

Date of Hearing: April 11, 2016

ASSEMBLY COMMITTEE ON TRANSPORTATION

Jim Frazier, Chair

AB 2222 (Holden) – As Amended April 6, 2016

**SUBJECT:** Transit passes

**SUMMARY:** Continuously appropriates \$50 million per year from the Greenhouse Gas Reduction Fund (GGRF) for a Transit Pass Program to be administered by the California 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) Continuously appropriates \$50 million annually, beginning in 2016-17, from the GGRF to be allocated to eligible transit providers for the Transit Pass Program.
- 3) 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 students from K-12 public schools, community colleges, the California State University (CSU) and the University of California (UC).
- 4) Defines eligible participants as a public agency, (including a transit operator), school districts, community college districts, the CSU, and the UC.
- 5) Defines eligible transit provider as a transportation agency, transportation planning agency, or a county transportation commission that receives funds from State Transit Assistance (STA).
- 6) Requires Caltrans, in coordination with the Air Resources Board (ARB), 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 to evaluate the effectiveness of the program.
- 7) Requires transit agencies and eligible participants to enter into agreements to ensure transit passes are distributed to students.
- 8) Allows funds to be expended to support new or existing transit pass programs.
- 9) 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.
- 10) Authorizes transit pass programs can be funded from other sources, including the Affordable Housing and Sustainable Communities, the Low Carbon Transportation, and the Low Carbon Transit Operations programs (LCTOP).

- 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.
- 14) Requires at least 33% of the funds allocated benefit disadvantaged communities.

**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 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 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% of being allocated according to population and 50% being allocated according to transit operator revenues from the prior fiscal year.
- 6) Requires transit operators to maintain a specified ratio of fare revenues to operating costs in order to be eligible to receive TDA funds.

**FISCAL EFFECT:** Unknown

**COMMENTS:** This bill would establish a transit pass program to provide free or reduced cost transit passes to K-12, community college and university students throughout California. The program would be funded at \$50 million per year to be continuously appropriated from the GGRF. The program would be administered by Caltrans and the funds 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 and 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 five to 18 years old. Sacramento Regional Transit also offers students from age five 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 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 GGFR, 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. Additionally, \$25 million in funding for student transit passes was discussed as part of the 2015-16 state budget deliberations, but no final agreement on an overall package was reached.

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 universal “any line, any time” student transit pass programs at colleges and universities would encourage students to make decisions about where to live and work based on the proximity of transit, thereby helping to create a “transit culture” in LA County - and perhaps encouraging students to become transit riders for life.

The California State Polytechnic University, Pomona added that many of their students are first generation college students from families of modest means. Students currently must pay very high parking fees and the transit pass program proposed by AB 2222 would offer students an affordable transportation alternative and a reliable means to get to campus. They add that encouraging student transit use could also reduce the need for the university to spend precious resources expanding parking facilities.

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. The state has chosen to expend cap and trade funds on both transit capital and operating expenses to expand capacity to attract new riders. The program created by this bill will allow transit agencies and schools to build upon existing success or provide new options for travel in their communities.

*Related legislation:* AB 1555 (Gomez), would appropriate \$800 million from the GGRF to fund a variety of programs including \$10 million for active transportation and transit pass investments. AB 1555 currently awaiting a hearing in the Committee on Natural Resources.

SB 951 (McGuire), would create and appropriate \$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 is scheduled to be heard in the Senate Committee on Environmental Quality on April 20, 2016.

*Previous Legislation:* 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 failed passage in the Committee on Local Government.

SB 535 (de León), Chapter 830, Statutes of 2012, required, among other things, that a minimum of 25% of the moneys available in GGRF be used to benefits disadvantaged communities.

AB 32 (Núñez), Chapter 488, Statutes of 2006, developed a plan of how to reduce statewide greenhouse gas emission to 1990 levels by 2020.

## **REGISTERED SUPPORT / OPPOSITION:**

### **Support**

TransForm (Sponsor)  
American Lunch Association in California  
Amigos de los Rios  
Bike East Bay  
Bike San Gabriel Valley  
Bike SLO County  
Breathe California  
California Bicycle Coalition  
California Federation of Teachers  
California League of Conservation Voters  
California Pan-Ethnic Health Network  
California State University  
California Walks  
CALPIRG  
Catholic Charities, Diocese of Stockton

Center for Climate Change and Health  
Cerritos College  
Chico Velo  
Coalition for Clean Air  
Comite Civico del Valle  
Community College League of California  
Environmental Council of Sacramento  
Gamaliel of California  
Honorable Mark Ridley-Thomas,  
    Los Angeles County Board of Supervisors, Second District  
Honorable Mike Eng, Forty-Ninth Assembly District (retired),  
    Vice-President, Los Angeles Community College District  
Inland Empire Biking Alliance  
Leadership Counsel for Justice and Accountability  
Livable Communities, Inc.  
Los Angeles Community College District  
Los Angeles County Bicycle Coalition  
Los Angeles Job Corps  
Los Angeles Trade-Technical College  
Los Rios Community College District  
Marin County Bicycle Coalition  
MoveLA  
Mt. San Antonio College  
Napa County Bicycle Coalition  
Orthopaedic High School  
Pasadena City College District  
Peralta Community College District  
PolicyLink  
Public Advocates  
Safe Routes to School National Partnership  
San Diego County Bicycle Coalition  
Santa Barbara Bicycle Coalition  
Silicon Valley Bicycle Coalition  
Trust for Public Land  
Walk San Francisco  
Five private citizens

### **Opposition**

California Chamber of Commerce

**Analysis Prepared by:** Melissa White / TRANS. / (916) 319-2093