

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

September 10, 2021

Handout – Agenda Item 3c

## Fiscal Year (FY) 2021-22 State Budget Update

**Subject:** Update on recent changes to the FY 2021-22 State Budget

**Background:** This handout provides an update on notable changes to the FY 2021-22 State Budget of interest to MTC/ABAG as of midday September 9. Additional details can be found in this [Assembly Floor Report](#).

**Overview:** **Legislature Punts on Newsom Administration’s High-Speed Rail and Local/Regional Transportation Funding Request**  
Negotiations between the Legislature and the Newsom Administration stalled over the requested \$4.2 billion in bond funding for the California High Speed Rail Authority. As noted previously, the Newsom Administration requested high-speed rail funds as part of a broader “transportation package” and, accordingly, the Legislature’s adopted FY 2021-22 State Budget included \$3.4 billion for local transportation-related investments that were subject to further legislation being enacted this session to allow continued negotiations over high-speed rail. The collapse of negotiations means that \$2 billion in extra funding previously appropriated for the Transit and Intercity Rail Capital Program (TIRCP), \$500 million for grade crossings, \$500 million for the Active Transportation Program (ATP) and \$300 million for a new transportation-related climate adaptation program reverts to the General Fund.

On an optimistic note, the Assembly Floor Report notes that more than \$4 billion in transportation and energy expenditures that were not included in the final budget are reserved for potential spending next year and that discussions regarding high-speed rail and local transportation investments will continue “through the fall and winter.” Therefore, while by no means guaranteed, there is still a chance that an agreement on the next installment of bond funding for high-speed rail could include significant General Fund support for local/regional transportation priorities.

### **Climate Resilience: Legislature Adopts Multi-Year Spending Plan**

The Legislature is expected to enact two budget trailer bills related to climate resilience/adaptation, SB 170 and SB 155. SB 170 makes appropriations for FY 2021-22, whereas SB 155 includes proposed multi-year spending across multiple areas subject to future appropriation. All told, the budget proposes \$3.7 billion over a three-year period for climate resilience with \$369 million appropriated this year.

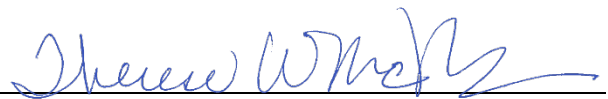
Of particular interest to MTC/ABAG, SB 170 appropriates \$10 million to the Office of Planning and Research (OPR) for Climate Adaption & Resilience Planning Grants and \$25 million to establish the Integrated

Climate Adaptation and Resiliency Program (ICARP) Regional Planning Grant Program. Collectively this funding is intended to support grants to local, regional, and tribal governments for climate resilience planning and implementation to reduce the risk of climate change impacts such as wildfire, sea level rise, drought, flood, increasing temperatures, and extreme heat events, similar to what was envisioned in AB 897 (Mullin), which did not advance this year. Of the \$25 million for the new Regional Planning Grant Program, at least \$12.5 million is reserved for grants that support regional climate adaptation planning and action plans that prioritize projects or actions that are necessary to respond to the greatest climate risks facing the region, particularly in the most vulnerable communities (not defined).

Consistent with MTC-ABAG's Climate Adaptation Advocacy Principles, the remainder of the \$25 million is available to implement projects at the local level aligned with regional plans developed pursuant to the new Regional Planning Grant Program. These funds are available for encumbrance or expenditure until June 30, 2026.

While \$25 million is a modest amount when considering the scale of the state's climate adaptation planning and implementation needs, the future year spending amounts in the Assembly Floor Report include \$125 million in FY 2022-23 and \$100 million in FY 2023-24. While these amounts are not listed in the budget trailer bills, their inclusion in official summary materials provides a helpful starting point for future advocacy.

**Wildfire Prevention** With regard to wildfires, the budget allocates \$1.5 billion for wildfire and forest resilience when mid-year budget appropriations are combined with the final budget. It also makes a statutory change to continuously appropriate \$200 million from the Greenhouse Gas Reduction Fund supported by Cap and Trade revenues for wildfire prevention purposes through FY 2028-29. Notably these funds will come "off the top" of Cap and Trade proceeds before they are available to the other programs, including public transit, affordable housing, and high-speed rail.

  
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