

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

**May 12, 2023**

**Agenda Item 3a**

**Fiscal Year (FY) 2023-24 State Budget Update**

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**Subject:**

Update on FY 2023-24 State Budget Negotiations, including an overview of the May Revise and advocacy related to transit operating assistance.

**Summary:**

State budget negotiations are heating up this month. On April 26, Senate Democrats released their FY 2023-24 budget blueprint, the “Protect our Progress” plan available at this [link](#). This plan is a response to the Governor’s January Budget. It stakes out the Senate Democratic caucus’ priorities for the upcoming budget year. Notably, the Protect our Progress plan would reject the Governor’s proposed cuts to transportation capital programs that were included in last year’s transportation package, including rejecting proposed cuts to the Transit and Intercity Rail Capital Program (TIRCP). Encouragingly, the plan also includes the following **new** Senate proposal:

“Sets expectation of working with stakeholders, Assembly, and the Administration in establishing local flexibility opportunities with various transportation funding streams to assist transit agencies with operations expenses. This will be paired with reform and accountability measures and will serve as a bridge until additional long-term operations funding can be established. Critical infrastructure projects will be identified and protected in these discussions.”

Senator Wiener released an updated transit operations budget request letter in anticipation of this budget proposal (Attachment A) reiterating the request that this year’s budget “support our public transit systems with transit operating assistance so they can continue providing the essential service of moving Californians around our communities and across the state.” His letter also outlined a suite of revenue options and policy changes – aligned with those endorsed by the California Transit Association and MTC – to meet the statewide funding need.

On April 27, the Senate Budget Subcommittee No. 5 held a hearing that included a discussion of the transit fiscal cliff. At the hearing Chair Durazo expressed her support for addressing the problem and an interest in reforms aimed at attracting back riders. Representatives of the Administration also stated that this is a major issue that needs to be solved. The Legislative Analyst's Office presented a handout that detailed the challenges facing transit agencies and offered a high-level overview of options available to the Legislature to address the shortfall, inclusive of options endorsed by the California Transit Association and MTC. The handout is available at this [link](#).

As it relates to housing, the Protect our Progress plan would restore cuts to housing and homelessness programs that were proposed in the January budget. It would also newly provide \$1 billion in *ongoing* funding to the Homeless Housing, Assistance and Prevention (HHAP) program, which provides local governments with funding to support regional coordination and expand or develop local capacity to address homelessness challenges.

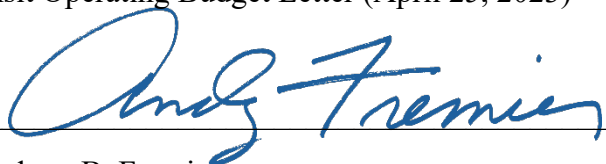
Given the May Revise may not be released until the day of the committee meeting, staff will provide a verbal update with any late breaking news.

**Recommendation:**

Information

**Attachments:**

- Attachment A: Senator Wiener Transit Operating Budget Letter (April 25, 2023)

  
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Andrew B. Fremier