COST-SHARING FOR FTA GRANTEES

NCMM

National Center for Mobility Management

MOBILITY MANAGEMENT IN PRACTICE SERIES

This brief is written for mobility managers as they collaborate with human service agencies in their community to provided coordinated transportation services. In these types of discussions, questions often arise about whether funds from human service agencies can be used to help match Federal Transit Administration funds. This brief reviews existing guidance on this issue.

Transportation access has long been recognized by federal agencies as an essential component to the successful implementation of the human service programs they fund, whether the purpose of those programs is to provide access to food and nutrition, health care, education and training, mental health services, housing, and so on. This is clear from the sheer number of non–Department of Transportation (DOT) federal programs (73, at last count) that allow transportation costs to be covered under their rules.[1]

[1] Transportation-Disadvantaged Populations: Federal Coordination Efforts Could Be Further Strengthened. http://www.gao.gov/products/GAO-12-647, p. 3f

One unintended consequence of funding transportation through myriad federal programs, however, has been the resulting fragmented, single-purpose, program-by-program provision of transportation services, with very little crossover among programs. The effects of this lack of coordination are manifested at the federal level in lost opportunities to save taxpayer dollars, and more keenly at the local levels in situations like those described here:

- When vehicles funded through one program travel to the same destination as one funded through another program, each carrying their dedicated passengers as authorized under that particular funding stream, but still having unused capacity to carry many more
- When individuals receiving services under multiple federally funded programs find it difficult to access different services during the same trip as each agency-funded trip must be made separately
- When transportation providers find it difficult to combine populations, whose travel is paid for through different federally funded programs, on their own vehicles because program rules are sometimes interpreted as disallowing this or methods for allocating costs among the different program cannot be agreed upon
- When programs are not allowed to provide program participants with the more cost-efficient transit pass with which they could travel to multiple destinations rather than paying for individual rides in for-hire vehicles, such as taxis, as it is acknowledged that passes could be used for other types of trips not specifically authorized by the agency providing the transit pass

Both Executive and Congressional actions over the last decades have urged federal agencies to find ways to coordinate transportation spending, leading to more efficient use of taxpayer dollars. Coordination between public transportation and human service agencies providing or contracting for transportation is a federal requirement for recipients of U.S. DOT funds under the Federal Transit Act[2], and has been given emphasis in the three most recent transportation authorizations: SAFE-TEA-LU, MAP-21, and the FAST Act. The Federal Interagency Coordinating Council on Access and Mobility (CCAM) was created in 2004 to facilitate such coordination.

[2]Read more in "Coordination: It's the Law. National Resource Center for Human Service Transportation Coordination.

COST-SHARING AMONG FEDERALLY FUNDED PROGRAMS

The U.S. Code of Federal Regulations (CFR) prohibits most instances of using funds from one federal program to help match grants from another federal program, *unless allowed by specific federal legislation.* The CFR language from the 2014 "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards," states the following [emphasis added]:

(b) For all Federal awards, any shared costs or matching funds and all contributions, including cash and third party in-kind contributions, must be accepted as part of the non-Federal entity's cost sharing or matching when such contributions meet all of the following criteria:

> (1) Are verifiable from the non-Federal entity's records;
> (2) Are not included as contributions for any other Federal award;
> (3) Are necessary and reasonable for accomplishment of project or program objectives;
> (4) Are allowable under Subpart E—Cost Principles of this Part;
> (5) *Are not paid by the Federal government under another Federal award, except where the Federal statute authorizing a program specifically provides that Federal funds made available for such program can be applied to matching or cost sharing requirements of other Federal programs; [emphasis added]*
> (6) Are provided for in the approved budget when required by the Federal awarding agency; and
> (7) Conform to other provisions of this Part, as applicable.[3]

This enabling statutory language referred to in (5), above, was exactly the type of language that was included by Congress in MAP-21, and continued with the FAST Act, under the FTA's Section 5310 and 5311 programs. This language states that one source for the remainder of a transit agency's net costs after the federal 80% (capital) or 50% (operating) share has been applied

> may be derived from amounts appropriated or otherwise made available . . .to a department or agency of the Government (other than the Department of Transportation) that are eligible to be expended for transportation.[4]

[3] Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards

[4] Chapter 53 of title 49, United States Code, as amended by Fixing America's Surface Transportation Act: Related FAST and MAP-21 provisions, December 1, 2015, p. 95 for Sect. 5310 program and p. 106 for Sect. 5311 program.

ACL GUIDANCE

The Administration on Community Living, which funds services to older adults and people with disabilities, an audience similar to that for Section 5310 programs, has issued guidance to its grantees on using their program funds as match for federal transportation grants:

To maximize flexibility of funding and to enhance services to older adults, Older Americans Act (OAA) grantees have the option to use Title III B funds to meet the match requirements for programs administered by the Federal Transit Administration (FTA). . . . It is also important to note that any proposed use of OAA funds (including funds that would be used as match for FTA programs) must be consistent with the terms and conditions of the grant/contract award, including all applicable Older Americans Act provisions and uniform grant administration rules (45 CFR Parts 74 and 92). . . . A local transportation provider receiving Title III funds for transportation services may only use such funds for the transport of seniors (and caregivers who are escorting seniors). . . . For clarity, the following conditions must be met if OAA funds are to be used to match FTA funds:

- All specific terms and conditions of the OAA grant
- The intent of the OAA;
- All applicable Federal, State and local legislation; and
- The Federal agency (FTA) has the statutory provisions necessary to allow its grantees to count non-FTA federal funds as matching contributions for their project costs.[5]

[5] Administration on Aging (AoA): Frequently Asked Questions (FAQs), "Transportation."

An example of a grant restriction that would apply when using OAA funds to match an FTA grant is the OAA stipulation that beneficiaries cannot be required to pay for the services they receive under the program. Thus, if OAA dollars were to be used to support transportation services, the transportation provider would not be allowed to charge for the services. Some options for providing service within the limitations of this stipulation would be to 1) provide free rides to all older adults (as defined under the OAA), 2) accept voluntary payment or donations from riders, 3) give the AAA's clients a unique ID that identifies them as eligible for free services under the AAA's contract with the transportation provider.

As noted above, there are an additional 73 federal programs that allow a portion of their funds to be expended on transportation in support of the beneficiaries accessing program activities. Although no formal guidance has been issued by these other programs on cost sharing with FTA grantees, the example set by the ACL could provide a template for beginning discussions.

The next section discusses the strategies through which local human service agencies and transportation providers can implement cost sharing strategies.

IN PRACTICE: COORDINATING THROUGH COST-SHARING

Transit agencies and human service agencies have shared the cost of transporting individuals for decades. So what are some of the strategies through which this has happened?

PURCHASED TRANSPORTATION

In dozens of federal programs, grantees are allowed to provide transportation services, which often means procuring transportation services from FTA grantees and subrecipients. This is most commonly done through contracts with transportation providers to transport the agencies' clients. The advantages of such arrangements mean that human service agencies can dedicate more of their time on providing their core services, and not on operating transportation and maintaining a vehicle fleet. In addition, these contracts for services support the central mission of the transportation providers, which is to enable individuals to move about their community.

There is a financial advantage gained by both agencies through these contracts for services, as well. The human service agency is able to save money on providing transportation; many agencies are unaware of the full cost to their agency of providing transportation, particularly when all applicable indirect costs are added to the more explicit, direct costs of doing so. For the transportation provider, FTA regulations allow the agency's grantees and subrecipients to treat such contract revenue as part of the "non-federal" share of project costs, even though those dollars originally derived from a federal grant or contract.

These type of contract arrangements need to be made in compliance with a number of federal, state, and local procurement requirements, and more often than not must be made in an open, competitive fashion. In these cases, it is essential that the "human services" program is receiving well-defined services in return for its funds, all of which is spelled out in the contract between the transit and human services agencies; that the human services agency has a contract that is made and managed in accordance with its funders' rules and procedures; and that the transportation provider is providing transportation services in accordance with its funders' rules and procedures.

JOINT DEVELOPMENT OR OTHER JOINT FUNDING OF PROJECTS

Another aspect of coordination may revolve around the shared interest of a transit agency and another federal agency grantee to work together toward an explicitly stated common goal. For example, they might choose to construct a building in which both programs are tenants, pursue shared procurement of technology, or co-fund a mobility manager, a jointly developed "one-call" activity, or some other shared venture in coordination. In these cases, the two agencies will need to implement a cost allocation methodology to ensure that each agency is supporting its fair share of project costs.

IN-KIND SUPPORT

A third way for a transit and human service agency to cost share is when one or the other agency contributes in-kind services to a specific project that serves the mission of both agencies. One example is the project implemented in 2008 by the Heart of Texas Workforce One-Stop Career Center and Waco Transit. These two partners, along with other community stakeholders, developed a job shuttle that connected low-income workers with job opportunities. One-Stop Career Center staff played an integral role in planning the route and marketing the service to potential workers. The value of this staff time was then used as part of the transit agency's local match for its FTA grant.

STEPS TO SUCCESSFUL COST-SHARING STRATEGIES

To increase the chances for success of a cost-sharing arrangement with an outside agency ("sponsoring agency") on behalf of its clients, there are several steps mobility managers and their transportation colleagues can take:

1. Know the full cost to your transportation agency of providing transportation, including capital, operational, and administrative costs, whether this is expressed on a per-mile, per-one-way-trip or some other basis. Use this as a rough guide for entering into any negotiations with sponsoring agencies for contracts for service, but also realize that an agency contracting for service from you most likely will not be able to pay your agency this full cost. Tools for determining the full cost of transportation are available. For example, Report 144 of the Transit Cooperative Research Program, Volume 1: The Transportation Services Cost Sharing Toolkit [http://onlinepubs.trb.org/onlinepubs/tcrp/tcrp_rpt_144v1.pdf], leads the user through the process of setting up the necessary cost accounting system, identifying the data requirements and the measurement parameters, and describing procedures for applying the model, and concludes with instructions for using the actual Cost Sharing Model. Volume 2: Sharing the Costs of Human Service Transportation [http://onlinepubs.trb.org/onlinepubs/tcrp/tcrp_rpt_144v2.pdf], a research report that summarizes all of the study components that contributed to formation of the Toolkit, is also helpful.

2. Have a system in place for determining how your agency will calculate the cost of the sponsoring agency's client trip and for reporting and claiming reimbursement for that trip from the sponsoring agency. For example, does the contract with the transit agency specify that the sponsoring agency will pay on a per-one-way-trip basis for each trip provided to its clients? On a per-mile basis?

3. Recognize that federal grant programs have provisions of their own that may further shape the nature of a cost-sharing agreement between a transportation agency and sponsoring agency.

4. Recognize also that, because the opportunities for cost-sharing mostly occur at the local level, certain state requirements may impact efforts to cost share. For example, state policies enacted regarding cost containment, anti-fraud, or other issues, may impact the ability of local agencies to participate in cost-sharing arrangements.

5. Understand that local and/or state regulations on cost sharing may be more restrictive than the federal policy. Nearly every federal program is administered through some state or local entity. These entities have to determine when, if, and how funds under their purview are spent for transportation purposes.

6. Human service agency budgets are tight. In recent years, funding for human service agency programs, both at the federal and the state level, has become more restricted, leaving these agencies fewer dollars to spend on their core activities. This will make it more difficult for these agencies to contribute funds toward transportation services, even given the importance of transportation to their beneficiaries. Instead, some of these agencies may continue to provide transportation with their own vehicles, assuming that the cost of doing so is less than for contracted services. Be prepared to assist these human service agencies in using the tools mentioned in #1, above, for determining what the cost of that transportation is to their agency and compare that cost with a negotiated cost from a transportation agency.

CONCLUSION

Current transportation regulations allow grantees who are 1) funded through non-DOT federal funds and 2) are allowed by their own program's regulations to spend their funding on transportation, to enter into a cost-sharing agreement with a transportation agency to support transportation services as long as the agency's doing so is in compliance with the regulations guiding its own program as well as with all application federal, state, and local legislation, and the FTA grantee is still allowed under federal statute to accept those contributions as contributing toward the local match requirement. Contracts for service are among one of the most common strategies for cost sharing, and have long been practiced by transportation agencies in the United States.