

**House Report 106-622 - DEPARTMENT OF TRANSPORTATION AND  
RELATED AGENCIES APPROPRIATIONS BILL, 2001**

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**ADDITIONAL VIEWS OF FRANK R. WOLF AND MARTIN  
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These are good times for public transit. With more than nine billion trips taken last year, U.S. transit ridership is at its highest level in 40 years. Federal funding for transit is also at an all-time high.

This bill provides nearly \$6 billion in transit formula and discretionary funds for fiscal year 2001: \$3.345 billion in formula grants and \$2.646 billion for capital investment grants, including \$1.058 billion for rail modernization, \$1.058 billion for Section 5309 New Starts discretionary grants, and \$529 million for buses and facilities.

This year, the Committee received more than \$2.7 billion in funding requests for discretionary Section 5309 New Starts projects. Even though the program is funded at an historical high of \$1.058 billion, the amount available to fund New Starts projects is a fraction of the current demand, and this problem will only grow worse in coming years.

The New Starts pipeline is huge and growing. Currently, the Federal Transit Administration has committed the federal government to multi-year Section 5309 funding for 16 transit systems. A total of \$2.4 billion will be required over the remaining life of TEA-21 to complete the federal share for these projects now under construction.

Another 47 New Starts projects are in preliminary engineering or final design, and more than 50 New Starts projects are in the early planning stages. For the 47 projects nearing the final stages of development, total costs will reach a staggering \$25 billion, of which the allowable federal share under TEA-21 is 80 percent, or more than \$20 billion.

The President has proposed in the fiscal year 2001 budget full funding grant agreements (FFGAs) for 14 of the 47 projects that would consume \$3.8 billion in federal support through 2005--two years beyond the life of TEA-21. These 14 proposed FFGAs, together with federal commitments for those projects currently under construction, would completely exhaust all available discretionary federal support for new transit systems.

We don't doubt that most of these are good projects, and some local sponsors will commit more than their required 20 percent local share of costs. Nevertheless, it is clear that under current policies, this Committee will be unable to meet the growing demand for additional project assistance over

the next few years. While the Committee has modified the President's recommendations, in part, to create room for additional, worthy transit projects in this bill, the Committee has not made any new commitments this year to projects that have not previously received Section 5309 New Starts funding.

Moreover, it is clear that the Committee will find it increasingly difficult over the next several years to allocate Section 5309 funds to worthy projects. This problem will only grow worse since the full costs are not yet known for the 50 projects that are still in the planning stages. As a result, many communities simply will be left out in the cold.

The Federal Transit Administration has acknowledged the high demand for Section 5309 New Starts funding, and its draft guidance suggests that it will consider the degree of local financial support in making its budget recommendations. However, in practice, the Federal Transit Administration has managed the New Starts program on a 'first come, first served' basis that does not adequately consider or require a local financial commitment greater than the minimum 20 percent requirement.

We believe that just as the Committee has a responsibility to fund worthy New Starts projects under the Section 5309 program, it should also encourage communities to provide greater state and local financial participation, especially for early developmental activities.

We have suggested that the Committee should require local sponsors to contribute 50 percent toward their New Starts project costs, rather than the current minimum of 20 percent. While we acknowledge it is not popular, we believe this standard will become necessary in order to fairly provide federal assistance to New Starts projects across the country.

Far from serving as a disincentive to build transit as some have suggested, we believe that sending a clear message that more robust local and state financial participation as expected will help to address the New Starts funding logjam--and more fairly distribute New Starts assistance to communities in need.

Short of a 50 percent federal share cap, we believe that the Committee must continue to explore options to address the enormous expectations for federal New Starts funding in the coming years.