

March 12, 2023

Asm. Laura Friedman
1021 O Street, Suite 5740
P.O. Box 942849-0044, Sacramento, CA 94249

Re: AB 761 - Transit Transformation Task Force – Support

Dear Honorable Assemblymember Friedman,

SPUR strongly supports support AB 761, a bill to establish a statewide Transit Transformation Task Force. The bill's proposed task force will study policy and funding reforms that can strengthen the state's public transportation system, helping to increase transit ridership, provide mobility for people who depend on transit, relieve congestion, and improve the ability to meet greenhouse gas reduction and housing goals.

The state of California has bet big on public transit as the scaffolding of its climate, equity, health and housing goals. For instance, it has set ambitious goals, such as doubling the level of transit ridership and tied numerous housing production incentives to high-quality transit service. **Despite these ambitions, much of California's public transit policy strategy and funding strategy for all transportation modes have been on auto-pilot for many years. SPUR views AB 761 as necessary complement to the request for multiyear operating fund on a limited-term basis to avert a fiscal cliff and regrow ridership.**

California depends on transit, but there is a serious crisis in transit's business model. When the COVID-19 pandemic decimated transit ridership in 2020, one-time federal relief funds for transit operations insulated operators from bankruptcy and enabled them to sustain service. However, most agencies will exhaust these funds over the [next several years](#). Transit agencies have not recovered revenues from fares or other commute-oriented funding streams (e.g. parking fees) due to enduring remote work. At the same time, they are facing significant increases in operating costs driven by inflationary pressures and a particularly tight labor market that has made hiring and retaining workers incredibly difficult.

A recent study by the UC Institute of Transportation Studies found that [more than 70% of California's transit operators expect serious funding shortfalls](#) when one-time federal dollars run out. This problem is particularly acute in the Bay Area, where the Metropolitan Transportation Commission (MTC) anticipates deficits [of \\$2.5 billion to \\$2.9 billion](#) or more over five years, starting as soon as 2024. In Southern California, LA Metro, the state's largest operator, is projecting [large shortfalls beginning as early as 2024](#).

Regarding the introduced language, we recommend that the bill direct the Task Force to devote special attention to the state's role in funding the state's largest and most productive systems -- which the state *underinvests in* -- and yet are critical to meeting the state's climate goals and enhancing access to economic opportunity. The state's goals and levels of funding for public transit agencies, especially the largest, are quickly diverging.

According to SPUR's analysis of data sourced from the National Transit Database, the California State Controller, the California Department of Tax and Fee Administration, and CalSTA,

California provides significant funding for transit operating funds, but those funds account for only a small portion of what the state’s largest and most productive systems spend on operations.

Figure 1. California provides significant funding to transit, but state funds account for only a small portion of what the state’s largest and most productive systems spend on operations.

Transit Agency	Agency Operating Budget (millions)	State Funds Applied to Operating Budget (millions)	NTD-Reported Operating Expenses (millions)	NTD-Reported State Funding (millions)	NTD-Reported Annual Ridership (millions)
LA Metro	\$1,775	\$432 (24%)	\$2,021	\$441 (22%)	380
SFMTA	\$1,135	\$106 (9%)	\$924	\$166 (17%)	223
BART	\$922	\$38 (4%)	\$789	\$40 (5%)	128
AC Transit	\$443	\$96 (22%)	\$477	\$75(16%)	54
Caltrain	\$151	\$3.7 (2%)	\$145	\$4.3 (3%)	18
Metrolink	\$241	\$0 (0%)	\$246	\$0 (0%)	13

Caption: Use of State Funds to Support Operations, 2019

Source: SPUR analysis of published agency budgets and National Transit Database reports for 2019. Note: Figures are those that are both included in the agency’s operating budget and reported to NTD.

Conversely, analysis of 2019 NTD data for other large transit systems throughout the United States suggests that state funding often plays a more significant role in supporting transit operations for many big systems, particularly those serving large metropolitan areas on the East Coast, as shown in Figure 2.

Figure 2. Use of State Funds to Support Operations of Select Large Transit Agencies Outside California, 2019

Transit Agency	NTD-Reported Operating Expenses (millions)	NTD-Reported State Funding (millions)	NTD-Reported Annual Ridership (millions)
New York MTA	\$13,108	\$3,629 (28%)	3,792
CTA (Chicago)	\$1,513	\$320 (21%)	456
MBTA (Boston)	\$1,866	\$825 (44%)	367
SEPTA (Philadelphia)	\$1,391	\$696 (50%)	308
New Jersey Transit (Newark)	\$2,358	\$846(36%)	267
King County Metro (Seattle)	\$916	\$20 (2%)	129

Source: SPUR analysis of National Transit Database reports for 2019

The proposed Transit Transformation Task Force in AB 761 is critically important to both the survival of transit in California, and to our state’s goals of expanded socio-economic accessibility and reducing greenhouse gas emissions. By holistically studying policy and funding reforms, this bill can lead to future

legislation that can make transit far more efficient, reliable, and abundant, providing a competitive alternative to driving for millions more Californians.

In summary, we commend your leadership in introducing AB 761 and wholeheartedly support the bill.

Sincerely,

A handwritten signature in black ink, appearing to be 'Laura Tolko', with a long horizontal stroke extending to the right.

Laura Tolko
Transportation Policy Director