



U.S. Department  
of Transportation

**Federal Transit  
Administration**

Administrator

400 Seventh St., S.W.  
Washington, D.C. 20590

August 25, 2005

Dear Colleague:

On August 10, 2005, President Bush signed the surface transportation reauthorization bill into law. This legislation – entitled the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) – literally represents the culmination of years of work by industry leaders, the Administration, and Congress. I want to take this opportunity to thank each of you for your important contributions in making reauthorization a success. In addition, this letter is intended to answer some of the questions we have already received regarding implementation of new programs and provisions, and provide an update on funding allocations.

We in the Federal Transit Administration (FTA) are particularly pleased that key Administration proposals were included in the law, including provisions that will:

***Achieve Common Sense Transit Solutions***

- **Improve the coordination of transportation services** for the elderly, persons with disabilities, and low income individuals by requiring local communities to set community-wide funding priorities in a locally coordinated plan; providing for technical assistance and planning, along with administrative expenses; and permitting the use of other Federal funds (such as Medicaid or Temporary Assistance for Needy Families) as local match for FTA programs serving these groups.
- **Increase funding predictability and stability** by distributing more funds by formula, notably the Job Access and Reverse Commute Program.
- **Expand eligibility for the New Starts program to include non-fixed guideway** corridor-based projects and permit streamlined project delivery for projects seeking less than \$75 million of New Starts funds.

***Encourage and Reward A+ Performance***

- **Require that every New Starts project meet the New Starts evaluation criteria**, including those seeking less than \$25 million in Federal New Starts funds.
- **Increase the funds available for planning, technical assistance and administration** to provide States and communities with additional flexibility in program development and planning.

***Keep our Commitments***

- **Increase rural (non-urbanized area) program funding** to help address the unmet transportation needs in rural communities, including the 40 percent of rural counties with no public transportation service.

### ***Promote Independence and Opportunity***

**Establish the New Freedom Program** to help communities provide transportation services beyond those required by ADA to help people with disabilities participate more fully in the workforce and in community life.

With the inclusion of so many significant provisions, we have much work ahead of us. Over the next weeks and months, FTA will embark upon the process of developing regulations and guidance to implement the new legislative provisions. A critical first step will be gathering stakeholder input, and an FTA workgroup is already working on plans for those important opportunities. I know that we are all eager to get down to the business of implementation!

Even as we begin the implementation process, we understand that there are some issues that can and should be addressed immediately. In addition to the information provided below, I invite you to consult the Reauthorization section of the FTA website (<http://www.fta.dot.gov>), which will be updated frequently as additional material and documents are developed.

### **New/Changed Provisions**

Many provisions that make changes to existing programs became effective on August 10, 2005, when President Bush signed the bill into law. These changes include, for example, provisions that make mobility management, certain safety and security costs (including the operational costs associated with security training and drills), and intercity bus features in intermodal terminals eligible for reimbursement as a capital expense. In addition, new provisions related to Buy America, bus dealer requirements, and labor protections are now in effect.

Many of these provisions will require rulemaking activities to further define and implement the changes, and FTA will also be developing additional guidance for some programs. In the interim, if you have specific concerns or questions about particular matters that are time-sensitive, please contact your Regional Administrator for assistance. We are working together in FTA to ensure that any interim guidance or assistance that we provide is consistent across regions and programs, and we will periodically post answers to frequently asked questions on the FTA website.

It is worth noting that many transit programs were largely unchanged by SAFETEA-LU. For example, the general program requirements for the Urbanized Area Formula (49 U.S.C. 5307), the Non-urbanized Area Formula (40 U.S.C. 5311), the Fixed Guideway Modernization formula program and Bus and Bus Facilities discretionary program under Capital Investment Grants (49 U.S.C. 5309), and the Elderly and Individuals with Disabilities formula program (49 U.S.C. 5310) were not changed. In addition, please note that for the FY 2007 Annual Report on New Starts published in February 2006, New Starts projects will be evaluated based upon the criteria and reporting instructions issued in May 2005.

## **Implementation of New Programs**

Two new public transportation programs in SAFETEA-LU – New Freedom and Alternative Transportation in the Parks – begin in fiscal year (FY) 2006, provided that funding is included in the FY 2006 appropriations act. In addition, the Job Access and Reverse Commute (JARC) program will be administered as a formula program beginning in FY 2006. More information on how to apply for New Freedom and JARC funds will be included in the FY 2006 Apportionment Notice after the Transportation appropriations bill is signed into law, and we will be working with the Department of the Interior and other Federal agencies to implement the new Parks program.

The “Small Starts” component of the New Starts program, which provides funding and oversight for projects seeking less than \$75 million in New Starts funds, is authorized for separate funding beginning in FY 2007. In the meantime, FTA will be developing regulations to implement the simplified evaluation and project development processes for this new program. Until these regulations are finalized, projects seeking \$25 million to \$75 million in New Starts funds will be evaluated using the current New Starts criteria and will be subject to the New Starts project development process. In addition, until the new regulations are finalized, projects seeking less than \$25 million in New Starts funds will continue to be exempt from the New Starts evaluation process. SAFETEA-LU eliminates the exemption for such projects once the final regulation is issued.

## **Appropriations and Allocations**

SAFETEA-LU authorizes a total of \$45.3 billion in guaranteed funding for Federal transit programs for FY 2005 through FY 2009, an increase of 46 percent over TEA-21 funding. The actual amount of funding available for individual programs and projects is subject to the annual appropriations process. The amount authorized for FY 2005, \$7.646 billion, is the same as the total amount appropriated for FY 2005.

As you know, FTA has already made available most of the FY 2005 funds provided for in the several TEA-21 extensions. If it has not already done so by the time this letter reaches you, FTA will publish a final Supplemental Apportionment Notice for FY 2005 shortly. This notice will identify the remaining FY 2005 program funds available for obligation. Please note that FTA’s electronic grant management system (TEAM) will be temporarily closed, as is the case each year, to allow for year-end closeout activities starting on September 19, 2005. It will be re-opened as soon as possible after the start of the new fiscal year, which begins on October 1, and unobligated FY 2005 and prior year funds that have not lapsed will again be available for obligation by grantees. The Regional Offices will work with grantees who wish to obligate funds before TEAM temporarily closes in September.

Until the FY 2006 appropriations bill is enacted, the allocation of FY 2006 program funds cannot be determined with certainty. However, for planning purposes FTA has prepared apportionment estimates based upon the authorized funding levels provided in SAFETEA-LU and currently available formula allocation data. These estimates – presented by State and by Urbanized Area for fiscal years 2006 through 2009 – can be viewed by clicking on “Reauthorization” on the right-hand side of FTA’s homepage at <http://www.fta.dot.gov>.

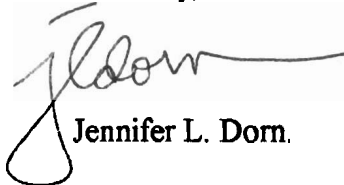
### **Outreach and Participation**

As FTA begins to develop new policy guidance and regulations, we want to give transit stakeholders and grantees an opportunity to provide input and comments on all aspects of implementation of SAFETEA-LU. We are now developing an extensive schedule of outreach and participation activities, including listening sessions at major stakeholder meetings and conferences.

The law requires that regulations be developed and issued through the rulemaking process for New Starts, Buy America, Metropolitan and Statewide Planning, Safety and Security, and Charter Bus. In addition to these mandated rulemakings, we will also be updating certain existing regulations to be consistent with the new law. We are currently reviewing other aspects of the new legislation to determine which are most appropriately addressed through rulemaking, and which should be addressed through program guidance. In the spirit of the new provision in SAFETEA-LU that calls for public notice of and opportunity to comment on FTA documents that create a “binding obligation” on grantees, we anticipate that notice and an opportunity to comment will also be provided for new or revised FTA guidance and circulars.

We look forward to working with you and other public transportation stakeholders to implement SAFETEA-LU and continue to improve public transportation for all Americans.

Sincerely,



Jennifer L. Dorn.