#### DOCUMENT RESUME

06750 - [B1866879]

Need for More Federal Leadership in Administering Nonurbanized Area Public Transit Activities. CED-78-134; B-169491. July 3, 1978. 12 pp.

Report to Secretary, Department of Transportation; by Henry Eschwege, Director, Community and Economic Development Div.

Issue Area: Transportation Systems and Policies: Urban Fublic Transit Systems (2411).

Contact: Community and Economic Development Div.

Budget Function: Commerce and Transportation: Ground Transportation (404).

Organization Concerned: Urban Mass Transportation Administration.

Congressional Relevance: House Committee on Public Works and Transportation: Senate Committee on Banking, Housing and Urban Affairs.

Authority: Urban Mass Transportation Act of 1964 (49 U.S.C. 1601). S. 208 (95th Cong.). S. 2441 (95th Cong.). H.F. 10578 (95th Cong.). H.R. 11733 (95th Cong.).

In November 1974, the Congress amended the Urtar Mass Transportation Act of 1964 to authorize \$500 million for exclusive use for nonurbanized areas (less than 50,000 population) during fiscal year 1975 through 1980. The \$500 million is available for planning, demonstration, and capital investments supporting small town and rural area transit Findings/Conclusions: State and local officials believe that few requests for the \$500 million have been made because of the absence of Federal financial assistance for projected operating deficits, a belief that Urban Mass Transportation Administration (UMTA) grant application procedures and requirements are too complex, the absence of knowledge about available UnTA financial assistance, and the absence of policy regarding Federal mass transit assistance. UMTA does not manage the \$500 million set-aside as a separate program; it has no separate policy, procedures, personnel, grant delivery system, or organizational entity relative to transit assistance for small urban or rural areas. Although UMTA has established planning regulations which apply to nonuntarized areas, these regulations are not a substitute for policies and procedures which specifically identify federal transportation objectives for nonurbanized areas and bow Federal assistance can Recommendations: The Secretary of Transportation address them. should direct the Administrator of UMTA to: establish more specific policies and procedures for nonurbanized areas, evaluate grant application procedures to determine how they can be simplified, and evaluate whether UMTA's current information dissemination methods are adequate. (FRS)

### REPORT BY THE U.S.

# General Accounting Office

## Need For More Federal Leadership In Administering Nonurbanized Area Public Transit Activities

In 1974 the Congress authorized \$500 million for transit assistance in nonurbanized areas (less than 50,000 population) during fiscal years 1975 through 1980. According to State and local officials, demand for these funds, which are administered by the Urban Mass Transportation Administration, has been low because

- --Federal financial assistance for operating expenses is not available for nonurbanized areas.
- --a clear Federal policy is lacking for such areas,
- -Federal grant application procedures are complex, and
- some small towns are unaware of the Federal financial assistance.

Legislation is pending for operating assistance, but the Transportation Administration should provide specific policies and procedures for public transit assistance in nonurbanized areas. Transportation should also evaluate grant application procedures to determine how they can be simplified, and should evaluate whether current information dissemination methods are adequate.





# UNITED STATES GENERAL ACCOUNTING OFFICE WASHINGTON, D.C. 20548

COMMUNITY . ND ECONOMIC DEVELOPMENT DIVISION

B-169491

The Honorable The Secretary of Transportation

Dear Mr. Secretary:

This report summarizes our survey results on the Urban Mass Transportation Administration's transit assistance activities in nonurbanized areas, and it describes some of the problems associated with those activities being encountered by State and local government officials.

This report contains recommendations to you on page 11. Section 236 of the Legislative Reorganization Act of 1970 requires the head of a Federal agency to submit a written statement of the actions he has taken on our recommendations to the Senate Committee on Governmental Affairs and the House Committee on Covernment Operations not later than 60 days after the date of the report and to the House and Senate Committees on Appropriations with the agency's first request for appropriations made more than 60 days after the date of the report.

We are sending copies of this report to the Director, Office of Management and Budget; the Senate Committees on Appropriations, Governmental Affairs, and Banking, Housing and Urban Affairs; the House Committees on Appropriations, Government Operations, and Public Works and Transportation; and selected Members of Congress and other interested parties.

Sincerely yours,

Henry Eschwege Director GENERAL ACCOUNTING OFFICE REPORT TO THE SECRETARY OF TRANSPORTATION

NEED FOR MORE FEDERAL LEADERSHIP IN ADMINISTERING NONURBANIZED AREA PUBLIC TRANSIT ACTIVITIES

#### DIGEST

In November 1974 the Congress amended the Urban Mass Transportation Act of 1964 (49 U.S.C. 1601 et seq.) to authorize \$500 million for exclusive use for nonurbanized areas (less than 50,000 population) during fiscal years 1975 through 1980. The \$500 million is available for planning, demonstration, and capital investments supporting small town and rural area transit services. These funds are not available for operating assistance.

Although Federal financial assistance for public transit in nonurbanized areas had been available since 1964 when the original act was passed, it appears that by enacting the 1974 amendment, the Congress was attempting to make sure that public transit needs of small towns and rural areas were not overlooked in addressing the transit needs of the Nation's urbanized areas. (See p. 1.)

Most Federal transit assistance has been provided to urbanized areas, however, transit funds provided to nonurbanized areas have been gradually increasing. During the 3-year period ending June 30, 1974, for example, nonurbanized areas received about \$14.5 million. For the 30-month period, beginning July 1, 1974--about 4 months before the act was passed -- through December 30, 1976, about \$28 million was obligated for general purpose public transportation. During this 30-month period, an additional \$95 million was obligated for nonurbanized areas, including about \$76 million for a people mover project in Morgantown, West Virginia, and about \$19.5 million to meet the special transit needs of elderly and handicapped persons. Later figures are not readily available but an agency official estimated that fiscal year 1977 grants were about 10 to 20 percent more than the \$13.7 million obligated during fiscal year 1976. (See pp. 1 and 2.)

State and local officials cited the following reasons for the low demand for general purpose public transportation grants:

CED-78-134

- --lack of Federal financial assistance for operating expenses;
- --a belief that grant application requirements are too complex; and
- --some small towns are not aware of the Federal assistance. (See p. 3.)

In addition, the Urban Mass Transportation Administration has no separate policies, procedures, personnel, grant delivery system or organizational entity for assistance to nonurbanized areas. (See p. 7.)

The Transportation Administration has established planning regulations which apply to nonurbanized areas. These regulations are not, however, a substitute for policies and procedures which specifically identify overall Federal transportation goals and objectives for nonurbanized areas and how Federal assistance can and should help address them. (See p. 7.)

Without such a policy, States have taken various approaches in dealing with the transit needs of nonurbanized areas. In most cases, however, major emphasis has been placed on towns with existing transit systems. (See p. 8.)

Little of no attention has been given to the numerous small towns without transit systems although the exact transit needs of these small towns are unknown. State officials have indicated that the absence of a policy has hampered their efforts because they are not sure of Federal goals and objectives, practices, or policies on coordinating various transportation resources. State officials also indicated that clarification is needed on their roles in administering Federal mass transit assistance programs for nonurbanized areas. (See pp. 8 and 9.)

Several other factors point to the need for specific Federal nonurbanized putlic transit policies and procedures. One factor is the Federal agency's ongoing decentralization of authority to regional offices. This process will require developing policies and guidelines to assist the agency's regional offices uniformly carry out its programs for nonurbanized areas. (See p. 9.)

The other factor is the potential enactment of pending legislation which would affect Federal transit assistance programs for nonurbanized areas. Although the \$500 million set-aside was enacted in 1974, the Transportation Administration has deferred issuing a specific policy pending enactment of legislative proposals, such as providing

operating assistance for nonurbanized areas, which would affect programs for such areas. These proposals have not been approved by the Congress nor is there assurance that the current proposals will pass. Meanwhile, uncertainty at State and local government levels continues. (See p. 10.)

The Transportation Administration can address some of the other issues even though it does not presently have authority to provide operating assistance to nonurbanized areas. GAO recommends that the Urban Mass Transportation Administration

- --work with State and local officials to develop specific policies and procedures for nonurbanized area mass transit assistance which at a minimum provide guidance on nonurbanized area public transit goals and objectives, clarify States' roles, and provide guidance on local transit needs and coordination with other transit resources:
- --determine how grant application procedures can be simplified; and
- --evaluate whether carrent information dissemination methods are adequate.

### $\underline{\mathtt{C}} \ \underline{\mathtt{o}} \ \underline{\mathtt{n}} \ \underline{\mathtt{t}} \ \underline{\mathtt{e}} \ \underline{\mathtt{n}} \ \underline{\mathtt{t}} \ \underline{\mathtt{s}}$

		Page
DIGEST		i
CHAPTER		
1	INTRODUCTION Program activity Scope of survey	1 1 2
2	LIMITED USE OF FEDERAL MASS TRANSIT ASSISTANCE IN NONURBANIZED AREAS The lack of Federal funding for	3
	operating expenses for non- urbanized areas	3
	Grant application procedures for nonurbanized areas	4
	Some towns are unaware of UMTA programs	6
3	NEED FOR FEDERAL LEADERSHIP IN ADDRESSING NONURBANIZED AREAS' TRANSIT NEEDS	7
4	CONCLUSIONS AND RECOMMENDATIONS	11
	ABBREVIATIONS	
DOT	Department of Transportation	

DOT	Department of Transportation
CAO	General Accounting Office
UMTA	Urban Mass Transportation Administration

#### INTRODUCTION

In November 1974, the Congress amended the Urban Mass Transportation Act of 1964 (49 U.S.C. 1601 ec seq.), to authorize \$500 million for exclusive use in nonurbanized areas 1/during fiscal years 1975 through 1980. The \$500 million is available for planning, demonstration, and capital investments supporting transit services. However, these funds are not available for operating assistance.

Although Federal financial assistance for public transit in nonurbanized areas had been available since 1964 when the original act was passed, it appears that by enacting the 1974 amendment, the Congress was attempting to make sure that public transit needs of small towns and rural areas were not overlooked in addressing the transit needs of the Nation's urbanized areas.

There are about 4,000 communities in the Nation with populations between 2,500 and 50,000. These communities represent the nonurbanized areas most likely to participate in the Federal mass transit assistance programs under the act which is administered by the Urban Mass Transportation Administration (UMTA)—a Department of Transportation (DOT) agency.

#### PROGRAM ACTIVITY

Historically, UMTA has provided most of its grant assistance to urbanized areas. Between fiscal years 1968 and 1974, shortly before the \$500 million was authorized, UMTA awarded about \$17 million in grants to nonurbanized areas. This amount was less than 1 percent of UMTA's total grant assistance to all areas during that period.

Transit funds provided to nonurbanized areas, however, have been gradually increasing. During the 3-year period ending June 30, 1974, for example, nonurbanized areas received about \$14.5 million. The most recent figures UMTA has available show that, for the 30-month period ending December 31, 1976, nonurbanized areas received about \$123 million. This total includes about \$76 million for a people mover project in Morgantown, West Virginia, and

<sup>1/</sup> Nonurbanized areas are those small communities and rural areas with populations of less than 50,000.

about \$19.5 million for private, nonprofit organizations in nonurbanized areas to meet the special transit needs of elderly and handicapped persons, as authorized by section 16(b)(2) of the act. In February 1978, an UMTA official estimated that fiscal year 1977 grants to non-urbanized areas were about 10 to 20 percent more than the \$13.7 million obligated during fiscal year 1976.

#### SCOPE OF SURVEY

Because the demand for Federal transit assistance in nonurbanized areas has been low, our survey was directed at determining whether barriers existed which prevented small communities from applying for such assistance.

We conducted our survey during late 1977 and early 1978 at UMTA's Washington, D.C., headquarters and its Chicago and Kansas City regions. We interviewed UMTA headquarters and regional officials, State officials in Indiana, Illinois, Iowa, Minnesota, and Wisconsin and local officials in 58 small urban and rural areas. We reviewed applicable legislation, policies, procedures, regulations, records, and reports relating to Federal grants and applications.

#### LIMITED USE OF FEDERAL MASS TRANSIT

#### ASSISTANCE IN NONUR'3ANIZED AREAS

State and local officials believe that few requests for the \$500 million have been made due to

- -- the absence of Federal financial assistance for projected operating deficits,
- --a belief that UMTA grant application procedures and requirements are too complex, and
- -- the absence of knowledge about available UMTA financial assistance.

# THE LACK OF FEDERAL FUNDING FOR OPERATING EXPENSES FOR NONURBANIZED AREAS

Urbanized areas are eligible for Federal mass transit operating assistance but nonurbanized areas are not. A 1977 National Association of Counties Research Foundation study concluded that the absence of operating assistance for nonurbanized areas was the problem most frequently mentioned by transportation projects surveyed during the study. In May 1978 UMTA officials said that the lack of operating assistance is probably the most significant reason for the present level of demand by nonurbanized areas for Federal transit assistance.

Officials of several midwestern communities stated that they had transit needs but were unable to subsidize the potential operating deficit. These officials said that they had not applied for UMTA capital grants because Federal funds are not provided for operating expenses in nonurbanized areas. Thus, small communities lacking local resources to pay for the systems either apply for State operating assistance, if available, or decide against transit systems.

Although Federal transit operating subsidies for nonurbanized areas are not now available, several legislative initiatives have been made which would change this situation. In 1977, for example, the Senate passed S.208 roviding operating assistance for nonurbanized areas. This bill has not yet passed in the House of Representatives. Further, the administration's current highway and public transportation legislative proposal (S.2441 and H.R. 10578), and H.R. 11733, if passed, would provide operating assistance for nonurbanized areas.

## GRANT APPLICATION PROCEDURES FOR NONURBANIZED AREAS

In an April 16, 1977, speech the Secretary of Transportation expressed concern about the complexity of grant applications.

"I think (DOT) \*\*\* must do something to assure that worthwhile projects are not foreclosed from Federal funds simply because the requests are modest or the applicants inexperienced in regulatory and grant procedures \*\*\* simplifying and hopefully speeding up the handling of small assistance grants will be matters of immediate concern to me."

Our survey indicated that State and local government officials share the Secretary's concern. These officials stated that UMTA grant application requirements were too complex for nonurbanized areas. Nonurbanized area government officials typically said they do not have the expertise to determine their transit needs, to develop plans for meeting these needs, and to develop Federal grant applications. Some local officials said that they did not submit applications for financial assistance due to perceived or experienced difficulties in filing for grants, although their communities had transit needs. They pointed out that the UMTA application is lengthy and contains many requirements.

Although much of the information requested by UMTA is required by law, the communities believed that UMTA should simplify grant application procedures for nonurbanized areas. Generally, the same procedures apply to urbanized and non-urbanized areas except that urban areas must provide more information during the planning process.

It appears that nonurbanized area officials are often discouraged by the volume of information they must provide. As a result various State and local officials have complained about how UMTA administers assistance to nonurbanized areas. The following comments are typical.

- --Indiana DOT officials said that many small towns have little expertise available to meet filing requirements for UMTA grants.
- --Clinton, Iowa, officials stated that UMTA's procedures and requirements should be shortened. The current applications took much of the city staff's time to interpret. Officials believe that to help small

communities interpret regulations and file applications, UMTA should take on additional staff because the town can not afford more staff.

--Janesville, Wisconsin, officials said that the Federal guidelines were complicated and did not provide good directions or instructions.

Only one nonurban town in Minnesota applied for an UMTA grant while 20 towns applied for a State transit grant although UMTA pays 80 percent of transit equipment costs and the State pays only 75 percent. State DOT officials said that local government officials prefer applying for State grants because UMTA regulations and grant procedures are too complex and time-consuming. Officials from one Minnesota town stated they would need consultants to complete the paperwork for an UMTA grant but had no problems with the simpler State application.

In spite of these problems, some nonurbanized areas have obviously applied for and received UMTA grants. One UMTA official told us that UMTA has never turned down a reasonable request for transit assistance from a nonurbanized area. Further, another UMTA official pointed out that while the grant application procedures are the same for both urbanized and nonurbanized areas, UMTA requires less detailed applicacations from the nonurbanized areas.

UMTA has also tried to assist nonurbanized areas through its technical assistance program which provides planning grants to States. Since fiscal year 1974, UMTA has apportioned planning funds to States for a variety of purposes, including providing technical assistance to small urban communities. Of the \$15.4 million apportioned to States for fiscal years 1974 to 1977, about 29 percent—\$4.5 million—has been used by the States to provide technical assistance to smaller localities. UMTA believes such technical assistance is usually more efficient than smaller communities directly hiring staff and consultants. For fiscal year 1978 UMTA requested and received additional funds for its State program to provide technical assistance to small urban areas which cannot efficiently plan and prepare transit development programs.

Some officials, however, believed that the States need additional Federal technical assistance to adequately help local governments. A Wisconsin DOT official said, for example, that the State had used Federal technical assistance funds to qualify small towns with existing transit systems for UMTA capital grants but did not have sufficient resources to assist nonurbanized areas without transit systems.

#### SOME TOWNS ARE UNAWARE OF UMTA PROGRAMS

Representatives from about 25 percent of the communities we contacted (15 of 58) said they were unaware of UMTA's non-urbanized area programs. Eleven of these communities also felt that with UMTA assistance, their transit needs could possibly be met.

An UMTA regional director stated he did not have enough people to initiate an outreach program for small towns. He said that most staff time was spent reviewing and approving plans for States and large urban areas. Further, he believed it was the State's responsibility to determine small town transit needs.

UMTA has used various approaches to inform nonurbanized areas about its programs, however. In February 1976 UMTA published an information fact sheet summarizing these programs. Between March and May 1976, UMTA held 1-day "Public Transit in Small Communities" seminars in six locations throughout the country. These seminars were for public officials and incerested citizens representing communities between 10,000 and 50,000 population and explained types of transit services available in small communities.

In April 1976, UMTA published a series of reports on the characteristics of 13 small transit operations. These reports examined how small communities responded to transit service needs within varying local contexts. UMTA also produced a film depicting innovative service options in four of these cities.

Although UMTA has taken steps to inform small communities about its programs, 25 percent of the towns we contacted were still unaware of these programs. It appears, Lowever, that at least some of these communities which believe they have transit needs, have made little or no effort to learn about the availability of Federal mass transit assistance.

As discussed on p. 9, UMTA is in the process of decentralizing some of its operations, and many UMTA regional directors believe that more staff will be available to improve outreach efforts when UMTA completes this decentralization. Until this happens, UMTA appears to be relying on the States to inform small communities of UMTA programs.

#### NEED FOR FEDERAL LEADERSHIP IN ADDRESSING

#### NONURBANIZED AREAS' TRANSIT NEEDS

UMTA does not manage the \$500 million set-aside as a separate program--it has no separate policy, procedures, personnel, grant delivery system, or organizational entity relative to transit assistance for small urban and rural areas. Further, at present UMTA does not routinely maintain statistics on grant activity in nonurbanized areas.

UMTA should provide more leadership in identifying and solving nonurbanized area public transit issues and problems by clarifying and expanding policies and procedures to (1) specifically address those issues and (2) determine how Federal assistance can and should address those issues.

UMTA has established planning regulations which apply to nonurbanized areas. The regulations require that a transit development program be developed consisting of:

- --A program for the unified or coordinated operation of the mass transportation system, including scheduling, routing, fare structures and levels of service. The program shows how existing and planned transit facilities will be coordinated to provide maximum practical service to the area.
- --A transit improvement program for a 5 to 10 year period, indicating needed improvements in the mass transit system, including priorities, cost estimates, sources of financing, and allocation of responsibilities for carrying out the program.

These planning regulations are not a substitute, however, for policies and procedures which specifically identify Federal transportation objectives for nonurbanized areas and how Federal assistance can address them.

The need for more specific policies and procedures was indicated because

- --nonurbanized area transit needs differ significantly from those of large urban areas;
- --small towns often lack staff to adequately assess their transit needs to determine what Federal programs they might qualify for and to interpret complex and lengthy Federal guidelines, and

--States have taken different approaches in solving nonurbanized area public transit needs.

With UMTA's ongoing decentralization efforts and the possible passage of legislation affecting nonurbanized area public transit assistance which could provide greater roles for the States, assistance to nonurbanized areas would be subject to different approaches and emphasis unless specific policies and procedures are established by UMTA for such areas.

Lacking clear policy or direction from UMTA, States have taken varying approaches in dealing with the transit needs of nonurbanized areas. In most cases, however, the States have placed major emphasis on towns with existing systems. Little attention has been given to the numerous small towns without transit systems. While information is lacking on the exact transit needs of these small towns, many State and local officials we contacted believed many nonurban transit needs were being overlooked because large metropolitan areas were emphasized.

State officials said that the absence of a Federal policy has hampered efforts to develop viable nonurbanized area transit programs. For example:

- --An Illinois DOT official said that the State does not have an aggressive program encouraging communities to develop public transit systems because the Federal Government has not stated what its policies are for helping such nonurbanized areas.
- --Iowa officials believe that UMTA should establish a policy promoting a regional approach to nonurban transit. Small towns may duplicate services without such a concept. The Iowa DOT is currently trying to coordinate all transit efforts by using UMTA planning grants to develop regional transit plans. Iowa officials believe the regional concept will enable them to more effectively match existing services with needs to make hest use of available funds.

Transportation coordination was the subject of a previous GAO report.1/ In that report, we noted that in 1975 the Department of Transportation developed a transportation

<sup>&</sup>lt;u>1</u>/Hindrances to Coordinating Transportation of People Participating in Federally Funded Grant Programs, October 17, 1977, (CED-77-119).

coordination working agreement with the Department of Health, Education, and Welfare's Administration on Aging. ing on that report, the Department of Transportation pointed In commentout that UMTA and the Federal Highway Administration, in administering the Rural Highway Public Transportation Demonstration Program, worked closely with representatives of other agencies in developing program procedures and selecting demonstration projects. Transportation officials also pointed out that project selection criteria for that program addressed coordinating services and financial resources. These factors are significant and we believe that the coordination issue--both within the UMTA program and between UMTA and other federally funded programs--should be addressed in developing Federal nonurbanized area public transportation policies and procedures.

State officials have stated that for a nonurban policy to be effective, the State DOTs will have to a involved more closely with UMTA programs. State DOT officials also believe they are in the best position to administer grant programs for nonurbanized areas. They have frequent contacts with local government officials, are knowledgeable of the towns' transit needs, and are familiar with State and Federal transportation regulations. These State officials cited lower Federal administrative costs and reduced grant processing time through combined grant applications as potential benefits to be derived from the States' expanded roles in UMTA program administration.

Although a 1.76 summary of nonurbanized area transit assistance programs prepared by UMTA's Office of Public Affairs indicated that there is no specific State role in the capital grant application process, it did encourage State transportation agencies or county governments to assist grant application development. The summary also noted that State or county governments were permitted to submit grant applications on behalf of several communities if such actions assisted in making capital resources available to smaller communities. Nevertheless, there still appears to be some confusion at the State level about how UMTA perceives the State role.

Another factor indicating the need for UMTA to develop specific nonurbanized area public transit policies and procedures is the present UMTA decentralization effort. In 1975 UMTA decentralized its Philadelphia regional office as a test and gave more responsibilities to the regional staff. According to UMTA, this shift in responsibilities and the resulting stronger awareness of the local needs and requirements resulted in

- --a substantial improvement in the quality and responsiveness of UMTA's grant development and management actions, and
- --grantees being provided better information on UMTA resources.

UMTA is currently decentralizing many of its program activities in its remaining regional offices as a result of its experience in Philadelphia. UMTA expects its decentralization to be nearly complete by July 1, 1978. Successful decentralization should result in increased community/UMTA interaction.

The decentralization process will also require developing policies and guidelines, however, to assist regional offices' implementation of UMTA programs on a uniform basis to make sure that its public transit goals and objectives for nonurbanized areas are met.

The potential enactment of pending legislation is also a factor emphasizing the need for specific nonurbanized area public transit policies and procedures. An UMTA official stated that although the \$500 million set-aside for nonurbanized areas was authorized in 1974, UMTA deferred issuing a policy, pending possible adoption of legislative proposals which would affect nonurbanized area programs. During the past 3 years, the Congress has considered several proposals affecting nonurbanized area transit programs, including authorizing operating assistance. None of these proposals have been approved by the Congress. Currently, the administration's highway and public transportation proposal (S.2441 and H.R. 10578 introduced in January 1978) would, if passed, increase State roles and authorize operating assis-UMTA has deferred developing a policy for over 3 tance. years, waiting for some significant legislative change affecting nonurbanized transit programs. There is no assurance the administration's current legislative proposal will be adopted by the Congress. Meanwhile, uncertainty at State and local government levels about UMTA's policy continues.

#### CONCLUSIONS AND RECOMMENDATIONS

In November 1974 the Congress authorized \$500 million for exclusive use in nonurbanized areas, but the demand for these funds has been relatively low. We identified issues which have affected the use of Federal mass transit funds in nonurbanized areas, including

- --lack of Federal mass transit operating assistance,
- --absence of policy regarding Federal mass transit assistance,
- --grant application procedures and requirements, and
- -- the lack of information about Federal mass transit assistance by some potential applicants.

Although UMTA presently lacks authority to provide public transit operating assistance to nonurbanized areas, pending legislative proposals—if passed—would authorize such assistance.

However, UMTA can address some of the other problems and concerns of State and local officials. The uncertainty at State and local levels regarding UMTA nonurbanized area public transportation goals and objectives, the need for uniform administration in a decentralized environment, and potential changes in State roles resulting from pending legislation indicate the need for greater Federal leadership regarding nonurbanized area public transportation. We therefore recommend that the Secretary of Transportation direct the UMTA Administrator to establish more specific policies and procedures for nonurbanized areas. These policies and procedure should be developed with maximum public input, including participation by State and local officials, and should at a minimum

- --provide overall guidance on UMTA goals and objectives for public transit in nonurbanized areas--including priorities for achieving these goals--and how Federal assistance can best be used to achieve these goals.
- --clarify UMTA's position on (1) what the State role should be in administering, providing technical assistance for, and monitoring Federal transit assistance for nonurbanized areas and (2) a funding strategy commensurate with that role.

- --provide guidance to help identify nonurbanized area transit needs and to help formulate solutions to meet these needs.
- --provide guidance on coordinating UMTA-funded nonurban transit activities in geographic areas with other federally funded, State funded, and private transportation activities in those areas.

The frustration, confusion, and complaints expressed by State and local officials about complex grant application procedures appear to be widespread within UMTA Chicago and Kansas City regions. To help resolve these problems, the Secretary of Transportation should direct UMTA's Administrator to evaluate UMTA's grant application procedures to determine how they can be simplified and how they can demand less from applicants and still comply with statutory requirements and maintain adequate management controls.

We recognize that UMTA and the Department have made efforts to inform State and local officials about UMTA nonurbanized area public transportation activities. In spite of these efforts, some State and local officials still do not seem to have adequate information. Therefore, the Secretary of Transportation should direct UMTA's Administrator to evaluate whether UMTA's current information dissemination methods are adequate. A distinct State role in administering Federal mass transit programs for nonurbanized areas, and the changing role UMTA regional offices will play as the decentralization process is implemented, should be considered in this reevaluation.

34547