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CONNECTING COMMUNITIES: THE ROLE OF THE SURFACE TRANSPORTATION NETWORK IN MOVING PEOPLE AND FREIGHT

(110–145)

HEARING

BEFORE THE

SUBCOMMITTEE ON
HIGHWAYS AND TRANSIT

OF THE

COMMITTEE ON
TRANSPORTATION AND
INFRASTRUCTURE
HOUSE OF REPRESENTATIVES

ONE HUNDRED TENTH CONGRESS

SECOND SESSION

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June 23, 2008

SUMMARY OF SUBJECT MATTER

TO: Members of the Subcommittee on Highways and Transit

FROM: Subcommittee on Highways and Transit Staff

SUBJECT: Hearing on "Connecting Communities: The Role of the Surface Transportation Network in Moving People and Freight"

PURPOSE OF HEARING

The Subcommittee on Highways and Transit is scheduled to meet on Tuesday, June 24, 2008, at 10:00 a.m., in room 2167 of the Rayburn House Office Building to receive testimony on the role of the surface transportation network in connecting the nation and facilitating passenger and freight mobility and access. This hearing is part of the Subcommittee's effort to prepare for the reauthorization of federal surface transportation programs under the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users ("SAFETEA-LU"), which will expire in September 2009. The Subcommittee will hear from two Secretaries of Transportation from largely non-urbanized states, a General Manager of a small urban transit agency, a Director of State Government affairs for a busing company, an Executive Director for a regional planning agency, and an Executive Director for a paratransit provider.

BACKGROUND

Small urban and rural America is now home to 56 million residents in 2,303 non-metropolitan counties, as well as 35 million more residents living in rural settings on the fringes of metropolitan areas. Smaller regions face unique challenges which must be addressed if the nation's interconnected surface transportation network is to continue to be the backbone of our economic development, global competitiveness and quality of life.

The condition and performance of rural and small urban roadways and public transit services is critical to the overall functioning of the nation's intermodal transportation system. The surface transportation network in these smaller communities is essential to a fully integrated and seamless intermodal surface transportation network, connecting rural communities to urban centers,

providing access to recreation opportunities and tourism destinations, facilitating interstate commerce and farm–to–market access. Roadways and public transportation services are also critical to the economic development and quality of life in small communities, providing vital links to educational and employment opportunities, as well as access to social services.

Interconnected Roadways Network

The Federal-Aid Highway Act of 1956 established the Interstate Highway System, which was designed to connect metropolitan areas, cities, and industrial centers. The 46,500 mile network of interconnected highways transform the nation and the economy, and—according to the Federal Highway Administration ("FHWA")—facilitates "the distribution of virtually all goods and services and much of the nation's business and pleasure travel involve Interstate Highways at some point."

Similarly, the 163,000-mile National Highway System ("NHS"), 112,998 miles of which are classified as rural, is critical to the effective functioning of the surface transportation network and the intermodal freight supply chain. While the NHS makes up only 4.1 percent of total U.S. mileage, it carries 45 percent of vehicle miles traveled, including 75 percent of heavy truck traffic and 90 percent of tourist traffic. NHS bridges carry an even greater percentage of total travel. NHS bridges carry more than 70 percent of all traffic on bridges.

There are 4 million miles of public roads in the United States, with 2.9 million of these roadways classified as rural. Only about 980,000 miles of these roads are part of the Federal-aid Highway System. According to the U.S. Department of Transportation ("DOT"), approximately 80 percent of rural roadways are owned and operated by local entities. With over 82 percent of the nation's communities solely dependent on trucking for the delivery of goods and commodities, these lower functionally classified roadways are an integral part of the nation's surface transportation network. An analysis conducted by The Road Information Project ("TRIP") found that the use of rural roads increased by 27 percent between 1990 and 2002 by all vehicles and by 32 percent for large commercial trucks.

The growth in passenger and freight traffic and commerce in these areas has raised numerous challenges for rural and other non-urban communities. Chief among these is the safety of roadway facilities in these areas. According to the National Highway Traffic Safety Administration's ("NHTSA") Fatality Analysis Reporting System ("FARS"), in 2006, 23,339 people were killed in rural motor vehicle crashes, 55 percent of all motor vehicle fatalities. The fatality rate for rural crashes is more than twice the fatality rate in urban crashes.

There are numerous causes for this high fatality rate. A May 2004 General Accounting Office report found a number of key factors contribute to rural road deaths: human behavior, roadway environment, vehicles, and medical care after a crash. The report found that many of these roadway facilities lack important safety features that could mitigate the severity of rural crashes.

Many smaller communities are also beginning to face dilemmas common to major metropolitan regions, including declining air quality and increasing roadway congestion. Traffic congestion in small urban and rural areas is increasing 11 percent per year—twice the rate in urban areas. The overall number of Americans living in areas with substandard air quality will increase

seven percent by 2009, spreading the air-quality burden increasingly across small urban and rural as well as urban areas.

Federal Highway Funding and Resources for Non-Urban Areas

These regions and communities face significant challenges generating the resources necessary to address their surface transportation investment needs. Approximately one-third of rural interstates and other rural arterials are in poor or mediocre condition, and more than one-fifth of all rural bridges are deficient. The size of the rural roadway network, combined with low population density and relatively low traffic volumes, makes it difficult to generate the revenues necessary to pay for high cost roadway improvements.

Currently, about 24 percent of the nation's 4 million miles of public roads are eligible to receive Federal aid. Generally, Federal assistance is available for Interstates, NHS routes, arterials and major collectors. The Federal aid highway program has few programs focused exclusively on investment needs of non-urban areas. For the most part, under the Federal aid highway program, rural and non-urban roadways and bridges compete with urban facilities for capital investments within the state.

While not exclusively focused on rural roadways, facilities in these smaller communities are eligible to receive federal funding under a number of programs, including: Interstate Maintenance, the Surface Transportation Program, Highway Bridge, the National Highway System, National Corridor Infrastructure Improvements, Coordinated Border Infrastructure, Safe Routes to Schools, Ferry Boat, and Projects of Regional and National Significance.

The Highway Bridge Program provides funding to enable States to improve the condition of their highway bridges through replacement, rehabilitation, and systematic preventive maintenance. The program includes a 15 percent set–aside for "off-system" bridges in each of Fiscal Years 2005 through 2009 to be used for bridge projects that are not on a Federal-aid highway. This set-aside used to include a maximum amount of 35 percent, but SAFETEA-LU lifted that ceiling. The current SAFETEA–LU authorization for this program is over $21 billion through FY 2009, with approximately $3.2 billion set aside for "off-system" bridges.

SAFETEA–LU also created the Highway Safety Improvement Program ("HSIP"), which included a set-aside for construction and operational improvements on high-risk rural roads. High-risk rural roads are roadways functionally classified as rural major or minor collectors or rural local roads with a fatal and incapacitating injury crash rate above the statewide average for those functional classes of roadways; or likely to experience an increase in traffic volume that leads to a crash rate in excess of the average Statewide rate. The set-aside will total $360M through Fiscal Year 2009 and be applied proportionally to the States' HSIP apportionments. If a State certifies that it has met all its needs relating to construction and operational improvements on high-risk rural roads, it may use those funds for any safety improvement project eligible under the HSIP

There are also a number of programs that provide investments primarily in rural and non-urban regions. These include: Federal Lands Highways (which includes: Indian Reservation Roads, Park Roads and Parkways, Public Lands Highways (discretionary and Forest Highways), and Refuge Roads), Appalachia Development Highway System, and Scenic Byways.

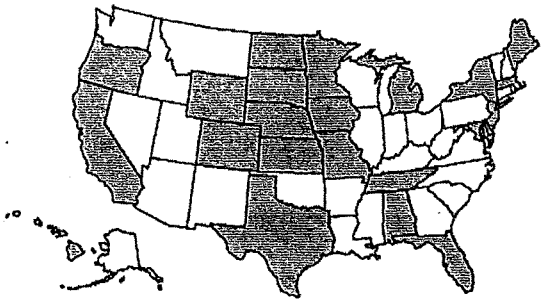
Public Transit Services in Rural Areas

Public transportation is available in approximately 60 percent of all rural counties nationwide although 28 percent of those counties have very limited service. According to the Commission, over 1,200 transit operators provide service in rural areas. However, about two-thirds of these rural transit systems operate within single counties or towns ,thereby limiting riders' access to areas outside their own county or town The majority of rural transit providers are public agencies, while one third are nonprofit agencies and only five percent are private companies or tribal entities.

According to the U.S. Census Bureau, overall usage of transit services in rural America is not high, with only about a half of one percent of non-metro residents using transit as their primary means of transportation to work. However, in many smaller communities with both longer distances between built-up areas and low population densities, transit can help bridge the spatial divide between people and jobs, services, and training opportunities. The National Surface Transportation Policy and Revenue Commission's ("Commission") Report concludes that public transportation in rural areas is vital to providing access to essential human services for those who do not have access to automobiles.

Unfortunately, many rural areas lack public transportation services entirely. In those communities that do have rural transit systems, the services provided vary widely among states and regions of the country. Following is a chart depicting above- and below-average rural transit services across the United States.

The rural Midwest is well served by public transit



Above-average service Below-average service

Source: Community Transportation Association of America.

Although above-average rural transit systems may meet the mobility needs of the local traveler, broader connectivity remains a challenge. Rural transit service often stops at the county line, creating disconnects within rural regions and between rural and urbanized areas. For example, an individual using a county-based transit system to visit a medical facility in another county cannot connect seamlessly with another county-based transit system unless the full range of stakeholders from across the region (including system owners, operators and users) are actively involved in a

coordinated planning process. A key issue for rural planners, and thus, state DOTs, is whether the assortment of county transit operations can be unified to provide a seamless system of transit beyond the local community so as to provide better transit connections for all citizens.

Federal Transit Funding and Resources for Rural Areas

Since 1979, FTA has provided formula-based grants to states to establish and maintain transit systems in rural communities. The Formula Grants for Other Than Urbanized Areas, codified at 49 U.S.C. § 5311 (also known as the "rural transit program") provides transit capital and operating assistance for communities with populations under 50,000. 80 percent of the rural transit program funds are allocated by a formula based on population, while the remaining 20 percent of funds are distributed through a tier-based formula based on land area. $438 million is authorized for the rural transit program during fiscal year 2008, and an additional $68 million will flow to rural communities in FY 08 from the Growing State Apportionments under § 5340.

The Secretary annually approves a state program of eligible rural transit projects based on equitable distribution of the funds to rural communities and ensuring maximum feasible coordination with other rural transportation services. To encourage coordination among federal agencies that provide transportation services, matching funds may be provided from federal agencies other than the Department of Transportation; Federal Lands Highway funds, though part of the Department of Transportation, may also be used as matching funds.

Within the rural transit program exists a requirement that a state expend at least 15 percent of its rural transit formula funds to develop and support intercity bus transportation. Known as the rural intercity bus program codified at 49 U.S.C. § 5311(f), this provision has helped stem the decline in bus service to rural communities. Congress authorized this formula-based funding in response to the abandonment of unprofitable routes and a general loss of bus service, particularly in rural areas.

Eligible activities under the rural intercity bus program include planning and marketing for intercity bus transportation; capital grants for intercity bus shelters; joint-use stops and depots; operating grants through purchase-of-service agreements, user-side subsidies, and demonstration projects; and coordinating rural connections between small public transportation operations and intercity bus carriers. The statute also requires each state to consult with intercity bus service providers before they can certify that intercity bus service needs of the state are being adequately met without making the 15 percent allocation of funds to such services.

An important training, technical assistance and outreach resource provided in law for rural communities is the Rural Transit Assistance Program (RTAP) funded with a 2 percent set-aside of the Section 5311 grant funds. Since 1987, RTAP has developed and distributed free training materials, provided technical assistance and conducted research with the goal of improved mobility for the millions of Americans living in rural communities.

Federal Transit Funding for Small Urban Areas

Federal funding to support public transportation systems in smaller urban areas is available through the Urbanized Area Formula program codified at 49 U.S.C. 5307. The Urbanized Area

program is the largest of the FTA programs, with an authorization of $4,555,615,000 for FY 2009. Approximately 10% of these formula funds are allocated to small urbanized areas, defined as those areas with populations between 50,000 and 199,999.

Urbanized Area funds are allocated through a series of tiers, depending on population size. Unlike large urbanized areas (those over 200,000 in population) that receive their formula allocations directly, small urbanized areas do not directly receive these funds. Instead, the formula allocations attributable to small urbanized areas are apportioned to the Governor of the respective state, who may distribute the funds based on the Federal formula or according to their own discretion or formulas. As a result, one criticism of the way in which small urban area funds are allocated is that funds do not always flow to the targeted area and are sometimes used by the state elsewhere. But in practice, many states do simply "pass through" the formula allocations to the small urbanized areas, in part because the amounts attributable to each small urbanized area are published annually in the Federal Register. In addition, if the small urbanized areas are part of a designated Transportation Management Area, then the formula funds attributed to the area must be obligated within the small urbanized area with no exceptions.

The typical transit system serving a small urbanized area generally has different characteristics from those serving large urbanized areas. The types of transit modes most often found in smaller urban areas are bus systems, demand response services, and in a few smaller cities, streetcars. These smaller systems generally operate at lower frequencies than transit systems in large cities, and in small cities, the focus is often on providing basic mobility for residents whose access to auto transportation is limited by age, income, or disability.

Rural and Small Urban Transportation Planning

The statewide planning process establishes a cooperative, continuous, and comprehensive framework for making transportation investment decisions throughout the State and is administered jointly by the Federal Highway Administration and the Federal Transit Administration. Current law requires that the Statewide Plan and program shall be developed in consultation with affected local officials with responsibility for transportation in non-metropolitan areas. This consultation process must be documented in writing, though it is not reviewed or approved by the Secretary. Three of the so-called "State-managed" transit programs, including section 5310 elderly and disabled formula grants, section 5316 job access and reverse commute grants, and section 5317 new freedom program grants require State departments of transportation to fund public transportation projects only if they are derived from a locally developed, coordinated public transit-human services transportation plan. And the State-managed section 5311 non-urbanized area formula grants program requires that all projects receiving grant funds must be part of a State program for public transportation service projects, including agreements with private providers of public transportation service. The State Planning and Research program is funded by a 2 percent set-aside from each State's apportionments for the Interstate Maintenance, National Highway System, Surface Transportation Program, Congestion Mitigation and Air Quality Improvement, the Highway Safety Improvement Program, and Bridge programs. Statewide planning is an eligible activity for additional funding under the STP and NHS programs.

In metropolitan areas, the responsibility for transportation and land use planning lies with designated Metropolitan Planning Organizations ("MPOs"). In rural areas, no one official body is

designated as the primary transportation planning organization, and often times no MPO exists to serve these smaller communities. As a result, rural transportation planning varies widely across the nation. In some states, the State Department of Transportation conducts planning for these areas, while in other states, Rural Planning Organizations or regional, county or city governments do so. As a result, the planning process is not as cohesive for rural areas, and all the necessary stakeholders in rural areas are not always involved in the transportation planning process. Neglecting rural stakeholders in public involvement can result in a transportation system that does not address the long-term needs of the region and can result in delays in the funding and implementation of capital and operating strategies to improve regional mobility.

PREVIOUS COMMITTEE ACTION

On January 24, 2007 the Subcommittee on Highways and Transit met to hear testimony on the Surface Transportation System: Challenges for the Future.

On May 10, 2007 the Subcommittee on Highways and Transit met to hear testimony on the Federal Transit Administration's Implementation of the New Starts and Small Starts Programs.

On September 5, 2007 the Subcommittee on Highways and Transit met to hear testimony on Structurally Deficient Bridges in the United States.

On January 17, 2008 the Committee on Transportation and Infrastructure met to hear testimony from the National Surface Transportation Policy and Revenue Study Commission regarding the release of their report: "Transportation for Tomorrow."

On February 13, 2008 the Committee on Transportation and Infrastructure also met to hear testimony from the National Surface Transportation Policy and Revenue Study Commission regarding the release of their report: "Transportation for Tomorrow."

On June 5, 2008 the Subcommittee on Highways and Transit met to hear testimony on Maintaining our Nation's Highway and Transit Infrastructure.

WITNESSES

The Honorable Jim Lynch
Director and CEO
Montana Department of Transportation
Helena, MT

The Honorable H. B. Limehouse, Jr.
Secretary
South Carolina Department of Transportation
Columbia, SC

Mr. Mark Pangborn
General Manager
Lane Transit District
Eugene, OR

Mr. Terry Bobrowski
Executive Director
East Tennessee Development District
Alcoa, TN

Mr. Randy Isaacs
Director of State Government Affairs
Greyhound Lines, Inc.
Hendersonville, TN

Mr. William P. McDonald
Executive Director
Medical Motor Service
Rochester, NY

CONNECTING COMMUNITIES: THE ROLE OF THE SURFACE TRANSPORTATION NETWORK IN MOVING PEOPLE AND FREIGHT

Tuesday, June 24, 2008

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON HIGHWAYS AND TRANSIT,
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE,
Washington, DC.

The Subcommittee met, pursuant to call, at 10:06 a.m., in Room 2167, Rayburn House Office Building, Hon. Peter A. DeFazio [Chairman of the Subcommittee] presiding.

Mr. DEFAZIO. The hearing of the Highway Transit Subcommittee will come to order, Connecting Communities: The Role of Surface Transportation Network in Moving People and Freight. I for one am a big believer in continuing to have a national integrated system, one which serves all Americans, and I don't know where I am getting this weird feedback. Where did Jimmy go? He's wandering around with the control panel. I will keep going, hopefully—I am hearing a high pitched noise. And I believe that it is something that is often neglected in our discussion of Federal transportation policy and direction. We tend to focus a lot on a number of the huge choke points in the system as we should, as we look toward ways to better move people and freight. But we can't avoid the need to serve large areas of the country that are less populated, but vital in terms of their production of commodities or vital in terms of their recreation resources for all Americans or just vital places along the way as freight and people make their way across the country.

Representing a very large district takes me about 7-1/2 hours to drive from the northeast corner to the southwest corner, I am perhaps a little more sensitive to this than some of my colleagues who can perhaps walk across their district in a heck of a lot less time that it takes me to drive across mine. But I believe it will be key component of the reauthorization, and I am pleased to have this panel here today to contribute their thoughts on how we can better address these concerns. With that, I turn to the Ranking Member, Mr. Duncan from Tennessee.

Mr. DUNCAN. Well, thank you, Mr. Chairman. First of all, I want to welcome all of the witnesses, but especially Mr. Terry Bobrowski, who is the very respected executive director of the East Tennessee Development District. I tell people that I have a little over 700,000 bosses, and he is one of my bosses, and especially he will understand that when I say this, I have told people here in

Washington that the colors orange and white are almost more patriotic in my district than red, white and blue.

At about 5 to 11:00 or some time around there I have to leave, we have the national champion Tennessee Lady Vols coming up today, in fact, already here to go to the White House. And I am participating in some events to honor the Lady Vols shortly. But I want to thank Chairman DeFazio for holding what I think is a very important hearing, and all of the witnesses for coming to participate. Our surface transportation network obviously is very important to the total economic health of our Nation. As we prepare to reauthorize the surface transportation programs our diverse communities urban and rural and suburban will present different sets of challenges that must be met in order to keep up with global competition.

A lot of people are shocked by this in my area because my area is such an area of tremendous growth, but two-thirds of the counties in the U.S. are losing population. I am especially concerned if we don't do everything possible to hold down, or at least hold steady the price of gasoline, we are going to put the final nail in the coffin in many of these small towns and rural areas, because those people on average generally have to drive further distances to go to work. Any new national or transportation policies we develop must retain the flexibility to address the needs of these very different sizes and types of communities.

The growth and their pasture in freight traffic has raised several challenges for rural communities, including an increase in places of congestion. That is why I say I hope we don't end up forcing more and more people into the already overly crowded, overly congested metropolitan areas, but larger metropolitan areas do have access to policy and funding operations that are not available to some of our small towns and rural communities.

For example, many of these less populated communities highway tolls and congestion pricing are not options for financing highway projects. I have said before that if I were to propose a toll road in east Tennessee, I would end up being one of the most unpopular people in my own district.

As we prioritize our Federal transportation policy and funding, I hope we did not lose sight of the challenges facing rural communities and small Metropolitan areas. Our witness today represent a variety of non-urban areas across the country. I hope they will be able to share their perspective and help us better understand these challenges and what we need to emphasize as we proceed with the next highway reauthorization. Thank you very much, Mr. Chairman.

Mr. DEFAZIO. Thank you. I understand that Mr. Coble has a brief statement. No, Mr. Brown—I am getting mixed up, sorry, then we will come back to you, Howard.

Mr. COBLE. Very well, thank you, Mr. Chairman.

Mr. BROWN. Thank you, Mr. Chairman and Ranking Member Duncan, for holding the hearing on this important role that our transportation system plays in connecting our nations communities. I would like to welcome all of the members of the panel, but particularly would like to welcome South Carolina Secretary of Transportation, Buck Limehouse, to the Subcommittee today. Buck

is a dear friend and has been at the helm of the South Carolina Department of Transportation since 2007. Before that, he was the SC DOT commissioner, chairman and executive director. He also served as a member of the State Transportation Infrastructure Bank Board, giving him an intimate knowledge of the connectivity needed of the State.

Mr. Chairman, we have preeminent service transportation system in the world, largely because it connects every community in our country together. No point in the lower 48 States is more than 30 miles from a paved highway. From insuring that freight from our Nation's ports be able to get to shopping centers in middle America to align folks who easily travel hundreds of miles away for vacation.

Connectivity is where our surface transportation system is all about. Whenever we face significant challenges going into the future, and Secretary Limehouse speak to South Carolina's experience with these challenges. We face growing congestion that cost our Nation some $78 billion per year. Logistically speaking, congestion climbed for the fifth straight year in 2007, hitting a new record high of 1.4 trillion. And high fuel costs would only see the numbers climb by the end of this year.

Our Nation's population set to increase over 140 million over the next 50 years. And as much as that population growth is going to occur outside of the areas where the original interstate was planned around. Right now we have some 70 urbanized areas with more than 50,000 people without a direct connection to the interstate. I talk often about the potential for I-73 to not just connect Myrtle Beach, which sees some 14 million tourists a year to interstate system, but for the roads to connect entire areas of the country together for the first time. While Myrtle Beach has grown because of its location on the coast, who knows what other communities are along I-73 ready and waiting to grow. That is why I think we need to dedicate ourselves to the next highway bill, to develop an interstate 2 program, to provide needed capacity expansion along corridors that connect that area missed during the first phase of the interstate system.

Again, thank you, Mr. Chairman, for holding this hearing, and I look forward to the testimony of our witnesses today.

Mr. DEFAZIO. Thank you. Then a brief statement, Mr. Coble.

Mr. COBLE. I will be very brief, Mr. Chairman. Mr. Chairman, I have noticed that you have one of your bosses from Oregon here, Mr. Duncan has two of his bosses from Tennessee, Mr. Brown has one boss from South Carolina. I feel slighted, none of my bosses are present. Mr. Chairman and gentlemen, I know of no domestic issue that is any more significantly important to us and to America than the role of surface transportation network in moving people and freight. And Mr. Chairman, I agree with the others, I appreciate your having called this hearing, I appreciate the witnesses being here. I think it will be a step to help prepare us as we consider reauthorizing the Federal surface transportation programs next year. And I yield back, Mr. Chairman.

Mr. DEFAZIO. Well, Howard, I would reflect that the reason that we brought people here is we need help to represent our views, we know you don't need any to represent yours.

Mr. COBLE. So do I.

Mr. DEFAZIO. If there are no further opening statements, we will proceed to witnesses.

TESTIMONIES OF HON. JIM LYNCH, DIRECTOR AND CEO, MONTANA DEPARTMENT OF TRANSPORTATION; HON. H.B. LIMEHOUSE JR., SECRETARY, SOUTH CAROLINA DEPARTMENT OF TRANSPORTATION; MARK PANGBORN, GENERAL MANAGER, LANE TRANSIT DISTRICT; TERRY BOBROWSKI, EXECUTIVE DIRECTOR, EAST TENNESSEE DEVELOPMENT DISTRICT; RANDY ISAACS, DIRECTOR, STATE GOVERNMENT AFFAIRS FOR GREYHOUND LINES, INC.; AND WILLIAM MCDONALD, EXECUTIVE DIRECTOR, MEDICAL MOTOR SERVICE

Mr. DEFAZIO. And the first witness will be the honorable Jim Lynch, director and CEO Montana Department of Transportation. Mr. Lynch.

Mr. LYNCH. Mr. Chairman, Members of the Subcommittee, I am Jim Lynch, the director of the Montana Department of Transportation. And I appear here today for my Department and four additional State DOTs, those of Idaho, North Dakota, South Dakota and Wyoming. We think it is terrific that this Subcommittee is holding a hearing on the benefits of a connected surface transportation network moving people and freight.

The network of Federal aid highways plays a critical role in tying the nation together, and most of that network is in rural America. More specifically, Federal aid highways in our States provide many benefits to the Nation. First, our highways provide a bridge for through traffic benefiting citizens in areas of origin and destination. Movements between Chicago and Portland, for example, cross the rural west, benefiting citizens at both ends. These are benefits in terms of moving people, both people and goods, and it is not just a casual observation on our part. Federal Highway Administration data show that the percentage of truck traffic in our States that does not either originate or terminate within the State is above the national average.

In my State, 62 percent of truck moves are through traffic. The national median for States is approximately 45 percent. So, trucking in our States is largely long haul, which serves the national interest. There are tourism benefits, Federal aid roads provide access to scenic wonders, like Yellowstone National Park and Mount Rushmore. These roads assist agricultural and resource industries as well. Federal aid roads not on the NHS also enable crops and resources to move to market. This can include forest products, which I understand is critical in your State, Mr. Chairman. These roads also help serve the Nation's ethanol production and energy extraction industries, which are located largely in rural areas. In my State, these roads also are helpful in servicing the new wind energy installations.

Next, I would like to call the Subcommittee's attention to the map on the last page of my written testimony. As you can see, these are the five States that I am talking on behalf of here today. If the Federal aid system were limited to the NHS, areas in our States as big as entire northeastern States would have no Federal

aid eligible roads. Connectivity truly would be lost. Also, because the Federal Aid System extends beyond the NHS States are able to make increased investment on rural routes, enhancing safety on those relatively high risk roads. There are also benefits from Federal investment in transit in rural States. Those investments help ensure personal mobility, especially for seniors and the disabled, connecting them to necessary services.

Before closing, let me turn to funding issues. Our States face severe transportation infrastructure funding challenges. We can't provide all these benefits to the Nation without Federal funding leadership. We are geographically large. We have extensive highway networks and have low population densities. This means that we have very few people to support each lane mile of Federal aid highway. The national average is approximately 128 people per Federal lane mile. In my State, the number is 29, less than one-fourth the national average. In addition, citizens in our States make per capita contributions to the Highway Trust Fund above the national average. The national average contribution to the highway account of the Highway Trust Fund is $109 per person. Montana's per capita contribution is $156, 43 percent above the average.

I also want to emphasize that with low population and traffic densities, tolls are not the answer for funding transportation needs in rural America. I'll say it again, tolls just won't work for us. A continued strong Federal funding role is appropriate to achieve the national benefits of a connected system including rural States like ours.

In conclusion, Federal investment in transportation in rural States like ours provide important connectivity and other benefits. Accordingly, the upcoming authorization bill should provide strong funding in support of those rural investments. Thank you again for the opportunity to testify before you here today. I am available for questions.

Mr. DEFAZIO. Thank you, Mr. Lynch.

I would turn to the Honorable H.B. Limehouse, Jr., Secretary, South Carolina Department of Transportation. Mr. Limehouse.

Mr. LIMEHOUSE. Thank you, Mr. Chairman. I am Buck Limehouse, Secretary of Transportation for the State of South Carolina. I very much appreciate the opportunity to speak to you and the Members of the Committee today on transportation issues of critical importance to the Nation.

The reauthorization of our highway program, the role of surface transportation, including mass transit. I am here on behalf of the South Carolina Department of Transportation, but most of the items I bring before you of are national interest. We like you are concerned about rising fuel prices. Ironically the rise in petroleum price decreases our revenues and increases our costs. So we get hit on both ends.

Fewer people travel with high gas prices which means less revenue from fuel sales. In South Carolina, our revenues from motor fuel taxes for the last 3 months have been below the 2007 levels and we expect that trend to continue. We have put cuts in our administrative budget and we resulted in about 19 million in savings at our agency. This money has already been added to our highway

maintenance budgets. But these are far outweighed by the inflation that we have experienced in construction and materials.

America is in the midst of historic transportation in our approach to this problem. On the brink of reauthorization we have an opportunity to nationally address the Highway Trust Fund Equity and Federal Highway and Transit programs and congestion mitigation while encouraging transportation partnerships.

First and foremost, the Highway Trust Fund can no longer be solely tied to the gas tax, which is calculated as a tax on the number of gallons of gasoline purchased. This is a shrinking revenue source. It does not apply to highway users who drive alternative fuel vehicles. There must be other sources of revenue from the Highway Trust Fund and inflation must be built into a formula which takes into consideration the number of miles traveled on our highway system.

Under the enactment of the Energy Independence and Security Act of 2007, automobile fuel economy standards will increase 40 percent by 2020. And while we applaud the efforts of fuel efficient standards, the issue of reliance on motor fuel user fees is not going away and it must be addressed at the Federal level. These two issues go hand in glove with each other and they should be addressed simultaneously.

As you have undoubtedly heard from people like me who represent so-called donor States, the equity of the Federal program is not equitable. The Highway Trust Fund is divided, as you know, into a highway account and a mass transit account. South Carolina has historically been a donor State. This means that we contribute more to the trust fund than we received back from highway and transit programs.

We are also a donor State under the IFTA program which requires us to share diesel tax revenues with other States. The distribution formula now guarantees South Carolina a return for highways of $0.92 on the dollar and for transit $0.42 on the dollar.

Among the 50 States, as Congressman Brown alluded to, we are 45th in geographic size, yet we own and maintain the fourth largest State highway system in the Nation. This simple fact has a tremendous influence on the State Department of Transportation's decision-making process. Population growth and economic growth are putting an increasing heavy burden on all modes of transportation. At the same time, we have to be conscious of using our resources wisely, protecting the environment that we all live in and managing the public's money well so that South Carolinians can get the best return for their tax dollars.

Interstate 73 and the port of Charleston access road project are two projects that display the need for investments based on population and economic growth. Growth is occurring near the U.S. coast and we are no exception. The population growth in relation to infrastructure has exceeded all expectations. Interstate 73, which is a congressionally-designated interstate, has a potential to substantially reduce congestion and provide an evacuation route from the coastline.

It is my recommendation there have been no funding for these new interstates, and it is my recommendation that you consider es-

tablishing a program that will require a 50/50 match to ensure that the States and localities are serious about their projects.

With the economic growth of the international port of Charleston, it helps the entire southeast region of the United States. But the Port of Charleston, like most of the Nation's seaports, has been established for centuries and is embedded in a densely populated urban area. The efficiency of our ports has been compromised with the characteristics of their surroundings which presents obstacles to linking these important freight gateways to national highway and rail systems.

If we truly want to connect communities, we must come together and change the paradigm of transportation. We need to establish a new transportation vision for the next century that involves a Highway Trust Fund, equity and transportation and reducing congestion. Thank you for this opportunity. If there are any questions I would be glad to entertain them.

Mr. DEFAZIO. Thank you, Mr. Limehouse.

With that, I would turn to Mr. Mark Pangborn, he's the general manager, Lane Transit District in Oregon, a district that has pioneered the first I believe Small Starts, bus rapid transit project with partial fixed guide way systems. And my understanding is that you have reached the 20-year projection of ridership in 18 months.

Mr. PANGBORN. That is correct, in fact we passed it in 1 year.

Mr. DEFAZIO. Okay.

Mr. PANGBORN. And we are now growing at 20 percent beyond that.

Mr. DEFAZIO. All right. Well, thank you. Go ahead with your prepared remarks.

Mr. PANGBORN. Thank you, Chairman DeFazio, Ranking Member Duncan and Members of the Committee. I am Mark Pangborn, and the general manager for the Lane Transit District. We believe the skyrocketing fuel prices, traffic congestion and concerns regarding global warming have changed the way Americans look at their transportation options. And the conditions are right for a significant shift in our attitudes and perspectives on transportation in the country. We know this is true for the Lane Transit district, which serves the communities of Eugene and Springfield and a metro area of about 250,000.

We have a very high ridership. This last year, we will carry 11 million rides and we attribute our success to really three factors, one of them is innovation. We were the first system in the United States to be 100 percent lift equipped, and that was 5 years before ADA. We have bicycle racks on all our buses, fully loaded. We have a group pass program with over 70,000 people who are members of that program and have a pass that they could use to ride the bus all the time. But our most interesting project is the bus rapid transit. I will talk about that in just a minute.

The second reason is LTD offers a variety of services to connect people to jobs, appointments and social needs. We can't expect that a single type of service is going to work for all situations and for all people.

And third and most importantly we have been fortunate to have a stable operational funding and strong Federal support. Virtually

every major capital expenditure, from buses to facilities, to our bus rapid transit line has been funded in large part with Federal funds. This support has been critical to our success.

Like other systems around the country, our ridership is increasing rapidly. While the ridership increase has put a strain on our system and overloads are a problem, our Federally supported investments in facilities and other infrastructure over the years has really prepared us for this growth. I would like to tell you a little bit about our efforts in the bus rapid transit because I believe it is an important new tool in connecting communities.

LTD has been in the forefront of the development of this bus rapid transit concept. Our system, which we call EmX, is a full featured BRT that emulates light rail, with features such as exclusive transit ways, transit signal priority, improved stops and stations, unique vehicles and really a different image than a conventional bus.

Our first EmX corridor connects downtown Eugene with downtown Springfield and opened for service in January 2007. It is difficult to overstate the interest and excitement that has been generated by the first EmX line. Ridership on this line increased immediately to the 20 years projections and now has exceeded that by 20 percent, as mentioned.

If you look to the slides we have there, that is a great example of Federal investment and infrastructure. That is our station in downtown Eugene, it is the terminus, west terminus of EmX.

Could I have the next slide? This is the a photo of the grand opening and a collection of photos. You can see, Chairman DeFazio, with FTA Administrator Simpson, myself and our board chair opening it up.

Next photo. Here is a good example of what a BRT lane looks likes, it is two BRT vehicles passing in a corridor. You can see it really looks like a light rail, only it doesn't have the tracks. It just has the concrete ribbons for the buses to run on.

Next. This is a photo of a typical BRT stop, again looking very much like light rail except for the tracks. There is something else that is not indicated and that is that we were able to build this entire system for $6 million a mile. That is about one-tenth the cost of a typical light rail system. So it really brings this into an affordable range for a number of communities. In response to the exceptional success of the first EmX line LTD is working actively to expand the system.

The second EmX line is one of the first to use small starts funding programs that was created with SAFETEA-LU and the project is fully funded and we expect to open in 2010, and we're planning for the third line in west Eugene.

Now while high capacity transit investments have been employed almost exclusively in large Metropolitan areas, LTD's experience with EmX demonstrates that high quality transit in communities the size of Eugene-Springfield, can have a significant positive impact on the economic growth and livability of the community. A relatively small investment can have a very positive multiplier effect on improving a community's connectivity options.

With that in mind, we would propose six recommendations for the new service transportation bill: Increase the investment in our

Nation's transportation system. The backlog and infrastructure for needs all modes is significant and must be addressed; reflect the changing transportation environment and concerns regarding global warming and peak oil by placing a greater emphasis on transit and other alternative transportation modes to meet our future transportation needs; streamline project delivery. It still takes too long and costs too much money for a project to go from concept to implementation; increase funding for FTA small start programs. As LTD has demonstrated, this program provides opportunities and medium size communities to implement cost effective systems; provide dedicated funding for bus replacement; and, finally, provide operational funding for existing ADA required paratransit services. Thank you.

Mr. DEFAZIO. Thank you, Mr. Pangborn.

They called for a procedural vote, we will try and move quickly through two more witnesses here, Mr. Bobrowski, executive director of the east Tennessee development district, Alcoa, Tennessee. Mr. Bobrowski.

Mr. BOBROWSKI. Thank you, Mr. Chairman, good morning to yourself and Members of the Subcommittee. If you'll allow me, a special greeting to my Congressman, Congressman Duncan, the Ranking Member on the Committee.

My name is Terry Bobrowski, I am the executive director of the East Tennessee Development District headquartered in Alcoa, Tennessee. I am also a member of the National Association of Development Organizations Board of Directors and chairman of NADO's transportation task force.

I want to thank you for the opportunity to testify today on issues surrounding community connections, particularly in small Metropolitan rural regions. We submitted a detailed statement for the record, but I will limit my remarks to a few key points. First, the Nation as a whole has a vested interest in ensuring that the transportation networks in small towns in rural America are reliable, maintained and integrated into the larger national transportation system. As Congress works to reauthorize the SAFETEA-LU law, it is important that the Federal policy makers take into consideration the unique and pressing highway transit and safety needs of small metropolitan and rural America.

The challenges and pressures facing America's infrastructure network are well documented. The U.S. population is expected to grow from 300 million today to 420 million by 2050. Vehicle miles traveled are predicted more than doubled to 7 trillion miles by 2055. Freight traffic growing from 15 billion tons to 29 billion tons in 2035. And sadly, 42,000 Americans die each year and 3 million more are injured on America's roadways, 60 percent of those fatalities taking place on 2-lane rural roads.

While these demographic changes will almost certainly impact our major metropolitan hubs, they are already presenting new challenges in our Nation's smaller towns and rural communities. These include an aging population requiring new or expanded transportation options, seamless connections to global trade and commerce centers, and regular maintenance repair of aging roads and bridges.

The lack of modern transportation assets remains a significant roadblock for long-term economic development and community competitiveness in far too many of our rural areas. In the eastern portion of Tennessee, we have witnessed firsthand the impact a viable and reliable transportation network can have. For example, the Appalachian Development Highway System, or ADHS, is focused on connecting previously isolated areas in the 13-State Appalachian region with the national transportation system and the results from the development of that highway system have been simply outstanding.

Completing the ADHS by 2035 is projected to create 80,500 jobs, 3.2 billion in wages and generate over 5 million—excuse me, 5 billion in increased economic activities. On a smaller scale in my home region, we have a challenge with maintaining a system that must serve a diverse variety of needs. We must be able to maintain a system to serve the Oak Ridge National Laboratory, which is one of the most advanced scientific research facilities in the world, by also paying attention to the small community of Briceville, which is located less than 20 miles away from ORNL, very rural community, many homes are not even connected to a rural water system.

Mr. Chairman, the direct involvement of rural local officials in the statewide planning process is also crucial to making transportation networks work more efficiently and effectively. As the transportation networks in rural and small Metropolitan regions have become increasingly complex, more and more States have tapped into the planning expertise and local official networks original development organizations like my own to help form and staff rural planning organizations. Nearly 30 States, including Tennessee, have formed RPOs to help identify and rank transportation priorities on a regional basis for consideration by the respective States.

In 2005, the Tennessee Department of Transportation created 12 RPOs to serve rural areas not already served by the 11 Metropolitan planning organizations. In the establishment of the RPO network in Tennessee represented a dramatic change from the previous method of establishing transportation priorities within our State. Instead of each city and county lobbying for their particular project at the State level, our rural cities and counties are now collaborating and cooperating to recommend a list of projects that have regional consensus instead of just local impact. Our RPOs work hand in hand with and are ultimately responsible to the State, that because of our links to local government, we are now better positioned to coordinate our State's transportation plans and programs with our regional and local economic development housing and land use priorities.

We are becoming better equipped as a State to fully link and connect not only the transportation needs of our communities, but also our economic development environmental and land use needs.

Finally, Mr. Chairman, as this panel develops financing alternatives beyond the Highway Trust Fund, the members of NATO encourage you to consider the unique economic conditions and financial capacity of areas outside of the major metropolitan regions. We encourage Congress and the administration to pursue and develop new financing models. However, we urge Federal policy-

makers to retain or strengthen existing funding resources that are proven to work in our small metropolitan and rural regions.

Thank you, Mr. Chairman, for allowing me the opportunity to testify before you, and I am available for questions at the appropriate time.

Mr. DEFAZIO. Thank you. We have 8 minutes 2 seconds. This is the first part of the day, so Mr. Isaacs, can you meet your 5-minute time line?

Mr. ISAACS. I believe I can.

Mr. DEFAZIO. Go ahead.

Mr. ISAACS. Thank you, Mr. Chairman, Mr. Duncan, Members of the Subcommittee. Greyhound and its network of independent interline partners, is perhaps the single most appropriate model for connecting communities nationwide. Properly operated inner city buses can provide revitalized feeder services from rural communities and urbanized areas and the Nation's transportation grid with relatively little investment.

The infrastructure is in place, and unlike rail or air services, buses can go anywhere and provide service at a very low cost. Federal Government statistics shows that inner city buses are the most energy efficient and environmentally friendly mode transportation in America. Inner city busses can play an even more essential role in the surface transportation infrastructure. In SAFETEA-LU, Congress started to focus on the important role of inner city bus service by strengthening the FTA bus and bus facilities program, the rural and small urban programs and the over the road bus accessibility program.

When used as intended by statute and regulations, these programs support the viability of nationwide inner city bus service and contribute to enhance modal connectivity. These programs are starting to generate positive results and should be retained and strengthened in the next reauthorization.

The rural inner city bus network has been in serious decline in recent decades. However, we still serve far more communities than any other form of inner city transportation. The private automobile demographic shifts that were mentioned a few moments ago a serious imbalance in Federal support in the inner city bus service. And the emergence of cultural and low cost bus services have all contributed.

To remain viable, Greyhound has had to focus its networks predominantly on urban to urban markets while trying to maintain as much as its rural feeder network as possible. We are actively engaged with State DOTs to reinstate and expand service to affected communities nationwide.

SAFETEA-LU programs and requirements have helped improve rural connectivity. The 5311(f) program has now created as a result of SAFETEA-LU, a more meaningful dialogue with States and the inner city bus industry. It has created opportunities for intermodal transportation centers nationwide. Greyhound is now a tenant in 100 of those facilities with a least another 100 in various stages of planning and development where we are able to connect with local modes of transportation.

The SAFETEA-LU and subsequent to SAFETEA-LU with FTA we created a pilot local match program using the unsubsidized

inner city bus service within a State as an in kind match for services which enables the feeder projects established by those services to be a lot more stable and provide service on a longer term basis. One of those examples is a near feeder service scheduled to connect Climate Falls, Oregon Medford, Oregon and Smith River, California in the next few months. The project will reinstate service loss during the Greyhound restructuring and connect Climate Falls and Smith River existing Greyhound service in Medford.

It is to be funded by an FTA 5311(f) grant. And Greyhound will provide the local in kind match. An important feature of this and other services is that while they make connections for the rural inner city bus customers they also connect people with essential regional medical, social service and employment centers. On another front and one on which we have been a bit unsuccessful in prior reauthorizations is a proposal to create an essential bus service program that could supplement and expand EAS type service in rural communities to primary airports. An example is Mason City, Iowa to Minneapolis, St. Paul. Mason City has EAS service operated into Minneapolis operated by Mesaba Airlines with three schedules a day, and a 33-passenger Saab 340. Jefferson Lines motor coach operator based in Minneapolis, also operates three schedules a day between Mason City and Minneapolis airports and 55-passenger motor coach. The flight time is 45 minutes and non stop Jefferson service would take approximately 2 hours.

Jefferson's fare is $80 and Mesaba charges $900. And the 2007 EAS subsidy to Mesaba was over a million dollars or about $87 per passenger. There is a limited market for $900, 45 minutes flight. On the other hand, a much smaller subsidy could produce multiple affordable and convenient bus trips in a similar market.

Greyhound and its interlying partners play an essential role in connecting rural communities given our flexibility low cost energy efficiency and environmental friendliness, we can play an even larger role. We have several recommendations, one is make the FTA 5311(f) pilot in kind match program permanent, and expand its application to enhance implementation of statewide inner city bus feeder services. Require FTA to withhold or deny funding to any State that fails to comply with the planning and consultation requirements, create an essential bus service program, support passenger information transportation systems, reauthorize the over the road bus accessibility program. We look forward to working with Congress in that regard, the cost is minimal and the payback is significant, thank you.

Mr. DEFAZIO. Thank you for being so prompt. The Committee stands in recess.

The Committee will come back to order.

We left off with Mr. Isaac's testimony, and we are now moving to the last witness, Mr. William P. McDonald, Executive Director of Medical Motor Service of Rochester, New York.

Mr. McDonald.

Mr. MCDONALD. Yes. Good morning, Mr. Chairman and Members of the Subcommittee. I am Bill McDonald, and I am Executive Director of Medical Motor Service, which is a not-for-profit agency located in upstate New York in a nine-county region which consists of rural, suburban and urban communities.

It is a privilege to be here today—thank you very much—to speak to you about some of the issues that are facing an organization such as Medical Motor Service and other not-for-profit agencies as we try to coordinate and provide a wide range of transportation services, primarily to older persons and persons with disabilities and special mobility needs.

Medical Motor Service is probably one of the oldest organizations of transportation in this country. We began in 1919 during the influenza epidemic and started as a volunteer group to take patients to hospitals to address critical medical needs at the time.

We evolved over time, and during World War II, we actually stopped using volunteers because of shortages of fuel and the high cost of gas and gas rationing, almost facing a situation very similar to today in terms of the difficulty of fuel.

We also expanded our scope of service to meet the needs of not just medical, but also children to special education services, adults to mental health services, chemotherapy, dialysis, radiation treatment. We do a lot of work with older people to take them to adult daycare centers, for shopping access.

Our role is really to complement the fixed route paratransit services in the communities that we serve. We work in conjunction with them, and the way that we complement them is by providing a service which is more specialized, has different hours of service of broader geographical reach, and, therefore, assist people that can't take the traditional fixed-route service.

As a not-for-profit agency, coordination is really the name of the game for us. People don't ride our buses because they like to going on a bus; they ride them because they need to get to some community services.

We coordinate in a number of ways. We work with different faith-based groups, operating their vehicles for them in exchange, bartering some trips. We work with other not-for-profit agencies that turn over their 5310 vehicles to us to operate, and we also have the more traditional contracts for service.

The key issues that are facing us as we endeavor to coordinate is a lot of what you have heard today, but takes on a special meaning for us. One is fuel. In the last year, our fuel costs have increased 30 percent. Where they comprised 6 percent of our budget a year ago, they are now 12 percent of our budget. Meanwhile, our ridership has increased 14 percent, and it is becoming more and more difficult.

We could take the increased cost of fuel and provide fully paid health insurance to 100 of our drivers each month or buy two vehicles straight up to serve more and more people that are relying on our programs.

Meanwhile, I did want to mention that we—as a not-for-profit, while we are exempt from sales tax, we are still required to pay the State and Federal fuel tax and excise taxes.

Unlike some of our colleagues that work transporting school children who are exempt from those taxes, those that transport adults are not exempt. In some ways, we see that as an equity issue in terms of what we could use that money to provide for service.

I also wanted to mention that while it is not under the purview of this Committee, the Medicaid program is very important for

many transportation systems throughout the country and provides some infrastructure as well. CMS is currently proposing some rules that could limit that benefit to low-income, medically challenged people and could actually affect the ability of other transit agencies to provide the service.

We are very appreciative of the work of SAFETEA-LU, the opportunity it has provided in funding for not-for-profits, particularly through 5310, the ability to flex money. We encourage the continuation of that and also for the initiatives that call for coordination of services between human services organizations such as ours and other organizations in the community.

Thank you very much, and we look forward to another 100 years of service in upstate New York.

Mr. DEFAZIO. Thank you for your interesting testimony and history.

I am looking for my question sheet, which I had before I left and now it has disappeared. And I had written some notes on it which are not on this one.

Well, let's start with sort of a couple of general questions. We had several witnesses talk about the enhanced funding. That is obviously something that is going to be very much an issue as we go into reauthorization.

I mean, pretty much everyone except Mary Peters would say, and those who are her acolytes or she, whoever she is an acolyte of, would say that there is not adequate Federal investment in the national transportation system, and we need to enhance that. Our first one or two witnesses pointed out problems with the potential drop-off in vehicle miles traveled or increase in fuel efficiency in terms of relying on the gas tax.

I mean, we can deal with the fuel efficiency issue by having an index that would keep the tax stable according to average fleet fuel economy. Obviously, the drop in miles traveled is something that will affect the trust fund further.

I am curious what ideas people would have for the short term. We have held hearings on this, and most witnesses seem to feel that moving toward a mileage parameter such as has been modeled in Oregon is desirable, but probably at least one, maybe two, authorizations out.

Does anybody have any reflections on what they might do more immediately or would do in terms of reauthorization to get more funding?

Mr. LYNCH. Mr. Chairman, would you like me to try that first?

Mr. DEFAZIO. Go ahead.

Mr. LYNCH. Well, I think, Mr. Chairman, the point of your question is immediately. When you are looking at a number of different funding opportunities and scenarios to fund the Highway Trust Fund, there is really only one—immediately—and that is a General Fund infusion to the Highway Trust Fund.

I think closely following the next step of being immediate might be looking at the fund itself, and looking at some of the exemptions that have been allowed in that trust fund—and not take away the exemptions, because I think some of the exemptions are in fact important; but let's recognize that they may be properly a General Fund obligation, that today are a Highway Trust Fund obligation.

I think that is really the only way we are going to do it immediately.

Mr. DEFAZIO. Similar to the ideas that are being bandied about to fix the projected shortfall is by recapturing some of that money with General Fund contributions?

Mr. LYNCH. The Wyden-Thune bill is another example, which is a federally funded, assisted bonding bill which would provide money in a way similar to the Highway Trust Fund. Those would be things that would be my recommendation, which would handle the problem the quickest right now.

The VMT is something to look at, but it is a long ways off. I don't think that is something that we could grasp right away. Oregon has done a great job in analyzing VMT, but even they, I think, would tell us we are a ways off from perfecting that.

Mr. DEFAZIO. Mr. Pangborn, you said you represent a transit district. Tell me about the stresses on your transit district or what you are aware of, and others, because of this very abrupt and very high run-up in high fuel prices and, therefore, correspondingly abrupt run-up in your passenger loads.

Mr. PANGBORN. I have worked for the transit district for 25 years, and I never could see that I would be in this particular situation. Our ridership has grown 35 percent in 3 years and 17 in the last year. I mean, all of the things we worked for and urged people to do, they are doing, primarily driven, I believe, by the price of fuel.

At the same time, we are facing a situation where our board just approved a significant increase in fares—very difficult one because, for a lot of people, it will be hard to absorb even a quarter increase—from $1.25 to $1.50; and we are going to have to cut service because we do not have the funds, we don't have the revenue streams to support the increase particularly in the fuel and the increase in the ADA-required services, our dial-a-ride services.

They are growing at 15 percent a year, and our revenue source is growing at about 7 percent. What we are having to do is rob the fixed-route service in order to support the dial-a-ride service. It is a travesty, in some sense, because we are getting people on the system that are really accepting it, just in terms of wanting to be on transit, and we are running out of capacity and having to cut service.

Mr. DEFAZIO. So we have sort of the perfect storm. People are being driven to transit because they can't afford fuel and transit can't afford the fuel either. So, then, you have got to raise fares on the people who are flooding to transit and at the same time cut the service, and there will be less availability.

Mr. PANGBORN. Yes, absolutely.

Mr. DEFAZIO. If there was, say, some emergency injection or authorization to draw on the Transit Trust Fund this year, do you believe that it could be well applied by not only your transit district but transit districts across the country to meet a very unanticipated, short-term emergency situation?

Mr. PANGBORN. Well, I hope it is short-term. It may not be, but it would give us the time to find solutions. I mean, that is what we need, because otherwise we are going to have to cut service, and

we will lose that very inertia that we have now. It would be critical, in my estimation.

Mr. DEFAZIO. Well, Goldman Sachs, who controls a significant part of our fuel supply—most people don't know, but our fuel supply is not controlled by Exxon Mobil, Shell and others—it is controlled by Goldman Sachs and Morgan Stanley and others.

Goldman Sachs keeps predicting $200, and of course, if they are long, it is going to $200 because they are making money and they are controlling the market. It is unregulated, thanks to a dead guy, Ken Lay, and Enron—but they are predicting the prices will stay really high only until the election, so they probably know.

Mr. PANGBORN. Well, I hope it is short-term, because for us a 20 cent increase in the price of a gallon of diesel represents 1 percent service loss. That is what we have to cut in order to make that up.

Mr. DEFAZIO. Twenty——

Mr. PANGBORN. A 20-cent increase in the price of a gallon of diesel represents 1 percent of service for us. So we buy 1 million gallons of fuel a year, so 20 cents would be 200,000. That is what 1 percent of service costs us.

So if it goes up 20 percent and we don't have a corresponding increase in revenue, we have to cut 1 percent of service.

Mr. DEFAZIO. Okay.

We have had several people testify, Mr. Lynch and Mr. McDonald, specifically, and I believe there was one other, about rural sort of trying to meet—well, and of course, Greyhound to some extent—rural needs, particularly trying to target small communities that don't have viable scheduled service or other transit options—although it seems like Tennessee is doing some interesting and innovative things there.

I am just curious, I have been asking for some time now how in Federal policy we could better address the needs of the dispersed rural populations, particularly an aging rural population, cost-effectively.

And I would be interested in a quick response anybody has on that.

Mr. McDonald.

Mr. MCDONALD. Yes, Mr. Chairman.

One way that would help us is technology. We don't have access on our side of the street, nonprofit agencies, necessarily to a solid funding stream for technology; but in the less-populated areas, if we can get better scheduling and dispatching and vehicle-locating systems, I think that would help in terms of the—and sharing that among a variety of service providers in a coordinated fashion, I think that could help.

Mr. DEFAZIO. So an IT system that would provide real-time information and routing to those drivers to both save time and fuel?

Mr. MCDONALD. Yes, sir.

Mr. DEFAZIO. That is very interesting.

Mr. MCDONALD. That is not typically available to agencies like ours. It is more available, it seems, to more transit—traditional transit systems.

Mr. DEFAZIO. That is very interesting.

Mr. Isaacs.

Mr. ISAACS. Let me grow that to a different level, information technology.

The technology exists now to allow persons to go onto the Internet, buy an airline ticket, rent a car, get a taxicab and take care of their urban transit needs in order to enable a person that they can schedule service on Bill's system, get to Rochester and grab a Greyhound bus and perhaps even buy a ticket for both of those services, and then do a seamless trip all the way to their destination.

That is within grasp, and the further integration of local—nonprofit, public and private services on the local, regional and intercity level is something SAFETEA-LU started. We can take that a bit further though.

Mr. DEFAZIO. Again, if you have any specific suggestions in that specific area, I would be happy to hear them.

Mr. Pangborn.

Mr. PANGBORN. I can give you a very specific example of that.

We just opened a call center in the Eugene-Springfield area. Before this call center we used to have three systems that managed Medicare and our dial-a-ride service. We combined them all in one, and the key was technology, as Mr. McDonald said.

Were we able to—in terms of dispersing who is the best provider to provide the trip and how to build that trip and who is going to pay for that through these myriad of funding resources, it really requires a very sophisticated IT system in a centralized area-wide system.

But it can be done. It is much more efficient, and it begins to provide services out into the more rural areas.

Mr. DEFAZIO. Great. Thank you.

Mr. Lynch.

Mr. LYNCH. Mr. Chairman, I will just add one more point that really dovetails well with the other three, and that is offering more flexibility in the other program.

In rural States, you know, flexibility is very important because of the diversity of the riders that we may have and the multitude of different types of riders we may have within a transportation system. So allowing us more flexibility to spend that Federal dollar would support what the three other individuals just testified to.

In Montana, we grew, in 2005, under the increased funding of SAFETEA-LU from 12 providers in Montana prior to 2005 to over 36. If we had more flexibility within the program—supported with additional funding—that would allow us to grow even more providers and offer more affordable opportunities for people to ride mass transit.

Mr. DEFAZIO. I would appreciate any follow-up you can give us on specific barriers to that flexibility. That would be helpful.

With that, I turn to Mr. Brown.

Mr. BROWN. Thank you, Mr. Chairman. I would thank all the members of the panel for coming and sharing this insight.

Mr. Limehouse, in your closing remarks you identified partnerships as the future of transportation funding. I would like you to explore that thought a little more, and please mention any active partnerships that you have seen that have been successful.

Mr. LIMEHOUSE. Mr. Chairman—and I have trouble not calling Congressman Brown ″Chairman Brown,″ because he was Chairman of our Ways and Means for so long—but he put together and authorized a bill that provided us with a State transportation infrastructure bank, which I was suggesting might be something that could be applied on a Federal level, because this would allow you to leverage the existing funds that you have without creating new funds.

Congressman Brown's act provided one of the most innovative programs in the United States, and it is kind of the old theory, the good Lord helps those who help themselves. We have, I understand, done more projects under our State infrastructure bank program than all the other States put together. That is my understanding. Major projects, rural and urban, they have been very successful, about $3 billion in new projects, and we got them done.

We did 27 year's worth of work in South Carolina in 7 years with the use of bonding programs; and we did it under the old pricing, so we didn't get hit by some of this inflation.

So we are pushing the fact that if you will partner with the States, you will see who is really serious about going ahead with programs, and they will find other sources of funding to match the Federal funds. The program I am referring to, Congressman Brown put in a local match so that all the local communities that wanted projects or projects that—existing ones improved, like the bridges down in Charleston and the interstate in his district, they were required to put up a local match, so they came from a variety of sources, but not gas tax.

Mr. BROWN. Mr. Limehouse, on the issue with the local match, do you know how many counties have actually had referendums to implement a local sales tax in order to generate the local match on the infrastructure bank?

Mr. LIMEHOUSE. Congressman, we have a local sales tax in Beaufort, York, Florence, Oconee, Berkeley, Dorcester, Charleston and about five or six counties that are putting it on the referendum for this year. So they realize that if they don't put something into the fund that we are not going to be able to do all the things—any State that is growing can't keep up with their infrastructure needs, so that is what we are going to.

We are not just using local option sales tax, we are using hospitality tax, we are using local option gas tax, a variety of sources to supplement the State and the Federal funds.

Mr. BROWN. With that background, do any other members of the panel have any creative ideas that they have used to enhance the road infrastructure in your jurisdictions?

Mr. ISAACS. If I may, Greyhound has been working very closely with a number of State DOTs to improve the number of enhanced transportation services statewide and even to replace some of the services that have been lost in our reorganization.

What we are finding—even this week, I had a conversation with a rural transit agency in Alabama. Where you have an economic engine and a small urban area, you have the ability to raise the sales tax, convention taxes and others.

In rural America, agencies and cities or small towns are struggling to come up with that local match. I knew an agency this week

that had a capital grant made available through SAFETEA-LU that could not raise the local match and had to have the—the grant was not fully realized as a result.

There has got to be some way, especially for rural areas, to help meet that. One of our thoughts was to help meet, at least on the surface side, with the local in-kind match using Greyhound, unsubsidized Greyhound services of value for that purpose.

Mr. BROWN. I know the Secretary can probably answer this better than me, but in South Carolina we have what we call a C Fund program that actually helps—we called it back in the early parts the ″farm-to-market roads,″ which helped, I guess, subsidize those local communities that could not participate.

Yes, sir.

Mr. MCDONALD. Mr. Brown, we have worked to get matching dollars for some of the Federal transit grants that we have from private sources and have found some measure of success with that, local businesses that we contract with to provide shopping shuttles, as well as foundation and grants that way.

We have struggled a bit to get flexibility of match with some of the other Federal funding sources, however, such as the Administration on Aging; and it seems that we get an unclear message about whether we can utilize some of those fundings, put them together, if you will, to buy a vehicle. And it would certainly be helpful to have that flexibility.

Mr. BROWN. Mr. Chairman, I know my time is gone.

The dialogue I was trying to create is the fact that our Highway Trust Fund up here is certainly underfunded, I think, by about $8 billion. We are trying to reconcile that now.

But what I wanted to just identify was the struggling the States are having to try to meet the congestion problems they have had within the States, and also as we increase the mileage of our vehicles and actually have less funds coming in with the gas tax.

I would hope that this Committee would take a look at trying to find some alternative ways to finance the reserve fund.

Thank you.

Mr. DEFAZIO. I thank the gentleman. I am open to ideas on that, so I would be happy to have that discussion.

Mr. Arcuri.

Mr. ARCURI. Thank you, Mr. Chairman.

I would like to thank the panel for being here. I would like to especially thank Mr. McDonald, my neighbor from New York. I apologize for not getting back in time for all of your testimony, but I heard the end, and thank you for being here and sharing your perspective with us.

Gentlemen, I just have one question. I am from a district that has several cities, small cities in it. They all have mass transit companies in them. Some are the same companies, some share the same company between municipalities, others have independent.

My concern is this: The companies are good at getting people from the inner city, the cities to the suburbs, but how are we going to get the people from the rural areas, who are really suffering, into the urban areas where many of them do their shopping? They seem to be suffering the most as a result of the gas prices. They have to come the longest distances.

I mean, do we put the lines in? Do we run the lines to the rural areas and hope that they will come? You know, ″build it and they will come″? Or do we wait until the demand gets to the point where we have to then bite the bullet for the short term and let the lines run even if the ridership is down very low?

Do you have any thoughts or suggestions on it?

Mr. Isaacs?

Mr. ISAACS. With respect to rural service, the shifting demographics don't always support building the service and they will come.

I think the successes that we have seen with our efforts are linkages between the existing—there are, what, roughly 1,000 rural transit operations throughout the United States, and the extent to which those rural transit agencies can link with inter-regional and intercity services coming into Rochester where there may be an intermodal facility, where modes are all present—Amtrak, regional rail, ground, and others—can certainly enhance the mobility of rural customers.

But—sometimes it may be a demand-response service coming from the rural area into the more urbanized area, but the network is there. I think building a bridge among the disparate players to integrate the services long term is a good policy idea.

Mr. ARCURI. Mr. McDonald?

Mr. MCDONALD. Yes, Mr. Arcuri, I think that one of the ways is to take those resources in those rural areas, whether it is an Office for the Aging vehicle and so on—and it gets to that technology and coordination piece again, where if we can have better communication and better linking of those existing resources, and know where they are and how to dispatch them better, we could build on that and run a shuttle into a more urban area.

And we are doing that. I think we can do more of that. The investment doesn't have to be huge vehicles and fixed route lines always; it can be more of a coordination focus, removing those barriers, though, that prevent an Office for the Aging vehicle to be used in another fashion, for instance.

Mr. ARCURI. Well, now I guess the tough question, how do we get that message out? How do we get that message out to people in the rural communities that the services—that services will be granted at the following times?

Yes, sir.

Mr. PANGBORN. I don't think it is difficult to get the message out. There is a pent-up demand out there; they are looking for it. There are communication services. There are a number of social networks that are already established. It is really to have the service.

One example—and flexibility is really the key—is what's called the deviated fixed route, is that you have—you put it out and say, we are going to run a bus from this little small community into a large community twice a day or every 2 days, whatever it is, and here are the days; and if you live within so many miles of that, we will actually come off route and pick you up.

You start doing that, and soon you will build a market that maybe you can even add more service because people will start finding ways to get to it.

People work very hard to get to that transportation they need. You just need to have it out there and accessible to them. That is our experience anyway.

Mr. ARCURI. Yes, sir.

Mr. LYNCH. Congressman, I might add, in Montana we are rural. In fact, we are as rural as it gets. We were able to, in just less than 3 years, triple the ridership, the entities serving riders in the State of Montana, going from 12 to over 36.

In what we did, as I mentioned earlier, flexibility is very important. But in that flexibility, I think you also need to encourage, in a way, providing revenue to those agencies that are willing to coordinate, meaning that they are not just going to take their rider, they are going to take a multitude of riders.

I believe you also—we need to look at how we are positioning those buses. You know, buses should be going to—buses and trains and airplanes should be going to the same areas rather than dropping somebody off 15 miles from another location and another form of transportation. I think that is an enhancement to mass transit that is very much needed even in rural States.

Mr. ARCURI. Mr. Limehouse.

Mr. LIMEHOUSE. Congressman, we had a situation that goes right to the point of your question. I found that there were numerous providers that were all going by the same place, so in our State last year we diverted the funding to some of the other agencies where we didn't have the ridership. And so, you might be going to medical treatment, or you might be going to work, but the same provider is now carrying multiple passengers of different persuasions.

So it has worked out pretty well. It is certainly better for us because it is cheaper for us to pay somebody else than to run the same route with nobody on the bus.

So that is what we are doing. Thank you.

Mr. ARCURI. Very good. Thank you, gentlemen, very much.

Thank you, Mr. Chairman.

Mr. DEFAZIO. Thank you.

Howard, do you have any questions? You don't have to have any questions, but if you have one, I will entertain them now.

Mr. COBLE. I will ask one very quickly. Thank you. Pardon my late arrival. I had to go to the floor, as you all know.

Mr. Limehouse, my neighbor to the south, in your testimony you speak of the Highway Trust Fund's inability to effectively meet the demands of the motoring public. What alternatives, solutions, would be a better option for financing our Nation's surface infrastructure?

Mr. LIMEHOUSE. Congressman, we have to get away from the number of gallons purchased, because it is not in our national interest to use a large number of gallons of motor fuel. So the tax has to be based on the number of lane-miles or some calculation that is usage and not number of gallons of gas you buy.

In our State and also in North Carolina, because we have aggressive programs right now because we are growing, both tourism and other—you know, manufacturing, we feel that we should partner with the local communities and the Federal Government to come up with and get private business involved in the transportation systems.

Mr. COBLE. Thank you, sir.

Mr. Lynch, at the table, you probably are the most rural State represented here today. Let me ask you a two-part question. Should Federal dollars continue to be a central part of financing infrastructure needs in rural States, A; and, B, how do rural States attempt to leverage resources to maximize each Federal dollar they receive for their transportation systems?

Mr. LYNCH. Congressman, the answer to the first question is, yes, and primarily because of what we are dealing with in our—the five States that I am talking about. In particular, in Montana, for example, we basically have—24 of our 56 counties have less than two people per square mile. So, to find some resources from the citizenry within the State of Montana is very difficult for increasing funding. We need a strong Federal role in highway transportation for the State of Montana.

We maximize—we have a very high state gas tax. And, as I said in my written testimony, ours is $156 per capita in what we contribute to the Federal highway account, which is far above the national average. And we have a high gas tax in Montana, but we also have a lot of uses—we are a bridge State. Our State provides opportunities for other States, and that is why the Federal role, I think, is very important for our State.

We match every Federal dollar we receive, and we do it very efficiently. We have a pavement management system to make sure we put the money on the roads that need the attention and not necessarily a favored project anywhere.

Mr. COBLE. Thank you. Thank you, gentlemen.

Mr. Chairman, I yield back.

Mr. DEFAZIO. The next set of questions will be from Ms. Hirono.

I have to complete a call to my governor on an urgent issue, so I am going to ask her to assume the Chair and excuse myself from the panel. She will take over in a moment.

Ms. HIRONO. [presiding.] Mr. Limehouse, I think I heard you saying something about you were able to do 37 years of infrastructure work in only 7 years.

Can you just tell me a little bit more about that, because one of the things that we have heard in our various hearings is that it takes so long to get the Federal money, to go through all the hoops and to do anything. So I am very interested to hear how you all did it.

Mr. LIMEHOUSE. Thank you, Congresswoman.

What we determined was that the cost of construction, materials and labor was going up faster than the interest that we would have to pay on bonds, so we bundled together all of the projects around our State that we thought we would need to do; and we calculated with the use of an aggressive bonding program through the infrastructure bank that we formed under the legislation that Congressman Brown authored. We went out and hired large companies to break it down so that they will—you know, all of the State was represented, and we completed those projects in 7 years.

So now a small portion of our Federal and State funds go to service debt instead of building roads. We have found it to be extremely successful, and it was a fantastic cost savings to the State.

Ms. HIRONO. Now, we don't have a Federal version of an infrastructure bank, right? I mean, that was one of the bills suggested, I think it was only last week, in one of these hearings that we have had here.

Would you recommend that the Federal Government look to paying for Federal infrastructure needs through this kind of an entity or through a bonding kind of a fund-raising mechanism than what we currently have?

Mr. LIMEHOUSE. In my opinion, if you authorize that immediately, that would get us through this crisis period, because then you would only—only the projects that States were really interested in, or local communities were focused on that had need would go forward, because if they had to help, they wouldn't be so quick to ask for funding.

So I think a national infrastructure bank along the lines that we developed would be very helpful right now, particularly in this period of time where no one can keep up with construction costs that are rising so quickly. If you bonded out, you made your projects, you would fix those costs today.

We also use design bill and other things that set the costs on the front end, so that we didn't have them escalate through the life of the project. Those are the techniques that we are using to control our costs in South Carolina.

Ms. HIRONO. Do the other panelists have anything to add? Do you agree that we should look to other ways of raising money to pay for our infrastructure needs? Bonding?

Having an infrastructure bank at the Federal level may be one way. Do you have any thoughts, any of the other panelists?

Yes.

Mr. LYNCH. Congresswoman, I mentioned in my testimony and also here, the Build America Bonds program is a good program. Why I think it is good for rural States is that it guarantees money to the rural States. Infrastructure banking plans, they are okay as long as the mechanism is, but how are you going to get the funds to States like Montana and the other four that I represent that have small amounts of funding.

You know, a $50 million project in Montana has never happened. I think most of these infrastructure banks and large programs are talking about $500 million projects or programs. So, I think when you look at funding sources you can't lose sight of the needs that rural America has and the limitation they have to participate in such mega-programs.

Ms. HIRONO. Well, I can completely agree with that because I represent a district that is six islands, and five of the six islands don't really have much of a transportation system to begin with.

I have another question about—but I think one of you mentioned that we—or many, several of you may have mentioned that we have these funding silos for highways, for aviation. There is some suggestion that maybe we should not have these silos, to create more flexibility, intermodal flexibility not just within the Highway Trust Fund, to have flexibility there, but to allow—to think in terms of intermodal so that we can use these various funds in ways that will allow States, as well as the Federal Government, to estab-

lish some priorities in a different way than we currently approach the issue.

Mr. MCDONALD. Yes, Congresswoman. I just want to reiterate how important that is for agencies such as ours and other not-for-profits and small rural transit where what we could do with what is a small rounding error in a highway project is phenomenal.

To the extent that it is easier to flex some of those dollars between these silos and have local planning areas and local communities have some authority in saying that, would be just an incredible boost and help to community transportation.

Ms. HIRONO. Do the rest of you agree with that kind of an approach? We would have to do a lot of changes to Federal law in order to allow that kind of flexibility, wouldn't we?

Yes.

Mr. PANGBORN. Yes, the SAFETEA-LU did actually build in some flexing between highway dollars and transit. I know in Oregon that money was flexed at the State level and went into projects such as was mentioned by the last speaker, and we have used it at LTD. Of course, it is a double-edged sword.

Right now, you have this big press coming to have more emphasis on transit. At the same time the roads are in really tough circumstance also. But at least you make it a local decision. It is made at the level where people really have to live with the product. It is not-- you know, the Federal Government acknowledging it is a need, but letting the decision be made locally in a flexible way; and I think that is appropriate.

Ms. HIRONO. Thank you. I believe my time is up. Does anyone else have questions?

Mr. Carney?

Mr. CARNEY. Thank you, Madam Chair. This is a question for the entire panel.

We know how much it costs, or we have a rough estimate, at least, of how much it costs to fix the Nation's infrastructure.

Do we have any idea of the cost if we don't? Feel free, panelists, to jump in on that one.

Mr. MCDONALD. A lot more.

Mr. PANGBORN. I wish I could give you a number. I can tell you in some ways, you know. I talked about, we are having to raise fares and cut services.

I just was at a public hearing last week where there were 35 people, all testifying, saying that if you cut my service, I will lose my job; I have no other means to get to my job. If you cut my service, I will not be able to go to school, because I will have to move. You know, that is very difficult.

So, I mean, there are some real, real issues here in terms of people, just economic viability of a community if, in fact, we don't really make an investment.

Mr. CARNEY. Mr. McDonald.

Mr. MCDONALD. Congressman, to that point, I know in the areas of nonemergency medical transportation, there have been some recent studies that have done an analysis of the cost benefit. And the higher cost of not getting people to medical care for preventive services is quite staggering. I don't know what those numbers are,

but the Transportation Research Board did a recent study, which is available.

I mean, it is staggering. It is what you think it would be. It is more than just not being able to get down a highway because it is not fixed. Or cross a bridge; I mean, it has life-threatening implications and higher health care costs as well.

Mr. CARNEY. Thank you.

Yes, Mr. Bobrowski.

Mr. BOBROWSKI. I think a great example is the Appalachian Development Highway System within a large region, a 13-State region. That program was developed back in the 1960s, and continues now and is expected to be completed in 2035.

That really is the primary region that the Appalachian region has been able to achieve progress towards parity with the rest of the country. It really is based upon transportation, removing isolation, allowing folks economic opportunities.

Certainly that has occurred within our region. U.S. Highway 25E is a highway that is going to cut about 60 miles of travel between folks coming from the east going to the west, and is also going to be designated—we hope it is going to be designated as a National Scenic Byway. So there are tremendous tourism possibilities.

There is economic development there. There is efficiency and effectiveness there.

Today, our Tennessee Department of Transportation has turned into an operation and maintenance organization primarily, not able to develop new projects. That is a big, big problem for our rural areas and something that is backlogging; it is going to continue into the future as Federal recessions occur, so things are getting much worse.

Mr. CARNEY. So you wouldn't mind seeing some more ARC highway miles allotted?

Mr. BOBROWSKI. We would love to see more miles.

Mr. CARNEY. Me, too.

Anyone else on the larger question?

Yes, Mr. Lynch.

Mr. LYNCH. Congressman, you know, it is a very important question, but also a very difficult one to answer. I think it would be difficult for States, you know, rural States like ours, which do not have a large population.

I am assuming, when you say you no longer fund the Federal transportation system, two things happen: You are just not funded at all and no repairs are made. Or do you look at other ways of funding within that State? There are States that would just not be able to pick up that load—look at the size of Montana and 600 miles across and the bridging that you have.

The second cost you have is, it wouldn't just be the cost to Montana. There is a tremendous amount of economic engines that are being developed, from Portland and Seattle to Chicago to Minneapolis, that not having a transportation system across the State of Montana wouldn't mean they would move their goods to another route. It would mean they would probably lose their business to another entity that could move their goods more efficiently or better. So the cost is insurmountable and would keep multiplying in that respect.

So—but when you look at the dollar aspect of a job, I can tell you that if we don't maintain our roadways, we can go from $1 million a mile to $4 million a mile in a very short period of time. If we have to totally turn our roads back to gravel, which some provincial governments north of our border have done because they have lost funding, that would be detrimental to the Federal transportation system; and it is probably a route we would not want to go down.

Mr. CARNEY. Thank you. Anyone else?

Thank you, Madam Chairman. No further questions.

Ms. HIRONO. Ms. Richardson.

Ms. RICHARDSON. Yes. I will be very brief. I am really here in support of my colleagues because I come from a pretty area that has highways everywhere. So when I read the material last night about rural roads and all this, it was a true learning experience.

So I am here to support my colleagues. I have one question, though.

There is discussion here in Washington about consolidating some of the Federal transportation grants to States. While the aim is to reduce the red tape and to speed the flow of funding to communities, are there potential pitfalls that you worry about that could adversely affect your particular communities?

If so, what could we do to help you if that, in fact, occurs?

We have had—let me just summarize my question that I just asked you there. We have had several Committee hearings, and they have said we need to take the programs from 100 down to 10, and this would be one of them.

What do you see the impacts would be, and how can we prevent you from being harmed in that way?

Yes.

Mr. PANGBORN. I think consolidation and flexibility, which has been a theme that we have talked about here at the table, is an important goal.

What you have in place is a whole system that has been built up to accommodate the Federal silos of funding. So I think a wholesale kind of consolidation might throw kind of the local decision process into chaos, and it would take a while to adjust.

I think a ratcheting down in terms of consolidation would be a good idea, though, because it would allow that greater flexibility and more local decision-making. But probably over a period of time, either during the 6-year course of a bill or over the course of a couple of bills, it takes a long time for local governmental decision-making processes to adjust. You have got this whole system, and if you do it quickly, it really doesn't accomplish where you want to go because you get poor decisions instead of reasoned decisions.

Ms. RICHARDSON. Mr. McDonald.

Mr. MCDONALD. Yes, Congresswoman. I have been in community transportation for 25-plus years, and I can say, probably, it would be worth the risk in terms of the trade-offs.

Ms. RICHARDSON. That is very interesting.

Mr. MCDONALD. If you were to have more consolidation, have more local control and say, because the silos, I just conclude, prevent a lot from happening. For people with disabilities and the elderly, which is the group that we work with, there is so little

money now in Federal transit funds dedicated to that purpose, that I think the risk is worth it for us.

Ms. RICHARDSON. Thank you.

I yield back the balance of my time to our great Chairman and Chairwoman.

Ms. HIRONO. Chairman Oberstar.

Mr. OBERSTAR. Thank you, Madam Chairman, for covering bases while Mr. DeFazio tends to other issues. It is good to be have you in the chair.

Ms. HIRONO. It is good to be here.

Mr. OBERSTAR. You are a strong advocate of public transit, and we appreciate that very much.

This hearing is very important for the future of transportation. I have been distracted by other Committee activities this morning, one of which was a session with the travel and tourism interests from across the country. Mr. Mica and I, actually, our Full Committee Ranking Member and I are making a presentation to travel and tourism interests about the need to sustain transportation in the future for support of this third most important economic sector in most of our States.

But so much of travel and tourism is centered around attractions in rural communities, I pointed out that Yellowstone and Grand Teton National Parks attract 9.5 million visitors a year. That is five times the population of Montana, and Wyoming combined. You can repeat that all across the country.

Now, in the aviation situation, the gentleman from South Carolina, Mr. Brown, who is a champion for travel to South Carolina for tourism investment in South Carolina, he knows very well that if everybody had to drive there, they wouldn't come.

You have to—you need all the modes. We need to upgrade the high-speed rail service on the East Coast. We need to invest in the Midwest high-speed rail initiative. We need to invest in the southern tier, in the northern tier, service that used to be the Empire Builder to the West Coast from Minneapolis-St. Paul. California is one-fourth of all of Amtrak passenger traffic, but between these great points of interest are small towns, rural communities that are not adequately served by public transit.

As the public has reached out for transportation alternatives in this high-fuel-price era again, although much more than in the 1972-to-1974 oil crisis or in the mid-1980s when we had another spike in oil prices—and after Gulf War I there was a spike in oil prices, but it quickly subsided; this is long and sustained.

People are looking for transportation alternatives.

The problem is, we have underinvested in transit until the ISTEA legislation of 1991, when we began to increase the percentage out of the Highway Trust Fund into transit systems and to establish a set-aside, a separate account, formula program for rural transit, the 5311 program. But in that period of time from, say, the 1960s until the mid-1990s, there was so little investment that our manufacturing capability moved offshore.

I held hearings in 1985, 1986, 1987 on the Buy America program, working well in highways, working well in the Corps of Engineers, the Clean Water Program—terrible in transit because the capability to produce all the parts had moved offshore. Allied Signal is

about the only domestic manufacturer, and they were outsourcing much of their work because there was no market for it.

The market is there now, and those transit systems are aging. Transit buses should be replaced every 6 or 7 years; you find buses now that are running 1.5 million miles in urban centers. Our rail cars are—in light rail, commuter rail systems, street cars are rusting out.

You go to places like Chicago, which has the second largest transit system in America, 800 million trips a year; and they are welding pieces in, holding their rails into the support structures of their rail cars, of their bus system. You look underneath, it is all rusting out, and they don't have the capital to replace.

Worse are the rural areas, smaller communities.

When I was growing up, we didn't have a car. My father had a very firm world view, if you can't walk there or take the bus there, you don't need to go there, wherever ″there″ is. So for one summer he bought a 1937 Ford to go fishing. And he would come home from work in the underground mine, and then we didn't know enough to drain the radiator, so the block froze and the car was scrapped, and we never again had a car.

But we always had the Greyhound bus. And you would get on the Greyhound bus and go over to Hibbing, just 6 miles from Chisholm, to see my grandmother and family over there. We would go across the range; that is the iron ore mining country. Then the automobile just sort of squeezed out bus service.

So who is providing transportation services to small communities with aging populations who don't want to move to urban centers, who have needs that are provided by urban centers such as, well, say, in Hibbing, a population of 20,000, of Virginia, a comparable population, Duluth?

But if you live 30 miles out in the countryside, how do you get there? The Arrowhead Economic Opportunity Agency has a bus service, and similar economic opportunity agencies provide this service. It is not provided by a multicounty transit agency; it is not provided by a multicommunity transit agency.

We have to find ways to provide that service.

In hearings that I held also in the late 1980s on a multiplicity of transportation services into small towns or into rural areas, we found that those who are making calls on homes to take persons to medical visits or simply to shopping in minivans or minibuses often found someone on the floor with a heart attack or a stroke.

They are providing a medical service. They are providing support service. Yet this is not part of an organized transportation service; it is part of some other function of government.

All right, now, you are all practitioners of the art. What do we need to do to 5311 with the $2 billion that we allocated over the 5 years of SAFETEA? What changes do we need to make in service, public transportation service to small communities, in what ways, to assure sustainability so that people don't have to move out of their homes, don't have to crowd into multiliving facilities where they will enjoy their quality of life and live a better life and not be in some sort of public-supported activity like a nursing home or congregate-care activity? They can live independently, but they need transportation.

All right, there you are, there is your charge. You are going to write the next transportation bill, this part of it. Tell me what you want to do.

Yes, Mr. Isaacs.

Mr. ISAACS. With respect to rural transportation, intercity bus is essential, as you know. We have worked with your office many years now. We have worked with the Arrowhead Economic Opportunity through Judy Byman for many years. You have been an advocate for rural transit for a long time.

There is still a discrepancy between the funding levels and the population levels in rural areas, so increasing the Federal funding for rural areas to at least match the population comparable to the percentages would be one step in the right direction.

Maintaining the relatively small subsidies going to intercity bus service would help, and enabling those agencies that are out there—the Arrowhead Economic Opportunity Agency—to be able to link with intercity bus services, so that you do have a local provider providing that service to the next larger town that can connect with intercity bus services. The same way with Amtrak, with the remaining air network that will be around in the years future and intermodal air transportation centers is, in my way, in my mind, the best bang for the buck.

Mr. OBERSTAR. Well, rather than creating a new intercity transportation system, we already have Greyhound, Jefferson lines, several other intercity private sector services. Is contracting with a transit—rural transit agency sufficient?

Mr. ISAACS. It helps. Other than the 5311(f) program, there is no funding that enables that kind of connectivity to exist. Where it does exist, you have a local champion that takes it on.

So to the one question that Ms. Richardson raised about what is the downside of removing the funding silos, one downside is making sure that those programs that are funded for rural areas, at least are funded at an appropriate level with some guarantees that there are going to be some funds available for them.

But a program that would not only encourage those who want to do it locally, but make it the law of the land, would be very helpful.

Mr. OBERSTAR. I paid particular attention to a question from Ms. Richardson, a new Member of Congress, that every time she walks into this Committee room, she has got her thinking cap on. We appreciate that.

I just have to make a personal disclaimer about Greyhound. Greyhound started in my district between my hometown of Chisholm and Hibbing, our next-door-neighbor town, by bus, Andy, who started driving miners to work in his 1926 Hupmobile.

Go ahead, Mr. McDonald. My late wife is from Rochester, New York.

Mr. MCDONALD. Oh, okay. It is a great place.

Mr. OBERSTAR. I spent a lot of time up there.

Mr. MCDONALD. Beautiful time of year up there right now.

Mr. OBERSTAR. Yes. Lilacs.

Mr. MCDONALD. Yes, exactly.

In some of the more rural areas of Monroe County, Rochester, there are a lot of faith-based and volunteer groups that are providing some of that transportation that you were referring to, and

other not-for-profits. I think what would help is some support for infrastructure, for vehicles, for communications, for technology, that could link them together and provide them some of the vehicles, literally, to do their work and share those vehicles.

So whether that can be achieved through 5311 or 5310 or some sort of flexible pot—but to take some of the existing entities that are in the community and help build them up, not only the traditional transit approach, but a lot of services being provided that way, and some are starting to get diminished with the high cost of fuel and ability to do it.

But I think there are some creative ways to do that.

Mr. OBERSTAR. We need a public entity, an oversight, to be the dispenser of grant funds. You can't have the Federal Transit Administration making thousands and thousands of individual grants, but to major—so do you have some thoughts about creating, say, a multicounty, a multicity, rural transit provider entity, such as exists already?

Mr. MCDONALD. You have——

Mr. BOBROWSKI. Mr. Chairman, in my district that regional organization already exists, the East Tennessee Resource Agency. And they typically coordinate the area offices on aging——

Mr. OBERSTAR. Yes.

Mr. BOBROWSKI. —which served an awful lot of the population that uses rural public transportation. So those organizations are already out there in many, many cases. Our particular organization serves 16 counties and the entire State of Tennessee is served by human resource agencies that operate rural transportation systems. So I would advocate for using those existing organizations as conduits through which Federal funds could flow. And in all of these agencies are experiencing very, very significant—well, the squeeze is on of course. The aging population is placing more demand on the systems, and then, of course, operating costs are going through the roof. And in our particular district the replacement of very, very expensive vehicles is a particular problem as well.

Mr. OBERSTAR. Do they operate on a regularly scheduled basis?

Mr. BOBROWSKI. They do, yes, they do. And every county is served——

Mr. OBERSTAR. And under what overall jurisdiction is the human resources program?

Mr. BOBROWSKI. We have 16 counties that are served by the human resource—or Knoxville.

Mr. OBERSTAR. Is the board an entity of the 16 counties?

Mr. BOBROWSKI. Yes, sir, it is. The board is composed of the mayors of the 16 counties.

Mr. OBERSTAR. Okay. That could be a very good model for elsewhere in the country. Others have thoughts? Mr. Lynch.

Mr. LYNCH. Mr. Chairman, you asked what we'd do if we had been given responsibility to write this portion of the bill. I think the first thing that I would do is thank you for the increase in Federal funding that we got and respectfully ask you to keep it up in the next bill.

Mr. OBERSTAR. Oh, we will, it will be bigger.

Mr. LYNCH. And under what we have done under the Schweitzer administration, Governor Schweitzer in Montana, for the first time

in years, if not the history of Montana, we have actually brought together two agencies which deal with rides—and that is the Department of Transportation and the Office of Public Health—and the grant money that they receive to provide ridership. And we are trying to coordinate our efforts with their efforts where we can maximize the Federal funding that we receive through Medicare and other sources through public health and that that we receive through the SAFTEA-LU in providing rides and transportation opportunities. We have grown a lot in Montana since that. Since 2005, we have gone from 12 transit providers to 36. That may not sound like a lot, but for a rural State like Montana, where some of us even still ride horses, that is a big improvement.

One of the obstacles that we have seen, I think can be addressed by offering the flexibility, which I have talked about earlier, and through coordination within State agencies that deal with rides. What is important is really working the coordination level and trying to consolidate services to the users——

Mr. OBERSTAR. Yes.

Mr. LYNCH. —of the transit system. And oddly enough, and surprising to me, our obstacle has not always been just from the governmental standpoint, but also the riders. And understanding that, you know, some riders don't want to ride with other riders. When we are consolidating elderly with disabled and whatnot, there is sometimes problems. And I think our agency, our State, has taken a leadership role in trying to educate and basically eliminate some of the perceived conceptions of why two different uses of transportation systems within our State can't function on the same bus. Now, there are going to be exceptions, but I think that is really the big effort that we need to do at a State level from a governmental standpoint.

You asked earlier if there was a governmental agency that is responsible. I think that is a very proactive move the States can make in trying to encourage people to share the ride.

Mr. OBERSTAR. You touch on something that is very important and that is consolidating the multiplicity of services provided under the aegis of different Federal and non Federal programs. I found in hearings I have conducted in '87, '88, 137 Federal Government programs that provide funding for transportation services, most of them not in the Department of Transportation and the agencies weren't talking to each other.

Is that Mr. Clinger, a former Member of Congress, a Republican from Pennsylvania, a Ranking Member and myself, he and I were exasperated. So finally, I said we need to coordinate all of these. So we had three different cabinet officers whose departments were engaged in funding transportation activities. I said we're going to have a hearing, and all three of you are going to come. And we are going to find out how to coordinate. So they came and said, we have agreed on a coordinating counsel. When did you do that that? This morning.

Yes, Mr. Pangborn.

Mr. PANGBORN. Just to reemphasize that, you know the silos at the Federal level, the funding silos have built up the same silos at the State level.

Mr. OBERSTAR. Yes, that is exactly right.

Mr. PANGBORN. To get the Department of Transportation to talk to the Department of Health and Human Services with all these myriad of rules, the one thing the Federal government could do in the legislation is require that coordination and consolidation. So if you want the money, you have got to set up the system that it happens at the local level. That would be absolutely critical. Because they deal from different perspectives, and it is very hard to get them to sit at the table and talk the same language.

Mr. OBERSTAR. It hasn't changed in 20 years. Mr. Isaacs.

Mr. ISAACS. And with respect to what you can do. What we have noticed over the past many years is that with what was previously the urban mass transportation programs and now the FTA programs, is that State DOTs have typically been grant managers for those smaller programs. And in some states you haven't seen as much focus on statewide public transportation planning where the state can take the lead role in becoming the advocate and the champion for linking all the rural services and regional operators into a statewide network with some Federal guidance and some oversight about what they should be planning and how they should be planning it. I think State DOTs can play that role very effectively.

Mr. OBERSTAR. Mr. McDonald. That is a very good thought, I appreciate that.

Mr. MCDONALD. One the requirements of SAFETEA-LU, which was a very positive gain, was the requirement that public transit and human services engage in a planning and develop local plans. And we have done that in our community and I am sure others across New York. So I would say that continuing that requirement is certainly in order. And then looking at again that local 9 county region, some strategic recommendations were developed. A lot of those had to deal with what we talked about today access to information and the creation of a central number and database, the use of technology, supporting specialized transportation as well as many recommendations on public transit. So continuing that requirement as has been said, which exists now in a new way and strengthening it in the reauthorization would be a very positive and continuing that process.

Mr. OBERSTAR. We are down to about 6 or 7 minutes left on the vote. I would invite you to combine your thoughts and give us some principles, if you will, for improving service to rural communities through public transit, including over the road, inner city bus services, transit type activities and your thoughts about coordination and consolidation. Give us whatever number of points you think would be beneficial. We need to merge those into legislative language in the very near future as we prepare for the authorization bill next year.

Thank you, Madam Chair.

Ms. HIRONO. [Presiding.] Thank you, Mr. Chairman. I would like to thank all the panel members for your input and ideas. And since the Chairman has put out a request to you, I am looking forward, along with the Members of the Committee for that information from all of you. Thank you very much. This hearing is adjourned.

[Whereupon, at 12:20 p.m., the Subcommittee was adjourned.]

Subcommittee on Highways and Transit

Hearing on "Connecting Communities: The Role of the Surface Transportation Network in Moving People and Freight"
Tuesday, June 24, 2008

Statement – Congressman Jason Altmire (PA-04)

Thank you, Chairman DeFazio, for calling today's hearing to discuss transportation issues facing our nation's rural communities. This hearing continues our Committee's efforts to fully understand the challenges facing our infrastructure in advance of next year's reauthorization of the Safe, Accountable, Flexible, Efficient Transportation Equity Act. I would like to begin by thanking each of our witnesses for joining us today. Their years of experience at the state and local levels will be of great assistance to us as we prepare for next year.

The Congressional District that I represent in western Pennsylvania is home to a number of rural communities, which face problems similar to those that our witnesses are here today to discuss. These issues – which include limited funding for roadway repair and a lack of public transit programs – must be addressed if we are to ensure our transportation network can accommodate our nation's travelers for years to come.

Analysis conducted by The Road Information Project highlights that the use of rural roads is on the rise. From 1990 to 2002, the use of rural roads rose by 27 percent for all vehicles and by 32 percent for large commercial trucks. Unfortunately, funding options for these rural roads remain limited and in many cases the areas are forced to compete with urban areas within the state for funding. As we look toward reauthorization of SAFTEA-LU next year, it will be important for the Committee to focus on this issue in order to ensure rural and non-urban roadways receive the funding needed to remain safe and operable.

Chairman DeFazio, I thank you again for holding today's hearing.

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STATEMENT OF
THE HONORABLE JERRY F. COSTELLO
SUBCOMMITTEE ON WATER RESOURCES
HEARING ON COMPREHENSIVE WATERSHED MANAGEMENT AND PLANNING
JUNE 24, 2008

Thank you, Madame Chairwoman, for holding today's hearing on comprehensive watershed management and planning. This is an important issue to examine to make sure all levels of government and integral stakeholders are involved in watershed planning and management.

I believe we should embark on a comprehensive watershed management and planning approach given the condition of many coupled with water use conflicts and population pressures. In my congressional district, the Kaskaskia River and its watershed cover more than 10 percent of Illinois. Severe degradation has occurred because of flood control structures, roads, navigation channels, and agricultural runoff. As a result, in 1998, the Kaskaskia River was nominated under the American Heritage Rivers program, prompting local stakeholders to form the Kaskaskia Watershed Association (KWA). The KWA has worked to protect the watershed and balance navigation, recreation, water supply, conservation, sediment management, and other interests. I also worked with the KWA to

include a provision in the WRDA 2007 bill which furthered these unified planning and management efforts for the Kaskaskia watershed.

I welcome the witnesses here today, and look forward to their testimony.

Elijah E. Cummings

Committee on Transportation & Infrastructure
Subcommittee on Highways and Transit

"Connecting Communities: The Role of the Surface Transportation Network in Moving People and Freight"

June 24, 2008
10:00 a.m.
2167 Rayburn House Office Building

Opening Statement of Congressman Elijah E. Cummings

Mr. Chairman:

I thank you for calling today's hearing to give us the opportunity to continue our examination of the role of our surface transportation network in moving people and freight throughout the nation, especially in our rural areas.

This issue is of critical importance as we prepare to reauthorize the federal surface transportation programs last authorized through the Safe, Accountable, Flexible, and Efficient Transportation Equity Act: A Legacy for Users

("SAFETEA-LU"), which of course expires in September 2009.

While SAFETEA-LU made a record level of investments in surface transportation infrastructure, these levels fell far short of the level of investment that the U.S. Department of Transportation indicated was needed just to maintain our existing infrastructure – much less to build new infrastructure.

Unfortunately, we now face funding shortfalls before we even reach the end of this bill – and the critical issues that were left unresolved when SAFETEA-LU was developed have only become more acute.

This is the backdrop – complicated now by rising fuel prices – against which we approach the next authorization.

One area that requires additional attention in that authorization is the maintenance and safety of America's rural road system. These roads provide critical links between small communities and they enable rural residents to access vital services that are not always available in rural areas. In addition, these roads are also important to maintaining the strength of the nation's economy, as goods are moved from local industries to the national market place.

Similar to their urban counterparts, rural areas are now experiencing congested roadways and declining air quality. Rural roads, along with rest of our rural infrastructure, are

being pushed to maximum capacity, exacerbating safety concerns.

With over 2.9 million miles of rural roads in America, I am especially concerned about the high number of fatalities on these roads. According to the National Highway Traffic Safety Administration's Fatality Analysis Reporting System, in 2006, more than 23,000 people were killed in rural motor vehicle crashes. This is more than twice the fatality rate in urban areas. This is simply not acceptable.

As members of the Committee on Transportation and Infrastructure, we are tasked with ensuring that the nation has a world-class transportation system that is effective, efficient and, most importantly, safe. We must understand the unique needs of our neighbors in the small towns of

rural America, and work towards developing policies that specifically address these needs.

I am confident that under the leadership of Chairman Oberstar and Chairman DeFazio, we can take steps to improve many of the challenges facing transportation in rural areas. I am hopeful that this issue will be met with equal fervor from a new Administration.

I look forward to hearing the testimony of today's panelists and their recommendations to improve the mobility of our citizens and freight goods. Thank you and I yield back the remainder of my time.

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Statement of Rep. Harry Mitchell
House Transportation and Infrastructure Committee
Subcommittee on Highways and Transit
6/24/08

Thank you, Mr. Chairman.

As we consider the reauthorization of SAFETEA-LU, it is critical to evaluate how our surface transportation needs have changed.

As you know, Arizona is now the fastest growing state in the nation. Since 1970, our population has more than tripled.

The Phoenix metropolitan area, long the largest in our state, is now one of the largest in the nation. According to the U.S. census, our metropolitan area is now the 13th largest in the nation, just behind San Francisco and Boston.

Not surprisingly, all this growth has created an urgent need for new transportation infrastructure and congestion mitigation efforts.

Today we will discuss the changing surface transportation needs of rural and small urban areas. These areas are critical to the overall operation of our nation's intermodal transportation system.

I look forward to hearing more from our witnesses.

I yield back.

STATEMENT OF
THE HONORABLE JAMES L. OBERSTAR
HEARING ON CONNECTING COMMUNITIES: THE ROLE OF THE
SURFACE TRANSPORTATION NETWORK IN MOVING PEOPLE AND FREIGHT
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
SUBCOMMITTEE ON HIGHWAYS AND TRANSIT
JUNE 24, 2008

- I want to thank all of the witnesses for being here today for this important hearing.

- Our nation's intermodal surface transportation network serves as the backbone of our economic security and competitiveness, as well as our quality of life. It facilitates the movement of people and goods and links our communities to each other and the world.

- While much of the current surface transportation debate has focused on metropolitan mobility and congestion, we must also remember the importance of expanding and maintaining all aspects our nation's highway and transit system. Ensuring surface transportation interconnectivity and access are critical to developing and maintaining a safe and reliable network.

- Today, 56 million people live in the nation's 2,303 non-metropolitan counties. Another 35 million residents live on the fringes of metropolitan areas. Roadways

and public transportation services are critical to the economic development and quality of life in these small communities, providing vital links to educational and employment opportunities, as well as access to social services.

- The surface transportation facilities in these regions are also critical to flow of people and goods throughout and across the nation. The Interstate Highway System originally grew out of a plan to connect cities of 50,000 or more.

- Since this vision was laid out in 1956, significant changes have occurred in the U.S.
  - Between 1950 and 2007, the U.S. population doubled from 150 million to 300 million, and GDP has exploded from $345 billion to $13 trillion.
  - Over this time, land use and economic development patterns have changed significantly, as have migration patterns, all leading to an increased dependence on our transportation infrastructure, particularly highways.
  - The use of highways has become the primary mode of choice for most Americans. The 2001 National Household Survey (the last survey completed by U.S. DOT) found that 87 percent of daily trips involved the use of personal vehicles.
  - In 2005, there were more than 3 trillion vehicle miles traveled, 5 times the level experienced in 1955.
  - Since 1970, imports to the U.S. have tripled and exports have doubled.

- These statistics point to the need for a renewed vision and strategy for addressing the nation's surface transportation needs. This new vision cannot be just focused on addressing congestion. Rather, it must address access of passengers and freight across the entire network.

- It also must continue to connect rural communities to urban centers, provide access to recreation opportunities and tourism destinations, and facilitate interstate commerce and farm-to-market access.

- Similarly, it must improve public transportation access within these states and communities. The National Surface Transportation Policy and Revenue Commission's ("Commission") Report release earlier this year found that public transportation services are vital to providing access to human service for those without cars, and called for expanded public transportation services in rural areas.

- Unfortunately, only about 60 percent of the nation's rural counties are served by public transportation, and 28 percent of those counties have very limited service. Many rural areas lack access to any public transportation service.

- Of the 1,200 transit operators that do provide service in rural areas, about two-thirds operate within single counties or towns, thereby limiting riders' access to areas outside their immediate area.

- A key issue for rural planners, and thus, state DOTs, is whether the assortment of county transit operations can be unified to provide a seamless system of transit beyond the local community so as to provide better transit connections for all citizens.

- Because good transit service are necessary to provide people who rely on transit with access to jobs, services, and training opportunities, developing new and expanded transit systems are important for many smaller communities.

- In order to expand rural transit, all of the stakeholders should be involved in the public process so that new strategies can be developed to improve regional mobility and create a transportation system that addresses the long-term needs of the region.

- In developing this new strategy, we must recognize the unique challenges facing small and rural communities and states. The low population density and low traffic

volumes in these region's makes it difficult to generate the revenues necessary to pay for roadway improvements.

- There is a strong Federal interest in ensure that these vital links for people and freight are maintained and strengthened, and must remain a central aspect of our nation's surface transportation policy. Failure to develop and maintain the interconnected surface transportation network will have significant negative consequences for our nation's economic development and quality of life.

Congresswoman Laura Richardson
Statement at Transportation and Infrastructure Subcommittee on Highways and Transit Hearing on "Connecting Communities: The Role of the Surface Transportation Network in Moving People and Freight"
June 24, 2008
2167 Rayburn House Office Building-10:00 A.M.

Mr. Chairman, I want to thank you and Ranking Member Duncan for holding this hearing on our nation's network of highways and their ability to connect America's expansive network of rural areas.

There is no doubt that Congress, and indeed this Subcommittee, has the responsibility to ensure our overhaul of American transportation policy benefits both rural and urban landscapes when we reauthorization of SAFETEA-LU.

As many of you know, my District, California's 37th, is the "poster child" for the importance and impacts of goods movement. In fact, 45% of the nation's imports coming onto American soil enter the San Pedro Bay Port Complex and pass through my District.

While my District is, in many cases, the first stop for imported goods in the U.S., the chain stretches into every retailer and small business in nation. Beyond strengthening the end of the goods movement chain, a strong investment by the federal government in the rural sections of the Interstate Highway System will provide new jobs and improve safety, no small concern among rural roadways.

This Committee is being faced with a real opportunity to confront these issues next year with the passage of a landmark SAFETEA-LU reauthorization bill. As such, I look forward to working with Chairman Oberstar and Chairman DeFazio on reforms to dramatically raise our federal investment in our nation's highway and transit infrastructure.

Thank you, Mr. Chairman.

WRITTEN STATEMENT FOR THE RECORD

TERRY BOBROWSKI, EXECUTIVE DIRECTOR
EAST TENNESSEE DEVELOPMENT DISTRICT

AND

MEMBER
NATIONAL ASSOCIATION OF DEVELOPMENT ORGANIZATIONS
BOARD OF DIRECTORS

BEFORE THE
HOUSE TRANSPORTATION AND INFRASTRUCTURE
SUBCOMMITTEE ON HIGHWAYS AND TRANSIT

WASHINGTON, DC
JUNE 24, 2008

Thank you, Chairman DeFazio, Ranking Member Duncan and members of the subcommittee, for the opportunity to comment on the investment, infrastructure and policies needed to ensure that our nation's transportation network adequately integrates the intermodal and multi-modal needs of America's communities, especially our small metropolitan and rural regions.

My name is Terry Bobrowski. I am the Executive Director of the East Tennessee Development District, headquartered in Alcoa. I also currently serve on the Board of Directors of the National Association of Development Organizations (NADO) and serve as Chairman of NADO's taskforce on transportation.

NADO provides advocacy, education, networking and research for regional development organizations primarily serving small metropolitan and rural regions. The association is an advocate for federal programs and policies that promote regional strategies and solutions for addressing local community and economic development needs. As the premier organization for executive leaders and professional staff of the nation's 525 regional development organizations, NADO and its members have worked together since 1967 to promote the regional cooperation of local governments and communities.

The East Tennessee Development District (ETDD) is a voluntary association of municipal and county governments that are located in the mid-east region of Tennessee. ETDD provides 16 counties and 56 municipalities with planning and development services while also serving as a forum for local governments to solve common problems associated with economic development and growth. This includes coordinating the activities and programs of two rural planning organizations (RPO) covering areas outside of the Knoxville and Morristown Metropolitan Planning Organizations' (MPO) footprints. Our RPOs provide a forum for local consultation and ensure that rural local officials and other stakeholders will be a part of the state's transportation planning process.

The members of NADO support full and sustainable funding for the nation's highway, safety and transit needs. As Congress works towards reauthorization of the SAFETEA-LU surface transportation legislation, we encourage federal policy makers to consider the unique and special needs of the nation's small metropolitan and rural regions.

Specifically, I would like to focus my testimony today on three key points.

First, Mr. Chairman, from rails to roads, bridges to ports, and airports to transit, the nation has a deep and vested economic and security interest in ensuring all modes and aspects of the transportation network in rural and small town America remain viable, fully maintained and modern, and completely integrated into the larger national system. It is essential that federal policy makers take into consideration the unique, pressing and complex highway, transit and safety needs of small metropolitan and rural America.

As this subcommittee is fully aware, the nation's infrastructure remains in serious need of improvements and increased investment. Improvement costs alone in the next several years are

calculated in the trillions. Our ability to sustain the nation's infrastructure is directly related to the United States' ability to maintain and grow a world class economy. The mounting pressures and burdens facing our nation's infrastructure is no secret to any of us. For instance:

- The U.S. population is projected to increase from 300 million in 2007 to approximately 420 million by 2050, according to U.S. Census Bureau estimates
- The number of vehicle miles traveled is estimated to jump from three trillion to seven trillion by 2055, according to the Federal Highway Administration
- Freight demand is expected to grow from 15 billion tons today to 29 billion tons in 2035, according to the American Association of State Highway and Transportation Officials (AASHTO), an increase of 89 percent
- More than 42,000 Americans are killed each year and nearly three million are injured on America's roadways, according to the Government Accountability Office (GAO), with nearly 60 percent of highway fatalities occurring on two-lane rural roads in a typical year

At first glance, the facts above typically result in a mental picture of transportation gridlock, air pollution, roadway crashes and congestion in America's major metropolitan regions and hubs. However, the reality is that small metropolitan and rural communities across the nation are also facing these transportation-related challenges and needs. While the scale may not usually be the same, the level of importance and difficulty of finding solutions for businesses, residents and visitors of these communities and regions often are.

Quite simply, inadequate public infrastructure, including transportation infrastructure, remains among the most significant road blocks to economic development and competitiveness in small town and rural America.

According to the America 2050 report, compiled by the Regional Plan Association, by the middle of this century, more than 70 percent of the nation's population and economic growth will occur in extended geographic regions linked by environmental systems, transportation networks and economies. Dubbed "megaregions", they are quickly becoming the "new competitive units in the global economy" and are experiencing an ever increasing movement of goods, people and capital.

As megaregions grow into and absorb previously small metropolitan and rural areas, problems of increased highway congestion, overcrowded airports and seaports, loss of open space and aging infrastructure will only become more problematic. In short, today's small towns are rapidly becoming integrated into larger megaregions. Without adequate investment and planning, their transportation and infrastructure systems will be unable to adapt.

During a series of national hearings, the National Surface Policy and Revenue Study Commission recognized that "updating the basic backbone of the surface transportation system must take into

account those urban and rural communities, especially those that were not developed when the initial highway and rail infrastructure networks were created."

The report adds that much of the nation's natural resources and agricultural production are located outside of major metropolitan areas, and that the nation has an "enormous interest in providing efficient transportation connections to these industries, allowing capital and labor to flow out from them to U.S. and foreign markets and consumers."

As our cities grow beyond their traditional parochial boundaries and become increasingly regional, the primary drivers of our nation's economic competitiveness will also become increasingly regional in nature. Developing a transportation network that connects all facets of a region, urban-to-suburban-to-rural, in a seamless, user-friendly fashion also becomes increasingly critical to ensuring that our domestic economic markets can compete on a global scale.

For example, in my 16-county region, we work to maintain a transportation network that must serve the needs of the Department of Energy's largest science and energy laboratory and the world's largest materials research facility, the Oak Ridge National Laboratory, with its staff of 4,200 and annual funding in excess of $1.2 billion. At the same time, less than 20 miles away, we must address the needs of the community of Briceville, where many homes are not even connected to a public water system.

In addition, as evidenced by the Appalachian Regional Commission's (ARC) recent impact study of the Appalachian Development Highway System (ADHS), connecting previously isolated areas to the national transportation system yields significant economic benefits. According to ARC, completing the ADHS is projected by 2035 to create 80,500 jobs, $3.2 billion in wages and generate over $5 billion in increased regional economic activity. Nationally, the savings in travel time, and fuel and non-fuel operating costs, and increased safety are estimated to grow to $45.1 billion annually by 2035.

Second, Mr. Chairman, the direct involvement of local officials in the statewide planning process is crucial to making transportation systems work more effectively and efficiently in small and rural communities.

While often viewed as only roads and bridges, the rural transportation system actually consists of a complex and growing network of local transit services, intermodal freight connectors, regional airports, short-line railroads and port terminals. This requires a level of increased coordination and collaboration between state and local officials to ensure that the multimodal system continues to meet the needs of local and regional residents and businesses.

A growing number of states are tapping into the planning expertise and local official networks of regional development organizations to help form and staff locally-driven consultation models, often referred to as Rural Planning Organizations (RPO). Since 1998, the number of states with formal agreements or legislation either creating RPOs or utilizing existing regional development organizations

to deliver rural transportation consultation and planning services has risen from 17 to nearly 30. However, there are still nearly half of all states that lack a formal, well documented and transparent process for soliciting and considering the needs, views and priorities of rural local government officials.

The benefits of involving local stakeholders in the rural transportation planning process through either the creation of RPOs or utilizing regional development organizations, according to the National Academy of Public Administration, includes:

- Improved performance of transportation systems and better outcomes for end-users
- Stronger support for implementing transportation plans and programs
- Ability to craft better plans and programs that more accurately reflect local needs
- Increased trust in government that comes from an open and transparent consultation process

While RPO models in each of the nearly 25 states are different, they share many of the same duties. These include indentifying and ranking project priorities on a regional basis for consideration by the state, coordinating the input and participation of local government officials, conducting special studies and need assessments, and providing technical assistance to local officials. Each RPO is typically governed by a policy committee of state and local officials, along with a technical advisory committee of local public works staff, transit providers, modal representatives and citizen representatives.

It is becoming increasingly important in rural and small metropolitan regions that transportation plans and investments are coordinated and developed in concert with local and regional land use, economic development, housing and workforce development programs and plans.

The formal involvement of rural local officials in the transportation process provides a vital link to local economic development and land use activities. This underlying principle recognizes that state transportation policies and plans have an enormous impact on rural communities, especially as they relate to local economic development, land use management and workforce development efforts.

It is no longer sufficient for transportation planning to be focused on 'project lists' and technical needs developed in a vacuum, without regard to the local and regional challenges that arise from their development. Issues such as multimodal planning and public transportation, land use and development, freight transportation needs, and economic development are local and regional priorities that should occupy a key concern in the statewide transportation planning process. Rural local officials must play an active role in this process if we are to make effective use of our limited transportation resources.

In 2005 the Tennessee Department of Transportation, in partnership with the state's nine regional development organizations, formed 12 new RPOs to complement the 11 existing MPOs. The RPOs are tasked with facilitating the input and involvement of local elected and appointed officials in the state's planning and decision-making processes, as well as making recommendations to the state department of transportation on multi-modal transportation needs and short-term funding priorities.

While the Tennessee DOT is still ultimately responsible for statewide transportation planning, the RPO process is intended to serve as the primary tool to increase local input and to pursue a more comprehensive approach to multi-modal planning in the state.

Third and finally, Mr. Chairman, as Congress explores alternative project, program and planning financial resources beyond the Highway Trust Fund (HTF), we encourage you to take into consideration the unique economic conditions and capacity of our nation's regions and communities outside of the major metropolitan areas.

As has been previously reported by this committee, the US Department of Transportation's 2006 Condition and Performance Report estimates that between 2005 and 2024 the cost to maintain the current level of highway performance is projected at $78.8 billion annually, with $17.6 billion required for rural arterials and collectors and $11.5 billion for rural and urban local roads and streets.

The cost to significantly improve the system rises to $131.7 billion annually, with investment on rural arterials and collectors increasing to $28.2 billion and rural and urban local roads and streets rising to $19 billion.

The National Surface Transportation Policy and Revenue Study Commission's report indicates that a significant gap in transportation investment exists. The commission calls for an investment of between $225 billion and $340 billion annually, from all sources (governmental and private sector), to upgrade and improve all modes of surface transportation, which is far above the current annual investment of $85 billion.

This committee has researched a number of initiatives and proposals to finance transportation investments beyond the Highway Trust Fund, including bonding, the formation of "infrastructure banks," leasing, and public-private partnerships to overcome the shortfall of funds needed to improve and even maintain or current network.

However, there must remain a strong federal presence and safeguard to financing the infrastructure needs of rural and small metropolitan areas. Low population densities, inability to aggregate high amounts of demand and larger costs associated with both maintenance and improvements mean that certain nontraditional financing mechanisms that are economically feasible in more urbanized areas and high-demand roadways are most likely impractical in less dense and more rural areas. This does not mean that Congress and the administration should not pursue new funding mechanisms. It only means that federal policy makers should retain and enhance existing funding sources that are proven to work in our small metropolitan and rural regions.

Thank you again, Mr. Chairman and members of the subcommittee for the opportunity to appear before you today. I welcome any questions.

TESTIMONY OF ROBERT R. ISAACS

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BEFORE THE SUBCOMMITTEE ON HIGHWAYS AND TRANSIT

Of The

HOUSE COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE

On

"CONNECTING COMMUNITIES: THE ROLE OF THE SURFACE TRANSPORTATION NETWORK IN MOVING PEOPLE AND FREIGHT"

June 24, 2008

Mr. Chairman and members of the Subcommittee,

My name is Randy Isaacs. I manage the nationwide state government affairs function for Greyhound Lines, Inc. Previously, I managed a rural public transit system, organized a state rural transit association in Tennessee and was the founding President and Board Member of a national association that has since become known as the Community Transportation Association of America (CTAA).

I appear before you today in response to the Subcommittee's investigation of the role of the surface transportation network in connecting American communities and moving people and freight. Greyhound -- and its network of independent, interline partners -- is perhaps the single most appropriate model connecting communities nationwide in the provision of scheduled passenger and package express services in the United States.

In fact, privately operated intercity buses can provide revitalized feeder services from rural communities into urbanized areas and the nation's transportation grid with relatively little investment. The bus infrastructure is already in place, and unlike rail or air services, buses can go anywhere and provide service at very low cost. Ongoing government policies should focus on supporting and further encouraging the use of privately operated intercity bus services as an essential component of the nationwide transportation infrastructure.

In SAFETEA-LU, Congress started to focus on the important role that intercity bus

service plays in the Nation's transportation system and particularly in connecting smaller communities to that system. This occurred primarily through the Federal Transit Administration (FTA) Bus and Bus Facilities program, the Rural and Small Urban Areas programs (including the Rural Intercity Bus program codified as 5311(f)), and the OTRB accessibility program. These programs -- when used, as intended, by statute and regulation -- effectively support the continued viability of the nationwide intercity bus network and contribute to enhanced connectivity between intercity and local/regional surface transportation modes. These programs are now starting to generate positive results, and their key provisions should be retained -- and strengthened -- in the next reauthorization.

Historically, intercity buses were the core of rural intercity transportation. Going back to the 1960s, intercity buses provided service to more than 20,000 communities. Currently, the nationwide intercity bus network provides service to 3,000 communities. Though this decline has been precipitous, this is still far more than any other form of intercity transportation. Although the spread of the private automobile has been the main reason for this decline, the imbalance in federal support has also been a major contributing factor. Most recently, the emergence of cultural and low-cost bus services -- whose regional city-pair business model favors urban-to-urban service over stops in intermediate rural communities -- have forced Greyhound to refocus its network mainly on urban-to-urban markets nationwide, while still trying to maintain as much of its rural feeder network as possible.

According to one of the most comprehensive studies of federal subsidies for passenger transportation modes in the U.S., over the past 45 years private sector intercity bus transportation has been disadvantaged by inequities in the distribution of federal subsidies. Since 1960, intercity buses have received only .3% of total federal subsidies compared to 43.6% for mass transit, 22.3% for commercial airlines and 9.8% for intercity rail. From 1996-2005, mass transit received 54.9%, commercial airlines received 20.2%, intercity rail received 8.2% and intercity bus service has been unchanged at .3%. In the last 10 years, the net subsidy per passenger trip for intercity bus service was $.06 per trip, compared to $46.06 per passenger trip for Amtrak, $4.32 per passenger trip for commercial air carriers, and $.77 per trip for public transit. (Source: "Federal Subsidies for Passenger Transportation, 1960 – 2005, Focus on 1996-2005," Nathan Associates, Inc.)

Greyhound is the only remaining nationwide provider of fixed route, scheduled intercity bus service. Greyhound and its interline partners serve nearly 3,000 communities nationwide, many of which have no other form of public transportation. Although we have had to eliminate many rural routes in order to survive, we are actively engaged with state DOTs in an effort to reinstate, and possibly expand, as much service as possible to the affected communities. I will discuss this in greater detail below.

Greyhound, and the nationwide intercity bus network, is also perhaps the most effective model promoting connectivity among various surface transportation modes through the development and tenancy in intermodal transportation facilities nationwide. Greyhound,

and its interline partners, are tenants in over 100 such facilities. And Greyhound is a partner in many more such facilities that are currently in various stages of planning and development. Those projects have been greatly enhanced by the SAFETEA-LU provision making the intercity bus portions of intermodal terminals eligible for FTA funding and the excellent joint development regulations promulgated by FTA, which implemented this statutory provision.

Given the Nation's energy and environmental concerns, it is particularly important to look to intercity bus service as a means of enhancing connectivity. ***Intercity bus service is the most energy efficient and environmentally friendly mode of all forms of transportation in America***. Energy Department statistics demonstrate that intercity buses are over 8 times more energy efficient than the single occupant auto; 5 times more energy efficient than transit buses; and 3 times more energy efficient than Amtrak on a BTU per passenger mile basis.

Intercity buses are also very carbon efficient, emitting only 56 grams per passenger mile compared to 371 grams for a single occupancy vehicle; 179 for intercity rail; and 243 for intercity air. A recent study for the American Bus Association by M.J. Bradley & Associates of Manchester, NH makes clear the energy efficiency and environmental friendliness of intercity buses. Table 1.1 from the study (on the next page) documents the average energy use and CO_2 emissions by mode.

Table 1.1 Energy Use and CO_2 Emissions, by Mode

MODE	Pass-mi/Gal**			Btu/pass-mi			CO2 g/pass-mi		
	low	AVG	high	low	AVG	high	low	AVG	high
Motor Coach	160.0	**184.4**	201.5	685	**749**	862	51	**56**	64
Van Pool	28.2	**101.9**	194.6	709	**1,354**	4,891	53	**101**	364
Heavy Rail	47.0	**155.3**	200.6	688	**889**	2,939	121	**156**	517
Commuter Rail	58.2	**85.8**	249.1	1,127	**1,608**	2,372	108	**177**	286
Intercity Rail	52.4	**66.0**	175.7	785	**2,091**	2,635	138	**179**	196
Car Pool - 2 person	41.2	**55.4**	111.4	1,239	**2,492**	3,353	92	**185**	250
Light Rail	14.4	**120.5**	214.9	642	**1,146**	9,596	113	**202**	1,689
Trolley Bus	53.4	**104.4**	122.1	1,130	**1,321**	2,582	199	**233**	454
Car - Avg Trip	32.5	**43.8**	88.0	1,569	**3,154**	4,244	117	**235**	316
Domestic Air Travel		**42.3**			**3,260**			**243**	
Transit Bus	3.9	**32.5**	126.8	1,088	**4,245**	35,123	81	**299**	2,615
Car - 1 Person	20.6	**27.7**	55.7	2,478	**4,983**	6,706	184	**371**	499
Ferry Boat	2.0	**12.6**	31.0	4,447	**10,987**	68,632	331	**818**	5,109
Demand Response	1.4	**9.5**	48.4	2,849	**14,562**	99,468	212	**1,063**	7,401

**Passenger miles per Diesel Equivalent gallon

Source: M.J. Bradley & Associates, "Comparison of Energy Use & CO_2 Emissions from Different Transportation Modes", May 2007

Turning to the specific SAFETEA-LU programs and how they are starting to improve rural connectivity, the most important is the section 5311(f) intercity bus program. Prior to SAFETEA-LU, this program had some success, particularly in developing and upgrading intercity bus terminals and intermodal facilities, but it had minimal effect on stemming the loss of rural intercity bus service.

There are several reasons. First, as many as half the states were certifying to FTA that there were no unmet intercity bus needs in their states even as many communities in those states lost all access to intercity bus service. This enabled states to divert the intercity bus funding to local transit. These certifications were made in many cases without any attempt to actually analyze the lack of rural connectivity, and FTA did nothing to investigate the accuracy of these certifications.

Another issue is the 5311(f) funding formula that limits federal subsidies to 50% of the net deficit. If a subsidized service is operated by a public or non-profit organization, then that organization has to raise the remaining 50% from other local sources. If a for-profit company operates the service, then the company must either convince local jurisdictions to raise the remaining 50% or it continues to lose 50% of the net costs for operating the service. In either case, it is extraordinarily difficult, if not impossible, to get local communities to provide the match for intercity, as opposed to local, services.

Greyhound has taken a number of steps intended to make the section 5311(f) program work more effectively, and we are starting to see some results.

First, we strongly supported the SAFETEA-LU requirement that states engage in meaningful public consultation process with regard to the states' intercity bus needs. We were very pleased that FTA promulgated strong and potentially effective implementing regulations. As a result, more states have initiated or plan to initiate intercity bus needs assessments and studies than ever before. Those assessments and studies are identifying ways state DOTs can implement intercity bus programs with FTA 5311(f) and other public funding. This has also led to an upswing in both the quality of the consultation with state DOTs and the number of states implementing a consultation process.
Prior to SAFETEA-LU, nearly half the states used the Governor's certification to allow the transfer of 5311(f) funds to other rural public transportation needs. While it is too early to tell conclusively what all states are doing subsequent to the passage of SAFETEA-LU, it is clear that a number of states are ignoring the intent of the statute and FTA regulations. Further, it appears that, so far at least, FTA has not taken any meaningful action to enforce the statute or regulations.

Second, we also strongly supported the SAFETEA-LU provision that made the intercity bus portions of intermodal terminals eligible for FTA funding. This provision, which FTA has properly implemented, is leading to a significant increase in intermodal transportation center projects that include intercity buses, many of which serve as regional hubs for the connection of rural communities to regional urban centers.

Third, and perhaps most importantly for the 5311(f) program, we worked with FTA and others to develop the local match pilot program under which those providing rural feeder services can have their local match provided by the capital cost of the unsubsidized intercity bus network (usually Greyhound's) into which they feed and thus receive 100% of their net operating deficit for providing the service. This pilot program helps address the usual struggle of local, rural transit agencies to meet the local match requirements of the FTA grants. And this new program, plus the new planning and consultation requirements, are producing results:

- A new scheduled feeder service connecting Klamath Falls, OR – Medford, OR – Smith River, CA will be implemented in the next few months. This project will reinstate service lost during the Greyhound restructuring and connect Klamath Falls and Smith River with existing Greyhound service in

Medford. The new service is to be funded by an FTA 5311(f) grant from the Oregon DOT, and Greyhound will supply the local match.

- A new regional network of feeder bus services will reinstate Greyhound connections to Palatka, FL and initiate new east-west service connecting St. Augustine, Palatka and Gainesville, FL with existing Greyhound service.

- A new feeder service funded by the Washington State DOT began November 2007. The new service reconnects Walla Walla, WA to existing Greyhound service in Pasco, WA. Greyhound provides the local match for this service, and it is generating increasing intercity bus passenger feeder traffic. The service also connects Walla Walla to the Pasco airport for airline service connections and provides service for other regional travel needs.

- Two additional WashDOT feeder services will begin July 1st. The first will connect Port Angeles, WA to Greyhound service in Seattle. The second will connect Omak, WA to Greyhound in Ellensberg, WA. These new services are being funded by a 5311(f) grant from WashDOT, and Greyhound will provide the required local match for the projects.

- A feeder service was implemented between Selma, AL and Montgomery, AL to retain scheduled connections to Greyhound in Montgomery. The Alabama DOT funds the service with 5311 funding, and Greyhound is to begin providing the local match to help sustain the service in the face of spiraling diesel fuel prices.

- A new network of Texas feeder services providing east-west and north-south connections with Greyhound, Kerrville and Arrow Stage Lines will begin in the next few months. Operated by the Capital Area Rural Transit System (CARTS), the service will provide scheduled intercity bus connections in Austin, Georgetown, Round Rock and San Marcos, TX with 5311(f) grants from the Texas DOT.

- There are a growing number of other similar projects in various stages of planning and implementation in CO, FL, KS, OH, UT, WV and others.

Finally, we have tried several times in the past to have federal policies provide financial support to supplement rural air service with essential bus service. We previously (and unsuccessfully) proposed an essential bus service program that could supplement and expand EAS-type service from rural communities to primary airports. We attempted a pilot program in conjunction with Great Lakes Aviation, which would have enabled buses to run supplemental services from Cheyenne and Laramie, WY and Ft. Collins, CO to Denver International Airport. We developed special security procedures for this pilot, but ultimately the Transportation Security Administration (TSA) refused to permit the operation.

To more effectively illustrate the potential benefits of an essential bus service program, an example of how motorcoach service could supplement EAS service and even provide replacement service if necessary is Mason City, IA to Minneapolis, MN. Mason City has EAS service from Mesaba Airlines, which operates 3 schedules a day between Mason City and Minneapolis in a 33-passenger Saab 340. Jefferson Lines, a major motorcoach operator based in Minneapolis, has its terminal at the Mason City airport and also runs 3 schedules a day between Mason City and Minneapolis in a 55-passenger motorcoach. All of Jefferson's schedules serve the Minneapolis airport.

The Mason City airport is approximately 119 air miles from the Minneapolis airport. The flight time is 45 minutes. Non-stop Jefferson Lines service would take approximately 2 hours. Jefferson Lines' round-trip fare between Mason City and Minneapolis is $63.80. The current EAS fare is $899.50. In addition, the 2007 EAS subsidy for this route was $1,056,933 or $87 per passenger.

Clearly, there is a very limited market for $900 fares for a 45-minute trip. On the other hand, a relatively small subsidy for motorcoach service could produce multiple additional trips that would provide an affordable and convenient method of traveling between the two airports.

I would like to mention one other small, but important program that benefits intercity bus passengers, particularly disabled passengers. That is the over-the-road bus accessibility program administered by FTA. This program helps OTRB operators comply with the federal mandate for wheelchair lifts on buses and provide fully accessible service to passengers with disabilities. This is a particularly important program for the carriers providing the network of fixed route, intercity service because they face an ongoing federal mandate to have a wheelchair lift on every bus they acquire. It is very important for the continuation of that network that the OTRB accessibility program be reauthorized.

In sum, Greyhound and its interline partners play a vital role in connecting rural communities with America's intermodal transportation network. Given the flexibility and low cost of intercity bus service, intercity buses can play an even larger role in making those connections. To make that possible, Greyhound makes the following recommendations for reauthorization:

Recommendations for Reauthorization

1. Make the FTA 5311(f) pilot in-kind match program permanent and expand its application to make it more broadly available to state DOTs planning statewide intercity bus services. Currently, 50% of the calculable value of the costs of unsubsidized intercity bus service to which a rural feeder service is connecting is eligible as local match. We believe that 100% of the calculable value of those costs in a state should be eligible as the local match for a statewide network of feeder bus services. This would provide significantly more flexibility for state DOTs to plan and implement feeder services without worrying where the local match will be derived. This measure would also foster greater consultation and

cooperation between state DOTs and the nationwide intercity bus network companies.

2. Require FTA to withhold or deny funding to any state that fails to comply with the section 5311(f) planning and consultation requirements and ensure that FTA has the resources to enforce those requirements.

3. Create an Essential Bus Service program as a supplement to the Essential Air Service program, thus leading to greater connectivity between rural communities and primary airports.

4. Support the development of integrated passenger information systems that can assist local, regional and intercity travelers interested in finding usable trip planning, fare, scheduling and ticketing information and services online.

5. Reauthorize the OTRB accessibility program in order to ensure that OTRB operators can continue to provide fully accessible service to people with disabilities, and provide appropriate increases in that program.

In closing, I want to reiterate that Greyhound has made a significant commitment to connecting rural, small urban and urban communities through its nationwide network of scheduled, intercity bus services. We are committed to continuing these efforts, but we cannot do it alone. Federal policies and policy makers must recognize the importance of private buses and their contributions to the nationwide intercity infrastructure. The cost of leveraging this segment of the surface transportation network to maintain and expand rural and urban connectivity is minimal, but the potential payback in the form of energy efficiency and environmental benefits are significant.

Thank you for the opportunity to testify today. I would be happy to answer any questions you might have.

Testimony of

H. B. "Buck" Limehouse Jr.
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U.S. HOUSE of REPRESENTATIVES COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
Highway & Transit Subcommittee

Regarding

"Connecting Communities: The Role of Surface Transportation Network in Moving People and Freight"

June 24, 2008

Good morning, I am Buck Limehouse, Secretary of Transportation for the State of South Carolina. I appreciate the opportunity to speak to you today on transportation issues of critical importance to the nation— the reauthorization of our highway program and the role of surface transportation, including mass transit.

I am here on behalf of the South Carolina Department of Transportation, but many of the items I bring before you are of national interest. We, like you, are concerned about the rising fuel prices. Ironically, the *Rise* in petroleum prices *Decreases* our revenues and *Increases* our costs, so we get hit on both ends. Fewer people travel with high gas prices, which mean less revenue from fuel sales.

In South Carolina, our revenues from motor fuel taxes for the last three months have been below 2007 levels, and we expect that trend to continue. SCDOT has undertaken a number of cost-saving measures. We have put cost-savings initiatives in place top to bottom over the last 12 months. Cuts in our upcoming 08/09 administrative budget should result in a cost savings of $18.7 million for our agency. This money will be added to our highway maintenance budgets, but these administrative savings will be far outweighed by the inflation we have experienced in construction and materials. Last week we instituted a compressed work week of working (4) 10-hour days, which saves the Department and individual employees money. This is a small internal effort, but one that is making a difference locally.

Now thinking in broader terms, America is in the midst of an historic transformation in our approach to transportation. On the brink of reauthorization, we have an opportunity to nationally address the Highway Trust Fund, equity in the federal highway and transit programs, and congestion mitigation while encouraging transportation partnerships.

First and foremost, **The Highway Trust Fund can no longer be solely tied to the gas tax which is calculated as a tax on the number of gallons purchased.** The fuel tax has proven ineffective in meeting the demands of the motoring public. This is a shrinking revenue source and it does not apply to highway users who drive alternative fuel vehicles. There must be other sources of revenue for the HTF, and inflation must be built into a formula which takes into consideration the number of miles traveled on our highway system.

In other words, continuing our reliance on fossil-based fuel tax revenues to sustain our nation's surface transportation systems, while simultaneously striving to reduce U.S. oil consumption and promote the production and use of alternative fuels and fuel efficient vehicles puts two national policy imperatives in direct conflict with each other.

Under the enactment of the Energy Independence and Security Act of 2007, automobile fuel economy standards will increase 40 percent by 2020. While we applaud the efforts of fuel-efficient standards, the issue of over-reliance on motor fuel user fees is not going away and must be addressed at the federal level. These two issues go hand-in-glove with each other and they should be addressed simultaneously.

When fuel costs are high, there are fewer travels and shorter trips. A flattening of vehicle miles traveled, coupled with the growing popularity of more fuel efficient vehicles, will negatively impact revenue collection from the federal gas tax and at all levels of government. A more diverse funding base is needed.

As you have undoubtedly heard from people like me who represent so called "donor states" the "equity" of the federal program is not "equitable." The Highway Trust Fund is divided into a highway account and a mass transit account. The Highway Program is subdivided into a number of component programs (like the Surface Transportation Program (STP), Interstate Maintenance (IM), etc). Most of these programs have their own distribution formula in the law. Depending on the program, the formulas are generally some combination of lane miles and highway miles in the state compared to the other states. South Carolina has historically been a donor state meaning that we contribute more to the Highway Trust Fund than we receive back for highway and transit programs. We are also a donor state under the IFTA program which requires us to share diesel tax revenues with other states.

Because of our donor status, the authorization law contains an equity guarantee in an attempt to place a floor under the rate of return for donor states. This has variously been called minimum allocation, minimum guarantee, donor bonus, and the current term is "equity bonus." The distribution formula now guarantees South Carolina a return for highways of 92¢ on the dollar and for transit 42¢ on the dollar.

South Carolina owns and maintains approximately 42,000 miles of roads (31,000 miles of secondary roads, 10,000 miles of primary roads, and more than 800 miles of interstates) and 8,300 bridges. Among the 50 states, South Carolina is 41st in geographic size, yet we own and maintain the 4th largest state highway system in the nation. This simple fact has a tremendous influence on the state Department of Transportation's decision-making process.

Population growth and economic growth have put an increasingly heavy burden on all modes of transportation. Our role is to provide the transportation infrastructure for population and economic growth in South Carolina. We do that by preserving and improving our state highway system in terms of efficiency and safety. At the same time, we have to be conscious of using our resources wisely, protecting the environment in which we all live and managing the public's money well so that South Carolinians can expect the best return for their tax dollars. Interstate 73 and the Port of Charleston Project are two projects that display the need for investments based on populations and economic growth.

Growth is occurring near the U.S. Coast, and South Carolina is no exception. The population growth in relation to infrastructure has exceeded all expectations. Interstate

73, which is a congressionally designated interstate, has the potential to substantially reduce congestion and provide an evacuation route for the coastline. A byproduct of this investment would be economic development along the entire I-73 corridor, which runs predominately through economically depressed areas. But despite the fact that Congress has designated thirteen new interstates going through eighteen states, no funding has been provided. It is my recommendation that you consider establishing such a program, and require at least a 50/50 match in order to assure that the states and localities are serious about their projects.

The economic growth of the International Port of Charleston has helped the entire southeast region of the US despite the transportation challenges arising from increasing congestion and constrained capacity near the port. The Port of Charleston, like most of the nation's gateway seaports, has been established for centuries and is embedded in a densely populated urban area. The efficiency of our ports has been compromised by the characteristics of their surroundings which present obstacles to linking these important freight gateways with the national highway and rail systems.

Finally, let me say that moving people and goods safely within and across the nation is the role of the transportation industry. With a deficient highway trust fund, inequities of formulas in federal funding, and congestion of our main thoroughfares across the nation, we must rely on partnerships. These partnerships play a major role in resolving needs-based problems in a political environment. We must look to create incentives for local governments to invest in highways and transit. All of us working together can do more than any one of us individually.

If we truly want to "Connect Communities" we must come together and change the paradigm of transportation. We need to establish a new transportation vision for the next century that involves the Highway Trust Fund, equity in transportation, and reducing congestion.

We must continue to encourage fuel efficiency. We must encourage the development of transit programs, but not based on today's unequal funding formulas that favor some to the detriment of others. Mass transit can help the United States reduce its dependency on foreign oil, but it must be funded fairly, in a way that allows all areas of the country to expand services as their population grows.

Thank you for this opportunity. If there are any questions I will gladly entertain them at this time.

Statement of the Transportation Departments of

Idaho, Montana, North Dakota, South Dakota, and Wyoming

before the

Subcommittee on Highways and Transit
Committee on Transportation and Infrastructure
United States House of Representatives
Washington, D.C.

presented by

Jim Lynch
Director, Montana Department of Transportation

June 24, 2008

Mr. Chairman and Members of the Subcommittee:

Good morning. I am Jim Lynch. I am the Director and Chief Executive Officer of the Montana Department of Transportation. I appear today to present a joint statement on behalf of my own department and four additional state transportation departments -- those of Idaho, North Dakota, South Dakota, and Wyoming. We (the five departments) appreciate the opportunity to testify before the Subcommittee today.

Today's hearing is entitled "Connecting Communities: The Role of the Surface Transportation Network in Moving People and Freight." We believe that the "network" of Federal-aid highways, much of which is in rural America, plays a crucial role in tying the nation together, facilitating movement of people and goods. We commend the Subcommittee for recognizing the importance of this topic.

Overview and Summary

The entire nation, including residents of major metro areas, will be well served by strong Federal investment to improve surface transportation infrastructure in and across rural states like ours, ensuring a strong, interconnected national transportation system. We recognize that there are needs throughout the country. This nation must increase investment in transportation infrastructure to remain competitive in the global economy, as other nations step up their investments in transportation infrastructure. Even within that larger context, however, investments in rural states like ours serve important national interests. Let us explain.

Benefits

Federal-aid highways in our states, not just those on the Interstate and National Highway Systems --

- serve as a bridge for truck and personal traffic between other states, advancing interstate commerce and mobility;
- provide access to scenic wonders like Yellowstone National Park and Mount Rushmore;
- enable agricultural exports and serve the nation's ethanol production and energy extraction industries, which are located largely in rural areas;
- have become increasingly important to rural America, with the abandonment of many rail branch lines;
- are a lifeline for remotely located and economically challenged citizens, such as those living on tribal reservations;
- enable people and business to traverse the vast tracts of Federally owned land that are a major characteristic of the western United States; and
- facilitate military readiness.

In addition, the scope of the Federal-aid system, extending beyond the NHS, enables enhanced investment to address safety needs on rural routes.

Further, Federal investment in rural transit helps ensure personal mobility, especially for senior citizens and the disabled, connecting them to necessary services.

Funding and Financing Challenges: Tolls Are Not an Answer for Us

Our states face severe transportation infrastructure funding challenges. We can't provide all these benefits to the nation without Federal funding leadership. We –

- are geographically large;
- have large tracts of Federal lands within our borders;
- have extensive highway networks; and
- have low population densities.

This means that we have very few people to support each lane mile of Federal-aid highway.

With our low population and traffic densities, tolls are not an answer to funding transportation needs in rural areas. A continued strong Federal funding role is appropriate.

Let us also mention, Mr. Chairman, that the national interest in investing in transportation in rural states, and the difficulties those states face in financing transportation infrastructure, were recognized in the interim report of the National Surface Transportation Infrastructure Financing Commission (released in February 2008). On page 8 of that report the Financing Commission noted that:

- rural transportation infrastructure "enables the movement of people and goods between large metropolitan areas and across the country";
- rural transportation infrastructure "can place a significant burden" on rural state and local governments;
- "improving safety on rural roads continues to be a major challenge";
- "funding of transportation in rural areas is particularly challenging"; and
- "low population density and low traffic volumes in rural areas appear to make some forms of direct charges problematic."

We are pleased that the Financing Commission has recognized that we face these challenges.

Our statement addresses the above issues in some detail and also addresses a number of other concerns. Those include: the importance of increasing Federal transportation infrastructure investment, particularly given the impact of construction inflation; trying to facilitate project and program delivery; some program structure issues; and our openness to new ways of financing Federal transportation investment, provided that they enable rural as well as urban states to benefit to an appropriate degree. We particularly note our support for the Build America Bonds proposal that has been introduced by Senator Wyden, along with Senator Thune and others.

We now turn to our more detailed discussion.

Discussion

Bridge States Serve a National Connectivity Interest For People and Business

Highway transportation between population centers in different regions of the country requires good roads to bridge the often vast distances between origins and destinations. This connectivity benefits the citizens of our nation's large metro areas because air or rail may not be the best option for particular movements of people or goods across the country from, for example, Chicago to Portland, or Seattle to Minneapolis. The many commercial trucks on highways in states like Idaho, Montana, North Dakota, South Dakota and Wyoming demonstrate every day that people and businesses in the major metropolitan areas benefit from the nation's investment in arterial highways in rural states.

The most recent FHWA data on truck origins and destinations confirm this. The data show that the percentage of truck traffic using highways in our respective states that does not either originate or terminate within the state is well above the national average. For Wyoming the percentage was 77.1; South Dakota, 68.2; Montana, 62; North Dakota, 59.4; and Idaho, 53.2. The national median for states is approximately 45 percent. Clearly, trucking in our states is largely "long haul" and serving a national interest. Moreover, in Wyoming trucks account for 60 percent of current traffic on I-80.

So, the NATIONAL interest in facilitating interstate commerce and mobility is clearly served by good highways in and connecting across rural areas. And we cannot take these roads for granted. Many of them need now, or soon will need, expensive reconstruction. So, significant additional Federal investment is needed to meet that national interest.

Moreover, this national interest bridge state and connectivity function is advanced by the entire network of Federal-aid highways, not solely by Interstate and National Highway System routes. This is consistent with the report of the National Surface Transportation Policy and Revenue Study Commission, which recommended a continued commitment to the entire network of Federal-aid highways (see e.g., pages 7 and 17 of that report).

Tourism Access

Without a strong road network in the rural West, access to many of the Nation's great National Parks and other scenic wonders would be limited. The residents of major metropolitan areas may travel the roads approaching Yellowstone National Park or the Mount Rushmore National Monument infrequently. But those citizens want quality highway access to these national treasures for those special trips. Millions of those special trips are made even though the roads leading to the parks are fairly distant from the Interstate System. For example, in 2006 visitors to Yellowstone, Glacier, and Grand Teton National Parks totaled 9,661,000. The entire population of Wyoming and Montana combined is less than 1.5 million. Moreover, investment in such highways also helps ensure that American and international tourism dollars are spent in America. Clearly, providing quality highway access to such attractions warrants Federal funding support.

Essential Service to Agriculture, Natural Resources, Energy

A significant portion of the economy in our region is based on agriculture, energy production, and natural resource extraction. Agriculture is one sector of the economy in which the United States has consistently run an international trade surplus, not a deficit. Over the last two decades roughly 30 percent of all U.S. agricultural crops were exported.

There is a strong national interest in ensuring that agricultural and resource products have the road network that is needed to deliver product to markets, particularly export markets. A key part of that road network is the roads below the National Highway System, where crops and resources begin their journey from point of production to destination.

In addition, the growing ethanol and alternative fuel industry, as well as oil, natural gas, and coal reserves, are located mostly in rural America and not on Interstate highways. These industries are an important part of the national effort to reduce dependence on foreign oil.

The Federal Highway Program Should Continue to Provide Funding for Interstates, the NHS, other Arterials, and Major Collector Routes.

Under this long-standing statutory policy, approximately 24 percent of the Nation's over four million miles of public roads are eligible for Federal aid. This strikes a good balance, focusing the Federal program on the more important roads, but not on so few roads that connectivity and rural access are ignored. We emphasize that non-NHS Federal-aid roads are an important part of the network of Federal-aid routes. These roads make up approximately 20 percent of total road miles in the nation and carry over 40 percent of the traffic nationwide. These routes provide an important link between the NHS and local roads and streets. Moreover, these routes represent

efficient investments by ensuring that regions are connected to the NHS without a disproportionate number of expensive Interstate or NHS lane miles.

Attached to our prepared statement is a map that shows the huge gaps between NHS routes in our states. This illustrates how important it is to support routes in addition to the NHS in order to ensure national connectivity and access.

In many parts of rural America air service and passenger rail service are hundreds of miles away and not a viable option. For those parts of our country the road network is a lifeline, making it essential to preserve the Federal-aid network in good condition. Some of the citizens most in need of a lifeline of Federal-aid highways are some of our nation's poorest and most remotely located citizens, including some living on Indian reservations.

Further, over the last two or three decades tens of thousands of rural rail branch lines have been abandoned. Over that time, Class I railroads have shed over 100,000 route miles. While some former Class I miles are still operated by smaller railroads, many rural areas must rely more heavily on trucks for important commerce needs. In turn, that means the road network has become even more important in meeting those needs, such as delivering crops to grain elevators or moving raw products to, or finished products from, ethanol production facilities.

In addition, we have seen data from the U.S. Bureau of Economic Analysis indicating that manufacturing and retail trade grew relatively faster in non-metro areas than in metro areas during the 1990s. This reinforces that the broader highway network remains important to supporting non-services investments that occur outside of metro areas.

For these and other reasons, now is not a time to reduce the extent of the road network eligible for Federal funding.

Safety Needs

There has been increased attention in recent years, including in SAFETEA-LU, to the national interest in improving safety on rural roads. More than two-thirds of all roads in the U.S. are located in or near areas with populations of less than 5,000. Approximately 70 percent of Federal-aid highway lane miles are in rural areas. In 2002, 60 percent of highway fatalities occurred on rural roads and, of those fatalities, 41 percent occurred on two-lane roads. Similarly, a 2001 GAO Report found that, on rural major collectors, the fatality rate per 100 million vehicle miles traveled (VMT) was over three times the comparable fatality rate on urban freeways. The most important of these rural roads are eligible for Federal funding.

In SAFETEA-LU Congress created a rural roads set aside within the highway safety improvement program. For rural states like ours, a set aside was and is not necessary. We are always making significant investments in rural roads. However, we would not be able to make the same level of investments but for the Federal aid eligibility reaching below the NHS. It is important to continue to provide Federal funding to improve and address deficiencies on these routes.

Large Parcels of Federal Land Warrant Federal Transportation Investment in Impacted States

There are huge parcels of Federally owned land in the West. Idaho, for example, is over 60 percent Federal and tribal lands; Wyoming, over 50 percent. Your state, Mr. Chairman, is similarly situated.

Development or use of Federal lands is either prohibited or limited, and state and local governments can't tax them. Yet, the nation's citizens and businesses want a reasonable opportunity to be able to cross those lands and have access to them. This is an expensive transportation proposition for sparsely populated states. Significant investment of transportation dollars by the Federal government has been and remains a proper response, both in terms of apportionments to low population density states and in terms of direct Federal programs generally referred to as the "Federal Lands Programs."

Distinct from apportionments to states, the Federal highway program has long included separate funding for Indian Reservation Roads and highways on Federal lands and in national parks. These are lands with no private ownership (except perhaps small inholdings). While there are national parks, other public lands, and tribal territories throughout the country, it is fair to say that the Federal public lands highway programs probably never would have been developed but for the large Federal and tribal land areas in the West. We were pleased that the Policy and Revenue Commission's report recommends continuation of Federal Lands highway programs. The Federal lands highway programs should be continued and their underlying needs met.

Public Transportation

Public transportation is not just for big metro areas. It plays a role in the surface transportation network in rural states. Amtrak's "Empire Builder" provides an important option for long distance travel across the northern part of our country, to and from some of our nation's isolated communities. This link to the rest of the country is particularly crucial for areas with little or no air service.

The Federal transit program includes apportionments for rural transit. Transit service is an important, sometimes vital, link for citizens in small towns to get to the hospital or clinic as well as to work or other destinations. Some rural areas are experiencing an increase in the age of the population. Public transit enables senior citizens to meet essential needs without moving out of their homes.

In SAFETEA-LU rural states like ours received a long needed boost in funding under the rural transit program (49 USC 5311). We assure you that in our states those funds are being used and are helping keep people -- including many senior citizens and disabled individuals -- connected to essential and other services.

In short, Federal public transportation programs must continue to include funding for rural states and not focus entirely on metropolitan areas.

Additional Benefits

This national road network provides other benefits that may be hard to quantify. For example, without the option of using Interstate and arterial roads across the rural West and Midwest, rates for some air and rail transportation movements could be higher.

National Defense. One of the original reasons for the Interstate System was to support prompt movements of military personnel and supplies. Some military facilities are well outside of metro areas and on roads off the NHS. A strong system of Federal-aid roads in rural areas, as well as metropolitan areas, continues to support efficient military movement and provides access to major Federal facilities in outlying areas, whether military or otherwise.

Funding and Financing Considerations

Rural States Face Serious Obstacles in Preserving and Improving the National Highway and Surface Transportation Network

Our rural states face a number of serious obstacles in preserving and improving the Federal-aid highway system within our borders. Our states:

- are very rural,
- are geographically large,
- often contain large tracts of Federal lands,
- have low population densities, and
- have extensive highway networks.

Taken together, this means that, in our states, there are very few people to support each lane mile of Federal-aid highway. In South Dakota, for example, there are about 19 people per lane mile of Federal-aid highway, in Idaho 60, in North Dakota 16, in Montana 29, and in Wyoming 29. The national average is approximately 128 people per lane mile. This alone indicates that our citizens have limited ability to pay for the national network connectivity that benefits the entire nation.

In addition, the per capita contribution to the Highway Trust Fund attributable to our states exceeds the national average. The national average per capita contribution to the Highway Account of the Federal Highway Trust Fund is $109 per person. For us, the levels are: Montana $156, North Dakota $161, Idaho $119, South Dakota $150, and Wyoming $312. This reflects that VMT per capita in our states is also above the national average, in part because of the relatively greater distances our citizens drive. In addition, rural states and areas generally have per capita incomes below the national average even as they make these contributions to the Highway Trust Fund.

These factors make it very challenging for rural states to provide, maintain, and preserve a modern transportation system that connects to the rest of the nation and to global markets and

economic opportunities -- even with Federal funding at today's levels. And our citizens must contribute not just towards capital investment, which is partially funded by the Federal program, but also to maintaining Federal-aid highways, which is solely a state expense.

Accordingly, to achieve the important benefits of a truly national, interconnected highway and surface transportation system, the Federal highway program must provide substantial funding for the Federal-aid road network in rural states.

Tolls Are Not a Viable Option to Funding Transportation Needs in Rural States

Our states' highways do not have the traffic densities to make tolling a viable option (with the remotely possible exception of a few routes). We can't raise much money through tolling given our traffic densities. Furthermore, the administrative and collection costs per user would be much, much higher than in the case of toll facilities in densely populated states. Nor would it be theoretically sound (and we emphasize that this is all theory in states like ours) to try to raise money through tolls despite low traffic densities by attempting to set tolls at a high rate. That approach would simply divert traffic to lower classification, untolled routes, especially as rural populations generally have below national average incomes. So, for many reasons, tolling in rural areas would not be efficient or an effective means of raising revenue for roads.

So, tolls should not be a component of recommendations for Federal funding and financing policies intended to provide direct help in meeting surface transportation needs in rural states. Any national response to surface transportation investment needs that relies heavily on tolling is likely not responsive to needs in our states.

We believe that strong Federal funding leadership is essential to maintaining and improving a national interconnected highway and surface transportation network that meets the needs of people and business, particularly for travel in and across states like ours.

Our Needs Are Large and Inflation Has Made it Much Harder to Meet Our Needs

Mr. Chairman, we know that this Committee has heard testimony on needs and construction inflation. But the effort to meet needs is so important that we want to add some facts from our perspective that we hope will help fill out the picture that you already have.

We can assure the Committee that rural states' needs for highway investment and maintenance exceed available combined Federal, state and local resources by a wide margin. This investment gap has grown in recent years due to inflation in transportation construction that has far exceeded increases in the consumer price index.

In Montana we experienced an increase in costs for awarded bids of 22 percent from mid 2005 to late 2006. In Wyoming, WYDOT measured overall construction cost increases as an astonishing 62 percent for 2005 and 41 percent for 2006.

In Idaho the cost of aggregate for base increased from $7.07 per ton in 2003 to $14.32 per ton in 2005, more than doubling in two years. Also in Idaho, bridge deck concrete increased from $298 per cubic yard in 2003 to $784 per cubic yard in 2005, an average increase rate of 81.5 percent

annually. In North Dakota the state's index of construction materials costs rose 63 percent from 2001 to 2008 and 47 percent from 2005 to 2008. In South Dakota gravel cushion increased 43 percent from 2005 to 2007.

These increases have caused state transportation departments to push projects out into the future, as short term budgets cannot cover as much work as originally estimated. When states do that, the dollar level of future unmet needs grows.

Moreover, the price of oil, which is closely related to asphalt prices, has gone up dramatically. In August 2005, when SAFETEA-LU was passed, the price per barrel was around $59. After recent price increases, the price per barrel as we were finalizing this testimony was around $135. These recent increases will put upward pressure on the cost of asphalt that is not yet reflected in our data.

Program levels have not risen with inflation and, even with our efforts to be efficient, future needs are building up.

Direct Pricing Should Not Be Used to Drive Down Estimates of Rural States' Needs

We want to make one more point about our needs because it relates to this often-discussed matter of tolling. The Policy and Revenue Commission report set forth estimated needs in a "range" because there was a view that if there were some type of direct pricing of some highway and other transportation assets, capital needs would be lower.

As noted above, tolling is not a practical option in rural areas. So, even assuming for discussion purposes that increased pricing of roads may reduce surface transportation investment needs levels in large metro areas, that variable should not be used to reduce estimates of needs on the Federal-aid system in rural states like ours.

As we have said, we have substantial needs in rural states and believe that, in the national interest, strong Federal funding is an appropriate response.

Continue the Highway Trust Fund

Continuing the Highway Trust Fund (HTF) and the current sources of revenue into the HTF is a starting point. Those revenue streams should not be removed.

We also support some adjustments to the current HTF system that should increase revenue. For example, the cost of current exemptions from the payment of taxes into the HTF should be borne by the General Fund of the Treasury, not by the Highway Trust Fund. This kind of modest adjustment to the current Highway Trust Fund regime has been discussed over the last year as part of the vitally important effort to address the projected FY 2009 shortfall in the Highway Account. But such adjustments are also essential as part of the effort to meet post-SAFETEA-LU highway and transit needs. Every bit helps.

Federal Bonding Proposals

We are very supportive of the "Build America Bonds" proposal, S. 2021, introduced by Senator Wyden with Senator Thune and others. This Federal tax credit bond proposal represents a new way to increase Federal surface transportation investment – by $50 billion over a 6-7 year period. It would also increase state investment, as states contribute the non-Federal match that the bill would require as a condition for accessing the funds. The proceeds would be used to invest in capital transportation projects selected by the states. The program is structured so that all states would receive at least some transportation funding.

Many have said the nation needs a combination of funding tools to meet its large transportation needs. S. 2021 is an extremely attractive approach that deserves to be part of the solution.

We are aware of other bonding proposals but are not clear that they would help in meeting transportation needs in our states. The infrastructure bank proposal (H.R. 3401), for example, includes high project cost minimums and leveraging provisions that may make it difficult for infrastructure in states like ours to benefit from bond proceeds.

One of the strengths of the current system is that all states benefit. As we think outside the proverbial box for additional ways to meet transportation infrastructure needs, we should strive for approaches that will benefit all parts of the country.

Some Comments on the Structure of the Federal Program

The Highway Program Should Continue to Be a Federally Assisted State Program and Should Direct an Increased Percentage of Program Funds to the States.

The future Federal highway program should continue to distribute the vast majority of funds to the states. States should continue to deliver the program and select projects within their respective borders based on their superior knowledge of needs within their borders. This is a partnership that has worked well. In the future, the percentage of overall Federal highway program funds apportioned to the states should be increased, and the percentage of overall program funding directed to Federal "off the top" programs or projects should be reduced.

Cost to Complete Concept is Highly Problematic

We are concerned about the prospect of distributing funds on a "cost to complete" basis, something suggested by the Policy and Revenue Commission report. The Big Dig in Boston was originally a cost to complete project. The Federal Government came to recognize that it needed to cap its financial exposure to that project. The cost to complete approach could well encourage the inclusion of expensive features in already expensive urban projects, thereby proportionally deemphasizing the investment in the highway network across and in less expensive rural areas. Certainly, if one wants to encourage completion of projects in an efficient and cost effective way, cost to complete is inherently counter to that goal. This highly problematic concept should not be advanced any further.

While Maintaining Eligibility for Arterials and Major Collectors, We Would Increase the Percentage of Overall Program Funding Dedicated to the Interstate System.

With the high costs of reconstructing Interstate routes looming, and given the importance of these routes to interstate commerce, we are comfortable with the notion that a higher percentage of apportioned funds should be for these highways, provided that the overall percentage of the program apportioned to states increases, or at least does not decline. We also would increase the base Federal share of non-Interstate NHS projects to 85 percent, to reinforce the importance of the NHS. Further, any increase in the proportion of funds dedicated to the Interstates should not be at the expense of other traditional programs with broad eligibility, such as NHS, bridge, or STP.

We see providing added funding emphasis to the Interstate System as the right way to respond to calls by some for more emphasis on roads that are important to freight. The Interstates are critically important to freight. Creating a new list of designated routes or corridors, selected by USDOT, to be part of some new dedicated Federal freight highway program, does not strike us as constructive. We prefer state-based project selection, funded through apportionments, with emphasis determined through the state and MPO planning process.

In general, we believe a lot can be done to improve the nation's surface transportation infrastructure by routing more funds through the core categories in today's highway and transit programs. The big obstacles to success have been inflation and project delivery process. With recent levels of inflation, it is hard to deliver as many good projects as all of us would like, no matter how efficient we are.

Reduce, Don't Add to Regulatory and Program Burdens

The Federal highway and transit programs are not simple. An enormous amount of planning is required to deliver projects and programs. We are confident that project delivery time can be reduced, consistent with environmental protection. We recognize that this issue is often discussed in the abstract, so we'll try to be more specific.

Fiscal constraint. "Fiscal constraint," an aspect of the Federally required planning process, is more burdensome than it should be. The idea behind a fiscal constraint requirement was a straightforward one -- that states and metropolitan planning organizations should not plan to build a list of projects when there is not enough money available to support those projects.

A fiscal constraint concept could have been implemented by requiring a simple certification by a state or MPO to USDOT that fiscal resources were considered in developing plans. Instead, ensuring that a STIP or TIP is fiscally constrained has evolved into a complex and sometimes frustrating process that involves USDOT approval of requests to update transportation improvement plans to reflect modestly changed circumstances. This is not needed. We can't spend what we don't have. We don't need considerable USDOT supervision to confirm that.

Performance and Cost Benefit. We note that the Policy and Revenue Commission report made reference to "performance." We all want to perform well and, frankly, we have to. But we are concerned that "performance measures" legislation could, in practice, breed Federal regulations

and processes that would restrict state choice and/or complicate and delay program implementation. Congress should recognize that state DOTs are already closely scrutinized by their legislatures, Governors and stakeholders and that they are already doing what they can with available resources. The next authorization bill should not add features to complicate the program.

Similarly, that Commission spoke of cost beneficial investment. We do not know what would be entailed in determining whether an investment in a surface transportation asset is more beneficial than its costs. That could be very difficult and contentious to define and apply. Some would disagree as to whether particular items are costs or benefits!

We see such definition as unnecessary. We operate today in an environment where state transportation departments are highly accountable to many important entities – as well as the traveling public. We have to pursue effective and beneficial use of scarce funds all the time. We are already working hard for maximum effectiveness within the program contours. We are concerned that this suggestion could become an additional Federal regulatory requirement. Moreover, we can imagine implementation paths for such an approach that could handicap investment in rural areas and give inadequate recognition to interconnectivity benefits.

Multiple Masters and Missions. In the Senate's recent debate on climate change legislation we noted a proposal for a requirement that, as a condition for receipt of transit funds that would be produced under a proposed "cap and trade" system, "an integrated State-wide transportation plan" must be "certified" by EPA as "consistent with the purposes of this Act." This seems to indicate substantive review by EPA of state project selection to achieve what EPA would determine to be consistent with broadly worded statutory purposes. In the states as well as the Congress there is always concern that state DOTs do as much as they can with the funds that are available, as promptly as possible. Proposed new processes, standards, and new decisionmakers (in addition to USDOT) would not make this task easier.

Conclusion

For all of the above reasons, we consider it essential that the Congress significantly increase Federal investment in highways and surface transportation, particularly in rural states. Among those reasons is the preservation and improvement of an interconnected national highway and surface transportation system that benefits residents of metropolitan as well as rural areas.

At this point, I'll be pleased to respond to questions though, to the extent that the discussion goes beyond the positions we have addressed in writing, I don't want to suggest that I can speak for other than my own department.

The transportation departments of Montana, Idaho, North Dakota, South Dakota, and Wyoming thank you for providing the opportunity to appear before you today.

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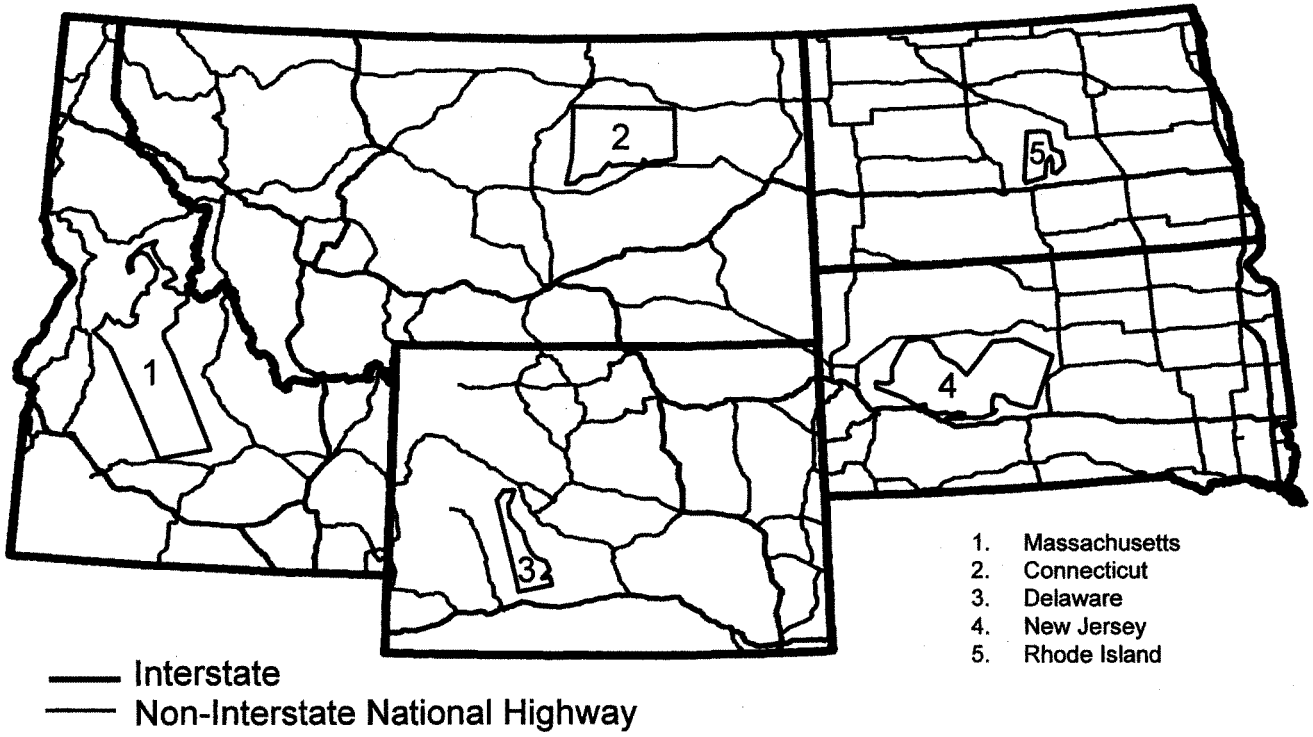
One page map attached

Interstate and Non-Interstate National Highway Systems – in MT,ID, SD, ND and WY
Federal-aid System is Critical for Connectivity



Testimony to the Honorable Peter A. DeFazio and the U. S. House of Representatives Committee on Transportation and Infrastructure; Subcommittee on Highways and Transit

William P. McDonald, Executive Director

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June 24, 2008

Washington, D.C.

Good Morning Chairman DeFazio and members of the Subcommittee. My name is Bill McDonald and I am executive director of Medical Motor Service, a community-based, nonprofit transportation agency located in Rochester, New York, that serves urban, suburban and rural upstate New York. It is a privilege to have this opportunity to speak to you on the issues facing an agency such as mine as we endeavor to coordinate and provide a wide range of transportation services to older persons and people with disabilities and special mobility needs.

Medical Motor Service of Rochester and Monroe County is one of this country's first charitable organizations dedicated to the provision of non-emergency medical and social services transportation. We began during the influenza pandemic of 1919; formed by an interdenominational group of Catholic, Protestant and Jewish Women who recognized the importance of linking people to critical services during a challenging time in the development of public health services and programs. Run by a handful of volunteers until World War II — when gas shortages and fuel rationing limited the ability of unpaid drivers to provide services — we have evolved into an agency that provides a wide range of transportation to children, adults and senior citizens. We now employ nearly 150 drivers and 50 staff who together provide nearly 500,000 trips a year. And the demand for our transportation is growing; up 14 percent from last year — in part due to the expansion of our shopping shuttle services and other programs

that serve the elderly and adults with developmental disabilities — demographic groups that are growing and challenged by high fuel costs and medical, social and therapeutic needs.

Today, Medical Motor Service is playing an expanded local role as a nonprofit, community-based transit provider. More than ever before, our service is viewed as an augmentation to the local public transit network. I want to discuss the environment in which we operate today and highlight some key issues that are impacting our services, and those provided by my colleagues across the country.

As you are no doubt aware, the price of fuel, particularly diesel fuel, is severely impacting the operating budgets of transit providers. In fact, this issue is more than a mere difficulty or impediment. In many cases gas prices are forcing public and nonprofit transit providers alike to scale back service — which is particularly trying when it comes at a time that more people than ever before are looking to our services for their access to community services. The additional cost of fuel for our agency just this past year has been overwhelming. The increased cost alone could provide full health care coverage for 100 of our drivers or outright purchase two new cars each month. And that is with just the additional amount we are paying on the approximately 30,000 gallons of fuel we use monthly. Revenue increases are not keeping pace. For many systems, the fuel price increases have consumed all of the federal investment gains congress designated

for public transit in SAFETEA-LU. The price of gas is much more difficult for systems like mine, because we do not enjoy the relief from federal gas taxes that my public agency colleagues have.

We are challenged by fuel tax policies that are applied in an inconsistent manner for community transportation agencies that are not "public" authorities or government bodies. The fact that school bus services, both public and private, are exempt from federal fuel taxes but publicly funded services to adults and seniors with special needs are not is inequitable. It suggests that transportation to children is valued more highly and we encourage public policies that support all community transportation systems. I encourage the development of a real, comprehensive energy policy that explores new sources of revenue for all types of public and community transit — one that takes into account the expanded public transportation role of systems like Medical Motor Services that serve a growing population with cost-effective, efficient service.

Medical Motor Service has been at the forefront of the human services coordination arena. We operate a number of services in conjunction with agencies such as the Office for the Aging, Foster Care and Child Protective Services, Senior Living Centers, Developmental Disability Organizations, Early Childhood Centers, Health Clinics and Medicaid Managed Care providers, the United Way, Mental Health Clinics and other not for profit health and social

service groups. We also work with faith-based organizations, and helped to create and operate FaithLink which serves Irondequoit, N.Y. Coordinated transportation is much more than meeting the needs of government programs, it is working with local private-sector groups providing service to people who do not qualify for government programs, but who need mobility nonetheless. Another private sector partnership that we have is with Wegmans Food Markets whereby they fully subsidize shopping shuttles for persons with disabilities and the elderly.

We are the only nonprofit agency in our community whose sole mission is community transportation. We operate as a supplement to and not in competition to our local public transit authority. I have attached to this testimony an excerpt from *Community Transportation* Magazine's Fall 2007 edition that covers the Community Transportation Association of America's Institute for Coordinated Transportation.

Our agency was an active participant in the development of our local Coordinated Public Transit/Human Services Transportation Plan recently created to comply with federal SAFETEA-LU planning and funding requirements for the Federal Transit Administration's (FTA) Section 5310 program for seniors and people with disabilities. Medical Motor Service is a major participant in the Section 5310 program, thanks to support from the New York State Department

of Transportation. This federal planning requirement is a good thing. But we need more than planning, we need partners.

In recent months, one of our most vital partners in the transportation coordination environment — Medicaid — has sought to either scale back or eliminate its role in supporting coordinated, community-based non-emergency transportation for its recipients. A series of proposed new rules emanating from the Centers for Medicare and Medicaid Services (CMS) has sought to mitigate the long-standing non-emergency transportation benefit that connects so much of our nation's Medicaid population with the routine, preventative care that reduces more costly emergency transportation and care costs. Though I know that Medicaid does not fall under the authority of this subcommittee or committee, it is important to understand that Medicaid provides the foundation for many of the coordinated human service and public transportation services that improve the lives of millions of Americans every day, and that any weakening of the Medicaid non-emergency transportation benefit weakens the overall public transit network. I have included a research report from the Community Transportation Association of America that covers the vital role of non-emergency transportation in the health care system.

The very nature of health care provision in this country is having a profound impact on all forms and types of public transportation, including my agency. The

increasing trend toward outpatient medical services by the health care industry creates increased demand for transit. Patients who once spent days in the hospital are now discharged in a single day. But they must return for regular therapies and treatment in order to maintain their health. Public transit — often in the form of community-based nonprofit providers like Medical Motor Services — is the key link for patients to access this ongoing care and my agency's experience is that trips like dialysis, chemotherapy and physical therapy are top priorities. In SAFETEA-LU, we first saw language acknowledging what many in our field have known for years — that non-emergency medical transportation is public transportation and that a coordinated, efficient transportation network at the local level can cost-effectively manage these often life-saving trips.

As our population ages and as people with disabilities seek inclusion in community settings, the demand for community-based non-fixed route transit services will continue to grow. Medical Motor Services has reached beyond government programs to achieve a broader definition of transportation coordination that includes everyone in our community. Today's high prices for fuel only increase demand for our service. Our passengers need affordable door-to-door service, often pre-scheduled with no geographic limitations based upon fixed transit routes. They want to travel seven days a week, sometimes 16 or more hours per day. These travel needs and requirements differentiate our kind

of service from traditional transit, but in no way change the fact that we are part of the local transit network.

Looking forward, we are entering a period where crucial decisions will be made here in Washington regarding the future of surface transportation in our nation. We need our elected officials to further their outstanding work in ISTEA, TEA-21 and SAFETEA-LU and to invest in a fully developed local and regional transportation network that includes both traditional and non-traditional transit operators. We'll need flexibility and innovation in this bill. And of course, we'll need additional forms and sources of revenue in order to meet the growing demand for public transportation.

To help us manage these challenges, we urge Congress to reauthorize a transportation bill that embraces and continues the philosophy of the flexible transfer of money between the "silos" of transit and highway funding as well as within the programs. We need our states and local planning areas to be empowered to set local priorities and to flex funds to areas where most needed. In Rochester, for example, we have the support of our local MPO and county government to flex funds and we have been successful in garnering local private funding for match requirements. But we need this to become the rule and not the exception. With additional capital dollars we can help offset the escalating operating costs of our services.

Medical Motor Services and other nonprofits need access to better technology to improve the coordination of human services transportation programs and to maximize fuel efficiency in scheduling and real-time dispatching. We were fortunate to participate in a recent Transportation Coordination Institute sponsored by Easter Seals here in Washington. With a local team we developed a blueprint for action to coordinate services among agencies serving the elderly and Medical Motor Service. The centerpiece of our plan is technology such as GPS/AVL equipment and electronic linking off intake/ referral and transportation agencies. We believe we can increase the capacity of existing vehicles if we can find a way to obtain technology—a difficult budget item as fuel costs consume all of our discretionary dollars. Using flex monies for technology to improve coordination will be a win/win.

Medical Motor Services began in 1919 in response to a medical crisis. Our service was launched because it was essential to maintaining the health or our passengers and the communities we serve. That essential nature of non-emergency medical transportation trips exists today. We serve people who are part of governmental programs, and just as importantly, we serve those who have a very similar need but lack the financial backing of federal, state and local programs. We serve them all with safe, affordable, efficient transportation. And we keep them healthy. This vital role is one ideally suited to nonprofits and

highlights exactly where such entities fit within a region's public transportation network.

The century of progress that Medical Motor Services represents in meeting the transportation needs of our passengers is now in very real danger. We need your help on this committee with rising fuel prices and rising demand. We need your help in maintaining vital partnerships, like Medicaid. Thank you for inviting me and for your time this morning.

Transportation as a Foundation for Better Healthcare

By Jon E. Burkhardt

The finest medical services are of little value to individuals who cannot access them. As noted by a local alliance of community leaders in North Carolina, "A lack of mobility and access to services results in:

- A delay in receiving medical attention and/or obtaining necessary medications. This results in: illness which is more serious, reduced quality of life; and increased cost of care to the patient, medical providers and the community.
- A significant use of the emergency room for non-emergency care, resulting in increased cost and less efficient use of emergency services.
- An increased dependence on ambulance services for non-urgent care, resulting in increased cost and less availability for true emergencies.
- Decreased use of preventive care opportunities, health improvement programs and public and private human services.
- Isolation from the community, particularly for those who are economically disadvantaged, on fixed incomes or who are part of the growing population of elderly."

Transportation helps surmount the barriers to opportunity. In the case of access to medical services, transportation helps to achieve longer lives of higher quality.

Transportation Services in the Medicare Program

By law, Medicare can only reimburse patient transportation to Medicare-approved medical services when that transportation is provided by ambulance. And in order to receive Medicare reimbursement for ambulance transportation, a determination must be made that an ambulance is the only means by which the patient can be transported without serious health risk.

Data indicate that the Medicare program is reimbursing some clients and ambulance operators for many trips that do not require ambulance transportation, and thus could be provided more cost-effectively by other means of transportation. Furthermore, some medical services now being provided by emergency departments could more cost-effectively be provided elsewhere. Legislative changes to the current restrictions could allow alternative transportation and medical services and, at the same time, save millions of dollars for the Medicare program and provide much needed funding for community transportation services.

Medicare is one of the key federal health insurance programs in the United States. The Medicare program is administered by the Centers for Medicare and Medicaid Services (CMS) of the U. S. Department of Health and Human Services (DHHS). This program has two distinct components: hospital insurance (known as Part A) and supplemental medical insurance (Part B).

Part A covers hospitalization, some hospice care and a limited amount of post-hospital skilled nursing and home health care. Part B covers physicians' services, outpatient hospital care, physical therapy and other specified services, such as ambulance transportation. Both parts of the program provide insurance protection for covered services to almost all persons age 65 or older, certain disabled persons and individuals with chronic renal disease who elect this coverage. In 1998, Medicare paid for nearly 58 percent of all healthcare expenses incurred by persons 65 and older in the United States.

Transportation costs are allowable expenses under Medicare Part B, but there are serious restrictions on their usage. By statute and regulation, Medicare will provide reimbursement only for transportation services provided by ambulance. Both emergency and non-emergency ambulance trips may be reimbursed through Medicare, but reimbursement for ambulance transport is limited to severe medical situations such as a life-threatening emergency, a need for restraints or emergency treatment while in transit or confinement of the patient to bed before and after the trip.

CMS's Medicare Carriers Manual provides that reimbursement may be made for expenses incurred for ambulance service provided that certain conditions are met:

- Vehicle and crew requirements of at least two crew members with specified training;
- Medical necessity: When the use of any other means of transportation is not possible without endangering the individual's health;
- Reasonableness: Ambulance service must be reasonably needed for the treatment of the illness or injury involved; and
- Destination: Local transportation only, and to the nearest institution with appropriate facilities for the illness or injury involved.

The Medicare program is not authorized to provide reimbursement for trips other than those made in ambulances. There are no circumstances that qualify as exceptions to this rule. Furthermore, ambulance trips are only to be reimbursed when conditions of medical necessity can be confirmed, regardless of whether or not any alternative form of transportation was available for that trip.

Current Ambulance Transportation Costs

In 2000, Medicare program data files (Medicare Part B Physician/Supplier Data) show a total allowed expense for emergency ambulance services of $2,221,895,701. For 1999, allowed Medicare ambulance expenses were $2,074,180,935.

Research has shown that not all trips reimbursed by the Medicare program are for conditions that meet reasonable definitions of medical emergencies. This leads to expenses that are higher than necessary for transportation and for medical treatments. While it is important to remember that certain strictly defined non-emergency or prescheduled ambulance trips may be reimbursed by Medicare, a major issue is the degree to which non-emergency ambulance trips could have been provided by other providers. Various sources have examined this issue.

Medicare Patients Need Transportation

In 1994, DHHS's Office of Inspector General (OIG) issued a report entitled "Ambulance Services for Medicare End-Stage Renal Disease Beneficiaries: Medical Necessity." End-stage renal disease (ESRD) Medicare patients are especially likely to have a critical need for transportation support to access life-extending dialysis treatments. Missing dialysis treatments can lead to serious medical problems, even death.

Transportation access problems are particularly severe in rural areas, which often lack local dialysis facilities and may lack long-distance transportation services to urban dialysis treatment centers. Persons with disabilities and low-income individuals also typically have problems finding sufficient transportation services for dialysis. Medicare patients seeking dialysis transportation via ambulance must present a written order from their doctor stating that any other form of transportation would be harmful to their health. In some parts of the country, there may be no other means of transportation to dialysis except by ambulance but, according to regulations, such situations do not qualify for Medicare reimbursement for travel costs. According to CMS's Office of Information Services, there were 270,000 Medicare patients receiving dialysis as of December 31, 1999.

The OIG report concluded that, in 1991, 70 percent of ambulance trips involving dialysis (representing about $44 million in ambulance allowances) did not meet Medicare guidelines for medical necessity. This report found that, in many instances, other means of transportation could have been used for dialysis trips because there was no evidence that travel other than by ambulance would have been unsafe for the patient on the date of travel. The report showed that relatively few dialysis patients (2 percent of the ESRD Medicare beneficiaries sampled) were incurring 75 percent of the ambulance transportation costs.

Further, in 1998 another OIG report concluded that in 1996 Medicare spent $104 million for medically unnecessary ambulance transportation — a figure that many in both the transportation and health care communities concede is dramatically conservative.

Emergency, or Non-Emergency?

In July 2000, the Government Accounting Office (GAO) released a report entitled "Rural Ambulances: Medicare Fee Schedule Payments Could Be Better Targeted." The report was based on meetings with more than 50 ground and air ambulance providers, both free-standing and hospital based, in North and South Dakota, and correspondence with ambulance service providers in Minnesota and Wyoming. GAO also examined claims data provided by (then) Health Care Finance Administration, observed the ambulance claims processing system of a major Medicare insurance carrier and attended meetings on Medicare ambulance fee schedules. The main focus of the report was the recommendation for an improved fee schedule for rural ambulance providers, but the report also noted that almost one-half of Medicare ambulance trips (48.2 percent) are not taken for emergency medical care, which questions the need for ambulance transportation.

Emergency, or Non-Emergency, Part II

The National Hospital Ambulatory Medical Care Survey (NHAMCS) is a national probability sample survey of ambulatory care visits to hospital outpatient and emergency departments. It is conducted by the National Center for Health Statistics of the Centers for Disease Control and Prevention and looks at actual patient records and medical information. The 1999 NHAMCS examined more than 21,100 patient records from a probability sample survey of hospital emergency departments across the nation. The data are used to create national estimates of emergency department usage, including detailed patient information. The NHAMCS provides information on patient arrival at the hospital — including mode of transportation, payment source and the level of urgency with which the patient should be seen. Using this information, the NHAMCS can provide accurate national estimates of the number of Medicare patients who arrived at hospital emergency rooms via ambulance, and the level of urgency of treatment for those patients.

Data on the immediacy with which patients need to be seen are divided into four categories: emergent — less than 15 minutes, urgent — 15 to 60 minutes, semi-urgent — between 1 and 2 hours and non-urgent — between 2 and 24 hours. By combining data from the semi-urgent and non-urgent categories, the NHAMCS provides accurate national estimates of the numbers and percentages of non-emergent ambulance arrivals reimbursed by Medicare in 1999. For trips in which immediacy of care was reported in 1999, 459,653 of the 3,491,578 trips, or more than 13 percent of all ambulance trips reimbursed by Medicare, were for non-emergent patients.

If one assumes that the proportion of trips shown as non-emergency also applies to those trips for which the immediacy of care needed was not reported, the total number of non-emergency Medicare trips is really 13.2 percent of 4,782,847 or 631,336 ambulance trips, not 459,653.

Non-Emergency Ambulance Emergency Department Visits, 1999

Statistic	Number	Percent
Medicare		
Total Ambulance Arrivals	4,782,847	100.0
Immediacy of Care Needed Not Reported	1,291,269	27.0
Immediacy of Care Needed Was Reported	3,491,578	73.0
Care Needed Was Not Emergent or Urgent	459,653	13.2*
Medicaid		
Total Ambulance Arrivals	1,894,843	100.0
Immediacy of Care Needed Not Reported	474,292	25.0
Immediacy of Care Needed Was Reported	1,420,551	75.0
Care Needed Was Not Emergent or Urgent	297,152	20.9*

* Percent shown is of those cases where immediacy of care was reported.
Source: Tabulations by Westat based on data from 1999 National Hospital Ambulatory Medical Care Survey.

Potential Transportation Cost Savings

By dividing the total Medicare ambulance trips in 1999 by the total Medicare ambulance costs, an average ambulance trip cost of about $434 is calculated. Multiplying this per trip figure times the number of trips shown by NHAMCS to be non-emergency trips, the 1999 Medicare non-emergency ambulance cost is estimated at just under $200 million. This means that the potential cost estimate for these non-emergency trips rises nearly $75 million to $274 million.

If the non-emergency Medicare trips could be provided by community transportation services instead of by ambulances, substantial cost savings could be realized. According to National Transit Database (NTB) reports, the national average cost of a paratransit trip is $16.75. Note: Because these NTD figures focus on ADA paratransit trips, it is likely that the $16.75 figure overstates the per trip paratransit costs that would be applicable in many communities. For example, 2002 costs of non-emergency medical transportation providers in upstate New York are $11.00 per one-way trip. Using these various average cost figures, the cost to provide non-emergency Medicare transportation via paratransit and the cost savings of paratransit versus ambulance transportation can easily be calculated.

The average of these estimates, made by using 1999 data, is $265 million per year. Clearly, were the Medicare program to allow the use of paratransit services for non-emergent Medicare trips, a substantial cost saving would be realized in contrast to the exclusive use of ambulances. Including non-hospital trips and non-emergency trips that could have been provided by other than ambulance transportation, total unnecessary ambulance use in the Medicare program could well exceed $400 million per year.

With Medicare ambulance transportation costs now in excess of $3.3 billion annually, the Medicare legislation's insistence on the exclusive use of ambulance transportation is driving the program's costs skyward. A conservative estimate of Medicare transportation dollars that are not now being used cost-effectively is $230 million. Compared to other programs that fund transportation services, this is really a large amount.

In 1999, Medicare paid for nearly 4.8 million ambulance trips at an average cost of $434 per trip. Using an average one-way trip cost for paratransit services of $16.75, one could get almost 26 paratransit trips for the cost of one Medicare-reimbursed ambulance trip. If the $11 per trip cost figure is used, then one could get 39 paratransit trips for the cost of one ambulance trip. If the non-emergent Medicare trips that are currently being provided via ambulance could be provided with paratransit vehicles, massive cost savings could result. These savings could be invested in more transportation services, or more medical services, or both.

Estimates of Non-Emergency Medicare Ambulance Transportation Trips and Costs

Factor	Value
Total Medicare Ambulance Trips, 1999 (NHAMCS)	4,782,847
Total Cost of Medicare Ambulance Trips, 1999 (CMS)	$2,074,180,935
Average Cost of Medicare Ambulance Trips	$433.67
Estimate of Non-Emergent Medicare Ambulance Trips, 1999 (NHAMCS)	631,366
Total Cost of Medicare Ambulance Trips Estimated as Non-Emergent, 1999	$273,791,398

Source: Tabulations by Westat based on data from 1999 National Hospital Ambulatory Medical Care Survey.

Potential Emergency Department Cost Savings

The Medicare legislation's insistence on transportation provided for medical emergencies is also contributing to a growing healthcare crisis. Emergency rooms, which are in short supply and provide costly care, are becoming increasingly over-burdened as their numbers decrease and the number of annual emergency room visits increases. This problem is especially serious in rural areas, where the number of emergency rooms decreased by 11 percent from 1990 to 1999, but the volume of patients served increased 24 percent over the same period. Non-emergent Medicare patients arriving via ambulance require emergency staff to diagnose and admit, which makes an unnecessary contribution to this problem of emergency room over-crowding. Shifting non-emergent Medicare patients to paratransit services would allow them to bypass the emergency room and go directly to a physician, thus providing some measure of relief to overburdened emergency rooms.

According to the American Council of Physicians (ACP), the average charge for a non-urgent emergency room visit is approximately 2.3 times higher than the cost of an office- based visit. The ACP calculates the average non-urgent emergency room visit costs $103.25, while the average office-based visit to the doctor costs only $44.89. Applying ACP's cost savings of office-based visits ($58.36) to the national total of non-emergent Medicare patients provided by the NHAMCS, one can calculate total nationwide estimated cost savings of using office-visits versus emergency department (ED) visits, which is nearly $37 million. Were other figures used for the cost of emergency room visits, the cost savings could rise more than 50 percent, to a level exceeding $57 million.

Cost Savings from Improved Access to Preventive Health Care

Healthcare is a large issue in the United States. Healthcare expenses accounted for 13.5 percent of the U.S. gross domestic product in 1998, and healthcare costs are increasing much more rapidly than the overall cost of living index. In 1998, total healthcare expenses in the United States were

Estimates of Non-Emergency Medicare Trip Cost Savings by Using Paratransit

Factor	Value
Estimate of Non-Emergent Medicare Ambulance Trip Costs, 1999	$273,791,398
Estimate (NTD) of Cost to Provide Non-Emergent Trips via Paratransit	$10,575,381
Potential Savings (NTD) of Using Paratransit for Non-Emergent Trips	$263,216,017
NYS Estimate of Cost to Provide Non-Emergent Trips via Paratransit	$6,644,694
Potential Savings (NYS) of Using Paratransit for Non-Emergent Trips	$266,846,704

Source: Tabulations by Westat based on data from 1999 National Hospital Ambulatory Medical Care Survey.

said to be nearly $561 billion.

Health services are not distributed equally across the United States in terms of geography or access to services by specific population groups. Persons in urban areas, higher-income individuals and workers generally consume more healthcare services than persons living in rural areas, lower-income individuals, persons who are not employed and members of minority groups.

Benefits of Preventive Health Care

The Economic Benefits to Prevention

Applying preventive medical measures would generally seem to be a logical course of action. The most recent work on this subject seems to agree: spending money to prevent disease and injury and promote healthy lifestyles makes good economic sense (Centers for Disease Control and Prevention, 1999). But analysts have argued for a long time about the cost-effectiveness of preventive medical measures. Whether or not the costs of preventive care are justified inevitably depends on the type of health maintenance involved. Some forms of prevention, generally primary prevention, pay and pay very well.... For secondary prevention, it is not possible to generalize.

One argument has sometimes been expressed as the so-called paradox of health: highly effective preventive measures for some conditions could prolong life, increasing the chances that costly unrelated diseases could occur in the future and increasing the life span over which health insurance must be paid. If a preventive medical treatment were to both improve health and reduce healthcare costs, it would obviously be desirable, but the long-term health or cost effects of many treatments are difficult to predict. Various measures for evaluating the value of preventive services include impacts on health status, health effects versus net healthcare costs, reductions in net healthcare outlays and net economic benefits.

In the face of such analytical challenges, some policymakers have argued for a simple policy solution.

"It is a goal to be healthy for as long as possible and no more time should be spent on this economic question," said the Norwegian Ministry of Health, rather succinctly, in 1998. If one accepts this empowering approach to a controversial question, the question then becomes how can analysis be used to choose between several preventive practices? Part of the answer is to evaluate and compare the cost-effectiveness of certain preventive measures.

Access to Care Reduces Overall Costs

In 1998, $105 billion was spent on hospital inpatient services for patients age 65 and older, and Medicare was responsible for covering almost 80 percent of that cost. Some of these hospital costs easily could have been avoided with appropriate preventive healthcare — something as simple as scheduling a periodic health examination to check a patient's height, weight and blood pressure. Unfortunately, there are tens of millions of Americans living in rural areas, many of whom are elderly Medicare beneficiaries who lack the transportation necessary to access a medical provider for regular health checks. If improved access to preventive health care could reduce these hospital costs by only 1 percent (a conservative goal) it would save Medicare almost $1 billion each year. The economic effect of increased preventive care access would be far greater when applied to the entire health budget. All else aside, this would lead to the ultimate goal of bettering the general health and welfare of Americans.

Studies have shown that a small proportion of patients consume the largest portion of medical resources. Zook and Moore's study showed that, for a given year, the high-cost 13 percent of patients consumed as many medical resources as the low-cost 87 percent of patients. Factors noted in skewing the distribution of costs to the high-cost patients included potentially harmful personal habits like alcoholism, heavy smoking and obesity, unexpected complications during treat-

Projected Nationwide Cost Savings of Shifting Non-Emergency Medicare Patients to Office Visits Rather than Emergency Rooms

Factor	Value
Estimate of Non-Emergent Medicare Trips (NHAMCS, 1999)	631,366
Cost Savings of Office Visit vs. ED Visit	$58.36
Estimate of Total Nationwide Cost Savings of Office Visits vs. ED Visits	$36,846,520

Source: Tabulations by Westat based on data from 1999 National Hospital Ambulatory Medical Care Survey.

Team Tales

Profiles from Communities Participating at the Institute for Transportation Coordination

INSTITUTE for TRANSPORTATION COORDINATION
COMMUNITY TRANSPORTATION ASSOCIATION OF AMERICA

To give readers a clear idea of what issues ITC teams are tackling and how their efforts have fared thus far, we provide capsulized profiles of eight teams.

California State

ITC Year: 2006

Team Participants

Peter Steinert
Formerly of CalTrans

Linda Campbell-Deavens
Deputy Executive Director of Operations, Technology, and Maintenance
Paratransit, Inc.

Jacqueline Hood
Transportation Coordinator
Sacramento County Department of Human Assistance

Clay Kempf
Executive Director
Seniors Council of Santa Cruz and San Benito Counties

Vision

To bolster coordinated transportation efforts among state agencies and in local communities. The California team's primary focus was the development of strategies and a preliminary timeline for the implementation of a 12-month Mobility Action Plan (MAP) to improve human services transportation coordination in the state. The team's plan called for the development of training and outreach modules to educate transportation providers about state coordination efforts. Through the Action Plan workshops – implemented at one statewide conference and five local workshops – the California Association for Coordinated Transportation identified more than 100 community stakeholders willing to support transportation coordination activities in their region. The workshops also provided many resources that agencies could use to assist them with coordination and planning projects.

Innovative Approach

The California team planned that, through the Mobility Action Plan training and outreach sessions at the CalACT Spring Conference, participants would develop the skills and receive the supporting materials to advocate for coordination and the project effort in their communities. Those participants will also serve as emissaries to facilitate the hosting of regional workshops to address the specific needs of selected communities. The impact of these efforts will be the building of an active partnership of community stakeholders in developing and supporting coordinated transportation processes and planning activities, including the development and enhancement of coordinated services in those communities, and support of the statewide implementation effort.

Next Steps

The Mobility Action Plan advisory group is now working on a Memorandum of Understanding between state agencies and a charter for the advisory committee. A subcommittee is reviewing current state laws that obstruct or prohibit coordination efforts in the state. The advisory committee will then disseminate the information and projects developed to all the community agencies that attended the MPA workshops funded by the Community Transportation Association of America.

El Paso/West Texas

ITC Year: 2006

Team Participants

Robin A. Roberts
Human Services Transportation Coordinator
El Paso County Rural Transit

Janet Bono
Plans Manager
Upper Rio Grande at Work

Xavier Bañales
Chief Executive Officer
League of United Latin American Citizens Project Amistad

Robert Schwab
Human Services Transportation Coordinator
El Paso County Rural Transit

Vision

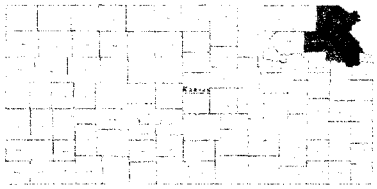
To create customer-centered, attractive, dependable, convenient, and safe transportation choices for all people in this six-county, 18,000–square mile region that stretches across two time zones. Five of those counties have no form of public transportation at all.

Innovative Approach

To support its efforts in fulfilling its mission, the team was awarded a grant from the Community Transportation Association to research the process of creating a rural transit district that could offer a regional inter-city transit system, which was identified by those communities as their highest mobility priority. In the true spirit of coordination, the team worked with all the local communities and achieved the approval of governmental authority in five of those six counties to adjust its plans slightly and instead of creating a new rural transportation district, to join the adjacent Permian Basin Rural Transit District. This has led to the creation of public transit services for the first time in four of the five unserved counties.

Next Steps

The team will continue to work toward its vision of transportation for all by facilitating the efforts of the sixth county to join the Rural Transit District.



Kansas City Metropolitan Area, Kansas/Missouri

ITC Year: 2006

Team Participants

Marge Vogt
Council member
Olathe City Council

Tiffany Jasper
Strategic Project Manager
Full Employment Council/Missouri Career Center

Jake Jacobs
Executive Director
Jackson County Board of Services for the Developmentally Disabled

Jim Courtney
Executive Director
Mr. Goodcents Foundation

Leslie Ober
Transportation Coordinator
Johnson County Mental Health-Community Support Services

Sharon Bryant
Director, ADA Compliance & Customer Relations
Kansas Area Transportation Authority

Vision

To improve access to regional mobility services. The first step toward achieving that vision is to identify available resources and mobility needs, providing the foundation for enabling legislation and ballot initiatives.

Innovative Approach

The team modified the Federal Transit Admnistration-developed United We Ride Community Self-Assessment Guide into a tool that focused less on daily operations of local transportation services and more on community policy issues. This revised guide was then introduced to – and used by – local elected officials and their key staff to communicate their priorities for transportation in their community. Simultaneously, the transportation stakeholders in the community completed the non-modified guide, with more detailed information on local operational issues. The two sets of answers were then merged into one report, which was then discussed with both groups at a single meeting.

Next Steps

This self-assessment process stimulated a valuable discussion on local mobility issues within the two communities in which it was implemented. In one community, an existing task force was re-energized to look at the transportation needs of the local community and in the other community, a new task force was formed to look at these same issues.

Montrose County, Colo.
ITC Year: 2007

Team Participants
Eva Veitch
Executive Director
Montrose County Senior Citizens Transportation, Inc.

Dale Ann Suckow
Disability Program Navigator
Colorado Workforce Center, Western Region

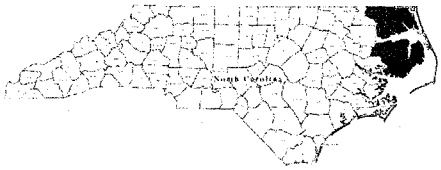
Peter Crowell
President, Board of Directors
Montrose County Senior Citizens Transportation, Inc.

Lacey Anderson
Former Program Manager
Aspen Diversified Industries, Inc.

Vision:
To provide public transportation for all residents in Montrose County, located in western Colorado.

Innovative Approach
Following the Institute, core players formed the community-based group *All Aboard Montrose* and hosted a public forum, facilitated by the Association's Charles Rutkowski and Region 8 Coordination Ambassador Jeanne Erickson. Attendees included local and state officials, public service agencies, citizens and local employers who voiced support for meeting more of the county's mobility needs through the establishment of a public transit system. Following the public forum, the *All Aboard* team met separately with county, city and Chamber of Commerce officials to request that each entity designate a staff person to be assigned to the team, which will function as a task force in the planning to establish a public deviated, fixed-route transportation system by January 2009. Those meetings also resulted in discussion of creating a transportation district tax base for secured funding.

Next Steps
The *All Aboard Montrose* team attended a City Council Work Session in December to present the comprehensive marketing plan and action steps being developed by the task force. An action plan for the new transportation service that garners the commitment of the key stakeholders, including area businesses and public officials – and that pursues federal, state and local private and public dollars to initiate and sustain the new system – will be fully developed. The *All Aboard Montrose* team will continue to enhance local government support and explore possible tax-based funding options. In addition, the task force is working to enhance collaborative relationships with existing transportation service providers.



Northeastern North Carolina Region
ITC Year: 2006

Team Participants
Patrice Taylor-Lassiter
Director
Gates County Inter-Regional Transportation System

Carter C. Dozier
Workforce Development Director
Northeastern Workforce Development Board

Beverly Paul
Director
Hyde County Transit Authority

Sue Scurria
Director
Albemarle Commission Area Agency on Aging

Kenny Kee
Dare County JobLink Career Center Manager
NC Employment Security Commission &
Northeastern Workforce Development Board

Vision
To develop a regional transportation coalition whose systems are seamless and adequately serve the citizens throughout the 10-county northeastern region of North Carolina.

Innovative Approach
To promote coordination among all transportation providers in this region, the team determined that one of its most important activities was to create a common vision among all stakeholders, beginning with a coordinated view of transportation needs and potential additional transportation corridors in the region. The team, led by its workforce development partner, will be one of the first to use *Google Earth/PowerPoint* technology in its presentations to local stakeholders. The technology is being used to visually demonstrate major trip generators, residential and commercial corridors, and current transportation routes.

Next Steps
The team has identified two counties—Washington and Tyrell—as priorities for the development of coordinated services. This process will be an excellent example of cross-county coordination, reflecting a need to focus on people's needs rather than geographic boundaries. The Northeastern North Carolina team is also receiving assistance through the Community Transportation Association's Rural Passenger Transportation Technical Assistance program.

Passaic County, N.J.

ITC Year: 2007

Team Participants

John McGill
Work First NJ – Transportation Coordinator
Passaic County Department of Human Services

Natalie Provenzale
Executive Director
Passaic County One-Stop Career Center
Workforce Development Center

Madeleine Soriano
Disability Services
Passaic County Department of Senior Services, Disability and Veterans Affairs

Shirley Force
Passaic County Information and Assistance Supervisor
Passaic County Department of Senior Services, Disability and Veterans Affairs

Rich Felsing
Transportation Planner
Meadowlink Transportation Management Association

Vision

To develop a strategy that combines innovative technology with a mobility manager and community partnering to create a centralized transportation resource clearinghouse within a call center. This technology strategy will enable Passaic County to effectively coordinate services for customers thereby providing greater mobility and independence. It will also give customers a single phone number to call for rides and ride information.

Innovative Approach

To ensure improve mobility options through coordination, the Passaic County collaborative will reach out to partners who have traditionally been outside the county's transportation planning process. The collaborative's leaders will undertake outreach to involve the business community as well as to Freeholders (elected county officials), local towns, and health care providers, and craft a common focus and county-wide vision for meeting transportation needs.

Next Steps

To convene several meetings – large group and one-on-one – with core stakeholders, businesses and Freeholders to discuss the importance of a coordinated approach to meet transportation needs and services, share ideas for moving toward this mobility vision and establish strong bonds among these community members.

Snohomish County, Wash.

ITC Year: 2007

Team Participants

Jerri Mitchell
Director of Housing and Program Development
Catholic Community Services

Mary Jane Brell Vujovic
Director of Strategic Initiatives
Workforce Development Council Snohomish County

Deanna Dawson
Snohomish County Executive Director
Snohomish County Office of the Executive

Darren Brugmann
Transportation Director
Senior Services of Snohomish County

Cheryl Jones
Mobility Coordination Manager
Volunteers of America Western Washington

Vision

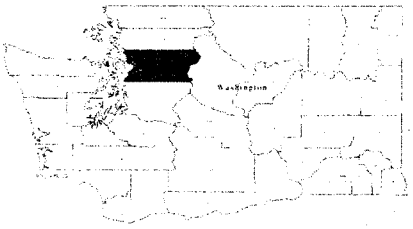
To develop a coordinated transportation plan that serves Snohomish County veterans by removing barriers to medical care, job training, employment, and other services.

Innovative Approach

The Snohomish County team shares the Association's concern with meeting the mobility needs of veterans. Snohomish County is larger than the state of Delaware and consists of urban, suburban, and rural areas. While many areas of the county are served by various public and private transportation agencies and programs, the eastern half of the county is largely unserved. Additionally, many services for veterans are located in neighboring counties. These factors present significant challenges to ensuring seamless mobility and access to services for many of our community's veterans. The Snohomish County team is working at three levels to launch its *Coordinated Transportation for Veterans* effort.

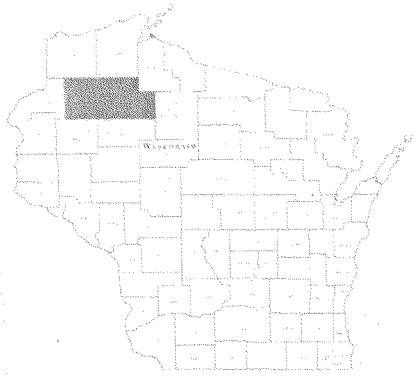
Next Steps

To make final governance decisions by the end of January, 2008. Additionally, the partners plan to finalize their logic model and strategies for service delivery planning by March, 2008 with the development of a comprehensive plan as an eventual deliverable. Finally, the team will collectively continue to seek out resources to support its shared efforts.



Washburn and Sawyer Counties, Wisc.

TC Year: 2007



Team Participants

Bob Olsgard
Transportation Coordinator
Northwest Center for Independent Living

Carl Krantz
Director
Washburn County Veterans Service Office

Kristin Frane
CEO
Ventures Unlimited, Inc.

Bruce Miller
Board of Supervisors
Sawyer County

Vision

To build a regional multi-modal, multi-state transportation system for all local residents.

Innovative Approach

The area's current transit system – Sawyer County/Lac Court Oreilles Transit – is already an excellent collaboration example between two entities. Sawyer County and the Lac Court Oreilles Tribe boasts equal ridership from both the tribal nation and the surrounding county. Now the Washburn/Sawyer Counties Institute team is working with both counties to expand the human services transportation system to provide a combination of demand-response and fixed-route service into Washburn County, which currently has no transit system. Funding for the expanded service is being sought from the Wisconsin Department of Transportation's Supplemental Transportation Rural Assistance Program, which requires an 80/20 match. The contracted service provider, Ventures Unlimited, Inc., will provide the service while Sawyer Co./LCO Transit will operate a centralized call center and implement scheduling software. Also, the expanded system will help the region's veterans reach new regional medical facilities in nearby communities. The Washburn/Sawyer Counties Institute team included a Sawyer County Supervisor who also chairs the Sawyer County Transit Commission. This team member was instrumental in discussing the benefits of a regional transportation system with the Washburn County governance bodies.

Next Steps

In 2008, the team will implement expanded service in both Washburn and Sawyer Counties, facilitated through a one-call center. The team will also lead efforts in 2008 to more effectively market the availability of current and new services, beginning with a "name the bus" campaign.

ITC teams look at innovative ways to solve local mobility challenges.

Every beginning has a barrier built into it. Don't entertain your barriers — by that we mean get creative. It's much more fun to think of solutions than to sit around and complain. Coming up with creative ways to overcome perceived barriers is a true delight!

-Cathy Brown, Executive Director
St. John's County Council on Aging

Each team has an opportunity to discuss its goals.

Testimony to the U.S. House of Representatives
Highways and Transit Subcommittee

Connecting Communities: The Role of the Surface Transportation Network in Moving People and Freight

June 24, 2008

Testimony by: Mark Pangborn
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Lane Transit District
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There are significant changes occurring in our world that are reflected in the choices people make regarding transportation. Skyrocketing fuel prices, continued increases in traffic congestion, and concerns regarding global warming and peak oil have merged with transit's primary role of providing access to jobs and schools, all of which have resulted in substantial increases in the use of public transportation. At the same time, it is clear that historic underinvestment in our nation's transportation system has created a backlog of needs that must be addressed to sustain the economic competitiveness of our regions, states and the country as a whole. The reauthorization of the Surface Transportation Bill in 2009 provides an opportunity to increase our investment in our transportation systems and to alter our spending priorities in a manner that reflects the changing environment.

While public transportation has always played a critical role in meeting the transportation needs of our major metropolitan areas, it now also plays a very significant role in our small and medium-sized cities as well. Lane Transit District (LTD) serves about 260,000 people in Eugene and Springfield, Oregon, and surrounding smaller cities. Eugene-Springfield is a growing community located approximately 100 miles south of Portland and straddling Interstate 5. LTD plays a crucial role in the community's transportation network, as evidenced by ridership that exceeds 11 million boardings per year.

Like all transit systems, LTD provides transportation for those people who, for any number of reasons, do not have other transportation options. LTD's services enable these residents to access jobs, schools, and medical and social activities. Without the mobility provided by transit, these citizens would have limited opportunities to contribute to the community and experience life.

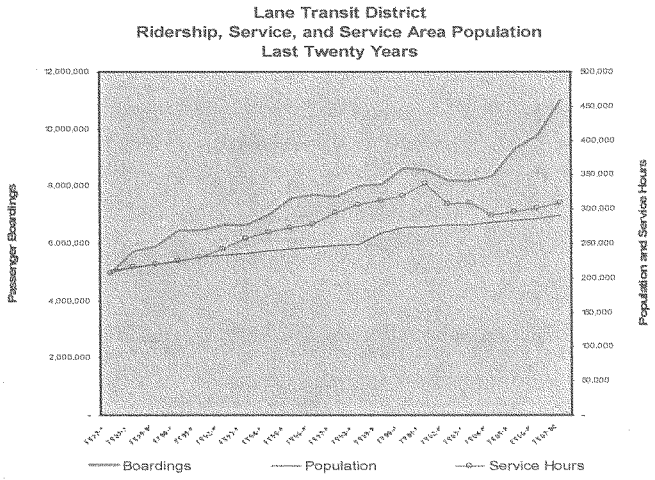
In addition, LTD has, over the years, become a more and more attractive option for people who would otherwise drive. Currently, approximately 47 percent of LTD's boardings are by "choice" riders, defined as those who would have had a car available for the trip. Another 16 percent of riders had shared access to a vehicle. Eliminating these car trips reduces traffic congestion, gas consumption, and greenhouse gas emissions.

Federal investment has played a decisive role in the development of LTD's system. Federal funds have been used for all bus purchases, for all major transit stations and other facilities, and for the development of EmX, LTD's bus rapid transit system. LTD's

system would be a mere shadow of what it is today without federal funding support. Continued federal support for public transportation is absolutely critical in allowing LTD to realize its potential to improve the efficiency and effectiveness of the Eugene-Springfield area's transportation system.

Ridership Exploding

LTD's ridership has increased dramatically. As noted on the table below, transit boardings on LTD buses have increased 34 percent over the last three years and 17 percent just during the past year. This far exceeds the growth in the community's population. Growth in ridership has also far outstripped the District's ability to increase service.



A Successful Formula for Transit

LTD is consistently rated as a high-performing transit system, with very high ridership and productivity compared to other systems serving a similarly-sized community. There are three primary reasons for this success. First, LTD has a long history of innovation. In areas such as accessible service, pricing, and bus rapid transit, LTD has always looked to the future. LTD was fully accessible before The Americans with Disabilities Act (ADA) was passed, is a pioneer in implementing group bus pass programs, and is one of the first transit systems in the nation to implement a bus rapid transit system.

Second, LTD offers a wide range of transit services designed to provide connectivity to a variety of travelers, while also tailored to specific needs and opportunities. In addition to conventional bus services, LTD offers bus rapid transit, shuttles, special event service, demand-response service, ridesharing, and vanpooling. In providing transit services to a community, it is clearly not the case that "one size fits all".

Third, LTD has been fortunate to have a stable operating funding base and strong federal support for capital expansion. Federal funds have allowed LTD to build facilities for passengers, construct operating support facilities, purchase new and replacement buses, and begin building a bus rapid transit system.

EmX

EmX (pronounced "M-X", which is short for Emerald Express) is a full-featured bus rapid transit service. EmX emulates a light rail system with features such as exclusive transitways, transit signal priority, improved stops and stations, unique vehicles, and a different image than conventional bus systems.

The first EmX corridor connects downtown Eugene with downtown Springfield and opened for service in January 2007. It is difficult to overstate the interest and excitement that has been generated by the first EmX line. Ridership on this line immediately exceeded 20-year projections. Ridership has continued to increase, with boardings in 2008 exceeding 2007 totals by approximately 20 percent. The cost for the first line, including vehicles, was $24 million, which is approximately $6 million per mile.

In response to the exceptional success of the first EmX line, LTD (with community support) is working actively to expand the system. The second EmX line is one of the first to use the Small Starts funding program that was created by SAFETEA-LU. The project is fully funded and is in the final design process, with service expected to start in late 2010. Planning has started on a third EmX line to west Eugene.

While high-capacity transit investment has been employed almost exclusively in large metropolitan areas, LTD's experience with EmX demonstrates that high quality transit in communities the size of Eugene-Springfield can have a significant positive impact on the economic growth and livability of a community. A relatively small investment can have a very positive multiplier impact on improving a community's connectivity options.

Federal funding has been absolutely essential for the first two EmX lines and will be even more essential in any future expansion of the system. It is simply not possible to build the system without federal support.

Challenges

In the midst of large increases in ridership and the rousing success of the EmX system, LTD is facing problems in its operational budget that will require a reduction of service. Prices for diesel fuel have increased five fold in the past seven years, and the cost for RideSource, LTD's paratransit service for disabled persons, has quadrupled during that same period. These two factors, combined with a weakening economy, create a situation in which a service reduction that could exceed 10 percent must be made during a time that demand for transit service is very high.

While the economy will eventually turn around, it is expected that fuel costs will continue to rise and that demand for paratransit service will continue to increase. The aging baby boomer generation (which has been called "The Senior Tsunami") will create the need for continued expansion of demand-response service. That service, which is mandated by the Americans with Disabilities Act of 1990, competes for the same funds that are used for fixed-route service and EmX, which means that expansion of the demand-response service is at the expense of transit service for the general population.

Recommendations for Reauthorization of SAFETEA-LU

1. Increase the investment in our nation's transportation system. The backlog of infrastructure needs for all modes is significant and must be addressed.
2. Reflect the changing transportation environment and concerns regarding global warming and peak oil by placing a greater emphasis on transit and other alternative transportation modes to meet our future transportation needs.
3. Streamline project delivery. It takes too long and costs too much money for a project to go from concept to implementation.
4. Increase funding for FTA's Small Starts program. This program provides opportunities in medium-sized communities to implement cost-effective transit improvements.
5. Provide dedicated funding for bus replacement. Typically, bus replacement is funded with FTA formula funds, which are not sufficient to meet the need.
6. Provide operational funding for existing ADA-required paratransit services. This could be a formula-based program similar to the New Freedoms program that was created in SAFETEA-LU.

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