

Metropolitan Transportation Commission

June 9, 2023

Agenda Item 3a

Fiscal Year (FY) 2023-24 State Budget Update

Subject:

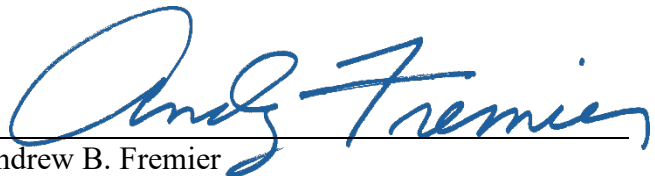
Update on FY 2023-24 state budget, with a focus on transportation, housing, and climate adaptation provisions.

Background:

At the time this memo was finalized, the Assembly and Senate Budget Committees had completed their formal actions on the Fiscal Year 2023-24 State Budget. With respect to transit funding, our top 2023 Advocacy Priority, both committees restored the \$2 billion for the Transit and Intercity Rail Capital Program which Governor Newsom proposed to cut back to \$1 billion. The committees also included an allowance for some of these funds to be used for transit operations rather than capital funding and included an extension of policy provisions initiated at the beginning of the COVID-19 Pandemic aimed at providing transit agencies with additional flexibility as it relates to several other state funding sources and farebox requirements.

As a reminder, the Commission stayed neutral on flexing TIRCP for transit operating purposes because we recognized that while it may be of benefit to some regions, it does not help with the Bay Area's fiscal cliff since these funds (anticipated to bring \$800 million to the Bay Area over two years and to come to MTC for allocation) are needed to leverage billions of dollars in federal matching funds for generational investments in our transit system, specifically BART to Silicon Valley Phase II and BART Core Capacity.

While the budget committees have completed their initial work, negotiations are ongoing and are likely to continue until close to June 15. Staff will provide the Committee with an update on the latest developments as it relates to transit operating funding as well as housing and resilience at your meeting.



Andrew B. Fremier