

January 25, 2023

The Honorable Toni G. Atkins
Senate President Pro Tempore
California State Senate

The Honorable Anthony Rendon
Speaker of the Assembly
California State Assembly

The Honorable Nancy Skinner
Chair, Senate Budget Committee
California State Senate

The Honorable Phil Y. Ting
Chair, Assembly Budget Committee
California State Assembly

The Honorable María Elena Durazo
Chair, Budget Subcommittee No. 5
California State Senate

The Honorable Steve Bennett
Chair, Budget Subcommittee No. 3
California State Assembly

RE: California Transit Association's Response to Proposed FY 2023-24 Budget

Pro Tempore Atkins, Speaker Rendon, Senators Skinner and Durazo, and Assemblymembers Ting and Bennett:

On behalf of the 85 transit and rail agency members of the California Transit Association, I write to inform you of the Association's significant concerns with the proposed reductions to transit and transportation spending included in the Governor's proposed FY 2023-24 budget, and to further elevate our member agencies' requests for operations funding assistance to address near-term funding shortfalls and to support transit agencies in their recovery from the COVID-19 pandemic. We respectfully request that the Legislature address these priorities in concert with the Administration and the Association as the budget process proceeds.

The proposed \$297 billion budget for FY 2023-24, which projects a \$22.5 billion deficit, contains several troubling cuts to transportation funding programs. Among these cuts is the proposed reduction of \$2 billion in funding previously committed to the Transit and Intercity Rail Capital Program (TIRCP) – a proposal that includes a conditional trigger, allowing for these funds to be restored if the state's fiscal outlook improves. At a time when many transit agencies face near-term budget shortfalls due to dwindling federal emergency relief funds, inflationary pressures, and stagnating ridership, we believe it is critical that the state maintain transit funding at the levels that were agreed to as part of 2022's transportation spending package. This funding would allow transit agencies to continue to make progress on the state's environmental, mobility, and equity objectives. We additionally observe that this investment in the TIRCP was a key element of the budget discussions that ultimately led to the historic \$11 billion commitment to transit, active transportation, climate adaptation and high-speed rail in the FY 2022-23 Budget

Act. This carefully crafted agreement was wholeheartedly supported by our member agencies and deserves to be upheld not only for the reasons previously stated, but also because (as discussed at the time of its enactment) this funding primes transit agencies to take advantage of the generational investment provided by the federal Bipartisan Infrastructure Law. Now is not the time to cut funding for transit agencies.

As you know, at the height of the COVID-19 pandemic, transit agencies statewide were fortunate to receive emergency funding from the federal government, as well as statutory relief from the State of California. This relief has been critical to transit agencies and the communities they serve, as it supported day-to-day transit operations, allowed transit agencies to implement enhanced public health protocols in response to the pandemic, and provided transit agencies with a runway to re-envision their services and regrow ridership. Unfortunately, this relief will soon lapse as federal emergency funding is exhausted by transit agencies and state statutory relief expires at the end of FY 2022-23.

As transit agencies continue to rebound from the long-lasting effects of the COVID-19 pandemic on commute patterns, ridership, and capital and operations costs, we believe it is crucial that the state explore solutions to provide transit agencies with the funding necessary to continue day-to-day operations without having to reduce services or increase fares, while also providing funding to transit agencies to implement programs and strategies geared toward bringing riders back. Through our engagement with our member agencies and survey data we have collected from them this year, the Association stands ready to advise and support the Administration and Legislature in these deliberations. Additionally, we believe it is vital that the state extend the statutory relief provided to transit agencies by additional two years – through FY 2024-25 – as this extension would allow more time for transit operations to recover, stave off unwarranted and counterproductive shifts in transit funding, while also allowing agencies to continue operations without service impacts. From the data we have collected, more than 80 percent of responding agencies noted that such relief has been helpful in maintaining their service and ridership.

In summary, we request the Administration and Legislature work with the Association to restore capital funding for transit agencies, provide flexible funding for operations, and extend statutory relief through FY 2024-25. We thank you for supporting transit agencies throughout the pandemic and for considering our budget requests. We look forward to meeting with your offices soon to discuss them in more detail as we work to find solutions to the issues our public transportation agencies are facing. If you have any questions about our requests, please contact me at Michael@caltransit.org or (916)-446-4656 x1034.

Sincerely,



Michael Pimentel
Executive Director

The Honorable Gavin Newsom, Governor, State of California
Toks Omishakin, Secretary, California State Transportation Agency
Mark Tollefson, Undersecretary, California State Transportation Agency
Members, Executive Committee, California Transit Association
Members, State Legislative Committee, California Transit Association