

Chairman Brown, Ranking Member Toomey, and fellow Members:

My name is Baruch Feigenbaum. I am the Senior Managing Director for Transportation Policy at Reason Foundation, a nonprofit think tank with offices in Los Angeles and Washington, D.C. For more than four decades, Reason's transportation experts have been advising federal, state, and local policymakers on market-based approaches to transportation.

My Credentials on Today's Topic

I am a graduate of the Georgia Institute of Technology with degrees in Public Policy and Transportation Planning with a concentration in Engineering. With Reason, I have authored studies on mobility, highway congestion, transit options, funding alternatives, and innovative financing. I have worked with the states of California, Colorado, Georgia, Michigan, New Jersey, North Carolina, and Pennsylvania as well as numerous counties to implement transportation policy and funding reform. I currently serve on two National Academy of Sciences Transportation Research Board committees: Bus Transit Systems, where I serve as Secretary and Conference Planning Chair, and Intelligent Transportation Systems. Further, I assist the committees on Transportation Revenue and Financing and Metropolitan Planning. My testimony today draws on these experiences.

Overview of Environment

COVID-19 has dramatically changed many aspects of life. While all aspects of transportation have been impacted, no mode has been affected more than mass transit. Ridership on rail transit has decreased 70-90%, while ridership on bus transit has decreased a more modest 40-60%. Even when COVID-19 subsides, a majority of experts expect transit to recover 90% of its riders at most, with some expecting a recovery rate of only 70%.

Transit use was on a multiyear decline even before COVID, with only 5% of Americans commuting by transit. Yet, according to the Bureau of Transportation Statistics the U.S. spends \$70 billion per year on transit. Transit policy was in need of reform even before COVID, but COVID has made a rethinking of transit critical.

Many commuters in our current environment have substituted working at home for transit. In 2020, 35% of all Americans worked from home. In a PricewaterhouseCoopers survey, 83% of employers and 71% of employees say remote work has been a success. Once COVID subsides, many predict the work at home share will be 20-25 percent.

Due to a combination of COVID and longer-term changes among transit riders, I have the following six recommendations:

1. Prioritize service for transit-dependent riders,
2. Prioritize maintenance and operations over capital expenditures,
3. Adjust quantitative metrics in project evaluation,
4. Fund BRT from the Capital Investments Grants program,
5. Fund transit from the general fund, and
6. Unlock the private market and transit innovation.

Recommendation No 1. Prioritize Service for Transit-Dependent Riders

The increase in the number of employees working at home has reduced transit ridership. There are two types of riders: transit-dependent riders who do not have easy access to a vehicle and transit-choice riders who do have easy access to a vehicle. Transit-choice riders in fields such as engineering or law have jobs which lend themselves to working at home. Transit-dependent riders in fields such as nursing or technical support have jobs which require being at a specific physical location. Today, since most transit ridership is by dependent and not choice riders, U.S. transit policy should focus on serving transit-dependent riders. And since these riders are more likely to use buses than rail, U.S. policymakers should focus more resources on bus transit. Over the last 20 years, the largest 30 metro areas have added miles of rail lines, but most of those same metro areas have cut bus service. Yet during the pandemic, bus ridership has recovered far faster than rail ridership.

One component of serving transit-dependent customers is building grid-based networks. Pre-World War II employment was mostly located downtown. As a result, transit networks were designed to feed employees to downtown job centers. However, since World War II, job locations have become more and more suburbanized. As a result, more than 80% of metro area jobs are now located outside the central business district. Unfortunately, many transit systems are still designed to funnel employees to the central business district. Grid-like networks more effectively transport employees from suburban residences to suburban job centers. Transit systems with grid-like patterns tend to have more than twice as many boardings per hour as legacy radial systems. Operating expenses with grid patterns are substantially lower while load factors are substantially higher.

The federal government should require transit agencies to show that they are meeting the needs of transit-dependent riders before they expend resources on transit-choice riders.

Recommendation No. 2: Prioritize Maintenance and Operations over Capital Expenditures

Most departments of transportation (DOTs) have adopted a fix it first approach for their highways, but many transit agencies are focused on expansion. The local transit agency for the D.C. metro area, the Washington Metropolitan Area Transit Authority (WMATA), is one example. Rather than focus on rebuilding the existing system, WMATA decided to expand the system, contracting with the Metro Washington Airport Authority to build the Silver Line. Meanwhile the condition of the existing system deteriorated rapidly. Over the course of three months in 2016, the system experienced fires 73 times. Currently, trains need to be offloaded regularly because they break down. At any given time, several elevators and numerous escalators are out of service.

And WMATA is not alone; transit agencies in New York City, San Francisco, and Atlanta suffer from similar problems. More troubling, there are approximately 20 light-rail systems that will need major reconstruction in the next 10 years, and these systems have not set aside the resources needed for reconstruction.

The state of good repair metrics, which transit agencies must meet to receive funding for new capital projects, need to be strengthened. I recommend that a minimum of 95 percent of a system be in a state of good repair and that FTA audits the findings for accuracy in order for a system to receive new capital funding.

Federal policy also encourages system expansion over operations. New capital projects can receive an 80% federal share while the share of operating costs is matched at a maximum of 50%. This can lead to some perverse incentives. The costs of building the Dallas Area Rapid Transit (DART) and Houston Metro were so high that they were forced to cut bus service. As a result, fewer people took transit after the light-rail lines opened than before they opened. Policymakers should reverse the funding percentage so operations receive up to an 80% match and capital costs up to a 50% match.

Recommendation No. 3 Adjust the Quantitative Metrics in Project Evaluation

Currently, projects are rated 50% on project justification and 50% on local financial commitment. The project justification rankings are Mobility Improvements, Environmental Benefits, Congestion Relief, Cost-Effectiveness, Economic Development, and Land Use. Each receives a weighting of 16.66%. The local financial commitment ratings are Current Conditions and Commitment of Funds, with each of these receiving 25% of the weighting, and Reliability/Capacity receiving 50%. Since cost-effectiveness is so critical to a project's success, it should be weighted at 25% of the project justification total. Since mobility improvements are the purpose of transit, that category should be weighted at 25% as well. The remaining categories would each be weighted at 12.5%.

Today, projects are rated high, medium-high, medium, medium-low, or low in both the engineering and full funding grant agreement phases. Projects are required to be ranked medium or better to receive federal funding. Unfortunately, this has led several projects with funding or ridership limitations to still receive federal funding. I recommend the minimum project standard for federal funding be raised to medium-high.

Recommendation No. 4 Fund BRT from the Capital Investment Grants Program

The Capital Investment Grants program is the largest capital funding program. This includes New Starts, Small Starts, and Core Capacity projects. The program funds heavy rail, light rail, commuter rail, streetcars, and fixed route bus rapid transit (BRT), also known as BRT heavy, in which the bus has a dedicated running way. However, it does not fund freeway BRT, where the bus travels in the freeway, or BRT lite, where the bus shares a lane of traffic with cars. Most BRT projects in this country are freeway BRT or BRT lite, since finding space dedicated for BRT running ways is challenging. In its current form, the law encourages project sponsors to choose a more expensive option (BRT heavy) instead of a more cost-effective option (BRT lite or freeway BRT).

Recommendation No. 5 Fund Transit with General Fund Revenue

When Congress passed the prior surface transportation reauthorization, the FAST Act, it transferred \$83.6 billion from the general fund to the Highway Trust Fund. Given the political challenges of increasing the gas tax and the reality that a mileage-based user fee is still being tested, the transfer of additional general funds is likely. And given that

funding transit out of the Highway Trust Fund violates the users-pay/users-benefit principle, and the large amount of general fund revenue needed for the surface transportation reauthorization, transit should be funded with general fund revenue while highways are funded with highway user tax revenue.

Recommendation No. 6 Unlock the Private Market and Transit Innovation

Ten years ago if I had predicted the average American would jump into a car with a stranger, I would have been laughed out of this room. But that is exactly what happened with ride-hailing services such as Uber and Lyft. While ride-hailing caused disruption to the taxi industry, the innovation was good for customers. The transit market could benefit from this sort of disruption.

Unfortunately, there are several policies which prevent innovation. The first is the fact that many transit systems are monopolies, which the surface transportation reauthorization should prevent for all systems that receive federal funding. The second is that many transit agencies are hesitant to contract out service. The federal government should encourage transit contracting by requiring agencies that receive federal funding to receive bids from the private sector. The transit agencies would not be required to contract with the private sector, but they would be required to test the waters to determine if contracting is good policy. Finally, Congress should encourage transit agencies to experiment with smaller vehicles and automation by continuing grant programs for both of these technologies.

Thank you for the opportunity to testify today on transit funding and policy. I would be happy to answer any and all questions.