

CAPITOL OFFICE
1021 O STREET, SUITE 8620
SACRAMENTO, CA 95814
TEL (916) 651-4011
FAX (916) 651-4911

DISTRICT OFFICE
455 GOLDEN GATE AVENUE
SUITE 14800
SAN FRANCISCO, CA 94102
TEL (415) 557-1300
FAX (415) 557-1252

SENATOR.WIENER@SENATE.CA.GOV

California State Senate

SENATOR
SCOTT WIENER

威善高
ELEVENTH SENATE DISTRICT



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March 17, 2023

The Honorable Nancy Skinner
Chair, Senate Budget and Fiscal Review
Committee
1021 O Street, Suite 8630
Sacramento, CA 95814

The Honorable María Elena Durazo
Chair, Senate Budget Subcommittee No. 5
on Corrections, Public Safety, Judiciary,
Labor and Transportation
1021 O Street, Suite 7530
Sacramento, CA 95814

Dear Senators Skinner and Durazo,

We write to you to propose for inclusion in the Fiscal Year 2023-24 budget a suite of actions to help maintain and improve transit service, and ultimately, support the state in meeting our ambitious climate, equity, and mobility objectives.

In our letter to legislative leadership, dated January 18, 2023, we highlighted that transit agencies across the state continue to struggle with the adverse and severe impacts of the COVID-19 pandemic on their ridership, revenue streams, staffing levels, and capital & operating costs. As one-time federal relief runs out for these agencies – for many, as soon as FY 2023-24 – their challenges will only grow, threatening essential transit service, and undermining the progress the state is making in re-envisioning our transit systems and delivering cleaner mobility options to Californians. Preliminary estimates from California transit agencies show operating deficits totaling between \$6 billion to \$8 billion over the next 5 years, with major need for stopgap funding across the state. Without state assistance, transit agencies statewide will be forced to make major service cuts, severely curtailing mobility for countless Californians, further reducing ridership and hampering the ability for agencies to fund operating expenses. These concerns and the need for funding to address those concerns have been noted at the local, state, and even federal levels, with President Biden’s recently released budget noting the impact of the pandemic on transit operations funding.¹ Regrettably, the Governor’s proposed FY 2023-24 budget stands to further compound the challenges already faced by transit agencies by reducing funding for the

¹ https://www.whitehouse.gov/wp-content/uploads/2023/03/budget_fy2024.pdf

Transit and Intercity Rail Capital Program by \$2 billion in the coming fiscal years and remaining silent on the critical need for the state to provide operating support to transit agencies this year.

We can, and should, take a different course. 65 million trips per month are taken on public transit in California. Hundreds of thousands of Californian households do not own a car and rely on public transportation for everyday trips, and close to 60% of California transit riders have a household income of less than \$35,000 per year. Moreover, the California Air Resources Board calls for a doubling of local transit coverage and service frequencies by 2030 in order to help the state meet its greenhouse gas reduction goals. Public transit is thus an essential service that helps address congestion, meet our climate goals, and improve economic mobility.

While the state's budget outlook is dire, we must not lose sight of our commitment to combatting climate change, improving local air quality, supporting upward mobility for Californians, advancing equity, and creating good paying jobs. The short-term survival and long-term success of California's transit agencies is at the center of delivering on these commitments, and as such, must be a central focus of our Fiscal Year 2023-24 budget. As the Legislature reviews the Governor's proposed budget, we urge the budget committees to take the following actions:

- 1) **Honor last year's Transportation Funding Package by preserving the previously approved funding levels for the Transit and Intercity Rail Capital Program.** This funding was an integral component of the Administration's agreement with the Legislature that ultimately delivered the remaining Proposition 1A funding for the high-speed rail project, as well as much needed funding to the Active Transportation Program and Climate Adaptation Program. Reducing funding for the TIRCP would undercut the purported statewide benefits of the agreement, stymie the state's ability to unlock historic sums of federal capital funding, and stress transit agency capital budgets, further hampering their ability to sustain operations by creating pressure on flexible funding sources.
- 2) **Provide operations funding to transit agencies by creating new flexibility in existing transit funding programs and establishing new funding sources for transit agencies.** Recognizing the challenges associated with the state's fiscal outlook, the Legislature must create new flexibility in existing transit funding programs and identify and implement new funding sources for public transit, in coordination with the California Transit Association, to address transit operations funding needs. Potential funding sources include, but are not limited to: new flexibility to fund the preservation of transit service and ridership growth strategies through the Transit and Intercity Rail Capital Program and Low Carbon Transit Operations Program; an extension of the flexibility to use State Transit Assistance – State of Good Repair Program funds to preserve transit service; the direction of all revenue generated by the sales tax on diesel fuel to transit agencies; and, the increase of existing transportation funding mechanisms, like the Transportation Improvement Fee, to generate new revenue for transit agencies. Any newly flexible transit funding or new funding sources must be available to transit agencies statewide over multiple years to address near-term funding shortfalls that would threaten transit service or lead to layoffs and must support transit agencies in implementing strategies to regain and grow and retain ridership.

3) **Extend the statutory relief provided by the Legislature through Fiscal Year 2024-25.**

In 2020 and 2021, the Legislature enacted statutory relief for transit agencies to prevent ill-timed and unwarranted shifts in transit funding between regions and agencies, temporarily suspend the financial penalties associated with various transit performance measures and to create flexibility in the State Transit Assistance-State of Good Repair Program to meet operational needs. Unfortunately, the conditions that led the Legislature to take such unprecedented actions remain, requiring a further extension of this relief.

Failing to provide public transit agencies with this support, as they continue to recover and stabilize operations from pandemic ridership declines, is not an option. The project delays and service cuts would lead to fewer mobility options for Californians, resulting in increased driving, congestion, and greenhouse gas emissions, which undermine our shared equity, access, mobility, and climate goals. Near-term operations funding from the state will help provide agencies and the state with time to identify long-term, sustainable funding and operational models that will improve transit service and protect against future service declines. Thank you for considering our perspective on this critical issue.

Sincerely,



Scott Wiener
Senator, 11th District



Wendy Carrillo
Assemblymember, 52nd District



Henry Stern
Senator, 27th District



Damon Connolly
Assemblymember, 12th District



John Laird
Senator, 17th District



Alex Lee
Assemblymember, 24th District



Bill Dodd
Senator, 3rd District

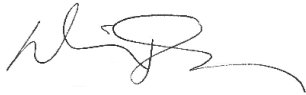


Marc Berman
Assemblymember, 23rd District

Senators Skinner and Durazo

March 17, 2023

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Diane Papan

Assemblymember, 21st District



Matt Haney

Assemblymember, 17th District

cc:

Members and Staff, Senate Budget & Fiscal Review Committee

Members and Staff, Assembly Budget Committee