



Public Transportation and Amtrak Funding in the CARES Act (P.L. 116-136)

March 30, 2020

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES) Act (P.L. 116-136) was signed into law. Included in the act is a \$25 billion appropriation from the general fund of the U.S. Treasury for public transportation agencies and another \$1 billion for Amtrak. This emergency funding would support agencies in the midst of an unprecedented decline in ridership due to the COVID-19 pandemic. For example, the [Washington Area Metropolitan Transit Authority](#) has reported that in late March 2020 its rail ridership is down about 90% on a daily basis compared with equivalent days a year earlier, and bus ridership is down about 70%. Amtrak's ridership is down about 90%.

Public Transportation Funding

The CARES Act directs the Federal Transit Administration (FTA) to distribute the funds for transit agencies within seven days after enactment according to five existing [formulas](#). After administrative deductions, the amounts would be: \$13.8 billion apportioned according to the urbanized area formula, \$1.8 billion according to the rural formula, \$7.5 billion according to the state of good repair formula, \$860 million according to the high density states formula, and \$830 million according to the fast growing states formula. The urbanized area formula is weighted by population size and the amount of service provided, but funding is distributed to all urbanized areas, places with 50,000 people or more. The state of good repair formula mainly directs funding to places with transit rail, weighted by the size of the system. Transit agencies in New York City, Chicago, Washington, DC, Philadelphia, Boston, and San Francisco receive the largest shares of state of good repair funding.

Under existing law, federal funding for transit agencies in urbanized areas of 200,000 people or more is typically restricted to capital expenditures. Federal operating support for transit agencies in smaller urbanized areas and rural areas is limited to a maximum 50% federal share. The CARES Act allows any transit agency to use the funds for operating expenses with a federal share of 100%. While the intent of the funding is to support operating expenses, such as employee pay and extra station and vehicle cleaning, funding could be directed to capital expenditures such as buying buses.

The \$25 billion appropriation for public transportation is about twice the \$12.5 billion of federal funding spent by transit agencies in 2018 on operating and capital expenditures, and about half the \$52.3 billion

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spent on transit operating expenditures in that year. Operating expenditures are mainly supported by fares and local and state taxes. The [American Public Transportation Association \(APTA\)](#) recently advocated for \$16 billion to support transit agencies in dealing with the effects of the COVID-19 pandemic. APTA's estimate included \$7.65 billion in lost fare revenue, \$6.25 billion in lost sales tax revenue, and \$2.1 billion for increased costs such as extra cleaning of vehicles and facilities. The calculations were based on the assumption that revenue will be 75% below previous expectations through September 2020 and 40% below expectations from October through December 2020. APTA's calculations did not appear to include savings that might come from service cuts.

Amtrak Funding

Over the first four months of FY2020, [Amtrak ridership was up](#) nearly 4% over the equivalent period a year prior, along with a 3.4% increase in revenue per available seat-mile, and a 2.2% decrease in costs per available seat mile. However, by March 12, Amtrak was experiencing a [50% drop in bookings and a 300% increase in cancellations](#) due to COVID-19 concerns; by March 21, [daily ridership was down 90%](#) compared with equivalent days a year earlier. Amtrak drastically reduced service in response to the drop in demand while also cutting management pay and suspending some employee benefit contributions, and asked Congress for \$1 billion to make up for lost revenue.

The CARES Act appropriates just over \$1 billion in additional funds to Amtrak, in line with Amtrak's request, with relatively few restrictions on its use. Amtrak is receiving \$492 million for the Northeast Corridor (NEC), which connects the District of Columbia, New York, and Boston, and \$526 million for the National Network, which includes Amtrak's long-distance and state-supported short-distance routes across the country. The act allows Amtrak to reallocate those funds between the two categories. The act also caps the level of state support required for Amtrak's state-supported routes at no greater than 80% of the full-year contribution for FY2019, and sets aside \$239 million of the National Network allotment to make up the difference, reducing the burden on state departments of transportation. Amtrak is required to recall any furloughed employees if service is restored to March 1, 2020, levels.

In December 2019, Congress appropriated just over \$2 billion for the NEC, the National Network, and the Office of Inspector General as part of Amtrak's annual funding for FY2020. The CARES Act increases funding to just over \$3 billion for the year, roughly a 50% increase over initial appropriations.

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