The Bus Coalition | 2025 Legislative Priorities

Reauthorization Funding and Policy Requests | May 2025

Overview: Representing our national membership of 150+ public transit organizations and 900+ transit leaders, The Bus Coalition shares the following overview of our members' legislative requests for the 119th Congress and the upcoming Surface Transportation Reauthorization process. Our Coalition's driving goal is improving the effectiveness of federal public transit funding and the betterment of the communities across the United States that we serve.

While substantial progress has been made restoring federal funding levels for bus transit, maintaining this funding and implementing a range of simple policy changes can improve deployment and increase the impact of these funds. TBC stands ready to work with Congress to sustain critical investments and encourage policy reforms such as these:

Federal Transit Funding Priorities:

Priority 1: Bus Grant Funding Levels and Federal Transit Revenues
1A: Maintain $2.2 billion 5339 Bus and Bus Facility Funding Baseline
1B: Increase & Index the Federal Gas Tax
1C: Maintain Transit Support in Highway Trust Fund

Policy and Administrative Reforms:

Priority 2: Grants Application & Administration
2A: 5339 Application Process Reform
2B: Local Match Simplification

Priority 3: Fleet and Facilities Management
3A: NEPA Review Streamlining
3B: Spare Ratio Reform
3C: Build America / Buy America Reforms
3D: NTD Reporting Acceleration

Priority 4: Next-Generation Fuels and Technology
4A: Emissions Reduction & Fuel Diversity
4B: Tech Capital Procurement Reforms

The following pages provide initial analysis of the legislative and reform proposals outlined above. With these and similar reforms made to Federal Transit policy, we will dramatically expand the impact of these federal investments for economic growth, access to opportunity, and mobility options for the students, seniors, and all citizens that rely on public transportation every day.

We look forward to providing any additional information needed to consider these requests.

Federal Transit Funding Priorities:

TBC's central long-term priority remains full federal funding for the Bus and Bus Facility Program in the 2026 Surface Transportation Reauthorization Bill.

Priority 1: **Bus Grant Funding Levels and Federal Transit Revenues**

1A: Maintain $2.2 billion 5339 Funding Baseline

Request: Maintain funding of the 5339 Bus and Bus Facility program at $2.2 billion, the level authorized in the final year of IIJA (FY26).

Justification: Bus transit continues to be the mobility workhorse in communities across the country. Throughout the pandemic, flexible bus routes provided a lifeline for essential workers, seniors, veterans, and people with disabilities. Buses continue to see the largest recovery in transit ridership when compared to pre-pandemic levels. According to 2024 ridership data from FTA's most recent National Transit Database (NTD), bus ridership is above 83 percent of pre-pandemic levels. Additionally, bus trips make up the majority of transit rides. In 2024, buses made up 52.7 percent of total rides.

Buses are part of the solution to help communities of all sizes provide flexible, safe, and efficient mobility options. However, the need for additional bus capital funding remains high as the disinvestment in bus programs over the past decade has challenged transit systems and has led to significantly smaller and older fleets.

Between 2013 and 2023, fleet size nationwide dropped by more than 18,597 buses, or 24.7 percent. Fewer buses mean less service, less reliability, and ultimately fewer riders. While fleet size shrank, the age of buses continued to climb. Between 2009 and 2023, the percentage of buses operating past useful life (12-years) increased 56%. During that same period, the percentage of buses operating over 15 years increased 103% – a staggering doubling of the share of buses operating long after they should have been taken off the road. Older buses do not just mean a less pleasant experience for riders; they also mean more frequent breakdowns, higher maintenance costs, safety risks, and increased likelihood that riders will be late to work, school, and medical appointments.

Thus, it is no surprise that demand for bus transit capital funds remains at an all-time high. In 2024, the Bus and Bus Facilities and Low or No Emission competitive grant programs received $9 billion in funding requests for $1.5 billion available. This is the largest oversubscription in the program's history.

Any reduction in funding for buses will further exacerbate the problems with our nation's fleet and delay full ridership recovery. For these reasons, we strongly support maintaining funding for the Bus and Bus Facilities Program (5339) at $2.2 billion in formula and competitive grants as authorized in the final year of IIJA.

1B: Increase & Index the Federal Gas Tax

Request: Enact a one-time increase in the federal gas tax and index the taxation rate for future inflation-based rate adjustments. In addition, create an alternative vehicle or use tax on electric vehicles that proportionally matches the revenue from traditional fuel vehicles.

Justification: The federal gas tax has been stuck at 18.4% since 1993, dramatically reducing the purchasing power of federally funded infrastructure programs. A modest, indexed increase in the gas tax, along with an alternative revenue source from electric cars could create substantial new funds for transit and transportation priorities in the upcoming Reauthorization bill.

1C: Maintain Transit Support in Highway Trust Fund

Request: Maintain current funding levels and contributions from the Highway Trust Fund to public transportation and bus capital grants accounts.

Justification: Public transportation is the lifeblood of American economies and communities from coast to coast. Workers, students, and seniors alike depend on buses for their mobility and connections every day. And while bus transit provides over 58% of all transit trips in the U.S., bus transit only receives approximately 20% of all federal capital grants made annually. Any choice but maintaining current funding levels – or increasing funds available to bus transit – would deal a devastating blow to millions of Americans and the communities our transit systems serve.

Policy and Administrative Reforms:

Priority 2: **Grants Application & Administration:**

2A: 5339 Application Process Reform:

Request: To simplify and improve the grants application process, **(1)** Convert all bus capital grant application processes to follow the streamlined and successful tribal application process. And **(2)** require FTA to report annually to Congress on the progress on implementing these reforms.

Justification: The current capital grants program that transit agencies rely on are difficult to access, have overly burdensome reporting requirements, have unnecessary limitations, and impose requirements that drain resources. These bureaucratic constraints undermine the effectiveness of federal programs and diminish their impact on transit riders' lives.

2B: Local Match Simplification:

Request: Change FTA's local match grant application requirements to provide reasonable capital access for small systems by **(1)** requiring 80/20 match ratio for small (5311) systems and **(2)** provide full federal funding / zero match for rural transit projects.

Justification: Small and rural public transit systems are highly effective at improving riders' lives and improving economic growth in smaller and rural communities, yet these systems face the greatest challenges in accessing these crucial funding pools.

Priority 3: **Fleet and Facilities Management**

3A: NEPA Review Streamlining:

Request: Reform transit systems' environmental review process by **(1)** applying the same real estate negotiation process applied by FHWA for highway projects to transit property acquisitions.

(2) Expand categorical exclusions for simple projects including bus stops, and **(3)** implement a simplified 'checklist' approach to project review.

Justification: A regular requirement for growing transit operators is the acquisition of real property for maintenance, administrative, and other essential operations tasks. In recent years however, nearly every attempt by local transit systems to purchase property has suffered major project delays and cost overruns due to the complexity of burdensome federal regulations, environmental review processes, and cumbersome NEPA requirements.

In many cases, federal regulations prohibit local transit management from commencing even basic deal negotiation with present owners of needed land or facilities. These ineffective rules have in many cases led to such properties to be sold to other purchasers. Even when transit systems are able to acquire target properties, these artificially cumbersome negotiations lead to substantially higher acquisition costs for local providers and the American taxpayer.

TBC also proposes expansion of allowed Categorical Exclusion categories for smaller-scale, simpler facility projects. Often, transit systems must complete expensive, time-consuming environmental reviews for even the addition of bus stops on existing or new transit routes. This dramatically increases the cost of projects at high cost to American taxpayers at the local, state, and federal levels.

We also propose consideration of a standardized, simplified 'checklist' approach to improve the reliability and value of federal environmental review processes. This approach would clarify the requirements for environmental approvals, and shift the burden of accountability properly to the parties responsible for project completion.

3B: Spare Ratio Reform:

Request: (1) Eliminate spare ratio requirement entirely. **(2)** If needed, create an alternative, flexible requirement that offers individual systems a path to demonstrating compliance. **(3)** If Spare Ratio policy remains, exclude all 12 year+ buses from the required vehicle count.

Justification: The FTA Spare Ratio policy and reporting process has outlasted its need. While it remains important to ensure federal transit dollars are directed effectively to mission-critical mobility outcomes, there exist simpler, higher-impact means of producing this outcome. Properly empowered, local transit managers can protect the federal government and taxpayer interest with much lower administrative burden, as well as management and capital costs.

This issue is even more pressing in an era of high-technology, high-cost rolling stock acquisitions. In the current environment (high-cost vehicles, long delivery times), the risk of unnecessary duplication in orders has been drastically reduced already. And the introduction of Zero-Emission (ZE) buses places an added burden on the system as they cannot afford to have several of these buses sitting in their lots, in case one of their buses need to be replaced. TBC's position is that the Spare Ratio requirement be ended completely. If needed, it could be replaced or converted to a highly-simplified, flexible reporting requirement.

3C: Build America / Buy America:

Request: (1) Change Buy America for transit project to default approvals after allowed Federal review. **(2)** Keep full BABA reviews at DOT / FTA levels, with accelerated reviews within a limited, time-bound window.

Justification: Because of specific challenges in the vehicle procurement process, Build America / Buy America processes should be revised to allow DOT to handle the requests within the department itself. A very bureaucratic process has been built around this issue that needs to be simplified, with a specific timeline on the process. In many cases, it takes 2-3 years and substantial legal and advisory costs to navigate this process. This approach does not fit the pressing, time-sensitive vehicle acquisition needs of public transit agencies and the riders they serve.

3D: NTD Reporting Acceleration:

Request: (1) Work with new TBC Task Force to identify and review priority data categories and simplify reporting to that goal. **(2)** Require FTA to modernize data collection and speed reporting to include same-year data reporting and real-time access to system-level data on the same or similar timeline as which it is submitted.

Justification: NTD data in this new technology world has not kept pace with what is available and when it's available. Transit systems across the country submit on regular basis, mostly due every 6 months by the department, yet it takes in many cases up to 2 years or more for the data to be available by NTD. This means data for individual systems or industry analysts is not available to be used in a timely fashion. Such delays mean data is often outdated when it is available, and no longer useful in aiding effective public management at the national or local level. We suggest that NTD be restructured to be required to present their reports in a much more timely manner.

Priority 4 <u>Next-Generation Fuels and Technology</u>

4A: Emissions Reduction & Fuel Diversity

Request: Reframe the issue to focus broadly on infrastructure, innovation, and fiscal health, rather than an exclusive focus on any one fuel or propulsion technology.

Justification: Across the country many transit systems have been forced to try to design their transit bus needs based on moving to a zero-emission transit system. In many parts of the country this is not practical and will not work. We believe that transit systems should be allowed to develop their long-term plans based on what works for them, working to achieve the goal of reducing emissions.

4B: Tech Capital Procurement Reforms

Request: (1) Change 5307 technology capital purchasing requirements to allow tech procurement to leverage the advantages of Software-as-a-Service (SaaS) licensing and operations advantages.

Justification: The tech capital requirements in the 5307 program prevent transit systems from productively leveraging innovative software platforms that utilize SaaS business models where the traditionally upfront capital implementation costs are spread across contract duration. This limits the ability of transit operators to implement next-generation technologies, and inadvertently leads to higher project costs, while enabling vendor lock-in for suboptimal software products.