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Budget plan a mixed bag for public transit ***Advocates decry latest raid on PTA funds, call for structural reform***

SACRAMENTO – Public transit advocates expressed concern over Gov. Arnold Schwarzenegger’s preliminary state budget released today, warning that the continued diversion of transit-dedicated money to non-transit purposes underscores the pressing need for substantive reform of the budget process.

“Last year it was us that got pummeled. This year it’s the schools. What’s to prevent them from raiding us again next year?” lamented Joshua Shaw, Executive Director of the California Transit Association. “It’s time for the governor and the legislature to enact substantive, long-term systemic reforms in the way we craft a state spending plan. The trend of siphoning funds from one program to paper over the holes in the General Fund has got to stop.”

The spending plan calls for diverting another \$596 million from the Public Transportation Account (PTA) into the General Fund, on top of the more than \$1.25 billion re-routed from the PTA in the current budget and nearly \$3 billion already drained from the account this decade. The latest raid effectively countered the unexpected relief provided by full funding of Proposition 42-mandated transfers of gasoline sales tax revenues and a boost to the State Transit Assistance (STA) program.

The cuts proposed for 2008-09 include \$455 million in withheld “spillover” funds – essentially revenues from the sales tax on gasoline that accrue when gas prices are high and increasing faster than the rate of all other sales tax income. That amount represents a full 50 percent of all spillover revenues projected for the coming fiscal year. Shaw noted that, since 1971, 100 percent of spillover funds have traditionally been dedicated to public transit.

The governor’s proposal also calls for an additional \$141 million to be redirected from the PTA to fund transportation services administered by regional occupational centers, an expense outside the scope of mass transit services and thus traditionally shouldered by the General Fund.

Last year’s re-routing of PTA money prompted a lawsuit from the Association seeking to restore the cuts. The suit maintains that a series of voter-approved constitutional provisions – from 1990’s Proposition 116 through Proposition 1A of 2006 – established the PTA as a trust fund and

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require that PTA revenues must be spent on “mass transportation purposes.” The matter was heard in Sacramento Superior Court on November 30, and a ruling is due by the end of February. “While it’s true that this budget does restore some means for transportation alternatives, it’s unfortunate that it continues the short-sighted trend established last year. It was illegal then, and it’s still illegal now,” Shaw maintained. “That’s another \$596 million in transit services taken away from our citizens, and we’re committed to getting those funds restored.”

While stressing that transit advocates have no intent to cause harm to other state-funded programs, Shaw pointed out that those who would be hardest hit by any proposed cuts are the ones that can least afford it. The most recent U.S. Census data shows that nearly one million Californians have no access to a car, and that the average household income for such persons is \$10,865, making public transit an economic and social lifeline for the state’s most vulnerable residents.

Furthermore, numerous reports cited by transit advocates indicate that commitment to public transit is especially vital in times of fiscal downturn. From increasing the mobility of the workforce to spurring new development and business activity, advocates maintain that the economic stimulus resulting from enhanced public transportation funding and new service typically far exceeds original investments.

“Oil prices just exceeded \$100 a barrel, so gas prices at the pump will only increase, meaning that too many Californians are getting priced out of their cars; they need affordable alternatives to get to work and to conduct other business,” said Shaw. “Congestion is costing hours of productivity and putting the brakes on commerce. Smart, efficient development is taking a backseat to our reliance on private vehicles. With all the economic difficulties we currently face, now is definitely not the time to be shirking our commitment to public transit.”

The California Transit Association is the trade organization representing the state’s public transportation systems. Its mission is to support the needs of California’s public transit systems through advocacy and education. The Association’s members include more than 85 local and regional transit systems, operating bus, dial-a-ride, light rail and commuter rail services. Members provided more than 1.3 billion passenger trips on transit in 2006.

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