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**Transit advocates back Conference Committee plan**  
***Officials condemn rumored raid on Prop 42 funding for transportation***

SACRAMENTO — Amid rumors of an upcoming floor vote on the state budget – and further buzz about additional cuts to transportation funding – public transit officials have declared their support for the Budget Conference Committee version of a spending plan for 2008-09, calling it “the only proposal out there that makes any sense.”

Based on the recommendations of the budget committees in each house of the legislature, the Conference Committee’s proposal restores \$317 million to the Public Transportation Account (PTA) over and above the level proposed in the Governor’s May Revision, allocating most of those funds to the State Transit Assistance (STA) Program. The \$559 million STA Program resulting from the Conference Committee’s budget would help local transit agencies to continue the services they put into effect in 2006-07, stave off further service cuts, forestall fare increases, and help them meet the dramatic increase in demand for their services.

The Governor’s May Revision proposal for the 2008-09 spending plan sought to redirect \$1.4 billion from the PTA to cover non-transportation shortfalls. This followed on the heels of \$1.25 billion having been raided from the PTA in 2007-08 budget, and would have brought the total siphoned from the PTA this decade to more than \$4 billion.

“Thankfully, members of the Conference Committee apparently have been paying attention to what we see in the news virtually every day – that record gas prices are driving record numbers of people to utilize public transit for their day-to-day mobility needs,” said Joshua Shaw, Executive Director of the California Transit Association. “It’s not the greatest news, considering it still represents yet another hit of more than a billion dollars to transit funding. But, given the other plans and rumors being circulated, it’s the only proposal out there that makes any sense.”

Among those rumors is a report that some factions are considering a complete suspension of Proposition 42 funding to paper over the holes in the 2008-09 spending plan. Passed in 2002 with 69-percent voter approval, Prop 42 ensured that all proceeds from the sales tax on gasoline

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would go to transportation and transit improvement projects. But in the following years, state lawmakers funneled Prop 42 funds away from transportation projects and instead used the money to plug general fund budget holes. In November 2006, Proposition 1A, approved by 77 percent of the state's voters, instituted further protections against raids on Prop 42 funding, mandating that such diversions must be limited to no more than twice in any ten-year period, and must be repaid within three years, with steep interest penalties.

Under the provisions of Prop 1A, this is the first year that Prop 42 funds would be accessible for re-routing.

“Raiding Prop 42 funds is just plain bad public policy for a host of reasons,” said Shaw. “Borrowing gas tax funds that must be repaid in three years is no way to fix a structural deficit. It only papers over the problem, plunges the state further into debt and increases costs to the state. Furthermore, cutting transportation and transit funding now would mean the death of many high priority projects, which in turn would eliminate thousands of jobs and stall economic growth at the worst possible time.”

“That’s not to mention the fact that California voters have made it clear – repeatedly and overwhelmingly – that they do not want the state raiding funds intended for transportation and transit improvements,” he added. “To continue breaking faith with the voters in this way not only violates the will of the people, but it also endangers future public works initiatives, since voters could reach the point of having little confidence that the money won’t just be diverted.”

Public transportation systems rely heavily on Prop 42 sales tax on gasoline revenues to fund critical congestion relief services and to finance acquisition of new clean-fuel vehicles and construction of new rail systems and bus facilities. In fact, Prop 42 funds make up nearly 40 percent of the transit funding provided in the Conference Committee’s proposed budget.

Without these flexible funds, which can be spent by transit systems on operating costs like fuel and power, or on capital projects like light rail extensions or new bus purchases, local bus and rail transit systems will have to consider raising fares to cover the reduced state funds, or cut back on existing transit service or delay planned capital expenditures. And, for most transit infrastructure projects currently planned for receipt of state funds, the expense associated with planning documents, environmental impact reports, contracts and construction materials makes it cost prohibitive to delay the projects.

“We’re thankful that the governor included the proper allocation of Prop 42 funds in his May Revise, and we appreciate that Senate Pro Tem (Don) Perata and Speaker (Karen) Bass have publicly denounced any scheme to raid Prop 42 funds,” said Shaw. “But while we continue to hear the right thing from leadership, we’ve yet to hear it from the rest of the legislature, and we’ll continue to press the issue until we do.”

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From a long-term perspective, transit advocates concur that any agreement must contain structural reform of the budget itself, including measures to balance revenues and expenditures, and possibly scaling back expenditures and finding enhanced resources where necessary and possible.

“Such reforms will be necessary to achieve the Assembly’s stated intention to make this year’s transit appropriation a floor, above which future budgets will fund an ever more robust transit program, said Shaw. “In the meantime, we fully support the end product of the Conference Committee and consider the transit funding program contained in its proposal to be the minimum level that should be afforded California’s transit-riding public.”

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