

*Changes that impact the baseline and transition*

<b>Formula Element</b>	<b>Current Status</b>	<b>Proposed Change</b>	<b>Comment</b>	<b>PTAC Comment</b>
Rural Base Year	Federal 5311 funding is increased by SAFETEA-LU to address the need for public transportation in rural areas. The additional 2006 Federal rural dollars available to Texas is about \$10 million. In December, PTAC recommended that a portion of the additional \$10 million be set aside for Commission discretion (\$2 to \$3 million) and the remainder (about \$7 million) is to be distributed ASAP to rural providers.	Set the 2006 dollars allocated to rural providers to include the additional \$7 million distributed as the new Base Year for the funding formula for Federal rural funds.  (Sections 31.11(c) and 31.36(g)(3))	This proposal resets the baseline for each rural provider to the 2006 rural funding level including the amount resulting from the allocation of the additional \$7 million of Federal funds. This proposal will provide future funding stability and reduce uncertainty in budgeting future service.	Supports
Funding Transition Method	The current formula provides for a five-year adjustment period ending in 2009. The adjustment process will begin again in 2012 (when the new Census is available). Unless changed, in 2010 some providers will receive a large positive/negative adjustment.	Revise Transition Methodology <ul style="list-style-type: none"> <li>• Provide for transition annually, with no limit on term</li> <li>• Maintain the -10% limit on annual adjustments</li> </ul> (Sections 31.11(c) and 31.36(g)(3))	Stable funding is important to any transit provider to be able to plan ahead by accurately estimating future resources. Dramatic changes in funding, either decreases in funds or increases in funds, make it difficult to accurately plan services.	Supports

*Increase emphasis on performance and adjust mix of measures*

<b>Provider Type / Aspect</b>	<b>Current Status</b>	<b>Proposed Change</b>	<b>Comment</b>	<b>PTAC Comment</b>
<b>Urban</b>				
Need vs. Performance	The current formula allocates funds for urban providers based on 80% need and 20% performance	Allocate funding for urban providers based on 80% need and 20% performance for 2007; 65%/35% for the biennium 2008-09 and 50%/50% for the biennium 2010-11 and subsequent biennia  (Sections 31.11(b)(1)(B) and (b)(1)(C))	Provide incentive to improve performance for urban providers.	Supports
Measures	The current performance indicators for urban providers: <ul style="list-style-type: none"> <li>• Local funds per operating expense 33%</li> <li>• Ridership per capita 33%</li> <li>• Revenue miles per capita 33%</li> </ul>	Use the following performance indicators and weights for urban systems <ul style="list-style-type: none"> <li>• Local funds per operating expense 30%</li> <li>• Ridership per capita 20%</li> <li>• Ridership per revenue mile 30%</li> <li>• Revenue miles per operating expense 20%</li> </ul> (Section 31.11(b)(1)(C)(ii))	These changes provide a better mix of indicators relating to service, efficiency, and local support.	Supports

*Increase emphasis on performance and adjust mix of measures (continued)*

<b>Provider Type / Aspect</b>	<b>Current Status</b>	<b>Proposed Change</b>	<b>Comment</b>	<b>PTAC Comment</b>
<b>Rural</b>				
Need vs. Performance	The current formula allocates funds for rural providers based on 80% need and 20% performance	Allocate funding for rural providers based on 80% need and 20% performance for 2007 and 2008; and change to 65%/35% in 2009 and subsequent years  (Sections 31.11(b)(2)(A) and (b)(2)(B); and 31.36(g)(2)(A) and (g)(2)(B))	Recognize the difference among rural providers while also recognizing the increasing emphasis on performance.	Supports
Measures	The current performance indicators for rural providers: <ul style="list-style-type: none"> <li>• Local funds per operating expense 33%</li> <li>• Passengers per operating expense 33%</li> <li>• Revenue mile per operating expense 33%</li> </ul>	Use the following performance indicators and weights for rural systems <ul style="list-style-type: none"> <li>• Local funds per operating expense 33%</li> <li>• Ridership per revenue mile 33%</li> <li>• Revenue miles per operating expense 33%</li> </ul> (Sections 31.11(b)(2)(B)(ii) and 31.36(g)(2)(B)(ii))	By replacing passengers/operating expense with passengers/revenue mile, the rural formula would include a service effectiveness indicator.	Supports

*Minor changes to Administrative Code*

Formula Element	Current Status	Proposed Change	Comment	PTAC Comment
Urban Tiers	All urban providers are considered as a single group for allocation of State funds.	Establish an urban tier for providers that restrict transit eligibility to seniors and persons with disabilities. Provide funds for the tier according to the percent population of seniors and persons with disabilities as compared to the total population served by urban systems receiving funds from the state. (Section 31.11(b)(1)(A))	These cities are treated differently in statute, and are limited in the amount of state funding they may receive.	Supports
Urban Pop $\geq 200,000$	To prevent a disproportionate allocation of limited funds to large urban areas, a population limit of 199,999 is used for a large urban provider with an urbanized area population of $\geq 200,000$ . The use of 199,999 for performance has the unintended effect of improving performance statistics.	For any large urban provider with an urbanized area population of $\geq 200,000$ <ul style="list-style-type: none"> <li>A maximum population limit of 199,999 should be used to allocate funds for need – (no change)</li> </ul> The <u>total city</u> population should be used for performance indicators requiring a per capita calculation. (Section 31.11(b)(1)(B))	Current formula (using reduced population figure to calculate “per capita” measures) tends to favor larger systems.	Supports
Adjust for Inflation	There is no provision to adjust the funds available to allow for inflation. Federal Section 5311 funds are projected to increase annually and so provide funds sufficient to allow for inflation	Use discretionary fund to make periodic awards to address this issue. Include language in considerations for additional funding uses.  Note: no impact on formula.  (Sections 31.11(c) and 31.36(g)(3))	Award of discretionary funding for inflation will recognize the increase in costs to provide service due to national economic conditions not within the control of the transit provider.	Supports

*Items considered but not recommended for adoption now*

<b>Formula Element</b>	<b>Current Status</b>	<b>Proposed Change</b>	<b>Comment</b>	<b>PTAC Comment</b>
Adjust for Unspent Funds	There is no provision to adjust funds allocated to a provider that consistently does not expend the funds available.	PTN recommends using current policies to handle. Establishing detail procedure in administrative code would create inflexible process that could unfairly penalize providers.	PTN has procedures/policies to handle unspent funding.	Supports
Coordination	Coordination is mentioned in the rules, but there is no link between funding and coordination.	PTN recommends revisiting this issue in the future. At this time, the coordinated regional planning process is not sufficiently mature to be used as a foundation for allocating funds. It may require additional administrative code language to describe in detail the regional planning process.	This would mirror requirements in SAFETEA-LU for New Freedom, formula JARC, and Elderly & Disabled programs.	PTAC has supported coordination in the past, but hasn't acted on a motion.