



January 31, 2012

The Honorable John Mica
Chairman
House Transportation & Infrastructure
Committee
2165 Rayburn House Office Building
Washington, DC 20515

The Honorable Nick Rahall
Ranking Member
House Transportation & Infrastructure
Committee
2163 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Mica and Representative Rahall:

On behalf of the American Public Transportation Association (APTA), I am writing to you regarding proposals to expand the use of Federal formula funding for public transportation operating assistance. While we believe that these proposals have been put forth with the best intentions of addressing urgent funding shortfalls faced by systems across the nation, APTA's members do not support proposals that would expand operating flexibility to levels that could have a detrimental impact on their ability to bring systems into a state of good repair. APTA strongly supports the preservation of preventative maintenance and flexibility for transit systems in smaller urban areas, as well as a targeted expansion of operating flexibility for those smaller transit systems in large urban areas, which have smaller maintenance budgets than larger systems. APTA supports targeted legislative proposals, such as H.R. 3545, the Transit System Flexibility Protection Act of 2011 (Rep. Pitts), which maintains existing operating flexibility for small transit systems in larger urban areas. While this bill would permit small systems in large urban areas -- which operate more like small systems in small urban areas -- to use a portion of their formula funds for operating, it also preserves limited flexibility for those small systems who have lost the flexibility to use funds for operating simply because urban area boundaries were modified in the census.

APTA has supported targeted, temporary efforts to expand the use of federal general fund programs to meet transit operating needs. In late 2009, when public transit agencies were experiencing significant funding cuts due to the decline of state and local property, sales and other taxes often used to support transit, APTA adopted principles that supported emergency flexibility for federal transit operating assistance. Those principles sought operating flexibility that would be temporary and targeted in nature, with emergency funding being separate and distinct from the federal investment the industry has always supported. The principles supported new, additional funding through general funds and were not intended to serve as a precedent for any ongoing program or a substitute for the long-term transit program in current law. Under APTA's principles, the temporary program would sunset when the national economy recovers. Funding would be used to support operations, preserve or create jobs and transit service and not be eligible for wage/salary increases for current personnel. Finally, those systems that could sustain and preserve public transportation service and/or fare levels without this assistance would have been allowed to use funds allocated for operating to address the enormous capital infrastructure backlog facing almost every transit system.

State and local governments are struggling to find resources to support the broad range of programs and services they offer to their citizens, and while more than 73 percent of public transit ballot measures have been successfully approved since the year 2000, the willingness of the Federal government to expand its support for transit operations holds the potential to discourage

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states and localities from continuing current levels of operating support. The Federal public transportation program is primarily a capital program, and it is APTA's position that it should remain so. This is also evident when considering the enormous capital infrastructure backlog that our systems currently face. The U.S. Department of Transportation estimates that more than \$78 billion is needed to bring the nation's transit infrastructure up to a state of good repair, and this does not include the annual cost of maintaining, operating, or expanding those systems. Further, research on transit needs shows that capital investment from all sources- federal, state, and local- needs to be doubled if we expect to prepare for future ridership demands. Significantly expanding the use of already limited federal dollars on operating assistance will only exacerbate the current shortfall in capital investment, and could have real impacts on the safety and efficiency of our systems.

APTA is also concerned about the impact that a major expansion of operating assistance will have on the already difficult fiscal condition of the Mass Transit Account of the Highway Trust Fund. As a capital program, federal transit expenditures spend out over several years. In contrast, operating expenditures outlay in the year they are obligated. If more federal funds are used for operations, revenues in the Mass Transit Account will be depleted more quickly. We cannot afford to see additional pressures placed on the Mass Transit Account.

Finally, current law permits all transit systems to spend formula apportionments on what is known as preventive maintenance. Preventive maintenance is treated as a federal capital expenditure because of the obvious interest in preserving and maintaining our important federally purchased transit assets. However, in a transit agency's budget, preventive maintenance gives transit agencies the flexibility to address operating demands in tough economic times and move those funds back to capital needs when the economy is stronger. Depending on a system's needs, utilization of federal formula funds for preventive maintenance can reach substantial levels. This is a fact that often goes overlooked in the debate over operating assistance.

Again, we appreciate the willingness of Members of Congress to support their local transit systems through legislative measures to reduce the strain they face during these difficult economic times. However, it is APTA's view that measures to expand the use of federal transit formula funds for operating assistance must be carefully considered or that support will only serve to trade one difficult situation for another. We should not sacrifice our long-term capital investment needs by applying funds currently designated toward that purpose for near term challenges which may have alternative solutions.

Should you or your staff have any questions or require additional information, please do not hesitate to contact Brian Tynan of the APTA Government Affairs Department at (202) 496-4897 or btynan@apta.com.

Sincerely yours,



Michael P. Melaniphy
President & CEO

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