

**Before the United States Senate
Committee on Banking, Housing and Urban Affairs
Subcommittee on Housing and Transportation**

**Hearing on
Enhancing Private Participation in the Provision of Public Transportation**

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Introduction

Good afternoon, Mr. Chairman and members of the Committee. My name is Peter J. Pantuso and I serve as President and Chief Executive Officer of the American Bus Association. The ABA is the trade organization of the private over-the-road bus industry, and composed of 3400 organizations, approximately 800 of which are bus operators. ABA members engage in all manner of transportation services across the nation. ABA members provide commuter service, intercity service, travel, tour and charter service and shuttle service to and from our nation's airports.

The private bus operators provide scheduled service to five thousand communities and to 774 million passengers each year. This is more service to more locations and more people than the airlines and Amtrak combined deliver. In fact, we transport more people in two weeks than Amtrak does in one year. In many areas throughout the country motorcoach or intercity bus travel, is the only form of public transportation available to citizens, particularly in rural areas.

For example, a half dozen charter bus operators in Colorado provide service to twenty states west of the Mississippi. A similar number of operators based in Rhode Island provide service to all the states east of that river. Academy Bus Lines provides commuter service throughout New York, New Jersey and Connecticut. Finally, New

Hampshire's Concord Trailways Bus Company and its affiliate, Dartmouth Coach, one of the larger independent motorcoach carrier in New England, provides daily intercity service to Boston and Logan Airport from 34 cities and towns in Maine and New Hampshire. Thirty-one of these cities have no other form of intercity public transportation.

ABA members provide these many motorcoach services with less federal subsidy, by far, than any other mode of transportation. At the end of my testimony is a copy of a report by Nathan Associates, Inc., which details the federal subsidies to passenger modes between 1960 and 2001. This report is dramatic evidence of the lack of subsidy given to intercity bus transportation. We buy our own equipment, maintain our own terminals, train our own employees and still manage to maintain our position as the safest mode of transportation.

On behalf of the 3400 members of the ABA I want to thank you for this opportunity to appear before the Committee to address the issue of enhancing private participation in providing public transportation. As you might expect, the ABA and its members have very specific ideas about how private participation can be enhanced.

Intercity Motorcoach Security Funding

Before turning to our recommendations that fall within the Committee's jurisdiction I want to raise the subject of intercity bus security. Support for intercity bus security is a critical step in strengthening the private sector's ability to provide public transportation. Intercity bus companies need that support in order to continue to provide their services, particularly in rural areas.

Fortunately, Congress has spoken on this issue and in the last two years has appropriated \$25 million for intercity bus security. The problem is that the Transportation Security Administration (TSA) has so far refused to spend this money. Instead, TSA has tried to get congressional approval to reprogram these funds to aviation security. Congress has thus far refused TSA but the agency will still not release these funds.

You will note our industry's frustration in light of the TSA's spending billions on aviation security but refusal to spend the relatively small amount Congress has appropriated specifically for intercity bus security. Our members want to take proactive measures that further protect the traveling public, such as increasing passenger screening, installing driver shields, putting disabling switches on buses, and improving emergency communications, but we need some help. We do not have the capital both to acquire and maintain buses, garages and terminals and to fund these security programs. We welcome any help this Committee can give in encouraging TSA to release the intercity bus security funds.

That said, let me turn to ABA's recommendations for enhancing private participation in providing transportation. Perhaps surprisingly to those who are unfamiliar with the private bus industry our ideas do not come with pleas for "set-asides," a radical restructuring of the Federal Transit Administration (FTA), significant changes in the Federal Transit Act or even a huge "price tag." Rather, what the ABA advocates is several steps this Committee could take to help the private bus operators continue to provide service to the American traveling public at little or reduced cost to the taxpayers.

ADA Funding

First, ABA believes that additional funds are needed in one area. That area is the provision in TEA-21 that sets up a competitive grant program to place wheelchair lifts on motorcoaches. The program, administered by the FTA, uses criteria such as the applicant's service area, fleet size and population served, to put these funds where they will do the most good. But the program is under funded. For this, the last year of TEA-21, the fund provides \$7.1 million dollars for wheelchair lifts. Since the Transportation Research Board (TRB) estimates the cost of equipping a motorcoach with a wheelchair lift is approximately \$35,000, the seven million dollars provides roughly enough money to equip 200 buses with wheelchair lifts. However, the Americans with Disabilities Act (ADA) requires that by 2012 all of the nation's private motorcoaches in fixed route service be wheelchair lift equipped and all other motorcoach operators must provide a lift-equipped vehicle on 48 hours notice. The need for additional funds for this program is obvious.

Moreover, the private motorcoach industry cannot afford to meet this federal mandate without federal help. The average ABA member has fewer than ten motorcoaches and I know of no ABA member who could find the \$350,000 in their budgets to equip all of its coaches with wheelchair lifts. Failure to meet the ADA mandate will require ABA members to go out of business to the detriment of the traveling public as well as to the detriment of the small business community, as a majority of motorcoach companies in the nation are small businesses. It must be said that only the private operators face this dismal prospect. The publicly funded transit agencies can get up to ninety percent of their costs (equipment, facilities, etc.) paid for by the

federal government. ABA members, as I stated earlier, pay for their own equipment, training their own personnel, build their own facilities. A fully funded wheelchair lift accessibility fund is critical to the health of the industry and the provision of transportation in this country.

Appended to my testimony is a recent letter from Congressman Jim Langevin to Chairman Young and Ranking Member Oberstar of the House Transportation and Infrastructure Committee. The letter speaks more eloquently than I about the need for more funds for wheelchair lifts. Congressman Langevin writes, *“Our nation’s bus owners and operators wish to comply with the requirements of the ADA to guarantee access to people with disabilities, and the federal government must be an active partner in reaching this goal through appropriate funding of the Wheelchair Lift Accessibility Fund.”*

Intermodal Facilities Funding

Another way to enhance private participation in providing public transportation is to provide a dedicated source of federal funding to create a network of intermodal passenger facilities that will provide seamless intercity and local public transportation. The nation’s surface public transportation system comprises four different modes – motorcoaches, intercity rail, urban mass transit and rural local transit. To be truly effective alternatives to the private automobile, these modes must be linked to each other and to airports at intermodal transfer facilities that provide seamless transportation for the traveling public. Today, there are perhaps 150 true intermodal passenger terminals in the country, although few bring together all modes.

Yet, there is a critical need for connections between local transit and intercity services, and between rural transit and intercity bus services, with through connections to intercity rail and air services not available locally. Moreover, buses picking up charter or tour groups arriving by airplane or rail need parking facilities at those terminals. And people in suburban areas need park and ride facilities for convenient access to public transportation.

It is true that under TEA-21, intermodal facilities are eligible for funding under a variety of programs including Surface Transportation Program (STP), Congestion Mitigation and Air Quality Program (CMAQ), and the transit discretionary programs. However, very few intermodal facilities have been funded under these programs. In our view there are three reasons for this lack of intermodal facilities.

One, there is no dedicated funding stream for intermodal facilities. Two, spending decisions at the state and local level are not dependant on how a project relates to and enhances other transportation modes. Three, these facilities do not enjoy a mode-specific constituency like highway or transit improvements. Given these three factors it is no surprise that intermodal facilities rarely become a high enough planning priority to receive funding.

However, the need is there and for the reauthorization of TEA-21 a solution is at hand. The Administration's reauthorization bill, SAFETEA, contains a provision (Section 6002) to establish a federal fund dedicated exclusively to the development of intermodal passenger transfer facilities and integrated public transportation information systems. Funding would be used as seed money for a variety of intermodal projects distributed throughout the country and would be awarded on a competitive basis.

Eligible projects are those that connect intercity bus service and any other mode of public transportation through intermodal facilities and integrated information systems.

SAFETEA has \$85 million dollars for this new intermodal transportation facilities fund. House bill H.R. 1394 *The Intermodal Transportation Act* contains the same provision and funds it at one hundred million dollars. ABA certainly supports this provision but not only for the facilities themselves. In addition to the prospect of new and needed facilities, experience has shown that such facilities aid the economic development of the entire area. Meridian, Mississippi, Minneapolis, Minnesota and Everett, Washington have each recently built such a facility and one of the benefits of the transfer facility at each location has been the development of shops, stores, and services. In the case of Everett, a community college has also located in the area near the facility. These types of intermodal facilities are needed across the country to connect the rural, urban and suburban populations. ABA asks that the Banking Committee include this proposal in its TEA-21 reauthorization bill.

The lack of intermodal transportation facilities brings another issue and problem for the bus industry into sharp focus. Intercity buses are rarely included in the state or local planning process required for federal funding, and as a result, intercity buses and those that rely on them rarely receive the federal support that is needed. Most intercity bus service is provided by the private sector without subsidies. But with rising costs much of that service, especially rural service, has disappeared, leaving many communities without intercity public transportation. Because of the lack of intermodal passenger facilities, intercity bus patrons are left without the means to make needed

public transportation connections. These are issues that should be addressed by transportation planning. They frequently are not.

Why this situation goes uncorrected is the product of several factors. First, bus projects are typically small in scope and therefore, are not on the “radar screen,” especially when private bus operators and riders are often not involved in the planning process. Second, states can currently divert designated rural intercity bus funds to other causes by asserting that they face no “unmet intercity bus needs,” without engaging in a planning process involving the private bus operators and riders. Third, FTA policy restricts the use of Section 5309 funds to use for only the “transit” and intercity rail portions of intermodal facilities, barring the use of those funds for the intercity bus portions of those facilities.

The result is that critical bus facilities and services do not get funded. The solution is to authorize FTA to withhold funds from any metro planning organization or transit agency within its jurisdiction that omitted private operators in the planning and transportation improvement program. Second, the law should be clear that inclusion of private operators in the planning program is intended to preserve private services that already exist, as well as to involve the private sector in new services. Third, the law should clarify that Section 5309 intermodal funds may be used for the intercity bus portions of intermodal facilities, as well as the transit and intercity rail portions. And states should be required to use rural intercity bus program funding for its intended purpose and should include private bus operators in the planning process for that funding.

Rural Transportation

Another opportunity for this Committee to enhance private participation in transportation services is to increase the funding for the so-called 5311(f) program. Section 5311(f) provides funds for private operators to provide rural transportation. The rural areas of the country are most in need of additional transportation services. Over the last thirty years some 20,000 rural communities have lost bus service. First in ISTEA and then in TEA-21, the 5311(f) program has been instrumental in reversing the decline in bus service to rural communities. In this regard, the ABA and its members congratulates the states of Pennsylvania and Colorado, which have been the leaders in the effective use of 5311(f) funds to restore rural bus service. Rural bus service not only provides essential passenger transportation, its incidental package express service is the only form of daily, scheduled freight service for many of these small towns. The program is funded at slightly more than \$30 million. It has proved its effectiveness and its worth and should be reauthorized and funding to it should be increased.

The program's effectiveness can be measured. Greyhound Lines, Inc., an ABA member, reports that in 2002, it received \$4.7 million in section 5311(f) operating funds. With these funds, Greyhound served 332 communities, which otherwise would not have service. That works out to approximately \$14,000 per community. In addition, the aforementioned Nathan study (p. 9, fig. 9) represents the increase in the number of cities which have had bus service restored since the mid 1990s, not coincidentally the beginning of the 5211(f) program.

By comparison, the Essential Air Service program serves approximately 125 communities with roughly \$125 million in annual subsidies, or approximately \$1 million

per community. Certainly, the EAS program is providing a valuable public service, but in these tight budget times, it will be very difficult to expand that program even though many communities are clamoring to be tied into the nation's commercial aviation program.

We believe that the answer to this problem is to supplement EAS with an essential bus service program, which would be patterned after the section 5311(f) program and funded at about the same level. Under this program, states would contract with intercity bus operators to provide surface transportation services from rural communities directly to commercial airports. HR 1394, the *Intermodal Transportation Act*, proposes such a program. We believe that this program could connect many times the number of communities served by EAS to the national aviation system.

Motorcoach Operations

Every day motorcoaches bring people, as tourists, commuters and shoppers into the nation's cities. And everyday these motorcoaches are confronted with obstacles to their safe and efficient operations. Obstacles put in place by public officials who do not seem to consider the good that motorcoaches do. One area that is ripe for change and a change necessary to allow the private bus operators to participate fully in providing public transportation is to find adequate bus parking. In most cities across the country, motorcoach operators face limited options for parking vehicles used for charter, tour and commuter services. In addition, operators are penalized for idling their buses and must often circulate city streets while waiting for their groups. This wastes fuel and contributes to traffic congestion and engine emissions in urban centers.

Buses provide an important public benefit by providing an alternative to private cars. These bus services reduce the level of traffic congestion and the ills associated with it, including air pollution and reduced productivity. Also tour and charter services bring an economic boost to the local economy. By one study (a copy of which is appended to the end of my testimony) one bus of tourists staying overnight in a destination leaves as much as \$11,000 in the local economy. Inadequate bus parking reduces these benefits to the local area and economy.

ABA also understands communities' efforts to curtail emissions; in fact, buses are a part of any equation to solve the problem. However, there is a problem where communities go too far and restrict bus operations in the false hope that do to so would restrict harmful emissions. Unreasonable idling rules and parking restrictions are just as harmful. Buses need at least ten minutes idling time to provide sufficient braking power and air conditioning for the passengers' comforts.

There is a solution to this problem. It has been under discussion between the ABA and the American Public Transportation Association (APTA is the association that represents publicly funded transit agencies). The remedy is to allow the private bus operators to use the terminal facilities of public transit agencies. Transit agencies usually operate terminals with parking facilities and during their peak daytime hours of operation most of the transit buses are on the streets, leaving the terminal facilities available for other uses.

The private motorcoach operators could use the transit agency's parking facilities to park off of city streets and in a safe and accessible facility thereby saving fuel and reducing traffic congestion and engine emissions. This would also ease the need for local

governments to provide separate parking facilities for charter, tour and commuter motorcoaches. We have also suggested that Congress consider a demonstration program for some of the most frequently visited tourist destinations to develop solutions to the parking challenges facing urban areas.

Another obstacle is any prohibition against buses using HOV lanes when “deadheading” (*i.e.* running empty) to its terminal after or before a run. A motorcoach can take as many as fifty cars off a highway. What better way to provide for the public than to facilitate on time, frequent service than to allow buses to access these lanes? For the same reasons, motorcoaches should be exempt from paying tolls while engage in transportation operations.

Public Funds vs. Private Operators

Another area that requires attention is the tendency of some federal, state and community funded transportation services; transit services which want to compete with private operators who have limited funds. Simply stated, *federal funds should not be used to compete with private bus operators where the private sector is willing and able to provide service*. Public funds would be better spent on necessary services leaving the provision of most transportation to the private sector. In addition to providing transit service some public transit agencies are beginning to “link” up with each other to provide intercity bus service and even tour and sightseeing services.

No other transportation mode has to face this subsidized competition. The nation does not have a national airline and Amtrak was formed only after it became abundantly clear that the privately owned U.S. railroads could not profitably transport passengers.

The private motorcoach industry should likewise be free from competition by government entities.

A recent example of this problem is found within the District of Columbia where there is a plan to establish a bus “circulator” to take tourists around the Washington monuments and sights. The plan, as reported in the Washington Post, would cost \$37 million dollars the first year and would be in direct competition with the three private tour bus services currently operating within Washington. There is no reason for such a service and it certainly cuts against the notion that the public sector should not be engaged in any service that is provided, safely, and at reasonable cost, by the private sector.

A related problem is that of publicly funded transit agencies which illegally provide charter services to the public in contravention of the Federal Transit Administration charter rules. The rules provide that private companies be given the first opportunity to provide charter service and that only if a “willing and able” private operator is not available, may a publicly funded transit agency, with its federally funded equipment and cost advantage, operate the charter.

However, ABA has catalogued many instances where the charter rules are not followed. Either the public transit agency does not notify the FTA, ABA, or local operators of the charter opportunity or it uses its cost advantage to operate the charter below cost and below what the private operator can charge.

Finally, with budgets tight and transit agencies seeking riders some are exploring the idea of two agencies linking up at the edge of each agency’s service area to provide

intercity bus service, in direct competition to the network of private bus operators currently active.

ABA and APTA are in discussions to find ways to eliminate these charter violations. The two organizations have discussed several ideas. One idea of particular merit would entail realistic penalties for violations of the transit competition rules. Currently, if a transit agency is found to have violated the rules FTA's only recourse is to deprive that agency of its federal funding -- the entire agency's federal funding. As a practical matter ABA believes that such a penalty will never be imposed. As an alternative the two organizations are discussing the necessity of a graduated series of penalties, perhaps the profit or cost of providing the charter or a percentage of the agency's funding. To the ABA, this approach makes more sense and the penalties have a greater chance of being imposed.

A second ABA goal is the clarification of the definitions of "charter service," "sightseeing" and "regular and continuing service" in connection with shuttle service to prevent confusion as to which transportation provider can provide what service. Finally, in aid of preventing the public sector from doing what the private sector does best, ABA believes that the public transit agencies should not be allowed to operate scheduled bus service beyond the urban area where it provides regularly scheduled mass transportation services.

Finally, it goes without saying that the ABA opposes any attempt to weaken the current charter regulations. Our major disagreement with the Administration's SAFETEA bill is in the bill's section 3020 which would allow the Secretary of Transportation to eliminate the FTA Charter rules if a transit agency can say that it is providing service to

the elderly or the disabled. That is service the private sector provides and provides well and represents at least 40% of our current customer base. It bears repeating that public funds should not be used when there is a vibrant private sector willing and able to do the job.

Conclusion

Mr. Chairman, members of the Committee, the ABA and its members have really one goal. That is to ensure that the private bus companies are allowed the opportunity to compete for business on a level playing field, allowing us to do what we do best: provide the greatest number of Americans with the widest array of transportation services at the lowest cost with the least amount of government subsidy.

Please note that all of the suggestions I outline in my testimony carry a relatively small “price tag,” require no intrusion on other modes of transportation and serve only to strengthen the nation’s transportation system. The needs of the private bus industry are small but the payoff to the traveling public is great. The ABA and its 3400 members and the 774 million people it serves each year hope that you will agree with these suggestions and use them to enhance private participation in providing transportation to the nation. Thank you for your consideration and I will be happy to answer any questions from the members of the Committee.