

May 2, 2024

The Honorable Gavin Newsom
Governor, State of California
1021 O Street, Suite 9000
Sacramento, CA 95814

RE: Temporary Spending Freeze on Public Transit Funding

Dear Governor Newsom:

On behalf of the California Transit Association, I write to you today to respectfully request that the Administration, through the Department of Finance (DOF), immediately lift the current spending freeze on the funding appropriated for California's transit agencies as part of the Fiscal Year (FY) 2023-24 Budget Act. This funding was scheduled to be approved for release by the California State Transportation Agency (CalSTA) no later than April 30, 2024.

As you know, in 2023, following months of advocacy by California transit agencies, regional entities, labor organizations, environmental groups, business groups, and riders, the Legislature approved and you signed into law AB 102 (Ting), which appropriated \$2 billion to the Transit and Intercity Rail Capital Program (TIRCP) and \$410 million to the Zero Emission Transit Capital Program (ZETCP) as part of a multi-year \$5.1 billion transit funding package. This funding was hailed by the Association as a critical step in transit agencies' recovery from the pandemic and foundational to our industry's ongoing transformation. Under this bill, metropolitan planning organizations (MPOs) and regional transportation planning agencies (RTPAs) were apportioned funding on a formula basis to be used at their discretion to support transit agencies' efforts to address operational shortfalls that threatened transit service (i.e. "fiscal cliff"), bring riders back to California's transit systems, advance transformative capital projects, and maximize our state's drawdown of federal funding from the Infrastructure Investment and Jobs Act.

Accompanying the appropriation of these funds was SB 125 (Skinner), a budget trailer bill that established a series of accountability requirements on MPOs, RTPAs, and transit agencies, designed by the Administration and Legislature to ensure that this one-time infusion of state funding would help transit agencies achieve fiscal stability and further other state goals for public transit. As part of this accountability framework, SB 125 required MPOs and RTPAs, in conjunction with their transit agencies, to develop short- and long-term financial plans that detail and justify how AB 102 funding would be spent in each region. These initial plans, which were completed by MPOs and RTPAs by the statutory deadline of December 31, 2023, involved months of engagement with members of the public and community stakeholders, regional collaboration, and input and oversight from governing boards with the expectation that the funding provided by AB 102, as well as the future commitment of \$2 billion in TIRCP funding and \$690 million in ZETCP funding, would be delivered to the regions on the timelines prescribed in statute. The initial tranche of funding was scheduled to be released to MPOs and RTPAs on April 30. Additionally, SB 125 created, as a condition of receiving these moneys, the Transit

Transformation Task Force (Task Force) at CalSTA, charged with developing legislative, budgetary, and operational recommendations for improving the travel experience for our riders, increasing transit ridership, and compelling better performance from our transit systems. The 25-member Task Force, which was convened in December 2023, includes 13 members pulled from our association's leadership.

As MPOs, RTPAs, and transit agencies have complied with the accountability requirements outlined above, we were surprised and dismayed to learn on April 30 that the release of the funding we expected to receive was frozen by the Administration for a 60-day period – seemingly without detailed analysis of regional and local needs or the impacts of the uncertainty our industry now faces. Today, we ask that the Administration consider more fully the rigor of our regional efforts to comply with SB 125, the importance of funding certainty to transit service maintenance/restoration and capital project delivery, and the impacts of delay on our members' ability to demonstrate local match in federal grant applications and funding agreements, and immediately lift the current spending freeze on the funding appropriated for California's transit agencies as part of the FY 2023-24 Budget Act. Additionally, we request that the Administration lift the spending freeze on TIRCP Cycle 6 grants, approved under the FY 2021-22 Budget Act and awarded in early 2023, which will fund transformative capital projects and leverage billions of dollars in one-time federal investment. Taking these actions would re-center the considerations and broader policy context that was at the forefront of the actions the Administration and Legislature took just last year to save and support public transit in California.

While we must be direct in our message today, please know that the Association and our members appreciate all the support the Administration and the Legislature have provided to public transit agencies, our communities, and our riders in recent years. What's more, we understand the difficulty of this budget year. As the year progresses, we are committed to continuing to work productively with the Administration and the Legislature to resolve the fiscal challenges our state faces, including by supporting the early action budget plan's temporary postponement of a portion of the TIRCP funding for FY 2024-25.

Please contact me at 916-446-4656 x 1034 or michael@caltransit.org if you have any questions.

Sincerely,



Michael Pimentel
Executive Director

cc: The Honorable Mike McGuire, President pro Tempore, California State Senate
The Honorable Robert Rivas, Speaker, California State Assembly
The Honorable Scott Wiener, Chair, Senate Budget and Fiscal Review Committee
The Honorable Aisha Wahab, Chair, Senate Budget Subcommittee No. 5
The Honorable Jesse Gabriel, Chair, Assembly Budget Committee
The Honorable Steve Bennett, Chair, Assembly Budget Subcommittee No. 4
Toks Omishakin, Secretary, California State Transportation Agency
Mark Tollefson, Undersecretary, California State Transportation Agency
Chad Edison, Chief Deputy Secretary, California State Transportation Agency
Joe Stephenshaw, Director, California Department of Finance
Erika Li, Chief Deputy Director, California Department of Finance