

STATEMENT OF
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COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION
UNITED STATES HOUSE OF REPRESENTATIVES

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Mr. Chairman, Members of the Subcommittee, I am Robert McManus, Acting Administrator of the Federal Transit Administration (FTA). Thank you for this opportunity to appear before you today to report on the FTA's implementation of the Intermodal Surface Transportation Efficiency Act (ISTEA).

Let me at the outset applaud the critical role this Committee played in getting that landmark legislation enacted into law. We very much appreciate your efforts, which not only have given the agency a new name but a new sense of mission as well.

More to the point, we are also seeing increasing recognition of the key role the Federal transit program plays in transportation policy. In this regard, the Administration's budget request for the transit program for fiscal year 1994 is more than fifty percent over that requested in the last year of

the previous Administration, and twenty percent over the amounts appropriated for the current year. And we are particularly pleased that Secretary Peña has announced his support for 0.5 cents of the 2.5 cent tax on motor fuels that is now spent on deficit reduction being allocated to the transit program if the tax is extended to support transportation funding.

ISTEA OBJECTIVES

Speaking broadly, our experience to date makes us enthusiastic about administering an improved Federal transit program, and we are firmly committed to Congress' objectives in enacting ISTEA. I believe those objectives are best reflected in a new finding ISTEA added to our organic Act:

"... that significant transit improvements are necessary to achieve national goals of improved air quality, energy conservation, international competitiveness, and mobility for elderly persons, persons with disabilities, and economically disadvantaged persons in urban and rural areas of the country."

Mr. Chairman, let me now report to you on the specifics of what we are doing to carry out ISTEA's mandates.

ISTEA AND FTA'S GRANT PROGRAMS

Unlike the impact of the ISTEA on the programs of the Federal Highway Administration (FHWA), the bill did not fundamentally alter our basic grant programs, but it did provide a number of important changes that improve the way in which we deliver funds to our grantees under those programs.

Under the section 3 capital program, for example, the legislation allocates funds for the fixed guideway modernization program by statutory formula. As you know, this program apportions funds to cities with older rail systems to upgrade and modernize those systems. We now publish these apportionments along with our other formula apportionments each year in the Federal Register as soon as funds are appropriated by Congress. Administering the program by formula is something we had sought, and we already are seeing its beneficial effects: the covered fixed guideway cities now are able to make longer-range financial plans based on a more assured flow of funding under the formula.

Our section 18 rural program has an increased authorized funding level in the ISTEA, and we are pleased that our fiscal year 1994 budget request seeks some \$131 million for this program. The rural program plays a critical role in helping States address the important needs of transportation in

nonurbanized areas, and the ISTEA further expands the scope of the program by requiring that a specified percentage of the funds allocated to each State be used for intercity bus activities, unless a State determines that those needs already are being met.

To help grantees take full advantage of the rural public transportation assistance available, the FTA recently revised its Section 18 program guidance, which is now widely available in the States. Further, the agency has co-sponsored a series of eight ISTEA workshops for officials from rural and small urban areas since January of this year. Finally, FTA funds the National Rural Transit Assistance Program, which supports State training and technical assistance on a range of rural transportation issues, and which has a national resource center. The resource center's toll-free number for technical assistance is (800) 547-8279.

The ISTEA also provides the States with a larger role in allocating funds under our section 8 planning program and our section 16 program for the elderly and persons with disabilities. As we expected, this aspect of the ISTEA was easy to implement and we already are seeing benefits in that the States are better able to target funds where needed.

Finally, the ISTEA makes only a few adjustments to our section 9 formula program that provides funding to all urbanized

areas, reflecting, we believe, recognition among our grantees of the streamlined and effective delivery system that has been in place for that program for some time.

FLEXIBLE FUNDING

From the perspective of the transit program, undoubtedly the most significant and innovative change mandated by the ISTEA is what we call the "flexible funding" provisions - the portions of the Federal Highway Program that have been freed up to allow decisionmakers at the State or local level to decide for themselves whether to allocate the funds to highway or transit projects. This flexibility at the local level has really begun to change profoundly the way in which transportation decisions are being made across the country. As State and local officials juggle the competing needs and demands of clean air, congestion mitigation, the Americans with Disabilities Act, and the comprehensive National Energy Policy Act, the flexible funding provisions provide funds supporting transportation solutions, not just highway or transit projects.

Specifically, under the ISTEA's flexible funding provisions, Congress provides a potential \$70 billion in funding over six years for transit or highway projects. Last year approximately \$300 million was transferred for transit use, and an additional \$168 million was transferred during the first two quarters of

this fiscal year. To date, no transit funds have been transferred for highway use. We should note that before any such transfers may occur, the ISTEA requires DOT to determine that the funds are not needed for investments required by the Americans With Disabilities Act.

As the new planning and flexibility provisions become more fully understood at the local level, we expect them to be used more frequently. In this connection, we have developed a booklet that we publish and make available to our grantees each year. Called "Flexible Funding Opportunities for Transit," it describes in detail all of the funds available in a particular fiscal year for transit under the new provisions, and our grantees tell us that it has been quite useful to them. We will continue to work closely with FHWA in administering these provisions.

PLANNING

There are a variety of new mandates - the new flexible funding opportunities, Clean Air Act requirements, meeting the needs of persons with disabilities, the new Energy Act requirements, and a host of other national policies - all of which call for increased planning and coordination at the State and local levels, as the ISTEA so accurately anticipated.

Last month, together with the FHWA, we issued three notices of proposed rulemaking to carry out ISTEA's directives on metropolitan planning, Statewide planning, and State development of surface transportation management systems. In addition, the two agencies held a series of public meetings in San Francisco, Atlanta, Philadelphia, and Kansas City to expand the opportunity for public comment on the proposed rules. The comment period on the proposals closes on May 3rd, when the two agencies will begin reviewing all of the information we have received. We are convinced the changes in transportation planning requirements mandated by the ISTEA will result in better transportation investment decisions based on improved processes, approval mechanisms, project prioritization, and life cycle costing.

TRANSIT PLANNING AND RESEARCH PROGRAM

The ISTEA restructured our approach to planning and research, providing predictable resources on a formula basis for the planning needed to implement Federal requirements and the research that will lead to modernizing transit equipment and operations. We promptly implemented the new provisions, and the effect has been to revitalize and expand FTA research programs. The ISTEA focused our new planning and research program through the following major components.

National planning and research program. The national component of the program is a catalyst for research, development and deployment of transportation methods and technologies in such areas as accessibility for the disabled, safety, air quality, traffic congestion, and service and operational improvement. In addition, as defense spending declines, an opportunity exists to adopt military technology to meet transit problems. Under this program, for example, a military aircraft manufacturer is currently working with Los Angeles to develop a lighter-weight bus using advanced materials.

We are also employing military command, control and communication technology, such as the Global Positioning System, in the operation of local bus systems through our Advanced Public Transportation Systems program.

We follow a consultative process to involve the transit industry in targeting our research activities. We conducted four national workshops on research priorities, extended our outreach to professional societies and interest groups at specialized seminars and general meetings, and convened three meetings of the Transit Industry Technology Development Advisory Committee established by ISTEA.

The national program is achieving results in our Clean Air program, which in collaboration with the Department of Energy has developed a laboratory prototype of a phosphoric acid fuel cell for bus propulsion. We are evaluating performance and emissions of several types of alternative fuel buses. Also, in conjunction with our capital program, we can now point to the availability of six alternative-fueled engines, including compressed natural gas, methanol and ethanol. Because transit operators are increasingly turning to alternate fuel bus engines, we are developing guidelines for their safe operation and maintenance and for construction of the specialized facilities they need.

We are also assisting rail transit operators in modernizing their signaling and train control systems to improve capacity and safety. Displays are being designed for commuter rail platforms to provide real-time information on arrivals, delays, and advice to passengers.

Our Advanced Public Transit Systems program is developing "smart" farecards using advanced computer chips to facilitate revenue collection and benefit both transit providers and riders.

Our research, demonstrations and outreach programs aimed at improving transit service in compliance with the Americans With Disabilities Act have focused primarily on the National Easter Seal Society's Project ACTION, as prescribed by the ISTEA. This includes 25 local demonstration projects as well as research to identify people with disabilities and their transit needs, outreach and marketing, technology to eliminate barriers to accessibility and training for transit personnel and transit users with disabilities.

A substantial research effort has been addressed to streamline the collection and analysis of transit operating and cost data collected under section 15 of the Federal Transit Act. Also, this effort is aimed at improving data and methods used in developing comprehensive plans required by ISTEA.

Transit cooperative research program. A transit industry-oriented program administered by an independent oversight and project selection committee, this component fosters cooperation among transit suppliers, providers, and local governments. We executed a memorandum of understanding with the National Academy of Sciences and the Transit Development Corporation to manage the program with

information dissemination by the American Public Transit Association. The first year launched 32 projects, including new fare technology assessment, fitness-for-duty testing, and operating procedures for alternative fuel vehicles. The second annual agenda added 25 more projects addressing near-term problems of transit operators.

State planning and research program. Funds are available at the discretion of the States for activities permitted under FTA's research and planning programs under sections 6, 8, 10, 11, and 20 of the Federal Transit Act. The States rely heavily upon this component to meet the new state planning and management requirements instituted by ISTEA. The funds can also be used to supplement metropolitan planning and administration, at the discretion of the State.

National Transit Institute. ISTEA established a National Transit Institute at Rutgers University to support the training and development needs of the transit industry. Modeled after the National Highway Institute, the Institute has been funded, a director appointed, and an advisory committee established to

assure the program is responsive to the needs of the transit industry. Courses related to Federal requirements are being developed, and industry-sponsored programs are being identified and prioritized.

Metropolitan Planning, Rural Transit Assistance Program.

These elements of the program already have been discussed.

In short, the expanded research and planning program is generating a working partnership among various levels of government, operators, and the transit industry. This collaboration, combined with several other incentives established by ISTEA, promises a more targeted, effective transit program.

OTHER ISTEA PROVISIONS

Mr. Chairman, let me now summarize for you our progress on other mandates in the ISTEA.

Specific Projects

The legislation called for a number of multi-year grant agreements, virtually all sharing the same early deadline which, because it was so soon after the enactment of the bill, we were unable to meet. Federal requirements, particularly environmental mandates, must be addressed before we can fund a project. We thus immediately notified the affected cities, and are now

working with each of them to advance the projects to the stage where they can proceed to construction. To date we have entered into Full Funding Grant Agreements for two projects, awarded full or partial grants for another 9 projects and are negotiating final agreements for an additional 3 projects.

Other Mandates

Bus Testing. Section 6021(b) of ISTEA added a requirement to add braking and emissions tests for new bus models. A contract to include the tests and undertake the necessary facility expansion is currently being negotiated with the Pennsylvania Transportation Institute. The bus testing fee subsidy provided by Section 3009 has been incorporated into the program. Over \$1 million has been expended covering testing fees for six different manufacturers. Finally, the revolving loan fund established by Section 6021(d) has been designed and is awaiting final approval.

Turnkey Procurement Demonstration. In order to help reduce transit system construction delay and lower construction costs, Section 3019 of ISTEA establishes a Turnkey Procurement Demonstration. Following a Federal Register notice soliciting comments and consultation with the industry at a preproposal conference, we received 11 proposals on February 26th. At least three of these will be selected as demonstration sites.

Safety Report. Section 3026 of ISTEA directs the Agency to investigate transit safety conditions and report to Congress on these conditions and actions taken to address them. The required Report on Safety Conditions in Mass Transit has been drafted and is under final review prior to submission to Congress.

State Safety Responsibility. Section 3029 adds a new program requiring States to establish a fixed guideway safety program. An advance notice of proposed rulemaking on State responsibility for fixed guideway system safety was published last year. All comments received have been analyzed and the next phase of the process, a notice of proposed rulemaking, is to be issued this summer.

Charter Services Demonstration Program. Section 3040 requires the agency to undertake demonstrations of public operators providing charter services for government, civic, charitable, and other community activities. A Federal advisory committee met twice to receive comments on the proposed demonstration, and proposals to undertake the demonstration were received last December. They are being reviewed and selection of demonstration sites is expected shortly.

University Transportation Centers. Section 6023 of ISTEA creates three new University Transportation Centers in addition to the ten previously authorized. The necessary funding has been transferred to the Research and Special Projects Administration for award to all of the centers.

Advanced Transportation Systems and Electric Vehicle Research. Section 6071 creates a program for research and development in advanced transportation systems and electric vehicles. Grants were awarded to CALSTART and the Chesapeake Consortium last September, to the New York State Consortium in January, and the Advanced Lead-Acid Battery Consortium in April.

Suspended Light Rail Transit System Technology Pilot Project. The ISTEA established Section 26(c) requiring us to determine the feasibility, costs and benefits of using suspended passenger vehicles driven by overhead electric propulsion. After consultation with interested local groups and formal solicitation of competitive proposals, we awarded three grants to evaluate sites in Oakland, California, Montgomery County, Maryland, and Milwaukee.

OVERSIGHT

Regarding our ongoing administration of FTA programs, in response to OIG and GAO reports, as well as our own internal review, we have revamped our grants management oversight procedures into a more comprehensive process, and have strengthened our triennial reviews.

The agency also is developing a recordkeeping system to assure that all oversight information is maintained in a consistent, organized manner in each of our ten regional offices. The regional offices themselves have been reorganized to provide a more uniform and consistent emphasis on oversight. We have reassigned 40 regional staff positions to oversight and have made available the equivalent of 79 additional positions in contractor support.

TRANSIT NEEDS AND PERFORMANCE

Finally, Mr. Chairman, let me address a matter that I am certain is of interest to the Committee.

The Secretary has been required since January 1984, to report biennially to Congress on the condition and performance of mass transportation in America, and to provide estimates of the

capital dollars needed to sustain these systems over one, five, and ten year periods. The submissions in 1984, 1986, and 1988 focused primarily on transit performance, and did not address the subject of transit needs. The last two reports, issued in 1991 and 1992, addressed transit needs, with the 1992 report providing what we believe is for the first time a complete assessment.

We believe that the 1992 report presents an objective estimate of total transit needs. The report does not, however, indicate whether these needs are to be funded from Federal, State, local, or private sources. Investment needs and Federal spending are two very separate issues.

In order to advance this approach and to establish some consistency in the Department's reporting on the subject of capital needs, we have moved toward combining the needs assessments of both FHWA and FTA into a single surface transportation report to facilitate the Committee's evaluation of our programs.

The FHWA report to Congress is due each odd-numbered January, ours each even-numbered year. This year, 1993, the FHWA Report that you received in mid-January contains new and updated highway information since the last FHWA report was issued two years ago; it also contains all the information that was in the FTA report for 1992.

Our goal is to have a single report, prepared every two years. We recognize it will take legislation before we can satisfy both statutory requirements by issuing a single biennial report; meanwhile, our intention is to have each mode's formal report cover both modes, and, as in the 1993 Highway Conditions and Performance Report, include the other's data and information.

As to the investment needs, our estimates are:

- to maintain current conditions and performance, an annual capital investment from all sources of \$3.9 billion (in 1991 dollars) for mass transportation is needed;

- to improve conditions and handle the travel from the anticipated foregone highway lane miles as shown in the FHWA needs study, an additional \$3.6 billion a year for ten years is needed from all sources, for a total of \$7.5 billion per year.

In this regard, Mr. Chairman, our fiscal year 1994 request of a \$4.6 billion program level will begin to reduce the backlog of transit infrastructure needs. State and local funds, and especially the new flexible funds, offer potential sources of funds for further performance improvements.

CONCLUSION

Mr. Chairman, I would like to conclude my testimony by again emphasizing our appreciation for the Committee's role in creating a new era in surface transportation, one we at the FTA are proud to be a part of. We look forward to working with you and your staff as we continue to implement the ISTEA.

That concludes my testimony. I will be pleased to respond to any questions the Committee may have.