

Public Transportation in Reauthorization

Summary of Recommendations

- Enact a national goal of doubling transit ridership in the next two decades
- Dedicate at least 25 percent of any new Highway Trust Fund revenues to transit
- Continue providing General Fund resources to public transportation
- Dedicate funding generated from global climate change legislation to public transportation
- Maintain a Mass Transit Account and a separate transit program
- Simplify program structure by merging Job Access Reverse Commute and New Freedom into other programs
- Invest in public transportation in urban areas, rural areas, and between urban centers
- Provide additional resources to transit agencies that must meet increasing demand for services for older adults and people with disabilities
- Preserve flexibility to use highway funds for transit capital and expand eligibility to include intercity passenger rail and transit operations when it can address a transportation challenge
- Increase the match rate for intercity bus operations from 50 percent to 80 percent

Public Transportation Challenges in Oregon

Oregon communities—large and small alike—are struggling to provide adequate public transportation. Across the state, demand for service in the face of high gas prices is exceeding the capacity to provide service. In the Portland metro region, service can hardly keep up with surging demand, while systems in Salem and Eugene face possible service reductions even as they experience record levels of ridership. Cities like Bend and Corvallis—which recently became a Metropolitan Planning Organization (MPO)—and Albany—which will become an MPO after the 2010 Census—are only slowly building transit systems that match their new status as urbanized areas. Many smaller cities and rural areas are barely holding onto the sparse service they have in the face of budgetary belt-tightening. Large parts of the state have practically no public transportation, particularly service connecting small communities and urbanized areas. Throughout Oregon, communities need support to expand public transportation where it exists and create it where it doesn't.

One of the problems inhibiting public transportation throughout the state is a spatial mismatch between transit districts and metropolitan planning organizations, which receive federal funding and are almost exclusively focused on urbanized areas, and the larger regional “travelshed,” which typically includes both cities and surrounding towns and rural areas. For example, thousands of people commute each day into Bend from surrounding communities, and these people also rely on Bend for many shopping, medical, and entertainment needs. However, federal—not to mention state and local—support for transit service within the larger Central Oregon region is minimal. The lack of transit districts that generate funding and provide service outside urbanized areas, combined with the lack of state and federal support for transit programs that serve larger regions, has prevented the growth of public transportation to serve trips between communities and left many Oregonians with few travel options.

National Transit Policy and Goals

With the highway system largely built out and expansion of road capacity often cost-prohibitive, much of the new capacity added to the transportation system will need to come in the form of public transportation, including bus service, light rail, bus rapid transit, commuter rail, streetcar and high-speed passenger rail connecting major urban centers. Increasing use of public transportation would advance many important national interests, including diminished dependence on oil, reduced emissions of air pollution and greenhouse gases, less congested highways, more efficient freight movement, and more mobility options for all people, particularly those who can't drive due to age, disability, or economics. In many cases, expanding public transportation capacity could be more cost-effective than expanding road capacity. Because of the numerous benefits of public transportation, Congress should enact an explicit goal of at least doubling mass transit ridership in the next 20 years—which would require an annual increase in transit ridership of just 3.5 percent each year—and pass supportive policies that encourage transit use to help meet this goal.

Funding Transit

By 2010 or 2011, the Mass Transit Account of the Highway Trust Fund will exhaust its limited balances, and funding will have to be cut by 35-40 percent unless additional revenue is dedicated to transit. Currently the Mass Transit Account of the Highway Trust Fund receives 2.86 cents of the 18.4 cents per gallon federal gas tax, while the Highway Account receives 15.44 cents.

Congress should seek additional funding for transit from several sources.

- At least 25 percent of the overall new revenue flowing into the Highway Trust Fund should go toward the transit program.
- The General Fund makes a significant contribution to public transportation, particularly for the New Starts program, and this should be preserved and expanded.
- If Congress passes a carbon pricing mechanism to address global climate change, a significant portion of any revenues should be dedicated toward public transportation projects that can reduce greenhouse gas emissions. The Boxer-Warner-Lieberman legislation would dedicate a portion of the proceeds from a cap and trade system to fund public transportation. However, the current split on funding is too heavily oriented toward big urban areas, with 95% of funds flowing to cities. While cities should receive the vast majority of funds, additional resources should also be put into FTA's 5311 program for small towns and rural areas to provide better public transportation in rural areas, and resources should be dedicated toward interurban public transportation, including interurban bus and passenger rail.

Transit Investment Priorities

The next authorization bill should invest additional resources to preserve current services and build new operating capacity in both urban and rural areas.

Urban area transportation

Public transportation plays a major role in mobility in urban areas, and effective development of transit in metropolitan regions can create denser urban areas that reduce reliance on automobiles and decrease greenhouse gas emissions. Urban transit systems are operating at capacity, particularly at peak periods, requiring investment of additional resources to meet demand. More

funding will be needed to ensure that metropolitan regions can offer an adequate level of service in suburban areas that will provide additional travel options for long commutes and reduce the carbon footprint of suburban dwellers. Congress should significantly increase transit funding flowing to urban areas so public transportation can play a more significant role in solving transportation challenges within America's cities.

Public transportation in small towns and rural areas

People living in small towns and rural areas often rely on public transportation for basic needs such as access to medical care, jobs, daily living necessities, and educational opportunities. However, large numbers of Oregonians live in communities with little or no public transportation, leaving many with few mobility options. Transit service connecting rural communities to each other and to nearby urbanized areas is particularly sparse. In many areas such as Central Oregon and the Central Coast, high housing costs have pushed people into lower-cost communities far from their jobs, but workers now find themselves struggling with the high costs of long commutes.

The lack of transit service in and between small towns and rural areas is due in part to inadequate state and federal support for these services. In Oregon, funding under the FTA's Section 5311 program for "Other than Urbanized Areas" was just \$9.3 million in FY 2008—less than 20 percent of the formula funds received by the six urbanized areas in the state, even though these rural areas make up about 40 percent of the state's population. And the state's support for rural public transit is minimal given Oregon's constitutional prohibition on use of state highway funds for transit.

Congress should seek to expand the federal government's support for rural public transportation to offer additional travel options in small towns and rural areas. Expanding funding under the 5311 program could help the state focus additional resources on expanding regional transit networks that cover a larger region and connect rural communities to each other and to nearby urban areas.

Service for older adults and people with disabilities

Over the next two decades, the number of older adults in the U.S. will increase significantly, from 38 million today to 65 million by 2030. A recent study on transit service for older adults released by Portland State University predicts that the majority of Oregon's baby boomers will age in place in their suburban environments. The aging of America will require a significant federal investment in transit service for older adults and people with disabilities if we are to reap the benefits of keeping our citizens independent and productive while allowing them to age in place in their chosen communities. Transit systems across the nation are already facing rapidly growing demand for paratransit service for people with disabilities mandated under the Americans with Disabilities Act. The FTA 5310 program, the major transit program for older adults and people with disabilities, will provide just \$133 million to serve these populations in FY 2009, and Oregon will receive just \$1.6 million—a drop in the bucket compared to the need and the cost transit districts incur to provide service. Without additional federal support the mobility of older adults and people with disabilities will be severely impaired, and the added cost for this service could reduce the amount of fixed route service transit systems will be able to provide for the general public.

Interurban public transportation

Unlike many other advanced industrialized nations, public transportation service between major urban centers in the U.S. remains underdeveloped, in part because there is little federal support for this form of public transportation. The Interstate 5 corridor in Oregon and Washington, for example, has limited public transportation despite high volumes of traffic between urban areas. Congress should look for ways to help states and local governments expand public transportation between urban centers in order to provide additional transportation options, increase capacity on key corridors, and reduce greenhouse gas emissions. The National Surface Transportation Policy and Revenue Study Commission recommended creating a program to expand passenger rail service on major intra-regional rail corridors, including the Northwest Corridor from Eugene, Oregon to Vancouver, British Columbia. Congress should also provide support for interurban bus service to complement passenger rail, particularly when expansion of passenger rail might be difficult due to cost or capacity constraints on the rail system.

Transit Program Structure

The National Surface Transportation Policy and Revenue Study Commission suggested creating mode neutral programs and eliminating a separate funding stream for transit. While the goal was to increase the ability to use federal funds for transit, this would be problematic for public transportation for a number of reasons. In particular, transit districts need some level of certainty about their expected federal funding in order to set service levels and capital programs, so Congress should maintain a dedicated public transportation program funded out of the Mass Transit Account.

Program Consolidation

Several of the smaller transit programs should be merged into larger programs to make federal funding more effective. The Job Access and Reverse Commute (JARC) program, which provides funding for public transportation programs that help get low income people to jobs, and the New Freedom program, which encourages services and facility improvements to address the transportation needs of persons with disabilities that go beyond those required by the Americans with Disabilities Act, are two very small programs. These programs have raised awareness of important service needs. However, both are established as unique programs with funding at such low levels that they are not cost effective to administer. JARC funding and program eligibility should be merged into the Urbanized Areas and Nonurbanized Areas programs, while funding and eligibility under New Freedom should be merged with the Elderly Individuals and Individuals with Disabilities Program.

Additional Issues*Flexibility in use of highway funds*

States currently have flexibility to use highway program funds for transit capital projects. This flexibility should be preserved and expanded to allow states and metropolitan regions to invest in additional public transportation capital projects—including intercity passenger rail—and transit operations when transit can address a transportation challenge in a cost-effective manner when compared with expanding highway capacity. For example, while a highway project to address a bottleneck could cost hundreds of millions of dollars, an investment in transit capital and operations could significantly reduce congestion and reduce the need to build an expensive

highway project, but federal highway programs makes it difficult to implement this type of “least cost” solution.

Intercity bus operations

Federal law currently allows transit formula funds to reimburse only half of the operating loss for intercity bus operations, leaving a significant hole that makes it difficult to support intercity bus projects and discourages collaboration with private for-profit providers. The matching rate should be raised to the standard 80/20 that is used for highway and transit capital projects to ensure that intercity bus solutions are not disadvantaged by federal rules.