



Funding Update | July 23, 2010

Legislative Fix Needed for Shortfall Projected for State Transportation Improvement Program

The Association is working with regional transportation planning agencies, Caltrans, and the California Transportation Commission (CTC) to attain authority to allow the CTC flexibility to program and allocate transit projects in the State Transportation Improvement Program (STIP) using State Highway Account (SHA), federal highway trust fund, Proposition 1B, or Public Transportation Account (PTA) funds. This will help to address a \$33 million shortfall in STIP funding expected this fiscal year. We are supporting legislation/administrative action to modify the Caltrans' budget to ensure that this budget flexibility exists in the current FY 2010-11 budget and going forward.

In recent years, the STIP was made up of a combination of revenues including the sales tax on gasoline (Proposition 42), Proposition 1B bonds, PTA, and SHA funds. The recent gas tax swap eliminated the sales tax on gas, resulting in less money flowing to the PTA and the STIP. Consequently, there is insufficient budget authority to allow more PTA funds to be released to transit projects, although SHA, federal highway trust funds, and Proposition 1B funds could all be used on transit projects, if sufficient budget authority existed. A simple insertion of a line item in the budget creates the type of authority needed for "intraschedule" borrowing, to allow for movement of existing budget authority to that item as needed. The proposal does not have any associated costs.

Association staff will be working to help ensure that as many STIP transit projects for FY 10-11 receive allocations. Currently, the CTC has programmed over \$258 million yet only \$225 million is available for allocation, resulting in the \$33 million funding shortfall. The CTC will attempt to fund the shortfall with funding from other eligible non-PTA sources (SHA, federal funds, etc.). Ultimately, it is up to a region to make a request for either a highway or transit project.

Letter of No Prejudice for Proposition 1A High-Speed Rail Projects

Proposition 1A is the Safe, Reliable High-speed Passenger Train Bond Act of 2008. Proposition 1A is a \$9.95 billion bond measure that includes \$950 million for capital projects on other passenger rail lines to provide connectivity to the high-speed train

system and for capacity enhancements and safety improvements to those lines. The adopted program of projects includes the intercity rail services run by Caltrans in cooperation with Amtrak, as well as regional-run rail services around the state.

The CTC recently approved and then immediately rescinded allocations from the \$950 million pot. Many systems intend to use their apportionment to comply with federal regulations to implement positive train control or institute service efficiencies by electrifying their system, among other things.

The allocations were rescinded because CTC staff has determined that the CTC cannot make an allocation of Proposition 1A funding unless the legislature appropriates money from this category of Proposition 1A. The initial recommendation from CTC staff was to pursue emergency legislation to appropriate Proposition 1A funding in August. The Association is in support of AB 2703 (Perez) which has been amended for this purpose. We will keep you apprised of any new developments on this legislation as they occur.

**Please contact Gus Khouri, Legislative Advocate,
or Sabrina Means, Legislative and Regulatory Assistant,
at 916-446-4656 if you have any questions about this Funding Update.**