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Transit demand surges, but funding to shrink
May Revise would push transit raids this decade past \$4 billion mark

SACRAMENTO — If there's a silver lining for public transit advocates to find in the May Revise of the governor's proposed state budget for 2008-09, it's that the recommended outlay for next year isn't any less than this year's.

But that's small consolation considering that the diversion of Public Transportation Account (PTA) funds included in the spending plan released today would push the total raided from transit coffers this decade beyond the \$4 billion mark.

"We acknowledge that the governor worked hard to find a way to maintain the current year's funding," said Joshua Shaw, Executive Director of the California Transit Association, "but we expected more last year – we believe we were legally entitled to it, and we know Californians want and need better transit service – so more of the same is nothing to be happy about."

The spending plan calls for re-directing another \$1.4 billion from the Public Transportation Account (PTA) into the General Fund, on top of the more than \$1.25 billion slashed from the PTA in the current budget and nearly \$3 billion already drained from the account this decade. All told, transit is ticketed to receive just \$306 million in the 08-09 proposal, that coming via the State Transit Assistance (STA) program. The allotment is a 59 percent reduction in STA funding compared to the preliminary budget plan released in January.

"That three hundred and six million is equal to the STA for 07-08, so they claim to be holding transit harmless," Shaw explained. "While it's not technically a net reduction, it's clearly a significant amount less than the voters intended to provide to transit when they enacted numerous measures over the years designed to spend transportation taxes on transportation programs."

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The latest siphoning of transit funds effectively countered the unexpected relief provided by full funding of Proposition 42-mandated transfers of gasoline sales tax revenues.

The proposed cuts rely on diverting nearly all of the \$1.177 billion in “spillover” funds – essentially revenues from the sales tax on gasoline that accrue when gas prices are high and increasing faster than the rate of all other sales tax income. Shaw noted that, since 1971, voters intended that 100 percent of spillover funds should be dedicated to public transit.

The governor’s proposal also continues his January call for an additional \$141 million to be redirected from the PTA to fund transportation services administered by regional occupational centers, an expense outside the scope of mass transit services and thus traditionally shouldered by the General Fund.

Overall, the May Revise cuts represent an additional \$828 million in transit funding reductions beyond those originally proposed in January.

The re-routing of more than \$1.25 billion in PTA money in the current year’s budget prompted a lawsuit from the Association seeking to restore the cuts. The suit maintained that a series of voter-approved constitutional provisions – from 1990’s Proposition 116 through Proposition 1A of 2006 – established the PTA as a trust fund and require that PTA revenues must be spent on “mass transportation purposes.” A Sacramento Superior Court ruling upheld nearly \$800 million of the diversion, and lawmakers re-configured the law on which the court’s decision was based in order to reclaim the remaining \$400-million-plus to help facilitate mid-year budget cuts instituted in February. The Association is currently exploring the possibility of an appeal of the Superior Court decision.

The latest cuts come in the face of record-breaking fuel price hikes that show no sign of slowing down, and an accompanying astronomical increase in transit usage across the nation. Over the last several days, the trend has generated widespread attention from the national media, which reported that many California transit providers are experiencing ridership escalations of more than 20 percent compared to last year.

“Given that fuel prices are driving more and more people out of their cars and on to buses and trains for their day-to-day mobility, this is the worst possible time to continue this trend of massive cuts to transit funding,” said Shaw. “Transit providers are seeing ridership surge to record levels and beyond. Many are actually having to turn away passengers. Yet their ability to keep up with demand keeps moving in the opposite direction.”

The budget plan proposes \$101.8 billion in total spending, with a projected deficit of \$17.2 billion. That’s higher than the \$14.5 billion deficit forecast at the beginning of the year, despite nearly \$7 billion in mid-year cuts enacted in February.

“The gimmicks used year after year to patch the budget have all been exhausted,” Shaw said. “It’s time for the governor and the legislature to enact substantive, long-term systemic reforms in

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the way we craft a state spending plan. This continued pattern of taking money that voters have repeatedly decreed must be spent on transit and using it to paper over the holes in the General Fund has got to stop.”

The California Transit Association is the trade organization representing the state’s public transportation systems. Its mission is to support the needs of California’s public transit systems through advocacy and education. The Association’s members include more than 85 local and regional transit systems, operating bus, dial-a-ride, light rail and commuter rail services.

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