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REAUTHORIZATION OF THE TRANSPORTATION EQUITY ACT OF THE 21ST CENTURY (TEA–21)

HEARINGS

BEFORE THE

SUBCOMMITTEE ON HOUSING AND TRANSPORTATION

OF THE

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

ONE HUNDRED SEVENTH CONGRESS

SECOND SESSION

ON

THE IMPLEMENTATION AND PROPOSED LEGISLATION REAUTHORIZING FUNDS OF PUBLIC TRANSPORTATION PROVISIONS FOR THE TRANSPORTATION EQUITY ACT OF THE 21ST CENTURY (TEA–21), FOCUSING ON CERTAIN PROGRAMS INCLUDING THE JOBS ACCESS AND REVERSE COMMUTE (JARC) PROGRAM, FUNDING ISSUES, INVESTING IN ECONOMIC DEVELOPMENT AND THE ENVIRONMENT, AND ANALYSIS OF TRANSPORTATION SECURITY ONE YEAR AFTER SEPTEMBER 11 FOUCUSING ON MASS TRANSIT SAFETY AND SECURITY AND PASSENGER TRANSPORTATION SECURITY INITIATIVES

APRIL 25, JUNE 13, 26, JULY 17, AND SEPTEMBER 18, 2002

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TRANSIT IN THE 21ST CENTURY: SUCCESSES AND CHALLANGES

THURSDAY, APRIL 25, 2002

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

The Subcommittee met at 2:30 p.m. in room SD–538 of the Dirksen Senate Office Building, Senator Jack Reed (Chairman of the Subcommittee) presiding.

OPENING STATEMENT OF SENATOR JACK REED

Senator REED. The Subcommittee will come to order. I would like to welcome everyone today to our hearing. This is the second of several hearings, and the first held by this Subcommittee, regarding the reauthorization of the transit title of the Transportation Equity Act of the 21st Century, or TEA–21, as it is known.

Today, we will hear from the FTA Administrator, Jennifer Dorn, and three representatives of the varying kinds of transit systems in our Nation. And just to give you a sense of this variety, our last witness, Mr. Larry Worth, runs a transit system that covers a surface area almost 10 times the size of the area served by my State's sole transit authority. Meanwhile, Ms. Faye Moore, who manages the Philadelphia area transit system, provides over one million trips each day, almost 12 times as many as Mr. Worth's system offers an entire year. So we have a variety of transit systems, and we hope to provide for all of them in this upcoming reauthorization.

Traffic is a growing concern across America. Turn on the radio or TV and you hear stories about pileups and backups. In response, more and more Americans are leaving their cars behind for the daily commute and opting to take the train or ride the bus. Indeed, in the past 6 years, the number of trips taken on public transportation grew by 23 percent, growing faster than the U.S. population, growing faster than highway use and domestic air travel. Last year, transit grew twice as fast, 2 percent, as car use. Car use only grew by 1 percent.

Why all of this growth? I think we will hear from our witnesses today that the answer is due mainly to the improvements that TEA–21 helped our Nation's transit systems make. But the issue before this Subcommittee is not just to hear about how successful TEA–21 was, it is to hear how that success can be continued into the future.

In other words, how do we meet the demand for transit service across this Nation? This is the looming threat to the success of our

transit systems across the Nation. And I look forward to working with my colleagues to address this issue.

And now, I would like to turn to Senator Allard.

STATEMENT OF SENATOR WAYNE ALLARD

Senator ALLARD. Well, first, Mr. Chairman, I would like to thank you for holding this hearing. TEA–21 reauthorization is an important part of what we do in the Banking, Housing, and Urban Affairs Committee. So many times, it is just referred to as the "Banking Committee" and we forget about the "Urban Affairs" part of it, which is certainly a function under this overall Committee that deals with a lot of important issues and affects many lives.

This is the Subcommittee on Housing *and* Transportation. So I look forward to working with you in the coming months on these TEA–21 Reauthorization hearings, Mr. Chairman. I believe that the work we will do as part of reauthorizing TEA–21 will be one of the most important things to come out of this Committee in the near future.

As citizens continue to face mobility problems, whether due to congestion, medical, or other reasons, they are increasingly turning to transit. This increased demand has led to greater strain on existing resources. I believe that TEA–21 provided a good framework for dealing with such challenges. I am hopeful that we can continue the successes, along with added improvements.

Transit authorities are on the frontlines of the industry, both in receiving money and delivering services. They feel the impacts of a transportation authorization bill on a daily basis. Thus, it is only appropriate that we hear from the transit authorities at the Subcommittee's first TEA–21 Reauthorization hearing.

I believe we have an excellent lineup of witnesses today and I am pleased that we were able to get such an outstanding cross-section of our Nation's transit authorities. We will get the benefit of hearing from small, medium, and large transit authorities. Additionally, we can compare the experiences of a transit authority located in rural areas versus an urban area versus a mixed-density area.

Finally, we will get to see the differences between transit authorities that focus on rail, as compared to buses as compared to vans. These vastly different points of view will be quite helpful as the Committee sits down to write a new bill.

I would like to welcome the witnesses and particularly, I would like to extend a warm welcome to Larry Worth. Larry is here representing the Northeast Colorado Association of Local Governments. We refer to it as NCALG.

NCALG provides critical transportation services to the elderly, disabled, and poor in Northeastern Colorado, a rural area. Larry's perspective will be especially helpful since his transit authority is so different from what we typically think of when we talk about transit authorities.

I would also like to take this opportunity to recognize the Colorado Association of Transit Agencies, or CASTA. CASTA is a coalition of many Colorado transit agencies and providers, all of whom work together to promote good, reliable transit service in Colorado. They have offered valuable assistance to me and my staff over the years and I appreciate their help.

I would also like to note that Larry Worth is on their Board of Directors and has generously agreed to miss CASTA's annual training convention to be with us here today.

Mr. Chairman, I look forward to beginning the Subcommittee's hearing on TEA–21. I know that we will have our work cut out for us. I look forward to hearing from our witnesses.

Senator REED. Thank you very much, Senator Allard. I look forward to working with you on this very important reauthorization as we begin these hearings and move forward.

Our first witness is well known to the Subcommittee. Ms. Dorn is the Administrator of the Federal Transit Administration. She has previously held several high-level positions in prior Administrations. Jennifer oversees a budget of almost $7 billion and is responsible for oversight over the Nation's 600-plus transit grant recipients. We have your written statement and let me suggest also that we are scheduled to have a series of multiple votes beginning about 3:00 or 3:30 p.m.

Since your statement is in the record, if you would like to summarize and be concise, we would appreciate that. That would allow us to move forward.

Before you begin, Ms. Dorn, Senator Santorum has arrived. Would you like to make a statement?

COMMENTS OF SENATOR RICK SANTORUM

Senator SANTORUM. I just want to say that one of the people testifying here today is Faye Moore, who is with SEPTA. She was the CFO and now she is the new General Manager of SEPTA. I just wanted to welcome her to the Committee. She has a big job ahead of her and I know she is going to focus her testimony on the support of existing transit systems in our area, and maintaining those systems.

I know there is a lot of areas like in Colorado and others where you have a lot of new starts, but we also have to focus on maintaining the infrastructure we have.

I appreciate her testimony and I thank you for having her.

Senator REED. Thank you, Senator.

Madam Administrator, please begin.

STATEMENT OF JENNIFER L. DORN
ADMINISTRATOR, FEDERAL TRANSIT ADMINISTRATION
U.S. DEPARTMENT OF TRANSPORTATION

Ms. DORN. Thank you, Mr. Chairman, and Members of the Subcommittee. I appreciate the opportunity to appear at this very important hearing. I appreciate your having it.

In his testimony before the full Senate Banking Committee last month, Secretary Mineta identified several core concepts that the Department of Transportation will be using as the basis for its reauthorization proposals. In my brief oral remarks today, I would like to reiterate the importance of several of those concepts, expanding on four key aspects of TEA–21: stable funding, innovative finance, transportation-oriented economic development, and technology investments.

One of the most visible and important elements of TEA–21 has been the tremendously positive impact of stable and dependable funding streams on transit development.

According to new research by the American Public Transportation Association, several recent Transportation Infrastructure Finance Innovation Act loans in New Jersey and California received high-credit evaluations from Fitch and Moody's, based largely on confidence in the Federal commitments under TEA–21. The study also notes that the benefits of stable funding go far beyond improving the ability of transit agencies to secure long-term loans for major investments. Confidence that formula funding levels under TEA–21 would be honored has helped communities develop and follow multiyear fleet replacement schedules to minimize costs. Previously, some communities had to save up grant resources for several years in order to have enough cash to enter into contractual agreements. Under the TEA–21, contractors and financial institutions have been willing to work with transit agencies to significantly accelerate acquisitions, saving the agency time and money, and leveraging the Federal resources.

In sum, stable formula funds help agencies do more with limited resources because they give financial markets the confidence to support transit investments; give communities an incentive to commit long-term resources; and give private industry the confidence that the transit promises necessary to support new development will be honored.

Dependability and stability offer even more opportunities to leverage resources when coupled with innovative financing techniques. Under TEA–21, Congress established TIFIA financing mechanism, a loan and loan guarantee program for surface transportation projects.

TEA–21 made a total of $10.6 billion in lending authority available for surface transportation projects. To date, approximately $3.6 billion has been committed to projects and leveraged to support over $15 billion in surface transportation projects. This investment requires only about $190 million of Federal budget authority, so it really leverages the scarce Federal resources. The success of TIFIA illustrates how such techniques can reduce the total cost of projects, speed up implementation, and leverage Federal investments. I hope we can work together to identify more ways in which reauthorization can promote and support innovative financing.

With the funding made available under TEA–21, FTA has helped many communities realize better, safer, more efficient public transportation systems. Real success, however, comes when people not only embrace transit, but use it to enhance the economic vitality of their communities. Joint development projects help communities create economic and business opportunities in conjunction with their public transit system, and can provide a stream of income—from park and ride lots and other kinds of real estate investments—to the transit agency to help keep fares down and ridership up.

TEA–21 has also helped our Nation's transportation systems take advantage of technological developments. On a recent pre-Olympics trip to Salt Lake City and the Utah Transit Authority, I saw how innovative technology was helping to create real-time

improvements in transportation for the Winter Olympic Games. Thanks to TEA–21, UTA received $3 million to support Intelligent Transportation Systems projects, including a state-of-the-art, voice-activated, 511 system that provided information on public transportation, Olympic travel information, road conditions, and other information that was vital to moving hundreds of thousands of people in and around Salt Lake City.

Bus rapid transit, or BRT, has also benefited from technological advances made possible, in part, from TEA–21. Combining exclusive transit-ways, modern stations, high-tech vehicles, and frequent service, BRT provides, at a fraction of the cost, the high level of service that people want and expect from more expensive transit systems. We look forward to BRT to be enhanced even further, as many cities across the country have a strong interest in that type of investment.

From major urban centers to small communities, TEA–21 has created a revolution of sorts in public transportation. This has resulted in increased mobility, more transportation choices, and more economically vital communities for millions of Americans. The principles of TEA–21 have been tried and proven and should continue as part of our guide for the future of public transportation.

Mr. Chairman, thank you for the opportunity to testify. I would be pleased to answer questions now and for the record.

Senator REED. Thank you very much, Madam Administrator. And I think the point you make is we are at the happy occasion of celebrating success with TEA–21. And our challenge is to maintain that success and extend it in many different ways.

Following up on your comments, Madam Administrator, what percentage increase is needed to preserve just the current level of transit service across America in terms of TEA–21? Do you have an idea?

Ms. DORN. In the most recent conditions and performance report, and we will have one forthcoming in the next several months that would be more updated, it is my understanding that about $7.6 billion is needed to maintain the present system.

If the ridership growth continues at about 2.8 percent each year, a total $14.1 billion is required each year. And as you know, being a transit advocate and Chairman of this Subcommittee, transit capital expenditures in total in 2001, were approximately $9.1 billion.

Senator REED. Thank you very much. We want to encourage, in fact, the growth of ridership for many reasons.

Ms. DORN. Absolutely.

Senator REED. Congested traffic, environmental concerns, economic development in urban areas, and rural areas, a host of different issues. I think the bottom line is that we will need more resources just to stay in place—not necessarily get ahead, but just to stay in place.

We have seen over the last few weeks some incidents of accidents on rail systems in the country, some involving intercity Amtrak trains, but also some commuter rail systems. I wonder what steps you are taking to deal with the safety issue, particularly where freight service and commuter service are sharing the same lines?

Ms. DORN. Yes, Mr. Chairman. Obviously, that is an issue of great concern to the Department of Transportation and my col-

league, Alan Rutter, has been carefully paying attention to that issue on a regular basis, as well as a result of the most recent unfortunate accidents.

As you know, commuter rail operations share tracks on the general railroad system. As a result, through the wisdom of Congress and tradition, the Federal Railroad Administration has exclusive responsibility for safety regulation, which makes sense because we want to make sure that all safety regulations are consistent with respect to the general railroad system.

This is a matter that we, as the funding agency for commuter rail, have real concerns about. I work closely with my colleague, Mr. Rutter, to make sure that we are doing all that we can to prevent the loss of life and injury.

Senator REED. Thank you very much. You mentioned the use of TIFIA as one way that the systems are maximized in their resources. Is there a reason that more transit authorities are not using TIFIA? Are there some inhibitions?

Ms. DORN. That is what we are exploring right now, Mr. Chairman, because we do have some available funding for loans and loan guarantees. And while a substantial number of the TIFIA projects that have been awarded, I believe, have been in the transit arena—and we are pleased about that—there has been some hesitation to use it on a more fulsome basis.

We want to figure out why that is, whether it is too complicated, whether there is still assumed to be some risk. Ultimately, of course, it is not a grant, it is a loan or a loan guarantee, and so that may explain some of it.

But we are looking very carefully at that in the context of reauthorization. We want to make sure that TIFIA is utilized as fully as possible, and if we need to make changes, we will obviously consider them and work with the Administration to propose such.

Senator REED. Thank you. And just to underscore the point you made, a great deal of the success of these agencies' authorities getting loans is not just the guarantee, but the commitment to stable funding over many years. That is the hallmark of TEA–21.

Ms. DORN. Absolutely, Mr. Chairman. And if I could just mention, the President has strongly supported the concept of the Highway Trust Fund utilizing gas tax receipts for transportation infrastructure. That is a very important commitment and that will certainly be seen as we discuss our reauthorization proposal.

This Administration also recognizes that predictability and guaranteed funding is one of TEA–21's biggest success stories. It should be retained, in the view of the Administration, and refined through reauthorization.

In an era of realism and candor, it should be recognized that all forms of transportation must face the hard reality that Federal financial resources are not boundless and cannot fully fund every meritorious transportation need. But as an advocate for transit, I feel very strongly that good, effective transit programs can ease so many problems at the community level, and you can count on us to bring that point to the table.

Senator REED. Thank you. One final question, Madam Administrator. In your prepared testimony, you mentioned that FTA's interest in easing the regulatory and statutory burdens faced by

transit agencies. Let me ask you to respond in writing to this question because my colleagues are here, and I want to give them an opportunity to ask their questions. But we will basically get your comments on what you are doing for smaller authorities in terms of easing regulatory burdens.

With that, thank you very much for your testimony.

Senator Allard.

Senator ALLARD. Yes. I appreciate, Mr. Chairman, your comments about smaller systems, as well as Ms. Dorn's comments on smaller systems.

I do not know whether you want to elaborate any more about some of the problems on the smaller systems, but one particular issue we need to pay attention to is that large systems can respond more to regulatory burdens. For the smaller systems regulatory burdens create real problems.

I would like to hear what suggestions you may have on how we can improve oversight, or how we can reduce the regulatory burden, I guess is a better way of putting it, on some of these smaller systems. If you could comment on that, I would appreciate it.

Ms. DORN. Absolutely. Unfortunately, for all good public policy purposes, the outcome has been that we have developed a confusing array of regulatory requirements. Depending upon the pot of money for which you are applying, you have certain numbers and types of requirements. These requirements are very confusing to grantees. And many of those requirements, if not all of them, have very good public policy purposes. I think in the context of reauthorization, we need to sort that out.

Senator ALLARD. My question is are they driven by law, or is it just something that has happened during the regulatory process within the Agency?

Ms. DORN. Both. And I can assure you that, from an administrative point of view, where we have flexibility, we are working aggressively to reduce those regulatory burdens. But the vast majority of them are points of law.

Many of the larger agencies, I hate to say it, have become used to it, and so they know how to do it. But one approach may be the recognition that 15 percent of the funds go to 85 percent of the grantees. So the smaller grantees that have the least number of money, but have an equal number of grant requirements. We are trying to sort through this, program by program, and agency by agency, to understand what would make more sense.

I certainly am a strong advocate of oversight, but it has to be meaningful oversight. And as we have examined the number of oversight reviews of grantees that are required by law we have noticed some things that we think can be changed. We can streamline, perhaps consolidate—that is always politically difficult to do. But I think our main point should be, what is the value added to help ensure that the Federal dollar is being utilized and that good stewardship happens? And I am convinced that it is time to take a look at those.

Senator ALLARD. Well, as you move through this review of how regulatory burden affects smaller entities, I hope you will keep us informed on what you are finding out and perhaps maybe we can

be of help in that regard. We would certainly like to sit down and look at the possibilities in which we can be helpful.

Ms. DORN. Thank you for that opportunity.

Senator ALLARD. The other area that I am particularly concerned about, with regard to all agencies, is implementation of what we call GPRA—that is the Government Performance and Results Act. In your administrative duties, I would urge you to look at how the requirements of GPRA can be met.

I think it is important for agencies to use outcome-based management and budgeting. The Government must maintain good oversight over Federal dollars. What suggestions do you have on how we can improve the oversight under the new transportation authorization bill?

Ms. DORN. Excellent question. GPRA is a very important wake-up call, even to an agency that does very good work.

However, we have become victims at some points of process becoming product. And you are absolutely right to focus more on outcome. And that is why we are taking a very careful look at every one of the oversight reviews and the regulatory requirements and asking ourselves—what does it mean in terms of improving transit or improving the service to the riders?

It is premature for me to comment on specific suggestions, but I would be happy to work with you as we move through proposals for reauthorization, and even before that.

I am convinced that there are some administrative changes that we can make. But, very bluntly, our focus needs to be on results and outcome. And we have the happy occasion that good transit projects provide some incredibly important outcomes for communities across this country. I do not know that we are the best at measuring those, and we need to focus on that as well.

Senator ALLARD. I appreciate that. Mr. Chairman, I just have one more question and we will be finished with this panel.

Senator REED. All right.

Senator ALLARD. So it might take me a little bit over my time.

Senator REED. Fine.

Senator ALLARD. We heard about the need for additional security measures to prevent terrorism in public transit systems. Do you think it is also important to create terrorism liability protection for transit agencies?

Ms. DORN. That is a very difficult and complicated question.

Frankly, it has not come to my attention specifically as it relates to transit agencies.

Senator ALLARD. Are we getting money if they ask for a loan or something and that is not going to be a condition of the loan or anything, as far as we know?

Ms. DORN. No, it has not. Traditionally, transit agencies self-insure up to a certain level.

Senator ALLARD. I see.

Ms. DORN. Others are able to get other kinds of coverage.

The situation has certainly been aggravated as a result of the terrorist incidents. But, frankly, we have not done a thorough analysis and we would be happy to work with you to determine the level of that problem as it relates to transit agencies.

Senator Allard. I would appreciate hearing what you find out in that regard.

Thank you, Mr. Chairman.

Senator REED. Thank you, Senator Allard.

Senator Ensign, if you would like to make a statement and then question the Witness, go right ahead.

STATEMENT OF SENATOR JOHN ENSIGN

Senator ENSIGN. Thank you, Mr. Chairman, and Senator Allard, for having this hearing today.

I look forward to working with you, Ms. Dorn, on some of these issues, especially as we go forward and lay the groundwork for the upcoming reauthorization of TEA–21.

I do not know if any of you have had the chance to read, I think it was yesterday's, or Monday's *Washington Post.* There was an article on the front page. It was about the transit project that we are undertaking in Las Vegas.

Often, we think of mass transit and light rail projects as an east coast issue. But certainly, it is moving west as we are becoming more congested out west. Certainly Denver, Las Vegas, other cities in the west, are growing so fast, that we just cannot even keep up with the infrastructure needs. And so, we are looking for new ways to handle those.

In Las Vegas, for instance, between 1990 and 2000, we grew by 85 percent, which is a staggering number for any place, especially in the east, to think about growing at that rate. But what is even more remarkable is the 40 million visitors that we have to move around a very concentrated area. And that is usually when mass transit, works very well. We have the Resort Corridor, this monorail project where we are working on this.

I would like to give you just a quick overview of how we are constructing this monorail system, and how we are doing it so quickly with a significant savings to the Federal Government.

This system will be America's first large-scale monorail project. Construction is now underway of a completely privately funded, $650 million, four-mile monorail along the Resort Corridor. The funding was put together through the sale of tax-free bonds. The monorail we are constructing is ahead of schedule and will be finished in 2 years. I do not think that usually happens in most places in the country. Obviously, the monorail project is moving ahead very quickly.

We are seeking Federal funding to build a monorail extension. The extension would connect to the privately funded monorail and serve downtown Las Vegas, which is away from the Strip. The Federal contribution for this extension would be $120 million.

The amount of Federal funding we are seeking for the monorail is 35 percent of the cost of the entire system. This is a significant overmatch. The Federal Government only requires a 20 percent match. In Las Vegas, we have come up with 65 percent of the cost. That makes us first in the Nation for local dollars used.

I mention all of this because I think it is important for the Bush Administration to consider prioritizing fixed guideways and other transit projects. We should be encouraging local communities to do their fair share. We have a limited amount of money and local com-

mitments should become an important factor in deciding which projects will get Federal dollars.

Ms. Dorn, I hope you will think about how we can look at the Las Vegas monorail and how we can reward grant applications where there is a significant overmatch.

And finally, we are seeking a full funding grant agreement from the FTA and we are ready to go forward. Thank you for including $4 million in the President's budget for the Las Vegas project, and we look forward to working with you.

Thank you, Mr. Chairman.

Senator REED. Thank you, Senator Ensign. Thank you very much for your testimony, Ms. Dorn. We really appreciate it.

It has been extremely productive working with you and we look forward in this reauthorization to continue our work together.

Thank you.

Ms. DORN. Thank you, Mr. Chairman. We appreciate it.

Senator ALLARD. Are we always going to let her off this easy?

[Laughter.]

Ms. DORN. I was going to say——

[Laughter.]

Senator REED. I do not know.

Ms. DORN. But I wanted to answer more questions.

[Laughter.]

Senator REED. This is where we ask, not plead for things.

[Laughter.]

So we are asking politely.

Ms. DORN. I guess I would better leave now.

[Laughter.]

Senator REED. Now is a good time to exit.

Ms. DORN. Thank you.

[Laughter.]

Senator REED. Thank you. Let me call up the second panel. That would be: Ms. Faye Moore, General Manager of the Southeastern Pennsylvania Transportation Authority; Dr. Beverly Scott, General Manager of the Rhode Island Public Transit Authority; and Mr. Larry Worth, Executive Director of the Northeast Colorado Association of Local Governments.

Let me take the privilege of introducing Bev Scott. Then I would call on Senator Allard to introduce Mr. Worth. And if Senator Santorum is here, I would ask him to introduce Ms. Moore. If not, I will do the honors.

Beverly Scott has been the General Manager of RIPTA, the Rhode Island Public Transit Authority, since 1996, and has led an effort to modernize and grow RIPTA's service throughout the State of Rhode Island, which is one of a few statewide systems in the Nation. Bev has a wealth of experience in transit, having worked for the Dallas system, the Washington Metropolitan Area Transportation Authority, the New York City transit system, among many others. At RIPTA, she manages a fleet of 241 buses and 690 employees, which carried more than 20 million passengers in the year 2001. Bev has been great to work with on a host of issues and I want to thank her for not only being here today, but also for the great work she does for my home State of Rhode Island.

Senator Allard, would you like to introduce Mr. Worth?

Senator ALLARD. Mr. Chairman, thank you. I am going to take just a little longer to introduce Mr. Worth.

I am pleased to welcome Larry Worth to the Subcommittee on Housing and Transportation. I appreciate you taking the time away from your business to be here, Larry. It is not always easy when you are running a small operation. I know it costs you dollars.

Larry is Executive Director of the Northeast Colorado Association of Local Governments, also known as NCALG. It serves six counties in northeastern Colorado, including Logan, Morgan, Phillips, Sedgwick, Washington, and Yuma counties. For those who are not familiar with Colorado geography, this is rural farmland that is sparsely populated.

By operating County Express, which is a demand-responsive service, NCALG provides critical transportation for northeast Colorado residents. A demand-responsive service, for those who may want to know, waits for riders to call, and then the service picks them up after they make the call. In particular, the transit services are crucial for elderly, disabled, and poor residents. The ability of a sick, elderly person to access dialysis treatment can literally mean the difference between life and death in rural areas.

Although the Board of Directors for County Express has defined trips for dialysis treatment and other medical appointments as a major priority, NCALG also provides important mobility for seniors. Transportation is provided to employment, meal sites, shopping, education, and social/recreation activities. NCALG faces many challenges in offering these services, particularly related to the geography.

The six counties covered by NCALG comprise a significant area physically. In fact, although NCALG is here representing the interests of the small transit authorities, they are by far the largest in terms of area that they serve. And the Chairman mentioned that in his opening remarks. SEPTA and RIPTA serve approximately 2,200 and 1,500 square miles, respectively. By comparison, NCALG serves nearly 10,000 square miles, which does not even include the many trips they provide outside the six county area. In such a large area, they regularly transport clients to appointments 100 or even 200 miles away.

As I noted earlier, although the counties are large physically, the area is sparsely populated. SEPTA and RIPTA have population densities of approximately 1,750 and 1,000 people per square mile. Northeast Colorado has only seven people per square mile. So, obviously, congestion and pollution are not the key factors spurring transportation services. However, NCALG provides a service that is just as important.

I am pleased that Larry is here to explain more about what NCALG does. There are many similar communities and transit agencies in America. So his point of view will be very important as we consider issues for reauthorization.

Larry, welcome to the Subcommittee, I am pleased that you are here and we look forward to your testimony.

Mr. WORTH. Thank you.

Senator REED. Thank you, Senator Allard.

Finally, Ms. Faye Moore became the General Manager of SEPTA earlier this year. Prior to that time, Ms. Moore served as SEPTA's

CFO, where she led the effort to balance SEPTA's budget. Ms. Moore has used her background as an accountant to improve SEPTA's financial status, so much so that SEPTA now is back in the surplus category, which is quite an accomplishment. We applaud her for that.

We will first call on Ms. Moore, then Dr. Scott and Mr. Worth. If you could summarize, we would appreciate it. We do anticipate these votes in the next half hour.

Your full statements are a part of the record.

Ms. Moore.

STATEMENT OF FAYE L. MOORE
GENERAL MANAGER, SOUTHEASTERN PENNSYLVANIA TRANSPORTATION AUTHORITY

Ms. MOORE. Thank you. I never thought after 63 days of being the General Manager, I would appear before U.S. Senators. But thank you for inviting me.

I am particularly pleased to be testifying before a Subcommittee in which our Senator, Rick Santorum, serves. The Senator has been a great friend to public transportation and a tremendous supporter of SEPTA initiatives and programs.

As you mentioned, I am an accountant. I am a CPA, still very proud of the fact that I am a CPA. I fully understand the importance of maximizing the effectiveness of our resources and in maintaining fiscal responsibility and discipline.

SEPTA is huge. We operate a multimodal transportation network consisting of regional rail, subway, buses, trolley, trackless trolley, and paratransit services. Each day, we deliver well over a million trips, making us the fifth largest transit system in the Nation. Our current annual operating budget is $822 million and the capital budget is $496 million. The subsidy from the Federal Government represents a significant portion of our overall capital budget.

Since the enactment of TEA–21, we have been able to move our subsidy from $112 million from the two main formula programs to $167 million. Additionally, our Congressional delegation was successful in earmarking funds from Section 5309 Bus and Access to Jobs program for SEPTA.

The Jobs Access Reverse Commute program created under TEA–21 provides significant benefit to our region for recipients of assistance through the Temporary Assistance to Needy Families Program. Both Senators Santorum and Specter played important roles in the creation and annual funding for this program. We appreciate the work they have done to improve the job prospects of the families in our region by making public transportation more available to those families.

TEA–21 funding increases in programs have enabled SEPTA, among a lot of things, to: Replace stations, track, roadbed and signal systems, construct a new terminal complex, introduce a new fleet for our subway elevated system, which is our busiest line, serving 150,000 daily riders; upgrade our 30-year-old Silverliner IV regional railcar fleet, and start the procurement process for our new Silverliner V railcars; expand existing routes, and create new routes to serve fast-growing suburban economic and residential centers; create partnerships with local government to institute and

expand reverse commute service for urban residents with jobs or those who are seeking jobs in the suburbs; study options to improve regional rail service through construction of new rail lines, such as Schuylkill Valley Metro and Cross County Metro.

I would be remiss if I did not take the opportunity to thank you, Mr. Chairman, and all the Members of the Subcommittee and Full Committee, for your efforts to make the TEA–21 legislation a reality. TEA–21 funding has helped SEPTA to address the transportation needs of the Greater Philadelphia area, and to support the economic well-being of our region.

Security on the system for our customers, employees, and surrounding communities has always been a high priority. Since last September, transit operations across the country have redoubled their efforts to ensure security of the systems. SEPTA has initiated an ongoing process to evaluate our security vulnerabilities and the role of our system in planning future evacuation exercises, if the need ever arises.

We thank the FTA for their assistance in this. They have provided a security review team to Philadelphia. Based on their review, we estimate completing security upgrades for the SEPTA system would cost in excess of $100 million.

Just some highlights that I would like you to consider for reauthorization of TEA–21: Focus support where you get the biggest bang for the buck. In defining funding needs, resources should be allocated to projects and programs that will provide benefits in areas where transit is a proven force in the marketplace, or where compelling evidence of the need for new services is presented. Maintain guaranteed funding. One of TEA–21's great achievements was ensuring that transit spending would increase at guaranteed levels. Continue program growth. The TEA–21 era has seen record growth in transit programs. Recent APTA studies estimated the total transit funding need at $42 billion per year. The current Federal program, at $7.2 billion, meets about 17 percent of that goal. It is my hope that the Subcommittee will consider significant growth in spending for transit as part of a strategy to achieve parity with the highway program and to meet growth in transit needs. Improve flexible funding programs. Examine program reforms. We are in particular looking at the requirement that you can only get a full-funding grant agreement at the 60 percent design level. We find that in looking at the possibilities for Schuylkill Valley Metro, that becomes a hindrance. Equity providers want to be involved a little before a 60-percent design stage. Provide security funding. Transit systems like SEPTA can be both targets for terrorists and a part of the region's response to those acts. Meet new market challenges. Creation of the Jobs Access Reverse Commute Program under TEA–21 was a great response to an emerging travel market. We are finding that with the baby boom generation, the seniors, especially in the city of Philadelphia and the State of Pennsylvania, will be a growing demand. SEPTA will be expected to provide the service for that expanded market. I hope that transit can work with the Subcommittee to develop innovative approaches to respond to this fast-growing market.

Mr. Chairman, thank you again for the opportunity to testify before you today, and SEPTA is available to work with you and the

Members of this Subcommittee, as you develop legislation to take us through the next authorization period.

Senator REED. Thank you very much, Ms. Moore.

Ms. Scott.

STATEMENT OF BEVERLY A. SCOTT, PhD
GENERAL MANAGER, RHODE ISLAND
PUBLIC TRANSIT AUTHORITY

Ms. SCOTT. Mr. Chairman, it is always a pleasure to see you and the Members of the Subcommittee.

As General Manager of the Rhode Island Public Transit Authority, I welcome the opportunity to share our experiences with you on the very positive impacts of the transit provisions of the Transportation Equity Act for the 21st Century on our transit system in Rhode Island, positive experiences which we believe are representative of most medium-sized transit properties around the country.

The bottom line of my testimony is that TEA–21 works, that quality public transportation is an essential national investment which has a very direct and profound impact on our Nation's overall competitiveness, quality of life, and national security.

Just as our ridership in Rhode Island has increased 31 percent since the mid-1990's, as you noted earlier, national transit ridership growth and demand for increased travel, and more transportation service in communities of all sizes and economic strata, has risen dramatically over the same timeframe—and we believe will continue to do so—severely straining the core capacity of our existing transportation infrastructure, both rail and nonrail, as well as requiring whole new ways of thinking and delivering services to a much more complex and diversified travel market, particularly as we come to grips with the special mobility challenges of an aging America, our disabled community, and the hundreds of thousands of rural and suburban communities across our country, which oftentimes cannot be effectively or affordably served with just traditional public transit services.

All of these significant special markets require a scale, flexibility, as well as operational methods and procedures, that are often different than conventional public transit.

In our State, which has the fifth highest per-capita of senior citizens in the country, and 19 of 39 cities and towns with population densities of 500 people per square mile and fewer, our statewide public transit system not only deals with highly concentrated urban areas, but also with these critical mobility needs and challenges on a daily basis. This is one of the major reasons that we embarked on our Transit 2000 system-wide modernization plan several years ago, for all intents and purposes, a Marshall Plan for public transportation in the State of Rhode Island, a plan that would not have been possible without the increased Federal transit investment in TEA–21.

Increased Federal transit investment that has had a tremendous multiplier effect in our State. Specifically, more than doubling dedicated State funding for public transit since 1998, up from 3 cents to 6¼ cents of the State gas tax dedicated to transit. Coupled with significant additional transit investments and partnerships with other State agencies, particularly in the areas of human and social

services transportation. Our tourism sector, which accounts for $2 billion in annual revenue to our State, and our local colleges and universities. And a strong working relationship with our unions, including extremely competitive wage rates and more flexible work rules, coupled with a serious commitment to employee development, training, and upward mobility that has greatly contributed to our ability to offer new and expanded services which address historically unmet mobility needs in our State.

In conclusion, I will simply say from my heart that as Americans, mobility is one of the greatest and most precious freedoms that we enjoy. This basic cornerstone of American life—who can or cannot get from place to place, how we plan and conduct our daily lives, the choices we make about what we do, and even more importantly, what we can do—are hanging in the balance.

As you move forward to consider reauthorization of the transit provisions of TEA–21, I can only reiterate that TEA–21 works and ask for your support of increased Federal transit investment, continuation of the TEA–21 funding guarantee provisions, continuation of the flexible funding provisions that allow highway and transit funding to be transferred based on local needs. In our State, this flexibility has translated into $29 million in additional transit funding, and provided us with the ability to launch our new, innovative transportation services, as well as accelerate our acquisition of alternative fuel vehicles. Continuation of the Jobs Access Program, which we and others around the country have utilized to support national welfare reform and start up our new flexible services programs, as well as continuation of the current common matching shares for the highway and transit projects that has been provided in TEA–21.

Before closing, I also want to acknowledge the strong and very helpful working relationship that we enjoy with our Federal Transit Administration Regional Office in Boston, a partnership that we tremendously value.

Once again, Mr. Chairman, and Members of the Subcommittee, thank you for the opportunity to share these perspectives on reauthorization.

Senator REED. Thank you, Ms. Scott. Thank you very much.

Mr. Worth.

STATEMENT OF LARRY WORTH
EXECUTIVE DIRECTOR, NORTHEAST COLORADO ASSOCIATION OF LOCAL GOVERNMENTS

Mr. WORTH. Thank you. Mr. Chairman, I appreciate the opportunity to be here today.

In 1981, NECTA, the Northeast Colorado Transportation Authority, was created as a nonprofit organization serving an area of 9,600 square miles. I was invited to talk with you today because we operate in a very rural area. One-way trips of 50 miles are routine and many are 150 miles or more.

The total County Express trips in 2001 were 79,133. That pales in comparison to the million per day that we hear from our colleagues. But, still, the issues are important and we appreciate the opportunity to present them.

What did TEA–21 do for the people of rural Northeastern Colorado? First, it increased rural transit, bus, and bus-related capital allowed us to buy more vehicles, to replace some of those that have high mileage, to operate the system more effectively, efficiently, and to provide a higher quality of service. But we want to move away from the statistical image of transit and put a more personal face for you because we serve a lot of people in great distances.

The Sterling Regional Medical Center operates the only dialysis center in Northeast Colorado. So we move John Sanderson from Yuma to Sterling three times a week. That is 150 miles a day. We move residents from Phillips County, again 50 miles, one way from Holyoke to Sterling. We move residents 50 miles from Julesburg to Sterling, Fort Morgan to Sterling. All of those, since it is the only dialysis center, requires us to move distances of 50 to 100 miles one way. We would also note that we have moved individuals from Fort Morgan to Greeley, which is 70 miles one way. We have moved residents from Wray to Denver for specialized treatment, 186 miles one way.

So each of those begin to put a personal face for you in terms of the need of that resident and the long distances that we travel in order to provide services for those clients.

We would note that without subsidies from the Federal Transit Administration, the Older Americans Act, TANF, and from local government and other funding sources, the area residents could not make the kind of trips that we provide.

Transit has grown faster than any other mode of transportation in the last 6 years, and your understanding of our need to invest in vehicles and staff means we have been able to do more for people. We increased our service and we thank you for the effort in that regard. What needs to be changed?

First, we have to look at the Medicare funding. It does not include costs for nonemergency transportation to medical appointments for the elderly. To meet that shortfall, additional funding under transportation laws would be helpful.

Other regulatory burdens provide disproportionate impacts upon rural system. I will mention just two. First is the Random Drug and Alcohol Testing. While everybody agrees that that is a positive and that you do not want people who are drinking and driving on the vehicles. But when I only have two drivers in one community and one driver is called to relieve the other driver, there is no way, that I can maintain the confidentiality of information when he is told that he has to take over another driver's trip at 4:30 in the morning. Also, the Federal Transit Administration charter bus provision requires a fairly lengthy process to receive a waiver. Again, this particular provision says that you cannot use public subsidies to compete with the private sector. But in rural communities, there may not be any other competitor and it may be a lengthy process to move a few people for the next week's activity. What needs to be done in the reauthorization?

First, more Federal investment for rural communities. Colorado, is the third fastest-growing State, with a sparsely populated rural area, Colorado is receiving a small amount of rural formula funding, about $2 million annually. We urge you to increase the minimum per State to $5 million annually as the Community Trans-

portation Association of America has called for in its reauthorization proposal.

Roads, are essential but we need drivers and we need small vans and minibuses to complete trips for the elderly. This is particularly important in our area where we have 48 vehicles and they travel 427,000 miles annually.

Consider the needs of our aging population. As you know, we have a growing population over 85 and they are not able to drive safely. We suggest that transit is important to provide a stable and effective transit system. We need more vehicles in the remote area of Colorado.

Finally, we would say, consider the impact of regulations on the small agencies. Examine the Drug and Alcohol Regualtion random testing requirements. Consider the FTA Charter Provisions.

Thank you for listening, but especially, thank you for your grand work in promoting transit on our behalf.

Senator REED. Thank you for your testimony, Mr. Worth.

Let me begin a round of questioning, and I think we will have time to conclude our questions before the votes start. Thank you for your cooperation.

Ms. Moore, I was struck when I looked at your written testimony with respect to the ratio of transit spending and highway spending. Twenty years ago, the ratio was 2:1. Now the ratio is 4:1. So we are spending much more on highways than we are on transit, relatively speaking, these last 20 years. And yet, transit is growing by leaps and bounds. In fact, last year, it grew more than automobile ridership. All of that suggests that we should try to reach out and increase resources for transit, I would suspect. Is that your conclusion, too?

Ms. MOORE. That would be my conclusion, yes.

Senator REED. Well, it is very important to note, as you do in your testimony, that the ratio has not been constant, that in fact, we are devoting a much smaller portion of transportation dollars to transit today than we did 20 years ago.

Ms. MOORE. Correct.

Senator REED. I think that is an important point. The other issue I would point out, too, and this applies to all of your colleagues, is that as we go forward with the reauthorization, we will need the active participation of your authority and all the authorities to make the point, both locally and nationally, of the need for additional resources for transit. I suspect you will join us in that effort.

Ms. MOORE. Yes, sir.

Senator REED. Thank you very much. And thank you for your testimony today, Ms. Moore, and for your leadership at the Philadelphia Transportation Authority.

Ms. MOORE. Thank you.

Senator REED. Ms. Scott, again, let me commend you, not only for your excellent testimony, but for your extraordinary leadership in Rhode Island. You indicated a 31 percent increase in ridership. How much more money would you need, from the Federal Government to keep up with this increase?

Ms. SCOTT. Next year, we are projecting a need for really an additional $7½ million in order to be able to keep pace with where we are, as well as do some additional modest expansion with the

flexible services. So that is really about what the bottom line is for us in Rhode Island.

Senator REED. And the ridership has been going up and up, and you anticipate it continuing to go up, unless you do not have the resources to serve it.

Ms. SCOTT. The ridership has been up and in fact, this year alone, we are tracking a 6 percent increase and we are just about 10 months through the fiscal year.

Senator REED. One of the points you made in your testimony, Ms. Scott, was your commitment to environmentally friendly buses, and the fact that you have used Federal resources to purchase those buses. Could you give us an indication of what are some of the obstacles that you face in making the transition to cleaner buses, be they gas-powered or clean diesel fuel buses?

Ms. SCOTT. In fact, at this point in time, our fleet is about 10 percent compressed natural gas. Everybody wants it, but when you are talking about it, you are talking about changes in terms of infrastructure, fueling facilities, servicing facilities, your training and development for your employees.

And so when one is making the commitment to in fact move to alternative fuels, it is much more than a flavor of the month. It is really a radical change in terms of how one is doing business within their overall system.

I will tell you that one of the things that—and I think it is also one of the beauties of our State in terms of being able to maximize and leverage Federal investment—is that our fueling facilities, just like the fueling facility down in Newport will be a shared-use facility with other State vehicles.

The CNG-fueling facility that we, in fact, will put in the Providence area will be one that will be a fueling facility that will be a backup for the entire State fleet. So, where we can, we try to do everything that we can to maximize and leverage the Federal investment.

Senator REED. Thank you. I have a question for Mr. Worth, but Ms. Moore, do you have a comment in that regard, too? Is your system also incorporating alternative fuel vehicles?

Ms. MOORE. We have placed our first order. But part of the reason that we have not expanded it even further is for just the reasons that she cited.

It is definitely a monumental undertaking, especially when you have over 1,300 buses. If you move that whole fleet to an alternative fuel, you would have to incur some major overhaul costs.

Senator REED. I have a question for Mr. Worth, but I have just been notified that the first vote has been called on a series of votes.

Let me defer to Senator Allard, who has a question for you.

Senator ALLARD. Yes.

Senator REED. Senator Allard.

Senator ALLARD. Thank you, Mr. Chairman. This is the first of nine votes we have coming up, so we probably won't be able to come back. I appreciate your willingness to give me a chance to ask some questions here. So I am going to prioritize my questions.

Cashflow is often a pressing problem for small transit authorities. As you are aware, another Colorado authority recently considered shutting its doors after going several months without assist-

ance. Luckily, money came through one week before they planned to shut down.

Do we need to provide better resources and incentives for small authorities to build up reserves, or do we need to directly address cashflow problems?

Mr. Worth. Well, I certainly think that you need to address cashflow. In a small system, we are fortunate that we operate a number of programs, and so we have some cash in the system to carry County Express until the cashflow starts.

But this is April and I still did not have a signed contract until April 17. That means January, February, and March are not reimbursable in those months. We will still get the same amount of money, but it is over 9 months instead of 12 months. So we carry the first 3 or 4 months of the system before I am able to draw Federal monies down.

Senator ALLARD. Currently—this is for everybody to answer—Federal capital grants are disbursed at a rate of 40 percent to rail starts; 40 percent to rail modernization; and 20 percent to buses and bus facilities. This is in recognition of the much higher costs for rail projects. Yet, bus service is much more widely offered and many States have little or no rail service. Should the allocation be altered to account for wider bus use, or should it be maintained to assist the cost of rail-oriented projects?

We will start with you, Ms. Moore, and if you could keep your comments short, please.

Ms. MOORE. Well, I happen to be one that has it all. I am okay with the mix.

Senator ALLARD. Okay. Ms. Scott.

Ms. SCOTT. I think that the current 40-40-20 is pretty much in line, but I think that we really have to be clear about what the actual dimension of the needs are, what amount of investment is required on that. And if in fact that means that there becomes some slight adjustment to the 40-40-20, then I think that we need to be open to that.

Senator ALLARD. Mr. Worth.

Mr. WORTH. Yes, we support the existing formula, 40-40-20.

Senator ALLARD. Okay. Have you asked all your questions, Mr. Chairman?

Senator REED. I have, but Full Committee Chairman Sarbanes has joined us and he would like to make a statement.

Senator ALLARD. I will yield, Mr. Chairman.

Senator REED. Thank you.

Chairman Sarbanes.

STATEMENT OF SENATOR PAUL S. SARBANES

Senator SARBANES. Thank you very much, Mr. Chairman. I will be very brief. I know there is a vote on, but there are a couple of comments I want to make.

First of all, I want to thank all three witnesses for their response to Senator Allard's last question. I feel very keenly that the focus here should be to make the pie larger and we should not fall into scrapping amongst ourselves in terms of the allocation within the amount. We have very significant transit needs in this country, in all dimensions. And we need, in my judgment, to boost our commit-

ment of resources to this purpose. It is very important that we all join together in that effort as we approach this reauthorization.

I apologize to the witnesses that I was not able to be here to hear their testimony, but we will review it very carefully.

Ms. Scott, I just want to say that your work experience, at WMATA and now up at RIPTA, certainly serves you well for appearing before this Committee, if I may say so.

Ms. SCOTT. Thank you very much, Senator.

Senator SARBANES. Mr. Chairman, I want to commend you and Senator Allard for calling this hearing. There has been a tremendous increase in transit ridership. It is very impressive and it is happened faster than highways, faster than air.

You ask, what explains this? We have increased congestion that leads drivers to seek other options. I think we have a growing awareness of our responsibility to use transit to ease the environmental pressures that we are experiencing in the country. And we have seen the economic development benefits of transit.

But another factor in all of this was the commitment that the Federal Government made, first, in ISTEA, and then followed up in TEA–21, with respect to transit. We broke new ground 10 years ago with ISTEA. We put in a balanced framework for transportation planning, which embraced all modes of transportation.

TEA–21 built on that framework. It significantly increased funding for transit and it provided budget guarantees to ensure a reliable funding stream for transit. And we have been able to work within that framework. I think it is been very salutary and it in part helps to explain these increases in ridership because it has allowed transit systems to improve the frequency, the reliability, and the safety of their service, making it a viable transportation alternative for millions of our citizens.

I am very hopeful that the next bill that we bring out will enable us to build upon this and to continue along this very highly successful path.

I was struck by the diversity of our transit systems reflected in the panel that is before us. SEPTA serves 3.8 million people, something like that.

Ms. MOORE. It is 1.1 million daily riders, and over the course of a year, over 300 million.

Senator SARBANES. And the County Express in Northeastern Colorado serves 70,000, I believe.

Mr. WORTH. In a year, yes, 79,000.

Senator SARBANES. So, in population, you are a much smaller system. But in terms of square miles, you are by far the largest system sitting at the table. In fact, I understand County Express covers an area that is almost as large as the entire State of Maryland, I would say with all due deference to Colorado.

Mr. WORTH. I believe that is correct, yes.

Senator SARBANES. So we have SEPTA, who has a service area that is high-density urban and suburban, County Express, in a rural area, RIPTA with both high-density and low-density. Actually, I think RIPTA is the only one at the table that actually has a ferry service as part of their operation. And so, we have the whole mix here.

I am struck also by your similarities. You provide people with mobility, whether it is to a job or to schools or to a doctor's office. And you are responding to a critical need in your community, enhancing the quality of life.

Senators Reed and Allard have embarked on a series of very important hearings with respect to our transit needs and how to respond to them, laying the basis for moving forward important legislation in the next Congress, which of course is required by the fact that the authorization for TEA–21 will expire.

So, Mr. Chairman, Senator Allard, thank you all very much. We appreciate the contribution.

I want to thank the witnesses for their contributions.

Ms. MOORE. Thank you.

Ms. SCOTT. Thank you.

Mr. WORTH. Thank you.

Senator REED. Thank you, Mr. Chairman. The votes are in progress now. We have a series of nine votes, I am told.

I want to thank the witnesses for their excellent testimony and indicate that the record will remain open for 7 days. There maybe additional questions that we will pose in writing.

We have learned today that guaranteed funding is essential, more resources are essential, and we have to maintain the security of our rail and transit systems throughout the country.

Thank you very much. The hearing is adjourned.

[Whereupon, at 3:35 p.m., the hearing was adjourned.]

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

PREPARED STATEMENT OF SENATOR JON S. CORZINE

Thank you, Mr. Chairman, for holding this second hearing on reauthorization of the Transportation Equity Act for the 21st Century (TEA–21), and I would like to join you in welcoming FTA Administrator Dorn and our other witnesses.

Mr. Chairman, as the Banking Committee begins its work on the reauthorization of TEA–21, I look forward to working with the Committee Members, as well as Administrator Dorn and Secretary Mineta, in crafting legislation that helps meet our Nation's mass transit needs. I would like to point out that nowhere in the country is the need for mass transit more evident than in my State of New Jersey, the most densely populated State in the Nation. A study done by the New Jersey Institute of Technology in July 2001 found that the average New Jersey driver spent almost 50 hours a year stuck in traffic. For all this time stuck in traffic, that is an average cost per driver of $1,255 in wasted gasoline and lost productivity—for a total cost of $7.3 billion a year.

To New Jersey's credit, we have realized that we cannot build enough roads to meet our transportation needs. We need to craft TEA–21 reauthorization legislation that operates under that premise as well. This legislation should continue the Federal Government's commitment to help fund existing mass transit projects. But it should also help State and local transit agencies create new opportunities for commuters, whether they are bus, rail, or ferry. Transit agencies need more funding, not less, to meet the needs from their increasing levels of ridership.

Mr. Chairman, as the Banking Committee deals with reauthorization, I will push for funding to increase mass transit opportunities. For my State of New Jersey that means additional funding for the Hudson-Bergen and Newark-Elizabeth rail options as well as funding for new trans-Hudson commuter rail tunnel.

Thank you for holding this very important hearing and I look forward to hearing from our witnesses.

PREPARED STATEMENT OF JENNIFER L. DORN

ADMINISTRATOR, FEDERAL TRANSIT ADMINISTRATION
U.S. DEPARTMENT OF TRANSPORTATION

APRIL 25, 2002

Mr. Chairman, Members of the Subcommittee, thank you for the opportunity to testify before you today on the success of the Transportation Equity Act for the 21st Century (TEA–21) and to continue the discussions about reauthorization begun by Secretary Mineta and the full Committee last month.

Public transportation connects communities—and communities throughout America are recognizing and capitalizing on the benefits of more efficient, comfortable, and effective public transportation systems. This recognition has spurred unprecedented levels of investment in public transportation. In fact, the total capital investment in public transportation, including State, local, and Federal funds, has increased by nearly 90 percent over the last 10 years (1991 to 2000). The role of the Federal Government has been stable during this period, accounting for approximately 50 percent of capital investment in transit, and 25 percent of all public spending on transit.

As a result of the unprecedented levels of investment in recent years, transit has experienced the highest percentage of ridership growth among all modes of surface transportation, growing over 28 percent between 1993 and 2001. Over the last 6 years, transit use has grown faster than the population, and more than double the rate of domestic air and road travel, which grew approximately 12 percent. Last year, people rode our Nation's public transportation systems 9.5 billion times—traveling to and from work, medical appointments, school, and social events. Nearly two-thirds of these trips were on buses.

While most public transportation trips continue to occur in major metropolitan areas, public transportation is becoming increasingly important in smaller urban and rural areas, as well. Among transit agencies that receive Section 5311 funds, the number of passenger trips reached an estimated 154 million in 2000, an increase of 62 percent since 1994. During the same period, passenger miles traveled increased by an estimated 93 percent, meaning that people are not only taking public transportation more often, but also for longer distances.

Not coincidentally, these increases in ridership have occurred during a period when the condition of our Nation's public transportation assets improved markedly and the availability of public transportation increased substantially.

Nevertheless, public transportation faces new challenges in 2002 and beyond. Secretary Mineta recently noted that public transportation must play an important role in achieving the President's three important goals of winning the war against terrorism, protecting our homeland, and getting the American economy moving again.

The events of September 11 have created a new reality for Americans, one in which public transportation must be prepared to respond to extraordinary threats and to serve as a primary means for evacuation when that becomes necessary.

This is not an entirely new responsibility. Public transportation has long had an important role in helping communities cope with natural disasters. In 1989, San Francisco's rapid transportation system was critical to the community as it coped with the collapse and reconstruction of major roads after the Loma Prieta earthquake. And, in 1999, public transportation systems in North Carolina evacuated residents and transported relief workers in response to Hurricane Floyd.

But the events of September 11 gave our communities an even better understanding of the role of public transportation during emergency situations. In New York and Washington, public transportation safely evacuated millions of people from the center cities, and, throughout the Nation, public transportation systems came to the aid of people who were stranded at unexpected destinations when air travel was halted. Transit agencies stepped in to assist stranded passengers, offering not only free transportation to nearby hotels, but even coordinating hotel room availability and reservations in some locations. In North Little Rock, for example, the Central Arkansas Transit Authority (CATA) teamed with the local Chamber of Commerce to determine hotel availability, make reservations, and transport over 2,000 stranded passengers to more than 20 hotels in less than 4 hours on September 11. CATA continued to serve as an information link for passengers over the next several days, faxing news of airline operations to all 20 hotels, and operating free shuttle service to the local airport, Amtrak, and Greyhound terminals for the stranded passengers.

Soon after the September 11 attacks, FTA began implementing a major security initiative, focused first on the Nation's high risk/high consequence transit assets. Generally, that means the subway tunnels and stations where the large numbers of people converge and where an attack would cause the greatest disruption to transportation services. Transit agencies across the country are voluntarily and enthusiastically partnering with FTA and continue to take steps on their own to improve the safety and security of our public transportation systems.

As part of this initiative, FTA has engaged teams of experts in security, antiterrorism, and transit to conduct voluntary security assessments of 33 public transportation systems. Chosen because of their high ridership levels, the potential vulnerability of subway systems, and the potentially serious consequences of a successful terrorist attack, all 33 agencies are voluntarily participating in the assessment program. Two-thirds of the assessments have been completed and the remainder are scheduled over the next month or so.

Each assessment includes a threat and vulnerability analysis, an evaluation of the security and emergency response plans, and a focused review of the community's unified emergency command structure. Based on the findings of the assessment, FTA is offering direct technical assistance to enhance security, modify emergency response plans, conduct practice drills, and train employees.

The assessments are proving to be an effective tool for both the FTA and the participating agencies. We have identified important concerns at even the most well-prepared agencies, and have recommended solutions to manage these risks. At the same time, we are identifying best practices for training and response protocols, and are sharing these with the industry. Recently, for example, guidance on responding to a chemical attack in a subway environment was distributed to transit agencies with underground stations; similar guidance with regard to biological attacks will be issued soon. We are also working to make standard operating procedures applicable to bus, light rail, and other transit environments, and will make that available as soon as possible. We will continue to look for new opportunities to enhance transit security, while maintaining the open and accessible nature of our public transportation systems.

One important lesson of September 11 has been that the safety and security of our communities is significantly enhanced when public transportation systems are linked to police, fire, medical, and other emergency response agencies through community-wide planning, emergency response drills, and centralized emergency command centers. I am proud to report that FTA is taking the lead to bring these important community leaders together at emergency response planning forums around the county. We are also sending out technical teams to refine the emergency response plans to reflect the assessment findings, and have made $50,000 grants available to communities who need assistance to conduct emergency drills.

Yet, even as we take new steps to ensure that our transportation systems are as safe and secure as possible, we must also protect the mobility of our people and the economic vitality of our communities. Balancing this three-legged stool of security, freedom of movement, and economic vitality is an important challenge to transportation providers throughout the Nation.

The TEA–21 Success Story

In his testimony before the full Senate Banking Committee last month, Secretary Mineta identified several core concepts that the Department of Transportation will be using as the basis for its reauthorization proposals. Today, I would like to highlight several of those concepts, and talk more specifically with you about their importance with regard to public transportation. These concepts are: stable funding, innovative finance, transportation-oriented economic development, technology investments, and streamlining.

Stability. One of the most visible and important elements of TEA–21 has been the tremendously positive impact of stable and dependable funding streams on transit development. Dependable levels of funding—for both formula funds and full funding grant agreements—have improved the ability of transit agencies to finance, plan, and execute projects, and produced real results for the transit-riding public.

For large transit agencies, dependable Federal funding is often essential to the creation of similarly stable local funding mechanisms. Take, for example, New Jersey's Hudson-Bergen Light Rail Project, which includes almost 15 miles of rail line, 59 light rail vehicles, and represents a total investment of $2.2 billion. Phase II of the Hudson-Bergen full funding grant agreement provides $500 million in Federal New Starts funding over 5 years. New Jersey Transit was able to issue $450 million in grant anticipation bonds based largely on this New Starts commitment. The bonds are structured for repayment through 2011. However, the availability of capital now allows construction to be completed by 2005, even though the first FFGA funds will not be received until 2004. The bottom line: a secure Federal funding source will permit the project to be completed 3 years early and will reduce costs by more than $300 million.

The benefits of stable and predictable funding are not limited to large agencies with rail or with large FFGA's. Phoenix Transit is an agency with a fleet of 350 buses, making 33 million passenger trips each year. Because of its limited funding stream, it cannot access capital markets on its own. However, this agency has effectively leveraged its FTA formula funding to speed up the procurement of Clean Natural Gas (CNG) vehicles and fueling infrastructure by utilizing bonds. The city of Phoenix issued $18 million in grant anticipation bonds to Phoenix Transit based solely on the stream of formula funds guaranteed through TEA–21. Phoenix Transit was able to upgrade its fleet of vehicles and install the fueling infrastructure to keep the buses rolling, all within a single year. Without the ability to leverage the stability of its formula funds, Phoenix Transit would have needed 3 or more years to purchase the same number of vehicles and install the required infrastructure. Further, Phoenix Transit estimates that it saved an average of $30,000 per bus—a total of $1.65 million—because it was able to purchase a larger quantity of vehicles at one time.

According to new research being conducted by the American Public Transportation Association, several recent TIFIA loans in New Jersey and California received high credit evaluations from Fitch and Moody's based largely on confidence in the Federal commitments under TEA–21. The study also notes that the benefits of stable funding go far beyond improving the ability of transit agencies to secure long-term loans for major investments. Confidence that formula funding levels under TEA–21 would be honored have helped communities develop and follow multiyear fleet replacement schedules to minimize costs. Previously, some communities had to "save up" grant resources for several years in order to have enough cash to enter into contractual arrangements. Under TEA–21, contractors and financial institutions are willing to work with transit agencies to significantly accelerate acquisitions, saving the agency time and money.

In sum, stable formula funds help agencies do more with limited resources because they give financial markets the confidence to support transit investments; give communities an incentive to commit long-term resources; and give private industry the confidence that the transit promises necessary to support new development will be honored.

Innovative Finance. Dependability and stability offer even more opportunities to leverage resources when coupled with innovative financing techniques. Under TEA–21, Congress established the Transportation Infrastructure Finance and Innovation Act (TIFIA) financing mechanism, a loan and loan guarantee program for surface transportation projects. Recently, Staten Island Ferry signed a TIFIA loan agree-

ment for $159 million to purchase three additional ferryboats and complete the reconstruction of its ferry terminal. In the wake of September 11, when ferries carried over 60,000 people safely out of Manhattan, reliable ferry service has become even more important to mobility in the New York metropolitan region. Staten Island Ferry was able to leverage $57 million in FTA and Federal Highway funds, along with an additional $264 million of State and local monies, to secure the TIFIA loan. In the absence of TIFIA, the purchase of ferryboats and terminal modernization would have been delayed until additional funds could be accumulated to complete the project.

TEA–21 made a total of $10.6 billion in lending authority available for surface transportation projects. To date, approximately $3.6 billion has been committed to projects and leveraged to support over $15 billion in surface transportation projects. This investment requires only about $190 million of Federal budget authority. Although TIFIA is by no means the only innovative financing mechanism available to the industry, it illustrates how such techniques can reduce the total cost of projects, speed up implementation, and leverage Federal investments. The Department looks forward to working with Congress to identify additional ways in which reauthorization can promote and support innovative financing.

Economic Development. With the funding made available under TEA–21, FTA has helped many communities realize better, safer, more efficient public transportation systems. Real success, however, comes when people not only embrace transit, but use it to enhance the economic vitality of their community. One such city is Dallas, Texas. Although many equate this city with large cars and wide boulevards, the city's light rail transit (LRT) starter system has been an unqualified success. Under TEA–21, Congress authorized a $333 million full funding grant agreement for this project. Not only has ridership exceeded expectations, the 12.5-mile North Central light rail extension has helped attract more than $100 million in transit-oriented development. Dallas Area Rapid Transit (DART) has joined a major development company, a major high-tech employer, and the city of Richardson in developing a new urban center in a high-tech business corridor adjacent to the LRT line. In downtown Dallas, retail sales jumped dramatically, and the in-town apartment market more than doubled from 1997 to 2000. Prominent national companies, including Blockbuster Entertainment and the Adam's Mark Hotel cite proximity to DART as the key factor in locating downtown. The unqualified success of transit in Dallas has generated overwhelming public support for plans to accelerate future rail lines with bonds backed by a local one-cent sales tax.

The joint development provisions of TEA–21 have led to success in other parts of the country, as well. In California, the Valley Transit Authority of Santa Clara (VTA) has utilized joint development to create a new revenue stream for the transit authority, while promoting economic development in the community. VTA operates light rail and bus services in the Silicon Valley region, an area synonymous with innovation. They have partnered in a major mixed-use development at the Ohlone-Chynoweth light rail station. Joint development provisions under TEA–21 permitted the agency to use FTA funds to purchase a parking lot adjacent to the station. VTA now receives $300,000 in annual revenue under a 75-year lease arrangement with an adjacent residential and retail development, and uses those funds to meet additional transit-related needs.

Technology. TEA–21 has also helped our Nation's transportation systems take advantage of technological developments. On a pre-Olympics trip to Salt Lake City and the Utah Transit Authority (UTA), I saw how innovative technology was helping to bring real-time improvements in transportation for the Winter Olympic games. Thanks to TEA–21, the Utah Transit Authority received $3 million to support Intelligent Transportation Systems (ITS) projects, including a state-of-the-art voice-activated "511" system that provided information on public transportation, Olympic travel information, road conditions, and other information that was vital to moving hundreds of thousands of people in and around Salt Lake City.

Bus Rapid Transit (BRT) has also benefited from technological advances made possible, in part, through TEA–21. Combining exclusive transit-ways, modern stations, high-tech vehicles, and frequent service, Bus Rapid Transit provides—at a fraction of the cost—the high level of service that people want and expect from more expensive transit systems. And investments in Intelligent Transportation System projects have made Bus Rapid Transit even more convenient, fast, reliable, and safe. For example, Automated Vehicle Location technologies such as satellites or roadside sensors can now track the location of BRT vehicles, providing information for electronic "next vehicle" displays at stations and on-board automated stop announcements. Signal priority systems also use vehicle location information to control traffic signals cycles to give priority to BRT vehicles, while transit operators use it to achieve more consistent passenger wait times. The signal priority system of the Los

Angeles Metro Rapid BRT system along the Ventura, Willshire, and Whittier corridors has reduced transit travel times by 20 to 25 percent, and total ridership is up by almost 30 percent. In Miami, ridership along the eight-mile South Busway has doubled to over 15,000 trips per day since it opened in 1996. And in Seattle, a regional Bus Rapid Transit system provides no-transfer, high-speed rides for commuters going from home to work in Seattle's downtown district.

FTA strongly believes that continued Federal investment in the development of new transportation technology will have enormous benefits for America—reducing congestion, improving air quality, and making public transportation an attractive travel alternative.

Building on TEA–21

From major urban centers to small communities, TEA–21 has created a revolution of sorts in public transportation, through predictable funding, innovative financing, and investments in new technology. This, in turn, has resulted in increased mobility, more transportation choices, and more economically vital communities for millions of Americans. The principles of TEA–21 have been tried and proven, and should continue as part of our guide for the future of public transportation.

Transit has experienced the highest percentage of ridership growth among all surface transportation modes, and the demand far exceeds currently available resources. Today, with 27 active and pending full funding grant agreements already in place, and eight more projects recommended for fiscal year 2003 funding, there are still 50 additional transit projects in the New Starts pipeline in preliminary engineering or final design—and many more in early planning stages throughout the Nation. In communities of all sizes, from over five million in population to less than 500,000, these projects span all types of public transportation service, from ferry boats to commuter rail to light rail to bus rapid transit. It is, therefore, more important than ever that we provide stable resources, encourage cost-effective public transportation solutions, support opportunities to partner with the private sector, and offer innovative financing tools that will permit communities to leverage the Federal investment in public transportation and respond to local needs for public transportation service.

There is much more that we can do, however, to improve grant and oversight operations. Improving our business practices, including streamlining the grant process, is a very important part of reducing costs and improving our transportation programs, particularly for the smaller grantees. Indeed, FTA is pursuing a number of opportunities to streamline and improve our business processes, even while we strengthen our oversight programs. As we consider changes in the law, an important question is how we can ease the statutory and regulatory burden, particularly on smaller agencies, which typically have less capacity and fewer resources, while continuing to ensure good stewardship of Federal funds. As Congress and the Administration work toward a comprehensive and successful reauthorization of TEA–21, I want to assure you that the Department of Transportation and the Federal Transit Administration will work with you to build on the successes of TEA–21 and meet the future public transportation needs of America.

Mr. Chairman, thank you for the opportunity to testify before you today. I look forward to working with you and the Subcommittee to connect communities through improved public transportation.

PREPARED STATEMENT OF FAYE L. MOORE

GENERAL MANAGER, SOUTHEASTERN PENNSYLVANIA TRANSPORTATION AUTHORITY

APRIL 25, 2002

Good afternoon Mr. Chairman and Members of the Subcommittee. My name is Faye Moore and I am the General Manager of the Southeastern Pennsylvania Transportation Authority—better known as SEPTA. I appreciate your invitation to come here today to testify on the benefits to SEPTA of the TEA–21 legislation and our thoughts on how the upcoming reauthorization of that legislation can continue the progress we have seen since its enactment in 1998. I am particularly pleased to be testifying before a Subcommittee on which our Senator—Rick Santorum—serves. Senator Santorum has been a great friend to public transportation in general and to SEPTA in particular. I look forward to working closely with him as this Committee takes up legislation to extend Federal support for transit.

Before I discuss the main topics of my testimony today, allow me to begin with a little background on myself and on SEPTA.

I was selected to be General Manager of SEPTA in February of this year. Before becoming General Manager, I served as the Chief Financial Officer of the organization. I am a Certified Public Accountant. I know that the image of CPA's has been somewhat tarnished in recent months, but I assure you Mr. Chairman, I am proud of my profession and believe my training is helping me look for value everywhere in our organization and focus us on operating our agency in a sound and responsible manner.

I see our core responsibility to be providing quality transportation service to our customers every day. Working with senior management and all the dedicated men and women who make up our workforce, my goal is to continue to build upon SEPTA's commitment to quality public transit services.

The five counties that make up our service region rely upon a strong public transportation network to support their economic and social growth and stability. SEPTA's network consists of a variety of different modes of transit service. We have commuter rail, heavy rail, light rail, streetcars, "trackless trolleys" (known elsewhere as electric trolley buses), buses, and paratransit service. Each day, we provide 1,050,000 trips—making us the sixth largest transit system in the Nation. Our annual operating budget is $822 million for the current year and our capital budget is $496 million per year.

Of course, Mr. Chairman, the Federal Government is a substantial contributor to our capital budget. So let me turn my attention now to the Federal programs of TEA–21 and how they have helped us make improvements to our system.

First and foremost, TEA–21 has made significant additional dollars available to SEPTA. For example, in the last year of the previous authorization period, fiscal year 1997, SEPTA received $112 million from the two main formula programs from which we receive assistance—Section 5307 Urban Formula Grants and the Section 5309 Rail Modernization program. In the current year, fiscal year 2002, we have received $167 million from those two programs. Thanks to the assistance of our Congressional delegation, we have also been successful in gaining funding from programs, such as Section 5309 Bus and Access to Jobs, for which Congress earmarks funds in annual appropriations bills.

In addition to increased funding, we also benefited from the creation of new programs in TEA–21. In particular, the Jobs Access Reverse Commute program has produced substantial benefits in our region for current, past, and possibly future recipients of assistance from the Temporary Assistance to Needy Families program (TANF). Both of our Senators, Senator Santorum and Senator Specter, have played an important role in the creation and annual funding of that program. We appreciate the work they have both done to improve the job prospects of families in our region who are struggling to make ends meet.

The increase in funding and new programs in TEA–21 have allowed SEPTA to achieve some of the key goals we set out for ourselves in the 5 year business plan we developed in 1997. Some of the goals we have achieved with Federal assistance in the TEA–21 era include:

- Replacement of structures, track, roadbed, and signal systems, development of a new terminal and introduction of a new fleet of railcars on the Market-Frankford Subway/Elevated line. This is our busiest line, serving 150,000 riders per day. It was originally opened for service in 1922.
- Updating of the fleet on our regional rail system through the upgrade of our Silverliner IV cars and initiating procurement of Silverliner V cars.
- Expansion of service in our fast-growing suburbs through the purchase of new buses and through matching our fleet to the market by placing small buses on suburban routes where they are most appropriate.
- Partnership with local governments to institute and expand reverse commute service for residents of low- and moderate-income urban neighborhoods who either seek or have jobs in the suburbs.
- Improvements to stations and transfer facilities to provide more parking and better links between transportation modes.
- Studies of options for improving our service through the construction of new rail lines such as Schuykill Valley Metro and Cross County Metro.

We recognize that this Subcommittee and the full Committee on Banking, Housing, and Urban Affairs worked hard to produce the TEA–21 legislation and I would be remiss if I did not pause after delineating some of our successes under the program to thank you, Mr. Chairman, and all the Members of this Subcommittee and Full Committee, for the work you did to make the legislation a reality. As you can see, it has helped to produce real gains in the Philadelphia region.

One issue which has come very much to the forefront in recent months, which none of us foresaw when TEA–21 was drafted, is that of the security of our system.

Those of us who operate transit systems were so proud of the way our colleagues in New York, New Jersey, and Washington, DC responded to the September 11 attacks on our Nation. The events of that day showed clearly the paradox transit faces when thinking about the terrorist threat against the United States—our facilities are targets and escape routes all at the same time. Philadelphia was spared the horrors of that particular day last September. However, we are aware that our city contains historic landmarks, such as the Liberty Bell, Independence Hall, and City Hall, which our enemies may view as targets in the future. With that in mind, we have been evaluating our vulnerabilities to attack and the ways in which our system can play a role in any evacuation which may be required in the future.

We have been assisted in our efforts by the Federal Transit Administration, which sent a security audit team to Philadelphia recently as part of its security audit of the top 30 transit systems in the country. Our initial estimate is that the cost of making the necessary security repairs to our system would be $100 million.

As you look ahead to the reauthorization of TEA–21, we have some thoughts on how the programs can be improved even more. I know you will be spending many, many hours examining options for program improvements in the months ahead. As you do, I hope you will keep in mind some broad principles which I believe will help produce legislation of maximum benefit to public transportation service in our region and across the country.

Here are the key principles I believe should be part of your deliberations:

- Focus support where you get the biggest bang for the buck. The Federal transit program has for a generation been a needs-based program. In defining needs, the Federal Government should look to place its resources behind projects and programs which will provide benefits in areas where transit is a proven force in the marketplace or where compelling evidence of the need for new service is presented.

  SEPTA applies this same principle to the management of its own capital program. That is one of the reasons why we are the only rail property which built its core system without Federal funds and which has never built new or expanded service using Federal New Start funds. Over the life of the Federal program we have always felt it better to focus on modernizing our existing system and adding capacity to it. Going forward, we will be continuing to modernize the Market-Frankford line, buying new rail cars for our commuter rail system and otherwise focusing on preserving—and even improving—the quality of our existing system.

  Even with this focus on rebuilding however, we are prepared to respond to new opportunities as evidence mounts that our suburban communities require new rail service to deal with growing congestion on their road networks. With that in mind, we are exploring two promising New Start projects. The Schuykill Valley Metro project would place service much like what you have here on the Washington Metro system on an existing railroad line connecting Philadelphia with Reading in the Lehigh Valley. The Cross County Metro system would also run on existing tracks in our suburban areas and would connect our major regional lines. The result would be vastly improved suburb-to-suburb rail travel options.
- Maintain guaranteed funding. One of the great achievements of TEA–21 was its provisions to ensure that transit spending would increase at guaranteed levels which would not be affected by the annual appropriations process. This principle of assured funding is essential to a program which focuses on capital expenditures. Capital programs require reliable funding from year-to-year so that long-term procurements and construction projects can be carried-out.
- Continue program growth. The TEA–21 era has seen record growth in the transit program. However, the program continues to fall behind the growth curve for the Federal highway program. For example, 20 years ago, the ratio of funding for the Federal-Aid Highway program as compared to the Federal transit program was approximately 2-to-1. Today, that ratio is more than 4-to-1. While it is undeniable that the need for work on our highway network has grown considerably in the last 20 years, it is hard to imagine the rate of growth in the need has been twice that in the transit program. Recent studies by the American Public Transit Association (APTA) have estimated the total funding need for transit to be $42 billion per year. The current Federal program (at $7.2 billion per year) meets about 17 percent of that goal. It is my hope the Committee will consider significant growth in Federal spending for transit as part of a strategy to catch-up to the growth in the highway program and the growth in transit needs.
- Improve flexible funding programs. One way to address the growing gap between highway and transit funding would be to improve flexible funding programs such

as Congestion Mitigation and Air Quality (CMAQ) and the Surface Transportation Program (STP) to provide additional encouragement to States and regions to allocate funds to transit. These programs were an important innovation in the early 1990's, but there is room for improvement to encourage use of flexible funds. These Federal programs should address transportation deficiencies in heavily traveled and congested regions by providing flexible funding resources for viable public transit options.

- Examine program reforms. As SEPTA evaluates the potential to develop the Schuykill Valley Metro project, we have taken note of the fact that the Federal transit program includes at least one important barrier to using design/build contract techniques. In current practice, the Federal Transit Administration requires that a project be 60 percent designed before a Full Funding Grant Agreement can be completed for it. Waiting until that level of design to lock-in a contractor robs a project sponsor of most of the benefits of the design build approach. I hope the Subcommittee will review ways to remove this barrier while still preserving the necessary Federal oversight role.
- Provide security funding. As I noted earlier, transit systems such as ours are both targets for international terrorists and part of the response to terrorism. The Administration and Congress have recognized the link between the foreign threat to our Nation and the security of our transportation facilities through the creation of the Transportation Security Administration (TSA). Given that the actions we need to take at SEPTA flow directly from this foreign threat, we believe the Federal Government should make available significant new funds from outside the traditional transit program to meet this need.
- Meet new market challenges. As I said before, the creation of the Jobs Access Reverse Commute program by TEA–21 was a good response to a market which was developing in the late 1990's. As we approach the next authorization period, another market which is expanding enormously is that of transit service for the elderly. Demographic changes can be sweeping, but the good news is we can see them coming. The baby-boom generation will enter its seventh decade during the next authorization period. Many elderly who do not fall under the protection of the Americans with Disabilities Act will need expanded, flexible transit service. We will be called upon to provide that service and will benefit from assistance from the Federal Government as we do so. I hope we can work with this Committee to develop innovative approaches to respond to this fast-growing market.

Mr. Chairman, before closing, I feel it is important to mention another key issue which is now before the Senate and which may well be included in the upcoming TEA–21 reauthorization. That issue is the fate of Amtrak. As you look at the pros and cons of providing additional assistance to Amtrak, it is my hope you will keep in mind the importance to commuters up and down the East Coast of improving and maintaining the rail infrastructure on the Northeast Corridor. SEPTA operates it busiest commuter lines on Amtrak right-of-way. Together with our colleagues in Virginia, Maryland, New Jersey, New York, Connecticut, Rhode Island, and Massachusetts, we carry many multiples of the passenger load carried by Amtrak over those tracks each day. As you consider the future of service on the Northeast Corridor, please keep in mind that most of the people using it are customers of the commuter railroads. In the absence of a financially healthy intercity rail operator on that line, the burden on the commuter agencies to maintain service would be impossible to bear.

Mr. Chairman, I thank you for the opportunity to testify before you today. SEPTA hopes to work with you and each Member of this Subcommittee as you develop legislation to take us through the next authorization period.

PREPARED STATEMENT OF BEVERLY A. SCOTT, PhD

GENERAL MANAGER, RHODE ISLAND PUBLIC TRANSIT AUTHORITY

APRIL 25, 2002

Good afternoon Mr. Chairman and Members of the Subcommittee. As General Manager of the Rhode Island Public Transit Authority (RIPTA), I welcome this opportunity to share my thoughts with you on the positive impacts of the transit provisions of the Transportation Equity Act for the 21st Century (TEA–21)—on our transit system in particular—and other medium-sized transit properties.

The Rhode Island Public Transit Authority (RIPTA)—one of only four statewide transit systems in the country—has the primary responsibility for directing statewide public transit service. RIPTA is managed under the direction of a seven-mem-

ber Board of Directors. Rhode Island's statewide public transit network includes a fleet of 250 buses—10 percent of which are fueled by compressed natural gas, 120 paratransit vans, commuter rail, Amtrak service, water transportation service from Providence to Newport, and a statewide carpool/commuter benefits program. In fiscal year 2001, approximately 21 million passenger trips were carried on RIPTA's bus and paratransit services.

As the statewide public transit organization, RIPTA is charged with the responsibility for "mobility management" and has a primary role to expand the access and mobility opportunities for Rhode Islanders by undertaking actions and supportive strategies, directly and in collaboration with others, to provide a full range of travel options to the single-occupant automobile. A copy of RIPTA's TRANSIT 2000 Service Plan—the transit authority's comprehensive, multiyear transit improvement plan has been included (Exhibit 1).

TEA–21—Expanding Mobility Opportunities

RIPTA has experienced ridership growth of 31 percent since the mid-1990's—thanks in large measure to increased Federal investment in public transportation. Building on the framework established under ISTEA, TEA–21 has given us the additional funding, predictability of resources, and flexibility to make improvements necessary to bring our statewide transit system up to a "state of good repair" and at the same time—make modest, but strategic investments for the future.

In the final analysis, TEA–21 has allowed us to more effectively meet the mobility needs of Rhode Island residents, our communities, and visitors to the State. Increased Federal transit investment and guaranteed funding levels—have also made it possible for us to leverage local reinvestment in public transportation.

This additional local investment—coupled with your national leadership to increase public transit funding—have made it possible for our transit system to: reinvest responsibly; make significant strides in returning our statewide public transit system to a "state of good repair" and begin implementing new, innovative services.

Bottom line, over the past several years, TEA–21 funding has allowed the Rhode Island Public Transit Authority to:

- Significantly improve service reliability;
- Introduce new and innovative transit services—with an emphasis on addressing unmet mobility needs in historically under served communities;
- Introduce new technologies—including the State's first alternative fuel vehicles, a modern communications systems;
- Replace and upgrade the system's extremely aged bus fleet;
- Provide basic customer amenities—like new bus stop signs, shelters, bike racks, and better public information;
- Begin building a network of Transit Centers and hubs strategically located throughout the State;
- Begin the deployment of ITS applications;
- Implement a serious training and employee development program; and
- Most Importantly—build strategic local partnerships and improve the overall image of public transportation in our State.

Highlights of RIPTA's TEA–21 Initiatives

The Providence LINK—Introduction of RIPTA's First Alternative Fuel Fleet

In July 1999, with the opening of the Providence Place Mall—the largest covered urban mall in New England—RIPTA introduced its Providence LINK downtown circulator system—utilizing vintage-design trolleys—powered by compressed natural gas, the transit system's first alternative fuel vehicle fleet. A circulator system that connects virtually every major downtown location—including City Hall, the State Capitol, Providence's financial district, the new mall, major hospitals, hotels, restaurants, the local arts & entertainment district, and all of the downtown colleges and universities—the LINK carries approximately 65,000 passengers each month—and is a hit with both local residents and travelers. Funded by a CMAQ grant, the LINK is designed to reduce traffic congestion and improve air quality.

The Providence to Newport Ferry Demonstration Project

With CMAQ funding, RIPTA launched its water ferry demonstration service in summer 2000, connecting our Ocean State's two major destination locations—the capitol city of Providence and the city by the sea, Newport. Providing both residents and travelers with an additional option to single occupancy vehicle use—this new service exceeded its goal of 40,000 passengers during its first year of operation. This number represents the removal of over 19,000 vehicles from heavily congested roads between Providence and Newport.

Flexible Services—Jobs Access Funds Help Expand Mobility Opportunities

Rip's FLEX service is a demand-response community circulation service utilizing smaller vehicles. This flex zone services combine fixed pick-up points within a designated geographical area with the added convenience and flexibility of advance reservation features. In all instances, our Flex services have been designed to "connect" with RIPTA's fixed-route transit network and other key intermodal connections.

These new transit services offer a practical and affordable public transportation option—particularly for residents in Rhode Island's low density rural and suburban communities that have traditionally had little or no access to conventional public transportation service—and special needs groups—like our working disabled, seniors, and working parents with childcare needs transitioning from welfare to work.

Expanding RIPTA services would not have been possible without the cooperation and support of RIPTA's largest union—the Amalgamated Transit Union, Local 618. In 1998, RIPTA and ATU Local 618 were able to negotiate one of the more progressive transit contracts in the country—providing for a Flexible Services Division Rate at 47 percent of a top bus operator's wage rate—making it possible for RIPTA to affordably expand service.

Partially supported with Jobs Access funds, RIPTA currently has five very successful flexible services in operation—providing service to the communities of Westerly, Narragansett, Portsmouth/Tiverton, Woonsocket, and West Warwick. This past year, our State's Jobs Access-funded services were cited for their innovation and creativity—and received one of ten national recognition awards from the American Public Transportation Association.

One of our Jobs Access-funded Flex services was designed in partnership with the Rhode Island Department of Human Services (DHS). This service which is open to the public—specifically targets DHS clients transitioning from welfare-to-work programs with transportation to jobs and job-related training. This specially designed service also provides transportation for their children to daycare providers. RIPTA's Jobs Access program uses parental input to help coordinate pick up times and locations and also accommodates parents, allowing them up to 15 minutes to bring their children into daycare facilities before returning to the Flex vehicle to continue on to work. A RIPTA Mobility Specialist provides complete trip planning for each passenger. Job Access Flex is currently providing open door service in two communities Woonsocket and West Warwick. In the first year of operation, the Job Access Flex transportation service has clocked over 25,000 passenger trips.

WorkLINK—New Flex Service Targets Disabled Residents Who Need Transportation-to-Work

Launched in October 2001, WorkLINK is a pilot program funded by State and Jobs Access funds which targets the transportation needs of the working disabled in our State—with a priority on residents in communities with little or no access to conventional public transportation or ADA paratransit services. RIPTA partnered with the Governor's Commission on the Disabilities, the Rhode Island Department of Labor & Training, Rhode Island Department of Mental Health, Retardation & Hospitals, Rhode Island Department of Human Services, Rhode Island Disability Law Center, and other local disability advocacy organizations to develop this pilot program.

The planning work took almost a year—including an extensive statewide survey of the mobility needs of our disabled residents—the most up-to-date factual information on the unmet work-related transportation needs of Rhode Island residents with disabilities. Once again, without Jobs Access funding, we would not have been in a position to initiate this service last year.

A State of Good Repair—A Necessary Investment in Equipment and Facilities

As a result of additional Federal transit funding and predictability of resources, RIPTA has been able to implement a multiyear capital program to replace and upgrade its aging fleet and facilities. Since TEA–21, RIPTA has purchased 60 new buses—including 40-foot Orions manufactured in New York, NOVA 30-foot and 40-foot buses from New Mexico, and CNG trolleys from Kansas. This past week, we also began receiving delivery of five 30-foot CNG low floor buses. All of the buses replaced were well beyond their useful service life—some as old as 16 years. TEA–21 funding has also enabled RIPTA to implement a structured replacement cycle for its extensive statewide paratransit vehicle fleet.

Over the past several years, we have also purchased 35 new vehicles to replace old paratransit vans used for our nationally recognized statewide coordinated paratransit system—"the RIde"—which provides both "ADA-mandated" transit services for seniors and disabled residents who are unable to utilize conventional public transit service. Our statewide RIde Program provides human and social services—

funded transportation services for seniors, people with disabilities, and low-income residents—with funding provided by the Department of Elderly Affairs, Mental Health & Retardation, the Department of Human Services, the Governors Commission on Disabilities, and local communities.

RIPTA's First Major Bus Rehabilitation Program

Today, 1,992 buses are being rehabilitated which will extend their useful life by an additional 5 years. Phase I of the project is being performed by the Blitz Corporation of Chicago, Illinois—the oldest and largest bus manufacturer in the United States. At Blitz, each of these 46 vehicles will receive new engines that meet current EPA emissions standards, new transmissions, new undercarriages, and new wheelchair lifts for improved performance.

With the recent opening of RIPTA's newly constructed John H. Chafee Heavy Maintenance & Operations Center—which replaces RIPTA's 100 year old central maintenance garage, Phase II of this extensive bus rehabilitation program is being performed in-house by RIPTA's own maintenance employees—a real first and source of pride for our employees—who now have the opportunity and the resources to learn how "to fish" for themselves. This phase of the rehab includes overhaul and rebuild of the buses' heating and air conditioning systems; installation of new brakes, tires, passenger seating; and complete interior and exterior painting.

The Kennedy Plaza Transportation Center—A State Landmark

This past Saturday, RIPTA opened the first phase of its Kennedy Plaza Enhancement Project—which serves as a key connection point for 80 percent of our statewide bus service. Located directly in the public square of downtown Providence, this historic space has been the nexus for transportation and commerce within the State and Rhode Island's capitol city for over 125 years.

RIPTA's modern Intermodal Transportation Center (ITC) building in the redesigned Kennedy Plaza will open early this fall. The entire project has been developed with significant customer and general public input. The ITC will substantially enhance the levels of service, convenience, and security available to commuters, visitors and pedestrians in downtown Providence. When completed, this state-of-the-art intermodal transportation facility will also house Greyhound, Bonanza, Amtrak's self ticketing service, a small Police Substation, and a local arts and entertainment office.

Intelligent Transportation Systems (ITS Demonstration Project)

The application of new technologies is a key element of the new Kennedy Plaza ITC. RIPTA's strategy in this regard is three-fold. First, introduce relatively low-cost applications that are both visible and immediately beneficial, for example, APC's, information kiosks, self-ticketing machines, talking ATM's, audible lights and message signs, blinking lights and call boxes on bus stops, automated schedule information, and surveillance cameras. Second, incrementally build the appropriate systemwide platform and infrastructure that facilitates phased ITS implementation—as pilot projects are refined and funding becomes available. Finally, implement the authority's "ITS Demonstration" Project at Kennedy Plaza. Key elements of the project include onboard electronics (voice and data transmission) for the Providence LINK trolley system, GPS locator, and an onboard computer with a mobile data terminal; the ability to provide "real-time" trolley information; and "next bus" type passenger information signs at key trolley locations along the trolley routes which pass every major key location in the downtown Providence area.

The purpose of this ITS Demonstration Project is to provide RIPTA customers and the general pubic with an opportunity to personally "see" and "experience" the value and benefits to be derived from the application of intelligent transportation systems—in a small, controlled environment. It will also permit RIPTA to implement and refine these highly beneficial—and at the same time—expensive applications on a smaller scale before taking them to full system build-out.

Phase I of this ITS Demonstration Project—$1.5 million was appropriated in fiscal year 2002 as part of the Bus Discretionary program. The remaining $2.5 million has been requested for the upcoming year.

Conclusion—TEA–21 Works!

Mr. Chairman, the tangible results we have experienced in our State—which are mirrored by communities across the country—demonstrate that public transit definitely makes a positive difference and that TEA–21 Works! As you move forward to consider reauthorization of the transit provisions of the Act, we strongly ask for your support of increased Federal transit investment, a continuation of the TEA–21 funding guarantee provisions, continuation of the flexible funding provisions that allow highway and transit funds to be transferred based on State need; as well as

continuation of the current common matching shares for highway and transit projects as provided in TEA–21.

Finally, I cannot end without expressing our pride in your national leadership role on this important issue; and thanking you—on behalf of our many customers, employees, and the general public—for all of your extraordinary help and support to improve public transportation in our State.

* * * * * * *

EXHIBIT 1

RHODE ISLAND PUBLIC TRANSIT AUTHORITY'S

Transit 2000 . . . Expanding Mobility Opportunities

Expanded mobility—the effective movement of people and goods is critical to our State's revitalization. At the Rhode Island Public Transit Authority (RIPTA), we believe that Transit 2000—our new vision and direction for statewide transit services—offers an important component of the State's overall mobility solution.

Since RIPTA's creation in 1964, the travel patterns and mobility needs of Rhode Islanders have changed dramatically. This "changing face of mobility" is not unique to Rhode Island. It is the result of two major phenomena that have occurred across the United States during the past several decades. Specifically, widely dispersed land use and growth patterns characterized by dramatic population shifts to metropolitan and suburban areas; and major demographic shifts—particularly the rapid movement of women into the workforce, special mobility needs of dependent children, and the graying of America.

As populations have increasingly dispersed—automobile ownership and single occupancy vehicle trips—the greatest single source of air pollution—have skyrocketed. Most of us are continually challenged to figure out how to effectively balance our day-to-day responsibilities—family, employment, medical and recreational—with convenient and reliable transportation options. All too often, the only reasonable choice—for those fortunate enough to have a choice—is the single occupancy vehicle.

We are not antiautomobile. We are committed to providing realistic, economical transportation alternatives—quality mobility choices—to the single occupancy vehicle trip. This can only happen if we work together to provide other travel options that conveniently meet the mobility needs of Rhode Island residents and visitors. From our vantage point, our ultimate success in achieving this objective is much more dependent on the establishment of supportive land use, development, and governmental policies than on transit subsidies.

Transit 2000 is the result of a year-long review of virtually every aspect of our statewide transit system—both transit and paratransit services. Our strategy links Rhode Island's cities and towns with a broad array of quality transportation choices—specifically "tailored" to more effectively meet the mobility needs of Rhode Island residents, communities, and visitors. Key elements of our new statewide transit strategy are:

- Improving overall service reliability, convenience, and attractiveness—with an emphasis on restructuring our core transit services and replacement of the system's extremely aged bus fleet, facilities, and basic passenger amenities.
- Establishing a network of major transit centers and transfer hubs strategically located throughout the State—and sensitive to the special accessibility needs of our elderly and disabled customers.
- The introduction of new mobility options to the single occupancy vehicle trip—like our "Express Travel" Ridesharing Program that includes a guaranteed ride home.
- Innovations like the introduction of new technologies (alternative fuel vehicles, SMART fare collection systems, Computer-Aided Vehicle Dispatch, a new radio communications system) and more flexible service delivery strategies.
- Transit services "tailored" for different communities, travel needs, and population densities, including—frequent "fixed-route" and "community circulator" transit services for our State's most densely populated urban core areas; new "cross-town" services and improved "express" bus service for established suburban centers of the State; and the introduction of "flexible," "demand-response" and/or expanded "paratransit" services to complement peak period commuter services for our low-density communities across the State that cannot be effectively served by traditional bus service.

Transit Choice . . . One Size Does Not Fit All

This guide will help you better understand the different elements of RIPTA's Transit 2000 Service Plan.

Flex Service includes a wide range of new service strategies specifically designed to serve Rhode Island's low-density suburban and rural communities—including community circulators using smaller vehicles that provide limited but predictable internal service (including both fixed points and reservation features) as well as connections to key activity centers throughout the State.

Park-N-Ride Commuter Services specifically designed to provide peak period commuter service to downtown Providence, other major activity centers, and transfer hubs across the State.

Specialized Paratransit Services—the "RIde Program"—to address the special mobility needs of disabled residents and senior citizens. Specific program eligibility and funding for this coordinated transportation service is provided by RIPTA, the Rhode Island Department of Elderly Affairs, the Rhode Island Department of Mental Health & Retardation, the Governors Commission on Disabilities, and the Rhode Island Department of Human Services.

RIPTA's Transit 2000 Service Plan is a comprehensive modernization plan for Rhode Island's statewide transit system. The first phase focuses on restructuring RIPTA's "core" transit services (replacing and/or eliminating low productivity services), upgrading basic passenger amenities throughout the State—bus stops, bus shelters, customer information, simplification of RIPTA's overall fare structure; beginning replacement of the system's increasingly aged bus fleet; completion of the Kennedy Plaza Intermodal Transportation Center (ITC) in downtown Providence, including implementation of an extensive downtown circulator system in Providence and a complementary Newport system utilizing compressed natural gas, trolley buses; completion of the Pawtucket Transit Center; renovation of the Newport Gateway Center; and the implementation of select pilot projects across the State which include the Newport-to-Providence Water Ferry project, demonstrations of RIPTA's new "flexible" service models; and beginning implementation of new technologies, including new communications and fare collection systems.

Over the next few years, we are also in a unique position to benefit significantly from rail service improvements in the Northeast Corridor. At RIPTA, we look forward to working with other key partners—both locally and regionally—to ensure integrated planning, intermodal coordination, and maximum positive impact for our State from these new rail service opportunities.

The second phase of Transit 2000 will focus on completing the core network of key transit centers and hubs, implementing new technologies; bringing successful pilot and demonstration projects to scale; and above all—working in partnership with key stakeholders throughout our State to establish transit friendly land use, growth, and development strategies.

Transportation is first and foremost about "people" and "quality of life." Who can (or cannot) get from place to place? How we plan and conduct our daily routines? The choices we make about what we do. Today, we have the need, challenge, and the opportunity to work together to rebuild and strategically reinvest in our statewide transit system. In the final analysis, how we choose to address the critical issues of "mobility" and "access" will determine the overall economic well being, environmental quality, character and livability of communities throughout Rhode Island.

Many thanks to the thousands of Rhode Islanders—both transit riders and nonriders—who provided us with their recommendations on improving transit services. We also want to express appreciation to RIPTA employees, and our two unions—the Amalgamated Transit Union, Local 618 and the Laborers' International Union, Local 808 for their strong partnership in working to improve transit service to the residents and visitors of our State.

PREPARED STATEMENT OF LARRY WORTH

EXECUTIVE DIRECTOR, NORTHEAST COLORADO ASSOCIATION OF LOCAL GOVERNMENTS

APRIL 25, 2002

Mr. Chairman, I appreciate the opportunity to be here today.

In 1981, the Northeastern Colorado Transportation Authority (DBA County Express) was created as a nonprofit organization to provide public transportation for area residents in the 9,600 square mile service area which includes the six northeastern counties of Colorado. This is not the mountain area of our State; it is a part of the rolling ranch country known as Colorado's eastern plains. I was invited to talk with you today because we operate in a very rural area. One way trips of 50

miles are routine and many are 150 miles or more. For this service, 48 vehicles—vans and minibuses—are used.

The Board of Directors for County Express has defined trips for dialysis treatment and other medical appointments as a major priority of this public transportation system. Several of the nursing homes and assisted living facilities in Northeastern Colorado have contracted with County Express to transport their residents to medical, social, recreation, and shopping establishments. The cost for each trip is very high due to the long distances involved in this low-density agricultural and small town environment.

Non-emergency medical transportation, known as HealthRide provides transportation at no cost to the rider to hospital facilities in Sterling, Brush, and Greeley through a negotiated contract with Banner Health systems. This Public/Private partnership creates a new model to deal with the increasing costs for the Medicaid program.

Total County Express trips in 2001 were 79,133. Most passengers are elderly and/or disabled individuals, often in wheelchairs, who are transit dependent and wish to remain near family and friends rather than move to a larger town with more medical facilities.

The six county population increased from 60,000 to nearly 70,000 from 1990 to 2000. Most of the population growth has been concentrated in Morgan and Logan counties including the incorporated towns of Wiggins, Log Lane Village, Fort Morgan, Brush, and Sterling.

What did TEA–21 do for the people of rural northeastern Colorado? Increased rural transit and bus and bus-related capital funding allowed us to buy more vehicles, replace a portion of our aging, high mileage fleet, and provide more and higher quality service to our passengers. The real impact in our area is not in the numbers and statistics but in the people.

John Sanderson lives in Yuma and needs kidney dialysis three times a week in Sterling. Round trip mileage per day is 150 miles. The cost to County Express is $1 per mile or $150 per day or $450 per week for transportation. John is unable to drive, but if he could he would have to pay $52 per day out of pocket, based on mileage reimbursement to drive himself. Federal funds are essential for his transportation. Phillips County resident Tom Heath travels from Julesburg to Sterling 100 miles roundtrip three times a week. That remote county targets its funding toward life saving nonemergency medical trips. County Express takes Susan Romero from her rural home to work each day in Sterling. What is unusual is that it also takes her four children to school along the way. They live outside the area served by the school bus. After school, the children are taken to childcare. At the end of Susan's workday she is picked up, then the children and they are returned home. This transit service is funded in part by TANF funds. Al Parrish, 67 traveled from Brush to Greeley for radiology treatment, a distance of 70 miles one way, 5 days a week for 7 weeks. His eyes are not good enough to drive that far. Jan Foley of Wray travels to Denver for medical treatment 186 miles one way.

On most weekdays, a County Express HealthRide bus travels three times between Sterling and Greeley. It also stops in Brush and Fort Morgan. People who live off the route can get a separate delivery to one of the regular stops. The story is clear, County Express moves a small number of people great distances for very good reasons. Without subsidies from FTA, Older Americans Act, TANF, local government and other funding sources, area residents could not make these essential trips.

Transit has grown faster than any other mode of transportation in the last 6 years. Your understanding of our need to invest in vehicles and staff means we have been able to do more for people. We have increased our service and we thank you for your good work on our behalf.

What needs to be changed? Medicare funding does not include the cost of long distance transportation to medical appointments for our elderly population in northeastern Colorado. In order to meet that shortfall, additional funding under transportation laws would help. Other regulatory burdens disproportionately impact rural transit systems. Random Drug and Alcohol Testing, for example, is difficult due to the high cost of bringing staff in to a medical center or paying for mobile testing while maintaining confidentiality. Federal Transit Administration charter bus provisions require a lengthy process for a waiver. In our community, there are few options for a group to charter a bus.

What needs to be done in the reauthorization?

More Federal Investment for Rural Transit

Colorado with its growing population, the third fastest growing State, with a sparsely populated rural area is receiving a small amount of rural formula funding, about $2 million annually. We urge you to increase the minimum per State to $5

million annually as the Community Transportation Association of America has called for in its reauthorization proposal.

Demand for public transportation services is greater than County Express can provide. At the Federal level we see that there is much focus on the transit needs in cities and they do need more passenger transportation. They certainly have terrible congestion problems. But what about those in the rural areas and small towns who cannot drive because of low vision or physical disabilities, who live far from medical facilities and grocery stores?

Roads, are essential but we need drivers and small vans or minibuses on them to complete the trip. Transportation facilities and maintenance are a major problem with 48 vehicles traveling 427,000 miles annually.

Consider the Needs of Our Aging Population

You are aware of the fast growing 85-plus population. Relatively fewer in this age group are able to drive safely and need a stable effective transit service to remain in their homes. More access to medical services is essential. We need more vehicles more often in the remote areas of northeastern Colorado.

Sedgewick County has oldest average population in the State. People move from farm to town into assisted living or a nursing facility. They stay in northeast Colorado because they want to stay networked with people they grew up with.

Connections Within Rural Areas and With Small and Large Urban Areas

Make sure low-income people living in rural areas can get to jobs. The economic benefits of public transit can be significant. Continue the Job Access Reverse Commute program.

Consider the Impact of Regulations on Small Rural Transit Agencies

Examine Drug and Alcohol Regulation random testing requirements. Consider FTA Charter regulations intended to protect private operators impact on rural communities with few options.

Thank you for listening.

RESPONSE TO WRITTEN QUESTIONS OF SENATOR SARBANES FROM JENNIFER L. DORN

Q.1. I was heartened to hear the details of FTA's efforts to help some of our Nation's largest transit systems come to terms with a post-September 11 world. What is the FTA doing to assist smaller- and medium-sized properties?

A.1. The FTA is focused on providing solid technical assistance to facilitate the security of our Nation's transit systems. We plan to provide oversight, training and testing resources and share best practice materials with transit agencies in an effort to assist them in developing security plans that meet the security demands of their respective systems and riding public. To further this effort, we are making security and training resources available so that transit agencies will be able to create and implement emergency response plans tailored to their local needs.

For example, we are now in the process of conducting 17 regional security forums across the country to provide hands on assistance to mid-size transit agencies in developing emergency response plans and training of the transit workforce. These forums will help transportation and emergency response agencies work together to prepare and protect their community with coordination, communication, planning, and practice of safety and security measures. The goals is for participants to gain a better understanding of the roles played by each agency and begin the process of developing the plans, tools, and relationships necessary to respond effectively in an emergency situation.

We have also developed security awareness courses for frontline employees and supervisors through the National Transit Institute (NTI). Recognizing that many small and medium transit agencies have limited training staff, NTI will directly deliver training to frontline employees and supervisors of these agencies. NTI will provide training to the training staff of larger transit agencies who will then conduct training for employees' at their respective agencies. FTA is also looking to expand security and emergency management courses, now offered through the Transportation Safety Institute of the Research and Special Programs Administration.

Last, FTA is offering funding to medium-sized transit agencies to practice emergency response plans and procedures with local police, fire, and other emergency response agencies in their communities.

Q.2. In your prepared testimony, you mention that FTA is interested in easing the regulatory and statutory burdens faced by transit agencies, especially smaller agencies. Could you describe these perceived burdens in greater detail?

A.2. An array of statutory requirements has been created in an effort to promote good public policy. However, some of these requirements may be confusing or burdensome to smaller transit agencies. In many instances, depending on which program funds for which one is applying, smaller agencies are required by law to comply with the same requirements as larger systems, which generally have more resources to devote to such issues. There is generally little flexibility that allows FTA to apply these Federal requirements differently, yet still effectively, based on the size or nature of the recipient.

In addition to major transit agencies in large urbanized areas, FTA also funds small rural systems that may have very small fleets that provide only demand responsive services, or private nonprofit agencies that may have a single vehicle to provide transportation services to their own clients. For example, FTA's Job Access and Reverse Commute (JARC) program requires that all recipients under the program, regardless of the size or nature of the recipient, comply with terms and conditions of the Section 5307 Urbanized Area Formula Program. Many of the small nonprofit recipients under the JARC program are not traditional public transportation providers. They find the Federal requirements associated with the funds extremely daunting, which caused some to opt out of the program. For others, it caused a delay in implementing the projects. We are reviewing our program requirements and will be proposing recommendations to ease these burdens as part of the Administration's surface transportation reauthorization package.

RESPONSE TO WRITTEN QUESTIONS OF SENATOR CARPER FROM FAYE L. MOORE

Q.1. What is SEPTA's relationship with Amtrak?

A.1. SEPTA has a significant transportation relationship with Amtrak in the Southeastern Pennsylvania Service Area. Amtrak provides physical plant and operational support services for SEPTA trains, which operate on Amtrak territory. SEPTA's contractual relationships with Amtrak are basically covered under numerous service and lease agreements covering on and off corridor services, propulsion power, station leases, and force account work for construction, flagging, design, engineering, and maintenance. For fiscal year 2002 alone, SEPTA anticipates that expenses to be paid to Amtrak will total more than $28 million.

Q.2. To what extent does SEPTA's commuter trains share track with Amtrak?

A.2. Over half of SEPTA's 548 scheduled weekday trains utilize approximately 100 miles of Amtrak right-of-way.

The R1 Airport Line operates on approximately 1 mile of Amtrak's Northeast Corridor (NEC) track. The R2 Marcus Hook/Wilmington/Newark Line to Wilmington, Delaware operates on approximately 35 miles of Amtrak's 1NEC track. SEPTA's R5 Thorndale/Paoli Line, from Thorndale Station to Center City Philadelphia, operates on approximately 25 miles of track along the Harrisburg extension of the NEC. The R6 Cynwyd Line operates on 1 mile of NEC track. The R7 Trenton Line operates on approximately 30 miles of NEC track. Finally, the R8 Chestnut Hill West Line operates on approximately 4 miles of NEC track.

Amtrak also provides SEPTA with layover and storage at a number of terminal locations such as Trenton, NJ. Additionally, two of SEPTA's rail vehicle maintenance and repair facilities, Frazer and Overbook Yards and Shops, directly connect to Amtrak's right-of-way providing SEPTA's only means of access for the large number of trains that run to and from these facilities each day.

Of the approximately 150 commuter rail passenger stations served by SEPTA's Railroad Service, 47 of them are geographically located on Amtrak owned and operated territory. These 47 stations

include some of the most heavily used stations by SEPTA passengers. Additionally, SEPTA has a separate lease agreement for use of 30th St. Station Philadelphia, through which all of our commuter rail lines traverse.

Q.3. What is the amount of coordinating SEPTA does with Amtrak with respect to scheduling?

A.3. SEPTA and Amtrak maintain an extremely close coordination effort in regard to scheduled operations. Any potential schedule changes initiated by either party on the Amtrak Northeast Corridor or Harrisburg Lines require even further coordination to implement. The two agencies exchange schedules in an effort to dovetail any respective needs and to resolve conflicts which may arise as a result of schedule changes. While SEPTA and Amtrak have regularly scheduled changes to timetables, we discuss all issues, even minor changes or additions, as both agencies have a customer base to satisfy.

Q.4. What, if any, maintenance or construction projects does SEPTA jointly work with Amtrak?

A.4. SEPTA works very closely with Amtrak on a number of maintenance and construction projects each year. Both the Authority and Amtrak have advanced a significant number of projects in the Commonwealth to upgrade the rail infrastructure to bring the existing facilities to a state of good repair.

Annually, SEPTA pays to Amtrak trackage rights fees in excess of $20 million dollars to operate on both the Northeast Corridor between Newark, Delaware and Trenton, New Jersey and between Philadelphia and Thorndale on the Philadelphia to Harrisburg rail line.

The trackage rights payments provide resources to Amtrak to maintain and upgrade the track and associated infrastructure (power, signals, and catenary) in this right-of-way. In addition, SEPTA leases stations on these rail lines and advances capital projects to bring these stations to a state of good repair along with expanding parking facilities. In the last few years, SEPTA and Amtrak have worked together to advance major improvements at more than 10 stations, investing more than $50 million in station and parking improvements. In addition, SEPTA contributed more than $10 million of Federal and State capital grants toward the construction of Amtrak's Centralized Traffic Control facility at Amtrak's 30th Street Station.

Q.5. What are SEPTA's views on franchising?

A.5. Franchising could prove to be potentially problematic for SEPTA in light of the established methods, procedures, and operating parameters discussed above. In addition, SEPTA has serious concerns over this issue as it relates to the Northeast Corridor or the Harrisburg Extension of the NEC, which could result in one operator for each line or many operators for pieces of both lines. The unknown structure of any potential franchising with multiple operators causes concerns over station ownership, control of track rights, dispatching, maintenance, and SEPTA's overall input on decisionmaking. There could also be varying standards of investments

in infrastructure maintenance which could be inconsistent with the transportation needs of SEPTA.

Q.6. What kind of challenges would it present to SEPTA if multiple carriers were running routes along the Northeast Corridor?

A.6. Significant challenges currently exist with just one carrier along the Northeast Corridor. The major challenge SEPTA would face if multiple carriers ran along the Northeast Corridor would be coordination among those carriers and SEPTA's input in decision-making. To introduce multiple carriers, or freight operators, would further constrain an already cumbersome decisionmaking process. Further, establishing protocols for conflict resolution could potentially result in the overall degradation of service that SEPTA provides to its daily passengers.

Q.7. What kinds of maintenance and capacity needs currently exist along the Northeast Corridor?

A.7. Capacity along the Northeast Corridor is currently at a premium. There are several areas where Amtrak, SEPTA, and New Jersey Transit presently share trackage on the Northeast Corridor. All three agencies share trackage in Trenton, New Jersey. Through diligent coordination overseen by Amtrak, these three services flow through the station. Currently, when Amtrak trains divert from the inner tracks to the outer tracks to access the platforms at Trenton, SEPTA train movements are greatly affected.

Closer to Philadelphia there is a similar situation where we share trackage rights for a distance of approximately 6 miles including a point at Zoo Interlocking where one track in each direction is used. Close schedule coordination is required to avoid conflicting movements.

Further down the Northeast Corridor in the State of Delaware, Amtrak, and SEPTA service share two tracks for a distance of over six miles north of Wilmington and a mile and half just south of Wilmington. The sharing of trackage is further constrained by the need for SEPTA service to operate on a single track (in both directions) on the Northeast Corridor to serve the single platform Churchman's Crossing Station.

Amtrak and SEPTA also share trackage on the Harrisburg Line just West of Zoo Interlocking where SEPTA has the higher traffic levels, but Amtrak's schedules are integrated into the Northeast Corridor operation and are somewhat less flexible.

In regard to maintenance, annual maintenance of railroad right-of-way is an important aspect of providing quality intercity and commuter rail service. Whether it is annual brush cutting, tie renewal and surfacing, it is critical that the infrastructure be maintained and not allowed to fall into a state of disrepair. Although Congress has provided significant financial resources to Amtrak to upgrade the infrastructure of the Northeast Corridor and to acquire the new high-speed rail cars, the continuation of an annual maintenance program, and capital investment of the physical plant is essential.

In addition, Amtrak, who owns the Philadelphia to Harrisburg rail line, has made very few capital improvements over the years on this rail line. The line has old track, signals, power, and related infrastructure requiring significant capital and maintenance invest-

ments. Many of SEPTA's service delays on this line can be directly attributed to the deteriorated state of the infrastructure.

I hope that the above satisfactorily addresses the questions raised by Senator Carper. I would also like to extend my sincere thanks for having had the opportunity to testify before the Housing and Transportation Subcommittee's oversight hearing on Transit in the 21st Century: Successes and Challenges. If I may be of any further assistance to you or the Committee, please do not hesitate to contact my office.

RESPONSE TO WRITTEN QUESTION OF SENATOR REED FROM LARRY WORTH

Q.1. You mentioned that many of your passengers use your service to get to needed medical help, which Medicare does not cover. Is Medicaid an alternative source of funding to cover the cost of these riders?

A.1. Medicare does not cover nonemergent transportation for clients to medical facilities and appointments. Currently, the only reimbursement for nonemergency transportation is the Medicaid program. In order for Medicaid to reimburse this cost, the client must be eligible for Medicaid and have the prior authorization from the County Department of Social Services. The only other alternative is private pay from the individual or insurance if it is available to the individual.

TEA–21: A NATIONAL PARTNERSHIP

THURSDAY, JUNE 13, 2002

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

The Subcommittee met at 10 a.m. in room SD–538 of the Dirksen Senate Office Building, Jack Reed (Chairman of the Subcommittee) presiding.

OPENING STATEMENT OF SENATOR JACK REED

Senator REED. The Subcommittee will come to order.

Good morning. Welcome to today's hearing, the second in a series of hearings the Subcommittee will hold on the reauthorization of TEA–21. In most instances, it would be a rare hearing, indeed, where a witness from Boise, Idaho and a witness from Detroit, Michigan, would come and deliver the same message about the same program.

Too often, different regions tell us that Federal programs suffer from a one-size-fits-all approach. That is not the case today. The diverse panel from which we will be hearing represents a broad spectrum of communities that support transit and dedicating scarce resources to a balanced national transportation policy.

Mayors Kilpatrick and Coles, as well as Commissioner Mayfield, all believe that transit must be part of their community's future. They recognize that roads alone cannot do the job of getting people to work, building a sustainable downtown, helping individuals make a transition from welfare to work, or meeting clean air mandates. Only a locally developed transportation plan that incorporates highway, transit services, car-pooling, ferries, and a variety of options can achieve that goal. TEA–21 has provided guaranteed resources and flexibility so that communities as diverse as Detroit, Dallas, and Boise can develop that balanced local policy.

Some of you may have seen some recent press reports pointing out that the vast majority of Americans use their cars to commute and shop and that TEA–21's investment in transit has not paid off. But the facts are quite compelling for a different conclusion.

Transit has the highest ridership in 40 years. Over the past 6 years, the transit growth has increased 23 percent. That is faster than the U.S. population growth. It is faster than highway use. And it is a faster growth rate than domestic air travel. That is testimony to the success of TEA–21.

Indeed, the hallmark of TEA–21, and its predecessor, ISTEA, was the recognition that our national policy needed a flexible, bal-

anced transportation approach, not a one-size-fits-all edict from Washington. And the fact that transit has grown faster than all other modes of transportation would seem to be very compelling evidence that TEA–21 works.

But even though TEA–21 has been a success, there are questions that this Subcommittee must confront. The question that has and will concern me most throughout this process is how do we meet the demand for greater transit funding?

I know that each of our witnesses has the desire to expand transit services in their communities. But such expansion will not come cheap. Nor will it come from simply reslicing the funding pie. To meet this demand, we will need to draw not only on the Members of this Subcommittee on both sides of the aisle, but also on local officials to preserve and grow our Nation's transit systems.

And now, let me recognize the Ranking Member, Senator Allard.

STATEMENT OF SENATOR WAYNE ALLARD

Senator ALLARD. Thank you Mr. Chairman for holding this hearing. I appreciate the opportunity to hear from elected officials as we continue in the TEA–21 reauthorization process.

It is imperative that we secure the input of all of our transit leaders. It has always been a priority of mine to seek the perspective of community leaders who know firsthand the needs of the public.

Public transit serves incredibly important purposes, providing affordable mobility, congestion management, and supporting smart growth. TEA–21 has provided a strong framework for Congress to address the country's transportation needs and has been successful in many ways. From the experienced witnesses we have here today, I hope we will hear not only of the success of the Federal transit programs in their areas, but also some suggestions for changes or improvements.

I also want to be sure to give consideration to small-size towns and rural areas during our discussion here today. Small communities and rural areas have many important transit needs, and services like paratransit can be vital to a town's survival.

Because of the complexity of transit programs, local officials from small towns face barriers. It is important that transit programs are available to all city officials and leaders, no matter the size of the area they represent. For example, in smaller areas, there are often part-time elected city officials or staff that are responsible for running multiple agencies. These individuals do not have the opportunity or resources to develop expertise with all transit programs. But it is important that we consider their concerns and issues in this discussion.

I thank the Chairman again for holding this hearing and I look forward to hearing from the witnesses.

Senator REED. Thank you very much, Senator Allard.

We are very lucky today. Our panel consists of Mayor Kwame Kilpatrick of Detroit, Mayor Brent Coles of Boise, Idaho, and Commissioner Ken Mayfield of Dallas County.

At this point, I would like to recognize Senator Stabenow of Michigan, for the purposes of not only her opening statement, but also an introduction of the Mayor.

STATEMENT OF SENATOR DEBBIE STABENOW

Senator STABENOW. Mr. Chairman, thank you so much for your leadership on this very critical issue.

It is wonderful to see the Mayor of the great city of Detroit here with us today, as well as Congresswoman Carolyn Cheeks Kilpatrick. I am extremely proud of the city of Detroit and of Mayor Kilpatrick. He brings a very strong vision of revitalization and a history of leadership from the city of Detroit.

Before being elected to this office, he served in the Michigan House of Representatives where he served as Democratic leader. I also should indicate that Congresswoman Kilpatrick and I came into the State House of Representatives as well in 1979. We were both 5 years old, just for the record.

[Laughter.]

We then came into the U.S. House together and she has been a shining star for us in Michigan. We are so proud of you.

Prior to becoming Mayor, Mr. Kilpatrick served as Vice Chairman of the Transportation Committee in the State House. So he brings a tremendous amount of expertise. He has been working hard to revitalize Detroit, with a redevelopment plan that includes affordable housing, safe public transit, and a modern downtown Woodward Avenue Corridor area.

I am very pleased that we are working together on a Federal-local partnership that will bring what is necessary to build a strong rail and bus transit system in the city of Detroit.

I also, Mr. Chairman, for the record, do have more information that I would like to leave regarding the needs of Michigan. While transit discussions often focus on rail and subway systems, States like Michigan that do not have major subway systems, also have tremendous mass transit needs.

I would like to submit for the record——

Senator REED. Without objection.

Senator STABENOW. —what our needs are. I would just also indicate for the record that, right now in Michigan, we are only receiving 42 cents back for every transportation dollar sent to Washington. And I am looking forward with the Chairman's leadership, that we will be able to put in place policies that will increase that number. The State of Michigan has buses in every county and needs in every county, and we need to be addressing that and bringing back a larger share of dollars into Michigan.

So, again, thank you for this very important hearing.

And I would like at this point, if the Chair would agree, to recognize the Congresswoman from the city of Detroit, the great State of Michigan, for a few comments before we hear from the Mayor.

COMMENTS OF CAROLYN CHEEKS KILPATRICK
A U.S. REPRESENTATIVE IN CONGRESS
FROM THE STATE OF MICHIGAN

Representative KILPATRICK. Thank you, Mr. Chairman, Mr. Ranking Member, Senator Allard, and to my colleague, Senator Stabenow, for your leadership on this very most pressing issue. I will be very brief.

I am a Member of the Appropriations Committee of the U.S. House, where I serve on the Transportation Committee. I want to

commend the Senate for putting in $4 billion over the recommendation. And I hope that when we meet in conference that we can sustain some of those fundings, so that our cities, counties, and States across America can really realize an adequate, efficient, and safe transportation system.

Transit is the key to development, and with your leadership, I am confident that we will keep America moving and growing.

Thank you very much.

Senator REED. Thank you, Congresswoman.

At this time, let me recognize Mayor Kilpatrick.

Mayor, we will take your statement at this time.

STATEMENT OF KWAME M. KILPATRICK
MAYOR, DETROIT, MICHIGAN

Mr. KILPATRICK. Thank you, and good morning, Mr. Chairman and Members of the Subcommittee.

I want to thank you first for giving me this opportunity to appear before you today to discuss the importance of Federal assistance for public transportation for the city of Detroit. It is a particular pleasure to appear before a Committee on which Senator Stabenow serves. We are lucky to have her working for us here in Washington on issues that are important to the city of Detroit and the State of Michigan such as affordable housing, homeownership, and, of course, public transportation.

During my campaign for mayor, I spent a lot of time talking with the people of Detroit about a new vision. Part of this vision is improving the quality of life, which includes a variety of transportation methods that are needed to connect the downtown area with our neighborhoods and opportunities for jobs that are further away from home. Detroit will always be the Motor City, but our citizens also want alternative forms of transportation, such as buses, trains, light rail vehicles, and people movers.

I have a long-standing interest in transportation issues. Prior to my position as Mayor of the city of Detroit, I was a Member of the State legislature for 5 years, served as Vice Chairman of the Transportation Committee and was also Democratic leader. In that role, I had the opportunity to observe how Federal assistance affects transportation throughout the State of Michigan. My goal remains the same as it is was then—to bring Federal, State, and local governments to the table to enhance transportation options for our citizens.

Since becoming Mayor of Detroit, I have focused on developing a clearer picture of transportation options available to our city. The city of Detroit is currently examining several transportation alternatives, including a Detroit Area Regional Transportation Authority, of which I am the prime sponsor along with a partnership with the Federal Government to make these plans a reality. I have also been working with the automotive community to encourage new technolologies to support alternative forms of transportation.

As previously stated, Congresswoman Kilpatrick, someone I have known my entire life——

[Laughter.]

—is not only a major partner in bringing about a regional coordinated transit plan in the Detroit metropolitan area, but she is also

a part of bringing that Federal partnership to the table, along with Senator Stabenow.

I would like to first discuss how the Federal Transit Program is performing in the city of Detroit and the surrounding region. Southeastern Michigan is an unusual region where transit service is concerned—the city of Detroit is the major transit operator. As Mayor, I oversee the Detroit Department of Transportation (DDOT). We operate 520 buses, employ more than 1,700 people, and carry more than 41 million riders per year. According to the American Public Transportation Association (APTA), DDOT ranks among the top 35 transit agencies nationwide in terms of the number of passengers carried. The city of Detroit also oversees the Downtown People Mover, an automated rail guideway system that serves as a major circulator connecting office, hotel, entertainment, and residential centers in our downtown area. The city's suburban bus agency—SMART bus service—operates approximately 250 buses around the city of Detroit.

Like all transit providers, the city of Detroit has benefited significantly from funding increases made available during the TEA–21 authorization period. The most important evidence of the impact of this Federal program is the reduction in the age of our bus fleet. In 1993, the average age of our buses was 10.1 years. Today, thanks to the additional funding approved by this Committee, our average bus age is 5.6 years.

Our city has also benefited from the Jobs Access and Reverse Commute Program. Through expanded community-based and private van services, we have been able to service residents that are primarily located in empowerment zones. The collaboration of DDOT, the City's Employment and Training Division, and other stakeholders serve as a key component in helping people make the transition from welfare to work.

Transportation needs have also been cited as being the number-one hindrance to economic independence in the city of Detroit. So we need more.

As the city of Detroit looks to the future, we hope to make major improvements to the city's transportation infrastructure. We are seeking support from the Committee to create partnerships and opportunities between Federal, State, and local governments.

Here are some of the transit needs the city of Detroit has identified which we seek to address. Our Downtown People Mover, which is now 15 years old, is in dire need of repair and will require significant upgrades if it is to remain a key public transit circulator in downtown Detroit. We have identified an estimated $37.9 million of repairs and improvements needed to upgrade the People Mover.

A Downtown Central Transit Terminal is needed to link together our existing bus and people mover systems with improved pedestrian walkways and possible rail or bus stations. This proposed terminal will cost us about $45 million.

Our bus system needs maintenance and heavy repair garages, which could cost the city up to $120 million.

Development of a Center City Loop rail service, comprised of modern-day structures, will improve mobility in the core of Detroit, will connect the new downtown area, which is rich in business, en-

tertainment, and cultural activities and will stimulate neighborhood growth through transit development opportunities. Providing a feasibility study through preliminary engineering is projected to cost $20 million.

The Woodward Avenue Corridor—Southeastern Michigan's main street—has been the subject of transportation studies for a generation. The most recent alternative analysis, completed in May 2000, reviewed light rail, commuter rail, people mover and bus rapid transit options for this corridor. We are now working to move ahead to implement an alternative transit method in this corridor.

The Southeastern Michigan Council of Governments, SEMCOG, is examining rail service from downtown to the Detroit Metropolitan Airport. The city is also supportive of this idea as part of a regional package of improvements that include upgrades to the transit system within the city of Detroit.

Meeting these major needs will require a lot of work in our State and region. Our State legislature is reviewing a proposal which will provide a new organizational structure for our transit agencies, which I spoke to earlier.

I support changes that will allow for a truly regional approach to improving our transit service, provided that the city of Detroit has an appropriate voice in the decisions that will be made. We believe in regional cooperation, not regional control.

As we seek regional transportation solutions in Southeastern Michigan, the city of Detroit looks to Congress for assistance in providing the funds to meet our transportation needs. Transit programs need to be funded at an adequate, ongoing level by incorporating the following ideals: One, the transit program should grow to $14 billion, the annual level suggested by APTA. Two, the guaranteed funding program—which protects the transit program from the ups and downs of the annual appropriations process—should be continued. Three, flexible funding programs such as the Surface Transportation Program and the Congestion Mitigation Air Quality Program, should be reauthorized. Four, funding to improve the security of our transit systems should be provided from new Federal resources. Responding to terrorist threats against our Nation is a matter of national policy, and the financial burden for making necessary improvements cannot fall solely on existing Federal, State, and local funding sources. Our initial review of security needs on the DDOT system indicates it would cost us more than $30 million to make the necessary improvements.

Detroit is the largest border crossing in North America. The Detroit River runs between the United States and Canada. About $1.4 billion in trade comes across our river every single day. Like so many other cities, we are seeking funding to revitalize transportation along our waterfront. One item on our agenda is establishing bike paths, which would directly improve the quality of life for Detroit citizens. Our waterfront is a recreational gem that must be redeveloped.

I look forward to working with the Members of this Committee to refine these principles and I want to work with you in every way I can to build support for your efforts to enact legislation that embodies them all.

I am impressing upon my administration and my constituents the importance of moving Right Here, Right Now, which was the mantra of our campaign and our vision, to solve our transportation problems.

I know this Committee is prepared to move ahead as well, and I, as the Mayor of the city of Detroit, will be there to work with you as we move forward in this process.

Thank you once again, Mr. Chairman, Members of the Subcommittee, and also Senator Stabenow, for allowing me to appear before you today.

Senator REED. Thank you very much, Mayor.

Thank you, Congresswoman.

Let me now introduce our second witness, Mayor Brent Coles of Boise, Idaho.

Our colleague, Senator Crapo, very much wanted to be here, but he is unavoidably detained. But he has a statement which I would like to submit for the record. And it will be submitted, without objection.

Mayor Coles has led the city of Boise since 1993. He has served as the President of the U.S. Conference of Mayors. He has presided over a city that has experienced one of the highest rates of population growth in the country. With all of the economic growth this migration has created, Mayor Coles has had to draw on his background as a professional planner to ensure his city remains an attractive place to live and work.

And we are delighted, Mayor Coles, that you are with us today. Your statement, and all the statements, will be part of the record. So if you would like to summarize, that is entirely appropriate.

Mayor Coles.

STATEMENT OF H. BRENT COLES
MAYOR, BOISE, IDAHO

Mr. COLES. Thank you, Mr. Chairman, Ranking Member Allard, and Senator Stabenow.

It is a pleasure to be here with you and it is in some ways an historic moment for a mayor like myself to be here in front of the Subcommittee on Housing and Transportation.

I am grateful for that opportunity, to give you my input and the input of the citizens of a community that is responding to such significant growth. It is also an honor to be here with Mayor Kilpatrick and Commissioner Mayfield. I appreciate my colleagues and the work we do at the local level. I am sure that is why you asked us to be here, that we could give you the local perspective of what the citizens in our community, what our local economies are going through, what the future of the United States of America means when you get down to the local businesses, local cities, neighborhoods, and citizens. What can we do to maintain our status as the world leader in the economy?

And, for us to remain competitive, a national transportation policy is of utmost significance. Your attention, and the Administration's attention to local economies will mean the difference whether or not we can maintain the competitive edge that our Nation has sustained over generations. So what do we do now? How can we move forward?

TEA–21 was an ISTEA visionary. No question about it. At the Federal level, cooperating and directly working with, local governments—absolutely visionary. And that opportunity has been taken advantage of by the mayors and county commissioners and regional transit authorities across this Nation. We have been able to do innovative things because you have given us tools to do so.

The city of Boise has a population of 190,000. And when I became mayor, it was about 100,000. It is just about doubled in size. Its regional population has grown to 400,000, the second fastest-growing region in America over the past decade. What a tremendous change. And also, what a tremendous opportunity.

We see in Boise, Idaho companies like Hewlett Packard and Micron Technology. They are competing on a global basis. And for me as Mayor, to work with the CEO of Micron, where that Board of Directors is responding to those who have invested in that company, and they say, "where should we build the next fabrication plant?"

I am competing with not just cities across the United States of America, but I am competing with cities in the world. They can build that fabrication plant in Boise, Idaho, or they can build it in Korea. Or they can build it somewhere in Asia or somewhere in Europe. They can choose where they are going to invest. And one of the things they look at is transportation. Can they move their employees back and forth from their homes and from their areas of commerce into the working location?

Every freeway offramp, what do we do? We begin building more freeway offramps. But we also need to be building rapid rail systems, commuter rail, light rail, bus systems, investing in those systems. If we do not, as they look at where their next fabrication plant is going to go, they will be looking at other cities around the world who have been able to invest because Federal, State, or regional governments have cooperated with local governments and private entrepreneurs and have been able to build the transportation system that is comprehensive.

A comprehensive transportation system with all our partners working together can and should be the priority of TEA–21 and ISTEA. And since they have been so visionary, the reauthorization of that bill is very important to us. And whatever you can add to that bill that streamlines the allocations of funds to cities, counties, or regional transit authorities that have responsibility for the bus and train systems in their local area is very important to us.

Our State transportation authorities are getting it, but have not got it in every instance. Their constituents continue to ask them to build more freeway lanes. So, in Boise, Idaho, when we look at the congestion, the growth of the past decade, we appreciate the investment of $100 million into our freeway system. But we also need the investment of $100 million into a light rail system that we do not have today.

In fact, the citizens of the city of Boise, through their property taxes, went out and bought 18 miles of railroad right-of-way that Union Pacific was abandoning. When they announced the abandonment they said they were going to take out the rails and would give, or at least allow us to purchase the right-of-way for a bike pathway or something like that. And as Mayor of the city of Boise,

I told them I would lay down in front of those tracks before I would let them rip them out.

We may not be able to use them today, but we will use them in the future. And the citizens of Boise said, we agree, Mayor. Take our property tax dollars, which is 60 percent of our budget. Use that to buy 18 miles that are not even in our city limits, because if those 18 miles would have been ripped out, we would never again have been able to link up to an Amtrak system. Amtrak has left Idaho. We believe it should come back, linked to a light rail system, or linked to a bus system.

You have a local system, a regional system, a statewide system, and a national system that can link together. That is important to our economy, and our future. It is also important to any emergency preparedness that we are talking about. When the airports went down, we relied upon rail, didn't we? We relied upon buses and our automobiles. And in most areas of the country, outside of the east coast and the west coast, there wasn't much of a rail system that we could depend upon during that period of need.

I thank you very much for the opportunity to testify with you. When I am referring to direct dollars to local governments, it is that suballocation that is a part of TEA–21. We think that can be strengthened, enhanced, and appreciate working with you to see that that happens.

Thank you.

Senator REED. Thank you very much, Mayor.

Let me now introduce our final witness, Ken Mayfield, who has been a Dallas County Commissioner since 1994, and is President-elect of the National Association of Counties. He is particularly interested in transportation policy. He is head of a group, Texas 21, for transportation planning for the State of Texas.

We have already agreed that Dallas County is very much bigger than Rhode Island, so we do not have to get into that.

[Laughter.]

But, Commissioner Mayfield, we welcome your appearance. You represent a very important part of government, which is the counties of this Nation.

Thank you very much, Commissioner.

STATEMENT OF KENNETH MAYFIELD
COUNTY COMMISSIONER, DALLAS COUNTY, TEXAS

Mr. MAYFIELD. Thank you, Chairman Reed, Ranking Member Allard, and Senator Stabenow.

NACo has been a long-time supporter of the Federal transit program. County governments operate approximately one-third of the Nation's transit systems. Transit, whether it is rail, bus, or van—urban, suburban, or rural—is an essential component of our transportation system. In many of our urban and suburban counties, it is congestion that is the motivating force behind the need to establish and fund a transit system. Environmental concerns and the transportation needs of the economically disadvantaged or others. How we address congestion is probably the most important and difficult issue Congress will have to face in the reauthorization of TEA–21. Solutions are elusive and complex. However, with congestion increasing and commute times up, a reauthorization bill that

does not seriously attack this problem would be flawed. County officials believe that transit has a key role to play in addressing the congestion crisis.

NACo applauded the actions in Congress and specifically in this Committee during debate surrounding TEA–21 that led to a significant increase in funding for the Federal transit program. The 40 percent increase in transit funding has been extremely helpful to NACo members, as well as other local governments. The inclusion of a guaranteed funding requirement for transit has been a key and we urge that this be continued in the reauthorization, along with the general fund contribution. Elected county officials across the country are hearing from their constituents that transit is important and in many urban and suburban communities, rail systems are being proposed. While I am sure that not every plan will result in a system, there is a demand out there that requires a larger Federal transit program.

Dallas is one of the communities that has greatly benefited from the Federal transit program and from the increase in funding we experienced in TEA–21. Our light rail system ridership last year was 11½ million passenger trips. Since our system opened in 1996, we have had well over 50 million passenger trips. Currently, DART is undertaking the largest light rail expansion program in North America.

Dallas has experienced explosive growth over the last several decades, along with the resulting congestion. In the late 1970's, a number of forward-thinking community leaders proposed an area-wide transit system for Dallas and Fort Worth. However, it was too expensive, too soon, and not well thought out. When it went to the voters, it lost big time. Some people thought at that time the anti-transit sentiment in Dallas would never change, just like the winning ways of the Cowboys. They were wrong. In 1983, a referendum was passed in Dallas and individual cities throughout Dallas, Collin, and Denton Counties that approved a one-cent sales tax dedicated to the Dallas Area Rapid Transit, DART.

With the passage of the sales tax, a funding source was created that led to investment in light rail, bus service improvements, commuter rail, HOV lanes, and carpooling. There are 13 individual communities that are part of DART. Even though the sales tax was passed in 1983, and tax collection begin in 1984, it was not until 1996 that light rail opened in Dallas. From 1983 until 1996, most communities and citizens stuck with the promise of transit and continued paying into the system. Our 20-mile light rail starter system has exceeded everyone's expectations in terms of ridership and economic development. While developers waited until the system was complete to begin investments, they are now fully engaged and operating major projects around many of the systems' 23 stations. The starter system cost $860 million and was built on time and within budget. Incidentally, that $860 million includes everything—rails, cars, and a 3-mile tunnel from downtown Dallas to Mockingbird Lane. The one-cent sales tax paid for 80 percent of the starter system and the Federal transit program paid for the other 20 percent, $160 million.

An additional 23 miles of light rail will be opening this year. The passage in August 2000, of a bond proposal will dramatically accel-

erate additional light rail expansion through 2010. This bond proposal was supported by 77 percent of those voting, another example of the broad support the light rail system has in our community. These new projects together cost $992 million, of which 66 percent was raised locally. However, I must emphasize that without the $333 million in Federal new-start funds, we could not have moved ahead. While economic development followed DART's starter light rail system, the success of that system made believers out of the development community. Rather than taking a wait-and-see attitude, developers have jumped in and have already built a number of projects adjacent to the new lines. To date, over $1 billion has been invested in private development along DART's existing and future light rail lines. A University of North Texas study projects DART's current expansion program and operations will pump $3.7 billion into the regional economy and support approximately 32,000 jobs through 2003. Between 1996 and 1998, taxable values for property near light rail stations were about 25 percent higher than comparable properties not served by rail. Downtown Dallas residential and commercial development has experienced an upswing with the advent of transit.

Rather than being perceived as being in competition with highway building, these projects complement our highway system in Dallas. The North Central Line parallels the North Central Expressway where TXDOT is currently undertaking a huge interchange project known as the High–Five Project. Our new light rail system is opening at the right time to give commuters an alternative to the congestion that is inevitably being created by this large construction project. And that is how we view transit in Dallas—as a transportation alternative.

We do have plans for additions to the DART system. The Southeast Line would extend 10.2 miles to Fair Park and Pleasant Grove, all within Dallas County, by 2008. The 17½ mile Northwest Line will go along the I–35 corridor to Denton County by 2008, including a stop at Love Field. A 13-mile branch of this line will go to Las Colinas and on to Dallas–Fort Worth Airport by 2010. While we will continue our policy of a local overmatch, we will need Federal funding for both of these projects.

Thank you.

Senator REED. Thank you very much, Commissioner. I want to thank all the witnesses for excellent testimony, which illustrates the compelling role of transit at the local level. That is one issue that we want to clarify with our questioning.

Let me begin.

Mayor Kilpatrick, one of the concerns I have is that if we do not continue the support that we have in the present transit act, not only won't we make the improvements, but the systems are likely to slip backward in terms of deferred maintenance, all the things you have been able to fix with TEA–21. Is that your perception?

Mr. KILPATRICK. Absolutely, Mr. Chairman. That is a huge concern for me and the city of Detroit.

As you know, most urban cities in America have aging transit infrastructures. One of the things that we frequently discuss is the age of our roads and the disrepair that our roads are in. Some of the systems that we have been able to put in place because of

TEA–21, ISTEA, and those visionary programs, they will start to diminish in impact if we do not have new money coming to the table.

For the city of Detroit to be globally competitive, we are the 10th largest economy in the United States of America, and the 37th largest economy in the world. With the amount of trade that just goes across our border, if we do not have our money in the right places throughout the city, it can stop the American economy.

We saw that after September 11. When you have 8-mile back-ups of trucks—with just-in-time delivery being a huge issue in the city of Detroit—it stopped the entire economy of Americans, especially the manufacturing economy.

So if we do not have new money coming to the table to continue the repair of the infrastructure, to continue programs that make us globally competitive, to continue to move people more effectively and efficiently, we will have significant problems.

And finally to that point, about 45 percent of the people that live in the city of Detroit own cars, even though it is the Motor City. And about 75 percent of the jobs are outside of the city in the immediate suburban areas. If we do not have new money coming to the table to continue the programs that were started when this legislation was passed, we will hinder economic independence in the city, too, which could lead to further problems.

Senator REED. Thanks, Mayor Kilpatrick.

Mayor Coles, you pointed out the international parameters that you have to be concerned about in terms of the transit policy and everything else. But I wondered about the same question—without increases in support for transit, not only will Boise be denied expansion, but would its current programs you have in place be jeopardized.

Mr. COLES. Yes, absolutely. And in two areas. One, TEA–21 has created a vision for us. We have been able to bring the smaller rural cities into the larger rural cities and create this vision. We have been able to use those dollars to create a plan of an overall regional transportation system, and we will not be able to fund the plan. We will have this great vision and all of our hopes will be dashed. And two, the existing transportation system, which is inadequate, but we have buses out there on the roads. We have been able to convert those to compressed natural gas. But if you cannot turn those over and buy new equipment and take care of your needs, you will lose the ridership and the economy will fail.

Senator REED. Thank you, Mayor Coles.

Commissioner Mayfield, from your very articulate testimony about the plans to expand the system in Dallas County, I presume that you think that we are going to have a vigorous transit title in the reauthorization bill. Otherwise, those 2010 targets might be difficult to achieve.

Mr. MAYFIELD. Absolutely. And there is such support for light rail because it has worked in Dallas. It is really a model.

We just had the Republican State convention in Dallas at the downtown convention center, where they expanded that. It is the largest political gathering in the United States, bigger than the national convention. We have more delegates who come. And without the light rail, where a station was located half a block from where

you go to get in, to move people in and out, it would have been a horror story for those commuting to work, because of the traffic and congestion. And we were able to move delegates in and out, at lunchtime, whatever, with ease, taking the light rail system up even to Park Lane 10 miles north in Dallas. They could go shopping if they wanted to, or out to Irving, or within the west end of the downtown district to go eating where there are numerous restaurants and shops.

Senator REED. I think all of your comments have underscored the critical economic development aspect of good transit systems. You do not attract visitors. You cannot accommodate major meetings in your communities. You cannot get people without cars from their home to work in the suburbs or from the suburbs to work in the city.

I have a few moments before I recognize Senator Allard. A quick comment about the increased security concerns and additional resources, Commissioner, and we will go down. Do you see that as another significant cost?

Mr. MAYFIELD. Absolutely, Mr. Chairman. As we all hear about the threats to specifically subway systems or transit systems, we are going to have to beef up security. There is no question about it, to make sure that the alternative is a safe alternative. Otherwise, you won't get the ridership.

Senator REED. Mayor Coles, the same question.

Mr. COLES. Mr. Chairman, thank you. No question about it. Of course, we saw that first impact on our own airport, hiring 16 additional police officers for our airport, having to expand the size of the airport so that we could accommodate the x-ray systems, $2 million for that. Another million dollars every year for operations, just like that, placed on our local economy.

Senator REED. And if we do not provide sufficient resources for transit, your ability locally to provide dollars is constrained today because of security concerns and many other concerns.

Mr. COLES. Absolutely. We cannot grow our budget, so we have to take it out of somewhere else to place it on security.

Senator REED. Mayor Kilpatrick, is that similar?

Mr. KILPATRICK. This is a huge issue for us, being an international border. Between September 11 and December 31, our Detroit Police Department spent $3 million dollars just patrolling the border alone. About $10 million will be spent this year on border security.

You have local police departments protecting national security now, which is money that I have to take out of my general fund that would have been used for transportation and infrastructure repair. I am pulling back more and more transportation dollars. So we really need money there to step up some of our security efforts.

Senator REED. Thank you very much, Mayor Kilpatrick, Mayor Coles, and Commissioner Mayfield.

We have been joined by the Chairman of the Full Committee, Senator Sarbanes.

Senator Sarbanes, do you have an opening statement?

STATEMENT OF SENATOR PAUL S. SARBANES

Senator SARBANES. Chairman Reed, I will be very brief. And I appreciate the courtesy of my colleagues.

First of all, I apologize not being here in order to hear the statements. And I am going to have leave, unfortunately, but that is life in the Senate, if I may say so.

I want to thank you very much, and Senator Allard, for convening this hearing to continue our consideration of Federal transit programs as we prepare to reauthorize TEA–21 next year.

This is all a lead-up to the major challenge which this Committee will face at the beginning of the next Congress because the TEA–21 authorization expires next year and we obviously have to put the next step in place for the 21st Century.

I do want to say, and it is one of the reasons that I was drawn to come, how impressed I am with the diversity of this panel, both geographically and politically.

When this Committee considered the authorization of ISTEA, the TEA–21 predecessor, over a decade ago, transit was seen by many as a necessity in certain large urban centers of the country, but of limited relevance in many other areas of the country.

But I am now heartened that a little over a decade later, we have people from Boise, Dallas, and Detroit, all here today, advocating the continuation and strengthening of our Federal transit.

It is my own view that without committed leadership at the local level, transit would not have been able to achieve the record of success that it has witnessed in the last decade. It is now up at levels not seen since the 1950's.

Transit ridership has grown faster than any other mode. So, I think that these hearings are an important prelude as we move toward a reauthorization next year.

I did want to stop in, as it were, both to thank Chairman Reed and Senator Allard for the hearing, and also to thank the witnesses for taking time out of what I know are very busy schedules to be with us.

I think it is fair to say that the outcome of the debate on this bill will really shape the parameters of America into the future. The population of the country is expected to grow another 100 million people in the next 50 years. If we are not to become absolutely gridlocked and congested, we have to have innovative ideas with respect to transit and commit the resources in order to address this situation.

I am also very pleased to welcome the witnesses. The characteristics of your communities differ, but you are responding to similar challenges in terms of mobility needs, population, and development growth.

We certainly welcome the multimodal approach you have taken toward these channels and I just wanted to express my appreciation for coming and being with us today.

Thank you, Mr. Chairman.

Senator REED. Thank you, Chairman Sarbanes.

Senator Allard.

Senator ALLARD. Thank you, Mr. Chairman.

Mr. Coles, in your prepared comments, you expressed some concerns regarding a breakdown between State and local transit offi-

cials. Would you care to elaborate on those comments? Do you think this is a problem that just occurs sporadically, or is it more widespread?

Mr. COLES. Thank you, Mr. Chairman, Senator Allard, TEA–21 and ISTEA are visionary. They have asked State transit authorities to, instead of just building freeways and highways, to look at and participate in transit systems.

For most States, that was new thinking. And it is taken the decade to provide that opportunity and change within our State governments.

But, also, we see it as a challenge as mayors in whether it is a transportation issue or other issues, when dollars go to the capitals of our States, then we have another layer of bureaucracy with which to deal to verify why in fact we need those dollars in our cities or in our regions.

And so, not only at the Federal level are we competing for those dollars, then we are again at the State level. And in many cases, ISTEA, as it should be, it is flexible. Or TEA–21 is flexible.

Dollars can be used for air quality mitigation. Well, are you going to pave more roads, so you reduce the dust, or are you going to buy compressed natural gas buses so that you can reduce participate matter? You have choices.

And we have to compete. We have to verify. We have to demonstrate to State transportation boards as to why we should be buying buses as opposed to maybe paving more roads.

So, it just makes it more difficult. I think that we have seen that philosophy generated all across our State governments.

Senator ALLARD. Now those that have an opposing point of view may say that some local communities do not have the expertise, and will also make the statement, if it goes in to the State, the State becomes a participant and it may add dollars to the pot. The opposing point of view may say that localities do not have the financial resources to be able to address their problems. Can you comment to those arguments?

Mr. COLES. Well, there is certainly a legitimate statement there. If the State government is willing to participate. In the State of Idaho, unlike in Texas were they were able to pass a one-cent sales tax, our State government has not given local governments the authority to even ask our citizens for a cent, quarter-cent, or anything for money toward any local need, let alone transportation.

Our State government is holding those dollars very tightly and are not necessarily a partner in adding new dollars to the Federal dollars that are coming in.

We have to generate the local dollars through property taxes, which are not very popular, to match anything the Federal Government has, and the State government does not add dollars to it.

Senator ALLARD. Do you think it would be a good idea to require the States to put a match in?

Mr. COLES. Mr. Chairman, Senator Allard, I think the opportunity for a match is certainly an idea. But I think many State governments would say, "if we have to match it, we will not do it."

Senator ALLARD. Okay. Also, I want to carry this national angle a bit further. There have also been a lot of requests for mass tran-

sit systems and what not, and they have grown considerably since we last passed TEA–21.

So the issue that we are faced with here in the Committee is do we leave the match at 20 percent and then let somebody make a decision as to what is more worthy. Or do you increase the amount of the match, saying that only the more worthy projects will come up to that increased match, meaning they are the ones that are most committed to mass transit. Would you comment on that thought?

Mr. COLES. Well, thank you, again, Mr. Chairman, and Senator Allard. That is a very specific question, one that I would probably like to think about before I responded at the national level like this. But I will. You have asked a very thoughtful question.

If you increase the match, then what you said is true. Those who are more committed will go out and find those matching dollars. But you will also leave that question where the newer systems, the more rural systems that have less local ability to come up with the dollars, not only do they lack possibly the expertise, but the ability because their economy is struggling, or that they are in a rural area, and they are trying to compete. It would be a greater challenge for them.

The opportunity there would be, as you indicated on the previous question, for the State to step in and be a partner. So you have the State, you have the city government, local, county, and regional governments, and hopefully, private partner entrepreneurs who will also invest in that partnership.

Senator ALLARD. I would like to have Mr. Mayfield and Mr. Kilpatrick comment about this State, Federal, and local relationship. Is the framework that we have now an adequate framework, or do we need to change this framework to make it more workable? And if we do, what would be your suggestions?

Mr. KILPATRICK. I feel like Mayor Coles did, to do this at the spur of the moment. But I will comment.

I have been on both sides, as a former legislator who was always aggressively talking about the deliberative process and how we needed an opportunity to look at certain things that were going to the local level, and being on the other side as mayor, an executive of the city, and saying, "Lansing, pretty much be damned."

I wanted to say, Mr. Chairman, Senator Allard, there has to be an ideology change and focus on the State level. The total focus of the ISTEA funds, when they came through Michigan, was for new road construction. The multimodal concept, the concept of building in and redeveloping core communities, that was not present.

We are in a situation now where we are forced in the Detroit community to partner now locally. For the first time in 20 years, we have been able to bring suburban community officials, the executives of these suburban communities, to the table with us, the mayors. And we are all advocating now for a regional approach to solving transportation problems because it plays into the urban sprawl issue and all the other issues that people are experiencing in older suburbs near the city of Detroit.

We are going to Lansing and saying release the money. Let us have a change in philosophy where we talk about building back

into our core communities, some of the older suburbs and some of the older urban communities near the city of Detroit.

So as far as the framework, you spoke about a mandated match. And I agree with Mayor Coles. If you did that, Lansing would probably say, "we are not doing anything, then, if we have to match it."

I like the framework now. But I also like what we are doing in Michigan with the framework that you mentioned. So, I guess I am saying that I like what you are doing.

But on the local level, we have to really organize locally and thrive globally. If you can have something in there that if the local community has organized and submits a plan, and there shall be something that the State has to do. If anything can change in that type of language or authorization when you go up for reauthorization next year, where the local community says, "this is what we are doing, bring all the communities together—seven communities in the Detroit metropolitan area, we are all saying the same thing, and the State can just thumb their nose at it." That becomes a problem and an issue for us in metropolitan Detroit.

I do not know what can be done with the language on the national level, but it has to be something. I agree with Mayor Coles. If the local community is begging for something, then the State has to act in uniform with what the local community is saying.

Senator ALLARD. I do not know whether you want him to answer my question. My time is expired, Mr. Chairman.

Senator REED. Please. Go ahead, Senator.

Senator ALLARD. Mr. Mayfield, do you want to respond?

Mr. MAYFIELD. I would just say that we changed the department from the Highway Department to the Texas Department of Transportation a few years ago. It has taken a little bit to change the mindset from just thinking of highway construction and funding to multimodal, which obviously includes transit.

But I chair a statewide transportation coalition that is made up of cities, counties, and chambers of commerce and businesses all over the State, to provide some leadership to the Texas Department of Transportation to get them to look at the multimodal aspect of transportation funding.

Now in the State of Texas, we only have money to fund about 40 percent of the projects that we need in the State.

In the Dallas–Ft. Worth area, we are a nonattainment area. DART is a very important part of our SIP—State Implementation Plan—to relieve that congestion and thus, improve our air quality and bring us into standards.

We have worked well with the Texas Department of Transportation. Mike Baron is the Executive Director there. We meet with him on a regular basis.

We have not had the problems, but we have a funding source. In our area, we have a cent sales tax that is dedicated to DART for those cities and communities that want to get involved.

And of course, we overmatch. I think we have been very fiscally responsible with our funds in our light rail system. And we have been very successful in that mode. But in other areas, I see the mindset. I am not advocating any kind of a change at this point.

Senator ALLARD. I realize the questions I have asked about what is the proper match and also, the State/Federal, are complicated

questions. And I think you, Mr. Chairman, will keep this open for comments later on.

Senator REED. Absolutely.

Senator ALLARD. So if you think about some things that you would like to add, perhaps you would like to put it in a more organized form, we would certainly welcome that. We would like to have those additional comments here at the Committee.

Mr. COLES. Mr. Chairman, if I may. Apparently, the U.S. Conference of Mayors has thought about this and I was pondering it myself. Personally, as I thought about it, the 80/20 match is something that we have planned for over a period of years and it is a target that locally, we have planned for and worked toward. So to change it is a major change. The U.S. Conference of Mayors believes the 80/20 match is appropriate and would like to keep it at the 80/20.

Senator REED. Thank you.

Senator ALLARD. Thank you, Mr. Chairman.

Senator REED. Thank you, Senator Allard.

Senator Stabenow.

Senator STABENOW. Thank you, Mr. Chairman. And thank you to each of you for sharing your perspectives, particularly Mayor Kilpatrick. We appreciate your perspective from Detroit.

Let me indicate that I find it is interesting in debates that we have here frequently in the Congress, we talk about local control, which frequently means States, and flexibility at the State level. I would share the concerns expressed that we need to be focusing on and supporting local control, meaning cities, counties, regions.

So that you are the local control, and you know what is best. And I know the challenge of bringing together the communities and counties around metro Detroit and what that means, and when we have communities coming together and all speaking with one voice. I think we need to give great credibility to that and do whatever we can to be supportive of the people's needs through local control.

So I appreciate all of you being here. And having been a former county commissioner and chaired a board of commissioners myself, I appreciate, Mr. Mayfield, what you do at the county level.

Let me ask Mayor Kilpatrick just for a moment to speak about issues of congestion. I have to first indicate, Mr. Chairman, that we expect a great deal of congestion in the city of Detroit this evening when the Red Wings win the championship.

[Laughter.]

So we look forward and relish that congestion this evening.

[Laughter.]

Senator Levin and I have a wonderful bet with our North Carolina colleagues and expect some great barbecue as a result of that win this evening.

But let me ask the mayor, in general, people think of us as the Motor City. We do want people buying automobiles, particularly domestic automakers.

People assume that in metro Detroit, we can move easily from one destination to another. And yet, we know that there has been a study by Texas A&M University in 1999 that showed that congestion costs Detroit drivers more than $2.8 billion a year, or about $700 per driver. And when you compare us to other urban areas,

drivers in Detroit experience greater traffic delays than drivers in New York, Chicago, or Philadelphia.

I wonder if you might speak about the challenges because of congestion in metro Detroit and how that relates back to the critical need for additional resources for public transit.

Mr. KILPATRICK. Thank you very much, Senator Stabenow.

That is a huge question and I will speak to the first point, the aspect of local control. We live in an era now, and Mayor Coles mentioned the U.S. Conference of Mayors, when mayors are truly on the frontlines of homeland defense, on the frontlines of providing quality services for the city they represent. If that local control can reach the cities, that would be absolutely fantastic from this level.

Let me just say something on the issue of congestion, which is a huge issue in metropolitan Detroit. The Chairman asked if we do not receive these funds, if we do not have an opportunity to compete for this new reauthorization, will it roll back the time?

It absolutely would because of the decay of roads, because of congestion, because of the amount of truck traffic that comes across our border every day, because of the issues of staying in attainment in a huge manufacturing area, congestion adds to the problems for all of those things.

When people, goods, and services are not allowed to move effectively and efficiently in an area of this country that depends on just-in-time delivery for its survival, congestion is more than just a traffic jam. It can be a hindrance and sometimes bring a complete halt to the metropolitan economy. That is been a huge issue for us in the city of Detroit for 20 years plus, almost 30 years now. We have been talking about how we alleviate some of the congestion problems that we have.

In a city that is known as the Motor City, everyone, when they are 16 years old, goes out and tries to get an American car. We all go out and try to get a GM, a Ford, or a Chrysler. What happened now, we are bumper to bumper. As the continuing development of the Detroit metropolitan region goes further and further out, commonly known as urban sprawl, we are experiencing now more and more backups from downtown Detroit to almost 22 miles away from the city now.

To alleviate that problem, we have conducted several studies within the city of Detroit by the Detroit Regional Chamber of Commerce to say that most of those people would take a cleaner, safer, more efficient, more effective mode of transportation in and out of work every day if we did not have this problem.

The money that we get can be better spent on proactive transit items like light rail, and different modes of transportation to make sure we have clean, safe air and quality air in the city of Detroit, continue to be national entertainment leaders.

We can also alleviate some of the pressures that we have on our just-in-time delivery and our economy, moving people services, and goods more effectively and efficiently. Congestion is a huge issue in the city of Detroit.

Senator STABENOW. I wonder also if you might follow up.

The Chairman talked about economic development. We have a new state-of-the-art airport that we are very proud of in Wayne

County, in Detroit, and I know that there are also challenges now in moving people from the airport into the city.

Mr. KILPATRICK. Yes. Another huge issue. A $1.2 billion new terminal that we have really organized locally to build. The county took leadership on that.

This is one of the huge issues that we have been studying. As a matter of fact, I put the money back in the budget in 1997 for a feasibility study to be done for a rail link to go from our metropolitan airport to downtown Detroit.

We have interviewed several people. We have had focus groups talk about why they haven't located companies inside the city of Detroit because of the lack of that access from the airport to the central business district downtown. The tracks are there. The switches are on the tracks. We are all ready to go. We just need some help from the Federal level to get that done.

We are hosting the Super Bowl in 2006 in the city of Detroit. A brand new state-of-the-art urban stadium, Ford Field was just built. We have, as I said before, a cultural center that is thriving. There are more theater seats in our cultural center than at any other place in this country, Broadway being the expection. But we do not have that link to move people from the airport to the central business district. It is hindering our national trade shows, our convention bookings, and economic development with companies locating around the city of Detroit, especially now as we move more into fuel-cell technology research.

Our manufacturing leaders have taken the leadership in that role. GM, the largest corporation in the world, located on our riverfront, is really advocating for this to move forward so that we can enhance the quality of business and economic development in the Detroit metropolitan area.

Senator STABENOW. Thank you, Mr. Chairman.

Senator REED. Thank you, Senator Stabenow.

Senator Carper of Delaware, your opening statement and your questions.

STATEMENT OF SENATOR THOMAS R. CARPER

Senator CARPER. I have a statement that I would like placed into the record. I, just want to say to each of you, welcome. We are delighted that you are here.

Mayor Kilpatrick thank you for sharing Senator Stabenow, with us. She is a joy to serve with and we are grateful that you have sent her our way.

Mr. KILPATRICK. You are welcome.

Senator CARPER. She started off her questioning with a comment on the Red Wings. In Delaware, we have 300 chickens for every person.

[Laughter.]

You have heard the old saying—do not count your chickens before they hatch.

[Laughter.]

And I hope the Red Wings win. So we will see.

Senator STABENOW. Good.

Senator CARPER. I want to start off my question with another sport. What is wrong with the Tigers? What is going on?

Senator STABENOW. Please.

Mr. KILPATRICK. Tigers—wait a minute.

[Laughter.]

Excuse me, Senator Carper, the Tigers are coming back now.

Senator STABENOW. Yes, they are.

Mr. KILPATRICK. They are almost at .500. We have been the butt of too many jokes. We were on Jay Leno and now they have decided to play.

Senator STABENOW. That is right.

[Laughter.]

Senator CARPER. I have been a Tiger fan since I was about 10 years old. All my life, I wanted to be third baseman for the Detroit Tigers. And this year, Mr. Chairman, when they opened 0 and 11, I thought my time had come.

[Laughter.]

I was ready to suit up.

[Laughter.]

We are happy that you are here and we welcome you very much. Rick Wagoner was in town with a bunch of people just the other night and showing us the Autonomy and a number of other fuel cell vehicles that we hope will be plying the streets of this Nation and our highways before long. It can only be good for our air and for our economy. So it is great.

I want to ask, Mr. Coles, who is your governor now?

Mr. COLES. Governor Kempthorne.

Senator CARPER. Didn't he used to work here?

Mr. COLES. Yes, he did.

Senator CARPER. How is he doing?

Mr. COLES. Governor Kempthorne is doing a fabulous job for the State of Idaho.

Senator CARPER. I hosted, as Chairman of the National Governors Association, in 1998, right after the election, we hosted him and a bunch of governors and their spouses for New Governors School. He and his wife were good enough to come, along with—gosh, who else did we have? Jeb Bush was there, Gray Davis was there. We had some guy from Minnesota. What is his name? Jesse.

[Laughter.]

And Dirk came as well. I said to him at the end of the New Governors School, I said, "you should go back to Idaho. You do a great job as governor. But some day I want you to become Chairman of the National Governors Association."

So when you see him, tell him that an old governor, now a Senator, says he still thinks that he would be a great candidate to be Chairman of the NGA. And my hope is that, before long, he will be. Give him my best.

Mr. COLES. Thank you.

Senator CARPER. Let me ask you a question if I could. I am looking at Mayor Kilpatrick's testimony. I am looking at the bottom of the page. He is talking about the time when he was Vice Chairman of the Transportation Committee before he was Mayor.

And he says, "My goal was the same as it is now—to bring Federal, State, and local governments to the table to enhance transportation options for our citizens."

One of the things that I could never understand when I was Governor for 8 years, I could never understand why, when Delaware got its Federal transportation money, including congestion mitigation money, I could not use that money in the way I thought was best for my State. We could use that money in Delaware for freight railroads. We could use that money for bicycle paths. We could use that money for highways. We could not use it for inner-city passenger rail, even if that made sense for us in our State.

And in terms of options, I would just ask, Mr. Coles, do you have any thoughts in terms of whether States should have the discretion to use a portion of their Federal transportation monies for inner-city passenger rail? Does that make sense to you or not?

Mr. COLES. Thank you. Mr. Chairman, Senator Carper, absolutely. There is no question, the flexibility should be increased. Where our local priorities are, if we are trying to reduce congestion through a rail system, that should be where we should be able to use it. If it is a bus system, then fine. If we can use it on bicycle pathways, then great. But we are the ones who should be able to make that decision, and the greater the flexibility, the better.

Thank you.

Senator CARPER. We are in the throes of a discussion on funding for a whole lot of Federal programs. One of them is what we are going to do to fund national passenger rail for our country.

Each of you comes from States where you get I think some passenger rail service, some States more than others. Nobody uses as much as the Northeast Corridor. But we are trying to figure out how much money should be appropriated for Amtrak, to provide passenger rail service, not just for the Northeast Corridor, but all over the country in the next year. I think Amtrak has requested $1.2 billion.

I would just ask, and I will stick with you, Mayor Coles, does that seem like a reasonable request or an unreasonable request?

Mr. COLES. Mr. Chairman, Senator Carper, this country needs a national rail policy. We subsidize our highways. We subsidize our airports. And I do not know why we think Amtrak should be self-supporting.

It is rail systems, passenger systems. They are not going to be self-supporting. They are not anywhere in the world. And $1.2 billion is a very good request. It is a request that should be supported and increased, if possible. We need a national rail system for the United States of America.

Senator CARPER. Thank you. I used to be part of the National Governors Association, which I dearly loved to be. And I think I probably told my colleagues that more times than they cared to hear. I like being part of this outfit, too.

You are part of the U.S. Conference of Mayors, I think for both of you. Who heads that up now?

Mr. KILPATRICK. It is about to be Menino, Mayor Menino from Boston.

Senator CARPER. Okay.

Mr. KILPATRICK. He will be elected Tuesday.

Senator CARPER. On Tuesday.

Mr. KILPATRICK. Tuesday.

Senator CARPER. So are you all about to meet?

Mr. KILPATRICK. Yes, tomorrow.

Senator CARPER. Okay. During the course of your time together, will you be discussing transportation issues at some length? And will you be considering at all rail transportation issues? Is that something that is going to be on your agenda? And if so, can you give me some idea of what you think will happen?

Mr. KILPATRICK. Yes. At the last conferences, in DC and New York, we met in two cities back in February. One of the huge issues was the Amtrak situation and making sure that there was, with Amtrak, a tremendous focus on local passenger traffic and receiving taxpayer dollars as well, part of the $1.2 billion that the Committee is considering. And we are going to further those conversations. There is a Subcommittee that will be meeting on transportation issues in Madison, Wisconsin, and those meetings start on Saturday, to talk about transportation in rural, suburban, and urban areas, national agenda items like the Amtrak issue. We will have some kind of paper that comes out of that conference.

Mr. COLES. Mr. Chairman, if I may.

Senator REED. Yes.

Senator CARPER. Yes, sir.

Mr. COLES. Senator Carper, 2 years ago I was President of the U.S. Conference of Mayors.

Senator CARPER. Were you really?

Mr. COLES. Yes, sir, and it was a great privilege.

Senator CARPER. Isn't that great? That is quite an honor. Congratulations.

Mr. COLES. Fabulous. Thank you.

Senator CARPER. Did they pay you extra for that?

[Laughter.]

Mr. COLES. No.

Senator CARPER. It is a lot of extra work, though, isn't it?

Mr. COLES. Just traveled more.

Senator CARPER. Did you get to keep your frequent flier miles?

[Laughter.]

Mr. COLES. I did. Thank you.

[Laughter.]

Strike that from the record, please.

[Laughter.]

Senator REED. I feel like Judge Judy here.

[Laughter.]

Stop badgering the witness. Go ahead, answer, Mr. Mayor.

Mr. COLES. Thank you, Mr. Chairman. At that time, we called upon the Administration and that was the transition between the Clinton Administration and the Bush Administration. We wrote a 10-point domestic policy plan, which includes a rail system and a national rail policy for the United States of America.

We held right here in the train station a conference on rail. Then Senator Trent Lott came over. We spoke about subsidizing rail in America and a national rail policy. And the U.S. Conference of Mayors continues under the presidency of Mayor Menino, Mayor Morale of New Orleans was the past President.

The new President, Mayor Menino, will continue with the request for a national rail policy and the support of Amtrak, air, and

cars. We need a three-prong system across the United States of America to keep our economy going.

Senator CARPER. Good. Thanks. And in conclusion, I would just say to our witnesses and our colleagues, in my view, when Amtrak was created 31 years ago, the private railroads went out of the passenger business. They pretty much said to this new entity, here's our old locomotives, our old passenger cars, our old dining cars, our old track beds, our old wiring, our old signaling system, our old repair shops. And by the way, we will throw in these old train stations as well. Good luck.

Railroads are capital intensive, as we know. Amtrak has been starved for capital, almost from its inception. Most other countries around the world decide to support their passenger railroads on the operating and on the capital side. And they do so out of their naked self-interest because they think it reduces their dependence on foreign oil. It does. They think it reduces the congestion in airports and on highways. It does. And they think it reduces the amount of emissions, the bad stuff that goes up into our air from our cars, trucks and vans, and that is true, too.

My own view is that we should provide a dedicated source for Amtrak going forward. And what I would suggest is that we add a penny to the gasoline tax. Not take a penny out of the existing tax, but add a penny to it and just earmark that for capital for Amtrak. And my hope is that the mayors will see fit to support that and we can work on that going forward.

Thank you very much.

When I walked into the room, Mr. Chairman, the young lady who is standing back there guarding the door said to me, "you know, Senators do not normally come in that entrance." She looked at me and she said, "would you like to sit in back in the back row?"

[Laughter.]

And I said, no, I think I will sit up front.

[Laughter.]

You are probably thinking, well, I should have sat in the back. Right?

[Laughter.]

Welcome all of you. Thank you for coming.

Senator REED. Thank you, Senator Carper. No one is a more articulate spokesperson for rail and Amtrak than Senator Carper of Delaware and his colleague, Senator Biden. That is of great interest to this Committee, but of critical interest to the Commerce Committee and I know that you are working closely with them.

Do any of my colleagues have any other additional comments or questions for the panel?

[No response.]

It is an excellent panel. You have given us perspectives from the local level, the most important level, the public servants who serve on a day-to-day, face-to-face basis the people of America. And I think what you have said is that TEA–21 is working very well when it comes to transit policy. It provides guaranteed funding, which is critical for your plans, most of which you are projecting and planning today is based upon the assumption that you are going to get this funding beyond the authorization period and into the next bill, and we hope that we can continue that guarantee.

Also, the flexibility. And one thing that we have to be very concerned about in terms of flexibility is we do not tilt the field to favor highways over transit any more than it might be today. You cannot give flexibility to local communities if it costs more to play on the transit part of the field than the highway side of the field. They have to have a real choice. And I think TEA–21 did that, and I hope it will continue to do that.

And finally, comprehensive transportation planning. I think all of your comments—Mayor Kilpatrick, Mayor Coles, and Commissioner Mayfield—underscored the point that transportation policy is no longer just a city struggling with a municipal bus system. It is a regional issue. It requires regional cooperation and State cooperation. And I believe that TEA–21 has enabled that type of cooperation.

So, we have a lot to be pleased with. Ultimately, I hope that we can continue this effort. The critical issue, as I mentioned in my opening statement, remains, will we have the resources to support the flexibility, the comprehensive planning? Will we have sufficient resources in the transit portion of the new reauthorization so that you can continue to do what you have been doing extremely well?

And I thank you for that.

Let me also indicate procedurally that it is the intention of the Subcommittee to hold a hearing on June 26, to hear from the business community and environmentalists about the benefits of TEA–21 and transit issues.

And if anyone has any questions or submissions for the formal hearing record, I would ask that you provide them to the Committee Clerk by Monday of next week.

Thank you very much, and if there are no additional questions, the hearing is adjourned.

[Whereupon, at 11:16 a.m., the hearing was adjourned.]

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

PREPARED STATEMENT SENATOR DEBBIE STABENOW

Mr. Chairman, thank you for holding this hearing on our Nation's mass transit needs. Ensuring safe and efficient public transportation is one of the most critical issues that we face as Members of this Committee. I look forward to working with the Chairman, and all Members of this Committee, as we craft a strong mass transit title to the upcoming TEA–21 reauthorization in the next year.

I am extremely proud to have the Mayor of Detroit, Kwame Kilpatrick testifying before this Committee today. Mayor Kilpatrick brings a strong vision of revitalization and a history of leadership to the city of Detroit. Before being elected to this office, Mayor Kilpatrick served in the Michigan House of Representatives, where he served as Democratic Leader, and as Vice Chairman of the Transportation Committee. As Mayor, he is working hard to reinvigorate Detroit with a redevelopment plan that includes providing affordable housing, safe public transit, and a modern downtown Woodward Avenue Corridor area. I am proud to be working with him to create a strong Federal and local partnership to make these improvements happen, in particular to continue to build a strong rail and bus transit system in Detroit.

While transit discussions often focus on rail and subway systems, States like Michigan that do not have a major subway system also have tremendous mass transit needs. In the year 2000 alone, Michigan buses carried over 91 million passengers. There are bus systems operating in every one of Michigan's 83 counties, from our largest city, Detroit, to our most rural counties in the Upper Peninsula. These bus systems provide vital services to our communities in Michigan. Whether it is our working families, college students, the disabled or members of the retired community, they all rely on Michigan's transit system to get them to work, school, or other destinations, safely and quickly.

Despite covering all counties, transit service in many areas is minimal, creating a real hardship for these communities. Even though Michigan must rely solely on buses for mass transit, our State lacks the capital investment it needs to simply keep up existing service even though ridership is increasing. In 2002, Michigan received $28 million in bus discretionary funds for capital projects but our capital needs for buses, facilities, and equipment exceeded $100 million. Michigan will simply have to carryover this shortfall until next year when we probably will get much less than we need for that year. This means we will fall further and further behind in meeting our public transit needs.

This shortfall exists despite the significant contribution by Michigan taxpayers. Michigan ranks sixth, behind five States with rail, in direct support for its public transit systems. In fiscal year 2000, Michigan provided $192 million in State funds to support local and intercity bus transit, marine and ridesharing services. Local transit agencies contributed a similar amount in local funds and farebox revenue.

Despite, this strong State and local commitment to transit, Michigan does not receive the same commitment in Federal dollars. On average, between fiscal year 1998 and fiscal year 2001 Michigan only received about 42 cents back for every transportation dollar it sent to Washington.

I am pleased to be here today as we begin our work on improving our mass transit programs. I hope to be able to work with my colleagues on this Committee to help States like Michigan, increase access to public transportation, which will improve our economy and our quality of life.

Thank you.

PREPARED STATEMENT OF SENATOR THOMAS R. CARPER

Thank you, Mr. Chairman, for holding this second Subcommittee hearing on TEA–21 reauthorization. Thank you to our witnesses for traveling so far to share their views with us today.

In Delaware, like in many States, some of the biggest and most important transportation projects we will embark on in the coming years will be transit and rail projects. From upgrading our bus fleet to improving capacity along the piece of the Northeast Corridor that we host, we are being forced by the tremendous amount of growth we have seen in recent years to spend much of our time and resources finding ways to get people off congested roads and on public transportation.

There are three things I think Congress should do this year and during TEA–21 reauthorization to help States like mine meet their citizens' transportation needs.

One of those things is to prevent Amtrak from dissolving. The Senate Budget Committee included the $1.2 billion Amtrak needs to survive through fiscal year 2003 in its Budget Resolution. We need to follow through now and make sure Amtrak actually gets $1.2 billion in the fiscal year 2003 Transportation Appropriations

Bill. This is even more critical now that Amtrak has been forced to use the likelihood that they will get $1.2 billion next year as collateral on a $200 million loan that Amtrak President David Gunn has told us they need to be able to continue operations through the end of this year. An Amtrak shutdown will severely hamper transit operations in the Northeast Corridor and make it more difficult for transportation officials across the country to move people around. Congress and the President need to work together to make sure it does not happen.

The second thing we can do to help States with large public transportation needs is to expand the flexibility built into ISTEA and TEA–21. TEA–21 currently allows States certain leeway in moving money between the highway and transit program but I believe Congress did not go far enough 5 years ago. The State of Delaware can spend its Federal highway dollars to improve its piece of Interstate 95 to accommodate more drivers. It can also spend that money on transit and freight rail projects, intercity bus service or even on bike paths. It cannot use any of it, however, to make improvements to the Amtrak-owned tracks running alongside Interstate 95 so that more of the Delawareans who use that congested road every day to get from their homes in the suburbs to jobs in Wilmington or Philadelphia can take an Amtrak or SEPTA train instead.

Transportation officials should be able to spend their Federal transportation dollars on the most pressing transportation needs in their region whether they are highway, transit, or intercity rail service. This added flexibility would not cost the Federal Government anything and would not force any State to spend their transportation on anything they do not want to spend it on. It would simply give States the ability to address their citizens' transportation needs in the way they think best.

Finally, the third thing we should do is provide Amtrak with a dedicated source of capital funding. Without that, Amtrak will continue to go from crisis to crisis as it has for years now.

Thank you again, Mr. Chairman. I look forward to hearing from the panel on these issues and on what they think worked and did not work in TEA–21.

PREPARED STATEMENT OF SENATOR JON S. CORZINE

Thank you, Mr. Chairman, for holding this third hearing on reauthorization of the Transportation Equity Act for the 21st Century—TEA–21, and I would like to join you in welcoming our witnesses.

Mr. Chairman, as the Banking Committee continues its work on the reauthorization of TEA–21, I look forward to working with you and the Members of the Committee to craft legislation that does its best to help our Nation's transit systems. As someone who represents a State with the third largest transit system in the country, I realize we need to provide as much funding as possible to assist these systems to meet the needs of their riders. In fact, nowhere in the country is the need for mass transit more evident than in the Great State of New Jersey, the most densely populated State in the Nation. A study done by the New Jersey Institute of Technology in July 2001 found that the average New Jersey driver spent almost 50 hours a year stuck in traffic. For all this time stuck in traffic, that is an average cost per driver of $1,255 in wasted gasoline and lost productivity—for a total cost of $7.3 billion a year. To New Jersey's credit, we have realized that we cannot build enough roads to meet our transportation needs. We need to craft TEA–21 reauthorization legislation that operates under that premise as well. This legislation should not only continue the commitment we made under TEA–21 to help fund existing mass transit projects but also help State and local transit agencies create new opportunities for commuters, whether they are bus, rail, or ferry. Transit systems need more funding, not less, to meet the needs from their increasing levels of ridership.

Mr. Chairman, I look forward to working with you to develop legislation that continues to provide State, city, and local transit agencies with a stable guaranteed source of funding. I will also try to see that that level is funding is increased. Finally, I will also work to continue innovative financing methods, like the transfer program that allows some highway funds to be transfer for mass transit uses.

Thank you.

PREPARED STATEMENT OF SENATOR MIKE CRAPO

I like to offer my regrets that I am unable to attend this hearing. Unfortunately, I am attending to pressing family matters in Idaho. Nonetheless, I am pleased that Brent Coles, the Mayor of Boise, Idaho, is able to attend and speak at this hearing

regarding the reauthorization of TEA–21. In addition to his capacity as Mayor, Mr. Coles is a member of the Regional Public Transit Authority and the Treasure Valley Partnership.

Mayor Coles has been a leader in fostering regional cooperation and coordination of transit, and has actively supported the creation of a regional public transit authority in southwest Idaho. The significance of transit operations will continue into this century, and it is important to develop and keep in mind a sense of the needs of local governments prior to any action on our part.

In metropolitan areas such as Boise, more must done to address the transit needs of rural and disabled passengers while providing extended service to the growing needs of a metropolitan population.

Since Boise, Idaho, is one of the fastest growing metropolitan areas in the country, Mayor Coles' testimony will be invaluable for our Committee as we work to reauthorize the transit portion of TEA–21 and improve transit programs in America.

PREPARED STATEMENT OF KWAME M. KILPATRICK

MAYOR, DETROIT, MICHIGAN

JUNE 13, 2002

Good Morning, Mr. Chairman and Members of the Committee. I want to thank you for giving me the opportunity to appear before you today to discuss the importance of Federal assistance for public transportation for the city of Detroit. It is a particular pleasure to appear before a Committee on which Senator Debbie Stabenow serves. We are lucky to have her working for us here in Washington on issues that are important to the city of Detroit such as affordable housing, homeownership, and—of course—public transportation.

During my campaign for Mayor last year, I spent a lot of time talking with the people of Detroit about a new vision. Part of this vision is improving the quality of life, which includes a variety of transportation methods that are needed to connect the downtown area with our neighborhoods and opportunities for jobs that are further away from home. Detroit will always be the "Motor City," but our citizens also want alternative forms of transportation such as buses, trains, light rail vehicles, and people movers.

I have had a longstanding interest in transportation issues. Prior to my position as the Mayor of Detroit, I was a member of the State legislature for 5 years and served as Vice Chairman of the Transportation Committee. In that role, I had the opportunity to observe how Federal assistance affects transportation throughout the State of Michigan. My goal has remained the same—to bring Federal, State, and local governments to the table to enhance transportation options for our citizens.

Since becoming the Mayor of Detroit, I have focused on developing a clearer picture of transportation options available to our city. The city of Detroit is currently examining several transportation alternatives and will continue to work in partnership with the Federal Government to make these plans a reality. I have also been working with the automotive community to encourage new technology to support alternative forms of transportation.

I would like to first discuss how the Federal Transit Program is performing in the city of Detroit and the surrounding region. Southeastern Michigan is an unusual region where transit service is concerned—the city of Detroit is the major transit operator. As Mayor, I oversee the Detroit Department of Transportation (DDOT). We operate 520 buses, employ more than 1,700 people, and carry 41 million riders per year. According to the American Public Transportation Association, DDOT ranks among the top 35 transit agencies nationwide in terms of passengers carried. The city of Detroit also oversees the Downtown People Mover, an automated rail guideway system that serves as a major circulator connecting office, hotel, entertainment, and residential centers in our downtown area. The City's suburban bus agency (SMART bus service) operates approximately 250 buses.

Like all transit providers, the city of Detroit has benefited greatly from funding increases made available during the TEA–21 authorization period. The most important evidence of the impact of this Federal program is the reduction in the age of our bus fleet. In 1993, the average age of our buses was 10.1 years. Today, thanks to the additional funding approved by this Committee, our average bus age is 5.6 years. Our City has also benefited from the Jobs Access and Reverse Commute Program. Through expanded community-based and private van services, we have been able to service residents that are primarily located in empowerment zones. The collaboration of DDOT, the City's Employment and Training Division, and other stake-

holders serve as a key component in helping people make the transition from welfare to work.

As the city of Detroit looks to the future, we hope to make major improvements to the City's transportation infrastructure. We are seeking support from this Committee to create partnership opportunities between Federal, State, and local governments. Here are some of the transit needs the city of Detroit has identified which we seek to address:

- Our Downtown People Mover—now 15 years old—is in dire need of repair and will require significant upgrades if it is to remain a key public transit circulator in downtown Detroit. We have identified an estimated $37.9 million of repairs and improvements needed to upgrade the People Mover.
- A Downtown Central Transit Terminal is needed to link together our existing bus and people mover systems with improved pedestrian walkways and possible rail or bus stations. This proposed terminal will cost about $45 million.
- Our bus system needs maintenance and heavy repair garages which could cost the City up to $120 million.
- Development of a Center City Loop rail service, comprised of modern-day structures, will improve mobility in the core of Detroit, will connect the new downtown area, which is rich in business, entertainment, and cultural activities, and will stimulate neighborhood growth through transit development opportunities. Providing a feasibility study through preliminary engineering is projected at a cost of $20 million.
- The Woodward Avenue Corridor—Southeastern Michigan's main street—has been the subject of transportation studies for a generation. The most recent Alternative Analysis—completed in May 2000—reviewed light rail, commuter rail, people mover, and bus rapid transit options for this corridor. We are now working to move ahead to implement an alternative transit method in this corridor.
- The Southeastern Michigan Council of Governments is examining rail service from Downtown to the Detroit Metropolitan Airport. The City is also supportive of this idea as part of a regional package of improvements that include upgrades to the transit system within the city of Detroit as well.

Meeting these major needs will require a lot of work in our State and region. Our State legislature is reviewing a proposal, which will provide a new organizational structure for our transit agencies. I support changes that will allow for a truly regional approach to improving our transit service, provided that the city of Detroit has an appropriate voice in the decisions that will be made.

As we seek regional transportation solutions in Southeastern Michigan, the city of Detroit looks to Congress for help in providing the funds to meet our transportation needs. Transit programs need to be funded at an adequate, ongoing level by incorporating the following ideals:

- The transit program should grow to $14 billion, the annual level suggested by APTA.
- The guaranteed funding program—which protects the transit program from the ups and downs of the annual appropriations process—should be continued.
- Flexible funding programs—such as the Surface Transportation Program (STP) and the Congestion Mitigation Air Quality Program (CMAQ) should be reauthorized.
- Funding to improve the security of our transit systems should be provided from new Federal resources. Responding to terrorist threats against our Nation is a matter of national policy, and the financial burden for making necessary improvements cannot fall solely on existing Federal, State, and local funding sources. Our initial review of security needs on the DDOT system indicates it would cost us more than $ 30 million to make the necessary improvements.

Detroit is the largest border crossing in North America; the Detroit River runs between the United States and Canada. Like so many other cities, we are seeking funding to revitalize transportation along our waterfront. One item on our agenda is establishing bike paths, which will directly improve the quality of life for Detroit citizens. Our waterfront is a recreational gem that must be redeveloped.

I look forward to working with the Members of this Committee to refine these principles and want to work with you in every way I can to build support for your efforts to enact legislation that embodies them. I am impressing upon my administration and my constituents the importance of moving RIGHT HERE and RIGHT NOW to solve our transportation problems. I know this Committee is prepared to move ahead as well, and I, as Mayor of Detroit, will be there to work with you as we move forward in this process together.

Again, thank you Mr. Chairman for the opportunity to appear before you today.

PREPARED STATEMENT OF H. BRENT COLES

MAYOR, BOISE, IDAHO

JUNE 13, 2002

Good morning Mr. Chairman, Ranking Member Allard, and Members of the Subcommittee on Housing and Transportation. I appreciate the opportunity to testify before you today.

I am Brent Coles, Mayor of Boise, Idaho, where I have served as Mayor since January 1993, following 10 years of service on the City Council. In addition, I am also a member of the Regional Public Transit Authority and the Treasure Valley Partnership which I will speak to later in this presentation.

I am delighted to share this panel with Detroit Mayor Kwame Kilpatrick and Dallas County Commissioner Kenneth Mayfield.

Economic Importance of Boise

With a metropolitan area population of 403,817, Boise is the hub of commerce, banking and government for the State. Many large regional, national, and international companies are headquartered here, including Simplot Corporation, Boise Cascade, Albertsons, Micron Technology, and Hewlett-Packard. As a major tourist and business destination nestled against the foothills of the Rocky Mountains, it is the economic engine for the region. This is in great measure because of our regional focus on improving the Federal, State, and local transportation networks that connect us to the global economy.

I am also here today as a past President and a Trustee of the U.S. Conference of Mayors. The Conference of Mayors represents more than 1,000 cities with a population of more than 30,000. The Nation's mayors know first hand that sustained national economic growth can only be possible through continued investment in the transportation of U.S. metropolitan areas.

Tomorrow, the U.S. Conference of Mayors will release our annual Metro Economies study, which makes it clear that metro areas must continue to be the object of national and State infrastructure investment to sustain U.S. global competitiveness. I firmly believe that the TEA–21 law and its predecessor ISTEA have significantly contributed to the overall economic growth that our Nation experienced in the last decade.

TEA–21 Successes

I applaud the dramatic changes Congress has instituted in the last two surface transportation reauthorization bills. Cities are implementing new transportation opportunities provided by TEA–21 to meet the ever-increasing demand on our public transportation infrastructure, both highways and transit.

Mr. Chairman, I want to emphasize that I strongly believe in the success of the TEA–21 partnership. This law has provided my city of Boise and cities across the Nation with the transportation resources to enhance the quality of life for my constituents and increase competitiveness in the world economy. The partnership has introduced long-term economic, social, and environmental consequences into national transportation policy.

Though suburban sprawl may conjure up visions of LA or Phoenix, the rugged, southwest corner of Idaho also faces significant traffic and air quality problems stemming from rapid growth. During the past decade, Boise, Idaho had the second highest growth rate in the country.

For the first time, our residents began to think seriously about transportation issues. Our legendary "rush-minutes" lengthened and people began to experience longer, less tolerable commutes. Policymakers began to look at ways to protect our quality of life from the impacts of sprawl. Our highly conservative region began to discuss ideas like transit oriented development, protection of open space, and commuter rail.

Four years ago, we formed a working group called the Treasure Valley Partnership. The Partnership consists of mayors and commissioners from general purpose governments in two counties. This group embodies the collaborative principles set out in TEA–21. As a Partnership, we have brought together business, community groups, and local government to make new connections between transportation and land use. I believe that our entire process of governance in the region has been improved and policy decisions are made in a more informed and strategic manner, so that all citizens are better served.

The Partnership began to look seriously at what our region will look like at full build-out. For the first time, we put our comprehensive plans side by side to see if they are consistent with each other. Our planning staffs have begun to talk more and cooperate more. Our transportation plans have more regional buy-in.

The Partnership has directly benefited from TEA–21. Working in collaboration with Idaho Smart Growth and our MPO, we obtained a $500,000 grant for a visioning process that has engaged the entire region in a discussion of sprawl and traffic, and their link to land use. The money has been leveraged with other grant funds to conduct pilot projects which model the conclusions of the broader study.

Based on the principles of TEA–21, the city of Boise purchased more than 18 miles of railroad track and right-of-way that was about to be abandoned by Union Pacific Railroad. We used general fund property tax dollars for this purchase, even though the track is located entirely outside our corporate city limits. We raised private funds to purchase Boise's historic train depot in order to preserve the infrastructure that will be needed someday for commuter and passenger rail service in our region.

The residents of our two-county area went to the Idaho Legislature for the authority to establish regional transit programs. Then, voters overwhelmingly approved creation of a regional transit authority. We have yet to be given a dedicated funding source by the Legislature, but Boise City has provided funding to hire an executive director and we are allowing the regional transit authority to assume operation of our bus system.

This is progress that would not have occurred without the guidance and encouragement provided by ISTEA and TEA–21. There is more to be done, but we believe we are on the right track

Local Decision Making and Public Participation Needed to Reach Full Intent of the Law

Mr. Chairman, I want you to know that I consider the fundamental composition of the TEA–21 law as essentially sound and should be preserved. The U.S. Conference of Mayors also shares this position.

The law provided the tools and the laboratory, but it did not guarantee success. This is up to mayors working with citizens identifying true transportation priorities and ensuring that those locally identified priorities are funded at the State. In enacting ISTEA, Congress recognized that for flexibility to result in good choices, people with on the ground experience need a strong role in decisionmaking. The intention was to turn over significant authority to State and local government, and assert the importance of a strong local role in project selection. ISTEA recognized that everyone had a stake in the outcome of transportation decisions, and that participation by citizens and nongovernmental organizations should be fully integrated into the planning and implementation of projects.

Mr. Chairman, this is where this very good law breaks down. Nationally, State Departments of Transportation are controlling every aspect of this legislation that was intended to empower cities and communities. Citizens are calling for increased public transportation and State Departments of Transportation continue to build highways.

Mr. Chairman and Members of this Committee, I am fortunate to have a State Department of Transportation whereby the Administration understands that the essential role of transportation is to improve not only the State but also my region's economic and social health. Unfortunately, when I visit with my colleagues nationally, I find my generally positive experience with the State Department of Transportation to be unique. This is where the U.S. Conference of Mayors will make a good law even better in the reauthorization. This is the single failing in the law.

The law has not been completely implemented. As a result, the Nation's mayors do not see the Federal, State, and local partnership developed to the point where it is promoting the full intent of ISTEA and TEA–21. Despite much progress, we have failed to fully capitalize on the many opportunities this law intended to make available to our cities. I see the reauthorization of the surface transportation program as that opportunity to reach full potential of the law.

The U.S. Conference of Mayors is developing a detailed set of recommendations on TEA–21 reauthorization that we will share with the Subcommittee shortly. I do however offer suggestions on the issue of suballocation of State Federal surface transportation funds to cities, counties, or regional transportation authorities. In the reauthorization of TEA–21, we call on the Federal Government to preserve and grow a program that suballocate surface transportation funds to metropolitan areas for the repair and maintenance of existing urban highways while giving equal weight to expanding public transit systems, congestion mitigation, safety programs, intermodal projects, land use, and environmental stewardship.

As mentioned previously, the intent of the law recognized the value of local decisionmaking and public participation. If you want local elected officials and the public engaged in transportation planning, there must be legitimate funds on the table that are subject to the process. Larger MPO's, those serving areas with a population

of 200,000 or more, are the only substate agencies who have any confidence about annual funding, and it is only that fraction of TEA–21 highway funds that are suballocated in the law, funding that on a national scale represents about six cents of every dollar made available to the States. The U.S. Conference of Mayors decisively believes that more funding resources should be moved from the State DOT's to local government. We are supporting State suballocation of Federal surface transportation funds directly to cities, counties, or their regional transportation agency. This is a cornerstone of our reauthorization and we are exploring the best way to achieve this objective.

Closing Comments

Mr. Chairman, let me conclude by emphasizing that I believe in the TEA–21 partnership and want to build upon this success. The Nation's mayors value our seat at the table in this process and accept the responsibility of planning and implementing innovative transportation strategies to meet the needs of our citizens. It is clear to us that suballocation of Federal surface transportation funds directly to cities, counties, or their regional transportation agency will ensure that as regional leaders, we have the resources to meet expectations of our constituents to provide transportation solutions that better fit their life needs and lifestyles.

Mr. Chairman, and Members of the Committee, as you move forward on the reauthorization of TEA–21 you can count on my active participation and support on this important issue.

PREPARED STATEMENT OF KENNETH MAYFIELD

COUNTY COMMISSIONER, DALLAS COUNTY, TEXAS

JUNE 13, 2002

Good morning, Chairman Reed. I am Kenneth Mayfield, County Commissioner from Dallas County, Texas, and President-elect of the National Association of Counties (NACo).[1] I very much appreciate the opportunity to testify today before the Senate Committee on Banking, Housing, and Urban Affair's Subcommittee on Housing and Transportation on the reauthorization of the Transportation Equity Act for the 21st Century (TEA–21) and more specifically on the Federal transit program.

NACo has been a long time supporter of the Federal transit program. County governments operate approximately one-third of the Nation's transit systems. Transit, whether it is rail, bus, or van—urban, suburban, or rural—is an essential component of our transportation system. In many of our urban and suburban counties, it is congestion that is the motivating force behind the need to establish and fund a transit system. Environmental concerns and the transportation needs of the economically disadvantaged also drive transit. How we address congestion is probably the most important and difficult issue Congress will have to face in the reauthorization of TEA–21. Solutions are elusive and complex. However, with congestion increasing, more vehicles on the roads, and commute times up, a reauthorization bill that does not seriously attack this problem would be flawed. County officials believe that transit has a key role to play in addressing the congestion crisis.

NACo applauded the actions in Congress and specifically in the Senate Banking, Housing, and Urban Affairs Committee during debate surrounding TEA–21 that lead to a significant increase in funding for the Federal transit program. The 40 percent increase in transit funding has been extremely helpful to NACo members as well as other local governments that operate and have expanded their transit systems. Including a guaranteed funding requirement for transit has been key and we urge that this be continued in the reauthorization along with the general fund contribution. Elected county officials across the country are hearing from their constituents that transit is important and in many urban and suburban communities rail systems are being proposed. While I am sure that not every plan will result in a system, there is a demand out there that requires a larger Federal transit program.

Dallas is one of the communities that has greatly benefited from the Federal transit program and from the increase in funding we experienced in TEA–21. Our light rail system ridership last year was 11.5 million passenger trips. Since our system

[1] NACo is the only national organization representing county government in the United States. Through its membership, urban, suburban, and rural counties join together to build effective, responsive county government. The goals of the organization are to: Improve county government; serve as the national spokesman for county government; serve as a liaison between the Nation's counties and other levels of government; achieve public understanding of the role of counties in the Federal system.

opened in 1996, we have had well over 50 million passenger trips. Currently, DART is undertaking the largest light rail expansion program in North America.

Dallas has experienced explosive growth over the last several decades along with the resulting congestion. In the late 1970's, a number of forward thinking community leaders proposed an area-wide transit system for Dallas and Ft. Worth. However, it was too expensive, too soon, and not well thought out. When it went to the voters, it lost big time. Some people thought at that time the antitransit sentiment in Dallas would never change, just like the winning ways of the Cowboys. They were wrong. In 1983, a referendum was passed in Dallas and individual cities throughout Dallas, Collin, and Denton counties that approved a one-cent sales tax dedicated to the Dallas Area Rapid Transit (DART) for public transit.

With the passage of the sales tax, a funding source was created that lead to investment in light-rail, bus service improvements, commuter rail, HOV lanes, and carpooling. There are 13 individual communities that are part of DART. Even though the sales tax was passed in 1983 and tax collection began in 1984, it was not until 1996 that light rail opened in Dallas. From 1983 until 1996, most communities and citizens stuck with the promise of transit and continued paying into the system. Our 20 mile light rail starter system has exceeded everyone's expectations in terms of ridership and economic development. While developers waited until the system was complete to begin investments, they are now fully engaged in operating major projects around many of the systems 23 stations. The starter system cost $860 million and was built on time and on budget. Incidentally, that $860 million includes everything—rails, cars, and a 3 mile tunnel from downtown Dallas to Mockingbird Lane. The one-cent sales tax paid for 80 percent of the starter system and the Federal transit program paid for the rest—$160 million.

An additional 23 miles of light rail will be opening this year. The 11.2 miles Northeast Light Rail Extension goes from Dallas to Garland. The North Central Extension will serve parts of Dallas and Collin counties by reaching out to Richardson and Plano. The passage in August 2000 of a bond proposal will dramatically accelerate additional light rail expansion through 2010. Seventy-seven percent of those voting supported this bond proposal, another example of the broad support the light rail system has in our community. These two new projects together cost $992 million of which 66 percent was raised locally. However, I must emphasize that without the $333 million in Federal new start funds, we could not have moved ahead.

While economic development followed DART's starter light rail system, the success of that system made believers out of the development community. Rather than taking a "wait and see" view, developers have jumped in and have already built a number of projects adjacent to the two new lines. At Galatyn Park a new 11-story hotel has been constructed next to the light-rail station and in downtown Plano high-end apartments with extensive retail space have been opened. To date, over $1 billion has been invested in private development along DART's existing and future light rail lines. A University of North Texas study projects DART's current expansion program and operations will pump $3.7 billion into the regional economy and support approximately 32,000 jobs through 2003. Between 1996 and 1998, taxable values for property near light rail stations were about 25 percent higher than comparable properties not served by rail. Downtown Dallas residential and commercial development has experienced an upswing with the advent of transit.

Rather than being perceived as being in competition with highway building, these projects complement our highway system in Dallas. The North Central Line parallels the North Central Expressway where TXDOT is currently undertaking a huge interchange project known as the High-Five Project. Our new light rail system is opening at the right time to give commuters an alternative to the congestion that is inevitably being created by this large construction project. And that is how we view transit in Dallas—as a transportation alternative. We do have plans for the additions to the DART system. The Southeast Line would extend 10.2 miles to Fair Park and Pleasant Grove, all within Dallas County, by 2008. The 17.5 mile Northwest Line will go along the I–35 corridor to Denton County by 2008, including a stop at Love Field. A 13 mile branch of this line will go to Las Colinas and on to Dallas–Forth Worth Airport by 2010. While we will continue our policy of a local overmatch, we will need Federal funding for both these projects.

Mr. Chairman, this concludes my testimony. I would be happy to answer any questions you or other Members of the Subcommittee may have.

RESPONSE TO WRITTEN QUESTIONS OF SENATOR REED FROM KWAME M. KILPATRICK

Q.1. What lessons his Detroit learned from its People Mover system that it plans to incorporate into its future transit plans?

A.1. Detroit is downtown People Mover system has made rail transit a safe, reliable, efficient, and accessible transportation option for all of Detroit's citizens. This light-rail system provides connections between the courts and administrative offices of several levels of government, sports arenas, exhibition centers, major hotels, and commercial, banking and retail districts. Service is frequent, unencumbered by vehicle or pedestrian traffic, and conveniently available throughout the central business district. Not only does the People Mover enhance business development and pedestrian travel by moving people effectively throughout the City, but it compliments other forms of public and private transportation as well.

The Detroit People Mover has also proven to be an indispensable method of transit during large-scale events, transporting 35,000 North American International Auto Show visitors throughout the City and over 13,000 passengers to and from Joe Louis Arena during Detroit Red Wing hockey games. The city of Detroit plans to utilize rider data gathered from these peak passenger times to augment the Detroit People Mover's services during future large-scale events such as Super Bowl XL in 2006.

Q.2. Do you see rail or bus service as the priority for Detroit?

A.2. Efficient light-rail service, when combined with carefully designed roadways, comprehensive bus services, and clear traffic and parking policies, comprise a coherent transportation system. However, a light-rail system cannot be successful without the integration of these supporting elements. Detroit is committed to building these key transit compliments to achieve a fully incorporated transportation system for the City. The construction of the Detroit Department of Transportation's (DDOT) Downtown Transportation Center, which will work directly with the People Mover, will strengthen its viability as a major transit operator for the City. The coordination of all transit services, in conjunction with the Detroit People Mover, will be essential for the achievement of safe, reliable, efficient, and accessible transportation for both the citizens of Detroit and visitors to the City from around the State, the country, and the world.

TEA–21: INVESTING IN OUR ECONOMY AND ENVIRONMENT

WEDNESDAY, JUNE 26, 2002

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

The Subcommittee met at 10:10 a.m. in room SD–538 of the Dirksen Senate Office Building, Senator Jack Reed (Chairman of the Subcommittee) presiding.

OPENING STATEMENT OF SENATOR JACK REED

Senator REED. The Subcommittee will come to order.

I want to welcome the witnesses. This is a very important panel of business leaders and environmental leaders here to discuss the critical issues of transit in the United States as we prepare for the reauthorization next year.

Let me just advise the panel and everyone else that both Senator Allard and I are engaged in the debate on the national missile defense which is taking place on the floor which will begin at 11 a.m. And so, I would ask the witnesses to adhere as closely as possible to the 5 minute rule in terms of your presentations. All of your statements will be made part of the record, so that you can summarize and abbreviate when and if possible.

Let me introduce the witnesses first, and then they may begin their testimony.

Mr. Carl Guardino is President and CEO of the Silicon Valley Manufacturing Group, which represents 190 companies employing a quarter of a million workers who fuel our Nation's high-tech sector. Mr. Herschel Abbott is Vice President of Governmental Affairs for BellSouth. He is here to describe BellSouth's effort to integrate transit into his company's relocation efforts. Mr. Robert Broadbent is the Manager of the Las Vegas Monorail Company, who has years of experience in transportation and business. Mr. Hank Dittmar is a Board Member of the Surface Transportation Policy Project, with a wealth of experience in transportation policy. And Mr. Michael Replogle is Transportation Director for Environmental Defense. He has been involved in transportation policy for 25 years.

I know my colleague, Senator Ensign, plans to join us at some time so that he can also welcome Mr. Broadbent. And my colleague, Senator Miller, similarly, would like to welcome Mr. Abbott. When they arrive, we will make sure that happens.

At this point, let me recognize Mr. Guardino for his testimony.

STATEMENT OF CARL GUARDINO
PRESIDENT AND CHIEF EXECUTIVE OFFICER
SILICON VALLEY MANUFACTURING GROUP

Mr. GUARDINO. Thank you, Chairman Reed. It is a pleasure to be here this morning to speak to you from a business perspective about TEA–21's benefits for economic development, for my comments about TEA–21's matching requirements, the Act in general, recommendations on the reauthorization of TEA–21, and Silicon Valley's future transit needs, all in 5 minutes or less.

[Laughter.]

By a quick way of reference, the manufacturing group was formed by David Packard, Co-Founder of the Hewlett Packard Company back in 1978, as a way for CEO's in Silicon Valley to get directly and personally involved in the issues that impacted the economic health of our region, State, and Nation. But also, equally important, the quality of life of their employees, their families, and the broader community.

Needless to say, the issues that we focus on that impact both the economic health and quality of life cover five core areas, in addition to transportation, affordable homes, education, the environment, and energy.

As you know from the employers and their employees in your States, traffic congestion has a direct impact on not only the quality of life of your constituents, but also on the economic health of your communities and companies as well.

Each year, I sit down with 95 of the top CEO's in Silicon Valley and ask them a very simple question: For your company in Silicon Valley, what are the key issues that impact your ability to stay healthy and competitive, as an employer? The top responses, for 5 years running, are traffic relief and affordable homes.

The reason is clear. In an Information Age Economy, workers in Silicon Valley and in many of the communities that each of you represent, workers can work anywhere in the world they want. And they are only going to choose to work in our States if we ensure that we have reduced traffic and provide viable alternatives to the automobile.

It would be easy for me as a business leader to appear before you to discuss transit and transportation needs and to not do anything directly about it. At the Manufacturing Group, we continue to do what we can to put our wallets where our words are.

In 1984, we led the first countywide effort in California's 58 counties to become a self-help county. That is, a county that was willing to tax ourselves through a voter-approved ballot initiative to fund our own improvements. That 10 year, half-cent sales tax raised $1 billion in local funds and built three key transportation improvements, all completed on-time and on-budget.

In 1996, recognizing that additional improvements were needed, we once again spearheaded a half-cent sales tax, this time to last for 9 years, which is generating $1.4 billion in local revenues. That measure, which includes 18 specific transportation improvements, 65 percent rail transit and 35 percent roads, will be completed, as promised, on-time and on-budget, by April 2006.

Then in November 2000, we co-led an effort to tax ourselves with a 30 year, half-cent sales tax for a traffic relief measure that will

generate more than $6 billion in local funds, for a measure that is 100 percent transit. Santa Clara County voters passed that initiative by a resounding 72 percent of the vote.

All told, those three local measures alone will generate more than $8.4 billion in local transportation funding. It is important to note that 41 cents of every dollar we raise in sales tax revenue is paid for by employers. And in a global marketplace, where our employers cannot pass off those additional costs to customers, we view these measures not as a tax, but as an investment in our economies and in our workers' quality of life.

There are two quick points that I would like to make about the renewal of TEA–21.

First, please retain the flexibility provisions of the ISTEA and TEA–21. This has allowed local decisions and local input about how dollars are spent. In Silicon Valley and the Bay Area, through our MPO, the Metropolitan Transportation Commission, this has meant the ability to direct dollars to either greatly needed road improvement, a new rail line, an enhanced bus system, whatever we needed to meet local needs to fight congestion.

Second, a quick comment about the New Starts Program. In a time of limited Federal resources, where you are asked to fund numerous worthwhile improvements throughout the country, I would underscore the need to leverage each one of those taxpayer dollars to the fullest. As I described above, our region has stepped up to the plate with local funds that well exceed the minimum 20 percent non-Federal match. We believe Congress should consider rewarding "Super Matched" projects, such as the Silicon Valley Rapid Rail Corridor in my area with credit enhancement techniques or other Federal guarantees to ease project financing. This will also provide an incentive to other areas around the Nation to step up to the plate as well. With limited dollars, we need to seek out and reward those communities that have shown a strong willingness to help themselves, to partner with you, and to find more local funding to match Federal funding.

Finally, I am honored that you have asked what improvements are important to the ongoing success of Silicon Valley and the Bay Area region. Working through the MTC's 2 year planning process, the nine county San Francisco Bay Area has developed an improvement plan that includes top-tier priorities for Federal funding consideration.

First, our current number one priority is to finish the greatly anticipated BART or Bay Area Rapid Transit line to San Francisco International Airport. It is vital to our region's economy.

As we complete the BART 2 SFO extension, the Bay Area stands united behind two equally important regional improvements—both with considerable amounts of matching funds from the local level.

I will mention just one of these improvements that was funded through our November 2000, half-cent sales tax, the Silicon Valley Rapid Rail Corridor, which would bring BART to Silicon Valley and would eliminate nearly 80,000 automobile trips every workday. Sixty-one percent of those capital costs and the ongoing operation funds were funded through that sales tax measure in November 2000. Seventeen percent more has been allocated from our State

legislature and governor. We have a 78 percent local and State match, seeking 22 percent over the next 10 years in Federal funds.

We hope that with such a considerable overmatch, that we will look forward to making this improvement a reality within the next decade.

It is an honor to be here and an honor to forge worthwhile partnerships like this between the Federal Government, local and State government, and those of us in the private sector.

Thank you very much for allowing me to speak to you today.

Senator REED. Thank you very much, Mr. Guardino.

Let me now call upon my colleagues, because I do believe that they have a word of introduction for their guests.

Let me turn to Senator Ensign, please.

COMMENTS OF SENATOR JOHN ENSIGN

Senator ENSIGN. Thank you, Mr. Chairman, and thank you for conducting this hearing.

I want to introduce a good friend who we have come to know over the years, a very talented individual, Bob Broadbent. He was the Mayor of Boulder City and Clark County Commissioner for a combined 23 years. He looks a lot younger than that.

Mr. Broadbent was appointed by President Reagan to serve as the Commissioner of the U.S. Bureau of Reclamation, and was also appointed by President Bush to serve on the Tahoe Regional Planning Agency. He served on the Board of Governors for the Las Vegas Convention and Visitors Authority and was Director of the Clark County Department of Aviation for 11 years. And during Bob's tenure as the Director of Aviation for Clark County, Las Vegas McCarran Airport went from the 23rd to the 10th largest airport in the Nation.

Bob knows just a little bit about construction after serving at the airport during that time.

Bob's name really is synonymous with calling in the cavalry in Clark County. The monorail project which he has overseen is $20 million under-budget and ahead of schedule. This is the first privately financed public transportation system in the world.

It is mainly because of Bob's talent that we have been able to realize this for our community. Bob has some suggestions about improving the way that we build public transportation systems. There are too many disincentives for the private sector to participate in financing public transportation systems, and I think, Mr. Chairman, that he will add a lot to the hearing today and, hopefully, will help us improve the legislation that we are working on.

So thank you for allowing me to interrupt, and I need to excuse myself.

Thank you.

Senator REED. Thank you, Senator Ensign.

Senator Miller.

COMMENTS OF SENATOR ZELL MILLER

Senator MILLER. Thank you very much, Mr. Chairman, and thank you for holding this hearing.

I wanted to come here just for a few minutes myself and say how much I appreciate the fact that you have invited a Southerner to

be one of the witnesses in this hearing this morning. You could not have found a better one.

Mr. Herschel Abbott is, of course, the Vice President of Governmental Affairs for BellSouth in Atlanta, and before that, he was in charge of BellSouth's operation in Louisiana.

BellSouth and Mr. Abbott have a wonderful story to tell. I am sure he will get into it and tell it better than I can. But we are very proud of what BellSouth has done with what we call the Atlanta Metro Plan, which has relocated almost 10,000 employees into three new office buildings that have been built over or near our MARTA transit system. And this has helped tremendously in reducing commute time, congestion and negative emissions, car emissions.

And so, I just wanted to come here and listen to my fellow Georgian, and thank you for having him as a witness.

Senator REED. Thank you, Senator Miller.

Senator Allard, your comments?

COMMENTS OF SENATOR WAYNE ALLARD

Senator ALLARD. Mr. Chairman, I would just like to submit my statement for the record and just make some brief comments here.

Senator REED. Without objection.

Senator ALLARD. I am looking forward to your testimony, Mr. Broadbent, in particular, your testimony on how we get the private sector involved in the mass transit system. I also think that in our mass transit systems, we need to encourage more local participation, more accountability.

I was glad to hear the comments that your projects are getting done on time, or ahead of time, on budget schedule. Those are important parameters and I am going to be looking in legislation for incentives that encourage more local match, that would encourage staying on time with your projects and everything else.

So that is a good start.

Thank you, Mr. Chairman.

Senator REED. Thank you, Senator Allard.

Mr. Abbott, please.

STATEMENT OF HERSCHEL L. ABBOTT, JR.
VICE PRESIDENT–GOVERNMENTAL AFFAIRS
BELLSOUTH CORPORATION

Mr. ABBOTT. Thank you, Mr. Chairman and Members of the Subcommittee.

I am Herschel Abbott. I cannot count the number of times that I have testified before legislative bodies and commissions, but this is one of the first times, one of the few times when I can say that I am really glad to be here because we have a great story to tell.

At a time when we read all too often about questionable corporate conduct, I get to tell you that my company, BellSouth, is a real hero back in Atlanta, a hero that displays the kind of leadership that Americans expect and deserve from their corporations.

In Atlanta, BellSouth is relocating and consolidating approximately 9,800 employees. We are now building three new, energy efficient building centers with a total of 2.7 million square feet to facilitate that relocation and consolidation. The budget for that is

$750 million of our money. Putting those buildings and employees on top of or near mass transit, the MARTA in Atlanta, which is a tremendous partner for us. I will talk about MARTA in a second.

In cooperation with MARTA, we are building free and secure parking facilities at MARTA's rail heads, so that our employees can come in and have a free place to park that is secure and then get on the MARTA and go to their places of employment.

The process, which is scheduled to be complete in September 2003, will have six major office complexes, all on or near rail stops, giving our employees the option of taking the rail to work and the option of traveling between those buildings without cranking up their cars, because we have a lot of movement of employees back and forth between the buildings during the day. Now, they can move back and forth more quickly without ever getting in their cars. And it will greatly reduce the number of car trips and we will have built a model for sustainable business growth in an urban setting. This is not the first time BellSouth has worked to create a business in an urban city. In 1980, we built the first 45-story building in Atlanta over a mass transit facility, and that is the BellSouth Center. Thirty percent of the employees in that building ride mass transit.

Let me set the stage for our most recent initiative.

For those of you whose principal experience with Atlanta is changing planes at Hartsfield Airport, let me tell you that Atlanta is a clean, vibrant city with friendly people and lush green suburbs. People tend to like Atlanta. They have been flocking there since the 1960's. In fact, between 1960 and 2000, Atlanta has not seen a decade's worth of growth where it grew by less than 27 percent. Growth in the most recent decade, 1990 to 2000, was 39 percent, with metro Atlanta growing by 500,000 people during that decade. The region is home to three of the Nation's fastest growing counties—Forsyth, Henry, and Paulding.

Atlantans now have a metropolitan area of approximately 4 million residents and suburbs that stretch almost to Tennessee in the north, and to Alabama in the west, almost to South Carolina in the east, and deep into the flatlands of Georgia to the south.

California is not the only place where people love their cars. They say that Atlantans would drive from the kitchen to the bedroom if they could figure out how to get the car in the house.

[Laughter.]

The growth has taken its toll. Atlantans endure the Nation's longest commute—unless *The Post* was right last week, I think, when they announced that D.C. had, as I recall, the longest commute. But let me tell you—Atlanta is right up there, with an average round trip of 34 miles for every person. They spend 69 hours annually, the equivalent of almost 9 workdays, sitting in traffic.

At the same time, new road projects have been stalled because the region is too frequently out of compliance with the Federal Clean Air Act standards, an average between May and September of 11 days.

Those are the challenges that Atlanta faces.

The challenge BellSouth faced 3½ years ago was symptomatic of Atlanta's rapid growth. We had in our employee population a growth of 22 percent between 1993 and 1999, from 15,000 to

18,000. Like the city, we not only grew, but also we spread out. Before we created the Atlanta Metro Plan, we had at least 61 buildings in known facilities. At the completion of this project, we will have five office projects that stretch from downtown to the near north side.

When we move into the project when it is completed, we will have 85 percent of our employees in metro Atlanta working within walking distance of MARTA, or over MARTA itself.

One of BellSouth's goals is to be a great place to work. This plan moves us to this goal because it saves employees time. It saves employees money. It saves wear and tear on the employee's spirit. It is environmentally sound, and it is at least a small step in reducing this Nation's demand for oil.

We are very proud of this project. And if I may beg one moment's indulgence, just let me say about MARTA, what a wonderful partner they have been. How important it is to the city of Atlanta that reauthorization go forward. They are in desperate need of expanding their railheads to the north, to the west, and those are under study. I cannot think of a more useful goal to pursue.

Thank you very much, Mr. Chairman.

Senator REED. Thank you, Mr. Abbott.

Mr. Broadbent.

STATEMENT OF ROBERT BROADBENT
MANAGER, LAS VEGAS MONORAIL COMPANY

Mr. BROADBENT. Mr. Chairman and Members of the Subcommittee, I want to thank you for the opportunity to appear today to share with you our experience in the creation and implementation of the first truly public-private partnership in the United States for a modern, urban-grade rail transit project in Las Vegas.

I want to thank Senator Ensign for his invitation and for his support of the Las Vegas Monorail project.

After years of planning, our business community became very frustrated with the traditional model for developing and financing a Federally-funded rail system. In 1997, the MGM MIRAGE and Park Place Entertainment hired me to assemble a team to build such a project.

On September 20, 2000, the team I led closed a $650 million financing package to build the $400 million backbone of what we intend to be an 18 mile regional transit system. This first segment is a 4 mile monorail system with seven stations now under construction along the Las Vegas strip corridor, an area of population density equivalent to midtown Manhattan. The financing for this original segment is entirely private, with no Government monies needed to fund capital or operating expenses.

We were able to finance the initial segment of our project without Government funds. We will still need the active participation of Government.

Senator Reid provided critical leadership at all stages along the way and we wish to take this opportunity to thank him sincerely and to acknowledge his outstanding efforts.

Our Governor, Kenny Guinn, agreed to use a nonprofit corporation to own and operate the project, appointing its directors. The Regional Transportation Commission of Southern Nevada agreed to

work with us to ensure the compatibility of the monorail with its extensive and important CAT bus system.

This project is now owned by a nonprofit corporation, the Las Vegas Monorail Company, and the initial segment is scheduled to open in 2004. When it does, it will serve over 20 million passengers in its first year of operation.

Now, in order to finance the important extensions to our initial backbone segment, our public-private partnership is working very closely with our new Federal partner—the U.S. DOT—to obtain a full funding grant agreement to fund less than 17 percent of the cost of the combined system.

We are also working with U.S. DOT to secure next year a TIFIA loan to leverage the new private-sector resources we are attracting for extensions. Hopefully, this will permit a seamless construction of the next phase, an extension, with huge cost savings. You will not be surprised to hear that we have been confronted with a number of important Federal disincentives to attracting private capital, innovation and initiative, to major rail transit.

For your consideration in reauthorizing TEA–21, I offer the following recommendations.

The Section 5309 Funding Process. Congress should work with the FTA to refine the full funding grant agreement process to facilitate public-private partnerships. But for a conventional Federally-funded transit project, the time between selection of a project for a full funding grant agreement and the actual execution of the contract can take a year or more. In most cases this is satisfactory because other project activities, the grantee must perform, keep full funding grant agreement execution from being on the critical path. In the case of a public-private partnership, such as that which we are pursuing for the FTA-funded extensions to the Las Vegas Monorail, we will be ready to close our project financing and issue a notice to proceed to our Design-Build contractor immediately on getting a full funding grant agreement. Thus, a year delay between full funding grant agreement approval and execution is an unnecessary delay in delivering the project.

Consider the FTA current requirements of advanced final design to the greatest extent possible before executing an FFGA. There is concern that the timing for funding and the start of design construction will not be compatible for the monorail. This requirement is certainly not conducive to minimizing financial risk to the Federal Government.

Under Design-Build, a guaranteed, firm, fixed price is obtained before final design is completed because detailed information about utility relocation and land acquisition, the two biggest unknowns in rail development process, is obtained. With a properly structured Design-Build contract, with an up-front guaranteed fixed price, the Federal Government effectively transfers the financial risk to the contractor.

The NEPA. Congress should make clear that it did not intend NEPA to prevent the completion of procurement activity ahead of the issuance of a record of decision. One of the key values of public-private partnerships is their ability to accelerate construction. And no one suggests that construction should commence before a record of decision, but FTA and FHWA are reading NEPA to prevent the

issuance of an RFP, the selection of a contractor and the award of a contract pending a final ROD, all actions that have nothing to do with the selection of a project alternative or even the decision not to build. If an FTA grantee wishes to use his own funds to move along the selection of a contractor, to be prepared to move quickly if the lead agency selects a "build" alternative, this is taking actions in parallel rather than in sequence. This is not prejudicing the outcome of the NEPA process in any way.

Likewise, current land acquisition regulations prohibit even private entities from going out and securing land, or even securing options for land, that could become part rail projects until the record for decision for the new start project is obtained as part of the NEPA process.

The Design-Build and DBOM contracting. Congress should also continue to encourage Design-Build and Design-Build Operate Maintain contracting for Federally-funded projects and remove as many regulatory barriers as possible to State and local grantee use of innovative procurement processes in their award.

The key to success, as with anything else, is how to use them. I offer this conclusion from my own perspective, from the perspective of the monorail's original sponsors, and from the experience that we are seeing on the ground. Today, the Las Vegas Monorail is halfway through its 40 month development process. It is on-time and $20 million "under" budget. And remember, we awarded the DBOM contract in advance of the final design.

The TIFIA program. Congress should reauthorize the TIFIA program and refine it to encourage more private investment projects supported by TIFIA.

I won't go into it in the long part of TIFIA because of time, but Mr. Chairman, I appreciate the opportunity to brief you on the Las Vegas Monorail, and offer my experience and my suggestions for TEA–21 reauthorization.

The public-private partnerships are not a panacea and will never justify a reduction in the amounts needed to be appropriated for surface transportation. There are simply too many already unfunded needs. They are proving, however, to be an increasingly valuable tool to supplement available grant funds and to narrow the gap between needs and resources.

I will be pleased to answer any questions.

Thank you.

Senator REED. Thank you very much, Mr. Broadbent.

Mr. Dittmar.

STATEMENT OF HANK DITTMAR
PRESIDENT, THE GREAT AMERICAN STATION FOUNDATION
ON BEHALF OF THE
SURFACE TRANSPORTATION POLICY PROJECT

Mr. DITTMAR. Chairman Reed and Senator Allard, thank you for the opportunity to appear today.

I am Hank Dittmar. I am the President of the Great American Station Foundation. I am appearing here today on behalf of the Surface Transportation Policy Project, where I serve as a Member of the Board of Directors. We are a coalition of groups dedicated to improving transportation policy.

I will try to briefly summarize my testimony, understanding that you have a difficult time schedule.

First, I want to commend you and the State of Rhode Island, Mr. Chairman, for the leadership that you have shown in advancing the principles of ISTEA and TEA–21, and in moving forward to integrate intercity rail, commuter rail and aviation through the project at the T.F. Green Station at the airport.

This kind of project and this kind of leadership by a State really exemplifies the kind of inter-governmental, inter-modal partnership that we need to put together to help our Nation travel into the next century.

That said, I want to focus on transit's benefits for economic development for transit users in the business community.

Michael Replogle, who is a member of our coalition, will focus on the energy and environmental benefits.

I would make seven key points.

First, transit ridership is growing and this growth reflects its increasing value to the transit user. What we have seen in the last couple of years is record ridership increases in transit with growth in big cities like New York of 2.9 percent, Los Angeles of 16 percent, but also growth in our medium-size cities, like 11.7 percent in Albuquerque, 6.7 percent in Providence, 7.7 percent in Denver, 5 percent in Boise City, Idaho, or 16 percent in Oklahoma City.

Clearly, what is happening is not confined to the traditional transit cities of the northeast and the west coast. It is really a national phenomenon. And I think that tells us something important about transit, which is that people are valuing the option that it provides to leave the automobile at home, at least part of the time. It is really not about the automobile or transit. It is about the additional choices that are afforded to consumers by having transit available for trips.

Second, I believe the demand for transit is only going to grow in the coming decades. The 2000 census results show us that household size is shrinking. We have more households of empty-nesters, singles, and nonfamily residents. The traditional nuclear family that made up 40 percent of households in 1970 is now less than 24 percent. This, along with immigration, bode well for transit's gains in the future.

Third, access to transit has become a key factor in corporate location decisions. Jones Lang LaSalle found that 77 percent of New Economy companies rated access to mass transit as an extremely important factor in making corporate location decisions.

Fourth, development near transit is seen as a sound investment choice. PricewaterhouseCoopers emerging trends in real estate advised investors this year: Markets served with mass transportation alternatives and attractive close-in neighborhoods should be positioned to sustain better long-term prospects as people strive to make their lives more convenient.

Fifth, transit provides a substantial economic benefit to the user, enabling them perhaps to not have that third car, that fourth car, in some neighborhoods, the second car, saving a good part of the cost of car ownership and making that available.

Sixth, wealth-creating activities, such as homeownership. Fannie Mae and others are pursuing now transit-efficient mortgages which

recognize the savings to be gained from living in transit-rich neighborhoods and using that income to enable people to buy homes.

Seventh, transit spurs development. Transit-oriented development, we are completing a study in Arlington County, Virginia, which found that the county has captured over 13 million square feet of office space and 2 million square feet of retail in the corridor along the metro station and that that corridor generates 33 percent of the county's real estate tax on 7 percent of the land.

That said, I would like to summarize briefly a few issues that our coalition believes that you should consider in the reauthorization.

First, that this Committee, with joint jurisdiction over housing and transit, could begin to look at the linkages between affordable housing and transit. The States of California and Maryland have acted to give priority to projects near transit, in allocating their share of low-income housing tax credits, enabling low-income people to walk to transit instead of own cars.

Second, we believe you should treat transit the same as highways. If you are considering changing the match for new starts and new transit capacity, then this should be accompanied with a change in the match for new highway capacity as well, treating them the same.

Third, we believe there needs to be established a new transit innovation initiative, patterned after the service and methods demonstration program, which looks at transit service innovations, including public-private partnerships, evaluates them and creates transferable results for importation to other areas.

Fourth, we believe the job access and reverse commute program can be improved by increasing its focus on replacement jobs within core urban areas served by transit and improving transit to those areas.

Fifth, we believe that there are a number of things that can be done to enable transit-oriented development, by loosening up regulations that have prevented public-private partnerships to emerge around stations and perhaps finance transit facilities.

Last, we believe that the Committee should exercise its joint jurisdiction with the Environment and Public Works Committee over the planning and project selections of TEA–21, adjusting metropolitan planning organizations to reflect the changed realities of the 2000 census, and moving to use new decision support tools to integrate alternative scenarios into transportation corridor studies.

I want to thank you for offering me the opportunity to be here today and I will await any questions.

Senator REED. Thank you very much, Mr. Dittmar.

Mr. Replogle, please.

STATEMENT OF MICHAEL A. REPLOGLE
TRANSPORTATION DIRECTOR, ENVIRONMENTAL DEFENSE

Mr. REPLOGLE. Thank you, Mr. Chairman.

I want to talk today about the environmental benefits of transit. I think the accomplishments of this Committee and its leadership in showing that transit can produce positive benefits for the environment are quite remarkable.

We have done a lot since TEA–21 was passed. Transit ridership is hitting record levels. And with that, we are taking record num-

bers of cars off of our roads to cut greenhouse gas emissions to help protect public health from criteria pollutants.

We need to do more as we look to TEA–21 reauthorization to build on these successes to guarantee additional funding for transit investments that help clean up the air, and to help our communities deal with other health risks related to transportation, such as the recent research that shows that cancer risks of those living close to major highways with high traffic volumes are at unacceptable levels. Transit can help us avoid and mitigate some of those cancer risk problems as well.

As we look forward, we see that, despite the progress on clean air, that we still have a growing number of Americans living in areas with unhealthy air quality. In fact, the numbers jump by almost 50 percent as we adopt a new national ambient air quality standard and recognize that the health science shows that more Americans are living in places where the air is not healthy to breathe. We have seen new links showing that high ozone levels actually cause asthma in children who exercise more.

These are some very troubling health problems that transit investments can help us deal with.

Climate change is another growing problem. Twenty-eight percent of all of the climate change emissions come from transportation. Transit has a huge role to play here. Full buses are six times more efficient than cars. Full rail cars are 15 times more efficient than the typical commuter's automobile.

For every 10,000 solo commuters who leave their cars at home and commute on transit for a year, we cut our fuel consumption by 2.7 million gallons. While intercity rail carries only about 1 percent of all passenger miles traveled by Americans, it accounts for only one-tenth of a percent of our energy consumption for transportation. Protecting Amtrak and investing in more high-speed, intercity rail needs to be part of our agenda to protect the environment.

Public transportation as a whole is cutting our gasoline use in America by more than 1½ billion gallons a year and preventing the emission of 63,000 tons of hydrocarbons and 78,000 tons of nitrogen oxides. These do not even count the benefits that we get because transit supports alternative patterns of living where people can live in buildings and neighborhoods that use less energy. Research shows that transit-supported compact developments use 10 percent to 30 percent less overall energy compared to low-density sprawl development.

We have success stories all over the country.

Just to pick one, the city of Denver is doing some really stunning work in making transit work to revitalize cities and communities like the old Englewood Mall, which was a few years ago a dead and dying suburban mall; now it has been reborn as a mixed-use urban center.

We are seeing transit use go way up, far greater than ridership projections, in Denver and many other cities. To enable transit to do the best job possible we need to make sure that we are getting good accountability for how the money gets spent under all of our transportation programs.

ISTEA and TEA–21 created new systems for planning, for managing, and for monitoring the performance of transportation. And

with those systems, we are able to better look at and anticipate these impacts.

Communities are finding that transit investments are often the best way to accommodate mobility and meet air quality and other goals. There is a risk that environmental streamlining proposals proposed by some could undermine this important accountability and undermine our investments in transit and our choices and the information needed to make wise choices for communities.

In closing, I think we need to be looking particularly to increase funding available for the Congestion Mitigation Air Quality program (CMAQ) in the reauthorization to account for the increased population living in nonattainment areas. We should not be undercutting the pollution reduction programs funded by CMAQ by holding that program constant.

I note that there is a lot more that we can do as well with incentives, like enhancing commuter choice options, that encourage employers, as BellSouth has done, to provide transit benefits to employees to help cut traffic and to help leverage more private investment to support transit operations.

Thank you.

Senator REED. Thank you very much, Mr. Replogle, for your excellent testimony. And I want to thank all the witnesses for their testimony. I assume we will have about 20 minutes before we have to get to the floor. So, you have allowed us sufficient time to ask questions, and I thank you for that also.

Let me begin.

Mr. Replogle, you have done extensive research and there is a question that always comes up with respect to transit—is it over-subsidized compared to other modes of transportation? Do you have a conclusion based upon your research?

Mr. REPLOGLE. Yes. In all of the research that I have done on this we can see that all motorized modes of transportation have substantial subsidies in our society and, in fact, across much of the world. Transit is not over-subsidized. In fact, I think when one looks at the total costs of all the different modes of transportation, we find that our highway system actually only covers about 60 or 65 percent of the cost of operating and maintaining that system out of taxpayer dollars.

There are a lot of hidden subsidies in all of our systems of transportation financing. In order for transit to compete against all of these subsidies, we have to provide a sound base for public support for transit. And we should sustain and expand that support.

Senator REED. Thank you. One other question. You have mentioned the tax incentives, commuter choice, I think one particular one. Which steps should we take when it comes to tax policy to help reduce congestion and environmental adverse impacts?

Mr. REPLOGLE. Well, I think there is more that Congress can do to support commuter choice, encouraging employers to pay for the transit benefits for employees and to offer cash in lieu of parking incentives that can help level the playing field when commuters consider how to get to work.

There are three bills that have been introduced in Congress. One would raise the tax-exempt benefit for employee commute benefits for transit to be equal to that for parking benefits. Right now,

parking still gets a preferential benefit of $180 a month, where transit is capped at $100 a month tax benefit. This harms people who use commuter rail and other more expensive forms of transit.

A second bill would extend Federal tax credits to employers who pay for transit benefits, building on the successful model of half a dozen States, such as Maryland, that offers a 50 percent tax credit for employers who pay for transit benefits for their employees.

The third bill would extend commuter choice benefits to bicycle commuters, rewarding employers who offer bicycle benefits to their employees who choose to peddle to work. I think we can also go beyond that and recognize additional incentives like Maryland has done for cash in lieu of parking incentives, which right now are taxable income. This inhibits a lot of employers from offering a $2 to $3 a day nontaxable incentive for commuters willing to give up a parking space.

Studies in Southern California and Minnesota show that where such incentives are offered, on average, 1 out of 8 commuters who now drive to work find another way to get to work and take that money, switching to car pools, transit, walking, or biking. It is a very cost-effective way.

Senator REED. Thank you very much. I am going to try to work my way down the panel as my time allows.

Mr. Dittmar, you mentioned several initiatives that we could undertake. You also mentioned the growing ridership on transit. Let me ask you, in your view, what is the most important single thing we can do to encourage this ridership increase as we reauthorize TEA–21?

Mr. DITTMAR. I think the ridership growth is driven, as I said, by demographic factors. But it is also driven by the increasing availability, convenience, and attractiveness of transit.

So continuing to invest in growing transit systems, both through New Starts, rail and rapid bus, but also in investing in and encouraging existing systems to improve the headways and convenience of existing systems is critical.

If you have to wait half an hour for a bus on a road, it is less likely that you will use it, than if the bus arrives frequently enough that you do not have to refer to a schedule.

The third thing relates to the commuter choice piece that Michael was talking about. I think it is very important to integrate, to make transit more attractive for the user by simplifying the fare structures and making it easier for people to get access to these commuter choice benefits. And sadly, I think a lot of transit agencies have not really moved with alacrity into offering the commuter choice programs in an employer- or employee-friendly manner.

A move to encourage smart cards and other fare medium that are easily portable and not complicated, I think, would get a lot more people on transit.

The Committee, I think, could craft legislation to encourage transit operators to do more in this area.

Senator REED. Thank you, Mr. Dittmar.

Let me for the moment defer my questions until the second round, if time is available.

We have been joined by Senator Dodd. I don't know if you would like to make an opening statement now, Senator Dodd.

COMMENTS OF SENATOR CHRISTOPHER J. DODD

Senator DODD. No, thank you, Mr. Chairman. I will just move along. I apologize. We had a hearing and mark-up downstairs in the Labor Committee dealing with some cancer issues that we are trying to grapple with. And I apologize for not being here earlier.

Thank you for today's hearing, and I thank our witnesses as well for their testimony. I have a question or two when it gets to the appropriate time. This is extremely worthwhile and it is a very good use of the Subcommittee's time. I think this is the third hearing we have had in this area, to really help us build a body of evidence here as we approach these issues.

Just the one observation, Mr. Chairman, because we are dealing with this Amtrak issue and trying to resolve what to do about it.

We lurch from crisis to crisis. As someone pointed out to me the other evening, we have spent roughly $500 billion of taxpayer's money to subsidize the infrastructure of automobiles over the last 40, 45 years. We have spent $25 billion in the last 35 years on passenger rail service subsidy. Just no comparison.

The idea in a society as complex as ours that we somehow expect one system of transportation to be operating in the black on its own, and every other form of transportation to receive public support for its maintenance and well-being, is ludicrous in the 21st Century.

This is going to be a very important debate we are about to enter into. But I suspect and I hear voices like our friend and colleague from Colorado, for instance. This is no longer a coastal question of east coast/west coast, but mass transit issues are now becoming important in centers all across the country, as he has pointed out in his own State. This is going to be a very important discussion and debate and you are contributing to it by your presence here.

Thank you.

Senator REED. Thank you, Senator Dodd.

Senator Allard, please.

Senator ALLARD. Thank you.

Mr. Dittmar, maybe you are the one to answer this question. Do you happen to have any idea of what capacity of mass transit—taking the total capacity of mass transit in America, do we have any idea which percentage of that is being utilized?

Mr. DITTMAR. I would be happy to try to get back to you with an answer on that.

Senator ALLARD. Yes, I would like to have it.

Mr. DITTMAR. I do not want to answer off the top of my head.

Senator ALLARD. And I would be interested to know which areas are under-utilized and which areas might be over-utilized. I think that would be helpful to the Committee, if you could get that kind of information.

Mr. DITTMAR. It is interesting. I also think that there is this new phenomenon that people have been talking about called the Tipping Point. And I think that that really does apply to mass transit and to Amtrak, that you have to, to achieve success, you have to get enough service out there that people can count on. In many places, we are offering lifeline service that is under-utilized and do not have funds to get to the point where we can offer enough service to really begin to give people what they can count on.

And so, I think a question such as yours may help us get at that point as well.

Senator ALLARD. Okay. Then, Mr. Broadbent, I was interested in your comments on the public-private relationship and to what is called the Design-Build approach and the problems that you ran into there, because we have a Design-Build project in Colorado, in Denver. It is a multimodal system highway and mass transit train.

Mr. BROADBENT. Right.

Senator ALLARD. If I understood your comments, there was the delay in getting through the paperwork. You apply for funding, you get your loan, and that is costing you money every day that that gets delayed and you want to see that speeded up.

Environment protection assessment, the NEPA process, was a concern to you. Land acquisition and also TIFIA. You wanted us to continue with TIFIA. Now on the land acquisition, you said that you wanted to have that easier to acquire the land. Does that mean that you want the right of eminent domain?

Mr. BROADBENT. No. At the present time, we have been selected by our MPO, the regional transportation commission, to extend the monorail downtown. We are in the final process of an EIS on that project. And until we get a ROD, we know where the route is going. We have chosen the route. It has also gone through the public hearing processes. Those are all done. We would like to be able to go option some of that land before the price goes sky-high.

We know the land—we do not need much because we are on public highway. But right now, we are prevented from going and even talking to owners of property until after we get a record of decision. So it is costly to us and it is costly to the Government.

If we are willing to do it at our own risk—now maybe we option it too high and the Federal Government won't pay that much. Well, that is our risk.

Senator ALLARD. You are paying for the full thing.

Mr. BROADBENT. We are going to put two-thirds—in our project to go downtown, two-thirds of the money is coming from private investments, one-third from the Federal Government. So if we are willing to risk that money, we should be able to do it.

Senator ALLARD. Give you more flexibility.

Mr. BROADBENT. And save money.

Senator ALLARD. We might look at an incentive system of public-private cooperation. If we are going to go more to the public side, we need to put some incentives in there so that cities and individuals like yourself will look more seriously at the private alternatives. Is that correct?

Also, the first part you talked about—was it Section 53409? I cannot remember.

Mr. BROADBENT. Section 5309.

Senator ALLARD. Section 5309. Specifically, what was the concerns you had with that Section?

Mr. BROADBENT. There are a number of concerns we have. It is the Federal funding and it is the timing of the Federal funding.

We will get a record of decision on our environmental impact statement probably by December. Under normal circumstances, it takes you a year to get a full-funding grant agreement.

In December, when we get our ROD, we will already have a guaranteed fixed price. We already have contracts ready to be entered into to Design-Build the facility, and we have to wait a year to get a full funding grant agreement so we can sell bonds and do it. It is just the timing. They need to compress that time and give us the authority to do it.

Senator ALLARD. Mr. Abbott, on Atlanta, how long have you had your mass transit system?

Mr. ABBOTT. I am not certain how long MARTA has been there. It has been there at least 10 years, but it has continued to grow.

Senator ALLARD. A relatively new system.

Mr. ABBOTT. It is a new system.

Senator ALLARD. And you are looking at extending those lines out to those subdivision areas that are growing. Is that what you are looking at?

Mr. ABBOTT. It has been extended once. It is generally a north-south, east-west pattern in the city. They have made a Y off the north pattern and now they are looking at extending the northern and western routes.

Senator ALLARD. Mr. Chairman, I see my time has expired. I do have a number of other questions I wanted to ask, but because of our time limit, I would like to submit these questions, and if they could respond back to the Subcommittee, I would appreciate that.

Senator REED. Let me just generally announce that the record will remain open until next Wednesday for questions or additional material that you might want to provide to the Subcommittee for this hearing.

At this point, let me recognize Senator Dodd for questions.

Senator DODD. Thank you, Mr. Chairman. And again, I thank all of you for being here. This is very important. I thank the Chairman for conducting the hearing. It is refreshing and it gives us an opportunity to look at a broad range of impacts, both positive and negative that, obviously, transportation has on our communities.

In my view, transit is an absolutely critical part of any solution obviously to our transportation questions. Mr. Dittmar, you have given us some good data and trendlines, which are encouraging, I think. And the last point you made in response to Senator Allard about having a predictable, reliable alternative transit does an awful lot. It is the unpredictability of it that really does contribute to a lot of under-usage, I suspect. If we could solidify that point, I think you can see what can happen when that occurs.

So much of this is important. You really cannot talk about communities improving it all unless there is a better coordination at the State and local level.

I have three quick questions for you.

One, whether we should be giving FTA any new authorities? I would be curious about what your views might be on that.

Then, we looked at the transportation issues of some agencies under the medical transportation programs at Health and Human Services. I am told that there is more of a resource allocation there than at FTA, and that one of the costs of Medicare we are looking at is transportation.

I don't think there has been any good auditing of this to give us some idea of where our dollars are being spent in areas where we

could vastly improve the cost and effectiveness of these programs on an issue like that.

And then, whether or not there are any opportunities to focus Federal efforts to improve our ability to work with State and local governments, is my third question.

Mr. Dittmar, wherever you want to start.

Mr. DITTMAR. Well, I indicated in my testimony a couple of new authorities need to be given to FTA. In particular, we need to authorize them or provide them with more flexibility to allow their grantees to undertake public-private partnerships around transit stations. In particular, a number of places where people have tried to do affordable housing projects on land that was purchased originally for parking, but no longer needed, or other housing projects.

Current regulations only allow them to do that under a ground lease, and there is no ability to—which prevents public-private financing if it is difficult to finance projects off of a ground lease.

So there needs to be some authority there.

I think you hit the nail on the head, Senator, with respect not only to medical transportation, but also social service and senior, and transportation in general.

Senator DODD. I just mentioned medical as an example. That is one that seems rather egregious to me.

Mr. DITTMAR. In my career, I have been in a number of positions with Government where we have tried to actually coordinate those kinds of transportation systems with the public transit systems.

Typically, they get grants to buy vehicles that are under-utilized. They subsidize them on a per-trip basis four to five to six times the amount that a transit user is subsidized, and are unwilling to mix their clientele with public transit clienteles.

I have worked with the FTA and HHS at the Federal level. At the State level, in the State of California, with the Department of Human Services and have had real resistance from those agencies in even telling us how much money that they are spending on transportation.

I believe this is another area where you need to provide a stick, but it is going to be a difficult one because you are crossing some jurisdictional boundaries in terms of asking for the information. But I would be happy to work with you on that.

Senator DODD. I would be very interested, Mr. Chairman, if we could get some ideas specifically on how we might do it. I think it is one of these areas that we could really have some cost savings and expanded use of transit and save some real dollars in the process. I would be very interested in where you have had some better experiences and how you worked it out, how did it happen? What was done?

Mr. DITTMAR. We can certainly collect that. As to your final question, the State and local partnership, I think we have a situation where transit agencies and transit starts are increasingly financed by local agency partners.

In some States—Connecticut, Rhode Island, and Maryland—are the key examples, the transit agencies are actually State agencies. In most cases, the States finance highways and local agencies finance public transit. And trying to get those ownership biases out of the system is indeed a big challenge for us as we move forward.

It really depends on the metropolitan planning process, and you have jurisdiction there.

Senator DODD. Mr. Guardino.

Mr. GUARDINO. Thank you, Senator Dodd. Three quick points on your last question about how we can leverage Federal with State and local matches.

Senator DODD. Yes.

Mr. GUARDINO. First, recognize and reward the super-matches to leverage scarce Federal dollars. Second, incent transit that is linked with appropriate land uses that will maximize that investment of taxpayer dollars. And third, retain TEA–21's flexibility for local decisionmakers to best address local needs, so that we can invest in transit with TEA–21 dollars.

Senator DODD. Mr. Broadbent.

Mr. BROADBENT. Senator Dodd, I think that, in our case, we already have good cooperation. In Nevada, we have good cooperation with local government and with the State. What we do not have is the ability to fund a Design-Build like we are doing, and that is a matter of changing the FTA's authority. The authority only recognizes the standard way of building projects—preliminary engineering, final engineering, go out to bid.

With our project, with 5, 10 percent of design, we actually got a fixed price, a Design-Build contract, an O&M contract, sold bonds, and we are ready to go ahead and build. And that authority is there under the Federal Government, but it is really burdensome.

Senator DODD. Yes. Good point.

Yes, sir.

Mr. REPLOGLE. I would just like to address the last question that you offered.

We are hearing a lot of complaints from some quarters about the delays in the project review process and the need to streamline all of that. I think we can do a much more effective job with that, and it is being done in some States by better integrating transportation planning with natural resource planning and growth management and land-use planning at the State, regional, and local levels, and seeking to better harmonize those efforts.

Many of the problems of project delays are caused by a lack of consensus at the local level on what it is that needs to be done or a lack of local funding match.

A lot of the consensus problems can be dealt with by better involving the public and resource agencies early and effectively in the planning process, so that you can head off the really negative adverse impacts early before you get well down the line and then find that they cause delays because you have to go back and fix things that should have been avoided in the first place.

I believe one thing that you just might want to consider is to strengthen the metropolitan planning process that was set up by ISTEA, and perhaps establish a State planning organization and process to coordinate transportation, land-use, natural resource, and growth management policies and to seek better harmonization.

Senator DODD. That is what we have done in Connecticut. It is working fairly well. We are a small State. Obviously, in Hanover, it has worked very well. John Roland, our Governor, and others

have really worked very hard to have more of a State plan and look at it that way.

Mr. REPLOGLE. Yes. I think Oregon has perhaps done the best job of integrating these things.

Senator DODD. Have they?

Mr. REPLOGLE. Yes, Senator Dodd, especially with the "Land Use Transportation Air Quality (LUTRAQ) 2040 Plan process and with the Willamette Valley process that is looking at the Interstate 5 corridor.

Senator DODD. Good suggestion.

Thank you all.

Thank you, Mr. Chairman.

Senator REED. Thank you, Senator Dodd.

Again, I want to thank all the witnesses for their excellent testimony. I have additional questions, but I think the best way to do this is to submit them to the relevant witnesses and ask that you respond prior to next Wednesday, or at your earliest convenience.

This has been our third hearing. It was insightful about the many different issues we have to face when it comes to reauthorizing the TEA–21 legislation.

Thank you very much.

The hearing is adjourned.

[Whereupon, at 11:10 a.m., the hearing was adjourned.]

[Prepared statements, response to written questions, and additional material supplied for the record follow:]

PREPARED STATEMENT OF SENATOR WAYNE ALLARD

I would like to thank the Chairman for convening this hearing. This is the third hearing in our series on TEA–21 reauthorization, and I appreciate his leadership. We have heard from excellent panels representing a variety of viewpoints, and their perspectives will be helpful as we sit down to write a bill.

TEA–21 has been a tremendous success. It has provided a good framework, and I am hopeful that we can continue its successes, along with added improvements. All across the country people have new or improved access to mass transit options. I look forward to the opportunity to continue that momentum.

Today's witnesses should have a great deal to add to the Subcommittee's TEA–21 body of knowledge. I am particularly interested in hearing from Mr. Broadbent about his experiences in Las Vegas. While many people cite the need for increased mass transit, few will come to the table with a signed check. That is exactly what has happened in Las Vegas. I am intrigued to see what we can learn from this example to create more public-private partnerships.

I also look forward to hearing from our other witnesses. I know that they all care deeply about mass transit and will have a great deal to add to the Subcommittee's dialogue. Thank you all for being here today. I believe that TEA–21 reauthorization will be one of the most important things to come out of this Committee in the near future, and your participation is helpful.

Mr. Chairman, I look forward to continuing our examination of TEA–21.

PREPARED STATEMENT OF SENATOR JON S. CORZINE

Thank you, Mr. Chairman, for holding this latest hearing on reauthorization of the Transportation Equity Act for the 21st Century—TEA–21, and I would like to join you in welcoming our witnesses.

Mr. Chairman, as the Banking Committee continues its work on the reauthorization of TEA–21, it is clear that we need to do as much as possible to help get people off our crowded roads. Just this week, we saw another indication of how traffic in the United States is getting worse: The Texas Transportation Institute issued its most recent traffic congestion survey of our Nation's urban areas and found that in the year 2000, urban drivers across the country sat in rush hour traffic for an average of 62 hours. That was up from 60 hours in 1999 and 16 hours in 1982.

Sixty-two hours a year, Mr. Chairman. For the New York metropolitan area, which includes northern New Jersey's commuters, this delay was greater: 73 hours a year. All this traffic congestion cost our Nation billions in lost productivity. It also caused increased levels of air pollution from all those cars stopped in traffic.

Mr. Chairman, as we consider today the return to our economy and environment from our investment in mass transit, we have clear evidence of how important it is to not only continue our commitment to help fund existing mass transit projects but to also increase it as well. We need not only to help maintain our Nation's mass transit infrastructure but also to create new opportunities for commuters, whether they are by bus, rail, or ferry.

I would also like to take a moment to discuss the problems facing Amtrak. The Administration is playing a high stakes game of chicken with Amtrak. We only have days before it shuts down. The Administration needs to work with Congress to provide the $205 million in funding for Amtrak to survive. If Amtrak shuts down, this would be a catastrophe for New Jersey's mass transit riders: 82,000 daily commuters—over three-fourths of New Jersey Transit's rail passengers—would have to find another way to work. That is because many of New Jersey Transit's lines share the infrastructure with the Northeast Corridor.

I call upon the Administration now to support efforts to include $205 million in funding for Amtrak in the Supplemental Appropriations legislation pending in the Congress.

Mr. Chairman, I look forward to working with you to develop legislation that continues to provide State, city, and local transit agencies with a stable guaranteed source of mass transit funding. Thank you for holding this hearing and I am looking forward to hearing from our witnesses.

PREPARED STATEMENT OF CARL GUARDINO

PRESIDENT AND CHIEF EXECUTIVE OFFICER
SILICON VALLEY MANUFACTURING GROUP

JUNE 26, 2002

Chairman Reed and Members of the Subcommittee, thank you for your kind invitation for me to speak before you, from a business perspective, about TEA–21's benefits for economic development and the business community, and for my comments on TEA–21's matching requirements, the Act in general, recommendations on the reauthorization of TEA–21, and Silicon Valley's future transit needs.

Background of SVMG

By way of background, the Silicon Valley Manufacturing Group was formed in 1978 by David Packard, Co-Founder of Hewlett Packard, as a way for CEO's and Senior Executives to get directly and proactively involved in issues of importance to the economic health of Silicon Valley, and the quality of life of their employees.

Today, the SVMG represents 190 of Silicon Valley's most respected, private sector employers, who collectively provide 275,000 local jobs, or nearly one of every four private sector jobs in all of Silicon Valley. Needless to say, these numbers do not include the jobs these companies provide around the entire State, our Nation, and world. It focuses on five core issues: Transportation, affordable homes, education, the environment, and energy.

Business Perspective on Traffic Relief

As you all know from the employers and their employees in your States, traffic congestion has a direct impact on not only the quality of life of your constituents, but on the economic health of our communities as well.

In making that statement, I want to provide you with more than an anecdote. Each year, as CEO of the Manufacturing Group, I sit down for one-on-one visits with 95 of the top CEO's in Silicon Valley, and ask a simple question: For your company, here in Silicon Valley, what are the key issues that impact your ability to stay healthy and competitive, as an employer. The top responses, for 5 years in a row, are traffic relief and affordable homes.

The reason is clear—in an Information Age Economy, workers in Silicon Valley and in many of the communities each of you represent, workers can work anywhere in the world they like. They will only choose to work in our States if we ensure that we have reduced traffic, and provide viable alternatives to the automobile.

Local Actions—Deeds Louder Than Words

It would be easy for me to appear before you to discuss transit needs but to not do anything about it. At the Manufacturing Group, we continue to do what we can to put our wallets where our words are.

In 1984, we led the countywide effort in California to become a self-help county—that is, a county that was willing to tax themselves, through a voter approved ballot initiative, to fund improvements ourselves. That 10 year, half cent sales tax raised $1 billion in local funds, and built three key transportation improvements, which were completed on-time and on-budget.

In 1996, recognizing that additional improvements were needed, we once again spearheaded a half-cent sales tax, this time to last for 9 years, which would generate $1.4 billion. That measure, which includes 18 improvements—65 percent rail transit and 35 percent roads, will be completed, as promised, by the deadline in April 2006.

In November 2000, we co-led an effort to tax ourselves with a 30 year, half-cent sales tax, for a traffic relief measure that will generate more than $6 billion in local funds, for a measure that is 100 percent transit. Santa Clara County voters passed that initiative by a resounding 72 percent of the vote.

All told, those three measures alone will generate more than $8.4 billion in local funding. It is important to note that 41 cents of every dollar we raise in sales tax revenue is paid for by employers. In a global marketplace, where our employers cannot pass off those additional costs to customers, we view these measures not as a tax, but as an investment in our economy and in our workers.

Feedback on TEA–21 Renewal

There are two key points I would like to make about the renewal of TEA–21.

First, retain the Flexibility provisions of ISTEA and TEA–21. This has allowed local decisions and local input about how dollars are spent. In Silicon Valley and the Bay Area, through our MPO—the Metropolitan Transportation Commission—this has meant the ability to direct dollars to a greatly needed road improvement,

or a new rail line, or an enhanced bus system. That flexibility is key to areas throughout our States, especially urban and suburban areas that need as many tools in the toolkit as possible.

Second, the New Starts Program. In a time of limited Federal resources, where you are asked to fund numerous worthwhile improvements throughout the country, I would underscore the need to leverage each one of those taxpayer dollars to the fullest. As I described above, our region has stepped up to the plate with local funds that well exceed the minimum 20 percent non-Federal match. We believe that the Congress should consider rewarding "Super Matched" projects, such as the Silicon Valley Rapid Rail Corridor in my area with credit enhancement techniques or other Federal guarantees to ease project financing. This will also provide an incentive to other areas around the Nation to step up to the plate as well. With limited dollars, we need to seek out and reward those communities that have shown a strong willingness to help themselves, to partner with you, and to find funding to match Federal funding.

Improvements for Silicon Valley

Finally, I am honored that you have asked what improvements are important for the ongoing success of Silicon Valley and the Bay Area region. Working through the MTC's 2 year planning process, the nine county San Francisco Bay Area has developed an improvement plan known as MTC Resolution Number 3434 that includes top-tier priorities for Federal funding consideration.

First, our current Number One priority is to finish the greatly anticipated BART (or Bay Area Rapid Transit) line to San Francisco International Airport. It is vital to our region's economy, and we stand together with the rest of the region in support of this important improvement.

As we complete the BART to SFO extension, the Bay Area stands united behind two equally important regional improvements—both with considerable amounts of matching funds from the local level. These two improvements are the Silicon Valley Rapid Rail Corridor, bringing BART from the East Bay to Silicon Valley, and the Third Street light rail project in downtown San Francisco. Let me briefly expand on the improvement closer to home.

The Silicon Valley Rapid Rail Corridor, bringing BART to Silicon Valley, would ease traffic congestion into and out of Silicon Valley, and will take nearly 80,000 travelers out of their cars on a daily basis. Underscoring the region's desire to build this improvement, our November 2000 sales tax measure will fund 61 percent of the capitol costs, along with ongoing operations costs, with roughly $3 billion local dollars. Working with our Governor and State Legislature, we have secured another 17 percent of the funds from the State. We come to you with 78 percent in local and State funds, seeking—over the next 10 years—only 22 percent in Federal funds.

We hope this significant overmatch shows our commitment to traffic relief for workers in Silicon Valley and the Bay Area, and we look forward to making this improvement a reality.

Mr. Chairman and Members of the Subcommittee, thanks again for your time and attention. It is an honor to be here, and an honor to forge worthwhile partnerships like this between the private and public sectors.

PREPARED STATEMENT OF HERSCHEL L. ABBOTT, JR.

VICE PRESIDENT–GOVERNMENTAL AFFAIRS, BELLSOUTH CORPORATION

JUNE 26, 2002

Mr. Chairman, Members of the Subcommittee, I am Herschel Abbott, Vice President–Governmental Affairs for BellSouth. I spent most of my life practicing law but now I am a recovering lawyer and I direct BellSouth's legislative and regulatory presence in Washington. I cannot count the number of times I have testified before various commissions or lawmaking bodies, but I can tell you this is one of the times when *I am delighted to be here.*

At a time when you cannot open the morning paper without fresh evidence of corporate misdeeds, I get to sit here and tell you that my company, BellSouth, is a hero back in its hometown of Atlanta, Georgia; a hero of the leadership that Americans expect and deserve from business.

In Atlanta, BellSouth's headquarters city, BellSouth is:

- Relocating and consolidating approximately 9,800 employees.

- Building three new, energy efficient business centers with a total of more than 2.7 million square feet to facilitate that relocation and consolidation. The estimated budget for that construction is $750 million.
- Putting those buildings and employees on top of or near mass transit rail stops.

It is a process scheduled to be complete in September 2003. When it is complete, BellSouth will:

- Have six major office complexes all on or near rail stops, giving many of its employees the option of taking rail to work and many more the option of traveling between buildings without cranking their cars.
- Greatly reduce the number of car trips generated by its employees during the critical workday hours, when air quality deteriorates rapidly.
- Successfully built a model for sustainable business growth in an urban setting.

In fact, BellSouth's effort is the continuation of a longstanding commitment to urban development, going all the way back to 1980 when the company built the 45 story BellSouth Center, the first office building in Atlanta with a mass transit station underneath. Thirty percent of our employees there ride public transportation.

But now let me briefly set the stage for our more recent initiative.

For those of you whose only experience of Atlanta is changing planes at Hartsfield Airport, let me tell you that Atlanta is a clean, vibrant city with friendly people and lush green suburbs. People tend to like Atlanta. They have been flocking there since the 1960's. In fact, between 1960 and 2000, Atlanta has not seen a decade where it grew by less than 27 percent. Growth in the most recent decade, 1990–2000, was *39 percent,* with metro Atlanta adding nearly a half-million out-of-state residents since 1990. The region is home to three of the Nation's fastest-growing counties: Forsyth, Henry, and Paulding.

Atlantans now have a metropolitan area with approximately 4 million residents and suburbs that stretch, it seems, to Tennessee in the north; to Alabama in the west; toward South Carolina in the east; and into the flatlands of south central Georgia to the South.

California is not the only place where people have fallen in love with their cars. It is said of Atlantans that they would drive from the kitchen to the bedroom if only they could figure out how to get the car in the house. Had metro Atlanta sprawled the way it does now in the summer of 1864, General Sherman and his troops would still be strung out between Chattanooga and Atlanta with their turn signals on trying to merge into southbound traffic on Interstate 75.

The growth has taken its toll. Atlantans endure the Nation's longest commute—an average daily round trip of 34 miles for every person in Atlanta. They spend 69 hours annually, or nearly 9 workdays a year, sitting in traffic.

At the same time, new road projects have been stalled because the region is too frequently out of compliance with Federal Clean Air Act standards for ground-level ozone. Atlanta exceeds acceptable Federal air quality standards an average of 11 days each year during the ozone season of May to September.

That is the challenge Atlanta faces.

The challenge BellSouth faced 3½ years ago was symptomatic of Atlanta's rapid growth. BellSouth's Metro Atlanta employee population grew 22 percent between 1993 and 1999, from approximately 15,000 to well over 18,000.

Like the city, we not only grew, but we also spread out. Before we created our Atlanta Metro Plan, we had a total of 61 leased and owned facilities for office workers. With the completion of the Atlanta Metro Plan, the great majority of BellSouth's white-collar workers will go to work in five office complexes that stretch from downtown to the city's near north side along one of Atlanta's main commuter rail lines.

After moves to the three new facilities, BellSouth will have relocated approximately 9,800 employees from more than 20 properties, with the result that approximately 85 percent of BellSouth's employees in metro Atlanta will be working within walking distance of a rail line.

Of course, this is a plan that makes good business sense. But it is also a plan that consciously and determinedly makes good civic planning sense. If I can finish by bragging, it points the way for other companies in Atlanta and elsewhere. It is an example of a company, led by our Chairman and CEO Duane Ackerman, which set out to do the right thing—not only for its employees and shareholders, but also its city and the environment. And that is real civic leadership.

Thank you for your attention. At the appropriate time, now or later, I would be happy to try to answer any questions you may have.

PREPARED STATEMENT OF ROBERT BROADBENT

MANAGER, LAS VEGAS MONORAIL COMPANY

JUNE 26, 2002

Thank you for the opportunity to appear today and to share with you my recommendations for developing and financing the Nation's surface infrastructure. I have been privileged to lead a long life of public service, at all levels of government. But nothing has been more rewarding than the central role I was honored to play in the creation and implementation of the first true public-private partnership in the United States for a modern, urban grade rail transit project.

On September 20, 2000, a team I led closed a $650 million financing deal to build the $400 million backbone of what we intend to be a 18 mile regional trail transit system serving Clark County, Nevada. The initial backbone segment is a 4 mile monorail system in the Las Vegas Strip Corridor, an area with a population density equivalent to Midtown Manhattan. With seven stations it will connect over 4.4 million square feet of conference and convention space, including the world's largest convention center, to over 80,000 hotel rooms, many major resorts, and population centers.

The financing for this initial segment is entirely private, with no government monies needed to fund capital or operating expenses. For the record, I have brought a copy of the official statement for the bonds the State of Nevada Department of Business and Industry issued on behalf of the nonprofit Las Vegas Monorail Company, now the owner of the project.

The Las Vegas Monorail Company is led by a board of directors that is composed of outstanding and widely acknowledged community leaders, each appointed by the Governor of the State of Nevada. My partner and I manage its day-to-day operations. The initial segment is under construction today and is scheduled to open in January 2004. When it does, it will serve over 20 million passengers in its first year of operation.

The need for this system is great. We, in Las Vegas, have been blessed with a rapidly expanding economy and are one of the fastest growing regions in the country. But as this Committee knows, with growth and prosperity comes serious traffic congestion and air quality challenges. For those of you who are familiar with Las Vegas, you know this has certainly been true for us.

After years of planning, our business community became frustrated with the traditional model for developing and financing a Federally-funded rail transit system. These leading business executives were used in making decisions and in building billion dollar projects quickly. In fact, the success of the Las Vegas economy depends upon it.

They decided that they had to find a better way for the public and private sectors to work together—in a way that may be unfamiliar to the FTA, but was standard operating procedure for businesses around the country that must be innovative and cost effective to serve their customers. Our clients asked: Why should transportation development take more time, be more expensive to build and operate, and less responsive to the customer than any other business dependent on patronage?

In 1997, MGM MIRAGE and Park Place Entertainment, two of the largest gaming companies in the world, took the challenge. They hired me away from McCarran International Airport, where as Director, I had overseen its expansion from the 23rd largest to the 10th largest airport in the country in less than 11 years. They hired a team to work with me that included the country's best investment bankers and attorneys in innovative project development and finance. They contributed some of the best management talent these major corporations possessed to direct and guide our efforts. They found the leading contractors and systems suppliers in the world to deliver the project.

They deployed a team to help them do what had not been done before—create a true public-private partnership in rail transit which employs several important tools, including, among others, attracting private sector cash, services and property to urban rail; creating and borrowing against project revenues; establishing an innovative form of governance; and utilizing DBOM contracting.

While we were able to finance the initial segment of our project without Government funds, we still needed the active cooperation of Government. Senator Reid and Senator Ensign provided critical leadership at all stages and we wish to take this opportunity to thank them and to acknowledge their outstanding efforts. The Nevada State Legislature adopted a new State law authorizing monorail franchises. Governor Kenny Guinn agreed to use a nonprofit corporation to own and operate the project, appointing its directors. The State Board of Finance agreed to issue our bonds on a conduit basis. The Clark County Board of Commissioners adopted special ordinances and awarded the franchise the Legislature authorized. The Regional

Transportation Commission of Southern Nevada agreed to work with us to ensure the compatibility of the monorail with its extensive and important CAT bus system.

Now, in order to finance the important extensions to our initial backbone segment, our public-private partnership is working closely and cooperatively with our Federal partner—the U.S. DOT. Specifically, we are working with the FTA, Administrator Dorn, and the Congress to obtain a full funding grant agreement to fund less than 15 percent of the costs of the combined system. And we are working with the U.S. DOT to secure a TIFIA loan to leverage the new private sector resources we are attracting for the extensions. This will permit us to build the extensions with huge time and cost savings, by utilizing our already mobilized construction forces and reserved vehicle manufacturing capacity, among other things. We are truly excited about the transportation benefits this public-private partnership is bringing to Clark County, one of the Nation's fastest growing regions.

Over the course of our work, we have been confronted with a number of important disincentives to attracting private capital, innovation, and initiative to major rail transit. We believe our experiences are instructive on how Congress can act to facilitate, rather than inhibit, more successful public-private partnerships in surface transportation. For your consideration in reauthorizing TEA–21, I offer the following recommendations:

Section 5309 Funding Process

Congress should work with the FTA to refine the full funding grant agreement process to facilitate quicker deployment of public-private partnerships. For example, for a conventional Federally-funded transit project, the time between project selection for an FFGA and actual execution of the FFGA can take a year or more. In most cases this is satisfactory because the grantee has received approval to enter final design and can undertake that work during this interim period, which keeps FFGA execution from being on the critical path. In the case of a public-private partnership, like our FTA-funded extensions to the Las Vegas Monorail, the phasing of work is very different. We will issue a single notice to proceed for final design, construction, and systems supply all in one; and we will not issue that NTP until we have closed the financing for the entire project. Since we cannot close our financing until the FFGA is executed, the typical FFGA process, when applied to a public-private partnership like ours, could unnecessarily delay by a year or more a project otherwise completely ready for construction, while we wait for the FTA and Congress to execute a FFGA.

Generally, the FFGA process is set up to ensure that project design has been advanced to a level sufficient to control the risk of project cost increases. In the case of a public-private partnership like ours, the FTA need not rely on any estimate. With properly structured Design-Build contracts, we will have a firm fixed price and a guaranteed completion date before final design is even commenced and before FFGA approval. This transfers the risk of cost increases to the contractor, a result necessary to meet rating agency requirements. I can assure you the private credit markets demand much more risk control and mitigation than the FTA does.

I would like to praise Administrator Dorn for her recognition of this challenge, for her efforts to reform the process, and for her tireless advocacy for other needed industry reforms that are long overdue. We urge this Committee to work with her to streamline the process.

Internal Revenue Code Private Activity Rules

Congress should modernize the Internal Revenue Code rules on private activity and management contracts as they apply to surface transportation. For the Las Vegas Monorail we were and continue to be actually *forced to turn down true private equity* offered for the project because it would have disqualified us from issuing tax exempt debt for an important public transit project. This is not the result Congress intended when it adopted these restrictions. Moreover, these same restrictions do not apply to airports and solid waste facilities, for reasons no one has been able to explain to me. For the record I have brought a report that examines this issue in more depth and I commend it to you.

I know this Committee is already quite familiar with this issue. In 2000, Senator Smith authored a bill to cure these exact problems. Both Houses of Congress ultimately passed this important curative legislation as part of a larger tax bill that year, but unfortunately President Clinton vetoed the larger bill.

We strongly encourage this Committee to work again with the Senate Environment and Public Works Committee, the Senate Finance Committee, and the House Ways and Means Committee so that needed private equity and innovation can be incorporated into surface transportation development without sacrificing access to the tax exempt financing markets.

Internal Revenue Code Advance Refunding Rules

Congress should modernize the IRS rules applicable to surface transportation to permit two advance refundings. Most conventional transportation projects are funded on a pay as you go model or with bonds backed by tax revenues. As such, sponsoring agencies issue bonds only to advance funds as needed for construction. A key difference with a public-private partnership like ours is that we must issue bonds that are not dependent on tax revenues, but on the project's own revenues for a return. To do this the markets require that we have 100 percent of all capital costs funded upfront, at the time they invest in our project. This means that we are issuing bonds many years removed from the economic conditions that will affect the project when it has opened and ramped up.

In our case, if the interest rate environment becomes more favorable over time, the IRS rules prevent us, unlike other businesses, from refunding our bonds more than once, even though doing so would help us keep our transit fares down, pay off our debt quicker, and leverage our dollars more efficiently. These rules are even more puzzling because there is no loss to the Treasury for permitting advance refundings, as other experts in the field have previously documented. The result is that under existing rules we can do only one advance refunding of the currently issued debt for the Las Vegas Monorail. This is clearly a major handicap to an urban rail project that again is being built and operated without a dollar of Government funds.

I urge this Committee again to work with your colleagues on Senate Finance and House Ways and Means to cure this significant disincentive to effective public-private partnerships in transportation.

Design-Build and DBOM Contracting

The Congress should continue to encourage Design-Build and DBOM contracting for Federally-funded projects and remove as many regulatory barriers as possible to State and local grantee use of innovative procurement processes in their award. I know that some Members of Congress and many special interests, which have a large stake in the status quo of low bid contracting, oppose these tools and urge even more regulation of their use than already exists. They point to projects that used some form of Design-Build and declare the tool itself to be fatally flawed.

Well, they could not be more wrong. The fact is that Design-Build and DBOM contracts are essential and effective building blocks for public-private partnerships in transportation. The key to success, as with anything else, is how you use them. I offer this conclusion from my own perspective, from the perspective of the monorail's original sponsors, and from the experience we are seeing on the ground.

My career has included directing the Bureau of Reclamation and McCarran International Airport and serving on the governing boards of Clark County and the Las Vegas Visitors and Convention Authority, the largest such facility in the world. During this life in public service, I have spent more than 40 years looking out for the public interest in public works construction. I am a firm believer in Design-Build.

In addition, MGM MIRAGE and Park Place Entertainment, the original private sponsors of the Las Vegas Monorail, are companies that clearly know large scale construction. In fact, the continued vitality of their annual earnings statements depends in no small part on efficiently developing and operating billion dollar projects and performing very significant upgrades to their facilities with useful lives much shorter than public works projects. They examined the options for delivering and equipping the initial monorail segment for Las Vegas. They applied their own experience, they looked at the experience elsewhere and they concluded that DBOM contracting was ideal, but only under certain conditions. They insisted on the best advisors to put the documents together and the selection of the best team of contractors. They made their selections based upon qualifications and experience. They then engaged in sole source negotiations.

The confidence these large companies had in the tool and the process has proven well placed. Today, the Las Vegas Monorail is halfway through its 40 month development phase. It is on-time and $20 million *under* budget. And remember, we awarded the DBOM contract in advance of final design.

I urge the Committee to continue its support for Design-Build and to permit grantees more flexibility under the Third Party Contracting Rules in selecting contractors based on qualifications and in negotiating with those selected.

NEPA

Congress should make clear to the U.S. DOT modal administrations that it did not intend NEPA to prevent the completion of procurement activity ahead of the issuance of records of decision. One of the key values of public-private partnerships is their ability to accelerate construction. We all recognize the major contribution

to environmental planning that NEPA has brought to major Federal actions. And no one suggests that construction should commence before a ROD. But FTA and FHWA are reading NEPA to prevent the issuance of an RFP, the selection of a contractor and the award of a contract pending a final ROD, all actions that have nothing to do with the selection of a project alternative or even the decision not to build. If an FTA grantee wishes to use its own funds to move along the selection of a contractor, to be prepared to move quickly if the lead agency selects a "build" alternative, this is taking actions in parallel rather than in sequence. This is not prejudicing the outcome of the NEPA process in any way. Again Administrator Dorn and Regional Administrator Rogers should be commended for the flexibility they are showing in working with our public-private partnership. This Committee, in reauthorizing TEA–21, should support their vision.

TIFIA

Congress should reauthorize the TIFIA program and refine it to encourage more private investment in projects supported with TIFIA credit. This program has been possibly the single most important benefit for public-private partnerships in transportation and this Committee must be commended for its vision in enacting it. More and more projects are beginning to understand the opportunities it offers both to fill the gaps in finance plans and to make finance plans more efficient and cost effective. While it is possible the program will end the authorization period under subscribed, this is not a reflection on the program's value or its potential utility. Rather, it reflects the very long lead times that projects suffer through as they design finance plans and adapt, often only with new State legislation, to new financing methods.

In reauthorizing the TIFIA program, I suggest more thought be given to the blending of private investment and TIFIA credit. Several of the current applicants for TIFIA credit, a group that will soon include the Las Vegas Monorail, are requiring their private contractors to contribute subordinated debt or equity investments to the plan of finance. Indeed, rating agencies and bond insurers have come to expect contractors to take part of their fee in the form of a project investment. This is a result that Congress should be encouraging of course. The good news is that the contracting community has developed the capacity to make these investments. The bad news is that, if the owner is using TIFIA credit, TEA–21 currently offers the owner a Hobson's choice—either make the contractor's credit investment grade according to rating agency criteria, a result more favorable to the contractor than the owner wants or needs to allow; or place the contractor's investment subordinate to TIFIA in right of payment, a result the contractors cannot suffer if the TIFIA instrument is large. This challenge can be cured quite simply: Refining TIFIA to permit developer subdebt senior to TIFIA without requiring it to be investment grade and to allow the payment of equity returns and payoff of developer subdebt as long as the TIFIA obligor is meeting all its debt service obligations and coverage ratios. To allay concerns about the diminution in the quality of the TIFIA credit, TIFIA could limit the amount of such subdebt or private equity payoff to a specified percentage of a project's costs.

Again, I urge this Committee to support reauthorization of TIFIA at no less than the levels authorized in TEA–21 and to create modest new flexibility to further enhance its obvious success in facilitating effective public-private partnerships.

I appreciate the opportunity to brief you on the Las Vegas Monorail and to offer my experiences and suggestions for TEA–21 reauthorization. Public-private partnerships are not a panacea and will never justify a reduction in the amounts needed to be appropriated for surface transportation. There are simply too many already unfounded needs. They are proving, however, to be an increasingly valuable tool to supplement the available grant funds and to narrow the gap between needs and resources.

PREPARED STATEMENT OF HANK DITTMAR

PRESIDENT, THE GREAT AMERICAN STATION FOUNDATION

ON BEHALF OF THE

SURFACE TRANSPORTATION POLICY PROJECT

JUNE 26, 2002

Mr. Chairman, I am Hank Dittmar, President, The Great American Station Foundation. I am pleased to appear here this morning to present testimony on behalf of the Surface Transportation Policy Project where I serve as a Member of the organization's Board of Directors.

The Surface Transportation Policy Project or STPP is a nationwide network of hundreds of organizations, including planners, community development organizations, and advocacy groups, devoted to improving the Nation's transportation system. I would note also that I appear here today with a representative of the STPP coalition, Michael Replogle, where we share and we support his comments for the record of this hearing.

I am pleased to have this opportunity to discuss TEA–21's benefits for economic development, transit users and the business community and to offer our views on how the reauthorization of TEA–21 can increase these benefits for the Nation.

Overview

Mr. Chairman, I want to commend you and your State for its innovative use of TEA–21 resources and describe briefly how one project—the Warwick Intermodal Project—exemplifies the vision of this law and its predecessor, ISTEA.

As President of The Great American Station Foundation, I support initiatives that promote investment in intermodal connections through train station rehabilitation and development. One example is your State's effort to develop the commuter rail/Amtrak intermodal station in Warwick, connecting T.F. Green Airport to Amtrak's Northeast Corridor and commuter rail service. Here you have an intermodal project, linking commuter rail transit and intercity passenger rail with the State's major airport, while relieving congestion on I–95, one of the Nation's most significant Interstate corridors. This investment also provides benefits for freight and passengers traversing the I–95 corridor and positions the airport to deliver more efficient access and utilization of airport air capacity benefiting the entire Northeast. Mr. Chairman, I applaud your leadership in support of this important project.

Under TEA–21, the State of Rhode Island receives the lion's share of the Federal funds that flow to the State, those provided under the highway title of the Act and other resources under the transit title. It also owns and operates T.F. Green Airport and is the owner/operator of I–95 and a partner with MBTA on commuter rail service. It is also one of several States, with the leadership of the late Senator Claiborne Pell, that worked toward development of Amtrak's Northeast Corridor. Armed with the Act's flexibilities and motivated by its own ownership interests, the State pursued an intermodal investment that instructs all of us as to the possible.

Across the country, we only see a few other examples of such projects, which also have similar ownership characteristics. At the Newark airport, the State-owned airport is connected by a new fixed guideway to the Amtrak Northeast Corridor, NJ Transit and other rail services. In Chairman Sarbanes' State, the State of Maryland provides rail transit through its MARC trains and partners extensively with Baltimore's LRT, systems that link to the airport and to Amtrak's Northeast Corridor, all the while providing relief to the congested I–95 and BW Parkway corridors.

These airport connections deployed ISTEA/TEA–21 resources without the modal bias that generally characterizes so many other areas, where State ownership of transit systems and airports is the exception in that most transportation assets are owned and/or operated at the local and regional levels.

Part of the debate over TEA–21 renewal needs to be focused on strategies and incentives that help us better align resources and investment decisions with the agencies that are responsible for these systems. How transportation funds are now being flexed to transit makes this point. Five out of six Title I dollars flexed to transit are by local decisionmakers using funds provided to their MPO's. When States flex dollars, it is generally to Section 18 for rural transit needs. While local agencies nationwide only have direct access to less than 10 percent of total Title I funding, they account for more than 80 percent of all funds flexed to transit. The State of California alone accounted for more than one-half of all flexed funding over the last 4 years, aided by that State's suballocation law which directs more TEA–21 dollars to MPO's and local agencies than provisions of TEA–21.

Mr. Chairman, developing airport connections that work and supporting local efforts to flex transportation funds to priority transit needs explains why our coalition has placed such a high priority on making the intergovernmental partnership work together more cooperatively. We need to find new ways to "incentivize" State and local partners to deliver investments that better integrate our transportation assets and systems. And to be successful in this regard, we must take stock of how the flow of funds (for example who controls TEA–21 resources and who own or operates the systems) affects outcomes. While we know that a substantial share of all Title I funding flows to the States regardless of their ownership profiles, it is noteworthy that FTA's resources flow directly to the agencies that provide the service, be it a city or county agency, a regional agency, a State agency, or multistate provider.

Related to these partnership issues, I would emphasize that this Committee shares jurisdiction over the intergovernmental partnership for highways and transit, through the rules for State and metropolitan planning and project selection.

Mr. Chairman, we also see other opportunities to strengthen transportation policy connections to other areas. As one example, we are finally starting to reap the benefits of Tax Code changes aimed at equalizing benefits between parking and commute benefits, a provision that has been particularly powerful in boosting transit use in this region. Directly before this Committee is how we can forge stronger linkages between Federal housing policy and transportation investment. Next month the Senate is expected to begin debate on the TANF reauthorization where transportation-related issues figure prominently in efforts to help many Americans make the transition from welfare to work.

TEA–21's Benefits for Economic Development, Transit Users, and the Business Community

With that overview, I would like to turn to a discussion of the economic and the business community benefits of TEA–21 investments.

TRANSIT RIDERSHIP GROWTH REFLECTS ITS VALUE TO THE USER

Transit ridership has increased each of the last 4 years, revealing a growing interest in transit in a range of city types and locales. A preponderance of this ridership growth is in New York City, as a preponderance of transit use is centered in New York. However, many other cities and urban areas around the country are experiencing increased ridership. In fact, the greatest percentage increase in the first four quarters of 2001 occurred in communities with 50,000–99,999 in population, where bus ridership grew 10.25 percent over 2000—which also was a banner year for transit. And what is happening in big cities like New York (2.9 percent), Washington (5.85 percent), and Los Angeles (15.8 percent) cannot explain an 11.7 percent increase in Albuquerque, 6.7 percent in Providence, 7.7 percent in Denver, 5 percent in Boise City, or 15.67 percent in Oklahoma City.

These ridership gains, while still leaving transit far behind auto use, tell us something important is happening in transportation: Increasingly people are valuing the option that transit provides to leave the automobile at home. This choice factor is important, and it highlights an important American value: In increasingly congested locations, especially along clogged suburban arterials, the option of living in the city and utilizing mass transit is becoming more attractive to a growing number of people. Transit provides an option to driving, and creates redundancy in a transportation system increasingly characterized not by network conditions, but by channelization onto a limited set of freeways and multilane arterials.

THERE IS GROWING MARKET DEMAND FOR TRANSIT

There is clear evidence of a rebound of commercial and residential vitality in many urban communities, and evidence also that traditional population centers have become more attractive to empty nesters and singles as a place to live; employers as a place to locate; and investors as a place to seek gains in real estate. This metropolitan core resurgence appears to be sparking a transit ridership surge, and in fact, the existence of public transit may be part of the explanation for the economic resurgence of downtowns and urban neighborhoods.

These newfound interests in the metropolitan core are being attributed to many conditions. Some see the increased attraction to urban places as the result of changes in our basic demographics. The 2000 Census results clearly show that household size is shrinking, producing more households of empty nesters, singles, and nonfamily residents. The traditional nuclear family that made up 40 percent of households in 1970 is now less than 24 percent. According to former Census Bureau Director, Martha Farnsworth Riche, the new age distribution is more of a pillar than a pyramid, with a population by 2020 of "nearly an equal number of school aged kids, young professionals, parents, young retirees, and the elderly." (*Farnsworth,* March 2001.)

While the predominant population pattern is that suburbs grew faster than their central cities, most large cities saw population gains in the 1990's. In a recent article describing the boom in in-fill development in Austin, Texas, John McIlwain, a senior resident fellow for housing issues at the Urban Land Institute, characterized the movement back to the Nation's cities as being led by two groups—young tech workers who favor urban living to life in the suburbs and the baby boomers. "Their dog has died, their kids have left home, and they are free at last." (Austin American-Statesman, March 16, 2002.)

Besides Austin, strengthening of the metropolitan core through in-fill development is also evident in the most unlikely places. Look at Houston, where downtown resi-

dential properties are being built for the first time in decades. And adjacent neighborhoods, such as the never-before fashionable Heights, are attracting 30-something, marrieds with children. Or Memphis, where city policies to preserve historic structures, improve transit, and rebuild blighted industrial areas increased downtown residents by 18 percent during the 1990's to almost 10,000, with an astonishing 1,500 new housing units built by the end of 2001. (*Downtown Developer,* Summer 2001.) Not a prediction anyone would have made in 1977, when the city launched its redevelopment efforts.

Another key finding of the 2000 Census was the unequivocal diversity added to our Nation as a result of immigration from other countries, principally Hispanic and Asian households. Historically, most immigrants and most minorities live in cities, and while there is a significant trend toward minority migration to the suburb, demographer William Frey projects that most immigrants will continue to be concentrated in more dense urban locations.

This urban concentration along with the lower income levels of most immigrant households has historically meant that these households own fewer automobiles and drive less. According to Catherine Ross and Anne Dunning's analysis of the 1995 National Personal Transportation Survey, African-Americans, Asians, and Hispanics are all more likely to use public transit or walk. For immigrants, this may be due not only to income and poverty level, but also to cultural factors, including the fact that they have lived in places where transit use was the norm rather than the exception. As immigrants assimilate into the population, therefore, we can expect to see higher levels of driving as their incomes rise, but also a continued willingness to use public transit, particularly if its availability, quality, and convenience continue to increase.

ACCESS TO TRANSIT HAS BECOME A FACTOR IN CORPORATE LOCATION DECISIONS

The 1990's also revealed unique challenges for the exurban areas. Whether you are in the distant suburbs of St. Louis or of Atlanta you are likely to need the same things: More infrastructure and available workers. As places to work, most major cities offer employers both in-place infrastructure and an available workforce with established transit systems that make businesses accessible to all workers, including sought after entry-level employees. By the mid-1990's, these assets became increasingly evident to small and large employers particularly in the growing service sector.

A recent survey by Jones Lang LaSalle in its *Property Futures* publication found that 77 percent of New Economy companies rated access to mass transit as an extremely important factor in selecting corporate locations. According to the 2001 survey of 350 New Economy companies: "Employers concerned with staff retention regard the public transportation issue as critical. Young and cyber-savvy staff increasingly reject the traditional commuter lifestyle. . . . Urban locations, though not always CBD's, will continue to be desirable. This is reinforced by the importance of public transportation to companies and workers." An example in Atlanta was the decision by BellSouth to relocate its entire Atlanta metropolitan workforce—some 20,000 workers—into three locations within walking distance of Metro stations.

Moreover, overwhelmingly, replacement jobs continue to be located in established urban areas near transit. While some researchers have made much hay arguing that most "new jobs" are located in exurban locations, the fact remains that most job openings are for replacement jobs. As Qing Shen of the University of Maryland demonstrated in a recent study of the Boston metropolitan area, "preexisting employment is still highly concentrated in the central city." (Qing Shen, Winter 2001.)

DEVELOPMENT NEAR TRANSIT IS SEEN AS A SOUND INVESTMENT CHOICE

By the late 1990's, real estate analysts began to see accessible urban locations in a new light as well. The 2001 issue of PricewaterhouseCoopers' *Emerging Trends in Real Estate* continued to advise investors to seek out opportunities in what they dub 24-hour cities, with mixed-use development and mass transit access. According to the report, which is compiled from dozens of interviews with real estate investors and professionals: "Major 24-hour metro markets maintain their preeminence while some suburban areas struggle with sprawl and congestion issues. 'Subcities'—our new term for suburban locations that are urbanizing and taking on 24-hour market characteristics—show particular promise for investors." (PricewaterhouseCoopers and Lendlease, Emerging Trends in Real Estate 2001.) Recent brownfields legislation should improve the interest in existing urbanized locations even more.

Increasingly, real estate investors are looking for value in established communities. PricewaterhouseCoopers' Emerging Trends report for 2002—prepared post 9/11—warns investors away from apartments, retail, and auto dependent suburban locations, while advising investors to buy and hold in 24 cities.

> Interviewees have come to realize that properties in better planned, growth-constrained markets hold value in down markets and appreciate more in upcycles. Areas with sensible zoning (integrating commercial, retail, and residential), parks and street grids with sidewalks will age better than places connected to disconnected cul-de-sac subdivisions and shopping strips, navigable only by car. Booming populations and wide-open spaces in the Sunbelt's expanding suburban agglomerations can provide developers and investors with short-term opportunities to cash in on growth waves—but the returns, on average have not been competitive. . . . Markets served with mass-transportation alternatives and attractive close-in neighborhoods should be positioned to sustain better long-term prospects as people strive to make their lives more convenient. (Jones Lang LaSalle, 2001.)

In addition, suburban areas are actively trying to add density, mixed use, and transit. In Dallas, the expansion of the DART transit system in the suburbs is prompting the development of 24 hour dense town centers, such as Addison Circle, which is expected to accommodate 10,000 people in a few years. Even further out, the development of Legacy Town Center in Plano and the redevelopment of Plano Town Center are mixed-use examples. Closer in, the Uptown area near Dallas's downtown has added 10,000 residents in mixed-use multifamily developments within the past 5 years and the Emerging Trends report rates it as the strongest residential market in the metropolitan area. Similar trends can be seen in Montgomery County and Arlington County in the Washington area.

TRANSIT PROVIDES A SUBSTANTIAL ECONOMIC BENEFIT TO THE USER

The consumption of transportation has a major impact on household budgets for all Americans. The American Automobile Association estimates the annual cost of owning and operating an automobile at $7,363 in 1999. About 75 percent of that cost is fixed costs such as car payments and insurance, and this means that there is little financial incentive for drivers to drive less once they made the investment in a car. Nationally, transportation expenditures account for 17.5 percent of the average household's budget, according to an analysis of Bureau of Labor Statistics data by the Surface Transportation Policy Project and the Center for Neighborhood Technology. (STPP & CNT, Driven to Spend, 2000.) The proportion of household expenditures that is devoted to transportation has grown as our use of the automobile has grown, from under $1 out of $10 in 1935 to $1 out of $7 in 1960, to almost $1 out of $5 from 1972 through today.

The transportation burden borne by American households falls most heavily upon the poor and lower middle class, as the less a family makes, the more of its budget goes to transportation. The poorest quintile of American households spend 36 percent of their budgets on transportation, while the richest fifth spend only 14 percent. This means that the poorer a family is, the less money it has available for other expenses such as housing, medical care, or savings. In fact, transportation takes up the second largest percentage of the household budget, ahead of food, education, medical care and clothing, only behind expenses for housing.

The cost of transportation varies widely from region to region, and within metropolitan areas. Scott Bernstein and Ryan Mooney of the Center for Neighborhood Technology recently analyzed data from the Consumer Expenditure Survey from 1998–1999 and revealed that transportation costs can vary from 14 percent of a household's total expenditures in the New York Metropolitan area to as much as 22 percent in Houston.

Research at the metropolitan level done by John Holtzclaw, Robert Clear, and myself shows that these variations in driving and vehicle ownership and hence transportation costs can be explained by a combination of factors, including neighborhood design and transit availability and frequency, when income and household size were controlled for. This study which analyzed odometer readings collected as part of air quality inspection and maintenance programs, found that the residents of denser, transit rich neighborhoods drove far less and spent far less on transportation than people who lived in areas not served by transit. (Holtzclaw, Clear, Dittmar, et. al., *Transportation Planning and Technology,* 2002.)

TRANSIT'S IMPACT ON WEALTH CREATION

The growing proportion of consumer expenditures that is devoted to transportation inhibits families from devoting their income to saving or investing, and indeed, may be part of the reason why so many families have to send two people to work. For the fact is that spending on transportation by poor families, unlike spending on homeownership or investing in education, has a very poor return on investment because autos, unlike houses, are depreciating assets. Ten thousand dollars invested

in a car declines to a value of about $4,000 in 10 years time, while investment in homeownership builds equity and often appreciates.

Similarly, investment in college education for one's children increases their earning power over their lifetime. The fact that the poorest families must spend over a third of their income on transportation means that they are least able to invest in activities that offer them the opportunity to build wealth. It is indeed ironic that many progressive social scientists believe that the best way to help former welfare recipients secure jobs is to give them automobile purchase assistance, thereby trapping them into the poverty cycle even more profoundly, as the poor typically end up with less reliable cars which are more expensive to operate and maintain.

Some lending institutions are also changing loan criteria to reflect the hundreds of dollars in savings per month that can be experienced in denser, transit rich neighborhoods. The Location Efficient Mortgage (SM) a product of Fannie Mae and a consortium of groups called the Institute of Location Efficiency, allows prospective homebuyers in denser transit-rich neighborhoods to use their transportation savings to help them afford a home in these neighborhoods. The program, which has been introduced in Chicago and Seattle and San Francisco, is under study in Atlanta, Portland, and Philadelphia, and Fannie Mae has announced plans to introduce a less comprehensive product with smaller savings in Minneapolis-St. Paul and Baltimore. In essence, financial institutions are now sending a message—if you save money by driving less, we will take that into account and offer you more funds to purchase a home. This kind of market adjustment is a positive response to the economic benefits of transit investment upon households.

TRANSIT SPURS DEVELOPMENT

As indicated earlier, real estate investors are recognizing that development near transit has locational advantages, and a new style of development is emerging in response to this fact. Transit oriented development is the new term used to characterize mixed use, walkable development located within one-half mile of a transit stop, and evidence indicates that as new transit systems—whether light or commuter rail or rapid bus—are introduced, development follows. A recent study by the University of North Texas found that the new DART system in the Dallas region has already generated over $800 million in development, and that the full system is projected to generate $3.7 billion in economic activity upon build out. (University of North Texas, 2000.) Typical of these projects is Mockingbird Station, which features a multiscreen cinema, upscale retail, office space, and 211 loft apartments that are within walking distance of the light rail stop. The project was built without public subsidy.

The potential for transit-oriented development to build both economic value and staying power in a region is evidenced in the National Capital region by both Montgomery County, Maryland, and Arlington County, Virginia. My organization is completing a case study of Arlington County, which has pursued a policy of concentrating its development activity along the Rosslyn-Ballston Corridor since the construction of the Washington Metro. Our forthcoming study found that development along transit allowed the county to capture over 13 million square feet of office space and 2 million square feet of retail since 1980. The corridor has increased in population from 19,838 in 1980 to 34,485 in 2000, reversing a steep population decline in the Seventies. Land value within the corridor near the four stations increased by 81 percent from 1992–2002, an average annual increase of 6.1 percent, generating over $109 million in property taxes in 2002 alone. The corridor generates approximately 33 percent of the County's real estate tax on 7.7 percent of the County's land. According to the study, "Even with the economic downturn and the residual affects of the 9/11 incident (which affected Arlington directly through the bombing of the Pentagon and the subsequent shutdown of National Airport and several major arterials), February 2002 vacancy rates were at 10 percent. This is half of the vacancy rate of suburban office concentrations in outlying Virginia such as Tyson's Corner and Reston. The office rents in the Rosslyn-Ballston Corridor also command a rent premium over other office locations in the Northern Virginia marketplace." (TransManagement, Inc. for Great American Station Foundation, forthcoming.)

Transit-oriented development clearly commands an advantage in the emerging marketplace, and this offers an opportunity for transit systems to recapture value, both from underutilized land around their stations, and potentially from development occurring near stations through benefit assessment districts. Such schemes could help to finance transit system expansion by providing a revenue stream to repay debt.

Transit-oriented development clearly has a role to place in making housing more affordable, as the data on housing and transportation expenditures clearly indicate.

In addition to the measures discussed above, many transit-oriented developments include affordable housing. We have studied two such projects in detail. The first is Ohlone-Chenoweth in Santa Clara County, California, where a underutilized park and ride lot and private land have been developed with 135 very low-income units, 194 units affordable to households at 50–60 percent of median income, and a third project with market rate housing. The second project is Barrio Logan apartments in San Diego along the San Diego trolley, which includes 144 low-income units financed through CRA commitments and the Low Income Housing Tax Credit. Both projects have been successful in meeting both housing and transit goals.

Indeed the States of California and Maryland, recognizing the value of access to transit to low-income families have acted to give priority to projects near transit in allocating their share of Low Income Housing Tax Credits. Perhaps a similar priority action could be made for other housing programs under the jurisdiction of the Committee. At the least, the clear connection emerging between transit, housing and wealth creation underscores the wisdom of the Senate in placing both housing and transit under the jurisdiction of the same Committee.

TEA–21 Reauthorization Issues

Mr. Chairman, while the STPP is still in the process of developing its full reauthorization package, there are several areas that I address on behalf of our coalition.

Treat Transit the Same as Highways

I lead with this policy recommendation given its very high priority within our coalition. In earlier debates on ISTEA and TEA–21, STPP and its coalition partners were strong proponents of the 80/20 matching share for transit projects to ensure that options for future transportation investments were not biased toward one modal investment over another. There are now efforts, both in the Administration and in the Congress, to control demand for FTA's "New Starts" program by rationing money through reductions in the Federal matching share. We strongly oppose this approach.

Rather than focusing on ways to grow the resources to support the accelerating pipeline of demand for new rail and busway projects, which is where we believe efforts should be directed, some are seeking to manage demand by spreading available funds and requiring significantly higher overmatchs.

It is clear that ISTEA fundamentally shifted our thinking about what future investments are needed in support of local and regional economic development. Since local decisionmakers were invited into the dialogue on transportation investment, through the planning process and other means, we have seen an explosion of interest in rail transit investment. In fact, a disproportionate share of recent ridership gains have been driven by the New Starts programs and rail transit overall.

To illustrate the strong demand for rail transit, I would note that of the Nation's top 50 metropolitan areas, all but two were planning a new start project, adding to an existing system or have a new system under construction. These are obviously our largest economic regions, but the interest in and support for rail transit and other fixed guideway projects such as Bus Rapid Transit (BRT) goes well beyond these areas.

Rationing the demand for new start dollars by shifting the Federal match is evidence of a larger problem. There are now examples where new start project sponsors won't receive their full Federal funding commitments pursuant to existing FFGA's until after the project has been completed and is operating. These developments suggest that there is an urgent need to find additional resources to meet this growing demand under the program.

Mr. Chairman, the key message of our coalition is that the Federal shares on rail and highway projects *should be the same.* If there is decision to reduce the Federal share for new start projects, it should be coupled with a change in the Federal match for new highway capacity projects. This core principle of parity between transit and highways is one we would urge this Committee to adhere to as you develop legislation renewing TEA–21.

Transit Innovations Initiative

Mr. Chairman, I would urge this Committee to look for additional incentives to prompt transit providers to embark on the next generation of system improvements, like innovative ways to promote institutional cooperation as I discussed earlier, deploy new technologies, or coordinate investments with local land use plans, as examples of target areas of inquiry. As we look to grow transit use and the knowledge that supports these efforts, we must make the relatively modest investments here to prompt further transit innovations, just as the earlier Service and Methods Demonstrations Program laid the foundation for services and transit improvements that are growing transit service today.

We would urge that such a program, investing funds with transit providers and others, should be required to ensure that the results are transferable, including strong information and technical assistance features, and that there is a strong evaluation element. We recognize that earmarking would be a threat to such an initiative, as it has with other existing programs, but we would urge you to move forward with such a program anyway, given the need for modest funding in this area.

Shift Focus of JARC Program to Existing Areas

A key policy initiative in TEA–21 was the enactment of the Jobs Access and Reverse Commute (JARC) Program which was one of STPP's top priorities. We commend this Committee for your leadership in successfully garnering support for the enactment of this program. Since 1998, we have developed a substantial record showing how this relatively modest commitment of resources made a difference in taking on the very large task of helping the many people transitioning from welfare to work. Much of the early debate and program emphasis was on transit and other transportation services aimed at connecting workers, often in cities, to job centers, which were generally further away in suburban locations. We are now more knowledgeable about some of the real challenges that exist and the opportunities that are available. One recommendation is to refocus some of the resources on improving transit services within core built-up areas, which are not always well-served. The research shows that there are more jobs available to workers in their existing core areas through attrition and replacement jobs in much closer proximity. JARC resources should be redirected to these core areas as well to help improve transit services where such services now exist or can be readily expanded, avoiding car purchase assistance that places these individuals and their families at considerable financial risk. Mr. Chairman, we would be pleased to work with the Committee and provide suggestions on this redirection of the program.

Commute Benefit and Transit Assistance

One of the most powerful actions taken by the Congress in support of public transportation over the last decade were changes in the Tax Code in 1993 that made commute benefits more viable and expansive. With TEA–21, this benefit now provides $100 per month in pretax income and narrowed the disparity with parking which is set at $185 per month. Unfortunately, this benefit has not been aggressively marketed, described, or made easy for the private sector to administer and provide to their employees. We believe that transit providers haven't done all they can do to make this benefit more readily available to employers and employees. We would urge you to look at ways to prompt providers, including conditioning future FTA formula funds, to put programs in place that assist employers in delivering the benefit more efficiently.

Consistency of Highway Reviews and Transit Project Oversight

I want to commend this Committee for your oversight of the forecasting, planning and project delivery of FTA's programs where such progress has been made that now transit proponents are in the position to cite the "New Starts" process as a model for other Federal capital programs. Congressional scrutiny directed at transit capital efforts in previous years has resulted in numerous reforms that make project sponsors meet rigorous standards for new investments, which ensures strict cost controls and other outcomes during the construction cycle and subsequent operation of the project.

In your joint review of the legislation renewing TEA–21, we would urge you to work with the Senate Environment and Public Works Committee to share some of these innovations such as FFGA's with the highway program. We need to ensure some balance so that the rigors, including strict cost controls, that now apply to transit capital projects are extended in similar ways to larger highway projects, ensuring some level of consistency between these modes. Importantly, there are examples of runaway highway capital projects where unchecked project costs have adverse impacts on State transportation plans, displacing resources destined for other transportation investments. Mr. Chairman, you and this Committee should be proud of the safeguards that you have put in place for major transit capital projects and the record you have built in delivering increased accountability in the use of Federal funds.

Further Enable TOD

Transit and more broadly Transportation-Oriented Development is an area that we are now reviewing to determine how existing law can be further developed to support these efforts. Initially, we are recommending that broader eligibility be accorded to TOD initiatives in station projects, so that the shell for key services such as customer serving retail, day care, and social services can be constructed as part

of FTA-funded projects. One example we have found is the Maplewood, New Jersey Transit Concierge, in which local businesses have banded together to offer all of their services and products through a concierge located in the station building. In addition, we have discovered that certain provisions of the current Joint Development regulations regarding leasing are serving as a barrier to the financing of affordable housing at transit station locations. A legislative solution may be required. Finally, we recommend that the Innovative Finance provisions of TEA–21 be amended to allow value capture from transit-oriented development to be counted as a revenue stream to finance New Starts.

Planning and Corridor Studies

The Committee has joint jurisdiction with the Environment and Public Works Committee over the planning and project selections provisions of TEA–21. These provisions, which govern both State and metropolitan planning for highways and transit, are far reaching and comprehensive. The 2000 Census will require adjustment to most metropolitan areas, and this may offer an opportunity to enhance the metropolitan planning process by reaffirming the status of the Metropolitan Planning Organizations, their representativeness and their planning processes. We are particularly interested in ensuring that the planning process becomes more of a strategic planning process geared toward economic and environmental outcomes. One way to do this is to use new decision support tools to integrate alternative land use scenarios into transportation corridor studies. Such scenario-based planning can help to break the logjam that exists between local zoning and the market demand for transit-oriented development and walkable communities by demonstrating the public support for these kinds of projects.

Closing Comments

In this testimony, I have outlined some initial recommendations on ways to improve the transit program as you move forward with legislation renewing TEA–21. STPP is now crafting a much broader agenda that will offer further detail on these and other program areas such as ADA and paratransit, clean air-related improvements and program flexibility. We will share these and other proposals with you and the Committee once we finalize our agenda.

Mr. Chairman, I want to close my comments by recognizing the considerable progress that has been made in increasing the use of public transit, which continues to outpace the growth of both vehicle and air travel. This is a result of the commitment of resources under TEA–21. It is also due to other factors and trends underway in America. And, Mr. Chairman, transit's success is also the result of the leadership that this Committee has provided on these issues. Thank you for the opportunity to appear before you today.

PREPARED STATEMENT OF MICHAEL A. REPLOGLE

TRANSPORTATION DIRECTOR, ENVIRONMENTAL DEFENSE

JUNE 26, 2002

Good morning, Chairman Reed and Members of the Subcommittee. I am speaking on behalf of Environmental Defense, an organization with 300,000 members that seeks to integrate law, science, and economics to find practical solutions to environmental problems.

TEA–21: A Success for Transit

TEA–21 provided vital guarantees for increased transit funding while sustaining important accountability and incentive reforms of the ISTEA law. In response to these reforms and funding, Americans have taken back to public transportation in droves. Since 1995, transit ridership has grown by one-fourth, to over 9.5 billion rides, the highest in more than four decades. Over the last 6 years transit use has grown faster than the population (8 percent), highway use (15 percent), and domestic air travel (13 percent; 19 percent prior to 9/11/01).

TEA–21's support for public transportation has promoted economic development, the environment, and public health, offering guaranteed funding and incentives to encourage State and local progress for clean air, smart growth, and equitable access to opportunities. Reauthorization of TEA–21 should build on this success with increased guaranteed funding for transit, greater transparency for how tax funds are spent on transportation, and stronger public accountability for State, regional, and local transportation system performance measured against national, State, and regional objectives, including goals for environmental protection and equity.

America Can Do Better

Thirty-two years after the 1970 Clean Air Act, 140 million Americans—including 70 percent of the people most vulnerable to air pollution—live in areas that exceed the National Ambient Air Quality Standards, exposing them to unhealthful air pollution that leads to premature death, cancer, hospitalization, and impaired life quality. The number of smoggy days increased 18.5 percent between 2000 and 2002 in the 58 percent of U.S. counties with air quality monitors. And recent research in California and Colorado shows that those living close to very high traffic volume highways face unacceptable cancer risks—as high as 1 in 500—due to exposure to traffic-related toxic air pollutants that will increase if roads are further expanded. (South Coast Air Quality Management District, *Multiple Air Toxics Exposure Study—II,* March 2000.) On top of this, the U.S. accounts for vastly disproportionate greenhouse emissions, with 5 percent of the world's people using more than one third of all energy for transportation purposes worldwide. While the transit-related provisions of a reauthorized TEA–21 alone won't solve these problems, they are a critical opportunity to address them.

Some States are making greater use TEA–21's opportunities to develop balanced transportation systems that expand transit choices. But others are making little progress and devote a large share of their attention to the failed strategy of trying to build their way out of congestion. In a third of the States, constitutional restrictions limit States' ability to use their own gas tax for anything other than roads. In many regions transportation planning expends little effort to consider transit and growth management strategies that could provide attractive alternatives to the current plan of business-as-usual road system expansions that accommodate and support sprawl and subsidize driving, while neglecting the needs of pedestrians, bicyclists, and those without cars. Improved data collection and impact analysis tools and stronger planning requirements are needed if State and local agencies are to comprehend, identify, and invest in better system management. By improving integrated performance-oriented planning at the State and regional level, we can address demands to streamline the project review process in a manner that delivers better projects that also protect the environment, public health, and the ability of the public and local officials to know about the effects of major decisions before they are final, a core principal of the National Environmental Policy Act of 1969 (NEPA).

Protecting Public Health with Better Transit

Investment in clean public transportation reduces smog and particulate air pollution that harms the health of children, the elderly, and those with respiratory disease. Increased investment in clean transit can provide vital remediation for these risks by helping to reduce traffic. Riding transit is also far safer than driving, which causes 42,000 U.S. deaths a year and 3 million injuries. Deaths and injuries from motor vehicle crashes are the leading cause of death for persons of every age range from 4 to 33 years old. The National Safety Council estimates that riding the bus is over 170 times safer than car travel. If the Nation's roadway users had the same accident rate as buses, 21,000 motorist lives would be saved annually in collision accidents alone. Across all modes of public transportation, accidents per million passenger miles decreased by nearly 28 percent between 1993 and 1999; transit passenger injuries per million passenger miles declined nearly 24 percent.

Atlanta's experience during the Olympic Games in 1996 shows how much transit can cut traffic, boost system efficiency, and protect public health. By leasing 1,000 added buses, enhancing the transportation system management, and the marketing improved travel choices during the Olympics, Georgia officials cut the number of cars in the morning rush hour by 23 percent. This reduced traffic led to lower air pollution emissions, with a 28 percent drop in smog concentrations even as the region accommodated over one million additional visitors. This in turn caused the number of asthma acute care events to decrease 42 percent during this period. (Freidman, Michael S., Powell, Kenneth E., Hutwagner, Lori, Graham, Leroy M., Teague, W. Gerald; *Journal of the American Medical Association,* February 21, 2001, vol. 285, no. 7, pg. 897–901.)

Transit is Vital to Cut Climate Change Emissions

Transit has a key role to play in reducing our Nation's growing dependence on oil and highly disproportionate contribution to human-induced climate change. Transportation accounts for about 28 percent—a growing share—of U.S. climate change emissions. Yet the fuel efficiency of a fully occupied rail car is 15 times greater than that of the typical commuter's automobile. Full buses are 6 times more efficient. A bus with as few as seven passengers is more fuel efficient that the average solo commuter car trip.

For every 10,000 solo commuters who leave their cars at home and commute on transit for 1 year, the Nation reduces fuel consumption by 2.7 million gallons. While intercity rail accounts for about 1 percent of all passenger miles traveled by Americans, it accounts for only 0.1 percent of U.S. energy consumption for transportation. In Japan and Germany, where high-speed rail is common, trains consume only a sixth to an eighth as much energy as jet aircraft carrying similar passenger loads. Protecting Amtrak and investing in a modern national intercity high-speed rail system must be part of our national agenda to protect the environment.

Several State studies have illustrated rail's benefits for energy conservation, air pollution, and global warming. For example, in California, a recent State study concluded that the State-supported intercity train network will prevent 265 million motor-vehicle-miles from being driven in 2002. While the resulting reduction in gasoline consumption is offset by increased diesel consumption by trains, the State projects a net saving of 7.3 million gallons of gasoline in 2002, helping to reduce both air pollutant emissions and the demand for imported oil. (California Department of Transportation, *California State Rail Plan 2001–2002 to 2010–2011,* 2001, p. 16.) A gasoline saving of this magnitude would reduce carbon dioxide emissions by about 140 million pounds, which is the equivalent of taking 12,000 cars off the road for a year. A study done for the Coalition of Northeast Governors in 1990 estimated that the introduction of high-speed rail service between Boston and New York would save 20 million gallons of jet fuel and 4.5 million gallons of gasoline per year. Although some pollution is generated from the electricity that powers the trains, the net effect of high-speed rail between Boston and New York would be to eliminate almost 2,700 tons of smog-forming pollutants each year.

Public transportation has been estimated to cut gasoline use by more than 1.5 billion gallons a year and to prevent the emission of 63,000 tons of hydrocarbons and 78,000 tons of nitrogen oxides. These numbers don't even consider the much greater indirect energy and environmental benefits of the efficient housing and work environments made possible only by the availability of rich transit networks in places like New York City, San Francisco, and Washington, DC. And vital new economic centers, such as San Jose, Denver, and Portland, Oregon, could not sustain and manage their growth without having invested heavily in transit.

Transit Sustains and Builds Energy-Efficient, Lower-Pollution Communities

To comprehend the true environment and public health benefits produced by America's public transportation systems, we must consider how community patterns of travel, commerce, and urban development are transformed when high-quality transit services are consistently developed and sustained over the long-term. A recent study by the National Transit Cooperative Research Program of the National Academy of Sciences found that transit-supported compact developments yield 10 to 30 percent less overall community energy use and pollution compared to low density, car-dependent sprawled development, as well as lower total social and infrastructure costs. Many regional and subregional studies using best practice analysis tools to compare alternative investment strategies and related policies, that is, in Denver, Portland (OR), Sacramento, and Washington, DC, have found that transit supported strategies can accommodate equivalent amounts of new development with significantly less traffic and pollution while automobile-oriented strategies induce added traffic and pollution.

Indeed, by focusing growth around an expanded transit system, reducing expenditures on roads, and adopting an urban growth boundary and pedestrian-friendly urban design standards, Portland, Oregon, has pursued a path different from most other U.S. metropolitan areas. Since the adoption of the 235,000-acre growth boundary in 1979, Portland, Oregon, has urbanized just 39,000 acres. At the same time the population inside the boundary has increased by more than a third. No new road capacity has been added to the downtown for nearly a quarter century although employment has nearly doubled in that time to 109,500. Transit carries the equivalent of two lanes of traffic on every major thoroughfare to downtown. Portland tore out a six-lane expressway to create a downtown river front park, traded in the money for two new freeways and invested in transit. Between 1990 and 1996, transit ridership grew 20 percent faster than the growth in vehicle miles traveled, 41 percent faster than the growth in transit service and nearly 150 percent faster than the growth in population. Portland's adopted regional plan envisions a 40 percent increase in population and just a 2 percent increase in land area by 2017.

The experience of most cities with less consistently transit-focused policies has been that urban land consumed per person has skyrocketed, exacerbating car dependence. Seattle's experience is typical, with a 38 percent population increase accompanied by an 87 percent increase in urban land area between 1970 and 1990.

Another region facing sprawl pressures that are being countered with better transit is Denver, which anticipates accommodating a million new residents in the coming 20 years. A recent survey by the Downtown Denver Partnership shows that before the new Southwest light rail line opened, one in four downtown commuters used transit; since the new line opened, one in three do. It is estimated that it would take 175 additional miles of highway in the Denver metro region to carry all the people who use transit today. Recent public transit investments have been very successful; both the light rail and the bus and carpool lanes on north I–25 have exceeded projections for ridership. The 14 mile light rail system takes 525 bus trips off city streets each day. One light rail train can replace over 200 single occupant vehicles. More than 33,000 people ride the light rail daily about 30 percent above the original ridership projections. New transit investments are not only alleviating traffic congestion and cutting pollution, but also they are revitalizing communities by serving as infrastructure for creating new town centers and livable, walkable communities. The once dead Englewood mall has been reborn in the past 2 years as a mixed-use city center with homes, offices, stores, cultural, and civic uses, thanks to Denver's Southwest light rail line that now serves it. And the growth attracted to this center otherwise would likely have taken a much more polluting, car-dependent form at the periphery of the metro area, but for Denver's transit-supportive policies.

The large transportation and energy cost savings produced by transit translate into higher real estate values for neighborhoods with good transit access. Single-family residences in Boston are valued an average of 6.7 percent higher in neighborhoods with rail stations compared to neighborhoods without them according to a 1994 Transportation Research Board study. In Portland, Oregon, residential properties within 500 meters of light rail station are valued at 10.6 percent more than comparable properties farther away.

Transit Reduces Water Pollution and Protects Parks and Ecosystems

By supporting more compact development patterns, transit investment can reduce conversion of open space to urban uses, reduce impermeable surface coverage in critical watersheds, and provide access to our Nation's parks while protecting them from damage caused by traffic. Surfaces paved to accommodate traffic are responsible for substantial storm-water pollution and water quality degradation in coastal estuaries, streams, lakes, and near-shore ocean environments. In contrast to the space-intensive demands of air and auto travel, which require ever-larger airports and ever more lanes of freeway, rail service can be increased mostly along existing rights of way. Rail stations accommodate many more passengers than airports while taking up far less land. Penn Station in New York, for example, accommodates more travelers every day than the 25 biggest airlines handle at Los Angeles International, Chicago O'Hare, and Newark International airports combined.

Accountability: Key to Better Transit, Expedited Project Delivery, and Sustained Public Support for Transportation Funding

Public support for transportation funding will be sustained only if Federal, State, and local agencies improve transparency about how they spend money and can be held more accountable for the long-term effects of transportation projects, programs, and plans. This requires better integration of transportation, natural resource, and land use plans and transportation project reviews at all levels of government for better coordinated decisionmaking that supports wise system stewardship, with better consideration of alternatives for impact avoidance and mitigation. Such an approach to improving transportation project delivery could lead to more effective investments with broad public support, with more investment in transit, and better protection of public health and the environment.

Some State DOT's are carrying through on the mandate of TEA–21 to integrate the Major Investment Study requirements into NEPA project reviews and the transportation planning process, despite the absence of DOT regulations, and by doing so are considering smart system management, pricing, partial build scenarios, and smart growth strategies as they consider major new investments. Some States are pursuing stewardship initiatives to change the culture of State DOT's and to foster closer planning and operational partnerships with State resource agencies and key stakeholders. Most States have improved interagency cooperation so that their transportation plans conform with their adopted air pollution control plans. To accomplish this, some regions, like Charlotte, North Carolina, are adopting air pollution control strategies, such as new regional transit, that will help offset future emission increases from highway transportation. Congress should encourage these best practices.

Other transportation agencies and road builders are trying to scapegoat environmental laws for their own administrative failures which are manifested in a lack of local consensus on proposed projects, insufficient State and local funding match dollars, and stalled reviews due to inadequate consideration of alternatives, inadequate mitigation and avoidance of adverse impacts, and efforts to end-run Federal requirements. These interests want to expedite transportation project delivery by weakening the Clean Air Act conformity requirements, setting deadlines for project reviews, diminishing consideration of alternatives and indirect impacts, limiting opportunities for stakeholders and resource agencies to influence decisions, and limiting judicial review. Congress should reject these proposals that would undermine core environmental protections, spur greater conflict, erode public support for transportation funding, and make it less likely that communities will consider and implement investments and policies that improve and support transit.

In those few places where transportation and air quality plans in recent years have come into serious conflict, such as Atlanta, transportation conformity lapses have led not to a cut off of Federal transportation funds—as road builders often falsely assert. Instead, Federal, State, and local funds have been redirected away from major road expansions and into transportation projects that are beneficial or neutral for air quality, including highway safety projects, park-and-ride lots, HOV lanes, sidewalks and bike paths, bridge reconstruction, traffic signalizations, and intersection improvements. During a conformity lapse, funds may also go to major transit projects that have been recognized as transportation control measures in State Implementation Plans (SIP's) for air quality. But many State and local agencies have failed to include their major transit projects in SIP's. This administrative shortcoming puts the funds for these air quality improvement projects at risk if there is a conformity lapse. Having transit project funding held hostage to continued funding for sprawl and traffic-inducing highways serves only the road builders' interests. The Congress could remedy this problem by stating that major transit investments should be treated as conformity-exempt and by allowing new transit projects that have not previously been part of a conforming transportation plan and program to be added to nonconforming transportation plans and programs during conformity lapses.

In reauthorizing TEA–21, the Congress should reduce the number of segmented project analyses, encouraging fewer, better-coordinated evaluations of alternatives. State and metropolitan areas should develop and periodically update, with public involvement, integrated transportation, natural resource protection, and growth management plans that consider at least one alternative scenario that considerably reduces traffic growth through better system management. Agencies should annually report on the current and projected performance of their transportation system management, investment, and proposed programs and plans, accounting for cumulative and secondary impacts on growth patterns, public health, greenhouse gas emissions, the achievement of natural resource planning goals for air, water, and habitat protection, and the provision of equal access to jobs and public facilities for all residents, including those without cars, without undue time and cost burdens.

California's recently enacted AB2140 law provides a model for this: (1) establishing a standardized set of basic transportation performance indicators related to safety, congestion, road repair needs and public transit that each region must begin to track; (2) establishing a standard method of financial reporting to help the public and local officials know what their money's being spent on; and (3) requiring an "alternative planning scenario" in the development of each region's 20 year transportation plan in order to provide a clear alternative to present growth patterns that could minimize future demand on transportation infrastructure while reducing congestion, protecting open space, and saving taxpayers money. Adopting a Federal version of AB2140 in TEA–3 would give the public and local elected officials expanded transportation investment choices including options to better support transit and manage both traffic and land development, supporting an environmentally sound approach to expediting project delivery.

Assure Integrity to Models and Analysis

A decade after ISTEA, many transportation agencies still use transportation analysis models that reflect the assumptions of the 1970's, ignoring walking, biking, urban design, induced traffic, and the land use impacts of transportation policies. The Federal Travel Model Improvement Program should foster adoption of best practices, but has had only modest effect. While some metropolitan areas, such as Portland, Oregon, and Sacramento, California, have developed more policy-sensitive modeling tools to appraise the traffic, transit, air quality, and equity impacts of various policies, many agencies have done only defensive just-in-time model fixes to produce answers that help justify locally sought projects. The result is the recurrent

widespread under-estimation of air pollution from traffic, mis-estimation of travel demand for new transit systems and roads, and poorly supported investment decisions made on the basis of faulty data, models, methods, and forecasts. Recent independent audits of computer travel models in Washington, DC, and other regions have exposed serious flaws in official Metropolitan Planning Organization models that bias their findings strongly against transit investments and smart growth strategies and strongly in favor of expanded highway investments. Unless improved, these discredited models will be subject to growing challenge from a variety of stakeholders, including resource agencies, civic groups, environmental groups, and urban core development interests that are put at disadvantage by these obsolete and poorly calibrated tools.

America needs a new and much stronger national transportation data center to replace the Bureau of Transportation Statistics. This center should help set a core set of uniform standards for travel survey data collection, transportation network coding, spatial data analysis, and evaluation, developing a new generation of scientifically valid methods for local, regional, and national travel behavior analysis to support performance-based funding and decisionmaking. Local innovation should be encouraged to augment this core set of measurement systems. To improve their validity and performance, regional travel models should be subject to adequately funded independent oversight and critique by impartial experts, with open public access to data and software setups to facilitate public interest audits of assumptions and model performance.

Level the Playing Field Between Roads and Transit on New Starts

The TEA–21 transit New Starts Program sets the rules for funding new transit projects. This successful program has helped spur competition for new projects, encouraged greater local funding, and more efficient design and project selection for system expansion, with far greater demand for funds than available under TEA–21. We support substantially increased funding for transit New Starts, as demand for such environmentally sound investments is growing. Scarcity of New Starts funds have led to many negotiated Federal funding far less than the 80 percent provided for under law, with the program now approaching a 50–50 Federal-local funding split.

But even more importantly, new highway projects should be subject to the same rules and competition for local match as new transit projects. This would help assure a wiser use of scarce Federal transportation resources, greater private participation, increased reliance on environmentally sensible and fiscally prudent motorist user fees to cover project costs, and better overall project selection. If a 50–50 split is adopted for transit New Starts, as proposed by some, a similar split should similarly be adopted for all new road projects financed with Federal funds. Fiscal prudence in reauthorization would suggest far more attention be paid to completing the job that ISTEA started on leveling the playing field between highways and transit.

Congestion Mitigation Air Quality Funding:
Vital For Transit and Public Health

The $8.1 billion 6 year Congestion Mitigation Air Quality Program (CMAQ) has had 44 percent of its funds expended 1992–1999 on air quality beneficial transit projects. Funding for CMAQ should be substantially expanded in TEA–21 reauthorization in recognition of the increased problem of air quality nonattainment. Eligibility for traffic flow enhancement projects under CMAQ should be limited, as there are ample other sources of Federal and State funds available for these types of projects. CMAQ should not be opened up to become a general operating assistance program for transit, but should focus on funding innovative air pollution reducing initiatives and a wide array of strategies and programs to reduce or to managing travel demand, including incentives for smart growth, revision of local zoning, parking, and design codes, creation of accessory apartments near jobs and transit, freight and goods movement management strategy planning, traffic calming, and much better data collection and analysis to support and evaluate these initiatives before and after implementation. State and local air quality agencies should be given authority to allocate CMAQ funds in consultation with transportation agencies to foster more cost-effective and innovative investments.

The U.S. EPA has promulgated new health standard based National Ambient Air Quality Standards (NAAQS) under the Clean Air Act in recognition that the old NAAQS were insufficiently protective of public health. The Supreme Court has upheld this new standard following an industry challenge, and new designations are now overdue. The national air quality monitoring network shows that more than 166 million people live in counties with monitors showing unhealthful levels of

ozone under the new standard, compared to 117 million in areas designated nonattainment under the old standard. When actual designations of new nonattainment areas are made for ozone, including additional proximate counties without monitors, and also for fine particulate matter, it is likely that the population living in nonattainment areas will likely increase by half. Currently only ozone nonattainment area population is recognized in TEA–21's CMAQ obligation formula. It is equitable to recognize fine particulate nonattainment area population as well. Reauthorization apportionments should recognize that the expanded scope of funding needs by proportionate expansion of CMAQ funding based on both population and the degree of pollution remediation needed. Otherwise existing nonattainment areas will suffer crippling cut-backs in funds for air pollution reduction programs even while being asked to take additional steps to further cut pollution to protect public health.

Affirm a National Mobility Goal: Equal Access to Opportunities

Congress should assure America lives up to its reputation as a land of opportunity by assuring access for all in TEA–21 reauthorization. Recent U.S. DOT guidance seeks to assure that transportation plans and decisions comply with Title VI of the 1964 Civil Rights Act by considering effects on the distribution of benefits and burdens related to transportation and assuring adequate public involvement in the planning process. Several recent studies suggest a pattern of declining access to jobs and public facilities for those without cars as more jobs locate in places without transit access. The adopted $35 billion 20 year Atlanta transportation plan, for example, shows that the share of jobs reachable by those without cars declines from 2000 to 2005 and does not get back to 2000 levels until after 2015. A disproportionate share of those without cars in Atlanta and nationally are African-Americans and nearly 94 percent of public assistance recipients do not own cars and rely on public transportation. And by 2020, 40 percent of the U.S. population will be senior citizens and many will be unable to drive.

Congress should affirm in TEA–3 a national mobility goal to provide equitable access to jobs, health, education, public facilities, and other opportunities for the young, the old, the disabled, and others without cars without undue time and cost burdens. Regional Transportation Plans should be required to demonstrate how this goal will be achieved and short-term Transportation Improvement Programs should demonstrate timely progress toward that goal. We can achieve this goal with expanded support for public transportation, better coordinated urban development and transportation, efforts to make neighborhoods safe and attractive places to walk, bike, and use public transportation.

Strengthen Commuter Choice: Boost Employer Support for Transit

Federal and State tax policies are a part of the recent story of transit resurgence. For the vast majority of working Americans, a free parking space at work has for decades been the sole commuter benefit offered by employers because that was until recently the only tax-free commute benefit worth speaking of. So if you drive alone to work you gain the benefit. If you take transit, carpool, walk, or bike, you lose the benefit and likely pay your own daily transit fare. With this kind of incentive, it is no surprise that on any given day 9 out of 10 American commuters drive to work and 9 out of 10 of the cars driven to work have one occupant. Yet the 85 million "free" or subsidized employer parking spaces actually cost American business more than $36 billion per year. By spurring more driving, these subsidies exacerbate traffic congestion and air pollution. A Congressional study found that "free" parking of all kinds costs our society over $250 billion per year.

In 1998, Congress took steps to make tax policies more equal for all commuters, allowing employers to offer tax-free transit and vanpool benefits of up to $100 a month, with taxable cash-in-lieu-of-parking benefits allowable for the first time. Tax-free benefit limits for employer-provided parking were set at $175 per month—a practice which still leaves solo drivers at an advantage. Allowing employee-paid pretax transit benefits saves transit-using employees over $400 a year while saving employers a smaller amount on withholding. Having employers pay for transit is a bigger incentive for employees. Offering such a benefit to Federal executive agency employees in the national capital region induced 11 percent of employees who used to drive to work to switch to transit, taking 12,500 cars off the region's crowded roads every workday. At firms in California and Minnesota offering a $2 a day incentive instead of free parking, one out of eight who used to drive are finding another way to get to work. Such benefits help employers attract and retain employees and provide the greatest help to low and moderate wage workers who spend the largest share of their incomes commuting and often ride transit, carpool, bike, or walk to work.

The cost of such employer provided transit benefit programs to employers is very small and can easily be fit within the scope of ordinary cost-of-living increases offered by most employers to their employees on a periodic basis. State tax credits can make this cost even smaller. For example, in Maryland, if an employer offers an employee a cost of living increase, for each $1 in after-tax cost to the employer, the employee typically receives $0.53 in after-tax income. If that same $1 in after-tax employer expense is instead devoted to an employer-paid qualified transit benefit of $60 a month, the typical Maryland employee who receives it ends up gaining $1.76 in after-tax benefits, thanks to the leveraging effect of Federal and State tax provisions.

The savings for employees offered by the Federal tax law changes are significant and make a high level of employer and employee participation in the next several years realistic across America. For example, an employee earning $50,000 per year who spends $780 annually on transit ($65/month) could realize a tax savings (at 42 percent) of $328 as a result of paying their transit cost using pretax dollars, exercising one of the new Commuter Choice options, while their employer would gain payroll tax savings (at 7.65 percent) of $60 per employee (Arthur Andersen). Even if the cost to set up and administer the program equals 2 percent of the transit benefit, the employer will still enjoy payroll savings of $44. Employers are likely to face new costs to offer transit passes or added cash income in lieu of parking, but these can also translate into substantial cost savings of several types. It is much cheaper for an employer to boost nontaxable employee benefits than to offer added taxable income to retain or attract workers, which is an increasing issue in a tight labor market. If the employer is able to expand employment without adding more parking spaces or to otherwise avoid the cost of building, leasing, or maintaining parking spaces for workers, capital cost savings can amount to $5,000 to $20,000 per avoided space and operating costs can amount to $750 to $3,000 or more per year per avoided space. Such savings are often significant enough to more than pay for a cash in lieu of parking or transit pass benefit.

Commuter Choice programs have been shown to unite the diverse interests of environmentalists, business, labor and transit, and highway advocates. Most realize that Commuter Choice is good for business and for communities. Commuter Choice is a voluntary incentive that boosts travel options and supports more efficient use of the roads and transit we already have. It can provide quick relief to traffic-strained communities and will expand market opportunities for new forms of access to suburban jobs. Low- and moderate-income workers benefit particularly, since commuting costs represent a larger relative burden on them, and they tend to be more reliant on ridesharing and transit. The Alliance for Clean Air and Transportation, a national group representing a diverse array of sectors, including the road builders, automobile industry, environmentalist and health groups, the American Association of State Highway and Transportation Officials, Highway User Federation, American Automobile Association, the National Association of Regional Councils, and the U.S. DOT and EPA, in February 2000, adopted a consensus goal of making Commuter Choice benefit programs a standard part of the American worker benefit program over the next 5 years.

However, Commuter Choice will have an effect on air pollution only if people know about it and use it, and if the opportunities for cost savings offered by aggressive implementation of these incentives are made evident and available to developers, building owners and tenants, and commuters. Marketing alone has been shown to be inadequate to win widespread adoption of Commuter Choice incentives. There are many strategies that can be taken by States, regional bodies, and local municipalities to foster rapid and widespread adoption of Commuter Choice incentives so these might become available to the average commuter. Additional financial incentives and support by transportation agencies and other Government bodies are essential to rapid adoption of Commuter Choice voluntary incentives and can be highly cost-effective in reducing congestion and pollution.

The DOT and EPA are promoting Commuter Choice, but Congressional action is needed to further expand efforts to foster widespread adoption of these voluntary incentives. EPA estimates that if half of all U.S. employees were covered under these commuter benefits, traffic and air pollution could be cut by the equivalent of taking 15 million cars off the road every year, saving American workers about $12 billion in fuel costs. For every 10 percent of U.S. employees participating, commute VMT would be cut by 3.2 percent, or 20 billion miles, with emission reductions of 54,000 tons VOC, 480,000 tons CO, 33,600 tons NOx, and 2.36 million tons CO_2. In *SIP Development Guidance: Using Emission Reductions from Commuter Choice Programs to Meet Clean Air Act Requirements,* EPA estimates reductions of 26–30 percent in commute vehicle trips for a full Commuter Choice program. Los Angeles research shows that those who receive free parking at work drive 72 cars per 100

employees, while those who paid for parking at work drove 53 cars per 100 employees, or 26 percent less (D. Shoup, "An Opportunity to Reduce Minimum Parking Requirements," *Journal of the American Planning Association,* Winter 1995, pages 14–28.).

Congress should take further steps to encourage employer support for such "Commuter Choice" initiatives. Congress should support for the following bills that would do this:

- The Commuter Benefits Equity Act of 2001 (H.B. 318) would provide equal tax-treatment for parking and transit benefits.
- The Bike Commuter Act (H.R. 1265) would allow employees who bike to work the same financial incentives as transit users.
- The Mass Transit Tax Credit Act of 2001 (H.R. 906) would provide a 25 percent tax credit to employers for the cost of providing transit benefits to their employees. This is modeled after measures adopted by several States—including Maryland, Minnesota, Oregon, Washington, Georgia, and New Jersey—that have begun offering tax credits of up to 50 percent and up to $50 per employee per month for employer-paid nondriving commuter benefits.

TEA–3 should also require that local and State officials do more to consider integrating Commuter Choice into their transportation plan and program development. In all nonattainment areas, transportation programs should assure that potential air pollution reduction benefits from Commuter Choice will be realized in a timely manner. These would include provision of these benefits to State and local government employees, aggressive marketing of these benefits to employers and employees, inclusion of Commuter Choice programs in local planning, development review, and other decisionmaking procedures and favorable local and State tax treatment. Such new travel demand management activities and incentives should be given priority by including them in air quality SIP's as Transportation Control Measures.

This promotion should include marketing, technical, and administrative assistance, new transit fare products, such as deep-discount bulk purchase transit and vanpool benefits for 100 percent of an employer's workforce in the region, and new financial incentives for employers and employees that are adjusted annually in an effort to meet stated performance targets. State Implementation Plans should include targets, timetables, and expanded funding commitments for (a) providing different segments of the labor force with Commuter Choice options of various types and (b) achieving increased levels of use of various Commuter Choice incentives by various portions of the labor force. These targets could be used as the basis for estimating SIP credits if accompanied by commitments to reasonably linked funding and policy commitments that could be anticipated to meet these targets.

Financing Transit With Automated Road Pricing

Another promising option that TEA–21 supports is automated time-of-day tolls and High Occupancy Toll (HOT) lanes, which allow solo drivers to pay to use High Occupancy Vehicle (HOV) lanes, while giving a free ride to buses, vans, and sometimes carpools. These can put to work unused capacity in HOV lanes and help pay for expanded transit services. A network of HOT lanes on existing highways is likely to provide more effective congestion relief than building new roads. New outer beltway toll roads are likely to bring more sprawl and put more jobs out of reach for those without cars, hurting the poor and the environment. Why not instead give time-stressed travelers a way to buy relief from growing congestion delays in existing freeway corridors and finance better transit?

HOT lanes in existing road corridors can expand both travel choices and equity. HOT lane critics unfairly bash them as "Lexus Lanes," serving only the rich. Real-world HOT lanes look more like "Lumina Lanes," used by people of widely varying incomes who occasionally need to bypass traffic delays that disrupt their social, family, or work life. A working class mom who is facing a $1 a minute penalty for picking her kids up late at day care is happy to pay $4 to save 20 minutes by using the HOT lane on those several days a month when she needs it. The typical users in California spend less than $20 a month on HOT lane tolls, using them on days they are in a real rush. If HOT lane revenues fund new bus services, as on San Diego's I–15 HOT lane, everyone wins. Lower income transit users and carpoolers get access to otherwise inaccessible suburban jobs. Drivers benefit from reduced road congestion and better services and choices. If HOT lane revenues help pay for the road, those who drive most are paying more of their fair share, helping all taxpayers win. Road user fees don't nearly cover the full cost of building and operating America's roads, which remain subsidized by broader taxes. And with new accounting rules forcing fuller disclosure of deferred maintenance, transportation providers

need new sources of revenue to maintain systems, expand choices, and cope with growing travel demand.

New nonstop electronic toll technology means motorists do not need to slow down to pay tolls. And HOT lane fees—higher in rush hour and discounted at other times—keep traffic flowing without wasting scarce road capacity like HOV lanes do. This makes it possible to contemplate future conversion of some existing general-purpose lanes to HOT lanes, particularly where new capacity is being added to existing roads. HOT lane experience indicates this strategy can garner popular support. On California's Route 91, diversion of traffic onto HOT lanes has reduced congestion on the entire road and increased the number of passengers per car to 1.6, compared to the average of 1.2. Similar incentives have been implemented or are being considered in Texas, Florida, Colorado, Georgia, New Jersey, New York, and other States.

The Port Authority of NY–NJ in March 2001, introduced time-of-day tolls on Hudson River bridges and tunnels and Staten Island bridges, giving discounts for electronic toll payers who avoid rush hours and charging a premium in the time of most concentrated demand, just like movie theaters and many other services. This helps reduce congestion by shifting the time of day of traffic. Toll revenues support better PATH transit and regional transportation infrastructure and services. The NJ Turnpike, NY Thruway Authority, and other tolling agencies have implemented time-of-day tolls to manage traffic.

Congress should encourage States and transportation facility operators to replace obsolete toll booths that cause congestion and pollution with new barrier-free customer-friendly tolling systems using toll transponders and image processing and billing systems. Congress should encourage State motor vehicle agencies to issue toll transponders with motor vehicle registrations to encourage their widespread availability in States where tolls are used. Congress should eliminate restrictions on tolling highways that were constructed with Federal aid, which can now only be tolled under limited pilot projects authorized by TEA–21.

Promote Smart Transit Fare Payment Systems for Productivity Gains

Transit can also be made more efficient by better management. There are many things that should be done in this regard, including improving fare collection systems and giving buses and trolleys greater priority in traffic. Enhancing priority for buses and trolleys in traffic can increase average transit travel speeds, schedule adherence, and the number of passenger seat-miles per hour that can be carried by existing transit vehicles. A key part of this strategy involves upgrading traffic signals to support greater priority in traffic for buses, so they can hold a green signal green for a few extra seconds, or advance a red signal to green to avoid an extra stop. The strategy can also include building or configuring bus queue jumper lanes at key traffic bottlenecks to speed bus traffic past congestion, creating dedicated bus lanes, and bus boarding stations. These are often combined to provide "Bus Rapid Transit," which can often provide many of the benefits of fixed guideway rail services quickly at a lower cost.

Across America, buses are slowed by passengers who must file through the vehicle's narrow front door to board and pay an exact cash fare. Encouraging near universal use of prepaid transit fare instruments and other high efficiency transit payment options, as in Europe and Japan, enhances productivity of existing and new transit services by reducing delays related to fare payment at time of boarding. Instead of having people pay cash on boarding, require that passengers carry a prepaid transit pass, or other fare media that must be validated before or immediately after boarding a transit vehicle, and which at a premium cost could be purchased on board the vehicle. Greater use of daily, weekly, monthly, and annual transit passes helps accomplish this. Fare inspectors roaming transit systems and spot checking to verify that passengers are carrying a valid proof of fare payment or a pass, with large fines for fare evasion assure broad compliance. This enables boarding of buses through both front and rear doors, which boosts transit vehicle productivity.

Provide Safe Routes to Schools and Transit by Foot and Bike

Transit is only useful when people can get to and from its stops. Thus, a key part of the transit success story is also attributable to TEA–21's increased support for investments in walking and bicycling. TEA–21 reauthorization should take further actions to assure a safe route to schools and transit stops across America, adapting successful strategies from the most bicycle and pedestrian friendly communities. This should include requiring transit agencies to develop least-cost transit access plans that consider and compare walk, bike, and automobile access opportunities to expand the market reach along all their transit lines. It should include accelerated

funding to local governments to enable the build-out of the 20 year bike and pedestrian plans in the next 3 years, planning funds to engage in local area pedestrian and bicycle planning to identify key barriers and safety problems, and delay of some road projects to provide funds to retrofit sidewalks, bike paths, and traffic calming measures within a half-mile of all transit stops and schools.

About 40 percent of Americans own bicycles, and many of these people live ¼ of a mile to 2 miles away from express transit stops. Few of these people now use transit to get to work, in part because of the lack of an inexpensive, convenient, safe, and fast transit access system suited to trips of this distance. In the Silicon Valley of California, 40 percent of those using bicycle lockers at rail stations leave bicycles in them overnight and use them to get from the station each morning to their nearby schools and employment, just as in the Netherlands.

Another means of reducing traffic is to implement neighborhood traffic calming to reduce motor vehicle speeds on many streets to improve safety for pedestrians, bicyclists, and motorists, and reduce emissions from car travel. Traffic calming has been shown by research to reduce idle times by 15 percent, gear changing by 12 percent, brake use by 14 percent, and gasoline use by 12 percent, injuries by 60 percent, fatalities by 53 percent, and air pollution by 10 to 50 percent. The majority of all urban and suburban streets and roads are already quite suitable for bicycling, with relatively low traffic speeds and low traffic volumes. However, such residential streets usually lead to bicycle-hostile major roads before reaching major activity centers and schools. Frequently, development of small missing links can make the difference between safe bicycle access and lack of access. Experience shows that high levels of bicycle use only occur where the street system is bicycle-friendly. Where well-connected networks of bicycle friendly streets, bicycle paths, and bicycle lanes have been provided—such as Davis, Palo Alto, and Santa Barbara, California, Madison, Wisconsin, and Gainesville, Florida—bicycle mode shares of 10–25 percent are common. Where such networks are not available, only the hardiest of cyclists take to the roads for purposeful travel, leading to bicycle mode shares of 2 percent or less. (Michael Replogle, *Bicycle and Pedestrian Policies and Programs in Asia, Australia, and New Zealand, U.S. Federal Highway Administration, Washington, DC 1993). Marketing, education, and promotion programs are also needed to encourage greater and safer use of bicycles for short utilitarian trips, including transit access, particularly in conjunction with initiatives that reduce the current barriers of theft, security, safety, and legitimacy which impede nonrecreational bicycle use in America.*

Build Guarded Bike Parking at Major Transit Stops

U.S. metro areas have invested in costly park-and-ride systems that have made transit increasingly dependent on the automobile. Other regions, especially in Europe but also in some United States communities, have been strengthening the potential for people to walk and bicycle to and from transit, boosting ridership at a far lower cost. In much of Europe, the fastest growing and often predominant access mode to suburban express transit services is the bicycle. Bike-and-ride services expand the potential market area of express public transportation at low cost without the very high air pollution emission and energy use rates per VMT, excessive space requirements, and high capital costs of automobile park-and-ride systems. While park-and-ride enables those living in lower density areas to travel from home-to-transit stop, bike-and-ride systems providing secure overnight bicycle parking can facilitate both access and egress to transit, enabling travelers to get from transit stops to nearby workplaces and schools which are otherwise unreachable by transit. Bicycle access can be invaluable in adapting transit to serve 21st Century suburban development patterns.

In many U.S. communities, transit access planning looks only at automobile access. Yet many people do not use transit because they cannot find affordable or available parking nearby when they want it. It costs $5,000–$20,000 to build a single additional parking space, and $750–$3,000 a year to operate a park-and-ride space. Providing bike lockers, bike racks, and guarded bicycle parking at transit stops can free up car parking spaces for those who cannot bike or who live too far to bike to transit, while offering a low-cost healthy way for those ½ mile to 2 miles from the transit station or stop get to and from transit. Guarded bike parking at transit is a predominant part of transit access in European and Japanese suburbs, where it costs 1/10 to 1/100 as much as auto parking at transit to provide and operate. And secure overnight bike parking at transit allows people to get from transit to nearby schools and jobs that are beyond walking distance of the transit stop.

In 1996, the city of Long Beach implemented the Nation's first attended bicycle parking facility, or "Bikestation." These facilities provide a range of clean transportation options—including secure, bicycle parking, bicycle repairs and accessory sales, changing and restrooms, and bicycle rentals. Bike stations have since opened in the

communities of Palo Alto and Berkeley and are under development in San Francisco, Denver, Seattle, Santa Barbara, Los Angeles and Pittsburgh, Pennsylvania. (See *www.bikestation.org.)*

Conclusion

Transit has a vital role to play in solving environmental, public health, and equity problems that must be addressed if we are to enjoy sustainable economic development in America's diverse communities and regions. ISTEA and TEA–21 began to better align funding, planning requirements, and incentives with national and local goals for equal access to opportunities, healthful air quality, and efficient mobility. But TEA–3 needs to go farther in providing funding for transit and encouraging State and local action to get on with key overdue reforms. Accountability for how funds are spent and their impacts is key to getting better travel choices for all Americans and protecting our health and environment.

RESPONSE TO WRITTEN QUESTIONS OF SENATOR REED FROM HERSCHEL L. ABBOTT, JR.

Q.1. Does BellSouth plan to offer its employees Commuter Choice tax benefits? Do you have any suggestions on how to make this program more attractive to employers?

A.1. BellSouth is offering parts of the Commuter Choice program to our employees in Atlanta, like the pretax employee deductions for mass transit cards and preferential parking for carpoolers. (BellSouth subsidizes about 60 percent of the monthly transit passes, then provides the cards to employees at about 40 percent of face value on a pretax basis.) As a suggestion to improve the program, I would recommend increasing the tax incentives for employers who support mass transit use and telecommuting.

Q.2. Have you heard from business leaders in other parts of the country who would like the kind of transit service you have in Atlanta? If so, could you provide a list to the Subcommittee?

A.2. We have not heard specifically from other businesses, per se, about how they could do something like we have done with the Atlanta Metro Plan. Of course, mass transit would need to be available for any similar plan to be workable. We have, however, spoken at forums arranged by groups like ULI and AEDC, which included business attendees. The primary interest we have received has been from economic development councils looking for similarities, where mass transit exists.

RESPONSE TO WRITTEN QUESTIONS OF SENATOR REED FROM ROBERT BROADBENT

Q.1. Why did Las Vegas choose monorail technology over the more common light rail and bus rapid transit (BRT) technology?

A.1. Monorail technology was chosen over more common light rail and BRT technology for the following reasons:

- It is elevated and less intrusive.
- It can be built in restricted areas where height and right of way is restricted.
- It has a turning radius of 150 feet, which light rail elevated has not yet accomplished.
- It is sleek and meets the vision of the resorts.

Q.2. I applaud your efforts to create such strong public-private partnership to build the Las Vegas monorail system. Do you think the same kind of partnership can be created to support the maintenance and operation of transit systems?

A.2. We are developing the same kind of partnerships on fares. Working with resorts, the Las Vegas Convention & Visitors Authority, Convention sponsors and vacation trip sponsors, we think we will be very successful.

IMPROVING EFFICIENCY OF AMERICA'S TRANSPORTATION WITH BETTER PLANNING AND SYSTEM MANAGEMENT

TESTIMONY OF MICHAEL A. REPLOGLE

TRANSPORTATION DIRECTOR, ENVIRONMENTAL DEFENSE

BEFORE THE SUBCOMMITTEE ON HIGHWAYS AND TRANSIT
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
U.S. HOUSE OF REPRESENTATIVES

MAY 21, 2002

Good morning, Mr. Chairman and Members of the Subcommittee. I have been invited this morning to discuss how we might improve the efficiency of America's surface transportation system with better planning and system management, speaking on behalf of Environmental Defense, an organization with 300,000 members that seeks to integrate law, science, and economics to find practical solutions to environmental problems.

Operations and System Management: Boosting Efficiency and Cutting Costs

How we price, manage, and operate transportation sends powerful signals to consumers, affecting our travel choices, shaping our cities, and quality of life. For much of the last century, Government funding for transportation, tax policy, and transportation pricing policies promoted private motor vehicle use and worked against other means of travel. This created unprecedented mobility, but it also led to sprawl, induced traffic, increased air and water pollution, and reduced access to opportunities for those without cars. By managing our transportation system to favor motorists, we have reduced transportation choices and imperiled the historic human right of being able to walk safely where we live and work, causing Americans to be far less physically active. Recent research shows our transportation management decisions have a profound effect on individual and public health, contributing to asthma and other respiratory diseases, cancer, obesity, and impaired mental health. Changes in how we manage, price, and operate transportation can improve our health, boost transportation system efficiency, protect our environment and natural resources, and reduce the costs of our very expensive system of mobility, while expanding the travel choices, employment opportunities, and economic productivity.

Better System Management: Cheaper and Faster than Building New Roads

Atlanta's experience during the Olympic Games in 1996 is illustrative of how much transportation system management can cut traffic, boost system efficiency, and protect public health. By leasing 1,000 added buses, focusing on transportation system management, and marketing improved nondriving travel choices during the Olympics, Georgia officials cut the number of cars in the morning rush hour by 23 percent. This reduced traffic led to lower air pollution emissions, with a 28 percent drop in smog concentrations even as the region accommodated over one million additional visitors. This in turn caused the number of asthma acute care events to decrease 42 percent during this period.[1]

Planning studies by various other metropolitan regions suggest that similar benefits can be achieved elsewhere with pragmatic steps to manage traffic, expand traveler's choices, and provide smart transportation pricing incentives. My extensive review of the research and my experience over the past 25 years suggests that with the right mix of policies, better transportation system management can cut forecast traffic growth by 20 to 30 percent over the 20 year time horizon of most regional long-range transportation plans. Many of these strategies can deliver traffic relief quickly without extensive public investment, through public-private partnerships, marketing, and improved service delivery. Taken together, these management strategies can provide more effective and long-lasting congestion relief at a lower cost than most highway system expansion proposals.

Moreover, improved traffic operations can enable us to more efficiently accommodate the remaining traffic on our existing highways, rendering unnecessary a significant share of proposed new highway expansions. Where modest expansion of highways is warranted, it must be viewed as a critical opportunity to improve how

[1] Freidman, Michael S., Powell, Kenneth E., Hutwagner, Lori, Graham, Leroy M., Teague, W. Gerald; *Journal of the American Medical Association,* February 21, 2001, vol. 285, no. 7, pgs. 897–901.

we manage both the existing and new capacity, by enabling strategies like fully automated time-of-day facility pricing. Pursuing these smarter management strategies will require some retooling of our transportation agencies and industry, but will provide major opportunities for economic growth with better environmental and fiscal stewardship and protection of public health.

TEA–3: Stewardship and Integrated Planning for Better Transportation Management

The 1991 ISTEA reforms—reaffirmed and extended in the 1998 TEA–21 law—expanded opportunities for State and local governments to pursue smart transportation system management to curb traffic growth. States have flexibility to use Federal transportation funds to support transit, pedestrian safety, and market incentive programs, such as promoting employer-paid transit benefits and cash-in-lieu-of-parking benefits. There is greater accountability for States and regions to consider the short- and long-term effects of transportation decisions on air quality and transportation system performance. Transit ridership has grown faster than the number of miles driven by motorists for the past 3 years, reaching its highest level in 40 years. In many cities, transit agencies are straining to keep up with ridership growth as many urban areas regain residents and vitality. Last year, for the very first time in the United States since the 1970's, the number of miles driven per person declined.

But while some States and regions are making greater use of these opportunities for smarter system management, others are making little progress and continue to devote a large share of their attention to the failed strategy of trying to build their way out of traffic congestion. In a third of the States, archaic constitutional restrictions limit the ability of States to use their own gas tax resources for anything other than road investments. In many metropolitan regions the transportation planning process expends little effort to consider transportation and growth management strategies that could provide attractive alternatives to the current plan of business-as-usual road system expansions that accommodate and that support sprawl and subsidize driving while neglecting the needs of pedestrians, bicyclists, and those without cars. Improved data collection and impact analysis tools and stronger planning requirements are needed if State and local agencies are to comprehend, identify, and invest in better system management. By improving integrated performance-oriented planning at the State and regional level, we can address demands to streamline the project review process in a manner that delivers better projects that also protect the environment, public health, and the ability of the public and local officials to know about the effects of major decisions before they are final, a core principal of the National Environmental Policy Act of 1969 (NEPA).

Some State DOT's are carrying through on the mandate of TEA–21 to integrate the Major Investment Study requirements into NEPA project reviews and the transportation planning process, and by doing so are considering smart system management, pricing, partial build scenarios, and smart growth strategies as they consider major new investments. Some States are pursuing stewardship initiatives to change the culture of State DOT's and to foster closer planning and operational partnerships with State resource agencies and key stakeholders. Other State DOT's are seeking to scapegoat environmental laws for their own administrative failures, which are manifested in a lack of local consensus on proposed projects, insufficient State and local funding match dollars, and stalled reviews due to inadequate consideration of alternatives, inadequate mitigation and avoidance of adverse impacts, and efforts to end-run Federal requirements. Proposed arbitrary deadlines, circumscribed public involvement, and short-circuited transportation project review procedures would erode accountability and threaten to divide the diverse coalition that has long supported Federal transportation funding programs.

As TEA–21 is reauthorized, a new TEA–3 law should strengthen accountability, transparency, and performance-oriented planning requirements. It should assure timely consideration of opportunities for improved transportation system management, pricing reform, and stewardship. State and metropolitan areas should be required to develop and to periodically update integrated transportation, natural resource protection, and growth management plans that consider at least one alternative scenario that considerably reduces traffic growth through better system management. Agencies should annually report on the current and projected performance of their transportation system management, investment, and proposed programs and plans, accounting for cumulative and secondary impacts on growth patterns, public health, greenhouse gas emissions, the achievement of natural resource planning goals for air, water, and habitat protection, and the provision of equal access to jobs and public facilities for all residents, including those without cars, without undue time and cost burdens.

California's recently enacted AB2140 law provides a model for this: (1) establishing a standardized set of basic transportation performance indicators related to safety, congestion, road repair needs and public transit that each region must begin to track; (2) establishing a standard method of financial reporting to help the public and local officials know what their money's being spent on; and (3) requiring an "alternative planning scenario" in the development of each region's 20 year transportation plan in order to provide a clear alternative to present growth patterns that could minimize future demand on transportation infrastructure while reducing congestion, protecting open space, and saving taxpayers money. As part of TEA–3, this analysis should also be required to consider market incentive and transportation system and demand management strategies.

Across America, we are on a crash course with worsening traffic congestion, crumbling roads and bridges, and investment levels that cannot even keep up with maintaining the infrastructure we have. Adopting a Federal version of AB2140 in TEA–3, with mandates to consider and provide this information, would allow us to plan for better transportation projects, help us judge how effectively we are spending transportation funds, and help us target resources on reducing congestion with management strategies, providing more convenient alternatives to being stuck in traffic, fixing our roads and bridges, and better coordinating future transportation and growth needs.

Commuter Choice Benefits:
A Quick, Cheap Way to Cut Commuter Traffic by 25 Percent

Federal and State tax policies are a part of the recent story of transit resurgence. For the vast majority of working Americans, a free parking space at work has for decades been the sole commuter benefit offered by employers because that was until recently the only tax-free commute benefit worth speaking of. So if you drive alone to work you gain the benefit. If you take transit, carpool, walk, or bike, you lose the benefit and likely pay your own daily transit fare. With this kind of incentive, it is no surprise that on any given day 9 out of 10 American commuters drive to work and 9 out of 10 of the cars driven to work have one occupant. Yet the 85 million "free" or subsidized employer parking spaces actually cost American business more than $36 billion per year. By spurring more driving, these subsidies exacerbate traffic congestion and air pollution. A congressional study found that "free" parking of all kinds costs our society over $250 billion per year.

In 1998, Congress took steps to make tax policies more equal for all commuters, allowing employers to offer tax-free transit and vanpool benefits of up to $100 a month, with taxable cash-in-lieu-of-parking benefits allowable for the first time. Tax-free benefit limits for employer-provided parking were set at $175 per month—a practice which still leaves solo drivers at an advantage. Allowing employee-paid pretax transit benefits saves transit-using employees over $400 a year while saving employers a smaller amount on withholding. Having employers pay for transit is a bigger incentive for employees. Offering such a benefit to Federal executive agency employees in the national capital region induced 11 percent of employees who used to drive to work to switch to transit, taking 12,500 cars off the region's crowded roads every workday. At firms in California and Minnesota offering a $2 a day incentive instead of free parking, one out of eight who used to drive are finding another way to get to work. Such benefits help employers attract and retain employees and provide the greatest help to low- and moderate-wage workers who spend the largest share of their incomes commuting and often ride transit, carpool, bike, or walk to work.

The cost of such employer provided transit benefit programs to employers is very small and can easily be fit within the scope of ordinary cost-of-living increases offered by most employers to their employees on a periodic basis. State tax credits can make this cost even smaller. For example, in Maryland, if an employer offers an employee a cost of living increase, for each $1 in after-tax cost to the employer, the employee typically receives $0.53 in after-tax income. If that same $1 in after-tax employer expense is instead devoted to an employer-paid qualified transit benefit of $60 a month, the typical Maryland employee who receives it ends up gaining $1.76 in after-tax benefits, thanks to the leveraging effect of Federal and State tax provisions.

The savings for employees offered by the Federal tax law changes are significant and make a high level of employer and employee participation in the next several years realistic in Houston and elsewhere. For example, an employee earning $50,000 per year who spends $780 annually on transit ($65 a month) could realize a tax savings (at 42 percent) of $328 as a result of paying their transit cost using pretax dollars, exercising one of the new Commuter Choice options, while their employer would gain payroll tax savings (at 7.65 percent) of $60 per employee (Arthur Ander-

sen). Even if the cost to set up and administer the program equals 2 percent of the transit benefit, the employer will still enjoy payroll savings of $44. Employers are likely to face new costs to offer transit passes or added cash income in lieu of parking, but these can also translate into substantial cost savings of several types. It is much cheaper for an employer to boost nontaxable employee benefits than to offer added taxable income to retain or attract workers, which is an increasing issue in a tight labor market. If the employer is able to expand employment without adding more parking spaces or to otherwise avoid the cost of building, leasing, or maintaining parking spaces for workers, capital cost savings can amount to $5,000 to $20,000 per avoided space and operating costs can amount to $750 to $3,000 or more per year per avoided space. Such savings are often significant enough to more than pay for a cash in lieu of parking or transit pass benefit.

Commuter Choice programs have been shown to unite the diverse interests of environmentalists, business, labor and transit, and highway advocates. Most realize that Commuter Choice is good for business and for communities. Commuter Choice is a voluntary incentive that boosts travel options and supports more efficient use of the roads and transit we already have. It can provide quick relief to traffic-strained communities and will expand market opportunities for new forms of access to suburban jobs. Low- and moderate-income workers benefit particularly, since commuting costs represent a larger relative burden on them, and they tend to be more reliant on ridesharing and transit. The Alliance for Clean Air and Transportation, a national group representing a diverse array of sectors, including the road builders, automobile industry, environmentalist and health groups, the American Association of State Highway and Transportation Officials, Highway User Federation, American Automobile Association, the National Association of Regional Councils, and the U.S. DOT and EPA, in February 2000 adopted a consensus goal of making Commuter Choice benefit programs a standard part of the American worker benefit program over the next 5 years.

However, Commuter Choice will have an effect on air pollution only if people know about it and use it, and if the opportunities for cost savings offered by aggressive implementation of these incentives are made evident and available to developers, building owners and tenants, and commuters. Marketing alone has been shown to be inadequate to win widespread adoption of Commuter Choice incentives. There are many strategies that can be taken by States, regional bodies, and local municipalities to foster rapid and widespread adoption of Commuter Choice incentives so these might become available to the average commuter. Additional financial incentives and support by transportation agencies and other government bodies are essential to rapid adoption of Commuter Choice voluntary incentives and can be highly cost-effective in reducing congestion and pollution.

The DOT and EPA are promoting Commuter Choice, but Congressional action is needed to further expand efforts to foster widespread adoption of these voluntary incentives. The EPA Office of Mobile Sources estimated that a national commuter choice program assuming a 10 percent employee participation rate would generate a reduction in commute VMT of 3.2 percent, reductions in VMT of 20 billion miles, emission reductions of 54,000 short tons hydrocarbons (VOC), 480,000 short tons Carbon Monoxide, 33,600 short tons Nitrogen Oxides, and 2,360,000 metric tons Carbon Dioxide. In *State Implementation Plan Development Guidance: Using Emission Reductions from Commuter Choice Programs to Meet Clean Air Act Requirements,* EPA estimates a typical expected reduction of 26–30 percent in commute vehicle trips for a full Commuter Choice program. Research in Los Angeles shows that those who received free parking at work drove 72 cars per 100 employees, while those who paid for parking at work drove 53 cars per 100 employees, or 26 percent less. (Donald Shoup, "An Opportunity to Reduce Minimum Parking Requirements," *Journal of the American Planning Association,* Winter 1995, pp. 14–28.)

Congress should take further steps to encourage employer support for such "Commuter Choice" initiatives. We urge your support for the following bills that would do this:

- The Commuter Benefits Equity Act of 2001 (H.B. 318) would provide equal tax-treatment for parking and transit benefits.
- The Bike Commuter Act (H.R. 1265) would allow employees who bike to work the same financial incentives as transit users.
- The Mass Transit Tax Credit Act of 2001 (H.R. 906) would provide a 25 percent tax credit to employers for the cost of providing transit benefits to their employees. This is modeled after measures adopted by several States including Maryland, Minnesota, Oregon, Washington, Georgia, and New Jersey that have begun offering tax credits of up to 50 percent and up to $50 per employee per month for employer-paid nondriving commuter benefits.

TEA–3 should also require that local and State officials do more to consider integrating Commuter Choice into their transportation plan and program development. In all nonattainment areas, transportation programs should assure that potential air pollution reduction benefits from Commuter Choice will be realized in a timely manner. These would include provision of these benefits to State and local government employees, aggressive marketing of these benefits to employers and employees, inclusion of Commuter Choice programs in local planning, development review, and other decisionmaking procedures, and favorable local and State tax treatment. Such new travel demand management activities and incentives should be given priority by including them in air quality SIP's as Transportation Control Measures.

This promotion should include marketing, technical, and administrative assistance, new transit fare products, such as deep-discount bulk purchase transit and vanpool benefits for 100 percent of an employer's workforce in the region, and new financial incentives for employers and employees that are adjusted annually in an effort to meet stated performance targets. State Implementation Plans should include targets, timetables, and expanded funding commitments for (a) providing different segments of the labor force with Commuter Choice options of various types and (b) achieving increased levels of use of various Commuter Choice incentives by various portions of the labor force. These targets could be used as the basis for estimating SIP credits if accompanied by commitments to reasonably linked funding and policy commitments that could be anticipated to meet these targets.

The municipal, regional, and State agencies within the nonattainment area should identify for priority funding in Transportation Improvement Program (TIP) and Regional Transportation Plan (RTP) Commuter Choice promotion initiatives and related incentives. This could include funding for: (a) additional transit rideshare, and alternative commute program marketing, paid advertising, and transportation management associations, (b) development of new prepaid discount transit fare instruments and seamless regional transit fare and service coordination designed to facilitate easy marketing (that is, an unlimited use $60 a month regional transit pass and vanpool pass that can be purchased by or through employers), (b) promotion of prepaid employer-subsidized transit fare instruments to both employers and employees, (c) transit fare buy-down programs that match employer contributions toward employee transit commute benefits with public sector subsidies (like the Montgomery County, Maryland, Fare Share program) or tax credits (like the Maryland or Oregon State Tax Credits for employers who pay for transit benefits or who offer cash in lieu of parking payments).

Municipalities should consider how to incorporate incentives for adoption and use of Commuter Choice incentives by employees, employers, and developers through additional flexibility in the application of zoning parking requirements. They could require that leases and property transactions separately identify the cost of parking spaces and offer options for reduced parking in exchange for covenants and agreements to incorporate cash in lieu of parking and employer paid transit benefits in building leases and other real estate transactions. Municipalities could agree to require Commuter Choice strategies to be considered in traffic planning, site plan and development review decisions, zoning and parking ordinance revisions, access-to-jobs programs and local tax policy, with timetables for modification of ordinances. These activities are eligible for funding through the Transportation Improvement Program under various Federal funding sources.

Opening the Door to Efficient Traffic Management with Automated Road Pricing

Another promising option for unclogging roads, especially in more congested metropolitan areas, is automated time-of-day tolls and High Occupancy Toll (HOT) lanes, which allow solo drivers to pay to use High Occupancy Vehicle (HOV) lanes, while giving a free ride to buses, vans, and sometimes carpools. These can put to work unused capacity in HOV lanes and help pay for expanded transportation choices. A network of HOT lanes on existing highways is likely to provide more effective congestion relief than building new roads. New outer beltway toll roads are likely to bring more sprawl and put more jobs out of reach for those without cars, hurting the poor and the environment. Why not instead give time-stressed travelers a way to buy relief from growing congestion delays in existing freeway corridors?

HOT lanes in existing road corridors can expand both travel choices and equity. HOT lane critics unfairly bash them as "Lexus Lanes," serving only the rich. Real-world HOT lanes look more like "Lumina Lanes," used by people of widely varying incomes who occasionally need to bypass traffic delays that disrupt their social, family, or work life. A working class mom who is facing a $1 a minute penalty for picking her kids up late at day care is happy to pay $4 to save 20 minutes by using the HOT lane on those several days a month when she needs it. The typical users

in California spend less than $20 a month on HOT lane tolls, using them on days they are in a real rush. If HOT lane revenues fund new transit, as on San Diego's 1–15 HOT lane, everyone wins. Lower income transit users and carpoolers get access to otherwise inaccessible suburban jobs. Drivers benefit from reduced road congestion and better services and choices. If HOT lane revenues help pay for the road, those who drive most are paying more of their fair share, helping all taxpayers win. The reality is that road user fees do not nearly cover the full cost of building and operating America's roads, which remain subsidized by broader taxes. And with new accounting rules forcing fuller disclosure of deferred maintenance, transportation providers need new sources of revenue to maintain systems, expand choices, and cope with growing travel demand.

New nonstop electronic toll technology means motorists do not need to slow down to pay tolls. And HOT lane fees—higher in rush hour and discounted at other times—keep traffic flowing without wasting scarce road capacity like HOV lanes do. This makes it possible to contemplate future conversion of some existing general-purpose lanes to HOT lanes, particularly where new capacity is being added to existing roads.

HOT lane experience indicates this strategy can garner popular support. On California's Route 91, diversion of traffic onto HOT lanes has reduced congestion on the entire road and increased the number of passengers per car to 1.6, compared to the average of 1.2. Similar incentives have been implemented or are being considered in Texas, Florida, Colorado, Georgia, New Jersey, New York, and other States.

The Port Authority of NY–NJ in March 2001, introduced time-of-day tolls on the Hudson River bridges and tunnels and Staten Island bridges, giving discounts for electronic toll payers who avoid rush hours and charging a premium in the time of most concentrated demand, just like movie theaters and many other services. This helps reduce congestion by shifting the time of day of traffic. Toll revenues support better PATH transit and regional transportation infrastructure and services. The NJ Turnpike, NY Thruway Authority, and other tolling agencies have implemented time-of-day tolls to manage traffic.

Congress should encourage States and transportation facility operators to replace obsolete toll booths that cause congestion and pollution with the new barrier-free customer-friendly tolling systems using toll transponders and image processing and billing systems. Congress should encourage State motor vehicle agencies to issue toll transponders with motor vehicle registrations to encourage their widespread availability in States where tolls are used. Congress should eliminate restrictions on tolling highways that were constructed with Federal aid, which can now only be tolled under limited pilot projects authorized by TEA–21. Automated time-of-day tolls are a very promising tool for transportation facility management and financing.

Use-Based Car Insurance:
A Voluntary Incentive to Cut Total Driving by 10 percent or More

Use based car insurance is a very promising near-term voluntary market-based strategy that could save consumers money, cost nothing to the public sector, and cut air pollution and traffic congestion by 10 percent to 12 percent or more (Todd Litman, *Distance-Based Vehicle Insurance: A Practical Strategy for More Optimal Pricing,* Victoria Transport Policy Institute, August 2001). Unlike Commuter Choice which affects primarily work travel, distance-based car insurance would also help curb emissions from nonwork travel, which constitutes approximately three-fourths of all driving.

The State of Texas has already begun taking steps to adopt distance-based insurance, enacting in May 2000 H.B. 45, a law which authorizes insurance companies to offer distance-based motor vehicle insurance policies. The Federal Highway Administration is supporting research and pilot projects for use-based insurance in Georgia and Massachusetts, and efforts are underway to expand State incentives for this innovation in other States.

Under current term-based insurance pricing, motorists who drive less than the average pay much higher costs per mile for car insurance than those who drive more than average, which encourages more driving and pollution. For example, for an intermediate size car, insurance premiums typically represent a cost even greater than fuel and oil costs, about one-fifth of the typical total financial costs of owning a car. When insurance premiums are converted to distance-based charges, motorists can save money by driving less and combining trips. Newly available data indicate that distance-based insurance pricing is more actuarially accurate, and therefore more equitable and economically efficient than current pricing. Distance-based insurance provides specific benefits including reduced accidents, traffic congestion, and pollution, facility cost savings, insurance affordability, and increased consumer welfare. Vehicle travel foregone consists of low-value trips that consumers

willingly give up in exchange for financial savings. Distance-based premiums would use "odometer audits" to provide accurate mileage data, which is estimated to have incremental costs averaging $7.50 per vehicle year. Research suggests total benefits of distance-based insurance to be many times greater than costs, with a benefit:cost ratio of 50:1 estimated for the case of British Columbia. Motorists are expected to reduce their average mileage by about 10 percent under distance-based pricing, providing net savings to the vast majority of consumers. Even high mileage drivers experience virtually increase in total vehicle costs if they reduce their mileage as predicted. Higher-mileage drivers would also benefit most from reduced traffic congestion, accident risk, and pollution.

In TEA–3 Congress should provide ample funding—on the order of $25 million a year—for expanded research and pilot testing of this market-based strategy, including risk sharing with insurance companies pilot testing this approach to policy pricing, paying for expanded actuarial research, marketing, partnership development, evaluation, and promotion. The potential payoff—a reduction of 10 percent in traffic while saving consumers money and reducing accidents and casualty losses to the insurers—is well worth such up front investment to help jump start this market innovation.

Beyond the Gas Tax: Cutting Traffic by a Third with Road User Fees?

Automobile manufacturers are beginning to offer an array of more fuel efficient vehicle options for motorists, including new higher efficiency hybrid gasoline-electric vehicles like the Honda Impact, Toyota Prius, Honda Civic, and Ford RAV–4. Efforts to develop natural gas, electric, and fuel cell vehicles offer some promise for a reduction in petroleum dependence before the end of the 20 year transportation plans adopted by regions under TEA–21. While these will not immediately impact Federal and State revenues from gasoline taxes, which comprise the major source of transportation funding, it would be prudent for Congress to support experiments by States and regions to develop transportation user fees other than the gas tax to assure stable financing of transportation systems into the future. Such user fees, while politically challenging to put into place, could also play an important role in managing traffic growth and congestion.

Congestion pricing and road tolls, mileage or emission based registration fees, VMT fees, use-based auto insurance, and gasoline tax increases could all produce significant traffic and pollution reduction. Expert analysis of likely impacts of such strategies in many other metropolitan areas have found substantial traffic and corresponding emission reductions possible as a result of any one of these strategies. For example, a study by the California Air Resources Board found that congestion pricing fees of $0.10 a mile would yield a NOx reduction of 2.5 percent in the South Coast region of California under 1991 conditions, increasing to 3.6 percent with a $0.19 per mile fee under 2010 conditions. They found that a $0.50/gallon fuel increase would yield NOx reductions of 3.3–3.8 percent in various California metro areas under 1991 or 2010 conditions. They found a $.02/mile VMT fee would reduce NOx emissions by 3.6–4.3 percent in various California metro areas under 1991 or 2010 conditions. They found emission fees reducing NOx emissions by 4.2–17.3 percent depending on assumptions in various California metro areas. Combining congestion pricing of $0.09/mile in peak, a $1 a day employee parking charge, a $0.50/gallon fuel tax increase paid at the pump, and a mileage and emissions based fee of $40–$400/year, with current transit service, they found NOx emissions reduced by 9.9–12.1 percent in San Francisco, Sacramento, San Diego, and Los Angeles under 1991 or 2010 conditions.

Combining the same congestion pricing with a $3/day employee parking charge, a $2/gallon gas increase paid at the pump, and mileage and emission fees of $10–$1,000/year, with extensive transit investment would cut NOx emissions in these same cities by 32.0–34.9 percent under 1991 or 2010 conditions. (California Air Resources Board, *Transportation Pricing Strategies for California: An Assessment of Congestion, Emissions, Energy, and Equity Impacts,* November 1996, Sacramento, CA, tables 7–11 to 7–18.) The EPA Pricing Guidance document, *Opportunities to Improve Air Quality through Transportation Pricing Programs,* September 1997, states that "VMT fees of $0.01 to $0.05 a mile alone would reduce gaseous emissions and VMT by about 4 to 11 percent, while a VMT fee weighted for emissions was estimated to have a significantly greater impact on emissions, particularly for VOC and NOx." (pg. 32) This report summarizes various studies to conclude that added fuel taxes of $0.40 to $2 a gallon usually reduce NOx emissions 1.2–6.9 percent. At the pump VMT fees of $0.01 to $0.05 per mile usually reduce emissions 5–8.6 percent. Traffic reductions correspond closely to these reported NOx reductions.

As part of TEA–3, Congress should assure a well-funded broad-based program to encourage State and local research and pilot testing of transportation user fee in-

centive strategies like these, as well as completely voluntary market incentive strategies, such as use-based car insurance, discussed above.

Promote Smart Transit Fare Payment Systems for Productivity Gains

Transit should also be made more efficient by better management. There are many things that could be done, including better fare collection systems and greater priority in traffic.

Enhancing priority for buses in traffic can increase average transit travel speeds, schedule adherence, and the number of passenger seat-miles per hour that can be carried by existing transit vehicles. A key part of this strategy involves upgrading traffic signals to support greater priority in traffic for buses, so they can hold a green signal green for a few extra seconds, or advance a red signal to green to avoid an extra stop. The strategy can also include building or configuring bus queue jumper lanes at key traffic bottlenecks to speed bus traffic past congestion.

Across America, buses are considerably slowed by people lining up at the door at busy bus stops to pay their fares. Encourage near universal use of prepaid transit fare instruments and other high-efficiency transit payment options that will enhance productivity of existing and new transit services by reducing delays related to fare payment at time of boarding, as in Europe and Japan. Greater use of daily, weekly, monthly, and annual transit passes helps accomplish this. Instead of having people pay cash on boarding, require that passengers carry a prepaid transit pass, or other fare media that must be validated before or immediately after boarding a transit vehicle, and which at a premium cost could be purchased on board the vehicle. Fare inspectors roaming transit systems and spot checking to verify that passengers are carrying a valid proof of fare payment or a pass, with large fines for fare evasion assure broad compliance. This enables boarding of buses through both front and rear doors, which boosts transit vehicle productivity.

Provide Safe Routes to Schools and Transit by Foot and Bike

Initiating a range of actions to make it safe and attractive to walk and bike to all schools and transit stops throughout the region by 2005, adapting successful strategies from the most bicycle and pedestrian friendly communities in America and abroad. This should include accelerated funding to local governments to enable the build-out of the 20 year bike and pedestrian plans in the next 3 years, planning funds to engage in local area pedestrian and bicycle planning to identify key barriers and safety problems, and delay of some road projects to provide funds to retrofit sidewalks, bike paths, and traffic calming measures within a ½-mile of all transit stops and schools. A significant share of traffic is related to parents driving students to schools because it is not safe or attractive to walk there.

Bicycle-hostile street environments near most U.S. schools, transit stops, and stations also pose a significant barrier to more widespread use of bicycles. The majority of U.S. cyclists are not comfortable riding in fast or heavy traffic unless offered separate paths or lanes. A large, but not well connected, network of low-speed, low-volume, relatively bicycle-friendly streets exist in most U.S. suburbs. However, without penetrator bicycle paths connecting major transit stops, employment, residential areas, and shopping centers, only a minority of cyclists will consider it attractive to bicycle to transit. Marketing, education, and promotion programs are also needed to encourage greater and safer use of bicycles for short utilitarian trips, including transit access, particularly in conjunction with initiatives that reduce the current barriers of theft, security, safety, and legitimacy which impede nonrecreational bicycle use in America.

About 40 percent of Americans own bicycles, and many of these people live ¼ mile to 2 miles away from express transit stops. Few of these people now use transit to get to work, in part because of the lack of an inexpensive, convenient, safe, and fast transit access system suited to trips of this distance. In the Silicon Valley of California, 40 percent of those using bicycle lockers at rail stations leave bicycles in them overnight and use them to get from the station each morning to their nearby schools and employment, just as in the Netherlands.

Another means of reducing traffic is to implement neighborhood traffic calming to reduce motor vehicle speeds on many streets to improve safety for pedestrians, bicyclists, and motorists, and reduce emissions from car travel. Traffic calming has been shown by research to reduce idle times by 15 percent, gear changing by 12 percent, brake use by 14 percent, and gasoline use by 12 percent. A Federal Highway Administration report, Project for Public Spaces, *The Effects of Environmental Design on the Amount and Type of Bicycling and Walking,* National Bicycling and Walking Study, Federal Highway Administration, October 1992, Washington, DC, discusses the German experience with traffic calming demonstration projects in six cities and towns in the early 1980's: *"The initial reports showed that with a reduc-*

tion of speed from 37 km/h (23 mph) to 20 km/h (12 mph), traffic volume remained constant, but there was a 60 percent decrease in injuries, and a 43 percent to 53 percent reduction in fatalities. Air pollution decreased between 10 percent and 50 percent. The German Auto Club, skeptical of the official results, did their own research which showed broad acceptance after initial opposition by the motorists. Interviews of residents and motorists in the traffic calmed areas showed that the percentage of motorists who considered a 30 km/h (18 mph) speed limit acceptable grew from 27 percent before implementation to 67 percent after implementation, while the percentage of receptive residents grew from 30 percent to 75 percent." This experience of initial skepticism of traffic calming, followed by its widespread popularity after implementation, has been experienced in hundreds of communities across Europe, Japan, and Australia, along with the a large number of United States communities which have adopted such strategies in the 1990's. The widespread acceptance of traffic calming in recent years by U.S. traffic engineers (particularly with promotion by the Institute for Transportation Engineers) and by many communities makes this strategy a reasonably available to metropolitan areas across the U.S. today.

Street space needs to be allocated to the bicycle in areas where traffic volumes or traffic speeds are high if bicycles are going to be used to reach these areas. The majority of all urban and suburban streets and roads are already quite suitable for bicycling, with relatively low traffic speeds and low traffic volumes. However, such residential streets usually lead to bicycle-hostile major roads before reaching major activity centers and schools. Frequently, development of a few small missing links can make the difference between safe bicycle access and lack of bicycle access. Without separate bicycle paths or bicycle lanes, only the small share of cyclists who are more highly skilled will be attracted to use this mode of transportation to make day-to-day trips. Experience in many cities and towns in America and elsewhere shows that high levels of bicycle use only occurs where the street system is bicycle-friendly. Where well-connected networks of bicycle friendly streets, bicycle paths, and bicycle lanes have been provided—such as Davis, Palo Alto, and Santa Barbara, California, Madison, Wisconsin, and Gainesville, Florida—bicycle mode shares of 10–25 percent are common. Where such networks are not available, only the hardiest of cyclists take to the roads for purposeful travel, leading to bicycle mode shares of 2 percent or less. These relationships can also be observed in other affluent countries in Europe and Asia. (Michael Replogle, *Bicycle and Pedestrian Policies and Programs in Asia, Australia, and New Zealand,* U.S. Federal Highway Administration, Washington, DC 1993).

Metro areas can elect to complete their 20 year bicycle transportation plans on an accelerated basis. A bicycle and pedestrian SIP commitment might also include funding of a program for community-based bicycle and pedestrian planning and improvements. In a very large share of communities there is significant unmet demand for the retrofit of sidewalks, for pedestrian traffic safety improvements, for enhanced connections of neighborhoods to schools, and for better pedestrian and bicycle access to public transportation. A SIP commitment to fund planning and public involvement to identify, design solutions, and address local needs such as these is a critical part of assuring effective additional efforts in this arena beyond the accelerated funding of TIP and RTP bicycle and pedestrian projects. Guarded bicycle parking centers could be located at major transit stops in metro areas where there is strong latent transit from travelers who live or work at a radius of more than ½ mile and less than 2 miles from the transit center, where there is inadequate automobile park-and-ride capacity, where the topography, market demographics, and community climate of opinion and community texture appear most favorable.

Pilot projects could include funding for improvements to bicycle and pedestrian safety on routes leading to stations and transit stops especially within a 1 mile radius. Funding could be provided for marketing and evaluation. A bundle of such measures, as described above, could be employed to make all areas within a ½ mile of transit stops and schools safe and attractive places for walking and bicycling around metropolitan areas. Within a several year period this could result in significant traffic reduction as people gained new options for access without use of a car.

Congress needs to expand funding dedicated to nonmotorized transportation programs, promotion, planning and safety so that we can achieve all that is possible from these most friendly and inexpensive travel modes.

Build Bike Stations at All Major Transit Stops

U.S. metro areas have invested in costly park-and-ride systems which have made transit increasingly dependent on the automobile. Other regions, especially in Europe but also in some United States communities, have been strengthening the potential for people to walk and to bicycle to and from transit, boosting ridership at a far lower cost. In much of Europe, the fastest growing and often predominant ac-

cess mode to suburban express transit services is the bicycle. Despite rapid growth in the number of motor vehicles, suburbanization, and the emergence of polycentric metropolitan areas, bicycle access to most European railways has gained market share at the same time that bus and walk access has declined. Bike-and-ride services expand the potential market area of express public transportation at low cost without the very high air pollution emission and energy use rates per VMT, excessive space requirements, and high capital costs of automobile park-and-ride systems. While park-and-ride enables those living in lower density areas to travel from home-to-transit stop, bike-and-ride systems providing secure overnight bicycle parking can facilitate both access and egress to transit, enabling travelers to get from transit stops to nearby workplaces and schools which are otherwise unreachable by transit. Bicycle access can be invaluable in adapting transit systems to the emergent suburbanized polycentric metropolitan land use patterns found in Europe, Japan, and North America.

Many people do not use transit because they cannot find affordable or available parking nearby when they want it. It costs $5,000–$20,000 to build a single additional parking space, and $750–$3,000 a year to operate a park-and-ride space. Providing bike lockers, bike racks, and guarded bicycle parking at transit stops can free up car parking spaces for those who cannot bike or who live too far to bike to transit, while offering a low cost healthy way for those ½ mile to 2 miles from the transit station or stop get to and from transit. Guarded bike parking at transit has been a predominant part of transit access in European and Japanese suburbs for decades, where it costs 1/10 to 1/100 as much as auto parking at transit to provide and operate. And secure overnight bike parking at transit allows people to get from transit to nearby schools and jobs that are beyond walking distance of the transit stop.

In 1996, the city of Long Beach implemented the Nation's first attended bicycle parking facility, or "Bikestation." These facilities provide a range of clean transportation options—including secure, bicycle parking, bicycle repairs and accessory sales, changing and restrooms, and bicycle rentals. Bikestations have sinced opened in the communities of Palo Alto and Berkeley and are under development in San Francisco, Denver, Seattle, Santa Barbara, Los Angeles and Pittsburgh, Pennsylvania. *(See www.bikestation.org)*

Encourage Accessory Apartments Near Jobs and Transit

Many people end up living far from work because they cannot find affordable housing closer by. But local zoning codes often impede homeowners from developing invisible infill affordable housing—accessory apartments. This can be a potent traffic reduction strategy, cutting trip lengths, car dependence, and sprawl. Transportation plans should be required to consider how affordable accessory housing units in areas near transit and job centers, more opportunities for live-work space, and more transit oriented development could cut traffic and to identify barriers to these forms of market-based community development. Reforming zoning codes that make it difficult, costly, and time-consuming to create accessory apartments in neighborhoods near transit and job centers and provide technical assistance to homeowners interested in creating such units in these areas can be useful steps forward.

Conclusion

The 1991 ISTEA law, which was reauthorized in 1998 with few major changes as TEA–21, gave individuals, States, and companies greater flexibility to invest in or use what ever means of transportation best suits their needs. ISTEA and TEA–21 began to better align transportation price signals with national and local goals for expanded and more equal access to opportunities, healthful air quality, and efficient mobility. These laws created new incentive-based pilot projects, like the Value Pricing Program. But more needs to be done. Many States have focused increased funds to expand the public's travel choices, but others have not. Congress should demand more accountability for how funds are spent.

Throwing more money into road building and streamlining project reviews to curtail consideration of environmental factors in transportation decisions won't solve congestion. But better accountability, planning, consideration of alternatives, and support for new smart incentive strategies can help local and State agencies, business, and citizens cut their way through our traffic mess and boost transportation equity. Congress has a key role in helping State and local governments and their private partners make this transformation from trying to build our way out of congestion and into the new information era, where we manage congestion and expand choices and smart incentives.

ENVIRONMENTAL DEFENSE, INCORPORATED
Schedule of Federal Awards and Expenditures

For the curent fiscal year and two previous fiscal years
October 1 - September 30

Federal Grantor / Program Title	Grant Number	Fiscal 2000	Fiscal 2001	Fiscal 2002 unaudited	Fiscal 2000	Fiscal 2001	Fiscal 2002 unaudited	TOTAL
US Environmental Protection Agency								
Surveys, Studies, Investigations, and Special Purpose Grants								
Waste Prevention Public Education Campaign	CX-825548-01-1 *				6,512	-	-	6,512
Design and Implementation of Transportation Systems	X-824989-01-0 *				25,287	-	-	25,287
	X-824989-01-2 *				35,268	-	-	35,268
Cooperative Agreement on Transportation Efficiency & Equity	CX-824261-01-2 *				691	-	-	691
Cooperative Agreement on Transportation Efficiency & Equity	CX-824261-01-3 *				44,265	-	-	44,265
Cooperative Agreement on Transportation Efficiency & Equity	CX-824261-01-4 *				105,000	-	-	105,000
Extended Product Responsibility	X-826754-01-1	25,000	-	-	17,554	7,446	-	25,000
Environmental Innovations in Business Practice	X 823635-01-5		14,700	-		14,700	-	14,700
Expanding Availability and use of Voluntary travel Incentives	CX-827425-01-0 *				32,347	12,078	-	44,425
Expanding Availability and use of Voluntary travel Incentives	CX-827425-01-1		150,000	-		150,000	-	150,000
Expanding Transit Oriented Infill Redevelopment and Equity in Trasnportaiton and Regional Land Use	CX 827803-01-0 *				23,956	6,000	-	29,956
Building Market based Frameworkk to Spur Capital Investment in	CX-827296-01-0 *				84,927	5,205	-	90,132
Environmental Protection, Infrastructure Modernization and Technical Innovation and Transfer in The Russian Federation	CX-827296-01-1		125,000	-	99,170	25,550	-	124,720
El Paso, Texas - Cd. Juarez - Environmental Initiatives	X 984642-01-0	40,000			17,682	22,318	-	40,000
El Paso, Texas - Cd. Juarez - Environmental Initiatives	X 984642-01-1		55,000	-		35,777	19,223	55,000
Independent Review & Int'l Presentation of the Greenhouse Gas Emmission (RAO Inventory)	X 828856-01-0		55,600	-		55,590	-	55,590
Total Environmental Protection Agency		**65,000**	**400,300**	**-**	**492,659**	**334,664**	**19,223**	
EPA Cumulative				**465,300**				**846,546**

ENVIRONMENTAL DEFENSE, INCORPORATED
Schedule of Federal Awards and Expenditures

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October 1 - September 30

Federal Grantor / Program Title	Grant Number	Fiscal 2000	Fiscal 2001	Fiscal 2002 unaudited	Fiscal 2000	Fiscal 2001	Fiscal 2002 unaudited	TOTAL
National Fish and Wildlife Foundation								
Texas Hill Country Safe Harbor Project	New		50,015	-		50,015	-	50,015
Total National Fish and Wildlife Foundation		-	**50,015**	-	-	**50,015**	-	**50,015**
Miscellaneous								
U. S. Fish & Wildlife -Texas Hill Country Safe Harbor Project		-	37,500	37,500		37,500	18,750	56,250
Pamlico-Tar River Foundation			8,000			8,000	-	8,000
Florida State University - Sea Grant Project (sub-contract)		-	6,000	6,000		6,000	6,000	12,000
Total Miscellaneous		-	**51,500**	**43,500**	-	**51,500**	**24,750**	**76,250**
US Department of Energy								
Building Capacity in Clean Energy Benefits of Market-	DE-FG03-00SF22121		122,000	-		121,994	-	121,994
Based Environmental Policy	DE-FG03-00SF22121			38,795			19,400	19,400
Total US Department of Energy		-	**122,000**	**38,795**	-	**121,994**	**19,400**	**141,394**
Total Federal Awards and Expenditures		**65,000**	**623,815**	**82,295**	**492,659**	**558,173**	**63,373**	
Total Cumulative				**771,110**				**1,114,205**

TRANSIT: A LIFELINE FOR AMERICA'S CITIZENS

WEDNESDAY, JULY 17, 2002

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

The Subcommittee met at 2:50 p.m. in room SD–538 of the Dirksen Senate Office Building, Senator Jack Reed (Chairman of the Subcommittee) presiding.

OPENING STATEMENT OF SENATOR JACK REED

Senator REED. Let me call the hearing to order, and welcome you all this afternoon.

There is a vote in progress at this moment. Senator Allard is at the vote. He will return promptly. Also, I know that Senator Shelby wants to be here personally to introduce Ms. Tehranchi, and when he arrives, he will do that.

Let me give my opening statement and then as my colleagues arrive, I will ask them to speak and then we will introduce the first panel and begin our testimony.

Welcome to our panels. Today, we will examine the importance of our Nation's transit investment for the disabled, senior citizens, and hard working low-income Americans.

Over the past few months, our Subcommittee has heard from the Department of Transportation, the Federal Transit Administration, transit operators, business people, elected officials, and environmentalists, all of whom have given us their recommendations for the reauthorization of TEA–21.

This afternoon, we will hear from the people who actually use transit. Indeed, for our first panel of witnesses, transit is a lifeline to the outside world and employment. Without transit, these Americans would be far less able to join us and share their compelling stories of overcoming obstacles.

Our second panel will provide us with recommendations to ensure that seniors, the disabled, and lower-income Americans can continue to depend upon public transportation for mobility and freedom. We know that a person without a car or someone who cannot drive faces very real mobility challenges in our country.

For example, there are 25 million transit-dependent people with disabilities and 30 percent of disabled Americans have a problem with inadequate transportation, compared to 10 percent of those without disabilities.

In addition, we know that today, 14 percent of those over 65 use transit, but as America's elderly population grows and more of us can no longer drive, the demand for fixed-route and paratransit service is sure to increase proportionately.

Finally, families with incomes under $15,000 make up 61 percent of transit riders in our Nation's rural communities—not our cities, but our rural communities.

Addressing these needs is an important part of our effort to reauthorize TEA–21, and I look forward to hearing from today's witnesses. With their help, we can produce a reauthorization bill that responds to the needs of all of our Nation's transit riders.

Now let me recognize Senator Allard for his opening statement.

STATEMENT OF SENATOR WAYNE ALLARD

Senator ALLARD. Thank you, Mr. Chairman.

I apologize for being just a little late. We had a vote going.

I want to thank you for holding this hearing. As we continue in the TEA–21 authorization process, it is important for us to take a look at specific programs and hear from those who the programs serve. Today, we are looking at the Elderly and Persons with Disabilities Program and the Job Access and Reverse Commute Program. Both of these programs serve a population of transit-dependent riders. I am very interested to hear how we can improve these programs for this population in the reauthorization of TEA–21.

Larry Worth is the Executive Director of the Northeast Colorado Association of Local Governments, or NECALG, talked to this Subcommittee in April about paratransit services, and his testimony highlighted the importance of services for the elderly, disabled, and impoverished in the large, rural area NECALG covers. It is often in the isolated, rural areas of this country that this is the largest population served by transit services.

Larry talked about the importance of continued funding for the Job Access Program for those individuals living in rural areas who have no other way to get to work but through transit. He emphasized the positive impact TEA–21 has had on rural northeastern Colorado, with the increased transit and bus and bus-related capital allowing them to purchase more vehicles to serve those with great need, whether that be an elderly individual needing a ride to a doctor's appointment or a disabled individual who has no other means of transportation.

I welcome the opportunity today to hear the perspective of other individuals who utilize transit services throughout this country, especially those who are transit-dependent, and hopefully, we can hear from some with firsthand experience about what we can do to improve their services.

I thank the Chairman, again, for holding this hearing and I look forward to hearing from the witnesses.

I apologize again because I have another committee going on and I will have to split early. But I want to thank everybody for coming forward and testifying. I know it is not easy. It is not easy getting here. It is not easy to find the place of the hearing. And it costs a little bit and sometimes it means you have to be away from your jobs and your businesses and what not.

I appreciate the sacrifice you are making to testify here.

Thank you.

Senator REED. Thank you very much, Senator Allard.

Now, I would like to recognize Senator Shelby for his opening statement. He would like to introduce our first witness.

STATEMENT OF SENATOR RICHARD C. SHELBY

Senator SHELBY. Thank you, Mr. Chairman.

Mr. Chairman, it is really a pleasure for me to come here to the Subcommittee this afternoon and introduce Ms. Jessie Tehranchi of Birmingham, Alabama, seated right here on our left.

I have worked with her on a number of issues. She has been an advocate for the disabled population of the city of Birmingham, my State of Alabama, and in fact, the whole Nation.

She recently represented my State of Alabama at the National Patient Advocate Foundation Congress, and represented us well. She has been very active in the effort to restore one of Birmingham's most treasured symbols, the Vulcan statue, and to make sure its facilities include, Mr. Chairman, accessibility for all of Alabama's citizens, and their guests.

Ms. Tehranchi has been a dedicated advocate on behalf of efforts to address mobility needs for persons with disabilities. It is such a great pleasure for me to introduce her here. I have worked with her. I know her. She does good things and I know she has trouble getting around, but she never lets that stop her, Mr. Chairman, whether it is raining, whether it is hot, like it is today, or it is snowing. She is going to be there.

I have to go to another committee, but I am going to stay around a few minutes.

Thank you.

Senator REED. Thank you very much, Senator Shelby.

Before I call on Ms. Tehranchi, let me also introduce our other panelists. Joining Ms. Tehranchi at the witness table is Ms. Gloria McKenzie of Albany, New York. She is a success story in the value of transit and the Job Access and Reverse Commute Program. And she is here to join us to describe her transition from a JARC client to someone who is today employed as a Trip Planner for the Capital District Transportation Authority.

Welcome, Ms. McKenzie, thank you.

Ms. Faye Thompson, who joins us from Kenova, West Virginia, where she has found that the Wayne County X-Press is essential to getting her to and from medical appointments and maintaining her independence.

Welcome again, Ms. Thompson.

I will just remind the witnesses, your formal statements will be made a part of the record. If you would like to summarize, that would be appreciated. Five minutes will be allotted.

I have had the pleasure also of meeting Ms. Tehranchi. In fact, she told me that in Birmingham, Senator Shelby, your nickname is Vulcan, and the statue was dedicated to you.

[Laughter.]

Senator SHELBY. I'll tell you what. I wish it were. But we appreciate the Senate and the House joining me in our efforts to help restore that and make it accessible to everyone. We received some Federal money, thanks to a lot of help here. But most of the money

was private money, local money. Vulcan is very important to us down there. I am glad to be part of it.

Senator REED. Thank you, Senator.

Ms. Tehranchi.

STATEMENT OF JESSIE TEHRANCHI
BIRMINGHAM, ALABAMA

Ms. TEHRANCHI. I want to thank both of you for that beautiful introduction, and I feel very privileged to be doing what I am doing today. As all of you know, I am from Birmingham, Alabama. I am glad to be here representing the Transportation Equity Network, which is a national coalition of grassroots organizations concerned with transit.

Fifteen years ago, I was diagnosed with multiple sclerosis. It has been really a challenge.

I became aware of the importance of a quality public transportation, however, in 1995, when the Birmingham bus service just automatically shut down. What happened there were the people on kidney dialysis could not get to the doctors for kidney dialysis treatment. People who used the bus to get to work could not get to work, and other things that people use bus service for.

Greater Birmingham Ministries and the Alabama Kidney Foundation called this rally. They said, rain or shine, we are going to meet and we are going to protest this. We will actually just have a rally about it. It was an outcry from the public. They could not believe that this was happening in Birmingham.

They did have the rally. It turned out there was five inches of rain that day, but 80 people showed up for the rally. Several people in wheelchairs like me were there. At that time, I was still driving. But not long after that, because of the disability of multiple sclerosis, I quit driving.

That is why I am here today. I am basically here to tell you that I know this issue. This is a serious issue. It is an issue to me. I never thought I would be here. It is an issue to too many people and it is something your group must address and help us with.

I use CLASTRAN, which is a paratransit service that serves the communities around Birmingham. Although this service is much needed and much used, I have been stood up by this service a few times. And that is because the drivers, the dispatchers, all those people work very hard, but sometimes it happens, and a lot of it has to do with a lack of funding. This is something that we hope that you people will help us with and provide it for everybody else in the country.

I am a member of several organizations in Birmingham. One is the Government Relations Committee of the Alabama Chapter of the Multiple Sclerosis Society, which Senator Shelby mentioned. I am on the Alabama Disability Action Coalition. We were the ones who were responsible for Vulcan being accessible, by the way. I am also Transportation Chair for the League of Women Voters of Greater Birmingham; and I am an active volunteer in Alabama Arise, a coalition working on the issues of low-income people, and I serve on the statewide task force for disability transportation issues. These organizations understand that transportation is a definite necessity.

In Alabama, there are 900,000 transportation disadvantaged; and the population in Alabama is only 4 million.

People must have transportation to stay integrated into society: To work, to shop, for recreation, for medical services, to vote, to function independently. Accessible transportation allows people with disabilities free movement in society.

As this Committee prepares for the reauthorization of TEA–21, I urge you to remember the importance of ensuring that transit users have a voice in the issues that affect transit service. Transit users must be voting members of the Metropolitan Planning Organizations, the Department of Transportation, and the other transit agencies.

Congress must also pay attention to the metropolitan and statewide planning process, and the metropolitan certification process. TEA–21 reauthorization is an important opportunity to ensure transit user involvement, to clarify the importance of civil rights and environmental justice, and to more fully address the needs of transit dependent people.

Thank you for letting me come today.

Senator REED. Thank you, Ms. Tehranchi, for your statement. We appreciate it very much.

Before I call on Ms. McKenzie, we have been joined by Senator Akaka. Senator, do you have an opening statement or comment that you would like to make now?

COMMENT OF SENATOR DANIEL K. AKAKA

Senator AKAKA. Mr. Chairman, yes, I have a statement. Would you please include it in the record?

Senator REED. Without objection. Thank you, Senator.

Ms. McKenzie, please.

STATEMENT OF GLORIA McKENZIE
ALBANY, NEW YORK

Ms. MCKENZIE. Good afternoon. My name is Gloria McKenzie and I am a Trip Planner for the Capital District Transportation Authority in Albany, New York. I want to thank the distinguished Members of this Committee for affording me this opportunity to share with you my thoughts about the reauthorization of the Transportation Equity Act for the 21st Century.

As a single mother with two children, living in public housing, and on public assistance, I was referred to an employment and training program with the goal being that I secure full-time employment in order to support my family and myself. In order to achieve this goal, the local Department of Social Services provided me with subsidized public transportation in the form of a bus pass, which allowed me to have access to a training program. Upon securing employment, my bus pass was maintained allowing me to get to and from work on a daily basis. I can assure you that without this ongoing support of my public transportation needs, it would have been difficult for me to continue doing the work necessary to secure employment and to take care of my family needs.

Today, I come before you in my capacity as a trip planner, and along with the coordinator and my two fellow trip planners; we manage the public transportation trip needs of individuals in a four

county area that makes up the Capital District's Job Access and Reverse Commute Program. My job is to work with any and all individuals, but specifically with TANF and low-income individuals to help them manage their public transportation mobility needs, which primarily consist of access to employment centers, child care facilities, and education and training centers.

CDTA's JARC Program consists of expanded shuttle service to major areas of employment, a safety net brokerage, trip planners to address the mobility needs of customers, and a coordinator who works with employers, local government officials, and the community addressing the mobility needs of the community at large.

Matching funds from Community Solutions for Transportation dollars providing for service extensions on existing routes and a Pass Program allowing individuals access to the entire service delivery system. Our program has been embraced by the community, and CDTA is perceived as an involved and concerned partner in resolving the transportation needs of citizens and has received an award from the American Public Transportation Association as one of the top ten welfare-to-work transportation programs in this country.

I would like to provide you with three examples of individuals whose lives have been impacted by our JARC Program.

A DSS caseworker referred a single mother with two children who had taken a job in a health care facility and was facing the daunting task of trying to get one child to school, get the second child to a day care center, and then get herself to work by 8 a.m. We were able to use regular bus service to get both the older child to school, and the younger child to the day care center. However, by the time the day care center opened, the mother did not have enough time to then use fixed-route bus service to get to work on time. I was then able to refer the mother to the safety net program, which provided taxi service to get her to work. Her trip at the end of her work day, while a long one, could be negotiated with the regular bus service.

A Department of Labor employment counselor, operating out of the "One-Stop" employment center, referred a young gentleman, who took a job at a local Wal–Mart, which required that he take three buses to get to work. I met with this gentleman and his employment counselor and we mapped out the routes and times of the trips he would need to take in order to get to work.

The Center for the Disabled called upon me to work with one of their disabled clients who had taken a job in a health care facility. Along with a counselor from the Center, we rode the bus with this individual to and from work for a 5 day period, insuring that the client understood how to use the bus, to ask the driver for assistance, and to generally make her comfortable with using public transportation, a skill she needed to master to maintain a level of self-sufficiency.

CDTA's JARC Program currently provides 2,060 trips per month on its fixed-route service for individuals using the TANF-funded bus passes and provides service to another 200 individuals by way of the Demand Response service, that is, passengers calling ahead for service. In the areas where we have Expanded Shuttle Service hours, there are over 160 employers providing approximately

30,000 jobs with over 9,000 entry-level jobs, which TANF and low-income persons pursue.

In conclusion, I would just like to say that there are many individual stories I could have shared with you, if time had permitted, that would demonstrate the vital role that JARC-funded programs and services have in assisting individuals in securing and maintaining employment, and ultimately supporting the overall well-being of families.

Thank you for giving me this opportunity to share my thoughts with you.

I would like to submit for the record additional testimony from the Center for Community Changes.

Thank you.

Senator REED. Without objection, it will be added to the record.

Thank you very much, Ms. McKenzie, for your statement.

Ms. Thompson, welcome.

STATEMENT OF FAYE THOMPSON
KENOVA, WEST VIRGINIA

Ms. THOMPSON. Mr. Chairman and Committee Members, it is really an honor for me to be here with you today and to get to talk about something that is very dear to me. First, let me tell you a little bit about myself. My late husband and I raised three sons, and believe me, that was an experience in itself.

[Laughter.]

My husband worked for the Norfolk & Western Railway. When our children enrolled in school, I decided to go back to school myself because I wanted to be an elementary teacher. I taught school in a one-room schoolhouse in rural Appalachia in West Virginia. And that is quite an experience, too.

I saw the many challenges of the rural Appalachian people while I was teaching, so I changed careers and became a Social Worker for the Department of Health and Human Resources. This was also in rural West Virginia.

Throughout my career, I have worked with low-income families and one of the biggest challenges that we have ever faced is lack of transportation. Every survey that they have sent out, that has been the number one thing on it. At that time there was no public transportation in Wayne County. Throughout my 22 years as a social worker, there was always the need for individuals to access services. Services were out there, but they had to get to them.

Throughout my life I have been a very independent person, as you can tell. I have raised three children and had not one, but two, careers. I have always had the privilege of having my own car. You know, we get used to it. We take it for granted. We walk in and get our car keys and walk out the door and go where we want to.

Even though I have always recognized the need for rural transportation, I never thought that it would be something that I would use. After my husband passed away, I lived alone in our home for a while, and then downsized to an apartment because our house was too big. I was still at that time able to go to my homemaker meetings, my church services, do volunteer work, and different things like meet my friends for lunch and go for social activities. But then, my physician told me that I was going to have to have

both knees replaced. Well, this was quite a shock. He told me that I would have to have physical therapy after I left the hospital three times a week for several weeks.

My two older sons lived out of State. The youngest one had a family and worked during the day, so it wasn't possible for him to take me. That is when it dawned on me that I was one of those people that needed transportation. I wasn't independent any more.

I was able to obtain the medical services that I needed and the transportation to therapy by public transportation, which I had never needed before.

Being a member of the Wayne County Community Services Organization Board of Directors, I can sit here in front of you today and let you know how important public transportation is to the people. How it enables them to access needed service.

Wayne X-Press Public Transit System in Wayne, West Virginia, provides transportation services to people for medical appointments, to jobs, to job interviews, to job training, to social activities, to senior citizen centers, and for the Adult Day treatment program, which is very important, for parental education classes, and general education training.

So, I am here today to ask you, distinguished ladies and gentlemen, to continue funding for the public transit systems because it is the lifeline of the public. I want to invite all of you to Wayne County, West Virginia, to, as we say, "hop aboard" the Wayne County X-Press.

Thank you very much.

Senator REED. Thank you very much, Ms. Thompson.

I thank you all for your excellent testimony. Let me ask a question or two and then see if Senator Akaka has questions.

You have all made a compelling case for the essential need of mass transit for disabled citizens and senior citizens and also for low-income Americans who are going into the work force.

The availability of transit is one issue, but also, people knowing that it is available is a second issue. So if you all could comment on that. Do you think there are a lot of people in Birmingham that are disabled or seniors, who are not aware of the services or cannot access the services?

Ms. TEHRANCHI. Well, there has been some advertising about our services, the CLASTRAN service. There are two separate paratransit services in the metro area of Birmingham. One is VIP and that is the Birmingham Jefferson County Transit Authority. That is their service. CLASTRAN is pretty much a rural county, Shelby County, the county next to Jefferson County that Birmingham is in—there is some advertising, not a lot. Word of mouth. People know about it. But the problem is there are a lot of people who want to use it, but cannot get it because it is just overcrowded.

Like, for instance, I have to make an appointment about a week ahead, sometimes even more, to get a service to go on just one short trip. There is not enough of it for them to really do a mass advertising campaign.

Senator REED. Thank you.

Ms. McKenzie, you have a very unique position because you have used it to educate yourself—mass transit I am talking about—and now you are helping others. Do you see a lot of people out there

that need the service or that want the service, but there is limited resources?

Ms. MCKENZIE. I do. From the service that I do, with helping the population in general, every day, there are people using this transportation every opportunity that they can get, to go to work, to get their children to day care so they can get to work, to seek employment, whatever the case may be. I get calls from them all the time.

Senator REED. I will follow up by asking, are some people frustrated in finding employment or day care, not because it doesn't exist, but because they physically cannot get there and you see those people and they are just stuck?

Ms. MCKENZIE. Yes. There are times I have had clients that are really frustrated, not because, like you said, because of day care issues. It is because they do not have the transportation to get to where they have to go. Or they have to leave home maybe 2 hours ahead of time just to be to their appointment because the connections aren't there, or maybe because they just do not have the means to get there. That is a problem. That is an issue right there by itself.

Senator REED. One other issue that I have encountered is that frequently we encourage parents to be more involved in the education of their children. But if you do not have your own car and you work some place else and you have to get back to pick up your child, have an interview with the teacher, and the mass transit system doesn't work well, you are in a bind.

Ms. MCKENZIE. Yes, you are.

Senator REED. You cannot do what you want to do, which is help your child, and then I think you are afraid your child will suffer.

Ms. MCKENZIE. Yes.

Senator REED. Yet, you have to choose between a job and being part of that. Does that happen often?

Ms. MCKENZIE. I have seen that, but not too much—in the beginning I did. It has kind of leveled out a little bit. I still run into cases with that now. We still have some.

Senator REED. Well, again, thank you very much.

Ms. MCKENZIE. Thank you.

Senator REED. Not only for your testimony, but everyone, for your example, too.

Ms. MCKENZIE. Thank you.

Senator REED. Ms. Thompson, you make the point, which some people I think see mass transit as an urban problem, getting from Queens to Brooklyn, and back and forth. But Wayne County in West Virginia, the number one problem is transit and the people getting around.

Ms. THOMPSON. Right. I found this out more, I guess, after I started to work as a social worker, because we had so many clients that I think would have loved to have worked, but they had no way to get there. At that time, we had no public transportation. The buses do not run out in the sticks, like Mill Creek and other places like that.

We also use ours for dialysis patients. That is another very important thing. We have some people who have to go two to three times a week. Just like I had to go for my therapy. I probably

wouldn't be walking as well today if I had not had that. That rehab is rough, but you have to go through it.

Senator REED. Thank you very much. And thank you again for your testimony.

Senator Akaka, do you have any questions?

Senator AKAKA. Yes. Thank you very much, Mr. Chairman.

I want to welcome this panel to the Committee. I find that your remarks of using these services can help us improve it.

Ms. Tehranchi, you have been using the public transportation and paratransit services in Birmingham, Alabama, and have been trying to, with the efforts of others, increase public access to public transportation. What changes have you seen, even 10 years back, for people with disabilities in these transit services?

Ms. TEHRANCHI. If Senator Shelby was still here, we would enjoy talking about this because of what is going on in the Birmingham area that is relevant to me and anybody else who happens to be in a wheelchair. The fact that our buses that we received in the past 2 or 3 years are accessible. That means that I can get on a bus with a scooter and get around. That is in Birmingham's metro area. That is where the buses are served. But there is this increased use of the service. We have ended up getting new people in charge of the paratransit services and they are very dedicated to getting service to as many people as possible.

I would say that is a very good thing that has happened in the past 3 or 4 years.

Senator AKAKA. Ms. McKenzie, I also want to commend you for where you are now, and the help you have been giving as a trip planner for people that need assistance.

Ms. MCKENZIE. Yes, thank you.

Senator AKAKA. What changes could you recommend to improve the Job Access and Reverse Commute Program?

Ms. MCKENZIE. That is kind of hard. I guess just to keep adding services in the areas where people would be able to get access to them, so that they can get around to seek employment, for day care, for whatever reasons they might need to be out there.

Senator AKAKA. Thank you.

Ms. Thompson, we are glad to have you here, and hearing you say that you have moved from being a teacher to what you are now, and that you ride the X-Press to get to and from medical appointments. What steps do you think the Federal Government should take to encourage more people to utilize transit services?

Ms. THOMPSON. I do not think we need to encourage them so much. We need to get more money in there to expand the routes. We need money for upkeep, capital improvements, and additional training for the bus drivers.

We do quite a bit of advertisement and I just think we need more money to get those things in place.

Senator AKAKA. We need resources.

Ms. THOMPSON. Yes, new resources. That is right.

Senator AKAKA. Thank you very much.

Thank you, Mr. Chairman.

Senator REED. Thank you very much, Senator Akaka.

Again, let me thank you all for your compelling testimony and for your firsthand experiences. It will be crucial in our deliberations as we go forward to reauthorize the TEA–21 Act.

Thank you so much.

Now, I will call the second panel forward. Thank you very much.

[Pause.]

Let me welcome the second panel and also recognize Senator Sarbanes, the Chairman of the Committee, who has joined us. I will introduce Ms. DeSalles and Mr. Imparato. And then Senator Sarbanes, your opening comments and your introduction of Secretary Porcari.

Senator SARBANES. Good.

Senator REED. We are joined today by Ms. Lavada E. DeSalles. Ms. DeSalles is a Member of the AARP Board of Directors and has a history of involvement in issues affecting seniors. She retired in 1994 after 32 years with the State of California's Employment Services Agency. She is here to testify about the AARP's recent report: Understanding Senior Transportation.

We are also joined by Mr. Andy Imparato, who is the President and CEO of the American Association of People with Disabilities, an organization dedicated to economic and political empowerment for over 56 million Americans with disabilities. He has held a number of senior governmental positions, including serving as the General Counsel of the National Council on Disability, an independent Federal entity.

Thank you, Mr. Imparato, for being here.

Chairman Sarbanes.

STATEMENT OF SENATOR PAUL S. SARBANES

Senator SARBANES. Thank you very much, Chairman Reed. I want to thank you for calling this hearing as we anticipate consideration of the Federal transit program in preparation for reauthorizing TEA–21, the Transportation Equity Act for the 21st Century, which will be one of the main items of business before this Committee next year. We are trying to anticipate that and get started early in building a hearing record and also getting the benefit of the counsel and advice of people all across the country.

I also want to thank the witnesses who are here. Some have traveled quite a distance and we appreciate that. We think this discussion is vitally important as we seek to address the future of transportation in this country. This issue, our investment in transit, and what it means to those who cannot or choose not to drive, is a very important question.

Basic mobility is part of what makes Americans a free people. For many of us, our mobility options are quite varied—ride the train to work, take the bus to the mall, drive the car to the doctor. But for others, driving is not an option. And for many of our fellow citizens, the only answer is public transportation.

By 2020, not all that far away, there will be 6½ million Americans over the age of 85. That is a 62 percent increase from just a couple of years ago. Many will be, obviously, nondrivers. There are more than 50 million people in the country with some type of disability, many of whom cannot drive a car. Many millions more have

household incomes too low to allow them to purchase and maintain a vehicle.

Actually, we had testimony not too long ago before this Committee that the annual cost of owning and operating a car was estimated to be over $7,000 a year.

I do not think most Americans appreciate the costs that are connected with an automobile, I think essentially because they do not figure the capital costs into it.

Providing these Americans, and young people as well, who are not yet at the age of driving, access to public transportation is an investment with very significant benefits. Obviously, this is what we are trying to address.

Mr. Chairman, I appreciate the opportunity to introduce Senator—Secretary. I did not mean to demote you.

[Laughter.]

Secretary Porcari, I do want to say that Mr. Imparato is also a distinguished Marylander and we are pleased that he is here today as well.

John Porcari, the Secretary of the Maryland Department of Transportation, has done just an outstanding job. Our Department of Transportation is the largest State agency. It has almost 10,000 employees. It has an annual capital and operating budget of approximately $2.5 billion.

Maryland has a consolidated transportation fund. We fund all of the transportation activities out of a consolidated fund. Managing the agency and Maryland's intermodal transportation system is a very big job. We are talking about thousands of miles of highways and transit routes, a major international airport, BWI, actually the fastest-growing in the country, and one of the largest seaports on the East Coast.

So it is a real challenge and Secretary Porcari has excelled at it.

We have made substantial advances under his leadership in improving transportation facilities and services. He has paid special attention to managing our State's congestion problem and improving mobility. And the Department has made very effective use of the Job Access and Reverse Commute Program and has arguably the best such program in the country.

We certainly have the biggest map in the country.

[Laughter.]

Senator REED. It is bigger than Rhode Island.

Senator SARBANES. Yes.

[Laughter.]

We very much welcome him coming today and contributing to the work of the Committee.

I am going to have to apologize to our witnesses because I am not going to be able to stay. I will certainly read and study all of the testimony, but as it works around here, there is always conflicting engagements. I am involved in another project of some size and dimension and I will get on to paying attention to it. But I did want to come thank you for this terrific job with, not only this hearing, but also the whole series that you have been doing, and to thank our witnesses. And particularly to underscore that we have worked very closely with Secretary Porcari. He is a very able and committed public servant and I am glad he is here today. We

are going to have the benefit of his thinking on some of these important issues.

Senator REED. Thank you, Mr. Chairman, very much.

Senator Carper has joined us. Senator, do you have an opening statement?

STATEMENT OF SENATOR THOMAS R. CARPER

Senator CARPER. I do. To our neighbor from Maryland, welcome. To the representative from AARP, welcome as well.

Before I became a Senator, I had the privilege of being Governor and lead Governor on welfare reform within the National Governors Association, lead Democratic Governor at least. We focused a whole lot on things we need to do to help people move from dependency to independence, from welfare-to-work.

Among things that people need, they need a job. They need help with child care. They need help with health care. They need a way to get to their job. And if you did not have a job, if you did not have the health care, if you did not have help on child care, and if you did not have a way to get to your job and back home, we found that it was very difficult to help people make that transition and to do it on a more permanent basis.

For that reason alone, today's hearing is important. And as we approach the next step in reauthorization of our major transportation funding program, it is critical.

I would also add to that that today in America, 75 percent of our people live within 50 miles of one of our coasts. Think about that—75 percent of Americans live within 50 miles of one of our coasts, which says to me and maybe to you that we are a lot more congested than we used to be. One only has to try to drive, as I did the other day, through your State and mine to get to BWI to pick up our son coming back from Boy Scout camp, just how congested I–95 can be.

Half of the oil that we will use in America today to drive our cars, trucks, and vans, really, to propel our country, comes from overseas from places where a lot of people do not like us and do not wish us well.

And on a day as warm as today, I am reminded of the threat that global warming poses to our way of life and to all of us.

I joke with people about Delaware. Delaware has some wonderful coastal resorts, as does Maryland, as does Rhode Island.

Senator REED. Indeed.

Senator CARPER. A lot of people spend part of their summers at Fenwick Island, Bethany Beach, Dewey Beach, Rehoboth, and Lewes. I joke with people—if we do not do something about global warming, by the end of the century, people won't be buying beach front property at any of those places. They will be buying it at Dover or at Wilmington.

And to the extent that we can find ways to encourage people to use transit, we are going to be putting less CO_2 into the air and will be doing a good thing for our environment.

For all those reasons, this is important. I look forward to your testimony. Thank you very much for joining us.

Senator REED. Thank you very much, Senator.

Ms. DeSalles, thank you.

STATEMENT OF LAVADA E. DeSALLES
MEMBER, BOARD OF DIRECTORS, AARP

Ms. DESALLES. Mr. Chairman, Members of the Subcommittee, thank you for the introduction.

Again, my name is Lavada DeSalles and I serve on the AARP Board of Directors.

We appreciate very much this opportunity to present our views regarding transit programs for older Americans. The need for transit services among older persons will become particularly strong in the years ahead with the aging of the Baby Boom generation. Tomorrow's seniors will have become accustomed to a high level of mobility and will expect that level of mobility to continue into their later years.

From our research, we know that mobility is a critical element of overall life satisfaction and is strongly linked to feelings of independence. Indeed, the impact of the lack of mobility can be devastating. At a recent AARP focus group, one of the participants said him and his wife's world have been reduced to one square mile since he had stopped driving.

Currently, the use of public transportation by older persons is limited. However, an AARP survey found that 14 percent of nondrivers 75 years of age and older say that public transportation is their primary mode, and nearly 20 percent say they use public transportation on a monthly basis. This tells us that public transportation services can play an important role in enhancing mobility for these nondrivers.

AARP's Understanding Senior Transportation Survey also found several problems that made the respondents less likely to use public transportation. These included concerns about crime, unavailable destinations, and the trip length of time.

TEA–21 has provided a stable and dependable funding stream for transit programs. AARP believes significant additional investment in transit is needed in order to reach those older persons now and in the future for whom transit is unavailable or inadequate to meet their transportation needs.

AARP supports greater funding for the Sections 5310 elderly and disabled and the 5311 rural programs. Funding for Section 5310 in particular is woefully inadequate.

Many local human services programs provide transportation for their clients who would otherwise be unable to get services. As a result, a multiplicity of transportation operations has emerged, many of them perform similar services in the same communities.

Studies by AARP and others have found that coordination efforts could provide many benefits, including lower trip costs, extended hours of service, and a greater choice of destinations. An excellent example may be found in the Chairman's home State of Rhode Island. The paratransit system there is called The RIde and is coordinated Statewide and nationally recognized.

Another area in need of increased funding is ADA paratransit. AARP is concerned that some systems may use the eligibility screening process to limit use of ADA services. We believe there should be greater consistency in determining eligibility, as well as more attention given to standards of service, quality of service, and customer service.

Finally, we recognize that many of the changes required to meet the mobility challenges of older persons now and in the future will occur at the local level. Metropolitan planning organizations must become more aware of the transportation needs of their elderly residents and integrate approaches to meeting these needs into their planning processes.

In sum, AARP believes that transportation choices are essential in maintaining older persons' independence and quality of life. TEA–21 offers a solid foundation on which to build greater mobility for all Americans.

I thank you for this opportunity to testify before you today and I welcome any questions that you might have.

Senator REED. Thank you for your excellent testimony.

Let me recognize, Mr. Imparato.

STATEMENT OF ANDREW J. IMPARATO
PRESIDENT AND CHIEF EXECUTIVE OFFICER
AMERICAN ASSOCIATION OF PEOPLE
WITH DISABILITIES

Mr. IMPARATO. Thank you, Chairman Reed, Senator Carper, and Senator Akaka for being here.

I think it is particularly appropriate that we are doing this hearing a week before the anniversary of the Americans with Disabilities Act. This year, the anniversary is particularly significant for us in the disability community because a few weeks ago, we lost our Martin Luther King—Justin Dart. We are going to be doing a memorial service on July 26, the anniversary, in honor of Justin.

Regarding Justin, one of the last times I heard him speak was at a transportation event that Secretary Mineta hosted. He was very eloquent about the importance of mass transit for people with disabilities in particular.

I think that you have heard from a number of the witnesses and I am really glad that you had Jessie Tehranchi as a witness. I know Jessie. She is a member of AAPD and a very vocal member of AAPD. I am glad to have the opportunity to testify with her.

I really have three points I want to emphasize. You have my written statement. The points are, and they are not rocket science, but I think they are important.

The first point is that mass transit is really critical for people with disabilities and we are a major stakeholder for many mass transit systems, whether we live in an urban area or a rural area.

The second point is that when you increase Federal dollars for mass transit in general, it benefits people with disabilities disproportionately because we do disproportionately rely on mass transit.

The third point is that if we are going to increase the Federal investment in mass transit, which AAPD strongly supports, let's take this opportunity to make transit operators take the civil rights requirements of the Americans with Disabilities Act more seriously, and more consistently ensure that accessibility is part of the modernization of our mass transit systems.

On the issue of why people with disabilities care about mass transit, two good examples are in the audience today.

I have with me Kim Borowicz, who is an intern working at AAPD, and she is the President of the Disabled Students Union at

Michigan State University. She is a woman with a visual disability who uses mass transit and cannot drive.

We also have in the audience Liz Savage, who is a brilliant civil rights lawyer who currently works at the Arc of the United States. She was the person in charge of enforcement of the ADA for the Justice Department under the Civil Rights Division in the Clinton Administration. She also has a visual disability and depends on mass transit to get to work.

Both Kim and Liz have a lot to contribute. I am confident that when Kim graduates from Michigan State, she will have an important job, hopefully working for AAPD. We wouldn't have the ADA if it wasn't for Liz Savage. Mass transit gets them to work. So that is one critical piece.

We talk about the fact that 70 percent of people with significant disabilities are not working. Part of the reason for that is many of them are isolated. Many of them cannot get to the fixed-route system from where they live, and that is an issue of curb cuts. It is an issue of pedestrian access. And many of them do not have a fixed-route system that is accessible, even if they could get to it.

So, clearly, if we want the vision of the ADA, equal opportunity, equal employment opportunity in particular, and full participation, we need to invest more in mass transit.

You all know what is going on in State budgets right now. If the Federal Government does not step up to the plate and help the States invest in mass transit, they are going to have a hard time doing it on their own.

Just specifically, a couple of the statistics in my written testimony that I wanted to highlight.

The National Organization on Disability did a survey, finding that 30 percent of people with disabilities identified that they had problems with inadequate transportation in their local communities, as compared with 10 percent of the general public.

And the National Center for Health Statistics did a survey that found that 5.5 million people reported that they never drive because of an impairment or health problem. So, we are talking about a large population.

In the context of the TEA–21 reauthorization, we strongly encourage you to look at stronger enforcement of the ADA. And we think one way to accomplish that is to empower the Secretary of Transportation to have more authority to coordinate and make sure that there is consistency across all of the modes that are charged with enforcing the ADA within the Department of Transportation.

We strongly agree with the AARP's recommendation that you increase funding for Section 5310 that provides funding for transportation for people with disabilities and for seniors. And we think it is important that you disseminate more information about what people's rights are to people who are protected by the ADA and more information to transit providers so they know what their obligations are.

Thank you very much.

Senator REED. Thank you very much for your very succinct and very thoughtful testimony.

Secretary Porcari, please.

STATEMENT OF JOHN D. PORCARI
SECRETARY, MARYLAND DEPARTMENT OF TRANSPORTATION

Secretary PORCARI. Thank you. Good afternoon.

For the record, I am Maryland's Transportation Secretary John Porcari. I am honored to be here today to talk about the needs of our transit-dependent citizens and, in particular, Maryland's experience with our Job Access and Reverse Commute Program.

First and foremost, I want to recognize the leadership of this Subcommittee, in particular, Chairman Reed, for the energy and enthusiasm that you are bringing to this topic and to reauthorization in general. We very much appreciate that.

We have to remember that these programs provide assistance to people who are engaged in a struggle to survive. I would like to offer some perspectives from our own experience here in Maryland administering a job access program.

But first, if I may, let me get to the bottom line.

This program has been a success in Maryland and given what we have seen it do in practice, it should be reauthorized. In fact, we believe the national funding level should be increased, perhaps from the fiscal year 2003 level of $150 million per year nationally up to about $175 million.

Second, the process used to appropriate the funds should remain unchanged. It works well. If, however, any consideration is given to distributing the funds on a formula basis rather than a discretionary basis, we urge that you take into consideration urban unemployment and poverty levels because statewide averages are certainly very deceiving in this area.

In Maryland, we are ranked as a wealthy State overall, but 8.5 percent of our residents still live in poverty. The problem is most severe in our most urban and rural jurisdictions—Baltimore City and Somerset County, for example. The service sector jobs that offer real hope for poor people in these areas are often located in the suburbs, where transit services are few and far between.

So the solution for us has been innovative and flexible transportation services, the kind of services funded through the Job Access Program. The most successful projects are those that combine program funds with other Federal transit funds. We believe this focus on coordination with social service needs is one of the hallmarks of our program.

Since the inception of our Maryland program, 45 different services throughout Maryland have received funding under this program. As you see on the map, and in your handouts, the program has literally reached every corner of our State with programs in both the rural and urban areas and suburban areas as well.

To date, through fiscal year 2002, Maryland has received $12.5 million in program funds. A positive feature of this Maryland program is that funding from other Federal programs can be used for the 50 percent match. For example, the Temporary Assistance for Needy Families, or TANF, can be used as the 50 percent match. And this helps increase coordination between our transportation and our human services agencies throughout the State.

One specific example is the Career Caravan, which connects Baltimore City residents with suburban Howard County. The Career

Caravan is a great partnership. It is organized by the Empowerment Zone in southwest Baltimore, which has the mission of identifying ready-to-work people. The Empowerment Zone can combine transportation to work funded by this program with skills, training, child care, drug treatment, and a host of other wrap-around services that together meet the needs of the clients.

With these program funds, the transit providers have helped thousands of welfare recipients get to new jobs and to transition toward independence.

Since our program began in 1999, more than 1.3 million passenger trips have been provided through Job Access-funded services in Maryland. But the program cannot simply be judged on the numbers.

The bottom line is that this program is changing people's lives. Thanks to this program, Linda Carter of Baltimore City, who was having trouble finding work, now uses the Career Caravan that I just mentioned, their transportation service to get to her job at a retail establishment in Columbia, Maryland. This service made her job possible because it was the only way that she could get to work for the early morning hours that that particular job required.

Another great success story comes from the Work Force Transportation Referral Center. This Center is a unique collaborative effort between Sojourner Douglas College, Baltimore City's Housing Authority, the Baltimore County Department of Social Services, and our Maryland Department of Transportation, Maryland Transit Administration.

Thanks to this group, Madeline Brooks was able to get a job in Towson, even though it required getting transportation during irregular hours. This service that was provided under this program allowed her to get transportation from her home in Pikesville all the way to Towson.

She got her first job in March of 2001. Since then, Ms. Brooks has been able to save enough money to buy her own car and in June, she bought a home and left Section 8 housing. Job Access has helped Madeline Brooks become an independent person without any additional county, State, or Federal assistance. This is what the program is all about, changing lives.

The challenge to all of us now is to maintain and build upon the existing services funded through this program. The bottom line is transportation connects people to opportunities. That is why the Job Access and Reverse Commute Program is so important to us.

Thank you.

Senator REED. Thank you very much, Mr. Secretary, again for your excellent testimony. We appreciate all your comments.

Let me begin the questioning by picking up an issue that was raised by Ms. DeSalles. The perception of the elderly that there is crime on transit and that dissuades them from using transit.

One, is it a perceptual problem, or is it a real problem? And second, if it is a real problem, is that a manifestation of systems that just do not have the resources to provide the types of systems and protections and everything else that we need?

Ms. DESALLES. There, of course, is the reality of crime, which would require large amounts of money to provide protection. But we have found that among seniors, it is more of a problem of per-

ception of crime. And so they isolate themselves in their homes to prevent what they sense might happen.

There are some relatively inexpensive ways in which to ease those fears and that is, making certain that our transportation systems involve stops that are in well-lighted areas, where there are people around, things that give you a sense a comfort as you wait.

Senator REED. Well, thank you. This whole issue, the points you raised and some of the other points, and together with our other hearings, suggest to me that we have made some real progress over the last several years in mass transit, in terms of ridership growing, in terms of those old perceptions of never get on mass transit because you would run into a criminal element or problems.

My fear is we will lose those unless we keep investing at a significant level. Of course, Andy, you have pointed out how, if we are going to go forward with reauthorization, we have to keep our commitment to ADA that is curb cuts and that is buses like in Birmingham that will be fully accessible to handicapped individuals.

All of this suggests, to me at least, and I must say that I am not the most objective on this point, is that this is not just a question of maintaining what we have. It is actually putting some additional resources in to keep the system moving, to attract the riders. And without the riders, no system will be able to operate without huge subsidies.

So, you might comment, Andy, and then Mr. Secretary, and Ms. DeSalles.

Mr. IMPARATO. Yes, I could not agree more. I should point out on a personal level, I live in Baltimore. I take the MARC train every day to Union Station and then I take the Metro to Farragut North. It is crystal clear to me that Maryland has figured out mass transit. The MARC train is a modern train. It is a comfortable ride. It is a very pleasant way to commute.

The District of Columbia has not figured it out. The Metro is incredibly crowded and gets more crowded every day. If you need elevators in the DC Metro, a lot of times you are out of luck. And I am sure you have read in *The Washington Post* about some of the problems.

You are right. Some localities need more help than others, and I would say that DC and the DC Metro area is an area that needs a lot of help.

I am involved in the Olympic bid here in part because I am hoping that with the new resources that will come in, if we get the Olympics, we can really modernize the transit operations around DC because it is desperately needed.

Senator REED. Thank you.

Go right ahead, Ms. DeSalles.

Ms. DESALLES. We can also work to make more destinations available. There are many people that do not use the transportation because of the limits of that. Certainly for employment and for medical appointments, it is very necessary. It is also necessary to enhance the social life of older people, getting to where you need to go.

Senator REED. Thank you very much.

Mr. Secretary, your comments. You have particular expertise in all of these issues.

Secretary PORCARI. You have made some very important points, Mr. Chairman. I think perhaps the most important one is that you simply cannot stop the level of investment in transit and expect transit ridership to continue to go up.

The MARC service, for example, that Mr. Imparato had mentioned is very, very capital intensive, and we have made a long-term commitment to upgrade the rolling stock, to make the improvements that are necessary.

What we have found is that if you provide safe, clean, affordable and convenient service for transit, people will use it. I believe also the reality is that, in many States, Maryland in particular, given the growth in population over the next 20 years and the growth in congestion, no matter what we do with all of the transportation modes, that transit has to be an integral part of the solution.

Senator REED. Thank you, Mr. Secretary.

I have additional questions, but Senator Akaka, please.

Senator AKAKA. Thank you very much, Mr. Chairman.

Ms. DeSalles, in your statement, you mentioned that, currently, the use of public transportation by older persons is limited. And in Honolulu, Hawaii, we have a successful program which seniors are provided with a 2 year pass for $25. The pass provides unlimited bus travel throughout the island of Oahu. This bus circles the island. What other incentives are being used across the country to encourage seniors to utilize public transit? And what could be done to encourage seniors to utilize public transit?

Ms. DESALLES. Well, I have been fortunate enough to take a trip around the island for $1 on that system that you are referring to, and it is wonderful. It might have been a little easier in Oahu to develop that because it is self-contained.

What is causing a lot of problems is in our rural areas where transportation is very, very limited. An example—I live in Sacramento, California, and we have mass transit there. But a few miles away, in the foothills, it is virtually impossible for seniors to get any place easily and cheaply by bus.

We need additional funding for the services that can go door to door. We need to certainly continue services for the disabled. But we need services for that segment of our population, people in their late 70's, early 80's, that do not drive any longer. We need to provide more money for services to enable them to participate.

Transportation systems must have riders in order to generate income. So it is kind of like a chicken and egg situation. You have to have the service before you can get the riders. Then I think the riders will utilize it.

Senator AKAKA. You are correct. Ridership is very important to whatever the transit system is.

Ms. DESALLES. Absolutely.

Senator AKAKA. So the other part of my question was, is there a way of increasing senior participation in transit?

Ms. DESALLES. Other than what I mentioned about the reduced fares and the availability. I think that public education helps. Many seniors may be aware of services available in their area. But in areas where they are unaware, then we need to publicize those services.

Senator AKAKA. I should tell you then that I should have been educated in Hawaii because I am entitled to use the transit system with a senior card. But I have not.

[Laughter.]

Ms. DESALLES. Because you did not know about it or you just haven't?

Senator AKAKA. Well, I really did not know about it.

Ms. DESALLES. Okay.

Senator AKAKA. I thought I had to pay my way but because of this hearing, I learned about it.

[Laughter.]

Mr. Imparato, you mentioned in your statement that, according to a population-based survey, 30 percent of disabled Americans have a problem with inadequate transportation. What would you recommend to provide greater transit opportunities for people with disabilities and reduce the number of people whose transit needs are currently not met?

Mr. IMPARATO. Thank you for your question, Senator Akaka.

I think one of the basic principles of disability policy is that when you do something new, do it right and build in access and make it state of the art. And I think one of the most tangible impacts the ADA has had is on buses because it has a very simple rule—if you are going to buy a new bus, the bus has to be accessible.

I think one of the challenges for us is to take this great equipment that is coming down the pike and train staff so that they know all of the access features and how to use them.

We have had problems in some cases with drivers not wanting to call out stops for blind and visually impaired and other riders who need the stops to be called out. And we have had problems with some drivers not wanting to let service animals get on a bus in some jurisdictions.

That is a training issue.

I believe one of the challenges as we move into the next 10 years, post-ADA, is to take this great equipment and make sure that everybody is trained in how to use it and do some of the outreach like you were talking about with seniors, so that riders with disabilities know that these features are there.

I took a bus recently in Baltimore and I was very impressed. They called out all the stops electronically and it had them going across an LED screen, so if you were deaf, you could still see what stop you were coming to. It helped me because I had never taken this route. And I knew exactly where I was at every point. I think for seniors, that is helpful, too. If the stops are being called out, they may not be able to see the street, but maybe they can hear or see the screen telling them where they are.

Senator AKAKA. I am glad you mentioned training because in Hawaii drivers were commended for the courtesy shown to riders.

I mention that because we hear from riders when drivers are not courteous. Then they do not want to ride. But there are also those drivers, as you point out, who stop mid-way to let people off or to get them on. By doing that, people tend to use the buses or the transit more.

I think that what you mentioned about training is so important to increasing traffic.

Mr. Secretary, what have you learned during the implementation of the Job Access and Reverse Commute Program that you would want to share with other transit administrators attempting to provide services for Reverse Commuters?

I ask that, too, because I have been trying to read the chart that is behind you.

Secretary PORCARI. Senator, first and foremost, there is no cookie cutter solution. I think the most important lesson is that you need to tailor the approach to the particular area.

That chart is a little bit busy. The reason it is is that there are a variety of approaches. These are local transit systems in Maryland, working through our Maryland Transit Administration. And we are, in essence, bundling those grants and having a statewide program. So in a rural area, it may be vanpooling service. It may be extending the hours of a small local transit system to meet the particular needs of employees. It may be adding routes in other jurisdictions. It is a combination or a hybrid in many.

What we have found to be the most important lesson is that if it is truly going to work for Job Access and Reverse Commute, it has to start at the local level. You have to truly listen. And you have to tailor it to what those particular needs are.

Senator AKAKA. Maryland is such a diverse State. I commend you for trying to tailor the transit system to the needs in your local communities.

Thank you, Mr. Chairman, and thank you to the witnesses.

Senator REED. Thank you, Senator Akaka.

Let me follow up with a couple of additional questions. I think, Mr. Secretary, you had a comment with respect to increasing senior usage when Senator Akaka addressed his question to the panel. If you might.

Secretary PORCARI. Yes, Mr. Chairman. One additional suggestion that has been very successful for us is Neighborhood Shuttle Service, where, in addition to mainline bus service or light rail or heavy rail, we have begun implementing, and again, it has been very successful, to have neighborhood shuttles, which are smaller, low floor buses that are going through residential areas. They are connecting with the shopping centers, and they are connecting with the light rail station. They are providing very customer-friendly and very unobtrusive transit service that may be particularly appealing to our seniors because it will be coming right through your neighborhood.

Senator REED. Thank you.

One of the issues that comes up invariably is the fact that any time you have a scarce resource, you have to allocate it. You do it several ways, and one way is the eligibility rules. I know in ADA, in terms of paratransit, there are certain eligibility rules. If you could comment, Mr. Imparato, Mr. Secretary, and Ms. DeSalles, about the status from your perspective of the ADA eligibility rules for paratransit or for some of these innovative services that are not traditional buses and trains.

Mr. IMPARATO. Well, I think the whole paratransit issue is an issue on which there is some tension in the disability community because, on the one hand, those of us who focus on national policy, we are trying to make the fixed-route systems as accessible as pos-

sible and now we are trying to focus on training issues and path of travel issues between the house or the apartment and the system, so that people do not have to rely on paratransit. And one of the reasons we are doing that is exactly what Jessie Tehranchi talked about.

Think about it. For you as a Senator, if you had to give a week's notice before you could get transportation to where you wanted to go. Your schedule changes on an hourly basis. It would be very hard for you to get everywhere you need to go if you had to give a week's notice. So given the level of funding for paratransit, it is not going to meet the needs.

On the other hand, it is very popular for a lot of people with disabilities, in part because they do not have curb cuts, they do not have a way to get to the fixed-route system.

So there is that tension.

I think that we would like to see more investment in the fixed-route system and getting people to the fixed-route system. But we would also like to see paratransit operators get enough funding to meet the demand, which continues to be more than what they are able to provide.

Senator REED. Mr. Secretary, your perspective?

Secretary PORCARI. Mr. Chairman, I think nationwide, virtually every large jurisdiction that is providing paratransit systems has some similar experiences in that the demand is far outstripping our financial ability to provide it.

I do not think any of us are satisfied, frankly, with the service we are providing for the disabled community. There are service improvements that we need to make and there are some specific elements with paratransit service. For example, the so-called Lifeline Services, kidney dialysis patients, for example, where it is clearly a matter of medical emergency to provide that service on a regular basis. And many of the systems have, in essence, set up a service within a service to accommodate that.

Some of the strategies that have helped a little bit are making fixed service free for eligible paratransit users for those that can either occasionally or consistently use that service. But especially given the changing demographics in America, as the population ages, we are clearly going to have to provide better paratransit service in the future. It is one of our most pressing service delivery issues on a day-to-day basis.

Senator REED. Thank you, Mr. Secretary.

Ms. DeSalles, you mentioned in your testimony, and a final question I have for all the panelists, what is your advice on coordination because that seems to be an issue in all of your testimony, how to better coordinate services. Any thoughts you or AARP have we would appreciate.

Ms. DESALLES. Well, there is an excellent example in Arizona, the Maricopa Transportation Planning Group. We certainly believe that older persons, as was testified to earlier, should participate on those planning boards to represent the needs. It is a truism that coordination brings in lower cost and advanced services.

We need to impress upon, at the local level, that consideration be given to including the transportation needs of people in all of the planning processes.

Senator REED. Thank you.

Mr. Imparato.

Mr. IMPARATO. Yes. I think, as with many issues, coordination is most important on the ground, if you will. What is going on in Providence is more important than what happens in Washington. But the Federal agencies can make it easier for people at the local level to pool their resources and to create efficiencies.

I think an example is, during welfare-to-work, there was an effort to coordinate resources from the Department of Labor, from the Department of Transportation, and from the Department of Health and Human Services to do whatever it would take to get people from where they were to where they needed to be, both for purposes of child care and for purposes of employment.

That same kind of coordination is going to be needed if we are going to do something about the 70 percent of people with significant disabilities who are not working, many of whom want to work.

We need to look at what is the role of health and human services and all the entities that it funds? What is the role of labor and all the entities that it funds? What is the role of transportation? How do we make them work together? And then there are education elements to it and recreation elements to it. But clearly, the coordination is a buzzword. It is an important concept.

I guess what I am finding is it is not happening as much at the local level as it needs to. And whether it is happening in Washington or not, we need to make sure it happens locally.

Senator REED. Thank you.

Mr. Secretary.

Secretary PORCARI. Mr. Chairman, it is an excellent question.

I think one of the greatest aspects of this Job Access and Reverse Commute Program is that it not only permits, but also in many ways encourages the kind of coordination at the State and local level, at the State level with our State Department of Human Resources where the transportation services under this program are a means to an end. They are connecting people with opportunities. They are bringing people to jobs.

At the local level, it works that way as well where it just is a tool in the toolkit, if you will, on welfare-to-work initiatives, on connecting people with opportunities in general.

The flexibility inherent within this program has been a real asset in using it with TANF and other services to connect people.

Senator REED. Well, thank you very much.

I also want to thank my colleagues who joined me, particularly Senator Akaka, and thank both panels for excellent testimony. Their experiences and millions of others that they symbolize are improved by the very existence of transit service. So the seniors, disabled Americans, and working Americans who need to get to their workplace and get their children to day care and to school can. And it is the responsibility of our Subcommittee to keep their experiences in mind as we work on the reauthorization of TEA–21 because their needs go to the heart of our Nation's promise of opportunity, freedom, and independence in your personal life.

I would note that the record will remain open for 5 days for Members to submit statements and also for questions that will be presented to the panelists for the record.

If there are no further comments, and I do not think there are, I will thank everyone and adjourn the hearing.

Secretary PORCARI. Thank you, Mr. Chairman.

Mr. IMPARATO. Thank you.

[Whereupon, at 4:10 p.m., the hearing was adjourned.]

[Prepared statements, response to written questions, and additional material supplied for the record follow:]

PREPARED STATEMENT OF SENATOR DANIEL K. AKAKA

Thank you, Mr. Chairman. The Federal Government has a significant role in the effectiveness of transit which provides essential access to education, employment, medical care, and other activities of daily life. In fiscal year 2002, Federal funding to local transit agencies totaled $6.7 billion. Communities must have effective transit systems. Many individuals depend on public transit for their mobility.

The Elderly and Persons with Disabilities Formula Program makes grants to States for distribution to nonprofit agencies to meet the tailored needs of the elderly and individuals with disabilities. This Federal program is particularly important in Hawaii. Hawaii has a large and growing elderly population. Between 1990 and 2000, Hawaii's population of residents over the age of 65 grew by 29 percent. This was the fifth fastest rate of growth in that age demographic in the country. Hawaii received $421,383 for the Elderly and Persons with Disabilities Formula Program in fiscal year 2002.

Today, we will further examine ways in which we can improve and expand services for the disabled, elderly, and low-income families in the reauthorization of TEA–21. This discussion is extremely significant for Hawaii as we evaluate ways to provide better transportation services for those with special needs. I thank the witnesses for appearing today and I look forward to their testimony.

PREPARED STATEMENT OF SENATOR JON S. CORZINE

Thank you, Mr. Chairman, for holding this latest hearing on reauthorization of the Transportation Equity Act for the 21st Century—TEA–21, and I would like to join you in welcoming our witnesses.

Mr. Chairman, as the Banking Committee continues its work on the reauthorization of TEA–21, I appreciate the opportunity to discuss how TEA–21 can do a better job in meeting the needs of those who depend on public transportation for their basic mobility. First and foremost among these needs is the need to ensure that we secure funding for the programs that focus the most on the transit-dependent: The Elderly and Persons with Disabilities Formula Program and the Job Access and Reverse Commute Program. These programs have been beneficial throughout the country and especially in my own State of New Jersey.

For fiscal year 2002, New Jersey received $2.47 million in funding under the Elderly and Persons with Disabilities Program. This money helped senior citizens throughout the State in getting to doctors' appointments, run shopping errands, and visiting friends. Basically, it left them with the ability to remain as independent as possible.

For fiscal year 2002, I was proud to work with my colleague, Senator Torricelli, to make sure that New Jersey received $3 million for its share of the Job Access and Reverse Commute Program. This helped connect welfare recipients with work, as well as provide access to suburban employees who must reverse commute from the city to suburb to find work.

Mr. Chairman, I look forward to working with you to develop legislation that continues to provide funding for these and other important programs. Thank you for holding this hearing and I look forward to hearing from our witnesses.

PREPARED STATEMENT OF JESSIE TEHRANCHI

BIRMINGHAM, ALABAMA

JULY 17, 2002

Mr. Chairman, my name is Jessie Tehranchi and I live in Birmingham, Alabama. I am glad to be here representing the Transportation Equity Network, a national coalition of grassroots organizations concerned with transit.

Fifteen years ago, I was diagnosed with multiple sclerosis. The challenge of multiple sclerosis has taught me a lot.

I became aware of the importance of a quality public transportation system in 1995, when the bus system in Birmingham suddenly closed. This was an alarming time for people who used transit to get to jobs and other services. People on kidney dialysis could not get to clinics! Because of the outcry of the community, Greater Birmingham Ministries and the Alabama Kidney Foundation organized a rally in downtown Birmingham. Even with the storm warnings predicted, the rally was still

planned. Eighty people showed up—many of them in wheelchairs—in five inches of rain. On that day the Citizens for Transit Coalition was organized.

My eyes were opened from that experience; and since then my multiple sclerosis condition has progressed, and I no longer drive.

I use CLASTRAN, the paratransit service that serves the communities around Birmingham. Although this service is much needed and much used, I have been stood up by this service more than once in the past years. CLASTRAN—the drivers, dispatchers, and administration—tries very hard, but these gaps in service illustrate why greater investment in transit and paratransit are necessary.

I am a volunteer member of a number of organizations. This includes: The Government Relations Committee of the Alabama Chapter of the National Multiple Sclerosis Society and a member of the Alabama Disability Action Coalition. I am the Transportation Chair of the League of Women Voters of Greater Birmingham. I am an active volunteer in Alabama Arise, a coalition working on issues that affect low-income persons, and I serve on the statewide task force for disability transportation issues.

These organizations understand that transportation IS A NECESSITY.

In Alabama, there are more than 900,000 transit disadvantaged persons. The State of Alabama has a population of some 4 million.

People must have transportation to stay integrated into society: To work, to shop, for recreation, for medical services, to vote, to function independently.

Accessible transportation allows people with disabilities free movement in society.

As this Committee prepares for the reauthorization of TEA–21, I urge you to remember the importance of ensuring that transit users have a voice in the issues that affect transit service.

Transit users must be VOTING members of the Metropolitan Planning Organizations, Departments of Transportation, and transit agencies.

Congress should also pay close attention to the metropolitan and statewide planning process, and the metropolitan certification process. TEA–21 reauthorization is an opportunity to ensure transit user involvement, to clarify the importance of civil rights and environmental justice, and to more fully address the needs of transit dependent people.

Thank you very much for this opportunity to offer to you my thoughts for better transportation access to all our citizens.

PREPARED STATEMENT OF FAYE THOMPSON

KENOVA, WEST VIRGINIA

JULY 17, 2002

Mr. Chairman and Committee Members, it is an honor to be with you here today to talk about something that is dear to my heart. First of all, let me tell you something about myself. My late husband and I raised three sons, and that was an experience in itself. After my children started school, my husband who was employed by the Norfolk and Western Railroad went to work and I started back to school to become an elementary school teacher in a one room schoolhouse in rural Appalachia, West Virginia.

I saw the many challenges of the rural Appalachian people, so I changed careers and became a Social Worker for the Department of Health and Human Resources in rural West Virginia. Throughout my career, I worked with low-income families and one of the biggest obstacles of obtaining services was the lack of transportation. At that time there was no public transportation in Wayne County. During the 22 years of my career there was always a need for individuals to access services. Throughout my life, I have been a very independent person as you can see, raising a family, starting not just one career but two in my life, and having the privilege of having my own transportation. Most of us take for granted picking up our car keys, going out of the house, and going anywhere we want to go.

Even though I have always recognized the need for rural transportation, I never thought that it would be something that I would need. After my husband passed away, I lived alone in my home. I then downsized to an apartment. I was still able to go to my homemaker meetings, church activities, Board Member meetings, volunteer work, and continued to meet my friends for lunch and social activities. My physician informed me that I was going to have to have both of my knees replaced. He stated that after my surgery and rehabilitation that I would need to go to physical therapy three times a week for several weeks. My two eldest sons both live out of State and my youngest son works full-time, therefore, they were unable to take me

to my therapy sessions. I then realized that I was one of the people who needed transportation. I was no longer independent and this was quite a shock to me. Thanks to public transportation I was able to obtain the medical services that I needed.

Being a member of Wayne County Community Service Organization, Inc. Board of Directors, I can sit here today in front of you and let you know how important the Public Transit System is to the people. How it enables them to access needed services. Wayne X-Press Public Transit System in Wayne, West Virginia, provides transportation services to people for medical appointments, to jobs, job interviews, job training, social activities, senior citizen centers, Adult Day treatment programs, general education training, parenting classes, etc. I am here today to ask you distinguished ladies and gentlemen to continue funding for Public Transit Systems. Why, because it is the lifeline for the public. I invite all of you to Wayne County, West Virginia, to "hop aboard" the Wayne X-Press.

PREPARED STATEMENT OF LAVADA E. DeSALLES

MEMBER, BOARD OF DIRECTORS, AARP

JULY 17, 2002

Good afternoon, Chairman Reed, Ranking Member Allard, and the other distinguished Members of the Subcommittee on Housing and Transportation. My name is Lavada DeSalles. I serve as a Member of the AARP Board of Directors. I appreciate this opportunity to present our views regarding transit programs for older Americans—offered in support of the Subcommittee's development of legislation to reauthorize the Transportation Equity Act for the 21st Century, TEA–21.

Demographic Shift

In the course of this series of hearings, the Subcommittee has heard testimony regarding older persons' growing need for transit services. This need will become particularly strong in the years ahead. The United States is an aging Nation. By 2030, nearly every fifth person in the United States will be age 65 and older. In the next two decades, the fastest growing age segment will be persons over the age of 85. This age segment is projected to reach approximately 6.5 million by the year 2020, compared with 4 million in 1998. Tomorrow's seniors will have been accustomed to a high level of mobility and will expect that level of mobility to continue into their later years.

Quality of Life

Basic transportation is a given for most of us, and like the utilities that we take for granted, we do not take notice until a power shortage, water or gas shutoff upsets our expectation. Many older adults, however, know too well that without a transportation connection many community services and social activities are simply nonexistent for them. From our research, we know that mobility is a critical element of overall life satisfaction and is strongly linked to feelings of independence. The corollary lack of satisfaction in the absence of mobility is illustrated by a comment from an AARP focus group participant living in the suburbs. The participant related his experience that his and his wife's "world had been reduced to one square mile" since he had stopped driving.

Aging in Place

Transportation is a crucial component of the infrastructure of a livable community for older Americans who are aging in place. According to the 2000 Census, only 4.2 percent of persons 65 and older moved during the previous year, compared to 16.6 percent of younger persons. When elderly persons do move, they tend to move within the same county. This phenomenon of aging in place is occurring to a large degree in the suburbs. In the year 2000, 56 percent of elderly persons lived in suburban areas, 23 percent in rural areas, and 21 percent in central cities. This geographic distribution has consequences for the modes of travel available to individuals. Public transit is limited in suburban and rural areas. As a result, residents must rely heavily on the private automobile.

Use of Public Transportation

As people age, they make fewer trips in their community. Over half of those age 75 and above take fewer than five trips out of their homes per week, compared to one-third of those ages 50 to 74 who take fewer than five trips out their homes per

week, according to AARP's "Understanding Senior Transportation Survey (2002)." This reduction in travel is related in large part to driving cessation.

Currently, use of public transportation by older persons is limited. According to the Bureau of Transportation Statistics (Omnibus Survey, May 2002), 11 percent of all persons age 65 and older, drivers and nondrivers alike, reported using public transportation the previous month. However, among nondrivers 75 years of age and older, 14 percent identify public transportation as their primary mode, and nearly 20 percent say that they use public transportation on a monthly basis, according to the Understanding Senior Transportation Survey. This suggests that public transportation services can play a very important role in enhancing mobility for these nondrivers.

The AARP's Understanding Senior Transportation Survey also reported several problems respondents identified that made them less likely to use public transportation. These include concerns about crime, unavailable destinations, and trip length of time.

Interaction of Health and Community Mobility

Not surprisingly, the Understanding Senior Transportation Report found that driving is the usual mode of transportation for adults age 50 and older, although the percentage of those who are licensed and who drive regularly declines slowly up to age 85, after which there is a substantial reduction in driving. Driving, as well as use of other modes of transportation, is greatly affected by an individual's health and functioning. Indeed, the same report showed that health and functional status, not chronological age, is the strongest predictor of transportation mobility. While over 90 percent of healthy persons age 75 and older drive, fewer than two-thirds of those in poor health still drive.

Further, individuals age 85 and older with excellent health and functional status are more mobile than their younger counterparts with poor health and functional status. The wide variation of health and functioning among the elderly suggests the need for a family of transportation services to meet diverse needs.

TEA–21 Transit Investments

TEA–21 has provided a stable, dependable funding stream for transit programs. With the increase in transit investments under TEA–21, transit ridership has seen strong growth. AARP believes significant additional investment in transit is needed to reach those older persons now and in the future for whom transit is unavailable or inadequate to meet their transportation needs.

Need for Greater Transit Coordination

Older persons may be served by several transportation programs. While some use regular fixed-route service in urbanized areas, others rely on the nonurbanized, elderly and disabled, and complementary ADA paratransit services. Human services transportation programs have developed to serve the needs of clients who, for the most part, were otherwise unable to access services. Over the years, this has resulted in a multiplicity of transportation operations performing similar services independently in the same communities. Studies by AARP and others have found that coordination efforts can provide many benefits, including lower trip costs, extended hours of service, and a greater choice of destinations. An excellent example may be found in the Chairman's home State of Rhode Island, where the paratransit system, "the RIde," is coordinated statewide and is nationally recognized.

Greater Funding for Formula Grant Programs

AARP supports greater funding for the Sections 5310 elderly and disabled and 5311 nonurbanized formula programs, in particular. The Section 5310 program provides capital assistance for specialized transportation for the elderly and persons with disabilities. While Section 5310 could benefit from greater coordination with other human services and public transit services, nevertheless the program serves needs that would not be met otherwise. Funding for Section 5310, however, is woefully inadequate for a national program. The need is great as well for increased funding for the Section 5311 nonurbanized program, which provides operating and capital assistance to transit providers in rural areas. Nearly one-third of trips provided by Section 5311 transit operators are made by elderly persons. Many of these individuals are disabled as well. Still, fully 41 percent of persons age 60 and above live in rural areas that do not have transit services. Many of these trips provide vital linkages to medical care, as outpatient care takes a more prominent role in health care delivery.

Greater Resources Needed for ADA Paratransit

Another area in need of increased funding is ADA paratransit. More than half of those who qualify for ADA transportation are age 65 or older. AARP is concerned by reports that some systems may use the eligibility screening process to reduce demand for ADA service. While AARP believes that it is quite appropriate for persons who can use fixed-route buses to do so, it is unfair to make eligibility too strict, denying eligibility to persons needing services, as a strategy to reduce costs. The concern with growing ADA paratransit demand has also contributed to widely varying eligibility standards in transit systems across the country. We believe there should be greater consistency in determining eligibility, as well as more attention to standards of service. Progress could be made toward achieving each of these objectives through enhanced subsidies to public transportation providers. Subsidies should be targeted to assisting providers to meet the real needs of their customers with disabilities, irrespective of age.

Engaging the Planning Process to Meet the Transportation Needs of Older Persons

Finally, we recognize that many of the changes required to meet the mobility challenges of older persons now and in the future will have to occur at the local level. A few metropolitan planning organizations (MPO's), such as the Maricopa Association of Governments in Arizona, have met this challenge head on by developing a comprehensive plan on aging and mobility. Maricopa is an exception, however. MPO's across the country must become more aware of the transportation needs of their elderly residents, and integrate approaches to meeting these needs into their planning processes. One viable approach some communities have taken is to encourage land uses, such as mixed-use developments, that bring together housing for the elderly, retail, health, transportation, and social services facilities. The reauthorization of TEA–21 presents an opportunity to consider the value of formally incorporating a targeted assessment of senior transportation concerns into the planning process. Another way to increase attention to senior transportation needs would be to ensure that older persons are represented on MPO's.

In sum, AARP believes that transportation choices are essential in maintaining older persons' independence and quality of life. The transportation needs of older Americans are great and growing, and will require multiple solutions at all levels of government going forward. TEA–21 offers a solid foundation on which to build greater mobility for all older Americans. Thank you for this opportunity to testify before you today. For the committee's review, I have attached summaries of the AARP research reports mentioned in my testimony. I welcome any questions you may have.

PPI PUBLIC POLICY INSTITUTE

IN BRIEF

UNDERSTANDING SENIOR TRANSPORTATION: REPORT AND ANALYSIS OF A SURVEY OF CONSUMERS 50+

Transportation is an essential part of the community infrastructure that individuals need to gain access to the goods, services, and social contacts that support their day-to-day existence and quality of life. AARP commissioned the *Understanding Senior Transportation Survey*[1], a nationwide telephone survey of adults age 50 and older (50+), to examine the transportation needs and preferences of mid-life and older adults. The survey particularly focused on understanding transportation concerns of adults age 75 and older (75+), because it is known that personal mobility (as measured by how often a person leaves home) shrinks as individuals age. The purpose of the paper is to better understand how older persons connect with their communities and to explore the problems of persons age 50+, and particularly those 75+, in relation to transportation. This information is essential to the development of policies that expand and improve transportation options for older persons and the mobility that those options provide.

Key Findings

- The survey data show that age alone is not the best indicator of transportation mode use, transportation problems, or personal mobility. Health and disability status (HDS) has its own unique impact on mobility and is a strong predictor of mobility in the population age 75+.

- Compared with those with poor HDS, those 75 + with excellent HDS are:

    - More likely to have gone out on the previous day or in a typical week;
    - More likely to drive;
    - More likely to walk regularly; and
    - Less likely to be passengers in cars (to "ride share").

- Individuals age 85 and older with excellent HDS are more mobile than their younger counterparts with poor HDS.

- Driving is the usual mode of transportation for adults age 50 and older, although the percentage of those who are licensed and who drive regularly declines slowly up to age 85 after which there is a substantial reduction in driving.

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[1] AARP Public Policy Institute report #2002-04, by Anita Ritter, Audrey Straight and Ed Evans.

In Brief by Audrey Straight, March 2002
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AARP, 601 E Street, NW, Washington, DC 20049
http://research.aarp.org

AARP

- Problems with driving commonly identified by individuals age 50 and older are inconsiderate drivers, traffic congestion, night driving, poor roads, driving cost, crime, and fast traffic.

- Ride sharing is the second most common mode of transportation among adults age 50 and older; it is the usual mode of transportation for more than one-fifth of those age 75 and older.

- Feelings of dependency or concerns about imposing on others are the most compelling problems associated with ride sharing for adults age 50 and older.

- Walking, public transportation, taxis, and community or senior vans are the usual mode of transportation for fewer than 5 percent of individuals age 50 and older.

Implications for Public Policy

Analysis of the findings of this survey suggests two major areas for development of policies to keep people mobile and connected to their communities:

1) **Breaking the link between poor health and disability status and reduced mobility**. An important issue is whether people with poor health and disability status would travel more if various transportation options were made more accommodating. Additional research is needed to understand how to encourage and facilitate the use of transportation options by senior citizens with poor health and disability status.

2) **Addressing the problems identified by older transportation users with driving, ride sharing, public transportation, walking, and taxis.** Examples of policies that might solve user problems with the different transportation modes are:

    - Driving – support stepped-up enforcement of traffic safety laws (particularly laws that target forms of aggressive driving) to address concerns about other drivers;
    - Ride sharing - consider subsidizing costs of transportation provided by caretakers or support the expansion of more formal ride sharing opportunities like those found in volunteer transportation programs across the country;
    - Public transportation - address fear of crime and require transportation providers to assure that public transportation serves destinations sought by older persons; and
    - Walking - improve the infrastructure for walking by including in short- and long-term transportation plans the installation of sidewalks and places to sit at regular intervals.

PPI PUBLIC POLICY INSTITUTE

In Brief: Transportation and Older Persons: Perceptions and Preferences

Transportation provides the link between home and community and serves as the bridge to the goods, services, and opportunities for social engagement so crucial to successful and happy aging. Understanding the perceptions and preferences of older persons regarding their transportation is critical to developing policy that facilitates mobility. Dr. Joseph Coughlin of the Massachusetts Institute of Technology conducted focus groups and personal interviews to explore the opinions of drivers and non-drivers in this age group, and prepared this report on *Transportation and Older Persons: Perceptions and Preferences.*[*] The report examines the value and role of transportation in daily life; decisions about making trips and the influence of health on these decisions; and transportation alternatives and how older persons travel when their customary transportation is unavailable.

Several themes emerged from the focus groups and interviews:

- strong preference for automobile-based transport and explicit reservations about each alternative to driving, but willingness to use such alternatives, if available;
- perception of reliability, convenience, spontaneity, personal security, and flexibility as the attributes that make automobiles preferable;
- preference for rides from friends and family, but a dislike of the feelings of dependency or obligation created by having to ask for a ride;
- influence of opportunities for socializing on trip-making decisions; and
- lack of information about community transportation resources among suburbanites.

The results of focus groups and interviews suggest some implication for the direction of policy development. These policies would:

- facilitate safe driving as persons age (for example, improving road design or tailoring driver education to the needs of older drivers);
- facilitate the transition from driving to non-driving;
- develop alternatives to driving, including public transportation, that incorporate more of the positive attributes of the automobile;
- encourage ride-giving by friends and family;
- expand dissemination of information on community resources; and
- encourage development of taxi services that are more customer-friendly.

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[*] AARP Public Policy Institute Issue Paper # 2001-05

Prepared by Audrey Straight, March 2001
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AARP

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In Brief: ***Coordinated Transportation Systems***

This *In Brief* summarizes the findings and implications of the AARP Public Policy Institute Report, *Coordinated Transportation Systems.*[1] The report is part of AARP's continuing efforts to explore and share information about public policies that can improve the quality of life for persons as they grow older. One of the key components of quality independent living is maintaining a connection with goods, services, and opportunities for social engagement. Transportation is the physical means by which persons connect to the communities in which these things are available.

To meet the needs of individuals who do not or cannot drive, and therefore need other ways to remain mobile, a broad array of publicly funded transportation programs and services has grown up over many years. This report identifies and analyzes examples from communities or states where some or all of these transportation resources are coordinated to provide transportation services to a wide range of riders. For this report, coordination means *pooling transportation resources and activities of several human service agencies with each other or with mass transit operations.* The report describes different approaches that are being used in a variety of settings, allowing readers to find ideas and examples that can be tailored for use in their own communities.

Key Findings

Findings from the study include the following:

- Coordination can mean improvement in community transportation and more efficient use of resources. Benefits realized at the various sites included:
  - lowered trip costs for older persons and for human services agencies
  - extended service hours
  - services to new areas and to more people
  - more trips made by older persons
  - services responsive to schedules, points of origin, and destinations of customers
  - greater emphasis on safety and customer service
  - door-to-door service
  - flexible payment and service options.

- Some service limitations persisted, such as requiring riders to pre-schedule trips, or to meet income or disability qualifications.

- Public policies at the federal, state, and local public policies could foster coordination by providing adequate funding, requiring transportation providers to demonstrate strategies and efforts to coordinate resources, and offering incentives for improvements in coordination.

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[1] AARP Public Policy Institute Report #2000-16
Prepared by Jon Burkhardt, Westat, August 2000
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PREPARED STATEMENT OF ANDREW J. IMPARATO

PRESIDENT AND CHIEF EXECUTIVE OFFICER
AMERICAN ASSOCIATION OF PEOPLE WITH DISABILITIES

JULY 17, 2002

Chairmen Sarbanes and Reed, Ranking Members Allard and Santorum, and distinguished Members of the Committee, my name is Andrew J. Imparato and I am the President and CEO of the American Association of People with Disabilities (AAPD), based here in Washington, DC. Thank you for giving me the opportunity to testify today about the importance of mass transit for the more than 56 million Americans with disabilities in the United States and their family members and friends. AAPD is a national membership organization promoting political and economic empowerment for children and adults with disabilities in the United States. With more than 30,000 members around the country, AAPD is the largest national cross-disability membership organization in the United States.

Before joining AAPD as its first full-time President and CEO in November of 1999, I served as General Counsel and Director of Policy for the National Council on Disability (NCD), a small Federal agency charged with advising the President and Congress on public policy issues affecting people with disabilities. While at NCD, I oversaw the production of many reports from the Council addressing transportation access issues for disabled Americans. Before joining NCD, I worked as an attorney with the U.S. Equal Employment Opportunity Commission, the U.S. Senate Subcommittee on Disability Policy, and the Disability Law Center in Boston, Massachusetts. On a more personal note, I am a person with a psychiatric disability (bipolar disorder) and I have used mass transit for all of my professional career, first using the "T" in Boston and then using the Metro Subway system and the MARC commuter rail for the last 9 years.

When AAPD surveyed its membership last December, the members identified transportation, housing, health care, and long-term care as their top four priority issues for public policy advocacy. Without accessible, affordable transportation, it is difficult if not impossible for disabled Americans to have equal access to housing, health care, or long-term care. Similarly, meaningful access to transportation is critical for Americans with disabilities to participate fully in basic activities such as education, employment, worship, job training, recreation, and other features of community life that most people take for granted.

According to a population-based survey conducted in 2000 by the Harris Poll and funded by the National Organization on Disability, approximately 30 percent of disabled Americans have a problem with inadequate transportation, compared to approximately 10 percent of the general population. Moreover, according to a 1994–1995 survey by the National Center for Health Statistics, almost 5.5 million Americans report that they never drive because of an "impairment or health problem."

Viewed collectively, these statistics paint a picture that disabled Americans are a key stakeholder for mass transit providers around the country. Accessible, affordable mass transit is a necessary prerequisite for any community that seeks to live up to the letter and spirit of the Americans with Disabilities Act (ADA). For America to achieve the goals of the ADA—equality of opportunity, full participation, economic self-sufficiency, and independent living—America must expand its investment in accessible, affordable mass transit. Although the disability community has seen significant progress in the accessibility of mass transit systems in the almost 12 years since the enactment of ADA, we remain concerned about inconsistent compliance with the ADA's requirements. Moreover, mass transit often falls victim to the budget axe, thanks in part to America's love affair with the automobile and our collective inability to prioritize mass transit as the preferred means for transporting our public. This causes those who rely on mass transit to be forced to use a taxicab for many destinations, an option that is often neither accessible nor affordable.

Over the last several months, Easter Seals Project ACTION has convened two meetings of leaders from the disability and transit communities to develop joint recommendations and action plans for increasing availability of accessible, affordable transportation. The recommendations that were developed represent the broad goals of the participants and efforts underway to work together to achieve these goals. Many of the recommendations can and should be addressed in the reauthorization of the Transportation Equity Act for the 21st Century (TEA–21) and the other legislative vehicles. The primary recommendations developed during these national meetings are:

- Enhance partnerships between transportation providers, advocates, and disability/human service providers.

- Coordinate information related to the ADA regulations, Federal rulings, and procurement.
- Integrate accessible transportation into all aspects of transit operations.
- Enhance education and training for the transportation providers and the disability community.
- Improve the coordination of transportation services and funding across Federal agencies, possibly through an Executive Order requiring all Federal agencies that support transportation to coordinate their programs and funding to maximize accessibility and affordability.
- Ensure that Federally-funded programs that promote employment opportunities for people with disabilities place a high priority on identifying accessible, affordable transportation that can enable individuals to pursue their career goals.
- Ensure that accessible, affordable transportation receives the priority funding that it deserves in carrying out the President's New Freedom Initiative for People with Disabilities and implementing the Supreme Court's Olmstead decision requiring access to home and community-based supports for people who seek to leave institutions.

The participants in the national meetings placed a significant emphasis on the need for coordination of services, information, and training. The goal of the reauthorization of TEA–21 should be that accessibility is built into all aspects of transit operations and that existing services are better coordinated to meet the needs of people with disabilities.

In addition to the specific priorities that emerged from the summit, I want to take this opportunity to emphasize the importance of strong enforcement of the access requirements of the ADA in the context of mass transit. In 2000, the National Council on Disability issued a report called *Promises to Keep: A Decade of Federal Enforcement of the Americans with Disabilities Act.* In this report, NCD documented significant problems with lack of consistency in enforcement both within and across Federal agencies. In the executive summary, NCD commented:

> The Department of Transportation is one of the clearest examples of inconsistent intra-agency enforcement activity. Six quasi-independent modes with DOT are responsible for enforcing the many transportation provisions of ADA. Each mode is different, sometimes strikingly so, in the interpretation of ADA requirements, the approach to complaint investigation, and the priority placed on public education. Some modes habitually gave the covered entities broad discretion in meeting ADA's accessibility requirements and timetables, while others communicated a clear expectation of timely compliance. While some modes were proactive in disseminating public information with specific information to consumers about their rights, others provided only the most general information on grounds that it was not within their purview to provide more specific information about rights under the law. This kind of inconsistency greatly undercut DOT's overall effectiveness in establishing an expectation of compliance with ADA's nondiscrimination mandate among all the covered entities within its purview.

NCD's findings were echoed in the recent national meetings convened by Project ACTION and in AAPD's experience as a disability membership organization. Among the specific issues requiring attention is the ongoing need to increase the accessibility of fixed-route service. Advocates noted that ADA compliance had focused largely on accessible vehicles, and customer service has been neglected. For instance, the failure (sometimes refusal) of drivers to call stops limits access for blind and visually impaired riders; and the ongoing refusal to allow service animals to board buses denies access to people with a wide range of disabilities who use service animals. People also raised problems with broken lifts, resulting in no access for a user with a mobility impairment who requires a functional lift to board. Some chronic problems are being addressed by automated announcements and low floor buses, on which all passengers board by ramp. In the context of the metro system here in DC, *The Washington Post* has documented recently the chronic problem of elevators going out of operation and significantly increasing the travel time of people who rely on elevators to take the metro.

Advocates have also raised concerns about the broader access of communities, noting the need to work with local governments to ensure that inaccessible sidewalks and lack of curb cuts do not limit access to fixed-route transit. When the path of travel from a person's house or apartment to the fixed-route system is not accessible, many riders are forced to take paratransit, which is more costly and less efficient.

Although NCD's report and the national meetings resulted in a number of specific recommendations for improving enforcement of the transportation requirements in ADA, I am concerned that we must also remain vigilant that we not move backward with regard to accessibility. Some would seek to use changes in the political environment to revisit the access requirements in ADA either in statute or through administrative interpretation. To avoid administrative erosion and to enhance enforcement, I strongly recommend that the Office of the Secretary of Transportation assert leadership in developing and implementing a strong and consistent expectation of demonstrated compliance with the ADA's access requirements among all of DOT's grantees. It is critical that the ADA be viewed as a national civil rights law requiring strong, consistent, and fair enforcement not simply a technical regulation to be administered like a grant requirement within the discretion of a particular mode.

Perhaps just as important as the increased role of the Office of the Secretary, I strongly recommend that the Department of Transportation receive significant new funding to carry out an ongoing program of trainings in multiple locations and multiple languages for end-line consumers, advocates, and transit providers so that they know ADA's requirements and what to do when a violation occurs.

Thank you again for providing me this opportunity to testify. I welcome the opportunity to answer any questions that you may have.

PREPARED STATEMENT OF JOHN D. PORCARI

SECRETARY, MARYLAND DEPARTMENT OF TRANSPORTATION

JULY 17, 2002

Jobs Access in Maryland

The successful transition of people with low incomes from welfare-to-work is top priority for the State of Maryland. Recognizing that these individuals face many challenges when attempting to access employment opportunities, including a lack of personal transportation, gaps in current public transit, nonstandard work hours, and new job locations far from their homes, Maryland has been aggressive in seeking Federal assistance through the Job Access and Reverse Commute (JARC) Program. The result is a program that allows local transportation providers to implement new bus routes, extend the hours of existing services, and initiate specialized transportation services that meet many of these needs and link workers with job opportunities. Maryland has thus far benefited from use of $12.5 million in Job Access and Reverse Commute funds. Reauthorization of the JARC Program at or above the fiscal year 2003 level is vital to ensure Maryland can continue these efforts.

Through its welfare reform efforts since 1996 Maryland has seen large reductions in the numbers of individuals receiving public assistance. Through concerted efforts by State welfare administrators, with support from other State, regional, and local efforts including those of public transit providers, many Marylanders who had been reliant on welfare have successfully transitioned off public funding. Maryland's Family Investment Administration reports the number of State welfare recipients has decreased from a total of 227,887 in January 1995, to 67,725 recipients as of January 2002.

However, continued progress has been more difficult, as shown by a recent increase in the total number of recipients with 68,263 recipients in the State's welfare program in March 2002. This increase suggests that recent economic trends, with slowing economic growth, may be impacting continued efforts to reduce the numbers of Maryland residents reliant on welfare. While the State of Maryland has made significant progress in helping welfare recipients find employment since welfare reform began in 1996, 8.5 percent of Maryland residents remain living in poverty.

The State's highest poverty rates are in urban Baltimore City and rural Somerset County. In addition, service sector industries with entry-level positions and with irregular hours, often located in suburban areas not served with traditional transit services, are among the industries showing the State's most rapid expansion. These factors highlight the need for innovative and flexible transportation services, such as those funded through the JARC Program, to meet local community needs.

The State's JARC Program is administered by the Maryland Transit Administration (MTA), an agency of the Maryland Department of Transportation. The MTA also administers other Federal and State transit funding programs to the rural and small urban area transportation providers that operate across the State, allowing JARC funding to be viewed in context with all available resources and allowing for

coordinated services and maximum benefits. While the JARC Program is open to all eligible applicants, we have found the most successful projects are those combined with services funded through other Federal transit sources such as the Section 5307 and Section 5311 programs.

Projects funded through Maryland's JARC Program are evaluated for consistency with the State's *Job Access and Reverse Commute Transportation Plan* and coordination with local human service agencies and existing transportation providers. We believe this focus on coordination is one of the hallmarks of our program. All JARC funding is granted to local or regional service providers, and since the inception of the program 45 different services have received funding. As depicted in the attached map,* the program has reached every corner of the State, with projects in both rural and the urban areas.

Both the funding and the coordination aspects of the JARC Program have been instrumental to the State's efforts to increase and improve transit services in Maryland, and attain Governor Parris N. Glendening's goal of doubling transit ridership by 2020. We look forward to continuing to use the JARC Program to expand mobility options, particularly for those reliant on transportation alternatives.

Job Access Program Spurs Coordination at State and Local Levels

A positive feature of the JARC Program that has benefited Maryland is that funding from other Federal programs may be used for the required 50 percent match. Specifically, Temporary Assistance for Needy Families, or TANF, funds can used for this match and help increase collaboration between transportation and human service agencies. We believe reauthorization of the JARC Program should maintain, and possibly further formalize, this key coordination tool.

In Maryland, this aspect of the program has greatly assisted with coordination efforts. MTA works closely with the Maryland Department of Human Resources (DHR) on the JARC Program. DHR administers the State's TANF funds, and has provided nearly $6 million in matching funding both directly from the State level and through local departments of Social Services through the first 3 years of the program.

The partnership between the MTA and DHR built upon one that existed before the JARC Program and that resulted from another Federal initiative. Both agencies are represented on the Maryland Coordinating Committee for Human Services Transportation. This Committee was an outcome of a November 1995 meeting convened by the Federal Transit Administration and the U.S. Department of Health and Human Services. The Maryland Coordinating Committee began as an ad hoc committee, and was formalized through an Executive Order by Governor Glendening in October 1997.

In addition to social service agencies, workforce development organizations are actively involved in the JARC Program. The result is increased coordination at the State level, improved collaboration among local transit providers and human service agencies and a more coordinated effort to connect people with jobs.

Legislation Formalizes Maryland's Job Access Program

Even though Maryland is hopeful the JARC Program will be reauthorized at the Federal level, the State took a proactive stance to assure the program's sustainability. The MTA introduced a bill during the 2001 Maryland General Assembly session to establish a Job Access Program within the Maryland Department of Transportation budget. This legislation was modeled after a similar State program that funds general-purpose transportation services for the elderly and persons with disabilities. The Job Access bill passed, and was signed by Governor Glendening in April 2001.

This legislation outlined the application procedures and the local matching fund requirements, beginning with the State's fiscal year 2003 program. While the legislation does not mandate a specific annual allotment for the program, it affirms the State's commitment to employment-oriented transportation. Maryland, though, anticipates the Federal program will be reauthorized so these funds can continue to help support the State's efforts to connect low-income workers with employment opportunities.

Services Funded Through JARC Program

Several JARC services target the need to connect urban residents with the increasing number of jobs in the suburbs:

*Held in Committee files.

- The "Career Caravan" connects Baltimore City residents with employment sites in suburban Howard County.
- New bus service provides transportation to the Arundel Mills Mall, a shopping and entertainment complex that opened in November 2000, as the largest in Maryland. Over 3,000 jobs were created with the mall opening, and with an additional 3,000 expected over the next 5 years as the peripheral mall area is fully developed.
- A new bus route serves the BWI Airport and Columbia areas, providing access to numerous employment centers.
- Reverse commute bus service connects Baltimore City and Baltimore County job seekers with companies in Harford County desperately in search of workers.

Several Job Access projects target the need to provide transit services to new employment centers previously without transit service, or provide later service to meet the needs of second and third shift workers. For example:

- Bus service in Annapolis was extended to five major employment centers outside Annapolis previously without bus service. Fifteen new bus stops were added along this extension, providing access to approximately 220 employers and over 6,500 job opportunities.
- In Charles County, expanded service hours on each of the system's five primary routes connects low-income residents to over 250 employers with evening and late night job opportunities. In addition, the expanded service provides additional access to the local Department of Social Services where customers can obtain job training and attend computer and parenting classes.
- Montgomery County extended the hours of eight bus routes to serve the first and last Metrorail trains. These extended service hours mean greater access for many low-income people to second and third shift employment opportunities.
- In Prince George's County, hours were extended on a Metrobus bus route that serves the Hillcrest Heights, Marlow Heights, Temple Hills, and District Heights areas. This extension provides later bus service in highly populated low-income residential areas of the County for individuals seeking employment, and also helps meet the needs of later work shifts.
- In addition, Prince George's County implemented the "Job Transportation Service" (JTS), a coordination effort with United Parcel Service to transport TANF recipients to jobs at their site.

Some jurisdictions have implemented specialized services to meet their local needs, particularly in more rural areas. For example, Washington County, through a partnership between the public transit service and the local Department of Social Services implemented a new employment transportation program to connect low-income workers to employment sites.

The Job Access Program has spurred regional efforts to help people connect with job opportunities. On Maryland's Lower Eastern Shore, projects funded through the Job Access Program have begun to address transportation gaps in this region, and have provided the foundation for a coordinated regional approach to the transportation issues facing the area.

JARC Program Impact

The role of Maryland's welfare-to-work transportation services, developed in regions throughout the State with support from JARC grant funds, must be highlighted in the State's efforts to reform welfare. From reverse commute services in the Baltimore area, later hour feeder bus service to and from rail stations in the Maryland suburbs of Washington, DC, additional demand response service to employment sites and to commuter bus stops in the Western Maryland area, and new regional routes serving multiple jurisdictions in the Chesapeake Bay region, public and nonprofit transit providers have assisted thousands of welfare recipients and other lower-income residents access new jobs and job-related activities and transition toward independence and self-support. In all, over 1.3 million passenger trips have been provided through JARC-funded services.

But the JARC Program cannot be judged simply on numbers. As a result of the program, greater coordination now exists between transit providers and human service agencies—both at the local and State levels. New and stronger partnerships are working together to bridge the transportation gap for many low-income individuals. And most important, former welfare recipients are now self-sufficient. The following account epitomizes the positive aspects of the JARC Program.

One JARC-funded project supports efforts to better coordinate existing services and provides low-income individuals greater access to jobs and employment-related locations. Sojourner-Douglass College, in partnership with the Housing Authority of

Baltimore City (HABC), Baltimore County Department of Social Services (DSS), and the MTA, implemented the Workforce Transportation Referral Center, or WTRC, at the College. The WTRC provides information on existing public transportation services to employment sites and day care facilities, and will coordinate demand-response services when transportation needs are not served by public transit. HABC and both Baltimore City and Baltimore County DSS have provided significant matching funds for this project.

Baltimore County DSS is extremely pleased with this service, and the support it provides in removing transportation barriers, accessing jobs, and enhancing labor markets to families working toward self-sufficiency and independence. One success story has been Ms. Madeline Brooks who began using the WTRC services in March 2001, and was able to obtain transportation to her place of employment which required irregular work hours. Ms. Brooks was then able to purchase a car, and in June 2002, bought a home and left the Section 8 Housing Program. She is now totally self-sufficient, free from any county, State, or Federal assistance.

Challenges and Needs

The challenge is maintaining and building upon existing services funded through the JARC Program. It is critical the JARC Program is seen as long-term funding source. Otherwise, important transit services tailored to low-income workers will vanish, as will their means to greater employment options and self-sufficiency.

As mentioned above, much of the matching funding for JARC is through the TANF Program, a completely separate Federal funding program. To ensure the coordination emphasized by the JARC Program, it is important these two sources are always viewed together.

It would be more effective if JARC funds could be applied for along with other Federal transit funding, and reporting guidelines consistent with these programs. This would allow even better integration with other transit services, and allow JARC-funded projects to be more easily reviewed in context with services funded through other programs. While we believe a formula method for dispersing JARC funds would make this process more efficient, this could greatly reduce the amount of funds our State is receiving and seriously jeopardize continuation of existing services. If a decision is made to formulize the JARC Program, we hope that FTA will take into account past funding levels.

And despite considerable progress, however, there remain over 68,000 welfare recipients in the State, and, according to the State's welfare office, approximately 15,500 of these are adults that could potentially transition to work activities. While some of these Marylanders remaining on welfare may be the more difficult cases due to length of time on welfare, limited education, or other factors, with the necessary support services in place, including transportation, Maryland is committed to assisting its remaining welfare recipients transition toward gainful employment and to assisting those with minimum wage positions work toward higher wages and more stable employment. These specific transportation needs still remain:

- Additional transit services to connect urban areas to jobs in outlying or suburban locations.
- Additional transit services that cross county boundaries to allow transit riders to access jobs in another county or State.
- Many transit services, particularly in smaller communities and rural counties, do not operate late enough in the evenings or on weekends when entry level jobs tend to be available.
- Some rural parts of the State have no public transit services that are suitable for work trips because they are designed to serve senior nutrition sites or other social service functions.

Recommendations Regarding Continuation of the Program

With the approach of the reauthorization of the Nation's highway and transit programs, we offer the following recommendations concerning the Job Access and Reverse Commute Program:

1. The program should be reauthorized.

2. The national funding level should be increased, perhaps from its proposed fiscal year 2003 level ($150 million) to at least $175 million per year (a 16 percent increase).

3. The process used for award of funds should remain unchanged. If there is consideration given to distributing the funds based on a formula rather than on a discretionary basis, it would be critical that any formula take into consideration urban unemployment and poverty levels, variations

between these levels and outlying suburban employment levels, and relative trends.

In conclusion, while we have focused today on how the Job Access and Reverse Commute Program has benefited Maryland specifically, we know from our conversations and correspondence with other States and regions that we are not the only ones who face this transportation challenge, and have used the program successfully to address it. In a Nation devoted to automobiles, we must challenge ourselves to remember the plight of those without them, and act to assure that transportation does not become one of the impediments to successful integration into our economy and great society.

Thank you for the opportunity to share these thoughts with you today.

RESPONSE TO WRITTEN QUESTIONS OF SENATOR SARBANES FROM LAVADA E. DeSALLES

Q.1. What do you think should be the number one priority for reauthorization of TEA–21?

A.1. AARP sees the number one priority for reauthorization as increased transit funding, particularly funding that can be used for both capital and operating expenses for accessible and human services transportation. The older population is projected to increase significantly in the years ahead, yet transit services are limited in the suburban and rural areas where most of these individuals live. Transit provides vital connections to community and to social activities for people who cannot or choose not to drive, particularly for the fastest growing age segment, those age 75 and over. Greater funding is needed both to improve existing service with greater choice of destination and more hours of operation, as well as to create services in underserved areas. Additional resources are also needed to support better paratransit services required under the ADA.

An example is the Section 5310 program, which provides capital assistance for specialized transportation for the elderly and persons with disabilities. Funding for the Section 5310 program is not keeping pace with new requests for support from local human services agencies, nor is funding sufficient to expand existing services with new vehicle purchases to any significant degree. Some States report that requests for funding exceed available funds by 40 percent and more. This funding constraint has meant that the vast majority of dollars is directed to replacing older vehicles, rather than allowing agencies to improve existing, or create new, services.

Q.2. What do you see as the most important element of TEA–21 to preserve in the next bill?

A.2. Guaranteed funding was a major accomplishment of TEA–21. A stable funding stream helps State and local government plan and budget for their formula program matches. This predictable funding stream also increases the ability of transit planners to take a more rational, longer-term perspective. Such a perspective is exactly what is needed in charting the course for meeting the transportation challenges of the aging baby boom generation.

Q.3. What do you think is the most important change to TEA–21 that should be made in the next bill?

A.3. TEA–21 affords an opportunity to address the need for improved paratransit service for persons with disabilities who cannot use fixed-route transportation. We are concerned that some transit agencies have raised eligibility standards for these services in order to hold down costs. The number of older persons with functional disabilities in the future will far exceed current numbers. For many of these individuals, paratransit will be a lifeline, providing access to such essentials as groceries, meals programs, medicines, and doctor appointments.

Paratransit services for persons with disabilities can be improved by establishing greater consistency in eligibility standards and by increasing attention to standards of service. Increased support to transit agencies will be required to accomplish these goals.

Q.4. Do you believe the guaranteed funding stream has benefited transit, and would you support its continuance?

A.4. Yes, we believe the guaranteed funding stream has benefited transit, and we support its continuance. See above.

RESPONSE TO WRITTEN QUESTIONS OF SENATOR SARBANES FROM ANDREW J. IMPARATO

Q.1. What do you see as the number one priority for reauthorization of TEA–21? What do you see as the most important element of TEA–21 to preserve in the next bill? What do you believe is the most important change to TEA–21 that should be made in the next bill?

A.1. I would say that the number one priority for reauthorization of TEA–21 is making sure that the transportation sections of President Bush's New Freedom Initiative for people with disabilities are included and funded without taking money from existing programs. As President Bush has noted, inadequate transportation inhibits employment for all people, but is an even greater barrier to people with disabilities. New Freedom Initiative policies seek to test new transportation ideas and develop partnerships to increase access to alternate means of transportation, such as vans with specialty lifts, modified automobiles, and ride-share programs for those who cannot get to buses or other forms of mass transit.

Direct infusion of funding into transportation programs will benefit local economies. Cambridge Systematics, Inc., reports in "Public Transportation and the Nation's Economy" that businesses and local communities have benefited from transit operations spending, with a $32 million increase in business sales and an additional 570 jobs for each $10 million in public transportation investments.

- The President requested but did not receive $45 million in the fiscal year 2002 budget for the Department of Transportation pilot transportation programs.
- The President requested but did not receive $100 million in the fiscal year 2002 budget for the Department of Transportation for a matching grant program for community-based transportation alternatives.
- The President has sought authorization to establish the Department of Transportation's New Freedom Initiative Program and requests $145 million in fiscal year 2003 for a competitive grants program to provide additional transportation services for job access and a pilot program to demonstrate innovative solutions for transportation problems still faced by persons with disabilities.
- The President's fiscal year 2003 budget expands the funding for the Job Access and Reverse Commute Program to the full authorization level of $150 million, an increase of $50 million since the President took office. This program includes job-related transportation services for people with disabilities.

As we increase Federal funding to provide enhanced access for travelers with disabilities, it is critical that we work at the same time to enhance knowledge of and compliance with the civil rights requirements of ADA and other Federal, State, and local disability rights laws that affect transportation providers. Travelers with disabilities and the organizations that serve them desperately need

training and user-friendly "know your rights" materials in multiple languages and multiple formats. At the same time, covered entities would benefit from user-friendly training for front line staff and supervisors.

With regard to what is the most important element of TEA–21 to preserve in the next bill, I would suggest that the Congress should make it a priority to maintain the commitment to the principle of parity between transit and other modes. This means making sure that the amount of Federal funding for transit should be as close to 30 percent of the funds in TEA–21 as possible (thought the ratio of transit to highway funding has gotten worse in the last couple of years, the ratio was close to 30 percent just after TEA–21 was passed). Also, at this point the Administration looks like they will seek to change the local match requirement for new transit rail programs to 50 percent (it is currently 20 percent). If this occurs, it will make it much more difficult to get new rail projects started and bias new construction toward highways which will have an easier match requirement in the bill. Accordingly, I would strongly encourage you to maintain the 20 percent local match requirement for new transit rail programs and not allow that figure to be increased.

Q.2. Many in the transit industry credit TEA–21's funding guarantees with reinvigorating the transit program in America. The guarantees have given transit planners a measure of certainty that the Federal Government will stand by the promises made in TEA–21. Do you believe the guaranteed funding stream has benefited transit, and would you support its continuance?

A.2. Yes, I believe the guaranteed funding stream has benefited transit, and has benefited travelers with disabilities more specifically. Yes, I would support its continuance, but again I remain hopeful that some of the new funding could be allocated explicitly for outreach, technical assistance, and enforcement activities related to compliance with the requirements of the Americans with Disabilities Act and other civil rights laws.

Thank you for your follow up questions, and thanks again for the opportunity to testify on this important topic.

ADDITIONAL COMMENTS SUBMITTED BY GLORIA McKENZIE RECOMMENDATIONS FOR THE JOB ACCESS AND REVERSE COMMUTE COMPETITIVE GRANT PROGRAM PREPARED BY THE CENTER FOR COMMUNITY CHANGE

JULY 17, 2002

The Transportation Equity Network (TEN) is a national coalition, convened by the Center for Community Change, of grassroots organizations across the country working to advance the equity in local, regional, and national transportation policy and planning practices. TEN members are committed to ensuring that community voices continue to be heard in the implementation of the Job Access and Reverse Commute Program and as the law is discussed in Congress.

Background

In 1996, Congress enacted the Personal Responsibility and Work Opportunity Reconciliation Act, also known as the Welfare Reform Act, which abolished the Aid to Families with Dependent Children (AFDC) Program and replaced it with the Temporary Assistance for Needy Families (TANF) block grant program. This new law created a system of time-limited benefits and work requirements. For millions of families, the urgency of finding work or allowable work activities in the face of an approaching deadline brought to light the many institutional and emotional challenges that unemployed people confront. Transportation is one of these challenges.

Even prior to welfare reform, organizations of low-income people and some local governments already understood that the transportation barriers faced by the low-income people were preventing them from finding and keeping jobs in the low-wage labor market.

- Transportation can be a major expense for working families on fixed budgets, whether they rely on personal vehicles or public transportation.
- Many low-income families are unable to afford to purchase or maintain a vehicle, and public transportation systems often do not connect workers to employment through existing routes.
- According to the American Public Transportation Association, about 40 percent of these people are low-income. Yet, an estimated 38 million low-income people, according to Census figures, are considered transportation disadvantaged—and likely to rely on others for their mobility.
- Modeling the outdated hub-and-spoke pattern, most urban public transportation systems are designed to connect suburban commuters to downtown jobs, but they do not connect central city residents to areas of job growth in the suburbs. Government studies have estimated that in some metropolitan areas up to two-thirds of job growth has taken place in suburban communities. As a result, central city residents, who are often low-income minorities, have been isolated from economic opportunities.
- In rural areas, access to jobs is complicated by the fact that only 60 percent of rural communities have public transportation services. Of these communities, 25 percent have only infrequent service; service, under these conditions, cannot reliably serve daily access to jobs needs. In these unserved and underserved areas, many low-income families have no other option but to rely on their own vehicles if they have one, which all too often let them down.
- Both rural and urban low-wage employees find it difficult to find transportation to work for second- and third-shift jobs, which are more prevalent in the low-wage workforce, since community transportation services frequently do not operate during these late-night and early-morning hours.
- Working parents with children face the additional challenge of relying on public transportation to make multiple trips—to childcare, school or training, shopping and work. In some cases, this "trip-linking" has meant adding hours to the morning commutes of low-wage working families, and increasing the likelihood that they may be late to work and vulnerable to losing their jobs or being penalized by their welfare caseworkers.
- Where community transportation services are available, working parents are often unaware of them. The challenge, in these cases, is to raise awareness about these services and how to access them.

In the wake of welfare reform, community groups began organizing to ensure access to public transportation. In 1998, a national coalition of progressive local and national organizations, including the Transportation Equity Network, formed a broader Access Coalition to advocate for a new Federal grant program that would

support local transportation initiatives to connect low-income families to job opportunities. When Congress enacted the Transportation Equity Act for the 21st Century (TEA–21)—a $217 billion transportation bill—it included up to $750 million over 5 years for the Job Access and Reverse Commute (Job Access) Competitive Grant Program.

The Job Access and Reverse Commute Program was intended to provide grants to communities on a competitive basis to provide transportation services to low-income families that otherwise have a difficult time getting to jobs and related services. The Job Access Program authorizes two kinds of grants: Job Access projects aimed at developing new transportation services for low-income workers and/or filling in gaps in existing services, and Reverse Commute projects aimed to provide transportation to suburban jobs from urban, rural, and other suburban locations. These programs recognize that two-thirds of all new jobs are in the suburbs while three-fourths of low-income workers and individuals moving from welfare-to-work live in inner cities and rural areas.

Job Access grants fund projects that transport welfare recipients, disabled residents, and other low-income individuals in urban, suburban, or rural areas to and from jobs, job-training programs, and education activities related to their employment. This program has been critical in addressing the gaps in existing transportation systems and easing the efforts of low-income families as they try to get to the jobs and services they need to move from welfare-to-work.

Best Practices

The JARC Program helps to highlight the need for collaboration among various transportation stakeholders—human service agencies, transit agencies, departments of transportation, local governments, and affected constituencies. When considering these applications, the Federal Transit Administration (FTA) places special emphasis on consultation with the community to be served, including welfare recipients and low-income individuals, individuals with disabilities, migrant workers, Native Americans, and community-based, faith-based, and other organizations addressing the needs of such individuals. Grants are awarded based on the coordinated human services/transportation planning process and the extent that all stakeholders were consulted in the process and the Area-Wide Job Access and Reverse Commute Transportation Plan. They are also awarded based on how effectively the Area-Wide Plan identifies the gaps, offers pragmatic solutions, and meets the needs of low-income workers trying to access jobs.

Community-based organizations play a critical role in connecting transportation providers to the community to be served and ensuring that the needs of the community are met. Take for example, the lesson learned in Jacksonville, Florida:

> In 1998, the Interchurch Coalition for Action, Reconciliation and Empowerment (ICARE) in Jacksonville, Florida, began a listening process with their 35 member churches to determine what were the most pressing issues affecting their congregations. After extensive meetings with their constituents, the overwhelming response was transportation and the lack of access to jobs in the Jacksonville area. As a result, ICARE formed a committee to conduct research on the various alternatives and solutions available, and which were successful in similar communities.
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> After conducting the research, ICARE then initiated discussions with members of Jacksonville's local metropolitan planning organization, the local transportation authority, and the local workforce investment board about various alternatives in getting low-income workers to available jobs. On February 11, 1999, ICARE hosted a public meeting of roughly 700 community members at which they publicly asked representatives from the Jacksonville Transit Authority (JTA) and the MPO to work with ICARE to address their communities' transportation needs. After ICARE convinced them that increasing ridership on public transportation was a joint priority, the transit authority and the transportation planning organization agreed.
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> The ICARE committee met about nine times in the coming months to discuss the findings of their research. They then outlined the four recommendations:
>
> 1. A timely and convenient bus service from the north side of the city, where many need jobs, to the south side, where there is substantial job growth. At that time, there was limited service on the north side. Passengers had to make several connections, which lengthened their commutes to 2 hours each way. ICARE called for more direct service connecting the two sides of the city.
>
> 2. Create a major north-side transportation hub to serve as a center for buses. This would more efficiently connect people to where they need to go.

3. Develop more extensive marketing to increase community knowledge of existing transportation resources available and to increase ridership.

4. Research other areas in the Jacksonville area that would benefit from expanded transportation services and from increased access to employment opportunities.

By January 2000, the JTA created a direct bus line from the north to the south of the city and cut the commute time for riders on this route in half. Ridership along the new route increased by 300 additional people. The transit authority and the MPO were convinced that their partnership with ICARE had been fruitful. Naturally then, when the opportunity arose to apply for a Federal Job Access block grant, ICARE coordinated the application process for a grant with WorkSource (the local workforce investment board), the MPO, Goodwill Industries, Inc., the local housing authority, and other groups interested in access to jobs. Matching funds were secured from WorkSource and the MPO, while the remaining groups provided technical input. Their successful bid resulted in an award of $1 million for the Jacksonville area.

Learning from the extensive research that resulted in the new north-south bus route, the Job Access grant was used to reroute other bus lines to maximize ridership and access to jobs. ChoiceRide, a vanpool shuttle service, was also created through the Job Access grant. ICARE conducted outreach among employers to get them involved in getting employees to work through subsidies for the ChoiceRide program.

Job Access funds were also used to contract with van companies to offer shuttle services to and from the airport, about 25 miles from the city. As a large area employer, transportation to and from the airport is critical in meeting employees' needs, but buses servicing the airport were coming back empty due to low ridership. The van shuttle service now provides transportation on a cost-effective scale. The JTA is also looking at other lines with low ridership and rerouting them to connect people where they are to where they are going.

Likewise, the success of the partnerships created through the JARC Program has allowed the JTA to build longer-term alliances among the local university and local businesses that are unable or do not want to provide parking lot spaces. Increased transit would ease congested parking and traffic while promoting local businesses and services.

Finally, at ICARE's suggestion, the JTA is now doing a corridor study to put together a master regional plan for transportation. ICARE has met twice with JTA to provide input into that study, and has also conducted outreach to other groups that may provide valuable input. Possible transportation alternatives for the region include a light rail system.

Community members were able to successfully identify and address community needs in a more concrete way than local agencies had in the past. Grassroots involvement also served to educate the broader community about existing transportation routes and what services were needed to address gaps. The JARC collaboration process is essential in providing comprehensive solutions to low-income families' barriers to employment.

Problems with Implementation

Earmarking

Since the inception of the program, despite protests from the Federal Transit Administration and community organizations involved in the creation of the program, Members of Congress have chosen to earmark significant chunks of the funds available for the Job Access Program. In fiscal year 2001, Congress earmarked roughly 85 percent of the total funds appropriated for the program.

This process results in even less money available for the competitive grant program, and, therefore, encourages less innovation. But of particular concern to the Transportation Equity Network, however, is that earmarking results in less public involvement in the planning process. Groups with political clout are guaranteed funding without having submitted JARC applications that require extensive community collaboration, and often receive JARC funding without a demonstrated need for these funds.

Local Match

Federal JARC grants require a 50–50 match. While various sources of Federal funds can be used as a match, this match is difficult to raise locally, especially for already strapped public transportation systems and social services agencies. The

match requirement actually prevents many needy applicants from applying, despite pressing local needs. Securing the local match is a hindrance to sustaining projects over time:

- Transit agencies often fail to have the resources to take over JARC projects despite the demonstrated value of projects.
- Effective JARC strategies consistently have to struggle on an annual basis to secure resources for the match.

And because the JARC grants are 1 year grants, securing and sustaining local matches for worthy projects that receive matching Federal funds for only 1 year discourage local investment in JARC projects.

Suggestions for JARC Reauthorization

- Significantly increase funding for the Federal Job Access and Reverse Commute Program to at least $300 million a year. Available JARC funds have been fully obligated every year since its enactment, and due to a combination of factors, many worthy projects have remained unfunded. Such an increase would be an important investment in addressing the needs of welfare recipients and other low-income families by providing local jurisdictions with adequate flexible resources to address gaps in public transportation service.
- Eliminate earmarking in the Job Access Program to strengthen the role of community organizations and human service providers in the planning and development of proposals. One method to limit earmarks would be to apply processes to the JARC Program, similar to those used in the New Starts Program where FTA is required to rate projects based on clear criteria and submit recommendations on funding to Congress prior to appropriations decisions.
- Simplify regulatory barriers that make it difficult for the TANF block grant to be used as a match for the JARC Program—such barriers include but are not limited to varying accounting rules and eligibility requirements. Congress may consider using the Department of Housing and Urban Development's income eligibility guidelines in lieu of the 150 percent of Federal poverty level standard to account for discrepancies between the urban and rural costs of living and transit issues facing both.
- Increase resources for the Federal Transit Administration to provide technical assistance to nontraditional transportation providers as they apply and implement JARC Programs. While encouraged in the JARC guidelines, nontraditional transportation providers, including faith-based and community organizations, found Federal regulatory hurdles often insurmountable. FTA has a responsibility to shepherd these groups through the implementation process, and resources should be allocated accordingly. Congress should also explore ways in which some DOT and DOL regulations can be eased so that smaller nonprofit organizations, tribal organizations, and other entities unaccustomed to running the transit-related programs may more easily do so.
- Allow TEA–21 flexible funds to be used to cover the costs of physical capital improvements at transit centers that would be targeted to the needs of low-income families—workforce development centers, childcare centers and related programs. Resources for such purposes have been difficult for local communities to obtain without an infusion of outside funding, but where transit centers have been designed with such uses in mind, the results have been very successful. Examples include: Columbus, OH; Washington, DC; and San Jose, CA. Allow TEA–21 flexible funds to be used as a match for the Job Access and Reverse Commute Program.
- In the broader reauthorization bill, require coordination among transportation departments, transit agencies, MPO's, welfare agencies, workforce investment boards, and other entities with a stake in employment transportation. Such interaction will allow for better planning for the development of new services and the improved coordination of existing services.

TRANSIT SECURITY: ONE YEAR LATER

WEDNESDAY, SEPTEMBER 18, 2002

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

The Subcommittee met at 2:35 p.m. in room SD–538 of the Dirksen Senate Office Building, Senator Jack Reed (Chairman of the Subcommittee) presiding.

OPENING STATEMENT OF SENATOR JACK REED

Senator REED. Let me call the hearing to order.

Almost 1 year ago, this Subcommittee held a hearing on our Nation's transit security systems in the wake of the tragic events of September 11. At that time, we learned about the important role that transit played in evacuating the World Trade Center and the Pentagon. We also realized that those same subways and buses are a potential target for terrorists.

Today, we will hear from Federal Transit Administrator Jenna Dorn and then the General Accounting Office's Peter Guerrero. Chairman Sarbanes and I requested that the GAO conduct an investigation into the transit security challenges facing the thousands of FTA grant recipients, both big and small. At present, the GAO is about midway through this project.

As Administrator Dorn and Mr. Guerrero will point out, our Nation's buses and subways are like all other public places and services—they are a potential target for those who threaten the mobility that has made our society a beacon of freedom and opportunity. We will also hear that the FTA and our transit systems have been aware of these threats for some time and have taken steps to counter them. Indeed, from the installation of high-tech chem/bio detectors to new communications equipment to simple locks that bar access to subway tunnels, America's transit operators and their employees are working very hard to make their riders safer.

In many cases, the FTA has inspired these steps, and I say inspired because while the FTA has made great efforts in transit security, it has done so with an extremely limited budget. And many systems are making difficult choices between security and vital investments to maintain the growth of transit service. In addition, the creation of the Transportation Security Administration and the likely creation of a Department of Homeland Security could greatly alter the FTA's role in transit security with unknown consequences.

Indeed, the GAO points out that these relationships are evolving, but it is clear that there is a need for more assistance, information, and funding when it comes to transit security.

These two issues, resources and responsibility, are at the heart of today's hearing and hold great import for this Subcommittee's work on the reauthorization of TEA–21.

When Senator Allard arrives, I will obviously ask him to make his statement. We are delighted today to have as our first witness, Jenna Dorn, who is, as I have said, the Federal Transit Administrator. She has done a remarkable job. Welcome back Jenna.

Ms. Dorn.

STATEMENT OF JENNIFER L. DORN
ADMINISTRATOR, FEDERAL TRANSIT ADMINISTRATION

Ms. DORN. Thank you very much, Mr. Chairman, for those kind comments.

I appreciate the opportunity and I would request that in addition to our full statement, FTA be allowed to provide a compendium of the activities and the outcomes and products of the FTA effort over the last year to provide a more full accounting of the activities and allow the Subcommittee to assess in its leisure the kinds of things that have been happening in the industry.

Senator REED. Without objection.

Ms. DORN. Thank you very much.

As you mentioned, Mr. Chairman, FTA has been quite aggressive in assessing and assisting transit agencies across the country in an effort to deal with transit security and terrorist threats. And the most important part of that effort is that we have done so with the full support and cooperation of the industry. I think that is notable. It is exceptional. And we are privileged to work with them in a very positive and collaborative fashion.

As a result of that collective approach, and the heightened concern and awareness of the industry, I believe that America's transit systems are safer, better prepared, and more security-conscious than ever.

Now, are the Nation's transit systems now terrorist-proof? Absolutely not, and of course not. The very nature of transit systems—open, accessible systems, to allow the freest movement of the greatest number of people in a confined environment—produces, of course, inherent vulnerabilities.

Saying that, however, FTA and transit agencies have done much and we have learned more.

First of all, I think it is important to set the framework about how FTA approached this. With such a complex problem as protecting against terrorist environment, we have to take a similarly complex approach. But it is a practical approach, as well. It is a holistic systems approach, because the system is only as strong as its weakest link.

Therefore, we have had five components in the FTA process.

First, to evaluate the current situation through in-depth assessments of the security readiness at our one hundred top transit agencies.

Second, to develop a plan to address these deficiencies as they were identified.

Third, to test the plan in realistic situations.

Fourth, to train employees to understand and implement the plan.

Fifth, to undertake research to enhance human capabilities.

The threat and vulnerability assessments we have conducted, I believe, have been the most important investment we have made in security. I have mentioned that we have completed 36 transit agency security assessments, which represents 90 percent of the transit ridership across America.

We have utilized expert teams in security, counter-terrorism, and transit operations.

What we found from the assessments validated our approach. First, that a risk-based approach is absolutely fundamental. It is vital that transit agencies assess the high-consequence/high-threat areas and facilities and prioritize them.

That is a very different way to look at security than has been traditionally done by transit agencies, where the previous focus was on crime control.

So the value added to that security assessment has been bringing those teams out, helping to define and to prioritize the risks, and setting a process by which you can dynamically continue to do the scenario-based assessments to determine where you should put your resources.

The second piece that is a fundamentally important learning from the security assessments is that, given the openness of the system, we must focus on planning, employee training, and practicing. And, sometimes, that is under-estimated.

There is always this kind of aura about new, fancy technology—that it can be a panacea. But, indeed, there is no technology bullet to ensure that travelers and public transportation systems are ultimately protected or that we can ultimately prevent any terrorist activity.

We certainly can make some significant inroads, and the key to doing that is employee training. That is still transit's primary antiterrorism tool.

Not only are the employees the eyes and ears of the system, but they also are our first line of defense and response.

And I am pleased to say that in a collaborative effort with the unions and with the transit agencies, we have turned training into high gear—a number of new courses, a number of new delivery mechanisms. We are really turning up the juice in the effort on training that will give a great deal of bang for the buck for any investment from any sector.

The second learning that is important to note as a result of these emergency security assessments is emergency response. And as a result of what we learned in the assessments, we are sending out 60 technical assistance teams. We have had the assistance of the FBI to help us prioritize where we need to go first, and we will help improve the plans and reduce the vulnerabilities that we have noted. We will help customize training needs assessments for particular transit agencies. We want to fill the gaps that have been identified.

In addition, I think that we underestimated the importance of strengthening the relationship of transit with first responders—emergency responders, police and fire.

As a result, we have already completed 8 of 17 security forums throughout the country, where we emphasize the role that transit can play through scenario exercises, et cetera, so that we are sure that our emergency response plans are not only good for the city, but also are good for the suburbs as they relate to the city, as well.

Another important lesson we learned is practice, practice, practice is imperative. As a result, we have now distributed 83 grants to transit agencies across the country so that they can conduct full-scale, community-wide drills. Not modest practices, but full-scale, community-wide drills.

I am proud to say that we had minimum requirements. A letter needed to be sent about how these were going to be conducted and that an evaluation would be provided, and then the money was out the door. So, already, a number of these are planned for the next couple of months.

With respect to technology, again, I would emphasize the key we found, that investments need to be focused on enhancing human capabilities. As I mentioned, there is not a silver bullet, but technology can help reduce the demand on our employees and help us be better equipped.

We also need to leverage the research that is being conducted across Government, whether it be DOE or DoD, which we have done, as you mentioned, in the Project PROTECT Program, Mr. Chairman.

I cannot underestimate the importance of information-sharing among and between transit agencies and the provision of technical assistance. We have done a whole host of things with the industry in regard to that, from developing secure websites for exchange of best practices amongst agencies, to the distribution of chem/biological guidelines so that subway operators will know what to do if that happens.

Finally, intelligence dissemination. There certainly has been much improvement in that arena nationally and locally. We have a significant way to go in that regard.

At the Department of Transportation, we have refined and dramatically improved our ability to communicate real-time with the transit agencies. We are setting up a secure website with the FBI that local transit managers can hook into to understand better the trends and what is happening. And we are working with industry to develop a trend analysis capability with respect to terrorist threats.

It brings to mind the point of wisdom with respect to the President's proposal and Congress' consideration of the Department of Homeland Security.

We absolutely need to maximize our intelligence-sharing capability across sectors and across the industry, and I know that the proposal Congress is considering will help do that. It will also perform the fundamentally important role of prioritizing our resources.

A solid foundation has been created for that by the establishment through Congress of the Transportation Security Administration,

the TSA, where overall responsibility for transportation security has been placed in a single entity.

You mentioned the issues surrounding that, Mr. Chairman, and obviously, it is something that we are paying very close attention to. We recognize and support the fact that TSA will set the priorities, the strategies, and the budgets—with the assistance, the advice, the counsel, and the continued involvement of FTA.

I am proud to say that TSA and FTA have already begun to develop a very strong relationship. We are in synch on almost all the issues that we are dealing with. Already, TSA has been a real asset to FTA because of its intermodal approach. It allows us to take the holistic approach that we think is important.

It is important also to recognize, as TSA recognizes, that they cannot achieve the desired level of security in isolation. Security, like safety, must be an integral part of the Federal transit programs that FTA administers and we need to work together. They understand that and believe me, it is a daily matter, rather than a weekly or monthly matter, when we work together.

Then the really tough part comes, and I think this comes for all industries, all modes, all aspects of American life. And that is, balancing the interests of security against other interests of mobility and the economic viability of the Nation's transit systems.

There comes a point, and I am confident that we will not reach this point, but, obviously, in the theoretical point, there comes a time when security enhancements can undermine and/or destroy the viability of public transportation systems.

As our experience showed on September 11, robust public transportation systems are essential to national security. Buses and trains were key in evacuating New York and Washington, and cities across the country. They were used to transport emergency workers and supplies, establish emergency triage centers, and create temporary shelters for victims.

On a final note, FTA is really unique in one particular respect. We are not a regulatory agency. Yes, we have used the power of the purse to ensure that Federal funds are spent appropriately and effectively. But we have not had to rely on regulations to persuade the industry to do the right thing.

Just as we have worked with the transit community successfully in safety without regulation, we are doing so, I believe, in security. And as Admiral Loy has said to me on a number of occasions, building consensus and buy-in with the industry is far more successful than mandates.

And with that, Mr. Chairman, I would be pleased to answer any questions.

Senator REED. Thank you very much, Madam Administrator, for your testimony and for your service. We appreciate you being here.

Let me recognize first Chairman Sarbanes, for any comments that he might have, and then Senator Carper.

COMMENT OF SENATOR PAUL S. SARBANES

Senator SARBANES. Mr. Chairman, I will defer until you do your questioning and then I will take my regular round.

Senator REED. Senator Carper, do you have any comments?

COMMENTS OF SENATOR THOMAS R. CARPER

Senator CARPER. Just briefly. Ms. Dorn, thank you very much for joining us today.

The homeland security legislation, creating a Department of Homeland Security, is before the Senate as we speak and it has attached to it an amendment that was adopted that would authorize some $1.2 billion to enhance rail security.

We have, as you know, tunnels that run under the city, that run under Baltimore into New York. There are several tunnels where hundreds of thousands of people travel every day. They are old, some almost as old as the Civil War, some that date back to the last century. They are poorly lit, poorly ventilated. There is little in the way of escape routes.

We provided significant authorization for funding to try to upgrade those systems. They are used by Amtrak, but particularly the tunnels going into New York City are used far more by commuters than by Amtrak.

I am supposed to go preside at 3:00 p.m., so I am not going to be here to ask questions of you. But it would be interesting to know your take on that legislation, which is part of the homeland security bill. If you could maybe provide some comments for the record, I would appreciate it.

Ms. DORN. Absolutely. Thank you, Senator. Will do.

Senator CARPER. Thank you, and thank you, Mr. Chairman.

Senator REED. Thank you, Senator Carper.

Madam Administrator, let me first ask, does the FTA know how much transit agencies are spending on safety and security improvements. Are you monitoring their expenditures in a general way?

Ms. DORN. Not in a definitive way. Certainly in a way that would be evidenced through our security assessments. They are free to show us, and do, often, what they are spending on different things. But I wouldn't say in a systematic way, other than the requirement that FTA imposes on all transit agencies larger than 200,000 population where a 1 percent security expenditure is required, unless there is a waiver granted.

And I would just note on that, in the past months, we believe it is appropriate to no longer grant the waiver. What we need to do is to establish that that 1 percent is spent and we would like to know how it is spent.

The only condition under which we would grant a waiver is if the transit agency could demonstrate that they have spent that portion through non-Federal funds and could establish that.

Senator REED. Does transit security need its own dedicated source of funding, in your view? This relates to Senator Carper's question, which is, we are authorizing funding for inter-city rail. With all these different funds sources, does transit need a separate funding, restricted funding?

Ms. DORN. At some point, that may be the decision of the now Office of Homeland Security, or TSA.

At this point, I think the most fundamental need is that there be a place where the prioritization of resources across the modes of transportation and across industries can be made.

Certainly, I will be a strong advocate, based on the evidence that we have collected, about where any funds that would be available should be spent and in what priority order.

But I cannot pretend to speak for larger issues or for prioritizing the resources, and that is why I think it is a tremendous advantage to have TSA already in operation with regard to prioritizing the expenditures across the modes of transportation and, if and when the Department of Homeland Security comes into play, then that will give even a broader assessment.

So, I think it is premature to say that piece, and I would not be in a position to assess risks beyond the transit risks that we see.

Senator REED. Thank you.

Let me move then to a more specific question, which would be, if you had additional resources, where would you deploy these resources? What is the highest priority that you are not reaching now with your limited resources? Is it assessment teams going out to look at more transit systems? What is it?

Ms. DORN. If, in the wisdom of the Executive and Legislative Branches there were additional funds to be had, I think FTA is in a very good position after doing these risk assessments to know where we could get the most bang for the buck. And clearly, some of the things that we have found really emphasize training, because training—whether it is front-line employees or supervisors—is an absolutely imperative part in an open and accessible system. So, I would say that that is fundamental.

Certainly there are some other vulnerabilities that have been identified generically, things like more effective emergency response plans and access control issues.

Each of those is being worked on carefully. But I think we would have a clear idea, if more money was to be allocated, how it could be most effectively used.

Senator REED. Again, you are only assessing a fraction of the transit systems. Is there a plan that you have to, as we go forward, to go out and make more assessments on smaller systems?

Ms. DORN. We certainly wouldn't be closed to that. I would emphasize, though, that we are affecting through our assessments 90 percent of transit ridership and at least that much of the critical infrastructure. However, we also think that many lessons learned can be passed on—and we are already doing so—to the smaller transit agencies and the bus-only agencies.

We have a very significant portfolio of both best practices and training programs that we are getting out with the collaboration of the unions and others, to make sure that the bus systems and the smaller systems around the country can benefit. So, I would be pleased to provide that more extensively for the record.

Senator REED. Thank you, Ms. Dorn. I have one or two other questions, but my time has expired. Let me recognize the Chairman for his statement and questions.

Chairman Sarbanes.

Senator SARBANES. Well, thank you very much, Chairman Reed.

First of all, I want to thank you for convening this hearing. Actually, I think this is the fifth hearing on transit that the Subcommittee has held this year in preparation for the reauthorization

of TEA–21, and I want to thank you for the very fine work that has been done on that issue.

The events of September 11, 2001, were a daunting national tragedy. But even in the immediate aftermath of the attack, Americans showed great resolve in moving forward with the business of the country. We have made significant progress on many issues since that day, even as we continue to remember and mourn those who were tragically lost.

Of course, one of the issues that received heightened attention is security, and this Subcommittee actually held a hearing shortly after last September 11, just weeks after the attack, to assess the security of our Nation's public transit systems.

I appreciate the Subcommittee's efforts in this regard.

We saw the potential of public transportation to serve our needs under those stressful circumstances. On that morning, transit agencies across the country ran extra trains and buses in order to move people out of the cities, playing a particularly vital role in the evacuation of New York and Washington.

But it is very clear public transportation faces unique challenges in the safety and security area. By its very nature, public transit has to be easily accessible. It runs on identified routes at published times. It needs an extensive network of road and rail, spanning a wide geographic area.

So it has to be open and accessible for its use. But, of course, that intensifies some of the security problems. And of course, we have had a huge jump in transit ridership. It is growing faster than any other mode of transportation.

I know that self-examination is going on. We very much appreciate your testimony as we look ahead.

I have just a couple of questions that I want to ask.

First of all, I want to move off the particular subject matter, to ask the Administrator, where are you on preparing the reauthorization request, which is an issue that we will have to address in the next Congress?

Ms. DORN. We have had extensive efforts over the months to put together a proposal, which we are now finalizing within the Department. And we would expect that, after other consultations with the Secretary, that we would move that forward to the Office of Management and Budget, in time for consideration simultaneously with the 2004 budget, Mr. Chairman.

Senator SARBANES. When would you expect putting it out for public examination and when would you expect actually sending it to the Congress, or letting the Congress have it so that we can examine it?

Ms. DORN. The plan is that simultaneously or very near the time that the President puts forward his 2004 budget in the February timeframe would be when the reauthorization proposal would also be sent to Congress.

Senator SARBANES. We were able in the last reauthorization to significantly increase the commitment to transportation across all modes that were encompassed within the TEA–21 legislation, which, of course, was not just transit, but encompassed highways as well. That was in response to the obvious growing demand. The demand has continued to grow, and we have a lot of pressures to

respond to it, reflected in part, I think, by the number of new start requests that the Department has been receiving. Does your planning take that into account? What time period will you use for the reauthorization? Over what period of time?

Ms. DORN. A 6-year authorization is intended at this point.

Senator SARBANES. Six years. Well, that is a long stretch of time. Do you expect that we are going to see a responsiveness to the pressing need?

Ms. DORN. Yes, I do. Whether or how much of an increase that would be is really premature for me to comment. But you can count on all of us at the Department of Transportation to be advocates for our Nation's infrastructure.

Senator SARBANES. I think that is extremely important. Once you lock it in in the Administration, it becomes difficult to significantly change the dimensions.

So, I think if there is going to be a significant increase in the dimensions, which I feel keenly is very much needed, you all will have to be in there fighting for it tooth and nail, I would say. And I see you nodding your head. That doesn't show up on the record.

Ms. DORN. Yes, sir.

[Laughter.]

Senator SARBANES. I take it that is a yes.

Ms. DORN. Yes, sir.

Senator SARBANES. All right.

Mr. Chairman, if I could ask a couple of other questions?

Senator REED. Absolutely, Mr. Chairman, go right ahead.

Senator SARBANES. We sometimes think in this country that, we figure out how to do things and we do not have any lessons to learn from others. Other transit systems in other countries have been challenged with important security problems in the past. We are now confronting this issue in a very direct way. But the British have had to face this problem. They had a significant terrorist issue. The Japanese had a major incident that occurred in their subway system.

So other large cities have confronted the issue of terrorist attacks. How much sharing of information, strategies, technology, and best practices, are we doing with these other countries?

To what extent have we reached out to see what they are doing, perhaps brought them here or gone there, in order to see what ideas we can gather in order to address our own situation?

Ms. DORN. Very important question, Mr. Chairman. And from day one, we have sought and received the active cooperation and participation in a number of important events and activities from the international community. We recognize that the international perspective and unfortunate experience is really key to having lessons learned for us as well.

International individuals who have had experience in Paris and London and Japan and other countries have played an active role in roundtables that we have convened for top transit officials across the country. We have solicited expertise from the Israeli government to evaluate and to revise our training programs.

We continue to promote their active information-sharing with us, and us with them, frankly. And yesterday and today, there is an international summit sponsored by the FTA and APTA, in which

more of this information is being shared. We have had several visits by transit officials to Japan, particularly, and I think we are taking advantage of their unfortunate experience and the lessons learned in as significant a way as possible.

Senator SARBANES. Well, I am encouraged to hear that. I think we may learn some very valuable lessons.

Ms. DORN. Yes, absolutely.

Senator SARBANES. Let me ask you this, if I may.

Senator REED. Go right ahead, Mr. Chairman.

Senator SARBANES. I appreciate your statement that: "I am certain that the Committee understands the need to avoid a public discussion of our specific findings about particular transit systems . . ." I accept that. But let me ask a hypothetical question. I want to get some definition for all of this. Let's assume there is some hypothetical transit system out there. You are working with transit systems all around the country. You come in in order to be of assistance to them and so forth and so on.

What is the agenda you have done to help my hypothetical transit system, just picking things that have actually occurred in fact that have enabled you to significantly enhance the security situation for this hypothetical transit system?

And the more specific you can get in outlining what it is that has been done, how this has resulted in boosting or improving the security situation, the better.

Ms. DORN. Okay. The security assessments which we have done have both specific transit agency applicability and generic value-added. So depending on the nature of your own transit system, there would be unique recommendations depending on whether it was an old system, a new system, a subway, a light rail. So that is the advantage of sending in teams. We did not do cookie-cutter. We went in to each of the 36 transit systems. So there are a unique set of issues that would relate to a particular transit system.

However, there are also generic issues which we examine throughout. Number one, this whole threat and vulnerability assessment—determining what particular risks a transit agency has and what are the high-risk assets and the critical assets—that is a systematic approach that most transit agencies have not used in the past.

So that intellectual approach to figuring out where your specific vulnerabilities are, what the scenarios are, and what counter-measures you can take, it is a process, and a learning process that we have worked with transit agencies on. Some are more sophisticated about it than others. Others, they only concentrated on crime control. The very aspect of evaluating the risk was a key change.

Then, understanding the role of emergency response planning and how to develop a good emergency response plan for their particular transit agency has been very important.

The technical assistance teams that we are sending to 60 transit agencies as a follow-on to that assessment will very specifically hone in. How can you get a better emergency response plan? What kind of training do you have now for your employees? How can you improve it? How can we make sure that you have a dynamic process for threat assessment? So that still is very much catered to an individual transit agency.

We also generically understood that training has not been emphasized, for either front-line employees or supervisors. We have developed a whole host of new training courses and new ways of delivering those training courses. We are working closely and carefully with the unions and with management to ensure that it is a priority.

I believe that transit agencies would say that those first three efforts I described have been a value-added. In addition to that, we have worked very closely with the industry to determine what kind of research needs are there, what would help you most.

We identified $2 million so that we could, with industry, determine what are the 10 or 12 or 14 most important research projects that would be a real asset.

With regard to emergency response planning capability, the transit agencies do not always have a seat at the table in emergency response, which is so ironic. Even in some larger cities, the transit agencies simply served as the transportation vehicle for people who were doing the drills. They did not understand the critical role that you outlined, Mr. Chairman, of transit in the event of a terrorist attack or an emergency.

So, we have held security forums in 17 cities across the country, with mayors, emergency responders, fire, police, and transit officials, all sitting around tables to enhance their emergency response planning capability and do scenario-based exercises.

That is a really important component because one of the things we found in the security assessments is that you may have a large city that has a very good and robust emergency plan, but the surrounding areas may not be hooked into that plan. And if I work in the inner city and need to get to the suburb, I do not care about what the jurisdictional boundaries are. Those are just some of the activities.

We have also made sure that our transit people locally are tied into the FBI. The intelligence-sharing and information piece has been a real bugaboo for all. We know that has to be improved and, fortunately, the FBI, at a national level and at most local levels, has been very willing to include transit in what they call the Joint Task Force on Terrorism. And that piece is very important.

We also have developed secure websites for our transit colleagues, so that they can add a law enforcement level. They can understand better what is happening out there, and they can share information among and between transit agencies.

We are trying to determine whether or not an industry-based information-sharing system similar to what the American Association of Railroads has done would be worthwhile. That would be a modal effort focused on information about transit threats, so that you can share New York with Washington with Florida, what has been happening, that there can be trend analyses, et cetera.

So, I think we have a fairly rich compendium of things that, we believe, are not just activities. They are value-added, and if they are not, we take them off the books.

We do not have a lot of money. I am convinced that we are spending the money we have, which is adequate, in the best way at this point in time.

Senator SARBANES. Well, it is interesting. The latter examples you gave, I understand them because they were pretty specific.

In other words, transit now sits at the table with all of the actors of the emergency response teams, which is something at least most of them were not doing before, as I understand it. They are now tied in in terms of communication with the FBI in order to exchange information and so forth.

I did not quite get down into the level of specificity I would have liked in the earlier examples you gave. What are some of the changes that you have helped to institute in the way transit systems work that address the security problem? Just very specific things.

Ms. DORN. I do not want to get too deep in this, although I would be very happy to have a private briefing with you.

But let me just say that I think that with TSA's cooperation and with FTA, we have been able to think and work outside the transit box. And by that I mean, if you have a significant intermodal transit center, what we have found is that very often, because everyone had been in the past concerned about liability issues and "I will take care of my stuff," people have not been thinking about whether it is a commuter rail owned by a local transit agency or it is the local taxicab or the vendor or the Amtrak train that comes into the station.

Everybody's been concerned about their own thing.

So to be able to collaboratively work on the risks and vulnerabilities and develop particular counter-measures for particular places, is something on which, with the cooperation of the industry and all the agencies and vendors at the table, I think we have been able to make some improvements. However, we have not reached the millennium in that regard. It is a new way of thinking and it requires a new discipline and a new culture to work outside of whatever your specific operational responsibilities are.

Now, we could go through transit agency by transit agency and specifically list for you in a closed session the particular vulnerabilities we found. What we have found is that transit agencies have been very responsive in terms of trying to fill those gaps. And certainly there are gaps that they probably do not choose to fill or cannot at this point fill. But they have to make the trade-offs in terms of risks and other investments that need to be made.

Senator SARBANES. Can I ask one final question?

Senator REED. Certainly, Mr. Chairman.

Senator SARBANES. The tragedy in New York, as I indicated at the outset, still is very much in our minds and memory, but we do now have a chance on the World Trade site to do major things with respect to transit.

I know that the New York people have some very ambitious plans in that regard. How much are you involved in that and how supportive are you being from the Federal level so that out of this tragedy, we can really put in place something that is significantly better than what was there before?

Ms. DORN. FTA views this as a very important responsibility. As the President has indicated, we need to do everything we can in the Federal Government to help bring New York back.

On the one hand, we recognize that transportation has always been, and should continue to be, a community-based plan. So, we are working very closely with the local decisionmakers about how and where they want to spend that money, particularly at the site.

However, we are very, very concerned that our role be to expedite in whatever way we can the process so that there are no unnecessary delays. We are eager to move these processes and to move the projects, more importantly, forward as aggressively as possible. And we have worked cooperatively with FEMA in terms of determining how we can channel that money directly so that the funds can be spent for the projects. It has been a cooperative effort all around with the governors, the mayors, the head of FEMA, the head of the Department of Transportation. I feel very confident about the New York recovery office that we have established specifically for these projects. We do not want anything to be delayed or get lost in other priority projects. This is a very important priority of the FTA and we do not plan on failing.

Senator SARBANES. Good. Thank you very much.

Thank you, Mr. Chairman.

Senator REED. I want to particularly associate myself with the comments about the reauthorization and the need for the Administration to develop a robust plan to continue the progress that we have made over the last several years.

Senator SARBANES. We wait with hopeful expectation, Madam Administrator.

Ms. DORN. Thank you, I think.

[Laughter.]

Senator REED. Let me ask a final series of questions.

I understand that you are working to develop a memorandum of understanding between FTA and the new Transportation Security Administration. That is correct, I believe.

Ms. DORN. We are exploring a number of formal mechanisms by which we could make it very clear who does what. We already have had many very fruitful discussions and this happens across Government all the time in terms of sorting out a complex set of situations. I am confident that we will work toward a solution where transit will be well served.

Senator REED. Well, let me suggest a series, and this is certainly not an exhaustive list, of categories. You might just acknowledge that you are specifically working on those or comment specifically.

First, obviously, defining the clear roles between the TSA and the FTA with regard to both transit security and transit safety.

I think those are issues that are not identical, and they raise issues that I think are not well defined between you and the Transportation Security Administration.

I would hope also that you would endeavor to identify a single point of contact for Federal funding for local transit agencies. I cannot think of anything more frustrating than to have transit agencies running between you and the Transit Safety Administration.

Identifying—and you alluded to this in your testimony—how threat information will be shared between transit agencies, the FTA and the TSA.

And you have again identified this as one of the key issues. How do you move information around in a timely fashion? Funding priorities, who will set those? How will they be set?

Also, in light of our debate on the floor today, what will be the impact of moving TSA to the Department of Homeland Security in terms of formal relationships between you and TSA?

You have already done such commendable work. I would hope that your work would not be lost and there would be some way that you would guarantee that it would be taken on by the new Transportation Security Administration.

These are some of the items that I think hopefully you would address. I will leave it up to the executive to determine whether it has to be memorialized in an MOU or it is something that is a policy or routine. But, obviously, I think, and I think you recognize also, this is something that should be done in the near-term.

Ms. DORN. Excellent. Just a couple of comments, Mr. Chairman. Something that has not been brought up until you just did. And that is the intimate relationship of security and safety, and the intimate relationships of both to the day-to-day operations of transit systems.

TSA recognizes, FTA recognizes, and certainly the industry recognizes that you cannot carve out security and have this artificial "you do this" and "we will do the other."

It will not work and that is not the way we are going. I am very pleased to recognize that this takes a very careful and common sense approach. And Admiral Loy has been superb about both of those aspects.

I certainly recognize that the single point of contact is imperative. The President and the Administration recognize that in the recovery efforts and the use of money for the New York issue. They did not want FEMA to have part of the money and FTA to have part of the money, and then have the local people try to figure out who does what. So, we worked that out very well and I know that we can do the same here.

Also, TSA has been very supportive of our risk-based approach. They know. They have been briefed extensively on what we have done and in fact we have phoned home fairly regularly because we wanted to make sure that we are on the same page. I have every reason to believe that we are on the same page, and that Admiral Loy's leadership will ensure that we can work effectively together. But you raise some very important issues and all of them are on our list as well.

Senator REED. Thank you very much. Unless Senator Sarbanes has other questions, thank you very much, Madam Administrator.

Ms. DORN. Thank you, Mr. Chairman.

Senator REED. Let me ask Mr. Guerrero to come forward to start the second panel.

[Pause.]

Our second witness this afternoon is Peter Guerrero, Director, Physical Infrastructure Issues for the General Accounting Office. Joining him are Ms. Nikki Clowers and Ms. Susan Fleming, who are intimately involved in the GAO's review of transit security.

Thank you, Mr. Guerrero. Please go ahead.

STATEMENT OF PETER GUERRERO
DIRECTOR, PHYSICAL INFRASTRUCTURE ISSUES
ACCOMPANIED BY:
NIKKI CLOWERS, SENIOR ANALYST AND
SUSAN FLEMING, ASSISTANT DIRECTOR
PHYSICAL INFRASTRUCTURE ISSUES
U.S. GENERAL ACCOUNTING OFFICE

Mr. GUERRERO. Thank you, Mr. Chairman. I want to thank you for asking us to do this work and to testify today on this issue that is of vital importance to Americans.

Over a year has passed since the terrorist attacks of September 11, and while most early attention, as you know, focused on airport security, emphasis on the other modes of transportation, including transit security, has since grown. Events around the world and new intelligence information unfortunately indicate that the threat to mass transit is real.

Today, I will discuss challenges in securing mass transit systems, steps that agencies have taken to enhance the safety and security of their operations, and the Federal role in this area.

My comments are based on preliminary work that the GAO has conducted involving site visits to 10 transit agencies across the country, a survey of 200 transit agencies, and countless interviews with DOT officials and industry experts. Transit agencies face significant challenges in making their systems secure. These challenges can be grouped into three categories.

First, as we heard today, certain characteristics make transit systems both vulnerable and difficult to secure. By their nature, they are open. They have high ridership, fixed infrastructure, and usually large investments in infrastructure. Also, they are often located in areas that are target-rich for terrorists. In short, they are attractive. But their openness makes it impractical to use certain security measures that have been used in aviation, such as metal detectors. Further complicating transit security is the need for transit agencies to balance security concerns with accessibility, convenience, and affordability.

Because transit riders can choose other means of transportation in many cases, such as personal automobiles, transit agencies must compete for riders. To remain competitive, they must offer convenient quality service at low cost. Therefore, security measures that limit accessibility, cause delays, increase fares, or create other inconveniences could push people away from transit and back into their cars.

Second, funding identified security enhancements is a challenge for many transit agencies. Although some security improvements such as removing trashcans from station platforms and increasing the alertness of transit system employees have little or no cost, most improvements require substantial funding.

For example, some of the commonly identified security needs of the agencies we visited are upgraded communications systems, additional fencing and surveillance equipment, and redundant control centers. The total estimated cost of just eight agencies we visited was over $700 million. We estimate that the total costs of security improvements for all transit agencies could be in the billions.

Funding these security improvements is problematic for a number of reasons. Recently, with the sluggish economy, the transit agencies we visited are experiencing declining revenues due to decreased ridership. They depend also very often on local and State sales tax revenue. These revenues are also down.

In the best of times, these systems have competing priorities, and security and safety is one of a number of priorities they must fund.

And finally, there are often strings attached to Federal assistance that limit flexibility, such as the prohibition for large systems using Federal funds for operating expenses.

Third, coordination among transit stakeholders can also prove to be challenging. A number of stakeholders must be involved in transit security decisionmaking, including all levels of Government and the private sector. Coordination among stakeholders is integral to enhancing transit security, and a lack of coordination can create problems such as duplication of effort.

Our discussions with transit agency and local government officials and our preliminary survey results indicate that coordination on emergency planning is generally taking place between transit agencies and local levels of government despite some challenges, but appears to be minimal between transit agencies and governments at the regional, State and Federal levels.

Despite these formidable challenges in securing transit systems, transit agencies have taken a number of steps to improve the security of their systems.

The agencies we visited were implementing strategies to improve both safety and security prior to September 11, and the events of September 11 have elevated the importance of security-related activities as well. As a result, these agencies have implemented new initiatives or have increased the frequency of existing activities since last September.

For example, many have assessed their vulnerabilities, provided additional employee training on how to handle emergencies, revised emergency plans, conducted multiple emergency drills, and intensified the security presence in their systems.

I would now like to turn to the Federal Government's role in transit security.

We found that this role is evolving. For example, though, FTA, as you heard today, has limited regulatory and oversight authority, it has undertaken various initiatives and has increased funding for transit security since last September.

In addition, the Aviation Transportation Security Act created TSA and gave it responsibility for transit security. However, TSA has yet to assume full responsibility for the security of any transportation mode other than aviation.

Much needs to be worked out here and TSA and FTA are developing a memorandum of understanding that will define each agency's roles and responsibilities for transit security.

Although most of the transit agencies we visited said FTA security initiatives have been useful, they would like the Federal Government to provide more assistance to support transit security.

Specifically, agencies we visited mentioned the need for the Federal Government to provide help with security clearances, supply

increased funding for security improvements, and invest more in security-related research and development.

In addition, the transit agencies would like the Federal Government to provide additional information on a number of issues, including the availability of Federal grants, best practices, real-time threat information, and information on available security-related technologies.

In considering the Federal Government's role in funding transit safety and security initiatives, several issues need to be addressed, including developing Federal funding criteria and performance goals and measures that can be used to assess our progress in this important area.

While the total cost of all needed transit security improvements throughout the country is unknown, given the size of the Nation's transit systems, these costs could be, as I said earlier, in the billions of dollars. Because requests for Federal dollars for transit security can be expected to exceed available resources, criteria for distributing Federal funds will be needed.

Transit agencies we met with identified a number of possible Federal funding criteria that could be used to distribute the Federal funds, including ridership levels, populations of cities the transit agency serves, identified vulnerabilities of the agency, and the number and type of unique assets of the agency.

In general, the transit agency officials we spoke to believe funding criteria should direct Federal dollars to agencies that are most at risk and/or most vulnerable to a terrorist attack.

In conclusion, Mr. Chairman, securing the Nation's transit system is not a short-term or easy task. Many challenges must be overcome. FTA and transit agencies we visited have made a good start in enhancing the security, but more work is needed. Transit agencies' calls for increased funding join the list for competing claims for Federal dollars and difficult trade-offs will have to be made to ensure that finite resources are directed to the areas of highest priority.

Next year's reauthorization of TEA–21 provides an opportunity to examine the Federal Government's role in funding transit security improvements. Because requests for Federal assurance will probably exceed available resources, criteria will be needed for determining which transit security improvements merit Federal support. In addition, the Federal Government could take steps and actions to assist agencies as they press forward with their security improvements, such as providing additional information on security matters and removing the prohibition on using urbanized area formula funds for operating expenses.

We will continue to monitor these issues for the Subcommittee. We expect to issue a final report before the end of this year.

This concludes my summary statement. Our full statement is of course submitted for the record. I would be pleased to answer any questions.

Senator REED. Thank you very much, Mr. Guerrero.

You have identified one major issue among the several you have talked about. That is the criteria for distributing Federal funds. That is multifaceted.

First, criteria among competing transit systems, and then, at a different level, criteria among different modes of transportation—aviation, surface rail, highways, et cetera. Do you have any views, based on your analysis, about what might be a good criteria among those you mentioned?

Mr. GUERRERO. I think that one way to think about the needs of transit systems is all systems, regardless of size or type of service provided, whether they are rail only, rail and bus, bus only, whatever, have a certain baseline of needs. They need assistance to do planning, to develop emergency preparedness plans. They need assistance to train staff. They need assistance for drills and exercises to make sure that their plans are working, and then to identify problems with those plans so that they can improve on them and so forth.

Those are needs that are shared by all systems. And it would seem reasonable that Federal support be provided to assist all agencies in helping them with that baseline of required needs.

In addition, certain agencies do face unique challenges because of the size, scope, density, nature of their operations, unique features and so forth.

Once individual agencies conduct a risk assessment and identify their unique vulnerabilities, it seems reasonable that assessments serve as a second line level of criteria for determining which agencies to target additional funds.

And certainly the things that we have heard for that consideration is population density, unique assets, unique vulnerabilities of particular assets—bridges, tunnels, and so forth—that are critical and that are extremely vital to the continued success of that system. There is a second line set of criteria, and we will be spelling that out further in our final report to you.

Senator REED. Good.

At the Federal level, as we apportion funds between highway, transit, ports, et cetera, with respect to security, I think we all anticipate that there will be questions about where the money goes, what is the most important use. Do you have any views on that?

Mr. GUERRERO. In listening to experts over the last year, I would say that, almost without exception, what I have heard is that aviation is clearly the one that comes to mind because that was what happened on September 11. And we have put a lot of resources into that. There is a very ambitious schedule and timeframe for addressing security in that area. In addition to aviation, the other two that seem to rise to the top are ports and transit.

Senator REED. Thank you.

Based on your work, are you finding differences in preparedness based on the size of the transit system? Can we assume that the big properties are serious and the small ones are strapped for cash? What inferences can we draw?

Ms. Clowers.

Ms. CLOWERS. What we found in our site visits is that all agencies are acting aggressively to improve safety and security. While safety and security were a priority prior to September 11, after September 11, security issues were elevated.

All of the transit agencies we visited are doing such things as increasing emergency drilling, conducting vulnerability assessments,

and tightening access. So based on the site visits that we have done, I do not think that we can say that the big agencies are doing more than smaller agencies.

Senator REED. Thank you.

Is there any difference in terms of modes of transit policy challenges or funding challenges—surface buses, subway systems, light rail? Is there anything we can glean from looking at the different modes of transportation and transit?

Mr. GUERRERO. Yes. The kinds of things that you would do, for example, for a system that is primarily a bus system is you would want to secure, for example, the maintenance and storage facilities. You might want to ensure that there are adequate locks on ignitions and that there is adequate security around those areas.

That looks different from securing a subway system where you have tunnels. You may have bridges associated with subway systems. You may have the intermodal centers like a Penn Station in New York that we talked about earlier in this hearing. These assets present a unique set of challenges.

So there are different kinds of things that you would do with different systems and there are different price tags associated with those. And key to all of this is ensuring that systems, whether they are large, small or medium, and wherever they are located, that they have done essentially a vulnerability and risk assessment and have determined where their vulnerabilities are and have a plan or strategy for addressing them.

I actually, want to commend, the FTA for having I think initially focused on security assessments. I think that is the place to start, and that is the vehicle for identifying specifically what will need to be done for different systems and across different modes.

Senator REED. Administrator Dorn made the point that the biggest bang for the buck seems to come from training. Is that your impression after your initial review of the area?

Ms. FLEMING. I would say that, in our view, in talking to the experts in the field, that is the case. In the site visits, we found that everybody was doing some level of training prior to September 11 and they certainly have increased it since last September. More people within the agencies are being trained. They are being trained more frequently, more drills, more employee awareness. It is something that the studies have shown is a tremendous bang for the buck.

Mr. GUERRERO. Training, Mr. Chairman, clearly is among the top three. When we asked in our survey of transit agencies for what do they need additional resources for, training was one of the top three. The other was surveillance and surveillance is both the hardware and an operations issue. It can be both cameras and the cop on the beat.

And then the third area that they identified was enhanced communications. There is some unique aspects of certain systems in identifying needs to have redundancies in terms of control, operations, and equipment.

Senator REED. Thank you.

You mentioned that the systems you reviewed had about $700 million in required spending that is not yet available, and that, overall, all the systems, you thought would cost about a billion. Do

you have a more precise figure for the overall cost to bring standards up to adequate measures?

Mr. GUERRERO. Unfortunately, we cannot generalize. The best we can do is tell you what we learned from each of those systems. And while I cannot generalize from that and say, well, there are 6,000 systems across the country, and if eight of them are telling us that they need $700 million, then you can do the multiplication. It is not quite that simple. And so, we will look more closely and see if we can pin that number down a little bit better in terms of the aggregate.

Senator REED. Yes, go ahead.

Ms. CLOWERS. I would just add that, in our survey, we surveyed 200 transit agencies and we asked them about their funding needs. And hopefully, we will be able to put a cost estimate on their identified needs.

Mr. GUERRERO. We did design that survey so that we could have some representative kinds of things to say.

Senator REED. I think one of the points you made in your testimony, Mr. Guerrero, deserves repeating. And that is, these are nonavoidable costs in many cases if we are serious about security.

They are occurring at the worst fiscal time in most cities and municipalities, as their tax rolls shrink, as the economy declines, as ridership might decline.

And without Federal assistance, these needs could all go unmet, and we would regret it in the future when an incident that might have been mitigated or prevented occurs.

Mr. GUERRERO. That is correct. We have also seen some hard trade-offs being made to date, where capital improvements and capital expenses have been deferred, to address the very important issue of security. And that can be done in the short term. But the long-term consequences for mass transit are to make it less appealing, less viable as an alternative, and so forth.

Senator REED. It is a vicious circle. As the ridership declines, the incentive to provide more resources for security and safety declines also. So your insights in the report will be very useful in trying to support appropriate levels of funding.

Let me ask a final question. In your review, have you found some innovative practices, techniques that bear publication, without being too specific? Is there anything out there that you find innovative, which we should encourage systems to emulate throughout the country?

Ms. CLOWERS. We did find some unique practices among the 10 transit agencies that we visited.

For example, one agency has trained a number of their city police officers to drive their buses. They have been licensed to drive the buses and they receive frequent driver training. That way, in an emergency, the police officers can drive the buses in to evacuate people and won't put the operators in harm's way.

Another unique practice was an agency after September 11 adopted an employee suggestion program, because the employees are out there on the street every day and can see potential vulnerabilities or ways to improve security, if they submit a security improvement that is implemented, they receive a day off.

Another agency not only uses outside experts to conduct vulnerability assessments, but they also use their internal people, maybe specialized in certain areas like electricians, to help conduct vulnerability assessments. Again, these employees know the most about the systems and probably any potential vulnerabilities of the system.

Senator REED. Great. Thank you.

Let me thank you for your excellent testimony and your work, both what you have accomplished already and what you will do in the next several months.

I want to thank you, Mr. Guerrero, and your colleagues for your testimony, and Ms. Dorn, too. There will be a period of time in which we will reserve the right to ask questions for the record and we would ask that you respond promptly to those questions.

The testimony this afternoon has given us a greater understanding of the steps that have already been taken to improve security. I believe that the FTA and the industry have taken some impressive steps, but we have a long way to go before we feel more secure about our transit systems in the United States.

The challenges are significant and we view those challenges not only in terms of today's hearing, but also in terms of next year's reauthorization.

You have pointed out, based on your study of eight or so systems, $700 million of unmet needs for security. The bottom-line pricetag is probably in the billions nationwide. Yet, today, FTA has received only about $30.8 million. So there is a resource issue here. We have to meet our security needs, and I do not think we can ask the transit authorities throughout the country to do more with less. Clearly, we are asking them to do more in terms of security.

In the coming weeks and months, I hope and expect that we will work with FTA, the Nation's transit systems, unions, and others, with the advice and help of the GAO, to get the best security we can for the transit public. They demand that, they require that. It is an essential component of our Nation, our economy, and we have to ensure that transit is available, and we will do that.

Thank you for joining us, and at this point, I would adjourn the hearing.

[Whereupon, at 3:45 p.m., the hearing was adjourned.]

[Prepared statements, response to written questions, and additional material supplied for the record follow:]

PREPARED STATEMENT OF SENATOR JON S. CORZINE

Chairman Reed, thank you for calling this second hearing of the Subcommittee on Housing and Transportation to discuss the important issue of the safety of our transit systems. As we move forward in fortifying our Nation in the aftermath of September 11, I look forward to hearing from Federal Transit Administrator Dorn and the General Accounting Office about the progress we have made in securing our Nation's mass transit system and what remains to be done.

Mr. Chairman, since our Nation was viciously attacked on September 11, we have taken a long look at how to make our modes of transportation safe and secure. Most of our attention has focused on aviation. But now we must consider the security needs of our mass transit system as well.

One of the many lessons we learned from this tragedy in my home State is how much of a strain a terrorist attack can put on a mass transit network. I am proud to say that the State agencies that coordinate transit between New York and New Jersey—New Jersey Transit and the Port Authority of New York and New Jersey—met the challenge of helping to evacuate thousands from lower Manhattan. We need to make sure that all transit agencies are able to assist in the event of any disaster—natural or otherwise.

We need to do all that we can to ensure that our bus, trains, and ferries are as secure as they possibly can be. I will look hard at the question of how additional funds may be set aside for safety under the reauthorization of TEA–21. I will also work hard to obtain additional money for New Jersey under the appropriations process. I was proud that along with Senator Torricelli, I was able to obtain $100 million to the Federal Transit Administration for Transit Improvements, including improvements to the damaged PATH tunnel to the World Trade Center. Senator Torricelli and I were also able to obtain $100 million for repairs to the aged Amtrak-owned tunnels that go to New York City under the Hudson and East Rivers. These funds will enable the metropolitan New York region, including northern New Jersey, to better respond in the event of an emergency, whether natural or man-made.

Mr. Chairman, we also to ensure that there are enough mass transit options to support our cities both during normal times, as well as in times that are not normal. We saw the crush of people that were forced to leave both New York and Washington on foot on September 11. In order for mass transit to be truly a safe and secure option, it must also be an option that is readily available. That is why I am supporting major rail projects for the New York metropolitan area such as building a rail tunnel under the Hudson River from New York into New Jersey. Only by increasing the availability of mass transit, as well as increasing the safety levels on buses, trains, and ferries, can we say that we have a safe and secure transit system.

Thank you, again, Mr. Chairman. I look forward to hearing from our witnesses.

PREPARED STATEMENT OF JENNIFER L. DORN

ADMINISTRATOR, FEDERAL TRANSIT ADMINISTRATION

SEPTEMBER 18, 2002

Mr. Chairman and Members of the Subcommittee, thank you for the opportunity to testify today on behalf of the Federal Transit Administration (FTA) concerning the progress of our security initiative and our collaborative efforts to keep America's transit passengers safe and to protect the vital transportation assets of this Nation.

In my testimony today, I will address three specific topics that I understand are of particular interest to the Subcommittee: (1) FTA's activities to improve the security of America's transit systems; (2) FTA's statutory authority with regard to transit security matters; and (3) the working relationship between FTA and the Transportation Security Administration (TSA).

Before I begin, I want to thank Secretary Mineta for his unfailing support and commitment to protecting Americans traveling on every form of transportation. While much attention has been given to the significant changes underway in the aviation industry, Secretary Mineta has lent his considerable influence and intellect to the vigorous pursuit of security improvements in surface transportation, as well.

In addition, we look forward to Congressional approval of the President's proposed Department of Homeland Security. The creation of a single agency charged with preventing terrorist attacks in the United States, reducing America's vulnerability to terrorism, minimizing damage and expediting recovery from such attacks is critical. The Department of Homeland Security will be in a position to assess threats and vulnerabilities across industries and regions, and to undertake the comprehensive prioritization of needs and the allocation of resources. We are fortunate at the

Department of Transportation to have the Transportation Security Administration positioned to undertake such prioritization with regard to transportation security needs, and we look forward to working with the new Department of Homeland Security to ensure that transit security issues continue to receive due consideration and are addressed appropriately.

In the year since the tragic events of September 11 changed our understanding of the term "transit safety and security," we have made it a priority of the Federal Transit Administration to do all that we can to help communities become better prepared to respond to emergency situations. Shortly after that horrifying day, FTA launched an ambitious five-part security initiative. We created the framework of that initiative based on a holistic, systems approach to improving security in any transit system: (1) evaluate the current situation through in-depth security assessments, (2) develop a plan to address deficiencies, (3) test the plan in realistic situations, (4) train employees to understand and implement the plan, and (5) undertake research to enhance our human capabilities. The appropriateness of these basic components—assessment, planning, testing, training, and research—has been borne out by our security assessment results. I would note that this initiative focuses significant attention and resources on improving our human capability to respond to security threats and incidents. It acknowledges that technology can be helpful, but there is no technology that will secure the open environment of our Nation's transit systems. FTA's security initiative has been funded with $12.1 million of fiscal year 2002 money that has been refocused on security and by $18.7 million of emergency supplemental funds, providing a total of $30.8 million for this important effort.

I am pleased to report that, today America's transit systems are safer, better prepared, and more security-conscious than ever.

Secretary Mineta recently noted that public transportation must play an important role in achieving the President's three important goals of winning the war against terrorism, protecting our homeland, and getting the American economy moving again. As our security initiative recognized, more can be done and is being done to make public transportation as safe and secure as possible. At the same time, we must be careful to protect the freedom of movement that we all cherish and continue to promote the economic vitality of our communities and our Nation. Keeping this three-legged stool of security, economic vitality, and personal freedom in balance is a challenging responsibility, but one that we are pursuing with passion and conviction.

Upgrading Transit Security

Over the past year, teams of experts in security, antiterrorism, and transit have conducted security assessments of 36 public transportation systems using a proven threat and vulnerability assessment methodology. We focused first on the Nation's high-risk/high-consequence transit assets. Generally, that meant transit systems with tunnels and stations where large numbers of people converge, and where an attack would cause the greatest disruption to transportation services. All of the transit agencies participated in the assessment program voluntarily. The assessments considered the entire transportation system and network in each area, not just the physical assets of one mode or site. Each assessment identified high-risk/high-consequence assets, evaluated security gaps, made recommendations to reduce security risks to acceptable levels, educated transit agencies on threat and vulnerability analysis, and reviewed agencies' emergency response plans, particularly their degree of coordination with emergency responders throughout the region. Based on the findings of these assessments, FTA is deploying emergency response planning and technical assistance teams to 60 transit agencies to help them develop and update their security response plans, develop agency-specific protocols to respond to different Office of Homeland Security threat levels, conduct training needs assessments, and develop agency-specific security awareness materials for employees and customers. We have completed the pilot phase of this project with three transit agencies, and plan to send Technical Assistance Teams to at least 30 transit agencies by the end of fiscal year 2003. These agencies were identified in conjunction with the FBI, which has assisted us in prioritizing and targeting our resources based on intelligence information about threats and vulnerabilities.

The security assessments proved to be an effective tool for both the FTA and the participating transit agencies. We identified important concerns at even the most well prepared agencies, and have recommended solutions to manage these risks. At the same time, we are identifying best practices for training and response protocols, and are sharing these with the industry. The assessments were also critical in our efforts to develop appropriate system-wide programs to help the transit industry prevent and mitigate the potential effects of a terrorist attack.

I am certain that the Subcommittee understands the need to avoid a public discussion of our specific findings about particular transit systems, but I would like to provide you with an overview of our key findings, as well as an indication of how FTA's security initiative is helping to address these issues.

Findings of Assessment

System Design

First, new systems and those undergoing renovation or modernization should use design criteria that support security objectives. Important considerations include designing stations for easy detection, so people cannot leave objects hidden out of sight; separating public and private spaces in facilities, so that access to controls and equipment can be restricted; and designing facilities for easy decontamination and recovery operations. As a result of this finding, FTA is incorporating security design as a component of the New Starts development and evaluation process. Grant recipients in urbanized areas are already required, as a condition of their funding, to establish comprehensive safety and security programs and to demonstrate their technical capacity to carry out those programs.

Intelligence and Information Sharing

The second finding was that timely and specific sharing of threat information and intelligence is needed at both the national and local level. Often, the most pertinent information is available from other local officials—especially local police and other law enforcement agencies. To establish this information flow, FTA has worked with the FBI to create collaborative relationships between transit agencies and local FBI officials. Last June, I sent a letter to our largest transit agencies, encouraging them to participate in the FBI's Joint Terrorism Task Force in their community. The FBI sent similar letters to each Task Force, encouraging them to contact the transit agencies in their region to invite them to join. Most of the largest transit agencies have now established working relationships with the law enforcement and intelligence sharing groups, such as the Joint Terrorism Task Force.

While local intelligence information links are necessary, they are, clearly, not sufficient. One of the first actions that the FTA undertook after September 11 was to establish a communication link with the 100 largest transit agencies, whose passengers account for an estimated 90 percent of all transit riders in the Nation. We have developed written procedures to guide communication flow, ensuring not only that the information is accurate and official, but also that it gets to the people who need it in a timely manner. Using e-mail, fax and phone, if necessary, we now have the capacity to communicate with transit agency officials around-the-clock. This system has already been used a number of times to communicate threat information, as well as specific advice about how to proactively respond. For example, when the Office of Homeland Security recently raised the threat warning level to "orange," FTA sent out an advisory to transit agencies with a list of specific measures that they should consider in the context of their own system operations. In addition, the FTA Regional Offices have established liaisons to the largest transit agencies, creating a 24-hour person-to-person contact with these transit agency operations centers. In the event of a catastrophic transit incident, the Regional liaison will go to the affected operations center to act as an information link between the Department of Transportation and the transit agency.

FTA has also undertaken several steps to provide more and better intelligence information to transit agency officials. Transit agencies will soon receive letters inviting them to participate in the FBI's Infraguard program, which will provide them with access to a secure website that contains security sensitive information, advisories, and best practice information developed by FTA. The FBI will manage and control access to the site, and will undertake the necessary clearance checks for participants. We have been assured that the FBI will handle these clearances expeditiously.

In addition, FTA is continuing to work with the transit industry and the intelligence community to establish a means for sharing threat and intelligence information concerning transit. Our goal is to create a communications network that not only disseminates alerts, but also collects information from transit agencies, provides a means to identify patterns and trends, and shares that analysis with the industry.

Transit Employee Security Training

The third important finding of our security assessments reinforced a lesson learned from our colleagues in New York and Washington: There is no substitute for security awareness and emergency preparedness training for transit employees. As FTA's security assessments underscored, America's transit environments are in-

herently open and accessible, with many high-risk/high-consequence assets. We cannot place a metal detector at every bus stop, or a fence and a checkpoint at every subway portal. Instead, we must rely on—and cultivate—human capabilities to prevent, detect, and respond to security threats.

The 400,000-plus transit employees throughout America are the "eyes and ears" of our most important security system. Transit employees travel the same routes, maintain the same facilities, and see the same people every day as they go about their duties. They are in the best position to identify unusual packages, suspicious substances, and people who are acting suspiciously. But they need to acquire skills in what to look for and how to respond, skills that can be acquired through rigorous emergency planning, regular emergency testing and drills, and extensive training.

To ensure that such training is available, FTA has partnered with the Transportation Safety Institute (TSI) and the National Transit Institute (NTI) to expand course offerings on security to a broader audience. FTA, in conjunction with NTI, has also launched an aggressive nationwide schedule to deliver comprehensive security awareness courses targeted to front-line transit employees and supervisors, free of charge. Course offerings include security planning, weapons of mass destruction, bus and rail hijacking, and crime prevention through environment design. Over the past year, 134 transit employees were trained to deliver four security training courses to other transit employees at their own agencies. In addition, NTI delivered the course at 10 locations directly to 522 transit employees, generally at smaller transit agencies. This month NTI will also be distributing more than 3,000 compact discs containing a computerized version of the basic 2-hour security awareness course for employees, tailored for bus, light rail, and heavy rail. Finally, eight updated Transit Safety Institute courses, including system security, emergency incident management, bus hijacking, and weapons of mass destruction have been delivered to over 950 transit managers.

Over the next several months, FTA also plans to launch a new program, including training materials, posters, pocket cards, brochures and other materials, to teach and remind transit workers about what to look for, how to respond to a threat, and whom to notify. We will be working with industry stakeholders, including transit unions, to develop and deliver these materials.

Emergency Response Capability

Training is not limited, however, to classrooms. Those who will have to respond boldly and expeditiously should an attack occur need hands-on practice. Full-scale drills reinforce emergency response procedures and help communities work out specific details and back-up plans.

Which leads me to the fifth important finding of our security assessments: Emergency response must be transit's primary antiterrorism tool. The reality is that we will never be able to guarantee the complete safety and security of our transit passengers and employees. With 1,500 people per minute entering Penn Station in New York, for example, even random searches of every sixth or sixtieth person would unduly disrupt daily travel patterns. Being prepared to respond quickly and effectively to an event—minimizing loss of life and mitigating damage to property—is essential.

To be ready to respond, transit agencies need written emergency response plans that include a unified command structure, and they must conduct realistic drills that are specific to their own operations. To assist transit agencies in these efforts, FTA has awarded 83 grants to fund emergency response drills. One important condition of these grants is that the drills must include the participation of local and regional police, fire and emergency response agencies. There is no doubt that the safety and security of our communities is significantly enhanced when public transportation systems are linked to police, fire, medical, and other emergency response agencies. Community-wide planning, emergency response drills, and unified emergency command centers make this critical link effective.

As you might imagine, these important links have not been established in every community. So, in addition to providing grants for emergency response drills that include these important community responders, the FTA is taking the lead to bring these key players together at emergency response planning forums around the county. With the eager participation and support of elected officials and emergency response organizations, FTA is conducting 17 Emergency Preparedness and Security Forums around the country to promote regional collaboration and coordination among emergency service responders and transit agencies. In the eight 2-day forums held to date, more than 1,200 transit leaders, law enforcement, fire, and medical emergency response personnel have begun or continued the important process of building relationships and collaborative plans for emergency response.

Technology Development and Deployment

Finally, the assessments confirmed that technology can play an important, but not an exclusive, role in transit security. There is no technological "quick fix" for security concerns, nor is there a technological proxy for an alert and well-prepared transit workforce. Furthermore, the assessments found that many transit systems can make better use of the security technology they already have. For example, all of the transit agencies that participated in the security assessment program had closed circuit television cameras to help deter and detect terrorist activity. It was not always used effectively, however.

Overall, FTA believes it can best assist transit agencies in the area of technology by continuing its programs to identify and adapt security technologies developed by other agencies and industries, such as the military, for the transit environment. FTA has been involved with security development and deployment for a number of years. Most notably, under our security initiative, FTA has accelerated the development of Project PROTECT, a chemical detection system for use in subways that was prototyped in the Washington, DC Metro system. Testing of Project PROTECT is currently being expanded to an older transit system in order to evaluate its usefulness in alternative environments. FTA has collaborated with many agencies, including the Department of Defense, the Department of Energy, and the Transportation Research Institute, to identify promising technologies that may be applicable to transit systems, and we will continue to do so.

FTA's Statutory Authority

As you are aware, the FTA is prohibited by law from regulating the day-to-day operations of a transit agency. Working within its statutory role, FTA is providing technical and financial assistance to transit agencies, which have enthusiastically participated in FTA's security assessments and initiatives.

In addition, the FTA utilizes its current statutory authority—the "power of the purse"—to ensure that certain safety and security requirements are met as a condition of grant receipt. For example, recipients of Section 5307 Urban Area formula funds must spend 1 percent of these funds on safety and security measures, unless they certify that such expenditures are unnecessary. FTA enforces this requirement through an annual certification process and triennial reviews.

FTA also has statutory authority to undertake a number of other safety and security activities, including:

- The development and delivery of safety and security curricula through the National Transit Institute at Rutgers University (49 U.S.C. 5315).
- Capital grants to transit systems for crime prevention and security (49 U.S.C. 5321).
- Investigation of whether FTA-funded equipment, facilities, or operations cause a serious hazard and, if so, requiring corrective action (49 U.S.C. 5329).
- A review of safety and security in the context of oversight program reviews for New Starts and other major capital grants (49 U.S.C. 5327(c)(2)).
- Research, development and demonstration projects in the area of safety and security (49 U.S.C. 5312).
- The creation of "joint partnership" agreements to introduce and deploy safety and security innovations with terms more favorable than may be permitted under FTA contracts, grants, or cooperative agreements (49 U.S.C. 5312(d)).
- Access to the services of experts and consultants with respect to security matters under contracts awarded by other Federal agencies, such as the Departments of Defense and Energy and FEMA (e.g., the Economy Act, 31 U.S.C. Section 1535).

The effectives of these statutory tools is evidenced by the enviable safety record of the transit industry. Indeed, with regard to fatalities, the National Safety Council reports that riding the bus is 47 times safer than traveling by car, and rail transit passengers are 23 times safer than automobile travelers. Without regulatory mandates, transit agencies, unions, and industry groups have demonstrated a remarkable level of cooperation and collaboration to ensure that public transportation is the safest mode of travel. They eagerly participate in FTA safety training programs, willingly assist in the development and distribution of best practices and other guidance, and enthusiastically seek and receive technical assistance to improve their safety practices. Over the past year, I have witnessed this same commitment with respect to security matters.

In sum, Mr. Chairman, at this time I do not believe that FTA requires additional regulatory authority. We have a variety of tools at our disposal to assist transit agencies, excellent oversight and enforcement mechanisms tied to our formula grant programs, and the enthusiastic participation of transit agencies in programs to enhance transit security. Furthermore, TSA has statutory authority to develop any

necessary standards and regulations. I would note, however, as Admiral Loy has said on numerous occasions, success depends on the support and willful compliance of the industry; we will achieve better results without mandates and regulations.

The Role of TSA in Transit Security

The Aviation and Transportation Security Act recognized the importance of security for all modes of transportation and related infrastructure. The Act established the Transportation Security Administration, consolidating overall responsibility for transportation security in a single entity. Under the leadership of Secretary Mineta and Admiral Loy, TSA is taking a practical and appropriate approach to transportation security, working closely with all of the operating administrations to prioritize security needs and resources. Admiral Loy, for example, has shown a willingness to recognize that the strong relationships forged by FTA with transit stakeholders are an essential component of TSA's success. We believe that these efforts will only be enhanced and strengthened by the creation of the President's proposed Department of Homeland Security, which will have the necessary information and resources to prioritize the full range of our Nation's security investments and activities.

FTA and TSA are working together to delineate carefully the roles and responsibilities of our agencies based on existing legal authorities and our respective core competencies. We are making very good progress. We plan to establish a strong, strategic relationship between FTA and TSA. Both agencies recognize that the Federal Government cannot achieve the desired level of security if agencies act in isolation. A strong partnership between the agencies is required, and recognition that, like safety, security must be an integral part of Federal transit programs.

Last March, Secretary Mineta reminded us that, even as we improve the security of our Nation's transportation systems, we must "renew our commitment to strengthen America's freedom of movement, and enhance the capabilities of our transportation systems to effectively grow America's economy." Together, over the coming months, FTA and TSA will pursue the President's Homeland Security Goals, focusing our efforts on: Preventing terrorist attacks through improved intelligence and information sharing; reducing the vulnerability of transit systems to terrorist attacks; and minimizing potential damage and speeding recovery should an attack occur. I am confident that FTA's partnership with the TSA will not only enhance transit security, but also, as the Secretary called upon us to do, help protect our way of life.

As our experience on September 11 demonstrated, robust public transit systems are essential to our national security. Transit trains and buses were key to the swift evacuation of the affected areas; they were used to transport emergency workers and supplies to the rescue and recovery sites; and they served as emergency triage centers and temporary shelters. We cannot, in the name of security improvements, compromise the mobility of our Nation or the viability of our public transportation systems.

Conclusion

Mr. Chairman, the Nation's transit operators are to be commended for their impressive gains in security. I am particularly pleased that these gains have been achieved through exceptional collaboration at all levels of Government, and among a variety of stakeholders, including private industry, transit unions, elected officials, law enforcement agencies, and other emergency responders.

I also want to thank the Subcommittee for the opportunity to provide this important update on transit security. I look forward to continuing to work with you to keep Americans safe and moving on public transportation.

United States General Accounting Office

GAO

Testimony

Before the Subcommittee on Housing and Transportation, Committee on Banking, Housing, and Urban Affairs, U.S. Senate

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MASS TRANSIT

Challenges in Securing Transit Systems

Statement of Peter Guerrero
Director, Physical Infrastructure Issues

GAO-02-1075T

Mr. Chairman and Members of the Subcommittee:

We appreciate the opportunity to speak with you today about mass transit safety and security in the United States. Over a year has passed since the terrorist attacks of September 11, 2001, realigned our national priorities. While most of the early attention following the September 11 terrorist attacks focused on airport security, emphasis on the other modes of transportation has since grown. Moreover, terrorist events around the world have shown that mass transit systems, like other modes of transportation, are often targets of attack. For example, roughly one-third of terrorist attacks worldwide target transportation systems, and transit systems are the mode most commonly attacked.[1] In May 2002, the Department of Transportation issued a terrorist threat advisory to the transit industry indicating that subway systems were a possible target and that the industry should remain in a heightened state of alert.

Addressing transit safety and security concerns is complicated by the nature and scope of transit in the United States. About 6,000 agencies provide transit services, such as buses, subways, ferries, and light rail in the United States. Each workday, about 14 million Americans ride on some form of transit. Because the effectiveness of transit systems depends on their accessibility, security measures common in aviation are difficult to apply. Furthermore, government agencies at the federal, state, and local levels and private companies share responsibility for transit safety and security and are involved in making transit decisions.

As you requested, my testimony today focuses on (1) challenges in securing mass transit systems, (2) steps transit agencies have taken to enhance safety and security, and (3) the federal role in transit safety and security. My comments are based on our ongoing work for the full committee and a body of work GAO has undertaken since September 11, 2001, on homeland security and combating terrorism.[2] For our ongoing work, we conducted

[1]Congressional Research Service, *Transportation Issues in the 107th Congress*, (Washington, D.C.: July 16, 2002).

[2]See "Related GAO Products" at the end of this testimony.

10 site visits at transit agencies across the country and surveyed about 200 transit agencies, among other things.[3]

Summary

Transit agencies face significant challenges in making their systems secure. Certain characteristics make them both vulnerable and difficult to secure. For example, the high ridership of some transit agencies makes them attractive targets for terrorists but also makes certain security measures, like metal detectors, impractical. Another challenge is funding identified security enhancements. Although some security improvements, such as locking bus doors at night, have little or no cost, most improvements require substantial funding. For example, one transit agency estimated that an intrusion alarm and closed circuit television system for only one of its portals would cost approximately $250,000. According to our preliminary survey results and our interviews with transit agency officials, insufficient funding is the most significant challenge in making their transit systems as safe and secure as possible. Funding security improvements is problematic for a number of reasons including tight budget environments, competing budget priorities, and the prohibition on transit agencies that serve areas with populations of 200,000 or more from using federal urbanized area formula funds for operating expenses. In addition, coordination among all transit stakeholders can also pose challenges. Through our discussions with transit agency and local government officials and our preliminary survey results, we have found substantial coordination on emergency planning among transit agencies and local governments; however, transit agencies did report some challenges, such as limited awareness of terrorist threats to transit, in coordinating with local governments.

Despite the formidable challenges in securing transit systems, transit agencies have taken a number of steps to improve the security of their systems. Transit agencies we visited were implementing strategies to improve both safety and security prior to September 11; however, the events of September 11 elevated the importance of security-related activities. As a result, the transit agencies we visited implemented new security initiatives or increased the frequency of existing activities since last September. For example, many agencies assessed vulnerabilities, provided additional training on emergency preparedness, revised emergency plans, and conducted multiple emergency drills.

[3]For more information about our ongoing work, see "Scope and Methodology" at the end of this testimony.

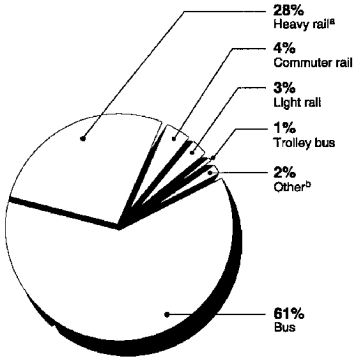
The federal government's role in transit security is evolving. For example, although the Federal Transit Administration (FTA) has limited authority to oversee and regulate transit security, it launched a multipart security initiative and increased funding for its safety and security activities since September 11. In addition, the Aviation and Transportation Security Act created the Transportation Security Administration (TSA) within the Department of Transportation and gave it responsibility for transit security; however, TSA has yet to assume full responsibility for the security of any transportation mode other than aviation. TSA and FTA are currently developing a memorandum of understanding that will define each agency's roles and responsibilities for transit security. Although most of the transit agencies we visited said FTA's security initiative has been useful, they would like the federal government to provide more assistance to support transit security, such as more information, help in obtaining security clearances, increased funding, and more security-related research and development. In considering the federal government's role in funding transit safety and security initiatives, several issues will need to be addressed, including (1) developing federal funding criteria, (2) determining the roles of stakeholders in funding transit security, and (3) selecting the appropriate federal policy instruments to deliver assistance that may be deemed necessary by policymakers (e.g., grants, tax incentives, etc.).

Background

In 2000, mass transit systems provided over 9 billion passenger trips and employed about 350,000 people.[4] The nation's transit systems include all multiple-occupancy-vehicle services designed to transport customers on local and regional routes, such as bus, trolley bus, commuter rail, vanpool, ferry boat, and light rail services, and are valued at a trillion dollars. As figure 1 shows, buses are the most utilized form of transit, providing almost two-thirds of all passenger trips.

[4]Data are preliminary.

Figure 1: Ridership by Transit Mode, 2000



Note: Data are preliminary. Percentages do not add to 100 percent due to rounding.

[a]Heavy rail is a transit mode that is an electric railway with the capacity for a heavy volume of traffic. It is characterized by high speed and rapid acceleration passenger rail cars operating singly or in multi-car trains on fixed rails; separate rights-of-way from which all other vehicular and foot traffic are excluded; sophisticated signaling; and high platform loading. Most subway systems are considered heavy rail.

[b]Other includes a variety of transit modes such as ferryboat, vanpool, and demand response (i.e., paratransit).

Source: American Public Transportation Association.

A number of organizations are involved in the delivery of transit services in the United States including federal, state, and local governments and the private sector. In particular:

- **FTA** provides financial assistance to transit agencies to plan and develop new transit systems and operate, maintain, and improve existing systems. FTA is responsible for ensuring that the recipients of federal transit funds follow federal mandates and administrative requirements. FTA's Office of Safety and Security is the agency's focal

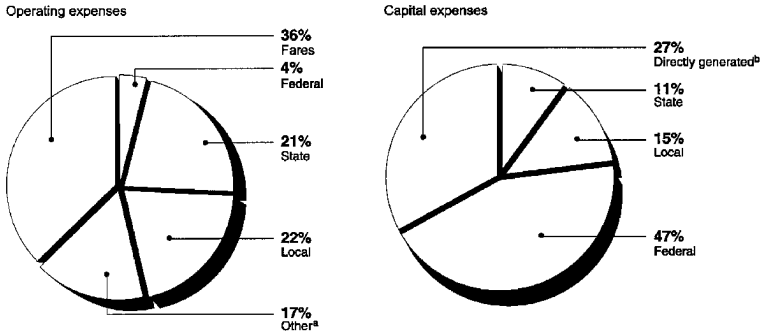
point for transit safety (freedom from unintentional danger) and security (freedom from intentional danger).

- **State and local governments** also provide a significant amount of funding for transit services. As figure 2 shows, state and local governments provide funding for over 40 percent of transit agencies' operating expenses and about a quarter of their capital expenses. According to statute, states are also responsible for establishing State Safety Oversight Agencies to oversee the safety of rail systems of transit agencies.[5]

- **Transit agencies**, which can be public or private entities, are responsible for administering and managing transit activities and services. Transit agencies can directly operate transit service or contract for all or part of the total transit service provided. About 6,000 agencies provide transit services in the United States, and the majority of these agencies provide more than one mode of service. Although all levels of government are involved in transit security, the primary responsibility for securing transit systems rests with the transit agencies.

[5] 49 U.S.C. Sec. 5330.

Figure 2: Sources of Funding for Transit Operating and Capital Expenses, 2000



Note: Data are preliminary.

[a]Other includes taxes levied directly by transit agencies and other dedicated funds, such as tolls and advertising.

[b]Directly generated expenses include nongovernmental funding, subsidies from the nontransit sectors of a transit agency's operations, taxes levied directly by a transit agency, and bridge and tunnel tolls.

Source: American Public Transportation Association.

Legislation also affects transit services, including transit safety and security. In particular, the Transportation Equity Act for the 21st Century (TEA-21) is the legislation authorizing current federal transit programs.[6] TEA-21 authorized about $36 billion for federal transit programs from fiscal year 1998 through fiscal year 2003. The largest federal transit program is the urbanized area formula grant program, which accounts for almost one-half of TEA-21's total authorizations for all transit programs. The urbanized area formula grant program provides federal funds to urbanized areas (jurisdictions with populations of 50,000 or more) for transit capital investments, operating expenses, and transportation-related planning.

[6]P.L. No. 105-178 (1998).

However, TEA-21 prohibits transit agencies that serve urbanized areas with populations of 200,000 or more from using urbanized area formula funding for operating expenses. Recipients of urbanized area formula funds are also required to spend at least 1 percent of these funds to improve the security of existing or planned mass transportation systems unless the transit agencies certify that such expenses are unnecessary.[7] Additionally, the Aviation and Transportation Security Act created TSA within the Department of Transportation and gave it responsibility for the security of all transportation modes, including transit.[8] The act also assigns regulatory authority to TSA for all transportation modes.

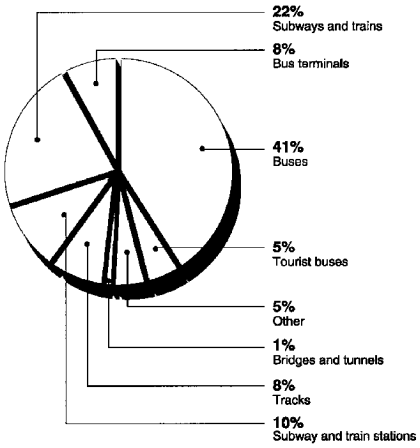
Throughout the world, public surface transportation systems have been the target of terrorist attacks. For example, the first large-scale terrorist use of a chemical weapon occurred in 1995 on the Toyko subway system. In this attack, a terrorist group released sarin gas on a subway train, killing 11 people and injuring about 5,500. In addition, according to the Mineta Transportation Institute,[9] surface transportation systems were the target of more than 195 terrorist attacks from 1997 through 2000. As figure 3 illustrates, buses were the most common target during this period.

[7] 49 U.S.C. Sec. 5307 (d)(1)(J)(i) and (ii).

[8] P.L. No. 107–71, 115 Stat. 597 (2001).

[9] The Mineta Transportation Institute was established by Congress as part of the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA). The Mineta Transportation Institute focuses on international surface transportation policy issues as related to three primary responsibilities: research, education, and technology transfer.

Figure 3: Targets of Attacks on Public Surface Transportation Systems Worldwide, 1997 to 2000



Source: Based on information from the Mineta Transportation Institute.

Transit Agencies Face Challenges in Making Transit Systems Secure

Transit agencies face significant challenges in making their systems secure. Certain characteristics of transit systems, such as their high ridership and open access, make them both vulnerable to attack and difficult to secure. The high costs of transit security improvements, coupled with tight budgets, competing needs, and a restriction on using federal funds for operating expenses in large urban areas also creates a challenge for transit agencies. Moreover, because of the numerous stakeholders involved in transit security, effective coordination can become a problem.

Characteristics of Transit Systems Pose Security Challenges

According to transit officials and transit security experts, certain characteristics of transit systems make them inherently vulnerable to terrorist attacks and difficult to secure. By design, transit systems are open (i.e., have multiple access points and, in some cases, no barriers) so that they can move large numbers of people quickly. However, the openness of transit systems can leave them vulnerable because transit officials cannot monitor or control who enters or leaves the systems. In addition, other characteristics of some transit systems—high ridership, expensive infrastructure, economic importance, and location (e.g., large metropolitan areas or tourist destinations)—also make them potentially attractive targets. Moreover, some of these characteristics make transit agencies difficult to secure. For example, the number of riders that pass through a transit system—especially during peak hours—make some security measures, such as metal detectors, impractical. In addition, the multiple access points along extended routes make the costs of securing each location prohibitive.

Further complicating transit security is the need for transit agencies to balance security concerns with accessibility, convenience, and affordability. Because transit riders often could choose another means of transportation, such as a personal automobile, transit agencies must compete for riders. To remain competitive, transit agencies must offer convenient, inexpensive, and quality service. Therefore, security measures that limit accessibility, cause delays, increase fares, or otherwise cause inconvenience could push people away from transit and back into their cars. Our discussions with transit agency officials and our preliminary survey results indicate that striking the right balance between security and these other needs is difficult. For example, a number of survey respondents reported that balancing riders' need for accessibility with security measures is a significant barrier to making their transit systems as safe and secure as possible.

Funding Security Improvements Is A Key Challenge

Funding security improvements is a key challenge for transit agencies. Our preliminary survey results and our interviews with transit agency officials indicate that insufficient funding is the most significant challenge in making their systems as safe and secure as possible. Moreover, our preliminary survey results indicate that the most common reason for not addressing items identified as needing attention through safety and security assessments is insufficient funding. Factors contributing to funding challenges include high security costs, tight budgets, competing

budget priorities, and a prohibition on transit agencies in large urban areas from using FTA funds for operating expenses.

Transit security investments can be quite expensive. While some security improvements are inexpensive, such as removing trashcans from subway platforms, most require substantial funding. For example, one transit agency estimated that an intrusion alarm and closed circuit television system for only one of its portals would cost approximately $250,000. According to our preliminary survey results, the top three safety and security funding priorities of transit agencies are enhanced communication systems, surveillance equipment, and additional training. The transit agencies we visited have identified or are identifying needed security improvements, such as upgraded communication systems, additional fencing, surveillance equipment, and redundant or mobile command centers. Of the 10 transit agencies we visited, 8 agencies had developed cost estimates of their identified improvements. The total estimated cost of the identified security improvements at the 8 agencies is about $711 million. The total cost of all needed transit security improvements throughout the country is unknown; however, given the scope of the nation's transit systems and the cost estimate for 8 agencies, it could easily amount to billions of dollars.

Transit agency officials told us that they are facing tight budgets, which make it more difficult for these agencies to pay for expensive security improvements. According to most of the agencies we visited, the weakened economy has negatively affected their revenue base by lowering both ridership and/or tax revenues dedicated to transit. In particular, 8 agencies we visited reported that ridership has dropped this year, primarily because of the slow economy. The decreased ridership levels have lowered fare box revenue. In addition, state and local sales taxes, which provide revenue for many transit agencies, have declined with the stalled economy and reduced the transit agencies' revenue, according to a number of transit agency officials.

Other competing funding needs also present a challenge for transit agencies. Given the tight budget environment, transit agencies must make difficult trade-offs between security investments and other needs, such as service expansion and equipment upgrades. For example, an official at one transit agency stated that budget shortfalls and expenditures for security improvements have delayed some needed capital projects and reduced the budgets for all departments—except the safety and security budget. Similarly, an official at another agency reported that his agency is funding

security improvements with money that was budgeted for nonsecurity projects. According to our preliminary survey results, a number of agencies view balancing safety and security priorities against other priorities as a significant challenge in making their systems as safe and secure as possible.

Another reported challenge in funding some security improvements is a statutory limitation on using FTA funds for operating expenses. Specifically, TEA-21 prohibits transit agencies in large urbanized areas from using urbanized formula funding for most operating expenses. This prohibition limits many agencies' ability to use FTA funds for some security-related expenses, such as salaries for additional security personnel and training. For example, officials from a number of agencies said this prohibition was a significant barrier to funding needed security improvements. However, several agency officials noted that the elimination of this prohibition would be helpful only if additional funding were also provided.

Coordination Is Key to Transit Security but Presents Challenges

Coordination among all stakeholders is integral to enhancing transit security, but it can create additional challenges. Numerous stakeholders are involved in decisions that affect transit security, such as decisions about its operations and funding. For example, states are responsible for establishing agencies that oversee the safety of transit systems with rail. As we have noted in previous reports, coordination among all levels of government and the private sector is critical to homeland security efforts, and a lack of coordination can create problems, such as duplication of effort.[10] In addition, the national strategy for homeland security recognizes the challenges associated with intergovernmental coordination but emphasizes the need for such coordination. According to our discussions with transit agency and local government officials and our preliminary survey results, coordination on emergency planning is generally taking place between transit agencies and local governments despite some challenges, but appears to be minimal between transit agencies and governments at the regional, state, and federal levels.

According to our site visits and preliminary survey results, transit agencies and local governments are coordinating their emergency planning efforts.

[10]See "Related GAO Products" at the end of this testimony.

Our preliminary survey results indicate that the majority of transit agencies have directly coordinated emergency planning at the local level and believe they have been sufficiently integrated into their local government's emergency plans. Likewise, 9 of the 10 transit agencies we visited said they are well integrated into their local government's emergency planning. Officials from these 9 transit agencies noted that their agencies are included in their local government's emergency planning activities, such as emergency drills, tabletop exercises, planning meetings, and task forces. For example, when Minneapolis held an emergency drill that simulated a biological attack on the city, Metro Transit transported "victims" to hospitals, even taking some victims to out-of-state hospitals because the local hospitals were at capacity. Transit agency and local government officials said their past experiences with weather emergencies and/or special events, like Super Bowl celebrations, helped establish their good working relationships. According to the officials, these past experiences have demonstrated the types of support services transit agencies can provide during emergencies, including evacuation, triage centers, victim transport and shelters. However, officials said these working relationships are usually informal and undocumented. For example, the majority of the transit agencies we visited did not have a memorandum of understanding with their local government.

Although transit agencies are generally active participants in emergency planning at the local level, they nevertheless face some coordination challenges. According to our preliminary survey results, among the most significant challenges in coordinating emergency planning at the local level are insufficient funding, limited awareness of terrorist threats to transit, lack of coordination among various local agencies, and lack of time. Similar concerns were often raised during our meetings with transit agencies. For example, one agency official noted that his agency operates in over 40 jurisdictions and that coordinating with all of these local governments is very time consuming.

In contrast to coordination at the local level, coordination among transit agencies and governments at the regional, state, and federal levels on emergency planning appears to be minimal. Most of the transit agencies we visited reported limited coordination with governments outside of their local governments. In addition, our preliminary survey results indicate that the majority of survey respondents have not directly coordinated emergency planning at the regional, state, or federal levels. As we have reported in past reports on homeland security, lack of coordination among stakeholders could result in communication problems, duplication, and

fragmentation. Without coordination, transit agencies and governments also miss opportunities to systematically identify the unique resources and capacities that each can provide in emergencies.

Transit Agencies Are Taking Steps to Secure Systems

Prior to September 11, all 10 transit agencies we visited were implementing measures to enhance transit safety and security, such as revising emergency plans and training employees on emergency preparedness. Transit agency officials often noted that the 1995 sarin gas attack on the Tokyo subway system or their agency's experiences during natural disasters had served as catalysts for focusing on safety and security. Although safety and security were both priorities, the events of September 11 elevated the importance of security.

Since September 11, transit agencies we visited have taken steps to further improve transit safety and security. All of the transit agencies we visited have been operating at a heightened state of security since last September. According to officials from the agencies we visited, their agencies have also initiated a number of safety and security measures, including:

- **Vulnerability assessments:** External or internal vulnerability assessments have been conducted. The purpose of these assessments is to identify potential vulnerabilities and corrective actions or needed security improvements. Improved communication systems, more controlled access to facilities, and additional training are some of the needs identified in the assessments of the agencies we visited.

- **Fast-track security improvements**: Security improvements planned or in process prior to September 11, were moved up on the agenda or finished early. For example, one agency, which was putting alarms on access points to the subway ventilation system before September 11, completed the process early.

- **Immediate, inexpensive security improvements**: Agencies implemented immediate and inexpensive security improvements. Removing bike lockers and trashcans from populated areas, locking underground restrooms, and closing bus doors at night are among the immediate and inexpensive improvements that agencies have made.

- **Intensified security presence:** Many agencies have increased the number of police or security personnel who patrol their systems. Surveillance equipment, alarms, or security personnel have been placed

at access points to subway tunnels, bus yards, and other nonpublic places. Employees have also been required to wear identification cards or bright colored vests for increased visibility.

- **Increased emergency drills:** Many agencies have increased the frequency of emergency drilling—both full-scale drills and tabletop exercises. For example, one agency we visited has conducted four drills since September 11. Agencies stressed the importance of emergency drilling as a means to test their emergency plans, identify problems, and develop corrective actions.

- **Revised emergency plans:** Agencies reviewed their emergency plans to determine what changes, if any, needed to be made. Some agencies updated their emergency plans to include terrorist incident protocols and response plans.

- **Additional training:** Agencies participated in and conducted additional training on antiterrorism. For example, all 10 of the agencies we visited had participated in the antiterrorism seminars sponsored by FTA or the American Public Transportation Association. In addition, one agency's police force has received training on al Queda attack behavior patterns.

Federal Government's Role in Transit Security Is Evolving

The federal government's role in transit security is evolving. For example, FTA has expanded its role in transit security since September 11 by launching a multipart security initiative and increasing the funding for its safety and security activities. In addition, the Aviation and Transportation Security Act gave TSA responsibility for transit security; however, TSA's role and responsibilities have not yet been defined. Although the transit agencies we visited were generally pleased with FTA's assistance since September 11, they would like the federal government to provide more assistance, including providing more information and funding. As the federal government's role in transit safety and security initiatives evolves, policymakers will need to address several issues, including (1) federal funding criteria, (2) the roles of stakeholders in funding transit security, and (3) the appropriate federal policy instrument to deliver assistance deemed appropriate.

FTA Has Limited Authority but Has Initiated a Variety of Transit Safety and Security Activities

FTA has limited authority to regulate and oversee safety and security at transit agencies. According to statute, FTA cannot regulate safety and security operations at transit agencies.[11] However, FTA may institute nonregulatory safety and security activities, including safety- and security-related training, research, and demonstration projects. In addition, FTA may promote safety and security through its grant-making authority. Specifically, FTA or legislation may stipulate conditions of grants, such as certain safety and security requirements, and FTA may withhold funds for noncompliance with the conditions of a grant.[12] For example, transit agencies must spend 1 percent of their urbanized area formula funds on security improvements.[13] FTA is to verify that agencies comply with this requirement and may withhold funding if it finds agencies that are not in compliance.[14] FTA officials stated that FTA's authority to sponsor nonregulatory activities and to stipulate the conditions of grants is sufficient for the safety and security work they need to accomplish.[15]

Despite its limited authority, FTA established a number of safety and security programs prior to September 11. For example, FTA offered voluntary security assessments, sponsored training at the Transportation Safety Institute, issued written guidelines to improve emergency response planning, and partially funded a chemical detection demonstration project, called PROTECT, at the Washington Metropolitan Area Transit Authority. Although FTA maintained both safety and security programs prior to September 11, its primary focus was on the safety rather than the security programs. This focus changed after September 11.

[11] 49 U.S.C. sec. 5324(c).

[12] 49 U.S.C. sec. 5324(c) and 49 U.S.C. sec. 5327(c)(2).

[13] 49 U.S.C. sec. 5307 (d)(1)(J)(i) and (ii).

[14] According to FTA officials, FTA verifies that agencies spend at least 1 percent of their urbanized area formula funds on security improvements during its triennial review. FTA's triennial review is a full review and evaluation of grantees' performance in carrying out projects, including specific references to compliance with statutory and administration requirements.

[15] FTA also has authority to enter into "other agreements" with transit agencies to introduce innovative methods for safety and security on negotiated terms and conditions more favorable to nonfederal participants than are authorized under FTA contracts, grants, or cooperative agreements under 49 U.S.C. sec. 5312(d), and FTA may work with other federal agencies in developing defenses and responses to terrorist incidents.

In response to the terrorist attacks on September 11, FTA launched a multipart transit security initiative last fall. The initiative includes security assessments, planning, drilling, training, and technology:

- **Security assessments:** FTA deployed teams to assess security at 36 transit agencies. FTA chose the 36 agencies on the basis of their ridership, vulnerability, and the potential consequences of an attack.[16] Each assessment is to include a threat and vulnerability analysis, an evaluation of security and emergency plans, and a focused review of the agency's unified command structure with external emergency responders. FTA plans to extend the assessments to additional agencies after the first 36 assessments are complete.

- **Emergency response planning:** FTA is providing technical assistance to the top 60 transit agencies on security and emergency plans, and emergency response drills.

- **Emergency response drills:** FTA offered transit agencies grants (up to $50,000) for organizing and conducting emergency preparedness drills. According to FTA officials, FTA has awarded $3.4 million to over 80 transit agencies through these grants.

- **Security training:** FTA is offering free emergency preparedness and security training to transit agencies through its Connecting Communities Forums. These forums are being offered throughout the country and are designed to bring together small and medium-sized transit agency personnel with their local emergency responders, like local fire and police. The purpose of the forums is to give the participants a better understanding of the roles played by transit agencies and emergency responders and allow the participants to begin developing the plans, tools, and relationships necessary to respond effectively in an emergency. In addition, FTA is working with the National Transit Institute and the Transportation Safety Institute to expand safety and security course offerings. For example, the National Transit Institute is now offering a security awareness course to front line transit employees free of charge.

[16]A professional team of antiterrorism, transit operations, and emergency response experts conducts each assessment.

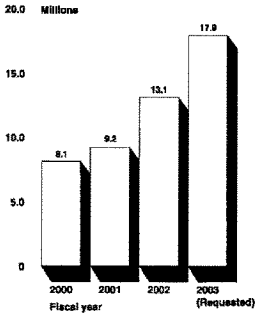
- **Research and development:** FTA increased the funding of its safety- and security-related technology research and has accelerated the deployment of the PROTECT system.

FTA also increased the funding of its safety and security activities after the attacks of September 11. For example, FTA reprioritized fiscal year 2002 funds from its other programs to its safety and security activities after the attacks. In addition, the Department of Defense and Emergency Supplemental Appropriations Act of 2002 (DOD supplemental) provided $23.5 million for (1) the replacement of buses and kiosks in New York destroyed in the terrorist attacks, (2) emergency response drills, (3) security training for transit operators, and (4) the acceleration and expansion of chemical detection technology for transit stations.[17] Specifically, $4.8 million of the DOD supplemental was provided for new buses and kiosks in New York and $4 million was allocated to the continued development of chemical detection technology. FTA used the remainder of the DOD supplemental to fund its multipart security initiative. Finally, FTA sought additional funding for its safety and security activities in its fiscal year 2003 budget request. As figure 4 shows, if FTA receives the amount of funding it requested for fiscal year 2003, its funding of safety and security activities will have increased over 100 percent from fiscal year 2000 through fiscal year 2003—increasing from $8.1 million to $17.9 million.[18]

[17]Department of Defense and Emergency Supplemental Appropriations for Recovery from and Response to Terrorist Attacks on the United States Act 2002 (P.L. 107-117, H.R. Conference Report 107-350). The DOD supplemental also provided $39.1 million to the Washington Metropolitan Area Transit Authority for region-wide security requirements, including $5 million for protective clothing and breathing apparatus, $2.2 million for completion of the fiber optic network project, $15 million for a chemical emergency sensor program and $16.9 million for increased employee and facility security. On August 2, 2002, the president signed into law the 2002 Supplemental Appropriations Act for Further Recovery From and Response To Terrorist Attacks on the United States (P.L.107-206, H.R. 4775), which set aside $15 million for grants to enhance security for intercity bus operations.

[18]Includes FTA's funding of its safety and security activities and oversight.

Figure 4: Funding of FTA's Safety and Security Activities, 2000 to 2003



Note: Data include FTA's funding of its safety and security activities and oversight.

Source: GAO's analysis of FTA budget data.

TSA's Role In Transit Security Has Yet to Be Defined

TSA is responsible for the security of all modes of transportation, including transit. The Aviation and Transportation Security Act created TSA within the Department of Transportation and defined its primary responsibility as ensuring security in all modes of transportation. The act also provides TSA regulatory authority over transit security, which FTA currently does not possess. Since its creation last November, TSA has primarily focused on improving aviation security in order to meet the deadlines established in the Aviation and Transportation Security Act.[19] As a result, TSA has not yet assumed full responsibility for security in other modes of transportation, such as transit.

TSA's role in transit security is evolving. For transit security, the Aviation and Transportation Security Act does not specify TSA's role and

[19]For more information on TSA's role in aviation security, see: U.S. General Accounting Office. *Aviation Security: Transportation Security Administration Faces Immediate and Long-Term Challenges.* GAO-02-971T. Washington, D.C.: July 25, 2002.

responsibilities as it did for aviation security. For example, the act does not set deadlines for TSA to implement certain transit security requirements. Similarly, although the President's National Strategy for Homeland Security states that the federal government will work with the private sector to upgrade security in all modes of transportation and utilize existing modal relationships and systems to implement unified, national standards for transportation security, it does not outline TSA's or the proposed Department of Homeland Security's role in transit security.[20] The strategy only states that TSA is responsible for securing our nation's transportation systems and that under the President's proposal TSA will become part of the Department of Homeland Security.

To help define its role in transit security, TSA is currently working with FTA to develop a memorandum of understanding. The memorandum of understanding will define the roles and responsibilities of each agency in transit security. TSA and FTA officials expect the memorandum of understanding to be completed by mid-September. According to a TSA official, the memorandum of understanding between FTA and TSA would likely remain intact if TSA moves to the proposed Department of Homeland Security, although the final decision would be up to the new Secretary of Homeland Security.

Transit Agencies Said the Federal Government Should Provide More Information and Assistance

The transit agencies we visited were generally pleased with the assistance FTA has provided since September 11. However, officials from these agencies said the federal government could do more in helping them secure their transit systems. They suggested, for example, that the federal government provide additional information on a number of issues; help with security clearances; supply increased funding for security improvements; and invest more in security-related research and development.

Officials from the transit agencies we visited reported a need for the federal government to disseminate additional information on topics ranging from available federal grants to appropriate security levels for individual agencies. A recurring theme was for the federal government to establish a clearinghouse or similar mechanism that maintains and disseminates the

[20]The strategy states that the proposed Department of Homeland Security will coordinate closely with the Department of Transportation, which will remain responsible for transportation safety.

identified information. Specifically, officials expressed a need for the federal government to provide additional information on the following topics:

- **Federal grants:** Officials from several transit agencies stated that information on available grants that can be used for transit safety and security improvements would be useful, noting that it is challenging and time consuming to locate these grants. For example, an assistant general manager stated that she spends too much of her time searching the internet for grants available for transit.

- **Cutting-edge technology:** Officials from a number of agencies said the federal government should provide information on the latest security technologies. For example, officials from one agency said this is needed because they have been bombarded by vendors selling security technology since September 11; however, the officials said they were unsure about the quality of the products, whether the products were needed, or whether the products would be outdated next year.

- **Best practices:** A number of officials said that information on transit security best practices would be beneficial. According to FTA officials, the assessments of the 36 transit agencies are helping them identify best practices and FTA plans to develop a mechanism to share such practices with the transit industry.

- **Intelligence:** Transit officials from a number of agencies stated that the federal government should provide additional information on threats to their transit agencies or cities. Officials also commented that "real time" information on attacks against other transit agencies would be useful. According to an FTA official, FTA is currently developing a system to share timely intelligence with transit agencies.

- **Level of security:** Transit officials from a few agencies told us that it would be helpful for the federal government to provide information on the appropriate level of security for their agencies. For example, officials at one agency questioned whether they needed to continue to post guards—24 hours a day, 7 days a week—at the entrance and exit of their tunnel, a practice instituted when the Department of Transportation issued a threat advisory to the transit industry in May 2002. Similarly, our preliminary survey results indicate that uncertainty about what level of security is appropriate is a challenge for transit agencies.

- **Decontamination practices:** Several transit agency officials stated that they need information on decontamination protocols. For example, one agency official noted that information is needed on how to determine if the system is "clean" after a chemical or biological attack.

A number of transit officials also expressed a need for the federal government to help them obtain security clearances. As we have reported in our previous work on homeland security, the lack of security clearances among state and local officials has been reported as a barrier to obtaining critical intelligence information. The inability to receive any classified threat information could hamper agencies' emergency preparedness capability. This was illustrated by an incident at one of the transit agencies we visited. In this incident, a bomb threat was made against a major building in the transit agency's city. However, because the transit agency officials did not have necessary security clearances, the FBI did not inform them of this threat until about 40 minutes before the agency was requested to help evacuate the building. According to transit agency officials, the lack of advance notice negatively affected their agency's ability to respond. Fortunately, in this case, the threat was not carried out. Proposed legislation (H.R 3483) provides that the Attorney General expeditiously grant security clearances to governors who apply for them and to state and local officials who participate in federal counterterrorism working groups or regional task forces.[21]

Officials from the transit agencies we visited also said additional federal funding is needed. As noted earlier, many of the transit agencies we visited are experiencing tightened budget environments, which makes it more difficult to fund safety and security needs. Moreover, according to our preliminary survey results, insufficient funding is the most significant obstacle agencies face in trying to make their systems more safe and secure. Congress has already made additional funding available for transit security purposes—about $24 million through the fiscal year 2002 DOD supplemental. The majority of this amount—about $18 million—funded FTA's multipart security initiative.

[21]According to the Department of Transportation, the Aviation and Transportation Security Act gives TSA the authority to disclose sensitive security information to approved officials from federal, state, and local governments and the private sector on a "need to know" basis, even if the officials do not have clearances.

On a similar note, officials from several of the agencies we met with said the federal government should be investing more in security-related research and development. Agency officials noted that individual transit agencies do not have the resources to devote to research and development. Moreover, the officials said this is an appropriate role for the federal government, since the products of research and development endeavors will likely benefit the entire transit community, not just individual agencies. Currently, FTA's Office of Technology is the agency's focal point for research and development and is responsible for identifying and supporting technological innovations, including safety and security innovations. According to FTA documents, the Office of Technology's obligations for safety and security technologies have increased from $680,000 in fiscal year 2000 to an estimated $1.1 million in fiscal year 2002. FTA's fiscal year 2003 budget request includes about $4.2 million for the Office of Technology's safety and security technologies, representing a 272 percent increase from fiscal year 2002.

Critical Decisions Remain About Federal Government's Role in Funding Transit Security Improvements

Important funding decisions for transit safety and security initiatives remain. As discussed earlier, some transit security enhancements are expensive, and transit agencies have limited funds to pay for these improvements. Consequently, the federal government will likely be viewed as a source of funding for at least some of these improvements. These improvements join the growing list of security initiatives competing for federal assistance. In considering the federal government's role in funding transit safety and security initiatives, policymakers will need to address several issues. These issues include developing federal funding criteria, determining the roles of stakeholders in funding transit security, and selecting the appropriate federal policy instrument to deliver assistance.

Because requests for federal dollars for transit security improvements may exceed available resources, criteria for distributing federal funds will also be needed. The total cost of all the needed transit security improvements throughout the country is unknown. However, given the size of the nation's transit systems, it could easily cost billions of dollars. Transit agency officials we met with identified a number of possible federal funding criteria that could be used to distribute federal funding, including ridership levels, the population of the city the transit agency serves, identified vulnerabilities of the agency, potential for mass casualties, and assets of the agency (e.g., tunnels and bridges). In general, the transit agency officials we spoke to believed the funding criteria should direct federal dollars to agencies that are most at risk and/or most vulnerable to a terrorist attack.

The identified criteria are in line with using a risk management approach—a systematic process to analyze threats, vulnerabilities, and the criticality (or relative importance) of assets to better support key decisions linking resources with prioritized efforts for results. We have advocated using a risk management approach to guide federal programs and responses to better prepare against terrorism and other threats and to better direct finite national resources to areas of highest priority.[22] FTA has not developed criteria or an approach to distribute federal funds for transit security improvements.

The roles of stakeholders in funding transit safety and security will also need to be established. Because all levels of government and the private sector are concerned about transit safety and security, it may be difficult to determine who should finance security activities. Given the importance of transit to our nation's economic infrastructure, some have argued that the federal government should pay for protective measures for transit. Transit officials we spoke with said that the federal government should provide additional funding for security needs. In contrast, some of the benefits of transit systems, such as employment and reduced congestion, remain within the locality or region. In addition, private companies that own transit systems could directly benefit from security measures because steps designed to thwart terrorists could also prevent others from stealing goods or causing other kinds of economic damage.

Another important consideration is the design of policy instruments to deliver assistance. Our previous work on federal programs suggests that the choice and design of policy instruments have important consequences for performance and accountability. The federal government has a variety of policy tools, including grants, loan guarantees, tax incentives, and partnerships, to motivate or mandate other lower levels of government or the private sector to help address security concerns. The choice and design of policy tools can enhance the government's capacity to (1) target the areas of highest risk to better ensure that scarce federal resources address the most pressing needs, (2) promote shared responsibilities by all parties, and (3) track and assess progress toward achieving national goals. Regardless of the tool selected, however, specific safeguards and clear

[22]U.S. General Accounting Office. *Homeland Security: A Risk Management Approach Can Guide Preparedness Efforts.* GAO-02-208T. Washington, D.C.: October 31, 2001; and U.S. General Accounting Office. *Combating Terrorism: Threat and Risk Assessments Can Help Prioritize and Target Program Investments.* GAO/NSIAD-98-74. Washington, D.C.: April 9, 1998.

accountability requirements, such as establishing the terms and conditions of federal participation, are needed to protect federal interests.

Observations

In conclusion, Mr. Chairman, securing the nation's transit system is not a short-term or easy task. Many challenges must be overcome. FTA and the transit agencies we visited have made a good start in enhancing transit security, but more work is needed. Transit agencies' calls for increased funding join the list of competing claims for federal dollars and difficult trade-offs will have to be made to ensure that finite resources are directed to the areas of highest priority. Next year's reauthorization of TEA-21 provides an opportunity to examine the federal government's role in funding transit security improvements. Because requests for federal assistance will probably exceed available resources, criteria will be needed for determining which transit security improvements merit federal funds. In addition, the federal government could take additional actions to assist transit agencies as they press forward with their security improvements, such as providing additional information on security matters and removing the prohibition on using urbanized area formula funds for operating expenses. We will continue to monitor these issues for the committee and expect to issue our final report in January 2003, which may include recommendations on actions that the federal government and/or the other transit stakeholders can take to improve transit security.

Scope and Methodology

To address our objectives, we visited 10 transit agencies across the country, including the Bay Area Rapid Transit in Oakland; Municipal Railway in San Francisco; Metropolitan Transportation Authority in Los Angeles; Regional Transportation District in Denver; Metro Transit in Minneapolis; Chicago Transit Authority in Chicago; Capital Metro in Austin; New York City Transit in New York; Central Florida Regional Transit Authority in Orlando; and Washington Metropolitan Area Transit Authority in the District of Columbia. We selected these agencies because they represent different geographical areas and operate transit systems of different sizes and modes. During our site visits, we interviewed key officials from the transit agencies and the respective cities' government and reviewed the transit agencies' emergency plans. In addition, we surveyed a random sample (about 200) of all transit agencies throughout the nation that are eligible to

receive federal urbanized area formula funds[23] to obtain additional information on safety and security issues. To date, we have a response rate of over 70 percent. We are currently analyzing our survey results; therefore,survey data presented in this statement are preliminary.[24] Additionally, we analyzed FTA budget data, safety and security documents, and applicable statutes and regulations. We also reviewed research on terrorism and attended transit security forums sponsored by the American Public Transportation Association and FTA. Finally, we interviewed FTA, TSA, and Department of Transportation officials and representatives from the American Pubic Transportation Association, National Governors Association, the Mineta Transportation Institute, RAND, the University of California at Los Angeles, and the Amalgamated Transit Union.

We conducted our review from May 2002 through September 2002 in accordance with generally accepted government auditing standards.

This concludes my prepared statement. I would be pleased to respond to any questions you or other Members of the Committee may have.

For information about this testimony, please contact Peter Guerrero, Director, Physical Infrastructure Issues, on (202) 512-2834. Individuals making key contributions to this testimony included Karin Bolwahnn, Nikki Clowers, Michelle Dresben, Elizabeth Eisenstadt, Michele Fejfar, Susan Fleming, David Hooper, Wyatt Hundrup, Hiroshi Ishikawa, and Sara Ann Moessbauer.

[23]The urbanized area formula program provides federal funds to urbanized areas (jurisdictions with populations of 50,000 or more) for transit capital investments, operating expenses, and transportation-related planning.

[24]We plan to issue our written report, including complete survey results, to the full committee in January 2003.

Related GAO Products

Homeland Security

Homeland Security: Effective Intergovernmental Coordination is Key to Success. GAO-02-1013T. Washington, D.C.: August 23, 2002.

Port Security: Nation Faces Formidable Challenges in Making New Initiatives Successful. GAO-02-993T. Washington, D.C.: August 5, 2002.

Chemical Safety: Emergency Response Community Views on the Adequacy of Federally Required Chemical Information. GAO-02-799. Washington, D.C.: July 31, 2002.

Homeland Security: Critical Design and Implementation Issues. GAO-02-957T. Washington, D.C.: July 17, 2002.

Homeland Security: Title III of the Homeland Security Act of 2002. GAO-02-927T. Washington, D.C.: July 9, 2002.

Homeland Security: Intergovernmental Coordination and Partnerships Will Be Critical to Success. GAO-02-899T. Washington, D.C.: July 1, 2002.

Homeland Security: New Department Could Improve Coordination but May Complicate Priority Setting. GAO-02-893T. Washington, D.C.: June 28, 2002.

Homeland Security: Proposal for Cabinet Agency Has Merit, but Implementation Will be Pivotal to Success. GAO-02-886T. Washington, D.C.: June 25, 2002.

Homeland Security: Key Elements to Unify Efforts Are Underway but Uncertainty Remains. GAO-02-610. Washington, D.C.: June 7, 2002.

National Preparedness: Integrating New and Existing Technology and Information Sharing into an Effective Homeland Security Strategy. GAO-02-811T. Washington, D.C.: June 7, 2002.

Homeland Security: Responsibility and Accountability for Achieving National Goals. GAO-02-627T. Washington, D.C.: April 11, 2002.

National Preparedness: Integration of Federal, State, Local, and Private Sector Efforts Is Critical to an Effective National Strategy for Homeland Security. GAO-02-621T. Washington, D.C.: April 11, 2002.

Homeland Security: Progress Made; More Direction and Partnership Sought. GAO-02-490T. Washington, D.C.: March 12, 2002.

Homeland Security: Challenges and Strategies in Addressing Short- and Long-Term National Needs. GAO-02-160T. Washington, D.C.: November 7, 2001.

Homeland Security: A Risk Management Approach Can Guide Preparedness Efforts. GAO-02-208T. Washington, D.C.: October 31, 2001.

Homeland Security: Key Elements of a Risk Management Approach. GAO-02-150T. Washington, D.C.: October 12, 2001.

Homeland Security: A Framework for Addressing the Nation's Issues. GAO-01-1158T. Washington, D.C.: September 21, 2001.

Combating Terrorism

Combating Terrorism: Preliminary Observations on Weaknesses in Force Protection for DOD Deployments Through Domestic Seaports. GAO-02-955T. Washington, D.C.: July 23, 2002.

Combating Terrorism: Intergovernmental Cooperation in the Development of a National Strategy to Enhance State and Local Preparedness. GAO-02-550T. Washington, D.C.: April 2, 2002.

Combating Terrorism: Enhancing Partnerships through a National Preparedness Strategy. GAO-02-549T. Washington, D.C.: March 28, 2002.

Combating Terrorism: Critical Components of a National Strategy to Enhance State and Local Preparedness. GAO-02-548T. Washington, D.C.: March 25, 2002.

Combating Terrorism: Intergovernmental Partnership in a National Strategy to Enhance State and Local Preparedness. GAO-02-547T. Washington, D.C.: March 22, 2002.

Combating Terrorism: Key Aspects of a National Strategy to Enhance State and Local Preparedness. GAO-02-473T. Washington, D.C.: March 1, 2002.

Combating Terrorism: Considerations for Investing Resources in Chemical and Biological Preparedness. GAO-01-162T. Washington, D.C.: October 17, 2001.

Combating Terrorism: Selected Challenges and Related Recommendations. GAO-01-822. Washington, D.C.: September 20, 2001.

Combating Terrorism: Actions Needed to Improve DOD's Antiterrorism Program Implementation and Management. GAO-01-909. Washington, D.C.: September 19, 2001.

RESPONSE TO WRITTEN QUESTIONS OF SENATOR REED FROM JENNIFER L. DORN

Q.1. Does FTA know how much transit agencies are spending on safety and security improvements?

A.1. The law requires every Federal transit recipient of urbanized formula funds to spend at least 1 percent of its funding on security projects, unless the grantee can demonstrate to the Secretary's satisfaction that the expenditure is unnecessary. FTA reviews and monitors the grantee's program to be sure they have met the statutory minimum spending but in the past we have not maintained records or requested reports on total capital security and spending.

Mindful of the need to ensure that transit agencies are focusing increased attention security, we have determined that a grantee will not be able to "certify out" of this spending requirement, unless it can demonstrate that an equivalent amount from other funding sources is being used for security projects.

We are also enhancing our oversight by now requiring grantees to identify the specific security projects for which the expenditure is made. This will allow the FTA to track trends in security expenditures, which will assist us in refining our technical assistance programs.

Q.2. Does transit security have to have its own dedicated source of funding?

A.2. The FTA currently has the flexibility to provide funding for security, although transit security expenditure determinations are primarily a local issue. FTA's formula capital grants are available for transit agencies to use for capital security projects, and transit agencies in areas with populations less than 200,000 may use these formula funds for operating expenses, including security operations.

In addition, the FTA provides training, technical assistance, guidance materials, and research to help transit agencies address their security needs. As we work with the Transportation Security Administration (TSA), we will continue to assess and evaluate transit vulnerabilities, and we will make funding recommendations, as appropriate.

Q.3. Does the FTA believe that it or the TSA should distribute any current or future dedicated transit security funds?

A.3. FTA's current security programs have provided a strong basis for the transit industry to respond to the new security challenges after September 11. The creation of TSA and the proposals for the Department of Homeland Security will provide additional programs and resources to assist the transit industry. The FTA and TSA are working cooperatively to establish common sense approaches that balance security with the realities of an open, and accessible transit system.

As TSA develops and prioritizes overall transportation security issues, the FTA will continue to exercise leadership in the area of transit safety and security. We plan to establish a strong, strategic relationship with TSA. Both agencies recognize that the Federal Government cannot achieve the desired level of security if agencies

act in isolation. Our strong partnership recognizes that, like safety, security must be an integral part of Federal transit programs.

I believe that as we continue to work cooperatively to synergize our respective security responsibilities, we anticipate that FTA is likely to be in the best position to administer TSA's grants to transit agencies through our established grant procedures. This will ensure that the TSA's grant process is as efficient as possible for transit grantees.

Q.4. Should the requirement that transit agencies spend 1 percent of their urbanized area formula funds on security be changed? What is an adequate percentage of urbanized formula funds that should be spent on security?

A.4. For many transit systems, FTA's minimum 1 percent requirement is adequate. Recognizing that security is largely a local issue, our assessments found that many transit systems spend beyond the FTA minimum requirement.

As I indicated previously, the effectiveness of safety and security cannot be determined by the amount of money spent; however, after September 11 many transit systems have refocused their efforts in this area and have made tremendous progress in improving their security posture. We will continue to assess funding needs and make recommendations, as appropriate.

Q.5. What challenges has the FTA faced in obtaining and disseminating intelligence information?

A.5. Our security assessments revealed that timely and specific sharing of threat information and intelligence is needed at both the national and local level. Often, the most pertinent information is available from other local officials, especially local police and other law enforcement agencies.

To establish this information flow, FTA has worked with the FBI to create collaborative relationships between transit agencies and local FBI officials and other law enforcement officials. We will continue to encourage and build upon these local relationships.

In addition, the FTA receives and distributes DOT's threat and intelligence information directly to transit agencies through the Transportation Security Information Report (TSIR) system. The FTA also participates in the Transportation Information Operations Center (TIOC), which collects and distributes emergency and threat information to all transportation modes. Both of these systems have been tested and used numerous times over the last year.

FTA is also working with the American Public Transportation Association to include public transit in the Surface Transportation Information Sharing and Analysis Center (ST–ISAC). The ST–ISAC will provide transit specific intelligence and analysis to the transit industry, the ST–ISAC will also establish communication links with transit agencies to collect and share security and intelligence information among transit agencies.

Q.6. What is the feasibility of sharing information on new technologies with transit agencies and of FTA working with other Federal agencies to establish decontamination standards? If feasible, when could these efforts begin?

A.6. FTA is already working to share information with other Federal agencies on new technologies to enhance transit security. We are currently partnering with the Department of Energy (DOE) on the PROTECT chemical detection system, as well as the development of standard protocols and procedures for handling suspicious substances.

The FTA will continue to work with the DOE and the Environmental Protection Agency to apply the technologies, and plans to share information on decontamination and detection in transit environments in fiscal year 2003.

Q.7. Has FTA experienced any problems with coordination among other Federal agencies?

A.7. The FTA has found other Federal agencies very eager to help, coordinate, and learn from each other. Within the Department of Transportation, a number of interagency groups are working to address issues that cross modal boundaries, such as intelligence sharing, credentialing, Intelligent Transportation Systems, and research. We are also working with theDOE and the FBI on research, communications, and intelligence projects.

RESPONSE TO WRITTEN QUESTION OF SENATOR SARBANES FROM JENNIFER L. DORN

Q.1. Administrator Dorn, in your response before the Committee, you indicated that annual capital investment needs for rural operators over the next 20 years are estimated to be $241 million to maintain the conditions and performance of those systems. What is the estimated cost to improve conditions and performance of rural operators? I am also interested in knowing how these estimates were generated. Does the Federal Transit Administration regularly collect data on rural ridership, vehicle conditions, service areas and other relevant measures? If not, what is the basis for the estimate of rural needs?

A.1. The capital investment requirements for rural operators are estimated to be $782 million in 2000 dollars to Improve Conditions and Performance to an average level of "good." FTA does not regularly collect data on rural ridership, vehicle condition, and other pertinent measures. For this report, FTA uses data on rural transit collected through surveys by the Community Transportation Association of America (CTAA). The most recent survey was in 2000; the previous survey was conducted in 1944. These data include the number and age of rural transit vehicles, according to vehicle type, such as buses classified according to size or vans.

Investment requirements for rural areas presented in the current Conditions and Performance Report were based on the data collected by CTAA in 2000. Requirements were determined by estimating the number of vehicles that will need to be replaced in each year over the 20-year investment period, and multiplying the total number of vehicles in each category by an estimated average vehicle purchase price. Average purchase prices were based on information reported to FTA by transit operators for vehicle purchases made between 1998 to 2000.

The number of rural vehicles that will need to be purchased to Maintain or Improve Conditions is calculated by dividing the total

number of each type of vehicle by its replacement age, with different assumptions made about the replacement ages required to Maintain or Improve Conditions. The replacement age to Maintain Conditions is assumed to be higher than the industry recommended replacement age because surveys have revealed that transit vehicles are often kept beyond their recommended useful life. The Maintain Conditions replacement age is calculated by multiplying the industry recommended replacement age for each vehicle type by the ratio of the average age to the industry recommended age of large buses. The replacement age to Improve Conditions is assumed to equal the industry-recommended replacement age.

The Improve Conditions scenario also assumes additional vehicle purchases in the first year to eliminate the backlog of overage vehicles. The number of vehicles necessary to Improve Performance was estimated by increasing fleet size by an average annual rate 3.5 percent over the 20-year projection period. The 1944 study by CTAA, and more recent studies examining rural transit investment requirements in five States, identified considerable unmet rural transit needs in areas where there is either no transit coverage or substandard coverage. The assumed 3.5 percent growth to fulfill these unmet rural investment requirements is less than half the 7.8 percent average annual increase in the number of rural vehicles in active service between 1994 and 2000, but is believed to be sufficient since the population of rural areas is declining. Between 1990 and 2000, the population in areas with less than 50,000 inhabitants decreased by 3.4 percent.

RESPONSE TO WRITTEN QUESTIONS OF SENATOR CORZINE FROM JENNIFER L. DORN

Q.1. Senator Torricelli and myself were able to obtain $100 million for life safety upgrades to the 100 year old Amtrak tunnels under the Hudson and East Rivers in the New York City Region. The Administration had made $77 million of that available for reimbursement to Amtrak. Can you tell how much of that has been released and when the remaining $23 million will be available?

A.1. The entire $77 million is available to Amtrak, although only $26 million has been "released" (that is, cash provided to Amtrak) to date. (The grant provides funds to Amtrak as its bills come due). FRA's grant agreement with Amtrak was for $77 million because this was the amount Amtrak believed it could obligate in fiscal year 2002. The agreement will be amended to include the remaining $23 million when Amtrak identifies the next priorities for funding, and indicates that additional funds need to be obligated to keep the program on schedule. FRA anticipates that this will occur early in fiscal year 2003.

Q.2. The Administration recently announced $4.55 billion for rebuilding the transportation infrastructure in lower Manhattan damaged by the September 11 terrorist attacks. It is my understanding that this money is comprised of the $1.8 billion included for the FTA in the fiscal year 2002 Supplemental Appropriations bill, and $2.75 billion from FEMA. It is also my understanding that a local working group of the City of New York, State of New York, the Metropolitan Transit Authority, the Port Authority of New

York and New Jersey and the Lower Manhattan Development Corporation will be developing a consensus on how that money will be spent and reporting to the FTA, FEMA, and FHA. I am concerned that, other than the Port Authority, no New Jersey entities are part of this group developing the consensus-spending plan. I believe that New Jersey's input is particularly relevant since, as you well know, it will affect so many commuters traveling into downtown New York from New Jersey. I understand that New Jersey is developing a proposal for ways to ease access into Manhattan, which may be eligible for some of this funding.

Will you work to ensure that New Jersey entities have a voice in the process of determining how to spend the $4.55 bilion? Will you consider proposals from New Jersey entities to ease access into Manhattan when determining how to spend the $4.55 billion?

A.2. Recognizing that New Jersey commuters were significantly affected by the September 11 terrorist attacks, a significant portion of the Federal funding for emerging and interim transportation projects—over $200 million in projects funded by FTA and FEMA—is funding projects physically located in New Jersey.

This funding for emergency and interim transportation projects was appropriated under the fiscal year 2002 Department of Defense Appropriations Act, Public Law 107–117. Virtually all of these funds will greatly benefit New Jersey residents commuting to Lower Manhattan, as well as to other destinations in Manhattan.

Most recently, however, the Congress has made available $4.55 billion in FTA and FEMA funding under the 2002 Supplemental Appropriations Act for Further Recovery From and Response to Terrorist Attacks on the United States, Public Law 107–206, to specifically *"replace, rebuild, and enhance the public transportation systems serving the Borough of Manhattan"* through projects that will *"improve substantially the mobility of commuters in Lower Manhattan."*

New York Governor Pataki has assembled a group of decisionmakers including the State of New York, City of New York, the Metropolitan Transportation Authority, the Port Authority of New York and New Jersey and the Lower Manhattan Development Corporation, to select and prioritize the most effective transportation projects to be implemented with the available funding. The State of New Jersey has a voice in this decisionmaking process through the Port Authority of New York and New Jersey. It is likely that these projects will be located in Lower Manhattan, adjacent to or in proximity to, the World Trade Center site. Clearly, however, these projects will significantly improve transportation services for the hundreds of thousands of New Jersey residents who commute daily to Manhattan. FTA and FEMA will continue to work with this group of State and local decisionmakers to identify projects to be funded from the $4.55 billion.

RESPONSE TO WRITTEN QUESTIONS OF SENATOR SARBANES FROM PETER GUERRERO

Q.1. Based on your work, are you finding differences in transit agencies' preparedness based on their size?

A.1. During our site visits to 10 transit agencies, we did not observe any substantial differences in the emergency preparedness of

these agencies based on their size. In particular, we found all 10 agencies we visited, regardless of size, are working hard to enhance safety, security, and preparedness. Transit agencies we visited were implementing strategies to improve both safety and security prior to September 11; however, the events of September 11 elevated the importance of security-related activities. As a result, the transit agencies we visited implemented new security initiatives or increased the frequency of existing activities since last September. Examples of security measures implemented since September 11 include: conducting security assessments to identify vulnerabilities and needed improvements; implementing quick, inexpensive security improvements (e.g., removing trashcans); increasing emergency drills; and increasing security presence (e.g., additional personnel and requiring personnel to wear bright vests).

Additionally, preliminary survey results indicate that large and small transit agencies identified similar funding priorities for improving preparedness. For example, large and small agencies identified enhanced communication systems, surveillance equipment, and additional training as top priorities. However, while the needs of large and small transit agencies are consistent, it is important to note that costs associated with implementing these improvements will vary by ridership, the size of the service area, and the extent of existing infrastructure.

We will further explore the differences between large and small transit agencies in our analysis of our survey data.

Q.2. When will the information clearinghouse for transit agencies be completed and what type of information will be shared? What is the timeline for starting the Information Sharing Analysis Center (ISAC), which will provide intelligence information to transit agencies, and what is the timeline for expanding ISAC beyond the top 20 agencies?

A.2. According to FTA officials, FTA's information clearinghouse or Infragard, will post industry best practices and allow for the exchange of information relevant to infrastructure protection, education, and outreach in a secure environment. Also according to FTA officials, the top 100 transit agencies can apply to use the Infragard system.

According to FTA officials, FTA will first make ISAC available to the top 50 transit agencies but may include additional agencies in the future. However, FTA officials could not provide a timetable for the launch or expansion of the ISAC. According to FTA officials, the American Public Transportation Association is taking the lead on the ISAC project and as such, is responsible for establishing the timeframes.

Q.3. Should the transit agencies in areas with populations over 200,000 be allowed to use urbanized area formula funds on security operation costs?

A.3. Congress may want to consider removing this prohibition for security operating expenses for several reasons. During our site visits, several agencies commented that the prohibition presents a funding challenge. The agencies noted that a good portion of their safety and security needs are considered operating expenses (e.g., security personnel and training). Because of this prohibition, agen-

cies cannot use their urbanized area formula funds to pay for these expenses. Although eliminating the restriction dies not increase funding for the agencies, it does give them greater flexibility in using their Federal dollars for safety and security measures. This additional flexibility may be beneficial for transit agencies as they try to pay for needed security improvements, especially given the tight budget environments of many transit agencies. Moreover, removing this restriction is a cost neutral action—that is, it would not require additional Federal dollars.

Q.4. In your work, have you heard concerns from transit agencies about not being able to use urbanized area formula funds for operating expenses?

A.4. Yes. During our site visits, several agencies commented that the prohibition presents a funding challenge. The agencies noted that a good portion of their safety and security needs are considered operating expenses (that is, security personnel and training). Because of this prohibition, agencies cannot use their urbanized formula funds to pay for these expenses. Although eliminating the restriction does not increase funding for the agencies, it does give them greater flexibility in using their Federal dollars for safety and security measures.

Compendium of FTA Security Program Initiatives

Assessment		
Objective	*Description*	*Status*
Readiness Assessments	A team of experts (transit operations, intelligence, covert operations) conducts an on-site review of the 37 largest transit agencies' vulnerabilities and readiness to terrorist attacks and recommends additional actions to improve their readiness.	36 of 37 reviews completed post 9/11
FTA Security and Counter-Terrorism Assessment Report	Final reports will be published which include findings, best practices, and recommendations from the Readiness Assessments. (Full report: Law enforcement sensitive; Summary Report: Publicly available)	Draft final reports in coordination; final report will be published in fall '02.
Security Reviews	A team of experts (transit operations, safety and security) conducts an on-site review of the medium to smaller sized transit agencies' security and emergency preparedness, including anti-terrorism and national security readiness, and recommends additional actions to improve their readiness.	19 reviews and 9 final reports completed during FY02; reviews in FY03 will be targeted to high-risk locations.
Security Toolkits	Security Toolkits were prepared and distributed to transit agencies shortly after 9/11/01. Contents of the kits include security program planning guides and handbooks, TCRP security reports, sample awareness materials, training catalogs, ITS resources, contact list of organizations, and web site addresses.	Over 1,000 toolkits distributed to transit agencies and other organizations; additional kits are being distributed on request
International Security Technical Assistance	FTA is establishing relationships with transit security experts in London, Paris, Israel, etc., to learn from their experience. An Israeli counter-terrorist team is providing expert, peer review of FTA initiatives	Materials reviewed and WMATA site visits completed; draft final report

Objective	*Description*	*Status*
	including: review of FTA's overall 5 point security program; review of FTA/NTI security training course; and threat and vulnerability analysis for 3 WMATA stations.	submitted 10/02
Security Roundtables	FTA will convene the General Managers and Heads of Security of the largest transit systems to strengthen its programs and priorities including identifying research and technology priorities and next steps in intrusion detection and chem./bio research.	One Roundtable is tentatively scheduled for January on intrusion detection and a second in late spring on chemical detection systems.
Preparedness & Practice		
Objective	*Description*	*Status*
FTA Internal Emergency Continuity of Operations Plan (COOP)	COOP developed to assure capability exists to continue essential FTA functions across a wide range of potential emergencies. COOP Incident Response Plan includes emergency communications plan, emergency operations team, FTA response to terrorism events on public transportation and coordination/integration with overall DOT plan. FTA uses the results of its tabletop exercises and drills to inform and enhance its programs (i.e., military mobilization scenarios)	FTA COOP plan handbooks updated 9/02 and distributed to Executive Management & OOP Teams. COOP readiness tests and drills are held periodically.
"Connecting Communities" Regional Security Forums	FTA, working with a transit agency, is hosting 2-day workshops to bring together transit and other transportation providers with police, fire, and other emergency responders to train, discuss, and strengthen plans for regional response and recovery to terrorist attacks. Participants receive a CD with security & emergency preparedness resource documents.	8 forums completed post 9/11, with 9 more planned through Feb '03. Next phase of this program is underdevelopment.
Technical Assistance Teams	Teams of experts in transit and terrorism assess and develop specific, tailored materials for each of the top 60 transit agencies to increase their security	3 pilot sites completed (Hampton Roads, Miami, and

Objective	*Description*	*Status*
	readiness. Deliverable products include transit agency specific materials/documents (such as training assessments, enhanced emergency response plans, security awareness materials, one year security implementation plan, etc.), as well as compilation of industry best practices.	San Jose); 12 large transit agencies scheduled to start Nov '02, with plans to do at least 30 sites by FY03 year-end.
Emergency Drill Grants	FTA offered the top 100 transit agencies the opportunity to apply for up to $50,000 (100%) grants to develop and conduct drills and tabletop exercises with emergency responders. FTA will monitor drills and collect and share best practices.	$3.3 million in federal funds awarded to 82 transit agencies.
"Guidelines for Managing Security Incidents" & "Standard Protocols for Managing Security Incidents"	Two companion security and anti-terrorism documents will address issues regarding chemical/biological attacks, as well as overarching principles in dealing with bombs, suspicious packages on surface transit vehicles. The Guidelines document is classified as Law Enforcement Security Sensitive. The Protocols document is available to the public.	Documents sent to transit agency GMs and Security Chiefs, with accompanying "Dear Colleague" cover letter 9/02.
FTA Security Web Site	FTA will develop and maintain (non-secure) up-to-date information on the FTA page.	Information from regional forums posted 7/02. Improved user friendly web site design changes planned near future
Update of "FTA Transit system Security Program Guidelines"	This research report (TCRP J-10A) updates and combines two previous security documents (1997's transit system security program planning guide and 1998's transit security handbook). The new guide is based on research that identifies practical steps that transit agencies can take to be better prepared.	Draft report completed 8/02, with final report including resource CD, available shortly.
Emergency Response	This research report (TCRP J-10B) provides guidance on public transportation's role in	Contractor's Final Report anticipated

Objective	*Description*	*Status*
Mobilization Strategies and Guidelines for Transit	emergency evacuation and providing staging support for emergency responders	April 2003
Bus Security Guidance Document	A new guidance booklet will include scalable, "how to" procedures document for various sized transit agencies and will complement other documents and programs.	Draft in review, final report due 1/03.
Drill Planning "How to Guide"	A new guidance booklet will include instructions and draft scenarios for transit agency for drills from tabletop exercises to full-scale drills.	FY '03 activity.
Special Events Planning Guide	New security guidelines will be provided to assist transit agencies to prepare for special events (Olympics, sporting events, festivals, etc.)	FY '03 activity.
Operation Respond, Inc.	This research project will develop a GPS mapping system to guide emergency responders to critical elements of a transit system.	Contract with vendor to provide GIS software awarded 9/02.
	Intelligence Sharing	
Objective	*Description*	*Status*
TSIR (Transportation Security Information Report)	FTA has established and maintains a system for DOT/FTA to share threat information with the 100 largest transit agencies. General Managers and Heads of Security are notified by e-mail or fax (law enforcement sensitive information).	TSIRs and tests conducted; database continuously dated.
Crisis Management Center (CMC)	FTA supports the CMC in its role as the central communications unit between DOT and transportation providers nationwide to report major incidents to the Office of the Secretary of Transportation.	FTA assigned 2 security specialists to CMC, with additional 24/7 operations coverage on an as needed basis.

Objective	*Description*	*Status*
FBI Regional Joint Terrorism Task Forces	The DOT Secretary and FTA have encouraged transit agencies to participate in the regional JTTFs to gain access to intelligence information and coordinate security programs.	16 transit agencies participating; FTA has encouraged more to join.
INFRAGARD	Establish an FTA page on the FBI's secure website. Transit agencies can apply to FBI for clearance and access. FTA and transit agencies will post best practices, TSIRs, and share information.	9/02 "Dear Colleague" letter from the FTA Administrator sent to the 100 largest transit agencies, with application enclosed.
ISAC (Intelligence Sharing and Analysis Center)	FTA is sponsoring APTA to join the existing Surface Transportation ISAC (ST-ISAC). This ISAC will provide secure intelligence threat information and analysis for the transit industry and FTA. The AAR is currently the only member association and governance rules will need to be changed to accommodate participation by additional associations. AASHTO, ABA, and ATA are also considering joining the ST-ISAC	APTA Executive Committee voted on 9/21//02 to pursue public transit as part of the existing ST-ISAC; a working group with interested associations will be established in early November.
Office of Homeland Security Threat Level Advisory System	The Office of Homeland Security has developed 5 levels of alert. FTA in partnership with APTA and the transit industry has developed recommended protective measures for transit agencies, for each OHS threat level advisory.	National transit protective measures model submitted to OHS 8/02; model guidelines provided to industry 9/02 when OHS threat level was increased.
Communication of Threats	This research report (TCRP J-10B-4) provides guidelines for peer exchange of security threats among public transportation providers, including current practices, operational needs and technology for threat dissemination and system functional requirements. The report includes information on TSIRs, ISAC, and CMC.	Published 8/02 as TCRP #86: Public Transit Security: Volume 1: Communication of Threats: A Guide.

Objective	*Description*	*Status*
Protocols for Handling Sensitive and Secure Documents	A DOT committee is developing standard guidelines for handling sensitive information. The guidelines are based on current FAA procedures.	SSI brochure and handbook distributed to employees 9/02
Transit Worker ID Program	Explore existing smart cards and technology that could be used by transit agencies to accurately identify workers, contractors, and vendors and limit access to secure areas of systems. FTA will develop guidance for the industry.	TSA lead with FTA participation for a pilot test in a transit environment in FY'03.
National Transit Database (NTD)	Increased safety and security data reporting is included in NTD to establish a nationwide security data reporting system to enable FTA to collect, analyze and report information.	New safety and security reporting added in 1/ 02; Volpe report due fall '02.
Security Training		
Objective	*Description*	*Status*
National Transit Institute (NTI) Security Training	FTA has directed the development of security courses for transit including security awareness for transit employees and for transit supervisors and first responders. In addition, NTI is updating the security curriculum to include new OHS national security threat advisory level training.	4/02 through 8/02: 18 classes held, with over 650 transit employees participating. FY'03 is being developed.
Transportation Safety Institute (TSI) Security Course Updates	Review existing courses and update to include national security and post 9/11 counter-terrorism security for transportation industry workers.	8 courses updated
Federal Law Enforcement	FTA is partnering with the Department of Treasury's FLETC's Land Transportation Anti-terrorism	Inter-agency agreement and

Objective	*Description*	*Status*
Training Center (FLETC)	Program (LTATP) and S-60/ TSA to provide this training at four transit agencies.	statement of work developed; rollout at four transit agencies in FY '03.
Training Needs Assessment	FTA is incorporating the results of the Readiness Assessments and Technical Assistance Team results and other sources and will evaluate the current TSI and NTI courses and identify new training needs and alternative delivery techniques.	FY '03 activity
Security-Related Training and Customer Communications: Lessons Learned from September 11	This research report (TCRP J-10A (2)) provides best practices and new materials for security awareness training and communications with the public, in the form of a comprehensive toolkit. It features both a resource CD and an introductory video.	Draft materials produced 9/02 for review, with Final Report anticipated 11/02.
Research		
Objective	*Description*	*Status*
Transit Security Technology and Research Agenda	FTA will develop and vet its program of research and technology projects which transition security research and technologies to transit environments. The agenda will be based on the results of FY '02 transit security enhancements developed through the technical assistance process.	FY '03 project
Intrusion Detection for Public Transportation Facilities	This research report (TCRP J-10A (3)) updates the transit community on the state-of-the-art in technologies and security practices for detecting and prosecuting intruders in public transportation facilities	Final Report anticipated 12/02.
White paper: Use of Portable Explosive Detection Devices	This white paper (TCRP J-10B (2)) provides decision makers with an evaluation of detection devices in public transportation environments.	Final Report expected 6/03.

Objective	*Description*	*Status*
White paper: Robotic Devices	This white paper (TCRP J-10B (3)) evaluates literature and robotic devices currently on the marketplace and the feasibility and utility of devices for specific situations in public transportation environments.	Final report expected 11/02.
"K-9 Units In Public Transportation: A Guide for Decision Makers".	This primer (TCRP J-10B (5)) provides guidance on how dogs are used in public transportation for security patrols, explosives detection, and chem/bio detection. It includes program administration information on costs, training, support, and deployment strategies.	Final report published 9/02 as TCRP #86: Volume 2
PROTECT Project (chemical detection/protection testing)	FTA, DOE and WMATA have accelerated the chemical agent detection program, PROTECT. This includes chemical detection, biological approaches, decontamination planning, and technical assistance, currently being tested in WMATA & MBTA subway station environments. This project includes communication aspects that will analyze existing technologies and develop a design to implement a high bandwidth wireless communications solution for future testing and implementation of PROTECT.	Projects underway; draft industry technology transfer plan developed 9/02
Information and Resources for Transit Agencies: Weapons of Mass Destruction	FTA is establishing partnerships with DOE, EPA, DOD, and other agencies with lead responsibility for developing WMD technologies and response. FTA will provide updates and resources including access to clearinghouse on appropriate technologies to the transit industry.	FY'03 activity
Design Specifications and Functional Requirements for Transit System wide Security	This project will use the results of the Readiness Assessments to develop functional and design requirements for transit systems security.	FY '03 project

Objective	*Description*	*Status*
Real-time Communication Capability for Transit Systems	This project will conduct an assessment of the transit industry's emergency response communications needs, including the capability of existing systems to meet those needs and future research needs.	FY '03 project
Transit/Emergency Management Shared Communication Operational Test	Operational test of current communication strategies among transit and emergency responders	FY'03 project
Tunnel Ventilation in Response to Lethal Substance Incidents	This project will develop guidelines for subway tunnel ventilation operations in response to health and life threatening substances. It will recommend updates to the Subway Environmental Simulation	FY '03 project
ITS Integration Program - Security	Proposals received in FY '02; a recommendation letter from DOT to Congress is being drafted to provide recommendations on demo projects. Ten transit projects were identified.	FY '03 project
Trespass Intrusion Detection Systems	FTA will work with transit agencies to test and deploy integrated intrusion detection systems/technologies in tunnels and open track areas.	FY '03 project

Program Management

Objective	Description	Status
FTA Security Action Plan, Phase II	Phase II builds on the results of FTA's post 9/11/01 5-point security initiative program and adds longer-term program elements, including FTA's alignment with the OHS strategy and TSA's evolving role.	Security Management Task Force established; draft plan completed 9/02; Executive Management Team review 10/31/02.
FTA/TSA Partnership for Transit Security	FTA and TSA have drafted an MOA defining roles and responsibilities. Working groups will develop annexes on how the agencies will work together on regulations, legislation, and resources. FTA maintains ongoing coordination on the development of its action plan, training, outreach forums, materials, research plans, and intelligence sharing with TSA staff.	Draft MOA complete; Working groups forming in October;
FY 03 Deliverable and Core Accountabilities	FY03 deliverable/joint core accountability objective is to design and deliver an integrated portfolio of products and services to insure the 30 largest transit agencies have completed 80% of the recommended action items on the FTA Security Readiness Priority List.	Security Readiness Priority List finalized 9/02; Baseline data collection and monitoring methodology established.
Staffing Resources	Growth associated with development of the post 9/11 security initiative program necessitated additional staffing to support achieving program goals & objectives.	Since 9/01/01, Office of Safety & Security has added 3 safety & security staff, with considerable law enforcement and transit security & operations experience