

STATE OF OHIO
Highways and Transportation Committee
Senator Steve Buehrer, Chairman
December 2, 2008

Testimony Given by:
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Columbus, Ohio

Mr. Chairman and members of the Highways and Transportation Committee:

My name is Bill Lhota, President and CEO of the Central Ohio Transit Authority (COTA). COTA is the regional public transportation provider for greater Columbus and central Ohio. COTA provides fixed-route bus service and on-demand paratransit service for people with disabilities. I have been fortunate to manage COTA for the past four (4) years. Prior to my current position at COTA I spent 37 years at American Electric Power (AEP) where I retired at the end of 2001.

In September 2004, during a time of crisis at COTA, I was asked to take the President/CEO position. At the time I had no intention of remaining at COTA for more than a year or so in order to restore the authority to solvency. However, the more I learned about public transit the more I became aware of the importance mass transit plays in the economic health of a community. Also I became aware that many individuals and families rely solely on public transit for the necessities of life. I think it is better to provide transportation to and from work instead of forcing families to seek public assistance. This knowledge led me to extend my stay at COTA, and to work to make COTA one of the best public transit authorities in the country.

I appear here today on behalf of the Ohio Public Transit Association (OPTA) where I serve as President. OPTA represents the sixty (60) public transit systems in Ohio which serve over 400,000 customers on a typical weekday and over 126 million annually. Of the 60 transit systems:

- 24 are in urban areas
- 36 are in rural areas

The major crisis facing public transit today, both in Ohio and across the country, is adequate and stable funding. That is why I appear here today in support of Senate Concurrent Resolution No. 25, introduced by Senator Miller. S. C. R. No. 25 does two things. First, it encourages Congress to increase funding for mass transportation when they reauthorize the Safe, Accountable, Flexible, Efficient Transportation Equity Act – A

Legacy for Users. (Many of you know it as SAFETEA-LU). Second, it encourages Congress to provide more flexibility in how transit systems can use federal funds by enacting the Transit System Flexibility Protection Act of 2007.

These two Acts help address the critical funding needs for public transit and provide more flexibility for how transit systems, especially the small and medium sized systems, can use federal dollars.

Let me first address funding for public transit. The federal government generally provides funding for capital purposes. Operating funding is generally provided at the state and local level. There are some existing exceptions for the use of federal funds for operations and the Transit System Flexibility Protection Act will create one more, but essentially operating funds must come from the state and local level.

Ohio historically has provided General Revenue Funds (GRF) for public transit. Starting in 2002 these GRF funds were restricted to capital projects with some exceptions for the smaller systems. Also, state funding for public transit in Ohio has declined each year since 2001. In FY 2001 the 60 public transit systems in Ohio received collectively \$44.32 million. In FY 2009 the same systems will receive \$16.66 million. Attachment No. 1 shows GRF funding for public transit since FY 1990. The gap between a 3% growth for inflation and the current funding level is a shortfall of approximately \$41.42 million.

Ohio is the 7th largest state in population, 12th in transit ridership, but the 28th in state per capita funding for public transit. Using 2006 numbers for example the amount of state funding per capita in surrounding states and Ohio is:

- Pennsylvania \$ 63.29
- Illinois \$ 61.25
- Michigan \$ 20.73
- Ohio \$ 1.58

Between 1995 and 2005, the typical state increased its investment in public transportation by 135%, while Ohio's investment was reduced by over 39%. Additionally, while the typical state provides 23% of the funding for the public transportation systems in their state, Ohio provides less than 3%.

OPTA recommends Ohio establish a long-term policy of providing 25% of transit systems operating expenses and one-half of the 20% local capital share for federal capital grants. OPTA recommends a six (6) year phase-in to reach the desired level:

- Year 1 – 10%
- Year 2 – 13%

- Year 3 – 16%
- Year 4 – 19%
- Year 5 – 22%
- Year 6 – 25%

If Ohio adopted OPTA's recommendations on operating and capital, and also funded OPTA's "Clean and Green" initiative to purchase 500 hybrid buses over the next ten years, the per capita cost in year one would be approximately \$10.30 and in year two approximately \$12.40.

While state funding for public transit has been declining, transit ridership has been increasing dramatically. Attachment No. 2 shows ridership statistics for COTA for the past two years. In 2008, year-to-date ridership for COTA is up 10.2%. This has resulted in overcrowded buses and, unfortunately, the need to actually pass up customers because of crowded buses. COTA is expanding service in an attempt to keep up with ridership. However, many systems have had to reduce service and/or increase fares to maintain a balanced budget due to the dramatic increases in the cost of ultra-low sulfur diesel fuel earlier this year. This occurred at a time when the need and demand for public transit service is growing.

This summer, Governor Strickland took action to avoid a major crisis when he asked the Metropolitan Planning Organizations (MPO's) in Ohio to help the troubled transit systems by providing additional funding to help offset the dramatic increases in the cost of ultra-low sulfur diesel fuel. This additional funding, approximately \$22.3 million, averted serious problems in providing basic transportation needs to thousands of Ohioans.

An interesting point on ridership is that the dramatic increases started in the spring of this year when gasoline hit the \$4.00 per gallon mark. But as you can see from Attachment No. 2, ridership is continuing to increase even though gasoline has fallen back below \$2.00 per gallon. This indicates to me that the public has realized the benefits of public transit, especially in these difficult economic times. We need to make sure public transit can continue to meet the needs of all Ohioans.

As a matter of fact, while transit ridership is increasing, over the past 8 consecutive months, vehicle miles traveled (VMT) on the nation's highways actually decreased for the first time in history by over 3%, at the same time public transit ridership increased nationally by over 5%.

Earlier this year, Governor Strickland and Ohio Department of Transportation Director Beasley created the 21st Century Transportation Priorities Task Force to bring all Ohioans to the table to explore the broad spectrum of transportation issues and challenges facing the state. As part of this Task Force seven (7) public meetings were

held across the state to hear from citizens. The number one request heard by the Task Force, from the public, was the need for more public transit. Transit: in order to get to-and-from work, to-and-from the doctor, to-and-from stores and for entertainment and leisure activities.

S.C.R. 25 also urges Congress to enact the Transit System Flexibility Protection Act of 2007. This act would allow medium and small transit agencies more flexibility to use federal funds for operations. In 1993 the Federal Government began phasing out the ability of public transit systems to use their federal dollars for operations. One result of this change was to eliminate the ability of a transit system to use federal dollars to purchase ultra-low sulfur diesel fuel. As a result of this change the recent spike in diesel fuel prices placed many transit systems in a position where they had to curtail service because they could not afford to purchase needed fuel for their vehicles. As noted above, without the assistance of Governor Strickland this problem would have been much more serious.

While the changes proposed in federal law to provide more flexibility are commendable there is a need to go farther. The proposed changes would do nothing for the large transit systems in the state. Fortunately, because of their large capital programs the larger systems have some flexibility in their use of federal funds, but OPTA would like to see more flexibility in the future for all systems.

OPTA acknowledges the difficult situation that face Ohio's Legislators as you begin your work on the next biennial budget, but we urge you to creatively find a solution to adequately funding public transit in the state of Ohio.

OPTA thanks Governor Strickland and ODOT Director Beasley, for not just understanding the importance of public transit, but for stepping up and securing additional funding when needed earlier this year.

OPTA also thanks the Ohio Department of Transportation staff, especially the Office of Public Transit, which has been very supportive throughout the period of severe budget challenges.

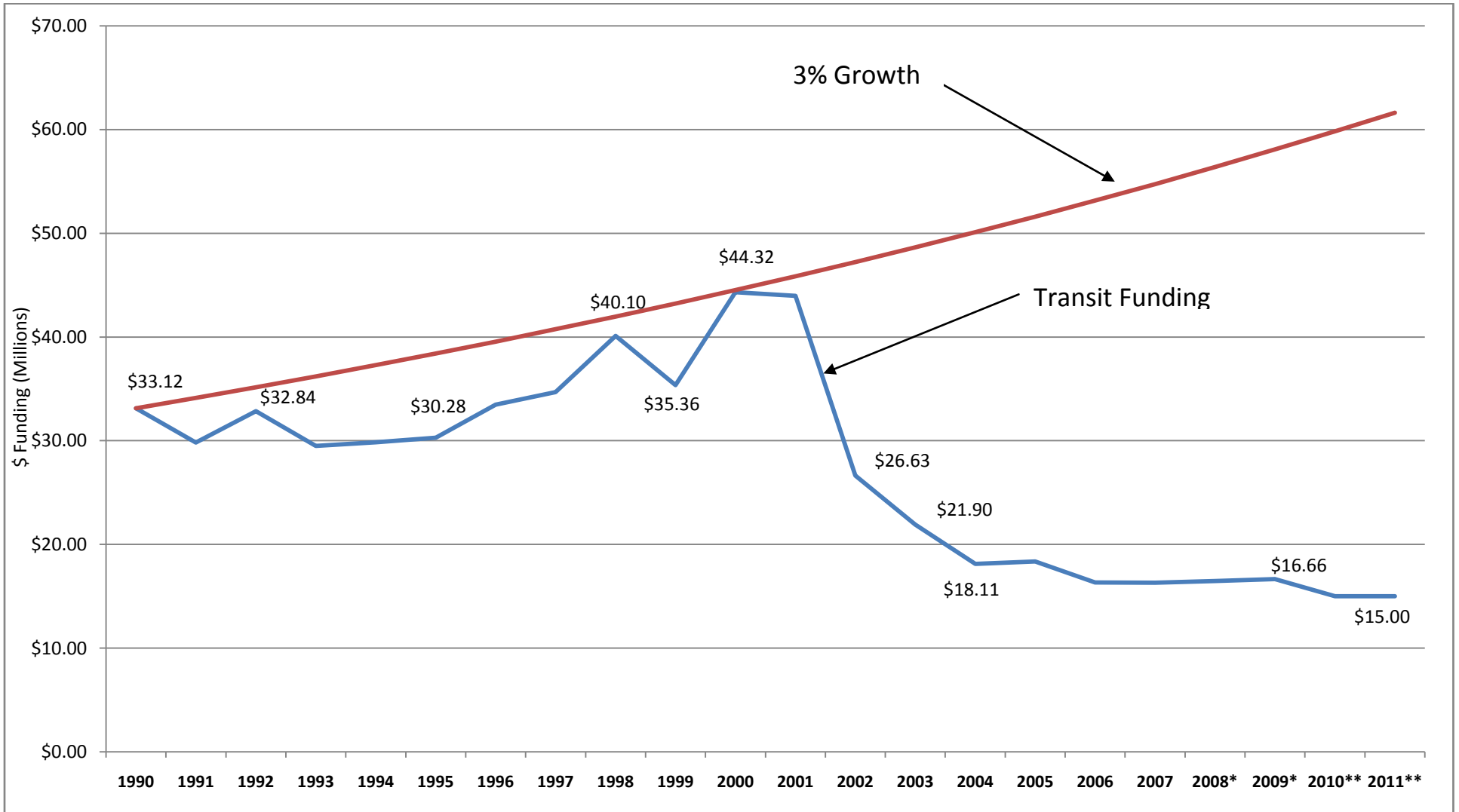
Finally, OPTA thanks Senator Miller and this committee for its interest in public transit and encourages you to pass S.C.R. No. 25 which calls upon Congress to provide more funding for public transit and more flexibility in how transit systems may expend these funds.

Thank you and I would be happy to address any comments or questions members of the committee may have.

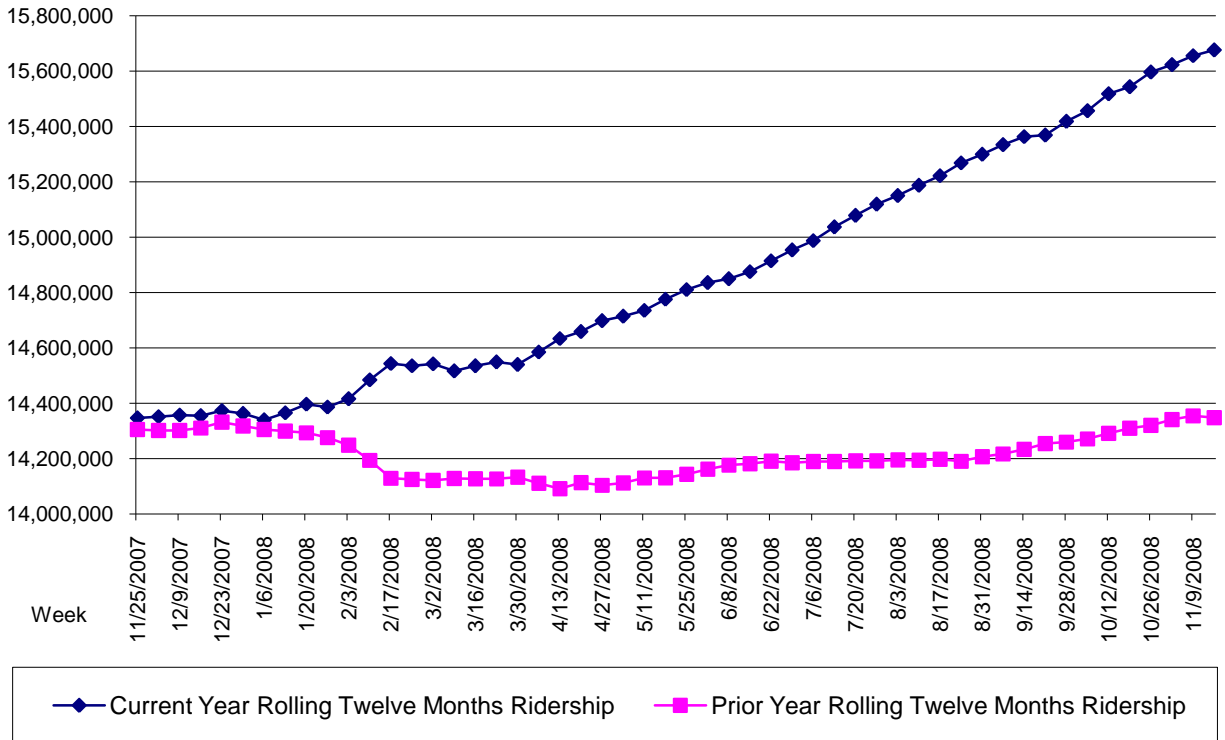
Ohio Department of Transportation Transit General Revenue Funding (GRF)

* Reduced amounts for 08 and 09 based on OBM budget cuts

** FY2010 and 2011 based on OBM Budget Guidance at 90% of 09 levels



Central Ohio Transit Authority Two Year Fixed-Route Ridership Comparison



Attachment No. 2