

March 2023

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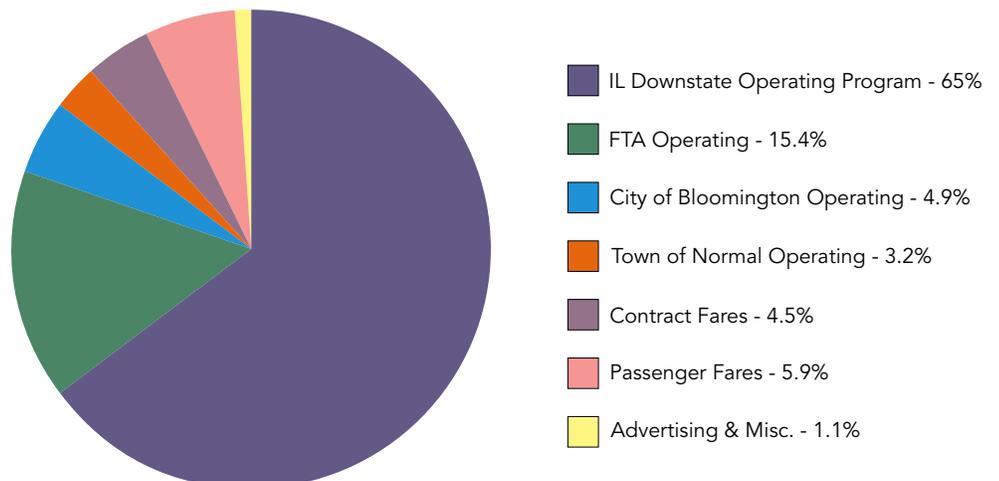


GM Notes ~ David Braun

It's FY24 budget season! As we develop our budget for FY24, we will balance our expenses with available funding. Many people assume that our funding is a function of City and Town taxes, or other locally controlled funding mechanisms. Unlike most other transit systems in the state, we are not organized as a *transit district* and do not have taxing authority.

This fiscal year we will be asking for our regularly planned operations funding from the City and the Town, but we will not be requesting capital funds from them in FY24 due to our success in securing capital grants. We continue to be fiscally responsible, balancing the increasing service needs of the community with efficient and effective transportation strategies.

While a portion of our funding comes directly from the City and the Town, the majority comes from the State of Illinois Department of Transportation (IDOT) and the Federal Transit Administration (FTA). Other sources of local funds include contracts with ISU, Heartland Community College, and Illinois Wesleyan University, as well as revenue from fares and advertising. A pie chart with the distribution of our funding and revenues is shown below, with more detailed explanations under the "Funding Sources" section inside.



Finding Success in Receiving Grants

Q: How do you find grants you're able to apply for?

A: There are a couple different ways that we find grants that we are able to apply for. First, we utilize grants.gov, which provides a list of every federal grant opportunity. We also work closely with FTA and IDOT representatives, and are informed immediately upon a Notice of Funding Opportunity (NOFO). Our state and federal government affairs consultants are constantly looking for grant opportunities that they think might apply to us because they are familiar with our current projects, our organizational goals, and future projects that might be of interest.

Q: What is the process of putting together a grant application?

A: Each time there is a new grant, the FTA releases a NOFO describing the grant and what the funds can be used for, and provides details on how to apply. In order for a project to be considered for award it must be in our Transportation Improvement Program (see adjacent section). A successful grant application must be written to sufficiently address all areas that are outlined in the NOFO. In recent applications we have had to identify how our projects will impact things such as climate change, environmental justice, racial equity, and Justice40. In addition, the application must include a project budget and provide a mechanism for scalability of quantity or funding, which essentially means that there is a path forward for the project even if not fully funded by the award. Grant applications are more desirable if they include letters of support from community stakeholders; these often come from the Mayors, universities, community organizations, Economic Development Council, and most importantly, our Congressional Delegation. Supplemental materials like audit results, internal plans and procedures, a detailed project budget, and proof of financial strength of the organization make for a stronger application. After compiling all the documents and writing the grant application, we upload the information to the issuing agency's website. After submittal, we simply wait. Award announcements may come in as few as two or as many as 10 months later. The FTA or IDOT will notify us of an award that will be announced, but often our state or federal government affairs consultants are notified first.

Q: Why have you been so successful getting grants in recent years?

A: There are six main reasons why we have been so successful in receiving grants.

1. Supportive Congressional Delegation - Our U.S. Senators and Congressmen know the importance of transit in expanding our economy, supporting growth of the area, improving the environment, and caring for our citizens. They continue to support our efforts to improve transit for our community.
2. State Senators and Representatives - Similar to our federal representatives, our State Representatives advocate for Bloomington-Normal, including Connect Transit. They are crucial in securing funding.
3. Working with government affairs consultants - We consider them to be the boots on the ground in Washington, DC and Springfield. They work to gain support for our projects from our Congressional and State Delegation and have a thorough understanding of the current Administration's priorities, which helps us align our grant application with those goals.
4. Creating "good" projects - Our projects are typically "shovel-ready", meaning that they are actionable, attainable, realistic, and necessary to improve our organization. Grant application reviewers are typically looking for projects that can make a quick and substantial impact on the community.
5. Establishing good relationships with the FTA and IDOT - We have worked closely with the FTA and IDOT to build a strong working relationship so we are able to demonstrate our ability to use grant awards to successfully impact our community. We believe this relationship and history of successful implementation of projects makes us more likely to receive future awards for upcoming projects.
6. Consistently apply - We have found that it is important to consistently apply for grants to keep our state and federal partners aware of our projects. We understand it is very likely to not be awarded for every grant application, but many times the same project may be awarded after continued application.

Funding Sources

Operations Funding - Operating funds pay for our day-to-day operating expenses, which includes all labor and benefits, liability insurance, vehicle and facility maintenance costs, utilities, etc. Our expenses are driven by service hours, which relate directly to labor; and service miles, which relate directly to vehicle and facility maintenance. Operating expenses are reimbursed by the State of Illinois' Downstate Transportation Fund, referred to as the Downstate Operating Assistance Program. We are able to apply for reimbursement of 65% of our operating expenses to be paid from this fund, and if we don't use them, the dollars stay in the fund. The remaining 35% is made up of a combination of federal formula funding, City and Town funding, contract revenue, fare revenue, and other income.

Capital Funding - Capital funds pay for our vehicles, facilities, equipment, and in some cases, planning studies. Most of the capital funding comes in the form of competitive grants from the State of Illinois or the FTA. In the past five years, we have been awarded capital grants equaling more than \$58 million. Our ability to secure capital funds comes from the age of our fleet and equipment, and the support of our federal and state elected officials. We are never certain that we will be awarded these funds since we compete with other transit systems for a fixed amount of funding. Presidential Administrations also affect infrastructure spending (which funds transit capital needs) that causes variability in our ability to plan for vehicle and equipment replacements. Federal capital funds cover 50-80% of the total cost of a project. The remaining 20-50% comes from a "local match", which is often a combination of state and local capital funds.

Federal Formula Funding - We receive an allocated amount from the FTA based on a total population and population density formula. Because of the size of our service area population (less than 200,000) we can use the funding for capital projects or operations. When needed, we use these funds to fund equipment replacement when we cannot secure a grant or put it towards operations expenses if federal or state capital funding is available.

Transportation Improvement Program

Every Metropolitan Planning Organization (MPO) is required by the federal government to develop a Transportation Improvement Program (TIP). The TIP is essentially a list of upcoming transportation projects covering a period of at least four years. The TIP must be developed in cooperation with the state and public transportation providers. For us, the TIP should include capital and non-capital surface transportation projects. That means that nearly all capital and planning projects must be included in the TIP annually. Furthermore, the TIP must be fiscally constrained, which means we must provide sufficient financial information to confirm each project in the TIP can be implemented using committed or available revenue sources, which may include grant funding.

We develop a TIP annually which is provided to the McLean County Regional Planning Commission (MCRPC), our MPO. The MCRPC compiles all information received into a document that goes through various stages of approval before being sent to the State of Illinois. All the projects eventually get funneled into a Statewide Transportation Improvement Program, which is ultimately approved by the FTA and the Federal Highway Administration.

The TIP helps our federal and state partners understand what we and other transportation agencies need in related funding. In order for a project to be considered for award for a grant program it must be included in the TIP, so it is very important to be sure all potential projects are included.



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Dear Connect Abby,

Why has Connect Transit gotten so much money from grants this year? I feel like every week the news says you're getting more money!

Sincerely,
Moe Money

Dear Moe,

The current Federal Administration has been very generous with transit funding the past few years, specifically by signing the Bipartisan Infrastructure Investment and Jobs Act. This act will invest nearly \$90 billion over the next five years into public transit systems across the country. We have been very fortunate to be awarded some of these funds due to our competitive applications and the importance of the projects we've proposed.

See you on the bus!

Connect Abby