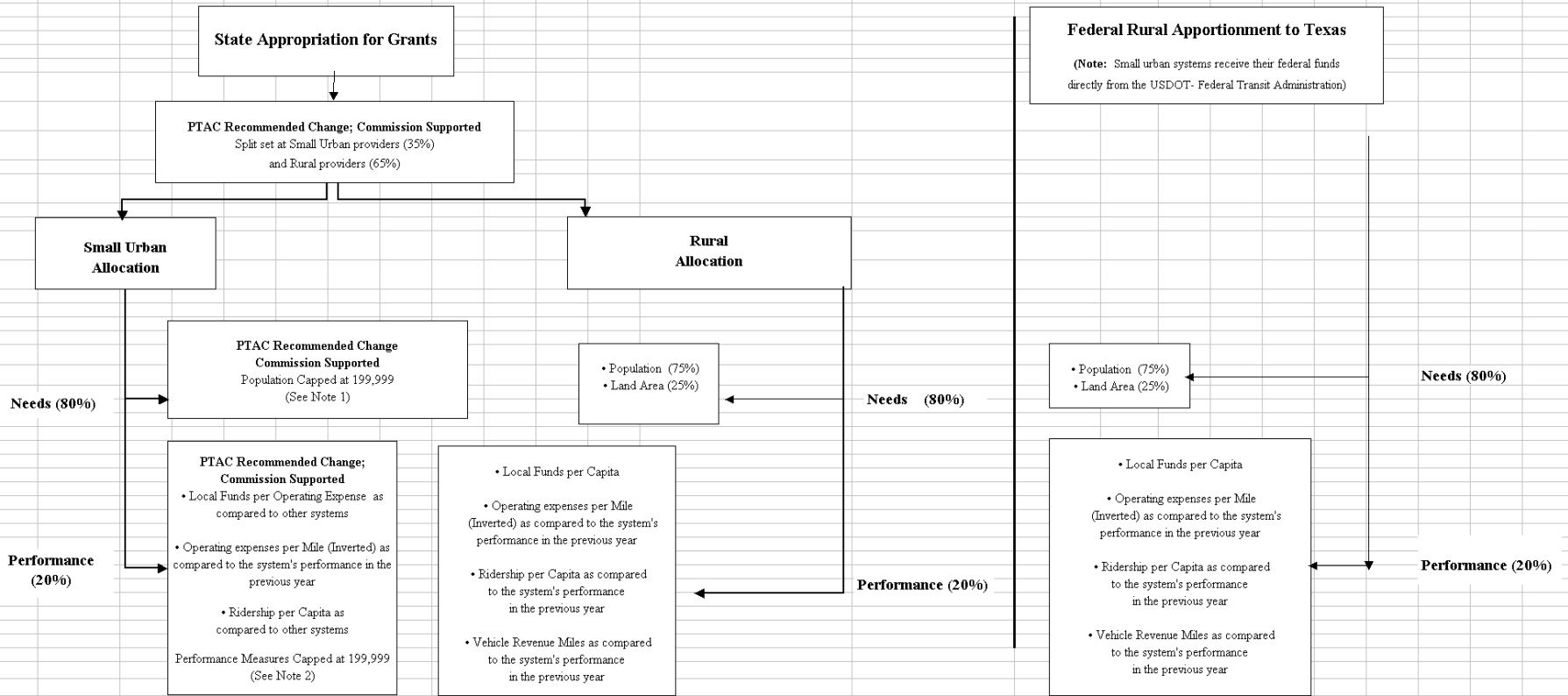


Schematic: Transit Funding Formula for Small Urban and Rural Systems Approved for Public Comment and Hearing by the Texas Transportation Commission 3/31/2005



The PTAC did not agree (by majority vote) to make recommendations on the substance of the Transition Plan, choosing to waive comment until the close of the public comment period.

However, the Commission-Proposed Transit Funding Formula makes the following changes, as outlined in the proposed rules released 3/31/2005:

FY2004 Allocation Base Year: Continuing with the existing five year transition period through FY2010, the transition criteria is modified such that FY2004 will serve as the base year against which the FY2006 allocations are calculated. Each succeeding annual allocation, after FY2006, will be based on the previous fiscal year.

Growth Cap Lifted: The limitation on annual increases, previously set at a 20% cap, will be removed. However, the maximum 10% reduction annually is retained.

"Excess" funds: If available funding exceeds the allocations, additional funding will be awarded by the Commission on a pro rata basis, competitively, or a combination of both.

Consideration for the award of these excess or additional funds may include, but is not limited to, coordination and technical support activities, compensation for unforeseen funding anomalies, assistance with eliminating waste and ensuring efficiencies, maximum coverage in the provision of public transportation services, and reductions in air pollution.

These additional awards are not subject to the transition funding allocation process in succeeding fiscal years.

Note 1: Urbanized areas which have populations of 200,000 or greater will be adjusted on a pro rata basis to reflect a population level of 199,999. In FY2006, the population cap will apply to Arlington, Lubbock, McAllen, the combined populations of Midland-Odessa, and the combined population of the eight member cities served by the North East (Tarrant County) Transportation System, or NETS.

Note 2: Performance criteria for each of the urbanized areas with a population of 200,000 or greater will be adjusted on a pro rata basis to reflect a population level of 199,999.