

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

January 8, 2021

Agenda Item 3b

## Overview of COVID Relief and Fiscal Year (FY) 2021 Federal Appropriations

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**Subject:** Summary of Transportation and Housing Provisions in the consolidated COVID-relief and FY 2021 Appropriations Act.

**Overview:** On December 21, 2020, Congress approved a combined \$2.3 trillion COVID relief package and FY 2021 Appropriations bill. The 5,593-page bill was signed by the President December 27, 2020 and provides a significant new infusion of funds in the Bay Area.

### Transit

The COVID-relief portion of the bill provides \$14 billion in supplemental funding to public transit to offset the massive drop in revenue as a result of the pandemic. This will provide about \$975 million to the Bay Area to assist the region's transit operators. Importantly, because the bill caps funding to urbanized areas at the equivalent of 75 percent of their 2018 operating expenses, when funds from the bill are combined with prior funding from the CARES Act, only San Francisco-Oakland, San Jose, and Santa Rosa urbanized areas will qualify for funds from the large formula pot which comprises \$13.3 billion of the total amount. The specific amounts to those urbanized areas are as follows:

- \$819M for San Francisco-Oakland
- \$144M for San Jose
- \$15.4M for Santa Rosa

As a reminder, federal law requires those funds to be expended within these urbanized areas, but determining the distribution to specific operators within each area rests with MTC.

The bill also includes \$678 million in Section 5311 (Formula grants to rural areas) which are distributed directly to Caltrans and \$50 million for the Enhanced Mobility of Seniors & Individuals with Disabilities program, also distributed at the state level.

With regard to the FY 2021 Appropriations, the bill provides \$2 billion for the Capital Investment Grant program, FTA's major transit expansion program, about \$112 million more than FTA's FY 2021 funding recommendations.

### Highways

The COVID-relief portion of the bill includes \$10 billion for Highway Infrastructure Programs. Federal law provides significant flexibility in the use of highway funding, allowing funds from many of the larger formula programs to be "flexed" to public transit and bicycle and pedestrian improvements. While most of the funding coming to California from the \$10 billion COVID relief program will be distributed to Caltrans by formula, a portion will also be suballocated. These COVID relief funds are highly flexible and allowed to be used for operating purposes as well as backfilling for lost toll revenue. A key follow-up item will be determining whether to pursue some of these funds coming to California to backfill lost bridge toll revenue.

The FY 2021 Appropriations bill also includes an extra \$2 billion in General Fund monies for a Highway Infrastructure Program, focused on capital, that includes the key set-asides, among others:

- \$1 billion for bridge replacement and rehabilitation (capped at \$60m per state)
- \$640 million for Surface Transportation Program (STP) supplemental funds and alternative fuel charging infrastructure
- \$50 million for a competitive program for railroad grade crossings

Staff is still analyzing the legislation to determine how much of this supplemental highway funding will come to MTC for programming, but hope to provide additional details at the Programming and Allocations Committee meeting in January.

Finally, the FY 2021 Appropriations bill includes \$1 billion for National Infrastructure Investments, known as the BUILD program during the Trump Administration. While the Bay Area performed poorly under this program over the last four years due to a large share of funds being allocated to rural areas, hopefully this will change with the new Biden Administration. The program has broad multimodal eligibility and offers an opportunity to fund key transit capital shortfalls. The bill sets an award floor of \$5 million, a cap of \$25 million and limits states to receiving no more than 10% of the funds.

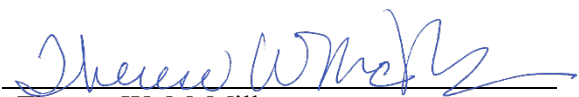
### **Housing**

In addition to this welcome news on the transportation front, the bill includes \$25 billion to help tenants pay for past rent due, future rent payments, and utility bills, and extends the Center for Disease Control's eviction moratorium to the end of January. Eligible recipients must spend 90 percent of funds on rent, rental arrears, utility costs, and any other costs directly associated with COVID-19. States must prioritize low-income households and households with unemployed members.

With regard to homelessness, as part of the FY 2021 appropriations, the bill includes \$3 billion in Homeless Assistance grants, directs Department of Housing and Urban Development (HUD) to clarify that Community Development Block Grant funds can be used for a variety of homeless services expenditures as well as emergency rental assistance, and directs HUD to evaluate homelessness prevention initiatives around the country and issue policy guidance for the adoption and implementation of best practices.

### **Local Government**

While no direct fiscal aid was provided to states or local governments, the bill does extend the deadlines for states and local agencies to expend funds provided by the CARES Act to the end of 2021. In addition, it provides significant funding to K-12 schools and higher education. Specifically, the bill includes \$54 billion for public K-12 schools and nearly \$23 billion for higher education, which should create some relief at the state level.

  
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