AUTHENTICATED
U.S. GOVERNMENT
INFORMATION
GPO

S. HRG. 113–395

MAP–21 PREAUTHORIZATION: THE FEDERAL ROLE AND CURRENT CHALLENGES TO PUBLIC TRANSPORTATION

HEARING

BEFORE THE

COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS UNITED STATES SENATE

ONE HUNDRED THIRTEENTH CONGRESS

SECOND SESSION

ON

EXAMINING HOW STEADY FEDERAL SUPPORT OF PUBLIC TRANSPORTATION IS ESSENTIAL TO PROVIDING ROBUST TRANSIT SERVICE ACROSS THE COUNTRY TO MEET THE NATION'S MOBILITY NEEDS

MARCH 6, 2014

Printed for the use of the Committee on Banking, Housing, and Urban Affairs

Available at: http://www.fdsys.gov/

U.S. GOVERNMENT PRINTING OFFICE

89–767 PDF WASHINGTON : 2014

For sale by the Superintendent of Documents, U.S. Government Printing Office
Internet: bookstore.gpo.gov Phone: toll free (866) 512–1800; DC area (202) 512–1800
Fax: (202) 512–2104 Mail: Stop IDCC, Washington, DC 20402–0001

COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS

TIM JOHNSON, South Dakota, *Chairman*

JACK REED, Rhode Island
CHARLES E. SCHUMER, New York
ROBERT MENENDEZ, New Jersey
SHERROD BROWN, Ohio
JON TESTER, Montana
MARK R. WARNER, Virginia
JEFF MERKLEY, Oregon
KAY HAGAN, North Carolina
JOE MANCHIN III, West Virginia
ELIZABETH WARREN, Massachusetts
HEIDI HEITKAMP, North Dakota

MIKE CRAPO, Idaho
RICHARD C. SHELBY, Alabama
BOB CORKER, Tennessee
DAVID VITTER, Louisiana
MIKE JOHANNS, Nebraska
PATRICK J. TOOMEY, Pennsylvania
MARK KIRK, Illinois
JERRY MORAN, Kansas
TOM COBURN, Oklahoma
DEAN HELLER, Nevada

CHARLES YI, *Staff Director*
GREGG RICHARD, *Republican Staff Director*

LAURA SWANSON, *Deputy Staff Director*
HOMER CARLISLE, *Professional Staff Member*
PHIL RUDD, *Legislative Assistant*

GREG DEAN, *Republican Chief Counsel*
RACHEL JOHNSON, *Republican Professional Staff Member*

DAWN RATLIFF, *Chief Clerk*
TAYLOR REED, *Hearing Clerk*
SHELVIN SIMMONS, *IT Director*
JIM CROWELL, *Editor*

C O N T E N T S

THURSDAY, MARCH 6, 2014

	Page
Opening statement of Chairman Johnson	1
Opening statements, comments, or prepared statements of:	
Senator Crapo	2
Senator Menendez	2

WITNESSES

Michael P. Melaniphy, President, American Public Transportation Association	3
Prepared statement	19
Barbara K. Cline, President, Board of Directors, Community Transportation Association of America, and Executive Director, Prairie Hills Transit	5
Prepared statement	22
Larry Hanley, International President, Amalgamated Transit Union	6
Prepared statement	48

ADDITIONAL MATERIAL SUPPLIED FOR THE RECORD

Statement submitted by the Consortium for Citizens With Disabilities	64

MAP–21 PREAUTHORIZATION: THE FEDERAL ROLE AND CURRENT CHALLENGES TO PUBLIC TRANSPORTATION

THURSDAY, MARCH 6, 2014

U.S. SENATE,
COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS,
Washington, DC.

The Committee met at 10:05 a.m., in room SD–538, Dirksen Senate Office Building, Hon. Tim Johnson, Chairman of the Committee, presiding.

OPENING STATEMENT OF CHAIRMAN TIM JOHNSON

Chairman JOHNSON. This hearing will come to order. Today the Banking Committee will hear from representatives of the public transportation industry as the expiration of MAP–21 grows closer. Since 1995, annual transit ridership has grown by roughly 3 billion trips, and the Federal Government has been essential to this growth.

The Federal Transit Administration provides more than 40 percent of the capital investment in our transit systems. Without Federal funds, our Nation's cities would not be able to continue essential repairs and upgrades of their infrastructure and vehicles.

In rural States, the Federal role is critical. Transit providers in States like South Dakota use Federal funds both to operate the routes and replace buses. Our rural citizens need reliable transportation to make necessary medical and shopping trips, particularly when driving or getting a ride from family members is not possible.

Perhaps the greatest challenge to our Nation's public transportation providers is the uncertain future of the Highway Trust Fund. Both the transit and highway costs are unable to support current investments levels, and Congress must act to prevent a funding crisis before this fall.

Without that infusion of new funds, new projects in FY2015 will be put on hold and previously approved projects will be delayed. This could remove more than $50 billion from the economy, threatening almost 1.8 million jobs that are supported by transit, highway, and highway safety programs. Instead of a short-term fix, it is my hope that Congress can provide stability for the trust fund and enact a long-term authorization bill of 4 years or longer.

As the Environment and Public Works Committee developed a highway title, and the Finance Committee developed a plan to address the trust fund, the Banking Committee must be prepared to offer a public transportation title. As we prepare for the next bill,

FTA is still working to implement many of the significant reforms, about 21 enacted, such as the Transit Safety program.

Also, the Committee's ability to change programs will be tied to the amount of funding the trust fund can support. As a result, in the next bill, I propose fewer programs and policy changes. Today's witnesses will highlight issues that Congress should consider addressing to improve public transportation services. Now I turn to Senator Crapo for his opening statement.

STATEMENT OF SENATOR MIKE CRAPO

Senator CRAPO. Thank you, Mr. Chairman, and I welcome your remarks. I also appreciate your holding this hearing. It was just over a month ago that we held a hearing on the ongoing implementation of the transportation authorizing legislation, Moving Ahead for Progress in the 21st Century, or MAP–21. MAP–21 provided the Federal Transit Administration with new authority in the area of transit safety, and it was helpful to get an update on what progress has been made to improve passenger safety.

I appreciated the recognition from the Federal Transit Administration that new rules must be tailored in a way that is not unduly or disproportionately burdensome to smaller and rural systems, and the recognition that public transportation simply cannot be captured with a one-size-fits-all approach.

The Banking Committee has a strong record of balancing the needs of rural and urban States and I look forward to continuing that principle as we move forward toward reauthorization. Today our witnesses will focus on the challenges they are facing while providing public transportation within their communities. Thank you to all of our witnesses for being here today.

After the expiration of SAFETEA–LU, it took 3 years and then 10 short-term extensions to get another authorization passed. That kind of unpredictability presents serious challenges to many transit operators across the country that rely on the ability to leverage Federal transit dollars to improve the communities they serve.

As you all know, MAP–21 programs are only authorized through September, but by latest projections, the transit account will be running on fumes if it does make it that far. As we discussed in the previous hearing, the most difficult issue will be how to finance our transportation needs going forward. MAP–21 was financed with nontraditional methods and it is imperative that we find a swift and meaningful fix to the serious current inadequacies of the Highway Trust Fund.

Again, I thank our witnesses for being here and I look forward to your statements. Thank you again, Mr. Chairman.

Chairman JOHNSON. Thank you, Senator Crapo. Are there any other Members who would like to give a brief opening statement? Senator Menendez.

STATEMENT OF SENATOR ROBERT MENENDEZ

Senator MENENDEZ. Thank you, Mr. Chairman. I want to thank you and the Ranking Member for holding what I think is an incredibly important hearing and to look at both the challenges and opportunities that MAP–21 presented, you know, I think it was a transformational bill that created a new safety and reliability

framework for our Nation's transit riders, and having the best transit infrastructure possible, especially critical in States like New Jersey, one of the most heavily traveled areas of the country.

According to the American Public Transportation Association, in the New York–New Jersey–Connecticut area, there are more than 4 billion transit trips each year carrying travelers 22 billion passenger miles. Our transit network is a smart growth, quality of life, economic issue that is critical to the viability of many New Jersey communities and millions of commuters.

And if we are to be competitive, we need to be invested in our infrastructure, which when I look at the DOT's recently released Conditions and Performance Report, it talks about $87 billion simply to bring our transit system to be considered in good repair. To me, that is simply unacceptable in a Nation that has traditionally led the world in state-of-the-art modernization and investments.

So I would like to have my full statement entered into the record, Mr. Chairman. This is an incredibly important hearing and we look forward to working. Your leadership has helped us move forward under the MAP–21 and I hope we can build upon that progress as we look at reauthorization.

Chairman JOHNSON. Without objection.

Senator Warren. None. Now I will introduce our witnesses. Mr. Michael Melaniphy is the President of the American Public Transportation Association. Barbara Cline is the Executive Director of Prairie Hills Transit in Spearfish, South Dakota. She also serves as the President of the Board of Directors of the Community Transportation Association of America. Finally, Larry Hanley is the International President of the Amalgamated Transit Union.

I look forward to the testimony of our witnesses. Mr. Melaniphy, please begin your testimony.

STATEMENT OF MICHAEL P. MELANIPHY, PRESIDENT, AMERICAN PUBLIC TRANSPORTATION ASSOCIATION

Mr. MELANIPHY. Chairman Johnson and Ranking Member Crapo, Members of the Committee, thank you very much for the opportunity to be here this morning. I am Michael Melaniphy, President and CEO of the American Public Transportation Association.

Reliable Federal investment is critically important as transit stakeholders work to meet growing and diverse ridership demands, advance safety improvements, and modernize our aging systems, all while facing uncertain Federal funding. Well-designed transit service is a catalyst for economic growth. Transit projects shape land use and development patterns, generate jobs, stimulate productivity, and advance our national economy. But from the largest cities to the smallest towns, our systems are showing the strains of chronic underinvestment.

While we can all understand the appeal of shovel-ready projects, prudent transit capital investments are the product of comprehensive and long-range planning decisions. In turn, such planning requires steady long-term investment by all levels of government. And the returns on this investment have been substantial. For every dollar we invest in public transportation, we generate about four dollars in economic benefit. And $1 billion in Federal transit

investment fosters productivity gains that create or sustain 50,000 jobs.

As these metrics make clear, local and regional transportation improvements yield national benefits. At a time when all these factors dictate far greater transit funding, we face the serious threat of cuts to the Federal program due to trust fund revenue shortfalls.

In crafting MAP–21, Congress rejected the notion of retreating from its long-standing role in supporting public transportation, and supplemented trust fund revenues with a transfer from the general fund. While this approach worked for a 2-year bill like MAP–21, it does not provide funding predictability and does nothing to support needed growth.

In my written testimony, I provide some specific examples of how transit agencies would be impacted by the loss of Federal funding. Let me assure you that transit agencies remain committed to providing the highest and safest level of service for their riders and would make every effort to mitigate the effects of any Federal funding cuts.

But the potential for service reductions, fare increases, and cuts to capital projects is all too real. Our smaller transit systems would likely be the first to feel the impacts because they often rely on Federal funding for a greater portion of basic operating costs than larger agencies with broader revenue sources.

To ensure reliable long-term funding best suited for infrastructure investment, APTA urges Congress to enact a 6-year, $100 billion bill to grow the transit program from the current $10.7 billion level to $22 billion by 2020. Our funding proposal is robust because our needs are real.

Highway Trust Fund revenues must increase to support program growth. Specifically, our proposal calls for increased funding for capital investment grants, state of good repair, bus and bus facilities, and the core formula programs.

Recognizing that large, but infrequent bus capital projects are challenging to address with limited formula programs, APTA recommends restoring a discretionary component to the bus program and boosting overall bus funding to pre-MAP–21 levels.

For several research, standards, and training programs where transit stakeholders face common challenges nationwide, the Federal Government is best suited to take the lead. To restore funding predictability to these programs, we recommend they be authorized as a set-aside from the urban formula program. With greater annual funding certainty, we can maximize the returns on this relatively modest investment.

Assisting communities in the wake of disasters will remain a fundamental role of the Federal Government. We support MAP–21's public transportation emergency relief program and urge Congress to fully and promptly fund transit relief and reconstructions projects in times of need.

Communities across the country know that public transportation is a smart investment and have found creative ways to advance projects, but they cannot do it alone. As our impending Highway Trust Fund revenue shortfall makes clear, funding uncertainty delays capital investments and drives up project costs. APTA's recommendations reflect our belief that Federal funding for transpor-

tation is a wise investment in American jobs, American communities, and American economic competitiveness.

Thank you for the opportunity to be here. I look forward to questions.

Chairman JOHNSON. Thank you. Ms. Cline, you may proceed.

STATEMENT OF BARBARA K. CLINE, PRESIDENT, BOARD OF DIRECTORS, COMMUNITY TRANSPORTATION ASSOCIATION OF AMERICA, AND EXECUTIVE DIRECTOR, PRAIRIE HILLS TRANSIT

Ms. CLINE. Mr. Chairman, Ranking Member Crapo, and Members of the Committee. Thank you for inviting me today to discuss MAP–21 reauthorization and the vital role and the future of community and public transportation. My name is Barb Cline and I am here today representing both the Community Transportation Association of America, as its Board president, and Prairie Hills Transit in Spearfish, South Dakota as its Executive Director.

CTAA is a national, nonprofit membership organization for transit agencies, officials and advocates supporting rural and small urban and specialized operators. Prairie Hills Transit serves a 12,000-square-mile service area and grew from an operation that started with the old green van in the back parking lot in 1989 to one today comprised of 38 vehicles and 50 employees operating in six South Dakota counties and serving two Native American reservations.

We operate out of a full-service intermodal transit facility that provides local residents with mobility options and even houses licensed child care. I appreciate the opportunity to bring the perspective of both CTAA and Prairie Hills Transit to you this morning. We believe that mobility is a basic right for all Americans, one that requires Federal investment paired with support from State, county, and local governments, as well as private sector partnerships.

Nothing could be more important to the future mobility of rural and small urban America than Congress reauthorizing surface transportation legislation, on time and with the resources these communities rely on. Rural and small urban communities depend on the support of Federal programs to a greater degree than their large urban counterparts. A State investment is often inconsistent and local resources are strained. There are no rainy day funds for the majority of small and rural transportation providers.

The result of no new legislation will be service cuts, disruptions, and fare increases. Passengers will be the hardest hit, arriving to work late or not at all, and missing life-sustaining medical appointments. The basic independence of many rural residents will be threatened.

Demand for rural and small urban transit is growing and is why increased investment in Section 5311 and 5307 is vital. In the third quarter of 2013, ridership in transit systems in communities with populations under 100,000 was the fastest growing segment in the transit industry. Ridership in these small communities has grown every year for the past 5 years.

The prime example of the need for Federal investment in rural and small urban transit is in the bus and bus facility capital program. In my home State of South Dakota, out of 337 total vehicles

in service, 358, more than 95 percent, exceed recommended useful life standards. Half of those have been operating for more than 10 years. At current levels of investment, it would take nearly 20 years to replace all transit vehicles operating past their retirement age.

New buses increase system capacity, safety, and efficiency, and are necessary to meet growing demand. Health care trips in small and large communities are inundating transit operations. Back home we partner with local hospitals, veterans clinics, 24-hour care facilities, dialysis centers, and more to manage transportation for some of South Dakota's most vulnerable populations.

A 40-mile one-way life sustaining dialysis trip or assisting local hospitals with patient discharge, sometimes to another State, are just part of what we do every day. I could talk about regulatory reform, mobility management, planning issues and more, but all of those are covered in the written testimony that we hope will be part of this hearing's official record. Our written testimony also includes an important new report on the impact of chronic illness management on community and public transportation.

In closing, it is an honor to testify before the Senate Banking Committee this morning, and I am most grateful for that opportunity. I would be happy to take any questions when that time arrives.

Chairman JOHNSON. Thank you. Mr. Hanley, you may proceed.

STATEMENT OF LARRY HANLEY, INTERNATIONAL PRESIDENT, AMALGAMATED TRANSIT UNION

Mr. HANLEY. Good morning. Thank you, Mr. Chairman and all the Members of the Committee for the opportunity to be here and to speak to you about the growing crisis in American transit. I represent the people of the Amalgamated Transit Union. We have 200,000 members in the U.S. and Canada. Our people drive buses and trains throughout the United States, in all 48 contiguous States anyway.

And I want to speak also on behalf of the 35 million people who ride buses and trains in the U.S. every day. We have been through a transit crisis since the beginning of the recession. Throughout the United States, cities have been challenged to continue operating their existing service. There has been no help from the Federal Government to try and alleviate that problem.

We have seen 90 percent of the cities in the U.S. raise fares, cut service, and with that comes the deterioration of routes that have existed for over 100 years, in some places, including my own hometown. The riders are angry and we know it. We see it first. In a lot of ways, bus drivers are the canary in the coal mine for these problems. The angry riders are now boarding buses in record numbers beating up our drivers.

Remember that our drivers put a uniform on every day and go into neighborhoods and become the curbside tax collectors, something that nobody else really has to do. And as they do that and they go into areas where they are providing less service, where people have to wait on corners longer, and then they tell people that the fares have gone up, they often get beaten up.

We have a record number of people who have been assaulted over the course of the last several years, and it is a growing problem and, frankly, an unnecessary one.

But throughout the U.S., as people have been challenged with their transit, they have lot jobs. There are places—and there have been stories published often about the fact that with the deterioration of transit services, and in some places such as just outside of Atlanta, Georgia, where a county eliminated all of their bus service, people have been left stranded, unable to get to work.

We need to change completely the way we view transit, especially in light of what is happening in our cities. 81 percent of Americans currently live in metropolitan areas and the size of those metropolitan areas is about to explode. It is anticipated, in the next 20 years, that those populations will grow by one-third, and young people today are rejecting the car.

This is actually good news for America because we will not be able to sustain more cars on our roads in coming years. And young people today are saying, No, I do not want to even get a driver's license. Fewer young people today hold driver's licenses as a percentage of the population than did when John F. Kennedy was the President.

That is another canary in the coal mine. That tells us that as cities grow and as younger people reject riding in cars and say, I want to ride on transit, this Government has to step up and provide it. That requires not only all the things that my colleagues have testified to today in terms of funding, it also requires a vision. You have to sit down and say, "Wait a minute, where are we going in urban America? What are the needs going to be in 5 and 10 years?"

In places like New York where it is anticipated in 12 years the population of metropolitan New York is going to reach 21 million people. Where are they going to go to get to work? So transit is not only a huge driver for mobility for Americans, but their mobility is what leads to social mobility, and if, in fact, we care about inequality in America, we have to turn and say, "What are the things that enable people to get to work, to be productive citizens? How can we energize this economy?" And, frankly, this is one place where people have not paid enough attention over the course of the last several years.

I thank you for the opportunity again and I would be happy to answer any questions.

Chairman JOHNSON. Thank you. Thank you very much for your testimony. As we begin questions, I will ask the clerk to put 5 minutes on the clock for each Member.

Mr. Melaniphy, the Committee has heard from many transit agencies that the lack of discretionary bus funding in MAP–21 makes it difficult to pursue large one-time projects like a bus order. APTA calls for significant growth in total Federal funding and a bus program that is 50 percent competitive. If Congress is able to provide only modest growth, how should a bus program look?

Mr. MELANIPHY. Thank you, Mr. Chairman. The program is important to meet the needs of our bus operators across the country. As Ms. Cline indicated in her testimony, many of these agencies are not able to replace their fleets on a formula program. They can-

not accumulate the funds quickly enough to fund large capital projects before those funds would expire and get swept away.

It is important that we provide a discretionary component to the program so that we can meet these lumpy needs, whether they are for buses or transit centers or shelters. Those one-time or infrequent capital projects need to have a way to get funded, and by having discretionary opportunities, those projects can get their needs met. It is important to find ways to do that, so there is equality across all the systems, so that small systems, in particular, are not disproportionately impacted by the lack of a discretionary program. I think it is really important we have both options for formula and discretionary funding.

Chairman JOHNSON. Ms. Cline, it is good to see you here in Washington. How could a competitive bus program be structured to be accessible to transit providers of all sizes with predictability in the schedule and structure of a discretionary program assist smaller agencies like Prairie Hills?

Ms. CLINE. Well, I think one of the best ways would be that there is a significant dedicated amount, a percentage, that is specifically allocated. But keeping in mind that in our small rural States, oftentimes we do not have that person that is a grant writer. Oftentimes it is myself; in other systems, it is exactly the same way. And so, we need to have adequate time to be able to put together that information and we need to have a dedicated amount that will get us up to the level that we need to be.

Chairman JOHNSON. Mr. Hanley, ATU's reauthorization proposal makes a number of recommendations to improve ADA paratransit service comparable to fixed road service. What are the best means to assess the quality of paratransit service in communities?

Mr. HANLEY. I would guess how people feel about the systems. We do not do analysis on a regular basis in local areas about paratransit. We have a very strong sense of what is happening out there, and the problem is that there have not been funds made available to agencies to operate their systems, and this is general. This not just paratransit.

But as the needs of America have grown for more paratransit and nobody has stepped up to provide the amount of funding that these systems need, there have been strains placed on them. There are places where systems are actually cutting back on the service they provide to people in need of paratransit. But also, there is a strain on the general budget of these agencies because there is a bias in Washington that we will not provide operating aid to transit systems anymore, at least large transit systems.

So frankly, I think that the systems are underfunded and that we need to reopen the discussion, as Senator Clinton did about operating transit systems.

Chairman JOHNSON. Ms. Cline, you testified at a field hearing last year about how important health care trips under Medicaid are to your riders. In other States, the Committee hears about Medicaid agencies and nonemergency medical transportation trip brokers that do not coordinate with transit providers. How would your riders be hurt if Medicaid trips in South Dakota were not easily reimbursed?

Ms. CLINE. Well, I can tell you that a big share of the trips that we provide are for individuals accessing Medicaid benefits. So for those riders, it would also affect our ability to provide transportation simply because that is one of the too largest ways that our program is funded, is with Medicaid support by providing those trips.

Chairman JOHNSON. Senator Crapo.

Senator CRAPO. Thank you, Mr. Chairman. People often think of Idaho as a rural State and it is mostly, but urban transportation is increasingly a bigger deal there. I want to focus on rural transportation first, though, and I think I will start with you, Ms. Cline. What do think are the biggest issues facing rural transportation today?

Ms. CLINE. Boy, there is a lot. But without increased operating dollars and an increase in both bus and bus facility funding. I think the major thing that small rural systems are going to see is that it strains their budgets so far that we are going to actually see a reduction in service. Costs of fuel goes up, just the cost of managing the programs. I think you are going to see a reduction of service probably to the most frail and elderly folks that need to cover long distances.

Senator CRAPO. I noticed in your testimony you referenced the disproportionate impact of regulatory burdens as well on rural systems and small urban systems, also.

Ms. CLINE. Right.

Senator CRAPO. In our hearing last month, the Federal Transit Administration recognized that new rules need to be tailored in a way that, frankly, do not unduly disproportionately burden our smaller and our rural systems. Rural operators already have a strong record of safety. So what can we do on this front? What would you recommend?

Ms. CLINE. Well, safety is obviously one of the most important things that we focus on routinely. Any additional regulatory burdens would require additional staffing, and with additional staffing obviously comes the financial investment that is necessary in order to add those people, pay those people, making sure that the statistical data that were required to compile is really something that is important. It is, again, an additional burden.

In South Dakota, the safety piece, for instance, South Dakota has not had a fatality in the last 10 years. Do we really need additional regulatory burdens on those systems?

Senator CRAPO. Good point. Do either of the other two witnesses want to comment on this before I move on? Mr. Melaniphy.

Mr. MELANIPHY. Thank you, Senator. Safety is comprised of many different components. It is the operation, it is the people, and it is the equipment, and all these compartments require long-term investment. When agencies are operating equipment, as Ms. Cline touched on, that is oftentimes more than 10 years old, very high mileage, that impacts safety, reliability, and dependability. With long-term dedicated funding and with the ability to access discretionary funding to meet those needs, they can put newer, safer, more environmentally friendly equipment into service, and that is going to benefit the communities.

Mr. HANLEY. I just add that the Congress needs to pay more attention to some of the escape doors that particularly private companies are finding to avoid regulation. There is one that happened right here in Washington, DC, where a private company that provides paratransit for WMATA removed one of the seats from each of their vans to escape Federal drug testing regulations.

So that people that are now riding around in vans who are disabled in Washington, DC, have drivers that are not drug-tested, despite the fact that this is a policy of the Federal Government, and they got around it by removing a seat so they had, instead of nine seats, eight seats in their vans.

And there have been other stories that have come out about bonuses being given in these companies to managers that cut corners and make more profit, and that almost always comes at the expense of safety. So I would caution that we really need to pay close attention to what they are doing out there and not abandon strong regulations, and also strong enforcement of those regulations with analysis that goes with it.

Senator CRAPO. That is a good point. We need to make sure we protect safety and soundness. We also need to make sure that we do not overburden the regulatory structure so that our smaller systems face difficulties. With the short time I have left, I just cannot resist, Mr. Hanley, coming back to something you said in your testimony.

I just want you to explain it a little bit more to me if you would, and that is, if I heard you correctly, you said that there are fewer people today who hold driver's licenses than in the time of JFK. Is that——

Mr. HANLEY. No. What I said is that fewer young people, as a percentage of their population, are holding driver's licenses. They do not drive cars the way that we did when we were kids. They do not get licenses. They have chosen public transit and that is part of why you see the numbers growing so well in cities, people riding transit.

Senator CRAPO. All right, thank you.

Mr. HANLEY. It is a global trend, by the way. It is all over the world.

Senator CRAPO. That is very interesting. Thank you very much.

Chairman JOHNSON. Senator Reed.

Senator REED. Thank you very much, Mr. Chairman, and thank you for your testimony. I want to particularly thank you, Mr. Hanley, for your very thoughtful and eloquent sort of discussion of how this issue has broad impact on equality, access to work, you know, getting your share of the American dream. I thank you for that. Your colleagues up in Division 618 in Rhode Island have just celebrated their 100th anniversary, so you represent some very dedicated and thoughtful men and women, so thank you for that.

But a point you raise is a very serious one, is that there are increasing physical threats and other threats to transit systems throughout the country, not just in the northeast, but across the country. And there are also, as we understand, there are systems, big city systems, that have their own transit police forces, but I do not think that is the case in South Dakota and it is not the case

in Rhode Island either. So we depend—the transit system essentially has to provide its first line of defense and protection.

MAP–21 narrowed the capital investment flexibility for crime prevention security so that the funds that previously could be used under rules and regulations to invest in cameras, communication devices, et cetera, for security purposes, that is not now under MAP–21. So my sense, Mr. Hanley, is you would urge us to go back and look at that and try to provide more resources for physical security for bus systems across the country.

Mr. HANLEY. Thank you, Senator. Yes, you know, I speak now as a bus driver, as somebody who has been assaulted driving a bus. It is something that has gone on, particularly in times of economic downturn. It expands as an issue for us and we believe that what needs to be done, in addition to providing adequate police protection is a reengineering of the bus operator's work station.

They have, over the course of the last several years, been installing in buses aftermarket protectors, you know, windows that have been put up around the driver to protect the driver from assault. The problem is that it is a very uncomfortable set-up for a driver. Nobody has looked at reengineering driver's work stations in the last 40 years.

We think that what has to happen is that funding has to be provided, but also agencies have to be encouraged, when they order buses, to actually do a study of what a driver's needs are and build in the engineering—build into the engineering bus driver protection.

Senator REED. So the first step is for both the manufacturers and the transit agencies to come up with state-of-the-art equipment and then our role would be to authorize on the capital investment necessary to do that?

Mr. HANLEY. We would actually like you to bring pressure on the companies to do this because it is rarely a high priority for them.

Senator REED. Thank you. Now let me turn to Mr. Melaniphy and Ms. Cline. Can you just give us a sense of what happens first in terms if we fail to extend the trust fund? And even if we extend the trust fund with current levels, my sense is we are still going to fall way behind the growing need of transit systems for investment, capital improvements, all sorts of things. So in a very few minutes, perhaps a minute, in a minute you can enlighten us.

Mr. MELANIPHY. Yes, Senator. I think this ties to Mr. Hanley's comments as well. When you provide long-term funding certainty, then the private sector is able to make long-term investments. It is hard to make major investments in R&D. I know, as I used to be a vehicle manufacturer in North Dakota. It is hard to make those investments if you are operating under short-term CRs.

If you have got long-term certainty, you can make those investments for doing innovative new things, and funding research to help create standards across the industry is very important for that as well.

As we look at the agencies, whether they are in Rhode Island or South Dakota, wherever they are in the country, funding uncertainty depends in part on agency size. Some agencies have multiple funding sources, some have dedicated local funding, some have capital reserves. Smaller systems tend to be more dependent on Fed-

eral funds for their operating costs. Larger systems tend to have Federal funds more focused on the capital side.

They will all be impacted. And as you touched on, Senator Reed, there is no question that we have a state of good repair backlog that must be addressed to have safe, reliable, dependable service at the same time that we have the highest ridership in public transit this country has seen in more than 50 years.

Senator REED. Thank you. And Ms. Cline, your comments? Thank you.

Ms. CLINE. And I would say that even with the last 2-year bill, our resources are already stretched so far. Oftentimes I call it a shoestring budget. We do not have the ability to stretch any further. I think we would see severe disruption in service, perhaps service cuts from some of our long distance trips, and those are very vital to those individuals.

Senator REED. Thank you very much. Thank you all. Thank you.

Chairman JOHNSON. Senator Warren.

Senator WARREN. Thank you very much. Thank you, Mr. Chairman, Ranking Member Crapo for holding this hearing and thank you all for being here. I want to go back to something I asked about in the January hearing that we had on MAP–21, and that is about how Congress has said in the program to distribute the money.

As we know, there are two ways that the money can be distributed. Part of it can be distributed through a very fixed formula. It goes so much to States and so much to localities by a set formula. And then part of it is potentially left to the discretion of the FTA, so that a locality or a State can bid competitively in order to be able to do that in that process.

And that historically, the money has been divided about 80–20. That is, that 80 goes to a fixed formula and about 20 goes to discretionary spending. But that under MAP–21, we switched over to 91 percent goes by formula and there is only 8 percent left for discretionary spending, and that means very clearly in the last authorization, we moved away from more discretion.

So in the January hearing, I asked the Federal Transit Administrator Rogoff about whether the sharp decrease in discretionary funding had an impact, and what he pointed out is that it made it much more difficult for transit agencies, and particularly for bus operators, to take on big projects like constructing new maintenance facilities.

So I just wanted to go down the panel, if I could here, and see if I could get some kind of quick answer about whether you think the decrease in discretionary funding, as a proportion of MAP–21, has made it harder for State and local agencies to make the necessary large dollar investments that they need to make. And I thought I might start with you, Mr. Melaniphy.

Mr. MELANIPHY. Thank you, Senator. I think it is a two-part answer. First, we must restore historic funding levels that have provided a good balance in the bus and bus facilities program in relation to new starts and state of good repair. So having good funding levels in all those is certainly important.

Then, agencies must have the ability to meet those one-time needs. You may only build a new garage every 40 years or replace vehicles every 10, 12, 15 years, but to be able to meet those lumpy

needs, you need to have that discretion that the bus program just does not address now in a clean, equitable way.

Senator WARREN. Ms. Cline, could you add to that, please?

Ms. CLINE. Yes. We were not in favor, of course, of the cut, but an example in case is that in South Dakota currently, of the 24 vehicles that were requested this year, we were able to award eight vehicle replacement bids. So it is a serious situation.

Senator WARREN. Thank you. And Mr. Hanley.

Mr. HANLEY. I think discretion can be a good thing, but also that the Federal Government needs to establish some standard for what the return on investment is for these local agencies. I could give you some very annoying facts about the way in which some agencies, particularly in New York, have spent their capital funds, you know, spending huge amounts of money that will serve very few people.

So I do think that there has to be some analysis of how that comes out on the other end. Although generally as a rule, I would say discretion for local agencies to figure these things out is a good thing.

Senator WARREN. Well, I appreciate it and I think that is actually a very good point about what kind of constraints you want to put in this. We all want to spend our Federal dollars in the most effective way possible, and I am just concerned about the move to formulate funding and hope that this is one of the things we will think about as we talk about the reauthorization of MAP–21, how the dollars are divided up.

But now I want to go to the point you were raising and that is how many dollars we put into this system. As you know, infrastructure investment creates jobs, both in the short-term and in the long-term. In Massachusetts, across the country, we have roads and bridges that are in need of repair. We have rail and mass transit expansion projects that would allow businesses to grow. We do a good job of identifying our transportation needs, but that is only half the equation.

The second is how we pay for infrastructure repairs and upgrades. So when MAP–21 was enacted last July, it was partially funded by increasing the PBGC pension insurance premiums by 40 percent over 2 years, and through pension smoothing, which allows companies to contribute less to the pension funds now, but can leave those plans underfunded in the future.

This raises money in a 10-year budget window, but ultimately, it means that retirees and future retirees will potentially be on the hook here. Investing in infrastructure is critical to our future, but we should not be doing it on the backs of retirees that way this was funded in the past.

The Highway Trust Fund has been funding critical projects for over half a century by taxing gasoline and diesel fuel, but now we are facing a serious dilemma. The trust fund is nearly empty. Increasing fuel efficiency means that we are bringing in less revenue.

So we all have the same concerns about rail and mass transit. Raising ticket prices means that we will end up funding the system on the backs of those who have fixed incomes, retirees who have to rely on mass transit. So what I really want to bring this down to is where we are going to get the money.

When Congress says no more spending no matter what even on important things like mass transit, like roads and bridges, what they are really saying is they would rather preserve tax loopholes that primarily benefit a few people rather than make the investment in infrastructure that benefits the whole economy.

So I see that I am out of time and I will just simply ask the question, if you could answer very briefly. You could probably give this a yes or no. Are we underinvesting in our mass transit and our infrastructure spending? And I will start the other way. Mr. Hanley.

Mr. HANLEY. Outrageously so, particularly in light of what I have pointed out about young people in America and the growing population of our cities.

Senator WARREN. Thank you.

Ms. CLINE. Definitely.

Senator WARREN. That is strong.

Mr. MELANIPHY. Absolutely. We need increased funding for global competitiveness. We must invest.

Senator WARREN. Thank you. Thank you, Mr. Chairman. I apologize for running over.

Chairman JOHNSON. Mr. Melaniphy, if Congress fails to provide stable formula funds after MAP–21 expires, what will be the effects on APTA's private sector members that supply vehicles and products to the public transportation industry?

Mr. MELANIPHY. Thank you, Mr. Chairman. The public transportation industry, when you look at how we build rolling stock, is not like building a building where you source your bricks and wooden materials locally. These are components that are built in big factories and they supply the Nation, whether they are building locomotives in Idaho, buses in Alabama, or rail cars in upstate New York.

These supply nationwide. When I helped manage a bus manufacturing factory in North Dakota, we had 3,000 suppliers that supplied that factory from all over the Nation and brought good-paying, high tech, highly skilled and well-benefited jobs to that part of the country.

So it is important that we continue to invest to give that long-term stability. If we are only going along on short-term funding, you cannot make that long-term investment in R&D and sustainability with your vendor base, and what happens is we lose suppliers. We have lost any number of bus suppliers in this country because the market has become so unstable and small.

We must have long-term funding in order to create an environment where people want to invest long-term, they want to hire long-term, and keep people there so we are not losing those highly skilled jobs in this market space. Thank you, Senator.

Chairman JOHNSON. Mr. Hanley, what would be an appropriate timeline for changes to bus designs to promote driver safety? How should FTA facilitate discussions on this issue?

Mr. HANLEY. Well, FTA is calling—I am sorry—DOT is calling a summit to examine the assaults on transit workers and we think that is a good step forward. We should immediately begin the process because it takes about 12 years to cycle buses throughout the system, so the buses that get built a year or two from now will begin that, assuming that people adopt this idea.

Chairman JOHNSON. Ms. Cline, the President's recent proposal for reauthorization did not focus funding on the 5311 formula. How important is it that rural formula funds grow along with other funds?

Ms. CLINE. As you know, currently with the 5311 dollars that we are receiving, we are already stretched to the max. It also means that we are placing an undue burden on the repairs and maintenance of outdated stock, stock that is needed to be replaced. I will use the example of some of our systems in South Dakota.

They are unable to raise their wage to a living wage. In fact, some are still at a minimum wage starting salaries. Salaries have not been increased. I think it goes back to simply the working people. They are not even able to retire. So we need to have that increased investment to sustain and to get us back to, I think healing might be a good word, get us back to the point where we can operate and perhaps even expand the services to meet the growing need that we have, in particular with health care and chronic illnesses.

Chairman JOHNSON. Does the typical driver earn a minimum wage?

Ms. CLINE. Oftentimes, the typical driver does not earn minimum wage. Well, no, I will take that back. They do get minimum wage, but the increases to those, which would normally be on a performance-based annual evaluation, oftentimes those increases are not made as they should be because they are trying to keep the costs low enough to provide the service.

Chairman JOHNSON. Thank you. Senator Crapo.

Senator CRAPO. I have no additional questions, Mr. Chairman.

Chairman JOHNSON. Senator Warren.

Senator WARREN. The only thing I would say, Mr. Chairman, if I have more time, is to go back to this question about funding. We have got to have long-term funding, as you say, but we have got to have adequate funding. We know why the investment in infrastructure is important. We just need to find the courage around here to find the money and put the money into our infrastructure investments. So thank you all for being here. Thank you for having the hearing.

Chairman JOHNSON. Senator Menendez.

Senator MENENDEZ. Well, thank you, Mr. Chairman. Mr. Melaniphy, your testimony discusses specific examples of how transit agencies in Houston, Los Angeles, Dallas, Jacksonville, for example, would cope with cuts in Federal funding that could result in an insolvent transit fund, and they include massive service cuts, rolling back paratransit, fare increases.

Can you discuss what impacts an insolvent trust fund might have on the large transit systems in the northeast, for example?

Mr. MELANIPHY. Yes, Senator Menendez. It is key to the economic viability of this country that we have good public transportation that works. If you look at the northeast, you can see how critical it is. When Hurricane Sandy hit and people could not get to work, the impact that had on our economy was significant. Whether it is in big systems or small systems, it is critical that people have access to jobs, access to health care, and access to their communities.

If they cannot get there, they cannot go there. So we must make these investments. Otherwise, we are going to see transit agency cuts in investment and capital and operations, resulting in loss of access to jobs, reduced access to health care, and we are going to slow this country's economic recovery down. It is critical that we make these investments.

Senator MENENDEZ. You know, in our own systems that we operate, mass transit systems have also been the fuel of economic development where we have seen transit systems ultimately be developed, for example, along the Hudson waterfront overlooking midtown Manhattan. The Hudson-Bergen Light Rail system.

Working years to help develop that ultimately created an entire development of the waterfront that increased the rateable base for communities, increased jobs for individuals, and ultimately created even a greater synergy in trans-Hudson crossings by getting people to those trans-Hudson crossings to a mass transit system.

And so, you know, I sometimes think we look at transit just about moving people from one place to the other. There is an economic dimension, there is a quality of life dimension, there is an environment dimension in terms of breathing cleaner air.

And so, when I look at that, I am concerned about an insolvent trust fund, and I agree with my colleague, Senator Warren, that, you know, the patch-up system that we have of trying to fund this process makes for poor public policy, it makes for poor planning decisions, and makes for a poor transit system at the end of the day.

I also want to ask you about—I referred to it in my opening comments about DOT's recently released Conditions and Performance Report that shows it will take $87 billion to simply bring our transit system to a state of good repair. Now, that does not mean to enhance it. It just means to bring it to a state of good repair, and that backlog is largely driven by the cost of repairing the tracks, the stations, the power systems that make up the backbone of our rail transit system.

Does your organization's reauthorization proposal address this backlog and make sure that we are investing the substantial capital needs?

Mr. MELANIPHY. Yes, it does, Senator. It is critical to make these investments to maintain safe, reliable, dependable service to these communities. Safety is paramount to these agencies and we have to have a good investment in railbed, in the locomotives and buses, in the facilities they service.

And to tie to the economic comments that you made, we had two studies done recently. One was done with the National Association of Realtors, one with the U.S. Travel Association. The first study found that the value of housing stock along high frequency transit corridors was 42 percent more resilient than properties outside those corridors because people had access to jobs and they could get around their communities without automobiles.

Our study with the U.S. Travel Association found that downtowns had higher economic viability, higher hotel room rates, if they had a connection to their downtown and their airport through good transit. These studies show that public transportation is good for the economy overall. It is more than just about the trip from A to B.

Senator MENENDEZ. Well, it seems to me that if you can have the very guts of the system be in a State that can actually make billions of rider trips, particularly in places like the northeast, but other places in the country, then you can achieve the type of transit system that creates that economic engine.

Finally, President Hanley, I appreciate your leadership in your organization and your insights. Your testimony notes that between 1998 and 2009, private contracting, for example, for regular bus service doubled, and I know we hear this move toward privatization in an attempt to save money. Yet, privatization often has hidden costs that do not surface when the switch is made.

You propose a new method of calculating these hidden costs, which you call the avoidable cost model. Can you explain how that model would work and how it would help transit agencies in making some sound investment decisions?

Mr. HANLEY. Well, first of all, the best way I can explain what has happened in terms of the starvation of our systems, including the privatization of them, is to take you into a meeting I was at with 25 of our local presidents, brand new presidents who had just gotten elected in various parts of the union.

And one of them stood up in the course of a discussion we had and he said, You know—in eastern Dayton, Ohio—and he said, You know, I have members who work full-time, they have been there for 10 years and they make $12 an hour and they qualify for social services. And that got my attention.

And I said, Well, wait a minute. How could that be? And I said, Well, how many people in this room have that same issue where you have members who are driving buses, fixing buses, working full-time but qualify for social services? Every one of them in the room raised their hands except for the Canadians. That is what happened.

And I was stunned, you know, that in our industry—because, you know, often in the larger cities we think of transit workers as being decently paid. But the fact of the matter is, you know, as has been pointed out this morning, most of them are not and most of them are out there living on very low wages.

And the impact and the secondary cost to privatization includes stripping Americans of their pensions. I just want to point out that one of the largest companies that does this in America is a French-based company named Veolia that is owned by the French Social Security system, and they have a policy in the United States that no worker who works in their transit systems will have a pension.

In fact, no workers who work for Veolia in the U.S. have a pension, and that has long-term implications on our people. It has long-term implications on our country. And, frankly, you know, we have to have priorities. I want you to know first that in 75 percent of the cases where the American people, taxpayers, are given the opportunity to vote to raise their own taxes for transit in referenda, they say yes. Seventy-five percent of these referenda are passing.

The American people are very willing to raise their taxes to pay for a transit system that they know helps the environment and helps the economy, as you pointed out, Senator. But the fact of the matter is that we have different priorities nationally and we ought to rethink them, in addition to which, as Senator Warren said, I

think we have to be, to paraphrase, less timid about going to the American people and talking to them about revenue, because they are willing to pay for it. They just need to know what they are paying for.

And Some of the priorities we have such as our huge war machine, I think really need to be questioned. I know that is not a popular thing to talk about or to say, but the fact of the matter is that the amount of money we spend all over the world defending the American way of life while we diminish the American way of life every single day is really—it really raises the question. What are we defending?

If we cannot defend our Social Security system, if we cannot defend our pensions, if we cannot defend these people who work in every transit system in America who also qualify for social services, what are we defending? I am at a loss.

Senator MENENDEZ. Thank you, Mr. Chairman. Thank you.

Chairman JOHNSON. I want to thank our witnesses for their testimony today.

Unfortunately, we are not able to achieve a quorum this morning to adopt the new Subcommittee roster. We will postpone the executive session until after the first vote at 11:20 this morning off the floor in the President's Room.

This hearing is adjourned.

[Whereupon, at 11:03 a.m., the hearing was adjourned.]

[Prepared statements and additional material supplied for the record follow:]

PREPARED STATEMENT OF MICHAEL P. MELANIPHY

PRESIDENT, AMERICAN PUBLIC TRANSPORTATION ASSOCIATION

MARCH 6, 2014

Introduction

Chairman Johnson, Ranking Member Crapo, and Members of the Committee, thank you for the opportunity to testify on the Federal role in addressing the challenges facing the public transportation industry. I am Michael Melaniphy, President and Chief Executive Officer of the American Public Transportation Association (APTA). Reliable Federal investment—and a steadfast Federal partner—are critically important as public transportation stakeholders work to meet growing and diverse ridership demands, advance safety improvements, and modernize our aging systems, all while facing uncertain Federal funding.

About APTA

APTA is a nonprofit international association of nearly 1,500 public and private member organizations, engaged in the areas of bus, paratransit, light rail, commuter rail, subways, waterborne services, and intercity and high-speed passenger rail. This includes: transit systems; commuter, intercity and high-speed rail operators; planning, design, construction, and finance firms; product and service providers; academic institutions; transit associations; and State departments of transportation. More than 90 percent of the people using public transportation in the U.S. and Canada are served by APTA member systems.

About Public Transportation

APTA's member organizations—both public and private—build, operate, and maintain the Nation's public transportation systems. An essential and expanding component of the surface transportation network, public transportation enhances connectivity within our communities. But from the largest cities to the smallest towns, our systems are showing the strains of chronic underinvestment. Our ability to provide safe and reliable service depends on continued Federal support.

Public transportation ridership has been trending upward for years, and annual ridership now exceeds 10.3 billion trips. To serve this growth, the public transportation industry spends more than $38 billion on operating costs and an additional $17 billion on capital investments, totaling $55 billion annually. While Federal spending represents slightly more than 43 percent of capital expenditures and less than 10 percent of operating expenditures, these Federal dollars make an enormous difference in our ability to address capital investment needs and operate bus service in many communities.

Federal funding is also critical to closing the well-documented infrastructure investment gap that has left many systems struggling to bring their infrastructure into a state of good repair. Transit systems must address this backlog at the same time that they are expanding service to meet the needs of riders as diverse as aging-in-place seniors, urban millennials, suburban commuters, and residents of small towns. U.S. Department of Transportation's (DOT) just-released Conditions and Performance report documents how the growing backlog of transit system preservation needs now totals $85.9 billion. This backlog is up 9.7 percent since 2010 and will increase by $2.5 billion annually if funding stalls at current levels. The Department estimates that more than $8 billion in annual capital expenditures is needed to pay down this backlog over the next 20 years.

Reliable Federal Support Is Essential

We are all acutely aware of the impending Highway Trust Fund revenue shortfall. We also fully recognize the difficult choices it presents: either identify additional revenues, deposit more General Fund revenues into the Trust Fund, or dramatically slash transportation investment. In crafting MAP–21 amid similarly sobering revenue projections 2 years ago, Congress rejected the notion of retreating from its longstanding role in supporting public transportation and supplemented dedicated revenues with a transfer from the General Fund. While this approach worked for a 2-year bill like MAP–21, and is certainly preferable to additional short-term extensions, it does not provide the needed predictability of a traditional, multiyear authorization bill backed by dedicated new revenue to support program growth.

We believe our revenue challenges cannot await a solution in the next authorization bill. The U.S. DOT estimates that reimbursements to transit agencies and State highway departments may be delayed or reduced, due to cash flow shortfalls before MAP–21 expires at the end of this fiscal year. Later in my testimony, I provide examples of how several individual transit agencies would be impacted by the loss of Federal funding. These impacts are as devastating as they are avoidable. We urge

you to act swiftly to prevent the service cuts, fare increases, and construction project suspensions these funding cuts could require. We are encouraged by recent revenue proposals from both President Obama and House Ways and Means Committee Chairman Camp to ensure the continued health of the Highway Trust Fund and sustained Federal investment in transportation, but we are also concerned about the ability to advance these proposals in a timely manner.

A Local, State, and Federal Partnership

Providing public transportation choices has always been a partnership, involving public sector agencies at all levels of government working with nonprofit and private sector stakeholders. At the local level, strong public support for transit is reflected in a 77 percent success rate over the past 5 years for ballot initiatives seeking funding for public transportation. Americans are also voting with their fare cards: since 2004, the growth in public transportation use has significantly outpaced the growth of both highway miles traveled and the U.S. population as a whole. The planning, development, and construction of hundreds of public transportation projects annually is carried out predominantly at the local level by transit agencies—and their private sector partners—with deep roots in the communities they serve. In addition to improving mobility, transit projects shape land use and development patterns, generate jobs, and stimulate productivity gains that benefit the Nation and advance national goals. In short, well-designed transit service is a catalyst for economic growth. The Federal Government's longstanding role helps to ensure that these locally derived benefits are fully integrated into the national multimodal transportation network that is so essential to ensuring U.S. competiveness in our global economy.

On a very fundamental level, Federal transportation funding keeps this economic engine running, as transit agencies can only plan and advance large, multiyear capital projects when they can be confident the resources will be there when they are ready to break ground. While we can all understand the appeal of "shovel-ready" projects, the capital projects needed to reduce our large backlog of capital needs are the product of comprehensive and fiscally constrained metropolitan and statewide planning decisions. In turn, such long-range planning requires steady, long-term investment by all levels of government.

The returns on this investment have been substantial. From its start in President Reagan's successful "Nickel for America" campaign, dedicated Federal investment in public transportation has helped support ridership growth of 30 percent—that is nearly 2.5 billion more trips per year today than before this Federal funding commitment. For every dollar we invest in public transportation, we generate about $4 in economic returns. And $1 billion in Federal transit investment fosters productivity gains that create or sustain 50,000 jobs. As these investment metrics make clear, local, and regional transportation improvements yield national benefits.

APTA's Recommendations for the Next Authorization Bill

Communities across the country know that public transportation is a smart investment and have found creative ways to advance projects, but they cannot do it alone. Only through sustained, robust investment by all levels of government can we maintain what we have built and grow for the future. The more than 10 billion trips riders took last year are, in part, the product of decades of Federal support. In our authorization proposal, APTA seeks increased Federal funding in a multiyear bill; we must keep this momentum going.

Closing the Infrastructure Investment Gap

As our impending revenue shortfall makes clear, funding uncertainty delays capital investments and drives up project costs. To ensure the reliable, long-term funding best suited to infrastructure investment, APTA urges Congress to enact a 6-year, $100 billion authorization for the Federal transit program that includes robust funding to grow the program from $10.7 billion in the current year to $22.2 billion in 2020. Revenues into the Highway Trust Fund must increase to support this much needed growth.

Our funding proposal is robust because our needs are real. APTA's authorization recommendations are based on needs identified in eight categories of equipment and facilities funded under the current Federal program. They are based on the need for 6-year investment from all sources—fares, local, State, and Federal—of $245 billion. APTA's investment requirements include the cost of bus replacements, demand response vehicles, rail vehicles, state-of-good-repair spending, New Starts and core capacity projects, and other costs.

We ask that Congress identify dedicated funding that supplements current HTF revenues to ensure the long-term health and growth of Federal public transportation and highway programs through and beyond the next long-term authorization bill.

We support the preservation and growth of revenues that go into the Mass Transit Account of the Highway Trust Fund and oppose efforts to devolve existing Federal surface transportation programs.

Our proposal calls for increased funding across the Federal transit programs for Capital Investment Grants, State of Good Repair, Bus and Bus Facilities, and formula programs. Recognizing that large but infrequent bus rolling stock and facility projects are challenging to address with a limited formula program, APTA recommends restoring a discretionary component to the bus program and boosting overall bus program funding to pre-MAP–21 levels in a way that also allows for growth in all major programs.

Leveraging Limited Public Resources

Transportation funding resources are constrained at all levels of government. Transit agencies continue to explore ways to make their limited funds go farther, including program reforms, cost-reduction measures, and greater leveraging of public dollars. While grant funding will remain the largest and most crucial source for transit capital investments, APTA supports a broad range of funding and finance solutions, including a number of tax incentives to encourage greater private investment in infrastructure as well as improvements to make Federal transportation credit programs more useful and affordable to smaller project borrowers.

Nationwide Solutions

For several programs where transit stakeholders face common challenges nationwide, the Federal Government is best suited to take the lead. These national priorities include the Transit Cooperative Research Program (TCRP), Technical Assistance and Standards, and Human Resources and Training. To restore funding predictability to these programs, we recommend they be authorized as a $25 million annual set-aside from the urban formula program. We also call for increased flexibility to use formula funds for training. With greater funding certainty, we can maximize the returns on this relatively modest investment: practical research results that are ready to deploy, common standards and best practices to improve efficiency at all systems, and workforce training solutions for our increasingly sophisticated industry.

Assisting communities in the wake of disasters will remain a fundamental role of the Federal Government. We support MAP–21's new Public Transportation Emergency Relief program and urge Congress to fully and promptly fund transit relief and reconstruction projects in times of need.

Costs of Federal Divestment

At a time when all factors—record-high ridership, the growing backlog of system preservation needs, and the broad economic benefits of investment—support far greater transit funding, we face the serious threat of cuts to the Federal program, as HTF revenues have not kept pace with needs. Transit agencies remain committed to providing the highest and safest level of service for their riders and would make every effort to mitigate the effects of any Federal funding cuts, but the potential for cuts in service, capital maintenance, and capital expansion projects are all too real.

In their capital budgets, agencies would be required to reexamine existing commitments to address state-of-good-repair projects, and instead focus limited resources on maintaining safe service on fewer or less frequent lines. Our smaller systems would likely be the first to feel the impacts, because they often rely on Federal funding for a greater portion of basic operating costs than larger agencies with broader revenue sources.

We urge Congress to find a revenue solution in time to prevent the significant impacts that a loss of Federal revenues would impose on transit riders and systems nationwide. For the Capital Metro system in Austin, Texas, Federal transit funding of $28 million represents 14 percent of their operating budget. Without it, Capital Metro would have to reduce bus serve by 33 percent, or about 11 million trips annually.

In Los Angeles, where the Metropolitan Transit Authority operates 6 rail lines and 6.8 million revenue hours of bus service, the loss of Federal funds would require the MTA to shut down at least one rail line and cut over 1 million revenue hours of bus service. These sizable reductions in bus and rail service would be accompanied by dramatic fare increases, doubling the MTA's base fare from $1.50 to $3.00.

The situation is difficult in Dallas, Texas, as well. The Dallas Area Rapid Transit System, or DART, expects it would initially need to draw heavily from its reserve fund, as its public and budget hearing requirements would make it almost impossible to make service cuts and fare increases quickly enough to cover for Federal

cuts potentially just a few months away. DART estimates it would then need to cut its 69 million annual fixed route trips by 15 to 20 percent—10 to 13 million trips—to absorb the Federal cuts. DART would also be forced to cut paratransit service down to the minimum geographic area required by Federal law, eliminating 25,000 to 50,000 trips from the 700,000 trips it currently provides each year.

Some agencies have also warned of the snowball effect from losing Federal funds. For example, in Jacksonville, Florida, the Jacksonville Transit Authority has successfully leveraged State Development Transportation Credits as a soft match to Federal formula funds, saving $3.5 million annually. Without Federal funds, these savings disappear.

Conclusion

As we face record-high transit ridership on increasingly aging systems, reaffirming the Federal commitment to the millions of Americans who ride public transportation is more essential than ever. APTA's recommendations for robust Federal funding in the next surface transportation authorization bill reflect our belief that Federal investment in transportation is an investment in American jobs, American communities, and American economic competitiveness. In the most mobile Nation in the world, public transportation links people, neighborhoods, and businesses—efficiently, safely, and reliably. Investment in public transportation is much more than building physical infrastructure; it is an expression of our collective national will to keep moving forward.

PREPARED STATEMENT OF BARBARA K. CLINE

PRESIDENT, BOARD OF DIRECTORS, COMMUNITY TRANSPORTATION ASSOCIATION OF AMERICA, AND EXECUTIVE DIRECTOR, PRARIE HILLS TRANSIT

MARCH 6, 2014

Mr. Chairman, Ranking Member Crapo, and Members of the Committee, thank you for inviting me to appear before you today to discuss reauthorization of the Nation's surface transportation legislation—Moving Ahead for Progress in the 21st Century Act, known as MAP–21—and the Federal role and current challenges to public transportation.

I appear before you today as the President of the Community Transportation Association of America's (CTAA) Board of Directors, a national nonprofit, membership association committed to removing barriers to isolation and improving mobility for all people. The Association—founded in 1989—provides informational resources, technical assistance, training and certification, and many additional resources to communities, transportation providers, and other groups to increase mobility and improve the quality of community and public transportation.

I am also the Executive Director of Prairie Hills Transit, located in Spearfish, S.D. Prairie Hills Transit serves a 12,000 square mile service area and grew from an operation that started with a single van to one today comprised of 38 vehicles and 50 employees in six South Dakota counties. I believe I am well-qualified to represent the more than 4,000 members of CTAA, as well as other rural transit providers like Prairie Hills Transit.

CTAA's Core Mobility Values

Over the past 2 years, CTAA—through extensive outreach and engagement with its members and the larger community and public transportation industry across the Nation—has identified a series of core mobility values and specific policy recommendations to address the Nation's mobility future. These values have been consistently codified and strengthened throughout the history of Federal surface transportation legislation—including their current embodiment in MAP–21—and must be continually reinforced and expanded upon in any subsequent reauthorization.

As an association, we believe that mobility is a basic right for all Americans that requires Federal investment paired with support from State, county, and local governments, as well as the means to encourage partnerships with the private sector and nongovernmental interests. This need is triggered by a rising national population, increasing rural isolation, growing congestion and escalating climate change that demands greater community and public transportation options at the same time as regulations and policies place barriers to the development of new services while also making maintenance of existing systems more challenging.

This national mobility need requires a strategy that increases investment by responding to growing demand while enhancing productivity in all communities, regardless of location or size. The same level of investment is necessary to support riders of community and public transportation, whether they are compelled to travel

by need—ranging from older Americans and people with disabilities to veterans, tribal members and low-income workers—or choice. The investments we make now in improved options will return immense value for our entire society—both today and in years to come. For it is true that the greatest Nation in the world should also be the world's leader in community and public transportation.

The effects of Congressional failure to reauthorize the Nation's surface transportation legislation (MAP–21) would have devastating impacts not only on the members of CTAA, but—more importantly—the communities and passengers they serve. The current framework for our Nation's entire community and public transportation network depends on continued, reliable and sufficient Federal investment, which has largely been provided through the Mass Transit Account of the Highway Trust Fund. In recent years, routine shortfalls in the Highway Trust Fund have left Congressional leaders scrambling to cover the gap in revenue.

Recent proposals from both the Obama administration and House of Representatives' Ways and Means Committee Chair Dave Camp offer encouraging signs that sufficient sources of revenue may be made available to support a meaningful reauthorization of MAP–21. Congress must act to ensure the Nation's community and public transportation network is able to continue to meet the Nation's current mobility needs and also respond to emerging needs, as well.

Policy Recommendations Overview

While CTAA and its members are open to a wide range of potential revenue sources to support the Trust Fund and its Mass Transit Account, make no mistake: if Congress fails to act, there will be staggering consequences to the millions of people who depend on community and public transportation every day to access jobs, health care, community services, youth education and training, shopping and retail outlets, child care, and all the other elements of our communities that sustain our quality of life. Most immediately, service will be cut—often dramatically—at a time when more Americans than ever rely on these vital mobility options and fares will rise, often at the same time. Maintenance will suffer and vehicles will be further operated well beyond their recommended lifespan, all of which will impact reliability and on-time performance. Passengers will be the hardest hit, arriving to work late (or not at all), missing life-sustaining medical appointments and children will wait longer to be picked up from child care. In short, riders will pay more for less service that is also less reliable.

In rural communities and small urban areas, the impacts of a lack of continued investment in mobility options will be felt even more acutely. These communities depend on the support of Federal programs to a greater degree than their counterparts in larger urbanized regions, as State investment is often inconsistent and local resources are often strained. There are no rainy day funds for the majority of rural and small urban transportation providers. At the same time, people in rural America and smaller cities typically have lower incomes and fewer mobility options at their disposal than those living in larger urban communities, magnifying the impacts of service cuts, disruptions and fare increases. The ramifications of a failure to reauthorize our Nation's surface transportation legislation will be disproportionately borne by rural and small urban Americans.

Moreover, these startling outcomes only presuppose maintenance of currently available service, not those of which are also required to meet the steadily climbing need for new mobility options. In communities of all sizes and locations, people need expanded transit service—new buses, trains and vans; vanpools and bike routes—to reach vital destinations in their neighborhoods and regions. MAP–21 represented a tepid response to this growing demand. Its successor must do far better in providing mobility operators the resources necessary to best serve their communities.

As Congress undertakes the process to reauthorize our Nation's surface transportation legislation, CTAA and its members believe a series of structural foundations are necessary to maintain current mobility options and add new ones.

Overall, the Federal transit program must receive growing investment to sustain all current community and public transportation operations—including both their capital and operating needs—along with a special focus on the growing demand for service in rural and small urban America. To this end, a renewed bus capital program that not only restores investment to pre-MAP–21 levels, but responds to the past 2 years of chronic underfunding is essential. No single issue is of greater concern to CTAA and its members.

Additionally, new legislation must be stable and support long-term funding whereby the most responsive and efficient decisions are made. This requires a reauthorization period of at least five (5) years. The legislation's timeframe must be paired with dedicated, diversified revenue derived from sources beyond current levels of the

Federal gas tax. Those sources could include increasing and/or indexing the Federal gas tax, or implementation of alternative revenue streams.

CTAA and its members recommend that Congress renew its leadership role in the selection process of needed transit projects while also increasing investment levels to correspond with the costs of new Federal mandates imposed on transportation providers. We also recommend incentives for investment from the private sector and increased investment in growing nontraditional responses to mobility demands and in meeting the growing mobility needs of America's most vulnerable populations.

These, among other more detailed recommendations and priorities for MAP–21 reauthorization from CTAA and its members relating to rural and small urban transit, operating and capital investment, the Section 5310 and coordination/mobility management programs, nonprofit transit providers, mobility management, Federal regulations and planning can be found in the attachment that follows this statement.

The Case for Increased Investment

CTAA and its members are committed to a growth strategy for all forms of surface transportation. Investment in our Nation's surface transportation infrastructure—particularly public and community transportation in rural and small-urban areas—has lagged behind demand. The continuing impact of aging in place, regionalizing rural employment and health care, as well as the bus capital crisis and rising community and passenger demand, make investments in rural and small urban transit in MAP–21's successor critical.

In the third quarter of 2013, ridership on transit systems in communities with populations under 100,000 grew by 2.89 percent compared with the prior year—the fastest growing segment of the community and public transportation industry. Ridership in these smaller communities has, in fact, grown every year for the past 5 years. Employment and medical trips make up the bulk of these growing trips, creating the type of positive outcomes that are the foundations of rural and small-urban transit.

In rural and small-city community and public transportation, the lack of adequate Federal investment manifests itself in aging rolling stock and limited operations. Regulatory burdens have more dire consequences and finding local share to match Federal investment is more challenging. As stated above, the threat of no MAP–21 reauthorization and the looming shortfall in the Mass Transit Account of the Highway Trust Fund has a vastly disproportionate impact on rural and small-urban transit operations, which rely more heavily on Federal investment.

The Looming Bus Capital Crisis

The single greatest example of the lack of Federal investment in rural and small-urban transit is in the bus capital program. MAP–21 cut by half the traditional Federal program which rural and small-urban transit used exclusively to purchase buses. MAP–21's Section 5339 Bus and Bus Facilities Formula program provides only $1.25 million per State for rural bus replacement needs and allocates similarly meager amounts through a formula for small-urban areas. The result is a looming bus capital crisis.

For example, in my home State of South Dakota, out of 377 total public and community transportation vehicles in service, 358—more than 95 percent—exceed recommended useful life standards (5 years or more than 150,000 miles). Of those, 187 vehicles have been operating for more than 10 years! In 2013, 10 systems applied to receive investment for 24 new vehicles, but enough funding was awarded to purchase only 8 of those 24 required vehicles. At current levels of investment, it would take nearly 20 years to replace all transit vehicles operating past their retirement age. For reference, in 2013, those systems carried more than 1.4 million riders and traveled more than 4.8 million miles.

Small urban communities face similar challenges. In West Virginia, two small-urban transit systems are operating fleets where greater than 51 percent of their vehicles exceed FTA's recommended retirement date, while another nine rural operators find that anywhere from 26 to 50 percent of their vehicles are operating beyond recommended retirement.

And, finally in New Jersey, more than 30 percent of the State's countywide community transit vehicles—service transporting that State's most vulnerable population—are at least 7 years old and have operated at least 175,000 miles, a total of 313 out of 995 vehicles.

The lack of adequate bus capital funding has an equally dire consequence to rural and small-urban operating investment. As vehicles age, they become significantly more expensive to maintain, resulting in rising operating costs. Older buses tend to be less fuel efficient than newer ones, also increasing operating expenses. Smaller

buses—widely in use in rural and small-urban systems—often have recommended 5-year service lives. The crisis in bus replacement at these agencies is no doubt exacerbated by the fact that these systems purchased many buses through the 2009 American Recovery and Reinvestment Act, vehicles which are now reaching the end of their useful lives.

CTAA and its members support both formula and discretionary solutions to this bus capital crisis, and hope to work with members of the Senate Banking Committee as well as other members of Congress to find solutions in this reauthorization to ensure rural and small-urban bus operators access to the capital they need to continue to serve their communities and passengers.

Regulatory Relief

The fact that this crisis coincides with the impending arrival of Federal transit safety regulations even further adds to the challenge facing rural and small-urban transit operators. These new regulations specifically cover a state of good repair and transit asset management. Yet, there is no specific state of good repair capital program for bus operators of any size as there is for traditional rail systems (Section 5337), nor is there any additional Federal investment to help these smaller systems acquire the rolling stock assets needed to ensure system safety. CTAA and its members fully support transit safety efforts and initiatives and continue to cooperate with the Federal Transit Administration in its development of these important transit safety regulations. MAP–21 reauthorization is the time to ensure that the needed capital investment for rural and small-urban bus operators is available to fully meet the forthcoming safety regulations and requirements.

In fact, CTAA and its members recommend that no new or additional Federal regulations be developed for rural and small-urban transit members without first developing a cost analysis. Further, these operators recommend that adequate Federal investment to implement new and additional regulations be part of the next surface transportation reauthorization bill.

Supporting Vulnerable Populations

In MAP–21, the New Freedom program was combined with the Section 5310 program, along with a subsequent new set of program guidance. CTAA and its members support both increasing Section 5310 investment as well as the ability of States to select programs within the Section 5310 program—as was the case prior to MAP–21.

Nonprofit agencies play a vital role in efficiently and cost-effectively serving vulnerable populations in rural and urban areas alike. Therefore, we support adding a Job Access and Reverse Commute (JARC) maintenance goal or percentage set-aside in the Section 5307 program, as well as developing language to incentivize and maintain the role of nonprofits in local procurements.

Mobility Management strategies promote transit innovations that meet the growing and changing needs of all sized communities and offer right-sized approaches to serving vulnerable populations. CTAA and its members support investing in mobility management strategies to ensure cost-effective and efficient coordination of all human service transportation programs with community and public transportation and private operators into a full-fledged family of transportation services.

Population demographics and health care policies and trends are the two most prominent factors driving transportation demand in rural and small-urban America. Rural communities are increasingly aging, just as the services designed for older Americans in rural communities become more dispersed and regional in nature. Longer, more expensive trips are the result of these trends.

Health care trips in smaller communities and larger ones alike, have become inundated by demand for regular transportation to manage chronic conditions like dialysis, cancer treatments, physical/occupational therapies and even behavioral health services. The traditional service models deployed by community and public transportation systems are being strained by the burgeoning demand for these trips—many of which come from outside the Medicaid arena where nonemergency transportation is not covered. Further, the expansion of Medicaid program enrollment through the Affordable Care Act will assuredly add to this already overwhelming transportation demand (see our recently released study on nonemergency medical transportation included in the attachment section).

A Time To Act

It is vital that Congress acts decisively to reauthorize the Nation's surface transportation legislation by shoring up the Mass Transit Account of the Trust Fund and delivering crucial investment to America's community and public transportation systems and the millions of people they serve every day.

MAP-21 Reauthorization &
Surface Transportation Policy
CTAA's Recommendations
Spring 2014

CTAA's Core Mobility Values

We recognize that many parts of the federal government play important and vital roles in addressing our nation's mobility future. Among the most important of these efforts are those included under legislation first developed more than 50 years ago and continued by legislation passed in 2012 titled Moving Ahead for Progress in the 21st Century (MAP-21).

+ We believe that mobility is a national need requiring investment by all Americans through our federal government and one that requires support of our states, cities, counties and other public and private institutions and interests.

+ We believe the increasing population of our country creates demand for expanding community and public transportation services, and that policies and practices that prevent the integration of the varied transportation resources and assets to support community mobility networks remain a barrier to maintaining existing services.

+ We are committed to an investment growth strategy for community and public transportation that responds to growing demand and enhances productivity.

+ We believe that community and public transportation is needed in all communities regardless of size or location.

+ We believe the increasing population of our country creates demand for expanding community and public transportation services as well as maintaining existing ones.

+ We believe that a growing number of people choose community and public transit as a mobility option. But we also recognize that choice is not an option for many of our fellow Americans — seniors, people with disabilities, veterans, low-income populations, Tribal members, etc. — for whom community and public transit is a necessity.

+ We believe that investments made today return value in years to come.

+ We expect the greatest nation in the world to be the world's leader in community and public transportation.

About This Document

Our Association's priorities build on a series of meetings, discussions and deliberations over the last year that have identified ways MAP-21 reauthorization can help our nation meet its mobility challenges and make sure our nation is the world leader in community and public transportation and in the industries required to strengthen our economy and create opportunity. The following document — though focused around MAP-21 reauthorization — includes additional, over-arching surface transportation policy priorities that fall outside the scope of MAP-21.

CTAA's MAP-21 Reauthorization Structural Recommendations

We Support:

+ For stability and planning, a five (5) year minimum Reauthorization

+ Dedicated, diversified revenue beyond the current federal gas tax

+ increasing and indexing the current Federal gas tax

+ using both formula and discretionary funding distribution

+ Incentivizing opportunity for more private-sector investment

+ Increasing investment to cover the costs of new Federal mandates

+ The renewed role of Congress in selecting needed transit projects

+ Growth in Overall Federal Transit Program to Sustain All Current Operations, Both in Capital and Operating

+ Equitably distributing all community and public transit investment

+ Increasing Funding to Meet Growing Demand in Rural and Small-Urban America

+ Increasing investment in Bus Capital that not only returns investment to pre-Map-21 levels, but that makes up for past two years of significant bus capital underfunding

+ Increasing investment to manage growing non-traditional mobility demands

Community Transportation Association

www.ctaa.org

CTAA's MAP-21 Reauthorization Recommendations for Rural Transit

We Support:

+ A five (5) year minimum Reauthorization with growing, stable investment in the Section 5311 program

+ Increasing Section 5311 investments to offset the rise in operating costs due to wage and health care costs

+ Increasing investment in the Section 5339 program that not only returns investment to pre-Map-21 levels, but that makes up for past two years of significant bus capital underfunding

+ Developing federal government performance measure on transit capital replacement Levels sufficient to maintain current service levels

+ Provide additional revenue into Section 5337 State of Good Repair Program to Allow for Bus Capital State of Good Repair Investment for rural transit

+ Continuing the land-mass adjusters in the Section 5311 formula

+ Developing rural-centric performance measures in cooperation with rural transit operators

+ Promoting cooperative arrangements around rural/urban boundary lines that recognize regional operations

+ Ensuring that safety regulations for rural transit minimize additional record-keeping, data collection and reporting

+ Creating financial incentives for private-sector investment in rural transit

Community Transportation Association

www.ctaa.org

CTAA's MAP-21 Reauthorization Recommendations for Small-Urban Transit

We Support:

+ A five (5) year minimum Reauthorization with growing, stable investment in the Section 5307 program

+ Increasing Section 5307 investments to offset the rise in operating costs due to wage and health care costs

+ Increasing investment in the Section 5339 program that not only returns investment to pre-Map-21 levels, but that makes up for past two years of significant bus capital underfunding

+ Developing federal government performance measures on transit capital replacement Levels sufficient to maintain current service levels

+ Provide additional revenue into Section 5337 to Allow for Bus Capital State of Good Repair Investment

+ Rewarding performance and productivity by increasing Small Transit Intensive Cities (STIC) set-aside in Section 5307 program

+ Providing additional flexibility to small-urban transit providers by allowing them to choose designated recipient status and thus receive Section 5307 and 5339 funds directly

+ Ensuring that Safety Regulations for Small-Urban Transit Minimize Additional Record-Keeping, Data Collection and Reporting

+ Promoting cooperative arrangements Around rural/urban boundary lines That recognize regional operations

+ Creating financial incentives for private-sector investment in small-urban transit

Community Transportation Association
www.ctaa.org

CTAA's MAP-21 Reauthorization Recommendations for Transit Operating

We Support:

+ Allowing farebox revenues to be used as local share

+ Allowing demand-response systems in urban Areas the same flexibility as fixed-route systems in the ability to Use Section 5307 funding for operating

+ Continuing operating flexibility in Congestion Mitigation and Air Quality (CMAQ) funding beyond the previous three-year limit

+ Increasing flexibility in Operating Investment Throughout the Transit Program, allowing local transit agency decision-making on the use of formula investment for capital and operating

+ Increasing operating investments to offset the rise in operating costs due to wage and health care costs

Community Transportation Association

www.ctaa.org

CTAA's MAP-21 Reauthorization Recommendations for Transit Capital

We Support:

+ Increasing investment in the Section 5339 program that not only returns investment to pre-Map-21 levels, but that makes up for past two years of significant bus capital underfunding

+ Flexible capital investment to suite local priorities and populations

+ Developing federal government performance measure on transit capital replacement Levels sufficient to maintain current service levels

+ Maintaining the capital infrastructure community and public transportation systems are currently operating before building new systems

+ Providing additional revenue into the Section 5337 Program to Allow for Bus Capital State of Good Repair Investment

+ Providing investment for rural and small-urban transit systems to implement Transit Asset Management Regulations

+ Fostering increased and reasonably priced rolling stock options for all forms of transit through the Buy America program

+ Developing a model transit procurement process for rural and small-urban operators that incorporates regional and multi-state arrangements and is in cooperation with states and transit operators

Community Transportation Association
www.ctaa.org

CTAA's MAP-21 Reauthorization Recommendations for Section 5310, Coordination & JARC

We Support:

+ Studying MAP-21's consolidation of the Section 5310, JARC and New freedom programs through TRB/TCRP, determining the impact of these changes

+ Adding a JARC Maintenance Goal or Percentage Set-Aside Into Section 5307

+ Increasing Investment in Section 5310 Program to Deal with Growing Population of Older Americans and People with Disabilities

+ Allowing States the ability to manage Section 5310 programs as they did prior to MAP-21 and allow states full discretion on program selection

Community Transportation Association
www.ctaa.org

CTAA's MAP-21 Reauthorization Recommendations for Nonprofit Transit Providers

We Support:

+ Recognizing the vital role of nonprofit transit providers in America's mobility network

+ Providing incentives to maintain nonprofit transit providers through special treatment in local procurements

+ Studying MAP-21's consolidation of the Section 5310, JARC and New freedom programs through TRB/TCRP, determining the impact of these changes

+ Adding a JARC Maintenance Goal or Percentage Set-Aside Into Section 5307

+ Increasing Investment in Section 5310 Program to Deal with Growing Population of Older Americans and People with Disabilities

+ Allowing States the ability to manage Section 5310 programs as they did prior to MAP-21 and allow states full discretion on program selection

Community Transportation Association

www.ctaa.org

CTAA's MAP-21 Reauthorization Recommendations for Mobility Management

We Support:

+ Investing in mobility management strategies to ensure cost-effective, efficient coordination of All Human Service Transportation programs with community and public transportation programs and private operators into a family of mobility services

+Recognizing mobility Management strategies to promote transit innovations that meet the growing and changing needs of communities and that offer mobility solutions to vulnerable populations

+ Studying the return on investment, through TRB/TCRP, in all forms of community and public transportation in the Continuum of Care and Relationship Between Mobility, Positive Health Care Outcomes and Reduced hospital Re-admissions and improved discharge management

Community Transportation Association

www.ctaa.org

CTAA's MAP-21 Reauthorization Recommendations for Regulations

We Support:

+ Nothing about us without us — All new federal regulations should be developed with the consent and cooperation of the community and public transit industry

+ No Additional Regulations Without Requisite Investment and a cost analysis to be completed along with all new regulations

+ Sufficient investment to implement State of Good Repair requirements

+ Consistent and timely decision-making, communications and processes from the Federal Transit Administration

+ Reviewing Safety Regulations for all Transit Operators That Minimize Additional Record-Keeping, Data Collection and Additional Reporting

+ Performance Measures that are incentives, Community-Specific and Realistic

+ Developing federal government performance measure on transit capital replacement Levels sufficient to maintain current service levels

+ Expanding Flexibility and consistency for Local Match and in-kind contributions in all FTA titles, Including use of Farebox Revenues

+ Fostering increased and reasonably priced rolling stock options for all forms of transit through the Buy America program

+ Developing a model transit procurement process for rural and small-urban operators in cooperation with states and grantees

+ Bringing Common Sense to Charter Bus Regulations by Solidify the Rural Exemption, eliminating nation-wide bidding and enforcing good-faith bidding standards

Community Transportation Association
www.ctaa.org

CTAA's MAP-21 Reauthorization Recommendations for Planning

We Support:

+ Including persons with disabilities, older individuals, persons from low-income households, Veterans and persons representing an urbanized area's predominant racial or ethnic minority populations in all state and local transportation planning activities

+ Including rural transit providers and major constituencies served by these rural transit providers in Metropolitan Planning Organization (MPO) processes

+ Ensuring that states consult with providers of rural and intercity public transportation services in the development of statewide and non metropolitan plans and transportation programs

+ Urging State Departments of Transportation to coordinate plans, programs and activities with the planning activities carried out by other state agencies that use transportation

+ Including and accounting for major public and private health care and employment trip generators in all transit planning activities

+ Developing a real role for community and public transit providers and planners in defining census designations that impact these operations

Community Transportation Association
www.ctaa.org

Community Transportation ASSOCIATION

This year marks the 40th anniversary of *Smith vs. Vowell*, a federal court case dealing with transportation for those receiving health care benefits under Title XIX of the Social Security Act — what we know today as Medicaid. Many people believe this case created the non-emergency medical transportation program (NEMT) that provides access to health care for millions across America, in communities of all shapes and sizes. In making its decision about the merits of transportation in health care for Medicaid patients in the 1970s, the court grasped fundamental health care concepts that few understood at the time of its ruling but that dominate medical transportation issues today.

Patients who brought this litigation had the need for multiple trips to-and-from outpatient services, often weekly or monthly. At the time of their lawsuit, the state of Texas only provided ambulance transportation for Medicaid recipients to the "nearest emergency facility." Yet, these patients needed services to non-emergency treatment facilities, like physical and occupational therapy, gastroenterology clinics and urology treatments by specialists. The court found that these patients' complex medical needs were, "of such a magnitude that no single doctor or clinic" was capable of meeting their needs, and that the absence of this service in the state Medicaid plan was "preposterous." When the state raised costs as a concern the court responded by ruling, "the deprivation of medically necessary transportation is disadvantageous to the state" and "a kind of false economy that only results, in the end, in higher medical costs."

Today's medical environment has only increased the complexity observed by the court 40 years ago, and the failure to take appropriate steps to maintain outpatient connections costs considerably more. That's why NEMT was a good idea then and today.

The paper prepared by MJS & Co., recognizes the complexity of today's medical environment by highlighting the important role that behavioral health and other complex medical conditions play in transportation to today's medical services. These new challenges in patient management include the scheduling of transportation services. The court addressed this, as well, when it stated that the patent cannot be expected "to assume the administrative as well as the fiscal burden of arranging" their own transportation. To ask the patient to do that, especially those with complex health issues, according to the Court was "neither therapeutic, practical, nor legal." The need for skilled intermediaries in the transportation process was viewed as important for 40 years, not for financial reasons, but as an essential element in a plan of care.

The expanding Medicaid population, especially those with chronic care and special health care needs, needs the same transportation benefit. If the federal government permits states to drop the NEMT benefit, it will not take many patients to repeat the mistakes found by the judge writing in *Smith vs. Vowell*, who found that limitations on transportation are a "false sense of economy." That is why past experience is key and this paper by MJS & Co., so relevant.

Medicaid Expansion and Premium Assistance:
The Importance of Non-Emergency Medical Transportation (NEMT)
To Coordinated Care for Chronically Ill Patients

February 2014

New data shows that, last year, millions of chronically ill Americans relied on the Medicaid program for transportation to life sustaining medical care such as kidney dialysis and treatment for severe mental illnesses, such as schizophrenia. Lack of health insurance is often equated with lack of access to health services. However, the experience of millions of low-income Medicaid beneficiaries makes clear that health insurance coverage alone does not guarantee access to healthcare services. A previous analysis[1] of National Health Interview Survey data (1999 to 2009) found that 7% of Medicaid beneficiaries reported transportation as a barrier to accessing timely primary care treatment and even 0.6% of those with private coverage reported struggles with similar transportation barriers. As many states propose to scale back the Medicaid transportation benefit, it is important to note that no other barrier varied so greatly in prevalence between individuals with commercial insurance and those with Medicaid.

Transportation is a major barrier for a number of vulnerable individuals --whom a new data set shows are chronically ill Medicaid beneficiaries that need recurring access to live-saving health services. The Medicaid non-emergency medical transportation (NEMT) benefit removes this barrier by providing the least costly, but appropriate, method of transportation service, including taxis, vans and public transit for Medicaid beneficiaries unable to get to and from their medically necessary appointments. The data presented below shows the vital importance that transportation plays in the lives of those patients with chronic health conditions who require recurring visits to dialysis centers or behavioral health services. Millions of beneficiaries with chronic conditions will enter the Medicaid program through the Affordable Care Act. For instance, "in the District of Columbia and the 25 states where the expansion is under way, nearly 1.2 million uninsured adults newly eligible for coverage will have substance abuse problems, according to federal estimates, and more than 1.2 million are projected to have some sort of mental illness. An estimated 550,000 of those will have serious mental disorders that impair their everyday functioning."[2,3] They will need NEMT to access life sustaining health care services and treatments.

---

[1] Cheung PT, Wiler JL, Lowe RA, Ginde AA. "National study of barriers to timely primary care and emergency department utilization among Medicaid beneficiaries." Annals of Emergency Medicine. 2012 Jul;60(1):4-10.e2.
[2] Pugh, Tony. "Medicaid expansion is expected to strain mental health services." McClatchy Washington Bureau. 2/13/2014. www.sacbee.com/2014/02/13/6151677/medicaid-expansion-is-expected.html. Article estimates are compiled from Substance Abuse and Mental Health Services Administration data in "National and State Estimates of the Prevalence of Behavioral Health Conditions Among the Uninsured." July 2013. http://store.samhsa.gov/product/National-and-State-Estimates-of-the-Prevalence-of-Behavioral-Health-Conditions-Among-the-Uninsured/PEP13-BHPREV-ACA

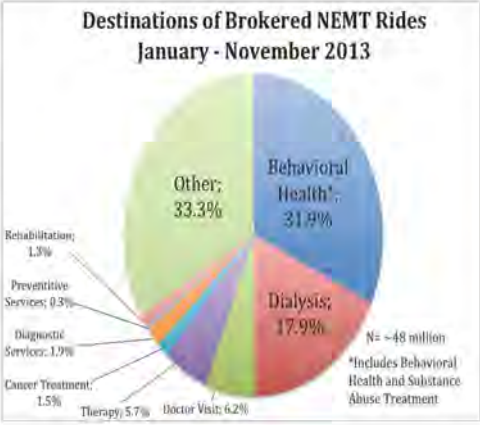
Simon&Co., LLC
1331 G Street, NW, Suite 910, Washington DC 20005
(202) 204-4707
www.mjsimonandcompany.com

Medicaid Non-Emergency Medical Transportation

Since the Medicaid program's inception, the federal government has required states to assure access to medically necessary health services. Accordingly, Medicaid state plans are required to "Specify that the Medicaid agency will ensure necessary transportation for recipients to and from providers." (Federal Code of Regulations, 42 C.F.R. §431.53). Although many state Medicaid agencies have tried to eliminate the NEMT benefit, federal agency guidance and numerous court cases have affirmed the requirement for transportation. In *Smith v. Vowell*[4], the first case to test the enforceability of the transportation assurance, a federal district court found the Medicaid NEMT regulations "unequivocal" and that transportation was essential to the proper administration of Medicaid as an entitlement to critical health services.[5]

Many states contract with transportation brokers[6] to administer NEMT services and typically compensate these managers on a capitated, per-Medicaid beneficiary basis. This intermediary confirms the beneficiary's Medical eligibility, assures the destination is for a Medicaid-approved covered, medically necessary service, contracts with transportation providers, verifies transportation providers' licensing and safety inspections, and coordinates and schedules beneficiary transportation.

The chart to the right uses national data from the nation's largest intermediary, managing an estimated 48 million rides in 2013 in 39 states.[7] (Note: the chart



[4] SMITH v. VOWELL. Civ. A. No. SA-72-CA-285. 379 F.Supp. 139 (1974). Benjamin Edward SMITH et al. v. Raymond W. VOWELL et al. United States District Court, W. D. Texas, San Antonio Division. June 27, 1974.

[5] Sara Rosenbaum, Nancy Lopez, Marsha Simon, Melanie Morris. "Medicaid's Medical Transportation Assurance." George Washington University Department of Health Policy. July 2009.

[6] Note: The Medicaid and CHIP Payment and Access Commission (MACPAC) defines these arrangements as prepaid ambulatory health plans (PAHP) wherein an entity that does not have a comprehensive risk contract is paid on the basis of prepaid capitation payments or another payment arrangement that does not use state plan rates. The brokerage option was created in Section 6083 of the Deficit Reduction Act (Public Law 109-171), subsection (iv). T

The option allows states to work with a broker who "complies with such requirements related to prohibitions on referrals and conflict of interest." These entities have been called "brokers," "managers," "intermediaries" or "prime vendors". This paper will use the term "intermediaries" to illustrate their role as independent liaisons between the transportation providers and the Medicaid beneficiaries.

[7] AL, AR, AZ, CA, CO, CT, DE, FL, GA, HI, IA, IL, IN, KS, KY, LA, MA, MD, ME, MI, MO, MS, NC, NE, NJ, NM, NV, NY, OH, OK, PA, RI, SC, TN, TX, UT, VA, WA, WI

includes data from states that have already expanded Medicaid to include individuals with incomes up to 138% of FPL, the population covered by ACA.) It shows that about half of Medicaid NEMT services were provided to facilities providing dialysis treatment or behavioral health services (including mental health services and substance abuse treatment). That is, the most rides were for individuals with chronic illness for whom the lack of treatment would be life threatening or would result in institutionalization in the criminal justice system or psychiatric hospital.

There is, however, variation from state-to-state, which reflects states' differing benefits and covered populations. For instance, most Medicaid NEMT rides in Connecticut (49.3%) and Pennsylvania (56.8%) were behavioral health services for substance abuse. By comparison, rides for dialysis services were the most prevalent in Mississippi (46%) and Hawaii (42%) while rides to behavioral health services were highest in Florida (24.2%) and New Jersey (26.8%).

The "Other" category in the chart above represents destinations such as: adult day care, federally qualified health centers, outpatient surgery facilities, pharmacies, or smoking cessation services. It also includes transportation to specialists such as gastroenterologists, dermatologists, neurologists, obstetricians and gynecologists, orthopedists, pulmonologists, or urologists. In most cases, NEMT rides to these facilities and providers are provided in standard vehicles or through the use of public transportation.

However, as the chart above illustrates, the majority of current NEMT services are for regularly scheduled, non-emergency medical trips for individuals requiring additional assistance with transportation to coordinated care for behavioral health services, substance abuse treatment and dialysis services. Thus, the majority of NEMT rides are more than a transportation subsidy to low-income patients. Most Medicaid subsidized rides transport chronically ill beneficiaries requiring a more robust, specialized transportation benefit to more intensive and recurring treatments and services. **The dominance of the chronically ill as users of the NEMT benefit underscores the danger of eliminating the NEMT benefit.** More than 75% of health care costs are due to chronic conditions[8] and therefore account for a growing share of Medicaid costs. The NEMT benefit is a key element of a coordinated care plan and if eliminated, could prevent the implementation of new strategies to coordinate care for the highest cost beneficiaries. Because, as the judge writing the *Smith v. Vowell* decision noted, there are concerns that a patient's transportation difficulties could have "a direct and causally injurious effect upon the course of his medical treatment."

NEMT in Medicaid Expansion Using Premium Assistance

The Affordable Care Act (ACA) permits states, as they determine, to expand Medicaid to nearly all individuals with incomes up to 138 percent of the federal poverty level (FPL) ($15,856 for an individual; $26,962 for a family of three in 2014). Some states have proposed to adopt an insurance model based on premium assistance in lieu of expanding their traditional Medicaid programs. Under this long available model, states use Medicaid funds to purchase Qualified

[8] Centers for Disease Control and Prevention. "Chronic Diseases: The Power to Prevent. The Call to Control: At A Glance 2009." www.cdc.gov/chronicdisease/resources/publications/aag/chronic.htm.

Health Plans (QHPs) in the Exchanges/Marketplaces for some or all newly eligible Medicaid beneficiaries under the ACA. In order to offer premium assistance, a state must first file either a state plan amendment or section 1115 demonstration waiver with the Centers for Medicare and Medicaid Services (CMS) in order to be granted authority or approval by the federal government.

CMS has issued final regulations providing guidance to states on how to implement Medicaid expansion through premium assistance.[9] CMS explained: "Under all these arrangements, beneficiaries remain Medicaid beneficiaries and continue to be entitled to all benefits and cost-sharing protections. Therefore, states must have mechanisms in place to "wrap-around" commercial [insurance] coverage to the extent that benefits are less than those in Medicaid."[10] These wrap-around benefits include NEMT that is rarely covered in commercial insurance health plans.

However, despite transportation's proven benefits, especially to the chronically ill, some states are proposing to waive the NEMT assurance requirement in premium assistance plans, arguing that the QHPs are commercial plans that do not traditionally offer NEMT services. In Iowa, CMS has agreed to temporarily "relieve the state from the responsibility to assure non-emergency transportation to and from providers" for its Medicaid expansion population. This waiver authority sunsets after one year during which the state is required to collect data in order to evaluate the impact of lack of access on care. Pennsylvania recently submitted a premium assistance proposal to CMS that requested to waive all wraparound services, including non-emergency transportation. Other states, including New Hampshire, are considering premium assistance options and may request to waive the assurance of NEMT services for this expansion population as well.

A small proportion of newly Medicaid eligible adults in states opting to use premium assistance may be considered "medically frail" (defined in 42 CFR 440 § 440.315) and given the choice whether to enroll in the Exchange, with, or perhaps without, a NEMT wrap-around benefit, or traditional Medicaid with an NEMT benefit. Each state defines medical frailty, but federal regulations require that the definition include at least include certain groups of children, individuals with disabling mental disorders, individuals with serious and complex medical conditions, and individuals with physical and/or mental disabilities that significantly impair their ability to perform one or more activities of daily living.

The states that currently have CMS-approved premium assistance programs anticipate a small number of newly eligible Medicaid beneficiaries will be considered medically frail through self-attestation. The Arkansas waiver request projected, of the 225,000 newly eligible individuals, 10% (22,500) will be deemed medically frail. In Iowa, the state waiver request estimates that 15.8% of the 93,968 newly eligible individuals will default to the traditional Medicaid plan due

---

[9] CMS. Medicaid and Children's Health Insurance Programs: Essential Health Benefits in Alternative Benefit Plans, Eligibility Notices, Fair Hearing and Appeal Processes, and Premiums and Cost Sharing; Exchanges: Eligibility and Enrollment. Federal Register, 78 FR 42159. July 15, 2013.
[10] CMS. "Medicaid and the Affordable Care Act: Premium Assistance." March 2013.

to medical frailty. It is unclear to what extend the self-attested medically frail will overlap with the chronically ill and if this will be sufficient to ensure transportation of the most medically needy.

NEMT is Essential to Medicaid Beneficiaries

Non-emergency medical transportation is a vital element of healthcare delivery to low-income patients. As presented in the intermediary data above, beneficiaries utilizing behavioral health and dialysis services rely heavily on transportation to access health care. The studies below demonstrate the importance of Medicaid-supported NEMT to health and healthcare outcomes, continuity of care and hospital avoidance.

Lack of Transportation is a Barrier to Care: Studies have identified transportation as a barrier for low-income individuals in accessing timely, necessary and continuing medical care. Many low-income patients do not have automobiles and cannot afford public transportation.[11] The assurance of such medical transportation ensures access to physicians' offices and outpatient facilities to receive routine and preventive care, as well as care for chronic conditions, such as dialysis and cancer treatment. Additionally, persons with disabilities may have special transportation needs and barriers that require specialized vehicles and additional safety measures.

Missing preventive care or prescribed medication can lead to more costly, resource intensive care and hospitalization.[12] A 2006 study found a delay or failure to fill a prescription was more common among those under age 65, African Americans, those with reported incomes of less than $25,000, or those who reported transportation issues.[13] The researchers found that even after adjusting for socio-demographic characteristics, those who reported transportation problems were more likely to report medication non-adherence.

Additionally, many studies have documented the impact of poor transportation on lower use of preventive and primary care and increased use of emergency department services. The provision of-- and access to-- transportation increases the likelihood of primary care physician visits in the pediatric population, HIV-positive adults, and frequent emergency room users.[14] A 2010 study of low-income adults found that nearly one-quarter reported having transportation problems that had caused them to miss or reschedule a clinic appointment in the past.[15]

---

[11] Rosenbaum, et al.
[12] MedPAC. *Report to the Congress: Aligning Incentives in Medicare*. June 2010. page 133.
[13] Wroth, T, Pathman, D., "Primary Medication Adherence in a Rural Population: The Role of the Patient-Physician Relationship and Satisfaction with Care," *Journal of the American Board of Family Medicine*, September-October 2006; Volume 19: No. 5.
[14] Kim, J, Norton, E, Stearns, S, "Transportation Brokerage Services and Medicaid Beneficiaries" Access to Care," Health Services Research, 44:1, February 2009.
[15] Silver, Diana, Jan Blustein, and Beth C. Weitzman. 2012. Transportation to clinic: Findings from a pilot clinic-based survey of low-income suburbanites. *Journal of Immigrant and Minority Health* 14, (2) (04): 350-5.

Under the premium assistance option, the newly eligible Medicaid beneficiaries will have health insurance but without NEMT, their access to medical services could be limited, leading to delayed care and/or increased, avoidable hospitalizations.

New Demand for Recurring Behavioral Health Services: Only about 5.5 percent of the currently uninsured who are eligible for Medicaid under expansion report having seen a mental health professional in the last year. However, according to the Kaiser Commission on Medicaid and the Uninsured,[16] over 60 percent of adults with a diagnosable behavioral health disorder and 70 percent of children in need of treatment do not receive mental health services, and nearly 90 percent of people over age 12 with a substance use or dependence disorder did not receive specialty treatment for their illness. Further, a large number of uninsured adults (46% of those with mental illness and 54% of those without) reported that they had not had a check-up in the past two years[17]. Therefore, it has been suggested, "that there is some amount of unmet demand" and as this population gains Medicaid coverage there might be an increase in the use of mental health and substance abuse treatments.[18]

Treatments for behavioral health issues help patients to be productive members of society, maintain employment and care for themselves. However, the new data above shows that transportation is integral to treatment of behavioral health issues. Lack of transportation is a particular problem for beneficiaries with mental illness, as they may be adverse to their medical care and unlikely to seek a means of transportation independently. As noted above, 31.9% of the intermediary's Medicaid NEMT rides were to behavioral health services including substance abuse treatments. To ensure the new Medicaid beneficiaries with unmet behavioral health needs receive such life sustaining treatment, states must offer NEMT to the expansion population.

Transportation Key to Dialysis Treatments: Because people on hemodialysis must receive treatment two to three times a week, reliable transportation is essential to ensure that hemodialysis patients have access to their treatment centers.[19]

According to the United States Renal Data System,[20] the majority of hemodialysis patients rely on others to transport them to and from the dialysis clinic, with 66.8% of patients being

---

[16] Kaiser Commission on Medicaid and the Uninsured. "Mental Health Financing in the United States: A Primer." April 2011.

[17] Kaiser Commission on Medicaid and the Uninsured. "The Role of Medicaid for People with Behavioral Health Conditions." November, 2012.

[18] Truven Health Analytics. "Medicaid Expansion: Profiling the Future Medicaid-Eligible Population". January 2012.

[19] Note: Nearly 84% of people receiving dialysis (hemodialysis or peritoneal) have Medicare coverage (through Medicare fee-for-service, Medicare-Medicaid dual coverage, a Medicare HMO, or Medicare Secondary Payer coverage). Medicare does not have a non-emergency medical transportation benefit. Medicare-Medicaid dual eligibles and Medicaid beneficiaries in the three-month waiting period for ESRD Medicare coverage (for beneficiaries that will be participating in hemodialysis treatment in a dialysis facility) are eligible to use Medicaid's NEMT service. In 2011, 14.4% of patients receiving hemodialysis and 11.6% of beneficiaries receiving peritoneal dialysis were Medicare-Medicaid dual eligibles. Data Source: U.S. Renal Data System, USRDS 2013 Annual Data Report: Atlas of Chronic Kidney Disease and End-Stage Renal Disease in the United States. National Institutes of Health, National Institute of Diabetes and Digestive and Kidney Diseases. 2013.

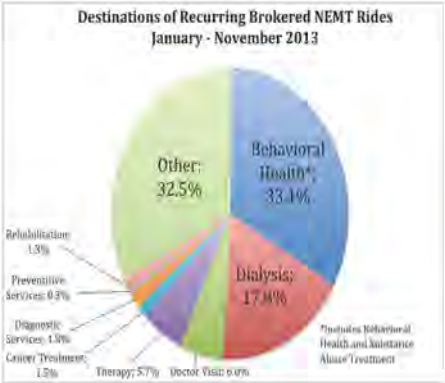
driven by others, including by ambulance. Nearly 8% relied on public transportation such as bus, subway, train or taxi while only 25.3% drove themselves or walked.

Additionally, a 2005 survey[21] of rural North Carolina dialysis patients found that primary transportation barriers include: (1) prohibitive costs; (2) riders being ineligible for transport services; (3) insufficient transportation provider operating hours; (4) depleted transportation provider funding.

Waiving the requirement to provide NEMT to the expansion population enrolled in Medicaid through premium assistance will increase transportation barriers to dialysis services leading to poor health outcomes, increased hospitalizations, and increased transplantations or even deaths. Moreover, waiving NEMT may lead to increased use of more expensive ambulance transportation. Medicare only covers ambulance services for medical emergencies or if alternate forms of transportation could endanger the patient's health. Nonetheless, Medicare has seen an increase in the use of ambulance transportation to non-emergency medical services, particularly to essential dialysis services, as vulnerable patients have few transportation alternatives and Medicare does not include an NEMT benefit.[22]

Transportation to Treatments for Chronic Illness Are a Majority of NEMT Rides

Chronic diseases are among the most prevalent, costly, and preventable of all health problems. Medical spending has grown rapidly in recent years and is placing a significant burden on state budgets. The data provided by the Medicaid NEMT intermediary to the right shows that the majority of rides provided are for recurring transportation, meaning they occur greater than twice per week.



As mentioned above, most Medicaid NEMT rides were to services for substance abuse, dialysis or behavioral health services. Reflecting the differences in benefits and populations, the destinations of recurring rides vary by state. According to the data provided by the transportation intermediary, the states with the highest percentage of recurring rides in

[20] CE Latham, Obstacles to achieving adequate dialysis dose: Compliance, education, transportation, and reimbursement, American Journal of Kidney Diseases, Volume 32, Issue 6, Supplement 4, December 1998, Pages S93-S95.

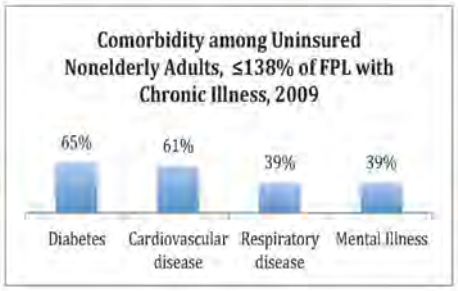
[21] Lind, M., Sulek, J. (2005). Assessing dialysis transportation needs in rural and small urban transit systems. Urban Transit Institute: North Carolina A & T State University.

[22] MedPAC. Report to the Congress; Medicare and the Health Care Delivery System. June 2013. Pages 167-193.

each category were:

Destination	State with Highest Recurring Rides	State with Second Highest Recurring Rides
Substance Abuse Treatment	Pennsylvania: 57%	Connecticut: 49.4%
Behavioral Health Services	Florida: 31.9%	New Jersey: 26.9%
Dialysis Services	Mississippi: 47.4%	Hawaii: 43.4%

Compounding the impact of the primary conditions on Medicaid beneficiaries, comorbidities are common among individuals with chronic conditions. The Kaiser Commission on Medicaid and the Uninsured found that many uninsured have physical and mental illness comorbidities as illustrated in the adjacent chart.[23]



In addition to expanding health insurance coverage, several provisions of the ACA expand access to health care services that help Medicaid beneficiaries prevent and manage chronic disease. Waiving the NEMT requirement for this population will exacerbate chronic disease, increase comorbidities and result in hospitalizations that would have been avoided if treated with timely and appropriate medical care.

Medicaid NEMT Ensures the Right Type of Transportation at Lowest Cost

Providing a NEMT benefit to Medicaid beneficiaries receiving coverage through premium assistance would reduce unnecessary visits to the emergency department and overutilization of ambulance services. When these new Medicaid beneficiaries need transportation to medical care, without an NEMT benefit they are likely to call an ambulance that is only permitted to transport them to the emergency department, where they will receive care at almost 15 times the cost of routine treatment. A study conducted by Florida State University concluded that if only one percent of the medical trips funded resulted in the avoidance of an emergency room hospital visit, the payback to the State would be 1108%, or about $11.08 for each dollar the State invested in its medical transportation program.[24] A NEMT benefit for this population would ensure these Members receive the preventive care needed to avoid unnecessary and more costly treatment.

---

[23] Table adapted from Kaiser Commission. The Role of Medicaid for Adults with Chronic Illnesses. November 2012.

[24] Florida Transportation Disadvantaged Programs Return On Investment Study Prepared By The Marketing Institute / Florida State University's College of Business – Dr. J. Joseph Cronin, Jr.

Conclusion

Allowing states to waive the requirement to provide NEMT to the expansion population enrolled in Medicaid runs counter to the overall goal of the Affordable Care Act to increase access to health care services for all. Eliminating NEMT will increase transportation barriers to life sustaining services for chronic illness. Despite having health insurance, the newly eligible Medicaid beneficiaries will have poor health outcomes, increased hospitalization, or preventable deaths. Additionally, lack of an NEMT benefit will likely increase Medicaid spending through overuse of expensive ambulance services. As described in *Smith v. Vowell* forty years ago, "an untreated, minor medical problem becomes the major medical problem and..... the individual ..... becomes..... sick enough to qualify as an emergency case to be transported by ambulance and to be admitted as a hospital in-patient. It is the worst kind of false economy." The dominance of the chronically ill as users of the NEMT benefit underscores the danger of eliminating the NEMT benefit for any low-income patients, including the new Medicaid beneficiaries.

PREPARED STATEMENT OF LARRY HANLEY

INTERNATIONAL PRESIDENT, AMALGAMATED TRANSIT UNION

MARCH 6, 2014

Introduction

The Amalgamated Transit Union (ATU), the largest union in the United States representing public transit workers (including metropolitan, interstate, and school bus drivers; paratransit, light rail, subway, streetcar, and ferry boat operators; mechanics and other maintenance workers; clerks, baggage handlers, municipal employees, and others) is pleased to present testimony on the reauthorization of the Federal surface transportation bill and the challenges facing transit riders on behalf of our nearly 200,000 members in North America as well as the people who board transit vehicles 35 million times daily, relying on safe, reliable public transportation to carry on their lives.

The Federal transit program turns 50 years old in 2014. Created by Congress in an effort to save our cities' crumbling network of private bus operations at a time when our Nation was coming apart at the seams due to the inequities in our society, the program has now come full circle.

By the late 1960s, the expansion of highways and explosion in private automobile ownership nearly made buses obsolete, but just 10 years later, people were flocking back to transit to beat soaring fuel prices during the energy crisis.

Then in the 1980s, Americans went back to driving and started buying smaller fuel efficient cars to avoid getting stung at the pump again. Transit privatization schemes were initiated all across the Nation, and most failed. By the late 1990s, there was a transit renaissance launched by the passage of TEA–21, unprecedented bipartisan legislation which provided transit systems with guaranteed sizeable funding increases well into the new century. Ridership skyrocketed, as people all across the Nation started choosing transit like never before.

However, since 2005 the Federal transit program, and as a result the American People, have been standing in place. Funding has been basically flat over the course of the past two reauthorization bills, budget guarantees have been repealed, and transit systems are running on fumes. Without a new revenue source for the Highway Trust Fund, Congress has been forced to bail out the program on several occasions in recent years, and the clock is ticking on the next shortfall.

The 2008 fuel crisis pushed people out of their cars and into buses and trains once again, but this time the agencies could not handle the load, as they too were paralyzed by the skyrocketing price of gas. This and the plummeting economy resulted in unprecedented fare hikes, service cuts, outright route eliminations, and a new generation of privateers offering empty promises of better service at lower cost. Transit-dependent people lost their ride and many lost their livelihoods as a result.

Today, as was the case in 1964, inequities in our society still exist, especially in the area of transportation. Service for the elderly and people with disabilities is substandard and in many places disgraceful. Intercity bus drivers are falling asleep at the wheel because they don't have the critical protections of the Fair Labor Standards Act (FLSA), and innocent people looking for an inexpensive ride to grandma's house are dying as a result. Transit operators are being assaulted at a record pace, putting passengers, automobile drivers, pedestrians and bikers in harm's way like never before. Even the tax code has a bias for people who use transit, as they receive far less monthly tax free benefits than those who drive to work.

But now, rather than fleeing our cities like in the 1960s, people are moving back in record numbers, and transit systems are struggling to put service on the streets to meet higher demand. Outsourcing is becoming the norm and passengers are paying more and getting far less. America is desperately trying to reduce its dependence on foreign oil, but not enough transit is in place to make a true impact in this fight.

Executive Summary

American cities are busting at the seams, and it is projected that more and more people will move to our urban centers within the next three decades. Without better public transportation, our Nation faces total gridlock. Yet, major inequalities still exist in Federal transportation law which favor travel by private automobile.

The typical metropolitan resident can reach only about 30 percent of jobs in their area via transit within 90 minutes. Transit for most people is simply not convenient or practical, so they find transportation alternatives that pollute our air and sustain our dependence on foreign oil. Others who cannot afford a car are likely among the more than 7 percent of Americans who remain unemployed, because they cannot get to work.

This proposal makes the case for significant increases in Federal transit funding to meet our mobility needs, now and into the future. ATU calls for doubling the size of the Federal transit program, and we identify sound, progressive revenue streams to pay for the program out of the dwindling Highway Trust Fund. Transit cuts keep coming at systems all across the Nation. The proposal calls for local control of transit funds so that transit systems can avoid having to keep brand new buses in the garage while slashing service at the same time.

The centerpiece of the proposal is a major addition to the Federal transit program to address the poor quality of service provided to people with special needs. More than 20 years after the passage of the Americans With Disabilities Act (ADA), demand response service has been overrun with problems that seriously impact the quality of life for millions of Americans. The ATU's proposed TREAD program would provide $1 billion annually to address this mobility crisis.

Outsourcing of fixed route bus service has more than doubled in recent years. The result has been deteriorating service and more fare hikes. Lower wages and reduced benefits paid by privateers are leading to dissatisfied workers. This culminates in major turnover issues, resulting in training problems, safety issues, etc. This proposal calls for the rejection of Federal policy that provides an advantage for the private sector at the local level.

Passenger safety has become a huge issue in fixed route transit, as we have seen a dramatic increase in the level and intensity of senseless attacks on defenseless operators, putting everyone on the bus at risk. In addition, in too many cities, tight, computer-generated schedules and increased traffic congestion have created shifts in which no time is available to use the restroom, leading to highly distracted operators. Both of these issues raise major concerns, and ATU proposes commonsense solutions to enhance operator and passenger safety.

Safety is also an issue on intercity buses, which are crashing at an alarming rate in recent years as the culture of the industry has changed dramatically. Bus drivers are falling asleep at the wheel because they are working grueling hours at abysmally low wages. And since intercity bus drivers are exempt from the Fair Labor Standards Act's (FLSA) overtime provisions, many drivers are forced to work second jobs during their so-called "rest period" in order to make ends meet. This proposal makes the case to lift the FLSA exemption.

Finally, the public transportation industry, like many service-based sectors in the United States, will be faced with major workforce challenges in the near future. A large percentage of the transit workforce will be retiring within the next few years. This proposal calls for Federal funding to provide training to workers so that they can perform their jobs adequately, move up the career ladder, and help the Nation's transit agencies operate at maximum efficiency.

Wanted: America's Urban Agenda

America in 30 years: Gridlocked?

More Americans are living in cities now than a decade ago, according to U.S. Census data. In 2010, a total of 80.7 percent of Americans lived in urban areas. The population of urban areas grew by more than 12 percent, much faster than the country's growth rate of 9.7 percent from 2000 to 2010.[1]

This trend is expected to continue. The percentage of Americans living in metropolitan areas is set to grow by roughly a third over the next three decades.[2] Already today, roughly four-fifths of the country lives in large urban areas, and cities like Atlanta, Dallas, Houston, and Tampa—none of which have expansive transit systems—will likely see some of the fastest growth in years to come. Within the next 30 years, the Phoenix-Mesa-Scottsdale area is projected to grow by more than 88 percent, swelling to more than 8 million people, the equivalent of New York City today. How in the world are the American people—a huge percentage of whom will be senior citizens by 2044—going to navigate around our urban centers without having access to safe, affordable, convenient, and reliable public transit?

Today, we are already wasting 2.9 billion gallons of fuel—enough to fill the New Orleans Superdome four times—at a financial cost of $121 billion per year ($818 per commuter) just sitting in traffic.[3] If trends are not dramatically reversed, our econ-

[1] "More Americans Move to Cities in Past Decade-Census". Lisa Lambert, Reuters, March 26, 2012.

[2] Outlook—Gross Metropolitan Product, and Critical Role of Transportation Infrastructure. Prepared for the United States Conference of Mayors and the Council on Metro Economies and the New American City by Global Insight, 2012.

[3] 2012 Urban Mobility Report, Texas A&M Transportation Institute.

omy will be paralyzed in 30 years because people will not be able to get to work or spend their money at local businesses.

Crossroads

The U.S. is in the midst of a boom in domestic oil production, thanks largely to new unconventional reserves in North Dakota and Texas. Lawmakers may assume that we are well on our way to plummeting fuel prices and energy independence. Some have actually called for the end of Federal funding for transit, putting the responsibility in the States' hands.

This would be a mammoth mistake. Less dependent on foreign oil does not make us independent. If something happens to disrupt production in a major oil-exporting Nation, the price would skyrocket and all the shale oil in North Dakota wouldn't be enough to shield American drivers from even more expensive gas. While U.S. oil production has increased by a little more than 2 million barrels (a 44 percent increase) since 2007, those additional barrels represent just 2 percent of the 90 million barrels a day the world is consuming now. No wonder it's had little impact on the price at the pump.[4]

The only way to truly become energy-independent is to use less oil, and public transportation of course plays an important role in reducing the Nation's energy use and greenhouse gas emissions. According to the American Public Transportation Association (APTA), on a passenger mile basis, buses use only 84 percent as much fuel as automobiles, vans, and sports utility vehicles, and most rail transit vehicles and trolley buses emit little or no pollution since they are electrically propelled. Seeking relief from high fuel prices, people are turning to public transportation in record numbers: transit ridership in the U.S. is now at its highest level in five decades, at more than 10 billion annual trips.

Where Is Our Urban Agenda?

Despite the obvious environmental and economic benefits of public transportation, more than 95 percent of Americans still commute to work in private automobiles. Most people believe that they can get to work faster and more efficiently via car, and unfortunately they are correct. Transit for most people is simply not convenient or practical, so they find transportation alternatives that pollute our air and sustain our dependence on foreign oil. Others who cannot afford a car may be one of the millions of Americans collecting unemployment checks because they simply can't get to work.

According to a recent groundbreaking study, the typical metropolitan resident can reach only about 30 percent of jobs in their area via transit within an hour and a half. The percentage is even lower for workers in growing low-income suburban communities.[5]

Yet, transit continues to be funded at only a fraction of the highway program, and overall transportation investment is far short of demand. The Federal Transit Administration (FTA) estimates that the Nation's transit systems collectively have a state of good repair backlog that exceeds $78 billion. APTA's reauthorization proposal calls for a 13 percent annual increase for transit. The Obama administration proposed to double the size of the transit program in a recent budget submission. The bottom line is that transit needs to grow substantially if we are ever going to get people out of their cars, reduce our dependence on foreign oil, and slow down climate change.

We will never move away from our auto-dependent society or get anywhere close to the level of transit ridership seen in Europe if we do not heavily invest in transit, target funds wisely, and allow systems to use those funds as they see fit.

Reasons for Optimism

Trends are on our side. Americans have demonstrated that they are willing to raise their own taxes to pay for expanded green mobility options. Since 2000, more than 70 percent of public transportation measures on State and local ballots have passed. In addition, recent studies have shown that millennials favor moving back to cities and prefer using public transportation in lieu of private automobiles. In 2011, the percentage of 16-to-24 year olds with driver's licenses dipped to a new low. Just over two-thirds of these young Americans (67 percent) were licensed to drive in 2011, the lowest percentage since at least 1963.[6]

---

[4] "America's Oil Boom Won't Make It Energy-Independent From Middle East Madness". Bryan Walsh, *Time Magazine,* September 5, 2013.

[5] "Missed Opportunity: Transit and Jobs in Metropolitan America". Brookings Institution, 2011.

[6] "As Youth Driver Licensing Dips Again, A Focus on the Millennials". Tony Dutzik, *www.DCStreetsblog.org*, March 15, 2013.

Innovative Financing and Public Private Partnerships: Proceed With Caution

Meeting our responsibilities to provide infrastructure for our urban centers cannot be done strictly through Federal funding. The private sector has always played a robust role in the building of our transportation systems, and will continue to do so. The designing and building of long-term transportation projects may be appropriate for innovative financing, and several bills expanding so-called public-private partnership (PPPs) have already been introduced during the 113th Congress.

The guaranteed and increased funding levels in place under TEA–21 provided economic security that financial markets demand, spurring massive investment from the private sector. However, SAFETEA–LU and MAP–21 moved away from guaranteed funding, leading innovative finance programs into new directions which are dangerous for transportation policy.

For example, several of the new innovative finance proposals introduced in this Congress would authorize transit projects to be funded outside of FTA's jurisdiction, raising the real prospect of fractured transportation systems which do not involve critical planning guidelines—Long-Range Transportation Plans and short-term Transportation Improvement Programs—and environmental reviews.

In addition, these same bills have not included traditional labor protections. Transportation Labor supports new innovative finance mechanisms for transportation projects, such as tax credits and State and National Infrastructure Banks flowing through FTA on the condition that both the direct recipients of Federal dollars through the banks and tax credits and projects funded through subsequent generation banks and tax credit funding comply with basic Federal labor standards, including 49 U.S.C. 5333(b)—formerly Section 13(c) of the Federal Transit Act—and Davis-Bacon, providing economic and job security.

ATU Supports:

- Funding public transportation at $119 billion over the next 6 years, more than doubling the commitment to transit in SAFETEA–LU, as called for in President Obama's surface transportation reauthorization proposal released prior to MAP–21 (FY2012 Budget).

Funding Sources:

Gas Tax

- H.R. 3636, the *Update, Promote, and Develop America's Transportation Essentials Act of 2013,* which would phase in a 15 cent/gallon tax increase over the next 3 years on gasoline and diesel.

Robin Hood Tax

- H.R. 1579, the Inclusive Prosperity Act to impose a tax on certain financial transactions to strengthen our financial security, reduce market volatility, expand opportunity, and stop shrinking the middle class. This proposal, also known as the "Robin Hood Tax", could generate billions of dollars for transportation infrastructure.

National Infrastructure Bank

- H.R. 2553, the National Infrastructure Development Bank Act, to responsibly create and fund a public bank to leverage public and private dollars for meritorious infrastructure projects of national or regional significance.

No End in Sight for Transit Cuts

Due to shortages in State and local revenues, U.S. public transit systems carried out some of the steepest fare increases and deepest service cuts in history during the first 2 years of the recession. Since the beginning of 2009, approximately 85 percent of public transit systems have raised fares or cut service, and thousands of workers in the transit industry—a significant percentage of a "green" workforce—have been laid off. Fifty-six percent of transit systems cut rush hour service, 62 percent slashed off-peak service, and 40 percent reported reductions in geographic coverage.[7]

Policy makers who believe that the economy is back on track and the transit crisis is over should travel to Gettysburg, PA. Ironically, the site of one of the best-known and important Presidential speeches in American history on the issue of human equality lost Freedom Transit on December 30, 2013. The transit company, operated by Rabbittransit, eliminated fixed-route service on its Blue, Gray, and Lincoln lines and Freedom Transit's express shuttle to Harrisburg will be terminated June 30,

[7] "Impacts of the Recession on Public Transportation Agencies". Survey Results, March 2010. APTA.

2014. Without local matching funds, local officials made the difficult choice to cut off critical service in this rural area.[8]

Facing a $75 million funding shortfall, King County Metro in Washington is dealing with a mobility crisis. If a stable funding source is not identified in the near future, 74 of Metro's 214 routes will be eliminated, while 107 routes would be reduced or revised. According to Metro in Seattle, if the funding is not found and the agency is forced to cut the services, it would be the loss of an unprecedented 14 million rides annually, and would revert Metro's service to levels not seen since 1997.

Seniors and adolescents in Boston, MA, stung by the staggering 23 percent fare increases in 2012 are speaking out and urging lawmakers to roll them back, as transit-dependent passengers with fixed income have been left to choose between travel and other necessities. The fare hikes increased rates disproportionately for seniors.

Should elderly people who have lived through the Great Depression of the 1930s and World War II be required to spend precious moments during their final years on Earth publicly begging lawmakers to keep transit fares to a reasonable level? That is how 89-year old Ann Stewart, the former president of the Massachusetts Senior Action Council, spends her time. "It is not affordable for those who need it now and those of us who might need it tomorrow," she said at a recent public hearing.[9]

Where Is Our Agenda To Help the Poor?

From coast to coast, it is our Nation's poorest residents that continue to bear the brunt of transit service cuts and fare increases. In Palm Beach County, FL, over bitter objections from riders, officials voted unanimously in August of 2013 to increase fares—with the largest percentage increase going to the poorest riders. Fares were last raised as recently as 2008, and those who buy monthly passes will see the largest percentage increase. For a rider whose income is 75 percent of the Federal poverty level—someone who makes about $8,250 a year—the monthly pass increased by 50 percent, from $10 to $15 a month. By comparison, the fare for most riders is increasing by 33 percent.[10]

Transit Benefits Should Be Made Permanent

As if cutting routes was not enough, the Federal Government added insult to injury on January 1, 2014, and cut tax-free transit benefits, reaching into the pockets of transit riders and pulling out a wad of cash as a penalty for riding the bus or train.

The monthly cap on Federal tax-free transit benefits, which allows riders to set aside wages in an account used exclusively for paying public transportation costs, was reduced from $245 to $130. At the same time, a similar credit allowed motorists for parking will increase to $250 per month. We are encouraging people to drive to work and increasing transit riders' costs by as much as $1,380 per year.[11]

The average American family devotes nearly 20 percent of its income to transportation—second only to housing. A two-person household can achieve an average annual savings of more than $9,700 by living with one less car and taking public transportation instead of driving. A permanent increase in this benefit means transit commuters have one less expense to worry about, and in today's economy, every dollar counts.

ATU Supports:

- Authorizing transit systems to use their Federal funding for operating assistance when needed to avoid service cuts, route eliminations, or fare increases.
- Allowing fuel to be classified as a capital expense.
- Eliminating the Federal tax code's bias against people taking public transportation through inclusion of H.R. 2288, the Commuter Parity Act of 2013, to establish permanent tax credit parity between the parking and transit portions of the transportation fringe benefit.

Paratransit: Fulfill the Promise of ADA

Nearly a quarter century after the passage of the historic Americans With Disabilities Act (ADA) of 1990, transportation for people with major mobility issues remains a national disgrace. A U.S. Bureau of Transportation Statistics study found

[8] "Freedom Transit Cuts Service". *The Evening Sun* (Hanover, Pennsylvania), December 5, 2013.

[9] "Transit Fares Irk Seniors, Youths". *Lowell Sun* (Massachusetts), November 2, 2013.

[10] "County's Neediest Hit Hard by Bus Fare Hikes; County Commissioners Vote Unanimously for First Increase Since 2008". *Palm Beach Post* (Florida), August 14, 2013.

[11] APTA

that 6 million people living with disabilities had difficulties accessing needed transportation.[12]

The ADA provided that it shall be considered discrimination for a public entity that operates a fixed-route transit system to fail to offer on-demand service, also known as paratransit or dial-a-ride, to people of any age with serious disabilities that is comparable to services provided to those without disabilities. Such service must be comparable and parallel to the fixed route service—offered on the same days and same times fixed route service is offered. In addition, at a minimum, paratransit must serve all areas within a corridor which extends ¾ of a mile on each side of each route served by the fixed route system.[13] The idea of the bill was to remove the barriers that were preventing people with disabilities from living every aspect of their lives to the fullest extent.

Unfortunately, despite the ADA, transportation options are still extremely limited for elderly and disabled Americans, leading to isolation and diminished health.

People With Disabilities: Deserving of Safe, Affordable, Dependable Transportation

ADA paratransit services are incredibly expensive to operate. The U.S. spent over $3.6 billion in 2011 to provide ADA paratransit services, an almost 200 percent increase from 1999, even though ridership only went up 49 percent. An average ADA one-way paratransit trip cost $34.59 in 2011, up from $16.09 in 1999 (not adjusted for inflation).[14] The average cost of providing an ADA paratransit trip is an estimated three-and-a-half times more expensive than the average cost of a fixed-route trip."[15] Paratransit ridership makes up 2 percent of public transit ridership nationwide but 13 percent of operating costs.[16]

With costs soaring and nowhere to turn, transit systems have over the years outsourced more and more paratransit work. Today, nearly 80 percent of the Nation's paratransit service is contracted out by U.S. transit systems to private, usually foreign transit companies which too often bid too low to realistically meet the standards set forth in the request for proposal from the transit system in order to secure the service. In addition to cost, transit systems readily admit that contracting ADA paratransit allows agencies to remove themselves from the day-to-day operations and reduces the risk and liability associated with operational responsibility.[17]

Is that consistent with the legislative intent and true spirit of the ADA?

Service Quality Issues

Demand response service nationwide has been overrun with problems that seriously impact the quality of life for millions of Americans. Horror stories are common for frail, elderly, blind, paraplegic, and other disabled citizens, including veterans. Quality of service issues in paratransit are mind numbing, and anyone who is related to a senior citizen, wounded veteran, or other person with disabilities knows this all too well.

On-time performance is a major problem, caused by poor planning and unrealistic schedules. Trips are often scheduled too close together, and drivers say their schedules are impossible to keep. Pick up times are too often far ahead of the needed arrival time at the destination, leaving customers waiting outside and unprotected in varying types of weather conditions. In many locations, when customers are delivered late to their destination, no accommodation is made to pick them up at a later time.

Many customers report that reservation agents do not ensure that their address is correct, resulting in the driver going to the wrong address and documenting the customer as a "no-show." Moreover, persons with disabilities nationwide complain that the reservation process takes too long. Some disabled riders say the problem is not just on-time pickups—it is being stuck in a paratransit van for hours while other riders are picked up and dropped off. In some cases, people with very special needs are literally being held hostage for hours.

---

[12] "Advocating For Transportation Systems Change; The State Independent Living Council and Independent Living Centers Push for Changes in Transportation". PR Newswire, April 15, 2013.

[13] "Riders' Guide to Public Transit for People With Disabilities. Meeting the Challenge Inc. and FTA", CO268001 (Cooperative Agreement).

[14] Guest Column (submitted by the Innovation in Infrastructure Program at the Urban Institute); "Roadblocks Ahead for Senior Mobility". *The Atlanta Journal-Constitution*, June 18, 2013.

[15] "ADA Paratransit Services; Demand Has Increased, But Little Is Known About Compliance". Government Accountability Office, 2012.

[16] "Cities' Paratransit Services Face Cutbacks, Fare Increases". *USA Today,* April 9, 2009.

[17] "Public Transit: Transit Agencies' Use of Contracting To Provide Service". Government Accountability Office, September 2013.

And while transit agencies make every effort to push elderly and disabled persons onto fixed route buses, unfortunately individuals often encounter poor maintenance of the accessibility equipment and inadequate wheelchair securements.

Turnover = Poor Service Quality

The most important reason for the poor quality of service in paratransit is turnover, and this is of course tied directly to wages and benefits. According to the most recent national study, the average starting wage for ADA paratransit vehicle operators employed by private contractors ranges from $7 to just over $14.00 per hour and averaged $10.47. Vehicle operators employed by public agencies that provide services in-house are paid from $9.50 to $15.77, with the average starting wage being $12.06. Only 75 percent of private contractors offer individual health care coverage to full-time operators, and only 68 percent provide family coverage. Only 19 percent of companies offer health benefits to part-time vehicle operators. On average, full-time vehicle operators are required to pay 33 percent of individual coverage and 50 percent of family coverage, a cost that is often out-of-reach given the hourly wages.

A 2008 FTA compliance review conducted of the Metropolitan Transit System (MTS) in San Diego indicated an 82 percent annual turnover rate among ADA paratransit vehicle operators. The report states that "This high turnover rate results in a high percentage of relatively inexperienced operators and may affect service efficiency and service quality." An FTA review of Pierce Transit in Lakewood, Washington, in 2007 indicated that the major private contractor, which provided about 74 percent of the service, was experiencing an 80 percent turnover rate among operators. Meanwhile, the portion of Pierce Transit's in-house paratransit service reported almost no vehicle operator turnover—their average public sector ADA paratransit operator has an average tenure of 14 years.

The same study found a statistically significant relationship between compensation and turnover. The level of starting wages was shown to account for 21 percent of the turnover reported, and turnover can be lowered by 3.5 percent to 5.1 percent for every $1 increase in starting wage.[18]

Problems Will Only Grow

It is expected that the proportion of older Americans to the total population will be much higher in the future years. According to the U.S. Census "in 2050, the number of Americans aged 65 and older is projected to be 88.5 million, more than double the approximate population of 40.2 million in 2010".[19] Most of the increase is linked with the baby boomers that entered into this category in 2011. This growth will have huge implications on public transit since one in five Americans 65 and older do not drive.[20]

Summary—A Mobility Nightmare for People With Special Needs

Paratransit customers living on fixed income cannot afford to pay higher fares. Transit systems which are making tough decisions every day, balancing the needs of fixed route services, cannot afford the huge costs associated with transit for people with special needs, so they outsource the work and hope for the best. Private contractors making lofty promises that cannot possibly be honored are locking cities into multiyear contracts and failing miserably, providing awful service that is not fit for anyone, especially frail and vulnerable people. Contractors deliberately use small vans and taxi services on a regular basis, raising serious health and safety issues as drug and alcohol testing requirements and other regulations applicable to fixed route and paratransit operators in larger vehicles do not apply.

If a person with special needs lives within ¾ of a mile of a bus line, they can get access to this substandard service. If not, no legal obligation exists to serve their basic mobility needs, and transit systems are walking away from them due to financial constraints.

People with disabilities, including wounded veterans and seniors, deserve transit that is respectful, equitable, accessible, and dependable.

Transit Respectful Equitable Accessible Dependable (TREAD).

ATU proposes a new funding stream known as the TREAD Program.

---

[18] "Vehicle Operator Recruitment, Retention, and Performance in ADA Complementary Paratransit Operations". Transit Cooperative Research Program (TCRP) Report #132, 2010.

[19] "The Next Four Decades: The Older Population in the United States: 2010 to 2050 Population Estimates and Projections", U.S. Census Bureau, 2010.

[20] "Aging Americans: Stranded Without Options". Linda Bailey, Surface Transportation Policy Project, 2004.

TREAD Overview

- *Funding:* ADA has been an unfunded mandate since 1990. It is time for a separate, substantial funding stream dedicated toward the provision of first class paratransit service. As noted above, we spend nearly $4 billion annually to provide ADA paratransit services, but FTA is authorized only to grant a few hundred million per year (Section 5310)—and most transit systems see little if any of this money. TREAD should be funded at a minimum of $1 billion annually on a formula basis, and increase substantially as our population ages. Eligible grant recipients should include transit systems of all sizes, and such recipients should be authorized to use such funds as they see fit to meet the needs of people with special needs—capital, operations, or maintenance. Operating assistance requirements applicable to fixed route should not apply. A person with disabilities living in a rural area has the same special needs as a person residing in the big city.
- *Training:* Transit agencies report that a major reason for contracting is that ADA paratransit requires specialized training and equipment that can be difficult to provide because agencies may lack staff, expertise, or resources needed to train workers. TREAD would authorize funding for these activities.
- *Delaying Service Cuts:* The astounding service cuts and outright elimination of routes on fixed routes has wreaked havoc for people with disabilities, especially those using paratransit within ¾ of a mile of the slashed routes. Under the TREAD program, if a transit system cuts a fixed route bus line, they would not be authorized to cut paratransit service to any person in that service area for a period of at least 2 years. People with special needs and their families need more time to adjust to these changes.
- *Coordinating:* TREAD should not in any way impact the current Section 5310 program which allows private nonprofit groups to provide critical mobility options in rural areas. TREAD and 5310 should in fact be integrated to the greatest extent possible with the Federal Coordinating Council on Access and Mobility (CCAM), which coordinates over 60 Federal programs that fund services for transportation-challenged populations.
- *Closing the Van Safety Gap:* Commercial drivers' license requirements—including drug and alcohol testing—and physical exam mandates should be mandated for all paratransit van operators, regardless of vehicle size. Persons with disabilities traveling in vans with less than 9–15 passengers have the same special needs as those in larger vehicles.

ATU Supports:

- Creation of the TREAD Program to finally provide people with special needs riding paratransit the same mobility options as people who rely on fixed route public transportation services.
- Meeting our commitments to veterans and military families by providing access to transportation options that facilitate community integration and participation.

Safety and Security

An Epidemic of Assaults on Operators

Passengers lucky enough to still have some level of fixed route service have been forced to dig deeper into their own pockets. These fare hikes—which have occurred almost everywhere—are essentially tax increases, and of course, the individuals responsible for the collection of these taxes are bus operators, the members of our union who serve as the face of hundreds of the transit systems across the Nation. People don't like paying more for inferior service, so quite often they take out their frustrations on the drivers. In the past 5 years, we have seen a dramatic increase in the level and intensity of senseless attacks on defenseless operators. Drivers have been punched, slapped, stabbed, shot, and have had bodily fluids thrown upon them. And they are confronting all of this while trying to safely steer their vehicles through traffic, protecting the lives of passengers, pedestrians, and other drivers who are seriously distracted by today's hand-held gadgets.

Transit workers are at higher risk for violence than are workers in many other occupations. According to the Bureau of Labor Statistics and the National Institute for Occupational Safety and Health, there is an increased risk of workplace violence for workers who have direct contact with the public, have mobile workplaces or de-

liver services, work in community settings, deliver passengers, handle money, and work in small numbers.[21]

When a passenger assaults a bus operator while he or she is driving the vehicle, transit riders, auto drivers, and pedestrians are placed at risk. In California, an Omnitrans bus operator was stabbed in 2010 while operating a bus. After he was attacked, the bus veered off the road and crashed into a tree. The operator, a 15-year veteran, died, leaving behind a wife and eight children.[22]

Lack of Restroom Breaks a Huge Health and Safety Issue

In addition, in too many cities, tight computer-generated schedules and increased traffic congestion have created shifts in which no time is available to use the restroom. As a result, bus operators restrict their fluid intake, starving internal organs, leading to a whole host of health problems, including urinary tract infections, kidney problems, etc. Though they do not like to talk about it publicly, drivers who do not resort to relieving themselves in cups wind up staining driver seats through involuntary urination. Women, who make up a growing segment of our membership, cannot simply urinate out the back doors of the bus like their male counterparts are forced to do. Paratransit operators often have no designated breaks whatsoever because dispatch tends to build those routes while the vehicles are still on the road, and the drivers of course may not leave elderly and disabled passengers alone.

Furthermore, while the focus of policy makers at all levels of government in recent years has been on distracted driving caused by cell phone use or driving while impaired, recent studies indicate that driving while holding it in (is just as dangerous. The discomfort and stress of holding it in make it more difficult to operate a vehicle safely and effectively. Operators report being distracted and driving faster when under this kind of pressure. One laboratory study found that not responding to an extreme urge to urinate affected attention and thinking. The effect was equal to that of staying awake for 24 hours or having a blood alcohol level (BAC) of 0.05 percent. For comparison, a commercial driver would be disqualified at a BAC of 0.04 percent.[23]

A few years ago, a TriMet (Portland, OR) bus operator was in a hurry to take a restroom break when she was crushed to death by her own bus. She was 6 minutes late when she pulled her bus into a transit center, left the vehicle running in forward gear and failed to properly set the parking brake. The 27-year veteran hurriedly walked in front of the bus, reached in the driver's window to pull a lever to close the doors, and then walked back across the front of the bus on her way to the restroom. When she closed the door, the brakes were released after a one-and-a-half-second delay, and the bus struck her, pinned her to a bus stop sign and killed her instantly.

The health and safety issues confronting our members and the riding public due to the lack of clear and sensible policies at transit systems across the U.S. are staggering.

ATU Supports:

- Requiring newly manufactured vehicles to include workstation changes to protect operators. While airplane cockpits and train locomotives are completely off limits to passengers, transit buses are wide open. Driver shields, drivers' side doors and other ideas must be on the table, as should retrofitting of existing vehicles. Research is now ongoing to determine the best options.
- Mandating that transit agency (bus and rail) comprehensive safety plans address assault and restroom break matters. No safety plan should be eligible for FTA certification unless it receives the official approval of represented employees of the grantee. Such a process will ensure a credible and enforceable plan that addresses the real safety concerns of all involved.

Transit Privatization: Riders First

If it is not our members being punched in the gut by the funding shortages, it is the passengers, who have been hit with an onslaught of failed transit privatization experiments around every corner. Between 1998 and 2009, privately contracted service for fixed route bus service more than doubled.[24] The poor economy is a breeding ground for the profit-seeking transit contractors to make their case to local officials that they can somehow deliver better service at lower cost. Despite this,

[21] "Practices To Protect Bus Operators From Passenger Assault". TCRP Synthesis #93, 2011.

[22] TCRP Synthesis Report #93.

[23] "The Effect of Acute Increase in Urge To Void on Cognitive Function in Healthy Adults", *Neurourology and Urodynamics* 30:183–187 (2011).

[24] "Doing More With Less: Competitive Contracting Changes in SAFETEA–LU Reauthorization". The Affordable Commuting Coalition.

MAP–21 included language that mandated a GAO study to identify impediments to outsourcing. Other provisions were also included to provide private sector transit operators—largely foreign corporations—with an unfair advantage.

The result has been deteriorating service, more fare hikes, and serious safety issues. When transit systems privatize operations, they lose control of their ability to respond to riders' concerns about quality of service issues, even as foreign companies drive service into the ground. Lower wages and reduced benefits are the open game plan of private transit providers, leading to dissatisfied workers. This culminates in major turnover issues, resulting in training problems, safety issues, etc. These companies are motivated only by profit rather than the provision of quality, affordable service for people who rely on transit.

False Promises

Transit privatization is based on questionable and at times false assumptions regarding competition, cost, and the mechanisms used to calculate these and other matters. No one in private sector would contract out a crucial internal operation without knowing the full scope of management issues. The public sector deserves the same respect. Private firms don't typically contract out work that involves their core customer base directly nor do they give control of their capital equipment to outsiders. For contracting out to work in public transit, that is precisely what is required.

In the 1980s, private transit providers, promising that competition would drive up efficiency, often cited assumptions about so-called public sector "monopolies" and the lack of incentives for public sector workers to perform at a high level. However, over time, due to the unique nature of the transit industry, the multiple private companies involved in transit have shrunk to just a handful as huge foreign corporations have absorbed many small private providers. As a result, ironically, it is now these private companies that have a monopoly on transit outsourcing, and they have in fact lost the incentive to provide high quality service. They enter into long-term contracts with no accountability, cutting corners wherever possible, leading to major service, maintenance, and safety issues.

Hidden Costs

According to a study of data from the National Transit Database, privatized systems pay drivers far less, and offer fewer benefits than public agencies. By offering reduced benefits and wages, private transit operators claim to offer higher labor efficiency—the same level of service at a lower cost. However, contracted transit workers work more overtime than publicly employed transit workers, which can undercut much of the labor savings. Moreover, private contractors have higher insurance and training costs in part because they have significantly higher turnover rates.[25]

Monitoring the contractors is also a significant hidden cost of privatization. For example, in March 2013, the Washington Metropolitan Area Transit Authority signed a contract with a private company to oversee the performance of the three transit contractors that operate its ADA paratransit services—a contract to monitor the contractors![26]

The most efficient way to guard against these hidden costs is to require transit grant recipients to use the "Avoidable Cost Model" of accounting to determine the actual cost of providing a service.[27] This model acts to properly include costs such as public management oversight of the private provider and other transaction costs including the loss of in-house expertise, severance payments to end existing public service, and increased insurance and training costs associated with high turnover. The Avoidable Cost Model can better identify potential savings from variable costs while properly quantifying fixed costs between the public and private alternatives. It is the most accurate method to analyze the full costs of specific transit privatization schemes. To ensure that public dollars are spent wisely and efficiently, policy makers need to establish parameters that will measure the broadest costs of an alternate privatization scheme to a public service.

Outsourcing Conclusions

The Federal Government should not intrude on local decision making in transit. Mandated or minimum provisions on competitive bidding without appropriate standards for decision making serves to reduce the standard of living for workers and di-

---

[25] "Transit and Contracts: What's Best for Drivers?" *Access,* Songju Kim and Martin Wachs, 2006.

[26] "Public Transit: Transit Agencies' Use of Contracting To Provide Service". Government Accountability Office, September 2013.

[27] Elliott Sclar, Director of the Center for Sustainable Urban Development and Professor of Urban Planning and International Affairs, Columbia University.

minish the transportation service provided to communities. It can also result in turnover, safety, and security issues. Careful scrutiny is needed.

The incredibly open and honest private companies' selling point to cities is to provide savings by paying workers less, eliminating pensions and offering fewer benefits, deterring employees from remaining at transit agencies long enough to reach the top of the pay scale. This is about taking a professional workforce and turning it into a part time job, not appropriate for an industry where employees are driving massive vehicles and entrusted with the lives of millions of passengers each day. Policy makers need to take a close look at what these private companies are doing to our transit systems and the impact that these arrangements are having on working families. We need to ensure that transportation in our communities is not further diminished.

ATU Supports:

- Repealing provisions of current law that provide an unfair advantage to private contractors, including those that basically require FTA to become a marketing arm of the private sector.
- Requiring use of the Avoidable Cost Model in determining whether to outsource public transit services.
- Ensuring that the methodology and criteria for service selection and final decisions must continue to be left to local decision makers, consistent with applicable laws, collective bargaining agreements, and other pertinent agreements.

Transit Labor Protections

Preserve Section 13(c) Transit Employee Labor Protections

The U.S. public transportation industry has experienced remarkable labor relations stability during the 50 years of the Federal transit program. This has allowed transit employees to go about the business of their most important role: Moving America Safely.

The basis for five decades of labor-management cooperation is Section 5333(b) of Title 49 of the United States Code (formerly Section 13(c) of the Federal Transit Act), which states that when Federal funds, most recently authorized under MAP–21, are used to acquire, improve or operate a transit system, there must be arrangements to protect the rights of affected transit employees.

The crucial so-called Section 13(c) provisions ensure the continuation of collective bargaining rights and benefits for nearly 360,000 urban, suburban, and rural transit employees under existing collective bargaining agreements. The statute protects transit workers from adverse effects that may arise when Federal dollars are invested in their local transit systems. This sensible, balanced system fosters unmatched labor-management stability, ensuring a highly trained, experienced, safe, and professional workforce, allowing for the development of significant technological, structural, and productivity improvements.

Federal reports concerning Section 13(c) have found that the provision has functioned exactly as intended, and has not interfered with the efficient provision of transit services, clearly substantiating the ATU's long-standing position that Section 13(c), while providing important collective bargaining and job protection, has helped to improve working relationships between management and labor.

No Obstacle To Contracting Out

Historically, one of the major issues raised by Section 13(c) critics has been that it impairs the ability of transit agencies to contract out for transit services. This is absolutely not true. As stated in a 2013 GAO report on contracting out (mandated by MAP–21), "According to officials at DOL, after a search of their records and to the best of their knowledge, there has never been an instance where a transit agency has been unable to contract out public transit operations and other services because doing so would jeopardize Section 13(c) certification from DOL."[28]

ATU Supports:

- Continuation of the critical transit employee labor protections provided by Section 13(c) of the Federal Transit Act.
- Application of Section 13(c) protections to any new Federal transit programs or innovative financing mechanisms created through MAP–21's reauthorization.

[28] "Public Transit: Transit Agencies' Use of Contracting to Provide Service". Government Accountability Office, September 2013.

Sudden Death Overtime: A Commonsense Bus Safety Proposal

In response to a recent spike in fatal intercity bus accidents, the U.S. Department of Transportation (DOT) in December of 2013 announced a national crackdown to take unscrupulous bus operators off the road. Regulatory authorities had taken similar measures in 2011 after a string of fatal bus crashes.

While it is appropriate for law enforcement to continue the crackdown to protect the safety of over-the-road bus passengers, these steps do not even begin to address the core issue which is at the root of intercity bus crashes which annually kill about 50 people in the U.S. and injure approximately 1,000 other innocent passengers who are simply hoping to get to their destination in the least expensive way possible. The current safety issues plaguing intercity buses are directly linked to driver fatigue.

Three Times as Many Killed on Buses Than Airplanes

When a commercial airplane crashes it is a major news story and most media outlets will cover the event 24–7. When a fatal bus accident occurs it is usually a 1-day story that receives minimal media attention. The 2009 Colgan Air accident in Buffalo, which took 50 lives, and the San Francisco Asiana Airlines crash of 2013 in which three died are the only major airline crashes in the last few years. Meanwhile there have been numerous bus accidents including the horrific Bronx accident that killed 15, the Virginia crash killing 4 and countless others. In fact, over the last decade three times as many people were killed as a result of intercity bus accidents as compared to commercial airline crashes.

Low Wages, Extreme Fatigue

When an intercity bus crashes, especially when no other vehicles are involved in the accident, there is a high likelihood that the driver of that bus fell asleep at the wheel. Hundreds of nonunion intercity bus companies—usually tiny operations that have only a few buses—typically pay their drivers incredibly low wages. As a result, bus drivers are being forced to work 100 hours a week or more just to make a living. If they are not driving a bus for that many hours, there is an excellent chance that the driver works two or three other jobs in order to make ends meet. Unsuspecting customers simply do not know that they are riding with drivers who are falling asleep because they never rest.

According to the National Transportation Safety Board (NTSB), driver related problems are responsible for 60 percent of the fatalities occurring in crashes, while the condition of the vehicle accounts for only 20 percent of the fatalities. Driver fatigue is responsible for a staggering 36 percent of the fatalities. It is the number one cause of fatal accidents, far above road conditions (2 percent) and inattention (6 percent).[29]

Fair Labor Standards Act Exemption

Under the FLSA, covered nonexempt employees must receive overtime pay for hours worked over 40 per workweek at a rate not less than one and one-half times the regular rate of pay. But Section 13(b)(1) of the FLSA provides an exemption from the overtime pay requirements for "Any employee with respect to whom the Secretary of Transportation has power to establish qualifications and maximum hours of service pursuant to the provisions of section 204 of the Motor Carrier Act, 1935 (recodified at 49 U.S.C. 31502)." This exemption is applicable to drivers, helpers, loaders, or mechanics whose duties affect the safety of operation of commercial motor vehicles in transportation on public highways in interstate commerce.

Congress apparently created this exemption to eliminate any conflict between the jurisdiction exercised by the Department of Labor over the FLSA and the mutually exclusive jurisdiction exercised by the Department of Transportation over hours of service issues. However, there is no necessary inconsistency between enforcing rigid maximum hours of service for safety purposes and at the same time, within those limitations, requiring compliance with the increased rates of pay for overtime work. In fact, both issues are paramount to safety, and they are clearly linked. When drivers are not paid well, including appropriate overtime rates, they are going to be pushed to make a living elsewhere, providing them little time to rest and turning them into weary operators. But only a 10 percent higher driver base pay rate leads to a staggering 34 percent lower probability of a crash.[30]

---

[29] U.S. DOT Motorcoach Safety Action Plan, November, 2009.

[30] "Paying for Safety: An Economic Analysis of the Effect of Compensation on Truck Driver Safety", Michael H. Belzer, 2002.

MAP–21: Ensuring That Corpses Are Strapped In

MAP–21 required motorcoaches to be installed with safety seat belts, advanced glazing in each portal to prevent passenger ejection, and stability enhancing technology to reduce the number and frequency of rollover crashes, among other requirements. With its focus on seatbelts, vehicle structural integrity, and keeping unsafe bus owners out of business, the bill had good intentions, including many overdue provisions.

Unfortunately, the bill still leaves passengers vulnerable because it ignores the key issue at the heart of intercity bus crashes: driver fatigue. Common sense tells us that while maintaining the structural integrity of a bus is critically important, if a 40,000 pound vehicle traveling at a high rate of speed overturns and smashes into a bridge or falls over a cliff, the lives of the occupants are going to be in grave danger, even if they are strapped in and the vehicle has the strength of a tank.

The real problem is that bus drivers are falling asleep at the wheel because they are working grueling hours at abysmally low wages. And since intercity bus drivers are exempt from the FLSA's overtime provisions, many drivers are forced to work second jobs during their so-called "rest period" in order to make ends meet.

The Driver Fatigue Prevention Act (S.487) would apply FLSA's overtime provisions—which for decades have covered the majority of American workers—to intercity bus drivers. Coach operators would get paid fairly for the work they put in above 40 hours per week, making them less inclined to work other jobs while pushing their bodies to the limit.

While FLSA's overtime provisions cover 85 percent of the U.S. workforce, intercity bus drivers are exempt.

Hours of Service and Enforcement Ineffective

Federal Motor Carrier Safety Administration (FMCSA) hours of service regulations that have been in existence for decades are routinely ignored, especially by fly-by-night, nonunion bus companies. The State police in general do not perform random checks of passenger buses the way they do on cargo-hauling trucks because of the dissatisfaction expressed by passengers when their bus gets pulled out of commission and no replacement vehicle arrives for hours. Moreover, even if police actively seek out so-called discount bus carriers, there are not nearly enough law enforcement officers to even begin the process of ridding the highways of unsafe buses. While periodic stings pull large numbers of vehicles off the road and generate significant press coverage, it is back to business as usual once the headlines die down. Far too often, the families of innocent people find out that "business as usual" in the intercity bus industry means that they will be attending a funeral instead of a family reunion.

Rest: A Commonsense Approach to Safety

Doesn't it make sense to create economic conditions whereby drivers are fairly compensated for their work which exceeds 40 hours per week, making it less likely that they will have to resort to doctoring log books, working other jobs, and wearily reporting for duty with a giant cup of coffee? By doing so, fewer collisions will ultimately occur.

ATU Supports:

- S.487, The Driver Fatigue Prevention Act, which would apply FLSA overtime provisions—which for decades have covered about 85 percent of American workers—to intercity bus drivers. Coach operators would get paid fairly for the work they put in above 40 hours per week, making them less inclined to work other jobs while pushing their bodies to the limit.
- Stronger enforcement of hours of service regulations.

Workforce Development

The public transportation industry, like many service-based sectors in the United States, will be faced with major challenges in the near future. A large percentage of the transit workforce—both blue and white collar—will be retiring within the next few years. There is no pipeline of replacements on the horizon because the industry has a negative public image that hampers its ability to attract, recruit, and retain quality employees. And, for the existing workforce, new technology is rapidly changing the way transit agencies function, affecting every executive director, mid-level manager, bus driver and mechanic alike. Yet, relatively few programs exist to provide training to workers so that they can perform their jobs adequately, move up the career ladder, and help the Nation's transit agencies operate at maximum efficiency.

Approximately 80 percent of transit employees are:

- Bus and train operators
- Bus mechanics
- Rail car technicians
- Signals technicians and traction power electricians
- Facilities maintainers

Yet, the industry focus is heavily skewed to white collar needs. The U.S. Department of Transportation workforce funding is focused on university programs and university transportation centers, but many agencies find their biggest need is skilled blue collar technicians, electricians, and in signals.

Until 2012, 80 percent of FTA's limited workforce funds went to white collar—16 times more per employee than blue collar. The National Transit Institute (NTI) is funded at $5 million per year, almost exclusively for white collar transit workforce training. At the same time, there is $0 for ongoing support for the frontline workforce. The equivalent of 88 percent of today's transit workforce will have to be hired and trained in the next 10 years, but the transit industry and agencies lack the capacity to train the next generation of blue collar technicians.

ATU Supports:

- Providing support for a national frontline workforce training center, on an equal footing with NTI. We need to support effective standards-based training for the blue collar 80 percent of transit's workforce.
- Ending the human capital investment inequality at FTA. Include human capital as an ordinary part of capital grants.

Conclusion

ATU is now engaged in an unprecedented effort to build coalitions with the millions of people who rely on fixed route and ADA paratransit service each day to commute to work, buy groceries, get to school, visit the doctor, and attend to life's other necessities. Two years ago, ATU created a 501(c)(3) organization known as American's for Transit (A4T) to strengthen, create, and unite grassroots transit rider organizations across the United States. We aim to create a big-tent coalition of transit riders and supporters to address the pressing transit funding crisis in America. Through A4T's efforts, there are now more than 90 transit rider groups all across the U.S., partnering with labor, chambers of commerce, faith-based groups, environmentalists, and others in an effort to expand and improve transit options for Americans.

Transit riders and other stakeholders across the United States, who have already made themselves heard at the ballot box, raising their own taxes in support of transit measures that have poured millions of dollars into their communities, are now developing their voices just in time for the reauthorization debate in Washington, and within the next year, Members of Congress will be hearing from our partners outside the Beltway with a message that is plain and clear: the American people want expanded, high quality, and safe public transportation.

Congress now has the opportunity to put partisan issues aside and provide America with an economic boost through a strong, well-planned Federal transit program that puts the interests of riders above those of private, foreign corporations. If policy makers do not approve a massive increase in transit funding and adopt policies that allow transit systems to use their funds more wisely, we will continue to stand in place and our urban centers will be paralyzed within decades.

Above all else, Congress has an obligation to ensure that passenger safety is paramount in both intracity as well as intercity bus transportation, and ensuring the well-being of the operator is key to that objective. Unfortunately, current policies are not achieving that goal, and immediate change is necessary to protect the riding public.

ATU looks forward to working with Congress, as we have since 1964, in support of a new bill that will address our Nation's mobility needs for another 50 years, and beyond.

APPENDIX: SUMMARY OF ATU POSITIONS

Increased Funding

ATU Supports:

- Funding public transportation at $119 billion over the next 6 years, more than doubling the commitment to transit in SAFETEA–LU, as called for in President Obama's surface transportation reauthorization proposal released prior to MAP–21 (FY2012 Budget).

Funding Sources:

Gas Tax

- H.R. 3636, the Update, Promote, and Develop America's Transportation Essentials Act of 2013, which would phase in a 15 cent/gallon tax increase over the next 3 years on gasoline and diesel.

Robin Hood Tax

- H.R. 1579, the Inclusive Prosperity Act to impose a tax on certain financial transactions to strengthen our financial security, reduce market volatility, expand opportunity, and stop shrinking the middle class. This proposal, also known as the "Robin Hood Tax," could generate billions of dollars for transportation infrastructure.

National Infrastructure Bank

- H.R. 2553, the National Infrastructure Development Bank Act, to responsibly create and fund a public bank to leverage public and private dollars for meritorious infrastructure projects of national or regional significance.

No More Cuts

ATU Supports:

- Authorizing transit systems to use their Federal funding for operating assistance when needed to avoid service cuts, route eliminations, or fare increases.
- Allowing fuel to be classified as a capital expense.
- Eliminating the Federal tax code's bias against people taking public transportation through inclusion of H.R. 2288, the Commuter Parity Act of 2013, to establish permanent tax credit parity between the parking and transit portions of the transportation fringe benefit.

Fulfill the Promise of the ADA

ATU Supports:

- Creation of the TREAD Program to finally provide people with special needs riding paratransit the same mobility options as people who rely on fixed route public transportation services.
- Meeting our commitments to veterans and military families by providing access to transportation options that facilitate community integration and participation.

Enhance Transit Health and Safety

ATU Supports:

- Requiring newly manufactured vehicles to include workstation changes to protect operators. While airplane cockpits and train locomotives are completely off limits to passengers, transit buses are wide open. Driver shields, drivers' side doors, and other ideas must be on the table, as should retrofitting of existing vehicles. Research is now ongoing to determine the best options.
- Mandating that transit agency (bus and rail) comprehensive safety plans address assault and restroom break matters. No safety plan should be eligible for FTA certification unless it receives the official approval of represented employees of the grantee. Such a process will ensure a credible and enforceable plan that addresses the real safety concerns of all involved.

Reject Privatization

ATU Supports:

- Repealing provisions of current law that provide an unfair advantage to private contractors, including those that basically require FTA to become a marketing arm of the private sector.

- Requiring use of the Avoidable Cost Model in determining whether to outsource public transit services.
- Ensuring that the methodology and criteria for service selection and final decisions must continue to be left to local decision makers, consistent with applicable laws, collective bargaining agreements, and other pertinent agreements.

Preserve Transit Labor Protections

ATU Supports:

- Continuation of the critical transit employee labor protections provided by Section 13(c) of the Federal Transit Act.
- Application of Section 13(c) protections to any new Federal transit programs or innovative financing mechanisms created through MAP–21's reauthorization.

Address Intercity Bus Driver Fatigue

ATU Supports:

- S.487, The Driver Fatigue Prevention Act, which would apply FLSA overtime provisions—which for decades have covered about 85 percent of American workers—to intercity bus drivers. Coach operators would get paid fairly for the work they put in above 40 hours per week, making them less inclined to work other jobs while pushing their bodies to the limit.
- Stronger enforcement of hours of service regulations.

Support Workforce Development

ATU Supports:

- Providing support for a national frontline workforce training center, on an equal footing with NTI. We need to support effective standards-based training for the blue collar 80 percent of transit's workforce.
- Ending the human capital investment inequality at FTA. Include human capital as an ordinary part of capital grants.

ADDITIONAL MATERIAL SUPPLIED FOR THE RECORD

STATEMENT SUBMITTED BY THE CONSORTIUM FOR CITIZENS WITH DISABILITIES

CONSORTIUM FOR CITIZENS WITH DISABILITIES

MAP-21 Reauthorization: The Federal Role and Current Challenges to Public Transportation
Testimony Submitted to the Senate Committee on Banking, Housing and Urban Affairs
Thursday, March 6, 2014, 10:00 a.m.

Contacts:
Patrick Wojahn, National Disability Rights Network, (202) 408-9514, x102
Carol Tyson, United Spinal, (202) 556-2076, x7104

The Consortium for Citizens with Disabilities (CCD) Transportation Task Force would like to thank Chair Tim Johnson, Ranking Member Mike Crapo, and the entire Committee on Banking, Housing, and Urban Affairs for holding a hearing on the federal role in funding public transportation and current challenges to that funding. The CCD Transportation Task Force is a coalition of national organizations which advocates on behalf of the transportation needs of people with a variety of disabilities, including developmental disabilities, mental illness, sensory disabilities, physical disabilities, and intellectual disabilities.

The Task Force supports funding for all transit programs. It is critical that transit programs have a sustainable, reliable and robust source of funding to assure their viability. People with disabilities disproportionately rely on public transit. Public transit is often the only avenue people with disabilities have to shop, work and live in their communities. If transit services are cut back, people with disabilities will be isolated or, for those that can, forced to use more expensive specialized transportation services to access work, education and social opportunities in their communities.

We support stable and reliable federal funding for public transportation projects around the country. The impending Highway Trust Fund revenue shortfall threatens the ability of local jurisdictions to continue to maintain public transit. If funding is cut, transit networks that people with disabilities rely on around the country may be cut. This could leave many people with disabilities without means for transportation and without ways to get to their jobs or participate in the community. Ultimately, this could reduce the level of independence that people with disabilities have fought to obtain over the past few decades. The unemployment rate for people with disabilities is around 16%, nearly twice the unemployment rate for the general population, and the labor force participation rate for people with disabilities hovers around 20%, less than one-third the rate for people without disabilities. In order to ensure that the unemployment rate for people with disabilities does not climb, we must consider public transportation as one of the necessary supports that people with disabilities need to find and keep employment.

1825 K Street, NW, Suite 1200 • Washington, DC 20006 • PH 202-783-2229 • FAX 202-783-8250 • info@c-c-d.org • www.c-c-d.org

Moreover, increased funding to expand public transportation in rural areas is necessary to meet the needs of people with disabilities in those areas. Recently, public transportation providers in rural areas have cut services significantly – airlines cut domestic flights by over 21% in small airports between 2007 and 2012, [1] and intercity bus transportation coverage declined from 89% in 2005 to 78% in 2010.[2] Federal funding should continue to support public transportation services throughout the country, but especially in rural areas where these services can be a lifeline to people with disabilities.

Thank you for the opportunity to provide testimony regarding the federal funding for public transit. The Transportation Task Force is eager to work with the Senate Banking Committee to ensure that the reauthorization of MAP-21 properly addresses the needs of people with disabilities across the country.

---

[2] Geewax, Marilyn, "Smaller Airports Take Bigger Hit As Airlines, Cut Flights," May 8, 2012, available at <http://www.npr.org/blogs/thetwo-way/2013/05/08/182262805/smaller-airports-take-bigger-hit-as-airlines-cut-flights>.

[2] Bureau of Transportation Statistics, THE U.S. RURAL POPULATION AND SCHEDULED INTERCITY TRANSPORTATION IN 2010: A FIVE-YEAR DECLINE IN TRANSPORTATION ACCESS, February 2011, available at < http://www.rita.dot.gov/bts/sites/rita.dot.gov.bts/files/publications/scheduled_intercity_transportation_and_the_us_rural_population/2010/pdf/entire.pdf>