

Statement of Senator Jack Reed
Senate Committee on Banking, Housing, and Urban Affairs
“Sustainable Transportation Solutions: Investing in Transit
to Meet 21st Century Challenges”
March 12, 2009

Chairman Dodd, thank you for holding this important hearing as we begin the process of reauthorizing our nation’s surface transportation policy.

Secretary LaHood, thank you for your continued service to the country and for coming before the Committee today. I would also like to welcome and acknowledge Dr. Beverly Scott, General Manager of the Metropolitan Atlanta Rapid Transit Authority (MARTA), who will be on the second panel representing the American Public Transportation Association (APTA). Previously, Dr. Scott ably led the Rhode Island Public Transit Authority (RIPTA), and I am pleased that she is bringing her perspective to the Committee.

Mr. Chairman, last September, this Committee held hearing titled “Strengthening the Ability of Public Transportation to Reduce Our Dependence on Foreign Oil.” At that time gasoline was still \$3.73 a gallon, down slightly from its July peak of \$4.16. Those high fuel costs had brought increased ridership to transit systems. Indeed, according to a report released by APTA on Monday, 2008 ridership was the highest it has been in 52 years. However, faced with the same price increases as other consumers, including average diesel prices as high as \$4.76, systems struggled to accommodate the growth in demand last year. Ironically, agencies dependent on gas tax revenue saw their operating budgets revenue slump as more people gave up driving to take the bus.

The Rhode Island Public Transit Authority (RIPTA) was no exception, and at the time of our last hearing, an agency with an annual budget of slight more than \$100 million anticipated an operating shortfall of between \$10.8 and \$12.2 million. Consequently, it had initiated a process to cut service by 20%. With the sharp drop in oil, diesel, and gas prices in the intervening months, RIPTA’s shortfall has since declined to \$1.3 million and steps are being taken fill that hole with little or no significant cuts to service this year. Despite the reprieve, RIPTA faces a chronic funding challenge on the operating side, and it is just another price spike away from being forced to make unthinkable cuts in service. Other agencies are still suffering. Indeed, Washington DC’s Metro board meets today to discuss proposals to fill a \$29 million funding gap.

The American Recovery and Reinvestment Act will be an enormous benefit for transit agencies as they upgrade their facilities, infrastructure, and fleets. Indeed, RIPTA is using this opportunity to make improvement to its fleet through the purchase of hybrid buses and to make key enhancements to its facilities. However, one of the law’s largest short-comings was its failure to provide transit agencies with emergency operating assistance. Such assistance would have been extremely helpful to RIPTA, Metro, and transit systems throughout the country. Given vulnerability of these systems to the volatility of energy prices, I believe that we should consider providing transit agencies greater flexibility to use their urbanized formula grants to

help support service, particularly at times when there are unexpected increases in expenses or declines in revenue.

The challenge facing all levels of government, but particularly federal government, as we begin to take steps to reduce the federal deficit, is to find a revenue stream that can meet our transportation needs. It is clear that under the current gas tax regime we will not have the resources to sustain the Highway or Mass Transit Accounts. Moreover, as we promote greater efficiency and alternative energy, gasoline taxes will become less viable

Finally, we must carefully assess how we integrate transportation and housing development to creating liveable and sustainable communities. I appreciate and commend the work of Chairman Dodd and Secretary LaHood in making that a priority for this reauthorization.

Thank you, Mr. Chairman, and I look forward to hearing from our witnesses.