Transit Funding Principles

Fast Facts

OCTA

Principles for Stabilizing Transit Funding

Over the last few years, transit agencies have experienced record levels of demand, with ridership increasing as transit agencies continually seek to make transit more convenient and attractive to a greater number of people. As gas prices continue to fluctuate and additional environmental mandates are created, it is expected that these demand levels will not only continue in the near future, but will likely increase. At the same time that transit is receiving renewed interest as one of the potential solutions to current economic and environmental issues, the state has eliminated its funding stream for transit operations. With local funding for transit also decreasing due to the poor economic climate, solutions will be needed to stabilize transit funding so demand can be met. As both the state and federal governments seek methods to either secure existing transit funding, or create new sources, the following principles should be followed:

- Existing state funding sources for transit should be preserved and strengthened to include explicit constitutional protection from diversions to non-traditional recipients, with safeguards included for expeditious repayment with interest if used for alternative short-term needs.
- The state should clearly define mass transportation to be limited to traditional transit bus and rail uses, with any state funds for transit to be limited to those purposes, protecting against the use of such funds for General Fund obligations.
- Both the federal and state government should have a role in providing funding for transit operations.
- Transit funding provided by the federal and state government is to be supplemental to sources provided for other types of transportation infrastructure with nothing infringing on a local agency's ability to program projects for funding.
- Traditional federal and state funding responsibility for transit should not be shifted to local transportation entities, and no additional requirements should be created for the use or receipt of funding by local entities, or unfunded mandates requiring operations beyond existing capacity, unless agreed to by that entity.
- Any newly created federal or state fees for transit should allow for revenues to be locally controlled, and include specific safeguards to prevent the diversion of funding for non-transit purposes and ensure adequate oversight to provide accountability that funds are used as intended.
- Flexibility should be included in any state or federal transit funding source, allowing transit operators to use the funding for both operations and capital expenditures.
- Efforts should be undertaken to more clearly delineate the costs associated with operating transit compatible with meeting the state or nation's environmental goals, with transit to be considered an eligible recipient of revenues from compliance mechanisms created under AB 32 – the Global Warming Solutions Act of 2006 (Chapter 488, Statutes of 2006), or similar mechanisms implemented by the federal government.
- Consideration should be given to creating incentives and recognition for counties that have passed local sales tax measures which can be used to fund transit projects.
- Any efforts at updating current state funding mechanisms for transit should give consideration to creating alignment in the administration, farebox recovery requirements, and exclusions provided under various programs.
- Federal transit funding efforts should give consideration to providing assistance for transit operations, such as funding for fuel and energy costs.

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