

**STATEMENT OF
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**FEDERAL TRANSIT ADMINISTRATION
UNITED STATES DEPARTMENT OF TRANSPORTATION**

**BEFORE THE
INVESTIGATIONS AND OVERSIGHT SUBCOMMITTEE
UNITED STATES HOUSE OF REPRESENTATIVES**

OCTOBER 6, 1994

Mr. Chairman, Members of the Subcommittee, I am Grace Crunican, Deputy Administrator of the Federal Transit Administration (FTA). Thank you for providing us this opportunity to appear before you today to report on the FTA's implementation of the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA), with particular emphasis on transportation planning and finance issues. In the spirit of intermodalism, I am pleased to be here with my colleague and counterpart from the Federal Highway Administration, Deputy Administrator Jane Garvey.

ISTEA PRINCIPLES

At the outset, Mr. Chairman, let me reiterate what FTA Administrator Linton said to you in a hearing on this same topic a year ago: that we are seeing increasing recognition of the key role the Federal transit program plays in transportation policy, and we believe that much of this derives from the landmark ISTEA legislation that we

are now implementing. We are firmly committed to the principles embodied in that law, one of which was a new finding added to Federal transit law:

"...that significant transit improvements are necessary to achieve national goals for 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 issues you asked us to address in your letter inviting us to testify at this hearing. As I do so, however, it is important that we bear in mind the fact that the changes brought about by the ISTEA in the State and regional planning process are significant, involve a considerable number of different entities at different levels of government, and therefore will take time to become fully implemented.

FLEXIBLE FUNDING

In the view of those of us working on the transit program, the most significant and innovative change mandated by the ISTEA is what we call the "flexible funding" provisions - the portions of the Federal highway and transit programs that have been freed up to allow decisionmakers at the State or regional level to decide for themselves

whether to allocate the funds to highway or transit projects. This flexibility at the local level provides funds to stimulate transportation solutions, not just highway or transit projects.

In total, Congress in ISTEA provided a potential \$70 billion in flexible funding over six years for transit or highway projects. Let me report on how much has been transferred to date for transit projects: in fiscal year 1992, \$301.5 million; in fiscal year 1993, \$469 million; and the total for fiscal year 1994 will be approximately \$600 million when reports for that year are completed.

We are pleased with this incremental growth, but recognize that more can be done to get the word out to States, mayors, county and MPO officials, transit operators and other interested parties about these new flexible funding opportunities. In this connection, each year we make available to our grantees a publication that describes all of the funds available for transfer under the flexible provisions, and how the planning process is the mechanism for allocating those funds among competing needs. Next year we will publish that document jointly with FHWA, which will result in a comprehensive overview of the planning, programming and flexible funding resources in one convenient source.

We recognize, of course, that there are fundamental differences in the Federal highway and transit programs, and that these institutional and programmatic variations

do create barriers to the unconstrained allocation of funding at the local level.

Metropolitan planning organizations are relatively new institutions, while the States and FHWA have a long history of working together. Indeed, the FHWA program flows through the States; a good portion of our program is based in metropolitan areas. And our programs are funded differently. Some of our projects, in contrast to those of the FHWA, are difficult to break apart into fundable "phases," and grantees like to be assured of funding for the entire project.

Notwithstanding these barriers, we believe that, over time, as officials at the State and local levels continue to work with the new provisions, the process and the opportunities provided will be better understood, and funding decisions will be made on the basis of need at the local level, not the source of funding.

You asked us to discuss the obligation rates for the Congestion Mitigation and Air Quality and Surface Transportation programs. FHWA addresses this issue since the programs originate there, but I do want to note that while we were concerned about the slow start of the CMAQ program, and do have some continuing concerns in this area, we are pleased that the obligation rates for the program are increasing each year.

Mr. Chairman, you asked about the availability of local funding post-ISTEA. In recent years, State and local governments have significantly increased their share of

transit funding. Between 1980 and 1992, the most recent years for which data are available, State and local spending on transit capital and operating costs increased 258 percent, from \$2.7 billion to \$9.4 billion, increasing their share from 45 percent of all such costs to 73 percent. At the same time, State and local spending on highways increased 211 percent (from \$30 billion to \$63 billion) and their share of highway costs stayed about the same (at 75 percent).

While we do not yet have data on spending since ISTEA, and while it is clear that State and local governments are willing to increase spending on transit, it is equally clear that they are facing budget constraints, and in such an environment there often are problems in getting local funds to match our Federal dollars. We are thus encouraging our recipients to consider innovative financing techniques to help them maximize their Federal and local funds as much as possible. In this regard, on September 12, 1994, we published a Notice in the Federal Register soliciting project proposals and ideas from transit operators, States, and the public and private sector about how we can stretch our scarce Federal resources. We particularly want to identify obstacles to the innovative financing of transit capital or operating needs, as well as local proposals that demonstrate or test innovative financing mechanisms.

Finally, because a number of States continue to have laws that dedicate the use of their gas taxes to highway construction and maintenance activities, we continue to urge them to consider adopting the same flexibility with their transportation funds that we now have at the Federal level.

STATEWIDE AND METROPOLITAN PLANNING

Mr. Chairman, let me turn now to a discussion of what we are doing about the new planning requirements in the ISTEA. Since the issuance of the FTA-FHWA joint planning regulations in the Federal Register on October 28, 1993, we have undertaken a significant outreach campaign to explain and clarify the new rules. FTA and FHWA held regional public meetings across the country to discuss the regulations at length with affected communities and interest groups. This is an ongoing effort. We also provide a significant amount of technical assistance and procedural guidance.

Moreover, this past March the Department sponsored a "National ISTEA Training Summit" with the National Transit Institute, which provided information and advice for transportation planning officials on a number of relevant topics, including outreach to local officials and MPO boards; getting new partners in transportation planning; collective decision making; technical training for transportation planners; and intermodal operations and management systems. As a result of this Summit, twelve new courses are being developed, and both FTA and FHWA are broadening their respective training programs to include a multi-modal perspective. In addition, a joint FTA/FHWA conference on planning and the environment will be held soon, and we are working on a Transportation Research Board conference on MPO planning issues.

To help guide planning priorities at the State and local area, FTA and FHWA for the first time jointly issued planning emphasis areas, which should help States and MPOs as they prepare their next unified planning work programs. These emphasis areas provide general guidance and direction on the planning process, as well as the Administration's emphasis on new initiatives such as Livable Communities.

Mr. Chairman, in your invitation letter you ask how the ISTEA planning provisions are affecting project selection and decisionmaking in States and metropolitan areas. FTA and FHWA recently conducted twelve pilot on-site planning certification reviews of the planning process as a way to identify strengths and weaknesses in the transportation planning process. In general, we found that MPOs, States and transit operators are changing their processes to reflect intermodal project selection and decisionmaking. In the past, typically, the respective modal agencies would decide which projects would be programmed in the transportation improvement plan (TIP), and the MPO would agree with those decisions. Now, however, the ISTEA and our new planning regulations require a financially constrained, multi-modal planning process both for TIPs and Transportation Plans. In most cases existing metropolitan Transportation Plans were outdated, with no clear priorities for determining project selection. All metropolitan Transportation Plans must be updated and completed by the end of calendar year 1994, thereby setting transportation priorities for metropolitan areas. In guidance, we have emphasized that both the State and transit operators need to provide the MPO with annual estimates of funding by

sources, rather than just lists of projects, so that the MPOs and the States can prepare a financial plan to implement the priorities of the Transportation Plan. Our general conclusion to date, Mr. Chairman, is that MPOs, States, and transit operators are moving toward a cooperative project selection and decisionmaking process that reflects the overall, multimodal priorities of a metropolitan area rather than the independent priorities of a State or transit operator.

Regarding issues or problems that have been particularly difficult for MPOs, I think we first should acknowledge that many States and cities have been facing program cuts because of critical budget issues at the local level, mirroring what we are experiencing at the Federal level. While total funding for MPO planning activities has increased under the ISTEA, particularly for FHWA planning funds, States and localities have been reluctant to increase planning staffs for MPOs in this time of budget constraints.

Beyond this, FTA and FHWA are finding variations among MPOs and States in implementing different aspects and requirements of the process - such as public participation, air quality issues, and intermodal evaluation criteria. Primary consideration appears to be focused on meeting the planning and air quality conformity regulatory deadlines, although these have posed significant problems. Transportation models are being used for purposes for which they were not originally designed. Air quality modeling and related planning is expensive and is primarily being funded by

FTA and FHWA, even though the regulations are EPA's. Let me note here, Mr. Chairman, that we believe, as was stated in the first DOT/EPA Report to Congress on progress in implementing the 1990 Clean Air Act Amendments, that transit can play a greater role in improving air quality if new or enhanced service is put in place in conjunction with complementary measures which act as disincentives to single-occupant vehicle use. We believe that over the next five years some polluted metropolitan areas may implement some of these strategies as they strive to meet Clean Air Act requirements.

The ISTEA and the new planning regulations require areas to consider tradeoffs among a variety of different transportation modes, and we are pleased to see that these intermodal considerations are starting to take place. One continuing issue in this regard is the large and existing pipeline of previously identified but unfunded highway and transit projects. The approach some metropolitan areas are taking is first to fund what was on the table before ISTEA was passed and then to begin to implement the new planning and flexible funding approaches. Some cities, however, do appear to be starting afresh and are reevaluating not only their projects but their entire approach to community planning and the role that transportation plays in that comprehensive planning process.

There has been some difficulty in meeting the new public participation requirements, which require an early involvement of the public in the entire planning process, which can be a labor intensive activity, and we are making every effort to

assist States, MPOs and transit operators in this endeavor. Moreover, it no longer is permissible to limit public participation to a single hearing on a draft final plan or program. A number of innovative methods are being used, however, tailored to the unique needs of each area, including focus groups, electronic bulletin boards for notices and information, presentations in languages other than English for certain transportation-disadvantaged groups, as well as the use of existing outreach programs. Finally, let me note that FTA and FHWA plan to issue joint guidance on the public participation process by the end of the year.

ROLE OF THE MPO

Mr. Chairman, it is too early to make a broad assessment, but based on our initial certification planning process reviews, MPOs are beginning to assume a lead role in planning through the development of new or updated Transportation Plans, Financial Plans, and Transportation Improvement Plans. The cooperative relationship of the MPOs and the States is evolving as they interact in implementing the new planning process requirements. While we still have problems in many parts of the country, States increasingly are recognizing that the relationship of the State to the MPO is as an equal partner, which was not always the case in the past. Moreover, States are participating in MPO technical meetings to provide their views on plans and programs. In short, MPOs and States appear to be developing solid cooperative relationships in response to ISTEA mandates.

MPO COMPOSITION

The ISTEA does not mandate proportional voting based on population for central cities and suburban jurisdictions on MPO policy boards, which remains a local issue. We are sensitive to this matter, however. During our certification reviews we asked local elected officials whether the planning process is working and whether central cities are being represented adequately. In many cases we received a positive response; moreover, even in some of those cities such as the Washington, D.C. area, where proportional representation based on population is required, the MPO policy board rarely invokes it, preferring instead to reach consensus agreement. Of course, there are MPOs where central cities feel that they are not fairly represented in the voting structure because it is more suburban-based.

Regarding MPO membership, the predominant change over the past few years is the additional representation of suburban jurisdictions now included because of the extension of the MPO planning area boundary to the anticipated urbanized area boundary in twenty years. Generally, airports and ports are not represented on MPO policy boards. The ISTEA requires that when MPOs are redesignated, representatives of major transportation modes be included. When this happens, these other transportation modes have been added to the MPO policy boards. While we recognize that ISTEA does not require it except in cases of redesignations, we are strongly

encouraging State and local officials to give transit operators, who should be involved in the allocation of Federal transit dollars allocated to their areas, an explicit direct voice on MPO policy boards. In this regard, evidence from a recent APTA survey indicates significant progress - over half of the respondents - in placing transit operators as voting members on MPO policy boards, and a number of these have been added since enactment of ISTEA.

CONCLUSION

Mr. Chairman, the Chinese proverb reminds us that a journey of a thousand miles begins with a single step. The ISTEA was that first step, and we are now well on our way on the journey. Things are not perfect, and change can often be slow to effect, but I think we all recognize that we are moving in the right direction, and that transportation decisionmaking is the better for it.

Mr. Chairman, that concludes my testimony. I would be pleased to answer any questions the Subcommittee may have.