

TESTIMONY OF
DR. BEVERLY SCOTT, PH.D.
GENERAL MANAGER AND CEO
METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY
AND
CHAIR
AMERICAN PUBLIC TRANSPORTATION ASSOCIATION
BEFORE THE
SENATE COMMITTEE ON BANKING, HOUSING AND URBAN AFFAIRS
Hearing on
“Sustainable Transportation Solutions:
Investing in Transit to Meet 21st Century Challenges.”

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SUBMITTED BY

American Public Transportation Association
1666 K Street, N.W.
Washington, DC 20006
Tel: (202) 496-4800
Fax: (202) 496-4324



APTA is a nonprofit international association of nearly 1,500 public and private member organizations including transit systems and commuter rail operators; planning, design, construction and finance firms; product and service providers; academic institutions; transit associations and state departments of transportation. APTA members serve the public interest by providing safe, efficient and economical transit services and products. Over ninety percent of persons using public transportation in the United States and Canada are served by APTA members.

Chairman Dodd, thank you for this opportunity to present testimony to the Senate Committee on Banking, Housing and Urban Affairs regarding the next surface transportation authorization bill. You are holding this hearing at a most propitious time, as APTA announced this week annual ridership has reached new record levels. I truly appreciate your interest in improving public transportation service in the United States and I look forward to working with you as this next authorization legislation moves forward in the upcoming year.

ABOUT APTA

The American Public Transportation Association (APTA) is a nonprofit international association of nearly 1,500 public and private member organizations, including transit systems and commuter rail operators; planning, design, construction, and finance firms; product and service providers; academic institutions; transit associations and state departments of transportation. APTA members serve the public interest by providing safe, efficient, and economical transit services and products. More than ninety percent of the people using public transportation in the United States and Canada are served by APTA member systems.

OVERVIEW

We are extremely pleased to report that, despite falling gas prices and an economic recession, increasing numbers of Americans took 10.7 billion trips on public transportation in 2008, the highest level of ridership in 52 years and a modern ridership record. This news comes at a particularly encouraging time for me and my colleagues within APTA in light of the recent commitment to public transportation investment demonstrated by President Obama and the Congress through the American Recovery and Reinvestment Act. While we are concerned about a specific proposal in the Administration's FY2010 budget outline affecting the treatment of transportation trust fund spending, contract authority and budget scorekeeping, we are encouraged by the outline's renewed commitment to public transportation and passenger rail investment.

This commitment is important for a variety of reasons. As the members of this committee know, America's population is growing at an unprecedented rate. A 2006 cover story in USA Today that asks: "Where will everybody live?" noted that while the U.S. population grew by 100 million people in the past 39 years, it will grow by another 100 million by 2040, producing a population of more than 400 million. As APTA proceeded through a lengthy industry discussion of its recommendations for the next authorization bill, we also conducted a parallel "visioning" effort, known as TransitVision 2050, in which we projected our industry view of the American transportation infrastructure in the year 2050. Our conclusion: *In 2050 America's energy efficient, multi-modal, environmentally sustainable transportation system powers the greatest nation on earth.*

The challenge we face in fulfilling that vision rests on our willingness as a nation to commit adequate resources to the task and to provide a financing mechanism for these resources. It is not hard to recognize the diverse and promising benefits of investment in public transportation. Public transportation provides mobility that contributes to national goals and policies to increase global economic competitiveness, energy independence, environmental sustainability, congestion mitigation and emergency preparedness. For an individual user, public transportation saves money, reduces the carbon footprint of households and provides people with choices, freedom, and opportunities. To realize public transportation's many contributions at the national and local levels, and to facilitate a doubling of public transportation ridership over the next twenty-year period and address the aforementioned national goals and policies, the American Public Transportation Association (APTA) recommends a minimum federal public transportation program of \$123 billion over the next six-year authorization period. In the near term, we also need the help of Congress to address the precipitous decline in local and state operating resources resulting from the current national economic recession.

RECORD RIDERSHIP AND GROWING PUBLIC DEMAND

Nationally, public transportation ridership continues to set record levels. One only needs to ride a train or bus during the morning commute to recognize the growing demand, and to experience firsthand the strains that demand is placing on systems. The demand and support for public transportation is also obvious at the ballot box. Last year, 76 percent of ballot initiatives seeking taxpayer support for transit investment were approved by voters. Clearly, citizens are willing to pay for improved transit service.

People have experienced the pain of high gas prices, and they have come to realize what an important and valuable role public transportation service can play in their lives and their communities. This week, APTA announced the most recent results of its annual ridership report, and the news is both exciting and sobering.

In 2008, public transportation ridership reached 10.68 billion trips and grew 4.0% compared to the same period in 2007. This represents the highest level of public transportation ridership in 52 years, or since 1956. Transit ridership increased while vehicle miles traveled on our highways systems actually declined by 3.6%.

Increases occurred in the vast majority of systems, with many systems reporting double digit percentage increases. All 15 heavy rail systems reported an increase in ridership. Seven of these systems reported increases of more than 5%. 23 of 28 light rail providers reported ridership increases. Twelve of these systems reported ridership increases of more than 10%. 21 of 22 commuter rail systems reported ridership increases.

We will be challenged to maintain this pace of growth as fare increases, service cuts, rising

unemployment and a declining economy in general begin to affect transit systems. As state and local revenue sources have declined due to the current economy, many systems have had to consider fare increases or service cuts that undermine transit's ability to attract and serve increased ridership. Our hope is that given the national priorities of energy independence, climate change, and the economy, we as a nation, will be able to identify resources that allow public transportation systems to continue to carry more passengers. We should not turn our back on the years of progress we have made in rebuilding a quality public transportation system.

These ridership gains force us to look for ways to meet the increased demands on the existing system and to also expand service to meet the growing needs for transit service in communities across the nation.

TRANSIT INVESTMENT – STATE OF GOOD REPAIR

The maintenance of transit capital assets to ensure a “state-of-good-repair” is critical. Deteriorating systems simply do not attract new riders. Both the National Surface Transportation and Revenue Study Commission and the recent report of the National Surface Transportation Infrastructure Financing Commission have highlighted the growing gap between our infrastructure needs and our present level of investment. The federal government has a clear responsibility to maintain infrastructure it has already spent considerable resources to build, and also to expand that infrastructure to meet transportation needs.

Proper asset management is cost effective as well, as proper maintenance today alleviates the need for much larger capital investments in the future. The ARRA provided a first step in addressing the backlog in system rehabilitation, but many systems across the country still face significant needs to maintain their existing public transportation assets. As we continue to maintain assets, we cannot

ignore the equally challenging demand for new and improved services across the country where public transportation is not yet providing a level and quality of service that provides a real alternative.

Ridership growth, economic growth, and unsustainable land-use patterns all affect a transit system's total resources, and specifically the decisions we have to make on system maintenance and expansion. The fact is that the multi-level government financing needs we face are undeniably tied to this delicate balance of growth and asset management.

Mr. Chairman, when it comes down to it, the real issue before us all is one of investment. Each of the Commission reports contains strong recommendations to the Congress about the investment levels needed in the nation's public transportation and highway systems. APTA's estimate of the total annual resources necessary to maintain and improve our systems to address our growing population and economic needs is \$59.2 billion.

All levels of government—federal, state, regional, and local—must increase their financial investment in transportation to overcome the current shortfall, and the federal government must take a strong role in the process. One of the proposals in our authorization recommendations is the creation of incentives to increase state and local investment in public transportation. Only through a cooperative and coordinated effort among all levels of government to invest in transit assets and services, can we fully address the needs of our communities and your constituents.

ENERGY, SUSTAINABILITY AND CLIMATE CHANGE

Mr. Chairman, whether we try to address population growth, the need for economic

growth, or environmental and climate-based challenges, clearly we must take steps to address both congestion and basic structural issues that impact mobility, livability and sustainability. I commend you, Mr. Chairman, on your recent letter to the President, urging the creation of a White House Office of Sustainable Development. We need new methods for tackling the problems of energy independence, climate change, and sustainable development, and we see this office as an important way to coordinate the myriad of federal agencies and policies that affect these issues.

APTA has urged Congress to use public transportation in the effort to ensure clean air and the health of our residents. Reduced air pollutants and better personal health and fitness are core American goals -- and public transportation is a good way to make these goals a reality. APTA research prepared by Science Applications International Corporation (SAIC) found, for example, that it takes just one commuter switching from daily driving to using public transportation to reduce the household carbon footprint by 10 percent. If that household driver gives up the second car and switches to public transportation for all solo travel, the household can reduce its carbon emissions up to 30 percent, which is a greater reduction than if the household gave up use of all electricity. If quality transit service is available, public transportation is the single most effective way an individual can reduce their carbon footprint. However, we need to give more Americans access to public transportation so they can make that choice. Increased investment in our public transportation system will further advance these goals.

As we have cited here in Congress on numerous occasions, transit use results in a

significant net reduction in greenhouse-gas emissions and fuel consumption, and increased transit use must be a central strategy in federal climate and energy legislation. And existing public transportation usage in the U.S. saves 37 million metric tons of carbon dioxide annually — equivalent to the emissions from the electricity generated for the use of 4.9 million households or every household in Washington DC; New York City; Atlanta; Denver; and Los Angeles combined. Public transportation use saves the U.S. the equivalent of 4.2 billion gallons of gasoline annually — and more than 11 million gallons of gasoline per day. That amount of savings is equivalent to more than three times the amount of oil we import from Kuwait each year. Mr. Chairman, it is for these reasons that APTA is legislative efforts to ensure that future revenue from any climate change legislation will be reinvested in transportation infrastructure and operations that reduce greenhouse gases and fuel consumption.

Congestion in our large metropolitan areas continues to be a problem, and will only get worse as most of the future population growth is projected to occur in the largest of those areas. Public transportation use is a critical component of reducing congestion. According to the most recent *Urban Mobility Report* from the Texas Transportation Institute (TTI), Americans living in areas served by public transportation saved 541 million hours in travel time and 340 million of gallons of gasoline annually. Without public transportation, congestion costs would have been \$10.2 billion more that year.

Also, as this Committee well knows, public transportation and housing are very closely interrelated. During your recent hearing with the Secretary of HUD, Mr. Chairman, you highlighted this issue and received the Secretary's commitment to work with this Committee.

Critical issues such as housing and transit-oriented development demonstrate how public transportation promotes the practices and principles of livable communities and sustainable development. As our urban areas continue to grow it is important to realize that public transportation acts as a catalyst for promoting compact, connected and mixed-use development. These things make the provision of all transportation, and public services and facilities more efficient and effective while simultaneously helping achieve energy and environmental goals. We truly thank you for your leadership here. This Committee may also wish to consider advancing federal policy that encourages or incentivizes smart growth and transit oriented development decisions.

APTA PROPOSAL

As stated previously, APTA's proposal recommends an investment of \$123 billion over six years. This proposed increase in the program is offered with a goal of meeting at least 50% of the estimated \$60 billion in annual capital needs by the end of the authorization period and to support a projected doubling of ridership over the next 20 years.

We are also urging that the transportation funding guarantees should be strengthened to ensure that authorized funds are appropriated each year to allow for the long-range planning, financing, and leveraging needed to advance necessary investment in public transportation capital projects and preserve and maintain the existing public transportation infrastructure.

We recognize, however, that the guarantees can only be as strong as the revenues backing them up, and APTA recommends that Congress should take the necessary steps to restore, maintain and increase the purchasing power of the federal motor fuels user fee to support a

significant increase in the federal investment for the public transportation program. In order to meet the full range of needs, we will have to employ multiple financing strategies. Our proposal also recommends legislation that would promote the development of revenue generated from innovative financing mechanisms, such as public private partnerships, tolling and congestion pricing to supplement current revenue streams.

We also have several proposals dealing with changes to the formula programs. A long-held principle of the industry is that Congress should preserve the “needs based” approach to the federal public transportation program. In this vein, our members have come to the conclusion that the High Density and Growing States program is not fulfilling its intended goals, as the associated formulas are impacted by the decennial census and additional delays estimated at up to three years following census completion. It is APTA's hope that Congress would consider modifying program to better address its intended purpose.

Another program structure recommendation is offered in the interest of balancing the various needs of our diverse systems. APTA recommends modifying the current Bus and Bus Facilities program to create two separate categories of funding, with fifty-percent distributed under formula, and the remaining fifty-percent available under a discretionary program. Eligibility would remain the same within both categories. We are also recommending the creation of a new Clean Fuels Aging Bus Replacement Program that would direct funds to transit agencies to replace aging buses in their fleets with new clean fuel vehicles.

Also within the formula and bus programs, APTA supports legislation to allow public

transportation systems in urbanized areas of greater than 200,000 population which operate less than 100 buses in peak operation to utilize formula funds for operating purposes.

In SAFETEA-LU, APTA and the Congress created the Small Transit Intensive Cities (STIC) program, which added a service factor to the distribution of funds in small urban areas. Under the previous small urban formula program, funds were only distributed on the basis of population and population density. Under the old formula, communities that provided significantly more transit service than other communities with similar population factors received no additional funding to support such service. The new STIC program was designed to address the higher capital costs of those systems with significantly higher service factors. APTA supports the continuation of the STIC program and it is our hope that the failure to utilize the STIC formula under the ARRA will not set a precedent for future formula program funding decisions.

In an effort to simplify current formula programs and increase program effectiveness, APTA is recommending the creation of a new Coordinated Mobility Program, which would consolidate three other formula programs into one. The new program would combine the Job Access and Reverse Commute, New Freedom, and Elderly and Disabled Formula programs. The goals of the program and the eligible uses of funding would remain consistent with the three prior programs, while planning and coordination of services would be improved.

APTA is also recommending simplification of the fixed guideway modernization program. Our proposal is based on assumptions that the program funding will double, and that

the program is needs based and its elements would be straightforward and uncomplicated. APTA is recommending that the current seven tiers be folded into a much simpler two-tier formula program, and that the funds must be provided equitably to all projects, without regard to population factors.

Additionally, within the capital investment programs, APTA is recommending major changes to the New Starts and Small Starts programs. Our recommendations are intended to simplify, streamline the rating, review and approval processes to encourage faster completion of quality projects.

When we discussed ridership earlier in our testimony, we noted the challenge of meeting increased ridership demand in the face of declining state and local revenues, which are the primary source of transit operating support. During the debate on economic stimulus legislation last summer, we also expressed concern about how higher fuel costs were driving up transit operating costs. It is a simple fact: since transit fares are set below market rates in order to attract as many riders as possible, growing transit ridership will increase total operating costs. APTA's authorizing principles urge Congress to provide transit agencies with capital and operating assistance to meet costs related to federal requirements and costs beyond their control. Therefore, we want to continue to work with this Committee as it crafts authorizing legislation to ensure that the federal program provides the flexibility to pay for capital operating costs associated with growing ridership, state and local resources that are declining as a result of the ailing economy, potentially rising fuel costs and other federal requirements.

Finally, Mr. Chairman, we as an industry cannot operate and manage the transit systems of the future without a fully trained and well-prepared workforce. With this in mind, APTA has a Workforce Development proposal for new and expanded training programs and initiatives, and program funding that grows consistent with the growth of the overall program.

We hope that the Committee and the Congress will review our full list of authorization recommendations as you prepare to deal with this critical legislation.

CONCLUSION

In summary, we urge this Congress to authorize a federal transit program with a six-year investment level of \$123 billion. We urge the Congress to strengthen the funding guarantees important to long range planning and capital budgeting needs. The next program will require a wide variety of financing options, but the base program must restore and increase the purchasing power of the federal motor fuels user fee. We strongly recommend adherence to the needs-based structure of the program which has served public transportation so well for so long, and we recommend a number of improvements to the program structure that will ensure all transit systems access to adequate capital funding while also simplifying the programs and speeding project delivery. And again, our systems are struggling to maintain basic levels of service in the face of declining state and local operating resources. We need this committee's help to address this financial crisis which threatens our ability to fulfill our mission.

Chairman Dodd, we thank you and the Committee for allowing us to provide testimony on these critical issues. We look forward to working with you and the members of the Committee as you work to develop this next critical authorization bill.