

**Public Transportation: Priorities and
Challenges for Reauthorization
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**Testimony to the Senate Committee on
Banking, Housing and Urban Affairs**

Dale J. Marsico, CCTM
Executive Director



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Mr. Chairman and Members of the Committee:

I want to express my appreciation for your invitation to be here today to discuss some of the important issues concerning reauthorization of our nation's surface transportation programs. Our organization, the Community Transportation Association of America, was originally founded by those providing and advocating for new mobility strategies — not just within rural and urban communities but also in connecting these communities to each other and other regional destinations. Today, we represent more than 4,000 organizations and individuals dedicated to providing cost-effective and efficient mobility to all Americans.

My testimony today will focus upon five key aspects vital to any legislation reauthorizing surface transportation programs: mobility in rural areas, mobility in urban regions, the connectivity that is essential to linking those areas with each other, crucial changes needed in policy towards non-emergency medical transportation, and the finance challenge – or how we support a diversified transportation network.

I. A Platform for Rural Mobility

The State of Rural America

The challenges that impact rural transportation are inseparable from the larger conditions that define America's rural communities today. The economic downturn that has affected the entire nation over the past several years is even more acutely felt in rural America. Average incomes are lower in these communities, while the cost of living is proportionally higher – as costs for everyday needs such as food, fuel and utilities gradually consume a larger percentage of paychecks. Gas price increases, for example, disproportionately impact rural residents who travel greater distances and tend to operate older, less fuel-efficient vehicles. This is especially true for the most at-risk populations, including seniors, people with disabilities, jobseekers and veterans, who are often driven to the precipice of poverty while attempting to make ends meet.

Meanwhile, the revenue streams available to state and local governments to support rural communities are increasingly constrained through declines in property values and the stalled climate for economic development. Rural areas face greater difficulty in capturing the value contained in their communities due to the growing distances its citizens need to travel in order to access employment, health care and other essential services – compounding the inherent economic disadvantages of rural life. The census indicates a declining population for rural America. Indeed, a fundamental truth of today's rural America is emerging – a place where the needs are greater but the resources are less.

The State of Rural Transit

Rural transit service is as varied as the small towns and communities that it serves. No two systems are alike — from investment sources to service modes to passengers. Today, rural transit operators provide more trips than ever before and provide this service using an increasingly diverse array of service types. The traditional demand-response rural transit operation that once largely served senior citizens has been transformed in recent years to a full-service public transit agency with intermodal connections with intercity operators, employer-partnered vanpools, essential non-emergency medical transportation trips (for example, dialysis and chemotherapy) and to our nation’s veterans and their families. These rural systems deploy state-of-the-art technology to ensure their operations are as cost-effective and efficient as possible.

The modern concept of coordinated transportation was invented by rural transit operators as they evolved and responded to the specific mobility needs in their communities. No single source of investment was sufficient so each operator learned to build both public and private partnerships in order to meet local demand. Today, the two most vital sources of rural transit investment are the FTA Section 5311 formula funding program and the Medicaid non-emergency transportation program.

Rural Connectivity is Key

The twin challenges of providing transportation in rural communities, and responding to the significant and growing limitations of rural America present an urgent opportunity to build a connected network of mobility options to link people with destinations. Simply put, doing things the same ways they’ve always been done fails to recognize these self-evident realities of how rural Americans live, work and participate in their communities today. The most proven approach to address this re-shaped rural environment is through enhanced connectivity.

Spanning a range of human services, transportation systems and physical locations, connectivity unites the mobility needs of rural Americans – and all Americans – by encouraging efficient and responsive linkages between the places people live and the destinations they need to reach. Sometimes connectivity is found in vibrant centers of community mobility – modern Union Stations – where transportation providers, community programs and economic development intersect. In other instances, connectivity becomes real when public organizations and private entities forge partnerships to meet the needs of a specific group of people through innovation and efficiency. In still others, the markers of connectivity are regional collaborations that transcend the jurisdictional boundaries that pose artificial and attitudinal barriers to neighbors helping neighbors. Many times, true connectivity encompasses all of these elements working in concert.

Regardless of how it is achieved, the investment, resources and programs which make connectivity possible are urgently needed to further expand mobility options and make real progress in responding to the state of rural America today.

Rural Transit Builds Economic Development and Jobs

Rural transit does more than move people, it also builds rural economies by connecting local residents with expanded regional job opportunities, by allowing residents to continue living in rural communities and by helping revitalize small town main streets.

Our members are not only significant local employers themselves, they are working with both large and small local employers to develop employee transportation routes throughout rural regions, sometimes as part of existing fixed-route services and in others, developing specific employment routes in concert with the employer. Sometimes these routes cross county lines, in other cases, they cross state lines. In every case, they facilitate employment and allow employees and their paychecks access to their hometowns.

In some communities – including tribal areas – rural public transit agencies are building a smaller-scale version of transportation-oriented development that can help revitalize main streets by focusing together people, human services, retail outlets, regional connections and commercial opportunities. These smaller-scale intermodal stations often connect with private intercity bus lines and taxi companies to help connect local residents with nearby cities and airports. Rural public transit has a significant role to play in reviving rural America and helping its residents get back to work.

Rural Transit Serves At-Risk Populations

The people who depend upon rural public transit services are often those for whom there is no other way to go. Older Americans, people with disabilities, the working poor, disabled veterans, Native Americans and more need effective mobility to avoid the stifling isolation that degrades their health, independence, employment, education and overall quality of life.

The growing population of older Americans in rural communities absolutely depends on their local transit systems to be able to age-in-place and live out their years in the communities they call home. From health care appointments to congregate meals to shopping and social outings, rural public transit is vital to the fastest growing segment of the rural population: seniors.

The population of veterans returning after service in Iraq and Afghanistan is disproportionately rural and requires cost-effective connections to both local and regional VA health care facilities, as well as to the educational and employment opportunities they will need to reintegrate back into society.

Our nation's Tribal communities, too, are largely rural in nature and require transit operations for effective connections to health care, to employment, to social service providers, among others. Across the country, Tribal

leaders are embracing transit as a viable means of local economic development and connectivity.

Medical Transportation Emerges as a Top Priority

Since its inception, rural public and tribal transit has been engaged in providing rural residents with important connections to medical care. These non-emergency transportation services has been important to residents of all ages, but especially to the elderly. Demand for these services have increased dramatically over the last decade since changes in the delivery of health care have introduced major consequences for rural Americans. Part of this increased demand is created by having more health care delivered in non-institutional settings, such as outpatient care. This is especially difficult for rural transit providers because these increases have occurred at a time when many smaller hospitals and primary care providers have left smaller communities where service volume is lower. Consequently rural transit must take residents further and further from their homes to reach routine – as well as specialized – services. This is especially true of the growing need for transportation for dialysis services. Rural public transit is often the only option to connect people with these services.

Changes in the health care marketplace as well as the implications of health reform will increase the utilization of non-institutional care. Growing senior populations in rural communities will also enhance the need for such services. CTAA members report that in some communities the demand for service to health care means that little capacity is available for other mobility needs. The current rural transit program – financed through Section 5311 – offers local communities and mobility providers flexible ways to provide services in this area.

The clear and steady progress on providing this service has been severely challenged across rural America in the last two years. The severe budget crisis affecting most states have had a dramatic impact on rural services, as have the changes states are implementing in health care, such as new Medicaid administration models.

There is a greater need for more supportive coordination efforts with local health care institutions, as well as developing coordinated efforts that create mobility partnerships with local ambulance and medical transfer providers, since rural residents will need a combination of this services to live at home in the years ahead.

Streamlining

As essential to the continued reinvestment in rural America and its mobility options is a rethinking of the sources of investment and the policy structures which help support rural transportation providers. Although continued investment in rural transportation – and transit systems in all communities – is always needed and appreciated, the bureaucratic procedures and programs installed around those resources frequently become burdensome to transportation providers and often serve as barriers to progress and innovation.

Several transit investment programs administered by federal agencies stipulate hundreds of conditions in order to qualify, often so many that some transportation providers avoid them altogether, for the return in resources does not match the effort needed to obtain them. So-called competitive programs often see reduced interest from rural communities simple because these areas lack the funds to access professional grant writing and therefore never apply. Likewise, transportation legislation often includes restrictions on how recipients can utilize that investment or requires a local match – conditions which impose strict limitations on budgetary decision-making and fiscal creativity, especially during tough economic times, like today. And the process by which these policies are crafted is nearly always devoid of input from the very people they impact: the professionals and experts who lead our nation’s transportation systems and the riders for whom they benefit.

A substantial re-envisioning is necessary of not only what our nation’s transportation policies require, but – perhaps more importantly – how they are created in the first place.

The Local Share Challenge

Among the most pressing issues facing rural transit operators is the challenge of finding and maintaining the local share necessary to match Section 5311 operating and capital investment. The poor state of local rural economies, combined with unprecedented large state budget deficits, is the crux of this dilemma.

Many CTAA members report that increasing or even maintaining Section 5311 formula funds in the next transportation reauthorization bill is not enough — that they need states and localities to fully adopt all of the flexibility available in developing local match options. We hope that the Congress can initiate these important discussions with the states.

During development of the last reauthorization — SAFETEA-LU — Section 5311 local share flexibility was offered to states with large tracts of federal land. We would like to explore a similar concept based on local unemployment figures and/or fuel prices as a trigger for lowering local match ratios for rural public transit agencies.

Rural Transit’s Need for Revenue of Our Own

There is a unique context in transit revenue development in rural communities. Rural transit often approaches service development from the need in the community, as opposed to providing services based on what funding is available. That’s why we think it’s not unusual to find many rural agencies – regardless of their size or sophistication – still engaged in what we call the bake sale approach, looking for every possibility to fund the local share of their services, or to arrange investment to provide service when the state distributes its 5311 allocations.

The economic situation of the last several years has disrupted this traditional partnership, as the financial impact of

the recession has hurt the local financial resources for rural service. Unlike larger transit authorities in urbanized areas, there are very few ways to create special taxing or revenue districts to offset these changes in state revenue. Additionally, local governments in rural America tend to lack additional resources, especially in periods of economy decline.

Rural transit needs additional sources of capital to meet its needs, but also clearly needs some form of financing it can depend on – not just in difficult economic times, but in good ones as well. Considering the lack of alternatives to creating rural financing mechanisms, we favor creating changes in current rural transit regulations that would allow the funds generated through the fare box in rural transit to be considered flexible local revenue, as they are in urban areas. These flexible funds could be used to establish operating reserves for local transit, as well as provide funds that could be leveraged to help local agencies pay for capital improvements. This would provide a direct link between the fare box and improved services for local residents, ensuring that they have an easily understood way to do their part to help their local transit system make improvements that benefit them. The ability to use these funds for leverage will also help local systems develop better long-term plans based upon ridership assumptions that can be linked to revenue. It would also create a better understanding in the local and state political processes that a community can make a commitment to transit by setting out a fair policy for fare box revenue when they cannot raise funds in other more traditional methods.

Empowerment and local decision-making is dependent on having some revenue that belongs to a transit system alone. Giving rural transit this flexibility funds provides that empowerment.

II. A Platform for Urban Mobility

The State of Urban America

Although the early years of the 20th century marked the most massive expansion of cities in our nation's history, the initial stages of the 21st century continues to witness the increasing urbanization of America. According to the 2010 Census, more than 80 percent of Americans reside in urban areas, advancing a trend that began in 1920 – when, for the first time in history, the majority of Americans began living in urban areas. Moreover, the urbanization of America is projected to continue unabated, with the cumulative urban population drawing closer to 90 percent by the end of the current century.

And yet, a greater share of the population has not translated to greater resources or heightened prosperity in cities both large and small. Poverty rates in urban areas have been exacerbated by greater numbers of people, indeed, the majority of Medicaid recipients live in urban communities. At the same time, growing numbers of urban residents are dependent on fiscal supports and social services while the cost of living in these areas continues to climb. Despite the concentration of people and services in urban regions, significant numbers of urban dwellers are nonetheless isolated from fully engaging in their communities. Increasingly congested thoroughfares, economic

districts and neighborhoods dampen the vibrancy of many metropolitan regions. According to the Texas Transit Institute, in 2010, U.S. traffic congestion cost more than \$87 billion in lost productivity, while wasting 2.8 billion gallons of gasoline.

The State of Urban Transit

When many people think of public transit in urban areas, they think of buses and trains taking people to and from work. And that is certainly a large and vital aspect of what constitutes public transportation in our nation's metropolitan regions. But other important elements and purposes come together to form the true fabric of mobility in urban communities. Transit takes people to health care, shopping, community services – such as those for seniors and veterans – school, child care and a myriad other destinations, and at increasingly greater numbers. The work of connecting people in both large cities and smaller urban areas is more than a collection of vehicles or routes on a map, but a broad and continuing effort to respond to the mobility needs with a range of services and options.

Ridership on most urban public transportation systems has seen steady growth over the past decade – particularly in recent months as rising gas prices have encouraged many to seek alternative means of travel. At the same time, however, local economic factors have forced many urban transit systems to raise fares and cutback service. Since January 2009, more than 80 percent of transit systems have had to reduce service and increase fares, according to the American Public Transportation Association. Such a paradoxical response to their success in attracting riders suggests an urgent need to provide stable investment and resources to allow transit operators to do what they do best: connect riders with the destinations they need to reach in the most responsive and efficient manner.

Urban Isolation

A fundamental paradox of urban life is that while cities and metropolitan regions bring together substantial amounts of both people and activity – often in very dense accumulations, that very same consolidation of population and destinations can pose barriers to the same people most in need of help. Older people, people with disabilities, the working poor and many others can be trapped by the challenges of urban communities, including outdated and difficult-to-navigate infrastructure, a lack of connections with family or friends, and higher costs for products and services – to name a few – all of which impact mobility options.

Transportation networks are both the cause of – and the solution to – the isolation of urban residents. Many of those barriers are the consequence of poor planning and the outdated thinking of long ago: highways decimate established neighborhoods and important community assets such as sidewalks and public facilities cultivate an infrastructure of isolation. Meanwhile, due to a shortfalls in resources and investment from local, state and federal programs, transit operators in urban areas are increasingly forced to struggle with antiquated facilities – many of them inaccessible to people with disabilities and seniors – reduced service and increased fares, further impeding the necessities of daily life for many. Those same service cuts also disproportionately hurt those who utilize complimentary paratransit services, for when fixed-route service is reduced or eliminated, the paratransit service which responded to those within a 3/4 mile on either side of the route is similarly reduced or eliminated.

Conversely, a vibrant and responsive set of mobility options can be the salve to overcome the challenges of urban communities for people, connecting them with health care, community programs and key destinations that leverage the totality of resources in metropolitan regions. And voters are responding. In the past three years, local transit referenda designed to increase local investment have been approved at a more than 70 percent rate. The charge for policymakers at all levels is aligning the investment and policy directions necessary to support this type of urban mobility.

Transportation for Treatment

One of the most urgent and evolving aspects of contemporary urban life is the need to access quality health care. And, fortunately, cities are the most common locations to station massive medical facilities, with most specializing in crucial elements of care – from cancer centers to cardiovascular treatment. More frequently, these urban health campuses or districts are becoming substantial generators of community activity, with large swaths of regional economies tied into their output. Significant health care corridors such as those in Cleveland, Ohio and Rochester, Minn. demonstrate this new way of orchestrating large-scale health care. At the same time, publically-supported health care – such as Medicaid and the VA health care system – is focusing on consolidating services at these mega health care locations to boost efficiency and leverage expertise within the same premises. This evolving approach, which combines centralized services with greater use of outpatient methodologies, reflects the new realities of how health care is organized and delivered across the nation.

Growing activity at regional medical centers necessarily impacts urban mobility. Aside from the generation of new congestion on roadways to and at these facilities, a sizeable cohort of doctors, medical professionals, patients, family care-givers, administrators, workers and visitors all must access them regularly, and many of them are able to drive themselves to interact with needed care. Accordingly, the vehicles of public and community transportation providers will be increasingly relied upon to connect people with metropolitan health care centers, and transit professionals should carefully consider how to respond to this expanding segment of trips with appropriate routes and service hours, especially when much of health care provision occurs away from the traditional transit peak periods. Additionally, those planning the development of these medical campuses must work with transportation leaders to identify how all elements of mobility can come together to better serve their important destinations.

Getting to Work

Even as the need for transit to connect with burgeoning health care facilities becomes more pronounced, urban transportation systems still generate the foundation of their ridership by taking people from home to work and back. From the halcyon days of the 5:15 commuter train to more modern applications of transit stops contained directly within employment locations, many city commuters look to transit as their primary means of accessing their jobs. And transit providers everywhere do a fantastic job in fulfilling this mission, delivering riders efficiently, reliably and affordably, day in and out.

Increasing gas prices are today adding new transit commuter demand. And as the nation's economy gradually recovers

from its recent downturn, urban residents returning to work will once again look to transit to take them, but perhaps in new ways. New work shifts will expand the need for travel options during mid-day and late-night periods, as will newly-created jobs at locations previously unserved by rail lines or bus routes. Moreover, low-income workers need to realize every penny of their income to make ends meet, so they are disproportionately affected by fare increases and service cutbacks. When combined, these emerging employment trends will require transit professionals to reconsider how to best serve their core audience of commuters, and demand proactive partnerships between transportation providers and employers to transport workers most effectively. Policymakers can aid in the process by incentivizing these collaborations through new investment and streamlined regulations to encourage service innovation. Those policy discussions should also be mindful of the important relationship between housing costs and commuting options. CTAA has housed the JOBLINKS Initiative that develops important resources, best practices, toolkits and demonstration programs to build successful employment transportation solutions. This program needs to be continued in the next surface transportation reauthorization.

Coordinating Options

Urban areas are often the greatest incubators of transportation services, with a host of systems, operators – both public and private – and locations offering ways to reach various destinations. In the largest metropolitan regions, there can be dozens of passenger rail services, bus operations, taxi companies, passenger stations and other transportation elements from which riders can choose. The key to transforming urban areas into dynamic and healthy places for both economic activity and societal well-being is ensuring that a blend of options and networks work together.

A collection of aspects must be integrated with purpose to ensure passengers can access individual transit services as a cohesive network, with informational tools and fare processing media at the heart of these components. Whether its maps and brochures, customer service professionals or the increasingly important world of social networking, the manner by which riders understand how various mobility options interact is fundamental to achieving a regional approach to transportation. Organizations and agencies must collaborate to clarify their messages and simply instructions on how to navigate confusing elements such as transfers and timetables, and encourage their patrons to take advantage of connecting services. Likewise, unifying fare collection through a single system – such as an electronic fare card – can more easily facilitate links for passengers on multiple operations, while still delivering accountable farebox revenues to the individual providers.

Connectivity

A well-run urban transportation network is only as effective as the connections it offers to key destinations within and beyond the community. Often, this activity occurs at a central location – an intermodal facility where local transit routes meet intercity bus and rail services, along with a mix of retail, residential and commercial development as well as vital community services. Transit always has – and will continue to have – an indivisible role in the rail and bus stations that have historically been key nexuses of urban life.

It is also increasingly apparent that new regional destinations are emerging in and around metropolitan areas where services are co-located and travel demand is growing. A prime example is regional medical facilities, which are quickly becoming significant generators of not only transit trips, but also overall economic activity. Likewise, the development of town retail centers and revitalized historic districts co-locate attractions, commerce and housing, all of which are dependent on strong transit connections in order to succeed. By focusing urban transit service – as well as rural transportation and intercity routes – at these dynamic locations, riders benefit from easy linkages to vital services and destinations, while the community realizes more effective uses of investment and resources.

Assisting Operations

One of the most acute impacts of the economic downturn was felt in tandem by transit riders and employees as many urban transit operators were forced to raise fares and cut service in response to severe budget limitations caused by dwindling local revenues and falling ridership, as unemployed workers stayed home. These systems often had little choice in these decisions, as the full range of investment options were not available to them. For years, transportation providers in rural areas and smaller urban communities with populations under 200,000 have been allowed to utilize the investment provided by the federal government to support either capital or operating costs, while urban systems in areas over 200,000 were restricted to the former. And during times while economic conditions were strong, many state and local governments were able to allocate resources to support their transit systems' operating budgets.

Currently, those same local and state coffers which provided resources for transit operating costs have been drained by plummeting local sales tax revenues and devalued property rates, which cut into state budgets. As a result, state and local governments were faced with fewer resources to respond to the same needs, for everything from education to law enforcement. Leaders were forced into an inescapable choice between a host of vital programs and services, and, frequently, transit was the victim.

A change in federal policy is urgently needed to allow urban transit systems to weather these fiscal storms that decimate state and local budgets. By allowing communities over 200,000 residents the flexibility to determine on their own how best to use their resources – if only for a temporary period – federal leaders could save transit service for those who need it most while also safeguarding the jobs of transit workers who provide the best kind of public service. This flexibility is particularly necessary for the more than 90 small communities around the nation – each of which is under 200,000 population – that have, through no fault of their own, found themselves agglomerated by the 2010 Census into large urban areas and which will go from 100 percent match to zero percent flexibility. The legislation drafted last year by Congressman Russ Carnahan (H.R. 2746) – and later introduced in the Senate by Senator Sherrod Brown (S. 3189) – is a solid platform address the need for transit operating assistance and an updated version should be considered by the current Congress. Any legislation directed towards resolving the operating assistance challenge should include provisions to support full operating flexibility for transit systems – regardless of the populations of those service areas – operating less than 100 vehicles in peak service.

Reinvesting in Urban Communities

Few other arrows in the economic development quiver excite policymakers as much as community reinvestment tied to transit. As one of the most successful public-private partnership concepts available, these approaches are proven generators of economic activity. The presence of vibrant transit options makes new development projects attractive to occupants and customers, while opening-up existing and revitalized areas to new audiences. The success of the Rosslyn-Ballston corridor in Arlington, Va. in focusing development around its Orange Line Metro stations is a model for the interaction between transit and development. Transit and development work as symbiotic partners to generate activity: bus and rail lines deliver patrons and visitors to appealing destinations, while those same locations produce riders for the transit network.

Accordingly, a robust collection of modes in community and public transportation can thread the economic development needle most accurately through their combination of capacity, minimal construction impacts and cohesive integration of their operations within the fabric of a community. New and expanded transit services should be cultivated not only in their ability to meet mobility needs and generate ridership, but also by spurring development and revitalization in some segment or district along their route. Otherwise, some of their most important benefits are lost. Moreover, cost-effectiveness and project selection processes must be honed in order to give proper credit to projects where these important community benefits are included.

Remembering the Lesson of the PCC

The needs and nuances of providing transit options are as varied as there are metropolitan communities. The specifics of demographics, local governance and politics, and neighborhood identities are just some of the factors that shape urban environments. And yet, much is the same among urban transit providers, no matter their location: vehicles and equipment must be procured; standards and measurements are required for safety and performance; and common practices for concepts such as community reinvestment, intermodalism and coordination remain constant in most urban areas.

By working together as an industry, leaders in urban transit can establish best practices and common standards to purchase vehicles more efficiently, cultivate a strong safety culture as an industry and ensure transit projects are synonymous with success. And to those who say it cannot be done because the differences are too great, recall how – more than a half-century ago – a group of rival streetcar systems worked together to create the Presidents' Conference Committee (PCC) vehicle that bolstered their fiscal health in a time of increasing competition from the automobile by leveraging their collective purchasing power. The same is true in the airline industry, where the safety performance of one airline impacts the others, and no advertisements boast one carrier to be safer than their rivals. A similar foundation of shared interest is needed among transit providers to face the challenges of today and tomorrow.

Planes, Trains and Transit

Among the increasingly important regional destinations we discussed above as key anchors of connectivity are airports. Once considered as a competing mode of travel and divorced from the larger transportation network,

airports are frequently becoming important intermodal centers in their own right, where travelers can interact with a number of mobility options. A host of airports already have direct links to metropolitan passenger rail systems, and nearly all are served by local and regional bus routes.

A new vision of connected mobility must include recognition of this growing role of airports and facilitate even better linkages between modes. Intercity bus routes that serve both urban and rural communities should be welcomed at air travel facilities, especially major hub locations, and forthcoming high-speed and intercity rail lines must offer easy connections to airports along their routes – as is already common in Europe and Asia. At the same time, new technology allows for easier coordination between providers, so that a trip of a single individual could be routed via a local transit system to an intercity bus or rail line, which feeds to a busy airport for an intra- or intercontinental flight. By including elements such as schedules, luggage transfers and security clearances as unified transportation network, new efficiency and responsiveness can be realized by allowing each mode to focus on the core passenger sectors they serve best.

Supporting Urban Transit

A multi-faceted approach to supporting mobility areas should include a realistic assessment of how Americans live, work and interact in metropolitan communities, as well as a frank discussion of the challenges of providing transit service in urban areas when faced with constrained budgets from state and local sources. When 80 percent of our nation's transit systems were forced to reduce service and/or increase fares, a new way of thinking is needed to help these vital elements of our society undertake the missions for which they were charged.

III. A Platform for Connectivity

Connectivity: Seamlessly Combining the Surface Mobility System

The most significant issue in the future of the American surface transportation network will be the connectivity between its emerging modes. The ease with which we can seamlessly transfer from and between urban, rural and intercity bus and rail operations — to say nothing of shared rides, taxis and bike/pedestrian modes — will be the future litmus test of the cohesive, user-friendly mobility network our nation so badly needs.

Improving connectivity is a central policy aim of the Community Transportation Association of America, and has been so since we first published our New Surface Mobility Vision for America two years ago. Our members have told us that only through vastly improved connectivity can the full measure of our transportation investments and infrastructure be maximized for both mobility and economic factors. The continued isolated development of the nation's varied surface transportation elements would not only isolate and fragment communities and people, but it would squander the vital opportunity that reauthorization presents.

What Connectivity Looks Like

Surface transportation connectivity, in practice, can be a great many things. From scheduling and ticketing to timed

transfers and intermodal facilities, connectivity among transportation modes is both operational as well as infrastructure. Customer service and training plays a vital role, as does regional planning. Most important is the understanding of trip generators and destinations — for example employment centers, health care campuses, educational institutions and social services.

Connections between and among rural and urban areas has long been the focus of the Association's connectivity agenda. Initially, we graphically represented this objective with a map of the state of New Hampshire that highlighted not only the urban and rural transit systems, but the ideal connections between the two. In some cases, we foresee these connections being made via passenger rail — both of the higher speed and regular speed variety. However, the majority of the connections will be made by intercity bus operators, whose point-to-point and intercity services have grown significantly during the past decade.

Disconnectivity: The Rural Story

Across rural America, the connectivity story is a bleak one. Consider the following facts, culled from a February 2011 report from the U.S. Department of Transportation's Bureau of Transportation Statistics:

- Between 2005 and 2010, 3.5 million rural residents lost access to scheduled intercity transportation, increasing the percentage of rural residents without such access to 11 percent.
- 8.9 million rural residents now lack access to intercity transportation.
- Of the 71.9 million rural Americans who retain intercity transportation access today, 3.7 million lost access to more than one mode of transport since 2005.
- In Alabama alone, 700,000 people lost access to intercity transportation since 2005. In contrast, all rural residents in Delaware, Massachusetts, New Jersey and Rhode Island have such access.
- Intercity bus provides coverage to the largest number of rural residents in 2010, followed by scheduled air service, intercity rail and intercity ferry operations.

Clearly, the ongoing economic vitality of rural America is reliant upon improved passenger connectivity — particularly as it relates to access to jobs, to health care and to educational opportunities. The most recent census data indicates that fewer Americans than at almost any time in our history currently reside in rural areas. Yet as those populations decline, isolation increases as those who are leaving are, typically, the most mobile. Reconnecting rural America will surely boost these economies.

Modern Union Stations

The number of transportation modes in urban America far outweigh those that exist in the rural parts of the country, but the connectivity challenge persists. Indeed, in these areas the issue is bringing together these various modes to provide more seamless connections. It's often a question of place and of infrastructure. We like to call these connectivity hubs modern union stations.

Union Stations first came into the national consciousness when the major railroads of the late 19th and early 20th centuries would partner on such enormous and influential structures as Grand Central Terminal or the Union Stations in such cities as Washington, DC and Chicago. Simply put, a union station was one in which multiple railroads came together.

Modern union stations bring together various transportation modes, rather than various railroads. Ideally, they employ unified travel information and ticketing options for passengers. And just like their predecessors from the previous century, they usher people into the community in the most seamless fashion and can become hubs of economic activity — from retail to commercial to even residential. These facilities can also house vital social services, libraries, childcare and more.

The mobility components of a modern union station can include some combination of the following: local, scheduled bus services; circulator bus services; taxis; intercity bus operations; intercity rail; subways; streetcars; light rail; vanpools; car share services; and ferries. In short, as many forms of surface transportation as possible. CTAA has developed a pilot program concept for transit centers in small towns that addresses this important issue.

What About Airports?

One key connectivity hub that bears mentioning is airports. From an economic standpoint, airports are crucial, as in many cases they constitute a community's access to the rest of the world. Yet both institutionally and legislatively, our nation's airports do not serve the greater connectivity role that they might. Fully conceptualized modern union stations are rare at our nation's airports. One clear reason: airport authorities rarely choose to spend any of their passenger facility charges — which raised \$2.5 billion in 2009 — on truly intermodal facilities. Intercity buses, for example, are effectively barred from most airport grounds.

The Community Transportation Association of America proposes a renewed look at the role of airports — particularly as they relate to the surface transportation network. As Congress debates a reauthorization for the Federal Aviation Administration, one challenge has been the continuation of the Essential Air Service program that subsidizes passenger trips out of smaller town airports — the only means by which some smaller airports survive. A robust national intermodal connectivity plan that connects more communities with intercity bus and rail services would significantly impact the Essential Air Service issue.

All of America — Rural and Urban Areas Alike — Needs Improved Connectivity

Enhanced connectivity — deploying all modes and coming together at strategically located modern union stations — will have significant economic and social impacts on our nation. It will ensure that we derive the most from current and future surface transportation investments and it bring new alternative mobility forms to millions of Americans. The Association strongly supports continuation of the National Resource Center for Human Service Transportation Coordination, a national effort to promote resources and assist with vital coordination efforts that enhance urban, rural and regional connectivity.

IV. The Negotiated Procurement Solution for Medicaid Non-Emergency Transportation

Background

The two most significant federal assets available to address mobility for individuals are found in two different areas of the Executive Branch: the public transportation programs operated by state and local entities through the U.S. Department of Transportation (DOT), and the patient transportation programs operated by state and local entities and funded through the U.S. Department of Health and Human Services' (DHHS) Medicaid program. Both these services have been developed over the last three decades and have been the source of numerous collaboration and coordination discussions in an effort to achieve the most cost-effective financial outcome for the government and efficient service to the end users.

The key challenge to these coordination strategies is rooted in the legislative history of the two programs. In our public transportation programs, Congress's focus has been on service in various areas and localities. While in our health care transportation efforts, Congress has focused on services for individual patients. Since the Federal Government delivers these services through different state agencies and local providers, it is hard to reconcile these efforts in a way that produces the efficiency and financial benefit that would help these programs be more cost effective and allow for improved collaboration between the two.

Negotiated Procurement

Because these two systems follow different paths and priorities from their federal sponsors to the end users, barriers to effective partnerships have emerged with the different procurement systems and methodologies each federal agency employs. In the case of CMS and their state grantees, DOT-certified public agencies cannot coordinate efforts with their Medicaid-funded peers unless they enter into a competitive procurement policy that treats public transportation entities as private businesses. By using a system that searches for the lowest responsive cost, the federal government is indirectly and inefficiently pitting itself against itself — when a government-to-government negotiation would be a far more effective and cost-efficient alternative. Further, the two programs approach service from very different perspectives — one based on the individual, one based on point-to-point service. The interests of both federal investments can be achieved fairly through negotiation.

The Authorizing Opportunity

We believe that Congress should take the lead in trying to develop a mutual standard for negotiation of mobility costs between the DOT-funded efforts and those of DHHS. This standard would include an acknowledgement that DOT and DHHS agencies at the state and local level can arrive at transportation arrangements through a negotiated process as opposed to the current competitive procurement. Since CMS and DOT follow separate legislative mandates, discussion at the authorizing level that leads to Congressional action is the primary way to achieve this outcome.

Conflict of Interest

CMS policies have placed public transportation providers in the same conflict of interest policies they employ with doctors. For instance, in the CMS broker rule a public transit agency that has a call center supported by DOT and other public funds cannot enter a procurement to provide non-emergency medical transportation services to those in the area because providing the call center service *and* the transportation is deemed a conflict of interest. In its regulations CMS cites as an example not allowing a doctor to send patients to lab services if they own the lab. Of course this example is based on a private physician profiting from such a relationship. In the case the transit call center, the public transit agency is a government entity using federal funds whose board members do not have a financial interest similar to a private doctor and a private clinic. We believe a negotiated procurement process could avoid these issues altogether.

The Bus Pass

There is no better and more cost-effective way to provide access services to ambulatory Medicaid recipients living in urban communities than by using or purchasing bus passes for individual patients who need medical transportation. A survey recently conducted in Houston found that 80 percent of the ambulatory Medicaid population lived within a quarter of a mile of existing transit bus stops. Yet because Medicaid funds must be spent on medical trips — and with the program’s emphasis on individual patients — there is a concern that Medicaid recipients can use these passes for other, non-medical, trips since bus passes provide open-door service for all riders. So one of the simplest ways of reducing Medicaid program mobility costs is not allowed in many states. We need legislation that allows CMS to accept bus passes without taking individual trips since, typically, it only takes two trips to pay for an entire pass.

Moving Forward

We believe the best way to move forward is for the Senate Finance Committee to consider allowing CMS to accept DOT-certified public transit agencies to be equal in status for a negotiated procurement that would alleviate the systemic problems in the current environment. In this case, CMS would allow and encourage state Medicaid agencies to negotiate for mobility services with public transit agencies that wish to accommodate Medicaid patients within their service area — especially in areas with fixed route services and bus pass options. A negotiated or cost-sharing approach best serves the interest of the federal government — both as the payer of health care and public transportation services.

V. The Finance Challenge: Supporting a Diversified Transportation Network

The most difficult aspect of any transportation policy discussion — like this one in which DigitalCT is engaging its readers — is how to pay for the additional infrastructure and service that is clearly necessary. We are now approaching two years since the last reauthorization, SAFETEA-LU, expired and though both the Congress and Obama Administration have put forward well-crafted plans, none have offered any specific additional

transportation resource ideas.

The traditional highway and transit trust fund — paid for by federal gas tax receipts — can no longer keep pace with demand. The fact of the matter is that general revenue appropriations have long been used by legislators to keep the surface transportation whole. Just to keep up with the highway spending mandated in SAFETEA, the fund has been infused with more than \$30 billion in general funds in the past two years. Rising gas prices and the increasing popularity of hybrid automobiles is likely to once again cut into those receipts. The consequence of not finding any new transportation investment streams is clear.

Though this article deals largely with various concepts to infuse the transportation trust fund with a more diverse collection of investments, it must be reiterated that the trust fund, alone, does not make up the entirety of transportation investment efforts — and never has. For years and going back a number of federal authorization cycles, general revenue funds have been tapped to complete the entire funding picture. What's more, and as community transportation providers are well aware, a vast network of human service program investments — particularly Medicaid, which annually adds more than \$2 billion for non-emergency transportation — has evolved in the past three decades that also must be considered when exploring the transportation finance challenge.

A number of ideas have arisen in recent years about how to infuse the trust fund with the necessary revenue to meet demand. In this section of our Policy edition, we share a collection of those ideas — from Commissions to members of Congress, think tanks to best practices from other countries. The Community Transportation Association believes that now is the time to fully discuss the myriad methods of raising additional investment for our nation's surface transportation network and to devise a national strategy to do just that.

The Gas Tax

The simplest solution put forward thus far is to raise the gas tax from its current 18.4 cents per gallon. This tax, or user fee, has not been raised since 1992 and has seen significant erosion in its buying power over the past 19 years. That said, most members of Congress and the Obama Administration have steadfastly refused to entertain this option.

Senator Tom Carper of Delaware is an exception. In November, he and since-retired Ohio Sen. George Voinovich proposed a one-cent-per-month for a 25-month period. "Within the proposed increase," wrote the Senators, "10 cents should be temporarily used for deficit reduction, raising \$83 billion over five years, and 15 cents should fund transportation improvements providing \$117 billion in new investments over the same five years. Once the deficit is under control, the 10-cent increase for debt reduction should revert back to transportation funding."

Last December, the National Commission on Fiscal Responsibility and Reform — a bi-partisan group charged with addressing the nation's fiscal challenges — acknowledged that fully funding the transportation trust fund, rather than relying on deficit spending, would be vital. The Commission recommended dedicating a 15-cent increase in the federal gas tax to transportation funding, and then limiting federal transportation spending to only what exists in the trust fund.

Similarly, SAFETEA-LU mandated the development of a commission to examine transportation investment in the post-SAFETEA period. The National Surface Transportation Infrastructure Financing Commission, in its “Paying Our Way” report that was released in February, 2009, made some significant trust fund recommendations as it spotlighted the widening gap between surface transportation needs and demand. Key among them was to raise the federal gas tax by 10 cents to maintain the current surface transportation program. The report found, in 2009, a 10-cent increase would cost the average household \$9 per month, or \$5 per month per vehicle.

Such increases in the federal gas tax, though significant, are nothing compared to the fluctuations of the average price over the past two decades (see a fantastic FloatingData informational graphic here). Weather events, foreign policy changes and regional instability in oil producing parts of the globe, to say nothing of oil company profiteering, all conspire to create wild fluctuations in gas prices at your local filling station. In recent months, prices have risen more than 90-cents per gallon.

CTAA would also support a concept that captures additional gas tax revenues by “keeping,” for example, five cents in an additional gas tax for every 50 cents the national price goes down, in order to introduce an increase in the gas tax at a time when it might be more palatable to elected officials and the American public.

All that said, the overall unpalatability of raising the federal gas tax is clear. The Administration and key Congressional leaders are currently dead-set against it. And as is often the case, this reluctance creates opportunities to discuss and advocate for a more diversified surface transportation investment strategy that is more representative of both the political and transportation-demand realities and that offers what the Community Transportation Association of America likes to call, a way forward.

Taxing Oil Companies

One such strategy would be to abandon any consumer-based increase to fund expanded and necessary surface transportation infrastructure investments, and focus on the oil companies themselves. In January, earnings statements from the largest oil producers showed between 50 percent and 75 percent profit increases for 2010. Recently, Money Magazine found three of the world’s top four profit-earning companies to be oil companies. In October 2008 — after the last steep oil price surge — Exxon/Mobile produced the highest single profit margin in United States history at nearly \$15 billion.

In response to these enormous profits, politicians at various levels of government — from President Obama to Governors — have examined windfall profit taxes and even per-barrel surcharges. Former Pennsylvania Governor Ed Rendell has been an outspoken advocate to utilize such methods to re-invest in his state’s surface transportation program and in August proposed an 8 percent levy on the gross profits of oil companies which he alleges have been largely able to avoid his state’s corporate net income taxes. “The time to act is now,” said Rendell.

President Obama, in the run-up to his 2008 election, proposed targeting oil company profits by taxing each barrel of oil costing more than \$80 — a concept which would have raised somewhere between \$10 and \$15 billion. The President’s concept, however, would not have raised this investment for surface transportation investment, but

rather for middle- and low-income working families tax relief. We believe similar concepts — targeted specifically to surface transportation infrastructure investments and including language to mitigate these fees simply being passed on to consumers, would be a vital contribution to a diversified investment stream and should be explored as actively as a gas tax increase. Lastly, the Association supports ending major tax subsidies for highly for oil companies and using those recovered funds to invest in our nation’s surface transportation program.

Bonding Major Capital Investments

As in past reauthorization debates, the Community Transportation Association continues to support bonding concepts to fully fund the building of nationally significant surface transportation infrastructure. These important concepts promote cost-effective and efficient public-private partnerships and bring much needed private capital into our diversified investment scheme.

A critical component in our advocating for such a bonding concept, is to free up traditional — often formula-based — public and community transportation investments from much larger scale urban mobility projects, both politically and in terms of competing for scarce resources.

Senator Max Baucus of Montana, Chair of the Senate Finance Committee and a member of the previously cited Deficit Commission, has long been an ardent supporter of bonding. In an interview with the TransportationNation blog last year, he noted: “I think we need a debate. There are a lot of options. One is, for example, more bonding. Congress passed a program a couple of years ago called “Build America Bonds” for municipalities to develop infrastructure, primarily. And that took off. That was only to raise about \$4 billion in financing but actually \$150 billion in bonds have been issued. That is a way to finance infrastructure financing.” We agree.

Vehicle Miles Traveled

In Europe, a common method of raising investments for surface transportation infrastructure is to charge a simple per-mile user fee for driving. The National Surface Transportation Infrastructure Financing Commission, in its “Paying Our Way” report, cited the fact that any investment strategy relying solely upon a per-gallon tax on gas is both “unsustainable” and “likely to erode more quickly than previously thought.” That commission recommended looking at ways of educating Americans about both the necessity and veracity of a “user-pay” or vehicle miles traveled (VMT) system, which emerged as the consensus of the participants.

Typically, these types of systems involve the deployment of technology in an automobile that measures distance traveled — and specifically not where a vehicle has traveled. Clearly, this type of system would disproportionately impact rural America as these residents typically need to driver further to access employment, health care, education and more. So any such system must include caps or special attention to rural America. Yet there is a more fundamental challenge with VMT.

The current American political environment does not seem at all ready to embrace the idea of the government, in any shape or form, monitoring the travel patterns of its citizens — even if only to gauge distances traveled. In fact,

the amount of rancor the VMT issue would engender may not, at least in the current environment, be conducive to sound surface transportation policy. The SAFETEA finance commission noted as much in its conclusions, “transitioning from a fuel tax-based system to one based more directly on use of the system measured by miles will require a great deal of planning and public education. But that is no reason to delay the transition.”

The Community Transportation Association of America supports this educational effort as part of an overall surface transportation finance overhaul, but acknowledges that VMT is most likely a second- or next-generation solution.

Congestion Pricing Corridors

Congestion pricing is far more than a simple tax strategy to manage traffic within a given corridor or boundary. It also constitutes a real way to raise significant surface transportation investment. Simply put, congestion pricing charges motorists a toll for using a particular stretch of highway or bridge or for entering a particular area. It is a market- or demand-based strategy that can encourage off-peak travel and transit network usage.

In such cities as London, Singapore and Stockholm, this model has proven itself successful along two key fronts: reducing economy-stifling congestion by more than 25 percent; and raising revenues that can be used to invest in surface transportation infrastructure.

However, the first attempt at creating such a corridor or zone here in the U.S. — in New York City — failed. As proposed by Mayor Bloomberg in 2008, New York City’s concept won support from the U.S. Department of Transportation in the form of a \$350 million award from its Urban Partnership program. Yet in the end, the requirement for approval by the state legislature doomed the venture. San Francisco has now begun to fully explore the possibilities of congestion pricing. A trial period has been proposed in the city to be conducted sometime before 2015.

Some might argue that these congestion corridors are nothing more than tolls, but the major distinction comes from the purpose. Tolling raises revenues, but congestion pricing raises revenues and changes travel patterns and behavior. CTAA believes that congestion pricing concepts are largely the domain of the nation’s largest cities — which just happen to be the areas of the country that have some of the largest surface transportation infrastructure projects and needs. Anything that can be done to add revenues to be used for these large outlays only serves to relieve pressure on the rest of the transportation system, and thus should be encouraged.

Changing the Discussion

CTAA believes that if we cannot, as a nation, transition our national discussion of surface transportation infrastructure investment away from one solely focused on who gets taxed and how, then we cannot begin to reap the economic and social benefits of a fully integrated, intermodal surface transportation network that is once again the envy of the world. In many ways, the future of our nation depends on this transition.

Surface transportation investments are economic engines that create jobs, fuel the private sector and increase our

energy independence. These systems — highways, bridges, public and community transit, intercity bus and rail — are the off-the-shelf solutions to some of the most pertinent and vexing geopolitical and economic challenges we currently face. The dire consequences of inaction — which include continued military interventions, reliance upon wildly fluctuating energy markets, and escalating congestion — are no longer tenable. Clearly, the issue of surface transportation investment extends far beyond a mere tax debate.

What's necessary is a more balanced surface transportation investment program that benefits all areas of the nation equitably and which enjoys a diversified investment portfolio — balance in and balance out.

In the past two decades, the Community Transportation Association of America has enjoyed success in fundamentally redefining the meaning of public transportation in the United States. We believe that it has become absolutely necessary for the nation's surface transportation infrastructure investments to recognize this definitional change, and become just as diverse as the network it supports.