

Oregon Department of Transportation
Public Transit Division

Public Transit Advisory Committee
November 2010

5311 Program – Formula Revision Recommendations

Background

The Federal Transit Administration (FTA) gives states latitude in how Small City and Rural Program (FTA § 5311) funds are allocated, only requiring that funds be distributed in a fair and equitable manner.

Oregon has been allocating funds for its 5311 program through a formula for many years. Program participants have supported a formula distribution throughout the years.

At a 5311 Summit held in February 2002, Public Transit Division (PTD) staff heard from program participants that the formula being used should be revisited and potentially revised and PTD agreed. At that time, program participants said they strongly value funding stability. Most indicated they would rather forego potentially large funding increases in exchange for being protected from potentially steep funding decreases from year to year. Participants have recently reiterated their desire to use a formula for distribution.

In 2004, PTD enlisted the assistance of research and statistical experts from ODOT's Research Unit to develop models for potential use in the formula allocation. This project resulted in modifications to the formula in Fiscal Year (FY) 2005. Some adjustments were made in FY 2007 to facilitate increased funding in the 5311 program.

In 2009, a graduate student was selected to evaluate the formula allocation as part of her thesis for her Master's degree. Unfortunately, that work did not produce a recommendation regarding how the formula allocations could be improved.

In 2010, PTD hired the Oregon Transportation Research and Education Consortium at Portland State University to prepare a report that included a review of how 5311 funds are distributed in other states, literature review, evaluation of the current formula's effectiveness, and solutions to enhance the formula, if needed.

Based on this research a new allocation formula has been recommended to replace the current formula.

Issues and Challenges

The Public Transit Division (PTD) has been using its current formula distribution for 5311 funds for seven years. While it was regarded as a good method of distribution for a number of years, things have changed, and we believe the formula should evolve with those changes.

Travel Patterns

Travel used to be mostly within towns. Regional travel and commuter travel between cities is growing.

- How can the formula acknowledge these changes and help provide funding?

Coordination

Coordination has become the name of the game. Transportation providers are now working together more than ever and will continue to do so.

- Under the current formula, it is challenging to decide who should receive a base allocation.

Population

Population issues have proven to be the biggest challenge. Population is always changing. There are two major concerns with population:

- Who gets to count the population?
 - Currently, each person is counted only once. Sometimes the same person is served by more than one transportation service.
 - Who should get to count that person? One service or everyone who provides service?
 - How much service should be provided in order to count a person: once per day, once per week, once per month?
- How and when is the population updated?
 - Some service areas are easily updated, others aren't.
 - How is service area defined?
 - How to handle changes in service area?
 - Updates can be resource consuming (time and money). How do we strike a balance for when updates should be done?

Recommendation

- Eliminate Base Allocation
 - Difficult to determine who should receive base.
 - Some participants have multiple offices and locations—at what point does a participant receive the base amount multiple times?

- Eliminate Population
 - Difficult to set standard parameters for determining population for a service area. Requires judgment calls on case-by-case basis.
 - Each person is counted only once now. Difficult to set standard parameters for who can “claim” a person when there are multiple services. Requires judgment calls on case-by-case basis.
 - Population constantly changing as routes and service areas are added or eliminated.
 - No other state uses population for individual areas.
 - Population updates are not easy. Require time and money.

- Change Weighting of Ridership and Miles
 - Research suggests allocation for rural transit systems should weight ridership at 40% and revenue miles at 60%.
 - These are measures of performance, efficiency, and need.
 - Ridership indicates more rides and greater need for funding.
 - Revenue miles are required to accommodate higher ridership and can demonstrate need. Miles also increase when service providers need to cover low demand densities.

- Limit Funding Increases and Decreases
 - In the first year, limit funding increases to 10% and decreases to 5%.
 - Limits give participants time to plan for future allocation increases and decreases.
 - Limits on funding increases and decreases in future years will be determined each year based on situation. For example, federal funding level may increase.

- Reduce Allocation Where not Used
 - Some program participants habitually do not use full allocation.
 - Reduce allocation amount to participants who do not use allocation so funding can go to participants who use full allocation.
 - Reduction based on three year average of unspent funds.
 - Implementation delayed one year from formula change to allow participants time to plan for potential funding decreases.