

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

November 12, 2021

Agenda Item 4b

Bay Area Strategy for State Funding Opportunities

Subject:

Update on the latest developments related to transportation receiving additional funding from the state's General Fund surplus and efforts to develop a coordinated Bay Area transportation funding advocacy strategy.

Summary:

Background The FY 2021-22 State Budget enacted in July included \$3.4 billion for public transit, active transportation, grade crossings and climate adaptation, however the appropriation was reversed in October and the funds reverted to the General Fund. This occurred because the appropriation included a provision requiring enactment of subsequent legislation by October 9. No legislation was approved to satisfy this requirement. These funds were part of the Newsom Administration's overall transportation package that included a request for funding for high-speed rail. Once it became clear no such agreement would be reached, there was no path to finalize the trailer bill legislation for the other General Fund appropriations for transportation.

What's Ahead Assembly Speaker Anthony Rendon and Assembly Transportation Committee Chair Laura Friedman have indicated their continued interest in including General Fund support for local public transit in an early action budget item in the context of further discussions over high-speed rail funding. MTC has an important role to play in developing a unified Bay Area advocacy strategy for this unique funding opportunity.

There are a number of key factors that will influence how much funding is ultimately appropriated to local transportation programs from the General Fund and the purposes and structure of the programs, including the following:

- **Size of the budget surplus:** The latest information from the Legislative Analyst's Office suggests the surplus could be in the range of \$12 billion - \$30 billion, with approximately 40% of that as net surplus after funding for education and rainy day funds.

- **Leadership Support:** Legislative leadership appears to continue to support including public transit, active transportation, climate adaptation and grade crossings in a General Fund augmentation (i.e., the programs that were initially funded in the FY 2021-22 State Budget). The amount of funding to be provided to the various categories, the policy provisions of those programs, and the categories to receive funding will depend on both the size of the budget surplus and the extent of support by key budget negotiators, including legislative leadership, budget committee chairs, and the Administration.
- **Organized Advocacy:** The Bay Area will be most successful if we can speak with one voice. Staff have been collecting information from our local transportation partners, including the large transit operators and county transportation agencies to demonstrate the scale of the need in the region and to help inform potential program changes that could be attached to the appropriation to ensure that our top priorities are well positioned to receive funding from competitive programs. While it will be helpful to have some degree of specificity in any Bay Area regional request, we will need to be nimble and structure it in a way that we can quickly respond to changing circumstances as budget negotiations evolve.

Next Steps:

Staff will present a Bay Area budget strategy to unify the region's transportation agencies and key stakeholders around a joint advocacy message at your meeting. We look forward to hearing the Committee's feedback and answering any questions you may have.


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