

**STATEMENT OF
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BEFORE THE
COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS
UNITED STATES SENATE
SIOUX FALLS, SOUTH DAKOTA
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Thank you, Chairman Johnson, for the opportunity to appear before you today to discuss how we can work together to improve access to good transportation choices in rural areas, tribal lands, and urbanized centers, including Sioux Falls and communities across South Dakota.

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 and other destinations. It is not surprising that, given these constraints, demand for public transportation in these areas has been rising over the last four years. Between 2008 and 2012, the number of rural transit operators in the United States grew by nearly 6 percent, and 10 percent more trips are being provided, totaling 142 million trips last year.

The Department's Federal Transit Administration (FTA) anticipates that demand for rural service will continue to rise, and we need legislative and policy solutions to deliver the transportation solutions that rural America needs. On July 6, 2012, President Obama signed the Moving Ahead for Progress in the 21st Century Act (MAP-21) into law, reauthorizing public transportation and other surface transportation programs through fiscal year (FY) 2014. MAP-21 enables us to implement many bold new policies to strengthen and streamline public transportation, including, importantly, bringing an additional \$1.2 billion to rural communities and Indian reservations over the next two years.

I want to thank you, Mr. Chairman, for supporting the passage of MAP-21. You, together with other members of the Senate Committee on Banking, Housing and Urban Affairs, worked toward bipartisan and bicameral agreement on this very important transportation bill because you understood that its enactment would improve access to public transportation and create and support jobs at a time when we need them most.

MAP-21

Enactment of MAP-21 signals an opportunity for us to work collectively to strengthen our transit systems and better serve the American public. MAP-21, which took effect on October 1, 2012, authorizes \$10.6 billion in FY 2013 and \$10.7 billion in FY 2014 for public transportation. The

law furthers several important goals in the crucial areas of safety, state of good repair, emergency relief, program streamlining, and program efficiency.

FTA has made a significant start toward implementation of MAP-21 within the law's first six months by applying key provisions and providing guidance to states, metropolitan planning organizations, transit agencies, including rural providers, and Indian tribes. We have an active and engaged legislative implementation team and an aggressive timetable in place.

More specifically, FTA has published considerable information on its website that, among other things, address MAP-21 programs relevant to public transportation providers in small urbanized areas, rural areas and tribal lands. On October 16, 2012 we published in the *Federal Register*, a "Notice of FTA Transit Program Changes, Authorized Funding Levels and Implementation of the Moving Ahead for Progress in the 21st Century Act (MAP-21) and FTA Fiscal Year Apportionments, Allocations, Program Information and Interim Guidance." On November 9, 2012, we published a *Federal Register* Notice regarding the FY 2013 Public Transportation on Indian Reservations Program and we are currently considering comments received from interested parties. FTA is also working to implement MAP-21 through regulation where necessary and by updating guidance through its circulars. FTA anticipates that it will have updated the circular for the enhanced mobility of seniors and individuals with disabilities as well as the rural area formula grants circular during this fiscal year.

I would like to highlight the MAP-21 changes that will benefit the rural areas and tribal lands like those in South Dakota, as well as urban centers such as Sioux Falls and Rapid City.

Formula Grants for Rural Areas (Section 5311)

MAP-21 increases rural area formula funds by 29 percent, from \$465 million to \$600 million. (By comparison, under MAP-21, urbanized area formula funds increased by 6 percent.) 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.

As in prior authorizations, such as Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU), the Formula Grants for Rural Areas program continues to provide capital and operating assistance to support public transportation in rural areas, defined as areas with fewer than 50,000 residents, and on tribal lands. In addition, MAP-21 now allows these program funds to be used for planning activities, as well as for Job Access and Reverse Commute program activities (JARC) for low-income individuals. Consolidating JARC activities into the Rural Areas Formula program provides more funding flexibility at the local level. Funding for the rural program is based on a formula that uses land area, population, including the number of low-income individuals residing in rural areas, and the provision of transit service. MAP-21 provides total funding of \$600 million in FY 2013 and \$608 million in FY 2014. Subject to appropriations, in FY 2013, the State of South Dakota can expect to receive an apportionment of \$5.9 million for transit service provided in rural areas and on tribal lands. This is 17 percent higher than the amount apportioned to the State under this program in the last fiscal year.

A State may use up to 10 percent of the amount apportioned to it for purposes of administering the Rural Area Formula program and to provide technical assistance to rural and tribal grantees. Technical assistance includes project planning, program and management development, coordination of public transportation programs, and research the State considers appropriate to promote public transportation service.

In addition, the Rural Transit Assistance Program (RTAP) provides funds for technical assistance, training, and related support services tailored to meet the needs of transit operators in rural areas and on tribal lands. The program is funded with a 2 percent takedown from the amount available to carry out the Rural Areas Formula program. From the amounts made available for RTAP, FTA may use up to 15 percent to carry out competitively-selected projects of a national scope with the remaining balance allocated to the States. In addition to the eligible activities identified above, a State may use RTAP funds for special projects that support its planning program for rural areas and tribal lands. Similarly, a State may use its statewide planning funds to support or supplement the technical assistance program it provides through RTAP.

South Dakota will have \$149,934 available for RTAP purposes in FY 2013, which is 37percent more than was available to the State for this program in FY 2012.

Tribal Program

The Administration understands that access to reliable, affordable transportation is a high priority for Indian Country. We want to ensure that every American Indian or Alaskan native who needs a ride to earn a paycheck, attend school, see the doctor, visit sacred places, or buy groceries has that opportunity. To that end, in December 2012, Secretary LaHood announced the American Indian and Alaska Native tribe projects that were competitively selected to receive \$15.5 million in FTA's Tribal Transit Program funds. The Cheyenne River Sioux Tribe, one of 72 tribes selected to receive funds, was awarded \$350,000 to continue to provide public transit service to the growing number of tribal members and the general public who use it to travel to employment, education, medical care and other services in Eagle Butte and surrounding rural areas.

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 South Dakota and many other 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 is currently considering comments before finalizing a formula allocation methodology. However, based on an illustrative formula, South Dakota tribes are to receive approximately \$1.9 million in formula funds for FY 2013 compared to FY 2012 when only \$1.3 million in discretionary funds were available for allocation. This represents a 29 percent increase in funds to the South Dakota tribes in FY 2013. MAP-21 also provided FTA with the authority to determine the terms and conditions of grant awards under Tribal Transit programs. As a result, FTA is also considering comments received from interested tribal officials and other stakeholders regarding grant requirements and building the technical capacity of tribal grantees. A *Federal Register* notice will be issued soon to provide program structure and guidance, final formula allocations, and terms and conditions for the formula and discretionary programs.

In addition to the funds available to South Dakota residents and Cheyenne River Sioux Tribe for public transportation under MAP-21, the Department of Transportation (DOT) also awarded \$1 million in National Infrastructure Investment funds to the Yankton Sioux Tribe in rural Marty to construct a new transit facility. The award was made through the fourth round of DOT's highly competitive Transportation Investment Generating Economic Recovery (TIGER) grant program. The facility will expand transportation options in this underserved and economically distressed Native American community. FTA will continue to work with Yankton tribal representative to ensure the successful completion of this project.

Formula Grants for the Enhanced Mobility of Seniors and Individuals with Disabilities (Section 5310)

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 for individuals with disabilities that went above and beyond the requirements of the Americans with Disabilities Act (ADA), with this program. Enhanced Mobility program funds are apportioned based on each State's share of the respective target populations and are now apportioned to both States (for all areas under 200,000 in population) and large urbanized areas (with 200,000 or more in population). 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. At least 55 percent of program funds must be spent on capital public transportation projects planned, designed, and carried out to meet the access and functional needs of seniors and individuals with disabilities when public transportation is insufficient, inappropriate, or unavailable. The remaining 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.

The State of South Dakota can expect to receive \$624,500 in FY 2013 to carry out this program. This is 5.8 percent decrease in the amount of funds South Dakota received under the former

Elderly Individuals and Individuals with Disabilities (E&D) program and New Freedom programs in FY 2012. Under the former E&D program, each state was guaranteed a minimum of \$125,000. This is not the case under the MAP-21 formula, which distributes 60 percent of the program funds to large urbanized areas (over 200,000 in population), 20 percent to small urbanized areas, and 20 percent to rural areas. South Dakota does not have any large urbanized areas.

Coordinated Transportation

The South Eastern Council of Governments and City of Sioux Falls prepared the “*Sioux Falls MPO Area Coordinated Public Transit –Human Services Transportation Plan*” that was published on September 25, 2008. The plan, which is to be updated every five years, acknowledges that the transportation stakeholders in the Sioux Falls MPO region “have recognized the benefits of transportation coordination.” Ten to 15 years prior to the development of the plan, several agencies met to develop strategies for making transportation services more efficient. FTA applauds transportation entities that have long strived to serve seniors, individuals with disabilities and low-income individuals in the Sioux Falls area. The plan also notes that transportation for these targeted populations is provided primarily within the city limits of Sioux Falls and, with minor exceptions, little transportation is available to the residents of the MPO region’s less populated areas.

Senior and medical transportation is vitally important to the nation’s growing senior population and citizens suffering debilitating illnesses and chronic diseases. 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. In addition, and as recommended by United States Government Accountability Office last summer, the Federal Interagency Coordinating Council on Access and Mobility (CCAM), chaired by the Secretary of Transportation and including representatives from 11 Federal agencies, has developed a Strategic Action Plan to promote human services programs. The CCAM Strategic Plan builds on our progress to cooperatively improve mobility and community accessibility for seniors, individuals with disabilities, and low income persons and families. The Plan encourages the creation and growth of coordinated

transportation networks that provide simplified access to health and wellness, jobs, and community services. One of the objectives of the Plan is to improve the health outcomes of Americans by enhancing transportation service coordination to improve access to health and wellness resources and reduce risks of institutionalization. Another objective is to stimulate local business, economic and transportation organizational partnerships to help dislocated workers and others seeking to rejoin the workforce get the transportation options they need to reach job opportunities and training. The CCAM centerpiece is the Veterans Transportation and Community Living Initiative, which complements the Obama Administration's Joining Forces initiative led by First Lady Michelle Obama and Dr. Jill Biden. It addresses the Administration's challenge to all Federal agencies to harness program resources and expertise to improve the quality of military family life and to help communities more effectively support military families. The Veterans Transportation and Community Living Initiative is an innovative, federally coordinated partnership that will make it easier for U.S. veterans, active service members, military families, and others with disabilities to learn about and arrange for locally available transportation services that connect them with work, education, health care, and other vital services in their communities. Through this initiative, FTA has made \$63.6 million in discretionary funds available to local governmental agencies to finance the capital costs of implementing, expanding, or increasing access to, and coordination of, local transportation resources. Of this amount, South Dakota received approximately \$1.2 million over the last three years.

Meeting these objectives will help to ensure that the needs of disadvantaged individuals are addressed in current and future Federal programs. In furtherance of this goal, the Department and its partners at the U.S. Departments of Health and Human Services, Labor, and Education support a range of technical assistance initiatives for coordinating human service transportation. Programs and centers are charged with providing training, resources, and direct assistance to communities and states interested in enhancing the mobility and transportation options for all citizens, including older adults, individuals with disabilities, and people with lower incomes.

FTA will continue to work through interagency partnerships to coordinate transportation needs to help increase the quality of life for older citizens, individuals with disabilities and people with low-incomes.

Grantee Safety Plans (Section 5329)

Secretary LaHood has stated that "safety is our highest priority and we are committed to keeping transit one of the safest modes of transportation in the nation." FTA is pleased that MAP-21 includes important safety provisions for rail and bus-only operators, and requires all recipients of FTA funding to develop agency safety plans. 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. Also, because we recognize that one size does not fit for all transit operators, the safety plan for rural recipients and small public transportation providers or systems may be drafted or certified by the State.

FTA looks forward to implementing the new safety law in consultation with the transit industry and our Transit Rail Advisory Committee for Safety (TRACS), which has been working to help guide this effort since September 2010.

State of Good Repair Grants (Section 5337)

The Administration supports a groundbreaking commitment not only to expand transit options for Americans, but just as importantly, to maintain the Nation's transit systems in a state of good repair. For example, last September, Secretary LaHood and I, together with State and local officials, toured a significantly modernized and expanded River Cities Transit Facility, constructed in part with a \$5 million grant from FTA. River Cities Transit ridership grew more than six-fold between 2008 and 2012, making the upgrades to the system more important than ever before. This system has a service radius of 100 miles, and that means a service area of bus and transit vans covering more than 31,000 square miles, serving people living in 11 counties in central South Dakota, including seniors, people with disabilities, veterans and the Cheyenne River Sioux and Lower Brule Sioux tribes.

Through the American Recovery and Reinvestment Act, South Dakota received approximately \$11.5 million in formula funds of which 70 percent were for rural areas in the state and were used for critical infrastructure replacement and expansion needs. Recipients in South Dakota also received over \$6 million from FTA's FY 2011 and FY 2012 State of Good Repair Initiative. River Cities Public Transit also received a total of \$319,200 in FY 2011 and \$369,200 in FY 2012 and Prairie Hills Transit received \$213,680 through FTA's Veterans Transportation and Community Living Initiative to improve transit scheduling and outreach to transit-dependent veterans.

Consistent with the President's request, MAP-21 establishes a new grant program to maintain public transportation fixed guideway and high intensity bus systems in a state of good repair. According to the statute, once a final rule implementing the State of Good Repair program is issued, projects must be included in a transit asset management plan to receive funding allocations. MAP-21 authorized \$2.1 billion in FY 2013 and \$2.2 billion in FY 2014 for this program. Funds will be apportioned consistent with a new statutory formula program, which includes a new tier for high-intensity bus.

Asset Management Provisions (Section 5326)

Asset management was a priority for FTA long before MAP-21. The \$78 billion repair and maintenance backlog that FTA's research identified in 2008 has likely increased by as much as 10 percent in recent years. FTA recognizes that, while a sustained Federal contribution to our state of good repair needs is in the 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 System. The new section 5326 Transit Asset Management program established under MAP-21 is vitally important to carrying out these infrastructure investments effectively and responsibly. MAP-21 requires FTA to define the term "state of good repair" and create objective standards for measuring the condition of capital assets, including equipment, rolling stock, infrastructure, and facilities.

Based on that definition, FTA must then develop performance measures under which all FTA grantees will be required to set targets. This innovative program requires all FTA funding recipients to adopt a structured 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 will support this effort through technical assistance, including the development of an analytical process or decision support tool that allows recipients to estimate their capital investment needs.

FTA has reached out to stakeholders to determine ways in which transit asset management systems can be tailored to small operators that typically provide service in small urbanized and rural areas as well as on tribal lands, and we will continue to do so. Most recently, FTA organized a focus group conference call with small operators in conjunction with the Community Transportation Association of America (CTAA). We also hosted an online dialogue in which more than 700 stakeholders participated, contributing more than 200 ideas and comments, and providing nearly 1,500 feedback votes on the ideas and comments that were submitted. The next step in our outreach efforts will be a rulemaking on Transit Asset Management. FTA strongly encourages small transit operators to provide comments on the rule once it becomes available.

Emergency Relief Program (Section 5324)

Nowhere has FTA made more aggressive progress in implementing the provisions of MAP-21 than in the area of emergency relief. The President's Budget first proposed in FY 2012 a new emergency relief program for the FTA to parallel a similar capability in the Federal Highway Administration. The Budget 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, and the program was authorized by Congress in MAP-21. The authorization of this new program arrived just in time for Hurricane Sandy, which 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 represent more than one-third of our nation's transit ridership—and triggered a very rapid implementation path for the program. More generally, however, this program helps states and public transportation systems pay for protecting, repairing, and/or replacing equipment and facilities that may suffer or have suffered serious damage as a result of an emergency, including natural disasters such as floods, hurricanes, and tornadoes. It will be available to the Sioux Falls transit community should the need arise.

Urbanized Area Formula Grants (Section 5307)

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, such as Sioux Falls and Rapid City. Based on the

apportionment formula, South Dakota will receive approximately \$3.6 million in urbanized area formula funds for allocation to its small urbanized areas in FY 2013. This is a 16 percent increase over the amount apportioned to the State for those areas last fiscal year.

Bus and Bus Facilities Program (Section 5339)

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 D.C. and Puerto Rico) will receive \$500,000. The remaining funds will be distributed by formula. Funds are available to eligible recipients 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.

In FY 2013, South Dakota is projected to receive a statewide allocation of \$1.25 million under this program. These funds can be used anywhere in the state, including for projects in rural areas and on tribal lands. South Dakota's urbanized areas are projected to receive \$385,882 in bus funds. These funds are allocated to the State and the State can distribute them among the urbanized areas based on a locally determined process.

We at FTA look forward to working with our stakeholders to address the challenges laid out for us by Congress and the President in MAP-21. I will be happy to answer questions.