

Date of Hearing: March 13, 2023

ASSEMBLY COMMITTEE ON TRANSPORTATION

Laura Friedman, Chair

AB 610 (Holden) – As Introduced February 9, 2023

SUBJECT: Youth Transit Pass Pilot Program: free youth transit passes

SUMMARY: Creates a five-year Youth Transit Pass Pilot Program to provide grants to transit agencies to create or expand free fare transit programs for college and K-12 students.

Specifically, **this bill:**

- 1) Defines “department” to mean the Department of Transportation (Caltrans). Defines “educational institution” to mean a local educational agency, as defined, the California Community Colleges, the California State University, or the University of California. Defines “eligible purposes” to mean those purposes specified in the bill. Defines “free youth transit pass” to mean a pass that enables a person attending an educational institution to use, without limitation, a transit agency’s bus and rail services without paying any additional fare or charge. Defines “program” to mean the Youth Transit Pass Pilot Program created by this bill. Defines “transit agency” to mean the same as a State Transit Assistance (STA)-eligible operator, as specified or the public agencies, including joint powers agencies, responsible for state-supported intercity rail or commuter rail services, as defined.
- 2) Creates the Youth Transit Pass Pilot Program, upon an appropriation for purposes of the program, to be administered by Caltrans, for purposes of awarding grants to transit agencies for eligible purposes, as specified.
- 3) Requires, on or before June 30, 2024, Caltrans to develop guidelines for the administration of the program, in consultation with transit agencies, educational institutions, metropolitan planning organizations (MPOs), and Regional Transportation Planning Agencies (RTPAs).
- 4) Authorizes a transit agency to submit, in partnership with one or more educational institutions, a single-year or multiyear application for the program, as specified. Authorizes a transit agency to submit a single-year or multiyear application for the program, as specified.
- 5) Requires Caltrans to award a grant to each eligible transit agency applicant based on its proportional share, relative to the other eligible transit agency applicants, of total statewide farebox revenues in the 2018–19 fiscal year.
- 6) Authorizes Caltrans to use no more than 2% of the moneys appropriated for purposes of the program to recover its costs of administering the program.
- 7) Requires that grant moneys awarded to the transit agency and education institutions may only be used for the following purposes agreed to by a transit agency and the relevant educational institutions in their grant application, until fully expended:
 - a) The costs of creating, designing, developing, advertising, distributing, and implementing free youth transit passes pursuant to the program.

- b) The costs of providing free transit service to holders of free youth transit passes pursuant to the program.
 - c) The costs of maintaining, subsidizing, or expanding an existing fare free program.
 - d) Other costs of administering and participating in the program.
- 8) Stipulates that an educational institution shall be prohibited from participating in, and receiving funds from, the program, if its participation in the program would invalidate an existing agreement with a transit agency for free youth transit passes entered into before the operative date of the bill. Also, stipulates that an educational institution that receives funds from the program and that invalidates an existing agreement with a transit agency for free youth transit passes before this chapter is repealed shall be required to reimburse the state for funds received.
- 9) Authorizes a transit agency with an existing free fare program that enables a person 18 years of age or younger to use, without limitation, a transit agency's bus and rail services without paying any additional fare or charge to submit an application for the program without an educational institution partner.
- 10) Requires that grant moneys awarded to a transit agency with existing free fare program may only be used for the following purposes:
- a) The costs of creating, designing, developing, advertising, distributing, and implementing free youth transit passes pursuant to the program.
 - b) The costs of providing free transit service to holders of free youth transit passes pursuant to the program.
 - c) The costs of maintaining or expanding the existing fare free program.
 - d) The costs of enhancing or expanding transit service by supporting new or expanded bus, rail, or ferry services.
 - e) The cost associated with other operational improvements to improve access to transit service or to increase transit mode share.
 - f) Other costs of administering and participating in the program.
- 11) Requires that for purposes of calculating farebox recovery requirements, if fare revenues are insufficient to meet the applicable ratio of fare revenues to operating cost, transit agencies participating in the program can calculate all free and reduced transit fares at their current full retail value.
- 12) Requires Caltrans, on or before January 1, 2028, to submit a report to the Legislature on the outcomes of the program and the status of transit pass programs statewide. Requires the report to be produced in consultation with transit agencies and educational institutions that participated in the program. Requires the report to include, but is not limited to, all of the following:

- a) The number of free transit passes provided to persons attending an educational institution.
 - b) Any change in transit ridership among persons attending an educational institution.
 - c) An assessment of how many transit agencies and educational institutions have created or expanded a transit pass program.
 - d) Recommendations to expand transit pass programs to ensure that all persons attending an educational institution have access to a transit pass program.
 - e) Whether, over its lifetime, the program achieved reductions in vehicle miles traveled, reduced emissions of greenhouse gases, enhanced transit accessibility for pupils and students, and ensured equity.
 - f) Whether the program minimized administrative requirements for both program management and user access.
 - g) Identification of best practices being implemented to enhance youth transit ridership.
- 13) Sunsets the program on January 1, 2029.

EXISTING LAW:

- 1) Provides, under the Transportation Development Act (TDA) of 1971, funding for transit and non-transit related purposes that comply with regional transportation plans. TDA provides funding for public transit from two funding sources:
 - a) Local Transportation Fund (LTF), which is derived from a 1/4 cent of the general sales tax collected statewide; and,
 - b) STA, which is derived from the statewide sales tax on diesel fuel. (Government Code 29530)
- 2) Authorizes RTPAs to administer transit funding made available under TDA. Imposes certain financial requirements on transit operators making claims for transit funds, including requirements that fares collected by the operator cover a specified percentage of operating costs, and that an operator's total operating cost per revenue vehicle hour not exceed operating revenues and the percentage change in the Consumer Price Index. Establishes different farebox recovery requirements depending upon population. (Public Utilities Code (PUC) 99233 and 99268)
- 3) Authorizes an operator to satisfy farebox recovery requirements by supplementing its fare revenues with local funds and calculating all free and reduced transit fares at their current full retail value, if fare revenues are insufficient to meet the applicable ratio of fare revenues to operating cost. Defines "local funds" to mean any non-state grant funds or other revenues generated by, earned by, or distributed to an operator. (PUC 99268.19)

- 4) Establishes the Low Carbon Transportation Operations Program (LCTOP), administered by Caltrans, and continuously appropriates 5% of Greenhouse Gas Reduction fund (GGRF) proceeds to the program for transit operating and capital assistance to reduce greenhouse gasses (GHG) emissions and improve mobility, with a priority on serving Disadvantaged Communities. (Public Resources Code 75239)

FISCAL EFFECT: Unknown

COMMENTS: This bill creates an unfunded grant program for transit agencies to create or expand free fare transit programs for college and K-12 students. Many transit agencies already offer free or reduced fare transit for students. For example, SF MUNI offers the Free Muni for Youth Program to all youth 18 and under, with the City of San Francisco subsidizing transit at \$2 million in lost revenue a year. The City of Sacramento paid Sacramento Regional Transit (SacRT) \$1 million to offer free transit to students. Los Angeles (LA) Metro more recently provided free transit rides on all bus services, paid for by emergency funding grants from the Federal Government.

According to the author, "Assembly Bill 610 creates the Student Transit Pass Pilot Program to fund the development, dispensation, and administration of fare free transit passes to California students. The bill also requires a report on the program's outcomes, including whether the program increased transit ridership among student users, to be submitted to the Legislature."

A survey by the University of California Institute of Transportation Studies (UC ITS) found that 34 of the 29 transit agencies in the state offered some form of free or reduced fare transit passes for K-12 students during the 2018-2019 fiscal year. Two of the transit agencies reported funding from student fees, while 11 received funds from other sources, including from local sales tax measures, local air districts, and/ or a city's general fund. For post-secondary school programs, 32 of the 59 respondents reported that they offered a reduced or free transit pass program for post-secondary school, college and university students. Eighteen of the programs were funded through student fees, while 14 were paid for by colleges and universities themselves. Thirteen reported funding from other programs, including LCTOP, local air management districts and the county. Only one program received no funding from outside sources.

The University of Austin, Texas evaluated SacRT's free transit program, sending surveys to students before and after the program's implementation. Approximately 5,600 surveys were received. The data found a statistically significant increase in the share of students reporting SacRT use to get to and from school as well as a corresponding statistically significant decrease in the share of students reporting automobile use. Of the 5,600 surveys received, 302 students responded to the first survey, stating only 10% of them used SacRT to get to school before transit was free. 369 students responded to the second survey after implementation of the program, with 15% of students responding they took SacRT to get to school. There was a 4.1% drop in auto use to get to school.

According to UC ITS, "Another study investigated the potential benefits to student health, school attendance, transit ridership, and participation in after-school programs of a proposal to make free unrestricted transit passes available to all local students from preschool to college in Los Angeles County (LAC). In April 2013, the Los Angeles County Education Coordinating Council (ECC) called for LAC school districts to work with the Metropolitan Transportation Authority (MTA) to provide the passes. Based on a review of the available literature and interviews with

experts, the LAC Department of Public Health (DPH) and the ECC concluded that providing unrestricted passes to all LAC students could increase transit ridership by 6-14% in the first two years (63,200 to 158,000 extra riders daily), and by as much as 26% after 10 years (284,000 daily riders). It could also improve school attendance and have a number of health and other benefits, but it was not possible to reliably quantify these benefits because of data limitations. MTA's revenues could, however, decrease by more than one-fifth as a result (a loss of roughly \$71 million)."

MoveLA, the sponsors of the bill, argue "Student transit pass programs have multiple co-benefits, making this a very effective investment during a time of fiscal austerity. This is based on at least two peer-reviewed papers^{1 2} conducted by University of California researchers whose research found fare-free student transit to be an effective program to improve educational outcomes, increase the recruitment and retention of students, increase ridership, decrease VMT, and reduce greenhouse gas emissions."

Last year the Legislature passed AB 1919 (Holden), which was nearly identical to this bill. Governor Newsom vetoed that bill, writing:

"While I agree with the intent of this bill to supplement and expand those existing programs, the bill requires the creation of a new grant program that was not funded in the budget. Instead, it requires a future appropriation from an unidentified fund source, which creates a significant cost pressure for either the General Fund or the redirection of existing state transportation resources. These costs will likely exceed \$115 million annually.

With our state facing lower-than-expected revenues over the first few months of this fiscal year, it is important to remain disciplined when it comes to spending, particularly spending that is ongoing. We must prioritize existing obligations and priorities, including education, health care, public safety and safety-net programs."

Committee concerns: Transit agencies across the state have reported to the Legislature that they are facing a potential financial cliff and may need to significantly reduce their service in order to continue to operate. The California Transit Association submitted a letter to the Assembly and Senate Budget Committee asking the state to provide funding for transit operations to help transit agencies maintain existing levels of service. In 2022, UC ITS surveyed 44 transit agencies across California regarding the impacts on of COVID-19. Of that, 72% of the agencies anticipated some financial shortfalls once federal pandemic relief funding expires, with 44% foreseeing minor shortfalls and 28% forecasting major shortfalls.

The Legislature may want to consider if it should prioritize providing funding for free transit at a time where transit agencies may be forced to decrease the frequency and quality of transit operations due to operating funding shortfalls.

Related Legislation. AB 761 (Friedman) creates the Transit Transformation Task Force (Task Force) to make recommendations to the Legislature on ways to improve public transit. That bill is in Assembly Transportation Committee.

Previous Legislation. AB 942 (Newman), Chapter 988, Statutes of 2022, allows a transit agency that uses LCTOP moneys to fund a free or reduced fare transit program to continue to use those moneys for ongoing operating costs of the program and eliminates the requirement in current law to annually demonstrate greenhouse gas emission reductions and document other program details.

AB 1919 (Holden) of 2022 was nearly identical to this bill. That bill was vetoed by the Governor.

AB 1350 (Gonzalez), was substantially similar to this bill. That bill was amended into a bill related to high school diplomas and was signed into law.

AB 1543 (Holden), of 2019 requires a fare paid pursuant to a reduced fare transit program to be counted as a full adult fare for purposes of calculating any required ratios of fare revenues to operating costs. AB 1543 died in this committee.

AB 2034 (Holden), of 2018 requested UC ITS to prepare and submit a report on reduced fare transit pass programs to the Governor and Legislature by January 1, 2020. AB 2034 was held in the Senate Rules Committee.

AB 17 (Holden), of 2017, would have created a reduced fare transit pass pilot program funded at \$20 million to be administered by 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 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.

REGISTERED SUPPORT / OPPOSITION:

Support

Active San Gabriel Valley
California Catholic Conference
California Environmental Voters
Cerritos College
Citrus College
Climate Action Campaign
ClimatePlan
Community College League of California
Glendale Community College
Greenlining Institute
Los Angeles Neighborhood Initiative
Move LA
Pasadena City College
Pepperdine University Student Government Association
San Francisco Transit Riders
Santa Monica College
Streets for All
Sustainability Coalition of Cal Poly Pomona
Youth for Climate Justice

Opposition

None on file

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