



March 6, 2023

Senator Ben Chipman
Representative Lynne Williams
Joint Standing Committee on Transportation
State House Room 126
100 State House Station
Augusta, ME 04333

Re: Public Transportation Funding in LD 258, Biennial Budget for Fiscal Years 2024-2025 and LD 259, Highway Fund for Fiscal Years 2024-2025

Dear Senator Chipman, Representative Williams, and Honorable Members of the Joint Standing Committee on Transportation:

On behalf of the Maine Transit Association (MTA), we are submitting the following request for increased state funding for ongoing public transportation operations.

Under federal legislation passed for the COVID pandemic, transit agencies have been receiving substantial funding support for their operating budgets for the past 2 years. **This funding ends later this year, so transit agencies will need to find replacement funds before the end of this calendar year.** The Federal Transit Administration will continue to provide 50% of the operating budgets, so the state and local governments must provide the remainder. In Maine, the state share of this funding has been quite low and has not changed for many years. As explained below, **we request an increase from the current \$1.15 million to \$6.78 million**, which would help agencies manage looming deficits, maintain service levels, and achieve greater funding equity across modes.

Rising Costs and Declining Revenues

These 20 agencies collectively receive \$1,147,845 from the State of Maine to support operating activities and local match needs. This figure has been flat for five years while agencies have been absorbing a perfect storm of shocks.

Operating costs have substantially increased as a result of the COVID-19 pandemic and subsequent effects of record high inflation, rising wages, and labor shortages. The rate of ridership and fare revenue recovery since 2020 while promising, will not reach pre-pandemic levels before federal emergency funding is exhausted this year.

This situation risks the loss of local match capacity for some agencies, creates the prospect of fiscal cliffs for many others during the next 10-24 months, and presents the very real possibility of service reductions that will jeopardize access to mobility by many of our most vulnerable residents.

Improve Funding Distribution Equity

MDOT's annual \$1.1 million allocation of state funding to the 20 statewide public transportation agencies is comparatively small.

Maine DOT provides \$2 million per year to the Northern New England Passenger Rail Authority which contracts with Amtrak to provide the Downeaster. The Federal Transit Administration (FTA)'s National Transit Database indicates that the Maine State Ferry System expended \$5,610,892 in state funding as part of its 2021 fiscal year.

MTA does not seek any change to the level of investments in the state's rail and state operated ferry systems. And, MTA recognizes that different transportation modes have different cost structures, and varying access to sources of local, federal, and directly generated revenues.

However, MTA requests a substantial step toward establishing reasonable funding equity in the state's support for public transportation operations.

Table 1 presents statistics that indicate the absolute and relative levels of investment in public transportation systems statewide. In terms of funding per capita, funding per boarding, and as a percentage of total funding, the state investment in Maine's 20 public transportation agencies is dwarfed by the levels of investment in rail and ferry systems.

Table 1: State Funding Statistics by Mode

Current Funding Amounts & Statistics	Public Transportation Agencies (20)	Northern NE Pass. Rail Auth.	Maine State Ferry System*	Total
2021 State Funding	\$ 1,147,845	\$ 2,000,000	\$ 5,610,892	8,758,737
<i>Percentage of State Funding</i>	13%	23%	64%	100%
Ridership Totals (2022)	4,530,356	476,804	428,740	5,435,900
<i>Ridership Percentages (2022)</i>	83%	9%	8%	100%
<i>State Funding per Boarding</i>	\$ 0.25	\$ 4.19	\$ 13.09	\$ 1.61
State Population (2020)	1,362,359	1,362,359	1,362,359	1,362,359
<i>Funding per capita</i>	\$ 0.84	\$ 1.47	\$ 4.12	\$ 6.43
Cost per Hour (NTD)	\$ 108.00	\$ 302.66	\$ 938.28	
<i>PT Agencies Cost per Hour as % of Rail</i>	36%			
<i>PT Agencies Cost per Hour as % of MSFS</i>	12%			

* MSFS amount represents state funding expended on operations in FY 2021 (Source: FTA's National Transit Database).

Based on information sourced from FTA's 2021 National Transit Database, the average cost per hour for the public transportation agencies is \$108.00 (excluding non-state operated ferry systems). This represents 36% of the rail cost per hour (\$302.66), and 12% of the state operated ferry cost per hour (\$938.28). MTA recognizes that the operating costs for rail and ferry systems are orders of magnitude greater than the bus and demand response systems for understandable reasons.

Yet, it is also the case that the state's 20 public transportation agencies (excluding rail and state ferry) provided over 4.5 million boardings in 2021. These 20 agencies provided 83% of all public transit trips taken in Maine that year. This represents a level of public utilization that is orders of magnitude higher than rail

and ferry services. And the Maine people taking these trips are far more likely to be senior citizens, have lower incomes, be living with disabilities, and/or a part of historically disadvantaged communities. For these reasons, MTA recommends that state funding for public transportation agencies be benchmarked to the state's rail funding commitment by using the following method.

1. Calculate the percentage difference between costs per hour for public transportation agencies, excluding non-state ferry (\$108.00), and rail services (\$302.66) which comes to 36%.
2. Multiply this percentage (36%) by the current state funding per rail boarding (\$4.21) which comes to \$1.50.
3. Multiply the revised state funding per public transportation boarding (\$1.50) by 2022 total ridership (4,530,356) which comes to \$6,780,960.

Under this method, funding for the state's public transportation agencies (not including rail and state operated ferry systems) would be \$6,780,960. MTA also recommends the following supporting policies:

- Apply a 2.0% annual escalator for a five-year period, at which point, the methodology and data should be re-evaluated and any appropriate changes made.
- Distribute funding using the current method with the stipulation that state funding support for operations shall not exceed 20% of urban agencies' total annual operating budget, and 30% of rural agencies' total operating budget.

With this increase, MTA and its members welcome the need for enhanced accountability for how these funds are expended to ensure the state's investment is helping to stabilize the current availability and reliability of statewide mobility.

Thank you for your attention to this matter, and we are available to discuss funding with the Committee. Please contact us or our legislative counsel, Bill Ferdinand, at Eaton Peabody (207-622-3747 or bferdinand@eatonpeabody.com).

Respectfully,

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C: Maine DOT Commissioner Bruce Van Note
Joint Standing Committee on Appropriations and Financial Affairs