

**STATEMENT OF
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BEFORE THE COMMITTEE ON BANKING, HOUSING AND URBAN AFFAIRS
U.S. SENATE
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Mr. Chairman, Ranking Member Crapo, and Members of the Committee:

Thank you for inviting me to appear before you today to report on the Federal Transit Administration's (FTA) progress toward implementing public transportation assistance programs under the Moving Ahead for Progress in the 21st Century Act, known as MAP-21. This two-year reauthorization codifies some of President Obama's highest priorities for enhancing the safety of public transportation, strengthening our nation's transportation infrastructure, and streamlining government to serve taxpayers' needs more efficiently.

I want to thank the Committee for its support in passing MAP-21, which has offered an opportunity for us to work together to support transit systems across the country at a time when national ridership is on track to exceed 10 billion trips annually for the seventh year in a row. Through investment in public transportation, we spur new economic development to help build strong communities in cities, suburbs, and rural areas alike.

Progress Made Despite Fiscal Challenges

MAP-21, which took effect on October 1, 2012, authorizes \$10.6 billion in Fiscal Year (FY) 2013 and \$10.7 billion in FY 2014 for public transportation. FTA has made significant progress in implementing key provisions and providing guidance to states, metropolitan planning organizations and transit agencies. We have an active and engaged legislative implementation team and an aggressive timetable in place that helps to ensure that the American people can reap the benefits associated with investing in public transportation services that improve transportation equity, provide access to jobs and services, offer an efficient alternative to congested urban traffic, and stimulate economic development in cities and communities throughout the nation.

I discuss, below, several areas where FTA has made real progress to implement MAP-21. However, I fully recognize that much work and many challenges lie ahead. Chief among these challenges are significant annual funding constraints and the potential insolvency of the Mass Transit Account of the Highway Trust Fund.

The funding constraints imposed by the full FY 2013 and the partial FY 2014 continuing resolutions, coupled with cuts imposed by sequestration—including a \$5 million cut in our administrative budget—have hampered our ability to move implementation forward at an even

more rapid pace. The cuts have, for instance, affected our ability to implement significant new safety authority and reduced our ability to conduct outreach and training with stakeholders. Every budget request under my stewardship has sought additional funding to allow for additional staffing at FTA to better address our core responsibilities. Congress has yet to provide those resources. Moreover, in FY 2013, FTA had more than 30 New Starts projects in the pipeline, but since that time, FTA has been unable to make new funding commitments to any of those projects for the first time in roughly 20 years. Consequently, for the first time, FTA was unable to keep its financial end of the bargain, cutting payments owed to communities with projects already under way, which potentially raises local costs as project sponsors and local governments seek to make up for the Federal government's shortfall.

With respect to the Mass Transit Account of the Highway Trust Fund, estimates of the account's cash balance at the time MAP-21 was enacted were assumed to be sufficient through FY 2014. We have reason for concern as to whether this will be the case going forward. The U.S. Departments of Transportation (DOT) and Treasury are currently in the process of updating program outlay and revenue assumptions used to estimate trust fund balances as part of the President's FY 2015 budget. These estimates will be important in determining whether the cash balance is sufficient through the remainder of the current authorization and will provide useful information on the cash balance needed beyond FY 2014. Once the President's budget is transmitted to Congress, FTA and DOT will brief the Committee on the new estimates, upon request.

Despite such challenges, we have nevertheless achieved several significant milestones for implementing MAP-21, most notably with respect to safety; state of good repair needs; the capital investment grant program; and our new Emergency Relief Program. A summary of progress in these and other areas follows.

Safety Authority

MAP-21 gave FTA long-sought authority to establish safety criteria for all modes of public transportation and establish minimum safety standards for public transportation vehicles used in revenue operations. Implementing the new safety provisions in MAP-21 has been among our highest priorities. In October 2013, FTA issued an Advanced Notice of Proposed Rulemaking (ANPRM) on Safety and Transit Asset Management. The ANPRM signals FTA's commitment to ensure that efforts to keep transit systems in good working order go hand-in-hand with efforts to keep them safe. FTA is now reviewing over 150 comments submitted by safety advocates, industry leaders and the general public on key topics, such as:

- Developing and implementing meaningful national, state-level, and transit agency safety plans; and
- Implementing a national transit asset management program to help transit agencies establish a systematic means for managing their assets and establishing performance measures for making improvements to the condition of their facilities, equipment, rolling stock, and infrastructure.

While Congress has yet to appropriate additional administrative funds to carry out this new area of responsibility, FTA has established a new safety office using already strained existing resources. FTA is sensitive to stakeholder concerns on this new safety oversight authority and

will build a 21st century regulatory program over a period of several years only after careful consideration of comments received from our stakeholders and the public.

In May 2013, FTA made available for the first time approximately \$22 million in Federal matching funds to help strengthen public transportation safety for millions of riders and transit workers nationwide. The funding notice included a proposed formula for the apportionment of those funds based on MAP-21 criteria. During the past three months, FTA has aggressively and proactively reached out to the 30 states with state safety oversight (SSO) obligations through face-to-face meetings and one-on-one conference calls to ensure that their programs will conform with MAP-21's new requirements, thereby positioning those states to receive a share of the \$21.9 million available to carry out SSO responsibilities. FTA expects to release these funds in the near future.

Going forward, FTA will act as the leader, facilitator, and final regulatory authority setting minimum safety standards, and be held fundamentally accountable for the overall safety performance of the nation's fixed-guideway rail transit systems. To achieve these goals, FTA will concentrate on strengthening the capacity of SSOs to serve as effective day-to-day safety regulators capable of holding transit systems accountable for safe operations at the local level and ensuring they comply with minimum safety standards.

Additionally, FTA will work to adapt its comprehensive safety approach to all modes of public transportation within its safety authority. Specifically, we will work to ensure that the bus segment of public transportation, upon which millions of riders depend every day, receives the resources, tools and technical assistance it too will need to ensure the safety of the riding public.

State of Good Repair and Transit Asset Management

Since 2008, FTA has staked out a leadership role in highlighting the critical need to bring the nation's aging transit assets into a state of good repair, especially in large urban areas—and to hold transit agencies accountable for implementing a more strategic approach to managing the lifecycle of their assets. The momentum we have initiated is real, but the gains that will truly benefit the American people require sustained investment. FTA obligated \$1.9 billion—about one-fifth of our share of funds under the American Recovery and Reinvestment Act of 2009—and also allocated more than \$2.2 billion in discretionary bus funds over the last four years for this very purpose. Indeed, the Administration has made increased funding for a new State of Good Repair program the centerpiece of its annual budget requests for FTA. Congress incorporated our proposal on this essential area into MAP-21 by creating a more needs-based state-of-good-repair formula program for rail, ferry, and busway systems. This new program will help further address our state-of-good-repair needs, so fixed guideway agencies have a predictable two-year stream of Federal funds to help them address an enormous maintenance and repair backlog that exceeds \$78 billion nationwide. By the end of FY 2013, FTA had awarded 37 formula grants funded by the State of Good Repair program for over \$675.6 million. We are working to award the remaining program funds as quickly as possible.

FTA recognizes that while a sustained Federal contribution to our state-of-good-repair needs is in the best interest of our nation's public transportation systems, this problem cannot be solved by Federal action alone. Tackling this problem requires a concerted effort by Federal, state, and

local resources in a coordinated, strategic manner. That is why FTA is establishing a national Transit Asset Management (TAM) System. The new section 5326 TAM program authorized under MAP-21 is vitally important to carrying out these infrastructure investments effectively and responsibly.

This innovative program requires all FTA funding recipients to adopt a strategic approach for managing their capital assets and be accountable for leveraging all available resources to bring their systems into a state of good repair. FTA has sponsored a successful public dialogue with over 700 stakeholders to obtain critical input on policy implementation. Subsequently, in October 2013, FTA used the aforementioned Safety ANPRM as an appropriate vehicle for seeking public comment on its initial interpretations, proposals it is considering, and questions regarding the requirements of the national TAM System. This includes proposed options under consideration for defining and measuring state of good repair, and the relationship among safety, transit asset management and state of good repair. Comments we receive on the ANPRM will be very helpful to us in drafting a proposed definition of state of good repair in the future rulemaking we will issue on TAM.

FTA will solicit comments in the *Federal Register* on ways to improve how asset inventories and asset conditions are reported to the National Transit Database—an important first step toward refining estimates of the nation’s transit-related state-of-good-repair backlog. This is a very important initiative that will assist FTA in ensuring that local transit investment financed with Federal dollars are being effectively targeted on each transit agency’s greatest needs. It will also assist us in ensuring that Federal investments are being well-managed and well-utilized.

Capital Investment Grants (New Starts/Small Starts)

Managing costs on capital investment grant projects is a key area where FTA has made strides. Since 2009, FTA has executed 26 Full Funding Grant Agreements or Project Construction Grant Agreements for new major capital investments, and 100 percent of those projects have either been completed or are on schedule to be completed on time; 96 percent of those are also on budget. This Administration has done its service to America's taxpayers, who expect no less than responsible stewardship of their investments.

Since MAP-21 went into effect, FTA has continued to cut red tape and bureaucracy so we can have more progress and less process related to New Starts planning. For example, FTA recently rolled out a new tool to help project sponsors estimate transit trips on proposed projects. The new method, known as Transit STOPS (Simplified Trips-on-Project Software), will enable some communities to reduce from two years to two weeks the time needed for project sponsors to develop ridership forecasts on planned projects. This new tool may save taxpayers in communities that do not currently have travel forecasting tools as much as 1 million dollars.

In addition, in August 2013, FTA issued final policy guidance to sponsors of New Starts and Small Starts projects, which accompanies the final rule for Major Capital Investment Projects promulgated in January 2013. The final rule adopted a more straightforward approach for measuring a proposed transit project’s cost-effectiveness; expanded the range of environmental benefits used to evaluate proposed projects; added new economic development factors to its

ratings process; and streamlined the project evaluation process. The revised ratings and evaluation criteria will better capture the full range of benefits that FTA's transit investments provide through the New Starts/Small Starts program, while continuing an appropriate level of oversight of taxpayer dollars. These revisions align with major purposes of MAP-21, including improving the development and delivery of capital projects and moving us toward a more performance-driven system. We appreciate the Committee's support for this important achievement.

Public Transportation Emergency Relief Program

FTA has been very aggressive in implementing the provisions of MAP-21 in the area of emergency relief. The President's budget proposed in FY 2012 a new emergency relief program for FTA to parallel a similar capability in FHWA. The President proposed this program to strengthen the agency's authority to provide disaster assistance to transit agencies in the wake of major natural disasters and other emergencies. The program was authorized by Congress in MAP-21.

The authorization of this new program arrived just in time for Hurricane Sandy, which, based on the extent of storm damage, was the worst public transit disaster in the history of the United States. Hurricane Sandy devastated transportation systems in the hardest-hit parts of New York and New Jersey—which together include three of the twenty largest transit operators in the nation and represent nearly 40 percent of our nation's transit ridership—and triggered a very rapid implementation path for the program. The Disaster Relief Appropriations Act of 2013 appropriated \$10.9 billion for the Emergency Relief Program for recovery, relief, and resiliency efforts in areas affected by Hurricane Sandy. Unfortunately, this amount was almost immediately reduced by \$545 million as part of sequestration. FTA is allocating the remaining \$10.4 billion in multiple tiers for response, recovery, and rebuilding; for locally prioritized resiliency projects; and for competitively selected resiliency work.

FTA allocated to the hardest-hit transit agencies a total of \$5.7 billion for critical Sandy recovery and resiliency work in a span of approximately 16 weeks, beginning one week after President Obama signed the Disaster Relief Appropriations Act. Funds were allocated to the New York Metropolitan Transit Authority (MTA), the Port Authority Trans-Hudson Corp. (PATH), New Jersey Transit (NJT), the Southeastern Pennsylvania Transportation Authority (SEPTA), and others for expenses incurred while preparing for and recovering from Hurricane Sandy.

On December 23, 2013, FTA announced the availability of approximately \$3 billion in Disaster Relief appropriations to strengthen the resiliency of public transportation systems affected by Hurricane Sandy. FTA will award the funds on a competitive basis first and foremost for projects that protect critical transit infrastructure from being damaged or destroyed by future natural disasters. Our goal is to advance the best regionally coordinated projects, so taxpayers will not have to pay to restore the same transit services a second or third time.

While FTA has been extraordinarily successful in responsibly and rapidly responding to the needs triggered by Hurricane Sandy, an important note of caution is in order. At present, FTA has only those emergency relief funds that Congress made available exclusively for Hurricane Sandy. The President's FY 2013 and 2014 budget requests each sought \$25 million to

capitalize the Emergency Relief Program for disasters throughout the country. Congress did not appropriate those funds in FY 2013, and the Consolidated Appropriations Act, 2014, currently under consideration, likewise does not include funding for the program. In the future, I strongly encourage Congress to appropriate the amount requested so, when the next disaster strikes and takes public transportation systems offline, FTA will be in a position to respond immediately.

FTA has made an extraordinary effort to make emergency relief and recovery funding available as expeditiously as possible, to ensure that millions of riders have access to the transit services they depend on. To that end, FTA issued an interim final rule in March 2013 that established eligible activities, processes, and procedures for applying for grants. After considering comments, FTA anticipates publishing a final rule.

Urbanized Area Formula Grants

The largest of FTA's grant programs, this program provides grants to urbanized areas to support public transportation. Funding is distributed by formula based on the level of transit service provision, population, and other factors. MAP-21 provides total funding of \$4.9 billion in FY2013 and \$5 billion in FY 2014. The program remains largely unchanged with a few exceptions. Job access and reverse commute activities providing services to low-income individuals to access jobs have been consolidated into this program and are now an eligible expense. MAP-21 expanded eligibility for operating expenses for systems with 100 or fewer buses in urbanized areas with populations of 200,000 or more. Operating assistance remains an eligible activity for small urbanized areas.

Rural Transportation Service

The Administration recognizes that public transportation in rural areas functions not as a luxury but as a lifeline for low-income working families, seniors, veterans, individuals with disabilities, tribal residents, and others. Many people living in rural and tribal communities can ill-afford to travel considerable distances to work, medical appointments and other destinations. It is not surprising that, given these constraints, demand for public transportation in these areas has been rising. Thanks in large part to recent Federal investments in rural transit, there are now more than 1,400 operators in rural areas, providing more than 140 million rural transit trips each year. FTA anticipates that demand for rural service will continue to rise and, as a result, we will continue to need legislation and policy solutions to deliver transportation solutions that rural America needs.

MAP-21 provides \$1.2 billion in funds for rural communities and Indian reservations over the next two years. It increases rural area formula funds by 29 percent, from \$465 million to \$600 million. (Under MAP-21, urbanized area formula funds increased by 6 percent over the prior authorization, SAFETEA-LU.) Funding increased for rural areas because we recognize that public transportation in these areas is urgently needed, especially for residents who do not have access to personal vehicles. Public transportation is important for providing links between workers and rural area employers, and encouraging rural economic development. Further, public transportation in rural areas can provide links to urban areas and provide access to

opportunities found in those areas. For example, the VelociRFTA Bus Rapid Transit (BRT) line serving the Roaring Forks Valley, which just opened last September, is the first rural BRT line in the nation. It allows commuters from Glenwood Springs and surrounding communities to reach employers in Aspen, about 40 miles away, in an hour. That is roughly half the time the trip takes by regular bus service. FTA committed nearly \$25 million to the \$46.2 million project through its Very Small Starts Capital Investment Grant program.

Tribal Transit Program

The Administration understands that access to reliable, affordable transportation is a high priority for Indian tribes. We want to ensure that every American Indian or Alaskan native who needs a ride to earn a paycheck, attend school, see the doctor, or buy groceries has that opportunity to do so.

MAP-21 doubles the funds available for the Tribal Transit program from \$15 million in FY 2012 to \$30 million in FY 2013 and FY 2014. Under MAP-21, \$25 million of the \$30 million available for the program is distributed by formula. The remaining \$5 million is provided for a discretionary grant program, and we encourage Indian tribes to apply for this funding as well. This resource will improve tribal public transportation in tribal areas throughout the United States. Tribal Transit program funds may be awarded for capital, operating, planning, job access and reverse commute projects, and administrative assistance for rural and tribal public transit services and rural intercity bus service.

MAP-21 states that Indian tribes providing public transportation shall be apportioned funds consistent with formula factors that include vehicle revenue miles and the number of low-income individuals residing on tribal lands. Funds apportioned pursuant to the formula will provide Indian tribes operating public transportation with a steady and predictable stream of funding. FTA has actively reached out to tribal and rural stakeholders to discuss the impact of proposed program changes and funding priorities and considered comments before finalizing a formula allocation methodology published in the *Federal Register* on May 9, 2013. This Notice also established the framework and guidance for the Tribal Transit Program and terms and conditions for the formula and discretionary programs. FTA's outreach with the tribes continued through the fall of 2013, with the delivery of three tribal transit workshops designed to provide hands-on training and technical assistance with the new program structure and applicable FTA requirements.

Bus and Bus Facilities Program

MAP-21 followed the Administration's request to fold the discretionary bus program into a formula program. This capital program provides funding to replace, rehabilitate, and purchase buses and related equipment, and to construct bus-related facilities. MAP-21 authorized \$422 million in FY 2013 and \$428 million in FY 2014. Each fiscal year, each state will be allocated \$1.25 million and each territory (including the District of Columbia and Puerto Rico) will receive \$500,000. The remaining funds will be distributed by formula. Funds are available to designated recipients and States that operate or allocate funding to fixed-route bus operators. Eligible subrecipients include public agencies or private nonprofit organizations engaged in

public transportation, including those providing services open to a segment of the general public, as defined by age, disability, or low income. We have heard from our stakeholders, primarily states and recipients in small urbanized areas and rural areas, that the funding under this program is insufficient to meet rural bus acquisitions due to replacement or expansion needs.

Formula Grants for the Enhanced Mobility of Seniors and Individuals with Disabilities

The Enhanced Mobility of Seniors and Individuals with Disabilities program provides formula funding to increase the mobility of seniors and persons with disabilities. MAP-21 merges the former New Freedom program, which provided grants for services that went above and beyond the requirements of the Americans with Disabilities Act (ADA), with this program. Projects selected for funding must be included in a locally developed, coordinated public transit-human services transportation plan; and the competitive selection process, which was required under the former New Freedom program, is now optional.

A portion of program funds may be used for public transportation projects that exceed the requirements of the ADA; public transportation projects that improve access to fixed-route service and decrease reliance by individuals with disabilities on complementary paratransit (a comparable service to public transportation required by the ADA for individuals with disabilities who are unable to use fixed-route transportation systems); or alternatives to public transportation that assist seniors and individuals with disabilities.

Coordinated Transportation

Senior and medical transportation is vitally important to the nation's growing senior population and citizens suffering debilitating illnesses and chronic diseases. For example, in South Dakota, 14.6 percent of the population is 65 or older and this segment of the population is projected to grow to 23.1 percent by 2030. We need to support seniors who want to continue living in communities they call home. This requires human services policies and programs that work for the traveling public, including seniors, individuals with disabilities, and all those seeking medical care. Moreover, transportation services focused on these populations are often fragmented, underutilized, or difficult to navigate, and can be costly because of inconsistent, duplicative, and often restrictive Federal and state program rules and regulations. And, in some cases, narrowly focused programs leave service gaps and the available transportation services are simply not able to meet certain needs. We are working to determine how best to integrate the full range of mobility needs, which include ADA paratransit, transportation for seniors, and medical transport programs, with public transportation operations and plans. This means focusing on the customer and coordinating the best solutions with public and private operators and volunteer programs in the mix, as well as coordinating with other Federal agencies that fund transportation for these targeted populations.

MAP-21 continues the requirement that, to the maximum extent feasible, FTA should coordinate activities funded under the Enhanced Mobility program with similar transportation activities provided by other Federal agencies.

Significant Rulemakings and New Guidance Activities

MAP-21 changes require FTA to issue a number of rulemakings and guidance documents—a reflection of the law’s many new and innovative programs, initiatives, and requirements. FTA has worked diligently to advance several rulemakings, and to issue proposed new guidance, engaging thousands of stakeholders in the process. Our accomplishments in this area in 2013 include the following:

- FTA is currently evaluating comments received on our ANPRM on Safety and Transit Asset Management. This was the first segment of a significant rulemaking related to FTA’s new safety authority under MAP-21, and the input we received will greatly inform our proposed regulations in the coming year.
- FTA issued proposed guidance to assist grantees in implementing the Enhanced Mobility for Seniors and Individuals with Disabilities Program—a new program under MAP-21 that consolidates the New Freedom Program and the Elderly Individuals and Individuals with Disabilities Program.
- FTA issued proposed guidance to assist recipients in their implementation of the Urbanized Area Formula Program, which changed under MAP-21. Final guidance is available for public inspection today and will be published in the *Federal Register* tomorrow.
- FTA issued proposed guidance to assist recipients in their implementation of the Rural Area Formula Program. The purpose of the proposed guidance is to provide potential recipients with updated instructions on program administration and the grant application process brought about by MAP-21 changes.
- FTA issued proposed guidance on the application of a new provision regarding corridor preservation for future transit projects. MAP-21 amended a previously existing provision such that FTA can now, under certain conditions, assist in the acquisition of right-of-way for corridor preservation before the environmental review process for any transit project that eventually will use that right-of-way and permit corridor preservation with local funds for a transit project that could later receive FTA financial assistance.

FTA also co-sponsored several important inter-agency proposals under MAP-21.

- FTA and the Federal Highway Administration (FHWA) jointly published a final rule that amends their joint procedures that implement the National Environmental Policy Act (NEPA) by creating a new categorical exclusion (CE) for emergency actions as required by Section 1315 of MAP-21. The final rule modifies the existing lists of FHWA and FTA CEs and expands the existing CE for emergencies.
- FTA and FHWA jointly published an important final rule streamlining the environmental review process under NEPA that a proposed transit project seeking Federal funds must undergo. The rule established ten new CEs defined specifically for transit projects. CEs significantly expedite FTA’s environmental review of projects that have been shown to have little environmental impact while preserving critical community input on how planned transit projects affect the local environment. These NEPA revisions, like the New Starts

changes, are closely aligned with the MAP-21 policy goals of accelerating the development and delivery of capital transportation projects.

- FTA and FHWA jointly issued another final rule, adding new categorical exclusions for projects within an existing operational right-of-way and projects receiving limited Federal funding for purposes of improving project delivery. The final rule was published on January 13, 2014.
- FTA and FHWA jointly issued proposed guidance on implementation of MAP-21 provisions that requires public transportation providers to be represented as part of each metropolitan planning organization (MPO) by the end of FY 2014.
- FHWA and FTA jointly issued interim guidance on implementing Section 1319 of the MAP-21, which provides for the preparation of a Final Environmental Impact Statement (FEIS) by attaching errata sheets to the Draft Environmental Impact Statement (DEIS) if certain conditions are met, and requires, to the maximum extent practicable, that the lead agency will develop a single document that combines the FEIS and Record of Decision (ROD), except under certain circumstances.
- FTA, FHWA, and the Federal Railroad Administration (FRA) issued proposed regulations for the Surface Transportation Project Delivery Program, which MAP-21 converted from a pilot to a permanent program. MAP-21 changes also helped to accelerate project delivery by allowing the Secretary to assign, and for states to assume, the Federal responsibilities for the review of highway, transit, rail and multi-modal projects under NEPA and responsibilities for environmental review, consultation or other action required under any Federal environmental law pertaining to the review.

Conclusion

MAP-21 offers an important opportunity to recalibrate the way our government evaluates and invests in our federally funded public transportation infrastructure. From a transit perspective, the law's major provisions enable FTA to focus limited resources on strategic investments and policies that will result in a better and safer riding experience for millions of Americans, while repairing and modernizing transit systems for generations to come. I look forward to working with this Committee toward reauthorization.

Mr. Chairman, this concludes my testimony and I am happy to answer any questions you may have.