Full Steam Ahead for Reauthorization
Our vision of America's public and community transportation future is based upon fundamental values that are as old as the nation itself. Freedom, independence, dignity and choice are as much at the heart of the debate for building an accessible society as they have been in building a free society. There is never an end to the work to create a free society, and there will never be an end to our work to build a more mobile society. Both of these noble pursuits will always remain great works in progress.

Americans have been trying to build their mobile society for many years. Part of this mobility can be seen in the mass production of automobiles and highways that surround our nation, our cities and our neighborhoods. It can also be seen in the proliferation of airports, and regional air carriers that have grown dramatically in recent years. While our commitment to mobility and choice as fundamental American values never grows old, our approach can become outdated and require a reappraisal of how we must address our mobility future.

Public and community transportation are vital ingredients to our nation’s future success and must be a key element in assuring both mobility and choice. A society that now includes a growing population of seniors needs new and expanded public and community transportation alternatives that allow seniors continued mobility and choice. Areas with staggering air quality problems and congestion require alternatives that help reduce traffic and improve the environment. Communities in decline or those that have been abandoned demand new and improved connections as part of their renewal efforts.
“Once more into the breach, my friends, once more!”
Henry V, Act III, Scene I

Public investment is always required for the advance of freedom and the advance of mobility in any society. To move forward, a free society invests heavily in important areas required for its success in the future. We see important public investment in our educational systems, our health care activities and in cutting-edge scientific research.

Public and community transportation need the same kind of commitment and investment if we are to maintain and enhance our nation’s mobility. Every so many years, major transit legislation appears on the horizon in Washington, as it does in the state house or at city hall. Our previous hard-fought work in the legislative arena resulted in the creation of the Transportation Efficiency Act for the 21st Century, TEA 21. The process of looking at current transportation investment and policy at the national level is about to begin again. The reauthorization of TEA 21 will decide many of our most important possibilities. Our commitment to public and community transportation will be tested during this long and complicated process. The period ahead is an important opportunity to advance our cause and move the nation’s mobility forward. In preparing for that discussion and work, and in entering the fight for improvements, the Community Transportation Association of America has created a series of proposals that describe the position of its members across the nation. This is our core program — a call to build the Community Transportation National Transit Renewal Program.
Where We Are Now
Transit and the Federal Budget 2001

Total Federal Spending
$1.9 trillion

US DOT Transit Spending
$6.3 billion

Our Principles
The basic principles of our National Transit Renewal Program are based on the experience we and our members have had in the current period as well as our projections of needs for future transportation initiatives and efforts.

Any reauthorization for highway and transit legislation must include:

- **Investment**: Greater federal investment for all community and public transportation programs.
- **Innovation**: New and innovative investment strategies for community and public transportation.
- **Security**: Maintenance of the fiscal protections and guaranteed funding levels of TEA 21.
- **Deregulation**: All regulatory burdens placed on the community and public transportation field must be examined to ensure necessity and efficiency.

America’s Growing Transit Need
Currently, less than one-half of one percent of the entire federal budget goes to transit programs (see graph on this page), which is altogether inadequate. For the nation’s public and community transportation programs to continue to grow and adequately serve the American people, there must be increased federal investment...and not merely a one or two percent increase. We estimate it will take at least several billion additional dollars before the transit program will be able to offer a seamless national network of public and community transportation.

Our association envisions the creation of a truly national program with significantly increased investment in rural and small-urban communities, as well as in our nation’s large cities. Our objective is a continuing series of significant, guaranteed funding increases over the life of the next authorization that will bring to public and community transportation the equity of federal investments they have earned.

Even though transit spending is an almost insignificant speck in the federal budget, increasing numbers of Americans are turning to public and community transportation as their means of getting to work, shopping, education and myriad other activities of daily life. Thanks in large part to increased federal investment, transit ridership has reversed its earlier decades of decline, and has increased at an annual rate of between three and five percent every year since 1995 (see graph at bottom of p. 11).

At that rate, the nation’s transit ridership can be expected to exceed 12 billion trips per year in 2009. This figure represents what can be expected with little additional investment, and is based on the growing demand for existing transit services at current levels of service. It is impossible to predict how many billions of trips would occur if transit programs were more widely available and in better condition, but...
advocates in every community can readily identify dramatic levels of unmet transit need.

Our nation’s population is growing. The necessity of public and community transportation is increasing even more rapidly. Using current Census data and projections, the table above indicates the need for expanding the transit program during the next authorization period.

Several key facts emerge from these projections. Perhaps the most dramatic is that the number of people age 85 and older is growing at a much higher rate — nearly four times faster — than the general population. Traditional automobile and fixed-route rail and bus services often fail to meet these seniors’ transportation needs. Moreover, this “85-plus” portion of our nation’s population is growing in areas such as the Sunbelt, rural Appalachia, the Upper Great Plains, and other areas where traditional transit services, if at all available, are less extensive.

Other constituents of the nation’s transit-dependent population — seniors age 65 and older, persons with disabilities, poor families — also are growing at a rate nearly double that of our country as a whole. Since these people make up the core market for transit in most communities, it is safe to predict that demand for transit services, especially more flexible, non-traditional services, will increase significantly over the next many years.

Transit often is touted as part of the solution for communities’ air quality and traffic congestion problems. Expanded and creative transit solutions will be needed in the future, as the number of Americans living in air quality “non-attainment” areas will increase more than seven percent during the next ten years. In talking about air quality concerns, future attention will have to increase its focus on rural areas and small cities. Non-attainment areas, for instance, include dozens of rural areas, such as Telluride, Colo., the Owens Valley of California, Door County, Wisc., numerous rural Appalachian communities, and the entirety of southern New England.

Traffic congestion will worsen, too, in the next ten years. This will pose a growing challenge for transit to become a more viable alternative to personal automobile use. While congestion continues to be a feature of our nation’s largest cities, worsening at a rate of 5 percent a year, data from the Texas Transportation Institute suggest that traffic congestion in small cities is increasing at a much more dramatic rate of 11 percent a year. With adequate public investments, this could be seen as a tremendous opportunity for transit to become part of more communities’ strategies to avoid gridlock at their town squares and crossroads.

The notion of transit dependency has too often focused on an individual’s inability to either own or drive an automobile. In reality, many people living in highly congested communities with poor air quality are nearly as dependent on public and community transit as a senior who no longer drives. Our Community Transportation National Transit Renewal program invests in all community members’ mobility.

<table>
<thead>
<tr>
<th></th>
<th>2000 Census</th>
<th>2009 Projection</th>
<th>Percent Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total U.S. population</td>
<td>281.4 million</td>
<td>297.4 million</td>
<td>+5.7%</td>
</tr>
<tr>
<td>Transit-dependent pop.</td>
<td>103.9 million</td>
<td>114.7 million</td>
<td>+10.4%</td>
</tr>
<tr>
<td>Persons age 85+</td>
<td>4.4 million</td>
<td>5.7 million</td>
<td>+29.5%</td>
</tr>
<tr>
<td>Population of air quality non-attainment areas</td>
<td>134.1 million</td>
<td>143.7 million</td>
<td>+7.2%</td>
</tr>
</tbody>
</table>

billions of riders on transit
Financing the New Federal Transit Program

Today the Mass Transit Account of the Highway Trust Fund makes up a significant portion of the current program, with a small amount from general revenue funding. Our proposal envisions a more balanced and diversified approach to transit investment. We propose building on this foundation and creating a mix of trust fund, general fund and tax credit investment to meet the expanding need for public and community transportation alternatives for all Americans. The most significant departure from the current program funding involves an innovative use of tax credits to finance mobility growth and expansion.

Tax credits are a proven, effective model for public-private partnerships; more than 30 major tax credit and tax-exempt bond programs currently exist, generating more than $300 billion a year to the national economy. Two transportation-related initiatives are excellent models for transit experimentation with tax credits. Amtrak currently has plans for tax-credit financing, under consideration by both the House and Senate. Before his administration left office, then-President Clinton created the New Markets Tax Credit program of more than $25 billion to address economic development in low-income communities. These tax credits would be issued by the U.S. Treasury, State Infrastructure Banks (SIBs) or some other intermediary. Private-sector investors would purchase the credits, then pay them back through marketable tax credits in lieu of interest. We envision transit tax credits as a way to finance capital-intensive projects, such as rail-related transit projects, buses and bus facilities, as well as other important transit capital investments.

Besides tax credits, our proposal continues to utilize the Mass Transit Account of the Highway Trust Fund to finance part of America's investment in the future of public and community transit. We project small but steady growth in transit revenue over the life of the next reauthorization. Trust funds and tax credits alone cannot meet all the federal investment requirements for a truly national public and community transit program. Our proposal calls for providing general funds from the federal budget to enhance national transit activities. Lack of services in rural America, air quality issues, congested highways and guaranteeing access for America's seniors are important priorities for national financing whether there are trust funds or tax credits.

### Proposed Formula Allocations

Times change. Census numbers, population figures, mobility needs and commuting patterns change, too. But for the longest time, the distribution of federal formula and capital transit grants have remained unchanged. It's time these formulas were updated to more adequately reflect the need, as well as the current usage, for public and community transit services. Under our reauthorization proposal, no single program would experience any reduc-
Our Formula Proposal

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Large (Sec. 5307)</th>
<th>Small (Sec. 5307)</th>
<th>Sec. 5311</th>
<th>Total (in billions of dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>$3.6 b.</td>
<td>$1.2 b.</td>
<td>$1.2 b.</td>
<td>$6.0</td>
</tr>
<tr>
<td>2005</td>
<td>$3.6</td>
<td>$1.2</td>
<td>$1.2</td>
<td>$6.0</td>
</tr>
<tr>
<td>2006</td>
<td>$3.6</td>
<td>$1.2</td>
<td>$1.2</td>
<td>$6.0</td>
</tr>
<tr>
<td>2007</td>
<td>$4.8</td>
<td>$1.6</td>
<td>$1.6</td>
<td>$8.0</td>
</tr>
<tr>
<td>2008</td>
<td>$4.8</td>
<td>$1.6</td>
<td>$1.6</td>
<td>$8.0</td>
</tr>
<tr>
<td>2009</td>
<td>$4.8 b.</td>
<td>$1.6 b.</td>
<td>$1.6 b.</td>
<td>$8.0 billion</td>
</tr>
</tbody>
</table>

Community Transportation National Transit Renewal Program

Expanding rural and small transit investments

- Treating bus and bus facilities as equal partners with rail as a part of America’s transportation future
- Recognizing that all American communities and all Americans need public and community transportation choices and options

Our Capital Proposal

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Bus &amp; Bus Facilities (in billions of dollars)</th>
<th>New Rail Starts</th>
<th>Rail Modernization</th>
<th>Total Capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>$2.3 b.</td>
<td>$2.3 b.</td>
<td>$2.3 b.</td>
<td>$6.9</td>
</tr>
<tr>
<td>2005</td>
<td>$3.5 b.</td>
<td>$3.5 b.</td>
<td>$3.5 b.</td>
<td>$10.5</td>
</tr>
<tr>
<td>2006</td>
<td>$4.0 b.</td>
<td>$4.0 b.</td>
<td>$4.0 b.</td>
<td>$12.0</td>
</tr>
<tr>
<td>2007</td>
<td>$4.5 b.</td>
<td>$4.5 b.</td>
<td>$4.5 b.</td>
<td>$13.5</td>
</tr>
<tr>
<td>2008</td>
<td>$5.5 b.</td>
<td>$5.5 b.</td>
<td>$5.5 b.</td>
<td>$16.5</td>
</tr>
<tr>
<td>2009</td>
<td>$5.5 b.</td>
<td>$5.5 b.</td>
<td>$5.5 b.</td>
<td>$16.5 billion</td>
</tr>
</tbody>
</table>

Bus facilities will help address the capital crisis in the bus field.

As with the capital grants, we envision a significant change, too, in the federal formula grant program. We propose doing away with the current formula of 83 percent of all formula funds going to large-urban areas of more than 200,000 in population; 9 percent going to small-urban areas of between 50,000 and 200,000 populations and 6 percent going to rural areas of less than 50,000 population. Our new formula would be 60 percent large-urban, 20 percent small urban and 20 percent rural (see table above). This concept comes directly from the formula adopted by Congress for the Job Access and Reverse Commute program. Further, under our proposal, each state would be guaranteed $5 million annually in rural transit investment, with the remaining such funds distributed along the current rural population-based formula. Similar to our capital investment proposal, under this formula investment scenario, all sectors would grow right from the first year.
Deregulation

During the last 20 years there have been major efforts to deregulate many areas of American industry with special emphasis in the transportation sector. Public and community transportation have many things in common with other participants in the transportation community, including a need to take a new look at regulations enacted over the last 40 years that may no longer serve the interests of either those who operate public and community transportation or those who use it. As part of our National Transit Renewal Program, we think the following existing regulations should be changed or eliminated:

**School bus transportation.** Current federal regulations all but prohibit any utilization of public or community transportation investment to provide occasional transportation of children to and from school or school activities. Such separation of school and transit bus operations in all conditions is far too inflexible in today’s environment, when many communities are struggling to achieve sustainable efficiencies in both their education and public transit systems. This regulation is a significant barrier to coordination especially in rural areas where duplication of routes and services is a direct bi-product. Instead of this regulation we believe it would be best for community transportation providers and public education providers to resolve these issues themselves at the local level.

**Charter service restrictions.** Instead of using regulations to define dos and don’ts, we believe that regulations should foster cooperative relationships between all public and community transportation providers in local communities whether they be members of the public, private or nonprofit sector. While providers should not use their federal assistance to compete unfairly in the transportation marketplace, some activities are not a part of the potential market for traditional charter bus operations. These activities include taking seniors to congregate meal sites, transporting new workers to job training programs or moving groups of disabled persons to their vocational rehabilitation services. Instead of regulating “Charters,” we favor a local coordination agreement between public and community transportation agencies and providers that would establish voluntary cooperation to avoid duplication and unfair competition.

**Applicability of Federal Motor Carrier Safety Regulations.** Dozens of local transit systems find themselves regulated by Federal Motor Carrier Safety Regulations for no other reason than they are private nonprofit agencies trying to provide public transportation in rural areas. Congress should require the Department of Transportation and motor carrier administrators to treat these providers the same way they do all other federally funded public and community transportation providers.

**Common sense and consistency in federal drug and alcohol testing programs.** Safety is the top concern of every public transportation provider in the country. Part of any safety program must include protecting our industry from any use of alcohol or drugs. Many local public and community transportation providers are now subject to duplicative regulations issued by both the Federal Transit Administration and the Federal Motor Carrier Safety Administration. Congress should require only one set of regulations and allow great latitude for states to develop these requirements for local transportation providers.

**Uniform exemption from motor fuel tax liability.** The tax code rebates the fuel taxes paid by for-profit transportation providers and public providers. The code fails to recognize the role of nonprofit providers as transportation entities, especially in rural areas. Congress should exempt all public and community transportation from the federal gas tax since the delivery of these services is in the national interest regardless of the type of agency providing the trip.

**Reasonable application of rules, regulations and paper work.** We must ask ourselves if it really make sense for all transit providers, regardless of size, to have to face the same paperwork burdens and regulatory hurdles. Congress should allow states to request waivers of regulatory requirements for organizations with less than a dozen vehicles serving the public.

**Simplify and clarify matching fund requirements for federal transit grants.** There should be reasoned guidelines that allow all applicants to match their federal transit grants with in-kind contributions, human services programs contract revenue, and other opportunities now enjoyed only by rural transit providers. Congress should allow the Secretary of Transportation to waive all or part of the local share requirements of public transportation grants to address mobility imperatives, like clean air, access for persons with disabilities, economic opportunity in distressed communities, or rural residents’ mobility, that need broader and more affirmative action by the federal government.

**Consistency in transportation fringe benefits.** There is no good reason why the Internal Revenue Code allows up to $175 per month of employer-provided parking to be treated as a non-taxable fringe benefit while transit-related benefits are given less value. Congress must require equal treatment for public and community transportation.
“The journey of a thousand miles begins with a single step”

Moving Forward

The reauthorization process will be long and complicated. If it unfolds like either the creation of ISTEA or TEA 21, it will be a twisting and tumultuous ride from beginning to end. As our industry prepares to actively address our future, there are important steps that must be undertaken at the local level. They, like much of our proposal, are common sense approaches to help improve our position in the struggle ahead.

Running on and not away from our record: We’re very fond of letting people know that public and community transportation has an enviable record of performance and unlimited potential for improving the quality of life for all Americans. The collective memory of decisions makers and the American people in dealing with political issues is very short.

Those seeking improvement must always seek to educate and inform important decision makers. The fast route to success is a dedicated and loyal base of riders within any transportation enterprise. Community transportation has always had a loyal following, and we must do all we can to reinforce the cooperative partnership that exists between us and those we serve. In the next several issues of Community Transportation magazine will be providing examples from some of our best transit systems on how to build and maintain loyal support from our riding partners. Transit systems must encourage their riders to spread the word about how public transit makes a difference in their lives and in their possibilities.

Searching for allies: There are many people who share our convictions about what public and community transportation can do in a community. Groups and individuals don’t necessarily have to share all the views or opinions of public and community transportation operators to be allies and educators on our behalf. Despite the existing volume of work, leaders in our field must find ways to reach out and build coalitions and alliances that support new and greater transportation investments. The private sector is an important part of our success. It’s a good idea to take stock of your current community relations with businesses, banks, schools and churches, and assess their support for not only what you do but what you can do. Where there is hesitancy, there is room for improvement. Forming new advisory committees and support systems early means that potential support will be there later.

On a political note: It would appear, based upon our review of congressional relations, that many public and community transportation organizations are in contact with their current members of either the House or the Senate. Like many of the other areas we’ve mentioned, these relationships must always be in a process of renewal. Letting key staff know the improvements you can make with better investment, how you can help respond to inquires about transportation needs that come to their local and national offices, asking them to visit — are priceless assets for the coming legislative struggles.

Keep an open mind and an open door: Transit advocates, leaders and managers must remain accessible to the people they serve. This is especially important with regard to those who challenge and criticize your priorities, your activities or even the basic nature of your community’s transit services. It is far better to have your critics come to your office to complain about your service than it is to have them complain to your legislators or the news media. Take this time to become acquainted with your critics, and work to understand their perspectives. While you cannot win over every critic, or every detractor, you often will see that their issues boil down to the problems of inadequate federal transit investments in your community. Perhaps you can find ways that the transit investment priorities of our Association, if carried out by Congress and the federal government, could begin addressing the issues that your critics have raised. Just as it is important to share the message about how public and community transportation is a solution to many of our country’s challenges, it is also important to be forthright and honest about the problems we have in our cities, towns and rural areas that result from decades of poor investment strategies.

“Don’t give up the ship!” Perseverance is the key to a successful transit reauthorization strategy. Communicate frequently with your congressional delegation, making sure you are remembered and positively regarded by them and their staff members. Take extra steps to be visible in your community, both on the streets and in the local news media. Whenever you think you’ve done enough to portray a strong image of transit in your community, write more letters, make more phone calls, solicit another piece of press coverage or start planning your organization’s next initiative. In all your professional dealings, act strong and be positive. Remember at all times that public and community transportation offer the best solution to many of our society’s challenges, and have earned all the support and investment our nation can bring to bear on what we do for our communities.