



**TESTIMONY OF
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**BEFORE THE
SUBCOMMITTEE ON HIGHWAYS & TRANSIT
COMMITTEE ON TRANSPORTATION & INFRASTRUCTURE
U.S. HOUSE OF REPRESENTATIVES**

**HEARING ON
*RURAL TRANSPORTATION CHALLENGES: STAKEHOLDER PERSPECTIVES***

Thursday, March 21, 2024

Good morning Mr. Chairman, Ranking Member Norton, and members of the Subcommittee. My name is Jeff Greteman, and I am president of Windstar Lines, a private bus operator based out of Carroll, Iowa.

I appreciate this opportunity to testify today about rural transportation challenges, and the importance of private bus operations in meeting the public transportation needs of rural communities, both on behalf of my company and the entire industry, representing the American Bus Association.

The private bus industry has a long and respected history serving the traveling public in this country, although not often recognized for its contributions. It is an industry dominated by small businesses, often family owned like Windstar, which provides a vital service as part of the larger national transportation network. Private bus operations include scheduled route services, like Greyhound, but also commuter and shuttle services in and around urban areas and work sites, and charter operations, like Windstar, which operate locally or across the country. Private bus operators also are relied upon by the public for transportation services, and we move our military and serve in times of disasters to assist with evacuations and recovery in the aftermath.

Windstar Lines provides charter bus service, contract commuter service, employee shuttles, and convention transportation support, and we are certified to move our military by the Department of Defense. We are a family owned and operated business based in Carroll, Iowa, with 11 additional locations nationwide. We transport approximately 1.5 million passengers annually, while maintaining an exemplary safety record. However, I am also here to speak on behalf of all rural bus operations, including scheduled operations that serve rural communities

and work with state and local governments to ensure these communities have adequate public transportation services.

During the COVID-19 pandemic the private bus industry suffered staggering losses, close to \$12 billion in 2020, alone, and it is still struggling to recover – this is particularly true for rural operators and the vital services we provide. Although Congress enacted the Coronavirus Economic Relief for Transportation Services Act or CERTS in 2021, to assist private operators the industry was left primarily to rely on its own resources to survive the Pandemic. Yet, at the same time, private operators played a critical role, shuttling necessary medical personnel to high-risk areas, connecting rural communities to medical facilities in larger urban areas, and assisting those who faced dire economic circumstances by providing reliable and cost-effective transportation services. From a rural standpoint, this was particularly important, as private bus operations provide a vital link for rural and otherwise isolated communities to the larger national transportation network, urban hubs and facilities, and access to medical and educational resources and jobs.

However, although critical to serving the transportation needs of rural communities, the operating environment for bus operations is deteriorating. Companies are struggling to remain viable, which is becoming increasingly difficult to do.

Rural bus operators like Windstar are facing various strains on their operations. As is well documented, the bus driver shortage is making it difficult to meet staffing needs. However, in the Midwest, because of the lack of availability of Commercial Driver License (CDL) testing facilities and CDL training facilities for bus operators, it makes it even more difficult to attract drivers to the profession. Further, federal CDL requirements for testing, requiring lengthy waits between testing and obtaining a license, are disincentives to pursuing a CDL.

Additionally, roadway infrastructure needs are very important to rural operations. Congestion and potholes are not solely the province of large urban areas. Rural States face similar issues and should have the discretion to address their transportation needs as they see fit, including adding capacity if appropriate to address inefficiencies as well as safety. For example, Highway 30 runs from the east to west border of Iowa, and is the second most traveled roadway in the state after I-80. It is the state's longest roadway and connects major cities such as Cedar Rapids and Ames, and serves over 550,000 of Iowa's 3.1 million population. However, over 80 miles of it remains two-lane, which causes safety concerns, congestion, and operational inefficiencies for businesses like Windstar that depend on it. The Highway 30 Coalition is advocating for the State to modernize this roadway and add capacity to make it a 4-lane highway.

This project is specific to my state, and states need to have the flexibility to identify their own infrastructure needs and make these types of decisions. For this reason, Mr. Chairman, we wholly support your legislation, H.J.Res. 114, to stop the Federal Highway Administration's final rule imposing national performance measures concerning greenhouse gas emissions, on states and transportation planning agencies. Rural states have unique needs and should not be forced into a "one-size-fits-all" mandate restricting their ability to provide critical transportation investments to meet their transportation needs. Unlike urban areas, bike lanes and transit rail are not always an option for rural communities – we, as public transportation providers, need highway capacity, and I want to thank the Chairman for recognizing this and for his legislation.

Another significant issue is that bus operators are losing access to key facilities and destination points providing intermodal connections, and many of these facilities are publicly funded facilities like transit stations, Amtrak stations and airports, which should welcome and promote intermodal transportation. Although there is statutory languageⁱ requiring these public facilities to provide reasonable access to intercity bus operators, facilities have found ways to get around the law due to gaps in the law or interpretive guidance. This is a major concern for rural bus operators who are trying to ensure their passengers have meaningful connections to the larger national transportation network. Efforts to work with federal partners like the Federal Transit Administration (FTA) or the Federal Aviation Administration, have proven unsuccessful either because the law is insufficient or because of disinterest.

Similarly, rural bus operators are increasingly facing restrictions from the local jurisdictions they are trying to serve, in terms of destination points or pick-up/drop-off locations. The changing business environment for intercity bus operations has led to numerous bus station closings, and while operators seek to relocate many localities are restricting or prohibiting these efforts. For example, rather than permit bus operators to relocate to areas that provide amenities and meaningful connections to other transportation services, they are instead restricting bus stopping points to industrial areas with few amenities and no intermodal access, resulting in less attractive bus service and hurting both the passengers and the bus operator.

The private bus industry prides itself on being one of the few publicly accessible intercity modes of transportation servicing rural communities, ensuring equitable access to the national transportation network in a safe and cost-effective manner. However, if bus operators cannot provide necessary transportation connections and attractive service to customers, the operating model is unsustainable and rural communities will suffer.

Also, federal programs like the 5311(f) rural transportation grant program, managed by FTA, are not keeping up with the costs and business case to support rural transportation bus routes. The funding formula for use of 5311(f) funds is insufficient for subsidizing rural route operations. Increased requirements, like the Buy America requirement, and supply chain issues have increased costs for equipment significantly. Currently, there is only one manufacturer who can supply compliant equipment, and costs for equipment have increased by over 30%. These cost increases, in turn, cut into funds otherwise relied on to cover operating loss costs.

As well, the formula funding for operating loss subsidies, typically 50% of net operating losses, does not fully account for the actual costs to private operators to provide services on routes that would not otherwise exist. By definition, the remaining 50% of net operating losses are unfunded and often require the private operator to subsidize the route, an increasingly difficult burden to carry. The 5311(f) program was initially created to prevent intercity bus operators from abandoning less productive routes. However, we are at a point where the program is not meeting its goals. Operators providing 5311(f) services these days need greater support to sustain their businesses if they are to continue operating such routes and remain viable rural transportation providers. It would also help if States were limited from certifying and transfer these vital funds to other programs when they could be used to provide increased support for rural transportation in other states. Better coordination between the states in support of rural interstate transportation instead of an intrastate-only focus, could also lead to better results for

this important transportation lifeline and better connections for passengers to the national transportation network.

In addition to these various challenges for rural operators, the viability of the entire private bus industry is at risk from a number of current regulatory initiatives and policy directions. These initiatives appear to reflect a lack of understanding of bus operations and take no account of the valuable services and benefits private bus operators contribute to our country.

Bus operators, as well as commercial motor vehicle operators in general that engage in interstate operations, are wholly dependent on a national, uniform regulatory safety scheme. This scheme is a hallmark of the Federal Motor Carrier Safety Administration's (FMCSA's) safety oversight role. The Federal Motor Carrier Safety Regulations or FMCSRS work, and they work because operators can cross state lines without the risk of running afoul of differing individual state rules and regulations. Because of this uniform scheme, national safety standards remain in place and all operators must play by the same rules. However, FMCSA is currently entertaining waiver requests to set aside its preemption determination of state ordinances that differ from the national scheme and interfere with their jurisdiction over drivers' hours of service. If FMCSA proceeds to waive its preemption determination and allow states to set their own rules, bus operators like Windstar will be burdened with trying to navigate new rules every time they cross state lines or be faced with heavy penalties and litigation. This is entirely unworkable from a business standpoint, in terms of engaging in interstate operations. Windstar currently operates in the 48 contiguous states; the burden of trying to remain compliant with 48 different HOS schemes would be overwhelming.

Finally, Mr. Chairman, the bus industry has a long and successful environmental track record, taking cars off the roads and relieving congestion, along with adopting cleaner engine technology and cleaner fuels. We are proud of these measures, and certainly are supportive of addressing climate changes issues. However, recent policy initiatives and regulations to drive the commercial vehicle industry transition to zero emissions vehicle (ZEV) technology, albeit well intended, are unrealistic for the bus industry.

Increasingly stringent emissions requirements pursued by the Environmental Protection Agency (EPA) and sometimes driven by or even superseded by the California Air Resources Board (CARB) and like states, are a serious threat to our industry. These agencies seem to take no account of the environmental benefits the bus industry currently provides, in the development of their rules, nor do they consider the costs for new heavy-duty ZEVS and the need for reasonable timelines. In fact, neither EPA nor CARB has made any concerted outreach to the private bus industry to understand our operations or the burdens we face from their rules.

Right now, for motorcoach vehicles, zero emissions technology is still under development – and it is unclear whether batteries or hydrogen fuel cells will be the best fit for such vehicles. Also, appropriate charging infrastructure is not yet in place, and very little attention is being paid to what infrastructure is necessary – in terms of charging capacity, speed, space, and the needs of passenger carrying vehicles. Further, the costs for our industry to transition to ZEVs are significant, particularly for an industry dominated by small businesses, who continue to struggle with recovery from the pandemic. Currently, the cost of an electric bus is two times the cost of a regular diesel vehicle (\$600K v. \$1.5 million), and the price is even higher for a hydrogen

vehicle (\$2 million+). Then there is also the cost for installation of onsite charging infrastructure and training for staff, to consider, in order to maintain the fleet. Further, the current ZEV vehicles on the market cannot meet the capacity or the range of diesel operated vehicles, which is particularly problematic in terms of providing rural transportation services. Lastly, purchases of bus equipment are a significant investment for bus operators, who also take into account the resale value of the equipment – which is a known quantity for vehicles on the market today. This is not the case for an electric bus or ZEV vehicle, where resale value has yet to be determined.

Investment of the sort necessary to transition an industry to an entirely new power mode is very risky for small businesses, and especially for rural operators who are already struggling to remain in operation. Although legislation has authorized various grant programs for ZEV investment, none of these programs will assist the private bus industry with such a transition. Please understand, we want to be supportive and are not opposed to moving toward cleaner vehicles, but this transition needs to happen on a more reasonable timeline, with more resources, and with realistic expectations for our industry.

Mr. Chairman, I want to thank you, again, for holding this hearing and allowing me to testify about rural transportation services. I will close by saying the private bus industry provides critical public transportation services to rural and isolated communities. However, if rural bus operators are to survive, there needs to be greater recognition of the critical role we play in the national transportation network and the very real challenges we are facing.

I would be pleased to answer any questions.

ⁱ See, 49 USC 5323(r) and 49 USC 47107(a)(20).