



**SUBCOMMITTEE ON ENERGY POLICY,  
NATURAL RESOURCES AND  
REGULATORY AFFAIRS**

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**Doug Ose (CA-03), Chairman**

***PRESS RELEASE***

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**OSE HEARING ON PRIVATE SECTOR  
PARTICIPATION IN TRANSPORTATION**

WASHINGTON D.C. - Congressman Doug Ose (R-Sacramento) yesterday held a hearing to explore the Department of Transportation (DOT's) record in encouraging private sector participation in ground transportation and its oversight enforcement record. The House Government Reform Subcommittee on Energy Policy, Natural Resources and Regulatory Affairs hearing was titled "How Can We Maximize Private Sector Participation in Transportation?"

"It is clear from yesterday's testimony that there are glaring gaps in the methods that DOT uses in determining private versus public sector participation," Ose said. "The law clearly dictates maximum private sector participation in the transportation process and DOT's actions are contradictory to the letter and spirit of the law."

Over 40 years ago, Congress enacted laws to encourage private sector participation in transportation, requiring DOT to "facilitate the development and improvement of coordinated transportation service, to be provided by private enterprise to the maximum extent feasible."

"There are many advantages to participation by the private sector in improving America's transportation system," Ose said. "Infrastructure improvement projects can be delivered more cost effectively, and Federal and State funds can be devoted to other pressing needs – especially when faced with deficits."

During the hearing, Ose expressed concern over DOT's private sector participation policy and several witnesses provided testimony regarding cases where DOT allowed local public transit authorities to compete unfairly with existing private mass transit service providers.

In order to ensure fair and cost-efficient programs, Federal regulations stipulate clear and common sense guidelines for the award and use of grant funds. Grant recipients "must

not use equipment acquired with grant funds to provide services for a fee to compete unfairly with private companies that provide equivalent services.” For example, a public transportation service cannot use grant dollars to purchase equipment, such as buses, to offer equivalent services at a reduced charge to that charged by the private sector.

Despite these Federal regulations, DOT awarded \$2.4 million to a local transit authority for the purchase of buses and later allowed this agency to use these buses in a takeover of an existing mass transit service. This takeover resulted in an estimated additional \$277,000 annually in public operational expense. As Subcommittee Chairman, Ose has sent two letters to DOT relating to the public takeover of a 25-year competitively awarded contract for mass transit shuttle bus services in Sacramento, California.

“There is a clear problem here. When a grantee does not use Federal grant monies consistent with Federal law, Congress needs to weigh in,” Ose said. “I am severely disappointed by the attitude and actions to date to enforce the statutory and regulatory requirements that apply to capital assets purchased in whole or in part with Federal funds, especially when these assets are used to push existing private transit operators out of business.”