

ABA Position Paper

Increased Funding for Rural Transportation Needs

Issue

The rural intercity bus program in 49 U.S.C. Section 5311(f) has helped stem the decline in bus service to rural communities, but far greater federal support is needed to ensure that rural communities have adequate connections to the nation's public transportation system.

Background

Intercity buses provide daily scheduled service to over 4,000 communities nationwide. This service not only provides essential passenger services, its incidental package express service is the only form of daily, scheduled freight service for many of these small towns. Although motorcoaches serve roughly eight times as many communities as either the airlines or Amtrak, more than 20,000 communities have lost their motorcoach service over the last 30 years.

Congress recognized the need to reverse this trend in SAFETEA-LU by reauthorizing the rural intercity bus program and allowing for additional funding under the 5340 program to accomplish many of the objectives that were proposed in the "Essential Bus Service" program proposed by ABA during the reauthorization process. The rural intercity bus transportation program provides funds for two different purposes. The first of which is capital assistance grants, which require a 20% non-federal match and can be used for purchasing buses, radios or other relevant equipment as well as for the establishment of intermodal facilities or joint-use stops. The other form of grant will cover up to 50% of a company's net operating losses on their rural routes. The 5311(f) program is funded at approximately \$70 million per year through 2009, for rural intercity bus transportation, which doubled what was previously available. This represents 15% of a state's total rural transportation funding. A state can spend more than 15% and can only allot less than that amount once the governor has decided that rural intercity bus needs are already being met. Under the SAFETEA-LU legislation, states are now required to consult with intercity bus service providers before they can determine that there are no unmet needs. Furthermore, all bus companies in a given state must be made aware when the state has begun their transportation planning process so that these companies may be included in the process and vet their needs.

ABA Position

ABA supports the rural intercity bus transportation program authorized by SAFETEA-LU. ABA has committed resources to ensure that the implementation process proceeds as the legislation intends. ABA urges the FTA to implement the new SAFTEA-LU intercity bus operator consultation requirement by requiring that states' consultation with intercity bus operators be substantive and that any subsequent certification be rationally related to that consultation. Specifically, FTA should require that prior to certification, a state must solicit written comments and proposals from carriers concerning unmet intercity bus needs. If a state chooses to certify, it must set forth in the certification letter, a description of any proposals received and its rational basis for choosing to certify, notwithstanding those proposals. FTA should refuse to allow a state to certify unless it meets these stringent new standards. ABA will also urge FTA to adopt a new policy that allows states to expand section 5311(f) projects to include local match provided by the

cost of the unsubsidized intercity bus service that would connect with the subsidized service. This could increase the percentage of the net cost of the subsidized service that section 5311 (f) funds can subsidize from 50% to 100%. Finally FTA should specify in its guidance that SAFTEA-LU clarifies that intercity bus operators are eligible “subrecipients” for section 5311 funding.
(November 2006)