



January 18, 2023

The Honorable Nancy Skinner
 Chair, Senate Budget and Fiscal Review Committee
 California State Senate

The Honorable Phil Ting
 Chair, Assembly Committee on Budget
 California State Assembly

Dear Chair Skinner & Chair Ting,

As you begin budget negotiations this year, the undersigned organizations request your support to help the state’s public transit systems avoid looming cuts to critical transit service that millions of Californians rely upon and that is foundational to our state’s climate strategy. These potential cuts reflect the lingering impact of the COVID-19 pandemic, which has devastated transit operating budgets as a result of diminished ridership as well as higher costs arising from inflation. While the Governor’s proposed budget for FY 2023-24 does not specifically address this need and in fact proposes \$2 billion in reductions to public transit capital that the Legislature approved last year, we look forward to engaging with your budget subcommittees to ensure that this year’s final budget bill provides additional transit operating assistance to sustain critical transit service riders depend upon and fund proven strategies to attract new riders and help lessen financial challenges in the future.

A Strong Public Transit System is Vital to Creating an Equitable, Economically Vibrant and Climate Friendly Future

Based on 2021 U.S. Census data, almost 60 percent of California residents who commute via public transit have a household income below \$35,000. Over half a million California households own no vehicle and count on public transit for their daily needs, including access to K-12 education and college. Public transit is an economic lifeline for these residents, especially seniors and persons with disabilities. Yet residents of all income levels also depend on transit to access their jobs and maintaining the viability of the transit systems is essential for the future of the state’s economy and quality of life. Public transit also supports good-paying jobs, employing over 31,000 California workers statewide in FY 2021.

When it comes to climate change, California prides itself on being a global leader. The state has taken a two-pronged strategy to reduce transportation-related emissions – the largest of any

sector – by decarbonizing the vehicle fleet, while also encouraging less driving through a combination of investments in transit and other modes plus a suite of policies to encourage more infill, transit-oriented development. Policies aimed at reducing vehicle miles traveled (VMT) depend on a reliable and convenient public transit system; they have little chance of success if transit agencies across the state have to make severe cuts to service.

Today, about 65 million trips/month are taken on transit in California, reducing VMT by hundreds of millions each year. To meet the state's carbon neutrality goals by 2045, however, significantly more people will need to choose transit instead of driving. To encourage this shift, California Air Resources Board has urged the state to support efforts to *double local transit coverage and service frequencies* by 2030, recognizing that both vehicle decarbonization *and* less driving are needed to achieve our state's bold greenhouse reduction targets. However, without a multi-year commitment of state funds to help sustain transit and put it on a path to attracting millions of new riders, the state's climate strategy is in serious jeopardy.

Bay Area Operators Face Significant Looming Budget Shortfalls

We are at an unprecedented moment, with the survival of transit as we know it at risk. The rise of remote work, growing costs due to inflation, and apprehension to ride transit due to health concerns has led to a growing fiscal cliff on the horizon. Additionally, the transit sector is severely understaffed (with some agencies reporting as high as 30 percent of jobs unfilled for some positions), limiting service agencies can put on the street and placing upward pressure on salaries and benefits as agencies work to retain and attract workers.

Based on current ridership, service levels, and cost trends, Bay Area operators forecast annual budget shortfalls in the tens of millions of dollars in FY 2023-24, growing to hundreds of millions of dollars beginning in FY 2024-25 and thereafter. Funding gaps of this magnitude cannot be addressed through fare increases or service cuts; doing so would lead to service of such poor quality that it would erode transit's climate benefits and cut off even basic access to critical destinations for those who rely on it most. For instance, to achieve budgetary savings in the range of 20-40 percent, the Bay Area Rapid Transit District (BART) would need to cut service by 65-85 percent, eliminating access to jobs, schools, grocery stores, and other essential services for many current riders. This, in turn, would further reduce passengers, leading to further cuts. We cannot let this doomsday scenario happen.

Fortunately, in the medium and long term, there is reason for optimism. While statewide ridership is around 60 percent of its 2019 levels and Bay Area ridership around 53 percent, ridership is steadily growing. In October 2022, statewide ridership was up 14 percent compared to a year before and in the Bay Area up by 34 percent. Bay Area transit operators are working more closely than ever, together with the Metropolitan Transportation Commission (MTC), to create a better, more seamless transit experience across the region. Plans are beginning for a future regional transportation measure to follow the regional housing measure planned for 2024. A unified mapping and wayfinding system is being designed to make transit easier to navigate. The first all-agency transit pass using the Clipper® card is being piloted at key colleges and affordable housing sites. Operators across the state are likewise deploying technology to shift to mobile fare payment and updating their routes and frequencies to better serve existing riders while also attracting more of them.

Honor Transit Commitments from FY 2022-23 Budget

Under your leadership, California has made historic investments in our transit capital infrastructure, supporting critical rail and bus expansion and the zero-emission transit transition. The historic transit investment made in last year's Transportation Package includes \$4 billion over the next two years for further transit and intercity rail capital investments, yet Governor Newsom proposes to cut this in half, reducing the amount to \$1 billion next year and \$500 million for the following two years. Doing so would put at risk the funding plans for high priority projects in the Bay Area, several of which are already under construction or poised to receive billions of dollars in highly competitive federal funds.

Request: Provide New Multi-Year Funding for Transit Operating Assistance

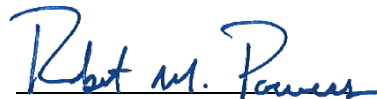
To address the operating challenges, we are seeking a new multi-year operations funding commitment on a limited term basis to assist California's transit systems as they recover from the pandemic and develop long-term funding plans, as necessary. The funding picture for each transit system is unique and there is no one-size-fits-all path to financial sustainability. While some agencies need assistance to stave off service cuts next year, other agencies face deficits in the hundreds of millions of dollars starting in FY 2024-25 or FY 2025-26. Others may not face near-term service cuts but have priorities that, *if funded*, could attract significantly more riders (advancing the state's climate goals) and help avoid budgetary challenges down the road. This month, we are working in coordination with partners statewide, including the California Transit Association, to refine our assessment of the funding need and aim to follow up with a more detailed proposal in February. In addition, we are seeking an extension of the statutory relief previously provided to transit agencies through FY 2024-25.

Californians demand meaningful action on climate change and want their state representatives to ensure transit is not just a viable option, but an attractive one to get to work, school, health care, shopping, dining, entertainment and more. We know that you share these goals and look forward to working with you to ensure that public transit both survives and thrives in California. Please contact Rebecca Long, MTC Director of Legislation and Public Affairs, at rlong@bayareametro.gov or 510-504-7914 with any questions.

Sincerely,



Therese W. McMillan
Executive Director, MTC



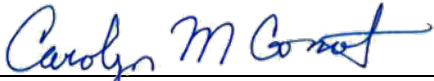
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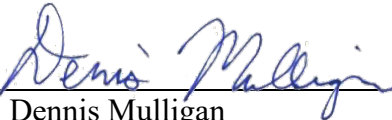
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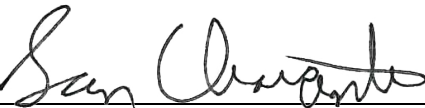
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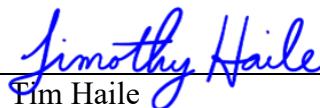
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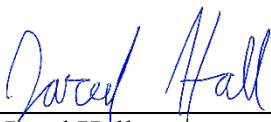
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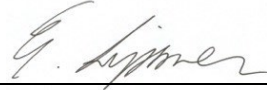
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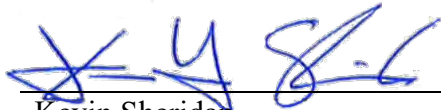
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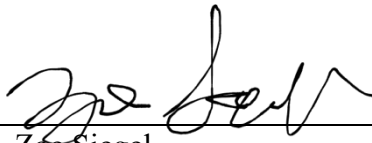
Sofia Rafikova
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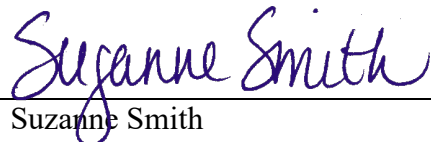
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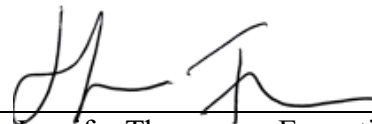
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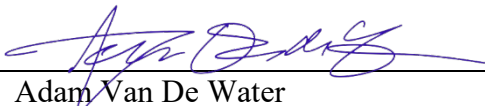
Suzanne Smith
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Jennifer Thompson, Executive Director
Sustainable Silicon Valley



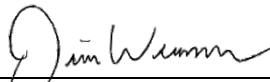
Rob Thompson
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Adam Van De Water
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Transbay Joint Powers Authority



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Ellen Wu
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Chair Skinner and Chair Ting

1/18/2023

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cc: Bay Area Legislative Delegation
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The Honorable Anthony Rendon, Assembly Speaker
The Honorable Lena Gonzalez, Senate Transportation Committee Chair
The Honorable Laura Friedman, Assembly Transportation Committee Chair
The Honorable Toks Omishakin, Secretary, California State Transportation Agency