Purpose

The purpose of this policy is to define the intangible software expenses that are considered eligible for reimbursement or funding under the Bureau of Public Transportation's (BPT) capital program.

Buying software has shifted to a subscription model for several reasons, including consistent expenses, continuous updates/support, and cloud-based services. This policy aligns BPT's capital program with the change in the industry.

Scope

This policy applies to all public transit authorities who request capital financial assistance under the Public Transportation Capital Agreement (PTCA) grant program. It is used to determine project eligibility for available state funding sources. Although subscription funding continues to become more common, this policy extends beyond subscription-based software funding models to all other software purchase scenarios.

Definitions

1. **Eligible Expense:** A cost that meets the established criteria and is necessary, reasonable, and directly related to the approved project/activity.

2. **Tangible Asset:** A physical item that has a finite monetary value. A traditional capital purchase, including but not limited to rolling stock and support equipment.

Policy Statement

Only multi-year software use agreement contract expenses that meet the eligibility criteria outlined in this policy will be considered for capital reimbursement or funding. All submitted expenses shall be properly documented and clearly aligned with the intended use of funds as defined by the project in the PTCA. Project description should clearly define the start and end terms of the software contract. This type of PTCA project will continue to follow general rules of reimbursement-based project funding, similar to all other PTCA projects. Vendor invoices, unless the contract is paid in full up front, shall be submitted for reimbursement on an annual basis for all approved projects regardless of billing frequency.

Eligible Expense Criteria

Expenses must meet **all** criteria to be considered eligible:
1. **Supports** the management of tangible assets, including, but not limited to vehicles and facilities. May include:
    - mobile fare collection
    - maintenance/asset management software
    - safety/security software
    - communication systems
    - other services at the discretion of the Department
2. **Clearly Defined** as the purpose of an independent project in the PTCA.
3. **Properly Documented** with itemized receipts and invoices from software vendor.

Ineligible Expenses

1. Training costs for new or existing software.
2. Ongoing subscription costs for contracts of 12 months or less.
3. Software that supports everyday operations, as opposed to tangible assets. May include:
    - Scheduling software
    - HR/Labor management software
    - Financial management software
    - Microsoft Office 365

Other Considerations

1. Expenses incurred for the initial implementation of a software may be considered a capital expenditure if costs are billed outside of regularly scheduled monthly subscription invoices.

2. Fees associated with the development of custom/personalized software may be considered for PTCA funding.