



**CALIFORNIA
TRANSIT
ASSOCIATION**

1415 L Street, Suite 200 • Sacramento, CA 95814

Phone (916) 446-4656 • FAX (916) 446-4318

E-Mail: info@caltransit.org

www.caltransit.org

January 28, 2009

The Honorable Darrell Steinberg
Senate President pro Tempore

The Honorable Karen Bass
Speaker of the Assembly

The Honorable Dave Cogdill
Senate Republican Leader

The Honorable Mike Villines
Assembly Republican Leader

RE: 2008-09/2009-10 State Budget – Public Transit Supports the Economy & Clean Air

Legislative Leaders:

On behalf of the California Transit Association and its members, and for the Californians who took more than 1.5 billion passenger trips on public transit systems last year, I urge you to **re-think actions taken by the Legislature last year to dramatically reduce the amount of State funding available to operate local transit services**, culminating in a vote in December to cut the current year's State Transit Assistance (STA) program in half. While transit managers and the riders they serve certainly appreciate the fact that the Legislature rejected – and **we urge you to continue to reject – the Governor's call to completely eliminate State transit funding**, by reducing the STA program down to \$150 million in your proposed 2008-09 budget as enacted in December you in fact greatly diminished the resources available to transit systems struggling to provide more service than ever.

Specifically, when the 2008-09 budget was first enacted in September, transit agencies *had to* trust in the final number provided in that budget – a \$306 million STA Program, a level reflecting your earlier agreement to shift about \$1.7 billion away from transit systems; therefore, **transit agencies are currently providing transit service to their communities based on the budget's \$306 million** STA program. The Governor's veto of your December budget package gives you another chance to sustain a transit program much closer to last year's program (funded at \$316 million).

As shown in the attached documents, transit systems have already worked hard, just as you have, to balance their local budgets, and **the prospects of another 50% cut in their current operating and capital budgets will only exacerbate a recent trend of transit service cutbacks and fare increases, at a time when California's transit riders can least afford these punitive measures.**

While the transit industry staunchly supports full funding of the Public Transportation Account (PTA) based on the four major revenue streams that have historically been dedicated to the PTA – the sales tax on diesel fuel, a portion of the sales tax on the gas tax, a portion of Proposition 42's sales tax on gas revenues, and the so-called "spillover" (which, combined, *should have* produced a 2008-09 State Transit Assistance Program of about \$1 billion and provided another several hundred million dollars for transit capital

projects, i.e. above and beyond what was actually provided in the Budget Act of 2008), we acknowledge that the State's General Fund deficit has grown to a record \$42 billion, reflecting the worst economic crisis in California's history. That's what led you to enact ever-larger cuts to many programs last year, including the STA program, which was reduced to \$306 million in the enacted Budget Act of 2008, from \$316 million in 2007 and \$624 million the year before that.

However, **transit has now more than paid its fair-share** in terms of contributing to your deficit-reduction plans. In fact, **over 95% of all potential transit-dedicated revenue has been diverted to other General Fund purposes**, in the already-enacted 2008-09 budget. Over \$3 billion has been redirected from transit in the last two budget cycles. Furthermore, in this decade alone, state-supported public transportation programs have absorbed nearly \$5 billion in cuts.

These cuts not only adversely impact citizens who need better alternatives to the automobile now more than ever, but reduce good-paying jobs, further slow down the economy, and degrade the environment. Finally, as if that's not enough, the Governor continues to push for elimination of the STA program entirely, beginning in 2009-10. This proposal flies in the face of the "deal" with transit the Legislature adopted in the Budget Act of 2007, which relied in part on diverting 50% of all available spillover funds permanently to the General Fund –which was supposed to leave the remaining 50% to create certainty for transit riders and an available, permanent, stable source of funding.

The Governor's most recent proposal, and your actions in December, to reduce the program further to \$150 million, and the Governor's call to eliminate the program starting in 2009-10, has caused transit agencies to begin planning for more fare increases, service cuts, capital deferments, and laying off bus and train operators. Service cuts of up to 35 percent are anticipated due to these raids on State funding, meaning thousands of California jobs are at stake. The proposed funding cuts would pose an immediate threat to nearly 2,000 jobs in the Bay Area alone. But service cuts aren't the only threat. With billions of dollars worth of capital improvement projects put on hold or cancelled altogether due to loss of funding, the opportunity for significant, vital economic stimulus would be squandered. If invested in capital projects, the \$1.7 billion already cut this year could have generated 80,750 jobs. And, to make up the difference, more than 15 transit operators have had to shift the cost to their riders, by increasing fares.

For instance, the San Mateo County Transit District is planning on reducing service to nearly 520,000 passengers. Monterey-Salinas Transit will have difficulty providing paratransit service as mandated by the federal Americans with Disabilities Act. The Orange County Transportation Authority will have to cut service that will affect 4 million passenger trips. In Santa Clara, the lack of funding will diminish the valley Transportation Authority's service for low-income seniors and CalWorks recipients.

California cannot maintain and grow a 21st century transit system on a 1960's budget!

These cuts also ignore the fact that spending on transportation infrastructure grows the economy: **Every \$1 invested in public transportation projects and services generates approximately \$6 in local economic activity.**

And, transit systems *do* rely on the State Transit Assistance program for core funding. **Our data show that STA funds account for as much as 50% of some agencies' budgets.** Dozens of smaller, suburban and rural agencies face 10-40% funding cuts if you take the STA program down to \$150 million.

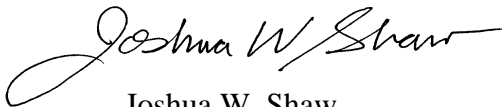
Furthermore, **you can no longer proclaim you are "preserving Proposition 42 transportation dollars" if you cut the STA program to \$150 million:** The 2008-09 budget as signed by the Governor in September estimated a \$1.42 billion Proposition 42 program; transit's 20% share results in a \$284 million contribution to the PTA. Since the STA program receives 75% of *those* funds, Proposition 42 contributes \$213 million to the current-year STA program. Thus, **providing only a \$150 million STA program is tantamount to an end-run around Proposition 42!**

Finally, **public transit should be playing a much larger role in helping the state meet its clean air goals:** Better and more frequent transit service attracts more people from their cars, thus reducing vehicle miles traveled and leading to concurrent reductions in greenhouse gas (GHG) emissions. Use of public transportation produces 95 percent less carbon monoxide and about half as much carbon dioxide and nitrogen oxides per passenger mile, compared to private vehicles. Transit use in California also reduces carbon dioxide emissions by nearly 3.6 million metric tons annually. Clearly, **regional and local governments will never meet their GHG emission reduction targets under AB 32 (the Global Warming Solutions Act of 2006) and SB 375 (Steinberg) if you further cut or even eliminate State funding for public transit.**

Thus, we urge you to again reject the Governor's proposal to eliminate the STA program entirely, and retain at least the \$150 million in STA program funds you provided in your December actions, if not grow the program back to a level capable of meeting the demand of our citizens for more and better transit service.

We look forward to working with you. Thank you for your consideration.

Sincerely,



Joshua W. Shaw
Executive Director

cc: Members of the California State Senate
Members of the California State Assembly

bcc:

Mr. Brian Kelly, Office of Senate pro Tempore Steinberg
Mr. Craig Cornett, Office of Senate pro Tempore Steinberg
Mr. Danny Alvarez, Senate Budget & Fiscal Review Committee
Mr. Brian Annis, Senate Budget & Fiscal Review Committee
Ms. Carrie Cornwell, Senate Transportation & Housing Committee
Mr. Art Bauer, Senate Transportation & Housing Committee
Mr. Ted Morley, Senate Republican Caucus
Ms. Rocel Bettencourt, Senate Republican Fiscal and Policy Office
Ms. Erica Martinez, Office of Assembly Speaker Bass
Mr. Chris Woods, Office of Assembly Speaker Bass
Mr. Adam Dondro, Assembly Budget Committee
Ms. Janet Dawson, Assembly Transportation Committee
Mr. Gregson Porteous, Assembly Republican Caucus
Mr. Chris Holtz, Assembly Republican Fiscal Office
Ms. Dana Curry, Office of the Legislative Analyst
Mr. Eric Thronson, Office of the Legislative Analyst
Mr. Michael Burns, Executive Committee Chair, California Transit Association
Ms. Sharon Cooney, Legislative Committee Chair, California Transit Association
Executive Committee Members, California Transit Association
Legislative Committee Members, California Transit Association