FISCAL 2005 BUDGET: FEDERAL TRANSIT ADMINISTRATION

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and
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Mr. Chairman my name is Timothy Martin, and I am the Secretary of Transportation for the State of Illinois. I am also Chairman of the Public Transportation Committee of the American Association of State Highway and Transportation Officials. First, on behalf of AASHTO and its members, let me sincerely thank you and the members of the Committee for your leadership in developing and obtaining Senate passage of S. 1072, which will reauthorize highway, transit and related funding for the next six years. AASHTO is on record with its partner organizations as saying that the TEA-21 reauthorization legislation should be funded at a minimum at the levels approved by the Senate.

Transit is a critical component of a balanced intermodal transportation system. It helps to provide:

- Access to jobs and economic activities;
- Mobility for the young, elderly and disabled;
- Reductions in traffic congestion and enhanced efficiency of highway transportation;
- Fuel conservation and improved air quality, and support for security; and emergency preparedness activities.

At AASHTO, we look forward to working with you in seeking approval of multi-year authorization legislation for the surface transportation programs. While supporting increased transit funding, we also believe that the transit program provisions of TEA-21 are working well and should be continued. The investment in transit over the past six years using TEA-21 has paid off with a 22 percent increase in ridership, and the highest level of passenger trips in 40 years. Continued ridership growth at these levels would increase passenger trips approximately 3.5 percent annually, or a 100 percent increase over the next two decades.

Mr. Chairman, AASHTO has significant concerns with the funding levels in the Administration's FY 2005 Budget proposal for transit. The Administration's Budget proposal would basically freeze transit funding at the FY 2004 level of $7.3 billion, of which nearly $6 billion would come from the Trust Fund and $1.3 billion would come from the General Fund.

The Administration's proposed funding level for transit falls substantially short of the needs documented in DOT's most recent *Conditions and Performance Report* which indicates that an annual investment of over $20 billion is needed for transit.

This need for increased transit funding has been documented in AASHTO's *Bottom Line* report as well, which identifies the need for an annual transit capital investment level of $ 19 billion over the next six years just to maintain the physical condition and service performance of the nation's transit systems. An additional capital investment of $44 billion per year is needed over the same time period to improve the physical condition and service performance of the nation's transit systems, assuring that ridership continues to grow.

In my home state of Illinois, the Administration's flat funding level for transit would **seriously compromise** the progress Illinois has made to expand much-needed transit service in both rural and urban parts of the state. Through TEA-21's increased operating funding, Illinois was able to provide **rural** transit service to 13 additional counties. However, 37 counties of the state's 102 still do not have transit service. TEA-21's capital funding in combination with Illinois's own infrastructure funding program, Illinois FIRST, was able to initiate **five** major New Start projects that will help address growing congestion in the Chicagoland area. However, the region has growing unmet transit markets such as reverse commuting and suburb-to-suburb demand, both of which could be addressed with projects that are ready to go **right now** with an increased federal transit program. In addition, these construction projects alone will create over 57,000 **new jobs** to spur the local and national economy.

Mr. Chairman, AASHTO is also concerned that the Administration's SAFETEA proposal, while "guaranteeing" funds from the Mass Transit Account of the Highway Trust Fund, contains no similar guarantee for the General Fund component of transit funding. States and transit agencies need stable, predictable funding in order to construct major transit projects. The TEA-21 legislation provides and Senate bill S. 1072 continues guaranteed funding for transit from both the Trust Fund and the General Fund. **It is critical that both Highway Trust Fund and General Funds for transit are guaranteed in the TEA-21 reauthorization.**

The Administration's SAFETEA proposal **calls for a reduction of the federal funding share for New Starts projects from 80 percent to 50 percent.** In order for State and local officials to make balanced decisions between highway and transit projects, AASHTO believes the federal share of 80 percent should be retained for both highway and transit projects.

AASHTO commends the Administration for its concern with maintaining the solvency of the Mass Transit Account, but does not support its proposed program restructuring. SAFETEA proposes that New Starts be funded at an 80 percent level with General Funds, rather than through the Highway Trust Fund. Since SAFETEA does not guarantee General Funds for transit, New Starts would be vulnerable to funding reductions or elimination during the annual appropriations process. Also, under SAFETEA, bus discretionary funding would be eliminated and the Rail Modernization program would be shifted to the formula program. Other alternatives exist to remedy budget scoring problems that have prompted these proposals and we would be glad to work with the Committee and your staff to find solutions.

AASHTO supports giving the states flexibility to fund some security activities using Highway Trust Funds. However, given the magnitude of transportation needs, some transportation related national security activities and capital needs such as emergency response coordination and communications equipment should be funded through Homeland Security programs.

AASHTO's *Bottom Line* report documents the need to double federal rural transit assistance from current levels. For many rural regions, transit access can mean the difference between isolation and inclusion. Rural transit provides residents of these areas service to jobs, to medical facilities, and to community activities. As the nation's elderly population increases in the coming years, more transit service will be needed for citizens in rural areas, particularly when they are no longer able to operate an automobile.

In summary, the Administration's proposed flat line funding for transit in FY 2005 at $7.3 billion simply would not provide the level of investment needed to address job access, elderly transportation needs, improved transit to reduce traffic congestion and pollutants in the air. The higher level of FY 2005 funding in the Senate bill, $8.65 billion, will provide more resources to deal with these issues as well as provide investment in our economy and job growth. The American Public Transportation Association estimates that every $1 billion invested in public transportation creates 47,500 jobs. At that rate, the Senate proposal would create 60,000 more jobs than the Administration in FY 2005 alone.

We look forward to working with you toward passage of legislation that funds the highway and transit programs at the levels provided in S. 1072.

Thank you, Mr. Chairman, for the opportunity to testify. I'd be glad to respond to your questions.