

**STATEMENT OF  
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BEFORE THE  
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE  
UNITED STATES HOUSE OF REPRESENTATIVES  
HEARING ON PROGRESS IN IMPLEMENTING  
THE AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009**

**June 25, 2009**

Chairman Oberstar, Ranking Member Mica, and Members of the Committee, thank you for the opportunity to appear before you today to discuss the Federal Transit Administration's (FTA) progress in implementing the American Recovery and Reinvestment Act of 2009 (Recovery Act). In the 16 weeks since this landmark legislation was enacted, FTA has been working hard to deliver funding to support the economic recovery, build public transportation for the future, and do so expeditiously and with unprecedented transparency and accountability. Today, I want to share with the committee how Recovery Act funds have helped local communities and what FTA has been able to accomplish so far in carrying out Recovery Act mandates.

Across the nation we are seeing Recovery Act funds used to create and preserve jobs, save energy, and enrich the lives of people in communities by improving their public transportation systems, and as Secretary LaHood said, "The Recovery Act is working for America. It is far more than a set of federal statistics. It's a testament to our ability to put government to work for the people, and lay the groundwork for a brighter future for all of us." We are hearing from people about their success in putting Recovery Act dollars to work for transit in their communities.

For example, Advance Transit provides fixed route transit services in the Greater Hanover-Lebanon area in New Hampshire and Vermont. This transit agency originally planned to move forward with only phase one of a plan to fully expand its bus maintenance and operations facility. The plan called for a three-phase build-out for maximum utilization of the lot. Upon learning of the possibility of funding under the Recovery Act, Advance Transit made plans to complete building phases one and two, which would allow it to nearly double the bus maintenance area and improve the bus operations function. A large part of the phase two project is adding energy efficiency enhancements for the building envelope, a photovoltaic array for electric production, a rainwater and snowmelt harvesting solution for its bus washing facility, and a LEED Silver Certification as a green building. Advance Transit estimates that the solar array will allow it to offset nearly 44 percent of its projected electric use. The "R" values for the building will be improved by 25 percent in the existing structure, which may be enough to offset the cost of heating the additional space. The plan calls for a complete update to the HVAC systems and the addition of computer controls to provide maximum efficiency. According to Advance Transit, Recovery Act funds will allow it to maximize cost advantages in two ways. First, combining phase one and two into a single

construction project enables it to reduce costs involved in mobilization for contractors and for the tie-in costs to the existing structure. Second, the energy enhancements to the existing structure and the additional efficiency elements of the new structure will mean lower operating costs for many years to come.

Another example comes from Philadelphia where the Southeastern Pennsylvania Transportation Authority or SEPTA plans to launch an ambitious make-over of regional rail stations. We learned that “more than 50 of SEPTA's 151 functioning stations are to be replaced, rebuilt, repaired, or at least repainted in the next five years. For some, it will be the first attention since they were built over a century ago.” Worth noting is the Tulpehocken and Carpenter stations where business developers would like to lease the stations because “for more than nine years, that train station has meant more than just a train station. The coffee shop there has become the heart of the community.” Recovery Act funds mean that the Tulpehocken station and its inbound passenger shelter will get \$1.3 million, with the goal of converting the long-uninhabited station into an office and residential space.

Finally, in Idaho, where transit advocates have long fought to build a strong base, the Governor there has approved the use of more than \$8.7 million in Recovery Act funds to put more Idahoans to work and improve rural transportation options. The Governor projects that the public transportation projects are calculated to generate or preserve approximately 155 jobs working on a range of projects including a new transit center in Victor, bike and pedestrian paths in Ponderay, and increased transit services in several communities that depend on tourism to support their economy.

Recovery Act funds are making a difference and FTA is proud to support the efforts of transit agencies across the country like ones mentioned above. We believe the Recovery Funds made available for public transportation – \$8.4 Billion – created an extraordinary opportunity that FTA has executed enthusiastically in partnership with local transit authorities. The agency worked overtime to stand up the six different public transportation programs, meeting or beating statutory deadlines to make Recovery Act funds available to transit providers and States. Shortly after the Recovery Act's passage, FTA established a standing internal workgroup comprised of Senior Executives and staff with expertise in financial, policy, planning and environmental requirements, communication, and program implementation to anticipate issues and develop guidance to our grantees. That effort produced guidance to our grantees covering a range of topics to assist them with navigating the Act's requirements. We accomplished this through a new FTA webpage ([www.fta.dot.gov/economicrecovery](http://www.fta.dot.gov/economicrecovery)) that is devoted to Recovery Act issues and through the publication of guidance in the March 5, 2009 *Federal Register* notice, which also allocated Recovery Act formula resources. Our outreach efforts didn't end there; we also participated in numerous webinars, attended conferences to present our Recovery Act implementation strategy, and hosted video-conference training for FTA staff to ensure a common understanding of the Act's requirements and a consistent approach on implementation. Our collaborative efforts have paid off as FTA works with its grantees to approve grants quickly for meritorious transit projects that are “ready-to-go” and will provide long-term investments in livable communities. I want to

acknowledge and express thanks for the extraordinary efforts of FTA's career staff who have worked many long hours to ensure that grantees have the information they need to successfully apply for Recovery Act funds.

In addition to managing FTA Recovery Act resources, FTA plays an active role on the Secretary's Transportation Investments Generating Economic Recovery team, or TIGER team, which coordinates and oversees the Department's responsibilities and reports regularly to the Secretary. We also provide staff expertise to the Secretary for the \$1.5 billion discretionary grants program for surface transportation infrastructure projects that will have a significant impact on the Nation, a metropolitan area, or region. Because of the potential complexity of a multi-modal grant program, FTA is proud to be part of the extensive review process for those grant proposals and we will work with the Secretary to ensure that those grants are wise investments of taxpayer dollars and awarded as expeditiously as possible to create and preserve jobs.

In fact, the collaboration between FTA and transit providers nationwide has been instrumental in keeping implementation on track. These efforts are delivering public transportation investments. Of the \$8.34 billion of Recovery Act funding provided to FTA, \$1.79 billion has been obligated already and another \$5.72 billion in grants currently are in process for obligation in the near term. In addition, \$51.3 million in Recovery Act flexible surface transportation funds have been transferred from the Federal Highway Administration to FTA for public transportation projects. These transfers reflect decisions by States and local authorities to use Recovery Act dollars available for highways or transit for transit projects in their respective locales.

FTA estimates, based on the grants that are currently in process, that approximately 4,000 new transit vehicles will be purchased or on order by this September. Many of these vehicles will help bring the Nation's transit system closer to a state of good repair by replacing overage vehicles, which will reduce maintenance costs of our transit systems and provide cleaner and more comfortable rides to transit customers. A number of these vehicles will also go toward expanding transit service, providing more transportation choices to families in urban and rural communities across the country.

The Recovery Act sets aggressive deadlines for the obligation of transit funds. FTA has focused on delivering the funds to grantees for sound public transit investments. The Recovery Act calls for the obligation of 50 percent of transit formula dollars in specific geographic areas within 180 days of apportionment, which means by September 1, 2009. The Act requires FTA to withhold a specified portion of funds from areas that do not meet the September 1st deadline.

The September 1 deadline is 68 days away. Right now, 31 of the 204 urbanized areas and States that received urbanized area formula funds have met the 50 percent obligation requirement; ten of the 54 States, territories, and possessions that received non-urbanized area formula funds have met the requirement; and eight of the 39 urbanized areas receiving fixed guideway formula funds have met the deadline. At this time, FTA is working closely with grantees to meet the targets with sound transit investments. FTA is

monitoring the obligation rates regularly, identifying problems early, communicating with grantees frequently, and solving issues that are identified.

FTA is also making solid progress on awarding Recovery Act funds for discretionary public transportation programs. The Recovery Act provided \$750 million for capital investment grants, known as New Starts and Small Starts; \$17 million to invest in our Tribal Transit program; and \$100 million to a new program called the Transit Investments for Greenhouse Gas and Energy Reduction -- also known fondly as the "TIGGER" program.

### New Starts

The Recovery Act appropriated \$750 Million for Capital Investment Grants. The funds are for major capital projects eligible under the discretionary section 5309 New Starts/Small Starts program, with statutory priority given to projects already under construction or that could obligate funds within 150 days of enactment of the legislation.

FTA announced its allocation of these funds in the *Federal Register* on May 11, 2009, based on an analysis of construction schedules and cash flow needs of New Starts and Small Starts projects currently under construction. In the *Federal Register* notice, FTA indicated that it may de-obligate and reallocate any funds that are not disbursed by May 11, 2010.

Ten of the projects awarded funds have existing Full Funding Grant Agreements (FFGAs) under the New Starts program, and one project is a current Small Start. All are able to use the funds for projects under construction promptly. The amounts allocated under the Recovery Act did not increase the total Federal investment in these FFGAs. However, the accelerated payout of the Federal New Starts commitment allowed for transit agencies to expedite local projects. In addition, the allocation approach maximized the New Starts commitment authority created by the Recovery Act. A total of \$1.5 billion in New Starts and Small Starts commitment authority was created by FTA's allocation. This has allowed FTA to make New Starts funding commitments that would have otherwise been impossible. The American people will see more, better transit projects sooner because of the Recovery Act.

### Tribal Transit

The Recovery Act set aside 2.5 percent of the funds appropriated for the Section 5311 program to be distributed to Indian Tribes under the provisions of FTA's Tribal Transit Program. FTA published a *Federal Register* notice on March 23, 2009, announcing the availability of \$17 million in Recovery Act funding and specifying the unique requirements under the Recovery Act. Tribes responded to the notice by submitting over 70 applications for funding with a total value of \$55 million by the May 22, 2009, deadline.

FTA also published an annual Notice of Funding Availability for the FY 2009 Tribal

Transit Program (\$15 million) on April 29, 2009. The annually appropriated funds can be used for operations and planning, in addition to capital assistance, while Recovery Act funds can only be used for capital assistance. Applications for the annual program are due June 29, 2009. FTA will coordinate its review of tribal applications under the Recovery Act and the annual program to maximize the opportunities for Tribes and avoid redundant funding. Selections under both programs will be announced in the *Federal Register*, we hope before the end of the fiscal year.

### TIGGER

Additionally, FTA published a *Federal Register* notice soliciting proposals for the \$100 million in TIGGER program funds on March 24, 2009. Proposals for TIGGER program funds were also due on May 22, 2009. FTA has received 200 proposals identifying 450 possible projects and requesting over \$1.56 billion in funding. FTA plans to announce successful applicants by the end of the fiscal year.

FTA has taken steps to provide effective management and oversight of these Recovery Act funds, to ensure that the funds provided by Congress are used efficiently, effectively, and to provide maximum benefit to the public. The Recovery Act provides FTA with \$64.3 million in combined oversight and administrative funding to support the economic recovery effort, or approximately \$16 million per year over the next four years. FTA has developed a strategy which combines adding term staff appointments with contractor resources to ensure the public transportation Recovery Act funds meet their intended purposes. FTA is in the process of hiring staff, principally in the regions, to accommodate the large influx of additional grants and capital focused projects.

FTA has developed an oversight strategy that recognizes the risks of this funding program. Grants funded with Recovery Act resources are 100 percent federal share. The additional funds made available create opportunities for grantees, who may attempt types of projects typically not undertaken by the grantee -- such as a capital construction project or major rehabilitation. Even transit's largest grantees will need to be cautious as they add significant Recovery Act funds to their 2009 work programs. We recognize the need for strong and comprehensive oversight of these funds. FTA has developed Recovery Act-specific oversight strategies that address these unique vulnerabilities associated with Recovery Act recipients and sub-recipients. We are augmenting our oversight program and technical assistance efforts to accommodate the Recovery Act program. In some cases, we have supplemented our standing reviews, such as our Triennial and State Management Reviews, with Recovery Act program questions. In some cases, we are developing spot reviews to focus on high risk areas. Moreover, we have integrated DOT-wide risk identification and risk mitigation strategies into our existing well-established oversight program plans.

We have made strong efforts to pro-actively assist grantees in fully understanding compliance and reporting requirements. As part of this proactive technical assistance effort, we are developing targeted and customized oversight workshops that will address historically problematic compliance areas as a way to mitigate risk early on. Further, we

have strengthened our current oversight workshops and training sessions by inviting the Office of Inspector General to provide training on ways to identify and prevent waste, fraud, and abuse. FTA is about to roll out a course designed to help the smaller transit agency execute a construction project. We are making the course available state by state, on an as requested basis. FTA also maintains an extensive website, with a query function and multiple questions and answers posed by users. Through these and other efforts, FTA is ensuring effective oversight so that projects funded by the Recovery Act are held to the highest standard of transparency and accountability that has been set forth by President Obama and Secretary LaHood.

I join Secretary LaHood in recognizing that the Recovery Act is more than statistics. Recovery Act funds are enabling transit agencies across the country to enrich the lives of people in their communities and provide local jobs. We knew that Recovery Act investments would make a difference and I applaud this committee, the Congress, and President Obama for making the investment in transit. I would be happy to answer any questions that you may have.