maintenance. A greatly reduced operating limit was also included in the appropriation with small areas receiving an operating limit equal to 75 percent of their FY 1996 limit and the remainder going to larger areas with direction that smaller systems in larger areas should be given priority in the use of operating funds.

Urbanized Area Operating Limit Funding Levels (Millions of Dollars):

Year	Authorization (a)	Appropriation
1992	\$ 995.9	\$ 802.3
1993	1,028.5	802.3
1994	1,055.5	802.3
1995	1,083.7	710.0
1996	1,112.9	400.0
1997	1,141.0	400.0
1998	1,178.6	150.0

(a) The authorization of the operating limit permits use of formula funds for operations, it does not authorize the appropriation of funds and remains in effect until repealed or altered by legislation.

**Rural Area Formula Program, 49 USC 5311** (formerly section 18 of the Federal Transit Act): These funds are apportioned to states using a rural population based formula. The state governor may use the funds for any transit project in a rural area, that is, any area outside of an urbanized area. The rural appropriation must equal 5.5 percent of the combined value of the urbanized area and the rural total appropriation.

Rural Area Funding Levels (Millions of Dollars):

Year	Authorization	Appropriation
1992	\$ 106.1	\$ 106.1
1993	151.6	90.8
1994	153.8	129.6
1995	153.8	132.9
1996	153.8	110.1
1997	217.7	115.1
1998	Partial Year Only	134.1

**Elderly and Persons with Disabilities, 49 USC 5310** (Formerly section 16(b) of the Federal Transit Act): These funds are apportioned to states using a formula based on elderly and disabled population. The funds may be distributed within each state to private, non-profit, corporations or associations providing mass transportation services for the elderly and disabled, or public bodies coordinating such service or providing service where no non-profit service is available. Funds may be used for capital equipment, contracted service, and state administrative costs. The program is authorized as 1.34 percent of the total amount appropriated for the entire transit program authorized by ISTEA.

**Elderly and Persons with Disabilities Funding Levels (Millions of Dollars):**

Year	Authorization	Appropriation
1992	\$ 55.0	\$ 54.9
1993	70.2	48.6
1994	68.7	58.7
1995	68.7	59.2
1996	68.7	51.6
1997	97.2	56.0
1998	Partial Year Only	62.2

**Other Formula Programs:** The Federal Transit Act includes several smaller formula programs:

The Rural Transit Assistance Program, 49 USC 5311(b)(2) (formerly section 18(h) of the Federal Transit Act), apportions funds to states for research, technical assistance, training, and related support services to meet the needs of transit operators in rural areas.

The Metropolitan Planning Program, 49 USC 5303 (formerly section 8 of the Federal Transit Act), apportions funds to states for distribution to Metropolitan Planning Organizations in urbanized areas. The funds are used for planning functions.

The State Planning and Research Program, 49 USC 5313(b) (formerly section 26(a) of the Federal Transit Act), apportions funds to states for planning, technical studies and assistance, demonstrations, management training, and research.

**MAJOR CAPITAL INVESTMENT PROGRAMS**

**Formula Funding for Fixed-Guideway Modernization, 49 USC 5309(m)(1)(A)** (formerly section 3): The fixed-guideway modernization program (also referred to the rail modernization program) provides funds to modernize and rehabilitate fixed-guideway transit systems. Fixed-guideway modernization includes all fixed-guideway modes; exclusive busways, trolley coach, and all types of rail transit. Funds are apportioned through a four-tier formula with the first and second tiers providing funds for urbanized areas with "old rail" systems in operation before the 1970s. The third and fourth tiers provide funds for all fixed-guideway systems in operation for at least seven years. Fixed-guideway modernization funds for these "new fixed-guideway" urbanized areas were provided for the first time in ISTEA. The tiers are funded in order in appropriations; any shortfall below authorized levels would be taken from the fourth tier first, then from the third tier, second tier, and first tier in order. ISTEA provides for fixed-guideway modernization funds to be 40 percent of 49 USC 5309 Discretionary Grant appropriations.

**Fixed-Guideway Modernization Funding Levels (Millions of Dollars):**

Year	Authorization	Appropriation
1992	\$ 538.0	\$ 536.9
1993	812.0	666.3
1994	820.0	760.1
1995	820.0	725.0
1996	820.0	666.0
1997	1,160.0	760.0
1998	Partial Year Only	800.0

**Discretionary Funding for Fixed-Guideway New Starts and Extensions, 49 USC 5309(m)(1)(B)** (formerly section 3): New start and extension funds provide the federal share of new fixed-guideway projects, either new systems or extensions to existing systems. New start projects have included busways, heavy rail systems, light rail systems, automated guideway transit systems, and commuter railroads. New start funds have been earmarked in appropriation legislation for several years and are also earmarked in the ISTEA authorization. ISTEA provides for fixed-guideway new start and extension funds to be 40 percent of 49 USC 5309 Discretionary Grant appropriations.

**New Starts and Extension Funding Levels (Millions of Dollars):**

Year	Authorization	Appropriation
1992	\$ 538.0	\$ 536.9
1993	812.0	721.8
1994	820.0	667.9
1995	820.0	646.7
1996	820.0	666.0
1997	1,160.0	760.0
1998	Partial Year Only	800.0

**Discretionary Funding for Bus Capital, 49 USC 5309(m)(1)(C)** (formerly section 3): The bus capital program provides funds to purchase buses and bus related equipment including the construction of maintenance and other facilities. ISTEA requires that a minimum of 5.5 percent of bus capital funds be available for rural areas. Since FY 1993 almost the entire bus capital appropriation has been earmarked. ISTEA provides for bus capital funds to be 20 percent of 49 USC 5309 Discretionary Grant appropriations.

**Bus Capital Funding Levels (Millions of Dollars):**

Year	Authorization	Appropriation
1992	\$ 269.0	\$ 268.4
1993	406.0	336.9
1994	410.0	357.0
1995	410.0	353.3
1996	410.0	333.0
1997	580.0	380.0
1998	Partial Year Only	400.0

### OTHER TRANSIT FUNDING PROGRAMS

The Federal Transit Administration administers several other funding programs authorized by the Federal Transit Act and other legislation.

The Interstate Transfer program provides funds for transit substitute projects for withdrawn portions of the Interstate Highway system designated before September 30, 1983. All authorized Interstate Transfer funds had been appropriated through FY 1995; no additional authorized funds remain available for appropriation.

The State Planning and Research Program, 49 USC 5313(a) (formerly section 26(a) of the Federal Transit Act), funds the Transit Cooperative Research Program for mass transportation research, development, and technology transfer activities. These amounts are in addition to the State Planning and Research Program formula funds described above.

The National Planning and Research Program, 49 USC 5314 (formerly section 26(b) of the Federal Transit Act) distributes additional research and training funds for planning, technical studies and assistance, demonstrations, management training, research, special demonstration initiatives, and other special programs.

University Transportation Centers, 49 USC 5317 (formerly section 11(b) of the Federal Transit Act) funds university centers to conduct and disseminate the results of transportation research and provide transportation related training.

Administrative, 49 USC 5334 (formerly section 12(a) of the Federal Transit Act) provides for the administration of the transit program.

The National Capital Transportation Act (NCTA) is authorizing legislation apart from ISTEA that authorizes funding for the construction of the Washington, D.C. area Metro system. Appropriations for the NCTA are made in the same legislation as appropriations for programs authorized by ISTEA.

### TRANSIT AUTHORIZATION LEVELS AND FUNDING SOURCES

**General:** ISTEA authorizes transit funding for Fiscal Year 1992 through Fiscal Year 1997. The federal transit program is funded from two sources, (1) general revenues of the U.S. government and (2) revenues credited to the Mass Transit Account (MTA) of the Highway Trust Fund. Funds were first available from the MTA in FY 1983 when the Motor Fuel Tax was increased to include a portion for transit uses. From FY 1983 until ISTEA was enacted, MTA funds were authorized, appropriated, apportioned, obligated, and tracked separately from general revenue funds. The MTA funded specific programs including discretionary capital programs, elderly and disabled persons funding, planning, and section 9B, an apportionment to urbanized areas in addition to general revenue funds that could be used for capital purposes only.

ISTEA introduced the concept of a partially unitary authorization. Specific amounts of MTA funds were authorized for discretionary programs and formula programs and specific amounts of general revenue funds were authorized for the same discretionary programs and formula programs. Once appropriated these funds could be used for any purpose allowed by the program for which they were appropriated except that MTA funds cannot be used for operating assistance or Interstate Transfer grants.

MTA and general revenue funds are no longer tracked separately within programs funded from both sources so long as adequate general funds are included in each program's total to fund any use, such as operating assistance, that cannot be funded from the MTA. The National Capital Transportation Act, an authorization act to fund Washington, D.C., area new start construction, is funded by appropriations from the general revenues. ISTEA and NCTA are both appropriated in annual appropriations for the Department of Transportation.

Because the two authorizations are appropriated together they are both included in the following analyses. The following tables report authorization and appropriations levels from ISTEA and NCTA and authorizations and appropriations from the MTA and general revenues.

**Funding Levels:** ISTEA was enacted after the FY 1992 appropriations already passed into law. The FY 1992 transit authorization and appropriation levels were therefore set equal at \$3.64 billion except for a small difference resulting from later accounting adjustments. ISTEA authorization levels increase to \$5.2 billion in FY 1993, stay at \$5.1 billion for FY 1994 through FY 1996, and increase to \$7.2 billion in the final authorization year of FY 1997. Funding levels for ISTEA and the NCTA are shown on Table 1 by year and by program.

Table 1: ISTEA and NCTA Authorization Levels (Millions of Dollars)

Program	1992	1993	1994	1995	1996	1997
	(Millions)	(Millions)	(Millions)	(Millions)	(Millions)	(Millions)
<b>ISTEA Authorizations:</b>						
<b>Major Capital Investments:</b>	<u>1,345.0</u>	<u>2,030.0</u>	<u>2,050.0</u>	<u>2,050.0</u>	<u>2,050.0</u>	<u>2,900.0</u>
New Starts	538.0	812.0	820.0	820.0	820.0	1,160.0
Fixed-Guideway Modernization	538.0	812.0	820.0	820.0	820.0	1,160.0
Bus Capital	269.0	406.0	410.0	410.0	410.0	580.0
<b>Formula Program:</b>	<u>1,984.7</u>	<u>2,825.9</u>	<u>2,865.1</u>	<u>2,865.1</u>	<u>2,865.1</u>	<u>4,055.9</u>
Urbanized Areas	1,823.6	2,604.1	2,642.6	2,642.6	2,642.6	3,741.0
Rural Areas	106.1	151.6	153.8	153.8	153.8	217.7
Elderly and Disabled	55.0	70.2	68.7	68.7	68.7	97.2
Interstate Transfer	160.0	164.8	—	—	—	—
<b>Planning and Research:</b>	<u>109.3</u>	<u>157.1</u>	<u>153.7</u>	<u>153.7</u>	<u>153.7</u>	<u>217.3</u>
Metropolitan Planning	43.8	70.7	69.2	69.2	69.2	97.9
Rural Transit Assistance Program	5.0	7.9	7.7	7.7	7.7	10.9
Other Research and Training	60.5	78.5	76.9	76.9	76.9	108.8
University Centers	7.0	7.0	7.0	7.0	7.0	7.0
Federal Transit Administration Operations	37.0	50.3	49.2	49.2	49.2	69.6
<b>TOTAL ISTEA AUTHORIZATION</b>	<b>3,643.0</b>	<b>5,235.0</b>	<b>5,125.0</b>	<b>5,125.0</b>	<b>5,125.0</b>	<b>7,250.0</b>
National Capital Transportation Act	124.0	182.0	200.0	200.0	200.0	200.0
<b>TOTAL TRANSIT AUTHORIZATION</b>	<b>3,767.0</b>	<b>5,417.0</b>	<b>5,325.0</b>	<b>5,325.0</b>	<b>5,325.0</b>	<b>7,450.0</b>

**Funding Sources:** The large increase in the ISTEA authorization for FY 1997 is almost entirely an increase in authorized funds from the MTA. When ISTEA was enacted it was anticipated that sufficient revenue would accrue to the MTA by FY 1997 to support this increase. That anticipated buildup of funds in the MTA has, in fact, occurred such that adequate funds are available to support a significant increase in MTA funding for FY 1997 and subsequent years of a new authorization. The authorization levels and funding sources for ISTEA and the NCTA are shown on Table 2.

The percent of appropriations from the MTA and General Funds varies significantly from the authorized proportions. The portion of appropriated funds from the MTA is shown on Table 3. In FY 1992 the appropriated and authorized percentages are the same due to the authorization being passed to adapt to the preceding appropriation. In FY 1993 the percent of appropriations from the MTA was 75.2 percent compared to the authorized 53.1 percent from the MTA. A higher percentage of appropriations from the MTA compared to authorized percentages continues for the remainder of ISTEA: 65.0 percent of appropriations compared to 55.9 percent of authorizations in FY 1994; 62.3 percent of appropriations compared to 54.0 percent of authorizations



Table 2: Transit Authorization Levels and Funding Sources

Year	ISTEA Authorization Only			Total Transit Authorization		
	From Mass Transit Account	From General Revenues	Percent from Mass Transit Account	From Mass Transit Account	From General Revenues	Percent from Mass Transit Account
	(Millions)	(Millions)	(Percent)	(Millions)	(Millions)	(Percent)
1992	\$ 1,900.0	\$ 1,752.0	52.0 %	\$ 1,900.0	\$ 1,876.0	50.4 %
1993	2,875.0	2,360.0	54.9 %	2,875.0	2,542.0	53.1 %
1994	2,975.0	2,150.0	58.0 %	2,975.0	2,350.0	55.9 %
1995	2,875.0	2,250.0	56.1 %	2,875.0	2,450.0	54.0 %
1996	2,775.0	2,350.0	54.1 %	2,775.0	2,550.0	52.1 %
1997	4,800.0	2,450.0	66.2 %	4,800.0	2,650.0	64.4 %

in FY 1995; 68.5 percent of appropriations compared to 52.1 percent of authorizations in FY 1996; and 81.2 percent of appropriations compared to 64.4 percent of authorizations in FY 1997. In FY 1998 the portion of appropriations from the MTA reached 87.9 percent with only 12.1 percent from General Revenues. Proposals for authorization of the transit program call for even higher percentages of transit funding to be from the MTA.

Table 3: Transit Appropriation Levels and Funding Sources

Year	Total Appropriations of ISTEA and NCTA Authorized Amounts				
	From Mass Transit Account	From General Revenues	Total Appropriation	Percent from Mass Transit Account	Percent from General Revenues
	(Millions)	(Millions)	(Millions)	(Percent)	(Percent)
1992	\$ 1,898.0	\$ 1,865.0	\$ 3,763.0	50.4 %	49.6 %
1993	2,859.2	940.4	3,799.6	75.2 %	24.8 %
1994	2,980.0	1,602.6	4,582.6	65.0 %	35.0 %
1995	2,875.0	1,739.3	4,614.3	62.3 %	37.7 %
1996	2,775.0	1,276.4	4,051.4	68.5 %	31.5 %
1997	3,559.2	823.0	4,382.2	81.2 %	18.8 %
1998	4,260.0	538.7	4,843.7	87.9 %	12.1 %

**Appropriations Compared to Authorizations:** Authorizations represent the maximum amount available to appropriators. Transit appropriations have typically been less than the authorized levels. A comparison of annual authorizations and appropriations is shown on Table 4.

In FY 1992 appropriations were at nearly authorized levels because the authorizing legislation was prepared and enacted after appropriation legislation had been enacted. Since then appropriations have ranged from a low of 59 percent of authorized amounts in FY 1997 to a high of 87 percent of authorized amounts in FY 1995. This variation is almost entirely the result of differences in the percentage of authorized general revenues that have been appropriated. From FY 1992 through FY 1996, 99.9 percent of all available MTA funds for transit were appropriated while only 63 percent of available general revenue authorizations were appropriated. Although the portion of appropriated MTA funds dropped to 74 percent in FY 1997 due to an increase in the authorization level, the dependence of transit programs on MTA funds increased. Total transit appropriations from FY 1992 through FY 1997 have been \$25.2 billion, \$16.9 billion (67 percent) from the MTA and \$8.2 billion

(33 percent) from general revenues. Amounts are not shown for FY 1998 authorizations because the current authorization is for only one-half year from October 1, 1997 through March 31, 1998.

Table 4: Percentage of Authorized Amounts That Were Appropriated by Source

Year	Authorized Amount (Millions)	Appropriated Amount (Millions)	Percent of Authorization That Was Appropriated
<b>Total Transit Funding</b>			
1992	\$ 3,767.0	\$ 3,763.0	99.9 %
1993	5,417.0	3,799.6	70.1 %
1994	5,325.0	4,582.6	86.1 %
1995	5,325.0	4,614.3	86.7 %
1996	5,325.0	4,051.4	76.1 %
1997	7,450.0	4,382.2	58.8 %
1998	Partial Year Only	4,843.7	—
<b>Transit Funding from the Mass Transit Account</b>			
1992	\$ 1,900.0	\$ 1,898.0	99.9 %
1993	2,875.0	2,859.2	99.5 %
1994	2,975.0	2,980.0	100.2 %
1995	2,875.0	2,875.0	100.0 %
1996	2,775.0	2,775.0	100.0 %
1997	4,800.0	3,559.2	74.2 %
1998	Partial Year Only	4,260.0	—
<b>Transit Funding from General Revenues</b>			
1992	\$ 1,867.0	\$ 1,865.0	99.9 %
1993	2,542.0	940.4	37.0 %
1994	2,350.0	1,602.6	68.2 %
1995	2,450.0	1,739.3	71.0 %
1996	2,550.0	1,276.4	50.1 %
1997	2,650.0	823.0	31.1 %
1998	Partial Year Only	538.7	—

**FLEXIBLE FUNDING FOR TRANSIT**

**General:** Title I of ISTEA, Surface Transportation, includes approximately \$90.5 billion in Federal-Aid Highway funds in ten different programs that is legally available for transit projects either directly or by transfer. The ability to transfer funds from highway to transit uses and also from transit to highway uses allows local decision makers to make transportation investments that best meet the needs of their communities while still adhering to broadly defined national goals defined by ISTEA. These provisions remain in effect under Public Law 105-130, which extended ISTEA for six months from October 1, 1997 through March 31, 1998, and allow FY 1998 funds to be flexed.

Three programs can be used to directly fund transit projects. In two of those programs, the National Highway System (NHS) and the Congestion Mitigation and Air Quality Improvement Program (CMAQ), the funds can be used directly for specific transit projects that meet the criteria of those programs. In the third program, the Surface Transportation Program (STP), funds can be used for any project that meets criteria for funding under a Federal Transit Administration program. Of these programs, CMAQ and STP are the primary sources of transfers to transit uses.

Funds from the remaining seven programs as well as the NHS can be transferred to the Surface Transportation Program and then used for transit projects as if they were STP funds. For several of these programs, that transfer is almost automatic. For the NHS, the Bridge Program, and the Interstate Maintenance Program the amount of funds that can be transferred to the STP is restricted and special requirements apply to those transfers. Although these funds are legally transferable for transit use, their primary use is for highway projects.

Any funds transferred from a highway program to a transit project will be administered by the Federal Transit Administration in the same manner as FTA funds. Federal-Aid Highway funds are apportioned to states and STP funds are further subapportioned to urbanized areas and rural areas. Authorized amounts for Federal-Aid Highway programs are shown on Table 5. The amounts of funds actually transferred to transit uses, by programs, from FY 1992 through FY 1997 are shown on Table 6. Programs that include funds that can be used for transit projects are:

**Surface Transportation Program (STP):** The Surface Transportation Program provides funds that, in addition to being used for highway projects, may be used for capital costs of transit projects eligible for assistance under the Federal Transit Act, publicly owned intracity or intercity bus terminals and facilities, construction or reconstruction [to highways] necessary to accommodate other transportation modes, carpool projects, fringe and corridor parking facilities and programs, highway and transit safety improvements and programs, highway and transit research and development, and technology transfer programs.

Table 5: ISTEA Highway Funds Directly and Indirectly Flexible to Transit Uses

Program	FY 1992	FY 1993	FY 1994	FY 1995	FY 1996	FY 1997
	(Millions)	(Millions)	(Millions)	(Millions)	(Millions)	(Millions)
Surface Transportation Program	\$ 3,418.0	\$ 4,096.0	\$ 4,096.0	\$ 4,096.0	\$ 4,097.0	\$ 4,097.0
National Highway System	3,003.0	3,599.0	3,599.0	3,599.0	3,600.0	3,600.0
Congestion Mitigation and Air Quality Improvement	858.0	1,028.0	1,028.0	1,028.0	1,029.0	1,029.0
Interstate Maintenance	2,431.0	2,913.0	2,914.0	2,914.0	2,914.0	2,914.0
Bridge Program (40 percent only)	915.2	1,104.8	1,104.8	1,104.8	1,105.2	1,105.2
Minimum Allocation	1,160.0	803.4	803.4	803.4	803.4	803.4
Donor States Bonus	429.0	514.0	514.0	514.0	514.0	515.0
Reimbursement for Interstate Construction	0.0	0.0	0.0	0.0	2,000.0	2,000.0
Hold Harmless	606.6	606.6	606.6	606.6	606.6	606.6
90 Percent Adjustment	0.0	83.0	83.0	83.0	83.0	83.0
<b>Total Flexible Funds</b>	<b>12,820.8</b>	<b>14,747.8</b>	<b>14,748.8</b>	<b>14,748.8</b>	<b>16,752.2</b>	<b>16,753.2</b>
Not Flexible	5,879.3	5,741.0	5,730.4	5,657.0	3,644.6	3,654.6
<b>Total Highway (Title I) Funds</b>	<b>18,700.1</b>	<b>20,488.8</b>	<b>20,479.2</b>	<b>20,405.8</b>	<b>20,396.8</b>	<b>20,398.8</b>

Source: Calculated by APTA from amounts in *A Summary: Intermodal Surface Transportation Act of 1991*, U.S. Department of Transportation; some amounts are estimated.

**National Highway System (NHS):** The National Highway System provides funds for transit projects in three ways: (1) as part of an NHS project subject to the restrictions of the NHS, (2) by transferring up to 50 percent of the NHS to the STP through state decision, or (3) by transferring up to 100 percent of the NHS to the STP through agreement with the United States Department of Transportation (U.S. DOT).

**Congestion Mitigation and Air Quality Improvement Program (CMAQ):** The Congestion Mitigation and Air Quality Improvement Program provides funds for transit projects when the project is likely to contribute to the attainment, alone or as part of a program or strategy, of a national ambient air quality standard; if the project or program has been included in a State Implementation Plan that has been approved pursuant to the Clean Air Act and the project will have air quality benefits; or if the U.S. DOT, after consultation with the Environmental Protection Agency, determines that the project or program is likely to contribute to the attainment of a national ambient air quality standard, whether through reductions in vehicle miles traveled, fuel consumption or other factors.

**Interstate Maintenance Program:** Up to 20 percent of Interstate Maintenance funds may be transferred unconditionally to the STP and the entire amount may be transferred to the STP if the state certifies that funds are in excess of interstate maintenance needs. Transferred funds can be used for any transit project eligible for STP funding.

**Bridge Program:** A state may transfer not to exceed 40 percent of the state's apportionment under the Bridge Program in any fiscal year to the state's apportionments for the NHS or the STP. Funds transferred to the STP can be used for any transit project eligible for STP funding.

**Minimum Allocation:** Minimum Allocation funds may be used for a variety of programs including the STP as well as Interstate, Interstate Substitute, Bridge, NHS, Congestion Mitigation and Air Quality, Hazard Elimination, and Rail Highway Crossing programs. Funds transferred to the STP can be used for any transit project eligible for STP funding.

Table 6: Amount of Funds Transferred to Transit Uses

Program	FY 1992	FY 1993	FY 1994	FY 1995	FY 1996	FY 1997	ISTEA Total
Amount Transferred to Federal Transit Administration (Millions of Dollars)							
CMAQ	177.0	298.4	317.0	484.1	344.6	257.9	1,879.0
STP	25.2	146.9	183.2	200.4	324.2	207.9	1,087.7
Other	101.6	23.9	109.5	117.4	111.3	48.3	512.0
Total	303.8	469.2	609.7	801.9	780.1	514.1	3,478.7
Percent of Amount Available That Was Transferred							
CMAQ	20.6 %	29.0 %	30.8 %	47.1 %	33.5 %	25.2 %	31.3 %
STP	0.7 %	3.6 %	4.5 %	4.9 %	7.9 %	5.1 %	4.6 %
Other	1.2 %	0.2 %	1.1 %	1.2 %	1.0 %	0.4 %	0.8 %
Total	2.4 %	3.2 %	4.1 %	5.4 %	4.7 %	3.1 %	3.8 %

Note: Figures refer to transfers of funds that occurred during each fiscal year. Percentages calculated from authorized amounts.

**Donor States Bonus Amounts:** Donor State Bonus Amounts are available for obligation as if they were STP funds.

**Reimbursement for Segments of the Interstate System Constructed Without Federal Assistance:** These funds are available for obligation as if they were STP funds.

**Apportionment Adjustments, Hold Harmless:** These funds are apportioned to each state as a part of its STP amount and can be used for any transit project eligible for STP funds.

**Apportionment Adjustments, 90 Percent of Payment Adjustments:** These funds are transferred to each state's STP amount and can be used for any transit project eligible for STP funds.