TESTIMONY OF

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PRESIDENT

AMERICAN PUBLIC TRANSPORTATION ASSOCIATION

SUBMITTED TO

THE HOUSE APPROPRIATIONS SUBCOMMITTEE ON TRANSPORTATION, HOUSING AND URBAN DEVELOPMENT AND RELATED AGENCIES

On Federal Transportation Investments for Fiscal Year 2012

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SUBMITTED BY

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APTA is a nonprofit international association of nearly 1,500 public and private member organizations, including transit systems and high-speed, intercity and commuter rail operators; planning, design, construction, and finance firms; product and service providers; academic institutions; transit associations and state departments of transportation. APTA members serve the public interest by providing safe, efficient, and economical transit services and products. More than 90 percent of the people using public transportation in the United States and Canada are served by APTA member systems.

Introduction

Mr. Chairman and members of the subcommittee, on behalf of the American Public Transportation Association (APTA), I thank you for this opportunity to submit written testimony on the Fiscal Year (FY) 2012 Transportation and Housing and Urban Development Appropriations bill as it relates to federal investment in public transportation and high-speed and intercity passenger rail.

APTA's highest priority is the enactment of a well-funded, six-year, multi-modal surface transportation authorization bill, as it is one of the most important actions Congress can take to improve mobility for our citizens and put our nation's economic engine into high gear. We recognize the challenge that the absence of an authorization bill places on the Appropriations Committee, yet we must stress the tremendous needs that persist for public transportation agencies throughout the country. A strong commitment to investment in our transportation infrastructure remains essential to the nation's economic prosperity and fiscal health. Failure to invest will force private sector businesses in the transit industry and other industries to lay off employees and to invest overseas. For the nation's tens of millions of transit riders, it will mean less service, fewer travel options, higher costs and longer commutes.

Federal investment in public transportation is an excellent deal for the American taxpayer, with a return on investment of 4 to 1. Every $1 billion invested in public transportation creates or supports 36,000 jobs, and mass transit investment is a key strategy in a surface transportation bill to reduce our dependence on imported oil, reduce congestion on our roadways, and offer more transportation choices to Americans.

About APTA

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

Overview of FY 2012 Funding Requests

The FY 2012 Obama Administration Budget requests $22.4 billion for public transportation programs, and $8.3 billion for high-speed and intercity passenger rail. This includes a one-time, up-front investment of $11.5 billion for the Federal Transit Administration (FTA) programs and the first installment of the Administration's $53 billion six-year proposal for high-speed and intercity rail investment.

APTA strongly supports the President's proposed public transportation budget request. APTA's authorization recommendations, which had assumed enactment of authorizing legislation two years ago, proposed a federal transit investment of $17.9 billion in FY2012. APTA urges Congress to resist efforts to make further cuts to general fund components of the federal transit program, such as Capital Investment Grants and research, as these are important elements of federal surface transportation investment. We are most disappointed with the severity of cuts in the Full-Year Continuing Appropriations Act for FY2011, as the need for these investments is only growing, and the costs associated with these investments will be greater in future years.

Our funding request continues to be instructed by APTA's recommendations for surface transportation authorization and the estimated federal funding growth required to meet at least 50 percent of the $59.2 billion in annual capital needs by the end of the authorization period. These levels are intended to support a projected doubling of transit ridership over the next 20 years. The American Association of State Highway and Transportation Officials (AASHTO) agrees with APTA's estimate, stating in its "Bottom Line Report for Transportation – 2009" that "if transit ridership grows yearly by 3.5 percent, investment would have to increase to $59 billion annually."

It is important that steady and growing investment continue despite economic or fiscal situations, as demand and long-term planning requirements for transportation investment continue as well.

APTA strongly opposes the elimination of prior year high-speed and intercity passenger rail funding. These funds are needed to ensure that the 32 states and the District of Columbia which are forging ahead with planning and implementing high-speed and intercity passenger rail improvements can continue their efforts to modernize and expand our nation's passenger rail services.

Finally, we encourage Congress to fund the Rail Safety Technology Grants program (Section 105) of the Rail Safety Improvement Act (RSIA) at a level significantly higher than the $50 million annual authorization, to assist with the implementation of congressionally mandated positive train control systems. The federally imposed deadline for implementation of positive train control systems is rapidly approaching, and neither Congress nor the Administration is proposing to put the necessary funding behind this safety priority.

The Need for Federal Transit Investment

In previous testimony to this subcommittee, I have presented the case for increasing federal investment in public transportation. APTA has recommended $123 billion of transit investment over six years, and President Obama has proposed $119 billion in the same period. In either scenario, new federal investment would produce much-needed progress toward bringing our nation's public transportation infrastructure up to a state of good repair, improving safety and building the capacity for millions of new riders who will want quality transit service in the coming years. The U.S. Department of Transportation estimates that a one-time investment of more than $78 billion is needed to bring transit infrastructure up to a state of good repair, and this does not include annual costs to maintain and preserve the existing system. Research on transit needs shows that capital investment from all sources - federal, state, and local - should be doubled if we are to prepare for future ridership demands.

I want to stress that that the demand for public transportation and the need for federal leadership will not diminish in the months and years ahead. As gasoline prices continue to increase, Americans are turning to public transportation in record numbers, just as they did in 2008 when gas reached an average price of $4.11 per gallon. APTA recently completed an analysis that reveals if regular gas prices reach $4 a gallon across the nation, as many experts have forecast, an additional 670 million passenger trips could be expected, resulting in more than 10.8 billion trips per year, roughly a 6 percent increase. If pump prices jump to $5 a gallon, the report predicts an additional 1.5 billion passenger trips can be expected, resulting in more than 11.6

billion trips per year. And if prices were to soar to $6 a gallon, expectations go as high as an additional 2.7 billion passenger trips, resulting in more than 12.9 billion trips per year. Reports from our members and numerous recent stories in the press indicate that these ridership predictions are coming to fruition as gasoline prices rise.

The volatility of the price at the pump is another wakeup call for our nation to address the increasing demand for public transportation services. We must make significant, long-term investments in public transportation or we will leave Americans with limited travel options, and in many cases, stranded without travel options. While Congress continues to consider how to proceed on a well-funded, six-year, multi-modal surface transportation bill, it remains critically important that annual appropriations bills support both current and growing needs.

Federal Transit Administration Programs

<u>Capital Investment Grants (New Starts)</u> - The New Starts program is the primary source of federal investment in the construction or expansion of bus rapid transit projects, heavy and light rail transit systems, commuter rail systems. Unlike most other FTA programs, the New Starts program is funded from the General Fund, not the Mass Transit Account of the Federal Highway Trust Fund. Funding for New Starts was previously included in funding guarantees for highway and transit programs, and the success of these major, multi-year capital projects requires predictable support by Congress and FTA. Congress established Full Funding Grant Agreements (FFGAs) to ensure this predictability. A continued commitment to federal investment will also influence the willingness of private financial markets to fund public transportation projects and it will guarantee that the bond ratings will remain high and interest rates will remain low.

We urge the Congress to recognize the importance of long-term, predictable funding for all highway and transit programs, including New Starts. Going forward, whether the New Starts program is funded out of the general fund or from a trust fund, APTA believes that the program should grow at the same rate as the rest of the transit program. New Starts is essential to enhancing our nation's mobility, accessibility and economic prosperity while promoting energy conservation and environmental quality.

<u>Formula and Bus and Bus Facilities -</u> Like other elements of the program, we urge Congress to grow funding for existing formula programs, including urban and rural formula, small transit intensive cities (STIC), fixed guideway modernization, and others at a rate consistent with overall FTA funding. These formula programs address core needs of our public transportation systems, and deserve the continued support of Congress.

APTA has recommended, as part of its surface transportation authorization recommendations, that Congress consider changes intended to balance the various needs of the nation's diverse bus systems. Overall, we urge the committee to preserve funding for this important category, as more than half of all public transportation users depend on bus service. In our authorization recommendations, APTA recommends modifying the current Bus and Bus Facilities program to create two separate categories of funding, with 50 percent distributed under bus formula factors, and the remaining 50 percent available under a discretionary program distributed either through Congressional direction or a competitive grants process administered by FTA. This is particularly relevant to the consideration of appropriations legislation as we recognize that the Congress will attempt to address the issue of earmarks and discretionary spending accounts. It is important to recognize that certain transit needs funded out of the Bus and Bus Facilities

Accounts, principally facilities projects, are often larger than an agency's typical formula allotment, and as such, will require discretionary decision making on either the part of Congress, or the Administration, in order to effectively fund such projects.

Federal Railroad Administration Programs

Positive Train Control – A high priority for APTA within the programs of the Federal Railroad Administration (FRA) is the adequate funding of the Railroad Safety Technology Grants Program, Section 105 of the Rail Safety Improvement Act (RSIA) of 2008. APTA is very discouraged that Congress has rescinded FY 2010 appropriations for this program in addition to the possibility of leaving it unfunded in FY 2011. The RSIA requires commuter rail operators implement positive train control (PTC) systems by December 31, 2015 and APTA is urging Congress to increase the authorized levels for implementation of Positive Train Control (PTC) systems required under RSIA. The cost of implementing PTC on public commuter railroads alone is estimated to exceed $2 billion, not including costs associated with acquiring the necessary radio spectrum or the subsequent software and operating expenses.

Our nation's commuter rail systems are committed to complying with the PTC mandate and implementing critical safety upgrades. However, both the costs associated with implementing PTC, as well as the challenges associated with a technology that is still under development, are quite substantial. Full funding will help ensure that these important safety improvements can be implemented within the required time frame.

The law required that commuter and intercity passenger railroads, as well as certain freight railroads, submit to the DOT by April 16, 2010, a plan for the implementation of PTC systems, which in turn must be in place by the end of 2015. I am pleased to report that all commuter railroads met this deadline, however, our commuter rail operators are concerned about their ability to meet the 2015 statutory deadlines amid severe state and local funding constraints, no new transit and highway authorization bill, substantial technical challenges and uncertainties, and potential supplier issues that could lead to added costs.

When the original legislation was passed in 2008, achieving the goal of PTC implementation within federally mandated timeframes posed significant challenges for publicly-funded commuter railroads. Nonetheless, as a group, those railroads have worked in good faith to comply with the Act's requirements. Additional funding provided by Congress for the Railroad Safety Technology grants is fundamental to the industry's ability to meet the 2015 deadline.

High-Speed and Intercity Passenger Rail Investment – Ridership in the overall passenger rail market in the United States has been steadily growing, with commuter rail being one of the most frequently used methods of public transportation for those traveling from outlying suburban areas to commercial centers of metropolitan areas, often to and from places of employment, education, commerce and medical care. The most recently published APTA public transportation ridership report, which provides data on transit passenger ridership for U.S. transit agencies, shows a continued strong demand for public transportation despite the economic downturn, with nearly 10.2 billion trips taken on public transportation nationally in 2010. The demand for commuter rail service has also remained strong, with 13 of 26 commuter rail systems in operation for all of 2010 reporting ridership increase. Similarly, despite the nation's slow economy, Amtrak experienced record ridership in the last fiscal year, reporting a ridership increase of 4.6 percent for an overall ridership of more than 28.7 million passengers. As the current political unrest in many oil producing nations continues, more and more commuters are turning to public transportation to escape rising gas prices, and many transit operators are reporting double digit ridership increases this year.

In addition to commuter rail, it is critical that intercity passenger rail become a more useful transportation option for travelers looking for alternatives to high gas prices and congested road and air travel in many corridors. While much attention has been lavished on three Governors who rejected federal rail funding for their states, 32 other states plus the District of Columbia are forging ahead in planning and implementing rail improvements. Funding from the three states which opted to cancel their HSIPR programs is being redirected by the U.S. Department of Transportation to other HSIPR projects across the country.

It is more important than ever for the U.S. to invest in its infrastructure as the efficient movement of people and goods is essential for sustained economic growth and recovery. A recent study issued by the Government Accountability Office (GAO), entitled “Intercity Passenger And Freight Rail: Better Data and Communication of Uncertainties Can Help Decision Makers Understand Benefits and Trade-Offs of Programs and Policies,” concluded that an expansion of already congested roadways and airways is not the answer to the country’s transportation needs and that the “demand for freight and passenger travel will continue to grow, as the growing congestion in urban areas and at key bottlenecks in the system costs Americans billions of dollars in wasted time, fuel, and productivity each year.”

Conclusion

I thank the subcommittee for allowing me to share APTA’s views on FY 2012 public transportation and high-speed and intercity rail appropriations issues. We look forward to working with the committee to make the necessary investments to grow the public transportation program. We urge the subcommittee to invest in making commuter, intercity and high-speed rail safer by fully appropriating the funds authorized in the RSIA. Finally, we support the efforts of Congress thus far to invest in a high-speed rail system and encourage your subcommittee to continue support for this effort. This is a critical time for our nation to continue to invest in transit infrastructure that promotes economic growth, energy independence, and a better way of life for all Americans.