

**Metropolitan Transportation Commission and Association of Bay Area Governments
Joint MTC ABAG Legislation Committee**

January 13, 2023

Agenda Item 4a

Overview of Governor Newsom's Fiscal Year 2023-24 State Budget Proposal

Subject:

Highlights of transportation, housing, and climate aspects of the Governor's proposed budget.

Summary:

California's fiscal year (FY) 2023-24 budget negotiations will kick into high gear this month with the anticipated January 10 release of Governor Newsom's budget request. (As of the writing of this memo, the budget request has not been made public). The state's fiscal outlook has taken a rapid downturn relative to recent years. Instead of a massive surplus that was the focus of much of our state advocacy last year, the Legislative Analyst's Office (LAO) projects a \$25 billion deficit. Of significant concern is how the Governor proposes to address this shortfall, in particular whether the Administration will reduce commitments made in last year's budget for additional investments in FY 2023-24 in transportation, housing, and resilience, as described below.

Overview of Funding Commitments Made for FY 2023-24 in Last Year's Budget

Transportation

With respect to transportation, last year's budget included intent language to provide \$2 billion for transit capital projects in FY 2023-24 to be distributed via population to regional transportation planning agencies like MTC. These funds were referenced in a budget trailer bill (AB 198) and were identified for projects similar to those eligible for the state's Transit and Intercity Rail Capital Program (TIRCP). This is the source of \$400 million out of \$800 million assumed in MTC's Major Projects Advancement Policy as "TIRCP Augment 2."

Housing

On housing, last year's budget incorporated augmentations over two years for various housing programs including the Infill Infrastructure Grant Program, the Adaptive Reuse Program and the Multifamily Housing Program, as well as resources for housing preservation and to support development on state excess sites. To the extent the Governor proposes to scale back funding for these programs in FY 2023-24, that could result in a net reduction in funding relative to what

was agreed to in last year's budget. An additional housing-related funding commitment made last year for FY 2023-24 is \$250 million for multifamily housing seismic retrofits.

Resilience

With respect to sea level rise and resilience, last year's budget included trailer bill language identifying an additional \$100 million to the Governor's Office of Planning and Research for Regional Resilience Planning & Implementation Grants, as well as \$450 million to the State Coastal Conservancy for the Climate Ready Program (\$300 million) and Coastal Protection and Adaptation (\$150 million).

Next Steps

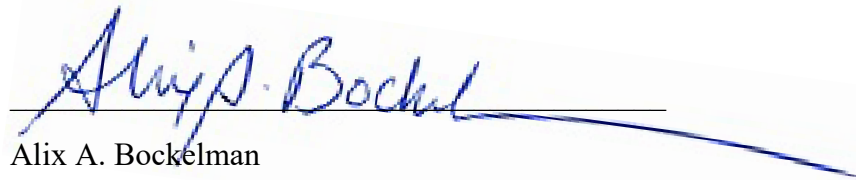
Staff will provide an update at your meeting on the transportation, housing and climate components of the Governor's FY 2023-24 State Budget proposal.

Issues:

None identified.

Attachments:

- None



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