
How will Act 89 be funded and what funding levels will be achieved in Operating and Capital Assistance?

1. Section 1513 Operating Assistance

- a. The Act 89 changes in funding sources for Section 1513 appear to generate a larger amount than the funding sources in Act 44.
- b. In addition the definition change to base operating allocation (**FROM** the amount of state operating assistance in FY 2005-06 multiplied by 1.0506 as a two-year inflation factor **TO** the amount of state operating assistance in the preceding fiscal year) ensures that every transit systems receives a share of growth in Section 1513 funds every year and that no transit agency receives less than the prior year.
- c. We plan to announce state grant awards for FY 2014-15 in March 2014.

2. Section 1514 Capital Assistance

- a. All capital funding (including bonds, turnpike and Motor License fees and fines) is deposited in Section 1514 and allocated in accordance with the legislation.
- b. Act 89 adds \$73 million in FY 2013-14 which increases to an estimated \$434 million in FY 2017-18.
- c. In addition, \$125 Million of bond funding will continue to be available each year.
- d. FY 2013-14 Section 1514 grants will be awarded to PAAC and SEPTA based on Act 89 established funding.

For all other transit systems (unless there is an emergency need prior to June 30, 2014), FY 2013-14 funds will be combined with FY 2014-15 funds and awarded early in FY 2014-15 based on project prioritization

- e. While Section 1517 Capital Improvement has been eliminated, funding under that program never exceeded \$70 million in a fiscal year. The new funding under Section 1514 exceeds the previous Section 1517 funding.

Does Act 89 change local match?

There is no change to local match as a result of Act 89. Local match requirements for Operating and Capital are outlined below.

1. Section 1513 Operating Assistance – The local match for Section 1513 remains at 15% of the state financial award, except that transit systems will **not** be required to increase local match by more than 5% over the amount received in the previous year.

2. Section 1514 Capital Assistance (includes bond and other revenue sources deposited in Section 1514) – The local match for Section 1514 remains at 3.33% of the state financial award.

What is the Fare Adjustment Policy and what does it entail?

The Fare Adjustment policy is outlined in Section 1507(a) Application (6.1). Act 89 requires as part of applying for financial assistance that each transit system's governing body adopts and submits as part of the Section 1513 application "A statement of policy outlining the basic principles for the adjustment of fare growth to meet the rate of inflation."

We expect every transit system to adopt a policy for reviewing inflation and establishing triggers for reviewing the fares charged for using public transportation in relationship to inflation.

This does **not**/should **not** affect any planned fare increases.

What does Act 89 change relative to the Shared-Ride/Community Transportation Program?

1. PwD Program – Act 89 extended program eligibility to Allegheny County. See Section 1516(b)(1)
2. Community Transportation Capital – Act 89 increased funding for Section 1516, including for the Community Transportation Capital program
3. Act 89 authorizes PennDOT to develop and implement a pilot program to test and evaluate new models of paying for and delivering shared ride and community transportation. See Section 1516 (f)
 - a. This is to ensure sustainability and maximize efficiency/effectiveness of current service.
 - b. It is not intended to expand shared ride services.
 - c. It is not intended to extend discounts on fares to additional individuals.
 - d. PennDOT is working on establishing an advisory committee as required by Act 89.
 - e. The following organizations will be represented on the Advisory Committee:
 - Four appointees from the General Assembly
 - Two transit agencies
 - Person with Disability
 - Senior Citizen
 - Medical Assistance Transportation Representative
 - County Commissioners Association
 - Secretaries of DPW, Aging, Budget and Transportation

Does Act 89 have any effect on the release of Grant Applications in dotGrants?

Act 89 does **not** impact the release of applications in dotGrants. We estimate release of FY 2014-15 applications, COA, CCA and CPT, in April 2014.

When will the FY 2013-14 Capital Grant Funds be released?

For FY 2013-14, we will be awarding bond funds and community transportation funds within the next month (March 2014).

What is the impact of the revised definition of Capital Expenditure which now includes “Preventive Maintenance”?

Act 89 revised the definition of capital expense to include preventive maintenance. To use capital funds for a preventive maintenance purpose, a transit system will have to:

1. make a formal written request to PennDOT
2. provide documentation
 - a. justifying the use of capital funds for preventive maintenance purposes
 - b. demonstrating the full use of federal preventive maintenance funds
 - c. providing evidence of actions to control costs
 - d. confirming the commitment of local match equal to 15% of the grant award for preventive maintenance
3. receive written approval from PennDOT to include a preventive maintenance project in the transit system’s CCA

Preventive maintenance funding should not be used to finance expand service or to resolve deficit issues that result from expanded service.

What does it mean that the Department is not subject to regulation by the Public Utility Commission in the event of imminent service termination?

The continuous provision of public transportation service is critical to accessing life sustaining services for many individuals. Act 89 authorizes the Department, in the event of imminent service termination, to contract for the provision of public transportation services to ensure that service is not terminated. In that case, the service is not subject to regulation by the Public Utility Commission. See Section 1504 (a) General (2).

What should transit systems and planning partners know about Program Center Financial Guidance?

Note: The Program Center released updated Act 89 information on February 18, 2014.

1. **Section 1513 State Operating Assistance** - the distribution for all years is equal to the FY 2013-14 grants. Each subsequent year includes a line item at the bottom of the page titled “Other Unallocated Urban/Rural”. These funds represent the growth in the account over FY 2013-14. That is the amount that will be distributed across all agencies in accordance with the Section 1513 formula (which requires updated data—passenger trips, senior passenger trips, revenue miles and revenue hours to be finalized for each fiscal year).
2. **State Capital Funding** - in the past there have been cases in which a transit system has identified state funds for a capital project in the TIP prior to receiving the state award. That has led to confusion with regard to the actual status of state funding and the commitment of state funds to a project.

Several years ago the Bureau of Public Transportation adopted a policy that no state funding is indicated on a TIP for a capital project until there is a formal grant approval letter from PennDOT/Bureau of Public Transportation and the grant agreement is being processed. Until the state has officially awarded funding or the grantee has received a commitment letter from PennDOT, all non federal funds should be identified as “local”. When a state grant award is received, the approved/committed state funding can be moved out of the “local” column and into the appropriate “state” column.

We suggest a footnote on the “local” column of the TIP to explain this policy.