

GAO Highlights

Highlights of [GAO-14-278T](#), a testimony before the Committee on Banking, Housing, and Urban Affairs, U.S. Senate

Why GAO Did This Study

Millions of passengers use transit services on a daily basis, and many transit agencies that provide these services receive federal funding. To meet the needs of these passengers in a challenging economy, transit agencies must use federal and other resources wisely, while ensuring quality service.

The July 2012 surface transportation reauthorization act—MAP-21—has addressed a number of transit issues by strengthening federal authority to oversee transit safety and emphasizing the restoration and replacement of aging infrastructure, among other things. While it is too early to assess all of the impacts of MAP-21, the work GAO has done can help inform the next surface transportation reauthorization act.

This testimony covers GAO's recent work on: (1) funding transit; (2) improving capital decision making; and (3) coordinating services for transit-disadvantaged populations.

To address these objectives, GAO drew from its recent reports issued from March 2011 through November 2013. GAO has also analyzed MAP-21, recent rulemaking, and other reports.

What GAO Recommends

GAO made recommendations on these issues in previous reports. The Department of Transportation agreed to consider these recommendations and is in various stages of implementing them.

View [GAO-14-278T](#). For more information, contact Dave Wise at (202) 512-2834 or wised@gao.gov.

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PUBLIC TRANSIT

Challenges Funding, Investing in Systems, and Coordinating Services

What GAO Found

The Moving Ahead for Progress in the 21st Century Act (MAP-21) authorized \$10.6 and \$10.7 billion for fiscal years 2013 and 2014, respectively, for public transit, but did not address long-term funding. Federal funds available for FTA's transit programs come from the general fund of the U.S. Treasury and the Mass Transit Account of the Highway Trust Fund. The Highway Trust Fund supports surface transportation programs, including highways and transit, and is funded through motor fuel and other highway use taxes; however, revenues have eroded over time because federal fuel tax rate stagnation, fuel efficiency improvements, and the use of alternative fuel vehicles. In May 2013, the Congressional Budget Office estimated that to maintain current spending levels plus inflation between 2015 and 2022, the Fund will require over \$132 billion more than it is expected to take in over that period. GAO reported that while Congress transferred over \$50 billion in general revenues to the Fund since fiscal year 2008, this approach may not be sustainable given competing demands for funding. For these reasons funding surface transportation remains on GAO's High-Risk List.

To address these funding challenges, sound capital-investment decisions can help transit agencies use their funds more efficiently. GAO's work on transit asset management and bus rapid transit has illustrated these benefits.

Transit asset management: According to the Federal Transit Administration (FTA), it would cost roughly \$78 billion (in 2009 dollars) to rehabilitate or replace the nation's aging transit assets—such as buses, rail cars, and escalators. GAO's 2013 report on asset management recognized that many of the nearly 700 public transit agencies struggle to maintain their bus and rail assets in a state of good repair. Sound management practices can help agencies prioritize investments to help optimize limited funding. However, of the nine transit agencies GAO visited, only two measured the effects of capital investments on asset condition and none measured the effects on future ridership. Thus, GAO recommended additional research to measure the effects of capital investments; FTA concurs in part with this recommendation. FTA agency officials recognize the importance of additional research; however, they are hesitant to commit additional resources given their current budget situation.

Bus rapid transit (BRT): In addition to maintaining assets, transit agencies often need to build or expand systems to meet demand. Transit agencies can apply for federal capital-investment funding for new projects through New and Small Starts and Core Capacity Improvement grants. GAO's 2012 report found that many agencies had taken advantage of New and Small Starts funding to develop BRT projects, which generally require less capital investment compared to rail.

GAO's recent work also shows benefits from coordinating transit services for the transportation-disadvantaged—those who cannot provide their own transportation or face challenges accessing public transportation. GAO's 2012 report pointed out that coordination can be challenging, as federal programs provide funding for a variety of services. GAO also concluded that insufficient federal leadership and guidance on coordinating services for the disadvantaged may hinder coordination among state and local providers. The Coordinating Council—a group of federal agencies providing these services—has completed a strategic plan to strengthen interagency coordination, as GAO recommended.