

Date of Hearing: April 24, 2017

ASSEMBLY COMMITTEE ON TRANSPORTATION
Jim Frazier, Chair
AB 17 (Holden) – As Introduced December 5, 2016

SUBJECT: Transit Pass Program: free or reduced-fare transit passes

SUMMARY: Authorizes a Transit Pass Program, funding upon appropriation by the Legislature, to be administered by the Department of Transportation (Caltrans) to provide free or reduced cost transit passes to students. Specifically, **this bill:**

- 1) Makes finding and declarations that increasing the use of public transportation is a vital component to reducing greenhouse gas emissions in California, and student transit pass programs have been shown to increase transit ridership.
- 2) Creates the Transit Pass Program to be administered by Caltrans to support local transit pass programs that provide free or reduced fare transit passes to low income students from K-12 public schools, community colleges, the California State University (CSU) and the University of California (UC).
- 3) Requires moneys available for the program, upon appropriation by the Legislature, to be allocated by the State Controller (SCO) to support the program.
- 4) Defines low income students as:
 - a) Pupils attending middle or high-schools that are eligible for funding under Title I of the No Child Left Behind Act;
 - b) Students attending community college who qualify for a waiver of student fees; and,
 - c) Students attending a CSU or UC who receive an award under the Cal Grant Program or the federal Pell Grant Program.
- 5) Defines eligible participants as a public agency, including a transit operator, school district, community college district, the CSU, and the UC.
- 6) Defines eligible transit provider as a transportation agency, transportation planning agency, or a county transportation commission that receives funds from State Transit Assistance (STA).
- 7) Requires Caltrans to develop guidelines and reporting requirements for the program, including ensuring that existing transit pass programs expend funds to expand eligibility or further reduce the cost of the transit passes, and developing performance measures and reporting requirements to evaluate the effectiveness of the program.
- 8) Requires transit agencies and eligible participants to enter into agreements to ensure transit passes are distributed to pupils and students.
- 9) Allows funds to be expended to support new or existing transit pass programs.

- 10) Allows transit agencies to give priority to applicants with an existing transit pass program provided they can demonstrate that the funds will further reduce the cost of the transit pass or expand eligibility.
- 11) Requires that free or reduced fare transit passes offered under the program are counted at full retail value for the purposes of the transit operator's eligibility for STA funding.
- 12) Requires that each eligible transit agency receive a minimum allocation of \$20,000 and the remainder of the funds be distributed based on existing STA formulas.
- 13) Requires that any funds that are not utilized by a transit agency in a fiscal year be added to the allocation for the program for the next fiscal year.

EXISTING LAW:

- 1) Requires ARB, pursuant to AB 32 (Núñez), Chapter 488, Statutes of 2006, to develop a plan of how to reduce statewide greenhouse gas emissions to 1990 levels by 2020. Under AB 32, ARB is authorized to include the use of market-based mechanisms to comply with these regulations (cap and trade).
- 2) Establishes the greenhouse gas reduction fund (GGRF) in the State Treasury and requires all money collected pursuant to cap and trade, with limited exceptions, be deposited into the fund and makes the GGRF funds available for appropriation by the Legislature.
- 3) Established the Affordable Housing and Sustainable Communities, the Low Carbon Transportation, and the Low Carbon Transit Operations (LCTOP) programs and continuously appropriates 60% of GGRF fund proceeds, beginning in the 2015-16 fiscal year, for transit, affordable housing and sustainable communities programs, and high-speed rail.
- 4) Requires, pursuant to SB 535 (de León), Chapter 830, Statutes of 2012, that a minimum of 25% of the moneys available in GGRF be used to benefit disadvantaged communities.
- 5) Provides funding for public transportation through the Transportation Development Act (TDA), including STA which is derived from the statewide sales tax on diesel fuel. STA funds are appropriated by the Legislature and are allocated by formula with 50% being allocated according to population and 50% being allocated according to transit operator revenues from the prior fiscal year.

FISCAL EFFECT: Unknown

COMMENTS: This bill would establish a transit pass program to provide free or reduced cost transit passes to low income K-12, community college and university students throughout California. The program would be administered by Caltrans and any funding appropriated for the program would be distributed by the Controller according to existing transit formulas. The program structure mirrors the existing LCTOP which provides funds from the GGRF for the expansion of transit services. Transit agencies, schools, community colleges, and CSU and UC would be eligible for the funding. The intent of the program is to encourage the creation of transit pass programs and to expand current transit pass programs, including further reducing fares for students.

Currently, many transit agencies in California provide free or reduced fare transit passes to students for use on their systems. For example, the San Francisco (SF) Muni offers the Free Muni for Youth program that gives free access to Muni to low and moderate income youth, from 5 to 18 years old. Sacramento Regional Transit also offers students from age 5 to 18 a 50% discounted fare for monthly passes. The Los Angeles County Metropolitan Transportation Authority (Metro) has been offering reduced fares for both K-12 and college students since the early 1990s. Specifically, Metro has programs for both college students, with a 54% discount on a monthly pass, and a 76% discount for the K-12 program. Most of the existing programs require proof of the students being registered in school; however the SF Muni program is based upon family income level. Additionally, transit agencies have developed agreements directly with schools in their jurisdictions to partner and provide free or reduced passes to all students. The University of California Los Angeles (UCLA) and the University of Southern California (USC) provide free passes for their students in partnership with Metro. In the Sacramento area, the University of California at Davis offers a variety of travel options at reduced rates for students and faculty through their goClub.

Most transit agencies subsidize the free or reduced fare programs as part of their existing operating budget or utilize funding from other local or private sources. The current LCTOP, funded from the GGRF, allows transit agencies to use funds for transit passes. For example, in 2014-15, the Mendocino Transit Authority used LCTOP funds to subsidize bus fares for Mendocino college students.

According to the author, this bill would provide hard-working, budget conscious students with low-cost transit passes that will enable them to commute to and from their destination, while providing local transportation agencies with statistically proven source of new riders. A study conducted by UCLA found that high-school and college students represent one of the largest segments of “drive alone” automobile users in California. The study found that providing free or low-cost access to public transit significantly reduced the demand for student parking at college campuses and that over half of college students polled favored increasing student fees to help fund low-cost transit programs.

In writing in support of this bill, MoveLA said that if riding transit is made easy and affordable for students to take to school and to work they are likely to begin making decisions about where to live and work based on the proximity of transit, which in turn helps promote the land use and development patterns that will support even greater transit use and greenhouse gas reductions.

The City of Thousand Oaks note in support of the bill that 20% of the Thousand Oaks Transit riders are students, and that free or reduced costs transit passes would support many low-income families and working parents who either do not have a car or are restricted by work schedules to deliver or pick up their children to and from school. Further they state that many middle school and high school students would benefit by the ability to commute to the library, parks, or extra-curricular activities outside of school hours.

Committee concerns: As the state and regions continue to work toward the goal of reducing greenhouse gas emissions, as well as cutting other forms of air pollution, as set forth in AB 32, increasing the mode shift from single occupant car trips to public transportation is critical for success. Encouraging people to learn about and feel confident using public transportation at a young age will support this effort.

However, there is a concern that the program created by this bill is duplicative of existing programs. As noted above, many of California transit agencies and colleges and universities are already operating successful reduced fare transit pass programs. These programs are eligible for funding from a variety of state and local sources. Specifically, funding transit operators receive through the STA program for operations and the LCTOP program funded by the GGRF fund can and are being used to fund existing programs. Additionally, the program created by this bill does not have any funding source; therefore, it is unclear how or when the program would be implemented.

Further, this bill only allows for low income students to participate in the program. If funding were appropriated by the Legislature for the program, it may be difficult to implement by creating bifurcated programs with different eligibilities within both transit agencies and schools. Although this may not be an issue for large transit operators like Metro or BART, it could be difficult for some.

The recent passage of SB 1 (Beall), will provide a roughly 130% increase in STA funding for transit operators. Additionally, stabilizing the state's cap and trade program may help provide more funding for LCTOP. There may be opportunities within these existing programs to encourage and incentivize creating or expanding transit pass programs, without the need to establish an entirely new, redundant program at Caltrans.

Previous Legislation: AB 17 is a reintroduction of AB 2222 (Holden) of 2016, which was held on the Senate Appropriations Committee Suspense File. The final version of AB 2222 was amended from the version that was approved by this committee. Specifically, AB 2222 no longer contained a source of funding, \$50 million per year from the GGRF, and new requirements were added for the program to only be available for low-income students.

AB 1555 (Gomez) of 2016 would have appropriated \$800 million from the GGRF to fund a variety of programs including \$10 million for active transportation and transit pass investments. AB 1555 was held in the Assembly Committee on Budget and Fiscal Review.

SB 951 (McGuire) of 2016 would have created and appropriated \$3 million annually from the GGRF through 2020-21 for the Golden State Patriot Passes pilot program to provide veterans with free access to transit. SB 951 was held on Senate Appropriations Committee Suspense File.

SB 862 (Committee on Budget and Fiscal Review), Chapter 36, Statutes of 2014 created and funded the Affordable Housing and Sustainable Communities, the Low Carbon Transportation, and the Low Carbon Transit Operations programs.

AB 1002 (Bloom) of 2013 would have increased the tax on vehicle registrations by \$6. 40% of the revenues would have been appropriated to transportation commissions and transit operators to support transit operations and maintain and expand reduced fare programs, including transit passes for students, low-income youth, seniors, and persons with disabilities. AB 1002 was referred to the Assembly Local Government Committee but was returned to the Chief Clerk without being heard.

REGISTERED SUPPORT / OPPOSITION:

Support

Move LA (Sponsor)
Student Senate for California Community Colleges (Sponsor)
Transform (Sponsor)
Amalgamated Transit Union
California Bicycle Coalition
California Teamsters Public Affairs Council
City of Thousand Oaks
Faculty Association of California Community Colleges
National Association of Social Workers, California Chapter
San Francisco Bay Area Rapid Transit District

Opposition

None on file

Analysis Prepared by: Melissa White / TRANS. /