



THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

November 2, 2007

The Honorable Christopher J. Dodd
Chairman
Committee on Banking, Housing,
and Urban Affairs
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

Section 3012(b)(7) of the *Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users* (SAFETEA-LU) requires the Secretary of Transportation to submit to the Committee on Transportation and Infrastructure in the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate a report on the *Elderly Individuals and Individuals with Disabilities Pilot Program* (Pilot Program).

The Pilot Program allows Wisconsin, Alaska, Minnesota, Oregon, and three other States selected by the Secretary to use up to 33 percent of the funds apportioned to each State for the Elderly Individuals and Individuals with Disabilities (Section 5310 of Title 49, United States Code) program for operating assistance. Section 3012 (b)(7) requires the Secretary to report on the impact of this Pilot Program. Due to delays in funding the Pilot Program, there is not enough adequate data available to assess the impact. Therefore, this letter focuses on the implementation of the program and the initial findings.

The Section 5310 program, in general, provides formula funding to States for the purpose of assisting private nonprofit groups in meeting the transportation needs of elderly individuals and individuals with disabilities when the public transportation service provided is unavailable, insufficient, or inappropriate to meeting these needs. Funds are apportioned based on the number of elderly individuals and individuals with disabilities in each State. Under Section 5310, the use of these funds is limited to capital purchases, including acquisition of public transportation services and preventive maintenance, and a Federal grant for a capital project shall be for 80 percent of the net capital costs of the project.

The Pilot Program established in Section 3012(b) of SAFETEA-LU allows a total of seven States to use up to 33 percent of their respective annual Section 5310 apportioned funds for operating assistance. Operating assistance activities include items such as fuel, oil, drivers' salaries and fringe benefits, dispatcher salaries and benefits, and licenses. Under the Pilot program, there is a 50 percent local share requirement.

As the Pilot Program provision in SAFETEA-LU allowed for a total of seven States, the Federal Transit Administration (FTA) solicited proposals from any State interested in participating in this

Pilot Program through the **Federal Register** (70 FR 69201, November 14, 2005). As a result of this process, FTA selected Louisiana, North Carolina, and South Carolina in addition to the four States designated by SAFETEA-LU. However, the State of Wisconsin indicated that it would not participate in the program.

In response to the SAFETEA-LU report provision, FTA initiated a study of the impact of the Pilot Program in early 2007. Because the Pilot Program was slow getting started due to several continuing resolutions that delayed making funds available at the beginning of Fiscal Year (FY) 2006, the study found that there is insufficient data to adequately report the effectiveness of the Pilot Program at this time. Further, the study also found that because of the increasing coordination of the Section 5310 program with other human service transportation activities, it is difficult to isolate the impacts of this Pilot Program from other programs. Funding for the Pilot Program is authorized through FY 2009. Given the limited time frame of the Pilot Program and compounding influences of other programs, FTA expects that adequate data will not be available to determine impacts of the Pilot Program before the end of FY 2009.

An identical letter has been sent to the Ranking Member of the Senate Committee on Banking, Housing, and Urban Affairs and the Chairman and the Ranking Member of the House Committee on Transportation and Infrastructure.

Sincerely yours,

Mary E. Peters