STATEMENT OF

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BEFORE THE COMMITTEE ON BANKING, HOUSING AND URBAN AFFAIRS

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Chairman Shelby, Ranking Member Brown and members of the Committee: Thank you for inviting me to appear before you today to discuss building on the success of the nation's surface transportation legislation – Moving Ahead for Progress in the 21st Century Act, known as MAP-21 – and how we can better deliver safe, efficient and effective public transportation services.

I appear before you today as the Upper Midwest Regional Director and Immediate Past President of the Community Transportation Association of America's (CTAA) Board of Directors, a national nonprofit, membership association committed to removing barriers to isolation and improving mobility for all people. The Association – founded in 1989 – provides informational resources, technical assistance, training and certification, and many additional resources to communities, transportation providers, and other groups to improve the quality of community and public transportation. I also serve on the Board of Directors and was Past President of the Dakota Transit Association – representing both North and South Dakota – as well as acting as the Vice Chair of the Spearfish Area Chamber of Commerce.

CTAA represents the oft-unseen public transportation network in the U.S. — one comprised of rural and small-urban operators, agencies serving older Americans and people with disabilities, non-emergency medical transportation providers, mobility for our nation's veterans and tribal transportation entities. CTAA members transport the toughest to serve populations in innumerable cost-effective and innovative ways, combining cutting edge technologies with old-fashioned community service. The Association actively supports important concepts like inclusive transportation planning, customer-based design-thinking strategic transit planning and new approaches to transit service design.

I serve as the Executive Director of Prairie Hills Transit, located in Spearfish, S.D. Prairie Hills Transit serves a 12,000 square-mile service area and grew from an operation that started with a single van in 1989 to one today comprised of 38 vehicles and 50 employees in six South Dakota counties. I believe I am well-qualified to represent the more than 4,000 members of CTAA.

We have a positive story to share. Since 2007 rural transit ridership is up 40 percent, and bus ridership in small-urban communities has increased by 40 million since 2010. At a time when more people are utilizing the mobility options we provide to get to work, crucial health care appointments and treatment, community services and otherwise lead the lives they're entitled to, the investment needed to support those options is all the more scarce. We're particularly concerned that rural and small-urban transit network today finds its ability to recapitalize their operations — simply to maintain current service — in jeopardy.

In order to sustain our robust infrastructure of effective and efficient transportation options, the underlying partnership between federal, state and local investment must be preserved and strengthened; a sustainable, long-term funding mechanism for surface transportation programs must be secured by federal legislation; and key programmatic changes need to be included in any authorization legislation that succeeds MAP-21.

The Importance of Federal Leadership

From the groundbreaking Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA) through its successors – 1998's Transportation Equity Act for the 21st Century (TEA-21), 2005's Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) and MAP-21 – there has existed a strong and recurring partnership between all levels of government – federal, state and local – supporting the nation's surface transportation network in all its forms. That partnership has produced innovative and efficient ways of helping Americans get where they need to go while also ensuring a sense of ownership in the processes and outcomes of establishing and maintaining vibrant transportation systems.

In recent years, however, that foundational partnership has become imbalanced. The two-year authorization period of MAP-21 led to less sustainable and predictable investment levels in relation to previous surface transportation authorizations. The subsequent extension only exacerbated these challenges. Under the nearly three-year period covered by MAP-21 and its extension, levels of investment failed to keep pace with inflation rates, let alone account for skyrocketing demand for community and public transportation service, as riders take more trips on existing systems while new providers launch additional operations. The result has been a net decrease in investment in community and public transportation.

The relative decrease in federal investment in surface transportation programs has placed a greater onus on state and local governments to make up for the shortfalls. Since 2012, 15 states have passed new revenue measures to support transportation needs. Many have included new investment for roads and highways only. Local governments – which have been the last to recover from the economic downturn that began in 2008 – are often stretched to maintain previous funding levels in support of transportation programs, let alone make up for the declining share of federal investment.

Federal leadership in supporting community transportation providers in rural and small-urban areas is even more crucial. While large-urban areas often enjoy substantial investment to support operating expenses from local and state sources and look to federal program to deliver capital investment, rural and small-urban providers rely more heavily on federal support for both capital and operations. That federal role was magnified with the economic downturn, as many state and local avenues for operating funds dried up completely. CTAA members rely on the federal partnership to level the playing field.

Moreover, the type of work we do – not only in rural areas but all American communities – crosses state and local boundaries. Often, people live a good distance from where they work and need an affordable and reliable way to get to their job sites in an neighboring county or state. That need is even greater for access to health care. Regulations and procedures of many health insurance programs stipulate the exact location where treatment or prescriptions can be received, paying little attention to the distance needed to be traveled to get to and from those facilities. This is all the more true for our nation's veterans, who often find their closest VA location to be hundreds of miles away. These are the type of needs that demands an active and robust federal role.

A Sustainable Source of Revenue

Inherent in the need for greater investment in our nation's surface transportation network is the realization that we need a source of revenue to support that investment. Due to the combination of Americans driving less – thanks to the availability of reliable and affordable community and public transportation options, along with newfound interest in biking and walking – and improved fuel efficiency in automobiles, the Highway Trust Fund, along with its Mass Transit Account, no longer generates enough revenue to meet the nation's need for surface transportation programs.

MAP-21 and its subsequent extension closed the difference between Highway Trust Fund revenues and expenditures through a series of one-time, stop-gap revenue sources that provided only short-term relief. It was also these same limited revenue streams that reduced MAP-21's authorization period to only two years.

A new surface transportation authorization must avoid the penny-wise-but-pound-foolish approach to revenue sources. America's community and public transportation providers — as well as the full surface transportation program — cannot afford another short-term authorization followed by a series of extensions that provide returns that barely keep up with inflation and offer little stability for long-term budgeting and project development. The ability to purchase even a single new bus has been jeopardized by the unpredictability of the MAP-21 era, let alone the ability to construct a new maintenance facility or plan for a new Bus Rapid Transit or rail line.

Collectively, CTAA's members are neutral on the source of new revenue to make up for the shortfalls in the Highway Trust Fund. Members of Congress and the Obama Administration have offered varying alternatives, each of which should receive due consideration. We recognize that sufficiently investing in the nation's surface transportation infrastructure — of which community and public transportation is a vital component — requires difficult choices on the part of Congress. But they are choices that at this time must be made. The current piecemeal approach of generating revenue to support surface transportation programs only succeeds in costing more money to produce the same outcomes, resources that should be better spent in addressing the nation's unmet transportation needs.

As an association, we believe that transportation is a basic right for all Americans that requires federal investment paired with support from state, county and local governments, as well as the means to encourage partnerships with the private sector and nongovernmental interests. This national mobility need requires a strategy that increases investment by responding to growing demand while enhancing productivity in all communities, regardless of location or size.

MAP-21: Changes Are Necessary

Despite both its troubling reliance on one-time revenue sources and limited duration, in many ways MAP-21 continued strong investment in an array of federal programs that support the nation's surface transportation network. This was especially true for the longstanding formulized programs delivering investment for community and public transportation in urban (5307) and rural (5311) areas and for older Americans and people with disabilities (5310), all of which saw increases under MAP-21, albeit not as large as they initially appear due to the law's program consolidations. However, several programmatic changes under that legislation have produced significant, negative impacts on rural and small-urban transit providers while still others are necessary to respond to an ever-shifting industry.

Investment in Capital for Buses and Bus Facilities

Since ISTEA, a robust, dedicated program to support the capital needs of transit systems to replace aging vehicles and construct new or improved facilities has helped produce strong and vibrant community and public transportation networks across the nation. This program, formerly Section 5309, was replaced by the Section 5339 Bus and Bus Facilities program under MAP-21 and its funding reduced by more than half. Although increased investment in the Section 5307, 5310 and 5311 programs was intended to compensate for this reduction, the effort to streamline programs such as the former Section 5316 Job Access and Reverse Commute (JARC) and Section 5317 New Freedom programs meant that purported levels of increase in the rural and urban formulas did not correspond with the reduced capital funding levels for bus and bus facilities. At the same time, new rural and small-urban systems began operations, slicing the pie even further.

Additionally, for the first time in federal surface transportation legislation, MAP-21 organized bus and bus facility capital funding under the 5339 program as a formula-based distribution, rather than through discretionary allocations. While this change allowed a wider and more consistent distribution of bus capital funding, it also meant many recipients received less than under previous authorizations. Although each state receives at least $1.25 million per year under MAP-21 for rural bus replacement needs, that's barely enough to replace a couple of old buses at one system, let alone an entire state's capital backlog. Even when accounting for rural and urban bus capital programs, half the states receive less than $5 million per year.

In my home state of South Dakota, our Department of Transportation estimates that $2.9 million is needed each year for the next eight years to adequately replace the rural bus fleet. That's in stark contrast with the $1.25 million South Dakota receives in federal investment for rural transit under the MAP-21 5339 program. What's more, Prairie Hills Transit's 5311 formula allocation actually decreased in MAP-21. In Alabama, Birmingham alone has a capital replacement need of $29.7m over the next four years. The entire state of Alabama receives $3.7m per year from Section 5339. In North Dakota, the state Department of Transportation estimates a current $9.9m capital backlog — the state receives $1.7m annually in Section 5339 funds.

The impact of this ongoing underfunding of bus capital needs will have drastic consequences across the nation. According to a recent study, a one-time investment of $699m is needed to help return America's rural transit systems to a state of good repair. But over the next five years under MAP-21, Section 5339 will invest just $312.5m in rural bus capital funding, far short of the $1.6 billion the report says is necessary to maintain a state of good repair for rural transit.

In the end, it's the riders and employees of our nation's transit systems that will suffer from a lack of restored bus capital investment. Service cuts and fare increases are already a necessity for many providers and it's a trend that will only worsen with current dedicated bus capital funding levels. This will fundamentally impact the ability of ordinary Americans to get to work, the doctor and wherever else they need to go and get there affordably. According to the U.S. Department of Labor, transportation costs are the second greatest expenditure of most Americans, after only housing. Meanwhile, without federal leadership in dedicated bus capital investment, community and public transportation providers will have to make difficult budgetary choices that could lead to layoffs of hardworking employees who live and work in the communities we serve.

Beyond the consequences to our passengers and co-workers, older vehicles are both more costly to repair and maintain while also less safe to operate. Without an adequate and reliable dedicated investment stream for new buses, we're throwing good money after bad, spending more on replacement parts, major overhauls and labor costs in order to keep outdated vehicles on the road. This is hardly in keeping with efforts to ensure fiscal responsibility and act as good stewards of the public's investment. Additionally, in an era where both the Congress and the Federal Transit Administration are rightfully placing a high priority on safe operations – an effort wholeheartedly endorsed by our industry – it's counter-intuitive to ask systems to continue to operate buses well past the end of their useful lives.

CTAA has proposed developing a qualified intermediary lending program for rural, small-urban and specialized transportation providers. Programs like TIFIA often don’t work for these types of operations. There are 41 active projects on the TIFIA/DOT website. The largest TIFIA investment is $949 million; the smallest is $42 million. It is not apparent that any of these are located in rural communities or small-urban areas. Funding for aging buses and vans in smaller communities is not on the radar of TIFIA, which is too complex for rural and small-urban communities with smaller projects. To remedy this CTAA proposes to establish a qualified intermediary lending program for rural and small-urban infrastructure projects eligible under TIFIA. This intermediary would be a ‘window’ for states – like North and South Dakota – that are in desperate need of capital for equipment and simply cannot aggregate the capital to finance it.

In sum, Congress must act to ensure that America’s community and public transportation providers have the equipment they need to do their job, safely, efficiently and effectively.

Incentivize Performance: Expand the STIC Program

Through 2005’s SAFETEA-LU, Congress created the innovative Small Transit Intensive Cities (STIC) program that rewards transit systems in small urban areas for meeting certain performance standards through metrics such as growth in ridership and vehicles miles. This program incentivizes communities to invest in and grow their small-urban transit systems in exchange for increased federal investment to support operations. It’s the perfect example of real performance measures in the federal transit program.

The program has been an unquestioned success, with small-urban systems boosting the capacity and efficiency of their service and realizing strong ridership growth. More and more of these communities are now making similar investments in small urban transit in order to qualify for greater federal support.

A total of 165 small-urban areas have qualified under at least one of STIC's six categories since its creation.

Congress wisely expanded this innovative, incentive-driven program under MAP-21, increasing the set-aside under the 5307 urban formula program that sustains STIC funding from one percent of total 5307 investment to 1.5 percent. Because of the dramatic returns on this investment, we ask that Congress continue to reward excellence and commitment to small urban transit efficiency and effectiveness by growing STIC's Section 5307 set-aside to three percent.

Supporting Tribal Transit

Although MAP-21 made strides in supporting America's tribal transit providers by expanding the 5311 rural formula program where it exists as a set-aside and requiring no local match, the formulization of the program means tribal transit investment is now spread to a wider range of recipients. In many cases, this has produced substantial reductions in funding that threatens the very existence of transit service in numerous tribal communities. Others are facing significant service reductions, fare increases and workforce reductions. While new providers are always welcome to respond to unmet needs, maintaining existing options is just as essential.

Tribal communities are among the nation's most economically disadvantaged areas and also the most isolated. Resources from tribal governments to support mobility options are often difficult to obtain and can disappear quickly with shifts in tribal leadership. Federal leadership is again crucial to respond to the needs of America's tribal population.

Common-Sense Regulations

MAP-21 introduced a number of new regulations for community and public transportation providers, most notably covering safety, state of good repair and transit asset management. These are well-intended objectives to ensure the riders who depend on the mobility options we provide arrive at their destinations safely and securely and that we invest in well-maintained infrastructure that reduces unnecessary expenses and improves reliability. However, the execution of these regulations by federal agencies suggests that Congress must clarify and refine these stipulations.

Most concerning is the process by which such regulations are developed and implemented. Too often, the community and public transportation industry has too little meaningful input in the process of developing regulations. When we are, it's often only representatives of the nation's largest transit systems who are asked for input. Meanwhile, new regulations are often delayed by federal officials – many MAP-21 regulatory mechanisms are still not finalized, nearly three years after the measure became law.

All transit operations are not the same. Any one-size-fits-all mentality makes compliance difficult to achieve for smaller systems whose general manager not only oversees the budget but also is a driver and dispatcher. Rural transit systems simply do not possess the legions of administrative staff necessary to respond to regulations intended to address safety concerns on large heavy rail networks.

Even when new regulations are both well-intentioned and well-implemented, they never include additional resources to allow already cash-strapped agencies to achieve compliance. This means extra work for our employees with no new revenues to match the cost of their labor.

CTAA and it's members support common sense regulations that include meaningful input from mobility providers of all kinds, consistent and timely decisions and communications from federal officials and incentives tailored to the specific administrative needs of all transit systems.

Conclusion

Public transportation in our nation's rural and small-urban communities is a thriving enterprise that is succeeding thanks to the work of some of America's most outstanding public servants. I appear today before the Senate Banking Committee representing all of those individuals — my colleagues around the country — who keep people working, healthy and enjoying their communities and lives.

We believe — and rely upon — the long-standing federal, state and local partnerships to invest in our services. Indeed, there is much success to build on when it comes to reauthorizing MAP-21. The suggestions we raise today — addressing the bus capital crisis, further incenting small-urban transit performance by increasing the STIC set-aside, re-examining tribal transit funding mechanisms and focusing on common-sense regulations — are relatively minor adjustments that we know can result in further, major, successes. CTAA and its leadership stand ready to assist this committee and its members in any way as we move forward.