



Metro News BULLETIN

Community Presses to Preserve Operating Subsidies, Federal Funding for Metro Rail

All segments of the public and private sector throughout the county are uniting in their appeal to President Reagan to retain assistance for transit operations in the FY'86 federal budget.

Community leaders say the appeal became necessary when Budget Director David Stockman recently announced his intention to eliminate federal support for virtually every mass transit program now benefiting millions of Americans. If Stockman gets his way, transit operators across the country would lose millions of dollars that help make low-cost public transportation possible. In some regions, this would result in reduced services and fare hikes at best, and operational shutdowns in other areas at worst.

At the local level, RTD stands to lose as much as \$50 million a year in operating subsidies alone. And if alternate sources cannot be identified to recoup this substantial loss, local riders would see reduced service and perhaps higher fares, especially in areas outlining Los Angeles.

'TOO MUCH AT STAKE'

"There's too much at stake here," says public transit advocate June Swenson. "Its unfortunate enough that fares will be going up in July due to the reduced Proposition A county subsidies. But to expect bus riders — especially the elderly, handicapped, students and transit-dependent people — to needlessly take on additional fare increases is a moral travesty!

"Every taxpayer in the county should wire or call the President and demand that our transit tax dollars be returned here for our mobility needs." Several private citizens and organizations have spearheaded letter-writing and telephone campaigns to protest Stockman's proposal.

RAIL TRANSIT THREATENED

Vital operating subsidies are not the only item on Stockman's "transit hit list." He also wants to eliminate federal capital funds from rail transit projects. Such a proposal comes at the worst possible time, insofar as Metro Rail, the initial segment of the county's long-awaited rail system, is ready to be built.

However, several legislators and Administration insiders have questioned Stockman's authority in this matter, indicating that his Office of Management and Budget (OMB) may have overstepped its authority in an "area where the responsibility for administering the mass transit grant program has been very clearly placed within the Department of Transportation."

Such questions have uncovered a blatant policy conflict within the Reagan Administration, inasmuch as the **Department of Transportation has approved funding for Metro**



Cost-effective Investments—Public transit operators rely on federal operating and capital assistance to provide their communities efficient, low-cost transportation and to develop rail systems. Above are some recent RTD investments lauded by the U.S. Department of Transportation.

Rail's construction. In other words, Transportation Secretary Elizabeth Dole intends to build Metro Rail, but Budget Director Stockman doesn't. Whose decision prevails? Clearly, it's up to the President.

RTD and several elected officials have brought this matter to Stockman's attention (see excerpts on back) and have requested an explanation of OMB's role in the allocation of the Mass Transit Trust Fund. Furthermore, political observers believe the President is not fully aware of this policy conflict, or the devastating impact Stockman's proposal could have on Los Angeles' public transit master plan — especially since Metro Rail is the backbone segment of the entire 150-mile regional rail system.

'CAN'T LOSE GAINS'

"We can't afford to lose our unprecedented gains," says Steve Gavin, President of the Greater Los Angeles Transportation Coalition. "More than \$200 million have been invested in design and pre-construction activities. All local funding commitments have been secured. Congress has earmarked the federal share to construct the project, and the Department of Transportation has approved the release of those funds so that construction can begin within the next 90 days.

"The people of L.A. must speak now. We must get the President to approve federal funding for the project, or we'll have to spend the next century raising enough local money to build the entire countywide rail system."

In Defense of Public Transit

Since the Office of Management and Budget announced its controversial budget proposals relative to public transit programs, the national media and several leaders from the private and public sectors have stated their objections. Below is a sampling of the numerous rebuttals.

Congressmen Support Metro Rail:

"It has come to our attention that the Office of Management and Budget decided to halt the approval of the Letter of Intent for the Los Angeles Metro Rail Project. If this is the case, we are concerned that OMB may have exceeded its authority since the responsibility for administering the Section 3 grant program has been very clearly placed within the Department of Transportation.

"What concerns us is intervention by OMB in holding this project hostage to budget assumptions that have not been submitted by the President or approved by Congress. Meanwhile, there have been sufficient FY'84 and FY'85 federal funds earmarked to allow construction to begin on the project immediately.

"Furthermore, pursuant to the *Surface Transportation Assistance Act of 1982*, the **Secretary of Transportation is given the explicit authority to issue Letters of Intent, with no mention made of any role for OMB.**

"We, therefore, request that you explain the actual role that your agency assumed in the Letter of Intent approval process with regard to allocations from the Mass Transit Account . . . and fully disclose OMB's rationale for disapproving a Letter of Intent for any new start recommended to you by the Department of Transportation and within the scope of current law."

— Letter to OMB Director David A. Stockman by Rep. Glenn Anderson, Chairman, Subcommittee on Surface Transportation, and Rep. Edward R. Roybal, Chairman, Subcommittee on Treasury, Postal Service and General Government Appropriations.

The Transit Industry Speaks:

"It appears that transit support has once again made page one in David Stockman's "black book" of programs slated for elimination or deep cuts by the federal Office of Management and Budget.

"Any further cuts in operating assistance would force transit systems into yet another round of fare increases, imperiling the mobility of the transportation-dependent, including workers, students, and senior citizens. An attendant reduction in service would cause economic deterioration in affected areas. Workers would be cut off from jobs; reduced purchasing power would affect business revenue, the tax base, and development plans."

— *Passenger Transport* (12/10/84), American Public Transit Association, Washington, D.C.

RTD Notes Policy Conflict

"Simply put, the OMB Director, Mr. Stockman, has attempted to impose on the Los Angeles Metro Rail Project a **policy which is completely at odds with both the Department of Transportation and previous White House policy.** OMB has repeatedly attempted to prohibit the use of the one-cent mass transit trust fund revenues for the construction of brand new mass transit systems.

This apparent inconsistency within the Administration is further exacerbated by the fact that **these funds cannot be used for anything other than a mass transit project; not spending them will not reduce the deficit and even your own budget proposes to continue their spending level at the full authorization.**"

— Letter to President Reagan by RTD Director Michael W. Lewis.



It's a gas, but . . .

You're a Property Owner

The average person doesn't realize that he/she owns property in Washington, D.C., Miami, Baltimore and Atlanta, just to name a few. That's right! Every time you pull up to a gasoline pump, one cent of the gasoline tax you pay the cashier goes to a Mass Transit Trust Fund in the nation's capital.

These tax revenues total over *\$1.5 billion* and by law cannot be spent for any purpose other than to build and improve

mass transit systems. Not for education, welfare, Medicare, defense or Social Security. Only transit! The federal operating budget supports these other vital programs through payroll and other tax revenues. Therefore, the budget is completely separate from the Mass Transit Trust Fund. The fund neither adds to the budget deficit nor can it be used to reduce it.

Since its establishment in 1982, the Fund has financed the construction and maintenance of transit systems throughout the nation, including the metropolitan areas listed above. So in a way, "auto capital" Los Angeles owns a "piece of the rock" in all these urban centers, since it is a leading contributor to the gasoline tax fund. However, L.A.'s return on its investment has been relatively minimal.

While local gasoline taxes have been used to upgrade and build systems elsewhere, all L.A. has to show for its investment are traffic congestion, smog and an overburdened bus system.

Rightly viewed, then, Metro Rail represents an opportunity to correct this inequity . . . and it won't cost local motorists — and especially nondrivers — one cent more!



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