

**TESTIMONY OF THE
AMERICAN PUBLIC TRANSPORTATION ASSOCIATION
BEFORE THE
SENATE BANKING, HOUSING, AND URBAN AFFAIRS COMMITTEE**

ON TRANSIT INVESTMENT FOR FISCAL YEAR 2005

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SUBMITTED BY

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APTA is a nonprofit international association of over 1,500 public and private member organizations including transit systems and commuter rail operators; planning, design, construction and finance firms; product and service providers; academic institutions; transit associations and state departments of transportation. APTA members serve the public interest by providing safe, efficient and economical transit services and products. Over ninety percent of persons using public transportation in the United States and Canada are served by APTA members.

INTRODUCTION

Mr. Chairman and members of the Committee, on behalf of the American Public Transportation Association (APTA), thank you for this opportunity to testify on the Administration's proposed Fiscal Year (FY) 2005 Budget for the Federal Transit Administration (FTA).

ABOUT APTA

APTA's 1,500 public and private member organizations serve the public by providing safe, efficient, and economical public transportation service, and by working to ensure that those services and products support national economic, energy, environmental, and community goals.

APTA member organizations include public transit systems and commuter railroads; design, construction and finance firms; product and service providers; academic institutions; and state associations and departments of transportation. More than ninety percent of the people who use public transportation in the United States and Canada are served by APTA member systems.

BACKGROUND

Mr. Chairman, on behalf of APTA's 1,500 member organizations, I want to thank you, and the Members of this Committee, for your support of public transportation issues generally, and in particular your successful effort to pass a long-term authorization bill that addresses critical public transit investment needs, the Safe, Accountable, Flexible, and Equitable Transportation Efficiency Act (SAFETEA), S.1072. In that regard, I am pleased to advise you that the APTA Board of Directors at its March 7, 2004 meeting during APTA's Legislative Conference, unanimously approved a resolution in support of the bill and commending the Senate Banking Committee on its outstanding leadership in crafting the legislation. I would be pleased to submit a copy of APTA's resolution for the record.

Mr. Chairman, SAFETEA builds and improves upon the success of ISTEA and TEA 21, both of which helped to increase transit ridership by providing significant investments in transit infrastructure. The Senate-passed SAFETEA bill grows investment in the federal transit program while building on the successful structure of the existing program. It increases investment for existing programs and addresses unmet program needs with funding growth. Like APTA's reauthorization proposal, SAFETEA provides extra growth for the rural formula program, and it establishes a new tier under the small urban formula program for communities that provide higher than usual levels of transit service. It guarantees funding for all programs, regardless of whether they are funded with general funds or trust funds, and maintains a level playing field for modal investments by preserving the 80/20 federal match for all federal transit capital programs. Again, we thank you for crafting this critically important piece of legislation.

FISCAL YEAR 2005 TRANSIT INVESTMENT

APTA believes it is crucial to build on the success of TEA 21 - and the Senate's action on SAFETEA - by continuing to provide significant investment in the nation's transit and highway infrastructure in the FY 2005 budget. That investment advances key national goals by producing jobs, providing more mobility options to all Americans, improving the environment and reducing dependence on foreign oil, and by providing a solid return on the investment. In short, we urge that Congress provide no less than the \$8.65 billion level included in the Senate-passed SAFETEA bill in FY 2005.

THE ADMINISTRATION'S 2005 BUDGET

In contrast to this Committee's proposal for transit funding in FY 2005, Mr. Chairman, the Administration's Fiscal Year 2005 budget proposes to freeze funding for the federal transit program at the FY 2004 level of \$7.266 billion. Here's why we think that is a bad policy.

Fails to Meet Capital Needs

The Administration's proposed funding level would not even fund the transit capital costs of maintaining current service, let alone support funding levels needed to improve the system. Communities across the country are rehabilitating and expanding public transportation systems and constructing new ones. According to the Federal Transit Administration (FTA), more than 550 local public transportation operators currently provide services in 319 large and small urban areas; 1,260 organizations provide public transportation in rural areas; and 3,660 organizations provide services to the aging population and disabled individuals throughout the nation.

Through improved mobility, safety, security, economic opportunity and environmental quality, public transportation benefits every segments of American society – individuals, families, businesses, industries and communities – and supports important national goals and policies.

At the same time, the growing problem of traffic congestion continues to choke America's roadways and constrain community and business development. Polls consistently show that most Americans view congestion as a serious problem that continues to grow every year. Last year APTA and the American Automobile Association (AAA) released the results of a poll that showed 95 percent of Americans said traffic congestion, including commutes to and from work, has grown worse over the last three years. The poll also showed 92 percent of Americans said it was important for their community to have both good roads and viable alternatives to driving. A separate poll by Wirthlin Worldwide found that 30% of respondents had used public transportation in the last year, which means that some 86 million Americans use public transportation each year.

Annual federal appropriations for the federal transit program have increased significantly in each of the years under TEA 21. Federal funding increased from just under \$4.4 billion in Fiscal Year 1997 to \$7.2 billion in Fiscal Year 2003. TEA 21 provided predictable growth in the federal investment in public transportation, leading to impressive results. Service was expanded and improved, ridership reached its highest levels in 40 years, and public demand for additional capital investment in transit projects, new transit services, and improvements of existing systems is at record levels. This demand for additional service and capital projects comes at a time when many existing assets are nearing the end of their useful lives and need to be improved or replaced. The American Association of State Highway and Transportation Officials (AASHTO) concludes that an annual capital investment of more than \$44 billion is needed to adequately maintain and improve existing transit system infrastructure. Mr. Chairman, now is not the time to stop growing the transit program.

Fails to Grow Program; Program Structural Changes

In fact, Mr. Chairman, the Administration's FY 2005 budget proposal would reduce by \$103 million the funding which the Administration had proposed for transit in FY 2005 under its own reauthorization proposal that was released just last May. Inflation would further erode the purchasing power of a funding level that is already well short of addressing capital needs.

The FY 2005 budget proposal also continues to include program changes that have been consistently rejected by Congress. For instance, it calls for the elimination of the discretionary bus and bus facilities program, for which there is great demand.

The Administration's proposal also would fold the fixed-guideway modernization program into the formula grants program and permit the use of fixed-guideway modernization funds for non-fixed-guideway purposes. The fixed-guideway modernization program was originally designed to ensure the proper modernization of the nation's older rail transit systems, and it helps ensure that as federal new start investment projects age they can be modernized. Rail systems in large metropolitan areas carry billions of passengers each year and their ridership has grown substantially in recent years. Many of these systems are approaching capacity constraints. The Administration proposal would allow these funds to go to urbanized areas and be used for any transit purpose, not just modernization. We are concerned that diverting these funds from fixed-guideway modernization, where needs far exceed available resources, would only exacerbate unmet modernization needs and potentially result in the deterioration of some of the nation's most valuable capital assets. The fixed-guideway modernization has been a critical component of the federal transit program structure since 1982, and it is a great success.

Balanced Transportation Investment

The Administration's FY 2005 budget proposal also modifies its proposed six-year transit/highway reauthorization bill. It would increase funding for its previously proposed six-year reauthorization bill by \$9 billion, but all of that increase would be directed at highway programs. In contrast, the proposal would actually reduce authorized transit funding under the six-year bill by \$2.2 billion, from \$45.8 billion to \$43.6 billion. And of that amount, only the Mass Transit Account portion, \$37.6 billion, would be guaranteed. If only guaranteed funding were made available, as has generally been the case under TEA 21, transit funding would only reach \$6.6 billion by FY 2009, which is some \$630 million less than the actual FY 2003 funding for transit!

Mr. Chairman, such a proposal would bring an end to the balanced transportation investment between highways and transit that has been fostered under both ISTEA and TEA 21, and has been so critical to the growth of a balanced intermodal transportation system. Investment in transit makes sense because it is in demand. Nationwide, many systems are bursting at the seams, with the highest ridership in 40 years and a huge backlog of capital improvements identified. In growing communities where transit has not been a priority in the past, citizens are demanding new services and capital projects. Public transportation supports a solid and growing economy by providing access to labor, decreasing time lost to congestion, and freeing highway and road space for the movement of goods and people. Public transportation represents an efficient use of scarce financial resources, because it helps to mitigate congestion in densely populated areas and provides a mobility option to millions of Americans. Public transportation represents an environmentally responsible transportation option because it uses less fuel and emits far less pollution per passenger than the automobile. A report by economists Robert Shapiro of the Brookings Institute and Kevin Hassett of the American Enterprise Institute demonstrates that transit emits less pollution per passenger than the automobile, and if Americans used public transportation for only ten percent of their daily travel needs, the United States could significantly reduce its dependence on foreign oil. But people can't use what they don't have. Now is not the time to shrink transit investment.

Proposal Undermines Job Creation and Economic Benefits

Mr. Chairman, the Administration says it is focused on creating jobs and improving the economy, but its budget proposal fails to recognize the role public transportation can play in meeting these key goals. It is well known that increased investment in our nation's transit and highway infrastructure will help the economy and produce jobs. The Department of Transportation has demonstrated that for every \$1 billion in federal highway and transit investment, 47,500 jobs are created or sustained.

The jobs that investment in public transportation can create are high-paying, stable, and cannot be exported. The jobs created are not just those needed to operate new and expanded transit service, which are significant, but significant job creation also occurs in the private manufacturing sector, which supports and supplies the public transportation industry. For instance, transit buses are built in, among other places, Anniston, Alabama; Wichita, Kansas; Brownsville, Texas; Lamar, Colorado; St. Cloud, Minnesota; Hayward, California; Imlay City, Michigan; Pembina, North Dakota; and Oriskany, New York. Engines for those buses may be built in Detroit, Michigan or Columbus, Indiana. Spending on transit also benefits hundreds of other private sector companies around the United States that build rail cars, fareboxes, vehicle parts and equipment or provide software, engineering, and construction services for the transit industry. According to a Cambridge Systematics, Inc. study, for every \$10 dollars spent on transit capital projects, \$30 dollars in business sales is generated. Every \$10 dollars invested in transit operations results in \$32 dollars in business sales.

Congestion Relief and Transportation Access

Mr. Chairman, public transportation serves another important economic purpose: alleviating highway congestion. According to the Texas Transportation Institute's "2003 Urban Mobility Report", congestion costs \$69.5 billion annually – more than 3.6 billion hours of delay and 5.7 billion gallons of excess fuel consumed. The report finds that without public transportation there would be 1 billion more hours (30 percent) more delay. The average driver loses more than a week and a half of work (62 hours) each year sitting in gridlock. The average cost of congestion per peak road traveler is \$1,160 a year. Congestion holds up more than 64 percent of the nation's freight that moves by truck on highways, which represents annual value to the economy of more than \$5 trillion. As Paul Weyrich and Bill Lind of the Free Congress Foundation demonstrate in their study, "How Transit Benefits People Who Do Not Ride It", public transportation, by alleviating congestion, brings real benefits not just to those who use it, but also to those who do not use it.

But public transportation does not just improve the economy by taking cars off the road – it provides transportation options to low-income workers who cannot afford to drive to work. According to the Surface Transportation Policy Project, the proportion of household expenditures devoted to transportation has grown from 14 percent in 1960 to almost 20 percent today. A recently published U.S. DOT Bureau of Transportation Statistics *Issue Brief* found that Americans who commute by car or truck spent about \$1,280 per year in 1999, while those who were able to use public transportation to get to and from work spent just \$765 per year. Clearly public transportation provides real and needed savings for the many entry-level workers coming into the workforce who are so critical for the nation's economy.

Demand for Public Transportation Service and Options

Last November voters in several cities, including Denver, Houston, Grand Rapids and Kansas City, approved by large margins new local taxes to provide new and expanded public transportation services. These were just a few of efforts across the country to increase funding for transportation infrastructure, and they follow successful actions in other cities over the past five years to expand transit service, including votes in Phoenix, Charlotte, Dallas and Minneapolis.

That these referenda have been approved should come as no surprise. Polls have consistently shown that the American public not only supports increased public transportation services but also supports providing the resources to pay for it. A Wirthlin Worldwide poll taken for APTA showed that 80 percent of Americans surveyed see quality of life benefits from increased investment in public transportation; 76 percent support public funding for the expansion and improvement of public transportation; two-thirds support pro-public transportation Congressional candidates; and a majority of Americans believe transportation investment is preferable to tax cuts to stimulate the economy. These findings hold true across areas of all sizes - urban, suburban, small town and rural.

The Wirthlin Worldwide poll demonstrates that support for public transportation has increased dramatically not only in our biggest cities but in smaller urban communities and rural areas as well, where 40 percent of America's rural residents have no access to public transportation, and another 28 percent have substandard access. It is estimated that rural America has 30 million non-drivers, including senior citizens, the disabled and low-income families, all of whom need transportation options. According to a survey of APTA members, bus trips in areas with populations less than 100,000 increased from 323 million to 426 million in a recent five-year span.

Further Mr. Chairman, the Administration budget fails to help transit meet the needs of the nation's population of persons who choose not to, or cannot, drive because of age or a disability. For many in this population, public transportation may be the only option to living a fully independent and productive life. According to an AARP report for instance, 32 percent of people with disabilities over 65 report that inadequate transportation is a problem. The report states further that while public transportation is more economically efficient in areas with high population density, many older Americans with disabilities live "outside of central cities in communities where public transportation is found least often." This is becoming a growing problem, and it is clear that we need to begin to address the important transportation needs in these areas. The Administration's budget fails to recognize this need.

TRANSIT AND HOMELAND SECURITY

Mr. Chairman, let me conclude with a brief summary of what we are doing regarding transit security. Transit systems around the country are working hard to make our service more secure for the millions and millions who use it every day. In testimony two days ago before the Senate Commerce, Science, and Transportation Committee, on the safety and security of passenger rail and public transportation systems, I highlighted \$6 billion in critical security needs the transit industry has identified as necessary to keep America's public transportation systems safe.

APTA's recent survey on public transportation security identified needs of at least \$5.2 billion in additional capital funding to maintain, modernize, and expand transit system security functions to meet increased security demands. More than \$800 million in increased operating costs for security personnel, training, technical support, and research and development have been identified, bringing transit security funding needs to a total of more than \$6 billion.

The Administration's FY 2005 budget for the Department of Homeland Security (DHS) does not request any specific line item funding for transit security. We think it should. To increase security, APTA is requesting that the President's FY 2005 budget request for the Department of Homeland Security be amended to include a specific line item for public transportation and that these funds be provided directly to transit systems so that additional security measures can be implemented in a timely manner. Mr. Chairman, we respectfully request your assistance and the assistance of this Committee in this regard.

CONCLUSION

In conclusion Mr. Chairman, the Administration's budget proposal to freeze funding for FY 2005 has many shortcomings. It does not grow the federal transit program. It would fail to continue the success of TEA 21 by changing the overall structure of the federal transit program that has served us so well. It fails to provide adequate resources to meet current capital needs, let alone improve or enhance service. In contrast, APTA recommends that Congress provide no less than the \$8.65 billion authorized under the Senate's SAFETEA bill for FY 2005 as developed by this Committee. We applaud the Senate for passing this balanced and important legislation and we look forward to working with this Committee as it works with the House of Representatives to develop a strong six-year authorization bill that addresses the nation's need to preserve and improve the nation's surface transportation system.

Mr. Chairman, that concludes my remarks. I would be pleased to try and answer any questions you or other members of the Committee may have.