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Transit Assistance

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Transit Assistance

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Transit Assistance

This paper provides information on state and federal programs that fund mass transit in Wisconsin. The first and second sections provide information on the state mass transit operating assistance and paratransit aid programs. The third section provides information on the federal mass transit aid programs. Next, an analysis of trends in the mass transit assistance program is provided. Finally, the seniors and individuals with disabilities transit assistance programs are described.

State Mass Transit Operating Assistance

State assistance is available to help finance transit systems in areas of the state with populations of 2,500 or more. Transit systems currently receiving state aid are primarily bus systems or shared-ride taxicab service systems. Shared-ride taxicab operators provide public transportation service, under contract, in areas of the state with insufficient population to support bus service. Kenosha also receives aid for its downtown trolley system.

The distribution of mass transit aid payments consists of the following four tiers: (a) Milwaukee County/Transit Plus in Tier A-1; (b) Madison in Tier A-2; (c) the larger bus and shared-ride taxi systems in Tier B; and (d) smaller bus and shared-ride taxi systems in Tier C. While no funding is provided, Tier A-3 includes any commuter or light rail mass transit system enumerated as a major capital improvement in the statutes (current enumerations include the Dane County commuter rail project and any project stemming from the Milwaukee downtown transit connector study). Funding for the other four tiers may not be used to provide aid for a commuter rail or light rail transit system.

Tier A-1 (Milwaukee County/Transit Plus) and Tier A-2 (Madison) systems are each provided a specified amount of funding for a calendar year. For Tiers B and C, aid payments are made so that total state and federal aid equals a uniform percentage of annual operating expenses for each system within a tier. While no funding is currently provided for Tier A-3 systems, any funding that is provided in the future would be distributed using a procedure similar to that for Tiers B and C.

Program Funding

Although program funding is appropriated on a fiscal year basis, contracts with aid recipients are on a calendar year basis. Table 1 shows the total state operating assistance payments to aid recipients for calendar years 2016 through 2025. The funding reduction in 2022 was due to a one-time 50% cut in operating assistance for both the Milwaukee County and Madison systems, as specified in 2021 Act 58 (2021-23 biennial budget act). Act 58 fully restored the 2022 funding cut for Milwaukee and Madison in 2023.

Prior to 2024, mass transit aid payments were made from sum certain, segregated (SEG) transportation fund appropriations. 2023 Wisconsin Act 19 (2023-25 biennial budget act) changed the

Table 1: Urban Mass Transit Operating Assistance Payments

Calendar Year	Amount	Percent Change
2016	\$110,737,500	
2017	110,737,500	0.0%
2018	110,737,500	0.0
2019	110,737,500	0.0
2020	112,952,300	2.0
2021	112,952,300	0.0
2022	71,610,700	-36.6
2023	112,952,300	57.7
2024	115,211,400	2.0
2025	115,211,400	0.0

funding source for mass transit mass transit aid payments from SEG to general purpose revenue (GPR), starting with 2024 aid payments.

In 2024, 79 mass transit systems received \$115.2 million in state transit aid. Approximately 95.8% of this aid was distributed to transit systems providing bus service, with the remainder being distributed to shared-ride only taxi systems. In calendar year 2024, Tier A-1 received \$66,787,400, Tier A-2 received \$17,549,500, Tier B received \$25,475,900 and Tier C received \$5,398,600.

Current Provisions

In order to participate in the mass transit operating assistance program, an applicant must meet all of the following requirements:

1. The mass transit system must be a bus, shared-ride taxicab, rail, or other conveyance, either publicly or privately owned, that provides the public with general or special service on a regular and continuing basis.
2. The system must serve an urban area that includes a city or village with a population of 2,500 or more, which is appropriate, in the judgment of the Wisconsin Department of Transportation (DOT), for an urban mass transit system. An area that includes two American Indian reservations and is served by a mass transit system operated by a transit commission is also eligible.
3. The transit system must have an operating deficit (operating expenses must exceed operating revenues) for the year that aid is provided. The applicant must pay the deficit that remains after federal and state aid is applied. The property tax is the primary local revenue source to fund the remaining deficit.
4. Recipients of mass transit aid (excluding shared-ride taxicab systems) must provide a local match from nonfarebox revenue equal to 20% of state aid received. (See Table 4)
5. The mass transit system must provide reduced fare (one-half or less of peak adult fare) programs for seniors and individuals with disabilities during nonpeak hours. An administrative rule exempts shared-ride taxicab systems from this requirement.
6. The applicant for mass transit assistance must be the public body that pays the transit system's operating deficit. A public body can contract with a private firm to provide mass transit service.
7. If multiple local governments contribute assistance to the operation of a mass transit system, state aid for that system is divided either proportionately or in accordance with a cost-sharing agreement filed with DOT.
8. The applicant must annually prepare and submit to DOT a four-year transit development plan. The applicant must also establish multi-year service and performance goals and assess the effectiveness of its mass transit system in relation to those goals at intervals specified by DOT.
9. The mass transit system may not provide service outside the corporate limits of the parties to the system contract unless the system receives financial support for such service. However, systems that were providing such service on April 28, 1994, may elect to continue without financial support.
10. The applicant must establish and administer a separate, segregated account from which moneys may only be used for purposes related to a mass transit system. All moneys received from the state and the federal government for a mass transit system must be deposited in this account.
11. The applicant must disclose to the Department the amount of federal aid over which the eligible applicant has spending discretion and that the eligible applicant intends to apply towards operating expenses for a calendar year.

12. The applicant may not use mass transit aids for any purpose related to the operation of a rail fixed guideway transportation system in a 1st class city (Milwaukee).

The Contract Process

DOT signs annual contracts with each eligible applicant. Contracts are based on the transit system's projected operating expenses for the calendar year for which aid is received. Quarterly aid payments are typically made in April, July, October, and December. Each transit system has 10% of its total contract amount withheld pending the results of an audit. Contracts must require the transit system to comply with DOT rules establishing cost efficiency standards as a condition of receiving aid.

Paratransit Aid

DOT is required to provide paratransit aid to assist eligible mass transit operating assistance recipients with the provision of paratransit service required under the Americans with Disabilities Act. In 2023-24, DOT distributed \$3,305,300 in grants to eligible systems for these purposes. For 2024-25, \$3,437,600 will be distributed.

In awarding the paratransit grants to eligible urban mass transit systems, the Department must: (a) maximize the level of paratransit service provided by those systems; and (b) give priority to eligible applicants for the maintenance of paratransit service provided on July 1, 2011. In 2023-24, the Department provided \$1,719,800 to Milwaukee County (Tier A-1), \$578,800 to Madison (Tier A-2), and \$1,006,700 to Tier B and Tier C fixed route bus systems. Funding was provided based on each system's percentage of expenses and revenues miles compared to the total expenses and revenue miles of all fixed route bus systems.

The 2023-24 funding became part of the transit systems' total funding for calendar year 2024.

Federal Mass Transit Aid

Federal aid is distributed as an annual federal appropriation (the federal fiscal year is October 1 thru September 30) by the Federal Transit Administration (FTA), but transit systems use the funds in the following calendar year. For example, the federal appropriation for the fiscal year beginning on October 1, 2023, was used in calendar year 2024.

The 2021 federal transportation reauthorization bill, the Infrastructure Investment and Jobs Act (IIJA), also known as the Bipartisan Infrastructure Law, signed into law on November 15, 2021, made several changes to the existing federal transit grant programs. The IIJA reauthorizes surface transportation programs through September 30, 2026, and provides advance appropriations for certain federal programs.

Federal transit funds for basic operations are available under two separate programs, the urbanized area and nonurbanized area formula programs of the Urban Mass Transportation Act of 1964, as amended. In addition, federal assistance is provided through a rural transportation assistance program and various capital assistance programs.

Urbanized Area Formula Program

The urbanized area formula program provides capital and operating assistance to areas with a population of 50,000 or more that contain a city or group of cities. This funding is distributed under a formula based on population and population density. Under section 5307 of Title 49 of the U.S. Code, federal mass transit formula aid is provided directly to local governments or transit agencies primarily for systems serving urbanized areas with

populations of 200,000 or more. Aid to these systems is primarily used for capital purposes. Transit systems operating in urbanized areas with populations of 50,000 to 199,999 also receive section 5307 urbanized formula funds. Funding provided to these systems is passed through the state DOT and can be used by the systems to fund operating costs.

Population over 200,000. Under section 5307, urbanized areas with a population over 200,000 receive aid directly from FTA. Wisconsin has four such urbanized areas, which were allocated funding totaling \$46,523,000 in 2024: Appleton (\$3,483,000), Green Bay (\$3,056,600), Madison (\$10,456,400), and Milwaukee (\$29,527,000).

The following 10 funding recipients are eligible to share in the federal funding designated for their urbanized area, although all of the Madison urbanized area funds are allocated to Madison Metro.

Appleton Urbanized Area
Valley Transit

Green Bay Urbanized Area
Green Bay Metro

Madison Urbanized Area
Fitchburg* Monona*
Madison Metro Sun Prairie*
Middleton* Verona*

Milwaukee Urbanized Area
Milwaukee County Transit Waukesha**

* Do not receive a suballocation of the Madison UZA's Section 5307 direct apportionment, and are not eligible to receive 5311 suballocations.

**Receives a suballocation of the Milwaukee UZA's Section 5307 direct apportionment.

Urbanized formula aid assists transit systems in large communities with capital expenditures, including bus replacement and annual capitalized maintenance expenditures.

Urbanized systems that operate 75 or fewer buses in fixed route service or demand response,

during peak service hours may use up to 75% of the formula apportionment attributable to such systems to fund annual operating costs. This exception sets the amount of urbanized formula aid that certain systems operating in the Appleton, Green Bay, Madison, and Milwaukee urbanized areas, can use toward operating expenses each year.

Population between 50,000 and 200,000. Urbanized areas with populations between 50,000 and 200,000 receive their federal aid through DOT. The Department distributes federal funds so that each area receives combined state and federal aid for an equal percentage of its transit system's operating expenses. In 2024, the state was apportioned a total of \$24,607,500 in urbanized formula funds for transit systems operating in these urbanized areas.

For 2024, the following cities were located in urbanized areas with a population of 50,000 to 199,999:

Beloit	Kenosha	Racine
Chippewa Falls	La Crosse	Sheboygan
Eau Claire	Onalaska	Superior
Fond du Lac	Oshkosh	Wausau
Janesville		

Federal funds used for capital projects are distributed based on a priority system determined by DOT. If insufficient funding is available, priority is given to replacement or rehabilitation of existing vehicles. DOT uses transportation improvement program reports in order to prioritize replacement needs.

Formula Grants for Rural Areas Program

DOT also distributes federal aid under the formula grants for rural areas program (section 5311) to bus and shared-ride taxi systems that serve areas with populations under 50,000. Wisconsin's share of total program funding is equal to the state's share of the total U.S. population residing in nonurbanized areas in addition to

including factors based on a grantee's relative share of rural transit vehicle revenue miles and nonurban, low-income populations. In 2024, the state was apportioned \$24,723,400 in formula grants for rural areas.

For 2024, the following areas with populations under 50,000 received federal rural area program funding:

Baraboo	Oneida-Vilas Counties
Bay Area (Ashland)	Ozaukee County
Beaver Dam	Platteville
Berlin	Plover
Black River Falls	Portage
Clark County	Prairie du Chien
Clintonville	Prairie du Sac
Door County	Reedsburg
Dunn County	Rhineland
Edgerton	Richland Center
Fort Atkinson	Ripon
Grant County	River Falls
Hartford	Rusk County
Hudson	Sawyer County-La Courte
Jefferson	Oreilles (LCO) Tribe
Kenosha County	Shawano
Lac du Flambeau Tribe	Stevens Point
La Crosse County	Stoughton
Lake Mills	Tomah
Manitowoc	Viroqua
Marinette	Walworth County
Marshfield	Washington County
Mauston	Watertown
Medford	Waupaca
Menominee Tribe	Waupun
Merrill	West Bend
Monroe	Whitewater
New Richmond	Wisconsin Rapids
Oneida Nation	

Generally, federal funds are distributed by DOT for up to 50% of the operating deficit of a system. However, under FTA guidelines, some contracted capital costs associated with providing service are considered operating costs for certain systems that contract for service (particularly shared-ride taxis). These systems can use federal capital funding to cover such costs and such funds do not apply to the 50% operating deficit limit. Any remaining operating assistance funds are used to support capital projects.

The rural areas formula grant program also requires each state to spend 15% of its annual

apportionment to develop and support intercity bus transportation. The requirement is aimed at connecting isolated rural areas throughout the country to larger communities. States may be granted a waiver from this requirement if the Governor certifies that the state's intercity bus needs have been adequately met. DOT has been granted a waiver for the 15% requirement in the past but in recent years, including 2024, intercity bus contracts eclipsed the required 15% threshold.

Employment Transportation Assistance Program

The Wisconsin Employment Transportation Assistance Program (WETAP) is a grant program for transit systems and organizations that assist low-income individuals in getting to work. The program was formed in 2000 as a joint effort between DOT and the Wisconsin Department of Workforce Development (DWD). WETAP is supported with funding from the state transportation fund, DWD's workforce training grants appropriation, federal funding, and a required local match from awardees. 2021 Act 58 provided DOT's continuing appropriation an additional \$250,000 SEG annually for total funding of \$832,600 annually from DOT.

DOT awards WETAP grants through an annual competitive grant application process. Eligible applicants include public, private and non-profit transportation providers. Examples of projects include late-night and weekend transit service, transportation to suburban employment opportunities, car loan and repair programs, ridesharing, transportation coordination, and demand-response van service. All WETAP projects must provide a local cash or in-kind match, often in the amount of 25% to 50% of the total project cost.

WETAP projects are eligible for federal section 5311 (rural areas) and section 5307 (urbanized areas) formula grant funding. In 2024, DOT awarded 12 eligible applicants a total of \$4,040,300 in WETAP grants, comprised of

\$2,763,200 in 5311 federal funds and \$1,277,100 in state funding from DOT and DWD. In addition, \$2,024,500 in local match funds were provided by the recipients for these projects.

Rural Transportation Assistance Program

The federal rural transit assistance program (RTAP) provides a source of funding to assist in the design and implementation of training and technical assistance projects and other support services tailored to meet the needs of transit operators in nonurbanized areas. States may use RTAP funds to support nonurbanized transit activities in four categories: training, technical assistance, research, and related support services. States should develop their RTAP activities through a process that provides maximum opportunity for the participation of rural transit operators, both public and private, in identifying and establishing priority areas of need for transportation research, technical assistance, training, and related support services in other than urbanized areas.

RTAP funds are allocated to states based on an administrative formula, which first allocates \$65,000 to each of the states, then distributes the balance according to the nonurbanized population of the states. There is no federal requirement for a local match. In 2024, Wisconsin was apportioned \$426,200 in federal RTAP funds.

Tribal Transit Program

The federal tribal transit program is a set-aside from the formula grants for rural areas program (section 5311). Federally-recognized tribes may use the funding for capital, operating, planning, and administrative expenses for public transit projects that meet the growing needs of rural tribal communities. In 2024, Wisconsin's federally-recognized tribes were allocated \$2,196,000 under the tribal transit formula program.

Federal Transit Capital Assistance

Federal transit capital funding is primarily provided through two formula programs: (a) grants for buses and bus facilities (section 5339); and (b) state of good repair grants (section 5337), and three discretionary programs: (a) capital investment grants (section 5309); (b) grants for buses and bus facilities; and (c) low or no emissions grants.

Grants for Buses and Bus Facilities (Formula). The section 5339 buses and bus facilities formula program provides capital funding used to replace, rehabilitate, and purchase buses and related equipment and to construct bus-related facilities. The federal funding share is 80% with a required 20% match. Each state receives a set statewide allocation of funding each year (\$4 million). However, the majority of the funding is allocated under a formula based on population, vehicle revenue miles, and passenger miles. In 2024, in addition to the statewide allocation of \$4 million, Wisconsin systems were apportioned \$5,588,200 in formula grants for transit operators in the following areas: \$302,900 for Appleton, \$259,600 for Green Bay, \$860,000 for Madison, \$2,553,800 for Milwaukee County, and \$1,611,900 for systems serving urbanized areas of the state with between 50,000 and 200,000 in population.

State of Good Repair Program (Formula). The section 5337 state of good repair formula grant program provides dedicated funding for repair of, and upgrades to, fixed guideway systems and high intensity bus systems that use high occupancy vehicle lanes. The federal funding share is 80% with a required 20% match. In 2024, Wisconsin and its transit agencies were apportioned \$2,208,100 in formula grants for transit operators in the following areas: \$126,500 for the City of Kenosha; \$1,328,500 for Madison; and \$753,100 for Milwaukee County.

Eligible state of good repair grant recipients include state and local government authorities in

urbanized areas with a fixed guideway or high intensity motorbus public transportation system operating for at least seven years. A "fixed guideway" system refers to any transit service that uses rail or an overhead wire, occupies a separate right-of-way for the exclusive use of public transportation, is a passenger ferry system, or is a bus rapid transit system. Eligible purposes for state of good repair grants include capital projects to modernize or improve existing fixed guideway systems.

Capital Investment Grants Program (Competitive). The section 5309 discretionary Capital Investment Grant (CIG) program provides funding for fixed guideway investments such as new and expanded rapid rail, commuter rail, light rail, streetcars, bus rapid transit (BRT), and ferries, as well as corridor-based BRT investments that emulate the features of rail. There are several categories of eligible projects under the CIG program. "Small Starts" is the CIG funding category that is most relevant to the types of transit systems that operate in Wisconsin. Small Starts projects are new fixed guideway projects, extensions to existing fixed guideway systems, or corridor-based BRT projects. Eligible projects must have a total estimated capital cost of less than \$400 million and be seeking less than \$150 million in CIG program funds.

In 2019 and 2020, Milwaukee County was awarded a total of \$40.9 million in Small Starts funding to support the construction of a East-West BRT line linking downtown Milwaukee with Marquette University, Wauwatosa and the Milwaukee Regional Medical Center. The East-West BRT line began service in June, 2023.

Similar to the Milwaukee County BRT project, the City of Madison was awarded a total of \$110.6 million in Small Starts funding to support the construction of an East-West BRT line running through the Isthmus and UW-Madison campus between the East Town and West Town areas. The East-West BRT line began service in September, 2024.

Grants for Buses and Bus Facilities (Competitive). The competitive grants for buses and bus facilities program was, created by the IIJA, makes federal resources available to states and direct recipients to replace, rehabilitate and purchase buses and related equipment and to construct bus-related facilities, including technological changes or innovations to modify low or no emission vehicles or facilities. In 2024, the City of Appleton (Valley Transit) was awarded \$12.0 million to rehabilitate and expand its bus maintenance and administrative facility.

Low or No Emissions Grants (Competitive). The "Low-No Program" makes funding available to help transit agencies purchase or lease U.S.-built low or no emission vehicles that use advanced technologies, including related equipment or facilities, for transit revenue operations. In 2023, the City of Beloit received \$653,200 for bus replacement, and the City of Madison received \$38.0 million to replace older diesel buses with battery-electric buses and install charging equipment and solar panels to modernize its bus maintenance facility. In 2024, the City of Green Bay received \$3.1 million from this program to replace diesel-powered buses with battery electric buses and charging equipment.

Federal Funding for Planning and Safety

FTA also provides funding to states and directly to larger metropolitan areas for transportation planning. Eligible recipients include state transportation departments and metropolitan planning organizations (MPOs). Federal planning funds are first apportioned to state transportation departments, which then allocate planning funding to MPOs in each state. In 2024, Wisconsin received transportation planning apportionments of \$1,859,900 for metropolitan transportation planning and \$411,900 for statewide transit planning.

Every federal grantee or their sub-recipient is required to develop a transit asset management

plan. The plans, at a minimum, must include capital asset inventories, condition assessments, and investment prioritization. In addition, recipients are required to periodically report on the condition of their transit system including any changes in the system since the previous report. FTA must develop performance measures under which all federal transit aid recipients will be required to set performance targets. These performance measures and targets must be included in the transit asset management plans for each grant recipient. The measures and targets must also be included in both the metropolitan and statewide transportation plans and improvement programs.

Transit agencies must develop a comprehensive public transportation agency safety plan, including a designated safety officer and staff training program. The IIJA requires recipients of section 5307 funds that serve urbanized areas with populations of 200,000 or more to establish a safety committee, composed of representatives of frontline employees and management. The committee is responsible for developing, and adding to their agency safety plan, a risk reduction program for transit operations to improve safety by reducing the number and rates of accidents, injuries, and assaults on transit workers based on data submitted to the national transit database. Under the IIJA, recipients of 5307 funds must allocate not less than 0.75% of their section 5307 funds to safety related projects.

DOT is the safety oversight agency for rail fixed guideways in the state. The Department is responsible for the safety oversight of the Kenosha trolley system and any other rail fixed guideway project undertaken in the state. In 2024, the state was apportioned \$629,500 in federal funds for the purposes of funding this program.

Supplemental Federal Funding for COVID Relief

In response to the COVID-19 pandemic, the

federal government passed three major COVID relief funding Acts, which aided transit agencies in recovering from a historic disruption of service and drop in ridership as a result of the pandemic. These Acts provided a 100% federal funding share, with no local match required. Notwithstanding existing regulations, funds were made available for reimbursement of payroll costs, operating costs to maintain service due to lost revenue as a result of the coronavirus public health emergency, and paying the administrative leave of personnel due to service reductions. Funding must be directed to payroll and operations of public transit, unless the recipient certifies to the FTA that the recipient has not furloughed any employees.

Table 2 shows the apportionment of federal transit funding to the state from the CARES Act, CAA, and ARPA by program. As noted earlier, Milwaukee, Madison, Appleton and Green Bay receive aid amounts directly from FTA because of their status as large urban transit systems under the existing federal Section 5307 formula program. Funding provided through other programs listed in the table, such as 5307 Small Urban, 5311 Rural Area, Intercity Bus, and WETAP, pass through DOT prior to being allocated to eligible transit systems.

Table 2 shows that transit systems in Wisconsin received a total of \$470.5 million in federal COVID relief funding.

Trends in the Mass Transit Assistance Program on a Calendar-Year Basis

Table 3 shows the distribution of funding sources for transit systems on a statewide basis over the past 10 years. Funding for mass transit is provided through federal and state aid, local revenues, and farebox revenue. These figures are shown on a calendar-year basis and reflect

Table 2: Transit Funding Allocated to Wisconsin from Federal COVID Relief Bills

Program	Allocation
CARES Act	
5307 Large Urban (Milwaukee)	\$62,363,348
Large Urban (Madison)	24,498,820
5307 Large Urban (Appleton)	7,425,047
5307 Large Urban (Green Bay)	6,415,260
5307 Small Urban ("Tier B")	49,609,988
5311 Rural Area ("Tier C")	45,814,857
Tribal Transit	2,302,024
Intercity Bus	8,247,328
WETAP	1,488,599
Subtotal	\$208,165,271
Consolidated Appropriation Act of 2021	
5307 Large Urban (Milwaukee)	\$60,271,997
5307 Large Urban (Madison)	14,983,291
5307 Small Urban ("Tier B")	1,139,670
Tribal Transit	2,302,024
Seniors and Individuals with Disabilities	884,892
Subtotal	\$79,581,874
American Recovery Plan Act	
5307 Large Urban (Milwaukee)	\$93,202,863
State Fiscal Recovery Funds (Milwaukee)*	\$19,797,794
5307 Large Urban (Madison)	30,006,405
State Fiscal Recovery Funds (Madison)*	\$5,202,206
5307 Large Urban (Appleton)	3,370,750
5307 Large Urban (Green Bay)	3,770,849
5307 Small Urban ("Tier B")	20,000,357
5311 Rural Area ("Tier C")	1,812,593
Tribal Transit	2,187,865
Seniors and Individuals with Disabilities	884,905
Intercity Bus	2,503,019
Subtotal	\$182,739,606
Total	\$470,486,751

*\$25 million in federal discretionary funding provided by the Governor, subsequent to the one-time \$41.3 million state-aid funding reduction for Milwaukee and Madison, as specified in 2021 Act 58.

statewide averages. The funding mix for individual systems may vary significantly from these averages.

In 2020 and 2024, mass transit aid was increased for each tier of systems. In 2022, state aid for the Milwaukee County and Madison Metro bus systems were reduced by 50%. This one-time state aid reduction for Milwaukee and Madison in 2022 was partially backfilled by a \$25 million grant using federal discretionary funding from Wisconsin's allocation of ARPA State Fiscal Recovery Funds. Beginning in 2020, Milwaukee County did not report certain federal revenues as part of their farebox revenues as they had in prior years. The impact of this reporting change by Milwaukee County can be seen in Table 3 by the decrease in total farebox revenues statewide, and a corresponding statewide increase in local share revenues starting in 2020.

Administrative rules limit the combined amount of state and federal aid to 60% of operating expenses for Tier B systems, and to 65% of operating expenses for Tier C systems. Any remaining federal funds are used to support capital projects. If federal funds remain after capital needs are met, the funds are made available for operating assistance beyond the 60% or 65% cap. In 2024, the combined state and federal aid percentage was 59.2% for Tier B and 54.0% for Tier C.

Table 3: Transit System Public Funding Sources (in Millions)

Calendar Year	Total Operating Expenses	External Funding				Local Funding			
		Federal	%	State	%	Local*	%	Farebox Revenue	%
2015	\$326.7	\$60.4	18.5%	\$110.7	33.9%	\$65.7	20.1%	\$89.9	27.5%
2016	339.3	61.2	18.0	110.7	32.7	66.9	19.7	100.5	29.6
2017	325.8	61.1	18.8	110.7	34.0	58.4	17.9	95.5	29.3
2018	347.2	63.0	18.1	110.7	31.9	56.8	16.4	116.7	33.6
2019	348.1	64.6	18.6	110.7	31.8	56.2	16.1	116.6	33.5
2020	338.0	65.3	19.3	113.0	33.4	80.5	23.8	79.2	23.4
2021	333.2	78.1	23.5	113.0	33.9	73.1	21.9	69.0	20.7
2022	324.1	89.8	27.7	71.6	22.1	100.0	30.9	62.7	19.3
2023	337.2	85.2	25.3	113.0	33.5	76.9	22.8	62.1	18.4
2024	374.8	91.9	24.5	115.2	30.7	104.9	28.0	62.8	16.8

*Primarily property tax revenue.

Table 4: Local Match Provided by Mass Transit Bus Systems (Calendar Year 2024)

	State Aid Received	Local Share	Local Share as a % of State Aid
Tier A1			
Milwaukee County	\$66,787,400	\$41,560,467	62.2%
Tier A2			
Madison	\$17,549,500	\$25,176,932	143.5%
Tier B Bus			
Appleton	\$2,965,847	\$2,850,832	96.1%
Beloit	358,299	720,947	201.2
Eau Claire	973,035	2,395,701	246.2
Fitchburg	1,311,091	525,870	40.1
Fond du Lac	290,913	682,581	234.6
Green Bay	2,363,036	2,557,482	108.2
Janesville	646,107	1,195,292	185.0
Kenosha	1,851,511	1,502,901	81.2
La Crosse	1,108,489	1,686,312	152.1
Middleton	1,199,091	505,348	42.1
Monona	177,198	101,186	57.1
Oshkosh	1,091,387	1,509,750	138.3
Ozaukee County	554,562	846,813	152.7
Racine	1,861,265	2,388,942	128.4
Sheboygan	703,044	1,033,514	147.0
Sun Prairie	1,258,385	450,807	35.8
Superior	227,862	619,836	272.0
Verona	896,334	341,570	38.1
Waukesha	3,729,792	2,439,456	65.4
Wausau	591,716	1,526,758	258.0
Tier C Bus			
Bay Area (Ashland)	\$198,620	\$916,887	461.6%
Dunn County	49,559	219,901	443.7
Lac du Flambeau Tribe	51,763	406,470	785.3
La Crosse County	31,262	257,154	822.6
Manitowoc	220,300	1,060,636	481.5
Menominee Tribe	379,357	622,072	164.0
Merrill	59,340	208,105	350.7
Oneida-Vilas	62,482	278,408	445.6
Platteville	133,643	185,332	138.7
Rusk County	302,307	354,697	117.3
Sawyer County	242,786	708,908	292.0
Stevens Point	201,364	1,028,231	510.6

*Excludes the portion of the system's state aid and local share used to cover its shared-ride taxi costs.

Recipients of mass transit aid (excluding systems that exclusively provide shared-ride taxicab service) must provide a local match from nonfare-box revenue equal to 20% of state aid received. Since farebox revenue is excluded, bus systems must cover the match with their "local share" portion of funding, which is financed primarily through the property tax and, for certain systems, revenues from a local registration fee ("wheel tax").

Table 4 shows the local match provided by mass transit bus systems for 2024. All bus systems currently meet the local match requirement. Transit systems may repay a portion of their state aids if they do not meet the 20% minimum local share after final expenses are calculated. In 2024, 30 of the 34 bus systems provided a local match greater than 50% of the state aid amount. Also, 25 bus systems provided a local share greater than the amount of state aid provided to their system.

Appendix I to this paper provides a breakdown of the funding sources for each system that participated in the 2024 transit program.

Seniors and Individuals with Disabilities Transportation Assistance

The state has three programs to finance the improvement of transportation services for seniors and individuals with disabilities: a county assistance program; a specialized assistance program; and a tribal and elderly transportation grant program. These programs help to provide the benefits of transportation service to those people not otherwise having an available or accessible method of transportation. Table 5 shows the amount appropriated from the transportation fund for the county and specialized assistance programs for the last 10 years. The tribal and elderly grant program is funded with tribal gaming funds.

Table 5: Seniors and Individuals with Disabilities Transportation Aid

Fiscal Year	County Assistance	Percent Change	Specialized Assistance	Percent Change
2015-16	\$13,768,800		\$912,700	
2016-17	13,915,600	1.1%	912,700	0.0%
2017-18	14,193,900	2.0	912,700	0.0
2018-19	14,477,800	2.0	912,700	0.0
2019-20	15,977,800	10.4	912,700	0.0
2020-21	15,977,800	0.0	912,700	0.0
2021-22	15,977,800	0.0	935,600	2.5
2022-23	15,977,800	0.0	959,000	2.5
2023-24	15,977,800	0.0	1,070,500	11.6
2024-25	15,977,800	0.0	1,070,500	0.0

County Assistance

County assistance is distributed on the basis of each county's share of the state's total seniors and individuals with disabilities population. Each county must provide a match equal to 20% of its state aid amount. With its state aid, the county may directly provide transportation services, subsidize other systems which provide transportation services, or directly subsidize elderly or disabled persons for their use of existing services, such as taxis.

A county may not use seniors and individuals with disabilities aid to support regular transit service, but may use this aid to support subsystems that provide special services to the seniors and individuals with disabilities. Priority may be given to trips made for medical or nutritional reasons or for work. Counties must either require a copayment by users of this service or provide the user with an opportunity to make a voluntary contribution to the cost of the service.

DOT can establish a minimum allocation for counties under this program. This currently equals 0.5% of the total available funding (\$79,889 for 2024). In 2024, 24 counties received the minimum aid level.

Counties must apply for seniors and individuals with disabilities transportation aid by

December 31. Counties expend funds on a calendar year basis. For example, the 2024-25 appropriation is spent in calendar year 2025. Counties may hold this aid in trust to provide transportation services or to acquire or maintain equipment used for seniors and individuals with disabilities transportation services. Any aid held in trust, including any accumulated interest, not expended for the authorized purposes must be returned to DOT for deposit in the transportation fund.

Specialized Assistance

Specialized assistance, also referred to as the "enhanced mobility program," provides state and federal funds to county governments, private non-profit organizations, local public bodies, and operators of public transportation systems for capital and operating assistance to provide transportation services for seniors and individuals with disabilities. In Wisconsin, DOT and state MPOs receive federal section 5310 funds annually and award funding to eligible applications based on a competitive grant application process. Appleton, Green Bay, Madison and Milwaukee MPOs administer the 5310 programs for their respective geographic areas while DOT administers the program for the small urban and rural areas of the state. In 2024, Wisconsin urbanized and rural areas were apportioned \$7,569,700 in section 5310 formula grants: \$286,700 for Appleton, \$294,500 for Green Bay, \$483,500 for Madison, \$1,672,900 for Milwaukee, and \$4,832,100 for DOT to distribute to rural (\$2,453,500) and small urban areas (\$2,378,600).

State specialized assistance funding (Table 5) supplements section 5310 federal funding to aid eligible applicants in Wisconsin's rural and small urban areas with transit capital and operating projects that serve seniors and individuals with disabilities. In accordance with federal rules, all subrecipients must guarantee a 20% local match for capital projects and 50% of deficit for operating projects. Eligible projects include

vehicle capital (minivans, minibuses, medium and large buses) and non-traditional expenditures (mobility management, operating, and non-vehicle capital projects). In 2024, DOT awarded a total of \$5,232,800 in state and federal funding for 70 vehicle capital, operating, and mobility management projects.

Tribal Elderly Transportation Grants

The Tribal elderly transportation grant program provides state funds to American Indian tribes and bands for tribal elderly transportation assistance. In the 2023-25 biennium, \$435,600 annually in state tribal gaming revenues is provided to fund the program. Any unencumbered balance in the DOT appropriation, from which the program is funded, on June 30 of each year reverts back to the Department of Administration's gaming revenues appropriation.

Under the program, DOT is required to annually award grants to federally recognized tribes or bands to assist in providing transportation services for elderly persons. DOT must prescribe the form, nature, and extent of the information that is to be contained in an application for a program grant and to establish criteria for evaluating applications and for awarding grants. For 2024, DOT provided all eleven of the state's tribes an equal share of the total funds, or \$39,600 each.

Transit Capital Assistance Grants (Volkswagen Settlement)

In 2016 and 2017, Volkswagen Group of America and related entities entered into various judicial consent decrees to partially settle its civil liability for claims concerning certain Volkswagen diesel engine vehicles. Under these decrees, Volkswagen must pay more than \$2.9 billion into an Environmental Mitigation Trust Fund.

The State of Wisconsin received beneficiary designation on January 29, 2018 and will receive \$67.1 million over the next 10 years to offset the excess pollution emitted by affected Volkswagen vehicles in Wisconsin.

2017 Wisconsin Act 59 required the Department of Administration (DOA) to distribute no more than \$32 million in the 2017-19 biennium from Wisconsin's allocation of Volkswagen settlement funds for the purpose of awarding funding to local transit systems under a newly-created statewide transit capital assistance grant program under DOA. 2019 Wisconsin Act 9, after the Governor's Volkswagen settlement-related vetoes were overturned by the Wisconsin Supreme Court's July 10, 2020, *Bartlett v. Evers* decision, made available an additional \$22 million in Volkswagen settlement funding for grants under the transit capital grant program.

Under the transit capital assistance grant program, DOA is required to solicit and accept applications for grant funding and to award grants based on a competitive process. Preference must be given to any community or route that is considered a critical route for purposes of connecting employees with employers. An eligible applicant may use settlement funds awarded under the program only for the payment of costs incurred by the applicant to replace eligible public transit vehicles in accordance with the settlement guidelines. The applicant must certify that the vehicle submitted for replacement is a specific class of transit bus used for transporting people with a gross vehicle weight greater than 14,001 pounds and be powered with a 1992-2009 diesel engine. The applicant must certify that it will adhere to the settlement agreement's scrapping requirement by rendering all eligible replaced vehicle(s) inoperable.

In March, 2019, DOA awarded \$32 million in settlement funds to 10 transit systems for the replacement of 59 buses. In the second round of

grants, announced September 9, 2020, DOA awarded \$18.2 million of funds to eight communities for the replacement of 34 eligible public transit buses. A third round of grant awards will be announced in 2025. Table 6 shows the transit systems that have been awarded transit capital assistance grants. All grant awards and grant award amounts shown in the table are contingent upon successful contractual negotiations between DOA and the grant recipients.

Any county or municipality with an urban mass transit system that receives transit capital assistance grant will receive a state aid reduction to its county and municipal aid payment in the following amounts, over 10 consecutive years: (a) for a Tier A-1 or Tier A-2 urban mass transit system serving a population exceeding 200,000, 75% of the total amount of grants received; (b) for a Tier B urban mass transit system serving a population of at least 50,000, 20% of the total amount of grants received; and (c) for a Tier C urban mass transit system serving a population of less than 50,000, 10% of the total amount of grants received. County and municipal aid reductions will commence in the state fiscal year following the first grant payment made to a local government.

Table 6: Volkswagen Settlement Transit Capital Assistance Grants

	Number of Bus Replacements	Estimated Grant Award
Round One		
Appleton	15	\$7,688,850
Eau Claire	3	1,970,700
Green Bay	4	1,846,000
Janesville	3	1,504,500
La Crosse	1	421,500
Madison	10	4,798,800
Milwaukee County	12	5,461,500
Racine	6*	6,237,658
Sheboygan	1	451,500
Wausau	<u>4</u>	<u>1,618,992</u>
Subtotal Round 1	59	\$32,000,000
Round Two		
Beloit	1	\$549,601
Eau Claire	1	683,200
Green Bay	4	1,926,000
La Crosse	2	1,373,000
Madison	15	7,522,500
Racine	2*	2,094,640
Sheboygan	6	2,769,000
Wausau	<u>3</u>	<u>1,272,994</u>
Subtotal Round 2	34	\$18,190,935
Total	93	\$50,190,935

*Electric buses

APPENDIX I

2024 Transit System Public Funding Sources

	2024 Expenses	Federal Share*	% of Expense	State Share	% of Expense	Local Share	% of Expense	Farebox Revenue	% of Expense
Tier A-1									
Milwaukee County	\$164,402,656	\$28,119,524	17.1%	\$66,787,400	40.6%	\$41,560,467	25.3%	\$27,935,265	17.0%
Tier A-2									
Madison	\$64,414,502	\$10,456,428	16.2%	\$17,549,500	27.2%	\$25,176,932	39.1%	\$11,231,642	17.4%
Tier B									
Appleton	\$10,899,239	\$3,482,987	32.0%	\$2,965,847	27.2%	\$2,850,832	26.2%	\$1,599,573	14.7%
Beloit	2,429,609	1,079,246	44.4	358,299	14.7	720,947	29.7	271,117	11.2
Chippewa Falls**	625,639	243,340	38.9	126,836	20.3	116,503	18.6	138,960	22.2
Eau Claire	7,338,072	3,368,736	45.9	973,035	13.3	2,395,701	32.6	600,600	8.2
Fitchburg	2,215,888	0	0.0	1,311,091	59.2	525,870	23.7	378,927	17.1
Fond du Lac	2,136,988	973,494	45.6	290,913	13.6	682,581	31.9	190,000	8.9
Green Bay	9,159,873	3,056,654	33.4	2,363,036	25.8	2,557,482	27.9	1,182,701	12.9
Hartford**	254,254	93,922	36.9	56,514	22.2	37,407	14.7	66,411	26.1
Janesville	4,204,162	1,841,400	43.8	646,107	15.4	1,195,292	28.4	521,363	12.4
Kenosha	8,798,586	3,354,413	38.1	1,851,511	21.0	1,502,901	17.1	2,089,761	23.8
La Crosse	6,596,993	2,794,802	42.4	1,108,489	16.8	1,686,312	25.6	1,007,390	15.3
Middleton	2,026,596	0	0.0	1,199,091	59.2	505,348	24.9	322,157	15.9
Monona	299,484	0	0.0	177,198	59.2	101,186	33.8	21,100	7.0
Onalaska**	1,049,541	424,771	40.5	196,219	18.7	228,551	21.8	200,000	19.1
Oshkosh	6,240,774	2,601,137	41.7	1,091,387	17.5	1,509,750	24.2	1,038,500	16.6
Ozaukee County**	3,305,750	1,401,375	42.4	554,562	16.8	846,813	25.6	503,000	15.2
Racine	10,329,063	4,250,207	41.1	1,861,265	18.0	2,388,942	23.1	1,828,649	17.7
Sheboygan	4,123,199	1,736,559	42.1	703,044	17.1	1,033,514	25.1	650,082	15.8
Stoughton**	412,882	149,591	36.2	94,702	22.9	54,889	13.3	113,700	27.5
Sun Prairie	2,126,810	0	0.0	1,258,385	59.2	450,807	21.2	417,618	19.6
Superior	1,723,640	791,977	45.9	227,862	13.2	619,836	36.0	83,965	4.9
Verona	1,514,904	0	0.0	896,334	59.2	341,570	22.5	277,000	18.3
Washington County**	2,673,352	1,073,974	40.2	507,788	19.0	566,186	21.2	525,404	19.7
Waukesha	8,201,600	1,122,910	13.7	3,729,792	45.5	2,439,456	29.7	909,442	11.1
Wausau	4,475,991	2,056,626	45.9	591,716	13.2	1,526,758	34.1	300,891	6.7
West Bend**	<u>1,280,337</u>	<u>422,669</u>	<u>33.0</u>	<u>334,877</u>	<u>26.2</u>	<u>87,791</u>	<u>6.9</u>	<u>435,000</u>	<u>34.0</u>
Subtotal Tier B	\$104,443,226	\$36,320,790	34.8%	\$25,475,900	24.4%	\$26,973,225	25.8%	\$15,673,311	15.0%
Tier C Bus									
Bay Area (Ashland)	\$2,432,896	\$1,115,508	45.9%	\$198,620	8.2%	\$916,887	37.7%	\$201,881	8.3%
Dunn County	590,612	269,460	45.6	49,559	8.4	219,901	37.2	51,692	8.8
La Crosse County	591,832	288,416	48.7	31,262	5.3	257,154	43.5	15,000	2.5
Lac du Flambeau Tribe	944,177	458,234	48.5	51,763	5.5	406,470	43.1	27,710	2.9
Manitowoc	2,779,298	1,280,937	46.1	220,300	7.9	1,060,636	38.2	217,425	7.8
Merrill	604,991	267,446	44.2	59,340	9.8	208,105	34.4	70,100	11.6
Oneida-Vilas Counties	746,781	340,891	45.6	62,482	8.4	278,408	37.3	65,000	8.7
Platteville	837,951	318,976	38.1	133,643	15.9	185,332	22.1	200,000	23.9
Rusk County	1,776,012	657,005	37.0	302,307	17.0	354,697	20.0	462,003	26.0
Stevens Point	2,649,190	1,229,595	46.4	201,364	7.6	1,028,231	38.8	190,000	7.2
Menominee Tribe	2,556,304	1,001,430	39.2	379,357	14.8	622,072	24.3	553,445	21.7
Sawyer Co/LCO Transit	<u>2,211,388</u>	<u>951,694</u>	<u>43.0</u>	<u>242,786</u>	<u>11.0</u>	<u>708,908</u>	<u>32.1</u>	<u>308,000</u>	<u>13.9</u>
Subtotal Tier C Bus	\$18,721,432	\$8,179,592	43.7%	\$1,932,783	10.3%	\$6,246,801	33.4%	\$2,362,256	12.6%

*The federal share for Tiers A-1 and A-2 is derived from FTA section 5307 capitalized maintenance funds. The majority of the federal share for Tier B systems is derived from section 5307 operating assistance funds (Governor's apportionment), except that Waukesha's federal share comes from Milwaukee's urbanized area section 5307 funds, which can be used to cover capitalized maintenance and contracting costs.

**Shared-ride taxi system (Ozaukee County has both bus and shared-ride taxi components).

APPENDIX I (continued)

2024 Transit System Public Funding Sources

	2024 Expenses	Federal Share	% of Expense	State Share	% of Expense	Local Share	% of Expense	Farebox Revenue	% of Expense
Tier C Shared-Ride Taxi									
Baraboo	\$571,460	\$182,867	32.0%	\$125,807	22.0%	\$13,834	2.4%	\$248,952	43.6%
Beaver Dam	1,139,200	447,100	39.2	168,237	14.8	278,863	24.5	245,000	21.5
Berlin	311,150	126,825	40.8	41,243	13.3	85,582	27.5	57,500	18.5
Black River Falls	477,448	193,724	40.6	64,169	13.4	129,555	27.1	90,000	18.9
Clintonville	145,868	67,934	46.6	10,857	7.4	57,077	39.1	10,000	6.9
Clark County	494,056	223,511	45.2	43,353	8.8	180,157	36.5	47,035	9.5
Door County	1,123,899	484,950	43.1	122,124	10.9	362,825	32.3	154,000	13.7
Edgerton	100,613	45,607	45.3	8,739	8.7	36,867	36.6	9,400	9.3
Fort Atkinson	293,840	94,029	32.0	58,811	20.0	0	0.0	141,000	48.0
Grant County	78,728	36,364	46.2	6,161	7.8	30,203	38.4	6,000	7.6
Hudson	443,623	179,812	40.5	59,811	13.5	120,000	27.0	84,000	18.9
Jefferson	264,099	113,050	42.8	29,603	11.2	83,446	31.6	38,000	14.4
Kenosha County	379,724	182,362	48.0	22,746	6.0	159,616	42.0	15,000	4.0
Lake Mills	138,198	62,099	44.9	12,549	9.1	49,550	35.9	14,000	10.1
Marinette	498,478	199,391	40.0	69,862	14.0	84,414	16.9	144,811	29.1
Marshfield	1,225,272	392,087	32.0	269,743	22.0	63,442	5.2	500,000	40.8
Mauston	274,179	95,040	34.7	53,058	19.4	41,981	15.3	84,100	30.7
Medford	213,275	94,138	44.1	21,062	9.9	73,075	34.3	25,000	11.7
Monroe	672,403	278,202	41.4	84,996	12.6	193,205	28.7	116,000	17.3
New Richmond	258,618	94,309	36.5	45,383	17.5	48,926	18.9	70,000	27.1
Oneida Nation	1,284,623	634,812	49.4	59,077	4.6	575,734	44.8	15,000	1.2
Plover	317,048	126,819	40.0	44,434	14.0	55,795	17.6	90,000	28.4
Portage	1,135,973	366,987	32.3	246,608	21.7	120,378	10.6	402,000	35.4
Prairie du Chien	420,374	155,187	36.9	71,878	17.1	83,309	19.8	110,000	26.2
Prairie du Sac	179,105	71,642	40.0	25,101	14.0	32,862	18.3	49,500	27.6
Reedsburg	457,754	146,481	32.0	100,273	21.9	0	0.0	211,000	46.1
Rhinelanders	811,826	259,784	32.0	178,723	22.0	29,319	3.6	344,000	42.4
Richland Center	359,702	143,881	40.0	50,412	14.0	48,409	13.5	117,000	32.5
Ripon	415,752	141,376	34.0	83,192	20.0	58,184	14.0	133,000	32.0
River Falls	351,946	151,473	43.0	38,630	11.0	112,843	32.1	49,000	13.9
Shawano	443,712	141,988	32.0	97,683	22.0	24,041	5.4	180,000	40.6
Tomah	1,151,886	368,604	32.0	253,587	22.0	68,145	5.9	461,550	40.1
Viroqua	596,330	223,165	37.4	98,942	16.6	124,223	20.8	150,000	25.2
Walworth County	2,166,693	996,347	46.0	173,991	8.0	822,355	38.0	174,000	8.0
Watertown	969,657	316,329	32.6	207,431	21.4	108,897	11.2	337,000	34.8
Waupaca	673,316	244,158	36.3	119,533	17.8	124,625	18.5	185,000	27.5
Waupun	187,643	68,322	36.4	33,033	17.6	35,288	18.8	51,000	27.2
Whitewater	321,815	137,408	42.7	36,420	11.3	100,987	31.4	47,000	14.6
Wisconsin Rapids	<u>1,458,432</u>	<u>559,216</u>	38.3	<u>228,555</u>	15.7	<u>330,661</u>	22.7	<u>340,000</u>	23.3
Subtotal Tier C Taxi	\$22,807,718	\$8,847,380	38.8%	\$3,465,817	15.2%	\$4,948,673	21.7%	\$5,545,848	24.3%
Total Tier C	\$41,529,150	\$17,026,972	41.0%	\$5,398,600	13.0%	\$11,195,474	27.0%	\$7,908,104	19.0%
STATE TOTALS	\$374,789,534	\$91,923,714	24.5%	\$115,211,400	30.7%	\$104,906,098	28.0%	\$62,748,322	16.8%