



CURRENT STATE TRANSIT CAPITAL FUNDING: SOURCES & CHALLENGES

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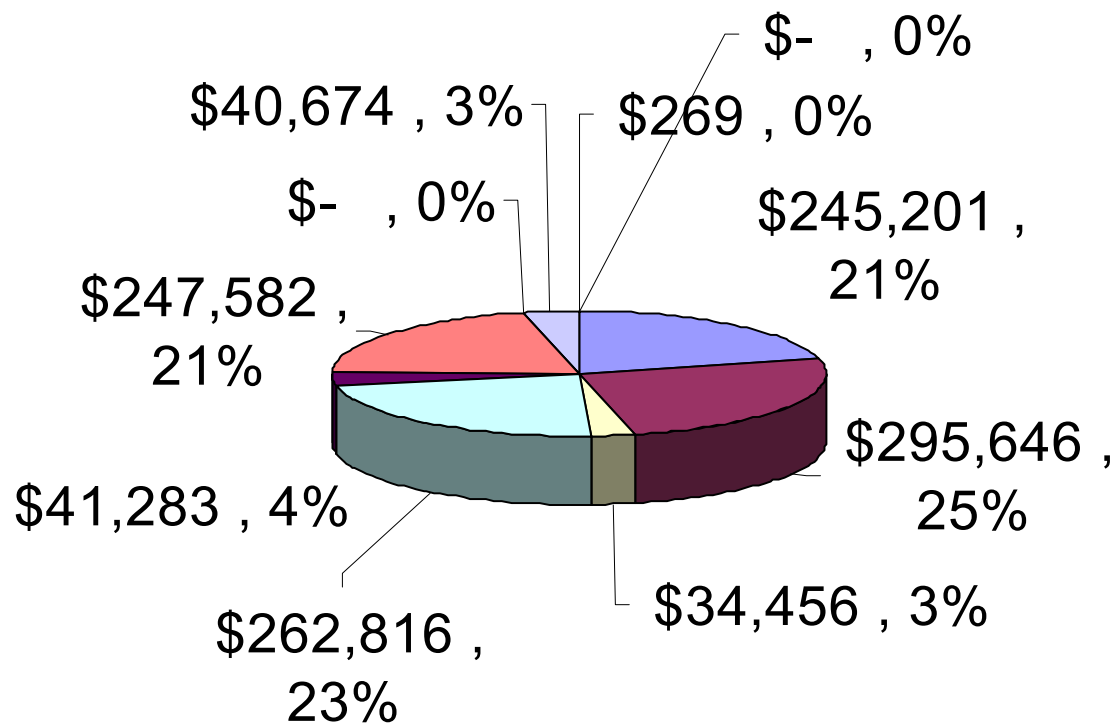
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Transit Capital Summit – October 16, 2008

What are the major sources of transit capital funding?

Transit Capital Revenue

2005-06 (in million\$)
\$1.168 Billion



- FTA Section 5309 Grant
- FTA Section 5307 Grant
- Other Federal
- Other Local Provisions
- LTF/TDA
- General Fund and Other
- State Article XIX Guideway
- STA Program
- TP&D Guideway

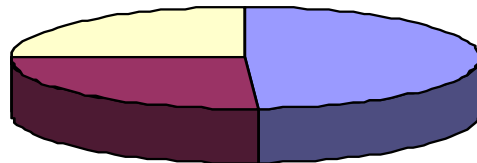
What are the major sources of transit capital funding?

SUMMARY Transit Capital Revenue

2005-06 (in million\$)

\$1.168 Billion

\$288,256 ,
25%



\$575,303 ,
49%

\$304,099 ,
26%

Does NOT include

Proposition 1B:

\$3.6 billion for Capital

\$1.0 billion for Security

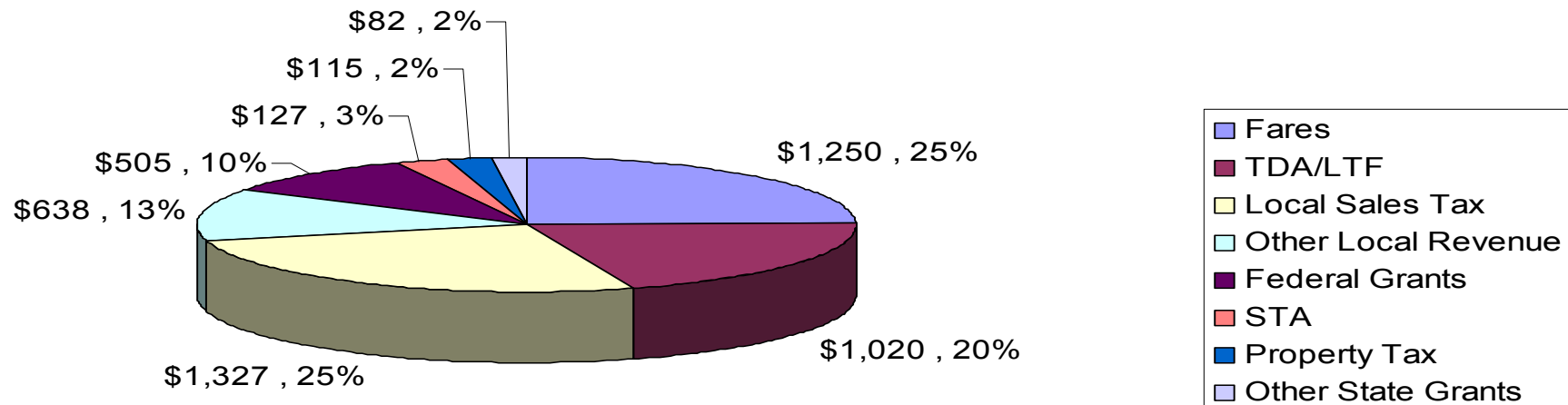
■ Total Federal Capital

■ Total Local Capital

■ Total State Capital

What are the major sources of transit operations funding?

**Transit Operating Revenue
2005-06 (in million\$)**



What are the funding challenges?

- Instability plagues State Budget
 - Huge General Fund deficits persist
 - Transit funding targeted for GF relief
- Last two State budgets diverted State transit funds to the General Fund
 - \$1.259 billion in 2007-08
 - \$1.667 billion in 2008-09



How has transit funding worked in the past?

- Public Transportation Account
 - Main “distributor” of State transit funds
 - *Over and above* TDA / LTF funds
- Historically supported two main programs
 - State Transit Assistance Program
 - Flexible – operations and / or capital
 - Direct grant to operators & formula-based
 - State and Regional Programming Priorities
 - Capital only – STIP & ITIP
 - Subject to State and regional prioritization

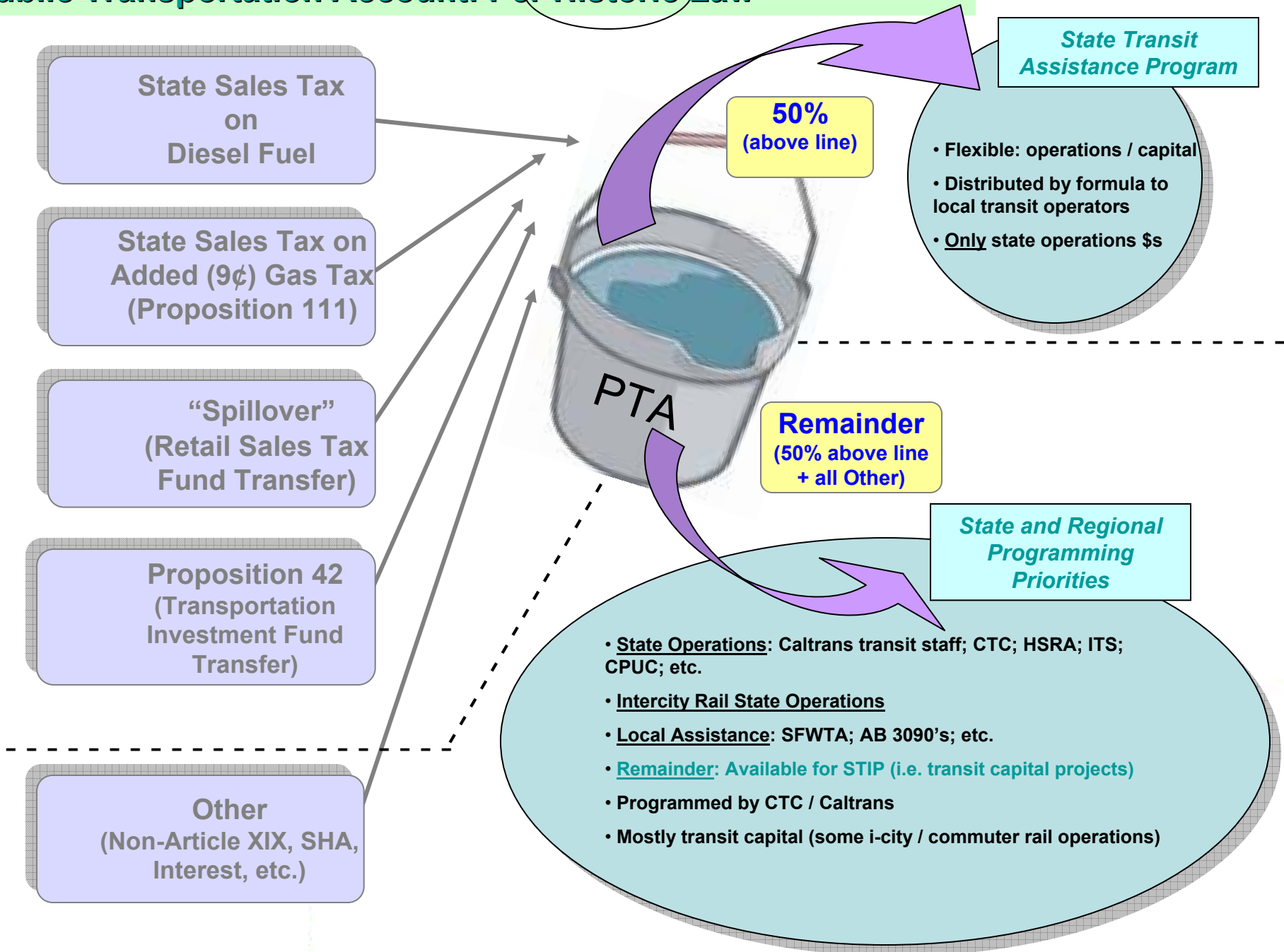


How has transit funding worked in the past?

- “Spillover” revenue...
 - Where did that come from?
 - How is it supposed to help transit?
- It was created shortly after TDA was created
- It is supposed to fund the Public Transportation Account’s expenditure needs
 - When the price of gasoline is high or increasing faster than most taxable goods, spillover materializes
 - But, it’s often diverted in state budgets



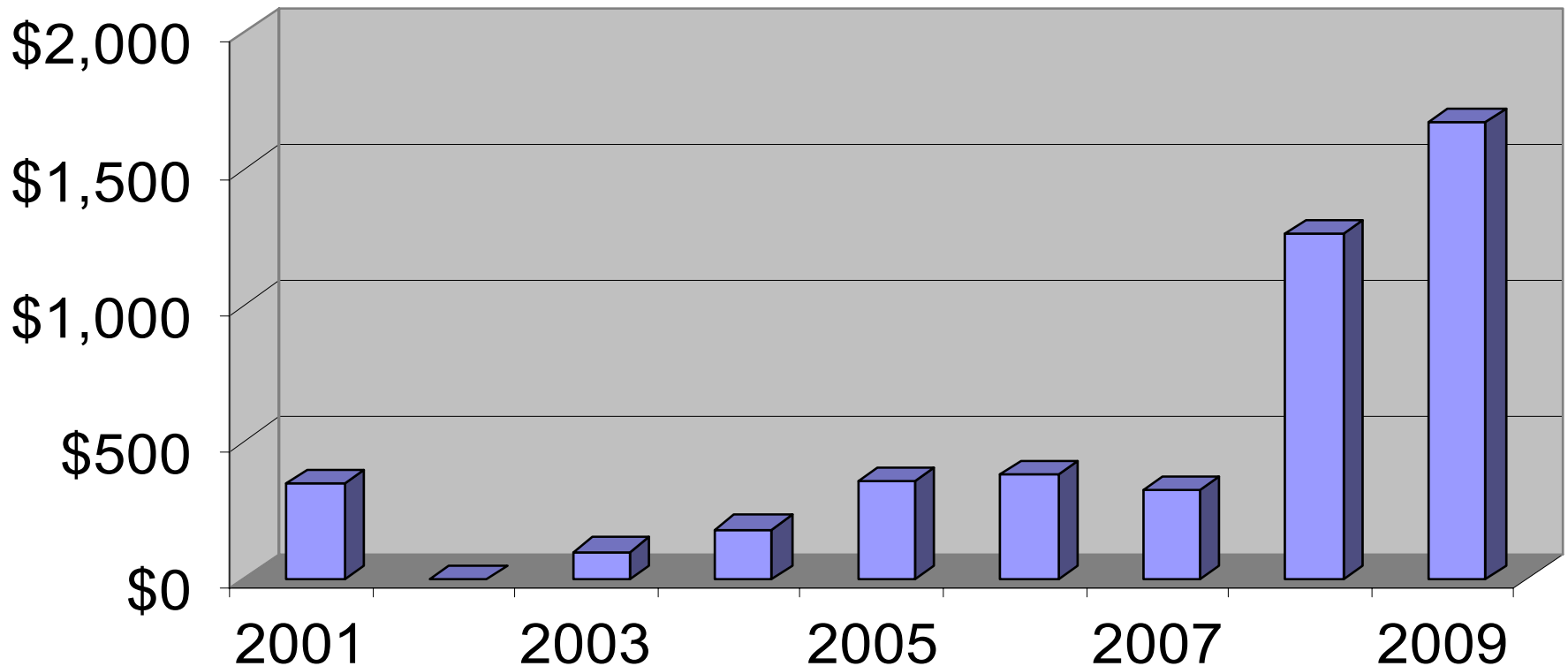
Public Transportation Account: Per Historic Law



What's the opportunity cost of State disinvestment?

State Transit Funds Diverted: **\$4.6 Billion**

\$s in Thousands



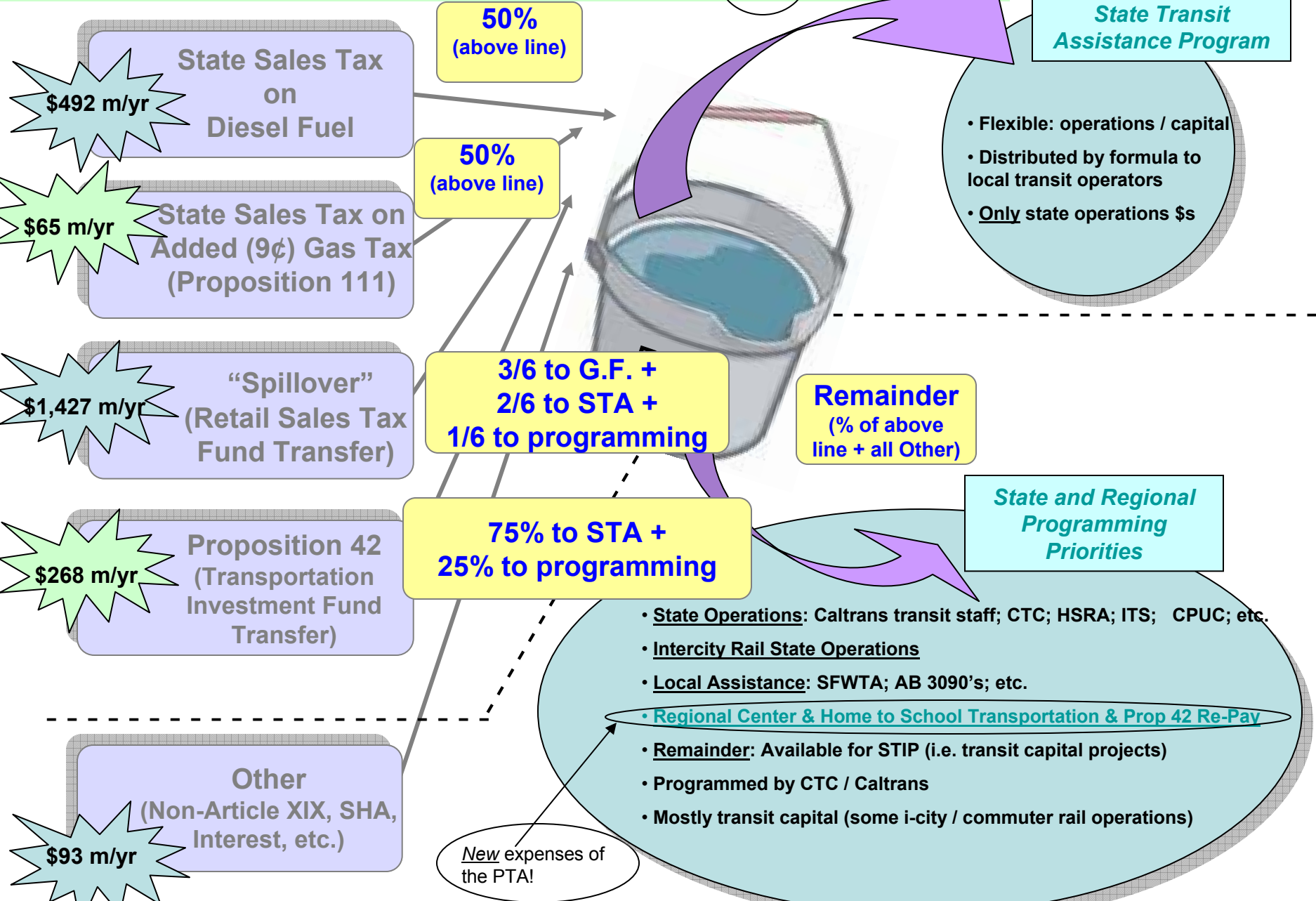
Public Transportation Account

Revenue Losses Since 2000-01

<u>Year</u>	<u>\$ Loss</u>	<u>Where PTA \$'s Went</u>
2000-01	\$ 70 million	Loan to Toll Bridge Seismic Retrofit Program
	\$ 275 million	Loan to the Traffic Congestion Relief Fund
2002-03	\$ 100 million	Loan to the General Fund
2003-04	\$ 88 million	Transfer "spillover" to General Fund
	\$ 93 million	Suspension of the PTA's share of Proposition 42
2004-05	\$ 108 million	Divert revenue from sale of Caltrans property
	\$ 106 million	Suspension of the PTA's share of Proposition 42
	\$ 140 million	Transfer "spillover" to other programs
2005-06	\$ 380 million	Transfer "spillover" to other programs
2006-07	\$ 200 million	Transfer "spillover" to the General Fund
	\$ 125 million	Transfer "spillover" to the Bay Bridge Toll Account
2007-09	\$1,805 million	New permanent expense: G.O. bond debt service
	\$ 688 million	New permanent expense: home-to-school transportation
	\$ 267 million	New permanent expense: regional center transportation
	\$ 166 million	New permanent expense: Prop. 42 loan repayment

Total \$4.611 billion to-date

Public Transportation Account: 2008-09 per NEW Law



*All \$'s from May/August Revise to '08-09 Budget or 2006 STIP Fund Estimate

2008-09 Opportunity Cost: The Rest of the Picture

- State Transit Assistance Program should have been...

Sales tax gas & diesel = \$557 m / 2 =	\$ 278.5 m
100% spillover = \$1427 m / 2 =	\$ 713.5 m
Prop. 42 = \$268 m x $\frac{3}{4}$ =	\$ 201.0 m
<hr/>	
STA should therefore =	\$1,193.0 m
- But... 100% of spillover is diverted... plus other PTA \$s...
- STA Program artificially lowered to \$306.3 m
- **No dollars (\$0) for transit capital STIP projects!**





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Questions?