

Testimony to
United States Senate Housing and Transportation Subcommittee
of the
Senate Banking Committee
by
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July 23, 2003

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Mr. Chairman, Mr. Ranking member and honorable members of the subcommittee, thank you for allowing me the honor to testify before you today on behalf of The American Transit Service Council. I am Irwin Rosenberg, President of the American Transit Service Council, and Vice President of Governmental Relations for Laidlaw Transit Services, Inc. one of the nation's largest providers of contracted transit services. ATSC members provide contracted services in hundreds of America's rural, urban and suburban communities in virtually every state represented by the distinguished Senators of this subcommittee.

Although the competitive contracting market has grown over the past two decades, primarily during 1984-1993, it is increasingly evident there continues to be attitudinal and policy barriers toward the broad use of competitive contracting to provide public transportation services in the most cost effective and efficient means possible. According to the Transportation Research Board 2001 report "Contracting for Bus and Demand Responsive Transit Services", 40% of all federal aid transit recipients contract for no services. Competitive Contracting can be a very effective tool allowing public transit agencies to be more responsive to its customers, implement effective controls on cost and most important improve and assure quality service through establishing enforceable performance standards.

The advantages of competitive contracting include:

- The shift of risk
- Reduced cost and cost control
- Increased flexibility and responsiveness
- Financing of capital investment by the private sector allowing the maximizing of limited funds
- Ability to manage service quality and reward good performance as well as establish financial and equitable penalties for poor performance
- Creates a competitive labor environment allowing the private and public sectors to negotiate improved worked rules and appropriate but fair wages and benefits
- Allows public sector resources to be appropriately focused on planning and policy development for systems

Opponents historically attempt to confuse the issue by suggesting what we are advocating here is full privatization of public transit services. This is not the case. We are here to ask you to support legislative language within legislation reauthorizing TEA 21 (SAFETEA) that encourages the inclusion of the private sector to the maximum extent feasible, rewards efficiency and increased ridership, assures accountability for the expenditures for limited public resources, and provides for the fair and uniform application of federal procurement guidelines. Competitive contracting for service based on competition does not eliminate the responsibility of transit agencies to determine policy, plan service nor assure it is delivered in an efficient and cost effective manner. When services are contracted, public agencies continue to set the standards, hold contractors accountable,

retain overall financial responsibility and accountability for public funds and establish the true cost for delivering service.

Competitive contracting does not mean non-union. Many of our thousands of employees working for ATSC's member companies in operations across America are represented by collective bargaining agreements between our member companies and The Teamsters, the Amalgamated Transportation Union, The Transportation and Communication Workers, The Service Employees International Union and many other unions. It has been clearly demonstrated and proven competitive contracting is not an attempt to avoid the collective bargaining process nor is it an attempt to save money by simply lowering wages and benefits.

ATSC members and many private companies across America are able to provide essential capital and extend to their customers the value of their resources and in depth experience along with national purchasing relationships and innovations to deliver service more cost effectively and efficiently.

From 1984 until 1993, The Congress and Administration initiated and supported growth in competitive contracting through legislation and federal policy that encouraged the use of the private sector to the maximum extent feasible and required local participation in the planning process, i.e. early and constant consultation with the private sector by the metropolitan planning organizations. In addition, the FTA took a leadership role in sponsoring and supporting private/public sector initiatives, publications and symposiums

bringing together the private sector and public sectors in an effort to break down barriers and break through ideological differences thus assuring new private/public sector partnerships were created and successfully implemented. Included with my written testimony are several success stories of services contracted across the country, some in communities of States you represent that demonstrate competitive contracting for service works!

Unfortunately, in 1993, with the change of administrations, the rules were changed and the early consultation and the inclusion of the private sector to the maximum extent feasible no longer was required.

Some may suggest that the competitive market grew after 1993, which to some extent is true. Unfortunately, it grew in great part due to the passage of the American with Disabilities Act and the implementation of the requirement to provide complimentary ADA service between 1992 and 1995 and some strong economic forces during the late '90s as well as growth in demand for ADA services. Many public transit agencies chose to contract for paratransit services due the numerous variables and the complexities of providing these services and the lack of financial resources and experience to provide these ADA mandated services. Today according to FTA statistics (as reported in 2000 through the National Transit Database) contracted paratransit services represent 70.8% of operating expenses while competitively contracted fixed route bus (motor bus) service is only 9.8% of the U.S operating expenses. If it is good enough for our nation's frail elderly and disabled population, isn't good enough for the riding public? We look to you

to change this and to assure opportunities are enhanced allowing greater participation by the private sector in the delivery of service through competitive contracts.

Today, I come before you on behalf of ATSC and those who are dependent on transit across America to encourage you to consider our recommendations for enhancing the private sector's participation while you deliberate on the reauthorization of TEA 21 (SAFETEA) thus respectfully encouraging you to reestablish those policies that require the inclusion of the private sector to the maximum extent feasible, require FTA to certify compliance, establish tougher and enforceable regulations to prohibit violation of the charter bus regulations and competition by the public sector using publicly funded capital assets, and establish incentive funding available to agencies that not only show increased ridership but who must also show efficiency in delivering such service. Included with my submitted testimony I have provided proposed language for inclusion in TEA 21 (SAFETEA) reauthorization legislation that can accomplish the enhancements suggested within this testimony.

Thank you for the honor of appearing before you today.