Testimony of Peter J. Pantuso, President and CEO

American Bus Association

Before the

Highway and Transit Subcommittee

United States House of Representatives' Transportation and Infrastructure Committee

March 29, 2011

Mr. Chairman and members of the Committee my name is Peter J. Pantuso and I am President and CEO of the American Bus Association. The ABA is the trade association for private over-the-road bus companies and represents the tour, travel and transportation industries. The ABA represents 800 motorcoach companies and nearl6 60 percent of all motorcoaches on the road. In addition, ABA represents another 3,000 tour operators, destinations, attractions, convention and visitors' bureaus, hotels and restaurants, as well as companies that manufacture motorcoaches and those that provide equipment and services to bus companies. ABA motorcoach operator members provide a variety of transportation services (scheduled service, point-to-point, tour and charter, commuter and airport and employee shuttle) to 760 million passengers a year.

On behalf of the ABA and its members, I want to thank you, Mr. Chairman for convening this hearing. Transportation reauthorization is the highest legislative priority for the ABA and its members. Motorcoach operators as well as the destinations that rely on motorcoach business, require good infrastructure, roads, signage and countless of other items that are all part of the transportation reauthorization. The ABA and our members have spent, as have many transportation stakeholders, countless hours preparing for reauthorization, which is long overdue and should have been resolved in the last Congress. We have consulted with state and regional bus associations and joined with other stakeholders in coalitions to pursue shared aims. ABA staff and member companies have been present at several of this Committee's regional hearings and roundtables. In working to the better understand the needs of our members and the entire motorcoach industry, ABA has identified a number of issues, some of which are problematic, the intercity bus industry. We have also identified those solutions to problems that can, and should be utilized to address our concerns, as part of the transportation reauthorization process. A full ABA presentation of our reauthorization proposals is appended to my testimony.

In summary it is fair to say that the private-independent motorcoach industry, which operates with little or no subsidy, is looking less for funding as part of the reauthorization than it is for opportunity and access to existing programs and funding sources.

In the interest of time I will highlight several of our proposals and append a full review of our proposals to the testimony for review at your convenience.

Of note is the fact that several of ABA's proposals require very little or no money, for implementation. The other thing you will note is that our recommendations are all geared to increasing the transportation options for the public. Our proposals look to increase transportation options for rural America; close mobility "gaps" in America's transportation system; provide transportation options for municipalities (many of whom are struggling to balance their budgets) and increase enforcement of federal regulations ensure that only safe passenger carriers are operating on the nation's highways.

Our first proposal is that the new transportation program ensures that the private bus industry is fully involved in the planning process, with access to all transportation facilities and public transportation funding programs. The private bus industry is often not included in the planning for transportation projects, or when it is, is after an afterthought, long after the project has left the planning stage. Typically, if private bus companies are invited to planning sessions, it is at the end of the process when all the major decisions have been made and there is little opportunity left to change the course of direction, and little for the bus operator to do but to agree or disagree as to the placement of the bus parking slots. We have seen this happen repeatedly and it is, in our view, the wrong approach.

The nation needs an integrated passenger transportation system, not a continuation of the stove-pipe system that keeps transit bus, private bus, intercity passenger rail, and commuter rail all because of competing and non-interactive proposals. At the basic level, a passenger transportation network that fully integrates all modes, utilizing the best resources of each without being duplicative, is a system in which passengers may take one of several modes into or out of a single location, and make a decision about which is best for them. This could be a passenger transportation facility involving all modes. It could be a park and ride lot on the interstate that is adjacent to a bus facility. It could be a bus terminal integrated into a train station. The point is that intermodal facilities development should be viewed as regional transportation centers rather than transportation silos for one mode. Intercity motorcoach services should be included in the design of new rail facilities, transit hubs, airports and seaports.

One indispensable requirement to achieve this systemic approach to passenger transportation, is the necessity that all transportation stakeholders be involved in the planning process from the beginning. The other requirement for this solution is that this consultation process be enforced by tying it to the funding for the project. ABA has learned via hard experience that consultation only works when the "carrot" is accompanied by a "stick", in this case the loss of funding true consultation and inclusion does not exist. Our goal is not to argue that one mode is inherently better than the others but to break down the barriers between modes and allow passenger mobility choice.

The federal government should be a partner in helping to reduce the barriers that prevent private sector providers of transportation from an equal seat at the table when transportation facilities are planned. To the end one of ABA's goals is to establish as a function within the Office of the Secretary of Transportation a program office that provides support to and reduces obstacles for private providers of transportation. One of the goals of this program should be to reduce the federal share of transportation subsidies by providing a frame work for public private interactions, consultation, mobility development and infrastructure planning. In many ways, the conversation about partnerships has focused on private investment and construction of capital assets. As we move into a fiscally constrained planning process we must expand the dialogue to include passenger transportation. Where private sector partners can provide passenger mobility at greater environmental and cost efficiency, our services should be part of the transportation conversation.

Our second proposal is also, at its core, a consultation proposal. Intercity buses provide regular scheduled service to over 2,000 communities nationwide. Companies operating schedules are not only providing essential passenger services, they also provide incidental package express service that may be the only form of daily, scheduled freight service for many of these small towns. In spite of this, more than 20,000 communities have lost their motorcoach service over the last 30 years.

Congress recognized the need to reverse this trend in SAFETEA-LU by reauthorizing the rural intercity bus program. This program provides funds for either the purchase of buses and enhancement of stations and to supplement operations. This 5311(f) program (49 USC 5311(f)), is a maximum of 15% of the overall 5311 program. However, states may allot less than the 15% if, after a state wide consultation with private operators, the governor finds that the state's rural intercity bus needs are being met.

ABA supports the rural intercity bus transportation program. Congress should require the FTA to enforce compliance with SAFETEA-LU provisions requiring consultation with intercity bus operators by state planning organizations. In addition,

ABA strongly supports the Private Match Pilot program that allows states to expand 5311(f) projects to include local match provided by the cost of the unsubsidized intercity bus service that connects with the subsidized service. This increases the percentage of the net cost of the subsidized service that 5311(f) funds can subsidize from 50% to 100% and requires collaboration and connection for services using the private match process. In other words, the Private Match Pilot program allows bus operators to serve more rural communities by operating a breakeven service rather than a service operated as a loss. ABA contends that reauthorization should clarify that intercity bus operators are eligible "sub-recipients" for section 5311(f) funding.

Continuing our support for rural transportation, ABA proposes an essential bus service for rural communities. The present Essential Air Service (EAS) program connects approximately 152 rural communities to regional and hub airports. However, costs for the EAS have increased four-fold from 1996 to 2006. Many communities have lost air service because air carriers have refused to continue service in the smallest areas. Millions of rural residents need connections to the national transportation system, yet only a handful receive EAS service. Rural communities need alternative airport connectors to give them convenient and reliable hub airport access.

In order to connect rural communities isolated from the broader transportation network with the contraction yet remaining high cost of EAS service, or elimination of air routes to these communities by the air carriers, Congress should require the U.S. Department of Transportation to establish a pilot program to fund an Essential Bus Service. Private motorcoach operators could create connections between non-urbanized areas and hub airports. The EBS program should be flexible enough to allow operators to make stops at intermediate points to expand the accessibility of the traveling public to the transportation network. In addition, operators must be given meaningful access to existing hub airports and ground transportation facilities to ensure linkages across transportation modes and procedures to operate in and out of airports must be uniform from location to location. Too many times, operators serving multiple airports find that requirements for drivers, security and operations vary from location to location, creating confusion and adding added and useless costs to the operators. Furthermore, some motorcoach companies are excluded from airport grounds all together or must wait in locations that are completely inconvenient to the traveling public.

Another "gap" in the transportation network is the mobility gap for passengers with disabilities. In 1998, in response to Congressional passage of the Americans with Disabilities Act (ADA,) U.S. DOT passed the final rules establishing accessibility requirements for intercity motorcoaches. Motorcoaches now must have a wheelchair lift and two wheelchair securement locations. This is an important but costly endeavor for the motorcoach industry.

A wheelchair lift adds $40,000 in direct costs, to the cost of a motorcoach. This amount does not include the costs of maintenance, repair and employee training and replacement. Congress authorized funding for motorcoach operators to cover "up to 90 percent" of the incremental costs of ADA compliance. However, the grant funds available under SAFETEA-LU for this requirement have been a fraction of the cost of this vital interest. The Transportation Research Board (TRB) has estimated the annual cost of compliance, for equipment alone, to exceed $40 million. SAFETEA-LU provided $10 million annually for the five years through 2009.

Congress should reauthorize and extend the compliance funding program through the life of the next highway and transit bill, increase the available funding for the motorcoach operators to cover the actual costs of ADA compliance for the bus industry. While the industry has the obligation of this ongoing federal mandate, crucial assistance in defraying the cost of equipment, training and maintenance is provided only to other modes of transportation. As part of the national transportation system, the motorcoach industry should be afforded the same level of financial support as other public transportation modes.

Finally, an important proposal is the need for capital to revitalize the motorcoach industry fleet. Due in part to continuing federal mandates (four EPA engine mandates, ADA accessibility requirements, and coming requirements for seatbelts, fire suppression systems, electronic stability control – ESC, window design, roof strength standards) the average purchase price of a new motorcoach has increased from $340,000 in 2000 to $500,000 or more today. Private motorcoach operators have met these increases without access to federal grant or funding programs that are currently available to funded transit agencies to cover the full cost of these compliance mandates, even though many of the services provided by these private companies are identical to those of publicly funded companies.

This rise in cost has forced companies out of business and driven the average age of the motorcoaches operating today up by nearly 60%. In addition, as costs rise, margins are forced lower which prevents capitalization of new vehicles. If the motorcoach fleet continues to age due to fleet capitalization expenses we will see even greater attrition of small business, the loss of jobs, loss of a domestic motorcoach manufacturing base, loss local tourism dollars, and increased congestion across the nation as people move from the safest mode of surface transportation to their cars.

ABA proposes capital assistance for the industry. Now more than ever is when the industry will need this help. With the anticipation of mandates from Congress and NHTSA that will require redesigning motorcoaches with additional safety features such as electronic stability control, fire suppression systems and seat belts, the cost of motorcoaches will easily increase by $75,000 - $100,000 per coach. In order to assist

operators in securing new equipment and to make changes to existing equipment such federal assistance will be essential. This could be accomplished through a combination of tax credits, granting programs, low interest capital loans and private investment. For example, making bus companies or projects eligible for TIFIA loans or for capital under an infrastructure bank would provide some the capital needed. Such investments could have multiple economic benefits, including: encouraging investment in the nation's motorcoach industry; taking more cars off the roads and in so doing reducing pollution and other negative environmental impacts; promoting the expansion, improvement and affordability of bus service to both rural and underserved areas of the United States and supporting job creation and economic stimulus.

Mr. Chairman, Members of the Committee, ABA believes our proposals are workable, reasonable and necessary to ensure that our transportation system continues to provide the people with the transportation options they need and deserve. We are ready to discuss any and all of these proposals with you and the Committee and we hope to work with you to enact these proposals in transportation reauthorization.

Thank you and I am happy to answer any questions.

To → Jennifer Hall

COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE

Truth in Testimony Disclosure

Pursuant to clause 2(g)(5) of House Rule XI, in the case of a witness appearing in a nongovernmental capacity, a written statement of proposed testimony shall include: (1) a curriculum vitae; and (2) a disclosure of the amount and source (by agency and program) of each Federal grant (or subgrant thereof) or contract (or subcontract thereof) received during the current fiscal year or either of the two previous fiscal years by the witness or by an entity represented by the witness. Such statements, with appropriate redaction to protect the privacy of the witness, shall be made publicly available in electronic form not later than one day after the witness appears.

(1) Name: Peter Pantuso

(2) Other than yourself, name of entity you are representing:
American Bus Association

(3) Are you testifying on behalf of an entity other than a Government (federal, state, local) entity?

YES **If yes, please provide the information requested below and attach your curriculum vitae.**

NO

(4) Please list the amount and source (by agency and program) of each Federal grant (or subgrant thereof) or contract (or subcontract thereof) received during the current fiscal year or either of the two previous fiscal years by you or by the entity you are representing:
None to ABA directly

Peter J Pantuso
Signature

3/28/2011
Date

PETER J. PANTUSO

President and CEO, American Bus Association
President, National Bus Traffic Association
President, American Bus Association Foundation

Peter J. Pantuso is president and chief executive officer of the American Bus Association, North America's largest motorcoach, tour and travel association representing more than 65 percent of all private motorcoaches on the highways, as well as private travel related businesses, state and local government travel and tourism offices, state associations and other entities involved in promoting travel throughout North America. Total membership in the ABA is 3,800 members. In addition, Pantuso is also president of the National Bus Traffic Association and the American Bus Association Foundation.

Pantuso oversees the trade association's daily operations, including government affairs; policy; communications; meetings and education programs; publications, including ABA's award winning magazine *Destinations*; membership programs; and budgeting and personnel.

The ABA Foundation began under Pantuso's leadership, and in just a few years it has grown to nearly $1 million in funds and awarded over $400,000 in scholarships and grants. Both the Foundation and NBTA are headquartered in ABA's offices.

Pantuso serves on the U.S. Chamber of Commerce's Committee of 100 leading association executive and has previously served on the Policy Committee of the American Society of Association Executives and the Board of the Museum of Bus Transportation, and the Board of the U.S. Travel Association.

A native of Bradford, Pennsylvania, Pantuso is a graduate of the University of Pittsburgh and earned his Masters of Association Management from George Washington University's School of Business and Government.