

urbanized areas. Nonurbanized Area Formula Program funds are apportioned by statutory formula to Governors for capital, operating and administrative assistance in nonurbanized areas. Elderly and Persons with Disabilities Program funds are apportioned by statutory formula to Governors to provide capital assistance to organizations providing transportation service for the elderly and persons with disabilities. Fixed Guideway Modernization funds are apportioned by statutory formula to specified urbanized areas for capital improvements in rail and other fixed guideways. New Starts identified in the FY 2003 DOT Appropriations Act and Bus and Bus-Related Allocations identified in the Conference Report accompanying the Act are included in this notice. FTA will honor those designations included in report language to the extent that the projects meet the statutory intent of the specific program.

## II. Overview

### A. Fiscal Year 2003 Appropriations

The FY 2003 funding amounts for FTA programs are displayed in Table 1. The amounts have been adjusted, from the FY 2003 enacted funding levels, to reflect an across-the-board .65 percent reduction proportionately applied to the discretionary budget authority and obligation limitation, and to each program, project and activity, as directed under section 601 of Title VI of the Consolidated Appropriations Resolution, 2003, along with transferred and reallocated resources. The following text provides a narrative explanation of the funding levels and other factors affecting the apportionments and allocations.

### B. TEA-21 Authorized Program Levels

TEA-21 provides a combination of trust and general fund authorizations that total \$8.194 billion for the FY 2003 FTA program. Of this amount, \$7.226 billion was guaranteed under the discretionary spending cap and was enacted under the FY 2003 DOT Appropriations Act. However, after applying the across-the-board .65 percent reduction, as directed by section 601 of Title IV of the Consolidated Appropriations Resolution, 2003, new funding for FTA programs is \$7.179 billion. See Table 11 for fiscal years 1998-2003 guaranteed funding levels by program and Table 11A for the total of guaranteed and non-guaranteed levels by program.

### C. Project Management Oversight

Section 5327 of Title 49 U.S.C., permits the Secretary of Transportation to use up to one-half percent of the funds made available under the Urbanized Area Formula Program and the Nonurbanized Area Formula Program, and three-quarters percent of funds made available under the Capital Investment Program to contract with any person to oversee the construction of any major project under these statutory programs; to conduct safety, procurement, management and financial reviews and audits; and to provide technical assistance to correct deficiencies identified in compliance reviews and audits. Language in the 2002 DOT Appropriations Act increased the amount made available under the Capital Investment Program for oversight activities to one percent.

### D. Leveraging Grant Funds

Public transportation grantees are reminded that with interest rates at currently low levels it may be cost-effective to leverage their projected grant receipts, and thereby accelerate the acquisition of needed rolling stock or completion of essential infrastructure. FTA encourages grant recipients to examine all leveraging options at their disposal, including the use of grant anticipation notes (GAN) secured with Formula Capital, Fixed Guideway Modernization, and New Starts funds. To date, over \$1.7 billion in grant anticipation bonds have been issued, allowing major projects to be completed early and at lower cost. FTA will provide information and other assistance to grantees that wish to examine financing options during their project development process.

For additional information, contact Paul L. Marx, Office of Policy Development, at (202) 366-1675.

## III. Fiscal Year 2003 Focus Areas

FTA draws attention to the following areas of particular interest to grantees in FY 2003 relative to the FTA programs.

### A. Transit Safety and Security

Since September 11th, the Federal Transit Administration (FTA) has undertaken a series of major steps to help prepare the transit industry to counter terrorist threats. FTA has provided direct assistance to transit agencies through on-site readiness assessments, technical assistance teams, regional forums for emergency responders, grants for drills, training, and accelerating technology and research projects. From this initial work, it is clear that it is critical to integrate security throughout every aspect of

transit programs, operations, and infrastructure.

Although the transit industry has made great strides in strengthening security and emergency preparedness, there is much more to do. The most important investments for transit agencies to improve security elements are in the areas of employee training, public awareness, and emergency response planning. Detailed information about these three areas and other important actions can be found in FTA's list of Top 20 Security Program Action Items for transit agencies. These 20 action items are based on good security practices identified through FTA's Security Assessments and the technical assistance program. The Top 20 Security Program Action Items can be found on FTA's Web site at [<http://transit-safety.volpe.dot.gov/security/SecurityInitiatives/Top20/default.asp>]. FTA will work with transit agencies to assist you as you incorporate these practices into your programs.

### B. Ridership

FTA's FY 2003 strategic business plan establishes FTA's core values and identifies a number of strategic goals for sustaining these values over the next three years. Specifically, FTA seeks to deliver products and services that are valued by its customers and to assist transit agencies in better meeting the needs of their customers. Increasing transit ridership is a key measure of success in achieving this objective. FTA has further identified a goal of achieving an average 2.5 percent increase in the number of transit passenger-miles traveled per market (controlling for differences in employment levels) this fiscal year. FTA is in the process of identifying a range of research, guidance, and other technical assistance to support State and local transit efforts to increase ridership. FTA encourages all transit agencies to focus attention on ways to increase transit ridership, and will be issuing further information about the FTA ridership initiative throughout FY 2003.

### C. 2000 Census Changes and Impact on Grantee Status as Designated Recipient

The Census Bureau released the 2000 Census urbanized area designations on May 1, 2002, and provided corrections/changes to the list of designated areas in subsequent **Federal Register** Notices, dated August 23 and November 20, 2002. FTA used this 2000 Census population data and information for the first time to apportion transit funds in FY 2003, which accounts for a number of changes from FY 2002 apportionments.