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**Budget Crafters Pass Up Opportunity  
to Ease Public Transit's Pain**  
*Conference Committee Unanimously Backs Governor's Call  
to Divert \$336 Million in Newly-Generated Funding*

SACRAMENTO – Despite acknowledging that their recent actions have dealt a critical blow to public transportation in California, state budget crafters decided yesterday that now is not the time to begin reversing the damage they've wreaked.

By unanimous vote, the Budget Conference Committee upheld the Governor's call to divert another \$336 million in historically transit-dedicated funding to cover other holes in the General Fund. The figure represents unanticipated "spillover" revenue now projected by the Department of Finance to materialize in 2009-10.

"We can't say this move comes as a great surprise, considering the road they've been leading us down the past several years," said Joshua Shaw, Executive Director of the California Transit Association. "We thought there was a chance they might throw us a bone by actually directing a small portion of transit's money to transit, but this was one instance where they decided it was easier to just give in to the Governor's demands."

Last week, the Conference Committee had considered releasing \$100 million of the new revenues to transit. Several members remarked on their distaste for the Governor's proposal, their recognition that the last several budget agreements have decimated transit funding and their desire to find a solution to fund transit operations. But those concerns were dismissed when it came time to vote.

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. As initially conceived, 100 percent of spillover revenues were intended for public transit. Under the terms of a compromise orchestrated as part of budget negotiations in 2007 – a deal seldom honored by legislators since its adoption – spillover was to

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be split 50-50 between the General Fund and the Public Transportation Account. Budget negotiations in February included new law that diverts all spillover revenues to the General Fund.

“Spillover was created as funding for public transit, and now it’s just a slush fund to fill other holes in the budget,” Shaw said. “Given that these new spillover funds were wholly unanticipated to accrue to the General Fund when the Budget Act of 2009 was enacted in February, shouldn’t they use at least a portion to ease some of the pain that they’ve inflicted on transit riders?”

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. With that action, California became one of only 13 states that provide no funding for transit operations. In the 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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