

STATEMENT OF
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SENATE SUBCOMMITTEE ON RURAL DEVELOPMENT
COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY

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Several of UMTA's programs support transportation services in small urban and rural areas. Our major program, funded under Section 3 of the Urban Mass Transportation Act, is a discretionary capital assistance program which assists public mass transportation providers in both urbanized and nonurbanized areas by providing 80% of the capital costs of facilities and vehicles used in mass transportation services.

UMTA assistance is also authorized under Section 16(b)(2) by which capital assistance is granted to private nonprofit organizations which provide transportation services to elderly and handicapped persons. Funds under Section 16(b)(2) have been used in both urbanized and nonurbanized areas to supplement regular transportation services where those services have been found to be unavailable, insufficient or inappropriate to meet the special needs of elderly and handicapped persons. The total amount of funds obligated under Section 3 and 16(b)(2) in FY '79 was \$1.225 billion, of which \$20 million went to areas of less than 50,000 population. In larger

cities, where a public transportation provider usually exists, the supplementary nature of the 16(b)(2) program has been evident. In rural and small urban areas, however, where there is often no such public provider, the 16(b)(2) recipient, using funds from a number of Federal and State sources, has often provided the only transportation in the area for elderly and handicapped persons. The lack of funds for operating assistance, however, has always been a critical problem for these areas.

With the recent enactment of Section 18, which authorizes both capital and operating assistance to public transportation systems in nonurbanized areas, much needed services can now be provided from a continuing and dependable source which is tailored specifically to meet the specialized needs of rural and small urban areas.

With respect to the interrelationship of these three programs, the Department believes that the Section 18 program should be the primary source of funds for public transportation in nonurbanized areas. We realize, however, that with Section 18 funding at or near its present levels, there will be a continuing need in certain areas for Section 3 monies and we intend to continue to allow providers in nonurbanized areas to apply for these funds. We will require, however, that any such request be coordinated through the State and that the State demonstrate that its Section 18 apportionment over the

four year period of the legislation is not sufficient to cover the request. Of course, applicants for Section 3 funds will compete with all other demands on the Section 3 program and be subject to funding limitations as are other applicants.

The 16(b)(2) program serves a specialized segment of the population, the elderly and handicapped. While all recipients of Section 18 money have a legal obligation to serve these groups, we recognize that their specialized needs sometimes require specialized services. We will continue to make 16(b)(2) funds available to eligible private nonprofit organizations in both urbanized and nonurbanized areas to meet these specialized needs. However, in order to avoid costly duplication of services and because of the supplementary nature of the 16(b)(2) program, we will require that an organization seeking assistance under Section 16(b)(2) investigate all other possible providers in the community. Especially where there is another agency receiving Section 18 funds, the applicant will have to demonstrate to the State that services provided by the Section 18 recipient are unavailable, insufficient or inappropriate to meet the needs of elderly and handicapped people in the intended service area.

I should note that we have not been able to estimate the future demand for either Section 3 or 16(b)(2) in nonurbanized areas because of the short time that the Section 18 program has been

under way. States have not yet programmed all their Section 18 funds and therefore have not been able to determine if these monies are insufficient to meet the overall demand. Nevertheless, as I mentioned previously, we have made Section 3 and Section 16(b)(2) grants for over \$20 million in these areas during this interim period and we will continue to make such funding available when there is a demonstrated need.

Finally, Mr. Chairman, let me add -- and I know I speak for Administrator Bowers as well -- that we at the Department of Transportation continue to be very excited and enthusiastic about the Section 18 program. Like any new program, it has had start up problems and has not moved as quickly as we had hoped. Nevertheless, we believe that the program is moving forward to serve the very real and challenging public transportation needs of our rural and small urban communities. Making this program an effective one has been and will continue to be an important priority of FHWA and UMTA and the Department as a whole.

Thank you, Mr. Chairman, that concludes my formal statement, and I would be pleased to respond to any questions you or other members of the Committee may have.