



Analysis of State Rural Intercity Bus Strategies: Requirements for Utilization of S.5311(f) Funding

DETAILS

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NATIONAL COOPERATIVE HIGHWAY RESEARCH PROGRAM

Responsible Senior Program Officer: Gwen Chisholm-Smith

Research Results Digest 356

ANALYSIS OF STATE RURAL INTERCITY BUS STRATEGIES: REQUIREMENTS FOR UTILIZATION OF S.5311(F) FUNDING

This digest presents the results of NCHRP Project 20-65, Task 20, "Analysis of Rural Intercity Bus Strategy," and Task 25, "Evaluate Requirements for the Utilization of Section 5311(f) Funds for Intercity Bus Service." The research was conducted by KFH Group, Inc., Bethesda, Maryland, under subcontract to Cambridge Systematics, Inc., Cambridge, Massachusetts. Frederic D. Fravel, KFH Group, Inc., was the Principal Investigator. The other author of this report was Reyes Barboza, Jr., of KFH Group, Inc.

CHAPTER 1 PROJECT BACKGROUND INTRODUCTION

This report documents the research and findings conducted under two NCHRP 20-65 task order projects: Task 20—*Analysis of Rural Intercity Bus Strategy*, and Task 25—*Evaluate Requirements for the Utilization of Section 5311(f) Funds for Intercity Bus Service*. Both projects focus on state-level implementation of the Federal Transit Administration's (FTA) Section 5311(f) funding program. The objectives of the Task 25 research complemented and expanded the work that was under way for Task 20, and thus the research results have been combined into a single report. The outcomes of these two NCHRP task projects provide a snapshot of the current status of the program across the nation, and also provide states with examples and recommendations for successful program implementation.

Section 5311(f) funds intercity bus service in rural areas, and is a component of the Section 5311 Rural and Small Urban Areas Program. A full 15% of a state's Section 5311 program allocation is set aside for rural intercity service, unless the state certifies that there is no unmet rural intercity need.

Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) added a requirement that a state seeking to certify must conduct a consultation process involving the intercity bus operators and other stakeholders to determine unmet need.

States have a great deal of flexibility in how they administer their Section 5311(f) programs, as long as they satisfy certain federal requirements. Recent additions to the FTA oversight of state program management have focused new attention on state Section 5311(f) program implementation, including the consultation/certification process for states certifying no unmet needs for the program. The research documented in this report found that, while an increasing number of states are implementing Section 5311(f) programs, the success of a program in meeting federal requirements and in terms of the state's own perception of their program is influenced by a state's program goals, their approach to soliciting and evaluating funding applications, staffing considerations, the availability of state funding, how local match is approached, meaningful consultation with private carriers, needs assessment efforts, and the other factors which contribute to a "model" program.

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The report is organized into the following sections:

- Chapter 1—Project Background: provides background on the development of the Section 5311(f) program and the questions that generated this research, and summarizes the scope of work for the two NCHRP task projects.
- Chapter 2—Section 5311(f) Program Description: describes the Section 5311(f) program, including eligible expenses and services, matching requirements, an in-kind approach to meeting local match requirements to provide recent funding history, and certification requirements for states to be excused from the requirement to spend 15% of their overall Section 5311 funding on Section 5311(f) projects.
- Chapter 3—Methodology: describes the surveys, interviews, and secondary research conducted to identify how states are implementing Section 5311(f).
- Chapter 4—Existing Conditions: Intercity Services Identified by States: documents the findings related to funding recipients/operators and services and facilities that are being funded by Section 5311(f) across the nation. An overview is also provided of national-level events leading up to and influencing current conditions.
- Chapter 5—Status of the National Network: describes the current state of the intercity industry and services across the United States as a whole, including Greyhound Lines, regional private carriers, and long-distance airport providers.
- Chapter 6—State Program Implementation Status: documents the findings related to which states administer the Section 5311(f) program and which states certify that there is no rural intercity transit need.
- Chapter 7—State Program Approaches: describes how Section 5311(f) programs are implemented in those states with active programs, including staffing, program goals, project solicitation, evaluation and selection, funding eligibility requirements, types of projects funded, federal requirements passed on to subrecipients, supplemental state funding, utilization of in-kind match, consultation with private intercity carriers, and needs assessment approaches.

- Chapter 8—Program Evaluation: documents state perceptions of successful aspects of the Section 5311(f) program, areas for program improvement, implementation issues, operating program outcomes, how service gaps are filled, and ridership reports.
- Chapter 9—Examples of “Successful” State Programs: describes the Section 5311(f) programs of selected states that were identified as having successful programs.
- Chapter 10—Conclusions and Future Considerations: identifies desirable characteristics for a model Section 5311(f) program and trends in state program development, summarizes survey responses related to state outlet on the 15% set-aside requirement, and identifies considerations for the program’s future.

BACKGROUND

The national intercity bus network has been contracting in coverage for many years, but a substantial shift away from services in rural areas began with the passage of the Bus Regulatory Reform Act (BRRA) in 1982. Following the loss of substantial amounts of rural intercity bus service subsequent to regulatory reform, there were a number of proposals and policy studies addressing rural intercity bus service, and a number of states began their own state funded intercity bus programs.

Subsequently, the Intermodal Surface Transportation Efficiency Act (ISTEA), passed by Congress in 1991, created the Section 18(i) program of assistance for rural intercity services, offering operating, capital, and administrative funding to the states for use in maintaining or developing rural intercity services. This program was codified as Section 5311(f) in the next transportation reauthorization bill, the Transportation Equity Act for the 21st Century (TEA-21). The program has continued in subsequent reauthorization bills, including the most recent, SAFETEA-LU.

The Section 5311(f) program has always been provided as a requirement that the states spend 15% of their overall Section 5311 funding allocation on rural intercity projects unless the governor or designee certified that there were no unmet rural intercity transportation needs. Funds not spent on intercity projects could then be used for other Section 5311 projects. A partial certification is permitted for states that seek to spend less than the full set-aside. Prior

to SAFETEA-LU each year approximately one-half of the states certified and shifted the funds to their Section 5311 programs. SAFETEA-LU included statutory requirements that FTA require that states engage in a consultation process with intercity bus carriers prior to any such certification, and this requirement has been included in the revised FTA Section 5311 Circular C 9040.1F. Several requirements now direct the states to identify the intercity carriers serving the state, consult with them about unmet needs, and potentially document the needs (or lack of them) through studies or other actions—prior to certifying that there are no unmet needs.

As noted, there are a number of states that have consistently certified that there are no unmet rural intercity needs, and then utilized the set-aside for other rural transit purposes. The consultation requirements of SAFETEA-LU potentially make it much more difficult to follow this strategy, and for those states that do seek to spend their entire Section 5311 allocation on local rural public transit, a question is whether or not reauthorization could address this issue by eliminating the set-aside, and allowing the states that wish to fund intercity projects to do so in the absence of the set-aside. Related to consideration of such a change are questions about the types of grantees receiving the funds (Are they going to private intercity carriers or rural public transit providers?), how the funds are used, the requirements imposed on grantees, and the desire of the states not certifying to continue their programs in the absence of the set-aside.

Over the years the traditional private for-profit intercity bus carriers have responded to the availability of this program in different ways. For a number of years carriers applied for Section 5311(f) funding assistance for operations or capital, and a number of rural routes operated by private carriers were funded. However, the requirement for local operating match meant that on a fully-allocated cost basis, any carrier providing the local match would always be losing money on such routes, and following the drop in revenues after September 11, 2001, Greyhound management in particular withdrew from such contracts. At the same time it restructured its services, it dropped service to hundreds of smaller communities across the country. The corporate policy regarding Section 5311(f) changed to favor provision of the subsidies to rural transit systems to provide integrated feeder services that would connect with the remaining mainline services. Other private intercity carriers con-

tinue to seek direct Section 5311(f) funding, but the industry generally supports this approach of partnering with the rural transit providers. The National Bus Traffic Association (NBTA), the national interline ticket clearinghouse, developed new procedures to provide for low-cost participation in interline ticketing by rural transit providers, and Greyhound has developed a manual and procedures to facilitate the development of interline ticket and service agreements with the transit providers.

From the rural transit provider point of view, a major issue continued to be the need for local operating match for the intercity connections. However, FTA has allowed an innovative funding approach that counts the value of the capital used by the unsubsidized private intercity carrier as an in-kind match (at 50% of the total fully allocated cost of the service), thus allowing for feeder services with no local cash contribution. The cooperating private carrier is required to document their willingness to supply the in-kind match for the local feeder service, and in general the carriers seek to make sure that the connection is meaningful in terms of schedule and shared stops, so that feed traffic could actually utilize the connecting service to make intercity trips. Another issue is that this procedure utilizes the Section 5311(f) funding at twice the rate of the conventional match method, due to the lack of local cash match—so from a state perspective it could potentially fund fewer projects.

As states engage in additional consultation with the intercity bus providers (and their own transit operators), they also must consider that the FTA regulations cite as a primary goal of the program the provision of meaningful connections to the national network of intercity bus services, specifically focusing on the need for Section 5311(f) funded services to connect at the same stops and with schedules that allow connections to be made. FTA is also quite specific in forbidding the use of Section 5311(f) funding for commuter services.

States involved in studies or other policy efforts are faced with issues in program design that arise from difficulties faced by local rural transit providers in developing projects that are successful, have local support, and at the same time meet the goals of the Section 5311(f) program. At the local level, rural transit needs for longer distance services often include a number of trip purposes, including medical trips, employment, personal business, social services and shopping—in addition to making connections to

intercity bus services. Often the schedules that best serve these other trip purposes provide for poor connections to intercity services, because the optimal morning-in evening-out schedule for regional needs may not mesh with long-distance services that are infrequent and scheduled for connections in distant places.

States attempting to focus Section 5311(f) funds on the intercity connection may find that rural transit operators do not see the need for intercity connections as a high priority, because they may perceive more demand for other trip purposes. The issue is then how to address these contradictions in a policy sense. Are the riders making intercity connections the same demographically as the rural transit riders? What are the relative sizes of these markets? What is the frequency of the different trip types? What is the typical trip length? Should Section 5311(f) services be designed to serve long-distance passengers, or regional ones, or both? It is important to address these issues in the development of state Section 5311(f) policy as it affects local project designs.

The two research projects documented in this report sought to determine the following:

- How changes in the intercity network have affected mobility in the different states;
- How states are addressing the issues in utilizing Section 5311(f) to address these markets;
- Whether or not information is available on the potential market for these services (for example, statewide needs assessments);
- What is the best investment strategy for states to follow with funding intended to address rural intercity mobility needs;
- What types of grantees are receiving the funds (are they going to private intercity carriers or rural public transit providers?);
- How are the funds used;
- What are the requirements imposed on grantees; and
- What is the desire of the states not certifying to continue their programs in the absence of the set-aside.

RESEARCH SCOPE

Task 20—Analysis of Rural Intercity Bus Strategy

The objective of the Task 20 project was to identify the most successful rural intercity bus program strategies that have been implemented, and to deter-

mine the relationship between the demographic, geographic, and funding context of those programs, the current state of the non-subsidized intercity bus services, and the program policies and implementations associated with these successful outcomes.

This project was conducted in two phases.

- First, in order to identify successful strategies, a survey of the state intercity bus programs was conducted to collect data on the context, the programs, and the outcomes of each state intercity bus program. The survey responses were compiled to provide a detailed picture of existing conditions regarding state Section 5311(f) programs at the time of the survey, including state program approaches, local match sources, and program outcomes, including routes funded and ridership. This survey was supplemented with information gathered through telephone interviews in Task 25, as well as through secondary information sources, as described in Chapter 3 of the report.
- In the second phase, the survey results were analyzed and “successful” approaches for the different contexts were identified and described to provide state program managers and policy-makers with guidance to help them in developing appropriate and successful programs.

Task 25—Evaluate Requirements for the Utilization of Section 5311(f) Funds for Intercity Bus Service

The objective of Task 25 was to document the policies and procedures currently used by the states for the Section 5311(f) program of assistance for rural intercity bus service. Through this inventory and process, an additional objective was to identify and describe best practices in administering this program. These objectives complemented and expanded upon the work conducted under Task 20.

In order to document the policies and procedures used by the states, and to identify administrative best practices, the survey effort of the Task 20 project was expanded to ask additional questions and receive input regarding the usage of Section 5311(f) funding, criteria for determining the eligibility of grantees, program requirements, and state willingness to fund such projects and grantees absent the 15% set-aside requirement of the Section 5311(f) program. This information was compiled in a large matrix (expanding upon, and in some cases filling in the gaps of, the matrix created

in Task 20), which is presented in this research report as a series of tables to describe the Section 5311(f) program implementation by each of the states. The additional research also identified best practices for use by other states, and addressed the role of this program and its structure for consideration in the reauthorization effort.

CHAPTER 2 SECTION 5311(F) PROGRAM DESCRIPTION

INTERCITY BUS PROGRAMS UNDER SAFETEA-LU

SAFETEA-LU supports intercity bus transportation through three grant programs—the Section 5311(f) Rural Intercity Bus Assistance Program, the Section 5309 Bus and Bus Facility Program (for intermodal facilities), and the Section 3038 Over-the-Road Bus Accessibility Program to assist in purchasing accessibility equipment and training for private operators of over-the-road coaches.

Section 5311(f)

Federal Section 5311(f) funds are a key funding source for intercity bus operations and are used in a majority of states to subsidize targeted intercity bus services. This chapter provides a description of the program as defined under SAFETEA-LU.

Section 5311(f) is a subsection of the Section 5311 (Non-Urbanized/Rural and Small Urban Areas) formula allocation program for small urban and rural areas under 50,000 population, which allocates funding to each state’s governor for distribution to local applicants. The amount of funds provided to each state is based on the non-urbanized population of the state. Section 5311 program funds can be used for capital, operating, planning, and administrative assistance to state agencies, local public bodies, non-profit organizations, and operators of public transportation services.

As stated in the most recent FTA Section 5311 Circular (C 9040.1F) of April 2007, the national objectives of the funding for intercity bus service under Section 5311 include support for:

- The connection between nonurbanized areas and the larger regional or national system of intercity bus service,
- Services to meet the intercity travel needs of residents in nonurbanized areas, and

- The infrastructure of the intercity bus network through planning and marketing assistance and capital investment in facilities.

The circular also indicates that FTA encourages states to use Section 5311(f) to support these national objectives, as well as priorities determined by the state.

Other FTA Programs Supporting Intercity Bus Transportation

While the focus of this research report is the Section 5311(f) program, there are two other FTA programs under SAFETEA-LU that support intercity bus service.

Section 5309 Bus and Bus Facility Program— Intermodal Terminals

SAFETEA-LU made it clear that the intercity bus portion of an intermodal facility is eligible for Section 5309 Bus and Bus Facility Program funding—as well as for capital funding under Section 5307 (Urbanized Area Formula Program) and Section 5311. In addition, SAFETEA-LU created a funding source for the intercity bus facilities by authorizing \$35 million per year under the Bus and Bus Facilities discretionary program (Section 3011) for intercity bus facilities—a total of \$175 million over the life of the bill, which began in FY 2005. The program is administered by FTA within the general Bus and Bus Facilities Program.

Section 3038 Over-the-Road Bus Accessibility Program

This program was authorized as part of TEA-21, and it continues under SAFETEA-LU. It makes funds available to private operators of over-the-road buses to pay for the incremental capital and training costs associated with compliance of the final U.S. Department of Transportation (U.S. DOT) rules on over-the-road accessibility.¹ Over-the-road buses are defined as buses with a high seating deck with luggage compartments below. The definition of intercity, fixed-route over-the-road bus service is essentially the same as that for the Section 5311 program: “regularly

¹49 CFR Part 37, published in the *Federal Register* on September 28, 1998 (63 FR 51670).

scheduled bus service for the general public, using an over-the-road bus that: operates with limited stops over fixed routes connecting two or more urban areas not in close proximity; has the capacity for transporting baggage carried by passengers; and makes meaningful connections with scheduled intercity bus service to more distant points.” The only difference is the focus on the over-the-road bus. The Section 3038 program is conducted directly by FTA (including its regional offices) rather than being managed by state recipients.

SECTION 5311(F) PROGRAM REQUIREMENTS FOR STATES

The Requirement for States to Have the Program

The Section 5311(f) program is implemented by each state as part of its overall Section 5311 program management activities. A full 15% of each state’s annual Section 5311 apportionment must be used to support intercity bus service through the Section 5311(f) component of the program—unless the governor of the state certifies that all rural intercity bus needs are met. A partial certification is also possible, if the needs utilize less than the full 15%. If the governor certifies that intercity needs are met, the funding reverts to the overall Section 5311 program for use on other rural transit projects.

Under SAFETEA-LU, states planning to certify (partially or completely) are required to undergo a consultation process prior to certifying. The revised FTA circular calls for the certification process to include identification of the intercity carriers, definition of the activities the state will undertake as part of the consultation process, an opportunity for intercity carriers to submit information regarding service needs, a planning process that examines unmet needs, and documentation that the results of the consultation process support the decision to certify—if, in fact, that is the final decision.

Eligible Projects

Section 5311(f) funds rural intercity bus services as well as services, facilities, and administrative functions that support rural intercity bus services. Intercity bus service is defined in C 9040.1F as regularly scheduled bus service for the general public, with three major characteristics:

- Operates with limited stops over fixed routes, connecting two or more urban areas not in close proximity;
- Has the capacity to carry passenger baggage; and
- Makes meaningful connections with scheduled intercity bus service to points outside the service area.

It is important to note that the intercity service is not defined by the type of operator or the vehicle used. While intercity bus service is traditionally provided with over-the-road buses, it may be more appropriate (and cost effective) to operate a smaller vehicle (such as a body-on-chassis bus) in areas where demand is lower.

Feeder services to intercity bus services are also eligible for Section 5311(f), because such services enhance coordination of rural connections between small transit operations and intercity bus carriers. Feeder service can have different characteristics from the intercity service itself. It can be deviated fixed-route or demand-responsive. FTA also encourages feeder service to provide access to intercity connections with rail or air service where feasible.

Commuter service, however, is excluded from Section 5311(f) funding eligibility. In the context of its Americans with Disabilities Act (ADA) regulations (49 CFR Part 37, S. 37.3), FTA defines commuter service as “fixed route bus service, characterized by service predominantly in one direction during peak periods, limited stops, use of multi-ride tickets, and routes of extended length, usually between the central business district and outlying suburbs.”

In C 9040.1F, FTA has added guidance that makes clear that Section 5311(f) funded intercity services must take schedule considerations into account to have a meaningful connection with scheduled intercity bus services to points outside the service area, adding the schedule dimension to the definition of a meaningful connection. Furthermore, FTA suggests that services that include a stop at the intercity bus station as one among many stops should not properly be considered for Section 5311(F) funding, but instead should utilize other federal funding programs. Both of these new interpretations have the effect of narrowing the definition of eligible intercity service under Section 5311(f).

Other types of projects eligible for Section 5311(f) funding include “planning and marketing for intercity bus transportation, capital grants for intercity bus

shelters, joint-use stops and depots, operating grants through purchase-of-service agreements, user-side subsidies and demonstration projects, and coordination of rural connections between small public transportation operations and intercity bus carriers.”

For projects that may have both a rural and urban component (for example, a bus terminal located in an urbanized area, but served by rural routes), recipients can use Section 5311(f) funds as a portion of the overall project funding. Their use for capital projects in urbanized areas is limited to those aspects of the project that can be clearly identified as a direct benefit to services to and from non-urbanized areas. Such projects have to be included in both the metropolitan Transportation Improvement Program (TIP) and the State Transportation Improvement Program (STIP).

Eligible Recipients

States and Indian tribes are the direct recipients eligible under Section 5311, including Section 5311(f). With regard to eligible subrecipients, for the Section 5311(f) program only, FTA allows states to pass-through funds to private intercity bus carriers directly as subrecipients, if they are willing to accept the federal terms and conditions. Carriers may decide not to be recipients directly, and prefer to be third-party contractors to a subrecipient (which may be the state itself or a local public entity or non-profit organization). As a third-party contractor, a carrier is able to isolate its other (non-assisted) operations from the requirements associated with a federal and/or state grant.

In addition, other types of subrecipients under the general Section 5311 program, including local public bodies, non-profit organizations, and operators of public transportation services, may be eligible for Section 5311(f) funding for Section 5311(f)-eligible service.

Matching Requirements for Funded Projects

For both Section 5311 and Section 5311(f) capital funds, the maximum federal share is 80% of the net cost, and for operating assistance, 50% of the net cost. Net cost for operating expenses are those expenses that remain after operating revenues, which at a minimum include farebox revenues, and are subtracted from eligible operating expenses.

Obtaining local cash operating match has been a major program issue, particularly in states that pro-

vide no state operating assistance. In response to this issue, FTA has issued guidance for a pilot program permitting use of a proportion of the value of capital used in connecting private unsubsidized service as an in-kind match for Section 5311(f) operating funds. This program, known as the “Pilot Project,” is discussed below. The major downside to this method is that the available Section 5311(f) allocation will fund fewer projects, because the effect of the funding approach is that a much higher percentage (or the entire amount) of the operating deficit is funded with federal dollars.

State administration, planning, and technical assistance activities in support of intercity bus service are eligible at 100% federal share if applied against the 15% cap on state administration expenses. The amount of Section 5311 funds used for planning of intercity bus service is not limited by the 15% cap. However, the federal share of any planning assistance for intercity bus not included in the 15% allowed for state administration is limited to 80% of the planning cost.

“PILOT PROJECT” USE OF THE VALUE OF CAPITAL ON CONNECTING UNSUBSIDIZED SERVICE AS IN-KIND MATCH FOR OPERATING ASSISTANCE

On October 20, 2006, FTA executive management approved a 2-year pilot project allowing states to use the capital costs of unsubsidized service connecting private sector intercity bus service as in-kind match for the operating costs of rural intercity bus feeder service.² Later guidance has extended the period of the pilot through FFY 2010, as posted in the *Federal Register* (Vol. 75, No. 30, February 16, 2010). This approach is intended to be similar in concept to the permitted use of human services transportation funds for match by Section 5311 and Section 5307 providers.

Under the Pilot Project, the project definition includes both the rural intercity segment requiring operating assistance, and a specific connecting unsubsidized service segment, in terms of both costs and revenues. As part of this approach, the value of the capital cost portion of the total cost of connecting unsubsidized services is used as in-kind match. Because the operating cost portion of the unsubsidized

²Guidance was provided in the *Federal Register*, Vol. 72, No. 39, February 28, 2007, p. 9072, Appendix 1.

miles is offset by the revenues, there is no operating deficit on that portion of the project, but the value of the capital used on those miles (if provided by the carrier) can be used as an in-kind match to address the 50% local match requirement on the net operating deficit of the subsidized segment. Based on the precedent of the FTA regulations permitting 50% of the total cost of a turnkey operating contract to be considered as eligible for the 80% capital match ratio, FTA has allowed 50% of the total per-mile cost of the unsubsidized connecting intercity bus service to be considered as the in-kind capital contribution of the intercity bus company to the rural intercity bus project.

The schedule of the rural subsidized connecting service is considered in determining if it makes a meaningful connection with the unsubsidized service. The length of the unsubsidized segment and the frequency of the connecting service determine the number of bus-miles that can be used to provide the in-kind match, which sets a limit on the value of the in-kind contribution, which is the capital cost portion (50% of the fully allocated per-mile operating cost) of the connecting miles operated on the unsubsidized segment. Depending on the project definition, the amount of unsubsidized service may provide enough in-kind match to cover the entire net operating deficit of the rural feeder service. FTA recognizes that the amount of in-kind match may not be enough to fully fund the feeder service, and that additional cash match may be required. However, if the in-kind match exceeds the amount needed, the excess cannot be used to increase the federal share above the actual operating deficit of the project.

In cases where the unsubsidized (from an operating perspective) connecting intercity service is already operated with FTA-funded capital for vehicles, the percentage used for in-kind will need to be adjusted, following the guidelines provided by FTA for determining the percentage of contract cost eligible for capital under capital cost of contracting in cases where the buses are FTA-funded. This circumstance would necessarily reduce the amount of in-kind generated.

A major part of the rationale for this approach is based on the call for “meaningful connections with scheduled intercity bus service to more distant points” contained in the C 9040.1F. Because the proposal for valuing unsubsidized service as local match involves defining the project in terms of a meaningful connection, FTA’s guidance requires that the private operator has consented to the arrangement in the project,

and it must acknowledge that the service it provides is covered by the labor warranty and other requirements.

Because this essentially supplants the need for local operating match, it will have the effect of utilizing the available Section 5311(f) operating funds at approximately twice the rate that would have been the case, where local sources (including carriers or transit agencies) provided local match for 50% of the net operating deficit. In addition, it means that the policy guidelines and project designs will need to conform to the FTA guidance for such projects, and that the private carriers providing the unsubsidized segments will need to be full participants in program and project design.

FUNDING FOR SECTION 5311(F)

Table 2-1 presents available Section 5311(f) funding levels since the passage of TEA-21.

Table 2-1 is represented graphically in Figure 2-1. As can be seen in the graph, the federal allocation for Section 5311 increased substantially following the passage of SAFETEA-LU, even with the Section 5311(f) set-aside extracted. Authorized funding for Section 5311(f) increased from \$37.65 million in FY 2005 (pre-SAFETEA-LU) to \$76.7 million in FY 2010.

Table 2-2 compares the amount potentially available to Section 5311(f) with the actual amount obligated for state Section 5311(f) programs in recent years.

In terms of obligations, the Section 5311(f) program increased from \$22 million in 2004 to over \$48 million in 2008 (FY 2009 data are not yet available), as shown in Table 2-3.

While there have been some states that have consistently certified that there are no unmet rural intercity needs, in some cases it appears that such a policy reflected a demand for Section 5311 funding to address other rural needs. The significant increase in overall Section 5311 funding under SAFETEA-LU has allowed states that had previously lacked resources to initiate intercity planning and programs.

The increase in Section 5311(f) program obligations may also be due in part to the consultation requirements included in SAFETEA-LU. States planning to certify that they had no unmet rural intercity needs are now required to conduct a consultation process that includes input from the intercity carriers, as well as other stakeholders. This process may also

Table 2-1 Federal funding available for Section 5311 and Section 5311(f).

FY	5311 ^a	5311-5311(f) ^b	5311(f) ^c
1998	\$134,819,045	\$114,596,188	\$20,222,857
1999	\$177,856,722	\$151,178,214	\$26,678,508
2000	\$192,717,384	\$163,809,776	\$28,907,608
2001	\$205,485,900	\$174,663,015	\$30,822,885
2002	\$226,410,089	\$192,448,576	\$33,961,513
2003	\$238,954,559	\$203,111,375	\$35,843,184
2004	\$238,501,062	\$202,725,903	\$35,775,159
2005	\$249,635,140	\$212,189,869	\$37,445,271
2006	\$370,300,000	\$314,755,000	\$55,545,000
2007	\$386,177,688	\$328,251,035	\$57,926,653
2008	\$415,993,489	\$353,594,466	\$62,399,023
2009	\$438,480,226	\$372,708,192	\$65,772,034
2010	\$511,324,149	\$434,625,527	\$76,698,622

Note:

^aS.5311 Total amounts are based on the following sources:

- For FY 1998, 1999, 2000, 2001, 2002, 2003, 2007, 2008, and 2009, the total amount is the appropriation (as published annually in the *Federal Register*) less the oversight (1/2%)” with the addition of reappropriated funds.
- For FY 2004, 2005, and 2010, the total amount is the appropriation (as published annually in the *Federal Register*) less the “oversight (1/2%).”
- For FY 2006, the total amount is the appropriation (as published annually in the *Federal Register*) less the “oversight (1/2%)” subject to a 1% rescission in the FY 2006 Defense Appropriations Act.

^bSection 5311 minus Section 5311(f) represents 85% of the total S.5311 allocation.

^cSection 5311(f) represents 15% of the total Section 5311 allocation.

Annual 5311 and 5311(f) Apportionments for 1998–2010

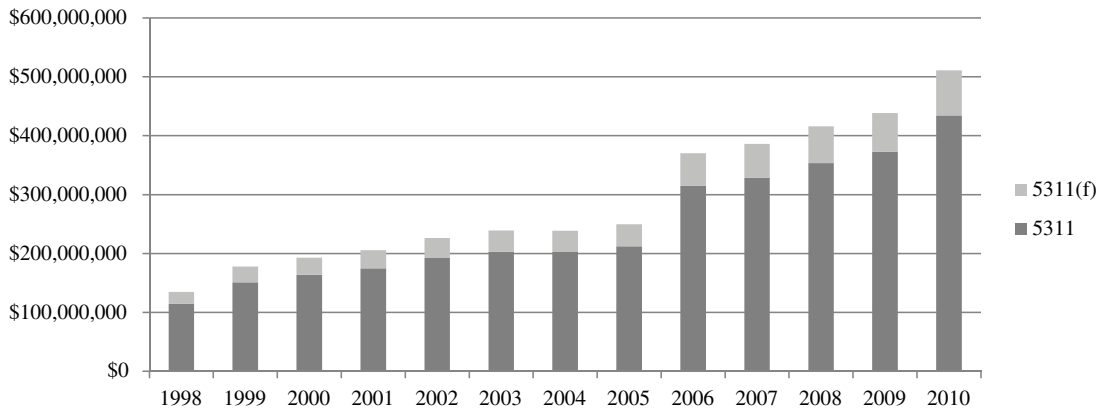


Figure 2-1 Annual Section 5311 and Section 5311(f) apportionments for 1998–2010.

Table 2-2 Section 5311(f) allocations compared to obligations.

Federal Fiscal Year	Amount of Section 5311(f) Available (15% of Total Section 5311 Allocation)	Section 5311(f) Obligations
FY 2004	\$35,775,159	\$21,790,920
FY 2005	\$37,445,271	\$20,620,728
FY 2006	\$55,545,000	\$40,375,974
FY 2007	\$57,926,653	\$48,442,130*
FY 2008	\$62,399,023	\$48,583,001*
FY 2009	\$65,772,034	Not Yet Available

Source: *Data provided by FTA as of December 2009, internal status reports on Section 5311(f) Certification.

Table 2-3 Federal funding obligations for Section 5311(f) (\$ millions).

Federal Fiscal Year	Section 5311 Obligations	Section 5311(f) Obligations
FY 1999	203.6	19.4
FY 2000	225.6	19.4
FY 2001	212.3	14.9
FY 2002	268.3	22.4
FY 2003	254.8	20.6
FY 2004	238.8	21.8
FY 2005	284.3	20.6
FY 2006	416.1	40.4
FY 2007	493.7	48.4*
FY 2008	529.3*	48.6*

Source: *Data provided by FTA as of December 2009, internal status reports on Section 5311(f) Certification. All other dollar amounts are from the FTA website (http://www.fta.dot.gov/funding/data/grants_financing_1090.html).

include needs assessments or studies. States have to document the relationship between the results of the consultation process and state decisions regarding certification. Many of the states are finding that such a consultation process does end up identifying unmet rural intercity needs, and as a result they are no longer able to certify but instead are funding rural intercity projects with Section 5311(f). As will be seen, this has led to an increase in state activity, reflected in the increase in Section 5311(f) obligations.

CHAPTER 3 METHODOLOGY

INTRODUCTION

The core of the research conducted under Tasks 20 and 25 consisted of two survey efforts of the state transit programs in all 50 states. The first survey, the longer of the two, was administered via a survey-development tool on the Internet. This survey addressed the scope of Task 20 as well as elements of Task 25. The second survey, addressing the scope of Task 25, was administered via telephone interviews with state DOT staff.

To supplement the Internet survey and the telephone interviews, the research team drew from the efforts of TCRP Project B-37, which was intended to develop a methodology for predicting rural intercity demand. TCRP Project B-37 was complementary to part of the Task 20/25 project, because in TCRP Project B-37 states were scanned to identify rural intercity bus projects.

In addition, state Section 5311(f) program information was gathered through a scan of state DOT

websites. Thus, in most cases where states were unresponsive to both the interview survey effort and the telephone interview effort, there was an additional basis to identify successful state intercity bus programs and their general characteristics.

INTERNET SURVEY DEVELOPMENT

The Internet survey tool was designed to address the questions for both tasks, across the three areas defined in the scope:

- Background on the existing conditions of the intercity services,
- State program policies and issues, and
- Program outcomes.

The survey consisted of multiple choice and open-ended questions, grouped into the following categories:

1. Introduction and Contact Information—survey contact information.
2. Existing Conditions—the current intercity bus services in the state.
3. Recent Changes in the Intercity Network/System—significant changes in the state since 2005.
4. Certification of No Unmet Rural Intercity Needs and Consultation Process—actions the state has taken with respect to the consultation process with intercity bus stakeholders, including carriers, to evaluate unmet needs for rural intercity services.
5. Program Description/Guidance—for states with Section 5311(f) programs, with requests for copies of materials.
6. Types of Projects Funded—in FY 2008 and FY 2009.
7. Use of FTA “Pilot Project.”
8. State Funding for Intercity Projects.
9. Rural Intercity Bus Program Staff and Management.
10. Intercity Program Issues.

CONTACT LIST DEVELOPMENT AND MAINTENANCE

An initial list of contacts for each state DOT was developed using previous industry research, state DOT websites, and Multi-State Technical Assistance Program (MTAP) resources. The distri-

bution list was updated throughout the course of the research to maintain current contact information, since in some cases shifts in personnel had occurred and individuals initially identified were no longer employed by the agency or responsible for the Section 5311(f) program.

Section 5311(f) Contacts from the TCRP Project B-37 Research

At the time that this NCHRP Project 20-65, Task 20/25 survey was being developed, the study team was also collecting data on the operating projects funded under Section 5311(f) as part of TCRP Project B-37. In order to identify the subrecipients with operating projects, it was necessary to identify the appropriate state contacts, and many of them were initially contacted by telephone in the process of seeking data for TCRP Project B-37. Through this process, the researchers were able to develop a list of state program directors and in many cases identify state program staff with responsibility for or knowledge about the state rural intercity bus program implementation.

INTERNET SURVEY ADMINISTRATION

Using the list of state program staff, an e-mail was sent describing the study, requesting assistance, and providing a link to the survey. It should be noted that in many cases multiple e-mails were sent to the same office to make sure that the public transit program directors were aware of the survey and that the appropriate person completed the survey.

The e-mail message contained a description of the project, goals for the project, and a hyperlink to the survey form, hosted by SurveyMonkey.com. A response within 2 weeks was requested. After that period a reminder e-mail was sent to those who had not responded. Subsequently, phone calls were made to non-respondents, with an offer to make any necessary accommodations to facilitate the data-gathering effort.

The survey responses were obtained using the survey-development tool and compiled in a large master spreadsheet from which data were extracted for analysis. In total, 39 states provided some form of survey response, although the degree of survey participation varied from only providing contact information to providing a response to most of the questions.

TELEPHONE INTERVIEWS

Finally, as part of Task 25, the study team developed a list of interview questions to be sure that every state had a chance to comment on the issues about the likelihood of continuing rural intercity bus projects if the Section 5311(f) set-aside were to be eliminated. Contacting states to request an interview (subsequent to the Internet survey and follow-up calls to non-respondents) also served as a last chance to collect information about the state programs. This round of interviews also had a specific focus on the issues identified in the scope for Task 25. Each state was contacted by telephone. In all, 29 states participated in the telephone interview.

STATE RESPONSES RECEIVED

Table 3-1 indicates which states responded to the survey and which states were interviewed.

Following the telephone interviews, the overall combined survey/response rate had risen to 45 states, although there was considerable variation among the states in terms of the amount of information provided.

It is possible that some state program staff felt that they had already responded because of recent contact with the study team related to the TCRP B-37 project, though efforts were made to clarify the difference in the initial e-mail contacts. In addition, during the follow-up interviews described below, many of the states indicated that they were overwhelmed with reporting requirements under American Recovery and Reinvestment Act (ARRA) and their limited staff resources to address such information requests were not able to respond to the first web-based survey form we administered.

SUPPLEMENTAL DATA SOURCES

To supplement the survey and telephone interviews, additional information was gathered through Internet research, and any relevant program information provided by the state DOT staff following the survey and/or interview.

Other supplemental sources that informed the findings and recommendations presented in this report included research conducted under TCRP Project B-37, Rural National Transit Database data on intercity bus, FTA (with specific sources cited where relevant), and research team knowledge of state programs through state-level intercity bus research and planning projects.

Table 3-1 State participation in survey and interview efforts.

State	Responded to Web-Based Survey	Interviewed by Telephone	Participated in Either or Both
AL	x	x	x
AR	x	x	x
AZ	x	x	x
CA	x	x	x
CO	x	x	x
CT	x	x	x
DE	x		x
FL		x	x
GA	x		x
HI		x	x
IA	x		x
ID	x	x	x
IL	x		x
IN	x	x	x
KS	x		x
KY		x	x
LA		x	x
MA	x	x	x
MD			
ME			
MI	x	x	x
MN	x	x	x
MO	x		x
MS	x	x	x
MT	x		x
ND	x		x
NE	x		x
NH	x	x	x
NJ	x		x
NM	x	x	x
NV	x	x	x
NY	x		x
OH	x		x
OK	x		x
OR	x	x	x
PA	x		x
RI		x	x
SC	x		x
SD	x	x	x
TN	x	x	x
TX	x	x	x
UT	x		x
VA	x	x	x
WA	x	x	x
WI	x	x	x
WV	x	x	x
WY	x	x	x
Total:	40	29	45

DATA COMPILATION

The data from the surveys, the scan of state program web information, and the telephone interview data were all compiled into master matrices, and written information such as program guidance, grant applications, or any studies or plans was filed (electronic if down-loadable and paper copies as well). All of this information has been utilized in the subsequent sections of this report. For each study area, there is a table or series of tables that includes the survey responses.

CHAPTER 4 EXISTING CONDITIONS: INTERCITY SERVICES IDENTIFIED BY STATES STATE RESPONSES TO THE SURVEY

This chapter summarizes the survey responses related to the state agency's knowledge of the existing condition of intercity bus services. This part of the survey inquired about the existing intercity bus services, major origins and destinations, connectivity (major hubs), the impact of the national intercity bus services restructuring, gaps in the network, condition of terminal facilities (including both private and intermodal facilities), and significant changes to the intercity bus network in the state since 2005. First, events leading up to 2005 that impacted rural intercity bus services on a national level are summarized.

Background on Existing Conditions

The response of the state program managers to the Section 5311(f) program is to some degree conditioned by their perception of the overall condition of intercity bus service in their states, particularly the rural services. The survey included questions about their view of the service that is provided in their state, and changes in that service that potentially affect the programmatic responses.

However, it is important to consider these responses in light of a longer history of change in the level and coverage of rural intercity bus service, and the state transit program responses. Rural services were already in decline when the federal bus deregulation, the Bus Regulatory Reform Act (BRRA), was enacted in 1982. Rural public transportation programs involving federal funds were a recent development at that point in time, as the Federal Highway Administration's Section 147 rural public demonstration program had only recently become the Section 18

program of rural public transportation assistance. The BRRA resulted in the loss of service to approximately 1,500 communities in the first year following enactment, with additional service reductions in subsequent years. It was estimated that the number of points served declined from 11,820 in 1987 to 3,690 by November 1991.³ Most of these places losing service were small towns and rural communities. Several states already had intercity bus programs that were state funded to address these issues. Michigan, Pennsylvania, Massachusetts, New York, and Wisconsin developed programs during this period. The rural transit program, Section 18, could be used for intercity bus service if a state elected to use it for that purpose, and some did or attempted to—Wisconsin and North Carolina are two examples.

A broader response to the loss of rural service came in a demonstration project jointly developed by Greyhound and the Community Transportation Association of America (CTAA). This project, the Rural Connection program, was designed to provide technical assistance, marketing materials, and service coordination to enable rural transit operators to link unserved rural points to the national intercity bus network. These services were distinctively branded and marketed through the national intercity bus information systems (including the national timetable book, *Russell's Official National Motorcoach Guide*, and Greyhound's telephone and schedule information systems). Many offered joint ticketing as well. Other intercity carriers, such as Jefferson Lines, also participated.

Services began in 1989, and by 1990 there were 74 rural operators providing rural connection linkages. Although the marketing demonstration and evaluation was funded by the federal transit program, then called the Urban Mass Transportation Administration, the rural operators provided the operating and capital funds for the services themselves. Many rural operators had hoped that these services would generate sufficient revenues to pay the incremental costs of the service, but in general they needed subsidizing just like other rural transit service, and there was no dedicated or set-aside source of federal funds for such services.

The Rural Connection was still developing when events intervened. Greyhound Lines faced a national

³United States General Accounting Office, *Availability of Intercity Bus Service Continues to Decline*, June 1992, pp. 19–20.

strike. Although management made efforts to operate replacement service during the strike, schedules were disrupted, revenues declined, and bus package express customers shifted to other providers. The firm faced financial problems and filed for Chapter 11 bankruptcy in 1990. When it emerged from bankruptcy protection in 1993, Greyhound did not resume all services, and again rural service declined.

These events coincided with the passage of ISTEA, a new federal transportation reauthorization bill. This legislation expanded funding for the rural public transportation program, Section 18, and it included a new program, Section 18i, to provide assistance for rural intercity bus services. Initially 5% of a state's Section 18 formula allocation was set aside for rural intercity bus service, with 10% in a second year, and 15% each year after that. A state could certify to the FTA that there were no unmet rural intercity needs, and then roll the intercity portion into the overall Section 18 program. Subsequently this program was codified as the Section 5311(f) program of rural intercity bus assistance, which is in place today.

Although a source of federal funding was now in place to allow states to maintain or replace lost intercity bus service, reduction of rural intercity bus service by the major regular-route carriers continued. During the period following the Greyhound bankruptcy in 1990, many of Greyhound's regional interline partners reduced scheduled services. Greyhound itself began to apply for Section 5311(f) funding in many states, and by 2003 a number of routes were operated with this funding. Because the Section 5311(f) operating funding requires a local match equal to 50% of the net operating deficit, a private carrier using the operating program continues to face a loss even on subsidized routes. A major carrier might accept this loss if the combination of subsidy, fares, and revenue from passengers routed onto the network covered the variable costs of the service. However, for many smaller regional firms, the potential benefits of a rural route in terms of feeding traffic to the rest of the system are minimal, and so they did not take advantage of the Section 5311(f) program for operating assistance.

Greyhound's corporate parent, Laidlaw, Inc., entered bankruptcy in 2001, emerging in June of 2003. A new executive management team took over with a goal of re-establishing profitability. Beginning in 2004, the entire network was restructured, region by region, over a 2 year period. The new Greyhound

managers dropped most of the Section 5311(f) funded service that was being operated, and virtually every state lost some service—and some states lost a great deal. Nearly a thousand service points were eliminated during this period, and remaining services were often restructured to provide more express service between larger population centers. Although Greyhound still provides service to over 1,700 points, there are many fewer non-urbanized stops than formerly, and most remaining services utilize the interstate routes and so are more remote from small communities and rural areas that are not adjacent to the interstate highway network.

Greyhound's policy on Section 5311(f) and rural services changed as a result, with a corporate emphasis on encouraging states to fund rural transit operators to provide feeder service to the Greyhound routes. Greyhound and the other bus carriers worked through the National Bus Traffic Association (NBTA) to develop systems to allow rural public carriers to sell interline tickets and have schedules quoted by the intercity carriers.

Significantly, the major barrier of local operating match for the rural intercity carriers was addressed by the new FTA Pilot Project funding, allowing project definitions to include both the subsidized and unsubsidized segments, with the in-kind value of the capital used on the unsubsidized service used as operating match. This generally allows the federal share to cover all the net operating costs of the subsidized segment.

This most recent round of industry restructuring was identified by a number of state program managers as the most significant change in intercity bus services. In some states the most significant recent change was identified as the implementation of new or replacement rural intercity services, which is perhaps the more positive way of looking at the impacts of the restructuring.

State Program Understanding of Existing Conditions

The following sections and tables present state responses to the questions about existing conditions, including key connection points, major corridors, and changes in service. Of note is the fact that many state program managers (particularly those in states with ongoing intercity bus programs or who have recently completed studies) are able to provide information about key stops, service providers, and changes in service, as can be seen in the tables. States that are not

shown at all in the tables did not respond to these questions, and in some cases the answers may reflect a misunderstanding of the question. Some answers suggest that the state respondent is referring only to Section 5311(f) funded services—for example in Illinois, which reports only Section 5311 operators as major intercity bus operators. Of more concern are cases in which a state has intercity bus service, but the state program staff is apparently unaware—for example, there was one state that reported having no intercity bus service, despite the fact that there was service at that time provided by four different intercity operators.

KEY INTERCITY OPERATORS

Table 4-1 presents the responses to the question, “Who are the key intercity operators in your state?” Most states identified a variety of key intercity operators, including national carriers, regional carriers, and rural public transit systems. Four states (Delaware, New Jersey, New Mexico, and Oregon) identified themselves as operators, and one state (Indiana) identified no intercity operators.

SERVICE AREAS

Destinations

In response to “What are the major intercity bus origins and destinations? For example, a city, airport, or college” (Table 4-2), most respondents provided specific urbanized areas, small-urban areas, and other destinations.

Major Corridors

In response to “What are the major intercity bus corridors in your state?” (Table 4-3), most states identified the interstate highway system within their state. Several states responded that some services make use of state and U.S. routes to access more rural areas.

FACILITIES

The next set of questions was “What are the major intercity bus terminals? What is their condition?” and “What are the intermodal terminals that the intercity bus service stops at to allow connections to other services?” The responses to both sets of ques-

tions are grouped into a single table (Table 4-4), because for several states the responses to one of these questions referenced the other.

Terminals and Their Condition

A total of 39 states identified major intercity bus facilities. Of these, 32 states indicated the condition of the terminal, with conditions mostly fair or good. One state indicated the condition, but did not identify a particular facility.

Intermodal Terminals

A total of 33 states identified at least one facility or city that contains an intermodal facility.

RECENT CHANGES IN THE NETWORK

Table 4-5 provides the responses to “Have there been any *significant changes* to the intercity bus network in your state since 2005? If ‘Yes,’ please describe.” Eighteen states indicated that there has been no change in their intercity bus network. The 22 states that indicated that there has been a change in the network provided some description. Of these, 11 specifically identified the national carrier reduction in service as impacting the network. One state initiated a program to support services in specific corridors, and one state was able to use other federal funds to support services.

The tables in this chapter generally reveal that many state program staff do have a perspective on the intercity services in their state, and many are aware of the impact of industry restructuring. Of the 44 states that responded to some or all of these questions, 20 responded that there had been significant changes in the intercity bus network in that state since 2005. Twelve states reported loss of Greyhound service during this period, focusing on the loss of service to most rural places. Nine states reported new or replacement services, and two reported adoption of intercity bus network program policies as significant developments.

Chapter 5 presents additional information about the national intercity bus network that is not derived from the survey of state programs, but is included to provide a comprehensive basis for consideration of the current status of intercity bus services, including service changes and industry trends over the past several years.

Table 4-1 Key intercity operators.

State	Who are the key intercity operators in your state? (Open-Ended Response)
AL	Greyhound, Trailways
AR	Greyhound, Jefferson Lines, Kerrville
AZ	Navajo Transit System, RPTA/Valley Metro, Pima County Tucson, City of Maricopa, The Hopi Tribe, City of Show Low, City of Douglas
CA	Public Governmental Agencies, Tribal Governments funded under the S.5311(f) program, Greyhound Lines, Orange Belt
CO	Burlington Trailways, Black Hills Stage Lines, Greyhound, Americanos
CT	Peter Pan Bus Lines and Greyhound Lines, Inc.
DE	Delaware Transit Corporation
GA	Greyhound Lines, Inc. and Southeastern Stages, Inc.
IA	Greyhound Lines, Jefferson Lines, Burlington Trailways, Royal Charters
ID	Northwest Stage Lines and Salt Lake Express
IL	Section 5311 rural transit providers
IN	There are no intercity operators in Indiana
KS	Greyhound, Jefferson Lines, OCCK
MA	Peter Pan Bus Lines, Inc. and Plymouth & Brockton Street Railway Company
MI	Indian Trails, Greyhound, Megabus
MN	Jefferson Lines and Greyhound Lines
MO	Greyhound, Jefferson Lines, Burlington Trailways, Megabus
MS	Greyhound and Delta Bus Lines
MT	Greyhound Lines, Inc.; Rimrock Stages/Trailways; Amtrak; Salt Lake Express; Jefferson Lines; Black Hills Stage Lines
ND	Jefferson, Rimrock Stage, Newtown & Standing Rock
NE	Dashabout Shuttle, K&S Express, Blue Rivers AAA, Arrow Stage Lines, Burlington Trailways
NH	C&J, Concord Coach, Dartmouth Coach, Boston Express (S.5307 recipient)
NJ	NJ TRANSIT, TransBridge, Greyhound, Shortline-Coach USA
NM	NMDOT Park and Ride, Navajo, TNMO
NV	Northern Nevada Transit Coalition, Southern Nevada Transit Coalition, Churchill Area Regional Transit
NY	Adirondack, Pine Hill-Kingston, New York, Capitol, Fullington & Lake Front Trailways, Greyhound, Coach USA, Megabus, and First Transit
OH	Greyhound, Megabus and Lakefront Trailways
OR	Greyhound, ODOT, Valley Retriever, Central Oregon Breeze, Porter Stage, Estrella Blanca, Curry County Transit, Tillamook County Transportation District, Columbia County Transit, Sunset-Empire Transit
PA	Greyhound, Capitol Bus Company, Carl R. Bieber, Inc., Fullington Auto Bus Co., Susquehanna Transit Co., Myers Coach Lines
RI	Greyhound, Peter Pan, and Fung Wah
SC	Southeastern Stages, Greyhound & Lancaster tours
TN	Private Interline Bus Companies and Smaller Private Transportation Companies and Public Rural Transit Operators
TX	Greyhound Lines, Kerrville Bus (CUSA), All Aboard America, Americanos USA, and Valley Transit
UT	Greyhound provides the majority of service connecting to the nationwide network. There are a number of smaller operators who also play a key role in connecting rural areas to the urban Wasatch Front.
VA	Greyhound Bus Lines
WA	Greyhound, Northwestern Trailways, Olympic Bus Lines, Travel Washington Apple Line, Travel Washington Dungeness Line, Travel Washington Grape Line, Wheatland Express, Bellair, MTR, Cantrail
WI	Lamers, Jefferson, Van Galder/Coach USA, Badger Bus, Megabus, Indian Trails, Greyhound, Wisconsin Coach Lines/Coach USA
WV	Greyhound and Lakefront Lines (Trailways) and Mountain Line Transit Authority
WY	Black Hills Stage Lines

Table 4-2 Destinations.

State	What are the major intercity bus origins and destinations? For example, a city, airport, or college. (Open-Ended Response)
AL	Mobile, Montgomery, Birmingham, Tuscaloosa, Huntsville
AR	Pine Bluff, Little Rock, Fort Smith, Texarkana
AZ	To Phoenix airport, malls, college, To City of Sierra Vista, Mall, medical, college, To Tucson, To Flagstaff
CA	Usually an urbanized area with stops at National Bus System Terminals (i.e. Greyhound), some airports, medical and shopping facilities
CO	Denver metro, Colorado Springs, Pueblo, Fort Collins (college), Greeley (college), Gunnison (college)
CT	New York, NY, Boston, MA, and Providence, RI
DE	Wilmington, Newark, Christiana Mall, Concord Mall, Amtrak Station, Walmart, Rehoboth, Dover
GA	City to City
IA	Des Moines, Ames, Iowa City, Cedar Falls
ID	CDA, Moscow, Lewiston, Boise, Twin Falls, Pocatello, Idaho Falls
IL	Springfield, Peoria, Champaign, Rockford, Bloomington, Chicago
IN	None
KS	Cross-state routes include Kansas City Metro, Lawrence, Topeka, Salina, Hays, Wichita, Southeast Kansas
MA	Boston, Springfield, Hyannis, Logan Airport, New York City
MI	Grand Rapids to St. Ignace (city to city), Lansing to Boyne Falls (city to city), Bay City to St Ignace (city to city), St. Ignace to Ironwood (city to city), Calumet to Milwaukee (city to city)
MN	The Cities of Minneapolis, Saint Paul, Duluth, and Saint Cloud. In Duluth the service also includes two colleges, in Saint Cloud one college.
MO	Kansas City, St. Louis
MS	Urbanized areas (Jackson, Hattiesburg, Gulfport) and County seats (e.g., Greenville, Vicksburg, Brookhaven, Meridian)
MT	Billings, Missoula, Great Falls, Butte
ND	Cities
NE	McCook, Norfolk, Omaha, Lincoln, Columbus
NH	Destination: Boston (South Station and Logan Airport), Origins: Portsmouth, Concord, Manchester, Nashua
NJ	Atlantic City, Philadelphia, New York City, Newark
NM	Santa Fe government center
NV	Employment, Medical, Senior Services
NY	Buffalo, Rochester, Syracuse, Utica, Albany, Plattsburgh, Binghamton, Ithaca, Kingston, New York City
OH	Urban: Columbus, Cleveland, Cincinnati, Toledo; Rural: Athens, Marion, Zanesville
OR	Ontario, Bend, Medford, Grants Pass, PDX (airport), Eugene, Salem, Portland, Oregon Coast
PA	Harrisburg-State College, Harrisburg-Pittsburgh, Reading-Philadelphia, Pottsville-Philadelphia, Williamsport-Philadelphia
RI	Origins Providence and Newport Destinations Boston City and Logan Airport and New York
SC	Charleston, Columbia, Florence, and Greenville
TN	Jackson, Nashville, Chattanooga and Johnson City; Nashville International Airport, Middle Tennessee State University and Austin Peay College, Nashville, Ethridge, Johnson City and Chattanooga Greyhound bus depots, and Murfreesboro and Nashville Veterans Hospital; and various other destinations in which Greyhound and Urban Transit Carriers can transport them
TX	Major cities
UT	Not certain. A study is currently being conducted to identify this.
VA	Norfolk, Roanoke, Richmond
WA	Seattle, Olympia, Port Angeles, Port Townsend, Edmonds, Pasco, Walla Walla, Ellensburg, Wenatchee, Omak, SeaTac International Airport, Walla Walla College, Whitman College, Walla Walla Airport, Tri-Cities Airport
WI	Stevens Point; Milwaukee, O'Hare Airport-Chicago, Mitchell Airport-Milwaukee, University of Wisconsin-Madison, Madison, Minneapolis/St Paul, Green Bay, La Crosse, Wausau, Eau Claire, Janesville, Beloit, Sheboygan, Appleton, Oshkosh
WV	West Virginia University - Morgantown; Pittsburgh, PA - Greyhound and Pittsburgh International Airport; City of Charleston; City of Clarksburg; City of Fairmont; City of Huntington; City of Beckley; City of Bluefield; City of Wheeling; and, City of Parkersburg
WY	Billings, Montana to Cheyenne, Wyoming

Table 4-3 Major corridors.

State	What are the major intercity bus corridors in your state? (Open-Ended Response)
AL	I-65, US-231, US-331, US-431
AR	I-30, I-40, US-71
AZ	State Route (SR)-90, SR- 60, SR- 77, SR-85, SR-86, and I-40
CA	National Bus System (i.e. Greyhound) uses major Interstates or U.S. Highways, such as US-101, I-5, some agencies funded under the S.5311(f) program also use these routes, i.e. US-395, SR-14, SR-199, SR-299, etc.
CO	I-25, I-70, I-76 (Denver to Omaha), US-50 and US-285, US-550
CT	Hartford, CT to/from New York, NY
DE	Market Street, Kirkwood Hwy, US-13 Dupont Hwy, I-95, Philadelphia Pike, Concord Pike, DE-24, US-40 - Pulaski Hwy
GA	I-75, I-16, I-85, I-20
IA	I-80, I-35, I-29, I-380, Avenue of the Saints
ID	Between locations in #2
IL	Interstates I-80, I-88, I-55, I-57
IN	None
KS	I-70, I-35
MA	Provincetown and Hyannis to Boston; Springfield and Worcester to Boston
MI	Detroit to Benton Harbor, Detroit to Grand Rapids, Grand Rapids to St. Ignace, Grand Rapids to St. Ignace (city to city), Lansing to Boyne Falls (city to city), Bay City to St. Ignace (city to city), St. Ignace to Ironwood (city to city), Calumet to Milwaukee (city to city)
MN	I-35 Twin Cities to Duluth, I-35 Twin Cities to Iowa, I-94 Twin Cities to Fargo ND
MO	I-70, I-44, I-55
MS	Interstates: 55, 20, 59, and 10. State Routes: 49, 61, 78, 45, and 845
MT	I-90, I-94, I-15, US-310
ND	I-94, I-29, US-83, US-2, ND-1806
NE	I-80, US-6 & US-34, US-30
NH	I-95 & I-93
NJ	Philadelphia to NYC, Philadelphia to Atlantic City, eastern PA to NYC
NM	I-25, I-40
NV	I-80, US-50, Mesquite Blvd, Laughlin Blvd.
NY	NYC to Montreal, NYC to Buffalo/Toronto, Albany to Buffalo
OH	I-71, I-70, I-75, I-90 & US Rts. 23/33
OR	Hwy 101, I-5, Hwy 97, I-84, Hwy 20
PA	Harrisburg, Pittsburgh, State College, Philadelphia, Allentown, Reading
RI	I-95 is the major corridor
SC	Greenville to Columbia and Columbia to Charleston
TN	Western, Middle and Eastern Regions
TX	Dallas/Ft Worth to Austin, Houston, El Paso, and San Antonio
UT	I-15, I-80, I-70, I-84, US-6
VA	I-95 and the southern part of I-81
WA	US-101, I-5, I-90, US-97, US-12, US-195, SR-270
WI	I-94, I-90, I-43, US-41, US-29, I-39
WV	Clarksburg-Fairmont-Morgantown, WV-Waynesburg-Pittsburgh, PA; Huntington-Charleston-Beckley-Bluefield, WV; Parkersburg-Charleston, WV; and, Wheeling-Pittsburgh, PA
WY	I-25 and Highway 20

Table 4-4 Intercity and intermodal facilities.

State	What are the major intercity bus terminals? What is their condition? (Open-Ended Response)	What are the intermodal terminals that the intercity bus service stops at to allow connections to other services? (Open-Ended Response)
AL	Greyhound	None of record at this time
AR	North Little Rock, a 1956 building	None
AZ	None	Phx Central Station, Tucson Bus Terminal
CA	Greyhound Lines maintains terminals in most major cities in California. Their condition is unknown to Caltrans, as we are not the operator/owner of these facilities.	These may vary by location, the authority who operates/maintains the facility. Examples may include the City of Lodi, and the City of Oceanside, and the City of Arcata.
CO	Denver Greyhound Station, Colo. Springs, Pueblo, Frisco	Denver Union Station, Frisco, Durango Transit Center (coming soon)
CT	Hartford, CT and New Haven, CT (good)	Hartford, CT, Bridgeport, CT, New Haven, CT
DE	Rodney Square, Amtrak Station, Water Street Transfer Center, Rehoboth Park & Ride all in good condition	Amtrak Station, Fairplay Station, Greyhound
GA	Atlanta - adequate (need new terminal), Macon - good, Savannah - good, Columbus - good, other cities are adequate	Currently intercity bus terminal provides opportunity to transfer to MARTA (Atlanta) and taxi service in other cities
IA	Des Moines, Cedar Rapids, Davenport, Iowa City	Davenport, Iowa City
ID	Only one in Boise and was refurbished within last 10 years	Only one in Idaho Falls
IL	Chicago – Good	
IN	Indianapolis, Evansville, South Bend, Ft. Wayne	South Bend
KS	Wichita, Topeka - unsure of condition	Unsure
MA	South Station, Boston - excellent condition; Hyannis, MA - excellent condition; Springfield, MA - old facility, recent upgrades	South Station, Boston; Hyannis, MA; Springfield, MA; Lowell, MA; New York, NY; Hartford, CT
MI	Detroit, Grand Rapids, Kalamazoo, East Lansing, Pontiac, – (All good to very good); St. Ignace - New (under construction) - Marquette (Good), Cadillac (Fair), Traverse City (Fair), Bay City (Fair)	Detroit, Grand Rapids, Kalamazoo, East Lansing, Flint, Pontiac, St. Ignace
MN	The major terminal in Minnesota is in Downtown Minneapolis. This is the major hub in the Twin Cities, condition is good. There are smaller terminals in Saint Paul, Saint Cloud, Rochester, Burnsville, and Duluth. Condition of the Burnsville terminal is good, the others are fair.	The Twin Cities International Airport
MO	Kansas City - condition unknown, St. Louis - condition unknown	Unknown
MS	Jackson; Gullfport/Biloxi; Meridian. All in very good condition	Same as above
MT	Missoula (excellent), Billings (excellent), Great Falls (good)	Great Falls International Airport
ND	Bismarck (relatively new, good), Fargo (good)	Connect with other intercity & public transit
NE	Omaha, Norfolk, Lincoln - good condition	
NH	New - excellent bus terminals: Concord, North Londonderry, Londonderry, Salem along I-93 and Dover & Portsmouth along NH seacoast I-95 area	Dover, Portsmouth & Concord terminals all connect with local S.5311 or S.5307 providers
NJ	Atlantic City - excellent, Newark –good	Atlantic City, Newark
NM	Las Cruces ok, Albuquerque good, Santa Fe good	Santa Fe South Capitol Station, Albuquerque Alvarado Transportation Center, Las Cruces
NV	In Southern Nevada they work in an old jail. They have a new building currently under construction. Churchill and Northern Nevada occupy space in the Sr. Centers and they have both requested new facilities.	Don't understand question
NY	PABT in NYC (good), Kingston (fair), Albany (fair), Syracuse (excellent), Utica (excellent), Buffalo (good), Rochester (fair), Binghamton (fair)	Same as #4 (previous response)

(continued on next page)

Table 4-4 (Continued)

State	What are the major intercity bus terminals? What is their condition? (Open-Ended Response)	What are the intermodal terminals that the intercity bus service stops at to allow connections to other services? (Open-Ended Response)
OH	All the urban and rural areas listed above. In the rural areas, only Zanesville has a newer facility. Marion's is in bad shape and Athens is out of a community center	Zanesville's terminal was built as an intermodal facility. Athens is a community center. Marion's facility is an old bank where they run the rural regular bus service also that doubles as intercity.
OR	Portland Greyhound Station - good, Portland Amtrak Station - good, Medford Greyhound Station - new, Grants Pass Greyhound Station - good, Eugene Greyhound Station - fair, Eugene Amtrak station, good, Salem Greyhound station - fair, Greyhound Amtrak Station - good, La Grande Station - new	All of above
PA	Altoona, Erie, Pittsburgh, Philadelphia, Reading, Allentown, Lancaster, Williamsport, Hazleton	30th Street Rail Station in Philadelphia, Berks Transportation Center in Reading, Pittsburgh International Airport, Amtrak, Butler Transit Authority in Butler
RI	RIPTA shares its Providence and Newport transit hubs with Peter Pan and Greyhound. These hubs are in good condition.	Providence and Newport
SC	Greenville, Columbia and Charleston	Columbia, Greenville, and Charleston
TN	Fair to Good	Nashville Music City and Johnson City Intermodal Terminals
TX	Dallas/FT Worth, Houston, San Antonio-renovated largely with S.5311(f) funds	Same terminals as in Question 4
UT	Salt Lake City (excellent condition), Ogden (excellent condition), Provo (unknown condition)	Salt Lake City, Ogden
VA	Richmond, VA—it's ok	Fredericksburg, VA
WA	Greyhound Terminal in Seattle: Fair; Gateway Transportation Center in Port Angeles: New; Columbia Station in Wenatchee: Good; Valley Transit Center in Walla Walla: Good; Greyhound Station in Ellensburg: Good	King Street Station, Seattle; Gateway Transportation Center, Port Angeles; Edmonds Station & Ferry Terminal, Edmonds; Kingston Ferry Terminal, Kingston; Columbia Station, Wenatchee; Pasco Intermodal Center, Pasco; Walla Walla Transit Center, Walla Walla
WI	Badger Bus terminal in Madison - poor condition; Milwaukee Intermodal-excellent; Green Bay Greyhound-unsure; La Crosse Transit - under construction, Amtrak Depot in La Crosse - excellent; Janesville - good	Milwaukee Intermodal; Amtrak in La Crosse
WV	Greyhound Bus Terminal, Charleston (owned and operated by the City of Charleston). Condition is good	Downtown Bus Depot owned and operated by the Mountain Line Transit Authority in Morgantown, WV; TTA Center operated by the Tri-State Transit Authority in Huntington, WV; and, Robert C. Byrd Intermodal Center operated by the Ohio Valley Regional Transportation Authority in Wheeling, WV
WY	Cheyenne, Casper . . . good condition	Cheyenne and Casper

Table 4-5 Recent changes in the network.

State	Have there been any <i>significant changes</i> to the intercity bus network in your state since 2005?		
	Yes	No	If "Yes," please describe
AL		No	
AR		No	
AZ		No	
CA	Yes		An Intercity Bus Study was conducted between 2006 and 2008, which offered recommendations for change and improvement to the California S.5311(f) Program. A very significant change involved the creation of the California Intercity Bus Network.
CO	Yes		Elimination of service on US-50 (Pueblo-Montrose-Grand Junction), addition of service on I-76 (Denver-Omaha), addition of service on US50/285 (Gunnison-Salida-Denver), change in operator of Denver-Cheyenne-Casper (changed from Powder River to Black Hills Stage Lines)
CT		No	
DE		No	
GA		No	
IA	Yes		Greyhound pulled out of most routes - taken over by Jefferson and Trailways; Royal Charters is a new route carrier this year
ID		No	
IL	Yes		Greyhound has closed most of their depots
IN		No	
KS		No	
MA		No	
MI	Yes		The addition of a new route called Straits from East Lansing to Boyne Falls, as well as Greyhound removing service to the rural sections of the state
MN		No	
MO	Yes		Routes have been abandoned
MS	Yes		Network coverage has shrunk
MT	Yes		Greyhound dropped its service from Billings to Minneapolis/St. Paul and Billings to Great Falls
ND	Yes		Addition of a new carrier and route
NE		No	
NH	Yes		Boston Express bus service began in 2008 and added significant service along I-93 corridor to Boston. This was funded out of Congestion Mitigation Air Quality (CMAQ) transferred into S.5307 and was not administered with S.5311(f) funds.
NJ		No	
NM	Yes		Addition of NMDOT Park and Ride intercity Service www.nmparkandride.com
NV		No	
NY	Yes		Addition of Megabus services
OH	Yes		Yes services by Greyhound have been reduced significantly. They no longer stop at any rural stops other than Marion and Zanesville. Mostly urban areas are served.
OR		No	
PA		No	
RI	Yes		Fung Wah began service in Providence in the last 18 months
SC		No	
TN	Yes		In 2006, TDOT conducted a study of intercity bus service in the state in order to make sure that the Governor's Certification was being adequately reported. The study found that there was a reduction in Greyhound intercity bus service prior to 2005, from 52 stops prior to 2005 down to 17 in 2005. These significant service changes by Tennessee's traditional sole intercity bus service provider, Greyhound, created a significant number of gaps in service for rural Tennesseans. The study also found that the majority of rural transit operators did not offer scheduled regular route services and that most agencies operated on a "demand response" basis versus a fixed route basis.
TX		No	
UT	Yes		Greyhound eliminated service in 2005. Several new hybrid airport shuttle/ICB type services have been developed along the US-40 route. Several small operators have tried to pick up old Greyhound routes with varied success.
VA	Yes		Greyhound has reduced services
WA	Yes		Implemented the Travel Washington Intercity Bus network of rural intercity bus service in three corridors throughout the state
WI	Yes		Greyhound made cuts in 2004 and 2006, which impacted intercity bus service statewide. New route established under SAFETLU pilot program to fund service from Minn/St Paul to Eau Claire, Wausau, Green Bay to Milwaukee. Jefferson Lines eliminated route from La Crosse to Madison, serving communities along Hwy 14 in SW Wisconsin. Megabus began service in Wisconsin: Chicago to Minneapolis with stops in Madison and Milwaukee
WV	Yes		The abandonment of the Morgantown, WV-Pittsburgh, PA route by Greyhound and the assumption of the route by Mountain Line Transit Authority
WY	Yes		Change of operators from Powder River to Black Hills

CHAPTER 5 STATUS OF THE NATIONAL NETWORK

This section is intended to provide some additional information regarding the current status of the U.S. intercity bus network, going beyond the state program responses to the survey. Although the state intercity bus program managers did provide some basic information about the intercity bus services in their state, it is useful to provide some overall information on the recent changes to intercity services that may need to be addressed through Section 5311(f) program activities.

RESTRUCTURING OF THE GREYHOUND NETWORK

In terms of change in the national network, the one major change that was most commonly identified by the state program managers was the Greyhound network restructuring that took place in 2004–2005. The decline in travel following the events of 9/11/01 had continued, and Greyhound Lines decided to address changes in demand comprehensively by restructuring their network. This was done on a regional basis over a 2-year period, beginning with the north central region of the country. In general the effort was directed at reducing or eliminating services with low revenue levels and/or high costs.

The first routes to be eliminated were long routes (high costs) serving smaller population centers (low revenues). Another aspect of the restructuring involved a shift of resources (buses and drivers) from more rural services with many stops to more express routes linking large population centers. Most services now operate on the interstate system or similar highways. This was based on previous experience showing that the ridership gains from limited-stop service more than offset the ridership losses on rural routes.

Another aspect of the restructuring was the elimination of most Greyhound Section 5311(f) funded services. Many such routes were dropped with little notice in mid-grant. Greyhound's rationale was that because of the local match requirements, the combination of fare revenue and Section 5311(f) operating assistance did not provide adequate revenue to justify continuing the service. The overall restructuring effort by Greyhound affected virtually every state as service to almost 1,000 points was eliminated.

However, in many states other carriers expanded or initiated service to replace some of the lost Greyhound service, often with support from the state tran-

sit programs using Section 5311(f) funding. In many cases the replacement service was not as comprehensive or as frequent, but coverage was maintained for many of those depending on the service. In many cases the replacement carriers were regional private for-profit intercity bus firms, but in some cases rural transit programs also sought to initiate service that would connect with the remaining intercity bus service or meet rural intercity needs.

During the period following the restructuring, Greyhound did not generally apply for Section 5311(f) funding for its own operations (except for continuing projects in Pennsylvania, Florida, and Texas), but instead focused on working with other intercity bus carriers to facilitate replacement (or new) rural intercity bus routes operated by other firms or transit agencies that would be funded by Section 5311(f) services. This included development of a rural bus program manual detailing the possibilities and requirements for an operator to use Greyhound unsubsidized miles to count as local operating match under the FTA Pilot Project funding method, to sell Greyhound interline tickets, and to connect with Greyhound services in Greyhound facilities (obtain what is called a "terminal license"). The vision is that other regional or rural operators using Section 5311(f) funding can replace the rural service that is uneconomic for Greyhound, and that by offering meaningful connections to the national network, Greyhound (or other national network carriers) can continue to serve rural customers as they travel beyond their immediate region.

Greyhound Lines had been owned by Laidlaw, Inc. (and its successor Laidlaw International, Inc.) since 1999, and in 2007 Laidlaw was purchased by FirstGroup plc of the United Kingdom. Greyhound was included in the purchase, and FirstGroup has made Greyhound into one of the operating units of FirstAmerica, which also includes FirstTransit (transit management contracting) and FirstSchool (contracted schoolbus) services. Greyhound has also been affected by the national economic recession since late 2008, and the firm has continued to monitor service profitability closely, adjusting service levels to maintain profitability. Generally this has meant reducing frequencies rather than eliminating entire routes, although service changes do occur. The firm has made major changes in management and administrative staffing to reduce overhead costs and consolidate functions with other FirstAmerica business units. Some familiar regional carrier names have been eliminated, including Vermont Transit, Carolina

Trailways, and TNM&O. Three Greyhound-owned regional brands remain: Valley Transit (in Texas), Crucero USA, and Autobuses Americanos USA. Through the adjustments in service and administrative costs the firm remained profitable through 2009 and 2010, although profitability did decline.

- Revenue down 13.9%⁴ in calendar 2009 compared to 2008 due to general reduction in travel.
- Revenue miles reduced 11.4% in calendar 2009 (often on least productive services—often rural/small-town, non-interstate routes).
- Profits down, but overall the reduction in costs (staff reduction of 1,845, fewer miles) have kept firm profitable.
- Firm is now investing in new coaches, terminal improvements.

The firm began investing in equipment again after a lapse of several years, with an order for 102 new Prevost coaches in 2009 (most of which have been allocated to the extremely competitive Northeast market), and a major rebuilding project for 250 existing coaches in 2010–2011. The other bright spot for Greyhound has been the growth of Bolt brand services in the Northeast. Greyhound and Peter Pan Trailways are joint owners of this service designed to compete with “Chinatown” buses, Megabus, and numerous independent carriers offering low-fare, express services in the busy Washington-New York-Boston corridor. Bolt uses new buses, with pickups at curbside locations (rather than bus terminals), has low fares, and wi-fi and computer power plugs on-board. Ridership growth has been ahead of expectations for this service. A similar service branded as “NeOn” is also offered between New York City and Toronto.

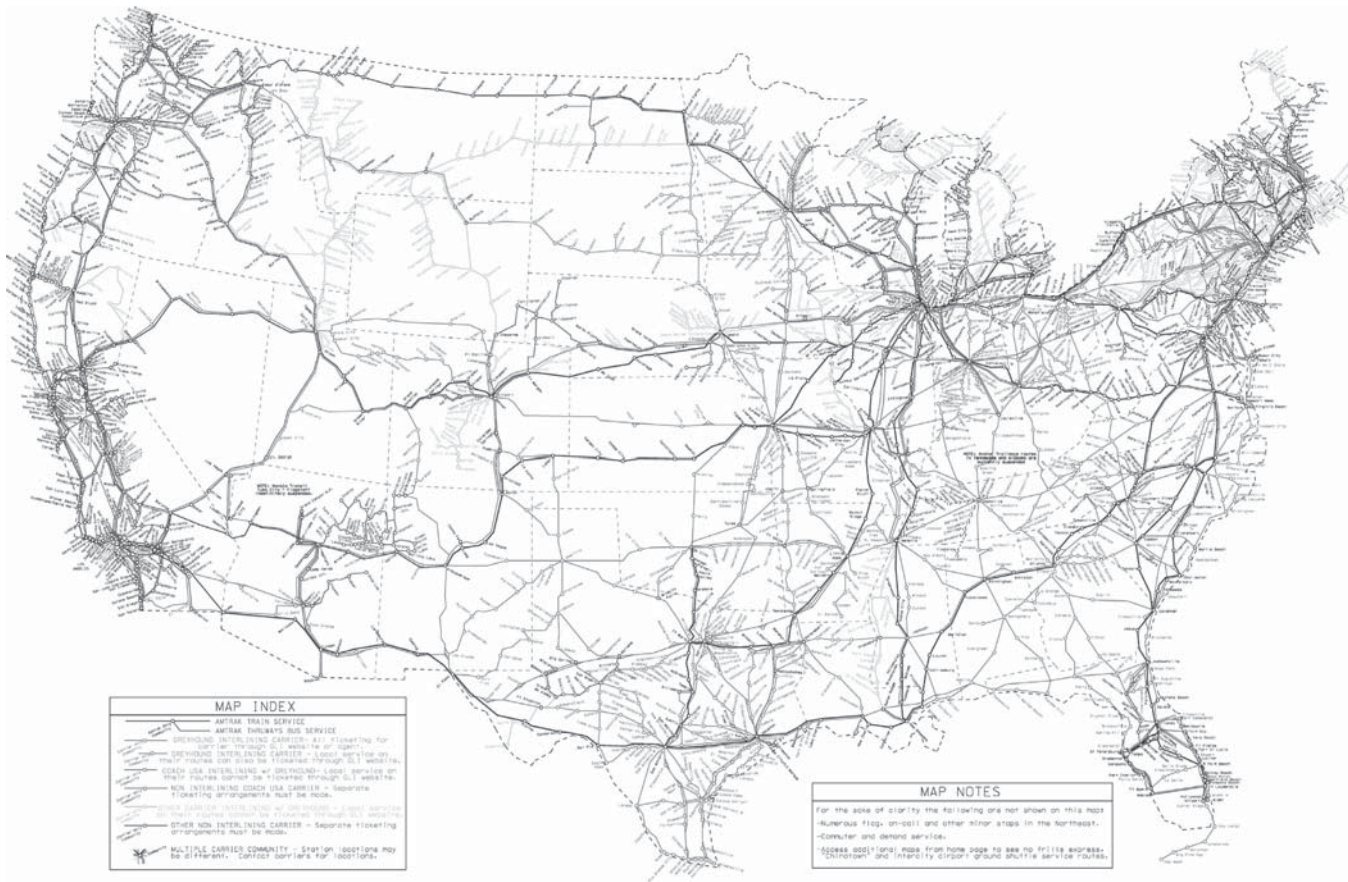
SERVICE REPLACEMENT AND EXPANSION OF RURAL REGULAR-ROUTE SERVICE BY PRIVATE INTERCITY CARRIERS

In the wake of the Greyhound restructuring, a number of regional private intercity carriers have shown increased interest in providing regular-route service, particularly if assisted by states using Section 5311(f) funding. The survey effort for this study has identified many operating projects, which are described elsewhere in the report, but some key examples by carrier include:

⁴*FirstGroup Annual Report and Accounts 2010*, Operating and Financial Review, p. 15.

- Burlington Trailways: Service between Denver, Colorado, and Omaha, Nebraska, supported in part by Colorado Department of Transportation Section 5311(f) capital and administrative funding. Service across Iowa and Illinois supported by Section 5311(f) funding.
- Jefferson Lines: Service on multiple routes in Minnesota, some of which replaced Greyhound service, supported in part by Minnesota Department of Transportation Section 5311(f) funding. Section 5311(f) funding also used to support rural intercity routes in Missouri, Arkansas, and Iowa.
- Northwestern Trailways: Service on multiple routes in Washington, supported in part by Section 5311(f) funding provided through the Washington State Department of Transportation. Service in Idaho supported by the Idaho Department of Transportation using Section 5311(f) funding.
- Salt Lake Express: Expanded service in northern Utah and Idaho.
- Fullington Trailways: Section 5311(f) services in rural Pennsylvania.
- Capital of Alabama: Section 5311(f) funded services in rural Alabama.
- Miller Trailways: Service to thirty points, most in Indiana, provided with Section 5311(f) support from Indiana Department of Transportation. Links also provided to Michigan and Kentucky.
- Black Hills Stage Lines/Arrow Trailways: Section 5311(f) services in Colorado, and service to Wyoming.
- Indian Trails: Section 5311(f) services in northern Michigan and the Upper Peninsula, new unsubsidized Michigan Flyer services to Detroit Metro Airport.
- C & J Trailways: Services in New Hampshire from Dover and Portsmouth to Boston and Logan Airport.
- Concord Trailways/Dartmouth Coach/Boston Express: Expanded services from New Hampshire and Maine to Boston, Logan Airport, and New York City.

This list may not be exhaustive or complete, but the point is that there are a number of private intercity bus operators that have worked with state DOTs to fill gaps left by industry restructuring, and that much of this service serves rural stops meeting the requirements of Section 5311(f). At the same time,



Source: Contiguous United States Intercity Rail and Bus Route Map [Map]. (2010). Retrieved from <http://www.aibra.org/pdf/usmap.pdf>

Figure 5-1 National intercity bus network.

these carriers are members of the National Bus Traffic Association and offer interline tickets and services that integrate these services with the unsubsidized national intercity bus network.

Figure 5-1 provides a map of this national network, as compiled by Michael Buiting at the American Intercity Bus Riders Service Association (AIBRA) website (www.aibra.org/pdf/usmap.pdf). This map is probably the most comprehensive inventory of the routes and stops that make up the national intercity surface network. It includes Greyhound, Amtrak, independent carriers, and airport ground operators providing scheduled intercity service at least 3 days per week. It does not include local, commuter, or demand-response services. It does include both services interlining with Greyhound, and those that do not interline. It is a volunteer effort, but is generally maintained and up-to-date. This map illustrates that there is a continuing national network. Table 5-1 summarizes the number of points served in each state, based on the AIBRA inventory. State-by-state detail is available on the website.

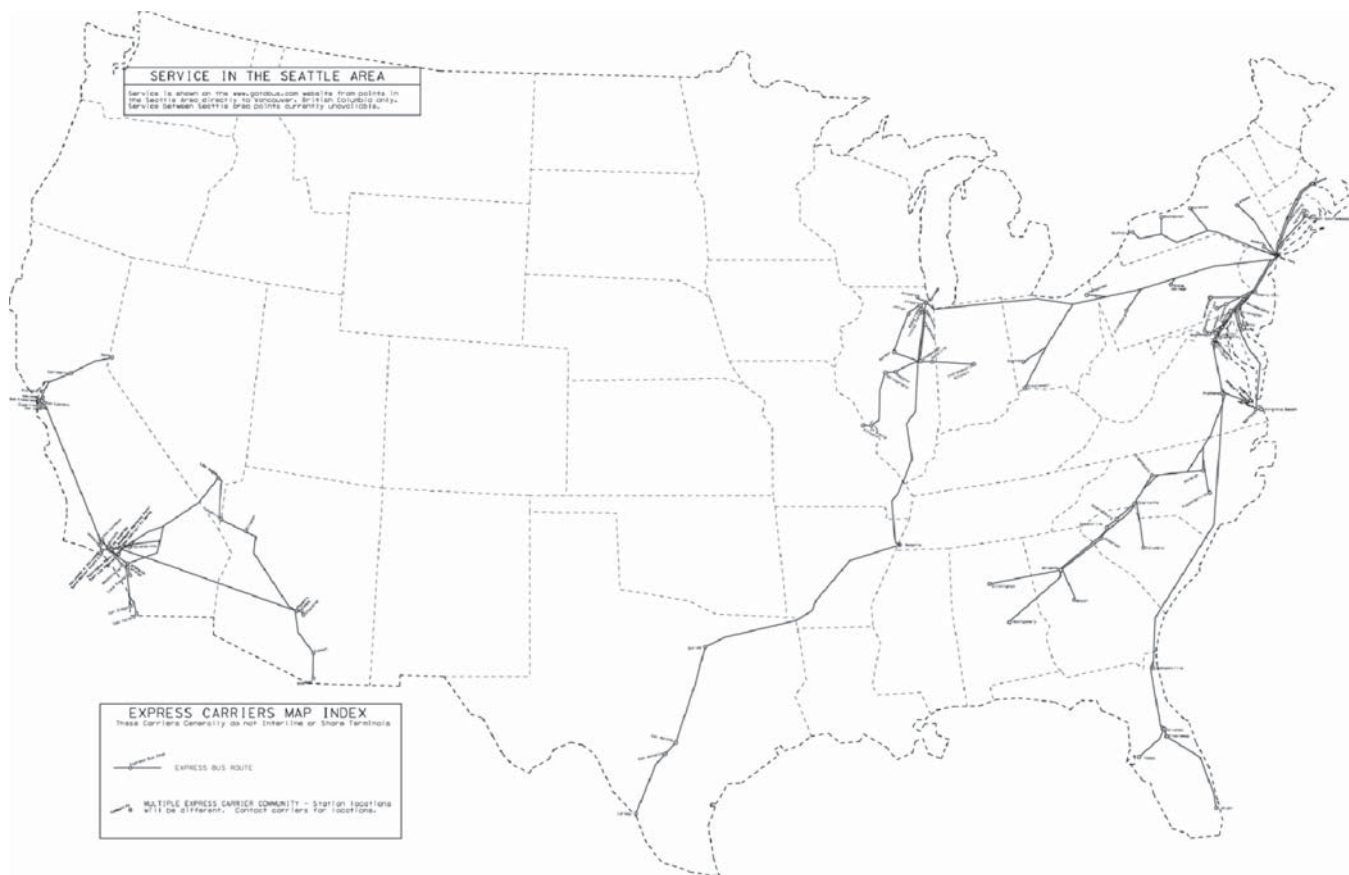
EXPANSION OF REGULAR-ROUTE SERVICE: "CURBSIDE" OPERATORS

While there has been much attention paid in the press to the resurgence of the intercity bus, most of this has been a result of the increase in providers and services in the Northeast providing city-to-city express services between curbside locations near key destinations and other transportation terminals. The service model is based on the so-called "Chinatown" bus services, which originally ran between the Chinatown commercial areas in major Northeastern cities, picking up and dropping off passengers at curbside, with limited stops and very low fares. A map of these services is provided in Figure 5-2.

This service model has now been copied and developed by many carriers, including Bolt Bus and Megabus. These services typically offer lower fares, require reservations made through their websites, and may offer some quality features not normally found on intercity services, such as wi-fi and computer plug-ins, and on-board movies. These

Table 5-1 Number of points served in each state.

State	Total Stops	Stops Served by Amtrak	Stops Served Only by Amtrak
Alabama	18	3	0
Arizona	39	14	2
Arkansas	28	5	2
California	236	155	73
Colorado	56	13	2
Connecticut	32	13	0
Delaware	4	3	0
District of Columbia	1	1	0
Florida	64	29	9
Georgia	41	5	2
Idaho	40	11	5
Illinois	61	35	16
Indiana	45	11	5
Iowa	54	7	1
Kansas	17	6	4
Kentucky	13	5	3
Louisiana	18	9	3
Maine	46	17	3
Maryland	21	10	1
Massachusetts	55	11	2
Michigan	108	46	12
Minnesota	90	8	0
Mississippi	29	10	4
Missouri	43	12	9
Montana	53	12	11
Nebraska	34	5	3
Nevada	11	4	2
New Hampshire	29	14	3
New Jersey	34	12	7
New Mexico	27	10	4
New York	270	29	10
North Carolina	35	17	4
North Dakota	21	7	2
Ohio	36	7	2
Oklahoma	19	5	1
Oregon	64	39	4
Pennsylvania	154	24	13
Rhode Island	6	3	0
South Carolina	23	11	4
South Dakota	19	0	0
Tennessee	36	2	1
Texas	194	23	5
Utah	23	6	1
Vermont	11	11	6
Virginia	35	20	2
Washington	70	32	4
West Virginia	18	10	8
Wisconsin	52	29	2
Wyoming	30	0	0
Total	2,463	771	257



Source: USA No Frills Express Bus Route Map [Map]. (2010). Retrieved from <http://www.aibra.org/pdf/ctownmap.pdf>

Figure 5-2 Curbside operator bus network.

services are not generally a concern of state governments, as they run between the largest urban areas (not eligible for Section 5311(f) funding) and do not desire terminal facilities. Megabus services in the Midwest follow this same service model, and do serve smaller cities, but virtually all of their stops are either university towns or large urbanized areas.

State program managers are generally aware of these services, but have no programmatic reason to be involved with them (except through the consultation process). However, a number of smaller urban areas and even rural places are now served by curbside operators that have expanded well beyond the Northeast, or that have arisen in other regions. As in the development path of the “Chinatown” buses, these operators have focused on particular ethnic groups initially (Hispanic or Asian), but are open to other customers, and provide information and often ticketing on the Internet. They may be difficult to identify or contact regarding

participation in Section 5311(f) program consultation and applications, but over time they may well expand the market, and could potentially affect both the traditional carriers and rural services funded by Section 5311(f) by competing for some of the same customers.

EXPANSION OF RURAL SERVICE: “AIRPORT” OPERATORS

The other growth area for intercity service is less well publicized, and may be of more interest to state transportation program managers. Long-distance airport providers from small towns to major hub airports are the growth sector in rural areas in many places. These operators are starting to be identified in state plan inventories and through the consultation process, and may be both significant providers of rural intercity service connections, and a source of potential providers to meet identified rural needs. Their service model is more varied than the typical

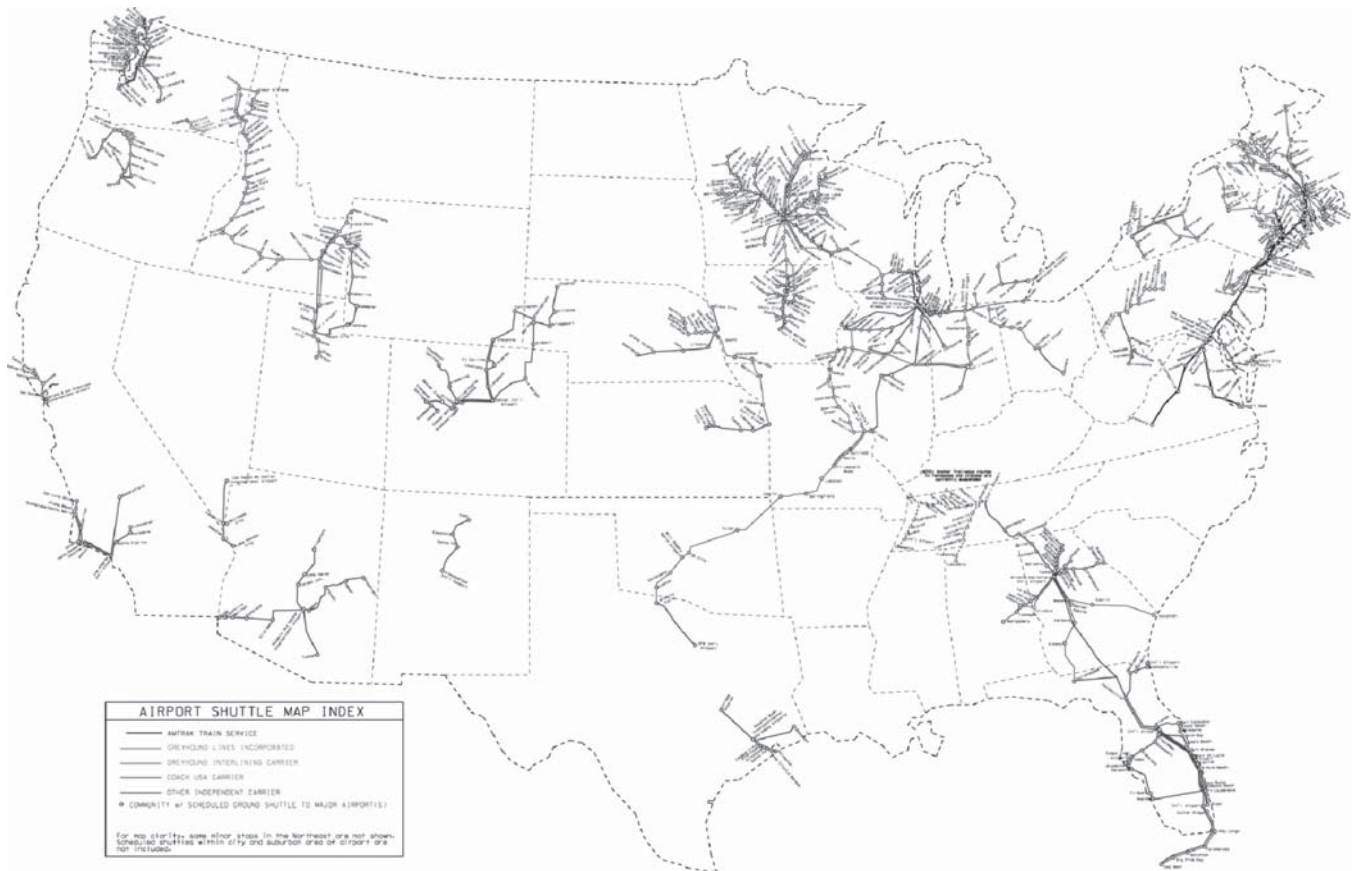
intercity bus model, with the following characteristics. Generally, they:

- Use smaller vehicles;
- Require reservations and do not operate if no passenger trips are scheduled;
- Usually have scheduled stop locations, but also deviate for pickups and dropoffs;
- May offer customers the option of alternative destinations such as major medical centers or campus areas;
- Vary frequencies with demand—services may be less than daily, or hourly 7 days per week;
- Have long routes—perhaps several hours;
- Have higher fares than standard intercity bus (on a per passenger-mile basis);
- Do not interline or connect with the national intercity network, but service large airports; and
- May be carrying more passengers in a corridor than conventional intercity bus services—there is very limited actual data because of operator concerns about competition, and there is no reporting requirement.

Figure 5-3, also from the AIBRA website, provides a partial inventory of some of the major long distance airport providers, focusing on scheduled services. If anything, this map understates the amount of service provided by this sector, because many providers do not meet the threshold of scheduled service used by AIBRA. In addition, these firms are not easily identified through traditional intercity bus information sources. The best source of information is the airport management, as the airports usually require registration of ground transportation providers. Often information about these firms is available on the airport websites, and the authorities may have more data about registered providers available if contacted.

CONCLUSIONS

This brief overview of the status of intercity bus services is intended to provide more context to the assessment of the state responses to the survey, and to provide more information for use in developing



Source: USA Scheduled Intercity Ground Transportation to Airports Map [Map]. (2010). Retrieved from <http://www.aibra.org/pdf/airportmap.pdf>

Figure 5-3 Airport operator bus network.

strategies addressing intercity bus services in rural areas. The key points regarding the current status of intercity bus service include:

- There is still a large national network of intercity services, despite publicity about service reductions.
- The growth of “curbside” services demonstrates that non-traditional intercity bus riders can be attracted to use such services.
- The growth of the “airport” providers demonstrates that non-traditional riders in rural areas and small urban areas can be attracted and served by non-traditional service models.
- The use of Section 5311(f) funding directed at specific needs corridors has allowed rural and small urban connections to be retained and included in the network, filling gaps and feeding the national intercity bus network.
- There are private firms as well as non-profits and public agencies that are interested in working with states and other partners to address service needs.

CHAPTER 6 STATE PROGRAM IMPLEMENTATION STATUS

This chapter discusses states that have implemented Section 5311(f) programs, as well as the certification that states execute, partial or complete, to determine the level of support for the Section 5311(f) program.

STATES THAT HAVE IMPLEMENTED SECTION 5311(F) PROGRAMS

Table 6-1 presents the Section 5311(f) program implementation status for each state based on the survey responses and FTA FY 2007 and FY 2008 program funding information.

Survey Responses

A total of 32 states responded positively to the survey question “Do you have a Section 5311(f) rural intercity bus program?” Six replied negatively, although the research team learned through further investigation in December 2009 that two of these states (Utah and Wisconsin) added Section 5311(f) services to their funding programs. Twelve states did not respond to either the survey or this particular question.

FTA Program Funding Information

In November 2009, FTA’s Office of Program Management provided the research team with FY 2007 and FY 2008 Section 5311(f) funding information for all 50 states. Based on the FTA information, Section 5311(f) program funds were obligated by 40 states in FY 2007 and/or 2008. Nine states did not utilize Section 5311(f) during either of these years. The Section 5311(f) implementation of one state (Hawaii) could not be determined based on the above information, but later information confirmed that the state does not participate in the program.

Reconciling the Information

Discrepancies were identified between state responses regarding program implementation and FTA funding data. These include:

- Delaware, New Hampshire, and New Jersey each indicated having a Section 5311(f) program; FTA data did not indicate Section 5311(f) funding for these states in 2007 or 2008.
- Massachusetts indicated that it does not have a Section 5311(f) program; FTA data indicated Section 5311(f) funding for this state in 2007 and 2008.

It is possible that some or all these discrepancies could be attributable to the timing of funding cycles combined with a state’s change in program status (e.g., the state started or discontinued its Section 5311[f] in 2009). Also, program funds apportioned for a fiscal year must be obligated for intercity bus transportation within the period of availability (3 years), as mentioned in C 9040.1F. In this respect, implementation of services/projects to address identified needs may not necessarily occur when funds are apportioned.

Also, as noted earlier, Utah and Wisconsin both started new Section 5311(f) programs in 2009.

To the best of the research team’s knowledge based on information available as of December 2009, the following states currently have Section 5311(f) programs:

- AK
- AL
- AR
- AZ
- CA
- CO
- DE
- FL
- GA
- IA
- ID
- IL

Table 6-1 Section 5311(f) program implementation by state.*

State	Do you have a S.5311(f) rural intercity bus program?			Per FTA-Indicated FY 2007 and/or 2008 Funding
	Yes	No	No Response	
AK			(1)	Yes
AL	Yes			Yes
AR	Yes			Yes
AZ			(2)	Yes
CA	Yes			Yes
CO	Yes			Yes
CT		No		No
DE	Yes			No
FL			(1)	Yes
GA	Yes			Yes
HI			(1)	(3)
IA	Yes			Yes
ID	Yes			Yes
IL	Yes			Yes
IN	Yes			Yes
KS	Yes			Yes
KY			(1)	Yes
LA			(1)	Yes
MA		No		Yes
MD			(1)	Yes
ME			(1)	Yes
MI	Yes			Yes
MN	Yes			Yes
MO	Yes			Yes
MS	Yes			Yes
MT	Yes			Yes
NC			(1)	Yes
ND	Yes			Yes
NE	Yes			Yes
NH	Yes			No
NJ	Yes			No
NM	Yes			Yes
NV	Yes			(3)
NY	Yes			Yes
OH	Yes			Yes
OK			(1)	Yes
OR	Yes			Yes
PA	Yes			Yes
RI		No		No
SC		No		No
SD			(1)	Yes
TN	Yes			Yes
TX	Yes			Yes
UT	(4)	No (4)		No
VA	Yes			Yes
VT			(1)	Yes
WA	Yes			Yes
WI	(4)	No (4)		Yes
WV	Yes			Yes
WY	Yes			Yes

*Based on the information available as of November 2009.

(1) Did not complete the survey

(2) Did not respond to the question

(3) FTA-provided data was inconclusive

(4) Utah and Wisconsin implemented Section 5311(f) programs after the survey was conducted.

- IN
- KS
- KY
- LA
- MD
- ME
- MI
- MN
- MO
- MS
- MT
- NC
- ND
- NE
- NH
- NJ
- NM
- NV
- NY
- OH
- OK
- OR
- PA
- SD
- TN
- TX
- UT
- VT
- WA
- WI
- WV
- WY

The following states do *not* currently have Section 5311(f) programs:

- CT
- HI
- RI
- SC
- VA

The implementation status of the following states is unknown based on the available data:

- MA

Figure 6-1 illustrates which states are known to have implemented Section 5311(f) programs as of December 2009.

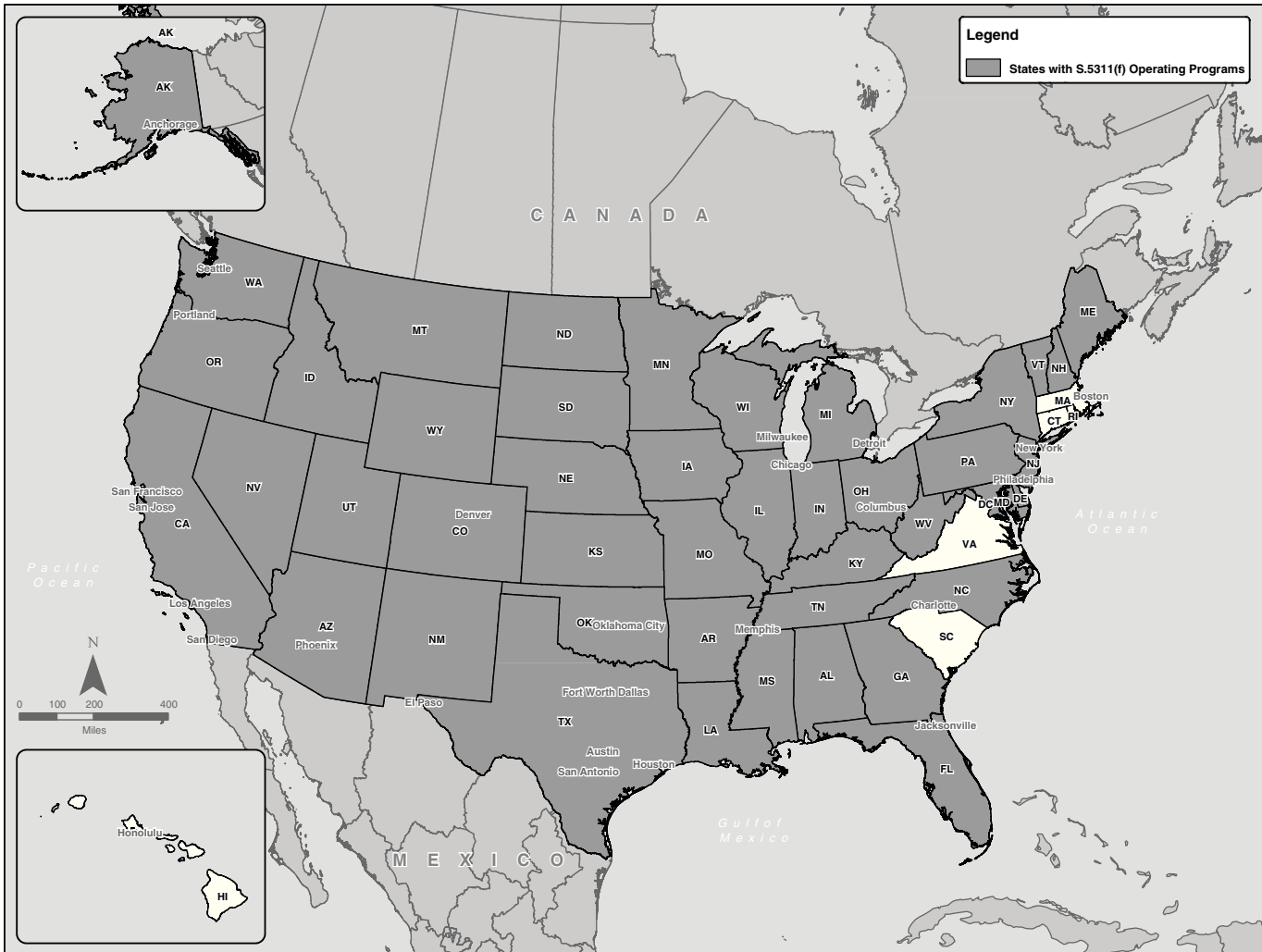


Figure 6-1 States with S.5311(f) operating programs.

State programs include various combinations of operating assistance, capital, and planning, which will be described in the next chapter.

STATES THAT CERTIFY

As described earlier in this digest, states that are not setting aside 15% of their annual Section 5311 apportionment to support intercity bus service are required to certify that all rural intercity bus needs are met. A partial certification is also possible, if the needs utilize less than the full 15%. If the Governor certifies that intercity needs are met, the funding reverts to the overall Section 5311 program for use on other rural transit projects.

Survey Responses

The survey asked states whether or not they had certified in the past 3 years, and if so, whether it was a partial or complete certification and for which years. State responses are presented in Table 6-2.

As shown above, 19 states responded that they have certified in the last 3 years, and 20 states responded that they have not certified in the last 3 years. One of the states which has been certified (Iowa) indicated that they did so only for ARRA funding; the 15% of Section 5311 funding was not reallocated. Eight states indicated that they submitted partial certifications at least once in the past 3 years.

It should be noted that six states indicated in their survey responses that they do not support a Section 5311(f) program, yet of those, only four (RI, SC, UT, WI) stated that they filed for the complete certification requirement and indicated that there is “no unmet need,” and one (CT) stated that they filed for partial certification. One state indicated that they neither support a Section 5311f program nor certify; however, FTA funding data indicate that this state meets the 15% set-aside requirement (i.e., has a Section 5311[f] program).

FTA Certification Information

In addition to funding levels, FTA provided certification status for all 50 states for FY 2007 and FY 2008. Table 6-3 presents the Section 5311(f) funding percentage and resulting requirement for certification according to FTA.

Discrepancies in Certification Information

A number of discrepancies were identified between state responses and FTA certification data as of November 2009, as shown in Table 6-4.

The study team could not reconcile the differences between the survey responses and the data provided by FTA regarding certification status. There are several possible explanations:

- The states were replying regarding current fiscal year certification status, either submitted or anticipated, while the FTA data reflected only FY 2007 or 2008 status; or
- State certification letters had been submitted by the states to the FTA regional offices, but they were not yet reflected in the status report provided by headquarters.

The latter explanation is most likely, as most of the discrepancies consisted of a situation in which the state thought they had certified no unmet need, and FTA was expecting such a certification letter but had not yet received it. Because the states have three fiscal years to obligate funding, they may have waited some time before submitting a certification or partial certification if they have been undertaking the consultation process to determine unmet needs (or the lack of them).

GENERAL CONCLUSIONS

The following observations and conclusions were derived from the research findings regarding state Section 5311(f) program implementation and certification status.

- The certification year and program funding cycle for which certification applies are not necessarily the same.
- Certification may be partial if the need identified requires less than the 15% set-aside.
- The consultation process, needs assessment, and additional Section 5311 program funding are leading more states to initiate intercity bus programs.
- Some states have not obligated or certified. These states could be considering needs assessment, consultation process, and application process results.

Table 6-2 State certification status.

State	In the past three years has your state certified that there are no unmet rural intercity bus needs?		
	Yes	No	If "Yes," was it a partial or complete certification? For which years?
AL	Yes		Every year since program inception until Fiscal Year 2008
AR	Yes		Partial, all 3 years
AZ		No	
CA		No	The State of California has never certified that there are no unmet rural intercity bus needs
CO	Yes		CDOT has done a partial certification in 2005, 2006, 2007, and 2008. We expect to certify for 2009 as well.
CT	Yes		Complete, FFY 2004–2006
DE		No	
GA		No	
IA	Yes		Only for ARRA. The 15% of annual 5311 apportionments has been used for intercity bus.
ID		No	
IL		No	
IN	Yes		Complete certification for 2009, 2008, and 2007
KS	Yes		Complete certification 2006
MA		No	
MI		No	
MN		No	
MO	Yes		Partial, for every year
MS		No	
MT		No	
ND		No	
NE	Yes		Partial - each year
NH	Yes		Complete for past 3 years
NJ	Yes		Complete for FY 2006
NM		No	
NV		No	
NY		No	
OH	Yes		Since the beginning of the Section 5311(f) program Ohio has requested partial certifications every year except for the past two years FFY's 2007 and 2008. Since Ohio's constitution does not allow our state to directly contract with private intercity operators, in the past we have concentrated on planning studies, construction/purchase of intermodal facilities, signage and marketing. Ohio has funded one intercity route for the past 8 years in southeastern Ohio through a Section 5311 rural grantee as the administrator. Ohio is in the process of developing a new program.
OR		No	
PA		No	
RI	Yes		The certifications covered all nonurban areas in the state
SC	Yes		Complete certification
TN		No	
TX	Yes		Yes, 2008
UT	Yes		Complete. Contact us directly for the years.
VA	Yes		Complete
WA		No	
WI	Yes		Complete for 2006, 2007, 2008
WV	Yes		Partial for all 3 years
WY		No	

Table 6-3 Certification status by state, as indicated by FTA in November 2009.

State	FY 2007			FY 2008		
	Letter of Certification Received	Intercity Bus	Percentage	Letter of Certification Required	Intercity Bus	Percentage
AK		\$ 1,155,598	22%	No	\$ 1,516,376	26%
AL		\$ 2,000,000	17%	Yes	\$ -	0%
AR	10/15/2007	\$ 75,950	1%	5/4/2008	\$ 734,066	8%
AZ		\$ 1,225,011	15%	No	\$ 1,472,904	16%
CA		\$ 2,999,801	15%	Yes	\$ -	0%
CO		\$ 113,906	2%	8/14/2008	\$ -	0%
CT	*	\$ -	0%	Yes	\$ -	0%
DE	No	\$ -	0%	Yes	\$ -	0%
FL		\$ 1,802,662	15%	No	\$ 1,939,252	15%
GA		\$ 4,218,693	17%	No	\$ 2,441,514	14%
HI	*	*	*	3/1/2008	\$ -	0%
IA	*	*	*	No	\$ 4,034,414	15%
ID		\$ 769,017	15%	No	\$ 4,034,414	15%
IL		\$ 1,866,807	15%	No	\$ 2,012,064	15%
IN	11/21/2007	\$ 230,200	2%	11/18/2008	\$ 230,200	2%
KS		\$ 1,171,314	15%	Yes	\$ -	0%
KY		\$ 1,689,005	15%	No	\$ 1,823,653	15%
LA		\$ 1,330,028	15%	No	\$ 1,438,090	15%
MA		\$ 458,747	15%	No	\$ 494,974	15%
MD		\$ 590,848	14%	No	\$ 706,450	15%
ME		\$ 716,256	13%	No	\$ 770,793	15%
MI		\$ 2,277,715	15%	Yes	\$ -	0%
MN		\$ 1,676,796	15%	No	\$ 1,808,078	15%
MO	7/2/2007	\$ 265,000	2%	Yes	\$ -	0%
MS		\$ 1,442,895	12%	No	\$ 1,636,764	15%
MT		\$ 990,460	15%	No	\$ 1,068,791	15%
NC		\$ 3,139,603	13%	No	\$ 3,139,603	13%
ND	No	\$ -	0%	No	\$ 707,973	19%
NE		\$ 248,813	4%	Yes	\$ 226,344	4%
NH	No	\$ -	0%	Yes	\$ -	0%
NJ	No	\$ -	0%	Yes	\$ -	0%
NM		\$ 1,114,479	15%	No	\$ 1,397,725	18%
NV		*	*	Yes	\$ -	0%
NY		\$ 2,307,821	15%	Yes		0%
OH		\$ 2,627,939	15%	4/30/2008	\$ 2,608,210	14%
OK	No	\$ -	0%	No	\$ 2,107,768	20%
OR		\$ 1,287,170	15%	No	\$ 1,388,590	15%
PA		\$ 2,661,200	15%	No	\$ 2,869,085	15%
RI	No	\$ -	0%	Yes	\$ -	0%
SC	No	\$ -	0%	Yes	\$ -	0%
SD	No	\$ -	0%	Yes	\$ 370,036	8%
TN		\$ 1,858,350	15%	Yes	\$ -	0%
TX		\$ 2,223,915	7%	No	\$ 4,490,972	14%
UT		\$ 5,000	0%	Yes	\$ -	0%
VA	No	\$ -	0%	Yes	\$ -	0%
VT	No	\$ -	0%	9/5/2008	\$ -	0%
WA	8/29/2007	\$ 1,258,831	15%	Yes	\$ -	0%
WI	5/7/2007	\$ -	0%	Yes	\$ 75,723	1%
WV	2/22/2007	\$ 140,000	2%	6/3/2008	\$ 177,963	3%
WY		\$ 316,947	8%	No	\$ 660,548	15%

*Information incomplete at this time.

Source: Section 5311(f) Program Summary, FTA Office of Program Management.

Table 6-4 Discrepancies in state-reported certification status compared to FTA FY 2007 and FY 2008 data (as of November 2009).

State	Certification Status per Survey Response	Certification Status per FTA Data
AL	Has certified every year since program inception until FY 2008	<ul style="list-style-type: none"> • FY 2007: Certification not required/not received • FY 2008: Certification required/not received
NE	Partial certification each year	<ul style="list-style-type: none"> • FY 2007: Partial certification required/not received • FY 2008: Partial certification required/not received
NH	Complete certification for past three years	<ul style="list-style-type: none"> • FY 2007: Certification required/not received • FY 2008: Certification required/not received
NJ	Complete certification for FY 2006	<ul style="list-style-type: none"> • FY 2007: Certification required/not received • FY 2008: Certification required/not received
RI	Yes, the certifications covered all nonurban areas in the state	<ul style="list-style-type: none"> • FY 2007: Certification required/not received • FY 2008: Certification required/not received
SC	Complete certification	<ul style="list-style-type: none"> • FY 2007: Certification required/not received • FY 2008: Certification required/not received
TX	Yes, 2008	<ul style="list-style-type: none"> • FY 2007: Partial certification required/not received • FY 2008: Certification not required/not received
UT	Complete. Contact us directly for the years.	<ul style="list-style-type: none"> • FY 2007: Certification required/not received • FY 2008: Certification required/not received
VA	Complete	<ul style="list-style-type: none"> • FY 2007: Certification required/not received • FY 2008: Certification required/not received
WA	No certification submitted	<ul style="list-style-type: none"> • FY 2007: Certification received (although the state met the 15% requirement) • FY 2008: Certification required/not received

Source: Section 5311(f) Program Summary, FTA Office of Program Management.

CHAPTER 7 STATE PROGRAM APPROACHES

The second area of the study involved questions about the state intercity bus programs utilizing S.5311(f) funding. This part of the survey was directed at understanding the staffing levels, program goals/policies, evaluation and selection of projects, types of projects supported, and federal requirements passed onto recipients of program funds. As noted earlier in this digest, although states are required to satisfy certain federal requirements, they do have a great deal of flexibility in how they administer their Section 5311(f) programs. The survey responses related to how each state’s program is implemented represent a variety of implementation approaches used by the states.

STAFFING FOR SECTION 5311(F)

In order to get an understanding of the personnel used by state programs, a set of questions about staff levels and associated duties were posed. Table 7-1 presents the responses to questions regarding staffing for each state’s intercity bus program.

Of the 30 states that answered this question, 16 have assigned or dedicated staff for intercity bus. Full-time equivalency for program staff ranged from 0.2 to 2.5 Full-Time Equivalent (FTE). Fourteen responsive

states do not have assigned or dedicated staff for the intercity bus program; S.5311(f) program management is assigned as a component of the duties of other existing staff. Activities of staff include program management, application process, consultation process, grants management, and capital project oversight.

STATE PROGRAM GOALS

States were asked if they have any statement, formal or informal, regarding state goals for their rural intercity programs or for justifying rural intercity projects. The responses are provided in Table 7-2.

A total of 34 states responded to this question. A total of 27 states identified using at least two criteria derived from the federal program goals as state program goals. One of the National Objectives is “to support the connection between non-urbanized areas and the larger regional or national system of intercity bus service.” Typically, projects achieving this objective are realized as operations that fill a gap in the network of intercity bus services as identified by the state, the network likely achieved through a statewide needs assessment. Another National Objective is “to support services to meet the intercity travel needs of residents in non-urbanized areas.” In this regard, services provide linkages between rural and urban areas, and/or respond to regional or local transit needs.

Table 7-1 State S.5311(f) program staff.

State	Do you have staff that are assigned or dedicated to the state's intercity bus program?		How many staff (FTE)? (Open-Ended Response)	What are the duties of each person with respect to the intercity program? (Open-Ended Response)
	Yes	No		
AL		No		
AR		No		
CA	Yes		2	Review on annual basis program guidelines, application forms, application process, scoring/evaluation process. Review and evaluate submitted applications.
CO	Yes		Roughly 0.5 FTE	CDOT has an Intercity Bus planner (me) and a 5311 Grant Coordinator that handles intercity bus billing/reimbursements.
DE		No		
GA	Yes		1/2 FTE	Updating the Section 5311(f) Administrative Guide, reviewing applications, preparing specifications for the intercity bus coach, preparing POs for purchase of buses, inspecting MCI buses upon arrival, maintaining inventory of all 5311(f) MCI buses, reviewing quarterly reports for maintenance and mileage information, overseeing Lease Agreements with the intercity bus providers and overseeing the disposition of aged MCI buses
IA	Yes		.2 FTE	Application process, contracts, making payments
ID		No		
IL	Yes		2.5	Administer the program along with regular 5311 transportation
IN		No		
KS		No		
MI	Yes		1.5 - 1 FTE - and a percentage of the Bureau of Passenger Transportations Supervisor, Manager, Administrator, and Admin Support totaling 1/2 of an FTE	Analyze and oversee intercity bus operations and marketing services related to state-assisted bus routes. Provide technical support to carriers. Process payments for capital and operational programs.
MN	Yes		2 are working on the study update, 1 operates the program.	Planning, conduct study, meet with consultants, ensure report is consistent with RFP. The manager of the program develops application, negotiates with carriers, reviews and approves invoices, monitors performance.
MO		No		
MS		No		
MT	Yes		1	Oversight of funds awarded.

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Table 7-1 (Continued)

State	Do you have staff that are assigned or dedicated to the state's intercity bus program?		How many staff (FTE)? (Open-Ended Response)	What are the duties of each person with respect to the intercity program? (Open-Ended Response)
	Yes	No		
NE	Yes			
NH		No		
NJ		No		
NM	Yes		1	Manages NMDOT Park-and-Ride service
NV		No		
NY	Yes		1 staff, 30%	Program Development, Contract Mgmt, Oversight
OH		No		
PA	Yes		2	Project coordinator manages program, division chief oversees project coordinator
TN	Yes		2	Program Manager—Develop program, administer program and provide technical support and a Compliance Officer—Subrecipient monitoring and technical visits
TX	Yes		1	Program manager for 5307 and 5311
VA		No		
WA	Yes		1	Program Manager provides oversight and review of service provided, meets with contractors, and handles administrative duties including service planning.
WV	Yes		1	Administers entire Section 5311 grant program.
WY		No		

The following is a summary of the criteria used by the states:

- Nineteen states identified “Fill gaps in intercity network” as a program goal.
- Twenty-eight states identified “Provide linkages between rural and urban areas” as one of their program goals.
- Twenty states identified “Respond to regional or local transit needs” among their goals.
- Nine states have a program goal of “Provide for intermodal facilities.”
- Seventeen states identified “Ensure accessibility of intercity bus services” as a program goal.
- Four states indicated “No formal or informal goals” (although two of them also checked other responses).
- Two states indicated they are currently in the process of developing program goals.

Several states indicated other goals, including procuring intercity coaches for intercity carriers, improving accessibility between rural areas, preserving existing rural intercity services, increased visibility of program, increased interconnectivity in grant and contracting processes, General Transit Feed Specification (GTFS) schedule data, National Bus Traffic Associ-

ation (NBTA) interlining, assistance for new feeder routes, increasing public awareness, helping providers to upgrade equipment and facilities.

The survey responses, telephone follow-up, and review of the applications and funded projects suggest that there may be different definitions of “rural intercity” and different interpretations of the goals of the program. Some states have focused the funding on the longest routes provided by rural transit operators (some of which may have replaced traditional intercity services), as opposed to funding the traditional private intercity bus services. Increasingly the FTA focus on the “meaningful connection” with the national intercity network is becoming a program goal or an evaluation factor for the states, reflecting FTA guidance.

EVALUATION AND PROJECT SELECTION

Once staff and program goals are in place, the solicitation and evaluation of potential projects can occur. The follow-up telephone interviews conducted under Task 25 supplemented the initial survey responses to provide a more complete picture of each state’s S.5311(f) application solicitation and project evaluation process.

Table 7-2 State goals for rural intercity programs and projects.

State	Do you have any statement, formal or informal, regarding state goals for your rural intercity program or for rural intercity projects? If so, what are your program goals?						Other responses
	Fill gaps in intercity network.	Provide linkages between rural and urban areas.	Respond to regional or local transit needs.	Provide for intermodal facilities.	Ensure accessibility of intercity bus services.	No formal or informal goals.	
AL		X				X	
AR	X	X			X		
AZ							
CA	X	X	X		X		As a result of the California Rural Intercity Bus Study, March 2008, California revised its program guidelines. These guidelines included the creation of the California Intercity Bus Network, which included specific goals.
CO	X	X	X		X		
GA							State Goals are to procure intercity bus coaches under the Section 6311(f) Program for Greyhound Lines, Inc. and Southeastern Stages, Inc.
IA	X	X	X		X		
ID	X	X	X	X	X		We are currently in the process of developing local, regional, and statewide mobility plans that will address each of these items.
IL	X	X	X	X	X		
IN		X			X		
KS	X	X	X				
MA		X	X				
MI	X	X	X	X	X		
MN		X					
MO	X	X					
MS						X	
MT	X	X	X	X	X		
ND		X	X		X		Improve accessibility between rural areas.
NE		X	X				
NH	X	X			X		
NJ		X	X	X	X		Regarding the question below. It was answered "NO" because those documents are still being prepared at this time.
NM		X	X				Call to discuss
NV	X	X	X	X			
NY	X	X					Preserve existing rural intercity services
OH						X	Again we are currently working on these policies and developing formal goals.
OR	X	X	X	X	X		Prioritize service visibility and interconnectivity in discretionary grant process and contracting process; GTFS data and NBTA interlining are both pluses.
PA	X	X	X	X	X		

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Table 7-2 (Continued)

State	Do you have any statement, formal or informal, regarding state goals for your rural intercity program or for rural intercity projects? If so, what are your program goals?						Other responses
	Fill gaps in intercity network.	Provide linkages between rural and urban areas.	Respond to regional or local transit needs.	Provide for intermodal facilities.	Ensure accessibility of intercity bus services.	No formal or informal goals.	
TN	X	X	X	X	X		The Multimodal Transportation Resources Division is managing a multifaceted 5311(f) program that will: (1) provide support for the existing intercity bus routes that tie Tennessee to the rest of the country, (2) provide assistance for new feeder routes which will give smaller communities not served by the existing routes access to stops along those routes, (3) increase public awareness of the intercity connections which are available through a targeted intercity bus marketing program, and (4) help providers to upgrade equipment and facilities, including adding accessibility features required by the Americans with Disabilities Act of 1990 (ADA).
VA			X				
WA	X	X			X		
WI							
WV	X	X	X				
WY		X	X			X	

Project Solicitation

This section reviews the survey and interview responses on how the connection is made between a state and an eligible applicant interested in participating in the S.5311(f) program. First, the research team established that the states do indeed participate in the S. 5311(f) program. If so, the next step was to identify how the states conduct their solicitation for projects. Does the state use a general grant solicitation process? How does the state administer the related documents? The intent of these questions was to understand how the program is presented to potential applicants—is it part of the general rural transit (5311) application process or is there a separate application process to address intercity transit needs? A particular need can be described as a corridor of interest, or a type of capital investment. With this question, how the state administers the program within the context of the overall DOT policies and objectives was identified. In some cases, states were undertaking a S.5311(f) program review and had no information available on this matter. Table 7-3 pre-

sents how each state solicits requests for S.5311(f) funding.

To summarize, the following responses were collected regarding the type of solicitation/application form used for S.5311(f) funding in each state:

- General Transit Application: 13 states
- General Transit Application with Separate Section for Intercity Bus: 5 states
- Separate Application Form: 19 states
- Request for Proposal: 3 states

The results reveal that states generally use the grant solicitation process. For this set of responses, it is relatively balanced as to how states present program information to potential applicants—a general application or incorporating specific goals/objectives for rural intercity needs. The needs can be represented in the form of maintaining existing services and/or infrastructure, new services, or a type of capital investment. As for processing the proposed projects for S.5311(f), states are split on what application form to use—S.5311 program application or

Table 7-3 S.5311(f) program solicitation/application methodology by state.

State	Administer S.5311(f) ^a	Application Document ^b
AK	yes	general rural transit application - no separate section
AL	yes	separate application for 5311(f)
AR	yes	general rural transit application - no separate section
AZ	yes	general rural transit application - no separate section
CA	yes	separate application for 5311(f)
CO	yes	separate application for 5311(f)
CT	no	none
DE	yes	unknown
FL	yes	separate application for 5311(f)
GA	yes	separate application for 5311(f)
HI	no	none
IA	yes	separate application for 5311(f)
ID	yes	general rural transit application with separate section for rural intercity
IL	yes	unknown
IN	yes	general rural transit application with separate section for rural intercity
KS	yes	separate application for 5311(f)
KY	yes	general rural transit application with separate section for rural intercity
LA	under development	under development
MA	no	general rural transit application - no separate section
MD	yes	separate application of 5311(f)
ME	yes	separate application for 5311(f)
MI	yes	separate application for 5311(f)
MN	yes	separate application for 5311(f)
MO	yes	general rural transit application - no separate section
MS	yes	general rural transit application with separate section for rural intercity
MT	yes	general rural transit application - no separate section
NC	yes	separate application for 5311(f)
ND	yes	general rural transit application - no separate section
NE	yes	general rural transit application - no separate section
NH	yes	separate application for 5311(f)
NJ	yes	separate application for 5311(f)
NM	yes	general rural transit application - no separate section
NV	yes	general rural transit application - no separate section
NY	yes	separate application for 5311(f)
OH	yes	separate application for 5311(f) and request for proposals
OK	unknown	unknown
OR	yes	general rural transit application and request for proposals
PA	yes	separate application for 5311(f)
RI	no	unknown
SC	no	general rural transit application - no separate section
SD	yes	general rural transit application - no separate section
TN	yes	separate application for 5311(f)
TX	yes	"Annual Request for Proposal(s) for Small Urban and Non Urbanized Public Transportation Projects" with section for Intercity Bus proposals.
UT	yes	separate application under development
VA	yes/no ^c	general rural transit application
VT	unknown	unknown

(continued on next page)

Table 7-3 (Continued)

State	Administer S.5311(f) ^a	Application Document ^b
WA	yes	request for proposals
WI	under development	unknown
WV	yes	separate application for S.5311(f)
WY	yes	general rural transit application with separate section for rural intercity

Note:

^a"Administer S.5311(f)"—This column identifies states that administer S.5311(f) programs based on the survey response and/or follow-up interview.

^b"Application Document"—In this column, the method of solicitation and processing is identified: "general rural transit application, no separate section" indicates that there are not separate criteria/priorities for rural intercity projects; the general S.5311 application is used for rural intercity projects.

^cVirginia mentioned that it has fully certified, yet administers a S.5311(f) program.

Source: The follow-up interview effort, the web-based survey from, and review of each state DOT website.

a separate S.5311(f) application. Based on phone discussions, there was no information that revealed a strong preference for either method. Also, there are two states that use program funds to administer and support a Request for Proposal (RFP) process; one of these states administers a general Grant Solicitation process and an RFP process.

Review of several applications suggests that a number of states are using needs studies and/or the consultation process to identify routes or corridors in which service is desired, and then communicating this information to potential applicants. In some cases applications are sought only for services in these corridors or areas; in other cases applications addressing these needs receive priority in the application process, but other services will also be considered. This approach, in which the state directs available funding to meet needs it has identified and prioritized, contrasts with the more typical passive offering of grant programs in which the funding is made available (often on a formula basis) to any eligible applicant for the eligible purposes.

The degree of state direction varies in those cases in which states have used this approach to fill identified service gaps. At one extreme, the State of Washington used its statewide intercity bus plan to identify specific corridors and routes that will be funded. These are identified as part of a statewide intercity bus network, in which the rest of the routes are provided by unsubsidized private carriers. For the identified routes not provided by unsubsidized carriers, the state issues an RFP calling for a particular level of service on a particular route. Responding firms are bidders, and the resulting agreement is a contract to operate the service for the period of the contract. In effect the state is the grant recipient, and the operators are contractors.

In Oregon, an existing program offered S.5311(f) funding to carriers and operators without regard to particular unmet needs. That aspect of the program continues as their "discretionary grant" program. A planning effort conducted by the Oregon DOT identified particular routes needing service that were unserved by any of the existing S.5311(f) carriers or by the unsubsidized market. These specific routes were identified in a separate solicitation, and are contracted in a manner similar to that in Washington. This dual approach allows for local initiative in identifying needs, and then the state directs providers to those areas remaining unserved.

A lower level of state direction is found in other state programs. In California, a statewide study identified priority corridors not receiving service, and applications to provide service in these areas receive extra points in the evaluation process. Colorado has conducted separate grant solicitations for particular corridors where service had been discontinued by unsubsidized private carriers. In each solicitation the corridor was defined in terms of potential routing and stops needing service. These were supported by corridor and statewide intercity bus studies. In Tennessee, priority needs were identified in the guidance for the application, based on studies and input. Alabama DOT funded a university study that identified corridors needing service, and the application was designed to solicit services to build this network. In Minnesota and Maryland intercity bus studies identified particular corridor needs not served by existing services. The Minnesota approach is to continue funding existing S.5311(f) routes as long as they meet a performance threshold (based on fare-box recovery, potentially with a ceiling on the subsidy cost per passenger), and to solicit applications for new service in particular corridors identified in

the needs analysis. In Maryland, a state-sponsored study identified unserved corridors, and the consultation process resulted in adding additional corridors. The application solicits service in those identified corridors, but leaves open the possibility that applicants may apply for funding to meet other needs not known to the state.

Project Evaluation Criteria

Table 7-4 presents the responses to the web-based survey question, “How do you evaluate and select potential projects?” with states indicating between one and five evaluation criteria.

Eight states use evaluation criteria and a committee to select projects. Seven states reported using a committee only. Three states use criteria only. Three states “pre-select” projects.

With regards to evaluating S.5311(f) projects, it is important to note that, if these projects are evaluated in light of operating measures used for other rural transit projects, then intercity bus projects are often at a disadvantage because the trips per mile may be lower than other types of rural services, due to the long distance of this type of service. For this reason, S.5311(f) projects are often evaluated separately from other S.5311 projects.

Project Evaluation Approach

Additional details on the evaluation process were collected through both the web-based survey and the follow-up telephone interviews. This section reviews two aspects of how states evaluate proposed rural intercity projects: (1) whether intercity projects are reviewed separately or together with all other rural transit projects, and (2) what personnel are involved in the review. Table 7-5 presents the state responses to these questions.

To summarize, as related to the first category, the responses are:

All in one rural transit pool:	18 states
Rural Intercity Bus projects reviewed in separate batch:	20 states

States are split on the method for evaluating projects, with no strong preference noted during the phone interviews. States that evaluate all rural transit projects in one pool have an opportunity to compare proposals directly between rural intercity and other rural transit needs. States that use a separate batch for evaluation of rural intercity bus projects have committed to establishing specific rural intercity program

goals and objectives, and set aside program funds to address the rural intercity bus needs.

As for the personnel involved in the evaluation of the projects, there was a mix of responses. The following categories were developed—transit unit staff, interagency (personnel from other state programs), and a group that combines state DOT staff and non-DOT staff. The results include:

Transit Unit Staff:	10
Interagency Committee:	16
DOT Staff and External:	7

For the most part, there was not much deviation in the composition of the personnel involved in evaluating the rural intercity projects. The interagency committee was the largest tally—with other state personnel from other transportation programs involved in the evaluation process.

ELIGIBLE APPLICANTS

In the web-based survey, states were asked, “What types of entities are eligible to receive funds under your Section 5311(f) program?” In this question, the research team wanted to learn if states were taking action in incorporating the FTA’s language supporting funding arrangements with the private for-profit operators. However, the inquiry included a review of all other eligible applicants. The survey responses are provided in Table 7-6.

The responses include:

Public (jurisdiction, agency):	34 states
Private non-profit:	29 states
Private for-profit:	27 states
Tribal:	8 states

The above totals include all responses in which the state can make contract arrangements with the entity directly, or where the entity must file an application through an identified eligible applicant. For the private for-profit category, 15 states acknowledge the private for-profit as an eligible applicant, while seven states allow the private for-profit to access S.5311(f) funds through a third party contract or purchase of service agreement with an eligible applicant. States that do not acknowledge the private for-profit as an eligible applicant mentioned that they prefer not to have arrangements with the private sector directly, and would rather have the private sector cultivate relationships with the local jurisdictions, thereby, in their opinion, establishing a better understanding of the rural transit need. Of course, given this type of service and its inter-jurisdictional nature, it is also understood that the local

Table 7-4 Project evaluation and selection criteria.

State	How do you evaluate and select potential projects? (For example, evaluated by committee, scored using defined criteria, pre-selected by state, etc.)				
	Criteria 1	Criteria 2	Criteria 3	Criteria 4	Criteria 5
AL	Evaluated by committee	Scored using defined criteria			
AR	Reviewed annual application. Evaluated by committee.	Approved based on reasonableness of proposed budget.			
CA	Program definition and national objectives	State emphasis, established guidelines	Evaluated and scored by committee using defined criteria		
CO	Requests for grant funding are scored based on a set of criteria and scored by an Interagency Advisory Committee.	Projects/requests for funding get a final determination by the Transit Unit			
GA	Grant application requirements				
IA	By committee (internal staff)				
IL	Evaluated by committee				
IN	Evaluated by committee				
MA	Pre-Selected by state				
MI	Eligibility under Act 51	Adequacy of service to the elderly and persons with disabilities	Reasonableness of existing and proposed level of service to the general public	Level of coordination between human service agencies and public transportation applicant	Request for Proposal Process (Review both technical and cost and award to the best value)
MN	Evaluated by statewide committee	Preservation of existing service	Marketing	Capital - vehicle rehab, facilities, new vehicles	System expansion
MO	Percentage of fare recovery	Cost per revenue mile	Ridership per revenue mile		
MS	Evaluated by committee				

Table 7-4 (Continued)

State	How do you evaluate and select potential projects? (For example, evaluated by committee, scored using defined criteria, pre-selected by state, etc.)				
	Criteria 1	Criteria 2	Criteria 3	Criteria 4	Criteria 5
MT	By application, evaluated by MDT Transit staff				
ND	Meets S.5311(f) requirements	Provides service within the state	Completes application		
NE	Pre-selected by state				
NH	Evaluated by committee	Application compared to intercity bus goals			
NJ	Will be scored using defined criteria				
NM	Pre-selected by state				
NV	Scored using defined criteria by a committee				
NY	Operating Assistance Allocations based upon three-factor formula				
OH	Currently working on this information				
OR	Need	Impact on larger intercity network	Service visibility	Service connectivity	
PA	Application process				
TN	Competitive Application Process	Scored using defined criteria by Committee and Consultants	Evaluated by Division		
TX	Scored using defined criteria				
VA	Same process we use for any other 5311 project				
WA	Defined criteria from statewide intercity bus study	Demonstrated need from rural communities			
WV	Evaluated by state staff				
WY	Evaluated by committee				

Table 7-5 State approaches to evaluating proposed S.5311(f) projects.

State	Project Evaluation ^a		Evaluated by ^b		
	All Rural Transit Projects	Rural Intercity Bus Projects	Transit Unit Staff	DOT Committee / Interagency	Committee: DOT Staff and External
AK	X			X	
AL		X		X	
AR	X			X	
AZ	X				X
CA		X			X
CO		X			X
FL		X		X	
GA		X		X	
IA		X		X	
ID	X		X		
IL	unknown	unknown		X	
IN	X			X	
KS		X		unknown	
KY	X			X	
MA	X		X		
ME		X		unknown	
MI		X	X		
MN		X			X
MO	X			unknown	
MS	X			X	
MT	X		X		
NC		X			X
ND	X			unknown	
NE	X			unknown	
NH		X		X	
NJ		X		unknown	
NM	X		X		
NV	X				X
NY		X		X	
OH		X	X		
OK	unknown	unknown		unknown	
OR		X			X
PA		X		X	
SC	X			X	
SD	X		X		
TN		X	X		
TX		X		X	
WA		X		X	
WV	X		X		
WY	X		X		

Note:

^a"Project Evaluation"—In this group of columns, the evaluation is identified as either:

- "All Rural Transit Projects"—All applications reviewed against each other, or
- "Rural Intercity Bus Projects"—Only these projects will be reviewed against each other.
- In some cases, states conduct a general solicitation, and once this process is closed, all applications are reviewed; if there are applications that address rural intercity, only then will they be reviewed under "Rural Intercity."

^b"Evaluated by"—In this group of columns, the personnel involved in reviewing the applications are identified as:

- "Transit/Unit Staff"—The application reviewed only within this group
- "Committee-DOT Interagency"—Includes other state DOT staff from other programs/agencies, or
- "Committee: DOT Staff and External"—State DOT staff and individuals that are not DOT staff
- In some cases, there was mention of a consultant review, but the consultant was not responsible for making a determination.

Source: The follow-up interview effort, the web-based survey form, and review of each state DOT website.

Table 7-6 Type of entity eligible to apply for S.5311(f) funding.

State	Eligible Applicant			
	Public ^a	Private Non-Profit	Private For-Profit ^b	Tribal
AK	X	X	X	
AL	X	X	X	X
AR		X	TPC ^c	
AZ	X	X	TPC	X
CA	X	X	X	X
CO	X		X	
FL			X	
GA			X	
IA	X		X	
ID	X	X	X	X
IL	X			
IN	X	X	TPC	
KS	X	X	X	
KY	X	X	TPC	
MA	X		X	
ME	X	X	X	
MI			X	
MN	X	X	X	
MO	X	X	X	
MS	X	X	TPC	
MT	X	X	X	
NC	X	X	X	
ND	X	X	X	
NE	X			
NH	X	X	X	
NJ	X	X	X	
NM	X	X		X
NV	X	X	TPC	X
NY	X		X	
OH	X	X		
OK			?	
OR	X	X	X	X
PA	X		X	
SD	X	X	POS ^d	X
TN	X	X	X	
TX	X	X	X	
VA	X	X		
WA		X	X	
WV	X	X	X	
WY ^e	X	X	X	

Note:

^aThe "Public" column includes all public jurisdictions/transit agencies/authorities.

^bThe "Private For-Profit" cell was checked if the state identifies private for-profit carriers as an eligible applicant. If not, certain designations were used to show that carriers can access funds through other arrangements: either through a purchase of service with an eligible applicant, or as a third-party contractor.

^cTPC = Third Party Contractor

^dPOS = Purchase of Service Agreement

^eWY is currently reviewing its DRAFT State Management Plan 2010 that allows for private-for-profit entities as an "eligible applicant" for funds in the S.5311(f) program.

Source: The follow-up interview effort, the survey form, and review of each state DOT website.

jurisdictions have the capacity and resources to cooperate in supporting (sharing the costs of) such a service.

ADDITIONAL APPLICANT ELIGIBILITY CRITERIA

A follow-up interview question asked/probed on additional eligibility criteria related to the applicant’s legal and technical capacity to provide the proposed service. The intent of this question is to understand

what criteria states require of the applicant, not as a matter of administrative procedures but in how the entity is capable of providing the proposed service/project. Responses are shown in Table 7-7.

To summarize, responses include:

- Operating Authority: 21 states
- Insurance: 17 states
- History of Service: 8 states
- Operations Attributes: 16 states

Table 7-7 Additional eligibility criteria.

State	Eligibility Criteria			
	Operating Authority	Insurance	History of Service	Operations Attributes
AK				
AL	X			X
AR	X			
AZ				
CA	X	X		X
CO	X	X		X
FL	X	X	X	X
GA	X			
IA				X
ID	X	X		
IL				
IN	X			
KS	X	X	X	X
KY	X	X	X	X
MA				
ME				
MI	X	X	X	X
MN	X	X	X	X
MO				
MS			X	
MT				
NC				
ND				X
NE				
NH				
NJ				
NM				X
NV		X		
NY	X	X		
OH	X	X	X	X
OK				
OR	X	X		X
PA	X			
SD	X	X		
TN	X	X		X
TX	X	X	X	X
VA				
WA	X	X		X
WV	X	X		
WY				

Source: The follow-up interview, the survey form, and review of each state DOT website.

For the most part, the states required that the applicant have operating authority—receiving approval through a state agency/commission—and insurance coverage that satisfies Federal Motor Carrier Safety Administration requirements. In about one-half of the responses, states also provided that they anticipate the recipient of funds to adhere to such project components as interlining, marketing, and other aspects identified in Table 7-7 as “Operations Attributes.” There are eight states that consider the applicant’s history in operations of such services.

TYPES OF PROJECTS

Table 7-8 indicates the types of projects funded by state S.5311(f) programs in FY 2008 and FY 2009, based on the web-based survey responses.

Twelve states identified that they funded both capital and non-capital projects (including operating, planning, marketing, and administration) during this period. Twelve states identified that they only funded non-capital projects (including operating, planning, marketing, and administration), and only two states responded that they only funded capital projects during this period.

For those states that reported funding non-capital projects, 26 funded operating projects, seven funded planning projects, 11 funded marketing projects, eight funded administrative projects, and one funded another type of project.

REQUIREMENTS PASSED ONTO GRANT SUBRECIPIENTS

One of the survey questions focused on ongoing program requirements for selected applicants: “What requirements are passed on to eligible grantees to qualify for these funds?” The purpose here is to identify what is expected of the selected applicant if the proposed project is approved, particularly, what federal requirements are passed onto the applicant(s). The results are presented in Table 7-9.

The responses include:

Local Match Requirements:	28 states
Reporting/Auditing:	29 states
Other:	29 states
Other:	5 states

The results show that most of the states require the local match and reporting/auditing. For responses in the “Other” category, it was simply a matter of identifying other general requirements, as states would identify compliance with all related FTA clauses, and

ADA requirements. Most states did not respond to this question during the phone interview, so responses were supplemented by information contained in application documentation available on the Internet.

STATE FUNDING

Based on industry experience, an important factor in the sustainability of S.5311(f) operations projects is the ability to access other sources of funds to achieve the local match requirement. In this regard, states were asked in the survey if state funding is available to match intercity bus projects (Table 7-10).

Eighteen states do not have state funding available for S.5311(f) projects—this includes some states that provide state match for other S.5311 projects. Eleven states have at least some state matching funding available.

States with state matching funds available were also asked to indicate matching ratios. The responses to this question are indicated in Table 7-11. Several states that do not provide state matching funding in one or more of the categories also indicated S.5311(f) federal/local matching ratios for those categories, so inclusion in this table does not necessarily indicate availability of state funding.

If there is no state match available, the only sources of potential “local match” are local funds or carrier funding. Private carriers provide match in some states, including Minnesota and Pennsylvania. However, the requirement to provide a local match discourages private carriers, which generally aim to make a profit.

In lieu of a local match in cash, an increasing number of states are implementing the “Pilot Project” in-kind match method, as described in the next section.

“PILOT PROJECT” IN-KIND MATCH

As described in more depth in Chapter 2 of this report, in October 2006, FTA approved a 2-year pilot project allowing states to use the capital costs of unsubsidized connecting private sector intercity bus service as in-kind match for the operating costs of rural intercity bus feeder service. Later guidance has extended the period of the pilot, and recently has been extended through FY 2010, as posted in the *Federal Register* (Vol. 75, No. 30, February 16, 2010). Under this approach, the value of the capital cost portion of the total cost of connecting unsubsidized services is used as in-kind match. Because the operating cost portion of the unsubsidized miles is offset by the revenues, there is no operating deficit on

Table 7-8 Types of projects funded.

State	What types of projects have been funded under S.5311(f) in FY 008 and FY 2009?													
	Capital - Facilities - FY 2008	Capital - Facilities - FY 2009	Capital - Vehicles - FY 2008	Capital - Vehicles - FY 2009	Operating - FY 2008	Operating - FY 2009	Planning - FY 2008	Planning - FY 2009	Marketing - FY 2008	Marketing - FY 2009	Admin - FY 2008	Admin - FY 2009	Other - FY 2008	Other - FY 2009
AL						X								
AR				X	X	X		X	X					
CA			X		X	X		X	X	X	X			
CO			X		X	X			X		X	X		
GA			X	X										
IA	X		X	X					X	X	X	X		
ID					X	X								
IL			X	X	X	X		X		X				
IN					X	X								
KS					X									
MI	X	X	X	X	X	X			X	X				
MN				X	X	X	X	X	X	X			X	X
MO					X				X					
MS			X											
MT					X	X								
NE			X	X	X	X								
NM					X	X								
NV					X									
NY					X	X								
OH					X	X					X	X		
OK														
OR	X	X	X	X	X	X					X	X		
PA					X	X								
TX	X	X	X	X	X	X	X	X	X	X				
VA					X									
WA					X	X	X	X			X	X		
WI			X		X				X					
WV					X	X								
WY			X	X	X	X			X	X	X	X		

Table 7-9 Federal program requirements that are passed on to local subrecipients.

State	Requirements that are passed on:			
	Local Match	Reporting / Auditing	Other	Other
AL	X	X	FTA	
AR	X	X	FTA	
AZ	X	X	Fin Capacity	
CA	X	X	Criteria	FTA
CO		X	FTA	
FL	X		FTA	
GA	X	X	FTA	
IA	X	X	X	ADA
ID	X			
IL	X		FTA	
IN	X	X		
KS	X	X	X	
MA	X	X		
MI		X	FTA	
MN	X	X	FTA	
MO	X	X	DBE	
MS	X	X	ADA	X
MT	X	X	FTA	
ND	X	X	FTA	X
NE		X	FTA	
NH	X	X	FTA	
NJ	X	X	FTA	
NM	X	X	5311	
NV	X		X	
OH	X	X	FTA	
OR	X	X	Safety	Customer Service
PA	X	X		
SD			ADA	
TN	X	X	FTA	
TX	X	X	FTA	
VA	X	X	FTA	
WA		X	X	
WV	X	X	FTA	
WY		X		

Source: The follow-up interview effort, the survey form, and review of each state DOT website.

that portion of the project, but the value of the capital used on those miles (if provided by the carrier) can be used as an in-kind match to address the 50% local match requirement on the net operating deficit of the subsidized segment. Based on the precedent of the FTA regulations permitting 50% of the total cost of a turnkey operating contract to be considered as eligible for the 80% capital match ratio, FTA has allowed 50% of the total per-mile cost of the unsub-

sidized connecting intercity bus service to be considered as the in-kind capital contribution of the intercity bus company to the rural intercity bus project.

Table 7-12 presents state responses regarding whether or not they use the “pilot project” approach in sponsoring intercity bus service in their state (current or potential).

Of the 28 states that responded to this question, three indicated that they are utilizing the in-kind “pilot

Table 7-10 State funding available to match intercity bus projects.

State	Is state funding available to match intercity bus projects? (Check all types that receive funds.)						
	None	Capital	Operating	Planning	Admin.	Marketing	Other
AL	X						
AR	X						
CA		X	X	X		X	
CO	X						
GA	X						
IA	X						
ID	X						
IL		X	X	X	X	X	
IN	X						
KS	X						
MA							
MI		X	X			X	
MN	X						
MO	X						
MS	X						
MT	X						
NH	X						
NJ							1/2 local match is proposed
NM			X				
NV		X					
NY		X	X				
OH	X						
PA		X	X				
TN		X			X	X	
TX	X						Public agencies receiving state funds (5311) may use state funds to match ICB funds.
VA		X	X				
WA	X						
WV	X						
WY	X						

project” option. Another four indicated that they are currently in the process of negotiating the use of in-kind with the intercity carrier. Three states responded that there is no interest or that it is not needed.

The research team currently believes that at least ten states either use or have issued guidance permitting its use:

- Alabama
- California
- Colorado
- Ohio
- Maryland
- Minnesota
- North Carolina
- Oregon

- Utah
- Washington

Also, we understand that at least another three are contemplating its use:

- Idaho
- Kansas
- New Hampshire

CONSULTATION PROCESS

As noted earlier in the report, under SAFETEA-LU, a state that plans to certify that all rural intercity bus needs are met (partially or completely) must undergo a consultation process prior to certifying.

Table 7-11 Matching ratios for S.5311(f).

State	Federal/State/Local. For example, 80/0/20 represents 80% Federal, 0% State, and 20% Local shares						
	Capital-Vehicle	Capital-Facilities	Capital-Other	Operating	Planning	Admin	Marketing
CA	88.53/11.57	88.53/11.57		55.33/44.67	88.53/11.57	55.33/44.67	88.53/11.57
IL	80/20/0	80/20/0		50/0/50		80/0/20	
MI	0/100/0	80/20/0	0/100/0	50/50/0			50/50/0
MT	86/0/14	86/0/14		54/0/46	80/0/20	70/0/30	70/0/30
NJ	80/10/10			50/25/25			
NM				10/90/0 for Park and Ride 50/0/50 for rural 5311s			
NV	10%						
NY	80/0/20			50/50/0			
PA	80/10/10	80/10/10		50/25/25			
TN	83/8.5/8.5	80/10/10	80/10/10	50/0/50		80/10/10	80/10/10
VA	80% percent FTA/ state match changes each year			50% FTA/ state match changes each year			

Table 7-12 “Pilot project” in-kind match utilization by state.

State	Does your state have any projects that utilize the FTA "Pilot Project" In-Kind Match for operations?		
	Yes	No	If "No", are you aware of any that are under development or likely to arise in the next year or two? (Please explain/describe)
AL		No	
AR		No	Unaware of any projects.
CA		No	Project under consideration is expansion for evening service between Smith River, CA and Arcata, CA to meet with evening Greyhound service between Bay area and Arcata.
CO	Yes		
GA		No	
IA		No	No
ID		No	
IL		No	
IN		No	INDOT has had meetings with a private carrier regarding intercity service for 2010.
KS		No	We are currently working with Greyhound on in-kind match for two routes. 1 - Wichita - Pueblo, CO (in partnership with Colorado DOT) 2 - Salina - Wichita
MI		No	No projects in process
MN	Yes		
MO		No	No
MS		No	
MT		No	No
NH		No	Not currently aware of any
NJ		No	
NM		No	
NV		No	
NY		No	
OH		No	We are trying to find out about working with Greyhound to match the 3 routes that we are developing for our state.
PA		No	
TN		No	
TX		No	
VA		No	
WA	Yes		
WV		No	None planned at this time.
WY		No	

This process includes identifying private intercity carriers serving the state, conducting outreach activities, involving intercity carriers in meetings and planning activities, providing an opportunity for intercity carriers to submit information regarding service needs, a planning process that examines unmet needs, and documentation that the results of the consultation process support the decision to certify. Table 7-13 presents the consultation processes described by states in the survey.

Of the states that responded to this question, 29 states identified that they do more than just identify intercity operators in the state and that they comply with the “consultation process” as prescribed in FTA Circular 9040.1F. Twenty-eight states identified that they are proactive in reaching out to the intercity carriers by letter, phone, and/or email and including the intercity carriers in the discussion of needs/gaps in service. Other states report they are preparing to perform a consultation process.

The survey also asked states if their consultation process was documented and, if so, could a copy of the documentation be obtained by the research team. Fourteen states report they have documented the results of the consultation process, although several reported that the documentation consisted of emails and other formats not ready for public distribution. States provided their consultation documentation in the form of recent statewide intercity assessment or as survey results.

There is an increasing emphasis on the consultation process, following the addition of questions regarding S.5311(f) program implementation to the FTA State Management Review checklist. Specifically, the FY 2010 State Management Review Workshop workbook (pages 5-2 and 5-3) asks:

1. *What amount and percentage of Section 5311 funds has the state programmed for intercity bus service per Section 5311(f) for the past three years?*
2. *What activities is the state pursuing to support intercity bus service in rural areas? Are these activities eligible?*
3. *If the state has programmed less than 15% on intercity bus projects, has the governor certified that intercity bus service needs are adequately met in relation to other rural transportation needs? If yes, did the state consult with intercity bus providers before the governor certified? Does the consultative process meet minimum requirements? Is there a direct correlation between the results of the consulta-*

tive process and a determination that the state’s intercity needs are adequately met?

As a result, this requirement has increased importance to the states, which are in turn becoming more proactive. As of December 2009, the consultation process was known to have been initiated in at least nine states. Some states are including it as part of the needs assessment studies. The inclusion of questions about the consultation process in the FTA State Management Review will undoubtedly increase the number of states that are conducting such a process, and result in additional documentation. Based on the state responses to the survey effort for this study, and subsequent input, many of the states believe that they are addressing this requirement.

Needs Assessment Activities

One of the survey questions asked the state if any recent studies, inventories or surveys for their intercity bus programs have been completed. Twelve states indicated that they have taken recent action; of these, six identified that they do have a study. At the time of the survey, 21 states had not taken recent action.

Several additional state studies were initiated or identified during the course of the project, and as of December 2009, the research team was aware of recent needs studies in at least 15 states:

1. Alabama
2. California
3. Colorado
4. Florida
5. Idaho
6. Indiana
7. Minnesota
8. Missouri
9. North Carolina
10. Ohio
11. Oregon
12. Tennessee
13. Utah
14. Washington
15. Wisconsin

CONCLUSIONS

The survey of the states, and subsequent follow-up and review of applications and other documentation, suggests that there is variation in the way in which the states are implementing this program. There is increasing recognition that this program is

Table 7-13 Intercity carrier consultation process by state.

State	Please describe your consultation process. If it is evolving, describe the most recent efforts and discuss planned changes. (Open-Ended Response)
AL	The consultation process was incorporated into a FY 2007 Intercity Bus Study conducted by the UTC based on the campus of the University of Alabama. The process involved the following: Researchers spoke with individuals representing four groups to discuss alternatives for a potential 5311(f) program in Alabama including representatives from ALDOT, Greyhound, Capital Trailways, and 5311 providers. There are plans to meet early in future consultation processes to discuss such issues as scheduling, feeder route selection, and private sector in-kind match.
AR	Annual letter requesting their input and plans for AR. Recent effort 2/12/09.
AZ	
CA	California consultation process was identified in the California Rural Intercity Bus Study, March 2008; as a result, California adopted this recommendation into its State Management Plan.
CO	CDOT has conducted a Statewide ICB Study and has held a formal consultation with ICB providers. We also informally identify ICB needs throughout the year and especially when grant funding is announced. CDOT has also had very fruitful conversations with KDOT and UDOT in planning multi-state routes and coordinating funding and application issues.
CT	Attachment will be forwarded describing Connecticut's ICB consultation process.
DE	Using the United We Ride funds, we had a forum to discuss transportation options throughout the state. The information was collected in a document. Then a taskforce was assembled to gather steps forward.
GA	Consultation process is evolving. We have contacted Greyhound Lines, Inc. and decided to do the complete consultation process when we update the Georgia Intercity Bus Plan to be initiated in 2009.
IA	Ongoing contact and annual application process. Inter City carriers are also involved with the Des Moines MPO planning process.
ID	Development of statewide coordinated mobility plan.
IL	Organized Technical Advisory Committee comprised of interested intercity bus stakeholders.
IN	INDOT will invite carriers to participate in a teleconference to discuss funding availability for intercity projects.
MA	The two eligible carriers are issued S.5311 applications on an annual basis. Although other S.5311 applicants have a filing deadline, the private operators are allowed to submit an application at any time.
MI	MDOT has consulted with Intercity Bus Carriers to determine Long Range Plans (LRP) and activities associated with the LRP - Also to coordinate services with surrounding states.
MN	Mn/DOT meets with Jefferson Lines, our major carrier on a fairly regular basis. We discuss subsidized routes and if necessary allow modifications. We started the new intercity pilot project on a route that is on the verge of being abandoned. Mn/DOT is currently updating the intercity bus plan as well as the 2010-2011 Intercity Bus Application. Additionally in light of Greyhound abandoning most of its remaining service in Minnesota, we have had discussions with North Dakota, Washington, and Montana about keeping a route from Missoula, Montana, to the Twin Cities (1,200 miles).
MO	Letter to known intercity carriers and American Bus Association asking for letters of interest.
MS	Provide public notices and letters to known intercity carriers; contact ABA via letter.
ND	Phone conversations, email, close cooperation.
NE	Intercity providers are invited to participate in discussions with state staff at the state transit association annual meeting. Other phone or face-to-face consultations as needed.
NH	The DOT mailed a request for projects to intercity bus carriers operating in the state, posted the availability of funds and applications on its website, and announced the availability of intercity funding at several monthly New Hampshire Transit Association meetings. Additionally, the department frequently meets with intercity bus providers to discuss intercity needs, and participates in meetings on the creation of locally developed, coordinated public transit-human services transportation plans and encourages intercity bus providers to participate in these plans.
NJ	To date a conference call was held with Greyhound and American Bus Assn. NJ TRANSIT is about to initiate an application and consultative process for the FY2007, 2008 and stimulus dollars. Anticipate April 2009 start.

(continued on next page)

Table 7-13 (Continued)

State	Please describe your consultation process. If it is evolving, describe the most recent efforts and discuss planned changes. (Open-Ended Response)
NM	None. We utilize all of our 5311(f) funds in applicable rural areas through 5311 subgrantees as well and NMDOT Park-and-Ride service.
NY	Long before SAFETEA-LU, NYSDOT has had great coordination and consultation processes with operators through meetings, conferences, program applications, safety inspections, etc.
OH	We have completed all of the above as indicated. We currently have a consultant that is in the process of developing a proposal process to bid out intercity services to local rural providers to administer intercity services that will then bid out to the private intercity bus operators. We have identified 3 intercity routes which we are working on first.
OR	(1) Keep statewide transit information site up to date (http://www.tripcheck.com/rtp-to/cityCounty/cityCountySearch.aspx); (2) email notification of grant and contracting opportunities; (3) Ongoing assessment of state intercity priorities.
PA	Annual meeting with all intercity bus carriers.
RI	RIPTA identifies all intercity carriers that serve Rhode Island and contacts them to offer the opportunity to discuss intercity bus issues.
SC	Invited all known intercity providers in state to a meeting to discuss intercity bus issues.
TN	Tennessee is in the first year of an Intercity Bus Demonstration Program. Applications were sent out to over 114 agencies and private carriers. There was an open grant period from June 26, 2009, until August 21, 2009, at 4:30 p.m. Consultation Process requirements were met by allowing private carriers to be a part of the competitive application process. (Consultation list is available.)
TX	Face meetings, conference calls, emails.
UT	Inventory of transportation providers, telephone interviews, workshop.
VA	Hire a consultant to do process.
WA	Quarterly meetings with existing contracted intercity bus providers. Initiated discussions with Oregon DOT about partnership service between SE Washington and NE Oregon.
WI	Intercity bus carriers who operate in and around Wisconsin are contacted by letter each fall. The letter describes the amount of 5311(f) funding available and the process for applying for such funding in Wisconsin. As requested, we meet with intercity bus providers. Some intercity providers attend statewide transit conferences.
WV	West Virginia has taken several steps to obtain input. In the development of local public transit-human services transportation plans, WV gathered input from public and private operators. Meetings were conducted around the state, which were attended by numerous groups. Additional opportunities were afforded through the TIP and STIP processes. A notice was published soliciting projects and input concerning intercity bus service and needs in the state. Copies of the notice were sent to ABA, UMA, and Greyhound. The state also surveyed current S. 5311 subrecipients regarding possible connections to existing intercity services. WV also surveyed the contiguous states of OH, PA, VA, MD, and KY. The state also held numerous conference calls with Greyhound.

potentially unlike the typical S.5311 program, with different goals and objectives, a different set of potential operators, and different types of service. Some states are recognizing that the goals of the program and the requirement for a consultation process (potentially including a needs study as well as a solicitation of input) are leading them to take a stronger role in defining an appropriate statewide intercity bus (or even intermodal) network, and targeting the limited available funds to fill the gaps in that network.

CHAPTER 8 PROGRAM EVALUATION

This chapter presents an evaluation of the S.5311(f) program from the perspective of the states, as well as in terms of program outcomes reported

by states. In Chapter 6 of this report, Figure 6-1 presented a map of states that have implemented S.5311(f) programs as of December 2009. The survey responses in this chapter come from those states.

SUCCESSFUL ASPECTS OF THE SECTION 5311(F) PROGRAM

The survey asked states to identify aspects of their S.5311(f) program implementation that they regarded as particularly successful. The responses to this question are presented in Table 8-1.

Twenty-four states responded to this question, and 21 states identified a successful aspect (or project) of their program. Eleven states are providing

Table 8-1 Successful aspects and projects of state programs.

State	What aspects of your S.5311(f) program implementation do you regard as particularly successful? (Open-Ended Response)
AL	The Selma to Montgomery intercity connector described above
AR	Our consultation process
CA	New applications, project evaluation and scoring, development of State Intercity Bus Network
CO	The new in-kind match pilot program has been successfully used to initiate a route that otherwise would not have occurred
GA	The Capital Program of procuring new MCI Buses
IA	Getting other carriers to take over after Greyhound abandonments
ID	It does meet the basic intercity needs
IL	Replacement vehicles
IN	INDOT doesn't have a demand for intercity service here in Indiana
MA	Ability to provide operating assistance to pilot new or innovative services
MI	The addition of a new route and the continuation of current services. Availability of federal funding for capital projects.
MO	Keeping routes that would otherwise have been abandoned
MS	Ability to meet the needs documented by the operator/applicants through a simplified consultation and application process
MT	Facility renovation, service enhancement
NJ	Program is still being developed
NM	Adapted program to work in New Mexico market
NY	Preservation of rural intercity services
OH	The administration of ticketing agents and purchase/construction of two facilities
TX	Multimodal facilities and facility renovations
UT	We haven't implemented anything yet
VA	Not much
WA	Providing real, scheduled connections with national intercity bus and rail providers for rural residents mobility
WV	Support of intercity bus service provided by Mountain Line Transit Authority in the Clarksburg-Fairmont-Morgantown, WV-Waynesburg-Pittsburgh, PA corridor
WY	Keeping route open for public between Billings and Cheyenne.

funds to maintain or initiate services, and five states are providing funds for capital projects. The implementation of the “Pilot Project” in-kind program was identified by one state as being a successful aspect. Other successful aspects identified include improved connectivity of services, the consultation process, and project evaluation.

AREAS FOR PROGRAM IMPROVEMENT

Table 8-2 presents state responses to the question, “What aspects of your program would you change?”

Twenty states replied to this question. Replies referred to improving intercity awareness/relevance within state programs, increasing private carrier participation, identifying other uses of program funds, program updates, reducing local match requirements, increasing funding to allow increased services, and eliminating the 15% set-aside. Seven responses either indicated “none” or otherwise did not indicate a desire for change.

ISSUES WITH THE SECTION 5311(F) PROGRAM

Table 8-3 presents the responses to the question, “What issues, if any, do you have with the goals, structure, or implementation of the S.5311(f) program?”

Nineteen states replied to this question, and nine of these identified that there are no issues. Issues that were identified included difficulty in meeting local match requirements (three states), dependence on adjacent states to provide fair share of interstate service (one state), distinguishing rural intercity programs from other rural transit services (one state), need for FTA guidance in determining if a private company’s stated costs are accurate (one state), and the perception that the 15% set-aside should be eliminated (three states).

GAP-FILLING USING SECTION 5311(F)

One of the greatest indicators of the success of the program is the amount of service being provided. The Rural National Transit Database (NTD) indicates

Table 8-2 Program aspects states would change.

State	What aspects of your program would you change?
AL	Would like to expand to other rural communities
CA	Continue to develop State Intercity Bus Network
CO	We need more intercity bus presence in the long-range plan
GA	Would like to investigate other options such as upgrading intercity bus terminals and providing operating assistance
IA	None
ID	Very little coordination with local & regional systems
IL	More private carrier involvement
KS	We've just started working on S.5311(f)
MA	None
MI	None
MS	Formalize the program and base it on a more up-to-date assessment
NM	None
NY	None
OH	More staff to dedicate to build a solid program
TX	Need to develop state-wide plan
UT	N/A
VA	Eliminate the entire requirement
WA	Ability to have more funding to implement more service in other corridors statewide.
WI	To lower the local match requirement
WV	None

Table 8-3 State issues with the S.5311(f) program.

State	What issues, if any, do you have with the goals, structure or implementation of the S.5311(f) program?
AL	Local funding
CA	None identified
CO	The 50/50 match makes it difficult to initiate any routes that would not be profitable. The in-kind match mechanism is very useful to address this. It would also be helpful to have FTA guidance on how to determine if a private company's stated costs are accurate.
GA	None
IA	None
MA	None
MI	None
MO	It should be a completely separate program and not put intercity bus into competition with rural providers.
MS	We do not agree that the 15% set-aside is justified
MT	None
NJ	Our first outreach, application will be this spring
NM	The program and 15% target should be dismissed. It's a holdover from requirements from a bygone era.
NY	None
RI	RIPTA operates transit service that connects rural areas to the intercity bus hubs, but FTA does not recognize these scheduled services as providing feeder service to intercity bus stops.
UT	N/A
VA	Eliminate the entire requirement.
WA	No issues with structure or implementation of the S.5311(f) program.
WI	50% local match is unattainable for most communities.
WV	The issue we have is the interstate nature of the proposed projects. Our decision to fund a project depends on the willingness of our neighboring states to fund the same projects.

that the total Annual S.5311(f) Ridership for 2007 was 2,986,037 rural intercity bus passengers. The routes receiving operating assistance that were identified from the state program survey contacts are listed in Table 8-4. The total ridership on those routes is approximately 1.1 million. The difference can be attributed to routes not identified in the survey and to inclusion of ridership on routes and services that received only capital assistance.

The following is a partial list indicating S.5311(f)-subsidized services (2007–2009):

- Indian Trails (St. Ignace, MI-Bay City)
- Susquehanna (Williamsport, PA-Philadelphia, PA)
- Jefferson Lines 751 (Pembina, MD-Fargo, ND)
- Rimrock Trailways (Butte, MT-Great Falls, MT)
- Rimrock Trailways (Missoula, MT-White Fish, MT)
- Rimrock Trailways (Billings, MT-Missoula, MT)
- Jefferson Lines 760 (Duluth-Minneapolis, MN)
- Jefferson Lines 757S (Minneapolis-Sioux Falls, SD)
- Jefferson Lines 758 (Minneapolis-La Crosse)
- Fullington (State College, PA-Wilkes-Barre, PA)
- Indian Trails (St. Ignace-Grand Rapids, MI)
- Lakefront Lines (Athens, OH-Columbus, OH)
- Indian Trails (St. Ignace-Ironwood, MI)
- Indian Trails (St. Ignace-Lansing, MI)
- Indian Trails (Calumet-Milwaukee, WI)
- Cyr Bus Line (Bangor, ME-Caribou)
- Northwestern Stage Lines (Moscow-Boise, ID)
- Burlington Trailways-Julesburg/Denver
- Black Hills SL-Sterling, CO to Denver, CO
- Jefferson Lines 755 (Fort Smith, AR-Pine Bluff, AR)
- Jefferson Lines 757N (Minneapolis-Sioux Falls, SD)
- Greyhound (Houston to Fort Worth, TX)
- Apple Line-Northwestern Trailways
- Greyhound-Big Spring to Amarillo, TX
- Kerville Bus-Midland to Presidio, TX
- Kerville Bus-San Antonio to Big Spring, TX
- Greyhound-El Paso to Lubbock, TX
- Fullington Bus-State College to Pittsburgh, PA
- Greyhound-Houston to Texarkana, TX
- Greyhound-Lubbock to Abilene, TX
- Greyhound-Lubbock to Odessa, TX
- Fullington Bus-State College to Harrisburg, PA

- Susquehanna (Williamsport-Easton, PA)
- Fullington Bus (DuBois-Harrisburg, PA)
- Susquehanna (Williamsport-Harrisburg, PA)
- Fullington Bus (Bradford-Pittsburgh)
- Kerrville Bus-Eagle Pass to Del Rio, TX
- Bieber Tourways (Reading-Philadelphia)
- West Bus Service (Calais-Bangor, ME)
- Dungeness Line-Olympic Bus Lines (Port Angeles-Seattle, WA)
- SC Arkansas Transit (Malvern-El Dorado, AR)
- Inyo Mono Transit/CREST Route-(Lancaster, CA-Reno, NV)
- Sage Stage-Susanville, CA, to Reno, NV
- Sage Stage-Alturas/Redding
- Sage Stage-Alturas, CA, to Klamath Falls, OR
- YARTS-Route 140 (Merced, CA to Yosemite)
- Kern Regional Transit-Mojave to Ridgecrest
- Grape Line-Airporter/Bellair Charter (Walla Walla, WA, to Pasco, WA)
- Curry Public Transit-Coastal Express (Coos Bay, OR, to Smith River, CA)
- Porter Stage (ODOT)-Bend/Ontario, OR
- The Shuttle Inc-Klamath Falls/Medford, OR
- OR Coachways (ODOT)-Portland/Astoria, OR
- OR Coachways (ODOT)-Portland/Eugene, OR
- MLTA Grey Line (Clarksburg/Morgantown, WV to Pittsburgh, PA)
- West Alabama PT (Selma, AL-Montgomery, AL)
- Aberdeen Ride Line (Aberdeen, SD-Summit, SD)
- Salt Lake Express (Boise, ID-Rexburg, ID)

As described at the end of the preceding chapter, many states have done or are doing studies to identify gaps, areas of need, or specific routes—these are then used in Requests for Bids for service (including Washington, Oregon, Colorado, and Kansas) or in the grant solicitation (including California, Alabama, Tennessee, Minnesota, North Carolina, and Ohio). Other states are currently undergoing program development (including New Hampshire, Wisconsin, Louisiana, and Kentucky).

GENERAL COMMENTS RECEIVED DURING FOLLOW-UP PHONE INTERVIEWS

This section is a compilation of additional information provided by states during the phone interview. In addition to the responses discussed in the previous section, other general insights about the program were provided. Several themes were

Table 8-4 Funded routes.

State	Route	Other Identification	Carrier or Operator	Annual Riders
AL	Selma-Montgomery	Selma-Mont	West Alabama Public Transportation	6,867
AR	Fort Smith - Pine Bluff	Fort Smith-Pine Bluff	Jefferson Lines	29,865
AR	Malvern-El Dorado	SCAT	South Central Arkansas Transit (SCAT)	3,600
CA	Alturas-Redding	Alturas-Redding	Sage Stage	877
CA	Alturas-Susanville-Reno	Susanville-Reno	Sage Stage	2,231
CA	Alturas-Klamath Falls	Alturas-Klamath Falls	Sage Stage	997
CA	Escondido-Ramona	Route 386	North County Transit District San Diego	43,000
CA	Mojave-Ridgecrest	Mojave Ridgecrest Express	Kern Regional Transit	5,754
CA	Pala-Escondido Transit Center	Route 388	North County Transit District San Diego	124,564
CA	Ridgecrest-Reno	CREST Route	Inyo-Mono Transit	4,953
CA	Route 10: San Luis Obispo-Santa Maria	SLO-Santa Maria	SLO Regional Transit Authority	106,996
CA	Route 20: Smith River-Arcata	Smith River-Arcata	Redwood Coast Transit Authority	12,480
CA	Route 4: Clearlake-Lakeport	Clearlake-Lakeport	Lake Transit Authority	4,656
CA	Route 7: Lakeport-Ukiah	Lakeport-Ukiah	Lake Transit Authority	6,733
CA	Yosemite-Merced (Seasonal)	Highway 140 Route	Yosemite Area Regional Transportation System	31,075
CO	Julesburg - Denver	Jules-Den	Burlington Trailways	23,960
CO	Sterling - Denver	Sterl-Den	Black Hills Stage Lines	10,779
ID	Moscow - Boise	Moscow-Boise	Boise-Winnemucca/Northwestern Stage Lines	9,877
ID	Salt Lake Express Rexburg: Boise - Rexburg	Boise-Rex	Rocky Mountain Trails	1,451
ME	Bangor - Limestone	Bangor-Lime	Cyr Bus Line	15,571
ME	Calais - Bangor (West's Coastal Connection)	Calais-Bangor	West's Transportation Inc.	3,985
MI	Bay City-St. Ignace	Michigan Huron Route	Indian Trails	9,360
MI	Calumet-Milwaukee	Superior Route	Indian Trails	20,863
MI	Grand Rapids-St. Ignace	Michigan Sleeping Bear Rte.	Indian Trails	24,972
MI	Lansing-St. Ignace	Michigan Straits Route	Indian Trails	10,294
MI	St. Ignace-Ironwood	Hiawatha Route	Indian Trails	9,578
MN	Minneapolis - Billings	Fisher-Minn	Jefferson Lines	34,342
MN	Minneapolis - Duluth	Duluth-Minn	Jefferson Lines	17,736
MN	Minneapolis - La Crosse (Wisconsin)	Minn - La Crosse	Jefferson Lines	10,854
MN	Minneapolis-Fairmont-Sioux Falls	Minn-Fair-Sioux Falls	Jefferson Lines	19,790
MN	Minneapolis-Willmar-Sioux Falls	Minn-Will-Sioux Falls	Jefferson Lines	8,077
MT	Billings - Missoula	Bill-Miss	Rimrock Trailways	12,177
MT	Butte - Great Falls	Butte-Great Falls	Rimrock Trailways	7,659
MT	Missoula - Whitefish	Miss-White	Rimrock Trailways	3,809
ND	Fargo - Pembina (Kansas City - Sioux Falls - Fargo - Winnipeg)	Fargo-Pem	Jefferson Lines	4,544

Table 8-4 (Continued)

State	Route	Other Identification	Carrier or Operator	Annual Riders
OH	Athens - Cleveland (Athens - Columbus segment)	Athens-Columbus	Lakefront Lines	3,582
OR	Amtrak Thruway Bus: Bend - Ontario	Bend-Ont	Porter Stage Lines	4,788
OR	Amtrak Thruway Bus: Portland - Astoria	Port-Astoria	Oregon Coachways	11,016
OR	Amtrak Thruway Bus: Portland - Eugene	Port-Eugene	Oregon Coachways	41,172
OR	Coastal Express [North Bend-Brookings-Smith River, 2 segments]	Brkgs-Smi Riv	Curry Public Transit	8,760
OR	Columbia County Rider: Westport-Clatskanie-Rainier-Longview/Kelso	CC Rider	Columbia County (contracted)	900
OR	Klamath Falls - Lake of the Woods - White City - Medford	KF-Medford	The Shuttle Inc.	4,104
PA	DuBois - Harrisburg	Du Bois-Harris	Fullington Bus Company	18,880
PA	Pittsburgh - Bradford	Pitts-Brad	Fullington Bus Company	15,659
PA	Reading - Philadelphia	Read-Phil	Bieber Tourways	64,434
PA	State College - Harrisburg	State Coll-Harris	Fullington Bus Company	21,480
PA	State College - Pittsburgh	State Coll-Pitts	Fullington Bus Company	8,417
PA	State College - Wilkes Barre	State Coll-Wilkes Barr	Fullington Bus Company	7,062
PA	Williamsport - Easton (to New York)	Will-Easton	Susquehanna Transit Company	37,383
PA	Williamsport - Harrisburg	Will-Harr	Susquehanna Transit Company	13,772
PA	Williamsport - Philadelphia	Will-Phil	Susquehanna Transit Company	33,035
SD	Aberdeen Ride Line: Aberdeen - Summit	Aber-Summit	City of Aberdeen (contracted)	1,393
TX	Big Spring - Amarillo	BS-Amar	Greyhound	21,286
TX	Eagle Pass - Del Rio	Eagle-Del Rio	Kerrville Bus Lines	2,580
TX	El Paso - Lubbock	El Paso-Lubb	Greyhound	16,962
TX	Houston - Fort Worth	Hous-Ft Worth	Greyhound	16,644
TX	Houston - Texarkana	Hous-Texar	Greyhound	12,592
TX	Lubbock - Abilene	Lubb-Abi	Greyhound	4,726
TX	Lubbock - Odessa	Lubb-Odessa	Greyhound	2,554
TX	Midland - Presidio	Midland-Pres	All Aboard America!	9,600
TX	San Antonio - Big Spring	SA-BigSpr	Kerrville Bus Lines (Greyhound)	9,000
VA	Roanoke-Blacksburg	The Smartway Bus	Valley Metro	63,894
WA	Travel Washington Apple Line: Omak - Ellensburg	Apple Line	Northwestern Trailways, Inc.	5,868
WA	Travel Washington Dungeness Line: Port Angeles - Seattle	Dungeness Line	Olympic Bus Lines	12,972
WA	Travel Washington Grape Line: Walla Walla - Pasco	Grape Line	Airporter Shuttle/Bellair Charters	5,000
WV	Grey Line: Clarksburg - Pittsburgh	Grey Line	Mountain Line Transit Authority	6,709
Total				1,130,550

identified, and some insights represent a set of new issues that do not necessarily fall within any particular category. They are summarized below.

- There is a need to establish an authority that administers the program from a national perspective and that will take the lead in multi-state projects/services.
- There is a need to establish a separate/distinct program for rural intercity bus services—not a subsection of S.5311.
- States need assistance/guidance in addressing how changes to the unsubsidized network affect subsidized projects dependent upon them.
- There is a perception that the private sector does not really care about an integrated network through their state.
- The 15% set-aside should not be a requirement.
- Three states identified their preference for an RFP solicitation (identifying particular routes or corridors needing service) to address rural intercity transit needs.
- Guidance is needed to assist potential rural feeder operators in satisfying the regulatory/interlining requirements, and there is a need for improved definitions or policies for this program—both in terms of defining terms used only with regard to S.5311(f) (such as “meaningful connection,” etc.), and the way in which overall policies (such as ADA and Drug and Alcohol policies and testing) apply to S.5311(f) subrecipients or contractors.
- More guidance is needed for states in working with the pilot in-kind match program, including how to address changes when the unsubsidized network changes. Under this program changes in unsubsidized connecting services used as match can potentially affect the available match at any time.
- There is a need for an increase in program funds.
- There is a need for the program guidance to consider new markets/providers such as long-distance airport shuttle services.
- The operating program should be changed to allow more flexibility in the maximum federal share limitations, for example to allow the federal share to be more than 50%.
- The local match requirement is an obstacle for potential local providers of service.

- There is no need for the Pilot Project in-kind match program.

CONCLUSIONS

Although most states have some kind of program and the number certifying no unmet need has declined, the number of states offering comment on the program was somewhat smaller at around 20 states, depending on the question. In general, eight of those states thought the program did not need any changes, several other states identified a need for additional guidance, flexibility in funding (match ratios), more funding, or more staff. Successes were generally seen as being able to meet identified needs, replacing abandoned service, or improving service quality through new buses or improved terminal facilities.

A number of states have found ways to utilize the current program to support rural routes that would not otherwise be served, replacing abandoned services or filling gaps in the unsubsidized network.

The program is being used to provide operating assistance in a number of states on specific routes, and the ridership on these is being documented under NTD.

At the same time, there is variation in the evaluation of the program among the states. There is a group of states that responded to the survey that does not use the S.5311(f) funding (or uses it in ways that are unique to that state), and the state program managers in those states do not support the continuation of the 15% set-aside of S.5311. The comments suggest that they do not see a need for this use of the funding, or see other uses as a priority, or think that the guidance is limiting in terms of its definition of intercity services and its focus on a meaningful connection with the national intercity network. The structure of the program with a set-aside and certification process allowing a state to shift the funding would seem to allow for flexibility that would permit states to use or not use the funding for rural intercity needs. However, the requirement for the consultation process is seen by some as mandating use of the funds for intercity services because it is unlikely that such a process would find no need given the amount of service that has been discontinued, and the need to consult with intercity carriers who are likely to identify needs based on their experience and services.

One other position seen in the responses is that there is a need for funding that would support improvements in intercity services, but that it should not be a set-aside of the rural assistance program. Instead, it should be a separate program, possibly one that works at a federal level so as to address interstate services.

The requirement that the federal operating match not exceed 50% of the net deficit continues to be a barrier to implementation, as private firms (particularly smaller regional firms) have a continuing (but reduced) operating loss on any subsidized routes, and there is no obvious source of local operating match for many multi-jurisdictional routes (except for the states themselves), and few states provide operating match. The Pilot Project in-kind match addresses this, but it is difficult to use because it requires the cooperation of the in-kind provider, and as a new program the policy guidance is still evolving to deal with various situations.

The responses and follow-up calls also included some input explaining that because the S.5311(f) program is significantly different from the S.5311 rural program, it requires a disproportionate amount of staff time for management, given the limited amount of funding. It includes a consultation process with a different public; it can include the role of identifying needs and targeting funding to those needs; and it may need different applications, different evaluation criteria, different reporting, and different compliance activities—all of which require additional staff expertise and time. It may be that once the program is past initiation in a state, these needs will decline, but this is also an issue for state programs.

CHAPTER 9 EXAMPLES OF “SUCCESSFUL” STATE PROGRAMS

This chapter presents selected examples of state S.5311(f) programs that have been identified as successful.

SELECTION OF EXEMPLARY STATE SECTION 5311(F) PROGRAMS

The data collected in the survey effort were analyzed to identify successful approaches and strategies, and any potential links to particular conditions were also identified. Matrices were developed that include indicators of a successful program, and the states’ ability to achieve a relative ranking with

respect to that indicator. From the matrices, successful strategies can be identified and combined in a cross-classification matrix to identify if particular background conditions are linked to preferred outcomes, or if particular program characteristics are linked to preferred outcomes.

Common problems and issues were also identified. The research team has conducted similar analyses in both *TCRP Report 79*, and more recently in *NCHRP Research Results Digest 320: Current State Issues with Implementing Federal Transit Administration (FTA) Section 5310 and Section 5311 Programs*, which identified a number of state program issues with the S.5311(f) program.

The identification of patterns associated with preferred outcomes, combined with the analysis of program issues, led to the presentation of suggestions for additional future inquiry as potential research projects or policy consideration. The researchers will identify the topic or area needing additional information or analysis, and suggest potential means of addressing this issue (such as research programs or state studies).

Successful Approaches and Strategies

In this study, the most successful rural intercity bus strategies that have been implemented were identified. As a result of the information provided during the survey efforts and other research, a number of indicators were identified as contributing to a program’s capacity for success. During this process we reviewed the relationship between the demographic, geographic, and funding context, the current state of the non-subsidized intercity bus services, and the associated program policies and implementation.

The survey effort was extensive and included contact with all 50 states, 44 of which participated. The survey responses were eventually categorized as those state programs that maintain and implement successful strategies, state programs that incorporate some successful strategies to address rural intercity bus needs, and state programs that do not necessarily address the demand for rural intercity bus needs.

Program characteristics that serve as indicators of program success are discussed below. One of the more obvious indicators expressing state support is a survey response that identifies the existence of the S.5311(f) program. Of all the states that participated in the survey, 29 stated that they do maintain a S.5311(f) program. Five states responded that they do not support a S.5311(f) program, yet of those,

only three said that they file the Governor’s Certification that there is “no unmet need,” which would allow them to reprogram the funds for other rural projects. This is the most basic indicator used in the identification of potential model programs.

Four program characteristics that appear correlated to the continued operation of successful rural intercity bus strategies are:

- State support for the program,
- Consultation process and efforts to increase participation,
- Funding and ability to meet program goals, and
- Staff awareness of existing intercity bus operators/services in the state.

State Support for the Program

In this characteristic the researchers assessed how states allocate resources in support of a rural Intercity Bus Program. The survey questions that provided the most useful information in this regard were staff resources, specific program goals, and the availability of state funding to assist with local match requirements (particularly for operating assistance). The staff resources allocated to this program improve capacity for the state to stay abreast of regulations and requirements, evaluate potential projects, and also manage the program requirements—reporting, applications, and certifications. Some states reported that there is staff time that is dedicated to the management of the S.5311(f); others commented that staff needs are overwhelming and that management of this program is conducted by other staff that have other non-S.5311(f) primary responsibilities. Of importance is that 14 states that identified that they do maintain an S.5311(f) program also responded that they do not dedicate staff to the program.

The existence of program goals is an important element in efforts to develop a successful program because it establishes and documents the unique purpose of this program, and it leads to the definition of the specific requirements for projects in this program. Without intercity program goals, it is difficult for staff and interested entities to understand the purpose of the program and what differentiates it from other rural services or commuter bus service. The lack of program goals can also contribute to a weak institutional presence within the organization, and can make it difficult to allocate resources for program support.

The application process is also vital in determining program success, and the existence of a separate unique application is an indicator of state support for the program. Use of a general transit program application (that is primarily aimed at local public transit providers), can deter potential private operators, because the data requested and the use of line item program-wide budgets do not fit projects that are budgeted by using fully allocated per-mile costs, and deal with specific route segments or even specific schedules. Also, if the application is bundled with a general program application, applicants for intercity-type projects may not understand that they need to use this broad application for a rural intercity project. As part of the survey effort and general internet research, 14 states indicated that they have developed separate and distinct rural intercity bus applications. The separate application is helpful for potential operators to identify the requirements and needs of the program. However, in some cases, this also creates more duties to manage for an already depleted state staff, and this is a delicate balance that state agencies must perform to sustain an effective program. Some states identify that the overall rural application includes intercity bus, and then directs applicants to specific sections that address intercity service types and the more typical intercity costing.

Also, based on this survey effort and prior research experience, some state transit programs are aware of the difficulty that rural agencies/jurisdictions and private operators have in meeting the local match requirements, particularly in funding 50% of the net-deficit that is not normally eligible for federal funding. In this regard, any state assistance made available would have to be considered a significant sign of state support. In the survey, seven states identified that they offer match assistance for capital projects, and five states identified some form of operating assistance. Table 9-1 presents information on the state role in providing operating assistance for rural intercity projects. Previous studies have noted that a number of states found little interest among private providers in the S.5311(f) program, particularly for operating assistance. The fact that operating assistance recipients still must find or provide one-half of the net operating deficit has not made the program attractive to private carriers unless the deficit was minimal, or the firm operated a major network that would benefit from the feed traffic making a partial loss acceptable. The FTA Pilot Project was developed as a means of addressing this issue, and

Table 9-1 S.5311(f) program funding share.

	Federal	State	Local	In-Kind ^a	
California^b	Operations	55%		45%	Yes
	Capital	89%		11%	
Colorado	Operations	50%		50%	Yes
	Capital	80%		20%	
Michigan^c	Operations	50%	50%	-	No
	Capital	80%	20%	-	
Minnesota	Operations	50%	-	50%	Yes
	Capital	80%	-	20%	
Oregon^d	Operations	50%	-	50%	Yes
	Capital	80%	-	20%	
Pennsylvania^e	Operations	50%	25%	25%	No
	Capital	50%	10%	10%	
Washington^f	Operations	50%	-	-	Yes
	Capital	80%		20%	

Note:

^aIn-Kind identifies if a state promotes the use of the FTA pilot in-kind match program or if it is currently administering a service using in-kind match.

^bCalifornia offers a sliding scale state assistance, a maximum grant award limit, and requires a minimum farebox recovery level for continued (local match) support.

^cMichigan shares are based on Survey Response, February 2009. For capital, MI offers 100% in state/federal funds for vehicle capital, and 80% for every other capital project.

^dOregon administers an RFP process to contract for operations for specific corridors, and an Intercity Discretionary Grant Application. For ODOT contracted service, ODOT uses in-kind match [unsubsidized segment or other in-kind match], state match, or a little of both. ODOT provides some state money to some agencies for E & D transportation outside of the 5311(f) program framework. These state funds are sometimes used to match 5311(f) discretionary grant monies by grantees.

^ePennsylvania requires that local match is cash.

^fWashington administers an RFP process to select private operators in corridors identified with un-met needs. The state uses the pilot in-kind match for all 5311(f) funded rural intercity bus routes. The state maintains a 50% federal and 50% local share (pilot in-kind) for operating, and an 80% federal and 20% local share for capital.

the expansion of S.5311(f) programs using this tool is evidence that the match requirements have been a significant barrier to utilization.

Consultation Process and Efforts to Increase Participation

This characteristic examines the extent of the formal consultation process as prescribed in the FTA Circular 9040.1F Chapter VIII (Circular), as well as the opportunities staff have taken to maintain dialogue with private carriers/operators not necessarily prescribed by the circular. There was a question in the survey about the state’s consultation process, and 28 states responded that they did conduct a con-

sultation process—broadly defined. In addition, some states described the efforts they have made to engage intercity operators outside of the formal consultation process to achieve a better understanding of rural intercity needs and issues. There are a number of states that identified their working relationship with private intercity carriers in their state, and how this helps states address rural intercity travel needs. A subset of the states that conduct a consultation process mentioned their efforts in communicating with adjacent states to discuss potential projects. In some cases, a rural transit service and/or the extent of the operator services may not all be contained within the state; cooperation among adjacent states is vital for achieving project success. Generally, these two

efforts—communicating and cooperating with carriers and adjacent states—enhance the state’s ability to respond to rural transit needs and achieve their program goals.

Funding and Ability to Meet Program Goals

This characteristic was assessed to determine if FTA program funds were provided for projects that satisfy rural intercity bus goals, as prescribed in the circular, and enabled by the state DOT. Several states identified that they supported more than just capital or operating projects, 11 states identified that they support at least two project types. Most of these states do not certify that they have “no unmet need.” The ability to diversify projects allows for rural intercity services to establish a stronger presence in state program management by supporting projects that provide more than just a vehicle. The ability of states to implement projects using the “in-kind” Pilot Project is also a contributing factor in achieving program goals. Non-operating, non-vehicle projects identified included facilities for riders waiting for vehicles, making schedule/route information more accessible, or improving connections to other services.

Another contributing factor is how the state determines what projects to fund. There were 13 states that identified using criteria to determine project funding. Based on survey data, the states that funded different project types also exhibited a tendency to incorporate most national objectives in their criteria for selecting projects that receive S.5311(f) funds.

As for the reviewing body, 12 states identified that they use a committee to review project proposals, and three states use staff to make project determinations. In most cases, the committees consisted of interagency staff.

Also of importance is the consideration of private intercity services that were eliminated in the last 5 years, notably the reduction in Greyhound Lines, Inc. services, and how states have had to respond to this change. In some cases, states identified that they are looking at projects to restore services on abandoned routes.

Regarding project and operator types funded, 15 states responded that they provide funds for operating services, of which nine states stated that they offer funds to public operators of intercity services, and eight indicated that they provide funds to private carriers. There were 13 states that provide funding for capital projects, of which eight states pro-

vided capital for vehicles—new vehicle purchase or refurbishment—and three states provide funds for facilities improvements. The diverse investments can allow for efficiencies and program success to be achieved in other ways, such as promoting connections to other services or improving customer facilities in intermodal facilities.

Because the ability for entities to satisfy the local match requirement has been identified as an issue, the opportunity of states to implement “in-kind” projects under the FTA Pilot Project regulations will also serve as a contributing factor in achieving program goals. This kind of project requires that the private carrier providing the unsubsidized miles (the value of capital in these bus-miles is used as the in-kind match) be a party to the application and that a reasonable connection between services is made. So, this requirement ensures that the entity that receives funding through this program has identified a need and established a cooperative relationship with an intercity carrier providing the unsubsidized connecting service. One result (in addition to service that would not otherwise be operated) is increased connectivity of services. However, as this is a relatively new program and one that is very different from standard S.5311 program regulations, states have requested more program guidance.

Awareness of Existing Services and Operators

Another important factor in maintaining an effective rural Intercity Bus Program is the staff’s level of awareness and knowledge of the existing intercity transportation services in the state. The opening questions of the survey were an opportunity for state staff to address this particular aspect. Based on the survey responses, most state agencies responded that they were aware of the existing intercity bus services, and to some extent, the condition of related facilities. As most all respondents provided information on this area, this characteristic is a vital component of a successful program; knowing this information streamlines the state’s assessment of identifying the rural intercity needs and developing the best option to address those needs.

Summary

Based on the four features detailed above, several programs were identified as achieving a relatively higher degree of success than others. However, it

is important to note that each state will generally have its own set of circumstances that may hinder its ability to achieve success. As was brought to light during the survey efforts, some states may have little to offer in the form of program funds, and, hence, may address rural intercity needs through other means. In other cases, some states may be more rural than others, and not necessarily require the same amount of staff resources (or have as much staff) as other states. It is also worth mentioning that in some cases, the agency responsible for administering or managing the rural Intercity Bus Program may not be clearly identified within program organization charts or contact lists, and may not be obvious to the general public or potential operators as a source of information or assistance. Programs that have produced some positive and successful results are generally easier to locate in the state program structure (on websites, for example), have knowledgeable staff, and provide clear program goals and objectives related to rural intercity services under the FTA program regulations.

CASE STUDIES

California

State and Program Administration

In California, the Intercity Bus Program is housed within the California DOT (Caltrans), Division of Mass Transportation (DMT), Federal Programs, Rural Transit and Procurement Branch.

Staffing. Two people staff the California Intercity Bus Program. These individuals have other duties; one of these individuals is also a regional planner dealing with overall transit issues for one Caltrans District.

Consultation/Needs Analysis Process

California has never certified that there were no unmet needs—it has had a program since S.5311(f) was initiated. In 2008, the state conducted the California Statewide Rural Intercity Bus Study, which included an assessment of the program, an inventory of both funded and unfunded services, recommendations for program changes, and identification of gaps in the state’s network. Other consultation takes place through Caltrans’ annual grant solicitation process, and through presentations to appropriate groups.

Program Structure

Program Goals. As a result of the 2008 study, California’s goals were modified to include:

- Objective #1: To support the connection between non-urbanized areas and the larger regional or national system of intercity bus service.
 - State Emphasis:
 - Provide a meaningful connection where intercity bus stations/intermodal terminals should be a primary destination or a designated stop on a public street immediately adjacent to the station.
- Objective #2: To support services to meet the intercity travel needs of residents in non-urbanized areas.
 - State Emphasis:
 - Maintaining a focus on establishing a meaningful connection and connectivity to other modes of transportation.
 - Meet broader transportation needs at other common locations (i.e., medical facility or shopping center).

Eligibility. Eligible applicants for California’s Intercity Bus Program funding include:

- Public governmental authorities and transit providers,
- Private for-profit organizations,
- Private non-profit organizations, and
- Tribal Governments.

Eligible activities include both operating (including planning and marketing) and capital (buses and limited facilities) projects.

Nature of Assistance. Caltrans provides intercity bus assistance in several forms:

- Grants,
- RFP/Contract, and
- A combination of both approaches.

Match Requirements. Operating projects are eligible for up to \$300,000 or 55.33% in federal funding. Local funds are required to match the balance. The same cap applies to capital projects. The project cap is intended to provide for equitable distribution of funding across the state, so that a single project does not absorb a disproportionate share of the limited funding.

Use of Pilot Project. California uses the Pilot Project approach for demonstration project funding.

Special Requirements or Limitations

The California program is subject to the following limitations:

- Intercity Service is defined as:
 - Having limited stops, defined as no more than three additional stops at route ends (in addition to intermodal, intercity bus, and Amtrak terminals);
 - Connecting two or more urban areas not in close proximity—greater than 15 miles apart;
 - Having capacity to carry baggage; and
 - Making meaningful connections and layover times (2-hour window either side of connection to national intercity bus network, at same physical location).
- As a focus of funding, the California Intercity Bus Network is defined as having the following characteristics:
 - Route Structure: Connects national bus system terminals and multi-modal stations (which have national bus service), with a route length of at least 100 miles.
 - Meaningful Connections: 2-hour window, Amtrak connections counted as State Emphasis rather than Intercity Network Route, only fundable under this program if there is no intercity bus service at all (or within an 8-hour window).
 - Feeder Service: Connects to California Intercity Bus Network at a designated Transit Gateway (multi-modal station with passenger waiting, ticket sales, and amenities), with a route length greater than 50 miles but no more than 100 miles (one-way).
- There is a \$300,000 cap on project funding, per year, to support equitable distribution.

Application

Grant Applications. S.5311(f) applications are solicited on an annual basis through a separate package from other FTA grant applications. There are separate applications for operating and capital funding, which are combined in an overall S.5311(f) package.

S.5311(f) projects are required to be coordinated with other local/regional transit plans, includ-

ing human services coordination plans. New or expanded service must be supported by a feasibility study or plan.

Evaluation Process. Applications are first screened through a technical assessment by staff to ensure that the application is complete and consistent with state requirements and policies. Applications that pass the technical assessment are evaluated and scored by a committee composed of Caltrans staff, transportation agencies, non-transit providers, and community-based organizations.

Reporting Requirements

Intercity Bus Program recipients are required to submit quarterly reports of operating data, costs and expenditures, ridership, revenue, and calculated performance measures including farebox recovery.

Linkage to Particular Routes or Services

The state identified network gaps as part of the statewide intercity bus needs assessment, and these have been included in the application process as routes that the state would like to see served.

Results

Figure 9-1 presents a map of the California S.5311(f) funded intercity routes. In general most of the projects are operating, with some limited purchase of small buses. The \$300,000 cap on annual federal funding under this program prevents use of funds to purchase intercity coaches or make major investments in facilities, so operating assistance is the major focus.

Issues

The local operating match requirement is an issue for transit operators. California's Transit Development Act (TDA) funds are collected by the state and provided to localities by formula. Counties and regions do studies of unmet needs to support the use of TDA funds—and can shift funding to highways if no unmet “feasible” transit needs are identified. “Feasible” transit services must have farebox recovery above 10%. Intercity routes are likely to serve multiple jurisdictions and studied separately in each jurisdiction's local unmet needs study. If an intercity route is studied by one jurisdiction and found to be an unmet need that is feasible, even if it wants to use

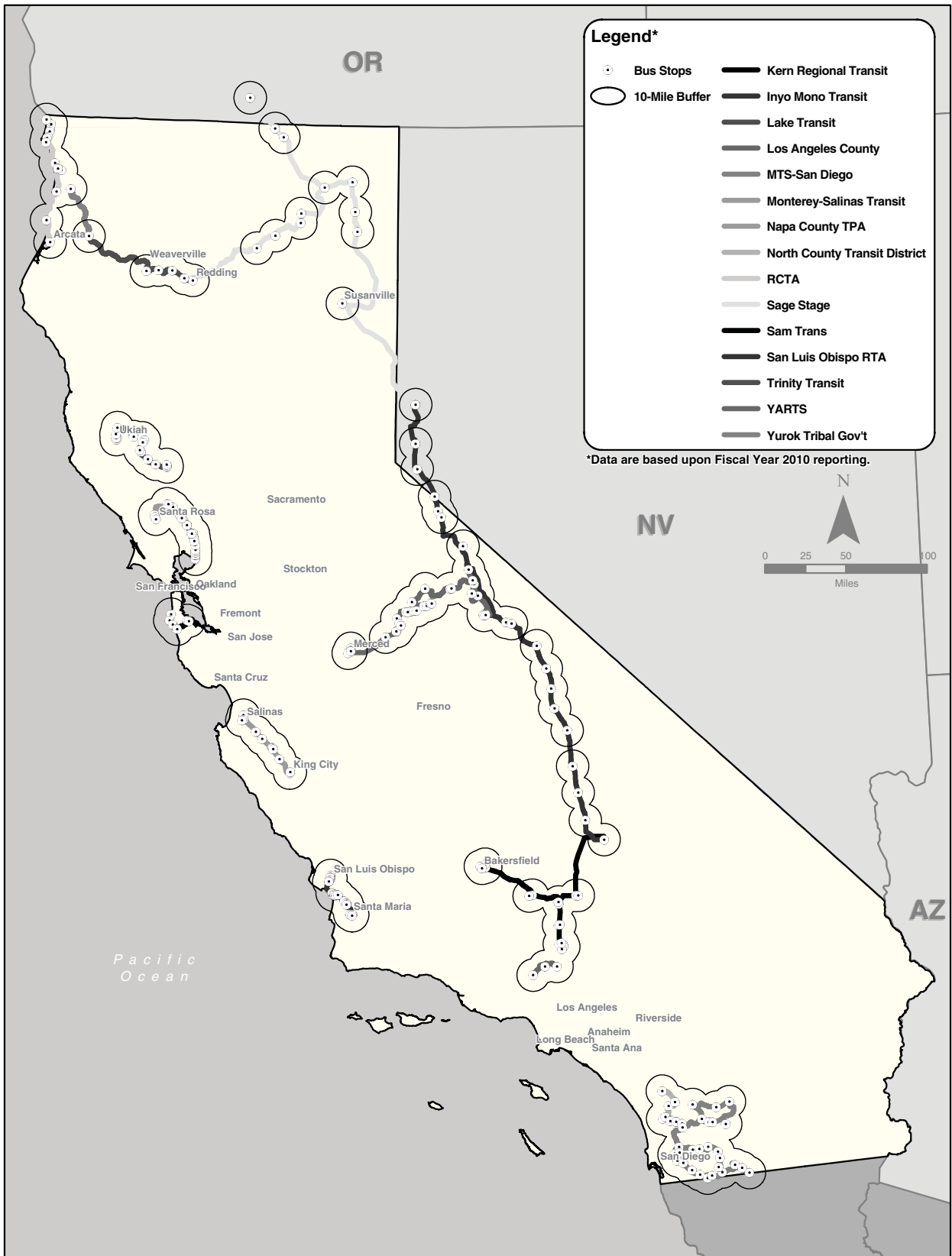


Figure 9-1 S.5311(f) program in California.

the funding, the other jurisdictions on the proposed route may not identify it as a need, or not find it feasible. Generally, a rural county separated by several counties from a major city/connection point to the national network will see an intercity connection as a higher need than those counties closer to the major city/connection point, which can result in the farthest away, often most rural, counties paying all, or a disproportionate share of, the local match. California is working on implementing the Pilot Project as one way to address local match.

Another issue is the state role in funding the California Intercity Passenger Rail network, including Thruway connecting buses. Amtrak contracts for the bus services, but because California is paying the net subsidy to Amtrak for the combined bus-train network, it is subsidizing the bus services. The private bus industry sees the Amtrak rail/bus network as subsidized competition. Many intermodal facilities were built to serve the rail network and connecting buses, but these facilities are often unserved by Greyhound or other private carriers. The supporters of the state rail passenger network would like to modify federal/state legislation to permit bus-only tickets to be sold on Amtrak Thruway buses (currently all tickets must have a rail segment). The private bus industry is concerned that this would be significant expansion of subsidized competition.

Changes

California has a history of funding long transit routes without private participation but with limitations on the length of funding provided—originally projects were treated as 1-year demonstrations, then extended to 3 years.

Following the 2008 study, the meaningful connection criterion was added, the network was defined to focus on intercity service, and the cap on length of funding was lifted for projects that continue to meet minimum performance standards.

Colorado

State and Program Administration

In Colorado, the Intercity Bus Program is housed within the Colorado DOT. Within the Division of Transportation Development there is a Modal Programs section, and within that the Transit Unit has oversight of the S.5311(f) rural Intercity Bus Program.

CDOT divides its overall S.5311 apportionment into several sub-categories, and projects compete for funding within each category. Intercity bus is one such category, with the amount being the federal 15% set-aside. Within that category, funds are awarded for the provision of intercity bus services. These funds may be used for operating, administrative, capital, or planning. The department may make available certain funds for Intercity Bus Services to carry out a program for the development and support of intercity bus transportation, pursuant to federal requirements. The department sets aside the full 15% intercity bus set-aside, but if the amount requested or awarded is less than the full 15%, the policy is to request a partial (or full) Governor's Certification of no unmet intercity need, and reprogram the funding to other S.5311 projects.

Staffing

One person staffs the Colorado Intercity Bus Program.

Program Goals

The department has developed specific guidelines for making available its intercity bus service (ICB) funds. The department appoints an Intercity Bus Advisory Committee (ICBAC) that is responsible for assessing Colorado's ICB existing service and needs, for advising the department on how to prioritize the use of the funds, to recommend guidelines for receiving and evaluating applications for ICB funds, and to hear comments from interested parties. Guidelines for ICB awards are presented at public meetings held across the state prior to department adoption. A key aspect of the department's guidelines is a requirement that applications for ICB funding must make meaningful connections with long-haul ICB carriers. That is, short-haul services are more appropriately applied for under the regular S.5311 program. It is the department's position that longer-haul routes should be connected with the existing interstate carriers that exist in the state. This could be done more successfully by connecting closely with existing schedules in existing ICB depots.

Eligible Applicants

The eligible applicants in the Colorado program include state and local public entities, Indian Tribes,

and private non-profit providers in non-urbanized areas (the same as for the S.5311 program). In addition, private for-profit operators are eligible to apply for S.5311(f) only, for the provision of intercity bus service. CDOT defines intercity service following FTA S.5311(f) guidance as regularly scheduled bus service for the general public connecting two or more urban areas not in close proximity to each other over a fixed route with limited stops, making meaningful connections with scheduled intercity bus service to more distant points and providing the capacity for transporting baggage carried by passengers.

Eligible Activities

Eligible project activities include operating assistance, limited capital for vehicles, and potential statewide and route-specific marketing.

Nature of Assistance

CDOT's program provides grants in response to a grant application, rather than contracts in response to a Request for Bids.

Match Requirements

For operating assistance, CDOT provides FTA funding for up to 50% of the net operating deficit under the conventional program, and under the Pilot Project it provides up to 100% of the net operating deficit. Even though the Pilot Project allows for 100% federal funding of the net operating deficit (if there is sufficient in-kind local match value), CDOT prefers to see some local or carrier funding as well to show commitment. Otherwise the maximum federal share of operating assistance is 50% of the net operating deficit, with the remainder from local or carrier funds. For capital projects providing ADA accessibility or Clean Air Act compliance, federal funds are available for a maximum of 90% of project costs, with a local share of 10%. For other capital projects (vehicles or facilities), the maximum federal share is 80%, with a local or carrier share of 20%. Colorado also provides funding in a separate category for administrative expenses, with a maximum federal share of 80% and a local share of 20%.

Use of Pilot Project

CDOT has utilized the Pilot Project method of in-kind funding in two corridors.

Consultation/Needs Analysis Process

Colorado has not certified as having no unmet needs for several years, except as a funding management device to avoid losing S.5311 funding.

Following Greyhound (Texas, New Mexico, and Oklahoma TNM&O) restructuring in 2005, existing S.5311(f) service on US-50 from Pueblo to Grand Junction was discontinued, as was service on the US-40 route from Denver to Salt Lake City.

Local concern in the center of the state about the loss of service on US-50 led to a feasibility study addressing the possibility of replacement service. This involved consultation with carriers. Subsequently, a statewide intercity and regional bus study was conducted, which involved input from local/regional transit providers, and from intercity bus carriers. It recommended service implementation using S.5311(f) in several corridors as well. Colorado has implemented operating assistance in two corridors, from Denver to Gunnison, Colorado, and together with Utah DOT, from Denver to Salt Lake City via the non-interstate route using US-40 (and serving most of the resort destinations in northwestern Colorado).

The annual grant solicitation process involves contacting carriers and an annual meeting.

Application

Because intercity bus service is provided by private carriers in a dynamic market place rather than on the normal CDOT 2-year S.5311 grant cycle, CDOT may entertain S.5311(f) intercity bus applications year round, or may issue an application outside of the normal schedule on an as-needed basis. CDOT has also joined with other states in a competitive application process to jointly select a single provider for a multi-state route, and it may join in such a process with another state where that state is the lead.

The application is based on the normal S.5311 application, but there are special accommodations in the application form and instructions for intercity applicants that reflect the difference in the way the services are costed and provided. These special accommodations focus on the operator cost and revenue per mile, allocations of multi-state services by state, or particular schedules.

Project grants in Colorado are normally for a 2-year period, with an update application providing certain information for continued funding in the second year.

Evaluation Process. Applications are evaluated and scored at the same time as other applications (if they are on the same cycle). The evaluation factors are different from other services to include factors that are more appropriate for intercity-type services, so these projects are typically evaluated in a separate pool.

Reporting Requirements

Data on ridership, mileage, costs, farebox revenue, and other performance measures are required to be submitted with the (monthly or quarterly) invoice to the DOT. The submitted data must also satisfy National Transit Database (NTD) reporting requirements.

Linkage to Particular Routes or Services

Initially CDOT responded to carrier applications for capital, administrative, and operating assistance, leading to support for the Colorado portion of services from Denver to Omaha. Subsequently, CDOT worked with local communities following the 2005 abandonment of intercity bus service in the US-50 corridor to identify alternatives, estimate costs and ridership, and assist in the selection among potential S.5311(f) service options. This included consultant assistance to CDOT and a local Advisory Committee, and led to a specific application for service to that part of the state. Subsequently, a statewide intercity and regional bus needs study was performed by a consultant with direction from an Advisory Committee. It identified two types of needs—one for long-distance, multi-jurisdictional regional service to serve commuters and other regional trip needs (such as medical), and intercity bus service connecting to the national network. S.5311(f) service was identified to meet the intercity needs, with the regional needs to be considered for other funding sources in future policy work. The study identified particular additional corridors, and CDOT has issued particular applications for corridors. In addition, carriers can apply through the regular application process on the 2-year cycle if not responding to a state solicitation for particular service corridors.

Results

Currently, Colorado provides operating funding for two routes using the Pilot Project method of operating assistance, as illustrated in Figure 9-2. Service

is provided by Black Hills Stage Lines on US-50 from Gunnison to Salida (and return) as a connection to a through bus from Alamosa to Denver via Salida, which is also funded under the program. A second funded route is operated by Greyhound from Denver to Salt Lake City via US-40, serving Steamboat Springs and a number of other small communities. It is jointly funded with the Utah DOT. CDOT has also provided administrative, capital, and some limited operating funding for service on the route between Denver and Omaha, which serves some rural stops in northeast Colorado. Planning is underway with Kansas DOT for joint support of service east of Denver into Kansas.

Issues

CDOT has identified issues in using the Pilot Project method of in-kind match. One key issue is that S.5311(f) funded services have to make meaningful connections with the unsubsidized services, and schedules that make these connections may not be as convenient as desired for the local jurisdictions that may be providing cash match. Also, FTA guidance on use of the Pilot Project is limited. One issue that is not addressed is how to use it in conjunction with a capital grant for a bus on the route. Another general intercity bus compliance issue that has arisen is the appropriate application of drug and alcohol requirements to private carriers performing S.5311(f) services—there is a U.S. DOT policy, but it is difficult to find.

Suggested Changes

CDOT would like to see the Pilot Project included in legislation so uncertainty about its future is reduced. They would like to see more guidance about the application of the Pilot Project, and about application of FTA requirements to S.5311(f) providers where there may be deviations from conventional policy, particularly with private for-profit providers (for example, drug and alcohol reporting and ADA requirements).

Michigan

State and Program Administration

In Michigan the state Intercity Bus Program is housed in the Bureau of Passenger Transportation (BPT), Bus Acquisition, and Intercity Transportation

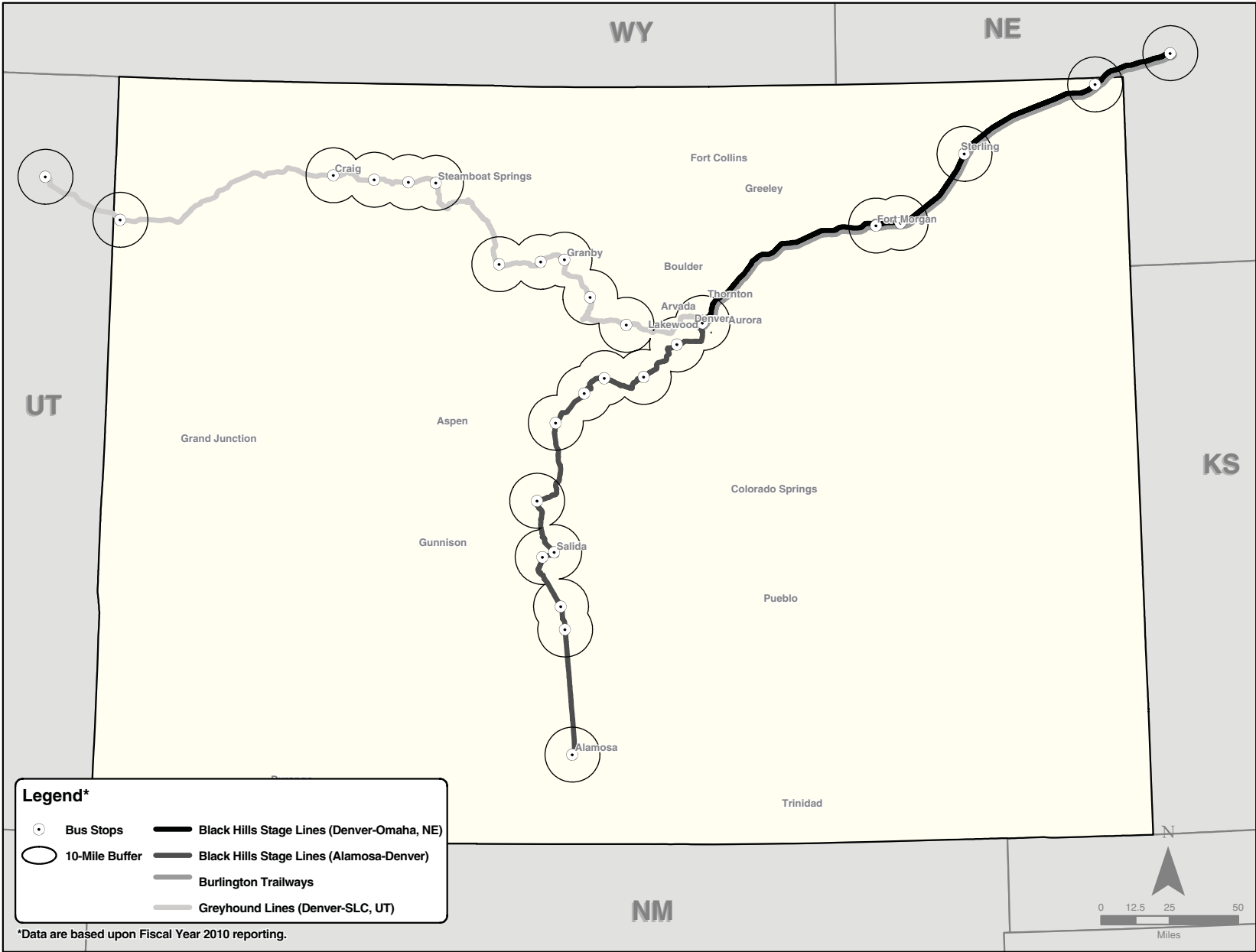


Figure 9-2 S.5311(f) program in Colorado.

Section, Michigan DOT. This section provides assistance to and oversight of the intercity bus and rail carriers that provide passenger transportation in Michigan. It also oversees state vehicle procurement. A unique feature of the Michigan transit program is that the remaining state regulatory functions overseeing the private bus and limousine operators are also located in the Bureau of Passenger Transportation, although by a different staff member than the S.5311(f) program.

Staffing

The Intercity Transportation Unit includes a supervisor (who oversees intercity bus and rail) and three staff members: two for rail (one each for operating and capital), and one departmental analyst who manages the Intercity Bus Program (both capital and operating programs). A second staff member also assists in the management of the Bus Capital Program, along with other duties including supervisor of private carrier regulatory functions. Together these add up to 1.5 Full-Time Equivalent (FTE) staff members (the one departmental analyst plus portions of the Bureau of Passenger Transportations supervisor, manager, administrator, and administrative support totaling one-half of an FTE).

Program Goals

The Michigan program has adopted the basic federal S.5311(F) program goals, providing funding to support the connection between nonurbanized areas and the larger regional or national system of intercity bus services, to support services that meet the intercity travel needs of residents in nonurbanized areas, and to support the infrastructure of the intercity bus network. The purpose of the Intercity Bus Program is to enhance intercity bus travel for the citizens of Michigan by providing capital and operating assistance to private intercity bus carriers.

The specific program goals are as follows:

- Meet customers' long-distance travel needs.
- Provide safe, accessible, up-to-date vehicles and terminals for the traveling public.
- Provide connections between communities as well as with the national bus system.
- Increase coordination with local transit agencies to improve intermodal ridership.
- Build partnerships with all other transportation modes.

- Incorporate objectives and strategies relating to intercity bus services included in the Michigan Transit Strategic Plan.
- Secure federal funds to the extent possible to support the Intercity Bus Program.
- Establish a process whereby annual applications for funding are submitted by March 1 of each year for the next fiscal year.

Michigan defines intercity service as regularly scheduled bus service for the general public that operates with limited stops over fixed routes connecting two or more urbanized areas not in close proximity, which has the capacity for transporting baggage carried by passengers, and which makes meaningful connections with scheduled intercity bus service to more distant points, if such service is available. Assistance under S.5311(f) must support intercity bus service in nonurbanized areas.

Consultation/Needs Analysis Process

If the state determines that all intercity needs have been met and desires to use some or all of the 15% for other purposes, intercity bus transportation providers will be consulted before requesting the governor's certification. This document will then be updated to describe the consultation process. Because the state has not certified, it has not conducted the full consultation process. BPT outreach includes providing the annual application instruction packet to intercity bus providers. This gives the providers an opportunity to review S.5311(f) program information and application requirements on an annual basis. MDOT has consulted with Intercity Bus Carriers to determine Long Range Plans (LRP) and activities associated with the LRP, as well as to coordinate services with surrounding states.

The last intercity bus needs study was conducted in 1987, and it called for operating assistance to be limited to services in the northern part of the Lower Peninsula and the Upper Peninsula, with vehicle capital funding only for vehicles for scheduled service (anywhere in the state) with limitations on out-of-state service, and a program of intermodal terminal investments focused on the key urban hubs. Since then, the program has integrated the S.5311(f) program requirements and continued the same overall approach.

Eligible Applicants

Only privately-owned intercity bus carriers are eligible. No publicly-funded transit authority or

agency is eligible for the Michigan program. Carriers must have operated under a Certificate of Authority in accordance with Public Act 432 of 1982, as amended, for the period of 2 years to apply for a bus from the capital program. A carrier in bankruptcy or court-approved reorganization shall not be eligible to apply for buses under this program for a minimum of 2 years and until the company can exhibit financial stability and capability to meet the terms and conditions of this program. Any court-ordered stipulations regarding a carrier must be followed. When a carrier is coming out of bankruptcy or court-approved reorganization, MDOT may conduct a final review of the carrier's financial records to ensure that any liability or tax obligation has been met. A carrier that has operated service or equipment under contractual agreement with the department must have done so with no penalties imposed. The carrier shall remain ineligible for 2 years from the date of any such penalty being imposed.

Eligible Activities

Eligible activities include facility improvements for intercity bus use, intercity bus shelters, signage, vehicles, or vehicle-related equipment such as wheelchair lifts for use in intercity service, and operating assistance. Other projects are not precluded. Program guidance divides the program into four components: capital, service development operating, terminal development, and other capital.

Nature of Assistance

Capital is primarily vehicle capital. Eligible carriers can purchase or lease (from the state) full-size intercity coaches. Applicants are limited to no more than five buses per year, with a total Michigan regular-route fleet allowed to have a 20% spare ratio. All buses procured under the program are required to be ADA accessible. Buses purchased are eligible for replacement when 6 years or 450,000 miles have been accumulated; for leased buses the arrangement is defined in the contract. All buses must be used only in regular-route service, at least 5 days per week, at least 150 miles per day. Airport or limousine services that are on-call, on-demand, or require reservations are not eligible. Carriers must obtain three competitive quotes on buses to be purchased, based on a specification developed jointly between MDOT and the carriers. The buses are provided to the carrier for a set annual fee, with the carrier responsible for all insur-

ance and other operating costs. The department collects a security deposit equal to 2% of the purchase price, to be used for any needed repairs.

Operating assistance is provided as a last resort to maintain service, or to develop service that can become self-sufficient. Operating assistance is provided on a competitive bid process, with the carriers proposing routes and services. The bids are based on a per-mile rate less revenues. The program priorities, in order of importance, are to maintain existing service and expand service that can become operationally self-sufficient. Operating assistance proposals for service expansion must meet all applicable requirements and will be evaluated using the following criteria:

- A. Ability of the service to connect with the statewide/national intercity network, other intercity carriers, local transit, AMTRAK, and/or airports.
- B. Ability of the routes to serve Michigan communities.
- C. Ridership potential.
- D. If applicable, past experience of the route being proposed.
- E. Quality of the information submitted in the proposal based on completeness, relevance, conciseness, and organization.
- F. Ability of the route to be self-sufficient at the end of the 3-year demonstration period.

The Terminal Development Program is a separate capital program that is coordinated with local transit providers and other modes. The facilities are typically publicly-owned intermodal terminals that also serve as transit centers for local transit providers, or Amtrak stations, or both.

Michigan may also provide other capital under the program, such as computers, shelters, marketing funds, or funding for planning or marketing studies.

Match Requirements

Match ratios are not shown in the application. Bus capital is state funded and subject to legislative appropriations for each year. Buses are provided to the carriers under a lease of \$1,000 per bus per year, so they are essentially 100% state funded. Purchased buses are potentially 80% federal, 20% state. Operating assistance is 50% federal and 50% state, so 100% of the route's net operating deficit on that route is covered (no local or carrier match requirement).

Use of Pilot Project

There is no mention of the Pilot Project in the survey response or program guidance. Michigan does not currently utilize it. With the state providing the entire local operating match there is really no need for it, as it is designed to address the typical lack of local operating match.

Application

There is a separate S.5311(f) application process. There is an annual application, with separate applications for operating and capital programs. The certifications and assurances sections are shared with other FTA program grant applications under the overall Michigan program.

Evaluation Process. Service considered for operating assistance will be evaluated by MDOT based on agreed-upon criteria. Proposed routes recommended by MDOT are then presented to the State Transportation Commission Subcommittee on Intercity Bus Service for its information, and after that a competitive bid process is conducted, so it appears that a carrier might apply for assistance on one of its routes, and if the application is accepted, it would then need to bid against other firms to provide the service.

Other evaluation factors include:

- Eligibility under Act 51
- Adequacy of service to the elderly and persons with disabilities
- Reasonableness of existing and proposed level of service to the general public
- Level of coordination between human service agencies and public transportation applicant
- Request for Proposal Process (based on review of both technical and cost elements), with award to the best overall value

Special Requirements or Limitations

In the Michigan program, the carrier must have 2 years of experience based on either experienced personnel and/or past performance on work of a similar nature. The carrier must demonstrate that the human resources needed to operate the proposed service can be obtained. The carrier must also demonstrate financial viability to sustain needed maintenance and operating expenses of the proposed service.

The carrier must have a Certificate of Authority issued by MDOT, in accordance with Public Act

432 of 1982, as amended, or a Certificate of Authority issued by another state regulatory agency where they are domiciled to provide the service. In the case where a carrier has a Certificate of Authority issued by another state regulatory agency, a Certificate of Authority would have to be obtained from MDOT upon being selected as the most responsive bidder. If state-owned buses are offered as part of the bid process, the capital program eligibility requirements to secure the needed buses must be met. A carrier that has operated under a Certificate of Authority issued by another state regulatory agency, for a period of 2 years, would be eligible. As noted previously, airport limousine or similar reservation-based or demand-responsive services are not eligible for vehicle capital.

For Terminal Development projects, development must be coordinated with local transit and/or other modes such as rail. MDOT recommends that rental rates for private carriers be based on pro-rata share of terminal operating expenses. Revenues of a terminal are to be used for the operation and maintenance of the facility.

Reporting Requirements

Participating carriers must report ridership by stop for each funded route, plus vehicle usage.

Linkage to Particular Routes or Services

In Michigan the state has not pre-identified routes or corridors.

Results

The state funds operations on five routes, each of which is now identified by a route name as part of state branding of the service, which would continue even if the carrier changed. The route names provide a link to state history or geography:

- Hiawatha
- Huron
- Sleeping Bear
- Straits
- Superior

Figure 9-3 presents a map of these routes. In 2009, 64,550 passengers were carried on these routes. Over time approximately 20 terminals have been built or rehabilitated. Recent successes include implementation of a new route (the Straits, from East Lansing to Boyne Falls), and continuation of services, and the use of federal funding for facility projects. These include

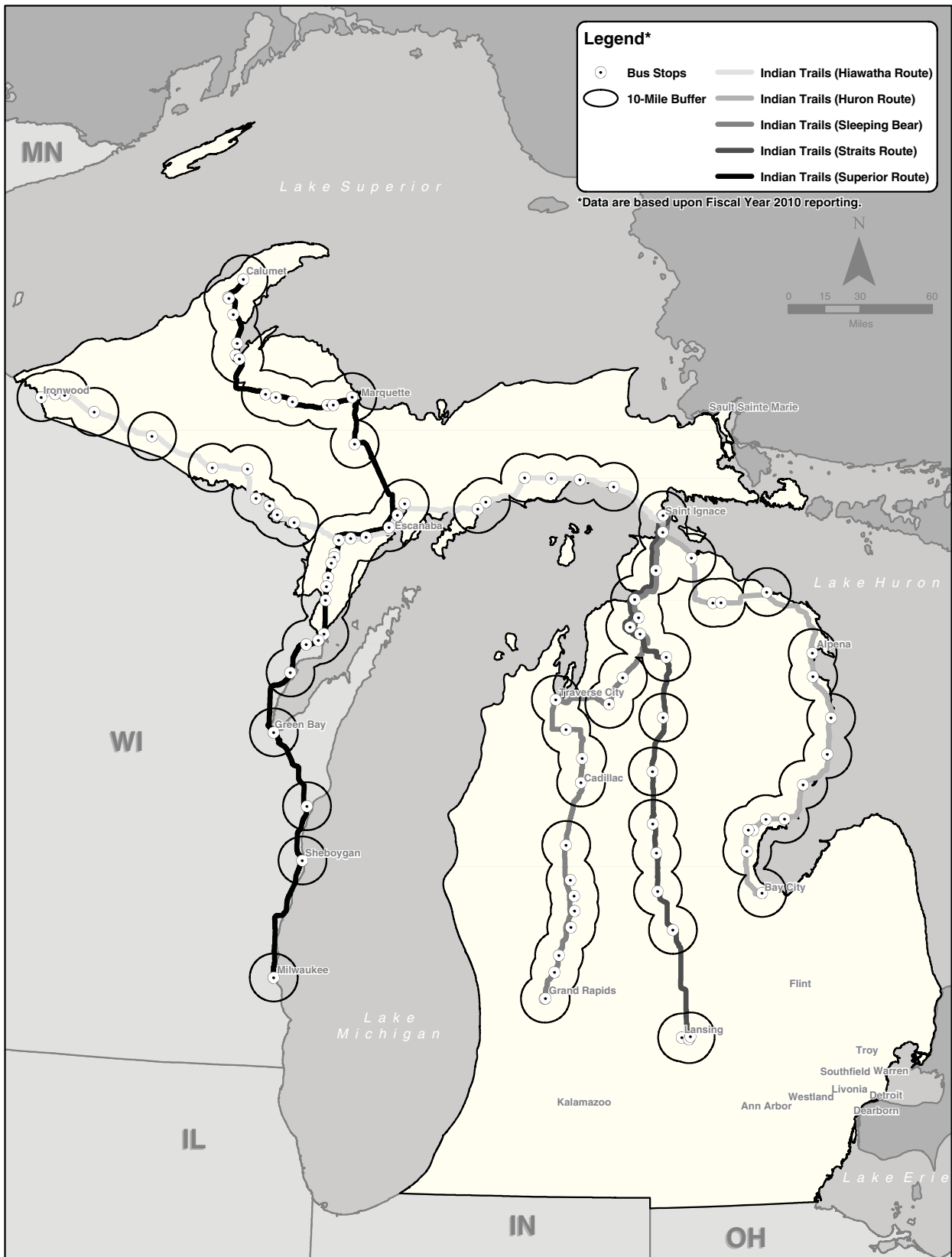


Figure 9-3 S.5311(f) program in Michigan.

\$1.7 million for construction of a new intermodal facility in the city of St. Ignace, which is the link for all five of the subsidized routes, and improvements at the Saginaw bus station.

Issues

The MDOT survey did not identify any program issues, but noted that the state would maintain the intercity program if the set-aside requirement was removed from S.5311, as long as state funding was available.

Changes

The MDOT survey response did not identify any desired changes to the federal S.5311(f) program. Recent service changes in the services funded by the program have included the addition of the fifth route, and the branding of all five of the funded routes. Outside the program, a major change in intercity bus service has been the initiation of express services to the Detroit airport from East Lansing (Michigan State University) and Ann Arbor (University of Michigan) by Indian Trails (which is also the contract operator on all five of the state-funded routes).

Minnesota

State and Program Administration

The S.5311(f) program is administered by the Office of Transit, Transit Programs section in the Minnesota Department of Transportation (Mn/DOT).

Staffing

There is one person in the Mn/DOT Office of Transit Programs section who is responsible for managing the S.5311(f) program, but he is also responsible for oversight of all S.5311 facilities construction projects, so the dedicated staff is less than one FTE. However, Intercity Bus Program and project elements are also addressed to some extent by other staff as needed to support the application process, compliance, and planning functions.

Program Goals

Minnesota has identified the national objectives for its program:

- To support meaningful connections between nonurbanized areas and the regional or national system of intercity bus service;

- To support services to meet the intercity needs of residents in nonurbanized areas; and
- To support the infrastructure of the intercity bus network through planning, marketing assistance, and capital investment in facilities and equipment.

In addition, it has added its own Minnesota program priorities to support the national program objectives described above. The Minnesota Intercity Bus S.5311(f) program has as a priority projects that most appropriately address connectivity for Greater Minnesota between regional trade centers as well as between rural Minnesota and the Twin Cities Metropolitan area. The five priority areas are:

- Operating assistance for existing routes at risk of being shutdown;
- Operating assistance for new routes;
- Capital assistance for the construction of stations, terminals, and shelters or vehicle retrofits;
- Marketing; and
- Planning studies.

These areas are reflected in the types of eligible projects.

Eligible Applicants

The eligible applicants include private for-profit intercity bus providers holding the appropriate operating authority, private non-profit organizations providing intercity services, or local public transit providers who provide or propose to provide feeder services to intercity routes, or other public bodies proposing to provide intercity services. (Note: As defined in Minnesota Statutes 174.22, “public transit” or “transit” means general or specific transportation service provided to the public on a regular and continuing basis. “Public transit” or “transit” includes paratransit and regular route transit.)

Eligible Activities

Initially the program focus was on operating assistance to maintain rural intercity routes, along with marketing in support of those routes. Subsequently S.5311(f) capital funding was used for wheelchair accessibility equipment on intercity coaches, and then for capitalized maintenance on coaches used to provide S.5311(f) funded service. Facilities have also been funded under the program in the past. Under the current application cycle the eligible activities included operating assistance for existing routes; oper-

ating assistance for new routes; capital for stations, terminals, vehicle retrofit, shelters and other capital; marketing; and planning studies. American Recovery and Reinvestment Act (ARRA) funding was used for vehicle capital to be used on the funded services, and it is likely that the next application cycle will also permit funding for vehicle capital.

Nature of Assistance

Assistance is provided as grants, in response to a grant application process.

Match Requirements

Minnesota provides federal funding for the S.5311(f) program at the normal match ratios of up to 50% of the net operating deficit for operating assistance, and up to 80% of project costs for capital, marketing, and planning. The remaining costs are local match, to be provided by the applicant. There is no state funding for any of the local share (though there is state funding for local public transit operating, including S.5311 providers).

Use of Pilot Project

Minnesota has one route that is being provided using the Pilot Project method. It is a rural route, and the subsidized carrier is providing the in-kind match with unsubsidized miles it operates on other connecting routes. It was selected as the rural intercity route with the lowest farebox recovery, which means it has the highest net deficit, and the private carrier could not provide the cash local match for 50% of the net operating deficit. So it represents a targeted use of the ability to provide 100% federal funding on the route.

Consultation/Needs Analysis Process

Minnesota conducted a statewide intercity bus needs study in 1995–97 that led to the creation of the program with a focus on operating assistance to maintain rural intercity routes. The study advisory team included intercity carrier representatives. Mn/DOT updated the intercity bus study in 2009 as the Minnesota Intercity Bus Network Study, and as part of the study a more formal consultation process was conducted involving identification of potential carriers and a survey of those operators, regional planning agencies, and local rural transit operators. The results were documented in the planning study,

which also recommended that a similar consultation process be conducted as part of the biennial application.

Application

A separate S.5311(f) application is used to collect specific information on the proposed routes and schedules, costs, estimated ridership, revenues, estimated net deficits, capital projects, and marketing projects. The application process includes both a guidance document and an Excel-based application. An important element is the documentation of local support for the proposed service and efforts to coordinate with local transit providers. A separate application section for each requested route or service is required, so that routes can be considered separately.

Evaluation Process

A committee that includes Mn/DOT program staff, other transit program headquarters staff, and regional transit staff evaluates the applications. The Intercity Review Committee's purpose is to review the applications and rank them in order of funding importance. Potential committee membership includes Mn/DOT staff, MPO or Regional Development Commissions representatives, a public transit representative, and a member of the Interagency Committee on Transportation Coordination. Should there be insufficient funding for all the projects determined to be eligible for funding, contracts are to be awarded based on the ranking of the Review Committee. An appeal process is included in state guidance for the program.

Reporting Requirements

A monthly report spreadsheet is required to document expenditures over the life of the project. For operating assistance, expense and revenue data is required, along with the number of passenger trips, the number of days operated, and bus-miles provided. The state's spreadsheet then calculates performance measures. For capital marketing and planning study projects the spreadsheet requires milestones and expenditures. The report is sent electronically to the transit program manager.

Linkage to Particular Routes or Services

Up to this point, Mn/DOT has not directed applicants to any particular service corridors or needs,

but has taken carrier input and applications and evaluated them for funding. This has led to a loss of service in some areas in which there was no applicant. The recent statewide network study recommended listing the services to be maintained, and routes or areas needing service as priorities for funding in future applications.

Results

The Mn/DOT Intercity Bus Program supports an extensive network of services within the state, linking rural areas and small towns with the Twin Cities. Figure 9-4 presents a map of these routes. All are operated by Jefferson Lines, Inc., a private for-profit regional carrier headquartered in Minneapolis. The major corridors served include:

- Minneapolis-Duluth (serving stops in non-urbanized areas between these two urbanized areas)—daily and weekend only services;
- Minneapolis-Tomah (Wisconsin)—daily service;
- Minneapolis-Sioux Falls (South Dakota) via Jackson, MN—daily service;
- Minneapolis-Sioux Falls (South Dakota) via St. Cloud—operates 4 days per week;
- Minneapolis-Fargo (North Dakota) via Wadena, MN—operates daily;
- Minneapolis-Fargo (North Dakota) via Alexandria—operates daily; and
- Grand Forks (North Dakota)-Wadena—operates 3 days per week, connects with Minneapolis-Fargo service at Wadena.

The only services not funded are the Greyhound Duluth-Minneapolis express service (daily), services from the Twin Cities to Chicago on Greyhound and Megabus, and Jefferson's unsubsidized service from the Twin Cities south to Kansas City. Without the funded routes, rural Minnesota would have no linkages to the major metropolitan area in the state.

The carrier, Jefferson Lines, provides the local match at 50% of the net operating deficit on all routes except the Sioux Fall-Minneapolis via St. Cloud service, which is operated under the Pilot Project funding. Even including that route, the entire group of funded routes has an overall farebox recovery ratio of 59%.

In addition, the S.5311(f) program provides funding for capitalized maintenance on the regular-

route fleet that provides service on these routes, and provides funding for marketing including telephone information. ARRA funding is being used to purchase new vehicle capital for use on the funded routes. In the past, capital funding has been used for a portion of the Minneapolis terminal (in proportion to the services originating or terminating in rural areas), and for vehicle accessibility improvements.

Issues

The Minnesota program has benefited from having a regional intercity bus carrier headquartered in the state that has been willing to participate in the program, despite the fact that it must provide the 50% local match for operating assistance. The issue is that if that carrier were no longer able or willing to provide the match, there is no other source of local match from state or local sources, and it would likely result in a substantial loss of service.

Other issues of concern to Mn/DOT regarding the S.5311(f) program are a need for more specific program guidance and more education for FTA staff about the unique nature of the program. FTA compliance requirements for ADA, drug and alcohol, and the Pilot Project funding are all potentially unique for this program that provides grants to private for-profit entities that are also potentially covered by other federal regulations, and there is a need to provide more guidance for this program.

Changes

Over the last several years there have been several major changes in the program. The Greyhound service restructuring of 2005 resulted in a need to replace Greyhound services (including those already receiving S.5311(f) operating assistance) on short notice, and Mn/DOT worked with the other major provider, Jefferson Lines, to accomplish this. There have been subsequent service adjustments to maintain efficiency. In addition, Minnesota has taken advantage of the Pilot Project for one rural route, and used ARRA funding for vehicle capital, which was a new addition to the program. Future changes will include more state direction to potential applicants regarding routes to be maintained, route performance, and areas of potential need for new or expanded service. In addition, vehicle capital may be added to the list of eligible program activities.

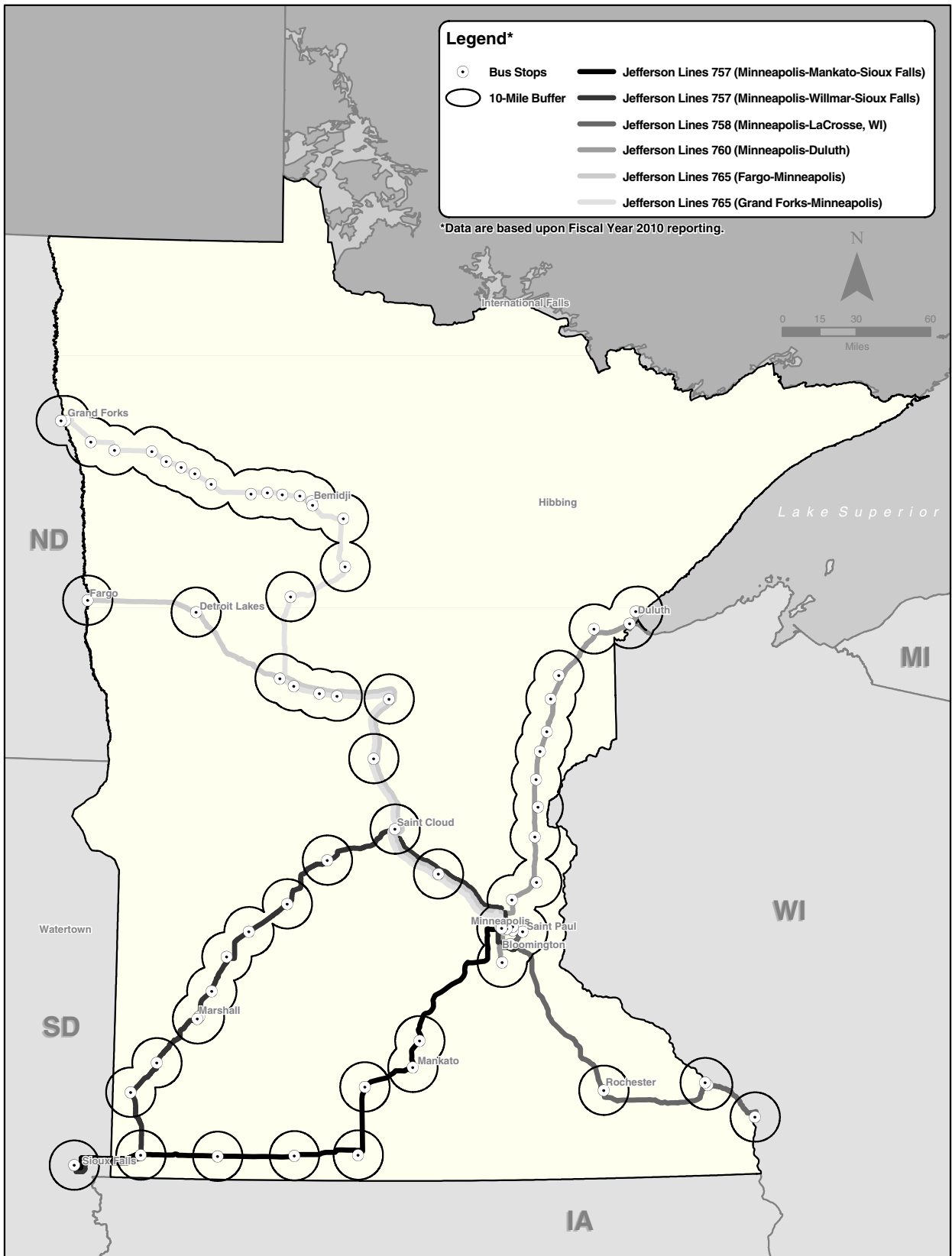


Figure 9-4 S.5311(f) program in Minnesota.

Oregon

State and Program Administration

In Oregon, the Intercity Bus Program is housed within the Oregon DOT, Public Transportation Division.

Staffing

One person staffs the Oregon Intercity Bus Program.

Consultation/Needs Analysis Process

Oregon has not certified as having no unmet needs, and has used the 15% set-aside. Given the opportunity to expand S.5311(f) service presented by the availability of the FTA Pilot Project in-kind match program, in January 2008, ODOT conducted a needs analysis and identified un-served and underserved Oregon corridors. Three corridors were identified.

Program Structure

Program Goals. The primary goals of the Oregon Intercity Bus Program are:

- To support a reliable and safe network of interconnected, accessible passenger services along major transportation corridors and between Oregon cities with populations of 2,500 people or more, and
- To provide regional connectivity in coordination with passenger rail and scheduled passenger air service.

The Intercity Bus Program objectives include identification of underserved corridors and potential new or enhanced service, service coordination, improved intercity service visibility, and technical assistance.

Eligibility. Eligible applicants for Oregon's Intercity Bus Program funding include:

- Private providers, and
- Any other public entity providing service supporting and developing intercity service.

Eligible projects for Intercity Bus Program funding include the following:

- Discretionary Grants are available for the following types of projects:

- Planning such as needs assessments and feasibility studies;
- Capital including vehicles, facilities, shelters, computers, and capitalized maintenance;
- Operating assistance to preserve or expand current services or fill gaps; and
- Marketing.
- Pilot Project grants are available for operating assistance only for specified service in specified corridors.

Nature of Assistance. Oregon provides Intercity Bus Program assistance in several forms:

- Under the discretionary program, funding is through a grant.
- Under the Pilot Project, ODOT issues an RFP and contracts for service in particular corridors identified by the ODOT needs study.
- Mixed funding can also be awarded.

Match Requirements. Capital projects are funded with 80% federal funds and a 20% local match.

Operating projects are funded with maximum 50% federal and minimum 50% local shares. In the 2009–2011 biennium, a 30% local match was available for projects that included interlining through the National Bus Traffic Association (NBTA). The other 20% was provided through the Pilot Project funding method.

Use of Pilot Project. The Pilot Project approach is in use along three corridors at this point.

Special Requirements or Limitations. Pilot Project projects have a goal of 30% farebox recovery after 3 to 5 years of funding.

Application. For the Discretionary Grant Program, there is a separate S.5311(f) biennial application (a combined application for capital, operating, or other types of projects).

For Pilot Project projects, a separate RFP is issued for each corridor, tied to particular routes or services. These types of projects have rolling implementation.

Evaluation Process. Discretionary applications are reviewed by staff for threshold criteria (applicant eligibility and project type). Following this screening, projects are ranked on value-based criteria including justification and need, planning, coordination, effi-

ciency, and effectiveness, and how the project fits into overall statewide network priorities.

Reporting Requirements

Funding recipients submit quarterly reports using a form.

Linkage to Particular Routes or Services

For Pilot Project projects, a separate RFP is issued for each corridor, tied to particular routes or services.

Results

Under the discretionary grant program, projects funded in the past have priority over similar service that has not previously been funded. Several operators have been funded to provide rural intercity service under operating assistance grants, or have received capital for intercity projects. At this time the discretionary grant program provides S.5311(f) funding for 9 to 10 agencies. In addition, the state has used the Pilot Project match to fund service in two additional corridors identified by state analysis:

- SouthWest POINT (Public Oregon Intercity Transit) in southern/southcoast/southcentral Oregon (matched in full with Pilot Project funding); and
- NorthWest POINT from Portland to Astoria (added round-trip to previous Amtrak Thruway one round-trip), <http://www.oregon-point.com/>, (matched in part with Pilot Project funding method).

In addition, the POINT branding for Oregon's rural intercity routes has been extended to include HighDesert POINT between Redmond and Chemult (which does not use Pilot Project funding). Two other existing intercity corridors are planned for re-branding and vehicle enhancements, the Bend-Ontario corridor, which will become Eastern POINT, and Portland-Eugene, which will become Cascades POINT (with no S.5311 funding).

Figure 9-5 presents a map of both the routes funded under the discretionary grant program and those funded under the Pilot Project.

Issues

Issues identified include:

- A focus on user information—ODOT has developed a statewide guide to all bus and rail

services online, published by the state (like a highway map). City-to-city transit search information shows carriers in the TripCheck multimodal transit information system as part of the overall state transportation user site. All POINT and Oregon Amtrak service is currently represented in Google Transit, and the state is working toward a role in generating and maintaining General Transit Feed Specification (GTFS) data for all fixed-route service in the state so that it can be utilized by any transit information system operating with the GTFS format.

- There are no state matching funds.
- ODOT would like the Pilot Project to be permanent in statute.
- More FTA funding is needed for intercity.

Changes

Oregon recently implemented the Pilot Service program, with an RFP for service in corridors identified through needs analysis.

Pennsylvania

State and Program Administration

In the Commonwealth of Pennsylvania, the Intercity Bus Program is administered by the Pennsylvania DOT, Bureau of Transit, Intercity Bus Program.

Staffing

Two individuals are responsible for the program: a project coordinator and the division chief.

Consultation/Needs Analysis Process

Pennsylvania's annual grant solicitation process involves contacting carriers and hosting an annual meeting.

Program Structure

Program Goals. Pennsylvania Act 44 of 2007 amended the state's earlier program from 1991. The Act identifies intercity bus service as a program of statewide significance and authorizes operating assistance. The goal for capital assistance is to increase accessibility on the intercity system by funding wheelchair lifts and related equipment on vehicles, or accessibility improvements to facilities.

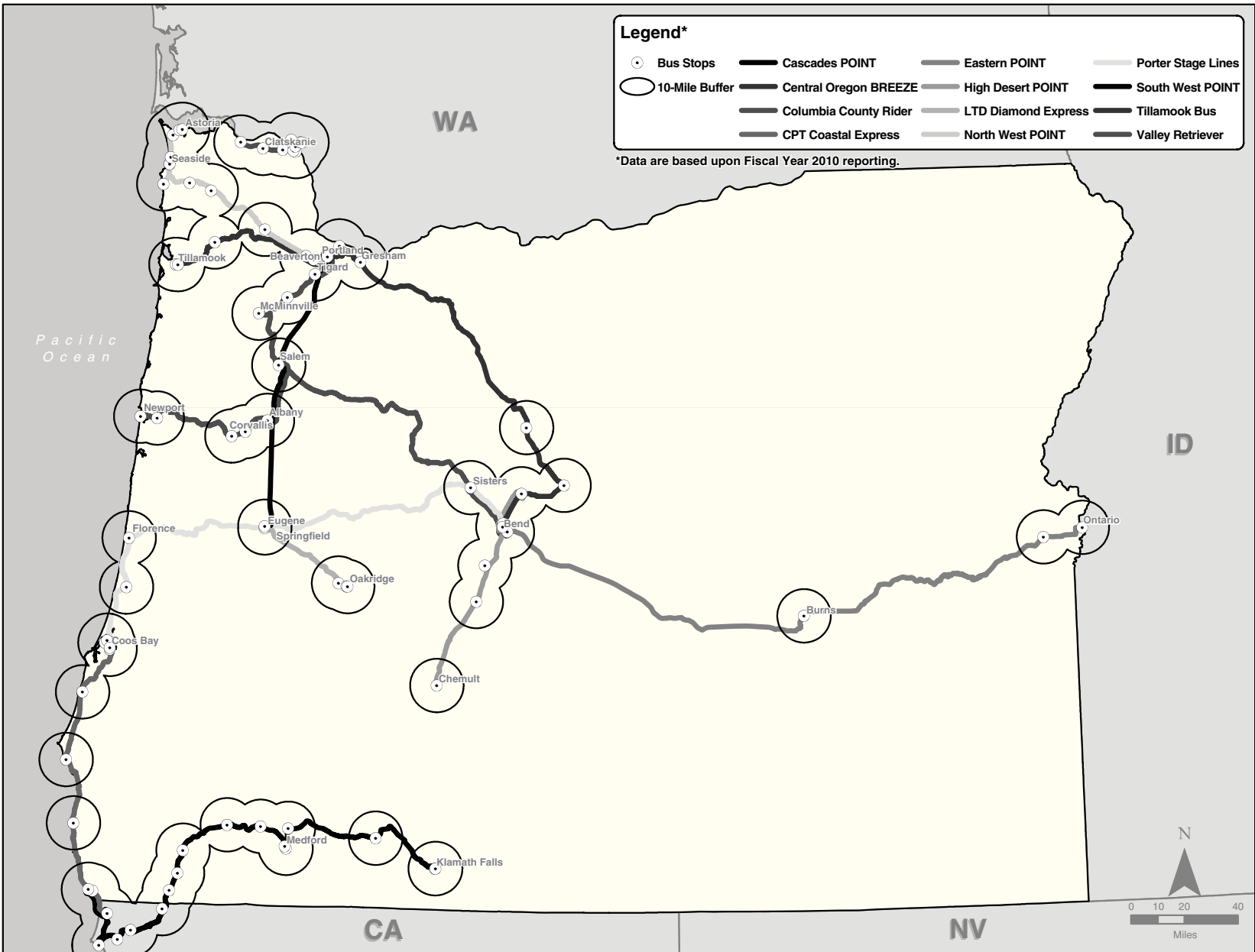


Figure 9-5 S.5311(f) program in Oregon.

Eligibility. Eligible applicants for Pennsylvania Intercity Bus Program funding include:

- County or municipal government agencies,
- Transportation authorities, and
- Privately-owned transportation companies.

Eligible activities include both operating and capital projects, although the capital funding is limited.

Nature of Assistance. The Pennsylvania program provides assistance in the form of grants to eligible applicants.

Match Requirements. Operating projects are eligible for 50% federal funding, 25% state, with 25% local/carrier match required. These amounts represent net operating deficit; a 40% farebox recovery is required.

Capital projects making ADA improvements (such as incremental costs of installing accessibility features on vehicles and making intercity bus terminal facilities accessible) are funded with 90% federal funds and a 10% local match. Any other capital improvements (including vehicles or facilities) are funded with 80% federal funds, 10% state funds, and a 10% local match.

Use of Pilot Project. Pennsylvania is not using the Pilot Project approach at this time.

Special Requirements or Limitations

Projects must meet the state's definition of intercity bus service:

- Length of 35 miles or more.
- Operated with an over-the-road bus (OTRB).
- Operated between two or more noncontiguous urbanized areas, between an urbanized area in one county and rural areas in another, or between rural communities in different counties.
- Operated for a fare.
- Operated on fixed-route basis with no reservations required.
- Open to the general public.
- Required to have a minimum of 40% farebox recovery for operating projects.

The operator of the service must have a Certificate of Operating Rights (for intrastate service), not be in direct competition with another provider, and meet program guidelines.

Application

To apply for Intercity Bus Program funds, the applicant files a separate S.5311(f) application on the Pennsylvania online grant system, DOT Grants. The application includes data on expenses, revenue, subsidies, and operating statistics.

Reporting

The operating statistics are collected online through the same system as the annual application. Recipients are generally required to submit invoice and operations reports on a monthly basis. As an exception, quarterly submissions may be allowed for established service. An annual audit is required for all recipients.

There has been a capital program (up to 2008) for the incremental costs of accessibility features on vehicles, and for making intercity bus terminal facilities accessible. Pennsylvania requires a 10% local match for ADA improvements, 20% for all other capital.

Linkage to Particular Routes or Services

Intercity bus program funding is not tied to particular routes or services. Each carrier applies for service based on their experience and need.

Evaluation Process

State staff evaluate applications in terms of the ability of the applicant to meet federal and state requirements and manage the project, and then in terms of projected performance.

Results

Entities funded include six private intercity bus companies, who received operating assistance only in FY 2008 and 2009. The program total ridership in 2008 was approximately 440,000 passenger trips, with an overall farebox recovery of 53%. Figure 9-6 presents a map of the funded routes.

Issues

No issues were reported. It was noted that the state would likely retain the program even if the 15% set-aside for rural intercity bus was removed from the S.5311 program.

Changes

No major program or service changes were reported.

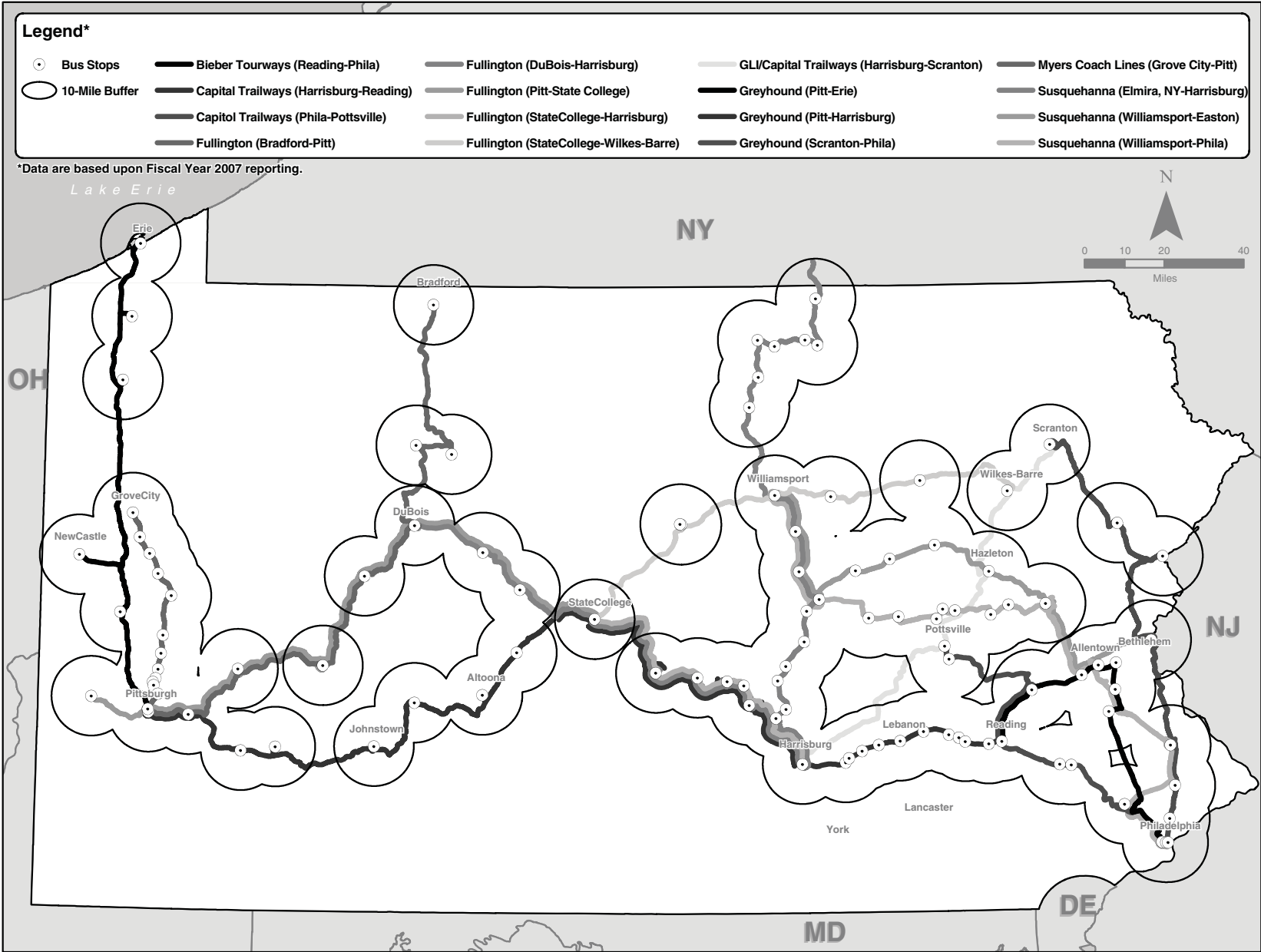


Figure 9-6 S.5311(f) program in Pennsylvania.

Washington

State and Program Administration

In Washington, the Intercity Bus Program is housed within Washington State DOT, Public Transportation Division, Intercity and Rural Public Transportation Program.

Staffing

Three individuals are involved in the program: the project development coordinator, the Intercity Bus Program manager, and a transportation planning specialist. The portion of time involved for these three positions amounts to one FTE.

Consultation/Needs Analysis Process

Washington State has not certified that it has no unmet needs, and utilizes the full 15% set-aside.

A statewide needs study conducted in 2005 identified unmet needs in six corridors. An RFP process is used to contract for service in corridors. This process involves contacting carriers through a statewide solicitation and holding a pre-proposal conference for potential bidders.

Program Structure

Program Goals. The primary goals of the Washington State Intercity Bus Program are as follows:

- Fill gaps in intercity network,
- Provide linkages between rural and urban areas, and
- Ensure accessibility of services.

The goals for the Pilot Project, as indicated in the RFP criteria, include:

- Realistic schedule connections with interstate, regional, and local providers;
- Sound business plan;
- ADA compliance;
- Interline agreements with Greyhound, Amtrak, and other intercity carriers;
- Appropriate Federal Motor Carrier Safety Administration (FMCSA) and Washington State Transportation Commission (WSTC) authority;
- Federal certifications and assurances; and
- Program compliance (such as drug and alcohol testing).

Eligibility. Washington State is the S.5311(f) applicant/grantee, while operators of service in

selected corridors are contractors. Contracted firms have all been private for-profit bus operators.

Eligible activities for Intercity Bus Program funding include operating as well as limited capital for vehicles to operate on funded routes (ARRA funds have also been used).

The state uses traditional S.5311 funding to fund staff for administration of the program and planning of new services.

Nature of Assistance. Washington provides an Intercity Bus Program through an RFP process/contracts for service in particular corridors identified by the state.

Match Requirements. No match funding is required; all routes use Pilot Project funding/in-kind match from unsubsidized service.

Use of Pilot Project. The Pilot Project approach is in use along four corridors at this point, and will be used for all services.

Special Requirements or Limitations

The state plan identified corridors for service development, and RFPs issued for each corridor specify the route/corridor, service levels, and interlining/connection requirements. Washington State provides website support, offers branding, and funds vehicles to operate service (which reduces operating cost).

The operator for each corridor must have appropriate FMCSA/state certificates of operating authority and meet contract requirements.

Application

There is no S.5311(f) application process in Washington State; instead, contractors respond to an RFP for a particular service. The S.5311(f) program has been removed from the overall statewide unified transportation grant application/scoring process covering all other federal and state transit funds. Contractors can apply for capital funding to be used to purchase accessible vehicles to be operated on the contracted services, and to make intercity bus facilities accessible.

Evaluation Process. Proposals are selected through an evaluation by a diverse panel of regional stakeholders that scores bids and selects the one with the best overall public interest value.

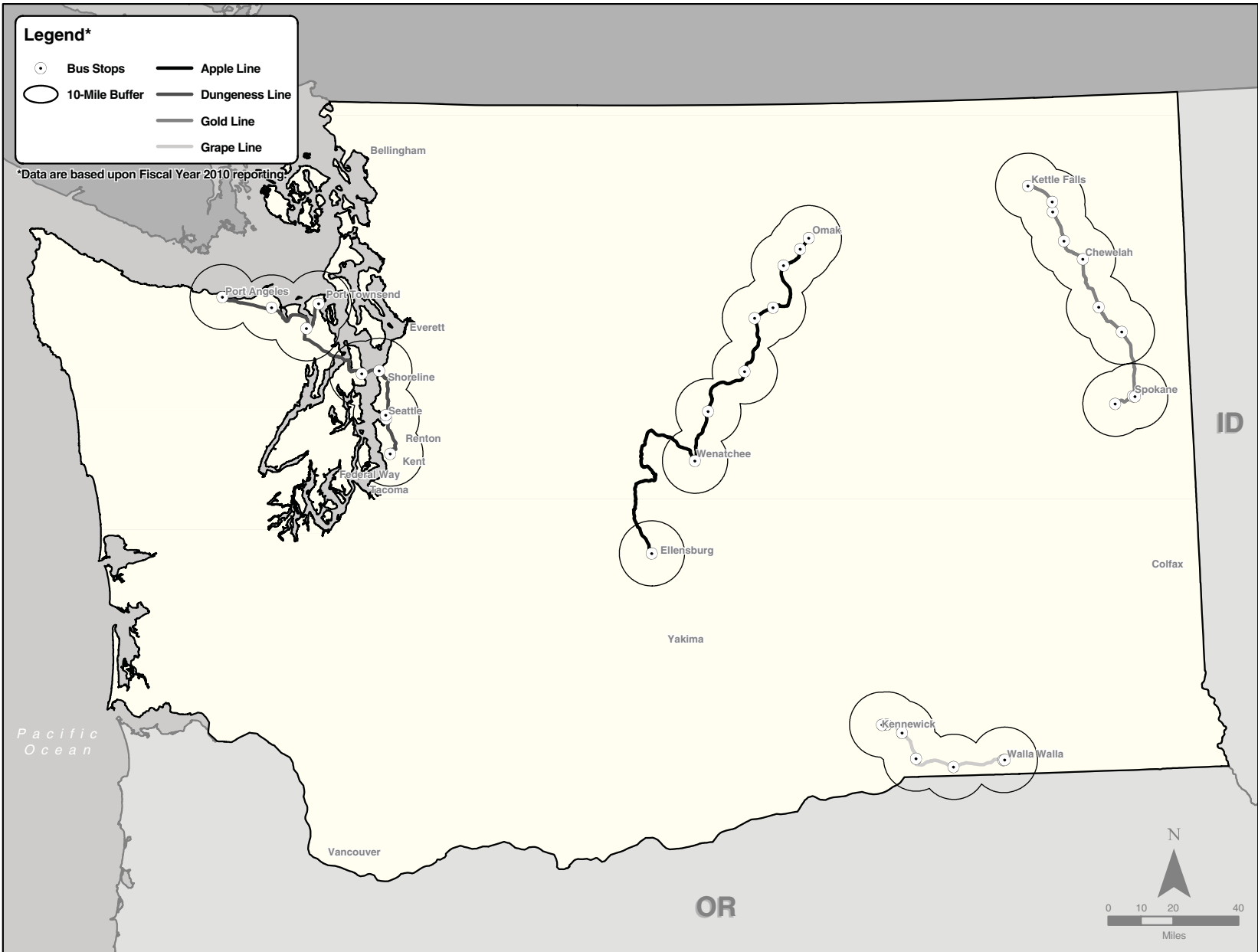


Figure 9-7 S.5311(f) program in Washington.

Reporting Requirements

Contractors are required to submit monthly invoices and operating reports. An annual audit is also required.

Linkage to Particular Routes or Services

A separate RFP is issued for each corridor, tied to particular routes or services. The recommended route corridors and general service level were developed as part of the statewide rural intercity bus plan. The routes are given a name by the state, and the vehicles and stops are branded with the “Travel Washington” logo and the name of the corridor, so that the public identification of the service will continue even if the contract operator changes at some point in the future.

Results

Three routes are operated by three different providers, connecting to the unsubsidized network operated by Greyhound and Northwestern Trailways. A fourth corridor is now in the contract process, with a fifth in planning. Real, scheduled connections between rural routes and the intercity network provide a network for statewide mobility. Figure 9-7 presents a map of the contracted routes.

Issues

The Pilot Project process ensures that limited funding is spent providing service to fill gaps in the unsubsidized network, rather than in response to grant-writing skills of local entities. The RFP process allows for the selection of the best operator for each route, and competition is between providers, not projects. Contract requirements provide more control of service, set expectations, and ensure that contracted services are part of the national network by requiring interline agreements.

To enhance the program, Washington State would like:

- The Pilot Project to be made permanent, and
- More funding to meet increasing needs/demand—there is limited growth potential with no state funding and full utilization of the 15%.

Changes

The state is currently in the process of adding a fourth corridor and planning for a fifth. At that point the 15% allocation will be fully utilized, with future

growth limited to the funding available as a result of the declining need for operating assistance.

CONCLUSION

As can be seen in these case studies of seven state programs, there can be considerable variation in the type of program that can be developed using the framework provided by the FTA Section 5311(f) program guidance. Other states with successful programs also provide additional examples of program implementation to be considered. In the next chapter these examples are used to present characteristics of a “model” program as a basis for consideration by states that have developed or are in the process of developing their Intercity Bus Program.

CHAPTER 10 CONCLUSIONS AND FUTURE CONSIDERATIONS

This final chapter recommends general characteristics of a “model” S.5311(f) program for states, summarizes nationwide trends in the program, and discusses the state perspective on the 15% set-aside and the likelihood of the program continuing in its absence.

A MODEL PROGRAM

The fact that some state programs have been described in the preceding sections does not mean that program activities in other states are not also successful. They may have many of the same elements as these programs. Nor does it mean that these programs do everything perfectly. But they all represent state transit programs that have taken the federal S.5311(f) funding and its requirements, and used it to achieve the overall national program goals. In that sense there is an opportunity to learn from them. In reviewing these programs, and the others included in the survey, a number of elements emerge that we have identified here as elements of a potential model program. These elements are discussed in the following sections.

Recognition of Intercity Needs and the State Role

It might go without saying, but, in general, states that have a successful program are states that recognize that intercity needs are one aspect of rural

mobility, and that programs to address such needs have a place in the overall state transit program. Most state transit programs are based on the structure provided by the federal transit programs, but the fact that the S.5311(f) program funding can be shifted to other rural needs based on the Governor's Certification of no unmet rural intercity need has meant that states have had more choice about this program and their roles, and within this program some states have chosen to do more to include intercity needs as part of their mission. Historically, prior to deregulation, most states enforced economic and financial responsibility regulations on the private providers of intercity bus service. Responding to this service need was seen as a state responsibility. In a "model" program, this role would be accepted.

Staffing

The programs described in the previous chapter (and many others) have dedicated staff to the S.5311(f) program. Depending on the size of the program, and its age, this staff may also have other program responsibilities. It is recognized that in many states even the full 15% set-aside of the S.5311(f) program is not a substantial part of the overall program, and the ability to dedicate staff may be limited. But it is important to have at least one staff member who has an ongoing role in monitoring the existing unsubsidized network, overseeing consultation and study efforts, understanding the unique nature of this part of the overall S.5311 program (including compliance requirements), and gaining awareness of the ways in which other states and firms are addressing this program. This use of staff provides continuity and a knowledgeable point of contact for potential operators, the public, and internally for coordination with other modes and programs. It should also be noted that because S.5311(f) funding is limited (with limited growth potential), the greatest staffing needs are in the first few years of a program when there are studies to conduct, grant applications to write, and policies to develop. Once the basic structure of the program is set, there may be less need for staff time, although there are ongoing demands due to consultation requirements, grant cycles, and the need to maintain marketing and information systems.

Federal Policy Context

In a "model" program, knowledge of the federal policy context by transit program staff is required

to develop a program and meet federal compliance requirements. This includes not only the FTA program guidance in Chapter VIII of the FTA Circular 9040.1F, but also having some knowledge of the Federal Motor Carrier Safety Administration (FMCSA) regulations that govern the private carriers.

Needs Analysis

Many of the states surveyed have conducted some kind of planning analysis to inventory services, identify needs or gaps, and develop program guidance. Needs can be identified with reference to populations and transit needs characteristics at potential stops. Information from these efforts is used to target the limited funding on corridors lacking service. This kind of analysis can be done by different parties or at different levels—in some cases state program staff have performed the analysis, or state university research programs have performed studies, or consultants have been used to perform a needs analysis and plan. Often this information is used together with input from the consultation process.

Consultation

FTA now requires a consultation process involving intercity bus operators as well as rural transit programs and other community participation. A "model" program should include a process for identifying these stakeholders and requesting their input regarding existing services, unmet needs, and program issues. This process should be conducted periodically, and include some reporting back to the participants regarding the input received and how it has been considered in decisions regarding the governor's certification, program elements, or corridor identification.

Funding Strategy

S.5311(f) funding is limited, and even states with full program support generally do not utilize more than the 15% set-aside in the federal guidance. This means that the amount of funding available for rural intercity assistance is limited, but many states have found that gaps in the state network can be filled, and limited capital assistance provided (particularly if fare revenue on the funded routes reduces the net operating cost). However, given the limited funding, it is necessary to have a policy strategy to manage programs in a sustainable way, so that there is adequate funding for ongoing services. In some states this has

meant a policy of funding only operating costs (or providing capital assistance), and in others there are policies limiting project size or allocating the available funds between capital and operating. Having a funding strategy may require a project evaluation process to choose the best projects that can be funded with the available resources, because there will not be enough money to fund all applications. Use of the Pilot Project is also an important consideration, because it can absorb S.5311 operating funds at twice the rate of normal S.5311 funding match ratios.

Targeted Needs/Identified Corridors

The results of the survey and the case studies have revealed that many states are providing guidance to applicants regarding the location and amount of service desired—in some cases even specifying schedules and connecting points. This prioritization is based on the needs analysis and consultation processes, and it can be reflected in a grant application process in different ways. These priorities may appear as guidance in the application, or as additional points in the evaluation for applications that address priority corridors, or as specific applications for particular corridors. At least two states have even shifted to a Request for Bids (RFB) process in which contractors are sought to operate a specified service. It should be noted that this kind of targeting of funds on specific needs is quite different from the normal S.5311 program, in which the state offers the funding, but does not direct local applicants to offer particular services.

Local Operating Match

In the “model” program, the issue of finding local match for operating assistance (or finding unsubsidized miles for the Pilot Project) portion of the match may be avoided by having the state act as the “locality” and provide the local operating match for intercity projects that link multiple jurisdictions. Relatively few states provide the entire local match, and states with no operating assistance have been able to develop successful programs. Yet the lack of local match continues to be a major barrier to private sector participation, and because the services are intercity services linking parts of a state, state match would seem to be appropriate. In the absence of state funding for operating match, a state program could offer the Pilot Project in-kind funding option (which was developed to address this problem).

Separate Intercity Program Application and Project Evaluation

The states described previously in the case studies generally have a separate rural intercity program application, or a separate section in the overall program application. Generally, intercity operating projects are for specific routes, and are costed using per-mile cost and revenue estimates allocated to that route. Applications requesting line-item budget detail for an entire transit system (all routes), which is the general model for S.5311 systems, can be confusing and inappropriate.

Separate Intercity Project Evaluation Criteria

Similarly, a “model” program will evaluate intercity projects in a separate pool or group, using separate program criteria, because intercity projects typically have very different performance parameters from local transit—relatively few riders, long passenger trips, higher fares related to trip length, higher farebox recovery, and high subsidy per passenger levels. These are all relevant measures, but if an intercity project is evaluated against local transit projects in terms of the number of trips provided without adjusting for trip length or considering farebox recovery, they may not be given fair consideration.

Policy Guidance

Many of the state intercity programs have a separate policy guidance document that presents and defines program goals (such as a meaningful connection to the intercity network), identifies eligible services, lists eligible applicants, presents state priorities, and lists state and federal program policies. Often this document complements the separate intercity application, and it can be included in the state’s Section 5311 State Management Plan.

Continuation Funding

Because of the limited funding and the fact that much of the intercity network is provided without federal or state assistance, some states have characterized operating assistance as demonstration funding, making it available only for a limited period until the route becomes profitable without assistance. If a route needs more than a marginal amount of operating assistance to be operated, it is extremely unlikely that it will become profitable as a result of providing operating assistance for a limited period. Rather than

consume resources providing service for a limited period only to terminate the service when it does not become profitable, it would be better to enter into a project with the expectation that it will reach a target ridership or farebox recovery goal, but accepting that it is unlikely to become profitable. Sustainable funding strategies can then be based on a realistic estimate of long-term funding requirements.

Performance Requirements

Given limited funding and accepting the notion of continuation funding, there is a need for a mechanism to eliminate or reject projects that are not performing adequately—to allow for unsuccessful services to be dropped, and allow for new, potentially more successful services to be provided. This can be done by setting some basic targets and timetables for performance measures (and requiring reporting). Some programs have focused on farebox recovery and total subsidy per passenger as key measures. Farebox recovery includes ridership, revenue, and cost factors, and is more analogous to private sector profitability requirements. These standards can be applied when projects apply for continuation funding. Alternatively, if data on performance are provided by all applicants, projects can be ranked and projects can be selected starting with high-ranked projects and adding projects until the allocated funding is gone.

Coordination with Neighboring States

Increasingly, routes identified as needing assistance are longer intercity routes that serve more than one state. Equitable funding of a route that benefits two or more states requires coordination regarding the commitment of S.5311(f) funding and project oversight. A “model” program would be developed in awareness of program activity in neighboring states, and would consult with programs in the other states regarding the potential need for coordination of priorities and programs. Several states have taken a lead in such joint projects, and more are likely to do so.

Open to Alternative Carriers/Services

S.5311(f) program guidance from FTA does not limit assistance for intercity bus service to particular types of organizations. A “model” program should focus on the goal of developing a network of connecting services, and not necessarily be limited to “traditional” intercity bus providers or to existing local/regional transit agencies. A number of states

are identifying potential providers in an industry that has generally been characterized as airport limousine or van service providers. The consultation and application process should be open to any organization that meets the program requirements and can provide the services that meet the program goals.

Provides Technical Assistance

Potential and successful applicants may need technical assistance in any of the several stages of the project—initially in helping potential applicants or contractors understand the application and associated requirements, and even in assisting with project budget development (especially in the application of the Pilot Project funding method). Once an award has been made, technical assistance can involve providing guidance on federal compliance requirements, and on developing connectivity with the national intercity bus system. The state program should be the primary source of such assistance, at least identifying other sources (such as associations or other agencies) for specific information.

Reporting

Program subrecipients will need to meet reporting requirements, at least providing the data required by the NTD for intercity projects. But monthly or quarterly reporting should be required to monitor projects and allow assessment of projects when renewal applications are made. In addition, the “model” program would provide data on project outcomes in an annual report of outcomes providing transparency in terms of public information on services funded, ridership, and costs. This may be part of an overall transit program report.

Public Information, Marketing, and Branding

The public needs to know that these services exist, and the intercity program should include the need for both marketing and public information. S.5311(f) funding can be used for these purposes. Individual projects can be provided with marketing funds to do specific marketing for the funded routes or services. Carriers can be required to provide public information through industry information systems (by interlining, for example). The state may choose to provide branding for the funded services and market the brand. Some states have developed their own transit information systems. These range from sophisticated traveler information systems that

include all local transit and intercity carriers (not just funded services), to simple maps of the intercity network with links to the carriers' websites for schedule and fare information. In addition, a potential state role involves support for providing intercity (and other transit) information in General Transit Feed Specification (GTFS) format for use by commercial transit information services such as Google Transit.

This list of characteristics of a "model" program may seem overwhelming, but by conscious design or evolution, many of the states have adopted a large number of these elements in their programs, and would need to consider adding only a few elements to address most of them. Many of these states have very limited S.5311(f) funding and little or no state operating assistance. They have limited staffing as well, but have been able to design specialized programs to meet intercity transit needs within the framework provided by S.5311(f).

VALUE OF INTERCITY BUS SERVICE

One of the objectives of this project was to develop and present a methodology for determining the value of rural intercity trips, presumably in a context in which rural intercity projects are being evaluated for funding in competition with other types of rural transit projects. This question was raised in the context of a desire to have data on the demographic characteristics of intercity riders and typical trip lengths. All of these suggest that the need for a methodology to value intercity trips arises because of potential differences in the rider characteristics and trip lengths that make comparison with local transit difficult.

The value of any trip is to a large degree measured by the user's willingness to pay—what the user is willing to pay in generalized cost (travel time plus fares or other direct costs), and how that relates to the cost of providing the trip. On that score, most intercity bus service is highly valued by users, in that they are willing to pay fares that provide for recovery of the fully allocated costs, including some profit. Most intercity bus service is not subsidized, and typical intercity bus fares are on the order of \$0.15 per mile per passenger (though this varies considerably by trip with yield management strategies now employed by carriers); one could say that is the value of intercity bus transportation. However, on some routes, the willingness of the consumer to pay fares at that level

does not produce enough revenue to cover the costs of providing the service, because there are not enough riders (at that fare) to pay for the service. Such routes are primarily in rural areas (or maybe poorly-timed schedules on busier routes), and in those cases the question arises as to whether or not public subsidy is warranted. Private firms operating without subsidies have had to discontinue many such services, but Section 5311(f) provides the potential to fund them—the question is whether or not they are worth funding.

For urban transit and many rural transit services, performance measures have substituted for the discipline of the market place in evaluating individual services because virtually all such services are subsidized. Typically metrics such as farebox recovery, boardings per mile, subsidy per passenger, and revenue per passenger are used to evaluate and compare routes or services. However, comparing urban, rural, commuter, and intercity routes using the same metrics can be difficult because of differences in typical trip lengths and fare levels. Applying the same measures across all types of services can make it appear that commuter or intercity bus trips are not as worthy of subsidy as local bus services.

This difficulty is compounded if the analyst is also attempting to value trips based on judgment about relative need based on demographic concerns. Is a bus trip by a commuter with a well-paying job, a car, and a driver's license worth more than a transit trip by a low-income person with no license and no car to a non-work activity? Is an intercity bus trip by a low-income person without an auto option to visit family members worth more or less than a business trip by an affluent person who could fly or drive? These are essentially value judgments, but they may well play a role in deciding on the value of a service, and whether it should be funded.

One feasible methodology for valuing intercity bus projects (in comparison with other types of transit services) calls for estimating the net cost per passenger mile for each of the services, and directing resources toward those projects that maximize the number of transit passenger miles (per dollar of subsidy). This approach avoids the issue of comparing types of passengers and trip purposes, and implicitly assumes that one passenger moving 1 mile on a transit mode produces the same level of benefits, and that public policy is indifferent to circumstances. The use of net cost is intended to take into account the fare revenue potential of the projects, and to stretch public dollars as far as possible.

For example, two hypothetical projects are presented for consideration. One is an operating subsidy for a rural intercity route, and the other is an expansion of a local transit service. Both projects are estimated to cost \$200,000 per year to operate. The intercity project is estimated to carry 3,000 passenger trips, with an average length of 125 miles, at a fare of \$0.15 per passenger mile (on average), resulting in a net operating deficit of \$143,750, which would be a subsidy of \$48 per trip. The local project is predicted to carry 29,000 additional boardings, with an average trip length of 3.75 miles, producing 108,750 passenger miles. Estimated fare revenue for the local service is \$1.00 (on average), for a total revenue of \$29,000 and a net operating deficit of \$171,000, or \$5.89 per trip. However, the subsidy per passenger-mile on the local service is \$1.57 (\$5.89 in subsidy divided by 3.75 miles), and on the intercity service it is \$0.384 per passenger-mile (\$48 in subsidy divided by 125 miles). The farebox recovery ratio on the local service is 14.5%, and on the intercity service is 28%.

Investing the \$200,000 in the intercity project will produce many more transit passenger-miles (375,000 to 108,750). One might argue that the benefits will be spread over more people in the local service, but even that is questionable—with service operated on weekdays only, and riders who are commuters traveling twice a day, potentially only 55 different individuals would benefit. If we assume that intercity trip makers make the same trip as much as eight times per year (round-trips for Thanksgiving, New Year's holidays, Mother's Day and the Fourth of July, for example), the 3,000 intercity trips might well serve 375 individuals.

Methodology

Part A: Estimating Passenger-Miles

- 1) Obtain current ridership for the proposed service, or estimate demand (for rural intercity services, TCRP Project B-37 provides a Toolkit for estimating rural demand). For other local or commuter services alternative methods will be needed.
- 2) Estimate the average trip length of the passengers. For commuter operations, this is likely to be close to the route length, depending on the number of intermediate stops served. For local transit, use data from the National Transit Database for that system or a similar system. For intercity bus, ask likely carriers their average trip length, or make an

assumption based on the location of population centers along the route.

- 3) Multiply the expected annual ridership (one-way trips) times the estimated average trip length to get the estimated annual passenger-miles for the proposed service.

Part B: Estimating Annual Operating Costs

- 1) Define the type of service to be operated to meet the demand, in terms of the bus-miles required annually, or the bus-hours needed to provide the service. Note that costs for commuter-type services (and sometimes intercity) can include substantial deadhead (non-revenue) miles or hours, and these costs need to be included as well.
- 2) Obtain unit costs for the most likely provider of the service. For intercity bus costs (and sometimes commuter bus costs), the cost per bus-mile is needed. For local transit or commuter services to be operated by local public transit providers, an overall cost per service hour can be obtained from the system, or from NTD or reports from the state DOT.
- 3) Multiply the required annual bus-miles or bus-hours times the unit cost to obtain the estimated annual operating cost.

Part C: Estimated Passenger Revenue

- 1) Multiply the annual ridership (boardings) times the expected fare per boarding. For local transit this may be the average revenue per passenger (usually less than the base fare because of discounted multi-ride tickets and half-fare trips). For intercity services, the fare is distance-based, typically in the range of \$0.10 to \$0.20 per passenger-mile, and a reasonable assumption may need to be made using the Internet to obtain fares for some comparable routes.

Part D: Annual Operating Deficit and Performance Assessment

- 1) Subtract the estimated annual passenger revenue (Part C) from the estimated annual operating costs (Part B). The result is the annual operating deficit.
- 2) **Deficit per Passenger-Mile:** Divide the annual operating deficit (Part D, number 1) by the estimated annual passenger-miles (Part A,

- number 3) to get the net deficit per passenger-mile. Compare between proposed services to find the lowest deficit per passenger-mile.
- 3) **Farebox Recovery:** Divide the annual passenger revenue (Part C) by the annual operating cost (Part B) to determine the farebox recovery. Compare between proposed services to find the highest farebox recovery.
 - 4) **Passenger-Miles per Subsidy Dollar:** Divide the annual estimated passenger-miles (Part A, number 3) by the estimated annual operating deficit (Part D, number 1) to obtain the estimated passenger-miles per subsidy dollar (assuming the entire deficit will be covered by some form of subsidy). Compare between proposed services to find the service that offers the most miles per subsidy dollar.

As noted, this methodology basically assumes that there are no other weights or policy considerations involved in valuing intercity bus services as compared to other transit projects. Based on local or program goals there might well be other factors involved in the overall valuation of different types of transit services. These might include goals favoring service to low-income persons, seniors, persons with no alternatives, or persons with disabilities—or conversely, persons who would otherwise use a single-occupant vehicle (congestion mitigation or air-quality benefits). Depending on the policy goal, additional research might well be needed to compare between alternative projects.

Intercity bus riders are typically lower income, more likely to be young adults or seniors, traveling alone, more likely to be female, traveling for social reasons to visit family or friends (as opposed to traveling on a business trip or commuting to work). Unfortunately there is little recent data to provide more specific information on intercity bus ridership, but in general the demographics are similar to transit riders in general. Local surveys or information would be needed to consider ridership as a factor in valuing intercity bus service as compared to other bus services, because a particular service might well be designed to serve origins with particular demographics, such as a town with a university or military base.

STATE PROGRAM INPUT

Following the earlier surveys and the case studies, one last issue of particular interest is the perspective of the state program managers regarding the issue of

the continuation of the 15% set-aside. Some state program managers have long felt that this set-aside should not exist, and because reauthorization of the federal transportation program is likely in the not-too-distant future, this question was included in the survey. Related to the issue of the continuation of the set-aside is the question of whether or not states utilizing the set-aside for rural intercity bus projects would continue to do so if the set-aside was eliminated. This question was also included in the survey. The original response rates for both questions were low, and so follow-up calls were made to try and get more answers. In addition, as part of these efforts, additional questions were asked about program issues, because the discussion about the set-aside often led instead to a discussion of desired changes. The results of this effort are presented in the next section.

Continued Support: Removing the 15% Set-Aside

A key question of this research (and the final question on the survey) was, “Would your state continue to fund the project(s) if the required 15% set-aside was removed?” The intent of asking this question was to establish a context for state support of the program. In all, the responses provided a sense of how much pressure states endure in supporting actions that use the 15% set-aside, in the context of great demand from local jurisdictions to address their rural transit services—other than intercity bus—through the S.5311 program.

The research team followed up with some states by telephone, to allow for states that did not have an opportunity to participate in the initial web-based survey effort to provide input. The responses to both the survey question and the telephone follow-up are presented in Table 10-1.

Survey Responses

Of the 29 survey responses received to this question (prior to the telephone interviews):

- 16 states said they would continue the program, some with qualifiers:
 - If projects were selected in competition with all other rural projects;
 - If they have the money;
 - If there is state match;
 - Possibly, but it would not be as high a priority as other S.5311 projects.
- Five said they were not likely to continue; and

Table 10-1 Likely state continuation of program without set-aside.

State	Administers S.5311(f)? (As Known at Time of Follow-up Conversation)	Would Your State Continue to Fund the Project(s) If the Required 15% Set-aside Was Removed?*	
		Web-Based Survey Response	Follow-up Phone Conversation
AK	Yes	No Response	?
AL	Yes	Not Likely	Not Likely
AR	Yes	No Response	Yes
AZ	Yes	No Response	Yes
CA	Yes	Yes	Yes
CO	Yes	Yes	Do Not Know
CT	No	No Response	Full Certification
DE	Yes	No Response	?
FL	Yes	No Response	Do Not Know
GA	Yes	Not Likely	?
HI	No	No Response	Full Certification
IA	Yes	Do Not Know	Do Not Know
ID	Yes	No Response	Yes
IL	Yes	Yes (if needed)	?
IN	Yes	Yes	Yes
KS	Yes	Yes	?
KY	Yes	No Response	Yes
LA	Under Development	No Response	Yes
MA	No	Not Likely	Not Likely
MD	Under Development	Do Not Know	Do Not Know
ME	Yes	No Response	?
MI	Yes	Yes	Not Likely
MN	Yes	No Response	Not Likely
MO	Yes	Do Not Know	?
MS	Yes	Yes	Yes
MT	Yes	Yes	?
NC	Yes	No Response	?
ND	Yes	No Response	?
NE	Yes	No Response	?
NH	Yes	Yes	Yes
NJ	Yes	Not Likely	?
NM	Yes	Yes	Yes
NV	Yes	No Response	Yes
NY	Yes	Yes	?
OH	Yes	Do Not Know	?
OK	Unknown	No Response	?
OR	Yes	Yes	Do Not Know
PA	Yes	Yes	?
RI	No	No Response	Full Certification
SC	No	No Response	?
SD	Unknown	No Response	Yes
TN	Yes	Do Not Know	Yes
TX	Yes	Do Not Know	Yes
UT	Yes	Do Not Know	?
VA	Yes	Yes	Full Certification**
VT	Unknown	No Response	?
WA	Yes	Yes	Yes
WI	Under Development	Yes	Yes
WV	Yes	Yes	Yes
WY	Yes	Not Likely	Yes

Note:

*In most cases, continued support would be dependent on other factors, discussed in detail in the text of this report.

**Although fully certified, this state nonetheless administers a S.5311(f) program.

? Indicates no final response to messages.

Source: All data in this table are the result of the follow-up survey effort, the web-based survey form, and review of each state DOT website.

- Seven said they did not know, or could not predict.

Slightly less than one-half of the states with programs said they would continue the projects if the set-aside went away. One-quarter of the states with programs said no, or that they couldn't predict or say. The overall response is not very definitive either way, but in the absence of strong positive "yes" responses it would appear that intercity projects would likely decrease significantly without the consultation, set-aside, and certification process. These results suggest that more qualitative discussion is needed with state program managers on this topic.

Phone Interview Responses

In some cases, for states that did participate in the web-based and the follow-up efforts, there were differences in responses to the question about the 15% set-aside. Some of the discrepancy was attributed to not understanding the intent of the question, because some states interpreted this question to mean that 15% of the program funds would be eliminated. Other factors included the national economic conditions and any programmatic changes that may have occurred during our data gathering efforts. The phone interview results included the following responses:

Yes, continue to support:	18
No or not likely:	4
Do not know:	5
Full Certification:	3

For the most part, the states that expressed intent to continue support for rural intercity projects added that they would do so if the projects were viewed as still satisfying a need. Most states did include in this response that there is less likelihood that these projects would get approved, but believe that the merits of the service would prove vital during the project evaluation. Because some states already evaluate projects in one rural transit pool, and they currently receive funding, then it appears likely that these projects would continue to do so. A couple of states offered that it is the only intercity service in the state, so it is vital to maintain this lifeline service that connects the far reaches of the state.

States that responded as not likely to continue support offered that the other rural transit needs would simply override the needs that are currently addressed by the rural intercity bus projects. In these

cases, the perception is that states would have a difficult time garnering and maintaining support for services that cross jurisdictions because of the overwhelming rural transit needs within each jurisdiction. Also, two states offered that because their funding allocations are distributed to local authorities, it is unlikely that the local authorities would place the need for regional transportation as a high priority relative to other local transit needs.

It is interesting to note that the same states that have made full use of the S.5311(f) program funds and have established a robust program that includes easily accessible program information, documentation, and information on the network of services in their states are also states that perceive the local demand for rural transit services would overwhelm support of projects approved through the 15% set-aside. Yet some states that are more rural, and have relatively less robust programs, have offered that they would continue to support the lone intercity service in their state because it is vital, essentially, it provides a lifeline service that connects rural communities to an urban area.

Other Comments Received during Follow-up Telephone Interviews

This section is a compilation of additional information provided by states during the phone interview. In addition to the responses discussed in the previous section, other general insights about the program were provided. Several themes were identified, as well as new issues as they relate to states' abilities to handle new program policies and adjusting to changes in the private sector's contribution to providing some intercity bus services. Note that these are comments from individual state program managers. They are summarized below.

- There is a need to establish an authority that administers the program from a national perspective and that will take the lead in multi-state projects/services.
- There is a need to establish a separate/distinct program for rural intercity bus services—not a subsection of S.5311.
- There is a need for assistance/guidance in addressing how changes to the unsubsidized network affect subsidized projects dependent upon them.
- Some have a perception that the private sector does not really care about an integrated network through their state.

- The set-aside should not be a requirement.
- Our state has a preference for using an RFP solicitation to address rural intercity transit needs.
- There is a need for guidance to assist potential rural feeder operators in satisfying the regulatory/interlining requirements and improved definitions for the program, such as ADA and “meaningful connection.”
- There is a need to provide guidance to those working with Pilot Program in-kind match on how to address changes when the unsubsidized network changes, affecting connections or the availability of the in-kind match.
- There is a need for an increase in S.5311(f) program funds.
- There is a need for program guidance to consider new markets such as long-distance airport shuttle services.
- The matching ratios should be changed to incorporate flexibility and allow more than a 50% federal share.
- The local match requirement is an obstacle for potential local providers of service.
- Our state sees no need for the Pilot Project in-kind match program.

As can be seen from the individual comments, there are a number of different perspectives regarding this program, issues or needs within the program, and continuation in its current form. Some of those who do not favor continuation of the set-aside do not accept that the governor’s certification provides a mechanism for opting out, feeling at this point that the consultation requirements will always effectively find an unmet need for intercity service, and so it has become a requirement that takes resources from other rural programs. Others who do not favor the set-aside mechanism believe that the way the intercity program needs to be addressed is so different from the standard S.5311 rural program that it should be made into a separate program with its own match rules and funding.

CONCLUSIONS

During the course of this research, the following trends became apparent:

- There is overall growth in utilization of the S.5311(f) program among states, as a result of additional FTA funding, and as a result of needs and opportunities identified through the consultation process.

- The majority of states are now at some point in the process of needs analysis, consultation, or program implementation.
- The number of states certifying as having no unmet rural intercity bus service needs appears to be declining.

It appears that program utilization by the states has increased since the passage of SAFETEA-LU, which brought the additional overall S.5311 funding and the consultation requirements. More recently the availability of ARRA funding has also led to increased state interest, because the set-aside also applies to that funding source. During this same period the states have had to respond to Greyhound restructuring service losses, which created more of a need. Also during this time period Megabus and other point-to-point carriers have proven that intercity services will be used by choice riders, even if these carriers do not serve rural points. This has increased interest in intercity bus services and made program staff more aware of this option.

Lack of Local Operating Match

The fundamental problem with the program has been and continues to be the need for local operating match. Services needing funding will need ongoing assistance requiring local match. Yet routes and services that are gaps in intercity networks are not within one jurisdiction (often not even completely in one state), so obtaining ongoing operating assistance match from local governments is very problematic. At the same time, obtaining match from private for-profit carriers has been an issue—Greyhound used to provide the match for rural routes under the theory that these routes fed their unsubsidized network, and so were worth the match as long as fare revenue plus the subsidy exceeded variable costs. Changes in corporate policy in the middle of the decade led Greyhound to withdraw from most S.5311(f) services unless there is state match for some or all of the local operating match (or the Pilot Project can be used). Few other carriers have enough unsubsidized scheduled service to benefit from feed traffic, and unless the farebox recovery on the subsidized service is high (i.e., the net deficit is low), and there is revenue from feed, it is not a workable business model for the carrier to provide 50% of the net operating deficit.

Lack of State Operating Match

As the survey revealed, few states provide some or all of the local operating match, even though one might see the state as the appropriate jurisdictional level to provide local operating match. This is in part because the intercity program is included in the overall S.5311 program, and for many years states tried to manage the intercity portion as a different service type in the same program mold—so match has been sought as if the applicants were local transit systems serving a limited area. Also, the political support for providing match for intercity services may be low when there are few likely operators or the operators are headquartered out of state. Yet intercity rail passenger services are considered a state function, and the operating subsidy is generally provided by the state rather than relying on local jurisdictions to come together and support such service.

Pilot Project—In-Kind Operating Match

The Pilot Project is an effort to develop a means to use federal funding to provide the required operating assistance, by leveraging the investment made by carriers in the unsubsidized network. In order to work within the regulations, it has limitations. One limitation is the need to combine the subsidized segment with enough unsubsidized service to generate the in-kind match, and the entire concept is confusing at best. Another limitation is that there are few carriers with many unsubsidized miles, which in many cases means that Greyhound is the only carrier that can provide the match. Greyhound (or any other carrier providing the match) desires the connecting subsidized service to make a meaningful connection with their service, so as to provide feed traffic—but this can conflict with scheduling that would be more useful for regional trips not connecting to the intercity bus. So although it has provided an option that has resulted in new program activity, it is not a panacea for the local match issue.

Consultation Requirement

The consultation requirement has also had an impact on state activity in the rural intercity bus program. However implemented, many states are more mindful of needing to consult with the firms and operators that provide intercity services, and take the results into consideration. Combined with efforts to inventory

existing service and identify routes or areas of unmet need, this has led to one of the more significant changes in the program, the effort to focus the limited resources on specific services.

State Role in Determining Projects (Gap-Filling)

A major change in program implementation has been a shift in the state role to a more active one of identifying needs and using the limited funding to fill gaps in the network (whether replacing particular services or not). This is a significant shift from the more passive role of offering funding (as in the normal S.5311 program), and evaluating the projects that come in—which may not have anything to do with gaps in the intercity network, but rather reflect the interests of the applicant operators, their ability to assemble a grant application, and the availability of local match. This change represents acceptance of the idea that most of the network will be provided by unsubsidized carriers in the market place, and the state role is to monitor these services, identify places in the state that need services not provided by the market, and then using the grant program or contracting to provide those links. This change in the state role fits well with the limited amount of funding, and with current federal policy, which does not define intercity bus transportation between urbanized areas as public transportation that is eligible for funding under transit programs.

Need for Guidance and Information

From a state program perspective those states that have successful programs are less likely to see a need for program changes, but rather want to ensure that the aspects they rely on are carried forward. Many states that have not had programs are now finding out from the consultation process and associated needs studies that they cannot certify that they have no unmet intercity need, and so are developing programs. This leads to their requests for program guidance on a number of issues. Increased federal oversight is also leading to the request for more guidance or information by the state programs.

The Future

As more states develop programs, the funding of the local match will remain an issue. States have

made increasing use of the in-kind match, and there is a desire to see statutory language supporting the continuation of that program, even if nothing else is changed. In addition, states will increasingly need to work together on joint projects as interstate routes need support, and more creative solutions will be needed to define state oversight and address new issues that emerge in these collaborative efforts. Outside the current S.5311(f) program, increased funding for high-speed rail may also have an impact on

the program, as states find that many markets cannot justify the capital costs of high-speed rail, but find that bus options to provide connecting service, or high-frequency service are not available, because this program only funds service from rural areas and there is no other program option available. Similarly, efforts to improve airport ground transportation as a lower-cost alternative to subsidized air service may also lead to consideration of program changes beyond the S.5311(f) framework.



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