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# SURFACE TRANSPORTATION REAUTHORIZATION: BUILDING ON THE SUCCESSES OF MAP–21 TO DELIVER SAFE, EFFICIENT, AND EFFECTIVE PUBLIC TRANSPORTATION SERVICES AND PROJECTS—PART II

## HEARING

BEFORE THE

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

ONE HUNDRED FOURTEENTH CONGRESS

FIRST SESSION

ON

EXAMINING THE REAUTHORIZATION OF "MOVING AHEAD FOR PROGRESS IN THE 21ST CENTURY ACT" (MAP–21; P.L. 112–141), THE SURFACE TRANSPORTATION AUTHORIZATION BILL

APRIL 23, 2015

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# C O N T E N T S

## THURSDAY, APRIL 23, 2015



## WITNESSES

# SURFACE TRANSPORTATION REAUTHORIZATION: BUILDING ON THE SUCCESSES OF MAP–21 TO DELIVER SAFE, EFFICIENT, AND EFFECTIVE PUBLIC TRANSPORTATION SERVICES AND PROJECTS—PART II

**THURSDAY, APRIL 23, 2015**

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

The Committee met at 10:01 a.m., in room SD–538, Dirksen Senate Office Building, Hon. Richard C. Shelby, Chairman of the Committee, presiding.

## OPENING STATEMENT OF CHAIRMAN RICHARD C. SHELBY

Chairman SHELBY. The hearing will come to order.

On Tuesday, Acting Administrator Therese McMillan testified before the Committee on the reauthorization of MAP–21. Today, we will hear from four panelists representing a broad cross-section of businesses, industry, and labor impacted by MAP–21.

A long-term reauthorization bill will provide certainty and stability to communities and their citizens as well as business and industry. Any reauthorization proposal Congress considers must be fiscally responsible and balance spending needs with long-term sustainability, flexibility, and innovation.

This morning, I look forward to hearing from our panelists on these issues, but first, I will recognize my colleague, Senator Brown.

## STATEMENT OF SENATOR SHERROD BROWN

Senator BROWN. Thank you, Mr. Chairman.

I think Tuesday's hearing, just 2 days ago, with Acting Administrator McMillan was a good start to our Committee's work on the next transportation bill. I look forward to further discussion to the key issues raised on Tuesday with our witnesses today and thank the four of you for joining us.

I was struck on Tuesday by the discussion of the huge backlog of repairs that we face. DOT has made a compelling case that our Nation's public transportation providers face a tremendous challenge with aging facilities and vehicles. Eighty-six billion dollars is the number arrived at of unaddressed repairs. It is a huge deficit. Without new investment, that national backlog grows by $2.5 billion every year.

MAP–21 set FTA on a path to help transit agencies better manage their systems with a new national standard for measuring the condition of their facilities and vehicles. This attention to asset management will pay dividends in the years ahead, particularly in regard to the flexibility and reliability of our systems. But, better measurement alone obviously does not fix things.

We know reliability is an issue. On Tuesday, we heard from Senators Warren and Warner about how the reliability of the transit systems in Boston and Washington have suffered because of age and underinvestment, and those particular agencies have been tested further by the extreme winter weather in Boston and the tragic safety failure at Washington's L'Enfant Plaza. We need for every transit system to be able to offer reliable service for a low-income worker traveling between one or more jobs, getting home or picking up a child, or even going to the grocery store and getting decent food, is essential. We talked about that at some length at the hearing.

On the safety front, I am looking forward to working with Chairman Shelby to review FTA's safety program under MAP–21 to ensure that it has the tools needed and that safety gaps identified in accident investigations are being addressed.

But, as we talk about issues of repair and new projects, I hope our Committee does not lose focus that the most pressing issue facing our transportation system is the flat, unstable funding that Congress has delivered, for want of a better term. Since 2009, our Safe Service Transportation Program has been operating under short-term extensions. I mean, how do any of you, any of us plan for that with States and local governments. Federal funding has been flat except for small increases for inflation under MAP–21. The Highway Trust Fund faces a shortfall again this year. And, to think back, 11 short-term extensions should be pretty embarrassing to all of us.

Within transit programs, the failure of the Federal Government to keep up with transportation needs has clear consequences. First, the Nation's transit agencies are going to fall further behind and will not meet the demand for service if we do not invest in new capacity and repairs both. Between 1995 and 2014, transit ridership increased almost 40 percent and our population increased about 20 percent. That means we need to put the Mass Transit Account and the New Starts Program on a much better trajectory with new funding.

Tuesday, we heard about the need to review MAP–21's bus funding. That will be addressed again today. Our Committee could look at a formula or competitive programs for buses for the next bill. But, unless the baseline funding grows, there will be no means to buy buses.

Finally, when Congress fails to invest in transportation, we just do not fail commuters, we are wasting an opportunity to move our economy ahead, and particularly in manufacturing and construction.

Thank you, Mr. Chairman.

Chairman SHELBY. We want to welcome all of our witnesses to the Committee this morning.

First, we will hear the testimony of Ms. Janet Kavinoky, the Executive Director of Transportation and Infrastructure for the U.S. Chamber of Commerce.

Next, we will hear from Mr. Michael Melaniphy, the President and CEO of American Public Transportation Association.

At this time, I want to yield to Senator Rounds. I think he wants to make this next introduction.

## STATEMENT OF SENATOR MIKE ROUNDS

Senator ROUNDS. I would, and thank you very much, Mr. Chairman. I appreciate that.

We have a citizen of South Dakota here with us today and I think she brings something very special as a message. I am happy to be at this hearing today and to introduce Barbara Cline from Spearfish, South Dakota. Barb is the Executive Director of the Prairie Hills Transit and is the Upper Midwest Regional Director for the Community Transportation Association.

For decades, Barb has been a leader in expanding access to affordable rural transportation. Barb is focused on expanding transportation for senior citizens and individuals who are living with a disability but who wish to live independently and need a reliable source of transportation to get to doctors' appointments, recreational activities, or simply to run daily errands. Barb has a wealth of knowledge regarding how rural transportation systems rely on Federal funds to expand their services and continue to be reliable sources of transportation for those who depend on them.

I would like to thank the Chairman for inviting her to testify here today and I look forward to hearing her testimony. Welcome.

Chairman SHELBY. Thank you, Senator Rounds.

Senator ROUNDS. Thank you, Mr. Chairman.

Chairman SHELBY. Finally, we will hear from Mr. Harry Lombardo, the International President of the Transport Workers Union of America.

We will start with you, ma'am. All of your written testimony will be made part of the hearing record. Please proceed.

## STATEMENT OF JANET F. KAVINOKY, EXECUTIVE DIRECTOR, TRANSPORTATION AND INFRASTRUCTURE, U.S. CHAMBER OF COMMERCE

Ms. KAVINOKY. Thank you, Mr. Chairman, and thank you for the opportunity to testify on the importance of public transportation to the Nation's economy and businesses.

The Chamber's Jobs, Growth, and Opportunity Agenda prioritizes transportation because a first-rate national system is necessary to maintain a first-rate economy in the United States. A system with adequate capacity and high quality of service is strongly correlated with economic growth and increased foreign direct investment, which creates jobs in the United States. Failure to address transportation problems undermines our economic growth.

Transit gets people to their jobs and helps grow the economy. It relieves traffic congestion, catalyzes economic development, and connects neighborhoods, communities, and regions. It transports people to health care appointments, school, recreation, and shopping, and it gives businesses the opportunity to reach customers. Let me offer a few examples.

Houston's health care industry considers transit essential to improving the well-being of people in the region. Without transit, people may not receive the health care they need, or time stuck in traffic can lead to later missed appointments.

Public transportation promotes U.S. exports, and yes, you heard that right. An export is typically thought of as freight that is boxed and loaded onto a ship or plane and bound for someplace outside of this country. But, international travel and tourism falls into the export category, as well. Transit addresses congestion and connectivity problems, and by providing options for visitors to get around, enables the U.S. travel and tourism industry to create even more jobs.

Utah is a case study for the multiple benefits of transit. Expected population growth and geography made transit investments necessary for the Salt Lake City region, and businesses demanded them. The payoff has been big. Companies like Adobe, Microsoft, Vivint Solar, and Xactware chose to move into the area. Additionally, Goldman Sachs has increased its number of Salt Lake-based employees to 1,400, the second largest in the Americas. And eBay, which now employs 1,800 people in the region, relocated and expanded its Utah operations adjacent to a new commuter rail station to have access to a larger workforce.

Of course, passage of a long-term surface transportation bill would allow for more investments in rolling stock, rails, and new technologies that address traffic congestion, support mobility, and address transit issues with 21st century solutions, and this means jobs. For example, Xerox provides leading-edge technology systems and services for public transit, and transit-related manufacturers are located across the Nation.

Public transportation is critical to a smooth functioning, efficient, and effective overall transportation network. Businesses place a high value on the mobility of their employees, customers, and supply chains, and it is long past the time when highways alone can serve the needs of business. We should not have a one-size-fits-all approach to transportation. Investments are needed as appropriate in roads, buses, fixed rail, and technology, and often the right answer to a transportation problem will include all of these options.

MAP–21 was an excellent step toward ensuring that these decisions are made at the State and local levels of government while the Federal Government provides funding, maintains oversight, and assures transparency and accountability through performance measurement. Unfortunately, MAP–21 left the big question unanswered, and the issue of revenue for the Federal Highway Trust Fund has been a topic of nonstop debate, discussion, and handwringing since MAP–21 passed in 2012. It is time to stop talking and act.

The Chamber supports revenue sources that are transportation-related, collected on an ongoing basis, structured to be sustainable and growing, adequate for full funding, or at a minimum, able to maintain funding levels, and collectable by the Federal Government. It is the Chamber's position that the simplest, most straightforward, elegant solution to the immediate problem we face is to increase the user fees going into the Highway Trust Fund. Adding a penny a month for a year and indexing the total user fee to inflation could support current services funding levels for the foreseeable future.

And, yes, we know there is a need to look to other revenue sources. The vehicle fleet is becoming more fuel efficient. Driving patterns are changing. Construction costs typically grow faster than the Consumer Price Index. And multimodal transportation investment calls for more diversified sources of revenue.

Likewise, the use of procurement approaches like public–private partnerships to deliver more value and better allocate risk are needed.

In conclusion, it should be evident that Federal investment in safe, reliable, efficient transportation systems is, quite simply, smart business. The Chamber looks forward to the day that Congress passes a long-term, fully funded bill that builds on MAP–21 and identifies necessary resources.

Thank you for the opportunity to testify and I look forward to your questions.

Chairman SHELBY. Thank you.

Mr. Melaniphy.

**STATEMENT OF MICHAEL P. MELANIPHY, PRESIDENT AND CHIEF EXECUTIVE OFFICER, AMERICAN PUBLIC TRANSPORTATION ASSOCIATION**

Mr. MELANIPHY. Chairman Shelby, Ranking Member Brown, and Members of the Committee thank you for the opportunity to testify this morning. I am Michael Melaniphy, President and CEO of the American Public Transportation Association, known as APTA.

Federal investment in transportation is an investment in American jobs and global economic competitiveness. Public transportation gets people where they need to go and allows our highways to work better by reducing congestion. Public transportation is a catalyst for economic growth, shaping land use and development patterns, generating jobs, tax revenues, stimulating productivity gains.

But, our systems are showing the strains of chronic underinvestment. This comes at a time when demand continues to grow in record numbers. In 2014, Americans took 10.8 billion trips on public transportation. That was the highest number of public transportation riders in 58 years. Record ridership does not just happen in large cities, either. Some of the biggest growth occurred in towns with less than 100,000 people in population. Some of them grew at more than twice the national average rate.

But, this demand has strained our aging systems. U.S. DOT has cited an $86 billion backlog in public transportation State of Good Repair capital investment needs. And, this does not include the annual cost to maintain the current system, the cost of building new capacity, or the more than $3 billion in costs to install positive train control systems at our Nation's commuter railroads.

Providing public transportation has always been a partnership involving Federal, State, and local governments, working with public and private sector stakeholders. Riders contribute through fares to the cost of operating systems. Federal funding supports more than 44 percent of transit capital spending, while States and localities support another 32 percent of these costs.

Rural States often rely more heavily on Federal funding than public transportation does in urban cities. Looking at Alabama, Idaho, Tennessee, Louisiana, South Carolina, South Dakota, and Kansas, which are represented by Members of this Committee, more than 46 percent of what they spend on transit comes from the Federal Government. In fact, almost 86 percent of the transit capital equipment purchased over a 5-year period was bought with Federal funds in those States. By comparison, the State of New York derives only 10.5 percent of their total transit funding from the Federal Government and 37.6 percent of their capital funding.

The returns on this investment in capital public transportation are substantial. For every dollar invested, we generate about four dollars in economic benefits, and $1 billion in Federal transit investment fosters productivity gains that create or sustain 50,000 jobs. Seventy-three percent of the Federal transit capital funds flow right through to the private sector.

Many of these private sector jobs are high-wage manufacturing jobs in small and rural communities. For example, bus manufacturers have plants located in Alabama, North Dakota, Kansas, Minnesota, South Carolina, California, and upstate New York. Rail cars are manufactured in places like Nebraska, Idaho, Illinois, Pennsylvania, and upstate New York. And component and subcomponents are being manufactured all across the Nation.

To maximize Federal investment, we need a long-term authorization bill with a dedicated funding mechanism that supplements existing revenues for the Highway Trust Fund and the Mass Transit Account. APTA urges Congress to enact a 6-year, $100 billion bill to grow the transit program from $10.7 billion to $22 billion by 2021. Our funding proposal is robust because our needs are real. The Highway Trust Fund revenues need to be increased to support program growth.

Our proposal calls for increased funding for Capital Investment Grants, State of Good Repair, Bus and Bus Facilities, and Core Formula Programs, recognizing that large but infrequent bus capital projects are challenging to address with a limited formula program. APTA has recommended restoring a discretionary component to the bus program and boosting overall bus funding to pre-MAP–21 levels during the first 2 years of the bill.

The Federal program provides a platform for research standards and training programs where transit stakeholders face common challenges nationwide. To restore funding predictability to these programs, we recommend they be authorized as a set-aside from the Urban Formula Program. This would improve annual funding certainty and maximize returns on this relatively modest investment.

The current situation facing the Trust Fund has led to uncertainty, contributing to delays in capital investments and driving up project costs. APTA's recommendations reflect our belief that Federal funding in public transportation is a wise investment in American jobs, American communities, and American economic competitiveness.

Thank you for the opportunity to present this morning. I look forward to further questions.

Chairman SHELBY. Thank you.

Ms. Cline.

**STATEMENT OF BARBARA K. CLINE, UPPER MIDWEST REGIONAL DIRECTOR, COMMUNITY TRANSPORTATION ASSOCIATION OF AMERICA**

Ms. CLINE. Chairman Shelby, Ranking Member Brown, and Members of the Committee, thank you for inviting me to appear before you today to discuss the Nation's surface transportation legislation, MAP–21, and how we can better deliver safe, efficient, and effective public transportation services.

I appear before you today as Immediate Past President of the Community Transportation Association of America's Board of Directors, a national nonprofit association of more than 4,000 members committed to improving mobility for all people. I also serve on the Board of Directors and was Past President of the Dakota Transit Association, representing both North and South Dakota, and am the Vice Chair of the Spearfish Area Chamber of Commerce.

Today, I am the face of the Nation's often unseen public transportation network who could not be here with us, those systems in rural and small-urban areas who get people to work, to the doctor, to child care, school, or anywhere else they need to go. If you do not have a way home, we are your way.

My day in rural transit begins early, as our drivers start taking people to life-saving care, like dialysis, where a 1-hour one-way ride never leaves our 12,000-square mile service area. We take people home to Montana, Nebraska, North Dakota, and Wyoming. Once our service starts, I may be at a meeting with the largest hospital in Western South Dakota at lunchtime and briefing the City Council of Newell, population 600, after dinner. A place like Newell values the service we provide and contributes $1,000 a year to our matching funds. That may not sound like a lot here in Washington, but for a small town like Newell, that is a sizable amount.

Mr. Chairman, we work in the part of America where giving all you can sometimes still is not enough. They cannot do it alone. That is why maintaining the partnership between the Federal Government, the States, counties, and local communities to support community and public transit is important. That partnership has helped a system like ours grow from the old green van in 1989 to 45 vehicles, 50 employees today serving six counties. It has helped rural transportation ridership grow by 40 percent since 2007 and small-urban areas increase their ridership by 40 million since 2010.

Rural communities are the hardest hit in the Nation and increasing levels of isolation only make the cost of doing business out here even higher. Access to medical care means traveling further to reach a clinic or a specialist, sometimes out of the county or State.

Congress demonstrated strong leadership in passing MAP–21, which increased investment in rural, urban, and specialized transportation formula programs. That investment is essential to help systems like Prairie Hills Transit do the job we are tasked with. However, those increases only kept pace with inflation while also incorporating funding from the streamlined JARC and New Freedom Programs. MAP–21 maintained what we had at a time when demand was skyrocketing. That makes it hard for systems like mine to expand service to medical care and new job sites.

At the same time, MAP–21 was only a 2-year bill. The current extension is another 2 years at the same investment levels. These short-term authorizations make it difficult to budget for a new bus, a transit facility, Bus Rapid Transit, or a rail line. Those challenges were only magnified with MAP–21's robust systems, as the previous dedicated capital for buses and facilities was cut by more than half. Although increases in the formula programs were intended to bridge this gap, many systems, especially in rural and small-urban areas, use these funds for their operations.

The impact of reductions in dedicated bus capital investment have been staggering. Although each State receives $1.25 million per year for rural bus replacement needs, that is barely enough to replace a handful of vehicles, let alone an entire State's capital backlog. Half the States receive less than $5 million per year. An intermediary lending program similar to the current TIFIA program could help rural and small-urban transit finance capital purchases.

Our Department of Transportation estimates that $2.9 million is needed each year for the next 8 years to adequately replace the rural bus fleet. South Dakota receives the $1.25 million. For us at Prairie Hills Transit, our rural formula allocation under MAP–21 actually decreased. Most States are facing similar hardships. There is simply not enough money to go around.

If current funding levels continue, it is possible systems will have to raise fares, cut service, or lay off employees while their costs still rise by running old buses, ones more likely to break down and less safe overall. I have heard of more than one example of a driver and their riders stuck on the side of the road in the snow and the wind because the bus had broken down. This is the reality of the crisis in bus capital under MAP–21.

There are other key issues we would like to see addressed in the next authorization that are included in my written testimony that I ask be included in today's record.

On behalf of the Community Transportation Association and its members, I urge you to authorize the Nation's surface transportation programs to ensure greater mobility.

I thank you, Mr. Chairman, for today's opportunities. I would be glad to answer any questions you may have.

Chairman SHELBY. Mr. Lombardo.

## STATEMENT OF HARRY LOMBARDO, INTERNATIONAL PRESIDENT, TRANSPORT WORKERS UNION OF AMERICA, AFL–CIO

Mr. LOMBARDO. Good morning, Mr. Chairman and Ranking Member Brown. On behalf of the Transport Workers Union of America and our 200,000 members and retirees, thank you for having me here today to testify on such a critical issue. To the Members of the Committee, I look forward to a positive discussion today.

I am the ninth President of the Transport Workers Union of America and the TWU is a proud activist union. We have deep roots in our communities and a variety of industries in which we play an essential role in enhancing the quality of life of all Americans and our economy. We move America.

From New York to San Francisco, should you ride a plane, train, bus, subway, and now even a bike, you are a beneficiary of our proud, hard working, well trained, and skilled members. Our members serve as the backbone of the transit, air, and rail systems in this country.

I grew up in Philadelphia, and as a young man, I learned quickly you needed a backbone to move ahead. I became a member of TWU Local 234 as a car cleaner from SEPTA, our public transit system. I, like all young folks, wanted to participate in the American dream. I worked hard and I played by the rules and began to move up through the union. I was promoted to a rail mechanic, became a shop steward shortly thereafter, and just 5 years later became Business Agent. Now, I am the International President. This is, indeed, an amazing country.

I am so proud to serve in this role because TWU has been the backbone of historic worker struggles on issues ranging from equality, human rights, civil rights, to workplace safety and working conditions. We believe all Americans are entitled to their piece of the American dream regardless of race, gender, sexual orientation, or creed. That dream is now at risk for those following in our footsteps because we are not upholding our responsibility to them to invest in their future. Where is our backbone? Where is our commitment to the future?

Lack of infrastructure investment has horrendous consequences for the future of our country. Consider the following. Americans spend 5.5 million hours in traffic each year, which costs families more than $120 billion in extra fuel and lost time. American businesses pay $27 billion a year in extra freight transportation costs, increasing shipping delays, and raising prices on everyday products. And, by failing to invest, we are closing the door on our future.

In addition and more importantly, we are passing this debt and this burden on to our kids and grandkids. We have an obligation here to give the next generation a better shot than the one we had. We cannot imperil future generations by failing to act now.

Look, we all know the gravity of the situation we face, yet we have failed to have a backbone on this issue for over 20 years. The time has come. We need to act. We need a long-term solution. We need to fund the program.

We need to prioritize the health and safety of our workforce and improve working conditions. The increasing number of assaults on our operators has to be addressed. On average, there are over 200 reported physical assaults annually on bus operators in New York City and Philadelphia combined, and that is just two U.S. cities. These operator assaults cannot continue. Working class Americans should not go to work every day fearing for their safety on the job. The solutions are not difficult and we need this Congress to prioritize the safety of our riders and our operators by installing plexiglass barriers.

We need to provide operating assistance on a temporary and targeted basis in addition to capital investment. We must provide the basic critical funding to this national priority. Operating cuts threaten public transportation systems and this Congress should not tolerate it.

We have to both maintain our systems and modernize them. We need to stop thinking that public–private partnerships are a panacea for transit. In fact, in many cases, P3s threaten the public interest by undermining commitments to timely and safe transit service and to workers' wages and retirement security.

I believe if we collectively have backbone and confront the problem, we can develop a bipartisan solution to invest in the future of America. So, I have a simple message here today. Let us find those on each side of the aisle with a backbone. Let us end this 20-year debate for a sustainable long-term solution and let us get America moving again.

Once again, on behalf of our members, I thank you for having me and would be happy to answer any questions.

Chairman SHELBY. Thank you.

I will direct my first question to Mr. Melaniphy. In her testimony on Tuesday, Ms. McMillan pointed out the $86 billion State of Good Repair backlog as the basis for a significant increase in State of Good Repair funding. Funding for this backlog, she suggested, must be balanced with funding for new and expanded service.

I am of the belief that we should not invest in more infrastructure that cannot be maintained, particularly if the funding is going to be to the same systems that have the unmet State of Good Repair needs. In other words, we should keep up what we have first and then do—we need both.

In the interest of ensuring that the traveling public is safe, should we, sir, not require systems to invest first in their State of Good Repair needs?

Mr. MELANIPHY. Mr. Chairman, thank you for that question. We absolutely must invest in State of Good Repair for this industry. We have fallen behind and we have seen the consequences of that in dependability, safety, and the opportunity to ride in a safe, dependable way.

We do not operate in a static state. Our communities are growing. Our ridership is growing at record paces. So, we also must invest in core capacity so that we can accommodate those growing needs. There has to be a balance. There is no question we must invest in State of Good Repair, but we cannot ignore we have got communities that are growing. We have got a changing socio-economic pattern. We are seeing this repopulation of our downtown areas with Millennials and Baby Boomers moving back into our downtowns and changing travel patterns. So, there has to be a balance of investment in both new services and State of Good Repair.

Chairman SHELBY. But, we do have an acute need to maintain our system. I believe it was Senator Warren who was talking about the East. You know, they have had a lot of snow, they have had everything.

Mr. MELANIPHY. Yes, they did.

Chairman SHELBY. But, everywhere, we see potholes. We see other problems. We should do both, I agree with that. But, what should we do first?

Mr. MELANIPHY. When you have seen one transit system, you have seen one transit system——

Chairman SHELBY. Yes, I agree.

Mr. MELANIPHY. ——and as you look at what happened in Boston, you have some of the oldest systems in the country in the Northeast. And if you look to the West part of the country, we have got newer systems that have different needs and State of Good Repair and expansion. So, we have to look at each system on an individual basis, Mr. Chairman.

Chairman SHELBY. Is there value, sir, in having a State of Good Repair requirement tied to Federal investment in new or expanded systems? In other words, should project sponsors have to certify that their system is in a good state of repair before they are given Federal funding to build more?

In other words, what if you had a big nice house and you let it go to the dogs, and then you went to the bank and said, well, I want to add on a kitchen and so forth. And they would look at it and the roof is leaking. It has not been painted in years. The sidewalk is crumbling. The plumbing is crumbling. They would say, what the heck, would they not?

Mr. MELANIPHY. I think the balance, Mr. Chairman, as was stated by Acting Administrator McMillan, we have an $86 billion backlog exclusive of the operating ongoing needs.

Chairman SHELBY. Mm-hmm.

Mr. MELANIPHY. We certainly encourage the Committee to invest an $86 billion 1-year investment to get us up to speed very quickly. The likelihood of that is probably not realistic in a 1-year hit. So, it will take a few years to make that investment to catch us up and I do not think that we should hold back investing in our overall systems to only get to there. But, having a match in there to make sure that people are investing in State of Good Repair and not delaying it or deferring it, I think is a worthy goal.

Chairman SHELBY. The Federal Transit Administration is widely considered to have the most stringent Buy America requirements of any Federal agency. Today, grantees must abide by a 60 percent domestic content requirement. This includes components and subcomponents. In spite of this robust requirement, the administration has proposed to increase the Buy America requirements for the Federal Transit Administration grantees to 100 percent by 2019, arguing that it will bring more manufacturers and suppliers to the U.S.

Some of us have concerns about this approach, but we all want jobs in America. But, I want to hear from each of you about this proposal. We will start with you.

Ms. KAVINOKY. Thank you, Mr. Chairman. The U.S. Chamber of Commerce does not advocate either scaling back or expanding existing domestic source preferences for public works projects. To the extent that the mandates have already been built into the business operations of numerous affected industrial sectors, the market has adjusted. But, we are concerned since the U.S. already imposes significant Buy America requirements that this would cause companies to either relocate or not continue investing in the United States. We do think that there is—there needs to be continued opportunity for companies to work with their global supply chains to provide the best value for their customers in the system.

Chairman SHELBY. I think we all want to Buy America. We want to create jobs here. We want to—we believe America can do anything. But, we have got to be competitive, too.

Go ahead, Mr. Melaniphy.

Mr. MELANIPHY. Thank you, Mr. Chairman. As someone who was a bus operator, a transit general manager, a bus manufacturer, and now represents the industry, I have views from many angles on this. Last year, there were 16.5 million cars sold in the U.S. In a good year, the total transit market from all bus suppliers is about 5,000 buses. We play in that same supply base.

There is no question that the current Buy America requirements at 60 percent plus final assembly in the U.S. has absolutely driven investment in our country and requires there be a good supply base here. However, we must look at how we fit into the overall supply picture. Our bus and train manufacturers do not really make everything. They make the shells and they assemble the rest from supply base that, quite frankly, is a global supply base.

Achieving 100 percent is not a realistic opportunity in this current space, and there is a reason there are no U.S. manufacturers of rail cars at all. All the rail car manufacturers are from around the world. Our base simply is not big enough, and having uncertainty in long-term funding makes that more challenging. And, as we look at the type of steel and the products we use, sometimes the quantity is not big enough to incentivize U.S. steel suppliers here in the U.S.

So, we have to continue to push it. We think the current standard is a good one. It is sustainable and it drives U.S. jobs and we look forward to working with you in the future on it.

Chairman SHELBY. Ms. Cline, do you have anything to say?

Ms. CLINE. In South Dakota, in particular, I can speak most clearly, but because of the size service areas that we have, we do not have a specific vehicle that we use in every community. By having 100 percent Buy America and 98 percent American, it has really eliminated some of the vehicles that we found were most effective in our service area. We just cannot buy them anymore because they do not meet the requirements.

Chairman SHELBY. Mr. Lombardo.

Mr. LOMBARDO. Well, I do not have the kind of data and experience that some of these others testifying have, but, sir, I am an advocate that every American should have an opportunity to get the best job they can——

Chairman SHELBY. Absolutely.

Mr. LOMBARDO. ——and, therefore, if we can initiate Buy America, as many of our so-called competitors do in their own countries, I would support that.

Chairman SHELBY. Thank you.

My last question for this round, public–private partnerships. Federal policies, I believe, should encourage private investment in transportation infrastructure in order to better leverage Federal investments and increase economic growth. We had testimony about this a couple of days ago. Public–private partnerships, or P3s, are one way to do this. And while they have been widely used for highway projects, the same is basically not true for public transportation projects. It seems to me like this is an avenue we could go down.

Do you agree, and I will start with you, ma'am, that more private investment in transportation infrastructure projects is one way—perhaps not the only way—is one way that we can stretch limited Federal dollars we are talking about here and expedite project delivery? If it is true, why have we not seen more public transportation projects using P3s? Is there a downside to private investment, in other words?

It looks to me like with the money, scarce money, we could leverage this. We do it in housing. We do it in health care and everything, but we have not done it here. I have seen what a subway stop would do to a blighted community, for example. It revitalizes it, and then the private sector starts, and the stores open. I have seen it everywhere. But, go ahead.

Ms. KAVINOKY. Sir, you make a very important point at the beginning, which is it is public–private partnerships are one way to make this happen. They are most definitely not a panacea. They are not a solution to funding problems.

Chairman SHELBY. No.

Ms. KAVINOKY. But, where they have been used, not just in the United States but the global experience with public–private partnerships is not so much about the money. I mean, yes, by doing a financing you can start projects sooner because you can raise the capital and realize those benefits over time, but where P3s have really thrived it is because they have actually brought value to projects. There is more innovation in technology that is brought into that.

They also look at the life cycle. You talked about State of Good Repair, but most P3 projects do not just look at construction. They incorporate what the overall life cycle of a project will be and the costs of operations and maintenance.

P3 projects in the U.K., there have been substantial studies that there, they have come in more on time and on budget, or under, because those things can be worked into contracts. And, yes, they can raise money today where we need it.

I think one of the reasons that P3s have not been used as broadly in the United States, frankly, is because of the workforce. It takes a significant knowledge of financing and contracting that is very, very different than the skills that are in today's transit systems, State Departments of Transportation, and we need to build that kind of capacity to be able to do more complex projects. That is something I know APTA has worked with, with the Eno Foundation for Transportation and other organizations, so that we can have the transportation workers for the future who are able to look in different ways at P3s.

Chairman SHELBY. Yes, sir.

Mr. MELANIPHY. The international financing world that plays in the P3 space looks at the world on a global basis. They look about risk and where is risk best manageable. They look at countries like Canada and Australia, where they have a nationwide standard for P3 investments. Here in the U.S., our risk quotient is very high because we are a patchwork of 50 different States of regulations, many of which—almost half—prohibit P3-type projects.

The one project that has worked very well——

Chairman SHELBY. Why? Is that politics and something they are used to?

Mr. MELANIPHY. I will not speak to the political question, Mr. Chairman.

Chairman SHELBY. OK.

Mr. MELANIPHY. We look at Denver's project, the largest P3 in the U.S. and the biggest transit project. It was 11 different funding mechanisms that went together to build that project. So, as we look at this mechanism, it is not just P3, and obviously you have to have a revenue stream to fund that. A bus garage does not generate a lot of revenue. It is not a great revenue stream to pay those things off.

Chairman SHELBY. Sure.

Mr. MELANIPHY. So, as we look at the type of project, it has to be the right match. We have to look at RRIF loans, TIFIA loans, municipal bonds. We have to look at all the different funding components we can put together. When we package those together, there are opportunities to leverage those and to be a better player in the P3 space.

Chairman SHELBY. Ms. Cline, do you have any comment?

Ms. CLINE. In my service area, we do not really have opportunities to work with the P3s, but one of the partnerships that we have developed has been with our regional hospital network, which is five different hospitals. They have engaged in a contract with us to provide all their discharge transportation. So, that is probably the biggest public–private transportation we have got.

Chairman SHELBY. Mr. Lombardo.

Mr. LOMBARDO. Yes. Our union thinks that there is a place for some use of P3s. However, we have some very serious concerns in terms of protecting the work that our members do. In many situations, from what we have seen, privatization efforts, PC partnerships, lead to service cuts, they lead to revocation of collective bargaining agreements, lowering wages, elimination of pensions that people have worked 20, 30 years to collect, and there is conflict between public pensions and private 401(k)s. So, we think that, obviously, we should take a look at anything that may help, but we really have to make sure that it is not off the backs of quality service to our riders and the existing workforces.

Chairman SHELBY. Sure. Senator Brown, you have been very patient. Thank you.

Senator BROWN. Thank you, Mr. Chairman.

Let me go back to Buy America. Mr. Lombardo, you started by saying, or in your comments you said that in other countries, they use Buy America and we seem to have some aversion to it in this Congress, and I guess I am not surprised by Ms. Kavinoky talking about the Chamber of Commerce's position on this because they have generally opposed those provisions as an organization in other kinds of public dollars.

I think the first thing to do is put yourself in taxpayers' position when, as individual people in this country, we are spending taxpayer dollars and we buy Chinese steel to build a bridge in California, or we buy—we use textiles and apparel to make everything from American flags to uniforms, sometimes, that are made else-where but paid for by U.S. taxpayers. I mean, you have to start there, in the mindset there.

Now, the 60 percent number, and I think that Mr. Melaniphy said something particularly interesting. He said that that has driven investment in the supply chain, if you will, because there is a certainty to this. I know that, Ms. Kavinoky, many business people, members of yours come to these Committees and talk about certainty. That is why you do not run the Government right up to the edge on paying off our bills and you want to see Eximbank reauthorized for 5 years, or you want to see a transportation bill for 6 years. All of those things, I very strongly agree with and we do not see this Congress acting that way very often, but how important that is.

But, if we can build the certainty from 60 to get up to 100 percent—and I know 100 is probably not quite attainable, and Mr. Melaniphy, we have had these conversations in my office about this and I appreciate your interest and your cooperation on it. But, my question is—and one more comment is Ms. McMillan, Administrator McMillan, when she was in, she suggested that there were names of companies she could give the Committee that have gotten into this space knowing that—into creating, into manufacturing something because they know there will be more Buy America provisions and that kind of investment. We then know we can actually do that in this country.

So, my question for, Mr. Melaniphy, for you, is I just do not accept the argument that nothing can be done, that we cannot move from 60 to 70 to 80 to 90—again, 100 is very difficult, but that we cannot move that way. If you would, you can either get back to me on this or give us some thoughts now or both, if you would be willing to collect ideas from transit manufacturers about real steps to increase the use of domestic suppliers and identify components like steel where U.S. suppliers can step in. If you would commit to the Committee to begin to collect those ideas from, both from your manufacturers and from your Cleveland RTA and New York Subway System and SEPTA, where Mr. Lombardo started.

Mr. MELANIPHY. We are happy to do that for the Committee, Ranking Member Brown. A couple of things of note in your comments. Right now, in the bus space, we only have one domestic heavy-duty engine manufacturer, one, for everything. And the production that we are as part of their global space is a couple of days' production at one plant. We are minuscule in the overall space. So, our ability to influence that is, quite frankly, is challenging, and it goes for transmissions, axles, all those different components.

And, we look at our production plants. They do not just build FTA-funded vehicles. They often build for Canada and private sector and others. So, mandating that they do everything to meet this mandate for a portion of what they do is challenging, but they certainly are endeavoring to do that. They continue to push. And, we see suppliers enhancing their space within the Buy America areas. We have got a couple of new manufacturers, some all domestic, some Chinese and from other countries that have come and set up plants in America to meet Buy America. So, it is something that we continue to push on.

One of the things that we also work with, we worked with the FTA to work with Commerce and with NIST to find a greater supply base. If there are challenges in finding a domestic supplier, we have used NIST to help us find other suppliers that potentially would play in that space. But, again, it is volume and the predictability of a long-term funding bill helps to incentivize those companies to make the investments they need to build domestic product that they might not otherwise do.

So, there are a couple of key points there. We will continue to work with them. We understand the initiative. Again, getting to 100 percent is realistically not possible. But, as we look at where we are at, we think 60 percent is a good dependable number.

The last piece here is they build our factories, and I had factories under me for over 10 years. You often make agreements with your communities for tax incentives, for employment, for investment and capital, these other things, and if you have to take those jobs and take them out of that city, that country, that twin plant and you have got to move them somewhere else, you have violated those. So, we have to look at the volumes we generate of business and we do that through good long-term investment and capital. We look to the FTA and to the Congress to help make that funding possible.

Senator BROWN. Thank you, and if you could follow up.

And, I think your comment about predictability is so important. If we are going to move from 60 to approaching 100 percent made in America, and understanding the steel issues there, and I want to talk about that a second, then we need a long-term transportation bill where companies that decide to invest in new production, something they have not made before, obviously, they need to know that this is not a 6-month transportation bill.

Understand, too, the threat in American steel, where China's steel capacity now has exceeded the steel capacity of the rest of the world combined and that is why there is so much dumping of Chinese steel in the United States today and will continue for some time, is their own market stagnates.

Let me ask about safety. Acting Administrator McMillan was asked on Tuesday about safety standards for evacuation and communication and ventilation. Mr. Lombardo mentioned worker assaults, driver assaults. Would you, Mr. Lombardo, talk about what safety issues we should examine as we review FTA's safety authority under MAP–21.

Mr. LOMBARDO. Well, our priority is, and has been for several years now, drivers' assaults. I mean, it is becoming epidemic. Our drivers are the front lines of any transit organization in any part of the country. Anytime transit services are bad, or, fares go up, the front-line person takes the brunt of the ridership's anger. To have, on average, 200 people a year beat up, cut, it is not just an unsafe circumstance for our member, who is the operator, it is an unsafe circumstance for every rider that is on that vehicle or any driver that is driving an automobile in the proximity of that bus while that driver is being assaulted.

And, one of the problems is that angry riders have too much access to the operator. It is not necessary access or one that interferes with the quality operation of the vehicle. They need to have protective screens so that they cannot be the scapegoat for every rider's anger, or any rider's anger.

So, we over the years have participated in labor-management cooperative conferences in Philadelphia, in Pennsylvania, and in New York, and we have additionally worked hard to have the FTA convene a meeting here in Washington to discuss this problem.

And, so, what we are looking for from reauthorization is that all new vehicles be required to have installed protective shields for the operators. I have traveled to the Scandinavian countries to look at the privatization experiments that are going on over there as well as safety for operators and I could not find a vehicle that did not have a shield for the operator to be protected, as well as a door for the operator to get out in the event that he or she was being assaulted.

So, one of the things that we are looking for, right now, because of the cooperative work in New York City, New York City is retrofitting many, many buses with screens, and they have determined that it is a far cry cheaper to retrofit them with screens than to pay the medical expenses and the lost time that they are currently paying for because of these assaults. So, we would like to see in reauthorization a requirement that all new vehicles be manufactured so that they have protection for operators.

Senator BROWN. Thank you, Mr. Chairman.

Chairman SHELBY. Senator Warren.

Senator WARREN. Thank you, Mr. Chairman, and Mr. Lombardo, thank you very much for raising the issue of driver safety. Since you have talked about that, I will go to another question, then, that I wanted to ask about.

Last year, Congress passed a short-term fix to the National Highway Trust Fund to keep it from becoming insolvent. It was a stop-gap measure that prevented repairs to our transportation infrastructure from grinding to a complete halt. And, while we all agree that we need a long-term solution, the constant challenge has been how we are going to pay for it.

I support looking for new solutions, but I am very concerned about the assumption in some places that privatizing transit operations will save money. A GAO study on the impacts of privatization stated that, quote, "savings come almost entirely from cutting wages and benefits, not from service efficiencies." In addition, this study reported that privatization can lead to reduced service quality. According to this study, safety is a particular concern, for example, with replacement drivers 70 percent more likely to have collisions, which, of course, is very costly.

Mr. Lombardo, the Federal Government has historically remained neutral on whether to recommend privatizing services performed by public transit agencies. Do you believe that as we do the next reauthorization bill that the Government should continue this neutral approach?

Mr. LOMBARDO. Yes.

Senator WARREN. Do you want to say more?

Mr. LOMBARDO. Yes, I do. Indeed, I do. Yes. You know, the main goal of urban transportation policy should be to improve speed of movement, to make sure that it is safe, and that it is more and more convenient. When you have an unstable workforce, when you are not paying good wages, benefits so that the employee is invested in the job, invested in a career, you run the risk of having less experienced and less safe operators.

I do not know what the current statistics may be, but some years back 60 percent of all accidents were with drivers who were on the job for less than 18 months. Our experience in privatized services, within the TWU, is that wages are cut, benefits are cut, pensions or defined benefit plans, which we are accustomed to in most places, are nonexistent with the private folks, and you have major turnovers in the employees, especially the operators.

So, it is very—it is very important that when chasing the savings, that you are not penny-wise and dollar-foolish, because low wages, low benefits, and zero or no pensions does not lead any employee to believe that they have a career and a lifetime job ahead of them to attain the skills and commitment and determination to do the right job.

So, yes, I believe we absolutely should continue with the neutral approach.

Senator WARREN. Well, I appreciate that. You know, I think it is clear that we need to address our long-term transportation funding issues, but in a manner that provides the same quality of service and that protects public safety. And, I just have not seen any convincing data that demonstrate that this can be accomplished through privatization.

In Massachusetts, we test the efforts to outsource work with the Pachecho laws, which ensures that any outsourcing must cost less than the in-house cost of that service and that the outsourcing must maintain at least an equal quality of service. But, other parts of the country do not have that important safeguard. Maintaining high standards, particularly high safety standards, requires experienced and qualified workers and we should be strengthening and investing in our transit workers instead of targeting them for cuts that would cost us more in the long run.

Thank you, Mr. Chairman.

Chairman SHELBY. Senator Menendez.

Senator MENENDEZ. Thank you, Mr. Chairman. I would ask that a statement that I have be entered into the record at this point.

Chairman SHELBY. Without objection, it is so ordered.

Senator MENENDEZ. Thank you, Mr. Chairman.

President Lombardo, your testimony raises an interesting point, that transit workers who have decent wages and can make a long-term career for themselves are naturally going to be more invested in the long-term quality of the service they provide. This helps contribute to an overall safety culture with workers who can focus on doing their jobs well rather than worrying about how to support their families or where their next short-term job is going to come from. So, it seems to me that it is an essential complement to the safety programs this Committee authorized in MAP–21.

You have spoken to the other elements that some of my colleagues have raised as it relates to privatization and worker protection, but can you speak to the importance of worker protections and morale in creating a safe transit service?

Mr. LOMBARDO. Well, I will do my best. And, perhaps I am going to be redundant, but in today's world, the average American who just has a high school diploma, they need good quality work that they feel is satisfying and long-term. And, as I said earlier, the vast majority of transit accidents resulting in injury occur with operators who have less than 18 months' experience on the job. Good benefits, good salaries provide people with the security to become more and more proficient and dedicated to their work. It goes hand-in-hand with the profession of a bus operator that you have greater experience, greater day-to-day opportunities to develop your skills and how to avoid accidents.

Senator MENENDEZ. Mm-hmm.

Mr. LOMBARDO. In contrast, workers who are in and out of the workforce with varying employers, because you are attracting, quite frankly, you attract a different level of employee with lower wages and lower benefits.

When I was a President in Philadelphia with a local and the unfunded mandate to provide paratransit service, we were just appalled a couple years into those programs when we learned that many operators—not many, but operators who were dismissed from our employer for random testing positives showed up a couple months later at the paratransit companies driving vehicles. So, the checks and balances for that is very short.

Senator MENENDEZ. I appreciate that. I think we always look to experience as an element of quality at the end of the day, and in this case, experience, to me, also equates to safety.

Ms. Kavinoky, every year in northern New Jersey, New York, and Connecticut region, over four billion transit trips are taken, millions of those occurring along the Northeast Corridor transit and rail lines. We know that the studies that have been made, for example, by Amtrak say that the tunnels connecting New Jersey and New York will need to close due to age and damage from Hurricane Sandy. Closures of this magnitude would force an untold number of trips into already overcrowded roadways.

So, given that the Northeast Corridor region produces 20 percent, or $3.5 trillion, of the Nation's GDP, can you discuss the impact on business it would actually have to face the failure of taking some of these tunnels out of commission and the significance of that to business, not only in the region, but as part of the national economy.

Ms. KAVINOKY. Sure. Thank you very much, Senator, for that question. I had the opportunity this week to ride both Amtrak and New Jersey Transit with Mitch Warren, who is heading the Northeast Corridor Infrastructure Commission, and we talked about the critical nature of those tunnels up in the New York–New Jersey area and the fact that you have businesses who are locating in one of the most economically vibrant areas of, well, the world, for that matter, and they rely on as much mobility and as many transportation options as possible.

But, it is not just people who rely on mobility in that area. With the Port of New York–New Jersey and a significant amount of the Nation's freight coming in and out of that region and limited rail access, so a heavy reliance on roads, we can certainly see how the economy would be wildly gridlocked in the event that that problem is not dealt with.

Now, the U.S. Chamber does not engage in specific project-related issues, but I think it is clear and it is very obvious that that is a critical node in the entire Nation's transportation system.

Senator MENENDEZ. And I appreciate your answer. To me, it goes to the question, and there are, I am sure, other parts of the country like this, in which projects of national significance have a real consequence and they are of a magnitude that you cannot put a patchwork of different funding sources and try to figure out how you construct new tunnels under the Hudson River and the Portal Bridge that is a 100-year-old bridge that constantly breaks down and stops the whole Northeast Corridor from moving and businesses from sending their sales forces and getting their employees to work or to their prospective customers or existing customers. So, it is critically important.

I appreciate the answer, Mr. Chairman.

Chairman SHELBY. I have one more question. Regional differences——

Senator BROWN. Mr. Chairman——

Chairman SHELBY. Oh, excuse me. Excuse me, Senator. I was getting ahead of myself, and I knew you were there. I apologize.

Senator DONNELLY. You thought I was the cameraman, did you not?

[Laughter.]

Chairman SHELBY. No, no.

Senator BROWN. For the third straight——

Chairman SHELBY. You are in and out sometimes. You are recognized.

[Laughter.]

Senator DONNELLY. Thank you, Mr. Chairman——

Senator BROWN. There will be time when you will move more this way.

[Laughter.]

Chairman SHELBY. I sat over there a long time——

Senator DONNELLY. I have a deep affection for the Chairman. Thank you very much. I think it is primarily because I do not root for Alabama when they play Notre Dame, is my belief in that.

Chairman SHELBY. Do not ever do that.

[Laughter.]

Senator DONNELLY. Mr. Lombardo, maybe it is because I am getting a little bit older, but I remember a time when we would go to church with my folks and the transit workers would come to church in their uniforms on Sunday morning, and the Postal workers would come in in their uniforms, and the police and the fire, and there was a great respect and appreciation for all of those folks. And, so, one of the things I think we have lost is the understanding that when we denigrate people and try to chop their wages all the time and try to make it more difficult for them to take pride in their career, it has an effect on the whole service, do you not think?

Mr. LOMBARDO. Indeed, I think it has an impact on the whole service. Just the struggles we have been going through these last couple of years with this epidemic of assaults, it has taken a tremendous effort to just get to where we are that people are beginning to recognize that it is a problem. So, when it takes so long, when you are the operator pushing that bus or trolley car up and down the street every day and it has taken years just to start to get people to pay attention to the insecurity you feel every day on a vehicle, you better believe it is a distraction, and you better believe it creates an attitude that if the employer does not care about me, then I have to protect myself any way I can.

Senator DONNELLY. And when we run folks down, you know, when we see it in papers and we see it on radios and we see it on TV, and they create less of a value for those positions, it makes it so much more difficult for these men and women who are—that is how they feed their families. That is how they take care of their families. That is how they have the money to go on vacation and get a little bit nicer apartment. You know, it is different than it used to be and it needs—the positions need to have that same respect come back.

I would just like to say, also, I come from a State that has a significant number of rural areas. A lot of what we do, there is transit for rural and small communities, particularly as it relates to health care. And, Ms. Cline, could you talk a little bit just about how essential Federal transit investments are to rural communities and what the lack of funding is doing in those areas.

Ms. CLINE. One of the biggest challenges that we are seeing with, I would say, reduced Federal funding, is that there are more and more needs for dialysis treatment, which is a life-supporting treatment that people have to have 3 days a week. The other thing is that we need more and more vehicles that are specialized to provide transportation for people who have disabilities, especially those that are very large. And, without the Federal investment to purchase those new vehicles, replace those new vehicles, or not replace new vehicles, but to replace the old ones that we are using, we are not able to provide a safe and reliable transportation for those that are the most fragile, elderly, and in need.

Federal dollars are a huge part of what our system does, and without that, we are not able to go to the cities, counties, and actually leverage the additional dollars that would match that——

Senator DONNELLY. One of the things that has bothered me over the last year or two, or, actually, over the last number of years, when people have even questioned whether the Federal Government has a role in building highways or in transportation systems, what everybody forgets is that, for me, my parents' generation built these systems and paid for these systems and my children are going to have to pay to fix these systems and to invest in new systems. And, we have an obligation here in the middle not just to ride on these systems, but to put them in the shape they should be in. We always say that part of the importance of what we do here in America is that to each next generation, we want to give it in a better shape and a stronger shape, and it goes to this subject, as well, I think.

Another area we are seeing, and I just, Mr. Melaniphy, I just want to ask you real quick, we are seeing trend changes, too, and what I mean by that is when you look at public transportation, you are now seeing whole areas again being reconfigured that where the public transportation goes is where the suburbs are going up and where the towns are going up, and where it does not, that is where it starts to go away a little bit. Are you seeing this public transportation that we are seeing now becoming more and more important, and you see a lot of people heading back toward urban areas and areas where public transportation is. Do you see that to be a continuing trend?

Mr. MELANIPHY. Absolutely. As a proud Hoosier, I am happy to take your question.

Senator DONNELLY. I did know that you went to IU–Bloomington and we are extraordinarily proud of you, as well.

Mr. MELANIPHY. I was Bobby Knight's bus driver, so this is where I started in the industry.

Senator DONNELLY. Well, that is a completely different form of public transportation.

[Laughter.]

Mr. MELANIPHY. We are seeing huge demographic shifts. We used to take about, every 10 years, we would change our systems and address the bus routes to address changes in demographic make-up of our communities. We are having to do it about every 3, 4 years now because we are seeing huge demographic shifts. We are seeing Millennials and Baby Boomers repopulating our downtown areas. We are seeing changes in our ridership, not just—in rural and urban both.

If we look at the ridership in New York, the ridership on weekends is higher than it was on weekdays 15 years ago. People are changing how they are using our systems, and the young people are saying, I do not want to have a car. I want to have public transportation as options.

We look at the radical changes in Indianapolis.

Senator DONNELLY. Right.

Mr. MELANIPHY. Huge change in how that city looks and what it looked like when I was there 25 years ago. We did a conference there. Huge change, incredible differences. Seven-hundred-and-fifteen million trips on public transportation in Indiana last year, and we are seeing it all across the country. Areas that were blighted, there were old factories and warehouses, are now lofts and studios and multi-use developments and public transportation is driving that, and there is no doubt that where public transportation goes, the community grows. And, we have seen it in cities time and again.

As we came out of the economic recession, those that had good public transportation recovered more quickly and were able to bring more economic competitiveness to their communities, so it is definitely a great thing to look at, for sure. Thank you, Senator.

Senator DONNELLY. Thank you. Go Hoosiers.

Chairman SHELBY. Senator Menendez.

Senator MENENDEZ. Thank you, Mr. Chairman. I had another question or two and I did not know we were going to have a second round, so I appreciate the opportunity.

One of my biggest concerns is the narrative that seems to be present in Congress that another 6 years of flat transportation funding is the best that we can do. The Administration's GROW AMERICA reauthorization proposal, by contrast, calls for a 76 percent increase in transit funding over 6 years, and APTA's proposal calls for more than doubling our current investment in transit.

So, a question for the panel is, what do you believe the consequences of another 6 years of flat funding would be for the Nation's transit riders and for the interests you represent, and how would the picture look different under funding levels, let us say, closer to APTA's or the Administration's?

Mr. MELANIPHY. Thank you, Senator, for the question. I meet with mayors and Governors on a regular basis and they say one of the top five questions that businesses ask when they come into their communities is, do you have good transportation? Can I get my workers in a safe, reliable, dependable way to work?

We have seen the consequences of under-investing in our infrastructure. We are seeing that $86 billion backlog in infrastructure investment. Reliability, safety takes a hit. We have to invest in these. If we want our country to be competitive in a time when we have a knowledge-based economy, when you can take jobs and move them the next month to another country, we have to make these investments and it is so critical that we do so.

We proposed almost doubling of the program not because it is something we wanted, not because of rainbows and unicorns. We based it on what the real needs are, what the real growth patterns are, what our communities are demanding in order to have safe, reliable, dependable service to serve their communities, to get the congestion off our roadways so we can have the good, free movement of goods, products, and services on the roadway networks. It takes the system working together, and in order to do that, to keep this country to be competitive, we must make these investments. If we want to have safe system, we want to have reliable systems, and a country that is competitive, we have to make these investments.

Senator MENENDEZ. Does anyone else want to respond?

Ms. KAVINOKY. Senator, we look at the estimates that U.S. DOT has provided and others that say, what will it take to maintain current conditions and performance, and what happens if we only spend what we have today. And, I would emphasize that you have to think about what current conditions and performance are today, and that is people losing days in traffic every year. It is the cost to vehicle operation. It is the cost of congestion to business. It is the opportunities currently being lost because people cannot get to jobs or businesses cannot get their workers going.

And, so, when we talk about the ability to maintain where we are, we have to look around and say, is this good enough for us? The Chamber would most certainly like to see increased investment levels in infrastructure, and we have laid out the revenue ways we would like to have that happen.

I do think we have to be realistic about just what kind of increases or what sorts of things we can pursue in the overall context of the budget, but we should at least be conscious that when we say, well, if we are going to maintain what we have, what we have just is not good enough.

Senator MENENDEZ. You mentioned earlier the Port of New York and New Jersey, which is really all, for the most part, the Port of Elizabeth and Newark and the container operations there. If you wear it, if you drive it, if you eat it, if you use it, it probably, at least for the Northeast, which is the megaport of the East Coast, comes through that area.

And, so, to move effectively those products to the marketplace on behalf of companies, and—we may not think of transit in that regard, unblocking the bottlenecks along the way by having transit be able to move people is incredibly important.

One final question, Mr. Melaniphy. In Tuesday's hearing, there was some discussion of how to address the different priorities if Congress continues current funding levels and the topic of private sector investment was raised. And while I think there is an important role for the private sector, I do not see how that can be a viable replacement for adequate public sector funding.

Now, you represent all types of transit providers who each have their own priorities. Is there a way to meet any of these needs just by maintaining current funding levels and then hoping for the private sector to fill in the gaps?

Mr. MELANIPHY. I have yet to see hope be a sustainable model. I think that we have to look at these things as tools. Certainly, the Chairman asked about concepts like value capture used in other countries, where as we make these investments in these transit corridors, there are private sector businesses that benefit from that and reap an economic benefit. If we can capture some of that to, I do not know, maintain the systems that we just spent Federal dollars to build, there is a good model there and it is something to examine. If we look at municipal bonds, that is a way for the private sector to play in that.

But, in no way can we say just maintain the current and hope that through the benevolency of the private sector, they will just give money to transit to maintain our infrastructure. That is not going to happen. There has to be an economic return for that.

So, looking at how we structure the different pieces, whether it is RRIF or TIFIA or value capture or it is municipal bonds and maintaining tax-exempt status for those, it is going to take a mixture of those things. But, we have to have that long-term commitment. These are big projects. Building a tunnel under the Hudson is a decades-long project, billions of dollars. And, whether it is a big project like that or a small capital project that is equally important in South Dakota, we have to have a long-term funding model to be able to sustain the investment risk quotient that the private sector needs to play in that space.

Senator MENENDEZ. Thank you, Mr. Chairman.

Chairman SHELBY. I have one more question, regional differences. Over the years, the Banking Committee has heard from the Federal Transit Administration grantees, your members, that FTA's regional offices do not uniformly apply the rules and regulations. In Tuesday's hearing, I asked Ms. McMillan about these perceived differences. While she acknowledged the concerns, she suggested that the differences are due to different fact patterns, not a different application of the law.

Mr. Melaniphy, could you share with us some of the challenges that you have experienced—and you have had a lot of them—by these differing interpretations of the law and how, in your view, the Federal Transit Administration is working to address them? I know that Buy America waivers have been one of the most significant, and is the FTA working with you and your members to ensure that the appropriate level of guidance and oversight of the regions is in place to prevent these types of problems?

Mr. MELANIPHY. That is a great——

Chairman SHELBY. Regional differences, in other words.

Mr. MELANIPHY. That is a great question, Mr. Chairman. Certainly, I appreciate the situation that Acting Administrator McMillan has. She has 12 regional offices, and any time you are going to have 12 disparate offices across the Nation, you are going to have challenges——

Chairman SHELBY. Absolutely.

Mr. MELANIPHY. ——in keeping everything exactly the same. As we look at the role out of the MAP–21, let us not forget that at that same time, sequestration hit. So, as they brought in new third-party auditors, many of these audits used to be done by the FTA staff themselves. Over time, that was jobbed out to third-party companies to do that. As the new rollout came, sequestration hit and they were not able to complete the training that was required for those groups, and so that, just in and of itself, can lead to differences in how people view regulations and——

Chairman SHELBY. Is it a shortage of funds or a shortage of priorities or both?

Mr. MELANIPHY. I think it is a culmination of resources, just having the dollars available to train the auditors properly in a consistent way, and it is also—and Administrator McMillan was correct that we have to look at each system differently. There are going to be different circumstances in New Jersey Transit than there are going to be in Orange County, California, and they are going to have different needs.

But, the key there is that we encourage and we appreciate working with the FTA, and they have been good partners in this. We have to continue to engage the industry early. None of us benefit by rolling out rules at the end of the day without a good ANPRM/NPRM process and public comment process. Some of the best ideas come from those who operate the systems on a day-to-day basis. We all think we are incredibly brilliant here in D.C., but we need to hear from those who operate it in the field. We appreciate the FTA's efforts to encourage it and we encourage more of it, to talk to the operators and the supply base that are impacted by these regulations so that we can do them in a smart, effective way.

At the end of the day, we are all moving toward the same goal: Safe, reliable, dependable, cost effective services for our citizens. Thank you.

Chairman SHELBY. Senator Brown.

Senator BROWN. One last question, and thanks. The four of you have given us great insight. Thank you all for that.

U.S. DOT estimates that half of front-line public transportation workers will be retiring in the next 10 years. Senator Donnelly and others talked about the importance of both qualifications and also their longer service. These are good jobs. Clearly, we should be thinking about planning for that next generation. How can we assist efforts to hire and train the next generation of transit workers? How do we do that and how do you do that? How do we do that?

Do you want to start with Mr. Lombardo and work across. I would like to hear, briefly, answers from all of you.

Mr. LOMBARDO. Well, some of the work that I participated in with Northeast transit systems was developing labor-management cooperative programs whereby we were receiving grants from the FTA and we were building training programs to recruit interested students in high schools, and we have been developing some apprenticeship programs that lead to entry-level positions at some of these employers that I have worked with. Most mass transit systems have pretty elaborate training departments, but they cannot possibly pay for all the training that needs to be done out of their operating budget. So, they need assistance to put together a program nationally.

So, there needs to be training programs that include the union in that process where there are unions. In unionized properties across the Northeast, there have been and there are some strains between the relationship. But, when the union is on board with a program that is going to bring in new people and provide a career path to the higher skilled positions, they are much more effective.

Senator BROWN. Ms. Cline, any thoughts?

Ms. CLINE. Our goal is to hire as many young people as we can. We love college graduates, although oftentimes a position in transit is not particularly glamorous to them. So, we offer as much training as we can, good benefits, good working environment, and opportunities, as many opportunities as we can give them. Our wages probably in South Dakota are not as they are in many locations, so we provide as many of the tools that we can give them as we can. There are a lot of people in my position that will be leaving the business. I plan to hang in there for another few years. But, there is going to be, like, a mass exodus and I do not know how we are going to deal with that. I do not think we are bringing enough new people, young people, into our business.

Senator BROWN. Mr. Melaniphy.

Mr. MELANIPHY. What an incredibly important question. We talk so often about the shiny buses and trains and infrastructure, but it takes the people to make that stuff happen and we are seeing huge shifts in our workforces, not just the need to replace people as they retire out, but all new skill sets are needed. As we bring on technologies like positive train control, we have got to have people not just to install the new signal systems, but understand those new signal systems and all the new technology that goes into the trains and buses and those things.

We have great partnerships with labor across the country. These blue collar jobs, so critical to make the investment, and we need to invest in them. It is not just—when you started, it was turning a wrench and a hammer and using that stuff, and now you have got to plug the computer in, and you put the wrench down more often and you reach for the mouse, you know. It is an entirely different space.

And, we have to make those investments in workforce development, but also in standards and in research. If we are not looking at new ways to develop new programs, to find better, smarter ways to do it and setting standards across the country so there are uniform training programs that then can be rolled out through our community colleges and our universities, we are going to have a hodgepodge. If we do those things, if we invest in standards and research and workforce development programs, we can train uniformly across the Nation, have a good workforce, white collar and blue collar together, and make for safe, reliable systems. Critically important that we do that. Thank you.

Senator BROWN. Ms. Kavinoky.

Ms. KAVINOKY. I would associate myself with everything that Mr. Melaniphy said. I think the question is, we have to explore what the workforce of the future needs to look like, vehicles and equipment are changing dramatically. Not a day goes by that someone does not talk to me about autonomous vehicles, self-driving vehicles. I do not know what that is going to do to transit, but that is probably a question to be asking. There is much more complex contracting, financing, project delivery, customer demands and desires are changing, and I think that this Committee can look at what those future trends and challenges need to be, and then I think with organizations like APTA and standards and research to meet those.

Senator BROWN. Thank you. Thank you all.

Mr. Chairman, thank you.

Chairman SHELBY. Thank you. I thank all of you.

This hearing is adjourned.

[Whereupon, at 11:23 a.m., the hearing was adjourned.]

[Prepared statements and responses to written questions supplied for the record follow:]

## PREPARED STATEMENT OF SENATOR ROBERT MENENDEZ

Thank you, Mr. Chairman, for convening this hearing.

I appreciate the diverse array of stakeholders who have agreed to testify today. Our witnesses represent transit systems large and small, the U.S. business community and the U.S. workforce.

I think any time you have the Chamber and labor standing shoulder-to-shoulder testifying about the importance of an issue, it's something that even a divided Congress should take notice of.

A recurring theme throughout each piece of testimony we received is the need for increased investment in our transit infrastructure. While innovative financing solutions and public–private partnerships can play a role in building the best transit systems possible, they are not a replacement for public sector funding.

A report from the World Economic Forum ranked the infrastructure of the United States just 12th in the world. This, from the country that built the Transcontinental Railroad and the Interstate Highway System.

Projects like these strengthened our economy, improved our national defense, connected our communities, and gave the U.S. the competitive global advantage it has long enjoyed. We have to again become a country that is committed to building big.

And as difficult as that may seem in the current environment, the consequences of failure to act are much greater.

There are no easy choices before this Committee, but I hope that in making the tough choices, we're committed to making the ones that are a win for our families, businesses, and communities.

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## PREPARED STATEMENT OF JANET F. KAVINOKY

EXECUTIVE DIRECTOR, TRANSPORTATION AND INFRASTRUCTURE, U.S. CHAMBER OF COMMERCE

APRIL 23, 2015

### Introduction

Chairman Shelby, Ranking Member Brown and distinguished Members of the Senate Committee on Banking, Housing, and Urban Development, thank you very much for the opportunity to discuss the importance of Federal investment and leadership in transportation infrastructure. I am here today representing the U.S. Chamber of Commerce because we, along with the business, labor, highway, and public transportation interests that are members of the Chamber-led Americans for Transportation Mobility Coalition, believe strongly that Federal investment in highways, public transportation, and safety is necessary to boost economic productivity, successfully compete in the global economy, and maintain a high quality of life.

Specifically, this testimony outlines why public transportation is in the interest of the Nation's economy and businesses. Often people wonder why the world's largest business federation supports investment in public transportation. Transportation infrastructure is one of the top priorities on the Chamber's Jobs, Growth, and Opportunity Agenda and, simply put, transit gets people to their jobs, helps grow the economy in multiple ways, and gives people the opportunity to get to health care, school, recreation, and shopping and businesses the opportunity to reach customers—in the same way roads and bridges do. Having a safe, reliable, efficient transit system is, quite simply, smart business.

The timing of this hearing is perfect. The bipartisan highway, transit, and safety law, *Moving Ahead for Progress in the 21st Century* (MAP–21), which ended years of short term extensions that created a great deal of uncertainty for businesses and infrastructure owners and operators, is once again about to expire. By May 31, Congress should pass a long-term, fully funded bill that builds on the reforms contained in MAP–21 and identifies the resources needed to maintain, and ideally increase, smart spending on the Nation's transportation system. The alternative is to begin the pattern of extensions and revenue patches all over again. That pattern leads to State and local agencies slowing or canceling lettings, project delays, cost increases, and uncertainty that negatively affects business outlooks.

### Transit in a 21st Century Transportation Network

Businesses place a high value on mobility—of their employees, customers, and supply chains—and are solution oriented. This country is long past the time when highways alone can serve the needs of business. To create a 21st century infrastructure to support a 21st century economy requires a partnership between all levels of government and the private sector, multiple modes of transportation, and flexibility for those closest to the problem to tailor solutions to their particular needs.

Chamber members are frustrated with the questions of, “Which mode is most important?” and “Should the Federal Government pay for transit?” dominating policy discussions. The Federal Government should not be in the business of a one-size fit all approach to transportation: investments are needed in roads where appropriate, buses where appropriate, fixed rail where appropriate, and technology where appropriate. Often, the right answer to a transportation problem will include all of these options. MAP–21 was an excellent step toward ensuring that the “how to” decisions are made at the State and local levels of government through simplification and reorganization of the Federal program structure but maintaining oversight and requiring transparency and accountability through performance measurement.

The business community is focused on whether or not the transportation system as a whole will support reliable and predictable, cost-effective, and safe transportation of goods and people from their origin to their destination both today and into the future. They cannot afford to have a system made up of islands of good transportation in a sea of mediocrity.

The genius of the interstate highway system was in linking States to one another via a national road system and then to the global economy through ports, airports, and intermodal centers. This allows the free flow of people, goods, and services. Transit links together neighborhoods, communities, and regions, and then connects to road, aviation, and water systems so that people can get from point A to point B efficiently.

There are still some on Capitol Hill who argue that there is no national interest in transit and that there should be no Federal role in transit; the Chamber and its members strongly disagree.

**Public Transportation and The National Economy**

> Infrastructure is not the end result of economic activity; rather it is the framework that makes economic activity possible. [1]

In 2009, the Chamber undertook a study to explore the degree to which transportation system performance—the ability to meet the needs of business—related to the national economy. We created the Transportation Performance Index (TPI) by asking our members to identify what was important and why, translated those into indicators of performance, identified data sources, and combined the data, which is statistically representative of the diverse economics, geography, and demographics of the United States, into the TPI.

Here is what we found:

*A transportation system that works for businesses can propel economic growth and, conversely, one that falls short of performing as it needs to will drag down the economy*

There is a strong correlation between performance, which the TPI defines as the degree to which the transportation system serves U.S. economic and multilevel business community objectives, and economic growth as measured by Gross Domestic Product (GDP). The analysis provided robust, stable results showing the overall contribution to economic growth from well-performing transportation infrastructure as fundamental to maintaining a strong economy. [2]

The TPI econometric analysis exposed a strong correlation between transportation infrastructure performance and foreign direct investment (FDI) in the United States. There is a positive relationship between FDI that opens new establishments in the United States—creating new jobs—and the performance of transportation infrastructure as measured by the index.

A first rate national transportation system is necessary in order to maintain a first rate economy in the United States. Failure to address transportation problems undermines U.S. economic growth. This is the fundamental reason that the Federal Government must take a leading role in making sure that transportation policies—and the related programs and spending that implement these policies—contribute to a strong economy, including enabling interstate commerce, facilitating international trade, and propelling the efficient mobility and connectivity of people and products.

[1] Trimbath, Susanne. 2011. “Transportation Infrastructure: Paving the Way”, STP Advisory Services, LLC.

[2] “Transportation Performance Index—Key Findings”, U.S. Chamber of Commerce, *http://www.uschamber.com/sites/default/files/lra/files/LRA__Transp__Index__Key__Findings.pdf*), 2011.

*Business generally cares about three things when it comes to transportation infrastructure, including transit*

- Supply: availability of infrastructure, which is a key consideration for businesses when deciding where to locate their facilities;
- Quality of service: reliability of infrastructure, whether it supports predictable and transportation services and travel; and,
- Utilization: whether current infrastructure can sustain future growth. Utilization is a key consideration for companies that look years into the future to inform the decisions and capital investments they make today.

*Finding good data to indicate performance can be difficult*

One of the main challenges in creating an index based on performance was finding data sources that were publicly available, collected consistently across the country, and reflective of more than just a few years.

The indicators included in the TPI for transit can be improved as better data sources emerge. For example, "miles of transit per 10,000 people" in a Metropolitan Statistical Area measures availability of transit in the TPI. Obviously this is an imperfect measure. Ideally we would like to measure the percentage of people who have transit service within one mile of home, or something that reflects how easy it is to access transit to get to work. The TPI does not measure frequency of service, speed of transit as compared to other transportation choices, and reliability of service. All of these potential indicators were raised by businesses as specific concerns when they were surveyed and interviewed about public transportation. In general, congestion and intermodal connectivity for both people and goods were also concerns of our members as relates to transit.

If the Chamber's experience is any indication, maintaining Federal research and data collection assistance across all modes of transportation will be critical to the success of performance-based transportation decision-making mandated by MAP–21.

**Public Transit, Jobs, Economic Development, and Productivity**

Public transportation supports private sector jobs in the United States from the design and construction of transit systems, to the manufacturing of rolling stock and other components, to the technologies that make systems run efficiently and allow for effective management. Beyond the direct and indirect employment impacts are, of course, the jobs that are supported across other sectors of the economy when transit catalyzes economic development, enables economic activity, provides transportation choices, addresses traffic congestion, and gives workers access to jobs and employers access to a broader workforce.

**Manufacturing**

According to the American Public Transportation Association's study, The Economic Impact of Public Transportation, "Capital investments in public transportation (including purchases of vehicles and equipment and the development of infrastructure and supporting facilities) are a significant source of jobs in the United States. The analysis indicates that nearly 15,900 jobs are supported a year for every $1 billion of spending on public transportation capital." [3]

Transit manufacturers are located across the Nation. From Alabama, home to New Flyer and Caterpillar-owned Progress Rail Services, to Nebraska, where Kawasaki is building rail cars, investment in public transportation has an impact—even where transit is not a dominant mode of transportation. While the transportation infrastructure and services sector is major driver to the U.S. economy, the global supply chain is key to its success. Accordingly, the Chamber would urge against expanding current domestic source requirements that could slow projects and increase costs. As the U.S. already imposes significant "Buy America" requirements for Federal transit programs, additional mandates are unnecessary.

The Chamber agrees with the Public Transportation Manufacturing Coalition that,

> Increased investment in public transportation is the single best way to encourage greater domestic manufacturing and grow jobs in U.S. transit rolling stock. Three quarters of all Federal public transportation funding flows to the private sector in the form of contracts, which has a ripple effect in the form of additional jobs, local tax revenue and economic growth for the communities in which these businesses are located. The true key to job cre-

[3] *http://www.apta.com/resources/reportsandpublications/Documents/Economic-Impact-Public-Transportation-Investment-APTA.pdf.* Accessed 4/19/2015.

> ation in our industry is a stable Federal trust fund and the necessary dedicated revenues that support it. [4]

**Intelligent Solutions**

Xerox is a market leader in the United States for transportation-related services. They provide leading-edge technology systems and services for public transit and highways. Passage of a long-term surface transportation would allow for investments in new technologies that ease traffic congestion, support mobility, and address 21st century transit issues with 21st century solutions. From fare collection to electronic toll solutions, back office processing to infrastructure installation, Xerox provides systems and services that help to ease congestion, improve urban economies, and meet public transit's daily operational challenges with innovative and efficient solutions.

**Health Care**

The health care industry in Houston considers transit essential to improving the health of people in the region. The Health of Houston Survey (2010) demonstrates how access to health care could be improved with better transportation. As many as 34 percent of residents in East Houston–Settegast, and 15 percent of Harris County residents, reported that it takes them more than 30 minutes to travel to medical appointments. In Harris County, 18 percent of residents are dependent on public transportation or someone else to take them to the doctor, a number that is nearly 40 percent for residents in Downtown–East End. [5]

**Travel and Tourism**

The services sector suffers when congestion and lack of connectivity create inefficiency and, in some cases, deterrence for travel at all. The travel and tourism industry represents a clear example of an industry with job and growth opportunities that is heavily reliant on transportation. Jonathan Tisch, Chairman of Loews Hotels and Resorts, highlighted the connection between infrastructure and growth in the travel and tourism sector.

> In my business, the travel industry, we see tremendous opportunities for growth in a sector that already generates $1.9 trillion in annual economic output, supplies $124 billion in tax revenue, and employs 7.5 million Americans. Over the next decade, worldwide travel from rapidly developing countries like China, Brazil, and India is projected to grow by more than 100 percent—additional visitors who could generate billions to spur economic growth, job creation, and small business expansion. Yet America's infrastructure system cannot handle the travelers we already have, much less millions of new ones. [6]

**Economic Development and World Class Communities**

In Utah, 80 percent of the State's two million residents live along the Wasatch Front. These residents and the businesses in the region know that transit is an important part of the Salt Lake City region's appeal as a world-class location for business. It is a good case study for the economic and business case for Federal transit investment.

With an expected 60 percent increase in population by the year 2040 in an area bounded by mountains and the Great Salt Lake, transit investments were not optional for the region. They were necessary and businesses demanded them.

The Salt Lake transit rail system was not just built to accommodate the 2002 winter games. It was built and later significantly expanded because of future growth. This expansion would not have been possible without a partnership with the Federal Government. Federal contributions were the majority of the capital funding for the projects made possible because of a Federal transportation program.

In August 2013, the Utah Transit Authority completed its Frontlines 2015 Project—70 miles of new rail service over a 7-year period, finishing 2 years ahead of schedule and $300 million under budget. Commuter rail now runs from Provo to Ogden. Five lines of TRAX light rail in the downtown area were extended to the suburbs, and a connecting line to Salt Lake City International Airport has been added. According to the Utah Transit Authority, more than 25 percent of commuters arriving in downtown Salt Lake City each day now arrive via public transportation.

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[4] Letter from the Public Transportation Manufacturing Coalition to Senate Banking, Housing, and Urban Development Committee Chairman and Ranking Member, dated April 7, 2015.

[5] *http://hhs2010.sph.uth.tmc.edu/SingleMapReport/*. Accessed 4/16/2015.

[6] Tisch, Jonathan, "Meeting the Infrastructure Challenge Requires Innovative Solutions", *Huffington Post* (*http://www.huffingtonpost.com/jonathan-tisch/us-infrastructure-_b_1939932.html*), Oct. 4, 2012.

Companies that drive the U.S. economy chose to locate in and around Salt Lake in part because of a transportation that provides choices, enables access to employees, and attracts and retains a workforce with the right skills.

- In Lehi, Utah—just south of Salt Lake City, the widening of major State road, opening of a commuter rail station, and the extension of an active transportation trail system has helped create a bustling tech-region that has attracted more than 100 new businesses over the past 3 years, including Adobe, Microsoft, Vivint Solar, and Xactware.
- Goldman Sachs has over 1,400 employees in Salt Lake, which is Goldman Sachs second largest Americas office. Many of these employees are located in downtown Salt Lake in a building adjacent to the light-rail system. The company regularly cites the accessibility of transit and ease of commute as key recruitment tool.
- eBay relocated and expanded its Utah operations adjacent to a new commuter rail station. The 241,095 square foot facility is home to 1,800 employees and gives the company access to a talent pool and workforce located all along the Wasatch Front.

Salt Lake is one of the many places in the United States that can provide specific examples of how public transportation also drives private investment and creates value for communities and regions. The $26 million Federal investment [7] in the Sugar House (SLine) streetcar project has accelerated or is partially responsible for the creation of more than 1,000 residential units and nearly two million square feet of redevelopment at seven sites, resulting in $400 million in private investment. [8]

**Reducing the Cost of Doing Business With Transit**

Public transportation investments are made for many reasons and there are many beneficiaries. Among one of the most pervasive transportation problems in the United States that affects business is congestion, and public transportation is among the solutions. According to the U.S. Department of Transportation, congestion slows the movement of food and merchandise. It raises prices and erodes the bottom line. Particularly susceptible to congestion are "the long and often vulnerable supply chains of high-value, time-sensitive commodities . . . Congestion results in enormous costs to shippers, carriers, and the economy." [9]

The public knows it. A 2013 poll by the American Road and Transportation Builders Association found that 71 percent of respondents agreed with this statement: "Growing traffic congestion in U.S. metropolitan areas makes products we buy everywhere in the U.S. more expensive because congestion increases transportation costs for businesses." [10]

Mass transit and public transportation give people the option to ride a bus or train which makes a little more room for trucks and other commercial vehicles that have little choice but to be on roads and bridges in order to deliver services and goods. That is important considering the facts that 40 percent of traffic congestion is due to lack of capacity and bottlenecks, the necessary investment has not been made over the past 20 years to modernize and keep our Nation's highways and bridges up-to-date, and commercial and economic growth has led to more traffic.

Tim Lomax, the leading researcher for the Texas Transportation Institute's *Urban Mobility Report,* which estimates the cost of congestion to commuters, makes the case for investment in transit, highways, and improved operations and technology in simple terms.

> If you invest in roads and transit, you get better service and access to more jobs. Traffic management and demand management should be part of the mix, too. Generally speaking, mobility investments in congested areas have a high return rate. Researchers recommend a balanced and diversified approach to reducing traffic congestion—one that focuses on more of everything. [11]

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[7] *http://www.shstreetcar.com/background.htm.* Accessed 4/18/2015.
[8] *http://www.shstreetcar.com/updates.htm.* Accessed 4/18/2015.
[9] *http://ops.fhwa.dot.gov/freight/freight__analysis/freight__story/costs.htm.* Accessed 4/20/2015.
[10] *http://www.aednet.org/government/pdf-2013/ARTBA-HighwayFundingPoll-20130603.pdf.* Accessed 4/16/2015.
[11] *http://d2dtl5nnlpfr0r.cloudfront.net/tti.tamu.edu/documents/tti-umr.pdf.* Accessed 4/20/2015.

**The Issue of Funding**

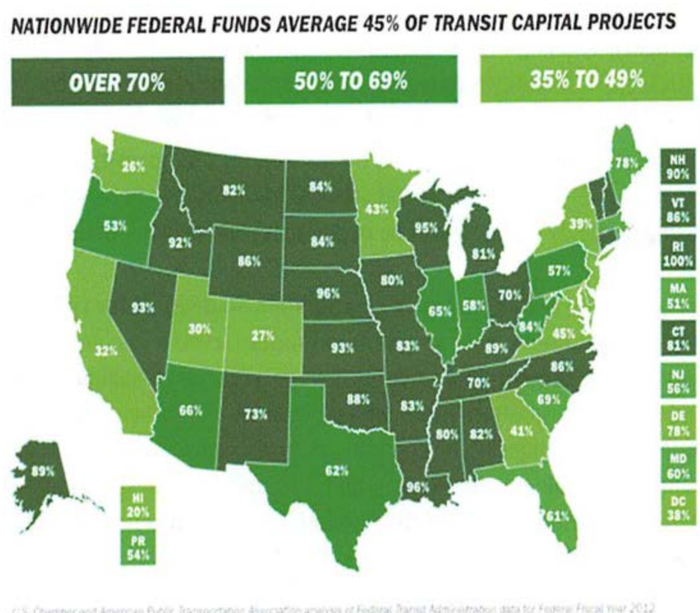
*Moving Ahead for Progress in the 21st Century* addressed many of the policy concerns that the Chamber had with Federal surface transportation programs. Our members asked for transportation policies that cut through red tape at all levels of Government so that projects move forward quickly. MAP–21 delivered, and as the law continues to be implemented we are eager to assess the results. Businesses wanted to see Federal funds leveraged for locally selected projects that addressed the transportation needs of companies large and small. Performance measurement should allow us to determine how well State and local decisions are prioritizing and delivering on the national interest.

Unfortunately, MAP–21 left the Big Question unanswered: where will the Federal Government find the revenue needed to fully pay for a long-term highway and transit bill that truly improves the condition and performance of the Nation's transportation system. The Chamber is pleased that Congress has rejected, repeatedly, efforts to make drastic cuts in Federal investment on public transportation, roads, and bridges.

However, as everyone is painfully aware, the issue of sustainable, growing revenue for the Federal HTF is central to MAP–21 reauthorization. It has been a topic of nonstop debate, discussion, and hand wringing since MAP–21 passed in 2012.

It is time to stop talking and act.

The stakes are high: in 2012, nationwide Federal funds averaged 45 percent of the cost of transit capital projects according to the Federal Transit Administration, which is paid for by a combination of 2.86 cents per gallon of gasoline excise taxes and the General Fund contribution for transit.




Congress needs to identify revenue sources to fill the gaping hole between revenues and current spending levels. Ideally, we would be looking to fill the growing hole between available resources and needs.


The Chamber evaluates revenue sources along five criteria. A "five-star revenue source" will have a yes answer to each of the following questions:

- Is the revenue source transportation-related? In simple terms, because of special Federal rules, if revenues are transportation-related, Congress can pass a long-term bill that provides funding certainty. Without transportation-related revenues, annual appropriations could vary dramatically. Uncertainty means transportation projects cost more and have less impact because big, high-impact projects rely on multiyear transportation funding certainty.
- Are the revenues ongoing, rather than one-time? One-time money is a BandAid, rather than a solution. This is the path Congress has taken to "solve" the problem since 2009. It involves funneling money from one place to another, and does not address the HTF's structural problems in the long term.
- Are the revenues sources structured to be sustainable and growing? We need to not only meet today's demands on our national transportation network, but also the increasing demands we know will be placed upon that network in the coming years.
- Are the revenue sources—alone or in combination—adequate for full funding or, at a minimum, able to maintain funding levels? In combination or by themselves we need $91 billion over the next 6 years just to maintain funding levels. And that won't necessarily deal with the backlog of maintenance and construction needed to improve the condition and performance of transportation systems, anticipate demographic changes, and accommodate and spur economic growth. We should aim for full funding, meaning what's needed to bring our seriously outdated network of highways, bridges and transit systems up to par, and keep it that way, so future generations can rely upon the network.
- Can the Federal Government collect the revenues? There are some options, like sales taxes and value capture, that are viable at a State or local level but that the Federal Government cannot use. It seems basic, but this knocks out a lot of potential ideas that work well at other levels of Government.

It is the Chamber's position that the simplest, most straightforward, elegant solution to the immediate problem we face is to increase user fees—gasoline and diesel taxes—going into the Highway Trust Fund. Adding a penny a month for a year and indexing the total user fee to inflation could support current services funding levels for the foreseeable future. The collection system itself is highly efficient: the owner of the fuel at the time it breaks bulk from the terminal rack pays the excise tax to the Internal Revenue Service. According to the American Petroleum Institute, there are about 1,300 terminals in the country, translating to a low number of payers and low cost of administration. The gas tax, if adjusted in amount and indexed, receives five stars as a revenue source.

And yes, in the long run, we know that there is a need to look to other revenue sources. The vehicle fleet is becoming more fuel-efficient. Driving patterns are changing. Construction costs typically grow faster than the Consumer Price Index.

And multimodal transportation investment calls for more diversified sources of revenue.

Finally, I should mention that the Federal Government has many other tools at its disposal to encourage investment in public transportation, including promoting public–private partnerships. The Chamber is a big supporter of P3s. A recent article in Governing Magazine summarized the benefits, which are not about creating money where there is none but rather in creating significant public value through the "responsible fusion of public–private resources." Projects delivered using P3s have a record of coming in ahead of schedule and under budget. The private sector taking on risk shelters the public sector from losses. New technologies and other innovations are brought to bear. Public–private partnerships are not for every project, but there is a growing track record of success in the United States and we should continue to encourage P3s.

**Conclusion**

The U.S. Chamber views public transportation systems as critical components of a smooth flowing, efficient national transportation network.

The Chamber strongly supports Federal investment in transit. We need a transportation system that will support the needs of businesses from both the factory to the corporate headquarters to main street retailers to medical centers.

Congress should pass a fully funded, long-term MAP–21 reauthorization bill by May 31, although it is unlikely it will do so. Kicking the can again has costs. Companies cannot plan for hiring or capital expenditures. Land, labor, and capital are more expensive as the time value of money increases project costs. Projects that need multiyear funding commitments are delayed. Opportunities for economic development and economic growth are lost.

Thank you for the opportunity to testify today and the Chamber looks forward to working with you to build on the reform success of MAP–21 and stabilize the Highway Trust Fund and find ways to grow investment in transit, roads, and bridges so each State and region can get out of the system what they need to be successful—whether that is moving freight or their employees.

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## PREPARED STATEMENT OF MICHAEL P. MELANIPHY

PRESIDENT AND CHIEF EXECUTIVE OFFICER, AMERICAN PUBLIC TRANSPORTATION ASSOCIATION

APRIL 23, 2015

**Introduction**

Chairman Shelby, Ranking Member Brown, and Members of the Committee, thank you for this opportunity to present testimony to the Senate Committee on Banking, Housing, and Urban Affairs regarding the next surface transportation authorization bill. I am Michael Melaniphy, President and Chief Executive Officer of the American Public Transportation Association (APTA).

**About APTA**

The American Public Transportation Association (APTA) is a nonprofit international association of nearly 1,500 public and private member organizations, including transit systems and commuter rail operators; planning, design, construction, and finance firms; product and service providers; academic institutions; transit associations and State departments of transportation. APTA members serve the public interest by providing safe, efficient, and economical transit services and products. More than 90 percent of the people using public transportation in the United States and Canada are served by APTA member systems. APTA's member organizations—both public and private—build, operate, and maintain the Nation's public transportation systems.

**Background**

As an essential, expanding, and increasingly important component of the Nation's surface transportation system, public transportation gets people where they need to go and, at the same time, it allows our highways to work better by reducing congestion. But to maximize the Federal investment in public transportation, we need a predictable, multiyear authorization for a growing program that better addresses identified needs. A dependable long-term bill would enhance the industry's ability to provide good, safe service in communities across the Nation, it would be a catalyst for public–private partnerships, and 74 percent of that funding would flow directly to the private sector, which at the end of the day is really who builds products and provides services for public transportation providers.

Instead, since the expiration of TEA–21 in 2003, we have had 24 short-term extensions, a little more than 4 years authorization under SAFETEA–LU, and a bit more than 2 years under MAP–21. More recently, Federal transit funding has grown only minimally, from $10.231 billion in FY2009 to $10.692 billion in FY2014. The uncertainty of recent Federal authorizing laws and anemic growth of the Federal transit program have made it nearly impossible for the industry to keep the system in a state of good repair, replace the aging infrastructure and fleets, and address the growing demand for service.

While growing communities compete for limited funds to build a variety of new fixed guideway systems (BRT, light rail, trolley, heavy rail, and commuter rail), and transit ridership continues to grow, the deterioration of our systems adversely impacts both efficiency and safety. The U.S. DOT now estimates that we have an $88 billion one-time backlog in state of good repair capital investment needs. And this backlog doesn't even include the annual cost of maintaining the current system, like replacing aging buses, rail cars, vans, buildings, bridges, and stations; the cost of building new capacity; and the more than $3 billion in costs to install positive train control systems at the Nation's commuter railroads.

These are some of the reasons that APTA has urged Congress to enact a long-term authorization bill that grows Federal funding for public transportation. We support the preservation of the Federal transit program, and we support an increase in the dedicated revenues that go into the Highway Trust Fund for both the Mass Transit and Highway Accounts. It is estimated that at least $100 billion in new revenues is needed just to maintain current public transportation and highway programs, and APTA strongly believes we need to grow current Federal investment levels for transit. It should come as no surprise that we strongly oppose efforts to devolve the Federal transit or highway programs. Public transportation is an essential part of the overall surface transportation system, and given our growing population and increasing congestion on our roadways, it is more important than ever.

It makes little sense to build and maintain the Nation's transportation infrastructure with short-term extensions. General fund transfers to support current program levels will cost the Nation more in the long run by adding to the Federal deficit and putting the cost of maintaining our transportation system on our children and grandchildren. According to the House Budget Committee, Congress has transferred $63.1 billion into the highway trust fund since 2008 just to support existing program levels. And while these transfers have been necessary, they are not the ideal way to fund our Nation's infrastructure.

We know transit ridership is growing, we know our population is expected to grow significantly, and we believe that the demand for public transportation service in our communities will continue to grow. Our failure as a Nation to adequately invest in this essential element of our surface transportation system will only cost the Nation more in the long run. Conversely, investment in public transportation will help support a healthy, growing economy, facilitating the efficient movement of goods and people, and stimulating economic development in communities served by vibrant public transportation systems.

**Record Ridership and Growing Public Demand**

Nationally, public transportation ridership continues to set record levels. In 2014, people took a record 10.8 billion trips on public transportation—the highest annual ridership number in 58 years. Some public transit systems experienced all-time record high ridership last year. This record ridership didn't just happen in large cities. It also happened in small- and medium-size communities. In fact, some of the biggest gains came in towns with less than 100,000 people with ridership growth of double the national average. This record growth in ridership occurred even when gas prices declined by 42.9 cents in the fourth quarter. From 1995–2014 public transit ridership increased by 39 percent, almost double the population growth, which was 21 percent. The estimated growth of vehicle miles traveled was 25 percent. This proves that once people start riding public transit, they discover that there are benefits over and above saving money.

One only needs to ride a train or bus during the morning commute to recognize the growing demand, and to experience firsthand the strains that that demand is placing on systems. The demand and support for public transportation is also reflected at the ballot box. Last year, 69 percent of ballot initiatives seeking taxpayer support for transit investment were approved by voters. Clearly, citizens are willing to pay for improved transit service. These local ballot initiatives are an affirmation of the stability of the local partnership, but they are not a substitute for the Federal partnership.

**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. The planning, development, and construction of hundreds of public transportation projects annually is carried out predominately at the local level by transit agencies—working with State, local, and private sector partners. All of these partners, and the communities they serve, benefit from the projects. 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. competitiveness in our global economy.

While Federal funding supports more than 44 percent of transit capital spending, States and localities support another 32 percent of these costs. And while the Federal Government supports less than 9 percent of transit operating costs, fares and transit agency earnings cover more than 37 percent of such costs, with States and localities supporting about half of operating costs. While most formula programs under Federal transit law distribute funds on the basis of population, density, and service provided, many less urban States rely on the Federal Government for a significantly higher proportion of their transit capital expenditures than more urban States, and many smaller communities depend on Federal funding for a substantial share of operating costs as well.

For example, Alabama, Idaho, Tennessee, Louisiana, South Carolina, South Dakota, and Kansas do not spend as much on transit as other States like New York. However, more than 46 percent of what these States do spend on transit comes from the Federal Government. In fact, almost 86 percent of the transit capital equipment these States have purchased over a 5-year period was bought with Federal funds. By comparison, the State of New York derives only 10.5 percent of their total transit funding from the Federal Government, while 37.6 percent of their capital funding come from the Federal program.

**Return on the Federal Investment**

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. It is important to note that 73 percent of Federal transit capital funds flow through the private sector. In fact, much of the bus and rail equipment is manufactured in rural areas and provides high wage jobs in those communities. For example, bus original equipment manufacturers have plants located in Alabama, North Dakota, Kansas, Minnesota, South Carolina, California, and upstate New York. Rail Cars are manufactured in places like Nebraska, Idaho, Illinois, Pennsylvania, and upstate New York. Components and subcomponents are being manufactured all across this country. As these investment metrics make clear, local and regional transportation improvements yield national benefits. [1]

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.

**APTA's Recommendations for the Next Authorization Bill**

Many changes adopted in MAP–21 produced important improvements to the Federal Transit Program and were consistent with the recommendations of APTA and the public transportation industry. However, in the context of a relatively level-funded bill and growing demand for transportation infrastructure investment, even consolidated formula programs could not adequately meet the requirements facing our public transportation agencies and the communities they serve.

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 at 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.

[1] See Attachment A

*Closing the Infrastructure Investment Gap*

As our impending revenue shortfall makes clear, funding uncertainty delays capital investment 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 2021. Revenues into the Highway Trust Fund (HTF) 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 reauthorization 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. We do not support the growth of any existing program at the expense of another—we need growth in all areas. Recognizing that large but infrequent bus rolling stock and facility projects are challenging to address with a limited formula program, APTA has recommended a discretionary component to the bus program, combined with restoring the overall bus program funding to pre-MAP–21 levels, without sacrificing growth for 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 preserving tools that work, supporting a range of new tax incentives to encourage greater private investment in infrastructure, and improvements to make Federal transportation credit programs more useful and affordable to smaller project borrowers. We also believe that one of the best ways to encourage private sector participation in transit projects is enactment of a robust, multiyear Federal transit authorization bill, under which Federal grant funding can be matched with private sector dollars.

*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 safety and 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.

**Conclusion**

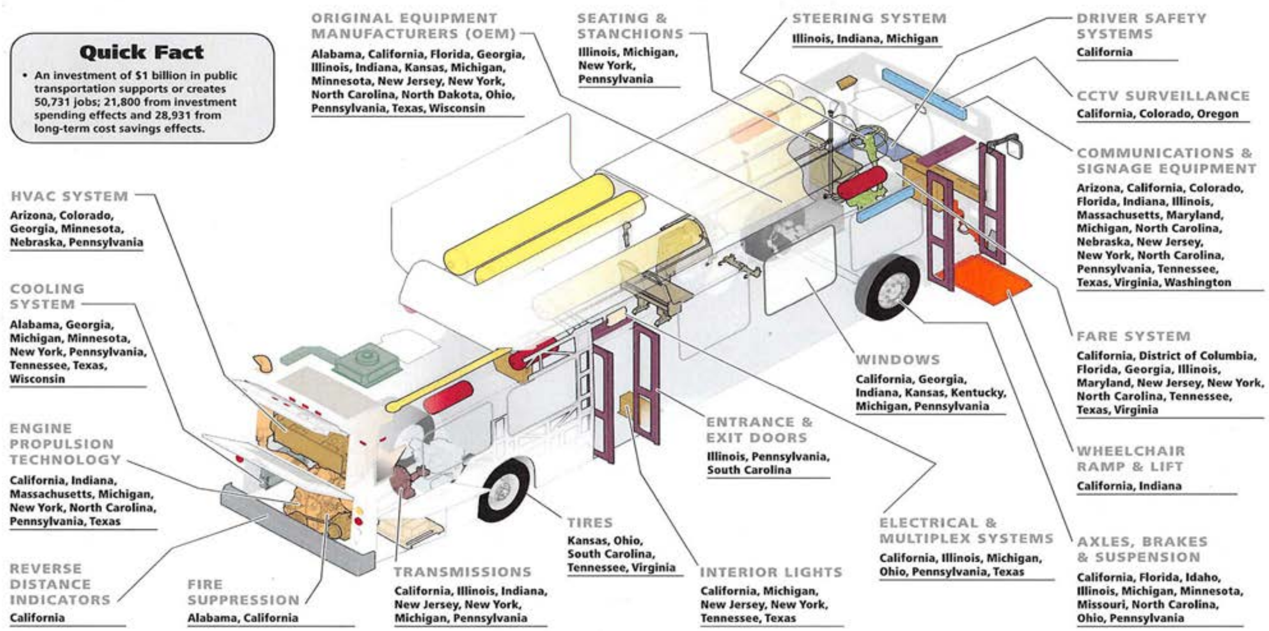
As we face record-high transit ridership on increasingly aging systems, reaffirming the Federal commitment to the millions of Americans who ride public transportation is more essential than ever. Therefore, we urge this Congress to authorize a Federal transit program with a 6-year investment level of $100 billion. The next program will require a wide variety of funding and financing options, but the base program must restore and increase the purchasing power of the Federal motor fuels user fee. 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.

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

ATTACHMENT A

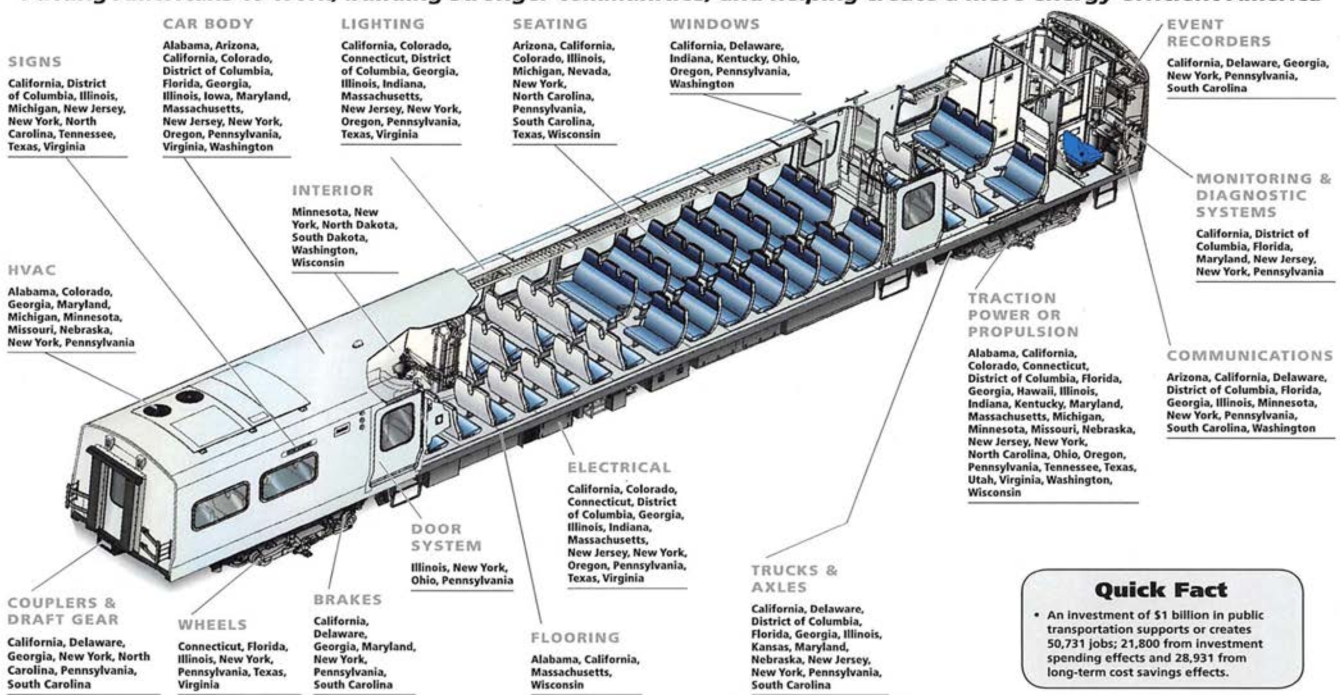
# Bus Manufacturing = Jobs Across America

***Putting Americans to work, building stronger communities, and helping create a more energy-efficient America***



# Rail Manufacturing = Jobs Across America

***Putting Americans to work, building stronger communities, and helping create a more energy-efficient America***




**Quick Fact**

- An investment of $1 billion in public transportation supports or creates 50,731 jobs; 21,800 from investment spending effects and 28,931 from long-term cost savings effects.

# Public Transportation Infrastructure Creates Jobs in Communities Across America

*Putting local citizens to work, building stronger communities, and helping create a more energy-efficient America*

## Architectural

1. Wall System
2. Ceiling Systems
3. Floor Materials
4. ADA Tactile Edging
5. Entrance Canopies
6. Fare Gate Barriers
7. Customer Service Booth
8. Escalators
9. Elevators
10. Elevator Enclosure and Cars
11. Signage and Supports
12. Green Roof
13. Building Façade Design/ Materials
14. Staircases
15. Platform Barriers/Screens
16. Steel Structures
17. Concrete Structures
18. Retaining Walls
19. Slurry Walls
20. Secant Pile Walls
21. Underground Structures
22. Waterproofing
23. Fire Protection/Ratings

## Mechanical

24. Heating
25. Air Conditioning
26. Tunnel Ventilation
27. Emergency Exhaust Systems
28. Over-track Exhaust Systems

## Electrical

29. Decorative/Architectural Lighting Systems in Public Areas
30. Back of House Lighting Systems
31. Electronic Signs
32. Power Systems

## Plumbing

33. Sanitary Systems
34. Track Drainage
35. Cavern Drainage Systems
36. Water Supply

## Fire Protection

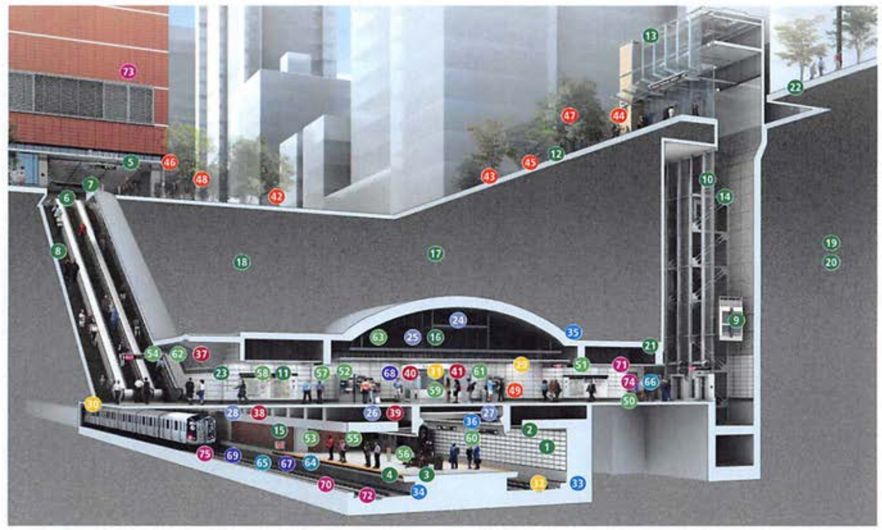
37. Wet Sprinklers
38. Dry Sprinklers
39. Water Mist Systems
40. Halon Systems
41. Inergin Systems

## Amenities

42. Street Restoration
43. Sidewalk Restoration
44. Signage
45. Pavement Markings
46. Street Lights
47. Trees and Landscaping
48. Bus Shelters
49. Fare Vending Equipment

## Communication Systems

50. Fiber Optic Network
51. CCTV
52. Intrusion Access Control
53. Fire Alarm
54. Public Address and Customer Information Signs
55. Help Point and Safe Point Intercoms
56. Emergency and Office Telephone Systems
57. Mobile Communications Network
58. Supervisory Control and Data Acquisition Systems
59. Emergency Alarm (Blue Light & Emergency Shutdown of 3rd Rail)
60. Emergency Booth Communication Systems
61. Time Clock Synchronization
62. Induction Loop Intercom (ADA wireless system for deaf)
63. WiFi Networks



## Track

64. Track Fixation (attachments)
65. Rail
66. Rail Switches and Crossovers

## Signal Systems

67. Component Infrastructure
68. Wayside Signal Display Boxes
69. Track Circuit Hardware

## Traction Power

70. Trackbed Infrastructure
71. SCADA Train Control System
72. Third Rail (and third rail material)
73. Substation
74. Power Control Room
75. Regenerative Braking Equipped Railcar

## Quick Facts

- Every dollar communities invest in public transportation generates approximately $4 in economic returns.
- Public transportation investment can create or save more than 500,000 private sector jobs per year through reduced congestion.

## PREPARED STATEMENT OF BARBARA K. CLINE

UPPER MIDWEST REGIONAL DIRECTOR, COMMUNITY TRANSPORTATION ASSOCIATION OF AMERICA

APRIL 23, 2015

Chairman Shelby, Ranking Member Brown, and Members of the Committee: Thank you for inviting me to appear before you today to discuss building on the success of the Nation's surface transportation legislation—Moving Ahead for Progress in the 21st Century Act, known as MAP–21—and how we can better deliver safe, efficient, and effective public transportation services.

I appear before you today as the Upper Midwest Regional Director and Immediate Past 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 improve the quality of community and public transportation. I also serve on the Board of Directors and was Past President of the Dakota Transit Association—representing both North and South Dakota—as well as acting as the Vice Chair of the Spearfish Area Chamber of Commerce.

CTAA represents the oft-unseen public transportation network in the U.S.—one comprised of rural and small-urban operators, agencies serving older Americans and people with disabilities, non-emergency medical transportation providers, mobility for our Nation's veterans and tribal transportation entities. CTAA members transport the toughest to serve populations in innumerable cost-effective and innovative ways, combining cutting edge technologies with old-fashioned community service. The Association actively supports important concepts like inclusive transportation planning, customer-based design-thinking strategic transit planning and new approaches to transit service design.

I serve as 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 in 1989 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.

We have a positive story to share. Since 2007 rural transit ridership is up 40 percent, and bus ridership in small-urban communities has increased by 40 million since 2010. At a time when more people are utilizing the mobility options we provide to get to work, crucial health care appointments and treatment, community services and otherwise lead the lives they're entitled to, the investment needed to support those options is all the more scarce. We're particularly concerned that rural and small-urban transit network today finds its ability to recapitalize their operations—simply to maintain current service—in jeopardy.

In order to sustain our robust infrastructure of effective and efficient transportation options, the underlying partnership between Federal, State, and local investment must be preserved and strengthened; a sustainable, long-term funding mechanism for surface transportation programs must be secured by Federal legislation; and key programmatic changes need to be included in any authorization legislation that succeeds MAP–21.

### The Importance of Federal Leadership

From the groundbreaking Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA) through its successors—1998's Transportation Equity Act for the 21st Century (TEA–21), 2005's Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA–LU) and MAP–21—there has existed a strong and recurring partnership between all levels of Government—Federal, State, and local—supporting the Nation's surface transportation network in all its forms. That partnership has produced innovative and efficient ways of helping Americans get where they need to go while also ensuring a sense of ownership in the processes and outcomes of establishing and maintaining vibrant transportation systems.

In recent years, however, that foundational partnership has become imbalanced. The 2-year authorization period of MAP–21 led to less sustainable and predictable investment levels in relation to previous surface transportation authorizations. The subsequent extension only exacerbated these challenges. Under the nearly 3-year period covered by MAP–21 and its extension, levels of investment failed to keep pace with inflation rates, let alone account for skyrocketing demand for community and public transportation service, as riders take more trips on existing systems while new providers launch additional operations. The result has been a net decrease in investment in community and public transportation.

The relative decrease in Federal investment in surface transportation programs has placed a greater onus on State and local governments to make up for the shortfalls. Since 2012, 15 States have passed new revenue measures to support transportation needs. Many have included new investment for roads and highways only. Local governments—which have been the last to recover from the economic downturn that began in 2008—are often stretched to maintain previous funding levels in support of transportation programs, let alone make up for the declining share of Federal investment.

Federal leadership in supporting community transportation providers in rural and small-urban areas is even more crucial. While large-urban areas often enjoy substantial investment to support operating expenses from local and State sources and look to Federal program to deliver capital investment, rural and small-urban providers rely more heavily on Federal support for both capital and operations. That Federal role was magnified with the economic downturn, as many State and local avenues for operating funds dried up completely. CTAA members rely on the Federal partnership to level the playing field.

Moreover, the type of work we do—not only in rural areas but all American communities—crosses State and local boundaries. Often, people live a good distance from where they work and need an affordable and reliable way to get to their job sites in an neighboring county or State. That need is even greater for access to health care. Regulations and procedures of many health insurance programs stipulate the exact location where treatment or prescriptions can be received, paying little attention to the distance needed to be traveled to get to and from those facilities. This is all the more true for our Nation's veterans, who often find their closest VA location to be hundreds of miles away. These are the type of needs that demands an active and robust Federal role.

**A Sustainable Source of Revenue**

Inherent in the need for greater investment in our Nation's surface transportation network is the realization that we need a source of revenue to support that investment. Due to the combination of Americans driving less—thanks to the availability of reliable and affordable community and public transportation options, along with newfound interest in biking and walking—and improved fuel efficiency in automobiles, the Highway Trust Fund, along with its Mass Transit Account, no longer generates enough revenue to meet the Nation's need for surface transportation programs.

MAP–21 and its subsequent extension closed the difference between Highway Trust Fund revenues and expenditures through a series of one-time, stop-gap revenue sources that provided only short-term relief. It was also these same limited revenue streams that reduced MAP–21's authorization period to only 2 years.

A new surface transportation authorization must avoid the penny-wise-but-pound-foolish approach to revenue sources. America's community and public transportation providers—as well as the full surface transportation program—cannot afford another short-term authorization followed by a series of extensions that provide returns that barely keep up with inflation and offer little stability for long-term budgeting and project development. The ability to purchase even a single new bus has been jeopardized by the unpredictability of the MAP–21 era, let alone the ability to construct a new maintenance facility or plan for a new Bus Rapid Transit or rail line.

Collectively, CTAA's members are neutral on the source of new revenue to make up for the shortfalls in the Highway Trust Fund. Members of Congress and the Obama administration have offered varying alternatives, each of which should receive due consideration. We recognize that sufficiently investing in the Nation's surface transportation infrastructure—of which community and public transportation is a vital component—requires difficult choices on the part of Congress. But they are choices that at this time must be made. The current piecemeal approach of generating revenue to support surface transportation programs only succeeds in costing more money to produce the same outcomes, resources that should be better spent in addressing the Nation's unmet transportation needs.

As an association, we believe that transportation 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 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.

**MAP–21: Changes Are Necessary**

Despite both its troubling reliance on one-time revenue sources and limited duration, in many ways MAP–21 continued strong investment in an array of Federal programs that support the Nation's surface transportation network. This was especially true for the longstanding formulized programs delivering investment for community and public transportation in urban (5307) and rural (5311) areas and for older Americans and people with disabilities (5310), all of which saw increases under MAP–21, albeit not as large as they initially appear due to the law's program consolidations. However, several programmatic changes under that legislation have produced significant, negative impacts on rural and small-urban transit providers while still others are necessary to respond to an ever-shifting industry.

**Investment in Capital for Buses and Bus Facilities**

Since ISTEA, a robust, dedicated program to support the capital needs of transit systems to replace aging vehicles and construct new or improved facilities has helped produce strong and vibrant community and public transportation networks across the Nation. This program, formerly Section 5309, was replaced by the Section 5339 Bus and Bus Facilities program under MAP–21 and its funding reduced by more than half. Although increased investment in the Section 5307, 5310, and 5311 programs was intended to compensate for this reduction, the effort to streamline programs such as the former Section 5316 Job Access and Reverse Commute (JARC) and Section 5317 New Freedom programs meant that purported levels of increase in the rural and urban formulas did not correspond with the reduced capital funding levels for bus and bus facilities. At the same time, new rural and small-urban systems began operations, slicing the pie even further.

Additionally, for the first time in Federal surface transportation legislation, MAP–21 organized bus and bus facility capital funding under the 5339 program as a formula-based distribution, rather than through discretionary allocations. While this change allowed a wider and more consistent distribution of bus capital funding, it also meant many recipients received less than under previous authorizations. Although each State receives at least $1.25 million per year under MAP–21 for rural bus replacement needs, that's barely enough to replace a couple of old buses at one system, let alone an entire State's capital backlog. Even when accounting for rural and urban bus capital programs, half the States receive less than $5 million per year.

In my home State of South Dakota, our Department of Transportation estimates that $2.9 million is needed each year for the next 8 years to adequately replace the rural bus fleet. That's in stark contrast with the $1.25 million South Dakota receives in Federal investment for rural transit under the MAP–21 5339 program. What's more, Prairie Hills Transit's 5311 formula allocation actually decreased in MAP–21. In Alabama, Birmingham alone has a capital replacement need of $29.7m over the next 4 years. The entire State of Alabama receives $3.7m per year from Section 5339. In North Dakota, the State Department of Transportation estimates a current $9.9m capital backlog—the State receives $1.7m annually in Section 5339 funds.

The impact of this ongoing underfunding of bus capital needs will have drastic consequences across the Nation. According to a recent study, a one-time investment of $699m is needed to help return America's rural transit systems to a state of good repair. But over the next 5 years under MAP–21, Section 5339 will invest just $312.5m in rural bus capital funding, far short of the $1.6 billion the report says is necessary to maintain a state of good repair for rural transit.

In the end, it's the riders and employees of our Nation's transit systems that will suffer from a lack of restored bus capital investment. Service cuts and fare increases are already a necessity for many providers and it's a trend that will only worsen with current dedicated bus capital funding levels. This will fundamentally impact the ability of ordinary Americans to get to work, the doctor and wherever else they need to go and get there affordably. According to the U.S. Department of Labor, transportation costs are the second greatest expenditure of most Americans, after only housing. Meanwhile, without Federal leadership in dedicated bus capital investment, community and public transportation providers will have to make difficult budgetary choices that could lead to layoffs of hardworking employees who live and work in the communities we serve.

Beyond the consequences to our passengers and coworkers, older vehicles are both more costly to repair and maintain while also less safe to operate. Without an adequate and reliable dedicated investment stream for new buses, we're throwing good money after bad, spending more on replacement parts, major overhauls and labor costs in order to keep outdated vehicles on the road. This is hardly in keeping with efforts to ensure fiscal responsibility and act as good stewards of the public's investment. Additionally, in an era where both the Congress and the Federal Transit Administration are rightfully placing a high priority on safe operations—an effort wholeheartedly endorsed by our industry—it's counterintuitive to ask systems to continue to operate buses well past the end of their useful lives.

CTAA has proposed developing a qualified intermediary lending program for rural, small-urban and specialized transportation providers. Programs like TIFIA often don't work for these types of operations. There are 41 active projects on the TIFIA/DOT Web site. The largest TIFIA investment is $949 million; the smallest is $42 million. It is not apparent that any of these are located in rural communities or small-urban areas. Funding for aging buses and vans in smaller communities is not on the radar of TIFIA, which is too complex for rural and small-urban communities with smaller projects. To remedy this CTAA proposes to establish a qualified intermediary lending program for rural and small-urban infrastructure projects eligible under TIFIA. This intermediary would be a 'window' for States—like North and South Dakota—that are in desperate need of capital for equipment and simply cannot aggregate the capital to finance it.

In sum, Congress must act to ensure that America's community and public transportation providers have the equipment they need to do their job safely, efficiently, and effectively.

**Incentivize Performance: Expand the STIC Program**

Through 2005's SAFETEA–LU, Congress created the innovative Small Transit Intensive Cities (STIC) program that rewards transit systems in small-urban areas for meeting certain performance standards through metrics such as growth in ridership and vehicles miles. This program incentivizes communities to invest in and grow their small-urban transit systems in exchange for increased Federal investment to support operations. It's the perfect example of real performance measures in the Federal transit program.

The program has been an unquestioned success, with small-urban systems boosting the capacity and efficiency of their service and realizing strong ridership growth. More and more of these communities are now making similar investments in small-urban transit in order to qualify for greater Federal support. A total of 165 small-urban areas have qualified under at least one of STIC's six categories since its creation.

Congress wisely expanded this innovative, incentive-driven program under MAP–21, increasing the set-aside under the 5307 urban formula program that sustains STIC funding from 1 percent of total 5307 investment to 1.5 percent. Because of the dramatic returns on this investment, we ask that Congress continue to reward excellence and commitment to small-urban transit efficiency and effectiveness by growing STIC's Section 5307 set-aside to 3 percent.

**Supporting Tribal Transit**

Although MAP–21 made strides in supporting America's tribal transit providers by expanding the 5311 rural formula program where it exists as a set-aside and requiring no local match, the formulization of the program means tribal transit investment is now spread to a wider range of recipients. In many cases, this has produced substantial reductions in funding that threatens the very existence of transit service in numerous tribal communities. Others are facing significant service reductions, fare increases and workforce reductions. While new providers are always welcome to respond to unmet needs, maintaining existing options is just as essential.

Tribal communities are among the Nation's most economically disadvantaged areas and also the most isolated. Resources from tribal governments to support mobility options are often difficult to obtain and can disappear quickly with shifts in tribal leadership. Federal leadership is again crucial to respond to the needs of America's tribal population.

**Commonsense Regulations**

MAP–21 introduced a number of new regulations for community and public transportation providers, most notably covering safety, state of good repair, and transit asset management. These are well-intended objectives to ensure the riders who depend on the mobility options we provide arrive at their destinations safely and securely and that we invest in well-maintained infrastructure that reduces unnecessary expenses and improves reliability. However, the execution of these regulations by Federal agencies suggests that Congress must clarify and refine these stipulations.

Most concerning is the process by which such regulations are developed and implemented. Too often, the community and public transportation industry has too little meaningful input in the process of developing regulations. When we are, it's often only representatives of the Nation's largest transit systems who are asked for input. Meanwhile, new regulations are often delayed by Federal officials—many MAP–21 regulatory mechanisms are still not finalized, nearly 3 years after the measure became law.

All transit operations are not the same. Any one-size-fits-all mentality makes compliance difficult to achieve for smaller systems whose general manager not only oversees the budget but also is a driver and dispatcher. Rural transit systems simply do not possess the legions of administrative staff necessary to respond to regulations intended to address safety concerns on large heavy rail networks.

Even when new regulations are both well-intentioned and well-implemented, they never include additional resources to allow already cash-strapped agencies to achieve compliance. This means extra work for our employees with no new revenues to match the cost of their labor.

CTAA and it's members support common sense regulations that include meaningful input from mobility providers of all kinds, consistent and timely decisions and communications from Federal officials and incentives tailored to the specific administrative needs of all transit systems.

**Conclusion**

Public transportation in our Nation's rural and small-urban communities is a thriving enterprise that is succeeding thanks to the work of some of America's most outstanding public servants. I appear today before the Senate Banking Committee representing all of those individuals—my colleagues around the country—who keep people working, healthy, and enjoying their communities and lives.

We believe—and rely upon—the long-standing Federal, State, and local partnerships to invest in our services. Indeed, there is much success to build on when it comes to reauthorizing MAP–21. The suggestions we raise today—addressing the bus capital crisis, further incenting small-urban transit performance by increasing the STIC set-aside, reexamining tribal transit funding mechanisms and focusing on commonsense regulations—are relatively minor adjustments that we know can result in further, major, successes. CTAA and its leadership stand ready to assist this Committee and its Members in any way as we move forward.

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## PREPARED STATEMENT OF HARRY LOMBARDO

INTERNATIONAL PRESIDENT, TRANSPORT WORKERS UNION OF AMERICA, AFL–CIO

APRIL 23, 2015

**Introduction**

Chairman Shelby, Ranking Member Brown, and distinguished Members of the Senate Banking, Housing, and Urban Affairs Committee, thank you very much for the opportunity to testify about the surface transportation reauthorization.

My name is Harry Lombardo and I am the President of the Transport Workers Union of America (TWU). Our union represents workers in the public transportation, aviation, railroad, university, utility, services and gaming sectors. TWU's Transit Division members work around the country, including New York City, San Francisco, Miami, Houston, New Jersey, Columbus, Akron, Ann Arbor, Omaha, Winston-Salem, and Philadelphia, where I was president of TWU Local 234 for 7 years. TWU's Air Transport Division members are employed by many carriers, including Southwest Airlines, American Airlines, American Eagle, Virgin America, and Allegiant. The Railroad Division represents employees of Amtrak, Metro-North, New Jersey Transit, Path, Keolis (MBTA-Boston) SEPTA commuter rail, Norfolk Southern, CSX Conrail (SSA), and Union Tank. We also represent workers at Capital Bikeshare, Citi Bike, Divvy bikeshare, Hubway bikeshare, Columbia University, Harrah's Casino, National Grid utility, the New York and New Jersey Port Authority and people working on Government contracts with the Kennedy Space Center, Port Canaveral, Kings Bay Submarine Base, Fort Gordon, and Fort Lee.

I started my transit career working for SEPTA as a car cleaner and became president of Local 234 in 1989. During my 7 years a local president, I learned firsthand that riders, workers, and businesses all benefit when public transportation gets the funding and support it needs to provide safe and reliable service to the public.

Public transit is essential to the economic growth of our Nation and a well-funded reauthorization bill would put millions of Americans to work. Transit creates good jobs for bus drivers and mechanics at TWU, but also for the people who manufacture the vehicles, small businesses along bus routes, construction workers who build transit oriented development projects and millions of people who get to work on the bus and subway. When you look at the witnesses today, you see two people from organizations representing transit agencies, a representative of the American business community and a labor union president. We are all here to talk about how important public transportation is to our country. And when Government officials, business and labor all agree about an issue, our Nation's elected leaders should sit up and listen. On behalf of the TWU, I urge you to move forward with a well-funded, long-term surface reauthorization bill.

TWU has variety of concerns relating to the reauthorization bill. Most importantly, policymakers need to increase funding for the Highway Trust Fund (HTF). Our union supports a gas tax increase, but we are open to a variety of solutions to address the HTF shortfall. But not all proposals are viable and we urge members of Congress to remember that innovative financing instruments can only address a small part of our national transportation funding crisis. These financing mechanisms are appropriate for some types of infrastructure projects but should not be allowed to degrade transit workers' wages, benefits or retirement security, all of which have a direct effect on creating and maintaining a safety culture. We urge Congress to preserve and restore Federal neutrality in public transportation privatization decision making to ensure that Federal officials do not mandate privatization decisions.

Workplace safety and health conditions should be addressed, including lowering the spate of assaults on drivers and ensuring that workers have restroom access, all of which have a direct impact on creating and maintaining a safety culture. When budgets are tight, public transportation systems should be given flexibility to use certain types of Federal capital funds to pay operating costs on a temporary basis. Finally, transit worker labor protections should be preserved and expanded so that public transportation jobs can continue to provide the pay and benefits that are necessary to raise a family and retire with dignity.

**Financing a Surface Transportation Reauthorization**

It is no secret that the real challenge for those of you working on the MAP–21 reauthorization is the need to agree on a way to increase funding. Without congressional action, the HTF will run out next month. There are a variety of ways to tackle this problem and TWU believes the most sensible approach is the same one that has worked since 1956—increasing the gas tax.

Several members of Congress have offered proposals to address the revenue shortfall. Last year, Sens. Bob Corker (R-TN) and Chris Murphy (D-CT) unveiled a bipartisan plan to raise the gas tax and index it to inflation, which they estimated would raise $164 billion over 10 years. In the House, Rep. Earl Blumenauer (D-OR) has been a tireless advocate for fixing the infrastructure crisis and providing HTF revenue. Earlier this year, he reintroduced the UPDATE Act (H.R. 680) to phase-in a nickel per gallon gas tax increase over each of the next 3 years and index it to inflation after that. These proposals are the most straightforward solutions to addressing the financing shortfall, but a variety of other approaches have also been offered.

Over the last few years, many policymakers have advocated using tax reform to address the HTF shortfall by taxing repatriation of foreign corporate assets and using the windfall to fund the HTF. President Obama's Grow America Act included a provision to tax corporate assets that are stowed away overseas. Sens. Barbara Boxer (D-CA) and Rand Paul (R-KY) have introduced a bill that would shore up the HTF by assessing a 6.5 percent tax on repatriated corporate earnings. In the House, the Infrastructure 2.0 Act (H.R. 625), offered by Rep. John Delaney (D-MD), would fund the HTF for 6 years with these tax revenues. Each of these proposals makes important contributions to the debate and may ultimately be the pathway to find a bipartisan solution to the challenge. However, tax reform is extremely complex and it will be a particularly arduous task in an atmosphere of political polarization here in Washington. We cannot wait for months hoping for tax reform negotiations to be completed. Congress should act quickly so the reauthorization can move forward.

Last week, Reps. Jim Renacci (R-OH) and Bill Pascrell (D-NJ) introduced legislation that would guarantee short-term funding for highway and transit programs while leaving the door open to a variety of long-term solutions. Their bill, H.R. 1846, would index the gas tax to inflation and create a bipartisan panel to make recommendations to address the revenue shortfall. If Congress failed to act on the panel's proposals the gas tax would automatically increase to fill the funding gap. Modeled after the Simpson-Bowles Commission, their bill would help to solve our insolvency problems and encourage the creation of viable and creative bipartisan solutions to the HTF shortfall. TWU supports this approach and encourages Senators to consider the merits of the proposal.

I should also take a moment to respond to those who advocate for eliminating the Mass Transit Account or devolving transit to the States. These proposals impose unfunded mandates on States and ignore the needs of our national economy, which depends on an efficient and unified transportation system. Eliminating the Federal transit program would deliver a body blow to our national economy. Imagine what would happen if transit funding was eliminated and there was additional traffic congestion in the Northeast, when the Washington to Boston corridor alone contributes 20 percent of the U.S. gross domestic product. These radical proposals would affect commuters, the businesses that employ them and the companies that depend on transit, such as bus manufacturers. Our national funding debate should focus on ways to invest more into our transit systems and make the country better off, rather than encouraging divisive efforts to slash transit budgets and undermine our national economy.

As Federal funding dries up, some transit agencies have been moved to consider turning to the private sector to provide public transportation service. MAP–21 included provisions to encourage this process by requiring the U.S. Department of Transportation (DOT) to promote private sector interests. Our union believes these reforms undermine the primary goal of good public transportation policy, which should create and sustain safe, prompt and convenient transportation for riders. Our concerns are borne out in a 2013 Government Accountability Office study of transit contracting, which found that private operators offer lower safety standards and service quality than the public sector. Any cost savings that are achieved often come from lower wages and fewer benefits rather than productivity gains or technological advancements. I urge you to roll back these pro-privatization reforms and keep the "public" in public transportation.

Policymakers are increasingly looking to public private partnerships (P3s) and other innovative financing tools to expand public transportation. In some circumstances P3s can play an important role in financing highway transportation projects, but TWU has serious concerns with any effort to use P3s to fund private transit operations and maintenance contracts. P3s should be designed to protect the public interest, provide transparency for taxpayers and safeguard front-line workers from arbitrary cuts. They are only suitable for a limited number of projects and they are not a substitute for a significant uptick in Federal funding. These financial instruments should not be used to revoke collective bargaining agreements, weaken worker protections, lower wages and benefits, or in service of a business model to extract savings at the expense of workers. Structuring innovative financing instruments to the detriment of the public or the affected workforce will only serve to undermine their long-term viability.

**Budget Flexibility**

State and local budgetary problems often force transit agencies to cut service, reduce routes and lay off workers. To help sustain service to riders and the public, transit systems should be given the flexibility to use certain types of Federal capital funds to pay operating costs when budgets are tight. This flexibility should be targeted and temporary, triggered by broad economic problems or budgetary constraints, such as a rise in unemployment, a spike in gas prices or other temporary budget stressors. We encourage Congress to consider permitting the temporary use of previously firewalled capital funds for operating expenses to avert service and job cuts and fair increases.

**Transit Safety and Health Issues**

MAP–21 included significant transit safety reforms and empowered the FTA to create and enforce Federal safety standards. We support the administration's efforts and encourage policymakers in Congress and the Administration to focus on workplace safety problems faced by transit operators every day. In recent years, there has been a dramatic rise in physical assaults against transit workers, particularly bus drivers. These attacks by passengers, often disgruntled by fare increases, take a variety of forms, from shootings to hitting, spitting, and verbal insults. When they occur on a moving bus, they create serious risks—not only to the driver but also to pedestrians, other vehicles, and passengers. These attacks have led to labor-management summits in New York City and Philadelphia in an effort to find shared solutions to the problem. A variety of approaches have been considered, including increased policing, more severe punishments, the use of DNA kits, and others. As you write the reauthorization bill, we urge you to require the installation of barriers in buses to cut down on this type of abuse. Large, clear plexiglass screens should be installed between the bus operator and passengers using the fare box. This would eliminate most instances of assault, since an agitated passenger would be unable to touch the driver. The New York City MTA is already successfully moving forward with vehicle retrofits and the cost, sometimes less than $2,000 per bus, is far less than the cost of lost time and medical bills associated with most assaults on workers.

Another health and safety issue faced by many bus drivers is the lack of bathroom access. There is no requirement that bus routes start or end in areas with restrooms. Obviously, this is a basic human need and the lack of restroom access contributes to long-term health problems for transit workers around the country. It also creates problems with distracted driving. A transit operator cannot safely drive a large transit vehicle full of passengers for long periods of time on a congested street when he or she has to go to the bathroom. TWU has worked with the San Francisco Municipal Transportation Agency to implement a new and promising approach to the problem. They are providing operators the use of restroom facilities by utilizing a mix of licenses, leases, and permits with stores and restaurants along transit routes.

**Labor Standards**

TWU's reauthorization agenda is focused on providing high quality transit service and ensuring that transit jobs offer the pay and benefits that a worker needs to raise a family and live a middle class life. I cannot overstate the relationship between providing safe transit service and offering middle class jobs to qualified individuals. Middle class wages encourage employees to make a career out of their work. When an individual has a career they value, as opposed to just a job, they become vested in and take great pride in the quality of their work. The public should support fair wages in the transit sector because dedicated employees who have a career in transit care about the long-term quality of the work they do, which enhances safety and the safety culture. This offers a sharp contrast to many privatized jobs, in which low pay and minimal benefits lead to short-term employees, lower safety standards and practices, and a vastly diminished quality of service. Labor standards are also an essential part of this approach. Transit labor protections help to safeguard reliable labor-management relations, a process that provides an experienced, safe and professional workforce while allowing for productivity improvements and technological innovation. TWU supports extending transit labor protections to include new innovative financing proposals and other legislative reforms in the reauthorization bill.

**Conclusion**

I look forward to working with the Committee to advance public transportation policies that improve service for riders, spur our economy, and provide good jobs for transit workers.

Thank you for allowing TWU to have this opportunity to testify before the Committee.

## RESPONSES TO WRITTEN QUESTIONS OF CHAIRMAN SHELBY FROM BARBARA K. CLINE

**Q.1.** While the concept of stress testing has largely been advanced as one applicable to large rail, fixed-guideway systems, could they also could be utilized on the bus-only side? If so, what elements would need to be included?

**A.1.** Neither CTAA nor Prairie Hills Transit has enough understanding of the stress testing issue to provide an informed response to this question.

**Q.2.** We have heard a lot about the need for a discretionary bus program because of the substantial cost to buy vehicles and build facilities. But, if all transit agencies face that challenge, how do you make sure everyone that needs money for buses and facilities gets money?

A discretionary grant program, I believe, forces transit agencies to chase funding rather than budget for their needs. It strikes me that a discretionary grant program cannot truly address everyone's needs whereas a formula program has that potential. Could you tell us first, how a discretionary grant program can ensure that every system that needs money can get money?

**A.2.** The primary issue for both CTAA and Prairie Hills Transit isn't so much about how dedicated bus capital gets distributed (formula or discretionary), but whether there's enough dedicated bus capital to meet core bus replacement needs.

CTAA's national membership is split on the issue of discretionary vs. formula. Some would like to see a far more robust Section 5339 program that doesn't change a bit in terms of being a straight formula allocation. Others preferred the discretionary method.

The problem with a solely discretionary program is that it cannot fairly address the capital needs of all transit agencies. In the old Section 5309 program, Earmarks went to the most politically connected transit systems and States. Competitive programs like the short-lived State of Good Repair bus capital program or even last year's Ladders of Opportunity Bus Capital program (both run through FTA) tend to go to those agencies most able to compete. The majority of small rural agencies are understaffed and do not have the expertise or available staff time to complete for the much needed capital replacement funds. CTAA has consistently advocated for a mixed discretionary and formula program for these reasons.

**Q.3.** Second, could you comment on the potential for a formula program to more fairly address the capital needs of all transit agencies?

**A.3.** If the Section 5339 formula-only program was closer to the $980 million level, we don't know if dedicated bus capital would be such a priority for CTAA members in MAP–21 reauthorization. Under that scenario, for example, South Dakota would have enough dedicated bus capital to meet current needs.

**Q.4.** The practice of "chasing funding" was an important topic of discussion during one of the Committee's roundtables. While it has become standard operating procedure for many transit systems, I do not view it as a responsible way to account for the single most important asset of a transit agency. Ignoring capital asset replacement needs may make it easier to develop an annual budget, but it doesn't seem realistic or prudent. That said, I want to defer to your experience in the transit field and ask you—is chasing funding for large scale capital expenses the most appropriate way to manage the asset replacement needs of a transit system? What happens if the transit system is not successful in its efforts?

**A.4.** We agree, chasing funding is not an optimal transit business practice, particularly when you're talking about vital rolling stock replacement schedules. Predictable, dedicated bus capital revenue at reasonable levels is far more preferable. The results of a transit system that is unsuccessful in chasing funding—or that doesn't have access to the necessary dedicated bus capital funding in a formula—are service reductions, fare increases, job losses or, at best, unsafe/unreliable service.

Neither Prairie Hills Transit nor the transit professionals with whom I speak ignore capital asset replacement—it is not realistic or prudent. Today, many rural and small city transit managers are faced with difficult decisions about operating expenses and capital replacement. In the best of financial times, it is a balancing act. In tough times like today it is far more difficult because after MAP–21's passage we all experienced reduced dedicated bus capital and no growth in our standard formula programs. In order to successfully compete for and retain revenue-earning contracts such as NEMT and veterans services, rolling stock must be safe, reliable and efficient.

**Q.5.** Are there other options available to make these capital investments? For example, can a transit agency avail itself of financing or leasing options?

**A.5.** There are other options available, in terms of both leasing and financing. But these innovative finance programs are far more difficult in today's environment due to 2-year surface transportation bills and the numerous extensions of Federal transportation law, as well as FTA viewing such activities negatively. CTAA has some additional, specific ideas on leasing and financing options that it feels could be helpful to rural and small-urban operators.