

**ADVANCING PUBLIC TRANSPORTATION IN SMALL
CITIES AND RURAL PLACES UNDER THE BIPAR-
TISAN INFRASTRUCTURE LAW**

HEARING
BEFORE THE
SUBCOMMITTEE ON
HOUSING, TRANSPORTATION, AND COMMUNITY
DEVELOPMENT
OF THE
COMMITTEE ON
BANKING, HOUSING, AND URBAN AFFAIRS
UNITED STATES SENATE
ONE HUNDRED SEVENTEENTH CONGRESS
SECOND SESSION
ON
EXAMINING PUBLIC TRANSPORTATION IN SMALL CITIES AND RURAL
PLACES UNDER THE BIPARTISAN INFRASTRUCTURE LAW

APRIL 6, 2022

Printed for the use of the Committee on Banking, Housing, and Urban Affairs



Available at: <https://www.govinfo.gov/>

U.S. GOVERNMENT PUBLISHING OFFICE

WASHINGTON : 2023

COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS

SHERROD BROWN, Ohio, *Chairman*

JACK REED, Rhode Island	PATRICK J. TOOMEY, Pennsylvania
ROBERT MENENDEZ, New Jersey	RICHARD C. SHELBY, Alabama
JON TESTER, Montana	MIKE CRAPO, Idaho
MARK R. WARNER, Virginia	TIM SCOTT, South Carolina
ELIZABETH WARREN, Massachusetts	MIKE ROUNDS, South Dakota
CHRIS VAN HOLLEN, Maryland	THOM TILLIS, North Carolina
CATHERINE CORTEZ MASTO, Nevada	JOHN KENNEDY, Louisiana
TINA SMITH, Minnesota	BILL HAGERTY, Tennessee
KYRSTEN SINEMA, Arizona	CYNTHIA LUMMIS, Wyoming
JON OSSOFF, Georgia	JERRY MORAN, Kansas
RAPHAEL WARNOCK, Georgia	KEVIN CRAMER, North Dakota
	STEVE DAINES, Montana

LAURA SWANSON, *Staff Director*

BRAD GRANTZ, *Republican Staff Director*

CAMERON RICKER, *Chief Clerk*

SHELVIN SIMMONS, *IT Director*

PAT LALLY, *Hearing Clerk*

SUBCOMMITTEE ON HOUSING, TRANSPORTATION, AND COMMUNITY DEVELOPMENT

TINA SMITH, Minnesota, *Chair*

MIKE ROUNDS, South Dakota, *Ranking Republican Member*

JACK REED, Rhode Island	RICHARD C. SHELBY, Alabama
ROBERT MENENDEZ, New Jersey	MIKE CRAPO, Idaho
JON TESTER, Montana	BILL HAGERTY, Tennessee
CATHERINE CORTEZ MASTO, Nevada	CYNTHIA LUMMIS, Wyoming
CHRIS VAN HOLLEN, Maryland	JERRY MORAN, Kansas
JON OSSOFF, Georgia	KEVIN CRAMER, North Dakota
RAPHAEL WARNOCK, Georgia	STEVE DAINES, Montana

TIM EVERETT, *Subcommittee Staff Director*

KATHLEEN GAYLE, *Republican Subcommittee Staff Director*

C O N T E N T S

WEDNESDAY, APRIL 6, 2022

	Page
Opening statement of Chair Smith	1
Prepared statement	19
Opening statements, comments, or prepared statements of:	
Senator Rounds	3
Prepared statement	20
WITNESSES	
Ryan Daniel, CEO, St. Cloud Metro Bus	5
Prepared statement	21
Scott Bogren, Executive Director, Community Transportation Association of America	7
Prepared statement	23
Responses to written questions of:	
Senator Tester	31
Senator Warnock	33
Baruch Feigenbaum, Senior Managing Director, Transportation Policy, Rea- son Foundation	9
Prepared statement	27
ADDITIONAL MATERIAL SUPPLIED FOR THE RECORD	
Letter submitted by Joung Lee, Deputy Director—Chief Policy Officer, AASHTO	36

ADVANCING PUBLIC TRANSPORTATION IN SMALL CITIES AND RURAL PLACES UNDER THE BIPARTISAN INFRASTRUCTURE LAW

WEDNESDAY, APRIL 6, 2022

U.S. SENATE,
COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS,
SUBCOMMITTEE ON HOUSING, TRANSPORTATION, AND
COMMUNITY DEVELOPMENT,
Washington, DC.

The Subcommittee met at 2:31 p.m., via Webex and in room 538, Dirksen Senate Office Building, Hon. Tina Smith, Chairwoman of the Subcommittee, presiding.

OPENING STATEMENT OF CHAIR TINA SMITH

Chair SMITH. Good afternoon. The Subcommittee on Housing, Transportation, and Community Development will come to order.

The Infrastructure Investment and Jobs Act is about fixing the problems that Americans encounter every day. It represents the largest long-term investment in our Nation's infrastructure and competitiveness in a generation, and it is also going to create millions of good paying jobs with benefits. Just as important, it will make a direct and immediate impact on the lives of Americans. It is exactly the kind of thing that Washington ought to be spending time on and exactly the kind of thing that we came to the Senate to get done. So today's hearing will focus on how the Infrastructure and Jobs Act is supporting transit in small cities and rural areas and how we can make sure that it works.

In June of 2021, this Subcommittee convened a bipartisan hearing to highlight the transit needs in rural communities, and we had excellent testimony from leaders from Minnesota, South Dakota, and Native communities as well. That hearing helped us to understand the issues facing rural transit providers, including how rural and tribal formula grant programs need funding boosts in order to meet the changing needs of their communities.

We also held a hearing in Minnesota last summer to understand the transit needs in our State, my State, and I heard from cities like Rochester about their use of competitive transit grants to expand bus service and support projects like the Destination Medical Center.

In August of this last year, the Senate passed the historic bipartisan infrastructure law, which boosted annual funding for rural transit. To give you an idea, this law is the largest investment in transit in a generation. In the first year of this new law, transit

formula grants will jump 30 percent and continue to grow after that. This is an incredible opportunity for transit in small cities and rural places all over America.

So now we turn to implementation. Our Committee's job is to provide oversight and to make sure that this historic investment is working as Congress intended. Already, the Federal Transit Administration has gone to work to cut through red tape and to get funding out to communities as quickly as possible. In fact, the FTA announced just today that this year my home State of Minnesota will receive \$166 million in transit funds through the formula programs.

The FTA also recently issued something called a NOFA, or Notice of Funding Availability, for two bus grant programs that simplified the paperwork transit agencies are required to fill out. Now this is important. This will make these grants more accessible for smaller operators who honestly do not have huge grant writing teams or even any grant writing teams on staff some of the time.

The FTA has also held dozens of webinars and calls with transit agencies to provide technical support and to answer questions about the exciting opportunities that are available under this new law.

So today, we want to hear from our panel about the impact the Infrastructure Investment and Jobs Act will have on transit in small cities and rural places. We want to know what implementation issues we should keep an eye on and how this Committee and the Federal Government can help support local creativity and innovation in rural transit.

Here is just one example. During the pandemic, Minnesota transit systems innovated and served as a lifeline for families. Minnesota was one of the first States to use transit to bring vaccines home to people. Tri-CAP, which serves the five-county area around St. Cloud, provided reverse transit, bringing medications and other necessities to people, especially the elderly, who would not have been able to access them otherwise. This is the type of innovation that smaller transit operators can do, and we ought to be thinking about how we in Congress can support this kind of work.

So rural and small city transit systems are leading the way, innovating with on-demand service, specialized routes, and routes that connect people to specific destinations. Today, we are going to have a chance to learn how this is going and how the Infrastructure Investment and Jobs Act can support this innovation. As we listen to the panel of rural transit leaders today, I ask you to keep in mind the veteran who needs to get to a VA clinic or the person who is trying to get back on their feet by completing job training or a senior who is looking forward to their weekly fresh produce delivery.

Three years ago, Senator Rounds and I teamed up with Senator Fischbach from Nebraska and Senator Baldwin from Wisconsin to create the Rural Economy Working Group, and our goal was to highlight the strengths and assets in diverse rural communities and to learn from our rural leaders about how the Federal Government can be a better partner, a good partner, in supporting their leadership.

We know that small cities and towns and rural places produce our food and energy and are hubs of manufacturing and entrepreneurship, education, health care, arts, culture, and we need these communities to work for everyone, and that means transportation has to work. And for transportation to work, we need to see viable, efficient, well-functioning transit systems, buses, paratransit, and on-demand services, to name a few.

And now with the rising gas prices caused by this terrible and brutal invasion of Ukraine by Putin, we can see how important it is to move rapidly to clean energy and renewable fuels. When it comes to clean energy, the United States can lead or we can follow, and I want us to lead. I also want to see opportunities for electric vehicles and low-carbon renewables like ethanol and biodiesel, which is so important in Minnesota, to be available in Greater Minnesota and in rural places all over America.

The fact is rural transit providers are full of great ideas for how to meet the needs of communities when it comes to mobility, and we need to listen. So I look forward to our witnesses today, from hearing about how the Federal Government could be a good partner in delivering on the promise of the bipartisan infrastructure bill in smaller cities and rural areas.

And I want to thank Senator Rounds and his staff for working with us on this important hearing and for his partnership on all these issues.

Thank you, Senator Rounds, and I recognize you now for an opening statement.

OPENING STATEMENT OF SENATOR MIKE ROUNDS

Senator ROUNDS. Thank you, Madam Chair, and most certainly we appreciate the opportunity to work with you in addressing rural issues. And, in particular, this is one that I think affects our States in the Midwest just as it does States throughout the country but very important that we address this and we make sure that the dollars are spent in an appropriate fashion.

I want to begin by also thanking our witnesses for taking the time to attend today's hearing and to share their expertise with us.

Last year, President Biden signed into law the Infrastructure Investment and Jobs Act which allocated an unprecedented amount of taxpayer dollars to transit systems across the country. This law provided a 67 percent increase in annual Federal funding for public transportation when compared to the annual amount provided in the previous authorization. This is not including the \$69.5 billion for transit in the response to COVID-19 nor the \$340 million provided through the Public Transportation Relief Program.

Now of the \$108 billion authorized and appropriated through the Infrastructure Investment and Jobs Act for public transportation, it is important to note that just \$4.56 billion was allocated for the rural formula program all the while States like New York and California are estimated to receive \$11 billion and \$10 billion, respectively.

With this investment comes a need for critical oversight to make certain that this money is spent on fixes that will make the most impact. Therefore, as we move to implement this legislation, it is

important to discuss the challenges facing rural communities in offering safe, affordable, and reliable methods of transportation.

Rural areas cover 97 percent of U.S. land area, and most rural residents still rely on their own vehicles as their main means of transportation. Overall, rural residents travel about 33 percent more, rural workers travel 38 percent more, and lower-income rural workers, 59 percent more annual miles than those in urban areas. Rural residents spend more time and money on transportation and are more vulnerable to transportation problems like vehicle maintenance issues, they lose their ability to drive, or fuel prices spike as they have right now.

Therefore, rural roads are heavily traveled and critical for maintaining the way of life in South Dakota and the rest of rural America. The frequency of travel on some of these rural roads has further increased over the past years as tourism has become a growing business in the rural U.S. Most of the country's national parks are located in rural regions, like Mt. Rushmore in South Dakota, which draws a large number of visitors each year.

In addition, with agriculture dominating most rural communities, much of the Nation's food industry relies on the transportation of products over long distances on rural roads and highways. The safety and structural integrity of these roads is important to maintain an interconnected transportation system.

With few communities in South Dakota having an actual fixed route bus system, a majority of rural transit offerings are modes of paratransit, which provide transportation for the elderly and/or persons with disabilities. Roughly 31 percent of the populations in rural communities are either elderly or disabled, and these two demographics within a community often need transportation services for doctor's appointments or to complete grocery shopping. Due to the need to travel long distances, driver shortages, and lower ridership, providing on demand rides in rural areas can be extremely expensive.

As we implement the Infrastructure Investment and Jobs Act, I think we should explore ways to utilize public-private partnerships to make local, State, and Federal dollars go further. We should also be looking at new ways to use technology. Just as an example, in Sioux Falls, South Dakota, the Sioux Area Metro, known as SAM, is trying out a SAM On Demand phone app which allows riders to request rides on their smartphones to increase ridership and efficiency.

During implementation of the infrastructure law, it is also critical to reduce the regulatory burden as much as possible for the truly small communities around the country. In South Dakota and in rural Minnesota, our rural transit agencies servicing small towns do not have the capacity to wade through endless red tape. Rural communities must have the freedom to use the funding in ways that serve them, not be forced into a one size fits all approach. To manage these issues, resources must be allocated to the most vital areas of the transport system, and I think our Subcommittee should remain focused on the oversight of those resources.

I look forward to hearing from our witnesses today and learning more about ways rural America can best utilize the resources of the infrastructure law.

And I would simply close by thanking our Chairman for having this meeting today. I think it is important that we start out on the right area and focus appropriately on the funding that is available and where it is going to. Thank you, Madam Chair.

Chair SMITH. Thank you, Senator Rounds.

I am now going to introduce our witnesses. Thank you so much for being with us today. I will introduce all three of you and then turn to each of you in turn to make your opening statements.

Ryan Daniel is the Chief Executive Officer of St. Cloud Metro Bus in St. Cloud, Minnesota. Mr. Daniel also serves as President of the Minnesota Public Transit Association.

And I would like to note that he is accompanied today by St. Cloud Mayor Dave Kleis—it is good to see you, Mayor—and also Minnesota Valley Transit Authority, CEO, Luther Wynder. Thank you for being with us.

Scott Bogren is the Executive Director of the Community Transportation Association of America. Thank you very much for being with us.

And, Baruch Feigenbaum is the Senior Managing Director for Transportation Policy at the Reason Foundation.

Welcome and thank you all for being with us today, and we look forward to your testimony.

You may each begin—before you begin your opening statements, just a few reminders. For witnesses, you will have 5 minutes for your opening statements. Your full written statement will be made part of the record. And for witnesses and Senators in the hearing room, the light in front of you, as you know, will turn yellow when you have 1 minute remaining and red when your time is up. I am sure we will be able to manage with our time constraints.

Thank you very much, and I will turn now to our first witness.

STATEMENT OF RYAN DANIEL, CEO, ST. CLOUD METRO BUS

Mr. DANIEL. Thank you, Madam Chair, for this opportunity to testify regarding the bipartisan Infrastructure Investment and Jobs Act and its impact on smaller transit systems. I am testifying today as Chief Executive Officer of St. Cloud Metro Bus and also as President of the Minnesota Public Transit Association, which includes transit systems throughout the State, urban, suburban, and rural.

First, I would like to express our deep appreciation for the increased funding provided in the IIJA law. The 30 percent increase in formula funds, as well as for programs like the bus and bus facility program, will make a huge difference as transit systems continue to rebuild and serve a growing number of riders in the wake of the pandemic. The impact of this law for St. Cloud Metro Bus and other transit systems will be expanding higher quality transit service over the next 5 years. Knowing the level of funding we will have allows all transit systems to plan efficiently and allows us to provide stable bus service to our customers.

I would also like to thank the Federal Transit Administration for its work in communicating with transit systems and working hard

to get the money delivered as quickly as possible. Many of the transit system managers in Minnesota have participated in webinars and had questions answered by the detailed information provided by the FTA.

The Notice of Funding Opportunity issued for the no-low emission bus program allows transit systems the opportunity to apply for funds that will expand their fleets while protecting the environment. Metro Bus has been transitioning our fleet to low-emissions CNG since 2014. We are proud to say we are now 90 percent CNG. With additional funding opportunities such as the no-low emission program, in the next 5 years, our organization is planning to apply for funds to replace a large majority of our CNG bus fleet, which will reach its useful life in 2026.

According to the American Public Transit Association's calculation, we will be getting additional formula funds. With this increase in funds, Metro Bus will be in a better position to attract safe, reliable transit operators, allowing us to maintain and possibly expand our service as well as keep up with technological advances in the industry and the overall workforce, moving into a new post-pandemic world.

In rural areas of Minnesota, residents who ride our buses often have no other option for getting to important medical appointments, jobs, school, family events, and to access services. For example, Betty in Worthington uses Community Transit to get to medical appointments, the hair salon, and weekly shopping trips. Without this bus service, she would have a hard time living in her own home and would probably need to leave her community to live in a larger city that had transit service available.

Unfortunately, Community Transit has limited service hours and capacity to meet all of the needs of residents in the nine county service area that it covers. We appreciate the focus of IIJA on providing resources to underserved areas. Smaller communities struggle to pay for weekend or evening service, but residents need to get to important destinations after 4 or 5 in the afternoon. As decisions are made about allocating discretionary dollars provided through the IIJA, we urge FTA to follow through on prioritizing areas that currently leave many people without the level of transit service they need.

Rural communities also struggle to generate funding to meet local match requirements to access State and Federal funds. We applaud your work, Madam Chair, along with Senator Rounds, to pass the Investments in Rural Transit Act to reduce the need to charge local residents more in order to access additional transit resources in areas with lower densities and lower incomes. The new law's focus on modernizing the fleet is very important. Many of our systems in Minnesota find themselves running buses with over 250,000 miles due to difficulties in purchasing new buses. As systems struggle to keep older vehicles operating, the maintenance costs increase while dependability decreases. Any assistance that can be provided in helping systems purchase new vehicles will make a big difference in the impact that the IIJA in the short term improving transit service.

Another important issue for smaller transit systems in the implementation of this law is the technical assistance. Rural systems,

with a small number of staff, have a hard time dealing with new reporting or planning requirements and developing funding applications without some additional technical assistance. Some systems in Minnesota have been successful in securing competitive funding for new buses or facilities in the past, but most systems are stretched thin and do not have the capacity to carefully track all funding opportunities and effectively compete for new funding. Any resources that can be provided to help smaller systems apply for a variety of funding sources will be greatly appreciated.

The additional stable funding provided by the Infrastructure Investment and Jobs Act will allow smaller transit systems to plan and deliver more frequent, higher quality bus service to more residents and more communities. As the new law is implemented, we urge Federal agencies to focus on better service for communities with little to no service and to work closely with smaller transit systems to reduce the burden of regulations, reporting requirements, matching funding requirements, and the level of work needed to apply for discretionary Federal transportation funds. Investing in the mobility of rural residents will provide a strong return as people are able to remain in their own homes, living independent, productive lives and contributing to their local communities.

Madam Chair, I thank you for your time.

Chair SMITH. Thank you very much. Mr. Bogren.

**STATEMENT OF SCOTT BOGREN, EXECUTIVE DIRECTOR,
COMMUNITY TRANSPORTATION ASSOCIATION OF AMERICA**

Mr. BOGREN. Chair Smith and Ranking Member Rounds, really appreciate the chance to be here today to speak with you about rural, small urban, tribal, and specialized transportation.

My organization, the Community Transportation Association, we have about 1,200 members around the country, and that is where they come from. And it is really great to hear that both of you really recognize what rural transit systems look like. They are not scaled-down versions of WMATA here or the L.A. Metro. They are unique systems that are serving very unique communities and oftentimes, I think as you have rightfully shown, working with an on-demand type of service.

Our written testimony goes into a lot of, I think, opportunities when it comes to the bipartisan infrastructure law and things to kind of keep an eye on when we are looking at the implementation. I just want to cover a few here in my remarks.

One thing is the non-Federal share. Our rural, tribal, small cities often use Federal formula funds to operate. They are allowed to do that, but that requires a 50-50 match between Federal and non-Federal. And coming out of a pandemic that has had pretty rough economic consequences in rural America, and then on top of that the increases in rural transit funding that we are grateful for, it puts a lot of pressure on these systems to be able to match these funds. I have even had some of my members talk about they are operating aging vehicles. They see the funding that is put in place now to put new fleets out, and they are not competing because they do not have the local match to compete.

Another one is equitable access to the competitive grants that are there. The new law has a number of competitive grant programs. We are probably all—and you were mentioning the bus and low-no NOFA because kind of that is the first thing that has happened with the bipartisan infrastructure law. Small agencies need that set-aside. The bus and bus facilities program has a 15 percent set-aside for rural communities, and that is important because, as both of you are well aware, they do not have the capacity to compete with major metropolitan areas.

A lot of CTA's members in the last months—the general manager I would try to call, and they would say, she is out driving today. You wear a lot of hats in rural systems. And so they need to be competing with other systems that are the same size, and that is really important. Overall, our members operate vehicles and buses. So to see the kind of investment we see in that NOFA for those types of vehicles, the workhorses of public transit around the country, was just wonderful to see.

Also, within that NOFA, two things I wanted to point to. One was the Federal Transit Administration has done a great job of engaging with smaller agencies to make sure that though they may require fleet transition plans for systems as they move toward the low-and-no emission vehicles, though they may require that, they are understanding that a 6-bus system in Watertown, South Dakota, should have a different set and its plan should look different than an urban operator with 300 buses. It was really great to see that, and that is really the kind of understanding and, I think, good partnership we need to see.

Further, that NOFA included 25 percent of the low-and-no emission funds set aside for low-emission vehicles. Battery electric buses are great for urban spaces. They are really only available in very big sizes. Smaller agencies need to move in that direction. You have mentioned some of the fueling that works in Minnesota. A lot of our members are using CNG, propane. Let us keep working toward that.

This law comes at an ideal time for our membership. It really allows them to have the kind of investment they need to design and redesign their operations so that they can be as relevant as possible to the communities they are serving. They can take advantage of technological innovations, and they can work with new partners, both public and private, to really meet the needs.

The essential equation in public transit is sometimes lost in these discussions. It is the trip, and it is the people. Folks like Ryan, they are not in the business of operating buses; they move people. Every day, our members connect isolated, older adults with a healthy meal or a trip to the grocery store. We connect the patient three times a week with life-sustaining dialysis. We work with persons with disabilities to make sure they are getting essential job training. And, we even sometimes are working with parents to attend visitations with a child placed in foster care, reducing the time it takes for that parent to reunify with their child. That is just some of the work our members do.

Thanks for allowing me to tell their stories today, and I look forward to answering any questions you may have.

Senator SMITH. Thank you. Mr. Feigenbaum.

STATEMENT OF BARUCH FEIGENBAUM, SENIOR MANAGING DIRECTOR, TRANSPORTATION POLICY, REASON FOUNDATION

Mr. FEIGENBAUM. Chairman Smith, Ranking Member Rounds, and fellow Committee Members, thank you for the ability to testify today. My name is Baruch Feigenbaum. I am Senior Managing Director for Transportation Policy at Reason Foundation, a nonprofit think tank with offices in L.A. and D.C. For almost five decades, Reason's transportation experts have advised Federal, State, and local policymakers on market-based approaches to transportation.

I am a graduate of the Georgia Institute of Technology, with degrees in public policy, transportation planning, and transportation engineering. Before working at Reason Foundation, I managed a van pool program in suburban Atlanta and handled transportation issues for former Representative Lynn Westmoreland.

With Reason, I have offered research studies on policies that could improve urban and rural transit as well as the effectiveness of infrastructure financing and funding. I have worked with more a dozen States to implement transportation policy reform, and I serve on the Transportation Research Board, Bus Transit Systems, and Intelligent Transportation Systems Committee as well as chairing the Bus Rapid Transit Subcommittee. Finally, I am currently writing a book on how to create a 21st century transit system. My testimony today draws on these experiences.

While much of the focus in the transit world is on providing mobility in urbanized areas, not enough attention is paid to rural areas. More than 60 million people live in rural areas, and some of them rely on transit services to reach their jobs, doctors, and grocery stores.

In the transit world, we distinguish between transit dependent and transit-choice riders. Transit-dependent riders are those who do not have the means to access private vehicles. Transit-choice riders are those who do have the means but choose transit instead. Due to economic challenges in rural areas, a growing percentage of rural riders are transit dependent. Nationally, the average transit trip takes twice as long as driving, but in rural areas the multiple is even greater.

Since most rural transit riders are dependent on transit, my testimony is going to focus on those transit dependent individuals. Obviously, transit service looks different in rural areas than in urban areas. While a heavy-rail subway line makes sense for New York City and a bus rapid transit line makes sense for Atlanta, fixed-route transit is seldom the best solution in rural areas. I have five recommendations for improving transit service to best serve rural populations.

Recommendation number one, right-size transit vehicles to meet rural needs. While there may be some rural towns that can support a few fixed-route bus lines, the better solution for rural municipalities is flexible options like demand-response transit, where vehicles alter their services to meet riders' demands, and paratransit, which provides tailored services to people who are elderly or with disabilities.

Several different types of vehicles are ideal for providing mobility in rural areas. The first vehicle type is a privately owned automobile such as a ride-hail vehicle or taxi. Many rural areas have

operated dial-a-ride taxi or Uber-like service for years. The second type of vehicle is a van that seats between 7 and 15 people. These vans are often used for van pools in an urban area but can operate as flexible minibuses in rural areas.

Recommendation two, contract out service or create a nonprofit to operate it. While the public service has been the traditional operator of transit services, my research has revealed that contracted transit services and services delivered by nonprofit agencies are better and cheaper than public service provision. With contracted services, the agency enters into a contract with an operator such as First Transit or TransDev. These contracts can specify specific metrics to ensure accountability and results. For example, contracts can detail the maximum number of minutes a rider can be made to wait before being picked up or the geographic locations of service that must be covered.

Another possible model is having a nonprofit entity operate the service. Rural Transit Service, which operates in upstate New York, is a good model. In that case, the Transit Service, southwest of Buffalo, relies on a network of 130 volunteers to drive and maintain the vans as well as handle administrative services. Most riders contribute money to their trips, but no riders are denied service for inability to pay.

Recommendation number three, reduce regulations. One of the challenges that rural transit agencies have is abiding by Federal regulations. Some small counties, such as Randolph County, Georgia, have chosen not to offer transit service because officials say they cannot afford the staff needed to comply with regulations.

To help reduce the burden on these rural systems, the FTA and its National Transit Data base recording should allow systems below a certain size to provide agency-profiled data but not including the more rigorous data that is more time consuming to collect. Congress could also eliminate costly mandates, such as Buy America, that drive up costs for local governments. And finally, the Department of Transportation has proposed amending 2132-AB38 on charter service, regulation of buses and van pools, and 2132-AB40 on bus testing. It is not clear what changes those regulations would have, but I would urge the Committee Members to pay attention.

Recommendation number four, try to improve efficiency. Rural transit services rarely typically struggle to cover a small share of their costs. My colleague and I found that most systems had a fare box recovery rate of 5 to 15 percent whereas urban systems have a fare box recovery rate of closer to 40 percent. Clearly, rural transit systems are always going to need to be subsidized, but looking at things such as a computerized dispatch center and ensuring that union contracts have flexibility will help decrease costs.

Finally, recommendation number five, focus more on local funding sources and less on Federal sources. Funding is often the biggest challenge for rural transit systems. The recently passed IJA provides a 29 percent increase in guaranteed Federal transit funding to \$91 billion over 5 years. There are also several grant programs, including a \$2 billion rural transportation discretionary grant. However, my research finds local government funding is more important than Federal funding because local officials know

their communities best. State and local funding also comes on top of Federal funding, providing a more robust resource share.

Thank you for the opportunity to testify today on the need to improve rural transit services. I would be happy to answer any and all questions either orally or in writing.

Senator SMITH. Thank you very much to all of our guests today.

We will now begin a round of 5-minute questions, and I will start and then hand it off to Senator Rounds. So each of you, in one way or another, have talked about how rural transit systems account for more than half of the Nation's overall transit systems. And we know how important they are to communities, and they often do not get near the attention that they deserve given how important they are.

Let me turn to Mr. Daniel and Mr. Bogren. So the passage of the Infrastructure Investment and Jobs Act is going to help these transit systems to continue to serve. Can you both talk about what you see as the one or two most significant issues facing rural or small city transit systems right now and how the Infrastructure Investment and Jobs Act is going to assist? Mr. Daniel, you can start.

Mr. DANIEL. Well, rural systems throughout Minnesota need increased funding to make improvements to their services. Modernizing the bus fleet would be number one, and technological advances would be number two. We always have to look for ways to enhance the customer experience. With the use of technology, that would be one way that we could enhance that customer experience—the use of mobile ticketing, smart apps, smartcard systems, and also looking at modernizing the bus fleet or the vehicle fleet. If the buses are operating at the rate of 250,000 miles, 9 out of 10, that bus might be in the shop more than it is on the road.

So those would be the two recommendations that I have, look to modernize the fleet and also look at the technological advances because you want to make providing transit to the public the process as seamless as possible.

Chair SMITH. Great.

Mr. DANIEL. And the use of technology will be very important in that aspect as well.

Chair SMITH. Thank you.

Mr. BOGREN. I think a lot of it was in the bill, the Rural Transit Act, that both of you put forward last year. We need help with the local match. That is critical. And the other thing you will not be surprised to hear, systems are having a really tough time finding drivers. Most of the operators that I talk to right now, were it not for the lack of having a full labor, they cannot get to their ridership levels prepandemic. They are hovering in the 60 to 70 percent recovered ridership, which is great, but they can do more and want to do more.

So I would say it is those two issues right now. It is the local match, and it is the labor shortage.

Chair SMITH. Yep. I know that Senator Rounds and I both agree on the challenges around local match, and we tried hard to get that resolved in the bill, and we will keep working on that.

Let me ask you whether—we are hearing a lot about challenges around supply chains, and I am wondering if either of you can address the needs, the issues, around supply chains and how that is

affecting maybe amongst your members your ability to be able to put these dollars to work.

Mr. BOGREN. Well, I think that is an issue. We—I have been doing this for 33 years. I never thought I would see \$1.5 billion in bus funding put out in a single Notice of Funding Availability, and the irony is many of the smaller agencies are telling me they are expecting a 48-plus month, maybe even a 3 year, wait period before that new vehicle can get there. The vehicles that smaller agencies operate are oftentimes built on kind of an OEM chassis, like a Ford chassis, and understandably, the competition for those limited chassis is very high. So, yeah, I am concerned that it is going to take a while before you really start to see the impact of this capital investment out there in the field with new vehicles.

Chair SMITH. You are seeing the same thing, Mr. Daniel?

Mr. DANIEL. That is correct.

Chair SMITH. Yeah.

Mr. DANIEL. I am seeing the same thing.

Chair SMITH. Now I know—I want to go to the question of workforce quickly. I know that small and rural transit providers in Minnesota tell me that the drivers' workforce issues are a really big deal. And it is not just drivers; it is also the dispatchers and office staff and all the people that are required to make a system work. One provider told me about that if just two people call in sick on any given day then they have to shut down the route. They do not—they cannot just move people around.

And of course, many rural transit providers rely heavily on volunteer drivers, and there is a series of bureaucratic issues that have made retaining those volunteer drivers really difficult.

So, Mr. Bogren, can you talk about that briefly and how can we in Congress help with that issue?

Mr. BOGREN. Again, it comes down to rightsizing. You know, there were movements in the development of the IIJA to move the threshold where you would need a CDL down to eight passengers. It is currently at 16 plus the driver. That would have just meant these smaller agencies would have had to go out and find more CDL-approved drivers. The FMCSA, in February, put out new rules on entry-level driving for CDL, getting that license. We need to make that simpler.

The State of Minnesota is doing some really good work on that, by the way, in terms of training and developing regional approaches. We think that is going to be critical. That is one of the issues.

And look, it is just we are in an era of a lot of competition. We are competing for drivers, even with these smaller vehicles, with UPS and Fedex and Amazon, and we have got to come up with ways—whether they are apprenticeship programs and working with community colleges in the area, we have got to come up with some new ways to develop our workforce and bring them into what we do.

Chair SMITH. Thank you.

Senator Rounds.

Senator ROUNDS. Thank you, Madam Chair.

According to the American Public Transportation Association, there are approximately 1,159 rural transit systems nationwide, ac-

counting for more than half of the Nation's transit systems. However, in most cases, rules and regulations are developed with a larger system in mind, creating compliance burdens for the truly small systems. I know, Mr. Daniel, you mentioned that in your opening statement, and Mr. Feigenbaum, you have made it pretty clear that you think there are some modifications that need to be made as well.

In terms of the current regulatory burden that small, rural transit systems face and the importance of keeping that burden as low as possible as implement this Act, Mr. Feigenbaum, can you begin by just sharing with us a few more, specifically the regulations that you think would be most effective that we should be looking at modifying or at least taking a second look at?

Mr. FEIGENBAUM. Sure. I believe that the most effective one would be the reporting in the National Transit Data base. And just to clarify that a little bit further, right now every transit agency has to report data on, I believe, something like 15 different categories, which takes a ton of staff time. It is reasonable to expect a transit system in New York or Los Angeles to do that, but I do not think a small transit system can do that.

Small transit systems should just be provided—allowed to provide the minimum amount of data that basically covers fare box recovery ratio, passengers, and the amount of funding they get in their budget each year. I think that would be plenty sufficient to ensure that the transit agencies are being a good steward of taxpayer dollars but not be overly onerous.

I also think the Buy America situation is pretty important. It really increases capital costs for transit vehicles by a lot, anywhere from 30 to 50 percent. It also increases the amount of time to get those vehicles. So when a transit agency needs a vehicle, they are often relying on an older vehicle that has been mentioned may have 250,000 or miles and not in the best shape simply because it takes months and months and months to go through that. And there are some vehicles that are not even built in this country, and so the international company actually has to set up a factory in this country so they are compliant with Buy America.

Finally, there is a lot of regulations that the Department of Transportation is proposing. The two that are pending right now, 2132-AB38 and 2132-AB40, on charter service, regulation of buses and van pools, and on bus testing, I do not know what is going to come out of them. They may be helpful. Generally, my opinion is that less is more in this type of situation. We should be focusing only on the regulations that are needed for safety and not on other purposes, whatever they might be.

So those would be my top three.

Senator ROUNDS. Thank you, sir.

Mr. Daniel, I know in your opening statement you commented on some of these issues. Would you concur with what Mr. Feigenbaum is suggesting?

Mr. DANIEL. Yes, I concur.

Senator ROUNDS. Thank you, sir.

Mr. Bogren.

Mr. BOGREN. Yes. I think rightsizing regulations for the smaller agencies, it just makes a lot of sense. When we think about things

like electrifying vehicles, smaller communities in South Dakota, they should be working with the schools; they should be working with the municipal vehicles, so they can increase their buying power and kind of work with these kind of regional approaches because when you buying two or three vehicles you do not have the same purchasing power.

And it is just all the regulations just need to kind of be filtered through and understood that an agency with the budget size and the staff size that a lot of my members have needs just be right-sized.

Senator ROUNDS. Thank you. The elderly or disabled make up almost a third of the population in rural communities and are often the two demographics within a community that need transportation services the most, whether to commute to a job or to get to a doctor's appointment or buy their groceries. They rely on para-transit services to get them safely to where they need to go.

Mr. Bogren, could you discuss some of the unique transit challenges truly small, rural communities, like my own community of Pierre or Fort Pierre, South Dakota, face as they try to reach these individuals?

Mr. BOGREN. I learned a lot. I remember one time I was riding one of Barb Klein's [phonetic] buses out in the western part of South Dakota. You know, here in the East Coast, when we think about public transit, it is like how do we get this person to their destination as absolutely fast as possible. That is the point. And you ride on rural vehicles with an older adult, and that may be their whole socializing for the day, and they do not actually mind if they get an extra half an hour on the vehicle to catch up with their neighbors.

And the passengers, they know the drivers and vice versa. If that is a different driver, you will get, oh, who is that? Where is Jerry, the person who is usually driving me?

So—and that is a growing part of the population, and you know, there is nothing worse than the isolation that older adults face when they lose their mobility. I am dealing with that personally with my own family right now, and trying to take the car keys away from my father is really hard because he views it as a diminished quality of life. These services stand in that and make their years fruitful still and very valuable.

Senator ROUNDS. I will just share with you my own father passed away in 2018, but a couple years before that one of the difficult decisions we had was suggesting to dad that it was time that he not drive. It just happened to have been based upon me getting a phone call from the local transit driver, who I knew, and he calls, Mike, your dad just tried to make a left turn out of Burger King onto the highway again that was not good. But once again, it is a case of where public transit is necessary in those small communities and they really do make a difference.

Thank you. Thank you, Madam Chair.

Chair SMITH. Next, we will hear from Senator Ossoff, who is joining us remotely.

Senator OSSOFF. Thank you, Madam Chair, and thank you for hosting this hearing. Thank you to our panel.

Mr. Bogren, in the last several years, communities across Georgia have embraced microtransit. Valdosta's new microtransit program is expected to average 170 riders, and this January completed close to 300 rides per day. The majority of these riders have a household income of \$25,000 per year or less. And working with local leaders, I was recently able to secure an additional million dollars to expand the Valdosta On Demand microtransit fleet.

With the increased funding through the bipartisan infrastructure law, Mr. Bogren, how do you see microtransit transforming transit service for small cities like Valdosta, Georgia, and rural communities over the next 5 years?

Mr. BOGREN. Well, what it will do is it will provide an entirely new way to serve areas. Typically, we kind of—a city the size of Valdosta would have had fixed-route service, maybe operating buses at an hour headway, and what the on-demand model is proving in Valdosta is it can increase service, serve more people and do it at a lower cost. And we view that as a very important model that we want to see all sorts of other communities investing in and trying, and it is a place where we can partner with the private sector and also where we can onboard the kind of technology that really makes the service more relevant to a passenger than what we have often done in communities that size, which is the bare minimum when it comes to a fixed-route service.

Senator OSSOFF. Thank you, Mr. Bogren. In Georgia, 36 of our 159 counties still have no access to any public transportation. In my view, this is an unacceptable lack of access to transportation.

We just heard from my Republican colleague, Senator Rounds, there is bipartisan support for transit in rural communities. That is one of the reasons I offered the Local Transit Planning Support Act, which empowers the Federal Government to provide more help to low-density and low-income communities as they plan their transportation networks, and that legislation was signed into law by President Biden as part of the bipartisan infrastructure law.

Mr. Bogren, how can communities without public transportation networks, like Harris County in the Chattahoochee River Valley, Newton County in metro Atlanta, or for example, Houston County in central Georgia, take advantage of the Local Transit Planning Support Act to begin planning and implementing transit services in their own communities?

Mr. BOGREN. Well, I think the planning is critical and, you know, rural areas are now more kind of economic regions than they are isolated, self-contained, little towns. And in the counties that are unserved in Georgia, we need to bring those counties together to look at what are the big trip generators and what are the big important destinations, health care, higher ed, obviously, work and others of those types of environments, and that kind of planning that you have built in there is exactly what needs to take place.

And we also need to make sure, cognizant of what Senator Rounds said earlier, that—and we really believe that—people with disabilities and older adults need to be a part of that planning process. We need inclusive planning because the services are often targeting and built for them, and yet, we do not sometimes in the planning process involve them in that service.

Senator OSSOFF. Thank you, Mr. Bogren. We can look as well at rural areas with significant manufacturing presence, where workers need to be able to get to and from work, to and from the store, to and from the doctor, as building regional authorities who can engage in this planning together. We are looking at some possibilities for that in west Georgia.

Mr. Daniel, I want to discuss paratransit with you. High quality public transportation means more than just regular buses and trains. It is an integral public service. Communities across Georgia are looking to improve their paratransit services. In Chatham County, for example, in coastal Georgia, there are plans to build a new paratransit maintenance facility, allowing Chatham area transit to provide ABA-compliant transit services while increasing efficiency and reliability. How do you see the increased resources through the bipartisan infrastructure law serving the expansion and improvement of paratransit services, for example, in Chatham County and the broader ABA community, please?

Mr. DANIEL. With the use of the Federal funds in providing higher quality public transit service, we have to focus on the areas of technology, safety, security, delivering service, and new buses.

With the technology, this includes real-time bus updates for our customers, mobile ticketing, mobile apps, and smart fare cards. This will help provide customers with convenient transportation and position public transit as a whole as a legitimate option for travel. These improvements enhance the customer experience and enable increased independence for community members who may otherwise be homebound or reliant on family and friends to get to work or medical appointments.

In terms of safety, touchless fare payment reduces physical interaction between the bus operators and customers, thereby protecting both groups, especially during the flu and COVID seasons.

In terms of security, comprehensive camera systems will help ensure customers and employees are confident that their ride—

Senator OSSOFF. OK, Mr. Daniel. I am sorry, my time is going to expire in a moment. I wanted to focus on paratransit there.

But with the Chair's forgiveness, I am just going to ask one more question. Mr. Bogren, this bipartisan infrastructure law is a tremendous opportunity to invest in public transportation in fast-growing communities like Augusta, Georgia, home to Fort Gordon, the Cyber Center of Excellence, and Augusta University Medical Center. What opportunities do you see, Mr. Bogren, for cities like Augusta, who have, for example, that high tech and military footprint and are growing, to invest in forward leaning technologies that keep up with changing and growing demand?

Mr. BOGREN. Well, I think there is a lot of opportunities to do that. I cannot tell you how many of our members have military veterans in the operations environment because they are used to that environment and they are used to working with technology, and there is a lot of them coming on board right now.

For instance, we have done a lot of talking here about on demand, but there is no reason that what we are learning in Valdosta cannot be applied in the Augusta part of your State and looked at. Granted, each community is unique, but some of the operational environments that are out there, the ability now to pay for tech-

nology, buy vehicles, and really pay for capital to make these happen, has never been greater, and we need to make that work.

Chair SMITH. Thank you, Senator.

Senator OSSOFF. Thank you, Mr. Bogren.

Thank you, Madam Chair.

Chair SMITH. Thank you, Senator Ossoff.

I believe that Senator Rounds does not have any additional questions. So I am just going to ask one final question directed to Mr. Bogren, and this has to do with tribal transit. I would love to just talk about that briefly. Senator Rounds and I both sit on the Indian Affairs Committee, and I know also that the Infrastructure Investment and Jobs Act provided massive increases in funding for FTA's Tribal Transit Program. And of course, transit in Indian Country is just as vital as it is in any other rural community, in some ways almost more so. So could you just comment briefly on what impact this will have on tribal transit and what we need to be keeping in mind on this Committee there?

Mr. BOGREN. Tribal communities are very unique communities. I have worked with them in both Minnesota and South Dakota. But you know, the need is there; it is desperate. And the growth that the bill provides is so, so needed.

We were meeting with a bunch of tribes last week up in Alaska with some of my staff, and you know, what they can do now because there were so many tribes competing for a fixed amount through the FAST Act, this amount, great growth, and also it grows throughout the 5 years in this bill. We know this program is going to be oversubscribed. It always is, and that is because the tribes have health care needs, they have job and commute transportation needs, and they have to do it in often very isolated, rural communities, where if they do not transport their tribal members no one will.

Chair SMITH. Right. Thank you very much.

Well, I want to just say thank you to all of our witnesses for being here today and for your testimony. I think we have heard a clear message about the importance of understanding the unique needs of small, rural transit providers. We heard great messages about how we need to rightsize our regulations, our vehicles, how we need to be thinking about using these dollars to help modernize systems, increase technology in these systems, and also, as we have said, address some of the challenges around drivers that we are seeing everywhere, not only in transit. So I want to thank you very much.

I hope to work more with you, Senator Rounds, on these issues facing rural transit providers and operators, and to continue to push our Investments in Rural Transit Act, and I am sure that we will be able to find other ways to help out rural and small transit providers as we implement this legislation in a good bipartisan way.

Before we adjourn, I would like to just enter into the record a letter from the American Association of State Highway and Transportation Officials with recommendations for implementation of the bipartisan infrastructure bill. Without objection, so ordered.

Chair SMITH. And for any Senator who wishes to submit questions for the record, those questions are due 1 week from today,

which will be Wednesday, April 13th. For our witnesses, you have a 45-day period to respond to those questions for the record, and thank you again for participating.

And with that, this hearing is adjourned.

[Whereupon, at 3:27 p.m., the hearing was adjourned.]

[Prepared statements, responses to written questions, and additional material supplied for the record follow:]

PREPARED STATEMENT OF CHAIR TINA SMITH

Good afternoon. The Subcommittee on Housing, Transportation, and Community Development will come to order.

The Infrastructure Investment and Jobs Act is about fixing the problems Americans encounter every day. It represents the largest long-term investment in our Nation's infrastructure and competitiveness in a generation. It's also going to create millions of good paying jobs. With benefits.

Just as important, it will make a direct and immediate impact in the lives of Americans. It's exactly the kind of thing Washington ought to spend more time working on—and exactly the kind of thing I came to the Senate to get done.

Today's hearing will focus on how the Infrastructure Investment and Jobs Act is supporting transit in small cities and rural areas, and how we can make sure it works.

In June 2021, this Subcommittee convened a bipartisan hearing to highlight the transit needs in rural communities, and we had excellent testimony from leaders from Minnesota, South Dakota, and Native communities in Northeast Oklahoma.

That hearing helped us to understand the issues facing rural transit providers, including how rural and Tribal formula grant programs needed funding boosts to meet the changing needs of their communities.

We also held a field hearing in Minnesota last summer to understand the transit needs of our State. I heard from cities like Rochester about their use of competitive transit grant to expand bus service and support the Destination Medical Center project.

In August of last year, the Senate passed the historic, bipartisan infrastructure law, which boosted annual funding for rural transit. This law is the largest investment in transit in a generation. In the first year of this new law, transit formula grants will jump 30 percent and continue to grow after that. This is an incredible opportunity for transit in small cities and rural places.

Now we turn to implementation. Our Committee's job is to provide oversight, and make sure this historic investment work as Congress intended.

Already, the Federal Transit Administration (FTA) has gone to work to cut through red tape and get funding out to communities. In fact, the FTA announced just today that this year Minnesota will receive \$166 million in transit funds through formula programs. The FTA also recently issued a combined "NoFo," or notice of funding availability, for two bus grant programs, that simplified the paperwork transit agencies are required to fill out. This will make these grants more accessible for smaller operators who don't have huge grant-writing teams.

The FTA has also held dozens of webinars and calls with transit agencies to provide technical support and answer questions about the exciting opportunities available under the new law.

Today, we want to hear from our panel about the impact the Infrastructure Investment and Jobs Act will have on transit in small cities and rural places. We want to know what implementation issues we should keep an eye on, and how this Committee and the Federal Government can help support local creativity and innovation in rural transit.

Here's an example:

During the Pandemic, Minnesota transit systems innovated, and served as a lifeline for families. Minnesota was one of the first States to use transit to bring vaccines to people at home. TriCap, which serves the five county area around St. Cloud, provided "reverse transit," bringing medications and other necessities to people, especially the elderly, who couldn't access them. This is the type of innovation that smaller transit operators can do, and we ought to be thinking about how we in Congress can support this type of work.

Rural and small city transit systems are leading the way, innovating with on demand service, specialized routes, and routes that connect people to specific destinations. Today we're going to have a chance to learn how this is going, and how the Infrastructure Investment and Jobs Act can support this innovation.

As we listen to the panel of rural transit leaders today, I ask you to keep in mind the veteran who needs to get to a VA clinic, the person who's trying to get back on their feet by completing job training, or a senior who is looking forward to their weekly fresh produce delivery.

Three years ago, Senator Rounds and I teamed up with Senator Fischer from Nebraska and Senator Baldwin from Wisconsin to create the Rural Economy Working Group.

Our goal was to highlight the strengths and assets in diverse rural communities, and to learn from rural leaders about how the Federal Government can be a good partner—a better partner in supporting their leadership.

Small cities and towns and rural places produce our food and energy and are hubs of manufacturing and entrepreneurship, education, health care, arts, and culture. We need these communities to work for everyone. And that means transportation has to work. And for transportation to work, there need to be viable, efficient, well-functioning transit systems—busses, paratransit, on-demand services, and more.

Now, with rising gas prices caused by the terrible, brutal invasion of Ukraine by Putin, we can see how important it is to move rapidly to clean energy and renewable fuels. When it comes to clean energy, the United States can lead or we can follow, and I want us to lead. And, I want the opportunities for electric vehicles and low carbon renewables like ethanol and biodiesel to be available in greater Minnesota, and in rural places all over America. The fact is, rural transit providers are full of great ideas for how to meet the needs of their communities when it comes to mobility, and we need to listen.

I look forward to hearing from our witnesses today about how the Federal Government can be a good partner in delivering on the promise of the bipartisan infrastructure bill in smaller cities and rural areas.

I want to thank Senator Rounds and his staff for working with us on this important hearing, and for his partnership on these issues. Sen. Rounds is recognized for his opening statement.

PREPARED STATEMENT OF SENATOR MIKE ROUNDS

Thank you, Madame Chair, and thank you to our witnesses for taking the time to attend today's hearing and share your expertise.

Last year, President Biden signed into law the Infrastructure Investment and Jobs Act, which allocated an unprecedented amount of taxpayer dollars to transit systems across the country. This law provided a 67 percent increase in annual Federal funding for public transportation when compared with the annual amount provided in the previous authorization. This is not including the \$69.5 billion for transit in response to COVID-19 nor the \$340 million provided through the Public Transportation Relief Program. Of the \$108 billion authorized and appropriated through the Infrastructure Investment and Jobs Act for public transportation, it is important to note that just \$4.56 billion was allocated for the Rural Formula Program. All the while, States like New York and California are estimated to receive \$11 billion and \$10 billion respectively.

With this investment comes a need for critical oversight to make certain that this money is spent on fixes that will make the most impact. Therefore, as we move to implement this legislation, it is important to discuss the challenges facing rural communities in offering safe, affordable, and reliable methods of transportation.

Rural areas cover 97 percent of U.S. land area and most rural residents still rely on their own vehicles as their main means of transportation. Overall, rural residents travel about 33 percent more, rural workers travel 38 percent more and lower-income rural workers 59 percent more annual miles than those in urban areas. Rural residents spend more time and money on transportation and are more vulnerable to transportation problems like vehicle maintenance issues, they lose their ability to drive or fuel prices spike as they are now.

Therefore rural roads are heavily traveled and critical for maintaining the way of life in South Dakota and the rest of rural America. The frequency of travel on some of these rural roads has further increased over the past years as tourism has become a growing business in the rural United States. Most of the country's national parks are located in rural regions, like Mount Rushmore in South Dakota, which draws a large number of visitors each year. In addition, with agriculture dominating most rural communities, much of the Nation's food industry relies on the transportation of products over long distances on rural roads and highways. The safety and structural integrity of these roads is important to maintain an interconnected transportation system.

With few communities in South Dakota having an actual fixed-route bus system, a majority of rural transit offerings are modes of paratransit which provide transportation for the elderly and/or persons with disabilities. Roughly 31 percent of the populations in rural communities are either elderly or disabled and these two demographics within a community often need transportation services for doctor's appointments or to complete grocery shopping.

Due to the need to travel long distances, driver shortages and lower ridership, providing on-demand rides in rural areas can be extremely expensive. As we implement the Infrastructure Investment and Jobs Act, I think we should explore ways to utilize public-private partnerships to make local, State, and Federal dollars go further. We should also be looking at new ways to use technology. For instance, in

in Sioux Falls, South Dakota, the Sioux Area Metro, known as SAM, is trying out a “SAM on-demand” phone app—which allows riders to request rides on their smartphones to increase ridership and efficiency.

During implementation of the infrastructure law, it is also critical to reduce the regulatory burden as much as possible for the truly small communities around the country. In South Dakota, our rural transit agencies servicing small towns do not have the capacity to wade through endless red tape. Rural communities must have the freedom to use the funding in ways that serve them, not be forced into a one-size-fits-all approach.

To manage these issues, resources must be allocated to the most vital areas of the transport system and I think our Subcommittee should remain focused on the oversight of those resources. I look forward to hearing from our witnesses today and learning more about ways rural America can best utilize the resources from the infrastructure law.

PREPARED STATEMENT OF RYAN DANIEL

CEO, ST. CLOUD METRO BUS

APRIL 6, 2022

Thank you Madam Chair for this opportunity to testify regarding the bipartisan Infrastructure Investment and Jobs Act and its impact on smaller transit systems.

I am testifying today as Chief Executive Officer of St. Cloud Metro Bus and also as President of the Minnesota Public Transit Association which includes transit systems throughout the State—urban, suburban, and rural.

First, I would like to express our deep appreciation for the increased funding provided in the IIJA law. The 30 percent increase in formula funds as well as for programs like the Bus and Bus Facilities program will make a huge difference as transit systems continue to rebuild and serve a growing number of riders in the wake of the pandemic. The impact of this law for St. Cloud Metro Bus and other transit systems will be expanding, higher-quality transit service over the next 5 years. Knowing the level of funding we will have, allows all transit systems to plan efficiently and allows us to provide stable bus service to our customers.

I would also like to thank the Federal Transit Administration for its work in communicating with transit systems and working hard to get the money delivered as quickly as possible. Many of the transit system managers in Minnesota have participated in webinars and had questions answered by the detailed information provided by FTA. The NOFO already issued for the No-Low Emission Bus program allows transit systems the opportunity to apply for funds that will expand their fleets while protecting the environment. Metro Bus has been transitioning our fleet to low emissions CNG since 2014; we are proud to say we are now 90 percent CNG. With additional funding opportunities, such as the No-Low Emission program, in the next 5 years, our organization is planning to apply for funds to replace a large majority of our CNG bus fleet, which will reach its useful life in 2026.

According to American Public Transit Association’s (APTA) calculation we will be getting additional 5307 formula funds. With this increase in funds, Metro Bus will be in better position to attract safe, reliable transit operators allowing us to maintain, and possibly expand, our service, as well as keep up with technological advances in the industry and the overall workforce moving into a new, post-pandemic world.

In rural areas of Minnesota, residents who ride our buses often have no other option for getting to important medical appointments, jobs, school, family events, and to access services. For example, Betty in Worthington uses Community Transit to get to kidney dialysis, the hair salon, and weekly shopping trips. Without this bus service, she would have a hard time living in her own home and would probably need to leave her community to live in a larger city that had transit service available. Unfortunately, Community Transit has limited service hours and capacity to meet all of the needs of residents in the 9 county service area that it covers.

We appreciate the focus of IIJA on providing resources to underserved areas. Smaller communities struggle to pay for weekend or evening service but residents need to get to important destinations after 4 or 5 in the afternoon. As decisions are made about allocating discretionary dollars provided through the IIJA we urge the FTA to follow through on prioritizing areas that currently leave many people without the level of transit service they need.

Rural communities also struggle to generate funding to meet local match requirements to access State and Federal funds. We applaud your work Madam Chair, along with Senator Rounds, to pass the Investments in Rural Transit Act to reduce

the need to charge local residents more in order to access additional transit resources in areas with lower densities and lower incomes.

The new law's focus on modernizing the fleet is very important. Many of our systems in Minnesota find themselves running buses with over 250,000 miles due to the difficulties in purchasing new buses. As systems struggle to keep older vehicles operating, the maintenance costs increase while dependability decreases. Any assistance that can be provided in helping systems purchase new vehicles would make a big difference in the impact that the IIJA will have in the short-term in improving transit service.

Another important issue for smaller transit systems in the implementation of this law is technical assistance. Rural systems with a small number of staff have a hard time dealing with new reporting or planning requirements and developing funding applications without some additional technical assistance. Some systems in Minnesota have been successful in securing competitive funding for new buses or facilities in the past, but most systems are stretched thin and do not have the capacity to carefully track all funding opportunities and effectively compete for new funding.

Any resources that can be provided to help smaller systems apply for a variety of funding sources would be greatly appreciated.

The additional, stable funding provided by the Infrastructure Investment and Jobs Act will allow smaller transit systems to plan and deliver more frequent, higher-quality bus service to more residents and more communities. As the new law is implemented, we urge Federal agencies to focus on better service for communities with little no service and to work closely with smaller transit systems to reduce the burden of regulations, reporting requirements, matching funding requirements and the level of work needed to apply for discretionary Federal transportation funds. Investing in the mobility of rural residents will provide a strong return as people are able to remain in their own homes living independent, productive lives and contributing to their local communities.

Volunteer Drivers

In Minnesota, volunteer drivers provide 168,000+ rides each year for older adults and other nondrivers, giving them access to health care and other essential community services and products. Organizations with volunteer driver programs serve more than 77,000 people each year and drivers cover more than 9.5 million miles. Volunteer driver programs provide critical transportation for people as well as transport for meals and other products, including donated organs. The IRS-approved mileage reimbursement rate of just 14 cents for volunteer drivers is a significant barrier to recruiting and retaining volunteers.

MPTA urges you to increase the Federal reimbursement rate for volunteer drivers to match the rate set by the IRS for business mileage.

The Mobile Vaccination Bus Project

Transit systems jumped into action when the COVID-19 pandemic hit to provide new services in their communities. In Minnesota, food delivery services using transit buses helped many families and seniors to receive food without having to travel to stores, keeping at-risk people safe.

Another initiative was using buses to get more COVID vaccines to more people. During the duration of the Mobile Vaccination Bus Project, a partnership of organizations including the Minnesota Department of Health, the Minnesota Department of Transportation, and Metro Transit hosted 272 events and administered 7,082 vaccines to community members. Additionally, 94 percent of community partners who completed post-event surveys reported that the Mobile Vaccination Bus Project provided COVID-19 vaccines to people who otherwise would not have had access.

The MDH Mobile Vaccine Bus Project was centered on bringing COVID-19 vaccines to communities of focus, many of which have historically faced barriers to health care. Based on post event survey data, more than half of mobile clinics served African American and Latinx communities, and more than a third served Persons with Disabilities.

Additionally, the Mobile Vaccination Bus Project was committed to reaching communities in all geographic settings in Minnesota, making stops in urban, suburban, and rural communities. In total, the buses visited 111 zip codes and 42 different counties in the State.

CDL Licensing for Transit Drivers

Hiring and retaining bus operators remains a major challenge for many transit systems. One of the problems we have faced in Minnesota is the lack of facilities and staff to administer road tests for drivers to acquire a commercial drivers license. St. Cloud Metro Bus benefits from having access to CDL licensing services within our system. We are working to secure authority to provide this training and testing

to other transit systems in Minnesota. Long wait times for CDL testing and the high demand for drivers with a CDL license has proved to be a big barrier to many transit systems in maintaining and expanded local service.

Customer Testimonials

Minnesota Valley Transit Authority Customer Patrick is an elderly gentleman who no longer drives. His son was unable to continue to transport him to and from work at Walmart in Apple Valley due to scheduling conflicts. Patrick has expressed gratitude for our Connect service as he would not be able to get to his job without it.

The Legends of Apple Valley is a senior living complex serviced by our Connect buses. Initially one resident reached out for transportation assistance for daily tasks such as doctor appointments or small shopping trips. She enjoyed the service so much that she spread the word to her neighbors in the apartment complex. Soon we were receiving a wide variety of calls from Legends of Apple Valley residents requesting assistance in setting up the app so they could schedule their own rides.

Rochester, Minnesota, is home of the world-renowned Mayo Clinic, and also home to Rochester Public Transit (RPT)—a robust public transit service serving three key customer types: a large number of commuters into a dense urban core, a growing number of passionate “choice-riders,” and a diverse group of transit-reliant customers from all walks of life. RPT operates 32 fixed routes 365 days a year, and a complimentary paratransit service for persons with disabilities. Rochester is also currently in the process of seeking Federal Small Starts funding to build the first bus rapid transit line in Greater Minnesota.

Recently a local educator shared her perspective on the role Rochester Public Transit plays in supporting the Rochester Community. Karen Cook is the Outreach, Volunteers, and ESL Navigator for the Adult and Family Literacy Program in the Rochester Public School district.

At the Hawthorne Education Center in Rochester, Minnesota, I work with Adult Basic Education students who are seeking education to better their lives through English as a Second Language (ESL), General Educational Development (GED) classes and testing, college preparation courses, Citizenship, and more.

The majority of these students have barriers and challenges that have impacted their educational journey. By educating students about how to use Rochester Public Transit, the local bus service, I am helping them to overcome one of those barriers.

Students have shared with me the independence they now feel after practice transfers, feeling confident in reading a route schedule, and making it possible to live more independently by navigating to school, work, and appointments.

One such student is Amina, a new U.S. Citizen. She able to use public transportation to go to work and school; she was no longer dependent upon family members to take her where she needs to go. She is enjoying her freedom as a new citizen as well as independence to navigate the city.

Marcus, who is working to complete his GED, is better able to attend school while working because he is able to study while riding the bus. He can make the most of his opportunities to improve his life. His attendance is better in the classroom because of this.

Because they are students at Hawthorne, they are eligible to purchase a student rate pass for a great reduction which adds to the great benefit of public transit by making it more affordable.

PREPARED STATEMENT OF SCOTT BOGREN

EXECUTIVE DIRECTOR, COMMUNITY TRANSPORTATION ASSOCIATION OF AMERICA

APRIL 6, 2022

Subcommittee Chair Smith, Ranking Member Rounds, and Members of the Subcommittee:

My name is Scott Bogren and I have been the Executive Director of the Community Transportation Association of America, better known as CTAA, for 6 years. I have been with CTAA, in a variety of capacities, for a total of 33 years, working directly with smaller transit operators around the country.

As the Executive Director of a national, nonprofit membership organization representing more than 1,200 rural, small-urban, tribal, specialized (i.e., agencies serv-

ing people with disabilities, older adults, veterans, etc.) and nonemergency medical transportation operators across the country, it is an honor to be selected to appear before you today regarding the equitable implementation of the Bipartisan Infrastructure Law (BIL) in rural and small-city America. For our members around the country, there is no more important topic.

Public transportation is a national program, with operations in virtually every corner of the country today. The implementation of the landmark BIL, which commits unprecedented Federal investment in public transit, must accordingly benefit all transit operators. For CTAA members, the key Federal transit programs that I'll be referring to in this written testimony (as well as in my oral remarks) are the Section 5311 Rural Public Transportation Formula Program, the Section 5310 Enhanced Mobility of Seniors and Individuals with Disabilities Program, the Section 5307 Urban Public Transportation Formula Program (focusing on the small-urban portion targeting urbanized areas with populations of less than 200,000) and the Section 5339 Bus and Bus Facilities Dedicated Capital Program.

Throughout the COVID-19 pandemic, the Federal Transit Administration (FTA) has been a valuable partner and asset to CTAA members around the country. The agency has worked quickly to apportion record amounts of Federal investment in public transportation while continuing to maintain an open dialogue with smaller operators to ensure a right-sized approach to competitive grant requirements.

A Member Snapshot

CTAA's members are as unique as the communities and regions they serve. Recently, we surveyed our members and what follows is a snapshot of who they are, what they do, and their most pressing issues.

Rural and Tribal Transit (Section 5311)

Average number of vehicles in operation: 20-29

Average number of employees: 20-39

Average budget: \$3,041,370

Average Annual Ridership: 165,452

Key Issues: Providers have generally observed an increase in ridership and view the driver shortage as a major operational challenge that is limiting their ability to fully recover their pre-pandemic ridership. Zero-emission buses have yet to be widely adopted, with many questions arising about effectively deploying the technology. Most would like to purchase GPS tracking for their vehicles, along with scheduling/dispatching software.

Small Urban Transit (Section 5307)

Average number of vehicles owned: 30-39

Average number of employees: 50-59

Average budget: \$8,655,495 – \$307

Average Annual Ridership: 1,456,222

Key Issues: Providers are generally observing returning ridership and view the driver shortage as a major operational challenge. Most would like to deploy contactless payment technology and are actively adopting zero-emission vehicles. Some are closely looking at bus rapid transit deployments. Many small-urban CTAA members count local universities as major partners.

Specialized Transit (Section 5310)

Average number of vehicles owned: 0-9

Average number of employees: 10-19

Average budget: \$1,609,076

Average Annual Ridership: 48,033

Key Issues: Providers have generally observed steady ridership and view the driver shortage as a major operational challenge. They would like to see continued flexibility on federal incidental use rules. Many are components in larger human services (i.e. Community Action Agencies, Senior Centers, Centers on Independent Living) organizations in which transportation is one of many services provided.

Non-Emergency Medical Transportation (NEMT)

Average number of vehicles owned: 0-19

Average number of employees: 30+

Average budget: \$1,582,433

Average Annual Ridership: 191,808

Key Issues: Providers have generally observed an increase in ridership and view insufficient funding as a major operational challenge. Medicaid is a vital source of funding through state-managed Medicaid plans. Medicare, managed care organizations and private sector health care providers and networks are increasingly important partners in the NEMT space.

BIL Equitable Implementation Opportunities and Issues

To ensure the equitable implementation of the BIL, CTAA and its members would like to emphasize the following opportunities and issues:

Equitable Access to Competitive Grant Funding — Smaller transit agencies need a level playing field when competing for funding in various Department of Transportation and Federal Transit Administration grant solicitations. The recently released Bus and Bus Facilities (Section 5339b) competitive program includes a set-aside of 15 percent for rural and tribal areas. Set asides like this one ensure more national coverage of these programs as well as assuring that rural and tribal transit agencies compete with each other for funding and not directly with vastly larger urban transit systems with significantly larger budgets and staff sizes. CTAA supports set asides like this in all national, competitively funded programs.

Help with Non-Federal Share — Transit operators (rural, tribal and urban) serving populations of less than 200,000 use their formula funding to support system operations — but doing so requires a 50/50 federal/non-federal match (as opposed to the 80/20 federal/non-federal match for capital). Because many of these operators are in states that lack significant state transit funding and don't have local dedicated sources of non-federal share (for example, a dedicated transit tax), matching federal funding was becoming a challenge prior to the onset of the COVID-19 pandemic. CTAA worked to support Senators Smith, Rounds and Baldwin and the sponsorship of S. 267 — The Investments in Rural Transit Act of 2021. This important legislation would provide non-federal match relief for rural communities. Today, the biggest challenge for many smaller transit operators is the lack of adequate non-federal match to leverage the increased transit investment in the BIL. Some CTAA members have reported not participating in the

Section 5339 competitive funding programs, even though they have real vehicle replacement needs, because they do not have adequate non-federal share.

Continued Emphasis on Bus Capital — CTAA members are bus and vehicle operators. For many years, our members were forced to use aging buses operated out of often obsolete facilities due to a lack of adequate dedicated bus and bus facilities investment at the federal level. The \$1.5 billion combined Bus and Bus Facilities and No/Low Emission Bus NOFA announced last month is precisely the type of investment needed to respond to the dire replacement needs for many bus operators around the nation. Both of these important programs were significantly oversubscribed in FY 2021 and in previous years. CTAA and its members strongly support this level of investment throughout the five-year BIL.

Right-Sized Requirements and Regulations — Smaller transit operators need to have the federal regulatory and requirement burden right-sized in terms of both fit and application. For example, FTA leadership clearly communicated that although smaller transit systems must comply with the fleet transition plan in the BIL's Section 5339c No/Low Emission Competitive Bus program, that they expect these plans to be much smaller and more manageable for a rural or tribal system with a six vehicle fleet, than for a large urban property with hundreds of buses. This flexible approach that takes into account the capacity of smaller transit operators needs to be brought to all aspects of the federal transit program.

Advance Notice of Competitive Solicitations — The BIL includes a record amount of federal investment in competitively administered programs through the U.S. Department of Transportation and its modal administrations. Smaller transit operators simply do not have the financial or staff capacity to quickly ramp up resources to respond to each potential grant program. We understand that FTA is working up a year-long calendar to assist smaller transit agencies and State Departments of Transportation to plan and budget for the programs to which they will respond and compete. This will be most helpful and appreciated by our members.

Realistic Rural and Small Operator Emissions Expectations — Operating patterns in many rural, tribal, small-urban and specialized transit systems do not yet lend themselves to battery electric bus implementation. Yet prior to the BIL, battery electric buses were virtually all of the investments in the Section 5339c competitive grant program. The new law's addition of a 25 percent floor for low emission vehicles (for example, compressed natural gas or propane) is an excellent way to bring the more than 2,000 rural, tribal, specialized and small urban transit operators into the shared objective of lowering vehicle emissions around the nation.

The Impact of Driver Shortages on Smaller Transit Systems — Smaller transit systems around the country are seeing ridership return and many have reported to CTAA that the main barrier standing in the way of fully recaptured pre-pandemic ridership levels is the lack of drivers. Our members report unprecedented competition in the driver marketplace that is leading to nationwide shortages. New entry level CDL driver training requirements, implemented by the Federal Motor Carrier Safety Administration (FMCSA) in February have made it more expensive and more time-consuming to on-board new CDL drivers. Continued mask mandates in all forms

of public transportation also has made it more challenging to recruit needed new drivers. CTAA members are revising their driver recruitment and retention efforts and deploying innovative strategies like working with local community colleges, developing apprenticeship programs and even exploring options with returning citizens from prison with non-violent offenses.

Supply Chain Challenges Make Vehicles Cost More and Delay Delivery— The supply chain issues hampering many aspects of the American economy are not surprisingly creating challenges for smaller transit agencies. New vehicles are costing as much as 25 percent more and delivery times for many smaller transit agency buses — often built on OEM chassis that are scarce due to the computer chip supply crisis — can now be as much as three years.

New Coordination Opportunities— CTAA continues to work with its partners and through its members to create cross-sector partnerships between transportation providers and those providing health care and human services such as housing, employment, and food access in the community. The BIL's additional formula funding investments, as well as its support for competitive innovative mobility funding programs, creates excellent opportunities to weave together these programs to mutually support each other and, ideally, to provide innovative ways to reduce the non-federal share requirements for transit operating support.

Furthering Flexibility that has Proven Essential Throughout the Pandemic— With the onset of the COVID-19 pandemic, many smaller transit providers and NEMT operators immediately shifted their operations to deliver food, groceries and prescriptions directly to people they once carried to these destinations. In some cases, these same operators quickly developed ways to bring COVID-19 vaccines directly to at-risk populations. FTA granted new flexibility to these operators for these "incidental" operations under federal law. That flexibility officially ended on January 20, 2022 — but many CTAA members would like to see the flexibility continued.

Thank you for the opportunity to share CTAA's insights and thoughts on Advancing Public Transportation in Small Cities and Rural Places under the Bipartisan Infrastructure Law. Congressional support for rural, tribal, small-city and specialized transit operations has allowed these agencies to survive the COVID-19 pandemic largely intact, with the ability to continue to serve their communities and passengers. Our members all around the Nation thank you.

PREPARED STATEMENT OF BARUCH FEIGENBAUM

SENIOR MANAGING DIRECTOR, TRANSPORTATION POLICY, REASON FOUNDATION

APRIL 6, 2022

Chairman Smith, Ranking Member Rounds, and fellow Committee Members:

My name is Baruch Feigenbaum. I am senior managing director for transportation policy at Reason Foundation, a nonprofit think tank with offices in Los Angeles and Washington, DC. For almost five decades Reason's transportation experts have advised Federal, State, and local policymakers on market-based approaches to transportation.

My Credentials on Today's Topic

I am a graduate of the Georgia Institute of Technology with degrees in public policy, transportation planning, and transportation engineering. My master's thesis studied induced demand in growing areas and potential solutions. Before working

with Reason Foundation, I managed a vanpool program in suburban Atlanta and handled transportation issues for former U.S. House Representative Lynn Westmoreland.

With Reason, I have authored research studies on policies that could improve mobility, highway quality, highway congestion, urban and rural transit, and the effectiveness of infrastructure financing and funding. I have worked with more than a dozen States and numerous counties to implement transportation policy reforms. I currently serve on the Transportation Research Board of the National Academies of Sciences and Intelligent Transportation Systems Committee, as well as chairman of the Bus Rapid Transit Subcommittee. Finally, I am currently writing a book on how to create a 21st-century transit system. My testimony today draws on these experiences.

Overview of Testimony: The Differences Between Urban and Rural Areas and Between Transit-Dependent and Transit-Choice Customers

While much of the focus in the transit world is understandably on providing mobility in urbanized areas, not enough attention is paid to rural areas. More than 60 million people live in rural areas, and some of them rely on transit services to reach their jobs, doctors, and grocery stores.

In the transit world we often distinguish between transit-dependent and transit-choice riders. Transit-dependent riders are those that do not have the means to access private vehicles. Transit-choice riders are those who do have the means to access private vehicles but choose transit services. Due to economic challenges in rural areas, a growing percentage of rural riders are transit-dependent today and existing transit service in many areas is inadequate. Nationally, the average transit trip takes twice as long as driving, but in rural areas the multiple is even greater. Since most rural transit riders are dependent on transit, my testimony is going to focus on serving these individuals.

Obviously transit service looks different in rural areas than in urban areas. While a heavy-rail subway line makes sense for New York City, and a bus rapid transit line makes sense for Atlanta, fixed-route transit is seldom the best solution in rural areas. I have four recommendations for improving transit services to best serve rural populations, especially transit-dependent riders.

Recommendation Number 1: Right-Size Transit Vehicles To Meet Rural Needs

While there may be some rural towns that can support a few fixed-route bus service lines, the better solution for these rural municipalities are going to be more flexible options like demand-response transit, where vehicles alter their services to meet riders' demands, and paratransit, which provides tailored service to people with disabilities. Several different types of vehicles are ideal for providing mobility in rural areas. The first vehicle type is a privately owned automobile, such as a ride-hail vehicle or taxi. Many rural areas have operated dial-a-ride taxi- or Uber-like service for years. The second type of vehicle is a van that seats between seven and 15 people. These vans are often used for vanpools in urban areas but can operate as flexible, mini-buses in rural areas. The vans can transport multiple passengers from residential areas to places like grocery stores and medical complexes. Taxis and ride-hail vehicles are operated by private operators, such as Yellow Cab and Uber. Vans can be operated by the public, private, or nonprofit sectors.

For either option, there are two principal ways for citizens to schedule rides:

- By phone or by website a day before the trip, in which case a vehicle arrives at a set time the next day;
- In real-time, in which case the vehicle arrives in a two-three hour window the same day.

Recommendation Number 2: Contract Out Service or Create a Nonprofit To Operate Service

While the public sector has been the traditional operator of transit services, my research has revealed that contracted transit services and services delivered by nonprofit agencies are better and cheaper than public-sector provision. With contracted services, the transit agency enters into a contract with a private operator, such as First Transit or TransDev. These contracts can specify specific metrics to ensure accountability and results. For example, contracts can detail the maximum number of minutes a rider can be made to wait before being picked up, the hours of day the service will operate, the geographic locations the service must include along with any restrictions on the service. Often, different geographic areas will be bundled together if one area requires higher subsidies for operating transit than another area.

Successfully contracting out service requires both carrots and sticks. The transit operator must pay a penalty if it does not meet the contractual standards. However, the transit operator can also receive bonuses if it exceeds the standards and implements additional improvements. These contracts are open to competition and re-bid every 3-to-7 years, with rigorous selection criteria, including the incumbent providers' performance, used by the transit agency evaluating the bids.

Another possible rural transit model is having a nonprofit entity operate the service. Rural Transit Service, which operates in upstate New York, is a good model. In that case, the transit service southwest of Buffalo relies on a network of 130 volunteers to drive and maintain the vans, as well as handle administrative services. Most riders contribute money to their trips, but no riders are denied service for inability to pay. Community members also provide funding for the service.

It is good public policy to subsidize a transit-dependent individual, who otherwise would not be able to get to work and would then need to rely on additional Government assistance. Absent transit subsidies, for example, fixed-income retirees may not be able to reach important medical appointments. It makes less sense to subsidize other transit-choice riders who have the means to pay for the full costs of their transit trips. In the U.S., it is clear that all transit systems require some level of subsidies to operate, but the goal should always be to minimize subsidies while providing quality transit services to those most in need of them.

Recommendation Number 3: Reduce Regulations

One of the challenges that rural transit agencies have is abiding by certain onerous Federal regulations. Some small counties, such as Randolph County, Georgia, have actually chosen not to offer transit service because, in part, officials say that they cannot afford the staff needed to comply with regulations. To help reduce the burden on these rural systems on things like the Federal Transit Administration's National Transit Database reporting, the Federal Government could allow systems below a certain size threshold to report data for their transit agency profiles but make it optional for them to report full data for the nine categories in the database, such as monthly ridership. Congress could also eliminate costly mandates, such as Buy America, provisions that drive up costs for local governments. Many of the vans and innovative transit vehicles agencies use today are not made in the U.S., limiting the types of vehicles that transit operators can use. And because it limits competition, Buy America increases capital costs for transit vehicles built in the United States by an estimated 32 percent. Federal officials should examine what existing laws can be modified. For example, the Department of Transportation has proposed amending 2132-AB38 on charter service regulations of buses and vanpools and 2132-AB40 on bus testing. It is not clear what changes the Biden administration would like to make at this time, but I would recommend allowing more diverse ownership of charter service buses and ensuring bus testing conforms to how buses operate in the real world.

Recommendation Number 4: Try To Improve Efficiency

Rural transit services typically struggle to cover even a small share of their costs. My Reason Foundation colleague Marc Joffe and I examined the National Transit Database to determine the farebox recovery rate for rural systems. Most systems had a farebox recovery rate of 5 to 25 percent, which lags larger urban transit agencies that have farebox recovery rates of close to 40 percent. While several systems had farebox recovery ratios above 90 percent, some system had recovery rates below 1 percent. Transit systems with a farebox recovery rates below 1 percent should not charge fares, as the collection costs likely exceed the revenue collected. Rural transit services should set a goal for a farebox recovery rate of 20 percent. To meet that goal, reducing staff without reducing transit service by installing a computerized dispatch system and ensuring that union contracts allow flexibility in job duties can help. Leasing vehicles or transferring liability coverage to a business association or larger Government may help. Finally, determining exact business rules as to when a rider has to request service and what the drivers can and cannot do above and beyond the contract is critical.

Recommendation Number 5: Focus More on Local Funding Sources and Less on Federal Funding

Funding is often the biggest challenge for rural transit systems. The recently passed Infrastructure Investment and Jobs Act (IIJA) provides a 29 percent increase in guaranteed Federal transit funding to \$91 billion over 5 years. Rural transit can often be funded by several different grant programs. There is a new \$2 billion rural transportation discretionary grant program dedicated to rural areas. Infrastructure for Rebuilding America (INFRA) and Rebuilding American Infrastructure with Sustainability and Equity (RAISE) discretionary grants are required to award some

funding to rural areas. However, my research finds local government funding is more important than Federal funding in prioritizing needed transit projects because local officials know their communities best and focus more on the quality of a system and less on getting the money out the door. The State and local funding comes on top of Federal funding providing a more robust revenue source. Further, State and local governments that provide a greater share of funding for a project are more likely to receive Federal grants.

For example, North Carolina bundles Federal and State funds for all 100 counties into its Rural Operating Assistance Program to maximize effectiveness and prioritize needed project and services. The State distribution amounts are based on a formula that includes population, geographic scope, and prior funding. In rural areas, this program has two components: The Elderly and Disabled Transportation Assistance Program and Rural General Public Transportation. The State also has a Home and Community Block Grant program that provides funding for the transportation of elderly residents. In addition, many local counties and/or cities provide their own funding. In some counties for every dollar of Federal funding, they receive three dollars of State and local funding.

Thank you for the opportunity to testify today on the need to improve rural transit services to better serve transit-dependent riders. I would be happy to answer any and all questions, either orally or in writing.

**RESPONSES TO WRITTEN QUESTIONS OF SENATOR TESTER
FROM SCOTT BOGREN**

Q.1. The large investment in transit in the Bipartisan Infrastructure Law will bring with it the need for more skilled workers, including drivers. Finding drivers is hard in Montana right now, for buses and trucks and everything else, and we learned during the hearing that this is true across the country. While the Biden administration is working to address the driver shortage, at the same time there are new driver training requirements for people trying to get their first commercial driver's license. This is making it harder for new drivers to get their CDL, and harder for transit agencies to find drivers.

How are transit agencies across the country addressing the commercial driver shortage? How are they adapting to the new entry-level driver training requirements for CDLs? What can be done to make sure that smaller rural transit authorities will be able to find the workers they need going forward?

A.1. It is no secret or surprise that transit agencies are having a difficult time recruiting and retaining new drivers. Many transit systems are experiencing unprecedented levels of shortages due to drivers being exposed to COVID-19, along with other factors such as mass retirements.

In terms of recruiting and retaining new drivers, CTAA has seen agencies implement a multitude of different methods. Sunset Empire Transportation District (a rural system in Oregon) and HIRTA (a rural system in Iowa) are working with local correctional facilities to educate nonviolent offenders on receiving their CDL. The Department of Corrections in Oregon will allow selected trainees to leave prison to get their behind-the-wheel experience before their sentences are up. If they are also able to get their final testing completed, there is the potential for trainees to walk out of prison with a CDL in their hands. We've also seen a number of our members institute competitive sign-on bonuses and increased wages.

The Federal Motor Carrier Safety Administration's implementation of its "Entry Level Driver Training" requirement for persons seeking their first CDLs or first CDL passenger endorsements has presented a tremendous amount of upheaval among many rural and smaller urban transit systems. Even now, nearly 4 months into this new regulatory regime, there is a lot of confusion and uncertainty among transit agencies as to how, or whether, to incorporate CDL preparation in their new-hire driver training programs. CTAA's members are reporting many different approaches. Some have embraced the FMCSA ELDT requirement, have become FMCSA-registered training providers, and are proceeding down that path. Others have dropped CDL preparation from their new-hire training programs, and simply refer new hires to nearby CDL training entities that are registered with FMCSA. For those transit agencies that had not included CDL training prior to this FMCSA requirement, they obviously have not had to change their practices. For a number of our members, especially those in low-population rural areas or whose focus is in specialized transportation services, this FMCSA requirement, combined with the nationwide shortage of CDL-holding drivers in all transportation sectors, is forcing a re-examination of their fleets and driver credentialing requirements,

as they look to see if their operations can be successfully and sustainably delivered through the use of smaller vehicles and non-CDL drivers. In any case, our members report that the timing of FMCSA's ELDT requirement could not have been worse, coming as it did during a time when driver shortages are at their most extreme in anyone's memory and when the combination of the COVID-19 pandemic and recently soaring inflation are driving up fuel, supplies, and other operating costs to levels beyond what many of our members can sustain with their current budgets and Federal transit funding allocations.

It is imperative that every transit agency in the country remains flexible and updated on best practices in hiring new employees. While the driver shortage crisis may seem far from over, CTAA believes through increased peer-to-peer sharing and driver recruitment trainings, transit providers can tap into new resources and employment pools to find the employees they need.

Q.2. Transit agencies across the country are moving to low- and no-emission fleets for their buses. In some cases, smaller agencies are proving to be more nimble in making this transition than the bigger cities. For example, the Mountain Line in Missoula, Montana, has already converted 40 percent of its fixed-route bus fleet to battery-electric.

This represents a real opportunity for the country to make a dent in its reliance on fossil fuels, if we manage the transition well. One challenge will be the new skills and expertise that we will expect from our transit workforce. Electric buses have different maintenance requirements, and the charging infrastructure needed for electric transit fleets are significant.

Please discuss the experiences of your members in implementing these new technologies and what the key challenges are? How will the new Bipartisan Infrastructure Law make these transitions easier?

A.2. Our members have experienced wide ranging successes and challenges as it relates to transitioning towards low and no-emission vehicles.

Current experiences include:

- Mountain Line, in Missoula, Montana, have done a fantastic job, as you noted, of experimenting with different technologies. They have purchased a low-or-no emission vehicle from each major vehicle vendor in this space to see which technology best works for their operations. Through their research, they have been on the cutting-edge of information sharing for our industry.
- Champaign-Urbana Mass Transit District (Illinois) is building their own hydrogen plant, which will be solar powered, to fuel their zero emission vehicles. IndyGo (Indianapolis, Indiana) is also working to create a hydrogen facility. Ohio is working towards building statewide hydrogen facilities.

Current challenges include:

- Lacking sustainable relationships with utility providers. This has been noted specifically as it relates to pricing. Some of our members are breaking even financially (or paying more) when

using power companies compared to using traditional fuel, when the longterm goal is to save money when working with utility providers.

- Little to no infrastructure to support battery-electric charging along their routes and across their service areas. This is particularly noteworthy for our rural members who have long-distances to travel.
- Lack of industry knowledge as it relates to maintenance best practices. Currently, most training is done through the vendor of the vehicle.
- Lack of inventory. The supply chain crisis is industrywide. We've heard from our members that even when they are able to finally place an order for a low-or-no emission vehicle, the prices have risen astronomically.
- The current regulations on spare ratio makes it difficult to electrify. It is not a one-for-one replacement due to the time needed to charge. It would be helpful to have increased flexibility for mixed fleets.

In an effort to aid an agency's workforce as they move towards this transition, we applaud the Bipartisan Infrastructure Law for amending the statutory provisions for the Grants for Buses and Bus Facilities Competitive and the Low or No Emission Program to include a requirement that any application for projects related to zero-emission vehicles include a Zero-Emission Transition Plan. As part of the transition plan, an applicant must "Examine the impact of the transition on the applicant's current workforce by identifying skill gaps, training needs, and retraining needs of the existing workers of the applicant to operate and maintain zero-emission vehicles and related infrastructure and avoid displacement of the existing workforce." This will allow for enhanced workforce development as these transitions begin, potentially creating new jobs as the demand for as the demand for zero-emission vehicles grows.

**RESPONSES TO WRITTEN QUESTIONS OF SENATOR WARNOCK
FROM SCOTT BOGREN**

Q.1. Ensuring public transportation is accessible and able to safely and efficiently get Georgians where they need to go is a priority for me. However, in 2022 there are still communities throughout Georgia that have outdated transportation infrastructure or don't have any public transportation at all. In November 2021, President Biden signed the bipartisan infrastructure package into law, which increased funding for public transportation, including nearly \$1.5 billion to support transit service throughout Georgia's rural, suburban, small urban, and metropolitan areas. As a result of this law, our transit agencies can expect a more than 30 percent bump in funding in the first year of the bipartisan infrastructure law.

As funding from the bipartisan infrastructure law begins to flow, how can the Federal Government ensure State Departments of Transportation are working with rural transit operators to enable them to take advantage of this historic opportunity and deliver for rural communities?

A.1. We encourage all State Departments of Transportation to work closely with their rural subrecipients to keep them informed of funding and grant opportunities as they arise. I'd like to highlight the work done by the Washington State Department of Transportation as they work hand-in-hand with their rural partners.

Washington has a total of 32 transit agencies, 24 are either small-urban or rural. During the pandemic, and beyond, they evolved their public transportation division to provide: funding flexibility, prompt grand awards, weekly messaging to partners and efficient agency coordination. The State DOT also released their 4-year "Human Services Transportation Plan", which identifies unmet transportation needs and develops strategies to address these needs. This plan ultimately creates a cohesive coordination public transit effort to identify regional priorities and ensure transportation needs are being met. Through regular communication with their subrecipients, rural providers are not only able to apply for grants as they are available, but they are regularly engaged in the State's transit deliberations.

Q.2. In the midst of a global pandemic and drastic cuts to household budgets, rural transit systems played a critical role in preserving public health and filling the gaps. Thanks to rural transit operators' efforts to coordinate with public health authorities, more Georgians were able to get vaccinated. When I'm traveling throughout Georgia, I'm hearing and seeing demand for more small urban and rural transit services to connect Georgians to medical services, jobs, grocery stores, recreational activities, and more.

In addition to the funding provided by the Bipartisan Infrastructure Law, what steps can Congress take to assist smaller and more rural communities gain access to public transportation?

A.2. We applaud Congress for taking the important steps necessary to pass the Bipartisan Infrastructure Law. As noted in the question, this historic investment has the potential to provide life-changing transportation services to communities across the country.

Throughout the pandemic and now entering our new normal, CTAA's rural providers are concerned that they will be unable to find the local match necessary to receive Federal funds. Currently, the Federal share is 80 percent for capital projects and 50 percent for operating assistance. By increasing the 50 percent Federal share for operating assistance, rural transit providers would have increased local match flexibility. Last year, Sen. Tina Smith introduced legislation (S. 267) that would increase the Federal share for operating expenses in communities that meet certain economic conditions. We look forward to working with her office again in introducing similar legislation during this Congressional session.

We also encourage Congress or the FTA to see that some of the transit workforce program funding at Section 5314 is used to identify and support industrywide strategies for examining job retention within the transit workforce. As the driver shortage continues to intensify across the country, identifying and recruiting new employees is critical in maintaining current service and providing new (or increased) service to underserved communities.

As it relates to critical supply chain challenges, CTAA urges Congressional enactment of 1-year exceptions to aspects of statutory procurement requirements that can provide temporary relief until a more normal order begins to return to transit industry supply chains. Without vehicles or vehicle parts, transit providers are unable to procure new vehicles or replace aging fleets, which can ultimately lead to decreased service in vulnerable communities.

**LETTER SUBMITTED BY JOUNG LEE, DEPUTY DIRECTOR—CHIEF
POLICY OFFICER, AASHTO**



Shawn D. Wilson, Ph.D., *President*
Secretary, Louisiana Department of Transportation and Development
Jim Tymon, *Executive Director*

April 6, 2022

The Honorable Tina Smith, Chair, U.S. Senate Committee on Banking, Housing and Urban
Development Subcommittee on Housing, Transportation and Community Development
The Honorable Mike Rounds, Ranking Member, U.S. Senate Committee on Banking, Housing
and Urban Development Subcommittee on Housing, Transportation and Community Development
The Honorable Sherrod Brown, Chair, U.S. Senate Committee on Banking, Housing and Urban
Development
The Honorable Patrick Toomey, Ranking Member, U.S. Senate Committee on Banking, Housing
and Urban Development
Members of the U.S. Senate Committee on Banking, Housing and Urban Development

Dear Chairs Smith and Brown, Ranking Members Rounds and Toomey, and all Members of the U.S.
Senate Committee on Banking, Housing and Urban Development:

Thank you for holding this important Subcommittee hearing, *Advancing Public Transportation in Small
Cities and Rural Places under the Bipartisan Infrastructure Law*, and for giving AASHTO the
opportunity to submit comments about how the Infrastructure Investment and Jobs Act of 2021 (IIJA)
will better assist small urban and rural communities and their public transportation agency providers.

AASHTO is a nonprofit, nonpartisan association representing the state transportation departments (state
DOTs) in the 50 states, the District of Columbia, and Puerto Rico. AASHTO advocates for all
transportation modes – air, highway, rail, water, and public transportation – and its primary goal is to
foster the development, operation, and maintenance of an integrated national transportation system.
AASHTO and the state DOTs have a long history of successful partnership and collaboration with the
Senate Committee on Banking, Housing and Urban Affairs on the transit title of the surface transportation
authorization and look forward to future discussions about IIJA implementation and oversight.

As we begin discussions over the implementation and oversight of the IIJA, we believe it is important not
to forget the last two years during the pandemic and the contributions of state departments of
transportation (DOTs) and their transit agencies. State DOTs played a vital role in helping their transit
agencies in small urban and rural communities overcome the many pandemic-related challenges. Those
challenges include ensuring services for those most vulnerable to COVID-19, such as older adults and
people with disabilities. Among our members' many successes, state DOTs remained responsible
stewards of federal transit funding. When the pandemic hit, state DOTs responded immediately and began
to develop solid plans for using emergency relief transit funding from the Coronavirus Aid, Relief, and
Economic Security (CARES) Act, Coronavirus Response and Relief Supplemental Appropriations Act
(CRRSAA), and American Rescue Plan Act to keep their public transit agencies in operation during this
pandemic. With this in mind, we offer the following considerations:

Transit is Vital to Rural Communities

In some rural areas, living without a personal vehicle is difficult to say the least. The closest, centrally
located services, such as medical facilities and grocery stores, may be anywhere from 5 to 50 miles away.
Increasing ridership in rural areas, however, isn't the ultimate metric for rural transit – it is about
accessibility. Working with our transit agencies, state DOTs are helping improve access to medical
facilities, grocery stores, job sites and other life necessities for transit-dependent rural residents.

555 12th Street NW | Suite 1000 | Washington, DC 20004 | 202-624-5800 Phone | transportation.org

American Association of State Highway and Transportation Officials

Transit is a Lifeline

During the pandemic and all the associated challenges, transit agencies had to immediately address the impacts on the provision of public transit service. Simply stopping service, while addressing some of these potentially life threatening situations, was not a viable option since transit agencies understood their services are a lifeline for millions of people.

Transit has always provided a lifeline in communities large and small, and it is especially critical for people with special transportation needs. Early in the pandemic, transit quickly shifted its mission. Instead of taking people to places where they can buy goods and services, transit agencies started bringing goods and services directly to people:

- Transit delivered lifesaving medications.
- Transit delivered groceries to seniors and others who were homebound.
- In some rural areas, transit provided people with their only connection to the world outside their home.

Thankfully, many transit agencies remained in service to transport our essential workforce and others who could not work from home for their jobs.

Transit is Safe

For transit to be that lifeline, we know it starts with people – the riders – believing that transit is safe. And that starts with transit’s physical infrastructure. State DOTs oversee billions of dollars in transit capital and operating funds, and safety is our top priority. Because of this oversight, and the excellent safety records of our transit agencies, public transportation remains one of the safest modes of transportation. And rural public transportation is even safer.

The pandemic, however, redefined safety for public transit agencies and included helping stop the spread of COVID-19. To help combat this pandemic, state DOTs stepped up by:

- Keeping transit agencies in operation by providing federal and state relief funding;
- Helping agencies obtain personal protective equipment, like masks and cleaning equipment using this funding; and
- Providing guidance for retrofitting vehicles to ensure the safety and social distancing of passengers and vehicle operators.

In fact, once vaccines became available, state DOTs worked with their transit agencies to provide access to COVID-19 vaccination clinics. In some states, state DOTs helped launch mobile vaccination clinics, taking critical vaccines directly to underserved communities.

People Returning to Transit is Critical

The pandemic, as we know, wreaked havoc on transit systems across the country. While getting people to return to transit is important, we cannot forget those who never left transit:

- People who do not own cars or cannot afford a car;
- People who use non-emergency medical transportation and need in-person medical assistance, like dialysis; and
- Our essential workforce – nurses, healthcare professionals, public safety officers and first responders.

With all the health-safety and disinfecting precautions implemented by transit agencies, people knew that transit is safe. Last year, we started seeing an uptick in transit ridership and that positive trend has continued.

Key IIJA Implementation Considerations

After the IIJA was signed on November 15, 2021, members of the Council on Public Transportation, AASHTO's policymaking committee on transit, and MTAP, AASHTO's technical services program on transit, discussed its potential impact, at AASHTO's request and as part of the organization-wide efforts to assist the U.S. DOT and FTA with implementation measures. Members are clearly engaged about the IIJA and its implementation, and are especially excited about the increased funding levels for transit.

AASHTO would like to share the comments from members about IIJA and the following is an outline of the few "issues to watch" regarding its implementation:

1. *While the increased funding for FTA State Transit Programs, including Section 5310 and 5311, is truly needed, transit agencies are experiencing significant challenges with regard to the local match requirements.*

Raising local matching funds in rural and small urban communities for transit agencies is a perennial problem. The pandemic exacerbated the problem since the availability of local funding for transit has become tighter. In this case, COVID relief funds through CARES Act met that need by allowing federal funding to be provided at 100 federal share. While we understand federal/local match is written into statute, our members continue to point out the need for local match relief for local governments. As Congress considers IIJA implementation and oversight, our members ask Congress to work with AASHTO and partners, like CTAA and APTA, to explore potential solutions to these local match requirements, such as a sliding scale on local match requirements or waivers of local match for projects under a certain funding threshold.

2. *Do not discourage smaller, more rural transit agencies from applying for the combined Notice of Funding Opportunity for FTA 5339(b) Bus and Bus Facilities and the FTA 5339(c) Low-No Emission Discretionary Grant Programs with complicated transition plans.*

Small transit agencies have difficulty submitting applications to these discretionary grant programs and will have increasing difficulty completing a transition plan. To write a successful proposal with a good transition plan will require the input from multiple participants and stakeholders, many of whom have not been involved in the traditional grant applications for the Bus and Bus Facilities and Low-No Emission discretionary grant programs. Congress should encourage FTA to provide additional technical assistance to the states and transit agencies to help them develop these complicated transition plans. For the future, AASHTO believes it is important that the Administration create regulations and guidance based on the size of a transit agency. A one-size fits all approach will not be equitable to smaller transit agencies.

3. *Expand federal bus testing capabilities beyond the Altoona facility to ensure vehicles move through this process and get on the road more quickly.*

IIJA Section 30008 is about Bus Testing Facilities and this section seems to authorize funding for FTA to upgrade the Altoona bus safety testing facility and expanding its ability to conduct safety test of vehicles. AASHTO and its members support the Altoona upgrades. However, with the significant funding in this section, members really hope for an expansion in the total number of bus safety testing facilities beyond the Altoona facility. AASHTO members were adamant that more safety testing facilities are needed, especially with the increased funding available through the IIJA for transit vehicle procurements. With

the anticipated increases in transit vehicle procurements, FTA will need to expand its ability to conduct bus safety testing facilities to handle the volume of vehicles and ensure these buses move through safety testing and on the road more quickly.

4. *Address supply chain issues that are resulting in transit vehicle shortages and affecting statewide vehicle procurement problem.*

Of the issues to watch, AASHTO members have expressed significant concern about the supply chain problems that are creating equipment, parts and component shortages around the country and how these shortages, especially related to small vehicle chassis, are affecting statewide vehicle procurements. AASHTO members are reporting that vehicle chassis are in short supply and as a result, statewide vehicle procurements are being delayed and in some cases cancelled. These types of chassis are used in small cutaway transit vehicles and most prominently used by FTA Section 5311 transit agency providers (rural communities) and FTA Section 5310 providers (serving seniors and people with disabilities).

AASHTO is grateful for the opportunity to submit comments for the record regarding the subcommittee hearing, *Advancing Public Transportation in Small Cities and Rural Places under the Bipartisan Infrastructure Law*. We appreciate your hard work on and support of the IIJA, and we look forward to working with the Senate Banking Committee on creating more equitable solutions for improving local match requirements, encouraging smaller, rural agency applicants for FTA discretionary grant programs, expanding federal bus safety testing capabilities and addressing supply chain shortages affecting statewide procurements.

If you have any questions about the comments included in this document, feel free to reach out to AASHTO's Shayne Gill, Program Director for Multimodal Transportation, at (202) 624-3630 or SGill@aaasho.org.

Sincerely,



Joung Lee
Deputy Director – Chief Policy Officer