



February 10, 2021

TO: Board Members, Transportation Agency for Monterey County

FROM: Gus Khouri, President, Khouri Consulting LLC

**RE: STATE LEGISLATIVE UPDATE – FEBRUARY**

---

Last month, a summary was provided on Governor Newsom's proposed FY 2021-22 State Budget, which stated that there would be an estimated \$1.5 billion reduction of gas tax receipts through FY 2024-25 attributable to the drop in fuel consumption from the Governor's COVID-19 shelter in place order (N-29-20). This will undoubtedly have an impact funding for local streets and roads, the State Highway Operations and Protection Program (SHOPP), which focuses on maintaining our state highway system, and the State Transportation Improvement Program (STIP), which provides funding to local transportation agencies for multi-modal transportation improvements. For FY 2020-21 through FY 2023-24, \$17.4 billion is programmed for the SHOPP and \$2.4 billion for the STIP.

The federal stimulus package however, through HR 133, will provide some much-needed relief for public transportation operations (\$2 billion) and highway projects (\$912 million). The state has also received over \$500 million in the redistribution of unused funding from other states. This is in addition to the \$3.7 billion that was received last year through the CARES Act to help transit agencies.

The California Transportation Commission (CTC) is in the process of hosting workshops to determine the distribution of the \$912 million in federal stimulus funds for highway projects. The purpose of the money is to backfill lost revenue from the pandemic-induced recession. Traditionally, these funds have been split 60/40 between the state and local transportation agencies, respectively. If that formula is maintained, this would result in roughly \$365 million being transferred to local agencies, and \$547 million going to the state. The State's share will

most likely go towards the SHOPP to help maintain the state highway system and provide active transportation linkages. Several regions have expressed a preference that the local share be distributed through the Surface Transportation Block Grant formula, which provides a direct, flexible allocation to help expedite project delivery. The CTC has suggested that distributions go through the STIP process in order to help with the construction of the 2022 STIP, which is expected to have a shortfall of \$100 million for the cycle. The CTC is expected to address the item at its March 24 meeting.