

Attachment 4

Governor tries to take away rail, bus money

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Gov. Arnold Schwarzenegger has never been a big fan of buses and commuter rail, but he seems to be going out of his way to shortchange public transit in his revised 2006-07 budget proposal. At issue is an obscure but important trust fund known as the Public Transportation Account, which finances both construction and operation of transit across the state.

One source of funding for this account is "spillover funds" -- created, under law, when sales tax receipts on gasoline reach a certain level. In some years, there is little or no spillover. Next year, however, the state's tax revenue from higher gas prices is expected to double to \$670 million, meaning an estimated \$4 billion in spillover funds will be available for transit over 10 years. In his budget, Schwarzenegger has proposed using that spillover to pay off debt on past transportation bonds, instead of using it for transit. He argues that voters will likely approve new bonds in November that will provide \$4 billion for transit, so the net effect will still be a boost for buses and rail, even if the spillover goes to retiring debt.

This argument doesn't wash. For one thing, the \$4 billion in expected bond money can only be used for construction, not operation, of transit. So transit operators will lose under the governor's plan.

Secondly, Schwarzenegger is insisting that transit funds, instead of various pots of money, pay off bonds that helped finance a mix of transportation projects. Even if there weren't a backlog of transit needs statewide, this maneuver would be grossly inequitable.

Democrats in the Legislature are now criticizing the governor for the proposed diversion, but they don't have clean hands on this subject.

According to the California Transportation Commission, legislators have amended the statutes the last four years to divert the spillover to other purposes (including construction of a new San Francisco-Oakland Bay Bridge). Altogether, lawmakers have diverted more than \$1 billion from the transit account since 2003, according to the CTC.

Assembly Speaker Fabian Núñez now says he wants all future spillover reserved for transit. It is good to see the speaker boarding that train. Hundreds of thousands of low-paid workers -- the kind the governor hopes to help by increasing the minimum wage -- depend on transit to get to work. Schwarzenegger should take the bus or light rail sometime. Then he would see why this mode of travel is so essential to so many Californians.