

URBANIZED AREA FORMULA PROGRAM (49 U.S.C. § 5307)

Section 5307 is a formula grant program for urbanized areas providing capital, operating, and planning assistance for mass transportation. This program was initiated by the Surface Transportation Act of 1982 and became FTA's primary transit assistance program in FY 1984. Funds are apportioned to urbanized areas utilizing a formula based on population, population density, and other factors associated with transit service and ridership. For FY 2005 Section 5307 was funded from both General Revenues and Trust Funds.

Section 5307 urbanized area formula funds are available for transit improvements for 38 urbanized areas over 1 million population, 114 urbanized areas with populations between 200,000 and 1 million, and 313 urbanized areas between 50,000 and 200,000 population. For urbanized areas over 200,000 in population, funds flow directly to the designated recipient. For areas under 200,000, the funds are apportioned to the Governor of each state for distribution.

Several changes became effective to this program in fiscal year 1998 with the passage of TEA-21. One percent of appropriated Section 5307 funds were set-aside to be used for transit enhancement projects that physically or functionally enhance transit service or use. Preventive maintenance, defined as all maintenance costs, is eligible for FTA capital assistance at an 80 percent Federal share. FY 2005 operating assistance is available to all urbanized areas with a population under 200,000. It is also available to eligible urbanized areas that crossed over the 200,000 population threshold for the first time under the 2000 Census, and is available for use in that portion of a 2000 Census UZA with a population of 200,000 or more that was nonurbanized under the 1990 Census – in accordance with Sec. 7(n) of Pub. L. 108-263. In addition, an exception in TEA-21 made operating assistance available, in an urbanized area 200,000 or more in population, to transit providers that provide service exclusively to elderly persons and persons with disabilities.

In FY 2005, a total of about \$4 billion of Section 5307 funds was obligated. Of this amount, about \$3.5 billion or 88.9 percent was used for capital; about \$377.3 million or 9.5 percent for operating; and \$70.1 million or 1.7 percent for planning assistance. Funds were obligated to 571 FTA grantees. As a group, the urbanized areas with population over 1 million obligated the largest share of the funds of about \$2.9 billion or 73 percent. A total of \$585.4 million of the Section 5307 funds were obligated for the purchase of 3,571 vehicles in FY 2005.

In FY 2005, a total of \$875.1 million was transferred to the urbanized area formula program. The total flexible funds obligated for this program were \$911.8 million, some of which was carryover of funds transferred in prior years. The program sources of these obligations are: Congestion Mitigation and Air Quality (CMAQ), \$569 million (62 percent); and Surface Transportation Program (STP), \$309.4 million (34 percent) and \$33.4 million (4percent) in other transfers.