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No great surprise in latest budget proposal
Governor's May Revise finds a way to dig even deeper into transit funding

SACRAMENTO — Considering that the budget plan enacted in February eliminated all state funding for public transit operations, transit advocates really couldn't have expected the news to be much worse when Gov. Arnold Schwarzenegger today unveiled the traditional "May Revise" to the state spending plan.

But the governor apparently couldn't pass up another opportunity to inflict more damage on public transportation in California. The revised budget proposal diverts another \$336 million in transit-dedicated "spillover" revenue to instead cover transit bond debt service, which is by law a General Fund obligation.

"It's just more of the same from a governor whose disdain for public transit has by now been well-established," said a beleaguered Joshua W. Shaw, Executive Director of the California Transit Association. "Just when you think there's nothing left to take, he finds a way to dig the hole even deeper."

Spillover represents funds that accrue when revenue derived from sales taxes on gasoline is proportionately higher in relationship to revenue derived from all taxable sales, generally reflecting higher gas prices. In proposing the redirection of the funds to offset bond debt service, the Administration claimed the money would otherwise be bound for the General Fund. In truth, spillover is intended to be split 50-50 between the General Fund and the Public Transportation Account, under the terms of a compromise orchestrated as part of budget negotiations in 2007.

"Would this money have simply been dumped into the General Fund anyway?" Shaw pondered. "Probably so, considering that the 2007 deal has essentially been ignored to facilitate the continued diversion of transit funds to cover other holes in the budget."

February's budget accord eliminated the State Transit Assistance (STA) program, which for more than 30 years had been the only ongoing source of funding for day-to-day transit operations. In the

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aftermath of that agreement, transit providers throughout the state have been scrambling to address massive budget deficits through fare hikes, service reductions and layoffs – all this while demand for transit service has soared to record-breaking levels.

All told, more than \$5 billion in transit funding has been diverted this decade, \$3 billion in the last two years alone.

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