

# GAO Highlights

Highlights of [GAO-14-589](#), a report to the Committee on Banking, Housing, and Urban Affairs, U.S. Senate

## Why GAO Did This Study

Public transportation in rural areas can be critical to connecting people to jobs, shopping, and health services. FTA awarded approximately \$600 million in grants in both fiscal year 2013 and 2014 to support rural transit, including tribal transit. The current surface transportation authorization, enacted in 2012, increased funding for tribal transit from about \$15 to \$30 million per year and changed how these funds are allocated.

The committee asked GAO to review FTA's rural transit program. This report examines (1) FTA's funding, oversight, and other support for the rural transit program; (2) changes in services, ridership, and costs since 2009; and (3) challenges that rural and tribal transit providers face and possible actions to address them. To address these topics, GAO reviewed program documentation and conducted about 50 interviews with FTA officials, national groups that have a relationship with rural transit providers, state transportation officials, and officials from rural and tribal transit providers. GAO selected state officials and providers based on grant amounts, the types of services offered, the size of transit systems, and geography, among other factors. Results are not generalizable to all states and providers. Additionally, GAO analyzed FTA data on transit services, ridership, and costs from 2009 through 2012, the latest year data were available. This report contains no recommendations. GAO provided a draft of this report to the Secretary of Transportation for review and comment. The Department of Transportation did not have any comments on the report.

View [GAO-14-589](#). For more information, contact David J. Wise at (202) 512-2834 or [wised@gao.gov](mailto:wised@gao.gov).

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## PUBLIC TRANSPORTATION

### Federal Role Key to Rural and Tribal Transit

## What GAO Found

The Federal Transit Administration's (FTA) Formula Grants for Rural Areas Program (rural transit program) is FTA's only dedicated grant program for rural and tribal transit. FTA apportions nearly all program funds to states. State transportation agencies then allocate funding to rural and tribal transit providers as sub-grantees. The remainder of program funds—\$30 million annually—supports the Tribal Transit Program through direct apportionments to tribes based on a new statutory formula (\$25 million) used for the first time in fiscal year 2013, or through discretionary grants (\$5 million). Twenty-two of the 30 selected rural and tribal transit providers GAO spoke with indicated that rural transit program funds are essential to sustaining transit in their communities, noting that without these funds, transit service in their area would be reduced or, in some cases, eliminated. FTA's oversight activities focus on state transportation agencies that oversee providers. FTA also offers support to providers, such as for training on safety, and providers generally agreed that this support is useful.

From 2009 through 2012, the types of services offered by rural and tribal transit providers have remained about the same. Demand-response service, in which riders call in advance to schedule their trips, and fixed- or deviated-fixed-route service, in which a bus will deviate from an established route, are most typical in rural areas (see fig.). In this period, ridership increased 4 percent, and operating costs increased 19 percent, according to FTA national data.

### Rural Transit Service in 2012



Source: GAO analysis of Federal Transit Administration data. | [GAO-14-589](#) <sup>9</sup>

Selected rural and tribal transit providers identified an array of operational and funding challenges. For example, 24 of the 30 providers GAO interviewed said that it was difficult to hire and retain qualified drivers, and 16 said that it was hard to secure local or state funds to meet the rural transit program's funding-match requirements. Some providers GAO interviewed addressed these respective challenges by offering training and through dedicated local tax funding. GAO also found that the new Tribal Transit Program's statutory formula—which emphasizes miles driven in providing transit services—resulted in some tribes receiving grant amounts that varied significantly from previous levels, with increases and decreases of 50 percent or more common. According to FTA officials, larger tribal transit systems tended to receive increased awards, while smaller systems tended to receive reduced awards. FTA officials also indicated they anticipated that when implementing the formula for the first time that it would result in very different funding levels for some tribal transit providers. Accordingly, FTA conducted outreach and meetings with providers to educate them about these likely changes. Selected tribal transit providers and FTA have considered strategies to mitigate declines in Tribal Transit Program funding and are still in the process of adjusting to new funding levels.