

Date of Hearing: April 9, 2018

ASSEMBLY COMMITTEE ON TRANSPORTATION

Jim Frazier, Chair

AB 2304 (Holden) – As Amended April 2, 2018

**SUBJECT:** Transit pass programs: status report

**SUMMARY:** Requests the University of California (UC) Institute of Transportation Studies (ITS) to prepare and submit a report on reduced fare transit pass programs to the Governor and Legislature by January 1, 2020. Specifically, **this bill:**

- 1) Requests ITS to prepare a report on reduced fare transit pass programs in California that are administered by public transit operators, California colleges and universities, or any other entity.
- 2) Requires the report to be submitted to the Governor, and policy and fiscal committees that oversee transportation programs on or before January 1, 2020.
- 3) Requires the report to include, but not be limited to:
  - a) An assessment of reduced fare transit pass programs that are administered by public transit operators, including eligibility for each program and how it is funded;
  - b) An assessment of reduced fare transit pass programs that are administered by other entities, such as colleges, universities, and private businesses including eligibility for the program and how it is funded;
  - c) An assessment of whether the programs have contributed to increased transit ridership among the eligible recipients;
  - d) An assessment of available funding sources for reduced fare transit pass programs; and,
  - e) A discussion of any negative fiscal impacts on public transit operators, related to offering reduced fare transit passes, including farebox recovery ratios.
- 4) Repeals the section after January 1, 2021.

**EXISTING LAW:**

- 1) Creates the UC system with the full powers of organization and government.
- 2) Encourages the Regents of the UC system to create an ITS and cooperate with the California State Transportation Agency (CalSTA) and its departments on transportation research and training.
- 3) Provides \$5 million per year to the ITS for the purpose of conducting transportation research and transportation-related workforce education, training, and development.
- 4) Declares that the fostering, continuance, and development of public transportation systems are a matter of statewide concern.

**FISCAL EFFECT:** Unknown

**COMMENTS:** Currently, many transit agencies in California provide free or reduced fare transit passes to students and other populations 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 5-18 years old. Sacramento Regional Transit also offers students from age 5-18 a 50% discounted fare for 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 these programs require proof of age, such as a senior discount, or proof of a student being registered in school; however, the SF Muni program is based upon family income level.

Additionally, for student transit fare programs, many transit agencies have developed agreements directly with schools in their jurisdictions to partner and provide free or reduced passes to all students. For example, 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 state, local, or private sources. For example, the current Low Carbon Transit Operations Program (LCTOP), funded by the state's Cap and Trade program, allows transit agencies to use funds for transit passes. In fact, many rural transit operators have almost exclusively used LCTOP funds for transit passes, such as the Mendocino Transit Authority who used LCTOP funds to subsidize bus fares for Mendocino college students. Additionally, the recent passage of SB 1 (Beall), Chapter 5, Statutes of 2017, provides a roughly 130% increase in State Transit Assistance (STA) funding for transit operators, which could help expand reduced fare transit pass programs as well.

The author previously introduced two bills to create and fund a statewide reduced fare transit pass program, AB 2222 of 2016, and last year's AB 17. Both programs targeted low income student populations at K-12, community colleges, and universities in the state. AB 17 was eventually amended by the author to be a pilot program. This committee expressed concerns that a separate program for transit agencies to implement or augment reduced free transit passes may not be necessary. As previously noted, numerous transit agencies and colleges and universities in California are already administering successful transit pass programs. Additionally, transit operators offer discount programs for a variety of eligibilities, not only low income students. However, there is no statewide data on exactly how many reduced fare transit pass programs exist, what populations they serve, and how they are being funded.

AB 17 was vetoed by Governor Brown, stating that, "before creating this new statewide program, I think we should have a fuller discussion on how local transit discount programs work and how any new ones should be paid for."

To that end, the author introduced this bill to request a statewide assessment of reduced fare transit passes. Specifically, the author states that, "Being able to commute freely is necessary for individuals to participate in society and affects one's ability to secure employment, education, medical services, and to reach important destinations. Reduced fare programs decrease the burden of transportation costs and enable individuals to become productive members of society.

However, empirical data currently valuable to us is broad and scarce. A comprehensive study is necessary to show the effectiveness of these programs.”

Writing in support of the bill, the San Francisco Bay Area Rapid Transit District (BART), shared their own experience with reduced fare programs, “BART currently provides a discounted fare to all youths 5-18. We also offer fare discounts to students at colleges and universities participating in BART’s Higher Education Discount Program (HEDP). San Francisco State University is the first HEDP participant and students use a multi-function identification card for campus service and transit discounts.”

Further, BART states that, “Over the past two years, the Legislature has debated over how to provide greater access to public transit without burdening working class students and families. AB 2304 would provide a better understanding of the impact of transit pass programs statewide as well as best practices for financing and expanding such efforts.”

The statewide assessment requested in this bill will not only highlight the innovative reduced fare transit pass programs currently being offered, but also advance a better understanding of any possible policy or funding options the Legislature may want to revisit in the future.

*Previous legislation:* AB 17 (Holden) of 2017, would have created a reduced fare transit pass pilot program funded at \$20 million to be administered by the Department of Transportation (Caltrans) to provide free or reduced fare transit passes to low income students. AB 17 was vetoed by Governor Brown.

AB 2222 (Holden) of 2016, would have created a reduced fare transit pass program to be administered by Caltrans for low income students. AB 2222 was held on the Senate Appropriations Committee suspense file.

AB 1555 (Gomez) of 2016, would have appropriated \$800 million from the Greenhouse Gas Reduction Fund (GGRF) to fund a variety of programs including \$10 million for active transportation and transit pass investments. AB 1555 was referred to the Assembly Committee on Budget and Fiscal Review and returned to the Chief Clerk without being heard.

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 the Senate Appropriations Committee suspense file.

SB 862 (Committee on Budget and Fiscal Review), Chapter 36, Statutes of 2014, created and funded with GGRF, the Affordable Housing and Sustainable Communities, the Low Carbon Transportation, and the LCTOP 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**

California Bicycle Coalition  
San Francisco Bay Area Rapid Transit District

**Opposition**

None on file

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