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**MEMORANDUM**

**TO:** MDOT MTA Locally Operating Transit Systems  
**FROM:** Travis Johnston, Director, MDOT MTA Office of Local Transit Support   
**SUBJECT:** Grant Award Methodology for Subrecipients  
**DATE:** December 20, 2022

**PURPOSE OF MEMORANDUM**

MDOT MTA's suballocation methodology of Federal formula funds to the Locally Operated Transit Systems (LOTS) has remained unchanged for many years. MDOT MTA recently completed a comprehensive review of the methodology to ensure the formula aligns with current service levels and region demographics for each LOTS. As a result of this review process, MDOT MTA has determined an improved suballocation method should be implemented to provide transparency, consistency and equity in awarding annual LOTS formula funding.

MDOT MTA will hold a webinar on January 9, 2023 at 1:00 PM to review the draft suballocation methodology and each LOTS is encouraged to attend. Details on how to access the webinar will be provided shortly. We have also included a comparison of actual FY23 operating awards vs. what maximum FY23 operating awards would have been if the proposed methodology was in place at that time. MDOT MTA will accept comments on the new, draft process through January 27, 2023. Comments, questions and/or concerns should be sent to Bryan Glazer, OLTS Administrative Assistant at [BGlazer1@mdot.maryland.gov](mailto:BGlazer1@mdot.maryland.gov).

Once finalized, the Fiscal Year 2024 operating grant awards will be calculated utilizing the updated suballocation methodology. State funding amounts are not anticipated to change.

The following bullets below provide a summary of the proposed suballocation methodology for all future Federal formula funds. This information is also outlined in the attached presentation.

- MDOT MTA, as the direct recipient of Federal funds, will suballocate funds to the Locally Operated Transit Systems (LOTS), the "subrecipients."
- Grants affected are the LOTS' formula grants for programs 5307, 5311, and 5339.
- The source of data used to calculate the basis of awards are the U.S. Census, the National Transit Database, and the Federal Transit Administration (FTA) apportionments.

- The formula approach to awarding 5307 operating (Baltimore UZA and Small Urban) grants will use population and service factors of vehicle revenue miles, vehicle revenue hours, and unlinked passenger trips.
- The formula approach to awarding 5311 operating (Rural) grants will use annual operating expenses and service factors of vehicle revenue miles, vehicle revenue hours, and unlinked passenger trips.
- Both the 5307 and 5311 formula approaches will identify the maximum amount of eligible operating funding. Operating awards will be allocated in the amount presented in the spending plan in the Annual Transportation Program Application, up to that maximum eligible amount.
- As in recent years, capital grants will remain discretionary and will be awarded based on need as described in the LOTS' Annual Transportation Program application and on available funding. 5339 Bus and Bus Facility, and portions of the 5307 and 5311 apportionments will be dedicated to capital needs.
- Funding levels may increase or decrease depending on reported service and Federal funding appropriations from year to year. However, starting in FY24, a two-year grace period will ensure that any decreases will not become effective until FY26.