

6.2. Funding Options

Public transit services are typically funded by a combination of federal, state, and local dollars. Unlike the MBTA or other transit authorities in Massachusetts, the Town of Randolph is not a direct FTA recipient for FTA or state formula funding, nor is it an experienced operator of public transportation services. As a result, it is ineligible for federal formula programs such as FTA Section 5307 (Urbanized Area Grants), 5310 (Enhanced Mobility for Seniors and Individuals with Disabilities), 5339(b) (Bus/Bus Facilities Program), or the Massachusetts Regional Transit Authorities (RTA) formula funding. The following section provides an overview of funding sources that the Town of Randolph can use to fund the capital and operating costs of microtransit.

Federal Discretionary Funding Programs

Municipalities are eligible for a range of discretionary grant funding programs for local transit service; most are oriented towards on-demand microtransit or ride-hailing service, though some may also fund new fixed-route services. The primary challenge with each of these funding sources is that unlike formula funding, these grants are non-recurring and are typically only used to start up the service during the pilot period. A longer-term, more sustainable funding source must be secured by the time the grant funding ends.

Enhancing Mobility Innovation (EMI)

This program is funded by the Federal Transit Administration and formerly known as the Accelerating Innovative Mobility (AIM) Program. This competitive grant program funds forward-thinking approaches that improve transit financing, planning, system design and service. Eligible activities include all activities leading to the development and testing of innovative mobility, such as planning and developing business models, obtaining equipment and service, acquiring or developing software and hardware interfaces to implement the project, operating or implementing the new service model, and evaluating project results.

USDOT Congestion Relief Program

This new USDOT funding program is intended to spur investment in forward-thinking congestion management solutions, including mobility services such as commuter vans or on-demand microtransit. Funding is available for municipalities located in metropolitan areas whose populations exceed one million residents. There is an 80% federal and 20% local match required.

Congressional Earmarks

U.S. Senators and Members of Congress are increasingly using the recently revived congressional earmark process to advance promising transportation projects in their communities, including microtransit. A Community Project Funding Request (previously referred to as an earmark) is a funding provision that is inserted into an appropriations bill in Congress that directs funds to a designated recipient for a specific project. For example, during FY2023 37 Members of Congress and 38 Senators submitted earmark requests to the House/Senate Appropriations Committees. In both chambers, more than half of earmark requests ultimately received funding. The Salem Skipper service, detailed in 2.4. Peer Municipality Interviews, is one example of a municipally-managed microtransit service that has received congressional earmark funding.⁽²²⁾

In addition to the FTA and broader USDOT, federal funding may also be available through the Department of Education, Department of Labor, Department of Veteran Affairs, Department of Housing and Urban Development (Office of Community Planning and Development and Federal Housing Administration), and the Department of Health and Human Services.

State Grant Funding

Community Connections Funding Program

This program is issued by the Boston Region MPO to municipalities and regional transit authorities. The program allocates about \$2 million in yearly funding for projects between \$50,000 and \$500,000. Both capital and operating costs for transportation programs are eligible, and a 20% local match is required. The MPO uses CMAQ funding to finance the Community Connections program, so projects related to improving air quality are specifically relevant, however, MPO has stated that the program is aimed at supporting local transportation and improving transit technology. The NewMo Microtransit service in Newton is partially funded through this program.⁽²³⁾ Watertown has recently been awarded over a million dollars in funds for a local shuttle service expansion.⁽²⁴⁾

Community Transit Grant Program

Administered by MassDOT, this annual program provides funding to meet local or regional unmet transportation needs. Both microtransit and fixed-route buses would be eligible for funding. A 20% local match is required for capital expenses, and a 50% local match is required for operating expenses. Recently, the Town of Ware and the Quaboag Valley Community Development Corporation (QV CDC) were granted funding for a rural demand-response service, the Quaboag Connector.⁽²⁵⁾

Taxi, Livery & Hackney Partnership Grant Program

The Taxi, Livery & Hackney Partnership Grant Program is an operational subsidy program that supports municipalities that contract with licensed taxi or livery businesses for transportation and delivery needs,

as well as institutional programs and non-emergency medical transportation (NEMT). It is funded by the Commonwealth's Transportation Infrastructure Enhancement Trust Fund, a 2016 measure requiring a 20-cent assessment on every transportation network company ride in Massachusetts, of which 5 cents funds these grants. Both municipalities and nonprofit organizations are eligible for the program, with awards of up to \$250,000 available.⁽²⁶⁾ This funding option could be suitable if the Town of Randolph adopts a ride-hailing service alternative, which will require coordination with at least one traditional taxi company in addition to Uber/Lyft.

Local Funding

Ballot measures

Transit ballot initiatives provide opportunities for local communities to raise dedicated funding for transportation through voter-approved property tax increases. In 2019, over \$8B in new transit funding was approved in elections across 80 ballot measures, and in 2020 voters approved 13 out of 15 transit initiatives providing \$38B in transit funding. Local funding in other parts of the United States has also come from fees, such as for parking, vehicle registration (up to \$5 per vehicle), vehicle leasing, rental, and mortgage recording fees.

Local Partnerships

The Town of Randolph could also partner with key stakeholders in the community to fund or partially fund transportation services. For example, community organizations and nonprofits that believe funding transit services furthers their mission and help the communities they work in may choose to help fund services. Similarly, assisted-living facilities may choose to support local public transit initiatives in order to help get their residents to medical appointments or stores in a more cost-effective manner. Private employers may also be interested in supporting the services if it improves accessibility for their current employees or helps them attract new workers. These partners can contribute funding in various ways, including lump-sum annual contributions, direct reimbursements for specific trips, or by purchasing transportation passes for particular groups.

Philanthropic Foundations

Several nonprofit foundations in the Boston region have supported innovative transportation programs that benefit underserved communities. A list of these foundations is provided below:

- Barr Foundation supports transportation projects as part of its climate change focus area.
- Blue Cross Blue Shield of Massachusetts Foundation grants funding community organizations to expand healthcare access and affordability among low-income populations in Massachusetts.
- Fallon Health provides grants supporting senior health initiatives, including transportation to medical appointments

- Smith Family Foundation’s small capital grants initiative funds one-time capital expenses for nonprofits, including purchase of vehicles.
- Tufts Health Plan Foundation supports healthy aging in Massachusetts, Connecticut, New Hampshire, and Rhode Island. Collaborative transportation projects are eligible.

Advertising:

Additional revenue can be obtained by selling advertising space. These ads can be on the outside of vehicles, either as wraps or rooftop digital screens, on in-vehicle screens, or within a microtransit smartphone app. Other services have generated funding through naming rights and sponsorships. The contribution of advertising will depend on the type of branding and the number of interested companies.

Footnotes

(22) Souza, Scott. 2022. “\$2.3 Million North Shore Skipper Expansion In Federal Spending Package.” Salem, MA Patch. December 27, 2022. <https://patch.com/massachusetts/salem/2-3-million-salem-skipper-north-shore-expansion-fed>

(23) “NewMo | City of Newton, MA.” <https://www.newtonma.gov/government/planning/transportation-planning/newmo> .

(24) “Watertown Connector Shuttle In Service.” 2021. March 3, 2021. <https://www.watertowntma.org/watertown-connector-shuttle-in-service> .

(25) MassDOT. 2024. “Community Transit Grant Program.” 2024. <https://www.mass.gov/community-transit-grant-program> .

(26) Mogavero, Matthew. 2022. “\$7M to Support Taxi & Livery Services.” MassDevelopment. November 23, 2022. <https://www.massdevelopment.com/news/7m-to-support-taxi-livery-services/> .