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**TO:** Transportation Commission  
**FROM:** Jack Dokken, Office of Air, Rail & Transit  
**DATE:** July 9, 2025  
**SUBJECT:** FFY26 Public Transit State Matching Funds

This memo outlines the proposed procedures and seeks approval from the Transportation Commission for awarding state matching funds for rural public transit subrecipients for the Federal Fiscal Year 2026 (FFY26).

In accordance with ARSD 70:06:02:02, the Department of Transportation (SDDOT) will allocate these funds based on a comprehensive set of factors, including passenger trips, vehicle miles, administrative and operating expenses, grant administration performance, and the level of local funding. Each year, SDDOT seeks Commission approval for the objective scoring procedures used to determine these grant awards.

In preparation for this year's recommendations, SDDOT contacted the transit providers for feedback regarding any changes. Of the 13 different providers, three responded. Two of the respondents asked clarifying questions on the definition of a particular category, which the Transit office answered to their satisfaction. Neither agency voiced a lack of support for the calculation methodology.

The third agency, Standing Rock Transit, offered the following critique and suggestions for future calculations:

*"They disagree with giving 25% toward the number of rides performed. It is impossible for rural" communities to be competitive with the larger cities of 10,000 + people. Section 5311 funds are also intended to consider land area and low-income individuals."*

*"Rather than giving points for Directors traveling and sitting on boards, I would like to recommend that scoring is given to the "programs" for coordinating services, i.e. routes, linked rides. It would help a lot of communities if there were more partnerships/connecting services between transit agencies within the state."*

*"More points for agencies that seek additional sources to partially fund their services."*

*“We would like to request that we receive Indirect Cost. If we cannot receive Indirect Cost, what is the purpose of requesting our Cost Allocation Plans each year?”*

The Transit office responded by thanking Pam Ternes, the Executive Director, for her thoughts and contributions, and that our office would take these suggestions to the Transit agencies at the Fall program meeting for consideration.

SDDOT recommends the Commission approve the current recommended scoring procedures, utilizing the ridership data from the previous federal fiscal year to ensure a fair and performance-based distribution of funds.

For awards made in year FFY2026, funds will be distributed based on the following performance-based allocation:

- Number of Rides provided: 25%
- Number of Miles driven: 25%
- Local Funds Expended for Overall program: 20%
- Administrative Cost Expended per Ride: 5%
- Operating Costs Expended per Ride: 5%
- Local Funds Expended per Ride: 5%
- Overall Grant Administration Performance: 15%