

In the United States House of Representatives
Committee on Transportation and Infrastructure
Subcommittee on Highways and Transit

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Meeting the Transportation Needs of Rural America

Testimony of Steve Woelfel, President of Jefferson Lines on behalf of the American Bus Association

Good afternoon Chairman Graves, Ranking member Norton and members of the Subcommittee. The American Bus Association (ABA), represented here today by Jefferson Lines, appreciates the opportunity to testify on the transportation and connectivity needs of rural America. The ABA represents some 3,500 member organizations encompassing the entire motorcoach group travel industry, including bus operators like Jefferson Lines, tour companies, hoteliers, restaurants, sports teams and destinations. In total, motorcoach travel and tourism provided over 600 million passenger trips in 2013, supporting 1.4 million American jobs, and producing \$175 billion in economic impact.

My company, Jefferson Lines, employs 225 people and serves 600,000 passengers annually in 13 states. For millions of Americans, motorcoaches represent the only publicly available transportation link to cities and the broader transportation network. Simply put, motorcoach transportation services more communities in America than any other mode of publicly available transportation.

Jefferson Lines is a pioneer in partnering with States, communities, and public transit operators to provide rural connectivity. We led the way in 1980 when we developed one of the first interline transit feeder programs from Creston to Chariton, Iowa; and we continue to build on that success by expanding service through cooperative agreements. Let me give you some examples of what our company is doing today to transform transportation in rural America.

Missouri

- Several years ago, at the request of Missouri Department of Transportation, we reestablished intercity bus service from Kansas City to Branson. When we took over the route it was operating at 30% of farebox revenue, and today we are achieving 75% farebox recovery.
- Today, Jefferson Lines provides service to 18 communities across the state including Cameron, Bethany, Maryville, and St. Joseph in northern Missouri.

Minnesota

- In 2004, when more than 80 rural communities in Minnesota lost their intercity bus connections our company implemented a replacement service plan in less than 3 weeks.
- Currently, Jefferson Lines connects with 18 different transit agencies in Minnesota.
- Jefferson Lines also provides revenue sources at many public transit locations via rental income and ticket commissions.

South Dakota

- In partnership with Pierre, Huron, and Aberdeen transit, Jefferson Lines connects residents to the broader transportation network.
- We also offer transit providers additional revenue through ticket sales commissions.
- Jefferson Lines operates connective routes from Fargo to Sioux Falls, while contributing the non-federal share of funding to support operations.

The challenge within our industry is that the examples above are unique rather than the norm. If our national goal is to ensure intermodal connectivity, reduce taxpayer burden and improve efficiency, then we need to expand public-private partnership initiatives beyond transportation finance concepts. To be clear, we are not proposing to replace transit systems. Our proposal is based on the idea that private carriers and public transit should connect rather than compete. This approach enables transportation planners to maximize the use of tax dollars through the integration of public and private systems. By ensuring private intercity bus networks are active participants in the planning process, including the development of transportation improvement plans, we can expand access, improve connectivity and enrich the national transportation system, all in a cost-effective and environmentally prudent manner.

Integration is also the key to breaking stovepipes in terms of transportation facilities. While there are some great examples of true intermodal facilities, more often than not, our mode is not included in the design and operation of supposedly multimodal transportation hubs. If we apply federal dollars to multimodal transportation facilities those facilities should be designed and operated in consultation with local private bus operators. This policy should also extend to airports. There are many instances where private carriers are prevented from connecting passengers to airports. In some cases, there is an outright ban on operations and in others it is accomplished through the application of excessive fees. Rural residents deserve the same access to airports and surface transportation facilities as other citizens. We should not disenfranchise travelers based on their choice of transportation mode, whether they are traveling to an airport, rail station or other publicly funded transportation facility offering an intermodal connection.

Modal stove-piping extends to how we design rural connectivity options, as well. In many cases, a multimode approach could transform how rural communities access large and medium hub airports. When compared to the Essential Air Service program, motorcoach transportation is generally less expensive, more environmentally efficient and in many instances time competitive. EAS reform should include a new pilot program which transforms a segment of the EAS program into an Essential Transportation (EST) program, providing motorcoach service connections to large and medium hub airports.

The goal of the pilot EST program would be to compare and contrast a mixed mode approach to the Essential Air Service program. Under the pilot program motorcoach operators would be empowered to create connections between non-urbanized areas, large and medium hub airports along with other intermodal connections. The cost, and in many cases the time savings, from simply changing the mode of transportation could help stabilize the EAS program and ensure funding for communities truly in need of air connections.

Essential transportation funding could be used for activities such as:

- planning and joint marketing for bus transportation;
- capital grants for bus shelters, park and ride facilities, and joint-use facilities;

- operating grants through purchase-of-service agreements, user-side subsidies, and demonstration projects;
- developing and enhancing security procedures for bus passengers connecting to commercial air services;
- enhancing connections between bus service and commercial air services at the airport; and
- coordinating public and private travel information to make it easier to access and use the significant connecting and intercity resources provided through the public transit, rail and private motorcoach industry.

Program reforms should also extend beyond EAS to surface transportation programs like the Rural Intercity Bus Assistance program under section 5311(f). Section 5311(f) of the Federal Transit Act, the rural intercity bus program, is the primary federal tool to help states maintain and enhance connections between rural communities and the nation's intercity transportation network. With its 15% set-aside from the 5311 rural transit program, 5311(f) has also proven invaluable in the development of intermodal terminals that connect rural intercity services and rural transit services to larger transportation hubs and in the maintenance and expansion of intercity bus services to underserved rural communities.

A critical component of 5311(f)'s success in developing rural intercity bus services has been FTA's in-kind match program. FTA started this in 2007 as a pilot program pursuant to which states could use the capital costs of unsubsidized private sector intercity bus service as the local match for a section 5311(f) project which supports rural intercity bus service that connects with the unsubsidized service. The program has been very successful. There are now 22 states using this program to provide service on 74 rural routes to more than 400 communities. Another 7 states are planning to do so.

Because of its success, Congress permanently authorized the program in MAP-21 and expanded the eligible in-kind match to include the "costs" of the unsubsidized connecting intercity bus service, not just the "capital costs". This was an important change because it roughly doubled the source and availability of in-kind match. States that have developed extensive rural networks need the flexibility to use this additional local match if they choose to expand their networks to meet demand.

Despite a letter from this Committee's bipartisan leadership making clear that Congress intended that all costs of a connecting service, not just capital costs, would be available as in-kind match, FTA chose to continue to limit the in-kind match to capital costs. Thus, further congressional action is necessary. ABA requests that the Committee's reauthorization bill contain language explicitly stating that "all costs" of connecting unsubsidized intercity bus service can be used by states as in-kind match for section 5311(f) supported rural intercity bus service.

As demonstrated by the 5311(f) program public private partnerships can extend the transportation network to underserved communities while reducing taxpayer burden, energy consumption and emissions. As we look towards the next surface transportation reauthorization our goal should be to incorporate private motorcoach operators from the very beginning of the process rather than in ad hoc and one off projects. We should be looking to join the public and private networks together as way to add connectivity, expand service and maximize public investment in passenger transportation.

Thank you very much for the opportunity to testify before the Committee today.