

CARES Act Provides Coronavirus Relief for Transit

March 25, 2020



Barring last-minute surprises or legislative changes, Congress is preparing to send a bill to the White House that will provide \$25.0 billion in relief for urban and rural public transit systems' impacts under the current coronavirus public health emergency. This is part of the \$2 trillion relief legislation known as the "Coronavirus Aid, Relief, and Economic Security Act," or "CARES Act."

Assuming this legislation is enacted as proposed, here's what we can expect:

Within a week of the bill's enactment, the Federal Transit Administration (FTA) will apportion this \$25 billion among urbanized areas, states, and tribal nations with public transit programs.

- **CTAA estimates that \$22.9 billion will be apportioned among urbanized areas, roughly along the lines of FTA's Section 5307 program.**
- **CTAA also estimates that \$2.1 billion will be apportioned among states and qualifying tribal nations, roughly along the lines of FTA's Section 5311 program.**

These funds will be available "until expended," in contrast to the usual limited 3-year period of availability of FTA formula grants. On the other hand, these funds are available only for expenses incurred in connection with the presidentially declared coronavirus public health emergency. At some point, the current emergency declaration will be lifted, and costs incurred after that time cannot be claimed for this assistance.

FTA will use these funds to reimburse **100 percent** of coronavirus-related operating costs borne by urbanized areas' transit systems, states' rural transit systems, and tribal nations' transit systems. As to how these dollars can be used, the legislation is broad, saying that:

"[Funds] provided under this heading are available for the operating expenses of transit agencies related to the response to a coronavirus public health emergency as described in section 319 of the Public Health Service Act, including, beginning on January 20, 2020, reimbursement for operating costs to maintain service and lost revenue due to the coronavirus public health emergency, including the purchase of personal protective equipment, and paying for administrative leave of operations personnel due to reductions in service."

Again, this will be a program of coronavirus-related reimbursements, so we will need to see how FTA stands up the program, what kind of documentation and reporting is required, etc. There is a lot that will be subject to interpretation or guidance from FTA, such as how these funds may be used to cover operating costs associated with food and medication deliveries to homebound persons, which many CTAA members are being asked to do, how many types of expenses can be considered eligible coronavirus costs (for example, the legislation specifies personal protective equipment, but doesn't specify cleaning and disinfecting costs, even though CTAA anticipates both categories of expense will be among expenses eligible for reimbursement), or even what methodology will be used to establish reimbursement rates for transit agencies' lost revenue under this bill.

The details behind how states' and urbanized areas' allocations are calculated are complex. On the urban program, allocations are based not just on the already-complex Section 5307 funding formula, but also on the basis of what these urbanized areas receive through their Section 5337 state of good repair formula grants, the distribution of Section 5340 funds to urbanized areas in states with qualifying high population densities, and the distribution of Section 5340 funds to urbanized areas in all states based on 15-year population forecasts. On the rural program, the Section 5311 funding mechanism determines most of the allocation basis, but is augmented on the basis of the Section 5340 funds states receive for their rural areas' 15-year population forecasts.

Given the complexity of these formulas, CTAA recommends waiting for FTA's apportionment announcement before predicting how many of these funds will be allocated to any individual urbanized area, state, or tribal nation.